Hala Enterprises Limited

2019 ANNUAL REPORT

www.halaenterprises.com

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VISION & MISSION STATEMENT

Vision Statement

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

Mission Statement

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

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Tahir Jahangir	Chairman/Non Executive Director
	Mr. Jillani Jahangir	Chief Executive Officer
	Mrs. Munizae Jahangir	Non-Executive Director
	Mrs. Sulema Jahangir	Non-Executive Director
	Mr. Rashid Ahmad Khan	Independent Director
	Mrs. Myra Husain Qureshi	Non-Executive Director
	Mr. Abdul Munaf	Executive Director
AUDIT COMMITTEE	Mr. Rashid Ahmad Khan	Chairman/Member
	Mrs. Munizae Jahangir	Member
	Mrs. Sulema Jahangir	Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Rashid Ahmad Khan	Chairman/Member
	Mr. Jillani Jahangir	Member
	Mrs. Munizae Jahangir	Member
	Mrs. Sulema Jahangir	Member

CHIEF FINANCIAL OFFICER
Mr. Abdul Munaf

COMPANY SECRETARY
Muhammad Mushtaq Saeed Iqbal

AUDITORS
M/s. Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

LEGAL ADVISORS
A.G.H.S Law Associates

BANKERS
J.S Bank Limited
Faysal Bank Limited
Askari Bank Limited
MCB Bank Limited

REGISTERED OFFICE/WORKS
Factory Premises, 17.5 KM Sheikhupura Road,
Lahore Tel: 042-37970130, 37970230
Fax: 042-37970681
Email. hala@halaenterprieses.com
Website: www.halaenterprises.com

SHARE REGISTRAR OFFICE
M/s Corplink (Private) Limited
Wings Arcade, 1-K, Commercial Model Town, Lahore
Tel: 042-35916714, 35916719 Fax: 042-35869037
Email. corplink786@yahoo.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of **HALA ENTERPRISES LIMITED** will be held on Monday October 28, 2019 at 10:30 A.M. at Factory Premises, 17.5 KM Sheikhupura Road, Lahore, the Registered Office of the Company to transact the following business.

ORDINARY BUSINESS

1. To confirm minutes of annual General Meeting held on October 27, 2018.

2. To receive and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2019 along with Directors and Auditors Reports thereon.

3. To appoint External Auditors of the Company for the year ending June 30, 2020 as recommended by the Board of Directors and to fix their remuneration.

SPECIAL BUSINESS

4. To ratify and approve transactions carried out with associated Companies in the normal course of the business by passing the following ordinary resolutions:

   RESOLVED that the transactions carried out in normal course of business with associated Companies as disclosed in respective notes to the Audited Financial Statements for the year ended June 30, 2019 be and are hereby ratified and approved.

   FURTHER RESOLVED that the Chief Executive of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the year ended June 30, 2020 and in this connection the Chief Executive be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company.

5 Any other business with the permission of the Chair.

By order of the Board

Lahore: October 05, 2019

(Muhammad Mushtaq Saeed Iqbal)
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 21, 2019 to October 28, 2019 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote for him/her. Proxies in order to be effective, must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting and must be duly stamped, signed and witnessed.
3. Members are requested to notify changes immediately to our Share Registrar, if any, in their registered addresses.
4. CDC Account Holders will have to follow the below mentioned guidelines as laid down in Circular 1 dated January, 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

NOTICE OF ANNUAL GENERAL MEETING

A. FOR ATTENDING THE MEETING:

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

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

B. FOR APPOINTING PROXIES:

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

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

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

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

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

C. INFORMATION U/S 213 OF THE COMPANIES ACT 2017

We wish to inform you that in accordance with the approval of the board of directors in their meeting held on October 04.2019, the remuneration of Mr.Jillani Jahangir CEO of the company has been determined up to Rs.1.8 million per annum and Mr. Abdul Munaf Executive director of the company up to Rs.1.3 million per annum with effect from July 01,2019 excluding bonuses, retirement fund, incentives and other entitlements as may be granted at any time and from time to time by the board of directors of the company and / or in accordance with the policies and the service rules of the company for the time being in force.

اطلاع سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ ہالہ انٹر پرائزز کے حصہ داران کا سالانہ اجلاس عام پیر 28 اکتوبر 2019ء کو صبح 10:30 بجے، کمپنی کے رجسٹرڈ دفتر فیکٹری پریمسز: 17.5 کلومیٹر شیخوپورہ روڈ لاہور میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

عام امور:

1- 27 اکتوبر 2018ء کو منعقدہ حصہ داران کے سالانہ اجلاس عام کی کارروائی کی توثیق۔

2- 30 جون 2019 کو ختم ہونے والے سال کے لیے کمپنی کے سالانہ آڈٹ شدہ اکاؤنٹس کے ساتھ ساتھ ڈائریکٹرز اور آڈیٹرز رپورٹس پر غور کرنا اور ان کی منظوری دینا۔

3- مالی سال 2020-2019 کیلئے آڈیٹرز کا تقرر اور معاوضہ طے کرنا۔

خصوصی امور:

4- (اے) 30 جون 2019 کو ختم ہونے والے سال کے دوران منسلک کمپنیوں سے کئے گئے لین دین جن کو مالیاتی گوشوارں میں منکشف کیا گیا ہے کی توثیق کرنا اور منظوری دینا۔

(بی) متفقہ قرارداد کہ کمپنی کے چیف ایگزیکٹو آفیسر کو مجاز بنا یا جاتا ہے کہ وہ 2020 کیلئے متعلقہ کمپنیوں کے ساتھ عمومی طریقہ کار کے مطابق کئے جانے والے لین دین کو منظور کرے اس سلسلہ میں تمام ضروری کاروائی کرے اور تمام ضروری دستاویزات اور قرارنامے وغیرہ کو تشکیل دے جو کہ کمپنی کی طرف سے ضروری ہوں۔

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

حسب الحکم بورڈ

لاہور

محمد مشتاق سعید اقبال

کمپنی سیکرٹری

5 اکتوبر 2019ء

نوٹ:

1- کمپنی کی منتقلی حصص کی کتابیں 21 اکتوبر 2019ء تا 28 اکتوبر 2019ء (بشمول ہر دو ایام) بند رہیں گے۔

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

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

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

INFORMATION FOR SHAREHOLDERS

Company's Registered Office/Works

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

Share Registrar

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

Listing on Stock Exchange

Hala Enterprises Limited is listed on:
Pakistan Stock Exchange Limited

Stock Symbol

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

Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Act, 2017 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 137 of the Companies Act, 2017 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 The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the registered office of the Company not less then forty eight hours before the meeting.

Notification of SECP for the purpose of CNIC of Shareholders

The shareholders are informed that SECP through SRO 779(1)2011 dated August 18, 2011 has made it mandatory that dividend warrants issued by the issuer should bear Computerized National Identity Card (CNIC) numbers of the registered shareholders, except in the case of minor(s) and corporate shareholders.

The shareholders are, therefore, requested to provide by mail or fax, photocopy of their CNIC and in case of foreigner copy of passport, unless it has already been provided.

Dividend Mandate (Optional)

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

Financial Information

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

Company's Website

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

Annual General Meetings

Pursuant to Section 132 of the Companies Act 2017, 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.

DIRECTOR'S REPORT

The Directors of the company hereby present the 47th Annual Report on the operations of the company along with the audited financial statements for the year ended June 30th, 2019. The Directors' report under the Companies ACT 2017 and revised CCG 2017 will be put forward to the members at the Annual General Meeting of the Company to be held on the 28th of October, 2019.

The financial performance of the Company was exceptional during the financial year ended 30 June 2019 as compared to the corresponding last year ended 30 June 2018. The total revenue increased by 22.80 % i.e. from Rs.314.09 million to Rs.385.71 million. Gross profit also increased from Rs. 55.31 million to Rs.70.35 million and profit after tax increased by Rs. 5.42 million to Rs. 7.84 million. Profit after tax increased by 44.60 % due to significant increase in revenue and efficient cost management . Our diversified product portfolio and increase in sales of specialized towel were the main reasons for this growth. An other reason for above achievements is unprecedented depreciation of Pak Rupee against USD.

However, despite the positive changes there have been negative factors which have limited the company's performance - the long awaited Government refunds amounting to millions create a liquidity crunch for all manufacturing units - especially those who are in the export sector. This in turn could help turnaround a lot of businesses who are dependent upon cash buying for their raw materials and inputs - and help them to further increase their export volumes. The imposition of 17 % GST from July-2019 will badly damage the whole industry.

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.

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز 30 جون 2019 کے اختتامی سال کے لئے آڈٹ شدہ مالی دستاویزات کے ساتھ کمپنی کے امور پر سنتالیسویں سالانہ رپورٹ پیش کرتے ہیں۔ڈائریکٹرز کی رپورٹ کمپنیز ایکٹ 2017 اور نظر ثانی شدہ سی سی جی 2017 کے تحت سالانہ جنرل اجلاس میں اراکین کے سامنے 28 اکتوبر 2019 کو پیش کی جائے گی۔

30 جون 2019 کو ختم ہونے والے مالی سال کے دوران کمپنی کی مالی کارکردگی غیر معمولی رہی اوراس طرح گذشتہ سال 30 جون 2018 کو ختم ہونے والے سال کے مقابلے کاروباری حجم میں 22.80 فی صد اضافہ ہوا۔ جو کہ پچھلے سال کے مقابلے میں 314.09 ملین روپے سے بڑھ کر 385.71 ملین روپے ہوگیا ہے۔ خام منافع بھی 55.31 ملین روپے سے بڑھ کر 70.35 ملین روپے ہے۔اور خالص منافع 5.42 ملین سے بڑھ کر 7.84 ملین روپے ہے۔ خالص منافع میں اضافہ 44.60 فی صد ریکارڈ کیا گیا جسکی بڑی وجہ کاروباری حجم میں اضافہ اور لاگت میں موثر کنٹرول کے ساتھ ساتھ پروڈکٹ لائن میں بہتری اور خصوصی تولیے کی فروخت ہے۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے میں غیر مثالی کمی بھی مذکورہ بالا کامیابیوں کی وجوہات میں شامل ہے۔

تاہم مثبت تبدیلیوں کے باوجود کچھ منفی عوامل نے کمپنی کی کارکردگی کو محدود کردیا ہے۔ جیسا کہ لاکھوں روپے کے گورنمنٹ ریفنڈ میں دیر کی وجہ سے مینوفیکچر راور خصوصاً ایکسپورٹر کو مالی مشکلات کا سامنا ہے۔گورنمنٹ ریفنڈ میں بہتری لا کر بہت سے اداروں کو بحال کرنے میں مدد مل سکتی ہے۔ جو کہ آپنے خام مال اور دیگران پٹ نقد خریدتے ہیں۔ جولائی 2019 سے 17 فی صد جنرل سلیز ٹیکس کا نفاذ تمام ٹیکسٹائل انڈسٹری کو بری طرح متاثر کرے گا۔

ہم اس موقع پر گاہکوں سپلائرز اور بینکروں کا شکریہ ادا کرتے ہیں کہ ترقی کے سفر میں ان کا تعاون مستقبل میں بھی رہے گا۔

بورڈ کی طرف سے بورڈ کیلئے

جیلانی جہانگیر
چیف ایگزیکٹو آفیسر
لاہور
4 اکتوبر 2019

DIRECTOR'S REPORT

Financial and Operating Results

	2019 RUPEES	2018 RUPEES
Operating Profit	13,569,476	12,456,936
Finance cost	(8,854,233)	(7,426,496)
Other income	7,252,030	3,511,179
Profit before taxation	11,967,273	8,541,619
Taxation	(4,127,960)	(3,120,293)
Profit before disposal of assets	7,839,313	(5,421,326)
Net Profit for the year	7,839,313	5,421,326
Earnings/ per share		
Basic	0.60	0.80
Dilutive	0.60	0.42

Reason for Dividend/Bonus Shares not declared

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

Board Meetings

During the year under review, 4 meetings of the Board of Directors were held from July 01, 2018 to June 30, 2019. All written notices, of the Board Meetings, along with agenda and working papers, were circulated to all directors at least seven days before the meetings.

Attendance by each Director was as under:

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

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

Audit Committee

The Board of Directors of the Company has formed an Audit Committee comprising of three members. All members of the Committee are Non-Executive in accordance with the provision of revised CCG. During the year June 30, 2019, four (4) meetings were held. Attendance by each member was as under:

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

Terms of reference of Audit Committee

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

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

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

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

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

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

DIRECTOR'S REPORT

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

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

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

Human Resource and Remuneration Committee.

