



COLONY TEXTILE MILLS LIMITED

**Condensed Interim
FINANCIAL INFORMATION
for the first quarter ended
September 30, 2018
(un-audited)**



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COMPANY INFORMATION

Board Of Directors

Mr. Mughis A. Sheikh	(Chairman)
Mr. Fareed Mughis 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 Mughis Sheikh	(Chairman)
Mr. Muhammad Tariq	
Mr. Muhammad Atta ullah Khan	

Technical Committee

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Muhammad Tariq	
Mr. Muhammad Shoaib Khan	

Finance Committee

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

Social Compliance & Human Resource Committees

Mr. Fareed Mughis 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

Haidermota BNR
Advocates and Corporate Counsel

Tax Advisor

Riaz Ahmad & Company
Chartered Accountants

Registered Address

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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

BankIslami Pakistan Limited
Meezan Bank Limited
Faysal Bank Limited
Habib 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, 2018.

The turnover of the first quarter has increased from Rs. 3,469 million to Rs. 4,653 million as compared to the corresponding period of last year. The gross profit of the period is Rs. 352 million (2017: Rs. 302 million) and the net profit of the quarter is Rs. 15.86 million (2017: Net loss of Rs. 15.27 million). Earnings per share for the first quarter is Rs. 0.03 as compared to loss per share of Rs. 0.03 of the corresponding quarter of last year.

Overall business environment remained challenging during the period under review. The industry is facing volatility in raw material prices due to sudden devaluation of Pak Rupee and hike in oil prices. The increase in petroleum prices not only impacted the raw material prices but also the overall cost of production through inflation. Despite of increase in sales margins are continuously squeezing due to higher energy costs, devaluation, delays in tax refunds and unclear economic situation. We are optimistic that the new government is realizing the situation and role of export sectors, particularly the textile industry, in the sustainable progress of the country.

The management of your company is doing its utmost to come up to the challenge and aggressively work towards implementing measures to control costs and enhance productivity.

We would like to place on record our deep appreciation for the efforts of executives and employees for the betterment of the company.

For and on behalf of the Board



Muhammad Ikram ul Haq
Director



Fareed Mughis Sheikh
Chief Executive Officer

Lahore
October 30, 2018

INTERIM CONDENSED BALANCE SHEET

AS AT SEPTEMBER 30, 2018

	Notes	(Un-Audited) September 30, 2018 Rupees "000"	(Audited) June 30, 2018 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
Revaluation surplus on property, plant and equipment		19,594	12,644
General Reserves		4,702	4,702
Unappropriated Loss		(212,443)	(228,300)
Surplus on remeasurement of investments		1,080	1,080
		7,949,421	7,926,614
NON CURRENT LIABILITIES			
Long term finances	5	6,792,981	6,922,229
Directors' Subordinated loan		120,000	120,000
Liabilities against assets subject to finance lease		20,702	21,321
Deferred liabilities		3,156,347	3,090,832
		10,090,030	10,154,382
CURRENT LIABILITIES			
Trade and other payables		1,289,864	1,326,693
Short term borrowings		3,882,927	3,890,441
Accrued mark up		1,927,643	1,849,891
Unclaimed dividend		94	94
Current portion of long term liabilities		2,047,889	1,970,534
Provision for taxation		259,572	202,848
		9,407,989	9,240,501
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		27,447,440	27,321,497
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	18,201,259	18,495,320
Investment property	8	630,704	495,658
Long term investments		428,745	428,745
Long term deposits		50,970	50,970
		19,311,678	19,470,693
CURRENT ASSETS			
Stores, spares and loose tools		280,584	273,304
Stock in trade		5,390,334	5,415,334
Trade debts		837,859	694,187
Advances, deposits and other receivables		1,578,018	1,429,540
Other financial assets		27	27
Cash and bank balances		48,940	38,412
		8,135,762	7,850,804
		27,447,440	27,321,497

The annexed notes from 1 to 14 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, 2018

	Notes	(Un-Audited) September 30, 2018 Rupees "000"	(Un-Audited) September 30, 2017 Rupees "000"
Sales-net		4,652,525	3,469,426
Cost of sales	9	4,300,034	3,167,812
Gross profit		352,491	301,614
Operating expenses:			
Distribution cost		50,744	48,622
Administrative expenses		46,336	42,917
		97,080	91,539
Operating profit		255,411	210,075
Finance cost		191,653	192,375
		63,758	17,700
Other Income	10	9,259	10,128
Profit before tax		73,017	27,828
Taxation	11	57,160	43,094
Profit/(Loss) after tax		15,857	(15,266)
Earnings/(Loss) per share-basic and diluted		0.03	(0.03)
Other Comprehensive Income			
Surplus on revaluation of fixed assets		6,950	-
Total Comprehensive Income / (Loss)		22,807	(15,266)

The notes from 1 to 14 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, 2018

