

**Half Yearly Report
for the period ended
December 31, 2016**



**Hala Enterprises
Limited**

CONTENTS

Company Information	1
Director's Report	2
Auditor Review Report To Members	3
Condensed Interim Balance Sheet	4-5
Condensed Interim Profit & Loss Account	6
Condensed Interim Statement of Comprehensive Income	7
Condensed Interim Cash Flow Statement	8
Condensed Interim Statement of Changes in Equity	9
Notes of the Condensed Interim Financial Statement	10-12

COMPANY INFORMATION

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



DIRECTORS' REPORT

The Board of Directors at Hala Enterprises Limited hereby present the interim financial report of the company for the half year ended December 31st 2016, together with the interim financial information.

During the period under review, the company performed better in terms of cost controls, thereby increasing the overall gross profit by 15% over the last period. Generally speaking, due to growing trend in the seasonal nature of the institutional towel business, our company experiences lower sales volumes during the second half of the calendar year. This phenomena has been typical over the past few years. However another major factor contributing to 5% lower sales volume from the previous period has been the devaluation of the Euro. The sales volume is expected to increase in the subsequent period and the company is proud to be maintaining a full order book till the upcoming summers.

In the first quarter, the company pledged to undertake a long-term modernization project. The first phase of this project was to upgrade the weaving machinery where needed and to import state of the art high speed shuttle-less looms. This project was successfully taken up by the management of the company and the first phase has already been initiated, with the new weaving capacity expected to be installed during the 3rd quarter. We are hopeful that by the beginning of the 4th quarter, this machinery will already be fully operational and be achieving positive results. In this way, we expect to achieve better turnovers and supply superior quality products to our customers in the upcoming years.

In the beginning of the 3rd quarter the government announced a textile package for value added exporters such as ourselves. This initiative has been welcomed by the towel industry and we are hopeful that this will help in achieving better results for the future.

We would like to take this opportunity to thank all our agents, customers, suppliers and bankers for their continued cooperation towards the progress of the company. In addition, we would like to appreciate the hard work and efforts on the part of our resilient Board of Directors. We hope that this support will continue in the future as well.

For & on behalf of the Board

(JILLANI JAHANGIR)
CHIEF EXECUTIVE OFFICER

Dated: February 27, 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Hala Enterprises Limited (the "Company") as at December 31, 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of change in equity and notes to the condensed interim financial information for the six-month period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures included in the condensed interim profit and loss account for the quarters ended December 31, 2016 and December 31, 2015 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2016.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The condensed interim financial information of Hala Enterprises Limited for the six month period ended December 31, 2015 was reviewed by another auditor who expressed unqualified conclusion on those statements on February 26, 2016.



Tariq Abdul Ghani Maqbool & Co
Chartered Accountants Lahore
Engagement Partner: Malik Haroon Ahmad

LAHORE
Dated: February 27, 2017

**CONDENSED INTERIM BALANCE SHEET (UN AUDITED)
AS AT DECEMBER 31, 2016**

	Notes	December 2016 Un-Audited Rupees	June 2016 Audited Rupees
CAPITAL AND LIABILITIES			
Share capital and reserves			
Authorized share capital 16,000,000 ordinary shares of Rs. 10 each		<u>160,000,000</u>	<u>160,000,000</u>
Issued, subscribed and paid up capital		68,040,000	68,040,000
Share deposit money		61,923,044	61,923,044
Reserves		25,852,911	22,682,680
Accumulated loss		<u>(135,676,432)</u>	<u>(134,549,853)</u>
		20,139,523	18,095,871
Surplus on revaluation of property, plant and equipment	4	83,108,304	83,810,126
Non Current Liabilities			
Deferred liabilities		44,103,064	44,335,297
Current Liabilities			
Trade and other payables		48,997,289	52,242,764
Accrued mark up		4,166,892	7,770,541
Short term borrowings		87,630,000	89,210,000
Due to related parties		14,364,138	3,405,189
Provision for taxation		1,040,194	2,152,292
		156,198,513	154,780,786
Advance against assets held for disposal		3,775,000	3,775,000
CONTINGENCIES AND COMMITMENTS	5	<u>307,324,404</u>	<u>304,797,080</u>

