

Interim Financial Report  
Quarter ended  
September 30, 2014  
(Un-audited)



Sally Textile Mills Limited



## CONTENTS

<b>Company Information .....</b>	<b>02</b>
<b>Directors' Review .....</b>	<b>03</b>
<b><i>Condensed Interim Balance Sheet .....</i></b>	<b>04</b>
<b><i>Condensed Interim Profit and Loss Account .....</i></b>	<b>06</b>
<b><i>Condensed Interim Statement of profit or loss Other Comprehensive Income .....</i></b>	<b>07</b>
<b><i>Condensed Interim Cash Flow Statement .....</i></b>	<b>08</b>
<b><i>Condensed Interim Statement of Changes in Equity .....</i></b>	<b>10</b>
<b><i>Notes to the Condensed Interim Financial Information .....</i></b>	<b>11</b>

## ***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**

Hasan Shahnawaz

### **Company Secretary**

Syed Abid Raza Zaidi

### **Auditors**

M/s Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

### **Bankers**

National Bank Of Pakistan  
The Bank of Punjab  
KASB Bank Limited  
Meezan Bank Limited  
Habibmetropolitan 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***

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, 2014.

### **Operating Results:**

Economy of Pakistan remained under pressure due to political uncertainty. Reduced energy supply to industry during the better half of this quarter caused severe problems for the spinning sector. Although the company's year-on-year profitability has not shown positive growth; however this quarter has shown signs of improvement. Yarn prices firmed up due to increasing exports of made-ups and value added textile products. Profit margin improved also because your company was able to procure raw material timely and at attractive price thereby reducing average price of raw material for the period under review.

### **Summary of operating result is as under:**

Description	Quarter ended September 30, 2014 <i>Rupees '000'</i>	Quarter ended September 30, 2013 <i>Rupees '000'</i>
Turnover-net	758,506	884,741
Gross profit	61,395	95,141
Profit before tax	15,191	53,323
Profit after tax	7,606	36,242

### **Earning per Share**

The earning per share of your company for the 1st Quarter ended September 30, 2014 is PKR. 0.87 as compared to September 30, 2013 PKR. 4.13

### **Future Prospects**

Spinning sector may continue face problems due to uncertain political environment and lack of adequate energy supply. However, companies which are focusing on diversifying products may show signs of resilience and improved profitability over the course of next nine months. The directors of your company are confident and will continue efforts to diversify product lines and customer base.

### **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

Date: **October 30, 2014**  
Lahore.

**MIAN YOUSAF SALAHUDDIN**  
Director

**Condensed Interim Balance Sheet (Un-audited)**  
**as at September 30, 2014**

	September 30 2014	June 30 2014
	Rupees in thousand	
	Un-Audited	Audited
<b>EQUITY AND LIABILITIES</b>		
<b>Authorized share capital</b>		
20,000,000 ordinary shares of Rs. 10 each	200,000	200,000
<b>Share capital and reserves</b>		
Issued, subscribed and paid-up capital	87,750	87,750
Accumulated profit	259,195	248,278
	346,945	336,028
<b>Surplus on revaluation of property, plant and equipment</b>	245,139	248,451
<b>Loan from sponsors - Unsecured</b>	168,997	163,678
<b>Non-current liabilities</b>		
Employees retirement benefits	110,533	105,745
Deferred taxation	145,943	145,943
	256,476	251,688
<b>Current liabilities</b>		
Trade and other payables	352,622	434,952
Short term borrowings - Secured	781,388	519,649
Accrued interest/mark-up	23,162	14,417
Current tax liability	2,766	-
	1,159,939	969,018
<b>Contingencies and commitments</b>	-	-
<b>Total Liabilities</b>	2,177,497	1,968,863

Date: October 30, 2014  
Place: Lahore

MIAN ASAD SALAHUDDIN  
Director

September 30 2014	June 30 2014
Rupees in thousand	
Un-Audited	Audited

## ASSETS

### Non-current assets

Property, plant and equipment	1,117,230	1,129,969
Long term deposits - Unsecured, Considered good	11,244	11,244
	1,128,474	1,141,213

### Current assets

Stores, spares and loose tools	49,521	53,685
Stock in trade	779,360	518,835
Trade debts	167,263	179,494
Advances, prepayments and other receivables	45,315	47,885
Current tax asset	-	3,954
Cash and bank balances	7,565	23,797
	1,049,023	827,650

### Total Assets

2,177,497	1,968,863
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The annexed notes from 1 to 8 form an integral part of this condensed interim financial information

**MIAN YOUSAF SALAHUDDIN**  
Director

**Condensed Interim Profit and Loss Account (Un-audited)**  
**for the quarter ended September 30, 2014**

	September 30 2014	September 30 2013
	Rupees in thousand	
	Un-Audited	Un-Audited
<b>Turnover - net</b>	<b>758,506</b>	<b>884,741</b>
Cost of sales	(697,111)	(789,600)
<b>Gross profit</b>	<b>61,395</b>	<b>95,141</b>
Selling and distribution expenses	(5,966)	(8,660)
Administrative and general expenses	(13,729)	(12,079)
	(19,695)	(20,739)
Other operating income	2	49
<b>Operating profit</b>	<b>41,702</b>	<b>74,450</b>
Finance cost	(20,118)	(11,673)
Notional interest	(5,320)	(4,708)
Other charges	(1,074)	(4,747)
<b>Profit before taxation</b>	<b>15,191</b>	<b>53,323</b>
Taxation	(7,585)	(17,082)
<b>Profit after taxation</b>	<b>7,606</b>	<b>36,242</b>
<b>Earnings per share - basic and diluted</b>	<b>0.87</b>	<b>4.13</b>

