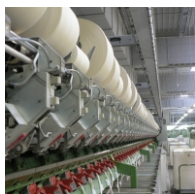
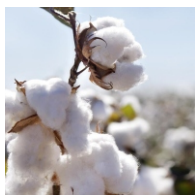




Saritow Spinning Mills Limited



Interim Financial Report
Quarter ended
September 30, 2014
(Un-audited)

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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 1st Quarter ended September 30, 2014 along with director report thereon.

Financial High Lights	Quarter ended September 30, 2014 <i>Rupees in Million</i>	Quarter ended September 30, 2013 <i>Rupees in Million</i>
Net Sales	654.756	687.665
Gross Profit	35.030	95.020
Pre Tax Profit / (Loss) without National Interest	0.024	61.062
Pre Tax Profit / (Loss) with National Interest	(7.399)	54.603
After Tax Profit / (Loss) without National Interest	(6.524)	54.175
After Tax Profit / (Loss) with National Interest	(13.946)	47.7160
Gross Profit Ratio to Sales	5.35%	13.82%
After Tax Profit Ratio without National Interest	(1.00)%	7.88%
After Tax Profit Ratio with National Interest	(2.13)%	6.94%

Operating Financial Results

During the quarter under review our Company was able to achieve turnover of Rs 654.756 million as compared to Rs 687.665 million during same period last year and was able to earn Gross Profit of 5.35% as compared to 13.82% during the same period last year.

Start of the year was not good due to decline in yarn prices in anticipation of bumper raw cotton crop this year not only in Pakistan but all over the Globe. Although raw cotton was available at cheaper rates but due to carry over inventory of raw cotton, our average raw cotton prices remain on higher side. The period under review was also hit by energy crisis. Power supply from LESCO and Natural Gas supply from SNGPL remained low and we were forced to rely on costly Furnace Oil based power generation to bridge the gap.

Future Outlook

Bumper raw cotton crop all over the Globe will have positive impact on future profitability of your Company. Again the 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 our ongoing BMR will start commercial production from the month of October, 2014 which 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 : October 30, 2014

Chief Executive

Condensed Interim Balance Sheet

as at September 30, 2014

	Note	September 30, 2014	June 30, 2014
		Rupees (Un-Audited)	Rupees (Audited)
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	4	298,406,070	298,406,070
Accumulated Profit		319,184,956	332,663,678
		617,591,026	631,069,748
Surplus on revaluation of property, plant and equipment		73,969,581	74,437,334
Loan from sponsors - Unsecured, Subordinate		206,430,541	199,007,562
Non-current liabilities			
Long term finances - Secured		326,575,245	341,609,645
Liabilities against assets subject to finance lease - Secured		41,176,471	45,294,118
Long term deposits - Unsecured		8,000,000	8,000,000
Employees retirement benefits		36,661,040	35,282,172
Deferred taxation		230,277,783	230,277,783
		642,690,539	660,463,718
Current liabilities			
Trade and other payables		237,835,062	186,951,817
Accrued interest/mark-up		19,134,523	18,813,326
Short term borrowings - Secured		174,598,702	247,611,611
Current portion of non-current liabilities		83,943,983	66,443,983
		515,512,270	519,820,737
Contingencies and commitments	5	-	-
		<u>2,056,193,957</u>	<u>2,084,799,099</u>
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,461,905,742	1,446,553,003
Long term deposits		20,913,886	20,913,886
		1,482,819,628	1,467,466,889
Current assets			
Stores, spares and loose tools		23,274,229	20,205,226
Stock in trade		397,484,439	452,773,282
Trade receivables		31,588,858	26,968,457
Advances, deposits, prepayments and other receivables		58,559,730	56,523,416
Current tax assets		27,938,024	27,865,352
Cash and bank balances		34,529,049	32,996,477
		573,374,329	617,332,210
		<u>2,056,193,957</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
for the quarter ended September 30, 2014

