



**Service Industries Textiles Limited**  
**Half Yearly Accounts**  
Un-Audited  
**2nd Quarter Ended**  
**December 31, 2022**

**COMPANY INFORMATION**

BOARD OF DIRECTORS	: Aamer Hameed (Chairman/Non Executive Director) Mohammad Hameed (Chief Executive/Executive Director) Murtaza Hameed (Executive Director) Omer Mohyudin Malik (Independent Director) Zainab Khan (Independent Director) Tariq Hameed (Non Executive Director) Sadia Hamid (Non Executive Director)
CHIEF FINANCIAL OFFICER	: M. Muddasar Shahzad
COMPANY SECRETARY	: Usman Khalid
AUDIT COMMITTEE	: Omer Mohyudin Malik (Chairman) Zainab Khan (Member) Tariq Hameed (Member)
HUMAN RESOURCE & REMUNERATION COMMITTEE	: Zainab Khan (Chairperson) Aamer Hameed (Member) Omer Mohyudin Malik (Member)
BANKERS	: Meezan Bank Limited 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: (92-42) 36304561-3, 36367861-3 Telefax: (92-42) 3636 7861 E-mail: info@prime-service.com
MILLS	: Rehman Shaheed 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: (92-42) 35839182, 35916719

**DIRECTORS' REPORT**

The Directors of your Company present before you the un-audited financial statements for the quarter ended December 31, 2022. The financial results are as follows:

	31.12.22 (Rupees 000)	31.12.21 (Rupees 000)
Net (Loss) / Profit for the period	(57,855)	14,400
Accumulated loss brought forward	(90,448)	(78,093)
	<u>(148,303)</u>	<u>(63,693)</u>
Final dividend for the year ended June 30, 2022	-	(13,788)
Transfer from surplus on revaluation Of fixed assets in respect of incremental Depreciation- net of deferred tax	7,478	6,967
Surplus on revaluation of property, plant And equipment realized on disposal	-	1900
Accumulated Loss	<u>(140,825)</u>	<u>(68,614)</u>
Earning per share - Basic	<u>(4.20)</u>	<u>1.04</u>

During the current period Company has incurred a net loss of Rs. 57,855 million as compared to net profit of Rs. 14,400 million for the same period in previous year. One of the reasons for the loss during the period is that the local yarn prices have not been inflated to the extent of increase in cotton prices and hence resulted in reducing the margins during the period. Another reason is failure of the Government to provide energy at RCET (regionally competitive energy tariff) during the month of July and high dollar rate which resulted in high fuel cost during the period. Furthermore the non availability / curtailment of gas have also contributed in high fuel cost

Revival of textile industry was majorly based on supplying of energy to industry at RCET (regionally competitive energy tariff). As a result of this initiative textile exports were increased by 55% from Financial Year 2020 to 2022. This momentum has been lost recently when the Government failed to provide the energy at RCET for the month of July. However Government provided RCET @ Rs. 19.99 per unit all inclusive from October 2022 which benefited the industry by reducing the fuel cost in last quarter and subsequent to the close of period under review. There is a price differential in energy prices between Sind and Punjab and therefore Government should provide a level playing field within a country by implementing a uniform energy tariff otherwise input cost for Punjab based industry will be uncompetitive regionally and within country.

Moreover the cotton production is on a decline for last many years due to multiple factors such as climate change, uncertified seeds, unchecked business of spurious pesticides, and high cost of production with diminishing return for farmers and specifically for this period under review recent floods in the country severely affected the production of cotton. Though the Government has realized the challenges for improving the yield and quality of cotton crops and has taken small steps for its improvement still there is a long way to go. Government should fully support the farmers and help them in up-gradation of ginning technology, educate the farmer to use the quality seed and make 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

Though we have incurred a gross loss during the period under review however subsequent to the period under review yarn prices has been inflated as cotton prices have remained stable Further the supply of electricity @ 19.99 per unit also helps in reducing the input cost. These factors will result in reducing the loss and improving the margins considerably subsequent to the period under review.

We are fully aware of the challenges and are prepared to do everything possible to mitigate the adverse impact of such an event as far as it is under the control of management. We are very hopeful that current crisis will be over in the coming years by the combine efforts of Government and industry and we remain hopeful of the improving macro and micro economic situation of the Country.

