

ANNUAL REPORT
2015



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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 Mr. Jillani Jahangir Miss Munizae Jahangir Mrs. Sulema Jahangir Mr. Rashid Ahmad Khan Sh. Ijaz Ahmed Mr. Abdul Munaf	Chairman/ Director Chief Executive Officer Non -Executive Director Non -Executive Director Non -Executive Director Non -Executive Director Executive Director
AUDIT COMMITTEE	Mr. Rashid Ahmad Khan Miss Munizae Jahangir Sh. Ijaz Ahmed	Chairman/Member Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Rashid Ahmad Khan Mr. Jillani Jahangir Miss Munizae Jahangir Mrs. Sulema Jahangir Sh. Ijaz Ahmed Mr. Abdul Munaf	Chairman/Member Member Member Member Member Member
CHIEF FINANCIAL OFFICER	Mr. Abdul Munaf	
COMPANY SECRETARY	Muhammad Mushtaq Saeed Iqbal	
HEAD OF INTERNAL AUDIT	Mr. Usman Saleem	
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 Sheikhpura Road, Lahore Tel: 042-37970130, 37970230 Fax: 042-37970681 Email. hala@halaenterprises.com Website: www.halaenterprises.com	
SHARE REGISTRAR OFFICE	M/s Corplink (Private) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore Tel: 042-35916714, 35916719 Fax: 042-35869037 Email. corplink786@yahoo.com	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 43rd Annual General Meeting of the Shareholders of HALA ENTERPRISES LIMITED will be held on Saturday, October 31, 2015 at 11:00 A.M. at Factory Premises, 17.5 KM Sheikhpura Road, Lahore the Registered Office of the Company, to transact the following business.

ORDINARY BUSINESS

1. To confirm minutes of Extraordinary General Meeting held on July 09, 2015.
2. To receive and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2015 alongwith Directors and Auditors Reports thereon.
3. To appoint External Auditors of the Company for the year ending June 30, 2016 and to fix their remuneration. The retiring Auditors M/S. Horwath Hussain Chaudhary & Co., Chartered Accountants being eligible and offer themselves for re-appointment.
4. Any other business with the permission of the Chair.

By order of the Board



(Abdul Munaf)
Director Finance

Lahore: October 09, 2015

NOTES:

1. The Share Transfer Books of the Company will be closed from October 24, 2015 to October 31, 2015 (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, 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-

NOTICE OF ANNUAL GENERAL MEETING

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 guide lines as laid down in Circular I dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. FOR ATTENDING THE MEETING:

- i). in case of individuals, the account holder or sub-account holder shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport along with Participants ID number and their account number at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of nominee shall be produced (unless it has been provided earlier at the time of the meeting).

B. FOR APPOINTING PROXIES:

- i) In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and of the proxy shall be furnished with the proxy form.
- iv) The Proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v) Incase 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).

INFORMATION FOR SHAREHOLDERS

Company's Registered Office/Works

Hala Enterprises Limited
17.5 KM Sheikhpura 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 Limited
Lahore Stock Exchange Limited
Islamabad Stock Exchange Limited

Stock Symbol

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

Statutory Compliance

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

Share Transfer System

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

Proxies

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

Every notice calling a general meeting of the Company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy who ought to be a member of the Company.

Annual General Meetings

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

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

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 30th 2015. 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 43rd Annual General Meeting of the Company to be held on October 31, 2015.

The financial year 2014-2015 has seen a relatively stable political and economic environment for the country. However, higher costs of utilities and the increase in other taxes has created a difficult situation for the export sector. It was assumed that higher utility tariffs would bring about a decrease in the need for alternative fuels – but the shortage still remained – and in addition government refunds have been stuck up for many months. This has created a cash flow vacuum for many exporters, where timely refund payments could have led to their increased productivity during the financial year – especially when conditions were favorable.

While the first quarter of the year was very hopeful, the second quarter brought about the onset of a very difficult situation for the company with the sudden devaluation of the Euro. The same trend persisted in the third quarter, where immediate measures were taken to increase the sales price for pending contracts. The last quarter saw a tremendous increase in production levels where conditions became more favorable.

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 5 Million. Our sales revenues declined, but we hope to regain that shortfall during the current year. The company is also expected to undergo some major cost-cutting changes this year and we hope to achieve a profitable scenario by the end of the financial year.

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

Financial and Operating Results

	2015 RUPEES	2014 RUPEES
Operating Profit/ (Loss)	482,641	(2,118,136)
Finance cost	(9,069,783)	(13,837,419)
Other operating expenses	(3,642,051)	(2,805,913)
Other operating income	2,541,993	4,669,783
Loss before taxation	(9,687,200)	(14,091,685)
Taxation	(2,273,773)	(2,819,230)
Loss after taxation	(11,960,973)	(16,910,915)
Loss per Share Basic	(1.76)	(2.49)

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.

Election of Directors

The tenure of Directors was ended on December 21, 2014 and accordingly election was held on December 19, 2014 to elect seven directors of the Company for next term of three years.

Board Meetings

During the year under review, 6 meetings of the Board of Directors were held from July 01, 2014 to June 30, 2015. All written notice, of the Board Meetings, along with agenda and working papers, were circulated to all directors at least seven days before the meetings.

Attendance by each Director was as under:

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

DIRECTOR'S REPORT

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, 2015.

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, 2015, four (4) meetings were held. Attendance by each member was as under:

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

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:

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

- Review of scope and extent of internal audit ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- Ascertain adequacy and effectiveness of the internal control system including financial and operational controls, accounting system and reporting structure.
- Determination of compliance with relevant statutory requirements and monitoring compliance with the best practices of corporate governance.
- 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 Six members including Chairman of the Committee.

S.No. Name of Members

1.	Mr. Rashid Ahmed Khan	Chairman
2.	Mr. Jillani Jahangir	Member
3.	Miss Munizae Jahangir	Member
4.	Mrs Sulema Jahangir	Member
5.	Sh. Ijaz Ahmed	Member
6.	Mr. Abdul Munaf	Member

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

Terms of Reference

The Committee shall be responsible for:

- recommending human resource management policies to the board;
- recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;

DIRECTOR'S REPORT

- iii) recommending to the Board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and
- iv) consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO.

Internal Audit and Control

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

Corporate Governance

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

The Company recognizes and respects the rights of each and every stakeholder including shareholders, employees, financiers, creditors, business partners, local communities and others. The Company encourages active participation of shareholders in all general meetings of the Company and values their

views towards better governance and operational management. The Company is also cognizant of its legal and constructive obligations towards its business partners, local communities where it operates and other stakeholders and takes appropriate actions to timely respond to their expectations after taking into account a pragmatic view of their interests associated with the Company.

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

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

are subject to additional regulatory requirements for trading and disclosing their transactions in Company shares.

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

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

DIRECTOR'S REPORT

Corporate and Financial Reporting Framework

- (i) The financial statements, prepared by the Management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- (ii) Proper books of account of the Company have been maintained.
- (iii) Appropriate accounting policies have been applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements. The accounting estimates are based on reasonable and prudent judgment.
- (iv) International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- (v) The system of internal control is sound in design and has been effectively implemented and monitored.
- (vi) There are no significant doubts upon the Company's ability to continue as a going concern.
- (vii) There has been no material departure from best practices of corporate governance as detailed in listing regulations.
- (viii) 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, 2015 are as follows:

Gratuity Fund Rs. 41 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, 2015 of certain classes of shareholders whose disclosure is required under the revised CCG and the statement of purchase and sale of shares by Directors, executives and their minor children during the year is shown on the Annual Report.

Code of Conduct for Directors and Employees

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

Priority Standards of Conduct:

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

Safety, Health and Environment

Hala Enterprises Limited conducts its business responsibly and in a way to make sure health, safety and protection from environmental aspects of its

DIRECTOR'S REPORT

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, 2015, 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 2015-2016.