	<i>Note</i>	Quarter ended	
		September 30, 2014	September 30, 2013
		<i>Rupees</i>	<i>Rupees</i>
		(Un-Audited)	(Un-Audited)
Turnover - net	7	654,755,714	687,665,067
Cost of sales	8	619,725,290	592,644,888
Gross profit		35,030,424	95,020,179
Selling and distribution expenses		549,028	480,650
Administrative and general expenses		11,762,072	11,117,315
		12,311,100	11,597,965
		22,719,324	83,422,214
Other operating income/(loss)		-	344,898
Operating profit		22,719,324	83,767,112
Finance cost		22,695,262	18,430,489
Other charges		-	4,274,357
		22,695,262	22,704,846
Notional interest expense		7,422,982	6,459,260
Profit/(Loss) before taxation		(7,398,920)	54,603,006
Taxation	9	(6,547,555)	(6,886,529)
Profit/(Loss) after taxation		(13,946,475)	47,716,477
Earnings per share - basic and diluted			
before notional interest		(0.22)	1.82
after notional interest		(0.47)	1.60

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
for the quarter ended September 30, 2014***

	Quarter ended	
	September 30, 2014	September 30, 2013
	<i>Rupees</i>	<i>Rupees</i>
	(Un-Audited)	(Un-Audited)
Incremental depreciation	719,620	754,600
Other comprehensive income before taxation	719,620	754,600
Taxation	251,867	264,110
Other comprehensive income after taxation	467,753	490,490
Profit after taxation	(13,946,475)	47,716,477
Total comprehensive income	(13,478,722)	48,206,967

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

Condensed Interim Cash Flow Statement
for the quarter ended September 30, 2014

	Quarter ended	
	September 30, 2014	September 30, 2013
	Rupees	Rupees
	(Un-Audited)	(Un-Audited)
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(7,398,920)	54,603,006
Adjustments for non-cash items	48,553,568	38,126,560
Operating profit before changes in working capital	41,154,648	92,729,566
Changes in working capital	96,446,370	15,471,916
Cash used in operations	137,601,018	108,201,482
Payments for:		
Interest / mark-up	(22,374,065)	(21,141,695)
Employees retirement benefits	(2,725,132)	(2,213,342)
Income tax	(6,620,227)	(5,559,274)
Net cash used in operating activities	105,881,594	(28,914,311)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(30,205,046)	-
Proceeds from disposal of assets	520,980	
Security deposit	-	(95,120)
Net cash used in investing activities	(29,684,066)	(95,120)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term finances	2,465,600	(10,117,186)
Liabilities against assets subject to finance lease - Secured	(4,117,647)	(4,117,647)
Net increase in short term borrowings	(73,012,909)	(65,871,580)
Net cash flow from financing activities	(74,664,956)	(80,106,413)
Net (decrease)/increase in cash and cash equivalents	1,532,572	(914,362)
Cash and cash equivalents as at beginning of the period	32,996,477	20,643,499
Cash and cash equivalents as at end of the period	34,529,049	19,729,137

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

***Condensed Interim Statement of Changes in Equity
for the quarter ended September 30, 2014***

	Issued subscribed and paid-up capital	Accumulated (losses)/profit	Total
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
As at July 1, 2013	298,406,070	300,365,776	598,771,846
Profit after taxation for the year ended 30 June, 2014	-	42,075,083	42,075,083
Other comprehensive income for the year ended 30 June, 2014	-	(314,595)	(314,595)
Final dividend @ 10% i.e. Rs. 1.0 per ordinary share		(9,462,586)	(9,462,586)
As at June 30, 2014	<u>298,406,070</u>	<u>332,663,678</u>	<u>631,069,748</u>
Profit / (Loss) for the Quarter ended September 30, 2014	-	(13,946,475)	(13,946,475)
Other comprehensive income for the Quarter ended September 30, 2014	-	467,753	467,753
As at September 30, 2014	<u><u>298,406,070</u></u>	<u><u>319,184,956</u></u>	<u><u>617,591,026</u></u>

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

Notes to and forming part of Condensed Interim Financial Information for the quarter ended September 30, 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 Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited. 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

The interim financial information report 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 report should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2014.

2.1 Statement of compliance

This condensed interim financial report of the Company for the Quarter ended September 30, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting "&" and provisions of or directives issued under the Companies Ordinance, 1984.

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 or amortized cost 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

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

3.2 Corresponding figures have been re-arranged/re-classified where necessary to facilitate comparison. Appropriate disclosure has been given in the relevant note in case of any material re-arrangement/re-classification.

