KOHINOOR

INDUSTRIES LIMITED

ANNUAL REPORT 2015

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. M. Naseem Saigol	Chairman
Mr. M. Azam Saigol	Chief Executive
Mr. Rana Assad Iqbal	
Mr. M. Omer Farooq	
Mr. Rashid Ahmad Javaid	
Mr. Muhammad Athar Rafiq	
Mr. Muhammad Shamil	

AUDIT COMMITTEE

Mr. M. Naseem Saigol	Chairman / Member
Mr. M. Azam Saigol	Member
Mr. Rashid Ahmad Javaid	Member

HR & REMUNERATION COMMITTEE

Mr. M. Naseem Saigol	Chairman / Member
Mr. M. Azam Saigol	Member
Mr. Rashid Ahmad Javaid	Member

COMPANY SECRETARY
Kh. Safee Sultan

CHIEF FINANCIAL OFFICER
Mr. Asif Ali Mughal

AUDITORS
M/s Mudassar Ehtisham & Co.
Chartered Accountants

BANKERS
Askari Bank Ltd.
Bank Alfalah Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
NIB Bank Ltd.
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Ltd.

REGISTERED OFFICE
17-Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.
Tel: 35717364-65 & 35718274-75
Fax: 35715105
E-mail: shares@saigols.com

MILLS
Kohinoor Nagar, College Road,
Madina Town, Faisalabad
Tel: 8540211-12
Fax: 8541444

REGISTRARS
M/s Corplinks (Pvt) Ltd.
Wings Arcade, 1-K, Commercial, Model Town, Lahore.
Tel: 35839182, 35887262, 35916719 Fax: 35869037

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 66th Annual General Meeting of Shareholders of **Kohinoor Industries Limited** will be held on Saturday, October 31, 2015 at 12:00 Noon at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore the Registered Office of the Company to transact the following business:-

1. To confirm the minutes of Last Annual General Meeting held on October 31, 2014.
2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2015 alongwith Directors' and Auditors' Reports thereon.
3. To appoint Auditors of the Company to hold office till the conclusion of next Annual General Meeting and to fix their remuneration.
4. Any other business with the permission of the Chair.

By Order of the Board

Khawaja Safee Sultan
Company Secretary

Lahore : October 10, 2015

Notes:

1. Share Transfer Books of the Company will remain closed from October 25, 2015 to October 31, 2015 (both days inclusive). Physical transfers/CDS transactions ID's received in order at “Company Registrar office M/s Corplink (Pvt.) Limited”, wings arcade, 1-K, Commercial Model Town, Lahore on October 24, 2015 will be treated in time.

2. A member entitled to attend and vote at this Meeting may appoint another Member as his/her proxy. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore the Registered Office of the Company not later than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

3. Members whose shares are deposited with Central Depository System are requested to bring their original National Identity Cards or original Passports along with their Account Numbers in Central Depository System for attending the meeting.

4. Members are requested to notify the Company change in their addresses, if any.

5. **SUBMISSION OF COPY OF CNIC/NTN DETAILS (MANDATORY)**

   Pursuant to the directives of the Securities and Exchange Commission of Pakistan CNIC number of individuals is mandatorily required to be mentioned on dividend warrants and pursuant to the provisions of Finance Act 2015, the rate of deduction of income tax under section 150 of the Income Tax Ordinance 2001 from dividend payment have been revised as : for filers of Income Tax return 12.5% and Non filers of Income Tax return 17.5%. 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 our Share Registrars, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS Account No.	Total Shares	Principal	Shareholder	Joint	Shareholder
			Name & CNIC No.	Shareholding Proportion No. Of Shares	Name & CNIC No.	Shareholding proportion No. Of Shares

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

Individuals including all joint holders holding physical share certificates are therefore requested to submit a copy of their valid CNIC to the company or its Registrar if not already provided, For shareholders other than individuals, the checking will be done by matching the NTN number, therefore the Corporate shareholders having CDC accounts are requested in their own interest to provide a copy of NTN certificate to check their names in the ATL before the book closure date to their respective participants/CDC, whereas corporate shareholders holding physical share certificates should send a copy of their NTN certificate to the Company or its Share Registrar. The Shareholders while sending CNIC or NTN certificates, as the case may be must quote their respective folio numbers.

In case of non-receipt of the copy of a valid CNIC or NTN, the Company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and therefore will be constrained under Section 251(2)(a) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrants of such shareholder. Further, all shareholders are advised to immediately check their status on ATL and may, if required take necessary action for inclusion of their name in the ATL. The company as per the new law, shall apply 17.5% rate of withholding tax if the shareholders name, with relevant details, does not appear on the ATL, available on the FBR website on the first day of book closure and deposit the same in the Government Treasury as this has to be done within the prescribed time.

1. **ZAKAT DECLARATIONS (CZ-50)**

The Zakat will be deducted from the dividends at source at the rate of 2.5% of the paid-up value of the shares (Rs. 10/- each) under Zakat and Ushr Laws and will be deposited within the prescribed period with the relevant authority, Please submit your Zakat Declarations under Zakat and Ushr Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, in case you want to claim exemption, with your brokers or the Central Depository Company Ltd. (in case the shares are held in Investor Account Services on the CDC) or to our Registrars, M/s Corplink Private Limited, 1-K, Commercial Model Town, Lahore (in case the shares are held in paper certificate form). The shareholders while sending the Zakat Declarations, as the case may be must quote company name and respective folio numbers.

DIRECTORS' REPORT

The Directors of the company presented before the shareholders the 65th Annual Report along with audited Financial Statements of the company for the year ended June 30, 2014.

During the period under review, the company suffered loss of Rs 28.5 million as compared to last year of Rs 0.783 million. The company has rented out its premises to different companies on medium to long term basis subject to termination clause of three to six months. The management is continuously evaluating viable avenues for the use of company's premises. We are hopeful that we will be able to increase the company's revenue and will manage further reduction in expenditure, in the coming years which will have positive impact on company's financials.

Clarification on attention invited by the Auditors are as follows:

E (i) These accounts are prepared on going concern basis as management is confident that leasing business and other possible feasible avenues along with further reduction in expenses will have positive impact on the company's profitability in future and company will be able to meet all its obligations from own sources.

(ii) This is interest free loan from directors and at present company doesn't have definite sources of its repayment, therefore amortization plan has not made in term of IAS 39. The company will devise its repayment plan as soon it has definite source of its repayment from sale of assets or from operational results.

STATEMENTS IN COMPLIANCE OF THE CODE OF CORPORATE GOVERNANCE

The Directors state that:-

a) The Financial Statements prepared by the Management present a true and fair state of affairs of the Company, the results of its operations, cash flows and changes in equity.

b) Proper Books of Accounts have been maintained.

c) Appropriate Accounting Policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International Accounting Standards as applicable in Pakistan have been followed in preparation of Financial Statements.

e) The system of Internal Control is sound in design and has been effectively implemented and monitored.

f) There are no significant doubts upon the Company's ability to continue as a going concern.

g) There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.

h) Significant deviation from last year in operating results of the Company and reasons thereof have been explained.

i) The key operating and financial data for the last six years is annexed.

j) There are no outstanding statutory payments on account of taxes, duties, levies and charges except as shown in notes to the accounts.

k) There are no significant plans for corporate restructuring, business expansion and discontinuation of operations except for improvement in the normal business activities to increase the business.

l) The Company is operating a funded Provident Fund Scheme the value of investments as per funds audited accounts is Rs. 0.711 Million.

m) Directors' meetings of the Board of Directors of the Company during the year under review were Four held on October 10, 2013, October 31, 2013, February 29, 2014, April 30, 2014.

