

Interim Financial Report quarter ended
September 30, 2016
(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.
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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 1st quarter report of the Company for the period ended 30th September 2016.

Overview

The Textile spinning industry in the Pakistan is facing severe difficulties. The government has not taken appropriate steps to improve the viability of this sector; until major steps like ban of the dumping of Indian yarn and improve the energy situation in Pakistan the true revival of spinning sector will not be possible.

Performance review

In line with the adversities being faced by the textile spinning sector; your company too posted net loss of Rs. (29.37) million. The Company posted sales turnover of Rs. 226.70 million as compared to Rs. 526.29 million in the corresponding year. The Company posted gross profit of Rs. 13.60 million as compared to gross loss of Rs. (11.22) million the corresponding year. Despite of all challenges faced by the industry your Company are considering all possible options for improving the situation.

The financial results in a summarized form are given hereunder:

Description	Quarter ended September 30, 2016 Rupees '000'	Quarter ended September 30, 2015 Rupees '000'
Turnover-net	226,709	562,292
Gross profit/(loss)	13,603	(11,223)
Loss before tax	(27,104)	(60,823)
Loss after tax	(29,371)	(60,823)

Loss per share

Loss per share of your company for the 1st quarter ended September 30, 2016 is Rs. (3.35) as compared to Rs. (6.93) for the comparative quarter ended September 30, 2015

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 24, 2016**
Lahore.

Condensed Interim Balance Sheet (Un-audited)
as at September 30, 2016

	September 30, 2016	June 30, 2016
	<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	200,000	200,000
Share capital and reserves		
Issued, subscribed and paid-up capital	87,750	87,750
Accumulated Loss	(207,794)	(178,786)
	(120,044)	(91,036)
Surplus on revaluation of property, plant and equipment	97,334	97,697
Loan from sponsors - Unsecured	327,158	281,327
Non-current liabilities		
Long term finances - Secured	66,667	66,667
Employees retirement benefits	111,911	108,761
Deferred taxation	72,714	72,714
	251,292	248,142
Current liabilities		
Trade and other payables	666,181	673,531
Short term borrowings - Secured	930,175	969,570
Accrued interest/mark-up	50,398	44,237
Current portion of non current liabilities	33,333	33,333
	1,680,087	1,720,671
Contingencies and commitments	-	-
TOTAL LIABILITIES	2,235,827	2,256,801

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

	September 30, 2016	June 30, 2016
	<i>Rupees '000</i>	<i>Rupees '000</i>
	<i>(Un-audited)</i>	<i>(Audited)</i>
ASSETS		
Non-current assets		
Property, plant and equipment	1,018,872	1,030,583
Long term deposits - Unsecured, Considered good	11,244	11,244
	1,030,116	1,041,827
Current assets		
Stores, spares and loose tools	60,214	58,572
Stock in trade	988,102	991,632
Trade debts	88,929	97,500
Advances, depositts, prepayments and other receivables	20,821	24,730
Current taxation	36,749	34,478
Cash and bank balances	10,896	8,062
	1,205,711	1,214,974
 TOTAL ASSETS	2,235,827	2,256,801



MIAN YOUSAF SALAHUDDIN
Director

Condensed Interim Profit and Loss Account (Un-audited)
for the quarter ended September 30, 2016

	September 30, 2016	September 30, 2015
	<i>Rupees '000</i>	<i>Rupees '000</i>
	<i>(Un-audited)</i>	<i>(Un-audited)</i>
Turnover - net	226,709	562,292
Cost of sales	(213,106)	(573,515)
Gross Profit / (Loss)	13,603	(11,223)
Selling and distribution expenses	(1,474)	(5,544)
Administrative and general expenses	(10,230)	(13,314)
	(11,704)	(18,858)
Other operating income	-	-
Operating Profit / (Loss)	1,899	(30,081)
Finance cost	(23,051)	(23,694)
Notional interest	(5,831)	(6,011)
Other charges	(121)	(1,037)
Loss before taxation	(27,104)	(60,823)
Taxation	(2,267)	-
Loss after taxation	(29,371)	(60,823)
Loss per share - basic and diluted	(3.35)	(6.93)

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

Lahore
Date : October 24, 2016


MIAN IQBAL SALAHUDDIN
Chief Executive


MIAN YUSAF SALAHUDDIN
Director

Condensed Interim Statement of Other Comprehensive Income (Un-audited) for the quarter ended September 30, 2016