	(Un-Audited) September 30, 2018 Rupees "000"	(Un-Audited) September 30, 2017 Rupees "000"
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	73,017	27,828
Adjustments for:		
Provision for gratuity	15,000	15,358
Depreciation	211,598	218,049
Loss on remeasurement of IMSL	-	3,524
Gain on disposal of PPE	(568)	-
Finance cost	191,653	192,375
Operating cash flows before working capital changes	490,700	457,134
(Increase)/decrease in current assets		
Stores, spares and loose tools	(7,280)	(22,717)
Stock in trade	25,000	(22,631)
Trade debts	(143,672)	(108,961)
Advances, deposits and other receivables	(58,697)	(89,633)
Increase/(decrease) in current liabilities		
Trade and other payables	(80,602)	(57,164)
	(265,251)	(301,106)
Cash generated from operating activities	225,449	156,028
Finance cost paid	(24,392)	(12,957)
Gratuity paid	(9,334)	(9,991)
Income tax paid	(89,781)	(18,924)
	(123,507)	(41,872)
Net cash generated from operating activities	101,942	114,156
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(32,121)	(112,604)
Proceeds from disposal of PPE	732	-
Net cash used in investing activities	(31,389)	(112,604)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances repaid	(50,000)	-
Lease rentals-Net	(2,511)	(1,038)
Short term borrowings-net	(7,514)	(2,172)
Net cash used in financing activities	(60,025)	(3,210)
Net cash decrease in cash and cash equivalents during the period	10,528	(1,658)
Cash and cash equivalents at the beginning of the period	38,412	40,283
Cash and cash equivalents at the end of the period	48,940	38,625

The annexed notes from 1 to 14 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, 2018

				REVENUE RESERVES			Total
	Share capital	Reserve arising on amalgamation	Revaluation surplus on property, plant and equipment	General reserves	Unappropriated profit/(loss)	Re-measurement gain/(loss)	
.....Rupees "000"							
Balance as on July 01, 2017	4,980,100	3,156,388	12,644	4,702	(268,780)	958	7,886,012
Loss for the period	-	-		-	(15,266)	-	(15,266)
Balance as at September 30, 2017	4,980,100	3,156,388	12,644	4,702	(284,046)	958	7,870,746
Balance as on July 01, 2018	4,980,100	3,156,388	12,644	4,702	(228,300)	1,080	7,926,614
Surplus on revaluation of fixed assets	-	-	6,950	-	-	-	6,950
Profit for the period	-	-		-	15,857	-	15,857
Balance as at September 30, 2018	4,980,100	3,156,388	19,594	4,702	(212,443)	1,080	7,949,421

The annexed notes from 1 to 14 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, 2018

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 237 of the Companies Act, 2017. 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, 2018 Rupees "000"	June 30, 2018 Rupees "000"
4. SHARE CAPITAL			
4.1 Authorized capital			
185,000,000 (2018: 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)		3,450,000	3,450,000
		<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, 2018 Rupees "000"	June 30, 2018 Rupees "000"
5. LONG TERM FINANCES-Secured			
Opening balance		8,851,477	8,965,435
(Payments)/Adjustments made during the period-Net		(50,000)	(113,958)
		<u>8,801,477</u>	<u>8,851,477</u>
Less: Current portion shown under current liabilities		(2,008,496)	(1,929,248)
		<u>6,792,981</u>	<u>6,922,229</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	17,965,342	18,271,455
Assets subject to finance lease	7.2	125,813	127,437
Capital work in progress		110,104	96,428
		<u>18,201,259</u>	<u>18,495,320</u>
7.1 Operating fixed assets			
Opening written down value		18,271,455	18,259,143
Add: Cost of additions during the period	7.1.1	32,121	1,340,419
		<u>18,303,576</u>	<u>19,599,562</u>
Less: Written down value of deletions during the period		164	431
Less: Transferred to Investment Property		128,096	-
		<u>18,175,316</u>	<u>19,599,131</u>
Less: Depreciation charged during the period		209,974	1,327,676
		<u>17,965,342</u>	<u>18,271,455</u>
7.1.1 Cost of additions during the period			
Building on free hold land		30	580
Plant and machinery		25,662	742,727
Factory tools & equipment		-	238
Furniture & fixture		534	1,691
Office and other equipment		281	1,861
Vehicles		5,614	4,585
Transferred from CWIP		-	588,737
		<u>32,121</u>	<u>1,340,419</u>
7.2 Assets subject to finance lease			
Opening book value		127,437	285,718
Add: Additions / (Transfers) during the period		-	(151,426)
Less: Depreciation charged during the period		1,624	6,855
		<u>125,813</u>	<u>127,437</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.

