

# Thal Limited

## UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2017

	Note	Sep 30, 2017 (Un-audited)	June 30, 2017 (Audited)
(Rupees in thousands)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	1,089,755	1,019,171
Intangible assets		8,356	9,788
Investment property		1,004	1,009
Long-term investments	5	4,263,557	4,143,986
Long-term loans	6	535,426	411,425
Long-term deposits		14,048	13,964
Deferred tax asset - net		206,320	186,642
		<u>6,118,466</u>	<u>5,785,985</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		113,334	101,460
Stock-in-trade	7	3,097,831	2,913,980
Trade debts		1,325,507	1,041,399
Loans and advances		76,329	63,911
Trade deposits and short-term prepayments		76,400	78,321
Interest accrued		1,218	1,683
Other receivables		83,504	76,738
Short-term investments	8	7,110,431	6,707,942
Income Tax - net		-	72,269
Sales tax refundable		-	61,254
Cash and bank balances		311,916	522,284
		<u>12,196,470</u>	<u>11,641,241</u>
<b>TOTAL ASSETS</b>		<u><b>18,314,936</b></u>	<u><b>17,427,226</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 100,000,000 (June 30, 2017: 100,000,000) ordinary shares of Rs.5 each		<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid-up capital 81,029,909 (June 30, 2017: 81,029,909) ordinary shares of Rs. 5/- each		405,150	405,150
Reserves		<u>15,502,215</u>	<u>15,027,930</u>
		<u>15,907,365</u>	<u>15,433,080</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term deposits		1,624	1,624
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,257,218	1,983,384
Short-term running finance		14,390	9,137
Accrued mark-up		1	1
Income Tax - net	9	77,877	-
Sales tax payable		56,461	-
		<u>2,405,947</u>	<u>1,992,522</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
<b>TOTAL EQUITIES AND LIABILITIES</b>		<u><b>18,314,936</b></u>	<u><b>17,427,226</b></u>

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

  
Mazhar Valjee  
Chief Executive

  
Salman Burney  
Director

  
Shahid Saleem  
Chief Financial Officer

# Thal Limited

## UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED SEPTEMBER 30, 2017 (UN-AUDITED)

	Note	Quarter Ended	
		Sep 30, 2017	Sep 30, 2016
(Rupees in thousands)			
Revenue - net		4,090,615	3,559,943
Cost of sales		<u>(3,358,614)</u>	<u>(2,780,421)</u>
<b>Gross Profit</b>		<b>732,001</b>	<b>779,522</b>
Distribution costs		<u>(55,649)</u>	<u>(61,593)</u>
Administrative expenses		<u>(172,069)</u>	<u>(148,581)</u>
Other charges		<u>(46,393)</u>	<u>(58,780)</u>
Other income		<u>(274,111)</u>	<u>(268,954)</u>
	11	<u>198,608</u>	<u>284,778</u>
<b>Operating Profit</b>		<b>656,498</b>	<b>795,346</b>
Finance costs		<u>(3,957)</u>	<u>(2,237)</u>
<b>Profit before taxation</b>		<b>652,541</b>	<b>793,109</b>
Taxation		<u>(152,989)</u>	<u>(190,793)</u>
<b>Profit after taxation</b>		<u><b>499,552</b></u>	<u><b>602,316</b></u>
<b>Rupees</b>			
Basic and diluted earnings per share	12	<u>6.17</u>	<u>7.43</u>

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.



Mazhar Valjee  
Chief Executive



Salman Burney  
Director



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Chief Financial Officer

# Thal Limited

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED SEPTEMBER 30, 2017 (UN-AUDITED)

Note	Quarter ended	
	Sep 30, 2017	Sep 30, 2016
	(Rupees in thousands)	
<b>Profit after taxation</b>	499,552	602,316
<b>Other comprehensive income</b>		
<b>Item to be reclassified to profit and loss account in subsequent periods:</b>		
(Loss) / gain on revaluation of available for sale investments	(25,267)	19,911
<b>Total comprehensive income for the period</b>	<u>474,285</u>	<u>622,227</u>

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.



