



HALA ENTERPRISES LIMITED



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Vision

Hala Enterprises Limited strive to continue is 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.

Company Information

BOARD OF DIRECTORS

Mr. Tahir Jahangir	Chairman/Director
Mr. Jillani Jahangir	Chief Executive Officer (Certified Director)
Miss Munizae Jahangir	Non-Executive Director
Mrs. Sulema Jahangir	Non-Executive Director
Sh. Ijaz Ahmad	Non-Executive Director
Mr. Arshad Javed	Executive Director
Mr. Abdul Munaf	Executive Director

AUDIT COMMITTEE

Miss Munizae Jahangir	Chairman/Member
Mrs. Sulema Jahangir	Member
Sh. Ijaz Ahmad	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Arshad Javed	Chairman
Mr. Tahir Jahangir	Member
Mr. Jillani Jahangir	Member
Mr. Abdul Munaf	Member

CHIEF FINANCIAL OFFICER

Mr. Abdul Munaf

COMPANY SECRETARY

Muhammad Mushtaq Saeed Iqbal

HEAD OF INTERNAL AUDIT

Muhammad Mushtaq Saeed Iqbal

AUDITORS

M/s. Horwath Hussain Chaudhury & Co. Chartered Accountants

LEGAL ADVISORS

A.G.H.S Law Associates

BANKERS

Faysal Bank Limited
NIB Bank Limited
Askari Bank Limited

REGISTERED OFFICE/WORKS

Factory Premises, 17.5 KM Sheikhpura Road, Lahore
Tel: 042-37970130, 37970230
Fax: 042-37970681
Email: corporate@halaenterprises.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

Notice of Annual General Meeting

Notice is hereby given that the 41th Annual General Meeting of the Shareholders of **HALA ENTERPRISES LIMITED** will be held on Thursday, October 31, 2013 at 11:00 A.M. at Factory Premises, 17.5 KM Sheikhpura Road, Lahore the Registered Office of the Company, to transact the following business.

ORDINARY BUSINESS

1. To confirm minutes of Extra-Ordinary General Meeting held on December 10, 2012.
2. To receive and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2013 alongwith Directors and Auditors Reports thereon.
3. To appoint External Auditors of the Company for the year ending June 30, 2014 and to fix their remuneration. The retiring Auditors M/s Horwath Hussain Chaudhry & Co. Chartered Accountants being eligible for re-appointment.

SPECIAL BUSINESS

4. To consider, and if thought fit, to pass the following resolutions as a special resolutions with or with out modification, addition and deletion:

Increase in Authorized Capital

In order to facilitate further issue of ordinary shares otherwise than right at par, it is proposed to increase the authorized capital of the Company from Rs. 80 Million to Rs. 160 Million and to amend Memorandum & Articles of Association of the Company accordingly.

RESOLVED THAT the Authorized Capital of M/s Hala Enterprises Limited (the Company) be and is hereby increased from Rs. 80,000,000 (Rupees Eighty Million) divided into 8,000,000 (Eight Million) Ordinary Shares of Rs. 10/- each to Rs. 160,000,000 (Rupees One Hundred Sixty Million) divided into 16,000,000 (Sixteen Million) Ordinary Shares of Rs. 10/- each.

FURTHER RESOLVED THAT Clause V of the Memorandum of Association and Clause 4 of the Articles of Association of the Company be altered by substituting the figures and words Rs. 160,000,000 (Rupees One Hundred Sixty Million) divided into 16,000,000 (Sixteen Million) Ordinary Shares of Rs. 10/- each respectively.

FURTHER RESOLVED THAT Company Secretary be and is hereby authorized to complete all legal and corporate formalities in connection with the above resolution.

Issue of Ordinary Shares at par by way of otherwise than Right in accordance with the provision of Section 86(1) of the Companies Ordinance, 1984.

RESOLVED that the paid up Capital of the Company be increased by issuing upto 6,804,000 ordinary shares of Rs. 10/- each through otherwise than Right to the Directors (Mr. Tahir Jahangir and Mr. Jillani Jahangir)

and its associated company M/s Teejay Corporation (Private) Limited) in accordance with the provision of Section 86(1) of the Companies Ordinance, 1984, against their loans payable to them.

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 6,804,000 ordinary Shares of Rs. 10/- 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 92 of the Companies Ordinance, 1984.

FURTHER RESOLVED that the Chief Executive Officer and 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.

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

[A statement relating to the foregoing special business as required under Section 160(1)(b) of the Companies Ordinance, 1984, is being sent to the shareholders along with this notice].

By order of the Board

Lahore: October 09, 2013

(Muhammad Mushtaq Saeed Iqbal)
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 24, 2013 to October 31, 2013 (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.

Notice of Annual General 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 160(1)(b) OF THE COMPANIES ORDINANCE, 1984.

This Statement sets out the material facts concerning such special business in terms of Section 160(1)(b) of the Companies Ordinance, 1984, to be transacted at the Annual General Meeting to be held on October 31, 2013 at 11:00 A.M.

INCREASE IN AUTHORIZED CAPITAL

The present authorized capital of the Company is Rs. 80,000,000 (Rupees Eighty Million) divided into 8,000,000 (Eight Million) Ordinary Shares of Rs. 10/- each, the Board of Directors of the Company has recommended that authorized capital of the company be increased Rs. 160,000,000 (Rupees One Hundred Sixty Million) divided into 16,000,000 (Sixteen Million) Ordinary Shares of Rs. 10/- each, to meet the further capital requirements. The Board of Directors has also authorized to alter the Clause V of the Memorandum of the Association and Clause 4 of the Articles of Association of the Company to reflect the proposed increase in Authorized Capital of the Company.

ISSUANCE OF 69.12% i.e. 4,703,191 ORDINARY SHARES AT PAR U/S 86(1)

Members' approval is also sought for further issue of 69.12% i.e. 4,703,191 Ordinary Shares at Par under section 86(1) of the Companies Ordinance, 1984, for the purpose of strengthening equity & converting Interest Bearing Loans thereon of Directors (Mr. Tahir Jahangir , Mr. Jillani Jahangir , Miss Munizae Jahangir) and associated company M/s Tee jay Corporation (Private) Limited into equity in order to reduce the debt burden on the Company and improve the debt equity ratios and working capital ratios of the Company. This issue of shares as other than right to the directors of the company 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 will further strengthen the company effort to restructure its debts from syndicate. Furthermore, the loans extended by the Directors' where 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 condition, it is very difficult for the company to pay any amount to directors on account of loan or markup as company priority is to reduce/repay bank liabilities in order to save company from any financial default.

The Directors and TJC consented to take shares in question AT PAR 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.

Name of Directors & Associated Company	Share Money Deposit	Loan A/c (Rupees)	Long Term Loan A/c (Rupees)	Current A/c (Rupee)	Total Amount (Rupees)
Mr. Tahir Jahangir	5,000,000	12,393,100	2,102,514	-	19,495,614
Mr. Jillani Jahangir	8,000,000	5,291,300	-	-	13,291,300
Miss Munizae Jahangir	-	-	6,245,000	-	6,245,000
Teejay Corporation (Pvt) Limited	8,000,000	-	-	-	8,000,000
Total	21,000,000	17,684,400	8,347,514	-	47,031,914

2. Shareholding structure before and after issue of shares

Name of Directors & Associated Company	Share Money Deposit	% of Holding	Proposed Shares at PAR	Holding after issue	% of Holding
Mr. Tahir Jahangir	1,368,822	20.12	1,949,561	3,318,383	28.83
Mr. Jillani Jahangir	394,144	5,291,300	1,329,130	1,723,274	14.97
Miss Munizae Jahangir	197,441	-	624,500	821,941	7.14
Teejay Corporation (Pvt) Limited	3,326,893	-	800,000	4,126,893	35.86
Total	5,287,300	17,684,400	4,703,191	9,990,491	86.80

Shareholders Information

Company's Registered Office/Works

17.5 KM Sheikhpura 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 Exchanges

Hala Enterprises Limited is listed on:
Karachi Stock Exchange (G) Limited
Lahore Stock Exchange (G) Limited
Islamabad Stock Exchange (G) 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.

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.

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.

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 than 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.

Directors' Report

The Directors of the Company hereby present their Annual Report, together with the Company's Audited Annual Financial Statements for the year ended June 30, 2013. The Director's Report, prepared under Section 236 of the Companies Ordinance, 1984 and revised Code of Corporate Governance 2012 will be put forward to the members at the 41st Annual General Meeting of the Company to be held on October 31, 2013.

