Condensed Interim Financial Information
for the half year ended March 31, 2014
(Un-Audited)

COLONY
Colony Sugar Mills Limited

بسم الله الرحمن الرحيم

CONTENTS

CORPORATE INFORMATION

Board of Directors	Mr. Naveed M. Sheikh	- Chairman
	Mr. Waqar Ibn Zahoor Bandey	- Director/CEO
	Mian Muhammad Ali	- Director
	Mr. Muhammad Asghar	- Director
	Mr. Ahmed Haji Mussa	- Director
	Mr. Asad Ali	- Director
	Mr. Abdul Sammee	- Director
Chief Financial Officer	Mr. Irfan Qamar	
Company Secretary	Mr. Abdul Mansoor Khan	
Audit Committee	Mr. Muhammad Asghar	- Chairman
	Mian Muhammad Ali	- Member
	Mr. Asad Ali	- Member
HR & Remuneration Committee	Mr. Muhammad Asghar	- Chairman
	Mr. Asad Ali	- Member
	Mr. Abdul Sammee	- Member

Financial Institutions

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-e-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 (42) 3723-5081/82

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 KM
Vehari Road Kacha Khoo
Tehsil Mian Chanu
Distt. Khanewal
Ph # +92 (0652) 553-18
Fax # +92 (0652) 660-45

DIRECTORS' REVIEW

We are pleased to present the condensed interim financial information of the Company for the half-year ended March 31, 2014, duly reviewed by statutory auditors.

Turnover for the period under review is Rupees 3.38 Billion (2013: Rupees 4.18 Billion) whilst the cost of sales stood at Rupees 3.25 Billion (2013: Rupees 3.86 Billion) and the gross profit is reported at Rupees 134 Million (2013: Rupees 325 Million).

The sugar price remained under severe constrain during the reporting period resulting in loss after tax of Rupees 102 Million (2013: profit Rupees 115 Million) for first half of the year. The loss per share is Rupees 1.03 as compared with earnings per share Rupees 1.17 for the corresponding period.

Despite financial stresses, the Company timely serviced its debt obligations to banks and financial institutions; hence finance cost reduced to Rupees 102 Million as compared to Rupees 130 Million, during corresponding period.

Sugar production in the country has exceeded local consumption pattern for the third year in a row. The surplus sugar production/stocks have depressed its market prices in the current year as well. International scenario also depicts the same situation.

Currently, there is material mismatch between sugar sale price and its cost. It has pushed the national sugar industry into hot waters. Future prospects of the industry significantly depend upon rationalization of the government policies to pull sugar industry out of the present crises. Therefore, the indicators are very volatile at present.

However, International Ethanol market is stable and the Company is hopeful that Ethanol division will partly mitigate the weakness in the Sugar division. The Management of your company is taking all appropriate measures to plan and manage the challenges.

Board is thankful to all stake holders for their trust, persistent support and patronage and places on record its appreciation for its entire employees for their dedication and hard work.

For and on behalf of the Board

Lahore
May 30, 2014

Waqar Ibn Zahoor Bandey
Director/CEO

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **COLONY SUGAR MILLS LIMITED** (the Company) as at March 31, 2014 and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended March 31, 2014 and March 31, 2013 have not been reviewed, as we are required to review only the cumulative figures for the six months ended March 31, 2014.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended March 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Naveed Zafar Ashfaq Jaffery & Co.

Chartered Accountants

Date: May 30, 2014

Place: Lahore

Engagement Partner:

Naveed Saeed

CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2014

	Note	Un-Audited March 31, 2014	Audited September 30, 2013
		(Rupees in thousand)	
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		**854,820**	956,611
Total Equity		**1,845,020**	1,946,811
NON-CURRENT LIABILITIES			
Long term finances - secured	8	**303,317**	387,583
Deferred liabilities		**31,503**	32,880
		334,820	420,463
CURRENT LIABILITIES			
Trade and other payables		**1,729,872**	911,161
Accrued finance cost		**54,045**	50,191
Short term borrowings-secured	9	**1,461,454**	842,158
Current portion of long term finances		**80,360**	179,557
		3,325,731	1,983,067
Liabilities directly associated with non-current assets-held for sale		**137,348**	137,348
		5,642,919	4,487,689
PROPERTY AND ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	**3,052,770**	3,111,713
CURRENT ASSETS			
Stores, spares and loose tools		**327,062**	201,637
Stocks in trade		**1,524,817**	572,728
Trade debts		**769**	-
Advances, deposits, prepayments and other receivables		**513,134**	441,487
Cash and bank balances		**72,543**	8,300
		2,438,325	1,224,152
Non-current assets-held for sale		**151,824**	151,824
		2,590,149	1,375,976
Contingencies and commitments	11	**-**	-
		5,642,919	4,487,689