Mazhar Valjee  
Chief Executive



Salman Burney  
Director



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Chief Financial Officer

# Thal Limited


## UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT FOR THE PERIOD ENDED SEPTEMBER 30, 2017 (UN-AUDITED)

	Sep 30, 2017	Sep 30, 2016
	(Rupees in thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	652,541	793,109
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	43,682	27,869
Finance costs	3,957	2,237
Profit earned on call deposits and short-term investments	(70,518)	(47,742)
Liabilities no longer payable written back	(83)	-
Gain on revaluation / redemption of investments at fair value through profit and loss	(29,783)	(9,217)
Dividend income	(78,368)	(213,827)
Provision for impairment of trade debts	6,520	15,987
Reversal of provision for impairment on loan to Makro Habib Pakistan Limited	(6,766)	-
Provision for retirement benefits	1,767	1,433
Gain on disposal of property, plant and equipment	(451)	(2,179)
	<u>(130,043)</u>	<u>(225,439)</u>
	522,498	567,670
(Increase) / decrease in current assets		
Stores, spares and loose tools	(11,874)	(4,861)
Stock-in-trade	(183,851)	(443,560)
Trade debts	(290,628)	(151,991)
Loans and advances	(5,652)	(19,609)
Trade deposits and short-term prepayments	1,921	5,998
Other receivables	(1,999)	(1,048)
Increase / (decrease) in current liabilities		
Trade and other payables	280,614	274,982
Sales tax payable	117,715	46,291
	<u>(93,754)</u>	<u>(293,798)</u>
Cash generated from operations	428,744	273,872
Finance costs paid	(3,957)	(2,279)
Retirement benefits paid	(6,199)	(5,092)
Income tax paid	(22,521)	(17,096)
Long-term loans	999	1,012
Long-term deposits - net	(84)	-
Net cash generated from operating activities	<u>396,982</u>	<u>250,417</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(117,635)	(28,179)
Long-term loans to subsidiaries - net	(125,000)	6,000
Dividends received	73,601	318
Profit received on call deposits and short-term investments	82,788	52,561
Proceeds from disposal of property, plant and equipment	3,313	2,273
Long-term investments made during the period	(144,838)	(36,362)
Short-term investments made during the period	(508,761)	(1,510,821)
Net cash used in investing activities	<u>(736,532)</u>	<u>(1,514,210)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(321)	(56,129)
Net cash used in financing activities	<u>(321)</u>	<u>(56,129)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(339,871)</u>	<u>(1,319,922)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>4,970,397</u>	<u>4,042,926</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>4,630,526</u>	<u>2,723,004</u>
Cash and bank balances	311,916	342,200
Short-term investments	4,333,000	2,390,361
Short-term running finance	(14,390)	(9,557)
	<u>4,630,526</u>	<u>2,723,004</u>

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

  
Mazhar Valjee  
Chief Executive

  
Salman Burney  
Director

  
Shahid Saleem  
Chief Financial Officer

# Thal Limited

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2017

	RESERVES				Gain / (loss) on changes in fair value of available for sale investments	Total Equity
	Issued, subscribed & paid-up capital	Capital Reserve	General Reserve	Unappropriated profit		
	----- (Rupees in '000) -----					
<b>Balance as at June 30, 2016 (Audited)</b>	405,150	55,704	9,796,999	1,875,317	94,408	12,227,578
Transfer to general reserve	-	-	1,368,500	(1,368,500)	-	-
Final dividend @ Rs. 6.25/- per share for the year ended June 30, 2016	-	-	-	(506,437)	-	(506,437)
Profit for the period	-	-	-	602,316	-	602,316
Other comprehensive income	-	-	-	-	19,911	19,911
Total comprehensive income	-	-	-	602,316	19,911	622,227
<b>Balance as at September 30, 2016 (Un-Audited)</b>	<b>405,150</b>	<b>55,704</b>	<b>11,165,499</b>	<b>602,696</b>	<b>114,319</b>	<b>12,343,368</b>
<b>Balance as at June 30, 2017 (Audited)</b>	<b>405,150</b>	<b>55,704</b>	<b>11,165,499</b>	<b>3,662,802</b>	<b>143,925</b>	<b>15,433,080</b>
Transfer to general reserve	-	-	2,366,000	(2,366,000)	-	-
Profit for the period	-	-	-	499,552	-	499,552
Other comprehensive income	-	-	-	-	(25,267)	(25,267)
Total comprehensive income	-	-	-	499,552	(25,267)	474,285
<b>Balance as at September 30, 2017 (Un-Audited)</b>	<b>405,150</b>	<b>55,704</b>	<b>13,531,499</b>	<b>1,796,354</b>	<b>118,658</b>	<b>15,907,365</b>

