



# Thal Limited

Registered Office : 4th Floor, House of Habib  
3-Jinnah C. H. Society, Block-7/8, Sharea Faisal, Karachi-75350  
Tel : (92-21) 3431-2030 Fax : (92-21) 3431-2318  
E-mail : tl@hoh.net Website : www.thallimited.com

TL/2016/169

February 25, 2016

The General Manager  
Pakistan Stock Exchange Limited  
(Formerly Karachi Stock Exchange Limited)  
Stock Exchange Building  
Stock Exchange Road, Karachi - 74000  
Fax # 32410825

## FINANCIAL RESULTS FOR THE HALF YEAR ENDED DECEMBER 31, 2015 STANDALONE AND CONSOLIDATED

Dear Sir,

We are pleased to inform you that the Board of Directors of the Company in their meeting held on February 25, 2016 at 10:00 AM have approved the un-audited accounts for the half year ended December 31, 2015 for submission to the Shareholders and the Stock Exchange as required under section 245 of the Companies Ordinance 1984.

The un-audited standalone and consolidated results of the Company for the half year ended December 31, 2015 are attached as Annexure "A" & "B" respectively.

In addition, Directors Report, duly approved, is also enclosed for your reference.

### **CASH DIVIDEND:**

The Board of Directors is pleased to propose an Interim Cash Dividend for the half year ended December 31, 2015 @ Rs 3.75 per share i.e. 75%.

The interim dividend will be paid to the shareholders whose names appear in the Register of the Members as at March 11, 2016.

The share transfer books of the Company will remain closed from March 12, 2016 to March 19, 2016, (both days inclusive). In order to determine the entitlement to the aforesaid interim dividend shares may be lodged for transfer with our Registrar M/S FAMCO Associates (Pvt.) Limited, 8-F, Next to Hotel Farhan, Nursery, Block-6, PECHS, Shahrah-e-Faisal, Karachi.

We will be sending you 200 copies of printed accounts for distribution amongst the Members of the Exchange in due course of time.

Yours faithfully,  
For Thal Limited

  
  
**ALI ASGHAR MOYEN**  
COMPANY SECRETARY

### **CC:**

CEO, Central Depository Company of Pakistan  
CDC House # 99-B, Block-B,  
SMCHS, Shahrah-e-Faisal,  
Karachi.



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ANNEXURE - A

## CONDENSED INTERIM STANDALONE PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UN-AUDITED)

	Half year ended		Quarter ended	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Revenue - net	6,978,353	6,685,046	3,574,474	3,545,342
Cost of sales	5,471,129	5,620,076	2,787,177	2,889,381
<b>Gross Profit</b>	<b>1,507,224</b>	<b>1,064,970</b>	<b>787,297</b>	<b>655,961</b>
Distribution costs	(101,970)	(93,983)	(44,653)	(48,796)
Administrative expenses	(270,221)	(221,225)	(139,303)	(119,777)
	(372,191)	(315,208)	(183,956)	(168,573)
Other income	589,877	397,987	450,148	221,610
<b>Operating Profit</b>	<b>1,724,910</b>	<b>1,147,749</b>	<b>1,053,489</b>	<b>708,998</b>
Finance costs	(1,435)	(2,324)	(799)	(1,185)
Other charges	(716,560)	(78,626)	75,440	(48,609)
	(717,995)	(80,950)	74,641	(49,794)
<b>Profit before taxation</b>	<b>1,006,915</b>	<b>1,066,799</b>	<b>1,128,130</b>	<b>659,204</b>
Taxation	(194,423)	(256,991)	(257,902)	(161,612)
<b>Profit after taxation</b>	<b>812,492</b>	<b>809,808</b>	<b>870,228</b>	<b>497,592</b>
	<b>Rupees</b>		<b>Rupees</b>	
Basic and diluted earnings per share	10.03	9.99	10.74	6.14





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ANNEXURE - B

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015  
(UN-AUDITED)**

(Rupees in '000')

