

CONDENSED INTERIMFINANCIAL INFORMATION

FortheSixMonthsEnded
31March2018
(Un-audited)

THALINDUSTRIES
CORPORATION

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Company Information

BOARDOFDIRECTORS

CHAIRPERSON

Mrs.QaiserShamimKhan

CHIEFEXECUTIVE

Mr.MuhammadShamimKhan

MANAGINGDIRECTOR

Mr.NaumanAhmedKhan

DIRECTORS

Mr.MuhammadShamimKhan	(Director)
Mrs.QaiserShamimKhan	(Director)
Mr.NaumanAhmedKhan	(Director)
Mr.AdnanAhmedKhan	(Director)
Mr.MuhammadKhan	(Director)
Mr.MuhammadAshrafKhanDurani	(IndependentDirector)
Mr.RabNawaz	(IndependentDirector)

AUDITCOMMITTEE

Mr.MuhammadAshrafKhanDurani	(Chairman)
Mrs.QaiserShamimKhan	(Member)
Mr.AdnanAhmedKhan	(Member)

HUMANRESOURCE& REMUNERATION COMMITTEE

Mr.RabNawaz	(Chairman/Member)
Mr.AdnanAhmedKhan	(Member)
Mr.MuhammadKhan	(Member)

CHIEFFINANCIALOFFICER

Mr. Hafiz Muhammad Arif

COMPANYSECRETARY

Mr.WasifMahmood

AUDITORS

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants, Lahore

LEGALADVISOR

Mr.ShehzadAtaElahi,Advocate
Ch.AltafHussainAdvocate

BANKERS

Albaraka Bank Pakistan Limited
Allied Bank Limited
Askari Bank Limited
Bank Al-Habib Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
Habid Metropolitan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
Standard Chartered Bank (Pakistan) Limited
Soneri Bank Limited
TheBankofPunjab
United Bank Limited

SHAREREGISTRAR	M/s.CORPLINK (Pvt) Ltd WingsArcade,1-K-Commercial Model Town, Lahore Tel:042-35839182,35887262 Fax:042-35869037
REGISTEREDOFFICE	23-PirKhurshidColonyGulgasht,Multan Tel:061-6524621,6524675 Fax:061-6524675
LAHOREOFFICE	2-D-1Gulberg-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

TheDirectorsofyourCompanyarepleasedtopresenttheUn-AuditedAccountsoftheCompany forthehalfyearended31stMarch2018.

INDUSTRYOVERVIEW

Last year's per acre yield of cane crop was much better and healthy. It induced the growers to keeptheratooncropinsteadofuprooting.Thismightcontributetolowerperacreyieldthisyear balancedbyhighercultivatedarea.Atacountrylevel,weagainhaveabumpercanecropthis yearandhighsugarproductioninthecountry.

Despite expectation of surplus sugar production in the local and international markets, the sugarcaneminimumpricewasmaintainedbythePunjabGovernmentatRs.180/-permoundfor the crushing season 2017-18, whereas the Sindh Government notified the cane price at Rs. 182/- permoundlateronreducedtoRs160/-permoundconsequenttosugarmillswritinHonourable SindhHighCourt.

FederalGovernmenthasannouncedanexportsubsidyofmaximumRs.10.70perKgwithcertain condition of sugar prices in international market, 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 minimumlevel.

OPERATINGHIGHLIGHTS

Financialresultsofthehalfyearareneverthetruerepresentativethat Companywillultimatelyachieve but can give just an idea of the trend. The key indicators of operating and financial results are summarizedbelow.

The Company was able to crush 2,348,858 M. Tons sugarcane and produced 222,886 M. Tons white refined sugar at an average recovery of 9.619% during the first half ending March 31, 2018 ascomparedtolastyear'ssugarcanecrushingof2,562,502M.Tonsandproductionof250,156 M. Tons white refined sugar at an average recovery of 9.877%. The reason for low production in thecurrenthalfismainlyduetothelatestartofthecrushingseasonanddropinaveragerecovery. Company was able to achieve its target of COD (Commercial Operation Date) in the start of December for 20 MW Power Project at its Layyah plant, which is a milestone to be proud of.

Net sales was recorded at Rs. 5,170.445 million during the first half from 1st October-2017 to 31stMar-2018ascomparedtoRs.6,655.466millionagainstthecorresponding periodoflast year. Net sales declined by 22% mainly due to 15% lower sales volume and low sugar prices in local&internationalmarket.

