Condensed Interim Financial Information For the Half Year Ended March 31, 2016 (Un-Audited)

Imperial Sugar Limited

(Formerly: Colony Sugar Mills Limited)

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(Formerly: Colony Sugar Mills Limited)

بسم الله الرحمن الرحيم

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Imperial Sugar Limited
(Formerly: Colony Sugar Mills Limited)

Corporate Information

Board of Directors	Mr. Naveed M. Sheikh	- Chairman
	Mr. Waqar Ibn Zahoor Bandey	- Director/CEO
	Mian Muhammad Ali	- Director
	Mr. Muhammad Asghar	- Director
	Mr. Ahmed Haji Mussa	- Director
	Mr. Asad Ali	- Director
	Mr. Abdul Sammee	- Director
Audit Committee	Mr. Muhammad Asghar	- Chairman
	Mian Muhammad Ali	- Member
	Mr. Asad Ali	- Member
HR & Remuneration Committee	Mr. Muhammad Asghar	- Chairman
	Mr. Asad Ali	- Member
	Mr. Abdul Sammee	- Member
Company Secretary	Mr. Mubashar Asif	

Auditors
Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Legal Advisor
Ms. Aniqua Sheikh
Advocate

Shares Registrar
Hameed Majeed Associates (Pvt) Limited
H.M. House, 7-Bank Square, Lahore.
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Fax # + 92 (042) 3735-8817

Financial Institutions
National Bank of Pakistan
Habib Metropolitan Bank Limited
BankIslami Pakistan Limited
(Formerly KASB Bank Limited)
The Bank of Punjab
Al Baraka Bank(Pakistan) Limited
NIB Bank Limited

Registered Office
Ground Floor, Ismail Aiwan-e-Science Building,
Shahra-e-Jalal-ud-Din Roomi
Lahore-54600
Ph # + 92 (042) 3575-8970 (3 Lines)
+ 92 (042) 3575-1308
Fax # + 92 (042) 3576-3247

Production Facilities

Phalia Project
Karmanwala, Tehsil Phalia
Distt. Mandi Bahauddin
Ph # + 92 (546) 541-151/54
Fax # + 92 (546) 541-162

Mian Chanu Project
Chak # 84/15L, 15 KM
Vehari Road Kacha Khoo
Tehsil Mian Chanu
Distt. Khanewal.
Ph # + 92 (0652) 553-182
Fax # + 92 (0652) 660 452

DIRECTORS' REVIEW

Dear Members

Interim condensed financial information for the half year ended March 31, 2016 is being presented to you. The interim condensed financial information has been reviewed by the statutory auditors of the company.

The Company could not operate during previous crushing season due to non-availability of working capital. Sugar sale and operating results as reported in this interim condensed financial information pertains to unsold carry-over stock from previous year.

The Company suffered gross loss of Rupees 12.766 Million during quarter ended March 31, 2016 as compared to Rupees 17.289 Million during previous quarter ended December 31, 2015. Gross loss for the current half year is Rupees 4.523 Million as compared to gross profit of Rupees 5.216 Million during previous corresponding period. Your company suffered net loss of Rupees 169.744 Million as compared to net loss of Rupees 196.181 Million for the same period last year. Loss per share after tax is Rupees 1.71 as compared to Rupees 1.98 during corresponding period of the last year.

The management of your company is endeavouring to put the entity back on track and is exploring all possible options to arrange funds required for business operations. The directors have already injected Rupees 300.253 Million into the Company, as of March 31, 2016. The Company management is very much hopeful of positive outcome of efforts and therefore confident to continue the Company on going concern basis, as emphasized by the statutory auditors in their review report.

The Board places on record its appreciation for the dedication and hard work of its work force, as well as for the support of its all stakeholders.

For and on behalf of the Board

Waqar Ibn Zahoor Bandey
Director/CEO

Lahore - May 30, 2016

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **IMPERIAL SUGAR LIMITED** *(Formerly COLONY SUGAR MILLS LIMITED)* (the Company) as at March 31, 2016 and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended March 31, 2016 and March 31, 2015 have not been reviewed, as we are required to review only the cumulative figures for the six months ended March 31, 2016.

