



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 MCB Bank Limited | |
| 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 | |

**DIRECTORS' REPORT**

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

| | 31.12.15 (Rupees 000) | 31.12.14 (Rupees 000) |
|--|---------------------------------|---------------------------------|
| Net (loss) / profit for the period | (16,330) | 30,966 |
| Accumulated loss brought forward | (240,519) | (280,492) |
| | (256,849) | (249,526) |
| Transfer from surplus on revaluation Of property, plant and equipment in respect of: - Incremental Depreciation- net of deferred tax | 4,324 | 4,007 |
| | (252,791) | (245,519) |
| Earning per share - Basic | (3.67) | 6.96 |

During the period under review we earned the net loss of Rs.16.330 Million as compared to net profit of Rs. 30.966 Million for the same period in previous year.

Textile sector in the country is going through one of the toughest periods in decades. Cost of doing the business in Pakistan is highest in the region which resulted in declining the country's share in international market. Furthermore the failure of the government to provide uninterrupted gas and power supply to textile units specially based in Punjab has 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 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: 24.02.2016

REPORT TO MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

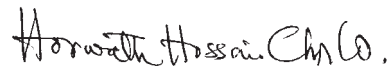
We have reviewed the accompanying condensed interim balance sheet of **Service Industries Textiles Limited** as at December 31, 2015, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and the notes to the accounts for the six-month 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, 2014 and December 31, 2015 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2015.

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.

Conclusion

Based on our review, 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, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

LAHORE
Dated: 24.02.2016**HORWATH HUSSAIN CHAUDHURY & CO.**
Chartered Accountants
(Engagement Partner: Amin Ali)



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

| | Note | December 31, 2015 (Un-audited) Rs. '000' | June 30, 2015 (Audited) Rs. '000' |
|---|------|---|--|
| CAPITAL AND LIABILITIES | | | |
| Share Capital and Reserves | | | |
| Authorized share 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 fully paid in cash | | 44,492 | 44,492 |
| Share deposit money | | 150,000 | 150,000 |
| General reserve | | 35,000 | 35,000 |
| Accumulated loss | | (252,791) | (240,785) |
| | | (23,299) | (11,293) |
| Surplus on Revaluation of Property, Plant and Equipment | | 373,099 | 377,423 |
| Non Current Liabilities | | | |
| Long term financing | 6 | 79,361 | 84,700 |
| Staff retirement benefits | | 10,788 | 10,448 |
| Deferred tax liability | | 34,482 | 34,799 |
| | | 124,631 | 129,947 |
| Current Liabilities | | | |
| Trade and other payables | | 77,516 | 52,165 |
| Accrued markup on long term financing | | 5,888 | 2,176 |
| Current and overdue portion of long term financing | | 12,000 | 12,000 |
| Provision for taxation | | 7,538 | 6,601 |
| | | 102,942 | 72,942 |
| Contingencies and Commitments | 7 | - | - |
| | | 577,373 | 569,019 |
| | | December 31, 2015 (Un-audited) | June 30, 2015 (Audited) |
| ASSETS | | | |
| Non Current Assets | | | |
| Property, plant and equipment | 4 | 499,233 | 504,851 |
| Long term deposits | | 11,442 | 10,060 |
| | | 510,675 | 514,911 |
| Current Assets | | | |
| Stores and spares | | 3,359 | 3,761 |
| Stock in trade | 5 | 40,963 | 31,215 |
| Trade debts | | 281 | 836 |
| Advances and other receivables | | 9,049 | 6,283 |
| Cash and bank balances | | 13,046 | 12,013 |
| | | 66,698 | 54,108 |
| | | 577,373 | 569,019 |

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, 2015

| | | Half Year Ended December 31, 2015 | Half Year Ended December 31, 2014 | Quarter Ended December 31, 2015 | Quarter Ended December 31, 2014 |
|--|------|---|---|---------------------------------------|---------------------------------------|
| | Note | Rupees '000 | Rupees '000 | Rupees '000 | Rupees '000 |
| Sales - net | | 247,272 | 312,324 | 139,101 | 157,411 |
| Cost of sales | 8 | (241,935) | (288,485) | (142,098) | (155,288) |
| Gross Profit / (Loss) | | 5,337 | 23,839 | (2,997) | 2,123 |
| Operating Expenses | | | | | |
| Distribution cost | | (1,994) | (277) | (1,248) | (131) |
| Administrative expenses | | (12,355) | (14,225) | (6,913) | (8,451) |
| Operating (Loss) / Profit | | (9,012) | 9,337 | (11,158) | (6,459) |
| Finance cost | | (3,729) | (15) | (1,296) | (6) |
| Other operating charges | | (90) | (3,054) | (22) | (3,054) |
| Other income | 9 | 322 | 31,248 | 306 | 30,467 |
| (Loss) / Profit before Taxation | | (12,509) | 37,516 | (12,170) | 20,948 |
| Taxation | | (3,821) | (6,550) | (4,038) | (3,370) |
| Net (Loss) / Profit for the Period | | (16,330) | 30,966 | (16,208) | 17,578 |
| (Loss) / Earning per Share - Basic | | (3.67) | 6.96 | (3.64) | 3.95 |
| (Loss) / Earning per Share - Dilutive | | (1.48) | 3.74 | (1.46) | 2.12 |

