



Condensed Interim Financial Information  
for the nine months ended June 30, 2013  
(Un-Audited)



## CONTENTS

|  |   |
|--|---|
| Corporate Information                                | 2 |
| Directors' Review                                    | 3 |
| Condensed Interim Balance Sheet                      | 4 |
| Condensed Interim Profit and Loss Account            | 5 |
| Condensed Interim Cash Flow Statement                | 6 |
| Condensed Interim Statement of Changes in Equity     | 7 |
| Notes to the Condensed Interim Financial Information | 8 |



Colony Sugar Mills Limited

## CORPORATE INFORMATION

|  |   |  |
|--|---|--|
| <b>Board of Directors</b>              | Mr. Naveed M. Sheikh<br>Mr. Waqar Ibn Zahoor Bandey<br>Mian Muhammad Ali<br>Mr. Muhammad Asghar<br>Mr. Ahmed Haji Mussa<br>Mr. Asad Ali<br>Ms. Samina Gul               | - Chairman<br>- Director/CEO<br>- Director<br>- Director<br>- Director<br>- Director<br>- Director   |
| <b>Chief Financial Officer</b>         | Mr. Muhammad Khurshid   |  |
| <b>Company Secretary</b>               | Mr. Abdul Mansoor Khan  |  |
| <b>Audit Committee</b>                 | Mr. Muhammad Asghar<br>Mian Muhammad Ali<br>Ms. Samina Gul  | - Chairman<br>- Member<br>- Member   |
| <b>HR &amp; Remuneration Committee</b> | Mr. Muhammad Asghar<br>Mr. Asad Ali<br>Ms. Samina Gul   | - Chairman<br>- Member<br>- Member   |
| <b>Financial Institutions</b>          | National Bank of Pakistan<br>Faysal Bank Limited<br>KASB Bank Limited<br>The Bank of Punjab<br>Al-Baraka Bank (Pakistan) Limited<br>Pak Oman Investment Company Limited |  |
| <b>Auditors</b>                        | Naveed Zafar Ashfaq Jaffery & Co.<br>Chartered Accountants  |  |
| <b>Legal Advisors</b>                  | Ms. Aniqua Sheikh<br>Advocate   |  |
| <b>Registered Office</b>               | Ground Floor, Ismail Aiwan-e-Science<br>Building, 205 Ferozepur Road<br>Lahore-54600<br>Ph # +92 (42) 3575-8970<br>+92 (42) 3575-1308<br>Fax # +92 (42) 3576-3247       |  |
| <b>Shares Registrar</b>                | <b>Drummonds (Pvt.) Limited</b><br>Suit # 204 - 206, 2nd Floor<br>Al Qadir Heights, 1-Babar Block<br>New Garden Town, Lahore<br>Ph # +92 (42) 3584-6644/45              |  |
| <b>Production Facilities</b>           | <b>Phalia Project</b><br>Karmanwala, Tehsil Phalia<br>Distt. Mandi Bahauddin<br>Ph # +92 (546) 541-151/54<br>Fax # +92 (546) 541-162                                    | <b>Mian Chanu Project</b><br>Chak # 84/15L, 15 KM<br>Vehari Road Kacha Khoo<br>Tehsil Mian Chanu<br>Distt. Khanewal<br>Ph # +92 (0652) 553-182<br>Fax # +92 (0652) 660-452 |

## **DIRECTORS' REVIEW**

### **Dear Members**

We are pleased to present the condensed un-audited interim financial information of the company for the nine months ended on June 30, 2013.

Turnover for the period under review increased to Rupees 6,217 Million as compared with Rupees 3,433 Million for the corresponding period of last year whilst the cost of sales stood at Rupees 5,677 Million (2012: Rupees 2,858 Million) bringing gross profit to Rupees 540 Million (2012: Rupees 574 Million).

The gross profit ratio declined mainly attributed to depressed sugar selling prices during all the three quarters of the period under review. Company remained steady in timely payments of its long term debt liabilities, hence finance cost further condensed to Rupees 194 Million (2012: Rupees 288 Million). The Distillery Operations clubbed with additional revenues from CO<sub>2</sub> Operations contributed positively towards the financial results.