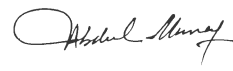
CONDENSED INTERIM BALANCE SHEET (UN AUDITED)
AS AT DECEMBER 31, 2016

	Notes	December 2016 Un-Audited Rupees	June 2016 Audited Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	6	101,030,669	102,992,790
Long term investments		17,762,258	14,592,027
Long term deposits		3,906,290	3,906,290
Current assets			
Stores and spares		8,910,852	8,849,653
Stock in trade		88,947,790	88,268,365
Trade debts		23,104,371	29,045,551
Advances, deposits, prepayments and other receivables		30,705,701	26,575,734
Sales tax refundable		10,068,294	11,453,749
Due from associated undertakings		12,440,270	9,402,081
Cash and bank balances		3,731,797	2,994,728
		177,909,075	176,589,861
Assets held for disposal	7	6,716,112	6,716,112
		307,324,404	304,797,080

The annexed notes form 1 to 12 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

	Notes	Half Year Ended Dec 31, 2016 (Un-audited) Rupees	Half Year Ended Dec 31, 2015 (Un-audited) Rupees	Quarter Ended Dec 31, 2016 (Un-audited) Rupees	Quarter Ended Dec 31, 2015 (Un-audited) Rupees
Sales	8	106,374,128	112,664,890	51,214,072	33,843,581
Cost of sales		(89,706,284)	(98,606,981)	(42,428,975)	(31,471,685)
Gross profit		16,667,844	14,057,909	8,785,097	2,371,896
Selling and distribution cost		7,338,376	6,842,202	3,459,727	2,270,680
Administrative expenses		8,755,964	10,473,548	4,821,452	3,996,681
		(16,094,340)	(17,315,750)	(8,281,179)	(6,267,361)
Operating profit / (loss)		573,504	(3,257,841)	503,918	(3,895,465)
Finance cost		(2,591,538)	(3,544,189)	(1,555,627)	(1,550,535)
Other operating charges		(559,633)	(920,923)	(478,103)	(215,838)
Other operating income		1,789,459	3,146,322	1,234,459	2,293,209
Loss before taxation		(788,208)	(4,576,631)	(295,353)	(3,368,629)
Taxation		(1,040,194)	(1,181,877)	(502,083)	(406,689)
Net loss after taxation		(1,828,402)	(5,758,508)	(797,436)	(3,775,318)
Earning per share - Basic		(0.27)	(0.85)	(0.12)	(0.55)
Earning per share - Diluted		(0.14)	(0.44)	(0.06)	(0.29)

The annexed notes form 1 to 12 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

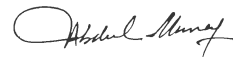
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED)
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

	Half Year Ended		Quarter Ended	
	Dec.31, 2016	Dec.31, 2015	Dec.31, 2016	Dec.31, 2015
	Rupees	Rupees	Rupees	Rupees
Loss after taxation for the period	(1,828,402)	(5,758,508)	(797,436)	(3,775,318)
Other comprehensive income / (loss)				
Surplus / (deficit) on re-measurement of investment available for sale	3,170,231	3,044,981	(273,368)	415,768
Total comprehensive income / (loss) for the period	<u>1,341,829</u>	<u>(2,713,527)</u>	<u>(1,070,804)</u>	<u>(3,359,550)</u>

The annexed notes form 1 to 12 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR

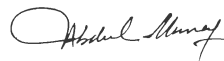
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Half year ended Dec. 31, 2016 (Un-Audited) Rupees	Half year ended Dec. 31, 2015 (Un-Audited) Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(788,208)	(4,576,631)
Adjustments for :		
Depreciation	1,763,922	1,969,156
Provision for gratuity	2,305,833	3,410,624
Dividend income	(363,797)	(363,797)
Balances written off	-	48,616
Exchange loss	409,633	722,307
Gain on disposal of property, plant and equipment	(371,801)	(1,431,705)
Finance costs	2,591,538	3,544,189
	<u>6,335,328</u>	<u>7,899,390</u>
Operating profit before working capital changes (Increase) / decrease in current assets	5,547,120	3,322,759
Stores and spares	(61,199)	321,407
Stock in trade	(679,425)	1,120,249
Trade debtors	5,531,547	18,493,970
Advances, deposits, prepayments and other receivables	(4,868,156)	(3,935,264)
Sales tax refundable	1,385,455	(1,420,463)
Due from associated undertakings	(3,038,189)	1,180,472
(Decrease)/ increase in current liabilities		
Due to directors and associated undertakings	10,958,949	1,608,414
Creditors, accrued and other liabilities	(3,245,475)	(12,550,696)
	<u>5,983,507</u>	<u>4,818,089</u>
Cash generated from operations	11,530,627	8,140,848
Income tax paid	(1,414,103)	(2,344,687)
Financial charges paid	(6,195,186)	(3,720,457)
Gratuity paid	(2,538,066)	(1,507,904)
	<u>(10,147,355)</u>	<u>(7,573,048)</u>
Net cash generated from operating activities	1,383,272	567,800
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	570,000	6,230,555
Dividend received	363,797	363,835
Net cash generated from investing activities	933,797	6,594,390
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loan from directors and associated undertakings	-	-
Short term finances	(1,580,000)	(6,437,000)
Net cash from / (used in) financing activities	(1,580,000)	(6,437,000)
Net increase in cash and cash equivalents	737,069	725,190
Cash and cash equivalents at the beginning of year	2,994,728	2,706,173
Cash and cash equivalents at the end of year	3,731,797	3,431,363

The annexed notes form 1 to 12 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR

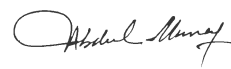
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

Particulars	Share Capital	Share Deposit Money	Reserves				Accumulated Loss	Total
			Capital Reserve	Investment Revaluation Reserve	Revenue Reserve	Total		
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
Net loss for the period ended December 31, 2015	-	-	-	-	-	-	(5,758,508)	(5,758,508)
Total comprehensive income for the six months period ended December 31, 2015.	-	-	-	3,044,981	-	3,044,981	-	3,044,981
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current period.	-	-	-	-	-	-	761,748	761,748
Transfer from surplus on revaluation of property, plant and equipment on disposal of land held for disposal.	-	-	-	-	-	-	4,788,567	4,788,567
Balance as at December 31, 2015	68,040,000	61,923,044	2,274,287	12,061,560	7,000,000	21,335,847	(132,878,157)	18,420,734
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
Net profit for the period ended December 31, 2016	-	-	-	-	-	-	(1,828,402)	(1,828,402)
Total comprehensive income for the six months period ended December 31, 2016.	-	-	-	3,170,231	-	3,170,231	-	3,170,231
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current period.	-	-	-	-	-	-	701,823	701,823
Balance as at December 31, 2016	68,040,000	61,923,044	2,274,287	16,578,624	7,000,000	25,852,911	(135,676,432)	20,139,523

The annexed notes form 1 to 12 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

Note 1

The Company and its Operations

The Company was incorporated in Pakistan as a Private Limited Company and was subsequently converted into a Public Limited Company. The registered office of the Company is located at 17.5 KM Shekhupura Road, Lahore. Its shares are listed on Pakistan Stock Exchange. The Company is primarily engaged in manufacturing and sale of terry towels, kitchen towels and terry cloth.

