KOHINOOR
INDUSTRIES LIMITED

ANNUAL REPORT 2016

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Mr. M. Azam Saigol	Chairman/Member
Mr. M. Omer Farooq	Member
Mr. Rashid Ahmad Javaid	Member

HR & REMUNERATION COMMITTEE

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

COMPANY SECRETARY
Khawaja Safee Sultan

CHIEF FINANCIAL OFFICER
Mr. Asif Ali Mughal

AUDITORS
M/s Mudassar Ehtisham & Co.
Chartered Accountants

REGISTRATION NUMBER
0000214

NTN
0452891-3

WEBSITE
www.kil.com.pk

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

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

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

SHARE REGISTRAR
M/s Corplink (Pvt.) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore
Tel: 35916714-19, 35839182 Fax: 35869037
E-mail: shares@corplink.com.pk

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 67th Annual General Meeting of Shareholders of **Kohinoor Industries Limited** will be held on Monday, October 31, 2016 at 11:30 A.M. at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore the Registered Office of the Company to transact the following business:-

1. To confirm the minutes of Annual General Meeting held on October 31, 2015.

2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2016 alongwith Directors' and Auditors' Reports thereon.

3. To appoint Auditors of the Company to hold office till the conclusion of next Annual General Meeting and to fix their remuneration.

4. Any other business with the permission of the Chair.

By Order of the Board

Khawaja Safee Sultan
Company Secretary

Lahore: October 10, 2016

Notes:

1. Share Transfer Books of the Company will remain closed from October 25, 2016 to October 31, 2016 (both days inclusive). Physical transfers/CDS transactions ID's received in order at "Company Registrar office M/s Corplink (Pvt.) Limited", wings arcade, 1-K, Commercial Model Town, Lahore on October 24, 2016 will be treated in time.

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

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

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

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

Pursuant to the directives of the Securities and Exchange Commission of Pakistan CNIC number of individuals is mandatorily required to be mentioned on dividend warrants and pursuant to the provisions of Finance Act 2016, the rate of deduction of income tax under section 150 of the Income Tax Ordinance 2001 from dividend payment have been revised as: for filers of Income Tax return 12.5% and Non filers of Income Tax return 20%. In case of Joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrars, or if no notification, each joint holder shall be assumed to have an equal number of shares.

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

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

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

In case of non-receipt of the copy of a valid CNIC or NTN, the Company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and therefore will be constrained under Section 251(2)(a) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrants of such shareholder. Further, all shareholders are advised to immediately check their status on ATL and may, if required take necessary action for inclusion of their name in the ATL. The company as per the new law, shall apply 20% rate of withholding tax if the shareholders name, with relevant details, does not appear on the ATL, available on the FBR website on the first day of book closure and deposit the same in the Government Treasury as this has to be done within the prescribed time.

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

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

Directors' Report

The Directors of the Company presented before the shareholders the 67th Annual Report alongwith audited Financial Statements of the Company for the year ended June 30, 2016.

The Company continued its business of renting the premises and earned revenue of Rs. 29.6 million as compared to last year of Rs. 26.69 million. The Company also earned other income as a result of appreciation in the value of its investment in the associated Company and increase in the fair value of its investing assets.

During the period under review the Company earned profit of Rs. 79.3 million as compared to Rs. 8.25 million in the corresponding period last year.

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 prepared on going concern basis as management is confident that Company will be able to meet all its obligations from its own resources. The Company is almost debt free accept sponsor's loan which doesn't have any financial burden on the Company resource. The Company's assets are sufficient to meet its liabilities and therefore no doubt about it's going concerns.

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 monitored.

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

g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

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

i) The Key Operating and Financial Data 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 Rs. 1.101 Million.

m) Directors' Meetings of the Board of Directors of the Company during the year under review were Four held on October 10, 2015, October 31, 2015, February 29, 2016, April 30, 2016.

