KOHINOOR INDUSTRIES LIMITED

ANNUAL REPORT 2014

CONTENTS

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 65th Annual General Meeting of Shareholders of **Kohinoor Industries Limited** will be held on Friday, October 31, 2014 at 11:30 A.M. 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 Extraordinary General Meeting held on March 26, 2014.

2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2014 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, 2014

Notes:

1. Share Transfer Books of the Company will remain closed from October 25, 2014 to October 31, 2014 (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, 2014 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.

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 Ather 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, 2014

CHIEF EXECUTIVE

SIX YEARS AT A GLANCE

(Rupees in '000)

PARTICULARS	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
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	**812,141**	761,877	812,141	832,784	834,381	836,367
Accumulated depreciation	**21,085**	8,659	67,967	73,497	59,355	43,586
Current assets	**12,671**	8,887	16,941	21,971	26,906	41,134
Current Liabilities	**54,002**	23,491	11,756	8,595	30,122	42,926
Income						
Sales / Revenue	**33,401**	28,495	-	-	-	-
Other Income	**3,714**	22,449	30,087	9,018	13,016	6,922
Gross profit	**-**	-	-	-	-	-
Pre tax profit / (Loss)	**(23,490)**	16,023	(12,114)	(30,244)	(35,849)	(301,194)
Taxation	**(5,010)**	(16,808)	(953)	(712)	(379)	(485)
Profit / (Loss) after taxation	**(28,500)**	(784)	(13,067)	(30,956)	(36,228)	(301,679)
Unappropriated profit / (Loss)	**(844,332)**	(818,929)	(819,365)	(807,654)	(778,204)	(743,650)
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 %	**(7.75)%**	5.29%	(4.00)%	(9.98)%	(11.83)%	(99.40)%
Current ratio	**0.23**	0.38	1.44	2.56	0.89	0.95
Paid up value per share (Rs.)	**10**	10	10	10	10	10
Earning after tax per share (Rs.)	**(0.94)**	(0.03)	(0.43)	(1.02)	(1.20)	(9.96)
Cash dividend %	**-**	-	-	-	-	-

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

FORM 34

1. Incorporation Number **54/LR of 1948-49**

2. Name of the Company **KOHINOOR INDUSTRIES LIMITED**

3. Pattern of holding of the shares held by the shareholders as at **30-06-2014**

4. No. of Shareholders	------Shareholding------ From	To	Total Shares Held
720	1	100	20,257
505	101	500	133,387
273	501	1,000	212,752
486	1,001	5,000	1,263,429
130	5,001	10,000	1,034,914
47	10,001	15,000	590,423
38	15,001	20,000	703,677
31	20,001	25,000	723,645
9	25,001	30,000	244,790
11	30,001	35,000	361,078
7	35,001	40,000	263,053
6	40,001	45,000	254,500
3	45,001	50,000	145,500
2	50,001	55,000	105,050
1	60,001	65,000	64,819
3	65,001	70,000	205,732
1	70,001	75,000	74,500
3	75,001	80,000	236,975
2	80,001	85,000	165,000
2	85,001	90,000	174,500
5	95,001	100,000	499,000
1	105,001	110,000	110,000
1	110,001	115,000	111,500
2	120,001	125,000	245,881
1	135,001	140,000	136,662
1	145,001	150,000	150,000
1	200,001	205,000	203,000
1	235,001	240,000	239,868
1	240,001	245,000	244,000
1	285,001	290,000	287,500
1	380,001	385,000	380,625
1	405,001	410,000	409,825
1	410,001	415,000	414,000
1	475,001	480,000	477,500
1	1,180,001	1,185,000	1,183,154
1	1,210,001	1,215,000	1,213,500
1	1,365,001	1,370,000	1,369,000
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
2306			**30,302,543**

KOHINOOR INDUSTRIES LIMITED
Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2014

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	MR. MUHAMMAD ATHAR RAFIQ	2,500	0.0083
6	MR. MUHAMMAD OMER FAROOQ	2,625	0.0087
7	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
1	MRS. AMBER HAROON SAIGOL (CDC)	306,000	-

