Downloaded from: www.OpenDoors.Pk

2017
Annual Report



Hala Enterprises Limited

www.halaenterprises.com

Downloaded from: www.OpenDoors.Pk

CONTENTS

Vision & Mission Statement	2
Company Information	3
Notice of Annual General Meeting	4-8
Information For Shareholders	9
Director's Report	10-15
Statement of Compliance with Code of Corporate Governance	16-17
Key Financial Data last Six years	18
Auditor's Review Report on Statement of Compliance	19
Information Massage on Jama Punji	20
Auditor's Report to the Members	21
Balance Sheet	22-23
Profit & Loss Account	24
Statement of Comprehensive Income	25
Statement of Changes in Equity	26
Cash Flow Statement	27
Notes to the Accounts	28-62
Pattern of Shareholding	63-64
Form of Proxy	65

Downloaded from: www.OpenDoors.Pk

Vision & Mission Statement

Vision Statement

Hala Enterprises Limited strives to continue its path of market growth, consolidation and improvement in International market of very high value products. Our Vision is to establish a strong market presence, focused on customer loyalty and satisfaction on a Long Term Basis.

Mission Statement

The company should secure and provide a rewarding return on investment to its shareholders and investors, quality products to its customers, a secured and friendly environment at place of work to its employees, and present itself a reliable partner to all business associates.

Downloaded from: www.OpenDoors.Pk

Company Information

BOARD OF DIRECTORS	Mr. Tahir Jahangir	Chairman/Non Executive Director
	Mr. Jillani Jahangir	Chief Executive Officer
	Miss Munizae Jahangir	Non-Executive Director
	Mrs. Sulema Jahangir	Non-Executive Director
	Mr. Rashid Ahmad Khan	Independent Director
	Sh. Ijaz Ahmed	Non-Executive Director
	Mr. Abdul Munaf	Executive Director
AUDIT COMMITTEE	Mr. Rashid Ahmad Khan	Chairman/Member
	Miss Munizae Jahangir	Member
	Mrs. Sulema Jahangir	Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Rashid Ahmad Khan	Chairman/Member
	Mr. Jillani Jahangir	Member
	Miss Munizae Jahangir	Member
	Sh. Ijaz Ahmed	Member
	Mr. Abdul Munaf	Member
CHIEF FINANCIAL OFFICER	Mr. Abdul Munaf	
COMPANY SECRETARY	Muhammad Mushtaq Saeed Iqbal	
AUDITORS	M/s. Tariq Abdul Ghani Maqbool & Co. Chartered Accountants	
LEGAL ADVISORS	A.G.H.S Law Associates	
BANKERS	Faysal Bank Limited NIB Bank Limited Askari Bank Limited J.S Bank Limited	
REGISTERED OFFICE/WORKS	Factory Premises, 17.5 KM Sheikhupura Road, Lahore Tel: 042-37970130, 37970230 Fax: 042-37970681 Email. hala@halaenterprieses.com Website: www.halaenterprises.com	
SHARE REGISTRAR OFFICE	M/s Corplink (Private) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore Tel: 042-35916714, 35916719 Fax: 042-35869037 Email. corplink786@yahoo.com	

Downloaded from: www.OpenDoors.Pk

Notice Of Annual General Meeting

Notice is hereby given that an Annual General Meeting of the Shareholders of **HALA ENTERPRISES LIMITED** will be held on Tuesday, October 31, 2017 at 11:00 A.M. at Factory Premises, 17.5 KM Sheikhupura Road, Lahore, the Registered Office of the Company to transact the following business.

ORDINARY BUSINESS

1. To confirm minutes of Annual General Meeting held on October 31, 2016.

2. To receive and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2017 along with Directors and Auditors Reports thereon.

3. To appoint External Auditors of the Company for the year ending June 30, 2018 as recommended by the Board of Directors and to fix their remuneration.

SPECIAL BUSINESS

4. To consider, and if thought fit, to pass the following resolutions as special resolutions with or without modification, addition and deletion:

   Issue of 6,192,304 Ordinary Shares at par by way of otherwise than Right in accordance with the provision of Section 83 of the Companies Act, 2017.

   RESOLVED that the paid up Capital of the Company be increased by issuing up to 6,192,304 ordinary shares at par or such other price as determined by SECP, through otherwise than Right against Directors Loan conversion into equity as payable in the name of Mr. Tahir Jahangir, Mr. Jillani Jahangir, Mrs. Munizae Jahangir, directors of the company and its associated company i.e Teejay Corporation (Private) Limited), in accordance with the provision of Section 83 of the Companies Act, 2017.

   FURTHER RESOLVED that the aforesaid special resolution shall be subject to any amendment, modification, addition, or deletion or necessary approval of the Securities and Exchange Commission of Pakistan (SECP) and any other regulatory body or authority, shall be deemed to be part of such special resolution without the need of the members to pass a fresh special resolution.

   FURTHER RESOLVED that the further issue of 6,192,304 Ordinary Shares shall carry equal voting rights and rank pari passu with the existing ordinary shares of the Company in all respects in accordance with the applicable provisions of Section 85 of the Companies Act, 2017.

   FURTHER RESOLVED that Mr. Jillani Jahangir Chief Executive Officer, Abdul Munaf, Director/CFO and Mr. Muhammad Mushtaq Saeed Iqbal Company secretary be and are hereby authorized singly, on behalf of the Company to sign all documents in connection with the above resolutions and to meet all or any requirement and/or to make any amendment/correction/rectification regarding approval of SECP.

   RESOLVED FURTHER THAT previous all Special Resolutions relating the issue of Ordinary Shares by way of otherwise than Right, stands closed.

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

By order of the Board



Lahore: October 06, 2017

(Muhammad Mushtaq Saeed Iqbal)
Company Secretary

Downloaded from: www.OpenDoors.Pk

Notice Of Annual General Meeting

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 24, 2017 to October 31, 2017 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote for him/her. Proxies in order to be effective, must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting and must be duly stamped, signed and witnessed.
3. Members are requested to notify changes immediately to our Share Registrar, if any, in their registered addresses.
4. CDC Account Holders will have to follow the below mentioned guidelines as laid down in Circular 1 dated January, 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. FOR ATTENDING THE MEETING:

i) In case of individuals, the account holder or sub-account holder shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport along with Participants ID number and their account number at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. FOR APPOINTING PROXIES:

i) In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.

iii) Attested copies of CNIC or the passport of the beneficial owners and of the proxy shall be furnished with the proxy form.

iv). The Proxy shall produce his/her original CNIC or original passport at the time of the meeting.

v). In case of a corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the company.

STATEMENT UNDER SECTION 134 OF THE COMPANIES ACT, 2017

This Statement sets out the material facts concerning such special business in terms of Section 134 of the Companies Act, 2017, to be transacted at the Annual General Meeting to be held on Tuesday October 31, 2017 at 11:00 A.M.

ISSUANCE OF 6,192,304 ORDINARY SHARES AT PAR BY WAY OF OTHERWISE THAN RIGHT

Members' approval is also sought for further issue of 6,192,304 Ordinary Shares at par or such other price as determined by SECP, in accordance with the provision of Section 83 of the Companies Act, 2017, for the purpose of strengthening equity & converting loans of Directors (Mr. Tahir Jahangir, Mr. Jillani Jahangir and Mrs Munizae Jahangir) and associated company M/s Teejay Corporation (Private) Limited into equity in order to reduce the debt burden on the Company and improve the debt equity ratios. This issue of shares as other than right will not only re-profile the debt equity of the company but will also support and strengthen the company efforts to fully convert sponsors loans into equity and to restructure its debts from syndicate. Furthermore, the loans extended by the Directors and associated company were utilized by the company to support its operations and pay company's liabilities. By converting these liabilities, company will not have to pay any amount to directors as in present circumstances.

The Directors and its associated company consented to take shares at par and any other price determined by the SECP, these shares will be ranking pari passu with the existing shares in all respects. The Directors of the Company have no personal interest in the business except conversion of their loan into equity.

Downloaded from: www.OpenDoors.Pk

Notice Of Annual General Meeting

a)	Justification as to why proposed shares are to be issued otherwise than rights and not as Right Shares;	a)	In accordance with the amended Issue of Capital Rules 1996, fresh issue of shares through right shall be fully underwritten by at least two underwriters. As the share of the company traded below par due to heavy losses, no underwriter is willing to subscribe right shares at par value. As the sponsors have already been injected money to meet the working capital requirements of the Company. Now the Board of Directors in their meeting held on October 05, 2017 unanimously decided that the amount payable to Directors and Associated shall be converted into equity at par value or any appropriate price determined by the Commission.
b)	Name of the person(s)/organization(s)/ Company(s) etc. to whom shares will be issued;	b)	Mr. Tahir Jahangir, Mr. Jillani Jahangir, Miss Munizae Jahangir and its Associated Company i.e. Teejay Corporation (Private) Limited.
c)	Price at which the proposed shares will be issued. Justification, with details of the latest available market price and breakup value per share, if such price differs from par value;	c)	The Board has approved that the conversion of loan into equity to Directors and Associated Company would be at par or any other price determined by the SECP.
d)	Detail of asset(s), if proposed shares are to be issued for consideration otherwise than cash;	d)	Detail mentioned as given below.
e)	Purpose of the issue, utilization of the proceeds of the issue and benefits to the company and its members with necessary details;	e)	The main purpose for further issue is only for strengthening equity & converting Loans thereon in order to reduce the debt burden on the Company and improve the debt equity ratios and financial health of the company. Furthermore, the loans extended by the Directors' where utilized by the company to support its operations and pay company's liabilities.
f)	Existing shareholding of the person(s)/ organization(s)/ Company(s) etc. to whom shares will be issued (in number as well as percentage vis-a vis to existing paid up capital of the Company);	f)	Detail attached herewith as given below
g)	Total shareholding of the person(s)/ organization(s)/ Company(s) etc. after issue of shares (in number as well as percentage vis-a vis to existing paid up capital of the Company);	g)	Detail attached herewith as given below
h)	Whether the person(s)/ organization(s)/ Company(s) etc. has provided written consent to the company for the purchase of such shares;	h)	The Directors and its associated company given us written consents which will be provided subject to the approval of Shareholders in forthcoming AGM held on October 31, 2017.
i)	The fact that these shares will be rank pari-passu in all respects with the existing shares of the Company. Details if there is any change;	i)	The Directors and associated company consented to take shares in question at par ranking pari passu with the existing shares in all respects.
j)	The fact that this issue of shares is subject approval of the Commission;	j)	This issue of shares as other than right to the directors of the company will be issued after seeking approval of the Commission and applicable law.

Downloaded from: www.OpenDoors.Pk

Notice Of Annual General Meeting

Detail of Loan of Directors and associated company

Name of Director & Associated Company	Share Deposit Money (Rupees)	Total Amount (Rupees)
Mr. Tahir Jahangir	22,260,614	22,260,614
Mr. Jillani Jahangir	25,417,430	25,417,430
Miss Munizae Jahangir	6,245,000	6,245,000
Teejay Corporation (Pvt) Limited	8,000,000	8,000,000
Total	**61,923,044**	**61,923,044**

Shareholding structure before and after issue of shares

Name of Director & Associated Company	Existing Holding	% of Holding	Proposed Shares at Par	Holding after issue	% of Holding
Mr. Tahir Jahangir	933,322	13.72	2,226,061	3,159,383	24.31
Mr. Jillani Jahangir	394,144	5.79	2,541,743	2,935,887	22.59
Miss Munizae Jahangir	197,441	2.90	624,500	821,941	6.32
Teejay Corporation (Pvt) Limited	3,139,393	46.14	800,000	3,939,393	30.31
Total	**4,664,300**		**6,192,304**	**10,856,604**	

Downloaded from: www.OpenDoors.Pk

اطلاع سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ ہالہ انٹر پرائزز کے حصہ داران کا غیر معمولی اجلاس عام منگل 31 اکتوبر 2017ء کو صبح 11:00 بجے، کمپنی کے رجسٹرڈ دفتر فیکٹری پریمسز :15.5 کلومیٹر شیخوپورہ روڈ لاہور میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

عام امور:

1- 31 اکتوبر 2016ء کو منعقدہ سالانہ اجلاس عام کی کارروائی کی توثیق۔

2- 30 جون 2017ء مختتمہ سال کیلئے کمپنی کے سالانہ نفع نقصان بمعہ ڈائریکٹرز و ایڈیٹر رپورٹ پر غور وخوض اور منظور کرنا۔

3- مالی سال 2018-2017 کیلئے بورڈ آف ڈائیریکٹر کی سفارشات کے مطابق ایڈیٹرز کا تقرر اور معاوضہ طے کرنا۔

خصوصی امور:

4- کمپنیز ایکٹ 2017ء کی دفعہ 83 کی پرویژنز کے مطابق 6192304 عام حصص کا Otherwise then right کے تحت حصص کا اجراء کرنا:

قرار پایا کہ کمپنی کے ادا شدہ سرمایہ میں اضافہ کرنے کی غرض سے کمپنی ایکٹ کی دفعہ 83 کی پرویژنز کے مطابق کمپنی کے ڈائریکٹران طاہر جہانگیر، جیلانی جہانگیر، منیزہ جہانگیر اور اسکی شریک کمپنی میسرز ٹی جے کارپوریشن پرائیویٹ لمیٹڈ کے نام قابل ادا قرضہ کو Otherwise then right کے تحت برابر یا (SECP) کی طرف سے تعین کردہ دیگر قیمت 6192304 حصص کا اجراء کرنا۔

