

SARITOW SPINNING MILLS LIMITED

HALF YEAR REPORT

31-12-2024

(Un-Audited)

BOARD OF DIRECTORS

Mr. M. Naseem Saigol	Chairman
Mr. M. Zeid Yousuf Saigol	Chief Executive Officer
Mr. M. Murad Saigol	
Mr. Samir Iqbal Saigol	
Mr. Muhammad Omer Farooq	
Mrs. Sadaf Kashif	
Mr. Jamal Nasim	

AUDIT COMMITTEE

Mr. Jamal Nasim	Chairman/Member
Mr. Muhammad Murad Saigol	Member
Mr. Muhammad Omer Farooq	Member
Mrs. Sadaf Kashif	Member

HR & REMUNERATION COMMITTEE

Mr. Jamal Nasim	Chairman/Member
Mr. M. Zeid Yousuf Saigol	Member
Mr. Muhammad Murad Saigol	Member
Mr. Muhammad Omer Farooq	Member

COMPANY SECRETARY

Mr. Shakeel Ahmed

CHIEF FINANCIAL OFFICER

Mr. Muhammad Shamil, FCA

AUDITORS

M/s Rahman Sarfaraz Rahim Iqbal Rafiq & Co.
Chartered Accountants

BANKERS

Bank Alfalah Limited
Faysal Bank Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
NIB Bank Limited
The Bank of Punjab
Summit Bank Limited
Meezan Bank Limited
Habib Metropolitan Bank Limited
Askari Bank Limited
Habib Bank Limited
JS Bank Limited
Sindh Bank Limited

SHARE REGISTRAR

M/s Corplink (Pvt.) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore
Tel: 042-35916714-19, 35839182 Fax: 042-35869037
E-mail: shares@corplink.com.pk

REGISTERED OFFICE

10-G, Mushtaq Ahmed Gurmani Road,
Gulberg-II, Lahore
Tel: 042-35920151-59 (Pabx) & 042-35920133 (Direct)
E-mail: shares@saigols.com

MILLS

51-KM, Multan Road,
Phool Nagar, District Kasur



ISO 9001:2008 Certified

SARITOW SPINNING MILLS LIMITED

10-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore (Pakistan), Phone: 042-35920151-59 (Pabx)
042-35920133 (Direct) Email: azamsaritow@saigols.com

DIRECTORS' REPORT

The Directors of M/s. Saritow Spinning Mills Limited are please to present Financial Results for the half year ended December 31, 2024 along with Auditors Report and Director Report thereupon.

Financial Highlights	Half Year Ending Dec 31, 2023	Half Year Ending Dec 31, 2023
Net Sales	0	1,987.705
Gross (Loss)	(41.628)	(118.024)
Operating (Loss)	(53.638)	(161.202)
Loss after Tax	(55.949)	(353.096)
Earnings per share	(1.87)	(11.83)

Operating Financial Results

During the period under Review your Company remain temporarily closed due to consistent unfavorable market conditions during the period under review.

The period under review is not favorable for the industry. Overall business environment became very tough in the country which was badly affected by the geo political scenario of the world. Consistently decreasing local raw cotton production, increase in major input costs and depressed yarn market have eroded the profits of industry.

Future Outlook

At the moment we are working on revival of the project. During past few months markup rates have gone down and are expected to go down further. Reduction in power rates will also be a very healthy sign which will help in early revival of the project.

COMPOSITION OF BOARD

Composition of the Board of Directors is as under.

Names	Category
Mr. Jamal Nasim	Independent Director
Mrs. Sadaf Kashif	Female Director/ Independent Director
Mr. M. Naseem Saigol	Non-Executive Directors
Mr. Muhammad Murad Saigol	
Mr. Muhammad Omer Farooq	
Mr. Muhammad Zeid Yousuf Saigol	Executive Directors
Mr. Samir Iqbal Saigol	



SARITOW SPINNING MILLS LIMITED

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COMMITTEE'S

Detail of Committee's of Board is as under.

