



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

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**COMPANY INFORMATION**

<b>BOARD OF DIRECTORS</b>	Anwar Saifullah Khan - Chairman Javed Saifullah Khan Osman Saifullah Khan - Chief Executive Jehangir Saifullah Khan Hoor Yousafzai Assad Saifullah Khan Arif Saeed - Saif Holdings Limited Nominee
<b>AUDIT COMMITTEE</b>	Hoor Yousafzai - Chairperson Jehangir Saifullah Khan - Member Assad Saifullah Khan - Member
<b>HR &amp; REMUNERATION COMMITTEE</b>	Arif Saeed - Chairman Osman Saifullah Khan - Member Assad Saifullah Khan - Member
<b>CHIEF FINANCIAL OFFICER</b>	Noman Ahmad
<b>COMPANY SECRETARY</b>	Sabir Khan
<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 Bank (Pakistan) Limited Allied Bank Limited Askari Bank Limited BankIslami Pakistan Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited HSBC Bank Middle East Limited Industrial and Commercial Bank of China Limited Meezan Bank Limited National Bank of Pakistan NIB Bank Limited 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 : <a href="mailto:stm@saifgroup.com">stm@saifgroup.com</a>
<b>REGISTERED OFFICE</b>	APTMA House, Tehkal Payan, Jamrud Road, Peshawar Telephone : +92-91-5843870, 5702941 Fax : +92-91-5840273 E-mail : <a href="mailto:peshawar@saifgroup.com">peshawar@saifgroup.com</a>
<b>SHARES REGISTRAR</b>	M/s Hameed Majeed Associates (Pvt.) Ltd., HM House, 7-Bank Square, Lahore Telephone : +92-42-7235081-7235082 Fax : +92-42-7358817 E-mail : <a href="mailto:info@hmaconsultants.com">info@hmaconsultants.com</a>
<b>MILLS</b>	Industrial Estate, Gadoon Amazai, District Sawabi Telephone : +92-938-270313, 270429 Fax : +92-938-270514 E-mail : <a href="mailto:stmgdn@saifgroup.com">stmgdn@saifgroup.com</a>
<b>CYBER</b>	<a href="http://www.saiftextile.com">www.saiftextile.com</a>

### **Director's Review Report**

The un-audited financial statements of the Company for the third quarter and nine months ended on March 31, 2014 are being presented to you with the following observations.

During the period under review, your Company has posted a gross profit of Rs. 795 million (2013: Rs. 841 million). The gross profit margin of the company has slightly declined to 13.4 % from 15.3 % as compared with the corresponding period of last year. The decline in the performance was brought about by the effect of non-responsiveness of yarn prices against the rise in cotton rates. During the period we saw worsening in yarn demand both of international and domestic market with reduction in rates and sudden appreciation in Pakistani currency against USD that has not only hampered export competitiveness but also provided additional incentives to importers of imported yarn and fabric that resulted in reduction in sales rate and demand.

Your company closed the period with a profit before tax of Rs. 216.3 million (2013: Rs. 324.9 million). The overall performance of your company would have been even better if there was stability in fuel and operational costs and stability in Rupee Dollar parity.

Currently, the prices of raw cotton and yarn are showing downward trend which is resulting in partial closure of spinning units. Slow demands from China and bulk supply of synthetic and cotton yarns from India at reduced rate has created sustainability challenges for yarn manufacturers. We are hopeful that Government of Pakistan will take antidumping measures to save the local spinning industry. We are anticipating the same trend in the coming quarter and the results of financial year will not be encouraging for the industry.

The Management of your Company remained committed to business growth and putting efforts to increase your Company's efficiency and profit margins despite the challenges.

We would like to conclude with heartfelt, 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.

