



**In The Name Of Allah
The Merciful
The Compassionate**

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COMPANY INFORMATION

BOARD OF DIRECTORS	Anwar Saifullah Khan Osman Saifullah Khan Jehangir Saifullah Khan Hoor Yousafzai Assad Saifullah Khan Asif Saifullah Khan Muhammad Ayub	- Chairman - Chief Executive - NIT Nominee
AUDIT COMMITTEE	Hoor Yousafzai Jehangir Saifullah Khan Muhammad Ayub	- Chairperson - Member - Member
CHIEF FINANCIAL OFFICER	Zaheen-ud-Din Qureshi	
COMPANY SECRETARY	Mumtaz H. Chaudhry	
LEGAL ADVISOR	Dr. Pervez Hassan Hassan & Hassan, Advocates Salahuddin Saif & Aslam (Attorney's at law)	
AUDITORS	M/s Hameed Chaudhri & Co., Chartered Accountants HM House, 7-Bank Square, Lahore	
BANKERS	Albaraka Islamic Bank B.S.C (E.C) Allied Bank Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Meezan Bank Limited National Bank of Pakistan The Bank of Punjab HSBC Bank Middle East Limited United Bank Limited	
HEAD OFFICE	Kulsum Plaza, 4th Floor, 2020 - Blue Area, Islamabad-44000 Telephone : +92-51-2823924, 2829415 Fax : +92-51-2277843, 2822564 E-mail : stm@saifgroup.com	
REGISTERED OFFICE	APTMA House, Tehkal Payan, Jamrud Road, Peshawar Telephone : +92-91-5843870, 5702941 Fax : +92-91-5840273 E-mail : peshawar@saifgroup.com	
SHARES REGISTRAR	M/s Hameed Majeed Associates (Pvt.) Ltd., HM House, 7-Bank Square, Lahore Telephone : +92-42-7235081-7235082 Fax : +92-42-7358817 E-mail : info@hmaconsultants.com	
MILLS	Industrial Estate, Gadoon Amazai, District Sawabi Telephone : +92-938-270313, 270429 Fax : +92-938-270514 E-mail : strngdn@saifgroup.com	
CYBER	www.saiftextile.com	

Director's Review Report

The un-audited financial statements of the Company for the Quarter and Nine months ended March 31, 2010 are being presented to you with the following observations.

FINANCIAL HIGHLIGHTS

During the nine-month period under review, the performance of your Company has shown a considerable improvement as compared to the corresponding period of last year. Saif Textile Mills posted Earnings of Rs.405.33 million (12.84%) Gross Profit as compared to Rs. 69.59 million (2.60%) of the last period.

This substantial rise was due to the improved demand in the international market for Pakistani made value added textiles, which in turn generated demand for coarse and medium count yarns by the domestic value added sector.

Furthermore, the sharp rise in the price of cotton in the current quarter has helped your Company to earn reasonable margins on raw material stocks of natural fiber. This benefit to the Company was a direct result of the timely and effective purchasing decisions made by your Company's Management.

The current operational performance of your Company is especially noteworthy given the nature and scope of the challenges faced by the manufacturing sector.

However the results could have been even better had your Company's operations not been severely affected by the nation wide energy crisis, the continued depreciation of the PKR against USD and the slower paced easing of monetary policy by the SBP.

The cumulative effect of these issues resulted in your Company suffering a net loss of Rs. 59.792 million as compared to a net loss of Rs. 555.485 million for the corresponding period of last year.

GENERAL MARKET CONDITIONS

The increasing global demand for textile products and the consequent rise in the domestic demand for yarn has provided a degree of stability to the textile sector which had suffered from the fallout of the global economic slowdown. However the sector continues to face a number of challenges including:

- Rising fuel costs and energy tariffs.
- Shortages in the supply of electricity and natural gas to the manufacturing sector.
- Imposition of export quotas on yarn.
- Stagnant interest rates.
- Domestic and regional political uncertainty.

FUTURE OUTLOOK

The Management is consistently focusing its efforts to increase your Company's efficiency and profit margins despite these challenges.

The Federal Government and the Ministry of Textiles have not resolved the issue of export quotas imposed on the spinning sector. This severe restriction needs a speedy resolution to avoid stunting the emergent green shoots of recovery in the yarn spinning industry.

The efficiency of the entire domestic manufacturing sector, not just the textile sector is suffering from the disruptions in the supply of electricity. The frequency and unannounced nature of these power outages result in significantly large production losses and machinery inefficiencies.

