

Half Yearly Report
for the period ended
December 31, 2017



Hala Enterprises
Limited



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COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Tahir Jahangir Mr. Jillani Jahangir Miss Munizae Jahangir Mrs. Sulema Jahangir Mr. Rashid Ahmad Khan Mrs. Myra Husain Qureshi 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. Myra Husain Qureshi Mr. Abdul Munaf	Chairman/Member Member Member Member Member
CHIEF FINANCIAL OFFICER	Mr. Abdul Munaf	
COMPANY SECRETARY	Muhammad Mushtaq Saeed Iqbal	
AUDITORS	M/s. Tariq Abdul Ghani Maqbool & Co. Chartered Accountants	
LEGAL ADVISORS	A.C.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 of Hala Enterprises Limited hereby present the interim financial report of the company for the half year ended December 31,2017, together with the interim financial information.

During the period under review, the company performed better . The revenue increased from Rs. 106 million to Rs.161 million. Gross profit increased from 17 million to 28 million and the company earned profit of Rs. 2. million against loss of Rs. 2 million corresponding period last year. The overall position of the company remained profitable as compared to the previous years . It seems that the spell of losses was finally broken which allowed the company to increase its turnover. We are hopeful that through the process of continued modernization and improvements, we shall be able to see a positive impact on profitability - while also being able to sustain a higher sales volume than the previous years. Further more Government of Pakistan has finalized the long awaited export incentive scheme for textile exporters under the name "Duty Drawback of Taxes Order 2017-18". The purpose of the scheme is to provide performance based incentives, in terms of duty drawbacks, to textile exporters for increasing exports of specific textile products.

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.

We would also like to thank our dedicated and talented team of executives, the Board, our staff and workers for the hard work put in towards the company's improvement in performance.

For & on behalf of the Board

(JILLANI JAHANGIR)
CHIEF EXECUTIVE OFFICER

Dated: February 27, 2018



AUDITOR REVIEW REPORT

Introduction

We have reviewed the accompanying condensed interim balance sheet of Hala Enterprises Limited (the "Company") as at December 31, 2017 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, 2017 and December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2017.

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.

LAHORE
Dated: February 27, 2018

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



**CONDENSED INTERIM BALANCE SHEET (UN AUDITED)
AS AT DECEMBER 31, 2017**

	December 2017 Un-Audited Rupees	June 2017 Audited Rupees
CAPITAL AND LIABILITIES		
Share capital and reserves		
Authorized share capital 16,000,000 ordinary shares of Rs. 10 each	160,000,000	160,000,000
Issued, subscribed and paid up capital	68,040,000	68,040,000
Share deposit money	61,923,044	61,923,044
Reserves	20,063,982	25,591,623
Accumulated loss	(128,336,603)	(131,191,722)
	21,690,423	24,362,945
Surplus on revaluation of property, plant and equipment	81,224,639	82,180,724
Non Current Liabilities		
Deferred liabilities	44,888,881	44,295,050
Current Liabilities		
Trade and other payables	48,931,596	48,576,893
Accrued mark up	2,447,779	3,585,447
Short term borrowings	91,890,000	96,390,000
Due to related parties	14,058,658	13,835,038
Provision for taxation	1,640,610	2,388,697
	158,968,643	164,776,075
Liabilities directly associated with non-current assets classified as held for sale	21,775,000	21,775,000
CONTINGENCIES AND COMMITMENTS	328,547,586	337,389,794



**CONDENSED INTERIM BALANCE SHEET (UN AUDITED)
AS AT DECEMBER 31, 2017**

	Notes	December 2017 Un-Audited Rupees	June 2017 Audited Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	7	88,561,261	91,938,309
Long term investments		11,973,329	17,500,970
Long term deposits		4,017,719	4,017,719
		104,552,309	113,456,998
Current assets			
Stores and spares		8,217,296	9,167,536
Stock in trade		91,984,383	93,135,308
Trade debts		33,117,448	36,112,507
Advances, deposits, prepayments and other receivables		33,863,920	29,576,412
Tax refund due from Government		17,834,494	18,229,844
Due from associates		7,013,266	6,616,246
Cash and bank balances		4,143,358	3,273,831
		196,174,165	196,111,684
Non current assets classified as held for sale	8	27,821,112	27,821,112
		328,547,586	337,389,794

The annexed notes from 1 to 13 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, 2017**

