



Servis

SERVICE INDUSTRIES LIMITED

Report & Un-Audited Accounts for the
1st Quarter Ended March 31, 2015

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DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors are pleased to present the first quarter report on the performance of your company along with unaudited financial statements for the period ended March 31, 2015.

During the period under review, your company managed to achieve decent growth in terms of sales and profitability compared with the same period of last year. However, weakening of the Euro has had a negative impact on our margins, and therefore, we are looking at non-EU markets to increase our exports in the current year.

Financial performance for the first quarter of the year is given below:

| | 2015 | 2014 | Variance |
|------------------------------|-------|-------|----------|
| Sales (Rs. in m) | 4,190 | 3,840 | 9% |
| Profit Before Tax (Rs. in m) | 291 | 259 | 12% |
| Profit After Tax (Rs. in m) | 212 | 189 | 12% |
| EPS (Rs.) | 17.63 | 15.75 | 12% |

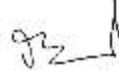
During the first quarter of the year, your company achieved sales of Rs. 4,190 million as compared to Rs. 3,840 million in the corresponding period of last year, representing an overall growth of 9.1%. The company earned a profit after tax of Rs. 212 million compared to Rs. 189 million during the same period last year, an increase of 11.9%.

The earnings per share were Rs 17.63 during the period under review.

The management is continuing to focus on increasing market share in both domestic and export markets and improving energy infrastructure of your company to enhance shareholder value.

We would like to place on record our appreciation for the confidence placed by our valued customers, continued support extended by all stakeholders and the dedicated efforts of our employees.

For and on behalf of the Board



Omar Saeed
(Chief Executive)

Dated: April 29, 2015
Place: Lahore

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2015

| ASSETS | Note | (Unaudited) Mar. 31, 2015 | (Audited) Dec. 31, 2014 |
|--|------|------------------------------|----------------------------|
| (Rupees in thousand) | | | |
| NON - CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 3,074,319 | 2,984,513 |
| Intangible assets | | 6,015 | 8,097 |
| Long term investment | 6 | 232,338 | 204,279 |
| Long term loans | | 8,844 | 6,722 |
| Long term deposits | | 49,388 | 51,191 |
| | | <u>3,370,904</u> | <u>3,254,802</u> |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 116,909 | 108,111 |
| Stock in trade | | 2,828,345 | 2,604,361 |
| Trade debts | | 2,095,531 | 1,642,863 |
| Loans and advances | | 237,384 | 154,741 |
| Trade deposits and prepayments | | 31,930 | 17,329 |
| Other receivables | | 58,248 | 19,379 |
| Short term investment | | 759,610 | - |
| Tax refunds due from government | | 1,029,487 | 1,046,056 |
| Cash and bank balances | | 63,307 | 18,442 |
| | | <u>7,220,751</u> | <u>5,611,282</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 2,356,067 | 2,123,619 |
| Interest and mark-up accrued | | 56,315 | 87,888 |
| Short term borrowings - secured | | 3,372,281 | 2,105,352 |
| Current portion of long term financing - secured | | 234,365 | 174,365 |
| Provision for taxation | | 191,948 | 122,436 |
| | | <u>6,210,976</u> | <u>4,613,660</u> |
| NET CURRENT ASSETS | | <u>1,009,775</u> | <u>997,622</u> |
| CAPITAL EMPLOYED | | <u>4,380,679</u> | <u>4,252,424</u> |
| NON - CURRENT LIABILITIES | | | |
| Long term financing - secured | | 873,222 | 958,315 |
| Long term deposits | | 3,665 | 3,665 |
| Deferred liabilities | | 341,884 | 326,495 |
| | | <u>1,218,771</u> | <u>1,288,475</u> |
| Contingencies and commitments | 7 | - | - |
| NET ASSETS | | <u>3,161,908</u> | <u>2,963,949</u> |
| PRESENTED BY | | | |
| Share capital | | | |
| Authorized: 20,000,000 (Dec. 31, 2014 : 20,000,000) ordinary shares of Rs. 10/- each | | | |
| | | 200,000 | 200,000 |
| Issued, subscribed and paid up: 12,028,789 (Dec. 31, 2014: 12,028,789) ordinary shares of Rs. 10 each | | | |
| | | 120,288 | 120,288 |
| Reserves and surplus | | | |
| | | <u>3,041,620</u> | <u>2,843,661</u> |
| | | <u>3,161,908</u> | <u>2,963,949</u> |

Annexed notes form an integral part of these financial statements.


