



Condensed Interim Financial Information
for the period ended June 30, 2011
(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 Ms. Samina Gul	- Chairman - Director/CEO - Director - Director - Director - Director - Director
Chief Financial Officer	Mr. Saifullah	
Company Secretary	Mr. Abdul Mansoor Khan	
Audit Committee	Mr. Muhammad Asghar Mian Muhammad Ali Ms. Samina Gul	- Chairman - Member - Member
Executive Committee	Mr. Naveed M. Sheikh Mr. Waqar Ibn Zahoor Bandey Ms. Samina Gul	- Chairman - Member - Member
Financial Institutions	National Bank of Pakistan Emirates Global Islamic Bank Faysal Bank Limited KASB Bank Limited The Bank of Punjab Al Baraka Islamic Bank Pak Oman Investment Company Limited	
Auditors	Naveed Zafar Husain Jaffery & Co. Chartered Accountants	
Legal Advisors	Intiaz Siddiqui & Associates Advocates & Solicitors	
Registered Office	Ismail Aiwan-e-Science Building 205 Ferozpur Road Lahore-54600 UAN # (042) 111-COLONY 2 6 5 6 6 9 Fax # (042) 3576-3247	
Production Facilities	Phalia Project Karmanwala, Tehsil Phalia Distt. Mandi Bahauddin. Ph # (0546) 636-001/14 Fax # (0546) 636-015	Mian Chanu Project Chak # 84/15L, 15 KM Vehari Road, Kacha Khoo Tehsil Mian Chanu Distt. Khanewal. Ph # (0652) 553-182 Fax # (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, 2011.

Sales for the nine months period were Rupees 4.37 Billion as compared with Rupees 2.98 Billion for the corresponding period of last year. Gross profit was Rupees 670.27 Million (2010: Rupees 367.29 Million). After making provision for taxation, profit for the nine months is Rupees 72.04 Million (2010: loss Rupees 59.53 Million) and the profit per share is Rupees 0.73 (2010: loss per share Rupees 0.60).

Sugar sales as well as its selling price remained depressed during the quarter under review. The enhanced sales tax and special excise duty on Sugar sales, increasing mark up rates, soaring inflation and cost/volume of carrying inventories adversely affected the profitability of the company. Due to better returns to Growers during this year, there is a reasonable increase in sugarcane cultivation area for the ensuing crushing season.

Although the purchase prices of molasses has increased, Ethanol prices in the international market have also shown a rising trend which is likely to continue and have a favourable impact on the profitability of this division at the year end.

The Board is thankful to the 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
July 29, 2011

Waqar Ibn Zahoor Bandey
CEO/Director

CONDENSED INTERIM BALANCE SHEET

AS AT JUNE 30, 2011

	Note	(Un-Audited) June 30, 2011	(Audited) September 30, 2010
(Rupees in thousand)			
PROPERTY AND ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	3,251,837	3,343,051
CURRENT ASSETS			
Stores, spares and loose tools		126,551	151,219
Stocks in trade		1,690,482	827,489
Trade debts		-	143,247
Advances, deposits, prepayments & other receivables		257,434	232,242
Cash and bank balances		47,957	37,576
		2,122,424	1,391,773
		5,374,261	4,734,824
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 100,000,000 (2010: 100,000,000) ordinary shares of Rs. 10/- each.		1,000,000	1,000,000
Issued, subscribed and paid up capital Unappropriated profit	8	990,200 541,070	990,200 469,032
Total Equity		1,531,270	1,459,232
NON CURRENT LIABILITIES			
Long term finances	9	1,000,376	1,211,835
Staff retirement benefits		6,992	8,060
Deferred taxation		5,348	5,348
		1,012,716	1,225,243
CURRENT LIABILITIES			
Trade and other payables		672,654	597,814
Accrued finance cost		122,168	119,493
Short term borrowings-secured		1,662,631	1,102,060
Current portion of long term finances		323,333	228,194
Provision for taxation		49,489	2,788
		2,830,275	2,050,349
Contingencies and commitments		-	-
		5,374,261	4,734,824

Chief Executive Officer

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-Audited)

