



COLONY TEXTILE  
MILLS LIMITED

# CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2015 (UN-AUDITED)



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## COMPANY INFORMATION

### Board Of Directors

Mr. Mughis A. Sheikh (Chairman)  
Mr. Fareed M. Sheikh (Chief Executive Officer)  
Mr. Muhammad Tariq  
Mr. Muhammad Atta ullah Khan  
Mr. Muhammad Ashraf Saif  
Mr. Abdul Hakeem Khan Qasuria  
Mr. Muhammad Ikram ul Haq  
Mir Shahid Waqar Mehmood  
(Nominee The Bank of Punjab)

### Board Committees

#### Audit Committee

Mr. Muhammad Ashraf Saif (Chairman)  
Mr. Muhammad Atta ullah Khan  
Mr. Abdul Hakeem Khan Qasuria

#### HR & Remuneration Committee

Mr. Muhammad Ashraf Saif (Chairman)  
Mr. Muhammad Ikram ul Haq  
Mr. Abdul Hakeem Khan Qasuria

### Chief Financial Officer

Mr. Atta Mohyuddin Khan

### Company Secretary

Mr. Muhammad Abid

### Auditors

Tariq Abdul Ghani Maqbool & Co.  
Chartered Accountants

### Legal Advisor

Mrs. Aniqua Riaz  
Advocate

### Registered Address

M. Ismail Aiwan-e-Science Building  
205 Ferozepur Road, Lahore-54600  
Phone: 042-35758970-2  
Fax : 042-35763247  
Email: corporate@colonytextiles.com  
Website: www.colonytextiles.com

**Share Registrar**

Hameed Majeed Associates (Pvt.) Limited  
HM House, 7 Bank Square  
Lahore.  
Phone: (042) 37235081-2, Fax: 042-37358817  
Email: shares@hmaconsultants.com

**Bankers**

Faysal Bank Limited  
Habib Bank Limited  
BankIslami Pakistan Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Silk Bank Limited  
The Bank of Punjab  
United Bank Limited  
Summit Bank Limited

## DIRECTORS' REVIEW

Dear Members

The directors of the company are pleased to present the unaudited interim financial statements for the first quarter ended September 30, 2015.

The turnover of the first quarter has decreased from Rs. 4,078 million to Rs. 2,914 million as compared with the corresponding period of last year. The gross profit of first quarter is Rs. 101 million (2014: Rs 268 million) and the net loss for the quarter is Rs. 296 million (2014: Rs. 151 million). Loss per share for the first quarter is Rs. 0.59 as compared with net loss per share of Rs 0.30 of corresponding quarter of last year.

The first quarter of this year has proven to be extremely tough. All the negative factors that prevailed last year were even worse in this quarter. Issues like dumping of textile products from India and china in local market, electricity and gas shortage together with high tariffs, increase in sales tax on sale of textile products in domestic market and increase in raw material cotton prices etc. continue to make the textile situation worse. Consequently, Pakistani textile products are losing domestic and international market as cost of doing business is going higher day by day. Sluggish demand of local as well as exports have made the situation worse. Unfortunately, textile policy 2014-2019 formulated by Government of Pakistan has not been implemented adequately which resulted in further aggravating the situation. Despite of diminishing exports and significant problems being faced by the textile sector, the Government is not coming with any subsidy or sound mechanism to tackle the situation. However, the Government has announced regulatory duty on textile imports commencing from 1<sup>st</sup> November 2015 and the benefits from this are yet to be seen. It is worth mentioning that significant amount of sales tax and income tax refunds are outstanding since long and further imposition of sales tax on yarn and fabric has made the situation worse and created extreme liquidity crunch for which repeated promises of refunds have been made by the Government but with no results.

The continuing global recession and increasing competition from regional players, increase in GST rates, along with increasing cotton prices are making textile business even worse. Textile industry accounts for 8% of GDP and has paramount position in Pakistan's economy. By reviewing these factors, the future prediction may not be much optimistic in remaining part of the year ahead. However, sound textile policy together with relief in tariffs, subsidies to textile sector, tax refunds, practical and consistent barriers on import of textile products, availability of cotton at competitive prices as well as decrease in power crisis and its tariff may help improve the overall situation.

We would like to place on record our deep appreciation for the efforts of executives and employees in these difficult and testing times. The board also wishes to record the appreciation to all banks for continued support to the company.