The financial year 2012-2013 has seen a lot of political turmoil in Pakistan, coupled with the ongoing energy crisis, which had been worsening continuously. Under these circumstances, cost of raw material inputs increased along with operational requirements. This was one of the main reasons for depleting the profits expected during the year. While the average sales prices steadily increased in anticipation of further cost hikes, the production levels we had hoped to target remained unachieved.

Due to these unfavourable circumstances, sales revenue for the year declined; however, the profit ratio remained favourable and improved from the previous period despite disruptions of energy supplies. Moreover, we have had a steady growth of upmarket products through the period and this helped us to achieve higher average sales prices. In addition to that, the Pak Rupee devaluation also played a useful role. At the same time, our asset turnover ratio remained healthy at 1.50 – which is one of the key indicators of buoyancy for a manufacturing firm. Through keeping our costs controlled, we have managed to survive this tumultuous period and have once again seen an increase of sales in the first quarter for the financial year 2013-2014; thereby resulting in improved profitability.

While the overall position for the year ended with an unsatisfactory result, there was an improvement from previous years compared – which is a positive sign that the company is heading towards a profitable start for the year 2013-2014. Quarterly figures ended are already indicating reasonable profits.

Financial and Operating Results

	2013	2012
	Rupees	Rupees
Operating Loss	(4,949,277)	(7,455,121)
Finance cost	(16,231,740)	(19,361,343)
Other operating expenses	(2,869,279)	(1,888,682)
Other operating income	857,957	4,162,689
Loss before taxation	(23,192,339)	24,542,457)
Taxation	(2,825,156)	(3,522,794)
Loss after taxation	(26,017,495)	28,065,251)
Earnings per Share Basic	(3.82)	(4.12)

Reason for Dividend/Bonus Shares not declared

The company suffered heavy losses during the financial year and was therefore unable to declare any dividends or bonus shares.

Corporate Affairs

The shareholders elected seven Directors of the Board for the tenure of next three years in their Extraordinary General Meeting held on December 21 2011.

Board Meetings

During the year under review, five meetings of the Board of Directors were held from July 01, 2012 to June 30, 2013. All written notice, of the Board Meetings, along with agenda and working papers, were circulated 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	5
2.	Mr. Jillani Jahangir	5
3.	Miss Munizae Jahangir	5
4.	Mrs. Sulema Jahangir	5
5.	Mr. Arshad Javed	4
6.	Sh. Ijaz Ahmad	5
7.	Mr. Abdul Munaf	5

Directors' Report

The leave of absence was granted to the members not attending the Board Meeting. 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 attended all meetings during the year June 30, 2013.

Audit Committee

The Board of Directors of the Company has set up 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, 2013, four (4) meetings were held. Attendance by each member was as under:

Sr. No.	Name of Members	Meetings Attended
2.	Miss Munizae Jahangir	Chairman 4
3.	Mrs. Sulema Jahangir	Member 4
4.	Sh. Ijaz Ahmad	Member 4

During the year under review the Members of the Committee were retired and the Audit Committee was re-constituted by the new Board in their meeting hold on December 31, 2011.

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.
- (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 four members including Chairman of the Committee.

Sr. No.	Name of Members
1.	Mr. Arshad Javed Chairman
2.	Mr. Tahir Jahangir Member
3.	Mr. Jillani Jahangir Member
4.	Mr. Abdul Munaf Member

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.

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

Directors' Report

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) Key operating and financial data of last six years has been given in the Annual Report.
- (viii) Information about outstanding taxes, duties, levies and charges is given in Notes to the Accounts.
- (ix) 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.
- (x) The value of investments in employee retirement funds based on the latest

audited Accounts as of 30 June, 2012 are as follows:

Gratuity Fund Rs. -- Million

- (xi) 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.
- (xii) A statement of the pattern of shareholding in the Company as at 30 June, 2013 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 "Code of Conduct for Directors and Employees" and approved by the Board of Directors in their Board Meeting held on October 09, 2012.

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.

Director Training Program

In compliance with the Code of Corporate Governance 2012, during the year under review one Director has attended Corporate Governance Leadership Skills (CGLS) Program of the Pakistan Institute of Corporate Governance (PICG) and obtained Certificate. One Director meets the criteria of exemption under the clause (xi) of the Code and is accordingly exempted from Directors' Training Program. In future, arrangements will also be made for other Directors for acquiring certification under the Directors Training Program.

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 Stock Exchanges in Pakistan

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

The statement of pattern of shareholding alongwith categories of shareholders of the company as at June 30, 2012, 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 Horwath Hussain Chaudhury & Co., Chartered Accountants, Lahore, shall retire and being eligible, offer themselves for re-appointment for the year 2012-2013.

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

Place: Lahore

Dated: October 09, 2013

Statement of Compliance

with the Code of Corporate Governance for the year ended June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges 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
Non-Executive Directors	Miss Munizae Jahangir
	Mrs. Sulema Jahangir
	Sh. Ijaz Ahmad
Executive Directors	Mr. Tahir Jahangir
	Mr. Jillani Jahangir
	Mr. Arshad Javed
	Mr. Abdul Munaf
Independent	N/A

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).
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 NBFIs. None of the directors is a member of any of the Stock Exchanges.
4. No. casual vacancy occurred on the Board during the year.
5. The Company has prepared a "Code of Conduct for Directors and Employees" 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.
8. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, along with the agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In compliance with the Code of Corporate Governance 2012, during the year under review one Director attended the Corporate Governance Leadership Skills (CGLS) Program of the Pakistan Institute of Corporate Governance (PICG) and obtained the required Certificate. One Director meets the criteria of exemption under the clause (xi) of the Code and are accordingly exempted from the Directors' Training Program. Arrangements are being made for the remaining Directors to acquire the required certification under the Directors Training Program.
10. No new appointments of Chief Financial Officer and Company Secretary were made during the year. However the Board has approved appointment of the 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.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, all members are non-executive directors including Chairman of the Committee.
16. The meetings of the Audit Committee were held


at least once every quarter prior to the 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 a Human Resource and Remuneration Committee. It comprises of four (4) members, including Chairman of the Committee.
18. The Board has set up an effective Internal Audit function headed by an internal auditor who 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 the directors, employees and Stock Exchanges.
22. Material / price sensitive information has been disseminated among all market participants at once through Stock Exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board



Jilani Jahangir
Chief Executive Officer

Lahore: October 09, 2013

Key Financial Data Last Six Year

Particulars	2008	2009	2010	2011	2012	2013
Issued subscribed and paid up capital	37,800,000	37,800,000	37,800,000	68,040,000	68,040,000	68,040,000
Capital Reserve	9,992,155	10,595,733	10,162,528	10,858,493	11,534,636	11,534,636
Long term loan-secured	19,353,333	9,377,499	5,401,665	6,867,500	1,226,466	-
Deferred liabilities	37,894,022	41,010,924	44,442,153	48,102,691	49,814,480	51,610,618
Current liabilities	186,749,305	182,925,007	188,979,583	181,118,224	203,251,096	178,555,533
Operating fixed assets	115,264,587	109,261,441	114,144,295	107,807,590	101,437,823	92,695,692
Current assets	187,214,979	189,327,013	189,803,565	187,080,531	204,592,096	189,222,755
Sales	429,153,364	454,602,014	584,907,715	330,123,306	361,624,002	285,526,710
Gross profit	71,151,489	106,421,221	92,690,922	26,676,341	41,374,522	34,650,279
Operating (Loss) / Profit	5,257,943	35,732,609	21,656,864	(18,134,243)	(7,455,121)	(4,949,277)
(Loss) / Profit before taxation	(8,408,183)	13,588,205	7,249,705	(31,704,455)	(24,542,457)	(23,192,339)
(Loss) / Profit after taxation	(12,522,095)	9,196,775	1,572,805	(34,924,812)	(28,065,251)	(26,017,495)

Review Report to the Members

on Statement of Compliance with the Code of Corporate Governance for the year ended June 30, 2013

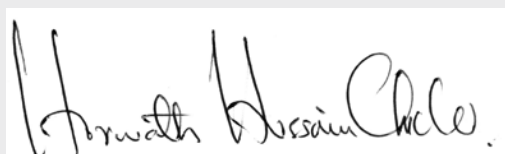
We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **HALA ENTERPRISES LIMITED**, to comply with the Listing Regulations of the Karachi Stock Exchange, the Lahore Stock Exchange and the Islamabad Stock Exchange, where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii) of Listing Regulations 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arms 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 of Corporate Governance as applicable to the Company for the year ended June 30, 2013



HORWATH HUSSAIN CHAUDHURY & CO.