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Mazhar Valjee  
Chief Executive

  
Salman Burney  
Director

  
Shahid Saleem  
Chief Financial Officer

# Thal Limited

## NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2017

### 1 THE COMPANY AND ITS OPERATIONS

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

The Company is engaged in the manufacture of jute goods, engineering goods, papersack and laminate sheets. The Jute operation is at Muzaffargarh, engineering operation at Karachi, papersack operation at Hub and Gadoon and laminate operation located at Hub. The registered office of the Company is situated at 4th Floor, House of Habib, 3 Jinnah Co-operative Housing Society, Block 7/8, Sharae Faisal, Karachi.

- 1.2 These unconsolidated condensed interim financial statements are separate condensed interim financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest and are not consolidated or accounted for using equity method.

### 2 BASIS OF PREPARATION

- 2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34, "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

- 2.2 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the annual audited unconsolidated financial statements and should be read in conjunction with the Company's audited unconsolidated financial statements for the year ended June 30, 2017.

### 3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's audited unconsolidated financial statements for the year ended June 30, 2017. The Company has adopted certain amended International Financial Reporting Standards which became effective during the period and reported in note 5.1 to the audited unconsolidated financial statements for the year ended June 30, 2017. The adoption of such amended standards did not have any effect on these unconsolidated condensed interim financial statements.

### 4 PROPERTY, PLANT AND EQUIPMENT

	Note	Sep 30, 2017 (Un-audited) (Rupees in thousands)	June 30, 2017 (Audited)
Operating fixed assets	4.1	904,213	928,841
Capital work-in-progress	4.2	185,542	90,330
		<u>1,089,755</u>	<u>1,019,171</u>

# Thal Limited

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

	Additions at cost		Deletions on book value	
	Sep 30,		Sep 30,	
	2017 (Un-audited)	2016	2017 (Un-audited)	2016
	(Rupees in '000)			
Operating Fixed Assets				
Plant and machinery	13,393	333	-	-
Furniture and fittings	36	148	-	-
Vehicles	-	-	2,691	94
Office and mills equipment	477	1,037	-	-
Computer equipment	2,267	1,522	171	-
Jigs and fixtures	3,963	18,908	-	-
	<u>20,136</u>	<u>21,948</u>	<u>2,862</u>	<u>94</u>

4.2 During the period, capital work in progress amounting to Rs. 16.626 million (September 30, 2016: Rs. 2.139 million) was transferred to operating fixed assets.

Note	Sep 30, 2017 (Un-audited)	June 30, 2017 (Audited)
	(Rupees in thousands)	

## 5 LONG-TERM INVESTMENTS

### Investment in related parties

#### Subsidiaries, un-quoted - at cost

Noble Computer Services (Private) Limited	1,086	1,086
Pakistan Industrial Aids (Private) Limited	10,000	10,000
Habib METRO Pakistan (Private) Limited	2,789,223	2,789,223
A-One Enterprises (Private) Limited	61,395	61,395
Thal Boshoku Pakistan (Private) Limited	104,500	104,500
Thal Power (Private) Limited	100	100
Makro Habib Pakistan Limited (MHPL)	223,885	223,885
Less: Provision for impairment of investment in MHPL	(223,885)	(223,885)
	<u>2,966,304</u>	<u>2,966,304</u>

