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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Asim Sajjad - Chief Executive
Mr. Salman Muhammad Aslam
Mrs. Seema Sajjad
Mrs. Ayesha Rahim
Miss Batool Zahra
Mr. Mehr Allah Yar
Mr. Sultan Mehmood

CFO/COMPANY SECRETARY

Mr. Irfan Hamid

AUDITORS

M/s. Mudassar Ehtisham & Co.
Chartered Accountants

AUDIT COMMITTEE

Mr. Sultan Mehmood - Chairman
Mr. Mehr Allah Yar - Member
Miss Batool Zahra - Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Salman Muhammad Aslam – Chairman
Mr. Mehr Allah Yar - Member
Mrs. Seema Sajjad - Member
Mrs. Ayesha Rahim - Member

BANKERS

Habib Metropolitan Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Habib Bank Limited

COMPANY SHARE REGISTRARS

Hameed Majeed Associates (Pvt) Ltd.
1st Floor, H.M. House,
7 - Bank Square, Lahore
TEL: 042.37235081-82
FAX: 042-37358817
e-mail: shares@hmaconsultants.com

REGISTERED OFFICE

19-B, Off. Zafar Ali Road,
Gulberg-V, Lahore.
Tel: 042-5712291 & 94
Fax: 042-5711526
E-Mail: Info@sajjadtextile.com

MILLS ADDRESS

64-KM, Multan Road, Jumber Kalan
Tehsil Chunian
District Kasur.
Tel: 04951-388102

DIRECTORS' REPORT

Dear Shareholders,
Assalam-o-Alaikum,

The Directors are pleased to present the un-audited accounts for the second quarter and half year ended December 31, 2014.

Financial Results

The financial results are as under:

	July-Dec. 2014 (Rupees)	Oct.-Dec. 2014 (Rupees)
Sales	542,611,206	266,426,899
Cost of Sales	(525,614,665)	(263,263,480)
Gross Profit	16,996,541	3,163,420
Profit before taxation	(12,166,581)	(14,648,171)
Profit after taxation	(14,206,435)	(16,137,256)

The Company made after tax loss of Rs. (16.137) million and Rs. (14.206) million for 2nd quarter and half year ended December 31, 2014 respectively as against after tax profit of Rs. 3.596 million and Rs. 2.821 million for the corresponding period last year.

Earnings/ (Loss) per share

Loss after tax per share was Rs. (0.76) and Rs. (0.67) for the 2nd quarter and half year ended December 31, 2014 respectively as against per share profit of Rs. 0.13 and Rs. 0.17 for the corresponding periods last year.

The Company management is consistently focused on export sales and trying its best to increase global market share. The reason behind loss for the quarter and half year is high cost of energy and increase in labour wage rates coupled with low yarn rates in local as well as global markets. The yarn market's stagnant trend as to yarn prices and increase in conversion cost badly affected the financial results during the period under discussion.

The Directors take opportunity to place on record their appreciation for the devotion and hard work of the Company's Executives, Staff and Workers.

For and on behalf of the Board

Lahore
26th February, 2015

MUHAMMAD ASIM SAJJAD
Chief Executive

Introduction

We have reviewed the accompanying condensed interim balance sheet of **SAJJAD TEXTILE MILLS LIMITED** (the Company) as at December 31, 2014, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement together with the notes forming part thereof, for the six-months period then ended (here-in-after referred to as "the condensed interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2014 and December 31, 2013 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2014.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of the persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the six months period ended December 31, 2014 is not prepared in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Mudassar Ehtisham & Co.

Chartered Accountants

Engagement Partner:

Muhammad Ehtisham.

