



## 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 half year ended December 31, 2014. The financial results are as follows:

	<u>31.12.14</u> (Rupees 000)	<u>31.12.13</u> (Rupees 000)
Net Profit for the period	30,966	18,812
Accumulated loss brought forward	(280,492)	(312,358)
	<u>(249,526)</u>	<u>(293,546)</u>
Transfer from surplus on revaluation Of property, plant and equipment in respect of: - Incremental Depreciation- net of deferred tax	4,007	2,446
	<u>(245,519)</u>	<u>(291,100)</u>
Earning per share - Basic	<u>6.96</u>	<u>4.23</u>

By the grace of Almighty Allah during the period under review we earned the net profit of Rs.30.966 Million as compared to net profit of Rs. 18.812 Million for the same period in previous year. The major reason for the increase in the profit is the waiver off of Rs.29.769 million availed from the Bank of Punjab as the entire liability of the Bank has been paid during the period in accordance with the settlement agreement.

The Government has announced the textile policy (2014-2019) envisaging doubling the textile exports from 13 billion dollar to 26 billion dollar in five years. The implementation of policy requires the financial package of around Rs. 65 billion in five years. The finance division will provide 40.6 billion while the balance will be arranged through Planning Commission and Export Development Fund. To achieve the goals set in the textile policy it need to be implemented in true spirit. 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

Dated: 27.02.2015

## REPORT TO MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim balance sheet of Service Industries Textiles Limited as at December 31, 2014, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and the notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures included in the condensed interim profit and loss account for the quarters ended December 31, 2013 and December 31, 2014 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2014.

### Scope of Review


We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

Based on information provided to us by the management, the Company has not amortized the long term financing (unsecured and interest free) obtained from directors and related persons amounting to Rs. 204.215 million (disclosed in Note 6 to the accompanying interim financial information) 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. 22.690 million.

### Qualified Conclusion

Based on our review, except for the matter described in preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.


LAHORE  
Dated: 27.02.2015HORWATH HUSSAIN CHAUDHURY & CO.  
Chartered Accountants  
(Engagement Partner: Abrar S. Chaudhury)



**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS AT DECEMBER 31, 2014**

	Note	December 31, 2014 (Un-audited) Rs. '000'	June 30, 2014 (Audited) Rs. '000'
<b>CAPITAL AND LIABILITIES</b>			
Share Capital and Reserves			
Authorized share capital 10,000,000 (June 30, 2014: 10,000,000) ordinary shares of Rs. 10 each		100,000	100,000
Issued, subscribed and paid up capital 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		(245,519)	(280,492)
		(127,777)	(162,750)
Surplus on Revaluation of Property, Plant and Equipment		378,811	382,817
Non Current Liabilities			
Long term financing	6	204,215	243,361
Staff retirement benefits		10,087	9,791
Deferred tax liability		39,755	41,811
		254,057	294,963
Current Liabilities			
Trade and other payables		47,923	37,952
Short term borrowings	7	275	275
Current and overdue portion of long term financing		15,000	23,742
Provision for taxation		15,502	6,896
		78,700	68,865
Contingencies and Commitments	8	-	-
		583,791	583,895
		December 31, 2014 (Un-audited) Rs. '000'	June 30, 2014 (Audited) Rs. '000'
<b>ASSETS</b>			
Non Current Assets			
Property, plant and equipment	4	503,759	510,630
Long term deposits		8,868	8,867
		512,627	519,497
Current Assets			
Stores and spares		3,065	3,308
Stock in trade	5	29,554	28,116
Trade debts		785	1,907
Advances and other receivables		23,556	13,510
Cash and bank balances		14,204	17,557
		71,164	64,398
		583,791	583,895

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

  
Mohammad Hameed  
Chief Executive

  
Farooq Hameed  
Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014**

	Half Year Ended December 31, 2014	Half Year Ended December 31, 2013	Quarter Ended December 31, 2014	Quarter Ended December 31, 2013
	(Un-Audited) Rupees '000	(Un-Audited) Rupees '000	(Un-Audited) Rupees '000	(Un-Audited) Rupees '000
	Note			
Sales - net	312,324	345,220	157,411	168,537
Cost of sales	(288,485)	(311,744)	(155,288)	(155,344)
Gross Profit	23,839	33,476	2,123	13,193
Operating Expenses				
Distribution cost	(277)	(446)	(131)	(446)
Administrative expenses	(14,225)	(11,624)	(8,451)	(6,965)
Operating Profit	9,337	21,406	(6,459)	5,782
Finance cost	(15)	(12)	(6)	(7)
Other operating charges	(3,054)	(1,658)	(3,054)	(1,658)
Other income	9 31,248	73	30,467	63
Profit before Taxation	37,516	19,809	20,948	4,180
Taxation	(6,550)	(997)	(3,370)	(781)
Net Profit for the Period	30,966	18,812	17,578	3,399
Earnings per Share - Basic	6.96	4.23	3.95	0.76
Earning per Share - Dilutive	3.74	2.27	2.12	0.41

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

Mohammad Hameed  
Chief Executive

Farooq Hameed  
Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014**

	Half Year Ended December 31, 2014	Half Year Ended December 31, 2013	Quarter Ended December 31, 2014	Quarter Ended December 31, 2013
	(Un-audited) Rupees '000	(Un-audited) Rupees '000	(Un-audited) Rupees '000	(Un-audited) Rupees '000
Net Profit for the Period	30,966	18,812	17,578	3,399
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the Period	<u>30,966</u>	<u>18,812</u>	<u>17,578</u>	<u>3,399</u>

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

Mohammad Hameed  
Chief Executive


Farooq Hameed  
Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014**

	December 31, 2014	December 31, 2013
	Rupees (000)	Rupees (000)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	37,516	19,809
Adjustments for:		
- Depreciation	10,918	7,605
- Provision for gratuity	1,974	1,983
- Finance costs	16	12
	<u>12,908</u>	<u>9,600</u>
Operating profit before working capital changes	50,424	29,409
Decrease / (Increase) in current assets:		
- Stores and spares	243	(200)
- Stock in trade	(1,438)	(17,756)
- Trade debts	1,122	2,029
- Advances and other receivables	(7,807)	(9)
Increase / (decrease) in current liabilities:		
- Trade and other payables	9,970	10,669
	<u>2,090</u>	<u>(5,267)</u>
Cash generated from Operations	52,514	24,142
Income tax paid	(2,239)	(694)
Finance costs paid	(16)	(12)
Gratuity paid	(1,678)	(1,602)
Net Cash generated from Operating Activities	48,581	21,834
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(4,046)	(2,925)
Long term deposits	-	(970)
Net Cash used in Investing Activities	(4,046)	(3,895)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing repaid	(47,888)	(21,352)
Short term borrowings	-	(150)
Net Cash used in Financing Activities	(47,888)	(21,502)
Net Decrease in Cash and Cash Equivalents	(3,353)	(3,563)
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>14,204</u>	<u>14,717</u>

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

  
Mohammad Hameed  
Chief Executive

  
Farooq Hameed  
Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

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 six months period ended December 31, 2013	-	-	-	18,812	18,812
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax	-	-	-	2,446	2,446
Balance as at December 31, 2013	44,492	38,250	35,000	(291,100)	(173,358)
Balance as at June 30, 2014	44,492	38,250	35,000	(280,492)	(162,750)
Total comprehensive income for the six months period ended December 31, 2014	-	-	-	30,966	30,966
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax	-	-	-	4,007	4,007
Balance as at December 31, 2014	44,492	38,250	35,000	(245,519)	(127,777)

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 HALF YEAR ENDED DECEMBER 31, 2014**

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

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**

- 2.1 This condensed interim financial information has been prepared in accordance with the directives issued by the Securities & Exchange Commission of Pakistan (SECP) and is in compliance with the International Accounting Standard - 34 (Interim Financial Reporting).
- 2.2 This condensed interim financial information is unaudited and has been subjected to limited scope review by the external auditors as required by the Code of Corporate Governance and is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984. The figures for the quarters ending on December 31, 2013 and 2014 presented in the condensed interim profit and loss account have not been reviewed by the external auditors.
- 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 nearest thousand rupees, unless stated otherwise. This condensed financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2014.

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

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****Property, Plant and Equipment**

		Half Year Ended December 31, 2014	Year Ended June 30, 2014
	Note	(Un-audited) Rupees (000)	(Audited) Rupees (000)
Operating fixed assets	4.1	500,339	508,165
Capital work in progress		3,420	2,465
		<u>503,759</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		3,091	10,725
Add: Revaluation during the period / year - at cost		-	150,457
		511,256	523,663
Less: Depreciation charge for the period / year		(10,917)	(15,498)
		<u>500,339</u>	<u>508,165</u>



## Note 5

Stock in Trade	Half Year Ended	Year Ended
	December 31, 2014	June 30, 2014
	(Un-audited)	(Audited)
	Rupees (000)	Rupees (000)
Raw materials	20,973	18,429
Work in process	4,542	5,024
Finished goods	4,039	4,663
	<u>29,554</u>	<u>28,116</u>

## Note 6

Long Term Financing	Note	Half Year Ended	Year Ended
		December 31, 2014	June 30, 2014
		(Un-audited)	(Audited)
		Rupees (000)	Rupees (000)
Banking companies - Secured			
Restructured bridge finance - Bank of Punjab			
- Deferred mark up	6.1	-	38,511
- Less: Current portion		-	(8,742)
		-	29,769
Related parties - Unsecured			
Director and related persons		219,215	228,592
Less: Current portion		(15,000)	(15,000)
		<u>204,215</u>	<u>213,592</u>
		<u>204,215</u>	<u>243,361</u>

6.1 During the year, 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	Note	Half Year Ended	Year Ended
		December 31, 2014	June 30, 2014
		(Un-audited)	(Audited)
		Rupees (000)	Rupees (000)
From banking companies - Secured			
First Elite Capital Modaraba	7.1	<u>275</u>	<u>275</u>

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

	Half Year Ended December 31, 2014	Half Year Ended December 31, 2013
	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)
Deferred markup waived off by the bank	29,768	-
Sales tax refund	1,480	-
Sale of scrap	-	73
	<u>31,248</u>	<u>73</u>

## Note 10

## Transactions with Related Parties

	Half Year Ended December 31, 2014	Half Year Ended December 31, 2013
	(Un-audited) Rupees (000)	(Un-audited) Rupees (000)
Transactions with related persons		
Repayment of funds to related persons	<u>9,377</u>	<u>3,980</u>
Balance outstanding of related persons		
Long term financing	<u>219,215</u>	<u>236,052</u>

## Note 11

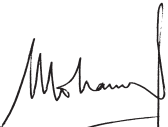
## Authorization of the Interim Financial Information

This condensed interim financial information (un-audited) has been authorized for issue on February 27, 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