

2016

Annual Report



Hala Enterprises
Limited

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VISION & MISSION STATEMENT

Vision Statement

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

Mission Statement

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

COMPANY INFORMATION

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 44th Annual General Meeting of the Shareholders of HALA ENTERPRISES LIMITED will be held on Monday, October 31, 2016 at 11:00 A.M. at Factory Premises, 17.5 KM Sheikhpura Road, Lahore, the Registered Office of the Company, to transact the following business.

ORDINARY BUSINESS

1. To confirm minutes of Annual General Meeting held on October 31, 2015.
2. To receive and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2016 along with Directors and Auditors Reports thereon.
3. To appoint External Auditors of the Company for the year ending June 30, 2017 as recommended by the Board of Directors and to fix their remuneration.
4. Any other business with the permission of the Chair.

SPECIAL BUSINESS

5. To consider and approve with or without modification(s), addition(s) or deletion(s), the following resolution as a Special Resolution for alteration in the Articles of Association::

(i) "Resolved that consent & approval of the members of Hala Enterprises Limited the "Company" be and is hereby accorded for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to the members for future years commencing from the year ending on 30 June 2017 through CD or DVD or USB instead of transmitting the same in hard copies.

(ii) "Resolved that the Article of Association of the Company be amended by adding a new sub Clause 44(a) after the Clause 44 of the Articles of Association of the Company as under:

Clause 44(a) E-Voting: The provision and requirement for E-voting as prescribed by the Securities and Exchange Commission of Pakistan (SECP) for the time being and from time to time and members may be allowed to appoint members as well as non-member as proxy for the purpose of E-voting, pursuant to this Article"

Further Resolved that the Chief Executive Officer or Company Secretary be and is hereby authorized to do all acts, deed and things, take all steps and action necessary, ancillary and incidental for altering the Article of Association of the Company.

6. To consider and approve the remuneration of Directors of the Company.
7. To transact any other business with the permission of the Chair.

By order of the Board



(M. Mushtaq Saeed Iqbal)
Company Secretary

Lahore:
October 10, 2016

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The share transfer books of the Company will remain closed from 24th October 2016 to 31st October 2016 (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 48 hours before the time of holding the meeting and must be duly stamped signed and witnessed. A proxy must be member of the Company. Form of Proxy is enclosed herewith.
3. Members are requested to promptly notify Share Registrar of the Company of any change in their addresses.

Statement under Section 160(1)(b) of the Companies Ordinance, 1984 and disclosure under Section 218 in respect of special business along with proposed resolutions are as under:-

AGENDA ITEM NO. 5

I. ELECTRONIC VOTING AND VIDEO CONFERENCE FACILITY:

Securities and Exchange Commission of Pakistan has issued Companies (E-Voting) Regulation 2016 on January 22, 2016 vide S.R.O 43(1)/2016. Similarly SECP has vide Circular No. 10 of 2014 also prescribed procedure for participation of members in general meetings through video conferencing. The directors have recommended the following resolution for alteration in the Articles of Association by inserting a new Article 44A therein which will give the members option to be part of the decision making in the general meeting of the company through electronic means.

II. 102A-CIRCULATION OF ANNUAL AUDITED ACCOUNTS IN ELECTRONIC FORM [CD/DVD/USB]

In order to implement SECP directions with respect to transmission / circulation of Annual Audited Accounts through CD/DVD/USB/EMAIL instead of hard copies, amendment is proposed of Articles of Association. Special resolution is a part of the notice for concurrence of shareholders to adopt the newly introduced mode of transmission. We are pleased to offer this facility to our members who desire to receive annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is enclosed herewith this report and also available at the Company's website i.e. www.halaenterprises.com Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the members to timely update of any change in the registered e-mail address.

The Company shall place, Annual Accounts and reports on Company's website at least 21 days prior to the Annual General Meeting of the Company.

AGENDA ITEM NO. 6

INFORMATION UNDER SECTION 218 OF THE COMPANIES ORDINANCE, 1984

We wish to inform you that in accordance with the approval of the Board of Directors, in their meeting held on October 08, 2016, the remuneration of Mr. Abdul Munaf Executive Director of the Company has been determined up to Rs. 800,000/- per annum w.e.f July 01, 2016 excluding bonuses, retirement funds, 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.

INFORMATION FOR SHAREHOLDERS

Company's Registered Office/Works

Hala Enterprises Limited
17.5 KM Sheikhpura Road, Lahore
Tel: 042-37970130, 37970230
Fax: 042-37970468

Share Registrar

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

Listed on Stock Exchanges

Hala Enterprises Limited is listed on:
Pakistan Stock Exchange Limited

Stock Symbol

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

Statutory Compliance

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

Share Transfer System

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

Proxies

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

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

Annual General Meetings

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

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

Financial Information

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

Company's Website

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

DIRECTOR'S REPORT

The Directors of the company hereby present the Annual Report on the operations of the company along with the audited financial statements for the year ended June 30th, 2016. The Directors' report under section 236 of the Companies Ordinance, 1984 and revised CCG 2012 will be put forward to the members at the 44th Annual General Meeting of the Company to be held on the 31st of October, 2016

The performance of the company during the financial year 2015-2016 showed a continued improvement from the previous year; however, the overall results remained unsatisfactory. The main reason for the decreasing trend in sales remains the sluggish demand in the retail markets of Europe & the Middle East. Lower commodity prices has put immense pressure on basic home textile items such as towels where customers have expected lower prices for the product. In this regard, the company is gearing itself towards reducing its operational costs to achieve better profitability in the near future. The focus remains to achieve a stable profitable scenario before increasing sales volumes. This will enable us to have a better performance in the long run and reduce the accumulated losses of the company till date.

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.

For & on behalf of the Board



(Jilani Jahangir)
Chief Executive Officer

Lahore

Dated: October 08, 2016

ڈائریکٹرز رپورٹ

ڈائریکٹرز کی جانب سے کمپنی کی چوالیس ویں سالانہ رپورٹ بمعہ آڈٹ کی تفصیلات بشمول جون 2016 تک کی تمام کاروباری سرگرمیوں کے ساتھ پیش کی جا رہی ہے۔ ڈائریکٹرز کی یہ رپورٹ کمپنیز آرڈیننس 1984 کی دفعہ 236 اور سی۔سی۔سی۔2012 کے تحت تمام مجوزہ ارکان ہائے کمپنی کو اسکے چوالیس ویں سالانہ اجلاس کے دوران فراہم کی جائے گی۔

مالی سال 2015-2016 کے دوران کمپنی کی کارکردگی گزشتہ سال کی طرح ترقی پر گامزن رہی۔ تاہم مجموعی طور پر نتائج غیر اطمینان بخش رہے۔ فروخت میں کمی کے رجحان کی بنیادی وجہ یورپ اور مشرق وسطیٰ کے خوردہ بازاروں میں سست مانگ تھی۔ اشیاء کی قیمتوں میں ناگزیر کمی کی وجہ سے ٹیکسٹائل مصنوعات شدید دباؤ کا سامنہ کرنا پڑا۔ اور خریدار مزید کم قیمت اشیاء مثلاً تولیے وغیرہ مانگ کرتے نظر آئے