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Revenue - net	8,022,294	8,317,268	3,952,514	4,418,463
Cost of sales	6,371,060	7,039,921	3,093,013	3,646,020
<b>Gross Profit</b>	<b>1,651,234</b>	<b>1,277,347</b>	<b>859,501</b>	<b>772,443</b>
Distribution costs	(108,475)	(113,511)	(46,585)	(61,163)
Administrative expenses	(627,546)	(617,861)	(277,391)	(336,254)
	(736,021)	(731,372)	(323,976)	(397,417)
Other income	959,597	914,888	478,065	456,440
<b>Operating Profit</b>	<b>1,874,810</b>	<b>1,460,863</b>	<b>1,013,590</b>	<b>831,466</b>
Finance costs	(3,534)	(10,046)	(1,516)	(5,605)
Other charges	(1,248,622)	(91,382)	(126,450)	(55,461)
	(1,252,156)	(101,428)	(127,966)	(61,066)
	622,654	1,359,435	885,624	770,400
Share of net profit of associates - after tax	372,058	132,176	193,972	76,467
<b>Profit before taxation</b>	<b>994,712</b>	<b>1,491,611</b>	<b>1,079,596</b>	<b>846,867</b>
Taxation	(318,119)	(433,419)	(288,197)	(244,575)
<b>Profit after taxation</b>	<b>676,593</b>	<b>1,058,192</b>	<b>791,399</b>	<b>602,292</b>
<b>Attributable to:</b>				
- Equity holders of the Holding Company	510,170	907,410	685,929	525,342
- Non-controlling interest	166,423	150,782	105,470	76,950
	676,593	1,058,192	791,399	602,292
	Rupees	Rupees	Rupees	Rupees
Basic and diluted (loss) / earnings per share attributable to the equity holders of the Holding Company	6.30	11.20	8.47	6.48



# Thal Limited

## DIRECTORS' REPORT TO THE SHAREHOLDERS

**Dear Shareholders,**

On behalf of the Board of Directors, I am pleased to share the Directors' Review along with the unaudited interim condensed financial accounts for the period ended December 31, 2015.

### Financial Highlights:

	Rupees in Millions	
	For the Half Year Ended Dec. 31, 2015	For the Half Year Ended Dec. 31, 2014
Sales Revenue	6,978	6,685
Profit Before Taxation	1,007	1,066
Profit After Taxation	812	810
Earnings Per Share (Rs.)	10.03	9.99

The Board has approved an interim cash dividend of Rs 3.75 per share i.e 75% for the half year ended December 2015.

### Performance Overview:

The Sales Revenues for the first half of the year ended on December 31, 2015, was Rs. 6.97 billion as compared to Rs. 6.68 billion in the corresponding period of last year, showing an increase of Rs. 293 million or 4.3%. The operating profit of Rs. 1.72 billion showed an impressive increase of Rs. 577 million or 50.3% over the last year whereas its after tax profit was similar to last year despite incurring a one-time payment of Rs 598 M to Metro Habib Cash & Carry Pakistan Ltd. owing to the closure of the Saddar Store.

### Business Brief – Engineering Segment:

Sales revenue of the Engineering Segment during the period was Rs 5.46 billion compared to Rs 4.49 billion in the last year, showing a healthy increase of 22%.

The auto industry in Pakistan has shown a strong growth over last six months of 66%. The main reasons for this were the Taxi Scheme launched by the Punjab Government and a sustained demand for a car model launched last year. In addition, an improved law & order and economic situation in the country, depreciation in Japanese Yen against the Pak Rupee and low interest rates further aided the growth of the auto industry.

A continuous increase in the import of used cars, which recorded a growth of 77% over the same period last year, increase in customs duty on raw material by 1% and the much-awaited Auto Industry Policy are the most significant challenges faced by the auto industry. The Auto Industry Policy has still not been finalized and approved by the Economic Coordination Committee (ECC) and many apprehensions are being felt by the stakeholders due to the endless delay. The Pakistan-China FTA and expected FTAs with other countries may also pose a challenge for the local auto part



manufacturers. The company has made its recommendation for the Auto Industry Policy and on the draft FTAs to protect the local auto industry by playing its required role.

The Business is confident that in line with the performance during the first half of the year, the operations will continue to demonstrate a healthy performance. Focus on creating cost efficiencies through resourcing, process improvements and emphasis on Quality, Health Safety and Environment initiatives continue to be the practiced way of life.

### **Building Material & Allied Product Segment:**

Sales revenue of the Building Materials & Allied Products Segment during the period under review was Rs 1.92 billion compared to Rs 2.50 billion in the last year, showing a decline of 23% mainly in the Jute sales.

### **Jute Operations:**

The challenges in the Jute Industry continue unabated as Government of Bangladesh imposed a ban on export of raw jute in November 2015, which was briefly lifted in January 2016 to allow unshipped quantities to be exported only against established LCs. In addition an increase in custom duty on raw materials by 1% did not augur well. The Business is actively pursuing a continuous supply of raw jute to operate and to meet the demand of bags required for wheat packaging. Due to the short supply of raw jute and its abnormal increase in the prices, the business has curtailed production to efficiently manage the operations.

