



Colony Textile Mills Limited

Condensed Interim Financial Information
for the first quarter ended September 30, 2014
(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	

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	

Other Management Committees

Executive Committee

Mr. Fareed M. Sheikh	(Chairman)
Mr. Muhammad Tariq	
Mr. Muhammad Atta Ullah Khan	

Technical Committee

Mr. Fareed M. Sheikh	(Chairman)
Mr. Muhammad Tariq	
Mr. Muhammad Azam Barki	

Finance Committee

Mr. Fareed M. Sheikh	(Chairman)
Mr. Atta Mohyuddin Khan	
Mr. Bilal Ahmad Khan	

Social Compliance & Human Resource

Mr. Fareed M. Sheikh	(Chairman)
Mr. Muhammad Atta Ullah Khan	
Mr. Atta Mohyuddin Khan	

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 Ferozepur Road, Lahore-54600

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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

The directors of the company are pleased to present the un-audited interim financial statements for the first quarter ended September 30, 2014.

The turnover of the first quarter has decreased from Rs. 5,571 million to Rs. 4,078 million as compared with the corresponding period of the last year. The gross profit of the first quarter is Rs. 268 million (2013: Rs. 499 million) and the net loss for the quarter is Rs.151 million (2013:Rs. 35 million). Loss per share for the first quarter is Rs. 0.30 as compared with Rs. 0.07 of the corresponding quarter of the last year.

The management of your company had decided to curtail partial production as the raw material prices were quite high at the start of the quarter as compared to the sluggish textile prices and demand. As the raw material prices started dropping, further depressed the markets and demand. The matters were made worse when Indian and Chinese textiles, loaded by huge subsidies from their governments, started dumping in our domestic market. The problem does not end here, the cut throat price war is going on internationally as well, as India and China are able to produce yarn and fabrics at very low prices due to substantial subsidies offered from their governments. Pakistani textile products are losing domestic and international markets as cost of doing business is going higher and higher every day. Furthermore, the much publicized textile policy has rendered to be futile because the government has not discharged the committed funds and resources essential for it to take effect. It is worth mentioning that huge amount of sales tax and income tax refunds are outstanding since long and further imposition of sales tax on yarn and fabrics has aggravated the situation and created a liquidity crunch. The shortage of gas and electricity along with hike in tariffs, poor law and order situation and inflationary trend in general price level are making the situation worse.

The drastic downward trend in international markets and especially in China, along with major drop in New York cotton futures has completely disturbed the textile world. Unless and until the Pakistani Government imposes practical barriers on import of textile products and substantially facilitate the textile companies to become internationally competitive, we foresee very tough times ahead.

We would like to place on record our deep appreciation for the efforts of the executive and employees in this difficult situation. 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

**Lahore
October 31, 2014**

**Fareed M. Sheikh
Chief Executive Officer**

INTERIM CONDENSED BALANCE SHEET

AS AT SEPTEMBER 30, 2014

	Note	Un-Audited September 30, 2014	Audited June 30, 2014
(Rupees "000")			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
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		1,271,702	1,422,468
Surplus on remeasurement of investments		612	612
		9,413,504	9,564,270
NON CURRENT LIABILITIES			
Long term finances	5	7,086,253	7,341,006
Directors' Subordinated loan		120,000	120,000
Liabilities against assets subject to finance lease		50,581	50,581
Deferred liabilities		2,377,820	2,162,505
		9,634,654	9,674,092
CURRENT LIABILITIES			
Trade and other payables		1,356,560	1,499,618
Short term borrowings		4,498,698	4,495,475
Accrued mark up		1,034,083	948,806
Current portion of long term liabilities		1,842,213	1,705,848
Provision for taxation		263,627	226,743
		8,995,181	8,876,490
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		28,043,339	28,114,852
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	20,016,346	20,023,366
Investment property		431,615	431,615
Long term investments		290,602	290,602
Long term deposits		58,193	58,193
		20,796,756	20,803,776
CURRENT ASSETS			
Stores, spares and loose tools		214,490	241,547
Stock in trade		5,223,820	5,179,487
Trade debts		926,614	997,097
Advances, deposits and other receivables		819,129	828,034
Other financial assets		30	30
Cash and bank balances		62,500	64,881
		7,246,583	7,311,076
		28,043,339	28,114,852