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

S .No.	Name of Members	
1.	Mr. Rashid Ahmed Khan	Chairman
2.	Mr. Jillani Jahangir	Member
3.	Mrs Munizae Jahahgir	Member
4.	Mrs Sulema Jahangir	Member

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

Terms of Reference

The Committee shall be responsible for:

i) recommending human resource management policies to the board;

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

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

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

Internal Audit and Control

The Board has set up an independent audit function headed by a qualified and a full time employee of the Company reporting to the Chairman Audit Committee and administratively to the Chief Executive Officer.

The scope of internal auditing within the Company is clearly defined which broadly involves review and evaluation of its' internal control system in accordance with business risk assessments. This includes independent assessment and evaluation of the effectiveness and efficiency of operations, the reliability of financial reporting, deterring and investigating fraud, safeguarding assets of the Company and compliance with laws and regulations. The Internal Audit also undertakes special studies, 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 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 setup 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 beenapproved by the Board and changes were made in line with the new requirements stated in the revi sed 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.

DIRECTOR'S REPORT

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 safeguarding the interests of the shareholders, enhancing the profitability of the Company, increasing shareholders' wealth and promoting market confidence.

Corporate and Financial Reporting Framework

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

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

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

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

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

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

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

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

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

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

(xi) The value of investments in employee retirement funds based on the latest audited Accounts as of 30 June, 2019 are as follows:

Gratuity Fund Rs. 46.031 Million

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

(xiii) A statement of the pattern of shareholding in the Company as at 30 June, 2019 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.

DIRECTOR'S REPORT

Priority Standards of Conduct:

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

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

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

Safety, Health and Environment

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

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

Compliance with the Code of Corporate Governance.

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

Transaction with Related Parties

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

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

The statement of pattern of shareholding along with categories of shareholders of the company as at June 30, 2019, as required under Section the Companies Act, 2017 and Code of Corporate Governance is annexed with this report.

Statutory Auditors of the Company

The present Auditors of the Company, M/s Tariq Abdul Ghani Maqbool & Co., Chartered Accountants, Lahore, shall retire and being eligible for re-appointment for the year 2020.

Audit Committee recommended the appointment of M/s Tariq Abdul Ghani Maqbool & Co. as External Auditor for the tenure of next year 2020 subject to the approval of Shareholders in their upcoming Annual General Meeting held on October 28, 2019.

Acknowledgements

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

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

For & on behalf of the Board

(Jillani Jahangir)
Chief Executive Officer

Lahore
Dated: October 04, 2019

STATEMENT OF COMPLIANCE
With the Code of Corporate Governance as at June 30, 2019

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017
Name of company: Hala Enterprises Limited
Year ending: June 30, 2019

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are Seven (7) as per the following:
   a. Male: 4
   b. Female: 3
2. The composition of board is as follows:

Category	Names
Independent Director(s)*	i. Mr. Rashid Ahmad Khan
Non-Executive Directors	i. Mr.Tahir Jahangir ii. Mrs. Munizae Jahangir iii. Mrs.Sulema Jahangir iv. Mrs Myra Hussain Qureshi
Executive Directors	i. Mr.Jillani Jahangir ii. Mr. Abdul Munaf

* Currently the company has less than required number of Independent Directors on the Board. As specified in the Regulations the Company will appoint required number of independent director not later than expiry of its current term pursuant to effective date of the Regulations.

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.

4. 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.

5. 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.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board of Directors of the Company consist of seven (7) eminent directors, out of which one (1) director is already certified under the Director's Training Program and two (2) directors are exempt. During the year in review no Director's Training Program was arranged by the company, however, the remaining directors will acquire the required directors' training within the time specified in the Regulations.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

STATEMENT OF COMPLIANCE

With the Code of Corporate Governanceas at June 30, 2019

11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

    a) Audit Committee
    1. Mr.Rashid Ahmad Khan (Independent Director) – Chairman
    2. Mrs. Munizae Jahangir (Non-Executive Director)
    3. Mrs. Sulema Jahangir (Non-Executive Director)

    b) HR and Remuneration Committee
    1. Mr. Rashid Ahmad Khan– (Independent Director) - Chairman
    2. Mr. Jillani Jahangir (Executive Director)
    3. Mrs. Munizae Jahangir (Non-Executive Director)
    4. Mrs. Sulema Jahangir (Non-Executive Director

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

    a) Audit Committee:
    Four quarterly meetings were held during the financial year ended June 30, 2019

    b) HR and Remuneration Committee
    June 30, 2019.
    One Meeting of HR and Remuneration Committee was held during the financial year ended

15. The board has set up an effective internal audit function which is considered suitably qualified, experienced for the purpose and conversant with the policies and procedures of the Company.

16. 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 and registered with Audit Oversight Board of Pakistan, 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 International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

KEY FINANCIAL DATA LAST SIX YEARS

Particulars	2019	2018	2017 (Re-stated)	2016 (Re-stated)	2015	2014
Subscribed and paid up capital	129,963,040	68,040,000	68,040,000	68,040,000	68,040,000	68,040,000
Capital Resserve	19,585,154	24,230,233	25,591,623	22,682,680	18,290,866	14,225,694
Long term loan-secured	-	-	-	-	-	-
Deferred liabilities	46,031,274	44,577,951	43,754,038	43,794,285	41,829,086	38,921,261
Current liabilities	154,498,937	151,025,102	165,317,087	155,321,798	176,477,752	179,896,062
Operating fixed assets	162,589,987	108,504,724	113,456,998	121,491,107	107,117,076	122,987,051
Current assets	202,438,384	191,227,176	196,111,684	176,589,861	191,274,431	184,570,727
Revenue	385,706,915	314,091,422	231,100,822	208,472,967	232,992,322	287,226,825
Gross profit	70,358,009	55,314,814	41,621,108	29,554,261	36,146,398	38,557,774
Operating Profit / (loss)	13,569,476	12,663,332	8,319,844	(4,375,359)	482,641	(2,118,136)
Profit / (Loss) befor taxation	11,967,273	8,541,619	4,508,627	(7,409,726)	(9,687,200)	(14,091,685)
Profit / (loss) after taxation	7,839,313	5,421,326	2,119,930	(8,201,266)	(11,960,973)	(16,910,915)

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS

On the Statement Of Compliance with the listed Companies (CCG) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of Hala Enterprises Limited ("the Company") for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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

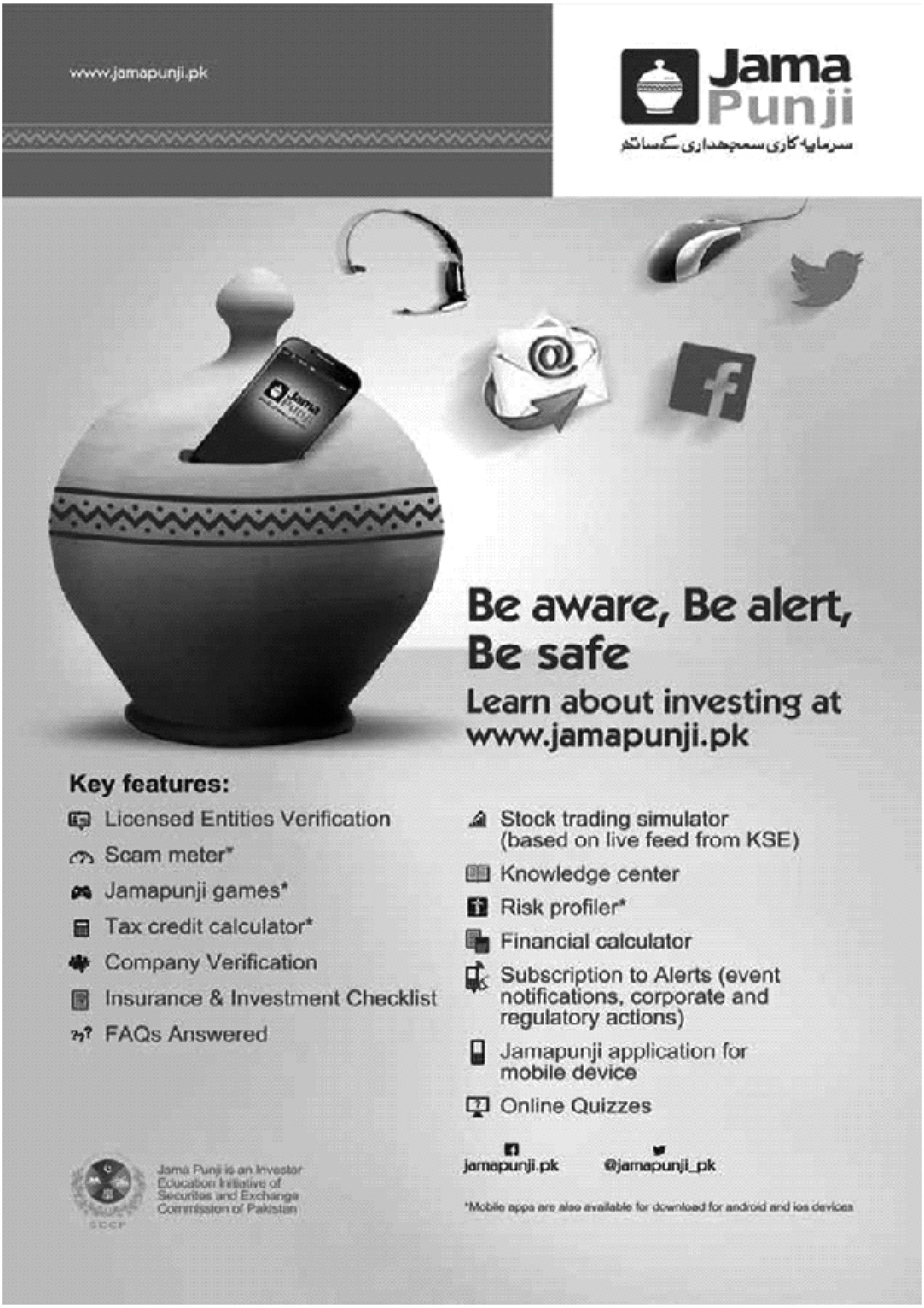
The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Tariq Abdul Ghani Maqbool & Co

Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

Dated: October 04, 2019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Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
On the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Hala Enterprises Limited**, which comprise the statement of financial position as at **June 30, 2019** and the statement of profit or loss, the statement of comprehensive income , the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part there of conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017, 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, 2019** and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Following are the Key audit matters:

Sr. No	Key audit matter	How the matter was addressed in our audit
1.	**First time adoption of IFRS 15 "Revenue from Contracts with Customers"**	
	Refer notes 2.5.3.1, 3.18 and 27 to the financial statements relating to revenue recognition. The Company generates revenue from sale of goods to export as well as domestic customers. Sales to export and domestic customers represent 98.62% and 1.38% of the total sales respectively. We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognized in the appropriate period and risk of misapplication of the new accounting standard IFRS 15 Revenue from Contracts with Customers.	Our audit procedures included the following: · We obtained an understanding of, assessed and tested the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period; · We assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; · We compared, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period; · We inspected credit notes issued to record sales returns subsequent to year end, if any; · We reviewed management's IFRS 15 assessment to verify the reasonableness, accuracy and completeness of the impact on the financial statements of the Company; and We obtained an understanding of the nature of the revenue contracts entered into by the Company, tested a sample of sales contracts to confirm our understanding and assessed whether or not management's application of IFRS 15 requirements was in accordance with the standard.
2-	**First time adoption of IFRS 9 'Financial Instruments'**	
	As referred to in note 2 to the accompanying financial statements, the Company has adopted IFRS 9 'Financial Instruments' with effect from 1 July 2018. IFRS 9 retain but simplifies the measurement model and establishes the measurement categories of financial asset in to amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss	Our audit procedures included the following: • We consider & assessed measurement model as per IFRS 9 and checked management has adopted new category of financial assets as per standard, further, changes due retrospective restatements has been properly incorporated and disclosed in financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Sr. No	Key audit matter	How the matter was addressed in our audit
	(FVTPL) as described in note 2.5.3.2 to the financial statements. Which describes change in categorization of the companies "Long term investments" in to FVTOCI from available for sales as per IAS 39. IFRS 9 requires the Company to make provision using expected credit losses (ECL) approach as against the incurred loss model previously applied by the management. The management has determined that the most significant impact on the new standard on the Company's financial statements relates to the calculation of ECL against trade debts. Assessment of provision for ECL against trade debts requires significant judgement, estimates and assumptions applied by the management including historical credit loss experience adjusted with forward looking information. Given the significance of the judgments related particularly to the estimation of ECL, we have considered this as a key audit matter.	• In order to assess the appropriateness of the management's judgement and estimate, our key audit procedures included, among others, review of the methodology developed and applied by the Company to estimate the ECL in relation to trade debts. • We considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimate. Further, we assessed the integrity and quality of the data used for ECL computation by matching the same with the accounting records and information system of the Company. We also checked the mathematical accuracy of the ECL computation on a sample basis. • In addition to the above, we assessed the adequacy of disclosures in the accompanying financial statements of the Company regarding application of IFRS 9 as per the requirements of the above standards.