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



(Jilani Jahangir)
Chief Executive Officer

Lahore

Dated: October 08, 2015

STATEMENT OF COMPLIANCE

With The Code Of Corporate Governance For The Year Ended June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the Listing Regulations No.35 of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

1. Mr. Tahir Jahangir	Chairman/Director
2. Mr. Jillani Jahangir	Chief Executive Officer
3. Miss Munizae Jahangir	Non-Executive Director
4. Mrs. Sulema Jahangir	Non-Executive Director
5. Mr. Rashid Ahmad Khan	Independent Director
6. Sh. Ijaz Ahmed	Non-Executive Director
7. Mr. Abdul Munaf	Executive Director
2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No. casual vacancy occurred on the Board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. During the year under review no training program was arranged by the Company.
10. No new appointment of Chief Financial Officer, Head of Internal Audit and Company Secretary was made during the year under review.
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.

STATEMENT OF COMPLIANCE

With The Code Of Corporate Governance For The Year Ended June 30, 2015

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board Audit Committee comprises of three (3) members. All member are Non-Executive Director and Chairman of Audit Committee is an Independent Director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The Terms of Reference of the Committee have been formed and advised to the committee for compliance.
17. The Board Human Resource Committee comprises of six (6) members, of whom four (4) are Non-Executive Directors including the Chairman of the Committee.
18. An effective internal audit function exists which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. In compliance with the Code of Corporate Governance, the Board has established mechanism for an annual evaluation of its own performance.
24. We confirm that all other material principles enshrined in the CCG have been complied with.



(Jillani Jahangir)
Chief Executive Officer

October 08, 2015

KEY FINANCIAL DATA LAST SIX YEARS

Particulars	2015	2014	2013	2012	2011	2010
Subscribed and paid up capital	68,040,000	68,040,000	68,040,000	68,040,000	68,040,000	37,800,000
Capital Reserve	18,290,866	14,225,694	12,079,812	11,534,636	10,858,493	10,162,528
Long term loan-secured	-	-	-	1,226,466	6,867,500	5,401,665
Deferred liabilities	41,829,086	38,921,261	36,162,801	49,814,480	48,102,691	44,442,153
Current liabilities	176,477,752	179,896,062	178,555,533	203,251,096	181,118,224	188,979,583
Operating fixed assets	107,117,076	122,987,051	92,695,692	101,437,823	107,807,590	114,144,295
Current assets	191,274,431	184,570,727	189,222,755	204,592,096	187,080,531	189,803,565
Sales	232,992,322	287,226,825	285,526,710	361,624,002	330,123,306	584,907,715
Gross profit	36,146,398	38,557,774	34,650,279	41,374,522	26,676,341	92,690,922
Operating (Loss) / Profit	482,641	(2,118,136)	(4,949,277)	(7,455,121)	(18,134,243)	21,656,864
(Loss) / Profit before taxation	(9,687,200)	(14,091,685)	(23,192,339)	(24,542,457)	(31,704,455)	7,249,705
(Loss) / Profit after taxation	(11,960,973)	(16,910,915)	(26,017,495)	(28,065,251)	(34,924,812)	1,572,805

REVIEW REPORT TO THE MEMBERS

On Statement Of Compliance With Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Hala Enterprises Limited for the year ended June 30, 2015 to comply with requirements of the Listing Regulation No.35 (Chapter XI) of the Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange, where the Company is listed.

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

As a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We 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 justification 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.

Following instances of non-compliance with the requirements of the Code were observed which are not stated in the Statement of Compliance:

- a) Executive directors exceed one-third of the elected directors, including the chief executive, of the Company
- b) Chairman of the Company is an executive director

Based on our review, except for the above instances of non-compliance, 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, 2015.

Further, we highlight below instance of non-compliance with the requirement of the Code as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Serial No.	Paragraph reference	Description
1	9	Directors' training program was not conducted during the year

Horwath Hussain Chaudhury & Co.

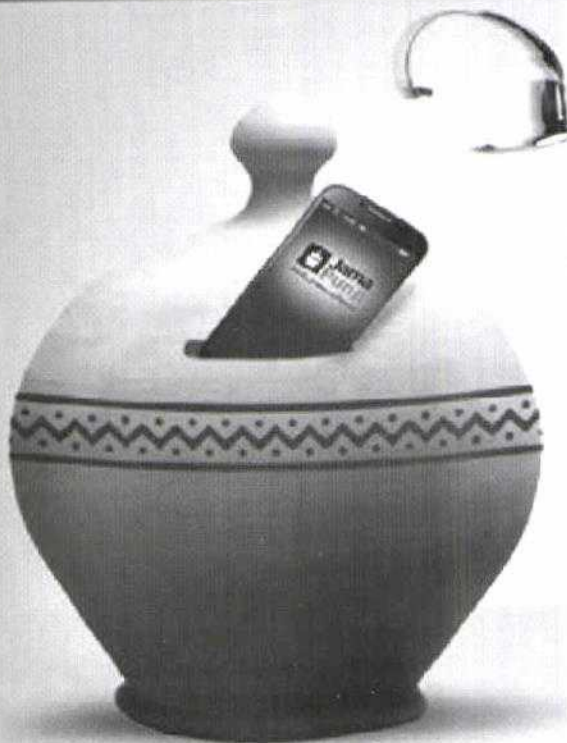
LAHORE

Dated: October 08, 2015

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

www.jamapunji.pk

**Jama
Punji**
سرمایہ کاری سمجھداری کے ساتھ



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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of HALA ENTERPRISES LIMITED as at June 30, 2015 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 ended June 30, 2015 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 accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required 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, 2015 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year ended June 30, 2015; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants
(Engagement Partner: Amin Ali)

LAHORE

Dated: October 08, 2015

BALANCE SHEET

As at June 30, 2015

	Note	2015 Rupees	2014 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 8,000,000 (2014: 8,000,000) ordinary shares of Rs. 10 each		80,000,000	80,000,000
Issued, subscribed and paid up capital	4	68,040,000	68,040,000
Share deposit money	5	61,923,044	47,031,914
Reserves	6	18,290,866	14,225,694
Accumulated loss		(132,669,964)	(122,532,881)
		15,583,946	6,764,727
Surplus on Revaluation of Property, Plant and Equipment	7	90,122,226	91,776,986
Non Current Liabilities			
Deferred liabilities	8	41,829,086	38,921,261
Current Liabilities			
Trade and other payables	9	73,919,667	74,524,943
Accrued mark up	10	8,537,288	9,120,210
Short term borrowings	11	90,347,000	89,200,909
Due to related parties	12	1,400,024	4,230,770
Provision for taxation	13	2,273,773	2,819,230
		176,477,752	179,896,062
Contingencies and Commitments	14	-	-
		324,013,010	317,359,036

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


CHIEF EXECUTIVE

	Note	2015 Rupees	2014 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	15	107,117,076	122,987,051
Long term investments	16	10,200,213	6,135,041
Long term deposits	17	3,906,290	3,906,290
		121,223,579	133,028,382
Current Assets			
Stores and spares	18	9,470,363	10,026,610
Stock in trade	19	87,839,567	94,318,860
Trade debts	20	35,740,068	31,968,620
Advances, deposits, prepayments and other receivables	21	28,264,676	37,465,286
Sales tax refundable		9,148,092	7,444,801
Due from associates	22	18,105,492	307,241
Cash and bank balances	23	2,706,173	2,799,236
		191,274,431	184,330,654
Asset Held for Disposal	24	11,515,000	-
		324,013,010	317,359,036



