

Condensed Interim Financial Information
for the third quarter ended June 30, 2014
(Un-Audited)

COLONY
Colony Sugar Mills Limited





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CORPORATE INFORMATION

Board of Directors	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
Chief Financial Officer	Mr. Irfan Qamar	
Company Secretary	Mr. Mubashar Asif	
Audit Committee	Mr. Muhammad Asghar Mian Muhammad Ali Mr. Asad Ali	- Chairman - Member - Member
HR & Remuneration Committee	Mr. Muhammad Asghar Mr. Asad Ali Mr. Abdul Sammee	- Chairman - Member - Member
Bankers	National Bank of Pakistan MCB Bank Limited Faysal Bank Limited KASB Bank Limited The Bank of Punjab Al-Baraka Bank (Pakistan) Limited Pak Oman Investment Company Limited	
Auditors	Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants	
Legal Advisors	Ms. Aniqua Sheikh Advocate	
Registered Office	Ground Floor, Ismail Aiwan-i-Science Building, 205 Ferozepur Road Lahore 54600 Ph # +92 (42) 3575-8970 +92 (42) 3575-1308 Fax # +92 (42) 3576-3247	
Shares Registrar	M/s Hameed Majeed Associates (Pvt.) Limited H.M. House, 7- Bank Square, Lahore. Ph # +92 (042) 3723 5081-82 Fax # +92 (042) 3735 8817	
Production Facilities	Phalia Project Karmanwala, Tehsil Phalia District Mandi Bahauddin Ph # +92 (0546) 541 151-54 Fax # +92 (0546) 541 162	Mian Chanu Project Chak #: 84/15L, 15 KM Vehari Road, Kacha Khoo Tehsil Mian Chanu District Khanewal Ph # +92 (0652) 553 182 Fax # +92 (0652) 660 452

DIRECTORS' REVIEW

Your directors are pleased to present the condensed un audited interim financial information of the Company for the 3rd Quarter ended June 30, 2014.

Summarized highlights of the Company's financial performance are as under:

	Nine Months Ended	
	June 30, 2014	June 30, 2013
	(Rupees in thousand)	
Sales net	4,456,754	6,216,832
Gross Profit	215,874	540,101
Admin and Distribution cost	188,495	189,283
Finance cost	154,423	193,910
Profit / (Loss) before Taxation	(127,219)	179,977
Profit / (Loss) after Taxation	(139,595)	231,664
Earnings / (Loss) Per Share	(1.41)	2.34

As reported earlier, the sugar production in Pakistan has exceeded the domestic consumption. Thus the surplus sugar production/stocks have kept sugar price under sever pressure in the current year.

International scenario also depicts the same situation. The prevailing Mismatch between the price and cost of sugar is the main factor keeping the sugar industry in turmoil. Future prospects of the industry significantly depend upon rationalization of the government policies such as minimum sugarcane price fixation, export and import of sugar and subsidies.

Distillery Division of the Company is performing well to consolidate financial performance of the Company. The management of your company is taking all possible measures to face the challenges of the time.

Despite financial stresses, the Company has managed to timely service its debt obligations to banks and financial institutions; hence finance cost has gradually reduced to Rupees 154 Million as compared to Rupees 193 Million, during corresponding period.

Finally, the Board acknowledges with thanks the continued support and cooperation by all the stakeholders and its employees devotion and hard work.

For and on behalf of the Board

Lahore
July 28, 2014

Waqar Ibn Zahoor Bandey
CEO/Director

CONDENSED INTERIM BALANCE SHEET

AS AT JUNE 30, 2014

	Note	Un-Audited June 30, 2014 (Rupees in thousand)	Audited September 30, 2013
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital: 100,000,000 (2013: 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		817,015	956,611
Total Equity		1,807,215	1,946,811
NON-CURRENT LIABILITIES			
Long term finances-secured	8	290,400	387,583
Deferred liabilities		31,074	32,880
		321,474	420,463
CURRENT LIABILITIES			
Trade and other payables		1,874,163	911,161
Accrued finance cost		59,508	50,191
Short term borrowings-secured	9	946,077	842,158
Current portion of long term finances		83,902	179,557
		2,963,650	1,983,067
Liabilities directly associated with non-current assets-held for sale		137,348	137,348
		5,229,687	4,487,689
PROPERTY AND ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	3,239,127	3,111,713
CURRENT ASSETS			
Stores, spares and loose tools		265,739	201,637
Stocks in trade		844,294	572,728
Trade debts		227,641	-
Advances, deposits, prepayments and other receivables		485,535	441,487
Cash and bank balances		15,527	8,300
		1,838,736	1,224,152
Non-current assets-held for sale		151,824	151,824
		1,990,560	1,375,976
Contingencies and commitments	11	-	-
		5,229,687	4,487,689