DuetohighersugarcanecostandsharpdecreaseinsugarmolassespricesCompanyearned pretax loss of Rs. (88.944) million during the period under review as compared to pretax profit ofRs.859.316millioninthecorrespondingperiodoflastyearandaftertaxlossofRs.(139.011) million against after tax profit of Rs. 635.332 million over the same period of last year. Moreover, sugar sales tax fixed at higher price by the Government as compared to its actual market prices had also adversely affecting the profitability.

The period under review can be considered as the worst period in sugar industry history when high sugar cane cost, bumper crop, stocks carry over and lowest sugar prices in local and International market. In this adverse circumstances, the survival of sugar industry will onlybedependentoncompletionof2.0milliontonssugarexportalreadyapprovedbyfederal

Government. Your Company sustained insignificant losses only due to sale of electricity to Central Power Purchasing Agency (Guarantee) Ltd (CPPAGL) from newly completed power project under policy of upfront tariff.

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.

FUTURE OUTLOOK

It is evident that due to bumper cane crop in 2017-18 at a country level. Despite reports of lower sugar recoveries from mills across the country in the start of the crushing season there was surplus sugar production over annual requirement like last year.

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 convert the profitability of the sugar industry into loss 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 production for 2017-18 season would be more or less same as last year. The financial situation for sugar mills will remain very challenging in future.

In this challenging environment, By the Grace of Allah Almighty your company successfully achieved Commercial Operation Date (COD) of our 22.40 MW power project under upfront 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 economic climate.

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

MUHAMMAD SHAMIM KHAN
Chief Executive

LAHORE: 22 May 2018

ڈائریکٹرز کی جائزہ رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 مارچ 2018ء کو ختم ہونے والی ششماہی کیلئے کمپنی کے غیر نظر ثانی شدہ حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

صنعت کا مجموعی جائزہ

گذشتہ سال کی گنے کی فصل کی فی ایکڑ پیداوار بہت بہتر اور صحتمند تھی۔ جس کی وجہ سے فصل کو ختم کرنے کی بجائے دوبارہ فصل اُگانے کے لئے 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، ہمیں اس سال دوبارہ گنے کی بمپر فصل اور ملک میں چینی کی اعلی پیداوار حاصل ہوئی 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 جسے بعد میں شوگر ملز کی طرف سے معزز عدالت عالیہ سندھ میں دائر درخواست کے نتیجے کم کر کے -/160 روپے فی من مقرر کیا گیا ہے۔

وفاقی حکومت نے بین الاقوامی مارکیٹ میں چینی کی قیمتوں کی کچھ شرائط پر زیادہ سے زیادہ 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۔

آپریٹنگ جھلکیاں

نصف سال کے مالیاتی نتائج کبھی بھی حقیقی نمائندگی نہیں کرتے ہیں کہ کمپنی بالآخر کامیاب ہوجائے گی بلکہ رجحان کا ایک خیال دے سکتے ہیں۔ آپریٹنگ اور مالی نتائج کے اہم اشاروں کا خلاصہ ذیل میں ہے۔

کمپنی گزشتہ سال 2,562,502 میٹرک ٹن گنا کرش کرنے اور 9.877 فیصد کی اوسط ریکوری پر 250,156 میٹرک ٹن سفید ریفائنڈ چینی بنانے کے مقابلے 31 مارچ 2018 کو ختم ہونے والی ششماہی کے دوران 2,348,858 میٹرک ٹن گنا کرش کرنے اور 9.619 فیصد کی اوسط ریکوری پر 222,886 میٹرک ٹن سفید ریفائنڈ چینی بنانے کے قابل ہوئی۔ موجودہ ششماہی میں کم پیداوار بنیادی طور پر کرشنگ سیزن کے تاخیر سے شروع ہونے اور اوسط ریکوری میں کمی کے باعث ہوئی 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 مارچ 2018ء کی پہلی ششماہی کے دوران خالص فروخت 5,170.445 ملین روپے درج کی گئی جو کہ گزشتہ سال کی اسی مدت میں 6,655.466 ملین روپے تھی۔ خالص فروخت کی مقدار میں 22 فیصد کمی، مقامی اور بین الاقوامی مارکیٹ