Chaudhry Ahmed Javed
(Chairman)


Omar Saeed
(Chief Executive)


CONDENSED INTERIM PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2015 (UNAUDITED)

| | Note | Mar. 31, 2015 (Rupees in thousand) | Mar. 31, 2014 |
|--------------------------------------|------|---------------------------------------|-----------------------|
| Sales | 8 | 4,189,668 | 3,840,354 |
| Cost of sales | 9 | <u>3,469,927</u> | <u>3,154,322</u> |
| Gross profit | | 719,741 | 686,032 |
| Distribution cost | | 151,430 | 172,365 |
| Administrative expenses | | 177,608 | 161,708 |
| Other operating expenses | | 34,576 | 29,330 |
| | | <u>363,614</u> | <u>363,403</u> |
| Operating profit before other income | | 356,127 | 322,629 |
| Other operating income | | <u>23,241</u> | <u>13,462</u> |
| Operating profit | | 379,368 | 336,091 |
| Finance cost | | 88,763 | 76,830 |
| Profit before taxation | | <u>290,605</u> | <u>259,261</u> |
| Taxation | | 78,544 | 69,816 |
| Profit after taxation | | <u><u>212,061</u></u> | <u><u>189,445</u></u> |
| Earnings per share | | | |
| Basic and diluted (Rupees) | | <u><u>17.63</u></u> | <u><u>15.75</u></u> |

Annexed notes form an integral part of these financial statements.



Chaudhry Ahmed Javed
(Chairman)



Omar Saeed
(Chief Executive)

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2015 (UNAUDITED)**

| | Mar. 31, 2015 | Mar. 31, 2014 |
|----------------------------------|----------------------|----------------|
| | (Rupees in thousand) | |
| Profit for the period | 212,061 | 189,445 |
| Other comprehensive income | (14,102) | - |
| Total other comprehensive income | <u>197,959</u> | <u>189,445</u> |

Annexed notes form an integral part of these financial statements.



Chaudhry Ahmed Javed
(Chairman)



Omar Saeed
(Chief Executive)

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2015 (UNAUDITED)

