



SALFI TEXTILE MILLS LIMITED

**Condensed Interim Financial Information (Unaudited)
For The Nine - Month Period Ended March 31, 2013**

SALFI TEXTILE MILLS LIMITED

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SALFI TEXTILE MILLS LIMITED

01

COMPANY INFORMATION BOARD OF DIRECTORS

CHAIRMAN AND CHIEF EXECUTIVE :

Mr. Anwar Ahmed Tata

DIRECTORS:

Mr. Shahid Anwar Tata
Mr. Adeel Shahid Anwar
Mr. Aijaz Ahmed Tariq
Mr. Muhammad Naseem
Mr. Farooq Advani
Mr. Kausar Ejaz

AUDIT COMMITTEE CHAIRMAN:

Mr. Shahid Anwar Tata

MEMBERS:

Mr. Aijaz Ahmed Tariq
Mr. Kausar Ejaz

HUMAN RESOURCE & REMMUNERATION COMMITTEE CHAIRMAN:

Mr. Muhammad Naseem

MEMBERS:

Mr. Anwar Ahmed Tata
Mr. Kausar Ejaz

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER:

Mr. Farooq Advani

BANKERS:

Allied Bank Limited.
Bank Al-Falah
Habib Metropolitan Bank Limited
MCB Bank Limited.
National Bank of Pakistan
Soneri Bank Limited
JS Bank Limited

AUDITORS:

M/s. M. Yousuf Adil Saleem & Co.
Chartered Accountants

LEGAL ADVISOR:

Faisal Mehmood Ghani & Co.
Advocates.

SHARE REGISTRAR:

Central Depository Company of Pakistan Limited
CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal
Tel# (Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053

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6th Floor Textile Plaza,
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Fax# 32417710

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MILLS:

HX-1, Landhi Industrial Area, Landhi, Karachi

DIRECTORS' REPORT

Assalam-o-Alaikum,

I feel pleasure in presenting to you the financial statements (un-audited) of the company for the 3rd Quarter ended on 31st March 2013.

Alhamdulillah, ALLAH has been very kind to us and despite the ongoing energy crisis, your company has performed well during the quarter under review and has made a pre-tax profit of Rs. 111.917 million in comparison to a pre-tax profit of Rs. 100.914 million during the corresponding period last year.

By the grace of ALLAH, our cotton purchases which began with the start of the cotton season have now been completed. Apparently, we have purchased good cotton at quite competitive rates which will enable us to get good profits.

Previously, there were no power shortages in Karachi but now gas shortages have also started affecting the industry here. Now, sometimes once in a week and sometimes twice a week, the gas is not available to the mills. As the only source of power for us is gas powered engines, so this put us in quite difficult situation. To have an alternate option available, we have applied for a new connection from KESC, but have only been allowed to get connection meeting 50% of our requirements and now we are in the process of completing the formalities. Government seriously needs to look upon the energy issue as only a long term solution to this mounting power crisis can rebuild investor's confidence in the industry.

Law and order situation of Karachi is quite bad and despite of the several assurances provided to the industry by the government, the conditions have not improved. Strikes and shutdowns have become a norm for the city and because of being the only port in the country, businesses suffered to a great extent.

Going forward, uncertain political environment in the country due to upcoming elections can affect the domestic industry which will avoid taking long term position on yarn, as a outcome of this, sales are likely to get slow down in the next quarter. Fiber prices have remained quite stable during the previous months, but have declined recently due to uncertainties existing in the global market. As a result of energy shortages in the upcountry, demand for synthetic yarn is also expected to remain dull. However, because of the good coverage of cotton and specialization of our product line, we are very confident that the next quarter will also have similar results. The synthetic yarn unit of the company is being converted for the production of cotton yarn. For this, L/Cs have already been established and machinery is being shipped, necessary installations will be completed in the coming quarter and it is expected that conversion process will be completed in June/July 2013.

It is pertinent to acknowledge the role of our team members in the growth of this organization as we as an organization believe that a hard working and motivated team is a synonym to our success. The pivotal role played by our bankers, brokers, suppliers also needs a mention here. We would also like to thank our clients for their continued confidence in our products.

