



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

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COMPANY INFORMATION

BOARD OF DIRECTORS	Anwar Saifullah Khan - Chairman Javed Saifullah Khan Osman Saifullah Khan - Chief Executive Jehangir Saifullah Khan Hoor Yousafzai Assad Saifullah Khan Arif Saeed
AUDIT COMMITTEE	Hoor Yousafzai - Chairperson Jehangir Saifullah Khan - Member Assad Saifullah Khan - Member
HR & REMUNERATION COMMITTEE	Arif Saeed - Chairman Osman Saifullah Khan - Member Assad Saifullah Khan - Member
CHIEF FINANCIAL OFFICER	Noman Ahmad
COMPANY SECRETARY	Sabir Khan
HEAD OF INTERNAL AUDIT	Salman Shafiq
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 Askari Bank Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Industrial and Commercial Bank of China Limited Meezan Bank Limited National Bank of Pakistan NIB Bank Limited Soneri Bank Limited The Bank of Punjab United Bank Limited
HEAD OFFICE	Kulsum Plaza, 4th Floor, 2020 - Blue Area, Islamabad-44000 Telephone : +92-51-2342155-60 Fax : +92-51-2342162, 2342176 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 : +92-42-37235081-37235082 Fax : +92-42-37358817 E-mail : info@hmaconsultants.com
MILLS	Industrial Estate, Gadoon Amazai, District Sawabi Telephone : +92-938-270313, 270429 Fax : +92-938-270514 E-mail : stmgn@saifgroup.com
CYBER	www.saiftextile.com

Director's Review Report

The un-audited financial statements of the Company for the third quarter and nine months ended on March 31, 2015 are being presented to you with the following observations.

During the period under review, your Company has posted a gross profit of Rs. 522 million (2014: Rs.795 million). The gross profit margin of the company has declined to 9.1 % from 13.4 % as compared with the corresponding period of last year.

The period closed with a loss before tax of Rs. 65.2 million (2014: Profit Rs.216.3 million). The decline in profitability is due to worsening in yarn demand both of international and domestic market with reduction in demand of fabric that has not only hampered local sales but also effect the exports. It was coupled with increase in finance cost due to swap of foreign loan to Local currency loan. The overall performance of your company would have been even better if there was stability in fuel and operational costs.

Currently, the prices of raw cotton are showing upward trend whereas yarn prices are not responding in the same direction which is resulting in loss in conventional products, whereas there is demand of specialized products hence giving better profit margins. This gives the company some breathing space. The management of your company is continuously focusing on these specialized products for niche markets and it will help the company to replace the conventional products in future and improve the profitability. The Slowdown in demand of Fabric from Europe USA and China has created sustainability challenges for yarn manufacturers. We are hopeful that Government of Pakistan will take 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: 28 April, 2015

OSMAN SAIFULLAH KHAN
Chief Executive

**CONDENSED INTERIM BALANCE SHEET AS AT
31 MARCH, 2015**

	Note	Un-audited 31 Mar, 2015	Audited 30 June, 2014
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
Unappropriated profit		957,156	1,143,500
		1,487,266	1,673,610
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		125,414	131,355
NON-CURRENT LIABILITIES			
Sub-ordinated loan		508,500	493,750
Long term financing	3	839,507	939,218
Long term deposits		3,519	3,751
Deferred liability- staff retirement benefits		154,095	149,619
		1,505,621	1,586,338
CURRENT LIABILITIES			
Trade and other payables		530,946	621,093
Accrued mark-up and financial charges		194,662	167,607
Short term borrowings		2,542,140	1,959,663
Current portion of: - long term financing		297,393	225,610
		3,565,141	2,973,973
CONTINGENCIES AND COMMITMENTS			
	4	6,683,442	6,365,276
NON-CURRENT ASSETS			
Property plant and equipment	5	3,275,831	3,372,503
Intangible assets		381	513
Long term loans		27,624	11,923
Long term deposits		10,008	9,444
Deferred taxation		102,306	110,009
CURRENT ASSETS			
Stores, spare parts and loose tools		104,021	113,108
Stock-in-trade		1,690,981	1,485,532
Trade debts		1,081,205	869,841
Loans and advances		51,183	33,863
Trade deposits and short term prepayments		3,960	12,585
Other receivables		13,687	17,583
Investments		7,383	6,477
Deposit for shares		0	0
Taxation		235,239	229,965
Taxes refundable		62,663	67,076
Cash and bank balances		16,970	24,854
		3,267,292	2,860,884
		6,683,442	6,365,276

