

THAL LIMITED
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
 AS AT SEPTEMBER 30, 2019

	Note	Sep 30, 2019 (Un-audited)	Sep 30, 2018 (Audited)
(Rupees in thousands)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	3,338,212	3,365,205
Intangible assets		121,059	94,193
Investment property		6,817,920	6,422,476
Long-term investments	6.	5,698,631	5,402,004
Long-term loans		2,997	3,996
Long-term deposits		23,390	23,188
Long-term prepayments		22,501	22,501
Deferred tax asset - net		165,098	139,796
		16,189,808	15,473,359
CURRENT ASSETS			
Stores, spares and loose tools		141,104	134,503
Stock-in-trade	7	5,783,290	5,788,036
Trade debts		1,717,060	2,431,440
Loans and advances		102,473	28,224
Trade deposits and short-term prepayments		276,433	331,515
Interest accrued		18,090	7,648
Other receivables		166,063	83,559
Short-term investments	8	8,812,325	7,549,725
Sales tax refundable		256,176	357,073
Cash and bank balances		1,021,336	1,068,600
		18,294,350	17,780,323
TOTAL ASSETS		34,484,158	33,253,682
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 200,000,000 (June 30, 2018: 200,000,000) ordinary shares of Rs.5 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital 81,029,909 (June 30, 2018: 81,029,909) ordinary shares of Rs. 5/- each		405,150	405,150
Share deposit money		12	12
Reserves		22,920,691	22,568,368
Equity attributable to equity holders' of the parent		23,325,853	22,973,530
Non-controlling interest		6,493,043	6,596,482
		29,818,896	29,570,012
NON-CURRENT LIABILITIES			
Long-term deposits		325,848	323,777
Lease liabilities		609,237	-
		935,085	323,777
CURRENT LIABILITIES			
Trade and other payables		2,753,888	2,880,445
Unclaimed dividend		56,657	56,697
Unpaid dividend		164,379	49,409
Income Tax - net	9	166,284	90,706
Short-term borrowings		377,192	274,131
Current maturity of lease liabilities		196,383	-
Deferred income		15,394	8,505
		3,730,177	3,359,893
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITIES AND LIABILITIES		34,484,158	33,253,682

The annexed notes from 1 to 19 form an integral part of these consolidated condensed interim financial statements



Shahid Saleem
Chief Financial Officer



Muhammad Tayyad Ahmad Tareen
Chief Executive



Salman Burney
Director

THAL LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS
FOR THE PERIOD QUARTER ENDED SEPTEMBER 30, 2019
(UN-AUDITED)

	Note	Quarter ended	
		Sep 30, 2019	Sep 30, 2018
		(Rupees in thousands)	
Revenue - net		4,186,504	5,148,188
Cost of sales		<u>(3,834,221)</u>	<u>(4,220,606)</u>
Gross Profit		352,283	927,582
Distribution costs		<u>(91,979)</u>	<u>(82,445)</u>
Administrative expenses		<u>(380,834)</u>	<u>(372,699)</u>
Other charges		<u>(20,092)</u>	<u>(52,133)</u>
		<u>(492,905)</u>	<u>(507,277)</u>
Other income	11	<u>771,422</u>	<u>600,683</u>
Operating Profit		630,800	1,020,988
Finance costs		<u>(39,873)</u>	<u>(3,457)</u>
		<u>590,927</u>	<u>1,017,531</u>
Share of net profit of associates - after tax		<u>272,590</u>	<u>271,922</u>
Profit before taxation		863,517	1,289,453
Taxation		<u>(213,157)</u>	<u>(309,660)</u>
Profit after taxation		650,360	979,793
Attributable to:			
- Equity holders of the Holding Company		<u>570,399</u>	<u>875,296</u>
- Non-controlling interest		<u>79,961</u>	<u>104,497</u>
		<u>650,360</u>	<u>979,793</u>
		Rupees	
Basic and diluted earnings per share attributable to the equity holders of the Holding Company	12	<u>7.04</u>	<u>10.80</u>

The annexed notes from 1 to 19 form an integral part of these consolidated condensed interim financial statements.