AUDIT COMMITTEE

Mr. Jamal Nasim	Chairman/Member
Mr. Muhammad Murad Saigol	Member
Mr. Muhammad Omer Farooq	Member
Mrs. Sadaf Kashif	Member

HR & REMUNERATION COMMITTEE

Mr. Jamal Nasim	Chairman/Member
Mr. Muhammad Zeid Yousuf Saigol	Member
Mr. Muhammad Murad Saigol	Member
Mr. Muhammad Omer Farooq	Member

We wish to thank to the shareholders for their support. We are pleased to record our appreciation of the services rendered by the employees of the company and hope that the same spirit of devotion will continue in future.

For and on behalf of the Boards


M. ZEID YOUSUF SAIGOL
Chief Executive


M. MURAD SAIGOL
Director

Lahore
February 28, 2025

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of SARITOW SPINNING MILLS LIMITED Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **SARITOW SPINNING MILLS LIMITED** [the Company] as at **31 December 2024** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the 'interim financial statements'). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the three-month period ended **31 December 2024** of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income have not been reviewed as we are required to review only cumulative figures for the six-month period ended on that date.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for 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.

Basis for Adverse Conclusion

The Company has been facing a declining trend in profitability resulting in substantial losses. During the period ended 31 December 2024, the Company has incurred gross loss of Rs. 41.628 million and loss after taxation of Rs. 55.949 million. As at 31 December 2024, the Company has accumulated losses of Rs. 282.222 million and its current liabilities exceed its current assets by Rs. 653.201 million as at that date. The Company has mostly relied on the financial support of its directors and sponsors to deal with resulting liquidity challenges. The Board of Directors of the Company in its meeting held on 28 February 2024 has resolved to close the production facility for the time being. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, these accompanying interim financial statements have been prepared on going concern basis based on reasons explained in note 2.2. We consider that in the absence of any favorable market conditions, ability to obtain further financing and revival of profitable operations, the Company may not be able to settle its liabilities and realize its assets in the normal course of business. Consequently, the use of going concern assumption in the preparation of accompanying financial statements is not appropriate and adjustments may be required to the recorded asset amounts and classification of liabilities. The financial statements do not disclose this fact.

Adverse Conclusion

Our review indicates that, because of the matters discussed in Basis for Adverse Conclusion paragraph, the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is **ALI RAZA JAFFERY**.


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Lahore | 28 February 2025

UDIN: RR202410704Qu0DmLweq




SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	31-Dec-24 Rupees [Un-audited]	30-Jun-24 Rupees [Audited]
EQUITY AND LIABILITIES			
EQUITY			
<i>Authorized share capital</i>		350,000,000	400,000,000
Issued share capital		298,406,070	298,406,070
Loan from director	6	102,000,000	102,000,000
Revaluation reserve		82,557,868	82,557,868
Accumulated losses		(282,222,414)	(226,273,410)
TOTAL EQUITY		200,741,524	256,690,528
LIABILITIES			
NON-CURRENT LIABILITIES			
Loan from directors and other shareholders	7	265,884,966	265,884,966
Long term finances	8	-	12,324,275
Long term deposits		6,010,000	6,010,000
Employees retirement benefits		17,453,337	20,529,847
Deferred grant	9	-	74,172
		289,348,303	304,823,268
CURRENT LIABILITIES			
Trade and other payables		264,296,835	276,393,139
Unclaimed dividend		485,351	485,351
Short term borrowings		449,100,000	469,054,112
Accrued interest		9,271,009	11,350,217
Current portion of non-current liabilities	10	-	28,182,352
		723,153,195	785,465,171
TOTAL LIABILITIES		1,012,501,498	1,090,288,431
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		1,213,243,022	1,346,978,959

The annexed notes from 1 to 21 form an integral part of these financial statements


Chief Executive


Chief Financial Officer


Director

KSRIR
for identification only

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	31-Dec-24 Rupees [Un-audited]	30-Jun-24 Rupees [Audited]
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	1,127,034,703	1,155,113,202
Long term deposits		16,256,860	19,236,860
		1,143,291,563	1,174,350,062
CURRENT ASSETS			
Stores and spares		20,708,944	21,789,571
Trade receivables		793,017	6,392,105
Short term deposits		-	86,577,832
Advances and other receivables		15,012,037	29,103,256
Cash and bank balances		33,437,461	28,766,133
		69,951,459	172,628,897
TOTAL ASSETS		1,213,243,022	1,346,978,959

