



Service Industries Limited

EXPLORING NEW HORIZONS..



**Report & Un-Audited Accounts
for the Half Year Ended
June 30, 2022**

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Company Information

Board of Directors

Chaudhry Ahmed Javed
(Chairman)

Non-Executive Director

Mr. Arif Saeed

(Chief Executive Officer)

Executive Director

Mr. Omar Saeed

Executive Director

Mr. Hassan Javed

Executive Director

Mr. Riaz Ahmed

Non-Executive Director

Mr. Osman Saifullah Khan

Independent Director

Mr. Muhammad Naeem Khan

Independent Director

Mr. Shahid Hussain Jatoi

Independent Director

Mrs. Ayesha Naweed

Independent Director

Chief Financial Officer

Mr. Badar Ul Hassan

Company Secretary

Mr. Waheed Ashraf

Audit Committee

Mr. Muhammad Naeem Khan

Chairman

Mr. Osman Saifullah Khan

Member

Mr. Riaz Ahmed

Member

Human Resource and Remuneration Committee

Mrs. Ayesha Naweed

Chairperson

Mr. Arif Saeed

Member

Mr. Riaz Ahmed

Member

Bankers

Allied Bank Limited

Askari Bank Limited

Bank Al Habib Limited

Bank Alfalah Limited

Faysal Bank limited

Habib Bank Limited

Habib Metro Bank

ICBC Pakistan

JS Bank Limited

MCB Bank Limited

MCB Islamic Bank

Meezan Bank Limited

National Bank Limited

Samba Bank Limited

Silk Bank Limited

Standard Chartered Bank

(Pakistan) Limited

Soneri Bank limited

The Bank of Punjab

The Bank of Khyber

United Bank Limited

BankIslami Pakistan Limited

Dubai Islamic Bank Pakistan Limited

Auditors

M/s. Riaz Ahmad & Company,
Chartered Accountants

Legal Advisor

M/s. Bokhari Aziz & Karim
2-A, Block-G, Gulberg-II, Lahore.

Registered Office

Servis House,
2-Main Gulberg, Lahore-54662.
Tel: +92-42-35751990-96

Shares Registrar

M/s. Corplink (Pvt.) Limited
Wings Arcade, 1-K
Commercial, Model Town, Lahore
Tel: +92-42-35916714,
35916719,
35839182

Pakistan Stock Exchange Limited

Stock Exchange Symbol SRVI

Factories

G.T. Road, Gujrat
Sheikhupura Road, Muridke

Web Presence

www.servisgroup.com

**" You can not swim for
new horizons until you
have courage to lose
sight of the shore".**

- William Faulkner



Directors' Report to the Shareholders

The Directors take pleasure in presenting their Report along with the unconsolidated condensed interim financial statements of Service Industries Limited ("SIL") for the half year ended June 30, 2022.

Key Performance Indicators (KPIs)

Please find below key performance indicators of unconsolidated condensed interim financial statements of SIL for the half year ended June 30, 2022.

Particulars	Half Year Ended		
	June 2022 "000"	June 2021 "000"	Percentage Change
Net Sales	20,682,794	15,117,536	37%
Gross Profit	3,856,766	2,463,489	57%
Operating profit	1,992,587	824,889	142%
Profit after tax	486,179	191,028	155%

SIL recorded net sales of PKR 20.68 billion in its financial statements during the period showing an increase of 37% from same period last year. Operating Profit amounted to PKR 1,992.58 million against operating profit of PKR 824.88 million in the same period last year. Net profit after tax amounted to PKR 486.17 million against profit after tax of PKR 191.02 million in the same period last year.

Tyre Division

The Tyre Division has been the largest operating segment of the Company for last many years now. This division has witnessed a significant increase in sales to Rs. 15.94 billion in the current half year under review from Rs. 11.95 billion in the corresponding half year.

Increased raw material prices due to spike in global raw material prices and volatility in Pak rupee, increase in energy cost, high logistics costs and increase in SBP discount rate negatively impacted the margins of Tyre Division in the half year under review.

However, despite these challenges, our management team is determined to maintain its market position and capitalize on the brand image of Servis Tyres. The management has invested steadily in capacity enhancement which will result in further expansion in our range of tyres with lower operational cost.

We have started In-House Production of Motorcycle Chain and Sprocket. The business is expected to yield good results in coming years

Footwear Division

Our footwear sales showed increase of 53% in the first half in comparison to same period last year. This amounts to enhancement of PKR 1.5 billion in sales figure. The profitability of domestic footwear business which is now the main contributor of footwear sales segment continued to face tough challenges as the retail market in the country remained under stress. During this challenging period, more institutional footwear business was booked by the company to utilize available capacities, albeit at lower margins.

The retail business has been on continuous expansion due to opening of retail stores throughout the country. The number

of stores almost doubled in 2021, and in the period under review, the number increased to 121 outlets as at 30 June 2022 compared to 91 stores at the end of December 2021. This aggressive expansion is based on the reforms that were made last year which resulted in gross margin improvement through price point coverage and discount management, better inventory planning and a more balanced product portfolio. Business is on a growth path with an expansion plan of 20 more outlets planned by the end of year 2022.

Technical Rubber Products

Our Corporate sales division under the umbrella of Technical Rubber Products (TRP) historically had been under growth trajectory. However, in the current period, due to customer supply rearrangements the company has witnessed a drop in sales by 11% in comparison to the same period last year. Future prospects of this division are promising, with many orders in hand and several in the pipeline. We expect the TRP segment to have a higher contribution towards company's revenue in next year.

SUBSIDIARY COMPANIES

The first half of the year 2022 is period of further value additions for the company. SIL's subsidiary company, Pakistan's first all Steel and Radial tyre manufacturer of the country, Service Long March Tyres (Private) Limited is fully operational now and achieving its targets of production and sales. The management is very confident on better future returns on this investment which will further consolidate shareholder's worth. Moreover, the Company has made further equity investment of PKR 642 million in its subsidiary in the period under review.

During the period, the company has received dividend income amounting to PKR 327 million from another subsidiary company, Service Global Footwear Limited. The Company expects further dividends from its subsidiary companies in the near future.

Earnings Per Share (EPS)

The earnings per share of the Company stood at PKR 10.35 for the half year under review as compared to PKR 4.07 same period last year.

Future Outlook

We are hopeful that the company's decision to invest in enhancing production capacities and expanding retail network and increasing topline will help the company to deliver excellent profits in the second half of the year 2022. Moreover, the strength of our Brands coupled with the talent and capability that we bring to the market makes the Company well positioned to continue as a leader in both Footwear and Tyre business.

Acknowledgment

We would like to convey our sincere appreciation to our colleagues on the Board for their valuable guidance and support and to all our employees for their tireless efforts, dedication and commitment and, our customers for their trust in our products. On behalf of the Board, we also wish to extend our gratitude to our shareholders for their support and trust placed in us.

For and on behalf of the Board



Arif Saeed
Chief Executive



Omar Saeed
(Director)

August 26, 2022
Lahore.

Independent Auditor's Review Report

To the members of Service Industries Limited Report on review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of SERVICE INDUSTRIES LIMITED as at 30 June 2022 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended 30 June 2022 and 30 June 2021 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 30 June 2022.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Mubashar Mehmood.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: August 26, 2022

UDIN: RR202210158b1qMkm4sf

Condensed Unconsolidated Interim Financial Statements



Condensed Unconsolidated Interim Statement of Financial Position

As at June 30, 2022

	Note	(Un-audited) June 30, 2022 (Rupees in thousand)	(Audited) December 31, 2021
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
100,000,000 (31 December 2021: 100,000,000) ordinary shares of Rupees 10 each		1,000,000	1,000,000
Issued, subscribed and paid up share capital			
46,987,454 (31 December 2021: 46,987,454) ordinary shares of Rupees 10 each		469,874	469,874
Reserves		6,945,826	6,838,307
Total equity		7,415,700	7,308,181
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	4	6,473,196	6,205,473
Long term deposits		1,440	1,440
Lease liabilities		3,306,735	2,817,034
Employees' retirement benefit		178,832	176,721
Deferred liabilities		500,970	395,243
		10,461,173	9,595,911
CURRENT LIABILITIES			
Trade and other payables		7,087,906	5,124,422
Accrued mark-up		331,364	262,097
Short term borrowings		13,399,765	9,152,752
Current portion of non-current liabilities		2,443,064	1,862,235
Unclaimed dividend		55,925	39,343
		23,318,024	16,440,849
Total liabilities		33,779,197	26,036,760
Contingencies and commitments	5		
TOTAL EQUITY AND LIABILITIES		41,194,897	33,344,941

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



Arif Saeed
(Chief Executive)

		(Un-audited) June 30,2022	(Audited) December 31, 2021
	Note	(Rupees in thousand)	
ASSETS			
Non-current assets			
Fixed assets	6	10,060,211	7,999,342
Right-of-use assets		3,045,245	2,642,560
Intangible assets		4,042	3,979
Long term investments	7	7,501,446	6,779,666
Long term loans to employees		12,831	27,416
Long term security deposits		195,697	137,956
		20,819,472	17,590,919
Current assets			
Stores, spares and loose tools		364,918	322,895
Stock-in-trade		9,856,148	9,001,107
Trade debts		5,555,746	3,808,763
Loans and advances		1,635,448	572,187
Advance income tax - net of provision for taxation		606,748	607,515
Trade deposits and prepayments		422,098	320,840
Other receivables		706,797	265,476
Short term investment		180,629	155,943
Cash and bank balances		1,046,893	699,296
		20,375,425	15,754,022
TOTAL ASSETS		41,194,897	33,344,941



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Condensed Unconsolidated Interim Statement of Profit or Loss (Un-audited)

For the half year ended June 30, 2022

	Note	(Un-audited) Half Year Ended		(Un-audited) Quarter Ended	
		June 30 2022	June 30 2021	June 30 2022	June 30 2021
		(Rupees in thousand)			
Revenue	8	20,682,794	15,117,536	11,984,218	8,171,444
Cost of sales	9	(16,826,028)	(12,654,047)	(9,798,696)	(6,929,218)
Gross profit		3,856,766	2,463,489	2,185,522	1,242,226
Distribution cost		(1,566,805)	(1,048,395)	(862,196)	(572,075)
Administrative expenses		(705,043)	(627,172)	(370,905)	(326,785)
Other expenses		(94,490)	(121,069)	(67,615)	(83,973)
		(2,366,338)	(1,796,636)	(1,300,716)	(982,833)
		1,490,428	666,853	884,806	259,393
Other income		502,159	158,036	461,351	127,867
Profit from Operations		1,992,587	824,889	1,346,157	387,260
Finance cost		(1,250,232)	(579,531)	(701,896)	(376,798)
		742,355	245,358	644,261	10,462
Share of profit in equity accounted investee - net of taxation		4,207	4,061	709	3,837
Profit before taxation		746,562	249,419	644,970	14,299
Taxation		(260,383)	(58,391)	(208,805)	19,108
Profit after taxation		486,179	191,028	436,165	33,407
Earnings per share - basic and diluted (rupees)		10.35	4.07	9.28	0.71

