



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

CONTENTS	Page No.
COMPANY INFORMATION	2
DIRECTORS' REVIEW REPORT TO THE MEMBERS	3
CONDENSED BALANCE SHEET (UN-AUDITED)	4
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)	5
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)	6
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)	8
SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)	9

COMPANY INFORMATION

BOARD OF DIRECTORS	Anwar Saifullah Khan Javed Saifullah Khan Osman Saifullah Khan Jehangir Saifullah Khan Hoor Yousafzai Assad Saifullah Khan Arif Saeed	- Chairman - Chief Executive
AUDIT COMMITTEE	Hoor Yousafzai Jehangir Saifullah Khan Assad Saifullah Khan	- Chairperson - Member - Member
HR & REMUNERATION COMMITTEE	Arif Saeed Osman Saifullah Khan Assad Saifullah Khan	- Chairman - Member - Member
CHIEF FINANCIAL OFFICER	Noman Ahmad	
COMPANY SECRETARY	Sabir Khan	
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 Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited HSBC Bank Middle East Limited Meezan Bank Limited National Bank of Pakistan NIB Bank Limited The Bank of Punjab 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	
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 : +92-42-7235081-7235082 Fax : +92-42-7358817 E-mail : info@hmaconsultants.com	
MILLS	Industrial Estate, Gadoon Amazai, District Sawabi Telephone : +92-938-270313, 270429 Fax : +92-938-270514 E-mail : stmgdn@saifgroup.com	
CYBER	www.saiftextile.com	

Directors' Review Report

The un-audited financial statements of the company for the First Quarter ended on September 30, 2013 are being presented to you with the following observations.

FINANCIAL HIGHLIGHTS

During the first quarter, your company has managed to earn a gross profit of Rs. 346.5 million on sales of Rs. 2.025 billion (Gross profit margin: 17%) as compared to gross profit of Rs. 261.3 million on sales of Rs. 1.64 billion (Gross profit margin: 15.9%). The increase in gross profit is mainly due to improved local market conditions, margins earned over last year procured cotton and increase in capacities for specialized products.

The operating results of your company are much improved as compared to the corresponding period of last year; Pre tax profit of Rs 113.5 million against 92.6 million of last year whereas Post tax profit of Rs 62.5 million as against Rs.82.6 million of last year.

GENERAL MARKET CONDITIONS AND FUTURE OUTLOOK

The market conditions have been favorable during the first quarter of current financial year as reflected in the results of your company. However the prices of new Pakistani cotton crop are high despite of high production. This price hike is not reflected in yarn prices. Also the market conditions of the next quarter are not encouraging for spinning sector due to decline in demand of yarn from China. All these factors will impact our ability to achieve previous growth and margins. The other factors that may affect the profitability of the company are the ever increasing trend in the prices of energy inputs and the shortage of electricity and gas in the country and most importantly the weakening position of Rupee vs Dollar.

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 as most of the investment currently in process will Insha ALLAH be completed in the coming quarters and will start delivering a return on investment.

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, 2013

Osman Saifullah Khan
Chief Executive

**CONDENSED INTERIM BALANCE SHEET
AS AT 30 SEPTEMBER, 2013**

	Note	(Un-audited) 30 September 2013	(Audited) 30 June, 2013
(Rupees in thousand)			
SHARE CAPITAL AND RESERVES			
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		1,060,543	1,061,971
		1,590,653	1,592,081
Surplus on revaluation of property, plant and equipment		135,672	137,708
NON-CURRENT LIABILITIES			
Sub-ordinated loan		527,500	494,000
Long term financing	3	569,537	524,412
Long term deposits		3,099	2,900
Deferred liability- staff retirement benefits		105,349	96,654
		1,205,485	1,117,966
CURRENT LIABILITIES			
Trade and other payables		423,295	511,836
Accrued mark-up and financial charges		129,330	105,156
Short term borrowing		1,613,480	1,974,680
Current portion of :-			
- long term financing		215,658	233,933
		2,381,763	2,825,605
CONTINGENCIES AND COMMITMENTS			
	4	5,313,573	5,673,360
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,631,850	2,591,121
Intangible assets		645	689
Long term loans		7,840	8,213
Long term deposits and prepayments		9,042	8,982
Deferred taxation		126,736	177,740
CURRENT ASSETS			
Stores, spare parts and loose tools		72,325	69,999
Stock-in-trade		1,199,301	1,694,585
Trade debts		912,743	786,239
Loans and advances		67,474	42,762
Trade deposits and short term prepayments		4,918	2,881
Other receivables		21,176	35,967
Investments		5,138	4,283
Deposit for shares		0	0
Taxation		186,606	175,067
Taxes refundable		59,396	58,460
Cash and bank balances		8,383	16,372
		2,537,460	2,886,615
		5,313,573	5,673,360

The annexed notes form an integral 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, 2013**