The annexed notes from 1 to 21 form an integral part of these financial statements


Chief Executive


Chief Financial Officer


Director

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SARITOW SPINNING MILLS LIMITED


CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2024

	Note	Six-month period ended		Three-month period ended	
		31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
		Rupees [Un-audited]	Rupees [Un-audited]	Rupees [Un-audited]	Rupees [Un-audited]
Revenue from contracts with customers	13	-	1,987,705,313	-	869,815,907
Cost of sales	14	(41,628,464)	(2,105,728,928)	(21,581,235)	(946,824,753)
Gross loss		(41,628,464)	(118,023,615)	(21,581,235)	(77,008,846)
Other income		-	279,636	-	-
Selling and distribution expenses		(720,520)	(8,843,041)	(255,160)	(3,429,276)
Administrative expenses		(11,288,854)	(34,615,069)	(5,411,878)	(16,849,842)
		(12,009,374)	(43,458,110)	(5,667,038)	(20,279,118)
Operating loss		(53,637,838)	(161,202,089)	(27,248,273)	(97,287,964)
Finance costs		(2,311,166)	(66,220,878)	(603,930)	(26,679,116)
Loss before statutory levies and income taxes		(55,949,004)	(227,422,967)	(27,852,203)	(123,967,080)
Provision for statutory levies	15	-	(24,846,322)	-	(10,872,704)
Loss before income taxes		(55,949,004)	(252,269,289)	(27,852,203)	(134,839,784)
Provision for income taxes		-	-	-	-
Loss after income taxes		(55,949,004)	(252,269,289)	(27,852,203)	(134,839,784)
Basic loss per share		(1.87)	(8.45)	(0.93)	(4.52)

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements


Chief Executive


Chief Financial Officer


Director

RSRIR
for identification only

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2024

	Six-month period ended		Three-month period ended	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
	Rupees [Un-audited]	Rupees [Un-audited]	Rupees [Un-audited]	Rupees [Un-audited]
Loss after income taxes	(55,949,004)	(252,269,289)	(27,852,203)	(134,839,784)
Other comprehensive income	-	-	-	-
Total comprehensive loss	(55,949,004)	(252,269,289)	(27,852,203)	(134,839,784)

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements



Chief Executive



Chief Financial Officer



Director


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SARITOW SPINNING MILLS LIMITED

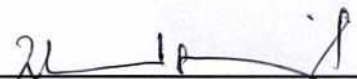
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2024

	Share capital		Capital reserves		Total equity
	Issued share capital Rupees	Loan from director and sponsors Rupees	Revaluation reserve Rupees	Retained earnings Rupees	
As at 01 July 2023 - [Audited]	298,406,070	102,000,000	83,795,232	79,715,774	563,917,076
Comprehensive income					
Loss after income taxes	-	-	-	(252,269,289)	(252,269,289)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(252,269,289)	(252,269,289)
Incremental depreciation	-	-	(618,690)	618,690	-
Transaction with owners	-	-	-	-	-
Balance as at 31 December 2023 - [Un-audited]	298,406,070	102,000,000	83,176,542	(171,934,825)	311,647,787
Balance as at 01 January 2024 - [Un-audited]	298,406,070	102,000,000	83,176,542	(171,934,825)	311,647,787
Comprehensive income					
Loss after income taxes	-	-	-	(56,430,643)	(56,430,643)
Other comprehensive income	-	-	-	1,473,384	1,473,384
Total comprehensive loss	-	-	-	(54,957,259)	(54,957,259)
Incremental depreciation	-	-	(618,674)	618,674	-
Transaction with owners	-	-	-	-	-
Balance as at 30 June 2024 - [Audited]	298,406,070	102,000,000	82,557,868	(226,273,410)	256,690,528
Balance as at 01 July 2024 - [Audited]	298,406,070	102,000,000	82,557,868	(226,273,410)	256,690,528
Comprehensive income					
Loss after income taxes	-	-	-	(55,949,004)	(55,949,004)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(55,949,004)	(55,949,004)
Incremental depreciation	-	-	-	-	-
Transaction with owners	-	-	-	-	-
Balance as at 31 December 2024 - [Un-audited]	298,406,070	102,000,000	82,557,868	(282,222,414)	200,741,524