Following was the attendance of the Directors: -

NAME OF DIRECTOR	NO. OF MEETINGS ATTENDED
Mr. M. Naseem Saigol	3
Mr. M. Azam Saigol	3
Mr. Rana Assad Iqbal	4
Mr. M. Omer Farooq	4
Mr. Rashid Ahmad Javaid	4
Mr. Muhammad Athar Rafiq	4
Mr. Muhammad Shamil	3

n) During the period under review no Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children sell, buy or take any position in shares of the Company.

PATTERN OF SHAREHOLDING

A statement-showing pattern of shareholding as on June 30, 2014 is annexed.

ACKNOWLEDGEMENT

We wish to thank to our banks and shareholders for their continued support and confidence on the Company. We are pleased to record our appreciation of the services rendered by the employees of the Company and hope that the same spirit of devotion will continue in future.

For and on behalf of the Board

Lahore
October 10, 2014

M. NASEEM SAIGOL
Chairman

STATEMENT WITH COMPLIANCE OF CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the code of Corporate Governance contained in regulation No. 37, 43 & 36 of listing regulations of Karachi, Lahore & Islamabad Stock Exchanges respectively for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best of practices of corporate governance.

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

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Mr. Rashid Ahmad Javaid
Executive Directors	Mr. Rana Asad Iqbal
	Mr. M. Azam Saigol
Non-Executive Directors	Mr. M. Naseem Saigol
	Mr. M. Omer Farooq
	Mr. Muhammad Ath ar Rafiq
	Mr. Muhammad Shamil

The independent directors meet the criteria of independence under clause 1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in the 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. No casual vacancy occurred in the Board of Directors 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 supporting policies and procedures.

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. One training program for its directors by the board arranged during the year.

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 Director's report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. 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 3 members, of whom majority are non executive directors including the chairman of the committee.

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 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. Its comprises 3 members, of whom 2 are none executive directors including the chairman of the committee.

18. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

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 partner 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 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 regards.

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.

For and on behalf of the Board

Lahore
October 10, 2015

CHIEF EXECUTIVE

SIX YEARS AT A GLANCE

(Rupees in '000)

PARTICULARS	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
Financial Position						
Paid up capital	**303,025**	303,025	303,025	303,025	303,025	303,025
Reserves	**187,394**	187,394	187,394	187,394	187,394	187,394
Fixed asset at cost	**761,877**	761,877	761,877	812,141	832,784	834,381
Accumulated depreciation	**21,085**	12,426	8,659	67,967	73,497	59,355
Current assets	**13,259**	12,671	8,887	16,941	21,971	26,906
Current Liabilities	**445,233**	462,992	23,491	11,756	8,595	30,122
Income						
Sales / Revenue	**26,684**	33,401	28,495	-	-	-
Other Income	**12,493**	3,714	22,449	30,087	9,018	13,016
Gross profit	**-**	-	-	-	-	-
Pre tax profit / (Loss)	**8,245**	(23,490)	16,023	(12,114)	(30,244)	(35,849)
Taxation	**(1,402)**	(5,010)	(16,808)	(953)	(712)	(379)
Profit / (Loss) after taxation	**6,843**	(28,500)	(784)	(13,067)	(30,956)	(36,228)
Unappropriated profit / (Loss)	**(834,702)**	(844,332)	(818,929)	(819,365)	(807,654)	(778,204)
STATISTICS AND RATIOS						
Gross profit to sales %	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.00%
Pre tax profit / (Loss) to capital %	**2.26%**	(7.75)%	(5.29)%	(4.00)%	(9.98)%	(11.83)%
Current ratio	**0.02**	0.02	0.38	1.44	2.56	0.89
Paid up value per share (Rs.)	**10**	10	10	10	10	10
Earning after tax per share (Rs.)	**0.23**	(0.94)	(0.03)	(0.43)	(1.02)	(1.20)
Cash dividend %	**-**	-	-	-	-	-

FORM 34

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING

1. Incorporation Number **0000214**
2. Name of the Company **KOHINOOR INDUSTRIES LIMITED**
3. Pattern of holding of the shares held by the shareholders as at **30-06-2015**

4. No. of Shareholders	------Shareholding------ From	To	Total Shares Held
730	1	100	20,302
496	101	500	131,283
273	501	1,000	213,580
461	1,001	5,000	1,208,467
115	5,001	10,000	919,038
46	10,001	15,000	559,490
41	15,001	20,000	749,670
30	20,001	25,000	698,154
13	25,001	30,000	366,790
9	30,001	35,000	295,078
9	35,001	40,000	338,553
7	40,001	45,000	300,500
4	45,001	50,000	196,500
1	50,001	55,000	53,550
2	55,001	60,000	117,500
3	60,001	65,000	194,319
4	65,001	70,000	273,732
4	70,001	75,000	291,500
4	75,001	80,000	308,975
2	80,001	85,000	162,500
2	85,001	90,000	174,500
1	90,001	95,000	94,000
2	95,001	100,000	200,000
1	105,001	110,000	110,000
1	110,001	115,000	111,500
2	115,001	120,000	236,500
2	120,001	125,000	245,881
1	130,001	135,000	130,500
1	135,001	140,000	136,662
2	145,001	150,000	299,000
1	200,001	205,000	203,000
1	235,001	240,000	239,868
1	240,001	245,000	244,000
1	260,001	265,000	265,000
1	350,001	355,000	350,500
1	380,001	385,000	380,625
1	405,001	410,000	409,825
1	410,001	415,000	414,000
1	470,001	475,000	475,000
1	1,180,001	1,185,000	1,183,154
1	1,345,001	1,350,000	1,350,000
1	1,370,001	1,375,000	1,373,500
1	2,015,001	2,020,000	2,016,158
1	5,210,001	5,215,000	5,210,219
1	7,045,001	7,050,000	7,049,670
2284			**30,302,543**

Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2015

Sr. No.	Name	No. of Shares Held	Percentage
	Associated Companies, Undertakings and Related Parties:	-	-
	Mutual Funds:		
1	GOLDEN ARROW SELECTED STOCKS FUND	299	0.0010
2	SECURITY STOCK FUND LIMITED	560	0.0018
	Directors and their Spouse and Minor Chidren:		
1	MR. M. NASEEM SAIGOL (CDC)	5,335,219	17.6065
2	MR. M. AZAM SAIGOL (CDC)	36,303	0.1198
3	MRS. AMBER HAROON SAIGOL (CDC)	7,293,670	24.0695
4	MRS. SEHYR SAIGOL (CDC)	170,550	0.5628
5	RANA ASAD IQBAL	2,500	0.0083
6	MR. MUHAMMAD ATHAR RAFIQ	2,500	0.0083
7	MR. MUHAMMAD SHAMIL	2,500	0.0083
8	MR. MUHAMMAD OMER FAROOQ	2,625	0.0087
9	MR. RASHID AHMAD JAVED	2,625	0.0087
	Executives:	-	-
	Public Sector Companies & Corporations:	-	-
	Banks, Development Finance Institutions, Non Banking Finance Institution, Insurance Companies, Modarabas and Pension Funds:	2,670,763	8.8137
	Shareholders holding five percent or more voting intrest in the listed company		
1	MRS. AMBER HAROON SAIGOL (CDC)	7,293,670	24.0695
2	MR. M. NASEEM SAIGOL (CDC)	5,335,219	17.6065
3	MR. MUHAMMAD SHAFI KHAN (CDC)	2,016,158	6.6534