Chartered Accountants

Lahore

Dated: October 09, 2013

(Engagement Partner: Muhammad Nasir Muneer)

Financial Statements

For the year ended June 30, 2013

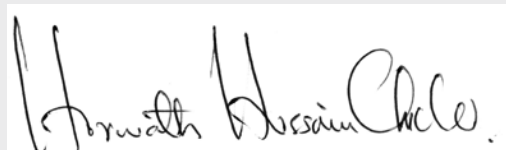
Auditors' Report to the Members

We have audited the annexed balance sheet of HALA ENTERPRISES LIMITED as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with 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 purpose 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 conduct 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 obtaining, 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 accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion;
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2013 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



HORWATH HUSSAIN CHAUDHURY & CO.

Chartered Accountants

Lahore

Dated: October 09, 2013

(Engagement Partner: Muhammad Nasir Muneer)

Balance Sheet


As at June 30, 2013

	Note	2013 Rupees	2012 Rupees
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized capital 8,000,000 (2011: 8,000,000) ordinary shares of Rs. 10 each		<u>80,000,000</u>	<u>80,000,000</u>
Issued, subscribed and paid up capital	6	68,040,000	68,040,000
Share deposit money	7	47,031,914	21,000,000
Reserves	8	12,079,812	11,534,636
Accumulated loss		<u>(122,112,478)</u>	<u>(96,971,302)</u>
		5,039,248	3,603,334
Surplus on Revaluation of Property, Plant and Equipment	9	54,150,924	55,027,243
Non Current Liabilities			
Long term financing	10	-	1,226,466
Deferred liabilities	11	51,610,618	49,814,480
		51,610,618	51,040,946
Current Liabilities			
Trade and other payables	13	72,423,249	72,275,665
Accrued mark up	14	10,022,388	5,764,240
Short term borrowings	15	89,200,729	88,955,710
Due to associated undertakings	16	4,084,011	25,327,782
Current and overdue portion of non current liabilities	17	-	7,404,905
Provision for taxation	18	2,825,156	3,522,794
		178,555,533	203,251,096
Contingencies and Commitments	19	-	-
		<u>289,356,323</u>	<u>312,922,619</u>

The annexed notes form an integral part of these financial statements.

	Note	2013 Rupees	2012 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	19	92,695,692	101,437,823
Long term investments	20	3,989,159	3,443,983
Long term deposits	21	3,448,717	3,448,717
		100,133,568	108,330,523
Current Assets			
Stores and spares	22	9,647,969	11,042,036
Stock in trade	23	92,940,264	95,958,281
Trade debts	24	35,105,189	44,492,195
Advances, deposits, prepayments and other receivables	25	42,319,716	43,852,439
Sales tax refundable		6,656,824	3,829,442
Due from associated undertakings	26	230,882	3,728,373
Cash and bank balances	27	2,321,911	1,689,330
		189,222,755	204,592,096
		289,356,323	312,922,619


Chief Executive Officer


Director

Profit and Loss Account

For the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
Sales	28	285,526,710	361,624,002
Cost of sales	29	<u>(250,876,431)</u>	<u>(320,249,480)</u>
Gross Profit		34,650,279	41,374,522
Operating expenses:			
- Selling and distribution costs	30	<u>18,538,716</u>	<u>24,628,912</u>
- Administrative expenses	31	<u>21,060,840</u>	<u>24,200,731</u>
		<u>(39,599,556)</u>	<u>(48,829,643)</u>
Operating Loss		(4,949,277)	(7,455,121)
Finance cost	32	(16,231,740)	(19,361,343)
Other operating expenses	33	(2,869,279)	(1,888,682)
Other operating income	34	<u>857,957</u>	<u>4,162,689</u>
Loss before Taxation		(23,192,339)	(24,542,457)
Taxation	17	(2,825,156)	(3,522,794)
Net loss for the Year		<u>(26,017,495)</u>	<u>(28,065,251)</u>
Loss Per Share - Basic	35	<u>(3.82)</u>	<u>(4.12)</u>
Loss Per Share - Dilutive	35	<u>(2.55)</u>	<u>(3.57)</u>

The annexed notes form an integral part of these financial statements.



Chief Executive Officer



Director

Statement of Comprehensive Income

For the year ended June 30, 2013

	2013 Rupees	2012 Rupees
Loss after Taxation	(26,017,495)	(28,065,251)
Other comprehensive income		
Surplus on remeasurement of investment available for sale	876,319	676,143
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year	545,176	1,417,709
Other comprehensive income for the year	1,421,495	2,093,852
Total Comprehensive Loss for the Year	(24,596,000)	(25,971,399)

The annexed notes form an integral part to these financial statements.


Chief Executive Officer


Director

Cash Flow Statement

For the year ended June 30, 2013

	2013 Rupees	2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(23,192,339)	(24,542,457)
- Depreciation	4,904,545	5,781,372
- Provision for gratuity	7,797,632	7,766,210
- Dividend income	(77,957)	-
- Provision for doubtful debts / advances	377,550	1,638,682
- Unclaimed liabilities written back	-	(609,261)
- Exchange (gain) / loss	554,143	(565,139)
- Gain on disposal of property, plant and equipment	1,637,586	(1,775,905)
- Finance cost	16,231,740	19,361,343
	<u>31,425,239</u>	<u>31,597,302</u>
Operating profit / (loss) before working capital changes	8,232,900	7,054,845
Decrease / (Increase) in current assets		
- Stores and spares	1,394,066	258,645
- Stock in trade	3,018,017	(10,062,135)
- Trade debts	8,455,313	(14,514,001)
- Advances, deposits, prepayments and other receivables	1,053,378	1,722,772
- Sales tax refundable	(2,827,382)	(1,302,783)
- Balances due to / from associated undertakings - net	(17,746,280)	30,820,587
(Decrease) / increase in current liabilities		
- Trade and other payables	172,874	7,197,331
	<u>(6,480,014)</u>	<u>14,120,416</u>
Cash generated from operations	1,752,886	21,175,261
Income tax paid	(3,068,738)	(3,690,912)
Finance cost paid	(11,973,592)	(18,607,616)
Gratuity paid	(6,001,494)	(6,054,421)
	<u>(19,290,938)</u>	<u>(7,177,688)</u>
Net Cash used in Operating Activities	(19,290,938)	(7,177,688)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(23,700)
Proceeds from disposal of property, plant and equipment	2,200,000	2,388,000
Dividend income	77,957	-
Long term deposits	-	383,420
	<u>2,277,957</u>	<u>2,747,720</u>
Net Cash from Investing Activities	2,277,957	2,747,720
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	17,684,400	-
Short term borrowings	245,019	5,045,710
Liabilities against assets subject to finance lease	(283,857)	(1,734,956)
	<u>17,645,562</u>	<u>3,310,754</u>
Net Cash from Financing Activities	17,645,562	3,310,754
Net (Decrease) / Increase in Cash and Cash Equivalents	632,581	(1,119,214)
Cash and cash equivalents at the beginning of the year	1,689,330	2,808,544
Cash and Cash Equivalents at the End of the Year	<u>2,321,911</u>	<u>1,689,330</u>

The annexed notes form an integral part to these financial statements.



Chief Executive Officer



Director

Statement of Changes in Equity

For the year ended June 30, 2013

	Share Capital	Share Deposit Money	Reserves			Accumulated Loss	Total
			Capital reserve	Investment revaluation reserve	Revenue reserve		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2011	68,040,000	-	-	1,584,206	7,000,000	(70,323,760)	8,574,733
Share deposit money received	-	21,000,000	21,000,000	-	-	-	21,000,000
Total comprehensive income for the year	-	-	-	676,143	-	(26,647,542)	(25,971,399)
Balance as at June 30, 2012	68,040,000	21,000,000	21,000,000	2,260,349	7,000,000	(96,971,302)	3,603,334
Share deposit money received	-	26,031,914	26,031,914	-	-	-	26,031,914
Total comprehensive income for the year	-	-	-	545,176	-	(25,141,176)	(24,596,000)
Balance as at June 30, 2013	68,040,000	47,031,914	47,031,914	2,805,525	7,000,000	(122,112,478)	5,039,248

The annexed notes form an integral part to these financial statements.


Chief Executive Officer


Director

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

Note 1

The Company and its Operations

The Company was incorporated in Pakistan 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, Sheikhpura Road, Lahore. Its shares are listed on Karachi, Islamabad and Lahore Stock Exchanges. The Company is primarily engaged in manufacturing and sale of terry towels, kitchen towels and terry cloth.

Note 2

Significant Accounting Policies

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 of 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 followings:

Employee retirement benefits (Gratuity)	Note 11.2	Present value
Certain property plant and equipment	Note 20	Revalued / Fair value
Investment in quoted companies	Note 21	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 financial information presented in Pak Rupees has been rounded off to the nearest rupee, unless otherwise stated.

