Condensed Interim Financial Information For the First Quarter Ended December 31, 2016 (Un-Audited)

Imperial Sugar Limited

Imperial Sugar Limited

بسم الله الرحمن الرحيم

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Imperial Sugar Limited

Corporate Information

Board of Directors	Mr. Naveed M. Sheikh	- Chairman
	Mr. Waqar Ibn Zahoor Bandey	- Director/CEO
	Mian Muhammad Ali	- Director
	Malik Sohail Ahmed	- Director
	Mr. Ahmed Haji Moosa	- Director
	Mr. Asad Ali	- Director
	Mr. Najam Faiz	- Director
Audit Committee	Mr. Najam Faiz	- Chairman
	Mian Muhammad Ali	- Member
	Mr. Asad Ali	- Member
HR & Remuneration Committee	Malik Sohail Ahmed	- Chairman
	Mr. Asad Ali	- Member
	Mr. Najam Faiz	- Member
Chief Financial Officer	Mr. Muhammad Tayyab	
Head of Internal Audit	Ms. Eraj Batool	
Company Secretary	Mr. Mubashar Asif	
Financial Institutions	National Bank of Pakistan BankIslami Pakistan Limited The Bank of Punjab Al Baraka Bank(Pakistan) Limited	
Auditors	Tariq Abdul Ghani Maqbool & Co. Chartered Accountants	
Legal Advisors	Ms. Aniqua Sheikh Advocate	
Registered Office	Ground Floor, Ismail Aiwan-e-Science Building, 205 Ferozepur Road Lahore-54600 Ph # + 92 (042) 3575-8970 + 92 (042) 3575-1308 Fax # + 92 (042) 3576-3247	
Shares Registrar	**Hameed Majeed Associates (Pvt) Limited** H.M. House, 7-Bank Square, Lahore. Ph # + 92 (042) 3723-5081-2 Fax # + 92 (042) 3735-8817	
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 K.M. Vehari Road Kacha Khoo Tehsil Mian Chanu Distt. Khanewal. Ph # + 92 (0652) 553-182 Fax # + 92 (0652) 660-452

DIRECTORS' REVIEW

Dear Members

Interim un-audited financial statements for the period ended December 31, 2016 are being presented to the shareholders in accordance with the requirements of International Accounting Standards, Companies Ordinance, 1984 and Rule Book of Pakistan Stock Exchange Limited.

During the period under review the operations of the company remained closed and no sales were made. Whereas, the turnover of the corresponding period was Rupees 130 Million last year. Your company suffered net loss of Rupees 193 Million as compared to the loss of Rupees 76 Million for the same period in last year. Loss for the quarter under review is Rupees 1.95 per share (2015: loss per share Rupees. 0.77).

Operations at both units were closed during the period forced by the shortage of working capital besides of efforts of management to revive the production activities in the best interest of shareholders. Seeing no other option the company has decided to diversify its business and have planned to get engaged in the Power Production activities as the hot cake of business sector in recent years.
Going forward to diversify, the shareholders of the company have approved the sale of assets of the company in the Annual General Meeting held today i.e. January 31, 2017. Based on approval of members, company is going to start the sale proceedings of project assets as approved and looking to deal with potential buyers at an early stage.

