# Condensed Interim Financial Information For The First Quarter Ended December 31, 2014

Colony Sugar Mills Limited

بسم الله الرحمن الرحيم

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# 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 |
| **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 |

**Legal Advisors**
Ms. Aniqua Sheikh
Advocate

**Company Secretary**
Mr. Mubashar Asif

**Auditors**
Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

**Shares Registrar**
**Hameed Majeed Associates (Pvt.) Limited**
H.M. House, 7-Bank Square, Lahore
Ph # +92 (42) 3723-5081-2
Fax # +92 (42) 3735-8817

**Financial Institutions**
National Bank of Pakistan
Faysal Bank Limited
KASB Bank Limited
The Bank of Punjab
Al-Baraka Bank (Pakistan) Limited
Pak Oman Investment Company Limited

**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

**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) 553-182
Fax # +92 (0652) 660-452

# DIRECTORS' REVIEW

**Dear Members**

On behalf of the Directors, I am pleased to present Condensed Unaudited Interim Financial Information of the Company for the first quarter ended December 31, 2014.

Turnover of the company for the quarter is Rupees 591 Million against Rupees 1,184 Million during corresponding period of the last year. Your company suffered net loss of Rupees 99 Million as compared to the loss of Rupees 27 Million for the same period in last year. Loss for the quarter under review is Rupees 1.00 per share (2013: loss per share Rupees. 0.27).

The continuous increase in sugarcane support price for the last many years has resulted in enhancement in area under sugarcane cultivation. Consequently, sugar production in the country has also increased. The surplus sugar production continued to depress its market prices in the current year, too. Sugar industry, globally, is expecting a production surplus this year, as well.

Sugar Mills, especially in low recovery region such as Sargodha and Faisalabad divisions, will continue to suffer losses in this year, too, because of inflated cost of inputs and depressed selling price of sugar.

The Condensed Unaudited Interim Financial Information is based on operations of the only one production facility of the Company, at Mian Chanu, since operations of Phalia project (sugar, distillery and CO2 recovery) have temporarily been suspended to significantly curtail expected losses in the current crushing season. Depressed sugar and ethanol market price (local and international) is the key factor to compel the management to temporarily suspend operations of the Company's Phalia unit.

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 specially the growers.

**For and on behalf of the Board**

**Waqar Ibn Zahoor Bandey**
**Director/CEO**

**Lahore**
**January 30, 2015**

# CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2014

| | Note | Un-Audited December 31, 2014 | Audited September 30, 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| Authorised capital: | | | |
| 100,000,000 (2014: 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 | | 719,890 | 819,386 |
| | | 1,710,090 | 1,809,586 |
| **NON-CURRENT LIABILITIES** | | | |
| Long term finances | 8 | 287,900 | 285,400 |
| Long term deposites | | 120,000 | 80,000 |
| Liabilities against assets subject to diminishing musharaka finance | 9 | 1,746 | 1,870 |
| Staff retirement benefits | | 54,738 | 57,242 |
| | | 464,384 | 424,512 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | | 1,156,934 | 1,255,395 |
| Accrued finance cost | | 52,237 | 49,646 |
| Short term borrowings-secured | 10 | 833,598 | 885,963 |
| Current portion of long term finances | | 39,249 | 58,624 |
| | | 2,082,018 | 2,249,628 |
| Liabilities directly associated with non current assets-held for sale | | 143,750 | 143,750 |
| | | 2,225,768 | 2,393,378 |
| | | 4,400,242 | 4,627,476 |
| **PROPERTY AND ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 11 | 3,343,708 | 3,374,303 |
| **CURRENT ASSETS** | | | |
| Stores, spares and loose tools | | 280,428 | 269,997 |
| Stocks in trade | | 163,124 | 179,045 |
| Advances, deposits, prepayments and other receivables | | 457,544 | 471,007 |
| Cash and bank balances | | 3,614 | 54,702 |
| | | 904,710 | 1,101,349 |
| Non - current assets-held for sale | | 151,824 | 151,824 |
| | | 1,056,534 | 1,253,173 |
| | | 4,400,242 | 4,627,476 |

