



Sally Textile Mills Limited



Interim Financial Report Nine months ended  
March 31, 2016  
(Un-audited)



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## 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 present the un-audited interim condensed financial statements for the third quarter ended March 31, 2016.

### Performance review

Your company posted after tax loss of Rs. (135.91) million. The Company posted gross loss of Rs. (54.63) million as compared to gross profit Rs. 97.39 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 sponsors loan to the company.

The financial results in a summarized form are given hereunder:

Description	Nine Months ended March 31, 2016 <i>Rupees '000'</i>	Nine Months ended March 31, 2015 <i>Rupees '000'</i>
Sales-net	1,669,147	2,414,779
Gross (loss)/profit	(54,638)	97,394
Loss before tax	(135,911)	(54,322)
Loss after tax	(135,911)	(88,470)

### Loss per Share:

The Loss per share of your company for the nine months ended march 31, 2016 is PKR.(15.49) as compared to nine months ended march 31, 2015 PKR.(10.08).

### 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 28, 2016  
Lahore.

Condensed Interim Balance Sheet (Un-audited)  
as at March 31, 2016

	March 31, 2016	June 30, 2015
	Rupees '000 (Un-audited)	Rupees '000 (Audited)
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital		
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	(69,043)	62,504
<b>TOTAL EQUITY</b>	<b>18,707</b>	<b>150,254</b>
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	<b>79,756</b>	<b>231,920</b>
<b>LOAN FROM SPONSORS - UNSECURED</b>	<b>353,242</b>	<b>184,956</b>
<b>NON-CURRENT LIABILITIES</b>		
Long term finances	83,333	100,000
Employees retirement benefits	130,072	123,346
Deferred taxation	57,981	101,470
	271,386	324,816
<b>CURRENT LIABILITIES</b>		
Trade and other payables	650,543	613,260
Short term borrowings - Secured	976,458	941,966
Accrued interest/mark-up	32,631	24,530
Current portion of non-current liabilities	16,667	-
	1,676,299	1,579,756
<b>TOTAL LIABILITIES</b>	<b>1,947,684</b>	<b>1,904,572</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,399,388</b>	<b>2,471,702</b>

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

Date: April 28, 2016  
Place: Lahore

  
**MIAN IQBAL SALAHUDDIN**  
 Chief Executive

	March 31, 2016	June 30, 2015
	<i>Rupees '000</i> (Un-audited)	<i>Rupees '000</i> (Audited)
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,001,433	1,200,388
Long term deposits - Unsecured, Considered good	11,244	11,244
	1,012,676	1,211,632
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	52,124	59,758
Stock in trade	1,096,362	973,528
Trade debts	155,446	162,519
Advances, prepayments and other receivables	33,929	31,033
Current tax asset	38,255	19,769
Cash and bank balances	10,596	13,463
	1,386,712	1,260,070
<b>TOTAL ASSETS</b>	<u><u>2,399,388</u></u>	<u><u>2,471,702</u></u>



MIAN YOUSAF SALAHUDDIN  
Director

Condensed Interim Profit and Loss Account (*Un-audited*)  
for the nine months ended March 31, 2016

	Nine Months Ended		Quarter Ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Sales - net	1,669,147	2,414,779	695,341	860,487
Cost of sales	(1,723,785)	(2,317,385)	(710,854)	(827,782)
Gross (Loss)/profit	(54,638)	97,394	(15,513)	32,705
Selling and distribution expenses	(12,574)	(22,227)	(5,095)	(7,870)
Administrative and general expenses	(37,786)	(41,373)	(12,472)	(14,265)
	(50,360)	(63,600)	(17,567)	(22,135)
Other income	2	5	2	-
Operating (Loss) /profit	(104,996)	33,799	(33,078)	10,570
Finance cost	(70,138)	(68,991)	(23,342)	(24,001)
Notional Interest	41,714	(15,958)	(7,383)	(5,319)
Other expenses	(2,491)	(3,172)	(645)	(905)
Loss before taxation	(135,911)	(54,322)	(64,448)	(19,655)
Taxation	-	(34,148)	-	(8,605)
Loss after taxation	(135,911)	(88,470)	(64,448)	(28,260)
Loss per share - basic and diluted	(15.49)	(10.08)	(7.34)	(3.22)

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

Date: April 28, 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 nine months ended March 31, 2016

