



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

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COMPANY INFORMATION

| | | |
|--------------------------------|--|---|
| BOARD OF DIRECTORS | Javed Saifullah Khan Anwar Saifullah Khan Osman Saifullah Khan Omar Saifullah Khan Jehangir Saifullah Khan Hoor Yousafzai Muhammad Ayub | - Chairman / Chief Executive - NIT Nominee |
| AUDIT COMMITTEE | Osman Saifullah Khan Hoor Yousafzai Muhammad Ayub | - Chairman - Member - Member |
| CHIEF FINANCIAL OFFICER | Zaheen-ud-Din Qureshi | |
| COMPANY SECRETARY | Mumtaz H. Chaudhry | |
| LEGAL ADVISOR | Dr. Pervez Hassan Hassan & Hassan, Advocates Abdul Latif Yousafzai, Advocates | |
| AUDITORS | M/s Hameed Chaudhri & Co., Chartered Accountants HM House, 7-Bank Square, Lahore Telephone : +92-42-7235084 Fax : +92-42-7235083 E-mail : hcc@pol.com.pk | |
| BANKERS | Albaraka Islamic Bank B.S.C (E.C) Allied Bank Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Meezan Bank Limited National Bank of Pakistan The Bank of Punjab The Hongkong and Shanghai Banking Corporation 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 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 third quarter and nine months ended on March 31, 2009 are being presented to you with the following observations.

FINANCIAL HIGHLIGHTS

During the nine months, your Company earned a gross profit of Rs. 69.596 million on sales of Rs. 2,681.950 million as compared to a gross profit of Rs. 347.483 million on sales of Rs. 3,166.226 million. Unfortunately, the gross profit margin of the Company has declined to 2.60% as compared to 10.90% for the corresponding period of last year.

The simultaneous fall in both demand and prices for textile products is unprecedented and is a direct result of the depressed economic conditions in the domestic and export textiles market. Furthermore, the current global economic crisis has caused major fluctuations in raw material and yarn prices during the period under review, which has had an adverse effect on the Company's profitability.

Your Company also faced a substantial increase in operating costs, caused by the unprecedented hike in domestic energy tariffs (while international energy prices have fallen considerably) and the unending rise in KIBOR resulting in increasing financial costs. Major fluctuations in the Rupee to Dollar parity meant that the Company was unable to access cheaper USD denominated lines of credit leading to additional financial costs for your Company. As a result of all these challenges, the Company suffered an operating loss of Rs. 110.612 million as compared to an operating profit of Rs. 205.237 million for the corresponding period of last year.

Your Company has been able to maintain its financial ratios due to the help and assistance extended by the commercial banks in allowing a 12 to 18 month debt moratorium. This process is being finalized, and the benefits are expected to be realized in the next quarter.

The management of your Company is in the process of appointing an independent valuator for carrying out a comprehensive valuation of fixed assets. This updated valuation is expected to further improve the financial leverage of your Company.

GENERAL MARKET CONDITIONS

Market conditions have continued to deteriorate during the nine month period under review. The adverse effects have been felt throughout the national economy, with the textile industry in particular facing the following issues:

- The impact on USD denominated credit lines and financial costs from the drastic negative change in parity of PKR versus US Dollars.
- Increase in prices of energy inputs and the shortage of Electricity and Gas in the country.
- Domestic and provincial socio-economic uncertainty.

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FUTURE OUTLOOK

The management is consistently applying its efforts to increase your Company's efficiency and profitability by focusing on value added products and has commenced sales in the fabric segment.

Measures need to be taken immediately to reduce financial, power and energy costs. The management again requests the SBP to permit a mark-up subsidy on Working Capital loans so that Pakistani manufacturers can be cost competitive.

As a textile manufacturer based in the NWFP, your Company has maintained its efficient operations despite a deteriorating law and order situation. By doing so, it has continued to secure the jobs and future opportunities of dependant communities. Your management is dedicated to overcoming all these operational challenges in order to ensure growth and a turnaround in 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.

Place: Islamabad
Dated: 29 April, 2009

For and on behalf of the Board

ANWAR SAIFULLAH KHAN
Director

**CONDENSED INTERIM BALANCE SHEET AS AT
31 MARCH, 2009**

| | Note | Un-audited 31 Mar, 2009 (Rupees in thousand) | Audited 30 June, 2008 |
|---|------|--|--------------------------|
| 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 (loss) / profit | | (126,300) | 340,518 |
| | | 403,810 | 870,628 |
| SURPLUS ON REVALUATION OF PROPERTY PLANT & EQUIPMENT | | 98,646 | 103,754 |
| NON-CURRENT LIABILITIES | | | |
| Long term financing | 3 | 1,275,378 | 1,291,185 |
| Liabilities against assets subject to finance lease | | 2,787 | 3,173 |
| Long term deposits | | 421 | 1,695 |
| Deferred liability- staff retirement benefits | | 34,450 | 31,947 |
| | | 1,313,036 | 1,328,000 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 295,148 | 238,171 |
| Accrued mark-up and financial charges | | 100,531 | 34,274 |
| Short term borrowings | | 1,658,818 | 1,478,612 |
| Current portion of : | | | |
| - long term financing | | 239,377 | 239,377 |
| - liabilities against assets subject to finance lease | | 653 | 593 |
| | | 2,294,527 | 1,991,027 |
| CONTINGENCIES AND COMMITMENTS | 4 | 4,110,019 | 4,293,409 |
| NON-CURRENT ASSETS | | | |
| Property plant and equipment | 5 | 2,099,842 | 2,194,375 |
| Intangible assets | | 629 | 910 |
| Long term loans | | 1,781 | 2,401 |
| Long term deposits | | 7,128 | 7,476 |
| Deferred taxation | | 194,095 | 99,871 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | | 48,554 | 51,263 |
| Stock-in-trade | | 888,767 | 911,516 |
| Trade debts | | 757,592 | 892,083 |
| Loans and advances | | 25,313 | 26,252 |
| Trade deposits and short term prepayments | | 8,753 | 3,984 |
| Due from associated companies | | 18,496 | 40,123 |
| Other receivables | | 3,833 | 832 |
| Investments | | 9,548 | 17,122 |
| Deposit for shares | | 0 | 0 |
| Taxation - net | | 11,492 | 10,815 |
| Taxes refundable | | 23,155 | 29,494 |
| Cash and bank balances | | 11,041 | 4,892 |
| | | 1,806,544 | 1,988,376 |
| | | 4,110,019 | 4,293,409 |

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 directors as required under section 241 (2) of the Companies Ordinance, 1984.

ANWAR SAIFULLAH KHAN
Director

HOOR YOUSAFZAI
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2009
(UN-AUDITED)**

| | Quarter Ended | | Nine Months Ended | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 31, March 2009 | 31, March 2008 | 31, March 2009 | 31, March 2008 |
| ----- (Rupees in thousand) ----- | | | | |
| SALES | | | | |
| Local | 859,051 | 703,150 | 2,157,367 | 2,181,785 |
| Export | 192,565 | 316,261 | 524,583 | 984,441 |
| | 1,051,616 | 1,019,411 | 2,681,950 | 3,166,226 |
| COST OF SALES | 1,050,355 | 922,642 | 2,612,354 | 2,818,743 |
| GROSS PROFIT | 1,261 | 96,769 | 69,596 | 347,483 |
| DISTRIBUTION COST | 18,851 | 31,127 | 86,701 | 87,889 |
| ADMINISTRATIVE EXPENSES | 23,257 | 19,595 | 75,378 | 58,061 |
| OTHER OPERATING EXPENSES | 8,726 | (487) | 19,133 | 0 |
| | 50,834 | 50,235 | 181,212 | 145,950 |
| | (49,573) | 46,534 | (111,616) | 201,533 |
| OTHER INCOME | 521 | 793 | 1,004 | 3,704 |
| OPERATING (LOSS) / PROFIT | (49,052) | 47,327 | (110,612) | 205,237 |
| FINANCE COST | 82,490 | 57,038 | 255,530 | 202,761 |
| | (131,542) | (9,711) | (366,142) | 2,476 |
| EXCHANGE FLUCTUATION LOSS - Net | 41,293 | 22 | 189,343 | 22 |
| (LOSS) / PROFIT BEFORE TAXATION | (172,835) | (9,733) | (555,485) | 2,454 |
| TAXATION | | | | |
| - Current | 1,632 | 5,097 | 6,381 | 15,831 |
| - Prior | 0 | 0 | 4,284 | 151 |
| - Deferred | (41,239) | (2,545) | (94,224) | (33,058) |
| | (39,607) | 2,552 | (83,559) | (17,076) |
| (LOSS) / PROFIT AFTER TAXATION | (133,228) | (12,285) | (471,926) | 19,530 |
| ----- (Rupees) ----- | | | | |
| (LOSS) / EARNINGS PER SHARE | (5.04) | (0.47) | (17.87) | 0.74 |

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ANWAR SAIFULLAH KHAN
Director

HOOR YOUSAFZAI
Director

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED 31 MARCH, 2009
(UN-AUDITED)**

| | Note | From July to March | |
|---|----------|--------------------|-----------|
| | | 2009 | 2008 |
| (Rupees in thousand) | | | |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | A | 168,402 | 195,281 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Long term financing - net | | (136,007) | (230,436) |
| Liabilities against assets subject to finance lease - net | | (326) | (40) |
| Short term borrowings - net | | 180,206 | 273,933 |
| Dividend paid | | 0 | (37) |
| Finance cost paid (excluding bank charges) | | (183,164) | (198,878) |
| NET CASH OUTFLOW FROM FINANCING ACTIVITIES | | (139,291) | (155,458) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Additions to property, plant and equipment | | (31,939) | (43,106) |
| Sale proceeds of property, plant and equipment | | 8,536 | 1,127 |
| Held-for-trading investment - net | | 441 | 8,353 |
| NET CASH OUTFLOW FROM INVESTING ACTIVITIES | | (22,962) | (33,626) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 6,149 | 6,197 |
| CASH AND CASH EQUIVALENTS: | | | |
| - At the beginning of the period | | 4,892 | 3,154 |
| - At the end of the period | | 11,041 | 9,351 |

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 directors as required under section 241 (2) of the Companies Ordinance, 1984.

ANWAR SAIFULLAH KHAN
Director

HOOR YOUSAFZAI
Director

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| Note 'A' | From July to March | |
|--|----------------------|-----------|
| | 2009 | 2008 |
| | (Rupees in thousand) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| (Loss) / Profit for the period - before taxation | (555,485) | 2,454 |
| Add adjustments for: | | |
| Depreciation and amortisation | 118,445 | 125,290 |
| Deferred liability -staff retirement benefits - net | 2,503 | 3,712 |
| (Gain) on disposal of property plant and equipment - net | (229) | (198) |
| Exchange fluctuation loss on long term loan | 120,200 | 0 |
| (Gain) / loss on trading investment - net | 7,133 | (2,387) |
| Finance cost (excluding bank charges) | 249,422 | 197,929 |
| CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES | | |
| - Before working capital changes | (58,011) | 326,800 |
| (increase) / decrease in current assets: | | |
| Store, spare parts and loose tools | 2,709 | (1,917) |
| Stock-in-trade | 22,749 | (19,400) |
| Trade debtors | 134,491 | 40,170 |
| Loans and advances | 819 | 3,760 |
| Trade deposits and short term prepayments | (4,769) | (3,341) |
| Taxes refundable | 6,339 | (1,093) |
| Due from associated companies | 21,627 | (1,033) |
| Other receivables | (3,001) | (63) |
| Increase / (decrease) in trade and other payables | 56,977 | (135,169) |
| | 237,941 | (118,086) |
| CASH INFLOW FROM OPERATING ACTIVITIES | | |
| - Before taxation | 179,930 | 208,714 |
| Taxes paid | (11,342) | (14,340) |
| CASH INFLOW FROM OPERATING ACTIVITIES | | |
| - After taxation | 168,588 | 194,374 |
| Long term loans - net | 740 | 742 |
| Long term deposits | (1,274) | 199 |
| Long term deposits and advance rentals | 348 | (34) |
| | (186) | 907 |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 168,402 | 195,281 |

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 directors as required under section 241 (2) of the Companies Ordinance, 1984.

ANWAR SAIFULLAH KHAN
Director

HOOR YOUSAFZAI
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2009
(UN-AUDITED)**

| | Share Capital | Reserves | | | Unappropriated profit | Total equity |
|---|----------------|----------------|----------------|----------------|-----------------------|----------------|
| | | Capital | Revenue | Sub-total | | |
| Rupees in thousand | | | | | | |
| Balance as at 30 June, 2007 | 264,129 | 115,981 | 150,000 | 265,981 | 372,933 | 903,043 |
| Profit for the period from July 01, 2007 to March 31 2008 | 0 | 0 | 0 | 0 | 19,530 | 19,530 |
| Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation - net of deferred taxation | | | | | 5,481 | 5,481 |
| Balance as at 31 March, 2008 | 264,129 | 115,981 | 150,000 | 265,981 | 397,944 | 928,054 |
| Loss for the quarter ended 30 June, 2008 | 0 | 0 | 0 | 0 | (59,254) | (59,254) |
| Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation - net of deferred taxation | 0 | 0 | 0 | 0 | 1,828 | 1,828 |
| Balance as at 30 June, 2008 | 264,129 | 115,981 | 150,000 | 265,981 | 340,518 | 870,628 |
| Loss for the nine months ended 31 March, 2009 | 0 | 0 | 0 | 0 | (471,926) | (471,926) |
| Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation - net of deferred taxation | 0 | 0 | 0 | 0 | 5,108 | 5,108 |
| Balance as at 31 March, 2009 | 264,129 | 115,981 | 150,000 | 265,981 | (126,300) | 403,810 |

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 directors as required under section 241 (2) of the Companies Ordinance, 1984.

ANWAR SAIFULLAH KHAN
Director

HOOR YOUSAFZAI
Director

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED 31 MARCH, 2009
(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 is located 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, 2008

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, 2008.

| (Un-audited) 31 March, 2009 | (Audited) 30 June, 2008 |
|--|-------------------------------|
|--|-------------------------------|

(Rupees in thousand)

3. LONG TERM FINANCING - Secured

| | | |
|---|------------------|-----------|
| Balance at the beginning of the period / year | 1,530,562 | 1,315,915 |
| Add: obtained during the period / year | 0 | 651,200 |
| | 1,530,562 | 1,967,115 |
| Less: repaid during the period / year | 136,007 | 467,353 |
| | 1,394,555 | 1,499,762 |
| Add: adjustment of exchange fluctuation loss | 120,200 | 30,800 |
| | 1,514,755 | 1,530,562 |
| Less: current portion grouped under current liabilities | 239,377 | 239,377 |
| | 1,275,378 | 1,291,185 |

These finances, during the period, carried mark-up at the rates ranging from 4.46% to 17.50% (30 June, 2008: 4.75% to 16.19%) 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:

| | | |
|-----------------------|---------------|---------|
| - capital expenditure | 0 | 1,058 |
| - others | 93,608 | 64,341 |
| | 93,608 | 207,732 |

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| 5. PROPERTY, PLANT AND EQUIPMENT | (Un-audited) 31 March, 2009 | (Audited) 30 June, 2008 |
|---|--|--|
| | (Rupees in thousand) | |
| Opening written down value | 2,194,375 | 2,303,353 |
| Add: Additions made during the period / year | 31,939 | 58,874 |
| | 2,226,314 | 2,362,227 |
| Less: Written down value of disposals made during the period / year | 8,307 | 929 |
| | 2,218,007 | 2,361,298 |
| Less: Depreciation charged during the period / year | 118,165 | 166,923 |
| | 2,099,842 | 2,194,375 |

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.

| | (Un-audited) Jul- Mar 2009 | (Un-audited) Jul- Mar 2008 |
|----------------------------------|---|---|
| | (Rupees in thousand) | |
| - sale of fixed assets | 1,401 | 0 |
| - sale of goods and services | 119,454 | 123,752 |
| - purchase of goods and services | 102,914 | 561,806 |
| - purchase of fixed assets | 85 | 0 |

7. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 29 April, 2009 by the board of directors of the Company.

8. FIGURES

- Figures in the condensed interim financial information have been rounded-off to the nearest thousand Rupees except stated otherwise.
- 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.

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.

ANWAR SAIFULLAH KHAN
Director

HOOR YOUSAFZAI
Director