لہذا اندریں حالات، کمپنی کے مستقبل قریب میں بہتر منافع کے حصول کے لئے اس کے آپریشنل اخراجات کو کم کرنے پر غور کیا جا رہا ہے۔ ساتھ ہی ساتھ ہماری توجہ کا مرکز فروخت میں اضافہ کرنا اور اسے ایک مستحکم منافع بخش کمپنی بنانا ہے۔ یہ امر ہمیں بہتر کارکردگی کی طرف گامزن کرے گا اور اب تک ہونے نقصانات کا ازالہ کرنے میں مدد فراہم کرے گا۔

اور آخر میں ہم اپنے تمام خریداروں، سپلائرز اور بینکاروں کے مشکور ہیں جنہوں نے مسلسل تعاون سے ہماری کمپنی کی ترقی میں ہمارا ساتھ دیا۔ ہمیں امید ہے کہ یہ تعاون اسی طرح جاری رہے گا۔

منجانب وبراہے ڈائریکٹرز بورڈ

جیلانی جہانگیر

چیف ایگزیکٹو آفیسر

مورخہ: ۸ اکتوبر ۲۰۱۶

DIRECTOR'S REPORT

Financial and Operating Results

	2016 RUPEES	2015 RUPEES
Operating (Loss)/Profit	(2,805,643)	482,641
Finance cost	(6,490,293)	(9,069,783)
Other operating expenses	(1,569,716)	(3,642,051)
Other income	<u>3,455,926</u>	<u>2,541,993</u>
Loss before taxation	(7,409,726)	(9,687,200)
Taxation	<u>(2,223,206)</u>	<u>(2,273,773)</u>
Loss before disposal of assets	(9,632,932)	(11,960,973)
Gain on disposal of assets	1,431,666	-
Net loss for the year	(8,201,266)	(11,960,973)
Loss per share before gain on disposal		
Basic	(1.42)	(1.76)
Dilutive	(0.79)	(0.98)
Loss per share after gain on disposal		
Basic	(0.21)	-
Dilutive	(0.12)	-

Reason for Dividend/Bonus Shares not declared

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

Board Meetings

During the year under review, 4 meetings of the Board of Directors were held from July 01, 2015 to June 30, 2016. All written notice, of the Board Meetings, along with agenda and working papers, were circulated to all directors at least seven days before the meetings.

Attendance by each Director was as under:

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

The Minutes of the meetings were appropriately circulated to all Directors and recorded in minute book within stipulated time. In accordance with CCG, Company Secretary was also attended all meetings during the year June 30, 2015.

Audit Committee

The Board of Directors of the Company has formed an Audit Committee comprising of three members. All members of the Committee are Non-Executive in accordance with the provision of revised CCG. During the year June 30, 2015, four (4) meetings were held. Attendance by each member was as under:

<u>Sr. No.</u>	<u>Name of Members</u>	<u>Meetings Attended</u>
1.	Rashid Ahmed Khan	Chairman 4
2.	Miss Munizae Jahangir	Member 4
3.	Mrs. Sulema Jahangir	Member 4

Terms of reference of Audit Committee

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

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

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

- (i) Review of the interim and annual financial statements of the Company prior to approval by the Board of Directors.
- (ii) Discussions with the external auditors of major observations arising from interim and final audits; review of management letter issued by the external auditors and management's response thereto.
- (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 Six members including Chairman of the Committee.

S.No. Name of Members

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

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

Terms of Reference

The Committee shall be responsible for:

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

Internal Audit and Control

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

Corporate Governance

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

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

The Code of Conduct for directors and employees of the Company has been approved by the Board and changes were made in line with the new requirements stated in the revised CCG. The said Code of Conduct strengthens the standard for professional business-like behavior expected of

DIRECTOR'S REPORT

directors and employees and binds them to demonstrate ethical, honest and responsible attitude. The Code has been disseminated across the Company to all directors and employees for their compliance.

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

The Directors of the Company are fully aware of their duties and responsibilities and strive to discharge their fiduciary responsibilities in the best possible manner in compliance with all applicable corporate laws and regulations. During the year, the Board was actively involved in performing their duties including those required to be performed under various laws and the Memorandum and Articles of Association of the Company with the ultimate objective of safeguarding the interests of the shareholders, enhancing the profitability of the Company, increasing shareholders' wealth and promoting market confidence.

Corporate and Financial Reporting Framework

- (i) The financial statements, prepared by the Management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- (ii) Proper books of account of the Company have been maintained.
- (iii) Appropriate accounting policies have been applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements. The accounting estimates are based on reasonable and prudent judgment.
- (iv) International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.

- (v) The system of internal control is sound in design and has been effectively implemented and monitored.
- (vi) There are no significant doubts upon the Company's ability to continue as a going concern.
- (vii) There has been no material departure from best practices of corporate governance as detailed in listing regulations.
- (viii) Information about outstanding taxes, duties, levies and charges is given in Notes to the Accounts.
- (ix) Significant plans and decisions regarding corporate restructuring, business expansion and discontinuance of operations are outlined along with future prospects, risks and uncertainties have been disclosed in relevant sections of Directors Report.
- (x) The value of investments in employee retirement funds based on the latest audited Accounts as of 30 June, 2016 are as follows:

Gratuity Fund **Rs. 43.79 Million**

- (xi) Details of number of Board and Committees' meetings held during the year and attendance by each Director has been disclosed in Annual Report. Leave of absence was granted to Directors who could not attend some of the board and committee meetings.
- (xii) A statement of the pattern of shareholding in the Company as at 30 June, 2016 of certain classes of shareholders whose disclosure is required under the revised CCG and the statement of purchase and sale of shares by Directors, executives and their minor children during the year is shown on the Annual Report.

Code of Conduct for Directors and Employees

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

Priority Standards of Conduct:

- I Safety:** There can be no production without safety.

DIRECTOR'S REPORT

- 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, 2016, as required under Section 236 of the Companies Ordinance, 1984 and Code of Corporate Governance is annexed with this report.

Statutory Auditors of the Company

The present Auditors of the Company, M/s Horwarth Hussain Chaudhury & Co., Chartered Accountants, Lahore, shall retire and being eligible for re-appointment for the year 2016-2017.

Audit Committee recommended the appointment of M/s Horwarth Hussain Chaudhury & Co. as External Auditor for the tenure of next year 2017 subject to the approval of Shareholders in their Annual General Meeting held on October 31, 2016.

Acknowledgements

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

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

For & on behalf of the Board



(Jillani Jahangir)
Chief Executive Officer

Lahore
Dated: October 08, 2016

STATEMENT OF COMPLIANCE

With the Code of Corporate Governance as at June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19.23 of Listing Regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Director(s)	i. Mr. Rashid Ahamd Khan
Executive Directors	i. Mr. Jillani Jahangir ii. Mr. Abdul Munaf
Non-Executive Directors	i. Mr. Tahir Jahangir ii. Miss Munizae Jahangir iii. Mrs. Sulema Jahangir iv. Sh. Ijaz Ahamd

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. During the year under review no training program was arranged by the Company.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

