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Interim Financial Report
First quarter ended
September 30, 2012
(Un-audited)

SALLY
Textile Mills Limited

Company Information

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Board Of Directors

Mian Iqbal Salah-ud-din
Mst. Munira Salah-ud-din
Mian Yousaf Salah-ud-din
Mian Asad Salah-ud-din
Mian Sohail Salah-ud-din
Sheikh Abdul Salam
Syed Abid Raza Zaidi

Chief Executive Officer

Audit Committee

Sheikh Abdul Salam
Mst. Munira Salah-ud-din
Mian Asad Salah-ud-din
Syed Abid Raza Zaidi

Chairman
Member
Member
Secretary

Human Resources & Remuneration Committee

Sheikh Abdul Salam
Mian Yousaf Salah-ud-din
Mian Sohail Salah-ud-din

Chairman
Member
Member

Chief Financial Officer

Mr. Mehboob Usman

Company Secretary

Syed Abid Raza Zaidi

Auditors

M/s Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Bankers

National Bank Of Pakistan
Muslim Commercial Bank Limited
Askari Commercial Bank Limited
Meezan Bank Limited

Registered Office

4-F, Gulberg II, Lahore.
Phones : (042) 35754371, 35754372, 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** are pleased to present before you a review of your company performance for the 1st quarter ended September 30, 2012

Operating Results

The business conditions remained challenging and large scale manufacturing units remained victim of power outages and global recession. Frequent increases in electricity tariffs and power shortages have increased costs during the period under review. However by the Grace of Almighty Allah your company has achieved a good result in the 1st quarter ended September 30, 2012. Following are the operating results for the period under review.

Description	Quarter ended September 30, 2012 Rupees '000'	Quarter ended September 30, 2011 Rupees '000'
Turnover-net	825,721	711,841
Gross profit	95,961	18,246
Profit / (loss) before tax	56,609	(19,760)
Profit / (loss) after tax	48,352	(26,879)

Earning per Share

The earning per share of your company is PKR. 5.51 for the quarter under review September 30, 2012 (PKR (3.06) September 30, 2011)

Future Prospects

The current cotton market is also not predictable as the heavy rains followed by the flood in the Sindh, has changed the trend of cotton market. Further electricity and gas load shedding is being seen in coming months which will significantly affect the production efficiencies that can increase the per unit production cost. However the management of the company is doing its best efforts to improve the profitability margin. As mentioned in the director report for the year ended June 30, 2012 that company has taken over another spinning unit on operating lease for a period of 10 years. After balancing and modernization of machinery, quality production has been started and new unit has contributed its good share in the profit of 1st quarter ended September 30, 2012. Management of your company is very confident to place further improvement in the results of the coming period also.

Acknowledgement

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

For and on behalf of the board

MIAN IQBAL SALAHUDDIN
Chief Executive Officer

Date: October 31, 2012
Lahore.

Condensed Interim Balance Sheet as at September 30, 2012

	September 30, 2012 Rupees '000 (Un-Audited)	June 30, 2012 Rupees '000 (Audited)
EQUITY AND LIABILITIES		
Share capital and reserves		
Issued, subscribed and paid-up capital	87,750	87,750
Accumulated profit	175,044	123,007
	262,794	210,757
Surplus on revaluation of property, plant and equipment	273,535	277,219
Loan from sponsors - Unsecured	132,350	128,184
Non-current liabilities		
Long term finances - Secured	12,625	12,625
Employees retirement benefits	52,994	51,648
Deferred taxation	159,747	159,747
	225,366	224,020
Current liabilities		
Current portion of non-current liabilities	15,805	24,055
Short term borrowings - Secured	430,175	491,759
Accrued interest/mark-up	14,516	16,902
Current tax liability	10,485	3,234
Trade and other payables	332,114	289,244
	803,095	825,194
Contingencies and commitments	-	-
	<u>1,697,139</u>	<u>1,665,374</u>
ASSETS		
Non-current assets		
Property, plant and equipment	982,199	985,082
Long term deposits - Unsecured, Considered good	10,598	10,598
	992,797	995,680
Current assets		
Stores, spares and loose tools	34,965	30,653
Stock in trade	491,507	455,882
Trade receivables	101,500	97,452
Advances, prepayments and other receivables	71,021	69,698
Cash and bank balances	5,349	16,010
	704,343	669,694
	<u>1,697,139</u>	<u>1,665,374</u>

The annexed notes from 1 to 8 form an integral part of these financial statements

MIAN IQBAL SALAH-UD-DIN
Chief Executive

Date : October 31, 2012
Place: Lahore

MIAN YUSAF SALAH-UD-DIN
Director

Condensed Interim Profit and Loss Account for the Quarter ended September 30, 2012

	September 30, 2012	September 30, 2011
	Rupees '000	Rupees '000
	(Un-audited)	(Un-audited)
Turnover - net	825,721	711,841
Cost of sales	(729,760)	(693,596)
Gross profit	95,961	18,246
Selling and distribution expenses	(8,222)	(6,034)
Administrative and general expenses	(10,023)	(9,450)
	(18,245)	(15,483)
Net other income	1,020	-
Operating profit	78,736	2,762
Finance cost	(15,125)	(17,907)
Other charges	(2,835)	(929)
Notional interest expense	(4,166)	(3,687)
Profit / (Loss) before taxation	56,609	(19,760)
Taxation	(8,257)	(7,118)
Profit / (Loss) after taxation	48,352	(26,879)
Earnings per share - basic and diluted	5.51	(3.06)

