



Sally Textile Mills Limited



Interim Financial Report half year ended  
December 31, 2015  
(Un-audited)

## CONTENTS

Company Information .....	01
Directors' Review .....	02
<i>Auditors' Report</i> .....	03
<i>Condensed Interim Balance Sheet</i> .....	04
<i>Condensed Interim Profit and Loss Account</i> .....	06
<i>Condensed Interim Statement of profit or loss Other Comprehensive Income</i> .....	07
<i>Condensed Interim Cash Flow Statement</i> .....	08
<i>Condensed Interim Statement of Changes in Equity</i> .....	10
<i>Notes to the Condensed Interim Financial Information</i> .....	11

## Company Information

### Board Of Directors

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

Chief Executive Officer

### 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	Chairman
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  
United Bank Limited

### Registered Office

4-F, Gulberg II, Lahore.  
Phones : (042) 35754371, 35754373  
E-mail : sallytex@hotmail.com  
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 half yearly report of the Company for the period ended 31st December 2015.

### Overview

There has been little reprieve for textile sector. The impact of falling international crude oil prices have been passed on the industry but that too is not in its calculable entirety. Electric shutdowns have also witnessed a reduction but at the cost of falling local and international yarn prices. Pakistan continues to lose its share in the worldwide textile sectors to countries like Bangladesh and Vietnam where textile business are booming on account of low cost of business and improved infrastructures.

### Performance review

Your company posted after tax loss of Rs. (71.46) million. The Company registered negative growth in sales turnover of Rs. 973.80 million as compared to Rs. 1,554.29 million for the same period last year. Owing to the adversities being faced and lack of timely and favorable government policies to rescue this sector, the Company posted gross loss of Rs. (39.12) million as compared to gross profit Rs. 64.68 million during the corresponding period last year. The Directors of the company are committed to the business and in line with their commitment they have injected over Rs. 151 million as additional sponsors loan to the company. The Directors are firm in their resolve to continue running the mill operations as evident from the injection of funds into this business.

The financial results in a summarized form are given hereunder:

Description	Half year ended December 31, 2015 <i>Rupees '000'</i>	Half Year ended December 31, 2014 <i>Rupees '000'</i>
Turnover-net	973,806	1,554,292
Gross (loss)/profit	(39,125)	64,689
Loss before tax	(71,463)	(34,667)
Loss after tax	(71,463)	(60,210)

### 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: February 26, 2016  
Lahore.

# Auditors' Report to the Members on Review of Interim Financial Information

## *Introduction*

We have reviewed the accompanying condensed interim balance sheet of Sally Textile Mills Limited ("the Company") as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim statement of profit or loss and other comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as ("the condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed interim financial information based on our review. The figures for three months ended December 31, 2015 of the condensed interim profit and loss account and condensed interim statement of profit or loss and other comprehensive income have not been reviewed as we are required to review only cumulative figures for the six months period ended on that date.

## *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 consist 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ

*Chartered Accountants*

Engagement Partner: ZUBAIR IRFAN MALIK

Date: FEBRUARY 26, 2016

Place: LAHORE

Condensed Interim Balance Sheet (*Un-audited*)  
as at December 31, 2015

	Note	December 31, 2015 Rupees '000 (Un-Audited)	June 30, 2015 Rupees '000 (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<i>Authorized capital</i>			
20,000,000 (June 30, 2015: 20,000,000) ordinary shares of Rs. 10 each		200,000	200,000
Issued, subscribed and paid-up capital		87,750	87,750
Accumulated (loss)/profit		(6,224)	62,504
<b>TOTAL EQUITY</b>		<b>81,526</b>	<b>150,254</b>
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		<b>84,121</b>	<b>231,920</b>
<b>LOAN FROM SPONSORS - UNSECURED</b>	6	<b>286,859</b>	<b>184,956</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term finances		83,333	100,000
Employees retirement benefits		128,072	123,346
Deferred taxation		55,243	101,470
		266,648	324,816
<b>CURRENT LIABILITIES</b>			
Trade and other payables		661,018	613,260
Short term borrowings	7	948,078	941,966
Accrued interest/mark-up		30,513	24,530
Current portion of non-current liabilities		16,667	-
		1,656,276	1,579,756
<b>TOTAL LIABILITIES</b>		<b>1,922,924</b>	<b>1,904,572</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,375,430</b>	<b>2,471,702</b>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Date: February 26, 2016  
Place: Lahore

