Annual Report 2014

HALA ENTERPRISES LIMITED

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VISION & MISSION STATEMENT

Vision Statement

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

Mission Statement

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

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	Non-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	
COPANY SECRETARY	Muhammad Mushtaq Saeed Iqbal	
AUDITORS	M/s. Horwath Hussain Chaudhary & 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 Sheikhupura Road, Lahore Tel: 042-37970130, 37970230 Fax: 042-37970681 Email. hala@halaenterprieses.com Website: www.halaenterprises.com	
SHARE REGISTRAR OFFICE	M/s Corplink (Private) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore Tel: 042-35916714, 35916719 Fax: 042-35869037 Email. corplink786@yahoo.com	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 42nd Annual General Meeting of the Shareholders of HALA ENTERPRISES LIMITED will be held on Friday, October 31, 2014 at 11:00 A.M. at Factory Premises, 17.5 KM Sheikhupura Road, Lahore the Registered Office of the Company, to transact the following business.

ORDINARY BUSINESS

1. To confirm minutes of Annual General Meeting held on October 31, 2013.

2. To receive and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2014 along with Directors and Auditors Reports thereon.

3. To appoint External Auditors of the Company for the year ending June 30, 2015 and to fix their remuneration. The retiring Auditors M/S. Horwath Hussain Chaudhary & Co., Chartered Accountants being eligible and offer themselves for re-appointment.

SPECIAL BUSINESS

4. To consider and approve the remuneration of Directors of the Company.

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

By order of the Board

Lahore: October 02, 2014

(Muhammad Mushtaq Saeed Iqbal)
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will be closed from October 24, 2014 to October 31, 2014 (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, if any, in their registered addresses to our Share Registrar.
4. Members are requested to send attested copy of CNIC (if not provided earlier) to Share Registrar of the Company, for compliance of the directions of SECP vide their SRO-831(1)/2012 dated 05 July 2012 for mentioning of CNIC Number on the Dividend Warrant, failing which your future dividend warrant(s), if any, will be withheld till the compliance of the above referred notification.
5. 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.

NOTICE OF ANNUAL GENERAL MEETING

A. FOR ATTENDING THE MEETING:

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

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

B. FOR APPOINTING PROXIES:

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

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

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

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

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

Disclosure to Members Under Section 218 of the Companies Ordinance, 1984

Pursuant to the Provisions of Section 218 of the Companies Ordinance, 1984, the members of the Company are notified that the Board of Directors has approved increase in remuneration of Chief Executive Officer and two Executive Directors with effect from July 2014. After increase the remuneration would be as under:-

Mr. Tahir Jahangir	Chairman/Director	0.697 Million
Mr. Jillani Jahangir	Chief Executive Officer	1.016 Million
Mr. Abdul Munaf	Director	0.653 Million

In addition, we informed the Members of the Company that Mr. Arshad Javed Non-Executive Director is not getting monthly salary with effect from July 2014.

INFORMATION FOR SHAREHOLDERS

Company's Registered Office /Works

17.5 KM Sheikhupura Road, Lahore
Tel: 042-37970130, 37970230
Fax: 042-37970468

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 then forty eight hours before the meeting.

Notification of SECP for the purpose of CNIC of Shareholders

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

Dividend Mandate (Optional)

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

Financial Information

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

Company's Website

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

DIRECTOR'S 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, 2014. 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 42nd Annual General Meeting of the Company to be held on October 31, 2014.

The financial year 2013-2014 has seen a lot of changes in the political scenario of the country. A new government came into power and the business community, especially the Industrial Sectors such as Textiles Exporting Units had hoped that better management of the power sector, along with timely refunds of government duties will support the overall position. However, the situation improved slightly for a brief period where gas supplies remained constant but the usage allotted to textile units was reduced to a mere one-third of what they were entitled to. In addition, prices of electricity and gas were increased due to which an overall hike was seen in raw material costs.

Moreover, the first three quarters of the year 2014 have seen a sudden appreciation of the Pak Rupee. This has affected export sales revenues very adversely as many exporters have forward contracts. In US Dollar oriented contracts, this has resulted in an average of 6.66% loss and on Euro oriented contracts it has resulted in a 6.25% loss. However, our company performed well in the current difficult period considering the adverse circumstances of lowered exchange rates, limited gas supply and approximately 8-hour daily power cuts – which are often unscheduled. We are engaged in steadily trying to increase production and sales volume, while negotiating higher valued & better priced forward contracts.

The company's overall position seems to have improved. Despite a year ended in loss, the net loss for the year was decreased by Rs 10 Million. Our Sales revenues remained constant, and we saw a nominal decrease in our costs compared to the previous financial period. Other incomes contributed positively to our cash flow which helped in keeping production on track despite the losses incurred. Furthermore, our financial costs also decreased for the period which helped in keeping costs down.

Although the financial results for the period reflect a loss, an overall positive scenario can be seen through the cash flow ahead. This gives the management a lot of hope for the upcoming period.

Financial and Operating Results

	2014 RUPEES	2013 RUPEES
Operating Loss	(2,118,136)	(4,949,277)
Finance cost	(13,837,419)	(16,231,740)
Other operating expenses	(2,805,913)	(2,869,279)
Other operating income	4,669,783	857,957
Loss before taxation	(14,091,685)	(23,192,339)
Taxation	(2,819,230)	(2,825,156)
Loss after taxation	(16,910,915)	(26,017,495)
Earnings per Share Basic	(2.49)	(3.82)

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

We are pleased to informed the shareholders that tenure of Directors will be expired on December 21, 2014. Therefore, the Election of Directors will be done within speculated time.

Board Meetings

During the year under review, four meetings of the Board of Directors were held from July 01, 2013 to June 30, 2014. All written notice, of the Board Meetings, along with agenda and working papers, were circulated to all Directors at least seven days before the meeting.

DIRECTOR'S REPORT

Attendance by each Director was as under:

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

The Minutes of the meetings were appropriately circulated to all Directors and recorded in minute book within stipulated time. In accordance with CCG, Company Secretary was also attended all meetings during the year June 30, 2014.

Audit Committee

The Board of Directors of the Company has formed an Audit Committee comprising of three members. All members of the Committee are Non-Executive in accordance with the provision of revised CCG. During the year June 30, 2014, four (4) meetings were held. Attendance by each member was as under:

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

Terms of reference of Audit Committee

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

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

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

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

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

(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.	ame of Members	
1.	Mr. Arshad Javed	Chairman
2.	Mr. Tahir Jahangir	Member
3.	Mr. Jillani Jahangir	Member
4.	Mr. Abdul Munaf	Member

DIRECTOR'S REPORT

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.

DIRECTOR'S REPORT

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

increasing shareholders' wealth and promoting market confidence.

Corporate and Financial Reporting Framework

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

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

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

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

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

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

(vii) 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, 2014 are as follows:

Gratuity Fund Rs. 38 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, 2014 of certain classes of shareholders whose disclosure is required under the revised CCG and the statement of purchase and sale of shares by Directors, executives and their minor children during the year is shown on the Annual Report.

Code of Conduct for Directors and Employees

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

Priority Standards of Conduct:

i) **Safety:** There can be no production without safety.

ii) **Quality:** To achieve complete customer satisfaction by focusing on smart team work, meeting all applicable legal and regulatory requirements & continually improving our strategies and goals.

