



Service Industries Textiles Limited



3rd Quarterly Accounts

Un-Audited

March 31, 2017





COMPANY INFORMATION

BOARD OF DIRECTORS	: Ijaz Hameed Mohammad Hameed Farooq Hameed Aamer Hameed Tariq Hameed Omer Mohyudin Malik Murtaza Hameed Sajid Saleem Minhas	(Chairman/Non Executive Director) (Chief Executive/Executive Director) (Executive Director) (Non Executive Director) (Non Executive Director) (Independent Director) (Non Executive Director) (Non Executive Director)
COMPANY SECRETARY	: USMAN KHALID	
CHIEF FINANCIAL OFFICER	: Farooq Hameed F.C.A (England & Wales)	
AUDIT COMMITTEE	: Omer Mohyudin Malik Sajid Saleem Minhas Murtaza Hameed	(Chairman) (Member) (Member)
HUMAN RESOURCE & REMUNERATION COMMITTEE	: Ijaz Hameed Omer Mohyudin Malik Tariq Hameed	(Chairman) (Member) (Member)
BANKERS	: MCB Bank Limited Bank Alfalah Limited	
AUDITORS	: Horwath Hussain Chaudhury & Co., Chartered Accountants	
INTERNAL AUDITOR	: Awan & Co. Chartered Accountants	
REGISTERED OFFICE	: 38-Empress Road, Lahore Telephones: 36304561-3, 36367861-3 Telefax: (92-42) 3636 7861 E-mail: info@prime-service.com	
MILLS	: G.T Road, Gujrat Telephone: (92-53) 3514065, 3535085 Telefax: (92-53) 3513700	
Web Reference	: www.prime-service.com	
Share Registrar	: Corplink (Pvt) Ltd. Wings Arcade, 1-K Commercial Model Town, Lahore Tel: 042-35839182, 35916719	

**DIRECTORS' REPORT**

The Directors of your Company present before you the un-audited financial statements for the nine months ended March 31, 2017. The financial results are as follows:

	31.03.17 (Rupees 000)	31.03.16 (Rupees 000)
Net profit / (loss) for the period	18,778	(14,176)
Accumulated loss brought forward	(254,406)	(240,785)
	(235,630)	(254,961)
Transfer from surplus on revaluation Of property, plant and equipment in respect of: - Incremental Depreciation- net of deferred tax	5,838	6,487
	(229,790)	(248,474)
Profit / (loss) per share - Basic	4.21	(3.19)

During the period under review we earned the net profit of Rs. 18.778 Million as compared to net loss of Rs. 14.176 Million for the same period in previous year. We were able to achieve the profitability because of increase in yarn rate in the last quarter. However off late yarn rates are under pressure and are showing downward trend which will result in squeezing the profit margins.

Textile sector is under severe financial crisis for last few years for multiple reasons but mainly due to poor demand of yarn locally and internationally. It is quite challenging in today's business environment to keep the company afloat. In spite of all the difficulties and challenges we were able to increase our production capacity in previous year which resulted in increase in sale and reduction in fixed overheads. We remain hopeful of the improving macro and micro economic situation of the country.

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
27 April, 2017

**ڈائریکٹرز رپورٹ**

کمپنی کے ڈائریکٹرز 31 مارچ 2017 کو ختم ہونے والے نو ماہ کے غیر تنقیح شدہ حسابات پیش کرتے ہیں۔ مالیاتی نتائج درج ذیل ہیں:

31-03-2016 (Rupees 000)	31-03-2017 (Rupees 000)	
(14,176)	18,778	خالص منافع / نقصان
(240,785)	(254,406)	آگے لایا گیا جمع نقصان
(254,961)	(235,630)	
6,487	5,838	ٹرانسفر فرام سرپلس آن ریولوشن
(248,474)	(229,790)	
(3.19)	4.21	فی شیئر منافع / خسارہ

زیر جائزہ مدت کے دوران کمپنی کو 18.77 ملین روپے کا خالص منافع ہوا۔ جبکہ پچھلے سال اسی مدت کے دوران کمپنی کو 14.176 ملین روپے کا خالص نقصان ہوا۔ آخری سہ ماہی میں دھاگے کے ریٹ بڑھنے سے کمپنی منافع میں آئی البتہ اب کچھ عرصے سے دھاگے کا ریٹ نیچے کی طرف آ رہا ہے جس سے آنے والے دنوں میں منافع میں کمی ہو سکتی ہے۔