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 PERIOD ENDED JUNE 30, 2014

	Nine Months Ended June 30,		Third Quarter Ended June 30,	
	2014	2013	2014	2013
	(Rupees in thousand)			
Sales - net	4,456,754	6,216,832	1,077,375	2,033,957
Cost of sales	4,240,880	5,676,731	995,126	1,819,142
Gross profit	215,874	540,101	82,249	214,815
Administrative expenses	109,319	93,039	29,704	26,912
Distribution and marketing expenses	79,176	96,244	33,619	28,838
	188,495	189,283	63,323	55,750
	27,379	350,818	18,926	159,065
Other operating (loss) / income	(175)	32,542	599	30,967
Operating profit	27,204	383,360	19,525	190,032
Finance Cost	154,423	193,910	52,520	63,623
Worker's profit participation fund	-	9,473	-	6,321
	154,423	203,383	52,520	69,944
(Loss) / profit before taxation	(127,219)	179,977	(32,995)	120,088
Provision for taxation	(12,376)	51,687	(4,809)	(3,892)
(Loss) / profit for the period after taxation	(139,595)	231,664	(37,804)	116,196
OTHER COMPREHENSIVE (LOSS) / INCOME				
Other comprehensive (loss) / income-net of tax	-	-	-	-
Total comprehensive (loss) / income for the period	(139,595)	231,664	(37,804)	116,196
(Loss) / earnings per share				
- basic & diluted Rupees	(1.41)	2.34	(2.44)	1.17

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

Chief Executive Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited)

FOR THE PERIOD ENDED JUNE 30, 2014

	Nine Months Ended	
	June 30, 2014	June 30, 2013
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(127,219)	179,977
Adjustments for non-cash and other items:		
Finance cost	154,423	193,910
Depreciation of property, plant and equipment	108,027	117,173
Provision for employees' retirement benefits - gratuity	2,363	1,623
Provision for contribution to workers' profit participation fund	-	9,473
	264,813	322,179
Cash generated from operating activities before working capital changes	137,594	502,156
Adjustments for Working Capital Changes (Increase) / decrease in current assets:		
Stores, spares and loose tools	(64,102)	5,510
Stocks-in-trade	(271,566)	(133,419)
Trade debts	(227,641)	205,911
Advances, deposits, prepayments and other receivables	(35,279)	(88,045)
Increase in current liabilities;		
Trade and other payables	963,002	335,487
Net working capital changes	364,414	325,444
Finance cost paid	(145,106)	(221,644)
Employees' retirement benefits - gratuity paid	(4,170)	(2,262)
Income tax paid	(21,145)	(117,157)
	(170,421)	(341,063)
Net cash generated in operating activities	331,587	486,537
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(235,441)	(21,329)
Net cash (used) in investing activities	(235,441)	(21,329)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances-repaid	(192,838)	(207,221)
Increase in short term borrowings	103,919	(244,403)
Net cash (used) in financing activities	(88,919)	(451,624)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,227	13,584
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	8,300	11,773
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	15,527	25,357

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 PERIOD ENDED JUNE 30, 2014

Particulars	Share capital	Unappropriated profit	Total equity
	(Rupees in thousand)		
Balance as on September 30, 2012 (audited)	990,200	694,490	1,684,690
Total comprehensive income for the period	-	231,664	231,664
Balance as at June 30, 2013 (un-audited)	990,200	926,154	1,916,354
Total comprehensive income for the period	-	30,457	30,457
Balance as on September 30, 2013 (audited)	990,200	956,611	1,946,811
Total comprehensive (loss) for the period	-	(139,596)	(139,596)
Balance as at June 30, 2014 (un-audited)	990,200	817,015	1,807,215

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 PERIOD ENDED JUNE 30, 2014

1. THE COMPANY AND ITS OPERATION

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 Karachi 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.

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 Karachi 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, 2013.

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, 2013.