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 FIRST QUARTER ENDED DECEMBER 31, 2014

| | Note | DECEMBER 31, 2014 | DECEMBER 31, 2013 |
|---|---|---|---|
| | | ( Rupees in thousand ) | |
| Sales - net | | 590,709 | 1,184,199 |
| Cost of sales | | 587,227 | 1,124,410 |
| **Gross Profit** | | 3,482 | 59,789 |
| Administrative expenses | | 34,148 | 34,933 |
| Inoperative project expenses | 13 | 40,762 | - |
| Distribution and marketing expenses | | 2,168 | 11,623 |
| | | 77,078 | 46,556 |
| Operating (loss) / profit | | (73,596) | 13,233 |
| Other operating income | | 339 | 54 |
| | | (73,257) | 13,287 |
| Finance cost | | 26,239 | 37,620 |
| **Loss before taxation** | | (99,496) | (24,333) |
| Provision for taxation | | - | 2,364 |
| **Loss for the period** | | **(99,496)** | **(26,697)** |
| **Loss per share - basic Rupees** | | **(1.00)** | **(0.27)** |

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 FIRST QUARTER ENDED DECEMBER 31, 2014

| | DECEMBER 31, 2014 | DECEMBER 31, 2013 |
|---|---|---|
| | (Rupees in thousands) | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Loss before taxation | **(99,496)** | (24,333) |
| Adjustments for non-cash and other items: | | |
| Finance cost | **26,239** | 37,620 |
| Depreciation of Property, plant and equipment | **37,220** | 35,993 |
| Provision for staff retirement benefits - gratuity | **-** | 260 |
| | **63,459** | 73,873 |
| **Cash (used in) / generated from operating activities before working capital changes** | **(36,037)** | 49,540 |
| **Adjustments for Working Capital Changes** | | |
| **(Increase)/decrease in current assets:** | | |
| Stores, spares and loose tools | **(10,431)** | (23,400) |
| Stocks-in-trade | **15,921** | (517,340) |
| Advances, deposits, prepayments and other receivables | **141,528** | (100,301) |
| **(Decrease) / increase in current liabilities;** | | |
| Trade and other payables | **(98,461)** | 603,509 |
| **Net working capital changes** | **48,557** | (37,532) |
| Finance cost paid | **(23,648)** | (57,758) |
| Staff retirement benefits - gratuity paid | **(2,607)** | (1,139) |
| Income tax paid | **(1,488)** | (82,215) |
| | **(27,743)** | (141,112) |
| **Net cash (used in) operating activities** | **(15,223)** | (129,104) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Fixed capital expenditure | **(6,625)** | (7,121) |
| **Net cash used in investing activities** | **(6,625)** | (7,121) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Long term finances | **(16,750)** | (29,475) |
| Long term deposits | **40,000** | - |
| Liabilities against assets subject to diminishing musharaka finance | **(125)** | - |
| Short term borrowings | **(52,365)** | 240,312 |
| **Net cash (used in) / generated from financing activities** | **(29,240)** | 210,837 |
| **NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS** | **(51,088)** | 74,612 |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD** | **54,702** | 8,300 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** | **3,614** | 82,912 |

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 FIRST QUARTER ENDED DECEMBER 31, 2014

| Particulars | Share capital | Unappropriated profit | Total equity |
|---|---|---|---|
| | ( Rupees in thousand ) | | |
| **Balance as on September 30, 2013 (audited)** | **990,200** | **956,611** | **1,946,811** |
| Effect of restatement of gratuity payable under IAS-19 | - | (5,235) | (5,235) |
| **Balance as on September 30, 2013-restated** | **990,200** | **951,376** | **1,941,576** |
| Total comprehensive loss for the quarter | - | (26,697) | (26,697) |
| **Balance as at December31, 2013 (un-audited)** | 990,200 | 924,679 | 1,914,879 |
| **Balance as on September 30, 2014 (audited)** | **990,200** | **819,386** | **1,809,586** |
| Total comprehensive loss for the quarter | - | (99,496) | (99,496) |
| **Balance as at December 31, 2014 (un-audited)** | **990,200** | **719,890** | **1,710,090** |

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 FIRST QUARTER ENDED DECEMBER 31, 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 and 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 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 adopted in the preparation of the preceding annual published audited financial statements for the year ended September 30, 2014.

