

SARITOW SPINNING MILLS LIMITED

HALF YEAR REPORT

31-12-2025

(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, 2025 along with Auditors Report and Director Report thereupon.

Financial Highlights	Half Year Ending Dec 31, 2025	Half Year Ending Dec 31, 2024
Net Sales	0	0
Gross (Loss)	(41.893)	(41.628)
Operating (Loss)	(55.073)	(53.637)
(Loss) after Tax	(55.118)	(55.949)
Earnings per share	(1.85)	(1.87)

Operating Financial Results

During the period under Review your Company remained closed due to unsustainable losses in past years. Detailed discussions were made to sort out some practical and feasible plan for revival of the project. After detailed deliberation it was agreed to close down the lossmaking spinning business. Sell the complete Plant and Machinery along with ancillary equipment and use the Factory Building and workers colonies for Rental purpose. It was further decided to use the sale proceed of Plant and Machinery for refurbishing the building for rental purpose and the balance be utilized for repayment of creditors. For that purpose, following resolutions were passed by Share Holders in extra ordinary general meeting held in November 2025.

At a meeting of the Board of Directors of Saritow Spinning Mills Limited (the "Company") held on 30 October 2025, the Board considered the closure of the Company's textile operations and proposed strategic restructuring. The following resolutions were unanimously passed:

Resolution 1 – Sale of Plant & Machinery

RESOLVED THAT the Company be and is hereby authorized to sell or otherwise dispose of the entire plant, machinery, and related factory equipment of the Company located at the Company's manufacturing site (near 51 Km, Multan Road, Tehsil Phool Nagar, District Kasur), in accordance with the provisions of Section 183(3) of the Companies Act, 2017. The sale (the "Proposed Sale") shall be conducted around the fair market value (approximately PKR 411.93 million as per independent valuation) or at such price at which the assets are actually sold owing to the market conditions and shall be subject to all necessary corporate, legal, and regulatory approvals, including approval of the shareholders of the Company in general meeting.

Resolution 2 – Approval of Revised Business Plan

RESOLVED THAT the Board approves the Alternate Business Plan for the revival of the Company, whereby the Company's idle spinning mill building will be repurposed into warehousing (godown) facilities for rental income. The Board endorses the strategy to convert the existing factory infrastructure into approximately 400,000 square feet of rentable space including warehouse and colony & quarters, and acknowledges that this will become the new principal line of business of the Company (the "Godown Rental Business").



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

ISO 9001:2008 Certified

The Board believes this plan will provide a viable source of revenue and address the Company's going concern issues.

The **sale proceeds** from the Proposed Sale of machinery shall be utilized to fund the refurbishment of the premises into storage units and to support the new business operations as well as for retiring a portion of the Company's outstanding liabilities and enhancing working capital, as outlined in the business plan approved by the Board. The management is directed to take all preliminary steps to implement this plan, subject to shareholders' approval.

Resolution 3 – Authorization to Implement and Delegate

“RESOLVED FURTHER THAT the Chief Executive Officer of the Company be and is hereby authorized and empowered to take all necessary actions, do all acts, deeds and things, and execute all documents as may be required to give effect to the above resolutions, including but not limited to finalizing terms of the asset sale, engaging professional valuers/auctioneers, circulating requisite information to shareholders, and any ancillary steps. The CEO is authorized to delegate any of his powers in this regard to any other officer of the Company as deemed appropriate.

RESOLVED FURTHER THAT the CEO is authorized to make such modifications or amendments to the implementation of the foregoing resolutions as may be suggested or required by the Securities and Exchange Commission of Pakistan (SECP) or any other regulatory authority, without necessitating a fresh Board or shareholders' resolution, provided that such changes do not materially alter the substance of the approvals granted herein.”

Board Resolution for Alteration of MOA/AO

Resolution 4 – Change of Objects “RESOLVED THAT in view of the Company's decision to cease textile manufacturing and undertake the Godown Rental Business as its new principal line, **the Memorandum of Association (MOA)** of the Company be amended by **replacing the existing principal object clause** (relating to yarn manufacturing) with a **new principal object clause** reflecting the warehousing and leasing business, and that all references in the MOA and Articles of Association (AOA) to textile/spinning operations be deleted or replaced accordingly. The Board approves the draft amended MOA/AOA, subject to shareholders' approval and any changes required by the SECP.