Lahore

26th February, 2015

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT DECEMBER 31, 2014

	Notes	DEC 31, 2014 (Un-Audited)	JUNE 30, 2014 (Audited)
		----- Rupees	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	6.	430,112,250	430,726,808
Long term deposits		11,368,938	11,368,938
		441,481,188	442,095,746
CURRENT ASSETS			
Stores & spares		15,524,059	14,224,697
Stock in trade		95,162,312	37,479,311
Trade debts		60,413,845	17,158,561
Loans and advances		4,666,560	5,184,179
Trade deposits, prepayments and other receivables		43,581,640	63,274,881
Short term investment		33,368	33,368
Cash and bank balances	7.	7,528,557	30,280,796
		226,910,341	167,635,793
TOTAL ASSETS			
		668,391,529	609,731,539
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorised capital		300,000,000	300,000,000
30,000,000 ordinary shares of Rs. 10/- each			
Issued, subscribed and paid up capital		212,678,000	212,678,000
21,267,800 ordinary shares of Rs. 10/- each			
Reserve		27,556	27,556
Accumulated loss		(118,641,487)	(106,422,321)
		94,064,069	106,283,235
Surplus on revaluation of fixed assets		159,893,457	161,880,726
NON CURRENT LIABILITIES			
Sponsors' loan - unsecured	8.	209,192,447	209,192,447
Deferred liabilities		18,921,274	23,285,743
		228,113,721	232,478,190
CURRENT LIABILITIES			
Trade and other payables		144,170,130	76,533,203
Accrued mark-up on sponsors' loans		14,447,942	12,882,452
Short term loan from directors - unsecured	8.2	22,827,000	7,500,000
Provision for taxation		4,875,210	12,173,732
		186,320,282	109,089,387
Contingencies & commitments			
		-	-
TOTAL EQUITY AND LIABILITIES			
		668,391,529	609,731,539

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

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS & QUARTER PERIOD ENDED DECEMBER 31, 2014

	Notes	Six months ended 31, December		Quarter ended 31, December	
		2014	2013	2014	2013
		----- Rupees -----			
Sales	9	542,611,206	679,604,898	266,426,899	440,126,042
Less: cost of sales	10	525,614,665	649,399,152	263,263,480	424,828,429
GROSS PROFIT		16,996,541	30,205,746	3,163,420	15,297,612
Selling & distribution expenses		5,747,674	8,351,129	3,925,337	3,849,251
Administrative expenses		21,251,155	13,570,265	12,705,485	7,940,494
Other operating expenses		-	765,003	-	179,084
		26,998,829	22,686,398	16,630,822	11,968,830
		(10,002,288)	7,519,348	(13,467,402)	3,328,782
Other income/(Loss)		(433,463)	3,434,069	(170,738)	3,434,069
OPERATING PROFIT/(LOSS) BEFORE FINANCE COST		(10,435,751)	10,953,418	(13,638,140)	6,762,852
Finance Cost		1,730,829	2,299,977	1,010,031	1,077,880
PROFIT/(LOSS) BEFORE TAXATION		(12,166,581)	8,653,440	(14,648,171)	5,684,972
TAXATION					
-Current		(4,875,210)	(6,749,729)	(4,324,441)	(4,556,872)
-Prior		-	0	-	0
-Deferred		2,835,355	1,692,645	2,835,355	1,692,645
		(2,039,855)	(5,057,084)	(1,489,086)	(2,864,227)
PROFIT/(LOSS) AFTER TAXATION		(14,206,435)	3,596,356	(16,137,256)	2,820,745
BASIC PROFIT/(LOSS) PER SHARE	-	(0.67)	0.17	(0.76)	0.13

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

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS & QUARTER PERIOD ENDED DECEMBER 31, 2014

	Six months ended 31, December		Quarter ended 31, December	
	2014	2013	2014	2013
	----- Rupees -----			
PROFIT / (LOSS) AFTER TAXATION	(14,206,435)	3,596,356	(16,137,256)	2,820,745
Other Comprehensive Income / (Loss)				
(Deficit) / Surplus on re-measurement of investment available for sale to fair value	-	-	-	-
Income tax relating to component of other comprehensive income / (loss)	-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS)	(14,206,435)	3,596,356	(16,137,256)	2,820,745