Shahid Saleem
Chief Financial Officer



Muhammad Tayyad Ahmad Tareen
Chief Executive



Salman Burney
Director

THAL LIMITED
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD QUARTER ENDED SEPTEMBER 30, 2019
 (UN-AUDITED)

	Quarter ended	
	Sep 30, 2019	Sep 30, 2018
	(Rupees in thousands)	
Profit after taxation	650,360	979,793
Other comprehensive income		
(Loss) / gain on revaluation of investments at fair value through other comprehensive income	(4,098)	(19,629)
Share of actuarial loss on remeasurement of defined benefit plans of associates	(5,009)	(3,390)
Total comprehensive income for the period, net of tax	641,253	956,774
Attributable to:		
- Equity holders of the Holding Company	561,292	852,277
- Non-controlling interest	79,961	104,497
	641,253	956,774

The annexed notes from 1 to 19 form an integral part of these consolidated condensed interim financial statements.



Shahid Saleem
Chief Financial Officer



Muhammad Tayyad Ahmad Tareen
Chief Executive



Salman Burney
Director

THAL LIMITED
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE PERIOD QUARTER ENDED SEPTEMBER 30, 2019
(UN-AUDITED)

	Sep 30, 2019	Sep 30, 2018
	(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	863,517	1,289,453
Adjustments for non-cash charges and other items:		
Depreciation and amortization	218,715	127,913
Share in profit of associates - after taxation	(272,590)	(271,922)
Finance costs	39,873	3,457
Profit earned on call deposits and short-term investments	(127,511)	(60,705)
Liabilities no longer payable written back	-	(736)
Gain on revaluation / redemption of investments at fair value through profit and loss	(80,727)	(93,714)
Dividend income	(52,928)	(429)
Provision for impairment of trade debts	40,539	20,561
Provision for retirement benefits	3,773	2,128
Gain on disposal of property, plant and equipment	(2,961)	(1,262)
	<u>(233,817)</u>	<u>(274,709)</u>
	629,700	1,014,744
(Increase) / decrease in current assets		
Stores, spares and loose tools	(6,601)	(6,666)
Stock-in-trade	4,746	(1,032,864)
Trade debts	673,841	(243,363)
Loans and advances	(74,249)	(1,789)
Trade deposits and short-term prepayments	55,082	(272,076)
Other receivables	(13,228)	24,028
Sales tax refundable	113,896	73,095
Increase / (decrease) in current liabilities		
Deferred income	6,889	14,413
Sales tax Payable	(13,000)	(19,647)
Trade and other payables	(126,557)	75,027
	<u>620,819</u>	<u>(1,389,842)</u>
Cash generated from operations	1,250,519	(375,098)
Finance costs paid	(35,256)	(3,248)
Retirement benefits paid	(3,773)	(6)
Income tax paid	(162,881)	(169,388)
Long-term loans	999	1,633
Long-term deposits - net	1,869	(1,483)
Net cash used in operating activities	<u>1,051,477</u>	<u>(547,590)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(23,856)	(577,065)
Dividends received	(17,104)	429
Profit Received	92,990	53,355
Investment in subsidiary	-	(137)
Long-term investments made during the period	(33,144)	(250,776)
Proceeds from disposal of property, plant and equipment	6,447	3,716
Short-term investments encashed / (made) during the period	(686,274)	1,052,790
Net cash generated from investing activities	<u>(660,941)</u>	<u>282,312</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(68,470)	(141,023)
Long-term deposit	(1,627)	-
Net cash used in financing activities	<u>(70,097)</u>	<u>(141,023)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>320,439</u>	<u>(406,301)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,624,189</u>	<u>4,054,544</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>3,944,628</u>	<u>3,648,243</u>
Cash and bank balances	1,021,336	832,590
Short-term investments	3,300,484	2,850,766
Short-term running finance	(377,192)	(35,113)
	<u>3,944,628</u>	<u>3,648,243</u>

The annexed notes from 1 to 19 form an integral part of these consolidated condensed interim financial statements.