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 condensed interim financial information consists of making inquiries, primarily of persons responsible for the 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 condensed interim financial information as of and for the half year ended March 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Without qualifying our opinion we draw attention to note 1.2 of the condensed interim financial statements which shows that the Company incurred a net loss of Rs. 169.744 million (2015: Rs. 196.181 million) for the half year, and its current liabilities exceeded current assets by Rs. 1,483.637 million (2015: Rs. 1,285.545 million) Sponsors are taking keen interest to restart manufacturing and ensure sustainable operation. Due to the above there is significant doubt whether the going concern assumption adopted in these condensed interim financial information is appropriate.

Date: **May 30, 2016**
Place: Lahore

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Engagement Partner:
Naveed Saeed

CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2016

	Note	Un-Audited March 31, 2016	Audited Sep. 30, 2015
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital:			
100,000,000 (2015: 100,000,000) ordinary shares of Rupees 10/- each.		**1,000,000**	1,000,000
Issued, subscribed and paid up capital	7	**990,200**	990,200
Unappropriated profit		**149,943**	319,687
Total Equity		**1,140,143**	1,309,887
NON-CURRENT LIABILITIES			
Long term finances	8	**510,253**	536,469
Long term deposits		**80,000**	80,000
Diminishing Musharaka Finance	9	**1,164**	1,371
Deferred liabilities		**73,827**	73,571
		665,244	691,411
CURRENT LIABILITIES			
Trade and other payables		**1,101,691**	1,120,952
Accrued finance cost	10	**157,654**	128,519
Short term borrowings-secured	11	**1,054,806**	1,058,808
Current portion of long term finance		**156,875**	156,875
Current portion of Diminishing Musharaka Finance		**499**	499
		2,471,525	2,465,653
		4,276,912	4,466,951
PROPERTY AND ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	**3,224,119**	3,286,843
CURRENT ASSETS			
Stores, spares and loose tools		**264,541**	264,791
Stocks in trade		**149,765**	328,748
Trade debts		**21,704**	17,832
Advances, deposits, prepayments and other receivables	13	**547,770**	408,994
Cash and bank balances		**4,108**	7,919
		987,888	1,028,284
Non-current assets - held for sale	14	**64,905**	151,824
		1,052,793	1,180,108
		4,276,912	4,466,951
Contingencies and commitments	15	-	-

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

Chief Executive Officer **Director**

Imperial Sugar Limited

(Formerly: Colony Sugar Mills Limited)

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-Audited)

FOR THE HALF YEAR ENDED MARCH 31, 2016

	Half Year Ended March 31,		Second Quarter Ended March 31,	
	2016	2015	2016	2015
	(Rupees in thousand)			
Sales - net	**174,710**	993,006	**44,542**	402,297
Cost of sales	**179,233**	987,790	**31,776**	400,563
Gross (loss) / profit	**(4,523)**	5,216	**12,766**	1,734
Administrative expenses	**40,016**	59,476	**27,252**	25,328
Inoperative plant expenses	**68,796**	86,006	**44,312**	45,244
Distribution and marketing expenses	**2,358**	5,333	**1,890**	3,165
	111,170	150,815	**73,454**	73,737
Operating loss	**(115,693)**	(145,599)	**(60,688)**	(72,003)
Other operating (Loss) / Income	**(15,515)**	8,690	**(15,975)**	8,351
	(131,208)	(136,909)	**(76,663)**	(63,652)
Finance Cost	**38,536**	59,272	**16,929**	33,033
Loss before taxation	**(169,744)**	(196,181)	**(93,592)**	(96,685)
Provision for taxation	**-**	-	**-**	-
Loss for the period	**(169,744)**	(196,181)	**(93,592)**	(96,685)
Loss per share - basic Rupees	**(1.71)**	(1.98)	**(0.94)**	(0.98)

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

Chief Executive Officer **Director**

CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited)

