

CONDENSED INTERIMFINANCIAL INFORMATION

FortheFirstQuarterEnded
31December2017

THALINDUSTRIES
CORPORATION

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Company Information

BOARDOFDIRECTORS	**CHIEFEXECUTIVE**	
	Mr. Muhammad Shamim Khan	
	MANAGINGDIRECTOR	
	Mr. Nauman Ahmed Khan	
	DIRECTORS	
	Mrs. Qaiser Shamim Khan	
	Mr. Adnan Ahmed Khan	
	Ms. Farrah Khan	
	Mr. Muhammad Khan	
	Mr. Muhammad Ashraf Khan Durani	(Independent Director)
AUDITCOMMITTEE	Mr. Muhammad Ashraf Khan Durani	(Chairman)
	Mrs. Qaiser Shamim Khan	(Member)
	Mr. Adnan Ahmed Khan	(Member)
HUMANRESOURCE& REMUNERATION COMMITTEE	Mr. Muhammad Ashraf Khan Durani	(Chairman)
	Mr. Muhammad Shamim Khan	(Member)
	Mr. Adnan Ahmed Khan	(Member)
CHIEFFINANCIALOFFICER	Mr. Hafiz Muhammad Arif	
COMPANYSECRETARY	Mr.WasifMahmood	
AUDITORS	M/s. Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants, Lahore	
LEGALADVISOR	Mr. Shehzad Ata Elahi, Advocate Ch. Altaf Hussain Advocate	
BANKERS	Albaraka Bank Pakistan Limited Allied Bank Limited Askari Bank Limited Bank Al-Habib Limited Bank Alfalah Limited DubaiIslamic Bank (Pakistan) Limited Faysal Bank Limited Habib Bank Limited Habid Metropolitan Bank Limited MCB Bank Limited Meezan Bank Limited NIB Bank Limited Standard Chartered Bank (Pakistan) Limited Soneri Bank Limited United Bank Limited	

SHAREREGISTRAR	M/s.CORPLINK (Pvt) Ltd Wings Arcade, 1-K- Commercial Model Town, Lahore Tel: 042-35839182, 35887262 Fax: 042-35869037
REGISTEREDOFFICE	23- Pir Khurshid Colony Gulgasht, Multan Tel: 061-6524621, 6524675 Fax: 061-6524675
LAHOREOFFICE	2-D-1 Gulberg-III, Lahore – 54600 Tel: 042-35771066-71 Fax: 042-35771175
FACTORYADDRESSES	**Unit1:**Layyah Sugar Mills, Layyah Tel: 0606-411981-4, 0606-410014 Fax: 0606-411284 **Unit2:** Safina Sugar Mills, Lalian District Chinniot. Tel: 047-6610011-6 Fax: 047-6610010
WEBSITE	www.thalindustries.com

Directors' Review

The Directors of your Company are pleased to present the Un-Audited Accounts of the Company for the 1st Quarter Ended 31st December 2017 in compliance with the section 245 of the Companies Ordinance, 1984.

INDUSTRYOVERVIEW

Last year's per acre yield of cane crop was much better and healthy. It induced the growers to keep the ratoon crop instead of uprooting. This might contribute to lower per acre yield this year balanced by higher cultivated area. At a country level, we will again have a bumper cane crop this year and historically high production in the country is expected.

Despite expectation of surplus sugar production in the local and international markets, the sugarcane minimum price was maintained by the Punjab Government at Rs. 180/- per mound for the crushing season 2017-18, whereas the Sindh Government notified the cane price to be at Rs. 182/- per mound.

Federal Government has announced an Export Subsidy of Rs. 10.70 per Kg, even then it will be difficult for the industry to maintain its financial strength this year because national and international sugar prices are at a minimum level.

OPERATINGHIGHLIGHTS

The Company was able to crush 474,558 M. Tons sugarcane and produced 38,338 M. Tons white refined sugar at an average recovery of 8.880% during the first quarter ending December 31, 2017 as compared to last year's sugarcane crushing of 798,420 M. Tons and production of 71,704 M. Tons white refined sugar at an average recovery of 9.349%. The reason for low production in the current quarter is mainly due to the late start of the crushing season. Company was able to achieve its target of COD (Commercial Operation Date) in the start of December for 20 MW Layyah Power Project, which is a milestone to be proud of.

Net sales was recorded at Rs. 2,340.264 million during the first quarter from 1st October-2017 to 31st December-2017 as compared to Rs. 2,799.027 million against the corresponding period oflastyear.

The Company earned pretax profit of Rs. 253.379 million during the quarter under review as compared to pretax profit of Rs. 307.563 million in the corresponding period of last year and after tax profit of Rs. 177.365 million against after tax profit of Rs. 279.409 million over the same period of last year. In this worst sugar market scenario, profitability during the period could not have been achieved pre-COD & after COD sale of electricity during the quarter from the company's saved bagasse under the provision of up front tariff policy.

Efforts of everyone associated with the company must be appreciated for extracting value from investment of past few years at a time when the company needed it very much.

