



Colony Textile Mills Limited

Condensed Interim Financial Information
for the 3rd quarter ended March 31, 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 UI Haq	

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 UI 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 Office

M. Ismail Aiwan-e-Science Building
205 Ferozpur 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
KASB Bank 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
Albarka Bank (Pakistan) Limited
First Punjab Modarba

DIRECTORS' REVIEW

Dear Members

It is our pleasure to present here our interim condensed financial statements for the nine months period ended March 31, 2015.

Your company has achieved net turnover of Rs. 12,495 million for the nine months ended (2014: Rs. 16,216 million)and earned gross profit of Rs. 782 million as compared with Rs. 1,213 million for the same period of the last year. The net loss for the period is Rs. 463 million compared with loss of Rs. 386 million for the same period of the last year and consequently loss per share is Rs. 0.93 (2014: loss per share Rs. 0.78).

The performance of the textile industry remained very sluggish in the first nine months of the financial year. This is mainly attributable to high cost of production, frequent power and gas shutdown, stronger Pak Rupee, poor law and order situation, commodity price crash, dumping to textile goods in Pakistan and most importantly diminishing global demand. Although sharp decline in fuel prices in the last few months was big relief for the global economic conditions but it has so far not been able to improve demand of textile products worldwide. The fall in the prices of textile goods was relatively more than the decrease in the prices of raw materials as the customers were fearful of the volatile market scenario and kept on pushing prices lower and lower.

Pakistan is losing competitiveness to the neighboring countries because of rapid rise in wages and energy problems along with lack of government incentives. This situation has pushed many international buyers towards neighboring countries like India, China and Bangladesh. A wide spread of currency devaluations, ranging from Europe, Africa, Latin America and Asia Pacific was seen. During the same period a substantial appreciation of Pak Rupee dealt a serious blow to our competitiveness.

FUTURE PROSPECTS

The complete textile sector is expected to remain under pressure due to low demand and reduced prices of textile products in both local and international markets. However, reduction in mark-up rate by State Bank of Pakistan and improved energy supply conditions due to decline in oil prices will give some relief.

Under these very difficult circumstances and challenges the directors of the company would like to assure that every possible effort will be made to achieve the corporate objective.

We would like to place on record our deep appreciation for the efforts of our executives, officers and other staff members for their hard work, cooperation and sincerity to the company. We would also like to thank our bankers for their support and facilitation.

For and on behalf of the Board

Multan
April 30, 2015

Fareed M. Sheikh
Chief Executive Officer

CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2015

	Note	Un-Audited March 31, 2015	Audited June 30, 2014
(Rupees "000")			
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital	7	4,980,100	4,980,100
Reserve arising on amalgamation		3,156,388	3,156,388
General reserves		4,702	4,702
Revenue reserves		959,364	1,422,468
Surplus on remeasurement of investments		548	612
		9,101,102	9,564,270
Non Current Liabilities			
Long term finances	8	7,138,157	7,341,006
Director subordinated loan		120,000	120,000
Liabilities against assets subject to finance lease		44,626	50,581
Deferred liabilities		2,433,125	2,162,505
		9,745,908	9,674,092
Current Liabilities			
Trade and other payables		1,483,722	1,499,618
Short term borrowings	9	4,463,212	4,495,475
Accrued mark-up		926,825	948,806
Current portion of long term liabilities		1,767,714	1,705,848
Provision for taxation		124,952	226,743
		8,766,425	8,876,490
		27,613,435	28,114,852
Contingencies and Commitments			
	10	-	-
ASSETS			
Non Current Assets			
Property, plant and equipment	11	19,923,101	20,023,366
Investment property		431,615	431,615
Long term investments	12	275,042	290,602
Long term deposits		58,193	58,193
		20,687,951	20,803,776
Current Assets			
Stores, spares and loose tools		235,312	241,547
Stock in trade	13	4,949,639	5,179,487
Trade debts		955,156	997,097
Loans and advances		257,519	264,395
Other financial assets		29	30
Tax refunds due from Government		512,604	563,639
Cash and bank balances		15,225	64,881
		6,925,484	7,311,076
		27,613,435	28,114,852

The annexed notes from 01 to 18 form an integral part of this condensed interim financial information.