FOR THE PERIOD ENDED JUNE 30, 2011

	Nine Months Ended June 30		Third Quarter Ended June 30	
	2011	2010	2011	2010
	(Rupees in thousand)			
Sales - net	4,368,574	2,977,820	847,488	1,014,546
Cost of sales	3,698,303	2,610,530	603,020	857,923
Gross profit	670,271	367,290	244,468	156,623
Operating expenses				
Administrative and general expenses	81,069	67,754	22,783	18,880
Distribution and marketing expenses	131,706	52,092	52,592	15,848
	212,775	119,846	75,375	34,728
	457,496	247,444	169,093	121,895
Other operating income	5,184	3,454	121	82
Operating profit	462,680	250,898	169,214	121,977
Financial and other charges	343,940	313,616	120,819	112,586
Profit/(loss) before taxation	118,740	(62,718)	48,395	9,391
Provision for taxation	46,702	(3,184)	8,475	6,287
Profit/(loss) for the period	72,038	(59,534)	39,920	3,104
Earnings per share - basic (Rupees)	0.73	(0.60)	0.41	0.03

The annexed notes form an integral part of these financial statements.

Chief Executive Officer

Director



Colony Sugar Mills Limited

CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited)

FOR THE PERIOD ENDED JUNE 30, 2011

	Nine Months Ended June 30,	
	2011	2010
(Rupees in thousand)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	118,740	(62,718)
Adjustments for non-cash and other items:		
Finance cost	337,690	313,616
Depreciation	109,483	110,009
Staff retirement benefits - gratuity	750	2,957
	447,923	426,582
Cash generated from operating activities before working capital changes	566,663	363,864
Adjustments for Working Capital Changes (Increase)/decrease in current assets:		
Stores, spares and loose tools	24,668	11,063
Stocks-in-trade	(862,993)	(1,171,831)
Trade debts	143,247	-
Advances, deposits, prepayments and other receivables	(6,624)	(9,104)
Increase in current liabilities;		
Trade and other payables	74,839	696,793
Net working capital changes	(626,863)	(473,079)
Finance cost paid	(335,015)	(298,390)
Staff retirement benefits - gratuity paid	(1,818)	(264)
Income tax paid	(18,568)	(16,935)
	(355,401)	(315,589)
Net cash used in operating activities	(415,601)	(424,804)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(18,269)	(69,383)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings	560,571	646,412
Long term finances paid	(116,320)	(144,084)
Net cash generated from financing activities	444,251	502,328
Net Increase In Cash And Cash Equivalents	10,381	8,141
Cash and Cash Equivalents at the beginning of the period	37,576	25,662
Cash and Cash Equivalents at the end of the period	47,957	33,803

The annexed notes form an integral part of these financial statements.

Chief Executive Officer

Director

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

FOR THE PERIOD ENDED JUNE 30, 2011

Particulars	Share Capital	Unappropriated Profit	Total
	(Rupees in thousand)		
Balance as at September 30, 2009 (Audited)	990,200	350,981	1,341,181
Loss for the period	-	(59,534)	(59,534)
Balance as at June 30, 2010 (Un-audited)	<u>990,200</u>	<u>291,447</u>	<u>1,281,647</u>
Balance as at September 30, 2010 (Audited)	990,200	469,032	1,459,232
Profit for the period	-	72,038	72,038
Balance as at June 30, 2011 (Un-audited)	<u>990,200</u>	<u>541,070</u>	<u>1,531,270</u>

The annexed notes form an integral part of these financial statements.

Chief Executive Officer

Director

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

FOR THE PERIOD ENDED JUNE 30, 2011

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 (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 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, 2010.

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, 2010.

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, 2011	(Audited) September 30, 2010
	(Rupees in thousand)	
7. PROPERTY, PLANT AND EQUIPMENT		
Opening book value	3,022,160	3,128,088
Add: Additions during the period	7.1 339,160	41,315
	<u>3,361,320</u>	<u>3,169,403</u>
Less: Depreciation charged during the period	(109,483)	(147,243)
Operating fixed assets (closing balance)	3,251,837	3,022,160
Capital work-in-progress	-	320,891
	<u>3,251,837</u>	<u>3,343,051</u>
7.1 Addition during the period		
Company owned assets		
Building on freehold land	6,340	790
Plant and machinery	331,274	30,281
Furniture, fixture and equipments	1,546	3,532
Vehicles	-	6,712
	<u>339,160</u>	<u>41,315</u>
8. ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
64,020,000 (2010: 64,020,000)		
Ordinary shares of Rupees 10 each fully paid in cash	640,200	640,200
35,000,000 (2010: 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>
9. LONG TERM FINANCES		
Opening balance	1,440,029	1,603,279
Add: Obtained during the period	-	310,000
	<u>1,440,029</u>	<u>1,913,279</u>
Less: Repayment during the period	(116,320)	(473,250)
	<u>1,323,709</u>	<u>1,440,029</u>
Less: Current portion shown under current liabilities	(323,333)	(228,194)
	<u>1,000,376</u>	<u>1,211,835</u>
10. SHORT TERM BORROWINGS-Secured		

