



COLONY TEXTILE  
MILLS LIMITED

# CONDENSED INTERIM FINANCIAL INFORMATION

**FOR THE HALF YEAR ENDED DECEMBER 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 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 ulHaq

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

It is our pleasure to present here our interim condensed financial statements for the half year ended December 31, 2015, duly reviewed by statutory auditors.

Your company has achieved net turnover of Rs. 6,140 million for this half year (2014: Rs. 8,251 million) and earned a gross profit of Rs. 208 million as compared with Rs. 499 million for the same period of the last year. The net loss for the period is Rs. 649 million compared with loss of Rs. 338 million for the same period of the last year and consequently loss per share is Rs. 1.30 (2014: loss per share Rs. 0.68).

This reporting period has been crucial for your Company along with the industry as a whole. Slump in the local and international market and defective domestic policies have made the viability of the textile operations extremely difficult. Load shedding and lower share of cheap gas available to Punjab Mills along with higher wage structure is creating disparity even within the country and making it extremely tough for Punjab Mills to survive. Pressure on yarn and greige fabric prices remained intense due to supply and demand imbalance and uncertain raw material forecast. Slowdown in China and imbalance in commodity prices since the fall in crude oil prices has severely shaken up the textile markets and Pakistan has been unable to come up with any policy at all on how to survive in this crises situation.

### FUTURE OUTLOOK

It is very clear that Textile Industry is the back bone of the Pakistan's economy but unfortunately the industry is passing through a very difficult phase since last few years. Severe economic slowdown prevailing in the International Market and adverse trade policies of our Government compared to our other competitors especially India has put Pakistani textiles in a very difficult position. This is the time to address the issues seriously and urgently.

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

For and on behalf of the Board

Multan  
February 29, 2016

Fareed M. Sheikh  
Chief Executive Officer



**Tariq Abdul Ghani Maqbool & Co.**  
Chartered Accountants  
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## AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim balance sheet of "Colony Textile Mills Limited" ("the company") as at 31 December 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the financial information for the six months period then ended (here in after referred to as the "interim financial information"). Management of the company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures of the six months period ended 31 December 2015.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedure. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended 31 December 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore  
Date: 29 February 2016

**Tariq Abdul Ghani Maqbool & Co.**  
Chartered Accountants  
Shuhid Mehmood

Tariq Abdul Ghani Maqbool & Co., a Partnership firm registered in Pakistan and an independent member of Groupw Group International (GGI), a Swiss entity.

## CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2015

		31-Dec-15 (Rupees in '000')	30-Jun-15 (Rupees in '000')
	Note	Un-audited	Audited
<b>EQUITY AND LIABILITIES</b>			
Share Capital and Reserves			
Share capital		4,980,100	4,980,100
Reserve arising on amalgamation		3,156,388	3,156,388
General reserves		4,702	4,702
Revenue reserves		(122,802)	525,711
Surplus on Remeasurement of investments		506	536
		<u>8,018,894</u>	<u>8,667,437</u>
Non Current Liabilities			
Long term finances	6	7,418,118	7,758,181
Director subordinated loan		120,000	120,000
Liabilities against assets subject to finance lease		29,069	37,513
Deferred liabilities		2,415,565	2,270,850
		<u>9,982,752</u>	<u>10,186,544</u>
Current Liabilities			
Trade and other payables		1,904,018	1,965,358
Short term borrowings	7	4,320,560	4,315,040
Accrued mark-up		1,171,186	1,172,999
Current portion of long term liabilities		1,261,478	1,021,787
Provision for taxation		62,009	163,736
		<u>8,719,251</u>	<u>8,638,920</u>
Contingencies and commitments	8	-	-
		<u>26,720,897</u>	<u>27,492,901</u>
<b>ASSETS</b>			
Non Current Assets			
Property, plant and equipment	9	19,625,810	19,790,959
Investment property	10	-	431,615
Long term investments	11	199,464	247,451
Long term deposits		49,650	49,650
		<u>19,874,924</u>	<u>20,519,675</u>
Current Assets			
Stores, spares and loose tools		229,728	253,974
Stock in trade	12	5,206,220	5,238,387
Trade debts		401,361	515,678
Loans and advances		185,022	190,928
Trade deposits and short term prepayments		802,670	715,955
Other financial assets	13	29	33
Cash and bank balances		20,943	58,271
		<u>6,845,973</u>	<u>6,973,226</u>
		<u>26,720,897</u>	<u>27,492,901</u>

