

KOHINOOR INDUSTRIES LIMITED

Financial Statement For Year Ended June 30, 2018.

Mudassar Ehtisham & Co.
Chartered Accountants

DIRECTORS' REPORT

The Directors of the Company presented before the shareholders the 69th Annual Report alongwith audited Financial Statements of the Company for the year ended June 30, 2018.

During the period under review, the Company continued its business of renting the premises of the Company and earned gross revenue of Rs. 37.24 million as compared to gross revenue of Rs. 32.82 million in the preceding year. The Company earned net profit of Rs. 77.98 million during the period, it includes an amount of Rs. 40.745 million "other operating income" including increase in fair market value of property and others.

The management is continuously evaluating viable business propositions, which may have positive impact on the Company's financials. We are hopeful that in the coming years, the Company will be able to commence more lucrative business in addition to renting the premises.

These accounts are being prepared on going concern basis as management is confident about the Company's ability to meet all its obligation from its own sources. The company is almost debt free except sponsor's loan which doesn't have financial burden on the Company's profitability as a result of debt free loan. The Company's assets are sufficient to meet all its obligations and therefore no doubt about its going concern.

The following comments are being offered on the Auditors' observations contained in their report.

The auditors have pointed out that the provident fund has not been kept in a separate bank account. In management point of view, the number of members of provident fund drastically reduced to 17 only. Majority consists of Security staff. Considering the turnover of the staff trustees have decided to retain the liquid funds to pay any final settlement and/ for advance to members. Such a small amount cannot be invested anywhere, an early redemption will be penalized and it will not be beneficial for the members.

It has to emphasis that there has been no complaint from any staff about their provident fund or any issue relating to provident fund. Considering such a less number of members in the provident fund. The Board of Directors in their meeting decided to convert the provident fund into gratuity. It will reduce the employee turnover.

COMPOSITION OF BOARD

Composition of the Board of Directors is as under.

TOTAL NUMBER OF DIRECTORS	
Male	7
Female	NONE
COMPOSITION	
Independent Director	Mr. Rashid Ahmad Javaid
Non-Executive Directors	Mr. M. Naseem Saigol
	Mr. Muhammad Murad Saigol
	Mr. Muhammad Omer Farooq
	Mr. Muhammad Athar Rafiq
	Mr. Muhammad Shamil
Executive Directors	Mr. Muhammad Zeid Yousuf Saigol

COMMITTEE'S

Detail of Committee's of Board is as under.

AUDIT COMMITTEE

Mr. Rashid Ahmad Javaid	Chairman/Member
Mr. Muhammad Omer Farooq	Member
Mr. Muhammad Athar Rafiq	Member
M. Muhammad Shamil	Member


HR & REMUNERATION COMMITTEE

Mr. Rashid Ahmad Javaid	Chairman/Member
Mr. M. Naseem Saigol	Member
Mr. Muhammad Zeid Yousuf Saigol	Member

We wish to thank to the shareholders for their support. 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 06, 2018


M. ZEID YOUSUF SAIGOL
Chief Executive

کمپنی کے ڈائریکٹرز نے (69th) اگست 2018ء سالانہ رپورٹ سمراہ آڈٹ شدہ حسابات مالی سال ختم 30 جون، 2018ء ختم ہونے والے سال کے سامنے پیش کیے۔

زیر نظر مدت کے دوران کمپنی نے اپنا احاطہ کرایہ پر دیے کا کاروبار جاری رکھا اور مجموعی 37.24 ملین ریونیو کمایا جبکہ گزشتہ برس مجموعی ریونیو 32.82 ملین تھا۔ زیر نظر مدت کے دوران کمپنی نے 77.98 ملین منافع کمایا جس میں 40.745 ملین کی ایک رقم ”دیگر آپریٹنگ آمدن“ بھی شامل ہے جس میں چائینا کی نیک مارکیٹ پلیٹ میں اضافہ اور دیگر شامل ہیں۔

بینجمنٹ مسلسل قابل عمل کاروباری تجاویز کا جائزہ لے رہی ہے جن کا کمپنی کے مالی حالات پر مثبت اثر ہو سکتا ہے۔

یہ حسابات (Going Concerns) کی بنیاد پر تیار کیے گئے ہیں کیونکہ ٹیمٹ پر اعتماد ہے کہ کمپنی اپنی ذمہ داریاں اپنے اثاثہ جات سے پوری کر سکتی ہے۔ کمپنی کے ذمہ ماسوائے سپائیز سے لیے گئے اُدھار (جس کا کمپنی کے مالی حالات پر کوئی اثر نہیں ہے) کے علاوہ تقریباً کوئی واجب الادا قرض نہیں ہے۔ کمپنی کے اثاثہ جات کمپنی کی تمام ذمہ داریاں پوری کرنے کے لیے کافی ہیں، لہذا کمپنی کے (Going Concerns) ہونے پر کوئی شک نہیں۔

آڈیٹر رپورٹ میں بیان کردہ اعتراض پر انتظامیہ کا جواب مندرجہ ذیل ہے۔

آڈیٹر نے رقم ادائیگی کی ہے کہ پراویڈنٹ فنڈ علیحدہ بنک کاؤنٹ میں نہیں رکھا گیا۔ انتظامیہ کے نقطہ نظر کے مطابق پراویڈنٹ فنڈ کے ممبران کی تعداد کافی حد تک کم ہو کر صرف 17 رہ گئی ہے۔ جن میں زیادہ تعداد سیکورٹی سٹاف کی ہے۔ سٹاف کی تعداد کو مد نظر رکھتے ہوئے Trustees نے یہ فیصلہ کیا ہے کہ فنڈ فنڈ کو حتمی ادائیگی یا ممبران کو ایڈوانس ادا کرنے کے لیے رکھا جائیگا۔ اتنی چھوٹی رقم کو کبھی بھی انویسٹ نہیں کیا جاسکتا اور وقت سے پہلے انویسٹمنٹ واپس لینے پر جرمانہ عائد ہو سکتا ہے اور یہ ممبران کے لیے فائدہ دہی بات نہ ہوگی۔

اور یہ بات قابل غور ہے کہ کسی بھی ممبر سے پراویڈنٹ فنڈ کی ادائیگی کے متعلق کبھی بھی کوئی شکایت موصول نہیں ہوتی ہے۔ پراویڈنٹ فنڈ کے ممبران کی اتنی کم تعداد کو دیکھتے ہوئے بورڈ آف ڈائریکٹرز نے اپنی میٹنگ کے دوران یہ فیصلہ کیا ہے کہ پراویڈنٹ فنڈ گورنر کی میٹنگ میں تبدیل کر دیا جائے۔ اس کی وجہ سے نوکری چھوڑنے کی شرح کم ہو جائیگی۔

بورڈ کی ساخت

بورڈ آف ڈائریکٹرز کی ساخت درج ذیل ہے۔

کل ڈائریکٹرز کی تعداد	
مرد	7
عورت	کوئی نہیں
ساخت	
آزاد ڈائریکٹر	جناب رشید احمد جاوید
نان ایگزیکٹو ڈائریکٹر	جناب محمد نسیم سہگل
	جناب محمد مراد سہگل
	جناب محمد عمر فاروق
	جناب محمد طاہر رفیق
	جناب محمد جمیل
ایگزیکٹو ڈائریکٹر	جناب محمد زید یوسف سہگل