مزید قرار پایا کہ مذکورہ بالا خصوصی قرارداد سکیورٹیز اینڈ ایکسچینج کمیشن پاکستان (SECP) کی کسی ترمیم، تبدیلی، اضافہ خاتمہ یا ضروری منظوری کے حوالہ سے ہوگی اور کسی دیگر ریگولیٹری ادارہ یا اتھارٹی اور حالیہ خصوصی قرارداد کیلئے کے ممبران کی طرف سے منظور کی ضرورت کے بغیر ایسی خصوصی قرارداد کا حصہ تصور ہوگا۔

مزید قرار پایا کہ 6192304 عام حصص کا مزید اجرا کمپنیز ایکٹ 2017ء کی دفعہ 85 کی قابل اطلاق پرویژنز کے مطابق ہر لحاظ سے کمپنی کے موجودہ عام حصص کے مساوی ووٹنگ حقوق اور مساوی درجہ کے ہونگے۔

مزید قرار پایا کہ جیلانی جہانگیر چیف ایگزیکٹو آفیسر، عبدالمناف ڈائریکٹر/سی ایف او اور محمد مشتاق سعید اقبال کمپنی سیکرٹری بذریعہ ہذا کمپنی کی جانب سے SECP کی منظوری کے حوالے سے تمام یا کسی ضرورت کو پورا کرنے اور/ یا کسی ترمیم/ اصلاح/ توثیق کرنے کیلئے بالا قراردادوں سے متعلقہ تمام دستاویزات پر دستخط کرنے کے واحد مجاز ہیں۔

مزید قرار پایا کہ رائٹ کے علاوہ کے طریقہ سے عام حصص کے اجراء سے متعلقہ گزشتہ تمام خصوصی قراردادیں ختم ہو جائیں گی۔

5- صاحب صدر کی اجازت سے کسی دیگر امر پر کارروائی ہوگی۔

حسب الحکم بورڈ
محمد مشتاق سعید اقبال
کمپنی سیکرٹری

لاہور
6 اکتوبر 2017ء

نوٹ:

1- کمپنی کی منتقلی حصص کی کتابیں 24 اکتوبر 2017ء تا 31 اکتوبر 2017ء (بشمول ہر دو ایام) بند رہیں گے۔

2- اجلاس ہذا میں شرکت اور ووٹ دینے کا اہل ممبر، اپنی بجائے کسی دوسرے ممبر کو شرکت اور ووٹ دینے کیلئے اپنا پراکسی مقرر کر سکتا/ سکتی ہے۔ پراکسیاں تا آنکہ موثر ہو سکیں۔ اجلاس کے وقت سے کم از کم 48 گھنٹے قبل باقاعدہ مہر شدہ اور دستخط شدہ کمپنی کے رجسٹرڈ دفتر میں لازماً وصول ہو جانی چاہئیں۔

3- حصص داران سے درخواست ہے کہ اپنے رجسٹرڈ پتہ میں تبدیلی اگر کوئی ہو، فی الفور ہمارے شیئر رجسٹرار کو مطلع کریں۔

4- سی ڈی سی اکاؤنٹ ہولڈرز کو مزید برآں سکیورٹیز اینڈ ایکسچینج کمیشن پاکستان کی طرف سے جاری شدہ سرکلر 1 مورخہ 26 جنوری 2000 میں دی گئی گائیڈ لائنز کی پیروی کرنا ہوگی۔

کمپنی ایکٹ 2017ء کی دفعہ 134 کے تحت بیان

کمپنیز ایکٹ 2017ء کی دفعہ 134 کی شرائط میں سالانہ اجلاس عام بھی انجام دیئے جانے والے خصوصی امور سے متعلق مادی حقائق کی وضاحت کا بیان سالانہ حسابات کے ہمراہ تمام حصص داران کو ارسال کریں گے۔

Downloaded from: www.OpenDoors.Pk

Information For Shareholders

Company's Registered Office/Works

17.5 KM Sheikhupura Road, Lahore
Tel: 042-37970130, 37970230
Fax: 042-37970681

Share Registrar

M/s Corplink (Private) Limited
Wings Arcade, 1-K, Commercial Model Town, Lahore Tel: 042-35916714, 042-35916719
Fax: 042-35869037

Listing on Stock Exchange

Hala Enterprises Limited is listed on:
Pakistan Stock Exchange Limited

Stock Symbol

The stock symbol for dealing in equity shares of Hala Enterprises Limited is 'HAEL'

Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing requirements.

Share Transfer System

Share transfers received by the Company's Share Registrar are registered within prescribed period.

Proxies

Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another person as his/her proxy to attend and vote on his/her behalf. Every notice calling a general meeting of the Company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy who ought to be a member of the Company.

Annual General Meetings

Pursuant to Section 158 of the Companies Ordinance, 1984, Company holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one in English and one in Urdu newspaper having circulation in Karachi, Lahore & Islamabad.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the registered office of the Company not less then forty eight hours before the meeting.

Notification of SECP for the purpose of CNIC of Shareholders

The shareholders are informed that SECP through SRO 779(1)2011 dated August 18, 2011 has made it mandatory that dividend warrants issued by the issuer should bear Computerized National Identity Card (CNIC) numbers of the registered shareholders, except in the case of minor(s) and corporate shareholders. The shareholders are, therefore, requested to provide by mail or fax, photocopy of their CNIC and in case of foreigner copy of passport, unless it has already been provided.

Dividend Mandate (Optional)

Transferee of shares may exercise option for dividend mandate by using the revised "Form of Transfer Deed". The revised form of transfer deed will enable the transferees to received cash dividend directly in their bank accounts, if such transferee provides particulars of its bank account which he/she/it desires to be used for credit of cash dividend. The existing shareholders have the option to seek the dividend mandate by using the standardized "Dividend Mandate Form" if they so desires. Shareholders maintaining shareholding under Central Depository System (CDS) are advised to submit their bank mandate information directly to the relevant participant/CDC Investor Account Service.

Financial Information

The Company uploaded Annual and Quarterly Accounts on Company's website.

Company's Website

Updated information regarding the Company can be accessed at www.halaenterprises.com The website contains the latest financial results of the Company together with Company's profile and product range.

Downloaded from: www.OpenDoors.Pk

Director's Report

The Directors of the company hereby present the 45th Annual Report on the operations of the company along with the audited financial statements for the year ended June 30th, 2017. The Directors' Report will be put forward to the members at the Annual General Meeting of the Company to be held on the 31st of October, 2017.

During the year the overall export performance in Pakistan remained dismal compared to the previous years. The declining trend in exports is primarily attributed to the higher costs of doing business in the country, along with the negative image established in the international markets. The undervaluing of the US Dollar has also played a pertinent role. However, the performance of the company was better than expected and we saw a growth in sales by about 10% over the previous year.

Sales revenue for the year under review increased from Rs. 208 million to Rs. 231 million, with a net increase in sales revenue at 10.85%. This increased the gross margin from 14% to 18% - while the gross profit grew by 40% - thus enabling the company to achieve an overall profitable scenario.

It was predicted in the previous year's Director's Report that the company would be expected a turnaround this year due to a process of modernization and lowering costs and other input expenses. We are proud to report that these targets were not only met this year, but we managed to over-achieve and bring the company into a profit making scenario rather than just a break-even point.

A large contributor to this achievement was the import of new weaving machines, and the general upgradation of the manufacturing plant - and the management is hopeful to be able to continue on this path in the upcoming fiscal year as well.

We would like to take this opportunity to thank our customers, suppliers and bankers for their continued cooperation towards the progress of the company. We hope that this support continues in the future as well.

We would also like to thank our dedicated and talented team of executives, the Board, our staff and workers for the hard work put in towards the company's improvement in performance over the past year.

For & on behalf of the Board

(Jillani Jahangir)
Chief Executive Officer

Dated: October 05, 2017

Downloaded from: www.OpenDoors.Pk

ڈائریکٹرز رپورٹ

کمیٹی کے ڈائریکٹرز 30 جون 2017 کے اختتامی سال کے لیے آڈٹ شدہ مالی دستاویزات کے ساتھ کمیٹی کے امور پر سینتالیسویں سالانہ رپورٹ پیش کرتے ہیں۔ڈائریکٹرز کی رپورٹ کو سالانہ جنرل اجلاس میں ارکان کے سامنے 31 اکتوبر 2017 کو پیش کیا جائیگا۔

اس سال کے دوران پچھلے سال کے مقابلے میں پاکستان میں مجموعی طور پر برآمدات کی کارکردگی غیر تسلی بخش رہی۔ برآمد میں کمی کے رجحان کی بنیادی وجہ ملک میں کاروبار کرنے کی لاگت میں اضافہ اور بین الاقوامی مارکیٹوں میں قائم منفی تاثر ہے۔امریکی ڈالر کی قیمت میں کمی نے بھی اہم کردار ادا کیا ہے۔تاہم کمپنی کی کارکردگی توقع سے بہتر تھی اور پچھلے سال کے مقابلہ میں ایکسپورٹ میں تقریباً 10 فی صد اضافہ ہوا ہے۔

جائزہ رپورٹ کے مطابق آمدنی میں اضافہ 208 ملین کے مقابلہ میں 231 ملین ہوا۔جس سے سلیز آمدنی میں اضافہ 10.85 فی صد ہے۔نتیجتاً خام منافع بھی 14 فی صد سے 18 فی صد ہو گیا ہے۔جبکہ خالص منافع میں 40 فی صد تک اضافہ ہوا۔اس نے کمپنی کو مجموعی طور پر منافع بخش حالت کے قابل بنایا۔

گذشتہ سال کی ڈائریکٹر رپورٹ میں بتایا گیا تھا کہ سال رواں میں کمپنی کو جدیدیت کے عمل اور اخراجات میں کمی لا کر اس کے مالی امور میں بہتری لائی جائے گی۔ہمیں رپورٹ کرنے پر فخر ہے کہ یہ اہداف نہ صرف حاصل کیے ہیں بلکہ ہم نے کمپنی کو خسارے کی صورت حال سے نکال کر منافع کمانے کی طرف لے آئے ہیں۔

اس کامیابی میں ویونگ مشینری کی درآمد اور موجودہ پلانٹ کی اپ گریڈیشن کا بھی کردار ہے۔کمپنی کی انتظامیہ پر امید ہے کہ آئندہ مالی سال میں اس کامیابی کو جاری رکھا جائیگا۔

ہم اس موقع پر گاہکوں، سپلائرز اور بنکوں کا شکریہ ادا کرتے ہیں اور امید کرتے ہیں کہ ترقی کے اس سفر میں انکا تعاون مستقبل میں بھی جاری رہے گا۔ہم گذشتہ سال کمپنی کی کارکردگی میں بہتری پر باصلاحیت ٹیم بورڈ، سٹاف اور کارکنوں کے کردار پر ان کے مشکور ہیں۔

منجانب و برائے ڈائریکٹرز بورڈ

جیلانی جہانگیر

چیف ایگزیکٹو آفیسر

مورخہ ۱۵ اکتوبر ۲۰۱۷

Downloaded from: www.OpenDoors.Pk

DIRECTOR'S REPORT

Financial and Operating Results

	2017 RUPEES	2016 RUPEES
Operating Profit/(Loss)	8,319,844	(4,375,359)
Finance cost	(6,502,900)	(6,490,293)
Other income	2,691,683	3,455,926
Profit/(Loss) before taxation	4,508,627	(7,409,726)
Taxation	(2,388,697)	(2,223,206)
Profit /(Loss) before disposal of assets	2,119,930	(9,632,932)
Gain on disposal of assets	-	1,431,666
Net Profit (loss) for the year	2,119,930	(8,201,266)
Earnings/ (Loss) per share before gain on disposal		
Basic	0.31	(1.42)
Dilutive	0.16	(0.74)
Earnings per share after gain on disposal		
Basic	---	0.21
Dilutive	---	0.11

Reason for Dividend/Bonus Shares not declared

The company earned only nominal profit during the financial year and was therefore unable to declare any dividends or bonus shares.

Board Meetings

During the year under review, 4 meetings of the Board of Directors were held from July 01, 2016 to June 30, 2017. All written notice, of the Board Meetings, along with agenda and working papers, were circulated to all directors at least seven days before the meetings.

Attendance by each Director was as under:

Sr.No.	Name of Director	Meetings Attended
1.	Mr. Tahir Jahangir	4
2.	Mr. Jillani Jahangir	4
3.	Miss Munizae Jahangir	4
4.	Mrs. Sulema Jahangir	4
5.	Sh. Ijaz Ahmad	4
6.	Mr. Abdul Munaf	4
7.	Mr. Rashid Ahmad Khan	4

The Minutes of the meetings were appropriately circulated to all Directors and recorded in minute book within stipulated time. In accordance with CCG, Company Secretary was also attended all meetings during the year under review.

Audit Committee

The Board of Directors of the Company has formed an Audit Committee comprising of three members. All members of the Committee are Non-Executive in accordance with the provision of revised CCG. During the year June 30, 2017, four (4) meetings were held. Attendance by each member was as under:

Sr.No.	Name of Members		Meetings Attended
1.	Mr.Rashid Ahmad Khan	Chairman	4
2.	Miss. Munizae Jahangir	Member	4
3.	Mrs.Sulema Jahangir	Member	4

Terms of reference of Audit Committee

The Committee reviews the periodic financial statements and examines the adequacy of financial policies and practices to ensure that an efficient and strong system of internal control is in place. The Committee also reviews the audit reports issued by the Internal Audit Department and compliance status of audit observations.

The Audit Committee is also responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and considers any question of resignation or removal of external auditors, audit fees and provision of any service to the Company by its external auditors in addition to the audit of its financial statements.

The Terms of Reference of the Audit Committee are consistent with those stated in the Code of Corporate Governance and broadly include the following:

(i) Review of the interim and annual financial statements of the Company prior to approval by the Board of Directors.

(ii) Discussions with the external auditors of major observations arising from interim and final audits; review of management letter issued by the external auditors and management's response thereto.