DIRECTOR

PROFIT AND LOSS ACCOUNT

For The Year Ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales	25	232,992,322	287,226,825
Cost of sales	26	<u>(196,845,924)</u>	<u>(248,669,051)</u>
Gross Profit		36,146,398	38,557,774
Operating expenses:			
- Selling and distribution costs	27	<u>16,704,493</u>	<u>19,050,890</u>
- Administrative expenses	28	<u>18,959,264</u>	<u>21,625,020</u>
		<u>(35,663,757)</u>	<u>(40,675,910)</u>
Operating Profit / (Loss)		482,641	(2,118,136)
Finance cost	29	(9,069,783)	(13,837,419)
Other operating expenses	30	(3,642,051)	(2,805,913)
Other income	31	<u>2,541,993</u>	<u>4,669,783</u>
Loss before Taxation		(9,687,200)	(14,091,685)
Taxation	17	(2,273,773)	(2,819,230)
Net Loss for the Year		<u>(11,960,973)</u>	<u>(16,910,915)</u>
Loss per Share - Basic	32	<u>(1.76)</u>	<u>(2.49)</u>
Loss per Share - Dilutive	32	<u>(0.98)</u>	<u>(1.47)</u>

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


CHIEF EXECUTIVE


DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended June 30, 2015

	2015 Rupees	2014 Rupees
Net Loss for the Year	(11,960,973)	(16,910,915)
Other Comprehensive Income		
Items that will not be reclassified to profit and loss		
Unrecognized actuarial gain due to experience adjustment on remeasurement of staff retirement benefits	169,130	237,371
Items that may be reclassified subsequently to profit and loss		
Surplus on remeasurement of investment available for sale	4,065,172	2,145,882
Other comprehensive income for the year	4,234,302	2,383,253
Total Comprehensive Loss for the Year	<u>(7,726,671)</u>	<u>(14,527,662)</u>

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


CHIEF EXECUTIVE


DIRECTOR


CASH FLOW STATEMENT

For The Year Ended June 30, 2015

	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(9,687,200)	(14,091,685)
Adjustments for:		
- Depreciation	4,337,218	3,787,678
- Provision for gratuity	6,837,298	6,358,271
- Dividend income	(311,825)	(181,899)
- Provision for doubtful debts / advances	1,028,385	416,331
- Unclaimed liabilities written back	-	(535,233)
- Balances written off	980,309	302,058
- Exchange loss	1,333,357	1,787,524
- Gain on disposal of property, plant and equipment	(5,943)	(3,112,651)
- Finance cost	9,069,783	13,837,419
	<u>23,268,582</u>	<u>22,659,498</u>
Operating profit before working capital changes	13,581,382	8,567,813
(Increase) / decrease in current assets		
- Stores and spares	556,247	(378,641)
- Stock in trade	6,479,293	(1,378,596)
- Trade debts	(6,133,190)	782,094
- Advances, deposits, prepayments and other receivables	9,691,070	4,790,938
- Sales tax refundable	(3,174,060)	(787,977)
- Balances due to / from related parties / associates - net	(20,628,997)	70,400
Increase / decrease in current liabilities		
- Trade and other payables	(605,276)	8,636,927
	<u>(13,814,913)</u>	<u>11,735,145</u>
Cash (used in) / generated from operations	(233,531)	20,302,958
Income tax paid	(2,819,230)	(3,153,175)
Finance cost paid	(9,652,705)	(14,739,417)
Gratuity paid	(3,760,343)	(3,362,440)
Net Cash used in Operating Activities	(16,465,809)	(952,074)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	23,700	1,465,000
Dividend income	311,825	181,899
Long term deposits	-	(217,500)
Net Cash generated from Investing Activities	335,525	1,429,399
CASH FLOWS FROM FINANCING ACTIVITIES		
Share deposit money	14,891,130	-
Short term borrowings	1,146,091	-
Net Cash generated from Financing Activities	<u>16,037,221</u>	<u>-</u>
Net (Decrease) / Increase in Cash and Cash Equivalents	(93,063)	477,325
Cash and cash equivalents at the beginning of the year	2,799,236	2,321,911
Cash and Cash Equivalents at the End of the Year	<u>2,706,173</u>	<u>2,799,236</u>

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


CHIEF EXECUTIVE


DIRECTOR

STATEMENT OF CHANGES IN EQUITY For The Year Ended June 30, 2015

Particulars	Share Capital	Share Deposit Money	Reserves				Accumulated Loss	Total
			Capital Reserve	Investment Revaluation Reserve	Revenue Reserve	Total		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2013	68,040,000	47,031,914	2,274,287	2,805,525	7,000,000	12,079,812	(106,664,561)	20,467,065
Comprehensive loss for the year								
Net loss for the year	-	-	-	-	-	-	(16,910,915)	(16,910,915)
Other comprehensive income for the year	-	-	-	2,145,882	-	2,145,882	237,371	2,383,253
Total comprehensive loss for the year	-	-	-	2,145,882	-	2,145,882	(16,673,544)	(14,527,662)
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	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	14,225,694	(122,532,681)	6,764,727
Comprehensive loss for the year								
Net loss for the year	-	-	-	-	-	-	(11,960,973)	(11,960,973)
Other comprehensive income for the year	-	-	-	4,065,172	-	4,065,172	169,130	4,234,302
Total comprehensive loss for the year	-	-	-	4,065,172	-	4,065,172	(11,791,843)	(7,726,671)
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	1,654,760	1,654,760
Transactions with owners								
Share deposit money received during the year	-	14,891,130	-	-	-	-	-	14,891,130
Balance as at June 30, 2015	68,040,000	61,923,044	2,274,287	9,016,579	7,000,000	18,290,866	(132,669,964)	15,583,946

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


CHIEF EXECUTIVE


DIRECTOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For The Year Ended June 30, 2015

Note 1

The Company and its Operations

Hala Enterprises Limited ("the Company") was incorporated in Pakistan as a Private Limited Company and was subsequently converted into a public limited company. The registered office of the Company is located at 17.5 KM Sheikhpura Road, Lahore 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 such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

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

Employee retirement benefits (Gratuity)	Note 8	Present value
Certain property plant and equipment	Note 15	Revalued / Fair value
Investment in quoted companies	Note 16	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.

2.4 Use of Estimates and Judgments

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

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

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

2.4.1 Property, plant and equipment

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

2.4.2 Doubtful receivables

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

2.4.3 Employees' retirement benefits

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

2.4.4 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.

2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

The following key amendments to standards are relevant that became effective during the year. These amendments are not likely to have any impact on the Company's financial statement.

i) Amendments to IAS 32 that address inconsistencies in applying the offsetting criteria in IAS 32 (Financial Instruments: Presentation). These amendments clarify the meaning of "currently has a legally enforceable right of set-off" and certain gross settlement systems that may be considered equivalent to net settlement.

ii) Amendments to IAS - 36 "Impairment of Assets" address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal and require the disclosure of additional information about the fair value measurement and discount rates used in present value technique.

iii) Amendments to IAS 19 "Employee Benefits" that introduce a narrow scope amendment to simplify the requirements for contributions from employees or third parties to a defined benefit plan, when those contributions are applied to a simple contributory plan that is linked to services.

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

There were certain amendments to the approved accounting standards which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

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

The following standards, amendments and interpretations of approved accounting standards are relevant and will be effective for accounting periods beginning on or after July 01, 2015. These amendments are not likely to have any impact on the Company's financial statements:

i) Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introducing severe restrictions on the use of revenue-based amortization for intangible assets. This amendment explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. These amendments have no impact on Company's financial statements as the Company has the policy of depreciating its property, plant and equipment based on the assessed useful lives.

ii) Amendments to IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) aim to improve consistency and reduce complexity by providing a precise definition of fair value. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The adoption of this standard is not likely to have an impact on the Company's financial statements.