  
MIAN IQBAL SALAHUDDIN  
Chief Executive

	Note	December 31, 2015 <i>Rupees '000</i> <i>(Un-Audited)</i>	June 30, 2015 <i>Rupees '000</i> <i>(Audited)</i>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	9	1,000,079	1,200,388
Long term deposits - <i>Unsecured, considered good</i>		11,244	11,244
		1,011,323	1,211,632
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		50,300	59,758
Stock in trade		1,126,691	973,528
Trade debts		116,500	162,519
Advances, deposits, prepayments and other receivables		25,067	31,033
Current taxation		34,764	19,769
Cash and bank balances		10,785	13,463
		1,364,107	1,260,070
 <b>TOTAL ASSETS</b>		2,375,430	2,471,702



MIAN YOUSAF SALAHUDDIN  
Director

Condensed Interim Profit and Loss Account (*Un-audited*)  
for the half year ended December 31, 2015

	Note	Half year ended		Quarter ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		Rupees '000	Rupees '000	Rupees '000	Rupees '000
Sales - net	10	973,806	1,554,292	411,514	795,786
Cost of sales	11	(1,012,931)	(1,489,603)	(439,416)	(792,492)
Gross (loss)/profit		(39,125)	64,689	(27,902)	3,294
Distribution cost		(7,479)	(14,357)	(1,935)	(8,391)
Administrative expenses		(25,314)	(27,108)	(12,000)	(13,379)
		(32,793)	(41,465)	(13,935)	(21,771)
Other income		-	5	-	3
Operating (loss)/profit		(71,918)	23,229	(41,837)	(18,474)
Finance cost		(46,796)	(44,990)	(23,102)	(24,872)
Notional interest		49,097	(10,639)	55,108	(5,319)
Other expenses		(1,846)	(2,267)	(809)	(1,193)
Loss before taxation		(71,463)	(34,667)	(10,640)	(49,858)
Taxation	12	-	(25,543)	-	(17,958)
Loss after taxation		(71,463)	(60,210)	(10,640)	(67,816)
Loss per share - <i>basic and diluted</i>		(8.14)	(6.86)	(1.21)	(7.73)

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Date: February 26, 2016  
Place: Lahore

MIAN IQBAL SALAHUDDIN  
Chief Executive

MIAN YOUSAF SALAHUDDIN  
Director



Condensed Interim Statement of Profit or Loss and other Comprehensive Income (*Un-audited*)  
for the half year ended December 31, 2015

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	<i>Rupees '000</i>	<i>Rupees '000</i>	<i>Rupees '000</i>	<i>Rupees '000</i>
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-	-	-
<i>Items that will not be reclassified to profit or loss</i>				
Incremental depreciation	2,735	6,624	156	3,312
Other comprehensive income (net of tax)	2,735	6,624	156	3,312
Taxation	-	-	-	-
Other comprehensive income after taxation	2,735	6,624	156	3,312
Loss after taxation	(71,463)	(60,210)	(10,640)	(67,816)
Total comprehensive loss	<u>(68,728)</u>	<u>(53,586)</u>	<u>(10,484)</u>	<u>(64,504)</u>

*The annexed notes 1 to 18 form an integral part of this condensed interim financial information.*



MIAN IQBAL SALAHUDDIN  
Chief Executive



MIAN YUSAF SALAHUDDIN  
Director

Date: February 26, 2016  
Place: Lahore

Condensed Interim Cash Flow Statement (*Un-audited*)  
for the half year ended December 31, 2015