STATEMENT OF COMPLIANCE

With the Code of Corporate Governances at June 30, 2016

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



(Jillani Jahangir)
Chief Executive Officer

October 08, 2016

KEY FINANCIAL DATA LAST SIX YEARS

Particulars	2016	2015	2014	2013	2012	2011
Subscribed and paid up capital	68,040,000	68,040,000	68,040,000	68,040,000	68,040,000	68,040,000
Capital Reserve	22,682,680	18,290,866	14,225,694	12,079,812	11,534,636	10,858,493
Long term loan-secured	-	-	-	-	1,226,466	6,867,500
Deferred liabilities	44,335,297	41,829,086	38,921,261	36,162,801	49,814,480	48,102,691
Current liabilities	158,555,786	176,477,752	179,896,062	178,555,533	203,251,096	181,118,224
Operating fixed assets	102,992,790	107,117,076	122,987,051	92,695,692	101,437,823	107,807,590
Current assets	176,589,861	191,274,431	184,570,727	189,222,755	204,592,096	187,080,531
Sales	208,472,967	232,992,322	287,226,825	285,526,710	361,624,002	330,123,306
Gross profit	29,554,261	36,146,398	38,557,774	34,650,279	41,374,522	26,676,341
Operating (Loss) / Profit	(2,805,643)	482,641	(2,118,136)	(4,949,277)	(7,455,121)	(18,134,243)
(Loss) / Profit before taxation	(7,409,726)	(9,687,200)	(14,091,685)	(23,192,339)	(24,542,457)	(31,704,455)
(Loss) / Profit after taxation & Gain on disposal of Assets	(8,201,266)	(11,960,973)	(16,910,915)	(26,017,495)	(28,065,251)	(34,924,812)

REVIEW REPORT TO THE MEMBERS

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of HALA Enterprises Limited ("the Company") for the year ended June 30, 2016 to comply with the requirements of Listing Regulations No. 5.19.23 of the Rule Book of Pakistan Stock Exchange where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.



LAHORE
Dated: October 08, 2016

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

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of HALA ENTERPRISES LIMITED as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year ended June 30, 2016 and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion;
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year ended June 30, 2016; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



LAHORE
Dated: October 08, 2016

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

BALANCE SHEET As at June 30, 2016

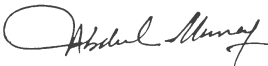
	Note	2016 Rupees	2015 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 16,000,000 (2015: 8,000,000) ordinary shares of Rs. 10 each		160,000,000	80,000,000
Issued, subscribed and paid up capital	4	68,040,000	68,040,000
Share deposit money	5	61,923,044	61,923,044
Reserves	6	22,682,680	18,290,866
Accumulated loss		(134,549,853)	(132,669,964)
		18,095,871	15,583,946
Surplus on Revaluation of Property, Plant and Equipment	7	83,810,126	90,122,226
Non Current Liabilities			
Deferred liabilities	8	44,335,297	41,829,086
Current Liabilities			
Trade and other payables	9	52,242,764	68,769,667
Accrued mark up	10	7,770,541	8,537,288
Short term borrowings	11	89,210,000	90,347,000
Due to related parties	12	3,405,189	1,400,024
Provision for taxation	13	2,152,292	2,273,773
		154,780,786	171,327,752
Advance against Assets Held for Disposal	14	3,775,000	5,150,000
Contingencies and Commitments	15	-	-
		304,797,080	324,013,010

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



CHIEF EXECUTIVE

	Note	2016 Rupees	2015 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	16	102,992,790	107,117,076
Long term investments	17	14,592,027	10,200,213
Long term deposits	18	3,906,290	3,906,290
		<u>121,491,107</u>	<u>121,223,579</u>
Current Assets			
Stores and spares	19	8,849,653	9,470,363
Stock in trade	20	88,268,365	87,839,567
Trade debts	21	29,045,551	35,740,068
Advances, deposits, prepayments and other receivables	22	26,575,734	28,264,676
Sales tax and excise duty refundable		11,453,749	9,148,092
Due from associate	23	9,402,081	18,105,492
Cash and bank balances	24	2,994,728	2,706,173
		176,589,861	191,274,431
Asset Held for Disposal	25	6,716,112	11,515,000
		<u>304,797,080</u>	<u>324,013,010</u>



DIRECTOR

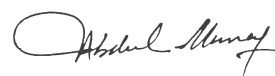
PROFIT AND LOSS ACCOUNT For The Year Ended June 30, 2016

	Note	2016 Rupees	2015 Rupees
Sales	26	208,472,967	232,992,322
Cost of sales	27	<u>(178,918,706)</u>	<u>(196,845,924)</u>
Gross Profit		29,554,261	36,146,398
Operating expenses:			
- Selling and distribution costs	28	<u>14,278,636</u>	<u>16,704,493</u>
- Administrative expenses	29	<u>18,081,268</u>	<u>18,959,264</u>
		<u>(32,359,904)</u>	<u>(35,663,757)</u>
Operating (Loss) / Profit		(2,805,643)	482,641
Finance cost	30	(6,490,293)	(9,069,783)
Other operating expenses	31	(1,569,716)	(3,642,051)
Other income	32	<u>3,455,926</u>	<u>2,541,993</u>
Loss before Taxation		(7,409,726)	(9,687,200)
Taxation		<u>(2,223,206)</u>	<u>(2,273,773)</u>
Loss for the Year before Disposal of "Assets Held for Disposal"		(9,632,932)	(11,960,973)
Gain on disposal of asset		1,431,666	-
Net Loss for the Year		<u><u>(8,201,266)</u></u>	<u><u>(11,960,973)</u></u>
Loss per Share - Before Gain on Disposal of "Assets Held for Disposal"			
Basic	33	<u><u>(1.42)</u></u>	<u><u>(1.76)</u></u>
Dilutive	33	<u><u>(0.79)</u></u>	<u><u>(0.98)</u></u>
Earning per Share - Gain on Disposal of Asset			
Basic	33	<u><u>0.21</u></u>	<u><u>-</u></u>
Dilutive	33	<u><u>0.12</u></u>	<u><u>-</u></u>

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



CHIEF EXECUTIVE



DIRECTOR

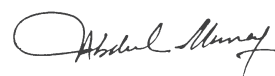
STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended June 30, 2016

	2016 Rupees	2015 Rupees
Net Loss for the Year	(9,632,932)	(11,960,973)
Other Comprehensive Income		
<i>Items that will not be reclassified to profit and loss</i>		
Unrecognized actuarial gain due to experience adjustment on remeasurement of staff retirement benefits	9,277	169,130
<i>Items that may be reclassified subsequently to profit and loss</i>		
Surplus on remeasurement of investment available for sale	4,391,814	4,065,172
Other comprehensive income for the year	4,401,091	4,234,302
Total Comprehensive Loss for the Year	<u>(5,231,841)</u>	<u>(7,726,671)</u>

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



CHIEF EXECUTIVE



DIRECTOR

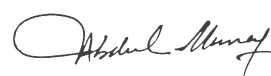
CASH FLOW STATEMENT For The Year Ended June 30, 2016

