

1st QUARTERLY REPORT
FOR THE PERIOD ENDED SEPTEMBER 30, 2020



Hala Enterprises Limited



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COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Tahir Jahangir Mr. Jillani Jahangir Mrs. 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 Mrs. Munizae Jahangir Mrs. Sulema Jahangir	Chairman/Member Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Rashid Ahmad Khan Mr. Jillani Jahangir Mrs. Munizae Jahangir Mrs. Sulema Jahangir	Chairman/Member Member Member Member
CHIEF FINANCIAL OFFICER	Mr. Abdul Munaf	
COMPANY SECRETARY	Muhammad Mushtaq Saeed Iqbal	
AUDITORS	M/s. Malik Haroon Shahid Safder & Co. Chartered Accountants	
LEGAL ADVISORS	A.G.H.S Law Associates	
BANKERS	J.S Bank Limited Faysal Bank Limited Askari Bank Limited MCB Bank Limited	
REGISTERED OFFICE/WORKS	Factory Premises, 17.5 KM Sheikhupura Road, Lahore Tel: 042-37970130, 37970230 Fax: 042-37970681 Email. hala@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@gmail.com	



DIRECTOR'S REVIEW REPORT

The Directors of the company hereby present the Directors Review Report on the operations of the company for the quarter ended September 30, 2020.

During the period textile sector in Pakistan particularly home textile items remain under pressure due to low demand in international market. This is due to high cost of production. This cost is not compatible with regional countries. However, we are struggling for even better results under the current scenario.

Profit after tax of the company remained steady for the first quarter September 30,2020 as compared to the corresponding quarter last year despite adverse economic environment due to corona- virus pandemic. Management modified its product mix and took measures to improve efficiency and reduce cost. Even though sales revenue dropped from Rs.110 million to Rs. 101 million

During the year the company further imported new machinery for its weaving section. This help to achieve better production and ultimate increase in sales volume up coming periods. The management of the company is hope full for better results in future as well.

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

A handwritten signature in black ink, appearing to read 'Jillani Jahangir'.

(JILLANI JAHANGIR)
CHIEF EXECUTIVE OFFICER

LAHORE: October 30, 2020



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020 (UN-AUDITED)

	Sep 2020 Un-Audited Rupees	Jun 2020 Audited Rupees
CAPITAL AND LIABILITIES		
Share capital and reserves		
Authorized 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	129,963,040	129,963,040
Reserves	15,717,397	16,357,160
Accumulated loss	(78,273,127)	(81,553,930)
Surplus on revaluation of Property, Plant & Equipment	111,530,498	113,212,127
Total Equity	<u>178,937,808</u>	<u>177,978,397</u>
Non Current Liabilities		
Deferred liability	43,054,176	43,608,244
Long term borrowing	14,273,925	7,431,103
Current Liabilities		
Trade and other payables	32,055,392	37,502,912
Accrued mark up	827,492	759,369
Short term borrowings	122,118,545	123,678,545
Current portion of deferred Government grant	3,254,552	3,032,841
Current portion of long term financing	7,850,246	3,550,117
Due to related parties	247,576	2,326,832
Provision for taxation	968,892	3,775,130
Total Current Liabilities	167,322,695	174,625,746
Liabilities directly associated with non-current assets classified as held for sale	3,775,000	3,775,000
Contingencies and Commitments		
	<u>407,363,604</u>	<u>407,418,490</u>

The annexed notes form and integral part of these interim condensed financial information



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020 (UN-AUDITED)

	Sep 2020 Un-Audited Rupees	Jun 2020 Audited Rupees
ASSETS		
Non Current Assets		
Property, Plant and equipment	157,016,837	150,199,499
Long term Investments	7,626,744	8,266,507
Long term deposits	5,038,617	5,038,617
Total Non Current Assets	169,682,198	163,504,623
Current assets		
Stores and spares	6,414,671	6,244,850
Stock in trade	84,163,434	87,484,719
Trade debts	42,258,589	50,957,977
Advances, deposits, prepayments and other receivables	49,548,720	42,092,112
Tax refund due from Government	31,275,098	40,900,293
Due from associates	9,333,082	7,857,226
Cash and bank balances	7,971,700	1,660,578
Total Current Assets	230,965,294	237,197,755
Non- current assets classified as held for sale	6,716,112	6,716,112
	407,363,604	407,418,490

The annexed notes form and integral part of these interim condensed financial information

**CHIEF EXECUTIVE
OFFICER**

**CHIEF FINANCIAL
OFFICER**

DIRECTOR



CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED SEPTEMBER 30,2020

	Quarter Ended Sep 30,2020 (Un-audited) Rupees	Quarter Ended Sep 30,2019 (Un-audited) Rupees
Revenue	101,486,068	110,152,822
Cost of sales	(81,717,665)	(88,852,460)
Gross profit	19,768,403	21,300,362
OPERATING EXPENSES		
Selling and distribution Costs	10,215,934	9,161,747
Administrative expenses	5,931,969	6,804,301
Other operating expenses	257,005	263,649
	(16,404,908)	(16,229,697)
Operating profit	3,363,495	5,070,665
Finance Costs	(3,206,863)	(3,047,978)
Other operating income	2,411,434	136,198
Profit before taxation	2,568,066	2,158,885
Taxation	(968,892)	(1,084,722)
Profit for the year after taxation	1,599,174	1,074,163
Earning per share-Basic	0.12	0.08

