

Thal Limited

Condensed Interim Financial Statements
For the Half Year Ended December 31, 2013
(Un-audited)



Thal Limited

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Thal Limited

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

The Directors of the Company place before you the performance for the half year ended December 31, 2013.

Business in the recent period has been challenging and the capacity utilization of various segments of the company remained low. Overall though there has been a good feeling about the economy of the country post the May 2013 national elections. However, the ground reality is that there are still many hurdles, the foremost being the continuing poor law and order situation and the uncertain security conditions in the country. This, coupled with the gap in the supply of energy is not allowing the full potential of the nation to be exploited.

The sales revenue of the Company in the first six months of the year was Rs. 5.17 billion as compared to Rs. 5.11 billion in the corresponding period last year. The profit after tax of Rs. 598.397 million in this period was similar to the Rs. 578.428 million in the corresponding period last year, due largely to the contribution of dividend income from our investments, which was higher than last year.

The basic and diluted Earnings Per Share (EPS) for the half year was Rs. 7.38 as compared to Rs. 7.14 in the corresponding half last year.

The Board has approved an interim cash dividend i.e. Rs 2.5 per share for the half year ended December 31, 2013.

Engineering Segment

The turnover of the Engineering Segment for the first half of the year was Rs. 2.913 billion as compared to Rs. 2.793 billion in the corresponding period, an increase of 4% over last year.

The Auto sector of the country, which is directly dependent on the economic growth, showed a modest growth of 6.5% during the first half of the year due to reasons cited above which resulted in lower capacity utilization. Further, an increase in the car prices resulting from new tax slabs based on engine capacities and the reduction in duties and taxes on the import of hybrid vehicles have also had a negative impact on this business.

The company continued its effort towards cost control measures and efficiency initiatives. We are pleased to report that the after-market sales revenue, though presently a small component in the overall business, witnessed an increase due to a higher focus in customer service and product enrichment in the aftermarket portfolio. The Company was also successful in securing business from a new OEM which is expected to materialize at the end of the year. Our focus on training & development and process improvement continues.

To increase indigenization in the locally assembled vehicles the company has embarked on several localization projects. The Starter, Alternator and Air Cleaner projects for passenger cars are all on schedule and commercial production is expected to start within 2014.

The new Auto Industry Plan (AIP) is under finalization and it is our earnest suggestion that the new policy should focus on a long term policy and provide a level playing field conducive to the natural growth and prosperity of an industry known as the 'mother' of all industries.

Building Material & Allied Product Segment

The Sales revenue of the Building Material & Allied Product Segment during the period under review was Rs 2.25 billion compared to Rs 2.32 billion in the corresponding period last year, lower by 3 %.

Jute Business:

The Jute industry has entered a challenging period as it faces stiff competition not only locally but also in international markets, where large volumes are being dumped by the two main exporting nations, India and Bangladesh, due to the dilution of the Mandatory Jute Packaging Act in India. This is in addition to the adverse impact of the internal political turmoil in our major export market. Input costs have increased significantly due mainly to the continued Rupee depreciation, hike in power tariff, load shedding and a rise in wages which are all costs which could not be passed on in full, as cheaper solutions are available.

The company is aggressively looking to tap new export regions to mitigate the above impact and in this regard is aggressively exploring food packaging markets.

Papersack Business:

The inclusion of cement in Schedule 3 of the Sales Tax Act which was announced in the Federal Budget 2013-14 has resulted in a fluctuating demand for papersacks, since each increase in the selling price of cement required the exhausting of the in house stocks of packaging material. This fluctuating demand from our customers has hampered the smooth sales. Cost of raw material also increased due to the devaluation of the Pak Rupee which could not be fully passed on.

Exports to the Middle East remained stable. The business is working to build a constant and stable export customer base that will set the foundation for future growth.

The Papersack business achieved the ISO 22000 Certification (food grade packaging) and it is expected that this certification will enable it to substantially improve sales to international fast food franchises in the local as well as global markets.

Laminates Business:

The Laminates business has concentrated on exports and corporate customers and this has produced positive results on the profitability. Exports have assisted in offsetting the cost impacts as a result of devaluation of the Pak Rupee.

The FORMITE brand continues to be a dominant player in the local market. However, as most of the competing players operate in the unorganized / undocumented sector, the cost impact on the Laminates business of being documented and tax compliant has further enlarged the gap in selling prices which is posing a business challenge.

With the addition of DuPont's Corian ® & Montelli ® range of solid surfaces to the business portfolio, FORMITE customers now enjoy an enhanced range of products to meet their individual taste and style.

The announcement of Expo 2020 being awarded to Dubai (UAE) is being viewed by the business as a good opportunity for export.

Thal Boshoku Pakistan (Pvt.) Ltd.

Our automotive parts Joint Venture, Thal Boshoku Pakistan (Pvt) Limited, established for the manufacturing of the Air Cleaner set, Seat Track and Seat Side Frame sub-assemblies is proceeding as planned and is expected to commence operations within this year.

Makro-Habib Pakistan Limited (MHPL):

Makro-Habib continues to stay focused and to play its role in the Cash and Carry business in Pakistan through its Saddar store. The operation of the store is handled by METRO Habib Cash and Carry Pakistan under the terms of the Operations Agreement. The Store is subject to a legal case pending adjudication in the Supreme Court of Pakistan

Habib METRO Pakistan (Private) Limited (HMPL):

HMPL owns and manages properties and we are pleased to report that Thal received its share of interim dividend for the quarter ended September 30, 2013 amounting to Rs 54.686 million. HMPL has also declared a 2nd interim dividend for the quarter ended December 31, 2013 and Thal's share amounts to Rs 53.462 million which will be reflected in financials of the third quarter.