کمیشنر

بورڈ کی کمیشنری کی تفصیل درج ذیل ہے۔

آڈٹ کمیٹی

جناب رشید احمد جاوید	چیئر مین / ممبر
جناب محمد عمر فاروق	ممبر
جناب محمد الطیر رفیق	ممبر
جناب محمد شکیل	ممبر

ایچ آر اینڈ ریجنل مینجمنٹ کمیٹی

جناب رشید احمد جاوید	چیئر مین / ممبر
جناب محمد نسیم سہیل	ممبر
جناب محمد زید یوسف سہیل	ممبر

ہم تمام حصہ داران کے بھرپور تعاون کے تہہ دل سے مشکور ہیں۔ ہم یہ اعلان کرتے ہوئے خوشی محسوس کرتے ہیں کہ کمپنی اپنے ملازمین کو سراجے ہوئے یہ امید کرتی ہے کہ وہ اسی انداز میں آئندہ بھی اپنے فرائض سرانجام دیتے رہیں گے۔

منجانب ویرائے بورڈ:

لاہور

06 اکتوبر، 2018

محمد زید یوسف سہیل

چیئر مین

**STATEMENT 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 maintained at all levels within the Company.
- 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 of last six years are 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 NIL.
- m) Directors' Meetings of the Board of Directors of the Company during the year under review were Four held on October 09, 2017, October 30, 2017, February 28, 2018, April 27, 2018.

Following was the attendance of the Directors: -

<u>NAME OF DIRECTORS</u>	<u>NO. OF MEETINGS ATTENDED</u>
Mr. M. Naseem Saigol	2
Mr. M. Azam Saigol	0 (Ceased as on 28-02-2018)
Mr. M. Zeid Yousuf Saigol	1 (Elected as on 28-02-2018)
Mr. Muhammad Murad Saigol	1 (Elected as on 28-02-2018)
Rana Asad Iqbal	2 (Resigned as on 28-02-2018)
Mr. Muhammad Omer Farooq	3
Mr. Muhammad Athar Rafiq	4
Mr. Muhammad Shamil	4
Mr. Rashid Ahmad Javaid	4

- 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 the shares of the Company except as mentioned in Categories of Shareholding required under Code of Corporate Governance.

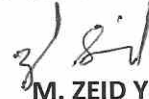
Pattern of Shareholding

A statement showing pattern of shareholding as on June 30, 2018 is annexed.

Acknowledgment

The Directors of your company take this opportunity to thank the entire stakeholders for their continued support. Your directors also placed on record their appreciation for the contribution made by the employees at all levels.

For and on behalf of the Board



M. ZEID YOUSUF SAIGOL
Chief Executive

Lahore: October 06, 2018

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of company: **KOHINOOR INDUSTRIES LIMITED**
Year ending: **JUNE 30, 2018**

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

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

- a) Male: **Seven**
- b) Female: **None**

2. The composition of board is as follows:

Category	Names
Independent Director	Mr. Rashid Ahmad Javaid
Non-Executive Directors	Mr. M. Naseem Saigol
	Mr. Muhammad Murad Saigol
	Mr. Muhammad Omer Farooq
	Mr. Muhammad Athar Rafiq
	Mr. Muhammad Shamil
Executive Director	Mr. Muhammad Zeid Yousuf Saigol

- 3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
- 4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- 5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
- 7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
- 8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9. The Board has arranged Directors' Training program for the following:

- a) Mr. Muhammad Zeid Yousuf Saigol
- b) Mr. Muhammad Murad Saigol
- c) Muhammad Omer Farooq
- d) Mr. Muhammad Athar Rafiq

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
 - a) **Audit Committee:**
 1. Mr. Rashid Ahmad Javaid
 2. Mr. Muhammad Omer Farooq
 3. Mr. Muhammad Athar Rafiq
 4. Mr. Muhammad Shamil
 - b) **HR and Remuneration Committee:**
 1. Mr. Rashid Ahmad Javaid
 2. Mr. M. Naseem Saigol
 3. Mr. Muhammad Zeid Yousuf Saigol
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
 - a) **Audit Committee:**
 1. October 09, 2017
 2. October 30, 2017
 3. February 28, 2018
 4. April 27, 2018
 - b) **HR and Remuneration Committee:**
 1. October 09, 2017
15. The board has set up an effective internal audit function who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.



(M. Naseem Saigol)
Chairman

THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING

1.1 Name of the Company

KOHINOOR INDUSTRIES LIMITED

2.1. Pattern of holding of the shares held by the shareholders as at

30-06-2018

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
766	1	100	20,679
548	101	500	157,871
303	501	1,000	247,038
632	1,001	5,000	1,723,655
153	5,001	10,000	1,238,970
55	10,001	15,000	696,153
37	15,001	20,000	700,943
26	20,001	25,000	613,604
15	25,001	30,000	420,290
11	30,001	35,000	354,078
9	35,001	40,000	350,553
10	40,001	45,000	421,978
23	45,001	50,000	1,130,000
6	50,001	55,000	321,050
5	55,001	60,000	288,000
3	60,001	65,000	194,000
3	65,001	70,000	203,522
3	70,001	75,000	221,500
4	75,001	80,000	312,480
1	90,001	95,000	90,500
8	95,001	100,000	800,000
1	105,001	110,000	108,500
1	110,001	115,000	111,000
1	115,001	120,000	117,000
2	120,001	125,000	245,881
3	135,001	140,000	409,162
1	145,001	150,000	150,000
1	150,001	155,000	155,000
2	165,001	170,000	334,000
1	170,001	175,000	170,550
1	205,001	210,000	210,000
1	215,001	220,000	219,000
1	235,001	240,000	240,000
1	275,001	280,000	278,000
1	285,001	290,000	289,500
1	290,001	295,000	292,000
1	295,001	300,000	299,000
1	395,001	400,000	400,000
1	455,001	460,000	455,043
1	495,001	500,000	500,000
1	995,001	1,000,000	1,000,000
1	1,180,001	1,185,000	1,183,154
1	5,335,001	5,340,000	5,335,219
1	7,290,001	7,295,000	7,293,670
2648			30,302,543

KOHINOOR INDUSTRIES LIMITED

Categories of Shareholding required under Listed Companies (Code of Corporate Governance) Regulations, 2017
As on June 30, 2018

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 LTD.	560	0.0018
Directors and their Spouse and Minor Children:			
1	MR. M. NASEEM SAIGOL (CDC)	5,335,219	17.6065
2	MR. MUHAMMAD ZEID YOUSUF SAIGOL	2,511	0.0083
3	MR. MUHAMMAD MURAD SAIGOL	2,500	0.0083
4	MR. MUHAMMAD SHAMIL	2,500	0.0083
5	MR. MUHAMMAD ATHAR RAFIQ	2,500	0.0083
6	MR. MUHAMMAD OMER FAROOQ	2,625	0.0087
7	MR. RASHID AHMAD JAVAID	2,625	0.0087
8	MRS. SEHAR SAIGOL W/O MR. M. NASEEM SAIGOL (CDC)	170,550	0.5628
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Institution, Insurance Companies, Modarabas and Pension Funds:		2,223,763	7.3385
Shareholders holding five percent or more voting interest 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
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	MR. MUHAMMAD ZEID YOUSUF SAIGOL	-	627
2	MR. MUHAMMAD MURAD SAIGOL	-	2,500

Categories of Shareholders	No. of Shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	9	5,521,030	18.2197
Associated Companies, undertakings and related party	-	-	-
NIT and ICP	2	37,647	0.1242
Banks Development Financial Institutions Non Banking Financial Institution	16	25,337	0.0836
Insurance Companies	6	1,618,829	5.3422
Modarabas and Mutual Funds	4	1,447	0.0048
General Public	2,562	21,703,096	71.6214
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	33	1,272,041	4.1978
Foreign Companies	12	52,855	0.1744
	<u>2,648</u>	<u>30,302,543</u>	<u>100.0000</u>

