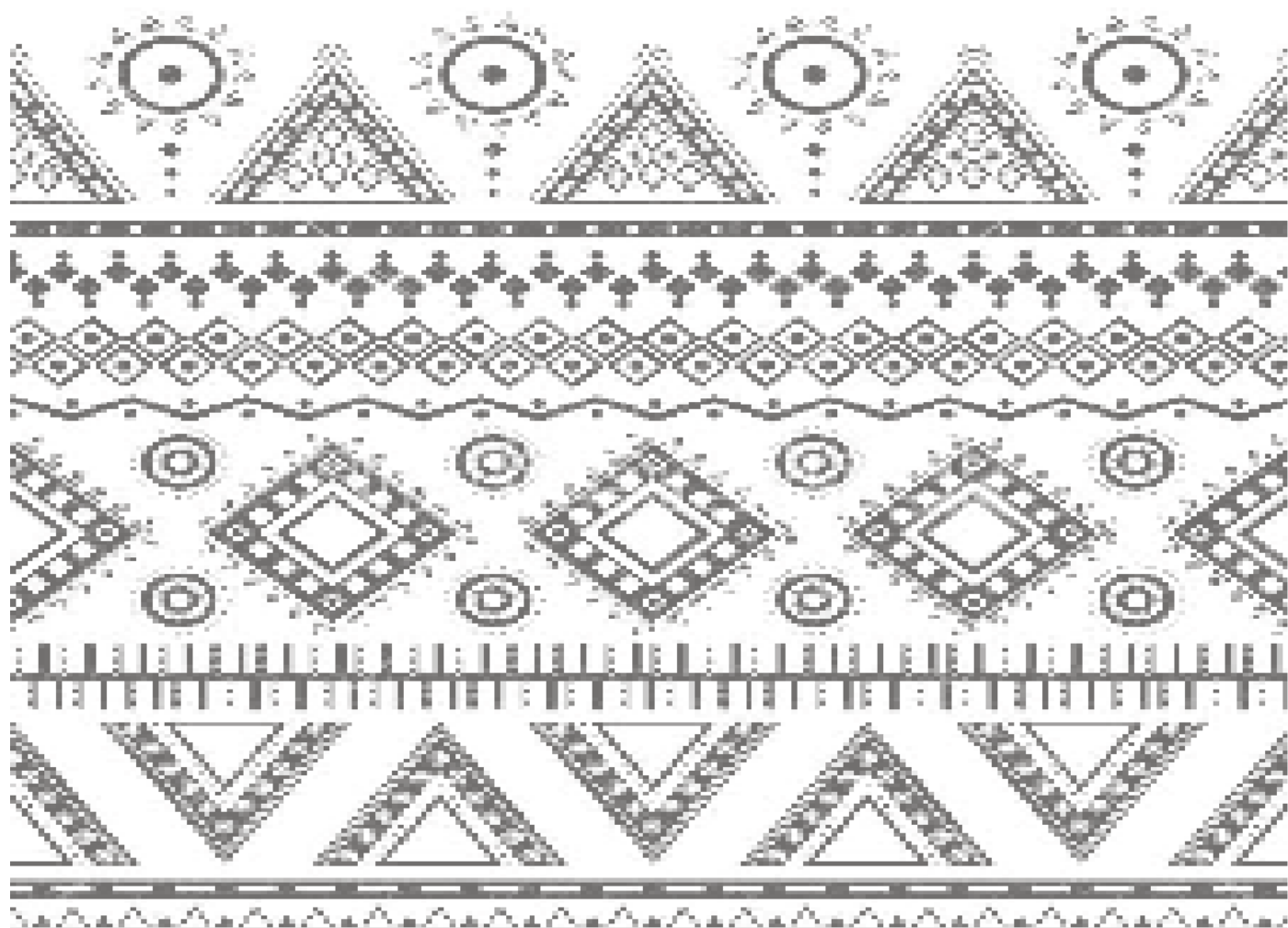
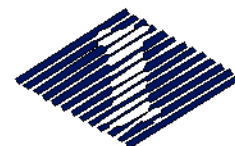


International Knitwear Limited



ANNUAL REPORT 2016



International Knitwear Limited

CONTENTS	Page No.
Company Information	2
Vision & Mission	3
Code of Conduct	4
Notice of Annual General Meeting	5
Directors' Report.....	10
Statement of Compliance with Code of Corporate Governance	13
Review Report to the Members on Statement of Compliance with best Practices of Code of Corporate Governance.....	16
Auditors' Report to the Members	17
Balance Sheet.....	19
Profit & Loss Account	20
Statement of Comprehensive Income	21
Statement of Changes in Equity.....	22
Statement of Cash Flow	23
Notes to the Financial Statements.....	24
Operating and Financial Highlights	49
Pattern of Shareholding and Shareholders Information	50
Form of Proxy	



International Knitwear Limited

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Naeem Shafi
Mr. Waseem Shafi
Mr. Javed Khan
Mr. Muhammad Shafi
Mr. Muhammad Sajid Hussain
Mr. Arshad Ahmed
Mr. Javed Akhter Malik

Chief Executive

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Javed Khan

AUDIT COMMITTEE

Mr. Waseem Shafi
Mr. Arshad Ahmed
Mr. Muhammad Shafi

Chairman

HR & REMUNERATION COMMITTEE

Mr. Muhammad Sajid Hussain
Mr. Arshad Ahmed
Mr. Javed Akhter Malik

Chairman

AUDITORS

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants

LEGAL ADVISOR

Ali Associates

BANKERS

Bank Al-Habib Limited
Habib Bank Limited

REGISTERED OFFICE & FACTORY

F-2A/(L), S.I.T.E., Karachi-75730.

REGISTRAR

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S.
Main Shakra-e-Faisal, Karachi-74400

WEBSITE

www.internationalknitwear.com



International Knitwear Limited

VISION AND MISSION

VISION

Is to achieve and then remain as the most progressive and profitable Company offering a wide range of quality products and service provider in terms of industry standards and stakeholders interest.

MISSION

The Company shall achieve its mission through a continuous process of having sourced, developed, implemented and managed the best leading edge technology, industry best practice, human resource and innovative of superior products, performance and service quality that fully meet the needs of our customers, better returns to our stakeholders and a better quality of life to the employees.



International Knitwear Limited

CODE OF CONDUCT

CODE OF CONDUCT

International Knitwear Limited being engaged in the Local and export of garments and providing dyeing facilities is:

- Committed to provide quality products and services to all its local and international customers.
- Further committed to comply with all applicable Regulatory and Customers' requirements, thereby ensuring achievement of customers' continuous satisfaction.
- An equal opportunity employer which does not differentiate between its employees on the basis of cast, creed, sex or religious affiliations.
- Always willing, through a liberal training policy, to educate, train and groom its employees to enhance their professionalism, commitment and personal growth leading to achievement of greater goals.

Committed to the well-being of its employees by adopting generous welfare policies and practices.

In return International Knitwear Limited expects from its employees that:

- As representatives of the Company they must at all times behave appropriately and strictly follow all rules and regulations of the Company.
- They must devote their time, attention, abilities and energy exclusively for the performance of their duties and must not engage themselves in any other occupation, business or employment whatsoever without prior written consent of the Company.
- They must not disclose any confidential information pertaining to the business of the Company to any person inside or outside the company.
- They must protect all records, reports and other published or unpublished documents of the Company and promptly hand over all these to the Company upon leaving, for whatever reason, the employment of the Company. They must not also remove any or all of the said records, reports and documents from the premises of the Company without appropriate authorization.



International Knitwear Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the shareholders of **International Knitwear Limited** will be held at 08:45 A.M on Saturday , October 29, 2016 at registered office situated at F-2A/L, S.I.T.E , Karachi to transact the following business:

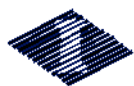
ORDINARY BUSINESS:-

1. To confirm the minutes of the last Annual General Meeting held on Wednesday October 28, 2015.
2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2016 together with Directors' and Auditors' Report thereon.
3. To appoint Auditors of the Company for the Year ending June 30,2017 and fix their remuneration. The Board of Directors on the recommendation of the Audit Committee has proposed the appointment of M/s RSM Avas Hyder Liaquat Nauman Chartered Accountants as auditors of the Company for the year ending June 30,2017 . A notice under Section 253(1) of the Companies Ordinance 1984 has been received from a shareholder of the Company for the change in auditors.
4. To consider and approve the payment of final cash dividend @10% (Rs.1.00 per share) to the shareholders for the financial year ended June 30,2016 as recommended by the Board of Directors.
5. The resignation of Mr. Muhammad Bilal Zuberi Director of the Company was placed before the Board. The Board with regret accepted the resignation of Mr. Muhammad Bilal Zuberi. To appoint one Director to fill the casual vacancy, the chairman proposed the name of Mr. Javed Akhter Malik as a Director of the Company.

SPECIAL BUSINESS

A. Right Issue and Book Closure

1. The Board of Directors of the Company in their meeting held on 30th September 2016 has declared 50% right shares (50 shares for every 100 shares held) at Rs. 10 per share to all the members whose names will appear on the Companies' register of members at the close of business on October 21, 2016.
 - a) The shares transfer books will remain closed from October 21,2016 to October 29,2016 (both days inclusive) for entitlement of 10% of final cash dividend and 50% right issue. Transfer in good order, received at the office of Company's Share , Registrar Central Depository Company of Pakistan Limited CDC House 99-B Block B, SMCIIS , Main Shaha-e-Faisal, Karachi-74400 by close of the business on October 20,2016 will treated in time for the purpose of attending the annual general meeting and entitlement of cash dividend stock dividend and right share.



International Knitwear Limited

NOTICE OF ANNUAL GENERAL MEETING

- b) All members/Shareholders are entitled to attend speak and vote at the annual general meeting. A member/Shareholder may appoint a proxy to attend speak and vote on his/her behalf. The proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company's Registered Office F-2A/L, S.I.T.E. Karachi-74730 not less than 48 hours before the meeting.
- c) In pursuance of Circular No.1 of 2000 of SECP dated January 26, 2000 the beneficial owners of the shares registered in the name of Central Depository Company (CDC) and / or their proxies are required to produce their computerized National Identity Card (CNIC) or passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company with the stipulated time, duly witnessed by two persons whose names, addresses and CNIC number must be mentioned on the form, along with attested copies of the CNIC or the passport of the beneficial owner and the proxy.
- d) Members are requested to intimate any changes in address immediately to Company's Shares Registrar Central Depository Company of Pakistan Limited CDC House 99-B Block B, SMCHS, Main Shaha-e-Faisal, Karachi-74400.