2.5.4 Standards, interpretations and amendments to approved accounting standards that are neither relevant and nor yet effective

Revision / improvements / amendments to IFRS and	Effective Date (Period beginning on or after)
- IFRS 10 'Consolidated Financial Statements'	January 1, 2016
- IFRS 11 'Joint Arrangements'	January 1, 2016
- IFRS 12 'Disclosure of Interest in Other Entities'	January 1, 2016
- IFRS 14 'Regulatory Deferral Accounts'	January 1, 2016
- IFRS 15 'Revenue from Contracts with Customers'	January 1, 2018
- IAS 27 'Separate Financial Statement'	January 1, 2016
- Agriculture: Bearer Plants (Amendment to IAS 16 and IAS	January 1, 2016
- Investment entities applying the consolidation exception (amendments to IFRS 10, IFRS 12, and IAS-28)	January 1, 2016

Note 3

Significant Accounting Policies

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

3.1 Provisions

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.

3.2 Staff retirement benefits

Defined benefit plan

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

3.3 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.

3.4 Trade and other payables

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

3.5 Property, plant and equipment

Owned

Property, plant and equipment are stated at 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 and identified impairment loss.

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 15. 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.

3.6 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.

3.7 Investments

In associated undertakings

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

Other investments

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

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

Available for sale

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

At fair value through profit or loss

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

Held to maturity

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

3.8 Stores and spares

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.

3.9 Stock in trade

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

Raw materials	- At average cost
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.

3.10 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.

3.11 Cash and cash equivalents

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

3.12 Financial instruments

3.12.1 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 the management has the intention and ability to hold till maturity are carried at amortized cost.

Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. 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 recognized directly in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognized in the profit and loss account. Dividends on available-for sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

Measurement criteria

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

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

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

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

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

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

3.12.2 Financial liabilities

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

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

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

3.12.3 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 simultaneously.

3.13 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.

3.14 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.

3.15 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.

3.16 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.

3.17 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.

3.18 Dividends

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

Note 4

Issued, Subscribed and Paid up Capital

2015	2014		2015	2014
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
<u>6,804,000</u>	<u>6,804,000</u>		<u>68,040,000</u>	<u>68,040,000</u>

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

Teejay Corporation (Private) Limited	3,139,393	3,154,893
Premier Garments Limited	40,000	40,000
	<u>3,179,393</u>	<u>3,194,893</u>

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

Opening balance	6,804,000	6,804,000
Issued / cancelled during the year	-	-
Closing balance	<u>6,804,000</u>	<u>6,804,000</u>

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

Note 5

Share Deposit Money

Directors	53,923,044	39,031,914
Associate	8,000,000	8,000,000
	<u>61,923,044</u>	<u>47,031,914</u>

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

Note 6

Reserves

Capital reserve	2,274,287	2,274,287
Investment revaluation reserve	9,016,579	4,951,407
Revenue reserve	7,000,000	7,000,000
	<u>18,290,866</u>	<u>14,225,694</u>

Note 7

Surplus on Revaluation of Property, Plant and Equipment

	2015 Rupees	2014 Rupees
Land - freehold:		
- Opening balance	68,387,085	42,936,960
- Revaluation during the year	-	25,450,125
	68,387,085	68,387,085
Buildings on freehold land:		
- Opening balance	13,684,614	6,321,468
- Revaluation during the year	-	7,679,219
	13,684,614	14,000,687
Plant and machinery:		
- Opening balance	9,671,906	4,855,404
- Revaluation during the year	-	5,302,042
	9,671,906	10,157,446
Fittings and installations	33,381	37,092
	91,776,986	92,582,310
Incremental depreciation charged on revalued property, plant and equipment during the year transferred to retained earnings	(1,654,760)	(805,324)
	90,122,226	91,776,986

7.1 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.

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

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

Note 8

Deferred Liabilities

	Note		
Dividend payable to directors	8.1	541,012	541,012
Staff retirement benefits - unfunded	8.2	41,288,074	38,380,249
		41,829,086	38,921,261

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

8.2 Staff retirement benefits

This represents provision for gratuity for permanent employees and is based on length of service and last drawn gross salary. Latest actuarial valuation was carried out as at June 30, 2015. Results of actuarial valuation are as under:

2015
Rupees

2014
Rupees

8.2.1 Movement in net liability for staff retirement benefits

Opening balance	38,380,249	35,621,789
Charge for the year - Profit and loss account	6,837,298	6,358,271
Payments made / approved during the year	(3,760,343)	(3,362,440)
Charge for the year - Other comprehensive income	(169,130)	(237,371)
Closing balance	<u>41,288,074</u>	<u>38,380,249</u>

8.2.2 Charge for the year

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

Current service cost	2,001,038	2,617,983
Interest cost	<u>4,836,260</u>	<u>3,740,288</u>
	<u>6,837,298</u>	<u>6,358,271</u>

8.2.3 Actuarial assumptions

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

Discount rate - per annum	9.75%	13.25%
Expected rate of increase in salary level - per annum	8.75%	12.25%
Average expected remaining working lives of employees	10 years	
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Table	
Actuarial valuation method	Projected Unit Credit Method	

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

	2015 Rupees	2014 Rupees	2013 Rupees	2012 Rupees	2011 Rupees
Present value of defined benefit obligation	41,288,074	38,380,249	35,621,789	47,970,792	47,561,679
Fair value of plan asset	-	-	-	-	-
Net balance sheet liability	<u>41,288,074</u>	<u>38,380,249</u>	<u>35,621,789</u>	<u>47,970,792</u>	<u>47,561,679</u>

8.2.5 Estimated charge for the year 2015-2016

Rupees

Current service cost	2,795,659
Interest cost	<u>4,025,587</u>
	<u>6,821,246</u>

8.2.6 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:

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
		Rupees	Rupees
Discount rate	1%	38,841,581	44,061,471
Salary increase	1%	44,061,471	38,798,957

Note 9

Trade and Other Payables

	Note	2015 Rupees	2014 Rupees
Creditors for:			
- Goods	9.1	38,773,240	37,677,015
- Services		3,012,244	3,384,489
Accrued liabilities		19,563,473	20,245,614
Advances from customers and others	9.2	11,673,598	12,310,977
Unclaimed dividend		892,493	892,493
Withholding tax payable		4,619	14,355
		<u>73,919,667</u>	<u>74,524,943</u>

9.1 This includes an amount of Rs. 6 million (2014: Rs. 6 million) payable on account of machinery purchased in the year 2010 from a commercial vendor. The outstanding amount carries mark-up at 1 month KIBOR + 2.5% (2014: 1 month KIBOR + 2.5%). The amount was repayable in 12 monthly installments; however, no repayment has been made yet.

9.2 This includes an amount of Rs. 5.15 million received from a party as an advance against sale of land, (refer to Note 24).

Note 10

Accrued Mark up

Long term financing from directors	864,861	864,861
Short term borrowings from banking companies	1,277,778	2,128,905
Due to related parties	2,465,264	2,465,264
Others	3,929,385	3,661,180
	<u>8,537,288</u>	<u>9,120,210</u>

Note 11

Short Term Borrowings

Borrowings from banking companies - Secured:

- Running finances	11.1	-	5,290,909
- State Bank of Pakistan (SBP) refinances / Export finance	11.2	90,347,000	83,910,000
		<u>90,347,000</u>	<u>89,200,909</u>

- 11.1** This represented running finance facility sanctioned by JS Bank Limited amounting to Rs. 5.30 million (2014: 5.3 million) for meeting the working capital requirements of the Company. Mark-up on this facility was charged at 3 months KIBOR + 3% (2014: 3 month KIBOR + 3%). This facility has been entirely repaid during the year.
- 11.2** This represents utilized portion of short term borrowing facilities obtained from Faysal Bank Limited with a limit of Rs. 94 million. These facilities carry mark-up at SBP pricing plus 1% and 3 month KIBOR plus 3% per annum, payable on quarterly basis. These facilities are secured against lien over export documents, charge over present and future current and fixed assets of the Company, residential property of a close relative, personal guarantees of sponsor director and close relative of the sponsor director and restriction over declaration of dividends by the Company.