The annexed notes from 1 to 26 form an integral part of these financial statements


Chief Executive


Chief Financial Officer


Director


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SARITOW SPINNING MILLS LIMITED


CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2024

Note	31-Dec-24 Rupees [Un-audited]	31-Dec-23 Rupees [Un-audited]
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(55,949,004)	(227,422,967)
Adjustments for:		
Depreciation	27,115,848	29,157,275
Provision for employees retirement benefits	-	18,583,008
Interest on borrowings	2,311,166	87,438,277
Impairment reversals for expected credit losses	(2,526,735)	-
Provision for statutory levies	-	-
	26,900,279	135,178,560
Loss before changes in working capital	(29,048,725)	(92,244,407)
Changes in working capital		
Long term deposits	2,980,000	-
Stores and spares	1,080,627	(2,192,683)
Stock in trade	-	167,979,646
Trade receivables	8,125,823	(65,882,314)
Advances and other receivables	(3,860,099)	10,265,820
Trade and other payables	15,689,668	79,271,471
Short term deposits	86,577,832	-
	110,593,851	189,441,940
Cash generated from operations	81,545,126	97,197,533
Payments for:		
Levies and taxes under ITO,2001	(9,834,654)	(94,838,553)
Interest on borrowings	(4,390,374)	(11,365,984)
Employees retirement benefits	(3,076,510)	(36,422,990)
Net cash generated/(used in) from operating activities	64,243,588	(45,429,994)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(4,706,868)
Proceeds from disposal of property, plant and equipment	962,651	675,566
Net cash generated from/(used in) investing activities	962,651	(4,031,302)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term finances	(40,580,799)	(12,061,646)
Net decrease in short term borrowings	(19,954,112)	(352,007,407)
Net increase in loan from directors and sponsors	-	417,400,000
Net cash (used in)/generated from financing activities	(60,534,911)	53,330,947
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,671,328	3,869,651
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	28,766,133	46,539,850
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	33,437,461	50,409,501

The annexed notes from 1 to 21 form an integral part of these financial statements


Chief Executive


Chief Financial Officer


Director

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2024

1 LEGAL STATUS AND OPERATIONS

Saritow Spinning Mills Limited ['the Company'] is incorporated in Pakistan as a Public Limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The Company is a spinning unit engaged in the manufacture and sale of yarn.

1.1 Location of business units

Registered Office	17-Aziz Avenue, Canal Bank Gulberg-V, Lahore, Pakistan
Manufacturing Unit	Bhai Pheru, District Kasur, Pakistan

2 BASIS OF PREPARATION

These interim financial statements are un-audited and have been presented in condensed form and do not include all information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2024.

These interim financial statements have been subjected to limited scope review by auditors of the company, as required under section 237 of the Companies Act, 2017. The comparative condensed interim statement of financial position as at 30 June 2024 and the related notes to the interim financial statements are based on audited financial statements. The comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and related notes to the condensed interim financial statements for the six-month period ended 31 December 2023 are based on unaudited, reviewed interim financial statements. The condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three-month period ended 31 December 2024 and 31 December 2023 are neither audited nor reviewed.

2.1 Statement of compliance

These interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of:

International Accounting Standard 34 'Interim Financial Reporting' [IAS 34], issued by International Accounting Standards Board as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Appropriateness of the going concern assumption

The Company has been facing a declining trend in profitability resulting in substantial losses. During the period ended 31 December 2024, the Company has incurred gross loss of Rs. 41.628 million and loss after taxation of Rs. 55.949 million. As at 31 December 2024, the Company has accumulated losses of Rs. 282.222 million and its current liabilities exceed its current assets by Rs. 653.201 million as at that date. Depressed yarn prices, increased production cost and underutilization of production capacity have contributed to the Company's challenging liquidity situation due to which the Company has mostly relied on the financial support of its directors and sponsors. The Board of Directors of the Company in its meeting held on 28 February 2024 has resolved to close the production facility for the time being. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, these financial statements have been prepared on going concern basis based on the following:

- The Company has continued financial support of its directors and sponsors in the form of interest free loans. During the reporting period, directors and sponsors have provided financial support amounting to Rs. 449.1 million in the form of interest
- Despite accumulated losses the Company has positive equity.
- The Company has curtailed its production in order to minimize fixed costs which will reduce the financial burden on the Company providing immediate relief.
- The Company has remained current in its debt servicing.