For and on behalf of the Board

Waqar Ibn Zahoor Bandey
Director/CEO

Lahore
January 31, 2017

Imperial Sugar Limited

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2016

	Note	Un-Audited 31 December 2016 Estimated realizable value	Un-Audited 31 December 2016 Book value	Audited 30 September 2016 Estimated realizable value	Audited 30 September 2016 Book value
		Rupees in thousand		Rupees in thousand	
EQUITY AND LIABILITIES					
SHARE CAPITAL AND RESERVES					
Authorised share capital: 100,000,000 (2016: 100,000,000) ordinary shares of Rupees 10/- each.		**1,000,000**	**1,000,000**	1,000,000	1,000,000
Issued, subscribed and paid up share capital up share capital	7	**990,200**	**990,200**	990,200	990,200
Sponsors' loans		**351,818**	**351,818**	332,330	332,330
Unappropriated (loss) / profit		**(175,507)**	**(175,507)**	17,418	17,418
		1,166,511	**1,166,511**	1,339,948	1,339,948
NON-CURRENT LIABILITIES					
Net surplus on estimated realizable / settlement values		**8,962,968**	**8,962,968**	8,962,968	8,962,968
LIABILITIES					
Finances	8	**1,421,681**	**1,421,681**	1,421,681	1,421,681
Liabilities against assets subject to Diminishing Musharaka finance	9	**1,289**	**1,289**	1,413	1,413
Accrued finance cost		**196,098**	**196,098**	183,627	183,627
Trade and other payable		**4,255,740**	**4,255,740**	4,259,264	4,259,264
Contingencies and commitments	10	-	-	-	-
		14,837,776	**14,837,776**	14,828,953	14,828,953
		16,004,287	**16,004,287**	16,168,901	16,168,901
PROPERTY AND ASSETS					
ASSETS					
Cash and bank balances		**3,605**	**3,605**	2,959	2,959
Stores, spares and loose tools		**263,761**	**263,761**	263,761	263,761
Stocks in trade		**1,363**	**1,363**	1,363	1,363
Trade debts		**13,289**	**13,289**	12,795	12,795
Advances, deposits, prepayments and other receivables		**631,968**	**631,968**	638,123	638,123
Property, plant and equipment	11	**15,090,301**	**15,090,301**	15,249,900	15,249,900
		16,004,287	**16,004,287**	16,168,901	16,168,901

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

Chief Executive Officer **Director**

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-Audited)

FOR THE FIRST QUARTER ENDED DECEMBER 31, 2016

	Note	DECEMBER 31, 2016	DECEMBER 31, 2015
		(Rupees in thousand)	
Sales - net		-	130,168
Cost of sales		-	147,457
Gross (Loss)		-	(17,289)
Administrative expenses		**12,856**	12,764
Inoperative project expenses	12	**159,951**	24,484
Distribution and marketing expenses		**697**	468
		173,504	37,716
Operating (loss)		**(173,504)**	(55,005)
Other operating Income		**120**	460
		(173,384)	(54,545)
Finance Cost		**19,541**	21,607
Loss before taxation		**(192,925)**	(76,152)
Provision for taxation		-	-
Loss for the period		**(192,925)**	(76,152)
Other comprehensive income/loss		-	-
Total comprehensive loss		**(192,925)**	(76,152)
Loss per share - basic Rupees		**(1.95)**	(0.77)

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

Chief Executive Officer

Director

Imperial Sugar Limited

CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited)

FOR THE FIRST QUARTER ENDED DECEMBER 31, 2016

	DECEMBER 31, 2016	DECEMBER 31, 2015
	Rupees in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(192,925)**	(76,152)
Adjustments for non-cash and other items:		
Finance cost	**19,541**	21,607
Depreciation of Property, plant and equipment	**159,599**	31,685
	179,140	53,292
Cash (used in) operating activities before working capital changes	**(13,785)**	(22,860)
Adjustments for Working Capital Changes		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	**-**	154
Stocks-in-trade	**-**	137,830
Trade debts	**(494)**	(52,122)
Advances, deposits, prepayments and other receivables	**6,155**	(104,761)
(Decresae)/Increase in current liabilities;		
Trade and other payables	**(3,524)**	36,656
Net working capital changes	**2,137**	17,757
Finance cost paid	**(7,070)**	(4,869)
Income tax paid	**-**	689
	(7,070)	(4,180)
Net cash (used in) operating activities	**(18,718)**	(9,283)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	**-**	-
Net cash used in investing activities	**-**	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Finances	**-**	11,180
Sponsors' loans	**19,488**	-
Liabilities against assets subject to diminishing musharaka finance	**(124)**	(124)
Short term borrowings	-	(4,000)
Net cash generated fom financing activities	**19,364**	7,056
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	**646**	(2,226)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**2,959**	7,919
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**3,605**	5,693

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

Chief Executive Officer **Director**

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE FIRST QUARTER ENDED DECEMBER 31, 2016

