



Half Yearly Accounts  
Un-Audited  
December 31, 2019

**Service Industries Textiles Limited**



## COMPANY INFORMATION

BOARD OF DIRECTORS : Ijaz Hameed (Chairman/Non Executive Director)  
Mohammad Hameed (Chief Executive/Executive Director)  
Aamer Hameed (Executive Director)  
Zainab Khan (Independent Director)  
Tariq Hameed (Non Executive Director)  
Omer Mohyudin Malik (Independent Director)  
Murtaza Hameed (Non Executive Director)

CHIEF FINANCIAL OFFICER : M. Muddasar Shahzad

COMPANY SECRETARY : Usman Khalid

AUDIT COMMITTEE : Omer Mohyudin Malik (Chairman)  
Zainab Khan (Member)  
Murtaza Hameed (Member)

HUMAN RESOURCE & REMUNERATION COMMITTEE : Zainab Khan (Chairman)  
Ijaz Hameed (Member)  
Omer Mohyudin Malik (Member)

BANKERS : MCB Bank Limited  
Bank Alfalah Limited

AUDITORS : Crowe 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

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 half year ended December 31, 2019. The financial results are as follows:

	31.12.19 (Rupees 000)	31.12.18 (Rupees 000)
Net (Loss) / Profit for the period	(4,262)	16,887
Accumulated loss brought forward	(142,422)	(184,791)
	(146,684)	(167,904)
Transfer from surplus on revaluation Of fixed assets in respect of incremental Depreciation- net of deferred tax	8,781	3,153
Annual Dividend for the year ended June 30,2019	(4,449)	-
Accumulated Loss	(142,353)	(164,751)
Earning per share - Basic	(0.96)	3.80

During the current period Company has incurred a net loss of Rs.4.262 million as compared to net profit of Rs. 16.882 million for the same period in previous year. Major reasons for the loss in the current period under review are levy of sales tax on zero rated industry, increase in the rate of turnover tax, levy of QTA on electricity bills, higher borrowing rates. Moreover target cotton crop could not be met again this year and as a result raw material prices have started showing inflationary trend. Cotton bales production have decreased from 11.13 million bales in 2011-12 to 8 million bales in 2019-20, against the target of 15 million bales set by the government itself for the FY19-20. Though the Government has waived the duties and taxes on import of cotton but still this will result in increasing the import bill and higher cotton prices. This continuous decline is a result of no of factors such as climate change, uncertified seeds, unchecked business of spurious pesticides, and high cost of production with diminishing return for farmers. To overcome this Government should also work on the up-gradation of ginning technology, investment in research and development of quality seed, capacity building of farmers and introduce incentives for better quality cotton that would help in motivating the farmers.

Pakistan textile sector showed growth in volume in lieu of support provided by the Government specifically by providing support price to textile sector in respect of electricity @7.5 cent/KWH plus 6.5\$ per MMBTU on gas in order to remain competitive with regional competitor and to remove the disparity between the mills located in Punjab and Sindh. However in the current period under review Ministry of Power has instructed all DISCOS to charge quarterly tariff adjustment on electricity bill in addition to 7.5 cent/ KWH. Not only this but subsequent to the balance sheet date the power division has instructed them to charge retrospectively starting from January 2019 all adds on, such as financial cost surcharge, Neelum-Jehlum surcharge, tax, fixed charges, QTA and fuel price adjustment, in addition to the 7.5 cents which would have increased the electricity price from Rs. 11.70/kWh to Rs. 20/kWh. However on the intervention of Honorable Prime Minister after meeting with APTMA delegation it has been instructed to withdraw this demand and support price on electricity and gas will continue till June 30, 2020. Further demand of the industry to allow import of LNG directly by private sector has also been accepted and it will help the industry to stay competitive regionally. These steps will boost the Government efforts for the industrialization and revival of the economy of the country.

We remain hopeful of the improving macro and micro economic situation of the country.

