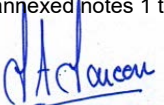


THAL LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

	Note	September 30, 2020 (Un-audited) (Rupees in thousands)	June 30, 2020 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	3,049,237	3,118,492
Intangible assets		157,509	172,696
Investment property		989	990
Long-term investments		5,873,455	5,795,615
Long-term loans	7	1,938,786	1,927,286
Long-term deposits		16,259	16,259
Deferred tax asset		219,518	204,927
		11,255,753	11,236,265
CURRENT ASSETS			
Stores, spares and loose tools		128,676	127,155
Stock-in-trade	8	5,446,711	5,553,816
Trade debts		2,628,105	2,507,538
Loans and advances		62,866	42,056
Trade deposits and short-term prepayments	9	347,029	186,006
Interest accrued		20,403	15,679
Other receivables		406,585	185,009
Short-term investments	10	4,684,543	3,413,334
Cash and bank balances		853,236	849,429
		14,578,154	12,880,022
TOTAL ASSETS		25,833,907	24,116,287
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 200,000,000 (June 30, 2019: 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, 2019: 81,029,909) ordinary shares of Rs.5/- each		405,150	405,150
Reserves		21,290,585	20,496,003
		21,695,735	20,901,153
NON-CURRENT LIABILITIES			
Long-term deposits		1,463	1,463
Long-term borrowing		149,355	149,355
		150,818	150,818
CURRENT LIABILITIES			
Trade and other payables		3,236,728	2,684,480
Accrued mark-up		1,234	263
Unclaimed dividend		66,195	66,197
Unpaid dividend		45,122	45,252
Current portion of long-term borrowing		49,786	49,786
Lease liabilities		6,332	8,443
Short-term financing	12	361,000	145,000
Income tax - net	11	141,770	23,022
Sales tax payable		79,187	41,873
		3,987,354	3,064,316
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		25,833,907	24,116,287

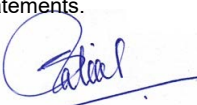
The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive



Director

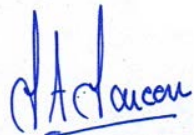


Chief Financial Officer

THAL LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020
(UN-AUDITED)

	Note	Quarter ended	
		September 30, 2020	September 30, 2019
(Rupees in thousands)			
Revenue – net		5,057,364	3,998,158
Cost of sales		<u>(4,271,619)</u>	<u>(3,649,984)</u>
Gross profit		785,745	348,174
Distribution costs		<u>(57,226)</u>	<u>(50,215)</u>
Administrative expenses		<u>(193,783)</u>	<u>(178,775)</u>
Other charges	14	<u>(18,520)</u>	<u>(60,671)</u>
		(269,529)	(289,661)
Other income	15	418,114	229,348
Operating profit		934,330	287,861
Finance cost		<u>(6,353)</u>	<u>(2,574)</u>
Profit before taxation		927,977	285,287
Taxation		<u>(211,235)</u>	<u>(90,898)</u>
Profit after taxation		716,742	194,389
		Rupees	Rupees
Basic and diluted earnings per share		<u><u>8.85</u></u>	<u><u>2.40</u></u>

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive



Director

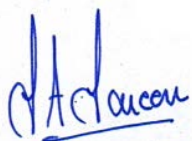


Chief Financial Officer

THAL LIMITED
 UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED SEPTEMBER 30, 2020
 (UN-AUDITED)

	Quarter ended	
	September 30, 2020	September 30, 2019
	(Rupees in thousands)	
Profit after taxation	716,742	194,389
Other comprehensive income		
<i>Items not to be reclassified to unconsolidated condensed interim statement of profit or loss in subsequent periods:</i>		
Gain / (loss) on revaluation of investments at fair value through other comprehensive income (OCI)	77,840	(4,098)
Total comprehensive income	794,582	190,291