RESOLVED FURTHER THAT the Chief Executive Officer and the Company Secretary be and are hereby authorized singly to do all acts, deeds and things, and to file all necessary documents and returns with the SECP, Registrar of Companies and other relevant authorities, to effectuate the change of object clause alteration. The CEO is authorized to accept and incorporate any modifications in the MOA/AOA wording as may be suggested by the regulatory authorities as a condition of approval, without requiring a fresh Board or members' resolution.”

Subsequently Sale of Assets was approved by Board of Directors in its meeting held on 5th of January 2026.



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

ISO 9001:2008 Certified
Going Concern

The Auditors of the company have qualified the report for going concern. They have mentioned that the company is unable to run without further financial support of the Sponsors and Financial Institution.

However, the financial statement has been prepared on going concern basis, based on the following assumption.

The company has been facing a declining trend resulting in substantial losses. During the period under review the company have incurred gross loss of Rs. 41.893 million and loss after income amounting to Rs. 55.118 million. Its current liability exceeds its current assets by Rs. 1,114.29 million as at the date. Overall depression in the market and temporary closure since February 28, 2024 of the production facility challenges the company's liquidity situation, to meet this company have relied mostly on sponsors and market support.

Assumption of going concern: -

The company has paid of all the liability towards financial institution along with markup. Third-party liabilities are paid off except of directors' loan.

That in view of afore mentioned, the company will be able to continue as going concern Despite accumulated losses company have positive equity.

Company have stopped production to curtail unnecessary fixed cost which will reduce financial burden.

Company remains current in its debts.

The management believes that by adopting revised business plan Company will be able to earn profits in days to come.

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	



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

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

MUHAMMAD OMER FAROOQ
Director

Lahore
February 27, 2026

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of SARITOW SPINNING MILLS LIMITED Report on the 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 2025** 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.

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

As reported in note 2.2, the Company has incurred gross loss of Rs. 41.89 million and loss after income taxes amounting to Rs. 55.12 million. As at 31 December 2025, the Company has accumulated losses of Rs. 863.05 million and its current liabilities exceed its current assets by Rs.1,114.29 million as at that date. Depressed yarn prices, increased production cost and underutilization of production capacity 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 resolved to close the production facility. Subsequent to the reporting period, in its meeting held on 05 January 2026, the Board of Directors approved the sale of the Company's plant and machinery. 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. While the Company has prepared and presented the annexed interim financial statements on going concern basis based on the factors explained in note 2.2, we consider that in the absence of favourable business conditions, an environment conducive to the industry in which the Company operates and revival of its operations and profitability, 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 annexed interim financial statements is not appropriate and adjustments may be required to the amounts reported in the interim financial statements. The interim 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.

Other Matters

Pursuant to the requirement of Section 237 (1) (b) of the Companies Act, 2017, only cumulative figures for the six-month period, presented in the second quarter financial statements are subject to a limited scope review by the statutory auditors of the Company. Accordingly, the figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three-month period ended 31 December 2025 have not been reviewed by us.



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 | 27 February 2026
UDIN: RR202510704WUJrJs78ca



SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

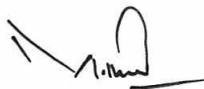
AS AT 31 DECEMBER 2025

	<i>Note</i>	31-Dec-25 <i>Rupees</i> [Un-audited]	30-Jun-25 <i>Rupees</i> [Audited]
EQUITY AND LIABILITIES			
EQUITY			
<i>Authorized share capital</i>		350,000,000	400,000,000
Issued ordinary share capital		298,406,070	298,406,070
Loans from directors and sponsors		-	-
Revaluation reserve		622,471,778	622,471,778
Accumulated losses		(863,053,814)	(807,934,937)
TOTAL EQUITY		57,824,034	112,942,911
LIABILITIES			
NON-CURRENT LIABILITIES			
Employees retirement benefits		18,116,369	19,273,009
		18,116,369	19,273,009
CURRENT LIABILITIES			
Trade and other payables		385,258,936	285,535,300
Unclaimed dividend		485,351	485,351
Short term borrowings		817,683,910	817,586,019
		1,203,428,197	1,103,606,670
TOTAL LIABILITIES		1,221,544,566	1,122,879,679
CONTINGENCIES AND COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES		1,279,368,600	1,235,822,590