FOR THE HALF YEAR ENDED MARCH 31, 2016

	Half Year Ended March 31, 2016	2015
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(169,744)**	(196,181)
Adjustments for non-cash and other items:		
Finance cost	**38,536**	59,272
Depreciation of Property, plant and equipment	**62,591**	67,175
Provision for employees' retirement benefits - gratuity	**256**	664
	101,383	127,111
Cash (used in) operating activities before working capital changes	**(68,361)**	(69,070)
Adjustments for Working Capital Changes		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	**250**	9,237
Stocks-in-trade	**178,983**	(316,417)
Trade debts	**(3,872)**	113,001
Advances, deposits, prepayments and other receivables	**(138,018)**	180,734
Increase in current liabilities;		
Trade and other payables	**(19,260)**	(83,029)
Net working capital changes	**18,083**	(96,474)
Finance cost paid	**(9,401)**	(24,829)
Employees' retirement benefits - gratuity paid	**-**	(5,387)
Income tax paid	**(759)**	(150,899)
	(10,160)	(181,115)
Net cash (used) in operating activities	**(60,438)**	(346,659)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	**87,052**	(7,778)
Net cash generated from (used) in investing activities	**87,052**	(7,778)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances	**(26,216)**	183,960
Long term deposits	**-**	-
Liabilities against assets subject to diminishing musharaka finance	**(207)**	-
Short term borrowings	**(4,002)**	131,278
Net cash (used in) / generated from financing activities	**(30,425)**	315,238
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,811)**	(39,199)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**7,919**	54,702
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4,108**	15,503

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

Chief Executive Officer **Director**

Imperial Sugar Limited

(Formerly: Colony Sugar Mills Limited)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited)

FOR THE HALF YEAR ENDED MARCH 31, 2016

Particulars	Share capital	Unappropriated Profit	Total equity
	(Rupees in thousand)		
Balance as on September 30, 2014 (audited)	990,200	819,386	1,809,586
Total comprehensive loss for the period	-	(196,181)	(196,181)
Balance as at March 31, 2015 (un-audited)	**990,200**	**623,205**	**1,613,405**
Total comprehensive loss for the period	-	(303,518)	(303,518)
Balance as on September 30, 2015 (audited)	**990,200**	**319,687**	**1,309,887**
Total comprehensive loss for the period	-	(169,744)	(169,744)
Balance as at March 31, 2016 (un-audited)	**990,200**	**149,943**	**1,140,143**

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

Chief Executive Officer **Director**

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)

FOR THE HALF YEAR ENDED MARCH 31, 2016

1. THE COMPANY AND ITS OPERATION

Imperial Sugar Limited (*Formerly Colony Sugar Mills Limited*) ("the Company") was incorporated in Pakistan on May 09, 2007 under the Companies Ordinance, 1984. The shares of the company are quoted on Pakistan Stock Exchange Limited. The Company's registered office is situated in Lahore and its manufacturing facilities are located at Tehsil Phalia, District Mandi Bahauddin and Tehsil Mian Channu, District Khanewal. The company is engaged in manufacturing and sale of white refined sugar, ethanol and by products.

1.1 The company changed its name from Colony Sugar Mills Limited to Imperial Sugar Limited on May 12, 2015. Certificate of Incorporation on change of name was issued to the Company on May 13, 2015.

1.2 The company has incurred net loss for the half year amounting to Rs. 169.744 million (2015: for the half year Rs.196.181 million). Current liabilities exceeded current assets for the half year ended by Rs. 1,483.637 million (September 2015: Rs. 1,285.545 million) and repayment of long term finances and payment of markup are overdue for the half year by Rs. 156.875 million and Rs. 157.654 million respectively. The major factor contributing to gross loss and net loss have been the high price of raw sugar cane in comparison with the selling price of sugar and the shutdown of production facilities at both Phalia and Mian Channu Plants.

The sponsors and lending institutions are taking a keen interest in commencement of manufacturing and ensuring sustainable operations. Various options are under considerations and sponsors and management are in confident that going concern assumption is appropriate.

2. STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting", as applicable in Pakistan. This condensed interim financial information is un-audited and is being submitted to the members as required by section 245 of the Companies Ordinance, 1984 and listing regulation of Pakistan Stock Exchange.

