

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.thalimited.com

TL/2015/1188

October 30, 2015

The General Manager
The Karachi Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road, Karachi - 74000
Fax # 111-573-329
E-mail: corpaction@kse.com.pk

FINANCIAL RESULTS FOR THE 1st QUARTER ENDED SEPTEMBER 30, 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 October 30, 2015 at 10:00 AM have approved the un-audited accounts for the 1st quarter ended September 30, 2015 for submission to the Shareholders and the Stock Exchanges as required under section 245 of the Companies Ordinance 1984.

The un-audited standalone and consolidated results of the Company for the period ended September 30, 2015 are attached as Annexure "A" & "B" respectively.

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

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

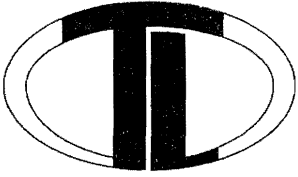
Yours faithfully,
For Thal Limited


ALI ASGHAR MOTEN
COMPANY SECRETARY



CC:
The General Manager,
Lahore Stock Exchange Limited,
19, Khayaban-e-Iqbal, Kashmir Road,
Lahore.

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



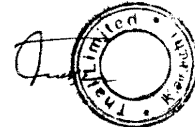
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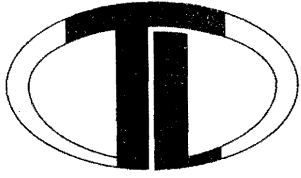
Annexure - A

Condensed Interim Standalone Profit and Loss Account (unaudited) For The 1st Quarter Period Ended September 30, 2015

	(Rupees '000')	
	1st Quarter of 30th September	
	2015	2014
Revenue (Net)	3,403,879	3,139,704
Cost of Sales	2,683,952	2,730,695
Gross Profit	719,927	409,009
Distribution Costs	(57,317)	(45,187)
Administrative Expenses	(130,918)	(101,448)
	(188,235)	(146,635)
Other income	139,729	176,377
Operating Profit	671,421	438,751
Finance Costs	(636)	(1,139)
Other charges	(792,000)	(30,017)
	(792,636)	(31,156)
(Loss) / Profit before Taxation	(121,215)	407,595
Taxation	63,479	(95,379)
(Loss) / Profit after taxation	(57,736)	312,216
	Rupees	
Basic & diluted earnings per share	(0.71)	3.85



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Annexure - B

Condensed Interim Consolidated Profit and Loss Account (unaudited) For The 1st Quarter Period Ended September 30, 2015

	(Rupees '000')	
	1st Quarter of 30th September	
	2015	2014
Revenue (Net)	4,069,780	3,898,805
Cost of Sales	3,278,047	3,393,901
Gross Profit	791,733	504,904
Distribution Costs	(61,890)	(52,348)
Administrative Expenses	(350,155)	(281,607)
	(412,045)	(333,955)
Other income	481,532	458,448
Operating Profit	861,220	629,397
Finance Costs	(2,018)	(4,441)
Other charges.....	(1,122,172)	(35,921)
	(1,124,190)	(40,362)
	(262,970)	589,035
Share of net profit of associates - after tax	178,086	55,709
(Loss) / Profit before taxation	(84,884)	644,744
Taxation.....	(29,922)	(188,844)
(Loss) / Profit after taxation	(114,806)	455,900
Attribute to:		
• Equity holders of the Holding Company	(194,184)	382,068
• Non-controlling interest	79,378	73,832
(Loss) / Profit after taxation	(114,806)	455,900
	Rupees	
Basic & diluted earnings per share	(2.40)	4.72

Thal Limited

Directors' Review

On behalf of the Board of Directors, I am pleased to share Directors' Review along with the unaudited interim condensed financial accounts for the period ended September 30, 2015.

Financial Highlights

	Rupees in Millions	
	For the period ended Sep. 30, 2015	For the period ended Sep. 30, 2014
Sales	3,403	3,139
(Loss) / Profit Before Taxes	(121)	407
(Loss) / Profit After Taxes	(57)	312
Earnings Per Share	(0.71)	3.85

Performance Overview

During Q1 of 2015-16 ended on September 30, 2015, the company posted sales revenue of Rs. 3.403 billion compared to Rs. 3.139 billion in the corresponding quarter last year, showing a growth of Rs. 264 million, or 8.4%. The company posted an impressive growth of 42% in Operating Profit of Rs. 671 million as compared to Rs. 439 million for corresponding period of last year.

Owing to the provision of Rs. 792 million made for Makro-Habib Pakistan Limited, there was an after tax loss of Rs. 57 million compared to after tax profit of Rs. 312 million in the corresponding quarter of last year.

