



Condensed Interim Financial Information
for the first quarter ended December 31, 2010
(Un-Audited)

COLONY
Colony Sugar Mills Limited

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

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. Mansur-Ul-Haque	
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	Imtiaz Siddiqui & Associates Advocates & Solicitors	
Registered Office	Ismail Aiwan-i-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

Your directors are pleased to present the condensed un-audited interim financial information of the company for the first quarter ended on December 31, 2010.

Turnover of the company reduced to Rupees 914 Million as compared with Rupees 1,305 Million for the same quarter of the last year. Gross profit was Rupees 193 Million (2009: Rupees 198 Million). After tax profit for the quarter is Rupees 10 Million (2009: Rupees 55 Million). Earning per share is Rupees 0.10 as compared with Rupees 0.56 for the last quarter. Finance cost increased due to increase in KIBOR rate. Other factors of production were also on higher side due to soaring inflation.

The sugarcane support price fixed for crushing season 2010-11 by the Punjab Government is Rupees 125 per 40 kg; however the prevalent sugarcane purchase price is almost twofold. This is primarily because of the role of the middlemen, who are playing turmoil with the growers as well as with the sugar industry.

Current season for sugar as well as distillery looks tough as the sugar industry is hurting by high sugarcane prices. The Company expects that the impact of higher sugarcane prices will hopefully be mitigated by better prices of sugar. Ethanol production will recommence in February 2011.

Board is grateful to the valuable members and bankers for their trust and persistent support to the Company and would like to place on record its appreciation to all the employees of the company for their devotion and hard work.

For and on behalf of the Board

Lahore
January 31, 2011

Naveed M. Sheikh
Chairman



Colony Sugar Mills Limited

CONDENSED INTERIM BALANCE SHEET

FOR THE FIRST QUARTER ENDED DECEMBER 31, 2010

	Note	Un-Audited December 31, 2010 (Rupees in thousand)	Audited September 30, 2010
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital 100,000,000 (September 30, 2010: 100,000,000) ordinary shares of Rupees 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital	8	990,200	990,200
Unappropriated profit		478,843	469,032
		1,469,043	1,459,232
NON-CURRENT LIABILITIES			
Long term finances	9	1,137,876	1,211,835
Staff retirement benefits		8,259	8,060
Deferred taxation		5,148	5,348
		1,151,283	1,225,243
CURRENT LIABILITIES			
Trade and other payables		928,853	597,814
Accrued finance cost		77,671	119,493
Short term borrowings - secured	10	1,263,867	1,102,060
Current portion of long term finances		278,542	228,194
Provision for taxation		11,983	2,788
		2,560,916	2,050,349
Contingencies and commitments	11	-	-
		5,181,242	4,734,824
PROPERTY AND ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	3,308,040	3,343,051
CURRENT ASSETS			
Stores, spares and loose tools		142,358	151,219
Stocks in trade		1,267,918	827,489
Trade debts		54,141	143,247
Advances, deposits, prepayments and other receivables		214,776	232,242
Cash and bank balances		194,009	37,576
		1,873,202	1,391,773
		5,181,242	4,734,824

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

Chief Executive Officer

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE FIRST QUARTER ENDED DECEMBER 31, 2010 (Un-Audited)

	Note	December 31, 2010 (Rupees in thousand)	December 31, 2009
Sales - net	13	914,334	1,305,171
Cost of sales	13	721,194	1,107,232
Gross profit		193,140	197,939
Administrative expenses	13	25,643	23,658
Distribution and marketing expenses	13	44,614	10,089
		70,257	33,747
Operating profit		122,883	164,192
Other operating Income		65	2,362
		122,948	166,554
Finance cost		102,941	100,204
Other operating expenses		1,000	3,318
		103,941	103,522
Profit before taxation		19,007	63,032
Provision for taxation		9,196	7,629
Profit for the period		9,811	55,403
Earnings per share - basic Rupees		0.10	0.56

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

Chief Executive Officer_____
Director



Colony Sugar Mills Limited

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE FIRST QUARTER ENDED DECEMBER 31, 2010 (Un-Audited)

	December 31, 2010	December 31, 2009
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	19,007	63,032
Adjustments for non-cash and other items:		
Finance cost	102,941	100,204
Depreciation of property, plant and equipment	35,082	40,647
Employees' retirement benefits - gratuity	200	1,180
Workers profit participation fund	1,000	3,318
	139,223	145,349
Cash generated from operating activities before working capital changes	158,230	208,381
Adjustments for working capital changes (Increase)/Decrease in current assets:		
Stores, spares and loose tools	8,861	(29,828)
Stocks-in-trade	(440,429)	100,523
Trade debts	89,106	(154,510)
Advances, deposits, prepayments and other receivables	17,266	(99,999)
Increase in current liabilities:		
Trade and other payables	329,520	97,233
Net working capital changes	4,324	(86,581)
Finance cost paid	(144,763)	(115,222)
Employees' retirement benefits - gratuity paid	(1)	(35)
Income tax paid	519	(2,461)
	(144,245)	(117,718)
Net cash generated from operating activities	18,309	4,082
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(71)	(10,584)
Net cash used in investing activities	(71)	(10,584)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings	161,807	157,889
Long term finances	(23,612)	(64,500)
Net cash generated/(used) in financing activities	138,195	93,389
Net increase/(decrease) in cash and cash equivalent	156,433	86,887
Cash and cash equivalents at the beginning of the period	37,576	25,662
Cash and cash equivalents at the end of the period	194,009	112,549

