

CONDENSED INTERIM FINANCIAL INFORMATION

For the Six Months
Ended 31 March

2017
(Un-audited)



THALINDUSTRIES
CORPORATION

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Company Information

BOARD OF DIRECTORS

CHAIRMAN/CHIEF EXECUTIVE

Mr. Muhammad Shamim Khan

MANAGING DIRECTOR

Mr. Nauman Ahmed Khan

DIRECTORS

Mrs. Qaiser Shamim Khan

Mr. Adnan Ahmed Khan

Mrs. Farrah Khan

Mr. Muhammad Khan

Mr. Muhammad Ashraf Khan Durani (Independent Director)

AUDIT COMMITTEE

Mr. Muhammad Ashraf Khan Durani (Chairman)

Mrs. Qaiser Shamim Khan (Member)

Mr. Adnan Ahmed Khan (Member)

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Muhammad Ashraf Khan Durani (Chairman)

Mr. Muhammad Shamim Khan (Member)

Mr. Adnan Ahmed Khan (Member)

CHIEF FINANCIAL OFFICER

Mr. Hafiz Muhammad Arif

COMPANY SECRETARY

Mr. Wasif Mahmood

AUDITORS

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

LEGAL ADVISOR

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

MCB Bank Limited

Meezan Bank Limited

NIB Bank Limited

Standard Chartered Bank (Pakistan) Limited

Soneri Bank Limited

United Bank Limited

SHARE REGISTRAR

M/s. CORPLINK (Pvt) Ltd
Wings Arcade, 1-K- Commercial
Model Town, Lahore
Tel: 042-35839182, 35887262
Fax: 042-35869037

REGISTERED OFFICE

23- Pir Khurshid Colony Gulgasht, Multan
Tel: 061-6524621, 6524675
Fax: 061-6524675

LAHORE OFFICE

2-D-1 Gulberg-III, Lahore – 54600
Tel: 042-35771066-71
Fax: 042-35771175

FACTORY ADDRESSES

Unit 1: Layyah Sugar Mills, Layyah
Tel: 0606-411981-4, 410014
Fax: 0606-411284
Unit 2: 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 Half Year Ended 31 March 2017 in compliance with the section 245 of the Companies Ordinance, 1984.

INDUSTRY OVERVIEW

Sugarcane crop acreage has been higher compared to last year all over the country but particularly in our areas due to interest free credit given to our farmers so they could replant the crop destroyed in the 2015 floods. It is our pleasure to note that per acre yield has also improved significantly this year, perhaps as a result of better fertilization by farmers and more favorable weather. As this yield increase is being seen all across the Punjab and KPK, at a country level we expect to have a bumper cane crop and highest ever sugar production in the country's history.

Despite the expectation of surplus sugar production in the local and international markets, the sugarcane minimum price was maintained by the Punjab Government at Rs. 180/ mound for the crushing season 2016-17 and price notified by Sindh Government Rs. 182/mound. While the big increase in per acre yield was not anticipated, there was higher sugarcane acreage compared to last year and so cane purchase price competition remained minimal from the start of the crushing season amongst sugar mills of Punjab & KPK.

OPERATING HIGHLIGHTS

Your company was able to crush 2,562,502 M. Tons sugarcane and produced 250,155.500 M. Tons white refined sugar at an average recovery of 9.877% during the first half ending March 31, 2017 as compared to last year sugarcane crushing of 1,839,916 M. Tons and production of 178,912.150 M. Tons white refined sugar at an average recovery of 9.724%. The increased volume of crushing is attained mainly due to longer season, bumper cane crop and uninterrupted operation of the mills. The new installation of energy efficient FFEs (Falling Film Evaporators) at both our plants helped improve the throughput of mixed juice, which resulted in better utilization of our milling capacity.

Net sales of sugar and molasses were recorded at Rs. 6,655.5 million during the first half of the financial year as compared to Rs. 4,304.2 million against the corresponding period of last year. The sales figure was higher because the company management was proactive in selling its stocks due to unusually supportive sugar prices prevailing in the first three months of the crushing campaign.

The Company earned pretax profit of Rs. 859.3 million during the first half under review as compared to pretax profit of Rs. 125.0 million in the corresponding period of last year and after tax profit of Rs. 635.3 million against after tax profit of Rs. 120.8 million over the same period of last year. As mentioned above, this was mainly due to higher sales volume of sugar and molasses at favorable prices which cumulatively contributed to the substantial increase in profitability of the company.

All out efforts are being made to increase the production and profitability of the company through process efficiency, installing modern, latest technology equipments, reducing production cost through 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 bring financial benefit to the cane growers.

FUTURE OUT LOOK

It is evident that due to the bumper crop, sugarcane supply for the current crushing season 2016-17 will be much higher on a national level as compared to last year. Despite reports of slightly lower sugar recoveries from mills across the country, there is no doubt that Pakistan will achieve the highest production figure for sugar in its entire history.

