



## COMPANY INFORMATION

BOARD OF DIRECTORS	: Ijaz Hameed Mohammad Hameed Farooq Hameed Aamer Hameed Tariq Hameed Abid Hussain Murtaza Hameed	Chairman / Non Executive Director Chief Executive / Director Executive Director Non Executive Director Non Executive Director Independent Director Non Executive Director
COMPANY SECRETARY	: Usman Khalid	
CHIEF FINANCIAL OFFICER	: Farooq Hameed	A.C.A (England & Wales)
AUDIT COMMITTEE	: Abid Hussain Tariq Hameed Murtaza Hameed	(Chairman) (Member) (Member)
HUMAN RESOURCE & REMUNERATION COMMITTEE	: Ijaz Hameed Aamer Hameed Tariq Hameed	(Chairman) (Member) (Member)
BANKERS	: The Bank of Punjab	
AUDITORS	: Horwath Hussain Chaudhury & Co. Chartered Accountants	
INTERNAL AUDITOR	: Awan & Co. Chartered Accountants	
REGISTERED OFFICE	: 38-Empress Road, Lahore.	
Telephones	: 3630 4561-3, 3636 7862-3	
Telefax	: (92-42) 3636 7861	
E-mail	: info@prime-service.com	
MILLS	: G.T Road, Gujrat	
Telephone	: (053) 3514 065, 353 5085	
Telefax	: (92-53) 3513 700	
Web Reference	: www.prime-service.com	
Share Registrar	: Corplink (Pvt) Ltd. Wings Arcade, 1-K Commercial Model Town, Lahore. Tel: 042-3583 9182, 3591 6719	



## DIRECTORS' REPORT

The Directors of your Company present before you the un-audited financial statements for the nine months ended March 31, 2015. The financial results are as follows:

	<u>31.03.15</u> (Rupees 000)	<u>31.03.14</u> (Rupees 000)
Net Profit for the period	21,961	17,155
Accumulated loss brought forward	(280,492)	(312,358)
	(258,531)	(295,203)
Transfer from surplus on revaluation Of property, plant and equipment in respect of: - Incremental Depreciation- net of deferred tax	6,010	3,669
	(252,521)	(291,534)
Earning per share - Basic	4.94	3.86

During the period under review we earned the net profit of Rs.21.961 Million as compared to net profit of Rs. 17.155 Million for the same period in previous year.

The major concern for the textile sector specially based in Punjab is the uninterrupted gas and power supply. However the government has failed to ensure uninterrupted gas and power supply which resulted in decrease in production, declining profits and higher production cost. As a result the industry is currently operating at 60 percent capacity. Furthermore Billion of Rupees of the textile sector that are stuck in sales tax refunds should be released immediately.

The management is aware of the challenges that are ahead and will be making all efforts to ensure continued growth, operational efficiency and optimal results for the company and its valued stakeholders in days to come.

Directors acknowledge and appreciate the efforts of the employees and continuous support of their shareholders.

For and on Behalf of the Board of Directors

MOHAMMAD HAMEED  
Chief Executive

Lahore  
30 April, 2015

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2015**

	Note	March 31, 2015 (Un-audited) Rs. '000'	June 30, 2014 (Audited) Rs. '000'
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	4	508,703	510,630
Long term deposits		8,868	8,867
		517,571	519,497
<b>Current Assets</b>			
Stores and spares		4,591	3,308
Stock in trade	5	25,539	28,116
Trade debts (Unsecured, considered good)		681	1,907
Advances and other receivables		16,777	13,510
Cash and bank balances		4,283	17,557
		51,871	64,398
		569,442	583,895
<b>CAPITAL AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
<b>Authorized capital:</b>			
10,000,000 (June 30, 2014: 10,000,000) ordinary shares of Rs. 10 each		100,000	100,000
<b>Issued, subscribed and paid up capital</b>			
4,449,159 (June 30, 2014: 4,449,159) ordinary shares of Rs. 10 each fully paid in cash		44,492	44,492
Share deposit money		38,250	38,250
General reserve		35,000	35,000
Accumulated loss		(252,521)	(280,492)
		(134,779)	(162,750)
Surplus on Revaluation of Property, Plant and Equipment		376,807	382,817
<b>Non Current Liabilities</b>			
Long term financing	6	198,493	243,361
Staff retirement benefits		9,920	9,791
Deferred tax liability		39,152	41,811
		247,565	294,963
<b>Current Liabilities</b>			
Trade and other payables		51,261	37,952
Short term borrowings	7	-	275
Current and overdue portion of long term financing		15,000	23,742
Provision for taxation		13,588	6,896
		79,849	68,865
Contingencies and Commitments	8	-	-
		569,442	583,895

The annexed notes form an integral part of condensed (un-audited) interim financial statements.