Information Other than the Financial Statements and Auditor's Report thereon;

Management is responsible for the other information. The Other Information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017;

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Usher ordinance, 1980 (XVIII 1980).

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Safdar (FCA).

Tariq Abdul Ghani Maqbool & Co.

Lahore
Dated: October 04, 2019

Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION
As At June 30, 2019

	Note	2019 Rupees	2018 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
16,000,000 (2018: 16,000,000) ordinary shares of Rs. 10 each		**160,000,000**	160,000,000
Issued, subscribed and paid up capital	4	**129,963,040**	68,040,000
Share deposit money	5	**-**	61,923,044
Reserves	6	**19,585,154**	24,230,233
Accumulated loss		**(116,521,022)**	(124,590,308)
Surplus on Revaluation of Property, Plant and Equipment	7	**135,517,101**	80,571,990
Total Equity		**168,544,273**	**110,174,959**
Non Current Liabilities			
Deferred liabilities	8	**46,031,274**	44,577,951
Current Liabilities			
Trade and other payables	9	**41,342,028**	44,365,283
Accrued mark up	10	**558,032**	1,759,740
Short term borrowings	11	**107,150,592**	91,440,000
Due to related parties	12	**1,750,141**	10,221,193
Provision for taxation	13	**3,698,144**	3,238,886
Total Current Liabilities		**154,498,937**	151,025,102
Liabilities directly associated with non-current assets classified as held for sale	14	**23,775,000**	21,775,000
CONTINGENCIES AND COMMITMENTS	15		
		392,849,484	**327,553,012**

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

STATEMENT OF FINANCIAL POSITION
As At June 30, 2019

	Note	**2019 Rupees**	2018 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	16	**146,056,870**	87,750,348
Long term investments	17	**11,494,501**	16,139,580
Long term deposits	18	**5,038,617**	4,614,796
Total Non-current Assets		**162,589,988**	108,504,724
Current Assets			
Stores and spares	19	**7,138,553**	7,683,123
Stock in trade	20	**83,957,696**	85,530,435
Trade debts	21	**44,783,771**	32,706,745
Advances, deposits, prepayments and other receivables	22	**40,122,320**	38,850,272
Tax refund due from Government	23	**18,090,604**	17,427,420
Due from associates	24	**5,630,844**	6,211,211
Cash and bank balances	25	**2,714,596**	2,817,970
Total Current Assets		**202,438,384**	191,227,176
Non-current assets classified as held for sale	26	**27,821,112**	27,821,112
		392,849,484	327,553,012

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

STATEMENT OF PROFIT OR LOSS
For The Year Ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
Revenue	27	**385,706,915**	314,091,422
Cost of sales	28	**(315,348,906)**	(258,776,608)
Gross Profit		**70,358,009**	55,314,814
Operating expenses			
- Selling and distribution costs	29	**(32,812,738)**	(22,426,434)
- Administrative expenses	30	**(23,600,795)**	(20,056,444)
- Other operating expenses	31	**(375,000)**	(375,000)
		(56,788,533)	(42,857,878)
Operating Profit		**13,569,476**	12,456,936
Finance cost	32	**(8,854,233)**	(7,426,496)
Other income	33	**7,252,030**	3,511,179
		(1,602,203)	(3,915,317)
Profit before Taxation		**11,967,273**	8,541,619
Taxation	34	**(4,127,960)**	(3,120,293)
Profit for the year before disposal of "Assets Held for Sale"		**7,839,313**	5,421,326
Gain on disposal of asset		**-**	-
Net Profit for the Year		**7,839,313**	5,421,326
Earnings per Share			
- Basic	36	**0.60**	0.80
- Dilutive	36	**0.60**	0.42

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended June 30, 2019

	Note	2019	2018
Net Profit for the Year		**7,839,313**	5,421,326
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial loss due to experience adjustment on remeasurement of staff retirement benefits		**(910,068)**	(428,646)
Items that may be reclassified subsequently to profit or loss			
Loss on remeasurement of investment designated as FVOCI (Restated) Note 2.5.3		**(4,645,079)**	(1,361,390)
Other comprehensive (loss) for the year		**(5,555,147)**	(1,790,036)
Total Comprehensive income for the Year		**2,284,166**	3,631,290

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

STATEMENT OF CHANGES IN EQUITY
For The Year Ended June 30, 2019

Particulars	Share Capital	Share Deposit Money	Reserves					Accumulated Loss	Surplus on Revaluation of Property, Plant and Equipment	Total
			Capital Reserve	Fair Value Reserve of Financial Assets at FVOCI	Investment revaluation reserve	Revenue Reserve	Total			
	------- Rupees -------									
Balance as at July 1, 2017 (Before Restatement)	68,040,000	61,923,044	2,274,287	-	16,317,336	7,000,000	25,591,623	(131,191,722)	82,180,724	106,543,669
Effect of restatement Note 2.5.3	-	-	-	16,317,336	(16,317,336)	-	-	-	-	-
Balance as at July 1, 2017 (Restated)	68,040,000	61,923,044	2,274,287	16,317,336	-	7,000,000	25,591,623	(131,191,722)	82,180,724	106,543,669
Comprehensive income / (loss) for the year										
Net profit for the year	-	-	-	-	-	-	-	5,421,326	-	5,421,326
Other comprehensive income for the year (Restated)	-	-	-	(1,361,390)	-	-	(1,361,390)	(428,646)	-	(1,790,036)
Total comprehensive income for the year (Restated)	-	-	-	(1,361,390)	-	-	(1,361,390)	4,992,680	-	3,631,290
Incremental depreciation for the year due to surplus on revaluation of property, plant and equipment transferred to equity	-	-	-	-	-	-	-	1,282,821	(1,282,821)	-
Surplus realized on disposal	-	-	-	-	-	-	-	325,913	(325,913)	-
Balance as at June 30, 2018 (Restated)	68,040,000	61,923,044	2,274,287	14,955,946	-	7,000,000	24,230,233	(124,590,308)	80,571,990	110,174,959
Balance as at July 1, 2018 (Restated)	68,040,000	61,923,044	2,274,287	14,955,946	-	7,000,000	24,230,233	(124,590,308)	80,571,990	110,174,959
Comprehensive income / (loss) for the year										
Net profit for the year	-	-	-	-	-	-	-	7,839,313	-	7,839,313
Other comprehensive income for the year	-	-	-	(4,645,079)	-	-	(4,645,079)	(910,068)	-	(5,555,147)
Total comprehensive income for the year	-	-	-	(4,645,079)	-	-	(4,645,079)	6,929,245	-	2,284,166
Incremental depreciation for the year due to surplus on revaluation of property, plant and equipment transferred to equity	-	-	-	-	-	-	-	1,140,041	(1,140,041)	-
Issue of shares	61,923,040	(61,923,040)	-	-	-	-	-	-	-	-
Transferred to due from related parties (Note 13)	-	(4)	-	-	-	-	-	-	-	(4)
Surplus on revaluation of property. Plant & equipment	-	-	-	-	-	-	-	-	56,085,152	56,085,152
Balance as at June 30, 2019	129,963,040	-	2,274,287	10,310,867	-	7,000,000	19,585,154	(116,521,022)	135,517,101	168,544,273

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
Cash generated from operations	35	**6,326,069**	22,662,508
Dividend paid		**-**	(1,433,505)
Income tax paid		**(3,961,168)**	(3,474,913)
Finance cost paid		**(10,055,941)**	(9,252,203)
Gratuity paid		**(4,070,868)**	(4,211,473)
		(18,087,977)	(18,372,094)
Net Cash (used in)/ generated from operating activities		**(11,761,908)**	4,290,414
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment	16	**(6,528,821)**	(1,950,000)
Dividend income	33	**244,264**	493,725
Proceeds from disposal of property, plant and equipment	16	**-**	1,660,000
Cash received against reduction in long term deposits	18	**232,500**	-
Advance against asset held for sale	14	**2,000,000**	-
Net Cash (used in)/ generated from Investing Activities		**(4,052,057)**	203,725
CASH FLOWS FROM FINANCING ACTIVITIES			
Share deposit money		**-**	-
Short term borrowings	11	**15,710,592**	(4,950,000)
Net Cash generated from / (used in) Financing Activities		**15,710,592**	(4,950,000)
Net decrease in Cash and Cash Equivalents		**(103,373)**	(455,861)
Cash and cash equivalents at the beginning of the year		**2,817,970**	3,273,831
Cash and Cash Equivalents at the End of the Year		**2,714,597**	2,817,970

The annexed notes from 1 to 47 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

1 THE COMPANY AND ITS OPERATIONS

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

Manufacturing facilities are located at 17.5KM Sheikhupura Road, Lahore and 42KM Ferozpur Road, Lahore while administration & management office is situated at House No, 120 E1, Gulburg III, Lahore.

Details of the Company's investment in associated companies are stated in note 17 to these financial statements.

2 BASIS OF PREPARATION

2.1 **Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 **Basis of measurement**

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

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

This is the first set of the company's annual financial statements in which IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' have been applied. Changes to significant accounting policies are described in Note 2.5.3.

2.3 **Functional and presentation currency**

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

2.4 **Use of Estimates and Judgments**

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

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

Judgments made by the management in the application of IFRS's 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. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis. Any change in such estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

2.4.2 **Impairment**

2.4.2.1 **Impairment of financial assets**

The Company measures loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost after considering the pattern of receipts from and future financial outlook of the counterparty and is reviewed by the managementon regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of assets with a corresponding effect on income.

2.4.2.2 **Impairment of non-financial assets**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

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. Net realizable value is determined with reference to estimated selling price less estimated cost to complete and estimated cost to make the sales. Valuation of the inventory is reviewed at regular intervals for determination of possible impairment, if any. Any possible impairment may change the future value of inventories.

2.4.5 **Taxation**

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

2.4.6 **Provisions and contingencies**

A provision is recognized as a result of past event when the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the liability. The un-winding of discount is recognized as finance cost, if any.

Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation can not be measured with sufficient reliability, it is disclosed as contingent liability.

2.5 **New standards and amendments**

2.5.1 The accounting policies adopted in preparation of these financial statements are consistent with those of the previous year except that the Company has adopted the following new standards and amendments which became effective for the current year:

- IFRS 2 – Share based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)
- IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendment)
- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from Contracts with Customers
- IAS 40 – Investment Property: Transfers of Investment Property (Amendments)

2.5.2 Improvements to accounting standard issued by IASB in December 2016

- IAS 28 – Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

2.5.3 The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements except for IFRS 9 and IFRS 15. The impact of adoption of IFRS 15 and IFRS 9 are described below:

2.5.3.1 **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 "Construction Contracts", IAS 18 "Revenue" and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The Company elected the modified retrospective method and applied the standard retrospectively to only the most current period presented in these financial statements. Accordingly, the information presented for the previous corresponding period has not been restated.

The Company generates its revenue from sale of goods. The Company's contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods, and variable consideration did not have any impact on the revenue recognised by the Company. Therefore, adoption of IFRS 15 did not have any material impact on the timing of revenue recognition and the amount of revenue recognized in these financial statements.
Further, due to application of the above standards, the Company has revised its policies and incorporate additional disclosures in accordance with the requirements of the above standards in these financial statements. According no retrospective restatement required in accordance with "IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors" as there is no financial impact of same on prior years.

2.5.3.2 **IFRS 9 Financial Instruments**

IFRS 9 "Financial Instruments" has replaced IAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. The Company has applied IFRS 9 retrospectively, with the initial application date of 1 July 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP).

Classification and measurement

IFRS-9 retain but simplifies the measurement model and establishes the measurement categories of financial asset: amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).
The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. The Company's trade debts and other financial assets previously classified as loans and receivables are now measured at amortized cost.
The following table explains the original measurement categories under IAS 39 and new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 July 2018.