The aggregate facility of short term borrowings available from commercial banks is Rupees 1,800 million (September 30, 2010: Rupees 1,675 million). These facilities are secured against pledge over stocks, current assets and personal guarantee of a director. The rates of mark up range from 9.00% to 17.10% (September 30, 2010: 7.50% to 16.77%) per annum payable quarterly.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

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

11.2 Commitments

NIL - (September 30, 2010 Nil) in the normal course of business).

12. TRANSACTIONS WITH RELATED PARTIES DURING THE PERIOD UNDER REFERENCE

	Nine Months Ended June 30	
	2011	2010
	(Rupees in thousand)	
Colony Mills Limited		
Long term musharika finance - outstanding	87,626	87,626
Profit on long term musharika finance charged	10,715	20,900
Colony Industries (Private) Limited		
Long term musharika finance - outstanding	309,070	309,070
Profit on long term musharika finance charged	37,792	39,908

13. BUSINESS SEGMENTS INFORMATION

	Nine Months Ended June 30, 2011			Nine Months Ended June 30, 2010			Quarter Ended June 30, 2011			Quarter Ended June 30, 2010		
	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 Sales	3,684,433	23,535	3,406,378	2,868,688	39,377	2,620,205	66,220	7,079	73,299	822,062	26,500	842,578
Export	-	1,118,846	1,118,846	-	545,794	545,794	-	783,507	783,507	-	215,374	215,374
Other by-products	2,788	11,877	14,665	1,576	-	1,576	-	11,877	11,877	-	-	-
	3,687,221	1,154,258	4,539,889	2,870,264	585,171	3,167,575	66,220	802,463	868,683	822,062	241,874	1,057,952
Less: Sales tax & excise duty	165,699	5,616	171,315	141,650	48,105	189,755	18,102	3,093	21,195	38,299	5,107	43,406
	3,521,522	1,148,642	4,368,574	2,728,614	537,066	2,977,820	48,118	799,370	847,488	783,763	236,767	1,014,546
Cost of sales	3,134,862	865,031	3,698,303	2,448,549	449,841	2,610,530	97,324	505,696	603,020	650,814	213,093	857,923
Gross profit	386,660	283,611	670,271	280,065	87,225	367,290	(49,206)	293,674	244,468	132,949	23,674	156,623
Administrative and general expenses	73,577	7,492	81,069	59,550	8,204	67,754	20,129	2,654	22,783	16,050	2,830	18,880
Distribution and marketing expenses	8,617	123,089	131,706	7,018	45,074	52,092	1,180	51,412	52,592	754	15,094	15,848
	82,194	130,581	212,775	66,568	53,278	119,846	21,309	54,066	75,375	16,804	17,924	34,728
Operating profit	304,466	153,030	457,496	213,497	33,947	247,444	(70,515)	239,608	169,093	116,145	5,750	121,895

13.1 Inter-segment sales and purchases

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

13.2 Basis of inter-segment pricing

All inter -segment transfers are made at cost.

	As at June 30, 2011			As at September 30, 2010		
	Sugar	Ethanol	Total	Sugar	Ethanol	Total
	(Rupees in thousand)			(Rupees in thousand)		
13.3 Segment assets	4,217,269	1,156,992	<u>5,374,261</u>	3,856,238	878,586	<u>4,734,824</u>
13.4 Segment liabilities	2,872,551	965,092	<u>3,837,643</u>	2,580,486	695,106	<u>3,275,592</u>
13.5 Depreciation on property, plant and equipment	78,317	31,166	<u>109,483</u>	106,084	41,158	<u>147,242</u>

14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on July 29, 2011 by the Board of Directors of the Company.

15. GENERAL

- Corresponding figures have been rearranged wherever necessary to facilitate comparison. However, no material re-arrangement has been made in these condensed interim financial statements.
- Figures in this condensed interim financial information have been rounded off to the nearest thousand rupees.

Chief Executive Officer

Director



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