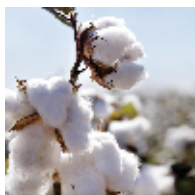




# Saritow Spinning Mills Limited



Interim Financial Report  
half year ended  
**December 31, 2014**  
(Un-audited)

## **CONTENTS**

<b>Company Information .....</b>	<b>1</b>
<b>Directors' Report .....</b>	<b>2</b>
<b>Auditors' report to the Members on Review of Interim Financial Information .....</b>	<b>3</b>
<b>Condensed Interim Balance Sheet .....</b>	<b>4</b>
<b>Condensed Interim Profit and Loss Account .....</b>	<b>5</b>
<b>Condensed Interim Statement of Profit or Loss and Other Comprehensive Income.....</b>	<b>6</b>
<b>Condensed Interim Cash Flow Statement .....</b>	<b>7</b>
<b>Condensed Interim Statement of Changes in Equity .....</b>	<b>8</b>
<b>Notes to and forming part of Condensed Interim Financial Information .....</b>	<b>9</b>

## ***Company Information***

### **BOARD OF DIRECTORS**

Mr. M. Naseem Saigol	Chief Executive
Mr. M. Azam Saigol	
Mr. M. Zeid Yousuf Saigol	
Mr. Muhammad Athar Rafiq	
Mr. Muhammad Omer Farooq	
Mr. Samir Iqbal Saigol	
Mr. Syed Haroon Rashid	NIT Nominee

### **AUDIT COMMITTEE**

Mr. M. Naseem Saigol	Chairman/Member
Mr. Muhammad Omer Farooq	Member
Mr. Muhammad Athar Rafiq	Member

### **HR & REMUNERATION COMMITTEE**

Mr. M. Zeid Yousuf Saigol	Chairman/Member
Mr. Samir Iqbal Saigol	Member
Mr. Muhammad Omer Farooq	Member

### **COMPANY SECRETARY**

Mr. Anees-ur-Rehman

### **CHIEF FINANCIAL OFFICER**

Mr. Muhammad Shamil, FCA

### **AUDITORS**

Rahman Sarfraz Rahim Iqbal Rafiq  
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

### **SHARES REGISTRAR**

M/s. CORPLINK (PVT) LTD.  
Wings Arcade, 1-K Commercial, Model Town, Lahore.  
Tel: 042-35839182, 35887262, 35916719  
Fax: 042-35869037

### **REGISTERED OFFICE**

17-Aziz Avenue, Canal Bank,  
Gulberg-V, Lahore.  
Tel: 042-35717364-65, 35718274-75  
Fax: 042-35715105  
E-mail: shares@saigols.com

### **MILLS**

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

## Directors' Report

The Directors of M/s Saritow Spinning Mills Limited are pleased to present Financial Results for the Half Year ended December 31, 2014 along with director report thereon.

Financial High Lights	Half year ending December 31, 2014 <i>Rupees in Million</i>	Half year ending December 31, 2013 <i>Rupees in Million</i>
Net Sales	1,202.198	1,281.587
Gross Profit	84.419	161.751
Pre Tax Profit / ( Loss ) without Notional Interest	0.542	92.144
Pre Tax Profit / ( Loss ) with Notional Interest	(14.304)	79.225
After Tax Profit ( Loss ) without Notional Interest	( 11.480 )	76.534
After Tax ( Loss ) Profit with Notional Interest	( 26.326 )	63.615
Gross Profit Ratio	7.02%	12.62%
After Tax Profit Ratio without Notional Interest	( 0.95 )%	5.97%
After Tax Profit Ratio with Notional Interest	( 2.19 )%	4.96%

### Operating Financial Results

During the period of half year under review our Company was able to achieve turnover of Rs 1,202.198 million as compared to Rs 1,281.587 million during same period last year and was able to earn Gross Profit of 7.02% as compared to 12.62% during the same period last year.

