



Interim Financial Report  
Nine months ended  
March 31, 2014  
(Un-audited)



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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  
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 presenting the un-audited interim condensed financial statements for the nine-month ended March 31<sup>st</sup> 2014.

### Operating Results:

Business conditions over the period under review have been discouraging. Textile spinning sector continues to be victim of power & natural gas outages, unfavorable government policies, global recession and unfair cross-border competition. Amidst this critical time frame your company has still managed to keep its operations running at full capacity, where many units have simply shut down. The company managed to post pre-tax profit of Rs. 9.534 Million and thereafter a post-tax loss of Rs. 19.787 Million. The operating results for the period under review are as under:

### Summary of operating result is as under:

Description	Nine months ended March 31, 2014 Rupees '000'	Nine months ended March 31, 2013 Rupees '000'
Turnover-net	2,932,173	2,800,242
Gross profit	135,150	270,505
Profit before tax	9,534	145,461
(Loss) / Profit after tax	(19,787)	131,460

### Earnings per Share

Earnings per share of your company for the period under review March 31, 2014 is Rs. (2.25) as compared to Rs. 14.98 for the nine-month ended March 31, 2013.

### Future Prospects

Spinning industry in Pakistan (especially Punjab) is in dire conditions. Federal and Provincial governments will have to provide a level playing field to the spinning sector in Punjab; otherwise survival of most mills will be a very difficult task. The directors of your company are aware of the impending problems and are weighing all possible options to ensure future profitability.

### Acknowledgement

Your directors would like to take the opportunity of appreciation for continuous support of their shareholders, dedication of company's managers, technicians and workers who worked hard to achieve their goals. Your directors would also like to put on record continuous cooperation extended by the company banker as well as the reliability of their buyers and suppliers.

For and on behalf of the board



**MIAN IQBAL SALAHUDDIN**  
Chief Executive Officer

Date: **April 28, 2014**  
Lahore.

**Condensed Interim Balance Sheet (Un-audited)**  
**as at March 31, 2014**

	March 31, 2014	June 30, 2013
	<i>Rupees '000</i> <i>(Un-audited)</i>	<i>Rupees '000</i> <i>(Audited)</i>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital		
20,000,000 ordinary shares of Rs.10 each	<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital	<u>87,750</u>	<u>87,750</u>
Accumulated profit	<u>247,363</u>	<u>265,441</u>
<b>TOTAL EQUITY</b>	<b>335,113</b>	<b>353,191</b>
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	<b>252,002</b>	<b>262,486</b>
<b>LOAN FROM SPONSORS - UNSECURED</b>	<b>159,670</b>	<b>144,847</b>
<b>NON-CURRENT LIABILITIES</b>		
Long term finances - Secured	-	-
Employees retirement benefits	<u>109,223</u>	<u>87,055</u>
Deferred taxation	<u>159,267</u>	<u>159,267</u>
	<b>268,490</b>	<b>246,322</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<u>327,328</u>	<u>317,443</u>
Accrued interest/mark-up	<u>19,007</u>	<u>13,301</u>
Short term borrowings - Secured	<u>463,026</u>	<u>425,216</u>
Current portion of non-current liabilities	<u>6,102</u>	<u>21,802</u>
Taxation	<u>13,229</u>	<u>23,054</u>
	<b>828,692</b>	<b>800,817</b>
<b>TOTAL LIABILITIES</b>	<b>1,097,181</b>	<b>1,047,139</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>1,843,966</b></u>	<u><b>1,807,663</b></u>

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

Date: April 28, 2014  
Place: Lahore

  
MIAN IQBAL SALAHUDDIN  
Chief Executive

	<b>March 31, 2014</b>	June 30, 2013
	<i>Rupees '000</i> <i>(Un-audited)</i>	<i>Rupees '000</i> <i>(Audited)</i>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,023,556	1,038,842
Long term deposits - Unsecured, Considered good	11,244	11,244
	<b>1,034,800</b>	<b>1,050,085</b>
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	45,451	44,806
Stock in trade	503,523	477,252
Trade debts	206,964	175,991
Advances, prepayments and other receivables	42,438	38,680
Cash and bank balances	10,790	20,849
	<b>809,166</b>	<b>757,578</b>
 <b>TOTAL ASSETS</b>	<b>1,843,966</b>	<b>1,807,663</b>