	Original classification under IAS 39	New classification under IFRS 9
Assets as per Statement of financial position		
Long term investments	Available for sale	FVTOCI
Long term deposits	Loans and receivables	Amortized Cost
Trade debts	Loans and receivables	Amortized Cost
Deposits and other receivable	Loans and receivables	Amortized Cost
Cash and bank balances	`	Amortized Cost

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

	Original classification under IAS 39	New classification under IFRS 9
Liabilities as per Statement of financial position		
Trade and other payables	Amortized Cost	Amortized Cost
Accrued mark-up	Amortized Cost	Amortized Cost
Short term borrowings	Amortized Cost	Amortized Cost
Due to related parties	Amortized Cost	Amortized Cost

There is no change in the carrying amounts of financial assets and financial liabilities at the initial application date of IFRS-9, except for a change in accounting classification under IFRS - 9 from category under IAS - 39 as disclosed in the above table except Long term investments

Long term investments in quoted and non quoted companies as stated in Note 18, which were previously classified as available for sale financial assets as per IAS 39, are now classified and measured as equity instruments designated as fair value through other comprehensive income (FVOCI). The company elected to classify irrecoveably these investments under this catagory as it intends to hold these investments for foreseeable future.

The Company elected the retrospective method to restated "Long term investments" retrospectively in accordance with "IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors" and applied the standard to the earliest period presented in these financial statements. As a result of the change in classification, the "Investment Revaluation Reserve" of Rs. 14,955,946 related to those investments that were previously presented under "Reserves" in Statement of Changes in Equity and Statement of Financial Position, were restated to "Fair Value Reserve of Financial Assets at FVOCI" under "Reserves" in Statement of Changes in Equity and Statement of Financial Position as at July 01, 2017. The (loss)/ profit on remeasurement of investment available for sale previously classified under "Items that may be reclassified subsequently to profit or loss" in "Statement of Comprehensive Income" is now restated retrospectively in accordance with "IAS 8 Accounting Policy, Changes in Accounting Estimates and Errors" to (loss)/ profit on remeasurement of investment designated as FVOCI under "Items that may not be reclassified subsequently to profit or loss".

2.6 **New and amended standards and interpretations to published approved accounting standards that are not yet effective in the current year**

2.6.1 The following standards, amendments and interpretations with respect to approved accounting standards would be effective from the date mentioned below against the respective standards, amendments or interpretations:

Standards, Interpretations or Amendments		Effective date (accounting
IFRS 3	Definition of a Business (Amendments)	1-Jan-20
IFRS 3	Business Combinations: Previously held interests in a joint operation	1-Jan-19
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	1-Jul-19
IFRS 9	Prepayment Features with Negative Compensation (Amendments)	1-Jan-19
IFRS 10 / IAS 28	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11	Joint Arrangements: Previously held interests in a joint operation	1-Jan-19
IFRS 16	Leases	1-Jan-19
IAS 1/IAS 8	Definition of Material (Amendments)	1-Jan-20
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity	1-Jan-19
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	1-Jan-19
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation	1-Jan-19
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)	1-Jan-19
IFRIC 23	Uncertainty over Income Tax Treatments	1-Jan-19

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

The above standards and interpretations are not expected to have any material impact on the Company's financial statements in the period of initial application.

TIn addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.
The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning Standard on or after)
IFRS 1 - First Time adoption of IFRSs 01 January 2014	1-Jan-14
IFRS 14 – Regulatory Deferral Accounts	1-Jan-16
IFRS 17 – Insurance Contracts	1-Jan-21

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the changes of adpotion of new accounting standars as indicated in Note 2.5.3 and the changes as indicated below:.

3.1 Provisions

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

3.2 Staff retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme covering all its permanent employees. Employees are eligible for benefits under this scheme after completion of six months of continuous service. The benefit is calculated on the basis of number of completed years of service and last drawn gross salary.
As at reporting date the company records staff retirement benefits liability based on acturial valuation, which is carried out using the projected unit credit method. All actuarial gains and losses (i.e. remeasurements) are recognised in "other comprehensive income" as they occur.

3.3 Taxation

3.3.1 Current

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

3.3.2 **Deferred**

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

3.4 **Trade and other payables**

Liabilities for trade and amounts payable are carried at amortised 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.

Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

3.5 **Property, plant and equipment**

Owned

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

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

The management reviews the market value of revalued assets at each date of statement of financial position 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, except freehold land, is charged to Statement of profit or loss using reducing balance method so as to write off the cost or revalued amount of an asset over its estimated useful life. Incremental depreciation representing the difference between actual depreciation based on revalued carrying amount of the asset and equivalent depreciation based on the original carrying amount of the asset is transferred to equity from surplus on revaluation of property, plant and equipment.

Depreciation on additions is charged from the day on which the assets are available for use while no depreciation is charged from the day on which the assets are disposed off. Rates of depreciation are disclosed in Note 17.

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

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalized. Gains or losses on disposal of property, plant and equipment are included in the current year's income. Increases in the carrying amounts arising due to revaluation are credited to revaluation surplus on property, plant and equipment. Decreases that offset previous increases of any other fixed asset of the Company are debited against revaluation surplus directly in equity. All other decreases are charged to the Statement of profit or loss.

3.5.2 **Leased**

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

3.5.3 **Capital work-in-progress**

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

3.6 **Impairment of non-financial assets**

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

3.7 **Investments**

In associated undertakings

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

Other investments

The Company classifies all other investments into following three categories as financial asset:
- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

See financial assets recognition, measuement and derecognition criteria as descrribed in policy of financial assets.

3.8 **Stores and spares**

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

3.9 **Stock in trade**

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

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

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

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

3.10 **Trade debts**

Trade debts and other receivables are classified as financial assets at amortised cost according to IFRS 9. Under IAS 39, trade and other receivables were previously classified as loans and receivables.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

3.11 **Cash and cash equivalents**

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

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

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

3.13 **Financial instruments**

During the year, the company has adopted IFRS 9 which became applicable on July 01, 2018.This has resulted in change in accounting policies of the company for financial instruments. The changes are discussed in 2.5.3.2 to these financial statements. The new accounting policy for financial instruments are as follows:
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured:
(a) at amortised cost,
(b) at fair value through other comprehensive income (FVTOCI) and
(c) at fair value through profit or loss. (FVTPL)
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. The company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

(a) At amortised cost

A financial asset is measured at amortised if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) At fair value through other comprehensive income

A debt instruments at fair value through OCI if both of the following conditions are met:
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. However, the company does not have any investment in equity instruments.

(c) At fair value through profit and loss

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the company. The Company measures financial assets at amortised cost if both of the following conditions are met;

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through OCI with no recycling of cumulative gains and losses (equity instruments)

These assets are subsequently measured at fair value. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

As at the date of statement of financial position, company is not having any equity instrument designated at fair value through OCI.

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Derecognition

A financial asset is primarily derecognised (i.e., removed from the company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement' and either

(a) the company has transferred substantially all the risks and rewards of the asset; or

(b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained. Continuing involvement that takes the form of a guaranteeover the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts, the company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The company considers a financial asset in default when contractual payments are 3 years past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancementsheld by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost

After initial recognition, borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.14 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceablelegal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

3.15 **Impairment financial assets**

The company uses a provision matrix to calculate ECLs for trade debts and other receivables. The provision rates are based on days past due for company's various customer that have similar loss patterns.

The provision matrix is initially based on the company's historical observed default rates. The company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the company's financial assets exposed to credit risk is disclosed in note 39.1 to these financial statements.

3.16 **Foreign currency translation**

All monetary assets and liabilities in foreign currencies are translated into Pak rupees at exchange rates prevailing at the date of statement of financial position. Transactions in foreign currencies are translated into Pak rupees at exchange rates prevailing at the date of transaction. Exchange gains and losses are included in the Statement of profit

3.17 **Related party transactions**

Transactions with related parties are based on the mutually agreed prices as approved by board of directors. All transactions between the Company and its related parties are taken at mutually agreed prices except in circumstances where it is not the interest of the Company to do so.

3.18 **Revenue recognition**

During the year, the company has adopted IFRS 15 which became applicable on July 01, 2018. This has resulted in change in accounting policies of the company for revenue recognition. The changes have been disclosed in 2.5.3.1 to these financial statements.

Revenue is recognized in statement of profit or loss in accordance with the pattern of satisfying the Company's performance obligations under a contract. This satisfaction occurs when control of a good or service transfers to the customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on the following basis:

- Revenue from sale of goods and scrap sales is recognised when control of goods have been transferred to a customer at a point in time when the performance obligation is met i.e. Local sales are recorded on dispatch of goods to customers & Export sales are recorded at the time of receipt of bill of lading. Generally, the normal credit term is 30 to 60 days upon delivery.
- Return on long-term deposits, due from related parties and return on bank deposits at amortised cost are accounted for using the effective interest rate method.
- Dividends on equity investments are recognized as income when the Company's right to receive the dividends is established.
- Revenue from processing income is recognized when processing services are rendered.
- Duty draw back and export rebates are recognized as income when bill of lading of related export sales are
- Income from Lease rentals is recognized on straight line basis over the term of the respective lease agreement.

3.19 **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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

3.20 **Contingent liabilities**

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent liability is also disclosed when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.21 **Borrowing costs**

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

3.22 **Dividend and other appropriations**

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

4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019	2018		**2019**	2018
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
9,216,304	3,024,000	Ordinary shares of Rs. 10 each issued otherwise than right issue	**92,163,040**	30,240,000
12,996,304	6,804,000		**129,963,040**	68,040,000

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

	Note	**2019**	**2018**
		----------Number of shares---------	
Teejay Corporation (Private) Limited		**3,939,393**	3,139,393
Premier Garments Limited		**40,000**	40,000
Mr. Tahir Jahangir		**3,159,383**	933,322
Mrs. Munizae Jahangir		**821,941**	197,441
Mrs. Sulema Jahangir		**5,818**	197,718
Mr. Jillani Jahangir		**2,935,887**	394,144
Mrs. Myra Husain Qureshi		**192,900**	1,000
Mr. Abdul Munaf		**500**	500
Mr. Rashid Ahmad Khan		**1,000**	1,000
		11,096,822	4,904,518

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

Opening shares	**6,804,000**	6,804,000
Issued / (cancelled) during the year	**6,192,304**	-
Closing shares	**12,996,304**	6,804,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

		Note	2019 Rupees	2018 Rupees

4.3 The Company convened an Extraordinary General Meeting on July 9, 2015and resolved to enhance its authorized share capital from Rs. 80million to Rs. 160 million and issue shares against the share deposit money (refer to Note 6). During the last year the Company has passed a special resolution on Annual general meeting (AGM) held on as at Oct 31, 2017 for issuance of 6,192,304 shares at par value of Rs 10/-by way of shares other than right issue under clause (b) of subsection (1) of Section 83 of the Companies Act, 2017to the directors and associates. By the year end, shares issuance is in process.

		Note	2019 Rupees	2018 Rupees
5	**SHARE DEPOSIT MONEY**			
	Directors	5.1	-	**53,923,044**
	Associate - Tee Jay Corporation (Private) Limited		-	**8,000,000**
			-	**61,923,044**
5.1	Mr. Tahir Jahangir		-	**22,260,614**
	Mr. Jillani Jahangir		-	**25,417,430**
	Mrs. Munizae Jahangir		-	**6,245,000**
			-	**53,923,044**

5.2 During the year the company has issued 6,192,304 fully paid up shares at par value of Rs.10 each. These shares has been issued other than right issue to the directors and associated company as described in note 5.3. These shares has been issued to support the liquidity position of the Company.

		Note	2019 Rupees	2018 Rupees
6	**RESERVES**			
	Capital reserve		**2,274,287**	2,274,287
	Fair value reserve of financial assets at FVOCI		**10,310,867**	14,955,946
	Revenue reserve		**7,000,000**	7,000,000
			19,585,154	24,230,233
6.1	**Movement in Investment revaluation reserve**			
	Opening balance		**14,955,946**	16,317,336
	(Loss)/ Gain on investment available for sale-other comprehensive income		**(4,645,079)**	(1,361,390)
	Closing balance		**10,310,867**	14,955,946
7	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**			
	Land - freehold		**100,948,480**	63,598,480
	Buildings on freehold land		**18,395,076**	11,732,846
	Plant and machinery		**17,291,685**	6,825,063
	Fittings and installations		**21,901**	24,335
			136,657,142	82,180,724
	Surplus realized on disposal	7.1	-	(325,913)
	Incremental depreciation charged on revalued property, plant and equipment during the year transferred to retained earnings	7.2	**(1,140,041)**	(1,282,821)
			135,517,101	80,571,990
7.1	**Surplus realized on disposal**			
	Plant and machinery		-	325,913
			-	325,913

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

		Note	2019 Rupees	2018 Rupees
7.2	**Incremental depreciation**			
	Land - freehold		**-**	-
	Buildings on freehold land		**557,310**	586,642
	Plant and machinery		**580,541**	693,745
	Fittings and installations		**2,190**	2,434
			1,140,041	1,282,821

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

Further, 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.