The management believes that in view of the afore mentioned, the Company will able to continue as a going concern.

2.2 Basis of measurement

These interim financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis as at the reporting date.

Items	Measurement basis
Financial liabilities	Amortized cost
Financial assets	Fair value/amortized cost
Land, building and plant machinery	Revalued amounts
Employee retirement benefits	Present value

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SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2024

2.3 Judgments, estimates and assumptions

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.4 Functional currency

These interim financial statements have been prepared in Pak Rupees which is the Company's functional currency. The amounts reported in these interim financial statements have been rounded to the nearest Rupees unless specified otherwise.

2.5 Date of authorization for issue

These interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on 27 February 2025.

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.

The following new and revised International Financial Reporting Standards [IFRS] and International Accounting Standards [IAS], interpretations and amendments to IFRS and IAS are effective in the current period but are either not relevant to the Company or their application does not have any material impact on the interim financial statements of the Company other than presentation and disclosures, except as stated otherwise.

3.1 Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

3.2 Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

3.3 Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

3.4 Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
Lack of Exchangeability (Amendments to IAS 21)	01 January 2025
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	01 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	01 January 2026
IFRS 17 Insurance Contracts	01 January 2026
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial	01 July 2026
IFRS S2 Climate-related Disclosures	01 July 2026

Other than afore mentioned standards, interpretations and amendments, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan for adoption.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2024

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 18 Presentation and Disclosures in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

The Company intends to adopt these new standards on their effective dates, subject to notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will not have a material impact on the Company's interim financial statements other than in presentation/disclosures.

5 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended 30 June 2024.

6 LOAN FROM DIRECTOR

This represents loan obtained from a director and is unsecured, interest free and payable at the discretion of the Company. The loan is presented as equity as per "Technical Release 32 - Accounting for Directors' Loan" issued by The Institute of Chartered Accountants of Pakistan.

7 LOAN FROM DIRECTORS AND OTHER SHAREHOLDERS

This represents loan obtained from directors of the Company and other shareholders. The loan is unsecured.

The loan is subordinate to long term finances (see note 12) and short term borrowings (see note 18) of the Company. The loan matures on 29 October 2025 being the date before which the lenders cannot demand repayment of this loan under the subordination agreement.

The loan carries interest at one year KIBOR plus 2.5% (30-Jun-24: one year KIBOR plus 2.5%) per annum, payable on maturity. The lenders may at their sole discretion waive the payment of interest. During the year, interest amounting to Rs. 19.96 million (30-Jun-23: Rs. 57.75 million) was waived by the lenders at their sole discretion.

	Note	31-Dec-24 Rupees [Un-audited]	30-Jun-24 Rupees [Audited]
8 LONG TERM FINANCES			
As at beginning of the period/year		39,769,784	63,736,026
Obtained during the period/year		-	-
Repayments made during the period/year		(40,580,799)	(25,476,312)
Amortization of deferred grant during the period/year	9	811,015	1,510,070
As at end of the period/year		-	39,769,784
Current maturity presented under current liabilities		-	(27,445,509)
		-	12,324,275
9 DEFERRED GRANT			
As at beginning of the period/year		811,015	2,321,085
Amortized during the period/year	8	(811,015)	(1,510,070)
As at end of the period/year		-	811,015
Current maturity presented under current liabilities		-	(736,843)
		-	74,172
10 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term finances		-	27,445,509
Deferred grant		-	736,843
		-	28,182,352
11 CONTINGENCIES AND COMMITMENTS			

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2024

11.1 Contingencies

11.1.1 Various banking companies have issued guarantees on behalf of the Company and discounted receivables of the Company as detailed below:

	31-Dec-24	30-Jun-24
	[Un-audited]	Rupees [Audited]
Bank guarantees	-	64,870,000

11.1.2 There is no material changes in the status of litigations and claims the Company was a party to as at 30 June 2024.