The annexed selected 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 HALF YEAR ENDED MARCH 31, 2014

	Half Year Ended March 31,		Second Quarter Ended March 31,	
	2014	2013	2014	2013
	(Rupees in thousand)			
Sales - net	**3,379,379**	4,182,875	**2,195,180**	3,728,136
Cost of sales	**3,245,754**	3,857,589	**2,121,344**	3,541,834
Gross profit	**133,625**	325,286	**73,836**	186,302
Administrative expenses	**79,615**	66,127	**44,682**	36,974
Distribution and marketing expenses	**45,557**	67,406	**33,934**	61,203
	125,172	133,533	**78,616**	98,177
	8,453	191,753	**(4,780)**	88,125
Other operating (loss) / income	**(774)**	1,575	**(828)**	1,538
Operating profit / (loss)	**7,679**	193,328	**(5,608)**	89,663
Finance cost	**101,903**	130,287	**64,283**	62,610
Worker's profit participation fund	**-**	3,152	**-**	1,353
	101,903	133,439	**64,283**	63,963
(Loss) / profit before taxation	**(94,224)**	59,889	**(69,891)**	25,700
Provision for taxation	**(7,567)**	55,579	**(5,203)**	58,334
(Loss) / profit for the period	**(101,791)**	115,468	**(75,094)**	84,034
(Loss) / earnings per share - basic Rupees	**(1.03)**	1.17	**(0.76)**	0.85

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

Chief Executive Officer **Director**

CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited)
FOR THE HALF YEAR ENDED MARCH 31, 2014

	Half Year Ended	
	March 31, 2014	March 31, 2013
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	**(94,224)**	59,889
Adjustments for non-cash and other items:		
Finance cost	**101,903**	130,287
Depreciation of property, plant and equipment	**71,999**	77,973
Provision for satff retirement benefits - gratuity	**23**	1,082
Provision for contribution to workers' profit participation fund	**-**	3,152
	173,925	212,494
Cash generated from operating activities before working capital changes	**79,701**	272,383
Adjustments for Working Capital Changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	**(125,425)**	8,128
Stocks-in-trade	**(952,089)**	(1,242,375)
Trade debts	**(769)**	(92,160)
Advances, deposits, prepayments and other receivables	**65,475**	(137,452)
Increase in current liabilities;		
Trade and other payables	**818,711**	2,014,524
Net working capital changes	**(194,097)**	550,665
Finance cost paid	**(98,050)**	(166,068)
Deffered liabilities - gratuity paid	**(1,399)**	(1,491)
Income tax paid	**(144,689)**	(30,230)
	(244,138)	(197,789)
Net cash (used) / generated in operating activities	**(358,534)**	625,259
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	**(532)**	(7,177)
Capital work in progress	**(12,524)**	-
Net cash (used) in investing activities	**(13,056)**	(7,177)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - secured	**619,296**	(194,389)
Long term finances - secured	**(183,463)**	(199,721)
Net cash generated / (used) in financing activities	**435,833**	(394,110)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**64,243**	223,972
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**8,300**	11,773
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**72,543**	235,745

The annexed selected 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 HALF YEAR ENDED MARCH 31, 2014

Particulars	Share capital	Unappropriated profit / (loss)	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	-	115,468	115,468
Balance as at March 31, 2013 (un-audited)	**990,200**	**809,958**	**1,800,158**
Total comprehensive income for the period	-	146,653	146,653
Balance as on September 30, 2013 (audited)	**990,200**	**956,611**	**1,946,811**
Total comprehensive loss for the period	-	(101,791)	(101,791)
Balance as at March 31, 2014 (un-audited)	**990,200**	**854,820**	**1,845,020**

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

Chief Executive Officer **Director**

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED MARCH 31, 2014 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATION

Co lony 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 (Guarantee) 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.

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 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 applied in the preparation of the preceding annual published audited financial statements for the year ended September 30, 2013.