Downloaded from: www.OpenDoors.Pk

DIRECTOR'S REPORT

(iii) Review of scope and extent of internal audit ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.

(iv) Ascertain adequacy and effectiveness of the internal control system including financial and operational controls, accounting system and reporting structure.

(v) Determination of compliance with relevant statutory requirements and monitoring compliance with the best practices of corporate governance.

(vi) Institute special projects, value for money studies or other investigations on any matters specified by the Board of Directors.

Human Resource and Remuneration Committee.

The Board has constituted a Human Resource and Remuneration Committee, comprising of the following Five members including Chairman of the Committee.

S.No.	Name of Members	
1.	Mr. Rashid Ahmed Khan	Chairman
2.	Mr. Jillani Jahangir	Member
3.	Miss Munizae Jahahgir	Member
4.	Sh. Ijaz Ahmed	Member
5.	Mr. Abdul Munaf	Member

One meeting of Human Resource and remuneration committee was held in the year.

Terms of Reference

The Committee shall be responsible for:

i) recommending human resource management policies to the board;

ii) recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;

iii) recommending to the Board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and

iv) consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO.

Internal Audit and Control

The Board has set up an independent audit function headed by a qualified and a full time employee of the Company reporting to the Chairman Audit Committee and administratively to the Chief Executive Officer. The scope of internal auditing within the Company is clearly defined which broadly involves review and evaluation of its' internal control system in accordance with business risk assessments. This includes independent assessment and evaluation of the effectiveness and efficiency of operations, the reliability of financial reporting, deterring and investigating fraud, safeguarding assets of the Company and compliance with laws and regulations. The Internal Audit also undertakes special studies, value for money studies and such other special projects as and when required by the Board Audit Committee.

Corporate Governance

The Board gives prime importance in conducting the business in accordance with the best international and local corporate governance practices and is committed to inculcating healthy corporate culture, ethical business practices, reliable and transparent financial reporting, open communication channels with the stakeholders and compliance with the laws and regulations. As a result, good corporate governance principles have been deeply ingrained in Company's decision making and operating set-up as well as monitoring processes.

The Company recognizes and respects the rights of each and every stakeholder including shareholders, employees, financiers, creditors, business partners, local communities and others. The Company encourages active participation of shareholders in all general meetings of the Company and values their views towards better governance and operational management. The Company is also cognizant of its legal and constructive obligations towards its business partners, local communities where it operates and other stakeholders and takes appropriate actions to timely respond to their expectations after taking into account a pragmatic view of their interests associated with the Company.

Downloaded from: www.OpenDoors.Pk

DIRECTOR'S REPORT

The Code of Conduct for directors and employees of the Company has been approved by the Board and changes were made in line with the new requirements stated in the revised CCG. The said Code of Conduct strengthens the standard for professional business-like behavior expected of directors and employees and binds them to demonstrate ethical, honest and responsible attitude. The Code has been disseminated across the Company to all directors and employees for their compliance.

Before each meeting of the board of directors a closed period is declared by the Company during which directors, CEO, executives of the Company and their spouses are not allowed to trade in shares of the Company in any manner, whether directly or indirectly. The Board has reviewed the status of executives in terms of clause (xvi) of CCG and has set a threshold defining categories of management employees as executives consequent to which they are subject to additional regulatory requirements for trading and disclosing their transactions in Company shares.

The Directors of the Company are fully aware of their duties and responsibilities and strive to discharge their fiduciary responsibilities in the best possible manner in compliance with all applicable corporate laws and regulations.

During the year, the Board was actively involved in performing their duties including those required to be performed under various laws and the Memorandum and Articles of Association of the Company with the ultimate objective of safeguarding the interests of the shareholders, enhancing the profitability of the Company, increasing shareholders' wealth and promoting market confidence.

Corporate and Financial Reporting Framework

(i) The financial statements, prepared by the Management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.

(ii) Proper books of account of the Company have been maintained.

(iii) Appropriate accounting policies have been applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements. The accounting estimates are based on reasonable and prudent judgment.

(iv) International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.

(v) The system of internal control is sound in design and has been effectively implemented and monitored.

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

(vii) There has been no material departure from best practices of corporate governance as detailed in listing regulations.

(viii) Key operating and financial data of last six years has been given in the Annual Report.

(ix) Information about outstanding taxes, duties, levies and charges is given in Notes to the Accounts.

(x) Significant plans and decisions regarding corporate restructuring, business expansion and discontinuance of operations are outlined along with future prospects, risks and uncertainties have been disclosed in relevant sections of Directors Report.

(xi) The value of investments in employee retirement funds based on the latest audited Accounts as of 30 June, 2017 are as follows:

Gratuity Fund **Rs. 43.75 Million**

(xii) Details of number of Board and Committees' meetings held during the year and attendance by each Director has been disclosed in Annual Report. Leave of absence was granted to Directors who could not attend some of the board and committee meetings.

(xiii) A statement of the pattern of shareholding in the Company as at 30

Downloaded from: www.OpenDoors.Pk

DIRECTOR'S REPORT

June, 2017 of certain classes of shareholders whose disclosure is required under the revised CCG and the statement of purchase and sale of shares by Directors, executives and their minor children during the year is shown on the Annual Report.

Code of Conduct for Directors and Employees

The Company has prepared a **"Code of Conduct for Directors and Employees"** and approved by the Board of Directors.

Priority Standards of Conduct:

I) Safety: There can be no production without safety.
ii) Quality: To achieve complete customer satisfaction by focusing on smart team work, meeting all applicable legal and regulatory requirements & continually improving our strategies and goals.
iii) Productivity: With safety and quality each of us will strive to excel the performance in all fields of our activities i.e. Production Divisions, Marketing & Planning, after sales service, Finance, Import, Purchase & Logistic and Human Resources & Administration etc.

Safety, Health and Environment

Hala Enterprises Limited conducts its business responsibly and in a way to make sure health, safety and protection from environmental aspects of its associates and the society. We implement and maintain the programs that provide reasonable assurance that the business will do the following:

1) To comply with all applicable government and internal health, safety and environmental requirements.
2) Design facilities and conduct operations in a way that avoids risk to human health, safety and the environment.

Compliance with the Code of Corporate Governance.

The Statement of Compliance with the Code of Corporate Governance is annexed with the Annual Report.

Transaction with Related Parties

The Board of Directors has approved the policy for transaction / contract between Company and its related parties on an arm's length basis and relevant rates are to be determined as per the "comparable un-controlled price method". The company has fully complied with the best practices on transfer pricing as contained in the listing regulations of Pakistan Stock Exchange .

Pattern of Shareholding and information under clause XIX(i) and (j) of the Code of Corporate Governance

The statement of pattern of shareholding along with categories of shareholders of the company as at June 30, 2017, as required under Section 236 of the Companies Ordinance,1984 and Code of Corporate Governance is annexed with this report.

Statutory Auditors of the Company

The present Auditors of the Company, M/s Tariq Abdul Ghani Maqbool & Co., Chartered Accountants, Lahore, shall retire and being eligible for re-appointment for the year 2017-2018.

Audit Committee recommended the appointment of M/s Tariq Abdul Ghani Maqbool & Co. as External Auditor for the tenure of next year 2018 subject to the approval of Shareholders in their Annual General Meeting held on October 31, 2017.

Acknowledgements

We would like to take this opportunity to thank our customers, suppliers and bankers for their continued support and cooperation towards the progress of the company. We hope that this support would continue in the future as well.

We would also like to thank our dedicated and talented team of executives, staff and workers for the hard work put in towards the company's performance for the year. We expect continued efforts from our employees to achieve even better results next year. And last but not the least, the management is grateful to the board for its persistent support, cooperation and guidance in setting a course for the company that will InshAllah prove to be highly rewarding to all its stakeholders.

For & on behalf of the Board



(Jillani Jahangir)
Chief Executive Officer

Lahore
Dated: October 05, 2017

Downloaded from: www.OpenDoors.Pk

STATEMENT OF COMPLIANCE

With the Code of Corporate Governance as at June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19.23 of Listing Regulations 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 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(s)	i. Mr. Rashid Ahamd Khan
Executive Directors	i. Mr.Jillani Jahangir ii. Mr. Abdul Munaf
Non-Executive Directors	i. Mr.Tahir Jahangir ii. Miss Munizae Jahangir iii. Mrs.Sulema Jahangir iv. Sh. Ijaz Ahamd

The independent director meets the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

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

4. No casual vacancy occurred on the Board during the year

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. During the year under review no training program was arranged by the Company.

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

11. The directors' 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.

Downloaded from: www.OpenDoors.Pk

STATEMENT OF COMPLIANCE

With the Code of Corporate Governanceas at June 30, 2017

12. The 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 three Members. All Members are Non-Executive Directors and the Chairman of the Committee is an Independent Director.

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 and 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. It comprises of five (5) members, of whom three (3) are Non-Executive Directors and the Chairman of the Committees an Independent Director.

18. The Board has set up an effective internal audit function exists which is considered suitably qualified and experienced for the purpose and is 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 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 the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the 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 regard.

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. In compliance with the Code of Corporate Governance, the Board has established mechanism for an annual evaluation of its own performance.

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

(Jillani Jahangir)
Chief Executive Officer

October 05, 2017

Downloaded from: www.OpenDoors.Pk

KEY FINANCIAL DATA LAST SIX YEARS

Particulars	2017	2016	2015	2014	2013	2012
Subscribed and paid up capital	68,040,000	68,040,000	68,040,000	68,040,000	68,040,000	68,040,000
Capital Resserve	25,591,623	22,682,680	18,290,866	14,225,694	12,079,812	11,534,636
Long term loan-secured	-	-	-	-	-	1,226,466
Deferred liabilities	44,295,050	44,335,297	41,829,086	38,921,261	36,162,801	49,814,480
Current liabilities	164,776,075	154,780,786	176,477,752	179,896,062	178,555,533	203,251,096
Operating fixed assets	91,938,309	102,992,790	107,117,076	122,987,051	92,695,692	101,437,823
Current assets	196,111,684	176,589,861	191,274,431	184,570,727	189,222,755	204,592,096
Sales	231,100,822	208,472,967	232,992,322	287,226,825	285,526,710	361,624,002
Gross profit	41,621,108	29,554,261	36,146,398	38,557,774	34,650,279	41,374,522
Operating (Loss) / Profit	8,319,844	(4,375,359)	482,641	(2,118,136)	(4,949,277)	(7,455,121)
(Loss) / Profit befor taxation	4,508,627	(7,409,726)	(9,687,200)	(14,091,685)	(23,192,339)	(24,542,457)
(Loss) / Profit after taxation & Gain on disposal of Assets	2,109,930	(8,201,266)	(11,960,973)	(16,910,915)	(26,017,495)	(28,065,251)

Downloaded from: www.OpenDoors.Pk

REVIEW REPORT TO THE MEMBERS

On Statement Of Compliance With 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 **HALA ENTERPRISES LIMITED** ("the Company") for the year ended **June 30, 2017** to comply with requirements of Rule 5.19 of the Pakistan Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of 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 cover 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 recommendation of Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on term 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 alternative pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the relate party transaction 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 best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.



Dated: October 05, 2017
Lahore

Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants
Engagement Partner: Malik Haroon Ahmad (FCA

Downloaded from: www.OpenDoors.Pk

www.jamapunji.pk

Jama Punji
سرمایہ کاری سمجھداری کے ساتھ



Be aware, Be alert, Be safe

Learn about investing at www.jamapunji.pk

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes

Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk @jamapunji_pk

*Mobile apps are also available for download for android and ios devices

Downloaded from: www.OpenDoors.Pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **HALA ENTERPRISES LIMITED** ("the Company") as at **June 30, 2017** and related profit and loss account, statement of comprehensive income, statement of cash flows 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 management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

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

b) In our opinion:

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

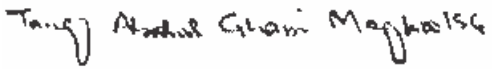
(II) the expenditure incurred during the year was for the purpose of the Company's business; and

(III) the business conducted, investments made and the expenditure incurred during year were in accordance with the object of the company.

c) In our opinion and to the best of our information and according to the explanation given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity balance together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, total comprehensive income, 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 Usher Ordinance, 1980 (XVIII 1980).

The financial statements of the company for the year ended June 30, 2016 were audited by another firm of chartered accountants who had expressed an unmodified opinion thereon through their report dated October 08, 2016.



Dated: October 05, 2017
Lahore

Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants
Engagement Partner: Malik Haroon Ahmad (FCA)

Downloaded from: www.OpenDoors.Pk

BALANCE SHEET
As at June 30, 2017

	Note	2017 Rupees	2016 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 16,000,000 (2016: 16,000,000) ordinary shares of Rs. 10 each		**160,000,000**	160,000,000
Issued, subscribed and paid up capital	4	**68,040,000**	68,040,000
Share deposit money	5	**61,923,044**	61,923,044
Reserves	6	**25,591,623**	22,682,680
Accumulated loss		**(131,191,722)**	(134,549,853)
Total Equity		**24,362,945**	18,095,871
Surplus on Revaluation of Property, Plant and Equipment	7	**82,180,724**	83,810,126
Non Current Liabilities			
Deferred liabilities	8	**44,295,050**	44,335,297
Current Liabilities			
Trade and other payables	9	**48,576,893**	52,242,764
Accrued mark up	10	**3,585,447**	7,770,541
Short term borrowings	11	**96,390,000**	89,210,000
Due to related parties	12	**13,835,038**	3,405,189
Provision for taxation	13	**2,388,697**	2,152,292
Total Current Liabilities		**164,776,075**	154,780,786
Liabilities directly associated with non-current assets classified as held for sale	14	**21,775,000**	3,775,000
CONTINGENCIES AND COMMITMENTS	15		
		337,389,794	304,797,080

CHIEF EXECUTIVE

Downloaded from: www.OpenDoors.Pk

BALANCE SHEET
As at June 30, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	16	**91,938,309**	102,992,790
Long term investments	17	**17,500,970**	14,592,027
Long term deposits	18	**4,017,719**	3,906,290
Total Non-current Assets		**113,456,998**	121,491,107
Current Assets			
Stores and spares	19	**9,167,536**	8,849,653
Stock in trade	20	**93,135,308**	88,268,365
Trade debts	21	**36,112,507**	29,045,551
Advances, deposits, prepayments and other receivables	22	**29,576,412**	19,885,041
Tax refund due from Government	23	**18,229,844**	18,144,442
Due from associates	24	**6,616,246**	9,402,081
Cash and bank balances	25	**3,273,831**	2,994,728
Total Current Assets		**196,111,684**	176,589,861
Non-current assets classified as held for sale	26	**27,821,112**	6,716,112
		337,389,794	304,797,080

The annexed notes from 1 to 46 form an integral part of these financial statements.