میں 15 فیصد کم فروخت حجم اور چینی کی قیمتوں میں کمی کے باعث ہوئی۔

گنے کی زیادہ قیمت خرید اور چینی اینڈ مولاسس کی قیمتوں میں تیزی سے کمی کی وجہ سے کمپنی نے گزشتہ سال کی اسی مدت میں 859.316 ملین روپے کے قبل از ٹیکس منافع کے مقابلے زیرِ جائزہ ششماہی کے دوران (88.944) ملین روپے کا قبل از ٹیکس نقصان اور گزشتہ سال کی اسی ششماہی کے 635.332 ملین روپے کے بعد از ٹیکس منافع کے برعکس (139.011) ملین روپے بعد از ٹیکس نقصان اُٹھایا ہے۔ اس کے علاوہ حکومت کی طرف سے مارکیٹ کی اصل قیمتوں کے مقابلے چینی کی فروخت پر سیلز ٹیکس کی شرح زیادہ مقرر کی جس نے کمپنی کے منافع کو بھی بُری طرح متاثر کیا۔

زیرِ جائزہ مدت کو چینی کی صنعت کی تاریخ میں بدترین عرصہ خیال کیا جا سکتا ہے جب گنے کی قیمت خرید زیادہ، بمپر فصل، وافر اسٹاک اور مقامی اور بین الاقوامی مارکیٹ میں چینی کی قیمتیں کم سے کم ہیں۔ ان منفی حالات میں شوگر صنعت کی بقاء کا واحد انحصار وفاقی حکومت کی طرف سے پہلے ہی منظور شدہ 2.0 ملین ٹن چینی کی برآمد کی تکمیل پر ہے۔ آپ کی کمپنی نے اپ فرنٹ ٹیرف کی پالیسی کے تحت نئے مکمل کردہ پاور پراجیکٹ سے CPPA(G) کو بجلی کی فروخت کی بدولت کم سے کم نقصانات اُٹھائے ہیں۔

کمپنی کے ساتھ منسلک ہر ایک شخص کی کوششوں کی جب کمپنی کو ان کی بہت ضرورت ہو گزشتہ چند سالوں کی بروقت سرمایہ کاری سے قدر حاصل کرنے کے لئے لازماً حوصلہ افزائی کی جانی چاہئے۔

تمام تر کوششیں گنے کے کاشتکاروں کو مسلسل جدید بہتر بیج کی اقسام، کھادیں، کیڑے مار ادویات اور باہم سہولیات پہنچا کر عمل کارکردگی بہتر بنانے، جدت طرازی، 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 لئے کی جا رہی ہیں جس کے نتیجہ میں چینی کی ریکوری زیادہ اور گنے کے کاشتکاروں کو مالی فوائد بھی حاصل ہوں گے۔

مستقبل کا نقطہ نظر

یہ واضح ہے کہ 18-2017 میں گنے کی 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 باوجود گزشتہ سال کی طرح چینی کی پیداوار سالانہ ضروریات سے زیادہ ہوگی۔

ہمیں یقین ہے کہ چینی کی اضافی پیداوار کے نتیجے میں مقامی چینی کی قیمتوں پر 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 22.40 میگاواٹ 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: 22 مئی 2018ء

Auditors' Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim Statement of Financial Position of **The Thal Industries Corporation Limited** as at 31 March 2018, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the selected notes forming part thereof for the half year then ended (here-in-after referred to as the "interim financial information"). 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.

Other Matters

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 31 March 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 March 2018.

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Engagement Partner: Rashid Rahman Mir

Lahore: 22 May 2018

Condensed Interim Statement of Financial Position

As at 31 March 2018 (Un-Audited)

	Note	(Un-Audited) 31March 2018	(Audited) 30September 2017
		.....(Rupees).....	
EQUITY&LIABILITIES			
ShareCapitalandReserves			
Sharecapital	5	150,232,320	150,232,320
Revenuereserves		93,800,000	93,800,000
Accumulated profit		1,800,457,839	2,089,701,346
		2,044,490,159	2,333,733,666
NonCurrentLiabilities			
Long term finance	6	1,491,488,457	1,119,301,425
Liabilities against assets subject to finance lease	7	15,247,408	10,144,102
Loans from directors	8	574,800,000	574,800,000
Deferredliabilities		505,738,682	441,751,783
		2,587,274,547	2,145,997,310
CurrentLiabilities			
Tradeandotherpayables		3,463,352,836	1,023,985,173
Financecostpayable		120,810,118	66,082,670
Shorttermborrowings-secured	9	7,146,117,120	2,206,549,355
UncashedDividendwarrants		170,738,596	138,486,949
Advancesfromdirectors		434,300,000	349,300,000
Currentportionoflongtermliabilities		394,823,769	455,785,343
Provisionfortaxation		26,691,517	128,875,144
		11,756,833,956	4,369,064,634
ContingenciesandCommitments	10		
		16,388,598,662	8,848,795,610