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



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Condensed Unconsolidated Interim Statement of Comprehensive Income (Un-audited)

For the half year ended June 30, 2022

	(Un-audited) Half Year Ended		(Un-audited) Quarter Ended	
	June 30 2022	June 30 2021	June 30 2022	June 30 2021
	(Rupees in thousand)			
Profit after taxation	486,179	191,028	436,165	33,407
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
(Deficit) / Surplus arising on remeasurement of investment at fair value through other comprehensive income - net of tax	(26,254)	60,055	4,785	1,255
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive (loss) / income - net of tax	(26,254)	60,055	4,785	1,255
Total comprehensive income for the period	459,925	251,083	440,950	34,662

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



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Condensed Unconsolidated Interim Statement of Changes in Equity (Un-audited)

For the half year ended June 30, 2022

	Reserves										Total Equity	
	Share Capital	Capital Reserves					Revenue Reserves					Total
		Capital gains	Fair value reserve FVOCI investment	Share premium	Share of share premium reserve held by equity accounted investee	Reserve pursuant to the Scheme	Sub Total	General reserve	Un-appropriated profit	Sub total		
Rupees in thousand												
Balance as at 31 December 2020 - audited	234,937	102,730	69,360	21,217	23,935	927,163	1,144,405	1,558,208	4,345,042	5,903,250	7,047,655	
Transactions with owners:												
Final dividend for the year ended 31 December 2020 @ Rupees 15 per share	-	-	-	-	-	-	-	-	-	-	-	
Issue of bonus shares for the year ended 31 December 2020 @ 100%	234,937	-	-	-	-	-	-	-	(352,406)	(352,406)	(352,406)	
	234,937	-	-	-	-	-	-	-	(234,937)	(234,937)	-	
Transfer of gain on disposal of FVOCI investment to retained earnings	-	-	(15,795)	-	-	-	(15,795)	-	(587,343)	(587,343)	(352,406)	
Profit for the half year ended 30 June 2021	-	-	-	-	-	-	-	-	15,795	15,795	-	
Other comprehensive income for the half year ended 30 June 2021	-	-	60,055	-	-	-	60,055	-	191,028	191,028	191,028	
Total comprehensive income for the half year ended 30 June 2021	-	-	60,055	-	-	-	60,055	-	191,028	60,055	60,055	
Balance as at 30 June 2021 - un-audited	469,874	102,730	113,620	21,217	23,935	927,163	1,188,665	1,558,208	3,964,522	5,522,730	7,181,269	
Transactions with owners:												
Transfer of gain on disposal of FVOCI investment to retained earnings	-	-	(19,744)	-	-	-	(19,744)	-	19,744	19,744	-	
Profit for the half year ended 31 December 2021	-	-	-	-	-	-	-	-	165,798	165,798	165,798	
Other comprehensive loss for the half year ended 31 December 2021	-	-	(28,878)	-	-	-	(28,878)	-	(10,008)	(10,008)	(38,886)	
Total comprehensive income for the half year ended 31 December 2021	-	-	(28,878)	-	-	-	(28,878)	-	155,790	155,790	126,912	
Balance as at 31 December 2021 - audited	469,874	102,730	64,998	21,217	23,935	927,163	1,140,043	1,558,208	4,140,056	5,698,264	7,308,181	
Transactions with owners:												
Final dividend for the year ended 31 December 2021 @ Rupees 7.50 per share	-	-	-	-	-	-	-	-	(352,406)	(352,406)	(352,406)	
Profit for the half year ended 30 June 2022	-	-	-	-	-	-	-	-	486,179	486,179	486,179	
Other comprehensive loss for the half year ended 30 June 2022	-	-	(26,254)	-	-	-	(26,254)	-	-	-	(26,254)	
Total comprehensive income for the half year ended 30 June 2022	-	-	(26,254)	-	-	-	(26,254)	-	486,179	486,179	459,925	
Balance as at 30 June 2022 - un-audited	469,874	102,730	38,744	21,217	23,935	927,163	1,113,789	1,558,208	4,273,829	5,832,037	7,415,700	

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



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Condensed Unconsolidated Interim Statement of Cash Flows (Un-audited)

For the half year ended June 30, 2022

	Note	(Un-audited) June 30, 2022 (Rupees in thousand)	(Un-audited) June 30, 2021
Cash flow from operating activities			
Cash utilized in operations	12	(75,258)	(300,369)
Finance cost paid		(962,005)	(442,342)
Income tax paid		(367,840)	(307,573)
Staff retirement benefits paid		(20,479)	(13,409)
Long term loans - net		15,754	(2,243)
Long term security deposits - net		(46,622)	(13,987)
Net cash used in operating activities		(1,456,450)	(1,079,923)
Cash flow from investing activities			
Capital expenditure on fixed assets		(2,456,741)	(857,788)
Proceeds from disposal of fixed assets		973	8,479
Capital expenditure on intangibles assets		(1,053)	-
Short term investment made		(24,919)	-
Return on short term investments received		8,784	-
Long term investment made		(749,015)	(765,000)
Proceeds from disposal of long term investment		-	18,000
Dividend received		327,100	-
Net cash used in investing activities		(2,894,871)	(1,596,309)
Cash flow from financing activities			
Long term financing obtained		1,549,384	1,059,666
Long term financing repaid		(517,851)	(627,469)
Long term deposit repaid		-	(300)
Short term borrowings - net		4,247,013	1,691,126
Repayment of lease liabilities		(243,804)	(83,697)
Dividend paid		(335,824)	(350,529)
Net cash from financing activities		4,698,918	1,688,797
Net increase / (decrease) in cash and cash equivalents		347,597	(987,435)
Cash and cash equivalents at the beginning of the period		699,296	1,201,058
Cash and cash equivalents at the end of the period		1,046,893	213,623

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



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Selected Notes to the Condensed Unconsolidated Interim Financial Statements (Un-audited)

For the half year ended June 30, 2022

1. The Company and its Operations

Service Industries Limited (the Company) was incorporated as a private limited Company on 20 March 1957 in Pakistan under the Companies Act, 1913 (now Companies Act, 2017), was converted into a public limited Company on 23 September 1959 and got listed on 27 June 1970. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The registered office of the Company is located at 2-Main Gulberg, Lahore. The principal activities of the Company are purchase, manufacture and sale of footwear, tyres and tubes and technical rubber products. These unconsolidated condensed interim financial statements pertain to Service Industries Limited as an individual entity.

- 1.1 During the half year ended 30 June 2022, there was a fire outbreak at one of the rented finished goods godowns of the Company. Impact due to termination of lease of rented finished goods godown has been incorporated in lease liabilities and right-of-use assets. Loss of destroyed stock-in-trade was adequately covered against insurance. Loss of finished goods has been recognized in these condensed interim financial statements. Insurance claim has been submitted to the insurance company. The Company has received partial payment of insurance claim from the insurance company. Full and final settlement of insurance claim is under process and the management is virtually certain that loss amount will be fully received during the financial year ending on 31 December 2022.

2. Basis of Preparation

- 2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

- 2.2 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 31 December 2021. These unconsolidated condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors.

3. Accounting Policies

The accounting policies and methods of computations adopted for the preparation of these unconsolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 31 December 2021.

3.1 Critical Accounting Estimates and Judgments

The preparation of these unconsolidated condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these unconsolidated condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 31 December 2021.

	(Un-audited) June 30,2022 (Rupees in thousand)	(Audited) December 31, 2021
4. Long term financing		
Opening balance	7,818,308	4,318,084
Add: Obtained during the period / year	1,549,384	2,545,007
Add: Transfer from short term to long term	-	2,500,000
Less: Repaid during the period / year	(517,851)	(1,293,729)
Add: Amortization of government grant during the period / year	51,084	73,695
Less: Grant recognized during the period / year	(307,754)	(324,749)
Net Impact	(256,670)	(251,054)
	8,593,171	7,818,308
Less: Current portion shown under current liabilities	(2,119,975)	(1,612,835)
	6,473,196	6,205,473

4.1 Long term financing except from Service Global Footwear Limited - Subsidiary company is secured.

5 Contingencies and commitments

5.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2021 except as follows:

5.1.1 Guarantees issued in ordinary course of business through banks are of Rupees 3,596.449 million (31 December 2021: Rupees 2,721.638 million).

5.2 Commitments

5.2.1 Contracts for capital expenditure are approximately of Rupees 600.785 million (31 December 2021: Rupees 2021: 1,834.702 million).

5.2.2 Letters of credit other than capital expenditure are of Rupees 1,990.389 million (31 December 2021: Rupees 2,763.165 million).