DIRECTOR'S REPORT

iii) **Productivity:** With safety and quality each of us will strive to excel the performance in all fields of our activities i.e. Production Divisions, Marketing & Planning, after sales service, Finance, Import, Purchase & Logistic and Human Resources & Administration etc.

Safety, Health and Environment

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

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

Compliance with the Code of Corporate Governance.

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

Transaction with Related Parties

The Board of Directors has approved the policy for transaction / contract between Company and its related parties on an arm's length basis and relevant rates are to be determined as per the "comparable un-controlled price method". The company has fully complied with the best practices on transfer pricing as contained in the listing regulations of 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, 2014, 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 and offer themselves for re-appointment for the year 2014-2015.

Acknowledgements

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

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

For & on behalf of the Board

(Jillani Jahangir)
Chief Executive Officer

Lahore
Dated: October 02, 2014

STATEMENT OF COMPLIANCE
With The Code Of Corporate Governance For The Year Ended June 30, 2014

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. At present the Board comprises of seven directors out of which four are non-executive directors and directors representing minority interests on its board of directors. At present, the board includes:

Category	Names
Non-Executive Directors	i) Miss Munizae Jahangir ii) Mrs. Sulema Jahangir iii) Mr. Arshad Javed iv) Sh. Ijaz Ahmad
Executive Directors	i) Mr. Tahir Jahangir ii) Mr. Jillani Jahangir iii) Mr. Abdul Munaf
Independent Director	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 NBFI. 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 Director 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.

STATEMENT OF COMPLIANCE

With The Code Of Corporate Governance For The Year Ended June 30, 2014

9. In compliance with the Code of Corporate Governance 2012, it is pointed out that one of our director is exempted from training as he had experience of director in listed companies more than 14 years and one of our director had already conducted director training program. Further more arrangements are being made for the Directors to acquire the required certification under the Directors Training Program.

10. During the year under review, Company Secretary has been appointed by the Board and there is no change in position of Chief Financial Officer and Head of Internal Audit.

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

Jillani Jahangir
Chief Executive Officer

KEY FINANCIAL DATA LAST SIX YEARS

Particulars	2009	2010	2011	2012	2013	2014
Issued subscribed and paid up capital	37,800,000	37,800,000	68,040,000	68,040,000	68,040,000	68,040,000
Capital Resserve	10,595,733	10,162,528	10,858,493	11,534,636	12,079,812	14,225,694
Long term loan-secured	9,377,499	5,401,665	6,867,500	1,226,466	-	-
Deferred liabilities	41,010,924	44,442,153	48,102,691	49,814,480	36,162,801	38,921,261
Current liabilities	182,925,007	188,979,583	181,118,224	203,251,096	178,555,533	179,896,062
Operating fixed assets	109,261,441	114,144,295	107,807,590	101,437,823	92,695,692	122,987,051
Current assets	189,327,013	189,803,565	187,080,531	204,592,096	189,222,755	184,570,727
Sales	454,602,014	584,907,715	330,123,306	361,624,002	285,526,710	287,226,825
Gross profit	106,421,221	92,690,922	26,676,341	41,374,522	34,650,279	38,557,774
Operating (Loss) / Profit	35,732,609	21,656,864	(18,134,243)	(7,455,121)	(4,949,277)	(2,118,136)
(Loss) / Profit befor taxation	13,588,205	7,249,705	(31,704,455)	(24,542,457)	(23,192,339)	(14,091,685)
(Loss) / Profit after taxation	9,196,775	1,572,805	(34,924,812)	(28,065,251)	(26,017,495)	(16,910,915)

REVIEW REPORT TO THE MEMBERS

On Statement Of Compliance With The Code Of Corporate Governance For The Year Ended June 30, 2014

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Hala Enterprises Limited for the year ended June 30, 2014 to comply with requirements of the Listing Regulation No. 35 (Chapter XI) of both the Karachi Stock Exchange and Lahore Stock Exchage, where the Company is listed.

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

As a part of our audit of the 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 are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justificati on for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.

Further, we highlight an instance of non-compliance with the requirement of the Code as reflected in the Statement of Compliance (Serial No.9) that the Company has not arranged training course for its directors during the year .

Horwath Hussain Ch/Co

Lahore
Dated: October 02, 2014

HORWATHHUSSAIN CHAUDHURY & CO.
Chartered Accountants

(Engagement Partner: Muhammad Nasir Muneer)

FINANCIAL STATEMENTS

For The Year Ended June 30, 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of HALA ENTERPRISES LIMITED as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of 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, except for the change in accounting policy as stated in note 3 to the accompanying financial statements, with which we concur;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the loss, 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 Ch/Co

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

(Engagement Partner: Muhammad Nasir Muneer)

Lahore
Dated: October 02, 2014

BALANCE SHEET
As at June 30, 2014

	Note	2014 Rupees	2013 Rupees Restated
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 8,000,000 (2013: 8,000,000) ordinary shares of Rs. 10 each		80,000,000	80,000,000
Issued, subscribed and paid up capital	7	68,040,000	68,040,000
Share deposit money	8	47,031,914	47,031,914
Reserves	9	14,225,694	12,079,812
Accumulated loss		(122,532,881)	(106,664,661)
		6,764,727	20,487,065
Surplus on Revaluation of Property, Plant and Equipment	10	91,776,986	54,150,924
Non Current Liabilities			
Long term financing	11	-	-
Deferred liabilities	12	38,921,261	36,162,801
		38,921,261	36,162,801
Current Liabilities			
Trade and other payables	13	74,524,943	72,423,249
Accrued mark up	14	9,120,210	10,022,388
Short term borrowings	15	89,200,909	89,200,729
Due to related parties	16	4,230,770	4,084,011
Provision for taxation	17	2,819,230	2,825,156
		179,896,062	178,555,533
Contingencies and Commitments	18	-	-
		317,359,036	289,356,323

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

CHIEF EXECUTIVE OFFICER

	Note	2014 Rupees	2013 Rupees Restated
ASSETS			
Non Current Assets			
Property, plant and equipment	19	122,987,051	92,695,692
Long term investments	20	6,135,041	3,989,159
Long term deposits	21	3,666,217	3,448,717
		132,788,309	100,133,568
Current Assets			
Stores and spares	22	10,026,610	9,647,969
Stock in trade	23	94,318,860	92,940,264
Trade debts	24	31,968,620	35,105,189
Advances, deposits, prepayments and other receivables	25	37,705,359	42,319,716
Sales tax refundable		7,444,801	6,656,824
Due from associates	26	307,241	230,882
Cash and bank balances	27	2,799,236	2,321,911
		184,570,727	189,222,755
		317,359,036	289,356,323

DIRECTOR

PROFIT AND LOSS ACCOUNT
For The Year Ended June 30, 2014

	Note	2014 Rupees	2013 Rupees
Sales	28	287,226,825	285,526,710
Cost of sales	29	(248,669,051)	(250,876,431)
Gross Profit		38,557,774	34,650,279
Operating expenses:			
- Selling and distribution costs	30	19,050,890	18,538,716
- Administrative expenses	31	21,625,020	21,060,840
		(40,675,910)	(39,599,556)
Operating Loss		(2,118,136)	(4,949,277)
Finance cost	32	(13,837,419)	(16,231,740)
Other operating expenses	33	(2,805,913)	(2,869,279)
Other income	34	4,669,783	857,957
Loss before Taxation		(14,091,685)	(23,192,339)
Taxation	17	(2,819,230)	(2,825,156)
Net loss for the Year		(16,910,915)	(26,017,495)
Loss per Share - Basic	35	(2.49)	(3.82)
Loss per Share - Dilutive	35	(1.47)	(2.55)