| | Mar. 31, 2015 | Mar. 31, 2014 |
|--|----------------------|---------------|
| | (Rupees in thousand) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before taxation and extra ordinary items | 290,605 | 259,261 |
| Adjustments for: | | |
| Depreciation and amortization | 69,715 | 51,319 |
| Gratuity provision | 9,812 | 6,556 |
| Finance cost | 88,763 | 76,830 |
| Provision for slow moving | 7,221 | 1,018 |
| Provision for W.P.P.F. | 15,607 | 13,924 |
| Provision for W.W.F. | 5,931 | 5,291 |
| Ijarah rentals | 16,417 | 10,234 |
| Unrealized income on short term investment | (9,610) | - |
| Profit on sale of property, plant and equipment | (376) | (50) |
| Operating profit before working capital changes | 494,085 | 424,383 |
| Changes in working capital (increase) / decrease in | | |
| Stores, spares and loose tools | (9,200) | (24,623) |
| Stock in trade | (230,802) | (301,425) |
| Trade debts | (452,668) | (174,436) |
| Short term investment | (750,000) | - |
| Advances, deposits, prepayments and other receivables | (78,240) | (65,721) |
| Trade and other payables | 263,011 | 73,604 |
| Long term deposits | - | 1,489 |
| Long term loans - net | (2,122) | (607) |
| Cash (used in) operations | (765,937) | (67,336) |
| Finance cost paid | (120,336) | (87,266) |
| Ijarah rentals | (16,417) | (10,234) |
| Income taxes paid | (41,312) | (39,008) |
| Contribution to gratuity fund | (3,454) | (7,835) |
| W.P.P.F. paid | (52,000) | (40,115) |
| Net cash (used in) operating activities | (999,455) | (251,795) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Capital expenditure | (163,179) | (283,991) |
| Long term investment | (50,731) | - |
| Long term deposit | 1,803 | (16,010) |
| Speed (Private) Limited (Associated company) | 8,570 | 9,285 |
| Proceeds from sale of property, plant and equipment | 6,122 | 1,967 |
| Net cash (used in) investing activities | (197,415) | (288,749) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Short term borrowings - net | 1,266,929 | 442,588 |
| Long term financing | (25,093) | 98,863 |
| Dividend paid | (100) | (390) |
| Net cash from financing activities | 1,241,736 | 541,061 |
| Net increase in cash and cash equivalents | 44,865 | 517 |
| Cash and cash equivalents at the beginning of the period | 18,442 | 24,406 |
| Cash and cash equivalents at the end of the period | 63,307 | 24,923 |

Annexed notes form an integral part of these financial statements.


Chaudhry Ahmed Javed
(Chairman)


Omar Saeed
(Chief Executive)

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2015 (UNAUDITED)**

| | (Rupees in thousand) | | | | | |
|--|----------------------|------------------|---------------|------------------|------------------------|-----------|
| | Share capital | Capital reserves | | Revenue reserves | Un-appropriated profit | Total |
| | | Capital gain | Share premium | | | |
| Balance as at Dec. 31, 2013 | 120,288 | 102,730 | 21,217 | 1,558,208 | 644,643 | 2,447,086 |
| Net profit for the quarter ended Mar. 31, 2014 | - | - | - | - | 189,445 | 189,445 |
| Balance as at Mar. 31, 2014 | 120,288 | 102,730 | 21,217 | 1,558,208 | 834,088 | 2,636,531 |
| Balance as at Dec. 31, 2014 | 120,288 | 102,730 | 21,217 | 1,558,208 | 1,161,506 | 2,963,949 |
| Net profit for the quarter ended Mar. 31, 2015 | - | - | - | - | 197,959 | 197,959 |
| Balance as at Mar. 31, 2015 | 120,288 | 102,730 | 21,217 | 1,558,208 | 1,359,465 | 3,161,908 |

Annexed notes form an integral part of these financial statements.



Chaudhry Ahmed Javed
(Chairman)



Omar Saeed
(Chief Executive)

NOTES TO THE CONDENSED INTERIM ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2015 (UNAUDITED)

1. THE COMPANY AND ITS OPERATIONS

Service Industries Limited ("the Company") is a Public Limited Company incorporated in Pakistan. Its shares are quoted on Lahore and Karachi Stock Exchanges. Its registered office is located at Servis House, 2-Main Gulberg, Lahore. The principal activities of the Company are manufacture and sale of footwear, tyre & tube and technical rubber products.

2. BASIS OF PREPARATION

These financial statements for the period ended March 31, 2015 are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". These financial statements are unaudited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.

3. ACCOUNTING POLICIES

Accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company.

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, 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 as at and for the year ended December 31, 2014.

