

THAL LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

| | Note | Dec 31, 2018 (Un-audited) | June 30, 2018 (Audited) |
|--|------|---------------------------------|-------------------------------|
| (Rupees in thousands) | | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 2,824,382 | 1,947,728 |
| Intangible assets | | 19,809 | 17,521 |
| Investment property | | 6,640,568 | 6,702,921 |
| Long-term investments | 6 | 4,922,895 | 4,624,862 |
| Long-term loans | | 5,994 | 9,048 |
| Long-term deposits | | 21,711 | 21,433 |
| Long-term prepayments | | 22,501 | 22,501 |
| Deferred tax asset - net | | 115,367 | 191,145 |
| | | 14,573,227 | 13,537,159 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 152,655 | 137,465 |
| Stock-in-trade | 7 | 5,568,775 | 4,047,147 |
| Trade debts | | 2,218,976 | 1,593,086 |
| Loans and advances | | 96,856 | 105,905 |
| Trade deposits and short-term prepayments | | 246,941 | 151,110 |
| Interest accrued | | 4,705 | 2,451 |
| Other receivables | | 5,469 | 30,400 |
| Short-term investments | 8 | 7,619,985 | 9,069,237 |
| Income Tax - net | 9 | 34,571 | - |
| Sales tax refundable | | 171,051 | 105,163 |
| Cash and bank balances | | 652,043 | 1,325,900 |
| | | 16,772,027 | 16,567,864 |
| TOTAL ASSETS | | 31,345,254 | 30,105,023 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital | | 1,000,000 | 1,000,000 |
| 200,000,000 (June 30, 2018: 200,000,000) ordinary shares of Rs.5 each | | | |
| Issued, subscribed and paid-up capital | | 405,150 | 405,150 |
| 81,029,909 (June 30, 2018: 81,029,909) ordinary shares of Rs. 5/- each | | | |
| Share deposit money | | 12 | 12 |
| Reserves | | 20,974,030 | 19,957,969 |
| Equity attributable to equity holders' of the parent | | 21,379,192 | 20,363,131 |
| Non-controlling interest | | 6,570,656 | 6,484,082 |
| | | 27,949,848 | 26,847,213 |
| NON-CURRENT LIABILITIES | | | |
| Long-term deposits | | 318,983 | 319,720 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 2,789,511 | 2,672,579 |
| Unclaimed dividend | | 53,601 | 49,712 |
| Unpaid dividend | | 52,116 | 47,954 |
| Short-term borrowings | | 164,834 | 60,750 |
| Deferred income | | 16,260 | 10,172 |
| Accrued markup | | 101 | - |
| Income Tax - net | 9 | - | 96,923 |
| | | 3,076,423 | 2,938,090 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 10 | | |
| TOTAL EQUITIES AND LIABILITIES | | 31,345,254 | 30,105,023 |

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


Shahid Saleem
Chief Financial Officer


Mazhar Valjee
Chief Executive


Salman Burrey
Director

THAL LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED DECEMBER 31, 2018
(UN-AUDITED)