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, 2014

	2014 Rupees	2013 Rupees Restated
Net Loss for the Year	(16,910,915)	(26,017,495)
Other Comprehensive Income		
Items that will not be reclassified to profit and loss		
Unrecognised acturial gain due to experience adjustment on remeasurement of staff retierement benefits	237,371	14,145,141
Items that may be reclassified subsequently to profit and loss		
Surplus on remeasurement of available for sale investment	2,145,882	545,176
Other comprehensive income for the year	2,383,253	14,690,317
Total Comprehensive Loss for the Year	(14,527,662)	(11,327,178)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CASH FLOW STATEMENT
For The Year Ended June 30, 2014

	2014 Rupees	2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(14,091,685)	(23,192,339)
Adjustments for:		
- Depreciation	3,787,678	4,904,545
- Provision for gratuity	6,358,271	7,797,632
- Dividend income	(181,899)	(77,957)
- Provision for doubtful debts / advances	416,331	377,550
- Unclaimed liabilities written back	(535,233)	-
- Balances written off	302,058	-
- Exchange loss	1,787,524	554,143
- (Gain) / loss on disposal of property, plant and equipment	(3,112,651)	1,637,586
- Finance cost	13,837,419	16,231,740
	22,659,498	31,425,239
Operating profit before working capital changes	8,567,813	8,232,900
(Increase) / decrease in current assets		
- Stores and spares	(378,641)	1,394,066
- Stock in trade	(1,378,596)	3,018,017
- Trade debts	782,094	8,455,313
- Advances, deposits, prepayments and other receivables	4,790,938	1,053,378
- Sales tax refundable	(787,977)	(2,827,382)
- Balances due to related parties / from associates - net	70,400	(17,746,280)
Increase / (decrease) in current liabilities		
- Trade and other payables	8,636,927	172,874
	11,735,145	(6,480,014)
Cash generated from operations	20,302,958	1,752,886
Income tax paid	(3,153,175)	(3,068,738)
Finance cost paid	(14,739,417)	(11,973,592)
Gratuity paid	(3,362,440)	(6,001,494)
Net Cash used in Operating Activities	(952,074)	(19,290,938)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	1,465,000	2,200,000
Dividend income	181,899	77,957
Long term deposits	(217,500)	-
Net Cash generated from Investing Activities	1,429,399	2,277,957
CASH FLOWS FROM FINANCING ACTIVITIES		
Share deposit money	-	17,684,400
Short term borrowings	-	245,019
Liabilities against assets subject to finance lease	-	(283,857)
Net Cash generated from Financing Activities	-	17,645,562
Net Increase in Cash and Cash Equivalents	477,325	632,581
Cash and cash equivalents at the beginning of the year	2,321,911	1,689,330
Cash and Cash Equivalents at the End of the Year	2,799,236	2,321,911

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

STATEMENT OF CHANGES IN EQUITY (RESTATED)
For The Year Ended June 30, 2014

	Share Capital	Share Deposit Money	Reserves			Accumulated Loss	Total Equity
			Capital reserve	Investment revaluation reserve	Revenue reserve		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2012 as previously reported	68,040,000	21,000,000	2,274,287	2,260,349	7,000,000	(96,971,302)	3,603,334
Effect of change in accounting policy (Note - 3)	-	-	-	-	-	1,302,676	1,302,676
Restated Balance as at June 30, 2012	68,040,000	21,000,000	2,274,287	2,260,349	7,000,000	(95,668,626)	4,906,010
Net loss for the year ended June 30, 2013	-	-	-	-	-	(26,017,495)	(26,017,495)
Other comprehensive income for the year ended June 30, 2013	-	-	-	545,176	-	14,145,141	14,690,317
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year	-	-	-	-	-	876,319	876,319
Share deposit money received	-	26,031,914	-	-	-	-	26,031,914
Restated Balance as at June 30, 2013	68,040,000	47,031,914	2,274,287	2,805,525	7,000,000	(106,664,661)	20,487,065
Balance as at June 30, 2013 as previously reported	68,040,000	47,031,914	2,274,287	2,805,525	7,000,000	(122,112,478)	5,039,248
Effect of change in accounting policy (Note - 3)	-	-	-	-	-	15,447,817	15,447,817
Restated Balance as at June 30, 2013	68,040,000	47,031,914	2,274,287	2,805,525	7,000,000	(106,664,661)	20,487,065
Net loss for the year ended June 30, 2014	-	-	-	-	-	(16,910,915)	(16,910,915)
Other comprehensive income for the year ended June 30, 2014	-	-	-	2,145,882	-	237,371	2,383,253
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year	-	-	-	-	-	805,324	805,324
Balance as at June 30, 2014	68,040,000	47,031,914	2,274,287	4,951,407	7,000,000	(122,532,881)	6,764,727

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2014

Note 1
The Company and its Operations

The Company was incorporated in Pakistan on May 16, 1973 as a Private Limited Company and was subsequently converted into a public limited company. The registered office of the Company is located at 17.5 KM Sheikhupura Road, Lahore and its shares are listed on 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
Basis of Preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise 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:

Staff retirement benefits (Gratuity)	Note 12.2	Present value
Certain property plant and equipment	Note 19	Revalued / Fair value
Investment in quoted companies	Note 20	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
Change in Accounting Policy

Staff retirement benefits

Defined benefit plan

IAS-19 (Revised) 'Employee Benefits' has amended the accounting for employment benefits. The Revised Standard has become effective for the Company from July 01, 2013. Major changes introduced by the Revised Standard are as follows:

i) Past service cost to be recognized immediately in the profit and loss account.

ii) Interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate to be measured at the beginning of the year.

iii) Remeasurement of the net defined benefit liability / asset comprising the actuarial gain / losses and the difference between the actual return on investments and return implied by the net interest cost.

iv) Recognition of remeasurement immediately in other comprehensive income.

The Company has adopted IAS-19 - Employee Benefits (Revised) and changed its accounting policy retrospectively in accordance with IAS-8 'Accounting Policies, Changes in Accounting Estimates and Errors' resulting in restatement of financial statements of prior periods. Corresponding period adjustments and restatements have been incorporated in the balance sheet, statement of comprehensive income and statement of changes in equity.

The effect of change in accounting policy is tabulated as below:

	June 30, 2013	June 30, 2012
Effect on Balance Sheet	Rupees	Rupees
Reserves		
As previously reported	(122,112,478)	(96,971,302)
Effect of change in accounting policy	15,447,817	1,302,676
As restated	(106,664,661)	(95,668,626)
Staff retirement benefits		
As previously reported	51,069,606	49,273,468
Effect of change in accounting policy	(15,447,817)	(1,302,676)
As restated	35,621,789	47,970,792
Effect on other comprehensive income		
Remeasurement of defined benefit liability recognized in other comprehensive income	14,145,141	1,302,676

There is no impact on profit and loss and cash flow statements as a result of the retrospective application of change in accounting policy. The comparative statement of financial position (balance sheet) as at June 30, 2012 has not been provided due to immaterial effect of restatement.