7.4 Latest revaluation of land, building and plant and machinery were carried out by an independent valuer "SURVAL" on June 30,2019 and that resulted in further revaluation surplus of Rs. 56.085 million. Following basis were used for revaluation

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

		Note	2019 Rupees	2018 Rupees
8	**DEFERRED LIABILITIES**			
	Staff retirement benefits - unfunded	8.1	**46,031,274**	44,577,951
			46,031,274	44,577,951

8.1 **Staff retirement benefits**

This represents provision for gratuity for permanent employees and is based on length of service and last drawn gross salary. Latest actuarial valuation was carried out by TRT associates actuaries & management consultants as at June 30, 2019. Results of actuarial valuation are as under:

		Note	2019 Rupees	2018 Rupees
8.1.1	**Movement in net liability for staff retirement benefits**			
	Opening balance		**44,577,951**	43,754,038
	Charge for the year - Profit and loss account	8.1.2	**4,614,123**	4,606,740
	Payments made / approved during the year		**(4,070,868)**	(4,211,473)
	Actuarial loss due to experience adjustment on remeasurement of staff retirement benefits		**910,068**	428,646
	Closing balance		**46,031,274**	44,577,951

8.1.2 **Charge for the year**

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

	2019	2018
Current service cost	**1,210,722**	1,378,997
Interest cost	**3,403,401**	3,227,743
	4,614,123	4,606,740

8.1.3 **Actuarial assumptions**

Liability in statement of financial position and charge for the current year have been determined on the basis of following actuarial estimates provided by the actuary.

	Percentage	Percentage
Discount rate - per annum	**12.50%**	8.00%
Expected rate of increase in salary level - per annum	**11.50%**	7.00%
Average expected remaining working lifetime of employees	**7 years**	8 years
Average duration of liability	**5 years**	5 years
Expected mortality rate for active employees	**SLIC (2001-2005) Mortality Table**	
Actuarial valuation method	**Projected Unit Credit Method**	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

	Note	2019 Rupees	2018 Rupees

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

	2019 Rupees	2018 Rupees	2017 Rupees	2016 Rupees	2015 Rupees
Present value of defined benefit obligation	**46,031,274**	44,577,951	43,754,038	43,794,285	41,288,074
Fair value of plan asset	**-**	-	-	-	-
Net liability	**46,031,274**	44,577,951	43,754,038	43,794,285	41,288,074

8.1.5 **Year end sensitivity analysis on defined benefit obligation**

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

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees	Rupees
Discount rate			
- 2019	**1%**	**44,282,490**	**47,979,971**
- 2018	1%	42,785,169	46,585,079
Salary increase			
- 2019	**1%**	**47,979,971**	**44,252,518**
- 2018	1%	46,585,079	42,753,218

8.1.6 **The expense charged in Profit or Loss for the year has been allocated as follows:**

	Note	2019 Rupees	2018 Rupees
Cost of sales	28	**3,889,315**	3,964,663
Administrative expenses	30	**724,808**	642,077
		4,614,123	4,606,740

9 TRADE AND OTHER PAYABLES

	Note	2019 Rupees	2018 Rupees
Creditors for:			
- Goods		**16,790,981**	20,362,433
- Services		**5,967,515**	2,537,667
- Machinery	9.1	**1,750,000**	6,000,000
Accrued liabilities		**15,930,117**	14,247,422
Advances from customers and others		**902,895**	1,196,361
Withholding tax payable		**520**	21,400
		41,342,028	44,365,283

9.1 This includes an amount of Rs. 1.75million (2018: Rs. 6 million) payable on account of machinery purchased in the year 2010 from a commercial vendor "'Comfort Textile (Private) Limited". The outstanding amount carried mark-up at 1 month KIBOR + 2.5% till December 31, 2018, howevermanagement of both companies agreed to wave off markup for remaining period till final payments (2018: 1 month KIBOR + 2.5%).

10 ACCRUED MARK UP

	Note	2019 Rupees	2018 Rupees
Short term borrowings from banking companies		**558,032**	760,403
Due to related parties	10.1	**-**	-
Comfort Textile (Private) Limited	10.2	**-**	999,337
		558,032	1,759,740

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

	Note	2019 Rupees	2018 Rupees

10.1 This accrued markup relates to loan from directors as presented in Note 13 to be charged at the rate of 10% per annum. Directors have given waiver of interest for the current and comparative financial year due to liquidity issues of the company.

10.2 This accrued markup relates to "Comfort Textile (Private) Limited" on account of payable against machinery purchased. Mark up for remaining period has been waived off as described in Note 10.1.

11 SHORT TERM BORROWINGS

	Note	2019 Rupees	2018 Rupees
JS Bank Limited	11.1	**107,150,592**	91,440,000
		107,150,592	91,440,000

11.1 **JS Bank Limited**

	Note	2019 Rupees	2018 Rupees
Export refinance	11.1.1	**83,910,000**	83,910,000
Finance against foreign Bills	11.1.2	**23,240,592**	7,530,000
		107,150,592	**91,440,000**

11.1.1 This represents utilized portion of short term borrowing facilities obtained from JS Bank Limited with a limit of Rs. 84 million (2018:84 million). The purpose of this facility is to finance exports of the company. This facility carries mark-up at SBP pricing plus 1% or maximum spread (whichever is higher) payable on quarterly basis. The credit facility of the Company will expire on December 31,2019.This is secured against first charge of Rs. 200 million over all present and future current assets of the company to be registered with SECP with 25% margin, first charge of Rs. 149million over all present and future fixed assets of the company to be registered with SECP with 25% margin, lien over EE-Statement, equitable mortgage with legal mortgage of Rs 100,000and rest against equitable mortgage of factory's land (measuring 24 kanals 18 marlas, situated at 17.5KM Lahore-Shekhupura road, Freozwala, District Sheikhupura) including building and plant and machinery, equitable mortgage with legal mortgage of Rs 100,000 and rest against equitable mortgage of residential property of director (situated at Plot number 5, St. No 74, G-6/4, Islamabad, pledge of 51,971shares of M/s Punjab Oil Mills Limited (margin 30%) which shall be held in CDC pledgee account of JSBL and personal guarantees of director and Mortgagors alongwith PNWS.

11.1.2 This represents utilized portion of short term borrowing facilities obtained from JS bank Limited with a limit of Rs. 30 million (2018:25 million). The purpose of this facility is to finance export bills sent on CAD basis. This facility carries mark-up of 3-Month Kibor plus 2.25%(if payment is delayed fifteen days after quarter end than rate will be 3-Month Kibor plus 5.25%) and is payable upfront through realization of export documents (Margin 10%) negotiated/discounted by JSBL. This is secured against above mentioned securities in Note 12.1.1plus lien over export bills and indemnity for discrepant document.

12 DUE TO RELATED PARTIES - UNSECURED

	2019 Rupees	2018 Rupees
Mian Tahir Jahangir	**339,987**	4,408,203
Mr Jillani Jahangir	**382,855**	2,117,385
Premier Garments Limited (Associated Company)	**252,736**	3,204,987
Punjab Oil Mills Limited (Associated Company)	**774,563**	490,618
	1,750,141	10,221,193

12.1 Due to related parties carry mark up @14% (2018:10%) per annum. However, directors have given waiver of interest on their balance for the current and comparative financial year due to liquidity issues of the company.

13 PROVISION FOR TAXATION

	Note	2019 Rupees	2018 Rupees
Opening balance		**3,238,886**	2,388,697
- Provision for the current year	34	**3,698,144**	3,238,886
- Prior year adjustment		**429,816**	(118,593)
		7,366,846	5,508,990
Payments / adjustments during the year		**(3,668,702)**	(2,270,104)
		3,698,144	3,238,886

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

13.1 The returns of income for the tax years upto 2018has been filed by the Company. The said returns, as per the provisions of Section 120of the Income Tax Ordinance,2001has been deemed to be an assessment order passed by the Commissioner Inland Revenue under self assessment scheme. Further, the company's income tax assessment has been finalized by tax authorities under section 122of the Income Tax Ordinance, 2001up to 2010under amended assessment scheme.

14 LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Note	2019 Rupees	2018 Rupees
Advance against assets held for disposal	14.1	**23,775,000**	21,775,000

14.1 This represents amount received from a party as an advance against sale of land as described in Note 26. Further subsequent to reporting date the said land has been sold as described in Note 45.

15 CONTINGENCIES AND COMMITMENTS

15.1 **Contingencies**

The company has received notices by the section 138(1),182(1) and rule 44(4) of theyears 2014 of 2018 in which the compitent authority has demanded panalties, default surcharges and withholding taxes which are not withheld by the comapny and are not yet paid under respective party. The tax consultant for the company is to the view that the company may have to pay a amount of panalty or default surcharges alongwithy payment of withholding taxes, however, the amount payable cannot be measured reliably as at reporting date.

15.2 **Commitments**

There are no material commitments outstanding as at the date of statement of financial position (2018: Nil).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

16 PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
Operating fixed assets	16.1	146,056,870	87,750,348
		146,056,869	87,750,348

16.1 Operating fixed assets

Description	Freehold Land	Buildings on Freehold Land	Plant and Machinery	Furniture and Fixture	Fittings and electric Installations	Vehicles	Other Assets	Total
	-----	-----	-----	-----	Rupees	-----	-----	-----
Year Ended June 30, 2019								
Owned assets								
Cost / Revalued amount								
Balance as at July 01, 2018	37,350,000	21,130,703	42,360,989	5,301,757	1,071,490	1,676,006	594,660	**109,485,605**
Additions	-	322,321	4,803,000	-	38,000	1,297,100	68,400	**6,528,821**
Revaluation surplus	37,350,000	7,248,873	11,486,280	-	-	-	-	**56,085,153**
Disposal	-	-	-	-	-	-	-	**-**
Balance as at June 30, 2019	**74,700,000**	**28,701,897**	**58,650,269**	**5,301,757**	**1,109,490**	**2,973,106**	**663,060**	**172,099,579**
Accumulated depreciation								
Balance as at July 01, 2018	-	3,890,129	10,668,090	4,381,615	845,106	1,498,772	451,546	**21,735,257**
Charge for the year	-	867,288	3,254,179	92,014	22,648	55,884	15,439	**4,307,452**
Disposals	-	-	-	-	-	-	-	**-**
Balance as at June 30, 2019	**-**	**4,757,417**	**13,922,269**	**4,473,629**	**867,754**	**1,554,656**	**466,985**	**26,042,709**
WDV as at June 30, 2019	**74,700,000**	**23,944,480**	**44,728,000**	**828,128**	**241,736**	**1,418,450**	**196,075**	**146,056,870**
Depreciation rates	0%	5%	10%	10%	10%	20%	10%	

Description	Freehold Land	Buildings on Freehold Land	Plant and Machinery	Furniture and Fixture	Fittings and electric Installations	Vehicles	Other Assets	Total
	-----	-----	-----	-----	Rupees	-----	-----	-----
Year Ended June 30, 2018								
Owned assets								
Cost / Revalued amount								
Balance as at July 01, 2017	37,350,000	21,130,703	42,510,989	5,301,757	1,071,490	1,676,006	594,660	**109,635,605**
Additions	-	-	1,950,000	-	-	-	-	**1,950,000**
Disposal	-	-	(2,100,000)	-	-	-	-	**(2,100,000)**
Balance as at June 30, 2018	**37,350,000**	**21,130,703**	**42,360,989**	**5,301,757**	**1,071,490**	**1,676,006**	**594,660**	**109,485,605**
Accumulated depreciation								
Balance as at July 01, 2017	-	2,982,730	7,725,130	4,279,377	819,952	1,454,463	435,644	**17,697,297**
Charge for the year	-	907,399	3,563,090	102,238	25,154	44,309	15,902	**4,658,090**
Disposals	-		(620,130)					**(620,130)**
Balance as at June 30, 2018	**-**	**3,890,129**	**10,668,090**	**4,381,615**	**845,106**	**1,498,772**	**451,546**	**21,735,257**
WDV as at June 30, 2018	**37,350,000**	**17,240,574**	**31,692,899**	**920,142**	**226,384**	**177,234**	**143,114**	**87,750,348**
Depreciation rates	0%	5%	10%	10%	10%	20%	10%	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

16.1.1 Apportionment of depreciation charge for the year

Depreciation charge for the year has been apportioned as follows:

	Note	2019 Rupees	2018 Rupees
Cost of sales	28	**4,144,115**	3,683,030
Administrative expenses	30	**163,337**	268,948
		4,307,452	**3,951,978**

Depreciation charge is inclusive of incremental depreciation due to revaluation.