The Federal and Provincial Governments must implement additional programs aimed at the revival and rehabilitation of industries located in the province of Khyber Pakhtunkhwa. Such programs should focus on the removal of infrastructure bottlenecks and other constraints, and extending the scope of programs such as the ones already announced by the Honorable Prime Minister. Also, the decision of excluding textile sector, located in the province of Khyber Pakhtunkhwa, from markup subsidy should be reviewed and restored by the Government.

Meanwhile your Company's Management remains fully aware of the rising degree of financial leverage of STM and is making serious and concerted efforts to bring these levels down.

ACKNOWLEDGMENT

The Board places on record its appreciation for the support of our bankers and our valued customers. We would also like to highlight the hard work put in by the members of our corporate family. We look forward to the same dedication and cooperation in the days ahead.

for and on behalf of the Board

Place: Islamabad
Dated: 28 April, 2010

ANWAR SAIFULLAH KHAN
Chairman / Director

**CONDENSED INTERIM BALANCE SHEET AS AT
31 MARCH, 2010**

	Note	Un-audited 31 Mar, 2010	Audited 30 June, 2009 (Rupees in thousand)
SHARE CAPITAL AND RESERVES			
Authorised capital 30,000,000 ordinary shares of Rs. 10 each		300,000	300,000
Issued, subscribed and paid-up capital		264,129	264,129
Reserves		265,981	265,981
Accumulated loss		(259,220)	(212,897)
		270,890	317,213
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		173,984	182,479
NON-CURRENT LIABILITIES			
Sub -ordinated loan		420,100	405,600
Long term financing	3	903,865	1,167,938
Liabilities against assets subject to finance lease		2,072	2,631
Long term deposits		512	532
Deferred liability- staff retirement benefits		41,694	34,827
		1,368,243	1,611,528
CURRENT LIABILITIES			
Trade and other payables		481,920	257,802
Accrued interest / mark-up		131,041	115,064
Short term borrowings		1,667,017	1348,778
Current portion of :-			
- long term financing		393,574	166,780
- liabilities against assets subject to finance lease		734	656
		2,674,286	1,889,080
CONTINGENCIES AND COMMITMENTS			
	4	4,487,403	4,000,300
NON-CURRENT ASSETS			
Property plant and equipment	5	2,154,466	2,225,806
Intangible assets		319	535
Long term loans		2,240	2,483
Long term deposits and prepayments		6,871	7,128
Deferred taxation		213,498	192,994
CURRENT ASSETS			
Stores, spare parts and loose tools		60,483	51,005
Stock-in-trade		1,384,385	685,765
Trade debts		569,821	740,173
Loans and advances		18,058	36,831
Trade deposits and short term prepayments		7,776	5,557
Other receivables		8,368	774
Investments		12,107	10,019
Deposit for shares		0	0
Taxation		20,926	16,168
Taxes refundable		23,200	21,856
Cash and bank balances		4,885	3,206
		2,110,009	1,571,354
		4,487,403	4,000,300

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

These financial statements are not signed by the Chief Executive as he is out of country. This information is disclosed as required under Section 241(2) of the Companies Ordinance, 1984.

ANWAR SAIFULLAH KHAN
Chairman / Director

JEHANGIR SAIFULLAH KHAN
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2010
(UN-AUDITED)**

	Quarter Ended		Nine Months Ended	
	31, March 2010	31, March 2009	31, March 2010	31, March 2009
------(Rupees in thousand)-----				
SALES				
Local	989,535	859,051	2,628,986	2,157,367
Export	160,963	192,565	528,706	524,583
	1,150,498	1,051,616	3,157,692	2,681,950
COST OF SALES	947,449	1,050,355	2,752,354	2,612,354
GROSS PROFIT	203,049	1,261	405,338	69,596
DISTRIBUTION COST	26,884	18,851	81,775	86,701
ADMINISTRATIVE EXPENSES	25,213	23,257	75,913	75,378
OTHER OPERATING EXPENSES	0	8,726	0	19,133
	52,097	50,834	157,688	181,212
	150,952	(49,573)	247,650	(111,616)
OTHER INCOME	504	521	3,050	1,004
OPERATING PROFIT / (LOSS)	151,456	(49,052)	250,700	(110,612)
FINANCE COST	77,166	82,490	247,242	255,530
	74,290	(131,542)	3,458	(366,142)
EXCHANGE FLUCTUATION LOSS - Net	(1,583)	41,293	63,250	189,343
PROFIT / (LOSS) BEFORE TAXATION	75,873	(172,835)	(59,792)	(555,485)
TAXATION:-				
- Current	4,930	1,632	16,822	6,381
- Prior	0	0	(1,292)	4,284
- Deferred	14,050	(41,239)	(20,504)	(94,224)
	18,980	(39,607)	(4,974)	(83,559)
PROFIT / (LOSS) AFTER TAXATION	56,893	(133,228)	(54,818)	(471,926)
OTHER COMPREHENSIVE INCOME				
Incremental depreciation in respect of surplus on revaluation of property, plant & equipment - net of deferred taxation	2,804	1,703	8,495	5,108
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	59,697	(131,525)	(46,323)	(466,818)
------(Rupees)-----				
EARNINGS / (LOSS) PER SHARE (RUPEES)	2.15	(5.04)	(2.08)	(17.87)