		Half Year Ended Dec 31, 2017 (Un-audited) Rupees	Half Year Ended Dec 31, 2016 (Un-audited) Rupees	Quarter Ended Dec 31, 2017 (Un-audited) Rupees	Quarter Ended Dec 31, 2016 (Un-audited) Rupees
Revenue	9	160,942,747	106,374,128	76,198,584	51,214,072
Cost of sales		<u>(132,376,591)</u>	<u>(89,706,284)</u>	<u>(62,946,675)</u>	<u>(42,428,975)</u>
Gross profit		28,566,156	16,667,844	13,251,909	8,785,097
Selling and distribution costs		<u>11,564,576</u>	<u>7,338,376</u>	<u>5,290,221</u>	<u>3,459,727</u>
Administrative expenses		<u>10,698,920</u>	<u>8,755,964</u>	<u>5,017,338</u>	<u>4,821,452</u>
Other operating expenses		<u>239,867</u>	<u>559,633</u>	<u>146,117</u>	<u>478,103</u>
		<u>(22,503,363)</u>	<u>(16,653,973)</u>	<u>(10,453,676)</u>	<u>(8,759,282)</u>
Operating profit		6,062,793	13,871	2,798,233	25,815
Finance cost		<u>(3,714,304)</u>	<u>(2,591,538)</u>	<u>(1,836,564)</u>	<u>(1,555,627)</u>
Other income		<u>1,191,155</u>	<u>1,789,459</u>	<u>701,914</u>	<u>1,234,459</u>
Profit / (Loss) before taxation		3,539,644	(788,208)	1,663,583	(295,353)
Taxation		<u>(1,640,610)</u>	<u>(1,040,194)</u>	<u>(814,319)</u>	<u>(502,083)</u>
Profit / (Loss) for the year before disposal of "Asset held for sale"		1,899,034	(1,828,402)	849,264	(797,436)
Gain on disposal of asset		-	-	-	-
Net Profit / (Loss) for the year		1,899,034	(1,828,402)	849,264	(797,436)
Earning per share - Basic		<u>0.28</u>	<u>(0.27)</u>	<u>0.12</u>	<u>(0.12)</u>
Earning per share - Diluted		<u>0.15</u>	<u>(0.14)</u>	<u>0.07</u>	<u>(0.06)</u>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR & QUARTER ENDED DECEMBER 31, 2017 (UN AUDITED)**

	Half Year Ended		Quarter Ended	
	Dec.31, 2017	Dec.31, 2016	Dec.31, 2017	Dec.31, 2016
	Rupees	Rupees	Rupees	Rupees
Net Profit / (Loss) after taxation for the period	1,899,034	(1,828,402)	849,264	(797,436)
Other comprehensive income / (loss)				
<i>Items that will not be reclassified to profit and loss</i>				
Unrecognised actuarial gain / (loss) due to experience adjustment on remeasurement of staff retirement benefits	-	-	-	-
<i>Items that may be reclassified subsequently to profit and loss</i>				
Surplus / (deficit) on re-measurement of investment available for sale	(5,527,641)	3,170,231	(273,368)	(273,368)
Total comprehensive income / (loss) for the period	<u>(3,628,607)</u>	<u>1,341,829</u>	<u>575,896</u>	<u>(1,070,804)</u>

The annexed notes from 1 to 13 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, 2017**

	Half year ended Dec. 31, 2017 (Un-Audited) Rupees	Half year ended Dec. 31, 2016 (Un-Audited) Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	3,539,644	(788,208)
Adjustments for :		
Depreciation	2,357,178	1,763,922
Provision for gratuity	2,731,876	2,305,833
Dividend income	(207,884)	(363,797)
Exchange loss	89,867	409,633
Gain on disposal of property, plant and equipment	(180,130)	(371,801)
Finance cost	3,714,304	2,591,538
	<u>8,505,211</u>	<u>6,335,328</u>
Operating profit before working capital changes	12,044,855	5,547,120
(Increase) / decrease in current assets		
Stores and spares	950,240	(61,199)
Stock in trade	1,150,925	(679,425)
Trade debtors	2,905,192	5,531,547
Advances, deposits, prepayments and other receivables	(4,287,508)	(4,868,156)
Tax refund due from Government	(255,804)	1,385,455
Due from associated undertakings	(397,020)	(3,038,189)
(Decrease)/ increase in current liabilities		
Due to directors and associated undertakings	223,620	10,958,949
Trade and other payables	354,703	(3,245,475)
	<u>644,348</u>	<u>5,983,507</u>
Cash generated from operations	12,689,203	11,530,627
Income tax paid	(1,737,543)	(1,414,103)
Finance cost paid	(4,851,972)	(6,195,186)
Gratuity paid	(2,138,045)	(2,538,066)
	<u>(8,727,560)</u>	<u>(10,147,355)</u>
Net cash generated from operating activities	3,961,643	1,383,272
CASH FLOW FROM INVESTING ACTIVITIES		
Sale proceed from property, plant and equipment	1,660,000	570,000
Capital expenditure on property, plant and equipment	(460,000)	-
Dividend received	207,884	363,797
Net cash generated from investing activities	1,407,884	933,797
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loan from directors and associated undertakings	-	-
Payment of short term borrowings	(4,500,000)	(1,580,000)
Net cash used in financing activities	(4,500,000)	(1,580,000)
Net increase in cash and cash equivalents	869,527	737,069
Cash and cash equivalents at the beginning of year	3,273,831	2,994,728
Cash and cash equivalents at the end of year	4,143,358	3,731,797