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director



## ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والے نصف سال کے غیر تصفیغ شدہ حسابات پیش کرتے ہیں۔ مالیاتی نتائج درج ذیل ہیں۔

31.12.2021	31.12.2022	
Rupees 000	Rupees 000	
14,400	( 57,855)	مدت کیلئے خاص منافع / نقصان
(78,093)	( 90,448)	جمع نقصان آگے لایا
(63,693)	(148,303)	
(13,788)	-	سالانہ ڈیویڈنڈ برائے سال جون 2022
6,967	7,478	ٹرانسفر فراہم سرپلس آن ریویلویشن
1,900	-	سرپلس آن ریویلویشن ڈسپوزل پر
<u>(68,614)</u>	<u>(140,825)</u>	
1.04	(4.20)	فی شیئر منافع

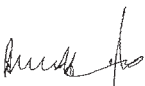
زیرہ جائزہ مدت کے دوران کمپنی کو 65.905 ملین روپے کا نقصان ہوا جبکہ پچھلے سال اسی مدت میں کمپنی کا منافع 14.400 ملین روپے تھا۔ اس نقصان کی بنیادی وجہ میں سے ایک دھاگے کا کپاس کی قیمت کے مقابلے میں خاطر خواہ اضافہ کا نہ ہونا شامل ہے۔ دوسرا گورنمنٹ وعدے کے مطابق سٹے داموں بجلی کی فراہمی ممکن نہ بناسکی بالخصوص جولائی کے مہینے میں اور اسکے ساتھ روپے کی قیمت میں کمی بھی شامل ہے۔

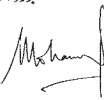
ٹیکسٹائل کے شعبے کی بحالی کی بنیادی وجہ انڈسٹری کو مسابقتی ریٹ پر بجلی کی فراہمی تھی جسکی وجہ سے ٹیکسٹائل کی برآمدات میں 2020 سے 2022 میں 55% اضافہ ہوا۔ اس بحالی کو دھچکا تب لگا جب جولائی کے مہینے میں حکومت اپنے وعدے کے مطابق بجلی کو مسابقتی قیمت پر فراہم نہ کر سکی۔ البتہ اکتوبر 2022 سے حکومت نے بجلی کو 19.99 روپے فی یونٹ فراہمی کا وعدہ کیا جس سے بجلی کی قیمت میں کمی آئی اور یہ انڈسٹری کیلئے فائدہ مند ہوگا۔ اسکے علاوہ سندھ اور پنجاب میں بجلی کی قیمتوں میں تضاد ہے اسلئے حکومت کو چاہے کہ پورے ملک کی انڈسٹری کو ایک ہی ریٹ پر ایندھن فراہم کیا جائے ورنہ پنجاب کی انڈسٹری کی پیداواری لاگت بہت بڑھ جائے گی جسکی وجہ سے وہ خطے کی اور سندھ کی ٹوں سے مسابقتی مقابلہ نہیں کر پائے گی۔

مزید برآں گزشتہ تین سال سے کپاس کی فصل کا ٹارگٹ پورا نہیں کیا جاسکا جس کی مختلف وجوہات ہیں جیسا کہ موسمیاتی تبدیلیاں، غیر تصدیق شدہ بیج، غیر معیاری کیڑے ماراویات اور پیداواری لاگت میں اضافہ کی وجہ سے کسان کا منافع کم ہونا ہے۔ حکومت کو اس سلسلے میں کسان کی بھرپور مدد کرنی چاہئے اور جدید کاشت کے طریقے کسان کو سکھانے چاہئے تاکہ ان کو اپنی فصل کا صحیح منافع ملے۔

گوکہ زیرہ جائزہ مدت کے دوران کمپنی کو نقصان ہوا ہے لیکن اسی مدت کے اختتام کے بعد دھاگے کی قیمتوں میں اضافہ ہوا ہے۔ جبکہ کپاس کی قیمت مستحکم رہی ہے اور بجلی کی مسابقتی ریٹوں میں فراہمی نے پیداواری لاگت کو کم کیا ہے جسکی وجہ سے نقصان میں کمی اور مارجن بہتر ہوئے ہیں۔ ہم ان مشکلات سے بخوبی آگاہ ہیں اور ان سے نمٹنے کیلئے تیار ہیں۔ ہم آنے والے سالوں میں ملکی معیشت کے مستحکم ہونے کیلئے پرامید ہیں۔

بورڈ آف ڈائریکٹرز کی طرف سے

  
عاصم حمید  
ڈائریکٹر

  
محمد حمید  
چیف ایگزیکٹو

لاہور

مورخہ 28 فروری 2023

## 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, 2022 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 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.