Note 3

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, income and expenses. The 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 related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made.

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:

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

3.1 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 item of property, plant and equipment, with a corresponding effect on depreciation charge and impairment.

3.2 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.

3.3 Employees' retirement benefits

The Company has recorded its employees' retirement benefits at fair 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 fair value of post-employment benefits payable and the charge for such liability accounted for in any given period.

3.4 Inventories

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

3.5 Taxation

The Company takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the tax department at the assessment stage and the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The management assesses that the effect of adopting these standards and amendments to existing standards do not have any material impact on the financial statements of the Company.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

Note 4

Amendments to Existing Standards and Forthcoming New Standards and Interpretations

Revision / improvements / amendments to IFRS and interpretations	Effective Date (Period beginning on or after)
- IAS 32: Financial instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1-Jan-14
- IFRS 1: First-time Adoption of International Financial Reporting Standards - Government Loans	January 1, 2013
- IFRS 7: Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities	January 1, 2013
- IFRS 9: Financial Instruments - Mandatory Effective Date and Transition Disclosures	January 1, 2013
- IFRS 10: Consolidated Financial Statements - Transition Guidance	January 1, 2013
- IFRS 11: Joint Arrangements - Transition Guidance	January 1, 2013
- IFRS 12: Disclosures of Interest in Other Entities - Transition Guidance	January 1, 2013
- Annual Improvements 2009-2011 Cycle	January 1, 2013
- IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013

Note 5

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 otherwise stated.

5.1 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and of which a reliable estimate can be made.

5.2 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 one year of continuous service. The benefit is calculated basing upon the number of completed years of service and last drawn gross salary.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

5.3 Taxation

Current

Charge for taxation for the year on taxable profit is based on applicable tax rates after taking into account all tax credits and rebates available, if any.

Deferred

The Company falls under final tax regime and therefore, no deferred taxation arises.

5.4 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.

5.5 Property, plant and equipment

Owned

Property, plant and equipment are stated at cost less accumulated depreciation except freehold land that is stated at revalued amount. Buildings, plant and machinery and fittings and installations are stated at revalued amounts less accumulated depreciation.

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.

Depreciation on property, plant and equipment has been provided for using the reducing balance method at the rates specified in Note 20. Depreciation on additions is charged from the month in which the asset was available for use upto the month in which the asset was disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of property, plant and equipment, if any, is shown in the profit and loss account.

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 rates specified in Note 20 to write off the cost of assets over their estimated useful life.

Capital work-in-progress

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

5.6 Impairment

Carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated and impairment loss is recognized in the profit and loss account.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

5.7 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:

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.

5.8 Stores and spares

These are valued at lower of moving average cost and net realizable value, except for items in transit that are valued at cost comprising the invoice value plus incidental charges paid thereon.

5.9 Stock in trade

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

Raw materials	- At average cost
Raw materials in transit	- At cost comprising the invoice value plus other charges incurred thereon
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 at which goods in stock could be currently sold less any further costs that would be incurred to complete the sale.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

5.10 Trade debts

All outstanding receivables are reviewed at the balance sheet date. The Company recognizes and carries these receivables at original invoice amount less an allowance for uncollectible amounts, if any. Bad debts are written off as incurred and provision is made against debts considered doubtful when the collection of the full amount is no longer probable.

5.11 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.

5.12 Financial instruments

Financial instruments are recognized when the Company becomes a party to the contractual provisions of an instrument. It ceases to recognize financial assets when it loses control of contractual rights and in case of financial liability when the liability is extinguished. Any gain or loss on subsequent remeasurement / derecognition is charged to income.

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

5.13 Foreign currency translation

Assets and liabilities in foreign currency are stated in Pak Rupees at the rates of exchange ruling on the balance sheet date or rate of exchange fixed under contractual agreements. Transactions in foreign currency are translated at the exchange rate prevailing at the date of transaction. All exchange differences are included in the profit and loss account.

5.14 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.

5.15 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.

5.16 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 and intangible assets.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

5.17 Borrowing costs

Borrowing costs are charged to income as and when incurred except those costs that are directly attributable to acquisition, construction or production of qualifying assets that are capitalized as part of the cost of assets.

5.18 Dividends

Dividends are recognized as a liability in the period in which these are declared.

Note 6

Issued, Subscribed and Paid up Capital

2013	2012		2013	2012
Number of shares			Rupees	Rupees
		Ordinary shares of Rs. 10 each fully		
2,336,920	2,336,920	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

6.1 3,366,893 (2012: 3,366,893) ordinary shares of the Company are held by its associated companies, as at the balance sheet date.

6.2 No shares have been issued or redeemed / cancelled during the year.

Note 7

Share Deposit Money

	2013	2012
	Rupees	Rupees
Directors	39,031,914	13,000,000
Associates	8,000,000	8,000,000
	47,031,914	21,000,000

7.1 This represents amounts received from directors for issuance of share capital as and when finalized by the Company. The share deposit money has been contributed to support the liquidity position of the Company (refer to Note 10.1 and Note 15.3)..

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

Note 8

Reserves

	2013 Rupees	2012 Rupees
Capital reserve	2,274,287	2,274,287
Investment revaluation reserve	2,805,525	2,260,349
Revenue reserve	7,000,000	7,000,000
	12,079,812	11,534,636

Note 9

Surplus on Revaluation of Property, Plant and Equipment

Land - freehold	42,936,960	42,936,960
Building	6,654,177	7,004,397
Plant and machinery	5,394,893	6,457,803
Fittings and installations	41,213	45,792
	55,027,243	56,444,952
Disposal of plant and machinery during the year	-	(463,477)
Incremental depreciation charged on revalued property, plant and equipment during the year transferred to retained earnings	(876,319)	(954,232)
	54,150,924	55,027,243

9.1 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.

9.2 Latest revaluation of land was carried out by an independent valuer on April 15, 2006, that resulted in revaluation surplus of Rs. 47.387 million. Market value basis were used for the revaluation of land.

Note 10

Long Term Financing

Loan from directors

Opening balance	8,347,514	11,245,000
Addition during the year	-	8,000,000
	8,347,514	19,245,000
Transferred to share deposit money (refer to Note 7)	(8,347,514)	(10,897,486)
Less: Current portion	-	(7,121,048)
	-	1,226,466

10.1 This represents unsecured loan obtained from directors to meet the working capital requirements of the Company. This loan carried mark up @ 10% (2012: 10%) per annum and was repayable in 16 equal quarterly installments commencing from July 01, 2009. Loan amounting to Rs. 8.347 million (2012: 10.897 million) has been transferred into share deposit money during the year (refer to Note 7); shares against this amount would be issued as and when finalized by the Company.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

Note 11

Deferred Liabilities

	Note	2013 Rupees	2012 Rupees
Dividend payable to directors	11.1	541,012	541,012
Employee retirement benefits.....	11.2	51,069,606	49,273,468
		<u>51,610,618</u>	<u>49,814,480</u>

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

11.2 Employee retirement benefits

Latest actuarial valuation was carried out as at June 30, 2013 using the following significant assumptions. Balance sheet liability and charge for the current year has been determined on the basis of actuarial estimates provided by the actuary.

Note 12

Deferred Liabilities

Dividend payable to directors	12.1	541,012	541,012
Gratuity payable	12.2	49,273,468	47,561,679
		<u>49,814,480</u>	<u>48,102,691</u>

12.1 This represents dividend payable to directors and associated undertakings of the Company. Keeping in view the liquidity position of the Company, the directors have deferred the repayment of dividends.

12.2 Gratuity payable

Latest actuarial valuation was carried out as at June 30, 2011 using the following significant assumptions. Balance sheet liability and charge for current year has been determined on the basis of actuarial estimates provided by the actuary.