Place: Islamabad  
Dated: 29 April, 2014

**HOOR YOUSAFZAI**  
Director

**ASSAD SAIFULLAH KHAN**  
Director

**CONDENSED INTERIM BALANCE SHEET AS AT  
31 MARCH, 2014**

	Note	Un-audited 31 Mar, 2014	Audited 30 June, 2013
(Rupees in thousand)			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 30,000,000 ordinary shares of Rs. 10 each		<b>300,000</b>	300,000
Issued, subscribed and paid-up capital		264,129	264,129
Reserves		265,981	265,981
Unappropriated profit		1,127,514	1,052,489
		<b>1,657,624</b>	1,582,599
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
		131,477	137,708
<b>NON-CURRENT LIABILITIES</b>			
Sub-ordinated loan		489,500	494,000
Long term financing	4	914,635	524,412
Liabilities against assets subject to finance lease		0	0
Long term deposits		3,455	2,900
Deferred liability- staff retirement benefits		125,393	109,705
		<b>1,532,983</b>	1,131,017
<b>CURRENT LIABILITIES</b>			
Trade and other payables		528,118	511,836
Accrued mark-up and financial charges		151,128	105,156
Short term borrowings		2,445,286	1,974,680
Current portion of : - long term financing		108,500	233,933
		<b>3,233,032</b>	2,825,605
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5	<b>6,555,116</b>	5,676,929
<b>NON-CURRENT ASSETS</b>			
Property plant and equipment	6	3,102,489	2,591,121
Intangible assets		557	689
Long term loans		13,016	8,213
Long term deposits		9,388	8,982
Deferred taxation		130,402	181,309
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		84,774	69,999
Stock-in-trade		2,083,111	1,694,585
Trade debts		797,778	786,239
Loans and advances		36,998	42,762
Trade deposits and short term prepayments		5,994	2,881
Other receivables		21,649	35,967
Investments		5,630	4,283
Deposit for shares		0	0
Taxation		188,682	175,067
Taxes refundable		63,563	58,460
Cash and bank balances		11,085	16,372
		<b>3,299,264</b>	2,886,615
		<b>6,555,116</b>	5,676,929

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

The Chief Executive is out of Pakistan and in his absence these financial statements have been signed by two director as required under section 241 (2) of the Companies Ordinance, 1984.

**HOOR YOUSAFZAI**  
Director

**ASSAD SAIFULLAH KHAN**  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2014  
(UN-AUDITED)**

	Quarter Ended		Nine Months Ended	
	31, March 2014	31, March 2013	31, March 2014	31, March 2013
----- (Rupees in thousand) -----				
SALES				
Local (net)	1,461,185	1,582,005	4,557,973	4,427,857
Export	475,224	376,418	1,376,841	1,054,254
	<b>1,936,409</b>	1,958,423	<b>5,934,814</b>	5,482,111
LESS:				
COST OF SALES	1,719,064	1,625,038	5,139,429	4,640,754
GROSS PROFIT	<b>217,345</b>	333,385	<b>795,385</b>	841,357
DISTRIBUTION COST	52,919	41,095	148,855	115,710
ADMINISTRATIVE EXPENSES	48,830	43,106	141,744	119,994
OTHER OPERATING EXPENSES	3,244	11,423	16,034	24,172
	<b>104,993</b>	95,624	<b>306,633</b>	259,876
	<b>112,352</b>	237,761	<b>488,752</b>	581,481
OTHER OPERATING INCOME / (LOSS)	521	(20)	3,605	4,628
OPERATING PROFIT	<b>112,873</b>	237,741	<b>492,357</b>	586,109
FINANCE COST	100,409	70,303	238,740	207,391
	<b>12,464</b>	167,438	<b>253,617</b>	378,718
EXCHANGE				
EXCHANGE FLUCTUATION (GAIN)/LOSS	(28,183)	14,534	37,271	53,790
PROFIT BEFORE TAXATION	<b>40,647</b>	152,904	<b>216,346</b>	324,928
TAXATION				
- current	19,301	11,674	59,348	32,682
- tax credit	(14,612)	0	(45,580)	0
- prior	0	0	16,845	12,132
- deferred	24,469	0	50,907	0
	<b>29,158</b>	11,674	<b>81,520</b>	44,814
PROFIT AFTER TAXATION	<b>11,489</b>	141,230	<b>134,826</b>	280,114
OTHER COMPREHENSIVE INCOME	0	0	0	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<b>11,489</b>	141,230	<b>134,826</b>	280,114
----- (Rupees) -----				
EARNINGS PER SHARE	0.43	5.35	5.10	10.61

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

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**HOOR YOUSAFZAI**  
Director

**ASSAD SAIFULLAH KHAN**  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE NINE MONTHS ENDED 31 MARCH, 2014  
(UN-AUDITED)**

