ANNUAL REPORT 2014

Service Industries Textiles Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	:	Ijaz Hameed	Chairman / Non Executive Director
		Mohammad Hameed	(Chief Executive) / Director
		Farooq Hameed	Executive Director
		Aamer Hameed	Non Executive Director
		Tariq Hameed	Non Executive Director
		Abid Hussain	Independent Director
		Murtaza Hameed	Non Executive Director
COMPANY SECRETARY	:	Usman Khalid	
CHIEF FINANCIAL OFFICER	:	Farooq Hameed	A.C.A (England & Wales)
AUDIT COMMITTEE	:	Abid Hussain	(Chairman)
		Tariq Hameed	(Member)
		Murtaza Hameed	(Member)
HUMAN RESOURCE &	:	Ijaz Hameed	(Chairman)
REMUNERATION COMMITTEE		Aamer Hameed	(Member)
		Tariq Hameed	(Member)
BANKERS	:	The Bank of Punjab	
AUDITORS	:	Horwath Hussain Chaudhury & Co.	
		Chartered Accountants	
INTERNAL AUDITOR	:	Awan & Co.	
		Chartered Accountants	
REGISTERED OFFICE	:	38-Empress Road, Lahore.	
Telephones	:	3630 4561-3, 3636 7862-3	
Telefax	:	(92-42) 3636 7861	
E-mail	:	info@prime-service.com	
MILLS	:	G.T Road, Gujrat	
Telephone	:	(053) 3514 065, 353 5085	
Telefax	:	(92-53) 3513 700	
Web Reference	:	www.prime-service.com	
Share Registrar	:	Corplink (Pvt) Ltd.	
		Wings Arcade, 1-K Commercial Model Town,	
		Lahore. Tel: 042-3583 9182, 3591 6719	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 53rd Annual General Meeting of the Members of Service Industries Textiles Limited will be held on 30th October, 2014 at 11:00 AM at the Registered Office of the company i.e 38 - Empress Road, Lahore to transact the following business:

Ordinary Business

1. To confirm the minutes of the 52nd Annual General Meeting held on 31st October, 2013.
2. To receive, consider and adopt the financial statements of the company for the year ended 30th June, 2014 together with the Auditors' and Directors' report thereon.
3. To appoint auditors for the year ended June 30, 2015 and to fix their remuneration. The retiring auditors M/s Horwath Hussain Chaudhury & Co. Chartered Accountants, being eligible, have offered themselves for reappointment.
4. To consider and approve the remuneration of Chief Executive and Executive Director.

Other Business

5. To transact any other business with the permission of the Chairman.

BY ORDER OF THE BOARD

LAHORE
Dated: 03 October, 2014

(USMAN KHALID)
Company Secretary

NOTES:

1. The Shares Transfer Books of the company will remain closed 23rd October, 2014 to 30th October, 2014 (both days inclusive).

2. A member entitled to attend and vote at the General meeting is entitled to appoint a proxy to attend and vote instead of him/her. No person other than a member shall act as proxy.

3. An instrument appointing a proxy and the power of attorney or other Authority (if any) must be deposited at the registered office of the company at least 48 hours before the time of the meeting.

4. The corporate shareholders shall nominee someone to represent them at the Annual General Meeting. The nominations, in order to be effective must be received by the Company not later than forty eight (48) hours before time of holding the meeting.

5. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport, Account and participant's I.D numbers, to prove his/her identity, and in case of proxy must enclose and attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose. The account/sub account holders of CDC will further have to follow the guidelines as laid down in Circular No.1 of 2000 dated January 26, 2000 issued by Securities Exchange Commission of Pakistan.

6. All shareholders who had not yet submitted the valid copies of CNIC and NTN certificate(s) are requested to send the copies of the same to the Share Registrar. Shareholders of the company who holds shares in scrip-less form on Central Depository Company of Pakistan Ltd. (CDC) are requested to submit/send valid copies of CNIC and NTN certificate(s) directly to their CDC participant (brokers)/ (CDC) Investor Account Services.

7. Members are requested to immediately inform of any change in their addresses, to our Share Registrar M/s Corplink (Pvt) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore. Tele No. 35839182, 35916719 and Fax No. 35869037.

STATEMENT U/S 218 OF THE COMPANIES ORDINANCE 1984

The Board of Directors in its meeting held on October 03, 2014 has revised and approved the monthly remuneration of Mr. Mohammad Hameed, Chief Executive, a sum not exceeding Rs. 200,000 and Mr. Farooq Hameed, Executive Director, a sum not exceeding Rs. 200,000 with effect from November 01, 2014. Further it is also approved that business related expenses such as fuel & communication and medical expenses will continue to be reimbursed on actual basis.

The directors interested in the business have not taken part in this decision.

DIRECTORS REPORT

The directors present the 53rd annual report along with audited financial statement for the year ended 30 June 2014.

Operating & Financial Results:

The Company has earned during the year net profit after tax of Rs. 26.741 Million as compared to net profit of Rs. 64.974 Million in preceding year. Turnover for the year is Rs. 698.543 Million (2013: Rs.683.246 Million). Gross profit ratio for the year is 7% as compared to 14% in the preceding year. Major reason for the decrease in gross profit margin is hike in the rates of gas and electricity and increase in basic wage rate.

It is as challenge in today business environment to keep the company afloat. The Directors of your company are committed to run the company at any cost and therefore we are doing our utmost to make your company more competitive by following best practices in reducing our overheads and making company more viable.

Key Operational and Financial Data

	June 2014 (Rupees)	June 2013 (Rupees) Restated	June 2012 (Rupees) Restated	June 2011 (Rupees)	June 2010 (Rupees)	June 2009 (Rupees)
Sales	698,542,949	683,246,466	525,054,610	559,499,640	370,868,777	242,859,736
Gross Profit/(Loss)	49,297,173	96,317,915	23,292,205	(14,043,008)	31,858,744	(6,332,200)
Operating Profit/(Loss)	28,638,102	80,371,085	8,945,199	(26,006,890)	21,603,794	(15,453,721)
Profit/(Loss)before Tax	27,264,348	65,424,969	(19,851,576)	(46,325,824)	2,854,825	(36,704,721)
Tax	(522,968)	(451,351)	577,532	2,094,854	3,413,961	1,644,002
Profit/(Loss) after Tax	26,741,380	64,973,618	(19,274,044)	(44,230,970)	6,268,786	35,060,719)
Total Assets	583,894,700	447,751,266	444,386,408	465,873,735	435,868,938	181,337,355
Current Liabilities	68,865,224	69,785,595	170,807,211	281,821,183	164,995,496	137,991,751
	515,029,476	377,965,671	273,579,197	184,052,552	270,873,442	43,345,604
Presented by:						
Equity-net	220,066,518	67,170,244	1,685,495	24,865,396	69,096,366	(180,835,266)
Long term loans & leases	243,360,514	278,571,212	236,316,081	125,004,300	164,331,527	217,717,457
Deferred Liability	51,602,444	32,224,215	35,577,621	34,182,856	37,445,549	6,463,413
	515,029,476	377,965,671	273,579,197	184,052,552	270,873,442	43,345,604

EPS:

Earning per share (basic) for the year ended June 30, 2014 is Rs. 6.01 (2013:Rs. 14.60)

Future Prospectus:

Punjab based textile sector is facing an uphill task due to power shortage. The non availability of gas to textile sector in Punjab has made the textiles units highly in competitive as compared to units in other provinces. This along with the inflated rates of gas and other surcharge like GIDC will affect the production capacity adversely, which will eventually result in squeezing the profit margins.

We are fully aware of the challenges and are prepared to do everything possible to mitigate the adverse effects due to the shortage of energy. We remain hopeful of the improving macro and micro economic situation of the country.

Payment of Dividend:

No dividend has been declared by the Company during the year due to accumulated losses. You are well aware of the fact that currently we are not availing any working capital limit from any bank and are in the process of building a buffer stock of cotton. Furthermore we have to pay the balance liability of The Bank of Punjab. Because of all these facts we are unable to declare the dividend for the current year.