Note 12

Due to Related Parties - Unsecured

	Note	2015 Rupees	2014 Rupees
Premier Garments Limited (Associated Company)	12.1	1,157,458	2,463,430
Punjab Oil Mills Limited (Associated Company)		242,566	-
Due to directors		-	1,767,340
		<u>1,400,024</u>	<u>4,230,770</u>

- 12.1** Due to related parties carry mark up @ 12% (2014: 14%) per annum.

Note 13

Provision for Taxation

Opening balance	2,819,230	2,825,156
Provision for the current year	<u>2,273,773</u>	<u>2,819,230</u>
	5,093,003	5,644,386
Payments / adjustments during the year	<u>(2,819,230)</u>	<u>(2,825,156)</u>
	<u>2,273,773</u>	<u>2,819,230</u>

- 13.1** Income tax assessments have been finalized upto the Assessment Year 2002-2003 (accounting year ending June 30, 2003). Assessments for the Tax Years 2003 onwards are deemed finalized under the self assessment scheme.

Note 14

Contingencies and Commitments

14.1 Contingencies

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

14.2 Commitments

There are no material commitments outstanding as at the balance sheet date (2014: Nil).

Note 15

Property, Plant and Equipment

Description	Freehold Land	Buildings on Freehold Land	Plant and Machinery	Furniture and Fittings	Fittings and Installations	Vehicles	Other Assets	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees

Year Ended June 30, 2015

Owned assets

Cost

Balance as at July 01, 2014	69,970,000	20,892,000	29,641,000	5,286,757	919,975	4,841,510	550,860	132,102,102
Additions	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	(23,700)	(23,700)
Transferred to asset held for disposal	(11,515,000)	-	-	-	-	-	-	(11,515,000)
Balance as at June 30, 2015	58,455,000	20,892,000	29,641,000	5,286,757	919,975	4,841,510	527,160	120,563,402

Accumulated depreciation

Balance as at July 01, 2014	-	-	-	3,904,630	781,826	4,035,592	393,003	9,115,051
Charge for the year	-	1,044,600	2,964,100	138,213	13,815	161,184	15,306	4,337,218
Disposals	-	-	-	-	-	-	(5,943)	(5,943)
Balance as at June 30, 2015	-	1,044,600	2,964,100	4,042,843	795,641	4,196,776	402,366	13,446,326
Total as at June 30, 2015	58,455,000	19,847,400	26,676,900	1,243,914	124,334	644,734	124,794	107,117,076

Depreciation rates	5%	10%	10%	10%	20%	10%		
Description	Freehold Land	Buildings on Freehold Land	Plant and Machinery	Furniture and Fittings	Fittings and Installations	Vehicles	Other Assets	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees

Year Ended June 30, 2014

Owned assets

Cost

Balance as at July 01, 2013	44,519,875	36,169,943	107,706,142	5,286,757	919,975	7,407,770	550,860	202,561,322
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	(6,250,000)	-	-	(2,566,260)	-	(8,816,260)
Revaluation	25,450,125	7,679,219	5,302,042	-	-	-	-	38,431,386
Revaluation Adjustment	-	(22,957,162)	(77,117,184)	-	-	-	-	(100,074,346)
Balance as at June 30, 2014	69,970,000	20,892,000	29,641,000	5,286,757	919,975	4,841,510	550,860	132,102,102

Accumulated depreciation

Balance as at July 01, 2013	-	22,261,752	76,729,925	3,751,060	766,476	5,980,954	375,463	109,865,630
Charge for the year	-	695,410	2,704,329	153,570	15,350	201,479	17,540	3,787,678
Disposals	-	-	(2,317,070)	-	-	(2,146,841)	-	(4,463,911)
Adjustment	-	(22,957,162)	(77,117,184)	-	-	-	-	(100,074,346)
Balance as at June 30, 2014	-	-	-	3,904,630	781,826	4,035,592	393,003	9,115,051
Total as at June 30, 2014	69,970,000	20,892,000	29,641,000	1,382,127	138,149	805,918	157,857	122,987,051

Depreciation rates	5%	10%	10%	10%	20%	10%		
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15.1 Apportionment of depreciation charge for the year

Depreciation charge for the year has been apportioned as follows:

	Note	2015 Rupees	2014 Rupees
Cost of sales	26	4,022,515	3,415,089
Administrative expenses	28	314,703	372,589
		<u>4,337,218</u>	<u>3,787,678</u>

15.2 Disposal of property, plant and equipment

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

Particulars	Cost	Accumulated Depreciation	Written down value	Sale proceeds	Gain on disposal	Buyer Name	Mode of Sale
	Rupees	Rupees	Rupees	Rupees	Rupees		

Asset with book value below Rs. 50,000

Other assets: Laptop

Total 2015	23,700	5,943	17,757	23,700	5,943	Mr. Khuram Sohail - Employee	Negotiation
Total 2014	<u>8,816,260</u>	<u>4,463,911</u>	<u>4,352,349</u>	<u>7,465,000</u>	<u>3,112,651</u>		

15.3 Cost, accumulated depreciation and book value of revalued assets, had there been no revaluation

Had there been no revaluation, the carrying amounts of the following classes of assets would have been as follows:

Freehold land	1,582,915	1,582,915
Buildings on freehold land	6,847,017	7,207,386
Plant and machinery	17,972,185	19,969,094
Fittings and installations	94,291	104,768
	<u>26,496,408</u>	<u>28,864,163</u>

Note 16

Long Term Investments

	2015 Rupees	2014 Rupees
Investment in associates - Available for sale		
Quoted		
Punjab Oil Mills Limited:		
- 51,971 (2014: 51,971) fully paid ordinary shares of Rs. 10 each		
- Market value per share is Rs. 183.01 (2014: Rs. 104.79)		
- Cost Rs. 494,598 (2014: Rs. 494,598)		
- Percentage of equity held 0.96% (2014: 0.96%)	9,511,213	5,446,041
Unquoted		
Premier Garments Limited:		
- 950 (2014: 950) ordinary shares of Rs. 100 each		
- Percentage of equity held 1.36% (2014: 1.36%)	95,000	95,000
Tee Jay Corporation (Private) Limited:		
- 59,400 (2014: 59,400) ordinary shares of Rs.10 each		
- Percentage of equity held 5.94% (2014: 5.94%)	594,000	594,000
	<u>10,200,213</u>	<u>6,135,041</u>

16.1 Investments available for sale are measured at fair values in accordance with IAS 39 (Financial Instruments: Recognition and Measurement). Quoted market value in an active market is considered as the fair value of the investment and the resulting difference between cost and fair value is shown as a separate component of equity. Investments that do not have a quoted market price in an active market and whose fair value cannot be measured reliably are stated at cost.