DIRECTOR

Downloaded from: www.OpenDoors.Pk

Profit And Loss Account

For The Year Ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
Revenue	27	**231,100,822**	208,472,967
Cost of sales	28	**(189,479,714)**	(178,918,706)
Gross Profit		**41,621,108**	29,554,261
Operating expenses			
- Selling and distribution costs	29	**(15,651,317)**	(14,278,636)
- Administrative expenses	30	**(16,956,066)**	(18,081,268)
- Other operating expenses	31	**(693,881)**	(1,569,716)
		(33,301,264)	(33,929,620)
Operating Profit/ (Loss)		**8,319,844**	(4,375,359)
Finance cost	32	**(6,502,900)**	(6,490,293)
Other income	33	**2,691,683**	3,455,926
		(3,811,217)	(3,034,367)
Profit / (Loss) before Taxation		**4,508,627**	(7,409,726)
Taxation	34	**(2,388,697)**	(2,223,206)
Profit / (Loss) for the year before disposal of "Assets Held for Sale"		**2,119,930**	(9,632,932)
Gain on disposal of asset		**-**	1,431,666
Net Profit / (Loss) for the Year		**2,119,930**	(8,201,266)
Earnings per Share - Before Gain on Disposal of "Assets Held for Sale"			
Basic	36	**0.31**	(1.42)
Dilutive	36	**0.16**	(0.74)
Earnings per Share - Gain on Disposal of Asset			
Basic	36	**-**	0.21
Dilutive	36	**-**	0.11

The annexed notes from 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Downloaded from: www.OpenDoors.Pk

Statement Of Comprehensive Income

For The Year Ended June 30, 2017

	2017	2016
	Rupees	Rupees
Net Profit / (loss) for the Year	**2,119,930**	(9,632,931)
Other Comprehensive Income		
Items that will not be reclassified to profit and loss		
Unrecognized actuarial gain/ (loss) due to experience adjustment on remeasurement of staff retirement benefits	**(391,201)**	9,277
Items that may be reclassified subsequently to profit and loss		
Surplus on remeasurement of investment available for sale	**2,908,943**	4,391,814
Other comprehensive income for the year	**2,517,742**	4,401,091
Total Comprehensive income / (loss) for the Year	**4,637,672**	(5,231,840)

The annexed notes from 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Downloaded from: www.OpenDoors.Pk

Statement Of Changes In Equity

For The Year Ended June 30, 2017

Particulars	Share Capital	Share Deposit Money	Reserves				Accumulated Loss	Total
			Capital Reserve	Investment Revaluation Reserve	Revenue Reserve	Total		
	---------- Rupees ----------							
Balance as at June 30, 2015	68,040,000	61,923,044	2,274,287	9,016,579	7,000,000	18,290,866	(132,669,964)	15,583,946
Comprehensive income / (loss) for the year								
Net loss for the year	-	-	-	-	-	-	(8,201,266)	(8,201,266)
Other comprehensive income for the year	-	-	-	4,391,814	-	4,391,814	9,277	4,401,091
Total comprehensive loss for the year	-	-	-	4,391,814	-	4,391,814	(8,191,989)	(3,800,175)
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	1,523,495	1,523,495
Surplus realized on disposal of land (Assets held for disposal)	-	-	-	-	-	-	4,788,605	4,788,605
Balance as at June 30, 2016	68,040,000	61,923,044	2,274,287	13,408,393	7,000,000	22,682,680	(134,549,853)	18,095,871
Balance as at June 30, 2016	**68,040,000**	**61,923,044**	**2,274,287**	**13,408,393**	**7,000,000**	**22,682,680**	**(134,549,853)**	**18,095,871**
Comprehensive income / (loss) for the year								
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**2,119,930**	**2,119,930**
Other comprehensive income for the year	**-**	**-**	**-**	**2,908,943**	**-**	**2,908,943**	**(391,201)**	**2,517,742**
Total comprehensive income for the year	**-**	**-**	**-**	**2,908,943**	**-**	**2,908,943**	**1,728,729**	**4,637,672**
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment	**-**	**-**	**-**	**-**	**-**	**-**	**1,414,934**	**1,414,934**
Surplus realized on disposal of land (Assets held for disposal)	**-**	**-**	**-**	**-**	**-**	**-**	**214,468**	**214,468**
Balance as at June 30, 2017	**68,040,000**	**61,923,044**	**2,274,287**	**16,317,336**	**7,000,000**	**25,591,623**	**(131,191,722)**	**24,362,945**

The annexed notes from 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Downloaded from: www.OpenDoors.Pk

Cash Flow Statement

For The Year Ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
Cash generated from operations	35	**6,279,836**	8,357,523
Income tax paid		**(2,767,826)**	(2,543,492)
Finance cost paid		**(10,687,994)**	(7,257,040)
Gratuity paid		**(5,026,329)**	(3,261,154)
		(18,482,149)	(13,061,686)
Net Cash used in operating activities		**(12,202,313)**	(4,704,163)
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment		**(14,394,207)**	(367,500)
Dividend income		**675,623**	675,623
Proceeds from disposal of property, plant and equipment		**1,020,000**	966,040
Advance against asset held for sale		**18,000,000**	-
Proceeds from disposal of asset held for sale		**-**	4,855,555
Net Cash generated from Investing Activities		**5,301,416**	6,129,718
CASH FLOWS FROM FINANCING ACTIVITIES			
Share deposit money		**-**	-
Short term borrowings		**7,180,000**	(1,137,000)
Net Cash generated from / (used in) Financing Activities		**7,180,000**	(1,137,000)
Net Increase in Cash and Cash Equivalents		**279,103**	288,555
Cash and cash equivalents at the beginning of the year		**2,994,728**	2,706,173
Cash and Cash Equivalents at the End of the Year		**3,273,831**	2,994,728

The annexed notes from 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

1 THE COMPANY AND ITS OPERATIONS

Hala Enterprises Limited ("the Company") was incorporated as a Private Limited Company and was subsequently converted into a public limited company. The registered office of the Company is located at 17.5 KM Sheikhupura Road, Lahore and its shares are listed on Pakistan Stock Exchange Limited. The Company is primarily engaged in manufacturing and sale of terry towels, kitchen towels and terry cloth.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except to the extent of the following:

Employee retirement benefits (Gratuity)	Present value
Certain property plant and equipment	Revalued / Fair value
Investment in quoted companies	Fair value

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

2.4 Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, incomes and expenses. These estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. The revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are as under:

2.4.1 Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the management's estimates might affect the carrying amount of respective items of property, plant and equipment, with a corresponding effect on depreciation charge and impairment.

2.4.2 Doubtful receivables

The Company records its trade and other receivables after deducting appropriate provisioning using its prudence and experience. This estimate is subjective in nature. Recoveries of amounts already provided and/or the need of further provisioning cannot be determined with precision.

2.4.3 Employees' retirement benefits

The Company has recorded its employees' retirement benefits at present value using actuarial assumptions regarding increase in salaries in subsequent years, remaining working lives of employees and an estimate of discount rates. Change in actuarial assumptions over the period of time may affect the present value of post-employment benefits payable and the charge for such liability accounted for in any given period.

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

2.4.4 Inventories

The Company has recorded its inventories using lower of cost and net realizable value. Valuation of the inventory is reviewed at regular intervals for determination of possible impairment, if any. Any possible impairment may change the future value of inventories.

2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

New / Revised Standards, Interpretations and Amendments which became effective during the year

During the year certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation were either not relevant to the Company's operations or were not expected to have any significant impact on the Company's financial statements.

Improvements to Accounting Standards issued by the IASB

- IFRS 14 -Regulatory Deferral Accounts
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Annual Improvements 2012-2014 Cycle contain amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.
- Disclosure Initiative (Amendments to IAS 1)
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations are not likely to have any effect on the financial statements.

2.5.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective:

The following amendments and interpretations with respect to the approved accounting standards as applicable in

Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		**Effective date (annual periods Beginning on or after)**
IAS 7	Disclosure Initiative - (Amendments)	01 January 2017
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses - (Amendments)	01 January 2017
IFRS 15	Revenue from Contracts with Customers	01 January 2018
IFRS 9	Financial Instruments	01 January 2018
IFRS 2	Classification and Measurement of Share-based Payment Transactions - (Amendments)	01 January 2018
IFRS 16	Leases	01 January 2019

The management anticipates that, adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments: Classification and Measurement
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

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

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources shall be required to settle the obligation and the amount has been reliably estimated. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.2 Staff retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme covering its permanent employees. Employees are eligible for benefits under this scheme after completion of six months of continuous service. The benefit is calculated on the basis of number of completed years of service and last drawn gross salary.

3.3 Taxation

3.3.1 Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available, if any or minimum taxation at the rate of one percentage of the turnover whichever is higher. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

3.3.2 Deferred

Deferred taxation has not been provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amount for financial reporting purposes. In this regard the effects on deferred taxation of the portion of income subject to final tax regime is considered in accordance with the requirement of "Technical Release - 27 " of the Institute of Chartered Accountants of Pakistan.

3.4 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.5 Property, plant and equipment

Owned

Property, plant and equipment are stated at revalued amount / cost less accumulated depreciation and identified impairment losses, if any, except freehold land which is stated at revalued amount. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of assets do not differ materially from their fair values. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and any identified impairment loss.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost in relation to certain assets also includes cost of borrowing during construction period in respect of loans taken for specific projects.

The management reviews the market value of revalued assets at each balance sheet date to ascertain whether the fair value of revalued assets have differed materially from the carrying value of such assets, thus necessitating further revaluation.

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

Depreciation on property, plant and equipment, except freehold land, is charged to profit and loss account using reducing balance method so as to write off the cost or revalued amount of an asset over its estimated useful life. Incremental depreciation representing the difference between actual depreciation based on revalued carrying amount of the asset and equivalent depreciation based on the original carrying amount of the asset is transferred to equity from surplus on revaluation of property, plant and equipment.

Depreciation on additions is charged from the day on which the assets are available for use while no depreciation is charged from the day on which the assets are disposed off. Rates of depreciation are disclosed in Note 16.

Depreciation method, residual value and useful lives of assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalised. Gains or losses on disposal of property, plant and equipment are included in the current year's income.

Increases in the carrying amounts arising due to revaluation are credited to revaluation surplus on property, plant and equipment. Decreases that offset previous increases of any other fixed asset of the Company are debited against revaluation surplus directly in equity. All other decreases are charged to the profit and loss account.

3.5.2 Leased

The Company accounts for assets acquired under finance lease by recording assets and related liabilities. Principal values are determined on the basis of discounted value of total minimum lease payments to be paid by the Company. Finance costs are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liabilities.

Depreciation is charged using the reducing balance method, at the same rates as applicable to owned assets, to write off the cost of assets over their estimated useful life.

3.5.3 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

3.6 Impairment of Assets

The Company assesses the carrying amount of assets at each balance sheet date to determine whether there is any indication of impairment loss. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in the profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit and loss account. Where an impairment loss is recognised, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

3.7 Investments

In associated undertakings

Investments in associates are accounted for using the equity method. This method is applied from the date when significant influence is established until the date when that significant influence ceases. Investments in associates other than those described above are classified as "Available for Sale".

Other investments

Investments are initially recognized at cost, comprising the consideration paid and cost of transaction except in the case of investment at fair value through profit or loss where transaction costs are charged to the profit and loss account when incurred. For listed securities, closing quotations of stock exchanges on the last working day of the accounting year are considered for determining the fair value, while for unquoted securities, cost is considered as the fair value of securities.

The classification is made on the basis of intended purpose for holding such investments. These are measured at the balance sheet date as under:

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

Available for sale

These are stated at fair value and changes in carrying value are recognized in equity until the investment is sold or determined to be impaired at which time the accumulated gain or loss previously recognized in equity is included in the profit and loss account.

At fair value through profit or loss

These are securities which are acquired for the purpose of generating profit from short-term fluctuations in market price or dealer's margin, securities in a portfolio in which a pattern of short term profit taking exists or derivatives other than those held as hedging instruments.

Held to maturity

These are stated at amortized cost less impairment loss, if any, recognized to reflect irrecoverable amounts. Impairment loss is charged to the profit and loss account.

3.8 Stores and spares

Stores and spares are valued at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision is made for obsolete and slow moving stores and spares based on management estimate.

3.9 Stock in trade

These are valued at lower of cost and net realizable value and the cost is determined by using the following basis:

Raw materials	-	At average cost
Work in process	-	At estimated average manufacturing cost
Finished goods	-	Average manufacturing cost

Manufacturing cost in relation to work-in-process and finished goods comprises cost of materials, labour and appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale. If the net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

3.10 Trade debts

Trade debts are recognised initially at original invoice amount less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognised in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

3.11 Cash and cash equivalents

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

3.12 Non-current assets (or disposal group) classified as held for sale

Non-current assets (or disposal group) are classified as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets (or disposal groups) are measured at the lower of their carrying amount and fair value less cost to sell. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

3.13 Financial instruments

3.13.1 Financial assets

The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at the time of initial recognition. The Company classifies its financial assets in the following categories:

At fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or 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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise advances, deposits and other receivables in the balance sheet.