For and on behalf of the Board of Directors

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

Lahore  
Dated: 28.02.2020



## ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز 31 دسمبر 2019 کو ختم ہوتے ہوئے نصف سال کے غیر متنتج شدہ حسابات پیش کرتے ہیں۔ مالیاتی نتائج درج ذیل ہیں:

31-12-2018 (Rupees 000)	31.12.2019 (Rupees 000)	
16,887	(4,262)	مدت کیلئے خالص منافع
(184,791)	(142,422)	جمع نقصان آگے لایا
(167,904)	(146,684)	
3,153	8,781	ٹرانسفر فرام سرپلس آن ریویلیوشن
-	(4,442)	سالانہ ڈیویڈنڈ برائے سال جون 2019
(164,751)	(142,353)	
3.80	(0.96)	فی شیئر منافع

زیر جائزہ مدت میں کمپنی کو 4,262 ملین روپے کا خسارہ ہوا ہے جبکہ پچھلے سال اسی مدت کے دوران کمپنی کو 16,887 ملین کا منافع ہوا تھا۔ اس خسارے کی بنیادی وجہ بیلز ٹیکس کا لگنا، ٹرن آن اور ٹیکس میں اضافہ، بجلی کے بلوں پر QTA کا نفاذ اور شرح سود میں اضافہ ہے۔ اسکے علاوہ کمپاس کی فصل کا ٹارگٹ اس سال بھی حاصل نہیں کیا جا سکا جس کی وجہ سے خام مال کی قیمتوں میں اضافہ بھی ہوا ہے۔ کمپاس کی فصل کے ہدف 15 ملین بیلز کے مقابلے میں صرف 8 ملین بیلز حاصل کیا جا سکا۔ گو کہ حکومت نے کمپاس کی فصل کو درآمد کرنے میں حائل ڈیوٹی اور ٹیکس کو ختم کر دیا لیکن اسکے باوجود خام مال کی قیمت میں گرانی رہے گی۔ کمپاس کی فصل میں مسلسل زوال کی مختلف وجوہات ہیں۔ جیسے کی موہی تبدیلیاں غیر تصدیق شدہ بیج کا استعمال، غیر معیاری کیڑے مار دوا، کسانوں کی پیداواری لاگت میں اضافے کی وجہ سے ان کے منافع میں کمی شامل ہے۔

اس مسئلے پر قابو پانے کیلئے ضروری ہے کہ کمپاس کی یوائی کے طریقے میں اپ گریڈیشن، کوآئی بیج بنانے کیلئے تحقیق اور ترقی، کسانوں کیلئے مختلف حوصلہ افزائی کی سکیمیں اور ان کی پیداواری لاگت کم کرنے کے طریقے اپنائے جائیں۔

پاکستان ٹیکسٹائل انڈسٹری نے حکومت کی مہیا کردہ سپورٹ بالخصوص بجلی اور گیس کی قیمتوں کو خطے میں مسابقت رکھنے کیلئے بہتر تیب 7.5 / KWH سینٹ 6.0 mmbtu / 5 ڈالر پر برقرار رکھا گیا جس کی وجہ سے گروتھ ظاہر کی گئی۔ لیکن زیر جائزہ مدت کے دوران بجلی اور پیداواری کسٹری نے بجلی پر QTA کا نفاذ کر دیا جسکی وجہ سے بجلی کی قیمتوں میں اضافہ ہوا۔ صرف یہی نہیں بلکہ تمام DISCOS کو ہدایت کی ہے کہ بجلی کے بلوں میں جنوری 2019 سے مختلف سرچارج اور فیوئل پرائس ایڈجسٹمنٹ کو شامل کیا جائے جسکی وجہ سے بجلی کی قیمت 11.70/kwh روپے سے بڑھ کر تقریباً 20/kwh روپے ہو جائے گی۔ لیکن محترم وزیر اعظم کی اپناکے وفد سے ملاقات کے بعد مشنری آف پاور کو ہدایت جاری کی گئی ہے کہ یہ اضافہ واپس لیا جائے اور بجلی اور گیس پر سپورٹ پرائس کو 30 جون 2020 تک جاری رکھا جائے۔ اسکے علاوہ انڈسٹری کا یہ مطالبہ ہے کہ پرائیویٹ ٹیکسٹائل کو LNG کی درآمد کی اجازت دی جائے مان لیا گیا ہے اس فیصلے سے انڈسٹری خطے میں مسابقت برقرار رکھے گی۔ حکومت کے ان اقدام سے ملک میں کاروباری سرگرمیوں سے اضافہ اور ملکی معیشت کو بحال کرنے میں مدد ملے گی۔ ہم ملکی معیشت کی بحالی کیلئے پرامید ہیں۔

یورڈ آف ڈائریکٹرز کی طرف سے

عامر حمید

ڈائریکٹر

محمد حمید

چیف ایگزیکٹو

لاہور

مورخہ 28 - فروری 2020

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SERVICE INDUSTRIES TEXTILES LIMITED

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of SERVICE INDUSTRIES TEXTILES LIMITED ("the Company") as at December 31, 2019 and the related condensed interim statement of profit or loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and the notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss account and the condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

### 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 interim financial statements 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Nasir Muneer.