All out efforts are being made to increase the production and profitability of the company through process efficiency, installing modern and latest technology equipment, reducing production cost due to close supervision, developing good quality cane, by providing the latest improved seed varieties, fertilizer, pesticides etc. and facilitating the cane growers constantly, which ultimately will result in higher sugar recovery and also provide financial benefit to the cane growers.

FUTUREOUTLOOK

It is expected that due to bumper cane crop area, there will be an abundant sugarcane supply for the crushing season 2017-18 at a country level as compared to last year. Despite reports of lower sugar recoveries from mills across the country in the start of the crushing season, Pakistan still seems to be on the path of having the highest sugar production this year again.

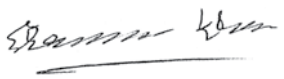
We believe that a surplus production of sugar would be resulting in further pressure on local sugar prices which have already touched its minimum level of the last three years. The sugar prices in the international market are also at historically low levels. This scenario is ultimately bound to erode the profitability of the sugar industry and may become a survival issue for many of the sugar companies in the country. The only viable financial outcome is export, that is if the sugar industry may be able to export the bulk of surplus stocks at viable prices, otherwise all indications and to date estimates clearly indicate that acreage for 2017-18 season would be higher than last year. The financial situation for sugar mills will remain very challenging in the full financial year.

In this challenging environment, By the Grace of Almighty Allah your company successfully achieved Commercial Operation Date (COD) of our 20 MW power project under up front power policy 2013 in the start of December 2017. Power export from a bagasse based power plant and installation of FFEs is expected to have a material impact on the company's financial position, which will strengthen our ability to fight in the upcoming competitive, challenging, and tough economicclimate.

ACKNOWLEDGEMENT

The Board would like to record their appreciation for the efforts and devotion of all the company's employees and hope they will continue their contribution towards the enhancement of productivity and well-being of the company in the future as well. The board also wishes to thank the financial institutions, farmers and all stakeholders associated with the company for their support and cooperation.

For and on behalf of the Board



MUHAMMADSHAMIMKHAN
Chief Executive

LAHORE: 24 January 2018

ڈائریکٹرز کی جائزہ رپورٹ

آپ کی کمپنی کے ڈائریکٹر کمپنیز آرڈیننس 1984 کی دفعہ 245 کی تعمیل میں 31 دسمبر 2017ء کو ختم ہونے والی پہلی سہ ماہی کیلئے کمپنی کے نظرثانی شدہ حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

صنعت کا مجموعی جائزہ

گزشتہ سال کی گنے کی فصل کی فی ایکڑ پیداوار بہت بہتر اور صحتمند تھی۔ جس کی وجہ سے فصل کو ختم کرنے کی بجائے مزید دوبارہ فصل اگانے کے لیے کسانوں کی حوصلہ افزائی ہوئی ہے۔ اس سے زیادہ سے زیادہ کاشت کے علاقہ کے ذریعے اس سال کی کم سے کم فی ایکڑ پیداوار کو متوازن کیا جاسکتا ہے۔ ملکی سطح پر، ہم اس سال دوبارہ گنے کی بمپر فصل حاصل کریں گے اور ملک میں تاریخی طور پر اعلی پیداوار حاصل ہونے کی توقع ہے۔

مقامی اور بین الاقوامی مارکیٹوں میں اضافی چینی کی پیداوار کی توقع کے باوجود، کرشنگ سیزن 18-2017 کے لئے پنجاب حکومت کی طرف سے گنے کی کم از کم قیمت -/180 روپے فی من برقرار رکھی گئی، جبکہ سندھ حکومت نے گنے کی قیمت -/182 روپے فی من کا اعلان کیا گیا ہے۔

وفاقی حکومت نے 10.70 روپے فی کلوگرام کی برآمد سبسڈی کا اعلان کیا ہے، اس کے باوجود اس سال صنعت کے لئے اپنی مالیاتی قوت کو برقرار رکھنا مشکل ہوگا کیونکہ قومی اور بین الاقوامی قیمتیں کم از کم سطح پر ہیں۔

زیرِ جائزہ کارکردگی

کمپنی گزشتہ سال 798,420 میٹرک ٹن گنا کرش کرنے اور 9.349 فیصد کی اوسط ریکوری پر 71,704 میٹرک ٹن سفید ریفائنڈ چینی بنانے کے مقابلے 31 دسمبر 2017 کو ختم ہونے والی پہلی سہ ماہی کے دوران 474,558 میٹرک ٹن گنا کرش کرنے اور 8.880 فیصد کی اوسط ریکوری پر 38,338 میٹرک ٹن سفید ریفائنڈ چینی بنانے کے قابل ہوئی۔ موجودہ سہ ماہی میں کم پیداوار بنیادی طور پر کرشنگ سیزن کے تاخیر سے شروع ہونے کے باعث ہے۔ کمپنی دسمبر کے شروع میں 20 میگاواٹ کے لیہ پاور پراجیکٹ کے لئے COD (کمرشل آپریشن تاریخ) کے اپنے ہدف کو حاصل کرنے کے قابل تھی، جو ایک قابل فخر سنگِ میل ہے۔ یکم اکتوبر 2017ء تا 31 دسمبر 2017ء پہلی سہ ماہی کے دوران خالص فروخت 2,340.264 ملین روپے درج کی گئی جو کہ گزشتہ سال کی اسی مدت میں 2,799.027 ملین روپے تھی۔