Categories of Shareholders	No. of Shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	7	12,843,492	42.3842
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	2219	14,196,602	46.8495
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	497,685	1.6424
Foreign Companies	11	51,905	0.1713
	2306	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, 2014

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
ASSETS			
Non current assets			
Property, plant and equipment	5	**740,792,116**	753,217,645
Government taken over concerns	6	**-**	-
Long term deposits	7	**368,876**	368,876
Long term investments	8	**9,298,800**	15,535,800
Current assets			
Loans and advances	9	**92,536**	142,236
Trade, deposits and prepayments	10	**604,100**	604,100
Other receivables	11	**20,000**	20,000
Tax refunds	12	**5,895,549**	6,519,877
Cash and bank balances	13	**6,059,269**	1,600,848
		12,671,454	8,887,061
TOTAL ASSETS		**763,131,246**	778,009,382
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	14	**303,025,430**	303,025,430
Reserves	15	**187,394,755**	187,394,755
Unappropriated (loss) / profit		**(844,332,365)**	(818,928,961)
Total equity		**(353,912,180)**	(328,508,776)
Surplus on revaluation of fixed assets	16	**654,051,196**	657,147,995
Non current liabilities			
Long term financing	17	**408,990,656**	425,879,116
Current liabilities			
Trade and other payables	18	**37,563,292**	12,062,871
Current portion of long term loans	17	**-**	-
Current portion of lease liabilities	19	**864,742**	864,742
Provision for taxation	20	**15,573,540**	10,563,434
		54,001,574	23,491,047
Contingencies & Commitments	21	**-**	-
TOTAL EQUITY AND LIABILITIES		**763,131,246**	778,009,382

The annexed notes from 1 to 35 form an integral part of these financial statements.

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

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
Revenue	**22**	**33,400,709**	28,494,592
Other operating income	**23**	**3,713,724**	22,449,371
		37,114,433	50,943,963
Operating expenses :			
Administrative expenses	**24**	**20,245,986**	20,420,359
Other operating charges/(reversal)	**25**	**30,397,482**	2,693,808
		(50,643,468)	(23,114,167)
		(13,529,035)	27,829,796
Finance cost	**26**	**(11,904)**	(7,849)
Share of profit/(loss) from Associate	**8**	**(9,949,158)**	(11,798,008)
Profit before taxation		**(23,490,097)**	16,023,939
Workers' Profit Participation Fund		**-**	-
Workers' Welfare Fund		**-**	-
		(23,490,097)	16,023,939
Taxation	**20**	**5,010,106**	2,920,724
Prior Years:			
Refunds doubtful of recovery		**-**	9,248,293
Additional tax on late payment		**-**	4,638,648
		(5,010,106)	(16,807,665)
(Loss) / profit after tax		**(28,500,203)**	(783,726)
Earning per share-basic and diluted	**27**	**(0.94)**	(0.03)

The annexed notes from 1 to 35 form an integral part of these financial statements.

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2014

	June 30, 2014 Rupees	June 30, 2013 Rupees
Net (loss) / profit for the year	(28,500,203)	(783,726)
Other Comprehensive Income	-	-
Total Comprehensive (Loss) / Income	(28,500,203)	(783,726)

The annexed notes from 1 to 35 form an integral part of these financial statements.