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

ChiefExecutive

	Note	(Un-Audited) 31March 2018	(Audited) 30September 2017
		.....(Rupees).....	
PROPERTYANDASSETS			
NonCurrentAssets			
Property,plant&equipment	11	4,502,185,016	3,876,639,577
IntangibleAssets		17,788,728	20,597,475
Long term deposits		464,500	464,500
Long term advances		42,683,406	42,683,406
		4,563,121,650	3,940,384,958
CurrentAssets			
Stores,sparepartsandloosetools		488,155,169	476,914,085
Stock-in-trade		9,441,179,970	2,797,126,084
Tradedebts		959,524,780	404,821,758
Loans and advances		186,094,125	422,536,205
Tradedeposits,prepaymentsandotherreceivables		44,593,339	247,203,738
Taxesrecoverable/adjustable		424,234,159	483,165,541
Cashandbankbalances		281,695,470	76,643,241
		11,825,477,012	4,908,410,652
		16,388,598,662	8,848,795,610

Chief Financial Officer

Director

Condensed Interim Profit and Loss Account

For the Half Year Ended 31 March 2018 (Un-Audited)

	Note	HALFYEAR ENDED 31 March 2018	HALFYEAR ENDED 31 March 2017	QUARTER ENDED 31 March 2018	QUARTER ENDED 31 March 2017
		.....(Rupees).....		.....(Rupees).....	
Sales-Net		5,170,445,379	6,655,466,363	2,830,181,088	3,856,439,442
Cost of sales	12	(4,929,333,938)	(5,368,662,315)	(3,038,896,429)	(3,029,910,425)
Gross profit		241,111,441	1,286,804,048	(208,715,341)	826,529,017
Operating expenses					
Distribution and selling expenses		(62,418,927)	(66,255,546)	(34,215,732)	(46,449,670)
Administrative expenses		(194,701,165)	(180,755,777)	(102,753,751)	(99,671,013)
		(257,120,092)	(247,011,323)	(136,969,483)	(146,120,683)
Operating profit		(16,008,651)	1,039,792,725	(345,684,824)	680,408,334
Other income	13	123,387,360	28,801,308	117,383,902	12,424,409
		107,378,709	1,068,594,033	(228,300,922)	692,832,743
Finance cost		(196,323,101)	(146,489,298)	(132,800,884)	(100,953,857)
Other expenses		-	(62,788,697)	18,778,862	(40,126,139)
		(196,323,101)	(209,277,995)	(114,022,022)	(141,079,996)
(Loss) / Profit before taxation		(88,944,392)	859,316,038	(342,322,944)	551,752,747
Taxation		(50,066,795)	(223,983,402)	25,946,771	(195,829,364)
(Loss) / Profit after taxation		(139,011,187)	635,332,636	(316,376,173)	355,923,383
Earnings Per Share - Basic & Diluted	14	(9.25)	42.29	(21.06)	23.69

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

Chief Executive | Chief Financial Officer | Director

Condensed Interim Statement of Comprehensive Income

For the Half Year Ended 31 March 2018 (Un-Audited)

	HALF YEAR ENDED 31 March		QUARTER ENDED 31 March	
	2018	2017	2018	2017
	.....(Rupees).....		.....(Rupees).....	
Profit after tax	(139,011,187)	635,332,636	(316,376,173)	355,923,383
Other Comprehensive Income - Net of Tax				
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	(139,011,187)	635,332,636	(316,376,173)	355,923,383

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

Chief Executive | Chief Financial Officer | Director

Condensed Interim Cash Flow Statement

For the Half Year Ended 31 March 2018 (Un-Audited)