All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary, Their spouses and minor children:

S. No.	NAME	SALE	PURCHASE
	NIL	-	-

Categories of Shareholders	No. of Shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	9	12,848,492	42.4007
Associated Companies, undertakings and related party	-	-	-
Investment Corporation of Pakistan (ICP)	1	24,497	0.0808
Banks Development Financial Institutions Non Banking Financial Institution	18	39,144	0.1292
Insurance Companies	4	1,199,510	3.9584
Modarabas and Mutual Funds	5	1,379,447	4.5522
General Public	2195	14,087,899	46.4908
Others (to be specified)			
Pension Funds	1	30,578	0.1009
Leasing Companies	1	36,750	0.1213
Abondond Properties	1	1,860	0.0061
Other Companies	1	1,073	0.0035
Joint Stock Companies	37	601,488	1.9849
Foreign Companies	11	51,805	0.1710
	2284	30,302,543	100.0000

Review Report to the Members

On Statement of Compliance with the Best Practices of Code of Corporate Governance

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **KOHINOOR INDUSTRIES LIMITED** to comply with the Listing Regulation No. 37 of Karachi Stock Exchange (Guarantee) Limited, Listing Regulation's of Chapter No. XIII of the Lahore Stock Exchange (Guarantee) Limited and Listing Regulation's No. 36 of the Islamabad Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's 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.

Further, sub- Regulation (xiii) of Listing Regulations 37 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N - 269 dated January 19, 2009 requires the company to place before the board of directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, except for the observation expressed in our audit report if any affecting the compliance with the Code of Corporate Governances, 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 best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June, 2014.

October 10, 2014
Lahore

Mudassar Ehtisham & Co.
Chartered Accountants
Audit Engagement Partner: Mudassar Raza

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **KOHINOOR INDUSTRIES LIMITED** as at June 30, 2014 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, 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 adult.

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 the 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) In our opinion, proper books of account have been kept by the company as required by the Companies Ordinances, 1984;

(b) In our opinion,

  (i) the balance sheet and profit and loss account together with the notes there on have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with 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 expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion 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 conform 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, 2014 and of the loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

(e) Attention is invited to the followings:

  (i) The financial statements as on 30-06-2014 are drawn up by the management on ongoing concern basis for the reason that it has decided to hold the business premises for doing business of leasing & renting out premises on hire.

A perusal of the balance sheet on aforesaid date depicts equity adverse balance of Rs. 353.912 million while current liabilities have exceeded current assets by Rs. 41.330 million.

"A reference to the Profit and Loss account reveals that net loss after taxation is Rs. 28.500 million. This loss is after adjustment of reversal of provision for short value in the value of investment of Rs. 3.712 million not being regular income is when excluded the loss for the year will amount to Rs. 32.212 million. The management has not placed before us all of its future planning respecting leasing and renting business that would be undertaken to meet with the expenses and pay taxes and recoup heavy sustained previous losses."

In view of factual position the material doubt is created about the going concern conception of the Company.

(ii) There being no agreement regarding repayment of directors loan, the amortization of the liability in the terms of IAS-39 is not made.

October 10, 2014
Lahore

Mudassar Ehtisham & Co.
Chartered Accountants
Audit Engagement Partner: Mudassar Raza

BALANCE SHEET AS AT JUNE 30, 2015

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees Restated
ASSETS			
Non current assets			
Property, plant and equipment	4	**729,628,893**	740,792,116
Government taken over concerns	5	**-**	-
Long term deposits	6	**368,876**	368,876
Long term investments	7	**8,958,600**	9,298,800
Current assets			
Loans and advances	8	**76,536**	92,536
Trade, deposits and prepayments	9.	**594,100**	604,100
Other receivables	10	**20,000**	20,000
Tax refunds	11	**9,901,712**	5,895,549
Cash and bank balances	12	**2,666,454**	6,059,269
		13,258,802	12,671,454
TOTAL ASSETS		**752,215,171**	763,131,246
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
40,000,000 ordinary shares of Rs. 10 each		**400,000,000**	400,000,000
Issued, subscribed and paid-up capital	13	**303,025,430**	303,025,430
Reserves	14	**187,394,755**	187,394,755
Unappropriated (loss) / profit		**(837,302,791)**	(844,332,365)
Total equity		**(346,882,606)**	(353,912,180)
Surplus on revaluation of fixed assets	15	**651,264,077**	654,051,196
Current liabilities			
Trade and other payables	16	**37,161,234**	37,563,292
Short term loan from directors - unsecured	17	**390,231,566**	408,990,656
Current portion of lease liabilities	18	**864,742**	864,742
Provision for taxation	19	**19,576,158**	15,573,540
		447,833,700	462,992,230
Contingencies & Commitments	20		
TOTAL EQUITY AND LIABILITIES		**752,215,171**	763,131,246

The annexed notes from 1 to 36 form an integral part of these financial statements.

(CHIEF EXECUTIVE OFFICER) **(DIRECTOR)**

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
Revenue	21	**26,684,120**	33,400,709
Other operating income	22	**12,492,508**	3,713,724
		39,176,628	37,114,433
Operating expenses :			
Administrative expenses	23	**18,062,138**	20,245,986
Other operating charges/(reversal)	24	**-**	30,397,482
		(18,062,138)	(50,643,468)
		21,114,490	(13,529,035)
Finance cost	25	**(36,709)**	(11,904)
Share of (loss) / profit from Associate	7	**(12,832,708)**	(9,949,158)
Profit before taxation		**8,245,073**	(23,490,097)
Workers' Profit Participation Fund		**-**	-
Workers' Welfare Fund		**-**	-
		8,245,073	(23,490,097)
Taxation	19	**4,002,618**	5,010,106
Prior Years:			
		(4,002,618)	(5,010,106)
(Loss) / profit after tax		**4,242,455**	(28,500,203)
Earning per share-basic and diluted	**26**	**0.14**	**(0.94)**

The annexed notes from 1 to 36 form an integral part of these financial statements.

(CHIEF EXECUTIVE OFFICER) **(DIRECTOR)**

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2015

	June 30, 2015 Rupees	June 30, 2014 Rupees
Net (loss) / profit for the year	**4,242,455**	(28,500,203)
Other Comprehensive Income	**-**	-
Total Comprehensive (Loss) / Income	**4,242,455**	(28,500,203)

The annexed notes from 1 to 36 form an integral part of these financial statements.