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements



DIRECTOR



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER

RSRIR
identification only

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT 31 DECEMBER 2025

	Note	31-Dec-25 Rupees [Un-audited]	30-Jun-25 Rupees [Audited]
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,176,475,208	1,198,120,499
Long term deposits		13,756,860	13,756,860
		1,190,232,068	1,211,877,359
CURRENT ASSETS			
Stores and spares		10,478,617	10,478,617
Short term advances		3,168,477	3,049,000
Short term deposits and prepayments		3,226,366	3,275,544
Tax refunds due from government		1,740,265	1,206,970
Cash and bank balances		70,522,807	5,935,100
		89,136,532	23,945,231
TOTAL ASSETS		1,279,368,600	1,235,822,590

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements



DIRECTOR



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER

RSRIR
for identification only

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2025

	Note	Six-month period ended		Three-month period ended	
		31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
		Rupees [Un-audited]	Rupees [Un-audited]	Rupees [Un-audited]	Rupees [Un-audited]
Revenue		-	-	-	-
Cost of sales	8	(41,893,470)	(41,628,464)	(22,009,327)	(21,581,235)
Gross loss		(41,893,470)	(41,628,464)	(22,009,327)	(21,581,235)
Other income		-	-	-	-
Selling and distribution expenses		(286,320)	(720,520)	(143,160)	(255,160)
Administrative expenses		(12,917,922)	(11,288,854)	(7,411,372)	(5,411,878)
		(13,204,242)	(12,009,374)	(7,554,532)	(5,667,038)
Impairment reversal for expected credit losses		24,426	-	-	-
Operating loss		(55,073,286)	(53,637,838)	(29,563,859)	(27,248,273)
Finance cost		(45,591)	(2,311,166)	(22,191)	(603,930)
Loss before levies and income taxes		(55,118,877)	(55,949,004)	(29,586,050)	(27,852,203)
Provision for levies		-	-	-	-
Loss before income taxes		(55,118,877)	(55,949,004)	(29,586,050)	(27,852,203)
Provision for income taxes	9	-	-	-	-
Loss after income taxes		(55,118,877)	(55,949,004)	(29,586,050)	(27,852,203)
Basic loss per share		(1.85)	(1.87)	(0.99)	(0.93)

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements



DIRECTOR



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER

RSRIR
for identification only

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2025

	Six-month period ended		Three-month period ended	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
	<i>Rupees</i> [Un-audited]	<i>Rupees</i> [Un-audited]	<i>Rupees</i> [Un-audited]	<i>Rupees</i> [Un-audited]
Loss after income taxes	(55,118,877)	(55,949,004)	(29,586,050)	(27,852,203)
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to profit or loss</i>	-	-	-	-
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-	-	-
Other comprehensive income after income taxes	-	-	-	-
Total comprehensive loss	(55,118,877)	(55,949,004)	(29,586,050)	(27,852,203)