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(23,490,097)	16,023,939
Adjustments for:			
Depreciation		12,425,529	11,742,818
Profit on sale of fixed assets		-	(300,623)
Share of profit/(loss) from Associate		9,949,158	11,798,008
(Reversal)/Provision for short fall in value of investment		(3,712,158)	(22,145,758)
Provision for doubtful sales tax recovery		4,236,934	-
Provision for sales tax liability		26,160,548	-
Margin deposits doubtful of recovery written off		-	423,500
Delayed period mark-up/additional lease rentals		-	2,270,308
Finance cost		11,904	7,849
		49,071,915	3,796,102
Profit before working capital changes		25,581,818	19,820,041
Effect on cash flow due to working capital changes			
(Increase)/ decrease in:			
Loans and advances		49,700	(7,395)
Trade deposits and short term prepayments		-	13,615
Other receivables		-	858,900
Trade and other payables		(660,127)	1,905,597
		(610,427)	2,770,717
Cash generated from operations		24,971,391	22,590,758
Finance cost paid		(11,904)	(7,849)
Income tax paid		(3,612,606)	(2,025,728)
		(3,624,510)	(2,033,577)
Net cash from operating activities		21,346,881	20,557,181
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		-	425,000
Net cash from investing activities		-	425,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		(16,888,460)	(20,525,000)
Net cash used in financing activities		(16,888,460)	(20,525,000)
Net increase / (decrease) in cash and cash equivalents		4,458,421	457,181
Cash and cash equivalents at the beginning of year		1,600,848	1,143,667
Cash and cash equivalents at the end of year	**(13)**	6,059,269	1,600,848

The annexed notes from 1 to 35 form an integral part of these financial statements.

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2014

	Share capital	Share Premium	Unappropriated profit/(loss)	Total
	-----------------------Rupees------------------------			
Balance as at June 30, 2012	303,025,430	187,394,755	(819,365,199)	(328,945,014)
Total comprehensive (loss) / profit for the year	-	-	(783,726)	(783,726)
Transferred from surplus on revaluation of fixed assets on account of :				
Incremental depreciation - current year	-	-	1,219,964	1,219,964
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)

The annexed notes from 1 to 35 form an integral part of these financial statements.

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

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

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 30-06-2014 stands at Rs. 303.025 million while adverse balance of reserves and Unappropriated losses are amounting to Rs. 844.332 million leaving adverse balance of equity at Rs. 353.912 million. Our current liabilities are Rs. 54.001 million whereas the current assets are Rs. 12.67 million and current liabilities are more by Rs. 41.330 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. 33.40 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.

2.5 USES OF ESTIMATES AND JUDGEMENTS

The preparation of financial statement in conformity with the approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on historical experience. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current andfuture periods

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the future years are as follows.

2.5.1 **INCOME TAXES**

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.

2.5.2 **PROPERTY AND EQUIPMENT**

The estimates for revalued amounts of land and buildings are based on a valuation carried out by external professional valuer of the Company. The Company reviews the value of the assets for possible impairment on annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipments with a corresponding effect on the depreciation charge and impairment. The assets reflected in financial statements are stated at fair market value. Also refer to Note No. 5.2.

2.6 **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.

2.7 **TAXATION**

The charge is based on taxable income, if any, as adjusted for tax purposes and after taking into account all tax credits, rebates and available tax losses. No amount has been incorporated for deferred tax asset as the company has accumulated losses and major timing differences are not expected to reverse for a considerable period. Also refer to Note No. 29

2.8 **FOREIGN CURRENCY TRANSLATION**

Foreign currency transactions during the year are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Assets and Liabilities in foreign currencies at the balance sheet date are translated into Pak Rupees at the rate of exchange prevailing on the balance sheet date.

2.9 **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.

2.10 **PROPERTY AND EQUIPMENT**

2.10.1 **Owned**

All fixed assets are shown at their revalued amount, carried as at June 30, 2014. Also refer to note # 5 and 16.

Depreciation is charged to income and is calculated so as to write off the cost of fixed assets, except freehold land, on a reducing balance basis using the normal rates currently applicable for tax purpose.

Depreciation on additions is charged from the month in which the assets become available for use, while no depreciation is charged in the month of disposal.

The asset's residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Gains / losses on disposal of assets are included in other income / other expenses.

2.10.2 **Leased**

These are stated at lower of present value of minimum lease payments under the lease agreements or the fair value of such assets. The aggregate amount of obligations relating to these assets are accounted for at net present value of liabilities. Depreciation on these assets is charged in line with normal depreciation policy adopted for assets owned by the company.

2.11 **INVESTMENT IN ASSOCIATES**

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.

2.12 **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.

