



Colony Textile Mills Limited



CONDENSED INTERIM
FINANCIAL INFORMATION
for the first quarter ended
30, September 2016
(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 Azeem	

Finance Committee

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

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
HAIDERMOTABNR
Advocates and Corporate Counsel

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, 2016.

The turnover of the first quarter has increased from Rs. 2,914 million to Rs. 3,387 million as compared with the corresponding period of last year. The gross profit of the period is Rs. 321 million (2015: Rs. 101 million) and the net profit for the quarter is Rs. 0.9 million (2015: loss of Rs. 296 million). Earnings per share of the first quarter is Rs. 0.01 as compared with the net loss per share of Rs. 0.59 of corresponding quarter of last year.

Textile business remained depressed mainly on export venue due to internal and external factors. Economic indicators during the last two years have somewhat improved but the export trend has reversed. The continuing slide in overall exports both in value and quantity terms is an alarming sign for the country's economy. Although reduction in import bills due to reduced oil prices have partially offset huge negative impact on the aggregate balance of trade, but the government has failed to take on serious steps to curb its repercussions on macro-economic situation. Low demand, particularly of basic textiles from China and Europe has adversely affected financial results of the company. Lower cotton production by around 28 % has further aggravated the situation. Yarn and fabric prices remained depressed due to low demand in local and international markets. Reduced exports have been the major drag for the company. Earnest steps are needed from the government to reverse this negative trend. Reducing the ERF rate, zero rating of sales tax and assured supply of RLNG are some of encouraging recent steps. Nonetheless much more is needed to be done by the government to enhance exports of textiles and clothing sector.

We hope that our government would extend its support to industry in order to revive exports of the country which have fallen sharply since the start of financial year 2014. Measures such as rationalizing the currency exchange rates, zero rating of exports, lower the energy costs, providing uninterrupted supply of energy to industries, timely payment of sales tax, income tax and customs duty refund and lowering interest rates are required to improve the situation. We expect that long-awaited technology upgradation fund support would also be released during the financial year 2017.

We would like to place on record our deep appreciation for the efforts of executives and employees in these difficult and testing times.

For and on behalf of the Board of Directors

Lahore
October 31, 2016

Fareed M. Sheikh
Chief Executive Officer

INTERIM CONDENSED BALANCE SHEET

AS AT SEPTEMBER 30, 2016

	Notes	(Un-Audited) September 30, 2016 Rupees "000"	(Audited) June 30, 2016 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		(364,090)	(364,974)
Surplus on remeasurement of investments		474	474
		7,777,574	7,776,690
Revaluation Surplus		12,644	-
NON CURRENT LIABILITIES			
Long term finances	5	7,104,006	7,223,207
Directors' Subordinated loan		120,000	120,000
Liabilities against assets subject to finance lease		43,565	32,371
Deferred liabilities		2,553,837	2,447,971
		9,821,408	9,823,549
CURRENT LIABILITIES			
Trade and other payables		1,702,266	1,993,536
Short term borrowings		4,299,006	4,302,009
Accrued mark up		1,415,011	1,329,798
Current portion of long term liabilities		1,585,360	1,456,685
Provision for taxation		71,734	37,862
		9,073,377	9,119,890
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		26,685,003	26,720,129
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	19,011,849	19,610,953
Investment property	8	489,160	-
Long term investments		175,425	175,425
Long term deposits		49,650	49,650
		19,726,084	19,836,028
CURRENT ASSETS			
Stores, spares and loose tools		256,140	213,718
Stock in trade		5,076,340	5,184,692
Trade debts		666,547	462,075
Advances, deposits and other receivables		941,240	966,693
Other financial assets		38	38
Cash and bank balances		18,614	56,885
		6,958,919	6,884,101
		26,685,003	26,720,129

The annexed notes from 1 to 15 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, 2016

