



COLONY TEXTILE MILLS LIMITED

**Condensed Interim
FINANCIAL INFORMATION
for the half year ended
December 31, 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

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

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,

It is our pleasure to present here our interim condensed financial statements for the half year ended December 31, 2018 duly reviewed by statutory auditors.

Your company has achieved net turnover of Rs. 10,058 million for the half year (2017: Rs. 7,390 million) and earned gross profit of Rs. 706 million as compared with Rs. 624 million for the same period of the last year. The net profit for the period is Rs. 462 million compared with loss of Rs. 156 million for the same period of the last year and consequently earnings per share is Rs. 0.93 (2017: loss per share 0.31).

Although the sales of the company have significantly increased as compared with the corresponding half of the last year but the gross margin of the company decreased because of increased input costs. Trade tensions between USA and China is damaging demand of textile products globally. The decreased export demand is forcing mills to divert sales to the local market at lower price which is putting undue pressure on the domestic markets.

As mentioned in the latest annual report the management of your company is in active negotiations with some of its financial institutions for immediate rescheduling/restructuring of its liabilities. We have successfully managed to restructure the loans from Faysal Bank Limited and completely settled the financing from Bank Islami Pakistan Limited.

FUTURE OUTLOOK

We are hopeful that Rupee exchange rate adjustment will give substantial advantage to our exporters and in turn improve the domestic markets as well. On a positive note, The Government of Pakistan has noticed the higher costs of electricity and gas and announced special reduced rates for export oriented industry to make it competitive in the international market. The duty draw back policy on exports is also playing a positive role for textile sector. We are very optimistic that the new Government would bring in more business friendly policies that would help to revive industry and trade in Pakistan.

Your management is committed towards continuous performance improvement through better marketing, product development and innovation, improved capacity utilization and better supply chain management. We are very hopeful for the further improvement in the performance of the company in the times to come.

We would like to place on record our deep appreciation for our bankers and 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



Muhammad Ikram ul Haq
Director



Fareed Mughis Sheikh
Chief Executive Officer

Lahore
March 01, 2019



Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants
 71-C-3, Gulberg-III, Lahore 54660-Pakistan.

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Independent Auditor's Review Report
To the members of Colony Textile Mills Limited
Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Colony Textile Mills Limited ("the company")** as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows for the six-month period then ended (here-in-after referred to as the "interim financial information") and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting 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 statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2018.

Scope of Review

We conducted our review in accordance with 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 procedures. 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 does not give a true and fair view of the financial position of the entity as at 31 December 2018, and of its financial performance and its cash flows for the six-month period then ended in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Malik Haroon Ahmed.

Tariq Abdul Ghani Maqbool & Co.

Dated: 01 March 2019
Lahore

Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

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

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT DECEMBER 31, 2018

		31-Dec-18 (Rupees in '000')	30-Jun-18 (Rupees in '000')
	Note	Un-audited	Audited
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
530,000,000 (30 June 2018: 530,000,000)		5,300,000	5,300,000
ordinary shares of Rs. 10 each			
Issued, subscribed and paid up capital		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
Revenue reserves		233,526	(228,300)
Surplus on remeasurement of investments		986	1,080
		8,395,296	7,926,614
Non Current Liabilities			
Long term financing	6	6,937,933	6,922,229
Director's subordinated loan		120,000	120,000
Liabilities against assets subject to finance lease		17,221	21,321
Deferred liabilities		2,901,846	3,090,832
		9,977,000	10,154,382
Current Liabilities			
Trade and other payables		1,369,302	1,326,693
Short term borrowings	7	3,837,549	3,890,441
Accrued mark-up		1,882,392	1,849,891
Unclaimed dividend		94	94
Current portion of long term liabilities		1,618,126	1,970,534
Provision for taxation		117,908	202,848
		8,825,371	9,240,501
Contingencies and commitments	8	-	-
		27,197,667	27,321,497
ASSETS			
Non Current Assets			
Property, plant and equipment	9	18,297,601	18,495,320
Investment property	10	630,704	495,658
Long term investments	11	350,446	428,745
Long term deposits		50,970	50,970
		19,329,721	19,470,693
Current Assets			
Stores, spare parts and loose tools		208,059	273,304
Stock in trade	12	5,447,031	5,415,334
Trade debts		776,920	694,187
Loans and advances		314,330	281,823
Trade deposits and short term prepayments		188,452	151,855
Other financial assets	13	22	27
Tax refunds due from the government		893,773	995,862
Cash and bank balances		39,359	38,412
		7,867,946	7,850,804
		27,197,667	27,321,497