B. Increase of Authorized Share Capital & Alteration Memorandum and Articles of Association

2. To consider the increase of authorized share capital of the Company from Rs.100 million to Rs. 200 million divided into 20,000,000 ordinary shares of Rs. 10/- each and to consider and if thought fit to pass the following resolution as special resolution.

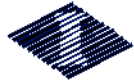
RESOLVED that the Authorized Share Capital of the Company be increased from Rs. 100,000,000/- (Rupees One hundred million Only) divided into 10,000,000 Ordinary Shares of Rs. 10/- each to Rs. 200,000,000/- (Rupees Two hundred million Only) divided into 20,000,000 Ordinary Shares of Rs. 10/- each.

FURTHER RESOLVED that the Memorandum and Articles of Association of the Company be and are hereby altered for increase in authorized share capital to read as follow :

Clause V of Memorandum of Association " The authorized capital of the Company is Rs.200,000,000/- divided into 20,000,000 ordinary shares of Rs. 10/- each.

Article 3 of Article of Association "The authorized capital of the Company is Rs. 200,000,000/- divided into 20,000,000 ordinary shares of Rs. 10/- each.

FURTHER RESOLVED that Mr. Javed Khan secretary of the Company be and is hereby authorized to do all acts, deeds and things, take any or all necessary actions to complete all legal formalities and file all necessary documents as may be necessary of incidental for the purpose of implementation the aforesaid resolution.



International Knitwear Limited

NOTICE OF ANNUAL GENERAL MEETING

C. Increase Remuneration of Executive Directors and Chief Executive

3. To approved the remuneration of Executive Directors including the Chief Executive and. If thought appropriate, to pass with or without modifications(s) the following resolutions as an ordinary resolution.

"RESOLVED that the Company be and hereby approves and authorizes the payment of Chief Executive Directors including the Chief Executive of the Company for a total sum not exceeding Rs. 7 million per annum exclusive of perquisites and retirement benefits, admissible under the Company's Rules.

4. To transact any other business with the permission of the chair.

By Order of the Board

Javed Khan
Company Secretary

Karachi: October 08, 2016

Notes:

1. Closure of share transfer books:

The share Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from October 21, 2016 to October 29, 2016 (both days inclusive). Transfers received in order at the office of our Shares Registrar M/s Central Depository Company of Pakistan Limited CDC House , 99-B , Block "B" S.M.C.H.S Main Shahra-e-Faisal , Karachi -74400 by the close of the business on 21 October 2015 will be in time for the purpose of payment of final dividend to the transferees.

2. Participation in the annual general meeting:

A member entitled to attend and vote at this meeting is entitled to appoint another member/ any other person as his/ her proxy to attend and vote.

Duly completed instrument of proxy , and the other authority under which it is signed, thereof , must be lodged with the Secretary of the Company at the company's registered office F-2A/L, S.I.T.E , Karachi at least 48 hours before the time of the Meeting.

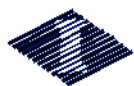
3. Change of Address :

Any change of address of Members should be immediately notified to the company's share registrars , Central Depository Company of Pakistan Limited CDC House , 99-B , Block "B" S.M.C.H.S Main Shahra-e-Faisal , Karachi -74400

4. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan :

A) For attending the meeting :

- i. In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original computerized national Identity card(CNIC) or original passport at the time of attending the meeting.



International Knitwear Limited

NOTICE OF ANNUAL GENERAL MEETING

- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

B) For appointing proxies:

- i. In case of individuals, the account holder or sub-account holder and / or person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport.
- iv. The proxy shall produce his / her original CNIC or original passport at the time of meeting.
- v. In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature shall be submitted along with proxy form to the Company.

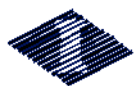
5. Confirmation for filing status of income tax return for application of revised rates pursuant to the provisions of Finance Act, 2015:

All members of the Company are hereby informed that pursuant to the provisions of Finance Act, 2015, Effective July 01, 2015, reforms have been made with regards to deduction of income tax. For cash dividend' the rates of deduction of income tax under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:

1	Rate of tax deduction for filer of income tax returns	12.50%
2	Rate of tax deduction for non-filer of income tax returns	20%

In case of joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to the Company by sending following detail on the registered address of the Company and the members who have deposited their shares into Central Depository Company of Pakistan Limited (CDC) are requested to send a copy of detail regarding tax payment status also to the relevant member stock exchange and CDC if maintaining CDC investor account, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS ID /AC #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding Proportion (No of Shares)	Name and CNIC No.	Shareholding Proportion (No of Shares)



International Knitwear Limited

NOTICE OF ANNUAL GENERAL MEETING

The CNIC number/ NTN detail is now mandatory and is required for checking the tax status as per the Active Taxpayers list (ATL) issued by the Federal Board of Revenue (FBR) from time to time .

6. Payment of cash dividend electronically (e-dividend)

In accordance with the SECP's Circular No. 18 of 2012 dated June 2012 , the shareholders have been given an opportunity to authorize the Company to make payment of cash dividend through direct credit to shareholder's bank account. To opt. for the dividend mandate option as stated, the Dividend Mandate Form is available at Company's website i.e. www.internationalknitwear.com needs to be duly filled and submitted to the Company on its registered address.

7. Submission of computerized national identity card (CNIC) for payment of final cash dividend 2014-15.

Members are requested to provide attested photocopies of their CNIC to the Company on its registered address in order to meet the mandatory requirements of SRO 831(1) 2012 of 5th July 2012 which provides that the dividend warrant should bear the Computerized National Identity Card (CNIC) number of the registered member.

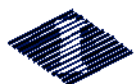
8. Circulation of Annual Audited Financial Statements to shareholders through email

The directive of SECP contained in SRO 787(1) dated September 8, 2014 whereby Securities and Exchange Commission of Pakistan (SECP) has allowed companies to circulate annual balance sheet, profit and loss account, auditor's report and directors' report etc. (Audited Financial Statements) along with notice of annual general meeting (Notice) to its members through e-mail. Members are requested to provide their email addresses on registered address of the Company.

CDC account holders are requested to submit attested to provide their email addresses to the relevant member stock exchange and CDC if maintaining CDC investor account.

9. The annual report of the Company has been uploaded at the Company Website www.internationalknitwear.com.

10. Members who desire that Zakat should not be deducted from dividend are requested to submit a declaration on non judicial stamp paper duly signed as required under the law.



International Knitwear Limited

DIRECTORS' REPORT

The Directors of your Company are pleased to present the 26th Annual Report with the audited financial statements of the Company for the year ended June 30, 2016.

FINANCIAL PERFORMANCE

A comparison of the financial reports of the Company for the year ended June 30, 2016 with the last year as follows:-

	2016 Rupees	2015 Rupees
Net sales	182,671,977	184,117,984
Gross profit	15,016,205	22,552,146
Profit after taxation	11,064,677	6,735,891
Profit from discontinued operation	(1,298,857)	3,061,996
Profit for the year	9,765,820	9,797,887
Net earnings per share	1.52	2.05

BUSINESS PERFORMANCE

During the period under review the net sales of the company amounted to Rs. 182.67 million against Rs. 184.17 million in the preceding year. There has been a gross profit of Rs. 15 million during the period under review against Rs. 22 million as compared to the previous year reflecting a decrease by Rs. 7.53 million.

Sales recorded at Rs. 182.67 million against Rs. 184.12 million of the last year. The decrease in sales was mainly due to sluggish demand of our customers. However we managed to maintain our net profit after taxation for Rs. 11.06 million against Rs. 6.73 million in the corresponding period.

The financial year 2015-2016 was difficult for garments segment. Consistent decrease in selling price, depressed market condition in International market and strengthened Rupee against BPS has put a dent on our profitability. The demand for garments remained weak throughout the year. European businesses also struggled due to a weak Euro.

OTHER INCOME

A review of gain on disposal of investments and dividend income received shows contribution from the strategic investments made during the year.

Gain on disposal of investment was Rs. 10.34 million against Rs.0.68 million and dividend income during the year was Rs. 1.13 million against Rs. 0.06 million against the corresponding period last year.

CAPITAL EXPENDITURE

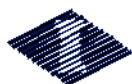
In keeping with the Company's commitment to invest in expansion/ value addition of production facilities new stitching machines & other assets were added amounting to Rs.9.24 million.

DIVIDEND

The Board is pleased to propose a final cash dividend @10% i.e. Re. 1/- per share for the year ended June 30, 2016.

RIGHT SHARES

The Board of Directors of the Company in their meeting held on September 30,2016 recommend to issue 50% Right shares at par value of Rs.10/- per share in the proportion of 50 share(s) for every 100 share(s).



International Knitwear Limited

DIRECTORS' REPORT

EARNINGS PER SHARE

Basis earning per share after taxation were Rs.1.52 (2015: Rs. 2.05).

DIRECTORS' TRAINING PROGRAM

During the year, Mr. Javed Khan attended the Directors' training program conducted by the Institute of Chartered Accountants of Pakistan.

MEETINGS OF THE BOARD OF DIRECTORS

The Board held four (4) meetings during the year. Attendance by each Director was as follows:

<u>Name of Director</u>	<u>No of Meetings attended</u>
Mr. Naeem Shafi	4
Mr. Waseem Shafi	4
Mr. Javed Khan	4
Mr. Zahid Ali	1
Mr. Muhammad Sajid Hussain	4
Mr. Arshad Ahmed	4
Mr. Muhammad Shafi	4
Mr. Muhammad Bilal Zuberi	3

We would like to extend our gratitude to Mr. Muhammad Bilal Zuberi retired as Director of the Company and we welcome Mr. Javed Akhter Malik on joining the board.