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ANWAR SAIFULLAH KHAN
Chairman / Director

JEHANGIR SAIFULLAH KHAN
Director

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED 31 MARCH, 2010
(UN-AUDITED)**

	Note	2010	2009
		(Rupees in thousand)	
NET CASH INFLOW FROM OPERATING ACTIVITIES	A	23,756	168,402
CASH FLOW FROM FINANCING ACTIVITIES			
Long term financing - net		(51,779)	(136,007)
Liabilities against assets subject to finance lease - net		(481)	(326)
Short term borrowings - net		318,239	180,206
Finance cost paid		(242,353)	(183,164)
NET CASH INFLOW FROM FINANCING ACTIVITIES		23,626	(139,291)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(47,350)	(31,939)
Sale proceeds of fixed assets		1,646	8,536
Held-for-trading investment -net		1	441
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(45,703)	(22,962)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,679	6,149
CASH AND CASH EQUIVALENTS:			
- At the beginning of the period		3,206	4,892
- At the end of the period		4,885	11,041

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ANWAR SAIFULLAH KHAN
Chairman / Director

JEHANGIR SAIFULLAH KHAN
Director

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	From July to March	
	2010	2009
(Rupees in thousand)		
Note 'A'		
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the period - before taxation	(59,792)	(555,485)
Add adjustments for:		
Depreciation & amortization	117,564	118,445
Deferred liability -staff retirement benefits - net	6,867	2,503
(Gain) on disposal of property plant and equipment - net	(304)	(229)
Exchange fluctuation loss on long term financing	29,000	120,200
Unrealized loss on cross currency swap	18,976	0
(Gain) / loss on trading investment - net	(2,089)	7,133
Finance cost (excluding bank charges)	239,354	249,422
CASH FLOW FROM OPERATING ACTIVITIES		
- Before working capital changes	349,576	(58,011)
(increase) / decrease in current assets:		
Store, spare parts & loose tools	(9,478)	2,709
Stock-in-trade	(698,620)	22,749
Trade debtors	170,352	134,491
Loans and advances	18,953	819
Trade deposits and short term prepayments	(2,219)	(4,769)
Taxes refundable	(1,344)	6,339
Other receivables	(7,594)	18,626
Increase / (decrease) in trade and other payables (excluding unclaimed dividend)	224,118	56,977
	(305,832)	237,941
CASH INFLOW FROM OPERATING ACTIVITIES		
- Before taxation	43,744	179,930
Taxes paid	(20,288)	(11,342)
CASH INFLOW FROM OPERATING ACTIVITIES		
- After taxation	23,456	168,588
Long term loans - net	63	740
Long term deposits	(20)	(1,274)
Long term deposits and advance rentals	257	348
	300	(186)
NET CASH INFLOW FROM OPERATING ACTIVITIES	23,756	168,402

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

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ANWAR SAIFULLAH KHAN
Chairman / Director

JEHANGIR SAIFULLAH KHAN
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2010
(UN-AUDITED)**

	Share Capital	Reserves			Unappro- priated profit	Total equity
		Capital	Revenue	Sub- total		
Balance as at 30 June, 2008	264,129	115,981	150,000	265,981	340,518	870,628
Loss for the period from July 01, 2008 to March 31, 2009	0	0	0	0	(471,926)	(471,926)
Other comprehensive income for the period from July 01, 2008 to March 31, 2009					5,108	5,108
Balance as at 31 March, 2009	264,129	115,981	150,000	265,981	(126,300)	403,810
Loss for the quarter ended 30 June, 2009	0	0	0	0	(88,300)	(88,300)
Other comprehensive income for the quarter ended 30 June, 2009	0	0	0	0	1,703	1,703
Balance as at 30 June, 2009	264,129	115,981	150,000	265,981	(212,897)	317,213
Loss for the nine months ended 31 March, 2010	0	0	0	0	(54,818)	(54,818)
Other comprehensive income for the nine months ended 31 March, 2010	0	0	0	0	8,495	8,495
Balance as at 31 March, 2010	264,129	115,981	150,000	265,981	(259,220)	270,890

The annexed notes form an integral part of these financial statements.