#### Associates - at cost

##### Quoted

Indus Motor Company Limited	48,900	48,900
Habib Insurance Company Limited	561	561
Agriauto Industries Limited	9,473	9,473
Shabbir Tiles and Ceramics Limited	21,314	21,314
	<u>80,248</u>	<u>80,248</u>

#### Other investments - available for sale

##### Quoted - at fair value

Habib Sugar Mills Limited	74,677	69,916
GlaxoSmithKline (Pakistan) Limited	401	430
Dynea Pakistan Limited	60,049	82,156
Allied Bank Limited	15,908	16,295
Habib Bank Limited	11,771	17,526
TPL Properties Limited	10,500	12,250
	<u>173,306</u>	<u>198,573</u>

##### Un-Quoted - at cost

Sindh Engro Coal Mining Company Limited	1,043,699	898,861
	<u>4,263,557</u>	<u>4,143,986</u>

# Thal Limited

## 6 LONG-TERM LOANS

These include interest free loan amounting to Rs. 525.436 million (June 30, 2017: 400.436 million) given for purchase of shares of Thal Nova Power Thar (Private) Limited (ThalNova) to Thal Power (Private) Limited. The loan is likely to be converted into share capital based on the progress achieved by ThalNova for its underlying project.

	Note	Sep 30, 2017 (Un-audited)	June 30, 2017 (Audited)
(Rupees in thousands)			
<b>7 STOCK-IN-TRADE</b>			
Raw material			
In hand		1,567,977	1,868,669
In transit		592,065	384,306
Work-in-process		161,834	156,863
Finished goods		775,955	504,142
	7.1	<u>3,097,831</u>	<u>2,913,980</u>

7.1 This includes items amounting to Rs. 646.694 million (June 30, 2017 : Rs. 690.797 million) carried at net realizable value. [Cost Rs. 698.201 million (June 30, 2017: Rs. 734.922 million)]

## 8 SHORT-TERM INVESTMENTS

8.1 These represent investment in Term Deposit Receipts amounting to Rs. 3,539.070 million (June 30, 2017: Rs. 3,493,246 million), Government Treasury Bills amounting to Rs. 1,240.407 million (June 30, 2017: Rs. 993.524 million) and Mutual Funds amounting to Rs. 2,330.954 million (June 30, 2017: 2,221.172 million).

8.2 Term deposit receipts include Rs. 1,901.953 million (June 30, 2017: Rs. 1,257.408 million) maintained with Habib Metropolitan Bank, a related party.

	Note	Sep 30, 2017 (Un-audited)	June 30, 2017 (Audited)
(Rupees in thousands)			
<b>9 INCOME TAX - NET</b>			
Group Tax Relief adjustments	9.1	(593,466)	(593,466)
Group Taxation adjustments	9.2	(10,054)	(10,040)
Income tax provisions less tax payments - net		681,397	531,237
		<u>77,877</u>	<u>(72,269)</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 Company adjusted its tax liabilities for the tax years 2008 to 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.



# Thal Limited

**9.2** In terms of the provision of Section 59AA of the Income Tax Ordinance, 2001 (the Ordinance), the Company, MHPL and A-One Enterprises (Private) Limited have irrevocably opted to be taxed as one fiscal unit for the tax year 2018.

## 10 CONTINGENCIES AND COMMITMENTS

### 10.1 Contingencies

There were no material changes in the status of contingencies as reported in the annual unconsolidated financial statements for the year ended June 30, 2017 except the following:

**10.1.1** Letter of guarantees issued by banks on behalf of the company amount to Rs. 1,768.902 million (June 30, 2017: Rs. 2,151.283 million).

**10.1.2** Post dated cheques issued to Collector of Customs amounts to Rs. 43.321 million (June 30, 2017: Rs. 103.974 million).