Note 2

Basis of Preparation

- 2.1 This condensed interim financial information of the Company for the six months period ended December 31, 2016 is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed
- 2.2 This condensed interim financial information has, however, been subjected to limited scope review by the statutory auditors of the Company, as required by the Code of Corporate Governance and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.
- 2.3 The comparative condensed interim profit and loss account and condensed interim statement of comprehensive income and notes, thereto, for the quarters ended December 31, 2016 and 2015 are also included in this condensed interim financial information, which were not subject to review.
- 2.4 This condensed interim financial information does not include all the information and disclosures required for full financial statements, and should be read in conjunction with the company's audited annual financial Statements for the year ended June 30, 2016.
- 2.5 This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

Note 3

Accounting Policies

Accounting policies and methods of computation of this condensed interim financial information is the same as those followed in the preparation of annual financial statements for the preceding financial year ended on June 30, 2016.

Note 4

Surplus on Revaluation of Property, Plant and Equipment	Dec 31, 2016 (Un-audited) Rupees	June 30, 2016 (Audited) Rupees
Land - freehold	63,598,480	68,387,085
Building	12,350,364	13,000,383
Plant and machinery	7,834,244	8,704,715
Fittings and installations	27,039	30,043
	83,810,127	90,122,226
Surplus realized on disposal of land	-	(4,788,605)
Incremental depreciation charged on revalued property, plant and equipment during the period /	(701,823)	(1,523,495)
	83,108,304	83,810,126

Note 5
Contingencies and Commitments

There is no material change in the status of contingencies and commitments as reported in the annual financial statements for the preceding year ended June 30, 2016.

Note 6

Property, Plant and Equipment	Dec 31, 2016 (Un-audited) Rupees	June 30, 2016 (Audited) Rupees
Opening written down value	102,992,790	107,117,076
Additions during the period / year (at cost)	-	367,500
	102,992,790	107,484,576
Transferred to assets under held for disposal	-	-
Disposal during the period / year (at written down value)	(198,199)	(539,808)
	102,794,591	106,944,768
Depreciation charged for the period / year	(1,763,922)	(3,951,978)
	101,030,669	102,992,790

Note 7

Asset Held for Disposal

Asset held for disposal	7.1	6,716,112	6,716,112
-------------------------	-----	------------------	-----------

7.1 The Company is in the process of disposal of land held for sale.

Note 8

Sales

	Half Year Ended		Quarter Ended	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees
Export	101,001,462	105,840,835	48,882,266	31,635,556
Local	4,745,061	6,285,221	2,555,292	2,059,380
	105,746,523	112,126,056	51,437,558	33,694,936
Export rebate	757,511	793,806	757,511	237,266
	106,504,034	112,919,862	52,195,069	33,932,202
Sale tax	(129,906)	(254,972)	(91,600)	(88,621)
	106,374,128	112,664,890	52,103,469	33,843,581

Note 9

Transactions with Related Parties

Related parties comprise associated undertakings, related group companies, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the terms of their employment are as

Related party	Relationship	Nature of transaction	Half Year Ended	Half Year Ended
			Dec 31, 2016 (Un-audited) Rupees	Dec 31, 2015 (Un-audited) Rupees
Premier Garments Limited	Associated company	Interest charged	187,960	133,471
		Payments made for expenses	(3,299,257)	(1,251,100)
		Funds received	872,000	275,000
		Expenses charged to Associate	-	3,470
		Lease rental charged by Associate	1,200,000	1,200,000

Punjab Oil Mills Limited	Associated company	Interest charged	27,788	25,315
		Payments made	(708,514)	(845,242)
		Expenses charged to Associate	98,200	70,149
		Expenses charged by Associate	933,844	1,195,873
Tee Jay Corporation	Associated company	Rendering of services	2,022,000	2,327,000
		Lease rental income	510,000	480,000
		Interest charged	543,861	870,820
		Payments made for expenses	7,967,599	16,000,982
		Funds received	(10,822,086)	(29,821,295)
		Expenses incurred for Associate	8,735,804	14,976,900
		Creditors / Debtors - net	(5,918,689)	(16,156,698)
Directors	Associated person	Payments made	1,178,442	3,881,284
		Funds received	13,021,769	4,830,000