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

16.1.3 Charge/ mortgage on fixed assets are disclosed in Note 11 .

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

	2019 Rupees	2018 Rupees
Freehold land	**1,011,408**	1,011,408
Buildings on freehold land	**6,106,713**	6,094,370
Plant and machinery	**28,016,856**	28,980,454
Fittings and installations	**206,673**	204,483
	35,341,651	**36,290,715**

16.1.8 Particulars of Immoveable property and Forced sales value.

			Land		Building	
S.No	**Nature of Immovable property**	**Location**	**Total Area (Kanals)**	**Forced Sale Value**	**Total Covered Area (Square feet)**	**Forced Sale Value**
1	Land & Building	17.5- Km Lahore, Sheikhupur Road, Momanpura, Tehsil Ferozwala, Distt. Sheikhupura	24.9	59,760,000	109,004	19,157,000

17 LONG TERM INVESTMENTS

Investment in associates - Fair value through "Other Comprehensive Income"

Quoted

	Note	2019	2018
Punjab Oil Mills Limited:	17.2	**10,378,609**	14,732,859
- 51,971 (2018: 51,971) fully paid ordinary shares of Rs. 10 each			
- Market value per share is Rs. 199.70 (2018: Rs. 283.48)			
- Cost Rs. 494,598 (2018: Rs. 494,598)			
- Percentage of equity held 0.96% (2018: 0.96%)			
Unquoted			
Premier Garments Limited:	17.3	**-**	-
- 950 (2018: 950) ordinary shares of Rs. 100 each			
- Fair value per share is Rs. Nil (2018: Nil)			
- Percentage of equity held 1.36% (2018: 1.36%)			
Tee Jay Corporation (Private) Limited:	17.4	**1,115,892**	1,406,721
- 59,400 (2018: 59,400) ordinary shares of Rs.10 each			
- Fair value per share is Rs. 18.79 (2018: Rs. 23.68)			
- Percentage of equity held 3.96% (2018: 3.96%)			
		11,494,501	16,139,580

17.1 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 "fair value reserve of financial assets at FVOCI". Investments that do not have a quoted market price in an active market and whose fair value cannot be measured reliably through observable market data, in that case fair value is measured using other valuation methods as described in IFRS - 13 (Fair value measurement).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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		Note	2019 Rupees	2018 Rupees

17.2 Basing upon the year end quoted market value of shares in PSX daily price index. This has resulted in loss of Rs. 4,354,250 (2018: gain of Rs 1,378,151). Market values of these quoted investments (i.e. Shares) is categorized as Level 1 fair value measurement.

The shares of Punjab Oil Mills Limited have been pledged with JS bank as a security for grant of loan by JS bank to Hala Enterprises Limited. In case of default to repay the loan, the Company may be liable to the JS bank to the extent of the value of shares so pledged as mentioned in Note 12.1.1.

17.3 Basing upon the latest available audited financial statements, for the year ended June 30, 2018, the managementhas valued these using the break up value per share of Premier Garments Limited. As a result of this valuation, the entire amount of investment in Premier Garments Limited's shares has been impaired. Fair values of these Un-quoted investments (i.e. Shares) are categorized as Level 3 fair value measurement.
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 held liable to the Investment Corporation of Pakistan Limited to the extent of the value of shares so pledged. Allowance for contingent financial guarantee contract has not been recorded as directors has agreed to reimburse any probable loss to the Company.

17.4 Basing upon the latest available audited financial statements, for the year ended June 30, 2018, the shares have been valued using the break up value basis. This has resulted in loss of Rs. 290,829 (2018: gain of Rs. 16,761). Fair values of these Un-quoted investments (i.e. Shares) are categorized as Level 3 fair value measurement.

		Note	2019	2018
18	**LONG TERM DEPOSITS**			
	Deposits against utilities		**4,798,544**	4,374,723
	Others		**240,073**	240,073
			5,038,617	4,614,796
19	**STORES AND SPARES**			
	Dyes and chemicals		**2,097,815**	2,246,758
	Packing materials		**1,936,274**	1,275,900
	Loom stores		**1,172,696**	2,298,330
	General Store		**1,931,768**	1,862,135
			7,138,553	7,683,123

19.1 No specific stores and spares were held for capital expenditure as at the date of statement of financial position.

		Note	2019	2018
20	**STOCK IN TRADE**			
	Raw materials		**17,011,422**	17,575,625
	Work in process		**33,988,240**	33,982,360
	Finished goods		**32,958,034**	33,972,450
			83,957,696	85,530,435

20.1 No specific stock in trade were held for capital expenditure as at the date of statement of financial position.

		Note	2019	2018
21	**TRADE DEBTS**			
	Foreign debts (Secured)		**43,489,379**	32,066,480
	Local debts (Unsecured)		**2,261,222**	1,607,095
			45,750,601	33,673,575
	Less: Allowance for expected credit loss against debtors	21.1	**(966,830)**	(966,830)
			44,783,771	32,706,745

21.1 Trade debtors other than those against which allowance for expected credit loss has been made are considered good by the management.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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		Note	2019 Rupees	2018 Rupees
21.2	**Movement of allowance for expected credit loss**			
	Opening balance		**966,830**	966,830
	Allowance for expected credit loss made during the year		**-**	-
			966,830	966,830
	Written off during the year		**-**	-
	Closing balance		**966,830**	966,830

21.3 There is no outstanding receivable from any related party as at the reporting date. (2018: Nil).

21.4 The aging of trade debts as at Statement of financial position date is as follows;

	Note	2019 Rupees	2018 Rupees
Neither past due nor impaired			
1 - 30 days		**34,869,885**	22,073,514
31 - 60 days		**4,991,599**	4,529,108
61 - 120 days		**2,195,141**	4,391,950
More than 120 days		**2,727,147**	1,712,173
Past due but not impaired			
More than 120 days		**966,830**	966,830
		45,750,602	33,673,575

		Note	2019 Rupees	2018 Rupees
22	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances - considered good			
	- Employees against salaries	22.1	**605,769**	782,375
	- Employees for purchases		**137,945**	9,099
	- Suppliers		**16,931,953**	15,670,276
	Less: Allowance for expected credit loss against advances	22.2	**(987,683)**	(987,683)
			15,944,270	14,682,593
			16,687,984	15,474,067
	Prepaid insurance		**350,525**	423,675
	Duty draw back receivable		**18,890,577**	18,552,930
	Custom rebate receivable		**3,644,130**	3,850,496
	Mark up subsidy receivable		**549,104**	549,104
			23,434,336	23,376,205
			40,122,320	38,850,272

22.1 This includes an amount of Rs. 0.2 million (2018:Rs. 0.2 million) as advance against salary given to director of the Company.

		Note	2019 Rupees	2018 Rupees
22.2	**Movement of allowance for expected credit loss**			
	Opening balance		**987,683**	987,683
	Allowance for expected credit loss made during the year		**-**	-
			987,683	987,683
	Advances written off		**-**	-
	Closing balance		**987,683**	987,683
23	**TAX REFUND DUE FROM GOVERNMENT**			
	Advance income tax		**8,803,502**	8,511,036
	Sales tax and excise duty refundable		**9,287,102**	8,916,384
			18,090,604	17,427,420

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

		Note	2019 Rupees	2018 Rupees
24	**DUE FROM ASSOCIATES**			
	Unsecured - Considered good			
	Tee jay corporation (private) limited		**5,630,844**	6,211,211
			5,630,844	6,211,211

24.1 Balance due from associated company carries markup @14% (2018: 10%) per annuum.

24.2 The age analysis of these due from associates is as follows

	2019	2018
By 3 months	**2,446,114**	3,778,374
4 to 6 months	**3,184,730**	2,232,616
Over 6 months	**-**	200,221
	5,630,844	6,211,211

24.3 The maximum balance due from associates in any month is Rs. 9,163,688 (2018: Rs. 7,316,236).

		2019	2018
25	**CASH AND BANK BALANCES**		
	Cash in hand	**1,034,849**	1,249,063
	Cash at bank - current accounts	**1,670,936**	1,558,205
	Cash at bank - saving accounts	**8,811**	10,702
		1,679,747	1,568,907
		2,714,596	2,817,970

25.1 The company is maintaining saving account with different banks with interest on the daily product basis which was carrying interest @6% to 7.5%. (2018 to @ 6% to 7.5%).

25.2 All bank accounts are maintained under conventional banking system.

		Note	2019	2018
26	**NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**			
	Non-current assets classified as held for sale	26.1	**27,821,112**	27,821,112

26.1 This includes land, measuring 9 kanal 12 marlas (2018:9 Kanal 12 marlas) , situated at 10 Km G.T. Road, Adayain Road, Rana Town and land, measuring 23 kanal 9 marlas, situated at 1.5 Km, Lahore - Sheikhupura Road.

26.1.1 The Company entered into an agreement to sell the land, measuring 9 kanal 12 marlas, in February 2011 and an advance on account of token payment was received which stands at Rs. 3.775 million (2018:3.775 million). However, the agreement has been held pending as at the date of statement of financial position, since then no further payment was made by buyer.

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

26.1.2 The Company entered into an agreement to sell a piece land, measuring 23 kanal 09 marlas, in December 2016,an advance on account of token payment was received which stands at Rs. 20 million (2018:18 million). However, the agreement has been held pending as at the date of statement of financial position, since then buyer only paid Rs. 2 million. Further, transfer/mutation of land was not completed till reporting period end due to non payment of remaining price by the buyer.

Subsequent to the date of statement of financial position, this land has been sold and transferred to the customer as described in Note 45.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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		Note	2019 Rupees	2018 Rupees
27	**REVENUE**			
	Export sales		**370,933,714**	287,587,535
	Local sales		**5,208,162**	7,420,518
			376,141,876	295,008,053
	Export rebates		**4,785,045**	3,709,879
	Duty draw back		**4,779,994**	15,373,490
			9,565,039	19,083,369
			385,706,915	314,091,422
27.1	Local sales			
	Gross sales		**5,561,753**	**7,788,722**
	Sales tax		**(353,591)**	**(368,204)**
			5,208,162	**7,420,518**
28	**COST OF SALES**			
	Raw materials consumed	28.1	**189,081,834**	136,700,991
	Salaries and wages (including all benefits)	28.2	**36,384,906**	34,389,055
	Fuel and power		**35,321,345**	37,646,761
	Stores, spares and chemicals consumed		**29,638,597**	24,584,191
	Packing materials		**11,964,922**	9,788,430
	Lease charges		**1,200,000**	1,200,000
	Processing charges		**5,688,654**	4,535,243
	Repairs and maintenance		**453,321**	663,617
	Insurance		**462,676**	500,133
	Depreciation	17.1.1	**4,144,115**	4,495,642
			314,340,370	254,504,063
	Work in process inventory:			
	- Opening		**33,982,360**	35,895,352
	- Closing	20	**(33,988,240)**	(33,982,360)
			(5,880)	1,912,992
	Cost of goods manufactured		**314,334,490**	256,417,055
	Finished goods inventory:			
	- Opening		**33,972,450**	36,332,003
	- Closing	20	**(32,958,034)**	(33,972,450)
			1,014,416	2,359,553
	Cost of goods sold		**315,348,906**	258,776,608
28.1	**Raw material consumed**			
	Opening stock		**17,575,625**	20,907,953
	Add: Yarn Purchases during the year		**188,517,631**	133,368,663
	Less: Closing stock	20	**(17,011,422)**	(17,575,625)
			189,081,834	136,700,991

28.2 This includes Rs. 3.889 million (2018: Rs. 3.965 million) in respect of staff retirement benefits.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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		Note	2019 Rupees	2018 Rupees
29	**SELLING AND DISTRIBUTION COSTS**			
	Commission on sales		**11,103,155**	7,001,168
	Sea freight		**7,445,662**	7,078,414
	Freight, octroi and cartage		**4,314,542**	3,009,350
	Clearing charges		**4,508,286**	2,616,743
	Travelling and conveyance		**365,000**	-
	Air freight		**1,892,608**	755,563
	Postage, telephone and telex		**2,336,587**	1,353,146
	Samples		**571,616**	546,048
	Insurance		**275,282**	66,002
			32,812,738	22,426,434
30	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration		**2,653,274**	1,946,200
	Salaries and wages (including all benefits)	30.1	**10,981,483**	10,820,966
	Fuel and power		**2,422,565**	1,921,059
	Vehicles running expenses		**2,526,564**	1,695,383
	Postage, telephone and telex		**869,098**	949,003
	Travelling and conveyance		**309,722**	333,920
	Rent, rates and taxes		**1,466,328**	701,635
	Printing and stationery		**509,785**	322,010
	Repairs and maintenance		**379,702**	258,878
	Legal and professional charges		**890,447**	575,811
	Insurance		**91,983**	95,822
	Advertisement		**25,080**	142,282
	Gardening expenses		**60,714**	37,300
	Books and periodicals		**34,199**	30,138
	Entertainment		**216,514**	63,589
	Depreciation	17.1.1	**163,337**	162,448
			23,600,795	20,056,444