	Notes	(Un-Audited) September 30, 2016 Rupees "000"	(Un-Audited) September 30, 2015 Rupees "000"
Sales-net		3,387,163	2,913,694
Cost of sales	9	3,066,661	2,812,989
Gross profit		<u>320,502</u>	<u>100,705</u>
Operating expenses:			
Distribution cost		47,157	41,737
Administrative expenses		40,631	38,752
		<u>87,788</u>	<u>80,489</u>
Operating profit		232,714	20,216
Finance cost		206,651	288,817
		<u>26,063</u>	<u>(268,601)</u>
Other income	10	8,693	1,743
Profit/(Loss) before tax		34,756	(266,858)
Taxation	11	33,872	29,008
Profit/(Loss) after tax		<u>884</u>	<u>(295,866)</u>
Earnings/(Loss) per share-basic and diluted		<u>0.01</u>	<u>(0.59)</u>
Other Comprehensive Income			
Surplus on revaluation of fixed assets		12,644	-
Total Comprehensive Income		<u>13,528</u>	<u>(295,866)</u>

The notes from 1 to 15 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, 2016

Note	(Un-Audited)	(Un-Audited)
	September 30, 2016	September 30, 2015
	Rupees "000"	Rupees "000"
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	34,756	(266,858)
Adjustments for:		
Provision for gratuity	11,614	9,232
Depreciation	217,263	220,104
Finance cost	206,651	288,817
Operating cash flows before working capital changes	470,284	251,295
<i>(Increase)/decrease in current assets</i>		
Stores, spares and loose tools	(42,422)	2,939
Stock in trade	108,352	171,071
Trade debts	(204,472)	(12,120)
Advances, deposits and other receivables	25,453	37,643
<i>Increase/(decrease) in current liabilities</i>		
Trade and other payables	(247,032)	(177,883)
	(360,121)	21,650
<i>Cash generated from operating activities</i>	110,163	272,945
Finance cost paid	(19,911)	(50,147)
Gratuity paid	(12,864)	(10,955)
Income tax paid	(13,210)	(11,175)
	(45,985)	(72,277)
<i>Net cash generated from operating activities</i>	64,178	200,668
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(107,549)	(100,016)
<i>Net cash used in investing activities</i>	(107,549)	(100,016)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances repaid	(755)	(15,570)
Lease rentals-Net	8,858	(2,064)
Short term borrowings-net	(3,003)	(105,151)
<i>Net cash used in financing activities</i>	5,100	(122,785)
Net cash decrease in cash and cash equivalents during the period	(38,271)	(22,133)
Cash and cash equivalents at the beginning of the period	56,885	58,271
Cash and cash equivalents at the end of the period	18,614	36,138

The annexed notes from 1 to 15 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, 2016

	Share capital	Reserve arising on amalgamation	RESERVES			Total
			General reserves	Unappropriated profit/(loss)	Remeasurement gain/(loss)	
Rupees "000".....					
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	<u>4,980,100</u>	<u>3,156,388</u>	<u>4,702</u>	<u>229,845</u>	<u>536</u>	<u>8,371,571</u>
Balance as on July 01, 2016	4,980,100	3,156,388	4,702	(364,974)	474	7,776,690
Profit for the period	-	-	-	884	-	884
Balance as at September 30, 2016	<u>4,980,100</u>	<u>3,156,388</u>	<u>4,702</u>	<u>(364,090)</u>	<u>474</u>	<u>7,777,574</u>

The annexed notes from 1 to 15 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, 2016

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 Pakistan 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> 2016 Rupees "000"	<u>June 30,</u> 2016 Rupees "000"
4. SHARE CAPITAL		
4.1 Authorized capital		
185,000,000 (2015: 185,000,000 ordinary shares of Rs. 10 each)	1,850,000	1,850,000
Capital of merged companies (345,000,000 ordinary shares of Rs. 10 each)	<u>3,450,000</u>	<u>3,450,000</u>
	<u><u>5,300,000</u></u>	<u><u>5,300,000</u></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	<u>4,979,900</u>	<u>4,979,900</u>
	<u><u>4,980,100</u></u>	<u><u>4,980,100</u></u>

