

# Thal Limited

Condensed Interim Financial Statements  
For the First Quarter Ended September 30, 2013  
(Un-audited)





# Thal Limited

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# Thal Limited

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

The Directors of your Company are pleased to place before you the performance for Q1 ended September 30, 2013 along with the unaudited interim condensed financial statements.

The business in the quarter under review has been challenging for the company. Post National Elections in May 2013 there was a great sense of optimism in the country in respect of improved business scenario as the country had witnessed dismal economic growth in the earlier years, however these positive vibes have yet to transform into creating a business environment which can take the country into achieving higher GDP growth in the future years which is strategically important for Pakistan.

The quarter under review witnessed spiral PKR devaluation against the foreign currencies along with massive increases in the power tariff and other energy inputs. These are expected to have adverse impact on the inflation in the country in the financial year 13/14. Thal Limited will be directly impacted with these cost push factors and its partial impact of increase in the cost of operations has already come in the first quarter.

### Company Operations:

The sales revenue for the first quarter of the financial year 13/14 at Rs 2.630 billion was lower than Rs 2.903 billion in the corresponding quarter last year and consequently Profit after tax for the first quarter under review was down to Rs 203 million as compared to Rs 351 million in the corresponding quarter last year.

### Engineering Segment

The Auto industry in the country witnessed modest growth in the volumes during this quarter however this growth was lower than the general market expectations because of sluggish economic activities in the country, the reasons which we have dealt in the earlier paragraphs and the lower base numbers of the corresponding quarter. This business segment of the Company however witnessed reduced volumes compared to corresponding quarter as its key OEM customer's market share in the auto sector showed a downward trend and this resulted in reduced revenue for the first quarter under review which was Rs.1.528 billion Compared to Rs 1.690 billion in the corresponding quarter last year, a decline of 10%.

However, aftermarket sales of thermal division though a small component in this business segment presently showed healthy increases as compared to last year due to inclusion of the new products and increase focus on service through process efficiencies and effective cost controls.

The company continues to make concerted efforts on improving the quality and creating cost efficiencies through cost cutting, material resourcing, training & development, along with the constant focus on exploring new business opportunities and these activities have been recognized by the Original Equipment Manufacturer (OEM) regularly in their evaluation of various KPI's relating to quality and deliveries.

Your company is also expecting that the second quarter of the financial year 13/14 will equally be challenging in terms of sales volumes because of the sluggish business scenario in the country, impeding model changes by OEM and also of traditional new year registration where the customers defer their purchases of the cars till the advent of the New Year. This is expected to have adverse impact on the profitability the company in shape of lower sales revenue, lower capacity utilization and higher inventories. The company will be making all-out effort to mitigate this impact by exploring new business opportunities from other OEM.

The government recently announced issuing the Auto Industry Policy for comments by stake holders and we expect that the government will provide level playing field to the local auto industry entire supply chain which will have positive impact on the overall economy in the country.



## **Building Material & Allied Products Segment**

The sale revenue of the Building Material & Allied Products Segment for the first quarter of financial year 13/14 amounted to Rs 1.102 billion from Rs 1.212 billion in the corresponding quarter which reflects a reduction of 9%.

### **Jute Operations:**

The export business was challenging due to the political crisis in the major exports market and currency depreciation in India one of our competitor with the results that the exports during the quarter were lower in addition to this the bottom line of the business was also affected by substantial increases in power tariff, rise in wages cost during the period which could not be passed on fully.

This sector is to a large extent dependent on the global factors as the raw materials is imported and the exports sales constitutes a sizeable part of its top line, however the business is focused to enhance its share in international markets by producing & exporting environment friendly jute goods and in this regard we have recently got compliance report from accredited Independent Consultant for Vegetable Oil Treated (VOT). This is expected to support our business in newer markets. The demand in local market though under pressure is expected to improve in coming months with sizeable demand of grain sacks.

### **Papersack Operations:**

Papersack business witnessed a decline in order quantities from the cement sector, as the cement units exhausted their stocks in hand to comply with the requirements of printing of selling prices on bags in this year Federal budget, however by the end of quarter under review order positions have normalized to a large extent.

The Papersack business continued to concentrate on export markets, however, devaluation of currency in India has hampered our efforts to penetrate the market in the short term. The business continued to export papersacks to its other regional customers, and future orders from these markets are already in the pipeline.

The Self Operating Satchel (SOS) business is also expected to gain momentum, as the business has initiated the process for ISO 22000 Certification. Additionally, the expected expansion in existing global fast food franchises and arrival of new chains in Pakistan will create the demand for quality packaging materials, which the business is geared to provide.

### **Laminate Operations:**

In the quarter under review the Laminates business maintained its positive momentum in terms of sales revenue, with concentration on exports and corporate customers, which enabled the business to partially mitigate the rising cost of inputs in the short term. In the longer term, the continuing devaluation of the Pak Rupee and rising cost of energy will strain the profitability of the business and can have an adverse impact on the bottom line. The situation will be further compounded by the fact that most of the competing units operate in the unorganized / undocumented sector.

