

**Condensed Interim  
Financial Information  
For the Nine Months Ended  
June 30, 2016  
(Un-Audited)**



*Imperial Sugar Limited*



*Imperial Sugar Limited*



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*Imperial Sugar Limited*

## Corporate Information

<b>Board of Directors</b>	Mr. Naveed M. Sheikh Mr. Waqar Ibn Zahoor Bandey Mian Muhammad Ali Mr. Muhammad Asghar Mr. Ahmed Haji Mussa Mr. Asad Ali Mr. Abdul Sammee	- Chairman - Director/CEO - Director - Director - Director - Director - Director
<b>Audit Committee</b>	Mr. Muhammad Asghar Mian Muhammad Ali Mr. Asad Ali	- Chairman - Member - Member
<b>HR &amp; Remuneration Committee</b>	Mr. Muhammad Asghar Mr. Asad Ali Mr. Abdul Sammee	- Chairman - Member - Member
<b>Company Secretary</b>	Mr. Mubashar Asif	
<b>Auditors</b>	Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants	
<b>Legal Advisor</b>	Ms. Aniqua Sheikh Advocate	
<b>Shares Registrar</b>	<b>Hameed Majeed Associates (Pvt) Limited</b> H.M. House, 7-Bank Square, Lahore. Ph # + 92 (042) 3723-5081-2 Fax # + 92 (042) 3735-8817	
<b>Financial Institutions</b>	National Bank of Pakistan Habib Metropolitan Bank Limited BankIslami Pakistan Limited (Formerly KASB Bank Limited) The Bank of Punjab Al Baraka Bank(Pakistan) Limited	
<b>Registered Office</b>	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	
<b>Production Facilities</b>	<b>Phalia Project</b> Karmanwala, Tehsil Phalia Distt. Mandi Bahauddin Ph # + 92 (546) 541-151/54 Fax # + 92 (546) 541-162	<b>Mian Chanu Project</b> Chak # 84/15L, 15 KM 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 un-audited condensed financial statements are being presented for the period ended June 30, 2016.

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.

Sales volume during the period under review was recorded at Rupees 220.316 Million as compared to Rupees 1,002.0251 Million for the same period last year. The company suffered gross loss of Rupees 0.601 Million whilst the gross profit was Rupees 1.725 Million during the corresponding period in 2015. Net Loss comes at Rupees 220.769 Million which was Rupees 276.490 for the same period last year. Loss per share stood at Rupees 2.23 for the current period whilst was Rupees 2.79 during last year for the same corresponding period.

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 319 Million into the Company, as of June 30, 2016. The Company management is very much hopeful of positive outcome of efforts and therefore confident to continue the Company on going concern basis.

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 – July 29, 2016

**CONDENSED INTERIM BALANCE SHEET**

AS AT JUNE 30, 2016

	Note	Un-Audited June 30, 2016	Audited Sep. 30, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>(Rupees in thousand)</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital:			
100,000,000 (2015: 100,000,000) ordinary shares of Rupees 10/- each.			
		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid up capital	7	990,200	990,200
Unappropriated profit		<u>98,918</u>	<u>319,687</u>
		<u>1,089,118</u>	<u>1,309,887</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term finances	8	528,628	536,469
Long term deposits		80,000	80,000
Liabilities against assets subject to diminishing musharaka finance	9	998	1,371
Staff retirement benefits		<u>64,173</u>	<u>73,571</u>
		<u>673,799</u>	<u>691,411</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,105,016	1,120,952
Accrued finance cost	10	171,354	128,519
Short term borrowings-secured	11	1,054,808	1,058,808
Current portion of long term finances		156,875	156,875
Current portion of liabilities against asset subject to Diminishing Musharaka Finance		<u>540</u>	<u>499</u>
		<u>2,488,593</u>	<u>2,465,653</u>
		<u>4,251,510</u>	<u>4,466,951</u>
<b>PROPERTY AND ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	3,192,550	3,286,843
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		264,541	264,791
Stocks in trade		108,322	328,748
Trade debts		21,704	17,832
Advances, deposits, prepayments and other receivables	13	595,642	408,994
Cash and bank balances		<u>3,846</u>	<u>7,919</u>
		<u>994,055</u>	<u>1,028,284</u>
Non-current assets - held for sale	14	64,905	151,824
		<u>1,058,960</u>	<u>1,180,108</u>
<b>Contingencies and commitments</b>	15	-	-
		<u>4,251,510</u>	<u>4,466,951</u>

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 NINE MONTHS ENDED JUNE 30, 2016