Shahid Saleem
Chief Financial Officer



Muhammad Tayyad Ahmad Tareen
Chief Executive



Salman Burney
Director

THAL LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD QUARTER ENDED SEPTEMBER 30, 2019

	Issued, subscribed & paid-up capital	Share deposit money	RESERVES				Non-controlling interest	Total equity
			Capital reserve	General reserve	Unappropriated profit	Gain / (Loss) on changes in fair value of available for sale investments		
----- Rupees in '000 -----								
Balance as at June 30, 2018 (Audited)	405,150	12	67,929	13,573,374	6,152,487	164,179	6,484,082	26,847,213
Transfer to general reserve	-	-	-	1,592,000	(1,592,000)	-	-	-
Subsidiary Companies								
Final dividend @ Rs. 0.408/- per share for the year ended June 30, 2018	-	-	-	-	-	-	(55,519)	(55,519)
Profit for the period	-	-	-	-	875,296	-	104,497	979,793
Other comprehensive income	-	-	-	-	(3,390)	(19,629)	-	(23,019)
Total comprehensive income	-	-	-	-	871,906	(19,629)	104,497	956,774
Balance as at September 30, 2018 (Unaudited)	405,150	12	67,929	15,165,374	5,432,393	144,550	6,533,060	27,748,468
Balance as at June 30, 2019 (Audited)	405,150	12	67,929	15,165,374	7,240,431	94,634	6,596,482	29,570,012
First time adoption of IFRS 16	-	-	-	-	(208,969)	-	(137,216)	(346,185)
	405,150	12	67,929	15,165,374	7,031,462	94,634	6,459,266	29,223,827
Transfer to general reserve	-	-	-	2,506,500	(2,506,500)	-	-	-
Subsidiary Companies								
Final dividend @ Rs. 0.339/- per share for the year ended June 30, 2019	-	-	-	-	-	-	(46,184)	(46,184)
Profit for the period	-	-	-	-	570,399	-	79,961	650,360
Other comprehensive income	-	-	-	-	(5,009)	(4,098)	-	(9,107)
Total comprehensive income	-	-	-	-	565,390	(4,098)	79,961	641,253
Balance as at September 30, 2019 (Unaudited)	405,150	12	67,929	17,671,874	5,090,352	90,536	6,493,043	29,818,896

The annexed notes from 1 to 19 form an integral part of these consolidated condensed interim financial statements.



Shahid Saleem
Chief Financial Officer



Muhammad Tayyad Ahmad Tareen
Chief Executive



Salman Burney
Director

THAL LIMITED
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD QUARTER ENDED SEPTEMBER 30, 2019
(UN-AUDITED)

1 THE GROUP AND ITS OPERATIONS

- 1.1** Thal Limited (the Holding Company) was incorporated on January 31, 1966 as a public company limited by shares and is listed on the Pakistan Stock Exchange.

The Holding Company is engaged in the manufacture of jute goods, engineering goods, papersacks and laminate sheets. The registered office of the holding company is situated at 4th Floor, House of Habib, 3 Jinnah Co-operative Housing Society, Block 7/8, Sharae Faisal, Karachi.

The Group comprises of the Holding Company and its subsidiaries, Noble Computer Services (Private) Limited, Pakistan Industrial Aids (Private) Limited, Makro-Habib Pakistan Limited, A-One Enterprises (Private) Limited, Habib METRO Pakistan (Private) Limited, Thal Boshoku Pakistan (Private) Limited, Thal Power (Private) Limited and Thal Electrical (Private) Limited.

Noble Computer Services (Private) Limited is engaged in providing Internal Audit Services, I.T. related Services, Advisory Services, H.R Services and Management Services.

Pakistan Industrial Aids (Private) Limited is engaged in trading of various products.

Makro-Habib Pakistan Limited is engaged in a chain of wholesale / retail cash and carry stores.