Note 4
Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, 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:

4.1 Property, plant and equipment

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

4.2 Doubtful receivables

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

4.3 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.

4.4 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.

4.5 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.

Note 5

Amendments to Existing Standards and Forthcoming New Standards and Interpretations

Since July 01, 2013, International Accounting Standards Board (IASB) has made certain amendments into the existing standards and introduced one new interpretation (IFRIC 20). These amendments seek to enhance the disclosure requirements in the financial statements and are as under:

5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year and are relevant

Revision / improvements / amendments to IFRS and interpretations	Effective Date (Period beginning on or after)
- IAS 1: Presentation of financial statements	January 1, 2013
- IAS 16: Property, plant and equipment	January 1, 2013
- IAS 32: Financial instruments: Presentation	January 1, 2013
- IAS 19: Employee Benefits - (Amendment)	January 1, 2013

5.2 Standards, interpretations and amendments to approved accounting standards which became effective during the year but are not relevant

Revision / improvements / amendments to IFRS and interpretations	Effective Date (Period beginning on or after)
- IAS 27 (Revised): 'Separate financial statements'	January 1, 2013
- IFRS 1 (Amendment): 'First time adoption' on government loans	January 1, 2013
- IFRS 7 (Amendment): 'Financial Instruments: Disclosures' on offsetting financial assets and financial liabilities	January 1, 2013

The following new standards have been issued by the IASB and notified by the SECP for application in Pakistan but their applicability start form the annual period beginning on or after January 01, 2015.

- IFRS 10: 'Consolidated financial statements'	January 1, 2013
- IFRS 11: 'Joint arrangements'	January 1, 2013
- IFRS 12: 'Disclosures of interest on other entities'	January 1, 2013
- IFRS 13: 'Fair value measurement'	January 1, 2013

5.3 Standards, interpretations and amendments to approved accounting standards that are relevant but not yet effective

Revision / improvements / amendments to IFRS and interpretations	Effective Date (Period beginning on or after)
- IFRIC 21: 'Levies'	January 1, 2014
- IAS 32 (Amendment): 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities	January 1, 2014
- IAS 36 (Amendment): 'Impairment of assets'	January 1, 2014
- Annual improvements 2012	July 1, 2014
IFRS 8, 'Operating segments'	
IAS 16, 'Property, plant and equipment'.	
IAS 38, 'Intangible assets'	
- IAS 24 (Amendment): 'Related parties'	July 1, 2014

5.4 Standards, interpretations and amendments to approved accounting standards that are not relevant and not yet effective

Revision / improvements / amendments to IFRS and interpretations	Effective Date (Period beginning on or after)
- IAS 39 (Amendment): 'Financial Instruments: Recognition and measurement' on novation of derivatives and hedge accounting	January 1, 2014
- Annual Improvements 2010-2012 and 2011-2013 Cycle	July 1, 2014
- IFRS 14: 'Regulatory deferral accounts'	January 1, 2016
- IFRS 15: 'Revenue from contracts'	January 1, 2017
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41]	January 1, 2016

Note 6

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.

6.1 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.

6.2 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.

6.3 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.

6.4 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.

6.5 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 19. 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 same rates as applicable to owned assets, 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.

6.6 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.

6.7 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.

6.8 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.

6.9 Stock in trade

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

Raw materials	-	At average cost
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.

6.10 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.

6.11 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.

6.12 Financial instruments

6.12.1 Financial assets

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

At fair value through profit or loss

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

Loans and receivables

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

Held to maturity

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

Available-for-sale

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

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

Measurement criteria

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

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

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

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

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

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

6.12.2 Financial liabilities

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

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

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

6.12.3 Offsetting

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

6.13 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.

6.14 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.

6.15 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.

6.16 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.

6.17 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.

6.18 Dividends

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

Note 7
Issued, Subscribed and Paid up Capital

2014	2013		2014	2013
Number of shares			Rupees	Rupees
2,336,920	2,336,920	Ordinary shares of Rs. 10 each fully paid in cash	23,369,200	23,369,200
1,443,080	1,443,080	Ordinary shares of Rs. 10 each issued as bonus shares	14,430,800	14,430,800
3,024,000	3,024,000	Ordinary shares of Rs. 10 each issued otherwise than right issue	30,240,000	30,240,000
6,804,000	6,804,000		68,040,000	68,040,000

7.1 3,366,893 (2013: 3,366,893) ordinary shares of the Company are held by its associated companies, as at the balance sheet date.

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

Note 8
Share Deposit Money

Directors	39,031,914	39,031,914
Associate	8,000,000	8,000,000
	47,031,914	47,031,914

8.1 This represents amounts received from directors and associates 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 11.1 and Note 16.3).

Note 9
Reserves

	2014 Rupees	2013 Rupees
Capital reserve	2,274,287	2,274,287
Investment revaluation reserve	4,951,407	2,805,525
Revenue reserve	7,000,000	7,000,000
	14,225,694	12,079,812

Note 10
Surplus on Revaluation of Property, Plant and Equipment

Land - freehold		
Opening balance	42,936,960	42,936,960
Revaluation during the year	25,450,125	-
	68,387,085	42,936,960
Buildings on freehold land		
Opening balance	6,321,468	6,654,177
Revaluation during the year	7,679,219	-
	14,000,687	6,654,177
Plant and machinery		
Opening balance	4,855,404	5,394,893
Revaluation during the year	5,302,042	-
	10,157,446	5,394,893
Fittings and installations	37,092	41,213
	92,582,310	55,027,243
Incremental depreciation charged on revalued property, plant and equipment during the year transferred to retained earnings	(805,324)	(876,319)
	91,776,986	54,150,924

10.1 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.

10.2 Latest revaluation of land, and building and plant and machinery was carried out by an independent valuer on December 19, 2013 and June 30, 2014 respectively, that resulted in revaluation surplus of Rs. 38.431 million. Following basis were used for revaluation:

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

Note 11
Long Term Financing

	2014 Rupees	2013 Rupees
Loan from directors		
Opening balance	-	8,347,514
Transferred to share deposit money (refer to Note 8)	-	(8,347,514)
	-	-

11.1 Loan amounting to Rs. 8.347 million was transferred to share deposit money in last year (refer to Note 8); shares against this amount shall be issued as and when finalized by the Company.

Note 12
Deferred Liabilities

	Note	Rupees	Rupees Restated
Dividend payable to directors	12.1	541,012	541,012
Staff retirement benefits	12.2	38,380,249	35,621,789
		38,921,261	36,162,801

12.1 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.

12.2 Staff retirement benefits

Latest actuarial valuation was carried out as at June 30, 2014 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.