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



 Chief Executive



 Director

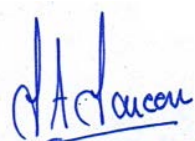


 Chief Financial Officer

THAL LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	RESERVES					Total Equity
	Issued, subscribed & paid-up capital	Capital Reserve	General Reserve	Unappropriated profit	Gain on revaluation of investments at fair value through OCI	
	----- (Rupees in '000) -----					
Balance as at June 30, 2019 (Audited)	405,150	55,704	15,123,499	2,952,475	94,631	18,631,459
First time adoption of IFRS 16	-	-	-	(3,145)	-	(3,145)
Deferred tax impact	-	-	-	912	-	912
	405,150	55,704	15,123,499	2,950,242	94,631	18,629,226
Transfer to general reserve	-	-	2,506,500	(2,506,500)	-	-
Profit after taxation	-	-	-	194,389	-	194,389
Other comprehensive income	-	-	-	-	(4,098)	(4,098)
Total comprehensive income	-	-	-	194,389	(4,098)	190,291
Balance as at September 30, 2019 (Un-audited)	405,150	55,704	17,629,999	638,131	90,533	18,821,750
Balance as at June 30, 2020 (Audited)	405,150	1,006,915	17,629,999	1,743,690	115,399	20,901,153
Transfer to general reserve	-	-	1,460,000	(1,460,000)	-	-
Other comprehensive income	-	-	-	716,742	-	716,742
Total comprehensive income	-	-	-	716,742	77,840	794,582
Balance as at September 30, 2020 (Un-audited)	405,150	1,006,915	19,089,999	1,000,432	193,239	21,695,735

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive



Director

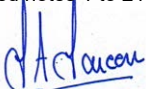


Chief Financial Officer

THAL LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020
(UN-AUDITED)

	Quarter ended	
	September 30, 2020	September 30, 2019
	(Rupees in thousands)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	927,977	285,287
Adjustments for non-cash charges and other items:		
Depreciation on:		
- Operating fixed assets	122,432	96,346
- Right-of-use assets	1,476	1,476
- Investment property	1	1
Gain on disposal of operating fixed assets	(2,147)	(2,862)
Amortization	15,187	6,416
Finance cost of:		
- Lease liabilities	293	519
- Others	6,060	2,055
Dividend income	(191,478)	(121,448)
Interest earned on deposits accounts and short term investments	(31,637)	(37,660)
Gain on redemption of investments at fair value through profit or loss	(19,031)	(31,138)
(Gain) / Provision for expected credit losses	(46,964)	40,538
Provision for staff retirement benefits	1,749	3,773
	(144,059)	(41,984)
Increase in current assets		
Stores, spares and loose tools	(1,521)	(5,353)
Stock-in-trade	107,105	38,923
Trade debts	(73,603)	650,461
Loans and advances	(20,810)	(62,153)
Trade deposits and short-term prepayments	(161,023)	72,656
Other receivables	(60,289)	(36,140)
Sales tax refundable	37,314	113,896
	(172,827)	772,290
(Decrease) / Increase in current liabilities		
Trade and other payables	550,198	(130,380)
Cash generated from / (used in) operations	1,161,289	885,213
Finance cost paid	(5,382)	(2,574)
Staff retirement benefits paid	301	(3,773)
Income tax paid	(107,078)	(47,363)
Long-term loans - net	-	999
Long-term deposits - net	-	(200)
Net cash from / (used in) operating activities	1,049,130	832,302
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant & equipment	(56,189)	(74,769)
Additions to intangible assets	-	(22,269)
Sale proceeds from disposal of operating fixed assets Long-term loan to subsidiary	3,683	4,188
Dividend income received	(11,500)	-
Interest received on call deposits and short-term investments	30,191	52,172
Long-term investments made during the period	22,752	57,073
Short-term investments made during the period	-	(33,144)
Short-term investments encashed during the period	(2,208,017)	(44,612)
Net cash (used in) / generated from investing activities	(2,219,080)	(61,361)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(132)	(530)
Short-term financing	216,000	-
Payment against lease liabilities	(2,111)	(1,627)
Net cash used in financing activities	213,757	(2,157)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(956,193)	768,784
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3,055,379	1,657,208
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,099,186	2,425,992
Cash and bank balances	853,236	584,815
Short-term investments - Term Deposit Receipts	1,245,950	1,841,177
	2,099,186	2,425,992

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020
(UN-AUDITED)

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 Limited.

The Company is engaged in the manufacture of jute goods, engineering goods, papersack and laminate sheets. The jute operations are located at Muzaffargarh, Punjab, engineering operations at Karachi, Sindh, papersack operations at Hub, Balochistan and Gadoon, Khyber Pakhtunkhwa and laminate operations at Hub, Balochistan. The registered office of the Company is situated at 4th Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Shahrah-e-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 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 Standards 34; 'Interim Financial Reporting', (IAS 34) issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act),
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Act; and
- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act and IFAS differ with the requirements of IAS 34, the provisions of and directives issued under the Act and IFAS have been followed.

- 2.2** These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2020.

- 2.3** These unconsolidated condensed interim financial statements are unaudited and are being submitted to the shareholders in accordance with section 237 of the Act.

