



Thal Limited
(Formally Thal Jute Mills Limited)

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Thal Limited

Directors Report to the Shareholders for the Third Quarter Ended March 31, 2004

Dear Shareholders,

We place before you the Directors Report for the Third Quarter Ended March 31, 2004. The sale turnover of the Company was Rs 1,919 million as against Rs1,225 million in the corresponding period last year showing a growth of Rs 694 million or 57%. The pretax profit for the current three quarters was Rs336 million as against Rs 210 million, reflecting an increase of 60%.

The sales turnover of Jute Division was recorded at Rs 497 million during the current three quarters against Rs 450 million in the corresponding period last period showing a growth of Rs 47 million or 10%. The export sales during the current three quarters was Rs246 million as against Rs106 million in the same period last year, which is a phenomenal leap of 132%. The baled production currently was 17,570 metric tons as against 17,205 metric tons last period.

The sales turnover of Engineering Division was Rs1,422 million in the current three quarters as compared to Rs 774 million in the same period last year which translates to a growth of Rs 648 million or 84%.The sale of aircon was 30,336 units up 59% from 19,044 units during same period last year. Similarly the sale of wire harness recorded at 27,370 sets up 99% from 13,725 sets during the same period last year.

The name of the Company has formally been approved by Securities and Exchange Commission of Pakistan as **Thal Limited** and the same has been published in the media.

The Company has entered into an agreement with Siemens Engineering Pakistan Limited for the implementation of SAP Enterprise Resource Planning System and is planned to be completed by end of 2004-05.

The Outlook:

Jute Division:

The sale contracts of Pakistan Grain Sacks (PGS) to Punjab Food, PASSCO, and Sindh Food have been concluded at 13,027 bales only, which are significantly lower than 35,000 bales for the last year. The Punjab Food Department has also procured 50% polypropylene bags. The total demand of jute bags by Government Agencies has been reduced to 71,000 bales against 133,000 bales in the preceding year. As a result of the above our profitability will be adversely effected.

Engineering Division:

The Engineering Division remains on course and the performance in the 4th quarter is expected to be at par with the first 3 quarters. The Government however has been making announcements about the auto policy which is creating uncertainty for the future. We hope nothing will be done which will adversely affect the auto vendor industry which has been in the forefront of the economic revival.

On Behalf of the Board

(SOHAIL P. AHMED)
Chief Executive

Karachi: April 22, 2004

Thal Limited

BALANCE SHEET AS AT MARCH 31, 2004

	Note	Un-audited 31-Mar 2004 Rs. 000's	Audited 30-Jun 2003 Rs. 000's
SHARE CAPITAL			
Authorised			
20,000,000 Ordinary Shares of Rs. 5/- each		<u>100,000</u>	<u>100,000</u>
Issued, Subscribed & Paid-up		<u>69,566</u>	69,566
Reserves		<u>502,095</u>	499,741
Unappropriated Profit		<u>199,352</u>	247
		<u>771,013</u>	569,554
LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE		5,452	7,242
DEFERRED LIABILITIES		20,842	37,372
CURRENT LIABILITIES			
Current Maturity of Finance Lease		<u>6,627</u>	6,725
Short Term Borrowings		<u>155,303</u>	40,321
Creditors, Accrued and Other Liabilities		<u>192,098</u>	156,520
Taxation		<u>201,299</u>	136,367
Dividend		<u>3,368</u>	69,566
		<u>558,695</u>	409,499
CONTINGENCIES & COMMITMENTS	3	<u>1,356,002</u>	<u>1,023,667</u>
FIXED ASSETS			
Operating Assets	4	<u>134,371</u>	143,724
Capital Work-in-Progress		<u>848</u>	-
Investment Property		<u>1,122</u>	1,140
		<u>136,341</u>	144,864
LONG TERM INVESTMENTS		29,217	26,863
LONG TERM LOANS, ADVANCES AND DEPOSITS		2,269	3,351
CURRENT ASSETS			
Stores, Spares and Loose Tools		<u>54,168</u>	48,683
Stock-in-Trade		<u>653,613</u>	462,678
Trade Debts		<u>261,481</u>	107,427
Short Term Deposits		<u>900</u>	114,700
Advance Income Tax		<u>141,485</u>	61,388
Advances, Deposits, Prepayments and Other Receivable		<u>52,609</u>	37,523
Cash and Bank Balances		<u>23,919</u>	16,190
		<u>1,188,175</u>	848,589
		<u>1,356,002</u>	<u>1,023,667</u>