Held to maturity

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

Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless the management intends to dispose off the investments within twelve months from the balance sheet date, in which case these 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 recognized 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 the effective interest method is recognized in the profit and loss account. Dividends on available-for sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

Measurement criteria

All financial assets are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized at trade date that is the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized 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 or loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortized 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 derecognized 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.

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

3.13.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in respective carrying amounts is recognized in the profit and loss account.

3.13.3 Offsetting

Financial assets and financial liabilities and tax assets and tax liabilities are set off in the balance sheet, only when the Company has a legally enforceable right to set off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.14 Foreign currency translation

All monetary assets and liabilities in foreign currencies are translated into Pak rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak rupees at exchange rates prevailing at the date of transaction. Exchange gains and losses are included in the profit and loss account.

3.15 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and its related parties or between two or more segments of the Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is not the interest of the Company to do so.

3.16 Revenue recognition

- Local sales are recorded on dispatch of goods to customers.
- Export sales are recorded at the time of receipt of bill of lading.
- Dividends on equity investments are recognized as income when the Company's right to receive the dividends is established.
- Revenue from processing income is recognized when processing services are rendered.
- Duty draw back and export rebates are recognized as income when bill of lading of related export sales are received.
- Return on bank deposits is recognized using the effective interest method.
- Income from Lease rentals and interest charged to related parties are recognized on an accrual basis.

3.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

3.18 Contingent liabilities

Contingent liability is disclosed when there is a possible obligation that arises from 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.

A contingent liability is also disclosed when there is present 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 the obligation cannot be measured with sufficient reliability.

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

3.19 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of the asset until such time as the asset is substantially ready for its intended use or sale.

3.20 Dividend and other appropriations

Dividend to the shareholders is recognized in the period in which it is declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017	2016		**2017**	2016
Number of shares			**Rupees**	Rupees
2,336,920	2,336,920	Ordinary shares of Rs. 10 each fully paid in cash	**23,369,200**	23,369,200
1,443,080	1,443,080	Ordinary shares of Rs. 10 each issued as bonus shares	**14,430,800**	14,430,800
3,024,000	3,024,000	Ordinary shares of Rs. 10 each issued otherwise than right issue	**30,240,000**	30,240,000
6,804,000	6,804,000		**68,040,000**	68,040,000

4.1 Ordinary shares of the Company held by associated companies as at the year end are as follows:

	----------Number of shares---------	
Teejay Corporation (Private) Limited	**3,139,393**	3,139,393
Premier Garments Limited	**40,000**	40,000
	3,179,393	3,179,393

4.2 Reconciliation of the number of shares outstanding as at the beginning and at the end of the year is as under:

Opening shares	**6,804,000**	6,804,000
Issued / cancelled during the year	**-**	-
Closing shares	**6,804,000**	6,804,000

4.3 The Company convened an Extraordinary General Meeting on July 9, 2015 and resolved to enhance its authorized share capital from Rs. 80 million to Rs. 160 million and issue 6,192,304 shares against the share deposit money (refer to Note 5). These shares shall be offered, otherwise than right, to the directors and associate at par or such price as determined by the SECP, after seeking necessary approvals.

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

		Note	2017 Rupees	2016 Rupees
5	**SHARE DEPOSIT MONEY**			
	Directors	5.1	**53,923,044**	53,923,044
	Associate - Tee Jay Corporation (Private) Limited		**8,000,000**	8,000,000
			61,923,044	61,923,044
5.1	**Directors**			
	Mian Tahir Jahangir		**22,260,614**	22,260,614
	Mr. Jilani Jahangir		**25,417,430**	25,417,430
	Miss Munizae Jahangir		**6,245,000**	6,245,000
			53,923,044	53,923,044

5.2 Shaere deposit money represents amounts received from directors refer note 5.1 and associate for issuance of share as and when finalized by the Company after necessary approvals are accorded. The share deposit money has been contributed to support the liquidity position of the Company.

6	**RESERVES**			
	Capital reserve		**2,274,287**	2,274,287
	Investment revaluation reserve	6.1	**16,317,336**	13,408,393
	Revenue reserve		**7,000,000**	7,000,000
			25,591,623	22,682,680
6.1	**Movement in Investment revaluation reserve**			
	Opening balance		**13,408,393**	9,016,579
	Gain on investment available for sale-other comprehensive income		**2,908,943**	4,391,814
			16,317,336	13,408,393
	Closing balance			
7	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**			
	Land - freehold		**63,598,480**	68,387,085
	Buildings on freehold land		**12,350,364**	13,000,383
	Plant and machinery		**7,834,243**	8,704,715
	Fittings and installations		**27,039**	30,043
			83,810,126	90,122,226
	Surplus realized on disposal	7.1	(214,468)	(4,788,605)
	Incremental depreciation charged on revalued property, plant and equipment during the year transferred to retained earnings	7.2	**(1,414,934)**	(1,523,495)
			82,180,724	83,810,126

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
7.1 Surplus realized on disposal			
Non-crrunt assets classified as held for sale		**-**	4,788,605
Plant & Machinery		**214,468**	-
		214,468	4,788,605
7.2 Incremental depreciation			
Land - freehold		**-**	-
Buildings on freehold land		**617,518**	650,019
Plant and machinery		**794,712**	870,472
Fittings and installations		**2,704**	3,004
		1,414,934	**1,523,495**

7.3 Revaluation of property, plant and equipment was carried out by an independent valuer as at June 30, 1996 that was duly certified by an independent firm of Chartered Accountants. This resulted in revaluation surplus of Rs. 54.410 million. Depreciated replacement values were used for the revaluation of property, plant and equipment.

7.4 Latest revaluation of land, building and plant and machinery were carried out by an independent valuer on June 30, 2014 and that resulted in further revaluation surplus of Rs. 38.431 million. Following basis were used for revaluation

- Land — Present Market Value
- Building — Depreciated Market Value
- Plant and machinery — Depreciated Market Value

8 DEFERRED LIABILITIES			
Dividend payable to directors	8.1	**541,012**	541,012
Staff retirement benefits - unfunded	8.2	**43,754,038**	43,794,285
		44,295,050	44,335,297

8.1 Dividend payable to directors

This represents dividends that were payable to directors of the Company declared in 2006. Keeping in view the liquidity position of the Company, the directors have deferred the receipt of dividends.

8.2 Staff retirement benefits

This represents provision for gratuity for permanent employees and is based on length of service and last drawn gross salary. Latest actuarial valuation was carried out by TRT associates acturies & management consultants as at June 30, 2017. Results of actuarial valuation are as under:

8.2.1 Movement in net liability for staff retirement benefits

Opening balance		**43,794,285**	41,288,074
Charge for the year - Profit and loss account	8.2.2	**4,594,881**	5,776,642
Payments made / approved during the year		**(5,026,329)**	(3,261,154)
Remeasurement loss / (gain) recognized in other comprehensive income	8.2.3	**391,201**	(9,277)
Closing balance		**43,754,038**	43,794,285

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

	Note	2017 Rupees	2016 Rupees

8.2.2 Charge for the year

The amounts recognized in the profit and loss account against defined benefit scheme are as follows:

Current service cost	**1,602,000**	1,910,036
Interest cost	**2,992,881**	3,866,606
	4,594,881	5,776,642

8.2.3 Actuarial assumptions

Balance sheet liability and charge for the current year have been determined on the basis of following actuarial estimates provided by the actuary.

	Percentage	Percentage
Discount rate - per annum	**7.75%**	7.25%
Expected rate of increase in salary level - per annum	**6.75%**	6.25%
Average expected remaining working lifetime of employees	**8 years**	9 years
Average duration of liability	**6 years**	6 years
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Table	
Actuarial valuation method	Projected Unit Credit Method	

8.2.4 The Company does not have any plan assets covering its staff retirement benefits payable. The comparative statement of present value of defined benefit obligations is as under:

	2017 Rupees	2016 Rupees	2015 Rupees	2014 Rupees	2013 Rupees
Present value of defined benefit obligation	**43,754,038**	43,794,285	41,288,074	38,380,249	35,621,789
Fair value of plan asset	**-**	-	-	**-**	-
Net balance sheet liability	**43,754,038**	43,794,285	41,288,074	38,380,249	35,621,789

8.2.5 Year end sensitivity analysis on defined benefit obligation

Reasonably possible changes at the balance sheet date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

		Impact on defined benefit obligation	
	Change in assumption	**Increase in assumption**	Decrease in assumption
			Rupees
Discount rate	1%	**41,923,629**	45,815,461
Salary increase	1%	**45,815,461**	41,891,026

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

		Note	2017 Rupees	2016 Rupees
8.2.6	**The charge for the year has been allocated as follows:**			
	Cost of sales	28	**4,046,850**	4,905,902
	Administrative expenses	30	**548,031**	870,740
			4,594,881	5,776,642
9	**TRADE AND OTHER PAYABLES**			
	Creditors for:			
	- Goods		**20,657,754**	22,633,252
	- Services		**1,734,528**	2,058,920
	Machinery	9.1	**6,000,000**	6,000,000
	Accrued liabilities		**17,229,959**	15,759,446
	Advances from customers and others		**2,051,068**	4,897,176
	Unclaimed dividend		**892,493**	892,493
	Withholding tax payable		**11,091**	1,477
			48,576,893	52,242,764

9.1 An amount of Rs. 6 million (2016: Rs. 6 million) payable on account of machinery purchased in the year 2010 from a commercial vendor. The outstanding amount carries mark-up at 1 month KIBOR + 2.5% (2015: 1 month KIBOR + 2.5%). The amount was payable in 12 monthly installments; however, no payment has been made yet.

10	**ACCRUED MARK UP**			
	Short term borrowings from banking companies		**50,858**	753,626
	Due to related parties		**1,132,949**	2,540,125
	Others		**2,401,640**	4,476,790
			3,585,447	7,770,541
11	**SHORT TERM BORROWINGS**			
	Borrowings from banking companies - Secured			
	JS Bank Limited	11.1	**96,390,000**	5,300,000
	Faysal Bank Limited	11.2	**-**	83,910,000
			96,390,000	89,210,000
11.1	**JS Bank Limited**			
	Finance against foreign Bills	11.1.1	**12,480,000**	5,300,000
	Export refinance	11.1.2	**83,910,000**	-
			96,390,000	5,300,000

11.1.1 This represents utilized portion of short term borrowing facilities obtained from JS bank Limited with a limit of Rs. 25 million (2016: 25 million). The purpose of this facility is to finance export bills on cash against documents (CAD). This facility carries mark-up at 3 month KIBOR plus 2.25% per annum and payable before documents are released. This is secured against lien over export bills and security as mentioned in Note 11.1.2

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

11.1.2 This represents utilized portion of short term borrowing facilities obtained from JS Bank Limited with a limit of Rs. 84 million (2016: 84 million). The purpose of this facility is to finance exports of the company. This facility carries mark-up at SBP rate of refinance plus 1% per annum payable on quarterly basis subject to penalty of, 1% rate increased by given rate, in case of failure of payment. The credit facility of the Company will be expired on January 31, 2018. This is secured against first charge of Rs. 149 million over all present and future current and fixed assets of the company, equitable mortgage of factory's land (measuring 48 kanals 7 marlas, situated at Freozwala, District Sheikhupura) including building and plant and machinery equitable mortgage of residential property of a close relative of director (measuring 1,000 Sq. yards, situated at Nc 1-A, St. No 58, F-7, Islamabad personal guarantees of director and close relative of the director and pledge of 51,971 shares of M/s Punjab Oil Mills Limited owned by the Company.

		Note	2017 Rupees	2016 Rupees
11.2	**Faysal Bank Limited**			
	Export refinance	11.2.1	**-**	83,910,000

11.2.1 'This represents utilized portion of short term borrowing facilities obtained from Faysal Bank Limited with a limit of Rs. 84 million (2016: 84 million). These facilities carry mark-up at SBP pricing plus 1% or maximum spread allowed by SBP whichever is higher payable on quarterly basis. These facilities are secured against first charge of Rs. 134 million over present and future current assets of the Company, first charge of Rs. 152 million over present and future fixed assets (Land measuring 24 kanals 18 marlas and 23 kanals 09 marlas, situated at Freozwala, District Sheikhupura) of the Company, residential property of a director (measuring 18 kanals 18 marlas & 71 Sq.ft situated at H # 120 A-E/1 Hali Road, Gulberg-III, Lahore), residential property of a close relative of director (measuring 1,000 Sq. yards, situated at Nc 1-A, St. No 58, F-7, Islamabad), personal guarantees of director and close relative of director and lien over cash deposits/TDR of Rs. 1.47 million.

12	**DUE TO RELATED PARTIES - UNSECURED**		
	Mian Tahir Jahangir	**7,900,000**	-
	Mr Jillani Jahangir	**3,700,000**	-
	Premier Garments Limited (Associated Company)	**2,134,417**	3,173,402
	Punjab Oil Mills Limited (Associated Company)	**100,621**	231,787
		13,835,038	3,405,189

12.1 Due to related parties carry mark up @ 10% (2016: 10%) per annum.

13	**PROVISION FOR TAXATION**		
	Opening balance	**2,152,292**	2,273,773
	- Provision for the current year	**2,415,622**	2,152,292
	- Prior year adjustment	**(26,925)**	70,914
		4,540,989	4,496,979
	Payments / adjustments during the year	**(2,152,292)**	(2,344,687)
		2,388,697	2,152,292

13.1 Income tax assessments have been finalized upto the Assessment Year 2009-2010 (accounting year ending June 30, 2010). Assessments for the Tax Years 2010 onwards are deemed finalized under the self assessment scheme.