We are pleased to share that Laminates Business has also been nominated as the Logistical Distributor for DuPont's Corian® & Montelli® range of solid surfaces. The management is confident that this product will further complement the FORMITE product line and expand the reach of the business.

### **Makro-Habib Pakistan Limited (MHPL)**

MHPL continued its Cash and Carry business on the Saddar store. The operation of this store is handled by METRO Habib Cash and Carry Pakistan under the terms of the Operation Agreement. The Company's holding is 100%. The store is subject to a legal case pending adjudication in the Supreme Court of Pakistan.

**Habib- Metro Pakistan (Private) Limited (HMPL)**

HMPL own and manage properties. Our holding is 60 %. We are pleased to report that HMPL has declared 1st interim dividend for the quarter ended September 30, 2013 and our Company share of Rs 54.686 million will be incorporated in the next quarter financials.

**Acknowledgement:**

In the end we would like to thank the Almighty for all His blessings in these challenging times and to convey our appreciation to all our Customers, Dealers, Bankers and Technical Partners for their continued support and confidence in the Company. We also want to recognize the efforts of all our team members, who have worked diligently to achieve the results.

On behalf of the Board



**(ASIF RIZVI)**  
Chief Executive

Karachi: October 29, 2013.

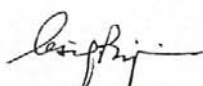
# Thal Limited

## CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2013

	Note	September 30, 2013 (Un-audited) (Rupees in thousands)	June 30, 2013 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	594,002	614,419
Investment property		1,031	1,032
Long-term investments	5	3,528,982	3,520,969
Long-term loans and deposits		6,385	6,385
Long-term prepayments		6,615	7,560
Deferred tax asset		26,666	22,024
		<b>4,163,681</b>	<b>4,172,389</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		93,430	78,636
Stock-in-trade	6	2,869,514	2,456,436
Trade debts		1,166,645	1,007,691
Loans, advances, deposits, prepayments and other receivables		96,078	130,356
Short-term investments	7	1,722,500	1,804,641
Accrued profit on bank deposits		2,528	4,271
Income Tax - net	8	117,753	109,873
Sales tax refundable		41,883	-
Cash and bank balances		460,817	727,492
		<b>6,571,148</b>	<b>6,319,396</b>
<b>TOTAL ASSETS</b>		<b>10,734,829</b>	<b>10,491,785</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 100,000,000 (Jun 30, 2012: 100,000,000) ordinary shares of Rs.5 each		<b>500,000</b>	<b>500,000</b>
Issued, subscribed and paid-up capital		<b>405,150</b>	<b>405,150</b>
Reserves		<b>8,848,289</b>	<b>8,636,647</b>
		<b>9,253,439</b>	<b>9,041,797</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>1,471,867</b>	<b>1,441,774</b>
Short-term borrowings		<b>9,506</b>	<b>7,368</b>
Accrued mark-up		<b>17</b>	<b>7</b>
Sales tax payable		<b>-</b>	<b>839</b>
		<b>1,481,390</b>	<b>1,449,988</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9	<b>-</b>	<b>-</b>
<b>TOTAL EQUITIES AND LIABILITIES</b>		<b>10,734,829</b>	<b>10,491,785</b>

The annexed notes from 1 to 14 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 PERIOD ENDED SEPTEMBER 30, 2013

(Un-audited)

	Note	September 30, 2013 (Rupees in thousands)	2012
Turnover - net		2,629,868	2,903,426
Cost of sales		2,241,892	2,435,340
<b>Gross Profit</b>		<b>387,976</b>	468,086
Distribution costs		(39,677)	(42,934)
Administrative expenses		(93,227)	(77,321)
		(132,904)	(120,255)
Other income		65,186	171,856
<b>Operating Profit</b>		<b>320,258</b>	519,687
Finance costs		(1,371)	(8,056)
Other charges		(28,022)	(38,264)
		(29,393)	(46,320)
<b>Profit before taxation</b>		<b>290,865</b>	473,367
Taxation		(87,236)	(122,064)
<b>Profit after taxation</b>		<b>203,629</b>	351,303
			<b>Rupees</b>
			(Restated)
Basic and diluted earnings per share	10	2.51	4.34

The annexed notes from 1 to 14 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 PERIOD ENDED SEPTEMBER 30, 2013 (Un-audited)

	September 30,	
	2013	2012
	(Rupees in thousands)	
<b>Profit after taxation</b>	<b>203,269</b>	351,303
<b>Other comprehensive income</b>		
Gain on revaluation of available for sale investments	8,013	12,085
<b>Total comprehensive income for the period - net of tax</b>	<b>211,642</b>	<b>363,388</b>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