The annexed notes from 01 to 23 form an integral part of this condensed interim financial information.



Chief Financial Officer



Director



Chief Executive Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Note	Half year ended 31-Dec		Quarter ended 31-Dec	
		2018	2017	2018	2017
		(Rupees in '000')	(Rupees in '000')	(Rupees in '000')	(Rupees in '000')
Sales - net	14	10,057,557	7,389,711	5,405,032	3,920,285
Cost of sales	15	(9,351,557)	(6,765,315)	(5,051,523)	(3,597,503)
Gross profit		706,000	624,396	353,509	322,782
Operating expenses:					
Distribution cost		(121,586)	(90,646)	(70,842)	(42,024)
Administrative expenses		(180,421)	(120,194)	(134,085)	(77,277)
		(302,007)	(210,840)	(204,927)	(119,301)
Operating profit		403,993	413,556	148,582	203,481
Finance cost	16	(570,962)	(374,724)	(379,309)	(182,349)
Other operating charges	17	(79,897)	(158,321)	(78,209)	(158,321)
		(650,859)	(533,045)	(457,518)	(340,670)
Other income	18	784,886	55,670	773,939	45,542
Profit / (loss) before taxation		538,020	(63,819)	465,003	(91,647)
Taxation		(76,194)	(91,990)	(19,034)	(48,896)
Net profit / (loss) for the period		461,826	(155,809)	445,969	(140,543)
Earnings / (loss) per share - basic and diluted (Rupees)		0.93	(0.31)	0.90	(0.28)

The annexed notes from 01 to 23 form an integral part of this condensed interim financial information.



Chief Financial Officer



Director



Chief Executive Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) **FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Note	Half year ended 31-Dec		Quarter ended 31-Dec	
		2018 (Rupees in '000')	2017 (Rupees in '000')	2018 (Rupees in '000')	2017 (Rupees in '000')
Profit / (loss) for the period		461,826	(155,809)	445,969	(140,543)
Other comprehensive income:					
Items that may be reclassified to profit or loss statement:					
- Surplus on revaluation of investment property		6,950	-	-	-
- (Loss) / gain on remeasurement of investments		(94)	238	(94)	-
Total comprehensive income / (loss) for the period		468,682	(155,571)	445,875	(140,543)

The annexed notes from 01 to 23 form an integral part of this condensed interim financial information.



Chief Financial Officer



Director



Chief Executive Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

	31-Dec-18 (Rupees in '000') Un-audited	31-Dec-17 (Rupees in '000') Un-audited
Profit / (loss) for the period before taxation	538,020	(63,819)
Adjustments for:		
Provision for staff retirement benefits	30,003	30,560
Depreciation	422,996	426,765
Loss from investment in IMSL	78,204	158,321
Gain on settlement with banks	(774,016)	-
Loss on remeasurement of investment	5	-
Gain on disposal of property, plant and equipment	(2,223)	-
Finance cost	570,962	374,724
	325,931	990,370
Operating cash flows before working capital changes	863,951	926,551

Changes in working capital:

(Increase) / decrease in current assets:

Stores, spare parts and loose tools	65,245	4,468
Stock in trade	(31,697)	(13,431)
Trade debts	(82,733)	(116,844)
Loans, advances, deposits and other receivables	(69,104)	(79,033)
Increase / (decrease) in current liabilities:		
Trade and other payables	(73,645)	(375,450)
	(191,934)	(580,290)