3 ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the Company's annual audited financial statements for the year ended June 30, 2020.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of unconsolidated 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 unconsolidated condensed interim financial statements are same as those applied in the Company's annual unconsolidated financial statements for the year ended June 30, 2020, except as disclosed otherwise.

	Note	September 30, 2020 (Un-audited) (Rupees in thousands)	June 30, 2020 (Audited)
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1 & 5.2	2,984,725	3,057,278
Capital work-in-progress	5.3	64,512	61,214
		<u>3,049,237</u>	<u>3,118,492</u>

5.1 Details of additions and disposals are as follows:

	Additions at cost		Disposals at net book value	
	Quarter ended September 30, 2020 (Un-audited)	Quarter ended September 30, 2019 (Un-audited)	Quarter ended September 30, 2020 (Un-audited)	Quarter ended September 30, 2019 (Un-audited)
	----- (Rupees in thousands) -----			
Building on freehold land	19,186	13,023	-	-
Plant and machinery	3,144	2,638	156	-
Furniture and fittings	570	-	3	13
Vehicles	97	206	1,237	1,195
Office and mills equipment	2,674	8,553	140	27
Computer equipment	4,568	2,360	-	91
Jigs and fixtures	22,652	581	-	-
	<u>52,891</u>	<u>27,361</u>	<u>1,536</u>	<u>1,326</u>

5.2 This includes right-of-use assets amounting to Rs. 4.429 million.

5.3 Details of additions at cost are as follows:

	September 30, 2020 (Un-audited) (Rupees in thousands)	September 30, 2019 (Audited)
Plant and machinery	4,314	-
Office and mills equipment	7,960	-
Computer equipment	-	42,004
Jigs and fixtures	-	7,426
Civil works	-	28,463
	<u>12,274</u>	<u>77,893</u>

6 LONG-TERM INVESTMENTS

This represents investment in an associate established for the construction of coal mine. Although the Company has less than 20% equity interest in the associate, the management believes that it has significant influence due to the contractual agreement with the shareholders. The Company undertook to invest a total of USD 25.6 million to expand the mine to 7.6 mtpa. Phase I of the Project achieved commercial operations in July 2019 and Phase II achieved financial close in Dec 2019. As on the statement of financial position date the Company has invested Rs. 2,365.311 million acquiring 159,602,637 ordinary shares having face value of Rs. 10 each, at a price of Rs. 14.82 per share. The balance commitment of the investment is USD 5.5 million.

7 LONG-TERM LOANS

This includes interest free loan amounting to Rs 1,663.786 million (June 30, 2020: Rs 1,652.286 million) provided to Thal Power (Private) Limited for investment in ThalNova Power Thar (Private) Limited (TNTPL) which is a company developing a coal based power plant. During the period the Company granted further loan of Rs 11.5 million to Thal Power (Private) Limited. The loan is likely to be converted into equity based on the progress achieved by TNTPL for its underlying project.

The Company undertook to invest USD 34.3 million in PKR equivalent and upto the statement of financial position date it has invested Rs. 1,534.534 million acquiring 153,453,275 ordinary shares having face value of Rs. 10 each. The balance commitment of the investment is USD 22.6 million in PKR equivalent. TNTPL achieved financial close on September 30, 2020.

	Note	September 30, 2020 (Un-audited) (Rupees in thousands)	June 30, 2020 (Audited)
8 STOCK-IN-TRADE			
Raw material:			
- In hand		2,979,033	4,038,282
- In transit		1,411,919	668,214
		<u>4,390,952</u>	<u>4,706,496</u>
Work-in-process		427,471	377,192
Finished goods		838,701	652,073
Less: Provision for obsolescence		(210,413)	(181,945)
		<u>5,446,711</u>	<u>5,553,816</u>

9 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Includes margin paid against letters of credit amounting to Rs. 242.203 million (June 30, 2020: Rs. 71.963 million).

10 SHORT-TERM INVESTMENTS

This represents investment in Term Deposit Receipts, Treasury Bills and units of mutual funds amounting to Rs. 1,245.95 million, Rs 1,299.831 million and Rs. 2,128.382 million (June 30, 2020: Rs 2,205.95 million, nil and Rs. 1,201.165 million), respectively.

	Note	September 30, 2020 (Un-audited) (Rupees in thousands)	June 30, 2020 (Audited)
11 INCOME TAX – net			
Group Tax Relief adjustments	10.1	684,121	683,879
Group Taxation adjustments	10.2	(48,710)	(46,197)
Income tax provision less tax payments – net		<u>(777,181)</u>	<u>(660,704)</u>
		<u>(141,770)</u>	<u>(23,022)</u>

11.1 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.593.47 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 (Appeals) (CIR) Order. The ATIR has passed an order in favour of the Company for the above tax years. In response, 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 Company had also acquired the tax losses of subsidiary, Thal Boshoku Pakistan (Private) Limited in tax year 2020 and 2019.