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, 2014

	Note	Un-Audited September 30, 2014 (Rupees "000")	Un-Audited September 30, 2013
Sales-net		4,078,186	5,570,570
Cost of sales	8	3,809,872	5,071,585
Gross profit		268,314	498,985
Operating expenses:			
Distribution cost		44,469	77,785
Administrative expenses		55,551	65,001
		100,020	142,786
Operating profit		168,294	356,199
Finance cost		287,052	368,287
		(118,758)	(12,088)
Other income	9	4,876	32,411
(Loss)/profit before tax		(113,882)	20,323
Taxation	10	(36,884)	(55,706)
Loss after tax		(150,766)	(35,383)
(Loss) per share-basic and diluted		(0.30)	(0.07)

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, 2014

Note	Un-Audited September 30, 2014	Un-Audited September 30, 2013
	(Rupees "000")	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(113,882)	20,323
Adjustments for:		
Provision for gratuity	10,688	9,409
Depreciation	213,740	207,209
Finance cost	287,052	368,287
Foreign exchange gain	(2,568)	(31,658)
Profit on saving accounts	(268)	(230)
Gain on disposal of property, plant and equipment	-	(298)
Operating cash flows before working capital changes	394,762	573,042
(Increase)/decrease in current assets		
Stores, spares and loose tools	27,057	27,492
Stock in trade	(44,333)	(213,817)
Trade debts	70,483	346,297
Advances, deposits and other receivables	8,905	(67,265)
Increase/(decrease) in current liabilities		
Trade and other payables	68,145	71,770
	130,257	164,477
Cash generated from operating activities	525,019	737,519
Finance cost paid	(201,775)	(376,053)
Gratuity paid	(10,552)	(7,669)
Income tax paid	(10,615)	(18,808)
	(222,942)	(402,530)
Net cash generated from operating activities	302,077	334,989
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(206,720)	(87,668)
Proceeds from disposal of property, plant and equipment	-	780
Net cash used in investing activities	(206,720)	(86,888)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances repaid	(100,011)	(375,483)
Lease rentals paid	(950)	(881)
Short term borrowings-net	3,223	102,798
Net cash used in financing activities	(97,738)	(273,566)
Net decrease in cash and cash equivalents during the period	(2,381)	(25,465)
Cash and cash equivalents at the beginning of the period	64,881	84,964
Cash and cash equivalents at the end of the period	62,500	59,499

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, 2014

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

..... Rupees "000"

Balance as on July 01, 2013	4,980,100	3,156,388	4,702	1,633,586	637	9,775,413
Loss for the period	-	-	-	(35,383)	-	(35,383)
Balance as at September 30, 2013	<u>4,980,100</u>	<u>3,156,388</u>	<u>4,702</u>	<u>1,598,203</u>	<u>637</u>	<u>9,740,030</u>
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	<u>4,980,100</u>	<u>3,156,388</u>	<u>4,702</u>	<u>1,271,702</u>	<u>612</u>	<u>9,413,504</u>

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, 2014

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 Building, 205-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.

Note	September 30, 2014	June 30, 2014
	(Rupees "000")	
4. SHARE CAPITAL		
4.1 Authorized 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)	1,849,000	1,849,000
	<u>5,300,000</u>	<u>5,300,000</u>
4.2 Issued, subscribed and paid up capital		
20,000 ordinary shares of Rs. 10 each issued as fully paid shares	200	200
497,989,959 fully paid ordinary shares of Rs. 10 each issued to the shareholders of amalgamated entities	4,979,900	4,979,900
	<u>4,980,100</u>	<u>4,980,100</u>

