



Interim Financial Report
Quarter ended
September 30, 2013
(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 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
Habibmetropolitan Bank Limited
KASB Bank Limited
Meezan Bank Limited
Habib Bank Limited

Registered Office

4-F, Gulberg II, Lahore.
Phones : (042) 35754371, 35754373
E-mail : sallytex@hotmail.com
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Mills

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

Directors' Review

On behalf of the board of directors of Sally Textile Mills Limited, I am pleased to present the un-audited interim condensed financial statements for the 1st Quarter ended September 30, 2013.

Operating Results:

Economic situation of Pakistan remains discouraging for the industry as a whole. Continuing energy crises along with increasing costs of business are crippling the manufacturing sector. Although the company's year-on-year profitability has not shown positive growth; however by concentrating efforts on increasing efficiency and reducing certain costs, your company has managed its operation well and has remained profitable.

Summary of operating result is as under:

Description	Quarter ended September 30, 2013 <i>Rupees '000'</i>	Quarter ended September 30, 2012 <i>Rupees '000'</i>
Turnover-net	884,741	825,721
Gross profit	95,141	95,961
Profit before tax	53,323	56,609
Profit after tax	36,242	48,352

Earning per Share

The earning per share of your company for the 1st Quarter ended September 30, 2013 is **PKR. 4.13** as compared to September 30, 2012 PKR. 5.51

Future Prospects

Textile sector may continue to face uncertain environment for the next quarter. Unavailability of natural gas and decline in power generation in the country will pose further difficulties for the industry.

Your directors however are confident and will continue efforts to improve internal systems enabling the company to control external variables better.

Acknowledgement

Your directors would like to take the opportunity for appreciating support of their shareholders, dedication of company's managers, technicians and workers who are continuously putting their best to achieve their goals. Your directors would also like to put on record the cooperation extended by the company's bankers as well as the reliability of their buyers and suppliers.

For and on behalf of the board



MIAN IQBAL SALAHUDDIN
Chief Executive Officer

Date: **October 31, 2013**
Lahore.

Condensed Interim Balance Sheet (Un-audited)
as at September 30, 2013

	September 30, 2013	June 30, 2013
	<i>Rupees '000</i> <i>(Un-audited)</i>	<i>Rupees '000</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	296,404	265,441
	384,154	353,191
Surplus on revaluation of property, plant and equipment	258,991	262,486
Loan from sponsors - Unsecured	149,555	144,847
Non-current liabilities		
Employees retirement benefits	88,771	87,055
Deferred taxation	159,267	159,267
	248,038	246,321
Current liabilities		
Current portion of non-current liabilities	16,802	21,802
Short term borrowings - Secured	401,141	425,216
Accrued interest/mark-up	11,575	13,301
Current taxation	38,474	23,054
Trade and other payables	228,317	317,443
	696,308	800,817
Contingencies and commitments	-	-
	<u>1,737,046</u>	<u>1,807,664</u>

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

Date: October 31, 2013
Place: Lahore


MIAN IQBAL SALAHUDDIN
Chief Executive

	September 30, 2013	June 30, 2013
	<i>Rupees '000</i> <i>(Un-audited)</i>	<i>Rupees '000</i> <i>(Audited)</i>
ASSETS		
Non-current assets		
Property, plant and equipment	1,028,410	1,038,842
Long term deposits - Unsecured, Considered good	11,244	11,244
	1,039,654	1,050,086
Current assets		
Stores, spares and loose tools	38,536	44,806
Stock in trade	396,047	477,252
Trade debts	183,252	175,991
Advances, prepayments and other receivables	66,037	38,680
Cash and bank balances	13,520	20,849
	697,393	757,578
	1,737,046	1,807,664



MIAN YOUSAF SALAHUDDIN
Director

Condensed Interim Profit and Loss Account (Un-audited)
for the quarter ended September 30, 2013

	September 30, 2013	September 30, 2012
	Rupees '000 (Un-audited)	Rupees '000 (Un-audited)
Turnover - net	884,741	825,721
Cost of sales	(789,600)	(729,760)
Gross profit	95,141	95,961
Selling and distribution expenses	(8,660)	(8,222)
Administrative and general expenses	(12,079)	(10,023)
	(20,739)	(18,245)
Other operating income	49	1,020
Operating profit	74,450	78,736
Finance cost	(11,673)	(15,125)
Notional interest	(4,708)	(4,166)
Other charges	(4,747)	(2,835)
Profit before taxation	53,323	56,609
Taxation	(17,082)	(8,257)
Profit after taxation	36,242	48,352
Earnings per share - basic and diluted	4.13	5.51

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

Date: October 31, 2013
Place: Lahore


MIAN IQBAL SALAHUDDIN
Chief Executive


MIAN YOUSAF SALAHUDDIN
Director

**Condensed Interim Statement profit or loss and other Comprehensive Income (Un-audited)
for the quarter ended September 30, 2013**