	Jul - Sep 2013	Jul - Sep 2012
	(Rupees in thousand)	
Sales	2,025,799	1,641,265
Cost of Sales	1,679,201	1,379,950
Gross profit	346,598	261,315
Administrative & distribution cost	94,573	76,552
Other operating expenses	8,417	7,086
	102,990	83,638
	243,608	177,677
Other operating income	1,281	192
	244,889	177,869
Finance cost	65,559	78,272
	179,330	99,597
Exchange fluctuation loss - net	65,758	7,000
Profit before taxation	113,572	92,597
Taxation		
- current	0	9,918
- deferred	51,004	0
	51,004	9,918
Profit after taxation	62,568	82,679
Other comprehensive income	0	0
Total comprehensive income	62,568	82,679
	(Rupees)	
Earning per share	2.37	3.13

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, 2013**

	Note	2013	2012
		(Rupees in thousand)	
NET CASH INFLOW FROM OPERATING ACTIVITIES	A	483,828	295,519
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finances - net		(6,650)	24,911
Lease finances - net		0	(347)
Short term finances - Net		(361,200)	(196,649)
Dividend paid		(138)	(18)
Financial charges paid		(37,516)	(62,867)
CASH OUTFLOW FROM FINANCING ACTIVITIES		(405,504)	(234,970)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(86,468)	(77,516)
Sale proceeds of fixed assets		155	12,172
Investments -net		0	737
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(86,313)	(64,607)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(7,989)	(4,058)
CASH AND CASH EQUIVALENTS:			
- At the beginning of the period		16,372	8,786
- At the end of the period		8,383	4,728

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, 2013**

	2013	2012
	(Rupees in thousand)	
Note 'A'		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period - before taxation	113,572	92,597
Add adjustments for:		
Depreciation & amortization	45,628	38,396
Deferred liability -staff retirement benefits - net	8,695	6,504
Loss on disposal of fixed assets - net	0	223
Loss on revaluation of long term loan	67,000	6,800
Gain on cross currency adjustment	0	(574)
Gain on investments - net	(855)	(188)
Financial charges (excluding interest on WPPF & bank charges)	61,690	74,795
CASH INFLOW FROM OPERATING ACTIVITIES	295,730	218,553
- Before working capital changes		
(increase) / decrease in current assets:		
Store, spare parts and loose tools	(2,326)	13,130
Stock-in-trade	495,284	303,735
Trade debts	(126,504)	16,977
Loans and advances	(24,743)	(10,182)
Trade deposits and short term prepayments	(2,037)	132
Taxes refundable	(936)	(1,908)
Other receivables	14,791	(2,917)
Decrease in trade and other payables (excluding unclaimed dividend)	(154,435)	(228,703)
	199,094	90,264
CASH INFLOW FROM OPERATING ACTIVITIES		
- Before taxation	494,824	308,817
Taxes paid	(11,539)	(13,412)
CASH INFLOW FROM OPERATING ACTIVITIES	483,285	295,405
- After taxation		
Long term loans - net	404	(142)
Long term deposits from employees	199	256
Long term deposits and advance rentals	(60)	0
	543	114
NET CASH INFLOW FROM OPERATING ACTIVITIES	483,828	295,519

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, 2013**

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.

	(Un-audited) 30 September, 2013	(Audited) 30 June, 2013
	(Rupees in thousand)	
3. LONG TERM FINANCES - Secured		
Balance at the beginning of the period / year	758,345	834,848
Add: obtained during the period / year	20,000	63,433
	<u>778,345</u>	<u>898,281</u>
Less: repaid during the period / year	26,650	163,836
	<u>751,695</u>	<u>734,445</u>
Add: adjustment of exchange fluctuation loss	33,500	23,900
	<u>785,195</u>	<u>758,345</u>
Less: Current portion grouped under current liabilities	215,658	233,933
	<u>569,537</u>	<u>524,412</u>

These finances, during the period, carried mark-up at the rates ranging from 1.925% to 12.03% (30 June, 2012: 1.925% to 14.56%) 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	<u>469,391</u>	50,883
	<u>469,391</u>	<u>50,883</u>

SAIF TEXTILE MILLS LIMITED *First Quarterly Report 2013-2014*

	(Un-audited) 30 September, 2013	(Audited) 30 June, 2013
	(Rupees in thousand)	
5. PROPERTY, PLANT AND EQUIPMENT		
Opening written down value	2,591,121	2,494,233
Add: Additions made during the period / year	86,468	292,657
	2,677,589	2,786,890
Less: Written down value of disposals made during the period / year	155	23,376
	2,677,434	2,763,514
Less: Depreciation charged during the period / year	45,584	172,393
	2,631,850	2,591,121

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.

	July - Sep 2013	July - Sep 2012
	(Rupees in thousand)	
- sale of goods and services	0	10,010
- purchase of goods and services	148,733	214,874

7. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 28 September, 2013 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