



**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 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	Noman Ahmad	
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 Bank (Pakistan) Limited 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 Email : stm@saifgroup.com	
REGISTERED OFFICE	APTMA House, Tehkal Payan, Jamrud Road, Peshawar Telephone: +92-91-5843870, 5702941 Fax : +92-91-5840273 Email : 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 Email : info@hmaconsultants.com	
MILLS	Industrial Estate, Gadoon Amazai, District Swabi Telephone: +92-0938-270313, 270429 Fax : +92-0938-270514 Email : stmgdn@saifgroup.com	
CYBER	www.saiftextile.com	

Directors' Review Report

The un-audited financial statements along with our observations on the performance of the company for the First Quarter ended September 30, 2011 are presented to you below.

FINANCIAL HIGHLIGHTS

During the first three months, your company earned a gross profit of Rs. 70.75 million on sales of Rs. 1.529 billion (Gross profit margin: 4.63%) as compared to a gross profit of Rs. 243.76 million on sales of Rs. 1.370 billion (Gross profit margin: 17.78%), for the corresponding period last year. The drop in gross margin was on account of the sudden and unforeseen drop in prices of all raw material fibers. Expectations for a further decline in prices meant that yarn demand suddenly dried up as well. Consequently your company had to incur inventory losses on stock of raw materials.

There has been a decline in operating profitability, with the company incurring a loss of Rs.86.90 million as against a Profit of Rs.82.07 million for the corresponding period last year.

GENERAL MARKET CONDITIONS AND FUTURE OUTLOOK

Although it is impossible to divine the future, we expect that market conditions will stabilize in the coming two quarters. Fresh purchases of raw material stocks have brought our raw material costs closer to current market prices. Unfortunately we have recently seen an unprecedented increase in the WAPDA tariff and this will erode margins going forward.

Continued domestic uncertainty and the fall out of the war in Afghanistan make the Khyber Pakhtunkhwa Province a very challenging place to do business. Given this environment it is very important that the Federal Government can extend the tenure of the package announced by the Honorable Prime Minister's for fiscal relief to rehabilitate the economic life in Khyber Pakhtunkhwa, FATA and PATA. Further measures that need to be taken by Government expeditiously include the reduction in input costs including power and energy costs, and better market access for Pakistani exports so that our manufacturing industry can compete globally.

Your company's management is cognizant of the challenges that lie ahead and will be making all out efforts to ensure growth and better results.

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 October, 2011

Anwar Saifullah Khan
Chairman

**CONDENSED INTERIM BALANCE SHEET
AS AT 30 SEPTEMBER, 2011**

	Note	(Un-audited) 30 September 2011	(Audited) 30 June, 2011
(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 profit		411,007	495,443
		941,117	1,025,553
Surplus on revaluation of property, plant and equipment		156,892	159,358
NON-CURRENT LIABILITIES			
Sub-ordinated loan		436,100	429,350
Long term financing	3	510,061	562,499
Liabilities against assets subject to finance lease		872	1,172
Long term deposits		1,225	961
Deferred liability- staff retirement benefits		63,403	61,392
		1,011,661	1,055,374
CURRENT LIABILITIES			
Trade and other payables		362,280	579,733
Accrued mark-up and financial charges		119,258	116,381
Short term borrowing		1,315,359	1,731,229
Current portion of :-			
- long term financing		332,032	349,124
- liabilities against assets subject to finance lease		1,301	1,251
Taxation		27,208	23,550
		2,157,438	2,801,268
CONTINGENCIES AND COMMITMENTS	4	4,267,108	5,041,553
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,242,651	2,185,991
Intangible assets		144	167
Long term loans		5,839	5,800
Long term deposits and prepayments		7,095	7,095
Deferred taxation		188,013	188,013
CURRENT ASSETS			
Stores, spare parts and loose tools		55,668	61,712
Stock-in-trade		1,072,598	1,400,986
Trade debts		568,490	1,042,820
Loans and advances		28,954	24,583
Trade deposits and short term prepayments		11,125	4,649
Other receivables		36,513	75,205
Investments		13,084	13,917
Deposit for shares		-	-
Taxes refundable		30,209	26,808
Cash and bank balances		6,725	3,807
		1,823,366	2,654,487
		4,267,108	5,041,553

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

OSMAN SAIFULLAH KHAN
Chief Executive

JEHANGIR SAIFULLAH KHAN
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2011**

	Jul - Sep 2011	Jul - Sep 2010
	(Rupees in thousand)	
Sales	1,529,159	1,370,673
Cost of Sales	1,458,406	1,126,907
Gross profit	70,753	243,766
Administrative & distribution cost	78,029	56,026
Other operating expenses	1,036	8,500
	79,065	64,526
	(8,312)	179,240
Other operating income	281	167
	(8,031)	179,407
Finance cost	51,162	59,601
	(59,193)	119,806
Exchange fluctuation loss - net	14,725	8,008
(Loss) / profit before taxation	(73,918)	111,798
Taxation		
- current	12,984	12,226
- deferred	-	17,500
	12,984	29,726
(Loss) / profit after taxation	(86,902)	82,072
Other comprehensive income	0	0
Total comprehensive (loss) / income	(86,902)	82,072
	(Rupees)	
(Loss) / earnings per share	(3.29)	3.11