**For and on behalf of the Board of Directors**

Multan  
October 30, 2015

Fareed M. Sheikh  
Chief Executive Officer

**INTERIM CONDENSED BALANCE SHEET**

AS AT SEPTEMBER 30, 2015

	Note	Un-Audited September 30, 2015 (Rupees "000")	Audited June 30, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid up capital	4	4,980,100	4,980,100
Reserve arising on amalgamation		3,156,388	3,156,388
General Reserves		4,702	4,702
Revenue Reserves		229,845	525,711
Surplus on remeasurement of investments		536	536
		<b>8,371,571</b>	<b>8,667,437</b>
<b>NON CURRENT LIABILITIES</b>			
Long term finances	5	7,599,203	7,758,181
Directors' Subordinated loan		120,000	120,000
Liabilities against assets subject to finance lease		35,948	37,513
Deferred liabilities		2,428,965	2,270,850
		<b>10,184,116</b>	<b>10,186,544</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,812,850	1,965,358
Short term borrowings		4,209,889	4,315,040
Accrued mark up		1,191,893	1,172,999
Current portion of long term liabilities		1,165,195	1,021,787
Provision for taxation		192,744	163,736
		<b>8,572,571</b>	<b>8,638,920</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6	-	-
		<b>27,128,258</b>	<b>27,492,901</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	19,647,982	19,790,959
Investment property		431,615	431,615
Long term investments		247,451	247,451
Long term deposits		49,650	49,650
		<b>20,376,698</b>	<b>20,519,675</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		251,035	253,974
Stock in trade		5,067,316	5,238,387
Trade debts		527,798	515,678
Advances, deposits and other receivables		869,240	906,883
Other financial assets		33	33
Cash and bank balances		36,138	58,271
		<b>6,751,560</b>	<b>6,973,226</b>
		<b>27,128,258</b>	<b>27,492,901</b>

The annexed notes from 1 to 13 form an integral part of these financial statements.

\_\_\_\_\_  
Chief Financial Officer\_\_\_\_\_  
Director\_\_\_\_\_  
Chief Executive Officer

## INTERIM CONDENSED PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED SEPTEMBER 30, 2015

	Note	Un-Audited September 30, 2015 (Rupees "000")	Un-Audited September 30, 2014
Sales-net		2,913,694	4,078,186
Cost of sales	8	2,812,989	3,809,872
Gross profit		<u>100,705</u>	268,314
Operating expenses:			
Distribution cost		41,737	44,469
Administrative expenses		38,752	55,551
		<u>80,489</u>	100,020
Operating profit		20,216	168,294
Finance cost		288,817	287,052
		<u>(268,601)</u>	(118,758)
Other income	9	1,743	4,876
(Loss)/profit before tax		<u>(266,858)</u>	(113,882)
Taxation	10	29,008	36,884
Loss after tax		<u>(295,866)</u>	(150,766)
Loss per share-basic and diluted		<u>(0.59)</u>	(0.30)

The annexed notes from 1 to 13 form an integral part of these financial statements.

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

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

## INTERIM CONDENSED CASH FLOW STATEMENT

FOR THE PERIOD ENDED SEPTEMBER 30, 2015

Note	Un-Audited September 30, 2015	Un-Audited September 30, 2014
	(Rupees "000")	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	(266,858)	(113,882)
<b>Adjustments for:</b>		
Provision for gratuity	9,232	10,688
Depreciation	220,104	213,740
Finance cost	288,817	287,052
Foreign exchange gain	(1,564)	(2,568)
Profit on saving accounts	(145)	(268)
<b>Operating cash flows before working capital changes</b>	<b>249,586</b>	<b>394,762</b>
<b>(Increase)/decrease in current assets</b>		
Stores, spares and loose tools	2,939	27,057
Stock in trade	171,071	(44,333)
Trade debts	(12,120)	70,483
Advances, deposits and other receivables	37,643	8,905
<b>Increase/(decrease) in current liabilities</b>		
Trade and other payables	(176,174)	68,145
	<b>23,359</b>	<b>130,257</b>
<b>Cash generated from operating activities</b>	<b>272,945</b>	<b>525,019</b>
Finance cost paid	(50,147)	(201,775)
Gratuity paid	(10,955)	(10,552)
Income tax paid	(11,175)	(10,615)
	<b>(72,277)</b>	<b>(222,942)</b>
<b>Net cash generated from operating activities</b>	<b>200,668</b>	<b>302,077</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(100,016)	(206,720)
<b>Net cash used in investing activities</b>	<b>(100,016)</b>	<b>(206,720)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances repaid	(15,570)	(100,011)
Lease rentals paid	(2,064)	(950)
Short term borrowings-net	(105,151)	3,223
<b>Net cash used in financing activities</b>	<b>(122,785)</b>	<b>(97,738)</b>
Net cash decrease in cash and cash equivalents during the period	(22,133)	(2,381)
Cash and cash equivalents at the beginning of the period	58,271	64,881
Cash and cash equivalents at the end of the period	<b>36,138</b>	<b>62,500</b>

The annexed notes from 1 to 13 form an integral part of these financial statements.