12 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	12.1	1,127,034,703	1,155,113,202
Capital work in progress	12.2	-	-
		1,127,034,703	1,155,113,202

12.1 Operating fixed assets

Net book value at beginning of the period/year	1,155,113,202	1,213,167,916
Additions during the period/year		
Freehold land	-	-
Building on freehold land	-	-
Plant and machinery	-	4,706,868
Electric installations and equipment	-	-
Factory equipment	-	-
Office equipment	-	-
Furniture and fixtures	-	-
Arms and ammunition	-	-
Vehicles	-	-
	-	4,706,868
Net book value of assets disposed during the period/year	(962,651)	(4,290,651)
Depreciation for the period/year	(27,115,848)	(58,470,931)
Net book value at end of the period/year	1,127,034,703	1,155,113,202

12.2 Capital work in progress

As at beginning of the period/year	-	-
Additions during the period/year	-	4,706,868
Transfers to operating fixed assets during the period/year	-	(4,706,868)
As at end of the period/year	-	-

Note	Six-month period ended		Three-month period ended	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
	Rupees	Rupees	Rupees	Rupees
	[Un-audited]	[Un-audited]	[Un-audited]	[Un-audited]

13 REVENUE FROM CONTRACTS WITH CUSTOMERS

Yarn	-	2,072,806,334	-	777,354,300
Waste	-	64,596,824	-	37,913,104
	-	2,137,403,158	-	815,267,404

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2024

	Note	Six-month period ended		Three-month period ended	
		31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
		Rupees [Un-audited]	Rupees [Un-audited]	Rupees [Un-audited]	Rupees [Un-audited]
14 COST OF SALES					
Raw material consumed		-	1,395,523,454	-	455,654,595
Stores and spares consumed		47,598	51,079,130	47,598	15,224,453
Salaries, wages and benefits		13,600,989	185,904,299	7,641,602	85,128,562
Entertainment		26,400	-	26,400	-
Insurance		1,303,622	3,234,100	655,554	1,705,954
Repair and maintenance		7,350	17,963,540	7,350	9,657,843
Traveling and conveyance		3,254	-	3,254	-
Depreciation		26,009,803	27,594,978	13,004,901	13,944,834
Others		629,448	439,853,188	194,576	183,211,063
Manufacturing cost		41,628,464	2,121,152,689	21,581,235	764,527,304
Work in process					
As at beginning of the period		-	41,523,790	-	106,287,775
As at end of the period		-	-	-	-
		-	41,523,790	-	106,287,775
Cost of goods manufactured		41,628,464	2,162,676,479	21,581,235	870,815,079
Finished goods					
As at beginning of the period		-	171,608,077	-	304,565,302
As at end of the period		-	(228,555,628)	-	(228,555,628)
		-	(56,947,551)	-	76,009,674
		41,628,464	2,105,728,928	21,581,235	946,824,753

15 PROVISION FOR STATUTORY LEVIES

Workers' Profit Participation Fund		-	-	-	-
Workers' Welfare Fund		-	-	-	-
Levies under ITO 2001	15.1	-	24,846,322	-	10,872,704
		-	24,846,322	-	10,872,704

15.1 Provision for levies under Income Tax Ordinance, 2001 [ITO 2001] has been made in accordance with the requirements of sections 113 of ITO 2001.

