Imperial Sugar Limited

Condensed Interim Financial Information For the First Quarter Ended December 31, 2017 (Un-Audited)

Imperial Sugar Limited

بسم الله الرحمن الرحيم

CONTENTS

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. Asad Ali	- Member
	Malik Sohail Ahmed	- Member
HR & Remuneration Committee	Mr. Najam Faiz	- Chairman
	Mr. Waqar Ibn Zahoor Bandey	- Member
	Malik Sohail Ahmed	- Member
Chief Financial Officer	Mr. Muhammad Tayyab	
Head of Internal Audit	Ms. Eraj Batool	
Company Secretary	Mr. Mubashar Asif	
Financial Institutions	BankIslami Pakistan Limited Al Baraka Bank (Pakistan) Limited	
Auditors	Tariq Abdul Ghani Maqbool & Co. Chartered Accountants	
Legal Advisors	Ms. Aniqua Sheikh Advocate	
Registered Office	M. 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	Karmanwala, Tehsil Phalia Distt. Mandi Bahauddin Ph # + 92 (546) 541-151/54 Fax # + 92 (546) 541-162	

Imperial Sugar Limited

DIRECTORS' REVIEW

Dear Members

Interim un-audited financial statements for the period ended December 31, 2017 are being presented to the shareholders in accordance with the requirements of International Accounting Standards, Companies Act, 2017 and Rule Book of Pakistan Stock Exchange Limited.

Due to disposal process of assets, no operational activities were carried out during the period under review and also in the corresponding period last year. The Company earned substantial revenue of Rupees 47 Million during the period on account of mark up which caused in reduction of net loss. Your company suffered net loss of Rupees 26 Million as compared to the loss of Rupees 193 Million for the same period in last year. Loss for the quarter under review is Rupees 0.27 per share (2016: loss per share Rupees. 1.95).

Operational activities were remain suspended during the period for asset sale purpose. Shareholders have approved the resolutions in the Annual General Meeting held on January 27, 2018, as proposed by the directors, for sale of assets as the earlier approval in same matter was not timely materialized in full. The management had proposed to shift the Registered Office of the Company to Islamabad Capital Territory in order to efficiently co-ordinate with the Regulatory Authorities to speed up the Power Project approval process, but the majority shareholders present at meeting have not approve this resolution and suggested to reconsider the same with different aspects. The management is vigorously pursuing the potential buyers for the sale of the remaining assets located at Phalia so that the new project could be started without any delay.

For and on behalf of the Board

Waqar Ibn Zahoor Bandey
Director/CEO

Muhammad Tariq
Director

Lahore
January 29, 2018

Imperial Sugar Limited

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2017

	Note	Un-Audited 31-Dec-17 (Rupees in '000')	Audited 30-Sep-17 (Rupees in '000')
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorized share capital			
100,000,000 (2017: 100,000,000)			
ordinary shares of Rupees 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up share capital	8	990,200	990,200
Sponsors' loan	9	136,000	566,732
Unappropriated profit		3,801,835	3,828,249
		4,928,035	5,385,181
Surplus on revaluation of property, plant and equipment - net of deferred tax	10	5,466,889	5,466,889
LIABILITIES			
Non-Current Liabilities			
Deferred liabilities	11	1,898,865	1,907,013
Current Liabilities			
Trade and other payables		884,524	972,668
Short term borrowings	12	278,496	278,496
Current maturity of long term loans	13	202,881	412,881
Accrued finance cost		59,557	63,864
Provision for taxation		49,727	49,726
		1,475,185	1,777,635
Contingencies and commitments	14	-	-
		13,768,974	**14,536,718**
ASSETS			
Non-Current Assets			
Property, plant and equipment	15	5,874	6,183
Current Assets			
Stores, spares and loose tools		262,106	262,106
Trade debts		8,802	9,111
Loan and advances		184,607	155,317
Trade deposits and other receivables		383,557	384,451
Tax refunds due from government		152,331	147,363
Cash and bank balances		3,261,482	4,061,972
		4,252,885	5,020,320
Non current assets held for sale	16	9,510,215	9,510,215
		13,768,974	**14,536,718**