The annexed notes from 01 to 21 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 HALF YEAR ENDED DECEMBER 31, 2015

	Note	Half year ended 31 December		Quarter ended 31 December	
		2015 (Rupees in '000')	2014 (Rupees in '000')	2015 (Rupees in '000')	2014 (Rupees in '000')
Sales - net	14	6,139,948	8,251,366	3,226,254	4,173,180
Cost of sales	15	(5,932,155)	(7,752,432)	(3,119,166)	(3,942,830)
Gross profit		207,793	498,934	107,088	230,350
Distribution cost		(83,014)	(101,702)	(41,277)	(57,233)
Administrative expenses		(108,637)	(110,780)	(69,885)	(55,229)
Finance cost		(436,876)	(535,777)	(148,059)	(248,725)
		(628,527)	(748,259)	(259,221)	(361,187)
Loss before taxation		(420,734)	(249,325)	(152,133)	(130,837)
Other loss	16	(165,770)	(8,596)	(167,513)	(13,472)
		(586,504)	(257,921)	(319,646)	(144,309)
Taxation		(62,009)	(79,964)	(33,001)	(42,810)
Loss for the period		(648,513)	(337,885)	(352,647)	(187,119)
Other comprehensive income:					
Items that may be reclassified to profit and loss account:					
- Loss on remeasurement of Investments		(30)	(64)	(30)	(64)
Total comprehensive loss		(648,543)	(337,949)	(352,677)	(187,183)
Loss per share - basic and diluted (Rupees)		(1.30)	(0.68)	(0.71)	(0.38)

The annexed notes from 01 to 21 form an integral part of this condensed interim financial information.

Chief Financial Officer

Director

Chief Executive Officer



## CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	31-Dec-15 (Rupees in '000') Un-audited	31-Dec-14 (Rupees in '000') Un-audited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period before taxation	(586,504)	(257,921)
Adjustments for :		
Provision for staff retirement benefits	30,000	32,634
Depreciation	430,180	414,696
Share of loss from investment in IMSL	47,957	15,560
Loss on disposal of investment property	119,997	-
Loss on remeasurement of investment	4	-
Gain on disposal of property, plant and equipment	(458)	-
Finance cost	436,876	535,777
	1,064,556	998,667
Operating cash flows before working capital changes	478,052	740,746
Changes in working capital:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	24,246	(14,595)
Stock in trade	32,167	159,038
Trade debts	114,317	165,149
Loans, advances, deposits and other receivables	(80,809)	(42,219)
Increase / (decrease) in current liabilities:		
Trade and other payables	(153,916)	89,396
	(63,995)	356,769
Cash generated from operating activities	414,057	1,097,515
Finance cost paid	(305,641)	(305,611)
Gratuity paid	(18,333)	(13,560)
Income tax paid	(63,736)	(56,511)
	(387,710)	(375,682)
Net cash generated from operating activities	26,347	721,833
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(272,737)	(410,969)
Proceeds from disposal of property, plant and equipment	740	-
Proceeds from disposal of investment properties	311,618	-
Net cash generated / (used in) investing activities	39,621	(410,969)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances repaid	(100,372)	(134,830)
Repayment of lease finance	(8,444)	(10,560)
Short term borrowings - net	5,520	(169,891)
Net cash used in financing activities	(103,296)	(315,281)
Net decrease in cash and cash equivalents	(37,328)	(4,417)
Cash and cash equivalents at beginning of the period	58,271	64,881
Cash and cash equivalents at end of the period	20,943	60,464

The annexed notes from 01 to 21 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 HALF YEAR ENDED DECEMBER 31, 2015