Cash generated from operating activities

Finance cost paid	672,017	346,261
Staff retirement benefits paid	(61,994)	(56,411)
Income tax paid	(23,004)	(18,021)
	(59,045)	(119,895)
	(144,043)	(194,327)

Net cash generated from operating activities

527,974 151,934

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure	(349,293)	(168,398)
Proceeds from disposal of property, plant and equipment	5,175	-
Long term deposits	-	(504)
Net cash used in investing activities	(344,118)	(168,902)

CASH FLOWS FROM FINANCING ACTIVITIES

Long term finances repaid	(125,958)	-
Lease finance - net	(4,059)	(4,269)
Short term borrowings - net	(52,892)	19,672
Net cash (used in) / generated from financing activities	(182,909)	15,403

Net increase / (decrease) in cash and cash equivalents

947 (1,565)

Cash and cash equivalents at beginning of the period

38,412 40,283

Cash and cash equivalents at end of the period

39,359 38,718

The annexed notes from 01 to 23 form an integral part of this condensed interim financial information.



Chief Financial Officer



Director



Chief Executive Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) **FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Ordinary share capital	Reserve arising on amalgamation	Revaluation surplus on property, plant and equipment	Revenue reserves		Remeasurement gain/(loss)	Total
				General reserves	Unappropriated profit / (loss)		
Rupees in ('000')							
Balance as at 01 July 2017 (audited)	4,980,100	3,156,388	12,644	4,702	(268,780)	958	7,886,012
Total comprehensive income:							
Loss for the half year ended 31 December 2017	-	-	-	-	(155,809)		(155,809)
Other comprehensive income:							
- Gain on remeasurement of investments	-	-	-	-	-	238	238
	-	-	-	-	(155,809)	238	(155,571)
Balance as at 31 December 2017 (un-audited)	4,980,100	3,156,388	12,644	4,702	(424,589)	1,196	7,730,441
Total comprehensive income:							
Profit for the half year ended 30 June 2018	-	-	-	-	196,003	-	196,003
Other comprehensive income:							
- Remeasurement of defined benefit obligation	-	-	-	-	286	-	286
- Loss on remeasurement of investments	-	-	-	-	-	(116)	(116)
	-	-	-	-	196,289	(116)	196,173
Balance as at 01 July 2018 (audited)	4,980,100	3,156,388	12,644	4,702	(228,300)	1,080	7,926,614
Total comprehensive income:							
Profit for the half year ended 31 December 2018	-	-	-	-	461,826	-	461,826
Other comprehensive income:							
- Surplus on revaluation of investment property	-	-	6,950	-	-	-	6,950
- Loss on remeasurement of investments	-	-	-	-	-	(94)	(94)
	-	-	6,950	-	461,826	(94)	468,682
Balance as at 31 December 2018 (un-audited)	4,980,100	3,156,388	19,594	4,702	233,526	986	8,395,296

The annexed notes from 01 to 23 form an integral part of this condensed interim financial information.



Chief Financial Officer



Director



Chief Executive Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

Colony Textile Mills Limited ("the Company") is a public company limited by shares incorporated in Pakistan on 12 January 2011. 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.

Geographical location and addresses of major business units including mills/plants of the Company are as under:

Location	Purpose
M. Ismail Aiwan-i-Science Building Ferozepur Road, Lahore.	Head Office
4km Raiwind Manga Road, Raiwind, District Kasur.	Weaving unit
Sher Shah Road Ismailabad, Multan.	Spinning unit

2. BASIS OF PREPARATION

- 2.01 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34, "Interim Financial Reporting" issued by International Accounting Standard Boards (IASB) as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 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 237 of the Companies Act, 2017.

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 2018.

3.01 Changes in accounting standards and interpretations

There is no significant impact of new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 01 July 2018, as mentioned in the financial statements for the year ended 30 June 2018.

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 use 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 2018.