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 FIRST QUARTER ENDED DECEMBER 31, 2017

	Note	DECEMBER 31, 2017	DECEMBER 31, 2016
		Rupees in thousands	
Profit and loss - continuing operations :			
Sales - net		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		-	-
Inoperative plant expenses		-	-
Distribution and marketing expenses		-	-
		-	-
Other operating expenses		-	-
Other operating income		-	-
Profit / (loss) from operations		-	-
Finance cost		-	-
Profit / (loss) before taxation		-	-
Taxation		-	-
Profit / (loss) after taxation- continuing operations		**-**	**-**
Loss after taxation- discontinued operations	17	**(26,414)**	**(192,925)**
Loss after taxation		**(26,414)**	**(192,925)**
Loss per share - basic and diluted		(0.27)	(1.95)

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

Chief Executive Officer	Director	Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)

FOR THE FIRST QUARTER ENDED DECEMBER 31, 2017

	DECEMBER 31, 2017	DECEMBER 31, 2016
	Rupees in thousands	
Loss for the year - continuing operations	-	-
Loss for the year - discontinued operations	(26,414)	(192,925)
Other comprehensive loss:	-	-
Total comprehensive loss for the year	**(26,414)**	**(192,925)**

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 FIRST QUARTER ENDED DECEMBER 31, 2017

	Note	DECEMBER 31, 2017	DECEMBER 31, 2016
		Rupees in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES		-	-
Loss before taxation		-	-
Adjustments for:			
Finance cost		-	-
Depreciation of property, plant and equipment		-	-
		-	-
Operating profit / (loss) before working capital changes		-	-
Changes in working capital:			
(Increase) /decrease in current assets:			
Stores, spares and loose tools		-	-
Trade debts		-	-
Loan and advances		-	-
Trade deposits and other receivables		-	-
Increase / (decrease) in current liabilities:		-	-
Trade and other payables		-	-
Net working capital changes		-	-
Finance cost paid		-	-
Staff retirement benefits - gratuity paid		-	-
Income tax paid		-	-
		-	-
Net cash used in operating activities-continuing operations		-	-
Net cash used in operating activities-discontinued operations	18	(207,192)	(18,718)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		-	-
Sale proceeds from sale of property, plant and equipment		-	-
Net cash generated from investing activities-continuing operations		-	-
Net cash generated from investing activities-discontinued operations	18	47,434	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances		-	-
Sponsors' loans paid		-	-
Net cash (used in) / generated from financing activities-continuing operations		-	-
Net cash (used in) / generated from financing activities-discontinued operations	18	(640,732)	19,364
Net increase / (decrease) in cash and cash equivalents		(800,490)	646
Cash and cash equivalents at the beginning of the period		4,061,972	2,959
Cash and cash equivalents at the end of the period		**3,261,482**	**3,605**

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

FOR THE FIRST QUARTER ENDED DECEMBER 31, 2017

(Rupees in '000')

	Ordinary Share Capital	Sponsors' loan	Unappropriated profit / (loss)	Total
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	351,818	(175,507)	1,166,511
Sponsors' loan	-	214,914	-	214,914
Total comprehensive loss for the period	-	-	(641,892)	(641,892)
Transfer from surplus on revaluation of property, plant and equipment on account of				
- Incremental depreciation - net of deferred tax	-	-	114,716	114,716
- Revaluation surplus on disposal of assets	-	-	4,530,932	4,530,932
	-	-	4,645,648	4,645,648
Balance as on September 30, 2017 (audited)	990,200	566,732	3,828,249	5,385,181
Sponsors' loan	-	(430,732)	-	(430,732)
Total comprehensive loss for the quarter	-	-	(26,414)	(26,414)
Balance as at December 31, 2017 (Un-audited)	**990,200**	**136,000**	**3,801,835**	**4,928,035**

