Condensed Interim Financial Information For the Nine Months Ended June 30, 2017 (Un-Audited)

Imperial Sugar Limited

Imperial Sugar Limited

بسم اللہ الرحمن الرحیم

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Imperial Sugar Limited

Corporate Information

Board of Directors	Mr. Naveed M. Sheikh	- Chairman
	Mr. Waqar Ibn Zahoor Bandey	- Director/CEO
	Mr. Muhammad Tariq	- Director
	Malik Sohail Ahmed	- Director
	Mr. Ahmed Haji Mussa	- Director
	Mr. Asad Ali	- Director
	Mr. Najam Faiz	- Director
Audit Committee	Mr. Najam Faiz	- Chairman
	Mr. Muhammad Tariq	- 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	
Auditors	Tariq Abdul Ghani Maqbool & Co. Chartered Accountants	
Legal Advisors	Ms. Aniqua Sheikh Advocate	
Registered Office	Ismail Aiwan-e-Science Building, Shahra-e-Jalal-ud-Din Roomi Lahore-54600 Ph # + 92 (042) 3575-8970 + 92 (042) 3575-1308 Fax # + 92 (042) 3576-3247	
Financial Institutions	Al Baraka Bank(Pakistan) Limited BankIslami Pakistan Limited The Bank of Punjab National Bank of Pakistan	
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

Imperial Sugar Limited

DIRECTORS' REVIEW

Dear Members

Interim condensed financial statements for the quarter ended June 30, 2017 are being presented to the shareholders in accordance with the period requirements of International Accounting Standards, Companies Act, 2017 and Rule Book of Pakistan Stock Exchange Limited.

Operational activities at both units of the Company remained closed and no sales were made during the period under review. Whereas, the turnover of the corresponding period in the last year was Rupees 220 Million. Your company suffered net loss of Rupees 554 Million as compared to the loss of Rupees 221 Million for the same period last year. Loss per share for the period under review is Rupees 5.60 per share (2016: loss per share Rupees 2.23).

The production activities at Mills were remained closed for the purpose of sale of assets for which shareholders of the company had approved the asset sale / business plan. Arrangements are underway to execute the business plan as approved in the Annual General Meeting. It is envisaged that the plan will be successfully materialized in near future.

For and on behalf of the Board

Waqar Ibn Zahoor Bandey
Chief Executive

Lahore
July 31, 2017

Imperial Sugar Limited

CONDENSED INTERIM BALANCE SHEET

AS AT JUNE 30, 2017

	Note	Un-Audited June 30, 2017 Estimated realizable value	Un-Audited June 30, 2017 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	8	**990,200**	**990,200**	990,200	990,200
Sponsors' loan	9	**374,149**	**374,149**	332,330	332,330
Unappropriated (loss) / profit		**(536,856)**	**(536,856)**	17,418	17,418
		827,493	**827,493**	1,339,948	1,339,948
Net surplus on estimated realizable settlement values		**8,962,968**	**8,962,968**	8,962,968	8,962,968
LIABILITIES					
Finances	10	**1,421,681**	**1,421,681**	1,421,681	1,421,681
Liabilities against assets subject to diminishing musharaka finance	11	**1,081**	**1,081**	1,413	1,413
Accrued finance cost		**220,724**	**220,724**	183,627	183,627
Trade and other payable		**4,202,224**	**4,202,224**	4,259,264	4,259,264
Contingencies and commitments	12	**-**	**-**	-	-
		14,808,678	**14,808,678**	14,828,953	14,828,953
		15,636,171	**15,636,171**	16,168,901	16,168,901
PROPERTY AND ASSETS					
ASSETS					
Cash and bank balances		**4,057**	**4,057**	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	13	**583,409**	**583,409**	638,123	638,123
Property, plant and equipment	14	**14,770,291**	**14,770,291**	15,249,900	15,249,900
		15,636,171	**15,636,171**	16,168,901	16,168,901

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

Chief Executive Officer | **Director** | **Chief Financial Officer**

Imperial Sugar Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-Audited)