	2012 Rupees	2011 Rupees
Discount rate	14%	14%
Expected rate of salary increased in future years	13%	13%
Average expected remaining working life time of employees	9 years	9 years
Actuarial valuation method	Projected Unit Credit Method	

The amounts recognized in the balance sheet are as follows:

Opening balance	47,561,679	43,901,141
Cost recognized during the year	7,766,210	7,017,992
	<u>55,327,889</u>	<u>50,919,133</u>
Benefits paid during the year	(6,054,421)	(3,357,454)
Closing balance	<u>49,273,468</u>	<u>47,561,679</u>

Balance sheet reconciliation

Present value of defined benefit obligation	47,970,792	46,259,003
Unrecognized actuarial gains	1,302,676	1,302,676
Closing balance	<u>49,273,468</u>	<u>47,561,679</u>

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

Cost for the year

Current service cost	3,519,060	3,086,895
Interest cost	4,247,150	3,931,097
Charge to the profit and loss account	<u>7,766,210</u>	<u>7,017,992</u>

- 12.3** The Company does not have any plan assets covering its post-employment benefits payable. The comparative statement of present value of defined benefit obligations is as under:

	Present Value of Defined benefit obligation Rupees	Plan assets Rupees	Deficit Rupees
2008	35,713,486	-	35,713,486
2009	38,830,388	-	38,830,388
2010	43,901,141	-	43,901,141
2011	47,561,679	-	47,561,679
2012	49,273,468	-	49,273,468

Note	2012 Rupees	2011 Rupees
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Note 13

Trade and Other Payables

Creditors for:

- Goods		30,374,256	24,164,928
- Services	13.1	16,104,474	16,217,785
Accrued liabilities		14,523,747	12,297,187
Advances from customers		10,308,009	12,030,566
Unclaimed dividend		892,493	892,493
Staff / suppliers income tax		72,686	84,636
		<u>72,275,665</u>	<u>65,687,595</u>

- 13.1** This includes an amount of Rs. 12 million, payable on account of machinery purchased in the year 2010 from a commercial vendor. The outstanding amount is subject to interest @ KIBOR + 2.50%. The amount was repayable in 12 monthly installments, however, further repayment terms have yet to be mutually agreed.

Note 14

Accrued Mark up

Long term financing	3,616,082	1,914,828
Liabilities against assets subject to finance lease	-	13,395
Short term borrowing	105,652	1,200,743
Due to related parties and others	<u>2,042,506</u>	<u>1,881,547</u>

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

5,764,240

5,010,513

Note 15

Short Term Borrowings

From banking companies - Secured

Export refinance / running finance	88,955,710	83,910,000
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15.1 These represent aggregate facilities obtained from various banks for purchase of raw materials, post shipment finance and meeting the working capital requirements of the Company. These facilities shall expire latest by April 30, 2013. Mark up on these facilities is charged effectively @ 10.55% to 16.95% per annum payable quarterly. These facilities are secured against equitable and registered mortgage over property of the Company, lien over export documents drawn under letter of credits and / or contract, ranking charge over fixed and current assets of the Company for Rs. 134 million, lien over USD 200,000 placed in personal bank account of one director and personal guarantees of all the sponsoring directors of the Company.

Note	2012 Rupees	2011 Rupees
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Note 16

Due to Related Parties - Unsecured

Tee Jay Corporation (Pvt) Limited (associated company)	16.1	21,036,482	6,226,510
Due to directors	16.2	4,291,300	10,922,514
		<u>25,327,782</u>	<u>17,149,024</u>

16.1 Amount payable to Tee Jay Corporation (Pvt) Limited is subject to mark up at 14% (2011: 16%) per annum. During the year, an amount of Rs. 8 million has been transferred to share deposit money (refer to Note 7); shares against this amount would be issued as and when finalized by the Company.

16.2 Amounts payable to directors are subject to mark up at 14% (2011: 15.5%) per annum. During the year, an amount of Rs. 2.103 million has been transferred to share deposit money (refer to Note 7); shares against this amount would be issued as and when finalized by the Company

Note 17

Current and Overdue Portion of Non Current Liabilities

Long term financing	7,121,048	4,377,500
Liabilities against assets subject to finance lease	283,857	1,763,235
	<u>7,404,905</u>	<u>6,140,735</u>

Note 18

Provision for Taxation

Opening balance	3,220,357	5,676,900
Provision for the current year	3,522,794	3,220,357

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

	<u>6,743,151</u>	<u>8,897,257</u>
Payments / adjustments during the year	<u>(3,220,357)</u>	<u>(5,676,900)</u>
	<u>3,522,794</u>	<u>3,220,357</u>

18.1 Income tax assessments have been finalized upto the Assessment Year 2002-2003 (accounting year ending June 30, 2003) and assessments for Tax Years 2003 onwards are deemed finalized under the self assessment scheme. Income tax charge for the year has been calculated according to Section 154 of the Income Tax Ordinance, 2001.

Note 19

Contingencies and Commitments

19.1 Contingencies

The Company's investment in Premier Garments Limited is pledged as security against loan raised by Premier Garments Limited from Investment Corporation of Pakistan Limited. In case of default by borrowers 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.

19.2 Commitments

There are no material commitments outstanding as at the balance sheet date (2011: Rs. Nil).

Note 21

Long Term Investments

	2012 Rupees	2011 Rupees
Investment in associated undertakings - Available for sale		
<i>Quoted</i>		
Punjab Oil Mills Limited	2,754,983	2,078,840
51,971 (2011: 51,971) fully paid ordinary shares of Rs. 10 each		
Market value per share is Rs. 53.01. (2011: Rs. 40)		
Cost Rs. 494,598 (2011: Rs. 494,598)		
Percentage of equity held 0.96% (2011: 0.96%)		
<i>Unquoted</i>		
Premier Garments Limited	95,000	95,000
950 (2011: 950) ordinary shares of Rs. 100 each		
Percentage of equity held 1.36% (2011: 1.36%)		
Tee Jay Corporation (Pvt) Limited	594,000	594,000
59,400 (2011: 59,400) ordinary shares of Rs. 10 each		
Percentage of equity held 5.94% (2011: 5.94%)		
	<u>3,443,983</u>	<u>2,767,840</u>

21.1 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 the 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 are stated at cost.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

Note 20

Property, Plant and Equipment

Particulars	Cost / Revalued Amount			Rate %	Depreciation			Written Down Value as at June 30, 2012 Rupees	
	As at June 30, 2011 Rupees	Additions / Disposal Rupees	Transfer Rupees		Total as at June 30, 2012 Rupees	As at June 30, 2011 Rupees	Transfer / (Disposal) Rupees		For the year Rupees
Year ended June 30, 2012									
Owned									
Land – freehold	44,519,875	-	-	44,519,875	-	-	-	-	44,519,875
Building on freehold land	36,169,943	-	-	36,169,943	5	-	770,537	21,529,742	14,640,201
Plant and machinery	112,717,233	(5,310,737)	-	112,956,142	10	(4,698,642)	3,973,060	74,533,685	38,422,457
			5,549,646			2,272,635			
Furniture and fittings	5,286,757	-	-	5,286,757	10	-	189,592	3,580,427	1,706,330
Fittings and installations	919,975	-	-	919,975	10	-	18,950	749,421	170,554
Vehicles	4,705,060	-	1,407,710	6,112,770	20	953,818	247,538	4,668,726	1,444,044
Other assets	527,160	23,700	-	550,860	10	-	19,241	355,974	194,886
Sub-total	204,846,003	(5,287,037)	6,957,356	206,516,322		(1,472,189)	5,218,918	105,417,975	101,098,347
Leased									
Plant and machinery	5,549,646	-	(5,549,646)	-	10	1,908,523	364,112	-	-
Vehicles	2,702,710	-	(1,407,710)	1,295,000	20	(953,818)	198,342	955,524	339,476
Sub-total	8,252,356	-	(6,957,356)	1,295,000		(3,226,453)	562,454	955,524	339,476
Total 2012	213,098,359	(5,287,037)	-	207,811,322		(4,698,642)	5,781,372	106,373,499	101,437,823

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

Particulars	Cost / Revalued Amount		Depreciation		Written Down Value as at June 30, 2011
	As at June 30, 2010	Transfer / (Disposal)	As at June 30, 2010	Transfer / (Disposal)	
	Rupees	Rupees	Rupees	Rupees	Rupees
Year ended June 30, 2011					
Owned					
Land - freehold	444,519,875	-	-	-	44,519,875
Building on freehold land	36,169,943	-	19,948,114	811,091	20,759,205
Plant and machinery	112,547,233	170,000	68,574,065	4,412,567	72,986,632
Furniture and fittings	5,286,757	-	3,180,177	210,658	3,390,835
Fittings and installations	919,975	-	709,415	21,056	730,471
Vehicles	5,185,920	(480,860)	3,570,553	(416,184)	3,467,370
Other assets	527,160	-	315,574	21,159	336,733
Sub-total	205,156,863	170,000	96,297,898	(416,184)	101,671,246
Leased					
Plant and machinery	5,549,646	-	1,503,954	-	1,908,523
Vehicles	2,702,710	-	1,463,072	-	247,928
Sub-total	8,252,356	-	2,967,026	-	3,619,523
Total 2011	213,409,219	170,000	99,264,924	(416,184)	105,290,769