CROWE HUSSAIN CHAUDHURY & CO.  
Chartered Accountants

LAHORE

Dated: 28.02.2020



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)  
AS AT DECEMBER 31, 2019**

	Notes	December 31, 2019 (Un-audited) Rupees	June 30, 2019 (Audited) Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized share capital 20,000,000 (June 30, 2019: 20,000,000) ordinary shares of Rs. 10 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid up capital 4,449,159 (June 30, 2019: 4,449,159) ordinary shares of Rs. 10 each fully paid in cash		44,491,590	44,491,590
Share deposit money		150,000,000	150,000,000
Accumulated loss		(142,353,310)	(142,422,421)
Surplus on revaluation of property, plant and equipment		<u>510,666,787</u>	<u>519,447,476</u>
		562,805,067	571,516,645
<b>Non Current Liabilities</b>			
Long term financing	4	30,700,130	36,700,130
Staff retirement benefits		10,986,110	10,182,278
Deferred tax liability		66,860,925	59,882,229
		108,547,165	106,764,637
<b>Current Liabilities</b>			
Trade and other payables		110,907,853	105,400,999
Unclaimed dividend		232,987	232,987
Accrued markup on long term financing		4,471,412	3,939,090
Current portion of long term financing	4	12,000,090	12,000,090
Provision for taxation		7,945,838	11,204,768
		135,558,180	132,777,934
Contingencies and Commitments	5	-	-
<b>Total Equity and Liabilities</b>		<u>806,910,412</u>	<u>811,059,216</u>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	6	693,166,987	697,317,757
Long term deposits		14,536,023	17,036,023
		707,703,010	714,353,780
<b>Current Assets</b>			
Stores and spares		3,699,840	4,041,573
Stock in trade		54,672,698	57,899,210
Trade debts		1,160,804	269,558
Sales tax refunds due from the government		68,160	1,558,218
Advances, prepayments and other receivables		6,195,334	10,808,722
Cash and bank balances		33,410,566	22,128,155
		99,207,402	96,705,436
		<u>806,910,412</u>	<u>811,059,216</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements (un-audited).

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

M. Muddasar Shahzad  
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019**

	Notes	Half Year Ended	Half Year Ended	Quarter Ended	Quarter Ended
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		Rupees	Rupees	Rupees	Rupees
Sales - net		526,620,567	492,587,615	269,407,570	232,407,870
Cost of sales (2018: restated)	7	(495,559,867)	(453,291,629)	(256,851,043)	(221,070,646)
Gross Profit		31,060,700	39,295,986	12,556,527	11,337,224
Operating Expenses					
Distribution expenses		(435,368)	(388,016)	(225,368)	(164,016)
Administrative expenses (2018: restated)		(15,806,706)	(15,983,882)	(9,622,632)	(9,997,850)
		(16,242,074)	(16,371,898)	(9,848,000)	(10,161,866)
Operating Profit		14,818,626	22,924,088	2,708,527	1,175,358
Finance cost		(3,888,220)	(3,171,789)	(411,369)	(1,821,364)
Other operating charges		(991,359)	(1,467,067)	(84,004)	(77,205)
Other income		525,000	27,930	525,000	14,010
		(4,354,579)	(4,610,926)	29,627	(1,884,559)
Profit / (Loss) before Taxation		10,464,047	18,313,162	2,738,154	(709,201)
Taxation	8	(14,726,466)	(1,425,550)	(9,034,560)	544,590
(Loss) / Profit for the Period		(4,262,419)	16,887,612	(6,296,406)	(164,611)
(Loss) / Earnings per Share - Basic		(0.96)	3.80	(1.42)	(0.04)
(Loss) / Earnings per Share - Diluted		(0.22)	0.87	(0.32)	(0.01)

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements (un-audited).