  
**ASIF RIZVI**  
Chief Executive

  
**SOHAIL P. AHMED**  
Vice Chairman

# Thal Limited

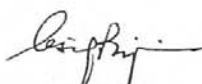
## CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE PERIOD ENDED SEPTEMBER 30, 2013

(Un-audited)

	September 30,	
	2013	2012
	(Rupees in thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	290,865	473,367
Adjustments for non-cash charges and other items:		
Depreciation	26,471	23,316
Finance costs	1,371	8,056
Profit earned on call deposits and short term investments	(25,210)	(33,177)
Liabilities no longer payable written back	-	(281)
Gain on revaluation of investments at fair value through profit and loss	(18,546)	(7,430)
Dividend income	-	(117,360)
Reversal for impairment of debts - net	(14,558)	(1,652)
Provision for retirement benefits	1,181	1,186
Gain on disposal of property, plant and equipment	(96)	(163)
	(29,387)	(127,505)
	261,478	345,862
(Increase) / decrease in current assets		
Stores, spares and loose tools	(14,794)	(11,738)
Stock-in-trade	(413,078)	(255,347)
Trade debts	(144,396)	32,312
Loans, advances, deposits, prepayments and other receivables	(7,605)	17,012
Increase / (decrease) in current liabilities		
Trade and other payables	34,118	(72,859)
Sales tax payable	(839)	(3,878)
	(546,594)	(294,498)
Cash generated from operations	(285,116)	51,364
Finance costs paid	(1,361)	(12,128)
Dividends paid	(465)	(96)
Retirement benefits paid	(4,742)	-
Income tax paid	(99,758)	(104,293)
Net cash used in operating activities	(391,442)	(65,153)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(6,188)	(15,287)
Long term loans and deposits	945	981
Profit received	27,637	36,375
Proceeds from disposal of property, plant and equipment	232	566
Short term investments purchased	3	5
Net cash generated from investing activities	22,629	22,640
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finance repaid	-	(442,500)
Repayment of liabilities against assets subject to finance lease	-	(259)
Net cash used in financing activities	-	(442,759)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(368,813)	(485,272)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	1,520,124	1,617,046
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	1,151,311	1,131,774
Cash and bank balances	460,817	568,749
Short-term investments	700,000	600,000
Running finance	(9,506)	(36,975)
	1,151,311	1,131,774

The annexed notes from 1 to 14 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 PERIOD ENDED SEPTEMBER 30, 2013

	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	
<b>Balance as at June 30, 2012 (Audited)</b>	368,318	55,704	5,987,999	1,566,073	46,115	8,024,209
Profit for the period	-	-	-	351,303	-	351,303
Other comprehensive income	-	-	-	-	12,085	12,085
Total comprehensive income	-	-	-	351,303	12,085	363,388
Transfer to revenue reserve	-	-	1,105,000	(1,105,000)	-	-
<b>Balance as at September 30, 2012 (Un-audited)</b>	<b>368,318</b>	<b>55,704</b>	<b>7,092,999</b>	<b>812,376</b>	<b>58,200</b>	<b>8,387,597</b>
<b>Balance as at June 30, 2013 (Audited)</b>	<b>405,150</b>	<b>55,704</b>	<b>7,092,999</b>	<b>1,422,396</b>	<b>65,548</b>	<b>9,041,797</b>
Profit for the year period	-	-	-	203,629	-	203,629
Other comprehensive income	-	-	-	-	8,013	8,013
Total comprehensive income	-	-	-	203,629	8,013	211,642
Transfer to revenue reserve	-	-	814,000	(814,000)	-	-
<b>Balance as at September 30, 2013 (Un-audited)</b>	<b>405,150</b>	<b>55,704</b>	<b>7,906,999</b>	<b>812,025</b>	<b>73,561</b>	<b>9,253,439</b>

The annexed notes from 1 to 14 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 PERIOD ENDED SEPTEMBER 30, 2013

(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 Karachi and Lahore Stock Exchanges.

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.

### 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)	
	Period ended		Period ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
	(Rupees in thousands)			
<b>Owned Assets</b>				
Factory building	-	5,335	-	-
Plant and machinery	2,061	1,549	-	8
Furniture and fittings	17	531	-	-
Vehicles	2,106	3,330	136	395
Office and mills equipment	108	1,318	-	-
Computer equipment	208	2,533	-	-
	<b>4,500</b>	<b>14,596</b>	<b>136</b>	<b>403</b>
<b>Capital work-in-progress</b>				
Civil Works	-	691	-	-
Office and mills equipment	106	-	-	-
	<b>106</b>	<b>691</b>	<b>-</b>	<b>-</b>
	<b>4,606</b>	<b>15,287</b>	<b>136</b>	<b>403</b>

# Thal Limited

## 5 LONG-TERM INVESTMENTS

### Investment in related parties

#### Subsidiaries, unquoted - at cost

Noble Computer Services (Pvt) Limited.  
Pakistan Industrial Aids (Pvt) Ltd.  
Makro Habib Pakistan Limited  
Habib METRO Pakistan (Private) Limited  
A-One Enterprises (Private) Limited