AUDIT COMMITTEE

The audit committee held four (4) meetings during the year. Attendance by each member was as follows:-

	<u>No of Meetings attended</u>
Mr. Arshad Ahmed	4
Mr. Waseem Shafi	4
Mr. Zahid Ali	1
Mr. Muhammad Shafi	3

INTERNAL AUDIT FUNCTION

The audit Committee is assisted by the Internal Audit function maintaining internal controls and best practices, function of the internal audit is to review controls and procedures.

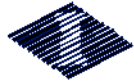
HR & REMUNERATION COMMITTEE

The HR Committee held two (2) meeting during the year. Attendance by each member was as follows.

Mr. Muhammad Sajid Hussain	2
Mr. Arshad Ahmed	2
Mr. Muhammad Bilal Zuberi	2

AUDITORS

The board of Directors on the recommendation of the Audit committee has proposed the appointment of M/s RSM Avais Hyder Liaquat Nauman Chartered Accountants as Auditors of the Company for the year ending June 30, 2017. A notice under 253 (1) of the companies ordinance 1984 has been received from shareholder of the company for the change in Auditors.



International Knitwear Limited

DIRECTORS' REPORT

PATTERN OF SHAREHOLDING

Pattern of shareholding of the company as at June 30, 2016, along with the necessary information is annexed to this report.

There were 1,261 shareholders on the record of the company as at 30th June 2016.

CLARIFICATION TO QUALIFICATIONS IN AUDIT REPORT

The auditor's report for the year carries the qualified opinion on the matter specified below

Quote

As detailed in note no. 5 of the financial statement, the company is managing a portfolio of investment for which there is evidence of a recent pattern of short term profit taking, which warrants the treatment, classification and disclosure of the same as held for trading. Accordingly the unrealized gain is also required to be recognized in the profit and loss account. However, the company has treated and classified the same as "Available for sale, which is not in accordance with IAS 39". Consequently the unrealized gain amounting to Rs. 26,187,882 has been recognized in other comprehensive income. Had the company complied with the IAS 39, the Earnings per Share (EPS) would have been increased by Rs. 5.48 per share

Un-Quote

We do not concur with the observation of the external auditors because of the fact that investments held by the company for long term period and management has no intention to sell these investments in the near future. Moreover, recognition and disclosure of this investment is in compliance with the requirements of IAS 39 as applicable in Pakistan. An investment once classified as 'Available for Sale' cannot be reclassified out of this category.

FUTURE OUTLOOK

During the year textile industry was under immense pressure due to international market conditions. The depressed market still continues and it is difficult to predict at this stage as we cannot control the market situations, currency fluctuation, raw material cost and prices of finished goods.

The commercial success of our product depends on the pricing mechanism of our product portfolio in order to compensate for the local inflation and depreciation of Pak Rupee.

The management is focusing on improvement in the core production operations of the company.

Our aim for future is to remain competitive by bringing cost down through increased efficiencies and focusing on large brand and retailers. Garment segment has the privilege of working with some of the best brands of Pakistan and innovative product developments are the key to our success.

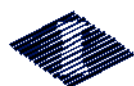
ACKNOWLEDGEMENT

We would like to thank our customers for their trust in our brands. We would also like to acknowledge the continued support of our shareholders, bankers, suppliers and our employees for their dedication and contribution to the company.

For and on behalf of the Board

NAEEM SHAFI
Chief Executive

Karachi: September 30, 2016



International Knitwear Limited

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the rule book of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of non-executive directors on its board of directors. At present the board includes:

Category	Names
Executive Directors	Mr. Naeem Shafi
	Mr. Javed Khan
Non-Executive Directors	Mr. Waseem Shafi
	Mr. Muhammad Shafi
	Mr. Arshad Ahmed
	Mr. Mohammad Sajid Hussain
Independent Director	Mr. Javed Akhter Malik

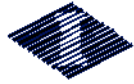
The independent director meets the criteria of independence under clause 1 (b) of the corporate governance .

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Two casual vacancy occurring on the board during the period.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its support policies and procedures.



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board arranged training program for its directors during the year under review and one of our director(same director as of previous years) has completed directors' training program during current year. In addition, two of our directors meet the criteria of exemption under clause (xi) of CCG and is accordingly exempted from directors' training program.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance (CCG) and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises of three members, two are non-executive directors one is an executive director and the chairman of the committee is not an independent director.



International Knitwear Limited

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises of three members, two of whom are non-executive directors and one is an independent director.
18. The board has set up an effective internal audit function.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with, except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year.
 - Independent director was not appointed in the Audit Committee as per clause (xxiv) of CCG.
 - Chairman and chief Executive officer of the board are same person which is non-compliance of clause (vi) of CCG.
 - Arrangements for Director's Training Program for the members of BOD were not made as per clause (xi) of CCG.

NAEEM SHAFI
Chief Executive

Karachi: September 30, 2016



International Knitwear Limited

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of INTERNATIONAL KNITWEAR LIMITED ("the Company") for the year ended June 30, 2016 to comply with the requirements of Listing Regulations of Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

With the exception of non-compliance of matters described in paragraph no. 23 of the Statement of Compliance with the Code of Corporate Governance noting has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Baker Tilly Mahmood Idrees Qan

Engagement Partner: Muhammad Aqeel Ashraf Tabani

Karachi.

Date: September 30, 2016



International Knitwear Limited

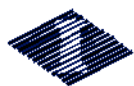
AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of INTERNATIONAL KNITWEAR LIMITED as at **June 30, 2016** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, (*hereinafter referred to as financial statements*), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) As detailed in note no. 5 of the financial statement, the company is managing a portfolio of investment for which there is evidence of a recent pattern of short term profit taking, which warrants the treatment, classification and disclosure of the same as held for trading. Accordingly the unrealized gain is also required to be recognized in the profit and loss account. However, the company has treated and classified the same as "Available for sale, which is not in accordance with IAS 39". Consequently the unrealized gain amounting to Rs. 26,187,882 has been recognized in other comprehensive income. Had the company complied with the IAS 39, the Earnings Per Share (EPS) would have been increased by Rs. 5.48 per share.
- b) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;



International Knitwear Limited

AUDITORS' REPORT TO THE MEMBERS

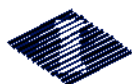
- c) in our opinion:
- (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts, and are further in accordance with the accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditures incurred during the year were in accordance with the objects of the Company.
- d) in our opinion, except for the matter mentioned in paragraph (a), and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof confirm with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016, and of the profit, other comprehensive income, its cash flows and changes in equity for the year then ended; and
- e) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in the Zakat fund established Under Section 7 of the Ordinance.

Baker Filly Mahmood Idrees Qan

Engagement Partner: Muhammad Aqeel Ashraf Tabani

Karachi.

Date: September 30, 2016



International Knitwear Limited

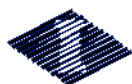
BALANCE SHEET AS AT JUNE 30, 2016

ASSETS	Note	2016 Rupees	2015 Rupees
Non-Current Assets			
Property, plant and equipment	3	26,849,520	20,095,361
Long term deposits	4	2,006,200	1,500,000
Investments	5	75,600,145	42,677,438
		104,455,866	64,272,799
Current Assets			
Stock in trade	6	27,943,941	27,607,551
Trade debts - considered good	7	24,777,190	15,547,426
Advances, deposits, prepayments and other receivables	8	4,380,134	4,080,831
Taxation - net	14	10,134,651	6,039,056
Cash and bank balances	9	2,961,811	6,188,564
		70,197,728	59,463,428
TOTAL ASSETS		174,653,593	123,736,227
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	10	64,500,000	64,500,000
Unappropriated profit		17,864,065	14,548,245
		82,364,065	79,048,245
Unrealized gain on revaluation of investments-available for sale		38,043,729	11,855,847
		120,407,794	90,904,092
Non-Current Liabilities			
Liability against assets subject to finance lease	11	1,678,131	-
Current Liabilities			
Short term finances under mark-up arrangements	12	15,028,512	2,846,046
Current maturity of Liability against assets subject to finance lease	11	646,314	-
Trade and other payables	13	36,892,843	29,986,089
		52,567,668	32,832,135
Contingencies and Commitments	15	-	-
TOTAL EQUITY AND LIABILITIES		174,653,593	123,736,227

The annexed notes 1 to 34 form an integral part of these financial statements.

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director



International Knitwear Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Continuing Operations			
Net sales	16	182,671,977	184,117,984
Cost of goods sold	17	(167,655,772)	(161,565,839)
Gross profit		15,016,205	22,552,145
Administrative and selling expenses	18	(13,774,483)	(12,691,552)
Operating profit		1,241,722	9,860,593
Other income	19	14,729,699	1,545,339
		15,971,421	11,405,933
Finance cost	20	(2,088,883)	(1,966,247)
Other charges	21	(957,895)	(862,617)
		(3,046,778)	(2,828,864)
Profit before taxation from continuing operation		12,924,643	8,577,070
Taxation	14	(1,859,966)	(1,841,179)
Profit after taxation from continuing operation		11,064,677	6,735,891
Discontinued Operations			
(Loss) / profit from discontinued operations	27	(1,298,857)	3,061,996
Profit for the year		9,765,820	9,797,887
Earnings per share-basic and diluted			
From continuing operations	23	1.72	1.41
From discontinued operation	23	(0.20)	0.64

The annexed notes 1 to 34 form an integral part of these financial statements.

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director



International Knitwear Limited

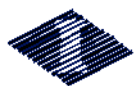
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
Profit after taxation for the year	9,765,820	9,797,887
<u>Reclassifiable to profit and loss account</u>		
Unrealized profit on remeasurement of investments	26,187,882	11,397,674
Total comprehensive income for the year	<u>35,953,702</u>	<u>21,195,561</u>

The annexed notes 1 to 34 form an integral part of these financial statements.

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director



International Knitwear Limited

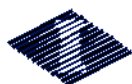
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2016

	Issued, Subscribed and Paid up Share Capital	Unrealized gain on revaluation of investments available for sale	Unappropriated profit	Total
	----- Rupees -----			
Balance as at June 30, 2014	32,250,000	458,172	4,914,664	37,622,836
Share issue cost	-	-	(164,306)	(164,306)
Issued right shares	32,250,000	-	-	32,250,000
Total comprehensive income:				
Net profit for the year ended June 30, 2015	-	-	9,797,887	9,797,887
Unrealized gain on revaluation of investments - available for sale	-	11,397,674	-	11,397,674
Balance as at June 30, 2015	64,500,000	11,855,847	14,548,245	90,904,092
Transaction with owner:				
10% cash dividend paid for the year ended June 30, 2015	-	-	(6,450,000)	(6,450,000)
Total comprehensive income:				
Net profit for the year ended June 30, 2016	-	-	9,765,820	9,765,820
Unrealized gain on revaluation of investments - available for sale	-	26,187,882	-	26,187,882
Balance as at June 30, 2016	64,500,000	38,043,729	17,864,065	120,407,794

The annexed notes 1 to 34 form an integral part of these financial statements.