A-One Enterprises (Private) Limited was incorporated in Pakistan on December 16, 2011 as a private limited company.

Habib METRO Pakistan (Private) Limited's main business is to own and manage properties.

Thal Boshoku Pakistan (Private) Limited is engaged in the manufacturing of Air cleaner set assembly, Seat track sub assembly and Seat side frame sub assembly for automobiles.

Thal Power (Private) Limited has entered into a joint venture agreement with M/s Novatex for collaboration to develop a 330 MW Coal-fired Power Generation Plant at Thar, Sindh.

Thal Electrical (Private) Limited was incorporated in Pakistan on January 12, 2018 as a private limited company.

These subsidiaries have been consolidated in these consolidated condensed interim financial statements.

1.2 Geographical location and address of business units

Holding Company:

The registered office of the Holding Company is situated at 4th Floor, House of Habib, 3 Jinnah Co-operative Housing Society, Block 7/8, Sharae Faisal, Karachi.

Plants

The Jute operations are located at Muzaffargarh, Punjab.

Engineering operations are located at Korangi and Port Qasim, Karachi, Sindh

Papersack operations are located at Hub, Balochistan and Gadoon, Khyber Pakhtunkhwa.

Laminate operations are located at Hub, Balochistan

Subsidiaries:

Noble Computer Services (Private) Limited operations are located at 2nd Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Sharae Faisal, Karachi,

Pakistan Industrial Aids (Private) Limited operations are located at - Plot number 192 Korangi Industrial area, Sector 22, Karachi.

Makro Habib Pakistan Limited is located at 2nd, House of Habib - 3- Jinnah Co-Operative Housing Society, Sharae Faisal, Karachi.

A-One Enterprises (Private) Limited is located at 4th Floor, House of Habib - 3- Jinnah Co-Operative Housing Society, Sharae-Faisal, Karachi

Habib Metro Pakistan (Private) Limited operations are located at Mezzanine Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Sharae Faisal, Karachi.

Thal Boshoku Pakistan (Private) Limited operations are located at - Plot number 192 Korangi industrial area, Sector 22 and plot number SP-C north western industrial road, Port Qasim, Karachi.

Thal Power (Private) Limited operations are located at 4th Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Sharae Faisal, Karachi.

Thal Electrical (Private) Limited operations are located at 4th Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Sharae Faisal, Karachi.

2 BASIS OF PREPERATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These consolidated condensed interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's audited consolidated financial statements for the year ended June 30, 2019.

2.3 These consolidated condensed interim financial statements are being submitted to the shareholders as required by the Section 237 of the Companies Act, 2017.

3 ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2019 except for the adoption of new standards effective as of July 1, 2019 as stated below.

0.1 Changes in accounting policies

The Group has adopted IFRS 16 "Leases" from July 01, 2019 which is effective from the annual periods beginning on or after January 01, 2019 respectively. The details of new significant accounting policies adopted and the nature and effect of the changes from previous accounting policies are set out below:

3.2.1 IFRS 16 "Leases"

IFRS 16 replaces IAS 17 "Accounting for Leases" and related interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a Right of Use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

The Group has adopted IFRS 16 using the modified retrospective approach and has not restated comparatives as permitted under the specific transitional provisions in the standard. This has resulted in Group recognizing lease liabilities and corresponding Right of Use assets for all leases qualifying under the criteria laid down by the standard.

On adoption of IFRS 16, the Group has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17 except for certain short-term leases in accordance with IFRS 16. These liabilities were initially measured at the present value of lease payments using the incremental borrowing rate at the date of initial application. Right of Use asset is depreciated over lease term and classified as depreciation expense.

