COMPANY INFORMATION

BOARD OF DIRECTORS	:	Ijaz Hameed	Chairman / Non Executive Director
		Mohammad Hameed	(Chief Executive) / Director
		Farooq Hameed	Executive Director
		Aamer Hameed	Non Executive Director
		Tariq Hameed	Non Executive Director
		Abid Hussain	Independent Director
		Murtaza Hameed	Non Executive Director
COMPANY SECRETARY	:	Usman Khalid	
CHIEF FINANCIAL OFFICER	:	Farooq Hameed A.C.A (England & Wales)	
AUDIT COMMITTEE	:	Abid Hussain	(Chairman)
		Tariq Hameed	(Member)
		Murtaza Hameed	(Member)
HUMAN RESOURCE &	:	Ijaz Hameed	(Chairman)
REMUNERATION COMMITTEE		Aamer Hameed	(Member)
		Tariq Hameed	(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 Telephones: (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	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 54th Annual General Meeting of the Shareholders of Service Industries Textiles Limited will be held on 30th October, 2015 at 1100 hours at Registered Office 38 - Empress Road, Lahore to transact the following business:

1. To confirm the minutes of the 53rd Annual General Meeting.

2. To receive and adopt the audited accounts together with the Directors and Auditors reports for the year ended June 30, 2015.

3. To appoint auditors for the year ended June 30, 2016 and to fix their remuneration. The retiring auditors M/s Horwath Hussain Chaudhury & Co. Chartered Accountants, being eligible, have offered themselves for reappointment.

4. To transact any other business with permission of the Chairman.

BY ORDER OF THE BOARD

LAHORE
Dated: 09 October, 2015

(USMAN KHALID)
Company Secretary

NOTES:

1. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. Votes may be given either personally or by proxy or by attorney, and in case of a corporation by a representative duly authorized.

2. The instrument of proxy duly executed in accordance with the Articles of Association of the Company should be deposited at the registered office of the Company at least 48 hours before the time of the meeting.

3. Transfer received in order upto the close of business on 22nd October, 2015 will be considered in time to effect the voting rights.

4. The share transfer books of the Company will remain closed from 23rd October, 2015 to 30th October, 2015 (both days inclusive).

5. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport, Account and participant's I.D numbers, to prove his/her identity, and in case of proxy must enclose and attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose. The account/sub account holders of CDC will further have to follow the guidelines as laid down in Circular No.1 of 2000 dated January 26, 2000 issued by Securities Exchange Commission of Pakistan

6. All shareholders who had not yet submitted the valid copies of CNIC and NTN certificate(s) are requested to send the copies of the same to the Share Registrar. Shareholders of the company who holds shares in scrip-less form on Central Depository Company of Pakistan Ltd. (CDC) are requested to submit/send valid copies of CNIC and NTN certificate(s) directly to their CDC participant (brokers)/CDC) Investor Account Services.

7. Shareholders are requested to notify the change of their addresses, if any, to Share Registrar M/s Corplink (Pvt) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore. Tele No. 35839182, 35916719 and Fax No. 35869037.

DIRECTORS REPORT

The directors present the 54th annual report along with the audited financial statement for the year ended 30 June 2015.

Operating & Financial Results:

The Company has earned during the year net profit after tax of Rs. 30.098 Million as compared to net profit of Rs. 26.741 Million in preceding year. Turnover for the year is Rs. 586.437 Million (2014: Rs.698.543 Million). Gross profit ratio for the year is 6.58% as compared to 7.06% in the preceding year. Major reason for the decrease in gross profit margin is increase in basic wage rate.

During the current year total liability of The Bank of Punjab has been paid as per settlement agreement which resulted in the waiver of Rs.29.769 million.

It is quite challenging in today's business environment to keep the company afloat. The Directors of your Company are committed to run the Company at any cost and therefore we are doing our utmost to make your Company more competitive by following best practices in reducing our overheads and making the Company more viable.

Key Operational and Financial Data

	JUNE 2015 (Rupees)	JUNE 2014 (Rupees)	JUNE 2013 (Rupees) Restated	JUNE 2012 (Rupees) Restated	JUNE 2011 (Rupees)	JUNE 2010 (Rupees)
Sales	586,437,294	698,542,949	683,246,466	525,054,610	559,499,640	370,868,777
Gross Profit / (Loss)	38,568,273	49,297,173	96,317,915	23,292,205	(14,043,008)	31,858,744
Operating Profit/(Loss)	13,734,096	28,638,102	80,371,085	8,945,199	(26,006,890)	21,603,794
Profit/(Loss)before Tax	32,148,906	27,264,348	65,424,969	(19,851,576)	(46,325,824)	2,854,825
Tax	(2,051,342)	(522,968)	(451,351)	577,532	2,094,854	3,413,961
Profit/(Loss) after Tax	30,097,564	26,741,380	64,973,618	(19,274,044)	(44,230,970)	6,268,786
Total Assets	569,018,132	583,894,700	447,751,266	444,386,408	465,873,735	435,868,938
Current Liabilities	72,941,223	68,865,224	69,785,595	170,807,211	281,821,183	164,995,496
	496,076,909	515,029,476	377,965,671	273,579,197	184,052,552	270,873,442
Presented by:						
Equity-net	366,129,584	220,066,518	67,170,244	1,685,495	24,865,396	69,096,366
Long term loans & leases	84,700,090	243,360,514	278,571,212	236,316,081	125,004,300	164,331,527
Deferred Liability	45,247,235	51,602,444	32,224,215	35,577,621	34,182,856	37,445,549
	496,076,909	515,029,476	377,965,671	273,579,197	184,052,552	270,873,442

EPS:

Earning per share (basic) for the year ended June 30, 2015 is Rs6.76 (2013:Rs.6.01)

Future Prospectus:

Textile sector is already facing an uphill task due to power shortage and poor demand of yarn. The non availability of gas to textile sector especially in Punjab has made it highly in-competitive as compared to textile sector established in other provinces. Though energy prices have been reduced but it is still at higher end to compete internationally. Higher production cost and failure of the Government to supply the gas and electricity continuously to the industry has affected the production capacity adversely which resulted in squeezing the profit margins. As a result, the industry is currently operating at 70 percent capacity. Furthermore, billions of Rupees of textile sector are stuck in sales tax refunds that should be released immediately.

We foresee challenging times ahead but we are fully aware of the challenges and are prepared to do everything possible to mitigate the adverse impact of such an event as far as it is under the control limit of management. We remain hopeful of the improving macro and micro economic situation of the Country.

Payment of Dividend:

No dividend has been declared by the Company during the year due to reinvestment of profits in working capital as you are well aware of the fact that currently we are not availing any working capital limit from any bank and are in the process of building a buffer stock of cotton for the months in which cotton is not available. The net profit for the year after tax is majorly because of the waiver of deferred markup received from The Bank of Punjab. Because of all these facts we are unable to declare the dividend for the current year.

Audit Observation:

The auditors have raised observation as to amortization of interest free long term finaning obtained from directors and related persons in respect of opening balance. During the year terms and conditions of the loan have been finalized as referred to the notes of financial statements (Note 7 and note 9.2).

Corporate & Financial Reporting Framework:

a) The financial statements prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and change in equity.
b) Proper books of account have been maintained by the Company.

c) Appropriated accounting policies have been consistently applied in the preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
d) International financial reporting standards as applicable in Pakistan have been followed in preparation of financial statements.
e) The system of internal control is sound in design and has been effectively implemented and monitored. The process of review will continue and any weakness in control will be removed.
f) Six year financial summary is annexed.
g) Pattern of shareholdings as on June 30, 2015 and its disclosure as required by the Code of Corporate Governance is annexed with this report.
h) The Company has adopted best practices of corporate governance as per listing regulations of stock exchanges where it is listed.