	Nine Months Ended June 30,		Third Quarter Ended June 30,	
	2016	2015	2016	2015
	( Rupees in thousand )			
Sales - net	220,316	1,002,051	45,606	9,045
Cost of sales	220,917	1,000,326	41,684	12,536
<b>Gross (loss) / profit</b>	<b>(601)</b>	<b>1,725</b>	<b>3,922</b>	<b>(3,491)</b>
Administrative expenses	44,722	81,379	4,706	21,903
Inoperative projects expenses	100,784	112,014	31,988	26,008
Distribution and marketing expenses	2,844	5,963	486	630
	148,350	199,356	37,180	48,541
Operating (loss)	(148,951)	(197,631)	(33,258)	(52,032)
Other operating (loss) / income	(15,418)	10,562	97	1,872
	(164,369)	(187,069)	(33,161)	(50,160)
Finance Cost	56,400	89,421	17,864	30,149
<b>Loss before taxation</b>	<b>(220,769)</b>	<b>(276,490)</b>	<b>(51,025)</b>	<b>(80,309)</b>
Provision for taxation	-	-	-	-
<b>Loss for the period</b>	<b>(220,769)</b>	<b>(276,490)</b>	<b>(51,025)</b>	<b>(80,309)</b>
<b>Loss per share - basic Rupees</b>	<b>(2.23)</b>	<b>(2.79)</b>	<b>(0.52)</b>	<b>(0.81)</b>

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

\_\_\_\_\_  
Chief Executive Officer\_\_\_\_\_  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT**

FOR THE NINE MONTHS ENDED JUNE 30, 2016

	<u>Nine Months Ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
	Rupees in thousands	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(220,769)	(276,490)
Adjustments for non-cash and other items:		
Finance cost	56,400	89,421
Depreciation of property, plant and equipment	94,175	100,775
Provision for employees' retirement benefits - gratuity	256	(1,309)
	<u>150,831</u>	<u>188,887</u>
<b>Cash (used) in operating activities before working capital changes</b>	<b>(69,938)</b>	<b>(87,603)</b>
<b>Adjustments for Working Capital Changes</b>		
<b>(Increase)/decrease in current assets:</b>		
Stores, spares and loose tools	250	11,376
Stocks-in-trade	220,426	(310,987)
Trade debts	(3,872)	107,264
Advances, deposits, prepayments and other receivables	(185,609)	44,460
<b>Increase in current liabilities;</b>		
Trade and other payables	(15,936)	(125,337)
<b>Net working capital changes</b>	<b>15,259</b>	<b>(273,224)</b>
Finance cost paid	(13,565)	(38,101)
Employees' retirement benefits - gratuity paid	(9,654)	(6,450)
Income tax paid	(1,039)	(850)
	<u>(24,258)</u>	<u>(45,401)</u>
<b>Net cash (used) in operating activities</b>	<b>(78,937)</b>	<b>(406,228)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	87,037	(7,778)
<b>Net cash generated from (used) in investing activities</b>	<b>87,037</b>	<b>(7,778)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances	(7,841)	176,058
Liabilities against assets subject to diminishing musharaka finance	(332)	
Short term borrowings	(4,000)	193,029
<b>Net cash (used) in / generated from financing activities</b>	<b>(12,173)</b>	<b>369,087</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,073)</b>	<b>(44,929)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>7,919</b>	<b>54,702</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b><u>3,846</u></b>	<b><u>9,773</u></b>

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

\_\_\_\_\_  
Chief Executive Officer\_\_\_\_\_  
Director



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

FOR THE NINE MONTHS ENDED JUNE 30, 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	-	(279,490)	(279,490)
<b>Balance as at June 30, 2015 (un-audited)</b>	<u>990,200</u>	<u>542,896</u>	<u>1,533,096</u>
Balance as on September 30, 2015 (audited)	990,200	319,687	1,309,887
Total comprehensive loss for the period	-	(220,769)	(220,769)
<b>Balance as at June 30, 2016 (un-audited)</b>	<u>990,200</u>	<u>98,918</u>	<u>1,089,118</u>

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director





*Imperial Sugar Limited*

## **SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**

FOR THE NINE MONTHS ENDED JUNE 30, 2016

### **1. THE COMPANY AND ITS OPERATION**

Imperial Sugar Limited 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 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 issue to the Company on May 13, 2015.
- 1.2 The company has incurred net loss for the nine months ended amounting to Rs. 220.769 million (2015: for the nine months ended Rs.276.490 million). Current liabilities exceeded current assets for the nine month ended by Rs. 1,494.538 million ( September 2015: Rs. 1,285.545 million) and repayment of long term finances and payment of markup are overdue for the nine month ended by Rs. 156.875 million and Rs. 171.354 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 Mianchannu plants.

Sponsors are endeavoring to put the company back on track and exploring all avenues to arrange funds to operate the company at full scale in the coming season. Sponsors have already injected interest free loan of Rs.319 million into the company and are hopeful of positive outcome of their efforts to arrange necessary funds in this respect. Therefore sponsors / management of the company are confident to continue the company on going concern basis.