#### Associates - at cost

##### Listed

Indus Motor Company Limited  
Habib Insurance Company Limited  
Agriauto Industries Limited  
Shabbir Tiles and Ceramics Limited

##### Unlisted

METRO Habib Cash & Carry Pakistan (Private) Limited

#### Other investments - at fair value

##### Available for-sale - Quoted

Habib Sugar Mills Limited  
GlaxoSmithKline (Pakistan) Limited  
Dynea Pakistan Limited

September 30, 2013 (Un-audited)	June 30, 2013 (Audited)
---------------------------------------	-------------------------------

(Rupees in thousands)

1,086	1,086
10,000	10,000
223,885	223,885
2,789,223	2,789,223
61,395	61,395
3,085,589	3,085,589

48,900	48,900
561	561
9,473	9,473
15,585	15,585
284,105	284,105
358,624	358,624

56,493	44,096
164	185
28,112	32,475
84,769	76,756
3,528,982	3,520,969

## 6 STOCK-IN-TRADE

### Raw material

In hand  
In transit

### Work-in-process

### Finished goods

1,875,407	1,653,805
367,657	439,914
2,243,064	2,093,719
181,661	176,847
444,789	185,870
2,869,514	2,456,436

6.1 This includes items amounting to Rs. 168.631 million (June 30, 2013 : Rs. 484.391) carried at net realizable value. [Cost Rs. 173.604 million (June 30, 2013 : Rs. 500.872 million)]

## 7 SHORT TERM INVESTMENTS

This includes investment Term Deposit Receipts amounting to Rs. 708.156 million (June 30, 2013 : Rs. 808.845 million) and money market mutual funds amounting to Rs. 1,014.344 million (June 30, 2013: Rs. 995.796 million).

## 8 INCOME TAX - NET

### Group tax relief adjustments

### Income tax provisions less tax payments - net

September 30, 2013 (Un-audited)	June 30, 2013 (Audited)
---------------------------------------	-------------------------------

(Rupees in thousands)

8.1	593,466	593,466
	(475,713)	(483,593)
	117,753	109,873

8.1 This note may be read in conjunction with note 18.1.1 and 18.1.2 of the audited financial statements for the year ended June 30, 2013.

# Thal Limited

## 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. 47.035 million (June 30, 2013 : Rs. 67.644 million)
- 9.1.2 Post dated cheques issued to Collector of Customs amounts to Rs. 174.037 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. 1,058.916 million (June 30, 2013 : Rs. 882.288 million).
- 9.2.2 Commitments in respect of capital expenditure amounts to Rs. 72.330 million (June 30, 2013 : Rs. 61.809 million)
- 9.2.3 Commitments for rentals under Ijarah agreements in respect of vehicles amount to Rs. 21.100 million (June 30, 2013: 23.371 million)

## 10 BASIC AND DILUTED EARNINGS PER SHARE

	Period ended	
	September 30, 2013 (Un-audited)	September 30, 2012 (Restated)
	(Rupees in thousands)	
Profit after taxation	203,629	351,303
	Number of shares in thousands	
	(Restated)	
Number of ordinary shares of Rs. 5/- each in issue	81,030	81,030
	Rupees	
	(Restated)	
Basic and diluted earnings per share	2.51	4.34

The number of ordinary shares and earning per share for the period ended September 30, 2012 has been adjusted for the effect of bonus shares issued during the period.

## 11 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:

	Period ended	
	September 30, 2013 (Un-audited)	September 30, 2012 (Restated)
	(Rupees in thousands)	
<b>Transactions</b>		
Sales	1,073,280	1,244,580
Professional Services acquired	20,188	15,528
Insurance premium	10,924	7,406
Purchase of goods	20,778	24,733
Insurance claim received	817	66
Mark-up and bank charges paid	825	1,742
Profit received	25,592	40,755
Supplies purchased	4,961	4,488
Contribution to provident fund	10,055	7,818
Contribution to retirement benefit fund	1,880	1,185
Rent paid	396	99
Key management personnel compensation	27,035	20,855



# Thal Limited

	September 30, 2013 (Un-audited)	June 30, 2013 (Audited)
<b>Balances</b>		
Trade debts	223,467	158,568
Other receivables	4,180	7,663
Bank balances	411,599	637,545
Trade and other payables	8,562	9,038
Short term borrowings	8,811	6,948

## 12 GENERAL

- 12.1 Following reclassification has been made during the period pursuant to the amendments in the Fourth Schedule to the Companies Ordinance, 1984 notified by the Securities and Exchange Commission of Pakistan, which specifically classifies major spare parts and standby equipment into property, plant and equipment.

	September 30, 2013	June 30, 2013
	(Rupees in thousands)	
<b>Reclassification from</b>	<b>Reclassification to</b>	
Stores, spares and loose tools	Property, plant and equipment	
	31,208	33,997

- 12.2 Figures have been rounded off to the nearest thousand.