20.1 Depreciation has been allocated as under:

	2012	2011
	Rupees	Rupees
Cost of sales	5,145,900	5,670,442
Administrative expenses	635,472	771,587
	5,781,372	6,442,029

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

20.2 The revaluation of property, plant and equipment was carried out by an independent valuer as described in Note 8. Had there been no revaluation, cost, accumulated depreciation and book values of revalued assets would have been as follows:

	As on June 30, 2012		
	Cost	Accumulated Depreciation	Book value
	Rupees	Rupees	Rupees
Land	1,582,915	-	1,582,915
Building	21,051,167	13,065,147	7,986,020
Plant and machinery	76,524,994	46,884,647	29,640,347
Fittings and installation	697,570	568,228	129,342
	<u>99,856,646</u>	<u>60,518,022</u>	<u>39,338,624</u>

20.3 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain on disposal	Mode of disposal	Particulars of buyer
	Rupees	Rupees	Rupees	Rupees	Rupees		
Plant and machinery - 24 looms	<u>5,310,737</u>	<u>4,698,642</u>	<u>612,095</u>	<u>2,388,000</u>	<u>1,775,905</u>	Negotiation	Sheikh Mohammad Anwar - Faisalabad
Total 2011	<u>480,860</u>	<u>(4,16,184)</u>	<u>64,676</u>	<u>440,000</u>	<u>375,324</u>		

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

Note 22

Long Term Deposits

Deposits against utilities	3,448,717	3,448,717
Lease margin deposit	-	259,000
	<u>3,448,717</u>	<u>3,707,717</u>

Note 23

Stores and Spares

Dyes and chemicals	3,009,002	3,083,619
Packing materials	1,312,592	1,193,294
Loom stores	3,777,696	4,245,389
Other stores	2,942,746	2,778,379
	<u>11,042,036</u>	<u>11,300,681</u>

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

Note 24

Stock in Trade

	2012 Rupees	2011 Rupees
Raw materials	21,213,892	17,639,860
Work in process	37,118,442	28,581,649
Finished goods	37,625,947	39,674,637
	<u>95,958,281</u>	<u>85,896,146</u>

Note 25

Trade Debts

Considered good :		
- Local debts - unsecured	899,753	334,446
- Foreign debts - secured	44,251,127	29,737,294
	<u>45,150,880</u>	<u>30,071,740</u>
Less: Provision for doubtful debts	(658,685)	-
	<u>44,492,195</u>	<u>30,071,740</u>

Note 26

Advances, Deposits, Prepayments and Other Receivables

Advances - considered good :		
- Employees against salaries	26.1	569,026
- Employees for purchases		219,286
- Suppliers		26,287,059
Less: Provision for doubtful advances		(979,997)
		<u>25,307,062</u>
		26,095,374
Income tax deducted at source		6,708,353
		<u>2,143,652</u>
		<u>152,242</u>
		<u>24,463,663</u>
		<u>-</u>
		<u>24,463,663</u>
		<u>26,759,557</u>
		<u>6,237,798</u>

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

Trade deposits:		
- Margin against export L/c	56,684	1,478,740
- Leased assets	749,460	873,880
- Others	240,073	240,073
Prepayments	419,938	413,480
Duty draw back receivables	6,172,889	8,053,694
Custom rebate receivable	2,847,232	1,589,415
Others	562,436	562,436
	<u>43,852,439</u>	<u>46,209,073</u>

26.1 This includes no amount (2011: Nil) due from Chief Executive Officer, directors or executive of the Company.

Note 27

Due from Associated Undertakings

	Note	2012 Rupees	2011 Rupees
Unsecured - Considered good			
- Premier Garments Limited		3,259,898	7,450,501
- Punjab Oil Mills Limited		468,475	817,187
		<u>3,728,373</u>	<u>8,267,688</u>

27.1 Balances due from associated companies carry mark up @ 14% (2011: 16%) per annum.

Note 28

Cash and Bank Balances

Cash in hand	450,303	750,027
With banks in:		
- Current accounts	1,230,827	2,051,132
- Deposit account	8,200	7,385
	<u>1,689,330</u>	<u>2,808,544</u>

Note 29

Sales

Export	344,185,339	306,208,357
Local	14,429,014	14,742,822
	<u>358,614,353</u>	<u>320,951,179</u>
Duty draw back	428,259	6,875,564
Export rebates	2,581,390	2,296,563
	<u>361,624,002</u>	<u>330,123,306</u>

Note 30

Cost of Sales

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

Raw materials consumed		182,580,284	187,412,738
Salaries, wages and benefits	30.1	50,688,487	44,278,485
Fuel and power		44,790,871	39,444,466
Stores, spares and chemicals consumed		23,277,786	16,489,274
Repairs and maintenance		212,931	197,915
Processing charges		3,534,980	2,574,837
Lease charges		4,800,000	4,800,000
Packing materials		11,229,297	9,361,068
Insurance		477,047	471,742
Depreciation	20.1	5,145,900	5,670,442
		<u>326,737,583</u>	<u>310,700,967</u>
Work in process inventory:			
- Opening		28,581,649	26,362,784
- Closing		(37,118,442)	(28,581,649)
		<u>(8,536,793)</u>	<u>(2,218,865)</u>
Cost of goods manufactured		318,200,790	308,482,102
Finished goods inventory:			
- Opening		39,674,637	34,639,500
- Closing		(37,625,947)	(39,674,637)
		<u>2,048,690</u>	<u>(5,035,137)</u>
		<u>320,249,480</u>	<u>303,446,965</u>

30.1 This includes Rs. 6.819 million (2011: Rs. 6.162) in respect of staff retirement benefits.

Note 31

Selling and Distribution Costs

	2012 Rupees	2011 Rupees
Commission on sales	9,345,855	8,087,643
Sea freight	3,793,274	2,001,496
Air freight	346,063	389,361
Freight, octroi and cartage	4,087,544	3,369,723
Clearing charges	3,527,581	3,620,246
Travelling and conveyance	1,495,111	1,465,865
Postage, telephone and telex	997,948	578,458
Insurance	66,413	21,664
Research and development	-	499,622
Samples	969,123	686,108
Discount on sales	-	208,356
Commission on rebate	-	34,844
	<u>24,628,912</u>	<u>20,963,386</u>

Note 32

Administrative Expenses

Directors' remuneration		4,731,846	4,812,132
Salaries, wages and benefits	32.1	10,629,402	9,871,466
Travelling and conveyance		777,016	943,118
Postage, telephone and telex		1,095,665	1,144,701
Vehicles running expenses		1,258,562	1,199,714
Advertisement		92,980	90,298
Fuel and power		1,916,339	1,661,427
Printing and stationery		395,421	485,372
Rent, rates and taxes		700,775	926,711

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

Repairs and maintenance	810,458	593,764
Legal and professional charges	327,660	553,467
Gardening expenses	93,955	60,515
Insurance	189,917	165,593
Books and periodicals	32,286	30,403
Entertainment	512,977	536,930
Depreciation	635,472	771,587
	20.1	
	<u>24,200,731</u>	<u>23,847,198</u>

32.1 This includes Rs. 0.947 (2011: Rs. 0.856) in respect of staff retirement benefits.

Note 33

Finance Cost

Interest / mark-up on:

- Long term loans	1,701,254	845,562
- Finance lease	91,267	378,362
- Short term finances	10,667,607	10,427,064
	12,460,128	11,650,988
Bank charges	3,879,557	3,297,990
Interest on funds of workers' (profit) participation fund	-	11,472
Interest charged by related parties	3,021,658	2,108,628
	<u>19,361,343</u>	<u>17,069,078</u>

Note 34

Other Operating Expenses

Auditors' remuneration:

	2012 Rupees	2011 Rupees
- Audit fee	187,500	187,500
- Other attestation services	62,500	62,500
	<u>250,000</u>	<u>250,000</u>
Bad debts written off	-	246,725
Provision for doubtful debts / advances	1,638,682	-
	<u>1,888,682</u>	<u>496,725</u>

Note 35

Other Operating Income

Gain on disposal of property, plant and equipment	1,775,905	375,324
Interest charged to related parties	492,384	1,307,356
Dividend income	-	102,615
Unclaimed liabilities written back - net	609,261	191,706
Exchange gain	565,139	1,658,590
Lease rentals	720,000	360,000
	<u>4,162,689</u>	<u>3,995,591</u>

Note 36

Earnings per Share - Basic

Net loss for the year (Rupees)	(28,065,251)	(34,924,812)
Weighted average number of shares	6,804,000	4,028,548
Loss per share - basic (Rupees)	<u>(4.12)</u>	<u>(8.67)</u>

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

Diluted earnings per share

There is no determinable dilution effect on the basic earnings per share as at the balance sheet date.