	Note	31March 2018	31March 2017
		.....(Rupees).....	
CASHFLOWFROMOPERATINGACTIVITIES			
Profit before taxation		(88,944,392)	859,316,038
Adjustmentfor:			
Depreciation		176,706,338	139,989,542
Amortization		2,808,747	-
Provisionforgratuity		20,284,645	16,296,659
Gain on disposal of fixed assets		(700,224)	(326,386)
Financecost		196,323,101	146,489,298
Notionalinterestexpenseonlongtermadvances		-	(1,337,981)
Workers' Profit Participation Fund		-	46,105,237
WorkersWelfareFund		-	16,683,460
		395,422,607	363,899,829
Operating cash flows before changes in working capital		306,478,215	1,223,215,867
Changesinworkingcapital	15	(4,204,942,307)	(4,293,082,813)
Cashgeneratedfromoperations		(3,898,464,092)	(3,069,866,946)
Gratuitypaid		(6,364,541)	(2,922,941)
Financecostpaid		(125,918,369)	(201,607,759)
Workers' profit participation fund paid		(66,204,512)	(41,314,651)
WorkersWelfarefundpaid		(17,176,933)	(8,731,854)
Incometaxpaid		(102,183,627)	(42,708,851)
NETCASHFLOWUSEDINOPERATINGACTIVITIES		(4,216,312,074)	(3,367,153,002)
CASHFLOWFROMINVESTINGACTIVITIES			
Fixedcapitalexpenditure		(787,437,754)	(401,140,641)
Proceed from disposal of fixed assets / insurance claim		804,201	1,699,999
NETCASHUSEDININVESTINGACTIVITIES		(786,633,553)	(399,440,642)
CASHFLOWFROMFINANCINGACTIVITIES			
Long term finance		310,020,366	505,116,982
Lease payments		(8,609,601)	(7,798,607)
Shorttermborrowings-net		4,939,567,765	4,127,076,538
Advancesfromdirectors		85,000,000	(26,000,000)
Dividendpaid		(117,980,673)	(76,302,557)
NETCASHFLOWFROMFINANCINGACTIVITIES		5,207,997,857	4,522,092,356
NETINCREASE/(DECREASE)INCASH&CASHEQUIVALENTS		205,052,229	755,498,712
CASHANDCASHEQUIVALENTSATTHEBEGINNING OFTHEPERIOD		76,643,241	58,573,861
CASHANDCASHEQUIVALENTSATTHEENDOFTHEPERIOD		281,695,470	814,072,573

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

Chief Executive | Chief Financial Officer | Director

Condensed Interim Statement of Changes in Equity

For the Half Year Ended 31 March 2018 (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 six month	-	-	635,332,636	635,332,636
Cash dividend declared during the year @ 50 % i.e. Rs. 5.00/- per share.	-	-	(75,116,160)	(75,116,160)
Balance as on 31 March 2017	150,232,320	93,800,000	2,206,105,570	2,450,137,890
Interim Cash Dividend @ 125.78% i.e. Rs.12.578 per share.	-	-	(188,962,212)	(188,962,212)
Total Comprehensive Income for the six month	-	-	72,557,988	72,557,988
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 six month	-	-	(139,011,187)	(139,011,187)
Cash dividend declared during the year @ 100 % i.e. Rs. 10.00/- per share.	-	-	(150,232,320)	(150,232,320)
Balance as on 31 March 2018	150,232,320	93,800,000	1,800,457,839	2,044,490,159

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

Chief Executive | Chief Financial Officer | Director

Selected Notes to the Condensed Interim Financial Information

For the Half Year Ended 31 March 2018 (Un-Audited)

1. STATUS AND ACTIVITIES

The Thal Industries Corporation Limited (Company) was incorporated in Pakistan on 07 September 1953 under The Companies Act, 1913 (Now Companies Act, 2017) 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. BASIS OF PREPARATION

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 statement of financial position 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 half year ended 31 March 2017 are based on un-audited/reviewed condensed interim financial information. The condensed interim profit & loss account and condensed interim statement of other comprehensive income for the quarter ended 31 March 2018 and 31 March 2017 are neither audited nor reviewed.

3. STATEMENT OF COMPLIANCE

This condensed interim financial information of the company for the six months period ended 31 March 2018 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 Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

4. ACCOUNTING POLICIES

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 of material rearrangement.

			Note	(Un-Audited) 31March 2018	(Audited) 30September 2017
5.	**SHARECAPITAL**			.....(Rupees).....	
	NumberofShares				
	31-03-18	30-09-17			
	AuthorizedCapital:				
	20,000,000	20,000,000	OrdinarysharesofRs.10/-each	200,000,000	200,000,000
	Issued,subscribedandpaidupcapital:				
	8,368,846	8,368,846	OrdinarysharesofRs.10/-eachfullypaidincash	83,688,460	83,688,460
	142,770	142,770	OrdinarysharesofRs.10/-eachissuedasfullypaidforconsideration otherwisethancash	1,427,700	1,427,700
	6,511,616	6,511,616	OrdinarysharesofRs.10/-eachissuedasbonusshares	65,116,160	65,116,160
	15,023,232	15,023,232		150,232,320	150,232,320
6.	**LONGTERMFINANCE**				
	Loans from banking companies-secured		6.1	1,491,488,457	1,119,301,425