	December 31, 2015	December 31, 2014
	<i>Rupees '000</i>	<i>Rupees '000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(71,463)	(34,667)
Adjustments for non-cash items		
Interest/markup on borrowings	46,101	44,440
Notional interest	(49,097)	10,639
Provision for employees retirement benefits	5,372	27,858
Depreciation	26,157	28,439
	28,533	111,376
Operating (loss)/profit before changes in working capital	(42,930)	76,709
Changes in working capital		
Stores, spares and loose tools	9,458	7,491
Stock in trade	(153,163)	(358,192)
Trade debts	46,019	4,928
Advances, deposits, prepayments and other receivables	5,966	14,277
Trade and other payables	47,758	(1,839)
	(43,962)	(333,335)
Net cash used in operations	(86,892)	(256,626)
Payments for:		
Employees retirement benefits	(646)	(463)
Interest/markup on borrowings	(40,118)	(34,853)
Income tax	(14,995)	(5,856)
Dividend on ordinary shares	-	(2,780)
Net cash used in operating activities	(142,651)	(300,578)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(17,139)	(5,978)
Net cash used in investing activities	(17,139)	(5,978)

Date: February 26, 2016  
Place: Lahore

  
**MIAN IQBAL SALAHUDDIN**  
 Chief Executive

	December 31, 2015	December 31, 2014
	<i>Rupees '000</i>	<i>Rupees '000</i>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net increase in short term borrowings	6,112	292,815
Loan from sponsors obtained	151,000	-
Net cash generated from financing activities	157,112	292,815
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,678)	(13,741)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	13,463	23,797
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10,785	10,056

*The annexed notes 1 to 18 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 half year ended December 31, 2015

	Issued subscribed and paid-up capital <i>Rupees '000</i>	Accumulated profit/(loss) <i>Rupees '000</i>	Total equity <i>Rupees '000</i>
Balance as at June 30, 2014 - <i>Audited</i>	87,750	248,278	336,028
Comprehensive loss			
Loss after taxation	-	(60,210)	(60,210)
Other comprehensive income	-	6,624	6,624
Total comprehensive loss	-	(53,586)	(53,586)
Transaction with owners	-	-	-
Balance as at December 31, 2014 - <i>Un-audited</i>	<u>87,750</u>	<u>194,692</u>	<u>282,442</u>
Balance as at January 01, 2015 - <i>Un-audited</i>	87,750	194,692	282,442
Comprehensive loss			
Loss after taxation	-	(140,201)	(140,201)
Other comprehensive income	-	8,013	8,013
Total comprehensive loss	-	(132,188)	(132,188)
Transaction with owners	-	-	-
Balance as at June 30, 2015 - <i>Audited</i>	<u>87,750</u>	<u>62,504</u>	<u>150,254</u>
Balance as at July 01, 2015 - <i>Audited</i>	87,750	62,504	150,254
Comprehensive loss			
Loss after taxation	-	(71,463)	(71,463)
Other comprehensive income	-	2,735	2,735
Total comprehensive loss	-	(68,728)	(68,728)
Transaction with owners	-	-	-
Balance as at December 31, 2015 - <i>Un-audited</i>	<u>87,750</u>	<u>(6,224)</u>	<u>81,526</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



MIAN IQBAL SALAHUDDIN  
Chief Executive



MIAN YOUSAF SALAHUDDIN  
Director

Date: February 26, 2016  
Place: Lahore

# Notes to the Condensed Interim Financial Information (*Un-audited*) for the half year ended December 31, 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 Pakistan 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 the power generation unit, is located at Joharabad District Khushab in the Province of Punjab.

## 2 BASIS OF PREPARATION

The financial information contained in this interim financial report is un-audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2015.

This condensed interim financial information has been subjected to limited scope review by the auditors of the company, as required by the Code of Corporate Governance. The comparative balance sheet as at June 30, 2015 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account, interim statement of profit or loss and other comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information for the half year ended December 31, 2014 are based on unaudited, reviewed interim financial information. The interim profit and loss account and interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2015 and December 31, 2014 are neither audited nor reviewed.