(CHIEF EXECUTIVE OFFICER) **(DIRECTOR)**

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2015

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**8,245,073**	(23,490,097)
Adjustments for:			
Depreciation		**11,163,223**	12,425,529
Share of (loss) / profit from Associate		**12,832,708**	9,949,158
(Reversal)/Provision for short fall in value of investment		**(12,492,508)**	(3,712,158)
Provision for doubtful sales tax recovery		**-**	4,236,934
Provision for sales tax liability		**-**	26,160,548
Finance cost		**36,709**	11,904
		11,540,132	49,071,915
Profit before working capital changes		**19,785,205**	25,581,818
Effect on cash flow due to working capital changes			
(Increase)/ decrease in:			
Loans and advances		**16,000**	49,700
Trade deposits and short term prepayments		**10,000**	-
Trade and other payables		**(402,058)**	(660,127)
Short term loan from directors - unsecured		**(18,759,090)**	(16,888,460)
		(19,135,148)	(17,498,887)
Cash generated from operations		**650,057**	8,082,931
Finance cost paid		**(36,709)**	(11,904)
Income tax paid		**(4,006,163)**	(3,612,606)
		(4,042,872)	(3,624,510)
Net cash from operating activities		**(3,392,815)**	4,458,421
CASH FLOWS FROM INVESTING ACTIVITIES		**-**	-
CASH FLOWS FROM FINANCING ACTIVITIES		**-**	-
Net increase / (decrease) in cash and cash equivalents		**(3,392,815)**	4,458,421
Cash and cash equivalents at the beginning of year		**6,059,269**	1,600,848
Cash and cash equivalents at the end of year	**(12)**	**2,666,454**	6,059,269
			-

The annexed notes from 1 to 36 form an integral part of these financial statements.

(CHIEF EXECUTIVE OFFICER) **(DIRECTOR)**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2015

	Share capital	Share Premium	Unappropriated profit/(loss)	Total
	-----------------------Rupees------------------------			
Balance as at June 30, 2013	303,025,430	187,394,755	(818,928,961)	(328,508,776)
Total comprehensive (loss) / profit for the year	-	-	(28,500,203)	(28,500,203)
Transferred from surplus on revaluation of fixed assets on account of :				
Incremental depreciation - current year	-	-	3,096,799	3,096,799
Balance as at June 30, 2014	303,025,430	187,394,755	(844,332,365)	(353,912,180)
Total comprehensive (loss) / profit for the year	-	-	4,242,455	4,242,455
Transferred from surplus on revaluation of fixed assets on account of :				
Incremental depreciation - current year	-	-	2,787,119	2,787,119
Balance as at June 30, 2015	**303,025,430**	**187,394,755**	**(837,302,791)**	**(346,882,606)**

The annexed notes from 1 to 36 form an integral part of these financial statements.

(CHIEF EXECUTIVE OFFICER) **(DIRECTOR)**

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

1. STATUS AND NATURE OF BUSINESS

Kohinoor Industries Limited is a public limited, quoted company incorporated in Pakistan under the Companies Act 1913, (now the Companies Ordinance, 1984). The principal activity of the company was to manufacture and sell yarn. The operational activities had been closed down with effect from 12th October 2007.

Board of Directors in its meeting held on April 30, 2008 decided to close down the business as due to increase in prices of raw material and other inputs without increase in Yarn sales prices in the local and international market, the operation of the textile unit had become most uneconomical and huge losses were expected to arise if the business was carried on. It was unanimously decided that business be closed down and machinery be disposed of and for that purpose a committee was formed consisting of Managers; Manager sale, Manager account, headed by chief operational officer.

Factory building has been leased out to other industrial units whereas school building is also rented. Agreement with Masood Textile Mills Limited is for five years extending up to March 2017. The Company vide Sub-Clause II of Memorandum of Association is authorized to lease and let out on hire it's business premises as when it is considered fit.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these financial statements are consistent with those of the previous years (except that stated otherwise) as follows:

2.1 Statement of compliance

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

2.2 Basis of preparation

As stated above the textile business has been closed down. As per resolution of Board of Directors in the meeting held on 27-04-2013, it is decided that management has no plan to dispose off fixed assets of the Company. It will continue leasing business of renting out the property which is quite viable activity. The financial statements thus have been prepared on going concern basis.

2.3 Going concern assumption

Our paid-up capital as on 30-06-2015 stands at Rs. 303.025 million while adverse balance of reserves and Unappropriated losses are amounting to Rs. 837.302 million leaving adverse balance of equity at Rs. 346.882 million. Our current liabilities are Rs. 447.833 million whereas the current assets are Rs. 13.258 million and current liabilities are more by Rs. 434.574 million than the current assets. We have leased out the factory building to industrial unit and to some other institutions and our rental income during the year is aggregating to Rs. 26.684 million which is quite sizeable to meet the expenses. As per regulations, our Board of Directors in the meeting held on 27-04-2013 that the management does not have any plan to dispose of the fixed assets of the company and our leasing business is quite viable. Also refer to note. 2.2.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistani Rupee which is the Company's functional currency.

3. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

– Retirement and other benefits

– Provision for taxation

– Residual values and useful lives of depreciable assets

– Provisions and contingencies

a) New standards, amendments to approved accounting standards and interpretations which became effective during the year

There are no amended standards and interpretations that are effective for the first time in the current year that would be expected to have a material impact on the Company.

b) Standards and amendments to published standards that are not yet effective and have not been yearly adopted

The following standards, interpretations and the amendments are effective for accounting periods beginning from the dates specified below and are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS1, ' Financial Statement presentation' regarding other comprehensive income disclosure initiative (effective for annual periods beginning on or after 1 January, 2016). The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial

Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-basedamortisation methods for intangible assets is inappropriate and can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

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- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS10 and IAS 28) (effective for annual periods beginning on or after 1 January 2016). The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 1 January2015). The standard replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016.

- IFRS 11, 'Joint arrangements' (effective for annual periods beginning on or after 1 January 2015). The standard replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting tube applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016.

- IFRS 12, 'Disclosures of interests in other entities' (effective for annual periods beginning on or after 1January 2015). The standard combines the disclosure requirements for entities that have interests instructured entities, into one place.

- IFRS 13, 'Fair value measurement' (effective for annual periods beginning on or after 1 January 2015). The standard defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

- Annual Improvements 2012-2014 cycle (the amendments apply prospectively for annual period beginning on or after 1 July 2016). The new cycle of improvements contain improvements contain amendments to the following standards:

IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred. IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvementin transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are nonspecifically required for inclusion in condensed interim financial statements for all interim periods.

- IFRS 14 'Regulatory Deferral Accounts' (effective for annual periods beginning on or after 1 January 2016)specifies the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation. IFRS 14 is permitted, but not required, to be applied where an entity conducts rate-regulated activities and has recognised amounts in its previous financial statements that meet the definition of 'regulatory deferral account balances' also referred as the 'regulatory assets' and 'regulatory liabilities'.

- IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 January2017) specifies how and when an IFRS compliant entity will recognise revenue as well as requiring such entities to provide users of financial statements with more informative and relevant disclosures. The standard provides a single principle-based five-step model to be applied to all contracts with customers. The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board(IASB) has also issued the following standards which have not been notified locally by the Securities and Exchange Commission of Pakistan (SECP) as at 30 June 2015:

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 9 - Financial Instruments

The following interpretations issued by the IASB have been waived off by SECP effective January 16, 2012:

- IFRIC 4 - Determining Whether an Arrangement Contains a Lease. Also refer note 39 to the financial statements.