3. BASIS OF PRESENTATION, MEASUREMENT AND ESTIMATION

Estimates used in the preparation of these condensed interim financial information are reasonable under the circumstances, continually evaluated and are based on historical experience. The basis of presentation and measurement adopted for the preparation of these condensed interim financial information are the same as those adopted in the preparation of the preceding annual published audited financial statements for the year ended September 30, 2015.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and applied for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published audited financial statements of the Company for the year ended September 30, 2015.

5 SEASONALITY OF OPERATION

The Company is inter-alia, engaged in manufacturing of sugar for which the season begins in November and ends in April. Therefore, majority of expenses are incurred and production activities are undertaken in first half of the Company's financial year.

6 PROVISIONS

The provision in respect of staff retirement benefits, workers' profit participation fund and taxation are estimated and these are subject to final adjustments in the annual audited financial statements.

			Un-Audited March 31, 2016	Audited September 30, 2015
			(Rupees in thousand)	
7	**ISSUED, SUBSCRIBED AND PAID UP CAPITAL**			
	64,020,000 (September 30, 2015: 64,020,000) Ordinary shares of Rupees 10 each fully paid in cash		**640,200**	640,200
	35,000,000 (September 30, 2015: 35,000,000) Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash		**350,000**	350,000
			990,200	990,200
8	**LONG TERM FINANCES -Secured**			
	Outstanding balance		**667,128**	693,344
	Current portion shown under current liabilities		**(13,125)**	(13,125)
			654,003	680,219
	Liabilities directly associated with non-current assets - held for sale		**(143,750)**	(143,750)
			510,253	536,469
9	**LIABILITIES AGAINST ASSETS SUBJECT TO DIMINISHING MUSHARAKA FINANCE**			
	Future minimum diminishing musharaka finance payments		**1,720**	1,979
	Less: Un-amortized diminishing musharaka finance charge		**(57)**	(109)
	Present value of future minimum diminishing musharaka finance payments		**1,663**	1,870
	Less: Current portion shown under current liabilities		**(499)**	(499)
	Non current portion		**1,164**	1,371
10	**ACCRUED FINANCE COST**			
	Accrued finance cost on:			
	Long term finance		**37,132**	30,796
	Short term borrowings		**120,522**	97,723
			157,654	128,519

This includes overdue markup aggregating Rs. 157.654 (September 2015: Rs 123.718 million)

11	**SHORT TERM BORROWINGS-Secured**		**1,054,806**	885,963

These represent various short term finance facilities obtained from various banking companies and are subject to mark up ranging from 4.5 % to 13.70 % per annum (2015: 6.0 % to 13.70%) per annum). These are secured against pledge/hypothecation of stock-in-trade, charge on current assets, demand promissory note, Company's guarantee and personal guarantee of a sponsor director.

12	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating fixed assets	12.1	**2,753,820**	2,816,544
	Capital work in progress		**470,299**	470,299
			3,224,119	3,286,843
12.1	Opening book value		**2,816,544**	2,952,560
	Less: disposal during the period	12.2	**(133)**	(1,876)
			2,816,411	2,950,684
	Less: Depreciation charged during the period		**(62,591)**	(134,140)
			2,753,820	2,816,544
12.2	**Addition/(disposals) during the period**			
	Company owned assets			
	Plant and machinery		**-**	10
	Furniture, fixture and equipments		**11**	6
	Vehicles	12.3	**(144)**	(1,892)
			(133)	(1,876)

12.3 Vehicles

The reversal of accumulated depreciation on disposal of Vehicle (Rs:755 in thousand) has been included in this figure.

		Un-Audited March 31, 2016	Audited September 30, 2015
		(Rupees in thousand)	
13 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances, deposits, prepayments and other receivables.		**547,770**	408,994

Other receivables include an amount of Rs. 182.242 million being proceeds of sale of sugar held by the High Court pending a decision on its final treatment.