Discount rate	13.25%	10.50%
Expected rate of salary increased in future years	12.25%	9.50%
Average expected remaining working life time of employees	12 years	12 years
Actuarial valuation method	Projected Unit Credit Method	

The amounts recognized in the balance sheet are as follows:

Opening balance	35,621,789	47,970,792
Cost recognized during the year	6,358,271	9,100,308
	41,980,060	57,071,100
Benefits paid during the year	(3,362,440)	(6,001,494)
Remeasurement chargeable to other comprehensive income	(237,371)	(15,447,817)
Closing balance	38,380,249	35,621,789

Balance sheet reconciliation

Present value of defined benefit obligation	38,380,249	35,621,789

Cost for the year

	Note	2014 Rupees	2013 Rupees
Current service cost		2,617,983	2,864,105
Interest cost		3,740,288	6,236,203
Charge to the profit and loss account		6,358,271	9,100,308

12.3 Year end sensitivity analysis on defined benefit obligation

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

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	36,098,071	40,966,724
Salary increase	1%	40,966,724	36,059,554

12.4 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:

Years	Present Value of Defined benefit obligation Rupees	Plan assets Rupees	Deficit Rupees
2010	43,901,141	-	43,901,141
2011	47,561,679	-	47,561,679
2012	47,970,792	-	47,970,792
2013	35,621,789	-	35,621,789
2014	38,380,249	-	38,380,249

Note 13
Trade and Other Payables

Creditors for:			
- Goods	13.1	37,677,015	41,103,695
- Services		3,384,489	3,700,309
Accrued liabilities		20,245,614	15,375,696
Advances from customers and others		12,310,977	11,303,660
Unclaimed dividend		892,493	892,493
Staff / suppliers income tax		14,355	47,396
		74,524,943	72,423,249

13.1 This includes an amount of Rs. 6 million (2013: Rs. 12 million) payable on account of machinery purchased in the year 2010 from a commercial vendor. The outstanding amount carries mark-up at 1 month KIBOR + 2.5% (2013: 1 month KIBOR + 2.5%). The amount was repayable in 12 monthly installments. During the year, the Company has adjusted payable of Rs. 6 million against sale of machinery (refer to Note 19) to the vendor.

Note 14
Accrued Mark up

	Note	2014 Rupees	2013 Rupees
Long term financing		864,861	3,201,282
Short term borrowings		2,128,905	1,975,318
Due to related parties and others		6,126,444	4,845,788
		9,120,210	10,022,388

Note 15
Short Term Borrowings

From banking companies - Secured

Short term running finances	15.1	5,290,909	5,290,729
State Bank of Pakistan (SBP) refinances	15.2	83,910,000	83,910,000
		89,200,909	89,200,729

15.1 The running finance facility sanctioned by JS Bank Limited amounts to Rs. 5.30 million (2013: 17 million) to meet working capital requirements of the Company. Mark-up on this facility is charged at 3 month KIBOR + 3% (2013: 3 month KIBOR + 3%). This facility is secured against USD 62,000 placed in the personal account of Mr. Jillani Jahangir (Director of the Company) and personal guarantee of Mr. Tahir Jahangir and Mr. Jillani Jahangir Directors of the Company. The facility shall expire by April 30, 2015.

15.2 The export refinance facility sanctioned by Faysal Bank Limited amounts to Rs. 84 million (2013: Rs 84 million) for purchase of raw materials / inventory lf the Company. Mark-up on this facility is charged effectively at 9.4% (2013: 9.76%). This facility is secured against lien over EE statements and combined collateral of the Company and is negotiated for a tenor of maximum 180 days on rollover basis. The facility shall expire by January 31, 2015.

Note 16
Due to Related Parties - Unsecured

Tee Jay Corporation (Private) Limited (Associated Company)	16.1	-	1,134,460
Premier Garments Limited (Associated Company)	16.2	2,463,430	1,705,954
Due to directors	16.3	1,767,340	1,243,597
		4,230,770	4,084,011

16.1 This amount is un-secured and carries mark-up @ 14% (2013: 12%) per annum.

16.2 This amount is subject to mark up @ 14% (2013: 12%) per annum.

16.3 During the previous year, an amount of Rs. 17.684 million was transferred to share deposit money (refer to Note 8). Shares against this amount shall be issued as and when finalized by the Company.

Note 17
Provision for Taxation

	2014 Rupees	2013 Rupees
Opening balance	2,825,156	3,522,794
Provision for the current year	2,819,230	2,825,156
	5,644,386	6,347,950
Payments / adjustments during the year	(2,825,156)	(3,522,794)
	2,819,230	2,825,156

17.1 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 18
Contingencies and Commitments

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.

Commitments

There are no material commitments outstanding as at the balance sheet date (2013: Nil).

Note 19

Property, Plant and Equipment

Particulars	Cost / Revalued Amount				Depreciation						Written Down Value as at June 30, 2014
	Total as at June 30, 2013	Additions/ (Disposal)	Revaluation Adjustment	Total as at June 30, 2014	Rate	As at June 30, 2013	Transfer/ (Disposal)	For the year	Adjustment	Total as at June 30, 2014	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Year ended June 30, 2014											
Owned											
Land - freehold	44,519,875	-	25,450,125	69,970,000	-	-	-	-	-	-	69,970,000
Building on freehold land	36,169,943	-	7,679,219	20,892,000	5	22,261,752	-	695,410	-	-	20,892,000
			(22,957,162)	-					(22,957,162)		
Plant and machinery	107,706,142	(6,250,000)	5,302,042	29,641,000	10	76,729,925	(2,317,070)	2,704,329	-	-	29,641,000
			(77,117,184)						(77,117,184)		
Furniture and fittings	5,286,757	-	-	5,286,757	10	3,751,060	-	153,570	-	3,904,630	1,382,127
Fittings and installations	919,975	-	-	919,975	10	766,476	-	15,350	-	781,826	138,149
Vehicles	7,407,770	(2,566,260)	-	4,841,510	20	5,980,954	(2,146,841)	201,479	-	4,035,592	805,918
Other assets	550,860	-	-	550,860	10	375,463	-	17,540	-	393,003	157,857
Sub-total	202,561,322	(8,816,260)	(61,642,960)	132,102,102		109,865,630	(4,463,911)	3,787,678	(100,074,346)	9,115,051	122,987,051

Particulars	Cost / Revalued Amount				Depreciation						Written Down Value as at June 30, 2013
	As at July 01, 2012	Additions / Disposal	Transfer	Total as at June 30, 2013	Rate	As at July 01, 2012	Transfer / (Disposal)	For the year	Transfer	Total as at June 30, 2013	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Year ended June 30, 2013											
Owned											
Land - freehold	44,519,875	-	-	44,519,875	-	-	-	-	-	-	44,519,875
Building on freehold land	36,169,943	-	-	36,169,943	5	21,529,742	-	732,010	-	22,261,752	13,908,191
Plant and machinery	112,956,142	(5,250,000)	-	107,706,142	10	74,533,685	(1,412,414)	3,608,654	-	76,729,925	30,976,217
Furniture and fittings	5,286,757	-	-	5,286,757	10	3,580,427	-	170,633	-	3,751,060	1,535,697
Fittings and installations	919,975	-	-	919,975	10	749,421	-	17,055	-	766,476	153,499
Vehicles	6,112,770	-	1,295,000	7,407,770	20	4,668,726	1,023,419	288,809	-	5,980,954	1,426,816
Other assets	550,860	-	-	550,860	10	355,974	-	19,489	-	375,463	175,397
Sub-total	206,516,322	(5,250,000)	1,295,000	202,561,322		105,417,975	(388,995)	4,836,650	-	109,865,630	92,695,692
Leased											
Vehicles	1,295,000	-	(1,295,000)	-	20	955,524	(1,023,419)	67,895	-	-	-
Sub-total	1,295,000	-	(1,295,000)	-		955,524	(1,023,419)	67,895	-	-	-
Total 2013	207,811,322	(5,250,000)	-	202,561,322		106,373,499	(1,412,414)	4,904,545	-	109,865,630	92,695,692