- 11.2** In terms of provision of Section 59AA of Income Tax Ordinance, 2001 (the Ordinance), Thal Limited and certain subsidiaries have irrevocably opted to be taxed as one fiscal unit. Accordingly, the tax loss and tax transferred by these subsidiaries under group taxation opted by the Company amounted to Rs. 0.672 million and Rs 3.185 million (September 30, 2019: Rs. 0.944 million and Rs 1.338 million), respectively.

12 SHORT TERM FINANCING

This represents Export Refinance Facility availed by the Company from a commercial bank. This carries markup at 3% per annum and is secured against a joint Pari Passu hypothecation charge on all present and future stocks, book debts and certain receivables of the Company. The portion of the facility utilized during the period amounted to Rs. 361 million and is repayable within a maximum validity of 180 days.

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

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

13.2 Commitments

- 13.2.1** Letter of guarantees issued by banks on behalf of the company amount to Rs. 3,922.576 million (June 30, 2020: Rs. 3,960.8 million)
- 13.2.2** Post dated cheques issued to Collector of Customs amount to Rs. 107.63 million (June 30, 2020: Rs. 108.275 million).
- 13.2.3** Letter of credits outstanding for raw material and spares amount to Rs. 3,247.164 million (June 30, 2020: Rs. 719.972 million).
- 13.2.4** Commitments in respect of raw material are nil (June 30, 2020: Rs. 576.655 million).
- 13.2.5** Commitments in respect of capital expenditure are Rs. 14.023 million (June 30, 2020: Rs. 28.655 million).
- 13.2.6** Commitments for rentals under Ijarah agreements to a related party in respect of vehicles amount to Rs. 68.326 million (June 30, 2020: Rs. 65.705 million).
- 13.2.7** Commitments in respect of investment is disclosed in note 6 to these unconsolidated condensed interim financial statements.

14 OTHER CHARGES

This includes reversal of allowance for expected credit losses amounting to Rs 46.964 million (September 30, 2019: charge of Rs 40.538 million).

15 OTHER INCOME

This includes dividend income, interest earned on call deposits and short term investments, interest income on loan to TBPk and gain on disposal / revaluation of investments at fair value through profit or loss amounting to Rs. 191.478 million, Rs. 26.213 million, Rs 5.424 million and Rs. 19.031 million (September 30, 2019: Rs. 121.448 million, Rs. 37.66 million, nil and Rs. 31.138 million), respectively.

16 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of subsidiaries, associates, directors, key management personnel and staff retirement benefit funds. Detail of transactions 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	Quarter ended	
		September 30, 2020	September 30 2019
		(Un-audited) (Rupees in thousands)	
Subsidiaries	Professional services acquired	41,668	38,603
	Dividend income	127,057	69,276
	Purchase of goods	197	1,072
	Loan to subsidiary	11,500	-
	Interest income on loan to subsidiary	5,424	-
	Service fee	8,100	8,100
	Tax loss and challans acquired	1,639	394
	Sale of assets	-	4,413
Associates	Sales of goods	2,319,192	1,683,283
	Dividend income	34,230	-
	Insurance premium	9,385	10,397
	Insurance claim received	1,719	3,601
	Rent received	708	708
Staff retirement benefit funds	Contribution to provident fund	11,362	12,662
	Contribution to retirement benefit fund	1,749	2,135
Key management personnel	Remuneration paid	25,758	16,703
Directors	Directors' meeting fee	220	515

17 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks. These unconsolidated 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 unconsolidated financial statements of the Company for the year ended 30 June 2020. There have been no changes in any risk management policies since the year end.

18 FAIR VALUE OF ASSETS AND LIABILITIES

There were no transfers amongst levels during the period.

19 SUBSEQUENT EVENT

The Board of Directors had recommended final cash dividend of Rs. 3.50 per share for the year ended June 30, 2020. These unconsolidated condensed interim financial statements do not reflect the payment of cash dividend which was approved by the shareholders in the Annual General Meeting held on October 22, 2020.

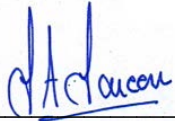
20 GENERAL

20.1 Figures have been rounded off to the nearest thousand Rupee, unless otherwise stated.

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

21 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on October 27, 2020 by the Board of Directors of the Company.



Chief Executive



Director



Chief Financial Officer