Note 37

Remuneration of Chief Executive, Directors and Executives

	2012			2011		
	Chief Executive	Directors	Executive	Chief Executive	Directors	Executive
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	539,616	1,670,208	-	397,440	1,503,484	308,900
House rent and utilities	296,784	878,592	-	178,560	826,916	169,900
Conveyance	3,600	7,200	-	-	9,600	1,200
Entertainment	3,154	80,565	-	38,943	30,334	-
Travelling	515,798	736,329	-	269,400	1,077,455	-
	1,358,952	3,372,894	-	884,343	3,447,789	480,000
Number of persons	1	3	-	1	3	1

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

37.2 The chief executive is provided with Company maintained car and residential telephone facility which is reimbursed to him.

Note 38

Transactions with Related Parties

	2012	2011
	Rupees	Rupees
Related parties and associated undertaking comprise associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the term of their employment, are as follows:		
Due to / from related parties - net	30,821	6,542
Loan repaid to associate	-	(5,000)
Services purchased	1,722	1,758
Goods sold / services provided	6,702	9,410
Payments of lease rentals	4,800	4,800
Shares issued	-	30,240
Share deposit money received from directors and associate	21,000	-
Interest charged by related parties	3,022	2,109
Interest charged to related parties	492	1,307
Lease rentals	720	360

There were no transactions with key management personnel other than those undertaken as per terms of their employment that have been disclosed in Note 38.

Note 39

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

Capacity and Production

No. of looms installed and worked (including looms obtained on lease)	173	197
Standard production of looms worked (Kilograms)	1,333,800	1,559,400
Actual production (Kilograms)	578,552	495,989

Reasons for shortfall

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

Note 40

Financial Risk Management

40.1 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.

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). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from foreign entities. The Company uses export bill discounting to hedge its foreign currency risk, when considered appropriate. The Company's exposure to currency risk during the year has been as under:

	2012	2011
	Rupees in thousands	
Trade debts	44,251	29,737
Gross balance sheet exposure	44,251	29,737
Outstanding letters of credit	-	-
Net exposure	44,251	29,737

The following significant exchange rates were applied during the year:

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

Rupees per US Dollar

Average rate	89.93	86.24
Reporting date rate	94.25	86.05

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit before taxation for the year would have been Rs. 2.213 million (2011: Rs. 1.487 million) respectively higher / lower, mainly as a result of exchange gains / losses 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.

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:

2012			
Total	Level 1	Level 2	Level 3
Rupees	Rupees	Rupees	Rupees

Financial assets - Available for sale investments

- Punjab Oil Mills Limited	2,754,983	2,754,983	-	-
- Premier Garments Limited	95,000	-	-	95,000
- Tee Jay Corporation (Pvt) Limited	594,000	-	-	594,000
	<u>3,443,983</u>	<u>2,754,983</u>	-	<u>689,000</u>

2011			
Total	Level 1	Level 2	Level 3
Rupees	Rupees	Rupees	Rupees

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

Financial assets - Available for sale investments

- Punjab Oil Mills Limited	2,754,983	2,754,983	-	-
- Premier Garments Limited	95,000	-	-	95,000
- Tee Jay Corporation (Pvt) Limited	594,000	-	-	594,000
	<u>3,443,983</u>	<u>2,754,983</u>	-	<u>689,000</u>

(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 lease liabilities and short term borrowings. As the borrowings are obtained at variable rates. These expose the Company to cash flow interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2012	2011
	Rupees in thousands	
Floating rate instruments		
Financial liabilities		
Liabilities against assets subject to finance lease	284	2,019
Short term borrowings	88,956	83,910
Financial assets		
Bank balances - saving accounts	8	7

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, profit after taxation for the year would have been Rs. 0.892 million (2011: Rs. 0.859 million) lower / higher, 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 outstanding for the whole 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:

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

Long term investments	3,444	2,768
Long term deposits	3,449	3,708
Trade debts	44,492	30,072
Advances, deposits and other receivables	9,879	11,924
Cash and bank balances	1,239	2,059

The aging of trade debts as at balance sheet date is as follows:

Past due 1 - 30 days	24,959	19,615
Past due 31 - 60 days	14,393	7,079
Past due 61 - 120 days	1,082	303
More than 120 days	4,059	3,075
	<u>44,492</u>	<u>30,072</u>

The credit risk on liquid funds is limited because the counter parties are 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 cash and 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		Rating Agency	2012	2011
	Short term	Long term			
				Rupees in thousands	
Faysal Bank Limited	A1+	AA	PACRA	1,075	1,916
Askari Bank Limited	A1+	AA	PACRA	66	79
National Bank Limited	A1+	AAA	JCR-VIS	-	3
Bank of Punjab	A1+	AA-	PACRA	3	16
Bank Al-falah Limited	A1+	AA	PACRA	6	6
Soneri Bank Limited	A1+	AA-	PACRA	9	-
HSBC Bank Limited	P-1	A1	Moody's	29	-
United Bank Limited	A1+	AA+	JCR-VIS	15	15
IDBP	P-1	A1	Moody's	17	17
NIB Bank Limited	A1+	AA-	PACRA	19	6
				<u>1,239</u>	<u>2,058</u>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, 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

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

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.

Contractual maturities of financial liabilities as at June 30, 2012:

	Carrying Amount	Contractual cash flows	Within 1 Year	Within 2-5 Years	Above 5 Years
	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000
Long-term finances	8,348	11,532	10,115	1,417	-
Liabilities against leased assets	284	284	284	-	-
Trade and other payables	61,895	63,702	63,702	-	-
Accrued interest	5,764	5,764	5,764	-	-
Due to associated undertaking	25,328	28,874	28,874	-	-
Short term finances	88,956	98,741	98,741	-	-
	<u>190,574</u>	<u>208,897</u>	<u>207,480</u>	<u>1,417</u>	<u>-</u>

Contractual maturities of financial liabilities as at June 30, 2011:

	Carrying Amount	Contractual cash flows	Within 1 Year	Within 2-5 Years	Above 5 Years
	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000
Long-term finances	11,245	12,892	5,907	6,985	-
Liabilities against leased assets	2,019	2,090	1,806	284	-
Trade and other payables	53,572	55,445	55,445	-	-
Accrued interest	5,011	5,011	5,011	-	-
Due to associated undertaking	17,149	19,893	19,893	-	-
Short term finances	83,910	93,140	93,140	-	-
	<u>172,906</u>	<u>188,471</u>	<u>181,202</u>	<u>7,269</u>	<u>-</u>

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.

40.2 Financial instruments by categories

Financial instruments as at June 30, 2012

Cash and Cash Equivalents	Loans and advances	Available for sale	Assets at fair value through profit or loss	Total
----- Rupees in thousands -----				

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

Assets as per balance sheet

Long term deposits	-	3,449	-	-	3,449
Long term investments	-	-	3,444	-	3,444
Trade debts	-	44,492	-	-	44,492
Deposits and other receivable	-	9,879	-	-	9,879
Cash and bank balances	1,689	-	-	-	1,689
	1,689	54,372	3,444	-	62,954

Other liabilities
Rupees in thousands

Long term financing	8,348
Liabilities against assets subject to finance lease	284
Trade and other payable	61,895
Accrued markup	5,764
Due to associated undertakings	25,328
Short term borrowings	88,956
	190,574

Financial instruments as at June 30, 2011

Cash and Cash Equivalents	Loans and advances	Available for sale	Assets at fair value through profit or loss	Total
----- Rupees in thousands -----				

Assets as per balance sheet

Long term deposits	-	3,708	-	-	3,708
Long term investments	-	-	2,768	-	2,768
Trade debts	-	30,072	-	-	30,072
Deposits and other receivable	-	11,924	-	-	11,924

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

Cash and bank balances	2,809	-	-	-	2,809
	<u>2,809</u>	<u>41,996</u>	<u>2,768</u>	<u>-</u>	<u>51,280</u>

Other liabilities
Rupees in thousands

Long term financing	11,245
Liabilities against assets subject to finance lease	2,019
Trade and other payable	53,572
Accrued markup	5,011
Due to associated undertaking	17,149
Short term borrowings	<u>83,910</u>
	<u>172,906</u>

40.3 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.

Note 41

Capital Risk Management

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhance 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 repurchase 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, 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 (including current and non current) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt.