### 2.1 Statement of compliance

This interim financial report has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

### 2.2 Basis of measurement

The financial information contained in this interim report has been prepared under the historical cost convention except for certain financial instruments at fair value/amortized cost and employees retirement benefits at present value. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

### 2.3 Judgments, estimates and assumptions

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

### 2.4 Functional currency

This financial information is prepared in Pak Rupees which is the Company's functional currency.

## Notes to the Condensed Interim Financial Information (*Un-audited*) for the half year ended December 31, 2015

### 3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR

The following new/revised standards/interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the interim financial information of the Company.

#### *IFRS 10 - Consolidated Financial Statements (2011)*

The standard replaces those parts of IAS 27 - Consolidated and Separate Financial Statements, that address when and how an investor should prepare consolidated financial statements and supersedes SIC 12 - Consolidation: Special Purpose Entities.

#### *IFRS 11 - Joint Arrangements (2011)*

The standard supersedes IAS 31 - Interest in Joint Ventures and SIC 13 - Jointly Controlled Entities: Non-monetary Contributions by Venturers.

#### *IFRS 12 - Disclosure of Interests in Other Entities (2011)*

The standard introduces disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

#### *IFRS 13 - Fair Value Measurement (2011)*

The standard establishes a single framework for measuring fair value where that is required by other standards.

*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities)*

The amendments provide transitional relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

*Investment Entities (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statement)*

The amendments provide exemption from consolidation of particular subsidiaries by certain entities defined as "Investment Entities" and require additional disclosures where such subsidiaries are excluded from consolidation pursuant to exemption.

### 4 NEW AND REVISED STANDARDS/INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
Equity method in Separate Financial Statements (Amendments to IAS 27 - Separate Financial Statements)	January 01, 2016

## Notes to the Condensed Interim Financial Information (*Un-audited*) for the half year ended December 31, 2015

	Effective date (annual periods beginning on or after)
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 – Joint Arrangements)	January 01, 2016
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets)	January 01, 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities, IAS 28 - Accounting for Investments in Associates and Joint Ventures)	January 01, 2016
Agriculture: Bearer Plants (Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture)	January 01, 2016
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)	January 01, 2017
Disclosure initiative (Amendments to IAS 1 - Presentation of Financial Statements)	January 01, 2016
Disclosure initiative (Amendments to IAS 7 - Statement of Cash Flows)	January 01, 2017
Annual Improvements 2012-2014 cycle	January 01, 2016
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018
IFRS 16 – Leases	January 01, 2019

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation/disclosures.

### 5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2015.

	<i>Note</i>	December 31, 2015 <i>Rupees '000</i> <i>(Un-Audited)</i>	June 30, 2015 <i>Rupees '000</i> <i>(Audited)</i>
6	LOAN FROM SPONSORS - UNSECURED		
	Loan from sponsors	360,000	209,000
	Less: unamortized notional interest	(73,141)	(24,044)
		286,859	184,956

## Notes to the Condensed Interim Financial Information (*Un-audited*) for the half year ended December 31, 2015

6.1 This loan has been obtained from sponsors of the Company, and is interest free. As per the loan agreement, the loan is repayable by June 30, 2018. However, the Company has the option to make early repayments. The loan has been carried at amortized cost which has been determined using a discount rate of 9.51%, being the average effective borrowing rate of the Company on the date of new agreement.

6.2 The loan is subordinated to borrowings obtained from banking companies to the extent of Rs. 175 million.

### 7 SHORT TERM BORROWINGS

The aggregate available short term funded facilities amount to Rs. 1,074 million (June 30, 2015: Rs. 978 million) out of which Rs. 129.40 million (June 30, 2015: Rs. 39.51 million) remained unavailed as at the reporting date.

### 8 CONTINGENCIES AND COMMITMENTS

#### 8.1 Contingencies

There is no significant change in the status of contingencies since June 30, 2015.