پیئر ن آف شیر ہولڈنگ

30 جون 2018

نمبر شمار	کمپنی آف شیر ہولڈرز	تعداد حصص داران	تعداد حصص	فیصد
1	ڈائریکٹر، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔	9	5,521,030	18.2197
2	ایسوسی ایٹڈ مینجمنٹ، ایگزیکٹو اور متعلقہ پارٹی۔	-	-	-
3	این آئی سی اور آئی سی سی	2	37,647	0.1242
4	بیک، ڈیویڈنٹ فائلز، ایسوسی ایٹڈ مینجمنٹ، فائلز، ایسوسی ایٹڈ مینجمنٹ	16	25,337	0.0836
5	ڈیویڈنٹ مینجمنٹ	6	1,618,829	5.3422
6	مدیر باورسٹیڈ چائلڈز	4	1,447	0.0048
7	عامہ عام	2,562	21,703,096	71.6214
8	دوسرے (مخصوص کیا جائے گا)	-	-	-
	میں چائلڈز	1	30,578	0.1009
	ایگزیکٹو مینجمنٹ	1	36,750	0.1213
	ایڈمنسٹریٹو	1	1,860	0.0061
	دیویڈنٹ مینجمنٹ	1	1,073	0.0035
	جماعت سٹاک مینجمنٹ	33	1,272,041	4.1978
	فریکوئنسی مینجمنٹ	12	52,855	0.1744
	کل تعداد	2,648	30,302,543	100.0000

تعداد حصص

ایسوسی ایٹڈ مینجمنٹ، ایگزیکٹو اور متعلقہ پارٹی۔
 859
 5,521,030
 ڈائریکٹر، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔
 ایگزیکٹو
 بیک، ڈیویڈنٹ فائلز، ایسوسی ایٹڈ مینجمنٹ، فائلز، ایسوسی ایٹڈ مینجمنٹ
 2,223,763
 12,628,889
 ڈیویڈنٹ مینجمنٹ، ایگزیکٹو اور متعلقہ پارٹی۔
 ایڈمنسٹریٹو
 دیویڈنٹ مینجمنٹ
 جماعت سٹاک مینجمنٹ
 فریکوئنسی مینجمنٹ

نمبر شمار	نام	فروخت	خرید	رائٹ
1.	جناب محمد یوسف سہیل	-	627	-
2.	جناب محمد مراد سہیل	-	2,500	-

KOHINOOR INDUSTRIES LIMITED
SIX YEARS AT A GLANCE
(Rupees in '000)

PARTICULARS	2017-2018	2016-2017	2015-2016	2014-2015	2013-14	2012-2013
<u>Financial Position</u>						
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	14,387	14,387	14,387	761,877	761,877	761,877
Investment Property	802,861	764,656	764,656			
Accumulated depreciation	11,265	10,873	10,426	21,085	12,426	8,659
Current assets	19,045	14,600	14,509	13,259	12,671	8,887
Current Liabilities	409,356	411,802	427,362	445,233	462,992	23,491
<u>Income</u>						
Sales / Revenue	37,244	32,822	29,573	26,684	33,401	28,495
Other Income	40,745	1,031	58,767	12,493	3,714	22,449
Gross profit	-	-	-	-	-	-
Pre tax profit / (Loss)	42,995	15,087	79,301	8,245	(23,490)	16,023
Taxation	(8,921)	(3,138)	(6,766)	(1,402)	(5,010)	(16,808)
Profit / (Loss) after taxation	34,074	11,949	72,535	6,843	(28,500)	(784)
Unappropriated profit / (Loss)	(716,146)	(750,218)	(762,167)	(834,702)	(844,332)	(818,929)
<u>STATISTICS AND RATIOS</u>						
Gross profit to sales %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Pre tax profit / (Loss) to capital %	14.18%	4.98%	26.16%	2.26%	(7.75)%	(5.29)%
Current ratio	0.05	0.03	0.04	0.02	0.02	0.38
Paid up value per share (Rs.)	10	10	10	10	10	10
Earning after tax per share (Rs.)	1.12	0.39	2.39	0.23	(0.94)	(0.03)
Cash dividend %	-	-	-	-	-	-

Review Report to the Members

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

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

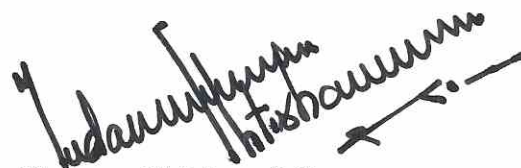
The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not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

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 of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations requires the company to place before, the audit committee, and upon recommendation of Audit Committee, places before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Lahore: October 03, 2018



Mudassar Ehtisham & Co.

Chartered Accountants

Engagement partner: Mudassar Raza

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KOHINOOR INDUSTRIES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Kohinoor Industries Limited** (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion, except for the effects of the matter described in the *Basis of Qualified Opinion* Section of our report, the accompanying financial statements present fairly, in all material aspects, the statement of financial position, statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

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.

The Company is deducting provident fund contributions from salaries paid to its employees. Its own contributions for the year are also expensed out in the profit and loss account of the relevant year. However, the company does not recognize any liability for provident fund related benefits payable to its employees. The funds collected are also relocated out of the business. Above practice also constitutes departure from applicable laws and regulations including Section 218 of Companies Act, 2017, which requires depositing relevant amounts within fifteen days in a special account to be opened for this purpose. The Company is following the same practice since previous several years. We are unable to quantify the financial impact of the above on the financial statements since no information was shared with us in this regard.

Material Uncertainty relating to Going Concern

We draw attention to the matter that during the year ended 30 June 2018, the Company has earned profit before tax of Rs. 42.995 million and its current liabilities exceeded its current assets by Rs. 390.310 million, and its accumulated losses stood at Rs. 716.145 million. These conditions, along with other matters as set forth in note 2.2.1 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements have however been prepared on a going concern basis for the reasons more fully explained in note 2.2.1 to the financial statements.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the basis of *Qualified Opinion* section and *Material Uncertainty relating to Going Concern* section we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the Key audit matters.

Key Audit Matters

i) Companies Act, 2017

(Refer note 2.1 to the financial statements)

The fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of annual financial statements.

As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous and the current Fourth Schedule and as a result certain amendments relating to presentation and disclosures were made in the Company's annexed financial statements. In view of the various new disclosures presented in the financial statements, we considered this as a key audit matter.

How the matter was addressed in our audit

We reviewed and understood the requirements of the Fourth Schedule to the Companies Act, 2017. Our audit procedures included the following:

- Considered the management's process to identify the additional disclosures required in the Company's financial statements;
- Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence; and
- Verified on test basis the supporting evidence for the additional disclosure and ensured appropriateness of the disclosures made.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is a materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

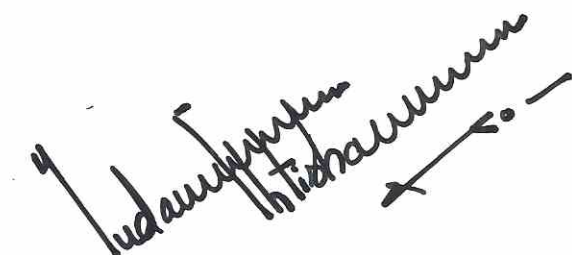
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Mudassar Raza.