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 (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

| | Half Year Ended December 31, 2015 | Half Year Ended December 31, 2014 | Quarter Ended December 31, 2015 | Quarter Ended December 31, 2014 |
|---|---|---|---------------------------------------|---------------------------------------|
| | Rupees '000 | Rupees '000 | Rupees '000 | Rupees '000 |
| Net (Loss) / Profit for the Period | (16,330) | 30,966 | (16,208) | 17,578 |
| Other comprehensive income | - | - | - | - |
| Total Comprehensive (Loss) / Income for the Period | <u>(16,330)</u> | <u>30,966</u> | <u>(16,208)</u> | <u>17,578</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, 2015

| | December 31, 2015 | December 31, 2014 |
|---|------------------------------|------------------------------|
| | Rupees (000) | Rupees (000) |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| (Loss) / Profit before taxation | (12,509) | 37,516 |
| Adjustments for: | | |
| - Depreciation | 10,577 | 10,918 |
| - Provision for gratuity | 2,124 | 1,974 |
| - Balances written back | (285) | - |
| - Finance costs | 3,729 | 16 |
| | <u>16,145</u> | <u>12,908</u> |
| Operating profit before working capital changes | 3,636 | 50,424 |
| Decrease / (Increase) in current assets: | | |
| - Stores and spares | 402 | 243 |
| - Stock in trade | (9,748) | (1,438) |
| - Trade debts | 554 | 1,122 |
| - Advances and other receivables | (565) | (7,807) |
| Increase / (decrease) in current liabilities: | | |
| - Trade and other payables | 25,637 | 9,970 |
| | <u>16,280</u> | <u>2,090</u> |
| Cash generated from Operations | 19,916 | 52,514 |
| Income tax paid | (5,402) | (2,239) |
| Finance costs paid | (16) | (16) |
| Gratuity paid | (1,784) | (1,678) |
| Net Cash generated from Operating Activities | 12,714 | 48,581 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (4,959) | (4,046) |
| Long term deposits | (1,382) | - |
| Net Cash used in Investing Activities | (6,341) | (4,046) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Long term financing repaid | (5,340) | (47,888) |
| Net Cash used in Financing Activities | (5,340) | (47,888) |
| Net Increase / (Decrease) in Cash and Cash Equivalents | 1,033 | (3,353) |
| Cash and cash equivalents at the beginning of the period | 12,013 | 17,557 |
| Cash and Cash Equivalents at the End of the Period | <u>13,046</u> | <u>14,204</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, 2015

| 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, 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) |
| Balance as at June 30, 2015 | 44,492 | 150,000 | 35,000 | (240,785) | (11,293) |
| Total comprehensive income for the six months period ended December 31, 2015 | - | - | - | (16,330) | (16,330) |
| Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax | - | - | - | 4,324 | 4,324 |
| Balance as at December 31, 2015 | 44,492 | 150,000 | 35,000 | (252,791) | (23,299) |

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, 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 Companies Act 1913, (now The Companies Ordinance, 1984) and was subsequently converted into a Public Limited Company in 1970. The Company is listed on the Pakistan Stock Exchange Limited. 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, 2014 and 2015 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 contained in annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2015.

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, 2015.

Note 4

Property, Plant and Equipment

| | | Half Year Ended December 31, 2015 | Year Ended June 30, 2015 |
|---|------|--|-------------------------------------|
| | Note | (Un-audited) Rupees (000) | (Audited) Rupees (000) |
| Operating fixed assets | 4.1 | 499,233 | 501,252 |
| Capital work in progress - civil works | | - | 3,599 |
| | | <u>499,233</u> | <u>504,851</u> |
| 4.1 Operating fixed assets | | | |
| Opening written down value | | 501,252 | 508,165 |
| Add: Additions / transfers during the period / year - at cost | | 8,558 | 15,442 |
| | | 509,810 | 523,607 |
| Less: Depreciation charge for the period / year | | <u>(10,577)</u> | <u>(22,355)</u> |
| | | <u>499,233</u> | <u>501,252</u> |