2.13 **REVENUE RECOGNITION**

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

2.14 **PROVISIONS**

A provision is recognized in the balance sheet when the company has the legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate can be made to the amount of the obligation.

2.15 **FINANCIAL INSTRUMENTS**

All financial assets and liabilities are initially measured at cost and are recognized at the time when the company becomes a party to the contractual provisions of the instrument and ceases to recognize when it loses control of contractual rights, in case of financial assets, and in case of financial liability when liability is extinguished. Any gain or loss on the subsequent remeasurement / derecognition of financial assets and liabilities is included in the profit and loss for the period in which it arises.

2.16 **OFF SETTING THE FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

A financial asset and financial liability is off set and 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 liabilities simultaneously.

2.17 **TRANSACTIONS WITH ASSOCIATED COMPANIES**

Transactions with associated companies are made at arm's length prices determined in accordance with the comparable uncontrolled price method

2.18 **IMPAIRMENT**

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the assets recoverable amount is estimated in order to determine the extent of the impairment loss. Impairment losses are recognized as expense in the profit and loss account. Refer to Note No. 2.5.2

2.19 **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.

2.20 **DIVIDEND AND APPROPRIATION TO RESERVES**

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

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for cash flow purpose include cash in hand and with banks, short term running finances under mark up arrangements and short term highly liquid investment that are readily convertible to known amounts of cash and subject to insignficant risk of changes in value.

4. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATION

Standards, amendments and interpretation to existing standards that are not yet effective and have not been early adopted by the company

Standard or interpretation		Effective Date Periods Beginning on or After
- IFRS7	Financial instruments: Disclosures (Amendments)	January 1, 2013
- IAS 1	Presentation of financial statements (Amendments)	January 1, 2013
- IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2013
- IAS 19	Employee benefits (Amendments)	January 1, 2013
- IAS 27	Separate Financial Statements (Revised)	January 1, 2013
- IAS 28	Investments in Associates and Joint Venture (Revised)	January 1, 2013
- IAS 32	Financial instruments: Presentation (Amendments)	January 1, 2013 & 2014
- IAS 34	Interim Financial Reporting (Amendments)	January 1, 2013
- IAS 36	Impairment of assets (Amendments)	January 1, 2014
- IAS 39	Financial instruments: Recognition and measurement (Amendments)	January 1, 2014
- IFRIC 20	Stripping costs in the production phase of a surface mine	January 1, 2013

The management anticipates that, except for the effects on the financial statements of amendments to JAS 19 ”Employee Benefits“, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company’s financial statements other than in presentation / disclosures.

The amendments to JAS 19 require immediate recognition of actuarial gains / losses in other comprehensive income in the period of initial recognition, this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. Further, the changes require immediate recognition of previously unrecognised past service cost. Following these changes unrecognised actuarial gains/losses and unrecognised past service cost will be recorded immediately in other comprehensive income and profit and loss account respectively

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

Standard or interpretation		Effective Date Periods Beginning on or After
- IFRS 1	First-time adoption of International Financial Reporting standards	July 1, 2009
- IFRS 9	Financial instruments	January 1, 2015
- IFRS 10	Consolidated financial statements	January 1, 2013
- IFRS 11	Joint arrangements	January 1, 2013
- IFRS 12	Disclosure of interests in other entities	January 1, 2013
- IFRS 13	Fair value measurement	January 1, 2013
- IFRIC 21	Levies	January 1, 2014

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

- IFRIC 4 Determining whether an arrangement contains lease
- IFRIC 12 Service concession arrangements

5. 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**	

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

	Note	2014 Rupees	2013 Rupees
Cost of sales	(a)	-	-
Administrative expenses		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.

5.2 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 and Rs. 3.097 Million in 2011, 2012, 2013 and 2014 respectively. Total remaining balance of revaluation surplus is Rs. 654.051 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.

PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	2013									
	COST				ACCUMULATED DEPRECIATION				BOOK VALUE AS ON JUNE 30, 2013	RATE %
	As on July 01, 2012	Additions/ Disposals	Revaluation Adjustments	As on June 30, 2013	As on July 01, 2012	Adjustments	For the year	As on June 30, 2013		
	Rupees									
Own:										
Land - Freehold	629,031,200	-	918,800	629,950,000	-	-	-	-	629,950,000	-
Building - Factory	165,108,040	-	(47,568,040)	117,540,000	56,717,279	(67,556,355)	10,839,076	-	117,540,000	10
Furniture and fixtures	2,295,500	-	(938,500)	1,357,000	789,422	(940,030)	150,608	-	1,357,000	10
Office equipments	5,614,565	-	(2,231,565)	3,383,000	1,857,157	(2,232,898)	375,741	-	3,383,000	10
Vehicles	10,092,500	(445,385)	-	9,647,115	8,603,085	(321,008)	377,393	8,659,470	987,645	20
	812,141,805	**(445,385)**	**(49,819,305)**	**761,877,115**	**67,966,943**	**(71,050,291)**	**11,742,818**	**8,659,470**	**753,217,645**	

	Note	2013 Rupees	2012 Rupees
Depreciation charge for the year has been allocated as under :			
Cost of sales	(a)	-	-
Administrative expenses		11,742,818	13,184,803
		11,742,818	**13,184,803**

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

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
6. 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)
		-	-

6.1 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.

6.2 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.

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
7. LONG TERM DEPOSITS		**368,876**	368,876

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

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
8. LONG TERM INVETMENTS - LISTED			
2,835,000 (2013:2,835,000) ordinary shares of Rs.10 each		**90,000,000**	90,000,000
Share of post acquisition profits			
Previous years		**20,780,726**	32,578,734
Current year		**(9,949,158)**	(11,798,008)
		10,831,568	20,780,726
Dividend		**(10,800,000)**	(10,800,000)
		90,031,568	99,980,726
Provision for short fall in value of investment		**(80,732,768)**	(84,444,926)
		9,298,800	15,535,800

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

8.2 Market value of shares is Rs. 3.28 share (2013:Rs. 5.48 per share)

8.3 Summarized draft financial statement of Kohinoor Power Company Limited for the year ended June 30, 2014 are as follows:

	June 30, 2014 Rupees	June 30, 2013 Rupees
Equity as at June 30,	**252,855,457**	297,073,937
Total assets as at June 30,	**270,025,023**	312,073,752
Revenue for the period / sales	**-**	-
Loss / profit after taxation	**(44,218,480)**	(52,435,593)

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
9. LOANS AND ADVANCES			
Advances to:			
Employees:			
Un-secured, considered good		**92,536**	142,236
Un-secured, considered doubtful		**-**	-
		92,536	142,236
Less: Provision for doubtful advances		**-**	-
		92,536	142,236
Others	**(9.1)**	**15,114,624**	15,114,624
Less: provision for doubtful advance		**(15,114,624)**	(15,114,624)
		-	-
		92,536	142,236

		Note	June 30, 2014 Rupees	June 30, 2013 Rupees
9.1	**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

9.1.1 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.

10. TRADE DEPOSITS

Margin deposit		**604,100**	604,100
		604,100	604,100

11. 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

12. TAX REFUND

Sales tax deposits	**(12.1)**	**4,236,934**	4,236,934
Income tax deducted at source	**(12.2)**	**15,143,842**	11,531,236
		19,380,776	15,768,170
Less: provision for doubtful recovery		**(13,485,227)**	(9,248,293)
		5,895,549	6,519,877

12.1 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.