Yarn prices started going down from the start of the year in anticipation of bumper raw cotton crop. Although raw cotton was available at reason able rates but due to huge fluctuation in prices and carry over inventory of raw cotton our average raw cotton price remain on higher side resulted in loss for the period under review. The period under review was also hit by energy crisis. Power supply from LESCO and Natural Gas supply from SNGPL remain low and we were forced to rely on Furnace Oil generation to bridge the gap.

### Future Outlook

Continuous decline in Yarn prices will have negative impact on future profitability of your Company. Power supply will remain the top issue for the Textile industry. Levy of GIDC on natural gas by Federal Government will also affect the future profitability. In spite of all these odds, we hope that your Company will perform better during remaining part of the year.

We are proud to announce that we were successfully able to complete the BMR which started commercial production from the month of October 2014. We hope that this will definitely have positive impact on the future profitability of the company.

### Acknowledgment

The Directors of your company take this opportunity to thank the entire stakeholders for their continued support. Your directors also placed on record their appreciation for the contribution made by the employees at all levels.

For and on behalf of the Board

Lahore : February 27, 2015

Chief Executive

# **Auditors' report to the Members on Review of Interim Financial Information**

## ***Introduction***

We have reviewed the accompanying condensed interim balance sheet of **Saritow Spinning Mills Limited** ("the Company") as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of profit or loss and other comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial statements 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 condensed 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 condensed interim financial information based on our review. The figures for the quarter ended December 31, 2014 of the condensed interim profit and loss account and condensed interim statement of profit or loss and other comprehensive income have not been reviewed as we are required to review only cumulative figures for the six months 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 information consist 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.

## ***Conclusion***

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

**RAHMAN SARFARAZ RAHIMIQBAL RAFIQ**  
***Chartered Accountants***

**Engagement Partner: ZUBAIR IRFAN MALIK**

**Date: FEBRUARY 27, 2015**  
**Place: LAHORE**

## Condensed Interim Balance Sheet

for six months ended December 31, 2014

	<i>Note</i>	December 31 2014	June 30 2014
		<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid-up capital		298,406,070	298,406,070
Accumulated Profit		307,273,552	332,663,678
		605,679,622	631,069,748
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		73,501,827	74,437,334
<b>LOAN FROM SPONSORS - UNSECURED, SUBORDINATE</b>	4	213,853,524	199,007,562
<b>NON-CURRENT LIABILITIES</b>			
Long term finances - <i>Secured</i>		302,675,245	341,609,645
Liabilities against assets subject to finance lease		37,058,824	45,294,118
Long term deposits - <i>Unsecured</i>		8,000,000	8,000,000
Employees retirement benefits		39,922,916	35,282,172
Deferred taxation		230,277,783	230,277,783
		617,934,768	660,463,718
<b>CURRENT LIABILITIES</b>			
Trade and other payables		247,079,229	186,951,817
Accrued interest/mark-up		23,326,911	18,813,326
Short term borrowings - <i>Secured</i>		393,979,995	247,611,611
Current portion of non-current liabilities		105,561,630	66,443,983
		769,947,765	519,820,737
<b>CONTINGENCIES AND COMMITMENTS</b>	5	-	-
		<u>2,280,917,506</u>	<u>2,084,799,099</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	1,450,835,364	1,446,553,003
Long term deposits		20,913,886	20,913,886
		1,471,749,250	1,467,466,889
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		21,328,304	20,205,226
Stock in trade		646,534,758	452,773,282
Trade receivables		45,422,098	26,968,457
Advances, deposits, prepayments and other receivables		43,644,544	56,523,416
Current tax assets		29,370,134	27,865,352
Cash and bank balances		22,868,418	32,996,477
		809,168,256	617,332,210
		<u>2,280,917,506</u>	<u>2,084,799,099</u>

The annexed notes 1 to 12 form an integral part of this interim financial information.