The business is focusing on diversifying its customer base in local as well as in international market in the coming months. However, the demand of grain sacks appears to be lower from the Government Procurement Agencies as compared to the last year due to excessive carryover stocks of wheat.

The operations continue to pursue optimal level of production, stocks and efficiencies with reduced costs to face the challenges ahead.

### **Papersack Operations:**

The demand from the cement sector remained stable with an average growth of approx 6% for the first half of the year, as compared to last year. However, during the 2<sup>nd</sup> quarter, the growth was better at 10.9%. Compared to last year, Company sales were up 7%, while YTD growth was 5.7%.

During the period under review, an increase in custom duty on raw materials by 1% and continuous decrease in the price of oil in the international markets kept the prices of alternate packing products (woven polypropylene) at a lower ebb, which is making it difficult to pass on the impact of higher duty and other cost increases to the customer.

The company is focusing on reducing its materials costs and has been largely successful. The outlook for the year remains positive as all indicators are showing that the cement demand will remain robust and the company is striving to capitalize on the same, while it continues to focus on increasing sales of paper packing in other segments.

### **Laminates Operations:**

During the half year under review, increase in gas tariff by 23% and an increase in custom duty on raw materials by 1% are some of the additional challenges faced by the business over and above the slow demand for its products in the local and international markets. During the period, sales grew by 15% compared with same quarter of last year and on a YTD basis, sales remained stagnant as compared to last year.



Going forward, the market continues to remain challenging, especially exports due to low prices of products in international markets, from China and in the local market the penetration of "laminated wood/densified wood" which is a replacement product of Melamite (electrical grade) is causing concern.

#### **Subsidiaries:**

##### **Thal Boshoku Pakistan (Pvt.) Ltd. (TBPk):**

During the period under review TBPk achieved its production and sale targets showing 32% growth as compared to last year. The projection for the remaining half year are strong.

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

The Honorable Supreme Court of Pakistan dismissed the Review Petition and as a consequence the Saddar store of MHPL was closed down on September 11, 2015 and the Operation Agreement between MHPL and Metro Habib Cash & Carry Pakistan (Private) Limited (MHCCP) stands terminated. Consequently, MHPL paid Rs. 194 million from its own resources and Thal Ltd. provided the remaining Rs. 598 million to MHPL to discharge its obligation totaling Rs. 792 million to MHCCP being the amount it is able to contribute towards meeting its obligation under the Operations Agreement with MHCCP.

The Honorable Supreme Court of Pakistan on December 9, 2015 accepted the Army Welfare Trust (AWT) request for restoration of its Review Petition which was earlier dismissed for non-prosecution. In the subsequent hearing held on February 2, 2016, where the Honorable Chief Justice commented that while reviewing AWT's review petition, both MHPL and the Ministry of Defense will also get a chance to argue their points on merit as they are respondents in AWT's petition.

##### **Habib METRO Pakistan (Private) Limited (HMPL):**

The main business of HMPL is to manage properties and accordingly, over 90% of the revenue is generated from rental income. The Company's holding is 60%.

During the quarter, HMPL paid an Interim dividend amounting to Rs 106 million for the first quarter. The Board of Directors in their meeting for the second quarter held on January 25, 2016 has declared interim cash dividend of Rs 0.333 per share, which is Rs 113 million and the Company's share of Rs 68 million will be incorporated in the next quarter financials.

The company is exploring various business opportunities to complement the cash & carry business.

##### **Sindh Engro Coal Mining Company Limited:**

The company entered into a Shareholders Agreement for joint investment in Sindh Engro Coal Mining Company (SECMC). The company has so far made an investment of Rs. 360 million and expects to make a total equity investment of up to Rs. 3 billion.

SECMC has signed all major financing agreements in a ceremony held in Beijing, China. The Government of Pakistan has also issued the Sovereign Guarantee for the mining project financing. With this, SECMC is well on its way to declaring Financial Close.

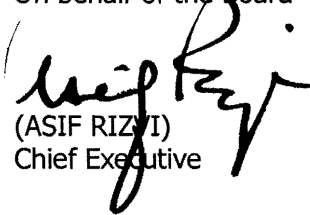
Sindh Engro Coal Mining Company is a joint venture between Thal, Engro, Government of Sindh and other private sector affiliates. The mining project is foremost among the priority list of projects under the China Pakistan Economic Corridor (CPEC). The mine is located in Block II of Thar Coalfields in Tharparkar and at full commercial operations shall supply 3.8 million tons per annum of lignite coal to the mine mouth power plant.



**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, Joint Venture 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: February 25, 2016.