After making provision for taxation, profit for the nine months is Rupees 232 Million (2012: Rupees 43 Million). Earning per share is Rupee 2.34 (2012: Rupee 0.43 per share).

Keeping in view the surplus sugar availability in the country, Government allowed export of 1.2 Metric Tons sugar which gave some respite to sugar industry, however prevailing sugar prices are still depressed. Ethanol prices in the international market have started to show an upward trend. The Management of your company is taking all appropriate measures to plan and manage the challenges. Presently, Company is engaged in repair, maintenance and overhauling of its Plants for the upcoming Crushing Season.

We are thankful to all our valuable Members, Banks and Government departments for their trust, persistent support and patronage and would like to place on record its gratitude to all the Growers and Employees of the company for their contribution, dedication and hard work.

For and on behalf of the Board

Lahore  
Dated: 30<sup>th</sup> July, 2013

**Waqar Ibn Zahoor Bandey**  
CEO/Director



Colony Sugar Mills Limited

## CONDENSED INTERIM BALANCE SHEET

AS AT JUNE 30, 2013

|  | Note | Un-Audited<br>June 30,<br>2013<br>(Rupees in thousand) | Audited<br>September 30,<br>2012 |
|--|------|--|----------------------------------|
| <b>EQUITY AND LIABILITIES</b>  |      |  |                                  |
| <b>SHARE CAPITAL AND RESERVES</b>  |      |  |                                  |
| Authorised capital:<br>100,000,000 (2012: 100,000,000)<br>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>926,154</u>   | <u>694,490</u>                   |
| <b>Total Equity</b>  |      | <b>1,916,354</b>                                       | 1,684,690                        |
| <b>NON-CURRENT LIABILITIES</b>   |      |  |                                  |
| Long term finances   | 8    | 396,571  | 729,613                          |
| Staff retirement benefits  |      | <u>21,897</u>  | <u>22,535</u>                    |
|  |      | <b>418,468</b>   | 752,148                          |
| <b>CURRENT LIABILITIES</b>   |      |  |                                  |
| Trade and other payables   |      | 1,102,845  | 757,886                          |
| Accrued finance cost   |      | 73,661   | 101,395                          |
| Short term borrowings-secured  | 9    | 1,420,749  | 1,665,152                        |
| Current portion of long term finances  |      | <u>396,584</u>   | <u>270,763</u>                   |
|  |      | <b>2,993,839</b>                                       | 2,795,196                        |
|  |      | <u><b>5,328,661</b></u>                                | <u>5,232,034</u>                 |
| <b>PROPERTY AND ASSETS</b>   |      |  |                                  |
| <b>NON-CURRENT ASSETS</b>  |      |  |                                  |
| Property, plant and equipment  | 10   | 3,285,054  | 3,380,898                        |
| <b>CURRENT ASSETS</b>  |      |  |                                  |
| Stores, spares and loose tools   |      | 171,879  | 177,389                          |
| Stocks in trade  |      | 1,359,709  | 1,226,290                        |
| Trade debts  |      | 1,821  | 207,732                          |
| Advances, deposits and other receivables   |      | 484,841  | 227,952                          |
| Cash and bank balances   |      | <u>25,357</u>  | <u>11,773</u>                    |
|  |      | <b>2,043,607</b>                                       | 1,851,136                        |
|  |      | <u><b>5,328,661</b></u>                                | <u>5,232,034</u>                 |
| <b>Contingencies and commitments</b>   | 11   | -  | -                                |