	September 30, 2014	June 30, 2014
	<i>Rupees</i>	<i>Rupees</i>

4 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs. 10 each:

29,840,607 (June 30, 2014: 29,840,607) shares issued for cash

298,406,070

298,406,070

Notes to and forming part of Condensed Interim Financial Information for the quarter ended September 30, 2014

- 4.1 Pursuant to the amalgamation of Azam Textile Mills Limited into Saritow Spinning Mills Limited, the Company has issued and allotted 16,565,607 ordinary shares of Rs. 10 each to the ex-shareholders of Azam Textile Mills Limited in lieu of transfer of the entire undertaking including assets, properties, rights, privileges, benefits, sanctions, licences and obligations to Saritow Spinning Mills Limited. The merger was approved on December 23, 2011 with effect from July 01, 2010 and the allotment of shares was made on February 13, 2012.

5 CONTINGENCIES AND COMMITMENTS

Contingencies

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

	Note	September 30, 2014	June 30, 2014
		Rupees	Rupees
Commitments			
Payments under irrevocable letters of credit for import of:			
Machinery		4,470,454	-
Stores and spare		2,264,793	19,269,982
Raw material		78,796,239	65,491,817
		<u>85,531,486</u>	<u>84,761,799</u>

6 PROPERTY, PLANT AND EQUIPMENT

Net book value as at beginning of the period		1,182,067,729	1,074,622,209
Additions during the period	6.1	2,387,550	176,557,506
Net book value of assets disposed during the period	6.1	(520,980)	(15,918,074)
Depreciation charged during the period		(14,331,327)	(53,193,912)
Operating fixed assets at the end of the period		<u>1,169,602,972</u>	1,182,067,729
Capital work in progress			
Book value as at beginning of the period		264,485,274	-
Additions during the period		27,817,496	264,485,274
Book value at the end of the period		<u>292,302,770</u>	264,485,274
		<u>1,461,905,742</u>	<u>1,446,553,003</u>

6.1 Additions and disposals

	September 30, 2014		June 30, 2014	
	Additions	Disposals	Additions	Disposals
	Rupees	Rupees	Rupees	Rupees
Building on freehold land	-	-	-	-
Plant and machinery	-	-	164,708,581	(11,692,033)
Furniture and fixtures	-	-	24,000	-
Vehicles	2,387,550	(520,980)	11,824,925	(4,226,041)
	<u>2,387,550</u>	<u>(520,980)</u>	<u>176,557,506</u>	<u>(15,918,074)</u>

**Notes to and forming part of Condensed Interim Financial Information
for the quarter ended September 30, 2014**

	Quarter ended	
	September 30, 2014	September 30, 2013
	Rupees (Un-Audited)	Rupees (Un-Audited)
7 TURNOVER - NET		
Yarn	663,450,107	692,158,247
Waste	7,618,837	12,858,323
	671,068,944	705,016,570
Sales tax	(16,313,230)	(17,351,503)
	654,755,714	687,665,067
8 COST OF SALES		
Raw material consumed	367,048,294	384,535,633
Stores, spares and loose tools consumed	13,844,847	12,618,100
Power and fuel	116,111,390	102,059,020
Salaries, wages and benefits	58,757,344	52,326,952
Insurance	689,446	377,488
Repair and maintenance	2,943,263	2,728,971
Depreciation	14,331,328	12,678,243
Vehicle running and maintenance	416,742	377,658
Other manufacturing overheads	428,397	419,038
	574,571,051	568,121,103
Work in process		
Opening stock	36,739,040	27,865,678
Closing stock	(34,141,403)	(35,065,432)
	2,597,637	(7,199,754)
Cost of goods manufactured	577,168,688	560,921,349
Finished goods		
Opening stock	102,241,716	67,682,609
Closing stock	(59,685,114)	(35,959,070)
	42,556,602	31,723,539
	619,725,290	592,644,888
9 TAXATION		
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.	
10 TRANSACTIONS AND BALANCES WITH RELATED PARTIES		
Related parties from the Company's perspective comprise sponsor directors and their family members, associated companies and key management personnel. 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.		

***Notes to and forming part of Condensed Interim Financial Information
for the quarter ended September 30, 2014***

Transactions with sponsor directors and their family members are limited provision of interest free loans to the Company. Transactions with associated companies are limited to rental income only.

11 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 30, 2014 by the Board of Directors of the Company.

12 GENERAL

Figures have been rounded off to the nearest rupee.

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SARITOW SPINNING MILLS LIMITED
17-Aziz Avenue, Canal Bank, Gulberg - V, Lahore.
Tel: 042 - 35717364-65