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director



International Knitwear Limited

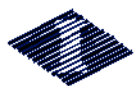
STATEMENT OF CASH FLOW FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		11,625,786	11,639,066
Adjustment for non cash items:			
Depreciation		3,434,672	3,377,756
(Gain) on sale of property, plant and equipment		(2,136,765)	(5,767,411)
Finance cost		2,088,883	1,966,247
		3,386,790	(423,408)
Profit before changes in working capital		15,012,576	11,215,657
(Increase) / decrease in current assets			
Stock in trade		(336,390)	(2,127,967)
Trade debts		(9,229,764)	10,222,991
Advances, deposits, prepayments and other receivables		(299,303)	(1,935,664)
		(9,865,458)	6,159,360
Increase / (decrease) in current liabilities			
Short term finances under mark-up arrangements		6,600,000	(1,350,000)
Trade and other payables		6,645,722	(11,026,100)
		13,245,722	(12,376,100)
Financial charges paid		(2,088,883)	(1,966,247)
Taxes paid		(5,955,561)	(4,187,189)
Net cash inflow from / (used in) operating activities		10,348,397	(1,154,518)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceed from issuance of right shares-net		-	32,085,695
Liabilities against assets subject to finance lease		2,324,445	-
Dividend paid		(6,188,975)	(483)
Net cash (used in) / inflow from financing activities		(3,864,530)	32,085,212
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(10,563,066)	(4,592,313)
Additions in investment		(120,938,653)	(30,225,348)
Disposal of investment		114,203,832	-
Proceeds from sale of property, plant and equipment		2,511,000	10,158,200
Long term deposits		(506,200)	107,669
Net cash (used in) investing activities		(15,293,087)	(24,551,792)
Net (decrease)/ increase in cash and cash equivalents		(8,809,219)	6,378,902
Cash and cash equivalents at the beginning of the year		5,842,518	(536,384)
Cash and cash equivalents at the end of the year	24	(2,966,701)	5,842,518

The annexed notes 1 to 34 form an integral part of these financial statements.

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

1. STATUS AND NATURE OF BUSINESS

International Knitwear Limited (hereinafter referred as the Company or IKL) is a public limited company listed on Karachi and Islamabad stock exchanges. The Registered office of the Company is located at Plot # F-2A/L, SITE, Karachi. Its principal activities are knitting, dyeing, stitching, export of garments and providing dyeing facilities.

2. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

Statement of compliance

These financial statements have been prepared in accordance with the accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or the directive issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

Critical accounting estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

- Provision for impairment of trade debts;
- Provision for obsolete inventory;
- Taxation; and
- Valuation of Work in Process.

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

New or revised standards, amendments and interpretations to published approved accounting standards that are effective and relevant

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on January 1, 2015 and are considered to be relevant to the Company's operations:

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

New or revised standards, amendments and interpretations to published approved accounting standards that are effective but not relevant

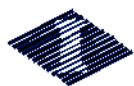
The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2015 are considered not to be relevant to Company's financial statements and hence have not been detailed here.

New or revised standards, amendments and interpretations to published approved accounting standards that are not yet effective

New standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 are not yet effective and hence have not been detailed here.

2.2 Accounting Convention

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

2.3 Property, Plant and Equipment

Fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method. In respect of additions, depreciation is charged from the month in which assets is put to use to the month prior to disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

Gain and loss arising on disposal of property, plant and equipment is included in income in the year of disposal.

Assets subject to finance lease

The Company accounts for fixed assets acquired under finance lease by recording the asset and the corresponding liability. These amounts are based on discounting value of minimum lease payments. Financial charges are allocated to the income in the period.

Capital work in progress

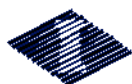
Capital work-in-progress is stated at cost accumulated up to the balance sheet date and represents expenditure incurred on property, plant and equipment in the course of construction. These expenditures are transferred to relevant category of property, plant and equipment as and when the assets start operation.

2.4 Stock-in-Trade

- a) Raw, Packing and other materials are valued at the lower of cost calculated on a first-in-first-out basis and net realizable value.
- b) Work in Process is valued at material cost plus estimated conversion cost.
- c) Finished Goods are valued at lower of cost and net realizable value (NRV). NRV signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make the sale.
- d) Stock-in-transit is valued at cost comprising invoice value plus other charges incurred thereon.

2.5 Trade Debts

Trade debts are carried at nominal values less provisions for doubtful debts. Known bad debts, if any, are written off and provision is made against debts considered doubtful. Provision for doubtful debts is based on management's assessment of customer's creditworthiness.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

2.6 Staff Retirement Benefits

The Company operates an approved defined contributory provident fund scheme for eligible employees. Equal contributions are made to the fund by the Company and the employees at the rate of 8.33 % of basic salary.

2.7 Compensated Absences

The company has a policy to provide for compensated absences for all employees in accordance with the rules of the company.

2.8 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation in accordance with the final tax regime, of the Income Tax Ordinance, 2001. Income not covered under final tax regime is taxed under normal regime.

Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date. However due to application of final tax basis of taxation, deferred taxation would not arise.

2.9 Borrowing Costs

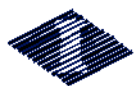
Borrowing costs are recognized as expense in the period in which they are incurred, except to the extent that they are directly attributable to the construction of a qualifying asset in which case they are capitalized as part of the cost of that particular asset.

2.10 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, when it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

2.11 Foreign Currencies Translation

Transactions in foreign currencies are accounted for in Pak Rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies as at the balance sheet date are expressed in rupees at rates of exchange prevailing on that date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange gains and losses are included in income currently.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

2.12 Revenue Recognition

Revenue from export sales is recognized upon transfer of risks and rewards which coincides with shipment of goods.

Revenue from knitting and local sales is recognized on completion of services and delivery of goods.

Dividend income is recognized when the company's right to receive is established.

Bank profit and commission income is recognized on accrual basis.

2.13 Financial Instruments

Financial Assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

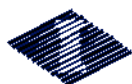
Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, other receivable and cash and bank balances in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date. These comprise investment in shares.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has intention and ability to hold till maturity are classified as held to maturity.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Financial Liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

Financial liabilities carried on the balance sheet include Medium term finances, short term finances under markup arrangements and trade and other payables.

2.14 Cash and Cash Equivalents

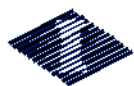
Cash and cash equivalents comprise of cash balances, current and deposit account balances with banks, and Running finance facilities availed by the company, which form an integral part of company's cash management and are included as part of cash and cash equivalents for the purpose of statement of cash flow.

2.15 Off - Setting

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis, or to realize the asset and settle the liability simultaneously.

2.16 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

2.17 Related Party Transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances, where subject to the approval of the Board of Directors, it is in the interest of the company to do so.

2.18 Impairment of Assets

The carrying value of fixed assets is reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If such indication exists and the carrying value exceeds the estimated recoverable amount, the assets are written down to the recoverable amount.

2.19 Segments Reporting

Identification of segments

Export division

Local division

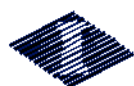
Method of pricing inter-segment transfer:

These are transferred on the basis of actual cost.

Basis for allocation for revenue and expenses:

Revenue in respect of each segment is separately identifiable. Expenses against knitting charges, dyeing and other charges, embroidery charges, stitching charges, clearing and forwarding charges, freight octroi and cartrage expenses are allocated on actual basis. However, depreciation and all other general expenses are allocated on the following basis.

Basis of allocation		Segment Allocation	
		Export	Local
Depreciation on all assets		56.17%	43.83%
3. PROPERTY, PLANT AND EQUIPMENT	Note	2016 Rupees	2015 Rupees
Operating assets	3.1	24,250,580	18,817,768
Capital work in progress:			
- Building development charges	3.4	2,598,940	1,277,593
		26,849,520	20,095,361



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

3.1 Operating Assets

OWNED ASSETS								LEASED ASSETS		Total
Leasehold Land	Factory Building	Plant and Machinery	Furniture and Fittings	Office Equipments	Motor Vehicles	Computers	Sub Total	Motor Vehicles	Sub Total	
Rupees										

Year ended June 30, 2015

Opening net book amount	3,967,185	4,619,393	11,904,011	500,840	215,797	1,514,200	284,487	23,005,913	-	-	23,005,913
Additions	-	-	2,669,800	-	41,900	715,000	154,600	3,580,400	-	-	3,580,400
Disposals	-	-	(8,447,416)	-	(96,263)	(260,000)	(66,000)	(8,869,579)	-	-	(8,869,579)
Depreciation charge	(47,177)	(495,744)	(1,807,704)	(84,786)	(45,807)	(790,185)	(106,353)	(3,377,756)	-	-	(3,377,756)
Adjustment	-	-	4,127,973	-	68,917	260,000	21,900	4,478,790	-	-	4,478,790
Closing net book amount	<u>3,920,008</u>	<u>4,123,649</u>	<u>8,446,664</u>	<u>416,054</u>	<u>183,744</u>	<u>1,439,015</u>	<u>288,634</u>	<u>18,817,768</u>	<u>-</u>	<u>-</u>	<u>18,817,768</u>

At June 30, 2015

Cost	4,717,652	9,914,870	21,120,307	945,687	448,872	6,390,090	644,000	44,181,478	-	-	44,181,478
Accumulated depreciation	(797,644)	(5,791,221)	(12,673,643)	(529,633)	(265,127)	(4,951,075)	(355,366)	(25,363,709)	-	-	(25,363,709)
Net book amount	<u>3,920,008</u>	<u>4,123,649</u>	<u>8,446,664</u>	<u>416,054</u>	<u>183,744</u>	<u>1,439,015</u>	<u>288,634</u>	<u>18,817,768</u>	<u>-</u>	<u>-</u>	<u>18,817,768</u>