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 2018.

5. PRESENTATION AND FUNCTIONAL CURRENCY

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

		31-Dec-18 (Rupees in '000')	30-Jun-18 (Rupees in '000')
	Note	Un-audited	Audited
6. LONG TERM FINANCING			
From banking companies - Secured		8,515,332	8,851,477
Current portion shown under current liabilities		(1,577,399)	(1,929,248)
		<u>6,937,933</u>	<u>6,922,229</u>

7. SHORT TERM BORROWINGS - SECURED

Short term finances availed from various banking companies / other financial institutions under mark-up arrangements aggregate to Rs. 3,838 million (30 June 2018: Rs. 3,890 million).

8. CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments as reported in the audited annual financial statements for the year ended 30 June 2018.

		31-Dec-18 (Rupees in '000')	30-Jun-18 (Rupees in '000')
	Note	Un-audited	Audited
9. PROPERTY, PLANT AND EQUIPMENT			
Operating assets - owned	9.01	18,036,784	18,271,455
Operating assets - leased		121,807	127,437
Capital work in progress		139,010	96,428
		<u>18,297,601</u>	<u>18,495,320</u>

9.01 Operating assets - owned

Opening book value	18,271,455	18,259,143
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Additions during the period / year:

Building on freehold land	21,043	580
Plant, machinery and equipment	274,029	111,569
Furniture and fixtures	714	1,691
Office and hospital equipment	1,376	1,861
Factory tools and equipment	228	238
Vehicles	9,321	4,585
	306,711	120,524
Transfer from capital work in progress during the period / year	5,086	588,737
Revaluation surplus	6,950	-
Transfer to investment property	(135,046)	-
Book value of assets transferred from leased assets	2,509	151,426
Book value of assets disposed off during the period / year	(1,009)	(431)
Depreciation charge for the period / year	(419,872)	(847,944)
Closing book value	<u>18,036,784</u>	<u>18,271,455</u>

10. INVESTMENT PROPERTY

During the period ended December 31, 2018 the property (Industrial godowns) related to spinning facility situated at Raiwind, has been classified as an investment property at fair value under IAS 40 w.e.f 30 September 2018. The fair value of investment property is measured annually.

		31-Dec-18 (Rupees in '000')	30-Jun-18 (Rupees in '000')
	Note	Un-audited	Audited
11. LONG TERM INVESTMENTS			
Available for sale investments:			
Investment in Imperial Sugar Limited - related party		348,985	427,190
Other investments		1,461	1,555
		<u>350,446</u>	<u>428,745</u>

12. STOCK IN TRADE

	31-Dec-18 (Rupees in '000')	30-Jun-18 (Rupees in '000')
	Un-audited	Audited
Textile		
Raw material	706,315	649,392
Work in process	451,250	453,260
Finished goods	4,002,935	3,815,935
	5,160,500	4,918,587
Real Estate Business		
Land held for development and resale	286,531	496,747
	5,447,031	5,415,334

13. OTHER FINANCIAL ASSETS

Other financial assets	13.01	22	27
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13.01 These include shares of listed companies classified as held for trading through statement of profit or loss.

31-Dec-18 No. of shares	30-Jun-18 No. of shares	Quoted - at fair value	31-Dec-18 (Rupees in '000')	30-Jun-18 (Rupees in '000')
			Un-audited	Audited
89	89	Oil and Gas Development Company Limited	10	14
250	250	Maple Leaf Cement Factory Limited	12	13
339	339		22	27

14. SALES - NET	Note	Half year ended		Quarter ended	
		31-Dec-18 (Rupees in '000')	31-Dec-17 (Rupees in '000')	31-Dec-18 (Rupees in '000')	31-Dec-17 (Rupees in '000')
Local		9,053,813	6,606,511	4,853,209	3,548,391
Export		1,031,224	806,426	566,019	384,676
		10,085,037	7,412,937	5,419,228	3,933,067
Commission		(27,480)	(23,226)	(14,196)	(12,782)
		10,057,557	7,389,711	5,405,032	3,920,285