12.2 These are made up as fallows

Opening balance of advance tax	**11,531,236**	9,505,508
Adjustment of provision for assessment completed	**-**	-
Paid / deducted during the year	**3,612,606**	2,025,728
	15,143,842	11,531,236

13. CASH AND BANK BALANCES

Cash in hand		**154,124**	62,543
Balance with banks			
in current accounts		**5,796,670**	1,429,830
in deposits accounts	**(13.1)**	**108,475**	108,475
		6,059,269	1,600,848

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

14. 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

14.1 At June 30, 2014 none of the associated companies of the company had any shareholding in the company.

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

		Note	June 30, 2014 Rupees	June 30, 2013 Rupees
15.	**RESERVES**			
	Capital- Premium on issue of shares		**187,394,755**	187,394,755
			187,394,755	187,394,755
16.	**SURPLUS ON REVALUATION OF FIXED ASSETS**			
	Revaluation surplus of land			
	Opening balance		**629,277,383**	628,358,583
	Add: Adjustment as a result of fresh revaluation		**-**	918,800
			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		**30,967,967**	12,199,616
	Add: Adjustment as a result of fresh revaluation		**-**	19,988,315
	Incremental depreciation		**(3,096,799)**	(1,219,964)
			27,871,168	30,967,967
			654,051,196	657,147,995

16.1 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. 5.2.

		Note	June 30, 2014 Rupees	June 30, 2013 Rupees
17.	**LONG TERM FINANCING**			
	From related parties unsecured			
	Loan from directors and others	**(17.1)**	**425,879,116**	446,404,116
	Paid during the year		**(16,888,460)**	(20,525,000)
			408,990,656	425,879,116
	Less: Current portion of long term liabilities		**-**	-
			408,990,656	425,879,116

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.

The amortisation adjustments, as required by IAS - 39 (Financial Instruments Recognition and Measurement) in respect of this loan has not been made in these financial statements as terms of this loan are yet not finalised.

		Note	June 30, 2014 Rupees	June 30, 2013 Rupees
18.	**TRADE AND OTHER PAYABLES**			
	Trade creditors			
	For goods		**-**	205,708
	For expenses		**3,925,462**	4,605,358
	Tax deducted at source	**(18.1)**	**86,002**	78,325
	Sale tax payable - ONO		**26,160,548**	-
	Advance for rent		**5,984,514**	5,766,714
	Workers' profit participation fund		**371,704**	371,704
	Unclaimed dividend		**1,035,062**	1,035,062
			37,563,292	12,062,871

18.1 These consists of Rs. 1,020, Rs. 24,716, Rs. 4,160, Rs. 35,885, Rs. 12,544 and Rs. 7,677 relating to year ended on June 30,2008, June 30,2009, June 30, 2010, June 30, 2011, June 30, 2012 and June 30, 2013 respectively. Expected additional tax and penalty of Rs. 7,833 may be imposed for delayed payments.

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amounts of future payments and periods during which they fall due are:-

	June 30, 2014 Rupees	June 30, 2013 Rupees
Present value of minimum lease payments	**864,742**	864,742
Less: Current maturity	**(864,742)**	(864,742)
Long term portion	**-**	-

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 2014	Present value of lease liabilities 2013
	……………Rupees……………..			
Not later than one year	864,742	-	**864,742**	864,742
Later than one year but not later than five years	-	-	**-**	-
	864,742	-	**864,742**	864,742

20. PROVISION FOR TAXATION

	June 30, 2014 Rupees	June 30, 2013 Rupees
Opening provision	**10,563,434**	3,004,062
For the year	**5,010,106**	2,920,724
Prior years:		
Additional tax on late payments	**-**	4,638,648
	15,573,540	10,563,434

21. CONTINGENCIES AND COMMITMENTS

21.1 Company's bankers have issued bank guarantees other than reported elsewhere, aggregating to Rs. 5.941 million (2013: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.

21.2 Sales tax and other tax liabilities of Rs. 11.248 million (2013: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. 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.

21.3 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.

21.4 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.

21.5 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.