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**CHIEF EXECUTIVE
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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter ended Sep. 2020	Quarter ended Sep. 2019
	(Un-audited) Rupees	(Un-audited) Rupees
Net Profit for the period	1,599,174	1,074,163
Other comprehensive income		
Items that will not be reclassified to profit and loss		
Unrecognised actuarial gain due to experience adjustment on remeasurement of staff retirement benefits	-	-
Items that may be reclassified subsequently to profit and loss		
Deficit on remeasurement of investment available for sale	(639,763)	(507,237)
Other comprehensive (Loss) for the period	(639,763)	(507,237)
Total comprehensive income for the period	<u>959,411</u>	<u>566,926</u>

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CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	QUARTER ENDED SEP 30, 2020 (UN-AUDITED) Rupees	QUARTER ENDED SEP 30, 2019 (UN-AUDITED) Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	2,568,066	2,158,885
Adjustments for :		
Depreciation	1,629,656	1,520,077
Financial charges	3,206,863	3,047,978
Gratuity	1,113,148	1,313,148
Gain on disposal of property, plant and equipment	(642,395)	-
	<u>5,307,272</u>	<u>5,881,203</u>
Operating profit before working capital changes	7,875,338	8,040,088
(Increase) / decrease in current assets		
Stores and spares	(169,821)	272,751
Stock in trade	3,321,285	198,881
Trade debtors	8,699,388	(4,148,452)
Advances, deposits, prepayments and other receivables	(7,456,608)	(3,588,507)
Sales tax refundable	9,625,195	(9,304,076)
Due from associated undertakings	(1,475,856)	(699,510)
(Decrease)/ increase in current liabilities		
Due to directors and associated undertakings	(2,079,256)	396,115
Creditors, accrued and other liabilities	(5,447,520)	3,241,574
	<u>5,016,807</u>	<u>(13,631,224)</u>
Cash generated from operations	12,892,145	(5,591,136)
Financial charges paid	(3,138,740)	(2,713,479)
Income tax paid	(3,775,130)	(3,698,144)
Gratuity paid	(1,479,681)	(1,096,000)
Net cash (used in) / from operating activities	<u>4,498,594</u>	<u>(13,098,759)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(10,144,600)	(164,833)
Proceeds from sale of fixed assets	2,340,000	29,605,625
Advance against assets held for sale	-	(20,000,000)
Net cash (used in) investing activities	<u>(7,804,600)</u>	<u>9,440,792</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans	6,842,822	-
Deferred grant liability	(187,535)	-
Current portion of deferred Government grant	221,711	-
Current portion of long term loans	4,300,130	-
Short term finances	(1,560,000)	5,159,408
Net cash from / (used in) financing activities	<u>9,617,128</u>	<u>5,159,408</u>
Net increase in cash and cash equivalents	<u>6,311,122</u>	<u>1,501,441</u>
Cash and cash equivalents at the beginning of year	1,660,578	2,714,596
Cash and cash equivalents at the end of the period	<u>7,971,700</u>	<u>4,216,037</u>

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)**

Particulars	Share Capital	Share Deposit Money	Reserve					Accumulated Loss	surplus on revaluation of Property plant and equipment	Total
			Capital Reserve	Fair value Reserve of Financial Assets at FVOCI	Investment Revaluation Reserve	Revenue Reserve	Total			
Balance as at Jul 01, 2019	129,963,040	-	2,274,287	10,310,867	-	7,000,000	19,585,154	(116,521,022)	135,517,101	168,544,273
Net Profit for the period ended Sep 30, 2019								1,074,163		1,074,163
Other comprehensive income for the period ended Sep 30, 2019				(507,237)			(507,237)	8,500,625		7,993,388
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current period								641,243	(641,243)	-
Surplus realized on disposal								19,740,000	(19,740,000)	-
Balance as at Sep 30, 2019	<u>129,963,040</u>	<u>-</u>	<u>2,274,287</u>	<u>9,803,630</u>	<u>-</u>	<u>7,000,000</u>	<u>19,077,917</u>	<u>(86,564,991)</u>	<u>115,135,858</u>	<u>177,611,824</u>
Balance as at Jul 01, 2019	129,963,040	-	2,274,287	7,082,873	-	7,000,000	16,357,160	(81,553,930)	113,212,127	177,978,397
Net Profit for the period ended Sep 30, 2020								1,599,174		1,599,174
Other comprehensive income for the period ended Sep 30, 2020				(639,763)			(639,763)			(639,763)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current period								588,317	(588,317)	-
Surplus realized on disposal								1,093,312	(1,093,312)	-
Balance as at Sep 30, 2020	<u>129,963,040</u>	<u>-</u>	<u>2,274,287</u>	<u>6,443,110</u>	<u>-</u>	<u>7,000,000</u>	<u>15,717,397</u>	<u>(78,273,127)</u>	<u>111,530,498</u>	<u>178,937,808</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

1 LEGAL STATUS AND OPERATIONS

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

2 BASIS OF PREPARATION

The condensed interim financial information is un-audited and has been prepared In accordance with the requirements of international financial reporting standards (IFRS) IAS 34 - 'Interim Financial Reporting ' and provisions of the directives issued under the companies Act 2017. This condensed interim financial information does not included all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the company for the year ended June 30, 2020.

This condensed interim financial information is being submitted to the shareholders as required by the listing regulation of Pakistan stock Exchange and section 237 of the Companies Act ,2017

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the preceding year ended

4 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on Oct 30, 2020 by the board of directors of the company

5 General

where necessary, previous figures have been re-arranged for the purpose of fair comparison.

**CHIEF EXECUTIVE
OFFICER**

**CHIEF FINANCIAL
OFFICER**

DIRECTOR



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Enterprises Limited

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