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

		Note	2017 Rupees	2016 Rupees
14	**ADVANCE AGAINST ASSETS HELD FOR DISPOSAL**			
	Advance against assets held for disposal	14.1	**21,775,000**	3,775,000

14.1 This represents amount received from a party as an advance against sale of land (refer to Note 26) Rs. 1.375 million have been adjusted against the transfer of asset held for disposal.

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 The Company-held shares of Premier Garments Limited have been pledged with Investment Corporation of Pakistan Limited as a security for grant of loan by Investment Corporation of Pakistan to Premier Garments Limited. In case of default by Premier Garments Limited to repay the loan, the Company may be liable to the Investment Corporation of Pakistan Limited to the extent of the value of shares so pledged. Provision for contingent loan has not been recorded as directors have agreed to reimburse any probable loss to the Company.

15.1.2 The Company-held shares of Punjan Oil Mills Limited have been pledged with JS bank as a security for grant of laon by JS bank to Hala Enterprises Limited. In case of default to repay the loan, the Company may be liable to the JS bank to the extent of the value of shares so pledged. Provision for contingent loan has not been recorded as directors have agreed to reimburse any probable loss to the Company.

15.2 Commitments

There are no material commitments outstanding as at the balance sheet date (2016: Nil).

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

16 PROPERTY, PLANT AND EQUIPMENT	Note	2017	2016
Operating fixed assets	16.1	91,938,309	102,992,790
Capital work in progress - at cost		-	-
		91,938,309	102,992,790

16.1 Operating fixed assets

Description	Freehold Land	Buildings on Freehold Land	Plant and Machinery	Furniture and Fixture	Fittings and electric Installations	Vehicles	Other Assets	Total
	----------Rupees----------							
Year Ended June 30, 2017								
Owned assets								
Cost / Revalued amount								
Balance as at July 01, 2016	58,455,000	20,892,000	29,497,000	5,286,757	919,975	3,350,006	594,660	**118,995,398**
Additions	-	238,703	13,863,989	15,000	151,515	125,000	-	**14,394,207**
Disposal	-	-	(850,000)	-	-	(1,799,000)	-	**(2,649,000)**
Transfered to assests held for sale	(21,105,000)	-	-	-	-	-	-	**(21,105,000)**
Balance as at June 30, 2017	**37,350,000**	**21,130,703**	**42,510,989**	**5,301,757**	**1,071,490**	**1,676,006**	**594,660**	**109,635,605**
Accumulated depreciation								
Balance as at July 01, 2016	-	2,036,970	5,557,967	4,167,234	808,074	3,014,387	417,976	**16,002,608**
Charge for the year	-	945,760	2,363,570	112,143	11,878	34,815	17,668	**3,485,834**
Disposals	-	-	(196,407)	-	-	(1,594,739)	-	**(1,791,146)**
Balance as at June 30, 2017	**-**	**2,982,730**	**7,725,130**	**4,279,377**	**819,952**	**1,454,463**	**435,644**	**17,697,296**
WDV as at June 30, 2017	**37,350,000**	**18,147,973**	**34,785,859**	**1,022,380**	**251,538**	**221,543**	**159,016**	**91,938,309**
Depreciation rates	0%	5%	10%	10%	10%	20%	10%	

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

Operating fixed assets

Description	Freehold Land	Buildings on Freehold Land	Plant and Machinery	Furniture and Fittings	Fittings and electric Installations	Vehicles	Other Assets	Total
	----------	----------	----------	Rupees	----------	----------	----------	----------
Year Ended June 30, 2016								
Owned assets								
Cost / Revalued amount								
Balance as at July 01, 2015	58,455,000	20,892,000	29,641,000	5,286,757	919,975	4,841,510	527,160	120,563,402
Additions	-	-	300,000	-	-	-	67,500	367,500
Disposal	-	-	(444,000)	-	-	(1,491,504)	-	(1,935,504)
Balance as at June 30, 2016	**58,455,000**	**20,892,000**	**29,497,000**	**5,286,757**	**919,975**	**3,350,006**	**594,660**	**118,995,398**
Accumulated depreciation								
Balance as at July 01, 2015	-	1,044,600	2,964,100	4,042,843	795,641	4,196,776	402,366	13,446,326
Charge for the year	-	992,370	2,678,227	124,391	12,433	128,947	15,610	3,951,978
Disposals	-	-	(84,360)	-	-	(1,311,336)	-	(1,395,696)
Balance as at June 30, 2016	**-**	**2,036,970**	**5,557,967**	**4,167,234**	**808,074**	**3,014,387**	**417,976**	**16,002,608**
WDV as at June 30, 2016	**58,455,000**	**18,855,030**	**23,939,033**	**1,119,523**	**111,901**	**335,619**	**176,684**	**102,992,790**
Depreciation rates		5%	10%	10%	10%	20%	10%	

16.1.1 Apportionment of depreciation charge for the year

Depreciation charge for the year has been apportioned as follows:

	Note	2017 Rupees	2016 Rupees
Cost of sales	28	**3,321,208**	3,683,030
Administrative expenses	30	**164,626**	268,948
		3,485,834	**3,951,978**

Depreciation charge is inclusive of incremental depreciation due to revaluation.

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

16.1.4 Disposal of property, plant and equipment

Detail of property, plant and equipment disposed off during the year is as follows:

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain on disposal	Buyer Name	Mode of Sale
	Rupees	Rupees	Rupees	Rupees	Rupees		
Assets with carrying value exceeding Rs. 50,000							
VEHICLE							
Toyota - Corolla LEF-07-9301	1,295,000	1,146,391	148,609	360,000	211,391	Khawaj Abdul Rashid	Negotiation
PLANT AND MACHINERY							
Bleacher Machine Dye Padder and Soaper	850,000	195,925	654,075	450,000	(204,075)	Mr. Muhammad Islam	Negotiation
Assets whose carrying amount is less than Rs. 50,000.	504,000	451,687	52,313	210,000	157,687	Sheikh Ijaaz Ahmed	Negotiation
Total 2017	**2,649,000**	**1,794,003**	**854,997**	**1,020,000**	**165,003**		
Total 2016	**1,935,504**	**1,395,696**	**539,808**	**966,040**	**426,232**		

16.1.5 No impairment related to operting fixed assets has been charged during the year.

16.1.6 Charge/ mortgage on fixed assets are disclosed in notes no. 11.1.2 and 11.2.1

16.1.7 Book value of revalued assets, had there been no revaluation

	2017 Rupees	2016 Rupees
Freehold land	**1,011,408**	1,582,915
Buildings on freehold land	**6,414,158**	6,504,666
Plant and machinery	**27,848,871**	16,104,790
Fittings and installations	**225,977**	84,862
	35,500,414	**24,277,233**

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements

		Note	2017 Rupees	2016 Rupees
17	**LONG TERM INVESTMENTS**			
	Investment in associates - Available for sale			
	Quoted			
	Punjab Oil Mills Limited:	17.1	**16,111,010**	13,876,257
	- 51,971 (2016: 51,971) fully paid ordinary shares of Rs. 10 each			
	- Market value per share is Rs. 310 (2016: Rs. 267)			
	- Cost Rs. 494,598 (2016: Rs. 494,598)			
	- Percentage of equity held 0.96% (2016: 0.96%)			
	Unquoted			
	Premier Garments Limited:	17.2	**-**	-
	- 950 (2016: 950) ordinary shares of Rs. 100 each			
	- Fair value per share is Rs. Nil (2016: Nil)			
	- Percentage of equity held 1.36% (2016: 1.36%)			-
	Tee Jay Corporation (Private) Limited:	17.3	**1,389,960**	715,770
	- 59,400 (2016: 59,400) ordinary shares of Rs.10 each			
	- Fair value per share is Rs. 23.40 (2016: Rs. 12.05)			
	- Percentage of equity held 3.96% (2016: 3.96%)			
			17,500,970	14,592,027

17.1 Investments available for sale are measured at fair values in accordance with IAS 39 (Financial Instruments: Recognition and Measurement). Quoted market value in an active market is considered as the fair value of the investment and the resulting difference between cost and fair value is shown as a separate component of equity. Investments that do not have a quoted market price in an active market and whose fair value cannot be measured reliably through observable market data, in that case fair value is measured using other valuation methods as described in IFRS - 13 (Fair value measurement).

17.2 Basing upon the latest available audited financial statements, for the year ended June 30, 2016, the management has revalued these using the break value per share of Premier Garments Limited. As a result of this revaluation, the entire amount of investment in Premier Garments Limited's shares has been impaired.

17.3 Basing upon the latest available audited financial statements, for the year ended June 30, 2016, the shares have been revalued using the break value basis. This has resulted in revaluation surplus of Rs. 674,190 (2016: Rs 121,770)

		2017 Rupees	2016 Rupees
18	**LONG TERM DEPOSITS**		
	Deposits against utilities	**3,777,646**	3,666,217
	Others	**240,073**	240,073
		4,017,719	3,906,290

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

		Note	2017 Rupees	2016 Rupees
19	**STORES AND SPARES**			
	Dyes and chemicals		**2,599,720**	2,342,715
	Packing materials		**1,942,641**	1,644,354
	Loom stores		**2,516,793**	2,345,092
	General Store		**2,108,382**	2,517,492
			9,167,536	8,849,653

19.1 No specific stores and spares were held for capital expenditure as at the balance sheet date.

20	**STOCK IN TRADE**			
	Raw materials		**20,907,953**	18,553,799
	Work in process		**35,895,352**	34,188,668
	Finished goods		**36,332,003**	35,525,898
			93,135,308	88,268,365
21	**TRADE DEBTS**			
	Foreign debts (Secured)		**36,076,767**	29,542,464
	Local debts (Unsecured)		**1,002,570**	469,917
			37,079,337	30,012,381
	Less: Provision for doubtful debts	21.1	**(966,830)**	(966,830)
			36,112,507	29,045,551

21.1 Trade debtors other than those against which provision has been made are considered good by the management.

21.2 Provision for doubtful debts

Opening balance	**966,830**	966,830
Provision made during the year	**-**	-
	966,830	966,830
Bad debts written off	**-**	-
Closing balance	**966,830**	966,830

21.3 There is no outstanding receivable from any related party as at the balance sheet date (2016: Nil).

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements

	Note	2017 Rupees	2016 Rupees
22 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good			
- Employees against salaries	22.1	**733,614**	676,153
- Employees for purchases		**99,854**	95,838
- Suppliers		**18,872,119**	12,653,658
Less: Provision for doubtful advances	22.2	**(987,683)**	(987,683)
		17,884,436	11,665,975
		18,717,904	12,437,966
Margin against export refinance account		**-**	30,001
Prepaid insurance		**432,673**	433,813
Duty draw back receivable		**8,414,932**	3,940,812
Custom rebate receivable		**1,461,799**	2,493,345
Mark up subsidy receivable		**549,104**	549,104
		10,858,508	7,447,075
		29,576,412	19,885,041

22.1 This includes an amount of Rs. 0.2 million (2016: Rs. 0.2 million) as advance against salary given to director of the Company.

22.2 Provision for doubtful advances

Opening balance	**987,683**	741,500
Provision made during the year	**-**	246,183
	987,683	987,683
Advances written off	**-**	-
Closing balance	**987,683**	987,683

23 TAX REFUND DUE FROM GOVERNMENT

Advance income tax	**7,306,227**	6,690,693
Sales tax and excise duty refundable	**10,923,617**	11,453,749
	18,229,844	18,144,442

24 DUE FROM ASSOCIATES

Unsecured - Considered good		
Tee jay corporation (private) limited	**6,616,246**	9,402,081
	6,616,246	9,402,081

24.1 Balance due from associated company carries mark up @ 10% (2016: 10%) per annum.

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

		Note	2017 Rupees	2016 Rupees
25	**CASH AND BANK BALANCES**			
	Cash in hand		**1,273,640**	1,271,022
	Cash at bank - in current accounts		**1,989,774**	1,714,000
	Cash at bank - in deposit accounts		**10,417**	9,706
			2,000,191	1,723,706
			3,273,831	2,994,728

25.1 The company is maintaining saving account with different banks with interest on the daily product basis which was carrying interest @6% to 7%. (2016 : @ 5% to 6%).

25.2 All bank accounts are maintained under conventional banking system.

26	**NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**			
	Non-current assets classified as held for sale	26.1	**27,821,112**	6,716,112

26.1 This includes land, measuring 9 kanal 12 marlas, siituated at 10 Km G.T. Road, Adayain Road, Rana Town and land, measuring 23 kanal 9 marlas, situated at 17.5 Km, Lahore - Sheikhupura Road.

The Company entered into an agreement to sell the land, measuring 9 kanal 12 marlas, in February 2011 and an advance on account of token payment was received which stands at Rs. 3.775 million (2016: 3.775 million). However, the agreement has been held pending as at the balance sheet date since payment cheques given by the intended buyer were not honoured on presentation. During the year ended June 30, 2016, the Company has transferred a piece of land measuring 2 kanals to buyer, against partial adjustment of his advance of Rs. 1.375 million.

Furthermore, in a separate transaction made with another party during the year ended June 30, 2016 for the same land, the Company has sold a piece of land measuring 4 kanal 17 marlas against immediate payment of Rs. 4.855 million.

The Company entered into an agreement to sell a piece land, measuring 23 kanal 09 marlas, in December 2016, an advance on account of token payment Rs. 1.5 million and further amount Rs 16.5 million were received during the year ended 2017 which stands at Rs. 18 million (2016: Nill). However, the agreement has been held pending as at the balance sheet date since no futhrer payment was made by buyer.

