



CONDENSED INTERIM FINANCIAL INFORMATION

For the Six Months Ended
31 March 2018
(Un-audited)



THALINDUSTRIES
CORPORATION

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Company Information

BOARD OF DIRECTORS

CHAIRPERSON

Mrs. Qaiser Shamim Khan

CHIEF EXECUTIVE

Mr. Muhammad Shamim Khan

MANAGING DIRECTOR

Mr. Nauman Ahmed Khan

DIRECTORS

Mr. Muhammad Shamim Khan	(Director)
Mrs. Qaiser Shamim Khan	(Director)
Mr. Nauman Ahmed Khan	(Director)
Mr. Adnan Ahmed Khan	(Director)
Mr. Muhammad Khan	(Director)
Mr. Muhammad Ashraf Khan Durani	(Independent Director)
Mr. Rab Nawaz	(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. Rab Nawaz	(Chairman/Member)
Mr. Adnan Ahmed Khan	(Member)
Mr. Muhammad 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
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
The Bank of Punjab
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, 0606-410014
Fax: 0606-411284
Unit 2: Safina Sugar Mills, Lalian District Chinniot.
Tel: 047-6610011-6
Fax: 047-6610010

WEBSITE

www.thalindustries.com



The Directors of your Company are pleased to present the Un-Audited Accounts of the Company for the half year ended 31st March 2018.

INDUSTRY OVERVIEW

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 again have a bumper cane crop this year and high sugar production in the country.

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 at Rs. 182/- per mound later on reduced to Rs 160/- per mound consequent to sugar mills writ in Honourable Sindh High Court.

Federal Government has announced an export subsidy of maximum Rs. 10.70 per Kg with certain 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 minimum level.

OPERATING HIGHLIGHTS

Financial results of the half year are never true representative that Company will ultimately achieve but can give just an idea of the trend. The key indicators of operating and financial results are summarized below.

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 as compared to last year's sugarcane crushing of 2,562,502 M. Tons and production of 250,156 M. Tons white refined sugar at an average recovery of 9.877%. The reason for low production in the current half is mainly due to the late start of the crushing season and drop in average recovery. 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 31st Mar-2018 as compared to Rs. 6,655.466 million against the corresponding period of last year. Net sales declined by 22% mainly due to 15% lower sales volume and low sugar prices in local & international market.

Due to higher sugarcane cost and sharp decrease in sugar & molasses prices Company earned pretax loss of Rs. (88.944) million during the period under review as compared to pretax profit of Rs. 859.316 million in the corresponding period of last year and after tax loss of Rs. (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 only be dependent on completion of 2.0 million tons sugar export already approved by federal

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 خوش 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 اگانے 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 اعلیٰ 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 ہو جائے 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 میگا واٹ کے لیہ پاور پراجیکٹ کے لئے COD (کمرشل آپریشن تاریخ) کے اپنے ہدف کو حاصل کرنے کے قابل تھی، جو ایک قابل فخر سنگ میل ہے۔

کیم 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۔

گئے کی زیادہ قیمت خرید اور چینی اینڈ مولا س 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 زیر 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 کے بعد از ٹیکس نقصان اٹھایا 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 بڑی طرح متاثر کیا۔

زیر جائزہ مدت کو چینی کی صنعت کی تاریخ میں بدترین عرصہ خیال کیا جاسکتا ہے جب گئے کی قیمت خرید زیادہ، ہمبر فصل، وافر اشٹاک 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 پمیل پر ہے۔ آپ کی کمپنی نے اپ فرٹ ٹیرف کی پالیسی کے تحت نئے مکمل کردہ پاور پراجیکٹ سے (G) CPPA کو بجلی کی فروخت کی بدولت کم سے کم نقصانات اٹھائے 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 ترکوششیں گئے کے کاشتکاروں کو مسلسل جدید بہتر بیج کی اقسام، کھادیں، کیڑے مارا دویات اور باہم سہولیات پہنچا کر عمل کار کردگی بہتر بنانے، جدت طرازی، جدید ترین ٹیکنالوجی آلات نصب، کڑی نگرانی سے پیداواری اخراجات کو کم کر کے گئے کے معیار کو بہتر بنانے کے ذریعے کمپنی کی پیداوار اور منافع کو بڑھانے کے لئے جاری ہیں جس کے نتیجے میں چینی کی ریکوری زیادہ اور گئے کے کاشتکاروں کو مالی فوائد بھی حاصل ہوں گے۔