3.2.2 Impact of IFRS 16

	June 30, 2019	Change	Jul 1, 2019
	(Rupees in thousands)		
Impact on consolidated statement of financial position			
Increase in property, plant and equipment - Right of Use assets	-	11,811	11,811
Increase in investment property - Right of Use assets	-	474,652	474,652
Increase in lease liability	-	832,648	832,648
Decrease in unappropriated profit	7,240,431	(208,969)	7,031,462
Decrease in non-controlling interest	6,596,482	(137,216)	6,459,266
			Quarter ended Sep 30, 2019
Impact on consolidated statement of profit and loss			Rs in '000
Decrease in rent expense			23,250
Increase in finance cost			26,240
Increase in depreciation expense			7,907

3.2.3 Amendments to approved accounting standards that are effective in the current period

There are certain other new and amended standards that became effective during the period (enumerated in note 6.1 to the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2019). However, such standards did not have any significant effect on this condensed interim consolidated financial information except IFRS 16 "Leases" as described above.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Judgements and estimates made by the management in the preparation of these consolidated condensed interim financial statements are same as those applied in the Company's annual consolidated financial statements for the year ended June 30, 2019.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	Sep 30, 2019 (Un-audited)	Sep 30, 2018 (Audited)
(Rupees in thousands)			
Operating fixed assets	5.1 & 5.3	3,138,446	3,224,658
Capital work-in-progress	5.2	199,766	140,547
		<u>3,338,212</u>	<u>3,365,205</u>

5.1 The following additions and deletions were made in operating fixed assets during the period:

	Additions at cost		Deletions at book value	
	Quarter ended		Quarter ended	
	Sep 30,		Sep 30,	
	2019 (Un-audited)	2018	2019 (Un-audited)	2018
------(Rupees in thousands)-----				
Operating fixed assets				
Building on freehold land	1,212	-	-	-
Plant and machinery	6,238	15,511	-	157
Furniture and fittings	1,432	-	13	-
Vehicles	258	6,368	2,396	1,866
Office and mills equipment	13,665	1,430	27	99
Computer equipment	4,904	6,551	91	70
Jigs and Fixtures	8,146	3,649	-	-
	<u>35,855</u>	<u>33,509</u>	<u>2,527</u>	<u>2,192</u>
Building - Right of Use assets	11,811	-	-	-
	<u>47,666</u>	<u>33,509</u>	<u>2,527</u>	<u>2,192</u>

5.2 Includes capital work in progress on building on freehold land and plant and machinery amounting to Rs. 69.721 million (June 30, 2019: Rs. 41.258 million) and Rs. 66.529 million (June 30, 2019: Rs 84.362 million), respectively.

5.3 During the period, capital work in progress amounting to Rs. 33.852 million (Sep 30, 2018: Rs. 15.280 million) was transferred to operating fixed assets.

6. LONG-TERM INVESTMENTS

- 6.1 During the period, the Company has made further investment in Sindh Engro Coal Mining Company (SECMC) amounting to Rs. 33.145 million

		Sep 30, 2019 (Un-audited)	Jun 30, 2019 (Audited)
(Rupees in thousands)			
7 STOCK-IN-TRADE			
Raw material			
In hand	7.1	4,048,467	4,367,020
In transit		380,408	520,207
		4,428,875	4,887,227
Work-in-process		423,125	246,731
Finished goods			
In hand		925,874	654,031
In transit		5,416	47
		931,290	654,078
		<u>5,783,290</u>	<u>5,788,036</u>

- 7.1 This includes items amounting to Rs. 39.179 million (June 30, 2019: Rs. 183.123 million) carried at net realizable value. [Cost Rs. 183.397 million (June 30, 2019: Rs. 276.755 million)]

8 SHORT TERM INVESTMENTS

- 8.1 This represents investment in Term Deposit Receipts amounting to Rs. 1,539,949 million (June 30, 2019: Rs. 2,284,949 million), Government Treasury Bills amounting to Rs. 1,999,785 million (June 30, 2019: 784,012 million) and mutual funds amounting to Rs. 5,225,168 million (June 30, 2019: 4,457,412 million).

- 8.2 Term deposit receipts include Rs. 20 million (June 30, 2019: Rs. 20 million) maintained with Habib Metropolitan Bank Limited, a related party.

- 8.3 These include short-term investments amounting to Rs. 3,300,484 million (June 30, 2019: Rs. 2,829,720 million) having maturity up to three months.