ACKNOWLEDGEMENT:

In the end we would like 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: February 14, 2014.

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Thal Limited** as at **31 December 2013** and the related condensed interim profit and loss account and condensed interim statements of comprehensive income, cash flows and changes in equity, together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the six-months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



Chartered Accountants

Audit Engagement Partner: Arslan Khalid

Date: 14 February 2014

Karachi

Thal Limited

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2013

| | Note | December 31, 2013 (Un-audited) | June 30, 2013 (Audited) |
|-----------------------------------------------------------------------|------|--------------------------------------|-------------------------------|
| (Rupees in thousands) | | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 640,500 | 612,471 |
| Investment property | | 1,028 | 1,032 |
| Long-term investments | 5 | 3,634,541 | 3,520,969 |
| Long-term loans and deposits | | 10,495 | 6,385 |
| Long-term prepayments | | 5,670 | 7,560 |
| Deferred tax asset | | 31,982 | 22,024 |
| | | <u>4,324,216</u> | <u>4,170,441</u> |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 87,803 | 80,584 |
| Stock-in-trade | 6 | 3,336,939 | 2,456,436 |
| Trade debts | | 1,043,549 | 1,007,691 |
| Loans, advances, deposits, prepayments and other receivables | | 74,146 | 130,356 |
| Short-term investments | 7 | 1,107,783 | 1,804,641 |
| Accrued profit on bank deposits | | 2,752 | 4,271 |
| Income Tax - net | 8 | 171,349 | 109,873 |
| Sales tax refundable | | 20,425 | - |
| Cash and bank balances | | 415,738 | 727,492 |
| | | <u>6,260,484</u> | <u>6,321,344</u> |
| TOTAL ASSETS | | <u>10,584,700</u> | <u>10,491,785</u> |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital | | | |
| 100,000,000 (June 30, 2013: 100,000,000) ordinary shares of Rs.5 each | | <u>500,000</u> | <u>500,000</u> |
| Issued, subscribed and paid-up capital | | 405,150 | 405,150 |
| Reserves | | <u>8,636,391</u> | <u>8,636,647</u> |
| | | 9,041,541 | 9,041,797 |
| NON-CURRENT LIABILITIES | | | |
| Long term deposits | | 1,624 | - |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 1,536,357 | 1,441,774 |
| Short-term borrowings | | 5,118 | 7,368 |
| Accrued mark-up | | 60 | 7 |
| Sales tax payable | | - | 839 |
| | | <u>1,541,535</u> | <u>1,449,988</u> |
| CONTINGENCIES AND COMMITMENTS | 9 | - | - |
| TOTAL EQUITIES AND LIABILITIES | | <u>10,584,700</u> | <u>10,491,785</u> |

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


ASIF RIZVI
Chief Executive


SOHAIL P. AHMED
Vice Chairman

Thal Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF-YEAR ENDED DECEMBER 31, 2013 (Un-audited)

| Note | Half-year ended | | Quarter ended | | |
|--------------------------------------|-----------------------|------------------|-----------------|------------------|------|
| | Dec 31, 2013 | Dec. 31, 2012 | Dec 31, 2013 | Dec. 31, 2012 | |
| | (Rupees in thousands) | | | | |
| Turnover - net | 5,167,186 | 5,113,411 | 2,537,318 | 2,209,985 | |
| Cost of sales | 4,462,093 | 4,351,609 | 2,220,198 | 1,916,269 | |
| Gross Profit | 705,093 | 761,802 | 317,120 | 293,716 | |
| Distribution costs | (80,490) | (68,416) | (40,813) | (25,482) | |
| Administrative expenses | (203,964) | (156,442) | (110,737) | (79,121) | |
| | (284,454) | (224,858) | (151,550) | (104,603) | |
| Other income | 388,676 | 280,467 | 324,723 | 108,611 | |
| Operating Profit | 809,315 | 817,411 | 490,293 | 297,724 | |
| Finance costs | (2,423) | (9,856) | (1,052) | (1,800) | |
| Other charges | (60,827) | (50,731) | (34,038) | (12,467) | |
| | (63,250) | (60,587) | (35,090) | (14,267) | |
| Profit before taxation | 746,065 | 756,824 | 455,203 | 283,457 | |
| Taxation | (147,668) | (178,396) | (60,432) | (56,332) | |
| Profit after taxation | 598,397 | 578,428 | 394,771 | 227,125 | |
| | Rupees | | Rupees | | |
| Basic and diluted earnings per share | 11 | 7.38 | 7.14 | 4.87 | 2.80 |

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


ASIF RIZVI
Chief Executive


SOHAIL P. AHMED
Vice Chairman

Thal Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED DECEMBER 31, 2013 (Un-audited)

| Half-year ended | | Quarter ended | |
|-----------------|------------------|-----------------|------------------|
| Dec 31, 2013 | Dec. 31, 2012 | Dec 31, 2013 | Dec. 31, 2012 |

(Rupees in thousands)

| | | | | |
|--------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
| Profit after taxation | 598,397 | 578,428 | 394,771 | 227,125 |
| Other comprehensive income | | | | |
| <i>Items to be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Gain/(loss) on revaluation of available for sale investments | 9,072 | 3,688 | 1,059 | (8,397) |
| Total comprehensive income for the period - net of tax | <u>607,469</u> | <u>582,116</u> | <u>395,830</u> | <u>218,728</u> |