Audit Observation:

The auditors have raised observation as to amortization of non current portion of loan obtained from directors and related persons. The directors and related persons have confirmed that they will not demand the loan within next twelve months. The company has not amortized the non current liability as it intends to agree to terms and conditions at earliest.

Corporate & Financial Reporting Framework:

a) The financial statement prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and change in equity.
b) Proper books of accounts for the Company have been maintained.
c) Appropriated accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International accounting standards as applicable in Pakistan have been followed in preparation of financial statements except IAS 39 for amortization of long term financing obtained from directors and related persons.
e) The system of internal control is sound in design and has been effectively implemented and monitored. The process of review will continue and any weakness in control will be removed.
f) Six year financial summary is annexed.
g) Pattern of shareholdings as on June 30, 2014 and its disclosure as required by the Code of Corporate Governance is annexed with this report.
h) The Company has adopted best practices of corporate governance as per listing regulations of exchanges.

Internal Control System:

The Company has always emphasized on a sound Internal Control System and for the effective implementation and monitoring of Internal Control System.

Statutory Payments:

There is not outstanding statutory payment payable other than shown in the Notes to Accounts.

Audit Committee:

The Committee's meeting was held during the year for reviewing each quarterly and annual financial results of the Company as required by the Code of Corporate Governance.

Attendance of Meeting:

During the year ended 30 June 2014, the Board of Directors held five meetings. Attendance of each director is given hereunder;

Mohammad Hameed	4
Ijaz Hameed	5
Farooq Hameed	4
Aamer Hameed	5
Tariq Hameed	5
Abid Hussain	5
Murtaza Hameed	4

Leave of absence was granted to the director who was unable to attend the meetings.

Books of Accounts:

The Company at the registered Office has maintained proper books of accounts.

Auditors:

M/s Horwath Hussain Chaudhury & Co., Chartered accountants, retires and being eligible, offer for re-appointment for the year ending 30 June 2015.

Safety, Health and Environment:

We maintain our commitment to higher standard of safety, health and environment. We are committed in providing clean, healthy and safe conditions to our employees. All our employees undergo continuous training on all aspects of safety especially with regards to safe production, delivery, storage and handling of the materials. Safety values are demonstrated in our day to day activities through lead by example approach. Due to these controls and with the blessing of Al-Mighty Allah no major accidents or incidents took place at the mill.

Pattern of Shareholding:

Pattern of shareholding and additional information regarding pattern of shareholding is attached separately. No trade in shares of the company was carried out by CEO, CFO and Company Secretary and their spouses and minor children except those that have been duly reported as per the law.

Acknowledgement:

The directors express their gratitude for the continued support of the bankers, shareholders and employees of the Company during the period under review and pray to Allah for better prospects in future.

For & on behalf of the Board of Directors

Lahore
Dated: 03 October, 2014

Mohammad Hameed
Chief Executive

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 June 2014

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Stock Exchanges in Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner.

1. The company encourages representation of independent non executive directors on its Board of Directors. The Board of Directors of the company has always supported implementation of the highest standards of Corporate Governance at all times. At present Board includes:

Category	**Nos.**
Independent Director	1
Executives Directors	2
Non Executive Directors	4

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a Stock Exchange, has been declared as defaulter by that Stock Exchange.

4. No casual vacancy occurred in the Board during the year.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement. Overall corporate strategy and significant policies of the company are under process of approval.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors have been taken by the Board in line with Articles of Association of the Company.

8. The meeting of the Board was presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least 7 days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Chief Executive recommends that members of the Board should conduct orientation courses. However all directors on the Board are fully conversant with their duties & responsibilities as directors.

10. The Board has approved appointment of CFO, Company Secretary and Internal audit department including their remuneration and terms and conditions of employment in line with Code of Corporate Governance.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code. The exceptions as mentioned in review report of the auditors shall be complied with in forthcoming year.

15. The Board has formed an audit committee. It comprises three members all members are non executive.

16. The meeting of the audit committee was held before the approval of quarterly and final results of the Company as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The board has set up an effective internal audit function and has outsourced the internal audit function to Awan & Co who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Co. and they are involved in the internal audit function on a full time basis.

18. The Board has formed a HR and Remuneration Committee. It comprises of three members whom are non executive directors including the Chairman.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with international Federation of Associations (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The “Closed period” prior to the announcement of interim and financial results and business decisions which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.

22. The transactions with related parties have been placed before the audit committee and board of directors meeting for their consideration and formal approval.

23. We confirm that all other material principles contained in the Code have substantially complied with.

For & on behalf of the Board of Directors

(MOHAMMAD HAMEED)
Chief Executive

Lahore
Dated: 03 October, 2014

Horwath Hussain Chaudhury & Co.
Chartered Accountants
Member Crowe Horwath International

25-E, Main Market, Gulberg 2,
Lahore-54660 Pakistan
+92-42-111-111-442 Tel
+92-42-35759226 Fax
www.horwath.com.pk

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **Service Industries Textile Limited** for the year ended June 30, 2014 to comply with requirements of the Listing Regulation No. 35 (Chapter XI) of both the Karachi Stock Exchange and Lahore Stock Exchange, where the company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.

Further, we would like to highlight below instances of non-compliance with the requirements of the Code as reflected in clause (v) sub clause (e), (xi) and (xxii) and stated in the Statement of Compliance:

i. The Company has not formed a mechanism for annual evaluation of the board's own performance as required under clause (v) sub clause (e) of the Code.

ii. The Company has not arranged training course for its directors during the year as required under clause (xi) of the Code.

iii. Secretarial compliance certificate as required under clause (xxii) has not been furnished with the Registrar of Companies.

Horwath Hussain Ch. Co.

Lahore
Dated: 03 October, 2014

(HORWATH HUSSAIN CHAUDHURY & CO.)
Chartered Accountants

(Engagement Partner: Abrar S. Chaudhury)

Horwath Hussain Chaudhury & Co.
Chartered Accountants
Member Crowe Horwath International

25-E, Main Market, Gulberg 2,
Lahore-54660 Pakistan
+92-42-111-111-442 Tel
+92-42-35759226 Fax
www.horwath.com.pk

SERVICE INDUSTRIES TEXTILES LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **SERVICE INDUSTRIES TEXTILES LIMITED** as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) The Company has not amortized the long term financing (unsecured and interest free) obtained from directors and related persons amounting to Rs. 213.592 million (disclosed in Note 10 to the accompanying financial statements) as required by IAS 39 (Financial Instruments - Recognition and Measurement). Had the liability been stated at amortized cost, the long term financing obtained from directors and related persons would have been less and profit before tax and retained earnings would have been higher by Rs. 23.732 million.

b) in our opinion, except for the matter described in preceding paragraph "a", proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

c) in our opinion, except for the matter described in preceding paragraph "a";

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied; except for the change in accounting policy as stated in Note 4 to the accompanying financial statements, with which we concur;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

d) in our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matter described in preceding paragraph “a”, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

e) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Horwath Hussain Ch Co.

Lahore
Dated: 03 October, 2014

(HORWATH HUSSAIN CHAUDHURY & CO.)
Chartered Accountants

(Engagement Partner: Abrar S. Chaudhury)

BALANCE SHEET AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees Restated	2012 Rupees Restated
CAPITAL AND LIABILITIES				
Share Capital and Reserves				
Authorized share capital				
10,000,000 (2013: 10,000,000) ordinary shares of Rs. 10 each		100,000,000	100,000,000	100,000,000
Issued, subscribed and paid up capital	7	44,491,590	44,491,590	44,491,590
Share deposit money	8	38,250,000	38,250,000	38,250,000
General reserve		35,000,000	35,000,000	35,000,000
Accumulated loss		(280,492,530)	(310,652,019)	(381,572,386)
		(162,750,940)	(192,910,429)	(263,830,796)
Surplus on Revaluation of Property, Plant and Equipment	9	382,817,458	260,080,673	265,516,291
Non Current Liabilities				
Long term financing	10	243,360,514	278,571,212	236,316,081
Staff retirement benefits	11	9,791,229	7,987,870	8,855,537
Deferred tax liability	12	41,811,215	24,236,345	26,722,084
		294,962,958	310,795,427	271,893,702
Current Liabilities				
Trade and other payables	13	37,951,737	36,368,837	30,585,206
Short term borrowings	14	275,000	475,000	45,358,383
Accrued mark up		-	-	4,434,076
Current and overdue portion of long term financing	10	23,742,000	26,144,559	84,844,559
Provision for taxation - net	15	6,896,487	6,797,199	5,584,987
		68,865,224	69,785,595	170,807,211
Contingencies and Commitments	16	-	-	-
		583,894,700	447,751,266	444,386,408

The annexed notes form an integral part of these financial statements.