Selected Notes to the Condensed Unconsolidated Interim Financial Statements (Un-audited)

For the half year ended June 30, 2022

- 5.2.3** The Company has obtained vehicles under ijarah arrangements from Meezan Bank Limited, Allied Bank Limited and Bank Al Habib Limited for a period of five years. Future monthly Ujrah payments under Ijarah are as follows:

	Note	(Un-audited) June 30,2022 (Rupees in thousand)	(Audited) December 31, 2021
Not later than one year		49,409	68,561
Later than one year and not later than five years		46,474	85,752
		95,883	154,313

6. Fixed assets

Operating fixed assets	6.1	7,798,752	7,375,009
Capital work-in-progress	6.2	2,261,459	624,333
		10,060,211	7,999,342

6.1 Operating fixed assets

Opening net book value		7,375,009	5,842,520
Add: Cost of additions during the period / year	6.1.1	819,709	2,218,644
Less: Book value of deletions during the period / year	6.1.2	(1,232)	(7,537)
Less: Depreciation charged during the period / year		(394,734)	(678,618)
Closing net book value		7,798,752	7,375,009

6.1.1 Cost of additions during the period / year

Freehold land		-	294,865
Buildings on freehold land		18,232	379,692
Plant and machinery		564,063	1,089,848
Furniture, fixture and fittings		12,533	25,547
Vehicles		43,276	22,804
Service equipment		79,849	206,645
Leasehold improvements		101,756	199,243
		819,709	2,218,644

	(Un-audited) June 30, 2022 (Rupees in thousand)	(Audited) December 31, 2021
Note		
6.1.2 Book value of deletions during the period / year		
Cost of deletions		
Buildings on freehold land	-	1,700
Plant and machinery	-	14,862
Vehicles	578	5,561
Service equipment	2,610	9,471
Leasehold improvements	-	9,882
	3,188	41,476
Less: Accumulated depreciation	(1,956)	(33,939)
Book value of deletions during the period / year	1,232	7,537

6.2 Capital work-in-progress		
Buildings on freehold land	573,583	107,144
Plant and machinery	1,171,920	244,737
Furniture, fixture and fittings	10,795	972
Advances against capital expenditures	70,407	187,520
Service equipment	434,754	80,696
Leasehold improvements	-	3,264
	2,261,459	624,333

7	Long term investments			
	Investments in subsidiary companies - at cost	7.1	7,121,737	6,372,722
	Investment in associate (with significant influence) - under equity method	7.2	319,778	315,571
	Investments in joint ventures	7.3	-	-
	Other investment - at FVTOCI	7.4	59,931	91,373
			7,501,446	6,779,666

Selected Notes to the Condensed Unconsolidated Interim Financial Statements (Un-audited)

For the half year ended June 30, 2022

	(Un-audited) June 30, 2022 (Rupees in thousand)	(Audited) December 31, 2021
7.1 Investments in subsidiary companies - at cost		
Service Industries Capital (Private) Limited - unquoted		
40,000,000 (31 December 2021: 30,000,000) fully paid ordinary shares of Rupees 10 each	400,000	300,000
Equity held 100% (31 December 2021: 100%)		
Service Global Footwear Limited - quoted		
163,550,000 (31 December 2021: 163,550,000) fully paid ordinary shares of Rupees 10 each	3,026,184	3,026,184
Equity held 80% (31 December 2021: 80%)		
Service Long March Tyres (Private) Limited - unquoted		
303,250,000 (31 December 2021: 303,250,000) fully paid ordinary shares of Rupees 10 each	3,046,538	3,046,538
Equity held 32.09% (31 December 2021: 32.09%)		
Advance against purchase of shares	641,800	-
	3,688,338	3,046,538
SIL GULF FZE - unquoted		
1 (31 December 2021: Nil) fully paid share of UAE Dirhams 150,000	7,215	-
Equity held 100% (31 December 2021: Nil)		
	7,121,737	6,372,722

7.2 Investment in associate (with significant influence) - under equity method

Speed (Private) Limited - unquoted		
160,709 (31 December 2021: 160,709) fully paid ordinary shares of Rupees 100 each	190,949	190,949
Equity held 21.90% (31 December 2021: 21.90%)		
Share of post acquisition reserve		
As at the beginning of the period / year	124,622	89,895
Share of post acquisition profit for the period / year	4,207	34,727
	128,829	124,622
	319,778	315,571

(Un-audited)	(Audited)
June	December
30,2022	31, 2021
(Rupees in thousand)	

7.3 Investments in joint ventures

S2 Power Limited - unquoted

24,000 (31 December 2021: 24,000) fully paid ordinary shares of Rupees 10 each

240

240

S2 Hydro Limited - unquoted

24,000 (31 December 2021: 24,000) fully paid ordinary shares of Rupees 10 each

240

240

480

480

Less : Impairment loss recognized

(480)

(480)

-

-

7.4 Other investment - at FVTOCI

TRG Pakistan Limited - quoted

775,000 (31 December 2021: 775,000) fully paid ordinary shares of Rupees 10 each

17,089

17,089

Fair value adjustment

42,842

74,284

59,931

91,373

Selected Notes to the Condensed Unconsolidated Interim Financial Statements (Un-audited)

For the half year ended June 30, 2022

	(Un-audited) Half Year Ended		(Un-audited) Quarter Ended	
	June 30 2022	June 30 2021	June 30 2022	June 30 2021
	(Rupees in thousand)			
8 Revenue				
Revenue from contracts with customers:				
Export:				
- Sales	2,316,237	1,709,556	1,170,329	1,044,063
- Discounts, commissions etc.	(39,580)	(28,786)	(25,310)	(16,283)
	2,276,657	1,680,770	1,145,019	1,027,780
Local:				
- Sales	23,260,845	16,591,898	13,628,240	8,733,127
- Processing income	18,543	-	-	-
- Sales tax	(3,558,863)	(2,416,976)	(2,070,649)	(1,225,455)
- Discounts, commissions etc.	(1,314,388)	(745,396)	(718,392)	(369,062)
	18,406,137	13,429,526	10,839,199	7,138,610
Duty draw back	-	7,240	-	5,054
	20,682,794	15,117,536	11,984,218	8,171,444

8.1 Major product / service lines

Sales of footwear - net

Export sales	769,590	423,153	453,678	272,351
Local sales	3,812,620	2,579,006	2,293,588	1,091,756
Processing income	18,543	-	-	-
Duty drawback	-	7,240	-	5,054
	4,600,753	3,009,399	2,747,266	1,369,161

Sales of tyres - net

Export sales	1,507,067	1,257,617	691,341	755,429
Local sales	14,431,516	10,689,089	8,443,113	5,998,363
	15,938,583	11,946,706	9,134,454	6,753,792

Sales of technical rubber products - net

Local sales	143,458	161,431	102,498	48,491
	20,682,794	15,117,536	11,984,218	8,171,444

	(Un-audited) Half Year Ended		(Un-audited) Quarter Ended	
	June 30 2022	June 30 2021	June 30 2022	June 30 2021
	(Rupees in thousand)			
9. Cost of sales				
Raw materials consumed	11,921,762	8,727,966	6,180,625	4,536,474
Salaries, wages and other benefits	1,371,945	1,279,415	733,748	663,141
Stores and spares consumed	148,402	148,195	50,274	83,373
Packing materials consumed	358,331	332,019	189,791	188,064
Fuel and power	1,102,252	658,413	603,914	359,183
Insurance	19,140	13,165	11,433	7,358
Travelling and conveyance	16,127	2,669	7,724	(666)
Repair and maintenance	120,628	104,966	58,422	55,728
Entertainment	1,630	1,028	974	534
Depreciation	327,899	259,800	170,980	135,930
Provision charged / (reversal) of provision for slow moving and obsolete inventory	14,900	(17,190)	7,151	(25,864)
Processing charges	6,093	-	6,093	-
Other manufacturing charges	44,957	43,136	19,881	10,392
	15,454,066	11,553,582	8,041,010	6,013,647
Movement in work in process	(705,319)	(547,159)	64,992	91,559
Cost of goods manufactured	14,748,747	11,006,423	8,106,002	6,105,206
Movement in finished goods	2,077,281	1,647,624	1,692,694	824,012
	16,826,028	12,654,047	9,798,696	6,929,218

Selected Notes to the Condensed Unconsolidated Interim Financial Statements (Un-audited)
For the half year ended June 30, 2022

10. Segment information

The Company has three reportable segments. The following summary describes the operation in each of the Company's reportable segments:

- Footwear Purchase, manufacturing and sale of different qualities of footwear.
- Tyre Manufacturing of different qualities of tyres.
- Technical Rubber Products Manufacturing of different qualities of rubber products on specifications.

	Footwear (Un-audited)		Tyre (Un-audited)		Technical Rubber Products (Un-audited)		Total - Company (Un-audited)	
	Half Year Ended		Half Year Ended		Half Year Ended		Half Year Ended	
	June 30 2022	June 30 2021	June 30 2022	June 30 2021	June 30 2022	June 30 2021	June 30 2022	June 30 2021
(Rupees in thousand)								
Sales	4,600,753	3,009,399	15,938,583	11,946,706	143,458	161,431	20,682,794	15,117,536
Profit / (loss) before taxation and unallocated income and expenses	85,895	(151,033)	1,731,719	1,162,107	34,047	47,766	1,851,661	1,058,840
Unallocated income and expenses - net Taxation							(1,105,099)	(809,421)
Profit after taxation							(260,383)	(58,391)
							486,179	191,028

10.1 Reconciliation of reportable segment assets and liabilities

	Footwear		Tyre		Technical Rubber Products		Total - Company	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	June 30 2022	December 31 2021	June 30 2022	December 31 2021	June 30 2022	December 31 2021	June 30 2022	December 31 2021
(Rupees in thousand)								
Total assets for reportable segment	10,839,446	8,215,216	18,579,731	15,727,851	832,340	308,341	30,251,517	24,251,408
Unallocated assets							10,943,380	9,093,533
Total assets as per condensed unconsolidated interim statement of financial position							41,194,897	33,344,941
Unallocated liabilities							33,779,197	26,036,760
Total liabilities as per condensed unconsolidated interim statement of financial position							33,779,197	26,036,760

Selected Notes to the Condensed Unconsolidated Interim Financial Statements (Un-audited)

For the half year ended June 30, 2022

10.2 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines:

	Footwear				Tyre				Technical Rubber Products				Total			
	(Un-audited)				(Un-audited)				(Un-audited)				(Un-audited)			
	Half Year Ended		Quarter Ended		Half Year Ended		Quarter Ended		Half Year Ended		Quarter Ended		Half Year Ended		Quarter Ended	
	June 30	2022	June 30	2021	June 30	2022	June 30	2021	June 30	2022	June 30	2021	June 30	2022	June 30	2021
(Rupees in thousand)																
Europe	497,034	277,101	263,849	173,779	67,338	32,049	25,900	20,293	-	-	-	-	564,372	309,150	289,749	194,072
North America and South America	53,363	21,950	48,594	-	503,410	458,055	234,981	236,720	-	-	-	-	556,773	480,005	283,575	236,720
Asia	192,877	124,102	141,235	98,572	904,019	740,687	403,609	475,750	-	-	-	-	1,096,896	864,789	544,844	574,322
Africa	26,316	-	-	-	32,300	26,826	26,851	22,666	-	-	-	-	58,616	26,826	26,851	22,666
Pakistan	3,831,163	2,579,006	2,293,588	1,091,756	14,431,516	10,689,089	8,443,113	5,998,363	143,458	161,431	102,498	48,491	18,406,137	13,429,526	10,839,199	7,138,610
Duty Drawback	-	7,240	-	5,054	-	-	-	-	-	-	-	-	-	7,240	-	5,054
	4,600,753	3,009,399	2,747,266	1,369,161	15,938,583	11,946,706	9,134,454	6,753,792	143,458	161,431	102,498	48,491	20,682,794	15,117,536	11,984,218	8,171,444

Selected Notes to the Condensed Unconsolidated Interim Financial Statements (Un-audited)

For the half year ended June 30, 2022

10.3 Revenue is recognised at point in time as per the terms and conditions of underlying contracts with customers.

11. Recognized fair value measurements - financial instruments

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these unconsolidated condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements at 30 June 2022 - Un-audited	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				

Financial assets

Financial assets at fair value through other comprehensive income	59,931	-	-	59,931
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Recurring fair value measurements at 31 December 2021 - Audited	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				

Financial assets

Financial assets at fair value through other comprehensive income	91,373	-	-	91,373
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The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the half year ended 30 June 2022. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Selected Notes to the Condensed Unconsolidated Interim Financial Statements (Un-audited)

For the half year ended June 30, 2022

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(i) Valuation techniques used to determine level 1 fair values

Specific valuation technique used to value financial instruments was use of quoted market prices.