### 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.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1.3 to the condensed interim financial statements which indicate that the Company has incurred a net loss for the period amounting to Rs. 57.85 million and its current liabilities exceed its current assets by Rs. 137.29 million. These conditions along with negative cash flows from operating activities indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Matter

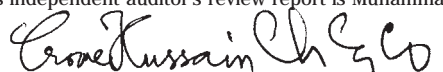
The figures of the condensed interim statement of profit or loss account and the condensed interim statement of comprehensive income for the quarters ended December 31, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2022.

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

LAHORE

Dated: 28.02.2023

UDIN: RR202210169S0cgZIF5j



CROWE HUSSAIN CHAUDHURY & CO.  
Chartered Accountants



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)  
AS AT DECEMBER 31, 2022**

	Note	December 31, 2022 (Un-audited) Rupees	June 30, 2022 (Audited) Rupees
<b>EQUITY AND LIABILITIES</b>			
Share Capital and Reserves			
Authorized share capital			
20,000,000 (June 30, 2022: 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			
13,787,567 (June 30, 2022: 13,787,567) ordinary shares of Rs. 10 each fully paid in cash		137,875,670	137,875,670
Reserves			
Surplus on revaluation of property, plant and equipment		<u>(122,148,247)</u>	<u>(71,771,941)</u>
		<u>1,094,272,940</u>	<u>1,101,751,321</u>
		1,110,000,363	1,167,855,050
Non Current Liabilities			
Long term financing	4	32,002,749	46,066,037
Staff retirement benefits		15,798,798	14,758,772
Deferred tax liability		<u>62,470,755</u>	<u>66,655,243</u>
		110,272,302	127,480,052
Current Liabilities			
Trade and other payables		180,589,077	167,740,809
Unclaimed dividend		232,987	232,987
Accrued markup		2,086,746	-
Short term borrowing	5	24,860,000	-
Current portion of long term financing	4	12,000,000	12,000,000
Unpaid dividends		683,629	683,629
Provision for taxation		<u>7,399,482</u>	<u>16,629,942</u>
		227,851,921	197,287,367
Contingencies and Commitments			
	6	-	-
Total Equity and Liabilities		<u>1,448,124,586</u>	<u>1,492,622,469</u>
<b>ASSETS</b>			
Non Current Assets			
Property, plant and equipment	7	1,338,230,290	1,358,771,728
Long term deposits		<u>19,337,023</u>	<u>19,337,023</u>
		1,357,567,313	1,378,108,751
Current Assets			
Stores and spares		5,253,134	5,254,179
Stock in trade		56,223,033	47,274,280
Trade debts		2,777,053	2,444,083
Advances, prepayments and other receivables		19,598,216	24,628,792
Cash and bank balances		<u>6,705,837</u>	<u>34,912,384</u>
		90,557,273	114,513,718
		<u>1,448,124,586</u>	<u>1,492,622,469</u>

The annexed notes from 1 to 14 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 ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022**