The annexed notes from 1 to 13 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, 2017**

Particulars	Share Capital	Share Deposit Money	Reserves				Accumulated Loss	Total
			Capital Reserve	Investment Revaluation Reserve	Revenue Reserve	Total		
Balance as at July 1, 2016 (Audited)	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 loss for the period ended December 31, 2016	-	-	-	-	-	-	(1,828,402)	(1,828,402)
Other comprehensive income for the period ended December 31, 2016	-	-	-	3,170,231	-	3,170,231	-	3,170,231
Transfer from surplus revaluation of property, plant and equipment in respect of incremental depreciation charged in current period.	-	-	-	-	-	-	701,823	701,823
Transfer from surplus revaluation of property, plant and equipment on disposal of land held for disposal.	-	-	-	-	-	-	-	-
Balance as at December 31, 2016 (Unaudited)	68,040,000	61,923,044	2,274,287	16,578,624	7,000,000	25,852,911	(135,676,432)	20,139,523
Balance as at July 1, 2017 (Audited)	68,040,000	61,923,044	2,274,287	16,317,336	7,000,000	25,591,623	(131,191,722)	24,362,945
Net profit for the half year ended December 31, 2017	-	-	-	-	-	-	1,899,034	1,899,034
Other comprehensive income for the half year ended December 31, 2017	-	-	-	(5,527,641)	-	(5,527,641)	-	(5,527,641)
Transfer from surplus revaluation of property, plant and equipment in respect of incremental depreciation charged in current period.	-	-	-	-	-	-	630,172	630,172
Transfer from surplus revaluation of property, plant and equipment on disposal of plant and machinery.	-	-	-	-	-	-	325,913	325,913
Balance as at December 31, 2017 (Unaudited)	68,040,000	61,923,044	2,274,287	10,789,695	7,000,000	20,063,982	(128,336,603)	21,690,423

The annexed notes from 1 to 13 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 31,2017**

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 Sheikhpura 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 On May 30, 2017 the Companies Act, 2017 (the Act) was enacted which replaced and repealed the Companies Ordinance, 1984 (the repealed ordinance). However, the Securities and Exchange of Pakistan (SECP) through its Circular No. 23 of 2017 dated October 04, 2017 and The Institute of Chartered Accountants of Pakistan (ICAP) through its Circular No. 17 of 2017, dated October 06, 2017 have advised the Companies shall prepare their financial statements for financial period ending on or before December 31, 2017 in accordance with the provisions of the repealed Companies Ordinance 1984.
- 2.2 This condensed interim financial information of the Company for the six months period ended December 31, 2017 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.
- 2.3 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 237 of the Companies Act, 2017.
- 2.4 The comparative condensed interim profit and loss account and condensed interim statement of comprehensive income and notes, thereto, for the quarters ended December 31, 2017 and 2016 are also included in this condensed interim financial information, which were not subject to review.
- 2.5 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, 2017.
- 2.6 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, 2017.

Note 4

Surplus on Revaluation of Property, Plant and Equipment	Dec 31,2017 (Un-audited) Rupees	June 30,2017 (Audited) Rupees
Land - freehold	63,598,480	63,598,480
Building	11,732,846	12,350,364
Plant and machinery	6,825,063	7,834,243
Fittings and installations	24,335	27,039
	82,180,724	83,810,126
Surplus realized on disposal of land	(325,913)	(214,468)
Incremental depreciation charged on revalued property, plant and equipment during the period / year transferred	(630,172)	(1,414,934)
	81,224,639	82,180,724



Note 5

Due to related parties

It includes interest free loan from the directors of the company amounting Rs. 12,101,542. Repayment of loan is on the discretion of directors. No term of repayment is defined in contract.

Note 6

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, 2017.