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

M. Muddasar Shahzad  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019**

	Half Year Ended December 31, 2019	Half Year Ended December 31, 2018	Quarter Ended December 31, 2019	Quarter Ended December 31, 2018
	Rupees	Rupees	Rupees	Rupees
Net (Loss) / Profit for the Period	(4,262,419)	16,887,612	(6,296,406)	(164,611)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Total Comprehensive (Loss) / Income for the Period	<u>(4,262,419)</u>	<u>16,887,612</u>	<u>(6,296,406)</u>	<u>(164,611)</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements (un-audited).

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

M. Muddasar Shahzad  
Chief Financial Officer





**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

	Half Year Ended December 31, 2019	Half Year Ended December 31, 2018
	Rupees	Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	10,464,047	18,313,162
Adjustments for:		
- Depreciation	18,359,179	9,476,816
- Provision for gratuity	2,401,282	1,877,421
- Balances written off	28,000	-
- Interest on Workers' (profit) participation fund	885,806	-
- Workers' (profit) participation fund	611,802	1,007,777
- Workers' welfare fund	210,557	359,290
- Finance costs	3,002,414	3,171,789
	<u>25,499,040</u>	<u>15,893,093</u>
Operating profit before working capital changes	35,963,087	34,206,255
Decrease / (Increase) in current assets:		
- Stores and spares	341,733	(1,253,934)
- Stock in trade	3,226,512	28,126,867
- Trade debts	(891,246)	829,776
- Sales tax refunds due from the government	1,462,058	(940,631)
- Advances, prepayments and other receivables	167,643	(183,583)
Decrease in current liabilities:		
- Trade and other payables	1,419,930	(55,873,547)
	<u>5,726,630</u>	<u>(29,295,052)</u>
Cash Generated from Operations	41,689,717	4,911,203
Income tax paid	(5,094,668)	(4,831,475)
Finance cost paid	(2,470,092)	(5,051,220)
Gratuity paid	(1,597,450)	(1,953,810)
Net Cash Generated from / (Used in) Operating Activities	32,527,507	(6,925,302)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(14,208,409)	(1,405,650)
Long term deposits	2,500,000	(2,391,000)
Net Cash Used in Investing Activities	(11,708,409)	(3,796,650)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(3,536,687)	-
Long term financing repaid	(6,000,000)	(6,000,000)
Net Cash Used in Financing Activities	(9,536,687)	(6,000,000)
Net Increase / (Decrease) in Cash and Cash Equivalents	11,282,411	(16,721,952)
Cash and cash equivalents at the beginning of the period	22,128,155	37,202,626
Cash and Cash Equivalents at the End of the Period	<u>33,410,566</u>	<u>20,480,674</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements (un-audited).

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

M. Muddasar Shahzad  
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

Particulars	Share Capital	Share Deposit Money	Surplus on Revaluation of Property, Plant and Equipment	Accumulated Loss	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2018	44,491,590	150,000,000	353,984,425	(184,791,190)	363,684,825
Net profit for the half year ended December 31, 2018	-	-	-	16,887,612	16,887,612
Other comprehensive income for the half year ended December 31, 2018	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2018	-	-	-	16,887,612	16,887,612
Incremental depreciation charged for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	(3,152,536)	3,152,536	-
<b>Balance as at December 31, 2018</b>	<b>44,491,590</b>	<b>150,000,000</b>	<b>350,831,889</b>	<b>(164,751,042)</b>	<b>380,572,437</b>
Balance as at June 30, 2019	44,491,590	150,000,000	519,447,476	(142,422,421)	571,516,645
Net loss for the half year ended December 31, 2019	-	-	-	(4,262,419)	(4,262,419)
Other comprehensive income for the half year ended December 31, 2019	-	-	-	-	-
Total comprehensive loss for the half year ended December 31, 2019	-	-	-	(4,262,419)	(4,262,419)
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period - net of deferred tax	-	-	(8,780,689)	8,780,689	-
Annual dividend for the year ended June 30, 2019	-	-	-	(4,449,159)	(4,449,159)
<b>Balance as at December 31, 2019</b>	<b>44,491,590</b>	<b>150,000,000</b>	<b>510,666,787</b>	<b>(142,353,310)</b>	<b>562,805,067</b>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements (un-audited).

