



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

<b>CONTENTS</b>	<b>Page No.</b>
COMPANY INFORMATION	2
DIRECTORS' REVIEW REPORT TO THE MEMBERS	3
CONDENSED INTERIM BALANCE SHEET	4
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT	5
CONDENSED INTERIM CASH FLOW STATEMENT	6
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	8
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION	9

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Anwar Saifullah Khan  
 Osman Saifullah Khan  
 Jehangir Saifullah Khan  
 Hoor Yousafzai  
 Assad Saifullah Khan  
 Asif Saifullah Khan  
 Arif Saeed  
 Muhammad Ayub

- **Chairman**
- **Chief Executive**
- **Saif Holdings Limited Nominee**
- **NIT Nominee**

### AUDIT COMMITTEE

Hoor Yousafzai  
 Jehangir Saifullah Khan  
 Assad Saifullah Khan  
 Muhammad Ayub

- **Chairperson**
- **Member**
- **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  
 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](mailto: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](mailto: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](mailto:info@hmaconsultants.com)

### MILLS

Industrial Estate, Gadoon Amazai,  
 District Sawabi  
 Telephone : +92-938-270313, 270429  
 Fax : +92-938-270514  
 E-mail : [stmgdn@saifgroup.com](mailto:stmgdn@saifgroup.com)

### CYBER

[www.saiftextile.com](http://www.saiftextile.com)

## Director's Review Report

The un-audited financial statements of the Company for the quarter and nine months ended March 31, 2011 are being presented to you with the following observations.

### FINANCIAL HIGHLIGHTS

During the period your Company has shown a substantial improvement in its operations. The Gross Profit Margin of the Company increased to 20% (Rs. 1,066 million) compared with a margin of 12.83% (Rs.405 million) for the corresponding period of last year.

One of the key factors leading to this improvement in the performance of your Company was the timely decision by the management to procure raw materials when the price of cotton was very competitive and market conditions for buyers were favorable. When the cotton prices started rising, your Company was able to realize a healthy margin on raw material stocks as a result. During the same period, we witnessed a sharp rise in international demand for yarn and fabric, coupled with strong demand domestically for coarse and medium count yarn, both of which helped boost the revenues of your Company.

Your Company also received the benefit of the State Bank of Pakistan subsidy on interest rates for all business units located in the Khyber – Pakhtunkhwa Province. As a result of all these factors your Company earned an Operating Profit before tax of Rs. 625.678 million in comparison with an Operating Loss of Rs. 59.792 million for the corresponding period of last year. It is important to note that the benefits of this recovery will remain limited unless the following issues are addressed by the Government:

- 1) An improvement in the public safety and security environment of the country, especially in the Khyber – Pakhtunkhwa (KPK) Province.
- 2) Disruptions in grid electric power supply and especially continual disruption of power supply in the region of Punjab to value added textile sector.
- 3) Unending rise in electricity and fuel tariffs.

### GENERAL MARKET CONDITIONS AND FUTURE OUTLOOK

The escalation in cotton price during the period under review was unprecedented. However the management viewed the price rise as unsustainable. Consequently your Company carried out procurement of natural fibers in line with its internal consumption requirements. At the end of the period under review, we experienced a fall in domestic demand for yarn due to the imposition of the General Sales Tax (GST) on the textile sector. The burden of GST and declining cotton prices in tandem, are resulting in closure of spinning units which were carrying over very high inventories of cotton purchased at the market peak.

With the arrival of the fresh cotton crop, prices of natural fibers are predicted to fall, both domestically as well as internationally. We anticipate depressed demand for textile products and cotton price volatility. However we are hopeful that we will be able to close the financial year on a very positive note, InshAllah. The Management of your Company is constantly focusing its efforts to increase your Company's efficiency and profit margins despite the challenges before us. Foremost amongst these challenges are the persistent power shortages and rise in input costs.

### 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 management and staff. We look forward to the same dedication and cooperation in the days ahead.