- IFRIC 12 - Service Concession Arrangements

3.1 Property plant and equipment and description

Property, plant & equipment is stated at cost or revalued amount less accumulated depreciation and impairment loss, if any, except for freehold land which is stated at revalued amount. Cost of these assets consists of historical cost and directly attributable cost of bringing the assets to working condition. Surplus arising on revaluation after considering deficit in other categories, is credited to surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any surplus on revaluation of fixed assets is credited to the surplus on revaluation on fixed

Borrowing costs pertaining to the construction and erection are capitalized up to the date of completion. Depreciation on property, plant & equipment is charged to income on reducing balance method at the rates specified in note No. 4 to the accounts to write off the cost cover their estimated useful lives.

Depreciation on addition and deletion is charged on the basis of number of days the asset remains in use of the company. Assets' residual values, useful life and depreciation rates are reviewed and adjusted, if appropriate at each balance sheet date. Normal repair and maintenance is charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within “other income / other charges” in profit and loss account.

The carrying amount of property, plant and equipment is reviewed at each balance sheet date to determined whether there is many indication of impairment. If any such indication exists then the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use an fair value less cost to sell. An impairment is recognized if the carrying amount exceed its estimated recoverable amount.

3.2 Intangible Assets

Intangible assets includes software which is initially recognized at cost. Cost comprises of purchase price and directly attributable expenditures.

After initial recognition intangible assets are carried at cost less accumulated amortization and if any, identified impairment loss. Amortization is charged on straight line method over a maximum period of five years. Amortization on addition and deletion is charged from the period when asset is put in use and up to the period of deletion.

3.3 Investments

All purchases and sale of investments are recognised using settlement date accounting. Settlement date is the date on which investments are delivered to or be the company. All investments are derecognised when the right to receive economic benefits from the investments has expired or has been transferred and the company has transferred substantially all the risks and reward of ownership

a) Investments in associate

Investment in equity instruments of associates, over which the company has significant influence, are being stated the company's share of their underlying net assets using the equity method. Also refer to Note No. 8.

b) Investments Held to Maturity

Investments with fixed or determinable payments and fixed maturity and where the company has positive intent and ability to hold investments to maturity are classified as investments held to maturity. These are initially recognised at cost inclusive of transaction cost and are subsequently carried at amortised cost using the effective interest rate method, Less any impairment losses

c) Investments at Fair Value through Profit or Loss

An Investment is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the company's investment strategy. All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. At subsequent dates these investments are measured at fair value, determined on the basis of prevailing market prices, with any resulting gain or loss recognised directly in the profit and loss account.

3.4 Inventories

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Stores & Spares	At Weighted average cost.
Raw material	At Weighted average cost
Work in Process	At direct cost and appropriate portion of production overheads.
Finished Goods	At estimated manufacturing cost
Waste	Net realizable value

Net realizable value represents selling price in the ordinary course of business less selling expenses incidental to sales.

3.5 Staff retirement benefits

The company operates a defined contribution plan i.e. provident fund for all its permanent employees. The contributions are made to the fund by the company and employees equally @ 7% of basic salary and cost of living allowance, where applicable to cover the obligation.

3.6 Taxation

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

a) Current

Provision of current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred Tax

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination; and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. Also refer to Note No. 30.

3.7 Trade Debts

Trade debts are recognized and carried at original invoice amount less an allowance for any uncollectible amount. An estimated provision for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

3.8 Other Receivables

Other receivables are recognized at nominal amount which is the fair value of the consideration to be received less an allowance for any uncollectible amounts.

3.9 Contingencies and commitments

These are accounted for as and when these become due and are presently stated to the extent and manner at approximate value.

3.10 Trade and other payables

Liabilities for trade and other payables are stated at their cost which is the fair value of the consideration to be paid in future for goods and services received whether billed to company or not.

3.11 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for that sale of goods in the ordinary course of the Company's activities.

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred or to be incurred, can be measured reliably and when specific criteria have been met for each of the Company's activities as described below:

The company had ceased the commercial operation w.e.f 12th October, 2007. The Company has earned income from renting out its premises.

Interest income on bank deposits is accounted for on the time proportion basis using the applicable rate of return.

Miscellaneous receipts are recognized on realized amounts. Dividend income from investments is recognized when the Company's rights to receive payments has been established.

3.12 Borrowing Costs

Mark-up, interest and other charges on borrowings which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs i.e. mark-up, interest and other charges are charged to the profit and loss account in the period in which they are incurred.

3.13 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made to the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.14 Impairment

a) Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non- Financial Assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.15 Financial assets

Financial assets represent investments in shares of listed companies and are classified as available for sale investments. These are initially recognized at cost and at subsequent reporting dates measured at fair values. Gains or losses from changes in fair values are taken to other comprehensive income until disposal at which time these are recycled to profit and loss account.

3.16 Financial Instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost as the case may be. A financial asset is de-recognized when the company loses control of its contractual rights that comprise the financial asset. A financial liability is de-recognized when it is extinguished. Any gain or loss on de-recognition of the financial assets or liabilities is taken to profit and loss account currently. The Company recognizes the regular way purchase or sale of financial assets using settlement date accounting.

a) Trade & Other Payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

b) Trade & Other Receivables

Trade and other receivables are recognized and carried at original invoice amount / cost less an allowance for any uncollectible amounts. Carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the reliability of these receivables, appropriate amount of provision is made.

c) Off setting the financial assets and financial liabilities

A financial asset and a financial liability is off set and the net amount is reported in the balance sheet if the company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.17 Mark up, interest and other charges

Mark-up, interest and other charges on loans and advances are capitalized up to the date of commissioning of the respective asset, acquired out of the proceeds of such loans and advances. All other mark-up, interest and other charges are charged to income currently.

3.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.19 Contingent Liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of obligation cannot be measured with sufficient reliability.

3.20 Segment Reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be single reportable segment.

3.21 Foreign currency transactions

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the balance sheet date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transaction. Exchange differences are included in profit and loss account for the year.

3.22 Related party transactions

All transactions between company and related party are accounted for at arm's length price in accordance with "Comparable Uncontrolled Price Method".

3.23 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved

	2015									
	COST				ACCUMULATED DEPRECIATION					
	As on July 01, 2014	Additions / Disposals	Revaluation Adjustments	As on June 30, 2015	As on July 01, 2014	Adjustments	For the Year	As on June 30, 2015	Book Value As On June 30, 2015	RATE %
	Rupees									
	629,950,000	-	-	629,950,000	-	-	-	-	629,950,000	-
Building - Factory	117,540,000	-	-	117,540,000	11,754,000	-	10,578,600	22,332,600	95,207,400	10
Furniture and fixtures	1,357,000	-	-	1,357,000	135,700	-	122,130	257,830	1,099,170	10
Office equipments	3,383,000	-	-	3,383,000	338,300	-	304,470	642,770	2,740,230	10
Vehicles	9,647,115	-	-	9,647,115	8,856,999		158,023	9,015,022	632,093	20
	761,877,115	**-**	**-**	**761,877,115**	**21,084,999**	**-**	**11,163,223**	**32,248,222**	**729,628,893**	

4.1 Depreciation charge for the year has been allocated as under :

	Note	2015 Rupees	2014 Rupees
Cost of sales		-	-
Administrative expenses	(23)	11,163,223	12,425,529
		11,163,223	**12,425,529**

(a) The Company had ceased to carry out manufacturing activities and depreciation has been charged to Profit & Loss Account.