مستقبل کا نقطہ نظر

یہ واضح ہے کہ 2017-18 میں گئے کی بھرپور فصل کی بدولت گزشتہ سال کے مقابلے گئے کی سپلائی مقامی سطح پر زیادہ ہوگی۔ پورے ملک میں کرسٹنگ 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 باؤ پر 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 پیش نظر 2017-18 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 ملوں کے لئے مالی صورتحال آئندہ مالی سال میں بھی بہت مشکل ہو سکتی ہے۔

اس مشکل ماحول میں، اللہ تعالیٰ کے فضل و کرم سے آپ کی کمپنی نے اپ فرنٹ پاور پالیسی 2013 کے تحت 22.40 میگا واٹ بجلی کی پیداوار کا منصوبہ دسمبر 2017 کے آغاز میں تجارتی آپریشن کی تاریخ (COD) کا میانی سے حاصل کر لی 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 پیداوار 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 ڈائریکٹرز

محمد شیم 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 quarters 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) 31 March 2018 (Rupees)	(Audited) 30 September 2017
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		1,800,457,839	2,089,701,346
		2,044,490,159	2,333,733,666
Non Current Liabilities			
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
Deferred liabilities		505,738,682	441,751,783
		2,587,274,547	2,145,997,310
Current Liabilities			
Trade and other payables		3,463,352,836	1,023,985,173
Finance cost payable		120,810,118	66,082,670
Short term borrowings-secured	9	7,146,117,120	2,206,549,355
Uncashed Dividend warrants		170,738,596	138,486,949
Advances from directors		434,300,000	349,300,000
Current portion of long term liabilities		394,823,769	455,785,343
Provision for taxation		26,691,517	128,875,144
		11,756,833,956	4,369,064,634
Contingencies and Commitments			
	10		
		16,388,598,662	8,848,795,610

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


Chief Executive

PROPERTY AND ASSETS

Non Current Assets

	(Un-Audited) 31 March 2018	(Audited) 30 September 2017
Note (Rupees)	
Property, plant & equipment	4,502,185,016	3,876,639,577
Intangible Assets	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

Current Assets

Stores, spare parts and loose tools	488,155,169	476,914,085
Stock-in-trade	9,441,179,970	2,797,126,084
Trade debts	959,524,780	404,821,758
Loans and advances	186,094,125	422,536,205
Trade deposits, prepayments and other receivables	44,593,339	247,203,738
Taxes recoverable / adjustable	424,234,159	483,165,541
Cash and bank balances	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	HALF YEAR ENDED		QUARTER ENDED	
		31 March		31 March	
		2018	2017	2018	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		QUARTER ENDED	
	31 March		31 March	
	2018	2017	2018	2017
 (Rupees) (Rupees)	
Profit after tax	(139,011,187)	635,332,636	(316,376,173)	355,923,383
<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	(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	31 March 2018 (Rupees)	31 March 2017
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		(88,944,392)	859,316,038
Adjustment for:			
Depreciation		176,706,338	139,989,542
Amortization		2,808,747	-
Provision for gratuity		20,284,645	16,296,659
Gain on disposal of fixed assets		(700,224)	(326,386)
Finance cost		196,323,101	146,489,298
Notional interest expense on long term advances		-	(1,337,981)
Workers' Profit Participation Fund		-	46,105,237
Workers Welfare Fund		-	16,683,460
		<u>395,422,607</u>	<u>363,899,829</u>
Operating cash flows before changes in working capital		306,478,215	1,223,215,867
Changes in working capital	15	(4,204,942,307)	(4,293,082,813)
Cash generated from operations		(3,898,464,092)	(3,069,866,946)
Gratuity paid		(6,364,541)	(2,922,941)
Finance cost paid		(125,918,369)	(201,607,759)
Workers' profit participation fund paid		(66,204,512)	(41,314,651)
Workers Welfare fund paid		(17,176,933)	(8,731,854)
Income tax paid		(102,183,627)	(42,708,851)
NET CASH FLOW USED IN OPERATING ACTIVITIES		(4,216,312,074)	(3,367,153,002)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(787,437,754)	(401,140,641)
Proceed from disposal of fixed assets / insurance claim		804,201	1,699,999
NET CASH USED IN INVESTING ACTIVITIES		(786,633,553)	(399,440,642)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finance		310,020,366	505,116,982
Lease payments		(8,609,601)	(7,798,607)
Short term borrowings - net		4,939,567,765	4,127,076,538
Advances from directors		85,000,000	(26,000,000)
Dividend paid		(117,980,673)	(76,302,557)
NET CASH FLOW FROM FINANCING ACTIVITIES		5,207,997,857	4,522,092,356
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		205,052,229	755,498,712
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		76,643,241	58,573,861
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		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 quarters 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.