Note: 'The annexed notes form an integral part of these financial statements

SOHAIL P. AHMED
Chief Executive

MUHAMMAD JAMIL HUSSAIN
Executive Director

Karachi : April 22, 2004.

Thal Limited

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2004 (UN-AUDITED)

	Year todate		For the Quarter	
	July,03 to March,04	July,02 to March,03	Jan,04 to March,04	Jan,03 to March,03
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
Sales	1,919,068	1,225,244	678,027	495,645
Cost of Sales	1,519,755	953,737	531,694	370,259
Gross Profit on Manufacturing	399,313	271,507	146,333	125,386
Profit on Trading	4,448	1,569	2,531	660
Total Gross Profit	403,761	273,076	148,864	126,046
Administrative Expenses	44,469	34,119	19,217	12,128
Selling Expenses	12,090	12,960	3,719	4,744
	56,559	47,079	22,936	16,872
Operating Profit	347,202	225,997	125,928	109,174
Financial Expenses	5,854	8,336	2,497	2,737
Other Charges	24,815	15,638	8,513	7,476
	30,669	23,974	11,010	10,213
	316,533	202,023	114,918	98,961
Other Income	19,178	8,398	4,062	1,462
Profit before Taxation	335,711	210,421	118,980	100,423
Provision for Taxation				
Current	116,887	71,092	43,198	32,594
Prior Years	-	(3,882)	-	(3,882)
Deferred	(1,151)	(2,868)	162	(739)
Provision for Taxation	115,736	64,342	43,360	27,973
Profit after Taxation	219,975	146,079	75,620	72,450
Unappropriated Profit Brought Forward	247	26		
	220,222	146,105		
Appropriations:				
Interim Dividend Dec 2003 Rs.1.50 (Dec 2002:Rs.1.25) per share	20,870	17,392		
Unappropriated Profit Carried Forward	199,352	128,713		
Earnings per share (Rs.)	15.81	10.50	5.44	5.21

Note: 'The annexed notes form an integral part of these financial statements

SOHAIL P. AHMED
Chief Executive

MUHAMMAD JAMIL HUSSAIN
Executive Director

Karachi : April 22, 2004.

Thal Limited

(formerly Thal Jute Mills Limited)

CASH FLOW STATEMENT

FOR THE PERIOD ENDED MARCH 31, 2004 (UN-AUDITED)

	July,03 to March,04	July,02 to March,03
	Rs. 000's	Rs. 000's
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	335,711	210,421
Adjustment for		
Depreciation	22,298	23,029
Financial Charges	5,854	8,336
Gratuity	1,261	1,842
Provision for Doubtful debts	-	564
Provision for Retirement Benefit	698	-
Profit on sale of fixed assets	(4,009)	(2,111)
	<u>26,102</u>	<u>31,660</u>
Operating profit before working capital changes	<u>361,813</u>	<u>242,081</u>
Changes in working Capital		
(Increase)/decrease in Current Assets		
Stores, Spares and Loose Tools	(5,485)	(4,956)
Stock-in-Trade	(190,935)	(77,507)
Trade Debts	(154,054)	(59,433)
Advances, Deposits, Prepayments and Other Receivables	(15,086)	1,693
Increase/(decrease) in Current Liabilities		
Creditors, Accrued and Other Liabilities	34,697	(114,343)
	<u>(330,863)</u>	<u>(254,546)</u>
Cash generated from/ (used in) operations	<u>30,950</u>	<u>(12,465)</u>
Financial Charges paid	(4,973)	(11,660)
Dividend paid	(87,068)	(73,045)
Retirement Benefit paid	(16,398)	-
Gratuity paid	(943)	(576)
Income taxes paid	(132,052)	(52,099)
	<u>(241,434)</u>	<u>(137,380)</u>
Net cash used in operating activities (A)	<u>(210,484)</u>	<u>(149,845)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(15,677)	(25,906)
Long term loans, advances and Deposits	1,082	135
Proceed from disposal of assets	5,914	3,660
Net cash used in investing activities (B)	<u>(8,681)</u>	<u>(22,111)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loan	-	(40,050)
Lease assets obtained	3,834	10,697
Repayment of liability against assets subject to finance lease	(5,722)	(6,445)
Net cash used in financing activities (C)	<u>(1,888)</u>	<u>(35,798)</u>
DECREASE IN CASH (A+B+C)	<u>(221,053)</u>	<u>(207,754)</u>
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	<u>90,569</u>	<u>76,333</u>
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	<u>(130,484)</u>	<u>(131,421)</u>