	Note	September 30, 2016 Rupees "000"	June 30, 2016 Rupees "000"
5. LONG TERM FINANCES-Secured			
Opening balance		8,645,241	8,753,303
(Payments)/Adjustments made during the period-Net		(755)	(108,062)
		<u>8,644,486</u>	<u>8,645,241</u>
Less: current portion shown under current liabilities		(1,540,480)	(1,422,034)
		<u><u>7,104,006</u></u>	<u><u>7,223,207</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	18,291,125	18,869,288
Assets subject to finance lease	7.2	271,202	288,182
Capital work in progress		449,522	453,483
		<u>19,011,849</u>	<u>19,610,953</u>
7.1 Operating fixed assets			
Opening written down value		18,869,288	18,810,017
Add: Cost of additions during the period	7.1.1	111,510	912,102
		<u>18,980,798</u>	<u>19,722,119</u>
Less: Written down value of deletions during the period		310	545
Less: Transferred to Investment Property		476,516	-
		<u>18,503,972</u>	<u>19,721,574</u>
Less: Depreciation charged during the period		212,847	852,286
		<u><u>18,291,125</u></u>	<u><u>18,869,288</u></u>
7.1.1 Cost of additions during the period			
Building on free hold land		-	739
Plant and machinery		76,498	107,185
Factory tools & equipment		5,513	100
Furniture & fixture		222	935
Office and other equipment		124	1,379
Vehicles		-	1,764
Transferred from CWIP		16,589	800,000
		<u>98,946</u>	<u>912,102</u>
7.2 Assets subject to finance lease			
Opening book value		288,182	293,538
Add: Additions during the period		12,564	9,583
Less: Depreciation charged during the period		4,416	14,939
		<u>271,202</u>	<u>288,182</u>

8. This refers to the property related to spinning facility situated at Raiwind, that has been classified as investment property under IAS-40. The plant and equipment of spinning unit has been transferred to Multan to achieve better economies of scale.

	September 30, 2016 Rupees "000"	September 30, 2015 Rupees "000"
9. COST OF SALES		
Raw material consumed	1,799,861	1,725,883
Stores and spares consumed	143,495	143,274
Salaries, wages and benefits	264,423	245,917
Power and fuel	492,504	508,675
Insurance	13,639	7,146
Depreciation	213,655	216,504
Other factory overheads	2,938	4,878
	<u>2,930,515</u>	<u>2,852,277</u>
Adjustment of work in process		
Opening	436,792	414,652
Closing	(399,502)	(411,502)
	<u>37,290</u>	<u>3,150</u>
Cost of goods manufactured	2,967,805	2,855,427
Adjustment of finished goods		
Opening	3,808,156	3,713,376
Closing	(3,709,300)	(3,755,814)
	<u>98,856</u>	<u>(42,438)</u>
Cost of goods sold	<u><u>3,066,661</u></u>	<u><u>2,812,989</u></u>

10. OTHER INCOME

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

11. PROVISION FOR TAXATION

Current-Minimum Taxation	33,872	29,008
	<u>33,872</u>	<u>29,008</u>

12. RELATED PARTY TRANSACTIONS

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

Contribution to Provident Fund Trust	3,772	3,106
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13. SEGMENT INFORMATION

13.1 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.

13.2

Spinning		Weaving		Total-company	
September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
-----Rupees (000)-----		-----Rupees (000)-----		-----Rupees (000)-----	

Sales:

Total Sales	2,538,631	2,120,255	916,379	816,349	3,455,010	2,936,604
Inter segment	(67,847)	(22,910)	-	-	(67,847)	(22,910)
External Sales	2,470,784	2,097,345	916,379	816,349	3,387,163	2,913,694
Cost of sales	2,257,879	2,007,717	808,782	805,272	3,066,661	2,812,989
Gross profit	212,905	89,628	107,597	11,077	320,502	100,705
Distribution cost	31,645	26,754	15,512	14,983	47,157	41,737
Administration cost	28,931	26,829	11,700	11,923	40,631	38,752
	60,576	53,583	27,212	26,906	87,788	80,489
	152,329	36,045	80,385	(15,829)	232,714	20,216
Finance cost	136,592	185,586	70,059	103,231	206,651	288,817
	15,737	(149,541)	10,326	(119,060)	26,063	(268,601)
Other operating charges	-	-	-	-	-	-
	15,737	(149,541)	10,326	(119,060)	26,063	(268,601)
Unallocated income and expenses						
Other income					8,693	1,743
Profit/(Loss) before tax					34,756	(266,858)
Taxation					33,872	29,008
Profit/(Loss) after tax for the period					884	(295,866)
Other comprehensive income:					12,644	-
Total comprehensive income/ (loss) for the period					13,528	(295,866)

14. AUTHORIZATION FOR ISSUE

These accounts have been approved and authorized for issue by the board of directors in its meeting held on October 31, 2016.