		(Un-audited) June 30,2022	(Un-audited) June 30, 2021
	Note	(Rupees in thousand)	
12. Cash utilized in operations			
Profit before taxation		746,562	249,419
Adjustments for non-cash charges and other items:			
Depreciation		394,734	315,928
Depreciation on right-of-use assets		220,079	131,947
Amortization on intangible assets		990	709
Provision for gratuity		22,590	20,238
Finance cost		1,250,232	579,531
Provision for workers' profit participation fund		36,283	11,573
Provision for workers' welfare fund		8,038	8,012
Provision / (reversal) of for slow moving and obsolete inventory		14,900	(17,190)
Allowance for expected credit losses		16,215	33,638
Share of profit in equity accounted investee		(4,207)	(4,061)
Gain on termination of lease		(20,976)	-
Loss / (gain) on disposal of fixed assets		165	(6,063)
Amortization of deferred income - Government grant		(51,084)	(33,497)
Exchange gain - net		(45,389)	-
Dividend income		(327,100)	-
Return on short term investment		(8,552)	-
Working capital changes	12.1	(2,328,738)	(1,590,553)
		(75,258)	(300,369)

(Un-audited)	(Un-audited)
June	June
30,2022	30, 2021
(Rupees in thousand)	

12.1. Working capital changes

(Increase) / decrease in current assets:

Stores and spare parts	(56,923)	(9,551)
Stock in trade	(855,041)	(2,356,876)
Trade debts	(1,717,809)	(768,752)
Loans and advances	(851,546)	(626,304)
Prepayments	(325,261)	(148,534)
Other receivables	(441,321)	52,070

Increase in current liabilities:

Trade and other payables	1,919,163	2,267,394
	(2,328,738)	(1,590,553)

13. Transactions with related parties

Related parties comprise subsidiary companies, associated undertakings, joint ventures, other related parties, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Details of transactions with related parties are as follows:

(Un-audited)		(Un-audited)	
Half Year Ended		Quarter Ended	
June 30	June 30	June 30	June 30
2022	2021	2022	2021
(Rupees in thousand)			

(i) Transactions:

Service Global Footwear Limited - Subsidiary company

Short term loan obtained	5,972,257	1,688,000	3,064,000	533,000
Interest on loans	252,516	155,013	146,478	78,668
Sale of goods	77,616	55,903	43,116	4,519
Purchase of goods	26,658	55,056	20,450	51,621
Short term loan repaid	4,837,215	1,190,300	3,226,700	1,190,300
Service provided	18,543	-	-	-
Expenses charged	101,628	77,183	46,527	41,211
Dividend received	327,100	-	327,100	-

Selected Notes to the Condensed Unconsolidated Interim Financial Statements (Un-audited)

For the half year ended June 30, 2022

	(Un-audited) Half Year Ended		(Un-audited) Quarter Ended	
	June 30 2022	June 30 2021	June 30 2022	June 30 2021
	(Rupees in thousand)			
Service Long March Tyres (Private) Limited - Subsidiary company				
Advance against purchase of shares	641,800	765,000	641,800	-
Sale of goods	101,743	288	100,345	173
Service provided	18,000	21,844	9,000	21,844
Expenses charged	1,438	-	1,438	-
Service Industries Capital (Private) Limited - Subsidiary company				
Investment made	100,000	-	100,000	-
SIL GULF FZE - unquoted				
Investment made	7,215	-	-	-
Sale of goods	42,116	-	42,116	-
Jomo Technologies (Private) Limited - Associated company				
Sale of goods	1,703	17,822	1,703	5,755
Donations				
Servis Foundation	26,032	19,146	14,255	7,760
Service Charitable Trust	3,551	1,113	1,740	7
Shalamar Hospital	3,765	6,285	1,884	6,285
Key management personnel				
Cash dividend paid	155,024	157,799	155,024	157,799
Bonus shares issued	-	105,199	-	105,199
Remuneration	91,167	85,413	52,773	46,394
Meeting fee to directors - non executive	1,520	1,108	1,360	1,108
Other related parties				
Employees' retirement benefit plans	83,109	74,241	41,583	23,149
Cash dividend paid	16,996	253	16,996	-

(ii) Period end balances

As at 30 June 2022 (Un-audited)			
	Subsidiary company	Other related parties	Total
(Rupees in thousand)			
Employees' retirement benefit	-	205,842	205,842
Trade debts	12,261	-	12,261
Long term loan payable	2,500,000	-	2,500,000
Short term loan payable	2,154,145	-	2,154,145

As at 31 December 2021 (Audited)			
	Subsidiary company	Other related parties	Total
(Rupees in thousand)			
Employees' retirement benefit	-	204,016	204,016
Trade debts	1,546	58,075	59,621
Other receivables	604	-	604
Long term loan payable	2,500,000	-	2,500,000
Short term loan payable	1,019,102	-	1,019,102
Trade and other payables	103,367	-	103,367
Accrued mark-up	55,104	-	55,104

14. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2021.

15. Date of authorization for issue

These unconsolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on August 26, 2022.

Selected Notes to the Condensed Unconsolidated Interim Financial Statements (Un-audited)

For the half year ended June 30, 2022

16. Corresponding figures

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the unconsolidated condensed interim statement of financial position and unconsolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

17. General

Figures have been rounded off to nearest thousand of Rupees unless otherwise stated.



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Condensed Consolidated Interim Financial Statements



Group Directors' Report to the Shareholders

The Directors take pleasure in presenting their Report along with the Consolidated Condensed Interim Financial Statements of the Service Industries Limited and its subsidiaries for the half year ended June 30, 2022.

The Group comprises of Service Industries Limited, Service Industries Capital (Private) Limited, a wholly owned subsidiary of Service Industries Limited, Service Global Footwear Limited, a partially owned subsidiary of Service Industries Limited, Service Long March Tyres (Private) Limited, partially owned subsidiary of Service Industries Limited, Service Shoes Lanka (Private) Limited, a partially owned subsidiary company of Service Industries Capital (Private) Limited and SIL Gulf FZE, a wholly owned subsidiary of Service Industries Limited.

Service Industries Limited

The Director report providing a commentary on the performance of Service Industries Limited for the period ended June 30, 2022 has been presented separately. Service Industries Limited has annexed its Condensed Consolidated Interim Financial Statements along with its Separate Condensed Interim Financial Statements, in accordance with the requirements of International Financial Reporting Standards and Companies Act 2017.

Service Industries Capital (Private) Limited

Service Industries Capital (Private) Limited is wholly owned subsidiary of the Service Industries Limited. Service Industries Capital (Private) Limited got registered under the Companies Ordinance, 1984 (now the Companies Act 2017) in Pakistan as a company limited by shares on November 10, 2015. The registered office of Service Industries Capital (Private) Limited is situated at Servis House, 2-Main Gulberg, Lahore. The main object of Service Industries Capital (Private) Limited is to make investment in new ventures, shares and securities, listed or otherwise, in Pakistan or elsewhere in the world, subject to requirements of applicable law.

Service Global Footwear Limited

Service Global Footwear Limited was incorporated as a public limited company on 19 July 2019 in Pakistan under the Companies Act, 2017. The principal activities of the Company are manufacturing, sale, marketing, import and export of footwear, leather and allied products. Service Industries Limited has 80% (2021: 80%) equity stake in Service Global Footwear Limited. The Director Report providing a commentary on the performance of Service Global Footwear Limited for the period ended June 30, 2022 has been presented in its separate half year report.

Service Long March Tyres (Private) Limited

Service Long March Tyres (Private) Limited is a Private Limited Company incorporated in Pakistan on January 07, 2020 under Companies Act, 2017 (XIX of 2017). The registered office of the Company is situated at Servis House, 2-Main Gulberg, Lahore. The principal line of business of the Company is to carry on the business of manufacturing, sale, marketing, import and export of all steel radial truck and bus tyres. The shareholding of Service Industries Limited in Service Long March Tyres (Private) Limited is 32.09% (2021: 32.09%) and shareholding of Service Global Footwear Limited in Service Long March Tyres (Private) Limited is 18.91% (2021: 18.91%).

The Company and Service Global Footwear Limited - subsidiary company collectively hold 51% of the ordinary shares of Service Long March Tyres (Private) Limited and controls the composition of the board of Service Long March Tyres (Private) Limited.

Service Shoes Lanka (Private) Limited

Service Shoes Lanka (Private) Limited is a partially owned subsidiary company of Service Industries Capital (Private) Limited, which is wholly owned subsidiary of Service Industries Limited. Service Shoes Lanka (Private) Limited is a private limited

liability Company incorporated on July 16, 2015 and domiciled in Sri Lanka under the provisions of the Companies Act No. 07 of 2007. The registered office of the Company is located at No 143/17, Sri Wickrema Mawatha, Colombo 15 and the principal place of business is located at Katunayake.

SIL Gulf FZE

SIL Gulf FZE, a wholly owned subsidiary of Service Industries Limited, is incorporated in United Arab Emirates under the applicable corporate regulatory requirements of the jurisdiction. The principal object of the Company is to engage in selling of tyre and allied products.

For and on Behalf of the Board



Arif Saeed
Chief Executive



Omar Saeed
(Director)

August 26, 2022
Lahore.