6.1 Demand finance / Diminishing musharaka facilities of Rs. 1,168 million (2017: Rs. 1,273 million) and term finance facilities of Rs. 1,600 million (2017: RS. 1,100 million) have been obtained from variousbankingcompanies.Theseloansaresecuredagainst1st/jointparipassu/hypothecation charge over all present and future fixed assets of the Company, personal guarantees of directors oftheCompanyandsubordinationofdirectors'loan.Thefacilitiesarebeingrepaidinquarterly instalmentsbeginningfrom18September2012andendingon26September2024.Thesecarry 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.	**LIABILITIESAGAINSTASSETSSUBJECT TOFINANCELEASE**		
	Openingbalance	25,159,141	24,092,817
	Obtainedduringtheperiod	14,918,000	16,705,500
	Payments/adjustmentsduringtheperiod	(9,543,651)	(15,639,176)
		30,533,490	25,159,141
	Less: Security deposits adjustable on expiry of lease term	(4,088,250)	(5,022,300)
		26,445,240	20,136,841
	Less: Current portion grouped under current liabilities	(11,197,832)	(9,992,739)
		15,247,408	10,144,102

7.1 Reconciliation between minimum lease payments and present value of minimum lease payments is as follows:

	31 March 2018		
	Rupees		
	Minimum Lease Payments	Less: Future Finance Cost	Present Value of Minimum Lease Payments
Not later than one year	13,467,383	(1,644,192)	11,823,191
Later than one year but not later than five years	15,718,864	(1,096,815)	14,622,049
	29,186,247	(2,741,007)	26,445,240

	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

7.2 The company has a finance lease agreement of Rs. 74.028 million (2017: Rs. 90 million) for vehicles with Bank Al Habib Limited. Rentals are payable in 12 quarterly installments commencing from September 2013 ending on December 2020. The mark up rate implicit in the lease is 3 months KIBOR + 1.00% to 1.25% p.a.(2017: 3 months KIBOR + 1.00% to 1.25%) p.a. The lease is secured by way of vehicle registered in the name of Bank Al Habib Limited with 10% of vehicle value held as security.

7.3 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 for the lease agreement.

	Note	(Un-Audited) 31 March 2018	(Audited) 30 September 2017
		.....(Rupees).....	
8. LOANS FROM DIRECTORS			
Loans from directors- unsecured	8.1	574,800,000	574,800,000

8.1 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.

	Note	(Un-Audited) 31March 2018	(Audited) 30September 2017
		.....(Rupees).....	
9. SHORTTERMBORROWINGS-SECURED			
FROMBANKINGCOMPANIES			
RunningFinance	9.1	444,119,871	439,571,095
CashFinance	9.2	6,701,997,249	1,766,978,260
		7,146,117,120	2,206,549,355

9.1 Running finance facilities of Rs. 1,015 (2017: 1,105 million) have been obtained from various banks to meet the working capital requirments 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.Thelimitswillexpireonvariousdatesby30September2018butarerenewable.

9.2 Cash finance facilities of Rs. 8,070 million (2017: 9,715 million) have been obtained from various banks and are secured against pledge over sugar bags of equivalent value with 10% to 20% marginandpersonalguaranteesofdirectors.Thesearesubjecttomarkupattherateof1to3 months KIBOR plus 0.15% to 0.75% (2017: 1 to 3 months KIBOR plus 0.50% to 0.75%) p.a. The limitswillexpireonvariousdatesby30November2018butarerenewable.

10. CONTINGENCIESANDCOMMITMENTS

Contingencies

Various claims against the company not acknowledged asdebtswhicharependinginthecourtfordecision		
	1,568,000	1,568,000
Salestaxonmolasses	1,217,508	1,217,508
Incometaxcases	11,955,520	11,955,520
Additionaltaxu/s87ofIncomeTaxOrdinance,1979	4,500,353	4,500,353
Bankguarantees	869,607,453	879,349,653
	888,848,834	898,591,034

Commitments

Contractsforcapitalexpenditure	-	120,190,695
Letters of credit for capital expenditure	12,354,000	135,207,647
Letters of credit for other than capital expenditure	6,520,360	33,285,229
	18,874,360	288,683,571

	Note	(Un-Audited) 31March 2018	(Audited) 30September 2017
		.....(Rupees).....	
11. PROPERTY,PLANTANDEQUIPMENT			
OperatingFixedAssets	11.1	4,129,333,937	3,281,101,666
CapitalWorkinProgress-TangibleAssets		372,851,079	595,537,911
		4,502,185,016	3,876,639,577
11.1 OperatingFixedAssets			
Openingwrittendownvalue		3,281,101,666	2,967,583,810
Additionsduringtheperiod-atcost	11.1.1	1,025,042,586	613,082,339
Disposals during the period- at WDV		(103,977)	(1,373,613)
Depreciationcharged		(176,706,338)	(298,190,870)
		4,129,333,937	3,281,101,666

