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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Asim Sajjad - Chief Executive
 Mr. Salman Muhammad Aslam
 Mr. Aftab Anwar
 Mr. Muhammad Amjad
 Miss Batool Zahra
 Mr. Mehr Allah Yar
 Mr. Sultan Mehmood

CFO/COMPANY SECRETARY

Mr. Irfan Hamid

AUDITORS

M/s. Mudassar Ehtisham & Co.
 Chartered Accountants

AUDIT COMMITTEE

Mr. Sultan Mehmood - Chairman
 Mr. Mehr Allah Yar - Member
 Miss Batool Zahra - Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Sultan Mehmood – Chairman
 Mr. Salman Muhammad Aslam - Member
 Mr. Aftab Anwer - Member
 Mr. Muhammad Amjad - Member

BANKERS

Habib Metropolitan Bank Limited
 Askari Bank Limited
 Bank Alfalah Limited
 Habib Bank Limited

COMPANY SHARE REGISTRARS

Hameed Majeed Associates (Pvt) Ltd.
 1st Floor, H.M. House,
 7 - Bank Square, Lahore
 TEL: 042.37235081-82
 FAX: 042-37358817
 e-mail: shares@hmaconsultants.com

REGISTERED OFFICE

19-B, Off. Zafar Ali Road,
 Gulberg-V, Lahore.
 Tel: 042-5712291 & 94
 Fax: 042-5711526
 E-Mail: Info@sajjadtextile.com

MILLS ADDRESS

64-KM, Multan Road, Jumber Kalan
 Tehsil Chunian
 District Kasur.
 Tel: 04951-388102

DIRECTORS' REPORT

Dear Shareholders,
Assalam-o-Alaikum,

The Directors are pleased to present the un-audited accounts for the second quarter and half year ended December 31, 2013.

Financial Results

The financial results are as under:

	July-Dec. 2013 (Rupees in Million)	Oct.-Dec. 2013 (Rupees in Million)
Sales	679.605	440.126
Cost of Sales	649.399	424.828
Gross Profit	30.206	15.298
Profit before taxation	8.653	5.685
Profit after taxation	3.596	2.821

The Company made before tax profit of Rs. 5.685 million and Rs. 8.653 million for 2nd quarter and half year ended December 31, 2013 as against before tax profit of Rs. 25.122 million and Rs. 45.029 million for the corresponding periods last year.

Earnings/ (Loss) per share

Profit after tax per share was Rs. 0.13 and Rs. 0.17 for 2nd quarter and half year ended December 31, 2013 as against per share profit of Rs. 1.38 and Rs. 2.41 for the corresponding periods last year.

The Company management has consistently increased its volume of sales and has produced much better quality of yarn as compared to corresponding period last year. The reason behind low profits is increased cost of raw cotton and high cost of Electricity, Sui Gas and increased salaries & wages. The yarn market's stagnant trend as compared to increased cotton prices and conversion cost further affected the financial results during the period under discussion. The Company management is focusing on exports and exports figure in the quarter under discussion is increased about 17 times as compared to corresponding period last year. The management places its appreciation on the record for workers and staff.

The Company management is in process of acquiring loan and credit limits from banks, financial institutions, debtors, sponsors and any other suitable sources available to procure good quality of cotton.

The Directors take opportunity to place on record their appreciation for the devotion and hard work of the Company's Executives, Staff and Workers.

For and on behalf of the Board

Lahore
28th February, 2014

MUHAMMAD ASIM SAJJAD
Chief Executive

Introduction

We have reviewed the accompanying condensed interim balance sheet of **SAJJAD TEXTILE MILLS LIMITED** (the Company) as at December 31, 2013, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof, for the six-months period then ended (here-in-after referred to as "the condensed interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2012 and December 31, 2013 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2013.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of the persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the six months period ended December 31, 2013 is not prepared in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Mudassar Ehtisham & Co.

Chartered Accountants

Engagement Partner:

Muhammad Ehtisham.