Mudassar Ehtisham & Co.
Chartered Accountants
Lahore

October 03, 2018

KOHINOOR INDUSTRIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	June 30, 2018 Rupees	June 30, 2017 Rupees
ASSETS			
Non current assets			
Property, plant and equipment	4	3,122,553	3,514,453
Government taken over concerns	5	-	-
Investment property	6	802,860,585	764,656,286
Long term deposits	7	368,876	368,876
Long term investments	8	9,497,250	20,128,500
Current assets			
Loans and advances	9	77,536	123,536
Trade deposits and short term prepayments	10	-	594,100
Other receivables	11	216,020	20,000
Tax refunds due from Government	12	13,362,423	12,115,626
Cash and bank balances	13	5,389,403	1,746,555
		19,045,382	14,599,817
TOTAL ASSETS		834,894,646	803,267,932
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
Surplus on revaluation of fixed assets	16	651,264,077	651,264,077
Unappropriated (loss) / profit		(716,145,840)	(750,205,187)
		425,538,422	391,479,075
Current liabilities			
Trade and other payables	17	30,354,473	31,747,030
Short term loan from directors - unsecured	18	353,682,503	359,479,701
Unclaimed Dividend		1,034,826	1,034,826
Provision for taxation	19	24,284,422	19,527,300
		409,356,224	411,788,857
Contingencies & Commitments	20	-	-
TOTAL EQUITY AND LIABILITIES		834,894,646	803,267,932

The annexed notes from 1 to 39 form an integral part of these financial statements.


(CHIEF EXECUTIVE OFFICER)




(DIRECTOR)



KOHINOOR INDUSTRIES LIMITED
PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018

		June 30, 2018	June 30, 2017
	Note	Rupees	Rupees
Revenue	21	37,243,638	32,822,453
Other operating income	22	40,745,249	1,031,316
		<u>77,988,887</u>	<u>33,853,769</u>
Operating expenses :			
Other operating expenses	23	(6,329,348)	-
Administrative expenses	24	(24,312,667)	(17,430,282)
		<u>47,346,872</u>	<u>16,423,487</u>
Finance cost	25	(64,980)	(51,659)
Share of (loss) from Associate	8	(4,286,479)	(1,359,488)
Profit before taxation		<u>42,995,413</u>	<u>15,012,340</u>
Current year taxation	19	(7,309,220)	(2,552,098)
Prior year taxation		(1,611,423)	(572,911)
Profit after tax		<u><u>34,074,770</u></u>	<u><u>11,887,331</u></u>
Earning per share-basic and diluted	26	<u><u>1.12</u></u>	<u><u>0.39</u></u>

The annexed notes from 1 to 39 form an integral part of these financial statements.


(CHIEF EXECUTIVE OFFICER)




(DIRECTOR)

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KOHINOOR INDUSTRIES LIMITED

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018**

	June 30, 2018	June 30, 2017
	Rupees	Rupees
Net profit for the year	34,074,770	11,887,331
Other Comprehensive Income		
<i>Items that will not be reclassified to profit and loss account:</i>		
<i>Share of other comprehensive income / (loss) of associated companies - net of tax</i>	(15,423)	74,454
<i>Items that will be reclassified to profit and loss account:</i>	-	-
Total Comprehensive Income for the year	<u>34,059,347</u>	<u>11,961,785</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.


(CHIEF EXECUTIVE OFFICER)




(DIRECTOR)

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KOHINOOR INDUSTRIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018

	Note	June 30, 2018 Rupees	June 30, 2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations			
Profit before taxation		42,995,413	15,012,340
<i>Adjustments for non-cash and other items:</i>			
Depreciation	4.1	391,900	446,681
Share of (loss) from Associate	8	4,286,479	1,359,488
Impairment (loss)/ reversal of impairment loss		6,329,348	(1,029,884)
Increase in fair value of investment property	22	(38,204,299)	-
Finance cost		64,980	-
		(27,131,592)	776,285
Profit / (Loss) before working capital changes		15,863,821	15,788,625
Changes in working capital:			
(Increase)/ decrease in:			
Loans and advances	9	46,000	(59,500)
Trade deposits and short term prepayments	10	594,100	-
Other receivables	11	(196,020)	162,000
Trade and other payables	17	(1,392,557)	731,067
		(948,477)	833,567
Cash generated from operations		14,915,344	16,622,192
Finance cost paid		(64,980)	-
Income tax paid		(5,410,318)	(5,054,654)
		(5,475,298)	(5,054,654)
Net cash generated from / (used in) operating activities		9,440,046	11,567,538
CASH FLOWS FROM INVESTING ACTIVITIES			
		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
<i>Cash flows from financing activities</i>			
Short term loan from directors - unsecured	18	(5,797,198)	(12,089,697)
Net cash used in financing activities		(5,797,198)	(12,089,697)
Net increase / (decrease) in cash and cash equivalents		3,642,848	(522,159)
Cash and cash equivalents at the beginning of year		1,746,555	2,268,714
Cash and cash equivalents at the end of year	(13)	5,389,403	1,746,555

The annexed notes from 1 to 39 form an integral part of these financial statements.


 (CHIEF EXECUTIVE OFFICER)




 (DIRECTOR)

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KOHINOOR INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

Share capital	Capital	Reserve	Revenue	Total
	Share Premium	Surplus on revaluation of fixed assets	Unappropriated profit/(loss)	

-----Rupees-----

Balance as at June 30, 2016 (Restated) 303,025,430 187,394,755 - (762,166,972) (271,746,787)

Adjustment due to change in

Disclosure requirement note - 2.4 - - 651,264,077 - 651,264,077

Total comprehensive Income for the year

Profit for the year - - - 11,887,331 11,887,331

Other comprehensive Profit/ (loss) - - - 74,454 74,454

- - - 11,961,785 11,961,785

Balance as at June 30, 2017 303,025,430 187,394,755 651,264,077 (750,205,187) 391,479,075

Total comprehensive Income for the year

Profit for the year - - - 34,074,770 34,074,770

Other comprehensive Profit/ (loss) - - - (15,423) (15,423)

- - - 34,059,347 34,059,347

Balance as at June 30, 2018 303,025,430 187,394,755 651,264,077 (716,145,840) 425,538,422

The annexed notes from 1 to 39 form an integral part of these financial statements.



(CHIEF EXECUTIVE OFFICER)




(DIRECTOR)

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KOHINOOR INDUSTRIES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. STATUS AND NATURE OF BUSINESS

Kohinoor Industries Limited is a public limited, quoted company incorporated in Pakistan under the Companies Ordinance, 1984. Its shares are quoted on Pakistan Stock Exchange. The registered office of the company is situated at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore, Pakistan & its site is situated at Madina town, Near Government girls college, Faisalabad. The principal activity of the company was to manufacture and sell yarn.

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 uneconomical and huge losses were expected to arise if the business was carried on.

Factory building has been leased out to other industrial units whereas school building is also rented. Subsequently the company has amended its memorandum of association to include leasing out of its building as and when considered fit vide Sub-Clause II of Memorandum of Association is authorized to lease and let out on hire its business premises as when it is considered fit.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Summary of significant transactions and events

- 2.2.1 The company incurred profit before tax of Rs. 42,995 million during the year ended 30 June 2018 and as of date the Company's current liabilities exceeds current assets by Rs. 390,310 million. The company is renting out its land and building. The management of the company is confident that the above actions shall ensure the company attract sufficient revenue to improve liquidity. Further, the directors of the company have offered full financial support to the company. However, there is a material uncertainty relating to the events which may cause significant doubts on the company's ability to continue as a going concern and therefore the company may be unable realise its assets and discharge its liabilities in normal course of business. However, these financial statements have been prepared by the management on the assumption that Company would continue as going concern

- 2.2.2 Due to first time application of financial reporting requirement under Companies Act, 2017. The Act has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. Further, the disclosure requirements contained in the Fourth schedule to the Act have been revised, some of the amounts reported in previous year have been reclassified.

2.3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

- 2.4 The fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time for the preparation of these financial statements. The Act (including its fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst other, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

KOHINOOR INDUSTRIES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

The Act has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes, amongst others, included change in respect of presentation and measurement of surplus on revaluation of property plant & Equipment, change in nomenclature of primary financial statements. Further, the disclosure requirements contained in the Fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

Specific additional disclosures and changes to the existing disclosures as a result of this change are stated in notes 2.1, 6.2, 11.1, 17.1, 19.1, 34, 35 and 36.

- 2.5 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

	Effective date (annual reporting periods beginning on or after)
IAS 19 Employee benefits (Amendments)	January 1, 2019
IAS 28 Investment in Associates and Joint Ventures (Amendments)	January 1, 2019
IAS 40 Investment Property (Amendments)	January 1, 2018
IFRS 2 Share-based Payment (Amendments)	January 1, 2018
IFRS 4 Insurance Contracts (Amendments)	January 1, 2018
IFRS 9 Financial Instruments	July 1, 2018
IFRS 15 Revenue from contracts with customers	July 1, 2018
IFRS 16 Leases	January 1, 2019
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23 Uncertainty Over Income Tax	January 1, 2019

- 2.6 The management anticipates that, except as stated below, adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures. The management is in the process of assessing the impact of changes laid down by the IFRS 9, 15 and 16 on its financial statements.

- 2.7 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 (SECP), for the purpose of their applicability in Pakistan:

IFRS 1 First-time Adoption of International Financial Reporting Standards
 IFRS 14 Regulatory Deferral Accounts
 IFRS 17 Insurance Contracts

- 2.8 The following interpretations issued by the IASB have been waived off by SECP:

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

KOHINOOR INDUSTRIES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

2.9 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments measured at fair value and / or amortized cost, employees retirement benefits under defined benefit plan at present value and certain items of property, plant and equipment measured at revalued amounts. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.10 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, 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 forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.11 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available.

2.12 Recoverable amount of assets / cash generating units and impairment

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication of impairment.

2.13 Taxation

The management of the Company takes into account the current income tax law and decisions taken by appellate authorities while estimating its tax liabilities. For recognition of deferred tax assets, estimates of the Company's future taxable profits against which carry forward tax losses can be used are taken into account.

2.14 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

KOHINOOR INDUSTRIES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

2.15 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment was carried out by an independent professional value. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

2.16 Fair values of financial instruments with no active market

Fair values of financial assets and financial liabilities with no active market are determined by discounting estimated future cash flows at effective interest rate; the rate that exactly discounts estimated future receipts / payments through expected life of the financial assets / liabilities or, when appropriate, a shorter period, to the net carrying amount of the financial assets / liabilities.

Other areas where estimates and judgments are involved have been disclosed in the respective notes to the financial statements.

2.17 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below.

3.1 Property plant and equipment

Owned

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is measured at revalued amount, building on freehold land and, plant and machinery which are measured at revalued amount less accumulated depreciation and capital work in progress which is measured at cost less accumulated impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction including expenditures on material, labour and overheads directly relating to construction, erection and installation of operating fixed assets. Expenditure incurred on capital work in progress are transferred to operating fixed assets when related items become available for use.

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 over 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.

KOHINOOR INDUSTRIES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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3.2 Surplus / (deficit) arising on revaluation of property, plant and equipment

Surplus on revaluation is booked by restating gross carrying amounts of respective assets being revalued, proportionately to the change in their carrying amounts due to revaluation. The accumulated depreciation at the date of revaluation is also adjusted to equal difference between gross carrying amounts and the carrying amounts of the assets after taking into account accumulated impairment losses.

Surplus arising on revaluation of items of property, plant and equipment is recognized on balance sheet after reversing deficit relating to the same item previously recognized in profit and loss, if any. Deficit arising on revaluation is recognized in profit and loss after reversing the surplus relating to the same item previously recognized on balance sheet, if any. An amount equal to incremental depreciation, being the difference between the depreciation based on revalued amounts and that based on the original cost, net of deferred tax, if any, is transferred from surplus on revaluation of property, plant and equipment to accumulated profits / (losses) every year.

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 Staff retirement benefits

3.4.1 Post-employment benefits

Define contribution plan

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.

KOHINOOR INDUSTRIES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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3.5 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. 27.

3.6 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.

3.7 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.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried in balance sheet at cost. For the purpose of cash flow statement cash and cash equivalents comprise of cash in hand, cash at banks.

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.

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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 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 manufacturing operation w.e.f 12th October, 2007. The Company has earned income from renting out its premises. Entity recognise revenue from investment property when right to receive rental is established.

Income on investments in associated company is recognised using the equity method. Under this method, the Company's share of post-acquisition profit or loss of the associated company is included in statement of profit or loss, its share of post-acquisition other comprehensive income or loss is included in statement of comprehensive income and its share of post-acquisition movements in reserves is recognised in reserves. Dividend distribution by the associated company is adjusted against the carrying amount of the investment.

Miscellaneous receipts are recognized on realized amounts.

3.12 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for:

- use in production or supply of goods or services or for administrative purposes; and
- sale in the ordinary course of business

Investment property comprises of land & building and it is initially measured at cost. Subsequent to the initial recognition, the investment property is measured using the Fair Value model as provided in International Accounting Standard 40 – Investment Property. Investment property is remeasured at fair value, which is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Any gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which it arises.

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.

KOHINOOR INDUSTRIES LIMITED
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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 Instruments

3.15.1 Financial assets

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

3.15.1(a) Financial assets at fair value through profit and loss

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

3.15.1(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

3.15.1(c) Available for sale financial assets

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

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised directly in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available for sale securities calculated using effective interest method is recognised in the profit and loss account. Dividends on available for sale equity instruments are recognised in the profit and loss account when the Company's right to receive payments is established.

3.15.1(d) Held to maturity

Held to maturity are financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are carried at amortised cost.

3.15.1(e) All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade date i.e. the date on which the Company commits to purchase or sell the asset.

KOHINOOR INDUSTRIES LIMITED
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Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortised cost using effective interest rate method.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

3.15.2 Financial liabilities

Non-derivative financial liabilities that are not financial liabilities at fair value through profit and loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities. The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

3.15.3 Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently.

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 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.

3.17 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.

KOHINOOR INDUSTRIES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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3.18 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.

3.19 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".

3.20 Dividend distribution

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

3.21 Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Company has 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.

4. PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	2018											
	Rs											
	COST					ACCUMULATED DEPRECIATION					Book Value As On June 30, 2018	RATE %
	As on July 01, 2017	Additions / Disposals	Transfers	Revaluation Adjustments	As on June 30, 2018	As on July 01, 2017	Adjustments	For the Year	Transfers	As on June 30, 2018		
Own:												
Furniture and fixtures	1,357,000	-	-	-	1,357,000	466,672	-	89,033	-	555,705	801,295	10
Office equipments	3,383,000	-	-	-	3,383,000	1,163,414	-	221,959	-	1,385,373	1,997,627	10
Vehicles	9,647,115	-	-	-	9,647,115	9,242,576	-	80,908	-	9,323,484	323,631	20
	14,387,115	-	-	-	14,387,115	10,872,662	-	391,900	-	11,264,562	3,122,553	

- 4.1 Depreciation charge to admin expenses for the year as under :
Administrative expenses

Note	2018 Rupees	2017 Rupees
(24)	391,900	446,681
	391,900	446,681

4. PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	2017											
	COST					ACCUMULATED DEPRECIATION					Book Value As On June 30, 2017	RATE %
	As on July 01, 2016	Additions / Disposals	Transfers	Revaluation Adjustments	As on June 30, 2017	As on July 01, 2016	Adjustments	For the Year	Transfers	As on June 30, 2017		
Own:												
Furniture and fixtures	1,357,000	-	-	-	1,357,000	367,747	-	98,925	-	466,672	890,328	10
Office equipments	3,383,000	-	-	-	3,383,000	916,793	-	246,621	-	1,163,414	2,219,586	10
Vehicles	9,647,115	-	-	-	9,647,115	9,141,441	-	101,135	-	9,242,576	404,539	20
	14,387,115	-	-	-	14,387,115	10,425,981	-	446,681	-	10,872,662	3,514,453	

- 4.1 Depreciation charge to admin expenses for the year as under :
Administrative expenses

Note	2017 Rupees	2016 Rupees
(24)	446,681	510,359
	446,681	510,359

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	Note	June 30, 2018 Rupees	June 30, 2017 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 Ittehad Pesticides, owned by the Saigols, was taken over by the Government of Pakistan. The government issued debentures of Ittehad Pesticides Limited to the Saigols as consideration for the take over and the Saigols incashed the same. However, an amount of RS.27,229,339 was claimed by the Saigols as outstanding. 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 17-09-2018 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.

		June 30, 2018 Rupees	June 30, 2017 Rupees
6. INVESTMENT PROPERTY			
Balance at the beginning of the year			
Land		665,403,123	665,403,123
Building		99,253,163	99,253,163
		764,656,286	764,656,286
Fair value gain on:			
Land		33,256,877	-
Building		4,947,422	-
		38,204,299	-
		802,860,585	764,656,286

6.1 This represents company land and building transferred from fixed assets at fair value. Whereas the fair value of land and building is valued by an independent valuer as at June 30, 2018 at PKR 802,860,585 (2017: PKR 764,656,286), forced sale value as at June 30, 2018 at PKR 771,001,994 (2017: PKR 734,347,522).

6.2 Particular of Immovable property (i-e land and buildings) in the name of Company are as follows:

Location	Usage of Immovable Property	Covered Area
Khewat No. 5465, Khotooni No. 6145, Khasras No 55/22/15/3	Investment Property	(2-Kanal, 1-Marla, 1.75-Sarsahi)
Khasras No. 65/2/3	Investment Property	(4-Kanal-12-Marla-3.16-Sarsahi)
Khasras No.4	Investment Property	(9-Kanal-7-Marla)
Khasras No.5/ 1	Investment Property	(4- Kanal-9-Marla)
Khasras No.5/2	Investment Property	(3-Kanal-16-Marla)
Khasras No.6	Investment Property	(9-Kanal-2-Marla)
Khasras No.7/1	Investment Property	(4-Kanal-11-Marla)
Khasras No.7/2	Investment Property	(4-Kanal-2-Marla)
Khasras No.8	Investment Property	(8-Kanal-18-Marla)
Khasras No.9/2	Investment Property	(4-Kanal-8-Marla)
Khasras No.12/3	Investment Property	(4-Kanal-8-Marla)
Khasras No.13/1	Investment Property	(4-Kanal-11-Marla)
Khasras No.13/2	Investment Property	(8-Kanal-18-Marla)
Khasras No.14	Investment Property	(8-Kanal-18-Marla)
Khasras No.15	Investment Property	(8-Kanal-13-Marla)
Khasras No.16	Investment Property	(8-Kanal-13-Marla)
Khasras No.17/1	Investment Property	(2-Kanal-2-Marla-5.5-Sarsahi)

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	June 30, 2018 Rupees	June 30, 2017 Rupees
7. LONG TERM DEPOSITS	<u>368,876</u>	<u>368,876</u>
7.1 It mostly comprises of securities given against connections of electricity, water supply and sanitation and gas.		
8. LONG TERM INVESTMENTS - LISTED		
2,835,000 (2017:2,835,000) ordinary shares of Rs.10 each		
Balance at beginning of the year	20,128,500	20,383,650
Share of (loss) profit of associated company	(4,286,479)	(1,359,488)
Impairment (loss)/ reversal of impairment loss	(6,329,348)	1,029,884
	(10,615,827)	(329,604)
Share of other comprehensive income/ (loss) of associated companies	(15,423)	74,454
Less: Dividend	-	-
	(15,423)	74,454
	<u>9,497,250</u>	<u>20,128,500</u>
8.1 The company is holding 22.5 % of equity of Kohinoor Power Company Limited.		
8.2 Market value of shares is Rs. 3.35 share (2017:Rs. 7.10 per share)		
8.3 Summarized draft financial statements of Kohinoor Power Company Limited		
	June 30, 2018 Rupees	June 30, 2017 Rupees
Equity as at June 30,	160,658,220	179,779,158
Total assets as at June 30,	164,261,397	184,226,133
Loss / profit after taxation	(19,051,017)	(6,042,170)
Other comprehensive income/ (loss)	(68,548)	330,907
	June 30, 2018 Rupees	June 30, 2017 Rupees
9. LOANS AND ADVANCES		
Advances to:		
Employees:		
Un-secured, considered good	<u>77,536</u>	<u>123,536</u>
	77,536	123,536
	June 30, 2018 Rupees	June 30, 2017 Rupees
10. TRADE DEPOSITS & SHORT TERM PREPAYMENTS		
Margin deposit	-	594,100
	<u>-</u>	<u>594,100</u>

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		June 30, 2018	June 30, 2017
		Rupees	Rupees
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	(11.1)	216,020	20,000
		<u>216,020</u>	<u>20,000</u>
11.1 Due from related parties			
Faisalabad Grammar School		196,020	-
		<u>196,020</u>	<u>-</u>
11.1.1	Aggregate maximum outstanding balance of trade debts due from related parties at the end of any month during the year was Rs 196,020 (2017: Rs NIL).		
		June 30, 2018	June 30, 2017
		Rupees	Rupees
12. TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax deposits	(12.1)	4,236,934	4,236,934
Income tax deducted at source	(12.2)	22,610,716	21,363,919
		26,847,650	25,600,853
Less: provision for doubtful recovery		(13,485,227)	(13,485,227)
		<u>13,362,423</u>	<u>12,115,626</u>
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 follows			
Opening balance of advance tax		21,363,919	23,648,581
Adjustment for Turnover Tax		-	(572,911)
Adjustment of income tax returns		(1,611,423)	-
Paid / deducted during the year		5,410,318	5,054,654
Adjusted last year provision		(2,552,098)	(6,766,405)
		<u>22,610,716</u>	<u>21,363,919</u>
		June 30, 2018	June 30, 2017
		Rupees	Rupees
13. CASH AND BANK BALANCES			
Cash in hand		304,664	21,608
Balance with banks:			
-Current accounts		5,084,739	1,724,947
		<u>5,389,403</u>	<u>1,746,555</u>
		June 30, 2018	June 30, 2017
		Rupees	Rupees
14. SHARE CAPITAL			
Authorized			
40,000,000 ordinary shares of Rs. 10 each		<u>400,000,000</u>	<u>400,000,000</u>
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
		<u>303,025,430</u>	<u>303,025,430</u>
14.1	At June 30, 2018 none of the associated companies of the company had any shareholding in the company.		
14.2	All shareholders have equal voting rights in the company.		

KOHINOOR INDUSTRIES LIMITED
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15. RESERVES

Capital- Premium on issue of shares

June 30, 2018 Rupees	June 30, 2017 Rupees
187,394,755	187,394,755
187,394,755	187,394,755

15.1 Premium on issue of shares reserve have been maintained as per requirement of Companies Act, 2017.

16. SURPLUS ON REVALUATION OF FIXED ASSETS

Revaluation surplus of land

Opening balance

Add: Adjustment as a result of fresh revaluation

Deficit on other assets

Notes	June 30, 2018 Rupees	June 30, 2017 Rupees
	629,277,383	629,277,383
	-	-
	629,277,383	629,277,383
	(3,097,355)	(3,097,355)
	626,180,028	626,180,028

Revaluation surplus of building

Opening balance

Add: Adjustment as a result of fresh revaluation

Incremental depreciation

25,084,049	25,084,049
-	-
-	-
25,084,049	25,084,049
651,264,077	651,264,077

17. TRADE AND OTHER PAYABLES

Trade Creditors for expenses

Tax deducted at source

Sale tax payable - ONO

Advance for rent

Workers' profit participation fund

Other liabilities

June 30, 2018 Rupees	June 30, 2017 Rupees
3,985,935	4,605,626
139,281	47,405
20,642,050	20,642,050
5,215,503	5,215,503
371,704	371,704
-	864,742
30,354,473	31,747,030

17.1 Due to related parties:

Red Communication Art (Pvt.) Limited

424,950	424,950
424,950	424,950

18. SHORT TERM LOAN FROM DIRECTORS - UNSECURED

These are comprise of:

Interest free Short term loan from directors

Note	June 30, 2018 Rupees	June 30, 2017 Rupees
(18.1)	353,682,503	359,479,701

18.1 This represents interest free loan provided by the directors of the Company. There is no agreement however these are repayable on demand.

KOHINOOR INDUSTRIES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	June 30, 2018 Rupees	June 30, 2017 Rupees
19. PROVISION FOR TAXATION		
Opening provision	19,527,300	23,741,607
For the year	7,309,220	2,552,098
Adjusted Last year provision	(2,552,098)	(6,766,405)
	<u>24,284,422</u>	<u>19,527,300</u>
19.1 Management assessment of sufficiency of current tax provision		
19.1.1 It is management's assessment that the provision for taxation made in the financial statements is sufficient.		
	2017 Rupees	2016 Rupees
19.1.2 Comparison of Tax Provision with Tax assessment		2015 Rupees
Tax Provision as per Accounts	2,552,098	6,766,405
Tax Assessment	4,176,178	5,624,123
		1,401,662
		1,401,662
20. CONTINGENCIES AND COMMITMENTS		
20.1 Sales tax and other tax liabilities of Rs. 5,730 million (2017:Rs. 5,730) million) pending in appeals. The Company has filed reference application before the Honorable Lahore High Court, Lahore and other appellate forums. As per legal adviser communication dated 26-09-2018, the subject reference is still pending before the Honorable Lahore High Court Lahore.		
20.2 Suit filed by United Investment Limited against the state and company for possession of land at Kala Shah Kaku, Tehsil Ferozewala, District, Sheikhpura 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 17-09-2018.		
20.3 As per legal advisor communication dated 17-09-2018 the case regarding transfer of shares decreed against Aftab Saigol in favor 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.		
20.4 SECP filed a petition with the Honorable High Court, Lahore on the request of the shareholders against the improper management of operations of the company. In response to this petition, The Lahore High Court issued a notice of hearing to the company. The company in this respect attended hearing and submitted its reply accordingly. the subject reference is still pending before the Honorable Lahore High Court Lahore.		
	June 30, 2018 Rupees	June 30, 2017 Rupees
21. REVENUE		
The company had ceased the manufacturing operation w.e.f 12th October, 2007 and all of the stocks were disposed off. Refer to Note No. 1 and 2.2.1. The Company has earned income from renting out its premises.		
21.1 2.2.1. The Company has earned income from renting out its premises.		
21.2 Rental Income	<u>37,243,638</u>	<u>32,822,453</u>
	<u>37,243,638</u>	<u>32,822,453</u>
	June 30, 2018 Rupees	June 30, 2017 Rupees
22. OTHER OPERATING INCOME		
Income from other than financial assets		
Increase in fair value of investment property	38,204,299	-
Reversal of Impairment loss on long term investment in associated company	-	1,029,884
Miscellaneous Income	-	1,432
Write-off profit/(loss)	2,540,950	-
	<u>40,745,249</u>	<u>1,031,316</u>

KOHINOOR INDUSTRIES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2018

		June 30, 2018	June 30, 2017
		Rupees	Rupees
23. OTHER OPERATING EXPENSES			
Impairment loss on long term investment in associated company		6,329,348	-
		<u>6,329,348</u>	<u>-</u>
		June 30, 2018	June 30, 2017
		Rupees	Rupees
24. ADMINISTRATIVE EXPENSES			
Staff salaries, wages and benefits		13,646,542	13,893,414
Traveling and conveyance		31,391	86,200
Printing and stationery		154,760	149,980
Telecommunication		274,290	195,445
Postage & telegram		29,412	51,042
Legal and professional		1,229,038	898,978
Audit remuneration	(24.1)	400,000	300,000
Rent, rates and taxes		1,512,352	766,841
Electricity and Gas		208,735	25,156
Insurance		70,540	65,868
Advertisement		163,500	101,500
Vehicle running and maintenance		90,638	29,640
Entertainment		206,254	235,898
Staff Welfare		504,731	38,790
Staff Uniform		-	6,900
Miscellaneous Expenses		77,140	52,489
Papers and Periodicals		10,250	9,660
Repairs and maintenance		5,311,194	75,800
Depreciation	(4.1)	391,900	446,681
		<u>24,312,667</u>	<u>17,430,282</u>
24.1 These include following in respect of auditors' remuneration:			
Statutory audit fee for the year		350,000	250,000
Review fee		50,000	50,000
		<u>400,000</u>	<u>300,000</u>
25. FINANCE COST			
Financial charges during the year amounts to Rs. 64,980 (2017: 51,659)			
		June 30, 2018	June 30, 2017
		Rupees	Rupees
26. EARNING PER SHARE-BASIC AND DILUTED			
Net profit after taxation		34,074,770	11,887,331
Weighted average number of ordinary shares issued and subscribed during the period		30,302,543	30,302,543
Earning per share-basic and diluted		<u>1.12</u>	<u>0.39</u>
There is no dilutive effect on the basic earning per share of the company.			
		June 30, 2018	June 30, 2017
27. TAXATION			
27.1	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.		
27.2	Deferred tax asset amounting Rs. 373.837 million (2017:Rs. 352.91 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 (2.2.1) 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. 1,155.346 million.		