	September 30, 2013	September 30, 2012
	<i>Rupees '000</i> <i>(Un-audited)</i>	<i>Rupees '000</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>5,378</u>	<u>5,669</u>
Other comprehensive income before taxation	<u>5,378</u>	<u>5,669</u>
Taxation	<u>1,882</u>	<u>1,984</u>
Other comprehensive income after taxation	<u>3,496</u>	<u>3,685</u>
Profit after taxation	<u>36,242</u>	<u>48,352</u>
Total comprehensive income	<u><u>39,738</u></u>	<u><u>52,037</u></u>

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

Date: October 31, 2013
Place: Lahore


MIAN IQBAL SALAHUDDIN
Chief Executive


MIAN YOUSAF SALAHUDDIN
Director

Condensed Interim Cash Flow Statement (Un-audited)
for the quarter ended September 30, 2013

	September 30, 2013	September 30, 2012
	<i>Rupees '000</i> <i>(Un-audited)</i>	<i>Rupees '000</i> <i>(Un-audited)</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	53,323	56,609
Adjustments for non-cash and other items		
Interest / markup on borrowings	11,575	15,114
Notional interest	4,708	4,166
(Gain)/Loss on disposal of operating fixed assets	(48)	-
Provision for employees retirement benefits	4,477	3,549
Depreciation	12,794	11,671
	33,504	34,500
Operating Cashflow before changes in working capital	86,828	91,109
Changes in working capital		
Stores, spares and loose tools	6,269	(4,312)
Stock in trade	81,206	(35,625)
Trade debts	(7,261)	(4,048)
Advances, prepayments and other receivables	(27,357)	(1,324)
Trade and other payables	(96,401)	42,871
	(43,545)	(2,439)
Cash generated from operations	43,283	88,670
Payments for:		
Employees retirement benefits	(2,760)	(2,203)
Interest/markup on borrowings	(13,301)	(17,500)
Income tax	(1,662)	(1,007)
Dividend on ordinary shares	(1,500)	-
Net cash flow from operating activities	24,060	67,961

Date: October 31, 2013
Place: Lahore


MIAN IQBAL SALAHUDDIN
Chief Executive

	September 30, 2013	September 30, 2012
	<i>Rupees '000</i> <i>(Un-audited)</i>	<i>Rupees '000</i> <i>(Un-audited)</i>
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(3,214)	(8,788)
Proceeds from disposal of property, plant and equipment	900	-
Net cash used in investing activities	(2,314)	(8,788)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term finances	(5,000)	(5,000)
Net Increase /(decrease) in short term borrowings	(24,075)	(61,584)
Loan from sponsors repaid	-	(3,250)
Net cash used in financing activities	(29,075)	(69,834)
Net increase/(decrease) in cash and cash equivalents	(7,328)	(10,661)
Cash and cash equivalents as at beginning of the year	20,849	16,010
Cash and cash equivalents as at end of the year	13,520	5,349

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, 2013

	Issued subscribed and Paid-up Capital <i>Rupees '000</i>	Accumulated Profit <i>Rupees '000</i>	Total equity <i>Rupees '000</i>
Balance as at July 01, 2012 - Audited	87,750	123,007	210,757
Comprehensive income			
Profit after taxation	-	48,352	48,352
Other comprehensive income	-	3,685	3,685
Total comprehensive income	-	52,037	52,037
Transaction with owners	-	-	-
Balance as at Sep 30, 2012 Un-audited	87,750	175,044	262,794
Comprehensive income			
Profit after taxation	-	88,125	88,125
Other comprehensive income	-	11,048	11,048
Total comprehensive income	-	99,173	99,173
Interim dividend @ 10% i.e. Rs. 1 per ordinary share	-	(8,775)	(8,775)
Transaction with owners	-	-	-
Balance as at June 30, 2013- Audited	87,750	265,442	353,192
Comprehensive income			
Profit after taxation	-	36,242	36,242
Other comprehensive income	-	3,496	3,496
Total comprehensive income	-	39,738	39,738
Final dividend @ 10% i.e. Rs. 1 per ordinary share	-	(8,775)	(8,775)
Transaction with owners	-	-	-
Balance as at September 30, 2013	<u>87,750</u>	<u>296,404</u>	<u>384,154</u>

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



MIAN IQBAL SALAHUDDIN
Chief Executive



MIAN YOUSAF SALAHUDDIN
Director

Date: October 31, 2013
Place: Lahore

Notes to the Condensed Interim Financial Information (Un-audited) for the quarter ended September 30, 2013

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, 2013

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 31, 2013.

7. PROVISION FOR TAXATION

7.1 Provision for current tax has been made under section 18 of the 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.

8. GENERAL

- 8.1** There are no other significant activities since 30 June-2013 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 31, 2013
Place: Lahore

BOOK POST

UNDER POSTAL CERTIFICATE

REGISTERED OFFICE :

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