On behalf of the Board of Directors



ANWAR AHMED TATA

Chairman / Chief Executive

Karachi:

Date: April 27, 2013

SALFI TEXTILE MILLS LIMITED**03****CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2013**

	Note	March 31, 2013 (Unaudited)	June 30, 2012 (Audited)
.....Rupees in '000'			
SHARE CAPITAL AND RESERVES			
Authorized			
5,000,000 ordinary shares of Rs.10 each		50,000	50,000
Issued, subscribed and paid-up			
3,342,570 ordinary shares of Rs. 10 each		33,426	33,426
Capital reserve			
-Other reserve		5,996	5,996
-Unrealized loss in value of securities available for sale		(439)	(434)
Unappropriated profit		1,106,137	845,383
		1,145,120	884,371
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		1,298,683	1,336,087
NON-CURRENT LIABILITIES			
Long-term financing		253,042	182,522
Deferred liabilities		254,723	252,502
CURRENT LIABILITIES			
Trade and other payables		333,109	284,009
Interest / mark-up accrued on loans		28,029	68,197
Short-term borrowings		1,086,757	314,496
Current portion of:			
-long-term financing		48,180	175,137
Taxation - income tax		103,768	45,877
		1,599,843	887,716
CONTINGENCIES AND COMMITMENTS			
	2	4,551,411	3,543,198
NON-CURRENT ASSETS			
Property, plant and equipment	3	1,973,554	2,003,448
Intangible assets		5,289	5,332
Long-term investments		527,039	480,834
Long-term deposits		463	463
CURRENT ASSETS			
Stores, spares and loose tools		28,723	22,051
Stock-in-trade		1,482,878	642,293
Trade debts		352,602	238,581
Loans and advances		119,148	66,835
Trade deposits and short-term prepayments		3,708	1,834
Other receivables		1,941	493
Other financial assets		14,521	9,629
Sales tax refundable		15,304	15,397
Cash and bank balances		26,241	56,008
		2,045,066	1,053,121
		4,551,411	3,543,198

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



ANWAR AHMED TATA
 Chairman/Chief Executive


SHAHID ANWAR TATA
 Director

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2013

Note	Nine-month period ended		Three-month period ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Rupees in '000'.....			
Sales	3,059,962	2,927,858	1,041,149	990,816
Cost of goods sold	4 (2,520,781)	(2,642,826)	(843,611)	(814,529)
Gross profit	539,181	285,032	197,538	176,287
Distribution cost	(111,520)	(64,025)	(25,726)	(23,553)
Administrative expenses	(52,498)	(42,859)	(19,375)	(13,293)
Other operating expenses	(50,718)	(9,556)	(25,914)	(2,256)
Other operating income	4,268	5,956	(1,179)	3,080
Finance cost	(90,920)	(118,168)	(35,948)	(45,696)
Share of profit / (loss) from an associate-net of tax	50,178	(8,739)	22,521	6,345
Profit before taxation	287,971	47,641	111,917	100,914
Provision for taxation	(54,587)	(46,541)	(19,779)	(16,620)
Profit for the period	233,384	1,100	92,138	84,294
Other comprehensive income				
Unrealised gain / (loss) on remeasurement of - investment available-for-sale	(5)	224	(117)	266
Total comprehensive income for the period	233,379	1,324	92,021	84,560
Earnings per share				
- Basic and diluted (Rupees)	69.82	0.33	27.56	25.22

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



ANWAR AHMED TATA
 Chairman/Chief Executive


SHAHID ANWAR TATA
 Director

SALFI TEXTILE MILLS LIMITED**05****CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)****FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2013**

	March 31, 2013	March 31, 2012
Rupees in '000'.....	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	287,971	47,641
Adjustments for:		
Depreciation on property, plant and equipment	57,782	58,234
Amortisation on intangible assets	843	-
Provision for staff gratuity and compensated absences	13,860	11,130
Provision for workers' welfare fund and workers' profit participation fund	18,140	1,838
Finance cost	90,920	118,168
Share of (Profit) / loss from an associate - net of tax	(50,178)	8,739
Exchange loss on forward booking contracts	10,690	-
Loss/(gain) on disposal of property, plant and equipment	130	(2,839)
Operating cash flows before working capital changes	430,158	242,911
(Increase) / decrease in current assets		
Stores, spares and loose tools	(6,672)	(12,125)
Stock-in-trade	(840,585)	(249,386)
Trade debts	(114,021)	(260,152)
Loans and advances	(15,270)	(1,150)
Trade deposits and short-term prepayments	(1,874)	(3,945)
Other financial assets	(4,892)	(500)
Other receivables	(1,448)	-
Sales tax refundable	93	(2,543)
Increase in current liabilities		
Trade and other payables	20,080	58,571
Cash used in operations	(534,431)	(228,319)
Finance cost paid	(131,088)	(94,162)
Income tax paid	(37,043)	(25,793)
Staff gratuity and compensated absences paid	(8,337)	(8,042)
Long term deposit paid	-	(168)
Net cash used in operating activities	(710,899)	(356,484)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(45,273)	(24,680)
Purchase of intangible assets	(801)	-
Proceeds from disposal of property, plant and equipment	17,253	2,702
Dividend received	3,967	11,903
Net cash used in investing activities	(24,854)	(10,075)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term finance	(56,437)	(86,990)
Proceeds/(Repayment) from short-term borrowings	486,733	(19,253)
Dividends paid	(9,838)	(9,857)
Net cash used in financing activities	420,458	(116,100)
Net decrease in cash and cash equivalents (A+B+C)	(315,295)	(482,659)
Cash and cash equivalents as at July 01	(139,718)	(122,945)
Cash and cash equivalents as at March 31	(455,013)	(605,604)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	26,241	38,826
Short term running finance	(481,254)	(644,430)
	(455,013)	(605,604)