16 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated company, key management personnel [KMP] and their close relatives. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the period or has balances outstanding as at the reporting date are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Kohinoor Power Company Limited	Associated company	Common directorship	0.00%
M. Zeid Yousuf Saigol	Key management personnel	Chief Executive Officer	8.39%
Naseem Saigol	Key management personnel	Director	27.27%
M. Azam Saigol	Key management personnel	Director(late)	0.00%
M. Murad Saigol	Key management personnel	Director	8.37%
Samir Iqbal Saigol	Key management personnel	Director	0.00%
Arshad Ismail Khan	Key management personnel	Director	0.00%
Amber Haroon Saigol	Close relative of KMP	Spouse of director	16.93%

Transactions with directors and their family members are limited to provision of long term and temporary short term loans to the Company. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction. Details of transactions and balances with related parties is as follows:

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2024

		Six-month period ended	
		31-Dec-24	31-Dec-23
		Rupees [Un-audited]	Rupees [Un-audited]
16.1	Transactions with related parties		
	Nature of relationship		Nature of transaction
	Key management personnel		Short term employee benefits Post employment benefits
		3,480,000	4,005,000
		575,000	660,000
	Associated company	-	6,000,000
16.2	Balances with related parties		
	Nature of relationship		Nature of transaction
	Close relative of KMP	63,534,966	63,534,966
	Key management personnel		Long term loans
		202,350,000	721,750,000
		449,100,000	-
		660,000	1,320,000
		16,256,035	15,560,373
	Associated company	15,023,925	15,023,925
17	FINANCIAL INSTRUMENTS		
	The carrying amounts of the Company's financial instruments by class and category are as follows:		
		31-Dec-24	30-Jun-24
		Rupees [Un-audited]	Rupees [Audited]
17.1	Financial assets		
	Cash in hand	2,837,119	159,309
	Financial assets at amortized cost		
	Long term deposits	16,256,860	19,236,860
	Trade receivables	793,017	6,392,105
	Short term deposits	-	86,577,832
	Advances to employees	4,845,373	3,820,503
	Bank balances	30,600,342	28,606,824
		52,495,592	144,634,124
		55,332,711	144,793,433
		31-Dec-24	30-Jun-24
		Rupees [Un-audited]	Rupees [Audited]
17.2	Financial liabilities		
	Financial liabilities at amortized cost		
	Loan from directors and other shareholders	265,884,966	265,884,966
	Long term finances	-	39,769,784
	Long term deposits	6,010,000	6,010,000
	Short term borrowings	449,100,000	469,054,112
	Accrued interest	9,271,009	11,350,217
	Trade creditors	51,085,466	161,296,871
	Accrued liabilities	28,363,508	42,773,492
	Unclaimed dividend	485,351	485,351
		810,200,300	996,624,793

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2024

18 FAIR VALUE MEASUREMENTS

18.1 Financial Instruments

18.1.1 Financial instruments measured at fair value

The Company measures some of its assets at fair value. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy of financial instruments measured at fair value and the information about how the fair value of these financial instrument are determined as follows:

a) Recurring fair value measurements

There are no recurring fair value measurements as at the reporting date.

b) Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

18.2 Financial instrument not measured at fair value

The management considers the carrying amount of all financial instrument not measured at fair value to approximate their carrying values.

18.3 Assets and liabilities other than financial instruments

18.3.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	31-Dec-24 Rupees [Un-audited]	30-Jun-24 Rupees [Audited]
Freehold land	-	101,370,000	-	101,370,000	101,370,000
Buildings	-	119,344,463	-	119,344,463	122,404,578
Plant and machinery	-	894,345,807	-	894,345,807	917,277,751

For fair value measurements categorised into Level 2 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Freehold Land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other & costs directly attributable to the acquisition would result in a significant increase in & fair value of buildings by Rs. 5.07 million (30-Jun-24: Rs. 5.07 million).

	Valuation technique	Significant inputs	Sensitivity
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would results in a increase in fair value of buildings by Rs. 5.97 million (30-Jun-24: Rs. 6.12 million).
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would results in an increase in fair value of plant and machinery by Rs. 44.72 million (30-Jun-24: Rs. 45.86 million).

There were no transfers between fair value hierarchies during the period/year.

18.3.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2024

19 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require adjustment of and/or disclosure in these interim financial statements.

20 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these interim financial statements.

21 GENERAL

21.1 There are no other significant activities since 30 June 2024 affecting the interim financial statements.

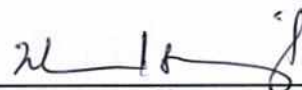
21.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.



Chief Executive



Chief Financial Officer



Director

RSRIR
for identification only