

Interim Financial Report nine months ended  
March 31, 2017  
(Un-audited)



Sally Textile Mills Limited



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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 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

### 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 March 2017.

### Overview

There has been little reprieve for textile sector. The impact of supply of RLNG been passed on the industry in shape of continue power for production facilities. Stability in local and international yarn prices is also one of the reasons of improvement in spinning industry. Your company is focusing on improvement in operational efficiency and quality.

### Performance review

Your company posted after tax loss of Rs. (4.878) million. The Company registered negative growth in sales turnover of Rs. 1,102.51 million as compared to Rs. 1,669.15 million for the same period last year. The Company posted gross Profit of Rs. 90.219 million as compared to gross Loss Rs. (54.638) 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. 110.750 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	Nine months ended March 31, 2017 Rupees '000'	Nine months ended March 31, 2016 Rupees '000'
Turnover-net	1,102,514	1,669,147
Gross (loss)/Profit	88,119	(54,638)
Profit/(Loss) before tax	6,148	(135,911)
Profit/(Loss) after tax	(4,878)	(135,911)

### 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: **April 27, 2017**  
Lahore.

**Condensed Interim Balance Sheet (Un-audited)**  
*as at March 31, 2017*

	March 31, 2017	June 30, 2016
	<i>Rupees '000</i> (Un-audited)	<i>Rupees '000</i> (Audited)
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital		
20,000,000 (June 30, 2016: 20,000,000) ordinary shares of Rs.10 each	<b>200,000</b>	200,000
Issued, subscribed and paid-up capital	<b>87,750</b>	87,750
Accumulated (Loss)/profit	<b>(184,622)</b>	(178,786)
<b>TOTAL EQUITY</b>	<b>(96,872)</b>	(91,036)
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	<b>98,655</b>	97,697
<b>LOAN FROM SPONSORS - UNSECURED</b>	<b>395,000</b>	281,328
<b>NON-CURRENT LIABILITIES</b>		
Long term finances	<b>262,500</b>	66,667
Employees retirement benefits	<b>110,911</b>	108,761
Deferred taxation	<b>72,715</b>	72,715
	<b>446,125</b>	248,142
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<b>536,518</b>	673,531
Short term borrowings - Secured	<b>727,306</b>	969,569
Accrued interest/mark-up	<b>21,657</b>	44,236
Current portion of non-current liabilities	<b>79,167</b>	33,333
	<b>1,364,647</b>	<b>1,720,670</b>
<b>TOTAL LIABILITIES</b>	<b>1,810,773</b>	<b>1,968,813</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,207,555</b>	2,256,801

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

Lahore  
Date : April 27, 2017

  
**MIAN IQBAL SALAHUDDIN**  
 Chief Executive

	March 31, 2017	June 30, 2016
	<i>Rupees '000</i>	<i>Rupees '000</i>
	<b>(Un-audited)</b>	<b>(Audited)</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	995,652	1,030,583
Long term deposits - Unsecured, Considered good	11,244	11,244
	<b>1,006,895</b>	<b>1,041,827</b>
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	61,972	58,572
Stock in trade	975,586	991,631
Trade debts	93,386	97,500
Advances, prepayments and other receivables	34,897	24,730
Current tax asset	31,586	34,478
Cash and bank balances	3,233	8,062
	<b>1,200,660</b>	<b>1,214,974</b>
 <b>TOTAL ASSETS</b>	<b>2,207,555</b>	<b>2,256,801</b>



**MIAN YOUSAF SALAHUDDIN**  
Director

## Condensed Interim Profit and Loss Account *(Un-audited)* for the nine months ended March 31, 2017

	Nine Months Ended		Quarter Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	<i>Rupees '000</i>	<i>Rupees '000</i>	<i>Rupees '000</i>	<i>Rupees '000</i>
Sales - net	1,102,514	1,669,147	575,750	695,341
Cost of sales	(1,012,295)	(1,723,785)	(529,191)	(710,854)
<b>Gross Profit / (Loss)</b>	<b>90,219</b>	<b>(54,638)</b>	<b>46,559</b>	<b>(15,513)</b>
Selling and distribution expenses	(6,357)	(12,574)	(1,877)	(5,095)
Administrative and general expenses	(37,608)	(37,786)	(14,239)	(12,472)
	(43,965)	(50,360)	(16,116)	(17,567)
Other income	1,876	2	407	2
<b>Operating Profit / (Loss)</b>	<b>48,130</b>	<b>(104,996)</b>	<b>30,850</b>	<b>(33,078)</b>
Finance cost	(60,887)	(70,138)	(18,558)	(23,342)
Notional Interest	21,311	41,714	8,558	(7,383)
Other expenses	(2,406)	(2,491)	(2,032)	(645)
<b>Profit / (Loss) before taxation</b>	<b>6,148</b>	<b>(135,911)</b>	<b>18,818</b>	<b>(64,448)</b>
Taxation	(11,025)	-	(5,757)	-
<b>Profit / (Loss) after taxation</b>	<b>(4,878)</b>	<b>(135,911)</b>	<b>13,060</b>	<b>(64,448)</b>
<b>Profit / (Loss) per share - basic and diluted</b>	<b>(0.56)</b>	<b>(15.49)</b>	<b>1.49</b>	<b>(7.34)</b>