Note 17

Long Term Deposits

Deposits against utilities	3,666,217	3,666,217
Others	240,073	240,073
	<u>3,906,290</u>	<u>3,906,290</u>

Note 18

Stores and Spares

Dyes and chemicals	2,715,562	2,829,395
Packing materials	1,855,105	1,598,216
Loom stores	2,461,420	2,934,632
Other stores	2,438,276	2,664,367
	<u>9,470,363</u>	<u>10,026,610</u>

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

Note 19

Stock in Trade

	Note	2015 Rupees	2014 Rupees
Raw materials		19,274,458	22,365,654
Work in process		35,022,656	37,488,630
Finished goods		33,542,453	34,464,576
		<u>87,839,567</u>	<u>94,318,860</u>

Note 20

Trade Debts

Foreign debts (Secured - considered good)		35,632,332	31,495,099
Foreign debts (Considered doubtful)		966,830	1,300,408
Local debts (Unsecured - considered good)		107,736	473,521
		<u>36,706,898</u>	<u>33,269,028</u>
Less: Provision for doubtful debts	20.1	<u>(966,830)</u>	<u>(1,300,408)</u>
		<u>35,740,068</u>	<u>31,968,620</u>

20.1 Provision for doubtful debts

Opening balance		1,300,408	1,035,516
Provision made during the year		500,000	264,892
		<u>1,800,408</u>	<u>1,300,408</u>
Bad debts written off		<u>(833,578)</u>	<u>-</u>
Closing balance		<u>966,830</u>	<u>1,300,408</u>

20.2 There is no outstanding receivable from any related party as at the balance sheet date (2014: Nil).

Note 21

Advances, Deposits, Prepayments and Other Receivables

Advances - considered good:			
- Employees against salaries	21.1	744,687	901,038
- Employees for purchases		296,860	198,573
- Suppliers		<u>12,416,170</u>	<u>19,822,643</u>
Less: Provision for doubtful advances	21.2	<u>(741,500)</u>	<u>(1,131,436)</u>
		<u>11,674,670</u>	<u>18,691,207</u>
		12,716,217	19,790,818
Income tax deducted at source		6,491,888	6,557,027
Trade deposits:			
- Margin against export refinance account		1,882,375	1,130,447
- Leased assets		-	490,460
Prepayments		424,481	441,292
Duty draw back receivable		3,940,812	4,961,387
Custom rebate receivable		2,259,799	3,544,751
Mark up subsidy receivable		549,104	549,104
		<u>28,264,676</u>	<u>37,465,286</u>

21.1 This includes an amount of Rs. 0.2 million (2014: Rs. 0.2 million) as advance against salary given to director of the Company.

21.2 Provision for doubtful advances

	2015 Rupees	2014 Rupees
Opening balance	1,131,436	979,997
Provision made during the year	528,385	151,439
	1,659,821	1,131,436
Bad debts written off	(918,321)	-
Closing balance	741,500	1,131,436

Note 22

Due from Associates

Unsecured - Considered good:

- Tee Jay Corporation (Private) Limited
- Punjab Oil Mills Limited

18,105,492	194,148
-	113,093
18,105,492	307,241

22.1 Balances due from associated companies carry mark up @ 12% (2014: 14%) per annum.

Note 23

Cash and Bank Balances

Cash in hand	957,778	1,417,381
Cash at bank - in current accounts	1,738,689	1,373,655
Cash at bank - in deposit accounts	9,706	8,200
	1,748,395	1,381,855
	2,706,173	2,799,236

Note 24

Asset Held for Disposal

Asset held for sale	24.1	11,515,000	-
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24.1 The Company is intending to dispose off its excess land to settle its liabilities. The land is situated at Rana Town, Lahore measuring 16.45 kanals. Consequently, this land has been classified as asset held for disposal.

Note 25

Sales

	Note	2015 Rupees	2014 Rupees
Export		218,921,860	270,278,439
Local		10,392,823	11,549,266
		<u>229,314,683</u>	<u>281,827,705</u>
Processing income		2,035,725	1,885,500
Export rebates		1,641,914	3,513,620
		<u>232,992,322</u>	<u>287,226,825</u>

Note 26

Cost of Sales

Raw materials consumed		92,894,522	127,296,984
Salaries, wages and benefits	26.1	35,638,191	44,937,276
Fuel and power		26,903,505	35,961,399
Stores, spares and chemicals consumed		20,703,975	21,949,066
Packing materials		6,544,228	8,158,818
Lease charges		3,000,000	3,600,000
Processing charges		3,058,934	2,496,164
Repairs and maintenance		199,331	200,061
Insurance		492,626	487,700
Depreciation	15.1	4,022,515	3,415,089
		<u>193,457,827</u>	<u>248,502,557</u>
- Opening		37,488,630	36,815,100
- Closing	19	(35,022,656)	(37,488,630)
		<u>2,465,974</u>	<u>(673,530)</u>
Cost of goods manufactured		<u>195,923,801</u>	<u>247,829,027</u>
Finished goods inventory:			
- Opening		34,464,576	35,304,600
- Closing	19	(33,542,453)	(34,464,576)
		<u>922,123</u>	<u>840,024</u>
		<u>196,845,924</u>	<u>248,669,051</u>

26.1 This includes Rs. 5.912 million (2014: Rs. 5.883 million) in respect of staff retirement benefits.

Note 27

Selling and Distribution Costs

Commission on sales	5,615,052	5,308,064
Sea freight	2,692,116	4,506,194
Freight, octroi and cartage	2,364,847	3,267,548
Clearing charges	2,807,641	2,838,196
Travelling and conveyance	301,526	275,257
Air freight	658,353	660,304
Postage, telephone and telex	1,537,966	1,434,533
Samples	650,135	624,726
Insurance	76,857	136,068
	<u>16,704,493</u>	<u>19,050,890</u>

Note 28

Administrative Expenses

	Note	2015 Rupees	2014 Rupees
Directors' remuneration		2,718,180	4,022,916
Salaries, wages and benefits	28.1	7,934,021	8,795,761
Fuel and power		1,744,435	2,187,067
Vehicles running expenses		1,399,153	1,746,886
Postage, telephone and telex		1,072,007	1,043,594
Travelling and conveyance		1,113,097	977,132
Rent, rates and taxes		423,126	384,700
Printing and stationery		529,630	497,479
Repairs and maintenance		617,082	487,616
Legal and professional charges		353,110	428,522
Insurance		117,143	105,395
Advertisement		86,700	54,090
Gardening expenses		48,003	48,528
Books and periodicals		32,614	39,956
Entertainment		456,260	432,789
Depreciation	15.1	314,703	372,589
		<u>18,959,264</u>	<u>21,625,020</u>

28.1 This includes Rs. 0.925 (2014: Rs. 0.475) in respect of staff retirement benefits.

Note 29

Other Operating Expenses

Auditors' remuneration:

- Statutory audit	225,000	225,000
- Half yearly review and attestations	75,000	75,000
	300,000	300,000
Provision for doubtful debts / advances	1,028,385	416,331
Exchange loss	1,333,357	1,787,524
Balances written-off	980,309	302,058
	<u>3,642,051</u>	<u>2,805,913</u>

Note 30

Finance Cost

Short term borrowings from banking companies - net of subsidy

Short term borrowings from other

Bank charges

Interest charged by related parties

5,050,315	8,561,308
268,205	1,280,656
5,318,520	9,841,964
3,121,091	2,969,410
630,172	1,026,045
<u>9,069,783</u>	<u>13,837,419</u>

Note 31

Other Operating Income

Income from non - financial assets

Lease rentals

Dividend income

Unclaimed liabilities written back

Gain on disposal of property, plant and equipment

Interest charged to related parties

900,000	840,000
311,825	181,899
-	535,233
5,943	3,112,651
1,324,225	-
<u>2,541,993</u>	<u>4,669,783</u>

Note 32

Loss per Share - Basic and Dilutive

		2015	2014
Net loss for the year attributable to ordinary shareholders	Rupees	(11,960,973)	(16,910,915)
Weighted average number of ordinary shares in issue	Number	6,804,000	6,804,000
Loss per share - Basic	Rupees	<u>(1.76)</u>	<u>(2.49)</u>
Net loss for the year attributable to ordinary shareholders	Rupees	(11,960,973)	(16,910,915)
Weighted average number of ordinary shares in issue	Number	6,804,000	6,804,000
Weighted average number of potential ordinary shares	Number	5,411,859	4,703,191
Weighted average number of total shares	Number	<u>12,215,859</u>	<u>11,507,191</u>
Loss per share - Dilutive	Rupees	<u>(0.98)</u>	<u>(1.47)</u>