**MIAN YOUSAF SALAHUDDIN**  
Director

**Condensed Interim Profit and Loss Account (Un-audited)**  
for the nine months ended March 31, 2014

	Nine Months Ended March 31, 2014	Nine Months Ended March 31, 2013	Quarter Ended March 31, 2014	Quarter Ended March 31, 2013
	Rupees '000 (Un-audited)	Rupees '000 (Un-audited)	Rupees '000 (Un-audited)	Rupees '000 (Un-audited)
<b>Turnover - net</b>	<b>2,932,173</b>	2,800,242	<b>1,005,528</b>	998,491
Cost of sales	<b>(2,797,023)</b>	(2,529,737)	<b>(997,830)</b>	(907,990)
<b>Gross profit</b>	<b>135,150</b>	270,505	<b>7,698</b>	90,501
Selling and distribution expenses	<b>(25,898)</b>	(29,555)	<b>(4,842)</b>	(6,913)
Administrative and general expenses	<b>(39,729)</b>	(30,166)	<b>(15,039)</b>	(10,547)
	<b>(65,627)</b>	(59,721)	<b>(19,881)</b>	(17,461)
Other income	<b>781</b>	3,285	<b>70</b>	755
<b>Operating profit</b>	<b>70,305</b>	214,070	<b>(12,112)</b>	73,795
Finance cost	<b>(41,231)</b>	(43,340)	<b>(14,409)</b>	(13,098)
Notional Interest	<b>(14,123)</b>	(12,498)	<b>(4,708)</b>	(4,166)
Other Charges	<b>(5,417)</b>	(12,771)	<b>(165)</b>	(4,221)
<b>Profit before taxation</b>	<b>9,534</b>	145,461	<b>(31,394)</b>	52,311
Taxation	<b>(29,322)</b>	(14,001)	<b>(8,682)</b>	(4,992)
<b>(Loss) / Profit after taxation</b>	<b>(19,787)</b>	131,460	<b>(40,075)</b>	47,318
<b>Earnings per share - basic and diluted</b>	<b>(2.25)</b>	14.98	<b>(4.57)</b>	5.39

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

Date: April 28, 2014  
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 nine months ended March 31, 2014**

	Nine Months Ended March 31, 2014	Nine Months Ended March 31, 2013	Quarter Ended March 31, 2014	Quarter Ended March 31, 2013
	<i>Rupees '000</i> <i>(Un-audited)</i>	<i>Rupees '000</i> <i>(Un-audited)</i>	<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>16,130</u>	17,007	<u>5,376</u>	5,669
Other comprehensive income before taxation	<u>16,130</u>	<u>17,007</u>	<u>5,376</u>	5,669
Taxation	<u>5,646</u>	5,952	<u>1,882</u>	1,984
Other comprehensive income after taxation	<u>10,485</u>	<u>11,055</u>	<u>3,495</u>	3,685
(Loss) / Profit after taxation	<u>(19,787)</u>	131,460	<u>(40,075)</u>	47,318
<b>Total comprehensive income / (Loss)</b>	<u><u>(9,303)</u></u>	<u>142,515</u>	<u><u>(36,581)</u></u>	<u>51,003</u>

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



**MIAN IQBAL SALAHUDDIN**  
Chief Executive



**MIAN YOUSAF SALAHUDDIN**  
Director

Date: April 28, 2014  
Place: Lahore

**Condensed Interim Cash Flow Statement (Un-audited)**  
for the nine months ended March 31, 2014

	March 31, 2014	March 31, 2013
	Rupees '000 (Un-audited)	Rupees '000 (Un-audited)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	9,534	145,461
<b>Adjustments for non-cash and other items</b>		
Interest / mark-up on borrowings	39,615	42,575
Notional Interest	14,123	12,498
Gain on disposal of operating fixed assets	(708)	(737)
Provision for employees retirement benefits	25,684	10,760
Depreciation	38,084	34,755
	<b>116,798</b>	<b>99,851</b>
<b>Operating profit before changes in working capital</b>	<b>126,332</b>	<b>245,312</b>
<b>Changes in working capital</b>		
Stores, spares and loose tools	(645)	(3,941)
Stock in trade	(26,271)	(109,895)
Trade debts	(30,973)	(4,536)
Advances, prepayments and other receivables	(3,758)	(2,575)
Long Term deposits	-	(625)
Trade and other payables	10,184	10,095
	<b>(51,463)</b>	<b>(111,477)</b>
<b>Cash generated from operations</b>	<b>74,869</b>	<b>133,835</b>
<b>Payments for</b>		
Employees retirement benefits	(3,516)	(8,462)
Interest / mark-up on borrowings	(33,910)	(36,738)
Income tax	(39,147)	(13,622)
Dividend on ordinary shares	(9,075)	-
<b>Net cash (used in)/generated from operating activities</b>	<b>(10,779)</b>	<b>75,013</b>