| | Note | Half Year Ended | | Quarter ended | |
|--|------|-----------------------|------------------|-----------------------|------------------|
| | | Dec 31, 2018 | Dec 31, 2017 | Dec 31, 2018 | Dec 31, 2017 |
| | | (Rupees in thousands) | | (Rupees in thousands) | |
| Revenue - net | | 11,118,896 | 8,954,051 | 5,970,708 | 4,612,371 |
| Cost of sales | | (9,032,754) | (7,221,127) | (4,812,148) | (3,704,133) |
| Gross Profit | | 2,086,142 | 1,732,924 | 1,158,560 | 908,238 |
| Distribution costs | | (136,762) | (107,042) | (54,317) | (49,207) |
| Administrative expenses | | (763,655) | (743,602) | (390,956) | (373,168) |
| Other charges | | (144,335) | (118,786) | (92,202) | (70,910) |
| | | (1,044,752) | (969,430) | (537,475) | (493,285) |
| Other income | 11 | 1,262,218 | 1,141,639 | 661,535 | 566,996 |
| Operating Profit | | 2,303,608 | 1,905,133 | 1,282,620 | 981,949 |
| Finance costs | | (7,651) | (3,925) | (4,194) | 290 |
| | | 2,295,957 | 1,901,208 | 1,278,426 | 982,239 |
| Share of net profit of associates - after tax | | 501,305 | 405,348 | 229,383 | 238,768 |
| Profit before taxation | | 2,797,262 | 2,306,556 | 1,507,809 | 1,221,007 |
| Taxation | | (826,566) | (623,101) | (516,906) | (366,768) |
| Profit after taxation | | 1,970,696 | 1,683,455 | 990,903 | 854,239 |
| Attributable to: | | | | | |
| - Equity holders of the Holding Company | | 1,760,345 | 1,493,203 | 885,049 | 757,980 |
| - Non-controlling interest | | 210,351 | 190,252 | 105,854 | 96,259 |
| | | 1,970,696 | 1,683,455 | 990,903 | 854,239 |
| | | Rupees | | Rupees | |
| Basic and diluted earnings per share attributable to the equity holders of the Holding Company | 12 | 21.72 | 18.43 | 10.92 | 9.35 |

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


Shahid Saleem
Chief Financial Officer


Mazhar Valjee
Chief Executive


Salman Burney
Director

THAL LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2018
(UN-AUDITED)

| | Half Year Ended | | Quarter ended | |
|--|-----------------------|-----------------|-----------------------|-----------------|
| | Dec 31, 2018 | Dec 31, 2017 | Dec 31, 2018 | Dec 31, 2017 |
| | (Rupees in thousands) | | (Rupees in thousands) | |
| Profit after taxation | 1,970,696 | 1,683,455 | 990,903 | 854,239 |
| Other comprehensive income | | | | |
| (Loss) / gain on revaluation of investments at fair value through other comprehensive income | (50,833) | (21,791) | (31,204) | 3,476 |
| Share of actuarial loss on remeasurement of defined benefit plans of associates | (4,696) | (119) | (1,306) | - |
| Total comprehensive income for the period, net of tax | 1,915,167 | 1,661,545 | 958,393 | 857,715 |
| Attributable to: | | | | |
| - Equity holders of the Holding Company | 1,704,816 | 1,471,293 | 852,539 | 761,456 |
| - Non-controlling interest | 210,351 | 190,252 | 105,854 | 96,259 |
| | 1,915,167 | 1,661,545 | 958,393 | 857,715 |

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


Shahid Saleem
Chief Financial Officer


Mazhar Valjee
Chief Executive


Salman Burney
Director

THAL LIMITED
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2018
(UN-AUDITED)