Internal Control System:

The Company has always emphasized on a sound Internal Control System and for the effective implementation and monitoring of Internal Control System.

Statutory Payments:

There is not outstanding statutory payment payable other than shown in the Notes to Accounts.

Audit Committee:

The Committee's meeting was held during the year for reviewing each quarterly and annual financial results of the Company as required by the Code of Corporate Governance.

Attendance of Meeting:

During the year ended 30 June 2015, the Board of Directors held four meetings. Attendance of each director is given hereunder;

Mohammad Hameed	4
Ijaz Hameed	4
Farooq Hameed	4
Aamer Hameed	4
Tariq Hameed	4
Abid Hussain	4
Murtaza Hameed	3

Leave of absence was granted to the director who was unable to attend the meetings.

Books of Accounts:

The Company at the registered Office has maintained proper books of accounts.

Auditors:

M/s Horwath Hussain Chaudhury & Co., Chartered Accountants, retires and being eligible, offer for re-appointment for the year ending 30 June 2016.

Safety, Health and Environment:

We maintain our commitment to higher standard of safety, health and environment. We are committed in providing clean, healthy and safe conditions to our employees. All our employees undergo continuous training on all aspects of safety especially with regards to safe production, delivery, storage and handling of the materials. Safety values are demonstrated in our day to day activities through lead by example approach. Due to these controls and with the blessing of Al-Mighty Allah no major accidents or incidents took place at the mill.

Pattern of Shareholding:

Pattern of shareholding and additional information regarding pattern of shareholding is attached separately. No trade in shares of the company was carried out by CEO, CFO and Company Secretary and their spouses and minor children except those that have been duly reported as per the law.

Acknowledgement:

The directors express their gratitude for the continued support of the bankers, shareholders and employees of the Company during the period under review and pray to Allah for better prospects in future.

For & on behalf of the Board of Directors

Lahore
Dated: 09 October, 2015

Mohammad Hameed
Chief Executive

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 June 2015

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Stock Exchanges in Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner.

1. The Company encourages representation of independent non-executive directors on its Board of Directors. The Board of Directors of the Company has always supported implementation of highest standards of Corporate Governance at all times. The Composition of the Board of Directors is as under:

Ijaz Hameed	Chairman / Non Executive Director
Mohammad Hameed	(Chief Executive) / Director
Farooq Hameed	Executive Director
Aamer Hameed	Non Executive Director
Tariq Hameed	Non Executive Director
Abid Hussain	Independent Director
Murtaza Hameed	Non Executive Director

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a Stock Exchange, has been declared as defaulter by that Stock Exchange.

4. No casual vacancy occurred in the Board during the year.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement. Overall corporate strategy and significant policies of the Company are under process of approval.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors have been taken by the Board in line with Articles of Association of the Company.

8. The meeting of the Board was presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least 7 days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Chief Executive recommends that members of the Board should conduct orientation courses. However, no director training program has been conducted during the year.

10. The Board has approved appointment of CFO, Company Secretary, and Internal audit department including their remuneration and terms and conditions of employment in line with Code of Corporate Governance.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval by the Board.

13. The directors, CEO, and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code. The exceptions as mentioned in review report of the auditors shall be complied with in forthcoming year.

15. The Board has formed an audit committee. It comprises three members all members are non-executive.

16. The meeting of the audit committee was held before the approval of quarterly and final results of the Company as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The board has set up an effective internal audit function and has outsourced the internal audit function to Awan & Co who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Co. and they are involved in the internal audit function on a full time basis.

18. The Board has formed a HR and Remuneration Committee. It comprises of three members whom are non-executive directors including the Chairman.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with international Federation of Associations (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The “Closed period” prior to the announcement of interim and financial results and business decisions which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees, and stock exchanges.

22. The transactions with related parties have been placed before the audit committee and board of directors meeting for their consideration and formal approval.

23. We confirm that all other material principles contained in the Code have substantially complied with.

For & on behalf of the Board of Directors

(MOHAMMAD HAMEED)
Chief Executive

Lahore
Dated: 09 October, 2015

Crowe Horwath™

Horwath Hussain Chaudhury & Co.
Chartered Accountants
Member Crowe Horwath International

25-E, Main Market, Gulberg 2,
Lahore-54660 Pakistan
+92-42-111-111-442 Tel
+92-42-35759226 Fax
www.horwath.com.pk

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (“the Code”) prepared by the Board of Directors of Service Industries Textile Limited for the year ended June 30, 2015 to comply with requirements of the Listing Regulation No. 35 (Chapter XI) of both the Karachi Stock Exchange and Lahore Stock Exchange, where the company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Following instance of non-compliance with the requirement of the code was observed which is not stated in the Statement of Compliance:

i. The Company has not formed a mechanism for annual evaluation of the board's own performance.

Based on our review, except for the above instance of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

Further, we highlight below an instance of non-compliance with the requirements of the Code as reflected in the note reference where this is stated in the Statement of Compliance:

Serial No.	Paragraph Reference	Description
i	9	Directors' training program was not conducted during the year

Horwath Hussain Ch. Co.

Lahore
Dated: 09 October, 2015

(HORWATH HUSSAIN CHAUDHURY & CO.)
Chartered Accountants

(Engagement Partner: Amin Ali)

Crowe Horwath™

Horwath Hussain Chaudhury & Co.
Chartered Accountants
Member Crowe Horwath International

25-E, Main Market, Gulberg 2,
Lahore-54660 Pakistan
+92-42-111-111-442 Tel
+92-42-35759226 Fax
www.horwath.com.pk

SERVICE INDUSTRIES TEXTILES LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of SERVICE INDUSTRIES TEXTILES LIMITED as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) The Company did not amortize the interest-free long term financing obtained from directors and related persons, amounting to Rs. 213.592 million, during the year ending June 30, 2014 as required by IAS 39 (Financial Instruments - Recognition and Measurement). Had the liability been stated at amortized cost, the long term financing obtained from directors and related persons would have been less and profit before tax and retained earnings would have been higher by Rs. 23.732 million for the year ended June 30, 2014. Our audit opinion on the financial statements for the year ended June 30, 2014 was modified accordingly. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and corresponding figures.

b) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

c) in our opinion;

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

d) in our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matter described in preceding paragraph “a” on corresponding figures, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

e) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Horwath Hussain Ch. & Co.

Lahore
Dated: 09 October, 2015

(HORWATH HUSSAIN CHAUDHURY & CO.)
Chartered Accountants

(Engagement Partner: Amin Al)

BALANCE SHEET AS AT JUNE 30, 2015

	Note	2015 Rupees Restated	2014 Rupees Restated
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
10,000,000 (2014: 10,000,000) ordinary shares of Rs. 10 each		100,000,000	100,000,000
Issued, subscribed and paid up capital	6	44,491,590	44,491,590
Share deposit money	7	150,000,000	38,250,000
General reserve		35,000,000	35,000,000
Accumulated loss		(240,785,040)	(280,492,530)
		(11,293,450)	(162,750,940)
Surplus on Revaluation of Property, Plant and Equipment	8	377,423,034	382,817,458
Non Current Liabilities			
Long term financing	9	84,700,090	243,360,514
Staff retirement benefits	10	10,448,388	9,791,229
Deferred tax liability	11	34,798,847	41,811,215
		129,947,325	294,962,958
Current Liabilities			
Trade and other payables	12	52,164,600	37,951,737
Short term borrowings	13	-	275,000
Accrued markup on long term financing		2,175,752	-
Current portion of long term financing	9.2	12,000,000	23,742,000
Provision for taxation - net	14	6,600,871	6,896,487
		72,941,223	68,865,224
Contingencies and Commitments	15	-	-
		569,018,132	583,894,700

The annexed notes form an integral part of these financial statements.