4. Provisions for income tax, workers' profit participation fund and workers' welfare fund have been made on the basis of three months profit. These are subject to change on final results.

| | | | (Unaudited) Mar. 31, 2015 | (Audited) Dec. 31, 2014 |
|---|--|------|------------------------------|----------------------------|
| | | Note | (Rupees in thousand) | |
| 5. PROPERTY, PLANT AND EQUIPMENT | | | | |
| | | 5.1 | 2,653,653 | 2,618,793 |
| | | | 420,666 | 365,720 |
| | | | 3,074,319 | 2,984,513 |
| 5.1 | Operating fixed assets | | | |
| | Opening written down value | | 2,618,793 | 1,819,162 |
| | Add: Additions during the period | 5.2 | 108,652 | 1,043,738 |
| | | | 2,727,445 | 2,862,900 |
| | Less: Disposals during the period (at book value) | | 1,443 | 11,068 |
| | | | 2,726,002 | 2,851,832 |
| | Less: Depreciation charged during the period | | 72,349 | 233,039 |
| | | | 2,653,653 | 2,618,793 |

NOTES TO THE CONDENSED INTERIM ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2015 (UNAUDITED)

| | (Unaudited) Mar. 31, 2015 | (Audited) Dec. 31, 2014 |
|--|------------------------------|----------------------------|
| | (Rupees in thousand) | |
| 5.2 Following is the detail of additions during the period | | |
| Building on freehold land | 1,435 | 148,950 |
| Plant & machinery | 76,237 | 626,726 |
| Furniture, fixture & fittings | 159 | 940 |
| Vehicles | 7,767 | 2,946 |
| Service equipments | 23,054 | 258,460 |
| Last and mould | - | 5,526 |
| Leasehold improvements | - | 190 |
| | 108,652 | 1,043,738 |

6. LONG TERM INVESTMENT

| | (Unaudited) Mar. 31, 2015 | (Audited) Dec. 31, 2014 |
|--|------------------------------|----------------------------|
| | (Rupees in thousand) | |
| Cost of investment | | |
| 1,624,079 fully paid ordinary shares of Rs. 100/- each | 162,408 | 162,408 |
| Share of post acquisition reserve | | |
| As at the beginning of the year | 41,871 | 14,624 |
| Share of post acquisition profit for the year / period | - | 54,386 |
| Less: Dividends received during the year | (8,570) | (27,139) |
| | 33,301 | 41,871 |
| | 195,709 | 204,279 |
| Other - Available for sale | | |
| Quoted | 50,731 | - |
| Less: Fair value adjustment | (14,102) | - |
| | 36,629 | - |
| | 232,338 | 204,279 |

7. CONTINGENCIES AND COMMITMENTS

Contingencies

- 7.1 The Collectorate of Customs, Sambrial (Sialkot) initiated a case against the Company on March 15, 2003 before the Collector of Customs, Sales Tax and Central Excise (Adjudication) Lahore. The Customs department had alleged that the consignments of the Company were released without the payment of duties and taxes amounting to Rs. 17.99 million. The Company has strongly put forward its case that the said consignments were cleared against demand drafts prepared in favour of Collector of Customs, Sumbrial Dry Port Trust and had been duly credited in the designated bank account. The case has been decided in favour of the Company by Collector (Appeal) Customs. The department has filed an appeal against the said decision before Sales Tax, Federal Excise and Customs Tribunal, Lahore, which is still pending. However, the Company has a strong case therefore no provision has been made in these financial statements against the case.

NOTES TO THE CONDENSED INTERIM ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2015 (UNAUDITED)