	September 30, 2016	September 30, 2015
	<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	<u>526</u>	<u>3,793</u>
Other comprehensive income before taxation	<u>526</u>	<u>3,793</u>
Taxation	<u>163</u>	<u>1,214</u>
Other comprehensive income after taxation	<u>363</u>	<u>2,579</u>
Loss after taxation	<u>(29,371)</u>	<u>(60,823)</u>
Total comprehensive Loss	<u>(29,008)</u>	<u>(58,244)</u>

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

Lahore
Date : October 24, 2016


MIAN IQBAL SALAHUDDIN
Chief Executive


MIAN YUSAF SALAHUDDIN
Director

Condensed Interim Cash Flow Statement (Un-audited)

for the quarter ended September 30, 2016

	September 30, 2016	September 30, 2015
	<i>Rupees '000</i>	<i>Rupees '000</i>
	<i>(Un-audited)</i>	<i>(Un-audited)</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(27,104)	(60,823)
Adjustments for non-cash and other items		
Interest / markup on borrowings	23,051	23,694
Notional interest	5,831	6,011
Provision for employees retirement benefits	3,150	5,828
Depreciation	11,711	14,891
	43,743	50,424
Operating Cashflow before changes in working capital	16,639	(10,399)
Changes in working capital		
Stores, spares and loose tools	(1,642)	16,754
Stock in trade	3,530	(2,367)
Trade debts	8,571	25,549
Advances, prepayments and other receivables	3,909	3,789
Trade and other payables	(7,350)	10,737
	7,018	54,462
Cash generated from operations	23,657	44,063
Payments for:		
Interest/markup on borrowings	(16,890)	(23,156)
Income tax	(4,538)	(1,690)
Net cash flow from operating activities	2,229	19,217

	September 30, 2016	September 30, 2015
	<i>Rupees '000</i>	<i>Rupees '000</i>
	<i>(Un-audited)</i>	<i>(Un-audited)</i>
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	-	(953)
Net cash used in investing activities	-	(953)
CASH FLOW FROM FINANCING ACTIVITIES		
Net Increase /(decrease) in short term borrowings	(39,395)	(19,485)
Loan from sponsors repaid	40,000	-
Net cash used in financing activities	605	(19,485)
Net increase/(decrease) in cash and cash equivalents	2,834	(1,221)
Cash and cash equivalents as at beginning of the year	8,062	13,463
Cash and cash equivalents as at end of the year	10,896	12,242

The annexed notes from 1 to 8 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 quarter ended September 30, 2016

	Issued subscribed and Paid-up Capital	Accumulated Profit / (Losses)	Total equity
Rupees in thousand			
Blance as at July 01, 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 Loss	-	(58,244)	(58,244)
Transaction with owners	-	-	-
Blance as at Sep 30, 2015 Un-audited	87,750	4,260	92,010
Comprehensive income			
Loss after taxation	-	(182,304)	(182,304)
Other comprehensive Loss	-	(742)	(742)
Total comprehensive Loss	-	(183,046)	(183,046)
Transaction with owners	-	-	-
Blance as at June 30, 2016- Audited	87,750	(178,786)	(91,036)
Comprehensive income			
Loss after taxation	-	(29,371)	(29,371)
Other comprehensive income	-	363	363
Total comprehensive Loss	-	(29,008)	(29,008)
Transaction with owners	-	-	-
Balance as at September 30, 2016	87,750	(207,794)	(120,044)

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

Lahore
Date : October 24, 2016


MIAN IQBAL SALAHUDDIN
Chief Executive


MIAN YUSAF SALAHUDDIN
Director

Notes to the Condensed Interim Financial Information (Un-audited) *for the quarter ended September 30, 2016*

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 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, 2016.

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 October 24, 2016.

7. PROVISION FOR TAXATION

7.1 Provision for the current tax has been made under sec 113 of income tax ordinance 2001.

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

Condensed Interim Profit and Loss Account (Un-audited)
for the quarter ended September 30, 2016

8. GENERAL

- 8.1** There are no other significant activities since 30 June-2016 that may effect these condensed interim financial information.
- 8.2** Comparative 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

BOOK POST

UNDER POSTAL CERTIFICATE

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