	2016 Rupees	2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(7,409,726)	(9,687,200)
Adjustments for:		
- Depreciation	3,951,978	4,337,218
- Provision for gratuity	5,776,642	6,837,298
- Dividend income	(675,623)	(311,825)
- Provision for doubtful debts / advances	246,183	1,028,385
- Balances written off	-	980,309
- Exchange loss	948,533	1,333,357
- Gain on disposal of property, plant and equipment	(426,233)	(5,943)
- Finance cost	6,490,293	9,069,783
	<u>16,311,773</u>	<u>23,268,582</u>
Operating profit before working capital changes	8,902,047	13,581,382
(Increase) / decrease in current assets		
- Stores and spares	620,710	556,247
- Stock in trade	(428,798)	6,479,293
- Trade debts	5,499,801	(6,133,190)
- Advances, deposits, prepayments and other receivables	1,887,747	9,691,070
- Sales tax refundable	(2,305,657)	(3,174,060)
- Balances due to / from related parties / associates - net	10,708,576	(20,628,997)
(Decrease) / increase in current liabilities		
- Trade and other payables	(16,526,903)	(605,276)
	<u>(544,524)</u>	<u>(13,814,913)</u>
Cash generated from / (used in) operations	8,357,523	(233,531)
Income tax paid	(2,543,492)	(2,819,230)
Finance cost paid	(7,257,040)	(9,652,705)
Gratuity paid	(3,261,154)	(3,760,343)
	<u>(4,704,163)</u>	<u>(16,465,809)</u>
Net Cash used in Operating Activities	(4,704,163)	(16,465,809)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment	(367,500)	-
Dividend income	675,623	311,825
Proceeds from disposal of property, plant and equipment	966,040	23,700
Proceeds from disposal of asset held for disposal	4,855,555	-
	<u>6,129,718</u>	<u>335,525</u>
Net Cash generated from Investing Activities	6,129,718	335,525
CASH FLOWS FROM FINANCING ACTIVITIES		
Share deposit money	-	14,891,130
Short term borrowings	(1,137,000)	1,146,091
	<u>(1,137,000)</u>	<u>16,037,221</u>
Net Cash (used in) / generated from Financing Activities	(1,137,000)	16,037,221
Net Increase / (Decrease) in Cash and Cash Equivalents	288,555	(93,063)
Cash and cash equivalents at the beginning of the year	2,706,173	2,799,236
Cash and Cash Equivalents at the End of the Year	<u><u>2,994,728</u></u>	<u><u>2,706,173</u></u>

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



CHIEF EXECUTIVE



DIRECTOR

STATEMENT OF CHANGES IN EQUITY For The Year Ended June 30, 2016

Particulars	Share Capital	Share Deposit Money	Reserves				Accumulated Loss	Total
			Capital Reserve	Investment Revaluation Reserve	Revenue Reserve	Total		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2014	68,040,000	47,031,914	2,274,287	4,951,407	7,000,000	14,225,694	(122,532,881)	6,764,727
Comprehensive loss for the year								
Net loss for the year	-	-	-	-	-	-	(11,960,973)	(11,960,973)
Other comprehensive income for the year	-	-	-	4,065,172	-	4,065,172	169,130	4,234,302
Total comprehensive loss for the year	-	-	-	4,065,172	-	4,065,172	(11,791,843)	(7,726,671)
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	1,654,760	1,654,760
Transactions with owners								
Share deposit money received during the year	-	14,891,130	-	-	-	-	-	14,891,130
Balance as at June 30, 2015	68,040,000	61,923,044	2,274,287	9,016,579	7,000,000	18,290,866	(132,669,964)	15,583,946
Comprehensive loss for the year								
Net loss for the year	-	-	-	-	-	-	(8,201,266)	(8,201,266)
Other comprehensive income for the year	-	-	-	4,391,814	-	4,391,814	9,277	4,401,091
Total comprehensive loss for the year	-	-	-	4,391,814	-	4,391,814	(8,191,989)	(3,800,175)
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	1,523,495	1,523,495
Surplus realized on disposal of land (Assets held for disposal)	-	-	-	-	-	-	4,788,605	4,788,605
Balance as at June 30, 2016	68,040,000	61,923,044	2,274,287	13,408,393	7,000,000	22,682,680	(134,549,853)	18,095,871

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


CHIEF EXECUTIVE


DIRECTOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For The Year Ended June 30, 2016

Note 1

The Company and its Operations

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

Note 2

Basis of Preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

Employee retirement benefits (Gratuity)	Note 8	Present value
Certain property plant and equipment	Note 16	Revalued / Fair value
Investment in quoted companies	Note 17	Fair value

2.3 Functional and presentation currency

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

2.4 Use of Estimates and Judgments

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

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

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

2.4.1 Property, plant and equipment

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

2.4.2 Doubtful receivables

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

2.4.3 Employees' retirement benefits

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

2.4.4 Inventories

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

2.5 Changes in accounting standards, interpretations and pronouncements

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

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

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

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

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

The following standards, amendments and interpretations of approved accounting standards are relevant and are not effective for accounting periods beginning on July 1, 2015.

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after January 01, 2018). IASB has published the complete version of IFRS 9 which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today.

IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019) is introduced during the year that aims to set out the principles for recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all the leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make the lease payments. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IAS 1 'Presentation of Financial Statements' (effective for annual periods beginning on or after January 01, 2016). The amendments provide clarifications on a number of issues, including: Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Notes - confirmation that the notes do not need to be presented in a particular order. Other comprehensive income (OCI) arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards / accounting policies are not required for these amendments.

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

There are certain other standards, amendments and interpretations to the published standards that are neither relevant nor yet effective and, therefore, have not been presented here.

Note 3

Significant Accounting Policies

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

3.1 Provisions

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

3.2 Staff retirement benefits

Defined benefit plan

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

3.3 Taxation

Current

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

Deferred

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

3.4 Trade and other payables

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

3.5 Property, plant and equipment

Owned

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

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

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

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

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

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

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

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

Leased

The Company accounts for assets acquired under finance lease by recording assets and related liabilities. Principal values are determined on the basis of discounted value of total minimum lease payments to be paid by the Company. Finance costs are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liabilities. Depreciation is charged using the reducing balance method, at the same rates as applicable to owned assets, to write off the cost of assets over their estimated useful life.

Capital work-in-progress

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

3.6 Impairment of Assets

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

3.7 Investments

In associated undertakings

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

Other investments

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

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

Available for sale

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

At fair value through profit or loss

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

Held to maturity

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

3.8 Stores and spares

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

3.9 Stock in trade

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

Raw materials	- At average cost
Raw materials in transit	- At cost comprising the invoice value plus other charges incurred thereon
Work in process	- At estimated average manufacturing cost
Finished goods	- Average manufacturing cost

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

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

3.10 Trade debts

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

3.11 Cash and cash equivalents

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

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

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

3.13 Financial instruments

3.13.1 Financial assets

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

At fair value through profit or loss

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

Loans and receivables

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

Held to maturity

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

Available-for-sale

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

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

Measurement criteria

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

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

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

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

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

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

3.13.2 Financial liabilities

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

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

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

3.13.3 Offsetting

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

3.14 Foreign currency translation

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

3.15 Related party transactions

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

3.16 Revenue recognition

- Local sales are recorded on dispatch of goods to customers.
- Export sales are recorded at the time of receipt of bill of lading.
- Dividends on equity investments are recognized as income when the Company's right to receive the dividends is established.

