



Sally Textile Mills Limited



Interim Financial Report quarter ended
September 30, 2015
(Un-audited)

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Company Information

Board Of Directors

Mian Iqbal Salahuddin	Chief Executive Officer
Mst. Munira Salahuddin	
Mian Yousaf Salahuddin	
Mian Asad Salahuddin	
Mian Sohail Salahuddin	
Sheikh Abdul Salam	
Syed Abid Raza Zaidi	

Audit Committee

Sheikh Abdul Salam	Chairman
Mian Asad Salahuddin	Member
Mian Sohail Salahuddin	Member
Syed Abid Raza Zaidi	Secretary

Human Resources & Remuneration Committee

Sheikh Abdul Salam	Chariman
Mst. Munira Salahuddin	Member
Mian Sohail Salahuddin	Member

Chief Financial Officer

Mr. Hasan Shahnawaz

Company Secretary

Syed Abid Raza Zaidi

Auditors

M/s Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Bankers

National Bank Of Pakistan
Silk Bank Limited
The Bank of Punjab
Meezan Bank Limited
Habib Bank Limited

Registered Office

4-F, Gulberg II, Lahore.
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Fax : (042) 35754394

Mills

Muzaffargarh Road, Jauharabad
Phones: (0454) 720645, 720546, 720311

Directors' Review

The Directors of **Sally Textile Mills Limited** ("the Company") present the 1st quarter report of the Company for the period ended 30th September 2015.

Overview

Textile spinning industry in the entire country is facing serious adversities. The government has taken some steps to improve the viability of this sector; however these steps will only be worthwhile if all other demands of the sector are agreed upon. During the period under review, many units have shut down their operations as viability continues its downward trend with no relief in the foreseeable future.

Performance review

In line with the adversities being faced by the textile spinning sector; your company too posted net loss of Rs. (60.82) million. The Company posted sales turnover of Rs. 562.29 million as compared to Rs. 758.51 million in the corresponding year. The Company posted gross loss of Rs. (11.22) million as compared to gross profit of Rs. 61.39 million the corresponding year. Directors of the Company are considering all options for surviving this very crucial and difficult time.

The financial results in a summarized form are given hereunder:

Description	Quarter ended September 30, 2015 <i>Rupees '000'</i>	Quarter ended September 30, 2014 <i>Rupees '000'</i>
Turnover-net	562,292	758,506
Gross (Loss)/Profit	(11,223)	61,395
(Loss) / Profit before tax	(60,823)	15,191
(Loss) / Profit after tax	(60,823)	7,606

Acknowledgement

Yours directors record with appreciation, the efforts of the company's managers, technicians, staff and workers who have vigorously to meet the target. Your directors also extend their appreciation to the company's banker, buyers and suppliers for their cooperation.

For and on behalf of the board



MIAN IQBAL SALAHUDDIN
Chief Executive Officer

Date: **October 29, 2015**
Lahore.

Condensed Interim Balance Sheet (Un-audited)
as at September 30, 2015

	September 30, 2015	June 30, 2015
	<i>Rupees '000</i>	<i>Rupees '000</i>
	<i>(Un-audited)</i>	<i>(Audited)</i>
EQUITY AND LIABILITIES		
Authorized share capital		
20,000,000 ordinary shares of Rs. 10 each	<u>200,000</u>	<u>200,000</u>
Share capital and reserves		
Issued, subscribed and paid-up capital	87,750	87,750
Accumulated profit	4,260	62,504
	92,010	150,254
Surplus on revaluation of property, plant and equipment	229,340	231,920
Loan from sponsors - Unsecured	190,967	184,956
Non-current liabilities		
Long term finances - Secured	100,000	100,000
Employees retirement benefits	129,175	123,346
Deferred taxation	101,470	101,470
	330,645	324,816
Current liabilities		
Trade and other payables	623,996	613,259
Short term borrowings - Secured	922,481	941,966
Accrued interest/mark-up	25,069	24,531
	1,571,546	1,579,756
Contingencies and commitments	-	-
TOTAL LIABILITIES	<u>2,414,508</u>	<u>2,471,702</u>

The annexed notes from 1 to 8 form an integral part of this condensed interim financial information