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements



DIRECTOR



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER

RSRIR
for identification only

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2025

	Issued ordinary share capital <i>Rupees</i>	Loans from directors and sponsors <i>Rupees</i>	Revaluation reserve <i>Rupees</i>	Retained earnings <i>Rupees</i>	Total equity <i>Rupees</i>
As at 01 July 2024 - [Audited]	298,406,070	102,000,000	65,433,957	(209,149,499)	256,690,528
Total comprehensive loss for the period					
Loss after income taxes	-	-	-	(55,949,004)	(55,949,004)
Other comprehensive income after income taxes	-	-	-	-	-
	-	-	-	(55,949,004)	(55,949,004)
Other transactions	-	-	-	-	-
As at 31 December 2024 - [Un-audited]	298,406,070	102,000,000	65,433,957	(265,098,503)	200,741,524
As at 01 January 2025 - [Un-audited]	298,406,070	102,000,000	65,433,957	(265,098,503)	200,741,524
Total comprehensive loss for the period					
Loss after income taxes	-	-	-	(542,255,932)	(542,255,932)
Other comprehensive loss after income taxes	-	-	558,213,316	(1,755,997)	556,457,319
	-	-	558,213,316	(544,011,929)	14,201,387
Other transactions					
Incremental depreciation	-	-	(1,175,495)	1,175,495	-
Loans transferred to short term borrowings	-	(102,000,000)	-	-	(102,000,000)
	-	(102,000,000)	(1,175,495)	1,175,495	(102,000,000)
As at 30 June 2025 - [Audited]	298,406,070	-	622,471,778	(807,934,937)	112,942,911
As at 01 July 2025 - [Audited]	298,406,070	-	622,471,778	(807,934,937)	112,942,911
Total comprehensive loss for the period					
Loss after income taxes	-	-	-	(55,118,877)	(55,118,877)
Other comprehensive income after income taxes	-	-	-	-	-
	-	-	-	(55,118,877)	(55,118,877)
Other transactions	-	-	-	-	-
As at 31 December 2025 - [Un-audited]	298,406,070	-	622,471,778	(863,053,814)	57,824,034

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements



DIRECTOR



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER

RSRIR
for identification only

SARITOW SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2025

	31-Dec-25	31-Dec-24
	Rupees [Un-audited]	Rupees [Un-audited]
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income taxes	(55,118,877)	(55,949,004)
Adjustments for non-cash and other items	21,602,814	26,900,279
Loss before changes in working capital	(33,516,063)	(29,048,725)
Changes in working capital	99,146,612	110,593,851
Cash generated from operations	65,630,549	81,545,126
Payments for:		
Income taxes and levies under ITO,2001	(26,570)	(9,834,654)
Interest on borrowings	-	(4,390,374)
Employees retirement benefits	(1,156,640)	(3,076,510)
Net cash generated from operating activities	64,447,339	64,243,588
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	42,477	962,651
Net cash generated from investing activities	42,477	962,651
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	-	(40,580,799)
Net increase/(decrease) in short term borrowings	97,891	(19,954,112)
Net cash generated from/(used in) financing activities	97,891	(60,534,911)
NET INCREASE IN CASH AND CASH EQUIVALENTS	64,587,707	4,671,328
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	5,935,100	28,766,133
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	70,522,807	33,437,461

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements



DIRECTOR



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER

RSRIR
for identification only

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2025

1 LEGAL STATUS AND OPERATIONS

Saritow Spinning Mills Limited [the 'Company'] was incorporated under the repealed Companies Ordinance, 1984 on 10 March 1987. The Company is a 'Public Company Limited by Shares' and is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn.

1.1 Location of business units

Registered Office	10-G, Mushtaq Ahmed Gurmani Road, Gulberg - II, Lahore, Pakistan
Manufacturing Unit	51 KM, Multan Road, Phool Nagar, 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 2025.

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 2025 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 2024 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 2025 and 31 December 2024 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

- 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 revenue and profitability resulting in substantial losses. During the period ended 31 December 2025, the Company has incurred gross loss of Rs. 41.89 million and loss after income taxes amounting to Rs. 55.12 million. As at 31 December 2025, the Company has accumulated losses of Rs. 863.05 million and its current liabilities exceed its current assets by Rs. 1,114.29 million as at that date. Depressed yarn prices, increased production cost and underutilization of production capacity 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 resolved to close the production facility. Subsequent to the reporting period, in its meeting held on 05 January 2026, the Board of Directors approved the sale of the Company's plant and machinery. 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:

- (a) The Company has continued financial support of its directors and sponsors in the form of interest free loans. Upto the reporting date, directors and sponsors have provided financial support amounting to Rs. 816.98 million in the form of interest free loans.
- (b) Despite accumulated losses the Company has positive equity.
- (c) The Company has decided to sell its plant and machinery for Rs. 419 million, which is expected to strengthen its liquidity and support settlement of its obligations. This, together with the Company's future plan to generate revenue through alternative business, will improve its financial position.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2025

The management believes that in view of the afore mentioned, the Company will able to continue as a going concern. 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
Employees retirement benefits	Present value
Land, building, plant and machinery	Revalued amounts
Financial assets	Amortized cost

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 2026.