for and on behalf of the Board

Place: Islamabad  
Dated: 29 April, 2011

**OSMAN SAIFULLAH KHAN**  
Chief Executive

**CONDENSED INTERIM BALANCE SHEET AS AT  
31 MARCH, 2011**

	Note	Un-audited 31 Mar, 2011	Audited 30 June, 2010 (Rupees in thousand)
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital		300,000	300,000
30,000,000 ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital		264,129	264,129
Reserves		265,981	265,981
Unappropriated profit / (loss)		451,234	(124,082)
		981,344	406,028
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
		162,001	171,153
<b>NON-CURRENT LIABILITIES</b>			
Sub-ordinated loan		425,350	427,100
Long term financing	3	666,670	802,598
Liabilities against assets subject to finance lease		1,496	2,424
Long term deposits		785	606
Deferred liability- staff retirement benefits		57,358	44,780
		1,151,659	1,277,508
<b>CURRENT LIABILITIES</b>			
Trade and other payables		424,555	220,095
Accrued mark-up and financial charges		127,687	166,370
Short term borrowings		1,754,648	1,978,064
Current portion of:			
- long term financing		294,956	501,841
- liabilities against assets subject to finance lease		1,213	1,089
Taxation		13,893	0
		2,616,952	2,867,459
<b>CONTINGENCIES AND COMMITMENTS</b>			
	4	4,911,956	4,722,148
<b>NON-CURRENT ASSETS</b>			
Property plant and equipment	5	2,103,900	2,145,989
Intangible assets		190	258
Long term loans		2,147	2,291
Long term deposits		7,065	6,871
Deferred taxation		188,013	188,013
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		73,714	56,647
Stock-in-trade		1,596,124	1,368,010
Trade debts		821,541	775,350
Loans and advances		31,188	19,282
Trade deposits and short term prepayments		8,580	5,264
Other receivables		35,170	90,089
Investments		13,021	12,466
Deposit for shares		0	0
Taxation		0	22,053
Taxes refundable		25,630	22,461
Cash and bank balances		5,673	7,104
		2,610,641	2,378,726
		4,911,956	4,722,148

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

**OSMAN SAIFULLAH KHAN**  
Chief Executive

**HOOR YOUSAFZAI**  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2011  
(UN-AUDITED)**

	Quarter Ended		Nine Months Ended	
	31, March 2011	31, March 2010	31, March 2011	31, March 2010
	------(Rupees in thousand)-----			
SALES				
Local	1,694,520	989,535	4,433,631	2,628,986
Export	426,893	160,963	889,912	528,706
	<b>2,121,413</b>	1,150,498	<b>5,323,543</b>	3,157,692
COST OF SALES	1,669,184	947,449	4,257,532	2,752,354
GROSS PROFIT	<b>452,229</b>	203,049	<b>1,066,011</b>	405,338
DISTRIBUTION COST	40,557	26,884	107,660	69,775
ADMINISTRATIVE EXPENSES	29,945	25,213	87,091	75,913
OTHER OPERATING EXPENSES	23,636	0	55,382	12,000
	<b>94,138</b>	52,097	<b>250,133</b>	157,688
	<b>358,091</b>	150,952	<b>815,878</b>	247,650
OTHER OPERATING INCOME	(2,394)	504	1,079	3,050
OPERATING PROFIT	<b>355,697</b>	151,456	<b>816,957</b>	250,700
FINANCE COST	42,794	77,166	167,918	247,242
	<b>312,903</b>	74,290	<b>649,039</b>	3,458
EXCHANGE FLUCTUATION (GAIN) / LOSS - Net	(6,937)	(1,583)	23,361	63,250
PROFIT / (LOSS) BEFORE TAXATION	<b>319,840</b>	75,873	<b>625,678</b>	(59,792)
TAXATION				
- Current	21,210	4,930	53,234	16,822
- Prior	0	0	6,280	(1,292)
- Deferred	0	14,050	0	(20,504)
	<b>21,210</b>	18,980	<b>59,514</b>	(4,974)
PROFIT / (LOSS) AFTER TAXATION	<b>298,630</b>	56,893	<b>566,164</b>	(54,818)
OTHER COMPREHENSIVE INCOME	0	0	0	0
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	<b>298,630</b>	<b>56,893</b>	<b>566,164</b>	<b>(54,818)</b>

------(Rupees)-----

EARNINGS / (LOSS) PER SHARE	<b>11.31</b>	2.15	<b>21.44</b>	(2.08)
-----------------------------	--------------	------	--------------	--------

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

**OSMAN SAIFULLAH KHAN**  
Chief Executive

**HOOR YOUSAFZAI**  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE NINE MONTHS ENDED 31 MARCH, 2011  
(UN-AUDITED)**

	Note	2011	2010
		(Rupees in thousand)	
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	A	<b>859,602</b>	<b>23,756</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long term financing - repaid		(341,063)	(51,779)
Lease finances - repaid		(804)	(481)
Short term borrowings - net		(223,416)	318,239
Finance cost paid		(213,085)	(242,353)
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>		<b>(778,368)</b>	<b>23,626</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(86,007)	(47,350)
Sale proceeds of fixed assets		3,342	1,646
Held-for-trading investment -net		0	1
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<b>(82,665)</b>	<b>(45,703)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,431)</b>	<b>1,679</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
- At the beginning of the period		<b>7,104</b>	<b>3,206</b>
- At the end of the period		<b>5,673</b>	<b>4,885</b>

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

	From July to March	
	2011	2010
<b>Note 'A'</b>	(Rupees in thousand)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit / (loss) for the period - before taxation</b>	<b>625,678</b>	(59,792)
<b>Add adjustments for non-cash charges and other items:</b>		
Depreciation and amortization	115,812	117,564
Deferred liability -staff retirement benefits - net	12,578	6,867
loss / (gain) on disposal of property plant and equipment - net	9,010	(304)
Exchange fluctuation loss on long term financing	(3,500)	29,000
Unrealized loss on ccs loan	18,313	18,976
Adjustment on remeasurement of investments - net	(555)	(2,089)
Finance cost (excluding bank charges)	156,089	239,354
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>- Before working capital changes</b>	<b>933,425</b>	349,576
<b>(increase) / decrease in current assets:</b>		
Store, spare parts & loose tools	(17,067)	(9,478)
Stock-in-trade	(228,114)	(698,620)
Trade debtors	(46,191)	170,352
Loans and advances	(12,103)	18,953
Trade deposits and short term prepayments	(3,316)	(2,219)
Taxes refundable	(3,169)	(1,344)
Other receivables	54,919	(7,594)
Increase in trade and other payables (excluding unclaimed dividend)	204,460	224,118
	<b>(50,581)</b>	<b>(305,832)</b>
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>		
<b>- Before taxation</b>	<b>882,844</b>	43,744
Taxes paid	(23,568)	(20,288)
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>		
<b>- After taxation</b>	<b>859,276</b>	23,456
Long term loans - net	341	63
Long term deposits from employees	179	(20)
Long term deposits	(194)	257
	<b>326</b>	<b>300</b>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>859,602</b>	<b>23,756</b>

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

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2011  
(UN-AUDITED)**

	Reserves			Unappropriated (loss) / profit	Total equity
	Share Capital	Capital	Revenue		
	(Rupees in thousand)				
Balance as at 30 June, 2009	264,129	115,981	150,000	265,981	(212,897) 317,213
Loss for nine month ended 31 March, 2010	0	0	0	0	(54,818) (54,818)
Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation for the nine month ended- net of deferred taxation	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
Profit for the quarter ended 30 June, 2010	0	0	0	0	132,307 132,307
Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation for the quarter ended- net of deferred taxation	0	0	0	0	2,831 2,831
Balance as at 30 June, 2010	264,129	115,981	150,000	265,981	(124,082) 406,028
Profit for the nine months ended 31 March, 2011	0	0	0	0	566,164 566,164
Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation for the nine month ended- net of deferred taxation	0	0	0	0	9,152 9,152
Balance as at 31 March, 2011	<b>264,129</b>	<b>115,981</b>	<b>150,000</b>	<b>265,981</b>	<b>451,234 981,344</b>

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

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED 31 MARCH, 2011  
(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, 2010

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, 2010.

	<b>(Un-audited) 31 March, 2011</b>	(Audited) 30 June, 2010
	(Rupees in thousand)	
<b>3. LONG TERM FINANCING - Secured</b>		
Balance at the beginning of the period / year	<b>1,304,439</b>	1,334,718
Less: repaid during the period / year	<b>341,063</b>	52,981
	<b>963,376</b>	1,281,737
Add: adjustment of exchange fluctuation loss	<b>(1,750)</b>	22,702
	<b>961,626</b>	1,304,439
Less: Current portion grouped under current liabilities	<b>294,956</b>	501,841
	<b>666,670</b>	802,598

These finances, during the period, carried mark-up at the rates ranging from 1.948% to 16.12% (30 June, 2010: 2.027% to 15.69%) per annum.

**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 31 March, 2011 were Rs. 574.837 million (30 June, 2010 Rs. 157.268 million)

	<b>(Un-audited) 31 March, 2011</b>	(Audited) 30 June, 2010
	(Rupees in thousand)	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Opening written down value	<b>2,145,989</b>	2,225,806
Add: Additions made during the period / year	<b>86,007</b>	78,738
	<b>2,231,996</b>	2,304,544
Less: Written down value of disposals made during the period / year	<b>12,352</b>	1,375
	<b>2,219,644</b>	2,303,169
Less: Depreciation charged during the period / year	<b>115,744</b>	157,180
	<b>2,103,900</b>	2,145,989

**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.

	<b>Jul - Mar 2011</b>	Jul - Mar 2010
	(Rupees in thousand)	
- sale of fixed assets	<b>0</b>	574
- sale of goods and services	<b>208,353</b>	24,071
- purchase of goods and services	<b>55,268</b>	16,280
- purchase of fixed assets	<b>857</b>	1,047

**7. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on 29 April, 2011 by the board of directors of the Company.

**8. FIGURES**

**8.1** Figures in the condensed interim financial information have been rounded-off to the nearest thousand Rupees except stated otherwise.

**8.2** 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.

**OSMAN SAIFULLAH KHAN**  
Chief Executive

**HOOR YOUSAFZAI**  
Director