Mohammad Hameed  
Chief Executive

Farooq Hameed  
Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE 3<sup>rd</sup> QUARTER AND NINE MONTHS ENDED MARCH 31, 2015**

	3rd Quarter Ended March 31, 2015	3rd Quarter Ended March 31, 2014	Nine Months Ended March 31, 2015	Nine Months Ended March 31, 2014
	(Un-audited) Rupees '000	(Un-audited) Rupees '000	(Un-audited) Rupees '000	(Un-audited) Rupees '000
Sales - net	127,289	182,787	439,613	528,007
Cost of sales	(128,816)	(180,408)	(417,301)	(492,152)
Gross (Loss) / Profit	(1,527)	2,379	22,312	35,855
Operating expenses:				
Distribution cost	(255)	(375)	(532)	(821)
Administrative and general expenses	(5,359)	(2,534)	(19,584)	(14,158)
Operating (Loss) / Profit	(7,141)	(530)	2,196	20,876
Finance cost	(680)	(5)	(695)	(17)
Other operating charges	389	59	(2,665)	(1,599)
Other operating income	55	17	31,303	90
(Loss) / Profit before Taxation	(7,377)	(459)	30,139	19,350
Taxation	(1,628)	(1,198)	(8,178)	(2,195)
(Loss) / Profit after Taxation	(9,005)	(1,657)	21,961	17,155
Earnings per Share - Basic	(2.02)	(0.37)	4.94	3.86
Earning per Share - Dilutive	(1.09)	(0.20)	2.65	2.07

The annexed notes form an integral part of condensed (un-audited) interim financial statements.

Mohammad Hameed  
Chief Executive

Farooq Hameed  
Director



**CONDENSED CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2015**

	9 Months March 31, 2015	9 Months March 31, 2014
	(Un-audited) Rupees '000	(Un-audited) Rupees '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	30,139	19,350
Adjustments for:		
- Depreciation	17,368	11,288
- Gratuity	2,961	2,974
- Finance costs	695	17
	<u>21,024</u>	<u>14,279</u>
Operating profit before working capital changes	51,163	33,629
(Increase) / decrease in current assets:		
- Stores and spares	(1,283)	(191)
- Stock in trade	2,577	(7,990)
- Trade debts	1,226	1,350
- Advances and other receivables	(3,027)	(456)
Increase / (decrease) in current liabilities:		
- Trade and other payables	13,309	9,386
	<u>12,802</u>	<u>2,099</u>
Cash generated from operations	63,965	35,728
Income tax paid	(4,387)	(4,816)
Finance costs paid	(695)	(17)
Gratuity paid	(2,832)	(2,562)
Net Cash generated from Operating Activities	56,051	28,333
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(14,307)	(5,439)
Capital work in progress	(1,134)	-
Long term deposits	-	(1,001)
Net Cash used in Investing Activities	(15,441)	(6,440)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing	(53,609)	(28,150)
Short term borrowings	(275)	(200)
Net Cash used in Financing Activities	(53,884)	(28,350)
Net Decrease in Cash and Cash Equivalents	(13,274)	(6,457)
Cash and cash equivalents at the beginning of the period	17,557	18,280
Cash and Cash Equivalents at the End of the Period	<u>4,283</u>	<u>11,823</u>

Mohammad Hameed  
Chief Executive

Farooq Hameed  
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2015**

	Quarter Ended March 31, 2015	Quarter Ended March 31, 2014	9 Months Ended March 31, 2015	9 Months Ended March 31, 2014
	(Un-audited) Rupees '000	(Un-audited) Rupees '000	(Un-audited) Rupees '000	(Un-audited) Rupees '000
(Loss) / Profit after taxation for the Period	(9,005)	(1,657)	21,961	17,155
Other comprehensive income	-	-	-	-
Total Comprehensive (Loss) / Income for the Period	<u>(9,005)</u>	<u>(1,657)</u>	<u>21,961</u>	<u>17,155</u>

Mohammad Hameed  
Chief ExecutiveFarooq Hameed  
Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED MARCH 31, 2015  
(UN-AUDITED)**

Particulars	Share Capital	Share Deposit Money	General Reserve	Accumulated Loss	Total
	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Balance as at June 30, 2013 as Previously Reported	44,492	38,250	35,000	(307,340)	(189,598)
Impact of change in accounting policy of retirement benefits	-	-	-	(5,018)	(5,018)
Balance as at June 30, 2013 as Restated	44,492	38,250	35,000	(312,358)	(194,616)
Total comprehensive income for the nine months period ended March 31, 2014	-	-	-	17,155	17,155
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax				3,669	3,669
Balance as at March 31, 2014	44,492	38,250	35,000	(291,534)	(173,792)
Balance as at June 30, 2014	44,492	38,250	35,000	(280,492)	(162,750)
Total comprehensive income for the nine months period ended March 31, 2015	-	-	-	21,961	21,961
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax	-	-	-	6,010	6,010
Balance as at March 31, 2015	44,492	38,250	35,000	(252,521)	(134,779)

The annexed notes form an integral part of this condensed interim financial information (un-audited).