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 Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

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)
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	01 January 2026
Amendments IFRS 9 and IFRS 7 regarding the power purchase agreements	01 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	01 January 2026
IFRS 17 Insurance Contracts	01 January 2027
IFRS 18 Presentation and Disclosures in Financial Statements	01 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	01 January 2027
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial	01 July 2027
IFRS S2 Climate-related Disclosures	01 July 2027

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2025

Other than aforementioned 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.

- IFRS 1 First Time Adoption of International Financial Reporting Standards

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 2025.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

6.1.1 Guarantees issue by banking companies on behalf of the Company outstanding as at the reporting date are as follows:

	31-Dec-25	30-Jun-25
	<i>Rupees</i>	<i>Rupees</i>
	[Un-audited]	[Audited]
Bank guarantees	58,910,000	61,910,000

6.1.2 There is no material change in other contingencies as reported in financial statements for the year ended 30 June 2025.

6.2 Commitments

There are no known commitments as at the reporting date.

	31-Dec-25	30-Jun-25
	<i>Rupees</i>	<i>Rupees</i>
	[Un-audited]	[Audited]

7 PROPERTY, PLANT AND EQUIPMENT

Net book value at beginning of the period/year	1,198,120,499	1,155,113,202
Adjustment for revaluation		
Freehold land	-	259,530,000
Building on freehold land	-	298,683,316
Plant and machinery	-	(459,483,863)
	-	98,729,453
Net book value of assets disposed during the period/year	(42,477)	(1,781,930)
Depreciation for the period/year	(21,602,814)	(53,940,226)
Net book value at end of the period/year	1,176,475,208	1,198,120,499

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2025

	Six-month period ended		Three-month period ended	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
	Rupees [Un-audited]	Rupees [Un-audited]	Rupees [Un-audited]	Rupees [Un-audited]
8 COST OF SALES				
Salaries, wages and benefits	14,724,148	13,600,989	7,664,273	7,641,602
Stores and spares consumed	6,500	47,598	6,500	47,598
Power and fuel	5,496,434	582,769	3,730,420	582,769
Repair and maintenance	58,800	7,350	58,800	7,350
Vehicle running and maintenance	54,470	-	54,470	-
Insurance	713,122	1,303,622	137,522	655,554
Traveling and conveyance	17,505	3,254	17,505	3,254
Entertainment	76,915	26,400	76,915	26,400
Depreciation	20,687,346	26,009,803	10,343,673	13,004,901
Other factory overheads	58,230	46,679	(80,751)	(388,193)
Manufacturing cost	41,893,470	41,628,464	22,009,327	21,581,235

9 PROVISION FOR INCOME TAXES

No provision for income tax has been recognized as the entity is subject to non-tax/levy regime.

10 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The details of the Company's related parties, with whom the Company had transactions during the year or has balances outstanding as at the reporting date, are as follows:

Name of related party	Nature and basis of relationship
Kohinoor Power Company Limited	Associate [Significant Influence]
Mr. M. Zeid Yousuf Saigol	Key Management Personnel [Chief Executive]
Mr. M. Naseem Saigol	Key Management Personnel [Director]
Mr. M. Murad Saigol	Key Management Personnel [Director]
Mr. Samir Iqbal Saigol	Key Management Personnel [Director]
Mr. Jamal Naseem	Key Management Personnel [Director]
Mr. M. Azam Saigol	Sponsor [Shareholder]
Ms. Amber Haroon Saigol	Sponsor [Shareholder]

The Company continues to have a policy whereby all transactions with related parties entered into in the ordinary course of business are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction. There are no balances outstanding with related parties as at the reporting date. Detail of transactions with related parties is as follows:

	Six-month period ended	
	31-Dec-25	31-Dec-24
	Rupees [Un-audited]	Rupees [Un-audited]
10.1 Transactions with related parties		
Nature of relationship	Nature of transactions	
Key management personnel	Short term employee benefits	-
	Post employment benefits	3,480,000
		575,000