14 NON CURRENT ASSET -HELD FOR SALE			
Opening book value as at September 30, 2015		**151,824**	151,824
Less: Disposal during the period	14.1	**(86,919)**	-
Closing book value as at March 31, 2016		**64,905**	151,824

14.1 Asset held for sale, having book value of Rs 86.919 million being sold during the period. Its sale proceeds are 70 million resulting in loss of Rs. 16.919 million

15 CONTINGENCIES AND COMMITMENTS

Contingencies

The company is in dispute with Sui Northern Gas Pipelines Limited for over/ incorrect billing of Rupees 29.316 million. The Company has filed complaint/ suits before Oil and Gas Regulatory Authority and civil courts, respectively, and is hopeful of favorable outcome.

Commitments

Nil - (December 31, 2015: Nil)

16 BUSINESS SEGMENTS INFORMATION

	Half Year Ended March 31, 2016			Half Year Ended March 31, 2015			Quarter Ended March 31, 2016			Quarter Ended March 31, 2015		
	Sugar	Ethanol	Total	Sugar	Ethanol	Total	Sugar	Ethanol	Total	Sugar	Ethanol	Total
	(Rupees in thousand)			(Rupees in thousand)			(Rupees in thousand)			(Rupees in thousand)		
Revenue												
Local	185,298	3,672	188,970	1,056,413	7,751	1,064,164	47,839	289	48,128	418,444	7,659	426,103
Export	-	-	-	-	-	-	-	-	-	-	-	-
Other by-products	-	-	-	1,046	-	1,046	-	-	-	1,046	-	1,046
	185,298	3,672	188,970	1,057,459	7,751	1,065,210	47,839	289	48,128	419,490	7,659	427,149
Less: Sales tax,excise duty and commission	13,726	534	14,260	71,078	1,126	72,204	3,544	42	3,586	23,739	1,113	24,852
	171,572	3,138	174,710	986,381	6,625	993,006	44,295	247	44,542	395,751	6,546	402,297
Cost of sales	176,404	2,829	179,233	987,718	72	987,790	31,776	-	31,776	400,556	7	400,563
Gross (loss) / profit	(4,832)	309	(4,523)	(1337)	6,553	5,216	12,519	247	12,766	(4,805)	6,539	1,734
Administrative and general expenses	37,359	2,657	40,016	53,137	6,339	59,476	24,595	2,657	27,252	23,157	2,171	25,328
Inoperative project expenses	49,764	19,032	68,796	86,006	-	86,006	34,919	9,393	44,312	45,244	-	45,244
Distribution and marketing expenses	1,458	900	2,358	2,903	2,430	5,333	1,190	700	1,890	1,386	1,779	3,165
	88,581	22,589	111,170	142,046	8,769	150,815	60,704	12,750	73,454	69,787	3,950	73,737
Operating loss	(93,413)	(22,280)	(115,693)	(143,383)	(2,216)	(145,599)	(48,185)	(12,503)	(60,688)	(74,592)	2,589	(72,003)

16.1 Inter-segment sales and purchases

Inter-segment sales and purchases have been eliminated from total figures.

16.2 Basis of inter-segment pricing

All inter-segment transfers are made at cost.

16.3 Reconciliation of reportable segment assets and liabilities

	As at March 31, 2016			As at September 30, 2015		
	Sugar	Ethanol	Total	Sugar	Ethanol	Total
	(Rupees in thousand)			(Rupees in thousand)		
Segment assets	3,728,996	547,916	4,276,912	3,126,866	1,340,085	4,466,951
Segment liabilities	2,448,475	688,294	3,136,769	2,209,945	947,119	3,157,064
Depreciation on property, plant and equipment	43,628	18,963	62,591	80,484	53,656	134,140

17 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on May 30, 2016 by the Board of Directors of the Company.

18 GENERAL

18.1 Corresponding figures in the balance sheet comprise of balances as per the annual audited financial statements for the year ended September 30, 2015, whereas corresponding figures in the profit and loss account, cash flow statement and statement of changes in equity comprise balances of the comparable period of immediately preceding financial year.

18.2 Figures in this condensed interim financial information have been rounded off to the nearest thousand rupees.

Chief Executive Officer **Director**

Imperial Sugar Limited
(Formerly: Colony Sugar Mills Limited)

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