Lahore

28th February, 2014

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT DECEMBER 31, 2013

	Notes	DEC 31, 2013 (Un-Audited)	JUNE 30, 2013 (Audited)
----- Rupees -----			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	6.	434,345,362	441,007,690
Long term deposits		11,368,938	11,368,938
		445,714,300	452,376,628
CURRENT ASSETS			
Stores & spares		19,168,964	12,251,411
Stock in trade		136,417,747	145,012,780
Trade debts		24,711,256	69,266,135
Loans and advances		2,532,654	1,113,281
Trade deposits, prepayments and other receivables		24,562,976	23,209,818
Short term investment		18,484	17,732
Cash and bank balances	7.	16,243,340	7,893,110
		223,655,421	258,764,267
TOTAL ASSETS		669,369,721	711,140,895
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorised capital			
30,000,000 ordinary shares of Rs. 10/- each		300,000,000	300,000,000
Issued, subscribed and paid up capital		212,678,000	212,678,000
21,267,800 ordinary shares of Rs. 10/- each			
Reserve		11,920	11,920
Accumulated loss		(100,787,079)	(95,828,509)
		111,902,841	116,861,411
Surplus on revaluation of fixed assets		163,598,693	166,193,180
NON CURRENT LIABILITIES			
Sponsors' loan - unsecured	8.	209,192,447	211,692,447
Deferred liabilities		45,923,393	48,439,113
		255,115,840	260,131,560
CURRENT LIABILITIES			
Trade and other payables		111,297,453	132,037,079
Accrued mark-up on sponsors' loans		11,805,164	9,876,191
Short term loan from directors - unsecured	8.2	8,900,000	24,900,000
Provision for taxation		6,749,729	1,141,474
		138,752,346	167,954,744
Contingencies & commitments		-	-
TOTAL EQUITY AND LIABILITIES		669,369,721	711,140,895

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

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE SIX MONTHS & QUARTER PERIOD ENDED DECEMBER 31, 2013

	Notes	Six months ended 31, December		Quarter ended 31, December	
		2013	2012	2013	2012
		----- Rupees -----			
Sales	9	679,604,898	372,254,949	440,126,042	224,331,510
Less: cost of sales	10	649,399,152	309,928,773	424,828,429	188,172,335
GROSS PROFIT(Loss)		30,205,746	62,326,175	15,297,612	36,159,174
Selling & distribution expenses		8,351,129	2,224,834	3,849,251	1,930,480
Administrative expenses		13,570,265	8,983,908	7,940,494	5,079,173
Other operating expenses		765,003	3,952,671	179,084	2,476,895
		22,686,398	15,161,413	11,968,830	9,486,548
		7,519,348	47,164,763	3,328,782	26,672,627
Other income(Loss)		3,434,069	680,934	3,434,069	(33,190)
OPERATING PROFIT(Loss) before Finance Cost		10,953,418	47,845,696	6,762,852	26,639,437
Finance Cost		2,299,977	2,816,944	1,077,880	1,517,259
PROFIT BEFORE TAXATION		8,653,440	45,028,753	5,684,972	25,122,179
TAXATION					
-Current		(6,749,729)	(1,222,730)	(4,556,872)	(511,644)
-Prior		-	(26,224)	-	(26,224)
-Deferred		1,692,645	7,491,059	1,692,645	4,829,944
		(5,057,084)	6,242,105	(2,864,227)	4,292,076
PROFIT AFTER TAXATION		3,596,356	51,270,857	2,820,745	29,414,254
BASIC PROFIT PER SHARE - Rupees		0.17	2.41	0.13	1.38

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

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS & QUARTER PERIOD ENDED DECEMBER 31, 2013

	Six months ended 31, December		Quarter ended 31, December	
	2013	2012	2013	2012
	----- Rupees -----			
PROFIT / (LOSS) AFTER TAXATION	3,596,356	51,270,587	2,820,745	29,414,254
Other Comprehensive Income / (Loss)				
(Deficit) / Surplus on re-measurement of investment available for sale to fair value	-	-	-	-
Income tax relating to component of other comprehensive income / (loss)	-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS)	3,596,356	51,270,587	2,820,745	29,414,254