3.17 Segment reporting

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

3.18 Contingent liabilities

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

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

3.19 Borrowing costs

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

3.20 Dividend and other appropriations

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

Note 4

Issued, Subscribed and Paid up Capital

2016	2015		2016	2015
Number of shares			Rupees	Rupees
		Ordinary shares of Rs. 10 each fully paid in cash	23,369,200	23,369,200
2,336,920	2,336,920	Ordinary shares of Rs. 10 each issued as bonus shares	14,430,800	14,430,800
1,443,080	1,443,080	Ordinary shares of Rs. 10 each issued otherwise than right issue	30,240,000	30,240,000
<u>3,024,000</u>	<u>3,024,000</u>		<u>68,040,000</u>	<u>68,040,000</u>
<u>6,804,000</u>	<u>6,804,000</u>			

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

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

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

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

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

Note 5

Share Deposit Money

Directors	53,923,044	53,923,044
Associate - Tee Jay Corporation (Private) Limited	8,000,000	8,000,000
	<u>61,923,044</u>	<u>61,923,044</u>

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

Note 6

Reserves

Capital reserve	2,274,287	2,274,287
Investment revaluation reserve	13,408,393	9,016,579
Revenue reserve	7,000,000	7,000,000
	<u>22,682,680</u>	<u>18,290,866</u>

Note 7

Surplus on Revaluation of Property, Plant and Equipment

	2016	2015
	Rupees	Rupees
Land - freehold	68,387,085	68,387,085
Buildings on freehold land	13,000,383	13,684,614
Plant and machinery	8,704,715	9,671,906
Fittings and installations	30,043	33,381
	<u>90,122,226</u>	<u>91,776,986</u>
Surplus realization on disposal of land (Assets held for disposal - Refer to Note 25)	(4,788,605)	-
Incremental depreciation charged on revalued property, plant and equipment during the year transferred to retained earnings	<u>(1,523,495)</u>	<u>(1,654,760)</u>
	<u><u>83,810,126</u></u>	<u><u>90,122,226</u></u>

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

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

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

Note 8

Deferred Liabilities

	Note		
Dividend payable to directors	8.1	541,012	541,012
Staff retirement benefits - unfunded	8.2	43,794,285	41,288,074
		<u>44,335,297</u>	<u>41,829,086</u>

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

8.2 Staff retirement benefits

This represents provision for gratuity for permanent employees and is based on length of service and last drawn gross salary. Latest actuarial valuation was carried out as at June 30, 2016. Results of actuarial valuation are as under:

8.2.1 Movement in net liability for staff retirement benefits

Opening balance		41,288,074	38,380,249
Charge for the year - Profit and loss account	8.2.2	5,776,642	6,837,298
Payments made / approved during the year		(3,261,154)	(3,760,343)
Charge for the year - Other comprehensive income		(9,277)	(169,130)
Closing balance		<u>43,794,285</u>	<u>41,288,074</u>

8.2.2 Charge for the year

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

	2016	2015
	Rupees	Rupees
Current service cost	1,910,036	2,001,038
Interest cost	3,866,606	4,836,260
	5,776,642	6,837,298

8.2.3 Actuarial assumptions

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

Discount rate - per annum	7.25%	9.75%
Expected rate of increase in salary level - per annum	6.25%	8.75%
Average expected remaining working lives of employees	9 years	
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Table	
Actuarial valuation method	Projected Unit Credit Method	

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	Rupees	Rupees	Rupees	Rupees	Rupees
Present value of defined benefit obligation	43,794,285	41,288,074	38,380,249	35,621,789	47,970,792
Fair value of plan asset	-	-	-	-	-
Net balance sheet liability	43,794,285	41,288,074	38,380,249	35,621,789	47,970,792

8.2.5 Estimated charge for the year 2016-2017

	Rupees
Current service cost	2,077,505
Interest cost	3,175,086
	5,252,591

8.2.6 Year end sensitivity analysis on defined benefit obligation

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees	Rupees
Discount rate	1%	41,867,088	45,975,916
Salary increase	1%	45,975,916	41,832,687

8.2.7 The charge for the year has been allocated as follows:

	Note	2016 Rupees	2015 Rupees
Cost of sales	26	4,905,902	5,912,414
Administrative expenses	29	870,740	924,884
		<u>5,776,642</u>	<u>6,837,298</u>

Note 9

Trade and Other Payables

Creditors for:

- Goods	9.1	28,633,252	38,773,240
- Services		2,058,920	3,012,244
Accrued liabilities		15,759,446	19,563,473
Advances from customers and others		4,897,176	6,523,598
Unclaimed dividend		892,493	892,493
Withholding tax payable		1,477	4,619
		<u>52,242,764</u>	<u>68,769,667</u>

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

Note 10

Accrued Mark up

Long term financing from directors		864,861	864,861
Short term borrowings from banking companies		753,626	1,277,778
Due to related parties		1,675,264	2,465,264
Others		4,476,790	3,929,385
		<u>7,770,541</u>	<u>8,537,288</u>

Note 11

Short Term Borrowings

Borrowings from banking companies - Secured:

- State Bank of Pakistan (SBP) refinances / Export finance	11.1	<u>89,210,000</u>	<u>90,347,000</u>
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11.1 This represents utilized portion of short term borrowing facilities obtained from Faysal Bank Limited with a limit of Rs. 109 million (2015: 109 million) and JS Bank Limited with a limit of Rs. 109 million (2015: Nil). These facilities carry mark-up at SBP pricing plus 1%, 3 month KIBOR plus 3% per annum and 3 month KIBOR plus 2.25% per annum, payable on quarterly basis. These facilities are secured against lien over export documents, first charge over present and future current and fixed assets of the Company, equitable mortgage of factory's land, residential property of a director and a close relative of director, personal guarantees of sponsor director and close relative of the sponsor director, pledge of shares of M/s Punjab Oil Mills Limited owned by the Company and restriction over declaration of dividends by the Company.

Note 12

Due to Related Parties - Unsecured

	2016	2015
	Rupees	Rupees
Premier Garments Limited (Associated Company)	3,173,402	1,157,458
Punjab Oil Mills Limited (Associated Company)	231,787	242,566
	<u>3,405,189</u>	<u>1,400,024</u>

12.1 Due to related parties carry mark up @ 10% (2015: 12%) per annum.

Note 13

Provision for Taxation

Opening balance	2,273,773	2,819,230
- Provision for the current year	2,152,292	2,273,773
- Prior year adjustment	70,914	-
	<u>4,496,979</u>	<u>5,093,003</u>
Payments / adjustments during the year	<u>(2,344,687)</u>	<u>(2,819,230)</u>
	<u>2,152,292</u>	<u>2,273,773</u>

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

Note 14

Advance against Assets Held for Disposal

Advance against assets held for disposal	14.1	<u>3,775,000</u>	<u>5,150,000</u>
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14.1 This represents amount received from a party as an advance against sale of land (refer to Note 25). Rs. 1.375 million have been adjusted against the transfer of asset held for disposal.

Note 15

Contingencies and Commitments

15.1 Contingencies

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

15.2 Commitments

There are no material commitments outstanding as at the balance sheet date (2015: Nil).

Note 16
Property, Plant and Equipment

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

Year Ended June 30, 2016

Owned assets

Cost / Revalued amount

Balance as at July 01, 2015	58,455,000	20,892,000	29,641,000	5,286,757	919,975	4,841,510	527,160	120,563,402
Additions	-	-	300,000	-	-	-	67,500	367,500
Disposal	-	-	(444,000)	-	-	(1,491,504)	-	(1,935,504)
Balance as at June 30, 2016	58,455,000	20,892,000	29,497,000	5,286,757	919,975	3,350,006	594,660	118,995,398

Accumulated depreciation

Balance as at July 01, 2015	-	1,044,600	2,964,100	4,042,843	795,641	4,196,776	402,366	13,446,326
Charge for the year	-	992,370	2,678,227	124,391	12,433	128,947	15,610	3,951,978
Disposals	-	-	(84,360)	-	-	(1,311,336)	-	(1,395,696)
Balance as at June 30, 2016	-	2,036,970	5,557,967	4,167,234	808,074	3,014,387	417,976	16,002,608

Total as at June 30, 2016

	58,455,000	18,855,030	23,939,033	1,119,523	111,901	335,619	176,684	102,992,790
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Depreciation rates