The annexed notes from 1 to 8 form an integral part of these financial statements

Condensed Interim Statement of Other Comprehensive Income for the Quarter ended September 30, 2012

	September 30, 2012	September 30, 2011
	Rupees '000	Rupees '000
	(Un-audited)	(Un-audited)
Incremental depreciation	5,669	3,841
Other comprehensive income	5,669	3,841
Taxation	1,984	1,344
Other comprehensive income after taxation	3,685	2,497
Profit / (Loss) after taxation	48,352	(26,879)
Total comprehensive income / (Loss)	52,037	(24,382)

The annexed notes from 1 to 8 form an integral part of these financial statements

MIAN IQBAL SALAH-UD-DIN
Chief Executive

Date : October 31, 2012
Place: Lahore.

MIAN YOUSAF SALAH-UD-DIN
Director

MIAN IQBAL SALAH-UD-DIN
Chief Executive

Date : October 31, 2012
Place: Lahore.

MIAN YOUSAF SALAH-UD-DIN
Director

Condensed Interim Cash Flow Statement for the Quarter ended September 30, 2012

	September 30, 2012	September 30, 2011
	Rupees '000 (Un-audited)	Rupees '000 (Un-audited)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	56,609	(19,760)
Adjustments for non-cash and other items		
Interest / markup expense	15,114	15,828
Notional interest expense	4,166	3,687
Foreign exchange (Gain) / Loss	-	1,933
Provision for employees retirement benefits	3,549	2,610
Depreciation	11,671	10,073
	34,500	34,131
Operating Cashflow before changes in working capital	91,109	14,371
Changes in working capital	(2,439)	36,026
Cash generated from operations	88,670	50,397
Payments for:		
Employees retirement benefits	(2,203)	(855)
Interest/markup	(17,500)	(13,301)
Income tax	(1,007)	(3,282)
Net cash flow from operating activities	67,961	32,959
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(8,788)	(5,584)
Proceeds from disposal of property, plant and equipment	-	-
Net cash used in investing activities	(8,788)	(5,584)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term finances	(5,000)	(5,976)
Net Increase /(decrease) in short term borrowings	(61,584)	(13,711)
Loan from sponsors repaid	(3,250)	(8,083)
Net cash used in financing activities	(69,834)	(27,771)
Net increase/(decrease) in cash and cash equivalents	(10,661)	(396)
Cash and cash equivalents as at beginning of the year	16,010	5,446
Cash and cash equivalents as at end of the year	5,349	5,050

The annexed notes from 1 to 8 form an integral part of these financial statements

MIAN IQBAL SALAH-UD-DIN
Chief Executive

Date : October 31, 2012
Place: Lahore.

MIAN YOUSAF SALAH-UD-DIN
Director

Condensed Interim Statement of Changes in Equity for the Quarter ended September 30, 2012

	Issued subscribed and Paid-up Capital Rupees '000	Accumulated Profit / (Losses) Rupees '000	Total equity Rupees '000
Balance as at July 01, 2011	87,750	78,385	166,135
Ordinary dividend for the year June 30, 2011	-	(4,388)	(4,388)
Loss for the 1st quarter ended september 30, 2011	-	(26,879)	(26,879)
Other comprehensive income for the 1st quarter ended september 30, 2011	-	2,497	2,497
Balance as at September 30, 2011	87,750	49,615	137,365
Profit for last 3 quarters ended June 30, 2012	-	62,812	62,812
Other comprehensive income for last 3 quarters ended June 30, 2012	-	10,579	10,579
Balance as at June 30, 2012	87,750	123,007	210,757
Profit for the 1st Quarter ended September 30, 2012	-	48,352	48,352
Other comprehensive income for the 1st Quarter ended September 30, 2012	-	3,685	3,685
Balance as at September 30, 2012	87,750	175,044	262,794

The annexed notes from 1 to 8 form an integral part of these financial statements

MIAN IQBAL SALAH-UD-DIN
Chief Executive

Date : October 31, 2012
Place: Lahore.

MIAN YOUSAF SALAH-UD-DIN
Director

Notes to and forming part of Condensed Interim Financial Information for the Quarter ended September 30, 2012

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 (Guarantee) Limited and Lahore Stock Exchange (Guarantee) 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, 2012.

6. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on Oct 31, 2012 by the Board of Directors of the Company.


7. OTHERS

There are no other significant activities since 30 June-2012 that may effect these condensed interim financial statements. No adjustment has been made in these condensed interim financial statements in respect of deferred taxation since the financial impact of the same is considered to be immaterial.

8. GENERAL

Figures have been rounded off to the nearest thousand rupee.

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison.


MIAN IQBAL SALAH-UD-DIN
Chief Executive

Date : October 31, 2012
Place: Lahore.


MIAN YOUSAF SALAH-UD-DIN
Director

BOOK POST

UNDER POSTAL CERTIFICATE

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