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

OSMAN SAIFULLAH KHAN
Chief Executive

ASSAD SAIFULLAH KHAN
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2015
(UN-AUDITED)**

	Quarter Ended		Nine Months Ended	
	31, March 2015	31, March 2014	31, March 2015	31, March 2014
	(Rupees in thousand)			
SALES				
Local	1,480,842	1,461,185	4,446,285	4,557,973
Export	298,573	475,224	1,322,221	1,376,841
	1,779,415	1,936,409	5,768,506	5,934,814
LESS:				
COST OF SALES	1,660,856	1,719,064	5,246,442	5,139,429
GROSS PROFIT	118,559	217,345	522,064	795,385
DISTRIBUTION COST	46,932	52,919	136,395	148,855
ADMINISTRATIVE EXPENSES	47,383	48,830	149,575	141,744
OTHER OPERATING EXPENSES	(1,096)	3,244	0	16,034
	93,219	104,993	285,970	306,633
	25,340	112,352	236,094	488,752
OTHER OPERATING INCOME	408	521	1,764	3,605
OPERATING PROFIT	25,748	112,873	237,858	492,357
FINANCE COST	100,613	100,409	288,786	238,740
	(74,865)	12,464	(50,928)	253,617
EXCHANGE FLUCTUATION LOSS - Net (LOSS) / PROFIT BEFORE TAXATION	5,121 (79,986)	(28,183) 40,647	14,276 (65,204)	37,271 216,346
TAXATION				
- current	20,042	4,689	53,345	13,768
- prior	0	0	0	16,845
- deferred	32,861	24,469	7,704	50,907
	52,903	29,158	61,049	81,520
(LOSS) / PROFIT AFTER TAXATION	(132,889)	11,489	(126,253)	134,826
OTHER COMPREHENSIVE INCOME	0	0	0	0
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(132,889)	11,489	(126,253)	134,826
		(Rupees)		
(LOSS) / EARNINGS PER SHARE	(5.03)	0.43	(4.78)	5.10

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

OSMAN SAIFULLAH KHAN
Chief Executive

ASSAD SAIFULLAH KHAN
Director

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED 31 MARCH, 2015
(UN-AUDITED)**

	Note	2015	2014
		(Rupees in thousand)	
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	A	(176,527)	197,907
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finances - net		(21,954)	220,333
Short term borrowings - net		582,477	470,606
Dividend paid		(64,831)	(64,617)
Finance cost paid		(252,874)	(176,909)
NET CASH INFLOW FROM FINANCING ACTIVITIES		242,818	449,413
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(74,016)	(656,713)
Sale proceeds of fixed assets		0	4,107
Held-for-trading investment -net		(159)	(1)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(74,175)	(652,607)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(7,884)	(5,287)
CASH AND CASH EQUIVALENTS:			
- At the beginning of the period		24,854	16,372
- At the end of the period		16,970	11,085