Chief Financial Officer

Director

Chief Executive Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Nine months period ended		Three months period ended	
	March 31,	March 31,	March 31,	March 31,
	2015	2014	2015	2014
Note	(Rupees "000")		(Rupees "000")	
Sales - net	12,495,264	16,216,057	4,243,898	5,089,297
Cost of sales	(11,713,312)	(15,002,641)	(3,960,880)	(4,746,643)
Gross profit	781,952	1,213,416	283,018	342,654
Distribution cost	(160,740)	(237,885)	(59,038)	(87,833)
Administrative expenses	(158,762)	(191,753)	(47,982)	(48,475)
Finance cost	(803,666)	(1,064,343)	(267,889)	(362,603)
	(1,123,168)	(1,493,981)	(374,909)	(498,911)
Loss before taxation	(341,216)	(280,565)	(91,891)	(156,257)
Other income/(loss)	14	3,064	44,576	11,660
	(338,152)	(235,989)	(80,231)	(154,510)
Taxation	(124,952)	(150,450)	(44,988)	(39,182)
Loss for the period	(463,104)	(386,439)	(125,219)	(193,692)
Other comprehensive income:				
Items that may be reclassified to profit and loss account:				
(Loss)/gain on remeasurement of Investments	(64)	60	-	-
Total comprehensive loss	(463,168)	(386,379)	(125,219)	(193,692)
Loss per share - basic and diluted (Rupees)	(0.93)	(0.78)	(0.25)	(0.39)

The annexed notes from 01 to 18 form an integral part of this condensed interim financial information.

Chief Financial Officer

Director

Chief Executive Officer

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

Note	Un-Audited March 31, 2015	Un-Audited March 31, 2014
	(Rupees "000")	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period before taxation	(341,216)	(280,565)
Adjustments for:		
Provision for staff retirement benefits	42,862	39,941
Depreciation	618,340	624,111
Share of loss/(profit) from investment in CSUML	15,560	(602)
Gain on disposal of property, plant and equipment	(564)	(1,460)
Finance cost	803,666	1,064,343
	<u>1,479,864</u>	<u>1,726,333</u>
Operating cash flows before working capital changes	1,138,648	1,445,768
Changes in working capital:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	6,235	21,614
Stock in trade	229,848	(98,614)
Trade debts	41,941	(114,510)
Loans, advances, deposits and other receivables	6,876	(11,520)
Tax refunds due from Government	51,035	(9,652)
Increase / (decrease) in current liabilities:		
Trade and other payables	(206,805)	145,604
	<u>129,130</u>	<u>(67,078)</u>
Cash generated from operating activities	1,267,778	1,378,690
Finance cost paid	(375,611)	(452,202)
Gratuity paid	(29,412)	(21,520)
Income tax paid	(105,880)	(101,225)
	<u>(510,903)</u>	<u>(574,947)</u>
Net cash generated from operating activities	756,875	803,743
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(550,276)	(610,424)
Proceeds from disposal of property, plant and equipment	3,236	4,560
Net cash used in investing activities	(547,040)	(605,864)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances repaid	(212,222)	(250,640)
Repayment of lease finance	(15,006)	(16,500)
Short term borrowings - net	(32,263)	96,410
Net cash used in financing activities	(259,491)	(170,730)
Net decrease in cash and cash equivalents	(49,656)	27,149
Cash and cash equivalents at beginning of the period	64,881	74,262
Cash and cash equivalents at end of the period	<u>15,225</u>	<u>101,411</u>

The annexed notes from 01 to 18 form an integral part of this condensed interim financial information.

Chief Financial Officer

Director

Chief Executive Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Share capital	Reserve arising on amalgamation	RESERVES			Total
			General reserves	Unappropriated profit/(loss)	Remeasurement gain/(loss)	
..... Rupees "000"						
Balance at 01 July 2013	4,980,100	3,156,388	4,702	1,633,586	637	9,775,413
Other comprehensive income:						
Loss for the nine months ended 31 March 2014	-	-	-	(386,439)	-	(386,439)
Gain on remeasurement of investments	-	-	-	-	60	60
Total comprehensive loss for the nine months period ended 31 March 2014	-	-	-	(386,439)	60	(386,379)
Balance as at 31 March 2014	4,980,100	3,156,388	4,702	1,247,147	697	9,389,034
Balance at 01 July 2014	4,980,100	3,156,388	4,702	1,422,468	612	9,564,270
Other comprehensive income:						
Loss for the nine months ended 31 March 2015	-	-	-	(463,104)	-	(463,104)
Loss on remeasurement of investments	-	-	-	-	(64)	(64)
Total comprehensive loss for the nine months period ended 31 March 2015	-	-	-	(463,104)	(64)	(463,168)
Balance as at 31 March 2015	4,980,100	3,156,388	4,702	959,364	548	9,101,102

The annexed notes from 01 to 18 form an integral part of this condensed interim financial information.

