



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

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## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	Anwar Saifullah Khan Osman Saifullah Khan Jehangir Saifullah Khan Hoor Yousafzai Assad Saifullah Khan Asif Saifullah Khan Muhammad Ayub	- <b>Chairman</b> - <b>Chief Executive</b>      - <b>NIT Nominee</b>
<b>AUDIT COMMITTEE</b>	Hoor Yousafzai Jehangir Saifullah Khan Assad Saifullah Khan Muhammad Ayub	- <b>Chairperson</b> - <b>Member</b> - <b>Member</b> - <b>Member</b>
<b>CHIEF FINANCIAL OFFICER</b>	Zaheen-ud-Din Qureshi	
<b>COMPANY SECRETARY</b>	Mumtaz H. Chaudhry	
<b>LEGAL ADVISOR</b>	Dr. Pervez Hassan Hassan & Hassan, Advocates Salahuddin Saif & Aslam (Attorney's at law)	
<b>AUDITORS</b>	M/s Hameed Chaudhri & Co., Chartered Accountants HM House, 7-Bank Square, Lahore	
<b>BANKERS</b>	Albaraka Islamic Bank B.S.C (E.C) Allied Bank Limited Faysal Bank Limited Habib Bank Limited HSBC Bank Middle East Limited Meezan Bank Limited National Bank of Pakistan The Bank of Punjab United Bank Limited	
<b>HEAD OFFICE</b>	Kulsum Plaza, 4th Floor, 2020 - Blue Area, Islamabad-44000 Telephone : +92-51-2823924, 2829415 Fax : +92-51-2277843, 2822564 E-mail : stm@saifgroup.com	
<b>REGISTERED OFFICE</b>	APTMA House, Tehkal Payan, Jamrud Road, Peshawar Telephone : +92-91-5843870, 5702941 Fax : +92-91-5840273 E-mail : peshawar@saifgroup.com	
<b>SHARES REGISTRAR</b>	M/s Hameed Majeed Associates (Pvt.) Ltd., HM House, 7-Bank Square, Lahore Telephone : +92-42-37235081-37235082 Fax : +92-42-37358817 E-mail : info@hmaconsultants.com	
<b>MILLS</b>	Industrial Estate, Gadoon Amazai, District Sawabi Telephone : +92-938-270313, 270429 Fax : +92-938-270514 E-mail : stmgdn@saifgroup.com	
<b>CYBER</b>	www.saiftextile.com	

## Directors' Review Report

The un-audited financial statements of the Company for the First Quarter ended on September 30, 2010 are being presented to you with the following observations.

### FINANCIAL HIGHLIGHTS

During the First Quarter, your Company has earned a Gross Profit of Rs. 243.76 Million on sales of Rs. 1.370 Billion achieving a Gross Profit Margin of 17.78%. In comparison the figures for the First Quarter of the preceding year were a Gross Profit of Rs. 75.16 Million on sales of Rs.930.47 Million (Gross Profit Margin: 8.08%).

The improvement in the performance of the Company was brought about by the strong demand for premium quality yarn in the European and the Local markets as well as by the timely purchase of raw materials at competitive prices by your Company's management. In addition to sales of premium yarns, the rise in export sales of your Company was also boosted by the start of sales of certain categories of specialized yarns for the European market.

The operating results of your company have improved as compared to the corresponding period of last year, with a Net Profit of Rs.82.07 Million against a Net Loss of Rs.75.66 Million. The overall performance of your Company would have been even better had it not been for rising energy, financial and operational costs brought about by the rise in fuel and electricity rates, the escalation in KIBOR and the weakness of the Pak Rupee.

### GENERAL MARKET CONDITIONS

Markets have been bullish during the three months period under review. There is an increasing demand for bed sheeting and toweling yarns in both domestic and international markets. However price of cotton have risen to unprecedented levels and there is a real danger that at these levels growth may slow down or disappear altogether. Some other factors that may affect the Company's near term outlook include:

- Instability of the Pak Rupee on the foreign exchange market.
- Increases in fuel and energy tariffs.
- Prolonged shortages of electricity and natural gas.

### FUTURE OUTLOOK

Your Company's Management is determined to face the challenges before it. Our main concerns are rising energy costs and chronic energy shortages as well as the challenges that come with operating in the KPK Province, The Honorable Prime Minister of Pakistan announced a package for fiscal relief to rehabilitate the economic life in Khyber Pakthunkhwa, FATA and PATA in early 2010. The Federal Government needs to provide additional relief measures to reduce input costs including power and energy costs in these areas to ensure that economic activity is restored on a strong footing. State Bank of Pakistan figures show that the KPK province is a net exporter of capital; a tragedy given the province is in such bad need of investment and job creation.