	Nine Months Ended		Quarter Ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	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	6,417	15,285	2,139	5,095
Other comprehensive income before taxation	6,417	15,285	2,139	5,095
Taxation	2,053	5,044	706	1,681
Other comprehensive income after taxation	4,364	10,241	1,433	3,414
Loss after taxation	(135,911)	(88,470)	(64,448)	(28,260)
Total comprehensive Loss	(131,547)	(78,229)	(63,015)	(24,846)

*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

Date: April 28, 2016  
Place: Lahore

## Condensed Interim Cash Flow Statement (*Un-audited*) for the nine months ended March 31, 2016

	March 31, 2016	March 31, 2015
	<i>Rupees '000</i>	<i>Rupees '000</i>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(135,911)	(54,322)
Adjustments for non-cash items		
Interest / mark-up on borrowings	69,423	68,239
Notional Interest	(41,714)	15,958
Provision for employees retirement benefits	7,372	26,687
Depreciation	38,934	42,719
	74,015	153,603
Operating (Loss)/profit before changes in working capital	(61,896)	99,281
Changes in working capital		
Stores, spares and loose tools	7,634	3,251
Stock in trade	(122,834)	(470,707)
Trade debts	7,073	(3,190)
Advances, prepayments and other receivables	(3,247)	(3,035)
Trade and other payables	37,633	28,416
	(73,741)	(445,265)
Net Cash used in operations	(135,637)	(345,984)
Payments for:		
Employees retirement benefits	(646)	(597)
Interest / mark-up on borrowings	(61,322)	(54,752)
Income tax	(18,486)	(15,773)
Dividend on ordinary shares	-	(2,780)
Net cash used in operating activities	(216,091)	(419,886)



MIAN IQBAL SALAHUDDIN  
Chief Executive

Date: April 28, 2016  
Place: Lahore

	March 31, 2016	March 31, 2015
	<i>Rupees '000</i>	<i>Rupees '000</i>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(31,268)	(7,823)
Net cash used in investing activities	(31,268)	(7,823)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Increase in short term borrowings	34,492	414,904
Loan from sponsors obtained	210,000	-
Net cash generated financing activities	244,492	414,904
Net decrease in cash and cash equivalents	(2,867)	(12,805)
Cash and cash equivalents as at beginning of the period	13,463	23,798
Cash and cash equivalents as at end of the period	10,596	10,993

*The annexed notes 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 nine months ended March 31, 2016

	Issued subscribed and paid-up-Capital	Accumulated profit	Total equity
	Rupees '000	Rupees '000	Rupees '000
Balance as at June 30, 2014-Audited	87,750	248,278	336,028
Comprehensive Loss			
Loss after taxation	-	(88,470)	(88,470)
Other comprehensive income	-	10,241	10,241
Total Comprehensive Loss		(78,229)	(78,229)
Transaction with Owners	-	-	-
Balance as at march 31, 2015 Un-audited	<u>87,750</u>	<u>170,049</u>	<u>257,799</u>
Comprehensive Loss			
Loss after taxation	-	(111,941)	(111,941)
Other comprehensive income	-	4,396	4,396
Total Comprehensive Loss	-	(107,545)	(107,545)
Transaction with Owners	-	-	-
Balance as at June 30, 2015 Audited	<u>87,750</u>	<u>62,504</u>	<u>150,254</u>
Comprehensive Loss			
Loss after taxation	-	(135,911)	(135,911)
Other comprehensive income	-	4,364	4,364
Total Comprehensive Loss	-	(131,547)	(131,547)
Transaction with Owners	-	-	-
Balance as at march 31, 2016 Un-audited	<u>87,750</u>	<u>(69,043)</u>	<u>18,707</u>

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

Date: April 28, 2016  
Place: Lahore

## Notes to the Condensed Interim Financial Information (*Un-audited*) for the nine months ended March 31, 2016

### 1. REPORTING ENTITY

Sally Textuile 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 of the preceding annual financial statements of the company for the year ended June 30, 2015

### 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 28, 2016.

### 7. Provision for Taxation

7.1 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 March 31, 2016 as the Company incurred gross loss before depreciation and inadmissible expenses.

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

Notes to the Condensed Interim Financial Information (*Un-audited*)  
for the nine months ended March 31, 2016

8. GENERAL

- 8.1 There are no significant activities since June 30, 2015 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

Date: April 28, 2016  
Place: Lahore



# BOOK POST

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## **REGISTERED OFFICE :**

4 - F, Gulberg II, Lahore.

Phones : 042 - 35754371, 35754372, 35754373

Fax : 042 - 35754394

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