Mohammad Hameed
Chief Executive

BALANCE SHEET AS AT JUNE 30, 2015

	Note	2015 Rupees Restated	2014 Rupees Restated
ASSETS			
Non Current Assets			
Property, plant and equipment	16	504,850,426	510,629,928
Long term deposits	17	10,059,564	8,867,564
		514,909,990	519,497,492
Current Assets			
Stores and spares	18	3,761,090	3,307,831
Stock in trade	19	31,215,595	28,115,589
Trade debts	20	835,886	1,907,104
Advances, prepayments and other receivables	21	6,282,594	13,509,841
Cash and bank balances	22	12,012,977	17,556,843
		54,108,142	64,397,208
		569,018,132	583,894,700

Farooq Hameed
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales	23	586,437,294	698,542,949
Cost of sales	24	(547,869,021)	(649,245,776)
Gross Profit		38,568,273	49,297,173
Operating expenses:			
- Distribution costs	25	(712,250)	(1,034,945)
- Administrative expenses	26	(24,121,927)	(19,624,126)
		(24,834,177)	(20,659,071)
Operating Profit		13,734,096	28,638,102
Finance cost	27	(3,370,034)	(460,594)
Other operating expenses	28	(8,968,278)	(2,883,931)
Other income	29	30,753,122	1,970,771
		18,414,810	(1,373,754)
Profit before Taxation		32,148,906	27,264,348
Taxation	30	(2,051,342)	(522,968)
Net Profit for the Year		30,097,564	26,741,380
Earning per Share - Basic	31	6.76	6.01
Earning per Share - Dilutive	31	2.72	3.23

The annexed notes form an integral part of these financial statements.

Mohammad Hameed
Chief Executive

Farooq Hameed
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees Restated
Net Profit for the Year	30,097,564	26,741,380
Other Comprehensive Income for the Year		
Items that will not be reclassified to profit and loss		
Experience adjustment on remeasurement of staff retirement benefits - net of deferred tax	-	(1,467,890)
Total Comprehensive Income for the Year	30,097,564	25,273,490

The annexed notes form an integral part of these financial statements.

Mohammad Hameed
Chief Executive

Farooq Hameed
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	32,148,906	27,264,348
Adjustment for:		
- Depreciation	22,355,415	15,498,404
- Provision for gratuity	4,248,157	2,964,391
- Liabilities written back	(1,082,801)	-
- Balances written off	5,668,043	-
- Workers' (profit) participation fund	1,747,207	1,614,183
- Workers' welfare fund	1,048,028	839,748
- Waiver of deferred mark up by Bank of Punjab	(29,668,000)	-
- Finance cost	3,370,034	460,594
	7,686,083	21,377,320
Operating profit before working capital changes	39,834,989	48,641,668
(Increase) / decrease in current assets:		
- Stores and spares	(453,259)	(374,466)
- Stock in trade	(3,100,006)	13,408,454
- Trade debts	968,254	1,872,452
- Advances, prepayments and other receivables	2,677,037	(41,842)
Increase in current liabilities:		
- Trade and other payables	13,045,716	437,468
	13,137,742	15,302,066
Cash generated from operations	52,972,731	63,943,734
Income tax paid	(6,158,693)	(7,151,780)
Workers' welfare fund paid	(545,287)	(1,308,499)
Finance cost paid	(1,194,282)	(460,594)
Gratuity paid	(3,590,998)	(3,351,912)
Net Cash generated from Operating Activities	41,483,471	51,670,949
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(15,442,333)	(10,725,081)
Capital work in process	(1,133,580)	(2,465,166)
Long term deposits	(1,192,000)	(1,390,402)
Net Cash used in Investing Activities	(17,767,913)	(14,580,649)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing	(28,984,424)	(37,613,257)
Short term borrowings	(275,000)	(200,000)
Net Cash used in Financing Activities	(29,259,424)	(37,813,257)
Net Decrease in Cash and Cash Equivalents	(5,543,866)	(722,957)
Cash and cash equivalents at the beginning of the year	17,556,843	18,279,800
Cash and Cash Equivalents at the End of the Year	12,012,977	17,556,843

The annexed notes form an integral part of these financial statements.

Mohammad Hameed
Chief Executive

Farooq Hameed
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Share Capital	Share Deposit Money	General Reserve	Accumulated Loss	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2013	44,491,590	38,250,000	35,000,000	(310,652,019)	(192,910,429)
Other comprehensive income					
Net profit for the year	-	-	-	26,741,380	26,741,380
Other comprehensive loss for the year	-	-	-	(1,467,890)	(1,467,890)
Total comprehensive income for the year	-	-	-	25,273,490	25,273,490
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax	-	-	-	4,885,999	4,885,999
Balance as at June 30, 2014	44,491,590	38,250,000	35,000,000	(280,492,530)	(162,750,940)
Other comprehensive income					
Net profit for the year	-	-	-	30,097,564	30,097,564
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	30,097,564	30097564
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax	-	-	-	9,609,926	9,609,926
Transaction with owners					
Share deposit money (Refer to Note 7)	-	111,750,000	-	-	111,750,000
Balance as at June 30, 2015	44,491,590	150,000,000	35,000,000	(240,785,040)	(11,293,450)

The annexed notes form an integral part of these financial statements.

Mohammad Hameed
Chief Executive

Farooq Hameed
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Note 1
The Company and its Operations

Service Industries Textiles Limited (the Company) was incorporated in Pakistan in 1962 as a Private Limited Company under the repealed 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

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except certain property, plant and equipment that have been stated at revalued amounts and post employment benefits that are stated at present value.

2.3 Reporting currency

These financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest rupee, unless otherwise stated.

Note 3
Changes in Accounting Standards, Interpretations and Pronouncements

3.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year and are relevant

The following amendments to standards are relevant that became effective during the year. These amendments are not likely to have any impact on the Company's financial statement.

i) Amendments to IAS 32 address inconsistencies in applying the offsetting criteria in IAS 32 (Financial Instruments: Presentation). These amendments clarify the meaning of "currently has a legally enforceable right of set-off" and certain gross settlement systems that may be considered equivalent to net settlement.

ii) Amendments to IAS - 36 “Impairment of Assets” address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal and require the disclosure of additional information about the fair value measurement and discount rates used in present value technique.

iii) Amendments to IAS 19 “Employee Benefits” that introduce a narrow scope amendment to simplify the requirements for contributions from employees or third parties to a defined benefit plan, when those contributions are applied to a simple contributory plan that is linked to services.

3.2 Standards, interpretations and amendments to approved accounting standards which became effective during the year but are not relevant

There were certain amendments to the approved accounting standards which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

Note 3, Basis of Preparation - Contd...

3.3 Standards, interpretations and amendments to approved accounting standards that are relevant but not yet effective

The following standards, amendments and interpretations of approved accounting standards are relevant and will be effective for accounting periods beginning on or after July 01, 2015. These amendments are not likely to have any impact on the Company's financial statements:

i) Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introducing severe restrictions on the use of revenue-based amortization for intangible assets. This amendment explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. These amendments have no impact on Company's financial statements as the Company has the policy of depreciating its property, plant and equipment based on the assessed useful lives.

ii) Amendments to IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) aim to improve consistency and reduce complexity by providing a precise definition of fair value. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The adoption of this standard is not likely to have an impact on the Company's financial statements.

3.4 Standards, interpretations and amendments to approved accounting standards that are neither relevant and nor yet effective

- IFRS 10 'Consolidated Financial Statements'	January 1, 2016
- IFRS 11 'Joint Arrangements'	January 1, 2016
- IFRS 12 'Disclosure of Interest in Other Entities'	January 1, 2016
- IFRS 14 'Regulatory Deferral Accounts'	January 1, 2016
- IFRS 15 'Revenue from Contracts with Customers'	January 1, 2017
- IAS 27 'Separate Financial Statement'	January 1, 2016
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41]	January 1, 2016
- Investment entities applying the consolidation exception (amendments to IFRS 10, IFRS 12, and IAS-28)	January 1, 2016

Note 4
Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under these circumstances, results of which form the basis of making judgment about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are as under:

4.1 Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in remaining useful life might effect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment, if any.