## 13 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 29, 2013 by the Board of Directors of the Company.

- 14 The Board of Directors has recommended final cash dividend of Rs. 7.50 per share for the year ended June 30, 2013. These 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 29, 2013.

  
**ASIF RIZVI**  
 Chief Executive

  
**SOHAIL P. AHMED**  
 Vice Chairman

# Thal Limited

## CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2013

	Note	September 30, 2013 (Un-audited) (Rupees in thousands)	June 30, 2013 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	1,205,271	1,238,618
Intangible assets		808	956
Investment property		7,558,144	7,591,744
Long-term investments	5	1,773,174	1,757,093
Long-term loans and deposits		9,261	9,261
Long-term prepayments		71,786	74,049
		10,618,444	10,671,721
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		93,430	78,636
Stock-in-trade	6	3,096,965	2,723,622
Trade debts		1,264,110	1,089,780
Loans, advances, deposits, prepayments and other receivables		205,877	171,885
Short-term investments	7	2,684,241	2,712,928
Accrued profit on bank deposits		2,616	4,436
Income Tax - net	8	85,636	75,184
Sales tax refundable		44,051	9,282
Cash and bank balances		620,468	813,455
		8,097,394	7,679,208
<b>TOTAL ASSETS</b>		<b>18,715,838</b>	<b>18,350,929</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
100,000,000 (June 30, 2012: 100,000,000) ordinary shares of Rs.5/- each		500,000	500,000
Issued, subscribed and paid-up capital		405,150	405,150
Share deposit money		12	12
Reserves		10,588,262	10,262,060
Equity attributable to equity holders' of the parent		10,993,424	10,667,222
Non-controlling interest		5,561,743	5,501,071
Total equity		16,555,167	16,168,293
<b>NON-CURRENT LIABILITIES</b>			
Long term security deposit		307,904	307,962
Deferred tax liability		3,549	8,191
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,812,386	1,834,300
Short-term borrowings		9,506	7,368
Deferred income		27,309	24,808
Accrued markup		17	7
		1,849,218	1,866,483
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9	-	-
<b>TOTAL EQUITIES AND LIABILITIES</b>		<b>18,715,838</b>	<b>18,350,929</b>

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

  
**ASIF RIZVI**  
Chief Executive

  
**SOHAIL P. AHMED**  
Vice Chairman

# Thal Limited

## CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED SEPTEMBER 30, 2013

(Un-audited)

	Note	September 30, 2013	2012
		(Rupees in thousands)	
Turnover - net		3,318,914	3,666,347
Cost of sales		2,858,306	3,118,150
<b>Gross Profit</b>		<b>460,608</b>	<b>548,197</b>
Distribution costs		(43,391)	(48,280)
Administrative expenses		(263,691)	(302,919)
		(307,082)	(351,199)
Other operating income		421,109	421,740
<b>Operating Profit</b>		<b>574,635</b>	<b>618,738</b>
Finance costs		(1,415)	(19,763)
Other charges		(28,114)	(38,370)
		(29,529)	(58,133)
		545,106	560,605
Share of net profit of associates - after tax		8,289	31,947
<b>Profit before taxation</b>		<b>553,395</b>	<b>592,552</b>
Taxation		(169,484)	(155,233)
<b>Profit after taxation</b>		<b>383,911</b>	<b>437,319</b>
<b>Attributable to:</b>			
- Equity holders of the Holding Company		323,240	374,921
- Non-controlling interest		60,671	62,398
		383,911	437,319
		<b>Rupees</b>	
		(Restated)	

Basic and diluted earning per share attributable to the equity holders of the Holding Company

10

3.99

4.63

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

  
**ASIF RIZVI**  
Chief Executive

  
**SOHAIL P. AHMED**  
Vice Chairman



# Thal Limited

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED SEPTEMBER 30, 2013 (Un-audited)

	September 30, 2013	2012
	(Rupees in thousands)	
Profit for the period	383,911	437,319
Other comprehensive income		
Fair value gain on available-for-sale investments	1,514	8,078
Unrealised gain on hedging instruments	1,448	3,745
Other comprehensive income for the period	2,962	11,823
Total comprehensive income for the period	<u>386,873</u>	<u>449,142</u>
Attributable to:		
- Equity holders of the Holding Company	326,202	386,744
- Non-controlling interest	60,671	62,398
	<u>386,873</u>	<u>449,142</u>

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

  
**ASIF RIZVI**  
Chief Executive

  
**SOHAIL P. AHMED**  
Vice Chairman

# Thal Limited

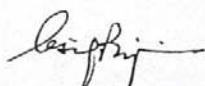
## CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD ENDED SEPTEMBER 30, 2013

(Un-audited)