ٹیکسٹائل کا شعبہ پچھلے سال سے مختلف وجوہات کی بنا پر کافی مشکلات سے گزر رہا ہے لیکن بنیادی وجہ دھاگے کی مقامی اور بین الاقوامی مارکیٹ میں طلب کم ہونا ہے۔ تمام مشکلات کے باوجود کمپنی نے اپنی پیداواری صلاحیت اور دھاگے کی کوالٹی کو بہتر کیا ہے جس کی وجہ سے سیل بڑھی اور مقررہ اخراجات میں کمی ہوئی۔ ہم پر امید ہیں کہ ملکی معیشت آنے والے دنوں میں بہتری کی طرف جائے گی۔

کمپنی کی انتظامیہ مشکلات سے بخوبی آگاہ ہے اور اپنی بھرپور جدوجہد کمپنی کو چلانے اور اسکے شیئر ہولڈرز کیلئے اس کو منافع بخش بنانے کیلئے جاری رکھے گی۔ کمپنی اپنے ملازمین اور شیئر ہولڈرز کے مسلسل تعاون پر شکرگزار ہیں۔

بورڈ آف ڈائریکٹرز کی طرف سے

محمد حمید
چیف ایگزیکٹو

لاہور
مورخہ 27- اپریل 2017

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2017**

	Notes	March 31, 2017 (Un-audited) Rs. '000'	June 30, 2016 (Audited) Rs. '000'
ASSETS			
Non Current Assets			
Property, plant and equipment	4	485,439	498,418
Long term deposits		11,442	11,442
		496,881	509,860
Current Assets			
Stores and spares		4,456	4,693
Stock in trade	5	53,337	75,171
Trade debts		-	61
Advances and other receivables		10,407	8,918
Cash and bank balances		10,731	11,718
		78,931	100,561
		575,812	610,421
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
10,000,000 (June 30, 2016: 10,000,000) ordinary shares of Rs. 10 each		100,000	100,000
Issued, subscribed and paid up capital			
4,449,159 (June 30, 2016: 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		(229,790)	(254,406)
		(298)	(24,914)
Surplus on Revaluation of Property, Plant and Equipment		362,936	368,774
Non Current Liabilities			
Long term financing	6	64,528	72,700
Staff retirement benefits		10,320	10,508
Deferred tax liability		27,176	31,373
		102,024	114,581
Current Liabilities			
Trade and other payables		76,102	123,928
Accrued markup on long term financing		13,755	9,812
Current and overdue portion of long term financing		12,000	13,410
Provision for taxation		9,293	4,830
		111,150	151,980
Contingencies and Commitments	7	-	-
		575,812	610,421

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 3rd QUARTER AND NINE MONTHS ENDED MARCH 31, 2017**

	Notes	Nine Months Ended March 31, 2017	Nine Months Ended March 31, 2016	3rd Quarter Ended March 31, 2017	3rd Quarter Ended March 31, 2016
		(Un-audited) Rupees '000	(Un-audited) Rupees '000	(Un-audited) Rupees '000	(Un-audited) Rupees '000
Sales - net		623,063	373,915	216,686	126,643
Cost of sales	8	(571,866)	(360,785)	(178,506)	(118,850)
Gross Profit		51,197	13,130	38,180	7,793
Operating Expenses					
Distribution expenses		(8,288)	(3,805)	(2,427)	(1,811)
Administrative expenses		(17,291)	(18,315)	(6,076)	(5,960)
Operating Profit / (Loss)		25,618	(8,990)	29,677	22
Finance cost		(4,640)	(2,847)	(894)	882
Other operating charges		(3,218)		(1,650)	90
Other income	9	1,606	337	15	15
Profit / (Loss) before Taxation		19,366	(11,500)	27,148	1,009
Taxation	10	(588)	(2,676)	(923)	1,145
Net Profit / (Loss) for the Period		18,778	(14,176)	26,225	2,154
Profit / (Loss) per Share - Basic		4.21	(3.19)	5.89	0.48
Profit / (Loss) per Share - Diluted		1.70	(1.28)	2.37	0.19