Date: October 29, 2015
Place: Lahore


MIAN IQBAL SALAHUDDIN
 Chief Executive

===== INTERIM FINANCIAL REPORT =====

	September 30, 2015	June 30, 2015
	<i>Rupees '000</i>	<i>Rupees '000</i>
	<i>(Un-audited)</i>	<i>(Audited)</i>
ASSETS		
Non-current assets		
Property, plant and equipment	1,186,450	1,200,388
Long term deposits - Unsecured, Considered good	11,244	11,244
	1,197,694	1,211,632
Current assets		
Stores, spares and loose tools	43,004	59,758
Stock in trade	975,895	973,528
Trade debts	136,970	162,519
Advances, prepayments and other receivables	27,244	31,033
Current taxation	21,459	19,769
Cash and bank balances	12,242	13,463
	1,216,814	1,260,070
TOTAL ASSETS	<u>2,414,508</u>	<u>2,471,702</u>




MIAN YUSAF SALAHUDDIN
Director

Condensed Interim Profit and Loss Account (Un-audited)
for the quarter ended September 30, 2015

	September 30, 2015	September 30, 2014
	<i>Rupees '000</i>	<i>Rupees '000</i>
	<i>(Un-audited)</i>	<i>(Un-audited)</i>
Turnover - net	562,292	758,506
Cost of sales	(573,515)	(697,111)
Gross (Loss) / profit	(11,223)	61,395
Selling and distribution expenses	(5,544)	(5,966)
Administrative and general expenses	(13,314)	(13,729)
	(18,858)	(19,695)
Other operating income	-	-
Operating (Loss) / profit	(30,081)	41,702
Finance cost	(23,694)	(20,118)
Notional interest	(6,011)	(5,320)
Other charges	(1,037)	(1,074)
(Loss) / profit before taxation	(60,823)	15,191
Taxation	-	(7,585)
(Loss) / profit after taxation	(60,823)	7,606
(Loss) / Earning per share - basic and diluted	(6.93)	0.87

The annexed notes from 1 to 8 form an integral part of this condensed interim financial information

Date: October 29, 2015
Place: Lahore


MIAN IQBAL SALAHUDDIN
Chief Executive



MIAN YOUSAF SALAHUDDIN
Director

**Condensed Interim Statement of Other Comprehensive Income (*Un-audited*)
for the quarter ended September 30, 2015**

	September 30, 2015	September 30, 2014
	<i>Rupees '000</i>	<i>Rupees '000</i>
	<i>(Un-audited)</i>	<i>(Un-audited)</i>
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified to profit or loss		
Incremental depreciation	3,793	5,095
Other comprehensive income before taxation	3,793	5,095
Taxation	1,214	1,783
Other comprehensive income after taxation	2,579	3,312
(Loss) /Profit after taxation	(60,823)	7,606
Total comprehensive income	(58,244)	10,918

The annexed notes from 1 to 8 form an integral part of this condensed interim financial information

Date: October 29, 2015
Place: Lahore


MIAN IQBAL SALAHUDDIN
Chief Executive


MIAN YOUSAF SALAHUDDIN
Director

Condensed Interim Cash Flow Statement (Un-audited)
for the quarter ended September 30, 2015

	September 30, 2015	September 30, 2014
	Rupees '000	Rupees '000
	(Un-audited)	(Un-audited)
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(60,823)	15,191
Adjustments for non-cash and other items		
Interest / markup on borrowings	23,694	20,007
Notional interest	6,011	5,320
(Gain)/Loss on disposal of operating fixed assets	-	-
Provision for employees retirement benefits	5,828	5,229
Depreciation	14,891	14,032
	<u>50,424</u>	<u>44,588</u>
Operating Cashflow before changes in working capital	(10,399)	59,779
Changes in working capital		
Stores, spares and loose tools	16,754	4,164
Stock in trade	(2,367)	(260,525)
Trade debts	25,549	12,231
Advances, prepayments and other receivables	3,789	2,570
Trade and other payables	10,737	(79,550)
	<u>54,462</u>	<u>(321,109)</u>
Cash generated from operations	44,063	(261,331)
Payments for:		
Employees retirement benefits	-	(442)
Interest/markup on borrowings	(23,156)	(11,261)
Income tax	(1,690)	(864)
Dividend on ordinary shares	-	(2,780)
Net cash flow from operating activities	19,217	(276,678)