KOHINOOR INDUSTRIES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2018

	Note	June 30, 2018 Rupees	June 30, 2017 Rupees
28. TRANSACTIONS WITH RELATED PARTIES			
28.1 Transactions with related parties			
28.1.1 <u>Key management personnel</u>			
Interest free short term loan repaid		5,797,198	12,089,697
28.1.2 <u>Associate</u>			
Kohinoor Power Company Limited			
Share of (loss) from Associate		(4,301,902)	(1,359,488)
28.1.3 <u>Other related parties</u>			
Red Communication Art (Private) Limited	(17)	163,500	114,650
Faisalabad Grammar School			
Rental Income	(21.2)	2,156,220	1,960,200
28.2 Balances with related parties			
28.2.1 <u>Key management personnel</u>			
Short term loan payable to directors	(18)	353,682,503	359,479,701
28.2.2 <u>Associate</u>			
Kohinoor Power Company Limited			
Long term investments	(8)	9,497,250	20,128,500
28.2.3 <u>Other related parties</u>			
Red Communication Art (Private) Limited			
Payable Balance	(17)	424,950	424,950
Faisalabad Grammar School			
Receivable amount	(11.1)	196,020	-
28.3 All related party transactions are approved by the audit committee and the Board of directors of the Company.			

29. REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

	Chief executive	Directors	Executives
No. of persons			
2018	1	6	1
2017	1	6	1

29.1 There was no remuneration paid during the year to Chief Executive and Directors except Executive of the company (2017: Rs. Nil)

	2018 Rupees	2017 Rupees
Executives' remuneration:	3,801,420	-
Managerial Remuneration	3,801,420	-

29.2 No meeting fee was paid to the directors and chief executive during the year (2017: Nil).

KOHINOOR INDUSTRIES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2018

30. 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.

	2018 Rupees	2017 Rupees
30.1 Financial Instruments by category		
Financial Assets		
Long term deposits	368,876	368,876
Long term investments	9,497,250	20,128,500
Loans and advances	77,536	123,536
Tax refunds	13,362,423	12,115,626
Cash and bank balances	5,389,403	1,746,555
	<u>28,695,488</u>	<u>34,483,093</u>
	Note	
Financial Liabilities		
Trade and other payables	30,354,473	31,747,030
Short term loan from directors	353,682,503	359,479,701
	<u>384,036,976</u>	<u>391,226,731</u>

30.2 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, 2018 the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

30.3 Financial Risk Factors

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

- Credit Risk
- Liquidity Risk
- Market Risk

30.3.1 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:

KOHINOOR INDUSTRIES LIMITED
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	Note	2018 Rupees	2017 Rupees
Long term deposits		368,876	368,876
Long term investments		9,497,250	20,128,500
Loans and advances		77,536	123,536
Tax refunds		13,362,423	12,115,626
Cash and bank balances		5,389,403	1,746,555
		<u>28,695,488</u>	<u>34,483,093</u>

30.3.2 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or historical information about the counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies and other regulatory authorities. Credit quality of customer is assessed by reference to historical default rates and present ages.

Counterparties with external credit ratings

These include banking companies, which are counterparties to cash deposits, and margin deposits. These are neither past due nor impaired. Credit risk is considered minimal since the counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

Banks	Rating		Rating Agency	2018	2017
	Long term	Short term		Rupees	Rupees
Bank balances					
Habib Bank Limited	AA+	-	JCR-VIS	112,568	40,483
Bank Alfalah Limited	AA+	A1+	PACRA	1,987,130	272,619
Faysal Bank Limited	AA	A1+	PACRA	36,475	581,941
MCB (NIB) Bank Limited	AAA	A1+	PACRA	72,042	121,181
Allied Bank Limited	AAA	A1+	PACRA	2,135,347	178,250
National Bank Of Pakistan	AAA	A1+	PACRA	174,485	2,605
				4,518,047	1,197,079

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.

30.3.2 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 :

Non derivative financial liabilities

YEAR ENDED 30 JUNE 2018

	Note	Carrying amount	Contractual cash flows	Less than six months	Six to twelve months	One to Five years
Trade and other payables	17	30,354,473	30,354,473	-	30,354,473	-
Short term loan from directors	18	353,682,503	353,682,503	-	353,682,503	-
		<u>384,036,976</u>	<u>384,036,976</u>	<u>-</u>	<u>384,036,976</u>	<u>-</u>

Non derivative financial liabilities

YEAR ENDED 30 JUNE 2017

		Carrying amount	Contractual cash flows	Less than six months	Six to twelve months	One to Five years
Trade and other payables	17	31,747,030	31,747,030	-	31,747,030	-
Short term loan from directors (Restated)	18	359,479,701	359,479,701	-	359,479,701	-
		<u>391,226,731</u>	<u>391,226,731</u>	<u>-</u>	<u>391,226,731</u>	<u>-</u>

30.3.3 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.

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. The 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, 2018, 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 (2017: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.

KOHINOOR INDUSTRIES LIMITED
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FOR THE YEAR ENDED 30 JUNE, 2018

30.4 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted price is readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and that price represents actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at 30 June 2018	----- Rupees -----						
<i>Financial assets - not measured at fair value</i>							
Long term deposits	368,876	-	368,876	-	-	-	-
Long term investments	9,497,250	-	9,497,250	-	-	-	-
Loans and advances	77,536	-	77,536	-	-	-	-
Tax refunds	13,362,423	-	13,362,423	-	-	-	-
Cash and bank balances	5,389,403	-	5,389,403	-	-	-	-
	28,695,488	-	28,695,488	-	-	-	-
<i>Financial liabilities - not measured at fair value</i>							
Trade and other payables	-	30,354,473	30,354,473	-	-	-	-
Short term loan from directors	-	353,682,503	353,682,503	-	-	-	-
	-	384,036,976	384,036,976	-	-	-	-

KOHINOOR INDUSTRIES LIMITED
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FOR THE YEAR ENDED 30 JUNE, 2018

As at 30 June 2017-

Financial assets - not measured at fair value

Long term deposits	368,876	-	368,876	-	-	-	-
Long term investments	20,128,500	-	20,128,500	-	-	-	-
Loans and advances	123,536	-	123,536	-	-	-	-
Tax refunds	12,115,626	-	12,115,626	-	-	-	-
Cash and bank balances	1,746,555	-	1,746,555	-	-	-	-
	<u>34,483,093</u>	<u>-</u>	<u>34,483,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Financial liabilities - not measured at fair value

Trade and other payables	-	31,747,030	31,747,030	-	-	-	-
Short term loan from directors	-	359,479,701	359,479,701	-	-	-	-
	<u>-</u>	<u>391,226,731</u>	<u>391,226,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

30.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
-
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

KOHINOOR INDUSTRIES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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31. 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.

	June 30, 2018	June 30, 2017
	Number	
32. NUMBER OF EMPLOYEES		
Total number of employees at the year-end	24	24
Average number of employees during the year	24	24
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. ASSOCIATED COMPANIES INCORPORATED OUTSIDE PAKISTAN		
The company does not have any associated companies incorporated outside Pakistan (2017:Nil)		
35. DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX		
The company does not have any instrument in Islamic Index (2017:Nil)		
36. EVENTS AFTER THE BALANCE SHEET DATE		
There were no events occurred after balance sheet date that requires adjustments in the financial statements.		
37. CORRESPONDING FIGURES		
Corresponding figures have been re-arranged, where necessary, for the purpose of comparison and better presentation.		
38. DATE OF AUTHORISATION FOR ISSUE		
These financial statements were authorized for issue on <u>October 03, 2018</u> by the Board of Directors of the Company.		
39. GENERAL		
Figures have been rounded off to the nearest rupee.		


(CHIEF EXECUTIVE OFFICER)




(DIRECTOR)

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