		Sep 30, 2019 (Un-audited)	Jun 30, 2019 (Audited)
(Rupees in thousands)			
9 INCOME TAX - Net			
Group Tax Relief adjustments	9.1	(632,681)	(632,681)
Group Taxation adjustments	9.2	16,038	15,645
Income Tax provision less tax payments - net		<u>782,927</u>	<u>707,742</u>
		<u>166,284</u>	<u>90,706</u>

- 9.1 In terms of the provisions of Section 59B of the Income Tax Ordinance, 2001 (the Ordinance), a subsidiary company may surrender its tax losses in favour of its Holding Company for set off against the income of its Holding Company subject to certain conditions as prescribed under the Ordinance.

Accordingly, the Holding Company has adjusted its tax liabilities for the tax years 2008-2010 by acquiring the losses of its subsidiary company and consequently an aggregate sum of Rs. 593.466 million equivalent to the tax value of the losses acquired has been paid to the subsidiary company.

The original assessments of the Company for the tax years 2008 to 2010 were amended under Section 122(5A) of the Ordinance by the tax authorities by disallowing Group Relief claimed by the Company under Section 59B of the Ordinance aggregating to Rs. 593.466 million. The Company preferred appeals against the said amended assessments before the Commissioner Inland Revenue (Appeals) who vide his orders dated 10th June 2011 and 11th July 2011 has held that the Company is entitled to Group Relief under Section 59B of the Ordinance. However, the tax department filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the Commissioner Inland Revenue (Appeal) (CIR) Order. The ATIR has passed an order in favour of the Company for the above tax years; the Tax department filed reference application / appeal against the order of ATIR before the High Court of Sindh and with the Chairman ATIR which are under the process of hearings

In addition to the above, the Holding Company has decided to acquire tax losses incurred by Thal Boshoku Pakistan (Private) Limited (TBPK) during tax year 2019 amounting to Rs. 39.215 million for set off against its tax liability.

- 9.2 In terms of the provision of Section 59AA of the Income Tax Ordinance, 2001 (the Ordinance), the Company and its wholly owned subsidiaries Makro-Habib Pakistan Limited and A-One Enterprises (Private) Limited have irrevocably opted to be taxed as one fiscal unit for the tax year 2020.

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There were no material changes in the status of contingencies as reported in the annual consolidated financial statements for the year ended June 30, 2019.

10.2 Commitments

10.2.1 Letter of guarantees issued by banks on behalf of the Group amounts to Rs. 606.651 million (June 30, 2019: Rs. 1,418.898 million).

10.2.2 Post dated cheques issued to collector of Customs amounts to Rs. 41.272 million (June 30, 2019: Rs. 141.811 million)

10.2.3 Letter of credits outstanding for raw material and spares amounts to Rs. 1,373.855 million (June 30, 2019: Rs. 684.297 million).

10.2.4 Commitments in respect of capital expenditure amounts to Rs. 946.893 million (June 30, 2019: Rs. 1,049.042 million).

10.2.5 Commitments for rentals under Ijarah agreements in respect of vehicles and computers to a related party amount to Rs. 44.624 million (June 30, 2019: 42.995 million).

10.2.6 Commitments for rentals under operating lease agreements in respect of Land amount to Rs. 2,386.139 million (June 30, 2019: Rs. 2,386.139 million)

Quarter ended	
Sep 30, 2019	Sep 30, 2018
(Un-audited)	
(Rupees in thousands)	

11 OTHER INCOME

Income from financial assets

Dividend income	68,623	429
Profit earned on call deposits and short-term investments	136,710	60,705
Gain on revaluation / redemption of investments at fair value through profit and loss	80,727	93,714
Others	15,076	2,158
	<u>301,136</u>	<u>157,006</u>

Income from non-financial assets

Gain on disposal of property, plant and equipment	2,920	1,262
Rental income	393,624	378,094
Others	73,742	64,321
	<u>470,286</u>	<u>443,677</u>
	<u><u>771,422</u></u>	<u><u>600,683</u></u>

