

Thal Limited

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2014

	Note	March 31, 2014 (Un-audited)	June 30, 2013 (Audited)
(Rupees in thousands)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	623,218	612,471
Investment property		1,028	1,032
Long-term investments	5	3,650,555	3,520,969
Long-term loans and deposits		10,728	6,385
Long-term prepayments		4,725	7,560
Deferred tax asset		38,994	22,024
		4,329,248	4,170,441
CURRENT ASSETS			
Stores, spares and loose tools		94,318	80,584
Stock-in-trade	6	3,351,386	2,456,436
Trade debts		1,495,163	1,007,691
Loans, advances, deposits, prepayments and other receivables		95,858	130,356
Short-term investments	7	995,948	1,804,641
Accrued profit on bank deposits		2,845	4,271
Income Tax - net	8	98,546	109,873
Cash and bank balances		515,266	727,492
		6,649,330	6,321,344
TOTAL ASSETS		10,978,578	10,491,785
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		500,000	500,000
100,000,000 (June 30, 2013: 100,000,000) ordinary shares of Rs.5 each			
Issued, subscribed and paid-up capital		405,150	405,150
Reserves		8,905,417	8,636,647
		9,310,567	9,041,797
NON-CURRENT LIABILITIES			
Long term deposits		1,714	-
CURRENT LIABILITIES			
Trade and other payables		1,587,313	1,441,774
Short-term borrowings		11,506	7,368
Accrued mark-up		25	7
Sales tax payable		67,453	839
		1,666,297	1,449,988
CONTINGENCIES AND COMMITMENTS	9	-	-
TOTAL EQUITIES AND LIABILITIES		10,978,578	10,491,785

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


ASIF RIZVI
Chief Executive


SOHAIL P. AHMED
Vice Chairman

Thal Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS ENDED MARCH 31, 2014 (Un-audited)

Note	Nine months ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	(Rupees in thousands)			
Turnover - net	8,486,225	8,793,432	3,319,039	3,680,021
Cost of sales	7,126,672	7,241,478	2,664,579	2,889,869
Gross Profit	1,359,553	1,551,954	654,460	790,152
Distribution costs	(123,371)	(127,376)	(42,881)	(58,960)
Administrative expenses	(277,338)	(232,402)	(73,374)	(75,960)
	(400,709)	(359,778)	(116,255)	(134,920)
Other income	10 503,200	435,226	114,527	154,759
Operating Profit	1,462,044	1,627,402	652,732	809,991
Finance costs	(3,665)	(11,451)	(1,242)	(1,595)
Other charges	(100,739)	(116,676)	(39,912)	(65,945)
	(104,404)	(128,127)	(41,154)	(67,540)
Profit before taxation	1,357,640	1,499,275	611,578	742,451
Taxation	(303,656)	(388,566)	(155,988)	(210,170)
Profit after taxation	1,053,984	1,110,709	455,590	532,281
	Rupees		Rupees	
Basic and diluted earnings per share	11 13.01	13.71	5.62	6.57

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


ASIF RIZVI
Chief Executive


SOHAIL P. AHMED
Vice Chairman

Thal Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED MARCH 31, 2014 (Un-audited)

Nine months ended		Quarter ended	
March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013

(Rupees in thousands)

Profit after taxation	1,053,984	1,110,709	455,590	532,281
Other comprehensive income				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
Gain/(loss) on revaluation of available for sale investments	25,086	2,560	16,014	(1,128)
Total comprehensive income for the period - net of tax	<u>1,079,070</u>	<u>1,113,269</u>	<u>471,604</u>	<u>531,153</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



ASIF RIZVI
Chief Executive



SOHAIL P. AHMED
Vice Chairman

Thal Limited

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED MARCH 31, 2014 (Un-audited)

	March 31,	
	2014	2013
	(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,357,640	1,499,275
Adjustments for non-cash charges and other items:		
Depreciation	80,591	71,692
Finance costs	3,665	11,451
Profit earned on call deposits and short term investments	(61,249)	(68,425)
Liabilities no longer payable written back	(182)	(34)
Gain on revaluation of investments at fair value through profit and loss	(49,129)	(20,874)
Dividend income	(351,135)	(295,386)
Reversal for impairment of debts	(23,801)	1,426
Provision for retirement benefits	1,659	1,699
Gain on disposal of property, plant and equipment	(5,757)	(1,486)
	<u>(405,338)</u>	<u>(299,937)</u>
	952,303	1,199,338
(Increase) / decrease in current assets		
Stores, spares and loose tools	(13,735)	(40,285)
Stock-in-trade	(894,950)	151,858
Trade debts	(463,671)	(847,507)
Loans, advances, deposits, prepayments and other receivables	32,288	24,840
Increase / (decrease) in current liabilities		
Trade and other payables	128,509	(91,068)
Sales tax payable	66,614	59,900
	<u>(1,144,945)</u>	<u>(742,262)</u>
Cash (used in) / generated from operations	(192,642)	457,076
Finance costs paid	(3,647)	(15,589)
Retirement benefits paid	(3,007)	(2,110)
Income tax paid	(309,299)	(319,931)
Net cash (used in) / generated from operating activities	<u>(508,595)</u>	<u>119,446</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(92,761)	(54,146)
Long term loans and deposits	702	2,953
Dividends received	351,135	266,046
Profit received	70,518	75,851
Proceeds from disposal of property, plant and equipment	7,219	3,810
Investment in a subsidiary	(104,500)	-
Short term investments purchased	299,980	(125,037)
Net cash generated from investing activities	<u>532,292</u>	<u>169,477</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance repaid	-	(442,500)
Dividends paid	(790,061)	(493,624)
Repayment of liabilities against assets subject to finance lease	-	(259)
Net cash used in financing activities	<u>(790,061)</u>	<u>(936,383)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(766,364)</u>	<u>(647,460)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,520,124</u>	<u>1,617,046</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>753,760</u>	<u>969,586</u>
Cash and bank balances	515,266	623,534
Short-term investments	250,000	350,000
Running finance	(11,506)	(3,948)
	<u>753,760</u>	<u>969,586</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


ASIF RIZVI
Chief Executive


SOHAIL P. AHMED
Vice Chairman

Thal Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED MARCH 31, 2014

	Issued, subscribed & paid-up capital	Reserves				Total equity
		Capital reserve	General reserve	Unappropriated profit	Gain /(Loss) on changes in fair value of available for sale investments	
Balance as at June 30, 2012 (Audited)	368,318	55,704	5,987,999	1,566,073	46,115	8,024,209
Profit for the period	-	-	-	1,110,709	-	1,110,709
Other comprehensive income	-	-	-	-	2,560	2,560
Total comprehensive income	-	-	-	1,110,709	2,560	1,113,269
Issue of bonus shares in the ratio of 2 : 10	36,832	-	-	(36,832)	-	-
Final dividend @ Rs. 5.75/= per share	-	-	-	(423,565)	-	(423,565)
Transfer to revenue reserve	-	-	1,105,000	(1,105,000)	-	-
Interim dividend @ Rs. 2.50/= per share for the year ending June 30, 2013	-	-	-	(202,575)	-	(202,575)
Balance as at March 31, 2013 (Un-audited)	405,150	55,704	7,092,999	908,810	48,675	8,511,338
Balance as at June 30, 2013 (Audited)	405,150	55,704	7,092,999	1,422,396	65,548	9,041,797
Profit for the period	-	-	-	1,053,984	-	1,053,984
Other comprehensive income	-	-	-	-	25,086	25,086
Total comprehensive income	-	-	-	1,053,984	25,086	1,079,070
Transfer to revenue reserve	-	-	814,000	(814,000)	-	-
Final dividend @ Rs. 7.50/= per share	-	-	-	(607,725)	-	(607,725)
Interim dividend @ Rs. 2.50/= per share for the year ending June 30, 2014	-	-	-	(202,575)	-	(202,575)
Balance as at March 31, 2014 (Un-audited)	405,150	55,704	7,906,999	852,080	90,634	9,310,567

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


ASIF RIZVI
Chief Executive


SOHAIL P. AHMED
Vice Chairman

Thal Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2014 (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 under the Companies Act, 1913 (now the Companies Ordinance, 1984) and is listed on the
- 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 condensed interim financial statements are separate 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 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 Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 These condensed interim financial statements do not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2013.

3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2013 except that the Company has adopted certain amended International Financial Reporting Standards (as referred to in note 6 to the financial statements for the year ended June 30, 2013 other than those yet to be notified by the SECP for the purpose of applicability in Pakistan) . The adoption of such amended standards and interpretation did not have any effect on these condensed interim financial statements.

4 PROPERTY, PLANT AND EQUIPMENT

The following additions and deletions were made in property, plant and equipment during the period:

	Additions (at cost)		Deletions (on book value)	
	Nine months ended		Nine months ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	(Rupees in thousands)			
Owned Assets				
Land - Freehold	-	-	650	-
Factory building	-	5,335	-	-
Plant and machinery	72,295	15,580	158	8
Furniture and fittings	430	1,894	-	-
Vehicles	7,421	4,558	629	2,198
Office and mills equipment	2,699	3,704	25	-
Computer equipment	1,728	4,929	-	118
Jigs and fixtures	3,121	-	-	-
	87,693	36,000	1,462	2,324
Capital work-in-progress				
Civil Works	-	18,146	-	-
Plant and machinery	5,015	-	-	-
Office and mills equipment	54	-	-	-
	5,069	18,146	-	-
	92,762	54,146	1,462	2,324

Thal Limited

5 LONG-TERM INVESTMENTS

	March 31, 2014 (Un-audited)	June 30, 2013 (Audited)
	(Rupees in thousands)	
Investment in related parties		
Subsidiaries, unquoted - at cost		
Noble Computer Services (Pvt) Limited.	1,086	1,086
Pakistan Industrial Aids (Pvt) Ltd.	10,000	10,000
Habib METRO Pakistan (Private) Limited	2,789,223	2,789,223
A-One Enterprises (Private) Limited	61,395	61,395
Makro Habib Pakistan Limited	223,885	223,885
Thal Boshoku Pakistan (Private) Limited	104,500	-
5.1	3,190,089	3,085,589
Associates - at cost		
Listed		
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	15,585	15,585
	74,519	74,519
Unlisted		
METRO Habib Cash & Carry Pakistan (Private) Limited	284,105	284,105
Other investments - at fair value		
Available for-sale - Quoted		
Habib Sugar Mills Limited	62,149	44,096
GlaxoSmithKline (Pakistan) Limited	273	185
Dynea Pakistan Limited	39,420	32,475
	101,842	76,756
	3,650,555	3,520,969

- 5.1 The investment in subsidiary company has been made pursuant to a Joint Venture Agreement between the Company, Toyota Boshoku Corporation, Japan and Toyota Tsusho Corporation, Japan, for the manufacturing of Air Cleaner set assembly, Seat Track Sub Assembly and the Seat Side Frame Sub Assembly. The Company holds 55% shares in the subsidiary company under the joint venture arrangement.

6 STOCK-IN-TRADE

Raw material		
In hand	2,101,085	1,653,805
In transit	286,901	439,914
Work-in-process	171,298	176,847
Finished goods	792,102	185,870
6.1	3,351,386	2,456,436

- 6.1 This includes items amounting to Rs. 894.971 million (June 30, 2013 : Rs. 484.391) carried at net realizable value. [Cost Rs. 929.818 million (June 30, 2013 : Rs. 500.872 million)]

7 SHORT TERM INVESTMENTS

This includes investment in Term Deposit Receipts amounting to Rs. 251.023 million (June 30, 2013: Rs. 808.845 million) and money market mutual funds amounting to Rs. 744.925 million (June 30, 2013: Rs. 995.796 million).

Thal Limited

8 INCOME TAX - NET

	March 31, 2014 <u>(Un-audited)</u>	June 30, 2013 <u>(Audited)</u>
	<u>(Rupees in thousands)</u>	
Group tax relief adjustments	8.1 593,466	593,466
Income tax provisions less tax payments - net	<u>(494,920)</u>	<u>(483,593)</u>
	<u>98,546</u>	<u>109,873</u>

- 8.1 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 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.

There was no change in the status of assessments of the Company for the tax years 2008 to 2010 as reported in the annual financial statements for the year ended June 30, 2013.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There were no major changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2013 except the following:

- 9.1.1 Letter of guarantees issued by banks on behalf of the company amounts to Rs. 21.389 million (June 30, 2013 : Rs. 67.644 million)
- 9.1.2 Post dated cheques issued to Collector of Customs amounts to Rs. 184.288 million (June 30, 2013 : Rs. 196.942 million)

9.2 Commitments

- 9.2.1 Letter of credits outstanding for raw material and spares amounts to Rs. 1,097.857 million (June 30, 2013 : Rs. 882.288 million).
- 9.2.2 Commitments in respect of capital expenditure amounts to Rs. 17.349 million (June 30, 2013 : Rs. 61.809 million)
- 9.2.3 Commitments for rentals under Ijarah agreements in respect of vehicles amount to Rs. 14.614 million (June 30, 2013: 23.371 million)

10 OTHER INCOME

This includes dividend income amounting to Rs. 351.135 million (March 31, 2013: Rs. 295.386 million) and profit on call deposits & short term investments amounting to Rs. 61.249 million (March 31, 2013: Rs. 68.425 million).

11 BASIC AND DILUTED EARNINGS PER SHARE

	Nine months ended	
	March 31, 2014 <u>(Un-audited)</u>	March 31, 2013 <u>(Audited)</u>
	<u>(Rupees in thousands)</u>	
Profit after taxation	<u>1,053,984</u>	<u>1,110,709</u>
	Number of shares in thousands	
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>13.01</u>	<u>13.71</u>

Thal Limited

12 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise companies with common directorship, retirement funds, directors and key management personnel. Detail of transactions with related parties during the period are as follows:

Transactions	Nine months ended	
	March 31, 2014	March 31, 2013
	(Un-audited)	
(Rupees in thousands)		
Sales	3,560,102	3,622,189
Professional Services acquired	60,456	49,871
Insurance premium	22,996	21,522
Purchase of assets	175	-
Purchase of goods	62,581	72,134
Insurance claim received	1,090	3,606
Mark-up and bank charges paid	4,107	5,487
Profit received	61,234	73,669
Supplies purchased	17,212	14,351
Contribution to provident fund	31,063	24,859
Contribution to retirement benefit fund	1,808	2,089
Rent paid	300	198
Rent receivable	2,094	-
Key management personnel compensation	78,688	53,902
	March 31, 2014	June 30, 2013
	(Un-audited)	(Audited)
	(Rupees in thousands)	
Balances		
Trade debts	395,540	158,568
Other receivables	8	7,663
Bank balances	471,466	637,545
Trade and other payables	2,567	9,038
Short term borrowings	11,506	6,948

13 NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors has proposed and approved an interim cash dividend of Rs. 2.50 per share for the nine months ended March 31, 2014, in its meeting held on April 18, 2014.

14 GENERAL

14.1 No reclassification to corresponding figures has been made during the current period except as follows:

Reclassification from	Reclassification to	(Rupees in thousands)
Stores, spares and loose tools	Property, plant and equipment	32,049

14.2 Figures have been rounded off to the nearest thousand.

15 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 18, 2014 by the Board of Directors of the Company.


ASIF RIZVI
 Chief Executive


SOHAIL P. AHMED
 Vice Chairman