Mohammad Hameed  
Chief Executive

Farooq Hameed  
Director



**NOTES TO AND FORMING PART OF THE CONDENSED  
INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2015**

**Note 1****The Company and its Operations**

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Service Industries Textiles Limited was incorporated in Pakistan in 1962 as a Private Limited Company under the Companies Act 1913, (now The Companies Ordinance, 1984) and was subsequently converted into a Public Limited Company in 1970. The Company is listed on Karachi and Lahore Stock Exchanges. The principal activity of the Company is manufacturing and sale of yarn made from raw cotton and synthetic fiber. The registered office of the Company is situated at 38 - Empress Road, Lahore.

**Note 2****Basis of Preparation**

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- 2.1 This condensed interim financial information of the company for the nine months period ended March 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 This financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2014. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2014 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative cash flows statement and comparative statement of changes in equity are stated from unaudited interim financial information for the nine months ended March 31, 2014.
- 2.3 This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentational currency. Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

**Note 3****Significant Accounting Policies**

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





Note 4		Nine Months Ended	Year Ended
Property, Plant and Equipment		March 31, 2015	June 30, 2014
Note		(Un-audited)	(Audited)
		Rs.'000'	Rs.'000'
Operating fixed assets	4.1	505,104	508,165
Capital work in progress		3,599	2,465
		<u>508,703</u>	<u>510,630</u>
4.1 Operating fixed assets			
Opening written down value		508,165	362,481
Add: Additions during the period / year - at cost		14,307	10,725
Add: Revaluation during the period / year - at cost		-	150,457
		<u>522,472</u>	<u>523,663</u>
Less: Depreciation charge for the period / year		<u>(17,368)</u>	<u>(15,498)</u>
		<u>505,104</u>	<u>508,165</u>
Note 5			
Stock in Trade		Nine Months Ended	Year Ended
		March 31, 2015	June 30, 2014
		(Un-audited)	(Audited)
		Rs.'000'	Rs.'000'
Raw materials		18,444	18,429
Work in process		4,418	5,024
Finished goods		2,677	4,663
		<u>25,539</u>	<u>28,116</u>
Note 6			
Long Term Financing		Nine Months Ended	Year Ended
		March 31, 2015	June 30, 2014
Note		(Un-audited)	(Audited)
		Rs.'000'	Rs.'000'
Banking companies - Secured			
Restructured bridge finance - Bank of Punjab	6.1	-	38,511
- Deferred mark up		-	(8,742)
- Less: Current portion		-	29,769
Related parties - Unsecured			
Director and related persons		213,493	228,592
Less: Current portion		(15,000)	(15,000)
		<u>198,493</u>	<u>213,592</u>
		<u>198,493</u>	<u>243,361</u>

6.1 During the period, the Company paid Rs. 8.743 million against deferred markup and remaining Rs. 29.769 million has been waived off by the Bank as per the settlement agreement.



## Note 7

## Short Term Borrowings

		Nine Months Ended March 31, 2015	Year Ended June 30, 2014
	Note	(Un-audited) Rs.'000'	(Audited) Rs.'000'
From banking companies - Secured			
First Elite Capital Modaraba	7.1	-	275

7.1 The Company reached a settlement package with First Elite Capital Modaraba during the year 2006 to repay the entire outstanding liabilities. The agreed liability of Rs. 2.0 million was to be paid in down payment of Rs. 0.5 million and balance in 8 equal monthly installments commencing from July 30, 2006 without any further mark up.

## Note 8

## Contingencies and Commitments

## Contingencies

8.1 There were no significant contingencies as at the balance sheet date (2014: Rs. 168.503 million).

## Commitments

8.2 There were no significant commitments as at the balance sheet date (2014: Rs. Nil).

## Note 9

## Other Income

	Nine Months Ended March 31, 2015	Nine Months Ended March 31, 2014
	(Un-audited) Rs.'000'	(Un-audited) Rs.'000'
Deferred markup waived off by the bank	29,768	-
Sales tax refund	1,480	-
Sale of scrap	55	90
	<u>31,303</u>	<u>90</u>



## Note 10

## Transactions with Related Parties

	Nine Months Ended March 31, 2015	Nine Months Ended March 31, 2014
	(Un-audited) Rs.'000'	(Un-audited) Rs.'000'
Transactions with related persons		
Repayment of funds to related persons	15,098	6,377
Balance outstanding of related persons		
Long term financing	213,493	233,655

## Note 11

## Authorization of the Interim Financial Information

This condensed interim financial information (un-audited) has been authorized for issue on 30 April, 2015 by the Board of Directors of the Company.

## Note 12

## General

Corresponding figures are re-arranged, reclassified, wherever necessary, to facilitate comparison. No material re-arrangement, re-classification have been made in this condensed interim financial information (Un-audited).

Mohammad Hameed  
Chief Executive

Farooq Hameed  
Director