	September 30,	
	2013	2012
	(Rupees in thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	553,395	592,552
Adjustments for non-cash charges and other items:		
Depreciation and Amortization	103,894	104,005
Amortization of long term prepayments	-	9,091
Share in profit of associates - after taxation	(8,289)	(31,947)
Financel costs	1,400	8,056
Profit earned	(45,194)	(46,918)
Liabilities no longer payable written back	-	(281)
Gain on revaluation of investments at fair value through profit and loss	(23,935)	(7,430)
Reversal for impairment of debts	(14,558)	(1,652)
Provision for retirement benefits	1,181	1,186
Gain on sale of property, plant and equipment	(423)	(528)
	14,076	33,582
	567,471	626,134
(Increase) / decrease in current assets		
Stores, spares and loose tools	(14,794)	(11,738)
Stock-in-trade	(373,343)	(165,407)
Trade debts	(159,772)	34,416
Loans, advances, deposits, prepayments and other receivables	(66,541)	114,145
Deferred income	(7,242)	(2,465)
Increase / (decrease) in current liabilities		
Trade and other payables	(13,100)	225,274
Sales tax payable	(839)	(3,878)
	(635,631)	190,347
Cash (used in) / generated from operations	(68,160)	816,481
Finance costs paid	(1,390)	(12,128)
Dividends paid	(465)	(96)
Retirement benefits paid	(4,742)	-
Income tax paid	(184,825)	(106,954)
Net cash (used in) / generated from operating activities	(259,582)	697,303
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(38,753)	(44,705)
Long term loans and deposits	945	981
Profit received	47,698	50,116
Proceeds from disposal of property, plant and equipment	2,378	1,678
Purchase of investments	(5,438)	(184,836)
Net cash generated from / (used in) investing activities	6,830	(176,766)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finance repaid	-	(707,256)
Repayment of liabilities against assets subject to finance lease	-	(259)
Long term deposit	(58)	-
Net cash (used in) financing activities	(58)	(707,515)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(252,810)	(186,978)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	2,444,087	1,786,538
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	2,191,277	1,599,560
Cash and bank balances	620,468	676,535
Short-term investments	1,580,315	960,000
Running Finance	(9,506)	(36,975)
	2,191,277	1,599,560

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



**ASIF RIZVI**  
Chief Executive



**SOHAIL P. AHMED**  
Vice Chairman

# Thal Limited

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2013

	Issued, subscribed & paid-up capital	Share deposit money	Capital reserve	General reserve	RESERVES				Gain/(Loss) on changes in fair value of available for sale investments	Non-controlling interest	Total equity
	368,318	12	67,929	5,989,874	3,211,379	(3,353)	53,263	5,346,797	15,034,219		
Balance as at June 30, 2012 (Audited)											
Profit for the period	-	-	-	-	374,921	-	-	62,398	437,319		
Other comprehensive income	-	-	-	-	-	3,745	8,078	-	11,823		
Total comprehensive income	-	-	-	-	374,921	3,745	8,078	62,398	449,142		
Transfer to revenue reserve	-	-	-	1,145,000	(1,145,000)	-	-	-	-		
Balance as at September 30, 2012 (Un-audited)	368,318	12	67,929	7,134,874	2,441,300	392	61,341	5,409,195	15,483,361		
Balance as at June 30, 2013 (Audited)	405,150	12	67,929	7,134,874	2,988,785	(1,448)	71,920	5,501,071	16,168,293		
Profit for the period	-	-	-	-	323,240	-	-	60,671	383,911		
Other comprehensive income	-	-	-	-	-	1,448	1,514	-	2,962		
Total comprehensive income	-	-	-	-	323,240	1,448	1,514	60,671	386,873		
Transfer to revenue reserve	-	-	-	814,000	(814,000)	-	-	-	-		
Balance as at September 30, 2013 (Un-audited)	405,150	12	67,929	7,948,874	2,498,025	-	73,434	5,561,742	16,555,166		

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



**ASIF RIZVI**  
Chief Executive



**SOHAIL P. AHMED**  
Vice Chairman



# Thal Limited

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2013

(Un-audited)

### 1 THE HOLDING COMPANY AND ITS OPERATIONS

Thal Limited (the holding 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 Karachi and Lahore Stock Exchanges.

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, Sharaf 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 (Pvt) Limited, Habib Metro Pakistan (Pvt) Ltd and Thal Boshoku Pakistan (Private) Limited.

Noble Computer Services (Private) Limited is engaged in providing share registrar and related accounting services, share floatation services, data entry services and internal audit 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 (Pvt) Limited owns a land at Multan road, Lahore.

Habib Metro Pakistan (Pvt) Limited, main business is to own and manage properties.

Thal Boshoku Pakistan (Private) Limited has not yet commenced its operations.

These subsidiaries have been consolidated in these interim condensed consolidated financial statements.

### 2 BASIS OF PREPARATION

These condensed interim consolidated 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.

These condensed interim consolidated financial statements do not include all the information and disclosures 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 consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended June 30, 2013.

