

QUARTERLY REPORT  
UN-AUDITED  
1st Quarter Ended  
September 30, 2017





## COMPANY INFORMATION

**BOARD OF DIRECTORS** : Ijaz Hameed (Chairman/Non Executive Director)  
Mohammad Hameed (Chief Executive/Executive Director)  
Farooq Hameed (Executive Director)  
Aamer Hameed (Non Executive Director)  
Tariq Hameed (Non Executive Director)  
Omer Mohyudin Malik (Independent Director)  
Murtaza Hameed (Non Executive Director)  
Sajid Saleem Minhas (Non Executive Director)

**COMPANY SECRETARY** : Usman Khalid

**CHIEF FINANCIAL OFFICER** : Farooq Hameed  
F.C.A (England & Wales)

**AUDIT COMMITTEE** : Omer Mohyudin Malik (Chairman)  
Sajid Saleem Minhas (Member)  
Murtaza Hameed (Member)

**HUMAN RESOURCE & REMUNERATION COMMITTEE** : Ijaz Hameed (Chairman)  
Omer Mohyudin Malik (Member)  
Tariq Hameed (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.sitl.com.pk  
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 quarter ended September 30, 2017. The financial results are as follows:

	<u>30.09.17</u> (Rupees 000)	<u>30.09.16</u> (Rupees 000)
Net Profit for the period	5,093	6,504
Accumulated loss brought forward	<u>(202,427)</u>	<u>(254,406)</u>
Transfer from surplus on revaluation Of fixed assets in respect of incremental Depreciation- net of deferred tax	(197,334)	(247,902)
	<u>1,751</u>	<u>1,946</u>
	<u>(195,582)</u>	<u>(245,956)</u>
Earning per share - Basic	1.14	1.46

During the current period Company has earned a net profit of Rs.5.093 million as compared to net profit of Rs. 6.504 million for the same period in previous year.

Although the performance of the Company is satisfactory, we foresee challenging times ahead. Due to increase in cost of doing business and irregular supply of power Pakistan has lost its competitive edge regionally that has resulted in declining the country's share in international market. Dumping of imported yarn in local market specially from India has also resulted in squeezing the profit margins. Further billion of rupees are stuck in sales tax refunds. All these factors have severely affected the liquidity of textile sector and number of units have either shut down their operations or are not running at their full capacity. However we do hope that cotton crop will be good this year as it is essential for the competitiveness and sustainability of textile sector. We remain hopeful of the improving macro and micro economic situation of the country.

For and on behalf of the Board of Directors

Lahore  
30 October, 2017

MOHAMMAD HAMEED  
Chief Executive

**BALANCE SHEET AS AT SEPTEMBER 30, 2017**

	Note	September 30 2017 (Unaudited) Rupees (000)	June 30, 2017 (Audited) Rupees (000)
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	3	480,821	483,657
Long term deposits		11,442	11,442
<b>Current Assets</b>			
Stores and spares		4,244	4,727
Stock in trade		21,995	28,748
Sales tax refund due from the Government		1,426	1,214
Advances and other receivables		8,378	8,150
Cash and bank balances		4,587	17,627
		40,631	60,466
<b>Less: Current Liabilities</b>			
Trade and other payables		51,567	76,347
Accrued markupon long term financing		10,781	11,908
Current and overdue portion of non current liabilities		12,000	12,000
Provision for taxation		10,712	8,136
		85,060	108,391
<b>Less: Non Current Liabilities</b>			
Long term financing		57,700	60,700
Staff retirement benefits		10,616	10,605
Deferred tax liability		21,369	22,816
		89,685	94,120
		358,148	353,055
<b>REPRESENTED BY:</b>			
<b>Authorised capital</b>			
10,000,000 (June 30,2017: 10,000,000) ordinary shares of Rs 10 each.		100,000	100,000
<b>Issued, subscribed and paid up capital</b>			
4,449,159 (June 30,2017: 4,449,159) ordinary shares of Rs. 10 each.		44,492	44,492
Share deposit money		150,000	150,000
Revaluation surplus		359,239	360,990
Accumulated loss		(195,582)	(202,427)
		358,148	353,055

Mohammad Hameed  
Chief ExecutiveAamer Hameed  
DirectorFarooq Hameed  
Chief Financial Officer

**UN-AUDITED PROFIT & LOSS ACCOUNT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

		Quarter Ended September 30, 2017	Quarter Ended September 30, 2016
	Notes	(Unaudited) Rupees (000)	(Unaudited) Rupees (000)
Sales		203,990	184,352
Cost of Sales	4	(190,081)	(168,642)
Gross Profit		13,909	15,710
Operating Expenses:			
Distribution Cost		(180)	(203)
Administrative expenses	5	(5,856)	(5,498)
Operating Profit		7,873	10,009
Financel cost		(1,458)	(2,236)
Other operating expenses		(192)	(610)
		(1,650)	(2,847)
Profit before taxation		6,223	7,162
Provision for taxation		(1,130)	(658)
Profit after taxation		5,093	6,504
Earnings per Share - Basic		1.14	1.46

Mohammad Hameed  
Chief ExecutiveAamer Hameed  
DirectorFarooq Hameed  
Chief Financial Officer



## STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter Ended September 30, 2017	Quarter Ended September 30, 2016
	(Unaudited) Rupees (000)	(Unaudited) Rupees (000)
Net Profit for the period	5,093	6,504
Other Comprehensive Income for the period		
Items that will not be reclassified to profit and loss		
Unrecognized actuarial losses / transitional liability on remeasurement of staff retirement benefits - net of deferred tax	-	-
Total Comprehensive Income for the period	<u>5,093</u>	<u>6,504</u>

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

Farooq Hameed  
Chief Financial Officer



## UN-AUDITED CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter Ended September 30, 2017	Quarter Ended September 30, 2016
	(Unaudited) Rupees (000)	(Unaudited) Rupees (000)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	6,223	7,162
Adjustments for :		
Depreciation	4,937	5,214
Provision for gratuity for the period	840	863
Worker's (profit) participation fund	331	389
Worker's welfare fund	109	222
Finance cost	1,451	1,483
	7,668	8,171
Operating Profit before working capital changes	13,891	15,333
(Increase) / decrease in current assets:		
Stores and spares	483	342
Stock in trade	6,753	(3,457)
Trade Debts	-	34
Sales tax refund due from the government	(212)	-
Advances, deposits, prepayments and other receivables	1,339	(4,456)
Increase/(Decrease) in current liabilities:		
Creditors, accrued and other liabilities	(25,220)	(9,244)
	(16,858)	(16,782)
<b>CASH Used in WORKING CAPITAL CHANGES</b>	(2,967)	(1,449)
Income tax paid	(1,568)	(318)
Financial charges paid	(2,578)	-
Gratuity paid	(828)	(531)
Net Cash used in operating activities	(7,941)	(2,298)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	(2,100)	(2,417)
Capital Work in process	-	-
Net cash used in Investing Activities	(2,100)	(2,417)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term finances	(3,000)	(1,835)
Net cash used in Financing Activities	(3,000)	(1,835)
Net Decrease in Cash and Cash Equivalents	(13,041)	(6,550)
Cash and Cash Equivalents at the beginning of the Year	17,627	11,718
Cash and Cash Equivalents at the end of the Year	4,587	5,168

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

Farooq Hameed  
Chief Financial Officer



## STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	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, 2016	44,492	35,000	150,000	(254,406)	(24,914)
Net profit for the period ended September 30, 2016				6,504	6,504
Other comprehensive income for the period ended September 30, 2015 - 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				1,946	1,946
Balance as on September 30, 2016	44,492	35,000	150,000	(245,956)	(16,464)
Balance as at June 30, 2017	44,492	-	150,000	(202,427)	(7,935)
Net profit for the period ended September 30, 2017				5,093	5,093
Other comprehensive income for the period ended September 30, 2016 - 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				1,751	1,751
Balance as on September 30, 2017	44,492	-	150,000	(195,582)	(1,091)

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

Farooq Hameed  
Chief Financial Officer





## NOTES TO THE ACCOUNTS FOR THE QUARTER ENDED SEPTEMBER 30, 2017

### 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, 2017.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Pakistan 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, 2016. 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, 2016.

#### 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, 2017.

3. PROPERTY, PLANT & EQUIPMENT	September 30 2017 (Unaudited) Rupees (000)	September 30 2016 (Unaudited) Rupees (000)
Operating fixed assets	480,821	495,622
Capital work in progress	-	-
	480,821	495,622



4. COST OF SALES	September 30 2017 (Unaudited) Rupees (000)	September 30 2016 (Unaudited) Rupees (000)
Raw material consumed	134,050	124,977
Stores and spares consumed	3,293	2,016
Packing material consumed	3,067	2,966
Fuel and power	18,569	23,546
Salaries & wages	24,205	19,838
Repair & maintenance	822	733
Depreciation	4,681	5,142
	<u>188,688</u>	<u>179,219</u>
Work in process		
Opening	5,241	4,595
Closing	(4,125)	(4,829)
	1,116	(234)
Finished Goods		
Opening	3,511	56,938
Closing	(3,234)	(67,281)
	277	(10,344)
	<u>190,081</u>	<u>168,642</u>

5. ADMINISTRATIVE AND SELLING EXPENSES	September 30 2017 (Unaudited) Rupees (000)	September 30 2016 (Unaudited) Rupees (000)
Salaries & Benefits	3,426	3,560
Utilities	97	159
Printing & Stationery	80	32
Communication	152	148
Travelling & conveyance	440	286
Repairs & Maintenance	12	67
Rent, rates & Taxes	360	254
Vehicle running & Maintenance	236	264
Fee and Subscription	-	43
Legal & Professional charges	267	270
Insurance	155	-
Entertainment	263	136
Newspaper & Periodicals	20	20
Donations	60	148
Miscellaneous	34	39
Depreciation	256	72
	<u>5,856</u>	<u>5,498</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 2017 (Unaudited) Rupees (000)	September 30 2016 (Unaudited) Rupees (000)
Long term financing repaid to directors	3,000	1,834
Markup on long term financing from directors	10,781	11,295
Markup on long term financing repaid / adjusted	2,373	-

## 7. AUTHORIZED FOR ISSUE

These financial statements were approved by the board of directors and authorized for issue on 30 October 2017.

## 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.

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

Farooq Hameed  
Chief Financial Officer

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