- 7.2 The Additional Collector (Adjudication) of Pakistan Customs Computerized System, Karachi had initiated case against the Company for failure to pay leviable sales tax and income tax of Rs. 18.6 million and Rs. 4.1 million respectively at import of tyre cord fabrics during the period w.e.f. August 2007 to July 2008 by wrongly claiming sales tax zero rating in terms of S.R.O 509 (1)/2007 dated 09-06-2007. The case has been remanded back by the Appellate Tribunal Inland Revenue, Lahore to the Commissioner (Appeals) LTU, Lahore, which is still pending. According to the Company's legal counsel, the Company has a strong case with high probability of its success.
- 7.3 The Deputy Director of Pakistan Employees Social Security Institute (PESSI), Gujrat has initiated three cases against the Company. In the first case the alleged amount recoverable by the PESSI is Rs. 4.80 million covering the period from January 1987 to September 1992 on account of short payment of contributions. In the second case, Rs. 1.98 million is to be recoverable by the Company from PESSI on account of wrongly paid contributions covering the period from July 1992 to September 1993. Both cases have been decided against the Company by the Director General Recovery PESSI, Lahore. In the third case, Rs. 77.6 million is recoverable by PESSI. The case had been decided in the favour of the Company in the year 2013 but the case is re-opened in the year 2014. Now the Company has filed an appeal before Social Security Court, Lahore, which is pending. As per legal counsel of the Company, the Company has strong legal grounds for its success.
- 7.4 The Deputy Commissioner Inland Revenue, LTU had initiated a case against the Company after post Sales Tax refund audit in which demand of Rs. 27.92 million was raised. The Company filed an appeal before CIR (Appeals) in which the demand was cancelled except two points having impact of Rs. 2.65 million. The Company had further filed an appeal before Tribunal against said points. As per legal counsel of the Company, the Company has strong legal grounds for its success.
In management's opinion, chances of success in the aforesaid case are strong and there is no likelihood of any unfavourable outcome.

Commitments

- 7.5 Guarantees issued through banks Rs. 49.05 million (Dec-2014 : Rs. 52.76 million).
- 7.6 Irrevocable letters of credit Rs. 1042.73 million (Dec-2014 : Rs. 638.69 million).
- 7.7 The amount of future Ijarah financing and the period in which these payments will become due are as follows:

| | (Unaudited) Mar. 31, 2015 | (Audited) Dec. 31, 2014 |
|---|------------------------------|----------------------------|
| | (Rupees in thousand) | |
| Not later than one year | 71,597 | 64,017 |
| Later than one year but not later than five years | 113,425 | 122,503 |
| Later than 5 years | - | - |
| | 185,022 | 186,520 |

NOTES TO THE CONDENSED INTERIM ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2015 (UNAUDITED)

| 8. SALES | Note | (Unaudited) | |
|-----------------------------|------|----------------------|---------------|
| | | Mar. 31, 2015 | Mar. 31, 2014 |
| | | (Rupees in thousand) | |
| Sale of footwear (Net) | | | |
| Export sales | | 1,226,782 | 1,181,823 |
| Local sales | | 1,284,435 | 1,075,173 |
| | | 2,511,217 | 2,256,996 |
| Sale of tyre and tube (Net) | | | |
| Export sales | | 77,706 | 48,050 |
| Local sales | | 1,600,745 | 1,531,835 |
| | | 1,678,451 | 1,579,885 |
| Others (Net) | | | |
| Export sales | | - | 96 |
| Local sales | | - | 3,377 |
| | | - | 3,473 |
| | | 4,189,668 | 3,840,354 |

| 9. COST OF SALES | 9.1 | (Unaudited) | |
|---|-----|----------------------|---------------|
| | | Mar. 31, 2015 | Mar. 31, 2014 |
| | | (Rupees in thousand) | |
| Raw material consumed | | 2,450,992 | 2,441,611 |
| Salaries, wages and benefits | | 555,626 | 447,659 |
| Stores and spares consumed | | 39,279 | 33,139 |
| Packing material consumed | | 146,901 | 109,312 |
| Fuel and power | | 183,184 | 195,576 |
| Insurance | | 2,837 | 2,545 |
| Depreciation | | 65,101 | 43,637 |
| Travelling and conveyance | | 4,858 | 2,417 |
| Repair and maintenance | | 21,883 | 25,206 |
| Entertainment | | 813 | 856 |
| Provision of slow moving and obsolete items | | 7,221 | 1,018 |
| Other manufacturing charges | | 54,045 | 54,872 |
| | | 3,532,741 | 3,357,848 |
| Work in process:- | | | |
| Opening stock | | 441,215 | 345,118 |
| Closing stock | | (400,110) | (367,688) |
| | | 41,105 | (22,570) |
| Cost of goods manufactured | | 3,573,846 | 3,335,278 |
| Finished goods:- | | | |
| Opening stock | | 757,398 | 711,604 |
| Finished goods purchased | | 150,652 | 40,553 |
| Closing stock | | (1,011,969) | (933,113) |
| | | (103,919) | (180,956) |
| Cost of goods sold | | 3,469,927 | 3,154,322 |