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

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2014

	DEC 31, 2014	DEC 31, 2013
	----- Rupees -----	
Profit/(Loss) before taxation	(12,166,581)	8,653,440
Adjustments for:		
Depreciation and amortization	9,181,633	9,114,756
Financial charges	1,730,829	2,299,977
WPPF provision	(608,329)	470,922
WWF provision	(231,165)	178,950
(Profit)/Loss on sale of assets	-	115,131
Gratuity provision	618,094	317,525
Operating (Loss) before working capital changes	(1,475,518)	21,150,702
Adjustments for working capital changes:		
(Increase) / Decrease In Current Assets		
Stores & spares	(1,299,362)	(6,917,553)
Stock in trade	(57,683,001)	8,595,033
Trade debts	(39,845,943)	47,964,220
Loans and advances	517,619	(1,419,373)
Trade deposits, prepayments and other receivables	19,693,241	(1,353,157)
	(78,617,446)	46,869,170
Increase / (Decrease) In Current Liabilities		
Trade and Other Payables	67,636,927	(20,739,626)
	67,636,927	(20,739,626)
Cash generated from / (Utilized in) Operations	(12,456,037)	47,280,246
Financial charges paid	(165,339)	(371,005)
Dividend Paid	0	(10,633,900)
Gratuity Paid	(750,094)	(1,122,600)
Income tax paid	(16,140,693)	(5,734,951)
	(17,056,127)	(17,862,456)
Net cash generated / (utilized) in operating activities	(29,512,164)	29,417,790
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditure in Property, Plant & Equipment	(8,567,075)	(3,245,525)
Sale Proceeds from disposal of Property, Plant & Equipment	-	677,965
Long Term Deposits	-	-
Net Cash (outflow) / inflow from investing activities	(8,567,075)	(2,567,560)
CASH FLOWS FROM FINANCING ACTIVITIES		
Sponsors' loan	-	(2,500,000)
Short term loan from directors - unsecured	15,327,000	(16,000,000)
Net Cash (outflow) / inflow from investing activities	15,327,000	(18,500,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(22,752,239)	8,350,230
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	30,280,796	7,893,110
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7,528,557	16,243,340

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

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2014

	Issued, subscribed & paid up capital	Reserve on re-measurement of available for sale investment to fair value	Accumulated (Loss)	Total
	Rupees			
	212,678,000	11,920	(95,828,509)	116,861,411
Total comprehensive Income/(loss)				
Profit for the six months period ended December 31, 2013	-	-	3,596,356	3,596,356
Other comprehensive income	-	-	3,596,356	3,596,356
@ Rupees 0.5 Per Ordinary Share of Rs.10/- each	-	-	(10,633,900)	(10,633,900)
			(10,633,900)	(10,633,900)
Revaluation surplus on account of:				
-on account of Incremental Depreciation current period - net of Tax	-	-	2,078,974	2,078,974
-Disposal of Property, Plant & Machinery - net of Tax	-	-	2,078,974	2,078,974
BALANCE AS AT DECEMBER 31, 2013	212,678,000	11,920	(100,787,079)	111,902,841
Total comprehensive Income/(loss)				
Profit for the six months period ended June 30, 2014	-	-	(7,992,419)	(7,992,419)
Other comprehensive income	-	15,636	-	15,636
	-	15,636	(7,992,419)	(7,976,783)
Revaluation surplus on account of:				
-on account of Incremental Depreciation current period - net of Tax	-	-	2,233,480	2,233,480
-Disposal of Property, Plant & Machinery - net of Tax	-	-	123,698	123,698
			2,357,178	2,357,178
BALANCE AS AT JUNE 30, 2014	212,678,000	27,556	(106,422,321)	106,283,236
Total comprehensive Income/(loss)				
Profit for the six months period ended December 31, 2014	-	-	(14,206,435)	(14,206,435)
Other comprehensive income	-	-	-	-
	-	-	(14,206,435)	(14,206,435)
Revaluation surplus on account of:				
-on account of Incremental Depreciation current period - net of Tax	-	-	1,987,269	1,987,269
-Disposal of Property, Plant & Machinery - net of Tax	-	-	-	-
	-	-	1,987,269	1,987,269
BALANCE AS AT DECEMBER 31, 2014	212,678,000	27,556	(118,641,487)	94,064,069

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

CHIEF EXECUTIVE

DIRECTOR

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2014**

The company is incorporated as a public limited company in Pakistan under the Companies Ordinance, 1984 and is listed on Karachi and Lahore Stock Exchanges. The Company is principally engaged in manufacturing, selling, buying and dealing in yarn of all types. The registered office of the company is situated at 19-B, Off Zafar Ali Road, Gulberg-V, Lahore.