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

Note 33

Remuneration of Chief Executive Officer, Directors and Executives

	2015			2014		
	Chief Executive Officer	Executive Directors	Non-Executive Directors	Chief Executive Officer	Executive Directors	Non-Executive Directors
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	653,424	900,132	-	593,808	818,088	1,019,616
House rent and utilities	359,376	446,628	-	326,592	367,824	458,832
Conveyance	3,600	3,600	-	3,600	38,088	101,952
Entertainment	14,220	-	-	16,316	3,600	3,600
Travelling	300,800	36,400	-	229,000	42,000	-
	<u>1,331,420</u>	<u>1,386,760</u>	<u>-</u>	<u>1,169,316</u>	<u>1,269,600</u>	<u>1,584,000</u>
Number of persons	<u>1</u>	<u>2</u>	<u>4</u>	<u>1</u>	<u>2</u>	<u>4</u>

- 33.1** An executive is defined as an employee with basic salary of Rs. 500,000 or more per annum. No employee of the Company qualifies as an executive.
- 33.2** The Chief Executive Officer is provided with Company maintained car and reimbursement of residential telephone bills.
- 33.3** Non-executive directors have not been paid any remuneration during the year.

Note 34

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:

			2015	2014
			Rupees in thousand	
Related party	Relationship	Nature of transaction		
Premier Garments Limited	Associated company	Interest charged	598	451
		Payments made for expenses	(1,445)	(3,933)
		Funds received	100	640
		Expenses charged to Associate	(559)	-
		Lease rental charged by Associate	3,000	3,600
		Balance transferred to Tee Jay Corporation (Private) Limited	(3,000)	-
Punjab Oil Mills Limited	Associated company	Interest charged	32	(25)
		Payments made	(1,831)	(1,743)
		Funds received	-	720
		Expenses charged by Associate	2,155	1,165
Tee Jay Corporation (Private) Limited	Associated company	Rendering of services	8,017	7,792
		Lease rental income	900	840
		Interest charged	1,324	(600)
		Payments made for expenses	56,762	18,772
		Funds received	(84,836)	(74,209)
		Expenses incurred for Associate	54,430	53,143
		Balance transferred from directors	(6,627)	-
		Creditors / Debtors - net transferred to	(10,862)	(4,410)
		Balance transferred from Premier Garments Limited	(3,000)	-
		Interest paid to Tee Jay Corporation (Private) Limited	1,803	-
Directors	Associated person	Due to directors	-	524
		Balance transferred to Tee Jay Corporation (Private) Limited	(6,627)	(3,403)
		Payments made	(3,403)	(8,263)
		Funds received	8,263	-
		Share deposit money received	14,891	-
Outstanding Balance at the year end				
Premier Garments Limited		Due to associated company	1,157	2,463
Punjab Oil Mills Limited		Due to associated company	243	-
		Due from associated company	-	113
Tee Jay Corporation (Private) Limited		Due from associated company	18,105	194
Directors		Share deposit money	61,923	47,032
		Accrued mark up	3,330	3,330
		Due to related parties	-	1,767

Note 35

Financial Risk Management

35.1 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:

	2015 Rupees	2014 Rupees
Trade debts	<u>35,632,332</u>	<u>31,495,099</u>

The following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate	100.18	98.78
Reporting date rate	101.60	98.75

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 loss before taxation for the year would have been Rs. 1.782million (2014: Rs. 1.575 million) respectively lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk.

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:

2015			
Total	Level 1	Level 2	Level 3
Rupees	Rupees	Rupees	Rupees

Financial assets - Available for sale investments

- Punjab Oil Mills Limited	9,511,213	9,511,213	-	-
- Premier Garments Limited	95,000	-	-	95,000
- Tee Jay Corporation (Private) Limited	594,000	-	-	594,000
	10,200,213	9,511,213	-	689,000

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

(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:

	2015 Rupees	2014 Rupees
Floating rate instruments		
Financial liabilities		
Short term borrowings	90,347,000	89,200,909
Financial assets		
Bank balances - deposit accounts	9,706	8,200

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the balance sheet date, fluctuate by 1% higher / lower with all other variables held constant, loss before taxation for the year would have been Rs. 0.903 million (2014: 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 indicative of balances outstanding during the year.

(b) Credit risk

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

	2015 Rupees	2014 Rupees
Long term investments	10,200,213	6,135,041
Long term deposits	3,906,290	3,906,290
Trade debts	35,740,068	31,968,620
Deposits and other receivables	8,872,163	10,425,762
Bank balances	1,748,395	1,381,855

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

Past due 1 - 30 days	26,809,888	17,933,000
Past due 31 - 60 days	5,362,247	10,342,000
Past due 61 - 120 days	2,605,953	778,000
More than 120 days	961,980	2,915,620
	<u>35,740,068</u>	<u>31,968,620</u>

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

The credit quality of 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 Short term	Rating Long term	Rating Agency	2015 Rupees	2014 Rupees
Faysal Bank Limited	A1+	AA	PACRA	1,579,696	1,223,326
Askari Commercial Bank Limited	A1+	AA	PACRA	112,854	113,407
The Bank of Punjab	A1+	AA-	PACRA	3,257	3,257
Bank Al-falah Limited	A1+	AA	PACRA	5,917	5,917
Soneri Bank Limited	A1+	AA-	PACRA	1,682	2,330
United Bank Limited	A-1+	AA+	JCR - VIS	14,476	14,526
Investment Development Bank of Pakistan	P-1	A1	Moody's	17,240	17,240
NIB Bank Limited	A1+	AA-	PACRA	7,312	1,738
JS Bank Limited	A1	A+	PACRA	5,847	-
National Bank of Pakistan	A1+	AAA	JCR - VIS	114	114
				<u>1,748,395</u>	<u>1,381,855</u>

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

(c) Liquidity risk

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

Contractual maturities of financial liabilities as at June 30, 2015:

	Carrying Amount	Contractual cash flows	Within 1 Year	Within 2-5 Years	Above 5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	61,348,957	61,348,957	61,348,957	-	-
Accrued mark-up	8,537,288	8,537,288	8,537,288	-	-
Short term borrowings	90,347,000	96,022,725	96,022,725	-	-
Due to related parties	1,400,024	1,568,027	1,568,027	-	-
	<u>161,633,269</u>	<u>167,476,997</u>	<u>167,476,997</u>	<u>-</u>	<u>-</u>

Contractual maturities of financial liabilities as at June 30, 2014:

	Carrying Amount	Contractual cash flows	Within 1 Year	Within 2-5 Years	Above 5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	61,307,118	61,307,118	61,307,118	-	-
Accrued mark-up	9,120,210	9,120,210	9,120,210	-	-
Short term borrowings	89,200,909	94,251,224	94,251,224	-	-
Due to related parties	4,230,770	4,860,942	4,860,942	-	-
	<u>163,859,007</u>	<u>169,539,494</u>	<u>169,539,494</u>	<u>-</u>	<u>-</u>

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

35.2 Financial instruments by categories

Financial instruments as at June 30, 2015

Cash and Cash Equivalents	Loans and advances	Available for sale	Total
Rupees	Rupees	Rupees	Rupees

Assets as per balance sheet

Long term investments	-	-	10,200,213	10,200,213
Long term deposits	-	3,906,290	-	3,906,290
Trade debts	-	35,740,068	-	35,740,068
Deposits and other receivable	-	8,872,163	-	8,872,163
Cash and bank balances	2,706,173	-	-	2,706,173
	<u>2,706,173</u>	<u>48,518,521</u>	<u>10,200,213</u>	<u>61,442,907</u>