Particulars	Share capital	Sponsors' loans	Unappropriated (loss) / profit	Total equity
	(Rupees in thousand)			
Balance as on September 30, 2015 (audited)	**990,200**	**-**	**319,687**	**1,309,887**
Total comprehensive loss for the quarter	-	-	(76,152)	(76,152)
Balance as at December 31, 2015 (un-audited)	**990,200**		**243,535**	**1,233,735**
Sponsors' loans	-	332,330	-	332,330
Total comprehensive loss for the period	-	-	(226,117)	(226,117)
Balance as on September 30, 2016 (audited)	**990,200**	**332,330**	**17,418**	**1,339,948**
Sponsors' loan	-	19,488	-	19,488
Total comprehensive loss for the quarter	-	-	(192,925)	(192,925)
Balance as at December 31, 2016 (un-audited)	**990,200**		**(175,507)**	**1,166,511**

The annexed 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 FIRST QUARTER ENDED DECEMBER 31, 2016

1. THE COMPANY AND ITS OPERATION

Imperial Sugar 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 and ethanol and by products.

1.1 GOING CONCERN ASSUMPTION

Shortage of working capital resulted in the closure of Company's operations during the year, whereas, Phalia plant of the Company also did not operate during the previous year. In view of continuous losses and working capital shortage, the Company is seeking approval of shareholders in the forthcoming Annual General Meeting to dispose of the property, plant and equipment of the Company. Hence, the Company is not considered a going concern.

Keeping in view the above factors the management of the Company has prepared these condensed interim financial information on the basis of estimated realizable / settlement values of the assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these Condensed Interim financial information have been presented in order of liquidity.

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 Limited.

3. BASIS OF PRESENTATION, MEASUREMENT AND ESTIMATIOIN

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, 2016.

4. SIGNIFICANT ACCOUNTIING 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, 2016.

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 December 31, 2016	Audited September 30, 2016
	(Rupees in thousand)	

7. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

64,020,000(September 30, 2016: 64,020,000) Ordinary shares of Rupees 10 each fully paid in cash	**640,200**	640,200
35,000,000(September 30, 2016: 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. Finances

Out standing balance	**1,421,681**	1,421,681
	1,421,681	1,421,681

Finances-Secured

These represent cash finance, running finance, export refinance, bai-salam obtained from various banking companies and are subject to mark up ranging from 3% to 8.04% per annum (September 30, 2016: 3% to 13.61% per annum). These are secured against pledge / hypothecation of stock-in-trade, charge on current assets, demand promissory note, Company's performance guarantee and personal guarantee of a sponsor director.

9. LIABILITIES AGAINST ASSETS SUBJECT TO DIMINISHING MUSHARAKA FINANCE

Opening Balance	**1,413**	1,870
Obtained during the year	**-**	-
Repayment during the year	**(124)**	(457)
	1,289	1,413

10. CONTINGENCIES AND COMMITMENTS

Contingencies

There are no significant changes in contingencies since the last published annual audited financial statements.

Commitments

	Nil	Nil

11. PROPERTY, PLANT AND EQUIPMENT

	Un-Audited December 31, 2016	Audited September 30, 2016
	(Rupees in thousand)	
Opening book value	**15,249,900**	2,816,544
Additions / (adjustment) during the period	**-**	470,246
Transferred from non-current asset held for sale		64,905
Surplus on revaluation incorporated during the year		12,024,929
	15,249,900	15,376,623
Less: Depreciation charged during the period	**(159,599)**	(126,723)
	15,090,301	15,249,900

12. INOPERATIVE PROJECT EXPENSE

These represent the expense including depreciation of Rs.159.599Million related to both project of the company which remained inoperative during reporting period.

13. BUSINESS SEGMENTS INFORMATION

	For the first quarter ended December 31, 2016			For the first quarter ended December 31, 2015		
	Sugar	Ethanol	Total	Sugar	Ethanol	Total
	(Rupees in thousand)			(Rupees in thousand)		
Gross Revenue - Local	-	-	-	137,459	3,383	140,842
	-	-	-	137,459	3,383	140,842
Less: Sales tax, excise duty and commission	-	-	-	10,182	492	10,674
Net revenue - local	-	-	-	127,277	2,891	130,168
Cost of sales	-	-	-	144,628	2,829	147,457
Gross (loss) / profit	-	-	-	(17,351)	62	(17,289)
Administrative expenses	**12,856**	-	**12,856**	12,764	-	12,764
Inoperative project expenses	**96,979**	**62,972**	**159,951**	14,845	9,639	24,484
Distribution and marketing expenses	**97**	**600**	**697**	268	200	468
	109,932	**63,572**	**173,504**	27,877	9,839	37,716
Operating (loss)	**(109,932)**	**(63,572)**	**(173,504)**	(45,228)	(9,777)	(55,005)