### 10.2 Commitments

**10.2.1** Letter of credits outstanding for raw material and spares amounts to Rs. 1,357.596 million (June 30, 2017: Rs. 725.450 million).

**10.2.2** Commitments in respect of capital expenditure are Rs. 79.920 million (June 30, 2017: Rs. 66.817 million).

**10.2.2** Commitments for rentals under ljarah agreements in respect of vehicles amount to Rs. 30.050 (June 30, 2017: Rs. 21.424 million).

Sep 30, 2017	Sep 30, 2016
(Un-audited)	
(Rupees in thousands)	

## 11 OTHER INCOME

### Income from financial assets

Dividend income	78,368	213,827
Profit earned on call deposits and short-term investments	70,518	47,742
Gain on revaluation / redemption of investments at fair value through profit and loss	29,783	9,217
Others	7,114	291
	185,783	271,077

### Income from non-financial assets

12,825	13,701
198,608	284,778

## 12 BASIC AND DILUTED EARNINGS PER SHARE

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

Profit after taxation	499,552	602,316
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### Number of shares in thousands

Weighted average number of ordinary shares of Rs. 5/- each in issue	81,030	81,030
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### Rupees

Basic and diluted earnings per share	6.17	7.43
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# Thal Limited

## 13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the Company comprise subsidiaries and 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 unconsolidated condensed interim financial statements, are as follows:

Relationship	Nature of transactions	Sep 30,	Sep 30,
		2017	2016
		(Un-audited)	
		(Rupees in thousands)	
Subsidiaries	Professional Services acquired	40,620	29,851
	Purchase of goods	548	191
	Rent received	1,319	1,319
	Service Fee	6,930	6,930
	Benefit against tax loss acquired	157	1,668
	Sale of assets	1,568	-
Associates	Sales of goods	2,362,990	2,219,173
	Insurance premium	7,680	7,328
	Purchase of assets	2,653	-
	Purchase of goods	31,381	-
	Supplies purchased	2,183	8,344
	Insurance claim received	1,338	35
	Mark-up and bank charges paid	2,357	1,482
	Profit received on call deposits and short-term investments	28,624	16,141
	Rent paid	216	1,856
Employee benefit plans	Contribution to provident fund	10,186	6,278
	Contribution to retirement benefit fund	2,972	2,372
Key management personnel	Key management personnel compensation	50,957	55,049
		Sep 30,	June 30,
		2017	2017
		(Un-audited)	(Audited)
		(Rupees in thousands)	
<b>Balances</b>			
	Receivable from associates in respect of trade debts	414,333	268,307
	Prepayments made to associates	6,815	5,757
	Other receivables from subsidiaries	64,485	73,753
	Other receivables from associates	15,890	141
	Bank balances with associates	174,663	396,398
	Payable to subsidiaries in respect of trade and other payables	3,242	9,109
	Payable to associates in respect of trade and other payables	10,851	6,094
	Payable to associate in respect of short-term running finance	14,207	5,473

13.1 The investments in related parties are disclosed in note 5 and 8 to the unconsolidated condensed interim financial statements.

# Thal Limited

## 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 subsidiary companies and associates are carried at cost.

Available-for-sale financial assets and financial assets designated at fair value through profit and loss account which are tradable in an open market are revalued at the market prices prevailing on the balance sheet 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 GENERAL

15.1 Figures have been rounded off to the nearest thousands.

15.2 Corresponding figures have been re-arranged, wherever necessary. However, there were no significant rearrangements to report.

## 16 DATE OF AUTHORISATION FOR ISSUE

This unconsolidated condensed interim financial statements were authorised for issue on October 26, 2017 by the Board of Directors of the Company.

17 The Board of Directors has recommended final cash dividend of Rs. 16.00 per share for the year ended June 30, 2017. These unconsolidated condensed interim financial statements do not reflect the payment of cash dividend which has been approved by the shareholders in the annual general meeting held on October 9, 2017.



Mazhar Valjee  
Chief Executive



Salman Burney  
Director



Shahid Saleem  
Chief Financial Officer