As on the balance sheet date, the gearing ratio of the Company was as under:

	2012	2011
	Rupees in thousands	
Total borrowings	108,201	95,155
Cash and bank balances	<u>(1,689)</u>	<u>(2,809)</u>
Net Debt	106,512	92,346
Equity	3,603	8,575
Total Capital	<u>110,115</u>	<u>100,921</u>
Gearing Ratio	<u>96.73%</u>	<u>91.50%</u>

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

For management purposes, the activities of the Company are recognized into one operating segments, 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:

	2012 Percentage	2011 Percentage
Information about products:		
- Terry towel	97.94%	96.90%
Major customers:		
- 5 customers (2011: 4 customers)	39.12%	48.53%
Revenue from external customers attributed to foreign countries	95.98%	95.41%

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

Note 43

Authorization of Financial Statements

These financial statements have been authorized for issue by the Board of Directors of the Company on October 09, 2012.

Note 44

General

Comparative figures have been re-arranged / reclassified, wherever necessary, to facilitate comparison. No material rearrangements have been made in these financial statements.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2012



Chief Executive Officer



Director

Pattern of Shareholding

As at June 30, 2013

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
110	1	100	7,491
204	101	500	50,285
227	501	1,000	155,061
79	1,001	5,000	196,495
16	5,001	10,000	114,381
4	10,001	15,000	47,089
2	15,001	20,000	39,100
1	20,001	25,000	20,395
2	25,001	30,000	53,600
2	30,001	35,000	60,400
1	35,001	40,000	40,000
1	45,001	50,000	50,000
2	60,001	65,000	120,800
1	165,001	170,000	168,885
1	190,001	195,000	195,000
2	195,001	200,000	395,159
1	390,001	395,000	394,144
1	1,365,001	1,370,000	1,368,822
1	3,325,001	3,330,000	3,326,893
658			6,804,000

Classification of Ordinary Shares by Categories as at June 30, 2013

Categories of Shareholders	Shares held	Percentage
Directors, CEO and their spouses	2,159,625	31.74
Associated Companies/Undertaking and Related Parties	3,366,893	49.48
NIT and ICP	20,395	0.30
Banks Development Financial Institutions and Non-Banking Financial Institutions	4,710	0.07
Insurance Companies	-	-
Modarabas and Mutual Funds	1,000	0.01
General Public	1,246,672	18.32
Joint Stock Companies	4,705	0.07
	6,804,000	100.00

Pattern of Shareholding

As at June 30, 2013

NAME & CATEGORY WISE DETAILS IN ACCORDANCE WITH CCG 2012

Sr. No.	Name & Category of Shareholders	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties:			
1	M/s Teejay Corporation (Private) Limited	3,326,893	48.90
2	M/s Premier Garments Limited	40,000	0.59
Mutual Funds			
		-	-
Directors and their Spouse and Minor Children:			
1	Mr. Tahir Jahangir	1,368,822	20.12
2	Mr. Jillani Jahangir	394,144	5.79
3	Miss Munizae Jahangir	197,441	2.90
4	Mrs. Sulema Jahangir	197,718	2.91
5	Sh. Ijaz Ahmad	500	0.01
6	Mr. Arshad Javed	500	0.01
7	Mr. Abdul Munaf	500	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 interest in the listed company

S. No.	Name of Shareholder	Holding	Percentage
1	Mr. Tahir Jahangir	1,368,822	20.12
2	Mr. Jillani Jahangir	394,144	5.79
3	M/s Teejay Corporation (Private) Limited	3,326,893	48.90

INFORMATION UNDER CLAUSE (I) of sub-regulation (XVI) of Regulation 35 of chapter (XI) of listing Regulation of the Karachi Stock Exchange (G) Limited as at 30 June 2013

There is no trading in the shares of the company, carried out by its Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit, their Spouses and minor children.

October 09, 2013

To: All Shareholders of the Company

Copy of Computerized National Identity Card (CNIC) duly Attested

As per direction to all listed companies by the Securities and Exchange Commission of Pakistan vide SRO. 779(1)/2011 dated August 18, 2011, the "DIVIDEND WARRANT(S)" should bear the Computerized National Identity Card number of the registered member(s), except in the case of minor(s) and corporate members, and dividend warrant cannot be issued without inserting the CNIC number of the member(s) or its authorized person(s).

For this purpose, please provide us an attested copy of your CNIC (if not provided earlier) **ON MOST URGENT BASIS** for compliance with the directions of SECP, failing which your future dividend warrant(s), if any, will be withheld till the compliance of the above referred notification.

You must mention your Folio Number and Name of Company on the face of your CNIC copy for identification.

Copy of your CNIC may please be sent to our Share Registrar Office at the following address.

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

Furthermore, Shareholders are requested to immediately notify the change of address, if any.

Yours faithfully,
For HALA ENTERPRISES LIMITED

(Muhammad Mushtaq Saeed Iqbal)
Company Secretary

Notification issued by SECP dated August 18, 2011.

S.R.O. 779(1)/2011. In exercise of the powers conferred by Section 506B of the Companies Ordinance, 1984 (XLVII of 1984), the Securities and Exchange Commission of Pakistan is pleased to direct all the listed companies to issue dividend warrant(s) only crossed as "A/C payee only" in the name of registered member or in the name of authorized person where a registered member authorizes the company to pay dividend on his behalf to any person. The dividend warrant(s) should also bear the Computerized National Identity Card Number of the registered member or the authorized person, except in the case of minor(s) and corporate members.

To: All Shareholders of the Company

DIVIDEND MANDATE FORM

Please be informed that under Section 250 of the Companies Ordinance, 1984 a Shareholder may, if so desired, direct the Company to pay dividend through his/her/its bank account.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan vide Circular No. 18, of 2012 dated June 05, 2012 we request all the registered shareholders of M/s Hala Enterprises Limited to authorize the Company, if so desired, to directly credit in their bank account cash dividend, if any, declared by the Company in the future.

[PLEASE NOTE THAT THIS DIVIDEND MANDATE IS OPTIONAL AND NOT COMPULSORY. IN CASE YOU DO NOT WISH YOUR DIVIDEND TO BE DIRECTLY CREDITED INTO YOUR BANK ACCOUNT, THEN THE SAME SHALL BE PAID TO YOU THROUGH THE DIVIDEND WARRANTS]

Do you wish the cash dividend declared by the company, if any, to be directly credited in your bank account, instead receiving the same via dividend warrants?

Please tick " " any of the following boxes.

No	Yes
----	-----

If "YES", please provide the following information:

Transferee Detail	
Name of Shareholder	
Folio No./CDC ID	
Title of Bank Account	
Bank Account No.	
Bank's Name	
Branch Name and Address	
Cell Phone Number of Transferee	
Landline Number of Transferee, if any	

It is stated that the above mentioned information is correct, and that I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

Signature of the Member /Shareholder

October 09, 2013

To: All Shareholders of the Company

**INFORMATION UNDER SECTION 218 OF THE COMPANIES ORDINANCE, 1984.
REGARDING INCREASE IN REMUNERATION OF CHAIRMAN, CEO & TWO EXECUTIVE
DIRECTORS**

In pursuance of Section 218 of the Companies Ordinance, 1984, you are hereby informed that the Board of Directors of **Hala Enterprises Limited** has approved the remuneration for the following, for the year ending June 30, 2013:

1.	Mr. Tahir Jahangir	Chairman/Director	Rs. 0.634 Million
2.	Mr. Jillani Jahangir	Chief Executive Officer	Rs. 0.924 Million
3.	Mr. Arshad Javed	Executive Director	Rs. 1.584 Million
4.	Mr. Abdul Munaf	Executive Director	Rs. 0.594 Million

The above remuneration shall be subject to such adjustments, bonuses, retirement benefits and other facilities are provided in accordance with Company's Rules.

Yours truly,
For HALA ENTERPRISES LIMITED

(Muhammad Mushtaq Saeed Iqbal)
Company Secretary

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. <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	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 Thursday, October 31, 2013, 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 October 2013 Signature of Shareholder _____
Signature of Proxy _____

<p>1. WITNESS</p> <p>Signature: _____</p> <p>Name: _____</p> <p>Address: _____</p> <p>_____</p> <p>CNIC No. <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/></p> <p>or Passport No. _____</p>	<p>1. WITNESS</p> <p>Signature: _____</p> <p>Name: _____</p> <p>Address: _____</p> <p>_____</p> <p>CNIC No. <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/></p> <p>or Passport No. _____</p>
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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.

AFFIX
CORRECT
POSTAGE

To:
The Company Secretary
Hala Enterprises Limited
17.5 Kilometers Sheikhpura Road, Lahore.



17.5 km, Sheikhpura Road, Lahore, Pakistan.
T: +92 (42) 3797 0130, 3797 0230
F: +92 (42) 3797 0681
E: corporate@halaenterprises.com



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