Chief Financial Officer

Director

Chief Executive Officer

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

Colony Textile Mills Limited is a public company limited by shares incorporated in Pakistan on 12 January 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. AMALGAMATION OF COLONY MILLS LIMITED AND COLONY INDUSTRIES (PRIVATE) LIMITED WITH AND INTO COLONY TEXTILE MILLS LIMITED

During last year the Honourable Lahore High Court through its order vide C.O. No. 20/2013 dated 24 March 2014 along with amended order dated 04 April 2014 had approved the scheme of amalgamation (the scheme) and granted sanction order for the amalgamation of Colony Mills Limited (CML) and Colony Industries (Private) Limited (CIL) with and into Colony Textile Mills Limited (CTML). The proposal for the amalgamation and a scheme of amalgamation was approved by the Board of Directors and shareholders of the company, CML and CIL.

Pursuant to the aforementioned approvals and the sanction of the scheme of amalgamation by the Honourable Lahore High Court, the entire undertakings of CML and CIL including properties, assets, liabilities and the rights and obligations of CML and CIL with effect from 01 July 2013 had been amalgamated into and vested in the company (CTML).

This amalgamation was accounted for in the books using "Pooling of interest" method as it was a business combination of entities under common control and not covered under the scope of IFRS-3 "Business Combinations". The difference in the net assets of CML and CIL, the merging entities, and the above shares issued to the shareholders of CML and CIL had been carried in the equity under "Reserve arising on amalgamation".

Further, since "Pooling of interest" method assumes that both CML and CIL were merged with and into CTML from the beginning of the earliest period presented, therefore, the comparative figures of profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity for the nine months ended 31 March 2014 and three months period ended 31 March 2014 represent the results of operations of the company being a merged entity.

3. BASIS OF PREPARATION

3.01 This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of International Accounting Standard IAS 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all of the information and disclosures required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2014.

3.02 This condensed interim financial information is being submitted to the shareholders as required by the listing regulation of Karachi Stock Exchange Limited and section 245 of the Companies Ordinance, 1984.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method/basis of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the preceding year ended 30 June 2014.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and used judgments that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing this condensed interim financial information, the significant judgments made by management in applying the company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended 30 June 2014.

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2014.

6. PRESENTATION AND FUNCTIONAL CURRENCY

The condensed interim financial information are presented in Pak Rupees, which is the Company's functional and presentation currency.

	<u>March 31,</u> <u>2015</u>	<u>June 30,</u> <u>2014</u>
	(Rupees "000")	
7. SHARE CAPITAL		
7.01 Authorized share capital		
Opening balance (100,000 ordinary shares of Rs. 10 each)	1,000	1,000
Capital of merged companies (345,000,000 ordinary shares of Rs. 10 each)	3,450,000	3,450,000
Capital increased during the year (184,900,000 ordinary shares of Rs. 10 each)	<u>1,849,000</u>	<u>1,849,000</u>
	<u>5,300,000</u>	<u>5,300,000</u>
7.02 Issued, subscribed and paid up capital		
20,000 (30 June 2014: 20,000) ordinary shares of Rs. 10 each issued as fully paid shares	200	200
497,989,959 (30 June 2014: 497,989,959) ordinary shares of Rs. 10 each issued to the Shareholders of amalgamated entities	<u>4,979,900</u>	<u>4,979,900</u>
	<u>4,980,100</u>	<u>4,980,100</u>
8. LONG TERM FINANCING - Secured		
From banking companies and financial institutions	8,870,091	9,011,074
Current portion shown under current liabilities	<u>(1,731,934)</u>	<u>(1,670,068)</u>
	<u>7,138,157</u>	<u>7,341,006</u>

9. SHORT TERM BORROWINGS - Secured

Short term finances are availed from various banking companies/other financial institutions under mark-up arrangements aggregate to Rs. 4,463 million (30 June 2014: Rs. 4,495 million).

10. CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments as reported in the annual financial statements for the year ended 30 June 2014.

	Note	March 31, 2015	June 30, 2014
(Rupees "000")			
11. PROPERTY, PLANT AND EQUIPMENT			
Operating assets - owned	11.01	18,323,981	18,394,717
Operating assets - leased		299,610	309,189
Capital work in progress		1,299,510	1,319,460
		<u>19,923,101</u>	<u>20,023,366</u>
11.01 Operating assets - owned			
Opening book value		18,394,717	17,935,718
Additions during the period:			
Building on freehold land		44,614	110,060
Plant and machinery		439,642	754,692
Furniture and fixtures		2,250	1,983
Office and hospital equipments		1,560	3,909
Factory tools and equipments		59,650	72,803
Vehicles		2,560	13,606
		550,276	957,053
Book value of assets transferred from leased to owned		-	314,431
Book value of assets disposed off during the period		(2,672)	(4,012)
Depreciation charge for the period		(618,340)	(808,473)
Closing book value		<u>18,323,981</u>	<u>18,394,717</u>
12. LONG TERM INVESTMENTS			
Investment in Colony Sugar Mills Limited (related party)		273,956	289,516
Investment-available for sale		1,086	1,086
		<u>275,042</u>	<u>290,602</u>
13. STOCK IN TRADE			
Textile			
Raw material		1,456,200	1,128,312
Work in process		456,111	489,205
Finished goods		2,540,581	3,065,223
		<u>4,452,892</u>	<u>4,682,740</u>
Real estate business			
Land held for development and re sale		496,747	496,747
		<u>4,949,639</u>	<u>5,179,487</u>