4.2 The factory land of the company was revalued on September 30, 1986 and surplus determined was Rs. 255.015 Million. Further revaluation of land was carried on August 31, 1989 and surplus raised was Rs. 89.80 Million. On September 30, 1996 revaluation was carried out of land, building and plant & machinery, surplus then raised was Rs. 368.917 Million. On September 30, 1999 revaluation of land once again was carried out, revaluation then ascertained was Rs. 1,604.116 Million. Last time as on June 30, 2008 revaluation of all fixed assets was carried out, overall revaluation loss was ascertained Rs. 230.644 million. Total appreciation in the value of fixed assets due to revaluation was Rs. 2,087.204 Million. Surplus of Rs. 1,358.384 Million was adjusted due to disposal of land and Rs. 86.827 Million against incremental depreciation on building. Total remaining balance of revaluation surplus was Rs. 638.813 Million in 2011. Incremental depreciation charged on building was Rs. 1.506 Million, Rs. 1.355 Million, Rs. 1.220 Million, Rs. 3.097 Million and Rs.2.787 Million in 2011, 2012, 2013,2014 and 2015 respectively. Total remaining balance of revaluation surplus is Rs. 651.264 Million.

In 2013 the revaluation is also carried out by M/s Star Tech Consultants fixing market value of Fixed assets (excluding vehicles) at Rs. 752.230 Million as at 30-06-2013 vide their letter dated 26-07-2013. Surplus on revaluation works out to Rs. 20.909 Million which is added to surplus revaluation already appearing in books.

4. PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	2014									
	COST				ACCUMULATED DEPRECIATION				Book Value As On June 30, 2014	RATE %
	As on July 01, 2013	Additions / Disposals	Revaluation Adjustments	As on June 30, 2014	As on July 01, 2013	Adjustments	For the Year	As on June 30, 2014		
	Rupees									
Own:										
Land - Freehold	629,950,000	-	-	629,950,000	-	-	-	-	629,950,000	-
Building - Factory	117,540,000	-	-	117,540,000	-	-	11,754,000	11,754,000	105,786,000	10
Furniture and fixtures	1,357,000	-	-	1,357,000	-	-	135,700	135,700	1,221,300	10
Office equipments	3,383,000	-	-	3,383,000	-	-	338,300	338,300	3,044,700	10
Vehicles	9,647,115	-	-	9,647,115	8,659,470		197,529	8,856,999	790,116	20
	761,877,115	**-**	**-**	**761,877,115**	**8,659,470**	**-**	**12,425,529**	**21,084,999**	**740,792,116**	

Depreciation charge for the year has been allocated as under :	Note	2014 Rupees	2013 Rupees
Cost of sales		-	-
Administrative expenses	(23)	12,425,529	11,742,818
		12,425,529	**11,742,818**

(a) The Company had ceased to carry out manufacturing activities and depreciation has been charged to Profit & Loss Account.

	Note	Rupees	Rupees

5. GOVERNMENT TAKEN OVER CONCERNS (CONSIDERED DOUBTFUL)

Balance as on July 01,		**27,229,339**	27,229,339
Less: Provision made		**(27,229,339)**	(27,229,339)
		-	-

5.1 The company had filed a writ against Ittehad Pesticides Limited, Kala Shah Kaku and Federal Government of Pakistan with regard to the amount due. As per legal advisor letter dated 10-09-2013 the claim of Company stands rejected by Civil Judge vide judgment dated 19-06-2013. Amount recoverable stands fully provided for.

5.2 No interest has been accounted for in the current year on the above amounts due from/to government taken over concerns, as the debt is doubtful of recovery.

6. LONG TERM DEPOSITS		**368,876**	368,876

6.1 It mostly comprises of securities given against connections of electricity, water supply and sanitation, gas and margin held by leasing companies.

7. LONG TERM INVETMENTS - LISTED

2,835,000 (2014:2,835,000) ordinary shares of Rs.10 each		**90,000,000**	90,000,000
Share of post acquisition profits			
Previous years		**10,831,568**	20,780,726
Current year		**(12,832,708)**	(9,949,158)
		(2,001,140)	10,831,568
Dividend		**(10,800,000)**	(10,800,000)
		77,198,860	90,031,568
Provision for short fall in value of investment		**(68,240,260)**	(80,732,768)
		8,958,600	9,298,800

7.1 The company is holding 22.5 % of equity of Kohinoor Power Company Limited.

7.2 Market value of shares is Rs. 3.16 share (2014:Rs. 3.28 per share)

7.3 Summarized draft financial statement of Kohinoor Power Company Limited for the year ended June 30, 2015 are as follows:

Equity as at June 30,		**195,821,199**	252,855,457
Total assets as at June 30,		**200,330,460**	270,025,023
Loss / profit after taxation		**(57,034,258)**	(44,218,480)

8. LOANS AND ADVANCES

Advances to:			
Employees:			
Un-secured, considered good		**76,536**	92,536
Un-secured, considered doubtful		**-**	-
		76,536	92,536
Less: Provision for doubtful advances		**-**	-
		76,536	92,536
Others	**(8.1)**	**15,114,624**	15,114,624
Less: provision for doubtful advance		**(15,114,624)**	(15,114,624)
		-	-
		76,536	92,536

8.1 Advances - Others

Considered doubtful:			
Kohinoor Textile Mills Limited		**9,281,210**	9,281,210
Kohinoor Cotton Mills Limited		**5,833,414**	5,833,414
		15,114,624	15,114,624

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees

The company has filed a legal case against Kohinoor Textile Mills Limited for recovery of balance and no interest has been charged, while Kohinoor Cotton Mills Limited is in process of liquidation. These doubtful advances stands duly provided.

		594,100	604,100
		594,100	604,100

10. OTHER RECEIVABLES

Rebate/claims and central excise duty receivables		**10,647,437**	10,647,437
Less: Provision of rebate/claims and central excise duty receivables		**(10,647,437)**	(10,647,437)
		-	-
Rent and other receivables		**20,000**	20,000
		20,000	20,000

11. TAX REFUND

Sales tax deposits	**(11.1)**	**4,236,934**	4,236,934
Income tax deducted at source	**(11.2)**	**19,150,005**	15,143,842
		23,386,939	19,380,776
Less: provision for doubtful recovery		**(13,485,227)**	(13,485,227)
		9,901,712	5,895,549

11.1 It relates to year 2005 to 2007 that was paid on utilities. The management is hopeful that it would be in a position to recover the same in the coming years.