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

	Note	2014	2013
		Rupees	Rupees
Cost of sales	29	3,415,089	4,377,208
Administrative expenses	31	372,589	527,337
		3,787,678	4,904,545

19.2 The revaluation of property, plant and equipment was carried out by an independent valuer as described in Note 10. Had there been no revaluation, cost, accumulated depreciation and book values of revalued assets would have been as follows:

	As on June 30, 2014		
	Cost	Accumulated Depreciation	Book value
	Rupees	Rupees	Rupees
Land	1,582,915	-	1,582,915
Building	21,051,167	13,643,780	7,407,387
Plant and machinery	65,024,994	45,255,899	19,769,095
Fittings and installation	697,570	592,804	104,766
	88,356,646	59,492,483	28,864,163

19.3 Disposal of property, plant and equipment and vehicles

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							
6 Looms, wrapping machine, lifter and punch machine	6,250,000	2,317,070	3,932,930	6,000,000	2,067,070	Negotiation	Comfort Textiles (Private) Limited
Vehicles							
Mitsubishi Lancer	1,254,180	1,041,133	213,047	765,000	551,953	Negotiation	Punjab Oil Mills Limited
Toyota Corolla Altis	1,312,080	1,105,708	206,372	700,000	493,628	Negotiation	Mr. Irfan Khan - Lahore
Total 2014	8,816,260	4,463,911	4,352,349	7,465,000	3,112,651		
Total 2013	5,310,737	4,698,642	612,095	2,388,000	1,775,905	Negotiation	Mr. Maqbool Ahmed - Faisalabad

Note 20
Long Term Investments

	2014 Rupees	2013 Rupees
Investment in associates - Available for sale		
Quoted		
Punjab Oil Mills Limited		
- 51,971 (2013: 51,971) fully paid ordinary shares of Rs. 10 each		
- Market value per share is Rs. 104.79 (2013: Rs. 63.50)		
- Cost Rs. 494,598 (2013: Rs. 494,598)		
- Percentage of equity held 0.96% (2013: 0.96%)	5,446,041	3,300,159
Unquoted		
Premier Garments Limited		
- 950 (2013: 950) ordinary shares of Rs. 100 each		
- Percentage of equity held 1.36% (2013: 1.36%)	95,000	95,000
Tee Jay Corporation (Private) Limited		
- 59,400 (2013: 59,400) ordinary shares of Rs.10 each		
- Percentage of equity held 5.94% (2013: 5.94%)	594,000	594,000
	6,135,041	3,989,159

20.1 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.

Note 21
Long Term Deposits

Deposits against utilities	3,666,217	3,448,717

Note 22
Stores and Spares

Dyes and chemicals	2,829,395	2,847,393
Packing materials	1,598,216	1,575,109
Loom stores	2,934,632	2,847,135
Other stores	2,664,367	2,378,332
	10,026,610	9,647,969

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

Note 23
Stock in Trade

	2014 Rupees	2013 Rupees
Raw materials	22,365,654	20,820,564
Work in process	37,488,630	36,815,100
Finished goods	34,464,576	35,304,600
	94,318,860	92,940,264

Note 24
Trade Debts

Local debts (Unsecured - considered good)	473,521	588,374
Foreign debts (Secured - considered good)	31,495,099	34,516,815
Foreign debts (Considered doubtful)	1,300,408	1,035,516
	33,269,028	36,140,705
Less: Provision for doubtful debts	(1,300,408)	(1,035,516)
	31,968,620	35,105,189

24.1 Provision for doubtful debts

Opening balance	1,035,516	658,685
Provision made during the year	264,892	376,831
	1,300,408	1,035,516
Bad debts written off	-	-
Closing balance	1,300,408	1,035,516

24.2 There is no outstanding receivable from any related party as at the balance sheet date (2013: Nil).

Note 25
Advances, Deposits, Prepayments and Other Receivables

	Note	2014 Rupees	2013 Rupees
Advances - considered good:			
- Employees against salaries	25.1	901,038	649,795
- Employees for purchases		198,573	149,815
- Suppliers		19,822,643	23,623,817
Less: Provision for doubtful advances		(1,131,436)	(979,997)
		18,691,207	22,643,820
		19,790,818	23,443,430
Income tax deducted at source		6,557,027	6,229,008
Trade deposits:			
- Margin against ERF account		1,130,447	1,987,961
- Leased assets		490,460	490,460
- Others		240,073	240,073
Prepayments		441,292	422,175
Duty draw back receivable		4,961,387	6,134,246
Custom rebate receivable		3,544,751	1,707,631
Mark up subsidy receivable		549,104	1,664,732
		37,705,359	42,319,716

25.1 There is no outstanding amount (2013: Nil) due from Chief Executive Officer, directors or executive of the Company.

Note 26
Due from Associates

Unsecured - Considered good		
- Tee Jay Corporation (Private) Limited (Associated Company)	194,148	-
- Punjab Oil Mills Limited	113,093	230,882
	307,241	230,882

26.1 Balances due from associated companies carry mark up @ 14% (2013: 12%) per annum.

Note 27
Cash and Bank Balances

Cash in hand	1,417,381	160,991
Cash at banks:		
- Current accounts	1,373,655	2,152,720
- Deposit account	8,200	8,200
	2,799,236	2,321,911

Note 28
Sales

	Note	2014 Rupees	2013 Rupees
Export		270,278,439	269,646,612
Local		13,434,766	12,374,692
		283,713,205	282,021,304
Export rebates		3,513,620	3,505,406
		287,226,825	285,526,710

Note 29
Cost of Sales

Raw materials consumed		127,296,984	120,539,730
Salaries, wages and benefits	29.1	44,937,276	45,607,900
Fuel and power		35,961,399	39,876,410
Stores, spares and chemicals consumed		21,949,066	20,248,002
Packing materials		8,158,818	8,603,962
Lease charges		3,600,000	4,800,000
Processing charges		2,496,164	2,700,533
Repairs and maintenance		200,061	1,013,768
Insurance		487,700	484,229
Depreciation	19.1	3,415,089	4,377,208
		248,502,557	248,251,742
Work in process inventory:			
- Opening		36,815,100	37,118,442
- Closing	23	(37,488,630)	(36,815,100)
		(673,530)	303,342
Cost of goods manufactured		247,829,027	248,555,084
Finished goods inventory:			
- Opening		35,304,600	37,625,947
- Closing	23	(34,464,576)	(35,304,600)
		840,024	2,321,347
		248,669,051	250,876,431

29.1 This includes Rs. 5.883 million (2013: Rs. 7.012 million) in respect of staff retirement benefits.

Note 30
Selling and Distribution Costs

	Note	2014 Rupees	2013 Rupees
Commission on sales		5,308,064	3,011,068
Sea freight		4,506,194	4,290,809
Freight, octroi and cartage		3,267,548	3,820,838
Clearing charges		2,838,196	2,740,078
Travelling and conveyance		275,257	1,322,841
Claims on export sales		-	1,025,912
Air freight		660,304	780,793
Postage, telephone and telex		1,434,533	744,904
Samples		624,726	717,040
Insurance		136,068	84,433
		19,050,890	18,538,716