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

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



## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED SEPTEMBER 30, 2015

Share capital	Reserve arising on amalgamation	RESERVES			Total
		General reserves	Unappropriated profit/(loss)	Remeasurement gain/(loss)	

..... Rupees "000" .....

Balance as on July 01, 2014	4,980,100	3,156,388	4,702	1,422,468	612	9,564,270
Loss for the period	-	-	-	(150,766)	-	(150,766)
Balance as at September 30, 2014	<b>4,980,100</b>	<b>3,156,388</b>	<b>4,702</b>	<b>1,271,702</b>	<b>612</b>	<b>9,413,504</b>
Balance as on July 01, 2015	4,980,100	3,156,388	4,702	525,711	536	8,667,437
Loss for the period	-	-	-	(295,866)	-	(295,866)
Balance as at September 30, 2015	<b>4,980,100</b>	<b>3,156,388</b>	<b>4,702</b>	<b>229,845</b>	<b>536</b>	<b>8,371,571</b>

The annexed notes from 1 to 13 form an integral part of these financial statements.

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

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

**SELECTED EXPLANATORY NOTES TO THE INTERIM CONDENSED  
FINANCIAL INFORMATION**  
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

**1. THE COMPANY AND ITS OPERATIONS**

Colony Textile Mills Limited is a public company limited by shares incorporated in Pakistan on January 12, 2011 under the provisions of the Companies Ordinance, 1984. The company is listed on Karachi Stock Exchange Limited. The company's registered office is located at M. Ismail Aiwan-i-Science, Ferozpur Road, Lahore, Pakistan. The principal activity of the company is manufacturing and sale of yarn, fabrics, garments made ups and trading in real estate.

**2. BASIS OF PREPARATION OF ACCOUNTS**

These financial statements are unaudited and are being submitted to members as required under section 245 of the Companies Ordinance, 1984. These have been prepared in accordance with the International Accounting Standard 34 (Interim Financial Reporting) as applicable in Pakistan and notified by Securities and Exchange Commission of Pakistan (SECP).

**3. ACCOUNTING POLICIES AND SEASONALITY OF OPERATIONS**

- 3.1** The accounting policies and methods of computations adopted for the preparation of these accounts are the same as applied in the preparation of preceding annual published accounts of the company.
- 3.2** Some operations of the Company are very much seasonal in nature such as cotton purchase which depends upon the crop season. Effect of such operations are also reflected in these financial statements

	<u>September 30,</u> <u>2015</u>	<u>June 30,</u> <u>2015</u>
	(Rupees "000")	
<b>4. SHARE CAPITAL</b>		
<b>4.1 Authorized capital</b>		
185,000,000 ( 2014: 185,000,000 ordinary shares of Rs. 10 each)	<b>1,850,000</b>	1,850,000
Capital of merged companies (345,000,000 ordinary shares of Rs. 10 each)	<b>3,450,000</b>	3,450,000
	<u><b>5,300,000</b></u>	<u>5,300,000</u>
<b>4.2 Issued, subscribed and paid up capital</b>		
20,000 ordinary shares of Rs. 10 each issued as fully paid shares	<b>200</b>	200
497,989,959 fully paid ordinary shares of Rs. 10 each issued to the shareholders of amalgamated entities	<b>4,979,900</b>	4,979,900
	<u><b>4,980,100</b></u>	<u>4,980,100</u>