15. COST OF SALES

Raw material consumed	6,378,166	4,241,404	3,442,075	2,341,127
Stores consumed	359,602	214,935	209,794	69,083
Staff salaries, wages and benefits	857,480	752,920	544,807	483,512
Power and fuel	1,257,946	1,105,931	605,073	601,759
Insurance	29,148	23,094	16,830	12,434
Depreciation	416,122	419,748	208,072	205,899
Other factory overheads	27,867	20,505	19,936	16,713
	9,326,331	6,778,537	5,046,587	3,730,527
Work in process:				
Opening	453,260	419,242	448,200	402,610
Closing	(451,250)	(423,260)	(451,250)	(423,260)
	2,010	(4,018)	(3,050)	(20,650)
Cost of goods manufactured	9,328,341	6,774,519	5,043,537	3,709,877
Finished goods:				
Opening stock	4,312,682	3,705,731	4,297,452	3,602,561
Closing stock	(4,289,466)	(3,714,935)	(4,289,466)	(3,714,935)
	23,216	(9,204)	7,986	(112,374)
Cost of sales	9,351,557	6,765,315	5,051,523	3,597,503

16. Finance Cost

Accrued during the period	370,997	374,724	179,344	182,349
Loss on remeasurement of financial instruments	199,965	-	199,965	-
	570,962	374,724	379,309	182,349

	Half year ended		Quarter ended	
	31-Dec-18 (Rupees in '000')	31-Dec-17 (Rupees in '000')	31-Dec-18 (Rupees in '000')	31-Dec-17 (Rupees in '000')
17. OTHER OPERATING CHARGES				
Loss on remeasurement of investments in IMSL	78,204	158,312	78,204	158,312
Exchange loss - realised	1,688	-	-	-
Loss on remeasurement of investments	5	9	5	9
	<u>79,897</u>	<u>158,321</u>	<u>78,209</u>	<u>158,321</u>
18. OTHER INCOME				
Income from financial assets:				
Profit on deposits with banks	2,410	340	1,597	131
Exchange gain - realised	-	521	632	391
Income from other than financial assets:				
Gain on disposal of property, plant and equipment	2,223	-	1,655	-
Gain on settlement with banks	774,016	-	774,016	-
Miscellaneous income / (loss)	6,237	54,809	(3,961)	45,020
	<u>784,886</u>	<u>55,670</u>	<u>773,939</u>	<u>45,542</u>

19. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of 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-18 (Rupees in '000')	31-Dec-17 (Rupees in '000')	31-Dec-18 (Rupees in '000')	31-Dec-17 (Rupees in '000')
Contribution to Provident Fund Trust	10,088	8,606	5,087	4,627

20. 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 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended 30 June 2018.

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

20.01 Fair value hierarchy

Following are three levels in fair value hierarchy that reflect 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. 350 million (June 30, 2018: 495.65 million) which is valued under level 1 valuation method. The Company does not have any investment in level 2 and 3 category.

21. 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 yarn and man-made fibre yarn.

Transactions among the business segments are recorded at cost. Inter segment sales and purchases have been eliminated from the total.

Half year ended					
Spinning		Weaving		Total Company	
31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17

----- Rupees in '000' -----

Sales:

Total sales	8,070,496	5,877,512	1,761,331	1,568,787	9,831,827	7,446,299
Inter segment	(116,620)	(56,588)	-	-	(116,620)	(56,588)
External sales	7,953,876	5,820,924	1,761,331	1,568,787	9,715,207	7,389,711
Cost of sales	(7,520,718)	(5,446,189)	(1,620,623)	(1,319,126)	(9,141,341)	(6,765,315)
Gross profit	433,158	374,735	140,708	249,661	573,866	624,396
Distribution cost	(72,952)	(54,388)	(48,634)	(36,258)	(121,586)	(90,646)
Administrative expenses	(110,252)	(72,116)	(70,168)	(48,078)	(180,420)	(120,194)
	(183,204)	(126,504)	(118,802)	(84,336)	(302,006)	(210,840)
	249,954	248,231	21,906	165,325	271,860	413,556
Finance cost	(342,577)	(224,834)	(228,385)	(149,890)	(570,962)	(374,724)
	(92,623)	23,397	(206,479)	15,435	(299,102)	38,832