کمپنی نے گزشتہ سال کی اسی مدت میں 307.563 ملین روپے کے قبل از ٹیکس منافع کے مقابلے زیرِ جائزہ سہ ماہی کے دوران 253.379 ملین روپے کا قبل از ٹیکس منافع اور گزشتہ سال کی اسی سہ ماہی کے 279.409 ملین روپے کے بعد از ٹیکس منافع کے مقابلے 177.365 ملین روپے بعد از ٹیکس منافع کمایا ہے۔ شوگر مارکیٹ کے اس سنگین منظر نامہ میں، مدت کے دوران منافع یا بی COD سے قبل اور COD کے بعد آئندہ ٹیرف پالیسی کی پرویژن کے تحت کمپنی کے محفوظ بیگاس سے سہ ماہی کے دوران بجلی کی فروخت حاصل نہیں کی جاسکتی تھی۔

کمپنی کے ساتھ منسلک تمام کوششوں کی جو گزشتہ چند سالوں کی سرمایہ کاری سے قدرے حاصل کرنے کے لیے لازماً حوصلہ افزائی کی جانی چاہیے۔ جب کمپنی کو ان کی بہت ضرورت ہو۔

تمام تر کوششیں گنے کے کاشتکاروں کو مسلسل جدید بہتر بیج کی اقسام، کھادیں، کیڑے مار ادویات اور بہم سہولیات پہنچا کر عمل کارکردگی بہتر بنانے، جدت تراز ی، جدید ترین ٹیکنالوجی، آلات نصب، کڑی نگرانی سے پیداواری اخراجات کو کم کر کے گنے کے معیار کو بہتر بنانے کے ذریعے کمپنی کی پیداوار اور منافع کو بڑھانے کے لیے کی جارہی ہے جس کے نتیجے میں چینی کی ریکوری زیادہ اور گنے کے کاشتکاروں کو مالی فوائد بھی حاصل ہوں گے۔

مستقبل کا نقطہ نظر

توقع کی جاتی ہے کہ رواں کرشنگ سیزن 18-2017 کے لئے بھرپور فصل کی بدولت گذشتہ سال کے مقابلے گنے کی سپلائی مقامی سطح پر زیادہ ہوگی۔ پورے ملک میں کرشنگ سیزن کے آغاز میں ملوں سے چینی کی قدرے کم پیداوار کی رپورٹوں کے برعکس اس سال دوبارہ پاکستان سب سے زیادہ چینی کی پیداوار حاصل کرنے کے راستے پر دکھائی دیتا ہے۔

ہمیں یقین ہے کہ چینی کی اضافی پیداوار کے نتیجے میں مقامی چینی کی قیمتوں میں مزید دباؤ پڑے گا جو پہلے ہی گزشتہ تین سالوں کی کم از کم سطح پر پہنچ چکی ہے۔ بین الاقوامی مارکیٹ میں چینی کی قیمتیں بھی تاریخ کی کم از کم سطحوں پر ہیں۔ یہ منظر نامہ بالآخر چینی کی صنعت کے منافع کو ختم کرنے کا پابند ہے اور ملک میں اکثر شوگر کمپنیوں کی بقاء کا مسئلہ بن سکتا ہے۔ جو صرف اسی صورت میں مناسب مالیاتی نتائج حاصل کرنے کے قابل ہوگی کہ اگر یہ بین الاقوامی قیمتوں پر اس وافر چینی کا بڑا حصہ برآمد کر سکی۔ ان تمام حالات کے پیشِ نظر 18-2017 سیزن رقبے کے لحاظ سے پیداوار اس سال کے مقابلے میں اس کے برابر یا اس سے زیادہ ہوسکتی ہے اور جب تک وافر فراہمی کا مسئلہ حل نہیں ہوتا ہے، شوگر ملوں کے لئے مالی صورتحال آئندہ مالی سال میں بھی بہت مشکل ہوسکتی ہے۔

اس مشکل ماحول میں، اللہ تعالی کے فضل وکرم سے آپ کی کمپنی نے اپ فرنٹ پاور پالیسی 2013 کے تحت 20 میگا واٹ بجلی کی پیداوار کا منصوبہ دسمبر 2017 کے آغاز میں تجارتی آپریشن کی تاریخ (COD) کامیابی سے حاصل کرلی ہے۔ محفوظ شدہ بگاس کی بنیاد پر پاور پلانٹ سے بجلی کی برآمد اور FFEs کی تنصیب سے کمپنی کے منافع پر واضح اثرات پڑنے کی توقع ہے، جو آنے والے مسابقتی، چیلنجنگ، اور سخت اقتصادی ماحول میں کامیاب ہونے کی ہماری صلاحیت کو مضبوط کرے گی۔

اظہار تشکر/اعتراف

بورڈ کمپنی کے تمام ملازمین کی کوششوں اور لگن کو سراہتا ہے اور امید کرتے ہیں کہ وہ پیداور میں اضافہ اور کمپنی کی بھلائی کی خاطر مستقبل میں بھی اپنی کوششوں کو جاری رکھیں گے۔ بورڈ کمپنی کے ساتھ شریک مالی اداروں، کسانوں اور تمام شریک اسٹیک ہولڈرز کی حمایت اور تعاون کا بھی شکریہ ادا کرتا ہے۔