| | Dec 31, 2018 | Dec 31, 2017 |
|---|-----------------------|-----------------|
| | (Rupees in thousands) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 2,797,262 | 2,306,556 |
| Adjustments for non-cash charges and other items: | | |
| Depreciation and amortization | 259,375 | 233,414 |
| Share in profit of associates - after taxation | (501,305) | (405,348) |
| Finance costs | 7,650 | 3,925 |
| Profit earned on call deposits and short-term investments | (136,923) | (206,966) |
| Liabilities no longer payable written back | (752) | (83) |
| Gain on revaluation / redemption of investments at fair value through profit and loss | (190,726) | (100,182) |
| Dividend income | (6,167) | (4,137) |
| Provision for impairment of trade debts | 11,989 | 2,819 |
| Provision for retirement benefits | 4,061 | 3,536 |
| Gain on disposal of property, plant and equipment | (31,363) | (2,306) |
| | (584,161) | (475,328) |
| | 2,213,101 | 1,831,228 |
| (Increase) / decrease in current assets | | |
| Stores, spares and loose tools | (15,190) | (27,219) |
| Stock-in-trade | (1,521,628) | (810,982) |
| Trade debts | (637,879) | (663,298) |
| Loans and advances | 9,049 | (53,166) |
| Trade deposits and short-term prepayments | (95,831) | (57,776) |
| Other receivables | 24,931 | (73,217) |
| Sales tax refundable | (65,888) | 1,431 |
| Increase / (decrease) in current liabilities | | |
| Deferred income | 6,088 | 7,606 |
| Trade and other payables | 120,921 | 365,724 |
| | (2,175,427) | (1,310,897) |
| Cash (used in) / generated from operations | 37,674 | 520,331 |
| Finance costs paid | (7,549) | (3,926) |
| Retirement benefits paid | (7,298) | (6,221) |
| Income tax paid | (882,282) | (687,127) |
| Long-term loans | 3,054 | (324) |
| Long-term deposits - net | (1,015) | 372 |
| Net cash used in operating activities | (857,416) | (176,895) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Fixed capital expenditure | (1,089,675) | (436,129) |
| Dividends received | 411,092 | 410,909 |
| Profit received on call deposits and short term investments | 131,687 | 209,678 |
| Long-term investments made during the period | (250,776) | (424,656) |
| Proceeds from disposal of property, plant and equipment | 45,074 | 4,598 |
| Short-term investments encashed / (made) during the period | 3,223,945 | 141,107 |
| Net cash generated from / (used in) investing activities | 2,471,347 | (94,493) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid | (804,481) | (1,458,994) |
| Net cash used in financing activities | (804,481) | (1,458,994) |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | 809,450 | (1,730,382) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 4,054,544 | 7,541,508 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 4,863,994 | 5,811,126 |
| Cash and bank balances | 652,043 | 1,049,371 |
| Short-term investments | 4,376,785 | 4,762,102 |
| Short-term running finance | (164,834) | (347) |
| | 4,863,994 | 5,811,126 |

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



Shahid Saleem
Chief Financial Officer



Mazhar Valjee
Chief Executive



Salman Burney
Director

THAL LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

| 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 ----- | | | | | | | |
| 405,150 | 12 | 67,929 | 11,207,374 | 7,027,888 | 143,928 | 6,116,611 | 24,968,892 |
| - | - | - | 2,366,000 | (2,366,000) | - | - | - |
| - | - | - | - | (1,296,479) | - | - | (1,296,479) |
| - | - | - | - | - | - | (41,303) | (41,303) |
| | | | | | | (68,014) | (68,014) |
| - | - | - | - | 1,493,203 | - | 190,252 | 1,683,455 |
| - | - | - | - | (119) | (21,791) | - | (21,910) |
| - | - | - | - | 1,493,084 | (21,791) | 190,252 | 1,661,545 |
| | | | | | | | |
| 405,150 | 12 | 67,929 | 13,573,374 | 4,858,493 | 122,137 | 6,197,546 | 25,224,641 |
| | | | | | | | |
| 405,150 | 12 | 67,929 | 13,573,374 | 6,152,487 | 164,179 | 6,484,082 | 26,847,213 |
| - | - | - | 1,592,000 | (1,592,000) | - | - | - |
| - | - | - | - | (688,755) | - | - | (688,755) |
| - | - | - | - | - | - | (55,519) | (55,519) |
| - | - | - | - | - | - | (68,258) | (68,258) |
| - | - | - | - | 1,760,345 | - | 210,351 | 1,970,696 |
| - | - | - | - | (4,696) | (50,833) | - | (55,529) |
| - | - | - | - | 1,755,649 | (50,833) | 210,351 | 1,915,167 |
| | | | | | | | |
| 405,150 | 12 | 67,929 | 15,165,374 | 5,627,381 | 113,346 | 6,570,656 | 27,949,848 |

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


Shahid Saleem
Chief Financial Officer


Mazhar Valjee
Chief Executive


Salman Burney
Director

THAL LIMITED

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE **HALF YEAR ENDED DECEMBER 31, 2018**
(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 Floor, 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, 2018.
- 2.3** These unconsolidated condensed interim financial statements are being submitted to the shareholders as required by the Section 237 of the Companies Act, 2017.
- 2.4** The Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 229 (I)/2019 dated February 14, 2019 has deferred the application of IFRS 9 till June 30, 2019.

3 ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of these consolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended June 30, 2018 except for as follows;

3.1 New / Revised Standards, Interpretations and Amendments

The Group has adopted the following standards and amendment to IFRSs which became effective for the current period:

IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

IFRS 15 - Revenue from Contracts with Customers

IAS 40 - Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

The adoption of the above standards and amendments in the accounting standards did not have effect on the accounting policies of the Group except as follows:

3.2 IFRS 15 – Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company is engaged in manufacture of engineering goods, jute goods, laminate sheets and papersack. The Company has assessed that significant performance obligations in contracts with customers, across all divisions, is based on transfer of control of related goods and is discharged at that point of time. The Company's transfer of goods takes place upon delivery of goods to customers and in case of export when risk and rewards are transferred as per shipping terms.

Based on the above, the Company considers that its existing accounting policies are substantially in compliance with the requirements of IFRS 15.

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, 2018.

THAL LIMITED

5 PROPERTY, PLANT AND EQUIPMENT

| | Note | Dec 31, 2018 (Un-audited) (Rupees in thousands) | June 30, 2018 (Audited) (Rupees in thousands) |
|--------------------------|-------------|--|--|
| Operating fixed assets | 5.1 & 5.3 | 1,458,580 | 1,534,660 |
| Capital work-in-progress | 5.2 | 1,365,802 | 413,068 |
| | | <u>2,824,382</u> | <u>1,947,728</u> |

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

| | Additions | | Deletions | |
|----------------------------|-----------------------------------|---------|-----------------|-------|
| | at cost | | at book value | |
| | Half Year Ended | | Half Year Ended | |
| | Dec 31, | | Dec 31, | |
| | 2018 | 2017 | 2018 | 2017 |
| | (Un-audited) | | (Un-audited) | |
| | ----- (Rupees in thousands) ----- | | | |
| Operating fixed assets | | | | |
| Land - Freehold | - | - | 650 | - |
| Building on freehold land | - | 774 | - | - |
| Plant and machinery | 34,359 | 72,929 | 178 | 557 |
| Furniture and fittings | - | 1,223 | 525 | - |
| Vehicles | 10,696 | 544 | 3,454 | 1,706 |
| Office and mills equipment | 3,606 | 10,169 | 144 | 6 |
| Computer equipment | 13,438 | 4,374 | 91 | 23 |
| Jigs and Fixtures | 3,649 | 12,231 | - | - |
| | 65,748 | 102,244 | 5,042 | 2,292 |

5.2 Includes capital work in progress on building on freehold land and plant and machinery amounting to Rs. 620.310 million (June 30, 2018: Rs. 325.184 million) and Rs. 675.799 million (June 30, 2018: Rs. 40.118 million), respectively.

5.3 During the period, capital work in progress amounting to Rs. 17.498 million (Dec 31, 2017: Rs. 37.625 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. 250.776 million

7 STOCK-IN-TRADE

| | | | |
|-----------------|-----|------------------|------------------|
| Raw material | | | |
| In hand | 7.1 | 3,266,865 | 2,645,618 |
| In transit | | 942,055 | 648,361 |
| | | 4,208,920 | 3,293,979 |
| Work-in-process | | 301,438 | 226,833 |
| Finished goods | | | |
| In hand | | 1,052,598 | 526,335 |
| In transit | | 5,819 | - |
| | | 1,058,417 | 526,335 |
| | | <u>5,568,775</u> | <u>4,047,147</u> |

- 7.1** This includes items amounting to Rs. 37.507 million (June 30, 2018 : Rs. 38.284 million) carried at net realizable value. [Cost Rs. 90.239 million (June 30, 2018 : Rs. 93.422 million)]

8 SHORT TERM INVESTMENTS

- 8.1** This represents investment in Term Deposit Receipts amounting to Rs. 2,778.993 million (June 30, 2018: Rs. 1,128.239 million), Government Treasury Bills amounting to Rs. 1,618.049 million (June 30, 2018:Rs. 1,881.850 million) and mutual funds amounting to Rs. 3,222.943 million (June 30, 2018:Rs. 6,059.148 million).
- 8.2** Term deposit receipts include Rs. 889.359 million (June 30, 2018: Rs. 579.843 million) maintained with Habib Metropolitan Bank Limited, a related party.
- 8.3** Government Treasury Bills Rs. 497.769 million (June 30, 2018: Rs. Nil million) maintained with Habib Metropolitan Bank Limited, a related party.
- 8.3** These Include short-term investments amounting to Rs. 4,376.785 million (June 30, 2018: Rs. 2,789.394 million) having maturity up to three months.

9 INCOME TAX - Net

| | Note | Dec 31, 2018 (Un-audited) | June 30, 2018 (Audited) |
|--|------|---------------------------------|-------------------------------|
| (Rupees in thousands) | | | |
| Group Tax Relief adjustments | 9.1 | 593,466 | 593,466 |
| Group Taxation adjustments | 9.2 | (8,626) | 512 |
| Income Tax provision less tax payments - net | | <u>(550,269)</u> | <u>(690,901)</u> |
| | | <u>34,571</u> | <u>(96,923)</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.

- 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 MHPL and A-One Enterprises (Private) Limited have irrevocably opted to be taxed as one fiscal unit for the tax year 2019.

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, 2018.

10.2 Commitments

10.2.1 Letter of guarantees issued by banks on behalf of the Group amounts to Rs. 1,411.713 million (June 30, 2018: Rs. 1,437.701 million).

10.2.2 Post dated cheques issued to collector of Customs amounts to Rs. 22.331 million (June 30, 2018: Rs. 24.545 million)

10.2.3 Letter of credits outstanding for raw material and spares amounts to Rs. 1,545.530 million (June 30, 2018: Rs. 1,723.577 million).

10.2.4 Commitments in respect of capital expenditure amounts to Rs. 523 million (June 30, 2018: Rs. 7.515 million).

10.2.5 Commitments for rentals under Ijarah agreements in respect of vehicles and computers to a related party amount to Rs. 34.047 million (June 30, 2018: 29.187 million).

10.2.6 Commitments for rentals under operating lease agreements in respect of Land amount to Rs. 2,386.139 million (June 30, 2018: Rs. 2,466.099 million)

Half Year Ended
Dec 31, Dec 31,
2018 2017
(Un-audited)
(Rupees in thousands)

11 OTHER INCOME

Income from financial assets

| | | |
|--|----------------|----------------|
| Dividend income | 6,167 | 4,137 |
| Profit earned on call deposits and short-term investments | 136,923 | 206,966 |
| Gain on revaluation / redemption of investments at fair value through profit and loss | 190,726 | 100,182 |
| Others | 8,555 | 83 |
| | <u>342,371</u> | <u>311,368</u> |

Income from non-financial assets

| | | |
|---|------------------|------------------|
| Gain on disposal of property, plant and equipment | 35,465 | 2,306 |
| Rental income | 756,187 | 725,987 |
| Others | 128,195 | 101,978 |
| | <u>919,847</u> | <u>830,271</u> |
| | <u>1,262,218</u> | <u>1,141,639</u> |

Half Year Ended
Dec 31, Dec 31,
2018 2017
(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>1,760,345</u> | <u>1,493,203</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>21.72</u> | <u>18.43</u> |

| Relationship | Nature of transactions | Half Year Ended | |
|--------------------------|---|-----------------------|-----------------|
| | | Dec 31, 2018 | Dec 31, 2017 |
| | | (Un-audited) | |
| | | (Rupees in thousands) | |
| Associates | Sales | 6,611,220 | 5,217,502 |
| | Professional Services rendered | 104,837 | 124,395 |
| | Services acquired | 1,593 | |
| | Rental Income on properties | 765,928 | 740,336 |
| | Insurance premium | 15,109 | 17,816 |
| | Purchase of assets | 11,250 | 2,653 |
| | Purchase of goods | 79 | 65,094 |
| | Insurance claim received | 3,614 | 1,447 |
| | Mark-up and bank charges paid | 3,735 | 3,850 |
| | Profit received | 29,934 | 115,788 |
| | Supplies purchased | 355,893 | 199,433 |
| | Licence fee, signage and others | 5,193 | 5,814 |
| Employee benefit plans | Rent Paid | - | 1,623 |
| | Ijarah Rentals | 11,225 | - |
| | | | |
| Key management personnel | Contribution to provident fund | 23,480 | 20,135 |
| | Contribution to retirement benefit fund | 4,061 | 3,536 |
| Key management personnel | Key management personnel compensation | 80,483 | 67,939 |
| | | | |

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

There were no transfers amongst levels during the period.

15 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

27

16 SEGMENT ANALYSIS

| Half Year Ended | | | | | | | | | |
|------------------------------|-----------------|---------------------------------------|-----------------|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Dec 31, 2018 | Dec 31, 2017 | Dec 31, 2018 | Dec 31, 2017 | Dec 31, 2018 | Dec 31, 2017 | Dec 31, 2018 | Dec 31, 2017 | Dec 31, 2018 | Dec 31, 2017 |
| Engineering | | Building material and allied products | | Real estate management & others | | Elimination | | Total | |
| -----Rupees in thousand----- | | | | | | | | | |
| 7,810,937 | 6,186,433 | 3,182,894 | 2,616,894 | 214,620 | 228,358 | (89,555) | (77,634) | 11,118,896 | 8,954,051 |
| 1,500,809 | 1,295,122 | 369,564 | 222,077 | 584,645 | 564,547 | - | - | 2,455,018 | 2,081,746 |
| | | | | | | | | (423,230) | (396,610) |
| | | | | | | | | 416,155 | 338,783 |
| | | | | | | | | 2,447,943 | 2,023,919 |
| | | | | | | | | (7,651) | (3,925) |
| | | | | | | | | (144,335) | (118,786) |
| | | | | | | | | 501,305 | 405,348 |
| | | | | | | | | (826,566) | (623,101) |
| | | | | | | | | 1,970,696 | 1,683,455 |

| Quarter ended | | | | | | | | | |
|------------------------------|-----------------|---------------------------------------|-----------------|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Dec 31, 2018 | Dec 31, 2017 | Dec 31, 2018 | Dec 31, 2017 | Dec 31, 2018 | Dec 31, 2017 | Dec 31, 2018 | Dec 31, 2017 | Dec 31, 2018 | Dec 31, 2017 |
| Engineering | | Building material and allied products | | Real estate management & others | | Elimination | | Total | |
| -----Rupees in thousand----- | | | | | | | | | |
| 4,089,425 | 3,104,625 | 1,819,346 | 1,430,912 | 105,825 | 116,304 | (43,888) | (39,470) | 5,970,708 | 4,612,371 |
| 810,081 | 659,036 | 255,275 | 143,123 | 290,942 | 290,824 | - | - | 1,356,298 | 1,092,983 |
| | | | | | | | | (219,190) | (204,314) |
| | | | | | | | | 237,714 | 164,190 |
| | | | | | | | | 1,374,822 | 1,052,859 |
| | | | | | | | | (4,194) | 290 |
| | | | | | | | | (92,202) | (70,910) |
| | | | | | | | | 229,383 | 238,768 |
| | | | | | | | | (516,906) | (366,768) |
| | | | | | | | | 990,903 | 854,239 |

17 SUBSEQUENT EVENT

The Board of Directors of the holding Company has approved interim cash dividend of Rs. 2.5 /- per share for the period ended December 31, 2018 in its meeting held on February 21, 2019.

18 GENERAL

18.1 Figures have been rounded off to the nearest thousands.

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

19 DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on February 21, 2019 by the Board of Directors of the Holding Company.


Shahid Saleem
Chief Financial Officer


Mazhar Valjee
Chief Executive


Salman Burney
Director