Mohammad Hameed
Chief Executive

BALANCE SHEET AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees Restated	2012 Rupees Restated
ASSETS				
Non Current Assets				
Property, plant and equipment	17	510,629,928	362,480,971	374,190,411
Long term deposits	18	8,867,564	7,477,162	8,413,162
		519,497,492	369,958,133	382,603,573
Current Assets				
Stores and spares	19	3,307,831	2,933,365	2,393,628
Stock in trade	20	28,115,589	41,524,043	47,036,073
Trade debts	21	1,907,104	3,779,556	-
Advances, prepayments and other receivables	22	13,509,841	11,276,369	10,946,764
Cash and bank balances	23	17,556,843	18,279,800	1,406,370
		64,397,208	77,793,133	61,782,835
		583,894,700	447,751,266	444,386,408

Farooq Hameed
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
Sales	24	698,542,949	683,246,466
Cost of sales	25	(649,245,776)	(586,928,551)
Gross Profit		49,297,173	96,317,915
Operating expenses:			
- Distribution costs	26	(1,034,945)	(1,247,192)
- Administrative expenses	27	(19,624,126)	(14,699,638)
		(20,659,071)	(15,946,830)
Operating Profit		28,638,102	80,371,085
- Finance cost	28	(460,594)	(8,975,113)
- Other operating expenses	29	(2,883,931)	(6,073,009)
- Other income	30	1,970,771	102,006
		(1,373,754)	(14,946,116)
Profit before Taxation		27,264,348	65,424,969
Taxation	31	(522,968)	(451,351)
Net Profit for the Year		26,741,380	64,973,618
Earning per Share - Basic	32	6.01	14.60
Earning per Share - Dilutive	32	3.23	7.85

The annexed notes form an integral part of these financial statements.

Mohammad Hameed
Chief Executive

Farooq Hameed
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees Restated
Net Profit for the Year	26,741,380	64,973,618
Other Comprehensive Income for the Year		
Items that will not be reclassified to profit and loss		
Experience adjustment on remeasurement of staff retirement benefits - net of deferred tax	(1,467,890)	-
Unrecognized acturial losses / transitional liability on remeasurement of staff retirement benefits - net of deferred tax	-	593,490
	(1,467,890)	593,490
Total Comprehensive Income for the Year	25,273,490	65,567,108

The annexed notes form an integral part of these financial statements.

Mohammad Hameed
Chief Executive

Farooq Hameed
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	27,264,348	65,424,969
Adjustments for:		
- Depreciation	15,498,404	16,480,300
- Provision for gratuity	2,964,391	3,965,616
- Balances written off	-	654,860
- Finance cost	460,594	8,975,113
	18,923,389	30,075,889
Operating profit before working capital changes	46,187,737	95,500,858
(Increase) / decrease in current assets:		
- Stores and spares	(374,466)	(539,737)
- Stock in trade	13,408,454	5,512,030
- Trade debts	1,872,452	(3,779,556)
- Advances, prepayments and other receivables	(41,842)	(2,992,247)
Increase / (decrease) in current liabilities:		
- Trade and other payables	1,582,900	5,783,630
	16,447,498	3,984,120
Cash generated from operations	67,635,235	99,484,978
Income tax paid	(7,151,780)	(196,238)
Finance cost paid	(460,594)	(13,409,189)
Gratuity paid	(3,351,912)	(3,843,009)
Net Cash generated from Operating Activities	51,670,949	82,036,542
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(10,725,081)	(4,770,860)
Capital work in process	(2,465,166)	-
Long term deposits	(1,390,402)	936,000
Net Cash used in Investing Activities	(14,580,649)	(3,834,860)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing	(37,613,257)	(16,444,869)
Short term borrowings	(200,000)	(44,883,383)
Net Cash used in Financing Activities	(37,813,257)	(61,328,252)
Net (Decrease) / Increase in Cash and Cash Equivalents	(722,957)	16,873,430
Cash and cash equivalents at the beginning of the year	18,279,800	1,406,370
Cash and Cash Equivalents at the End of the Year	17,556,843	18,279,800

The annexed notes form an integral part of these financial statements.

Mohammad Hameed
Chief Executive

Farooq Hameed
Director

STATEMENT OF CHANGES IN EQUITY (RESTATED)
FOR THE YEAR ENDED JUNE 30, 2014

	Share Capital	Share Deposit Money	General Reserve	Accumulated Loss	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2012 as previously reported	44,491,590	38,250,000	35,000,000	(377,666,530)	(259,924,940)
Effect of change in accounting policy (Note - 4)	-	-	-	(3,905,856)	(3,905,856)
Restated balance as at June 30, 2012	44,491,590	38,250,000	35,000,000	(381,572,386)	(263,830,796)
Net profit for the year ended June 30, 2013	-	-	-	64,973,618	64,973,618
Other comprehensive income for the year ended June 30, 2013 - net of deferred tax	-	-	-	593,490	593,490
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax	-	-	-	5,353,259	5,353,259
Restated balance as at June 30, 2013	44,491,590	38,250,000	35,000,000	(310,652,019)	(192,910,429)
Balance as at June 30, 2013 as previously reported	44,491,590	38,250,000	35,000,000	(307,339,653)	(189,598,063)
Effect of change in accounting policy (Note - 4)	-	-	-	(3,312,366)	(3,312,366)
Restated balance as at June 30, 2013	44,491,590	38,250,000	35,000,000	(310,652,019)	(192,910,429)
Net profit for the year ended June 30, 2014	-	-	-	26,741,380	26,741,380
Other comprehensive income for the year ended June 30, 2014 - net of deferred tax	-	-	-	(1,467,890)	(1,467,890)
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current year - net of deferred tax	-	-	-	4,885,999	4,885,999
Balance as at June 30, 2014	44,491,590	38,250,000	35,000,000	(280,492,530)	(162,750,940)

The annexed notes form an integral part of these financial statements.

Mohammad Hameed
Chief Executive

Farooq Hameed
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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 repealed Companies Act 1913, (now the 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 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 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except certain property, plant and equipment that have been stated at revalued amounts and post employment benefits that are stated at present value.

2.3 Reporting currency

These financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest rupee, unless otherwise stated.

Note 3
Changes in Accounting Standards, Interpretations and Pronouncements

3.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year and are relevant

Revision / improvements / amendments to IFRS and interpretations	**Effective Date** (Period beginning on or after)
- IAS 1, Presentation of financial statements	January 1, 2013
- IAS 16, Property, plant and equipment	January 1, 2013
- IAS 32, Financial instruments: Presentation	January 1, 2013
- IAS 19, Employee benefits - (Amendment)	January 1, 2013

Note 3, Basis of Preparation - Contd…

3.2 Standards, interpretations and amendments to approved accounting standards which became effective during the year but are not relevant

Revision / improvements / amendments to IFRS and interpretations	**Effective Date** (Period beginning on or after)
- IAS 27 (Revised), 'Separate financial statements'	January 1, 2013
- IAS 28 (Revised), 'Associates and joint ventures'	January 1, 2013
- IFRS 1 (Amendment), 'First time adoption' on government loans	January 1, 2013
- IFRS 7 (Amendment), 'Financial instruments: Disclosures' on offsetting financial assets and financial liabilities	January 1, 2013

The following new standards have been issued by the IASB and notified by the SECP for application in Pakistan but their applicability start form the annual period beginning on or after January 01, 2015.

- IFRS 10, 'Consolidated financial statements'	January 1, 2013
- IFRS 11, 'Joint arrangements'	January 1, 2013
- IFRS 12, 'Disclosures of interest on other entities'	January 1, 2013
- IFRS 13, 'Fair value measurement'	January 1, 2013

3.3 Standards, interpretations and amendments to approved accounting standards that are relevant but not yet effective

Revision / improvements / amendments to IFRS and interpretations	**Effective Date** (Period beginning on or after)
- IFRIC 21, 'Levies'	January 1, 2014
- IAS 32 (Amendment), 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities	January 1, 2014
- IAS 36 (Amendment), 'Impairment of assets'	January 1, 2014
- Annual improvements 2012 cycle	July 1, 2014
- IAS 24 (Amendment), 'Related parties'	July 1, 2014

3.4 Standards, interpretations and amendments to approved accounting standards that are not relevant and not yet effective

Revision / improvements / amendments to IFRS and interpretations	**Effective Date** (Period beginning on or after)
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' on novation of derivatives and hedge accounting	January 1, 2014
- Annual improvements 2010-2012 and 2011-2013 cycle	July 1, 2014
- IFRS 9, 'Financial instruments'	January 1, 2015
- IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
- IFRS 15, 'Revenue from contracts'	January 1, 2017
- Agriculture: Bearer plants [amendment to IAS 16 and IAS 41]	January 1, 2016

Note 4
Change in Accounting Policy

Employee benefits - defined benefit plan

IAS-19 (revised) 'Employee Benefits' amends the accounting for employment benefits. The revised standard has become effective for the Company from July 01, 2013. Major changes introduced by the revised Standard are as follows:

i) Past service cost to be recognized immediately in the profit and loss account.

Note 4, Change in Accounting Policies - Contd...

ii) Interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate to be measured at the beginning of the year.

iii) Remeasurement of the net defined benefit liability / asset comprising the actuarial gain / losses and the difference between the actual return on investments and return implied by the net interest cost.

iv) Recognition of remeasurement immediately in other comprehensive income.

The management has adopted IAS-19 - Employee Benefit (revised) and changed its accounting policy retrospectively in accordance with IAS-8 'Accounting Policies, Changes in Accounting Estimates and Errors' resulting in restatement of financial statements of prior periods. Corresponding period adjustments and restatements have been incorporated in the balance sheet and statement of comprehensive income.

The effect of change in the accounting policy is demonstrated as below:

	June 30, 2013 Rupees	June 30, 2012 Rupees
Effect on balance sheet		
Reserves		
As previously reported	(307,339,653)	(377,666,530)
Effect of change in accounting policy	(3,312,366)	(3,905,856)
As restated	(310,652,019)	(381,572,386)
Staff retirement benefits		
As previously reported	2,969,134	2,846,527
Effect of change in accounting policy	5,018,736	6,009,010
As restated	7,987,870	8,855,537
Deferred taxation		
As previously reported	25,942,715	28,825,238
Effect of change in accounting policy	(1,706,370)	(2,103,154)
As restated	24,236,345	26,722,084
Effect on other comprehensive income		
Remeasurement of defined benefit liability recognized in other comprehensive income	(990,274)	(6,009,010)
Less: Related tax impact	396,784	2,103,154
	(593,490)	(3,905,856)

Note 5

Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under circumstances, results of which form the basis of making judgment about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are as under:

5.1 Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in remaining useful life might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment, if any.

Note 5, Use of Estimates and Judgments - Contd…

5.2 Staff retirement benefits

The Company has recorded its employee retirement benefits at present value using actuarial assumptions regarding increase in salaries in subsequent years, remaining working lives of employees and an estimate of discount rates. Change in actuarial assumptions over the period of time may affect the fair value of post-employment benefits payable and the charge for such liability accounted for in any given period.

5.3 Inventories

The Company has recorded its inventories using lower of cost and net realizable value. Valuation of this inventory is reviewed at regular intervals for determination of possible impairment, if any. Any possible impairment may change the future value of inventories.

5.4 Taxation

The Company takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the tax department at the assessment stage and the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Note 6

Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years otherwise stated.

6.1 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

6.2 Staff retirement benefits

The Company operates an unfunded gratuity scheme for all its employees whose period of service with the Company is one year or more. Liability is provided annually on the basis of the last drawn salary and the length of service of the employee in accordance with the Company's rules.

The liability is provided using the actuarial valuation method as required under IAS - 19 (Employee Benefits). Latest actuarial valuation of retirement benefits payable was carried out as at June 30, 2013 by an independent actuary using the following significant assumptions:

Discount rate	13.25%
Expected rate of salary increase in future years	12.25%
Average expected remaining working life time of employees	6 years
Actuarial valuation method	Projected Unit Credit Method

6.3 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

6.4 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax expense is recognized in the profit and loss account except to the extent that relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any.

Note 6, Significant Accounting Policies - Continued…

Deferred

Deferred tax is accounted for by using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent of potential taxable profits available against which deductible temporary differences, unused tax losses and tax credits can be utilized.

6.5 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost / revalued amounts less accumulated depreciation and identified impairment losses if any, except free hold land which is stated at revalued amount. Cost of property, plant and equipment consists of historical cost, mark up, interest and other charges pertaining to the construction and erection period and directly attributable cost of bringing the assets to working condition.

Depreciation is charged to income on reducing balance method at the rates specified in Note 16. Full month's depreciation is charged on additions during the month, whereas no depreciation is charged on assets disposed off during the month. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalized. Gains or losses on disposal of property, plant and equipment are included in the current year income.

Leased

The Company accounts for assets acquired under finance lease by recording assets and related liabilities. The principal values are determined on the basis of discounted values of the total minimum lease payments to be paid by the Company. Finance costs are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on outstanding liabilities. Depreciation is charged on the same basis and rates as for owned assets to write off the cost of assets over their estimated useful life.

Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss, if any.

6.6 Impairment

Carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment loss is recognized in the profit and loss account.

6.7 Stores and spares

These are valued at lower of moving average cost and net realizable value except for items in transit that are valued at cost comprising invoice value plus incidental charges paid thereon.

6.8 Stock in trade

These are valued at lower of cost and net realizable value. The cost is determined by using the following basis:

Raw materials	- At average cost
Material in transit	- At cost comprising invoice value plus incidental charges
Work in process	- At estimated average manufacturing cost
Finished goods	- At average manufacturing cost
Wastes	- At net realizable value

Manufacturing cost in relation to work in process and finished goods comprises cost of material, labor and appropriate manufacturing overheads.

Note 6, Significant Accounting Policies - Continued…

Net realizable value is determined on the basis of selling prices prevailing in the market in the ordinary course of business less selling expenses incidental to sales.

6.9 Trade debts

Trade debts are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the balance sheet date. Bad debts, if any, are written off as incurred and provision is made against debts considered doubtful when collection of the full amount is no longer probable.

6.10 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash in hand, cheques in hand and deposits with banks.

6.11 Mark-up, interest and other charges

Mark-up, interest and other charges on loans and advances are capitalized upto the date of commissioning of the respective asset, acquired out of the proceeds of such loans and advances. All other mark-up, interest and other charges are charged to income currently.

6.12 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party or between two or more segments of the Company are at arm's length prices determined using the comparable uncontrolled price method, except in circumstances where it is not in the interest of the Company to do so.

6.13 Financial instruments

6.13.1 Financial assets

The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at the time of initial recognition. The Company classifies its financial assets in the following categories:

At fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise advances, deposits and other receivables in the balance sheet.

Held to maturity

Held to maturity are financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are carried at amortised cost.

Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the management intends to dispose off the investments within twelve months from the balance sheet date, in which case these financial assets are classified as short term investments in the balance sheet.

Note 6, Significant Accounting Policies - Continued…

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised directly in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for sale equity instruments are recognised in the profit and loss account when the Company's right to receive payments is established.

Measurement criteria

All financial assets are recognised at the time when the company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade date that is the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortised cost using effective interest rate method.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

6.13.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in respective carrying amounts is recognised in the profit and loss account.

6.13.3 Offsetting

Financial assets and financial liabilities and tax assets and tax liabilities are set off in the balance sheet, only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

6.14 Foreign currency transactions and translation

Transactions denominated in foreign currencies are initially recorded in Pak Rupees by applying the foreign exchange rate ruling on the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rate prevailing at the balance sheet date except for balances covered under forward exchange contracts, which are converted at the contracted rates. Exchange differences are included in income currently.

6.15 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Segment results, assets, and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

Note 6, Significant Accounting Policies - Continued…

6.16 Revenue recognition

Sales are accounted for on dispatch of goods to the customers.

Note 7

Issued, Subscribed and Paid up Capital

2014	2013		2014	2013
Number of shares			Rupees	Rupees
2,884,580	2,884,580	Ordinary shares of Rs. 10 each	28,845,800	28,845,800
23,400	23,400	Ordinary shares of Rs. 10 each issued for consideration other than cash	234,000	234,000
1,541,179	1,541,179	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	15,411,790	15,411,790
4,449,159	4,449,159		44,491,590	44,491,590

7.1 No shares have been issued, redeemed or cancelled during the year.

Note 8

Share Deposit Money

This represent unsecured and interest free deposit for share received from directors in previous years. The Company intends to initiate the process of issue of capital after obtaining necessary approvals.

Note 9

Surplus on Revaluation of Property, Plant and Equipment

	2014	2013
	Rupees	Rupees
Land - Freehold		
Opening balance	211,983,702	211,983,702
Revaluation during the year	78,950,000	-
	290,933,702	211,983,702
Factory buildings on freehold land		
Opening balance	35,555,743	39,574,033
Revaluation during the year	36,514,709	-
	72,070,452	39,574,033
Plant and machinery		
Opening balance	12,468,963	13,878,126
Revaluation during the year	33,501,944	-
	45,970,907	13,878,126
Gas generator	1,490,461	-
Electric fittings	72,262	80,429
	410,537,784	265,516,290
Related deferred tax	(23,597,348)	-
	386,940,436	265,516,290
Deferred tax liability reversed due to change in tax rate	763,021	(82,358)
Incremental depreciation charged on revalued property, plant and equipment in current year net of deferred tax transferred to retained earnings	(4,885,999)	(5,353,259)
	382,817,458	260,080,673

Note 9, Surplus on revaluation of Property, Plant & Equipment - Continued…

9.1 Previous revaluation was carried out by an approved valuer on May 06, 2002 that resulted in revaluation surplus of Rs. 260.124 million. The following basis were used for this purpose:

-	Land	Market value
-	Building	Depreciated replacement cost
-	Plant and machinery	Depreciated replacement cost
-	Electric fittings, equipment and appliances	Depreciated replacement cost

9.2 Latest revaluation of land, buildings, plant and machinery and generator has been carried out as on June 30, 2014 by an approved valuer that has resulted in revaluation surplus of Rs. 150.457 million. The following basis were used for revaluation:

-	Land	Market value
-	Building	Depreciated replacement cost
-	Plant and machinery	Depreciated replacement cost
-	Gas generator	Depreciated replacement cost

Note 10
Long Term Financing

	Note	2014 Rupees	2013 Rupees
Banking companies - Secured			
Restructured demand finance - Habib Bank Limited	10.1	-	8,572,559
Less: Current portion including overdue		-	(8,572,559)
		-	-
Bank of Punjab:	10.2		
- Outstanding principal		-	-
- Deferred mark up		38,511,000	56,111,000
- Less: Current portion		(8,742,000)	(17,572,000)
		29,769,000	38,539,000
Related parties - Unsecured			
Directors and related persons	10.3	228,591,514	240,032,212
Less: Current portion		(15,000,000)	-
		213,591,514	240,032,212
		243,360,514	278,571,212

10.1 This represents restructured finance obtained from Habib Bank Limited. This restructured demand finance was secured through equitable mortgage on the Company's assets and personal guarantees of all the directors. The Company has repaid the entire liability during the current year.

10.2 The Company reached a settlement arrangement with The Bank of Punjab on January 06, 2012 in respect of its outstanding liability on the following terms and conditions:

- The Company has settled its entire outstanding principal liability through adjustment of personal property (land) of the related persons.

- Mark up on principal amount, upto the date of, repayment was charged at 9.33% p.a.

- Four quarterly installments of Rs. 4.393 million have been paid during the year against deferred markup and Rs. 29.769 shall be waived off subject to the regular payment of the two quaterlly installements of Rs. 4.393 million each per repayment schedule. However, the default in repayment may result in a contingent liability as specified in Note 16.1.

- This loan is secured against registered cum equitable mortgage charge on residential properties of directors, first charge on current and non-current assets of the Company and personal guarantees of all directors of the Company.

10.3 This represents loans obtained from directors and related persons to meet the liquidity requirements of the Company. These loans are unsecured and interest free. During the year, the Company has agreed to repay the loan amounting to Rs. 15 million during next 12 months that has been transfered to current portion. Terms of repayment of the remaining loan shall be finalized after a period of 12 months from the balance sheet date.

Note 11

Staff Retirement Benefits

	2014 Rupees	2013 Rupees Restated
Staff retirement benefits - Gratuity	9,791,229	7,987,870

11.1 Basing upon the actuarial valuation, the Company's liability works out to be as under:

	2014	2013
Opening balance	7,987,870	8,855,537
Remeasurement chargeable in other comprehensive income	2,190,880	-
Charge for the year	2,964,391	2,975,342
	13,143,141	11,830,879
Benefits paid to employees	(3,351,912)	(3,843,009)
	9,791,229	7,987,870

11.2 Reconciliation

	2014	2013
Present value of defined benefit obligation	9,791,229	7,987,870

11.3 The movement in present value of defined benefit obligation is as follows:

	2014	2013
Opening balance	7,987,870	8,855,537
Current service cost for the year	2,143,842	1,941,122
Interest cost for the year	820,549	1,034,220
Experience adjustment	2,190,880	-
Benefits paid during the year	(3,351,912)	(3,843,009)
Closing balance	9,791,229	7,987,870

11.4 Charge for the year

	2014	2013
Current service cost	2,143,842	1,941,122
Interest cost	820,549	1,034,220
	2,964,391	2,975,342

11.5 Year end sensitivity analysis on defined benefit obligation

Reasonably possible changes at the balance sheet date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in defined benefit obligation as stated below.

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption Rupees	Decrease in assumption Rupees
Discount rate	1%	9,245,309	10,430,163
Salary increase	1%	10,469,351	9,199,761

11.6 The Company does not have any plan assets covering its post-employment benefits payable. The comparative statement of present value of defined benefit obligations is as under:

	2014 Rupees	2013 Rupees	2012 Rupees	2011 Rupees	2010 Rupees
Present value of defined defined benefit obligation	9,791,229	2,969,134	2,846,527	2,154,813	1,858,834
Less: Plan assets	-	-	-	-	-
Deficit	9,791,229	2,969,134	2,846,527	2,154,813	1,858,834

Note 12
Deferred Tax Liability

	2014	2013
	Rupees	Rupees Restated
Deferred tax liability on taxable temporary differences arising in respect of:		
- Accelerated tax depreciation on property, plant and equipment	16,413,425	19,818,543
- Surplus on revaluation of property, plant and equipment	46,370,505	25,942,715
	62,783,930	45,761,258
Deferred tax asset on deductible temporary differences arising in respect of:		
- Unused tax losses	(15,904,794)	(15,904,794)
- Staff retirement benefits and others	(5,067,921)	(5,620,119)
	(20,972,715)	(21,524,913)
	41,811,215	24,236,345

12.1 Deferred tax asset amounting to Rs. 65.766 million (2013: 78.940 million) on unused tax losses, has not been recognized in these financial statements being prudent.

Note 13
Trade and Other Payables

	Note	2014	2013
		Rupees	Rupees
Creditors for:			
- Raw materials		8,240,360	10,899,330
- Others		5,378,967	3,947,817
Accrued liabilities		11,345,420	9,010,160
Advances from customers		1,393,520	1,630,830
Workers' (profit) participation fund	13.1	5,566,107	3,523,156
Workers' welfare fund		1,046,242	1,514,993
Income tax withheld		3,311,249	3,418,687
Sales tax payable		513,961	1,101,261
Other liabilities		922,924	870,274
Unclaimed dividends		232,987	232,987
Additional tax for non payment of corporate assets tax		-	219,342
		37,951,737	36,368,837

13.1 Workers' (profit) participation fund

	2014	2013
Opening balance	3,523,156	-
Provision for the year	1,614,183	3,523,156
Interest on workers' (profit) participation fund	428,768	-
	5,566,107	3,523,156
Paid during the year	-	-
Closing Balance	5,566,107	3,523,156

Note 14
Short Term Borrowings

	Note	2014	2013
		Rupees	Rupees
From banking companies - Secured			
First Elite Capital Modaraba	14.1	275,000	475,000

14.1 The Company reached a settlement package with First Elite Capital Modaraba during the year 2006 to repay the entire outstanding liabilities. The agreed liability of Rs. 2.0 million was to be paid in down payment of Rs. 0.5 million and balance in 8 equal monthly installments commencing from July 30, 2006 without any further mark up.

Note 15
Provision for Taxation - Net

	2014	2013
	Rupees	Rupees
Opening balance	6,797,199	5,584,987
Provision for current year	6,985,429	3,416,232
	13,782,628	9,001,219
Payments / adjustments during the year	(6,886,141)	(2,204,020)
	6,896,487	6,797,199

15.1 Income tax assessments are deemed finalized upto Tax Year 2013 as returns were filed under self assessment scheme.

Note 16
Contingencies and Commitments

Contingencies

16.1 During the year 2012, the Bank of Punjab filed a suit in the Honourable Lahore High Court against the Company for the recovery of Rs. 168.503 million. However, on January 06, 2012, the Company reached a settlement arrangement with the bank whereby the outstanding loan principal was settled through adjustment of personal property of related persons. The Company is in the process of repayment of freezed mark up as per the repayment schedule provided by the bank and, therefore, no additional liability is foreseen.

Commitments

16.2 There were no significant commitments as at the balance sheet date (2013: Nil).

Note 17

Property, Plant and Equipment

	Note	2014 Rupees	2013 Rupees
Operating fixed assets	17.1	508,164,762	362,480,971
Capital work in progress	17.3	2,465,166	-
		510,629,928	362,480,971

17.1 Operating fixed assets for the Year Ended June 30, 2014

Particulars	Cost					Depreciation				Written Down Value as at 30-06-2014
	As at 01-07-2013	Additions	Revaluation Adjustment	Total as at 30-06-2014	Rate	As at 01-07-2013	For the year	Revaluation Adjustment	Total as at 30-06-2014	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned										
Land - free hold	212,000,000	-	78,950,000	290,950,000		-	-		-	290,950,000
Factory building on freehold land	91,782,622	-	36,514,709	92,332,000	10	29,763,410	6,201,921	-	-	92,332,000
			(35,965,331)					35,965,331		
Plant and machinery	110,632,667	10,161,646	33,501,944	112,115,000	10	34,117,866	8,063,391		-	112,115,000
			(42,181,257)					42,181,257		
Furniture and fixtures	6,889,536	56,800	-	6,946,336	10	6,137,050	80,549	-	6,217,599	728,737
Gas generator	21,964,606	-	1,490,461	10,000,000	10	12,509,563	945,504	-	-	10,000,000
			(13,455,067)					13,455,067		
Vehicles	2,777,798	37,500	-	2,815,298	20	2,750,676	12,924	-	2,763,600	51,698
Electric fittings, equipment and appliances	4,840,555	469,135	-	5,309,690	10	3,128,248	194,115	-	3,322,363	1,987,327
Library books	11,856	-	-	11,856	10	11,856	-	-	11,856	-
Total Rupees	450,899,640	10,725,081	58,855,459	520,480,180		88,418,669	15,498,404	91,601,655	12,315,418	508,164,762

17.2 Operating fixed assets for the Year Ended June 30, 2013

Particulars	Cost					Depreciation				Written Down Value as at 30-06-2013
	As at 01-07-2012	Additions	Revaluation Adjustment	Total as at 30-06-2013	Rate	As at 01-07-2012	For the year	Revaluation Adjustment	Total as at 30-06-2013	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned										
Land - free hold	212,000,000	-	-	212,000,000		-	-	-	-	212,000,000
Factory building on freehold land	91,782,622	-	-	91,782,622	10	22,872,386	6,891,024	-	29,763,410	62,019,212
Plant and machinery	106,097,167	4,535,500	-	110,632,667	10	25,841,452	8,276,414	-	34,117,866	76,514,801
Furniture and fixtures	6,802,836	86,700	-	6,889,536	10	6,057,454	79,596	-	6,137,050	752,486
Gas generator	21,964,606	-	-	21,964,606	10	11,459,003	1,050,560	-	12,509,563	9,455,043
Vehicles	2,777,798	-	-	2,777,798	20	2,743,896	6,780	-	2,750,676	27,122
Electric fittings, equipment and appliances	4,691,895	148,660	-	4,840,555	10	2,952,322	175,926	-	3,128,248	1,712,307
Library books	11,856	-	-	11,856	10	11,856	-	-	11,856	-
Total Rupees	446,128,780	4,770,860	-	450,899,640		71,938,369	16,480,300	-	88,418,669	362,480,971

17.3 Capital work in progress

	2014 Rupees	2013 Rupees
Factory building on freehold land		
Opening balance	-	-
Additions during the year	2,465,166	-
Transferred to operating fixed assets	-	-
Closing balance	2,465,166	-

17.4 Latest revaluation of property, plant and equipment was carried out by an independent valuer (refer to note 8) as on June 30, 2014. Had there been no revaluation, the cost, accumulated depreciation and book values of revalued assets would have been as under:

	As on June 30, 2014		
	Cost	**Accumulated depreciation**	**Book value**
	Rupees	Rupees	Rupees
Land	16,298	-	16,298
Factory building	39,357,792	32,855,835	6,501,957
Plant and machinery	325,827,967	264,509,191	61,318,776
Gas generator	21,964,606	13,492,374	8,472,232
Electric fittings, equipment and appliances	15,019,211	13,132,110	1,887,101
	402,185,874	323,989,510	78,196,364

17.5 Depreciation charge for the year has been allocated as under:

	Note	2014 Rupees	2013 Rupees
Cost of sales	25	15,404,931	16,393,924
Administrative expenses	27	93,473	86,376
		15,498,404	16,480,300

Note 18
Long Term Deposits

	2014 Rupees	2013 Rupees
Sui Northern Gas Pipeline Limited	8,579,564	7,189,162
Electricity	288,000	288,000
	8,867,564	7,477,162

Note 19
Stores and Spares

	2014 Rupees	2013 Rupees
Stores and spares	3,072,658	2,510,322
Packing materials	235,173	423,043
	3,307,831	2,933,365

Note 20
Stock in Trade

	2014 Rupees	2013 Rupees
Raw materials	18,428,784	34,037,525
Work in process	5,024,025	3,821,030
Finished goods	4,662,780	3,665,488
	28,115,589	41,524,043

20.1 Inventories recognized as an expense during the year include Rs. 1.869 million (2013: Nil) in respect of write-down of inventories to net realizable value.

Note 21
Trade Debts

	2014 Rupees	2013 Rupees
Local debts (Unsecured - considered good)	1,907,104	3,779,556

Note 22
Advances, Prepayments and Other Receivables

	Note	2014 Rupees	2013 Rupees
Advances to employees (Unsecured - Considered good)	22.1	533,175	359,380
Advances to suppliers (Unsecured - considered good)		10,051,024	10,179,756
Income tax deducted at source		2,387,867	196,237
Prepayments		537,775	540,996
		13,509,841	11,276,369

22.1 Amounts due from the chief executive, directors and executives amount to Nil (2013: Nil) as at the balance sheet date.

Note 23
Cash and Bank Balances

	2014 Rupees	2013 Rupees
Cash in hand	1,007,791	233,830
Cash at banks in current accounts	16,549,052	18,045,970
	17,556,843	18,279,800

Note 24

Sales

		2014	2013
		Rupees	Rupees
Local:			
-	Yarn	702,509,039	675,607,365
-	Wastes	10,621,661	12,489,008
		713,130,700	688,096,373
Less:	Sales tax	(14,587,751)	(4,849,907)
		698,542,949	683,246,466

Note 25

Cost of Sales

	Note	2014	2013
		Rupees	Rupees
Raw materials consumed		467,846,918	437,746,526
Stores and spares consumed		20,992,782	16,362,535
Fuel and power		80,141,555	53,974,922
Salaries and wages	25.1	62,264,560	53,462,736
Repairs and maintenance		4,899,141	7,325,789
Depreciation	17.5	15,404,931	16,393,924
		651,549,887	585,266,432
Work in process			
- Opening		3,821,030	2,645,143
- Closing		(5,024,025)	(3,821,030)
		(1,202,995)	(1,175,887)
		650,346,892	584,090,545
Finished goods			
- Opening		3,665,488	6,503,494
- Closing		(4,766,604)	(3,665,488)
		(1,101,116)	2,838,006
		649,245,776	586,928,551

25.1 This includes Rs. 2.678 million (2013: Rs. 3.583 million) in respect of staff retirement benefits.

Note 26

Distribution Cost

	2014	2013
	Rupees	Rupees
Salaries	488,000	392,840
Commission	546,945	854,352
	1,034,945	1,247,192

Note 27
Administrative Expenses

	Note	2014 Rupees	2013 Rupees
Salaries and benefits	27.1	11,094,814	7,594,871
Utilities		782,138	462,919
Printing and stationery		293,863	236,133
Communication		729,993	708,712
Travelling and conveyance		971,535	654,392
Repairs and maintenance		177,469	194,666
Rent, rates and taxes		126,694	130,714
Vehicle running and maintenance		1,452,306	1,616,617
Fee and subscription		575,056	1,066,675
Legal and professional charges		721,100	167,500
Insurance		945,361	426,455
Entertainment		859,686	934,067
Advertisement		56,000	56,000
Newspapers and periodicals		66,540	65,539
Donations	27.2	163,600	136,120
Miscellaneous		514,498	161,882
Depreciation	17.5	93,473	86,376
		19,624,126	14,699,638

27.1 This includes Rs. 0.286 million (2013: Rs. 0.383 million) in respect of staff retirement benefits.

27.2 None of the directors or their spouses have any interest in the donees.

Note 28
Finance Cost

	2014 Rupees	2013 Rupees
Mark-up / interest on:		
- Long term financing	-	2,893,650
- Short term borrowings	-	1,746,934
Loan settlement expense - The Bank of Punjab (Note. 10.2)	-	4,262,000
Interest on workers' (profit) participation fund	428,768	-
Bank charges	31,826	72,529
	460,594	8,975,113

Note 29
Other Operating Expenses

	Note	2014 Rupees	2013 Rupees
Auditors' remuneration:			
- Statutory audit fee		300,000	265,000
- Other attestation services		130,000	115,000
		430,000	380,000
Provision for workers' (profit) participation fund	13.1	1,614,183	3,523,156
Provision for workers' welfare fund		839,748	1,514,993
Balances written off		-	654,860
		2,883,931	6,073,009

Note 30
Other Income

	2014 Rupees	2013 Rupees
Other income	409,610	102,006
Refund of loan settlement expense from Bank of Punjab	1,341,819	-
Balance written back	219,342	-
	1,970,771	102,006

Note 31
Taxation

	2014 Rupees	2013 Rupees
Current		
- Charge for the year	6,985,429	3,416,232
- Prior years	(1,925,994)	-
	5,059,435	3,416,232
Deferred tax	(4,536,467)	(2,964,881)
	522,968	451,351

31.1 Reconciliation of tax charge for the year:

	2014	2013
Profit before taxation	27,264,348	65,424,969
Tax @ 34% (2013: 35%) on profit before taxation	9,269,878	22,898,739
Minimum tax	6,985,429	3,416,232
Prior years	(1,925,994)	-
Adjustment of brought forward tax losses	(9,269,878)	(22,898,739)
Deferred taxation	(4,536,467)	(2,964,881)
	522,968	451,351

Note 32
Earnings per Share - Basic and Dilutive

		2014	2013
Net profit for the year attributable to ordinary shareholders	Rupees	26,741,380	64,973,618
Weighted average number of ordinary shares	Number	4,449,159	4,449,159
Weighted average number of dilutive shares	Number	8,274,159	8,274,159
Earnings per share - Basic	Rupees	6.01	14.60
Earnings per share - Dilutive	Rupees	3.23	7.85

32.1 To calculate the dilutive earnings per share, the share deposit money has been considered as issued share capital for the calculation of earnings per share.

Note 33
Chief Executive's and Directors' Remuneration

Aggregate amounts charged in the financial statements for the year as remuneration and benefits to the chief executive and directors of the Company are as follows:

	Chief Executive		Directors		Executives	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
	Rupees		Rupees		Rupees	
Managerial remuneration	309,600	309,600	309,600	928,800	3,780,000	1,640,000
House rent allowance	139,320	139,320	139,320	417,960	-	-
Medical allowance / reimbursement	31,080	31,080	3,848,158	93,240	-	-
	480,000	480,000	4,297,078	1,440,000	3,780,000	1,640,000
Number of persons	1	1	1	3	4	2

33.1 The chief executive officer is provided with Company maintained car.

33.2 No meeting fee was paid during the year to any director of the Company.

33.3 Executives are defined as employees with basic salary exceeding Rs. 500,000 per annum.

Note 34
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:

	2014	**2013**
	Rupees	Rupees
Interest free loan (repaid) / received from related parties - net	(11,440,698)	59,841,131

Note 35
Plant Capacity and Production

	2014	**2013**
	Kgs	Kgs
100% plant capacity converted into 20s/C (2013: 20s/C) count based on three shifts per day for 1080 shifts (2013: 1080 shifts)	5,173,183	4,702,894
Actual production for the year converted into 32s/C (2013: 32s/C)	4,199,267	4,427,161

Plant capacity has been determined on the basis of management estimate as it is difficult to calculate precisely the production capacity of spinning unit since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist, maintenance of machinery, power shutdown and raw materials used etc. It also varies according to the pattern of production adopted in any particular year.

Note 36
Financial Risk Management

36.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. As there are no foreign receivables / payables of the Company, it is not exposed to currency risk.

(ii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity and commodity price risk.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets / liabilities.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2014	2013
	Rupees in thousand	
Long term deposits	8,868	7,477
Trade debts	1,907	3,780
Bank balances	16,549	18,046

The aging of trade debts as at balance sheet date is as follows:

	2014	2013
Past due 1 - 30 days	1,907	3,780
Past due 31 - 60 days	-	-
Past due 61 - 120 days	-	-
More than 120 days	-	-
	1,907	3,780

The credit quality of cash and bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating		
	Short term	Long term	Agency	2014	2013
				Rupees	Rupees
National Bank of Pakistan	A-1+	AAA	JCR-VIS	121,359	796,982
MCB Bank Limited	A1+	AA+	PACRA	9,704,567	12,222,032
Bank Alfalah Limited	A1+	AA	PACRA	6,689,386	5,026,956
JS Bank	A1	A+	PACRA	24,150	-
Bank of Punjab	A1+	AA-	PACRA	9,590	-
				16,549,052	18,045,970

Note 36, Financial Risk Management - Contd…

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and certain short term borrowing facilities. As at the balance sheet date, the Company has Rs. 17.557 million (2013: Rs. 18.279 million) cash and bank balances. The management believes low liquidity risk as the directors are continually injecting interest free funds to meet the liquidity requirements of the Company. Following are the contractual maturities of financial liabilities, including interest payments.

Contractual maturities of financial liabilities as at June 30, 2014:

	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	5 - 10 years
	Rupees in thousand					
Long-term finances	228,592	228,592	15,000	-	-	213,592
Deferred mark up *	38,511	8,742	8,742	-	-	-
Trade and other payables	25,888	25,888	25,888	-	-	-
Short term finances	275	275	275	-	-	-
	293,266	263,497	49,905	-	-	213,592

* Rs. 29.769 million shall be waived off on the repayment of Rs. 8.742 million (Note. 10.2).

Contractual maturities of financial liabilities as at June 30, 2013:

	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	5 - 10 years
	Rupees in thousand					
Long-term finances	248,605	248,605	8,573	-	-	240,032
Deferred mark up *	56,111	26,342	17,572	8,770	-	-
Trade and other payables	24,728	24,728	24,728	-	-	-
Short term finances	475	475	475	-	-	-
	329,919	300,150	51,348	8,770	-	240,032

* Rs. 29.769 million shall be waived off on the repayment of Rs. 26.342 million (Note. 10.2).

36.2 Financial instruments by categories

Financial instruments as at June 30, 2014

	Cash and Cash Equivalents	Loans and Advances	Available for Sale	Assets at Fair Value through Profit or Loss	Total
	---------- Rupees in thousand ----------				
Assets as per balance sheet					
Long term deposits	-	8,868	-	-	8,868
Trade debts	-	1,907	-	-	1,907
Cash and bank balances	17,557	-	-	-	17,557
	17,557	10,775	-	-	28,332

	Other Liabilities
	Rupees in thousand
Long term financing	267,103
Trade and other payable	25,888
Short term borrowings	275
	293,266

Note 36, Financial Risk Management - Contd…

Financial instruments as at June 30, 2013	**Cash and Cash Equivalents**	**Loans and Advances**	**Available for Sale**	**Assets at Fair Value through Profit or Loss**	**Total**
	---------- Rupees in thousand ----------				
Assets as per balance sheet					
Long term deposits	-	7,477	-	-	7,477
Advances to employees and customers	-	3,780	-	-	3,780
Cash and bank balances	18,280	-	-	-	18,280
	18,280	11,257	-	-	29,537

	Other Liabilities
	Rupees in thousand
Long term financing	304,716
Trade and other payable	24,728
Short term borrowings	475
	329,919

36.3 Fair values of financial assets and liabilities

Carrying values of all financial assets and liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Note 37

Capital Risk Management

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhance shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchase shares, if possible, selling surplus property, plant and equipment without affecting the optimal production and operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt. The gearing ratio has not been worked out owing to negative equity as at the balance sheet date.

Note 38

Number of Employees

	2014				
	Permanent		**Contractual**		**Total**
	Head office	**Mills**	**Head office**	**Mills**	
	Number	Number	Number	Number	Number
Employees as at the year end	10	42	7	287	346
Average employees during the year	10	35	7	290	342

	2013				
	Permanent		**Contractual**		**Total**
	Head office	**Mills**	**Head office**	**Mills**	
	Number	Number	Number	Number	Number
Employees as at the year end	10	48	7	288	353
Average employees during the year	10	49	7	283	349

Note 39

Provident Fund Related Disclosures

The Company does not run any provident fund for its employees.

Note 40

Date of Authorization for Issue

These financial statements have been authorized for issue by the Board of Directors of the Company on 03 October 2014.

Note 41

General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. The following re-arrangement has been made in these financial statements for better presentation:

Particulars	**Amount** (Rs.)	**From**	**To**
Administrative Expenses	1,066,675	Legal and professional charges	Fee and subscription

Mohammad Hameed
Chief Executive

Farooq Hameed
Director

FORM 34
THE COMPANIES ORDINANCE 1984
[Section 236(1) and 464]
PATTERN OF SHAREHOLDING

1. Incorporation Number **0 0 1 4 2 0**

2. Name of the Company **SERVICE INDUSTRIES TEXTILES LIMITED**

3. Patter of holding of the shares held by the shareholders as at **30.06.2014**

4. Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held
488	1	100	14,961
420	101	500	89,395
78	501	1,000	56,520
82	1,001	5,000	180,365
10	5,001	10,000	77,110
4	10,001	15,000	45,690
1	30,001	35,000	35,000
1	35,001	40,000	38,000
9	45,001	50,000	444,780
1	50,001	55,000	51,500
1	70,001	75,000	74,606
1	75,001	80,000	78,000
2	85,001	90,000	179,426
1	90,001	95,000	90,813
1	95,001	100,000	100,000
2	110,001	115,000	222,390
1	120,001	125,000	123,148
1	125,001	130,000	130,000
1	195,001	200,000	199,420
1	230,001	235,000	234,706
1	265,001	270,000	268,324
1	295,001	300,000	295,929
1	400,001	405,000	401,359
1	410,001	415,000	411,711
1	620,001	625,000	606,006
1111			4,449,159

	No. of Shares	% Age
5.1 Directors Chief Executive Officer and their spouse and minor childrens	1,644,820	36.97
5.2 Associated Companies undertaking and related partries	-	-
5.3 NIT and ICP	606,006	13.62
5.4 Bank Development Financial Institutions, Non Banking Financial Institutions	380,929	8.56
5.5 Insurance Companies	416,920	9.37
5.6 Modarabas and Mutal Fund	9,900	0.22
5.7 Shareholders holding 10%	606,006	13.62
5.8 General Public		
a. Local	1,390,578	31.25
b Foreign	-	-
5.9 Others (to be specified)		
Joint Stock Companies	6	0.00

SEVICE INDUSTRIES TEXTILES LIMITED
Catagories of Shareholding required under Code of Corporate Goverance (CCG)
As on 30.06.2014

S.No.	Name	No of Shares	Percentage
	Associated Companies, Undertakings and Related Parties (Name Wise)	-	-
	Mutual Funds (Name Wise Detail)	-	-
	Directors, CEO and their Spouse and Minor Children (Name Wise):		
1	Mr. Ijaz Hameed	268,324	6.03
2	Mr. Farooq Hameed	401,359	9.02
3	Mr. Aamer Hameed	411,711	9.25
4	Mr. Mohammad Hameed	89,713	2.02
5	Mr. Tariq Hameed	89,713	2.02
6	Mr. Murtaza Hameed	50,000	1.12
7	Mrs. Robina Ijaz	123,148	2.77
8	Mrs. Uzma Hameed	110,352	2.48
9	Mrs. Saima Hameed	100,000	2.25
10	Mr. Abid Hussain	500	0.01
	Executive:	-	-
	Public Sector Companeis & Corporation:	-	-
	Bank, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, Modarabas & Mutual Funds:	807,749	18.16
	Shareholders holding five percent or more voting interest in the list company (Name Wise)		
1	Investment Corporation of Pakistan	606,006	13.62
2	Mr. Aamer Hameed	411,711	9.25
3	Mr. Farooq Hameed	401,359	9.02
4	Mr. Ijaz Hameed	268,324	6.03
5	National Bank of Pakistan	295,929	6.65
6	Mrs. Safia Saeed	234,706	5.28

All trades in the shares of the listed company, carries out by its Directors, CEO, CFO, Company Secretary & their spouses and Minor Children:

S.No.	NAME	SALE	PURCHASE

N I L

SERVICE INDUSTRIES TEXTILES LIMITED

FORM OF PROXY

Please quote Folio Number

I / We ____

of ____

being a member of SERVICE INDUSTRIES TEXTILES LIMITED hereby appoint

Mr. ____

of ____

another member of the Company or failing him

Mr. ____

of ____

another member of the Company as my proxy to attend, act and vote for me and on my behalf at the Annual General Meeting of the Company to be held on Thursday October 30, 2014 at 1100 hrs at the Registered Office, 38-Empress Road, Lahore, and at any adjournment thereof.

Signature
on
Five Ruppees
Revenue
Stamp

(Signatures should agree with the specimen signatures registered with the Company).

Witness ____________________

Date ________________________

NOTE:-
The proxy must be signed across a Five Rupees Revenue Stamp and it should be deposited in the Office of the Company not later than 48 hours before the time of holding the meeting.