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 PERIOD ENDED JUNE 30, 2013

|   | Nine Months Ended<br>June 30, |           | Third Quarter Ended<br>June 30, |         |
|---|-------------------------------|-----------|---------------------------------|---------|
|   | 2013                          | 2012      | 2013                            | 2012    |
|   | (Rupees in thousand)          |           |                                 |         |
| Sales - net   | 6,216,832                     | 3,432,506 | 2,033,957                       | 814,900 |
| Cost of sales   | 5,676,731                     | 2,858,311 | 1,819,142                       | 647,546 |
| <b>Gross profit</b>                                   | <b>540,101</b>                | 574,195   | <b>214,815</b>                  | 167,354 |
| Administrative and<br>marketing expenses              | 189,283                       | 205,734   | 55,750                          | 48,420  |
|   | <b>350,818</b>                | 368,461   | <b>159,065</b>                  | 118,934 |
| Other operating Income                                | 32,542                        | 276       | 30,967                          | 26      |
| Operating Profit                                      | 383,360                       | 368,737   | 190,032                         | 118,960 |
| Finance Cost  | 193,910                       | 287,932   | 63,623                          | 89,208  |
| Worker's profit participation fund                    | 9,473                         | 3,673     | 6,321                           | 1,352   |
|   | <b>203,383</b>                | 291,605   | <b>69,944</b>                   | 90,560  |
| <b>Profit before taxation</b>                         | <b>179,977</b>                | 77,132    | <b>120,088</b>                  | 28,400  |
| Provision for taxation                                | 51,687                        | (34,325)  | (3,892)                         | (8,149) |
| <b>Profit for the period</b>                          | <b>231,664</b>                | 42,807    | <b>116,196</b>                  | 20,251  |
| <b>Earnings per share</b><br>- basic & diluted Rupees | <b>2.34</b>                   | 0.43      | <b>1.17</b>                     | 0.20    |

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

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

\_\_\_\_\_  
Director



Colony Sugar Mills Limited

**CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited)**  
FOR THE PERIOD ENDED JUNE 30, 2013

|   | Nine Months Ended |               |
|---|-------------------|---------------|
|   | June 30, 2013     | June 30, 2012 |
| (Rupees in thousand)  |                   |               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                   |               |
| Profit before taxation  | 179,977           | 77,132        |
| <b>Adjustments for non-cash and other items:</b>                                      |                   |               |
| Finance cost  | 193,910           | 287,545       |
| Depreciation of property, plant and equipment   | 117,173           | 123,481       |
| Staff retirement benefits - gratuity  | 1,623             | (190)         |
| Workers' profit participation fund  | 9,473             | -             |
|   | <b>322,179</b>    | 410,836       |
| Cash generated from operating activities before working capital changes               | <b>502,156</b>    | 487,968       |
| <b>Adjustments for Working Capital Changes (Increase)/decrease in current assets:</b> |                   |               |
| Stores, spares and loose tools  | 5,510             | (23,537)      |
| Stocks-in-trade   | (133,419)         | (2,386,624)   |
| Trade debts   | 205,911           | 320,740       |
| Advances, deposits and other receivables  | (88,045)          | (43,609)      |
| <b>Increase in current liabilities;</b>   |                   |               |
| Trade and other payables  | 335,487           | 2,221,202     |
| <b>Net working capital changes</b>  | <b>325,444</b>    | 88,172        |
| Finance cost paid   | (221,644)         | (311,129)     |
| Staff retirement benefits - gratuity paid   | (2,262)           | (1,815)       |
| Income tax paid   | (117,157)         | (64,061)      |
|   | <b>(341,063)</b>  | (377,005)     |
| <b>Net cash generated in operating activities</b>                                     | <b>486,537</b>    | 199,135       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                   |               |
| Fixed capital expenditure   | (21,329)          | (3,664)       |
| Sale proceeds from sale of operating fixed assets                                     | -                 | 8,885         |
| <b>Net cash (used in) / generated from investing activities</b>                       | <b>(21,329)</b>   | 5,191         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                   |               |
| Long term finances  | (207,221)         | (148,194)     |
| Short term borrowings   | (244,403)         | (69,641)      |
| <b>Net cash (used in) financing activities</b>  | <b>(451,624)</b>  | (217,835)     |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                         | <b>13,584</b>     | (13,509)      |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>                       | <b>11,773</b>     | 16,959        |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>                             | <b>25,357</b>     | 3,450         |