Condensed Consolidated Interim Statement of Financial Position

As at June 30, 2022

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital 100,000,000 (2021: 100,000,000) ordinary shares of Rupees 10 each	1,000,000	1,000,000
Issued, subscribed and paid up share capital	469,874	469,874
Reserves	9,241,623	9,220,402
Non-controlling interest	6,559,753	5,663,630
Total equity	16,271,250	15,353,906
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing	12,518,274	11,395,994
Long term deposits	1,440	1,440
Lease liabilities	3,306,735	2,817,034
Employees' retirement benefit	305,550	297,612
Deferred liabilities	2,207,659	2,252,771
	18,339,658	16,764,851
CURRENT LIABILITIES		
Trade and other payables	12,002,506	7,554,758
Accrued mark-up	533,216	296,284
Short term borrowings	18,778,705	12,458,263
Current portion of non-current liabilities	2,660,293	2,127,597
Unclaimed dividend	60,117	39,343
	34,034,837	22,476,245
Total liabilities	52,374,495	39,241,096
Contingencies and commitments	5	
TOTAL EQUITY AND LIABILITIES	68,645,745	54,595,002

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



Arif Saeed

(Chief Executive)

		(Un-audited) June 30,2022	(Audited) December 31, 2021
	Note	(Rupees in thousand)	
ASSETS			
Non-current assets			
Fixed assets	6	31,745,977	26,534,730
Right-of-use assets		3,045,245	2,642,560
Intangible assets		29,760	43,602
Long term investments	7	562,477	597,268
Long term loans to employees		32,302	45,704
Long term security deposits		207,551	149,472
		35,623,312	30,013,336
Current assets			
Stores, spares and loose tools		508,721	367,266
Stock-in-trade		15,928,282	11,622,051
Trade debts		7,797,790	4,468,249
Loans and advances		3,593,387	915,549
Trade deposits and prepayments		439,891	330,531
Other receivables		2,415,066	1,157,736
Advance income tax - net of provision for taxation		883,116	943,976
Accrued interest		1,017	26,931
Short term Investments		180,629	155,943
Cash and bank balances		1,274,534	4,593,434
		33,022,433	24,581,666
TOTAL ASSETS		68,645,745	54,595,002



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Condensed Consolidated Interim Statement of Profit or Loss (Un-audited)

For the half year ended June 30, 2022

		(Un-audited) Half Year Ended		(Un-audited) Quarter Ended	
		June 30 2022	June 30 2021	June 30 2022	June 30 2021
	Note	(Rupees in thousand)			
Sales - net	8	27,473,446	18,094,827	16,237,807	9,490,310
Cost of sales	9	(22,567,264)	(15,078,059)	(13,526,745)	(8,070,380)
Gross profit		4,906,182	3,016,768	2,711,062	1,419,930
Distribution cost		(2,092,705)	(1,295,510)	(1,149,129)	(699,116)
Administrative expenses		(1,029,808)	(867,254)	(537,945)	(454,112)
Other expenses		(126,282)	(134,707)	(82,174)	(78,321)
		(3,248,795)	(2,297,471)	(1,769,248)	(1,231,549)
		1,657,387	719,297	941,814	188,381
Other income		283,243	274,023	183,493	212,502
Profit from Operations		1,940,630	993,320	1,125,307	400,883
Finance cost		(1,189,264)	(531,386)	(677,973)	(356,330)
		751,366	461,934	447,334	44,553
Share of (loss) / profit in equity accounted investee - net of taxation		(3,349)	(16,669)	1,165	(5,515)
Profit before taxation		748,017	445,265	448,499	39,038
Taxation		(440,631)	(153,313)	(324,025)	(32,548)
Profit after taxation		307,386	291,952	124,474	6,490
Share of profit attributable to:					
Equity holders of the holding company		339,549	292,634	163,887	8,016
Non-controlling interest		(32,163)	(682)	(39,413)	(1,526)
		307,386	291,952	124,474	6,490

Earnings per share - basic and diluted (rupees)

7.23

6.23

3.49

0.17

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



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Condensed Consolidated Interim Statement of Comprehensive Income (Un-audited)

For the half year ended June 30, 2022

	(Un-audited) Half Year Ended		(Un-audited) Quarter Ended	
	June 30 2022	June 30 2021	June 30 2022	June 30 2021
	(Rupees in thousand)			
Profit after taxation	307,386	291,952	124,474	6,490
Other comprehensive (loss) / income				
Items that will not be reclassified to profit or loss:				
Surplus arising on remeasurement of investment at fair value through other comprehensive income - net of tax	(26,254)	60,055	4,785	1,255
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign subsidiary	106,387	7,733	18,652	(3,342)
Exchange difference on translation of goodwill	(13,905)	(2,454)	(2,034)	928
	92,482	5,279	16,618	(2,414)
Other comprehensive income / (loss) - net of tax	66,228	65,334	21,403	(1,159)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	373,614	357,286	145,877	5,331
Share of total comprehensive income attributable to:				
Equity holders of the holding company	363,613	354,875	178,233	8,194
Non-controlling interest	10,001	2,411	(32,356)	(2,863)
	373,614	357,286	145,877	5,331

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



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Condensed Consolidated Interim Statement of Changes in Equity (Un-audited)

For the half year ended June 30, 2022

	Attributable to the equity holders of the holding company															
Share Capital	Capital Reserves						Revenue Reserves						Shareholders equity	Non-controlling interest	Total equity	
	Fair value reserve FY/OCI investment	Share premium	Share of share premium reserve held by equity accounted investee	Exchange transaction reserve	Reserve pursuant to the Scheme	Share options reserve held by equity accounted investee	Share of employees' share compensation reserve held by equity accounted investee	Sub Total	General reserve	Un-appropriated profit	Sub total	Total Reserves				
	234,937	102,730	69,360	21,217	44,395	4,871	927,163	-	1,169,736	1,558,208	5,424,644	6,982,852	8,152,588	8,387,525	1,451,499	9,839,024
Balance as at 31 December 2020 - audited																
Transactions with owners:																
Non-controlling interest on investment in subsidiary company																
				</												

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

Arif Saeed

Arif Saeed
(Chief Executive)

Omar Saeed

Omar Saeed
(Director)

Badar Ul Hassan

Badar Ul Hassan
(Chief Financial Officer)

Condensed Consolidated Interim Statement of Cash Flows (Un-audited)

For the half year ended June 30, 2022

	(Un-audited) June 30, 2022	(Un-audited) June 30, 2021
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	748,017	445,265
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	1,018,200	536,107
Provision for gratuity	33,010	27,818
Finance cost	1,539,163	531,386
Amortisation of deferred income	(53,714)	(42,282)
Provision for workers' profit participation fund	56,370	16,063
Interest on workers' profit participation fund	9,266	1,250
Provision for workers' welfare fund	10,531	11,576
Provision for / (Reversal of provision) of slow moving and obsolete inventory	20,771	(20,701)
Allowance for expected credit losses	17,351	37,938
Profit on saving accounts and term deposit receipts	(78,053)	(84,323)
Employee share option expense	12,517	9,524
Interest on loan to associate	(1,794)	(1,903)
Share of loss in equity accounted investee	3,349	16,669
Operating profit before working capital changes	3,334,984	1,484,387
Working capital changes		
Decrease in current assets:		
Stores, spares and loose tools	(162,226)	(47,623)
Stock-in-trade	(4,306,232)	(2,809,895)
Trade debts	(3,241,419)	(492,358)
Loans, advances, trade deposits, prepayments and other receivables	(3,999,637)	(992,029)
	(11,709,514)	(4,341,905)
Increase in trade and other payables	4,362,804	3,057,669
	(7,346,710)	(1,284,236)
Cash (used in) / generated from operations	(4,011,726)	200,151
Finance cost paid	(1,080,641)	(384,021)
Income tax paid	(490,987)	(359,372)
Employees' retirement benefits paid	(25,072)	(14,113)
Long term loans - net	13,473	1,337
Long term deposits - net	(44,379)	(15,051)
Net cash used in operating activities	(5,639,332)	(571,069)

Condensed Consolidated Interim Statement of Cash Flows (Un-audited)

For the half year ended June 30, 2022

	(Un-audited) June 30, 2022	(Un-audited) June 30, 2021
	(Rupees in thousand)	
Cash flows from investing activities		
Capital expenditure on operating fixed assets - net	(6,095,283)	(10,559,280)
Intangible asset acquired	(1,053)	-
Interest received	36,027	71,851
Short term investments - net	(24,919)	-
Proceeds from disposal of long term investment	-	18,000
Net cash used in investing activities	(6,085,228)	(10,469,429)
Cash flows from financing activities		
Long term financing - net	1,690,758	6,889,976
Short term borrowings - net	6,320,443	573,352
Repayment of lease liabilities	(264,780)	(83,697)
Proceeds from NCI of subsidiary Company - Service Global Footwear Limited	-	2,078,149
Proceeds against share capital to be issued under employees' share option scheme	6,500	-
Proceeds from NCI of subsidiary Company - Service Long March Tyres (Private) Ltd.	958,894	2,198,616
Dividend paid	(413,407)	(350,529)
Long term deposits - net	-	(300)
Net cash generated from financing activities	8,298,408	11,305,567
Effects of exchange rate changes on cash and cash equivalents	107,252	7,733
Net (decrease) / increase in cash and cash equivalents	(3,318,900)	272,802
Cash and cash equivalents at the beginning of the period	4,593,434	4,195,565
Cash and cash equivalents at the end of the period	1,274,534	4,468,367

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



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Selected Notes to the Condensed Consolidated Interim Financial Statements (Un-audited)

For the half year ended June 30, 2022

1. The Group and its Operations

The Group consists of:

Holding Company

- Service Industries Limited

Subsidiary Companies

- Service Global Footwear Limited
- Service Industries Capital (Private) Limited
- Service Shoes Lanka (Private) Limited
- Service Long March Tyres (Private) Limited
- SIL Gulf FZE

Service Industries Limited

Service Industries Limited was incorporated as a private limited company on 20 March 1957 in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017), converted into a public limited company on 23 September 1959 and got listed on 27 June 1970. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal activities of the Company are purchase, manufacture and sale of footwear, tyres and tubes and technical rubber products.

Service Global Footwear Limited

Service Global Footwear Limited was incorporated as a public limited company on 19 July 2019 in Pakistan under the Companies Act, 2017. The principal activities of the Company are manufacturing, sale, marketing, import and export of footwear, leather and allied products. It is subsidiary of Service Industries Limited. Ownership interest held by non-controlling interest in Service Global Footwear Limited – Subsidiary Company is 20% (2021:20%).