### 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)	
	Period ended		Period ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
	(Rupees in thousands)			
<b>Owned Assets</b>				
Land - Freehold	-	499	-	-
Factory Building	-	5,335	-	-
Plant and machinery	2,061	1,883	-	8
Furniture and fittings	17	853	-	-
Vehicles	2,106	5,538	1,942	1,142
Office and mills equipment	184	1,355	10	-
Computer equipment	631	3,080	3	-
	<b>4,999</b>	<b>18,543</b>	<b>1,955</b>	<b>1,150</b>
<b>Capital work-in-progress</b>				
Civil works	-	691	-	-
Office and mills equipment	106	-	-	-
	<b>106</b>	<b>691</b>	<b>-</b>	<b>-</b>
	<b>5,105</b>	<b>19,234</b>	<b>1,955</b>	<b>1,150</b>

4.1 During the period, capital work in progress amounting to Rs. 0.724 million (September 30, 2012 : Rs. 11.881 million) was transferred to owned assets.

# Thal Limited

## 5 LONG-TERM INVESTMENT

September 30, 2013  
(Un-audited)  
(Rupees in thousands)

June 30, 2013  
(Audited)

### Associates - stated as per equity method

#### Listed

Indus Motors Limited

Habib Insurance Company Limited

Agriauto Industries Limited

Shabbir Tiles and Ceramics Limited

#### Unlisted

METRO Habib Cash & Carry Pakistan (Private) Limited

1,100,809	998,109
40,633	35,984
195,912	189,433
22,263	22,107
328,788	434,704
1,688,405	1,680,337

### Other investments - at fair value

#### Available for-sale

#### Listed

Habib Sugar Mills Limited

GlaxoSmithKline (Pakistan) Limited

Dynea Pakistan Limited

56,493	44,096
164	185
28,112	32,475
84,769	76,756
1,773,174	1,757,093

## 6 STOCK-IN-TRADE

### Raw material

In hand

In transit

Work-in-process

Finished goods

Provision for obsolescence and shrinkage

1,875,407	1,653,805
367,657	439,914
2,243,064	2,093,719
181,661	176,847
673,507	457,049
(1,267)	(3,993)
672,240	453,056

6.1 3,096,965 2,723,622

6.1 This includes items amounting to Rs. 209.861 million (June 30, 2013 : Rs. 533.490) carried at net realizable value. [Cost Rs. 218.194 million (June 30, 2013 : Rs. 553.972 million)]

## 7 SHORT TERM INVESTMENTS

This includes investment Term Deposit Receipts amounting to Rs. 1,580.054 million (June 30, 2013 : Rs. 1,678.325 million) and money market mutual funds amounting to Rs. 1,104.187 million (June 30, 2013: Rs. 1,034.603 million).

## 8 INCOME TAX - Net

Group tax relief adjustments

Income Tax provision less tax payments - net

8.1	588,636	586,064
	(503,000)	(510,880)
	85,636	75,184

8.1 This note may be read in conjunction with note 19.1 and 19.2 of the audited consolidated financial statements for the year ended June 30, 2013.

# Thal Limited

## 9 CONTINGENCIES AND COMMITMENTS

### 9.1 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, 2013 other than the following:

9.1.1 Letter of guarantees issued by banks on behalf of the Group amounts to Rs. 52.819 million (June 30, 2013 : Rs. 73.428 million)

9.1.2 Post dated cheques issued to collector of Customs amounts to Rs. 174.037 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. 1,058.916 million (June 30, 2013 : Rs. 882.288 million).

9.2.2 Commitments in respect of capital expenditure amounts to Rs. 72.330 million (June 30, 2013: Rs. 61.809 million).

9.2.3 Commitments for rentals under operating lease agreements in respect of Land amount to Rs. 3,192.754 million (June 30, 2013 : Rs. 3,192.754 million)

9.2.4 Commitments for rentals under Ijarah agreements in respect of vehicles amount to Rs. 21.100 million (June 30, 2013 : Rs. 23.371 million).

## 10 BASIC AND DILUTED EARNINGS PER SHARE

	Period ended	
	September 30, 2013	September 30, 2012
	(Un-audited)	
	(Rupees in thousands)	
Profit for the period after taxation attributable to the shareholders of the holding company	323,240	374,921
	<b>Number of shares in thousands</b>	
		(Restated)
Number of ordinary shares of Rs. 5/- each in issue	81,030	81,030
	<b>Rupees</b>	
		(Restated)
Basic and diluted earnings per share	3.99	4.63

The number of ordinary shares and earning per share for the period ended September 30, 2012 has been adjusted for the effect of bonus shares issued during the period.