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

M. Muddasar Shahzad  
Chief Financial Officer



**NOTES TO AND FORMING PART OF THE CONDENSED  
INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

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

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- 1.1 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 Act, 2017) and was subsequently converted into a Public Limited Company in 1970. The Company is listed on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn made from raw cotton and synthetic fiber.
- 1.2 The Company is domiciled in Pakistan and its registered office is situated at 38-Empress road, Lahore, whereas the production plant of the Company is located at Rehman Shaheed Road, Gujrat.

**Note 2****Basis of Preparation**

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- 2.1 These condensed interim financial statements have been prepared in accordance with the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and are in compliance with the International Accounting Standard - 34 (Interim Financial Reporting).
- 2.2 These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2019. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2019 whereas comparative statement of profit or loss account, comparative statement of comprehensive income and comparative statement of cash flows are extracted from unaudited condensed interim financial statements for the half year ended December 31, 2018.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.3 These condensed interim financial statements are unaudited and have been subjected to limited scope review by the auditors as required by Section 237 of the Companies Act, 2017. The figures for the quarters ended on December 31, 2018 and 2019 presented in the condensed interim financial statements have not been reviewed by the external auditors.
- 2.4 These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the external auditors as required by the Companies (Code of Corporate Governance) Regulations, 2019.
- 2.5 The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2019.
- 2.6 These condensed interim financial statements are 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**

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The Company's accounting and financial risk management policies and methods of computation adopted in the preparation of these condensed interim (un-audited) financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2019 except for the adoption of new and amended standards, if any.



Note 4  
Long Term Financing

	Note	December 31, 2019 (Un-audited) Rupees	June 30, 2019 (Audited) Rupees
Related parties - Unsecured			
Loan from Directors / Related parties	4.1	42,700,220	48,700,220
Less: Current portion		<u>(12,000,090)</u>	<u>(12,000,090)</u>
		<u>30,700,130</u>	<u>36,700,130</u>

- 4.1 This represents financing obtained from directors from time to time to meet the liquidity requirements of the Company. The outstanding balance of this financing is repayable in equal monthly installments of Rs. 1 million each. This financing is unsecured and carries markup at 3 months KIBOR plus 1%.

Note 5  
Contingencies and Commitments

Contingencies

- 5.1 Sui Northern Gas Pipelines Limited (SNGPL) has demanded an amount of Rs. 40.629 million (June 30, 2019: Rs. 40.629 million) from the Company in respect of Gas Infrastructure Development Cess under the Gas Infrastructure Development Cess Act, 2015. However, the Company denies the claim and filed a suit before the Honorable Sindh High Court on February 02, 2017. Based on the advice of legal counsel, the management is of the view that there are meritorious grounds to defend the Company's position and it would be resolved in the Company's favor. Hence, no provision has been made in these interim financial statements.

Commitments

- 5.2 There are no material commitments outstanding as at the reporting date (June 30, 2019: Nil).

Note 6  
Property, Plant and Equipment

	December 31, 2019 (Un-audited) Rupees	June 30, 2019 (Audited) Rupees
Opening written down value	697,317,757	476,496,326
Additions during the period / year	<u>14,208,409</u>	<u>23,985,764</u>
	711,526,166	500,482,090
Depreciation charge for the period / year	<u>(18,359,179)</u>	<u>(21,613,594)</u>
Revaluation adjustment	-	<u>218,449,261</u>
	<u>693,166,987</u>	<u>697,317,757</u>