### **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 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 June 30, 2016 (Rupees in thousand)	Audited September 30, 2015
<b>7. ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
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
	<u>990,200</u>	<u>990,200</u>
<b>8. LONG TERM FINANCES</b>		
Outstanding Balance	685,503	693,344
Current portion shown under current liabilities - overdue	(156,875)	(156,875)
	<u>528,628</u>	<u>536,469</u>
<b>9. LIABILITIES AGAINST ASSETS SUBJECT TO DIMINISHING MUSHARAKA FINANCE</b>		
Future minimum diminishing musharaka finance payments	1,575	1,979
Less: Un-amortized diminishing musharaka finance charge	(37)	(109)
Present value of future minimum diminishing musharaka finance payments	1,538	1,870
Current portion shown under current liabilities	(540)	(499)
	998	1,371
<b>10. ACCRUED FINANCE COST</b>		
Accrued finance cost on:		
Long term finance	40,371	30,796
Short term borrowings	130,983	97,723
	<u>171,354</u>	<u>128,519</u>
This includes overdue markup aggregating Rs. 171.354 (September 2015: Rs 123.718 million)		
<b>11. SHORT TERM BORROWINGS-Secured</b>		
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.		
<b>12. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	2,722,251	2,816,544
Capital work in progress	470,299	470,299
	<u>3,192,550</u>	<u>3,286,843</u>
<b>12.1 Opening book value</b>	2,816,544	2,952,560
Less: disposal during the period	12.2 (118)	(1,876)
	2,816,426	2,950,684
Less: Depreciation charged/adjusted during the period	(94,175)	(134,140)
	2,722,251	2,816,544
<b>12.2 Addition /(disposal) during the period</b>		
<b>Company owned assets</b>		
Plant and machinery	-	10
Furniture, fixture and equipments	26	6
Vehicles	(144)	(1,892)
	<u>(118)</u>	<u>(1,876)</u>
<b>12.3</b>	The reversal of accumulated depreciation on disposal of vehicle (Rs:755 in thousand) has been included in this figure.	



# Imperial Sugar Limited

Un-Audited  
June 30,  
2016  
Audited  
September 30,  
2015  
( Rupees in thousand )

## 13. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances, deposits, prepayments and other receivables 595,642 408,994

Other receivables include an amount of Rs. 231.530 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) -

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

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

### Commitments

Nil - ( September 30, 2015: Nil)

## 16. BUSINESS SEGMENTS INFORMATION

	Nine Months Ended June 30, 2016			Nine Months Ended June 30, 2015			Quarter Ended June 30, 2016			Quarter Ended June 30, 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)		
<b>Revenue</b>												
Local	234,504	3,716	238,220	1,060,193	14,527	1,074,720	49,206	44	49,250	3,780	6,776	10,556
Export	-	-	-	-	-	-	-	-	-	-	-	-
Other by-products	-	-	-	1,046	-	1,046	-	-	-	-	-	-
	<u>234,504</u>	<u>3,716</u>	<u>238,220</u>	<u>1,061,239</u>	<u>14,527</u>	<u>1,075,766</u>	<u>49,206</u>	<u>44</u>	<u>49,250</u>	<u>3,780</u>	<u>6,776</u>	<u>10,556</u>
Less: Sales tax, excise duty and	17,370	534	17,904	71,628	2,087	73,715	3,644	-	3,644	550	961	1,511
	<u>217,134</u>	<u>3,182</u>	<u>220,316</u>	<u>989,611</u>	<u>12,440</u>	<u>1,002,051</u>	<u>45,562</u>	<u>44</u>	<u>45,606</u>	<u>3,230</u>	<u>5,815</u>	<u>9,045</u>
Cost of sales	218,088	2,829	220,917	1,000,254	72	1,000,326	41,684	-	41,684	12,536	-	12,536
Gross (loss)/profit	(954)	353	(601)	(10,643)	12,368	1,725	3,878	44	3,922	(9,306)	5,815	(3,491)
Administrative and general expenses	41,829	2,893	44,722	72,937	8,442	81,379	4,470	236	4,706	19,800	2,103	21,903
Inoperative projects expenses	72,441	28,343	100,784	112,014	-	112,014	22,677	9,311	31,988	26,008	-	26,008
Distribution and marketing expenses	1,944	900	2,844	3,096	2,867	5,963	486	-	486	193	437	630
	<u>116,214</u>	<u>32,136</u>	<u>148,350</u>	<u>188,047</u>	<u>11,309</u>	<u>199,356</u>	<u>27,633</u>	<u>9,547</u>	<u>37,180</u>	<u>46,001</u>	<u>2,540</u>	<u>48,541</u>
Operating loss	(117,168)	(31,783)	(148,951)	(198,690)	1,059	(197,631)	(23,755)	(9,503)	(33,258)	(55,307)	3,275	(52,032)



**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 June 30, 2016			As at September 30, 2015		
	Sugar	Ethanol	Total	Sugar	Ethanol	Total
	(Rupees in thousand)			(Rupees in thousand)		
Segment assets	3,494,192	757,318	<u>4,251,510</u>	3,126,866	1,340,085	<u>4,466,951</u>
Segment liabilities	2,459,473	702,919	<u>3,162,392</u>	2,209,945	947,119	<u>3,157,064</u>
Depreciation on property, plant and equipment	65,616	28,559	<u>94,175</u>	80,484	53,656	<u>134,140</u>

**17. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue on July 29, 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*

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