# Thal Limited

## 11 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise companies with common directorship, retirement funds, directors and key management personnel. Detail of transactions with related parties during the period, other than those which have been disclosed elsewhere in these interim condensed consolidated financial statements, are as follows:

	Period ended	
	September 30, 2013	September 30, 2012
	(Un-audited)	
	(Rupees in thousands)	
<b>Transactions</b>		
Sales	1,098,809	1,282,691
Professional Services rendered	39,819	33,742
Rental Income	290,404	289,507
Insurance premium	11,786	8,628
Sale/purchase of assets	-	7,731
Purchase of goods	28,656	66,455
Insurance claim received	817	960
Mark-up and bank charges paid	830	3,046
Profit received	42,683	55,090
Licence fee, signage and others	-	1,104
Contribution to provident fund	10,929	9,020
Contribution to retirement benefit fund	1,880	1,185
Rent paid	-	174
Key management personnel compensation	37,895	35,145

	September 30, 2013	June 30, 2013
	(Un-audited)	(Audited)
	(Rupees in thousands)	
<b>Balances</b>		
Trade debts	238,326	173,552
Other receivables	1,013	272
Bank balances	421,067	670,545
Trade and other payables	19,048	39,799
Short term borrowings	8,811	6,948

## 12 SEGMENT ANALYSIS

September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Engineering		Building material and allied products		Real estate management & others		Elimination		Total	

Rupees in thousand--

<b>SALES REVENUE</b>	<b>1,528,116</b>	<b>1,690,542</b>	<b>1,101,752</b>	<b>1,212,884</b>	<b>720,932</b>	<b>790,370</b>	<b>(31,886)</b>	<b>(27,449)</b>	<b>3,318,914</b>	<b>3,666,347</b>
<b>SEGMENT RESULT</b>	<b>290,701</b>	<b>362,310</b>	<b>72,066</b>	<b>78,935</b>	<b>224,687</b>	<b>200,782</b>	-	-	<b>587,454</b>	<b>642,027</b>
<b>Unallocated corporate (expenses) / income:</b>										
Administrative & distribution costs									<b>(107,695)</b>	<b>(93,414)</b>
Other income									<b>94,876</b>	<b>70,125</b>
<b>Operating profit</b>									<b>574,635</b>	<b>618,738</b>
<b>Finance cost</b>									<b>(1,415)</b>	<b>(19,763)</b>
<b>Other charges</b>									<b>(28,114)</b>	<b>(36,370)</b>
<b>Share in profit of associates</b>									<b>8,289</b>	<b>31,947</b>
<b>Taxation</b>									<b>(169,484)</b>	<b>(155,233)</b>
									<b>383,911</b>	<b>437,319</b>

The third segment includes real estate management, trading and share registrar & management services.

## 13 GENERAL

13.1 Following reclassification has been made during the period pursuant to the amendments in the Fourth Schedule to the Securities and Exchange Commission of Pakistan, which specifically classifies major spare parts and standby equipment into property, plant and equipment.

	September 30, 2013	June 30, 2013
(Rupees in thousands)		

Reclassification from	Reclassification to
Stores, spares and loose tools	Property, plant and equipment

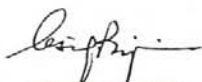
13.2 Figures have been rounded off to the nearest thousand.

# Thal Limited

## 14 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on October 29, 2013 by the Board of Directors of the Company.

- 15 The Board of Directors has recommended final cash dividend of Rs. 7.50 per share for the year ended June 30, 2013. These condensed interim consolidated 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 29, 2013.



**ASIF RIZVI**  
Chief Executive



**SOHAIL P. AHMED**  
Vice Chairman



## **Corporate Information**

### **Board of Directors:**

Rafiq M. Habib - Chairman  
Sohail P. Ahmed - Vice Chairman  
Asif Rizvi - Chief Executive  
Ali S. Habib - Non Executive Director  
Mohamedali R. Habib - Non Executive Director  
Mazhar Valjee - Independent Director  
Asif Qadir - Independent Director

### **Registered Office:**

4th Floor, House of Habib  
3-Jinnah Cooperative Housing Society,  
Block 7/8, Sharae Faisal,  
Karachi - 75350  
PABX: 92(21) 3431-2030, 3431-2185  
Fax: 92(21) 3431-2318, 3439-0868  
E-mail: tl@hoh.net  
Web: www.thallimited.com

### **Chief Financial Officer:**

Shahid Saleem

### **Company Secretary:**

Ali Asghar Moten

### **External Auditors:**

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

### **Share Registrar:**

Noble Computer Services (Private) Limited  
1st Floor, House of Habib  
3-Jinnah Cooperative Housing Society,  
Block 7/8, Sharae Faisal,  
Karachi - 75350  
PABX: 92(21) 3432-5482-87  
Fax: 92(21) 3432-5442

### **Legal Advisers:**

A. K. Brohi & Co., Karachi  
K. A. Wahab & Co., Karachi  
Fazal-e-Ghani Advocates, Karachi

### **Tax Advisers:**

Ernst & Young Ford Rhodes Sidat Hyder

### **Bankers:**

Albaraka Islamic Bank  
Bank Al-Habib Limited  
Barclays Bank, PLC Pakistan  
Faysal Bank Limited  
Habib Bank Limited  
HSBC Bank Middle East Limited  
Habib Metropolitan Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited







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