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 FIRST QUARTER ENDED DECEMBER 31, 2017

1 THE COMPANY AND ITS OPERATIONS

Imperial Sugar Limited ("the Company") was incorporated in Pakistan on May 09, 2007 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company's registered office is situated at Ismail Aiwan-e-Science building, 205 Ferozepur road, Lahore and its manufacturing facility is located at tehsil Phalia, district Mandi Bahauddin. The Company is engaged in manufacturing and sale of white refined sugar, ethanol and by products. During the year, the Company did not operate its production facility which comprises of sugar manufacturing plants and ethanol plant at Phalia, district Mandi Bahauddin.

2 GOING CONCERN ASSUMPTION

Shortage of working capital resulted in the closure of Company's operations since last year. The Company in its Annual General Meeting on January 31, 2017 decided to dispose off its land, building and plant and machinery. Whole of the land, building and plant and machinery located at Mian Channu was disposed off on August 21, 2017.

In view of the aforesaid reasons, the Company is not considered a going concern. These condensed interim financial information have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively.

3 STATEMENT OF COMPLIANCE

This condensed interim financial information is un-audited and is being submitted to the members as required by the Companies Act, 2017. This condensed interim financial information of the company for the quarter ended 31 December 2017 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 and provisions of and directives issued under the repealed Companies Ordinance, 1984 and Circular No. 17/2017 issued by The Institute of Chartered Accountants of Pakistan. This condensed interim financial information should be read in conjunction with the audited annual published financial statements for the year ended September 30, 2017.

4 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, 2017.

5 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, 2017.

6 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.

7 PROVISIONS

The provision in respect of staff retirement benefits and taxation are estimated and these are subject to final adjustments in the annual audited financial statements.

		Un-Audited December 31, 2017 (Rupees in '000')	Audited September 30, 2017 (Rupees in '000')
8	**ISSUED, SUBSCRIBED AND PAID UP CAPITAL**		
	64,020,000 (2017: 64,020,000) ordinary shares of Rupees 10/- each fully paid in cash	640,200	640,200
	35,000,000 (2017: 35,000,000) ordinary shares of Rupees 10/- each fully paid for consideration other than cash	350,000	350,000
		990,200	**990,200**
9	**SPONSORS' LOAN**		
	Loan from sponsors'	**136,000**	**566,732**

9.01 These are interest free loans from sponsors of the company payable at the discretion of the Company.

10	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT- NET OF TAX**		
	Opening balance	7,330,115	12,024,929
	Add: Surplus incorporated during the year	-	-
	Less: Incremental depreciation transferred to statement of changes in equity	-	(163,882)
	Less: Surplus transferred to statement of changes in equity on disposal of assets	-	(4,530,932)
		7,330,115	7,330,115
	Less: Related deferred tax liability	(1,863,226)	(1,863,226)
	Closing balance	**5,466,889**	**5,466,889**
11	**DEFERRED LIABILITIES**		
	Deferred taxation	1,863,226	1,863,226
	Staff retirement benefits	35,639	43,787
		1,898,865	**1,907,013**
12	**SHORT TERM BORROWINGS**		
	Al-Baraka Bank (Pakistan) Limited	278,496	278,496

12.01 This represents the bai-salam facility and is subject to mark up of matching tenure at the rate of KIBOR + 375 bps. It is secured against pledge of stock-in-trade with 25 % security margin, charge on current assets and personal guarantee of a director.

13	**CURRENT MATURITY OF LONG TERM LOANS**		
	BankIslami Pakistan Limited	202,881	202,881
	Habib Metropolitan Bank Limited	-	210,000
		202,881	**412,881**

13.01 This represents Qardh facility of Rs 202.881 million obtained from BankIslami (Pakistan) Limited which will be repayable on 30 September 2019. It carries zero percent mark up rate. It is secured by way of first charge over fixed assets of the Company and personal guarantees of a sponsor director. The Company has classified fixed assets as held for sale consequently, this loan has been classified in current maturity under current liabilities.