Service Industries Capital (Private) Limited

Service Industries Capital (Private) Limited is a private limited company incorporated in Pakistan on 10 November 2015 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). Its registered office and head office is situated at Servis House, 2-Main Gulberg, Lahore. The principal objects of the Company are to hold investments in subsidiaries / joint ventures and other companies, entities and organizations, listed or otherwise in Pakistan or elsewhere in the world subject to all the applicable laws and procedures but not to act as an investment company. It is wholly owned subsidiary of Service Industries Limited.

Service Shoes Lanka (Private) Limited

Service Shoes Lanka (Private) Limited is a Private Limited Liability Company incorporated on 16 July 2015 under the provisions of the Companies Act No. 07 of 2007 in Sri Lanka. The registered office of the Company is located at No. 143 / 17, Sri Wickrema Mawatha, Colombo and the principal place of business is located at Katunayake, Sri Lanka. It is subsidiary of Service Industries Capital (Private) Limited which is wholly owned subsidiary of Service Industries Limited. Ownership interest held by non-controlling interest in Service Shoes Lanka (Private) Limited – Subsidiary Company is 40% (2021: 40%).

Selected Notes to the Condensed Consolidated Interim Financial Statements (Un-audited)

For the half year ended June 30, 2022

Service Long March Tyres (Private) Limited

Service Long March Tyres (Private) Limited is a Private Limited Company incorporated in Pakistan on January 07, 2020 under Companies Act, 2017 (XIX of 2017). The registered office of the Company is situated at Servis House, 2-Main Gulberg, Lahore. The principal line of business of the Company is to carry on the business of manufacturing, sale, marketing, import and export of all steel radial truck and bus tyres. Ownership interest held by non-controlling interest in Service Long March Tyres (Private) Limited – Subsidiary Company is 49% (2021: 49%).

SIL Gulf FZE

SIL Gulf FZE, a wholly owned subsidiary of Service Industries Limited, is incorporated in United Arab Emirates under the applicable corporate regulatory requirements of the jurisdiction. The principal object of the Company is to engage in selling of tyre and allied products.

2. Basis of Consolidation

a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The assets and liabilities of Subsidiary Companies have been consolidated on a line-by-line basis and carrying value of investments held by the Holding Company is eliminated against Holding Company's share in paid up capital of the Subsidiary Companies.

Intragroup balances and transactions have been eliminated.

Non-controlling interest are that part of net results of the operations and of net assets of Subsidiary Companies attributable to interest which are not owned by the Holding Company. Non-controlling interest are presented as separate item in the consolidated financial statements

b) Associate

Associate is an entity over which the Group has significant influence but not control or joint control. Investment in associate is accounted for using the equity method of accounting, after initially being recognized at cost.

Under the equity method of accounting, the investment is initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associate is recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associate is eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investment in equity method accounted for associate is tested for impairment in accordance with the provision of IAS 36 'Impairment of Assets'.

c) Translations of the financial statements of foreign subsidiary

The financial statements of foreign subsidiary of which the functional currency is different from that used in preparing the Group's financial statements are translated in functional currency of the Group. Statement of financial position items are translated at the exchange rate at the reporting date and statement of profit and loss items are converted at the average rate for the period. Any resulting translations differences are recognized under exchange translation reserve in consolidated reserves.

3. Basis of Preparation

3.1 These Condensed consolidated interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under Companies Act, 2017.

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

These do not include all the information required for the full set of annual financial statements and the consolidated condensed interim financial statements should be read in conjunction with the annual audited consolidated financial statements of the company for the year ended 31 December 2021.

3.2 The condensed consolidated interim financial statements are presented in Pak Rupee which is the company's functional and presentation currency.

4. Accounting Policies

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

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the audited consolidated financial statements as at and for the year ended December 31, 2021.

5. Contingencies and commitments

5.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2021 except for the following:

5.1.1 Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 2,439.666 million (31 December 2021 Rupees 1,657.194 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheques issued as security shall be encashable.

Selected Notes to the Condensed Consolidated Interim Financial Statements (Un-audited)

For the half year ended June 30, 2022

5.1.2 Guarantees issued in ordinary course of business through banks are of Rupees 4,167.418 million (2021: Rupees 2,721.638 million).

5.2 Commitments

5.2.1 Contracts for capital expenditure are approximately of Rupees 1,164.301 million (2021: Rupees 6,258.043 million).

5.2.2 Letters of credit other than capital expenditure are of Rupees 6,165.594 million (2021: Rupees 2,808.673 million).

5.2.3 Outstanding foreign currency forward contracts are of Rupees 1,592.736 million (31 December 2021: 1,631.608 million)

5.2.4 The Company has obtained vehicles under ijarah arrangements from Meezan Bank Limited, Allied Bank Limited and Bank Al Habib Limited for a period of five years. Future Ujrah payments under Ijarah are as follows:

		(Un-audited) June 30,2022 (Rupees in thousand)	(Audited) December 31, 2021
	Note		
Not later than one year		62,123	82,379
Later than one year and not later than five years		66,286	110,396
		128,409	192,775

6. Fixed assets

Operating fixed assets	6.1	27,937,902	10,361,648
Capital work-in-progress		3,808,075	16,173,082
		31,745,977	26,534,730

6.1 Operating fixed assets

Opening net book value		10,361,648	8,708,099
Add: Additions during the period / year	6.2	18,431,322	2,537,250
		28,792,970	11,245,349
Less: Disposals during the period / year (at book value)	6.2	(23,633)	(7,615)
		28,769,337	11,237,734
Currency retranslation		(34,305)	3,167
		28,735,032	11,240,901
Less: Depreciation charged during the period / year		(797,130)	(879,253)
		27,937,902	10,361,648

6.2 Following is the detail of additions and disposals during the period / year:

	Additions		Disposals - NBV	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	June 30,2022	December 31, 2021	June 30,2022	December 31, 2021
	(Rupees in thousand)			
Land	-	294,865	-	-
Leasehold land	-	950	-	-
Building on freehold land	6,036,425	535,265	-	70
Plant and machinery	11,872,069	1,124,653	22,362	1,224
Furniture, fixture and fittings	121,912	33,676	-	-
Vehicles	71,553	51,496	255	1,703
Service equipments	227,607	297,102	1,016	2,586
Leasehold improvements	101,756	199,243	-	2,032
	18,431,322	2,537,250	23,633	7,615

	(Un-audited)	(Audited)
	June	December
	30,2022	31, 2021
	(Rupees in thousand)	
Note		

7. Long term investments

Investment in associate (with significant influence) - under equity method	7.1	502,546	505,895
Investment in joint ventures - at cost	7.2	-	-
Other investment - at FVTOCI	7.3	59,931	91,373
		562,477	597,268

7.1 Investment in associate (with significant influence) - under equity method

Speed (Private) Limited

263,909 (2021: 263,909) fully paid ordinary shares of Rupees 100 each **342,526** 342,526

Share of post acquisition reserve

As at the beginning of the period / year

Share of post acquisition profit for the period / year

153,111 96,080

6,909 57,031

160,020 153,111

502,546 495,637

Selected Notes to the Condensed Consolidated Interim Financial Statements (Un-audited)

For the half year ended June 30, 2022

	(Un-audited) June 30, 2022 (Rupees in thousand)	(Audited) December 31, 2021
JOMO Technologies (Private) Limited		
40,666,667 (2021: 40,666,667) fully paid ordinary shares of Rupees 1 each	80,000	80,000
Share of post acquisition reserve		
As at the beginning of the period / year	(69,742)	(12,499)
Adjustment due to deemed disposal of equity accounted investee	-	15,431
Share of employees share compensation reserves	-	256
Share of post acquisition loss for the period / year	(10,258)	(72,929)
Share of other comprehensive loss - net of tax	-	(1)
	(80,000)	(69,742)
	-	10,258
	502,546	505,895

7.2 Investments in joint ventures - at cost

S2 Power Limited - unquoted

24,000 (2021: 24,000) fully paid ordinary shares of Rupees 10 each 240 240

S2 Hydro Limited - unquoted

24,000 (2021: 24,000) fully paid ordinary shares of Rupees 10 each 240 240
 Impairment loss recognized against investments (480) (480)

7.3 Other investment - at FVTOCI

TRG Pakistan Limited - quoted

775,000 (2021: 775,000) fully paid ordinary shares of Rupees 10 each 17,089 17,089
 Fair value adjustment 42,842 74,284
 59,931 91,373

(Un-audited) Half Year Ended		(Un-audited) Quarter Ended	
June 30 2022	June 30 2021	June 30 2022	June 30 2021
(Rupees in thousand)			

8. Sales of footwear - net

Export sales	6,092,771	3,265,501	3,232,636	1,504,901
Local sales	5,399,416	2,668,200	3,870,988	1,154,602
Duty drawback	-	53,277	-	28,812
	11,492,187	5,986,978	7,103,624	2,688,315

Sales of tyres - net

Export sales	1,508,028	1,257,617	692,302	755,429
Local sales	14,329,773	10,688,801	8,339,383	5,998,075
	15,837,801	11,946,418	9,031,685	6,753,504

Sales of technical rubber products - net

Local sales	143,458	161,431	102,498	48,491
	27,473,446	18,094,827	16,237,807	9,490,310

9. Cost of sales

Raw materials consumed	16,734,336	10,319,731	9,876,077	5,419,716
Salaries, wages and other benefits	2,581,588	2,002,164	1,389,361	1,029,021
Stores and spares consumed	319,291	221,528	176,084	127,322
Packing materials consumed	648,231	485,154	341,973	267,160
Fuel and power	1,520,543	695,357	967,359	376,315
Insurance	41,448	17,047	30,215	9,699
Travelling	51,951	3,456	35,479	(1,852)
Repair and maintenance	169,042	121,050	96,592	67,572
Entertainment	15,441	2,947	13,833	1,466
Depreciation	709,197	343,704	474,307	178,836
Provision for slow moving and obsolete inventory	20,771	(20,701)	9,022	(26,643)
Other manufacturing charges	172,259	69,620	110,004	18,389
	22,984,098	14,261,057	13,520,306	7,467,001

Movement in work in process	(1,116,561)	(574,899)	(276,902)	4,954
Cost of goods manufactured	21,867,537	13,686,158	13,243,404	7,471,955

Movement in finished goods	699,727	1,391,901	283,341	598,425
	22,567,264	15,078,059	13,526,745	8,070,380

Selected Notes to the Condensed Consolidated Interim Financial Statements (Un-audited)

For the half year ended June 30, 2022

10. Segment information

The Company has three reportable segments. The following summary describes the operation in each of the Company's reportable segments:

Footwear

Purchase, manufacturing and sale of different qualities of footwear.