5. SHARE CAPITAL

<u>Number of Shares</u>		Note	(Un-Audited)	(Audited)
31-03-18	30-09-17		31 March	30 September
			2018	2017
		 (Rupees)	
Authorized Capital:				
<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>1,491,488,457</u>	<u>1,119,301,425</u>
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- 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 various banking companies. These loans are secured against 1st / joint 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. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Opening balance	25,159,141	24,092,817
Obtained during the period	14,918,000	16,705,500
Payments/adjustments during the period	(9,543,651)	(15,639,176)
	<u>30,533,490</u>	<u>25,159,141</u>
Less: Security deposits adjustable on expiry of lease term	(4,088,250)	(5,022,300)
	<u>26,445,240</u>	<u>20,136,841</u>
Less: Current portion grouped under current liabilities	(11,197,832)	(9,992,739)
	<u>15,247,408</u>	<u>10,144,102</u>

- 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
	<u>29,186,247</u>	<u>(2,741,007)</u>	<u>26,445,240</u>

	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
	<u>22,118,427</u>	<u>(1,981,586)</u>	<u>20,136,841</u>

- 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.

	(Un-Audited)	(Audited)
	31 March	30 September
Note	2018	2017
 (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 (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) 31 March 2018 (Rupees)	(Audited) 30 September 2017
9. SHORT TERM BORROWINGS - SECURED			
FROM BANKING COMPANIES			
Running Finance	9.1	444,119,871	439,571,095
Cash Finance	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 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 30 September 2018 but are renewable.

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% margin and personal guarantees of directors. These are subject to mark up at the rate of 1 to 3 months KIBOR plus 0.15% 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 30 November 2018 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	869,607,453	879,349,653
	888,848,834	898,591,034

Commitments

Contracts for capital expenditure	-	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

11. PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-Audited) 31 March 2018 (Rupees)	(Audited) 30 September 2017
Operating Fixed Assets	11.1	4,129,333,937	3,281,101,666
Capital Work in Progress - Tangible Assets		372,851,079	595,537,911
		<u>4,502,185,016</u>	<u>3,876,639,577</u>

11.1 Operating Fixed Assets

Opening written down value		3,281,101,666	2,967,583,810
Additions during the period- at cost	11.1.1	1,025,042,586	613,082,339
Disposals during the period- at WDV		(103,977)	(1,373,613)
Depreciation charged		(176,706,338)	(298,190,870)
		<u>4,129,333,937</u>	<u>3,281,101,666</u>

11.1.1 Additions and Disposals Operating Fixed Assets

	(Un-Audited) Half year ended 31 March 2018		(Audited) Year ended 30 September 2017	
	Additions At Cost Rupees	Disposals At WDV Rupees	Additions At Cost Rupees	Disposals At WDV Rupees
Owned Assets				
Freehold land	-	-	-	-
Building on freehold land	-	-	51,277,030	-
Plant and machinery	990,514,864	-	449,870,500	-
Tools, implements and other factory equipments	4,860,000	-	4,912,480	-
Computer & other office equipments	3,293,525	-	7,417,449	-
Electric installations	2,712,605	-	23,956,177	-
Vehicles	11,818,592	(103,977)	63,348,703	(1,373,613)
	<u>1,013,199,586</u>	<u>(103,977)</u>	<u>600,782,339</u>	<u>(1,373,613)</u>
Leased Assets				
Vehicles	11,843,000	-	12,300,000	-
	<u>11,843,000</u>	<u>-</u>	<u>12,300,000</u>	<u>-</u>
	<u>1,025,042,586</u>	<u>(103,977)</u>	<u>613,082,339</u>	<u>(1,373,613)</u>

	Note	(Un-Audited) 31 March 2018 (Rupees)	(Un-Audited) 31 March 2017
12. COST OF SALES			
Finished goods - opening		2,792,910,415	1,503,090,759
Add: Cost of goods manufactured	12.1	11,422,393,996	12,216,470,220
		<u>14,215,304,411</u>	<u>13,719,560,979</u>
Finished goods - closing		(9,285,970,473)	(8,350,898,664)
		<u>4,929,333,938</u>	<u>5,368,662,315</u>
12.1 Cost of goods manufactured			
Work in process - opening		4,215,669	5,620,905
Raw material consumed		10,679,375,327	11,644,440,651
Salaries, wages and other benefits		236,965,887	198,534,688
Fuel and power		49,505,119	16,153,849
Stores, spares and loose tools		194,323,370	185,826,781
Repairs and maintenance		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
		<u>11,577,603,493</u>	<u>12,368,548,481</u>
Work in process - closing		(155,209,497)	(152,078,261)
		<u>11,422,393,996</u>	<u>12,216,470,220</u>
13. OTHER INCOME/(EXPENSES)			
Financial Assets			
Profit on deposit accounts		563,311	419,926
Notional Interest income on long term advance		-	1,337,981
Others			
Sale of scrap		10,624,449	20,055,448
Surplus on settlement of insurance claim		-	326,386
Gain on Disposal of Fixed Assets		700,224	-
Subsidy on the export of sugar		101,457,400	-
Others		10,041,976	6,661,567
		<u>123,387,360</u>	<u>28,801,308</u>