Following was the attendance of the Directors: -

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

n) During the period under review no Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children sell, buy or take any position in 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, 2016 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. NASEEM SAIGOL
Chairman

Lahore:
October 08, 2016

STATEMENT WITH COMPLIANCE OF CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the code of Corporate Governance contained in Clause 5.19 or Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best of practices of corporate governance.

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

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

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

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

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

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in the payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board of Directors during the period.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

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

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

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

12. Financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an audit committee. It comprises of 3 members, of whom majority are non executive directors including the chairman of the committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and remuneration committee. Its comprises 3 members, of whom 2 are none executive directors including the chairman of the committee.

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

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the ICAP, that they or any of the partner of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regards.

21. The 'closed period' prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

Lahore:

October 08, 2016

CHIEF EXECUTIVE

SIX YEARS AT A GLANCE

(Rupees in '000)

PARTICULARS	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
Financial Position						
Paid up capital	303,025	303,025	303,025	303,025	303,025	303,025
Reserves	187,394	187,394	187,394	187,394	187,394	187,394
Fixed asset at cost	14,387	761,877	761,877	761,877	812,141	832,784
Accumulated depreciation	10,426	21,085	12,426	8,659	67,967	73,497
Investment Property	764,656	-	-	-	-	-
Current assets	17,509	13,259	12,671	8,887	16,941	21,971
Current Liabilities	427,362	445,233	462,992	23,491	11,756	8,595
Income						
Sales / Revenue	29,573	26,684	33,401	28,495	-	-
Other Income	58,716	12,493	3,714	22,449	30,087	9,018
Gross profit	-	-	-	-	-	-
Pre tax profit / (Loss)	79,301	8,245	(23,490)	16,023	(12,114)	(30,244)
Taxation	(6,766)	(1,402)	(5,010)	(16,808)	(953)	(712)
Profit / (Loss) after taxation	72,535	6,843	(28,500)	(784)	(13,067)	(30,956)
Unappropriated profit / (Loss)	(759,659)	(834,702)	(844,332)	(818,929)	(819,365)	(807,654)
STATISTICS AND RATIOS						
Gross profit to sales %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Pre tax profit / (Loss) to capital %	26.17%	2.72%	(7.75)%	(5.29)%	(4.00)%	(9.98)%
Current ratio	0.04	0.02	0.02	0.38	1.44	2.56
Paid up value per share (Rs.)	10	10	10	10	10	10
Earning after tax per share (Rs.)	2.39	0.23	(0.94)	(0.03)	(0.43)	(1.02)
Cash dividend %	-	-	-	-	-	-

FORM 34

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

1. Incorporation Number **0000214**

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

3. Pattern of holding of the shares held by the shareholders as at **30-06-2016**

4. No. of Shareholders	------Shareholding------ From	To	Total Shares Held
741	1	100	20,806
529	101	500	148,399
277	501	1,000	218,434
553	1,001	5,000	1,530,595
160	5,001	10,000	1,346,809
47	10,001	15,000	581,629
36	15,001	20,000	676,243
22	20,001	25,000	526,604
19	25,001	30,000	542,290
11	30,001	35,000	359,078
16	35,001	40,000	609,553
3	40,001	45,000	126,500
19	45,001	50,000	932,500
3	50,001	55,000	155,550
1	55,001	60,000	60,000
1	60,001	65,000	64,819
3	65,001	70,000	207,735
2	70,001	75,000	146,500
2	75,001	80,000	156,975
1	80,001	85,000	82,500
3	85,001	90,000	263,500
1	90,001	95,000	92,000
6	95,001	100,000	600,000
2	100,001	105,000	201,500
1	105,001	110,000	108,000
1	115,001	120,000	120,000
3	120,001	125,000	368,881
1	125,001	130,000	127,000
1	130,001	135,000	133,500
2	135,001	140,000	276,662
1	140,001	145,000	145,000
1	155,001	160,000	157,500
1	170,001	175,000	170,550
1	195,001	200,000	197,000
1	220,001	225,000	225,000
1	235,001	240,000	239,868
1	275,001	280,000	280,000
1	305,001	310,000	310,000
1	345,001	350,000	350,000
1	400,001	405,000	400,500
1	435,001	440,000	440,000
1	500,001	505,000	503,000
1	515,001	520,000	518,020
1	535,001	540,000	536,000
1	575,001	580,000	578,000
1	655,001	660,000	655,500
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
2486			**30,302,543**

Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2016

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 Chidren:		
1	MR. M. NASEEM SAIGOL (CDC)	5,335,219	17.6065
2	MR. M. AZAM SAIGOL (CDC)	36,303	0.1198
3	RANA ASAD IQBAL	2,500	0.0083
4	MR. MUHAMMAD ATHAR RAFIQ	2,500	0.0083
5	MR. MUHAMMAD OMER FAROOQ	2,625	0.0087
6	MR. MUHAMMAD SHAMIL	2,500	0.0083
7	MR. RASHID AHMAD JAVED	2,625	0.0087
8	MRS. AMBER HAROON SAIGOL (CDC)	7,293,670	24.0695
9	MRS. SEHYR 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:	1,297,263	4.2810
	Shareholders holding five percent or more voting intrest in the listed company		
1	MRS. AMBER HAROON SAIGOL (CDC)	7,293,670	24.0695
2	MR. M. NASEEM SAIGOL (CDC)	5,335,219	17.6065

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

S. No.	NAME		SALE	PURCHASE
		NIL		

Categories of Shareholders	No. of Shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	7	12,848,492	42.4007
Associated Companies, undertakings and related party	-	-	-
NIT and ICP	2	37,647	0.1242
Banks Development Financial Institutions Non Banking Financial Institution	17	25,337	0.0836
Insurance Companies	4	1,199,510	3.9584
Modarabas and Mutual Funds	4	5,947	0.0196
General Public	2401	15,875,381	52.3896
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	36	188,163	0.6209
Foreign Companies	11	51,805	0.1710
	2486	30,302,543	100.0000

Review Report to the Members

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

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **KOHINOOR INDUSTRIES LIMITED** ("the Company") for the year ended June 30, 2016 to comply with the requirement of code contained in regulations of Pakistan Stock Exchange where the company is listed.

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

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

The Code requires the company to place before the audit committee and upon recommendations of audit committee, places before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of 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, except for the observation expressed in our audit report if any affecting the compliance with the Code of Corporate Governance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June, 2016.

Mudassar Ehtisham & Company
Chartered Accountants
Audit Engagement Partner: Mudassar Raza

October 08, 2016
Lahore

AUDITORS' REPORT TO THE MEMBERS

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

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

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

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

(b) In Our opinion:

(I) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in accordance with accounting policies consistently applied, however these are in agreement with the books of account;

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the (a) company's affairs as at 30 June, 2016 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and

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

We draw attention to the matter that during the year ended 30 June 2016, the Company has incurred profit before tax of Rs. 79.30 million and its current liabilities exceeded its current assets by Rs. 409.85 million, and its accumulated losses stood at Rs. 759.65 million. These conditions, along with other matters as set forth in note 1.2 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 1.2 to the financial statements. Our opinion is not qualified in respect of this matter.