11.2 These are made up as fallows

Opening balance of advance tax		**15,143,842**	11,531,236
Adjustment of provision for assessment completed		**-**	-
Paid / deducted during the year		**4,006,163**	3,612,606
		19,150,005	15,143,842

12. CASH AND BANK BALANCES

Cash in hand		**240,541**	154,124
Balance with banks:			
in current accounts		**2,317,438**	5,796,670
in deposits accounts	**(12.1)**	**108,475**	108,475
		2,666,454	6,059,269

12.1 These balances carry profit rates ranging from 5 % to 10.50 % per annum.

13. SHARE CAPITAL

Authorized

40,000,000 ordinary shares of Rs. 10 each		**400,000,000**	400,000,000
Issued, subscribed and paid-up capital			
12,095,482 ordinary shares of Rs. 10 each		**120,954,820**	120,954,820
18,207,061 issued as fully paid bonus shares out of reserves		**182,070,610**	182,070,610
		303,025,430	303,025,430

13.1 At June 30, 2015 none of the associated companies of the company had any shareholding in the company.

13.2 There are no changes in the paid up capital of the company and no reconciliation has been prepared.

14. RESERVES

Capital- Premium on issue of shares		**187,394,755**	187,394,755
		187,394,755	187,394,755

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees Restated
		629,277,383	629,277,383
Add: Adjustment as a result of fresh revaluation		**-**	-
		629,277,383	629,277,383
Deficit on other assets		**(3,097,355)**	(3,097,355)
		626,180,028	626,180,028
Revaluation surplus of building			
Opening balance		**27,871,168**	30,967,967
Add: Adjustment as a result of fresh revaluation		**-**	-
Incremental depreciation		**(2,787,119)**	(3,096,799)
		25,084,049	27,871,168
		651,264,077	654,051,196

15.1 The company got revalued its Land, building, plant & machinery and all other fixed assets as at June 30, 2008. The revaluation exercise was carried out by the Independent Valuer- Star tech Consultants, Lahore, industrial valuation consultants and revaluation so computed vide their report dated 30th July, 2008 was incorporated in the books of accounts. The revaluation exercise was carried out to replace the carrying amounts of assets with the present market value. In 2013 the fixed assets are revalued by approved Independent Valuer- Star tech Consultants, Lahore, industrial valuation consultant. Refer to Note No. 4.2.

16. TRADE AND OTHER PAYABLES

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
Trade creditors:			
For goods		**-**	-
For expenses		**3,955,813**	3,925,462
Tax deducted at source	**(16.1)**	**10,340**	86,002
Sale tax payable - ONO		**26,160,548**	26,160,548
Advance for rent		**5,628,003**	5,984,514
Workers' profit participation fund		**371,704**	371,704
Unclaimed dividend		**1,034,826**	1,035,062
		37,161,234	37,563,292

16.1 These consists of Rs. 10,340 relating to the year ended June 30, 2012. Expected additional tax and penalty of Rs. 941 may be imposed for delayed payments.

17. SHORT TERM LOAN FROM DIRECTORS - UNSECURED

These are comprise of:

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
Interest free Short term loan from directors	**(17.1)**	**390,231,566**	408,990,656

17.1 This represents interest free loan provided by the directors of the company and considered as long term by the mutual consent of the parties. However there is no agreement produced in writing containing the terms and conditions. Therefore, the short term loan have been taken as payable in demand and classified as current liabilities as per ICAP.

After the reclassification of long term loans to short term loans have been adjusted retrospectively in accordance with International Accounting Standards (IAS-8) "Accounting Policies, change in accounting estimates and errors" an the resulting adjustment is made retrospectively in the said year. This classification has no impact on Basic or Diluted Earning per Share of company for the year ended June 30, 2014.

The minimum lease payments have been discounted using implicit interest rate ranging from 10% to 14.50% per annum. Rentals are payable in monthly equal installments and in case of default of any payment additional lease rental on overdue payments is payable at Rs. 100/- per day. The lease liability was partly secured by deposits of Rs. 1.730 million and personal guarantees of two directors of the company. The lessee has the option to purchase the assets after expiry of the lease term.

Taxes, repairs and insurance costs are to be borne by the company. The lease agreement may be terminated by the company at the end of any completed year of the agreement after the first year after payment of the termination cost at the rate of principal outstanding plus 6.5%.

The amount of future payments of lease and the period in which these payments will become due are as follows:

	Minimum lease payments	Future finance cost	Present value of lease liabilities	
	……………Rupees……………..			
Later than one year but not later than five years				

	15,573,540	10,563,434
For the year	**4,002,618**	5,010,106
	19,576,158	15,573,540

20. CONTINGENCIES AND COMMITMENTS

20.1 Company's bankers have issued bank guarantees other than reported elsewhere, aggregating to Rs. 5.941 million (2014:Rs. 5.941 million) on behalf of the company which are backed by counter guarantees issued, cash margins deposited and second charge on fixed assets of the company.

20.2 Sales tax and other tax liabilities of Rs. 11.248 million (2014:Rs. 11.248 million) pending in appeals. The Company has filed reference application before the Honorable Lahore High Court, Lahore and other appellate forums. Estimated penalty and additional tax is amounting to Rs. 14.912 million (2013:Rs. 14.912 million). Overall liability works out to Rs. 26.161 million which has been provided. An application for alternative dispute resolution was also moved but ADR Committee is yet awaited to be constituted by FBR. The provision for this liability has been made.

20.3 Suit filed by United Investment Limited against the state and company for possession of land at Kala Shah Kaku, Tehsil Ferozewala, District, Sheikhupura acquired by the state. However, no liability involving financial burden on the company is expected to arise. Case is pending for hearing as confirmed by legal advisor vide letter dated 10-9-2013.

20.4 As per legal advisor communication dated 10-09-2013 the case regarding transfer of shares decreed against Aftab Saigol in favour of Sehyr Saigol on 22-03-2013 and no liability is expected to arise. Other cases are bring properly be looked out and KIL is on strong footings.

20.5 Suit filed by Kohinoor Industries Limited against Naveed Ahmad Gill pending in civil courts against recovery. This year no confirmation is available from legal advisor.

20.6 Several litigation cases are pending in the court before civil judges (Faisalabad). This year no confirmation is available from legal advisor.

21. REVENUE

21.1 The company had ceased the commercial operation w.e.f 12th October, 2007 and all of the stocks were disposed off. Refer to Note No. 1, 2.2 and 2.3. The Company has earned income from renting out its premises.

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees Restated
21.2 Rental Income		**26,684,120**	33,400,709
		26,684,120	33,400,709

		Note	June 30, 2015 Rupees	June 30, 2014 Rupees Restated
			-	1,566
	Income from other than financial assets			
	Reversal of provision for short fall in the value of investment		**12,492,508**	3,712,158
			12,492,508	3,713,724
23.	**ADMINISTRATIVE EXPENSES**			
	Staff salaries, wages and benefits		**3,471,607**	3,356,945
	Traveling and conveyance		**9,730**	-
	Printing and stationery		**48,500**	190,775
	Telecommunication		**109,100**	129,115
	Postage & telegram		**12,511**	88,231
	Legal and professional		**511,379**	1,214,254
	Audit remuneration :			
	Audit fee		**75,000**	100,000
	Review fee		**25,000**	-
	Rent, rates and taxes		**1,305,660**	1,307,870
	Electricity and Gas		**62,835**	89,554
	Insurance		**59,530**	59,550
	Advertisement		**37,500**	93,300
	Vehicle running and maintenance		**-**	5,700
	Entertainment		**20,992**	33,934
	Staff Welfare		**17,340**	-
	Staff Uniform		**10,560**	-
	Misc Expenses		**13,351**	-
	Repairs and maintenance		**1,108,320**	1,151,229
	Depreciation	**(4.1)**	**11,163,223**	12,425,529
			18,062,138	20,245,986
24.	**OTHER OPERATING CHARGES**			
	Provision for doubtful sales tax recovery		**-**	4,236,934
	Provision for sale tax liability		**-**	26,160,548
			-	30,397,482
25.	**FINANCE COST**			
	Bank charges and commission		**36,709**	11,904
			36,709	11,904
26.	**EARNING PER SHARE-BASIC AND DILUTED**			
	Net profit/(loss) after taxation		**4,242,455**	(28,500,203)
	Weighted average number of ordinary shares issued and subscribed during the period		**30,302,543**	30,302,543
	Earning per share-basic and diluted		**0.14**	(0.94)

There is no dilutive effect on the basic earning per share of the company.