**MIAN IQBAL SALAHUDDIN**  
Chief Executive

Date: April 28, 2014  
Place: Lahore

	March 31, 2014	March 31, 2013
	<i>Rupees '000</i> <i>(Un-audited)</i>	<i>Rupees '000</i> <i>(Un-audited)</i>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(24,340)	(52,682)
Proceeds from disposal of property, plant and equipment	2,250	1,764
<b>Net cash used in investing activities</b>	<b>(22,090)</b>	<b>(50,918)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term finances	(15,000)	(15,045)
Net Increase /(decrease) in short term borrowings	37,810	(3,657)
Loan from sponsors repaid	-	(12,869)
<b>Net cash generated /(used in) financing activities</b>	<b>22,810</b>	<b>(31,571)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(10,059)</b>	<b>(7,477)</b>
<b>Cash and cash equivalents as at beginning of the period</b>	<b>20,849</b>	<b>16,010</b>
<b>Cash and cash equivalents as at end of the period</b>	<b>10,790</b>	<b>8,534</b>

*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, 2014

	Issued subscribed and paid- up-Capital	Accumulated profit	Total equity
	Rupees '000	Rupees '000	Rupees '000
<b>Balance as at July 01, 2012-Audited</b>	87,750	123,007	210,757
<b>Comprehensive Income</b>			
Profit after taxation	-	131,460	131,460
Other comprehensive income	-	11,055	11,055
<b>Total Comprehensive Income</b>		142,515	142,515
<b>Transaction with Owners</b>			
<b>Balance as at march 31, 2013 Un-audited</b>	<b>87,750</b>	<b>265,522</b>	<b>353,272</b>
<b>Comprehensive Income</b>			
Profit after taxation - (restated)	-	28,549	28,549
Other comprehensive loss - (restated)	-	(19,855)	(19,855)
<b>Total Comprehensive Income</b>	-	8,694	8,694
<b>Transaction with Owners</b>			
Interim Dividend @ 10% i.e. Rs. 1 per ordinary share	-	(8,775)	(8,775)
<b>Balance as at June 30, 2013 Audited</b>	<b>87,750</b>	<b>265,441</b>	<b>353,191</b>
<b>Comprehensive Income</b>			
Loss after taxation	-	(19,787)	(19,787)
Other comprehensive income	-	10,485	10,485
<b>Total Comprehensive Income / (Loss)</b>	-	(9,303)	(9,303)
<b>Transaction with Owners</b>			
Final Dividend @ 10% i.e. Rs. 1 per ordinary share	-	(8,775)	(8,775)
<b>Balance as at march 31, 2014 Un-audited</b>	<b>87,750</b>	<b>247,363</b>	<b>335,113</b>

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, 2014  
Place: Lahore

## ***Notes to the Condensed Interim Financial Information (Un-audited) for the nine months ended March 31, 2014***

### **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, 2013

### **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, 2014.

### **7. Provision for Taxation**

- 7.1** Provision for current tax has been in accordance with section 113 of the income tax ordinance, 2001.
- 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, 2014***

**8. GENERAL**

- 8.1** There are no significant activities since June 30, 2013 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** There are no significant events after the reporting period that may require any adjustment or disclosure in this condensed interim financial report.
- 8.4** As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in this condensed interim financial information.
- 8.5** Figures have been rounded off to the nearest thousand rupee.

Date: April 28, 2014  
Place: Lahore



**MIAN IQBAL SALAHUDDIN**  
Chief Executive



**MIAN YOUSAF SALAHUDDIN**  
Director

# BOOK POST

UNDER POSTAL CERTIFICATE

**REGISTERED OFFICE :**

4 - F, Gulberg II, Lahore.

Phones : 042 - 35754371, 35754372, 35754373

Fax : 042 - 35754394

E-mail: sallytex@hotmail.com