منجانب بورڈ آف ڈائریکٹر

محمد شمیم خان
چیف ایگزیکٹو
لاہور: 24 جنوری 2018

Condensed Interim Balance Sheet

As at 31 December 2017 (Un-Audited)

	Note	(Un-Audited) 31December 2017	(Audited) 30 September 2017
		.....(Rupees)	
EQUITY&LIABILITIES			
ShareCapitalandReserves			
Share capital	5	150,232,320	150,232,320
Revenue reserves	6	93,800,000	93,800,000
Accumulated profit		2,267,066,332	2,089,701,346
		2,511,098,652	2,333,733,666
NonCurrentLiabilities			
Long term finance	7	1,609,301,426	1,119,301,425
Loans from directors	7	574,800,000	574,800,000
Liabilities against assets subject to finance lease	8	17,977,451	10,144,102
Deferred liabilities		447,635,629	441,751,783
		2,649,714,506	2,145,997,310
CurrentLiabilities			
Trade and other payables		2,303,234,078	1,162,472,122
Finance cost payable		61,125,899	66,082,670
Short term borrowings-secured	9	1,998,747,443	2,206,549,355
Advances from directors		434,300,000	349,300,000
Current portion of long term liabilities		378,079,600	455,785,343
Provision for taxation		102,705,083	128,875,144
		5,278,192,103	4,369,064,634
ContingenciesandCommitments	10		
		10,439,005,261	8,848,795,610

The annexed notes form an integral part of these condensed interim financial information.

ChiefExecutive

	Note	(Un-Audited) 31December 2017	(Audited) 30 September 2017
		.....(Rupees)	
PROPERTYANDASSETS			
NonCurrentAssets			
Property, plant & equipment	11	4,067,583,868	3,876,639,577
Intangible assets		20,597,475	20,597,475
Long term deposits		464,500	464,500
Long term advances		42,683,406	42,683,406
		4,131,329,249	3,940,384,958
CurrentAssets			
Stores, spare parts and loose tools		697,211,148	476,914,085
Stock-in-trade		3,419,524,127	2,797,126,084
Trade debts		813,824,178	404,821,758
Loans and advances		365,362,779	422,536,205
Trade deposits, prepayments and other receivables		295,893,030	247,203,738
Taxes recoverable / adjustable		429,499,116	483,165,541
Cash and bank balances		286,361,634	76,643,241
		6,307,676,012	4,908,410,652
		10,439,005,261	8,848,795,610

Director

Condensed Interim Profit and Loss Account

For the 1st Quarter Ended 31 December 2017 (Un-Audited)

	Note	31 December 2017	31 December 2016
		.....(Rupees)	
Sales - net		2,340,264,291	2,799,026,921
Cost of sales	12	(1,890,437,509)	(2,338,751,890)
Gross profit		449,826,782	460,275,031
Operating expenses			
Distribution and selling expenses		(28,203,195)	(19,805,876)
Administrative expenses		(91,947,414)	(81,084,764)
		(120,150,609)	(100,890,640)
Operating profit		329,676,173	359,384,391
Other operating income	13	6,003,458	16,376,899
		335,679,631	375,761,290
Finance cost		(63,522,217)	(45,535,441)
Other expenses		(18,778,862)	(22,662,558)
		(82,301,079)	(68,197,999)
Profit before taxation		253,378,552	307,563,291
Taxation-Current		(76,013,566)	(28,154,038)
Profit after taxation		177,364,986	279,409,253
Earnings per share - Basic and diluted	14	11.81	18.60

The annexed notes form an integral part of these condensed interim financial information.

Chief Executive

Director

Condensed Interim Statement of Comprehensive Income

For the 1st Quarter Ended 31 December 2017 (Un-Audited)

	31December 2017	31 December 2016
	.....(Rupees)	
Profit after taxation	177,364,986	279,409,253
OtherComprehensiveIncome-NetofT ax		
Items that will be reclassified to profit or loss	-	-
Items that will never be reclassified to profit or loss	-	-
Total comprehensive income for the period	177,364,986	279,409,253

The annexed notes form an integral part of these condensed interim financial information.

ChiefExecutive **Director**

Condensed Interim Cash Flow Statement

For the 1st Quarter Ended 31 December 2017 (Un-Audited)

	Note	31December 2017	31 December 2016
		.....(Rupees)	
CASHFLOWFROMOPERATINGACTIVITIES			
Profit before taxation		253,378,552	307,563,291
Adjustment for:-			
- Depreciation		81,425,923	67,740,916
- Provision for gratuity		7,093,258	-
- Gain on disposal of fixed assets		(270,723)	
- Finance cost		63,522,217	45,535,441
- Workers' profit participation fund		13,607,871	16,511,292
- Workers' welfare fund		5,170,991	6,151,266
		170,549,537	135,938,915
Operating cash flows before changes in working capital		423,928,089	443,502,206
Changes in working capital	15	51,341,137	(6,605,333)
Cashgeneratedfromoperations		475,269,226	436,896,873
Gratuity paid		(1,209,412)	(1,539,344)
Finance cost paid		(68,478,988)	(105,203,706)
Workers' Welfare fund paid		(17,176,933)	(8,731,854)
Income tax paid		(102,183,627)	(42,708,851)
NETCASHFLOWFROMOPERATINGACTIVITIES		286,220,266	278,713,118
CASHFLOWFROMINVESTINGACTIVITIES			
Fixed capital expenditure		(257,581,492)	(89,127,083)
Proceed from disposal of fixed assets		400,000	-
NETCASHUSEDININVESTINGACTIVITIES		(257,181,492)	(89,127,083)
CASHFLOWFROMFINANCINGACTIVITIES			
Long term finance		410,426,849	185,562,717
Lease and security deposits payments		(5,217,242)	(3,371,602)
Short term borrowings - net		(207,801,912)	(205,331,358)
Advances from directors		85,000,000	(26,000,000)
Dividend paid		(101,728,077)	(2,965,317)
NETCASHFLOWFROM/(USEDIN)FINANCINGACTIVITIES		180,679,618	(52,105,561)
NETINCREASE/(DECREASE)INCASHAND CASHEQUIVALENTS		209,718,393	137,480,474
CASHANDCASHEQUIVALENTSATTHE BEGINNINGOFTHEYEAR		76,643,241	58,573,861
CASHANDCASHEQUIVALENTSATTHEENDOFTHEQUARTER		286,361,634	196,054,335

The annexed notes form an integral part of these condensed interim financial information.

ChiefExecutive **Director**

Condensed Interim Statement of Changes in Equity

For the 1st Quarter Ended 31 December 2017 (Un-Audited)

Particular	Share Capital	General Reserves	Accumulated Profit	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as on 01 October 2016	150,232,320	93,800,000	1,645,889,094	1,889,921,414
Total Comprehensive Income for the 1st Quarter Ended 31 December 2016	-	-	279,409,253	279,409,253
Balance as on 31 December 2016	150,232,320	93,800,000	1,925,298,347	2,169,330,667
Cash dividend @ 50.00 % i.e. Rs. 5.00 per share for the year ended 30 September 2016	-	-	(75,116,160)	(75,116,160)
Interim cash dividend @ 125.78% i.e. Rs. 12.578 per share for the year ended 30 September 2017	-	-	(188,962,212)	(188,962,212)
Profit for the Nine months:	-	-	428,481,371	428,481,371
Balance as on 30 September 2017	150,232,320	93,800,000	2,089,701,346	2,333,733,666
Total Comprehensive Income for the 1st Quarter Ended 31 December 2017	-	-	177,364,986	177,364,986
Balance as on 31 December 2017	150,232,320	93,800,000	2,267,066,332	2,511,098,652

The annexed notes form an integral part of these condensed interim financial information.

Chief Executive **Director**

Selected Notes to the Condensed Interim Financial Information

For the 1st Quarter Ended 31 December 2017 (Un-Audited)

1. STATUSANDACTIVITIES

The Thal Industries Corporation Limited (Company) was incorporated on 07 September 1953 under The Companies Act, 1913 (Now Companies Ordinance, 1984) as public company limited by shares. Its shares are quoted on Pakistan stock exchange in Pakistan. Its registered office is situated at 23-Pir Khurshid Colony, Gulgusht, Multan. The Company is principally engaged in production and sale of refined sugar and its by-products.

2. BASISOFPREPARATION

The condensed interim financial information is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Company for the year ended 30 September 2017.

The comparative figures as at 30 September 2017 in the condensed interim balance sheet and the related notes to the condensed interim financial information are based on audited financial statements. The comparative condensed interim profit & loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and related notes to the condensed interim financial information for the first quarter ended 31 December 2016 are based on un-audited condensed interim financial information. The condensed interim profit & loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2017 and 31 December 2016 are neither audited nor reviewed.

3. STATEMENTOFCOMPLIANCE

This condensed interim financial information of the Company for the three months period ended 31 December 2017 has been prepared in accordance with the requirements of the International Accounting Standard -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.

The Companies Ordinance has been repealed after the Companies Act, 2017 was enacted on May 30, 2017. Subsequently, Securities and Exchange Commission of Pakistan has notified through Circular No. 23 of October 04, 2017 that companies whose financial year / interim periods closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, these financial information has been prepared under the Companies Ordinance, 1984.

4. ACCOUNTINGPOLICIES

4.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 30 September 2017.

4.2 Previous period’s figures are re-arranged / re-classified where necessary to facilitate comparison and are rounded off to the nearest rupee; appropriate disclosure is given in relevant note in case ofmaterialrearrangement.

		Note	(Un-Audited) 31December 2017	(Audited) 30 September 2017
5. SHARE CAPITAL			..... (Rupees)	
NumberofShares				
31-12-17	30-09-17			
AuthorizedCapital:				
20,000,000	20,000,000	Ordinary shares of Rs. 10/- each	200,000,000	200,000,000
Issued,subscribedandpaidupcapital:				
8,368,846	8,368,846	Ordinary shares of Rs. 10/- each fully paid in cash	83,688,460	83,688,460
142,770	142,770	Ordinary shares of Rs. 10/- each issued as fully paid for consideration otherwise than cash	1,427,700	1,427,700
6,511,616	6,511,616	Ordinary shares of Rs. 10/- each issued as bonus shares	65,116,160	65,116,160
15,023,232	15,023,232		150,232,320	150,232,320

6. REVENUERESERVES			
General reserves		93,800,000	93,800,000

It represents distributable profits transferred and utilizable at the discretion of the board of directors.

7. LONGTERMFINANCE			
Loans from banking companies-Secured	7.1	1,609,301,426	1,119,301,425
Loans from directors-Unsecured	7.2	574,800,000	574,800,000
		2,184,101,426	1,694,101,425

7.1 Demand finance / Diminishing musharaka facilities of Rs. 1,273 million (2017: Rs. 1,273 million) and term finance facilities of Rs. 1,100 million (2017: Rs. 1,100 million) have been obtained from various banking companies. These loans are secured against first pari passu / hypothecation charge over all present and future fixed assets of the Company, personal guarantees of directors of the Company and subordination of directors' loan. The facilities are being repaid in quarterly instalments beginning from 18 September 2012 and ending on 26 September 2024. These carry mark up @ 3 to 6 month KIBOR + 0.50% to 1.25% (2017: 3 to 6 month KIBOR + 0.50% to 1.25%) p.a.

7.2 These unsecured loans have been obtained from directors of the Company, and will be paid as and when convenient to the Company. These loans carry markup @ 3 month KIBOR + 1% p.a. prevailing at the year end (2017: 3 month KIBOR + 1% p.a.). The management for the time being does not intend to repay any amount against these loans until the end of next financial year and hence no current maturity has been provided. These loans are subordinated to bank loans.

	(Un-Audited) 31December 2017	(Audited) 30 September 2017
	.....(Rupees).....	
8. LIABILITIESAGAINSTASSETSSUBJECTTOFINANCELEASE		
Opening balance	25,159,141	24,092,817
Obtained during the period	14,918,000	16,705,500
Payments/adjustments during the period	(3,725,442)	(15,639,176)
	36,351,699	25,159,141
Less: Security deposits adjustable on expiry of lease term	(6,514,100)	(5,022,300)
	29,837,599	20,136,841
Less: Current portion grouped under current liabilities	(11,860,148)	(9,992,739)
	17,977,451	10,144,102

8.1 Reconciliation between minimum lease payments and present value of minimum lease payments isasfollows:

	31December2017		
	Rupees		
	Minimum Lease Payments	Less:Future Finance Cost	PresentV alue ofMinimum LeasePayments
Not later than one year	13,518,126	(1,629,952)	11,888,174
Later than one year but not later than five years	19,299,668	(1,350,243)	17,949,425
	32,817,794	(2,980,195)	29,837,599

	30 September 2017		
	Rupees		
	Minimum Lease Payments	Less: Future Finance Cost	Present Value of Minimum Lease Payments
Not later than one year	11,161,476	(1,168,737)	9,992,739
Later than one year but not later than five years	10,956,951	(812,849)	10,144,102
	22,118,427	(1,981,586)	20,136,841

8.2 The Company has a finance lease agreement of Rs. 90 million for vehicles with Bank Al Habib Limited. Rentals are payable in 12 quarterly installments commencing from September 2013 and ending on September 2020. The mark up rate implicit in the lease is 3 months KIBOR + 1.00% to 1.25% (2017: 3 months KIBOR + 1% to 1.25%) p.a. The lease is secured by way vehicle registered in the name of Bank Al Habib Limited with 10% of vehicle value held as security.

8.3 The Company intends to exercise its option to purchase the leased assets upon the maturity of lease term. Taxes, repairs and insurance cost is to be borne by the Company. In case of termination of the agreement, the Company has to pay the entire rentals for the unexpired period fortheleaseagreement.

	Note	(Un-Audited) 31December 2017	(Audited) 30 September 2017
		.....(Rupees).....	
9. SHORTTERMBORROWINGS-SECURED			
FROMBANKINGCOMPANIES			
Running Finance	9.1	418,770,189	439,571,095
Cash Finance	9.2	1,579,977,255	1,766,978,260
		1,998,747,443	2,206,549,355

9.1 These loans have been obtained from various banks to meet the working capital requirements and are secured against first pari passu hypothecation / registered ranking charge over current assets of the Company and personal guarantees of directors. These are subject to mark up at the rate of 1 year KIBOR minus 1.00% & 1 to 3 month KIBOR + 0.50 to 0.75% (2017: 1 year KIBOR minus 1.00% & 1 to 3 month KIBOR + 0.50 to 0.75%) p.a. The limits will expire on various dates by 31 March 2018 but are renewable.

9.2 These loans have been obtained from various banks to meet the working capital requirements and are secured against pledge over sugar bags of equivalent value with 10% to 20% margin and personal guarantees of directors. These are subject to mark up at the rate of 1 to 3 months KIBOR plus 0.50% to 0.75% (2017: 1 to 3 months KIBOR plus 0.50% to 0.75%) p.a. The limits will expire on various dates by 31 March 2018 but are renewable.

10. CONTINGENCIESANDCOMMITMENTS

Contingencies

Various claims against the Company not acknowledged as debts which are pending in the court for decision	1,568,000	1,568,000
Sales tax on molasses	1,217,508	1,217,508
Income tax cases	11,955,520	11,955,520
Additional tax u/s 87 of Income Tax Ordinance, 1979	4,500,353	4,500,353
Bank guarantees	879,349,653	879,349,653
	898,591,034	898,591,034

Commitments

Contracts for capital expenditure	120,190,695	120,190,695
Letters of credit for capital expenditure	135,207,647	135,207,647
Letters of credit for other than capital expenditure	33,285,229	33,285,229
	288,683,571	288,683,571

	Note	(Un-Audited) 31December 2017	(Audited) 30 September 2017
		.....(Rupees).....	
11. PROPERTY ,PLANT&EQUIPMENT			
Operating fixed assets	11.1	3,686,659,619	3,281,101,666
Capital work in progress - Tangible Assets		380,924,249	595,537,911
		4,067,583,868	3,876,639,577
11.1 OperatingFixedAssets			
Opening book value		3,281,101,666	2,967,583,810
Addition during the period		487,113,153	613,082,339
Deletion during the period		(129,277)	(1,373,613)
Depreciation charged		(81,425,923)	(298,190,870)
		3,686,659,619	3,281,101,666

11.2 Addition-AtCost/Disposal-AtWDV

	(Un-Audited) 31December2017		(Audited) 30 September 2017	
	Addition	Deletion	Addition	Deletion
	Rupees	Rupees	Rupees	Rupees
Owned Assets				
Freehold land	-	-	-	-
Building on free hold land	-	-	51,277,030	-
Plant and machinery	470,232,517	-	449,870,500	-
Tools, implements and other factory equipments	50,000	-	4,912,480	-
Computer and other office equipments	2,299,444	-	7,417,449	-
Electric Installations	2,712,600	-	23,956,177	-
Vehicles	11,818,592	(129,277)	63,348,703	-
	487,113,153	(129,277)	600,782,339	-
LeasedAssets				
Vehicles	-	-	12,300,000	(1,373,613)
	-	-	12,300,000	(1,373,613)
	487,113,153	(129,277)	613,082,339	(1,373,613)

	Note	(Un-Audited) 31December 2017	(Un-Audited) 31 December 2016
		.....(Rupees).....	
12. COSTOFSALES			
Finished goods - opening		2,792,910,415	1,503,090,759
Add: Cost of goods manufactured	12.1	2,277,749,640	3,783,495,003
		5,070,660,055	5,286,585,762
Finished goods - closing		(3,186,181,320)	(2,947,833,872)
		1,884,478,735	2,338,751,890
12.1 Costofgoodsmanufactured:			
Work in process - opening		4,215,669	5,620,905
Raw material consumed		2,165,796,192	3,628,249,839
Salaries, wages and other benefits		91,579,146	76,275,513
Fuel and power		22,930,009	9,439,348
Stores, spares and loose tools		39,794,365	55,346,687
Repairs and maintenance		105,770,221	104,189,123
Insurance		3,322,362	1,079,340
Depreciation		76,480,872	64,551,165
Miscellaneous		1,203,611	5,437,972
		2,511,092,447	3,950,189,892
Work in process - closing		(233,342,807)	(166,694,889)
		2,277,749,640	3,783,495,003
13. OTHEROPERATINGINCOME			
FinancialAssets			
Profit on deposit accounts		277,907	246,516
Others			
Gian on disposal of fixed assets		270,723	-
Sale of scrap		384,841	11,722,654
Rental Income		82,875	82,875
Miscellaneous		4,987,112	4,324,854
		6,003,458	16,376,899

14. EARNINGSPERSHARE-BASICANDDILUTED

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the period as follows:

	(Un-Audited) 31December 2017	(Un-Audited) 31 December 2016
	.....(Rupees).....	
Profit after tax	177,364,986	279,409,253
Weighted average number of ordinary shares in issue during the period	15,023,232	15,023,232
Earnings per share	11.81	18.60

15. CHANGESINWORKINGCAPITAL

(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(220,297,063)	(67,290,313)
Stock-in-trade	(622,398,043)	(1,605,817,097)
Trade debts	(409,002,420)	(24,295,710)
Loans and advances	57,173,426	(78,767,463)
Trade deposits, prepayments and other receivables	(48,689,292)	(86,367,704)
Taxes recoverable/adjustable	53,666,425	51,854,015
Increase / (decrease) in current liabilities:		
Trade and other payables	1,240,888,104	1,804,078,938
	51,341,137	(6,605,333)

16. REMUNERATIONOFCHIEFEXECUTIVE,DIRECTORSANDEXECUTIVES

The aggregate amount charged in the accounts for the period for remuneration including certain benefits to Chief Executive, Directors and Executives of the Company are as follows:

	31December2017(Un-Audited)				31 December 2016
	Chief Executive	Directors	Executives	T otal	(Un-Audited)
	---------- (RUPEES) ----------				
Managerial remuneration	510,000	510,000	29,260,554	30,280,554	20,368,454
Utilities	-	-	666,454	666,454	394,665
Total	510,000	510,000	29,927,008	30,947,008	20,763,119
Number of Persons	1	1	54	56	50

16.1 The executives have been provided free unfurnished accommodation with maintained car for Company's affairs only.

16.2 No meeting fee has been paid to Directors during the period.

16.3 Chief Executive and Directors are not entitled for any benefit other than disclosed as above.

17. TRANSACTIONSWITHRELATEDPARTIES

Amounts due from and (due to) related parties are shown in receivables and payables and remuneration of the key management personnel is disclosed in note 16. Other significant transactionswithrelatedpartiesareasfollows:

Relationship	Natureoftransaction	(Un-Audited) 31December 2017	(Un-Audited) 31 December 2016
		.....(Rupees).....	
Associated undertakings:	- Sale of goods	270,108,000	407,682,344
	- Purchase of goods	16,384,190	-

The Company continues to have a policy whereby all transactions with related parties and associated undertakings are priced at comparable uncontrolled market price.

Keymanagementpersonnel:

Advances received from/(returned to) directors during the period	85,000,000	(26,000,000)
Mark up on loans from directors	10,303,291	10,231,440

	(Un-Audited) 31December 2017	(Audited) 30 September 2017
	.....(Rupees).....	
Balance due from/(due to) related parties as at 31 December 2017 are as below:		
Naubahar Bottling Company (Pvt) Limited	(27,904,932)	(28,012,932)
Al-Moiz Industries Limited	1,905,500	16,871,930
	(25,999,432)	(11,141,002)

18. FINANCIALINSTRUMENTS-FAIRVALUES

The additional disclosures due to the adoption of IFRS 13 Fair Value Measurement are as follows :

		Carrying Amount			Fair Value		
		Loans and receivables	Other financial liabilities	Total	Level1	Level2	Level3
	Note	----------	Rupees	----------			
On-balance sheet financial instruments							
31December2017(Un-Audited)							
Financial assets measured at fair value		-	-	-	-	-	-
		-	-	-	-	-	-
Financial assets not measured at fair value	18.1						
Long term deposits		464,500	-	464,500	-	-	-
Long term advances		42,683,406		42,683,406	-	-	-
Trade debts		813,824,178	-	813,824,178	-	-	-
Trade deposits, prepayments and other receivables		3,060,766	-	3,060,766	-	-	-
Cash and bank balances		286,361,634	-	286,361,634	-	-	-
		1,146,394,484	-	1,146,394,484	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-
		-	-	-	-	-	-
Financial liabilities not measured at fair value	18.1						
Loans from directors		-	574,800,000	574,800,000	-	-	-
Long term finance		-	1,975,520,878	1,975,520,878	-	-	-
Liabilities against assets subject to finance lease		-	29,837,599	29,837,599	-	-	-
Trade and other payables		-	1,525,759,603	1,525,759,603	-	-	-
Finance cost payable		-	61,125,899	61,125,899	-	-	-
Short term borrowings		-	1,998,747,443	1,998,747,443	-	-	-
Advances from directors		-	434,300,000	434,300,000	-	-	-
		-	6,600,091,422	6,600,091,422	-	-	-
30September2017(Audited)							
Financial assets measured at fair value		-	-	-	-	-	-
		-	-	-	-	-	-
Financial assets not measured at fair value	18.1						
Long term deposits		464,500	-	464,500	-	-	-
Long term advances		42,683,406		42,683,406			
Trade debts		404,821,758	-	404,821,758	-	-	-
Trade deposits, prepayments and other receivables		4,333,020	-	4,333,020	-	-	-
Cash and bank balances		76,643,241	-	76,643,241	-	-	-
		528,945,925	-	528,945,925	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-
		-	-	-	-	-	-
Financial liabilities not measured at fair value	18.1						
Loans from directors		-	574,800,000	574,800,000	-	-	-
Long term finance		-	1,565,094,029	1,565,094,029	-	-	-
Liabilities against assets subject to finance lease		-	20,136,841	20,136,841	-	-	-
Trade and other payables		-	514,762,741	514,762,741	-	-	-
Finance cost payable		-	66,082,670	66,082,670	-	-	-
Short term borrowings		-	2,206,549,355	2,206,549,355	-	-	-
Advances from directors		-	349,300,000	349,300,000	-	-	-
		-	5,296,725,636	5,296,725,636	-	-	-

18.1 The management considers the carrying amount of all financial assets and liabilities not measured at fair value at the end of the reporting period to approximate their fair value as at the reporting date.

19. SEASONALITY

The Company's business is seasonal in nature. Entire cane crushing and manufacture of sugar is done during season from November to the following April. Sugar sales are made throughout the year.

20. SUBSEQUENTMATERIALEVENTS

There are no significant activities since 31 December 2017, affecting the condensed interim financial information apart from those disclosed in the condensed interim financial information.

21. DATEOFAUTHORIZATION

This condensed interim financial information has been authorized for issue on 24 January 2018 by theBoardofDirectors.

ChiefExecutive **Director**

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THALINDUSTRIES

CORPORATION

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