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

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2010 (Un-Audited)

Particulars	Share capital	Unappropriated profit	Total equity
	(Rupees in thousand)		
Balance as at September 30, 2009	990,200	350,981	1,341,181
Profit for the quarter	-	55,403	55,403
Balance as at December 31, 2009	990,200	406,384	1,396,584
Balance as at September 30, 2010	990,200	469,032	1,459,232
Profit for the quarter	-	9,811	9,811
Balance as at December 31, 2010	990,200	478,843	1,469,043

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

Chief Executive Officer

Director



Colony Sugar Mills Limited

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2010 (Un-Audited)**

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 December 31, 2010 (Rupees in thousand)	Audited September 30, 2010
7. PROPERTY, PLANT AND EQUIPMENT		
Opening book value	3,022,160	3,128,088
Add: Additions during the period	7.1 71	41,315
	3,022,231	3,169,403
Less: Depreciation charged during the period	(35,082)	(147,242)
	2,987,149	3,022,160
Operating fixed assets (closing balance)	320,891	320,891
Capital work-in-progress	3,308,040	3,343,051
7.1 Addition during the period		
Company owned assets		
Building on freehold land	-	790
Plant and machinery	-	30,281
Furniture, fixture and equipments	71	3,532
Vehicles	-	6,712
	71	41,315
8. ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
64,020,000 (September 30, 2010: 64,020,000)		
Ordinary shares of Rupees 10 each fully paid in cash	640,200	640,200
35,000,000 (September 30, 2010: 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
8.1 26,506,961 (2009: 46,520,000) ordinary shares of the company held by Colony Mills Limited.		
9. LONG TERM FINANCES		
Opening balance	1,440,029	1,603,279
Add: Obtained during the period	-	310,000
	1,440,029	1,913,279
Less: Repayment during the period	(23,611)	(473,250)
	1,416,418	1,440,029
Less: Current portion shown under current liabilities	(278,542)	(228,194)
	1,137,876	1,211,835

10. SHORT TERM BORROWINGS-Secured

The aggregate facility of short term borrowings available from commercial banks is Rupees 1,610 million (September 30, 2010: Rupees 1,910 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 16.86% (September 30, 2010: 7.50% to 16.77%) per annum payable quarterly.

11. CONTINGENCIES AND COMMITMENTS**Contingencies**

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

Commitments

NIL - (December 31, 2009 for capital expenditures amounts to Rupees 30.528 million in normal course of business).

12. TRANSACTIONS WITH RELATED PARTIES DURING THE QUARTER UNDER REFERENCE

	December 31, 2010	December 31, 2009
	(Rupees in thousand)	
Colony Mills Limited		
Long term musharika finance - outstanding	87,626	297,626
Profit on long term musharika finance charged	3,549	11,859
Colony Industries (Private) Limited		
Long term musharika finance - outstanding	309,070	409,070
Profit on long term musharika finance charged	12,519	16,153

13. BUSINESS SEGMENTS INFORMATION

	For the first quarter ended December 31, 2010			For the first quarter ended December 31, 2009		
	Sugar	Ethanol	Total	Sugar	Ethanol	Total
	(Rupees in thousand)			(Rupees in thousand)		
Segment sales						
Local	584,801	5,614	590,415	1,234,820	-	1,234,277
Export	-	335,339	335,339	-	154,216	154,216
inter-segment - Mollases	-	-	-	72,508	-	-
	584,801	340,953	925,754	1,307,328	154,216	1,389,036
Less: Sales tax, excise duty and commission	2,383	9,036	11,420	77,780	6,085	83,865
	582,418	331,916	914,334	1,229,549	148,131	1,305,171
Segment expenses						
Cost of sales						
External	387,458	333,736	721,194	1,073,902	33,330	1,107,232
Inter-segment	-	-	-	-	72,508	-
	387,458	333,736	721,194	1,073,902	105,838	1,107,232
Gross profit/(loss)	194,960	(1,820)	193,140	155,646	42,293	197,939
Administrative and general expenses	23,129	2,514	25,643	20,849	2,809	23,658
Distribution and marketing expenses	2,548	42,066	44,614	2,945	7,144	10,089
	25,677	44,580	70,257	23,794	9,953	33,747
Operating profit	169,283	(46,400)	122,883	131,852	32,340	164,192

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 December 31, 2010			As at September 30, 2010		
	Sugar	Ethanol	Total	Sugar	Ethanol (including CO2 plant)	Total
	(Rupees in thousand)			(Rupees in thousand)		
13.3 Segment assets	3,632,728	1,548,514	5,181,242	3,856,238	878,586	4,734,824
13.4 Segment liabilities	2,865,296	841,755	3,707,051	2,580,486	695,106	3,275,592
13.5 Depreciation on property, plant and equipment	25,258	9,824	35,082	106,084	41,158	147,242



Colony Sugar Mills Limited

14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on January 31, 2011 by the Board of Directors of the Company.

15. GENERAL

15.1 Corresponding figures in the balance sheet comprise of balances as per the annual audited financial statements for the year ended September 30, 2010, 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.

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

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

Chief Executive Officer

Director

COLONY
Colony Sugar Mills Limited

Ismail Awan-e-Science Building
205 Ferozepur Road
Lahore - 54600
PAKISTAN
Tel: +92 42 111-COLONY
2 6 5 6 6 9
Fax: +92 42 3576-3247