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

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2013

	DEC 31, 2013	DEC 31, 2012
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit(Loss) before taxation	8,653,440	45,028,753
Adjustments for:		
Depreciation and amortization	9,114,756	8,260,282
Financial charges	2,299,977	2,816,944
WPPF provision	470,922	2,449,071
WWF provision	178,950	930,647
(Profit) Loss on sale of assets	115,131	572,953
Gratuity provision	317,525	-
Operating (Loss) before working capital changes	21,150,702	60,058,649
Adjustments for working capital changes:		
(Increase) / Decrease In Current Assets		
Stores & spares	(6,917,553)	986,820
Stock in trade	8,595,033	(83,762,534)
Trade debts	47,964,220	(22,006,308)
Loans and advances	(1,419,373)	1,621,886
Trade deposits, prepayments and other receivables	(1,353,157)	(16,938,083)
	46,869,170	(120,098,220)
Increase / (Decrease) In Current Liabilities		
Trade and Other Payables	(20,739,626)	60,885,900
	(20,739,626)	60,885,900
Cash generated from / (Utilized in) Operations	47,280,246	846,329
Financial charges paid	(371,005)	(116,137)
Dividend Paid	(10,633,900)	-
Gratuity Paid	(1,122,600)	(691,000)
Income tax paid	(5,734,951)	(2,429,807)
	(17,862,456)	(3,236,944)
Net cash generated / (utilized) in operating activities	29,417,790	(2,390,615)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditure in Property, Plant & Equipment	(3,245,525)	(8,154,342)
Sale Proceeds from disposal of Property, Plant & Equipment	677,965	862,069
Long Term Deposits	-	-
Net Cash (outflow) / inflow from investing activities	(2,567,560)	(7,292,273)
CASH FLOWS FROM FINANCING ACTIVITIES		
Sponsors' loan	(2,500,000)	-
Short term loan from directors - unsecured	(16,000,000)	2,000,000
Net Cash (outflow) / inflow from investing activities	(18,500,000)	2,000,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	8,350,230	(7,682,888)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	7,893,110	16,111,879
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	16,243,340	8,428,991

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

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2013

	Capital Reserve			
	Issued, subscribed & paid up capital	Reserve on re-measurement of available for sale investment to fair value	Accumulated (Loss)	Total
	Rupees			
BALANCE AS AT JUNE 30, 2012	212,678,000	8,764	(151,131,316)	61,555,448
Total comprehensive Income/(loss)				
Profit for the six months period ended December 31, 2012	-	-	51,270,857	51,270,857
Other comprehensive income	-	-	51,270,857	51,270,857
Revaluation surplus on account of:				
-on account of Incremental Depreciation current period - net of Tax	-	-	1,818,828	1,818,828
-Disposal of Property, Plant & Machinery - net of Tax	-	-	1,818,828	1,818,828
BALANCE AS AT DECEMBER 31, 2012	212,678,000	8,764	(98,041,631)	114,645,133
Total comprehensive Income/(loss)				
Profit for the six months period ended June 30, 2013	-	-	392,299	392,299
Other comprehensive income	-	3,156	-	3,156
	-	3,156	392,299	395,455
Revaluation surplus on account of:				
-on account of Incremental Depreciation current period - net of Tax	-	-	1,820,823	1,820,823
-Disposal of Property, Plant & Machinery - net of Tax	-	-	1,820,823	1,820,823
BALANCE AS AT JUNE 30, 2013	212,678,000	11,920	(95,828,509)	116,861,411
Total comprehensive Income/(loss)				
Profit for the six months period ended December 31, 2013	-	-	3,596,356	3,596,356
Other comprehensive income	-	-	-	-
			3,596,356	3,596,356
Final Dividend for the year ended June 30, 2013				
@ Rupees 0.5 Per Ordinary Share of Rs.10/- each	-		(10,633,900)	(10,633,900)
			(10,633,900)	(10,633,900)
Revaluation surplus on account of:				
-on account of Incremental Depreciation current period - net of Tax	-	-	2,078,974	2,078,974
-Disposal of Property, Plant & Machinery - net of Tax	-	-	2,078,974	2,078,974
BALANCE AS AT DECEMBER 31, 2013	212,678,000	11,920	(100,787,079)	111,902,841