	Note	September 30, 2015	June 30, 2015
<b>(Rupees "000")</b>			
<b>5. LONG TERM FINANCES-Secured</b>			
Opening balance		8,753,303	9,011,074
(Payments)/Adjustments made during the period-Net		(15,570)	(257,771)
		<u>8,737,733</u>	<u>8,753,303</u>
Less: current portion shown under current liabilities		(1,138,530)	(995,122)
		<u>7,599,203</u>	<u>7,758,181</u>
<b>6. CONTINGENCIES AND COMMITMENTS</b>			
The status of contingencies and commitments are almost same as described in the recent annual accounts.			
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	7.1	18,697,849	18,810,017
Assets subject to finance lease	7.2	289,218	293,538
Capital work in progress		660,915	687,404
		<u>19,647,982</u>	<u>19,790,959</u>
<b>7.1 Operating fixed assets</b>			
Opening written down value		18,810,017	18,394,718
Add: Cost of additions during the period	7.1.1	100,016	1,238,829
		<u>18,910,033</u>	<u>19,633,547</u>
Less: Written down value of deletions during the period		-	603
		<u>18,910,033</u>	<u>19,632,944</u>
Less: Depreciation charged during the period		212,184	822,927
		<u>18,697,849</u>	<u>18,810,017</u>
<b>7.1.1 Cost of additions during the period</b>			
Plant and machinery		65,028	529,279
Factory tools & equipment		7,891	1,556
Furniture & fixture		135	1,929
Office and hospital equipment		473	2,553
Vehicles		-	2,995
Transferred from CWIP		26,489	700,517
		<u>100,016</u>	<u>1,238,829</u>
<b>7.2 Assets subject to finance lease</b>			
Opening book value		293,538	309,188
Less: Written down value of deletions during the period		-	-
Less: Depreciation charged during the period		4,320	15,650
		<u>289,218</u>	<u>293,538</u>

	Note	September 30, 2015 (Rupees "000")	September 30, 2014
<b>8. COST OF SALES</b>			
Raw material consumed		1,725,883	2,562,100
Stores and spares consumed		143,274	193,392
Salaries, wages and benefits		245,917	282,726
Power and fuel		508,675	534,469
Insurance		7,146	7,210
Depreciation		216,504	226,727
Other factory overheads		4,878	5,822
		<u>2,852,277</u>	<u>3,812,446</u>
Adjustment of work in process			
Opening		414,652	447,647
Closing		(411,502)	(311,502)
		<u>3,150</u>	<u>136,145</u>
Cost of goods manufactured		<u>2,855,427</u>	<u>3,948,591</u>
Adjustment of finished goods			
Opening		3,713,376	1,992,473
Closing		(3,755,814)	(2,131,192)
		<u>(42,438)</u>	<u>(138,719)</u>
Cost of goods sold		<u>2,812,989</u>	<u>3,809,872</u>

**9. OTHER INCOME**

Other income includes profit on bank deposits, exchange gains and rental income.

**10. PROVISION FOR TAXATION**

Current-Minimum Taxation	29,008	36,884
	<u>29,008</u>	<u>36,884</u>

**11. RELATED PARTY TRANSACTIONS**

(a) All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions.

Contribution to Provident Fund Trust	3,106	3,258
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**12. SEGMENT INFORMATION**

**12.1** The company has two reportable business segments. The following summary describes the operation in each of the company's reportable segments:

Spinning: Production of different qualities of yarn using cotton and man-made fibers.

Weaving: Production of different qualities of greige fabric using cotton and man-made fibre yarn.

Transactions among the business segments are recorded at cost. Intersegment sales and purchases have been eliminated from the total.

## 12.2

Spinning		Weaving		Total-Compay	
September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
-----Rupees (000)-----		-----Rupees (000)-----		-----Rupees (000)-----	

Sales:

Total Sales	2,120,255	3,104,351	816,349	1,021,335	2,936,604	4,125,686
Inter segment	(22,910)	(47,500)	-	-	(22,910)	(47,500)
External Sales	2,097,345	3,056,851	816,349	1,021,335	2,913,694	4,078,186
Cost of sales	2,007,717	2,856,723	805,272	953,149	2,812,989	3,809,872
Gross profit	89,628	200,128	11,077	68,186	100,705	268,314
Distribution cost	26,754	25,336	14,983	19,133	41,737	44,469
Administration cost	26,829	42,998	11,923	12,553	38,752	55,551
	53,583	68,334	26,906	31,686	80,489	100,020
	36,045	131,794	(15,829)	36,500	20,216	168,294
Finance cost	185,586	185,488	103,231	101,564	288,817	287,052
	(149,541)	(53,694)	(119,060)	(65,064)	(268,601)	(118,758)
Other operating charges	-	-	-	-	-	-
	<b>(149,541)</b>	<b>(53,694)</b>	<b>(119,060)</b>	<b>(65,064)</b>	<b>(268,601)</b>	<b>(118,758)</b>

**Unallocated income and expenses**

Other income	1,743	4,876
(Loss)/profit before tax	(266,858)	(113,882)
Taxation	29,008	36,884
Loss after tax for the period	(295,866)	(150,766)
Other comprehensive income:	-	-
Total comprehensive (loss) for the period	<b>(295,866)</b>	<b>(150,766)</b>

**13. AUTHORIZATION FOR ISSUE**

These accounts have been approved and authorized for issue by the board of directors in its meeting held on October 30, 2015.

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

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

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