Note 7  
Cost of Sales

	Half Year Ended December 31, 2019	Half Year Ended December 31, 2018	Quarter Ended December 31, 2019	Quarter Ended December 31, 2018
	(Un-audited) Rupees	(Un-audited) Rupees (Restated)	(Un-audited) Rupees	(Un-audited) Rupees (Restated)
Raw materials consumed	347,466,628	326,080,315	182,571,829	157,596,739
Stores and spares consumed	8,065,550	8,299,527	4,798,037	3,588,279
Packing materials consumed	5,868,918	6,057,203	3,379,949	2,889,203
Fuel and power	63,084,775	48,324,671	28,819,022	25,907,778
Salaries, wages and benefits	51,582,357	53,469,771	24,792,623	26,070,389
Insurance	286,926	262,780	100,000	131,780
Repairs and maintenance	3,431,793	2,391,727	1,924,834	543,401
Depreciation	18,089,155	9,153,882	9,194,922	4,585,208
Cost of goods manufactured	497,876,102	454,039,876	255,581,216	221,312,777
Work in process:				
- Opening	6,684,259	3,561,796	8,215,836	4,238,586
- Closing	(6,914,184)	(4,817,303)	(6,914,184)	(4,817,303)
	(229,925)	(1,255,507)	1,301,652	(578,717)
	497,646,177	452,784,369	256,882,868	220,734,060
Finished goods:				
- Opening	1,384,499	3,111,183	3,438,984	2,940,509
- Closing	(3,470,809)	(2,603,923)	(3,470,809)	(2,603,923)
	(2,086,310)	507,260	(31,825)	336,586
	495,559,867	453,291,629	256,851,043	221,070,646

Note 8  
Taxation

	Half Year Ended December 31, 2019	Half Year Ended December 31, 2018
	(Un-audited) Rupees	(Un-audited) Rupees
Current		
- Charge for period	7,945,838	6,059,086
- Prior years / tax credits	(198,068)	(162,793)
	7,747,770	5,896,293
Deferred tax	6,978,696	(4,470,743)
	14,726,466	1,425,550

Note 9  
Financial Risk Management

The company's financial risk management objectives and policies are consistent with those disclosed in preceding audited annual financial statements for the year ended June 30, 2019.



## Note 10

## Transactions with Related Parties

Related parties comprise directors of the Company and their close relatives, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as under:

	Half Year Ended December 31, 2019	Half Year Ended December 31, 2018
	(Un-audited) Rupees	(Un-audited) Rupees
Transactions with related persons		
Repayment of loan from directors	6,000,000	6,000,000
Markup accrued on loan from directors	2,954,596	2,336,482
Markup paid to directors	2,422,274	5,039,893
Dividend paid to directors	1,048,016	-
Rent for office building paid to directors	-	300,000
Gratuity fund charge	2,401,282	1,877,421
Balances outstanding as at	December 31, 2019	June 30, 2019
	(Un-audited) Rupees	(Audited) Rupees
Long term loan payable	42,700,220	48,700,220
Accrued markup on long term loan from directors	4,471,412	3,939,090
Dividend payable	411,128	-

## Note 11

## Segment Information

Operating segments are reported in a manner consistent with the internal reporting used by the Chief Operating Decision Maker. The Chief Executive Officer (CEO) of the Company performs function of the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments.

The CEO is responsible for the Company's entire product portfolio and considers business as a single operating segment. The Company's assets allocation decisions are based on a single integrated investment strategy and the Company's performance is evaluated on an overall basis.

The internal reporting provided to the CEO for the Company's assets, liabilities and performance is prepared on a basis consistent with the measurement and recognition principles of approved accounting standards as applicable in Pakistan. The Company is domiciled in Pakistan. All of the Company's income is from the entities incorporated in Pakistan.

## Note 12

## Date of Authorization for Issue

These condensed interim financial statements (un-audited) are approved and authorized for issuance on February 28, 2020 by the Board of Directors of the Company.

Note 13  
General

Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. Following balances are reclassified during the period for better presentation.

Nature	From	To	Period	Amount Rupees
Salaries, wages and benefits	Administrative expenses (Face of statement of profit or loss account)	Cost of sales (Note 8)	July 1, 2018 to December 31, 2018	5,066,680
Salaries, wages and benefits	Administrative expenses (Face of statement of profit or loss account)	Cost of sales (Note 8)	October 1, 2018 to December 31, 2018	5,066,680
Insurance	Administrative expenses (Face of statement of profit or loss account)	Cost of sales (Note 8)	July 1, 2018 to December 31, 2018	262,780
Insurance	Administrative expenses (Face of statement of profit or loss account)	Cost of sales (Note 8)	October 1, 2018 to December 31, 2018	131,780

This restatement has not affected statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows

Mohammad Hameed  
Chief ExecutiveAamer Hameed  
DirectorM. Muddasar Shahzad  
Chief Financial Officer

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