Note 5

Stock in Trade

| | Half Year Ended December 31, 2015 | Year Ended June 30, 2015 |
|-----------------|--------------------------------------|-----------------------------|
| | (Un-audited) Rupees (000) | (Audited) Rupees (000) |
| Raw materials | 27,900 | 22,919 |
| Work in process | 4,615 | 4,811 |
| Finished goods | 8,448 | 3,485 |
| | <u>40,963</u> | <u>31,215</u> |

Note 6

Long Term Financing

| | Half Year Ended December 31, 2015 | Year Ended June 30, 2015 |
|--|--------------------------------------|-----------------------------|
| | (Un-audited) Rupees (000) | (Audited) Rupees (000) |
| Banking companies - Secured | | |
| Restructured bridge finance - Bank of Punjab | | |
| - Deferred mark up | - | 29,769 |
| - Less: Deferred markup waived off | - | (29,769) |
| | - | - |
| Related parties - Unsecured | | |
| Director and related persons | 91,361 | 96,700 |
| Less: Current portion | (12,000) | (12,000) |
| | <u>79,361</u> | <u>84,700</u> |
| | <u>79,361</u> | <u>84,700</u> |

Note 7

Contingencies and Commitments

Contingencies

7.1 There were no significant contingencies as at the balance sheet date (June 30, 2015: Nil).

Commitments

7.2 There were no significant commitments in respect of civil works (June 30, 2015: Rs. 1.50 million) and post dated cheques (June 30, 2015: Rs. 0.312 million) as December 31, 2015.



Note 8

Cost of Sales

| | Half Year Ended | | Quarter ended | |
|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | December 31, 2015 | December 31, 2014 | December 31, 2015 | December 31, 2014 |
| | (Un-audited) Rs.'000' | (Un-audited) Rs.'000' | (Un-audited) Rs.'000' | (Un-audited) Rs.'000' |
| Raw materials consumed | 148,004 | 185,429 | 79,706 | 99,195 |
| Stores and spares consumed | 4,380 | 11,392 | 2,131 | 8,921 |
| Packing materials consumed | 4,298 | 4,756 | 2,129 | 2,664 |
| Fuel and power | 38,277 | 38,033 | 22,174 | 18,438 |
| Salaries and wages | 39,795 | 35,039 | 21,794 | 19,495 |
| Repairs and maintenance | 1,413 | 1,855 | 778 | 795 |
| Depreciation | 10,535 | 10,874 | 5,290 | 5,463 |
| | 246,702 | 287,378 | 134,002 | 154,971 |
| Work in process: | | | | |
| - Opening | 4,811 | 5,024 | 4,145 | 4,076 |
| - Closing | (4,615) | (4,541) | (4,615) | (4,541) |
| | 196 | 483 | (470) | (465) |
| | 246,898 | 287,861 | 133,532 | 154,506 |
| Finished goods: | | | | |
| - Opening | 3,485 | 4,663 | 17,014 | 4,821 |
| - Closing | (8,448) | (4,039) | (8,448) | (4,039) |
| | (4,963) | 624 | 8,566 | 782 |
| | 241,935 | 288,485 | 142,098 | 155,288 |

Note 9

Other Income

| | Half Year Ended | | Quarter ended | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | December 31, 2015 | December 31, 2014 | December 31, 2015 | December 31, 2014 |
| | (Un-audited) Rs.'000' | (Un-audited) Rs.'000' | (Un-audited) Rs.'000' | (Un-audited) Rs.'000' |
| Deferred markup waived off by the bank | - | 29,668 | - | - |
| Sales tax refund | - | 1,480 | - | 699 |
| Balances written back | 285 | - | - | - |
| Scrap sale | 37 | - | 21 | - |
| | 322 | 31,148 | 21 | 699 |



Note 10

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 period. Other transactions entered into with related parties were as follows:

| | Half Year Ended December 31, 2015 (Un-audited) Rupees (000) | Half Year Ended December 31, 2014 (Un-audited) Rupees (000) |
|---|--|--|
| Transactions with related persons | | |
| Repayment of loan from related persons | 5,340 | 9,377 |
| Markup accrued on loan from related persons | 3,712 | - |
| Balance outstanding of related persons | | |
| Long term financing | 91,361 | 219,215 |
| Markup payable on long term financing | 5,888 | - |

Note 11

Authorization of the Interim Financial Information

This condensed interim financial information (un-audited) has been authorized for issue on 24 February, 2016 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-arrangements, re-classifications have been made in this condensed interim financial information (Un-audited).



Mohammad Hameed
Chief Executive



Farooq Hameed
Director