Quarter ended	
Sep 30, 2019	Sep 30, 2018
(Un-audited)	
(Rupees in thousands)	

12 BASIC AND DILUTED EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Holding Company, which is based on:

Profit after taxation attributable to the equity holders of the holding company	<u>570,399</u>	<u>875,296</u>
	Number of shares in thousands	
Weighted average number of ordinary shares of Rs. 5/- each in issue	<u>81,030</u>	<u>81,030</u>
	Rupees	
Basic and diluted earnings per share	<u>7.04</u>	<u>10.80</u>

13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the Group comprise associate companies with common directorship, retirement funds, directors and key management personnel. Detail of transactions and balances with related parties during the period, other than those disclosed elsewhere in these consolidated condensed interim financial statements, are as follows:

Relationship	Nature of transactions	Quarter ended	
		Sep 30, 2019	Sep 30, 2018
		(Un-audited)	
		(Rupees in thousands)	
Associates	Sales	1,716,870	3,070,980
	Professional Services rendered	64,130	53,742
	Rental Income on properties	398,856	381,491
	Insurance premium	12,045	9,179
	Purchase of assets	176	2,863
	Purchase of goods	125,827	138,642
	Insurance claim received	3,619	3,581
	Mark-up and bank charges paid	6,469	1,269
	Profit received	35,991	14,817
	Supplies purchased	9,674	10,898
	Licence fee, signage and others	1,659	-
	Ijarah Rentals	8,293	5,852
Employee benefit plans	Contribution to provident fund	14,853	11,970
	Contribution to retirement benefit fund	2,135	2,128
Key management personnel	Key management personnel compensation	33,542	38,972

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the financial assets and liabilities is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale. Investment in associates are carried using equity method of accounting.

Financial assets measured at fair value through profit or loss and financial instruments measured at fair value through other comprehensive income which are tradable in an open market are revalued at the market prices prevailing on the statement of financial position date (Level 1 Valuation). The estimated fair value of all other financial assets and liabilities is considered not significantly different from their book values.

There were no transfers amongst levels during the period.

15 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks. These consolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 30 June 2019. There have been no changes in any risk management policies since the year end.

16 SEGMENT ANALYSIS

Quarter ended									
Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018
Engineering		Building material and allied products		Real estate management & others		Elimination		Total	

-----Rupees in thousand-----

SALES REVENUE	<u>2,449,775</u>	<u>3,721,513</u>	<u>1,674,859</u>	<u>1,363,548</u>	<u>100,181</u>	<u>108,795</u>	<u>(38,311)</u>	<u>(45,668)</u>	<u>4,186,504</u>	<u>5,148,188</u>
SEGMENT RESULT	46,574	690,729	171,282	114,289	311,535	293,702	114	-	529,505	1,098,720
Unallocated corporate (expenses) / income:										
Administrative & distribution costs									(203,849)	(204,040)
Other income									325,236	178,441
Operating profit									650,892	1,073,121
Finance cost									(39,873)	(3,457)
Other charges									(20,092)	(52,133)
Share in profit of associates									272,590	271,922
Taxation									(213,157)	(309,660)
									650,360	979,793

17 SUBSEQUENT EVENT

The Board of Directors has recommended final cash dividend of Rs. 5.50 per share for the year ended June 30, 2019. These consolidated condensed interim financial statements do not reflect the payment of cash dividend which will be approved by the shareholders in the annual general meeting to be held on October 26, 2019.

18 GENERAL

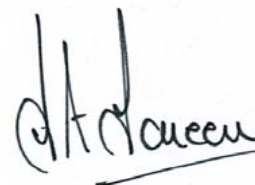
Figures have been rounded off to the nearest thousands.

19 DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on October 25, 2019 by the Board of Directors of the Holding Company.



Shahid Saleem
Chief Financial Officer



Muhammad Tayyad Ahmad Tareen
Chief Executive



Salman Burney
Director