Note 4, Use of Estimates and Judgments - Contd...

4.2 Staff retirement benefits

The Company has recorded its employee retirement benefits at present value using actuarial assumptions regarding increase in salaries in subsequent years, remaining working lives of employees and an estimate of discount rates. Change in actuarial assumptions over the period of time may affect the fair value of post-employment benefits payable and the charge for such liability accounted for in any given period.

4.3 Inventories

The Company has recorded its inventories using lower of cost and net realizable value. Valuation of this inventory is reviewed at regular intervals for determination of possible impairment, if any. Any possible impairment may change the future value of inventories.

4.4 Taxation

The Company takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the tax department at the assessment stage and the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Note 5
Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years, unless stated otherwise.

5.1 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

5.2 Staff retirement benefits

The Company operates an unfunded gratuity scheme for all its employees whose period of service with the Company is one year or more. Liability is provided annually on the basis of last drawn salary and the length of service of the employee in accordance with the Company's rules. The liability is provided using the actuarial valuation method as required under IAS - 19 (Employee Benefits).

5.3 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid or given in future for goods and services received or to be delivered or for any other amount, whether or not billed to the Company.

5.4 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax expense is recognized in the profit and loss account except to the extent that relates to items recognized directly in equity, in which case it is recognized in equity.

Current

The charge for current tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. All tax credits and tax rebates are taken into account in calculating this charge. However, in case of loss for the year, income tax expense is recognised as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Law.

Deferred

Deferred tax assets are recognised for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Carrying amount of deferred tax asset is reviewed at each balance sheet date and is recognised only to the extent that it is probable that future taxable profits will be available against which assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Note 4, Use of Estimates and Judgments - Contd...

Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

5.5 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost / revalued amounts less accumulated depreciation and identified impairment losses if any, except free hold land which is stated at revalued amount. Cost of property, plant and equipment consists of historical cost, mark up and other charges pertaining to the construction and erection period and directly attributable cost of bringing the assets to working condition.

Depreciation is charged to income on reducing balance method at the rates specified in Note 16. Full month's depreciation is charged on additions during the month, whereas no depreciation is charged on assets disposed off during the month. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life. Freehold land and buildings on freehold land are revalued every three years.

Depreciation method, residual value and useful lives of assets are reviewed at least at each balance sheet date and adjusted if impact on depreciation is significant.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment is impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account. The recoverable amount is the higher of an asset’s fair value less cost to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in future periods to allocate the asset’s revised carrying amount over its estimated useful life.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalized. Gains or losses on disposal of property, plant and equipment are included in the current year's income.

Leased

The Company accounts for assets acquired under finance lease by recording assets and related liabilities. The principal values are determined on the basis of discounted values of the total minimum lease payments to be paid by the Company. Finance costs are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on outstanding liabilities. Depreciation is charged on the same basis and rates as for owned assets to write off the cost of assets over their estimated useful life.

Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss, if any.

5.6 Impairment

Carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In the absence of any information about the fair value, the recoverable amount is determined to be the value in use. Impairment losses are recognised as expense in the profit and loss account.

5.7 Stores and spares

These are valued at lower of moving average cost and net realizable value except for items in transit that are valued at cost comprising invoice value plus incidental charges paid thereon.

Note 5, Significant Accounting Policies - Continued...

5.8 Stock in trade

These are valued at lower of cost and net realizable value. The cost is determined by using the following basis:

Raw materials	- At average cost
Material in transit	- At cost comprising invoice value plus incidental charges
Work in process	- At estimated average manufacturing cost
Finished goods	- At average manufacturing cost
Wastes	- At net realizable value

Manufacturing cost in relation to work in process and finished goods comprises cost of material, labor and appropriate manufacturing overheads.

Net realizable value is determined on the basis of selling prices prevailing in the market in the ordinary course of business less selling expenses incidental to sales.

5.9 Trade debts

Trade debts are recognised at fair value less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments are considered indicators that the trade receivable has been impaired. Debts, considered irrecoverable, are written off, as and when identified.

5.10 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash in hand, cheques in hand and deposits with banks.

5.11 Mark-up, interest and other charges

Mark-up, interest and other charges on loans and advances are capitalized upto the date of commissioning of the respective asset, acquired out of the proceeds of such loans and advances. All other mark-up, interest and other charges are charged to income currently.

5.12 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party or between two or more segments of the Company are at arm's length prices determined using the comparable uncontrolled price method, except in circumstances where it is not in the interest of the Company to do so.

5.13 Financial instruments

5.13.1 Financial assets

The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at the time of initial recognition. The Company classifies its financial assets in the following categories:

At fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise advances, deposits and other receivables in the balance sheet.

Note 5, Significant Accounting Policies - Continued...

Held to maturity

Held to maturity are financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are carried at amortised cost.

Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the management intends to dispose off the investment within twelve months from the balance sheet date, in which case these financial assets are classified as short term investments in the balance sheet.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised directly in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for sale equity instruments are recognised in the profit and loss account when the Company's right to receive payments is established.

Measurement criteria

All financial assets are recognised at the time when the company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade date that is the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortised cost using effective interest rate method.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

5.13.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in respective carrying amounts is recognised in the profit and loss account.

5.13.3 Offsetting

Financial assets and financial liabilities and tax assets and tax liabilities are set-off in the balance sheet, only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

5.14 Foreign currency transactions and translation

Transactions denominated in foreign currencies are initially recorded in Pak Rupees by applying the foreign exchange rate ruling on the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rate prevailing at the balance sheet date except for balances covered under forward exchange contracts, which are converted at the contracted rates. Exchange differences are included in income currently.

Note 5, Significant Accounting Policies - Continued...

5.15 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (the Chief Executive Officer of the Company). Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

5.16 Revenue recognition

Sales are accounted for on dispatch of goods to the customers.

Note 6
Issued, Subscribed and Paid up Capital

2015	2014		2015	2014
Number of shares			Rupees	Rupees
2,884,580	2,884,580	Ordinary shares of Rs. 10 each	28,845,800	28,845,800
23,400	23,400	Ordinary shares of Rs. 10 each issued for consideration other than cash	234,000	234,000
1,541,179	1,541,179	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	15,411,790	15,411,790
4,449,159	4,449,159		44,491,590	44,491,590

6.1 No shares have been issued, redeemed or cancelled during the year.

Note 7
Share Deposit Money

This represents unsecured and interest free deposit received for issuance of shares, from directors in previous years. During the year, the Board of Directors resolved to transfer Rs. 111.750 million from long term financing to share deposit money (Note 9.2). The Company intends to initiate the process of issue of capital after obtaining necessary approvals.

Note 8
Surplus on Revaluation of Property, Plant and Equipment

	2015	2014
	Rupees	Rupees
Land - Freehold:		
- Opening balance	290,933,702	211,983,702
- Revaluation during the year	-	78,950,000
	290,933,702	290,933,702
Factory buildings on freehold land:		
- Opening balance	56,972,685	35,555,743
- Revaluation during the year	-	36,514,709
	56,972,685	72,070,452
Plant and machinery:		
- Opening balance	33,846,398	12,468,963
- Revaluation during the year	-	33,501,944
	33,846,398	45,970,907
Gas generator	998,608	1,490,461
Electric fittings	66,065	72,262
	382,817,458	410,537,784
Related deferred tax	-	(23,597,348)
	382,817,458	386,940,436
Deferred tax liability reversed due to change in tax rate	4,215,502	763,021
Incremental depreciation charged on revalued property, plant and equipment in current year transferred to retained earnings - net of deferred tax	(9,609,926)	(4,885,999)
	377,423,034	382,817,458

Note 8, Surplus on Revaluation of Property, Plant and Equipment- Contd...