30.1 This includes Rs. 0.725 million (2018: Rs. 0.642 million) in respect of staff retirement benefits.

		Note	2019 Rupees	2018 Rupees
31	**OTHER OPERATING EXPENSES**			
	Auditors' remuneration	31.1	**375,000**	375,000
			375,000	375,000
31.1	Auditors' remuneration:			
	- Statutory audit		**300,000**	300,000
	- Half yearly review and attestations		**75,000**	75,000
			375,000	375,000
32	**FINANCE COST**			
	Short term borrowings from banking companies - net of subsidy		**4,970,237**	4,037,383
	Comfort Textile (Private) Limited		**344,040**	537,697
			5,314,277	4,575,080
	Bank charges		**3,068,803**	2,553,875
	Interest charged by related parties		**471,153**	297,541
			3,539,956	2,851,416
			8,854,233	7,426,496

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

		Note	2019 Rupees	2018 Rupees
33	**OTHER INCOME**			
	Lease rentals		**1,140,000**	1,080,000
	Dividend income		**244,264**	493,725
	Gain on disposal of property, plant and equipment		**-**	180,130
	Interest charged to related parties		**813,537**	534,140
	Profit on long term security deposit		**656,321**	597,077
	Profit on saving account		**628**	316
	Exchange Income-unrealized		**518,921**	206,396
	Exchange Income-realized		**3,878,359**	419,395
			7,252,030	3,511,179
34	**TAXATION**			
	Current			
	for the year		**3,698,144**	3,238,886
	for prior years		**429,816**	(118,593)
			4,127,960	3,120,293

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

34.2 The returns of income for the tax years upto 2018has been filed by the Company. The said returns, as per the provisions of Section 120of the ITO has been deemed to be an assessment order passed by the Commissioner Inland Revenue under self assessment scheme. Further, the company's income tax assessment has been finalized by tax authorities under section 122 of the ITO up to 2010 under amended assessment scheme.

		Note	2019 Rupees	2018 Rupees
35	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Profit / (Loss) before taxation		**11,967,273**	8,541,619
	Adjustments for:			
	- Depreciation	16	**4,307,452**	4,658,090
	- Provision for gratuity	8	**4,614,123**	4,606,740
	- Dividend income	33	**(244,264)**	(493,725)
	- Exchange loss/(Income)	31	**(518,921)**	(206,396)
	- Gain on disposal of property, plant and equipment	16	**-**	(180,130)
	- Profit on long term security deposit	33	**(656,321)**	(597,077)
	- Finance cost	32	**8,854,233**	7,426,496
			16,356,302	15,213,998
	Operating profit before working capital changes		**28,323,575**	23,755,618
	(Increase) / decrease in current assets			
	- Stores and spares		**544,570**	1,484,413
	- Stock in trade		**1,572,739**	7,604,873
	- Trade debts		**(11,558,105)**	3,612,158
	- Advances, deposits, prepayments and other receivables		**(1,272,048)**	(9,273,860)
	- Sales tax refundable		**(370,718)**	2,007,233
	- Balances due from related parties / associates		**580,367**	405,035
	(Decrease) / increase in current liabilities			
	- Trade and other payables		**(3,023,255)**	(3,319,117)
	- Balances due to related parties / associates		**(8,471,056)**	(3,613,845)
			(21,997,506)	(1,093,110)
	Cash generated from operations		**6,326,069**	22,662,508

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

		Note	2019 Rupees	2018 Rupees
36 EARNINGS PER SHARE - BASIC AND DILUTIVE				
Basic & Dilutive EPS:				
Profit for the year attributable to ordinary shareholders	Rupees		**7,839,313**	5,421,326
Number of ordinary shares in issue	Number		**12,996,304**	6,804,000
Earnings per Share - Basic	Rupees	36.1	**0.60**	0.80
Earnings per Share - Dilutive	Rupees		**0.60**	0.42

36.1 During the year, the Company has issued 6,192,304 shares at par value of Rs 10/- by way of shares other than right issue.

37 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2019			2018		
	Chief Executive Officer	**Executive Directors**	**Non-Executive Directors**	Chief Executive Officer	Executive Directors	Non-Executive Directors
	Rupees	**Rupees**	**Rupees**	Rupees	Rupees	Rupees
Managerial remuneration	**836,184**	**614,356**	**-**	653,424	511,478	-
House rent and utilities	**460,216**	**338,044**	**-**	359,376	281,522	-
Conveyance	**3,600**	**3,600**	**-**	3,600	3,600	-
Entertainment	**32,274**	**-**	**-**	25,000	42,000	-
Travelling	**365,000**	**-**	**-**	36,200	30,000	-
	1,697,274	**956,000**	**-**	1,077,600	868,600	-
Number of persons	**1**	**1**	**5**	1	1	**5**

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

37.2 Executive Director is provided with Company maintained car.

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

37.4 An executive is defined as an employee with basic salary of Rs. 1,200,000 or more per annum. No employee of the Company qualifies as an executive. The company has no employee who meets the definition of Executive.

38 TRANSACTIONS WITH RELATED PARTIES

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

38.1 Related party	**Relationship**	**Nature of transaction**		
Premier Garments Limited	Associated company	Interest charged by Associate	**(401)**	(271)
		Payments made for expenses	**4,493**	1,050
		Funds received	**-**	800
		Expenses charged to Associate - net	**61**	150
		Lease rental charged by Associate	**(1,200)**	(1,200)
Punjab Oil Mills Limited	Associated company	Interest charged by Associate	**(70)**	(27)
		Payments made	**2,984**	2,263
		Expenses charged to Associate - net	**192**	168
		Expenses charged by Associate - net	**(3,390)**	(2,794)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

Related party	Relationship	Nature of transaction	Note	2019 Rupees	2018 Rupees
Tee Jay Corporation (Private) Limited	Associated company	Rendering of services		**-**	1,180
		Lease rental income		**1,140**	1,080
		Interest charged to Associate		**814**	534
		Payments made		**8,520**	11,493
		Funds received		**(1,393)**	(14,083)
		Material purchase/transferred		**(9,831)**	-
		Balance transferred from directors		**-**	(1,133)
		Creditors / Debtors - net transferred		**78**	1,416
Directors	Associated persons	Payments made		**13,158**	10,840
		Funds received		**7,356**	5,766
Compensation paid to key management	Key management personnel			**See Note: 38**	

38.2 Outstanding Balance with Related Parties at the year end are as follows:

Related party	Nature of Balance	Note	2019 Rupees	2018 Rupees
Premier Garments Limited	Due to associated company	**12**	**253**	3,205
Punjab Oil Mills Limited	Due to associated company	**12**	**775**	491
Tee Jay Corporation	Due from associated company	**24**	**5,631**	6,211
(Private) Limited	Share deposit money	**6**	**-**	8,000
Directors and close relatives thereof	Share deposit money	**6**	**-**	53,923
	Accrued mark up	**10**	**-**	-
	Advance against Salary	**22**	**(200)**	(200)

39 FINANCIAL RISK MANAGEMENT

39.1 **Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk managementpolicies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance. Risk managementis carried out by the Board of Directors (the Board). The Board provides principles for overall risk management,as well as policies covering specific areassuch as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
Trade debts - net exposure			
The following significant exchange rates were applied during the year:			
Rupees per US Dollar			
Average rate		**136.14**	113.18
Reporting date rate		**160.05**	121.5
Rupees per EURO			
Average rate		**155.19**	130.8
Reporting date rate		**182.32**	141.81

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 1% against the USD & EURO with all other variables held constant, the impact on profit before taxation for the year would have been Rs.2.5338 million (2018:Rs.0.1712 million) respectively higher / lower, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

Sensitivity analysis

The investment of the Company classified as available for sale and at fair value through profit or loss would normally be affected due to fluctuation of equity prices in the stock exchange. In case of 10% (2018:10%) increase / decrease in KSE 100 index on June 30, 2019, the net gain/(loss) for the year relating to securities classified as available for sale and other components of equity and net assets of the Company would increase / decrease by Rs 1.038 million (2018: Rs. 1.47 million) as a result of gains / losses on equity securities classified as available for sale.

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:

	2019			
	Total	**Level 1**	**Level 2**	**Level 3**
	Rupees	Rupees	Rupees	Rupees
Financial assets - FVOCI				
- Punjab Oil Mills Limited	10,378,609	10,378,609	-	-
- Premier Garments Limited	-	-	-	-
- Tee Jay Corporation (Private) Limited	1,115,892	-	-	1,115,892
	11,494,501	**10,378,609**	**-**	**1,115,892**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

	Note	2019 Rupees	2018 Rupees

	2018			
	Total	Level 1	Level 2	Level 3
	Rupees	Rupees	Rupees	Rupees
Financial assets - FVOCI				
- Punjab Oil Mills Limited	14,732,859	14,732,859	-	-
- Premier Garments Limited	-	-	-	-
- Tee Jay Corporation (Private) Limited	1,406,721	-	-	1,406,721
	16,139,580	**14,732,859**	**-**	**1,406,721**

(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-bearingassets. The Company's interest rate risk arises from short term borrowings. As the borrowings are obtained at variable rates. These expose the Company to interest rate risk. At the date of statement of financial position, the interest rate profile of the Company's interest bearing financial

Floating rate instruments

	2019	2018
Financial liabilities		
Short term borrowings	**107,150,592**	91,440,000
Due to related parties	**1,027,299**	3,695,605
Financial assets		
Bank balances - deposit accounts	**8,811**	10,702
Due from associates	**5,630,844**	6,211,211
Long term deposits	**5,038,617**	4,614,796

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the date of statement of financial position, fluctuate by 1% higher / lower with all other variables held constant, loss before taxation for the year would have been Rs. 0.975 million (2018:Rs.0.843 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at the date of statement of financial position were indicative of

(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:

	2019	2018
Long term investments	**11,494,501**	16,139,580
Long term deposits	**5,038,617**	4,614,796
Trade debts	**44,783,771**	32,706,745
Deposits and other receivables	**23,083,811**	22,952,530
Bank balances	**1,679,747**	1,568,907

The aging of trade debts as at date of statement of financial position is as follows

	2019	2018
Past due 1 - 30 days	**34,869,885**	22,073,514
Past due 31 - 60 days	**4,991,599**	4,529,108
Past due 61 - 120 days	**2,195,141**	4,391,950
More than 120 days	**2,727,147**	1,712,173
	44,783,772	32,706,745

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

	Note	2019 Rupees	2018 Rupees

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

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

	Rating			2019	2018
	Short term	Long term	Agency	Rupees	Rupees
Faysal Bank Limited	A1+	AA	PACRA	**18,860**	18,388
Askari Bank Limited	A1+	AA+	PACRA	**93,597**	10,806
The Bank of Punjab	A1+	AA	PACRA	**3,257**	3,257
Bank Al-falah Limited	A1+	AA+	PACRA	**1,371**	1,371
Soneri Bank Limited	A1+	AA-	PACRA	**1,682**	1,682
United Bank Limited	A-1+	AAA	VIS	**14,476**	14,476
NIB Bank Limited	N/A	N/A		**9,308**	4,296
JS Bank Limited	A1+	AA-	PACRA	**1,519,956**	1,497,391
Industrial Development Bank of Pakistan	N/A	N/A		**17,240**	17,240
				1,679,747	1,568,907

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company managesliquidity 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, 2019

	Carrying Amount	Contractual cash flows	Within 1 Year	Within 2-5 Years	Within 2-5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	**38,688,613**	**38,688,613**	**38,688,613**	**-**	**-**
Accrued mark-up	**558,032**	**5,528,269**	**5,528,269**	**-**	**-**
Short term borrowings	**107,150,592**	**107,150,592**	**107,150,592**	**-**	**-**
Due to related parties	**1,750,141**	**1,925,155**	**1,925,155**	**-**	**-**
	148,147,378	**153,292,629**	**153,292,629**	**-**	**-**