**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, 2014.

**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 December 31, 2014 | Audited September 30, 2014 |
|---|---|---|---|
| | | ( Rupees in thousand ) | |
| **7.** | **ISSUED, SUBSCRIBED AND PAID UP CAPITAL** | | |
| | 64,020,000 ( September 30, 2014: 64,020,000 ) Ordinary shares of Rupees 10 each fully paid in cash | 640,200 | 640,200 |
| | 35,000,000 ( September 30, 2014: 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** |
| **8.** | **LONG TERM FINANCES** | | |
| | Out standing balance | 470,400 | 487,275 |
| | Current portion shown under current liabilities | (38,750) | (58,125) |
| | Liabilities directly associated with non-current assets- held for sale | (143,750) | (143,750) |
| | | **287,900** | **285,400** |
| **9.** | **LIABILITIES AGAINST ASSETS SUBJECT TO DIMINISHING MUSHARAKA FINANCE** | | |
| | Future minimum diminishing musharaka finance payments | 2,465 | 2,635 |
| | Less: Un-amortized diminishing musharaka finance charge | (220) | (266) |
| | Present value of future minimum diminishing musharaka finance payments | 2,245 | 2,369 |
| | Current portion shown under current liabilities | (499) | (499) |
| | Non current portion | **1,746** | **1,870** |

**10 SHORT TERM BORROWINGS-Secured**

These represent cash finance, running finance, export refinance, bai-salam obtained from various banking companies and are subject to mark up ranging from 7.5% to 13.70% per annum (September 30, 2014: 7.5% to 14.18% 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.

| | | Un-Audited December 31, 2014 | Audited September 30, 2014 |
|---|---|---|---|
| **11** | **PROPERTY, PLANT AND EQUIPMENT** | | |
| | Opening book value | 3,374,303 | 3,100,914 |
| | Additions / (adjustment) during the period | - | (5,602) |
| | | 3,374,303 | 3,095,312 |
| | Less:Depreciation charged during the period | (37,220) | (142,754) |
| | | 3,337,083 | 2,952,558 |
| | Capital work -in-progress | 6,625 | 421,745 |
| | | 3,343,708 | 3,374,303 |

**12 CONTINGENCIES AND COMMITMENTS**

**Contingencies**

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

**Commitments**

| | Un-Audited December 31, 2014 | Audited September 30, 2014 |
|---|---|---|
| Commitments | Nil | Nil |

**13 INOPERATIVE PROJECT EXPENSE**

These represent the expense including depreciation of Rs.27.6 Million related to Phalia project of the company which remained inoperative during reporting period

## 14. BUSINESS SEGMENTS INFORMATION

| | For the first quarter ended December 31, 2014 | | | For the first quarter ended December 31, 2013 | | |
|---|---|---|---|---|---|---|
| | Sugar | Ethanol | Total | Sugar | Ethanol | Total |
| | (Rupees in thousand) | | | (Rupees in thousand) | | |
| **Revenue** | | | | | | |
| Local | 637,969 | 92 | 638,061 | 1,118,797 | 8,550 | 1,024,275 |
| Export | - | - | - | - | 236,426 | 236,426 |
| | 637,969 | 92 | 638,061 | 1,118,797 | 244,976 | 1,260,701 |
| Less: Sales tax, excise duty and commission | 47,339 | 13 | 47,352 | 75,201 | 1,301 | 76,502 |
| | 590,630 | 79 | 590,709 | 1,043,596 | 243,675 | 1,184,199 |
| Cost of sales | 587,162 | 65 | 587,227 | 1,014,568 | 212,914 | 1,124,410 |
| Gross profit | 3,468 | 14 | 3,482 | 29,028 | 30,761 | 59,789 |
| Administrative expenses | 29,980 | 4,168 | 34,148 | 30,785 | 4,147 | 34,932 |
| Inoperative project expenses | 24,457 | 16,305 | 40,762 | - | - | - |
| Distribution and marketing expenses | 1,517 | 651 | 2,168 | 2,997 | 8,627 | 11,624 |
| | 55,954 | 21,124 | 77,078 | 33,782 | 12,774 | 46,556 |
| **Operating (loss) / profit before other operating income** | (52,486) | (21,110) | (73,596) | (4,754) | 17,988 | 13,233 |

### 14.1 Inter-segment sales and purchases

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

## 15. SEGMENT ASSETS AND LIABILITIES

| | As at December 31, 2014 | | | As at September 30, 2014 | | |
|---|---|---|---|---|---|---|
| | Sugar | Ethanol | Total | Sugar | Ethanol | Total |
| | (Rupees in thousand) | | | (Rupees in thousand) | | |
| **Segment assets** | 3,521,450 | 878,857 | 4,400,307 | 3,239,233 | 1,388,243 | 4,627,476 |
| **Segment liabilities** | 2,157,493 | 532,659 | 2,690,152 | 1,972,523 | 845,367 | 2,817,890 |
| **Depreciation on property, plant and equipment** | 25,545 | 11,675 | 37,220 | 86,292 | 56,463 | 142,755 |