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, 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 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 March 31, 2014	Audited September 30, 2013
	(Rupees in thousand)	
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
	990,200	990,200

		Un-Audited March 31, 2014	Audited September 30, 2013
		(Rupees in thousand)	
8. LONG TERM FINANCES - secured			
Outstanding balance		**521,025**	704,488
Current portion shown under current liabilities		**(80,360)**	(179,557)
		440,665	524,931
Liabilites directly associated with non-current assets - held for sale		**(137,348)**	(137,348)
		303,317	387,583
9. SHORT TERM BORROWINGS - secured		**1,461,454**	842,158

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.

10 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	10.1	**3,029,447**	3,100,914
Capital work in progress		**23,323**	10,799
		3,052,770	3,111,713
10.1 Opening book value		**3,100,914**	3,380,898
Add: Addition / (adjustment) during the period-net	10.2	**532**	(132,029)
		3,101,446	3,248,869
Less:Depreciation charged during the period		**(71,999)**	(147,955)
		3,029,447	3,100,914
10.2 Addition / (adjustment) during the period			
Company owned assets			
Building on freehold land		**-**	-
Plant and machinery		**97**	(132,029)
Furniture, fixture and equipments		**365**	-
Vehicles		**70**	-
		532	(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 millions)	
Under letter of credit partially secured against charge on fixed assets of the company	**67.30**	125.126

12. BUSINESS SEGMENT INFORMATION

	Half Year Ended March 31, 2014			Half Year Ended March 31, 2013			Quarter Ended March 31, 2014			Quarter Ended March 31, 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	**3,194,134**	**30,185**	**2,867,887**	3,645,066	78,342	3,261,846	**2,075,337**	**21,635**	**1,843,612**	3,356,928	64,644	3,054,320
Export	**-**	**726,448**	**726,448**	-	1,129,563	1,129,563	**-**	**490,022**	**490,022**	-	865,863	865,863
	3,194,134	**756,633**	**3,594,335**	3,645,066	1,207,905	4,391,409	**2,075,337**	**511,657**	**2,333,634**	3,356,928	930,507	3,920,183
Less: Sales tax, excise duty and commission	**214,956**	**-**	**214,956**	197,674	10,860	208,534	**139,754**	**(1,300)**	**138,454**	183,076	8,971	192,047
	2,979,178	**756,633**	**3,379,379**	3,447,392	1,197,045	4,182,875	**1,935,583**	**512,957**	**2,195,180**	3,173,852	921,536	3,728,136
Cost of sales	**2,896,630**	**705,556**	**3,245,754**	3,285,968	1,033,183	3,857,589	**1,882,063**	**492,641**	**2,121,344**	3,080,409	828,677	3,541,834
Gross profit	**82,548**	**51,077**	**133,625**	161,424	163,862	325,286	**53,520**	**20,316**	**73,836**	93,443	92,859	186,302
Administrative and general expenses	**71,475**	**8,140**	**79,615**	59,391	6,736	66,127	**40,689**	**3,993**	**44,682**	33,430	3,544	36,974
Distribution and marketing expenses	**8,560**	**36,997**	**45,557**	8,656	58,750	67,406	**5,563**	**28,371**	**33,934**	5,897	55,306	61,203
	80,035	**45,137**	**125,172**	68,047	65,486	133,533	**46,252**	**32,364**	**78,616**	39,327	58,850	98,177
Operating profit / before other operating income	**2,513**	**5,940**	**8,453**	93,377	98,376	191,753	**7,268**	**(12,048)**	**(4,780)**	54,116	34,009	88,125

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 March 31, 2014			As at September 30, 2013		
	Sugar	Ethanol	Total	Sugar	Ethanol	Total
	(Rupees in thousand)			(Rupees in thousand)		
12.3 Segment assets	**4,505,675**	**1,137,244**	**5,642,919**	3,487,700	999,989	4,487,689
12.4 Segment liabilities	**3,077,123**	**720,776**	**3,797,899**	1,964,041	576,837	2,540,878
Capital expenditures	**23,323**	**-**	**23,323**	19,794	-	19,794
12.5 Depreciation on property, plant and equipment	**49,957**	**22,042**	**71,999**	102,537	45,418	147,955

13. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on May 30, 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 immediatly 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**

Colony Sugar Mills Limited

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