Contractual maturities of financial liabilities as at June 30, 2018

	Carrying Amount	Contractual cash flows	Within 1 Year	Within 2-5 Years	Within 2-5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	37,147,522	**37,147,522**	37,147,522	-	-
Accrued mark-up	1,759,740	**1,759,740**	1,759,740	-	-
Short term borrowings	91,440,000	**91,440,000**	91,440,000	-	-
Due to related parties	10,221,193	**10,221,193**	10,221,193	-	-
	140,568,455	140,568,455	140,568,455	-	-

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

39.2 **Financial instruments by categories**

Financial instruments as at June 30, 2019

	Fair Value through P&L	Fair Value through OCI	Amortized Cost	Total
	Rupees	Rupees	Rupees	Rupees
Assets as per Statement of financial position				
Long term investments	**-**	**11,494,501**	**-**	**11,494,501**
Long term deposits	**-**	**-**	**5,038,617**	**5,038,617**
Trade debts	**-**	**-**	**44,783,771**	**44,783,771**
Deposits and other receivable	**-**	**-**	**23,083,811**	**23,083,811**
Cash and bank balances	**-**	**-**	**2,714,596**	**2,714,596**
	-	**11,494,501**	**75,620,795**	**87,115,296**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

	Amortized Cost	Total
	Rupees	Rupees
Liabilities as per Statement of financial position		
Trade and other payables	**38,688,613**	**38,688,613**
Accrued mark-up	**558,032**	**558,032**
Short term borrowings	**107,150,592**	**107,150,592**
Due to related parties	**1,750,141**	**1,750,141**
	148,147,378	**148,147,378**

Financial instruments as at June 30, 2018

	Fair Value through P&L	Fair Value through OCI	Amortized Cost	Total
	Rupees	Rupees	Rupees	Rupees
Assets as per Statement of financial position				
Long term investments	-	16,139,580	-	16,139,580
Long term deposits	-	-	4,614,796	4,614,796
Trade debts	-	-	32,706,745	32,706,745
Deposits and other receivable	-	-	22,952,530	22,952,530
Cash and bank balances	-	-	2,817,970	2,817,970
	-	16,139,580	63,092,041	79,231,621

	Liabilities	Total
	Rupees	Rupees
Liabilities as per Statement of financial position		
Trade and other payables	37,147,522	37,147,522
Accrued mark-up	1,759,740	1,759,740
Short term borrowings	91,440,000	91,440,000
Due to related parties	10,221,193	10,221,193
	140,568,455	140,568,455

39.3 **Fair values of financial assets and liabilities**

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

40 CAPITAL RISK MANAGEMENT

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhancesshareholders' 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 employed. Net debt is calculated as total borrowings less cash and bank balances. Total capital employed is calculated as equity as shown in the Statement of financial position plus net debt. As at the date of statement of financial position, the gearing ratio of the Company was worked out as under:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

Borrowings	**107,150,592**	91,440,000
Cash and bank balances	**(2,714,596)**	(2,817,970)
Net debt	**104,435,996**	88,622,030
Equity	**168,544,272**	110,174,959
Total capital employed	**272,980,268**	198,796,989
Gearing ratio	**38.26%**	44.58%

41 SEGMENT INFORMATION

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

	Percentage	Percentage
Information about productswise revenue:		
- Terry towel	**86.17%**	92.87%
Information about areawise revenue:		
- Export sales	**98.62%**	97.48%
- Local sales	**1.38%**	2.52%
Major customers: - 6 customers (2018: 6 customers)	**47.93%**	63.61%
Revenue from external customers attributed to foreign countries	**98.62%**	97.48%

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

42 PLANT CAPACITY AND ACTUAL PRODUCTION

	Number	Number
No. of looms installed and worked (including looms obtained on lease)	**48**	48
Standard production of looms worked (Kilograms)	**582,000**	582,000
Actual production (Kilograms)	**441,474**	404,872

Reasons for shortfall

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

43 NUMBER OF EMPLOYEES

	2019		
	Head office	**Mills**	**Total**
	Number	**Number**	**Number**
Employees as at June 30, 2019	**13**	**118**	**131**
Average employees during the year	**12**	**121**	**133**

	2018		
	Head office	Mills	Total
	Number	Number	Number
Employees as at June 30, 2018	12	127	139
Average employees during the year	12	139	151

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

44 CORRESPONDING FIGURES

Reclassification from component	Reclassification to component	Rupees
OTHER OPERATING EXPENSES	OTHER INCOME	**206,396**

45 EVENT AFTER REPORTING DATE

The Company entered into an agreementto sell a piece of land measuring 23 kanal 09 marlas, in December 2016,an advance on account of token payment was received which stands at Rs. 20 million (2018:18 million). However, the agreementhas been held pending as at reporting date due to non payment by the buyer. Subsequentto reporting date the company has sold & tranferred the said land at previously aggreed sale price of Rs. 29,605,625/-.

46 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue on October 04, 2019 by the Board of Directors of the Company.

47 GENERAL

Figures have been rounded off to the nearest pakistani rupees.

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

PATTERN OF HOLDING OF THE SHARE
As at June 30, 2019

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
134	1	100	7,038
256	101	500	77,836
237	501	1,000	173,184
133	1,001	5,000	330,657
24	5,001	10,000	164,275
5	10,001	15,000	66,500
5	15,001	20,000	93,995
2	20,001	25,000	49,100
6	25,001	30,000	170,500
2	30,001	35,000	62,000
1	35,001	40,000	40,000
1	45,001	50,000	50,000
1	70,001	75,000	72,000
1	105,001	110,000	107,000
1	120,001	125,000	120,500
1	165,001	170,000	168,885
1	190,001	195,000	191,900
1	310,001	315,000	315,000
1	820,001	825,000	821,941
1	2,935,001	2,940,000	2,935,887
1	3,035,001	3,040,000	3,038,883
1	3,935,001	3,940,000	3,939,223
816			**12,996,304**

Classification of ordinary shares by Catergories as at June 30, 2019

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children and their spouse and minor children	7,117,429	54.770
Associated Companies, undertakings and related parties. (parent Company)	3,979,393	30.620
NIT and ICP	19,895	0.150
Banks Development financial institutions, Non banking Financial Institutions	4,710	0.040
Insurance Companies	-	-
Modarabas and Mutual Funds	1,000	0.007
Shares holders holding 10% or more	10,034,663	77.210
General Public		
a. Local	1,869,876	14.390
b. Foreign	-	-
Others (to be specified)	-	-
Joint Stock Companies	4,001	0.031

Catagories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2019

Sr. No.	Name & Category of shareholders	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties			
1	M/S TEEJAY CORPORATION (PVT) LTD	3,939,393	30.310
2	M/S PREMIER GARMENTS LIMITED	40,000	0.310
		-	-
Directors and their Spouse and Minor Children			
1	MR. TAHIR JAHANGIR	3,159,383	24.310
2	MRS MUNIZA JAHANGIR	821,941	6.320
3	MRS SULEMA JAHANGIR	5,818	0.040
4	MR. JILANI JAHANGIR	2,935,887	22.590
5	MRS MYRA HUSAIN QURESHI	192,900	1.480
6	MR. ABDUL MUNAF	500	0.004
7	MR. RASHID AHMAD KHAN	1,000	0.007
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		5,710	0.044

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

Sr. No.	Name & Category of shareholders	No. of Shares Held	Percentage
1	M/S TEEJAY CORPORATION (PVT) LTD	3,939,393	30.31
2	MR. TAHIR JAHANGIR	3,159,383	24.31
3	MR. JILLANI JAHANGIR	2,935,887	22.59
4	MRS MUNIZAE JAHANGIR	821,941	6.32

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	SP. REIGHT
1	MR. TAHIR JAHANGIR	-	-	2,226,061
2	MRS MUNIZAE JAHANGIR	-	-	624,500
3	MR. JILLANI JAHANGIR	-	-	2,541,743
4	MRS MYRA HUSAIN QURESHI	-	191,900	-
5	MRS SULEMA JAHANGIR	191900	-	-

FORM OF PROXY

I/We ____

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

____________________Ordinary Shares as per Share Register Folio No. __________________________

For beneficial owners as per CDC List	
CDC Participant I.D. No. ________________	Sub Account No. __________________
CNIC No.	Passport No. _____________________

hereby appoint Mr./Mrs./Miss.______________________________________of______________ an other member of the Company or failing him/her Miss/Mrs/ Mr. ___________________________________ of _________________ another member of the Company as my / our proxy to attend and vote for me / us and my /our behalf at Annual General Meeting of the Company to be held on Monday, October 28, 2019 at 10:30 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 _________ 2019

Signature of Shareholder ________________

Signature of Proxy_____________________

1. **WITNESS**	2. **WITNESS**
Signature: ________________________________	Signature: ________________________________
Name: ________________________________	Name: ________________________________
Address: ________________________________	Address: ________________________________
CNIC No.	CNIC No.
or Passport No.________________________	or Passport No.________________________

Important:

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

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

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

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

**AFFIX
CORRECT
POSTAGE**

To:

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

BOOK POST

پراکسی فارم

میں/ہم مسمی/مسماۃ ------------------------ ساکن ------------------------ ضلع --------------------------------

بحیثیت ممبر کمپنی، مسمی/مسماۃ ------------------------ ساکن ------------------------ کمپنی ممبر یا اُسکی عدم موجودگی کی صورت میں

مسمی/مسماۃ ------------------------ ساکن ------------------------ کمپنی ممبر کو بطور مختار (پراکسی) مقرر کرتا/ کرتی ہوں تا کہ وہ میری/ہماری جگہ

اور میری/ہماری طرف سے کمپنی کے سالانہ اجلاس عام جو کہ بتاریخ ۲۸ اکتوبر ۲۰۱۹ء بوقت صبح 10:30 بجے ، کمپنی کے رجسٹرڈ دفتر فیکٹری پریمسز :17.5 کلومیٹر شیخوپورہ روڈ لاہور میں منعقد ہو رہا ہے

میں بول سکے اور ووٹ ڈال سکے۔

دستخط بتاریخ ------------ دن ---------- 2019ء

پانچ روپے کی ریونیو سٹمپ
چسپاں کریں

گواہ کوائف

دستخط: ------------------------

نام: ------------------------

پتہ: ------------------------

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ----------

گواہ کوائف

دستخط: ------------------------

نام: ------------------------

پتہ: ------------------------

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ----------

فولیو نمبر: ------------------------

سی ڈی سی کھاتہ نمبر: ----------------

حصص کی تعداد: ----------------

دستخط: ----------------------------

(دستخط کمپنی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہئیں)

اہم:

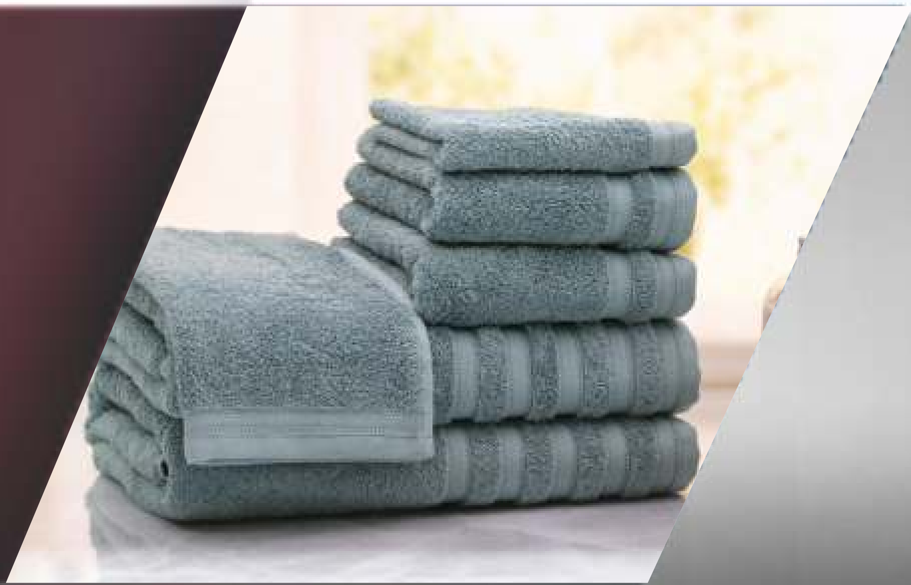
پراکسی فارم، کمپنی کے رجسٹرڈ آفس 120 ای ون گلبرگ تھری لاہور ، میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل جمع کرانا لازمی ہے۔ بصورت دیگر وہ قابل قبول نہ ہوگا۔

AFFIX
CORRECT
POSTAGE

To:

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

BOOK POST



Hala
Enterprises Limited

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

BSCI
Business Social Compliance Initiative

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