	December 31, 2015	June 30, 2015
	<i>Rupees '000</i> <i>(Un-Audited)</i>	<i>Rupees '000</i> <i>(Audited)</i>
8.2 Commitments		
8.2.1 Commitments under irrevocable letters of credit	-	26,271
8.2.2 The Company is committed to pay Rs. 220,000 for every month it occupies the office premises owned by the directors of the Company.		
8.2.3 The Company has acquired a production facility subject to operating lease. Lease agreement covers a period of ten years and is renewable/extendable on mutual consent. Lease rentals are payable monthly in arrears. Commitment for payments in future periods under the lease agreement amounts to Rs. 30.4 million (June 30 2015: Rs 32.8 million).		
8.2.4 The Company has acquired another production facility subject to operating lease. Lease agreement initially covered a period of six months, extended to further six months, and is renewable/extendable on mutual consent. Lease rentals are payable monthly in arrears. Commitment for payments in future periods under the lease agreement amounts to Rs. 6 million (June 30, 2015: Rs. 6 million).		

	Note	December 31, 2015	June 30, 2015
		<i>Rupees '000</i> <i>(Un-Audited)</i>	<i>Rupees '000</i> <i>(Audited)</i>
9 FIXED ASSETS			
Operating fixed assets	9.1	983,055	1,200,388
Capital work in progress		17,024	-
		1,000,079	1,200,388



## Notes to the Condensed Interim Financial Information (*Un-audited*) for the half year ended December 31, 2015

	December 31, 2015	June 30, 2015
	<i>Rupees '000</i> (Un-Audited)	<i>Rupees '000</i> (Audited)
9.1 Operating fixed assets		
Net book value at the beginning of the period/year	1,200,388	1,129,477
Additions during the period/year		
Office equipment	-	81
Furniture and fixtures	-	241
Vehicles	115	4,009
	115	4,331
Transfer from capital work in progress	-	127,396
Net book value of assets disposed during the period/year	-	(2,162)
Impairment loss	(191,291)	-
Depreciation for the period/year	(26,157)	(58,654)
Net book value at the end of the period/year	<u>983,055</u>	<u>1,200,388</u>

	Half year ended		Quarter ended		
	<i>Note</i>	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		<i>Rupees '000</i> (Un-Audited)	<i>Rupees '000</i> (Un-Audited)	<i>Rupees '000</i> (Un-Audited)	<i>Rupees '000</i> (Un-Audited)
10 SALES - NET					
Local					
Yarn		681,582	967,652	347,024	504,964
Waste		21,754	38,986	7,448	23,478
		703,336	1,006,638	354,472	528,442
Exports					
Yarn	<i>10.1</i>	270,470	547,654	57,042	267,344
		<u>973,806</u>	<u>1,554,292</u>	<u>411,514</u>	<u>795,786</u>

- 10.1 Yarn exports include indirect exports amounting to Rs. 257,496,205 (2014: Rs. 547,654,405) for the half year ended December 31, 2015 and Rs. 48,558,343 (2014: Rs. 267,344,805) for the quarter ended December 31, 2015.

## Notes to the Condensed Interim Financial Information (*Un-audited*) for the half year ended December 31, 2015

Note	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	<i>Rupees '000</i> (Un-Audited)	<i>Rupees '000</i> (Un-Audited)	<i>Rupees '000</i> (Un-Audited)	<i>Rupees '000</i> (Un-Audited)
<b>11 COST OF SALES</b>				
Raw material consumed	723,262	1,126,966	354,574	683,320
Stores, spares and loose tools consumed	34,133	55,295	11,017	26,004
Salaries, wages and benefits	125,727	161,348	77,810	82,825
Power and fuel	214,253	275,253	86,959	146,590
Insurance	3,094	2,037	1,636	996
Vehicle running and maintenance	1,667	1,888	734	1,037
Rent, rates and taxes	8,400	2,400	4,200	1,200
Depreciation	24,190	26,039	10,283	13,020
Others	3,484	4,377	2,468	652
	1,138,210	1,655,603	549,681	955,644
Work in process				
As at beginning of the period	51,958	36,909	32,959	37,007
As at end of the period	(53,042)	(42,428)	(53,042)	(42,428)
	(1,084)	(5,519)	(20,083)	(5,421)
	1,137,126	1,650,084	529,598	950,223
Finished goods				
As at beginning of the period	173,395	88,025	207,408	90,775
As at end of the period	(297,590)	(248,506)	(297,590)	(248,506)
	(124,195)	(160,481)	(90,182)	(157,731)
	1,012,931	1,489,603	439,416	792,492
<b>12 PROVISION FOR TAXATION</b>				
Current taxation	12.1	-	(25,543)	-
Deferred taxation	12.2	-	-	-
		-	(25,543)	-
		-	(25,543)	(17,958)