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

Year Ended June 30, 2015

Owned assets

Cost / Revalued amount

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

Accumulated depreciation

Balance as at July 01, 2014	-	-	-	3,904,630	781,826	4,035,592	393,003	9,115,051
Charge for the year	-	1,044,600	2,964,100	138,213	13,815	161,184	15,306	4,337,218
Disposals	-	-	-	-	-	-	(5,943)	(5,943)
Balance as at June 30, 2015	-	1,044,600	2,964,100	4,042,843	795,641	4,196,776	402,366	13,446,326

Total as at June 30, 2015

	58,455,000	19,847,400	26,676,900	1,243,914	124,334	644,734	124,794	107,117,076
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Depreciation rates

	5%	10%	10%	10%	20%	10%
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16.1 Apportionment of depreciation charge for the year

Depreciation charge for the year has been apportioned as follows:

		2016	2015
	Note	Rupees	Rupees
Cost of sales	27	3,683,030	4,022,515
Administrative expenses	29	268,948	314,703
		3,951,978	4,337,218

16.2 Disposal of property, plant and equipment

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

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain on disposal	Buyer Name	Mode of Sale
	Rupees	Rupees	Rupees	Rupees	Rupees		
Assets with book value exceeding Rs. 50,000							
Vehicle	1,491,504	1,311,336	180,168	600,000	419,832	Mr. Muhammad Ijaz	Negotiation
Plant and machinery	444,000	84,360	359,640	366,040	6,400	Mr. Waqas	Negotiation
Total 2016	1,935,504	1,395,696	539,808	966,040	426,232		
Total 2015	23,700	5,943	17,757	23,700	5,943		

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

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

	2016	2015
	Rupees	Rupees
Freehold land	1,582,915	1,582,915
Buildings on freehold land	6,504,666	6,847,017
Plant and machinery	16,104,790	17,972,185
Fittings and installations	84,862	94,291
	24,277,233	26,496,408

Note 17

Long Term Investments

	Note	2016 Rupees	2015 Rupees
Investment in associates - Available for sale			
Quoted			
Punjab Oil Mills Limited:			
- 51,971 (2015: 51,971) fully paid ordinary shares of Rs. 10 each			
- Market value per share is Rs. 267 (2015: Rs. 183.01)			
- Cost Rs. 494,598 (2015: Rs. 494,598)			
- Percentage of equity held 0.96% (2015: 0.96%)		13,876,257	9,511,213
Unquoted			
Premier Garments Limited:			
- 950 (2015: 950) ordinary shares of Rs. 100 each			
- Fair value per share is Rs. Nil (2015: Rs. 100)			
- Percentage of equity held 1.36% (2015: 1.36%)	17.2	-	95,000
Tee Jay Corporation (Private) Limited:			
- 59,400 (2015: 59,400) ordinary shares of Rs.10 each			
- Fair value per share is Rs. 12.05 (2015: Rs. 10)			
- Percentage of equity held 5.94% (2015: 5.94%)	17.3	715,770	594,000
		<u>14,592,027</u>	<u>10,200,213</u>

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

17.2 Basing upon the latest available audited financial statements, for the year ended June 30, 2015, the management has revalued these using the break value per share of Premier Garments Limited. As a result of this revaluation, the entire amount of investment in Premier Garments Limited's shares has been impaired.

17.3 Basing upon the latest available audited financial statements, for the year ended June 30, 2015, the shares have been revalued using the break value basis. This has resulted in revaluation surplus of Rs. 121,770.

Note 18

Long Term Deposits

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

Note 19

Stores and Spares

	2016	2015
	Rupees	Rupees
Dyes and chemicals	2,342,715	2,715,562
Packing materials	1,644,354	1,855,105
Loom stores	2,345,092	2,461,420
Other stores	2,517,492	2,438,276
	8,849,653	9,470,363

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

Note 20

Stock in Trade

Raw materials	18,553,799	19,274,458
Work in process	34,188,668	35,022,656
Finished goods	35,525,898	33,542,453
	88,268,365	87,839,567

Note 21

Trade Debts

		Note
Foreign debts (Secured - considered good)	28,575,634	35,632,332
Foreign debts (Considered doubtful)	966,830	966,830
Local debts (Unsecured - considered good)	469,917	107,736
	30,012,381	36,706,898
Less: Provision for doubtful debts	21.1 (966,830)	(966,830)
	29,045,551	35,740,068

21.1 Provision for doubtful debts

Opening balance	966,830	1,300,408
Provision made during the year	-	500,000
	966,830	1,800,408
Bad debts written off	-	(833,578)
Closing balance	966,830	966,830

21.2 There is no outstanding receivable from any related party as at the balance sheet date (2015: Nil).

Note 22

Advances, Deposits, Prepayments and Other Receivables

	Note	2016 Rupees	2015 Rupees
Advances - considered good:			
- Employees against salaries	22.1	676,153	744,687
- Employees for purchases		95,838	296,860
- Suppliers		12,653,658	12,416,170
Less: Provision for doubtful advances	22.2	(987,683)	(741,500)
		11,665,975	11,674,670
		12,437,966	12,716,217
Income tax deducted at source		6,690,693	6,491,888
Margin against Export Refinance account		30,001	1,882,375
Prepayments		433,813	424,481
Duty draw back receivable		3,940,812	3,940,812
Custom rebate receivable		2,493,345	2,259,799
Mark up subsidy receivable		549,104	549,104
		26,575,734	28,264,676

22.1 This includes an amount of Rs. 0.2 million (2015: Rs. 0.2 million) as advance against salary given to director of the Company.

22.2 Provision for doubtful advances

Opening balance	741,500	1,131,436
Provision made during the year	246,183	528,385
	987,683	1,659,821
Bad debts written off	-	(918,321)
Closing balance	987,683	741,500

Note 23

Due from Associate

Unsecured - Considered good:

- Tee Jay Corporation (Private) Limited	9,402,081	18,105,492
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23.1 Balance due from associated company carries mark up @ 10% (2015: 12%) per annum.

Note 24

Cash and Bank Balances

Cash in hand	1,271,022	957,778
Cash at bank - in current accounts	1,714,000	1,738,689
Cash at bank - in deposit accounts	9,706	9,706
	1,723,706	1,748,395
	2,994,728	2,706,173

Note 25

Asset Held for Disposal

		2016 Rupees	2015 Rupees
Asset held for disposal	25.1	6,716,112	11,515,000

25.1 This represents the carrying value of land held for disposal. This land, measuring 9 kanal 12 marlas (2015: 16 kanal 9 marlas), is situated at Rana Town, Tehsil Ferozewala, District Sheikhupura, and was not used for production or business purposes.

The Company had entered into an agreement to sell this land in February 2011 and an advance on account of token payment was received which stands at Rs. 3.775 million (2015: Rs. 5.150 million). During the year, the Company has transferred a piece of land measuring 2 kanals to intended buyer, against partial adjustment of his advance. However, the agreement has been held pending as at the balance sheet date since payment cheques given by the intended buyer were not honoured on presentation.