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

OSMAN SAIFULLAH KHAN
Chief Executive

JEHANGIR SAIFULLAH KHAN
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2011**

Note	2011	2010
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit for the period - before taxation	(73,918)	111,798
Adjustments for non cash items and other charges:		
Depreciation & amortization	38,070	37,840
Deferred liability -staff retirement benefits - net	2,011	4,735
Loss on disposal of fixed assets - net	203	0
Loss on revaluation of long term loan	13,500	6,000
Gain on cross currency adjustment	(1,725)	(5,844)
Loss on remeasurement of investments to fair value- net	833	213
Financial charges (excluding interest on WPPF & bank charges)	81,836	93,720
CASH INFLOW FROM OPERATING ACTIVITIES		
- Before working capital changes	60,810	248,462
(Increase) / decrease in current assets:		
Store, spare parts & loose tools	6,044	(1,089)
Stock-in-trade	328,388	215,731
Trade debtors	474,330	108,276
Loans and advances	(4,510)	(41,862)
Trade deposits and short term prepayments	(6,476)	(12,343)
Taxes refundable	(3,401)	(3,720)
Other receivables	38,692	31,195
(Decrease) / increase in trade and other payables (excluding unclaimed dividend)	(217,453)	48,554
	615,614	344,742
CASH INFLOW FROM OPERATING ACTIVITIES		
- Before taxation	676,424	593,204
Taxes paid	(9,326)	(4,694)
CASH INFLOW FROM OPERATING ACTIVITIES		
- After taxation	667,098	588,510
Long term loans - net	100	(17)
Long term deposits from employess	264	105
Long term deposits	0	(80)
	364	8
NET CASH INFLOW FROM OPERATING ACTIVITIES	667,462	588,518
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing - net	(76,280)	(127,051)
Lease finances - net	(250)	(257)
Short term borrowings - net	(415,870)	(343,294)
Dividend paid	0	(1)
Financial charges paid	(77,234)	(89,783)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(569,634)	(560,386)
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(94,988)	(30,282)
Sale proceeds of fixed assets	78	0
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(94,910)	(30,282)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	2,918	(2,150)
CASH AND CASH EQUIVALENTS:		
- At the beginning of the period	3,807	7,104
- At the end of the period	6,725	4,954

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

OSMAN SAIFULLAH KHAN
Chief Executive

JEHANGIR SAIFULLAH KHAN
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2011**

	Share Capital	Reserves			Unappropriated profit/(loss)	Total equity
		Capital	Revenue	Sub-total		
Balance as at 30 June, 2010	264,129	115,981	150,000	265,981	(124,082)	406,028
Profit for the quarter ended 30 September, 2010	0	0	0	0	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
Balance as at 30 September, 2010	264,129	115,981	150,000	265,981	(39,355)	490,755
Profit for the period of nine months from 01 October, 2010 to 30 June, 2011	0	0	0	0	525,658	525,658
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	9,140	9,140
Balance as at 30 June, 2011	264,129	115,981	150,000	265,981	495,443	1,025,553
Loss for the quarter ended 01 July, 2010 to 30 September, 2011					(86,902)	(86,902)
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	2,466	2,466
Balance as at 30 September, 2011	264,129	115,981	150,000	265,981	411,007	941,117

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

OSMAN SAIFULLAH KHAN
Chief Executive

JEHANGIR SAIFULLAH KHAN
Director

**SELECTED NOTES TO THE
CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2011**

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, 2011.

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, 2011.

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

(Un-audited) 30 September, 2011	(Audited) 30 June, 2011
<i>(Rupees in thousand)</i>	
911,623	1,304,439
76,280	395,066
835,343	909,373
6,750	2,250
842,093	911,623
332,032	349,124
510,061	562,499

These finances, during the period, carried mark-up at the rates ranging from 1.930% to 7.5% (30 June, 2011: 1.930% to 7.5%) 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 the period-end were as follows:

- against letters of credit

(Un-audited) 30 September, 2011	(Audited) 30 June, 2011
<i>(Rupees in thousand)</i>	
223,762	217,826
223,762	217,826

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	(Un-audited) 30 September, 2011	(Audited) 30 June, 2011
	(Rupees in thousand)	
5. PROPERTY, PLANT AND EQUIPMENT		
Opening written down value	2,185,991	2,145,989
Add: Additions made during the period / year	94,988	209,520
	2,280,979	2,355,509
Less: Written down value of disposals made during the period / year	281	13,618
	2,280,698	2,341,891
Less: Depreciation charged during the period / year	38,047	155,900
	2,242,651	2,185,991

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 - Sep 2011	Jul - Sep 2010
	(Rupees in thousand)	
- purchase of fixed assets	85	0
- sale of goods and services	0	41,360
- purchase of goods and services	35,948	0

7. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 28 October, 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

JEHANGIR SAIFULLAH KHAN
Director