FOR THE NINE MONTHS ENDED JUNE 30, 2017

	Note	Nine Months Ended June 30, 2017	Nine Months Ended June 30, 2016	Third Quarter Ended June 30, 2017	Third Quarter Ended June 30, 2016
		(Rupees in thousand)			
Sales - net		-	220,316	-	45,606
Cost of sales		-	220,917	-	41,684
Gross (Loss)/ Profit		-	(601)	-	3,922
Administrative expenses		**28,959**	44,722	**6,066**	4,706
Inoperative project expenses	15	**479,176**	100,784	**159,333**	31,988
Distribution and marketing expenses		**729**	2,844	-	486
		508,864	148,350	**165,399**	37,180
Operating (loss)		**(508,864)**	(148,951)	**(165,399)**	(33,258)
Other operating Income / (loss)		**6,752**	(15,418)	**82**	97
		(502,112)	(164,369)	**(165,317)**	(33,161)
Finance Cost		**52,162**	56,400	**13,404**	17,864
Loss before taxation		**(554,274)**	(220,769)	**(178,721)**	(51,025)
Provision for taxation		-	-	-	-
Loss for the period		**(554,274)**	(220,769)	**(178,721)**	(51,025)
Other comprehensive income/loss		-	-	-	-
Total comprehensive loss		**(554,274)**	(220,769)	**(178,721)**	(51,025)
Loss per share - basic Rupees		**(5.60)**	(2.23)	**(2.03)**	(0.52)

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

Chief Executive Officer **Director** **Chief Financial Officer**

Imperial Sugar Limited

CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited)

FOR THE NINE MONTHS ENDED JUNE 30, 2017

	Nine Months Ended June 30, 2017	2016
	Rupees in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(554,274)**	(220,769)
Adjustments for non-cash and other items:		
Finance cost	**52,162**	56,400
Depreciation of property, plant and equipment	**478,779**	94,175
Provision for staff retirement benefits - gratuity	**256**	256
	531,197	150,831
Cash (used in) operating activities before working capital changes	**(23,077)**	(69,938)
Adjustments for Working Capital Changes		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	**-**	250
Stocks-in-trade	**-**	220,426
Trade debts	**(494)**	(3,872)
Advances, deposits, prepayments and other receivables	**39,518**	(185,609)
(Decresae)/Increase in current liabilities;		
Trade and other payables	**(57,040)**	(15,936)
Net working capital changes	**(18,016)**	15,259
Finance cost paid	**(15,065)**	(13,565)
Employees'retirement benefits - gratuity paid	**(256)**	(9,654)
Income tax (paid)/received	**15,196**	(1,039)
	(125)	(24,258)
Net cash (used in) operating activities	**(41,219)**	(78,937)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash proceeds from disposal of fixed assets	**830**	87,037
Net cash generated from investing activities	**830**	87,037
CASH FLOWS FROM FINANCING ACTIVITIES		
Finances	**-**	(7,841)
Sponsors' loans	**41,819**	-
Liabilities against assets subject to diminishing musharaka finance	**(332)**	(332)
Short term borrowings	**-**	(4,000)
Net cash generated from/(used in) financing activities	**41,487**	(12,173)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,098**	(4,073)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**2,959**	7,919
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4,057**	3,846

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

Chief Executive Officer **Director** **Chief Financial Officer**

Imperial Sugar Limited

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

FOR THE NINE MONTHS ENDED JUNE 30, 2017

Particulars	Share capital	Sponsors' loan	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 period	**-**	**-**	**(220,769)**	**(220,769)**
Balance as at June 30, 2016 (un-audited)	**990,200**	**-**	**98,918**	**1,089,118**
Sponsors' loan	-	332,330	-	332,330
Total comprehensive loss for the period	-	-	(81,500)	(81,500)
Balance as on September 30, 2016 (audited)	**990,200**	**332,330**	**17,418**	**1,339,948**
Sponsors' loan	-	41,819	-	41,819
Total comprehensive loss for the period	-	-	(554,274)	(554,274)
Balance as at June 30, 2017 (un-audited)	**990,200**	**374,149**	**(536,856)**	**827,493**

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

Chief Executive Officer **Director** **Chief Financial Officer**

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

FOR THE NINE MONTHS ENDED JUNE 30, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

Imperial Sugar Limited ("the Company") was incorporated in Pakistan on May 09, 2007 under the Companies Ordinance, 1984 (repealed). 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 principal activity of the Company is manufacturing and sale of white refined sugar, ethanol and by products. During the period, the Company did not operate its both production facilities located at Tehsil Phalia, District Mandi Bahauddin and Tehsil Mian Channu, District Khanewal. These facilities comprise of sugar manufacturing plants and ethanol plant in Phalia.