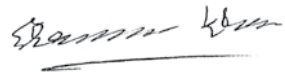
We believe that a huge oversupply situation of sugar versus consumption in Pakistan has already resulted. The local price of sugar has started to show this strain with a downward trend. The situation would not have looked so dire if the Government of Pakistan had not been slow to react and had allowed more export quantities and with less restrictions for the first six months of the financial year. On top of that, the disruptions to trade due to border closures with Afghanistan for extended periods further complicated the problem of meeting export timelines given by the government. Finally and most detrimental has been the significant reduction in international sugar prices by about a \$100 per ton in this period. This scenario is ultimately bound to affect the profitability of the Pakistani sugar industry, which will only be able to get suitable financial outcomes if it can export the bulk of this surplus at viable international prices. By all indications, acreage for the 2017-18 season could be equal to or higher than this year and unless the supply overhang is cleared before then, the financial situation for sugar mills could remain very challenging well into the next financial year.

In this challenging environment, the management is making all possible efforts to ensure positive financial outcomes for your company. A big push is being made for the earliest completion of the 20 MW power export project at Layyah. Commercial Operation Date is expected in the off-season and power export from the increased bagasse saving (made possible by installation of FFEs and higher crushing) is expected to have a material impact on the company's profitability, which will strengthen our ability to prosper in the upcoming 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

Chairman/Chief Executive

LAHORE: 25 May 2017

ڈائریکٹرز کی جائزہ رپورٹ

آپ کی کمپنی کے ڈائریکٹر کمپنیز آرڈیننس 1984 کی دفعہ 245 کے تحت 31 مارچ 2017ء کو ختم ہونے والی ششماہی کیلئے کمپنی کے غیر متنفع شدہ حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

صنعت کا مجموعی جائزہ

2015 کے سیلاب سے تباہ ہونے والی فصلوں کو دوبارہ اگانے کے لئے کسانوں کو بلا سود قرضے دیئے جانے کی وجہ سے پورے ملک میں لیکن خاص طور پر ہمارے علاقہ میں گزشتہ سال کے مقابلے گئے کی فی ایکڑ پیداوار زیادہ ہوئی۔ ہم یہ بیان کرتے ہوئے بھی خوشی محسوس کرتے ہیں کہ اس سال فی ایکڑ پیداوار، غالباً کسانوں کی طرف سے کھادوں کے بہتر استعمال اور زیادہ موزوں موسم کے نتیجے میں نمایاں طور پر بہتر ہوئی ہے۔ جیسا کہ پورے پنجاب اور خیبر پختونخواہ میں فصلوں کی پیداوار زیادہ دیکھی جا رہی ہے، ملکی سطح پر ہم گنے کی فصل میں اضافہ اور ملک کی تاریخ میں چینی کی پیداوار سب سے زیادہ ہونے کی توقع کرتے ہیں۔

مقامی اور بین الاقوامی منڈیوں میں وافر چینی کی پیداوار کی توقعات کے باوجود، گنے کی کم سے کم قیمت خرید کرشنگ سیزن 17-2016 کیلئے حکومت پنجاب کی طرف سے -/180 روپے فی من برقرار رکھی گئی، سندھ حکومت کی طرف سے گنے کی کم سے کم قیمت -/182 روپے فی من کا اعلان کیا گیا۔ فی ایکڑ پیداوار میں زیادہ اضافہ ہونے کی توقع نہیں تھی، گزشتہ سال کے مقابلے میں رقبے کے لحاظ سے چینی کی پیداوار زیادہ رہی اور اس لیے گنے کی قیمت خرید میں مقابلے کا رجحان پنجاب اور خیبر پختونخواہ کی ملوں میں کرشنگ سیزن کے آغاز سے ہی کم رہا۔

جائزہ کارکردگی

31 مارچ 2017 کو ختم ہونے والی ششماہی کے دوران کمپنی نے 2,562,502 میٹرک ٹن کرشنگ کی اور 9.877 فیصد اوسط ریکوری کے ساتھ 250,155.500 میٹرک ٹن سفید ریٹائنڈ چینی بنائی۔ جبکہ اس کے مقابلے میں گزشتہ سال 1,839,916 میٹرک ٹن کرشنگ کی اور 9.724 فیصد اوسط ریکوری کے ساتھ 178,912.150 میٹرک ٹن سفید ریٹائنڈ چینی بنائی۔ کرشنگ کے حجم میں اضافہ بنیادی طور پر طویل سیزن، گنے کی بڑی فصل اور ملوں کے بلا تعطل آپریشن کی بدولت ہوا۔ ہمارے دونوں پلانٹس پر انرجی بچانے والے (Falling Film Evaporators) FFEs کی نئی تنصیب نے ماسکڈ جوس کے ماحصل کو بہتر بنانے میں مدد کی جس کے نتیجے میں ہماری ملنگ صلاحیت کا بہتر استعمال کیا گیا۔