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


ASIF RIZVI
Chief Executive


SOHAIL P. AHMED
Vice Chairman

Thal Limited

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED DECEMBER 31, 2013 (Un-audited)

| | December 31, | |
|--------------------------------------------------------------------------|-----------------------|-----------|
| | 2013 | 2012 |
| | (Rupees in thousands) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 746,065 | 756,824 |
| Adjustments for non-cash charges and other items: | | |
| Depreciation | 52,340 | 47,198 |
| Finance costs | 2,423 | 9,856 |
| Profit earned on call deposits and short term investments | (45,153) | (54,540) |
| Liabilities no longer payable written back | - | (2) |
| Gain on revaluation of investments at fair value through profit and loss | (34,221) | (13,700) |
| Dividend income | (263,661) | (190,771) |
| Reversal for impairment of debts - net | (21,776) | (931) |
| Provision for retirement benefits | 2,173 | 701 |
| Gain on disposal of property, plant and equipment | (5,295) | (573) |
| | (313,170) | (202,762) |
| | 432,895 | 554,062 |
| (Increase) / decrease in current assets | | |
| Stores, spares and loose tools | (7,220) | (24,394) |
| Stock-in-trade | (880,503) | (460,264) |
| Trade debts | (14,082) | 147,929 |
| Loans, advances, deposits, prepayments and other receivables | 33,575 | 32,649 |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | 88,803 | (72,502) |
| Sales tax payable | (839) | 10,294 |
| | (780,266) | (366,288) |
| Cash (used in) / generated from operations | (347,371) | 187,774 |
| Finance costs paid | (2,370) | (13,865) |
| Retirement benefits paid | (4,544) | (2,268) |
| Income tax paid | (219,102) | (234,261) |
| Net cash used in operating activities | (573,387) | (62,620) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Fixed capital expenditure | (81,401) | (38,453) |
| Long term loans and deposits | (10) | 1,966 |
| Dividends received | 263,661 | 190,771 |
| Profit received | 52,773 | 60,375 |
| Proceeds from disposal of property, plant and equipment | 6,369 | 2,149 |
| Investment in a subsidiary | (104,500) | - |
| Short term investments purchased | 299,979 | (23) |
| Net cash generated from investing activities | 436,871 | 216,785 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of long term finance | - | (442,500) |
| Dividends paid | (597,988) | (415,764) |
| Repayment of liabilities against assets subject to finance lease | - | (259) |
| Net cash used in financing activities | (597,988) | (858,523) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (734,504) | (704,358) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 1,520,124 | 1,617,046 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 785,620 | 912,688 |
| Cash and bank balances | 415,738 | 723,738 |
| Short-term investments | 375,000 | 200,000 |
| Running finance | (5,118) | (11,050) |
| | 785,620 | 912,688 |

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


ASIF RIZVI
Chief Executive


SOHAIL P. AHMED
Vice Chairman

Thal Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED DECEMBER 31, 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 | |
| Balance as at June 30, 2012 (Audited) | 368,318 | 55,704 | 5,987,999 | 1,566,073 | 46,115 | 8,024,209 |
| Profit for the period | - | - | - | 578,428 | - | 578,428 |
| Other comprehensive income | - | - | - | - | 3,688 | 3,688 |
| Total comprehensive income | - | - | - | 578,428 | 3,688 | 582,116 |
| Issue of bonus shares in the ratio of 2 : 10 | 36,832 | - | - | (36,832) | - | - |
| Final dividend @ Rs. 5.75/= per share | - | - | - | (423,565) | - | (423,565) |
| Transfer to revenue reserve | - | - | 1,105,000 | (1,105,000) | - | - |
| Balance as at December 31, 2012 (Un-audited) | 405,150 | 55,704 | 7,092,999 | 579,104 | 49,803 | 8,182,760 |
| Balance as at June 30, 2013 (Audited) | 405,150 | 55,704 | 7,092,999 | 1,422,396 | 65,548 | 9,041,797 |
| Profit for the period | - | - | - | 598,397 | - | 598,397 |
| Other comprehensive income | - | - | - | - | 9,072 | 9,072 |
| Total comprehensive income | - | - | - | 598,397 | 9,072 | 607,469 |
| Transfer to revenue reserve | - | - | 814,000 | (814,000) | - | - |
| Final dividend @ Rs. 7.5/= per share | - | - | - | (607,725) | - | (607,725) |
| Balance as at December 31, 2013 (Un-audited) | 405,150 | 55,704 | 7,906,999 | 599,068 | 74,620 | 9,041,541 |

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


ASIF RIZVI
Chief Executive


SOHAIL P. AHMED
Vice Chairman

Thal Limited

SELECTED EXPLANATORY NOTE TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED DECEMBER 31, 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.
- 2.3 These condensed interim financial statements are un-audited but subject to limited scope review by the auditors except for the figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2013 and December 31, 2012.

3 ACCOUNTING POLICIES

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

Thal Limited

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) | |
|---------------------------------|------------------------|----------------------|------------------------------|----------------------|
| | Half-year ended | | Half-year ended | |
| | December 31, 2013 | December 31, 2012 | December 31, 2013 | December 31, 2012 |
| | (Rupees in thousands) | | | |
| Owned Assets | | | | |
| Land - Freehold | - | 5,335 | 650 | - |
| Factory building | 4,729 | 10,242 | 14 | 8 |
| Plant and machinery | 192 | 1,710 | - | - |
| Furniture and fittings | 4,643 | 3,330 | 390 | 1,520 |
| Vehicles | 1,109 | 2,958 | 20 | - |
| Office and mills equipment | 1,369 | 3,546 | - | 48 |
| Computer equipment | 3,121 | - | - | - |
| Jigs and fixtures | 15,163 | 27,121 | 1,074 | 1,576 |
| Capital work-in-progress | | | | |
| Civil Works | - | 11,332 | - | - |
| Plant and machinery | 66,088 | - | - | - |
| Office and mills equipment | 150 | - | - | - |
| | 66,238 | 11,332 | - | - |
| | 81,401 | 38,453 | 1,074 | 1,576 |