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

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

Note 26

Sales

	Note	2016 Rupees	2015 Rupees
Export		197,302,560	218,921,860
Local		8,439,638	10,392,823
		<u>205,742,198</u>	<u>229,314,683</u>
Processing income		1,251,000	2,035,725
Export rebates		1,479,769	1,641,914
		<u>208,472,967</u>	<u>232,992,322</u>

Note 27

Cost of Sales

Raw materials consumed		90,307,864	92,894,522
Salaries, wages and benefits	27.1	32,251,296	35,638,191
Fuel and power		23,616,620	26,903,505
Stores, spares and chemicals consumed		17,933,945	20,703,975
Packing materials		6,301,478	6,544,228
Lease charges		2,400,000	3,000,000
Processing charges		2,588,243	3,058,934
Repairs and maintenance		489,701	199,331
Insurance		495,986	492,626
Depreciation	16.1	3,683,030	4,022,515
		<u>180,068,163</u>	<u>193,457,827</u>
- Opening		35,022,656	37,488,630
- Closing	20	(34,188,668)	(35,022,656)
		<u>833,988</u>	<u>2,465,974</u>
Cost of goods manufactured		180,902,151	195,923,801
Finished goods inventory:			
- Opening		33,542,453	34,464,576
- Closing	20	(35,525,898)	(33,542,453)
		<u>(1,983,445)</u>	<u>922,123</u>
		<u>178,918,706</u>	<u>196,845,924</u>

27.1 This includes Rs. 4.906 million (2015: Rs. 5.912 million) in respect of staff retirement benefits.

Note 28

Selling and Distribution Costs

Commission on sales		4,381,565	5,615,052
Sea freight		1,940,752	2,692,116
Freight, octroi and cartage		1,923,204	2,364,847
Clearing charges		2,939,487	2,807,641
Travelling and conveyance		403,100	301,526
Air freight		1,049,541	658,353
Postage, telephone and telex		1,040,334	1,537,966
Samples		537,562	650,135
Insurance		63,091	76,857
		<u>14,278,636</u>	<u>16,704,493</u>

Note 29

Administrative Expenses

	Note	2016 Rupees	2015 Rupees
Directors' remuneration		2,086,853	2,718,180
Salaries, wages and benefits	29.1	8,036,347	7,934,021
Fuel and power		1,690,171	1,744,435
Vehicles running expenses		1,158,481	1,399,153
Postage, telephone and telex		1,214,499	1,072,007
Travelling and conveyance		755,016	1,113,097
Rent, rates and taxes		1,092,053	423,126
Printing and stationery		389,473	529,630
Repairs and maintenance		375,203	617,082
Legal and professional charges		533,113	353,110
Insurance		91,982	117,143
Advertisement		161,177	86,700
Gardening expenses		26,140	48,003
Books and periodicals		14,076	32,614
Entertainment		187,736	456,260
Depreciation	16.1	268,948	314,703
		18,081,268	18,959,264

29.1 This includes Rs. 0.871 (2015: Rs. 0.925) in respect of staff retirement benefits.

Note 30

Finance Cost

Short term borrowings from banking companies - net of subsidy	3,435,890	5,050,315
Short term borrowings from other	547,405	268,205
	3,983,295	5,318,520
Bank charges	2,103,939	3,121,091
Interest charged by related parties	403,059	630,172
	6,490,293	9,069,783

Note 31

Other Operating Expenses

Auditors' remuneration:		
- Statutory audit	300,000	225,000
- Half yearly review and attestations	75,000	75,000
	375,000	300,000
Provision for doubtful debts / advances	246,183	1,028,385
Exchange loss	948,533	1,333,357
Balances written-off	-	980,309
	1,569,716	3,642,051

Note 32

Other Income

Income from non - financial assets

Lease rentals	960,000	900,000
Dividend income	675,623	311,825
Gain on disposal of property, plant and equipment	426,233	5,943
Interest charged to related parties	1,394,070	1,324,225
	3,455,926	2,541,993

Note 33

Earning / (Loss) per Share - Basic and Dilutive

		2016	2015
Basic EPS:			
Loss for the year attributable to ordinary shareholders before disposal of "assets held for disposal"	Rupees	(9,632,932)	(11,960,973)
Gain on disposal of asset	Rupees	1,431,666	-
Weighted average number of ordinary shares in issue	Number	6,804,000	6,804,000
Loss per Share (Basic) - Before Gain on Disposal of Assets Held for Disposal	Rupees	<u>(1.42)</u>	<u>(1.76)</u>
Earning per Share (Basic) - Gain on Disposal of Asset	Rupees	<u>0.21</u>	<u>0.00</u>
Dilutive EPS:			
Loss for the year attributable to ordinary shareholders before disposal of "assets held for disposal"	Rupees	(9,632,932)	(11,960,973)
Gain on disposal of asset	Rupees	1,431,666	-
Weighted average number of ordinary shares in issue	Number	6,804,000	6,804,000
Weighted average number of potential ordinary shares	Number	5,411,859	5,411,859
Weighted average number of total shares	Number	12,215,859	12,215,859
Loss per Share (Dilutive) - Before Gain on Disposal of "Assets Held for Disposal"	Rupees	<u>(0.79)</u>	<u>(0.98)</u>
Earning per Share (Dilutive) - Gain on Disposal of Asset	Rupees	<u>0.12</u>	<u>0.00</u>

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

Note 34

Remuneration of Chief Executive Officer, Directors and Executives

	2016			2015		
	Chief Executive Officer	Executive Directors	Non-Executive Directors	Chief Executive Officer	Executive Directors	Non-Executive Directors
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	653,424	597,852	-	653,424	900,132	-
House rent and utilities	359,376	312,668	-	359,376	446,628	-
Conveyance	3,600	3,600	-	3,600	3,600	-
Entertainment	-	-	-	14,220	-	-
Travelling	-	-	-	300,800	36,400	-
	<u>1,016,400</u>	<u>914,120</u>	<u>-</u>	<u>1,331,420</u>	<u>1,386,760</u>	<u>-</u>
Number of persons	1	2	4	1	2	4

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

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

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

34.4 Mr. Tahir Jahangir drew salary for four months during the year. Effective from November 01, 2015 he is acting as a non-executive director of the Company.

Note 35

Transactions with Related Parties

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

Related party	Relationship	Nature of transaction	2016	2015
			Rupees in thousand	
Premier Garments Limited	Associated company	Interest charged	368	598
		Payments made for expenses	(2,936)	(1,445)
		Funds received	2,447	100
		Expenses charged to Associate - net	(263)	(559)
		Lease rental charged by Associate	2,400	3,000
		Balance transferred to Tee Jay Corporation (Private) Limited	-	(3,000)
Punjab Oil Mills Limited	Associated company	Interest charged	35	32
		Payments made	(1,624)	(1,831)
		Expenses charged by Associate - net	1,578	2,155
Tee Jay Corporation (Private) Limited	Associated company	Rendering of services	5,228	8,017
		Lease rental income	960	900
		Interest charged	1,394	1,324
		Payments made	25,308	56,762
		Funds received	(60,535)	(84,836)
		Expenses charged to Associate - net	24,241	54,430
		Balance transferred from directors	(7,580)	(6,627)
		Creditors / Debtors - net transferred	(3,734)	(10,862)
		Balance transferred from Premier Garments Limited	-	(3,000)
				Interest received
		Interest paid	-	1,803
		Adjusted against loan of directors	1,275	-
		Purchase of yarn on behalf of Tee Jay Corporation (Pvt.) Limited	5,415	-
Directors	Associated person	Balance transferred to Tee Jay Corporation (Private) Limited	(1,275)	(6,627)
		Payments made	(5,706)	(3,403)
		Funds received	6,981	8,263
		Share deposit money received	-	14,891
		Reimbursement received against import of goods on behalf of director	3,675	2,007
Outstanding Balance at the year end				
Premier Garments Limited		Due to associated company	3,173	1,157
Punjab Oil Mills Limited		Due to associated company	232	243
Tee Jay Corporation (Private) Limited		Due from associated company	9,402	18,105
		Share deposit money	8,000	8,000
Directors and close relatives thereof		Share deposit money	53,923	53,923
		Accrued mark up	2,540	3,330