چینی اور مولا سس کی خالص فروخت گذشتہ سال اسی مدت میں 4,304.2 ملین روپے کے مقابلے موجودہ مالی سال کی پہلی ششماہی کے دوران 6,655.5 ملین روپے درج کی گئی۔ فروخت کے اعداد و شمار زیادہ تھے کیونکہ کمپنی انتظامیہ کرشنگ کمپین کی پہلی سہ ماہی میں موجودہ چینی کی غیر معمولی بہتر قیمتوں کی وجہ سے اپنا اسٹاک فروخت کرنے میں فعال تھی۔

کمپنی نے گذشتہ سال کی اسی مدت میں قبل از ٹیکس منافع 125.0 ملین روپے کے مقابلے زیر جائزہ سہ ماہی کے دوران 859.3 ملین روپے قبل از ٹیکس منافع اور گزشتہ سال کی اسی مدت میں 120.8 ملین روپے بعد از ٹیکس منافع کے برعکس 635.3 ملین روپے بعد از ٹیکس منافع کمایا۔ منافع میں اضافہ بنیادی طور پر موزوں قیمتوں پر چینی اور مولا سس کے فروختی حجم میں اضافہ کی وجہ سے تھا، ان عوامل نے کمپنی کا مجموعی منافع بڑھانے میں اہم کردار ادا کیا ہے۔

تمام ترکوششیں گنے کے کاشنکاروں کو مسلسل جدید بہتر بیج کی اقسام، کھادیں، کیڑے مار دویات 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 نتیجے میں چینی کی ریکوری زیادہ اور گنے کے کاشنکاروں کو مالی فوائد بھی حاصل ہوں گے۔

مستقبل کا نقطہ نظر

توقع ہے کہ رواں کرشنگ سیزن 17-2016 میں گذشتہ سال کے مقابلے قومی سطح پر گنے کی بڑی فصل اور گنے کی سپلائی زیادہ ہوگی۔ پورے ملک میں ملوں سے چینی کی قدرے کم پیداوار کی رپورٹوں کے برعکس، پاکستان چینی کی تاریخی پیداوار کے سب سے زیادہ اعداد و شمار حاصل کرنے میں کامیاب ہو جائے گا۔

ہم یقین رکھتے ہیں کہ پاکستان میں کھپت کے مقابلے وافر رسد کی صورت حال پہلے ہی موجود ہے۔ چینی کی مقامی قیمت نے منفی کارجمان ظاہر کرنا شروع کر دیا ہے۔ صورت حال اتنی گمبھیر نہیں ہوگی اگر حکومت پاکستان سست روی نہ دکھاتی اور مالی سال کی پہلی ششماہی کے لئے کم پابندیوں کے ساتھ برآمدی مقدار میں مزید اضافہ کی اجازت دے دیتی۔ اس کے علاوہ، افغانستان کی سرحد کی بندش کی وجہ سے تجارت کی رکاوٹوں میں توسیع کی مدت نے حکومت کی طرف سے دی گئی برآمدی ٹائم لائنز کے اطلاق کا مسئلہ بہت پیچیدہ ہو گیا ہے۔ آخر میں اور سب سے زیادہ نقصان دہ اہم بات یہ ہے کہ اس مدت میں بین الاقوامی چینی کی قیمتوں میں تقریباً 100 ڈالر فی ٹن کی کمی ہوئی ہے۔ اس منظر نامے کے پیش نظر بالآخر پاکستانی چینی کی صنعت، کے موثر منافع پر اثر پڑے گا، جو صرف اسی صورت میں مناسب مالیاتی نتائج حاصل کرنے کے قابل ہوگی اگر یہ بین الاقوامی

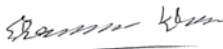
قیمتوں پر اس سرپلس کا بڑا حصہ برآمد کر سکی۔ ان تمام حالات کے پیش نظر 18-2017 سیزن رقبے کے لحاظ سے پیداوار اس سال کے مقابلے میں اس کے برابر یا اس سے زیادہ ہو سکتی ہے اور جب تک وافر فراہمی کا مسئلہ حل نہیں ہوتا ہے، شوگر گلوں کے لئے مالی صورتحال آئندہ مالی سال میں بھی بہت مشکل ہو سکتی ہے۔