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

CHIEF EXECUTIVE

DIRECTOR

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2013

1. THE COMPANY AND ITS OPERATIONS

The company is incorporated as a public limited company in Pakistan under the Companies Ordinance, 1984 and is listed on Karachi and Lahore Stock Exchanges. The Company is principally engaged in manufacturing, selling, buying and dealing in yarn of all types. The registered office of the company is situated at 19-B, Off Zafar Ali Road, Gulberg-V, Lahore.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the six months period ended December 31, 2013 is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information has, however, been subjected to limited scope review by the statutory auditors of the Company, as required by the Code of Corporate Governance and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

The comparative condensed interim profit and loss account and condensed interim statement of comprehensive income and notes, thereto, for the quarters ended December 31, 2013 and 2012 are also included in this condensed interim financial information, which were not subject to review.

This condensed interim financial information does not include all the information and disclosures required for full financial statements, and should be read in conjunction with the company's audited annual financial Statements for the year ended June 30, 2013.

3. BASIS OF ACCOUNTING

The accounting policies adopted for preparation of these half year and quarterly un-audited accounts are the same as adopted in the preceding annual accounts of the Company.

4. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding audited annual financial statements of the Company for the year ended June 30, 2013, except for changes resulting from initial application of standards, amendments or interpretations to existing standards.

However, amendments / improvements and new interpretations of approved accounting standards effective during the period, were not relevant to the Company's operations and did not have any material impact on the accounting policies of the Company.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the company's accounting policies and key sources of estimation of uncertainty are the same as those were applied to the annual audited financial statements for the year ended June 30, 2013.

6. PROPERTY, PLANT AND EQUIPMENT

		December 31, 2013	June 30, 2013
		----- Rupees -----	
Tangible operating fixed assets - at net book value	6.1	434,345,362	441,007,690
Intangible assets		-	-
		<u>434,345,362</u>	<u>441,007,690</u>

6.1 Detail of additions and disposals at net book value along with depreciation charged during the period / year are as follows:

DESCRIPTION

Opening net book value	441,007,690	379,037,764
<u>Additions during the period / year</u>		
Plant and Machinery	1,119,875	31,300,371
Office Equipments	246,150	-
Vehicles	1,879,500	-
Revaluation Surplus	-	48,813,764
	<u>3,245,525</u>	<u>80,114,135</u>
<u>Disposals during the period / year</u>		
Generating set	793,096	1,435,022
Depreciation charged thereon	<u>9,114,756</u>	<u>16,709,187</u>
Closing net book value	<u>434,345,362</u>	<u>441,007,690</u>

7. CASH AND BANK BALANCES

Cash in hand	715,908	879,099
Cash with banks	<u>15,527,432</u>	<u>7,014,010</u>
	<u>16,243,340</u>	<u>7,893,110</u>

8. SPONSORS' LOAN - UNSECURED

Interest free	8.1	199,437,447	199,437,447
Interest bearing - Long Term Loan	8.2	9,755,000	12,255,000
Interest bearing - Short Term Loan	8.2	<u>8,900,000</u>	<u>24,900,000</u>
		<u>218,092,447</u>	<u>236,592,447</u>

8.1 This represents interest-free loan obtained from directors, chief executive officer and other sponsors. These loans are unsecured and not payable within next twelve months. There is no fixed tenure for repayment of these liabilities.