## Condensed Interim Profit and Loss Account (*Un-audited*)

for six months ended December 31, 2014

	Note	Six months ended		Three months ended	
		December 31	December 31	December 31	December 31
		2014	2013	2014	2013
		Rupees	Rupees	Rupees	Rupees
<b>Sales - net</b>	7	<b>1,202,197,623</b>	1,281,587,411	<b>547,441,909</b>	593,922,344
Cost of sales	8	<b>(1,117,778,703)</b>	(1,119,836,625)	<b>(498,053,413)</b>	(529,691,737)
<b>Gross profit</b>		<b>84,418,920</b>	161,750,786	<b>49,388,496</b>	64,230,607
Other operating income		<b>194,820</b>	344,898	<b>194,820</b>	-
Distribution cost		<b>(2,177,899)</b>	(1,811,875)	<b>(1,628,871)</b>	(1,331,225)
Administrative expenses		<b>(22,969,971)</b>	(25,465,420)	<b>(11,207,899)</b>	(11,848,105)
Other expenses		<b>(11,944,549)</b>	(6,935,542)	<b>(11,944,549)</b>	(2,661,185)
		<b>(37,092,419)</b>	(34,212,837)	<b>(24,781,319)</b>	(15,840,515)
<b>Operating profit</b>		<b>47,521,321</b>	127,882,847	<b>24,801,997</b>	48,390,092
Finance cost		<b>(46,979,016)</b>	(35,739,220)	<b>(24,283,754)</b>	(17,308,731)
Notional interest expense		<b>(14,845,964)</b>	(12,918,520)	<b>(7,422,982)</b>	(6,459,260)
<b>(Loss)/profit before taxation</b>		<b>(14,303,659)</b>	79,225,107	<b>(6,904,739)</b>	24,622,101
Provision for taxation	9	<b>(12,021,974)</b>	(15,609,111)	<b>(5,474,419)</b>	(8,722,582)
<b>(Loss)/profit after taxation</b>		<b>(26,325,633)</b>	63,615,996	<b>(12,379,158)</b>	15,899,519
<b>Earnings per share - basic and diluted</b>					
before notional interest		<b>(0.38)</b>	2.56	<b>(0.17)</b>	0.75
after notional interest		<b>(0.88)</b>	2.13	<b>(0.41)</b>	0.53

The annexed notes 1 to 12 form an integral part of this interim financial information.

## Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (*Un-audited*)

for six months ended December 31, 2014

	Six months ended		Three months ended	
	December 31 2014	December 31 2013	December 31 2014	December 31 2013
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Incremental depreciation	1,439,242	1,509,166	1,439,242	754,566
<b>Other comprehensive income before taxation</b>	<b>1,439,242</b>	<b>1,509,166</b>	<b>1,439,242</b>	<b>754,566</b>
Taxation	(503,735)	(528,208)	(503,735)	(264,098)
<b>Other comprehensive income after taxation</b>	<b>935,507</b>	<b>980,958</b>	<b>935,507</b>	<b>490,468</b>
<b>(Loss)/profit after taxation</b>	<b>(26,325,633)</b>	<b>63,615,996</b>	<b>(12,379,158)</b>	<b>15,899,519</b>
<b>Total comprehensive (loss)/profit</b>	<b>(25,390,126)</b>	<b>64,596,954</b>	<b>(11,443,651)</b>	<b>16,389,987</b>

*The annexed notes 1 to 12 form an integral part of this interim financial information.*