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 2018 Rupees	Half year ended 31 March 2017 Rupees	Quarter ended 31 March 2018 Rupees	Quarter ended 31 March 2017 Rupees
(Loss) / Profit after taxation	(139,011,187)	635,332,636	(316,376,173)	355,923,383
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	(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 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 2018 (Rupees)	31 March 2017
Stores, spare parts and loose tools	(11,241,084)	(74,696,583)
Stock-in-trade	(6,644,053,886)	(6,994,265,261)
Trade debts	(554,703,022)	(46,779,269)
Loans and advances	236,442,080	212,767,995
Trade deposits, prepayments and other receivables	202,610,399	(129,076,836)
Taxes recoverable/adjustable	58,931,382	29,888,495

Increase / (decrease) in current liabilities:

Trade and other payables	2,507,071,824	2,709,078,646
	<u>(4,204,942,307)</u>	<u>(4,293,082,813)</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 2018				Half year ended 31 March 2017			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
R U P E E S.....							
Managerial remuneration	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
Number of Persons	1	1	30	32	1	1	50	52

- 16.1 If the above disclosure, in comparative period 2017 was prepared as per Companies Act 2017, the comparative figures for executives would be as follows:

Number of persons	27
Managerial Remuneration	30,105,771
Utilities	616,202
	30,721,973

17. TRANSACTIONS WITH RELATED PARTIES

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

Name of the Company	Transaction	Nature of Relationship	Half year ended	
			(Un-Audited) 31 March 2018 (Rupees)	(Un-Audited) 31 March 2017
Naubahar Bottling Company (Pvt) limited	Sale of goods	Common Directorship	868,425,300	752,932,000
Al-Moiz Industries Limited	Sale of goods	Common Directorship	63,312,541	42,930,355
	Purchase of Goods	Common Directorship	16,438,790	707,090

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
Markup on loans from directors

(Un-Audited) 31 March 2018 (Rupees)	(Un-Audited) 31 March 2017
85,000,000	(26,000,000)
21,555,000	20,462,880

Balance due from/(due to) related parties as at 31 March 2018 are as below:

Naubahar Bottling Company (Pvt) limited
Al-Moiz Industries Limited
Loans from directors - Long Term
Advances from directors - Short Term

(Un-Audited) 31 March 2018 (Rupees)	(Audited) 30 September 2017
66,512,368	(28,012,932)
42,134,771	16,871,930
(574,800,000)	(574,800,000)
(434,300,000)	(349,300,000)

18. FINANCIAL INSTRUMENTS-FAIR VALUES

	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 2018 (Un-Audited)						
Financial assets measured at fair value	-	-	-	-	-	-
<u>Financial assets not measured at fair value</u>						
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	-	-	-
	<u>1,298,247,197</u>	<u>-</u>	<u>1,298,247,197</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at fair value	-	-	-	-	-	-
<u>Financial liabilities not measured at fair value</u>						
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	-	-	-
Uncashed 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	-	-	-
	<u>-</u>	<u>12,353,294,366</u>	<u>12,353,294,366</u>	<u>-</u>	<u>-</u>	<u>-</u>
30 September 2017 (Audited)						
Financial assets measured at fair value	-	-	-	-	-	-
<u>Financial assets not measured at fair value</u>						
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	-	-	-
	<u>528,945,925</u>	<u>-</u>	<u>528,945,925</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at fair value	-	-	-	-	-	-
<u>Financial liabilities not measured at fair value</u>						
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	-	-	-
	<u>-</u>	<u>5,296,725,636</u>	<u>5,296,725,636</u>	<u>-</u>	<u>-</u>	<u>-</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

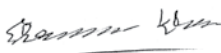
The company's business is seasonal in nature. Entire cane crushing and manufacturing of sugar is done during season from November to the following March. Sugar sales are made throughout the year.

20. SUBSEQUENT MATERIAL EVENTS

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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THALINDUSTRIES

C O R P O R A T I O N

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