5 LONG-TERM INVESTMENTS

Investment in related parties

Subsidiaries, unquoted - at cost

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

| | December 31, 2013 (Un-audited) | June 30, 2013 (Audited) |
|-----|--------------------------------------|-------------------------------|
| | (Rupees in thousands) | |
| | 1,086 | 1,086 |
| | 10,000 | 10,000 |
| | 2,789,223 | 2,789,223 |
| | 61,395 | 61,395 |
| | 223,885 | 223,885 |
| 5.1 | 104,500 | - |
| | 3,190,089 | 3,085,589 |

Associates - at cost

Listed

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

| | | |
|--|--------|--------|
| | 48,900 | 48,900 |
| | 561 | 561 |
| | 9,473 | 9,473 |
| | 15,585 | 15,585 |
| | 74,519 | 74,519 |

Unlisted

METRO Habib Cash & Carry Pakistan (Private) Limited

284,105 284,105

Other investments - at fair value

Available for-sale - Quoted

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

| | | |
|--|-----------|-----------|
| | 54,476 | 44,096 |
| | 208 | 185 |
| | 31,144 | 32,475 |
| | 85,828 | 76,756 |
| | 3,634,541 | 3,520,969 |

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

Thal Limited

| December 31, 2013 (Un-audited) | June 30, 2013 (Audited) |
|--------------------------------------|-------------------------------|
| (Rupees in thousands) | |

6 STOCK-IN-TRADE

| | | |
|-----------------|------------------|------------------|
| Raw material | | |
| In hand | 2,045,858 | 1,653,805 |
| In transit | 438,162 | 439,914 |
| | <u>2,484,020</u> | <u>2,093,719</u> |
| Work-in-process | 162,102 | 176,847 |
| Finished goods | 690,817 | 185,870 |
| 6.1 | <u>3,336,939</u> | <u>2,456,436</u> |

- 6.1 This includes items amounting to Rs. 1,183.564 million (June 30, 2013 : Rs. 484.391) carried at net realizable value. [Cost Rs. 1,218.495 million (June 30, 2013 : Rs. 500.872 million)]

7 SHORT TERM INVESTMENTS

This includes investment Term Deposit Receipts amounting to Rs. 377.765 million (June 30, 2013 : Rs. 808.845 million) and money market mutual funds amounting to Rs. 730.018 million (June 30, 2013: Rs. 995.796 million).

8 INCOME TAX - NET

| December 31, 2013 (Un-audited) | June 30, 2013 (Audited) |
|--------------------------------------|-------------------------------|
| (Rupees in thousands) | |

| | | | |
|-----------------------------------------------|-----|------------------|------------------|
| Group tax relief adjustments | 8.1 | 593,466 | 593,466 |
| Income tax provisions less tax payments - net | | <u>(422,117)</u> | <u>(483,593)</u> |
| | | <u>171,349</u> | <u>109,873</u> |

- 8.1 In terms of the provisions of Section 59B of the Income Tax Ordinance, 2001 (the Ordinance), a subsidiary company may surrender its tax losses in favour of its holding company for set off against the income of its holding Company subject to certain conditions as prescribed under the Ordinance.

Accordingly, the Company has adjusted its tax liabilities for the tax years 2008-2010 by acquiring the losses of its subsidiary company and consequently an aggregate sum of Rs. 593,466 million equivalent to the tax value of the losses acquired has been paid to the subsidiary company.

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

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

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

- 9.1.1 Letter of guarantees issued by banks on behalf of the company amounts to Rs. 25.019 million (June 30, 2013 : Rs. 67.644 million)
9.1.2 Post dated cheques issued to Collector of Customs amounts to Rs. 196.235 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. 1,282.097 million (June 30, 2013 : Rs. 882.288 million).
9.2.2 Commitments in respect of capital expenditure amounts to Rs. 5.546 million (June 30, 2013 : Rs. 61.809 million)
9.2.3 Commitments for rentals under Ijarah agreements in respect of vehicles amount to Rs. 19.029 million (June 30, 2013: 23.371 million)

10 OTHER INCOME

This includes dividend income amounting to Rs. 263.661 million (December 31, 2012: Rs. 190.771 million) and profit on call deposits & short term investments amounting to Rs. 45.153 million (December 31, 2012: Rs. 54.540 million).

11 BASIC AND DILUTED EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

| | Half-year ended | |
|--------------------------------------|--------------------------------------|----------------------|
| | December 31, 2013 (Un-audited) | December 31, 2012 |
| | (Rupees in thousands) | |
| Profit after taxation | <u>598,397</u> | <u>578,428</u> |
| | Number of shares in thousands | |
| | <u>81,030</u> | <u>81,030</u> |
| | Rupees | |
| Basic and diluted earnings per share | <u>7.38</u> | <u>7.14</u> |

Thal Limited

12 TRANSACTIONS WITH RELATED PARTIES

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

| | Half-year ended | |
|-----------------------------------------|-----------------------|-------------------|
| | December 31, 2013 | December 31, 2012 |
| | (Un-audited) | |
| | (Rupees in thousands) | |
| Transactions | | |
| Sales | 2,044,467 | 2,095,781 |
| Professional Services acquired | 41,454 | 34,374 |
| Insurance premium | 15,301 | 16,496 |
| Purchase of assets | 175 | - |
| Purchase of goods | 38,876 | 51,435 |
| Insurance claim received | 849 | 452 |
| Mark-up and bank charges paid | 2,576 | 3,422 |
| Profit received | 45,153 | 61,898 |
| Supplies purchased | 10,019 | 8,835 |
| Contribution to provident fund | 20,731 | 16,076 |
| Contribution to retirement benefit fund | 2,291 | 1,132 |
| Rent paid | 200 | 198 |
| Rent receivable | 837 | - |
| Key management personnel compensation | 57,033 | 40,095 |
| Balances | | |
| Trade debts | 330,756 | 158,568 |
| Other receivables | 9,263 | 7,663 |
| Bank balances | 319,813 | 637,545 |
| Trade and other payables | 7,433 | 9,038 |
| Short term borrowings | 5,044 | 6,948 |

13 NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors has proposed and approved an interim cash dividend of Rs. 2.5 per share for the half year ended December 31, 2013, in its meeting held on February 14, 2014.