12.1 Provision for taxation has been made under section 113 of the Income Tax Ordinance, 2001. No provision for current taxation has been made for the period ended December 31, 2015 as the Company incurred gross loss before depreciation and inadmissible expenses.

12.2 No provision for deferred tax has been made as the impact of the same is considered immaterial.

### 13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise key management personnel (including chief executive and directors) and sponsors of the Company. Transactions with sponsors are limited to provision of interest free loans to the Company and rental payments for office premises used by the Company. Details of transactions and balances with related parties is as follows:

## Notes to the Condensed Interim Financial Information (*Un-audited*) for the half year ended December 31, 2015

		Half year ended	
		December 31, 2015	December 31, 2014
		<i>Rupees '000</i> <i>(Un-Audited)</i>	<i>Rupees '000</i> <i>(Un-Audited)</i>
13.1 Transactions with related parties			
	Nature of relationship	Nature of transaction	
	Key management personnel	Short term employee benefits	5,188
	Sponsors	Borrowings obtained	151,000
		Rent paid	1,320
			4,681
		December 31, 2015	June 30, 2015
		<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
13.2 Balances with related parties			
	Nature of relationship	Nature of balances	
	Key management personnel	Short term employee benefits	650
	Sponsors	Borrowings	212,472
			363,472
14 FINANCIAL INSTRUMENTS			
14.1 Financial instruments by class and category			
14.1.1 Financial assets			
	<i>Cash in hand</i>	694	1,139
	<i>Loans and receivables</i>		
	Long term deposits	11,244	11,244
	Trade debts	116,500	162,519
	Security deposits	5,859	5,859
	Insurance claims receivable	578	178
	Bank balances	10,091	12,324
		144,272	192,124
		<u>144,966</u>	<u>193,263</u>

## Notes to the Condensed Interim Financial Information (*Un-audited*) for the half year ended December 31, 2015

	December 31, 2015	June 30, 2015
	<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
14.1.2 Financial liabilities		
<i>Financial liabilities at amortized cost</i>		
Loan from sponsors	360,000	209,000
Long term finances	100,000	100,000
Short term borrowings	948,078	941,966
Accrued interest/mark-up	30,513	24,530
Trade creditors	351,063	384,448
Accrued liabilities	160,893	96,611
Unclaimed dividend	1,011	1,011
	1,951,558	1,757,566

### 14.2 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

#### 14.2.1 Financial instruments measured at fair value

None of the financial instruments are measured at fair value on recurring or non-recurring basis as at the reporting date.

#### 14.2.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value at the end of each reporting period to approximate their fair values as at the reporting date.

### 15 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require adjustment of and/or disclosure in this condensed interim financial report.

### 16 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in this condensed interim financial information.

### 17 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on February 26, 2016.

## Notes to the Condensed Interim Financial Information (*Un-audited*) for the half year ended December 31, 2015

18 GENERAL

- 18.1 There are no other significant activities since June 30, 2015 affecting the interim financial information.
- 18.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.
- 18.3 Figures have been rounded off to the nearest thousand rupees.



MIAN IQBAL SALAHUDDIN  
Chief Executive



MIAN YOUSAF SALAHUDDIN  
Director

Date: February 26, 2016  
Place: Lahore

## Note

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---



# BOOK POST

UNDER POSTAL CERTIFICATE

## **REGISTERED OFFICE :**

4 - F, Gulberg II, Lahore.

Phones : 042 - 35754371, 35754372, 35754373

Fax : 042 - 35754394

E-mail: [sallytex@hotmail.com](mailto:sallytex@hotmail.com)