This condensed interim financial information of the Company for the six months period ended December 31, 2014 is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information has, however, been subjected to limited scope review by the statutory auditors of the Company, as required by the Code of Corporate Governance and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

The comparative condensed interim profit and loss account and condensed interim statement of comprehensive income and notes, thereto, for the quarters ended December 31, 2014 and 2013 are also included in this condensed interim financial information, which were not subject to review.

This condensed interim financial information does not include all the information and disclosures required for full financial statements, and should be read in conjunction with the company's audited annual financial Statements for the year ended June 30, 2014.

The accounting policies adopted for preparation of these half year and quarterly un-audited accounts are the same as adopted in the preceding annual accounts of the Company.

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding audited annual financial statements of the Company for the year ended June 30, 2014, except for changes resulting from initial application of standards, amendments or interpretations to existing standards.

However, amendments / improvements and new interpretations of approved accounting standards effective during the period, were not relevant to the Company's operations and did not have any material impact on the accounting policies of the Company.

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the company's accounting policies and key sources of estimation of uncertainty are the same as those were applied to the annual audited financial statements for the year ended June 30, 2014.

		December 31, 2014	June 30, 2014
		----- Rupees -----	
6 PROPERTY, PLANT AND EQUIPMENT			
Tangible operating fixed assets - at net book value	6.1	430,112,250	430,726,809
Intangible assets		-	-
		430,112,250	430,726,809
6.1 Detail of additions and disposals at net book value along with depreciation charged during the period / year are as follows:			
DESCRIPTION			
Opening net book value		430,726,809	441,007,690
Additions during the period / year			
Plant and Machinery/Electric Installations		5,929,075	4,001,553
Office Equipments/Computers		-	452,594
Vehicles		2,170,500	4,386,300
Land		467,500	-
		8,567,075	8,840,447
Disposals during the period / year			
Generating set		-	669,427
Depreciation charged thereon		9,181,633	18,451,902
Closing net book value		430,112,250	430,726,809
7. CASH AND BANK BALANCES			
Cash in hand		352,887	364,695
Cash with banks		7,175,669	29,916,101
		7,528,557	30,280,796
8. SPONSORS' LOAN - UNSECURED			
Interest free	8.1	199,437,447	199,437,447
Interest bearing - Long Term Loan	8.2	9,755,000	9,755,000
Interest bearing - Short Term Loan	8.2	22,827,000	7,500,000
		232,019,447	216,692,447
8.1 This represents interest-free loan obtained from directors, chief executive officer and other sponsors. These loans are unsecured and not payable within next twelve months. There is no fixed tenure for repayment of these liabilities. In the absence of the availability of a defined repayment schedule, the fair value of these loans is not determinable.			
8.2 The loan is unsecured and carries markup @ 3 months kibar plus 2%.			