Unallocated income and expenses:

Gain on sale of real estate inventory		132,134	-
Other operating charges		(79,897)	(158,321)
Other income		784,886	55,670
profit / (Loss) before tax		538,021	(63,819)
Taxation		(76,194)	(91,990)
profit / (Loss) for the period		461,827	(155,809)
Other comprehensive income:			
Surplus on revaluation of investment property		6,950	-
(Loss) / profit on remeasurement of investments		(94)	238
Total comprehensive profit / (loss) for the period		468,683	(155,571)

Quarter ended					
Spinning		Weaving		Total Company	
31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17

----- Rupees in '000' -----

Sales:

Total sales	4,260,758	3,254,340	862,543	690,187	5,123,301	3,944,527
Inter segment	(60,619)	(24,242)	-	-	(60,619)	(24,242)
External sales	4,200,139	3,230,098	862,543	690,187	5,062,682	3,920,285
Cost of sales	(4,040,691)	(3,055,205)	(800,616)	(542,298)	(4,841,307)	(3,597,503)
Gross profit	159,448	174,893	61,927	147,889	221,375	322,782
Distribution cost	(38,431)	(21,867)	(32,411)	(20,157)	(70,842)	(42,024)
Administrative expenses	(77,817)	(41,799)	(56,267)	(35,478)	(134,084)	(77,277)
	(116,248)	(63,666)	(88,678)	(55,635)	(204,926)	(119,301)
	43,200	111,227	(26,751)	92,254	16,449	203,481
Finance cost	(214,169)	(97,250)	(165,140)	(85,099)	(379,309)	(182,349)
	(170,969)	13,977	(191,891)	7,155	(362,860)	21,132

Unallocated income and expenses:

Gain on sale of real estate inventory		132,134	-
Other operating charges		(79,897)	(158,321)
Other income		775,627	45,542
profit / (Loss) before tax		465,004	(91,647)
Taxation		(19,034)	(48,896)
profit / (Loss) for the period		445,970	(140,543)
Other comprehensive income:			
Loss on remeasurement of investments		(94)	-
Total comprehensive profit / (loss) for the period		445,876	(140,543)

Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Total Company	
	31-Dec-18	30-Jun-18	31-Dec-18	30-Jun-18	31-Dec-18	30-Jun-18
----- Rupees in '000' -----						
Total assets for reportable segments	10,063,681	10,276,975	8,233,920	8,218,345	18,297,601	18,495,320
Unallocated assets:						
Investment property					630,704	495,658
Long term investments					350,446	428,745
Cash and bank balances					39,359	38,412
Other corporate assets					7,879,557	7,863,362
Total assets as per balance sheet					<u>27,197,667</u>	<u>27,321,497</u>
Unallocated liabilities:						
Director's subordinated loan					120,000	120,000
Provision for taxation					117,908	202,848
Other corporate liabilities					26,959,759	26,998,649
Total liabilities as per balance sheet					<u>27,197,667</u>	<u>27,321,497</u>

22. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on March 01, 2019 by the Board of Directors of the Company.