Tyre

Manufacturing of different qualities of tyres.

Technical Rubber Products

Manufacturing of different qualities of rubber products on specifications.

	Footwear (Un-audited)		Tyre (Un-audited)		Technical Rubber Products (Un-audited)		Total - Company (Un-audited)	
	Half Year Ended		Half Year Ended		Half Year Ended		Half Year Ended	
	June 30	June 30	June 30	June 30	June 30	June 30	June 30	June 30
	2022	2021	2022	2021	2022	2021	2022	2021

(Rupees in thousand)

Sales	11,492,187	3,298,663	15,837,801	5,192,914	143,458	112,940	27,473,446	8,604,517
Profit / (loss) before taxation and unallocated income and expenses	596,205	(9,640)	1,549,964	1,216,560	34,047	47,766	2,180,216	1,254,686
Unallocated income and expenses							(1,432,199)	(809,421)
Taxation							(440,631)	(153,313)
Profit after taxation							307,386	291,952

10.1 Reconciliation of reportable segment assets and liabilities

	Footwear		Tyre		Technical Rubber Products		Total - Company	
	(Un-audited) June 30 2022	(Audited) December 31 2021	(Un-audited) June 30 2022	(Audited) December 31 2021	(Un-audited) June 30 2022	(Audited) December 31 2021	(Un-audited) June 30 2022	(Audited) December 31 2021
(Rupees in thousand)								
Total assets for reportable segment	27,353,899	8,215,216	29,516,125	15,727,851	832,340	308,341	57,702,365	24,251,408
Unallocated assets							10,943,380	30,343,594
Total assets as per condensed consolidated interim statement of financial position							68,645,745	54,595,002
Unallocated liabilities							52,374,495	39,241,096
Total liabilities as per condensed consolidated interim statement of financial position							52,374,495	39,241,096

Selected Notes to the Condensed Consolidated Interim Financial Statements (Un-audited)

For the half year ended June 30, 2022

11. Recognized fair value measurements - financial instruments

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements at 30 June 2022	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				

Financial assets

Financial assets at fair value through other comprehensive income

	59,931	-	-	59,931
Total financial assets	59,931	-	-	59,931

Recurring fair value measurements at 31 December 2021	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				

Financial assets

Derivative financial assets

Financial assets at fair value through other comprehensive income

	-	1,613	-	1,613
	91,373	-	-	91,373
Total financial assets	91,373	-	-	92,986

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Further, there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(i) **Valuation techniques used to determine fair values**

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

12. Transactions with related parties

(i) Transaction with related parties and associated undertakings, other than those disclosed elsewhere in the financial statements are as follows:

	(Un-audited) Half Year Ended		(Un-audited) Quarter Ended	
	June 30	June 30	June 30	June 30
	2022	2021	2022	2021
	(Rupees in thousand)			
Associated companies				
Sale of goods	19,081	51,618	4,861	39,551
Donations made	33,348	26,545	17,879	14,053
Loan Disbursed	100,000	-	100,000	-
Interest received	837	-	837	-
Interest charged	1,794	-	975	-
Key management personnel - Directors & their spouses				
Cash dividend paid	155,024	157,799	155,024	157,799
Bonus share issued	-	105,199	-	105,199
Remuneration	161,248	186,489	90,154	186,489
Meeting fee to directors - non executive	2,640	2,080	2,160	2,080
Other related parties				
Employees' retirement benefits	139,632	118,755	70,145	55,289
Cash dividend paid	16,996	-	16,996	-

Selected Notes to the Condensed Consolidated Interim Financial Statements (Un-audited)

For the half year ended June 30, 2022

(ii) Period end balances

As at 30 June 2022 (Un-audited)			
	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Employee benefit plans	-	350,515	350,515
Trade debts	1,161	-	1,161
Accrued Interest	975	-	975
Loans and advances	130,000	-	130,000

As at 31 December 2021 (Audited)			
	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Employee benefit plans	-	352,772	352,772
Trade debts	105,111	-	105,111
Accrued Interest	18	-	18
Loans and advances	30,000	-	30,000

13. 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 audited consolidated financial statements as at December 31, 2021.

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

14. Date of authorization for issue

These financial statements were authorized for issue on August 26, 2022 by the Board of Directors of the Company.

15. Corresponding figures

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the consolidated condensed interim statement of financial position and consolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income and consolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison.

16. General

Figures have been rounded off to nearest thousand of Rupees, except stated otherwise



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

رجسٹرڈ آفس نمبر 17/143 سری وکر ملماوتھا کولمبو 15 پر واقع ہے اور اس کا کاروباری مرکز کاتونلے میں واقع ہے۔

SIL گلف FZE

SIL گلف FZE، سروس انڈسٹریز لمیٹڈ کا ایک مکمل ملکیتی ذیلی ادارہ ہے، جو متحدہ عرب امارات میں قابل اطلاق قوانین کے تحت تشکیل دیا گیا ہے۔ کمپنی کا بنیادی مقصد ٹائر اور اس سے متعلقہ مصنوعات کی فروخت ہے۔

منجانب بورڈ



عمر سعید
ڈائریکٹر



عارف سعید
چیف ایگزیکٹو

اگست 26، 2022

لاہور

گروپ کی ڈائریکٹرز رپورٹ برائے حصص یافتگان

ڈائریکٹرز 30 جون 2022 کو ختم ہونے والی ششماہی کی سروس انڈسٹریز لمیٹڈ اور اس کے ذیلی اداروں کے مختصر مجموعی عبوری مالیاتی معلومات کے ساتھ اپنی رپورٹ پیش کرنے میں خوش محسوس کرتے ہیں۔

گروپ، سروس انڈسٹریز لمیٹڈ، سروس انڈسٹریز کیمپٹل (پرائیویٹ) لمیٹڈ جو کہ سروس انڈسٹریز لمیٹڈ کا کلی ملکی ذیلی ادارہ ہے، سروس گلوبل فنڈ ویئر لمیٹڈ جو کہ سروس انڈسٹریز لمیٹڈ کا جزوی ملکی ذیلی ادارہ ہے، سروس لانگ مارچ ٹائزرز (پرائیویٹ) لمیٹڈ جو کہ سروس انڈسٹریز لمیٹڈ کا جزوی ملکی ذیلی ادارہ ہے اور سروس شوز لنکا (پرائیویٹ) لمیٹڈ جو کہ سروس انڈسٹریز کیمپٹل (پرائیویٹ) لمیٹڈ کا جزوی ملکی ذیلی ادارہ ہے اور SIL گلف FZE جو کہ سروس انڈسٹریز لمیٹڈ کا مکمل ملکی ذیلی ادارہ ہے، پر مشتمل ہے۔

سروس انڈسٹریز لمیٹڈ

30 جون 2022 کو ختم ہونے والی ششماہی کی سروس انڈسٹریز لمیٹڈ کی کارکردگی پر ڈائریکٹرز کے تبصرہ کی رپورٹ الگ سے پیش کی گئی ہے۔ سروس انڈسٹریز لمیٹڈ نے انٹرنیشنل فنانسینشل رپورٹنگ اسٹینڈرڈز اینڈ کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق اپنے مجموعی گوشواروں کے ساتھ اپنی انفرادی مختصر عبوری مالیاتی معلومات کو اس رپورٹ میں منسلک کر دیا ہے۔

سروس انڈسٹریز کیمپٹل (پرائیویٹ) لمیٹڈ

سروس انڈسٹریز کیمپٹل (پرائیویٹ) لمیٹڈ، سروس انڈسٹریز لمیٹڈ کا مکمل ملکی ماتحت ادارہ ہے۔ سروس انڈسٹریز کیمپٹل (پرائیویٹ) لمیٹڈ کو کمپنیز آرڈیننس 1984 (جو کہ اب کمپنیز ایکٹ 2017 ہے) کے تحت پاکستان میں 10 نومبر 2015 کو حصص کے لحاظ سے لمیٹڈ کمپنی کے طور پر رجسٹر کیا گیا۔ سروس انڈسٹریز کیمپٹل (پرائیویٹ) لمیٹڈ کا رجسٹرڈ آفس سروس ہاؤس، 2 مین گلبرگ، لاہور واقع ہے۔ سروس انڈسٹریز کیمپٹل (پرائیویٹ) لمیٹڈ کا بنیادی مقصد پاکستان یا دنیا میں کہیں اور قابل اطلاق قانون کے تقاضوں کے تابع نئے کاروباروں، حصص اور سیکیورٹیز میں سرمایہ کاری کرنا ہے۔

سروس گلوبل فنڈ ویئر لمیٹڈ

سروس گلوبل فنڈ ویئر لمیٹڈ 19 جولائی 2019 کو پاکستان میں ایک پبلک لمیٹڈ کمپنی کے طور پر کمپنیز ایکٹ 2017 کے تحت تشکیل دیا گیا تھا۔ کمپنی کی بنیادی سرگرمیاں جوئے چڑے اور متعلقہ مصنوعات کی تیاری، فروخت، مارکیٹنگ، درآمد اور برآمد ہے۔ سروس گلوبل فنڈ ویئر لمیٹڈ میں سروس انڈسٹریز لمیٹڈ کے 80% (80%:2021) حصص ہیں۔ 30 جون 2022 کو ختم ہونے والی ششماہی کی سروس گلوبل فنڈ ویئر لمیٹڈ کی کارکردگی پر ڈائریکٹرز کے تبصرہ کی رپورٹ الگ سے پیش کی گئی ہے۔

سروس لانگ مارچ ٹائزرز (پرائیویٹ) لمیٹڈ

سروس لانگ مارچ ٹائزرز (پرائیویٹ) لمیٹڈ ایک پرائیویٹ لمیٹڈ کمپنی ہے جو پاکستان میں 07 جنوری 2020 کو کمپنیز ایکٹ، 2017 (XIX کا) کے تحت تشکیل دی گئی تھی۔ کمپنی کا رجسٹرڈ آفس سروس ہاؤس، 2 مین گلبرگ، لاہور میں واقع ہے۔ کمپنی کا بنیادی کاروبار سیل ریڈیل ٹرک اور بس ٹائزوں کی تیاری، فروخت، مارکیٹنگ کی درآمد اور برآمد ہے۔ سروس لانگ مارچ ٹائزرز (پرائیویٹ) لمیٹڈ میں سروس انڈسٹریز لمیٹڈ کے 32.09% (32.09%:2021) حصص ہیں اور سروس لانگ مارچ ٹائزرز (پرائیویٹ) لمیٹڈ میں سروس گلوبل فنڈ ویئر لمیٹڈ کی حصص 18.91% (18.91%:2021) ہے۔