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ANWAR SAIFULLAH KHAN
Chairman / Director

JEHANGIR SAIFULLAH KHAN
Director

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED 31 MARCH, 2010
(UN-AUDITED)**

1. LEGAL STATUS AND OPERATIONS

Saif Textile Mills Limited (the Company) is a public limited Company incorporated in Pakistan on 24 December, 1989 under the Companies Ordinance, 1984 and its shares are quoted on all Stock Exchanges of Pakistan. The Company is principally engaged in manufacture and sale of yarn. The Company's Mills are located in Industrial Estate, Gadoon Amazai, District Swabi and the Registered Office of the Company at APTMA House, Tehkal Payan, Jamrud Road, Peshawar.

2. BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting).

These financial information are being circulated to shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges.

This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the preceding published annual financial statements of the Company for the year ended 30 June, 2009

The accounting policies, significant judgment, estimates and assumptions used by the management in preparation of this condensed interim financial information are the same as those applied to the preceding published annual financial statements of the Company for the year ended 30 June, 2009.

3. LONG TERM FINANCES - Secured

Balance at the beginning of the period / year
Add: obtained during the period / year

Less: repaid during the period / year

Add: adjustment of exchange fluctuation loss

Less: transfer as sub-ordinated loan

Less: Current portion grouped under current liabilities

(Un-audited) 31 March, 2010	(Audited) 30 June, 2009
(Rupees in thousand)	
1,334,718	1,530,562
0	446,000
1,334,718	1,976,562
51,779	365,444
1,282,939	1,611,118
14,500	129,200
1,297,439	1,740,318
0	405,600
1,297,439	1,334,718
393,574	166,780
903,865	1,167,938

These finances, during the period, carried mark-up at the rates ranging from 2.064% to 15.69% (30 June, 2009: 3.065% to 17.68%) per annum.

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4. CONTINGENCIES AND COMMITMENTS

4.1 There has been no significant change in the status of contingencies since the Company's latest annual audited financial statements.

4.2 Commitments against irrevocable letters of credit outstanding at the period-end were as follows:

	(Un-audited) 31 March, 2010	(Audited) 30 June, 2009
	(Rupees in thousand)	
- capital expenditure	1,114	1,223
- others	<u>197,972</u>	<u>68,874</u>
	<u>199,086</u>	<u>70,097</u>

5. PROPERTY, PLANT AND EQUIPMENT

Opening written down value	2,225,806	2,194,375
Add: Additions made during the period / year	<u>47,350</u>	<u>62,456</u>
	2,273,156	2,256,831
Add: revaluation surplus - net	<u>0</u>	<u>136,059</u>
	2,320,506	2,392,890
Less: Written down value of disposals made during the period / year	<u>1,342</u>	<u>9,188</u>
	2,271,814	2,383,702
Less: Depreciation charged during the period / year	<u>117,348</u>	<u>157,896</u>
	<u>2,154,466</u>	<u>2,225,806</u>

6. TRANSACTIONS WITH RELATED PARTIES

Related parties include associated companies, major shareholders, directors and key management personnel. Transactions with related parties during the period are as follows.

	Jul - Mar 2010	Jul - Mar 2009
	(Rupees in thousand)	
- sale of fixed assets	574	1,401
- sale of goods and services	24,071	119,454
- purchase of goods and services	16,280	102,914
- purchase of fixed assets	<u>1,047</u>	<u>85</u>

7. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 28 April, 2010 by the board of directors of the Company.

8. FIGURES

- Figures in the condensed interim financial information have been rounded-off to the nearest thousand Rupees except stated otherwise.
- Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison; no significant rearrangements reclassifications have been made in this condensed interim financial information.

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ANWAR SAIFULLAH KHAN
Chairman / Director

JEHANGIR SAIFULLAH KHAN
Director