## Condensed Interim Cash Flow Statement (*Un-audited*)

for six months ended December 31, 2014

	Six months ended	
	December 31 2014	December 31 2013
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	(14,303,659)	79,225,107
<b>Adjustments for non-cash items</b>		
Depreciation	30,610,279	25,659,895
Provision for employees retirement benefits	8,201,266	3,994,050
Loss/(gain) on disposal of property, plant and equipment	11,749,729	(344,898)
Imputed interest	14,845,964	12,918,520
Interest/mark-up on borrowings	46,979,016	35,739,220
	112,386,254	77,966,787
<b>Operating profit before changes in working capital</b>	98,082,595	157,191,894
<b>Changes in working capital</b>		
Stores, spares and loose tools	(1,123,080)	(3,789,092)
Stock in trade	(193,761,476)	(459,019,847)
Trade debts	(18,453,641)	(12,056,719)
Advances, deposits, prepayments and other receivables	12,878,872	2,406,945
Long term deposits	-	(40,669)
Trade and other payables	60,127,412	(10,971,205)
	(140,331,913)	(483,470,587)
<b>Cash used in from operations</b>	(42,249,318)	(326,278,693)
Payments for:		
Interest/mark-up on borrowings	(42,465,431)	(35,034,304)
Income tax	(13,526,756)	(6,046,350)
Employees retirement benefits	(3,560,522)	(4,904,791)
<b>Net cash used in operating activities</b>	(101,802,027)	(372,264,138)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(54,263,347)	(13,432,343)
Proceeds from disposal of property, plant and equipment	7,620,978	4,570,939
<b>Net cash used in from investing activities</b>	(46,642,369)	(8,861,404)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term finances	(8,052,047)	(27,034,834)
Decrease in long term deposits	-	(95,120)
Dividend paid during the period	-	(9,462,586)
Net increase in short term borrowings	146,368,384	416,650,977
<b>Net cash generated from financing activities</b>	138,316,337	380,058,437
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(10,128,059)	(1,067,105)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	32,996,477	20,643,499
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	22,868,418	19,576,394

The annexed notes 1 to 12 form an integral part of this interim financial information.

## Condensed Interim Statement of Changes in Equity *(Un-audited)*

*for six months ended December 31, 2014*

	Issued subscribed and paid-up capital	Accumulated profit	Total
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
<b>Balance as at July 01, 2013</b>	298,406,070	300,365,776	598,771,846
<b>Comprehensive income</b>			
Profit after taxation	-	63,615,996	63,615,996
Other comprehensive income	-	980,958	980,958
<b>Total comprehensive income</b>	-	64,596,954	64,596,954
<b>Transaction with owners</b>			
Final dividend paid @ Rs. 1 per Ordinary share	-	(9,462,586)	(9,462,586)
<b>Balance as at December 31, 2013</b>	298,406,070	355,500,144	653,906,214
<b>Comprehensive income</b>			
Loss after taxation	-	(21,540,913)	(21,540,913)
Other comprehensive loss	-	(1,295,553)	(1,295,553)
<b>Total comprehensive loss</b>	-	(22,836,466)	(22,836,466)
<b>Transaction with owners</b>	-	-	-
<b>Balance as at June 30, 2014</b>	298,406,070	332,663,678	631,069,748
<b>Comprehensive income</b>			
Loss after taxation	-	(26,325,633)	(26,325,633)
Other comprehensive income	-	935,507	935,507
<b>Total comprehensive loss</b>	-	(25,390,126)	(25,390,126)
<b>Transaction with owners</b>	-	-	-
<b>Balance as at December 31, 2014</b>	298,406,070	307,273,552	605,679,622

*The annexed notes 1 to 12 form an integral part of this interim financial information.*

# Notes to the Condensed Interim Financial Information (*Un-audited*) for six months ended December 31, 2014

## 1 REPORTING ENTITY

Saritow Spinning Mills Limited ('the Company') was incorporated in Pakistan on March 10, 1987 as Public Limited Company under the Companies Ordinance, 1984. The registered office of the Company is situated at 17- Aziz Avenue, Canal Bank Gulberg - V, Lahore. The Company is listed on Karachi and Lahore Stock Exchanges. The principal activity of the Company is manufacturing and sale of yarn. The Mill is located at Bhai Pheru, District Kasur in the Province of Punjab.

## 2 BASIS OF PREPARATION

This interim financial information is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2014.