	Note	Half Year Ended December 31, 2022	Half Year Ended December 31, 2021	Quarter Ended December 31, 2022	Quarter Ended December 31, 2021
		Rupees	Rupees	Rupees	Rupees
Sales - net		591,925,463	632,007,967	270,650,463	325,143,967
Cost of sales	8	(625,680,167)	(583,395,688)	(287,738,167)	(290,778,688)
Gross (Loss) / Profit		(33,754,704)	48,612,279	(17,087,704)	34,365,279
Operating Expenses					
Distribution expenses		(4,003,621)	(3,033,543)	(2,449,621)	(1,802,543)
Administrative expenses		(19,041,766)	(21,520,771)	(10,110,766)	(12,179,771)
		(23,045,387)	(24,554,314)	(12,560,387)	(13,982,314)
Operating (Loss) / Profit		(56,800,091)	24,057,965	(29,648,091)	20,382,965
Finance cost		(5,619,100)	(4,273,233)	(4,209,100)	(2,376,233)
Other operating charges		(426,250)	(3,947,250)	(426,250)	(2,444,250)
Other income		8,205,748	12,931	8,205,748	12,931
		2,160,398	(8,207,552)	3,570,398	(4,807,552)
(Loss) / Profit before Taxation		(54,639,693)	15,850,413	(26,077,693)	15,575,413
Taxation	9	(3,214,994)	(1,450,496)	(780,994)	5,210,504
Net (Loss) / Profit for the Period		(57,854,687)	14,399,917	(26,858,687)	20,785,917
(Loss) / Earnings per Share - Basic & Diluted (Rupees)		(4.20)	1.04	(1.95)	1.51

The annexed notes from 1 to 14 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, 2022**

	Half Year Ended December 31, 2022	Half Year Ended December 31, 2021	Quarter Ended December 31, 2022	Quarter Ended December 31, 2021
	Rupees	Rupees	Rupees	Rupees
Net (Loss) / Profit for the Period	(57,854,687)	14,399,917	(26,858,687)	20,785,917
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 Income for the Period	<u>(57,854,687)</u>	<u>14,399,917</u>	<u>(26,858,687)</u>	<u>20,785,917</u>

The annexed notes from 1 to 14 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, 2022**

Particulars	Share Capital	Reserves		Surplus on Revaluation of Property, Plant and Equipment	Total
		Capital Reserve - Share Premium Reserve	Revenue Reserve - Accumulated Loss		
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2021	137,875,670	18,676,816	(78,092,622)	484,750,860	563,210,724
Net profit for the half year ended December 31, 2021	-	-	14,399,917	-	14,399,917
Other comprehensive income for the half year ended December 31, 2021	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2021	-	-	14,399,917	-	14,399,917
Final dividend for the year ended June 30, 2021 at Rs. 1 per share	-	-	(13,787,567)	-	(13,787,567)
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period - net of deferred tax	-	-	6,966,691	(6,966,691)	-
Surplus on revaluation of property, plant and equipment realized on disposal	-	-	1,900,000	(1,900,000)	-
<b>Balance as at December 31, 2021</b>	<b>137,875,670</b>	<b>18,676,816</b>	<b>(68,613,581)</b>	<b>475,884,169</b>	<b>563,823,074</b>
Balance as at June 30, 2022	137,875,670	18,676,816	(90,448,757)	1,101,751,321	1,167,855,050
Net loss for the half year ended December 31, 2022	-	-	(57,854,687)	-	(57,854,687)
Other comprehensive income for the half year ended December 31, 2022	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2022	-	-	(57,854,687)	-	(57,854,687)
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period - net of deferred tax	-	-	7,478,381	(7,478,381)	-
<b>Balance as at December 31, 2022</b>	<b>137,875,670</b>	<b>18,676,816</b>	<b>(140,825,063)</b>	<b>1,094,272,940</b>	<b>1,110,000,363</b>

The annexed notes from 1 to 14 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 FLOWS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	Half Year Ended December 31, 2022	Half Year Ended December 31, 2021
	Rupees	Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(54,639,693)	15,850,413
Adjustments for:		
- Depreciation	20,741,438	21,477,084
- Provision for gratuity	3,493,246	2,598,221
- Interest on Workers' (profit) participation fund	2,632,311	1,452,233
- Workers' (profit) participation fund	-	1,313,310
- Workers' welfare fund	-	568,940
- Unwinding of longterm financing	(8,172,670)	-
- Loss on disposal of fixed assets	-	1,638,750
- Finance costs	2,986,790	2,821,000
	<u>21,681,114</u>	<u>31,869,538</u>
Operating (loss) / profit before working capital changes	(32,958,579)	47,719,951
Decrease / (Increase) in current assets:		
- Stores and spares	1,045	(1,824,152)
- Stock in trade	(8,948,753)	(14,777,406)
- Trade debts	(332,970)	(1,739,323)
- Advances, prepayments and other receivables	842,954	6,448,373
Decrease in current liabilities:		
- Trade and other payables	10,215,957	31,655,086
	<u>1,778,233</u>	<u>19,762,578</u>
Cash (Used in) / Generated from Operations	(31,180,346)	67,482,529
Income tax paid	(12,442,320)	(8,392,357)
Finance cost paid	(790,661)	(4,333,111)
Gratuity paid	(2,453,220)	(2,972,315)
Net Cash (Used in) / Generated from Operating Activities	(46,866,547)	51,784,746
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(200,000)	(47,731,000)
Proceeds from disposal of property, plant and equipment	-	2,400,000
Net Cash Used in Investing Activities	(200,000)	(45,331,000)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(13,457,500)
Long term financing repaid	(6,000,000)	(6,000,045)
Short term borrowings	24,860,000	7,600,000
Net Cash Generated from / (Used in) Financing Activities	<u>18,860,000</u>	<u>(11,857,545)</u>
Net Decrease in Cash and Cash Equivalents	(28,206,547)	(5,403,799)
Cash and cash equivalents at the beginning of the period	34,912,384	47,939,202
Cash and Cash Equivalents at the End of the Period	<u>6,705,837</u>	<u>42,535,403</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