Note 36

Financial Risk Management

36.1 Financial risk factors

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

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

Market risk

(i) Currency risk

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

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from foreign entities. The Company uses export bill discounting to hedge its foreign currency risk, when considered appropriate. The Company's exposure to currency risk during the year has been as under:

	<u>2016</u>	<u>2015</u>
	Rupees	Rupees
Trade debts - net exposure	<u>28,575,634</u>	<u>35,632,332</u>

The following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate	103.05	100.18
Reporting date rate	104.50	101.60

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 1% against the USD with all other variables held constant, the impact on loss before taxation for the year would have been Rs. 0.286 million (2015: Rs. 0.356 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.

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:

2016			
Total	Level 1	Level 2	Level 3
Rupees	Rupees	Rupees	Rupees

Financial assets - Available for sale investments

- Punjab Oil Mills Limited	13,876,257	13,876,257	-	-
- Premier Garments Limited	-	-	-	-
- Tee Jay Corporation (Private) Limited	715,770	-	-	715,770
	14,592,027	13,876,257	-	715,770

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

Financial assets - Available for sale investments

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

(iii) Interest rate risk

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

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

	2016 Rupees	2015 Rupees
Floating rate instruments		
Financial liabilities		
Short term borrowings	89,210,000	90,347,000
Financial assets		
Bank balances - deposit accounts	9,706	9,706

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the balance sheet date, fluctuate by 1% higher / lower with all other variables held constant, loss before taxation for the year would have been Rs. 0.892 million(2015: Rs. 0.903 million)higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at balance sheet dates were indicative of balances outstanding during the year.

(b) Credit risk

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

	2016	2015
	Rupees	Rupees
Long term investments	14,592,027	10,200,213
Long term deposits	3,906,290	3,906,290
Trade debts	29,045,551	35,740,068
Deposits and other receivables	7,013,262	8,632,090
Bank balances	1,723,706	1,748,395

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

Past due 1 - 30 days	25,226,243	26,809,888
Past due 31 - 60 days	1,996,735	5,362,247
Past due 61 - 120 days	855,743	2,605,953
More than 120 days	966,830	961,980
	<u>29,045,551</u>	<u>35,740,068</u>

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		Rating Agency	2016	2015
	Short term	Long term		Rupees	Rupees
Faysal Bank Limited	A1+	AA	PACRA	1,484,697	1,579,696
Askari Commercial Bank Limited	A1+	AA+	PACRA	10,936	112,854
The Bank of Punjab	A1+	AA-	PACRA	3,257	3,257
Bank Al-falah Limited	A1+	AA	PACRA	5,917	5,917
Soneri Bank Limited	A1+	AA-	PACRA	1,682	1,682
United Bank Limited	A-1+	AAA	JCR-VIS	14,476	14,476
Investment Development Bank of Pakistan	P-1	A1	Moody's	17,240	17,240
NIB Bank Limited	A1+	AA-	PACRA	9,732	7,312
JS Bank Limited	A1+	A+	PACRA	175,655	5,847
National Bank of Pakistan	A1+	AAA	PACRA	114	114
				<u>1,723,706</u>	<u>1,748,395</u>

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

(c) Liquidity risk

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

Contractual maturities of financial liabilities as at June 30, 2016:

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

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

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

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.

Financial instruments by categories

Financial instruments as at June 30, 2016

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

Assets as per balance sheet

Long term investments	-	-	14,592,027	14,592,027
Long term deposits	-	3,906,290	-	3,906,290
Trade debts	-	29,045,551	-	29,045,551
Deposits and other receivable	-	7,013,262	-	7,013,262
Cash and bank balances	2,994,728	-	-	2,994,728
	<u>2,994,728</u>	<u>39,965,103</u>	<u>14,592,027</u>	<u>57,551,858</u>

	Other liabilities
	Rupees
Trade and other payables	46,451,618
Accrued mark-up	7,770,541
Short term borrowings	89,210,000
Due to related parties	3,405,189
	<u>146,837,348</u>

Financial instruments as at June 30, 2015

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

Assets as per balance sheet

Long term investments	-	-	10,200,213	10,200,213
Long term deposits	-	3,906,290	-	3,906,290
Trade debts	-	35,740,068	-	35,740,068
Deposits and other receivable	-	8,632,090	-	8,632,090
Cash and bank balances	2,706,173	-	-	2,706,173
	<u>2,706,173</u>	<u>48,278,448</u>	<u>10,200,213</u>	<u>61,184,834</u>

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

36.3 Fair values of financial assets and liabilities

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

Note 37

Capital Risk Management

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

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

	2016 Rupees	2015 Rupees
Borrowings	89,210,000	90,347,000
Cash and bank balances	<u>(2,994,728)</u>	<u>(2,706,173)</u>
Net debt	86,215,272	87,640,827
Equity	<u>18,095,871</u>	<u>15,583,946</u>
Total capital employed	<u>104,311,143</u>	<u>103,224,773</u>
Gearing ratio	<u>82.65%</u>	<u>84.90%</u>

Note 38

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:

	2016 Percentage	2015 Percentage
Information about products:		
- Terry towel	98.69%	96.37%
Major customers:		
- 7 customers (2015: 2 customers)	78.72%	30.60%
Revenue from external customers attributed to foreign countries	95.32%	94.63%

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

Note 39

Capacity and Production

	2016 Number	2015 Number
No. of looms installed and worked (including looms obtained on lease)	94	126
Standard production of looms worked (Kilograms)	517,000	693,000
Actual production (Kilograms)	310,237	322,450

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.

Note 40

Number of Employees

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

	2015		
	Head office	Mills	Total
	Number	Number	Number
Employees as at June 30,	15	291	306
Average employees during the year	20	329	349

Note 41

Provident Fund

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

Note 42

Authorization of Financial Statements

These financial statements were authorized for issue on October 08, 2016 by the Board of Directors of the Company.

Note 43

General

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

Nature	From	To	Amount Rupees
Advance obtained against disposal of "asset held for disposal"	Trade and other payables (Note 9)	Advance against Assets Held for Disposal (Note 14)	5,150,000



CHIEF EXECUTIVE



DIRECTOR

PATTERN OF SHAREHOLDING

As At June 30, 2016

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

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

Categories of shareholders	Shares held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	1,724,625	25.34
Associated Companies, undertakings and related parties.	3,179,393	46.73
NIT and ICP	19,895	0.29
Banks Development Financial Institutions, Non Banking Financial Institutions.	4,710	0.07
Insurance Companies	-	-
Modarabas and Mutual Funds	1,000	0.01
General Public	1,863,376	27.40
Others (to be specified)	-	-
Joint Stock Companies	11,001	0.16
Total	6,804,000	100.00

PATTERN OF SHAREHOLDING

As At June 30, 2016

NAME AND CATEGORY WISE DETAILS IN ACCORDANCE WITH THE CCG 2016

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

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

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

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

Sr. No.	Name	SALE	PURCHASE
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NIL

To:

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

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