Date: October 29, 2015
Place: Lahore


MIAN IQBAL SALAHUDDIN
Chief Executive

INTERIM FINANCIAL REPORT

	September 30, 2015	September 30, 2014
	<i>Rupees '000</i>	<i>Rupees '000</i>
	<i>(Un-audited)</i>	<i>(Un-audited)</i>
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(953)	(1,294)
Proceeds from disposal of property, plant and equipment	-	-
Net cash used in investing activities	(953)	(1,294)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term finances	-	-
Net Increase /(decrease) in short term borrowings	(19,485)	261,739
Loan from sponsors repaid	-	-
Net cash used in financing activities	(19,485)	261,739
Net increase/(decrease) in cash and cash equivalents	(1,221)	(16,232)
Cash and cash equivalents as at beginning of the year	13,463	23,797
Cash and cash equivalents as at end of the year	12,242	7,565

The annexed notes from 1 to 8 form an integral part of this condensed interim financial information




MIAN YOUSAF SALAHUDDIN
Director

Condensed Interim Statement of Changes in Equity (Un-audited)
for the quarter ended September 30, 2015

	Issued subscribed and Paid-up Capital	Accumulated Profit	Total equity
Rupees in thousand			
Blance as at July 01, 2014 - Audited	87,750	248,278	336,028
Comprehensive income			
Profit after taxation	-	7,606	7,606
Other comprehensive income	-	3,312	3,312
Total comprehensive income	-	10,918	10,918
Transaction with owners	-	-	-
Blance as at Sep 30, 2014-Un-audited	87,750	259,196	346,946
Comprehensive income			
Loss after taxation	-	(208,017)	(208,017)
Other comprehensive income	-	11,325	11,325
Total comprehensive income	-	(196,692)	(196,692)
Transaction with owners	-	-	-
Blance as at June 30, 2015- Audited	87,750	62,504	150,254
Comprehensive income			
Loss after taxation	-	(60,823)	(60,823)
Other comprehensive income	-	2,579	2,579
Total comprehensive income	-	(58,244)	(58,244)
Transaction with owners	-	-	-
Balance as at September 30, 2015 Un-Audited	87,750	4,260	92,010

The annexed notes from 1 to 8 form an integral part of this condensed interim financial information

Date: October 29, 2015
Place: Lahore


MIAN IQBAL SALAHUDDIN
Chief Executive


MIAN YUSAF SALAHUDDIN
Director

Notes to the Condensed Interim Financial Information (*Un-audited*) for the quarter ended September 30, 2015

1. REPORTING ENTITY

Sally Textile Mills Limited ('the Company') is incorporated in Pakistan as a Public Limited Company under the Companies Ordinance, 1984 and is listed on Karachi Stock Exchange Limited and Lahore Stock Exchange) Limited. The Company is a spinning unit engaged in the manufacture and sale of yarn. The registered office of the Company is situated at 4 F, Gulberg II, Lahore. The manufacturing facility including power generation unit, is located at Joharabad District Khushab in the Province of Punjab.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board as notified under the provisions of the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the Companies Ordinance, 1984 prevail.

3. BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value/amortized cost. In these condensed interim financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

4. FUNCTIONAL CURRENCY

These condensed interim financial statements have been prepared in Pak Rupees which is the Company's functional currency.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these financial statements are consistent with those applied in the preparation of the preceding annual financial statements of the company for the year ended June 30, 2015

6. DATE OF AUTHORIZATION

These condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on Oct 29, 2015.

7. PROVISION FOR TAXATION

7.1 Provision for the current tax has not been made as company has incurred gross loss during the period as per sec 113(e) of income tax ordinance 2001. no provision required.

7.2 No provision of deferred tax has been made as the impact of the same is considered to be immaterial.

Notes to the Condensed Interim Financial Information (*Un-audited*)
for the quarter ended September 30, 2015

8. GENERAL

- 8.1** There are no other significant activities since 30 June-2015 that may effect these condensed interim financial information
- 8.2** Comparitive figures have been re-arranged where necessary to facilitate comparision.However, there are no significant reclassifications during the period.
- 8.3** Figures have been rounded off to the nearest thousand rupee.



MIAN IQBAL SALAHUDDIN
Chief Executive



MIAN YOUSAF SALAHUDDIN
Director

Date: October 29, 2015
Place: Lahore



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