2 GOING CONCERN ASSUMPTION

The production activities at Mills were remained closed for the purpose of sale of assets for which the shareholders of the Company had approved the assets sale/business plan. In view of continuous losses and working capital shortage, the Company has obtained approval of shareholders in the Annual General Meeting, held on 31 January 2017, to dispose off the property plant and equipment of the Company. However, there are charges on the fixed assets of the Company for an amount of Rupees 5,923 million with the banks against various financing facilities. The company intents to obtain NOC (for the sale of assets) from banks after making complete payments against outstanding financing facilities. Hence, the Company is not considered a going concern.

Keeping in view the above factors the management of the Company has prepared this 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 this condensed interim financial information have been presented in order of liquidity.

3 BASIS OF PREPARATION

3.01 This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of International Accounting Standard IAS 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (repealed). In case, where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 (repealed) have been followed. This condensed interim financial information does not include all of the information and disclosures required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 30 September 2016.

Comparative condensed interim balance sheet is extracted from annual audited financial statements for the year ended 30 September 2016 and comparative condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement are stated from un-audited condensed interim financial information for the nine months ended 30 June 2016.

3.02 This condensed interim financial information is being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and section 245 of the Companies Ordinance, 1984 (repealed).

4 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 the expenses are incurred and production activities are undertaken in first half of the Company's financial year.

4.01 The Company has incurred net loss for the period amounting to Rs. 554.274 million (30 June 2016: Rs. 220.769 million), repayments of long term finances and payment of mark up are over due by Rs. 366.873 million (30 September 2016: 366.873 million) and Rs. 220.724 million (30 September 2016: Rs. 183.627 million) respectively. The major factor contributing to gross loss and net loss are the discontinuity of operations of the Company.

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method / basis of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the preceding year ended 30 September 2016.

5.01 Changes in accounting standards and interpretations

There is no significant impact of new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 01 July 2016, as mentioned in the financial statements for the year ended 30 September 2016.

6 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended 30 September 2016.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 September 2016.

7 PRESENTATION AND FUNCTIONAL CURRENCY

The condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

	Un-Audited June 30, 2017	Audited September 30, 2016
	(Rupees in thousand)	
8 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**

		Un-Audited June 30, 2017	Audited September 30, 2016
		(Rupees in thousand)	
9	**SPONSORS'S LOAN**	**374,149**	332,330

9.01 This loan is interest free and payable at the discretion of the entity.

10 Finances

From Banking Companies-Secured	**1,421,681**	1,421,681
	1,421,681	1,421,681

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 8.11% 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.

11 LIABILITIES AGAINST ASSETS SUBJECT TO DIMINISHING MUSHARAKA FINANCE

Opening Balance		**1,413**	1,870
Obtained during the year		**-**	-
Repayment during the year		**(332)**	(457)
	11.01	**1,081**	1,413

11.01 This represents diminishing musharaka finance agreement with First Habib Modaraba for a term of three years. The mark up is charged at 6 months Kibor plus 3.5% per annum with 12% floor and 22% ceiling. This is secured against diminishing musharaka asset and personal guarantee of the director. The Company has an option to purchase the asset at the expiry of the term.

12 CONTINGENCIES AND COMMITMENTS

Contingencies

There are no material change in status of contingencies as disclosed in note no. 10.01 the financial statements for the year ended 30 September, 2016.