	Nine months period ended		Three months period ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(Rupees "000")		(Rupees "000")	
14. OTHER INCOME				
Income from financial assets				
Gain on export sales	16,727	41,323	11,259	1,234
Profit on deposits with banks	818	765	245	128
Income from other than financial assets				
Gain on sale of property, plant and equipment	564	1,460	-	363
Share of (loss)/profit from Investment in CSUML	(15,560)	602	-	-
Miscellaneous income	515	426	156	22
	<u>3,064</u>	<u>44,576</u>	<u>11,660</u>	<u>1,747</u>

15. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise, directors and provident fund trust. The company in the normal course of business carries out transactions with various related parties. Aggregate transactions are as follows:

Related Parties:	Nine months period ended		Three months period ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(Rupees "000")		(Rupees "000")	
Contribution to Provident fund trust	<u>9,688</u>	<u>7,778</u>	<u>2,630</u>	<u>2,523</u>

16. SEGMENT INFORMATION

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.

	Spinning		Weaving		Total-company	
	Nine months period ended					
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
	(Rupees in '000')		(Rupees in '000')		(Rupees in '000')	
Total Sales	9,413,329	13,093,519	3,334,787	4,012,482	12,748,116	17,106,001
Inter segment	(252,852)	(400,361)	-	(489,583)	(252,852)	(889,944)
External Sales	9,160,477	12,693,158	3,334,787	3,522,899	12,495,264	16,216,057
Cost of sales	8,605,671	11,910,873	3,107,641	3,091,768	11,713,312	15,002,641
Gross profit	554,806	782,285	227,146	431,131	781,952	1,213,416
Distribution cost	102,340	169,278	58,400	68,607	160,740	237,885
Administrative expenses	130,896	143,901	27,866	47,852	158,762	191,753
	233,236	313,179	86,266	116,459	319,502	429,638
	321,570	469,106	140,880	314,672	462,450	783,778
Finance cost	501,736	644,624	301,930	419,719	803,666	1,064,343
	(180,166)	(175,518)	(161,050)	(105,047)	(341,216)	(280,565)
Unallocated income and expenses						
Other income					3,064	44,576
Loss before tax					(338,152)	(235,989)
Taxation					(124,952)	(150,450)
Loss after tax for the period					(463,104)	(386,439)
Other comprehensive (loss)/income					(64)	60
Total comprehensive loss for the period					(463,168)	(386,379)

	Spinning		Weaving		Total-company	
	Three months period ended					
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
	(Rupees in '000')		(Rupees in '000')		(Rupees in '000')	
Total Sales	3,216,723	4,051,006	1,123,845	1,337,494	4,340,568	5,388,499
Inter segment	(96,670)	(136,009)	-	(163,194)	(96,670)	(299,203)
External Sales	3,120,053	3,914,997	1,123,845	1,174,300	4,243,898	5,089,297
Cost of sales	2,925,715	3,716,055	1,035,165	1,030,588	3,960,880	4,746,643
Gross profit	194,338	198,942	88,680	143,712	283,018	342,654
Distribution cost	39,104	64,964	19,934	22,869	59,038	87,833
Administrative expenses	35,805	32,525	12,177	15,950	47,982	48,475
	74,909	97,489	32,111	38,819	107,020	136,308
	119,429	101,453	56,569	104,893	175,998	206,346
Finance cost	164,434	222,697	103,455	139,906	267,889	362,603
	(45,005)	(121,244)	(46,886)	(35,013)	(91,891)	(156,257)
Unallocated income and expenses						
Other income					11,660	1,747
Loss before tax					(80,231)	(154,510)
Taxation					(44,988)	(39,182)
Loss after tax for the period					(125,219)	(193,692)
Other comprehensive (loss)/income					-	-
Total comprehensive loss for the period					(125,219)	(193,692)

17. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information were authorized for issue on 30 April 2015 by the Board of Directors of the Company.

18. GENERAL

- Corresponding figures have been re-arranged, wherever necessary to the facilitation of comparison.
- Figures in the condensed interim financial information have been rounded-off to the nearest rupee in thousand except stated otherwise.

Chief Financial Officer

Director

Chief Executive Officer