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 3rd QUARTER AND NINE MONTHS ENDED MARCH 31, 2017

	9 Months March 31, 2017	9 Months March 31, 2016
	(Un-audited) Rupees '000	(Un-audited) Rupees '000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	19,366	(11,500)
Adjustments for:		
- Depreciation	15,857	10,577
- Provision for gratuity	2,590	2,124
- Balances written back - net	(1,565)	(285)
Balances written off	1,408	-
Workers' (profit) participation fund	1,054	-
Workers' welfare fund	666	-
- Finance costs	4,640	3,729
	<u>24,650</u>	<u>16,145</u>
Operating profit before working capital changes	44,016	4,645
Decrease / (Increase) in current assets:		
- Stores and spares	237	402
- Stock in trade	21,835	(9,748)
- Trade debts	61	554
- Advances and other receivables	1,197	(565)
Increase / (decrease) in current liabilities:		
- Trade and other payables	(48,656)	25,637
	<u>(25,326)</u>	<u>16,280</u>
Cash Generated from Operations	18,690	20,925
Income tax paid	(4,416)	(5,402)
Finance cost paid	(21)	(16)
Gratuity paid	(2,780)	(1,784)
Net Cash Generated from Operating Activities	11,473	13,723
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,878)	(4,959)
Long term deposits	-	(1,382)
Net Cash Used in Investing Activities	(2,878)	(6,341)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing repaid	(9,582)	(5,340)
Net Cash Used in Financing Activities	(9,582)	(5,340)
Net (Decrease) / Increase in Cash and Cash Equivalents	(987)	2,042
Cash and cash equivalents at the beginning of the period	11,718	12,013
Cash and Cash Equivalents at the End of the Period	<u>10,731</u>	<u>14,055</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 COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE 3rd QUARTER AND NINE MONTHS ENDED MARCH 31, 2017

	Nine Months Ended March 31, 2017	Nine Months Ended March 31, 2016	3rd Quarter Ended March 31, 2017	3rd Quarter Ended March 31, 2016
	(Un-audited) Rupees '000	(Un-audited) Rupees '000	(Un-audited) Rupees '000	(Un-audited) Rupees '000
Net Profit / (Loss) for the Period	18,778	(14,176)	26,225	2,154
Other comprehensive loss				
Items that may be reclassified subsequently to the profit or loss	-	-	-	-
Items that will not be reclassified subsequently to the profit or loss	-	-	-	-
Total Comprehensive Profit / (Loss) for the Period	<u>18,778</u>	<u>(14,176)</u>	<u>26,225</u>	<u>2,154</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
FOR THE 3rd QUARTER AND NINE MONTHS ENDED MARCH 31, 2017
(UN-AUDITED)

Particulars	Share Capital	Share Deposit Money	General Reserve	Accumulated Loss	Total
	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Balance as at June 30, 2015	44,492	150,000	35,000	(240,785)	(11,293)
Total comprehensive loss for the nine months period ended March 31, 2016	-	-	-	(14,176)	(14,176)
Incremental depreciation charged for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	6,487	6,487
Balance as at March 31, 2016	44,492	150,000	35,000	(248,474)	(18,982)
Balance as at June 30, 2016	44,492	150,000	35,000	(254,406)	(24,914)
Total comprehensive loss for the nine months period ended March 31, 2017	-	-	-	18,778	18,778
Incremental depreciation charged for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	5,838	5,838
Balance as at March 31, 2017	44,492	150,000	35,000	(229,790)	(298)

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 3rd QUARTER AND NINE MONTHS ENDED MARCH 31, 2017**

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 financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2016. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2016 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative cash flows statement and comparative statement of changes in equity are stated from unaudited interim financial information for the nine months ended March 31, 2016.
- 2.3 This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentational currency. All the figures have been rounded off to the nearest rupees, unless otherwise stated.

Note 3

Significant Accounting Policies

The Company's accounting and financial risk management policies and methods of computation of this condensed interim financial information are the same as those followed in the preparation of annual financial statements for the preceding financial year ended June 30, 2016.