Note 7

Property, Plant and Equipment

	Dec 31,2017 (Un-audited) Rupees	June 30,2017 (Audited) Rupees
Opening written down value	91,938,309	102,992,790
Additions during the period / year (at cost)	460,000	14,394,207
	<u>92,398,309</u>	<u>117,386,997</u>
Transferred to assets under held for disposal	-	(21,105,000)
Disposal during the period / year (at written down value)	<u>(1,479,870)</u>	<u>(857,854)</u>
	<u>90,918,439</u>	<u>95,424,143</u>
Depreciation charged for the period / year	<u>(2,357,178)</u>	<u>(3,485,834)</u>
	<u>88,561,261</u>	<u>91,938,309</u>

Note 8

Non Current Assets Classified As Held For Sale

Non current assets classified as held for sale	8.1	<u>27,821,112</u>	<u>27,821,112</u>
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8.1 The Company is in the process of disposal of land held for sale.

Note 9

Revenue

	Half Year Ended		Quarter Ended	
	Dec 31,2017 (Un-audited) Rupees	Dec 31, 2016 (Un-audited) Rupees	Dec 31,2017 (Un-audited) Rupees	Dec 31, 2016 (Un-audited) Rupees
Export	151,137,915	101,001,462	70,267,719	48,882,266
Local	3,954,673	4,745,061	2,750,049	2,555,292
	<u>155,092,588</u>	<u>105,746,523</u>	<u>73,017,768</u>	<u>51,437,558</u>
Duty drawback	4,534,137	-	-	-
Export rebate	1,435,810	757,511	757,511	757,511
	<u>161,062,536</u>	<u>106,504,034</u>	<u>73,775,279</u>	<u>52,195,069</u>
Sale tax	(119,789)	(129,906)	(39,545)	(91,600)
	<u>160,942,747</u>	<u>106,374,128</u>	<u>73,735,734</u>	<u>52,103,469</u>

Note 10

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 follows:



Related party	Relationship	Nature of transaction	Half Year Ended	Half Year Ended
			Dec 31,2017 (Un-audited) Rupees	Dec 31, 2016 (Un-audited) Rupees
Premier Garments Limited	Associated company	Interest charged	136,083	187,960
		Payments made for expenses	(1,050,000)	(3,299,257)
		Funds received	-	872,000
		Expenses charged to Associate	(18,270)	-
		Lease rental charged by Associate	600,000	1,200,000
Punjab Oil Mills Limited	Associated company	Interest charged	21,785	27,788
		Payments made	(1,052,067)	(708,514)
		Expenses charged to Associate	(116,515)	98,200
		Expenses charged by Associate	1,358,930	933,844
Tee Jay Corporation (Private) Limited	Associated company	Rendering of services	675,112	2,022,000
		Lease rental income	540,000	510,000
		Interest charged to Associate	263,141	543,861
		Payments made for expenses	6,648,599	7,967,599
		Funds received	(8,493,242)	(10,822,086)
		Expenses incurred for Associate	-	8,735,804
		Balance transferred	(1,132,949)	-
Creditors / Debtors - net	1,896,359	(5,918,689)		
Directors	Associated person	Payments made	(2,119,983)	(1,178,442)
		Funds received	1,618,441	13,021,769
Outstanding Balance at the period / year ended			Dec 31,2017 (Un-audited) Rupees	June 30,2017 (Audited) Rupees
Premier Garments Limited		Due to associated company	1,802,230	2,134,000
Punjab Oil Mills Limited		Due to associated company	312,754	101,000
Tee Jay Corporation (Pvt.) Limited	Associated company	Due from associated company	5,969,182	6,616,000
		Interest receivable	1,044,084	-
		Share deposit money	8,000,000	8,000,000
Directors	Associated person	Share deposit money	53,923,044	53,923,044
		Accrued mark up	157,868	1,132,949
		Due to related parties-directors	12,101,542	-
		Advance against salary	200,000	200,000
		Dividend payable	541,012	541,012

Note 11

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 regarding the reportable segments are as follows:



	Dec 31,2017 (Un-audited) Percentage	June 30,2017 (Audited) Percentage
Information about products:		
- Terry towel	94.15%	91.44%
Major customers:		
- 3 customers (2017: 4 customers)	60.03%	60.73%
Revenue from external customers attributed to foreign countries	97.45%	96.00%

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

Note 12

Authorization of Interim Financial Information

This condensed interim financial information (un-audited) is authorized for issuance on February 27, 2018 by the Board of Directors of the Company.

Note 13

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).

CHIEF EXECUTIVE OFFICER

DIRECTOR



BOOK POST

If Undelivered Please Return To

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