11.1.1AdditionsandDisposals
OperatingFixedAssets

	(Un-Audited) Halfyearended 31March2018		(Audited) Yearended 30September2017	
	Additions AtCost	Disposals AtWDV	Additions At Cost	Disposals At WDV
	Rupees	Rupees	Rupees	Rupees
OwnedAssets				
Freeholdland	-	-	-	-
Buildingonfreeholdland	-	-	51,277,030	-
Plantandmachinery	990,514,864	-	449,870,500	-
Tools,implementsandotherfactoryequipments	4,860,000	-	4,912,480	-
Computer & other office equipments	3,293,525	-	7,417,449	-
Electricinstallations	2,712,605	-	23,956,177	-
Vehicles	11,818,592	(103,977)	63,348,703	(1,373,613)
	1,013,199,586	(103,977)	600,782,339	(1,373,613)
LeasedAssets				
Vehicles	11,843,000	-	12,300,000	-
	11,843,000	-	12,300,000	-
	1,025,042,586	(103,977)	613,082,339	(1,373,613)

	Note	(Un-Audited) 31March 2018	(Un-Audited) 31March 2017
		.....(Rupees).....	
12. COSTOFSALES			
Finishedgoods-opening		2,792,910,415	1,503,090,759
Add:Costofgoodsmanufactured	12.1	11,422,393,996	12,216,470,220
		14,215,304,411	13,719,560,979
Finishedgoods-closing		(9,285,970,473)	(8,350,898,664)
		4,929,333,938	5,368,662,315
12.1 Costofgoodsmanufactured			
Workinprocess-opening		4,215,669	5,620,905
Rawmaterialconsumed		10,679,375,327	11,644,440,651
Salaries, wages and other benefits		236,965,887	198,534,688
Fuelandpower		49,505,119	16,153,849
Stores,sparesandloosetools		194,323,370	185,826,781
Repairsandmaintenance		225,643,732	169,989,360
Insurance		3,472,145	1,348,786
Depreciation		166,249,073	133,057,615
Vehicles running		13,021,173	5,543,255
Miscellaneous		4,831,998	8,032,591
		11,577,603,493	12,368,548,481
Workinprocess-closing		(155,209,497)	(152,078,261)
		11,422,393,996	12,216,470,220
13. OTHERINCOME/(EXPENSES)			
FinancialAssets			
Profit on deposit accounts		563,311	419,926
NotionalInterestincomeonlongtermadvance		-	1,337,981
Others			
Saleofscrap		10,624,449	20,055,448
Surplusonsettlementofinsuranceclaim		-	326,386
GainonDisposalofFixedAssets		700,224	-
Subsidyontheexportofsugar		101,457,400	-
Others		10,041,976	6,661,567
		123,387,360	28,801,308

14. EARNINGSPERSHARE-BASICANDDILUTED

Earnings per share is calculated by dividing the profit after taxation for the period by the weighted averagenumberofsharesoutstandingduringtheperiodasfollows:

	Halfyear ended 31March 2018	Halfyear ended 31March 2017	Quarter ended 31March 2018	Quarter ended 31March 2017
	Rupees	Rupees	Rupees	Rupees
(Loss) / Profit after taxation	(139,011,187)	635,332,636	(316,376,173)	355,923,383
Weightedaveragenumberof ordinarysharesinissueduring theperiod	15,023,232	15,023,232	15,023,232	15,023,232
Earningspershare	(9.25)	42.29	(21.06)	23.69

No figure for diluted earnings per share has been presented as the company has not issued any instrumentscarryingoptionswhichwouldhaveanimpactonearningspersharewhenexercised.