23. GENERAL

The figures of condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended 31 December 2018 and 2017 were subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

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


Chief Financial Officer

Director

Chief Executive Officer

ڈائریکٹر رپورٹ

کمپنی کے ڈائریکٹران ششماہی مالی حسابات تختہ 31 دسمبر 2018ء بمع محاسب کی جائزہ شدہ رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

آپ کی کمپنی کا کاروباری حجم اس ششماہی میں مبلغ 10,058 ملین روپے رہا (2017: مبلغ 7,390 روپے) اور خام منافع مبلغ 706 ملین روپے رہا جبکہ یہ پچھلے سال اسی عرصہ میں مبلغ 624 ملین روپے تھا۔ اس عرصہ کا خالص منافع مبلغ 462 ملین روپے ہے جبکہ پچھلے سال اسی عرصہ میں خالص نقصان مبلغ 156 ملین روپے تھا چنانچہ آمدنی حصہ 0.93 روپے رہی جو کہ پچھلے سال اسی ششماہی میں 0.31 روپے فی حصہ نقصان تھا۔

اگرچہ کمپنی کے کاروباری حجم میں پچھلے سال کی نسبت قابل قدر اضافہ ہوا ہے مگر بڑھتی ہوئی لاگت کے باعث شرح منافع میں کمی ہوئی ہے۔ امریکا اور چین میں تجارتی بے چینی کی وجہ سے ٹیکسٹائل مصنوعات کی عالمی طلب کو نقصان پہنچ رہا ہے۔ کم ہوتی ہوئی برآمدگی طلب کی وجہ سے ملیں اپنی مصنوعات کم قیمت پر مقامی منڈیوں میں فروخت کر رہی ہیں جو کہ مقامی منڈیوں میں غیر ضروری دباؤ کا باعث ہے۔

جیسا کہ پچھلے سالانہ مالی حسابات میں مالی اداروں کے ساتھ قرضہ جات کی ازسرنو بحالی کے لئے فوری طور پر گرفت و شنید کا ذکر کیا گیا تھا چنانچہ فیصل بینک لیمیٹڈ سے کامیابی کے ساتھ بحالی نو کے معاملات طے پا گئے ہیں جبکہ بینک اسلامی پاکستان لیمیٹڈ سے تصفیہ کے تحت قرضہ کی رقم ادا کر دی گئی ہے۔

مستقبل کا نقطہ نظر

ہم پرامید ہیں کہ روپے کی شرح تبادلہ میں تبدیلی سے برآمد کنندگان کو خاطر خواہ فائدہ ہوگا اور اس سے مقامی منڈیوں میں بہتری آئے گی۔ حکومت پاکستان کی طرف سے بجلی اور گیس کی بڑھتی ہوئی قیمتوں کا نوٹس لیا گیا ہے اور مثبت قدم کے طور پر برآمدگان کے لئے بجلی اور گیس کی خاص کم قیمتوں کا اعلان کیا گیا ہے تاکہ عالمی منڈی میں مطابقت پیدا کی جاسکے۔ برآمدات پر محصولات میں کمی کی پالیسی بھی ٹیکسٹائل صنعت کے لئے اہم کردار ادا کر رہی ہے۔ ہم پرامید ہیں کہ نئی حکومت کاروبار کے لئے دوستانہ پالیسیاں متعارف کروائے گی جس سے پاکستان میں ٹیکسٹائل صنعت کی بحالی میں مدد ملے گی۔

آپ کی کمپنی کی انتظامیہ اپنی صلاحیتوں کا استعمال کرتے ہوئے بہتر مارکیٹنگ، مصنوعات میں جدت کے ساتھ بہتری، بہتر سپلائی چین مینجمنٹ کو تسلسل کے ساتھ آگے بڑھا رہی ہے۔ ہم آنے والے وقت میں کمپنی کی کارکردگی میں مزید بہتری کی بہت امید رکھتے ہیں۔

ہم دل کی گہرائیوں سے اپنے مینیجمنٹ کے شکر گزار ہیں اور افسران اور دیگر ملازمین بشمول کارکنان کی کمپنی کے لئے سخت محنت، تعاون اور خلوص کے لئے تہ دل سے شکر گزار ہیں۔

منجانب بورڈ

M. Iqbal ul Haq

محمد اکرام الحق

ڈائریکٹر

فرید مغیث شیخ

چیف ایگزیکٹو آفیسر

لاہور: 1 مارچ 2019ء

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