Asif Raza



Business Brief – Engineering Segment

The overall auto market exhibited a healthy growth of 71.8% during the quarter ended September 30, 2015 in comparison to the same period of last year. In line with improved performance of all OEMs, the Engineering Segment registered an impressive growth in sales of 33.4% during Q1 of 2015-16, resulting in sales of Rs. 2.464 billion compared to Rs. 1.847 billion in the corresponding quarter last year. A new service center in Lahore started its operations during the quarter and it is planned to add more service centers in the Punjab region to increase the level of customer satisfaction.

The long-awaited Auto Industry Policy was presented to Economic Coordination Committee (ECC) on August 12, 2015. However, it was not approved as more consultation was recommended with the stakeholders. Engineering Development Board (EDB) has circulated a list of 2nd phase China-Pakistan FTA for which an exercise is in process in Ministry of Commerce. The Company has made its recommendation on this FTA draft with a view of protecting the Auto Industry.



In line with Q1 performance, sales in Q2 are expected to remain strong owing to continued demand for new car models and production for Taxi Scheme. The management continued its focus on improving quality, Health, Safety and Environment initiatives while enhancing cost efficiencies through continuous resourcing and process improvement.

Business Brief – Building Material & Allied Product Segment

Sales revenue of Building Material & Allied Product Segment for the Q1 of 2015 amounted to Rs. 0.939 billion, down from Rs. 1.292 billion in the corresponding quarter of last year.

Papersack Operations

The Papersack sector growth is largely dependent upon the cement sector. The demand from the cement sector remained stable during the quarter, with overall cement dispatches growing marginally by 1.4% over last year. The continued low prices of oil in international markets kept prices of alternative packaging product, woven polypropylene (WPP) sacks on the lower ebb and made it difficult to pass on cost and devaluation impacts to the end consumer. However, the overall market sentiments are positive, with macro indicators showing healthy signs for growth. The papersack business has been able to maintain its market share in the cement segment, while it continued to concentrate on the other customer segments, which has yielded positive results till date.

Laminates Operations

The Laminates Business was adversely impacted by the Federal Budget 2015-16, through increase in custom duties, imposition of GIDC, additional tax on non-filers (customers), etc. Additionally, the devaluation of the Pak Rupee further strained the profitability of the business, and posed new challenges for the management. However, the business fully supports the government's efforts to document the economy, which would provide a level playing field for all in the long run as well as expand the tax base in the larger interest of the country. The continued focus on the FORMITE brand and sales to corporate customers enabled the operations to sustain itself in the local market, while the export markets witnessed high degree of price competition arising out of higher currency devaluation in the respective competing countries (China, India, Malaysia, Thailand etc).

Jute Operations

The Jute Business in the quarter under review has been challenging for the company. Major cost increases were absorbed as inputs in terms of raw jute, minimum wage, currency devaluation etc. This led to pressure on profitability as the increase could not be fully passed on in the selling prices. The Jute Business depends on imports of raw jute from Bangladesh and is subject to the internal consumption of Bangladesh and crop of India both of which adversely affected the price of raw jute. The business is continuing to explore new export markets which are highly focused on environmentally friendly products.

Subsidiaries

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.

If MHPL fails to meet its obligations under the Operation Agreement between MHCCP and MHPL, Thal Limited is required to pay up to Rs 792 million to MHCCP under the Joint Venture Agreement. Accordingly, a provision amounting to Rs 792 million has been recognized in the financial statements of Thal Limited.

It has been learnt that Army Welfare Trust (AWT) has filed an application with the Honorable Supreme Court of Pakistan, a restoration of its Review Petition which was earlier dismissed for non-prosecution. As of the date of this report, we have no further information on the proceedings or its possible impact on the Company.

The final cash dividend of MHPL of Rs 36 million as mentioned in the Directors' Report for the year ended June 30, 2015 was not approved by the shareholder of MHPL due to the closure of Saddar store.



Habib- Metro Pakistan (Private) Limited (HMPL)

Habib Metro owns & manages properties in which Thal Limited holds 60%. We are pleased to report that it has declared the 1st Interim Dividend for the Q1 of 2015-16 and Thal's share of Rs. 63.869 million will be incorporated in next quarter's financial statement.

Thal Boshoku Pakistan (Private) Limited (TBPK)

TBPK is running its operations as per the target and the supply of seat parts and air cleaners to the customers is being made as per their schedule.

Investment in Sindh Engro Coal Mining Company Limited

The company entered into a Shareholders Agreement with Engro Powergen Limited, Hub Power Company Limited, Habib Bank Limited and China Everest Development International Limited for joint investment in Sindh Engro Coal Mining Company Limited (SECMC). The company has so far made an investment of Rs 360 million and expects to make a total investment of approximately Rs. 3 billion subject to its board's approval and regulatory clearance. The details of total investment and the final investment amount are being worked out with other investors including Sponsors' Support Agreement.

Acknowledgement

We would like to thank the Almighty for all His blessings in these challenging times and to convey our appreciation to our Board of Directors, customers, dealers, bankers and the joint venture & 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 30, 2015.