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2014**

	Six months ended 31, December		Quarter ended 31, December	
	2014	2013	2014	2013
	-----Rupees-----			
9. SALES				
Local:				
-Sales of yarn - Local	336,633,140	368,032,838	157,445,677	332,502,040
-Sales of yarn - Export	203,403,085	311,256,559	108,238,638	109,519,666
-Sale of waste	6,775,493	6,882,222	2,706,258	4,648,272
	<u>546,811,717</u>	<u>686,171,619</u>	<u>268,390,572</u>	<u>446,669,978</u>
Less Commission on:				
-Sales of yarn - Local	(1,145,115)	(2,324,426)	(135,344)	(2,324,426)
-Sales of yarn - Export	(3,055,395)	(4,242,296)	(1,828,328)	(4,219,511)
	<u>(4,200,510)</u>	<u>(6,566,722)</u>	<u>(1,963,672)</u>	<u>(6,543,937)</u>
	<u>542,611,206</u>	<u>679,604,898</u>	<u>266,426,899</u>	<u>440,126,042</u>
10. COST OF SALES				
Raw material consumed	411,624,682	482,658,711	209,998,011	262,782,135
Salaries, wages & benefits	37,116,179	41,840,138	21,534,966	23,966,357
Fuel & power	70,503,460	82,081,870	40,946,631	43,926,349
Repair and maintenance	2,619,711	2,687,710	2,177,729	2,204,099
Other manufacturing overheads	4,875,954	6,040,911	3,270,933	2,912,980
Rent, Rates & Taxes	100,000	200,000	-	100,000
Cotton cess duty	714,687	769,410	483,927	424,265
Store consumed	13,186,529	8,695,381	6,440,175	3,745,727
Insurance	2,277,959	892,671	1,903,935	352,632
Packing material consumed	9,241,612	8,368,687	5,485,274	5,211,984
Miscellaneous expenses	22,564	-	-	-
Depreciation	8,676,969	8,912,172	4,394,623	4,455,784
	<u>560,960,306</u>	<u>643,147,660</u>	<u>296,636,205</u>	<u>350,082,312</u>
Opening stock of work in process	10,528,125	10,304,521	8,151,132	13,175,691
Closing stock of work in process	(8,297,718)	(14,707,553)	(8,297,718)	(14,707,553)
	<u>2,230,407</u>	<u>(4,403,032)</u>	<u>(146,586)</u>	<u>(1,531,862)</u>
Cost of goods manufactured	<u>563,190,713</u>	<u>638,744,629</u>	<u>296,489,619</u>	<u>348,550,449</u>
Opening stock of finished goods	6,225,232	28,068,113	10,395,065	93,597,417
Closing stock of finished goods	(41,725,379)	(16,810,577)	(41,725,379)	(16,810,577)
	<u>(35,500,147)</u>	<u>11,257,536</u>	<u>(31,330,314)</u>	<u>76,786,840</u>
Opening stock of waste	1,162,145	2,711,113	-1,342,221	2,805,266
Closing stock of waste	(3,238,047)	(3,314,126)	(3,238,047)	(3,314,126)
	<u>(2,075,902)</u>	<u>(603,013)</u>	<u>(1,895,826)</u>	<u>(508,860)</u>
	<u>525,614,665</u>	<u>649,399,152</u>	<u>263,263,480</u>	<u>424,828,429</u>
10.1 Raw Material Consumed				
Opening Raw Material	19,563,809	103,929,051	59,003,457	12,600,972
Add: Purchases	433,962,041	480,315,150	192,895,723	351,766,654
Less: Closing Stock	(41,901,169)	(101,585,490)	(41,901,169)	(101,585,490)
	<u>411,624,682</u>	<u>482,658,711</u>	<u>209,998,011</u>	<u>262,782,135</u>
11. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING				
Transactions with related parties and associated undertakings are as under:				
i) There was no sale or purchase transactions with associated undertaking.				
ii) Long term interest free loan payable to directors and sponsors Rs.199.437 million as at December 31, 2014 (June 30, 2014 Rs. 199.437 million.)				
iii) Long term interest bearing loan payable to directors and sponsors Rs.9.755 million as at December 31, 2014 (June 30, 2014 Rs. 9.755 million.)				
iii) Short term interest bearing loan payable to directors and sponsors Rs.22.827 million as at December 31, 2014 (June 30, 2014 Rs. 7.500 million.)				
12. FINANCIAL RISK MANAGEMENT				
The companies financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements of the company as at and for the year ended June 30, 2014.				
13. DATE OF AUTHORIZATION				
This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on February 26, 2015.				
14. GENERAL				
- Figures have been rounded off to the nearest rupees.				

CHIEF EXECUTIVE

DIRECTOR

SAJJAD TEXTILE MILLS LIMITED

HALF YEARLY REPORT

DECEMBER 31, 2014 (UN-AUDITED)