**NOTES TO AND FORMING PART OF THE CONDENSED  
INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

**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.
- 1.3 The Company has accumulated loss of Rs. 140,825,063 (June 30,2022: Rs. 90,448,757) as at the reporting date and has incurred net loss for the period under review of Rs. 57,854,687 (June 30,2022: Rs. 11,370,117). Furthermore, current liabilities of the Company exceed its current assets by Rs. 137,294,648 (June 30,2022: Rs. 82,773,649) as at the reporting date. These factors raise doubts about the Company being a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

However, any adjustments relating to recoverability of recorded assets and liabilities have not been incorporated in these condensed interim (un-audited) financial statements as the sponsors have injected Rs. 24,860,000 during the current period and committed to provide continuous support as and when required. Subsequent to the reporting date, the yarn prices have increased, whereas, the cotton prices have remained stable. The Company is also in the process to identify areas in which overheads can be curtailed. Keeping in view all these factors, the going concern assumption is considered appropriate and, therefore, these condensed interim financial statements have been prepared on going concern basis.

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

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- 2.1 These condensed interim financial statements (un-audited) 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).  
  
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.
- 2.2 These condensed interim financial statements (un-audited) should be read in conjunction with annual audited financial statements for the year ended June 30, 2022. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2022 whereas comparative statement of profit or loss account, comparative statement of comprehensive income and comparative statement of cash flows are extracted from condensed interim financial statements (un-audited) for the half year ended December 31, 2021.
- 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 and the Companies (Code of Corporate Governance) Regulations, 2019. The figures for the quarters ended on December 31, 2021 and 2022 presented in the condensed interim financial statements have not been reviewed by the external auditors.
- 2.4 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, 2022.

- 2.5 These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation 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 adopted in the preparation of these condensed interim financial statements (un-audited) are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2022 except for the adoption of new and amended standards, if any.

### Note 4 Long Term Financing

		December 31, 2022	June 30, 2022
	Note	(Un-audited) Rupees	(Audited) Rupees
Related parties - Unsecured			
Loan from Directors / Related parties	4.1	44,002,749	58,066,037
Less: Current portion		<u>(12,000,000)</u>	<u>(12,000,000)</u>
		<u>32,002,749</u>	<u>46,066,037</u>

- 4.1 This represents financing obtained from directors / related parties from time to time, to pay off financing previously obtained from the banks and 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 from July 01, 2022 @ 10% (June 30, 2022: 3 months kibar plus 1%) per annum.

### Note 5 Short Term Borrowings

	December 31, 2022	June 30, 2022
	(Un-audited) Rupees	(Audited) Rupees
Loan from Directors - unsecured	<u>24,860,000</u>	<u>-</u>

- 5.1 This represents unsecured, interest free loan given by the directors and related parties to meet the liquidity requirements of the Company. These loans are repayable on demand.

### Note 6 Contingencies and Commitments

#### Contingencies

- 6.1 There has been no change in status of contingencies as reported in the annual audited financial statements for the year ended June 30, 2022.

#### Commitments

- 6.2 There are no material commitments outstanding as at the reporting date (June 30, 2022: Nil).