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 PERIOD ENDED JUNE 30, 2013

| Particulars                                       | Share capital        | Unappropriated profit | Total equity     |
|---|----------------------|-----------------------|------------------|
|   | (Rupees in thousand) |                       |                  |
| <b>Balance as on September 30, 2011 (audited)</b> | 990,200              | 534,743               | 1,524,943        |
| Total comprehensive income                        | -                    | 42,807                | 42,807           |
| <b>Balance as on June 30, 2012 (un-audited)</b>   | <b>990,200</b>       | <b>577,550</b>        | <b>1,567,750</b> |
| <b>Balance as on September 30, 2012 (audited)</b> | <b>990,200</b>       | <b>694,490</b>        | <b>1,684,690</b> |
| Total comprehensive income                        | -                    | 231,664               | 231,664          |
| <b>Balance as on June 30, 2013 (un-audited)</b>   | <b>990,200</b>       | <b>926,154</b>        | <b>1,916,354</b> |

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

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**Chief Executive Officer**

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**Director**



**SELECTED NOTES TO AND FORMING PART OF THE  
CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)**

**FOR THE PERIOD ENDED JUNE 30, 2013**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

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 (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 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 regulations of Karachi Stock Exchange.

**3. BASIS OF PRESENTATION, MEASUREMENT AND ESTIMATION**

Estimates used in the preparation of this 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 this condensed interim financial information are the same as those applied in the preparation of the preceding annual published audited financial statements as of September 30, 2012.

**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, 2012.

**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 provisions 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.

|  | <b>Un-Audited<br/>June 30,<br/>2013<br/>(Rupees in thousand)</b> | <b>Audited<br/>September 30,<br/>2012</b> |
|--|--|---|
| <b>7. ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>   |  |   |
| 64,020,000 ( September 30, 2012: 64,020,000 )<br>Ordinary shares of Rupees 10 each fully paid in cash  | <b>640,200</b>   | 640,200                                   |
| 35,000,000 ( September 30, 2012: 35,000,000 )<br>Ordinary shares of Rupees 10 each issued<br>as fully paid for consideration other than cash | <b>350,000</b>   | 350,000                                   |
|  | <b>990,200</b>   | 990,200                                   |

|   | <b>Un-Audited<br/>June 30,<br/>2013<br/>(Rupees in thousand)</b> | <b>Audited<br/>September 30,<br/>2012</b> |
|---|--|---|
| <b>8. NON-CURRENT LIABILITIES</b>   |  |   |
| Out standing balance  | 793,155  | 1,000,376                                 |
| Current portion shown under current liabilities   | (396,584)  | (270,763)                                 |
|   | <b>396,571</b>   | <b>729,613</b>                            |
| <b>9. SHORT TERM BORROWINGS-Secured</b>   |  |   |
|   | <b>1,420,749</b>   | <b>1,665,152</b>                          |
| <p>These represent cash finance, running finance, export refinance, bi-salam obtained from various banking companies and are subject to mark up ranging from 9.20% to 13.20% per annum (September 30, 2012: 11% to 16.73% 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> |  |   |
| <b>10. PROPERTY, PLANT AND EQUIPMENT</b>  |  |   |
| Opening book value  | 3,380,898  | 3,515,925                                 |
| Add: Additions during the period  | 17,518   | 29,959                                    |
|   | <b>3,398,416</b>   | <b>3,545,884</b>                          |
| Less: Depreciation charged during the period  | (117,173)  | (164,986)                                 |
| Operating fixed assets (closing balance)  | 3,281,244  | 3,380,898                                 |
| Capital work -in-progress   | 3,810  | -   |
|   | <b>3,285,054</b>   | <b>3,380,898</b>                          |

**11. CONTINGENCIES AND COMMITMENTS**

There are no significant changes in contingencies as reported on September 30, 2012. However, Letters of Credit established for import of Machinery, Components, Spare Parts & Other Material are outstanding for Rs. 104.511 Million on June 30, 2013 (September 30, 2012: 46.400 Million).