Subsequent to the balance sheet date, no further land is sold to any of the party but the management is hopeful that the land will be sold in the next year. Consequently, this land has been classified as asset held for sale.

		2017 Rupees	2016 Rupees
27	**REVENUE**		
	Export sales	**216,251,798**	197,302,560
	Local sales	**8,187,314**	9,690,638
		224,439,112	206,993,198
	Export rebates	**2,054,392**	1,479,769
	Duty draw back	**4,607,318**	-
		6,661,710	1,479,769
		231,100,822	208,472,967

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

		Note	2017 Rupees	2016 Rupees
28	**COST OF SALES**			
	Raw materials consumed	28.1	**97,448,074**	90,307,864
	Salaries and wages (including all benefits)	28.2	**33,486,327**	32,251,296
	Fuel and power		**25,242,276**	23,616,620
	Stores, spares and chemicals consumed		**19,260,366**	17,933,945
	Packing materials		**6,679,721**	6,301,478
	Lease charges		**1,800,000**	2,400,000
	Processing charges		**4,169,303**	2,588,243
	Repairs and maintenance		**179,483**	489,701
	Insurance		**405,745**	495,986
	Depreciation	16.1.1	**3,321,208**	3,683,030
			191,992,503	180,068,163
	- Opening		**34,188,668**	35,022,656
	- Closing	20	**(35,895,352)**	(34,188,668)
			(1,706,684)	833,988
	Cost of goods manufactured		**190,285,819**	**180,902,151**
	Finished goods inventory:			
	- Opening		**35,525,898**	33,542,453
	- Closing	20	**(36,332,003)**	(35,525,898)
			(806,105)	(1,983,445)
			189,479,714	178,918,706
28.1	**Raw material consumed**			
	Opening stock		**18,553,799**	19,274,458
	Add: Yarn Purchases during the year		**99,802,228**	89,587,205
	Less: Closing stock	20	**(20,907,953)**	(18,553,799)
			97,448,074	90,307,864

28.2 This includes Rs. 4.046 million (2016: Rs. 4.905 million) in respect of staff retirement benefits.

29	**SELLING AND DISTRIBUTION COSTS**			
	Commission on sales		**5,235,925**	4,381,565
	Sea freight		**2,378,058**	1,940,752
	Freight, octroi and cartage		**1,844,240**	1,923,204
	Clearing charges		**2,807,578**	2,939,487
	Travelling and conveyance		**430,800**	403,100
	Air freight		**1,358,725**	1,049,541
	Postage, telephone and telex		**921,111**	1,040,334
	Samples		**655,530**	537,562
	Insurance		**19,350**	63,091
			15,651,317	14,278,636

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

		Note	2017 Rupees	2016 Rupees
30	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration		**1,813,000**	1,930,520
	Salaries and wages (including all benefits)	30.1	**9,058,313**	8,192,680
	Fuel and power		**1,682,839**	1,690,171
	Vehicles running expenses		**1,023,410**	1,158,481
	Postage, telephone and telex		**971,382**	1,214,499
	Travelling and conveyance		**390,089**	755,016
	Rent, rates and taxes		**482,988**	1,092,053
	Printing and stationery		**319,407**	389,473
	Repairs and maintenance		**153,780**	375,203
	Legal and professional charges		**453,393**	533,113
	Insurance		**192,352**	91,982
	Advertisement		**86,275**	161,177
	Gardening expenses		**9,860**	26,140
	Books and periodicals		**28,471**	14,076
	Entertainment		**125,881**	187,736
	Depreciation	16.1.1	**164,626**	268,948
			16,956,066	18,081,268

30.1 This includes Rs. 0.548 million (2016: Rs. 0.870 million) in respect of staff retirement benefits.

31	**OTHER OPERATING EXPENSES**			
	Auditors' remuneration	31.1	**375,000**	375,000
	Provision for doubtful debts / advances		**-**	246,183
	Exchange loss		**318,881**	948,533
			693,881	1,569,716
31.1	Auditors' remuneration:			
	- Statutory audit		**300,000**	300,000
	- Half yearly review and attestations		**75,000**	75,000
			375,000	375,000
32	**FINANCE COST**			
	Short term borrowings from banking companies - net of subsidy		**2,996,968**	3,435,890
	Others		**524,850**	547,405
			3,521,818	3,983,295
	Bank charges		**1,885,373**	2,103,939
	Interest charged by related parties		**1,095,709**	403,059
			2,981,082	2,506,998
			6,502,900	6,490,293

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

		Note	2017 Rupees	2016 Rupees
33	**OTHER INCOME**			
	Lease rentals		**1,020,000**	960,000
	Dividend income		**675,623**	675,623
	Gain on disposal of property, plant and equipment		**162,146**	426,233
	Interest charged to related parties		**721,774**	1,394,070
	Profit on long term security deposit		**111,429**	-
	Profit on saving account		**711**	-
			2,691,683	3,455,926
34	**TAXATION**			
	Current			
	for the year		**2,415,622**	2,152,292
	for prior years		**(26,925)**	70,914
			2,388,697	2,223,206

34.1 The current tax provision represents tax on taxable income under final tax regime of Income Tax Ordinance, 2001. Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as provision for current year income tax has been made under tax on taxable income under final tax regime of Income Tax Ordinance, 2001

34.2 Company's income tax assessment has been finalized up to 2010.

35	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Profit / (Loss) before taxation		**4,508,627**	(7,409,726)
	Adjustments for:			
	- Depreciation		**3,485,834**	3,951,978
	- Provision for gratuity		**4,594,881**	5,776,642
	- Dividend income		**(675,623)**	(675,623)
	- Provision for doubtful debts / advances		**-**	246,183
	- Exchange loss		**318,881**	948,533
	- Gain on disposal of property, plant and equipment		**(162,146)**	(426,233)
	- Profit on long term security deposit		**(111,429)**	-
	- Finance cost		**6,502,900**	6,490,293
			13,953,298	16,311,773
	Operating profit before working capital changes		**18,461,925**	8,902,047
	(Increase) / decrease in current assets			
	- Stores and spares		**(317,883)**	620,710
	- Stock in trade		**(4,866,943)**	(428,798)
	- Trade debts		**(7,385,837)**	5,499,801
	- Advances, deposits, prepayments and other receivables		**(9,691,371)**	1,887,747
	- Sales tax refundable		**530,132**	(2,305,657)
	- Balances due from related parties / associates		**2,785,835**	8,703,411
	(Decrease) / increase in current liabilities			
	- Trade and other payables		**(3,665,871)**	(16,526,903)
	- Balances due to related parties / associates		**10,429,849**	2,005,165
			(12,182,089)	(544,524)
	Cash generated from operations		**6,279,836**	8,357,523

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

			2017	2016
36	**EARNINGS PER SHARE - BASIC AND DILUTIVE**			
	Basic EPS:			
	Profit / (Loss) for the year attributable to ordinary shareholders before disposal of "assets held for disposal"	Rupees	**2,119,930**	(9,632,932)
	Gain on disposal of asset	Rupees	**-**	1,431,666
	Weighted average number of ordinary shares in issue	Number	**6,804,000**	6,804,000
	Earnings per Share (Basic) - Before gain on disposal of "Assets held for disposal"	Rupees	**0.31**	(1.42)
	Earning per Share (Basic) - Gain on Disposal of Asset	Rupees	**-**	0.21
	Dilutive EPS:			
	Profit / (Loss) for the year attributable to ordinary shareholders before disposal of "assets held for disposal"	Rupees	**2,119,930**	(9,632,932)
	Gain on disposal of asset	Rupees	**-**	1,431,666
	Weighted average number of ordinary shares in issue	Number	**6,804,000**	6,804,000
	Weighted average number of potential ordinary shares	Number	**6,192,304**	6,192,304
	Weighted average number of total shares	Number	**12,996,304**	12,996,304
	Earnings per Share (Dilutive) - Before gain on disposal of "Assets held for disposal"	Rupees	**0.16**	(0.74)
	Earning per Share (Dilutive) - Gain on Disposal of Asset	Rupees	**0.00**	0.11

36.1 To calculate the dilutive earnings per share, the share deposit money has been considered as issued share capital for the purpose of dilution of earnings per share.

37 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2017			2016		
	Chief Executive Officer	**Executive Directors**	**Non-Executive Directors**	Chief Executive Officer	Executive Directors	Non-Executive Directors
	Rupees	**Rupees**	**Rupees**	Rupees	Rupees	Rupees
Managerial remuneration	**653,424**	**511,478**	**-**	653,424	597,852	-
House rent and utilities	**359,376**	**281,522**	**-**	359,376	312,668	-
Conveyance	**3,600**	**3,600**	**-**	3,600	3,600	-
	1,016,400	**796,600**	**-**	1,016,400	914,120	-
Number of persons	**1**	**1**	**5**	1	2	4

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

37.1 An executive is defined as an employee with basic salary of Rs. 500,000 or more per annum. No employee of the Company qualifies as an executive.

37.2 The Chief Executive Officer is provided with Company maintained car and reimbursement of residential telephone bills.

37.3 Executive Director is provided with Company maintained car.

37.4 Non-executive directors have not been paid any remuneration during the year.

38 TRANSACTIONS WITH RELATED PARTIES

Related parties and associates comprise associated companies/undertakings, directors of the Company and key management staff. Transactions with related parties and associates, other than remuneration and benefits to key management personnel under the term of their employment are as follows:

Related party	Relationship	Nature of transaction	2017	2016
			----------Rs 000 ----------	
Premier Garments Limited	Associated company	Interest charged by Associate	**(297)**	(368)
		Payments made for expenses	**(3,638)**	(2,936)
		Funds received	**872**	2,447
		Expenses charged to Associate - net	**(370)**	(263)
		Lease rental charged by Associate	**(1,800)**	(2,400)
Punjab Oil Mills Limited	Associated company	Interest charged by Associate	**(17)**	(35)
		Payments made	**(1,704)**	(1,624)
		Expenses charged by Associate - net	**(1,572)**	(1,578)
Tee Jay Corporation (Private) Limited	Associated company	Rendering of services	**3,057**	5,228
		Lease rental income	**1,020**	960
		Interest charged to Associate	**722**	1,394
		Payments made	**(12,817)**	(25,308)
		Funds received	**22,976**	60,535
		Expenses charged to Associate - net	**15,381**	24,241
		Balance transferred from directors	**4,090**	7,580
		Creditors / Debtors - net transferred	**4,484**	3,734
		Interest received	**1,600**	675
		Adjusted against loan of directors	**2,830**	1,275
		Purchase of yarn on behalf of Tee Jay Corporation (Pvt.) Limited	**-**	(5,415)
Directors	Associated persons	Balance transferred to Tee Jay Corporation (Private) Limited	**(2,830)**	(1,275)
		Payments made	**(11,026)**	(5,706)
		Funds received	**22,626**	6,981
		Reimbursement received against import of goods on behalf of director	**-**	3,675
		Interest charged by Associate persons	**(782)**	-

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

		2017	2016
		----------Rs 000 ----------	
Outstanding Balance at the year end			
Premier Garments Limited	Due to associated company	**2,134**	3,173
Punjab Oil Mills Limited	Due to associated company	**101**	232
Tee Jay Corporation (Private) Limited	Due from associated company	**6,616**	9,402
	Share deposit money	**8,000**	8,000
Directors and close relatives thereof	Share deposit money	**53,923**	53,923
	Accrued mark up	**1,133**	2,540
	Advance against Salary	**(200)**	(200)

39 FINANCIAL RISK MANAGEMENT

39.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and European Union Euro (EURO). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from foreign trade debtors. The Company manages its currency risk by close monitoring of currency markets. However, the Company does not hedge its currency risk exposure. The Company's exposure to currency risk during the year has been as under:

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

Trade debts - net exposure

The following significant exchange rates were applied during the year:

Rupees per US Dollar	**Rupees**
Average rate	**103.76**
Reporting date rate	**104.86**

Rupees per EURO

Average rate	**113.09**
Reporting date rate	**119.79**

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 1% against the USD & EURO with all other variables held constant, the impact on profit before taxation for the year would have been Rs. 0.347 million (2016: Rs. 0.286 million) respectively higher / lower, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents 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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk.

Sensitivity analysis

The investment of the Company classified as available for sale and at fair value through profit or loss would normally be affected due to fluctuation of equity prices in the stock exchange . In case of 10% (2016: 10%) increase / decrease in KSE 100 index on June 30, 2017, the net gain/(loss) for the year relating to securities classified as available for sale and other components of equity and net assets of the Company would increase / decrease by Rs 1.61 million (2016: Rs. 1.39 million) as a result of gains / losses on equity securities classified as available for sale.