13 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances, deposits, prepayments and other receivables.	583,409	638,123

14 PROPERTY, PLANT AND EQUIPMENT

Opening book value	**15,249,900**	2,816,544
Additions / (adjustment) during the period	**(830)**	470,246
Transferred from non-current asset held for sale	**-**	64,905
Surplus on revaluation incorporated during the year	**-**	12,024,929
	15,249,069	15,376,623
Less:Depreciation charged during the period	**(478,779)**	(126,723)
	14,770,291	15,249,900

15 INOPERATIVE PROJECT EXPENSE

These represent the expense including depreciation of Rs.475.966 Million related to both projects of the company which remained inoperative during reporting period.

16 BUSINESS SEGMENTS INFORMATION

	For the Nine Months Ended June 30, 2017			For the Nine Months Ended June 30, 2016		
	Sugar	Ethanol	Total	Sugar	Ethanol	Total
	(Rupees in thousand)			(Rupees in thousand)		
Gross Revenue - Local	-	-	-	234,504	3,716	238,220
	-	-	-	234,504	3,716	238,220
Less: Sales tax, excise duty and commission	-	-	-	17,370	534	17,904
Net revenue - local	-	-	-	217,134	3,182	220,316
Cost of sales	-	-	-	218,088	2,829	220,917
Gross (loss) / profit	-	-	-	(954)	353	(601)
Administrative expenses	**28,959**	-	**28,959**	41,829	2,893	44,722
Inoperative project expenses	**290,524**	**188,651**	**479,175**	72,441	28,343	100,784
Distribution and marketing expenses	**129**	**600**	**729**	1,944	900	2,844
	319,613	**189,251**	**508,864**	116,214	32,136	148,350
Operating (loss)	**(319,613)**	**(189,251)**	**(508,864)**	(117,168)	(31,783)	(148,951)

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

16.2 All inter-segment transfers are made at cost.

17 Segment assets and liabilities

	As at June 30, 2017			As at September 30, 2016		
	Sugar	**Ethanol**	**Total**	Sugar	Ethanol	Total
	(Rupees in thousand)			(Rupees in thousand)		
Segment assets	**10,945,318**	**4,690,851**	**15,636,171**	11,318,231	4,850,670	16,168,901
Segment liabilities	**10,366,075**	**4,442,604**	**14,808,678**	10,380,267	4,448,686	14,828,953
Depreciation on property, plant and equipment	**478,072**	**707**	**478,779**	88,181	38,542	126,723

18 DATE OF AUTHORIZATION FOR ISSUE

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

19 GENERAL

19.1 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 immediately preceding financial year.

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

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

Chief Executive Officer	Director	Chief Financial Officer

Imperial Sugar Limited

ڈائریکٹرز رپورٹ

کمپنیز ایکٹ 2017 اور دیگر متعلقہ قوانین کے تحت نو ماہی مالی حسابات برائے مدت مختتمہ 30 جون 2017 پیش خدمت ہیں۔

اس زیرِ جائزہ مدت کے دوران کمپنی کی پیداواری سرگرمیاں بندر ہیں اور کسی قسم کی کوئی فروخت نہیں ہوئی۔ جبکہ پچھلے سال تقابلی عرصے میں کمپنی کی طرف سے فروخت شدہ چینی کی مالیت 220 ملین روپے تھی۔ اس عرصہ میں کمپنی کو 554 ملین روپوں کے نقصان کا سامنا رہا جب کہ پچھلے سال اسی دورانیے میں یہ نقصان 221 ملین روپے تھا۔ اس سہ ماہی میں نقصان فی حصہ 5.60 روپے ہے۔ جو کہ تقابلی عرصہ میں پچھلے سال 2016 میں 2.23 روپے فی حصہ نقصان تھا۔

کمپنی کی پیداواری سرگرمیاں، اثاثہ جات کی فروخت کے سلسلے میں حصص داران سے منظور شدہ کاروباری مقاصد کے لیئے بند رہیں۔ کمپنی کے سالانہ اجلاسِ عام میں منظور شدہ کاروباری مقاصد کی تکمیل کے لئے انتظامات کئے جا رہے ہیں۔ جن کی مستقبل قریب میں تکمیل متوقع ہے۔

بورڈ آف ڈائیریکٹرز کی جانب سے

وقار ابن ظہور بانڈے

چیف ایگزیکٹو

لاہور- 31 جولائی 2017

Imperial Sugar Limited

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