14 CONTINGENCIES AND COMMITMENTS

Contingencies

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

Commitments

		Nil	Nil

	Un-Audited December 31, 2017 (Rupees in '000')	Audited September 30, 2017 (Rupees in '000')
15 PROPERTY, PLANT AND EQUIPMENT		
Opening book value	6,183	15,249,900
Additions / (adjustment) during the period	-	108,434
Transferred to non-current assets held for sale	-	(15,136,467)
Less: Depreciation charged during the period	(309)	(215,684)
Closing book value	**5,874**	**6,183**
16 NON-CURRENT ASSETS HELD FOR SALE		
Opening balance	9,510,215	-
Transferred from operating fixed assets	-	15,136,467
Assets disposed off during the period	-	(5,626,252)
Closing balance	**9,510,215**	**9,510,215**
Freehold land	1,292,937	1,292,937
Building on freehold land	2,985,187	2,985,187
Plant and machinery	5,214,800	5,214,800
Furniture, fixture and equipment	17,291	17,291
	9,510,215	**9,510,215**

17 PROFIT AND LOSS - DISCONTINUED OPERATIONS

	DECEMBER 31, 2017	DECEMBER 31, 2016
	Rupees in thousand	
Sales - net	-	-
Cost of sales	-	-
Gross profit	-	-
Administrative expenses	(10,288)	(12,856)
Inoperative plant expenses	(62,283)	(159,951)
Distribution and marketing expenses	-	(697)
	(72,571)	(173,504)
Other operating expenses	-	-
Other operating income	47,566	120
Loss from operations	(25,005)	(173,384)
Finance cost	(1,409)	(19,541)
Loss before taxation	(26,414)	(192,925)
Taxation	-	-
Loss after taxation - discontinued operations	**(26,414)**	**(192,925)**

	DECEMBER 31, 2017	DECEMBER 31, 2016
18 CASH FLOWS FROM OPERATING ACTIVITIES - DISCONTINUED OPERATIONS	Rupees in thousand	
Loss before taxation	(26,414)	(192,925)
Adjustments for:		
Finance cost	1,277	19,541
Profit on saving accounts	(47,434)	-
Depreciation of property, plant and equipment	309	159,599
	(45,848)	179,140
Operating loss before working capital changes	(72,262)	(13,785)
Changes in working capital:		
(Increase) /decrease in current assets:		
Trade debts	309	(494)
Loan and advances	(29,290)	6,155
Trade deposits and other receivables	894	-
	(28,087)	5,661
Increase / (decrease) in current liabilities:		
Trade and other payables	(88,144)	(3,524)
Net working capital changes	(116,231)	2,137
Finance cost paid	(5,583)	(7,070)
Staff retirement benefits - gratuity paid	(8,148)	-
Income tax paid	(4,968)	-
	(18,699)	(7,070)
Net cash used in operating activities	**(207,192)**	**(18,718)**
CASH FLOWS FROM INVESTING ACTIVITIES - DISCONTINUED OPERATIONS		
Fixed capital expenditure	-	-
Profit on saving accounts	47,434	-
Net cash generated from investing activities	**47,434**	-
CASH FLOWS FROM FINANCING ACTIVITIES - DISCONTINUED OPERATIONS		
Finances paid	(210,000)	-
Sponsors' loans received / (paid)	(430,732)	19,488
Liabilities against assets subject to Diminishing Musharaka finance	-	(124)
Net cash (used in) / generated from financing activities	**(640,732)**	**19,364**