## SAIF TEXTILE MILLS LIMITED *First Quarterly Report 2010-2011*

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Your Company's Management is aware of the challenges that lie ahead and is determined to ensure growth, consolidate the Company's financial position, generate profits and create value for your Company.

### **ACKNOWLEDGMENT**

The Board places on record its appreciation of the support of our bankers and our valued customers. I would also like to highlight the hard work put in by the employees of the Company at all levels.

We are confident they will continue to show the same dedication in the days ahead.

for and on behalf of the Board

Place : Islamabad  
Dated : 28 October, 2010

**Anwar Saifullah Khan**  
Chairman

**CONDENSED INTERIM BALANCE SHEET  
AS AT 30 SEPTEMBER, 2010**

	Note	(Un-audited) 30 September 2010	(Audited) 30 June, 2010
(Rupees in thousand)			
<b>SHARE CAPITAL AND RESERVES</b>			
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		(39,355)	(124,082)
		490,755	406,028
Surplus on revaluation of property, plant and equipment		168,498	171,153
<b>NON-CURRENT LIABILITIES</b>			
Sub-ordinated loan		430,100	427,100
Long term financing	3	728,568	802,598
Liabilities against assets subject to finance lease		2,126	2,424
Long term deposits		711	606
Deferred liability- staff retirement benefits		49,515	44,780
		1,211,020	1,277,508
<b>CURRENT LIABILITIES</b>			
Trade and other payables		268,648	220,095
Accrued mark-up and financial charges		164,463	166,370
Short term borrowings		1,634,770	1,978,064
Current portion of :			
- long term financing		451,820	501,841
- liabilities against assets subject to finance lease		1,130	1,089
		2,520,831	2,867,459
<b>CONTINGENCIES AND COMMITMENTS</b>			
	4	4,391,104	4,722,148
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	2,138,454	2,145,989
Intangible assets		235	258
Long term loans		2,329	2,291
Long term deposits		6,951	6,871
Deferred taxation		170,513	188,013
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		57,736	56,647
Stock-in-trade		1,152,279	1,368,010
Trade debts		667,074	775,350
Loans and advances		61,123	19,282
Trade deposits and short term prepayments		17,607	5,264
Other receivables		58,894	90,089
Investments		12,253	12,466
Deposit for shares		0	0
Taxation		14,521	22,053
Taxes refundable		26,181	22,461
Cash and bank balances		4,954	7,104
		2,072,622	2,378,726
		4,391,104	4,722,148

The annexed notes form an intergral part of these condensed interim financial information.

**OSMAN SAIFULLAH KHAN**  
Chief Executive

**HOOR YOUSAFZAI**  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER, 2010**

	<b>Jul - Sep 2010</b>	Jul - Sep 2009
	(Rupees in thousand)	
Sales	<b>1,370,673</b>	930,472
Cost of sales	<b>1,126,907</b>	855,306
Gross profit	<b>243,766</b>	75,166
Administrative & distribution cost	<b>56,026</b>	47,144
Other operating expenses	<b>8,500</b>	0
	<b>64,526</b>	47,144
	<b>179,240</b>	28,022
Other operating income	<b>167</b>	2,686
	<b>179,407</b>	30,708
Finance cost	<b>59,601</b>	78,443
	<b>119,806</b>	(47,735)
Exchange fluctuation loss - net	<b>8,008</b>	18,250
Profit / (loss) before taxation	<b>111,798</b>	(65,985)
Taxation		
- current	<b>12,226</b>	4,930
- deferred	<b>17,500</b>	4,750
	<b>29,726</b>	9,680
Profit / (loss) after taxation	<b>82,072</b>	(75,665)
Other comprehensive income	<b>0</b>	0
<b>Total comprehensive income / (loss)</b>	<b>82,072</b>	(75,665)
	<b>(Rupees)</b>	
Earnings / (loss) per share	<b>3.11</b>	(2.86)