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

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees

22. REVENUE

22.1 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, 2014 Rupees	June 30, 2013 Rupees
22.2 Rental Income		**33,400,709**	28,494,592
		33,400,709	28,494,592

23. OTHER OPERATING INCOME

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
Income from financial assets			
Mark up on bank deposits		**1,566**	2,990
Income from other than financial assets			
Profit on sale of fixed assets		**-**	300,623
Reversal of provision for short fall in the value of investment		**3,712,158**	22,145,758
		3,713,724	22,449,371

24. ADMINISTRATIVE EXPENSES

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
Staff salaries, wages and benefits		**3,356,945**	3,973,826
Traveling and conveyance		**-**	1,755
Printing and stationery		**190,775**	114,430
Telecommunication		**129,115**	175,310
Postage & telegram		**88,231**	112,838
Legal and professional		**1,214,254**	458,672
Audit remuneration :			
Audit fee		**100,000**	250,000
Review fee		**-**	50,000
Rent, rates and taxes		**1,307,870**	1,028,026
Electricity and Gas		**89,554**	102,482
Insurance		**59,550**	13,615
Advertisement		**93,300**	37,800
Vehicle running and maintenance		**5,700**	46,691
Entertainment		**33,934**	44,345
Repairs and maintenance		**1,151,229**	2,267,751
Depreciation		**12,425,529**	11,742,818
		20,245,986	20,420,359

25. OTHER OPERATING CHARGES

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
Margin deposits doubtful of recovery written off		**-**	423,500
Delayed period mark-up/additional lease rentals		**-**	2,270,308
Provision for doubtful sales tax recovery		**4,236,934**	-
Provision for sale tax liability		**26,160,548**	-
		30,397,482	2,693,808

26. FINANCE COST

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
Bank charges and commission		**11,904**	7,849
		11,904	7,849

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
27. EARNING PER SHARE-BASIC AND DILUTED			
Net profit/(loss) after taxation		**(28,500,203)**	(783,726)
Weighted average number of ordinary shares issued and subscribed during the period		**30,302,543**	30,302,543
Earning per share-basic and diluted		**(0.94)**	(0.03)

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

28. NUMBER OF EMPLOYEES

	Number 2014	2013
Total number of employees at the year-end	15	22

29. CASH AND CASH EQUIVALENTS

	Note		
Cash and bank balances	13	**6,059,269**	1,600,848
		6,059,269	1,600,848

30. TAXATION

30.1 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.

30.2 Deferred tax asset amounting Rs. 431.715 million (2013:Rs. 426.708 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. 1,221.885 million.

31. AGGREGATE TRANSACTIONS WITH ASSOCIATED COMPANIES

Lease rent	**3,600,000**	3,600,000

32. REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

	Chief executive	Directors	Executives
Managerial remuneration	-	-	-
Perquisites	-	-	-
Company's contribution to provident fund	-	-	-
2014	-	-	-
2013	-	-	-
No. of persons			
2014	**1**	**6**	**-**
2013	1	6	-

33. CAPACITY AND PRODUCTION

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

34. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the company has overall responsibility for the establishment and oversight of the company's risk management framework. The company has exposure to the following risks from its use of financial instruments: a) Credit Risk, b) Liquidity Risk, c) Market Risk.

34.1 Credit risk

Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debtors, loans and advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum Exposure to credit risk at the reporting date is as follows :

		2014 Rupees	2013 Rupees
Long term deposits		**368,876**	368,876
Loans and advances		**92,536**	142,236
Trade deposits and short term prepayments		**604,100**	604,100
Tax refunds due from Government		**5,895,549**	6,519,877
Cash and bank balances	**(34.1.1)**	**6,059,269**	1,600,848
		13,020,330	9,235,937

34.1.1 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.

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

34.2 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. The following are the contractual maturities of the financial liabilities, including interest payments and excluding the impact of netting agreements :

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	-
Non derivative financial liabilities	38,428,034	38,428,034	-

YEAR ENDED 30 JUNE 2013

	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	7,886,966	7,886,966	-
	8,751,708	8,751,708	-

34.3 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.

34.3.1 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.

34.3.2 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.

At June 30, 2014, 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 (2013:Rs. nil)

34.4 Fair values of financial assets and liabilities

Fair value is an amount for which an assets could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at June 30, 2014 the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except investment in associated under-taking which is valued under equity method of accounting.

35 GENERAL

35.1 These financial statements were authorized for issue on October 10, 2014 by the board of directors of the company.

35.2 Figures are rounded off to the nearest rupee. Figures of previous year are re-arranged where ever necessary to facilitate comparison.

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

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.