19 BUSINESS SEGMENT INFORMATION

	For the first quarter ended December 31, 2017			For the first quarter ended December 31, 2016		
	Sugar	Ethanol	Total	Sugar	Ethanol	Total
	(Rupees in thousand)			(Rupees in thousand)		
Revenue						
Local and export	-	-	-	-	-	-
Inter-segment	-	-	-	-	-	-
	-	-	-	-	-	-
Segment expenses						
Cost of sales - Intersegment	-	-	-	-	-	-
- External	-	-	-	-	-	-
	-	-	-	-	-	-
Gross (loss)/profit	-	-	-	-	-	-
Administrative expenses	(9,259)	(1,029)	(10,288)	(12,856)	-	(12,856)
Inoperative plant expenses	(56,055)	(6,228)	(62,283)	(96,979)	(62,972)	(159,951)
Distribution and marketing expenses	-	-	-	(97)	(600)	(697)
Other operating income/(expense)	42,809	4,757	47,566	108	12	120
	(22,505)	(2,501)	(25,005)	(109,824)	(63,560)	(173,384)
Operating loss	**(22,505)**	**(2,501)**	**(25,005)**	**(109,824)**	**(63,560)**	**(173,384)**

Imperial Sugar Limited

20 SEGMENT ASSETS AND LIABILITIES

	As at December 31, 2017			As at September 30, 2017		
	Sugar	Ethanol	Total	Sugar	Ethanol	Total
	(Rupees in thousand)			(Rupees in thousand)		
Segment assets	9,638,282	4,130,692	13,768,974	10,175,703	4,361,015	14,536,718
Segment Liabilities	2,361,835	1,012,215	3,374,050	2,579,254	1,105,394	3,684,648
Depreciation of property, plant and equipment	216	93	309	150,979	64,705	215,684

21 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on January 29, 2018 by the Board of Directors of the Company.

22 GENERAL

Corresponding figures in the balance sheet comprise of balances as per the annual audited financial statements for the year ended September 30, 2017, 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.

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

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

کمپنیزا یکٹ2017اور دیگر متعلقہ قوانین کے تحت، غیر تنقیح شدہ مالی حسابات برائے پہلی سہ ماہی مختتمہ 31 دسمبر2017پیش خدمت ہیں۔

اس زیرِ جائزہ مدت اور پچھلے سال کے تقابلی عرصہ میں کمپنی کی پیداواری سرگرمیاں بند رہیں کمپنی نے اس سہ ماہی میں مبلغ 47 ملین روپے مارک اپ کی مد میں کمائے ہیں جسکی وجہ سے کمپنی کے نقصان کو کم کرنے میں مدد ملی ہے۔اس عرصہ میں کمپنی کو26 ملین روپوں کے نقصان کا سامنا رہا جب کہ پچھلے سال اسی دورانیے میں یہ نقصان193 ملین روپے تھا۔اس سہ ماہی میں نقصان فی حصہ 0.27روپے ہے۔ جو کہ تقابلی عرصہ میں پچھلے سال2016 میں 1.95 روپے فی حصہ نقصان تھا۔

کمپنی کی پیداواری سرگرمیاں اثاثہ جات کی فروخت کے سلسلہ میں بند رہیں۔ حصص داران نے سالانہ اجلاس عام میں ڈائریکٹران کی طرف سے اثاثہ جات کی فروخت کے سلسلہ میں تجویز کردہ قرادادکو پچھلے سال کی منظور کردہ قرارداد کے تسلسل میں منظور کرلیا ہے۔جبکہ کمپنی انتظامیہ کی طرف سے کمپنی کے رجسٹرڈ دفتر کو اسلام آباد منتقل کرنے کی تجویز کو منظور نہیں کیا۔کمپنی انتظامیہ پھالیہ میں موجود مل (اثاثہ جات) کی جلد فروخت کے لئے بہتر خریدار کی تلاش کے لئے بھرپور کوششیں کررہی ہے تا کہ نئے کاروبار کا بلاتاخیر آغاز کیا جاسکے۔

بورڈ آف ڈائیریکٹرز کی جانب سے

وقار ابن ظہور بانڈے
ڈائریکٹر/چیف ایگزیکٹو آفیسر

محمد طارق
ڈائریکٹر

لاہور-29 جنوری 2018

Imperial Sugar Limited

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