Note 31
Administrative Expenses

Directors' remuneration		4,022,916	4,359,154
Salaries, wages and benefits	31.1	8,795,761	8,437,796
Fuel and power		2,187,067	1,785,728
Vehicles running expenses		1,746,886	1,795,914
Postage, telephone and telex		1,043,594	1,081,290
Travelling and conveyance		977,132	723,057
Rent, rates and taxes		384,700	536,318
Printing and stationery		497,479	404,703
Repairs and maintenance		487,616	403,870
Legal and professional charges		428,522	253,660
Insurance		105,395	107,056
Advertisement		54,090	113,015
Gardening expenses		48,528	55,883
Books and periodicals		39,956	30,537
Entertainment		432,789	445,522
Depreciation	19.1	372,589	527,337
		21,625,020	21,060,840

31.1 This includes Rs. 0.475 million (2013: Rs. 0.478) in respect of staff retirement benefits.

Note 32
Finance Cost

	2014 Rupees	2013 Rupees
Interest / mark-up on:		
- Long term loans	-	878,793
- Finance lease	-	25,512
- Short term finances	8,561,308	8,877,713
- Other	1,280,656	1,945,522
	9,841,964	11,727,540
Bank charges	2,969,410	3,147,184
Interest charged by related parties	1,026,045	1,357,016
	13,837,419	16,231,740

Note 33
Other Operating Expenses

Auditors' remuneration:		
- Audit fee	225,000	225,000
- Other attestation services	75,000	75,000
	300,000	300,000
Loss on disposal of property, plant and equipment	-	1,637,586
Provision for doubtful debts / advances	416,331	377,550
Exchange loss	1,787,524	554,143
Balances write-off	302,058	-
	2,805,913	2,869,279

Note 34
Other Income

	2014 Rupees	2013 Rupees
Lease rentals	840,000	780,000
Dividend income	181,899	77,957
Unclaimed liabilities written back	535,233	-
Gain on disposal of property, plant and equipment	3,112,651	-
	4,669,783	857,957

Note 35
Loss per Share - Basic and Dilutive

Net loss for the year attributable to ordinary shareholders	Rupees	(16,910,915)	(26,017,495)
Weighted average number of ordinary shares in issue	Number	6,804,000	6,804,000
Loss per share - Basic	Rupees	(2.49)	(3.82)
Net loss for the year attributable to ordinary shareholders	Rupees	(16,910,915)	(26,017,495)
Weighted average number of ordinary shares in issue	Number	6,804,000	6,804,000
Weighted average number of potential ordinary shares	Number	4,703,191	3,401,596
Weighted average number of total shares	Number	11,507,191	10,205,596
Loss per share - Dilutive	Rupees	(1.47)	(2.55)

35.1 To calculate the dilutive earnings per share, share deposit money has been considered as issued share capital.

Note 36
Remuneration of Chief Executive Officer, Directors and Executives

	2014			2013		
	Chief Executive Officer	Directors	Executive	Chief Executive Officer	Directors	Executive
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	593,808	1,837,704	-	593,808	1,837,704	-
House rent and utilities	326,592	966,696	-	326,592	966,696	-
Conveyance	3,600	7,200	-	3,600	7,200	-
Entertainment	16,316	-	-	9,746	-	-
Travelling	229,000	42,000	-	457,000	156,808	-
	1,169,316	2,853,600	-	1,390,746	2,968,408	-
Number of persons	1	3	-	1	3	-

36.1 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.

36.2 The Chief Executive Officer is provided with Company maintained car and residential telephone facility which is reimbursed to him.

Note 37
Transactions with Related Parties

Related parties and associates comprise related group companies, local associates, staff retirement funds, directors and key management personnel. Transactions with related parties and associates, other than remuneration and benefits to key management personnel under the term of their employment are as follows:

	2014	2013
	Rupees in thousand	
Associates		
Services purchased	2,115	1,459
Goods sold / services provided	8,582	8,749
Payments of lease rentals	3,600	4,800
Interest charged to associates	25	947
Lease rentals income	840	780
Due (to) / from associates - net	(453)	(14,699)
Interest charged by associates	1,051	2,304
Directors		
Due to directors - net	(524)	3,048
Share deposit money received from directors	-	26,032
Interest charged by directors	-	1,374

There were no transactions with key management personnel other than those undertaken as per terms of their employment that have been disclosed in Note 36.

Note 38
Financial Risk Management

38.1 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:

	2014	2013
	Rupees in thousand	
Trade debts	31,495	34,517

The following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate	98.78	95.94
Reporting date rate	98.75	98.80

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. 1.588 million (2013: Rs. 1.726 million) respectively higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. This sensitivity analysis reflects exposure as at reporting date and is unrepresentative of the exposure during the year.

(ii) Other price risk

Other price risk represents the risk that 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:

	2014			
	Total	**Level 1**	**Level 2**	**Level 3**
	Rupees	Rupees	Rupees	Rupees
Financial assets - Available for sale investments				
- Punjab Oil Mills Limited	5,446,041	5,446,041	-	-
- Premier Garments Limited	95,000	-	-	95,000
- Tee Jay Corporation (Private) Limited	594,000	-	-	594,000
	6,135,041	5,446,041	-	689,000

	2013			
	Total	**Level 1**	**Level 2**	**Level 3**
	Rupees	Rupees	Rupees	Rupees
Financial assets - Available for sale investments				
- Punjab Oil Mills Limited	3,300,159	3,300,159	-	-
- Premier Garments Limited	95,000	-	-	95,000
- Tee Jay Corporation (Private) Limited	594,000	-	-	594,000
	3,989,159	3,300,159	-	689,000

(iii) Interest rate risk

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

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short term borrowings. As the borrowings are obtained at variable rates. These expose the Company to cash flow interest rate risk.

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

	2014	2013
	Rupees in thousand	
Floating rate instruments		
Financial liabilities		
Short term borrowings	89,201	89,201
Financial assets		
Bank balances - saving accounts	8.2	8.2

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 before taxation for the year would have been Rs. 0.892 million (2013: Rs. 0.892 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:

	2014	2013
	Rupees in thousand	
Long term investments	6,135	3,989
Long term deposits	3,666	3,449
Trade debts	31,969	35,105
Deposits and other receivables	10,426	11,735
Bank balances	1,382	2,161

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

Past due 1 - 30 days	17,933	19,693
Past due 31 - 60 days	10,342	11,356
Past due 61 - 120 days	778	853
More than 120 days	2,916	3,203
	31,969	35,105

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 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		
	Short term	Long term	Agency	2014	2013
				Rupees in thousand	
Faysal Bank Limited	A1+	AA	PACRA	938	1,687
Askari Commercial Bank Limited	A1+	AA	PACRA	113	356
The Bank of Punjab	A1+	AA-	PACRA	3	3
Bank Al-falah Limited	A1+	AA	PACRA	6	6
Soneri Bank Limited	A1+	AA-	PACRA	2	5
HSBC Bank Limited	P-1	A1	Moody's	-	27
United Bank Limited	A1+	AA+	JCR-VIS	15	15
Investment Development Bank of Pakistan	P-1	A1	Moody's	17	17
NIB Bank Limited	A1+	AA-	PACRA	2	45
				1,096	2,161

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

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 Jun 30, 2014

	Carrying Amount	Contractual cash flows	Within 1 Year	Within 2-5 Years	Above 5 Years
	---------- Rupees in thousand ----------				
Trade and other payables	62,200	62,200	62,200	-	-
Accrued mark-up	9,120	9,120	9,120	-	-
Short term borrowings	89,201	97,785	97,785	-	-
Due to related parties	4,231	4,231	4,231	-	-
	164,752	173,336	173,336	-	-

Contractual maturities of financial liabilities as at June 30, 2013:

	Carrying Amount	Contractual cash flows	Within 1 Year	Within 2-5 Years	Above 5 Years
	---------- Rupees in thousand ----------				
Trade and other payables	61,072	61,072	61,072	-	-
Accrued mark-up	10,022	10,022	10,022	-	-
Short term borrowings	89,201	98,053	98,053	-	-
Due to related parties	4,084	4,084	4,084	-	-
	164,379	173,231	173,231	-	-

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.