			Number	
27.	**NUMBER OF EMPLOYEES**		**2015**	**2014**
	Total number of employees at the year-end		15	15
28.	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	**(12)**	**2,666,454**	6,059,269
			2,666,454	6,059,269

Assessments stand completed under the deeming provisions of Income Tax Ordinance 2001 for tax year 2004 to 2011. Appeal against appellate order CIT Appeals (tax year 2003) against various add backs and additions as a result of re-allocations of expenses is pending before ITAT that has not yet come up for hearing. However taxes stand fully provided.

Deferred tax asset amounting Rs. 427.709 million (2014:Rs. 431.715 million) is not recognized in these accounts as the company is sustaining heavy losses and is assessed under the deeming sections of the enactment referred to at sub Para (2) of this note. Major timing differences are not expected to reverse for a foreseeable future and there is no assurance that future taxable income would be sufficient to realize the benefit of brought forward losses. Losses available for carry forward are Rs. 1,219.411 million.

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees Restated
		-	3,300,000
Interest free short term loan repaid (2014 (Restated))		**18,759,090**	16,888,460
Short term loan payable to directors (2014 (Restated))		**390,231,566**	408,990,656

30.1 All related party transactions are approved by the audit committee and the Board of directors of the Company.

30.2 Maximum aggregate amount due from associate undertakings at any month end during the year was Nil (2014: Nil)

31. REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

	Chief executive	Directors	Executives
Managerial remuneration	-	-	-
Perquisites	-	-	-
Company's contribution to provident fund	-	-	-
2015	-	-	-
2014	-	-	-
No. of persons			
2015	**1**	**6**	**-**
2014	1	6	-

31.1 No meeting fee was paid to the directors and chief executive during the year (2014: Nil).

32. CAPACITY AND PRODUCTION

Production was closed with effect from 12th October, 2007 and production machinery was disposed off. Also refer to note no. 1.

33. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES - (as per annexed)

Risk management framework

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

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

33.1 Financial Instruments by category

Financial Assets		
Long term deposits	**368,876**	368,876
Long term investments	**8,958,600**	9,298,800
Loans and advances	**76,536**	92,536
Tax refunds	**9,901,712**	5,895,549
Cash and bank balances	**2,666,454**	6,059,269
	21,972,178	21,715,030

	Note	Rupees	Rupees Restated
Financial Liabilities			
Trade and other payables		**37,161,234**	37,563,292
Short term loan from directors		**390,231,566**	408,990,656
Liabilities against assets subject to finance leases		**864,742**	864,742
		428,257,542	447,418,690

33.2 Fair Values

The carrying values of the financial assets and financial liabilities approximate their fair values except for Interest free sponsors' loans as disclosed in note. 17 to the financial statements. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If the transaction is not based on market terms, or if a market price cannot be readily determined, then an estimate of future cash payments or receipts, discounted using the current market interest rate for a similar financial instrument, is used to approximate the fair value. As at June 30, 2015 the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

33.3 Financial Risk Factors

The Company has exposures to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

33.3.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from long term security deposits, loans and advances, deposits, trade debts, other receivables, bank balances and investments.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, management reviews credit worthiness, references, establish purchase limits taking into account the customer's financial position, past experience and other factors.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date was:

Long term deposits	368,876	368,876
Long term investments	8,958,600	9,298,800
Loans and advances	76,536	92,536
Tax refunds	9,901,712	5,895,549
Cash and bank balances	2,666,454	6,059,269
	21,972,178	21,715,030

Credit risk on bank balances is limited as they are placed with local and foreign banks having good credit ratings assigned by local and International credit rating agencies.

The management does not expect any losses from non-performance by these counterparties.

33.3.2 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Prudent liquidity risk management implies maintaining sufficient cash, marketable securities and the availability of adequate credit facilities. The following are the contractual maturities of the financial liabilities, including interest payments and excluding the impact of netting agreements :

		YEAR ENDED 30 JUNE 2015	
	Carrying amount	**Maturity up to one year**	**Maturity after one year**
	864,742	**864,742**	-
Trade and other payables	**37,161,234**	**37,161,234**	-
Short term loan from directors	**390,231,566**	**390,231,566**	-
	428,257,542	**428,257,542**	-

Non derivative financial liabilities	YEAR ENDED 30 JUNE 2014		
	Carrying amount	Maturity up to one year	Maturity after one year
Liabilities against assets subject to finance leases	864,742	864,742	-
Trade and other payables	37,563,292	37,563,292	-
Short term loan from directors (Restated)	408,990,656	408,990,656	-
	447,418,690	447,418,690	-

33.3.3 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, changes in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered in to foreign currencies. The company has no foreign currency and foreign exchange risk as payment is made immediately when invoice is received and LC at sight is opened.

b) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company's interest rate risk arises from borrowings which include liabilities against assets subject to finance leases, short term finances under mark-up arrangements. he company analysis its interest rates exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into accounts various other financing options available. The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect the profit and loss account.

At June 30, 2015, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, profit after taxation for the year would have been higher/lower by Rs. Nil (2014:Rs. Nil)

c) Other price risk

Other price risk is 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). Equity price risk arises from available for sale equity securities held. The investment in available for sale equity securities is not material and company is not expose to significant price risk.

34. CAPITAL RISK MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The company's objective when managing capital are to safe guard the company's ability to continue as a going concern and to maintain an optimum capital structure to reduce the cost of capital.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The company is not subject to externally imposed capital requirements.

(CHIEF EXECUTIVE OFFICER)

KOHINOOR INDUSTRIES LIMITED

FORM OF PROXY

Ledge Folio/CDC A/C No. **Shares Held**

I/We ………………………………………………………………..……………………………
of………………………..……………………………………….….……………..…………………….
appoint………………………………………………………………..…..…………………….
of…………………..…...…………………………………...…………………………………........
(or failing him)……………………………………………….......…………of… ………………..

being another member of the Company as my/our proxy to attend and vote for me/us on my/our behalf, at the 65th Annual General Meeting of the Company to be held on Friday 31st October, 2014 at 11:30 a.m. and at every adjournment thereof.

As witness my/our hand(s) this …………..…………………………. Day of October 2014

Signed by the said

Affix Revenue Stamp of Rs. 5/-

Witnesses:

1. Signature ………………………………..
   Name: …………………….………….
   N.I.C. No………..…………………….
   Address………………………………...

2. Signature………………………………….
   Name: ………………………...… …….
   N.I.C. No……………………………….
   Address: ………………………………….

Notes:

1. A member entitled to attend and vote at this Meeting may appoint another member as his/her proxy in accordance with the provisions of Article 52 of the Articles of Association of the Company. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore, the Registered Office of the Company not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

2. For CDC Accounts Holders/Corporate Entities in addition to the above the following requirements be met:
   i). Attested copies of NIC or the Passport of the Beneficial Owners and the proxy shall be provided with the proxy form.
   ii). In case of a Corporate Entity, the Board of Directors Resolution/Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.
   iii). The proxy shall produce his original CNIC or original Passport at the time of attending the meeting.