SOHAIL P. AHMED
Chief Executive

MUHAMMAD JAMIL HUSSAIN
Executive Director

Karachi : April 22, 2004.

Thal Limited

(formerly Thal Jute Mills Limited)

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2004 (UN-AUDITED)

	Rs. 000's					
	Share Capital	Capital Reserve	General Reserve	Fair value Adjustment	Unappro- priated Profit	Total
Balance as at July 1, 2002	69,566	13,240	304,760	-	26	387,592
Net profit for the period ended March 31, 2003	-	-	-	-	146,079	146,079
Fair value gain (effect of adoption of IAS-39)				1,835		1,835
Interim Dividend (Rs. 1.25)	-	-	-		(17,392)	(17,392)
Balance as at March 31, 2003	<u>69,566</u>	<u>13,240</u>	<u>304,760</u>	<u>1,835</u>	<u>128,713</u>	<u>518,114</u>
Balance as at July 1, 2003	69,566	13,240	482,760	3,741	247	569,554
Net profit for the period ended March 31, 2004	-	-	-	-	219,975	219,975
Fair value gain (effect of adoption of IAS-39)	-	-	-	2,354	-	2,354
Interim Dividend (Rs. 1.50)					(20,870)	(20,870)
Balance as at March 31, 2004	<u>69,566</u>	<u>13,240</u>	<u>482,760</u>	<u>6,095</u>	<u>199,352</u>	<u>771,013</u>

SOHAIL P. AHMED
Chief Executive

MUHAMMAD JAMIL HUSSAIN
Executive Director

Karachi : April 22, 2004.

Thal Limited

(formerly Thal Jute Mills Limited)

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2004

- Accounting policies adopted for the preparation of these accounts are the same as those applied in the preparation of the preceding annual accounts of the Company for the year ended June 30, 2003 except for the Transfer Pricing Policy which is stated in note # 6.
- These accounts are unaudited and are being presented to shareholders under section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting'.
- Contingencies & Commitments :
 - Contingencies :
 - Letter of guarantees issued by banks on behalf of the Company is of Rs.16.387 million (June 30, 2003:Rs.11.442 million).
 - The Central Excise and Sales Tax raised a demand of Rs.15.562 million (June 30, 2003 : Rs.15.562) in October 1992. Collectorate of Appeal has remanded back the case to adjudication office in March 1996. The Company is confident of a favourable out come.
 - An appeal filed with Collector (Appeals) against the order of Sales Tax and Central Excise Faisalabad for payment of additional sales tax on price differential between Pak Grain Sack sold to Government and private parties Rs.0.405 million (June 30, 2003: Rs.Nil).
 - Commitments :

Letter of Credits outstanding for raw material is of Rs.92.567 million (June 30, 2003: Rs.79.735 million).

- Fixed Assets additions during the period were Rs.14.829 million (June 30, 2003: Rs.43.579 million) and deletion Rs.1.905 million (June 30, 2003: Rs.3.919 million).