Mudassar Ehtisham & Company

Chartered Accountants

Engagement Partner: Mudassar Raza

Lahore

Dated: October 08, 2016

BALANCE SHEET AS AT JUNE 30, 2016

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
ASSETS			
Non current assets			
Property, plant and equipment	4	3,961,134	729,628,893
Government taken over concerns	5	-	-
Investment property	6	764,656,286	-
Long term deposits	7	368,876	368,876
Long term investments	8	20,383,650	8,958,600
Current assets			
Loans and advances	9	64,036	76,536
Trade deposits and short term prepayments	10	594,100	594,100
Other receivables	11	182,000	20,000
Tax refunds due from Governments	12	14,400,288	9,901,712
Cash and bank balances	13	2,268,714	2,666,454
		17,509,138	13,258,802
TOTAL ASSETS		806,879,084	752,215,171
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
40,000,000 ordinary shares of Rs. 10 each		400,000,000	400,000,000
Issued, subscribed and paid-up capital	14	303,025,430	303,025,430
Reserves	15	187,394,755	187,394,755
Unappropriated (loss) / profit		(759,658,565)	(834,701,835)
		(269,238,380)	(344,281,650)
Surplus on revaluation of fixed assets	16	648,755,670	651,264,077
Current liabilities			
Trade and other payables	17	31,186,047	37,161,234
Short term loan from directors - unsecured	18	371,569,398	390,231,566
Current portion of lease liabilities	19	864,742	864,742
Provision for taxation	20	23,741,607	16,975,202
		427,361,794	445,232,744
Contingencies & Commitments	21		
TOTAL EQUITY AND LIABILITIES		806,879,084	752,215,171

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

(CHIEF EXECUTIVE OFFICER) (DIRECTOR)

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2016

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
Revenue	22	29,572,664	26,684,120
Other operating income	23	58,715,717	12,492,508
		88,288,381	39,176,628
Operating expenses :			
Administrative expenses	24	6,697,808	18,062,138
		(6,697,808)	(18,062,138)
		81,590,573	21,114,490
Finance cost	25	(16,022)	(36,709)
Share of (loss) from Associate	8	(2,273,283)	(12,832,708)
Profit before taxation		79,301,268	8,245,073
Taxation	20	(6,766,405)	(1,401,662)
Profit after tax		72,534,863	6,843,411
Earning per share-basic and diluted	26	**2.39**	**0.23**

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

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

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

	June 30, 2016 Rupees	June 30, 2015 Rupees
Net profit for the year	72,534,863	6,843,411
Other Comprehensive Income	-	-
Total Comprehensive (Loss) / Income	72,534,863	6,843,411

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

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		79,301,268	8,245,073
Adjustments for:			
Depreciation		510,359	11,163,223
Share of (loss) from Associate		2,273,283	12,832,708
(Reversal)/Provision for short fall in value of investment		(13,698,333)	(12,492,508)
Provision for doubtful sales tax recovery		-	-
Increase in fair value of investment property		(39,498,886)	-
Finance cost		16,022	36,709
		(50,397,555)	11,540,132
Profit before working capital changes		28,903,713	19,785,205
Effect on cash flow due to working capital changes			
(Increase)/ decrease in:			
Loans and advances		12,500	16,000
Trade deposits and short term prepayments		-	10,000
Other receivables		(162,000)	
Trade and other payables		(5,975,187)	(402,058)
Short term loan from directors - unsecured		(18,662,168)	(18,759,090)
		(24,786,855)	(19,135,148)
Cash generated from operations		4,116,858	650,057
Finance cost paid		(16,022)	(36,709)
Income tax paid		(4,498,576)	(4,006,163)
		(4,514,598)	(4,042,872)
Net cash from operating activities		(397,740)	(3,392,815)
CASH FLOWS FROM INVESTING ACTIVITIES		-	-
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
Net increase / (decrease) in cash and cash equivalents		(397,740)	(3,392,815)
Cash and cash equivalents at the beginning of year		2,666,454	6,059,269
Cash and cash equivalents at the end of year	(13)	2,268,714	2,666,454

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

(CHIEF EXECUTIVE OFFICER) (DIRECTOR)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2016

	Share capital	Capital	Revenue	Total
		Share Premium	Unappropriated profit/(loss)	
	----------Rupees----------			
Balance as at June 30, 2014	303,025,430	187,394,755	(844,332,365)	(353,912,180)
Total comprehensive (loss) / profit for the year	-	-	6,843,411	6,843,411
Transferred from surplus on revaluation of fixed assets on account of :				
Incremental depreciation - current year	-	-	2,787,119	2,787,119
Balance as at June 30, 2015	303,025,430	187,394,755	(834,701,835)	(344,281,650)
Total comprehensive (loss) / profit for the year	-	-	72,534,863	72,534,863
Transferred from surplus on revaluation of fixed assets on account of :				
Incremental depreciation - current year	-	-	2,508,407	2,508,407
Balance as at June 30, 2016	303,025,430	187,394,755	(759,658,565)	(269,238,380)

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

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

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

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 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 it's business premises as when it is considered fit.

1.2 Signifacant matter

The company incurred profit before tax of Rs. 79.30 million during the year ended 30 june 2016 and as of date the Company's current liabilities exceeds current assets by Rs. 409.85 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 support to the company to meet its working capital needs. However, there is a material uncertainity 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.

2. **SIGNIFICANT ACCOUNTING POLICIES**

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

2.1 Statement of compliance

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

2.2 FUNCTIONAL AND PRESENTATION CURRENCY

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

3. **USE OF ESTIMATES AND JUDGEMENTS**

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

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

– Retirement and other benefits
– Provision for taxation
– Residual values and useful lives of depreciable assets
– Provisions and contingencies

a) Standards, amendments or interpretations which became effective during the year

During the year certain amendments to standards or new interpretations became effective. However, the amendments or interpretation did not have any material effect on the financial statements of the Company.

b) New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016.

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

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.

- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

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

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above improvements are not likely to have an impact on Company's financial statements.

3.1 Property plant and equipment

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

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

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

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

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

3.2 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.

3.3 Inventories

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

Stores & Spares	At Weighted average cost.
Raw material	At Weighted average cost
Work in Process	At weighted average manufacturing cost
Finished Goods	At weighted average manufacturing cost

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

3.4 Staff retirement benefits

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

3.5 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. 30.

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 Contingencies and commitments

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

3.9 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.

3.10 Revenue recognition

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

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

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

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

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

3.11 Borrowing Costs

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

3.12 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.

3.13 Impairment

a) Financial Assets

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

b) Non- Financial Assets

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

3.14 Financial assets

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

3.15 Financial Instruments

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

a) Trade & Other Payables

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

b) Trade & Other Receivables

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

c) **Off setting the financial assets and financial liabilities**

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

3.16 Mark up, interest and other charges

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

3.17 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.

3.18 Contingent Liabilities

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

3.19 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.

3.20 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".

3.21 Dividend distribution

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

4. PROPERTY, PLANT AND EQUIPMENT KOHINOOR INDUSTRIES LIMITED

PARTICULARS	2016											
	COST					ACCUMULATED DEPRECIATION						
	As on July 01, 2015	Additions / Disposals	Transfers	Revaluation Adjustments	As on June 30, 2016	As on July 01, 2015	Adjustments	For the Year	Transfers	As on June 30, 2016	Book Value As On June 30, 2016	RATE %
	Rupees											
Own:												
Land - Freehold	629,950,000	-	(629,950,000)	-	-	-	-	-		-	-	-
Building - Factory	117,540,000	-	(117,540,000)	-	-	22,332,600	-	-	(22,332,600)	-	-	10
Furniture and fixtures	1,357,000	-		-	1,357,000	257,830	-	109,917		367,747	989,253	10
Office equipments	3,383,000	-		-	3,383,000	642,770	-	274,023		916,793	2,466,207	10
Vehicles	9,647,115	-		-	9,647,115	9,015,022		126,419		9,141,441	505,674	20
	761,877,115	-		-	14,387,115	32,248,222	-	510,359		10,425,981	3,961,134	

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

	Note	2016 Rupees	2015 Rupees
Cost of sales		-	-
Administrative expenses	(24)	510,359	11,163,223
		510,359	11,163,223

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

The company got revalued its Land, building, plant & machinery and all other fixed assets as at June 30, 2008. The revaluation exercise was carried out by the Independent Valuer was incorporated in the books of accounts. In 2013 the fixed assets are revalued by approved Independent Valuer fixing market value of Fixed assets (excluding vehicles) at Rs. 752.230 Million. Surplus on revaluation works out to Rs. 20.909 Million which was added to surplus revaluation already appearing in books.

4. PROPERTY, PLANT AND EQUIPMENT KOHINOOR INDUSTRIES LIMITED

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

Depreciation charge for the year has been allocated as under :

	Note	2015 Rupees	2014 Rupees
Cost of sales		-	-
Administrative expenses	(24)	11,163,223	12,425,529
		11,163,223	12,425,529

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees

5. GOVERNMENT TAKEN OVER CONCERNS (CONSIDERED DOUBTFUL)

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

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

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

6. INVESTMENT PROPERTY

	June 30, 2016 Rupees	June 30, 2015 Rupees
Transfer from fixed assets - land	665,403,123	-
Transfer from fixed assets - building	99,253,163	-
	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, 2016.

	June 30, 2016 Rupees	June 30, 2015 Rupees
7. LONG TERM DEPOSITS	368,876	368,876

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

8. LONG TERM INVETMENTS - LISTED

2,835,000 (2015:2,835,000) ordinary shares of Rs.10 each	90,000,000	90,000,000
Share of post acquisition profits		
Previous years	(2,001,140)	10,831,568
Current year	(2,273,283)	(12,832,708)
	(4,274,423)	(2,001,140)
Dividend	(10,800,000)	(10,800,000)
	74,925,577	77,198,860
Provision for short fall in value of investment	(54,541,927)	(68,240,260)
	20,383,650	8,958,600

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

8.2 Market value of shares is Rs. 7.19 share (2015:Rs. 3.16 per share)

8.3 Summarized draft financial statement of Kohinoor Power Company Limited

	June 30, 2016 Rupees	June 30, 2015 Rupees
Equity as at June 30,	185,717,718	195,821,199
Total assets as at June 30,	191,208,231	200,330,460
Loss / profit after taxation	(10,103,481)	(57,034,258)

9. LOANS AND ADVANCES

	Note		
Advances to:			
Employees:			
Un-secured, considered good		64,036	76,536
		64,036	76,536
Less: Provision for doubtful advances		-	-
		64,036	76,536
Others associated undertaking	(9.1)	15,114,624	15,114,624
Less: provision for doubtful advance		(15,114,624)	(15,114,624)
		-	-
		64,036	76,536

9.1	Advances - Others		
	Considered doubtful:		
	Kohinoor Textile Mills Limited	9,281,210	9,281,210
	Kohinoor Cotton Mills Limited	5,833,414	5,833,414
		15,114,624	15,114,624

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

		June 30, 2016 Rupees	June 30, 2015 Rupees
10.	**TRADE DEPOSITS**		
	Margin deposit	594,100	594,100
		594,100	594,100
11.	**OTHER RECEIVABLES**		
	Rebate/claims and central excise duty receivables	10,647,437	10,647,437
	Less: Provision of rebate/claims and central excise duty receivables	(10,647,437)	(10,647,437)
		-	-
	Rent and other receivables	182,000	20,000
		182,000	20,000

12. TAX REFUND

Sales tax deposits	(12.1)	4,236,934	4,236,934
Income tax deducted at source	(12.2)	23,648,581	19,150,005
		27,885,515	23,386,939
Less: provision for doubtful recovery		(13,485,227)	(13,485,227)
		14,400,288	9,901,712

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.

		June 30, 2016 Rupees	June 30, 2015 Rupees
12.2	**These are made up as fallows**		
	Opening balance of advance tax	19,150,005	15,143,842
	Adjustment of provision for assessment completed	-	-
	Paid / deducted during the year	4,498,576	4,006,163
		23,648,581	19,150,005

13. CASH AND BANK BALANCES

Cash in hand	82,783	240,541
Balance with banks:		
in current accounts	2,077,456	2,317,438
in saving accounts	108,475	108,475
Cash and cash equivalents	2,268,714	2,666,454

14. SHARE CAPITAL

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

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

15. RESERVES

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

	Notes	June 30, 2016 Rupees	June 30, 2015 Rupees

16. SURPLUS ON REVALUATION OF FIXED ASSETS

Revaluation surplus of land			
Opening balance		629,277,383	629,277,383
Add: Adjustment as a result of fresh revaluation		-	-
		629,277,383	629,277,383
Deficit on other assets		(3,097,355)	(3,097,355)
		626,180,028	626,180,028
Revaluation surplus of building			
Opening balance		25,084,049	27,871,168
Add: Adjustment as a result of fresh revaluation		-	-
Incremental depreciation		(2,508,407)	(2,787,119)
		22,575,642	25,084,049
		648,755,670	651,264,077

17. TRADE AND OTHER PAYABLES

Trade creditors:			
For goods		-	-
For expenses		3,905,599	3,955,813
Tax deducted at source	(17.1)	16,365	10,340
Sale tax payable - ONO		20,642,050	26,160,548
Advance for rent		5,215,503	5,628,003
Workers' profit participation fund		371,704	371,704
Unclaimed dividend		1,034,826	1,034,826
		31,186,047	37,161,234

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

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees

18. SHORT TERM LOAN FROM DIRECTORS - UNSECURED

These are comprise of:

Interest free Short term loan from directors	(18.1)	371,569,398	390,231,566

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

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

Present value of minimum lease payments	864,742	864,742
Less: Current maturity	(864,742)	(864,742)
Long term portion	-	-

The minimum lease payments have been discounted using implicit interest rate ranging from 10.00% to 14.50% per annum. Rentals are payable in monthly equal installments and in case of default of any payment additional lease rental on overdue payments is payable at Rs. 100/- per day. The lease liability was partly secured by deposits of Rs. 1.730 million and personal guarantees of two directors of the company. The lessee has the option to purchase the assets after expiry of the lease term.

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

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

	Minimum lease payments	Future finance cost	Present value of lease liabilities 2016	Present value of lease liabilities 2015
	...............Rupees................			
Not later than one year	864,742	-	864,742	864,742
Later than one year but not later than five years	-	-	-	-
	864,742	-	864,742	864,742

20. PROVISION FOR TAXATION

	2016	2015
Opening provision	16,975,202	15,573,540
For the year	6,766,405	1,401,662
	23,741,607	16,975,202

21. CONTINGENCIES AND COMMITMENTS

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

21.2 Sales tax and other tax liabilities of Rs. 5.730 million (2015:Rs. 11.248 million) pending in appeals. The Company has filed reference application before the Honorable Lahore High Court, Lahore and other appellate forums. Estimated penalty and additional tax is amounting to Rs. 9.436 million (2013:Rs. 14.912 million). Overall liability works out to Rs. 15.166 million which has been provided. An application for alternative dispute resolution was also moved but ADR Committee is yet awaited to be constituted by FBR. The provision for this liability has been made.

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

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

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

22. REVENUE

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

	2016	2015
22.2 Rental Income	29,572,664	26,684,120
	29,572,664	26,684,120

23. OTHER OPERATING INCOME

	2016	2015
Income from financial assets		
Mark up on bank deposits	-	-
Income from other than financial assets		
Reversal of provision of excise duty	5,518,498	
Increase in fair value of investment property	39,498,886	
Reversal of provision for short fall in the value of investment	13,698,333	12,492,508
	58,715,717	12,492,508

24. ADMINISTRATIVE EXPENSES

Staff salaries, wages and benefits		3,331,253	3,471,607
Traveling and conveyance		8,330	9,730
Printing and stationery		70,125	48,500
Telecommunication		125,130	109,100
Postage & telegram		15,889	12,511
Legal and professional		790,999	511,379
Audit remuneration :			
Audit fee		250,000	75,000
Review fee		25,000	25,000
Rent, rates and taxes		1,325,130	1,305,660
Electricity and Gas		50,653	62,835
Insurance		-	59,530
Advertisement		114,650	37,500
Vehicle running and maintenance		-	-
Entertainment		24,570	20,992
Staff Welfare		2,185	17,340
Staff Uniform		-	10,560
Misc Expenses		30,735	13,351
Sales tax penelity		11,300	
Repairs and maintenance		11,500	1,108,320
Depreciation	(4.1)	510,359	11,163,223
		6,697,808	18,062,138

25. FINANCE COST

Bank charges and commission	16,022	36,709
	16,022	36,709

26. EARNING PER SHARE-BASIC AND DILUTED

Net profit after taxation	72,534,863	6,843,411
Weighted average number of ordinary shares issued and subscribed during the period	30,302,543	30,302,543
Earning per share-basic and diluted	**2.39**	**0.23**

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

27. NUMBER OF EMPLOYEES

	Number	
	2016	**2015**
Total number of employees at the year-end	15	15
Average number of employees during the year	15	15

28. TAXATION

28.1 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.

28.2 Deferred tax asset amounting Rs. 376.256 million (2015:Rs. 427.709 million) is not recognized in these accounts as the company is sustaining heavy losses and is assessed under the deeming sections of the enactment referred to at sub Para (2) of this note. Major timing differences are not expected to reverse for a foreseeable future and there is no assurance that future taxable income would be sufficient to realize the benefit of brought forward losses. Losses available for carry forward are Rs. 1,151.819 million.

29. TRANSACTIONS WITH RELATED PARTIES

Lease rent	-	3,300,000
Interest free short term loan repaid	18,662,168	18,759,090
Short term loan payable to directors	371,569,398	390,231,566

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

29.2 Maximum aggregate amount due from associate undertakings at any month end during the year was Nil (2015: Nil)

30. REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

	Chief executive	Directors	Executives
No. of persons			
2016	1	6	-
2015	1	6	-

There was no remuneration paid during the year to Cheief Executive, Directors and Executives of the company (2015: Rs. Nil)

30.1 No meeting fee was paid to the directors and chief executive during the year (2015: Nil).

31. 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.

31.1 Financial Instruments by category

Financial Assets

Long term deposits	368,876	368,876
Long term investments	20,383,650	8,958,600
Loans and advances	64,036	76,536
Tax refunds	14,400,288	9,901,712
Cash and bank balances	2,268,714	2,666,454
	37,485,564	21,972,178

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
Financial Liabilities			
Trade and other payables		31,186,047	37,161,234
Short term loan from directors		371,569,398	390,231,566
Liabilities against assets subject to finance leases		864,742	864,742
		403,620,187	428,257,542

31.2 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, 2016 the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

31.3 Financial Risk Factors

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

- Credit Risk
- Liquidity Risk
- Market Risk

31.3.1 Credit Risk

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

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

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

Long term deposits	368,876	368,876
Long term investments	20,383,650	8,958,600
Loans and advances	64,036	76,536
Tax refunds	14,400,288	9,901,712
Cash and bank balances	2,268,714	2,666,454
	37,485,564	21,972,178

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.

31.3.2 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 2016**

	Carrying amount	Maturity up to one year	Maturity after one year
Liabilities against assets subject to finance leases	864,742	864,742	-
Trade and other payables	31,186,047	31,186,047	-
Short term loan from directors	371,569,398	371,569,398	-
	403,620,187	403,620,187	-

Non derivative financial liabilities

YEAR ENDED 30 JUNE 2015

	Carrying amount	Maturity up to one year	Maturity after one year
Liabilities against assets subject to finance leases	864,742	864,742	-
Trade and other payables	37,563,292	37,563,292	-
Short term loan from directors (Restated)	390,231,566	390,231,566	-
	428,659,600	428,659,600	-

31.3.3 Market Risk

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

a) Currency risk

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

b) Interest Rate Risk

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

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

At June 30, 2016, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, profit after taxation for the year would have been higher/lower by Rs. Nil (2014:Rs. Nil)

c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Equity price risk arises from available for sale equity securities held. The investment in available for sale equity securities is not material and company is not expose to significant price risk.

32. 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.

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. GENERAL

34.1 These financial statements were authorized for issue on October 08, 2016 by the board of directors of the company.

(CHIEF EXECUTIVE OFFICER) (DIRECTOR)