	Share capital	Reserve arising on amalgamation	Revenue reserves		Remeasurement gain/(loss)	Total
			General reserves	Unappropriated profit/(loss)		
-----Rupees in '000'-----						
Balance at 01 July 2014	4,980,100	3,156,388	4,702	1,422,468	612	9,564,270
Total comprehensive income:						
Loss for the half year ended 31 December 2014	-	-	-	(337,885)	-	(337,885)
Other comprehensive income:						
Items that may be subsequently reclassified to profit and loss account:						
- Loss on remeasurement of investments	-	-	-	-	(64)	(64)
Total comprehensive loss for the six months period ended 31 December 2014	-	-	-	(337,885)	(64)	(337,949)
Balance as at 31 December 2014	4,980,100	3,156,388	4,702	1,084,583	548	9,226,321
Other comprehensive income:						
Loss for the half year ended 30 June 2015	-	-	-	(558,872)	-	(558,872)
Other comprehensive income:						
Items that may be subsequently reclassified to profit and loss account:						
- Loss on remeasurement of investments	-	-	-	-	(12)	(12)
Total comprehensive loss for the six months period ended 30 June 2015	-	-	-	(558,872)	(12)	(558,884)
Balance at 01 July 2015	4,980,100	3,156,388	4,702	525,711	536	8,667,437
Other comprehensive income:						
Loss for the half year ended 31 December 2015	-	-	-	(648,513)	-	(648,513)
Other comprehensive income:						
Items that may be subsequently reclassified to profit and loss account:						
- Loss on remeasurement of investments	-	-	-	-	(30)	(30)
Total comprehensive loss for the six months period ended 31 December 2015	-	-	-	(648,513)	(30)	(648,543)
Balance as at 31 December 2015	4,980,100	3,156,388	4,702	(122,802)	506	8,018,894

The annexed notes from 01 to 21 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 HALF YEAR ENDED DECEMBER 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 Pakistan Stock Exchange Limited. The company's registered office is located at M. Ismail Aiwan-i-Science, Ferozepur 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

2.01 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. The figures for the half year ended 31 December 2015 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. 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 2015.

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

### 3. 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 2015.

#### 3.01 Changes in accounting standards and interpretations

##### a) Standards, interpretations and amendments to published approved accounting standards that are

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after 01 January 2015 and are considered to be relevant to the Company's operations.

IFRS 12 'Disclosure of Interests in Other Entities' and IFRS 13 'Fair Value Measurements'. These standards became applicable from 1 January 2015, as per the adoption status of IFRS in Pakistan.

IFRS 12 prescribes additional disclosures around significant judgments and assumptions made in determining whether an entity controls another entity and has joint control or significant influence over another entity. The standard also requires disclosure on the nature and risks associated with interests in unconsolidated structured entities. The application of IFRS 12 did not result in any investee being in control of the Company.

IFRS 13 'Fair Value Measurement', consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 does not have an impact on the condensed interim financial information of the Company.

##### b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 01 January 2015, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in this condensed interim financial information.

### 4. 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 2015.

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 2015.

5. PRESENTATION AND FUNCTIONAL CURRENCY

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

	31-Dec-15 (Rupees in '000')	30-Jun-15 (Rupees in '000')
6. LONG TERM FINANCING - SECURED		
From banking companies and financial institutions	8,646,551	8,753,303
Current portion shown under current liabilities	<u>(1,228,433)</u>	<u>(995,122)</u>
	<u>7,418,118</u>	<u>7,758,181</u>

7. SHORT TERM BORROWINGS - SECURED

Short term finances availed from various banking companies/other financial institutions under mark-up arrangements aggregate to Rs. 4,321 million (30 June 2015: Rs. 4,315 million).

8. 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 2015.

9. PROPERTY, PLANT AND EQUIPMENT

	Note 9.01	18,683,264	18,810,017
Operating assets - owned		286,114	293,538
Operating assets - leased		656,432	687,404
Capital work in progress		<u>19,625,810</u>	<u>19,790,959</u>

9.01 Operating assets - owned

Opening book value	18,810,017	18,394,718
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Additions/Transfer during the period/year:

Building on freehold land	100,739	250,449
Plant and machinery	200,496	979,347
Furniture and fixtures	584	1,929
Office and hospital equipments	694	2,553
Factory tools and equipments	100	1,556
Vehicles	1,096	2,995
	303,709	1,238,829

Book value of assets disposed off during the period/year

Depreciation charge for the period/year	(282)	(603)
Closing book value	<u>(430,180)</u>	<u>(822,927)</u>
	<u>18,683,264</u>	<u>18,810,017</u>

10. INVESTMENT PROPERTY

Investment property was sold to The Bank of Punjab through an agreement dated December 30, 2015 against a total consideration of Rs. 311.618million to settle the liability of the same amount with the bank. Due to revaluation of the property at the time of sale the company has incurred a loss of Rs. 119.996million that is properly accounted for in its financials. The agreement has a purchase back option after a period of three years.