## 16. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on January 30, 2015 by the Board of Directors of the Company.

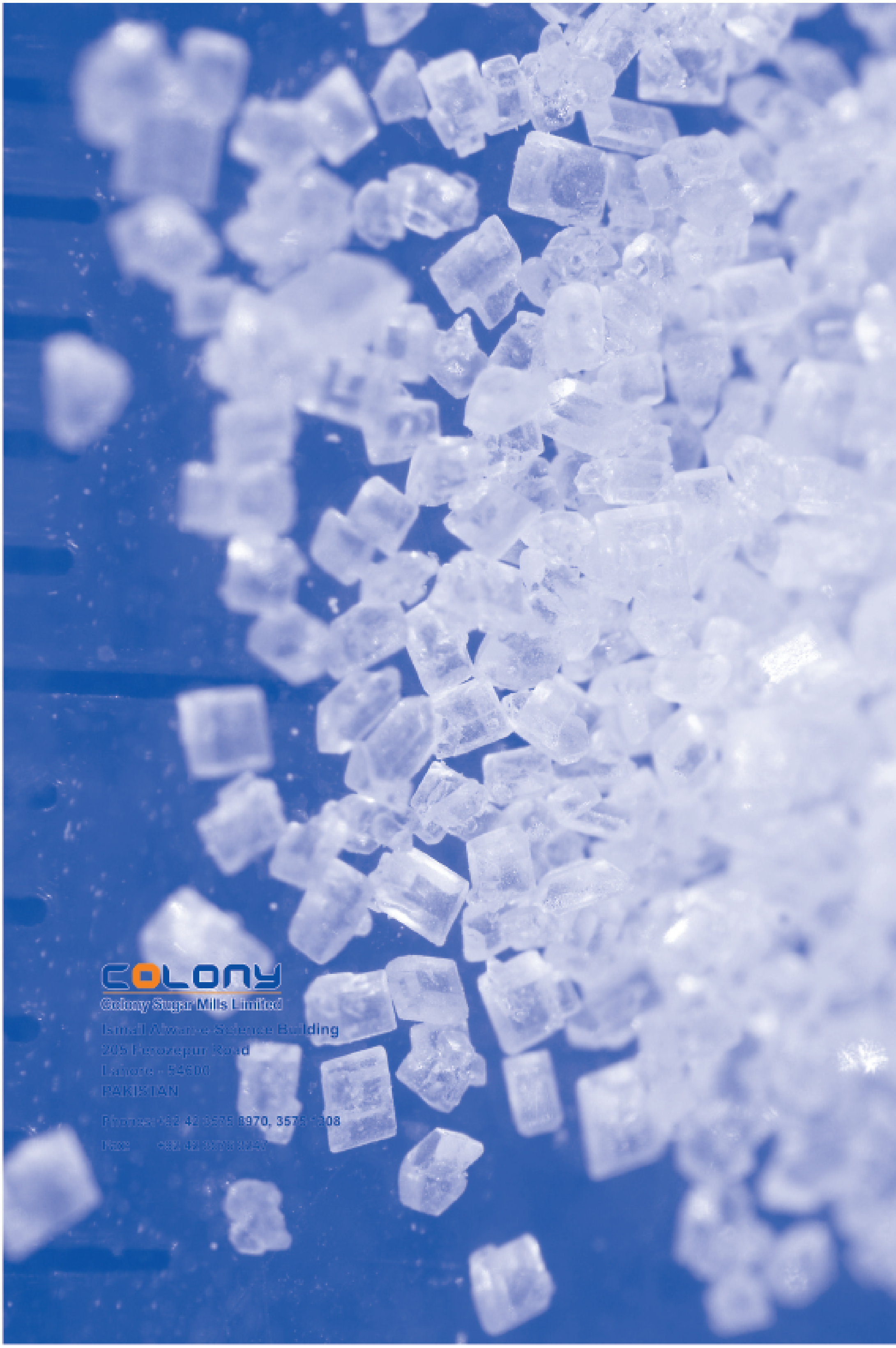
## 17 GENERAL

**17.1** Corresponding figures in the balance sheet comprise of balances as per the annual audited financial statements for the year ended September 30,2014, 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.

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

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

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