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



ANWAR AHMED TATA
 Chairman/Chief Executive


SHAHID ANWAR TATA
 Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2013**

	Issued, subscribed and Paid up Capital	Other Reserve	Reserve		Total
			Capital	Revenue	
			Unrealized Loss on Securities available for sale	Unappropriated Profit	
	Rupees in '000'				
Balance at July 01, 2011	33,426	5,996	(530)	658,459	697,351
Comprehensive Income					
Profit after taxation for the nine-month period - ended March 31, 2012	-	-	-	1,100	1,100
Other comprehensive income - net of tax	-	-	224	-	224
	-	-	224	1,100	1,324
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	21,082	21,082
Share of surplus on revaluation of property, plant and equipment from associate on account of incremental depreciation - net of deferred tax	-	-	-	7,175	7,175
Transactions with owners:					
Final Cash Dividend for the year ended June 30, 2011 - @ Rs 3.00 per share	-	-	-	(10,028)	(10,028)
Balance as at March 31, 2012	33,426	5,996	(306)	677,788	716,904
Balance as at July 01, 2012	33,426	5,996	(434)	845,383	884,371
Comprehensive Income					
Profit after taxation for the nine month period ended March 31, 2013	-	-	-	233,384	233,384
Other comprehensive income - net of tax	-	-	(5)	-	(5)
	-	-	(5)	233,384	233,379
Transferred from surplus on revaluation of property, plant and equipment on account of - incremental depreciation - net of deferred tax	-	-	-	21,231	21,231
- disposal - net of deferred tax	-	-	-	10,078	10,078
Share of surplus on revaluation of property, plant and equipment from associate on account of incremental depreciation - net of deferred tax	-	-	-	6,089	6,089
Transactions with owners:					
Final Cash Dividend for the year ended June 30, 2012 - @ Rs 3.00 per share	-	-	-	(10,028)	(10,028)
Balance as at March 31, 2013	33,426	5,996	(439)	1,106,137	1,145,120

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


ANWAR AHMED TATA
Chairman/Chief Executive


SHAHID ANWAR TATA
Director

**SELECTED EXPLANATORY NOTES TO THE
CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2013**

1. SELECTED EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

- 1.1** Salfi Textile Mills Limited (the company) was incorporated in Pakistan on January 05, 1968 as a public limited company under the Companies Ordinance, 1984 and is listed on Karachi Stock Exchange. The registered office of the company is situated at 6th floor Textile Plaza M.A Jinnah Road, Karachi. The principal activity of the company is manufacturing and sale of yarn. The company's manufacturing facilities are located at Landhi Industrial Area, Karachi in the Province of Sindh.
- 1.2** These condensed interim financial statements have been prepared under 'historical cost convention' modified by:
- revaluation of certain property, plant and equipment
 - recognition of certain employee retirement benefits at present value
 - investment in associate under equity method
 - investment available for sale at fair value
- 1.3** These condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards, International Accounting Standard (IAS) 34: Interim Financial Reporting and in compliance with the requirement of section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi Stock
- 1.4** The accounting policies and methods of computation followed in the preparation of these 3rd Quarterly financial statements are the same as those of the published annual financial statements for the period ended June 30, 2012.

2. CONTINGENCIES AND COMMITMENTS

2.1 Contingencies

There is no change in contingencies disclosed in Note 11 of the annual audited financial statements for the year ended June 30, 2012.

		March 31, 2013	June 30, 2012
	Note	(Unaudited)	(Audited)
	Rupees in 000	
2.2 Commitments			
Civil works and machinery		33,758	406
Letters of credit for stock, store and Machinery		396,603	159,538
Bank guarantees	2.2.1	75,767	40,700
Bills discounted		269,302	321,471
Outstanding sales contract		186,679	189,753
Forward contracts			

- 2.2.1** This includes bank guarantee related to infrastructure cess amounting to Rs.36 million (June 30, 2012: Rs.30 million) which has been provided by the Company

3. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	3.1	1,933,879	1,998,528
Capital work-in-progress (CWIP)		39,675	4,920
		<u>1,973,554</u>	<u>2,003,448</u>

- 3.1 Following additions, transfers and disposals in operating fixed assets were made during the 3rd quarter ended March 31, 2013.

	Additions	Disposal (W.D.V)	Sale Proceed
 Rupees in '000'		
Vehicle	5,991	475	1,225
Machinery	-	12,749	9,610
	<u>5,991</u>	<u>13,224</u>	<u>10,835</u>

		Nine-month period ended		Three-month period ended	
	Note	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	Unaudited.....			
	Rupees in '000'.....			
4. COST OF GOODS SOLD					
Opening finished goods	4.1	271,114	517,665	212,683	359,092
Cost of goods manufactured	4.2	2,422,874	2,401,510	804,135	745,333
		2,693,988	2,919,175	1,016,818	1,104,425
Closing finished goods	4.1	(173,207)	(289,896)	(173,207)	(289,896)
Cost of goods sold		2,520,781	2,629,279	843,611	814,529
Cost of raw material sold		-	13,547	-	-
		2,520,781	2,642,826	843,611	814,529

- 4.1 Finished goods stock also includes waste stock carried at net realizable value.

4.2 Cost of goods manufactured

Raw material consumed	4.2.1	1,894,640	1,947,260	631,392	593,520
Packing material consumed		42,599	36,648	13,502	11,927
Stores and spares consumed		37,618	25,643	10,695	8,901
Salaries, wages and benefits		151,947	120,709	53,197	40,362
Fuel and power		227,229	185,752	74,372	66,627
Insurance		8,505	4,952	3,196	999
Repairs and maintenance		3,708	3,190	526	314
Depreciation		53,462	56,130	17,789	18,740
Other overheads		12,983	9,550	3,019	2,636
		<u>2,432,691</u>	<u>2,389,834</u>	<u>807,688</u>	<u>744,026</u>
Work-in-process					
Opening stock		21,677	34,837	27,941	24,468
Closing stock		(31,494)	(23,161)	(31,494)	(23,161)
		<u>(9,817)</u>	<u>11,676</u>	<u>(3,553)</u>	<u>1,307</u>
		<u>2,422,874</u>	<u>2,401,510</u>	<u>804,135</u>	<u>745,333</u>

4.2.1 Raw material consumed

Opening stock		349,502	190,844	771,758	693,715
Purchases - net		<u>2,823,315</u>	<u>2,455,881</u>	<u>1,137,811</u>	<u>599,270</u>
		<u>3,172,817</u>	<u>2,646,725</u>	<u>1,909,569</u>	<u>1,292,985</u>
Closing stock		(1,278,177)	(699,465)	(1,278,177)	(699,465)
		<u>1,894,640</u>	<u>1,947,260</u>	<u>631,392</u>	<u>593,520</u>

5. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings and key management personnel. The transactions between the Company and the related parties are carried out as per agreed terms. Significant transactions with related parties are as follows:

	March 31, 2013 (Unaudited)	June 30, 2012 (Audited)
	...Rupees in '000'...	
Balances with associate as at period / year end		
Long-term financing	-	117,793
Interest accrued on long-term financing	-	31,067
Power charges payable	124,386	117,793
	Three-month period ended	
	March 31, 2013 (Unaudited)	March 31, 2012 (Unaudited)
	...Rupees in '000'...	
Transactions with associates during the period		
Share of expense received	197	983
Share of expense paid	2	2
Mark-up on long-term financing	-	2,174
Purchase of power	74,329	66,537
Licensing Income	1,062	1,062
Transactions with key management personnel		
Short-term benefits	9,413	8,896
Directors meetings fee	45	10
Rent	907	192
Mark-up on long-term financing	-	335

6. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorized for issue on April 27, 2013 by the Board of Directors of the Company.



ANWAR AHMED TATA
Chairman/Chief Executive



SHAHID ANWAR TATA
Director

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