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

**OSMAN SAIFULLAH KHAN**  
Chief Executive

**HOOR YOUSAFZAI**  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER, 2010**

	2010	2009
	(Rupees in thousand)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) for the period - before taxation	111,798	(65,985)
Adjustments for non cash items and other charges:		
Depreciation & amortization	37,840	38,913
Deferred liability -staff retirement benefits - net	4,735	2,697
Gain on disposal of fixed assets - net	0	(169)
Loss on revaluation of long term foreign currency loan	6,000	19,500
Gain on cross currency adjustment	(5,844)	10,596
Loss / (gain) on remeasurement of investments to fair value- net	213	(2,351)
Financial charges (excluding interest on WPPF & bank charges)	93,720	76,772
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>248,462</b>	<b>79,973</b>
- Before working capital changes		
(increase) / decrease in current assets:		
Store, spare parts and loose tools	(1,089)	(1,028)
Stock-in-trade	215,731	22,124
Trade debts	108,276	78,241
Loans and advances	(41,862)	9,068
Trade deposits and short term prepayments	(12,343)	(4,114)
Taxes refundable	(3,720)	(487)
Other receivables	31,195	(1,906)
Decrease in trade and other payables (excluding unclaimed dividend)	48,554	(83,717)
	<b>344,742</b>	<b>18,181</b>
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>593,204</b>	<b>98,154</b>
- Before taxation		
Taxes paid	(4,694)	(3,883)
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>588,510</b>	<b>94,271</b>
- After taxation		
Long term loans - net	(17)	15
Long term deposits	105	68
Long term deposits from employees	(80)	0
	<b>8</b>	<b>83</b>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>588,518</b>	<b>94,354</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing - net	(127,051)	(20,500)
Lease finances - net	(257)	(155)
Short term borrowings - net	(343,294)	(9,298)
Dividend paid	(1)	0
Financial charges paid	(89,783)	(58,078)
<b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES</b>	<b>(560,386)</b>	<b>(88,031)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(30,282)	(6,279)
Sale proceeds of property, plant and equipment	0	647
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<b>(30,282)</b>	<b>(5,632)</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,150)</b>	<b>691</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
- At the beginning of the period	7,104	3,206
- At the end of the period	<b>4,954</b>	<b>3,897</b>

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

**OSMAN SAIFULLAH KHAN**  
Chief Executive

**HOOR YOUSAFZAI**  
Director

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER, 2010**

	Share Capital	Reserves			Unappro- priated profit/ (loss)	Total equity
		Capital	Revenue	Sub- total		
Balance as at 30 June, 2009	264,129	115,981	150,000	265,981	(212,897)	317,213
Loss for the quarter ended 30 September, 2009	0	0	0	0	(75,665)	(75,665)
Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation for the period of three months - net of deferred taxation	0	0	0	0	2,846	2,846
Balance as at 30 September, 2009	264,129	115,981	150,000	265,981	(285,716)	244,394
Profit for the period of nine months from 01 October, 2009 to 30 June, 2010	0	0	0	0	153,154	153,154
Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation for the period of nine months - net of deferred taxation	0	0	0	0	8,480	8,480
Balance as at 30 June, 2010	264,129	115,981	150,000	265,981	(124,082)	406,028
Profit for the quarter ended 01 July, 2010 to 30 September, 2010					82,072	82,072
Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation for the period of three months - net of deferred taxation	0	0	0	0	2,655	2,655
<b>Balance as at 30 September, 2010</b>	<b>264,129</b>	<b>115,981</b>	<b>150,000</b>	<b>265,981</b>	<b>(39,355)</b>	<b>490,755</b>

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

**OSMAN SAIFULLAH KHAN**  
Chief Executive

**HOOR YOUSAFZAI**  
Director

**SELECTED NOTES TO THE  
CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER, 2010**

**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.

**3. LONG TERM FINANCES - Secured**

Balance at the beginning of the period / year

Less: repaid during the period / year

Add: adjustment of exchange fluctuation loss

Less: Current portion grouped under current liabilities

<b>(Un-audited) 30 September, 2010</b>	<b>(Audited) 30 June, 2009</b>
<i>(Rupees in thousand)</i>	
<b>1,304,439</b>	1,334,718
<b>127,051</b>	52,981
<b>1,177,388</b>	1,281,737
<b>3,000</b>	22,702
<b>1,180,388</b>	1,304,439
<b>451,820</b>	501,841
<b>728,568</b>	802,598

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

<b>(Un-audited)</b> <b>30 September,</b> <b>2010</b>	(Audited) 30 June, 2009
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(Rupees in thousand)

- against letters of credit	<b>332,469</b>	157,268
	<b>332,469</b>	157,268

## 5. PROPERTY, PLANT AND EQUIPMENT

Opening written down value	<b>2,145,989</b>	2,225,806
Add: Additions made during the period / year	<b>30,282</b>	78,738
	<b>2,176,271</b>	2,304,544
Less: Written down value of disposals made during the period / year	<b>0</b>	1,375
	<b>2,176,271</b>	2,303,169
Less: Depreciation charged during the period / year	<b>37,817</b>	157,180
	<b>2,138,454</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 - Sep</b> <b>2010</b>	Jul - Sep 2009
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(Rupees in thousand)

-sale of fixed assets	<b>0</b>	200
- sale of goods and services	<b>41,360</b>	18,486
- purchase of goods and services	<b>0</b>	8,860

## 7. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 28 October, 2010 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