8.2 The loan is unsecured and carries markup @ 3 months kibar plus 2%.

HALF YEARLY REPORT DECEMBER 31, 2013

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2013**

	Six months ended 31, December		Quarter ended 31, December	
	2013	2012	2013	2012
	Rupees			
9. SALES				
Local:				
-Sales of yarn - Local	368,032,838	253,752,030	332,502,040	159,991,930
-Sales of yarn - Export	311,256,559	18,191,155	109,519,666	15,678,223
-Sale of waste	6,882,222	21,758,125	4,648,272	11,542,720
-Conversion charges	-	80,606,400	-	38,723,550
	686,171,619	374,307,710	446,669,978	225,936,423
Less Commission on:				
-Sales of yarn - Local	(2,324,426)	(515,911)	(2,324,426)	(515,911)
-Sales of yarn - Export	(4,242,296)	(1,536,850)	(4,219,511)	(1,089,002)
	(6,566,722)	(2,052,761)	(6,543,937)	(1,604,913)
	679,604,898	372,254,949	440,126,042	224,331,510
10. COST OF SALES				
Raw material consumed	482,658,711	206,290,085	262,782,135	131,830,130
Salaries, wages & benefits	41,840,138	34,498,388	23,966,357	18,569,958
Fuel & power	82,081,870	51,693,462	43,926,349	26,579,642
Repair and maintenance	2,687,710	578,716	2,204,099	411,534
Other manufacturing overheads	6,040,911	4,969,843	2,912,980	3,060,151
Rent, Rates & Taxes	200,000	-	100,000	-
Cotton cess duty	769,410	892,754	424,265	505,618
Store consumed	8,695,381	9,335,117	3,745,727	5,327,589
Insurance	892,671	958,438	352,632	590,067
Packing material consumed	8,368,687	7,390,604	5,211,984	4,003,183
Depreciation	8,912,172	8,130,611	4,455,784	4,085,447
	643,147,660	324,738,018	350,082,312	194,963,319
Opening stock of work in process	10,304,521	7,900,034	13,175,691	9,317,251
Closing stock of work in process	(14,707,553)	(12,073,136)	(14,707,553)	(12,073,136)
	(4,403,032)	(4,173,102)	(1,531,862)	(2,755,885)
Cost of goods manufactured	638,744,629	320,564,917	348,550,449	192,207,435
Opening stock of finished goods	28,068,113	7,530,878	93,597,417	15,557,978
Closing stock of finished goods	(16,810,577)	(18,139,142)	(16,810,577)	(18,139,142)
	11,257,536	(10,608,264)	76,786,840	(2,581,164)
Opening stock of waste	2,711,113	4,410,104	2,805,266	2,984,048
Closing stock of waste	(3,314,126)	(4,437,983)	(3,314,126)	(4,437,983)
	(603,013)	(27,879)	(508,860)	(1,453,935)
	649,399,152	309,928,773	424,828,429	188,172,335
10.1 Raw Material Consumed				
Opening Raw Material	103,929,051	25,264,902	12,600,972	47,069,847
Add: Purchases	480,315,150	275,243,374	480,315,169	178,978,474
Less: Closing Stock	(101,585,490)	(94,218,191)	(101,585,490)	(94,218,191)
	482,658,711	206,290,085	262,782,135	131,830,130

11. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

Transactions with related parties and associated undertakings are as under:

- There was no sale or purchase transactions with associated undertaking.
- Long term interest free loan payable to directors and sponsors Rs.199.437 million as at December 31, 2013 (June 30, 2013 Rs. 199.437 million.)
- Long term interest bearing loan payable to directors and sponsors Rs.9.755 million as at December 31, 2013 (June 30, 2013 Rs. 12.255 million.)
- Short term interest bearing loan payable to directors and sponsors Rs.8.900 million as at December 31, 2013 (June 30, 2013 Rs. 24.900 million.)

12. FINANCIAL RISK MANAGEMENT

The companies' financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements of the company as at and for the year ended June 30, 2013.

13. DATE OF AUTHORIZATION

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on February 28, 2014.

14. GENERAL

- Figures have been rounded off to the nearest rupees.

CHIEF EXECUTIVE

DIRECTOR

BOOK POST
PRINTED MATTER
(Under Postal Certificate)

If undelivered please return to:
SAJJAD TEXTILE MILLS LTD.
19-B, Off Zafar Ali Road, Gulberg-V, Lahore
042-35775501-02 Fax: 35711526
E-mail: info@sajjadtextile.com