سروس انڈسٹریز لمیٹڈ اور سروس گلوبل فنڈ ویئر لمیٹڈ - ذیلی کمپنی کے پاس مجموعی طور پر سروس لانگ مارچ ٹائزرز (پرائیویٹ) لمیٹڈ کے حصص کا 51% حصہ ہے اور اس طرح سروس لانگ مارچ ٹائزرز (پرائیویٹ) لمیٹڈ کے بورڈ کی تشکیل کا مجاز ہیں۔

سروس شوز لنکا (پرائیویٹ) لمیٹڈ

سروس شوز لنکا (پرائیویٹ) لمیٹڈ، سروس انڈسٹریز کیمپٹل (پرائیویٹ) لمیٹڈ کا جزوی ذیلی ادارہ ہے، جو کہ سروس انڈسٹریز لمیٹڈ کا کلی ملکی ماتحت ادارہ ہے۔ سروس شوز لنکا (پرائیویٹ) لمیٹڈ ایک پرائیویٹ لمیٹڈ لائسنسڈ کمپنی ہے جو 16 جولائی 2015 کو کمپنیز ایکٹ 2007 کی دفعات کے تحت سری لنکا میں تشکیل دی گئی۔ کمپنی کا

2022 میں مزید 20 سٹورز کھولنے کے توسیعی منصوبے کے ساتھ یہ کاروبار ترقی کی راہ پر گامزن ہے۔

ربڑ کی تکنیکی مصنوعات

ربڑ کی تکنیکی مصنوعات کی مد میں بھی اداروں کو فروخت میں نمو جاری تھی۔ تاہم، اس ششماہی میں گاہکوں کو مال کی فراہمی اور گاہکوں سے آرڈر موصول کرنے کے نظام کی ترتیب میں رد و بدل کی وجہ سے، گزشتہ سال کی اسی مدت کے مقابلے میں فروخت میں 11% کی کمی ہوئی ہے۔ اس ڈویژن کے مستقبل کے امکانات کافی امید افزا ہیں، بہت سے آرڈر موصول ہو چکے ہیں اور مزید متوقع ہیں۔ ہم توقع کرتے ہیں کہ آنے والے سالوں میں کمپنی کی آمدنی میں ربڑ کی تکنیکی مصنوعات کے شعبے کا حصہ مزید بڑھے گا۔

ذیلی کمپنیاں

سال 2022 کی پہلی ششماہی کمپنی کے لئے مصنوعات کی قدر میں مزید اضافہ کی حامل ہے۔ سروس لانگ مارچ ٹائرز (پرائیویٹ) لمیٹڈ جو سروس انڈسٹریز لمیٹڈ کا ذیلی ادارہ ہے اور پاکستان کی پہلی اسٹیل اور ریڈیل ٹائز بنانے والی کمپنی ہے، اس کمپنی نے اس ششماہی میں سے اپنی پیداوار شروع کر دی ہے اور پیداوار اور فروخت کے اپنے اہداف حاصل کر رہی ہے۔ انتظامیہ مستقبل میں بہتر منافع حاصل کرنے کیلئے پر اعتماد ہے اور یہ سرمایہ کاری حصص یافتگان کی مالیت کو مزید مستحکم کرے گی۔

مزید برآں، کمپنی نے اس ششماہی میں اپنی ذیلی کمپنی میں مزید 642 ملین کی سرمایہ کاری کی ہے۔ اس ششماہی میں کمپنی کو اپنی ذیلی کمپنی سروس گلوبل فٹ ویئر لمیٹڈ سے 327 ملین روپے کا ڈیویڈنڈ حاصل ہوا ہے۔ کمپنی مستقبل قریب میں اپنی ذیلی کمپنیوں سے مزید ڈیویڈنڈ کی توقع رکھتی ہے۔

فی شیئر آمدنی

اس ششماہی میں فی شیئر آمدنی 10.35 روپے رہی جو پچھلے سال کی اسی مدت میں 4.07 روپے تھی۔

مستقبل پر ایک نظر

ہمیں امید ہے کہ پیداواری صلاحیتوں، ریشٹل نیٹ ورک اور آمدن فروخت کو بڑھانے میں سرمایہ کاری کرنے کے فیصلے سے کمپنی کو سال 2022 کی دوسری ششماہی میں بہترین منافع حاصل کرنے میں مدد ملے گی۔ علاوہ ازیں، ہمارے برانڈ کی مضبوطی اور ہماری صلاحیتوں کی بدولت ہم لگاتار جو توں اور ٹائز دونوں شعبوں میں سب سے آگے ہیں۔

اظہار تشکر

ہم تہہ دل سے بورڈ کے ممبران کی قابل قدر رہنمائی اور تعاون کے مشکور ہیں۔ علاوہ ازیں، ہم تمام ملازمین کی انتھک اور پر عزم کوششوں اور ہمارے گاہکوں کی ہماری مصنوعات پر اعتماد کے بھی شکر گزار ہیں۔ ہم بورڈ کی جانب سے اچھے حصص یافتگان کا مخلص ترین شکر یہ ادا کرتے ہیں کہ انہوں نے ہم پر بھروسہ کیا اور ہماری غیر متزلزل حمایت جاری رکھی۔

منجانب بورڈ



عمر سعید

ڈائریکٹر



عارف سعید

چیف ایگزیکٹو

اگست، 26، 2022

لاہور

ڈائریکٹر ز رپورٹ برائے حصص یافتگان

ڈائریکٹر 30 جون 2022 کو ختم ہونے والی ششماہی کی سروس انڈسٹریز لمیٹڈ کی انفرادی مختصر عبوری مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرنے میں خوش محسوس کرتے ہیں۔

مالی کارکردگی کا موازنہ

30 جون 2022 کو ختم ہونے والی ششماہی کی سروس انڈسٹریز لمیٹڈ کی انفرادی عبوری مالیاتی کارکردگی درج ذیل ہے۔

تفصیلات	ششماہی اختتام		
	جون 30, 2022 روپے، ہزار میں	جون 30, 2021 روپے، ہزار میں	فیصد تبدیلی
خالص فروخت	20,682,794	15,117,536	37%
گراس منافع	3,856,766	2,463,489	57%
آپریٹنگ منافع	1,992,587	824,889	142%
منافع بعد از ٹیکس	486,179	191,028	155%

سروس انڈسٹریز لمیٹڈ نے اس ششماہی میں اپنے مالیاتی گوشواروں کے مطابق 20.68 ارب روپے کی آمدن فروخت حاصل کی ہے جو کہ گزشتہ سال کی اسی ششماہی کے مقابلے میں 37% زیادہ ہے۔ آپریٹنگ منافع 1992.58 ملین روپے رہا جبکہ گزشتہ سال کی اسی مدت میں 824.88 ملین روپے تھا۔ بعد از ٹیکس حاصل منافع 486.17 ملین روپے رہا جبکہ گزشتہ سال کی اسی مدت میں 191.02 ملین روپے تھا۔

ٹائز ڈویژن

ٹائز ڈویژن گزشتہ کئی سالوں سے سروس انڈسٹریز لمیٹڈ کا سب سے زیادہ آمدن فروخت والا شعبہ ہے۔ اس ششماہی میں ٹائز ڈویژن کی آمدن فروخت میں نمایاں اضافہ ہوا۔ جو کہ گزشتہ سال کی اسی مدت میں 11.95 ارب روپے تھی جو بڑھ کر اب 15.94 ارب روپے ہو گیا۔ حالیہ سطح پر خام مال کی قیمتوں میں اضافہ اور روپے کی قدر میں اتار چڑھاؤ، توانائی کی لاگت میں اضافہ، ترسیل کے اخراجات میں اضافہ اور اسٹیٹ بینک آف پاکستان کی طرف سے شرح سود میں اضافے کی وجہ سے موجودہ ششماہی میں کمپنی کے ٹائز شعبے کا منافع متاثر ہوا ہے۔ تاہم، ان مشکلات کے باوجود ہماری ٹائز ڈویژن کی انتظامیہ اپنی سادہ پرانہ فکریات پر قائم رہنے کے لئے پرعزم ہے۔ انتظامیہ نے اس عرصے میں پیداواری استعداد بڑھانے میں تدریجاً سرمایہ کاری کی ہے جس کے نتیجے میں اس سال ٹائز کی اقسام میں مزید اضافہ ہو گا اور پیداواری لاگت بھی کم رہے گی۔ ہم نے زمو فرسائیکل کی چین اور گراری بھی تیار کرنی شروع کر دی ہے۔ آنے والے سالوں میں اس کاروبار سے اچھے نتائج متوقع ہیں۔

فٹ وئیر ڈویژن

جو توں کی آمدن فروخت میں اس ششماہی میں گزشتہ سال کی اسی ششماہی کے مقابلے میں 1.5 ارب روپے یعنی 53% فیصد کا اضافہ ہوا۔ جو توں کے مقامی کاروبار کا منافع جو اب جوئے کی فروخت کا اہم حصہ ہے، کو سخت مشکلات کا سامنا کرنا پڑ رہا ہے کیونکہ ملک میں خوردہ مارکیٹ دباؤ کا شکار ہے۔ اس مشکل صورت حال میں، کم منافع کے باوجود، دستیاب پیداواری استعداد کو بروئے کار لانے کے لیے کمپنی نے اداروں سے کاروبار میں بڑھایا۔

ملک بھر میں ریشیل اسٹورز کھولنے کی وجہ سے ریشیل کا کاروبار مسلسل بڑھ رہا ہے۔ 2021 میں اسٹورز کی تعداد تقریباً دو گنی ہو گئی، اور زیر جائزہ مدت میں 30 جون 2022 تک یہ تعداد بڑھ کر 121 اسٹورز ہو گئی، جو کہ دسمبر 2021 کے آخر میں 91 تھی۔ یہ زبردست اضافہ گزشتہ سال کی گئی ان اصلاحات کی بنیاد پر مبنی ہے جس کے نتیجے میں علاقے کی مناسبت سے مصنوعات فروخت کرنا فروخت پر مناسب رعایت، جو توں کا مناسب سٹاک رکھنا اور بہتر پروڈکٹ پورٹ فولیو کے ذریعے مجموعی مارجن میں بہتری آئی۔

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