15. GENERAL

Figures have been rounded off to the nearest thousand rupees.

 Chief Financial Officer

 Director

 Chief Executive Officer

ڈائریکٹرز رپورٹ

تفصیلی کے ڈائریکٹرانٹھوٹی پہلی سہ ماہی ہفتہ 30 ستمبر 2016ء کے غیر متعلق شدہ مالی حسابات پیش کر رہے ہیں۔

پہلی سہ ماہی کا کاروباری حجم پچھلے سال کی اسی سہ ماہی کے مقابلے میں مبلغ 2,914 ملین روپے سے بڑھ کر 3,387 ملین روپے ہو گیا ہے۔ اس مدت کا ذمہ منافع 321 ملین روپے (2015 ملین روپے) جبکہ ذمہ منافع 0.60 ملین روپے (2015: ذمہ منافع 298 ملین روپے) ہے۔ منافع فی شخص 0.01 روپے ہے جو کہ پچھلے سال اسی سہ ماہی میں 0.59 روپے فی شخص نقصان تھا۔

پیمانہ عمل کا کاروبار برآمدات میں آمد دہلی اور بیرونی عوامل کی وجہ سے دباؤ میں رہا ہے۔ پچھلے اوبسوں میں معاشی اعشاریے کن حد تک بگڑ رہے ہیں جبکہ برآمدات میں کمی کا رجحان غالب ہے۔ برآمدات میں گھٹا اور مالیات میں مسلسل جاری برآمدات کی معیشت کے نئے فطریہ ک عدم ہے۔ اگرچہ تیل کی قیمتوں میں کمی کی وجہ سے درآمدی فنڈ میں کمی نے کھنٹی تھوڑی تو ازاں میں ذرونی طور پر جتنی اثر بگڑ گیا ہے تاہم حکومت اس مسئلہ کو بہتر منڈا لیا گیا ہے۔ اس وقت میں تیل کی قیمتوں میں کمی نے ملے موجودہ اقدامات کرنے سے قاصر ہے۔ جھن اور یورپ کی طرف سے ٹیکسٹائل کی بنیادی مصنوعات کی طلب میں کمی نے کھنٹی کے مالی نتائج کو بری طرح متاثر کیا ہے۔ کپاس کی پیداوار میں تقریباً 28 فیصد کمی نے صورتحال کو مزید کاڑھا ہے۔ مقامی اور بین الاقوامی طلب میں کمی دھماکے اور پڑنے کی قیمتوں پر دباؤ کا باعث رہی ہے۔ برآمدات میں کمی کھنٹی کے کاروبار کو متاثر کر رہی ہے۔ سختی رجحان کو کم کرنے کے لیے مخلصانہ کھنٹی اقدامات کی اشد ضرورت ہے۔ برآمدی قرضوں (ERF) کی شرح میں کمی، مضمرکی شرح پر پلر قرض اور مارجن قدرتی گیس کی فراہمی کے موجودہ اقدامات منسوت کے لیے اصرار فرما رہے ہیں۔ ان سب کے علاوہ ٹیکسٹائل منسوت اور کپڑے کی برآمدات بڑھانے کے لیے مزید کھنٹی اقدامات کی اشد ضرورت ہے۔

کھنٹی برآمدی صنعت جو کہ سال 2014 کے آغاز سے بری طرح گراوٹ میں ہے۔ اس میں بہتری کے لیے حکومتی اقدامات کا اظہار ہے۔ کرنسی کی شرح جاریہ پائیس برآمدات کو آسانی کے احاطہ میں کمی۔ منسوتوں کے لیے ہائٹلنگ و آئی کی فراہمی، بروقت پلر ٹیکس، ایکٹ پلر اور کسمبڑیوں کی، ایسی ادارہ گریاں اور شرح سود میں کمی صورتحال کو بہتر کرنے کے لیے ضروری ہیں۔ ہم امید کرتے ہیں کہ عرصہ دراز سے زیر اظہار ٹیکسٹائل اپ گریڈیشن سیدو قلم مالی سال 2017ء کے دوران جاری کر دیا جائے گا۔

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