Colony Sugar Mills Limited

## 12 BUSINESS SEGMENTS INFORMATION

|  | Nine Months Ended June 30, 2013 |                  |                  | Nine Months Ended June 30, 2012 |                  |                  | Quarter Ended June 30, 2013 |                |                  | Quarter Ended June 30, 2012 |                |                |
|--|---------------------------------|------------------|------------------|---------------------------------|------------------|------------------|-----------------------------|----------------|------------------|-----------------------------|----------------|----------------|
|  | 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  | 5,356,371                       | 242,347          | 4,977,052        | 3,049,017                       | 98,508           | 2,537,132        | 1,711,305                   | 164,005        | 1,715,206        | 500,891                     | 54,292         | 419,735        |
| Export   | -                               | 1,586,255        | 1,586,255        | -                               | 1,054,534        | 1,054,534        | -                           | 456,692        | 456,692          | -                           | 430,278        | 430,278        |
|  | <b>5,356,371</b>                | <b>1,828,602</b> | <b>6,563,307</b> | <b>3,049,017</b>                | <b>1,153,042</b> | <b>3,591,666</b> | <b>1,711,305</b>            | <b>620,697</b> | <b>2,171,898</b> | <b>500,891</b>              | <b>484,570</b> | <b>850,013</b> |
| Less: Sales tax, excise duty and commission    | 312,662                         | 33,813           | 346,475          | 153,061                         | 6,099            | 159,160          | 114,988                     | 22,953         | 137,941          | 35,113                      | -              | 35,113         |
|  | <b>5,043,709</b>                | <b>1,794,789</b> | <b>6,297,832</b> | <b>2,895,956</b>                | <b>1,146,943</b> | <b>3,432,506</b> | <b>1,596,317</b>            | <b>597,744</b> | <b>2,114,957</b> | <b>465,778</b>              | <b>484,570</b> | <b>814,900</b> |
| Cost of sales                                  | 4,850,792                       | 1,447,605        | 5,676,731        | 2,729,932                       | 738,772          | 2,858,311        | 1,564,824                   | 414,422        | 1,819,142        | 494,426                     | 288,568        | 647,546        |
| Gross profit                                   | 192,917                         | 347,184          | 540,101          | 166,024                         | 408,171          | 574,195          | 31,493                      | 183,322        | 214,815          | (28,648)                    | 196,002        | 167,354        |
| Admin. and general exp.                        | 83,001                          | 10,038           | 93,039           | 75,001                          | 6,448            | 81,449           | 23,610                      | 3,302          | 26,912           | 22,197                      | 429            | 22,626         |
| Distribution and marketing exp.                | 10,592                          | 85,652           | 96,244           | 10,270                          | 114,015          | 124,285          | 1,936                       | 26,902         | 28,838           | 1,904                       | 23,890         | 25,794         |
| Admin & marketing expenses                     | 93,593                          | 95,690           | 189,283          | 85,271                          | 120,463          | 205,734          | 25,546                      | 30,204         | 55,750           | 24,101                      | 24,319         | 48,420         |
| Operating profit before other operating income | 99,324                          | 251,494          | 350,818          | 80,753                          | 287,708          | 368,461          | 5,947                       | 153,118        | 159,065          | (52,749)                    | 171,683        | 118,934        |

### 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, 2013  |           |           | As at September 30, 2012 |           |           |
|--|----------------------|-----------|-----------|--------------------------|-----------|-----------|
|  | Sugar                | Ethanol   | Total     | Sugar                    | Ethanol   | Total     |
|  | (Rupees in thousand) |           |           | (Rupees in thousand)     |           |           |
| 12.3 Segment assets                                | 3,797,809            | 1,530,852 | 5,328,661 | 3,855,911                | 1,376,123 | 5,232,034 |
| 12.4 Segment liabilities                           | 2,559,047            | 853,260   | 3,412,307 | 2,587,922                | 959,422   | 3,547,344 |
| 12.5 Depreciation on property, plant and equipment | 81,856               | 35,317    | 117,173   | 115,201                  | 49,785    | 164,986   |

## 13. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on July 30, 2013 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, 2012, 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

*If undelivered, please return to*

**COLONY**

**Colony Sugar Mills Limited**

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