Outstanding Balance at the year end		Dec 31, 2016 (Un-audited) Rupees	June 30, 2016 (Audited) Rupees
Premier Garments Limited	Due to associated company	2,134,105	3,173,402
Punjab Oil Mills Limited	Due to associated company	386,705	231,787
Tee Jay Corporation (Pvt.) Limited	Due from associated company	11,896,409	9,402,081
	Interest receivable	543,861	-
	Share deposit money	8,000,000	8,000,000
Directors	Share deposit money	53,923,044	53,923,044
	Accrued mark up	1,675,264	2,540,125
	Due to related parties-directors	11,843,327	-
	Dividend payable	541,012	541,012

Note 10

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 this condensed interim financial information relate to the Company's only one reportable segment. Company-wide disclosures

	Dec 31, 2016 (Un-audited) Percentage	June 30, 2016 (Audited) Percentage
Information about products:		
- Terry towel	96.15%	98.69%
Major customers:		
- 3 customers (2016: 7 customers)	60.03%	78.72%
Revenue from external customers attributed to foreign countries	95.64%	95.32%

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

Note 11

Authorization of Interim Financial Information

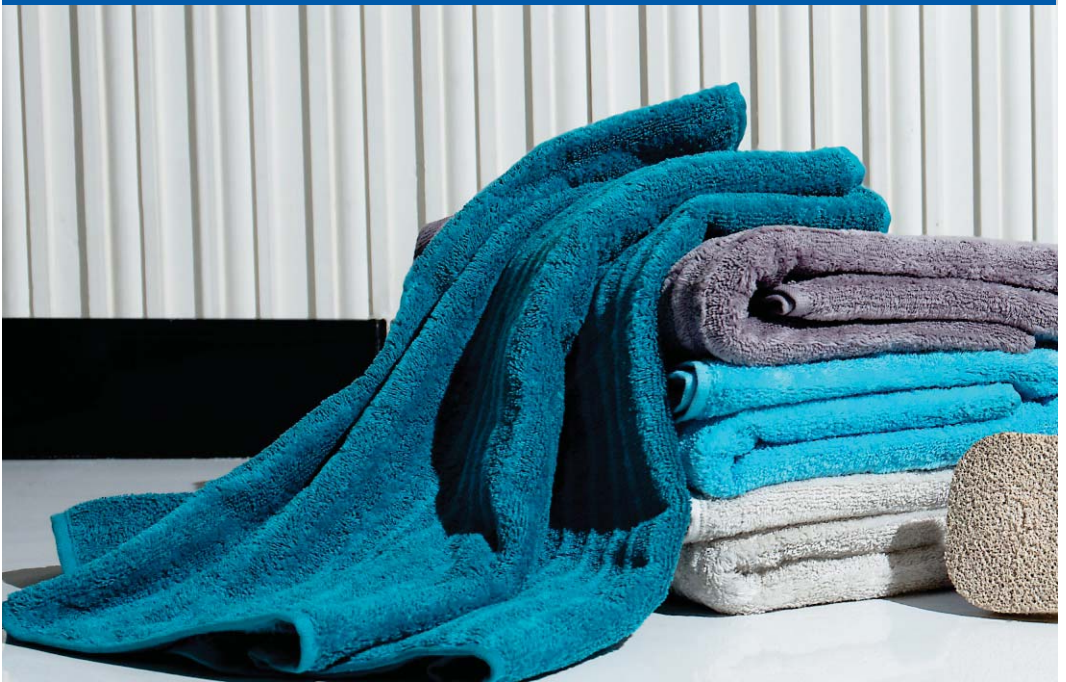
This condensed interim financial information (un-audited) is authorized for issuance on February 27, 2017 by the Board of Directors of the Company.

Note 12

General

Corresponding figures are re-arranged / re-classified, wherever necessary, to facilitate comparison. No material reclassifications have been made in this condensed interim financial information (un-audited).

BOOK POST



www.halaenterprises.com

If undelivered please return to,

 **Hala
Enterprises Limited**

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