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

OSMAN SAIFULLAH KHAN
Chief Executive

ASSAD SAIFULLAH KHAN
Director

SAIF TEXTILE MILLS LIMITED *Third Quarterly Report 2014-2015*

Note 'A'	2015	2014
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit for the period - before taxation	(65,204)	216,346
Add adjustments for non-cash charges and other items:		
Depreciation and amortization	171,166	142,545
Deferred liability -staff retirement benefits - net	4,476	15,688
(Gain) / loss on disposal of property plant and equipment - net	(346)	(1,175)
Exchange fluctuation loss of long term financing	8,776	39,957
Adjustment on remeasurement of investments - net	(747)	(1,346)
Finance cost (excluding bank charges)	279,928	222,881
CASH INFLOW FROM OPERATING ACTIVITIES		
- Before working capital changes	398,049	634,896
(increase) / decrease in current assets:		
Store, spare parts & loose tools	9,087	(14,775)
Stock-in-trade	(205,449)	(388,526)
Trade debts	(211,364)	(11,539)
Loans and advances	(17,145)	6,334
Trade deposits and short term prepayments	8,625	(3,113)
Taxes refundable	4,413	(5,103)
Other receivables	3,896	14,318
Increase in trade and other payables (excluding unclaimed dividend)	(91,348)	14,867
	(499,285)	(387,537)
CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES		
- Before taxation	(101,236)	247,359
Taxes paid	(58,619)	(44,228)
CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES		
- After taxation	(159,855)	203,131
Long term loans - net	(15,876)	(5,373)
Long term deposits from employees	(232)	555
Long term deposits	(564)	(406)
	(16,672)	(5,224)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	(176,527)	197,907

OSMAN SAIFULLAH KHAN
Chief Executive

ASSAD SAIFULLAH KHAN
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2015
(UN-AUDITED)**

	Share Capital	Reserves			Unappropriated (loss) / profit	Total equity
		Capital	Revenue	Sub-total		
		(Rupees in thousand)				
Balance as at 30 June, 2013	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 nine month 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
Balance as at 31 March, 2014	264,129	115,981	150,000	265,981	1,127,514	1,657,624
Profit for the quarter ended 30 June, 2014	0	0	0	0	13,903	13,903
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	2,083	2,083
Balance as at 30 June, 2014	264,129	115,981	150,000	265,981	1,143,500	1,673,610
Balance as at July 01, 2014	264,129	115,981	150,000	265,981	1,143,500	1,673,610
For cash dividend for the Year ended 30 June, 2014 at the rate of Rs.2 per share					(66,032)	(66,032)
Loss for the nine months ended 31 March, 2015	0	0	0	0	(126,253)	(126,253)
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	5,941	5,941
Balance as at 31 March, 2015	264,129	115,981	150,000	265,981	957,156	1,487,266

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

OSMAN SAIFULLAH KHAN
Chief Executive

ASSAD SAIFULLAH KHAN
Director

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED 31 MARCH, 2015
(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, 2014.

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, 2014.

(Un-audited) 31 March, 2015	(Audited) 30 June, 2014 (Rupees in thousand)
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3. LONG TERM FINANCING - Secured

Balance at the beginning of the period / year	1,164,828	758,345
Add: obtained during the period / year	37,019	1,003,416
	<u>1,201,847</u>	<u>1,761,761</u>
Less: repaid during the period / year	64,947	596,933
	<u>1,136,900</u>	<u>1,164,828</u>
Less: Current portion grouped under current liabilities	297,393	225,610
	<u>839,507</u>	<u>939,218</u>

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, 2015 were Rs.196.248 million (30 June, 2014 Rs.195.852 million).

SAIF TEXTILE MILLS LIMITED *Third Quarterly Report 2014-2015*

	(Un-audited) 31 March, 2015	(Audited) 30 June, 2014
(Rupees in thousand)		
5. PROPERTY, PLANT AND EQUIPMENT		
Opening written down value	3,372,503	2,813,118
Add: Additions made during the period / year	79,143	758,567
	3,451,646	3,571,685
Less: Written down value of disposals made during the period / year	4,649	2,073
	3,446,997	3,569,612
Less: Depreciation charged during the period / year	171,166	197,109
	3,275,831	3,372,503

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 2015	Jul - Mar 2014
(Rupees in thousand)		
- sale of goods and services	68,147	20,808
- purchase of goods and services	469,577	400,816
- purchase of fixed assets	0	0
- dividend paid	32,743	32,742
- sale of fixed assets	0	736

7. CORRESPONDING FIGURES

- 7.1 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.
- 7.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison. However, no significant re-classifications have been made.

8. GENERAL

- 8.1 This condensed interim financial information was approved by the Board of Directors and authorised for issue on 28 April, 2015.
- 8.2 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

OSMAN SAIFULLAH KHAN
Chief Executive

ASSAD SAIFULLAH KHAN
Director