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

Date: October 30, 2014  
Place: Lahore

MIAN ASAD SALAHUDDIN  
Director

MIAN YOUSAF SALAHUDDIN  
Director



**Condensed Interim Statement of Profit & Loss and other Comprehensive Income (Un-audited)**  
**for the quarter ended September 30, 2014**

	September 30 2014	September 30 2013
	Rupees in thousand	
	Un-Audited	Un-Audited
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified to profit or loss		
Incremental depreciation	5,095	5,378
Other comprehensive income before taxation	5,095	5,378
Taxation	1,783	1,882
Other comprehensive income after taxation	3,312	3,496
Profit after taxation	7,606	36,242
<b>Total comprehensive income</b>	<b>10,918</b>	<b>39,738</b>

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

Date: October 30, 2014  
Place: Lahore

MIAN ASAD SALAHUDDIN  
Director

MIAN YOUSAF SALAHUDDIN  
Director

**Condensed Interim Cash Flow Statement (Un-audited)**  
**for the quarter ended September 30, 2014**

	September 30 2014	September 30 2013
	Rupees in thousand	
	Un-Audited	Un-Audited
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	15,191	53,323
Adjustments for non-cash and other items		
Interest / markup on borrowings	20,007	11,575
Notional interest	5,320	4,708
(Gain)/Loss on disposal of operating fixed assets	-	(48)
Provision for employees retirement benefits	5,229	4,477
Depreciation	14,032	12,794
	44,588	33,505
<b>Operating Cashflow before changes in working capital</b>	59,779	86,827
<b>Changes in working capital</b>		
Stores, spares and loose tools	4,164	6,269
Stock in trade	(260,525)	81,206
Trade debts	12,231	(7,261)
Advances, prepayments and other receivables	2,570	(27,357)
Trade and other payables	(79,550)	(96,401)
	(321,109)	(43,544)
<b>Cash generated from operations</b>	(261,331)	43,283
Payments for:		
Employees retirement benefits	(442)	(2,760)
Interest/markup on borrowings	(11,261)	(13,301)
Income tax	(864)	(1,662)
Dividend on ordinary shares	(2,780)	(1,500)
<b>Net cash flow from operating activities</b>	(276,678)	24,060

Date: October 30, 2014  
Place: Lahore

MIAN ASAD SALAHUDDIN  
Director

	September 30 2014	September 30 2013
	Rupees in thousand	
	Un-Audited	Un-Audited
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(1,294)	(3,214)
Proceeds from disposal of property, plant and equipment	-	900
<b>Net cash used in investing activities</b>	<b>(1,294)</b>	<b>(2,314)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term finances	-	(5,000)
Net Increase /(decrease) in short term borrowings	261,739	(24,075)
Loan from sponsors repaid	-	-
<b>Net cash used in financing activities</b>	<b>261,739</b>	<b>(29,075)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(16,232)</b>	<b>(7,329)</b>
<b>Cash and cash equivalents as at beginning of the year</b>	<b>23,797</b>	<b>20,849</b>
<b>Cash and cash equivalents as at end of the year</b>	<b>7,565</b>	<b>13,520</b>

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, 2014**

	Issued subscribed and Paid-up Capital	Accumulated Profit / (Loss)	Total equity
	Rupees in thousand		
<b>Blance as at July 01, 2013 - Audited</b>	87,750	265,441	353,191
<b>Comprehensive income</b>			
Profit after taxation	-	36,242	36,242
Other comprehensive income	-	3,496	3,496
<b>Total comprehensive income</b>	-	39,738	39,738
Final dividend @ 10% i.e. Rs. 1 per ordinary share	-	(8,775)	(8,775)
<b>Transaction with owners</b>	-	-	-
<b>Blance as at Sep 30, 2013 Un-audited</b>	87,750	296,404	384,154
<b>Comprehensive income</b>			
Loss after taxation	-	(58,452)	(58,452)
Other comprehensive income	-	10,325	10,325
<b>Total comprehensive income</b>	-	(48,127)	(48,127)
<b>Transaction with owners</b>	-	-	-
<b>Blance as at June 30, 2014- Audited</b>	87,750	248,277	336,027
<b>Comprehensive income</b>			
Profit after taxation	-	7,606	7,606
Other comprehensive income	-	3,312	3,312
<b>Total comprehensive income</b>	-	10,918	10,918
<b>Transaction with owners</b>	-	-	-
<b>Balance as at September 30, 2014 Un-audited</b>	87,750	259,195	346,945

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

Date: October 30, 2014  
Place: Lahore

MIAN ASAD SALAHUDDIN  
Director

MIAN YOUSAF SALAHUDDIN  
Director

***Notes to the Condensed Interim Financial Information (Un-audited)  
for the quarter ended September 30, 2014***

**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 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, 2014

**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 30, 2014.

**7. PROVISION FOR TAXATION**

**7.1** Provision for current tax has been made under section 113 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-2014 that may effect these condensed interim financial information
- 8.2** Comparative 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.

# **BOOK POST**

**UNDER POSTAL CERTIFICATE**

**REGISTERED OFFICE :**

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