Note 7

Property, Plant and Equipment

	December 31, 2022	June 30, 2022
	(Un-audited) Rupees	(Audited) Rupees
Opening written down value	1,358,771,728	717,220,869
Additions during the period / year	200,000	46,089,050
Disposal during the period / year	-	(5,000,000)
Revaluation surplus	-	641,915,960
	<u>1,358,971,728</u>	<u>1,400,225,879</u>
Depreciation charge for the period / year	20,741,438	42,415,401
Depreciation charge for the period / year - disposal	-	(961,250)
	<u>1,338,230,290</u>	<u>1,358,771,728</u>

Note 8

Cost of Sales

	Half Year Ended December 31, 2022	Half Year Ended December 31, 2021	Quarter Ended December 31, 2022	Quarter Ended December 31, 2021
	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees
Raw materials consumed	424,396,569	428,140,555	182,655,569	221,364,555
Stores and spares consumed	4,766,698	6,322,569	2,416,698	3,251,183
Packing materials consumed	6,012,278	7,597,107	2,430,278	3,766,107
Fuel and power	124,816,658	75,183,431	56,598,658	40,015,431
Salaries, wages and benefits	40,812,541	55,405,488	15,842,541	21,939,488
Insurance	864,691	743,072	347,691	523,072
Repairs and maintenance	3,081,361	2,712,475	2,624,361	1,350,475
Depreciation	20,468,046	21,104,615	10,193,046	10,594,615
Cost of goods manufactured	625,218,842	597,209,312	273,108,842	302,804,926
Work in process:				
- Opening	15,988,206	8,438,854	18,595,000	10,548,000
- Closing	(16,553,734)	(12,450,937)	(16,553,734)	(12,450,937)
	(565,528)	(4,012,083)	2,041,266	(1,902,937)
	624,653,314	593,197,229	275,150,108	300,901,989
Finished goods:				
- Opening	6,708,628	3,871,760	18,270,000	3,550,000
- Closing	(5,681,775)	(13,673,301)	(5,681,775)	(13,673,301)
	1,026,853	(9,801,541)	12,588,225	(10,123,301)
	<u>625,680,167</u>	<u>583,395,688</u>	<u>287,738,333</u>	<u>290,778,688</u>



## Note 9

## Taxation

	Half Year Ended December 31, 2022	Half Year Ended December 31, 2021	Quarter Ended December 31, 2022	Quarter Ended December 31, 2021
	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees
Current				
- Charge for period	7,399,482	8,249,633	3,383,482	1,588,633
	7,399,482	8,249,633	3,383,482	1,588,633
Deferred tax	(4,184,488)	(6,799,137)	(2,602,488)	(6,799,137)
	<u>3,214,994</u>	<u>1,450,496</u>	<u>780,994</u>	<u>(5,210,504)</u>

## Note 10

## 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, 2022.

## Note 11

## 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:

Transactions with related persons			Half Year Ended December 31, 2022	Half Year Ended December 31, 2021
Name of Related Parties	Relationship	Nature of Transactions	(Un-audited) Rupees	(Un-audited) Rupees
Directors	Key management personnel	Repayment of loan	6,000,000	6,000,045
		Markup accrued	2,086,746	2,747,446
		Markup paid	625,828	4,259,557
		Dividend paid	-	7,820,656
		Short term borrowings received	24,860,000	11,911,055
		Repayment of short term borrowings	-	4,311,055
Gratuity		Gratuity fund charge	3,493,246	2,598,221
Balances outstanding as at			December 31, 2022	June 30, 2022
			(Un-audited) Rupees	(Audited) Rupees
Directors	Long term loan payable Accrued markup payable Short term borrowing payable		44,002,749	58,066,037
			2,086,746	-
			24,860,000	-



Note 12  
Segment Information

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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 13  
Date of Authorization for Issue

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These condensed interim financial statements (un-audited) are approved and authorized by the Board of Directors of the Company for issuance on February 28th, 2023.

Note 14  
General

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Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material reclassification have been made in these condensed interim financial statements (un- audited).

Mohammad Hameed  
Chief Executive

Aamer Hameed  
Director

M. Muddasar Shahzad  
Chief Financial Officer

PRINTED MATTER

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