Note	Nine Months Ended March 31, 2017	Year Ended June 30, 2016
Property, Plant and Equipment	(Un-audited) Rs.'000'	(Audited) Rs.'000'
Opening written down value	498,418	501,251
Additions / transfers during the period / year - at cost	2,878	19,273
	501,296	520,524
Depreciation charge for the period / year	(15,857)	(22,106)
	<u>485,439</u>	<u>498,418</u>
Note	Nine Months Ended March 31, 2017	Year Ended June 30, 2016
Stock in Trade	(Un-audited) Rs.'000'	(Audited) Rs.'000'
Raw materials	43,877	13,638
Work in process	4,890	4,595
Finished goods	4,570	56,938
	<u>53,337</u>	<u>75,171</u>
Note	Nine Months Ended March 31, 2017	Year Ended June 30, 2016
Long Term Financing	(Un-audited) Rs.'000'	(Audited) Rs.'000'
Related parties - Unsecured		
Director	76,528	86,110
Less: Current portion	(12,000)	(13,410)
	<u>64,528</u>	<u>72,700</u>



Note 7

Contingencies and Commitments

Contingencies

7.1 There were no significant contingencies as at the balance sheet date (June 30, 2016: Nil).

Commitments

7.2 There were no significant commitments as on March 31, 2016 (June 30, 2016: commitments against post dated cheques : Rs. 0.287 million).

Note 8

Cost of Sales

	Nine Months Ended March 31, 2017	Nine Months Ended March 31, 2016	Quarter Ended March 31, 2017	Quarter Ended March 31, 2016
	(Un-audited) Rs.'000'	(Un-audited) Rs.'000'	(Un-audited) Rs.'000'	(Un-audited) Rs.'000'
Raw materials consumed	353,557	226,588	105,372	78,584
Stores and spares consumed	6,379	5,702	2,363	1,386
Packing materials consumed	7,837	6,404	2,342	2,042
Fuel and power	67,285	57,915	20,200	19,638
Salaries, wages and benefits	64,400	60,069	21,031	20,274
Repairs and maintenance	4,698	2,182	1,109	769
Depreciation	15,637	15,805	5,148	5,270
	519,793	374,665	157,565	127,963
Work in process:				
- Opening	4,595	4,811	4,703	4,145
- Closing	(4,890)	(4,361)	(4,890)	(4,361)
	(295)	450	(187)	(216)
	519,498	375,115	157,378	127,747
Finished goods:				
- Opening	56,938	3,485	25,698	8,918
- Closing	(4,570)	(17,815)	(4,570)	(17,815)
	52,368	(14,330)	21,128	(8,897)
	571,866	360,785	178,506	118,850



Note 9 Other Income	Nine Months Ended	Nine Months Ended	Quarter Ended	Quarter Ended
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(Un-audited) Rs.'000'	(Un-audited) Rs.'000'	(Un-audited) Rs.'000'	(Un-audited) Rs.'000'
Balances written back	1,565	285	-	-
Scrap sale	41	37	-	21
	<u>1,606</u>	<u>322</u>	<u>-</u>	<u>21</u>

Note 10 Taxation	Nine Months Ended	Nine Months Ended
	March 31, 2017	March 31, 2016
	(Un-audited) Rs.'000'	(Un-audited) Rs.'000'
Current		
- Charge for the year	6,231	3,739
- Tax credits	(1,446)	-
Prior years	-	-
	<u>4,785</u>	<u>3,739</u>
Deferred tax	(4,197)	(1,063)
	<u>588</u>	<u>2,676</u>

Note 11
Transactions with Related Parties

Related parties comprise directors, key management personnel 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. Transactions along with balances with related parties and associated companies, other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

	March 31, 2017	March 31, 2016
	(Un-audited) Rs.'000'	(Un-audited) Rs.'000'
Transactions with related persons		
Repayment of loan from directors	9,582	7,282
Markup accrued on loan from directors	3,943	2,816
Balance outstanding as at,		
Long term financing	76,528	89,418
Accrued markup on long term financing	<u>13,755</u>	<u>4,992</u>



Note 12

Date of Authorization for Issue

This condensed interim financial information (un-audited) is authorized for issuance on April 27, 2017 by the Board of Directors of the Company.

Note 13

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