اس چیلنجنگ ماحول میں کمپنی انتظامیہ مثبت مالیاتی نتائج کو یقینی بنانے کی تمام ممکنہ کوششیں کر رہی ہے۔ لیہ میں 20 میگا واٹ بجلی برآمد کے منصوبے کی بروقت تکمیل کے لئے سخت محنت کی جا رہی ہے۔ تجارتی آپریشن کی تاریخ آف سیزن میں متوقع ہے اور اضافی بگاس سیونگ (جو FFES کی تنصیب اور اعلیٰ کرٹنگ سے ممکن ہو سکی) سے بجلی کی برآمد سے کمپنی کے منافع پر مادی اثر پڑنے کی توقع ہے، جو آنے والے سخت اقتصادی ماحول میں ہماری صلاحیت کو مضبوط بنائے گی۔

اظہار تشکر

کمپنی کے ڈائریکٹرز تمام ملازمین کی کوششوں اور لگن کو سراہتے ہیں اور امید کرتے ہیں کہ وہ پیداوار میں اضافہ اور کمپنی کی بھلائی کی خاطر مستقبل میں بھی اپنی شراکت کو جاری رکھیں گے۔ ڈائریکٹرز کمپنی کے ساتھ شریک مالی اداروں، کسانوں اور تمام شریک اسٹیک ہولڈرز کی مدد اور تعاون کا بھی شکریہ ادا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز



محمد شمیم خان

چیئر مین / چیف ایگزیکٹو

لاہور: 25 مئی 2017

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of The Thal Industries Corporation Limited as at 31 March 2017, 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 quarters ended 31 March 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 March 2017.



Rahman Sarfaraz Rahim Iqbal Rafiq

CHARTERED ACCOUNTANTS

Engagement Partner: A. Rahman Mir

Lahore: 25 May 2017

Condensed Interim Balance Sheet

As at 31 March 2017 (Un-Audited)

	Note	(Un-Audited) 31 March 2017 (Rupees)	(Audited) 30 September 2016
EQUITY & LIABILITIES			
Share Capital and Reserves			
Share capital	5	150,232,320	150,232,320
Revenue reserves		93,800,000	93,800,000
Accumulated profit		2,206,105,570	1,645,889,094
		2,450,137,890	1,889,921,414
Non Current Liabilities			
Long term finance	6	1,365,114,394	884,641,139
Liabilities against assets subject to finance lease	7	11,057,565	7,517,935
Loans from directors	8	574,800,000	574,800,000
Deferred liabilities		297,578,356	276,700,267
		2,248,550,315	1,743,659,341
Current Liabilities			
Trade and other payables		3,195,697,809	469,460,605
Finance cost payable		78,737,864	139,459,088
Short term borrowings-secured	9	5,894,997,584	1,767,921,046
Advances from directors		349,300,000	375,300,000
Current portion of long term liabilities		356,755,061	333,563,071
Provision for taxation		243,170,548	69,400,368
		10,118,658,866	3,155,104,178
Contingencies and Commitments			
	10	14,817,347,071	6,788,684,933

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



Chief Executive

	Note	(Un-Audited) 31 March 2017 (Rupees)	(Audited) 30 September 2016
PROPERTY AND ASSETS			
Non Current Assets			
Property, plant & equipment	11	3,449,071,320	3,179,407,334
Long term deposits		464,500	464,500
Long term advances		45,383,093	44,045,112
		3,494,918,913	3,223,916,946
Current Assets			
Stores, spare parts and loose tools		498,123,523	423,426,940
Stock-in-trade		8,502,976,925	1,508,711,664
Trade debts		671,906,380	625,127,111
Loans and advances		239,771,182	452,539,177
Trade deposits, prepayments and other receivables		169,298,686	40,221,850
Taxes recoverable / adjustable		426,278,889	456,167,384
Cash and bank balances		814,072,573	58,573,861
		11,322,428,158	3,564,767,987
		14,817,347,071	6,788,684,933


Director



Condensed Interim Profit and Loss Account

For the Half Year Ended 31 March 2017 (Un-Audited)

Note	HALF YEAR ENDED		QUARTER ENDED	
	31 March		31 March	
	2017	2016	2017	2016
	..... (Rupees) .....		..... (Rupees)	
Sales - Net	6,655,466,363	4,304,203,771	3,856,439,442	2,919,495,147
Cost of sales	(5,368,662,315)	(3,841,488,654)	(3,029,910,425)	(2,593,727,662)
Gross profit	1,286,804,048	462,715,117	826,529,017	325,767,485
Operating expenses				
Distribution and selling expenses	(66,255,546)	(48,934,663)	(46,449,670)	(30,928,086)
Administrative expenses	(180,755,777)	(152,816,351)	(99,671,013)	(89,357,656)
	(247,011,323)	(201,751,014)	(146,120,683)	(120,285,742)
Operating profit	1,039,792,725	260,964,103	680,408,334	205,481,743
Other income	28,801,308	6,936,879	12,424,409	1,548,739
	1,068,594,033	267,900,982	692,832,743	207,030,482
Finance cost	(146,489,298)	(133,680,220)	(100,953,857)	(95,413,214)
Other expenses	(62,788,697)	(9,251,647)	(40,126,139)	(7,700,427)
	(209,277,995)	(142,931,867)	(141,079,996)	(103,113,641)
Profit before taxation	859,316,038	124,969,115	551,752,747	103,916,841
Taxation	(223,983,402)	(4,137,668)	(195,829,364)	9,709,418
Profit after taxation	635,332,636	120,831,447	355,923,383	113,626,259
Earnings Per Share-Basic & Diluted	42.29	8.04	23.69	7.56

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

Chief Executive

Director

Condensed Interim Statement of Comprehensive Income

For the Half Year Ended 31 March 2017 (Un-Audited)

	HALF YEAR ENDED 31 March		QUARTER ENDED 31 March	
	2017	2016	2017	2016
	..... (Rupees) .....		..... (Rupees)	
Profit after tax	635,332,636	120,831,447	355,923,383	113,626,259
<u>Other Comprehensive Income-Net of Tax</u>				
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	635,332,636	120,831,447	355,923,383	113,626,259

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



Chief Executive



Director



Condensed Interim Cash Flow Statement

For the Half Year Ended 31 March 2017 (Un-Audited)

Note	31 March 2017	31 March 2016
	..... (Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	859,316,038	124,969,115
Adjustment for:		
Depreciation	139,989,542	117,082,402
Provision for gratuity	16,296,659	17,211,118
Surplus on settlement of insurance claim	(326,386)	-
Gain on disposal of fixed assets	-	(446,765)
Finance cost	146,489,298	133,680,220
Notional Interest on Long Term Advance	(1,337,981)	-
Workers' Profit Participation Fund	46,105,237	6,711,038
Workers Welfare Fund	16,683,460	2,540,609
	<u>363,899,829</u>	<u>276,778,622</u>
Operating cash flows before changes in working capital	1,223,215,867	401,747,737
Changes in working capital	15 (4,293,082,813)	(4,268,767,227)
Cash generated from operations	(3,069,866,946)	(3,867,019,490)
Gratuity paid	(2,922,941)	(4,903,342)
Finance cost paid	(201,607,759)	(61,604,330)
Workers' profit participation fund paid	(41,314,651)	-
Workers Welfare fund paid	(8,731,854)	(2,075,555)
Income tax paid	(42,708,851)	(87,403,571)
NET CASH FLOW USED IN OPERATING ACTIVITIES	(3,367,153,002)	(4,023,006,288)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(401,140,641)	(280,054,898)
Proceed from disposal of fixed assets / insurance claim	1,699,999	1,057,563
NET CASH USED IN INVESTING ACTIVITIES	(399,440,642)	(278,997,335)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finance	505,116,982	398,467,932
Lease payments	(7,798,607)	(7,410,486)
Short term borrowings - net	4,127,076,538	4,096,163,393
Advances from directors	(26,000,000)	-
Dividend paid	(76,302,557)	(78,613,757)
NET CASH FLOW FROM FINANCING ACTIVITIES	4,522,092,356	4,408,607,082
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	755,498,712	106,603,459
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	58,573,861	32,876,689
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	814,072,573	139,480,148

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

Chief Executive

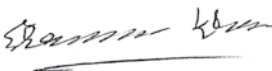
Director

Condensed Interim Statement of Changes in Equity

For the Half Year Ended 31 March 2017 (Un-Audited)

Particular	Share Capital	General Reserves	Accumulated Profit	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as on 01 October 2015	150,232,320	93,800,000	1,060,676,077	1,304,708,397
Total Comprehensive Income for the six months	-	-	120,831,447	120,831,447
Cash dividend declared during the year @ 50 % i.e. Rs. 5.00/- per share for the year ended 30 September 2015	-	-	(75,116,160)	(75,116,160)
Balance as on 31 March 2016	150,232,320	93,800,000	1,106,391,364	1,350,423,684
Total Comprehensive Income for the six months	-	-	539,497,730	539,497,730
Balance as on 30 September 2016	150,232,320	93,800,000	1,645,889,094	1,889,921,414
Total Comprehensive Income for the six months	-	-	635,332,636	635,332,636
Cash dividend declared during the year @ 50 % i.e. Rs. 5.00/- per share for the year ended 30 September 2016	-	-	(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

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



Chief Executive



Director

Selected Notes to the Condensed Interim Financial Information

For the Half Year Ended 31 March 2017 (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 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. 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 2016.

The comparative figures as at 30 September 2016 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 half year ended 31 March 2016 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 quarters ended 31 March 2017 and 31 March 2016 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 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.

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 2016.
- 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.

5. SHARE CAPITAL

Number of Shares

31-03-17 **30-09-16**

Authorized Capital:

			(Un-Audited) 31 March 2017 (Rupees)	(Audited) 30 September 2016	
	<u>20,000,000</u>	<u>20,000,000</u>	Ordinary shares of Rs. 10/- each	<u>200,000,000</u>	<u>200,000,000</u>

Issued, subscribed and paid up capital:

	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
	<u>15,023,232</u>	<u>15,023,232</u>		<u>150,232,320</u>	<u>150,232,320</u>

6. LONG TERM FINANCE

Loans from banking companies-secured	6.1	<u>1,365,114,394</u>	<u>884,641,139</u>
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6.1 Demand finance / Diminishing musharaka facilities of Rs. 1,300 million (2016: Rs. 1,300 million) and term finance facilities of Rs. 1,100 million (2016: 600 million) have been obtained from various banking companies. These loans are secured against first pari passu / hypothecation charge of Rs. 2,402 million over all present and future fixed assets of the company, subordination of directors loan and personal guarantees of directors of the company. The facilities are being repaid in quarterly instalments beginning from December 2012 and ending on November 2023. These carry mark up @ 3 to 6 month KIBOR + 0.50 % to 1.25% (2016: 3 to 6 month KIBOR + 0.75 % to 1.25 %) p.a.

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Opening balance	24,092,817	26,803,668
Obtained during the year	9,886,500	11,029,500
Payments/adjustments during the year	(7,706,257)	(13,740,351)
	<u>26,273,060</u>	<u>24,092,817</u>
Less: Security deposits adjustable on expiry of lease term	(5,364,150)	(5,271,800)
	<u>20,908,910</u>	<u>18,821,017</u>
Less: Current portion grouped under current liabilities	(9,851,345)	(11,303,082)
	<u>11,057,565</u>	<u>7,517,935</u>

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

31 March 2017			
Rupees			
	Minimum Lease Payments	Less: Future Finance Cost	Present Value of Minimum Lease Payments
Not later than one year	10,705,559	(854,214)	9,851,345
Later than one year but not later than five years	11,433,313	(375,748)	11,057,565
	<u>22,138,872</u>	<u>(1,229,962)</u>	<u>20,908,910</u>

30 September 2016			
Rupees			
	Minimum Lease Payments	Less: Future Finance Cost	Present Value of Minimum Lease Payments
Not later than one year	12,322,851	(1,019,769)	11,303,082
Later than one year but not later than five years	7,967,840	(449,905)	7,517,935
	<u>20,290,691</u>	<u>(1,469,674)</u>	<u>18,821,017</u>

7.2 The company has a finance lease agreement of Rs. 89.866 million (2016: Rs. 65 million) for vehicles with Bank Al Habib Limited. Rentals are payable in 12 quarterly installments commencing from September 2013 ending on October 2019. The mark up rate implicit in the lease is 3 months KIBOR + 1.00% to 1.25% p.a.(2016: 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 2017	(Audited) 30 September 2016
	..... (Rupees)	

8. LOANS FROM DIRECTORS

Loans from directors- unsecured	8.1	<u>574,800,000</u>	<u>574,800,000</u>
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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 (2016: 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) 31 March 2017 (Rupees)	(Audited) 30 September 2016
9. SHORT TERM BORROWINGS - SECURED FROM BANKING COMPANIES			
Running Finance	9.1	361,521,147	402,940,648
Cash Finance	9.2	5,533,476,437	1,364,980,398
		<u>5,894,997,584</u>	<u>1,767,921,046</u>

9.1 Running finance facilities of Rs. 715 (2016: 915 million) have been obtained from various banks to meet the working capital requirements and are secured against first pari passu hypothecation/registered ranking charge over present and future current assets of the company and personal guarantees of the directors. These are subject to mark up @ 1 year KIBOR minus 1% and 1 to 3 month KIBOR plus 0.50% to 1.00% (2016: 1 year KIBOR minus 1.00% and 1 to 3 month KIBOR plus 0.75% to 1%) p.a. The limits will expire on various dates by 31 March 2018 (2016: 31 March 2017) but are renewable.

9.2 Cash finance facilities of Rs. 8,420 million (2016: 7,260 million) have been obtained from various banks and are secured against pledge over sugar bags of equivalent value with 10% to 20% margin and personal guarantees of the directors. These are subject to mark up @ 1 year KIBOR plus 0.20% & 1 to 3 month KIBOR plus 0.25% to 1.00% (2016 : 1 to 3 months KIBOR plus 0.25% to 1.00%) p.a. The limits will expire on various dates by 31 March 2018 (2016: 30 April 2017) but are renewable.

10. CONTINGENCIES AND COMMITMENTS

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	2,198,502,153	231,084,153
	<u>2,217,743,534</u>	<u>250,325,534</u>

Commitments

Contracts for capital expenditure	-	21,783,747
Letters of credit for capital expenditure	39,939,200	46,981,631
Letters of credit for other than capital expenditure	5,787,600	13,027,088
	<u>45,726,800</u>	<u>81,792,466</u>

	Note	(Un-Audited) 31 March 2017 (Rupees)	(Audited) 30 September 2016
11. PROPERTY, PLANT AND EQUIPMENT			
Operating Fixed Assets	11.1	3,214,653,836	2,967,583,810
Capital Work in Progress - Tangible Assets		212,892,511	190,530,551
Capital Work in Progress - Intangible Assets		21,524,973	21,292,973
		<u>3,449,071,320</u>	<u>3,179,407,334</u>
11.1 Operating Fixed Assets			
Opening written down value		2,967,583,810	2,482,514,983
Additions during the period- at cost	11.1.1	388,433,181	737,749,657
Disposals during the period- at WDV		(1,373,613)	(640,480)
Depreciation charged		(139,989,542)	(252,040,350)
		<u>3,214,653,836</u>	<u>2,967,583,810</u>

11.1.1 Additions and Disposals Operating Fixed Assets

	(Un-Audited) Half year ended 31 March 2017		(Audited) Year ended 30 September 2016	
	Additions At Cost Rupees	Disposals At WDV Rupees	Additions At Cost Rupees	Disposals At WDV Rupees
Owned Assets				
Freehold land	-	-	34,843,910	-
Building on freehold land	45,375,732	-	29,755,535	-
Plant and machinery	279,042,505	-	637,290,603	(508,853)
Tools, implements and other factory equipments	434,980	-	4,847,872	-
Computer & other office equipments	3,994,155	-	6,806,562	-
Electric installations	20,002,872	-	316,423	-
Vehicles	29,696,437	-	12,784,252	(131,627)
	<u>378,546,681</u>	<u>-</u>	<u>726,645,157</u>	<u>(640,480)</u>
Leased Assets				
Vehicles	9,886,500	(1,373,613)	11,104,500	-
	<u>9,886,500</u>	<u>(1,373,613)</u>	<u>11,104,500</u>	<u>-</u>
	<u>388,433,181</u>	<u>(1,373,613)</u>	<u>737,749,657</u>	<u>(640,480)</u>

		Half year ended	
		31 March 2017	31 March 2016
		..... (Rupees)	
12. COST OF SALES			
		1,503,090,759	1,248,180,386
		Add: Cost of goods manufactured	
	12.1	12,216,470,220	9,141,343,924
		13,719,560,979	10,389,524,310
		Finished goods - closing	(8,350,898,664)
			(6,548,035,656)
		5,368,662,315	3,841,488,654
12.1 Cost of goods manufactured			
		5,620,905	5,683,095
		Work in process - opening	
		11,644,440,651	8,537,547,619
		Raw material consumed	
		198,534,688	168,948,514
		Salaries, wages and other benefits	
		16,153,849	14,510,343
		Fuel and power	
		185,826,781	144,377,495
		Stores, spares and loose tools	
		169,989,360	152,707,323
		Repairs and maintenance	
		1,348,786	2,402,281
		Insurance	
		133,057,615	110,684,969
		Depreciation	
		5,543,255	6,944,428
		Vehicles running	
		8,032,591	2,906,821
		Miscellaneous	
		12,368,548,481	9,146,712,888
		Work in process - closing	(152,078,261)
			(5,368,964)
		12,216,470,220	9,141,343,924
13. OTHER INCOME/(EXPENSES)			
Financial Assets			
		419,926	203,872
		Profit on deposit accounts	
		1,337,981	-
		Notional Interest income on long term advance	
Others			
		20,055,448	1,850,677
		Sale of scrap	
		326,386	-
		Surplus on settlement of insurance claim	
		-	446,765
		Gain on Disposal of Fixed Assets	
		6,661,567	4,435,565
		Others	
		28,801,308	6,936,879

14. EARNINGS PER SHARE - BASIC AND DILUTED

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

	Half year ended 31 March 2017 Rupees	Half year ended 31 March 2016 Rupees	Quarter ended 31 March 2017 Rupees	Quarter ended 31 March 2016 Rupees
Profit after taxation	635,332,636	120,831,447	355,923,383	113,626,259
Weighted average number of ordinary shares in issue during the period	15,023,232	15,023,232	15,023,232	15,023,232
Earnings per share	42.29	8.04	23.69	7.56

No figure for diluted earnings per share has been presented as the company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

15. CHANGES IN WORKING CAPITAL

(Increase) / decrease in current assets:

	Half year ended 31 March 2017 (Rupees)	31 March 2016
Stores, spare parts and loose tools	(74,696,583)	(338,659,055)
Stock-in-trade	(6,994,265,261)	(5,299,541,139)
Trade debts	(46,779,269)	(199,946,158)
Loans and advances	212,767,995	42,885,764
Trade deposits, prepayments and other receivables	(129,076,836)	77,333,026
Taxes recoverable/adjustable	29,888,495	7,809,490

Increase / (decrease) in current liabilities:

Trade and other payables	2,709,078,646	1,441,350,845
	<u>(4,293,082,813)</u>	<u>(4,268,767,227)</u>

16. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Remuneration of Chief Executive, Directors and Executives charged during the period under review is as under:

	Half year ended 31 March 2017				Half year ended 31 March 2016			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	..... R U P E E S							
Managerial remuneration	1,020,000	1,020,000	42,506,468	44,546,468	1,020,000	1,020,000	31,270,920	33,310,920
Utilities	-	-	799,866	799,866	-	-	611,920	611,920
Total	1,020,000	1,020,000	43,306,334	45,346,334	1,020,000	1,020,000	31,882,840	33,922,840
Number of Persons	1	1	50	52	1	1	41	43

17. TRANSACTIONS WITH RELATED PARTIES

Remuneration of the key management personnel is disclosed in note 16. Significant transactions with related parties are as follows:

	Half year ended	
	31 March 2017	31 March 2016
	..... (Rupees)	
ASSOCIATED UNDERTAKINGS:		
Sale of goods	795,865,355	491,069,777
Purchase of Goods	707,090	1,350,945
Expenses paid of/(paid by) associates	-	-

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

Key Management Personnel

Advances received from/ (Returned to) directors during the period	(26,000,000)	-
Markup on loans from directors	20,462,880	21,123,901

	(Un-Audited) 31 March 2017	(Audited) 30 September 2016
	..... (Rupees)	
Balance due from/(due to) related parties as at 31 march 2017 are as below:		
Naubahar Bottling Company (Pvt) limited	15,210,387	24,732,806
Al-Moiz Industries Limited	44,766,536	3,275,432
Loans from directors - Long Term	(574,800,000)	(574,800,000)
Advances from directors - Short Term	(349,300,000)	(375,300,000)

18. FINANCIAL INSTRUMENTS-FAIR VALUES

	Note	Carrying Amount			Fair Value		
		Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
		----- Rupees -----					
<u>On-balance sheet financial instruments</u>							
31 March 2017 - (Un-audited)							
Financial assets measured at fair value		-	-	-	-	-	
<u>Financial assets not measured at fair value</u>							
18.1		464,500	-	464,500	-	-	
		45,383,093	-	45,383,093	-	-	
		671,906,380	-	671,906,380	-	-	
		1,943,457	-	1,943,457	-	-	
		3,531,869	-	3,531,869	-	-	
		814,072,573	-	814,072,573	-	-	
		<u>1,537,301,872</u>	-	<u>1,537,301,872</u>	-	-	
Financial liabilities measured at fair value		-	-	-	-	-	
<u>Financial liabilities not measured at fair value</u>							
18.1		-	574,800,000	574,800,000	-	-	
		-	1,712,018,110	1,712,018,110	-	-	
		-	20,908,910	20,908,910	-	-	
		-	1,412,648,801	1,412,648,801	-	-	
		-	78,737,864	78,737,864	-	-	
		-	5,894,997,584	5,894,997,584	-	-	
		-	349,300,000	349,300,000	-	-	
		-	<u>10,043,411,269</u>	<u>10,043,411,269</u>	-	-	
Financial assets measured at fair value		-	-	-	-	-	
<u>Financial assets not measured at fair value</u>							
18.1		464,500	-	464,500	-	-	
		44,045,112	-	44,045,112	-	-	
		625,127,111	-	625,127,111	-	-	
		1,458,568	-	1,458,568	-	-	
		7,869,793	-	7,869,793	-	-	
		58,573,861	-	58,573,861	-	-	
		<u>737,538,945</u>	-	<u>737,538,945</u>	-	-	
Financial liabilities measured at fair value		-	-	-	-	-	
<u>Financial liabilities not measured at fair value</u>							
18.1		-	574,800,000	574,800,000	-	-	
		-	1,206,901,128	1,206,901,128	-	-	
		-	18,821,017	18,821,017	-	-	
		-	210,039,530	210,039,530	-	-	
		-	139,459,088	139,459,088	-	-	
		-	1,767,921,046	1,767,921,046	-	-	
		-	375,300,000	375,300,000	-	-	
		-	<u>4,293,241,809</u>	<u>4,293,241,809</u>	-	-	

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

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

21. DATE OF AUTHORIZATION

This condensed interim financial information has been authorized for issue on 25 May 2017 by the Board of Directors.


Chief Executive


Director

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THAL INDUSTRIES

C O R P O R A T I O N

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