13.1 Inter-segment sales and purchases

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

14. SEGMENT ASSETS AND LIABILITIES

	As at December 31, 2016			As at September 30, 2016		
	Sugar	Ethanol	Total	Sugar	Ethanol	Total
	(Rupees in thousand)			(Rupees in thousand)		
Segment assets	**11,203,001**	**4,801,286**	**16,004,287**	11,318,231	4,850,670	16,168,901
Segment liabilities	**10,386,443**	**4,451,333**	**14,837,776**	10,380,267	4,448,686	14,828,953
Depreciation on property, plant and equipment	**117,720**	**41,879**	**159,599**	88,181	38,542	126,723

15 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on January 31, 2017 by the Board of Directors of the Company.

16. GENERAL

16.1 Corresponding figures in the balance sheet comprise of balances as per the annual audited financial statements for the year ended September 30,2016, 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 immediatly preceding financial year.

16.2 Corresponding figures have been rearranged wherever necessary to facilitate comparison. However, no material re-arrangement has been made in these condensed interim financial statements.

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

Chief Executive Officer **Director**

ڈائریکٹرز رپورٹ

کمپنیز آرڈیننس 1984 اور دیگر متعلقہ قوانین کے تحت، غیر تنقیح شدہ مالی حسابات برائے پہلی سہ ماہی مختتمہ 31 دسمبر 2016 پیش خدمت ہیں۔

اس زیرِ جائزہ مدت کے دوران کمپنی کی پیداواری سرگرمیاں بند رہیں اور کسی قسم کی کوئی فروخت نہیں ہوئی۔ جبکہ پچھلے سال تقابلی عرصے میں کمپنی کی طرف سے فروخت شدہ چینی کی مالیت 130 ملین روپے تھی۔ اس عرصہ میں کمپنی کو 193 ملین روپوں کے نقصان کا سامنا رہا جب کہ پچھلے سال اسی دورانیے میں یہ نقصان 76 ملین روپے تھا۔ اس سہ ماہی میں نقصان فی حصہ 1.95 روپے ہے۔ جو کہ تقابلی عرصہ میں پچھلے سال 2015 میں 0.77 روپے فی حصہ نقصان تھا۔

کمپنی انتظامیہ کی طرف سے حصص داران کے بہتر مفاد میں تمام تر کوششوں کے باوجود کاروبار کو چلانے کے لئے درکار سرمائے کا انتظام نہ ہوسکا اور پیداواری سرگرمیاں شروع نہ ہوسکیں اور کمپنی کی دونوں ملیں بند رہیں۔ اس صورتحال کو مدِ نظر رکھتے ہوئے کمپنی انتظامیہ نے فیصلہ کیا ہے کہ کمپنی کے بنیادی کاروبار سے ہٹ کر بجلی کی پیداوار کے کاروبار کا آغاز کیا جائے جو کہ اس وقت ایک منافع بخش کاروبار ہے۔

نئے کاروبار کے آغاز کے سلسلے میں کمپنی کے حصص داران نے آج صبح یعنی کہ 31 جنوری 2017 کو منعقدہ اجلاسِ عام میں مجوزہ منصوبہ کی منظوری دے دی ہے۔ اس منظوری کی بناء پر کمپنی کے اثاثہ جات کی فروخت کے سلسلے میں متوقع خریداران سے بنیادی اقدامات کے بارے جلد کاروائی شروع کر رہی ہے۔

بورڈ آف ڈائیریکٹرز کی جانب سے

وقار ابن ظہور بانڈے

ڈائریکٹر/ چیف ایگزیکٹو آفیسر

لاہور- 09 جنوری 2017

Imperial Sugar Limited

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