11. LONG TERM INVESTMENTS

Investment in Imperial Sugar Limited	198,484	246,441
Investment- Available for sale	980	1,010
	<u>199,464</u>	<u>247,451</u>

12. STOCK IN TRADE

Textile		
Raw material	698,486	613,612
Work in process	425,432	414,652
Finished goods	<u>3,585,555</u>	<u>3,713,376</u>
	4,709,473	4,741,640

Real Estate Business

Land held for development and re-sale	496,747	496,747
	<u>5,206,220</u>	<u>5,238,387</u>

13. OTHER FINANCIAL ASSETS

Other financial assets	29	33
13.01 These include shares of listed companies classified as held for trading through profit and loss account.		

	31-Dec-15	30-Jun-15	Quoted - at fair value		
	No. of Shares / Bonds				
	89	89	Oil and Gas Development Corporation Limited	10	11
	250	250	Maple Leaf Cement Factory Limited	19	22
	<u>339</u>	<u>339</u>		<u>29</u>	<u>33</u>

	Half year ended		Quarter ended	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	(Rupees in '000')			
14. SALES - NET				
Local	4,927,578	5,604,454	2,578,211	2,592,103
Export	1,234,755	2,684,825	660,024	1,600,264
	<u>6,162,333</u>	<u>8,289,279</u>	<u>3,238,235</u>	<u>4,192,367</u>
Commission	(22,385)	(37,913)	(11,981)	(19,187)
	<u>6,139,948</u>	<u>8,251,366</u>	<u>3,226,254</u>	<u>4,173,180</u>
15. COST OF SALES				
Raw material consumed	3,630,679	5,148,747	1,904,796	2,386,647
Stores and spares consumed	204,896	239,268	61,622	45,876
Salaries, wages and benefits	594,071	652,838	348,154	370,112
Power and fuel	889,553	1,178,433	380,878	643,964
Insurance	29,421	33,074	22,275	25,864
Depreciation	422,742	395,479	206,238	168,752
Other factory overheads	43,752	17,127	38,874	11,305
	<u>5,815,114</u>	<u>7,664,966</u>	<u>2,962,837</u>	<u>3,652,520</u>
Work in process:				
Opening Stock	414,652	489,205	411,502	311,502
Closing Stock	(425,432)	(446,661)	(425,432)	(446,661)
	<u>(10,780)</u>	<u>42,544</u>	<u>(13,930)</u>	<u>(135,159)</u>
Cost of goods manufactured	<u>5,804,334</u>	<u>7,707,510</u>	<u>2,948,907</u>	<u>3,517,361</u>
Finished goods:				
Opening Stock	3,713,376	3,065,223	3,755,814	3,445,770
Closing Stock	(3,585,555)	(3,020,301)	(3,585,555)	(3,020,301)
	<u>127,821</u>	<u>44,922</u>	<u>170,259</u>	<u>425,469</u>
Cost of sales	<u>5,932,155</u>	<u>7,752,432</u>	<u>3,119,166</u>	<u>3,942,830</u>
16. OTHER INCOME / (LOSS)				
Income from financial assets				
Profit on deposits with banks	330	533	185	315
Exchange gain-realised	879	5,356	(322)	1,197
Income from other than financial assets				
Profit on disposal of property plant and equipment	458	-	458	-
Loss on sale of investment property	(119,997)	-	(119,997)	-
Share of loss from investment in IMSL	(47,957)	(15,560)	(47,957)	(15,560)
Miscellaneous income	517	1,075	120	576
	<u>(165,770)</u>	<u>(8,596)</u>	<u>(167,513)</u>	<u>(13,472)</u>

17. 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	Half year ended		Quarter ended	
	31-Dec-15 (Rupees in '000')	31-Dec-14 (Rupees in '000')	31-Dec-15 (Rupees in '000')	31-Dec-14 (Rupees in '000')
Contribution to Provident Fund Trust	20,983	6,587	10,773	3,329

18. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk and interest rate risk).

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended 30 June 2015.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements of the Company as at and for the year ended 30 June 2015.

The carrying value of all financial assets and liabilities reflected in the condensed interim financial information approximate their fair value.