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

	Note	Un-Audited June 30, 2014 (Rupees in thousand)	Audited September 30, 2013
7. ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
64,020,000 (September 30, 2013: 64,020,000) ordinary shares of Rupees 10 each fully paid in cash		640,200	640,200
35,000,000 (September 30, 2013: 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>
8. LONG TERM FINANCES			
Outstanding balance		511,650	704,488
Current portion shown under current liabilities		(83,902)	(179,557)
		<u>427,748</u>	<u>524,931</u>
Liabilities directly associated with non-current assets-held for sale		(137,348)	(137,348)
		<u>290,400</u>	<u>387,583</u>
9. SHORT TERM BORROWINGS-Secured		<u>946,077</u>	<u>842,158</u>
<p>These represent cash finance, running finance, export refinance, bi-salam obtained from various banking companies and are subject to mark up ranging from 9.4% to 14.18% per annum (September 30, 2013: 9.2% to 13.53% 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.</p>			
10. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	10.1	2,980,835	3,100,914
Capital work in progress		258,292	10,799
		<u>3,239,127</u>	<u>3,111,713</u>
10.1 Opening book value		<u>3,100,914</u>	<u>3,380,898</u>
Add: Addition / (deletion/adjustment) during the period	10.2	(12,052)	(132,029)
		<u>3,088,862</u>	<u>3,248,869</u>
Less: Depreciation charged during the period		(108,027)	(147,955)
		<u>2,980,835</u>	<u>3,100,914</u>

Un-Audited **Audited**
June 30, **September 30,**
2014 **2013**
(Rupees in thousand)

10.2 Addition / (deletion/adjustment) during the period

Company own assets

Plant and machinery	97	(132,029)
Furniture, fixture and equipments	4,401	-
Vehicles	(16,550)	-
	(12,052)	(132,029)

11. CONTINGENCIES AND COMMITMENTS

Contingencies

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

Commitments

(Rs. in million)

Capital expenditures	Nil	125.126
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12. BUSINESS SEGMENTS INFORMATION

	Nine Months Ended June 30, 2014			Nine Months Ended June 30, 2013			Quarter Ended June 30, 2014			Quarter Ended June 30, 2013		
	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	3,833,391	82,412	3,559,371	5,356,371	242,347	4,977,052	639,257	52,227	691,484	1,711,305	164,005	1,715,206
Export	-	1,167,254	1,167,254	-	1,586,255	1,586,255	-	440,806	440,806	-	456,692	456,692
	3,833,391	1,249,666	4,726,625	5,356,371	1,828,602	6,563,307	639,257	493,033	1,132,290	1,711,305	620,697	2,171,898
Less: Sales tax, excise duty and commission	257,839	12,033	269,871	312,662	33,813	346,475	42,882	12,033	54,915	114,988	22,953	137,941
	3,575,552	1,237,633	4,456,754	5,043,709	1,794,789	6,297,832	596,375	481,000	1,077,375	1,596,317	597,744	2,114,957
Cost of sales	3,568,282	1,029,029	4,240,880	4,850,792	1,447,605	5,676,731	671,653	323,473	995,126	1,564,824	414,422	1,819,142
Gross profit	7,270	208,604	215,874	192,917	347,184	540,101	(75,278)	157,527	82,249	31,493	183,322	214,815
Administrative expenses	107,295	2,025	109,319	83,001	10,038	93,039	35,820	(6,115)	29,704	23,610	3,302	26,912
Distribution and marketing expenses	12,550	66,626	79,176	10,592	85,652	96,244	3,990	29,629	33,619	1,936	26,902	28,838
	119,845	68,651	188,495	93,593	95,690	189,283	39,810	23,514	63,323	25,546	30,204	55,750
Operating profit before other operating income	(112,575)	139,953	27,379	99,324	251,494	350,818	(115,088)	134,013	18,926	5,947	153,118	159,065

12.1 Inter-segment sales and purchases

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

12.2 Basis of inter-segment pricing

All inter -segment transfers are made at cost.

	As at June 30, 2014			As at September 30, 2013		
	Sugar	Ethanol	Total	Sugar	Ethanol	Total
	(Rupees in thousand)			(Rupees in thousand)		
12.3 Segment assets	4,178,595	1,051,092	5,229,687	3,487,700	999,989	4,487,689
12.4 Segment liabilities	2,816,292	606,180	3,422,472	1,964,041	576,837	2,540,878
12.5 Depreciation on property, plant and equipment	74,967	33,060	108,027	102,537	45,418	147,955

13 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on July 28, 2014 by the Board of Directors of the Company.

14 GENERAL

14.1 Corresponding figures in the balance sheet comprise of balances as per the annual audited financial statements for the year ended September 30,2013, 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.

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

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

Chief Executive Officer

Director