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

Lahore  
Date : April 27, 2017

  
MIAN IQBAL SALAHUDDIN  
Chief Executive

  
MIAN YUSAF SALAHUDDIN  
Director



## Condensed Interim Statement of Other Comprehensive Income (Un-audited) for the nine months ended March 31, 2017

	Nine Months Ended		Quarter Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Items that will not be reclassified to profit or loss				
Incremental depreciation	(958)	6,417	(479)	2,139
Other comprehensive income before taxation	(958)	6,417	(479)	2,139
Taxation	(307)	2,053	(153)	706
Other comprehensive income after taxation	(651)	4,364	(326)	1,433
Loss after taxation	(4,878)	(135,911)	13,060	(64,448)
<b>Total comprehensive Loss</b>	<b>(5,529)</b>	<b>(131,547)</b>	<b>12,735</b>	<b>(63,015)</b>

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

Lahore  
Date : April 27, 2017

  
MIAN IQBAL SALAHUDDIN  
Chief Executive

  
MIAN YUSAF SALAHUDDIN  
Director

**Condensed Interim Cash Flow Statement (Un-audited)**  
*for the nine months ended March 31, 2017*

	March 31, 2017 <i>Rupees '000</i>	March 31, 2016 <i>Rupees '000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	6,148	(135,911)
<b>Adjustments for non-cash and other items</b>		
Interest/markup on borrowings	60,627	69,423
Notional interest	(21,311)	(41,714)
Provision for employees retirement benefits	6,500	7,372
Depreciation	35,138	38,934
	80,954	74,015
<b>Operating profit/(loss) before changes in working capital</b>	<b>87,101</b>	<b>(61,896)</b>
<b>Changes in working capital</b>		
Stores, spares and loose tools	(3,400)	7,634
Stock in trade	16,045	(122,834)
Trade debts	4,114	7,073
Advances, deposits, prepayments and other receivables	(10,166)	(3,247)
Trade and other payables	(106,996)	37,633
	(100,403)	(73,741)
<b>Net cash generated from/(used in) operations</b>	<b>(13,301)</b>	<b>(135,637)</b>
<b>Payments for:</b>		
Employees retirement benefits	(4,350)	(646)
Interest/markup on borrowings	(83,207)	(61,322)
Income tax	(13,917)	(18,486)
<b>Net cash generated from/(used in) operating activities</b>	<b>(114,775)</b>	<b>(216,091)</b>

	March 31, 2017 <i>Rupees '000</i>	March 31, 2016 <i>Rupees '000</i>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(206)	(31,268)
<b>Net cash used in investing activities</b>	<b>(206)</b>	<b>(31,268)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances obtained	250,000	-
Repayment of long term finances	(8,333)	-
Net (decrease)/increase in short term borrowings	(242,264)	34,492
Loan from sponsors obtained	110,750	210,000
<b>Net cash (used in)/generated from financing activities</b>	<b>110,153</b>	<b>244,492</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(4,829)</b>	<b>(2,867)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>8,062</b>	<b>13,463</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>3,233</b>	<b>10,596</b>

*The annexed notes 1 to 19 form an integral part of this condensed interim financial information.*



**MIAN YUSAF SALAHUDDIN**  
Director

**Condensed Interim Statement of Changes In Equity (Un-audited)**  
*for the nine months ended March 31, 2017*

	Issued subscribed and paid- up-Capital	Accumulated profit	Total equity
	Rupees '000	Rupees '000	Rupees '000
<b>Balance as at June 30, 2015-Audited</b>	87,750	62,504	150,254
<b>Comprehensive Loss</b>			
Loss after taxation	-	(135,911)	(135,911)
Other comprehensive income	-	4,364	4,364
<b>Total Comprehensive Loss</b>		(131,547)	(131,547)
<b>Transaction with Owners</b>	-	-	
<b>Balance as at March 31, 2016 Un-audited</b>	<b>87,750</b>	<b>(69,043)</b>	<b>18,707</b>
<b>Comprehensive Loss</b>			
Loss after taxation	-	(107,217)	(107,217)
Other comprehensive income	-	(2,526)	(2,526)
<b>Total Comprehensive Loss</b>	-	(109,743)	(109,743)
<b>Transaction with Owners</b>	-	-	
<b>Balance as at June 30, 2016 Audited</b>	<b>87,750</b>	<b>(178,786)</b>	<b>(91,036)</b>
<b>Comprehensive Loss</b>			
Loss after taxation	-	(4,878)	(4,878)
Other comprehensive income	-	(958)	(958)
<b>Total Comprehensive Loss</b>	-	(5,836)	(5,836)
<b>Transaction with Owners</b>	-	-	
<b>Balance as at March 31, 2017 Un-audited</b>	<b>87,750</b>	<b>(184,622)</b>	<b>(96,872)</b>

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



MIAN IQBAL SALAHUDDIN  
Chief Executive



MIAN YUSAF SALAHUDDIN  
Director

Lahore  
Date : April 27, 2017

## Notes to the Condensed Interim Financial Information (Un-audited) *for the nine months ended March 31, 2017*

### 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 financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value/amortized cost. In these 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 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 this condensed interim financial information are consistent with those applied in the preparation of the preceding annual financial statements of the company for the year ended June 30, 2016.

### 6. DATE OF AUTHORIZATION

This condensed interim financial information have been approved by the board of directors of the company and authorized for issue on April 27, 2017.

### 7. Provision for Taxation

7.1 Provision for taxation has been made under section 113 of the Income Tax Ordinance, 2001.

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

**Condensed Interim Profit and Loss Account (*Un-audited*)  
for the nine months ended March 31, 2017**

**8. GENERAL**

- 8.1** There are no significant activities since June 30, 2016 affecting the interim financial information.
- 8.2** Corresponding figures have been re-arranged where necessary to facilitate comparison. 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

Lahore  
Date : April 27, 2017

# BOOK POST

UNDER POSTAL CERTIFICATE

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