	Note	2014	2013
		(Rupees in thousand)	
<b>NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>	A	<b>197,907</b>	<b>(114,954)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long term finances - net		220,333	(46,036)
Lease finances - repaid		0	(1,070)
Short term borrowings - net		470,606	580,026
Dividend paid		(64,617)	(51,520)
Finance cost paid		(176,909)	(188,795)
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>		<b>449,413</b>	<b>292,605</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(656,713)	(206,397)
Sale proceeds of fixed assets		4,107	23,204
Held-for-trading investment -net		(1)	2,042
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<b>(652,607)</b>	<b>(181,151)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(5,287)</b>	<b>(3,500)</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
- At the beginning of the period		16,372	8,786
- At the end of the period		<b>11,085</b>	<b>5,286</b>

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**HOOR YOUSAFZAI**  
Director

**ASSAD SAIFULLAH KHAN**  
Director

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Note 'A'	2014	2013
	(Rupees in thousand)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period - before taxation</b>	<b>216,346</b>	324,928
<b>Add adjustments for non-cash charges and other items:</b>		
Depreciation and amortization	142,545	124,792
Deferred liability -staff retirement benefits - net	15,688	15,210
Gain on disposal of property plant and equipment - net	(1,175)	(3,940)
Exchange fluctuation loss of long term financing	39,957	42,800
Unrealized loss on ccs loan	0	11,684
Gain on sale of available-for-sale investments		
Adjustment on remeasurement of investments - net	(1,346)	91
Finance cost (excluding bank charges)	222,881	194,277
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>		
<b>- Before working capital changes</b>	<b>634,896</b>	709,842
<b>(increase) / decrease in current assets:</b>		
Store, spare parts & loose tools	(14,775)	(1,911)
Stock-in-trade	(388,526)	(526,305)
Trade debts	(11,539)	(117,631)
Loans and advances	6,334	(17,820)
Trade deposits and short term prepayments	(3,113)	(1,644)
Taxes refundable	(5,103)	(8,893)
Other receivables	14,318	(6,288)
Increase in trade and other payables (excluding unclaimed dividend)	14,867	(92,189)
	<b>(387,537)</b>	(772,681)
<b>CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>		
<b>- Before taxation</b>	<b>247,359</b>	(62,839)
Taxes paid	(44,228)	(48,797)
<b>CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>		
<b>- After taxation</b>	<b>203,131</b>	(111,636)
Long term loans - net	(5,373)	(4,527)
Long term deposits from employees	555	1,142
Long term deposits	(406)	67
	<b>(5,224)</b>	(3,318)
<b>NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>197,907</b>	(114,954)

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**HOOR YOUSAFZAI**  
Director

**ASSAD SAIFULLAH KHAN**  
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2014  
(UN-AUDITED)**

	Share Capital	Reserves			Unappro- priated profit	Total equity
		Capital	Revenue	Sub- total		
(Rupees in thousand)						
Balance as at 30 June, 2012 (audited and restated) - note 3	264,129	115,981	150,000	265,981	657,733	1,187,843
For cash dividend for the Year ended 30 June, 2012 at the rate of Rs.2 per share	0	0	0	0	(52,826)	(52,826)
Profit for nine month ended 31 March, 2013	0	0	0	0	280,114	280,114
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	6,900	6,900
upon sale of revalued assets	0	0	0	0	3,224	3,224
Balance as at 31 March, 2013	264,129	115,981	150,000	265,981	895,145	1,425,255
Profit for the quarter ended 30 June, 2013	0	0	0	0	154,187	154,187
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	1,894	1,894
upon sale of revalued assets					463	463
Balance as at 30 June, 2013	264,129	115,981	150,000	265,981	1,051,689	1,581,799
Balance as at July 01, 2013 (audited and restated) - note 3	264,129	115,981	150,000	265,981	1,052,489	1,582,599
For cash dividend for the Year ended 30 June, 2013 at the rate of Rs.2 per share	0	0	0	0	(66,032)	(66,032)
Profit for the nine months ended 31 March, 2014	0	0	0	0	134,826	134,826
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	6,231	6,231
<b>Balance as at 31 March, 2014</b>	<b>264,129</b>	<b>115,981</b>	<b>150,000</b>	<b>265,981</b>	<b>1,127,514</b>	<b>1,657,624</b>

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

The Chief Executive is out of Pakistan and in his absence these financial statements have been signed by the two directors as required under section 241 (2) of the Companies Ordinance, 1984.

**HOOR YOUSAFZAI**  
Director

**ASSAD SAIFULLAH KHAN**  
Director



**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED 31 MARCH, 2014  
(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, 2013.

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, 2013 except for the adoption of a new accounting policy as referred to in note 3.

**3. AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN THE CURRENT PERIOD**

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2013 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information except for IAS 19 (revised), 'Employee Benefits'. The impact of this amendment on the condensed interim financial information is as follows:

IAS 19 (revised) applicable for annual period beginning on and after January 01, 2013, has eliminated the corridor approach and requires to calculate finance cost on net funding bases. The Company has applied this change in accounting policy retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and the earliest period presented in the condensed interim statement of changes in equity and condensed interim balance sheet has been restated; the effect of restatement on profit and loss account and cash flow statement, being immaterial, has been ignored. The Company has recorded unrecognised actuarial losses net of taxes associated with retirement benefits - gratuity by adjusting the opening balance of unappropriated profit and retirement benefits for the prior period presented and has used latest actuarial valuation conducted as on June 30, 2012 for making these adjustments. No fresh actuarial assessment has been carried-out for the preparation of this condensed interim financial information.

Effects of change in accounting policy are as follows:

	As at June 30, 2013			As at June 30, 2012		
	Before Restatement	As re-stated	Re-statement	Before Restatement	As re-stated	Re-statement
Staff retirement benefits	(96,654)	(109,705)	(13,051)	(75,628)	(89,699)	(14,071)
Deferred tax asset	177,740	181,309	3,569	188,013	191,802	3,789
Unappropriated profit	(1,061,971)	(1,052,489)	9,482	(668,015)	(657,733)	10,282

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	(Un-audited) 31 March, 2014	(Audited) 30 June, 2013
(Rupees in thousand)		
<b>4. LONG TERM FINANCING - Secured</b>		
Balance at the beginning of the period / year	758,345	834,848
Add: obtained during the period / year	852,331	80,729
	<u>1,610,676</u>	<u>915,577</u>
Less: repaid during the period / year	631,998	181,132
	<u>978,678</u>	<u>734,445</u>
Add: adjustment of exchange fluctuation loss	44,457	23,900
	<u>1,023,135</u>	<u>758,345</u>
Less: Current portion grouped under current liabilities	108,500	233,933
	<u>914,635</u>	<u>524,412</u>

These finances, during the period, carried mark-up at the rates ranging from 1.8535% to 12.12% (30 June, 2013: 1.925% to 14.52%) per annum.

## 5. CONTINGENCIES AND COMMITMENTS

- 5.1 There has been no significant change in the status of contingencies since the Company's latest annual audited financial statements.
- 5.2 Commitments against irrevocable letters of credit outstanding at 31 March, 2014 were Rs. 319.335 million (30 June, 2013 Rs.50.883 million)

## 6. PROPERTY, PLANT AND EQUIPMENT

Opening written down value	2,591,121	2,494,233
Add: Additions made during the period / year	656,713	292,657
	<u>3,247,834</u>	<u>2,786,890</u>
Less: Written down value of disposals made during the period / year	2,932	23,376
	<u>3,244,902</u>	<u>2,763,514</u>
Less: Depreciation charged during the period / year	142,413	172,393
	<u>3,102,489</u>	<u>2,591,121</u>

## 7. 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 2014	Jul - Mar 2013
(Rupees in thousand)		
- sale of goods and services	20,808	49,890
- purchase of goods and services	400,816	308,239
- purchase of fixed assets	0	12,328
- dividend paid	32,742	26,194
- sale of fixed assets	736	0

## 8. CORRESPONDING FIGURES

- 8.1 In order to comply with the requirements of IAS 34 'Interim Financial Reporting', the condensed interim balance sheet have been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of the immediately preceding financial year.
- 8.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison. However, no significant re-classifications have been made except for

## SAIF TEXTILE MILLS LIMITED *Third Quarterly Report 2013-2014*

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re-statement made in accordance with IAS 19 (revised) as reflected in note 3 to this condensed interim financial information.

### 9. GENERAL

- 9.1 This condensed interim financial information was approved by the Board of Directors and authorised for issue on 29 April, 2014.
- 9.2 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

The Chief Executive is out of Pakistan and in his absence these financial statements have been signed by two directors as required under section 241 (2) of the Companies Ordinance, 1984.

**HOOR YOUSAFZAI**  
Director

**ASSAD SAIFULLAH KHAN**  
Director