15. CHANGESINWORKINGCAPITAL

	Halfyearended	
	31March 2018	31March 2017
	.....(Rupees).....	
(Increase)/decreaseincurrentassets:		
Stores,sparepartsandloosetools	(11,241,084)	(74,696,583)
Stock-in-trade	(6,644,053,886)	(6,994,265,261)
Tradedebts	(554,703,022)	(46,779,269)
Loans and advances	236,442,080	212,767,995
Tradedeposits,prepaymentsandotherreceivables	202,610,399	(129,076,836)
Taxesrecoverable/adjustable	58,931,382	29,888,495
Increase/(decrease)incurrentliabilities:		
Tradeandotherpayables	2,507,071,824	2,709,078,646
	(4,204,942,307)	(4,293,082,813)

16. REMUNERATIONOFCHIEFEXECUTIVE,DIRECTORSANDEXECUTIVES

Remuneration of Chief Executive, Directors and Executives charged during the period under reviewisasunder:

	Halfyearended31March2018				Halfyearended31March2017			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	..... RUPEES							
Managerialremuneration	1,020,000	1,020,000	34,805,082	36,845,082	1,020,000	1,020,000	42,506,468	44,546,468
Utilities	-	-	652,369	652,369	-	-	799,866	799,866
Total	1,020,000	1,020,000	35,457,451	37,497,451	1,020,000	1,020,000	43,306,334	45,346,334
NumberofPersons	1	1	30	32	1	1	50	52

16.1 Iftheabovedisclosure,incomparativeperiod2017waspreparedasperCompaniesAct2017,the comaprative figures for exacutives would be as follows:

Numberofpersons	27
MangerialRemuneration	30,105,771
Utilities	616,202
	30,721,973

17. TRANSACTIONSWITHRELATEDPARTIES

Remuneration of the key management personnel is disclosed in note 16. Significant transactions withrelatedpartiesareasfollows:

			Halfyearended	
			(Un-Audited) 31March 2018	(Un-Audited) 31March 2017
			.....(Rupees).....	
NameoftheCompany	**Transaction**	**NatureofRelationship**		
NaubaharBottlingCompany (Pvt)limited	Saleofgoods	CommonDiretorship	868,425,300	752,932,000
Al-Moiz Industries Limited	Saleofgoods	CommonDiretorship	63,312,541	42,930,355
	Purchaseof Goods	CommonDiretorship	16,438,790	707,090

The company continues to have a policy whereby all transactions with related parties and associatedundertakingsarepricedatcomparableuncontrolledmarketprice.

	(Un-Audited) 31March 2018	(Un-Audited) 31March 2017
	.....(Rupees).....	
Keymanagementpersonnel:		
Advancesreceivedfrom/(Returnedto)directors duringtheperiod	85,000,000	(26,000,000)
Markuponloansfromdirectors	21,555,000	20,462,880

	(Un-Audited) 31March 2018	(Audited) 30September 2017
	.....(Rupees).....	
Balanceduefrom/(dueto)relatedpartiesasat 31March2018areasbelow:		
NaubaharBottlingCompany(Pvt)limited	66,512,368	(28,012,932)
Al-Moiz Industries Limited	42,134,771	16,871,930
Loans from directors - Long Term	(574,800,000)	(574,800,000)
Advancesfromdirectors-ShortTerm	(434,300,000)	(349,300,000)

18. FINANCIAL INSTRUMENTS - FAIR VALUES

	Note	Carrying Amount			Fair Value		
		Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
		Rupees					
On-balance sheet financial instruments							
31 March 2018 (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		959,524,780	-	959,524,780	-	-	-
Loans and advances		3,287,425	-	3,287,425	-	-	-
Trade deposits, prepayments and other Receivables		10,591,616	-	10,591,616	-	-	-
Cash and bank balances		281,695,470	-	281,695,470	-	-	-
		1,298,247,197	-	1,298,247,197	-	-	-
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		-	1,875,114,394	1,875,114,394	-	-	-
Liabilities against assets subject to finance lease		-	26,445,240	26,445,240	-	-	-
Trade and other payables		-	2,004,968,898	2,004,968,898	-	-	-
Unclashed Dividend warrants			170,738,596	170,738,596			
Finance cost payable		-	120,810,118	120,810,118	-	-	-
Short term borrowings		-	7,146,117,120	7,146,117,120	-	-	-
Advances from directors		-	434,300,000	434,300,000	-	-	-
		-	12,353,294,366	12,353,294,366	-	-	-
30 September 2017 (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 manufacturing of sugar is done during season from November to the following March. Sugar sales are made throughout the year.

20. SUBSEQUENT MATERIAL EVENTS

The board of directors have declared interim cash dividend of Rs. 8.8613 per share (2017: Rs. 12.578) i.e. 88.6133% (2017: 125.78%) at their meeting held on 22 May 2018. There is no other significant activities since 31 March 2018 affecting the condensed interim financial information apart from those disclosed in the interim financial information.

21. DATE OF AUTHORIZATION

This condensed interim financial information has been authorized for issue on 22 May 2018 by the Board of Directors.

Chief Executive | Chief Financial Officer | Director

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