The comparative interim balance sheet as at June 30, 2014 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account, interim statement of comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information for the half year ended December 31, 2013 are based on unaudited, reviewed interim financial information. The interim profit and loss account and interim statement of comprehensive income for the quarters ended December 31, 2014 and December 31, 2013 are neither audited nor reviewed.

### 2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

### 2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for certain financial instruments at fair value/amortized cost, certain items of property, plant and equipment at revalued amounts and employees retirement benefits at present value. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

### 2.3 Judgements, estimates and assumptions

The preparation of financial information 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

This financial information is prepared in Pak Rupees which is the Company's functional currency.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2014.

	December 31 2014	June 30 2014
	<i>Rupees</i>	<i>Rupees</i>
<b>4 LOAN FROM SPONSORS - UNSECURED, SUBORDINATE</b>		
Face value of loan	265,884,966	265,884,966
Unamortized notional interest	(52,031,442)	(66,877,404)
	<u>213,853,524</u>	<u>199,007,562</u>

## Notes to the Condensed Interim Financial Information (*Un-audited*) for six months ended December 31, 2014

- 4.1 This loan has been obtained from sponsor directors of the Company and their family members and is interest free. The loan is subordinate to all term finances and short term borrowings of the Company. As per terms of loan agreement between the lenders and the Company, no repayment shall be demanded and no repayments shall be made by the Company to the lenders before July 31, 2016, being the earliest date on which the underlying borrowings, to which this loan is subordinated, are expected to be completely repaid. Accordingly, this loan has been carried at amortized cost which has been determined using a discount rate of 14.92% per annum, being the average effective borrowing rate of the Company.

	<i>Note</i>	<b>December 31 2014</b>	June 30 2014
		<i>Rupees</i>	<i>Rupees</i>
<b>4.2 Unamortized notional interest</b>			
As at beginning of the period/year		<b>66,877,406</b>	92,714,446
Amortized during the period/year		<b>(14,845,964)</b>	(25,837,042)
As at end of the period/year		<b><u>52,031,442</u></b>	<b><u>66,877,404</u></b>

## 5 CONTINGENCIES AND COMMITMENTS

### 5.1 Contingencies

There is no change in status and amount of contingencies since June 30, 2014.

	<i>Note</i>	<b>December 31 2014</b>	June 30 2014
		<i>Rupees</i>	<i>Rupees</i>
<b>5.2 Commitments</b>			
Commitments under irrevocable letters of credit for import of:			
Raw material		<b>25,036,308</b>	65,491,817
Stores, spare and loose tools		<b>2,691,259</b>	19,269,982
		<b><u>27,727,567</u></b>	<b><u>84,761,799</u></b>

## 6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	<i>7.1</i>	<b>1,397,448,500</b>	1,182,067,729
Capital work in progress		<b>53,386,864</b>	264,485,274
		<b><u>1,450,835,364</u></b>	<b><u>1,446,553,003</u></b>

### 6.1 Operating fixed assets

Assets owned by the Company	<i>6.1.1</i>	<b>1,333,186,239</b>	1,116,157,718
Assets subject to finance lease	<i>6.1.2</i>	<b>64,262,261</b>	65,910,011
		<b><u>1,397,448,500</u></b>	<b><u>1,182,067,729</u></b>

#### 6.1.1 Assets owned by the Company

Net book value at the beginning of the period/year		<b>1,116,157,718</b>	1,005,243,250
Additions during the period/year			
Plant and machinery		<b>262,902,107</b>	164,708,581
Furniture and fixtures		-	24,000
Vehicles		<b>2,459,650</b>	11,824,925
		<b>265,361,757</b>	176,557,506
Net book value of assets disposed during the period/year		<b>(19,370,707)</b>	(15,918,074)
Depreciation for the period/year		<b>(28,962,529)</b>	(49,724,964)
Net book value at the end of the period/year		<b><u>1,333,186,239</u></b>	<b><u>1,116,157,718</u></b>