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

Fair value hierarchy

Financial instruments carried at available for sale

Level 1 Quoted market prices
Level 2 Valuation techniques (market observable)
Level 3 Valuation techniques (non market observable)

The Company held following financial instruments measured at fair value:

	2017			
	Total	**Level 1**	**Level 2**	**Level 3**
	Rupees	Rupees	Rupees	Rupees
Financial assets - Available for sale investments				
- Punjab Oil Mills Limited	**16,111,010**	**16,111,010**	**-**	**-**
- Premier Garments Limited	**-**	**-**	**-**	**-**
- Tee Jay Corporation (Private) Limited	**1,389,960**	**-**	**-**	**1,389,960**
	17,500,970	**16,111,010**	**-**	**1,389,960**

	2016			
	Total	**Level 1**	**Level 2**	**Level 3**
	Rupees	Rupees	Rupees	Rupees
Financial assets - Available for sale investments				
- Punjab Oil Mills Limited	13,876,257	13,876,257	-	-
- Premier Garments Limited	-	-	-	-
- Tee Jay Corporation (Private) Limited	715,770	-	-	715,770
	14,592,027	13,876,257	-	715,770

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short term borrowings. As the borrowings are obtained at variable rates. These expose the Company to interest rate risk. At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments was as under:

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

	2017 Rupees	2016 Rupees
Floating rate instruments		
Financial liabilities		
Short term borrowings	**96,390,000**	89,210,000
Financial assets		
Bank balances - deposit accounts	**10,417**	9,706

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the balance sheet date, fluctuate by 1% higher / lower with all other variables held constant, loss before taxation for the year would have been Rs. 0.964 million (2016: Rs. 0.892 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at balance sheet dates were indicative of balances outstanding during the year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Long term investments	**17,500,970**	14,592,027
Long term deposits	**4,017,719**	3,906,290
Trade debts	**36,112,507**	29,045,551
Deposits and other receivables	**10,425,835**	7,013,262
Bank balances	**2,000,191**	1,723,706

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

	2017 Rupees	2016 Rupees
The aging of trade debts as at balance sheet date is as follows		
Past due 1 - 30 days	**31,639,285**	25,226,243
Past due 31 - 60 days	**2,641,432**	1,996,735
Past due 61 - 120 days	**1,022,594**	855,743
More than 120 days	**809,196**	966,830
	36,112,507	29,045,551

The credit risk on liquid funds is limited because the counter parties include banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and trade debts are subject to specific credit ceilings based on customer credit history.

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2017	2016
	Short term	Long term	Agency	Rupees	Rupees
Faysal Bank Limited	A1+	AA	PACRA	**1,698,409**	1,484,697
Askari Bank Limited	A1+	AA+	PACRA	**23,959**	10,936
The Bank of Punjab	A1+	AA	PACRA	**3,257**	3,257
Bank Al-falah Limited	A1+	AA+	PACRA	**1,371**	5,917
Soneri Bank Limited	A1+	AA-	PACRA	**1,682**	1,682
United Bank Limited	A-1+	AAA	JCR-VIS	**14,476**	14,476
NIB Bank Limited	A1+	AA-	PACRA	**2,534**	9,732
JS Bank Limited	A1+	AA-	PACRA	**237,263**	175,655
National Bank of Pakistan	A1+	AAA	PACRA	**-**	114
Industrial Development Bank of Pakistan	N/A	N/A		**17,240**	17,240
				2,000,191	1,723,706

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through committed credit facilities. Following are the contractual maturities of financial liabilities, including interest payments.

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

Contractual maturities of financial liabilities as at June 30, 2017

	Carrying Amount	Contractual cash flows	Within 1 Year	Within 2-5 Years	Within 2-5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	**39,622,241**	**39,622,241**	**39,622,241**	**-**	**-**
Accrued mark-up	**3,585,447**	**6,582,415**	**6,582,415**	**-**	**-**
Short term borrowings	**96,390,000**	**96,390,000**	**96,390,000**	**-**	**-**
Due to related parties	**13,835,038**	**15,218,542**	**15,218,542**	**-**	**-**
	153,432,726	**157,813,198**	**157,813,198**	**-**	**-**

Contractual maturities of financial liabilities as at June 30, 2016

	Carrying Amount	Contractual cash flows	Within 1 Year	Within 2-5 Years	Within 2-5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	46,451,618	46,451,618	46,451,618	-	-
Accrued mark-up	7,770,541	7,770,541	7,770,541	-	-
Short term borrowings	89,210,000	92,645,890	92,645,890	-	-
Due to related parties	3,405,189	3,745,708	3,745,708	-	-
	146,837,348	150,613,757	150,613,757	-	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in relevant notes to these financial statements.

39.2 Financial instruments by categories

Financial instruments as at June 30, 2017

	Cash and Cash Equivalents	Deposit and receivables	Available for sale	Available for sale
	Rupees	Rupees	Rupees	Rupees
Assets as per balance sheet				
Long term investments	**-**	**-**	**17,500,970**	**17,500,970**
Long term deposits	**-**	**4,017,719**	**-**	**4,017,719**
Trade debts	**-**	**36,112,507**	**-**	**36,112,507**
Deposits and other receivable	**-**	**10,425,835**	**-**	**10,425,835**
Cash and bank balances	**3,273,831**	**-**	**-**	**3,273,831**
	3,273,831	**50,556,061**	**17,500,970**	**71,330,862**

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

	Other liabilities	Total
	Rupees	Rupees
Liabilities as per balance sheet		
Trade and other payables	**39,622,241**	**39,622,241**
Accrued mark-up	**3,585,447**	**3,585,447**
Short term borrowings	**96,390,000**	**96,390,000**
Due to related parties	**13,835,038**	**13,835,038**
	153,432,726	**153,432,726**

Financial instruments as at June 30, 2016

	Cash and Cash Equivalents	Deposit and receivables	Available for sale	Total
	Rupees	Rupees	Rupees	Rupees
Assets as per balance sheet				
Long term investments	-	-	14,592,027	14,592,027
Long term deposits	-	3,906,290	-	3,906,290
Trade debts	-	29,045,551	-	29,045,551
Deposits and other receivable	-	7,013,262	-	7,013,262
Cash and bank balances	2,994,728	-	-	2,994,728
	2,994,728	39,965,103	14,592,027	57,551,858

	Liabilities	Total
	Rupees	Rupees
Liabilities as per balance sheet		
Trade and other payables	46,451,618	46,451,618
Accrued mark-up	7,770,541	7,770,541
Short term borrowings	89,210,000	89,210,000
Due to related parties	3,405,189	3,405,189
	146,837,348	146,837,348

39.3 Fair values of financial assets and liabilities

Carrying values of all financial assets and liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

40 CAPITAL RISK MANAGEMENT

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchasing shares, if possible, selling surplus property, plant and equipment without affecting the optimal production and operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with others in the industry practices, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings. Total capital employed is calculated as equity as shown in the balance sheet plus net debt. As at the balance sheet date, the gearing ratio of the Company was worked out as under:

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

	2017 Rupees	2016 Rupees
Borrowings	**96,390,000**	89,210,000
Cash and bank balances	**(3,273,831)**	(2,994,728)
Net debt	**93,116,169**	86,215,272
Equity	**24,262,945**	18,095,870
Total capital employed	**117,479,114**	104,311,142
Gearing ratio	**79.26%**	82.65%

41 SEGMENT INFORMATION

For management purposes, the activities of the Company are recognized into one operating segment, i.e. manufacturing and sales of towel. The Company operates in the said reportable operating segment based on the nature of the product, risk and return, organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in these financial statements relate to the Company's only one reportable segment. Company-wide disclosures regarding the reportable segments are as follows:

	2017 Percentage	2016 Percentage
Information about productswise revenue:		
- Terry towel	**91.44%**	98.69%
Information about areawise revenue:		
- Export sales	**96.35%**	**95.32%**
- Local sales	**3.65%**	**4.68%**
Major customers:		
- 4 customers (2016: 7 customers)	**60.73%**	78.72%
Revenue from external customers attributed to foreign countries	**96%**	95%

All non-current assets of the Company are located in Pakistan as at the reporting date.

42 PLANT CAPACITY AND ACTUAL PRODUCTION

	Number	Number
No. of looms installed and worked (including looms obtained on lease)	**86**	94
Standard production of looms worked (Kilograms)	**549,400**	517,000
Actual production (Kilograms)	**330,932**	310,237

Reasons for shortfall

Reasons attributable to under-utilization of optimal production capacity are mainly the shortage of gas and power as well as change in design and quality resulting in an increase in weaving time etc.

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements
For The Year Ended June 30, 2017

43 NUMBER OF EMPLOYEES

	2017		
	Head office	Mills	Total
	Number	Number	Number
Employees as at June 30, 2017	**12**	**156**	**168**
Average employees during the year	**12**	**179**	**191**

	2016		
	Head office	Mills	Total
	Number	Number	Number
Employees as at June 30, 2016	12	230	242
Average employees during the year	14	261	275

44 PROVIDENT FUND

The Company has not maintained any provident scheme for its employees.

45 CORRESPONDING FIGURES

Reclassification from component	Reclassification to component	Rupees
Advances, deposits, prepayments and other receivables	Tax refund due from government	**6,690,693**
Property, plant and equipment	Non-current assets classified as held for sale	**21,105,000**
Long term financing from directors	Due to related parties	**864,861**
Trade and other payables	**Trade and other payables**	
Creditors for goods	Creditor for Machinery	**6,000,000**
Revenue	**Revenue**	
Processing income	Local Sales	**1,251,000**
Administrative expenses	**Administrative expenses**	
Directors' remuneration	Salaries and wages (including all benefits)	**156,333**

46 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue on October 5, 2017 by the Board of Directors of the Company.

47 GENERAL

Figures have been rounded off to the nearest pakistani rupees.

CHIEF EXECUTIVE **DIRECTOR**

Downloaded from: www.OpenDoors.Pk

Pattern Of Shareholding

As At June 30, 2017

No. of Shareholders	shareholding From	To	Total Shares Held
136	1	100	7,594
252	101	500	74,985
258	501	1,000	193,139
163	1,001	5,000	413,235
28	5,001	10,000	204,481
11	10,001	15,000	138,720
8	15,001	20,000	148,513
2	20,001	25,000	49,100
1	25,001	30,000	30,000
3	30,001	35,000	99,000
2	35,001	40,000	76,000
1	45,001	50,000	50,000
1	120,001	125,000	120,500
1	130,001	135,000	134,500
1	150,001	155,000	154,000
1	165,001	170,000	168,885
2	195,001	200,000	395,159
1	390,001	395,000	394,144
1	810,001	815,000	812,822
1	3,135,001	3,140,000	3,139,223
874			6,804,000

Classification of ordinary shares by Catergories as at June 30,2016

Categories of shareholders	Shares held	Percentage
Directors, Chief Executive Officers, and their spouse and minor childern	1,724,625	25.34
Associated Companies, undertakings and related parties.	3,179,393	46.73
NIT and ICP	19,895	0.29
Banks Development Financial Institutions, Non Banking Financial Institutions.	4,710	0.07
Insurance Companies	-	-
Modarabas and Mutual Funds	1,000	0.01
General Public	1,699,876	24.99
Others (to be specified)	-	-
Joint Stock Companies	174,501	2.57
Total	6,804,000	100.00

Downloaded from: www.OpenDoors.Pk

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

NAME AND CATEGORY WISE DETAILS IN ACCORDANCE WITH THE CCG 2016

Sr. No.	Name & Category of shareholders	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties			
1	M/S TEEJAY CORPORATION (PVT) LTD	3,139,393	46.14
2	M/S PREMIER GARMENTS LIMITED	40,000	0.59
Mutual Funds		-	-
Directors and their Spouse and Minor Children			
1	MR. TAHIR JAHANGIR	933,322	13.72
2	MISS MUNIZAE JAHANGIR	197,441	2.90
3	MRS SULEMA JAHANGIR	197,718	2.91
4	MR. JILANI JAHANGIR	394,144	5.79
5	SHEIKH IJAZ AHMAD	500	0.01
6	MR. ABDUL MUNAF	500	0.01
7	MR. RASHID AHMAD KHAN	1,000	0.01
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		5,710	0.08

Shareholders holding five percent or more voting intrest in the listed company

Sr. No.	Name & Category of shareholders	No. of Shares Held	Percentage
1	M/S TEEJAY CORPORATION (PVT) LTD	3,139,393	46.14
2	MR. TAHIR JAHANGIR	933,322	13.72
3	MR. JILANI JAHANGIR	394,144	5.79

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

Sr. No.	Name	SALE	PURCHASE

NIL

Downloaded from: www.OpenDoors.Pk

FORM OF PROXY

I/We _____

of_____ being a Member of **Hala Enterprises Limited** and holder(s) of

_____Ordinary Shares as per Share Register Folio No. _____

For beneficial owners as per CDC List

CDC Participant I.D. No. _____ Sub Account No. _____

CNIC No. ☐☐☐☐☐☐■☐☐☐☐☐☐☐■☐ Passport No. _____

hereby appoint Mr./Mrs./Miss._____of_____ an other member of the Company or failing him/her Miss/Mrs/ Mr. _____ of _____ another member of the Company as my / our proxy to attend and vote for me / us and my /our behalf at Annual General Meeting of the Company to be held on Tuesday, October 31, 2017, at 11:00 A.M. and at every adjournment thereof, if any.

Please affix Rupees Five Revenue Stamp

(Signature should agree with the specimen signature registered with the Company)

Signed this _____ day of _____ 2017

Signature of Shareholder _____

Signature of Proxy _____

1. **WITNESS**	2. **WITNESS**
Signature: _____	Signature: _____
Name: _____	Name: _____
Address: _____	Address: _____
_____	_____
CNIC No. ☐☐☐☐☐☐■☐☐☐☐☐☐☐■☐	CNIC No. ☐☐☐☐☐☐■☐☐☐☐☐☐☐■☐
or Passport No._____	or Passport No._____

Important:

1. This Proxy Form. duly completed and signed, must be received at above mentioned address the Registered Office of the Company, not less than 48 hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. For CDC Account Holders / Corporate Entities In addition to the above the following requirements have to be met

i. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy forms.

ii. The proxy shall produce his original CNIC or original passport at the time of the meeting.

iii. In case of a corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

Downloaded from: www.OpenDoors.Pk

AFFIX
CORRECT
POSTAGE

To:

The Company Secretary
Hala Enterprises Limited
17.5 Kilometers Sheikhupura Road,
Lahore

BOOK POST

Downloaded from: www.OpenDoors.Pk



Hala
Enterprises Limited

17.5 km Sheikhupura Road, Lahore - PK
Tel: + 92 (42) 3797 0130, 3797 0230
Fax: + 92 (42) 3797 0681
E-mail: corporate@halaenterprises.com
www.halaenterprises.com

BSCI

OEKO-TEX®
CONFIDENCE IN TEXTILES
STANDARD 100