

# Statement of Compliance

## with Listed Companies (Code of Corporate Governance) Regulations, 2017

### INTERNATIONAL INDUSTRIES LIMITED June 30, 2018

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 9 as per the following:

- a. Male: Nine (9)  
b. Female: -

2. The composition of board is as follows:

Category	Names
Independent Directors	Mr. Tariq Ikram
	Mr. Ehsan Malik
	Mr. Jehangir Shah
Non-Executive Directors	Mr. Mustapha A. Chinoy
	Mr. Kamal A. Chinoy
	Mr. Fuad Azim Hashimi
	Mr. Azam Faruque
	Mr. Shoaib Mir
Executive Directors	Mr. Riyaz T. Chinoy

3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable), with the exception of one Director who shall comply with the regulations within the stipulated timeframe.
4. 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 supporting policies and procedures.
5. 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.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board are presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulation of the minutes of meetings of the Board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board of Directors of the Company consist of nine (9) eminent directors, out of which seven (7) directors are already certified under the Directors Training Program as follows:
1. Mr. Riyaz T. Chinoy
  2. Mr. Kamal A. Chinoy
  3. Mr. Fuad A. Hashimi
  4. Mr. Azam Faruque
  5. Mr. Ehsan A. Malik
  6. Mr. Jehangir Shah
  7. Mr. Shoaib Mir
10. The Board has approved appointments of the CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:
- a) Audit Committee**
1. Mr. Ehsan Malik - Chairman  
Independent Director
  2. Mr. Fuad A. Hashimi - Member  
Non - Executive Director

3. Mr. Kamal A. Chinoy - Member  
Non - Executive Director
4. Mr. Jehangir Shah - Member  
Independent Director

**b) Human Resource and Remuneration Committee**

1. Mr. Tariq Ikram - Chairman  
Independent Director
  2. Mr. Riyaz T. Chinoy - Member  
Chief Executive Officer
  3. Mr. Kamal A. Chinoy - Member  
Non- Executive Director
  4. Mr. Azam Faruque - Member  
Non- Executive Director
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
  14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee may be referred at Page No. 84.
  15. The Board of Directors has set up an effective internal audit function supervised by a qualified Chartered Accountant, who is being assisted by M/s EY Ford Rhodes and in house executives to carry out the Internal Control functions. The

Head of Internal Audit is suitably qualified and experienced for the purpose and is well conversant with the policies and procedures of the company.

16. 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 and registered with Audit Oversight Board of Pakistan, 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 the code of ethics as adopted by the ICAP
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. The Company has continued to present the details of all related party transactions before the Audit Committee and upon their recommendation to the Board for review and approval. The definition of related party used is in accordance with repealed Companies Ordinance, 1984 and applicable financial reporting frame work as the regulations under Section 208 of the Companies Act, 2017 have not yet been announced.

We confirm that all other requirements of the Regulations have been complied with.



**Ehsan A. Malik**  
Chairman – Board Audit Committee



**Riyaz T. Chinoy**  
Chief Executive Officer



# Independent Auditor's Review Report

## To the members of International Industries Limited

### Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of International Industries Limited ("the Company") for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a 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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing 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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

Date: 16th August 2018  
Karachi

**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Muhammad Taufiq