	Other liabilities
	Rupees
Trade and other payables	61,348,957
Accrued mark-up	8,537,288
Short term borrowings	90,347,000
Due to related parties	1,400,024
	<u>161,633,269</u>

Financial instruments as at June 30, 2014

Cash and Cash Equivalents	Loans and advances	Available for sale	Total
Rupees	Rupees	Rupees	Rupees

Assets as per balance sheet

Long term investments	-	-	6,135,041	6,135,041
Long term deposits	-	3,906,290	-	3,906,290
Trade debts	-	31,968,620	-	31,968,620
Deposits and other receivable	-	10,425,762	-	10,425,762
Cash and bank balances	2,799,236	-	-	2,799,236
	<u>2,799,236</u>	<u>46,300,672</u>	<u>6,135,041</u>	<u>55,234,949</u>

	Other liabilities
	Rupees
Trade and other payables	61,307,118
Accrued mark-up	9,120,210
Short term borrowings	89,200,909
Due to related parties	4,230,770
	<u>163,859,007</u>

35.3 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 36

Capital Risk Management

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

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

	2015 Rupees	2014 Rupees
Borrowings	90,347,000	89,200,909
Cash and bank balances	(2,706,173)	(2,799,236)
Net debt	87,640,827	86,401,673
Equity	15,583,946	6,764,727
Total capital employed	103,224,773	93,166,400
Gearing ratio	84.90%	92.74%

Note 37

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:

	2015 Percentage	2014 Percentage
Information about products:		
- Terry towel	96.37%	97.20%
Major customers:		
- 2 customers (2014: 3 customers)	30.60%	40.28%
Revenue from external customers attributed to foreign countries	94.63%	95.26%

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

Note 38

Capacity and Production

	2015 Number	2014 Number
No. of looms installed and worked (including looms obtained on lease)	126	138
Standard production of looms worked (Kilograms)	693,000	962,400
Actual production (Kilograms)	322,450	375,174

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 39

Number of Employees

Employees as at June 30,
Average employees during the year

2015		
Head office	Mills	Total
Number	Number	Number

15	291	306
20	329	349

2014		
Head office	Mills	Total
Number	Number	Number

24	366	390
22	379	401

Employees as at June 30,
Average employees during the year

Note 40

Provident Fund

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

Note 41

Authorization of Financial Statements

These financial statements were authorized for issue on October 08, 2015 by the Board of Directors of the Company.

Note 42

General

Corresponding figures have been re-arranged / reclassified, where necessary, in order to facilitate comparison following re-arrangements/re-classifications have been made in these financial statements for better presentation

Nature	From	To	Amount Rupees
Trade deposits	Advances, deposits, prepayments and other receivables - Trade deposits Others (Note 21)	Long term deposits (Note 17)	240,073
Processing income	Local sale (Note 25)	Processing income (Note 25)	1,885,500


CHIEF EXECUTIVE


DIRECTOR

PATTERN OF SHAREHOLDING

As At June 30, 2015

No. of Shareholders	shareholding		Total Shares Held
	From	To	
128	1	100	7,840
265	101	500	80,726
286	501	1,000	221,489
201	1,001	5,000	531,735
30	5,001	10,000	222,662
10	10,001	15,000	130,720
5	15,001	20,000	92,100
5	20,001	25,000	119,495
2	25,001	30,000	59,000
1	35,001	40,000	40,000
1	50,001	55,000	52,000
1	60,001	65,000	62,500
1	120,001	125,000	120,500
1	150,001	155,000	153,000
1	165,001	170,000	168,885
2	195,001	200,000	395,159
1	390,001	395,000	394,144
1	810,001	815,000	812,822
1	3,135,001	3,140,000	3,139,223
943			6,804,000

Classification of ordinary shares by Categories as at June 30, 2015

Categories of shareholders	Shares held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	1,724,625	25.34
Associated Companies, undertakings and related parties.	3,179,393	46.73
NIT and ICP	20,395	0.30
Banks Development Financial Institutions, Non Banking Financial Institutions.	4,710	0.07
Insurance Companies	-	-
Modarabas and Mutual Funds	1,000	0.01
General Public	1,868,876	27.48
Others (to be specified)	-	-
Joint Stock Companies	5,001	0.07
Total	6,804,000	100.00

PATTERN OF SHAREHOLDING

As At June 30, 2015

NAME AND CATEGORY WISE DETAILS IN ACCORDANCE WITH THE CCG 2015

Sr. No.	Name & Category of shareholders	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties			
1	M/S TEEJAY CORPORATION (PVT) LTD	3,139,393	46.14
2	M/S PREMIER GARMENTS LIMITED	40,000	0.59
Mutual Funds			
Directors and their Spouse and Minor Children			
1	MR. TAHIR JAHANGIR	933,322	11.95
2	MISS MUNIZAE JAHANGIR	197,441	2.90
3	MRS SULEMA JAHANGIR	197,718	2.91
4	MR. JILANI JAHANGIR	394,144	5.79
5	SHEIKH IJAZ AHMAD	500	0.01
6	MR. ABDUL MUNAF	500	0.01
7	MR. RASHID AHMAD KHAN	1,000	0.01
Executives:			
Public Sector Companies & Corporations:			
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:			
		5,710	0.08

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

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

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

Sr. No.	Name	SALE	PURCHASE
1	MR. TAHIR JAHANGIR	279,500	-
2	MR. RASHID AHMAD KHAN	-	1,000

During the year under review one of our director Mr.Tahir Jahangir sold 279,500 shares in the market . Mr.Rashid Ahmed Khan purchased 1000 shares from the market and also disclosed to the Stock Exchange and SECP in accordance with provision of Code 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. _____

[illegible]

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 Saturday, October 31, 2015, 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 2015

Signature of Shareholder _____

Signature of Proxy

<p>1. WITNESS</p> <p>Signature: _____</p> <p>Name: _____</p> <p>Address: _____</p> <p>_____</p> <p>CNIC No. </p> <p>or Passport No. _____</p>	<p>2. WITNESS</p> <p>Signature: _____</p> <p>Name: _____</p> <p>Address: _____</p> <p>_____</p> <p>CNIC No. </p> <p>or Passport No. _____</p>
--	--

Important:

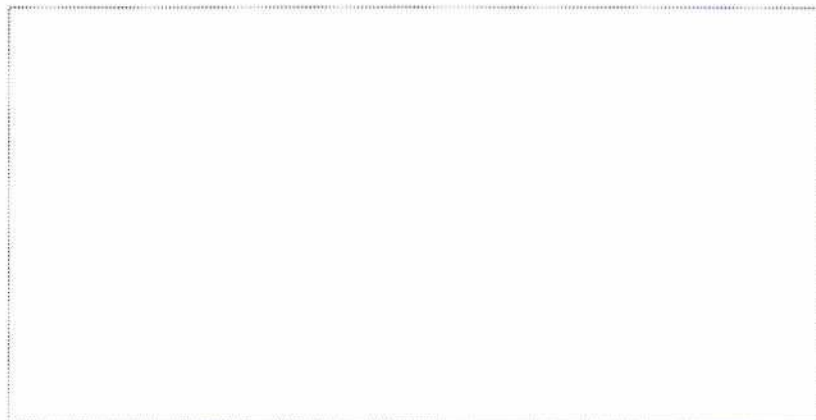
1. This Proxy Form, duly completed and signed, must be received at above mentioned address the Registered Office of the Company, not less than 48 hours before the time of holding the meeting.
 - i. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the 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.
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

To:

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

**AFFIX
CORRECT
POSTAGE**

BOOK POST





17.5 km Sheikhpura Road, Lahore - PK

Tel: + 92 (42) 3797 0130, 3797 0230

Fax: + 92 (42) 3797 0681

E-mail: corporate@halaenterprises.com

www.halaenterprises.com