8.1 Latest revaluation of land, buildings, plant and machinery, gas generator and electric fittings has been carried out as on June 30, 2014 by an approved valuer that has resulted in further revaluation surplus of Rs. 150.457 million. The following basis were used for revaluation:

- Land	Market value
- Building	Depreciated replacement cost
- Plant and machinery	Depreciated replacement cost
- Gas generator	Depreciated replacement cost

Previous revaluation was carried out by an approved valuer on May 06, 2002 that resulted in revaluation surplus of Rs. 260.124 million.

Note 9
Long Term Financing

	Note	2015 Rupees	2014 Rupees
Banking companies - Secured			
The Bank of Punjab:	9.1		
- Opening balance of deferred mark up		29,769,000	38,511,000
- Less: Deferred markup waived off		(29,769,000)	-
- Less: Current portion		-	(8,742,000)
		-	29,769,000
Related parties - Unsecured			
Directors and related persons	9.2	96,700,090	228,591,514
Less: Current portion		(12,000,000)	(15,000,000)
		84,700,090	213,591,514
		84,700,090	243,360,514

9.1 During the year, the Company paid Rs. 8.843 million against deferred markup and settelement charges; the remaining balance has been waived off by the Bank as per the settlement agreement, as mentioned in Note 29.

9.2 This represents loans obtained from time to time from Directors and related persons to pay off the bank loan and meet the liquidity requirements of the Company. During the year, the Board of Directors resolved to transfer Rs. 111.750 million to share deposit money (Note 7). The remaining loan shall be repaid in equal monthly installments of Rs. 1 million each. These loans are unsecured and carry markup at 3 months KIBOR plus 1%, effective from April 01, 2015.

Note 10
Staff Retirement Benefits

	2015 Rupees	2014 Rupees
Staff retirement benefits - Gratuity	10,448,388	9,791,229

10.1 Latest actuarial valuation of the gratuity scheme was conducted as on June 30, 2014. Results of actuarial valuation are as under:

10.2 Movement in net liability for staff gratuity

	2015	2014
Opening balance	9,791,229	7,987,870
Remeasurement chargeable in other comprehensive income	-	2,190,880
Charge for the year	4,248,157	2,964,391
	14,039,386	13,143,141
Benefits paid to employees	(3,590,998)	(3,351,912)
	10,448,388	9,791,229

10.3 The movement in present value of defined benefit obligation is as follows:

	2015	2014
Opening balance	9,791,229	7,987,870
Current service cost for the year	2,799,828	2,143,842
Interest cost for the year	1,448,329	820,549
Experience adjustment	-	2,190,880
Benefits paid during the year	(3,590,998)	(3,351,912)
Closing balance	10,448,388	9,791,229

Note 10, Staff Retirement Benefits- Contd...

	2015	2014
	Rupees	Rupees
10.4 Charge for the year		
Current service cost	2,799,828	2,143,842
Interest cost	1,448,329	820,549
	4,248,157	2,964,391

10.5 Actuarial assumptions

Balance sheet liability and charge for the current year has been determined on the basis of actuarial estimates provided by the actuary.

Discount rate - per annum	13.25%
Expected rate of increase in salary level - per annum	12.25%
Average expected remaining working lives of employees	6 Year
Expected mortality rate for active employees	As per SLIC (2001-2005) Mortality Table with one year setback
Actuarial valuation method	Projected Unit Credit Method

10.6 Year end sensitivity analysis on defined benefit obligation

Reasonably possible changes as at the balance sheet date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in defined benefit obligation as stated below:

	Change in assumption	Increase in assumption	Decrease in assumption
	%	Rupees	Rupees
Discount rate	1%	9,245,309	10,430,163
Salary increase	1%	10,469,351	9,199,761

10.7 The Company does not have any plan assets covering its post-employment benefits payable. The comparative statement of present value of defined benefit obligations is as under:

	2015	2014	2013	2012	2011
	Rupees	Rupees	Rupees	Rupees	Rupees
Present value of defined defined benefit obligation	10,448,388	9,791,229	2,969,134	2,846,527	2,154,813
Less: Plan assets	-	-	-	-	-
Deficit	10,448,388	9,791,229	2,969,134	2,846,527	2,154,813

Note 11
Deferred Tax Liability

	2015	2014
	Rupees	Rupees
Deferred tax liability on taxable temporary differences arising in respect of:		
- Accelerated tax depreciation on property, plant and equipment	15,898,655	16,413,425
- Surplus on revaluation of property, plant and equipment	37,939,502	46,370,505
	53,838,157	62,783,930
Deferred tax asset on deductible temporary differences arising in respect of:		
- Unused tax losses	(15,904,794)	(15,904,794)
- Staff retirement benefits and others	(3,134,516)	(5,067,921)
	(19,039,310)	(20,972,715)
	34,798,847	41,811,215

11.1 As a matter of prudence, deferred tax asset amounting to Rs. 42.974 million (2014: 65.766 million) on unused tax losses, has not been recognized in these financial statements.

Note 12
Trade and Other Payables

	Note	2015 Rupees	2014 Rupees
Trade creditors - Raw materials and others		22,652,210	13,619,327
Accrued liabilities		12,630,119	11,345,420
Advances from customers		1,423,290	1,393,520
Workers' (profit) participation fund	12.1	7,803,416	5,566,107
Workers' welfare fund		1,548,983	1,046,242
Income tax withheld		3,171,951	3,311,249
Sales tax payable		1,685,307	513,961
Other liabilities		1,016,337	922,924
Unclaimed dividends		232,987	232,987
		52,164,600	37,951,737

12.1 Workers' (profit) participation fund

	2015 Rupees	2014 Rupees
Opening balance	5,566,107	3,523,156
Provision for the year	1,747,207	1,614,183
Interest on workers' (profit) participation fund	490,102	428,768
	7,803,416	5,566,107
Paid during the year	-	-
Closing Balance	7,803,416	5,566,107

Note 13
Short Term Borrowings

	Note	2015 Rupees	2014 Rupees
From banking companies - Secured			
First Elite Capital Modaraba	13.1	-	275,000

13.1 The Company reached a settlement package with First Elite Capital Modaraba during the year and paid the entire principal amount of Rs. 0.275 million and settlement charges of Rs. 0.673 million.

Note 14
Provision for Taxation - Net

	2015 Rupees	2014 Rupees
Opening balance	6,896,487	6,797,199
Provision for current year	5,864,373	6,985,429
Prior years / tax credits	(1,016,165)	-
	11,744,695	13,782,628
Payments / adjustments during the year	(5,143,824)	(6,886,141)
	6,600,871	6,896,487

14.1 Income tax assessments are deemed finalized upto the Tax Year 2014 as returns were filed under self assessment scheme.

Note 15
Contingencies and Commitments

Contingencies

15.1 There are no material contingencies outstanding as at the balance sheet date.

Commitments

15.2 During the year the Company issued post dated cheques amounting to Rs. 312,000 to IGI Insurance Limited in respect of insurance premiuims for buildings and raw materials. (2014: Nil).