14 GENERAL

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

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

14.2 Figures have been rounded off to the nearest thousand.

15 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 14, 2014 by the Board of Directors of the Company.


ASIF RIZVI
 Chief Executive


SOHAIL P. AHMED
 Vice Chairman

Thal Limited

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2013

| | Note | December 31, 2013 (Un-audited) | June 30, 2013 (Audited) |
|-----------------------------------------------------------------------|------|--------------------------------------|-------------------------------|
| (Rupees in thousands) | | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 1,281,667 | 1,236,670 |
| Intangible assets | | 660 | 956 |
| Investment property | | 7,499,346 | 7,591,744 |
| Long-term investments | 5 | 1,629,483 | 1,757,093 |
| Long-term loans and deposits | | 9,271 | 9,261 |
| Long-term prepayments | | 77,271 | 74,049 |
| Deferred tax asset | | 2,021 | - |
| | | 10,499,719 | 10,669,773 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 87,803 | 80,584 |
| Stock-in-trade | 6 | 3,579,956 | 2,723,622 |
| Trade debts | | 1,139,494 | 1,089,780 |
| Loans, advances, deposits, prepayments and other receivables | | 187,686 | 171,885 |
| Short-term investments | 7 | 2,255,250 | 2,712,928 |
| Accrued profit on bank deposits | | 3,226 | 4,436 |
| Income Tax - net | 8 | 151,423 | 75,184 |
| Sales tax refundable | | 29,560 | 9,282 |
| Cash and bank balances | | 528,452 | 813,455 |
| | | 7,962,850 | 7,681,156 |
| TOTAL ASSETS | | 18,462,569 | 18,350,929 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital | | | |
| 100,000,000 (June 30, 2013: 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 | | 10,162,778 | 10,262,060 |
| Equity attributable to equity holders' of the parent | | 10,567,940 | 10,667,222 |
| Non-controlling interest | | 5,625,152 | 5,501,071 |
| Total equity | | 16,193,092 | 16,168,293 |
| NON-CURRENT LIABILITIES | | | |
| Long term security deposit | | 308,331 | 307,962 |
| Deferred tax liability | | - | 8,191 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 1,929,391 | 1,834,300 |
| Short-term borrowings | | 5,118 | 7,368 |
| Deferred income | | 26,577 | 24,808 |
| Accrued markup | | 60 | 7 |
| | | 1,961,146 | 1,866,483 |
| CONTINGENCIES AND COMMITMENTS | 9 | - | - |
| TOTAL EQUITIES AND LIABILITIES | | 18,462,569 | 18,350,929 |

The annexed notes from 1 to 16 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 HALF-YEAR ENDED DECEMBER 31, 2013 (Un-audited)

| | Half-year ended | | Quarter ended | |
|-----------------------------------------------|-----------------------|------------------|-----------------|-----------------|
| | Dec 31, 2013 | Dec 31, 2012 | Dec 31, 2013 | Dec 31, 2012 |
| | (Rupees in thousands) | | | |
| Turnover - net | 6,490,032 | 6,526,818 | 3,171,118 | 2,860,471 |
| Cost of sales | 5,629,732 | 5,599,070 | 2,771,423 | 2,480,920 |
| Gross Profit | 860,300 | 927,748 | 399,695 | 379,551 |
| Distribution costs | (87,462) | (79,443) | (44,071) | (31,163) |
| Administrative expenses | (569,050) | (559,880) | (305,358) | (256,961) |
| | (656,512) | (639,323) | (349,429) | (288,124) |
| Other operating income | 843,761 | 823,251 | 423,885 | 401,511 |
| Operating Profit | 1,047,549 | 1,111,676 | 474,151 | 492,938 |
| Finance costs | (2,507) | (21,580) | (1,092) | (1,817) |
| Other charges | (61,146) | (51,027) | (34,265) | (12,657) |
| | (63,653) | (72,607) | (35,357) | (14,474) |
| | 983,896 | 1,039,069 | 438,794 | 478,464 |
| Share of net profit of associates - after tax | (51,075) | (57,550) | (59,364) | (89,497) |
| Profit before taxation | 932,821 | 981,519 | 379,430 | 388,967 |
| Taxation | (311,688) | (253,018) | (142,204) | (97,785) |
| Profit after taxation | 621,133 | 728,501 | 237,226 | 291,182 |
| Attributable to: | | | | |
| - Equity holders of the Holding Company | 503,923 | 587,996 | 180,687 | 213,075 |
| - Non-controlling interest | 117,210 | 140,505 | 56,539 | 78,107 |
| | 621,133 | 728,501 | 237,226 | 291,182 |
| | Rupees | | Rupees | |

| | | | | | |
|-----------------------------------------------------------------------------------------------|----|------|------|------|------|
| Basic and diluted earning per share attributable to the equity holders of the Holding Company | 11 | 6.22 | 7.26 | 2.23 | 2.63 |
|-----------------------------------------------------------------------------------------------|----|------|------|------|------|

The annexed notes from 1 to 16 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 HALF-YEAR ENDED DECEMBER 31, 2013
(Un-audited)

| | Half-year ended | | Quarter ended | |
|--------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | Dec 31, 2013 | Dec 31, 2012 | Dec 31, 2013 | Dec 31, 2012 |
| (Rupees in thousands) | | | | |
| Profit for the period | 621,133 | 728,501 | 237,226 | 291,182 |
| Other comprehensive income | | | | |
| <i>Items to be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Fair value gain on available-for-sale investments | 3,072 | 945 | 1,558 | (7,133) |
| Unrealised gain on hedging instruments | 1,448 | 3,353 | - | (392) |
| Other comprehensive income for the period | 4,520 | 4,298 | 1,558 | (7,525) |
| Total comprehensive income for the period | <u>625,653</u> | <u>732,799</u> | <u>238,784</u> | <u>283,657</u> |
| Attributable to: | | | | |
| - Equity holders of the Holding Company | 508,443 | 592,294 | 182,245 | 205,550 |
| - Non-controlling interest | 117,210 | 140,505 | 56,539 | 78,107 |
| | <u>625,653</u> | <u>732,799</u> | <u>238,784</u> | <u>283,657</u> |

The annexed notes from 1 to 16 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 HALF-YEAR ENDED DECEMBER, 2013 (Un-audited)

| | December 31, | |
|--------------------------------------------------------------------------|-----------------------|-------------|
| | 2013 | 2012 |
| | (Rupees in thousands) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 932,821 | 981,519 |
| Adjustments for non-cash charges and other items: | | |
| Depreciation and Amortization | 206,421 | 205,922 |
| Share in profit of associates - after taxation | 51,075 | 57,550 |
| Financel costs | 2,480 | 9,633 |
| Profit earned | (87,987) | (79,433) |
| Liabilities no longer payable written back | - | (2) |
| Gain on revaluation of investments at fair value through profit and loss | (40,241) | (13,700) |
| Dividend income | (2,042) | (1,225) |
| Reversal for impairment of debts | (21,776) | (1,332) |
| Provision for retirement benefits | 2,173 | 701 |
| Gain on sale of property, plant and equipment | (5,830) | 400 |
| | 104,273 | 178,514 |
| | 1,037,094 | 1,160,033 |
| (Increase) / decrease in current assets | | |
| Stores, spares and loose tools | (7,220) | (24,394) |
| Stock-in-trade | (856,334) | (419,072) |
| Trade debts | (27,938) | 170,585 |
| Loans, advances, deposits, prepayments and other receivables | (28,015) | 137,804 |
| Deferred income | (1,121) | 9 |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | 97,632 | 259,765 |
| Sales tax payable | (7,575) | 8,915 |
| | (830,571) | 133,612 |
| Cash generated from operations | 206,523 | 1,293,645 |
| Finance costs paid | (2,428) | (13,865) |
| Retirement benefits paid | (4,545) | (2,268) |
| Income tax paid | (398,387) | (315,577) |
| Net cash (used in) / generated from operating activities | (198,836) | 961,935 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Fixed capital expenditure | (161,672) | (82,382) |
| Long term loans and deposits | (9,382) | 1,966 |
| Dividends received | 145,718 | 190,771 |
| Profit received | 91,779 | 80,002 |
| Proceeds from disposal of property, plant and equipment | 8,816 | 8,338 |
| Investment in subsidiary | (104,500) | - |
| Purchase of investments | (51,932) | (25,064) |
| Net cash (used in) / generated from investing activities | (81,173) | 173,631 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Issue of share capital | 190,000 | - |
| Long term finance repaid | - | (814,375) |
| Dividends paid | (734,363) | (509,628) |
| Repayment of liabilities against assets subject to finance lease | - | (259) |
| Long term deposit | 369 | - |
| Net cash (used in) financing activities | (543,994) | (1,324,262) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (824,003) | (188,696) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 2,444,087 | 1,786,538 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 1,620,084 | 1,597,842 |
| Cash and bank balances | 528,452 | 873,892 |
| Short-term investments | 1,096,750 | 735,000 |
| Running Finance | (5,118) | (11,050) |
| | 1,620,084 | 1,597,842 |

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.


ASIF RIZVI
Chief Executive

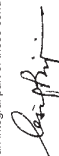

SOHAIL P. AHMED
Vice Chairman

Thal Limited

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED DECEMBER 31, 2013

| | Issued, subscribed & paid-up capital | Share deposit money | Capital reserve | General reserve | Unappropriated profit | Unrealised gain/(loss) on hedging instruments | Gain/(Loss) on changes in fair value of available for sale investments | Non-controlling interest | Total equity |
|--------------------------------------------------------------------------|--------------------------------------------|------------------------|-----------------|--------------------|--------------------------|--------------------------------------------------------|------------------------------------------------------------------------------------|-----------------------------|-------------------|
| Balance as at June 30, 2012 (Audited) | 368,318 | 12 | 67,929 | 5,989,874 | 3,211,379 | (3,353) | 53,263 | 5,346,797 | 15,034,219 |
| Profit for the period | - | - | - | - | 587,996 | - | - | - | 728,501 |
| Other comprehensive income | - | - | - | - | - | 3,353 | 945 | - | 4,298 |
| Total comprehensive income | - | - | - | - | 587,996 | 3,353 | 945 | - | 732,799 |
| Issue of bonus shares in the ratio of 2 : 10 | 36,832 | - | - | - | (36,832) | - | - | - | - |
| Final dividend @ Rs. 5.75/= per share | - | - | - | 1,145,000 | (423,565) | - | - | - | (423,565) |
| Transfer to revenue reserve | - | - | - | - | (1,145,000) | - | - | - | - |
| Interim dividend @ Rs. 0.346 per share for the year ending June 30, 2013 | - | - | - | - | - | - | - | (37,545) | (37,545) |
| Balance as at December 31, 2012 (Un-audited) | 405,150 | 12 | 67,929 | 7,134,874 | 2,193,978 | - | 54,208 | 5,449,757 | 15,305,906 |
| 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 | 16,188,293 |
| Profit for the period | - | - | - | - | 503,923 | - | - | 117,210 | 621,133 |
| Other comprehensive income | - | - | - | - | - | 1,448 | 3,072 | - | 4,520 |
| Total comprehensive income | - | - | - | - | 503,923 | 1,448 | 3,072 | 117,210 | 625,653 |
| Transfer to revenue reserve | - | - | - | 814,000 | (814,000) | - | - | - | - |
| Final dividend @ Rs. 7.5/= per share | - | - | - | - | (607,725) | - | - | - | (607,725) |
| Final dividend @ Rs. 0.31/= per share | - | - | - | - | - | - | - | (42,171) | (42,171) |
| Interim dividend @ Rs. 0.268/= per share | - | - | - | - | - | - | - | (36,458) | (36,458) |
| Non controlling interest arising on investment in subsidiary | - | - | - | - | - | - | - | 85,500 | 85,500 |
| Balance as at December 31, 2013 (Un-audited) | 405,150 | 12 | 67,929 | 7,948,874 | 2,070,983 | - | 74,992 | 5,625,152 | 16,193,092 |

The annexed notes from 1 to 16 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 HALF-YEAR ENDED DECEMBER 31, 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 PREPERATION

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 except that the Group has adopted certain amended International Financial Reporting Standards (as referred to in note 7 to the consolidated financial statements for the year ended June 30, 2013 other than those yet to be notified by the SECP for the purpose of applicability in Pakistan). The adoption of such amended standards and interpretation did not have any effect on these condensed interim consolidated financial statements.

4 PROPERTY, PLANT AND EQUIPMENT

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

| | Additions (at cost) | | Deletions (on book value) | |
|---------------------------------|------------------------|-----------------|------------------------------|-----------------|
| | Period ended | | Period ended | |
| | Dec 31, 2013 | Dec 31, 2012 | Dec 31, 2013 | Dec 31, 2012 |
| | (Rupees in thousands) | | | |
| Owned Assets | | | | |
| Land - Freehold | - | 499 | 650 | - |
| Factory Building | - | 5,335 | - | - |
| Plant and machinery | 4,778 | 13,684 | 14 | 1,226 |
| Furniture and fittings | 459 | 2,077 | 74 | 1,639 |
| Vehicles | 5,316 | 7,823 | 2,215 | 5,169 |
| Office and mills equipment | 2,337 | 3,186 | 30 | 441 |
| Computer equipment | 2,137 | 4,303 | 3 | 263 |
| Jigs and Fixtures | 40,900 | - | - | - |
| | 55,927 | 36,907 | 2,986 | 8,738 |
| Capital work-in-progress | | | | |
| Civil works | - | 11,332 | - | - |
| Plant and machinery | 65,247 | - | - | - |
| Office and mills equipment | 991 | - | - | - |
| Advance against: | | | | |
| Purchase of vehicles | - | 2,087 | - | - |
| | 66,238 | 13,419 | - | - |
| | 122,165 | 50,326 | 2,986 | 8,738 |

Thal Limited

5 LONG-TERM INVESTMENT

| December 31, 2013 (Un-audited) | June 30, 2013 (Audited) |
|--------------------------------------|-------------------------------|
| (Rupees in thousands) | |

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 | |

| | |
|-----------|-----------|
| 1,082,189 | 998,109 |
| 41,246 | 35,984 |
| 188,301 | 189,433 |
| 21,195 | 22,107 |
| 210,724 | 434,704 |
| 1,543,655 | 1,680,337 |

Other investments - at fair value

Available for-sale

Listed

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

| | |
|-----------|-----------|
| 54,476 | 44,096 |
| 208 | 185 |
| 31,144 | 32,475 |
| 85,828 | 76,756 |
| 1,629,483 | 1,757,093 |

6 STOCK-IN-TRADE

Raw material

| | |
|------------|--|
| In hand | |
| In transit | |

| | |
|-----------|-----------|
| 2,045,858 | 1,653,805 |
| 438,162 | 439,914 |
| 2,484,020 | 2,093,719 |
| 162,102 | 176,847 |
| 933,834 | 457,049 |
| - | (3,993) |
| 933,834 | 453,056 |

Work-in-process

Finished goods

Provision for obsolescence and shrinkage

| | | |
|-----|-----------|-----------|
| 6.1 | 3,579,956 | 2,723,622 |
|-----|-----------|-----------|

- 6.1 This includes items amounting to Rs. 1,252.275 million (June 30, 2013 : Rs. 533.490) carried at net realizable value. [Cost Rs. 1,245,246 million (June 30, 2013 : Rs. 553.972 million)]

7 SHORT TERM INVESTMENTS

This includes investment Term Deposit Receipts amounting to Rs. 1,220.591 million (June 30, 2013 : Rs. 1,678.325 million) and money market mutual funds amounting to Rs. 1,034.659 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 | 600,827 | 586,064 |
| | (449,404) | (510,880) |
| | 151,423 | 75,184 |

- 8.1 In terms of the provisions of Section 59B of the Income Tax Ordinance, 2001 (the Ordinance), a subsidiary company may surrender its tax losses in favour of its holding company for set off against the income of its holding Company subject to certain conditions as prescribed under the Ordinance.

Accordingly, the Company has adjusted its tax liabilities for the tax years 2008-2010 by acquiring the losses of its subsidiary company and consequently an aggregate sum of Rs. 593.466 million equivalent to the tax value of the losses acquired has been paid to the subsidiary company.

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

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. 49.095 million (June 30, 2013 : Rs. 73.428 million)

9.1.2 Post dated cheques issued to collector of Customs amounts to Rs. 196.235 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. 1,282.097 million (June 30, 2013 : Rs. 882.288 million).

9.2.2 Commitments in respect of capital expenditure amounts to Rs. 5.546 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. 19.029 million (June 30, 2013 : Rs. 23.371 million).

10 OTHER INCOME

This includes dividend income amounting to Rs. 2.042 million (December 31, 2012: Rs. 1.225 million) and profit on call deposits & short term investments amounting to Rs. 87.987 million (December 31, 2012: Rs. 79.272 million).

11 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:

| | Half-year ended | |
|----------------------------------------------------------------------------------------------|-------------------------------|-----------------|
| | Dec 31, 2013 | Dec 31, 2012 |
| | (Un-audited) | |
| | (Rupees in thousands) | |
| Profit for the period after taxation attributable to the shareholders of the holding company | 503,923 | 587,996 |
| | Number of shares in thousands | |
| Number of ordinary shares of Rs. 5/- each in issue | 81,030 | 81,030 |
| | Rupees | |
| Basic and diluted earnings per share | 6.22 | 7.26 |

Thal Limited

12 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:

| | Half-year ended | |
|-----------------------------------------|-----------------------|------------------|
| | Dec 31, 2013 | Dec 31, 2012 |
| | (Un-audited) | |
| | (Rupees in thousands) | |
| Transactions | | |
| Sales | 2,086,234 | 2,118,607 |
| Professional Services rendered | 115,771 | 64,460 |
| Rental Income | 595,362 | 583,964 |
| Insurance premium | 16,182 | 17,403 |
| Sale/purchase of assets | 175 | 3,760 |
| Purchase of goods | 75,558 | 44,281 |
| Insurance claim received | 849 | 525 |
| Mark-up and bank charges paid | 2,591 | 3,456 |
| Profit received | 79,869 | 85,621 |
| Supplies purchased | 764 | - |
| Licence fee, signage and others | 1,788 | 3,923 |
| Contribution to provident fund | 23,589 | 17,907 |
| Contribution to retirement benefit fund | 2,291 | 1,132 |
| Rent paid | 517 | 666 |
| Key management personnel compensation | 75,090 | 89,209 |
| | | |
| | Dec 31, 2013 | June 30, 2013 |
| | (Un-audited) | (Audited) |
| | (Rupees in thousands) | |
| Balances | | |
| Trade debts | 343,823 | 173,552 |
| Other receivables | 367 | 272 |
| Bank balances | 374,134 | 670,545 |
| Trade and other payables | 110,920 | 39,799 |
| Short term borrowings | 5,044 | 6,948 |

Thal Limited

13 SEGMENT ANALYSIS

| | HALF-YEAR ENDED | | | | | |
|---------------------------------------------------|-----------------|-----------------|------------------------------------------|------------------------------------|-----------------|-----------------|
| | Dec 31, 2013 | Dec 31, 2012 | Dec 31, 2013 | Dec 31, 2012 | Dec 31, 2013 | Dec 31, 2012 |
| Engineering | | | Building material and allied products | Real estate management & others | Elimination | Total |
| SALES REVENUE | 2,912,693 | 2,792,919 | 2,254,493 | 1,384,082 | 1,479,790 | 6,490,032 |
| SEGMENT RESULT | 516,448 | 580,049 | 130,518 | 459,826 | 459,228 | 1,184,600 |
| -----Rupees in thousand----- | | | | | | |
| Unallocated corporate (expenses) / income: | | | | | | |
| Administrative & distribution costs | | | | | (61,236) | (66,383) |
| Other income | | | | | - | - |
| Operating profit | | | | | | |
| Finance cost | | | | | | (233,873) |
| Other charges | | | | | | 174,630 |
| Share in profit of associates | | | | | | 1,047,549 |
| Taxation | | | | | | (2,507) |
| | | | | | | (61,146) |
| | | | | | | (51,075) |
| | | | | | | (311,688) |
| | | | | | | (253,018) |
| | | | | | | 621,133 |
| | | | | | | 728,501 |

SEGMENT ANALYSIS

| | QUARTER ENDED | | | | | |
|---------------------------------------------------|-----------------|-----------------|------------------------------------------|------------------------------------|-----------------|-----------------|
| | Dec 31, 2013 | Dec 31, 2012 | Dec 31, 2013 | Dec 31, 2012 | Dec 31, 2013 | Dec 31, 2012 |
| Engineering | | | Building material and allied products | Real estate management & others | Elimination | Total |
| SALES REVENUE | 1,384,577 | 1,102,377 | 1,152,741 | 663,150 | 689,420 | 3,171,118 |
| SEGMENT RESULT | 225,747 | 217,739 | 58,452 | 66,388 | 235,139 | 519,338 |
| -----Rupees in thousand----- | | | | | | |
| Unallocated corporate (expenses) / income: | | | | | | |
| Administrative & distribution costs | | | | | (29,350) | (38,934) |
| Other income | | | | | - | - |
| Operating profit | | | | | | |
| Finance cost | | | | | | (126,176) |
| Other charges | | | | | | 80,989 |
| Share in profit of associates | | | | | | 474,151 |
| Taxation | | | | | | (1,092) |
| | | | | | | (34,265) |
| | | | | | | (8,457) |
| | | | | | | (142,204) |
| | | | | | | 237,226 |
| | | | | | | 291,182 |

The Engineering segment is engaged in the manufacturing of automotive parts.

The Building material and allied products segment includes jute, papersack and laminate operations.

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

Thal Limited

14 NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Holding Company has proposed and approved an interim cash dividend of Rs. 2.5 per share for the half year ended December 31, 2013, in its meeting held on February 14, 2014.

15 GENERAL

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

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

15.2 Figures have been rounded off to the nearest thousand.

16 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on February 14, 2014 by the Board of Directors of the Holding Company.


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
Sharaf 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

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

Share Registrar:

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

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