Fair values

18.01 Fair value hierarchy

Following are three levels in fair value hierarchy that reflects the significance of the inputs used in measurement of fair values of financial instruments.

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

The Company has financial assets at fair value of Rs. 0.36 million (June 30, 2015: 0.36 million) which is valued under level 1 valuation method. The Company does not have any investment in level 2 and 3 category.

19. 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 fibres.

- 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	
Half year ended					
31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
(Rupees in '000')		(Rupees in '000')		(Rupees in '000')	

Sales:

Total sales	3,711,088	6,196,606	2,474,059	2,210,942	6,185,147	8,407,548
Inter segment	(45,199)	(156,182)	-	-	(45,199)	(156,182)
External sales	3,665,889	6,040,424	2,474,059	2,210,942	6,139,948	8,251,366
Cost of sales	3,559,293	5,679,956	2,372,862	2,072,476	5,932,155	7,752,432
Gross profit	106,596	360,468	101,197	138,466	207,793	498,934
Distribution cost	49,808	63,236	33,206	38,466	83,014	101,702
Administrative expenses	65,182	95,091	43,455	15,689	108,637	110,780
	114,990	158,327	76,661	54,155	191,651	212,482
	(8,394)	202,141	24,536	84,311	16,142	286,452
Finance cost	262,126	337,302	174,750	198,475	436,876	535,777
	(270,520)	(135,161)	(150,214)	(114,164)	(420,734)	(249,325)

Unallocated income and expenses:

Other loss		(165,770)	(8,596)
Loss before tax		(586,504)	(257,921)
Taxation		(62,009)	(79,964)
Loss after tax for the period		(648,513)	(337,885)
Other comprehensive loss		(30)	(64)
Total comprehensive loss for the period		(648,543)	(337,949)

Spinning		Weaving		Total-company	
Quarter ended					
31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
(Rupees in '000')		(Rupees in '000')		(Rupees in '000')	

Sales:

Total sales	1,590,833	3,092,139	1,657,710	1,189,607	3,248,543	4,281,746
Inter segment	(22,289)	(108,566)	-	-	(22,289)	(108,566)
External sales	1,568,544	2,983,573	1,657,710	1,189,607	3,226,254	4,173,180
Cost of sales	1,551,576	2,823,503	1,567,590	1,119,327	3,119,166	3,942,830
Gross profit	16,968	160,070	90,120	70,280	107,088	230,350
Distribution cost	23,054	37,900	18,223	19,333	41,277	57,233
Administrative expenses	38,353	52,093	31,532	3,136	69,885	55,229
	61,407	89,993	49,755	22,469	111,162	112,462
	(44,439)	70,077	40,365	47,811	(4,074)	117,888
Finance cost	76,540	151,814	71,519	96,911	148,059	248,725
	(120,979)	(81,737)	(31,154)	(49,100)	(152,133)	(130,837)

Unallocated income and expenses:

Other loss		(167,513)	(13,472)
Loss before tax		(319,646)	(144,309)
Taxation		(33,001)	(42,810)
Loss after tax for the period		(352,647)	(187,119)
Other comprehensive loss		(30)	(64)
Total comprehensive loss for the period		(352,677)	(187,183)

Reconciliation of reportable segment assets and liabilities

Spinning		Weaving		Total Company	
Dec-15	Jun-15	Dec-15	Jun-15	Dec-15	Jun-15
(Rupees in '000')		(Rupees in '000')		(Rupees in '000')	

Total assets for reportable segments 11,775,486 11,874,575 7,850,324 7,916,384 19,625,810 19,790,959

Unallocated assets:

Investment property		-	431,615
Long term investments		199,464	247,451
Cash and bank balances		20,943	58,271
Other corporate assets		6,874,680	6,964,605
Total assets as per balance sheet		26,720,897	27,492,901

Total liabilities for reportable segments 9,662,657 9,762,527 6,441,772 6,508,351 16,104,429 16,270,878

Unallocated liabilities:

Directors' Subordinated Loan		120,000	120,000
Provision for taxation		62,009	163,736
Other corporate liabilities		2,415,565	2,270,850
Total liabilities as per balance sheet		18,702,003	18,825,464

20. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information were authorized for issue on 29 February 2016 by the Board of Directors of the Company.

21. 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.

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Chief Financial Officer

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Director

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Chief Executive Officer



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