15.3 Commitments in respect of civil works at the mills amount to Rs. 1.50 million (2014: Rs. 2.5 million).

Note 16
Property, Plant and Equipment

	Note	2015 Rupees	2014 Rupees
Operating fixed assets	16.1	501,251,680	508,164,762
Capital work in progress	16.3	3,598,746	2,465,166
		504,850,426	510,629,928

16.1 Operating fixed assets for the Year Ended June 30, 2015

Particulars	Cost					Depreciation				Written Down Value as at 30-06-2015
	As at 30-06-2014	Additions	Revaluation Adjustment	Total as at 30-06-2015	Rate	As at 30-06-2014	For the year	Revaluation Adjustment	Total as at 30-06-2015	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Land - freehold	290,950,000	-	-	290,950,000		-	-	-	-	290,950,000
Factory building on freehold land	92,332,000	-	-	92,332,000	10	-	9,233,200	-	9,233,200	83,098,800
Plant and machinery	112,115,000	5,987,522	-	118,102,522	10	-	11,510,351	-	11,510,351	106,592,171
Furniture and fixtures	6,946,336	91,250	-	7,037,586	10	6,217,599	79,529	-	6,297,128	740,458
Gas generator	10,000,000	9,080,661	-	19,080,661	10	-	1,302,689	-	1,302,689	17,777,972
Vehicles	2,815,298	-	-	2,815,298	20	2,763,600	10,340	-	2,773,940	41,358
Electric fittings, equipment and appliances	5,309,690	282,900	-	5,592,590	10	3,322,363	219,306	-	3,541,669	2,050,921
Library books	11,856	-	-	11,856	10	11,856	-	-	11,856	-
Total Rupees	520,480,180	15,442,333	-	535,922,513		12,315,418	22,355,415	-	34,670,833	501,251,680

16.2 Operating fixed assets for the Year Ended June 30, 2014

Particulars	Cost					Depreciation				Written Down Value as at 30-06-2014
	As at 30-06-2013	Additions	Revaluation Adjustment	Total as at 30-06-2014	Rate	As at 30-06-2013	For the year	Revaluation Adjustment	Total as at 30-06-2014	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Land - freehold	212,000,000	-	78,950,000	290,950,000		-	-	-	-	290,950,000
Factory building on freehold land	91,782,622	-	36,514,709 (35,965,331)	92,332,000	10	29,763,410	6,201,921	- 35,965,331	-	92,332,000
Plant and machinery	110,632,667	10,161,646	33,501,944 (42,181,257)	112,115,000	10	34,117,866	8,063,391	- 42,181,257	-	112,115,000
Furniture and fixtures	6,889,536	56,800	-	6,946,336	10	6,137,050	80,549	-	6,217,599	728,737
Gas generator	21,964,606	-	1,490,461 (13,455,067)	10,000,000	10	12,509,563	945,504	- 13,455,067	-	10,000,000
Vehicles	2,777,798	37,500	-	2,815,298	20	2,750,676	12,924	-	2,763,600	51,698
Electric fittings, equipment and appliances	4,840,555	469,135	-	5,309,690	10	3,128,248	194,115	-	3,322,363	1,987,327
Library books	11,856	-	-	11,856	10	11,856	-	-	11,856	-
Total Rupees	450,899,640	10,725,081	58,855,459	520,480,180		88,418,669	15,498,404	91,601,655	12,315,418	508,164,762

16.3 Capital work in progress

	2015 Rupees	2014 Rupees
Factory and colony building on freehold land:		
- Opening balance	2,465,166	-
- Additions during the year	1,133,580	2,465,166
- Closing balance	3,598,746	2,465,166

16.4 Latest revaluation of property, plant and equipment was carried out by an independent valuer (refer to note 8) as on June 30, 2014. Had there been no revaluation, the cost, accumulated depreciation and book values of revalued assets would have been as under:

	As on June 30, 2015		
	Cost	Accumulated depreciation	Book value
	Rupees	Rupees	Rupees
Land	16,298	-	16,298
Factory building	39,357,792	33,411,310	5,946,482
Plant and machinery	331,815,489	271,058,056	60,757,433
Gas generator	31,045,267	14,619,608	16,425,659
Electric fittings, equipment and appliances	15,302,111	13,340,655	1,961,456
	417,536,957	332,429,629	85,107,328

16.5 Depreciation charge for the year has been allocated as under:

	Note	2015 Rupees	2014 Rupees
Cost of sales	24	22,265,546	15,404,931
Administrative expenses	26	89,869	93,473
		22,355,415	15,498,404

Note 17
Long Term Deposits

	2015 Rupees	2014 Rupees
Sui Northern Gas Pipeline Limited	8,579,564	8,579,564
WAPDA	1,480,000	288,000
	10,059,564	8,867,564

Note 18
Stores and Spares

	2015 Rupees	2014 Rupees
Stores and spares	3,133,784	3,072,658
Packing materials	627,306	235,173
	3,761,090	3,307,831

18.1 Stores and spares include items which may result into fixed capital expenditure but those are not distinguishable as at the balance sheet date.

Note 19
Stock in Trade

	2015 Rupees	2014 Rupees
Raw materials	22,919,313	18,428,784
Work in process	4,810,914	5,024,025
Finished goods	3,485,368	4,662,780
	31,215,595	28,115,589

Note 20
Trade Debts

	Note	2015 Rupees	2014 Rupees
Local debts (Unsecured - considered good)			
Local debts		938,858	1,907,104
Less: Provision for doubtful debts	20.1	(102,972)	-
		835,886	1,907,104

20.1 Provision for doubtful debts

	2015	2014
Opening balance	-	-
Provision made during the year	102,972	-
	102,972	-
Bad debts written off	-	-
Closing Balance	102,972	-

Note 21
Advances, Prepayments and Other Receivables

	Note	2015 Rupees	2014 Rupees
Advances to employees (Unsecured - considered good)	21.1	545,275	533,175
Advances to suppliers (Unsecured - considered good)			
Advances to suppliers		7,720,601	10,051,024
Less: Provision against doubtful advances	21.2	(5,565,071)	-
		2,155,530	10,051,024
Income tax deducted at source / advance tax		3,402,736	2,387,867
Prepayments		179,053	537,775
		6,282,594	13,509,841

21.1 Amounts due from the chief executive, directors and executives amount to Nil (2014: Nil) as at the balance sheet date.

21.2 Provision against doubtful advances

	2015	2014
Opening balance	-	-
Provision made during the year	5,565,071	-
	5,565,071	-
Bad debts written off	-	-
Closing Balance	5,565,071	-

Note 22
Cash and Bank Balances

	2015 Rupees	2014 Rupees
Cash in hand	106,483	1,007,791
Cash at banks in current accounts	11,906,494	16,549,052
	12,012,977	17,556,843

Note 23
Sales

		2015	2014
		Rupees	Rupees
Local:			
-	Yarn	596,447,761	702,509,039
-	Wastes	7,594,370	10,621,661
		604,042,131	713,130,700
Less:	Sales tax	(17,604,837)	(14,587,751)
		586,437,294	698,542,949

Note 24
Cost of Sales

	Note	2015 Rupees	2014 Rupees
Raw materials consumed		353,240,321	467,846,918
Stores and spares consumed		11,409,358	10,805,346
Packing materials consumed		9,516,017	10,187,436
Fuel and power		71,270,631	80,141,555
Salaries and wages	24.1	75,994,503	62,264,560
Repairs and maintenance		2,782,122	4,899,141
Depreciation	16.4	22,265,546	15,404,931
		546,478,498	651,549,887
Work in process:			
- Opening		5,024,025	3,821,030
- Closing		(4,810,914)	(5,024,025)
		213,111	(1,202,995)
		546,691,609	650,346,892
Finished goods:			
- Opening		4,662,780	3,665,488
- Closing		(3,485,368)	(4,766,604)
		1,177,412	(1,101,116)
		547,869,021	649,245,776

24.1 This includes Rs. 3.836 million (2014: Rs. 2.678 million) in respect of staff retirement benefits.

Note 25
Distribution Cost

	Note	2015 Rupees	2014 Rupees
Salaries		557,750	488,000
Commission and selling expenses	25.1	154,500	546,945
		712,250	1,034,945

25.1 This includes Rs. 0.034 million (2014: Rs. nil) in respect of staff retirement benefits.

Note 26
Administrative Expenses

	Note	2015 Rupees	2014 Rupees
Salaries and benefits	26.1	15,057,205	11,094,814
Utilities		625,234	782,138
Printing and stationery		356,030	293,863
Communication		554,909	729,993
Travelling and conveyance		1,393,680	1,074,625
Repairs and maintenance		281,160	343,866
Rent, rates and taxes		340,040	126,694
Vehicle running and maintenance		1,453,036	1,452,306
Fees and subscription		712,648	575,056
Legal and professional charges		959,080	721,100
Insurance		855,160	945,361
Entertainment		1,093,526	859,686
Advertisement		51,250	56,000
Newspapers and periodicals		67,509	66,540
Donations	26.2	189,550	163,600
Miscellaneous		42,041	245,011
Depreciation	16.4	89,869	93,473
		24,121,927	19,624,126

26.1 This includes Rs. 0.378 million (2014: Rs. 0.286 million) in respect of staff retirement benefits.

26.2 None of the directors or their spouses have any interest in the donees.

Note 27
Finance Cost

	Note	2015 Rupees	2014 Rupees
Markup on long term financing	9.2	2,175,752	-
Short term borrowings settlement expense	13.1	673,000	-
Interest on workers' (profit) participation fund		490,102	428,768
Bank charges		31,180	31,826
		3,370,034	460,594

Note 28
Other Operating Expenses

	Note	2015 Rupees	2014 Rupees
Auditors' remuneration:			
- Statutory audit fee		375,000	300,000
- Other attestation services		130,000	130,000
		505,000	430,000
Provision for workers' (profit) participation fund	12.1	1,747,207	1,614,183
Provision for workers' welfare fund		1,048,028	839,748
Provision for doubtful balances	20.1 & 21.2	5,668,043	-
		8,968,278	2,883,931

Note 29
Other Income

	Note	2015 Rupees	2014 Rupees
Waiver of deferred mark up by Bank of Punjab	9.1	29,668,000	-
Refund of loan settlement expense from Bank of Punjab		-	1,341,819
Unclaimed liabilities written back		1,082,801	219,342
Other income		2,321	409,610
		30,753,122	1,970,771

Note 30
Taxation

	2015	2014
	Rupees	Rupees
Current		
- Charge for the year	5,864,373	6,985,429
- Prior years / tax credits	(1,016,165)	(1,925,994)
	4,848,208	5,059,435
Deferred tax	(2,796,866)	(4,536,467)
	2,051,342	522,968

30.1 Reconciliation of tax charge for the year:

	2015	2014
Profit before taxation	32,148,906	27,264,348
Tax @ 33% (2014: 34%) on profit before taxation	10,609,139	9,269,878
Prior years	(1,016,165)	(1,925,994)
Adjustment on account of brought forward tax losses	(4,744,766)	(2,284,449)
Deferred taxation	(2,796,866)	(4,536,467)
	2,051,342	522,968

Note 31
Earnings per Share - Basic and Dilutive

		2015	2014
Net profit for the year attributable to ordinary shareholders	Rupees	30,097,564	26,741,380
Weighted average number of ordinary shares	Number	4,449,159	4,449,159
Weighted average number of dilutive shares	Number	11,067,909	8,274,159
Earnings per share - Basic	Rupees	6.76	6.01
Earnings per share - Dilutive	Rupees	2.72	3.23

31.1 To calculate the dilutive earnings per share, the share deposit money has been considered as issued share capital for the calculation of earnings per share.

Note 32

Chief Executive's and Directors' Remuneration

Aggregate amounts charged in the financial statements for the year as remuneration and benefits to the chief executive and directors of the Company are as follows:

	Chief Executive	Executive Director	Non-Executive Directors	Executives	Chief Executive	Executive Director	Non-Executive Directors	Executives
	2015				2014			
	Rupees				Rupees			
Managerial remuneration	1,680,000	1,680,000	-	4,551,000	309,600	309,600	-	3,780,000
House rent allowance	480,000	480,000	-	-	139,320	139,320	-	-
Medical allowance / reimbursement	240,000	3,802,136	-	-	31,080	3,848,158	-	-
	2,400,000	5,962,136	-	4,551,000	480,000	4,297,078	-	3,780,000
Number of persons	1	1	4	4	1	1	4	4

32.1 The chief executive officer is provided with Company maintained car.

32.2 No meeting fee was paid during the year to any director of the Company.

32.3 Executives are defined as employees with basic salary exceeding Rs. 500,000 per annum.

Note 33

Transactions with Related Parties

Related parties comprise associated companies, directors, key management employees and other related parties through close family members of the directors of the Company.

There were no sale / purchase transactions with related parties or transactions with key management personnel other than those undertaken as per the terms of their employment during the year. Other transactions entered into with related parties were as follows:

	2015	2014
	Rupees	Rupees
Long term financing transferred into share deposit money	111,750,000	-
Long term financing repaid to directors	(20,141,424)	(11,440,698)
Markup on long term financing from directors	2,175,752	-

Note 34

Plant Capacity and Production

	2015	2014
	Kgs	Kgs
100% plant capacity converted into 20/S (2014: 20/PC) count based on three shifts per day for 1080 shifts (2014: 1080 shifts)	5,173,183	5,173,183
Actual production for the year converted into 20/S (2014: 20/S)	4,036,000	4,199,267

Plant capacity is determined on the basis of management estimates as it is difficult to calculate precisely the production capacity of spinning unit; the production capacity fluctuates widely depending on various factors such as count of yarn spun, spindle speed, twist, maintenance of machinery, power shutdown and raw materials used, and the pattern of production adopted in any particular year.

Note 35

Financial Risk Management

35.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. As there are no foreign receivables / payables of the Company, it is not exposed to currency risk.

(ii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. As there are no investments in marketable securities, the Company is not exposed to equity and commodity price risk.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant long-term interest-bearing assets. Its only interest bearing liability is long term financing from directors / related parties as the borrowings are obtained at variable rates, these expose the Company to cash flow interest rate risk.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2015	2014
	Rupees in thousand	
Long term financing from directors and related parties	84,700	-

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the balance sheet date fluctuate by 1% higher / lower with all other variable held constant, profit before taxation for the year would have been Rs. 0.847 million lower / higher mainly as a result of higher / lower interest on floating rate borrowings. This analysis is prepared assuming that amounts of liabilities outstanding as at the balance sheet date are outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2015	2014
	Rupees in thousand	
Long term deposits	10,060	8,868
Trade debts	836	1,907
Bank balances	11,906	16,549

The aging of trade debts as at balance sheet date is as follows:

	2015	2014
Past due 1 - 30 days	836	1,907
Past due 31 - 60 days	-	-
Past due 61 - 120 days	-	-
More than 120 days	-	-
	836	1,907

Note 35, Financial Risk Management - Contd...

The credit quality of cash and bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating Short term	Rating Long term	Rating Agency	2015 Rupees	2014 Rupees
National Bank of Pakistan	A-1+	AAA	JCR-VIS	421,358	121,359
MCB Bank Limited	A1+	AA+	PACRA	7,808,558	9,704,567
Bank Alfalah Limited	A1+	AA	PACRA	3,673,611	6,689,386
JS Bank Limited	A1	A+	PACRA	2,960	24,150
The Bank of Punjab	A1+	AA-	PACRA	7	9,590
				11,906,494	16,549,052

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and certain short term borrowing facilities. As at the balance sheet date, the Company has Rs. 12.012 million (2014: Rs. 17.557 million) cash and bank balances. The management believes low liquidity risk as the directors are continually injecting interest free funds to meet the liquidity requirements of the Company. Following are the contractual maturities of financial liabilities, including interest payments.

Contractual maturities of financial liabilities as at June 30, 2015:

	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	5 - 10 years
			Rupees in thousand			
Long term financing	96,700	166,324	20,703	20,703	62,109	62,809
Trade and other payables	36,299	36,299	36,299	-	-	-
Accrued markup on long term financing	2,176	2,176	2,176	-	-	-
	135,175	204,799	59,178	20,703	62,109	62,809

Contractual maturities of financial liabilities as at June 30, 2014:

	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	5 - 10 years
			Rupees in thousand			
Long-term finances	228,592	228,592	15,000	-	-	213,592
Deferred mark up *	38,511	8,742	8,742	-	-	-
Trade and other payables	25,888	25,888	25,888	-	-	-
Short term finances	275	275	275	-	-	-
	293,266	263,497	49,905	-	-	213,592

* Rs. 29.769 million shall be waived off on the repayment of Rs. 8.742 million (Note. 9.2).

35.2 Financial instruments by categories

Financial instruments as at June 30, 2015

	Cash and Cash Equivalents	Loans and Advances	Available for Sale	Assets at Fair Value through Profit	Total
	---------- Rupees in thousand ----------				
Assets as per balance sheet					
Long term deposits	-	10,060	-	-	10,060
Trade debts	-	836	-	-	836
Cash and bank balances	12,013	-	-	-	12,013
	12,013	10,896	-	-	22,909

Note 35, Financial Risk Management - Contd...

Other Liabilities:	Rupees in thousand
Long term financing	96,700
Trade and other payable	36,299
Accrued markup on long term financing	2,176
	135,175

Financial instruments as at June 30, 2014

	Cash and Cash Equivalents	Loans and Advances	Available for Sale	Assets at Fair Value through Profit or Loss	Total
	---------- Rupees in thousand ----------				
Assets as per balance sheet					
Long term deposits	-	8,868	-	-	8,868
Advances to employees and customers	-	1,907	-	-	1,907
Cash and bank balances	17,557	-	-	-	17,557
	17,557	10,775	-	-	28,332

Other Liabilities:	Rupees in thousand
Long term financing	267,103
Trade and other payable	25,888
Short term borrowings	275
	293,266

35.3 Fair values of financial assets and liabilities

Carrying values of all financial assets and liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Note 36
Capital Risk Management

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhance shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchasing shares, if possible, selling surplus property, plant and equipment without affecting the optimal production and operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt. The gearing ratio has not been worked out owing to negative equity of the Company as at the balance sheet date.

Note 37
Number of Employees

	2015				
	Permanent		Contractual		Total
	Head office	Mills	Head office	Mills	
	Number	Number	Number	Number	Number
Employees as at June 30,	10	42	7	275	334
Average employees during the year	10	35	7	280	332

	2014				
	Permanent		Contractual		Total
	Head office	Mills	Head office	Mills	
	Number	Number	Number	Number	Number
Employees as at June 30,	10	42	7	287	346
Average employees during the year	10	35	7	290	342

Note 38
Provident Fund Related Disclosures

The Company does not maintain any provident fund for its employees.

Note 39
Date of Authorization for Issue

These financial statements have been authorized for issue by the Board of Directors of the Company on October 09, 2015.

Note 40
General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. The following immaterial re-arrangements have been made in these financial statements for better presentation:

Particulars	Amount Rupees	From	To
Packing materials consumed	10,805,346	Stores and spares consumed (Note 24)	Packing material consumed (Note 24)
Transportation at mill	103,090	Administrative Expenses (Note 26) Miscellaneous	Administrative Expenses (Note 26) Travelling and conveyance
Repairs and maintanace	166,397	Administrative Expenses (Note 26) Miscellaneous	Administrative Expenses (Note 26) Repairs and maintenance

Mohammad Hameed
Chief Executive

Farooq Hameed
Director

FORM 34
THE COMPANIES ORDINANCE 1984
[Section 236(1) and 464]
PATTERN OF SHAREHOLDING

1. Incorporation Number: 0 0 1 4 2 0

2. Name of the Company: SERVICE INDUSTRIES TEXTILES LIMITED

3. Pattern of holding of the shares held by the shareholders as at 30.06.2015

4. Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held
508	1	100	14,684
449	101	500	103,780
89	501	1000	68,474
100	1001	5000	247,032
25	5001	10000	184,906
8	10001	15000	100,590
3	15001	20000	59,500
3	20001	25000	65,000
1	25001	30000	26,000
1	30001	35000	35,000
1	40001	45000	42,500
10	45001	50000	490,780
1	50001	55000	53,000
1	65001	70000	70,000
1	70001	75000	74,606
1	80001	85000	82,575
3	85001	90000	269,239
1	95001	100000	97,500
2	110001	115000	222,390
1	120001	125000	123,148
1	125001	130000	130,000
2	185001	190000	372,935
1	195001	200000	199,420
1	230001	235000	234,706
1	265001	270000	268,324
1	400001	405000	401,359
1	410001	415000	411,711
1217			4,449,159

5. Categories of shareholders	Share held	Percentage
5.1 Directors Chief Executive Officer and their spouse and minor childrens	1,634,820	36.74
5.2 Associated Companies undertaking and related partries	-	-
5.3 NIT and ICP	186,506	4.19
5.4 Bank Development Financial Institutions, Non Banking Financial Institutions	354,429	7.97
5.5 Insurance Companies	382,420	8.60
5.6 Modarabas and Mutal Funds	8,900	0.20
5.7 Shareholders holding 10% or more	-	-
5.8 General Public	1,882,078	42.30
5.9 Others (to be specified)		
Joint Stock Companies	6	0.00

SEVICE INDUSTRIES TEXTILES LIMITED

Catagories of Shareholding required under Code of Corporate Goverance (CCG)

As on 30.06.2015

S.No.	Name	No of Shares Held	Percentage
	Associated Companies, Undertakings and Related Parties (Name Wise Detail):	-	-
	Mutual Funds (Name Wise Detail)	-	-
	Directors, CEO and their Spouse and Minor Children (Name Wise):		
1	Mr. Ijaz Hameed	268,324	6.03
2	Mr. Farooq Hameed	401,359	9.02
3	Mr. Aamer Hameed	411,711	9.25
4	Mr. Mohammad Hameed	89,713	2.02
5	Mr. Tariq Hameed	89,713	2.02
6	Mr. Murtaza Hameed	42,500	0.96
7	Mrs. Robina Ijaz	123,148	2.77
8	Mrs. Uzma Hameed	110,352	2.48
9	Mrs. Saima Hameed	97,500	2.19
10	Mr. Abid Hussain	500	0.01
	Executive:	-	-
	Public Sector Companeis & Corporation:	-	-
	Bank, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	745,749	16.76
	Shareholders holding five percent or more voting interest in the listed company (Name Wise):		
1	Mr. Aamer Hameed	411,711	9.25
2	Mr. Farooq Hameed	401,359	9.02
3	Mr. Ijaz Hameed	268,324	6.03
4	National Bank of Pakistan	269,429	6.06
5	Mrs. Safia Saeed	234,706	5.28

All trades in the shares of the listed company, carries out by its Directors, CEO, CFO, Company Secretary and their spouses and Minor children:

S.No.	NAME	SALE	PURCHASE
1	Mr. Murtaza Hameed	7,500	-
2	Mrs. Saima Hameed	2,500	-

SERVICE INDUSTRIES TEXTILES LIMITED

FORM OF PROXY

Please quote Folio Number

I / We ____________________

of ____________________

being a member of SERVICE INDUSTRIES TEXTILES LIMITED hereby appoint

Mr. ____________________

of ____________________

another member of the Company or failing him

Mr. ____________________

of ____________________

another member of the Company as my proxy to attend, act and vote for me and on my behalf at the Annual General Meeting of the Company to be held on Friday October 30, 2015 at 1100 hrs at the Registered Office, 38-Empress Road, Lahore, and at any adjournment thereof.

Signature
on
Five Ruppees
Revenue
Stamp

(Signatures should agree with the specimen signatures registered with the Company).

Witness ____________________

Date ____________________

NOTE:-
The proxy must be signed across a Five Rupees Revenue Stamp and it should be deposited in the Office of the Company not later than 48 hours before the time of holding the meeting.