Year ended June 30, 2016

Opening net book amount	3,920,008	4,123,649	8,446,664	416,054	183,744	1,439,015	288,634	18,817,768	-	-	18,817,768
Additions	-	1,512,283	3,237,736	-	-	1,825,000	135,700	6,710,719	2,531,000	2,531,000	9,241,719
Disposals	-	-	(1,017,944)	-	-	(1,270,000)	-	(2,287,944)	-	-	(2,287,944)
Depreciation charge	(47,176)	(552,454)	(1,520,858)	(84,785)	(44,886)	(912,351)	(103,429)	(3,265,939)	(168,733)	(168,733)	(3,434,672)
Adjustment	-	-	543,709	-	-	1,270,000	-	1,913,709	-	-	1,913,709
Closing net book amount	<u>3,872,832</u>	<u>5,083,478</u>	<u>9,789,307</u>	<u>331,269</u>	<u>138,859</u>	<u>2,351,664</u>	<u>320,905</u>	<u>21,888,313</u>	<u>2,362,267</u>	<u>2,362,267</u>	<u>24,250,580</u>

At June 30, 2016

Cost	4,717,652	11,427,153	23,340,099	945,687	448,872	6,945,090	779,700	48,604,253	2,531,000	2,531,000	51,135,253
Accumulated depreciation	(844,820)	(6,343,675)	(13,550,792)	(614,418)	(310,013)	(4,593,426)	(458,795)	(26,715,939)	(168,733)	(168,733)	(26,884,672)
Net book amount	<u>3,872,832</u>	<u>5,083,478</u>	<u>9,789,307</u>	<u>331,269</u>	<u>138,859</u>	<u>2,351,664</u>	<u>320,905</u>	<u>21,888,313</u>	<u>2,362,267</u>	<u>2,362,267</u>	<u>24,250,580</u>

Rate of depreciation	<u>1%</u>	<u>5%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>20%</u>	<u>20%</u>	<u>10%</u>			
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International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

3.2 Detail of Disposal of Property, Plant and Equipment

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particular of Purchaser
	Rupees						
Plant and machinery	1,017,944	(643,709)	374,235	1,398,500	1,024,265	Negotiation	Miscellaneous
Motor vehicles	1,270,000	(1,270,000)	-	1,112,500	1,112,500	Negotiation	Miscellaneous
Total	2,287,944	(1,913,709)	374,235	2,511,000	2,136,765		

3.3 Segment wise Allocation of Depreciation charge for the year

Allocation criteria		2016			2015		
		Export	Local	Total	Export	Local	Total
		----- Rupees -----					
Lease hold land	56.17 : 43.83	7,950	6,202	14,152	8,278	5,875	14,153
Factory building	56.17 : 43.83	93,098	72,638	165,736	86,986	61,738	148,724
Plant and machinery	56.17 : 43.83	42,715	33,328	76,043	52,865	37,521	90,386
Cost of goods sold		143,763	112,168	255,931	148,130	105,134	253,263
Furniture and fittings	56.17 : 43.83	47,626	37,159	84,785	49,590	35,196	84,786
Office equipments	56.17 : 43.83	25,214	19,672	44,886	26,792	19,015	45,807
Motor vehicles	56.17 : 43.83	607,271	473,812	1,081,084	462,167	328,018	790,185
Computers	56.17 : 43.83	58,099	45,330	103,429	62,204	44,149	106,353
Admin and selling expenses		738,209	575,974	1,314,184	600,754	426,378	1,027,131
		881,972	688,142	1,570,115	748,884	531,512	1,280,394

Depreciation charge to dyeing segment (Cost of good sold) Rs. 1,864,557 (2015: Rs. 2,097,362).

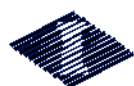
3.4 Movement in Capital Work in Progress

	2016 Rupees	2015 Rupees
Opening balance	1,277,593	265,680
Add: Addition during the year	2,833,630	1,011,913
Less: Transfer to operating assets	(1,512,283)	-
	2,598,940	1,277,593

4. LONG TERM DEPOSITS

Security deposits	2,006,200	1,500,000
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4.1 These represent guarantee given to Sui Southern Gas Company Limited & Bank Al Habib.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

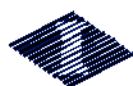
5. SHORT TERM INVESTMENTS	Note	2016 Rupees	2015 Rupees
Investment in quoted companies	5.1	75,568,993	42,650,923
Other investments	5.2	31,153	26,515
		75,600,145	42,677,438

5.1 Investment in Quoted Companies

Number of Shares			2016 Rupees	2015 Rupees
2016	2015			
120,994	112,000	The Searle Company Ltd.	64,388,399	38,675,840
600	600	Shell Pakistan Ltd.	174,126	147,456
550	550	Fauji Fertilizer Company Limited	63,096	83,672
500	500	Attock Petroleum Ltd.	218,770	289,985
500	500	Engro Corporation Ltd.	166,484	163,925
2,500	2,000	Oil and Gas Development Company Ltd.	345,175	323,300
21,203	5,503	Pakistan Oilfields Ltd.	7,367,618	1,961,764
5,000	5,000	Pakistan Petroleum Ltd.	775,250	760,750
500	500	Pakistan State Oil Co. Ltd.	187,730	187,345
1,100	600	Engro fertilizer Ltd.	70,932	56,886
78,000	-	Jahangir Siddiqui and Co. Ltd.	1,544,401	-
600	-	ICI Pakistan Ltd.	267,013	-
			75,568,993	42,650,923

5.2 Other Investments

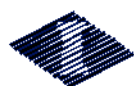
Number of Units			2016 Rupees	2015 Rupees
2016	2015			
481	-	Al Meezan MCPRII	31,152	26,515
			31,152	26,515



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

6. STOCK IN TRADE	Note	2016 Rupees	2015 Rupees
Raw material		5,526,004	4,828,718
Work-in-process		19,072,862	20,254,743
Finished goods		3,345,075	2,524,090
		<u>27,943,941</u>	<u>27,607,551</u>
7. TRADE DEBTS - CONSIDERED GOOD			
Export - secured, considered good		7,701,399	4,183,413
Local - unsecured			
- Considered good		17,075,792	11,364,013
- Considered doubtful		3,230,364	4,687,728
		20,306,156	16,051,741
Less: Provision for bad debts	7.1	(3,230,364)	(4,687,728)
	7.2.	<u>24,777,190</u>	<u>15,547,426</u>
7.1. Reconciliation of provision for impairment of trade debts			
Opening provision		4,687,728	4,687,728
Charged for the year		-	-
Reversal during the year		(1,457,364)	-
		<u>3,230,364</u>	<u>4,687,728</u>
7.2. Age analysis of trade debts is as follows:			
Not yet due		-	-
Past due			
- Upto 3 months		21,209,368	12,828,875
- 3 to 6 months		-	-
- 6 to 12 months		337,458	-
- More than one year		3,230,364	2,718,551
		<u>24,777,190</u>	<u>15,547,426</u>



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2016 Rupees	2015 Rupees
LOAN - unsecured, considered good			
Loan to employees	8.1	1,526,000	745,000
ADVANCES - unsecured, considered good			
Advance to contractor, employees and supplier		1,688,549	1,549,086
Prepayments		100,542	68,406
OTHER RECEIVABLES			
Sales tax refundable		-	179,974
Export rebate receivables		632,263	674,358
Other receivable		432,780	864,007
		1,065,043	1,718,339
		4,380,134	4,080,831

8.1 The unsecured loans to employees are granted in accordance with the terms of employment. Loans are recoverable in monthly installments over a period ranging between 3 to 5 years and are interest free. The outstanding balance as at June 30, 2016 pertains to a period between 1 - 2 years.

9. CASH AND BANK BALANCES	2016 Rupees	2015 Rupees
Cash in hand	43,233	-
With banks in:		
- Treasures call accounts	2,719,576	6,135,140
- Current accounts	199,001	53,424
	2,918,578	6,188,564
	2,961,811	6,188,564

10. SHARE CAPITAL

Authorized share capital

Number of Shares	
2016	2015

10,000,000 **10,000,000** Ordinary Shares of Rs. 10/- each

100,000,000 **100,000,000**

Issued, subscribed and paid-up share capital

Number of Shares	
2016	2015

3,000,000 3,000,000

225,000 225,000

3,225,000 3,225,000

6,450,000 **6,450,000**

30,000,000 30,000,000

2,250,000 2,250,000

32,250,000 32,250,000

64,500,000 **64,500,000**



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

11. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 2016			June 2015		
	Minimum Lease Payments	Financial Charges	Principal	Minimum Lease Payments	Financial Charges	Principal
	Rupees					
Not later than one year	774,468	128,154	646,314	-	-	-
Later than one year but not later than five years	1,796,980	118,849	1,678,131	-	-	-
	2,571,448	247,003	2,324,445	-	-	-

12. SHORT TERM FINANCES UNDER MARK-UP ARRANGEMENTS	Note	2016 Rupees	2015 Rupees
Running finance facility	12.1	5,928,512	346,046
Export refinance facility	12.2	9,100,000	2,500,000
		15,028,512	2,846,046

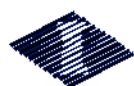
12.1 Limit Rs. 6 million.

Secured against hypothecation charge over stocks and equitable mortgage over factory property at Plot # F-2A/L, SITE, Karachi amounting to Rs.50 million (2015: Rs. 30 million) (with 50% margin), and lien over export documents and personal guarantees of Directors of the Company. The rate of mark-up is equal to 3 Months KIBOR + 2.5% p.a (2015: 3 Months KIBOR + 2.5% p.a). The facility is renewable and is valid till June 30, 2015

12.2 Limit Rs. 20 million.

Secured against hypothecation charge over stocks and equitable mortgage over factory property at Plot # F-2A/L, SITE, Karachi amounting to Rs. 50 million (2015: Rs. 30 million) (with 50% margin), and lien over export documents and personal guarantees of Directors of the Company. The finance carry mark up equals to SBP export refinance rate +1% (2015: SBP export refinance rate +1%). The facility is renewable and is valid till June 30, 2016.

13. TRADE AND OTHER PAYABLES	Note	2016 Rupees	2015 Rupees
Creditors		25,237,276	19,379,841
Accrued expenses		6,761,793	4,246,125
Compensated absences payable		689,914	530,243
Other fund payable	13.1	164,154	143,074
Workers' profit participation fund	13.2	694,127	2,099,491
Workers' welfare fund		1,314,713	1,103,953
Advance from customers		385,154	1,455,000
Unclaimed dividend		1,077,583	816,552
Others		568,128	211,810
		36,892,843	29,986,089



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

13.1 Other Fund Payable	Note	Rupees	Rupees
Provident fund		158,992	140,354
EOBI payable		5,162	2,720
		164,154	143,074
13.2 Workers' Profit Participation Fund			
Opening balance		2,099,491	2,855,939
Provision for the year		694,127	625,084
Interest on workers' profit participation fund payable		-	8,468
		2,793,618	3,489,491
Less: Payments made during the year		(2,099,491)	(1,390,000)
		694,127	2,099,491
14. TAXATION			
Provision for taxation			
Opening balance		(6,039,056)	(3,693,045)
Add: Charged for the year		1,849,247	1,841,179
Prior year		10,719	-
Less: Payments made during the year		(5,955,561)	(4,187,190)
		(10,134,651)	(6,039,056)

Relationship between tax expense and accounting profit has been not presented as tax has been computed under section 113 of Income Tax Ordinance, 2001 i.e. Minimum tax and final tax regime.

15. CONTINGENCIES AND COMMITMENTS

Contingencies

Bank Al-Habib Limited has issued bank guarantees of Rs. 3 million (2015: Rs. 3 million) on behalf of the Company.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

16. NET SALES

	EXPORT		LOCAL		TOTAL	
	2016	2015	2016	2015	2016	2015
Note	----- Rupees -----					
Export	101,609,751	106,539,491	-	-	101,609,751	106,539,491
Sales local	-	-	80,136,586	76,430,219	80,136,586	76,430,219
Sales discount	(2,176,737)	(1,225,419)	(76,020)	-	(2,252,757)	(1,225,419)
Export rebates	406,323	426,158	-	-	406,323	426,158
Other sales	2,772,074	1,947,535	-	-	2,772,074	1,947,535
	102,611,411	107,687,765	80,060,566	76,430,219	182,671,977	184,117,984

17. COST OF GOODS SOLD

Raw and packing material consumed

Opening stock	2,824,243	-	2,004,475	3,584,650	4,828,718	3,584,650
Purchases	42,336,319	47,657,472	33,032,093	33,824,372	75,368,412	81,481,843
Closing stock	(3,104,094)	(2,824,243)	(2,421,910)	(2,004,475)	(5,526,004)	(4,828,718)
	42,056,468	44,833,229	32,614,658	35,404,546	74,671,126	80,237,775

Salaries, allowances and benefits	9,419,730	7,221,138	7,349,561	5,125,124	16,769,291	12,346,262
Provident fund contribution	302,757	244,987	236,220	173,877	538,977	418,864
Knitting charges	1,679,048	2,469,040	1,310,045	1,752,374	2,989,093	4,221,414
Dyeing and other charges	11,449,313	15,383,112	8,933,105	10,917,996	20,382,418	26,301,108
Embroidery/ Printing charges	3,903,198	1,835,951	3,045,394	1,303,047	6,948,592	3,138,998
Stitching charges	16,288,734	12,352,307	12,708,969	8,766,915	28,997,703	21,119,222
Fuel and power	1,669,057	1,709,534	1,302,249	1,213,324	2,971,306	2,922,858
Communication	123,183	131,780	96,111	93,529	219,294	225,309
Postage & telegrams	378,291	341,902	295,154	242,662	673,445	584,564
Repairs and maintenance	523,025	568,744	408,081	403,660	931,106	972,404
Staff welfare and medical expenses	3,660	54,820	2,855	38,908	6,515	93,728
Motor vehicle and conveyance	641,232	665,147	500,308	472,080	1,141,540	1,137,227
Insurance	176,145	108,143	137,434	76,754	313,579	184,897
Depreciation	143,763	148,130	112,168	105,134	255,931	253,264
Clearing and forwarding	1,166,908	1,167,363	-	-	1,166,908	1,167,363
Freight, octroi and cartage	2,857,840	2,339,791	2,229,775	1,660,642	5,087,615	4,000,433
Export Development Charges	249,042	269,079	-	-	249,042	269,079
Factory Compliance expenses	102,420	314,658	79,911	223,325	182,331	537,983
Marketing expenses	84,048	205,733	65,577	146,017	149,625	351,750
Travelling expenses	770,677	517,365	601,305	367,194	1,371,982	884,559
Others	717,579	632,071	559,877	448,605	1,277,456	1,080,676
	52,649,650	48,680,796	39,974,100	33,531,166	92,623,749	82,211,962

Work-in-process

Opening stock	1,206,702	1,904,246	19,048,041	18,260,358	20,254,743	20,164,604
Closing stock	(73,719)	(1,206,702)	(18,999,143)	(19,048,041)	(19,072,862)	(20,254,743)
	1,132,983	697,544	48,898	(787,683)	1,181,881	(90,139)

Cost of goods manufactured

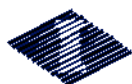
	95,839,101	94,211,569	72,637,656	68,148,030	168,476,757	162,359,599
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Finished goods

Opening stock	1,476,301	617,145	1,047,789	1,113,185	2,524,090	1,730,330
Closing stock	(1,879,012)	(1,476,301)	(1,466,063)	(1,047,789)	(3,345,075)	(2,524,090)
	(402,711)	(859,156)	(418,274)	65,396	(820,985)	(793,760)

COST OF GOODS SOLD

	95,436,390	93,352,413	72,219,382	68,213,426	167,655,772	161,565,839
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International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

18. ADMINISTRATIVE AND SELLING EXPENSES

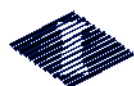
Note	EXPORT		LOCAL		TOTAL	
	2016	2015	2016	2015	2016	2015
	Rupees					
Salaries, allowances and benefits	4,669,433	4,595,427	3,643,235	3,261,555	8,312,668	7,856,982
Provident fund contribution	227,291	230,798	177,340	163,806	404,631	394,604
Communication	86,320	130,852	67,350	92,870	153,670	223,722
Postage & telegrams	10,331	85,123	8,061	60,415	18,392	145,538
Staff welfare and medical expenses	9,269	54,678	7,232	38,807	16,501	93,485
Motor vehicle and conveyance	491,857	480,091	383,762	340,740	875,619	820,831
Repair and maintenance	132,690	119,106	103,528	84,534	236,218	203,640
Legal and professional charges	163,069	180,593	127,231	128,174	290,300	308,767
Auditors' remuneration	18.1 170,175	178,097	132,775	126,403	302,950	304,500
Depreciation	3.3 738,209	600,753	575,974	426,378	1,314,183	1,027,131
Printing and stationery	94,118	105,610	73,434	74,955	167,552	180,565
Advertisement and publicity	78,263	105,180	61,064	74,651	139,327	179,831
Fee, subscription and periodicals	507,349	398,754	395,849	283,012	903,198	681,766
Rent, rate and taxes	2,809	12,575	2,191	8,925	5,000	21,500
Insurance	75,285	28,007	58,739	19,877	134,024	47,884
Others	281,003	117,448	219,247	83,358	500,250	200,806
	7,737,470	7,423,093	6,037,013	5,268,459	13,774,483	12,691,552

18.1 Auditors' Remuneration

	2016 Rupees	2015 Rupees
Annual audit	198,750	201,000
Half yearly review	74,200	73,500
Out of pocket expenses	30,000	30,000
	302,950	304,500

19. OTHER INCOME

	EXPORT		LOCAL		TOTAL	
	2016	2015	2016	2015	2016	2015
	Rupees					
Income From Financial Assets						
Profit on bank accounts	79,430	169,944	61,973	120,616	141,403	290,560
Dividend income	639,030	35,092	498,590	24,906	1,137,620	59,998
Exchange gain - net	-	107,125	-	-	-	107,125
Other income	302,588	119,316	236,166	84,684	538,854	204,000
Gain on disposal of investment	5,809,336	400,940	4,532,622	284,563	10,341,958	685,503
Reversal of provision against doubtful debts	-	-	1,457,364	-	1,457,364	-
Income From Non-Financial Assets						
Gain on disposal of property, plant and equipment	624,919	115,897	487,581	82,257	1,112,500	198,154
	7,455,402	948,314	7,274,297	597,025	14,729,699	1,545,339



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

20. FINANCE COST

	EXPORT		LOCAL		TOTAL	
	2016	2015	2016	2015	2016	2015
	----- Rupees -----					
Mark-up on export refinance	112,780	211,185	87,994	149,886	200,774	361,071
Mark-up on running finance	182,639	237,850	142,500	168,811	325,139	406,661
Bank charges on export remittances	278,780	748,184	-	-	278,780	748,184
Mark-up on W.P.P.F	-	4,953	-	3,515	-	8,468
Bank charges	315,090	209,662	245,843	148,806	560,933	358,468
Mark-up on liability against asset subject to finance lease	28,984	-	22,614	-	51,598	-
Exchange (loss)-net	153,752	-	-	-	153,752	-
Brokerage and other charges	290,921	-	226,986	-	517,907	-
Capital gain tax	-	48,776	-	34,619	-	83,395
	1,362,946	1,460,610	725,937	505,637	2,088,883	1,966,247

21. OTHER CHARGES

Workers' profit participation fund	389,908	319,998	304,219	305,086	694,127	625,084
Workers' welfare fund	148,165	121,599	115,603	115,933	263,768	237,532
	538,074	441,597	419,821	421,019	957,895	862,617

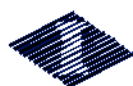
22. SEGMENT INFORMATION

A segment is a distinguishable component of the company that is engaged in business activities from which the Company earns revenues and incur expenses and its results are regularly reviewed by the Company's Chief Operating Decision Maker to make decision about resources to be allocated to the segment and assess its performance. Further, discrete financial information is available for each segment.

Based on internal management reporting structure and products produced and sold, the Company is organized into the following two operating segments:

- Export
- Local

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Segment revenue and segment result for the year are as follows:

	EXPORT		LOCAL		TOTAL	
	2016	2015	2016	2015	2016	2015
	----- Rupees -----					
Gross sales	102,611,411	107,687,765	80,060,566	76,430,219	182,671,977	184,117,984
Inter-segment transfer	-	-	-	-	-	-
Net Sales	102,611,411	107,687,765	80,060,566	76,430,219	182,671,977	184,117,984
Cost of goods sold	(95,436,390)	(93,352,413)	(72,219,382)	(68,213,426)	(167,655,772)	(161,565,839)
Gross profit	7,175,021	14,335,352	7,841,184	8,216,793	15,016,205	22,552,145
Administrative and selling expenses	(7,737,470)	(7,423,093)	(6,037,013)	(5,268,459)	(13,774,483)	(12,691,552)
Segment results	(562,449)	6,912,259	1,804,171	2,948,334	1,241,722	9,860,593
Other income	7,455,402	948,314	7,274,297	597,025	14,729,699	1,545,339
Finance cost	(1,362,946)	(1,460,610)	(725,937)	(505,637)	(2,088,883)	(1,966,247)
Other charges	(538,074)	(441,597)	(419,821)	(421,019)	(957,895)	(862,617)
Profit before taxation from continuing operation	4,991,934	5,958,366	7,932,710	2,618,703	12,924,644	8,577,070
Taxation						
- Current	(1,038,768)	(1,076,877)	(810,479)	(764,302)	(1,849,247)	(1,841,179)
- Prior	(6,021)	-	(4,698)	-	(10,719)	-
	(1,044,789)	(1,076,877)	(815,177)	(764,302)	(1,859,966)	(1,841,179)
Profit after taxation from continuing operation	3,947,145	4,881,489	7,117,533	1,854,402	11,064,678	6,735,891



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

23. EARNINGS PER SHARE-BASIC AND DILUTED	Note	2016 Rupees	2015 Rupees
From continuing operations			
Profit after taxation		11,064,677	6,735,891
Weighted average number of shares		6,450,000	4,772,057
Earnings per share		1.72	1.41
From discontinued operation			
(Loss) / profit for the year		(1,298,857)	3,061,996
Weighted average number of shares		6,450,000	4,772,057
Earnings per share		(0.20)	0.64
24. CASH AND CASH EQUIVALENTS			
Cash and bank balances	9	2,961,811	6,188,564
Running finance facility	12.1	(5,928,512)	(346,046)
		(2,966,701)	5,842,518

25. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including all benefits to the Chief executive, Director and Executives of the Company are as follows:

	2016		2015	
	Chief Executive	Executives	Chief Executive	Executives
	Rupees			
Basic salary	2,977,778	2,414,633	2,400,000	2,560,000
Allowances	1,042,222	1,221,367	1,320,000	1,408,000
Company's contribution to provident fund	248,148	201,219	200,000	213,333
	4,268,148	3,837,219	3,920,000	4,181,333
Number of person(s)	1	3	1	4

25.1 A sum of Rs. 54,000 (2015: Rs. 55,500) was paid being fee for attending the Board of Directors' meeting.

25.2 Chief executive and Other Executives are provided with free use of Company maintained cars. They are also entitled for medical facility to the extent of reimbursement of actual expenditure and other benefits in accordance with their terms of employment.

25.3 Executive means an employee other than Chief Executive and Director whose basic salary exceeds five hundred thousand rupees in the financial year.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

26. DISCONTINUED OPERATIONS

In December 2012 the company decided to discontinue its dyeing segment. However, the criteria for classifying the assets as held for sale under IFRS 5 could not be met by the company so the assets are not classified as held for sale.

27. (LOSS) / PROFIT FROM DISCONTINUED OPERATIONS

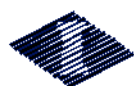
		2016	2015
	Note	Rupees	Rupees
Net Sales		-	-
Cost of goods sold	27.1	(2,323,122)	(2,507,261)
Gross (loss)		<u>(2,323,122)</u>	<u>(2,507,261)</u>
Other income	27.2	1,024,265	5,569,257
Profit before taxation		<u>(1,298,857)</u>	<u>3,061,996</u>
Taxation		-	-
(Loss) / profit from discontinued operation		<u><u>(1,298,857)</u></u>	<u><u>3,061,996</u></u>

27.1 COST OF GOODS SOLD

Salaries, allowances and benefits		360,000	180,000
Repairs and maintenance		98,565	229,899
Depreciation	3.3	1,864,557	2,097,362
COST OF GOODS SOLD		<u><u>2,323,122</u></u>	<u><u>2,507,261</u></u>

27.2 OTHER INCOME

Income From Non-Financial Assets			
Gain on disposal of property, plant and equipment		1,024,265	5,569,257
		<u><u>1,024,265</u></u>	<u><u>5,569,257</u></u>



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

28. TRANSACTIONS WITH RELATED PARTIES

All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. The related parties comprise staff retirement funds, directors and key management personnel. Transactions with related parties, other than those disclosed elsewhere in these financial statements, are follows:

Balances:	Rupees	Rupees
Provident Fund - outstanding balance	158,992	140,354
Transactions:		
Contribution to staff retirement benefit plans	943,608	813,468
Key management personnel's remuneration and other benefits	3,837,219	4,181,333

29. PROVIDENT FUND RELATED DISCLOSURES

	Un-audited 2016	Audited 2015
Size of the fund - total assets	3,775,057	2,695,032
Percentage of investments made	26.98%	43.73%
Fair value of investments	1,018,400	1,178,428

The cost of above investments amounted to Rs. 1,000,000 (2015: Rs. 1,133,212).

The breakup of fair value of investment is:	2016 Percentage	2015 Percentage	Un-audited 2016 Rupees	Audited 2015 Rupees
Mutual fund UBL (Al-Ameen IPPF-III)	-	47.96%	-	565,166
Mutual fund UBL (UGSF)	-	47.69%	-	561,988
Mutual Fund of Al Meezan (MBF)	-	4.35%	-	51,274
Investment in Shares	100.00%	-	1,018,400	-
	<u>100.00%</u>	<u>100.00%</u>	<u>1,018,400</u>	<u>1,178,428</u>

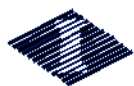
The investments out of provident fund have not been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

30. FINANCIAL INSTRUMENTS

Financial risk management objectives & policies

The Board of Directors of the company have overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's activities expose it to a variety of liquidity risk, credit risk, financial risk, and market risk (including currency risk, interest rate risk and price risk). Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

30.1 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and cash equivalents. The following are the contractual maturities of financial assets and financial liabilities.

(i) On balance sheet assets and liabilities:

2016								
Effective rate of interest %	INTEREST /MARK-UP BEARING			NON-INTEREST /MARK-UP BEARING			Total	
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total		
	----- Rupees -----							
Financial assets:								
Long term deposits	-	-	-	-	2,006,200	2,006,200	2,006,200	
Investments	-	-	-	75,600,145	75,600,145	151,200,291	151,200,291	
Trade debts	-	-	-	24,777,190	-	24,777,190	24,777,190	
Advances, deposits, prepayments and other receivables	-	-	-	4,380,134	-	4,380,134	4,380,134	
Cash and bank balances	3.5%	2,719,576	2,719,576	242,234		242,234	2,961,811	
		2,719,576	-	2,719,576	104,999,704	77,606,345	182,606,050	185,325,626
Financial liabilities:								
Liability against assets subject to finance lease	1 year KIBOR+ 3%	646,314	1,678,131	2,324,445	-	-	-	2,324,445
Short term finances under mark-up arrangements	3 Months KIBOR +2.5% & SBP rate +1%	15,028,512	-	15,028,512	-	-	-	15,028,512
Trade and other payables		694,127	-	694,127	36,198,715		36,198,715	36,892,843
		16,368,953	1,678,131	18,047,084	36,198,715	-	36,198,715	54,245,799
Sensitivity gap		(13,649,376)	(1,678,131)	(15,327,507)	68,800,989	77,606,345	146,407,335	131,079,827

(ii) Off balance sheet liabilities as stated in note 16 amounts to Rs. 3 million.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

(i) On balance sheet assets and liabilities:

2015							
Effective rate of interest %	INTEREST/MARK-UP BEARING			NON-INTEREST/MARK-UP BEARING			Total
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	
	----- Rupees -----						

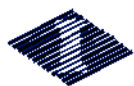
Financial assets:

Long term deposits	-	-	-	-	1,500,000	1,500,000	1,500,000
Investments	-	-	-	-	42,677,438	42,677,438	42,677,438
Trade debts	-	-	-	15,547,426	-	15,547,426	15,547,426
Advances, deposits, prepayments and other receivables	-	-	-	4,080,831	-	4,080,831	4,080,831
Cash and bank balances	5%	6,135,140	-	6,135,140	53,424	-	6,188,564
		<u>6,135,140</u>	<u>-</u>	<u>6,135,140</u>	<u>19,681,681</u>	<u>44,177,438</u>	<u>63,859,119</u>
							<u>69,994,259</u>

Financial liabilities:

Medium term finance	1 year KIBOR+ 3%	-	-	-	-	-	-
Short term finances under mark-up arrangements	3 Months KIBOR +2.5% & SBP rate +1%	2,846,046	-	2,846,046	-	-	2,846,046
Trade and other payables		2,099,491	-	2,099,491	27,886,597	-	29,986,089
		<u>4,945,537</u>	<u>-</u>	<u>4,945,537</u>	<u>27,886,597</u>	<u>-</u>	<u>32,832,135</u>
Sensitivity gap		<u>1,189,603</u>	<u>-</u>	<u>1,189,603</u>	<u>(8,204,916)</u>	<u>44,177,438</u>	<u>35,972,522</u>
							<u>37,162,124</u>

(ii) Off balance sheet liabilities as stated in note 16 amounts to Rs. 3 million.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

30.2 Credit Risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk is primarily attributable to its trade debts and balances at banks. Local Credit sales are essentially to Khaadi. Receivable from export sales are secured against letter of credit. The credit risk on liquid funds is limited because counter parties are banks with reasonably high credit ratings.

i) Exposure to credit risk

The carrying amount of financial assets represents maximum credit exposure. The maximum exposure to credit risk at the date of reporting is as follows:

	2016 Rupees	2015 Rupees
Financial assets:		
Trade debts	24,777,190	15,547,426
Advances, deposits, prepayments and other receivables	4,380,134	4,080,831
	<u>29,157,325</u>	<u>19,628,257</u>

As on June 30, 2016, trade debts of Rs. 24,777,190 (2015: Rs. 15,547,426) were past due but not impaired.

30.3 Market Risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Financial assets include Rs. 7,701,399 (2015 : Rs. 4,183,413) which are subject to currency risk.

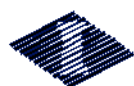
(ii) Interest rate risk

Interest rate risk represents the risk that are fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no long term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

However, company do possess short term interest bearing financial liabilities which includes Rs. 15,674,826 (2015: Rs. 2,846,046) which are subject to interest rate risk. Applicable interest rate for financial instruments have been indicated in respective notes.

(iii) Other price risk

Price risk represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

30.4 Capital Risk Management

The Company's objective when managing capital are to safeguard the Company's ability to continue as going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the company may adjust the amount of dividends paid to shareholders, issue new share and take other measures commensurating to the circumstances.

The capital structure of the Company is equity based. It has financed all its projects and business expansion through equity financing and never resorted on debt financing. Company has availed short-term borrowing for working capital purposes only.

Fair value of financial assets and liabilities

The carrying value of financial assets and liabilities approximate their fair value.

31. CAPACITY AND PRODUCTION	Installed capacity	Actual production	
		2016	2015
Export and local (Pcs.)	660,000	464,737	452,384
Dyeing (Kgs.)	300,000	-	-
32. NUMBER OF EMPLOYEES		2016	2015
Number of employees of the company as at balance sheet date are:			
- Permanent Employees		69	58
- Contractual employees		138	78
Average number of employees of the company at the balance sheet date are:			
- Permanent Employees		65	63
- Contractual employees		96	89

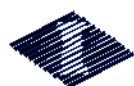
33. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the board of directors of the Company and authorized for issue on september 30, 2016.

34. FIGURES

34.1 Figures have been rounded off to the nearest of rupees.

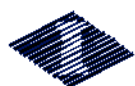
34.2 Some of the previous year figures have been reclassified and re-arranged to facilitate better presentation in the current year.



International Knitwear Limited

OPERATING & FINANCIAL HIGHLIGHTS

PARTICULARS	Jun-16	Jun-15	Jun-14	Jun-13	Jun-12	Jun-11
Sale-Net	182,671,977	184,117,984	145,538,825	105,441,107	158,340,897	134,539,702
Cost of sales	(167,655,772)	(161,565,838)	(127,706,707)	(88,638,234)	(140,068,926)	(132,923,420)
Gross Profit	15,016,205	22,552,146	17,832,118	16,802,873	18,271,971	1,616,282
Administrative and selling expenses	(13,774,483)	(12,691,552)	(13,174,003)	(7,173,084)	(10,063,323)	(8,815,172)
Operating Profit /(loss)	1,241,722	9,860,594	4,658,115	9,629,789	8,208,648	(7,198,890)
Other income	14,729,699	1,545,339	181,042	471,422	3,211,342	537,777
Finance cost	(2,088,883)	(1,966,247)	(1,895,586)	(1,808,654)	(2,844,446)	(3,487,116)
Other charges	(957,895)	(862,617)	(348,035)	(85,911)	(591,686)	(107,632)
Profit/(loss) before taxation	12,924,644	8,577,069	2,595,536	8,206,646	7,983,858	(10,255,861)
Provision						
- prior	(10,719)		-	-	(33,738)	
- current	(1,849,247)	(1,841,179)	(976,131)	(625,654)	(1,124,232)	(919,762)
Net profit/(loss) after taxation	11,064,678	6,735,890	1,619,405	7,580,992	6,825,888	(11,175,623)



International Knitwear Limited

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2016

Nos. of Shareholders	Shareholdings'Slab			Total Shares Held
246	1	to	100	7,190
218	101	to	500	57,729
637	501	to	1000	355,537
83	1001	to	5000	183,886
21	5001	to	10000	150,180
18	10001	to	15000	210,040
6	15001	to	20000	102,800
2	20001	to	25000	45,112
6	25001	to	30000	168,812
2	30001	to	35000	64,970
2	35001	to	40000	77,500
1	40001	to	45000	42,354
2	50001	to	55000	103,352
1	60001	to	65000	62,242
4	70001	to	75000	290,198
1	75001	to	80000	75,791
1	85001	to	90000	88,150
1	100001	to	105000	100,382
1	145001	to	150000	146,000
2	210001	to	215000	430,000
1	375001	to	380000	377,600
1	410001	to	415000	413,470
1	425001	to	430000	430,000
1	545001	to	550000	549,102
1	595001	to	600000	597,641
1	1315001	to	1320000	1,319,962
1261				6,450,000

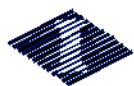


International Knitwear Limited

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2016

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
NAEEM SHAFI	4	443,730	6.88
WASEEM SHAFI	2	28,822	0.45
MUHAMMAD SHAFI	1	10,750	0.17
JAVED KHAN	1	1,000	0.02
ARSHAD AHMED	1	1,000	0.02
MOHAMMAD SAJJID HUSSAIN	1	1,000	0.02
MUHAMMAD BILAL ZUBERI	1	967	0.01
HUMAIRA SHAFI	3	712,495	11.05
SULTANA AHMED	2	32,300	0.50
BUSHRA SHAFI	1	2,580	0.04
MANAHIL SHAFI	1	6,665	0.10
SALSABIL SHAFI	1	10,750	0.17
NOOR SHAFI	1	10,750	0.17
Associated Companies, undertakings and related parties	0	-	-
Executives	-	-	-
Public Sector Companies and Corporations	1	67	0.00
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	2	559,995	8.68
Mutual Funds	-	-	-
General Public	1,235.00	4,615,710	71.56
Foreign Investor	-	-	-
OTHERS	3	11,419	0.18
Totals	1,261.00	6,450,000	100.00

Share holders holding 5% or more	Shares Held	Percentage
RASHID ABDULLA	1,319,962	20.46
HUMAIRA SHAFI	712,495	11.05
FIRST UDL MODARABA	549,102	8.51
FAISAL ABDULLA	430,000	6.67
NAEEM SHAFI	413,470	6.41
KHALID MALIK	509,076	7.89



International Knitwear Limited

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2016

S.No.	Folio #	Name of shareholder	Number of shares	Per %	
Directors and their spouse(s) and minor children					
1	2	NAEEM SHAFI	413,470	6.41	
2	01826-52175	NAEEM AHMED SHAFI	6,000	0.09	
3	03277-44659	NAEEM AHMED SHAFI	23,112	0.36	
4	520	NAEEM AHMED SHAFI	1,148	0.02	
5	1	WASEEM SHAFI	26,312	0.41	
6	3025	WASEEM SHAFI	2,510	0.04	
7	2911	MUHAMMAD SHAFI	10,750	0.17	
8	2982	JAVED KHAN	1,000	0.02	
9	2983	ARSHAD AHMED	1,000	0.02	
10	2981	MUHAMMAD SAJID HUSSAIN	1,000	0.02	
11	3017	MUHAMMAD BILAL ZUBERI	967	0.01	
12	2910	HUMAIRA SHAFI	42,354	0.66	
13	01826-12062	HUMAIRA SHAFI	72,500	1.12	
14	19	HUMAIRA SHAFI	597,641	9.27	
15	16	SULTANA AHMED	16,100	0.25	
16	01826-52183	SULTANA AHMED	16,200	0.25	
17	20	BUSHRA SHAFI	2,580	0.04	
18	2840	MANAHIL SHAFI	6,665	0.10	
19	2912	SALSABIL SHAFI	10,750	0.17	
20	2913	NOOR SHAFI	10,750	0.17	
20			1,262,809	19.58	
Associated Companies, undertakings and related parties					
0			-	-	
Executive					
NIL			-	-	
Public sector companies and corporations					
1	03889-28	NATIONAL BANK OF PAKISTAN	67	0.00	
1			67	0.00	
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds					
1	03277-1651	FIRST UDL MODARABA	549,102	8.51	
2	03277-78335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	10,893	0.17	
2			559,995	8.68	
Mutual Funds					
NIL			-	-	
Foreign Investor					
NIL			-	-	
Others					
1	03277-82127	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	382	0.01	
2	03277-89483	TRUSTEES OF FIRST UDL MODARABA STAFF PROVIDENT FUND	10,500	0.16	
3	05728-24	STOCK STREET (PRIVATE) LIMITED	537	0.01	
3			11,419	0.18	
General Public Local			1235	4,615,710	71.56
Total			1261	6,450,000	100



International Knitwear Limited

FORM OF PROXY

I We _____ son daughter wife/husband of _____, Shareholder of International Knitwear Limited, holding _____ ordinary shares hereby appoint _____ who is my _____ [state relationship (if any) with the proxy; required by Government regulations] and the son / daughter / wife / husband of _____, (holding _____ ordinary shares in the Company under Folio No. _____) [required by Government] as my / our proxy, to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on October 29th, 2016 and / or any adjournment thereof.

Signed this _____ day of _____ 2016.

Folio No.	CDC Participant ID No.	CDC Account/ Sub-Account No.	No. of Shares held	Signature over Revenue Stamp

Witness 1

Signature _____

Name _____

CNIC No. _____

Address _____

Witness 2

Signature _____

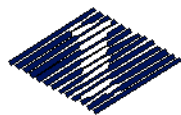
Name _____

CNIC No. _____

Address _____

NOTES:

- The member is requested:
 - To affix Revenue Stamp of Rs. 5/- at the place indicated above.
 - To sign across the revenue Stamp in the same style of signature as is registered with the Company
 - To write down his folio Number.
 - Attach an attested photocopy of their valid Computerised National Identity Card / Passport / Board Resolution and the copy of CNIC of the proxy, with this proxy form before submission.
- In order to be valid, this proxy must be received at the registered office of the Company at least 48 hours before the time fixed for the meeting, duly completed in all respects.
- CDC Shareholders or their proxies should bring their original Computerized National Identity Card or Passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detailed procedure is given in the Notes to the Notice of AGM.
- Detailed procedure is given in the Notes to the Notice of AGM.



International Knitwear Limited

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