	Note	September 30, 2018 Rupees "000"	September 30, 2017 Rupees "000"
9. COST OF SALES			
Raw material consumed		2,936,091	1,900,277
Stores and spares consumed		149,808	145,852
Salaries, wages and benefits		312,673	269,408
Power and fuel		652,873	504,172
Insurance		12,318	10,660
Depreciation		208,050	213,849
Other factory overheads		7,931	3,792
		<u>4,279,744</u>	<u>3,048,010</u>
Adjustment of work in process			
Opening		453,260	419,242
Closing		(448,200)	(402,610)
		<u>5,060</u>	<u>16,632</u>
Cost of goods manufactured		4,284,804	3,064,642
Adjustment of finished goods			
Opening		3,815,935	3,705,731
Closing		(3,800,705)	(3,602,561)
		<u>15,230</u>	<u>103,170</u>
Cost of goods sold		<u>4,300,034</u>	<u>3,167,812</u>

10. OTHER INCOME

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

11. PROVISION FOR TAXATION

Current-Minimum Taxation	57,160	43,094
	<u>57,160</u>	<u>43,094</u>

12. 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	5,001	3,979
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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 fiber 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, 2018	September 30, 2017	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
-----Rupees (000)-----		-----Rupees (000)-----		-----Rupees (000)-----	

Sales:

Total Sales	3,809,738	2,623,172	898,788	878,600	4,708,526	3,501,772
Inter segment	(56,001)	(32,346)	-	-	(56,001)	(32,346)
External Sales	3,753,737	2,590,826	898,788	878,600	4,652,525	3,469,426
Cost of sales	3,480,027	2,390,984	820,007	776,828	4,300,034	3,167,812
Gross profit	273,710	199,842	78,781	101,772	352,491	301,614
Distribution cost	34,521	32,521	16,223	16,101	50,744	48,622
Administration cost	32,435	30,317	13,901	12,600	46,336	42,917
	66,956	62,838	30,124	28,701	97,080	91,539
	206,754	137,004	48,657	73,071	255,411	210,075
Finance cost	128,408	127,584	63,245	64,791	191,653	192,375
	78,346	9,420	(14,588)	8,280	63,758	17,700

Unallocated income and expenses

Other income					9,259	10,128
Profit before tax					73,017	27,828
Taxation					57,160	43,094
Profit/(Loss) after tax for the period					15,857	(15,266)
Other comprehensive income:					6,950	-
Total comprehensive income/ (loss) for the period					22,807	(15,266)

14. AUTHORIZATION FOR ISSUE

These accounts have been approved and authorized for issue by the board of directors in its meeting held on October 30, 2018.



Chief Financial Officer



Director



Chief Executive Officer

ڈائریکٹر رپورٹ

کمپنی کے ڈائریکٹر ان بخوشی پہلی سہ ماہی اختتمہ 30 ستمبر 2018ء کے غیر تنقیح شدہ مالی حسابات پیش کر رہے ہیں۔

پہلی سہ ماہی کا کاروباری حجم پچھلے سال کی اسی سہ ماہی کے مقابلے میں مبلغ 3,469 ملین روپے سے بڑھ کر 4,653 ملین روپے ہو گیا ہے۔ اس مدت کا خام منافع مبلغ 352 ملین روپے (2017: 302 ملین روپے) جبکہ بعد از ٹیکس منافع 15.86 ملین روپے (2017: بعد از ٹیکس نقصان 15.27 ملین روپے) ہے۔ اس طرح نفع فی حصہ 0.03 روپے رہا جو کہ پچھلے سال اسی سہ ماہی میں 0.03 روپے فی حصہ نقصان تھا۔

زیر جائزہ عرصہ میں مجموعی کاروباری ماحول کشیدہ رہا۔ خام مال کی قیمتوں میں اضافہ اور روپے کی قدر میں اچانک کمی کی وجہ سے صنعت اتار چڑھاؤ کا سامنا کر رہی ہے۔ پٹرولیم مصنوعات کی قیمتوں میں اضافہ نے جہاں خام مال کی قیمتوں میں اضافہ کیا ہے وہاں افراط زر کی وجہ سے پیداواری لاگت میں بھی اضافہ ہوا ہے۔ کاروباری حجم میں اضافہ ہونے کے باوجود، توانائی کی قیمتوں میں اضافہ، روپے کی قدر میں کمی، ٹیکس ریفنڈ میں تاخیر اور غیر واضح معاشی صورتحال کی وجہ سے شرح منافع میں کمی ہو رہی ہے۔ ہم پر امید ہیں کہ نئی حکومت کو صورتحال کا ادراک ہے اور معیشت میں برآمدی شعبہ کا کردار، خاص طور پر ٹیکسٹائل صنعت جو کہ پائیدار ملکی ترقی میں اہمیت کی حامل ہے۔

آپ کی کمپنی کی انتظامیہ ان مسائل سے بہتر طور پر نبرد آزما ہونے کے لیے انتہائی اقدامات کرنے میں مصروف عمل ہے جو لاگت کو کنٹرول کرنے اور پیداوار بڑھانے میں معاون ثابت ہوں گے۔

ہم اپنے ایگزیکٹوز اور دیگر ملازمین کی کاوشوں کا تہہ دل سے شکر گزار ہیں۔

Mr. Iqbal ul Haq

اکرام الحق

ڈائریکٹر

فرید منیش

چیف ایگزیکٹو آفیسر

لاہور: 30 اکتوبر 2018

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- Risk profiler*
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*Mobile apps are also available for download for android and ios devices

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