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2025

		31-Dec-25	30-Jun-25
		<i>Rupees</i>	<i>Rupees</i>
		[Un-audited]	[Audited]
10.2	Balances with related parties		
	Nature of relationship		
	Nature of transactions		
	Associated companies	15,023,925	15,023,925
	Key management personnel	525,650,000	525,650,000
		Short term employee benefits payable	575,000
	Sponsors	291,334,966	291,334,966

11 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial assets and liabilities as at the reporting date are as follows:

		31-Dec-25	30-Jun-25
		<i>Rupees</i>	<i>Rupees</i>
		[Un-audited]	[Audited]
11.1	Financial assets		
	<i>Cash in hand</i>	1,318,387	749,895
	<i>Financial assets at amortized cost</i>		
	Long term deposits	13,756,860	13,756,860
	Trade receivables	-	-
	Advances to employees	3,168,477	3,049,000
	Margin deposits	2,500,000	2,500,000
	Bank balances	69,204,420	5,185,205
		88,629,757	24,491,065
		89,948,144	25,240,960
11.2	Financial liabilities		
	<i>Financial liabilities at amortized cost</i>		
	Trade creditors	156,270,537	158,163,944
	Accrued liabilities	24,563,674	26,187,451
	Security deposits	4,510,000	6,010,000
	Unclaimed dividend	485,351	485,351
	Short term borrowings	817,683,910	817,586,019
	Accrued interest on borrowings	-	-
		1,003,513,472	1,008,432,765

12 FAIR VALUE MEASUREMENTS

The Company measures some of its assets at fair value. The fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

12.1 Financial instruments

12.1.1 Recurring fair value measurements

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

12.1.2 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 CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2025

12.1.3 Financial instruments not measured at fair value

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

12.2 Assets and liabilities other than financial instruments

12.2.1 Recurring fair value measurements

<u>Assets/Liabilities</u>	<u>Hierarchy</u>	<u>Valuation technique and key inputs</u>	<u>31-Dec-25</u>	<u>30-Jun-25</u>
			<i>Rupees</i>	<i>Rupees</i>
Land	Level 2	Land is valued using market comparable approach that reflects recent transaction prices for similar properties. Significant inputs include estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	360,900,000	360,900,000
Buildings	Level 2	Building is valued using cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. Significant inputs include estimated construction costs and other ancillary expenditure.	404,593,473	414,967,665
Plant and machinery	Level 2	Plant and machinery is valued using cost approach that reflects the cost to the market participants to construct or acquire machinery of comparable utility and age, adjusted for obsolescence and depreciation. Significant inputs include estimated construction/acquisition costs and other ancillary expenditure.	401,631,750	411,930,000

12.2.2 Non-recurring fair value measurements

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

13 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual published financial statements of the Company for the year ended 30 June 2025.

SARITOW SPINNING MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2025

	31-Dec-25	30-Jun-25
	Rupees [Un-audited]	Rupees [Audited]
14 SHAHRIAH DISCLOSURES		
Loans/advances obtained as per islamic mode	-	-
Shariah compliant bank deposits/bank balances	6,031,666	1,713,625
Profit earned from shariah compliant bank deposits/bank balances	-	-
Revenue earned from a shariah compliant business segment	-	19,229,124
Gain/loss or dividend earned from shariah compliant investments	-	-
Exchange (loss)/gain earned from actual currency	-	-
Profit paid on islamic mode of financing	-	-
Interest paid on any conventional loan or advances	-	-

Relationship with shariah compliant banks:

Name of Bank	Relationship with Bank
Faysal Bank Limited	Bank balances
Meezan Bank Limited	Bank balances

14 EVENTS AFTER THE REPORTING PERIOD

In its meeting held on 05 January 2026, the Board of Directors have approved the sale of the Company's plant and machinery for a total consideration of Rs. 419 million.

15 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.

16 GENERAL

16.1 There are no other significant activities since 30 June 2025 affecting the interim financial statements.

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



DIRECTOR



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER