

### 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 & REMUNERATION COMMITTEE : Ijaz Hameed (Chairman)  
 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.prim-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 quarter ended September 30, 2015. The financial results are as follows:

	30.09.15 (Rupees 000)	30.09.14 (Rupees 000)
Net (Loss)/Profit for the period	(121)	13,390
Accumulated loss brought forward	(240,785) (240,906)	(280,493) (267,103)
Transfer from surplus on revaluation Of fixed assets in respect of incremental Depreciation- net of deferred tax	2,162 (238,744)	2,297 (264,806)
Earning per share - Basic	(0.03)	3.01

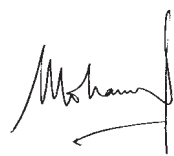
During the current period Company has earned a net loss of Rs.0.121 million as compared to net profit of Rs. 13.390 million for the same period in previous year.

It is quite challenging in today's business environment to keep the company afloat. Textile sector is already facing an uphill task due to power shortage and poor demand of local yarn. The non availability of gas to textile sector in Punjab has make it highly in competitive as compared to textile sector established in other provinces. 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.

We are fully aware of the challenges and are prepared to do everything possible to mitigate the adverse impact of such an event after 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.

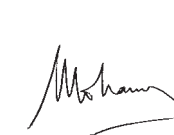
For and on behalf of the Board of Directors

Lahore  
 31 October, 2015

  
 MOHAMMAD HAMEED  
 Chief Executive

### BALANCE SHEET AS AT SEPTEMBER 30, 2015

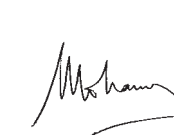
Note	September 30 2015 (Unaudited) Rupees (000)	June 30, 2015 (Audited) Rupees (000)
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	499,861	504,850
Long term deposits	10,060	10,060
<b>Current Assets</b>		
Stores and spares	3,941	3,761
Stock in trade	40,972	31,216
Trade debts- Unsecured considered good	53	836
Advances and other receivables	4,252	6,283
Cash and bank balances	7,608	12,013
	56,827	54,108
<b>Less: Current Liabilities</b>		
Trade and other payables	50,861	52,165
Accrued markupon long term financing	3,906	2,176
Current and overdue portion of non current liabilities	12,000	12,000
Provision for taxation	7,683	6,601
	74,449	72,941
<b>Less: Non Current Liabilities</b>		
Long term financing	82,136	84,700
Staff retirement benefits	10,655	10,448
Deferred tax liability	33,500	34,799
	126,291	129,947
	<u>366,008</u>	<u>366,130</u>
<b>REPRESENTED BY:</b>		
Authorised capital 10,000,000 (June 30,2015: 10,000,000) ordinary shares of Rs 10 each.		
	100,000	100,000
Issued, subscribed and paid up capital 4,449,159 (June 30,2015: 4,449,159) ordinary shares of Rs. 10 each.		
	44,492	44,492
Share deposit money	150,000	150,000
General reserve	35,000	35,000
Revaluation surplus	375,261	377,423
Accumulated loss	(238,744)	(240,785)
	<u>366,008</u>	<u>366,130</u>

  
 Mohammad Hameed  
 Chief Executive

  
 Farooq Hameed  
 Director

### UN-AUDITED PROFIT & LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2015

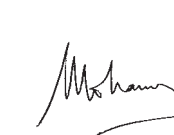
Notes	Quarter Ended September 30, 2015 (Unaudited) Rupees (000)	Quarter Ended September 30, 2014 (Unaudited) Rupees (000)
Sales	108,171	154,913
Cost of Sales	4 (99,837)	(133,197)
Gross Profit	8,334	21,717
<b>Operating Expenses:</b>		
Distribution Cost	(746)	(146)
Administrative expenses	5 (5,442)	(5,774)
Operating Profit	2,146	15,798
Financel cost	(2,433)	(9)
Other operating expenses	(68)	
Other operating Income	16	781
	(2,485)	772
(Loss)/Profit before taxation	(339)	16,569
Provision for taxation	217	(3,180)
(Loss)/Profit after taxation	(121)	13,390
Earnings per Share - Basic	(0.03)	3.01

  
 Mohammad Hameed  
 Chief Executive

  
 Farooq Hameed  
 Director

### STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2015

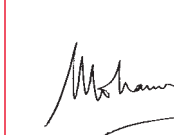
	Quarter Ended September 30, 2015 (Unaudited) Rupees (000)	Quarter Ended September 30, 2014 (Unaudited) Rupees (000)
Net (Loss)/Profit for the Year	(121)	13,390
<b>Other Comprehensive Income for the period</b>		
Items that will not be reclassified to profit and loss		
Experience adjustment on remeasurement of staff retirement benefits - net of deferred tax	-	-
Unrecognized actuarial losses / transitional liability on remeasurement of staff retirement benefits - net of deferred tax	-	-
Total Comprehensive Income for the period	(121)	13,390

  
 Mohammad Hameed  
 Chief Executive

  
 Farooq Hameed  
 Director

### UN-AUDITED CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Quarter Ended September 30, 2015 (Unaudited) Rupees (000)	Quarter Ended September 30, 2014 (Unaudited) Rupees (000)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(339)	16,569
<b>Adjustments for :</b>		
Depreciation	5,265	5,439
Provision for gratuity for the period	1,062	987
Finance cost	2,433	9
Operating Profit before working capital changes	8,422	23,004
<b>(Increase) / decrease in current assets:</b>		
Stores and spares	(180)	(1,083)
Stock in trade	(9,757)	(22,032)
Trade Debts	782	1,776
Advances, deposits, prepayments and other receivables	2,104	(245)
Increase/(Decrease) in current liabilities:		
Creditors, accrued and other liabilities	(1,304)	5,905
	(8,355)	(16,679)
CASH GENERATED FROM WORKING CAPITAL CHANGES	67	7,326
Income tax paid	(73)	(2,317)
Financial charges paid	(703)	(9)
Gratuity paid	(855)	(1,209)
Net Cash Generated from operating activities	(1,565)	3,792
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	(276)	(301)
Capital Work in process	-	(368)
Net cash used in Investing Activities	(276)	(669)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term finances	(2,564)	(7,411)
Net cash used in Financing Activities	(2,564)	(7,411)
Net Decrease in Cash and Cash Equivalents	(4,405)	(4,289)
Cash and Cash Equivalents at the begining of the Year	12,013	17,557
Cash and Cash Equivalents at the end of the period	7,608	13,268

  
 Mohammad Hameed  
 Chief Executive

  
 Farooq Hameed  
 Director



**STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Share Capital Rupees (000)	General Reserve Rupees (000)	Share deposit money Rupees (000)	Accumulated loss Rupees (000)	Total Rupees (000)
Balance as at June 30, 2014	44,492	35,000	38,250	(264,800)	(147,058)
Balance as at June 30, 2014	44,492	35,000	150,000	(240,785)	(11,293)
Net profit for the year ended September 30, 2015	-	-	-	(121)	(121)
Other comprehensive income for the period ended September 30, 2014 - net of deferred tax	-	-	-	-	-
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax	-	-	-	2,297	2,297
Balance as on September 30, 2015	44,492	35,000	150,000	(238,744)	(9,253)

Muhammad Hameed  
Chief Executive

Farooq Hameed  
Director



**NOTES TO THE ACCOUNTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

**1. THE COMPANY AND ITS ACTIVITIES**

Service Industries Textile Limited was incorporated in Pakistan in 1962 as a Private Limited Company under the Companies Act 1913, (Now 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 company is engaged in manufacturing and sale of yarn.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of Preparation of Financial statement**

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 'Interim Financial Reporting' as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the financial statements of company as at and for the year ended June 30, 2015

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi and Lahore Stock Exchanges and section 245 of Companies Ordinance, 1984.

These condensed interim financial statements comprise of condensed interim balance sheet, 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 together with the selected notes for the first quarter ended September 30, 2015. These condensed interim financial statements also includes the condensed interim profit and loss account and statement of comprehensive income for the quarter ended September 30, 2014.

**2.2 Accounting Policies**

The accounting policies and method of computation adopted for the preparation of these Interim accounts are the same as applied in the preparation of preceding annual published accounts of the company for the period ended June 30, 2015.

	September 30 2015 (Unaudited) Rupees (000)	September 30 2014 (Unaudited) Rupees (000)
Operating fixed assets	496,262	503,027
Capital work in progress	3,599	2,834
	<u>499,861</u>	<u>505,861</u>



**4. COST OF SALES**

	September 30 2015 (Unaudited) Rupees (000)	September 30 2014 (Unaudited) Rupees (000)
Raw material consumed	68,298	86,234
Stores and spares consumed	2,249	2,471
Packing material consumed	2,169	2,092
Fuel and power	16,103	19,595
Salaries & wages	18,001	15,544
Repair & maintenance	635	1,060
Depreciation	5,245	5,411
	<u>112,700</u>	<u>132,407</u>
Work in process		
Opening	4,811	5,024
Closing	(4,145)	(4,076)
	<u>666</u>	<u>948</u>
Finished Goods		
Opening	3,485	4,663
Closing	(17,014)	(4,821)
	<u>(13,529)</u>	<u>(158)</u>
	<u>99,837</u>	<u>133,197</u>

**5. ADMINISTRATIVE AND SELLING EXPENSES**

	September 30 2015 (Unaudited) Rupees (000)	September 30 2014 (Unaudited) Rupees (000)
Salaries & Benefits	3,806	3,509
Utilities	241	217
Printing & Stationery	46	29
Communication	99	133
Travelling & conveyance	328	109
Repairs & Maintenance	36	46
Rent, rates & Taxes	186	160
Vehicle running & Maintenance	84	543
Legal & Professional charges	140	474
Entertainment	313	400
Newspaper & Periodicals	18	21
Donations	42	40
Miscellaneous	82	66
Depreciation	21	28
	<u>5,442</u>	<u>5,774</u>



**6. Transactions with Related Parties**

Related parties comprise associated companies, directors, key management employees, group companies 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 undertaken as per terms of their employment during the year. Other funding arrangements entered into with related parties were as follows:

	September 30 2015 (Unaudited) Rupees (000)	September 30 2014 (Unaudited) Rupees (000)
Long term financing repaid to directors	2,564	3,011
Markup on long term financing from directors	1,730	-

**7. AUTHORIZED FOR ISSUE**

These financial statements were approved by the board of directors and authorized for issue on 31 October 2015.

**8. CORRESPONDING FIGURES**

Figures have been rounded off to the nearest thousand of rupee.

Corresponding figures have been re-arranged and re-grouped where-ever necessary for the purpose of comparison.

Muhammad Hameed  
Chief Executive

Farooq Hameed  
Director

**PRINTED MATTER**

**QUARTERLY REPORT  
UN-AUDITED  
1st Quarter Ended  
September 30, 2015**



**Service Industries Textiles Limited**



If Undelivered Please return to:  
**SERVICE INDUSTRIES TEXTILES LIMITED**  
38-Empress Road, Lahore. 54000