5. Operating Results

Rs. 000's

Note	J U T E				E N G I N E E R I N G				C O N S O L I D A T E D			
	Year todate		For the Quarter		Year todate		For the Quarter		Year todate		For the Quarter	
	July,03 to March,04	July,02 to March,03	Jan,04 to March,04	Jan,03 to March,03	July,03 to March,04	July,02 to March,03	Jan,04 to March,04	Jan,03 to March,03	July,03 to March,04	July,02 to March,03	Jan,04 to March,04	Jan,03 to March,03
Sales	497,035	450,982	168,072	183,671	1,422,033	774,262	509,955	311,974	1,919,068	1,225,244	678,027	495,645
Cost of Sales	448,592	376,425	145,769	140,514	1,071,163	577,312	385,925	229,745	1,519,755	953,737	531,694	370,259
Gross Profit (Manufacturing)	48,443	74,557	22,303	43,157	350,870	196,950	124,030	82,229	399,313	271,507	146,333	125,386
Profit on Trading Activities	-	-	-	-	4,448	1,569	2,531	660	4,448	1,569	2,531	660
Gross Profit	48,443	74,557	22,303	43,157	355,318	198,519	126,561	82,889	403,761	273,076	148,864	126,046
5.1 Cost of Sales :												
Raw Material Consumed	284,527	311,474	93,751	99,504	1,003,530	519,061	359,634	210,169	1,288,057	830,535	453,385	309,673
Manufacturing cost	220,445	209,095	73,054	70,688	96,716	62,302	31,505	22,724	317,161	271,397	104,559	93,412
	504,972	520,569	166,805	170,192	1,100,246	581,363	391,139	232,893	1,605,218	1,101,932	557,944	403,085
Work-in-Process:												
Opening	10,694	10,283	11,972	14,480	26,742	14,640	46,428	13,736	37,436	24,923	58,400	28,216
Closing	(12,907)	(19,166)	(12,907)	(19,166)	(45,552)	(19,108)	(45,552)	(19,108)	(58,459)	(38,274)	(58,459)	(38,274)
	(2,213)	(8,883)	(935)	(4,686)	(18,810)	(4,468)	876	(5,372)	(21,023)	(13,351)	(59)	(10,058)
Finished Goods												
Opening	70,816	87,069	104,882	197,338	1,286	1,660	5,469	3,467	72,102	88,729	110,351	200,805
Closing	(124,983)	(222,330)	(124,983)	(222,330)	(11,559)	(1,243)	(11,559)	(1,243)	(136,542)	(223,573)	(136,542)	(223,573)
	(54,167)	(135,261)	(20,101)	(24,992)	(10,273)	417	(6,090)	2,224	(64,440)	(134,844)	(26,191)	(22,768)
	448,592	376,425	145,769	140,514	1,071,163	577,312	385,925	229,745	1,519,755	953,737	531,694	370,259

- Transaction with Associated Undertakings were Rs.1135.115 million (June 30, 2003: Rs.1000.386 million) and these transactions were based on arm's length basis at Comparable Uncontrolled Price Method for transfer pricing purpose.
- These financial statements were authorized for issue on April 22, 2004 by the Board of Directors of the Company.
- Provisions wherever made are estimated and are subject to final adjustment in the annual audited accounts.
- Figures have been rounded off to the nearest thousand rupees.

6. Transaction with Associated Undertakings were Rs.1135.115 million (June 30, 2003: Rs.1000.386 million) and these transactions were based on arm's length basis at Comparable Uncontrolled Price Method for transfer pricing purpose.
7. These financial statements were authorized for issue on April 22, 2004 by the Board of Directors of the Company.
8. Provisions wherever made are estimated and are subject to final adjustment in the annual audited accounts.
9. Figures have been rounded off to the nearest thousand rupees.

SOHAIL P. AHMED
Chief Executive

MUHAMMAD JAMIL HUSSAIN
Executive Director

Karachi : April 22, 2004.