38.2 Financial instruments by categories

Financial instruments as at June 30, 2014

	Cash and Cash Equivalents	Loans and advances	Available for sale	Assets at fair value through profit or loss	Total
	---------- Rupees in thousand ----------				
Assets as per balance sheet					
Long term deposits	-	3,666	-	-	3,666
Long term investments	-	-	6,135	-	6,135
Trade debts	-	31,969	-	-	31,969
Deposits and other receivable	-	10,426	-	-	10,426
Cash and bank balances	2,799	-	-	-	2,799
	2,799	46,061	6,135	-	54,995

	Other liabilities
	Rupees in thousand
Trade and other payables	62,200
Accrued mark-up	9,120
Short term borrowings	89,201
Due to related parties	4,231
	164,752

Financial instruments as at June 30, 2013

	Cash and Cash Equivalents	Loans and advances	Available for sale	Assets at fair value through profit or loss	Total
	---------- Rupees in thousand ----------				
Assets as per balance sheet					
Long term deposits	-	3,449	-	-	3,449
Long term investments	-	-	3,989	-	3,989
Trade debts	-	35,105	-	-	35,105
Deposits and other receivable	-	11,735	-	-	11,735
Cash and bank balances	2,322	-	-	-	2,322
	2,322	50,289	3,989	-	56,600

	Other liabilities
	Rupees in thousand
Trade and other payables	61,072
Accrued mark-up	10,022
Short term borrowings	89,201
Due to related parties	4,084
	164,379

38.3 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 39
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 meet 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 at balance sheet date, the gearing ratio of the Company was as under:

	2014	2013
	Rupees in thousand	
		Restated
Total borrowings	89,201	89,201
Cash and bank balances	(2,799)	(2,322)
Net Debt	86,402	86,879
Equity	6,765	20,487
Total Capital	93,167	107,366
Gearing Ratio	92.74%	80.92%

Note 40
Segment Information

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

	2014	2013
	Percentage	Percentage
Information about products:		
- Terry towel	97.20%	95.55%
Major customers:		
- 6 customers (2013: 7 customers)	55.32%	46.39%
Revenue from external customers attributed to foreign countries	95.26%	94.44%

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

Note 41
Capacity and Production

	2014	2013
	Number	Number
No. of looms installed and worked (including looms obtained on lease)	138	144
Standard production of looms worked (Kilograms)	962,400	1,079,400
Actual production (Kilograms)	375,174	386,576

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 42
Number of Employees

	2014		
	Head office	**Mills**	**Total**
	Number	Number	Number
Employees as at the year end	19	335	354
Average employees during the year	21	345	366

	2013		
	Head office	**Mills**	**Total**
	Number	Number	Number
Employees as at the year end	24	366	390
Average employees during the year	22	379	401

Note 43
Provident Fund

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

Note 44
Authorization of Financial Statements

These financial statements have been authorized for issue by the Board of Directors of the Company on **October 02, 2014.**

Note 45
General

Comparative figures have been re-arranged / re-classified. Wherever necessary, to facilitate comparison. Following rearrangements / reclassification has been made in these financial statements for better presentation:

	From	**To**	**Amount** Rupees
Trade and other payables	Creditor for Services (Note 13)	Creditor for Goods (Note 13)	12,000,000

CHIEF EXECUTIVE OFFICER

DIRECTOR

PATTERN OF SHAREHOLDING

As At June 30, 2014

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
112	1	100	6,533
254	101	500	75,411
270	501	1,000	204,073
155	1,001	5,000	400,830
31	5,001	10,000	243,701
7	10,001	15,000	94,500
5	15,001	20,000	86,770
2	20,001	25,000	44,495
1	25,001	30,000	26,500
2	35,001	40,000	75,800
1	110,001	115,000	112,000
1	120,001	125,000	123,154
1	165,001	170,000	168,885
2	195,001	200,000	395,159
1	390,001	395,000	394,144
1	395,001	400,000	400,000
1	810,001	815,000	812,822
1	3,135,001	3,140,000	3,139,223
848			**6,804,000**

Classification of Ordinary Shares by Categories as at June 30, 2014

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officers, and their spouse and minor childern	2,003,625	29.45
Associated Companies, undertakings and related parties.	3,194, 893	46.96
NIT and ICP	20,395	0.30
Barks Development Financial Institutions, Non-Banking Financial Institutions.	4,710	0.07
Insurance Companies	--	--
Modarabas and Mutual Funds	1,000	0.01
General Public	1,563,607	22.98
Joint Stock Companies	15,770	0.23
Total	6,804,000	100.00

PATTERN OF SHAREHOLDING

As At June 30, 2014

NAME AND CATEGORY WISE DETAILS IN ACCORDANCE WITH CCG 2014

Sr. No.	Name & Category of Shareholders	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties			
1	M/S TEEJAY CORPORATION (PVT) LTD	3,154,893	46.37
2	M/S PREMIER GARMENTS LIMITED	40,000	0.59
Mutual Funds			
Directors and their Spouse and Minor Children:			
1	MR. TAHIR JAHANGIR	1,212,822	17.82
2	MISS MUNIZA JAHANGIR	197,441	2.90
3	MISS SULEMA JAHANGIR	197,718	2.91
4	MR. JILANI JAHANGIR	394,144	5.79
5	SHEIKH IJAZ AHMAD	500	0.01
6	MR. ABDUL MUNAF	500	0.01
7	MR. ARSHAD JAVED	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 intrest in the listed company

Sr. No.	Name & Category of Shareholders	No. of Shares Held	Percentage
1	M/S TEEJAY CORPORATIONS (PVT) LTD	3,154,893	46.37
2	MR. TAHIR JAHANGIR	1,212,822	17.82
3	MR. JILANI JAHANGIR	394,144	5.79

During the year under review one of our Director Mr. Tahir Jahangir sold 156,000 shares in the market and also disclosed to the stock exchanges and SECP in accordance with provision of Cod of Corporate Governance:

FORM OF PROXY

I/We _____

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

_____ Ordinary Shares as per Share Register Folio No. _____

For beneficial owners as per CDC List
CDC Participant I.D. No. _____ Sub Account No. _____
CNIC No. ☐☐☐☐☐■☐☐☐☐☐☐☐■☐ Passport No. _____

hereby appoint Mr./Mrs./Miss._____ of_____ an other member of the Company or failing him/her Miss/Mrs/ Mr. _____ of _____ another member of the Company as my / our proxy to attend and vote for me / us and my /our behalf at Annual General Meeting of the Company to be held on Friday, October 31, 2014, 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 _____ 2014

Signature of Shareholder

_____

Signature of Proxy _____

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

Important:

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

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

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

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

AFFIX
CORRECT
POSTAGE

To:

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

BOOK POST

www.halaenterprises.com

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E: corporate@halaenterprises.com

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