	Note	September 30, 2014	June 30, 2014
5. LONG TERM FINANCES-Secured			
		(Rupees "000")	
Opening balance		9,011,074	10,157,964
(Payments)/Adjustments made during the period-Net		(100,011)	(1,146,890)
		<u>8,911,063</u>	<u>9,011,074</u>
Less: current portion shown under current liabilities		(1,824,810)	(1,670,068)
		<u><u>7,086,253</u></u>	<u><u>7,341,006</u></u>
6. CONTINGENCIES AND COMMITMENTS			
The status of contingencies and commitments are almost same as described in the recent annual accounts.			
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	18,047,594	18,080,286
Assets subject to finance lease	7.2	616,292	623,620
Capital work in progress		1,352,460	1,319,460
		<u><u>20,016,346</u></u>	<u><u>20,023,366</u></u>
7.1 Operating fixed assets			
Opening written down value		18,080,286	17,935,719
Add: Cost of additions during the period	7.1.1	173,720	957,053
		<u>18,254,006</u>	<u>18,892,772</u>
Less: Written down value of deletions during the period		-	4,013
		<u>18,254,006</u>	<u>18,888,759</u>
Less: Depreciation charged during the period		206,412	808,473
		<u><u>18,047,594</u></u>	<u><u>18,080,286</u></u>
7.1.1 Cost of additions during the period			
Building on freehold land		20,606	110,060
Plant and machinery		136,206	754,692
Factory tools & equipment		12,585	72,803
Furniture & fixture		586	1,983
Office and hospital equipment		1,207	3,909
Vehicles		2,530	13,606
		<u><u>173,720</u></u>	<u><u>957,053</u></u>
7.2 Assets subject to finance lease			
Opening book value		623,620	654,363
Less: Written down value of deletions during the period		-	1,430
		<u>7,328</u>	<u>29,313</u>
Less: Depreciation charged during the period		616,292	623,620
		<u><u>616,292</u></u>	<u><u>623,620</u></u>

Note	September 30, 2014 (Rupees "000")	September 30, 2013
8. COST OF SALES		
Raw material consumed	2,562,100	4,225,321
Stores and spares consumed	193,392	272,004
Salaries, wages and benefits	282,726	374,240
Power and fuel	534,469	676,706
Insurance	7,210	11,708
Depreciation	226,727	204,016
Other factory overheads	5,822	10,504
	<u>3,812,446</u>	<u>5,774,499</u>
Adjustment of work in process		
Opening	447,647	395,022
Closing	(311,502)	(369,994)
	<u>136,145</u>	<u>25,028</u>
Cost of goods manufactured	3,948,591	5,799,527
Adjustment of finished goods		
Opening	1,992,473	2,352,070
Closing	(2,131,192)	(3,080,012)
	<u>(138,719)</u>	<u>(727,942)</u>
Cost of goods sold	<u>3,809,872</u>	<u>5,071,585</u>
9. OTHER INCOME		
Other income includes profit on bank deposits, exchange gains and rental income.		
10. PROVISION FOR TAXATION		
Current-Minimum Taxation	36,884	55,706
	<u>36,884</u>	<u>55,706</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	3,258	2,548
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, 2014	September 30, 2013	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
-----Rupees (000)-----		-----Rupees (000)-----		-----Rupees (000)-----	

Sales:

Total Sales	3,104,351	4,660,622	1,021,335	1,174,300	4,125,686	5,834,922
Inter segment	(47,500)	(264,352)	-	-	(47,500)	(264,352)
External Sales	3,056,851	4,396,270	1,021,335	1,174,300	4,078,186	5,570,570
Cost of sales	2,856,723	4,040,996	953,149	1,030,589	3,809,872	5,071,585
Gross profit	200,128	355,274	68,186	143,711	268,314	498,985
Distribution cost	25,336	54,916	19,133	22,869	44,469	77,785
Administration cost	42,998	49,050	12,553	15,951	55,551	65,001
	68,334	103,966	31,686	38,820	100,020	142,786
	131,794	251,308	36,500	104,891	168,294	356,199
Finance cost	185,488	228,381	101,564	139,906	287,052	368,287
	(53,694)	22,927	(65,064)	(35,015)	(118,758)	(12,088)
Other operating charges	-	-	-	-	-	-
	(53,694)	22,927	(65,064)	(35,015)	(118,758)	(12,088)

Unallocated income and expenses

Other income	4,876	32,411
(Loss)/profit before tax	(113,882)	20,323
Taxation	(36,884)	(55,706)
(Loss) after tax for the period	(150,766)	(35,383)
Other comprehensive income:	-	-
Total comprehensive (loss) for the period	(150,766)	(35,383)

13. AUTHORIZATION FOR ISSUE

These accounts have been approved and authorized for issue by the board of directors in their meeting held on October 31, 2014.

Chief Financial Officer

Director

Chief Executive Officer

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(Printed Matter)

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