NOTES TO THE CONDENSED INTERIM ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2015 (UNAUDITED)

| (Unaudited) | Mar. 31, 2015 | Mar. 31, 2014 |
|--------------------|----------------------|---------------|
| | (Rupees in thousand) | |
| 1,251,540 | 1,136,077 | |
| 2,465,273 | 2,370,672 | |
| <u>(1,265,821)</u> | <u>(1,065,138)</u> | |
| <u>2,450,992</u> | <u>2,441,611</u> | |

- 9.1 Raw Material Consumed:
 Opening stock
 Purchases
 Closing stock

10. SEGMENT REPORTING

Segment analysis for the period ended March 31.

| | (Rupees in thousand) | | | | | | | |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Footwear | | Tyre Division | | Technical Rubber Products | | Total | |
| | 3 months ended Mar. 31, 2015 | 3 months ended Mar. 31, 2014 | 3 months ended Mar. 31, 2015 | 3 months ended Mar. 31, 2014 | 3 months ended Mar. 31, 2015 | 3 months ended Mar. 31, 2014 | 3 months ended Mar. 31, 2015 | 3 months ended Mar. 31, 2014 |
| External sales | 2,511,217 | 2,256,996 | 1,678,451 | 1,579,885 | - | 3,473 | 4,189,668 | 3,840,354 |
| Inter-segment sales | - | - | - | - | - | - | - | - |
| Total revenue | <u>2,511,217</u> | <u>2,256,996</u> | <u>1,678,451</u> | <u>1,579,885</u> | <u>-</u> | <u>3,473</u> | <u>4,189,668</u> | <u>3,840,354</u> |
| Profit/ (loss) before tax and unallocated expenses | 230,124 | 267,642 | 275,332 | 196,536 | (2,592) | (100) | 502,864 | 464,078 |
| Unallocated corporate expenses | - | - | - | - | - | - | (77,766) | (68,952) |
| Finance cost | - | - | - | - | - | - | (151,706) | (138,564) |
| Other operating expenses | - | - | - | - | - | - | 17,213 | 2,699 |
| Other operating income | - | - | - | - | - | - | (78,544) | (69,816) |
| Taxation | - | - | - | - | - | - | 212,061 | 189,445 |
| Profit after taxation | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

NOTES TO THE CONDENSED INTERIM ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2015 (UNAUDITED)

| | | (Unaudited) Mar. 31, 2015 | (Audited) Dec. 31, 2014 |
|--|--------------|------------------------------|----------------------------|
| | | (Rupees in thousand) | |
| 11. TRANSACTIONS WITH RELATED PARTIES | | | |
| Associated | | | |
| SAB Polymer Industries (Private) Limited | Balance | - | - |
| SBL Trading (Private) Limited | Balance | - | - |
| Speed (Private) Limited | Balance | 195,709 | 204,279 |
| Shahid Arif Investments (Private) Limited | Balance | - | - |
| | | (Unaudited) | |
| | | Mar. 31, 2015 | Mar. 31, 2014 |
| | | (Rupees in thousand) | |
| Funds | | | |
| Provident Fund | Contribution | 23,906 | 20,775 |
| Gratuity Fund | Contribution | 9,812 | 6,556 |
| Pension Fund | Contribution | 26 | 25 |

12. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at December 31, 2014.

There have been no changes in the risk management policies since the year end.

13. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'International Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-classified, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.

14. AUTHORIZATION DATE

These financial statements were authorized for issue by the Board of Directors as on April 29, 2015.



Chaudhry Ahmed Javed
(Chairman)



Omar Saeed
(Chief Executive)