#### 6.1.2 Assets subject to finance lease

Net book value at the beginning of the period/year		<b>65,910,011</b>	69,378,959
Depreciation for the period/year		<b>(1,647,750)</b>	(3,468,948)
Net book value at the end of the period/year		<b><u>64,262,261</u></b>	<b><u>65,910,011</u></b>

## Notes to the Condensed Interim Financial Information (*Un-audited*) for six months ended December 31, 2014

	Six months ended		Three months ended	
	December 31	December 31	December 31	December 31
	2014	2013	2014	2013
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
<b>7 SALES - NET</b>				
Yarn	1,186,863,581	1,258,493,904	539,536,234	582,586,810
Waste	15,334,042	23,093,507	7,905,675	11,335,534
	<u>1,202,197,623</u>	<u>1,281,587,411</u>	<u>547,441,909</u>	<u>593,922,344</u>
<b>8 COST OF GOODS SOLD</b>				
Raw material consumed	702,196,459	776,894,941	335,148,165	392,359,308
Stores, spares and loose tools consumed	30,641,291	27,832,436	16,796,444	15,214,336
Salaries, wages and benefits	119,829,139	102,818,744	61,071,795	52,991,792
Insurance	1,399,864	1,147,156	710,418	769,668
Repair and maintenance	6,351,290	4,652,497	3,408,027	1,923,526
Depreciation	30,610,279	25,659,895	16,278,951	12,981,652
Other manufacturing overheads	233,339,802	207,511,477	116,383,273	104,655,761
	1,124,368,124	1,146,517,146	549,797,073	580,896,043
Work in process				
as at beginning of the period	36,739,040	27,865,678	34,141,403	35,065,432
as at end of the period	(31,446,967)	(33,287,080)	(31,446,967)	(33,287,080)
	5,292,073	(5,421,402)	2,694,436	1,778,352
Cost of goods manufactured	1,129,660,197	1,141,095,744	552,491,509	582,674,395
Finished goods				
as at beginning of the period	102,241,716	67,682,609	59,685,114	35,959,070
as at end of the period	(114,123,210)	(88,941,728)	(114,123,210)	(88,941,728)
	(11,881,494)	(21,259,119)	(54,438,096)	(52,982,658)
	<u>1,117,778,703</u>	<u>1,119,836,625</u>	<u>498,053,413</u>	<u>529,691,737</u>
<b>9 TAXATION</b>				
9.1 Provision for current tax has been in accordance with section 113 of the Income Tax Ordinance, 2001.				
9.2 No provision for deferred tax has been made as the impact of the same is considered immaterial.				
<b>10 TRANSACTIONS AND BALANCES WITH RELATED PARTIES</b>				
Related parties from the Company's perspective comprise associated companies and undertakings, key management personnel and sponsor directors and their family members. 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.				
Transactions with key management personnel are limited to payment of short term and post employment benefits. Transactions with sponsors and their family members are limited to provision of interest free 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:				

## Notes to the Condensed Interim Financial Information (*Un-audited*) for six months ended December 31, 2014

		December 31 2014	December 31 2013
		<i>Rupees</i>	<i>Rupees</i>
<b>10.1 Transactions with related parties</b>			
<b>Nature of relationship</b>	<b>Nature of transaction</b>		
Key management personnel	Short term employee benefits	9,503,541	9,503,541
	Post employment benefits	791,962	791,962
		<b>December 31 2014</b>	June 30 2014
		<i>Rupees</i>	<i>Rupees</i>

**10.2 Balances with related parties**

Nature of relationship	Nature of balance		
Sponsors and their family members	Interest free loan	213,853,524	199,007,562

**11 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue on February 27, 2015 by the Board of Directors of the Company.

**12 GENERAL**

- 12.1 There are no other significant activities since June 30, 2014 affecting the interim financial information.
- 12.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.
- 12.3 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 this condensed interim financial information.
- 12.4 Figures have been rounded off to the nearest Rupee.

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