

Report & Un-Audited Accounts for the Half year Ended June 30, 2016

pursuing excellence..



Servis

Service Industries Limited

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Directors' Report to the Shareholders

The Directors are pleased to submit the half yearly report along with the reviewed condensed interim financial information of the company for the six months period ended June 30, 2016.

Although Pakistan economy is showing a sign of improvement with continued low inflation but the socio political situation of the country remained unchanged which has resulted in volatile business environment.

Despite the challenges, your company performed well by delivering revenue growth and higher profitability through operational efficiency as reflected in the Financial Performance below:

Financial performance:

Six Months Ended June 30			Quarter ended June 30			
2016	2015	Variance	2016	2015	Variance	
PKR in '000			PKR in '000			
Net Sales	9,574	9,148	5%	5,324	4,958	7%
Profit Before Tax	879	759	16%	540	468	15%
Profit After Tax	709	568	25%	457	356	28%
Earnings Per Share (EPS)	58.94	47.26	25%	38.01	29.63	28%

Your company achieved sales of PKR 9.57 billion during first half of the year compared to PKR 9.15 billion during corresponding period last year, representing growth of 5% mainly driven by volume growth. Our Export Sales continued to be impacted due to a weak Euro.

Due to operational efficiency, favorable input costs and continuous investment in technology and innovation your company was able to grow the Profit before Tax by 16% from PKR 759 million to PKR 879 million.

The earnings per share stood at PKR 58.94 during the period under review registering a growth of 25% over same period Last Year.

Future Outlook

In spite of the challenging operating environment and increasing competitive intensity, we are optimistic about future outlook of your company which is reflected through continuous investment in manufacturing facility, product portfolio and brand to accelerate growth. Your company will continue to improve customer satisfaction through innovations and stronger brand equity.

The directors wish to place on record their appreciation for the confidence placed by our valued customers, continued support extended by all stakeholders and committed efforts of our employees.

For and on behalf of the Board


Omar Saeed
(Chief Executive)

Dated: August 25, 2016
Place: Lahore

ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

ڈائریکٹر کمپنی کی ششماہی رپورٹ پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔ اس رپورٹ میں کمپنی کی 30 جون 2016 تک کی چھ ماہ کی مختصر عبوری مالیاتی معلومات پیش کی جا رہی ہے۔

اگرچہ پاکستان کی معیشت میں کم افراط زر کے ساتھ ساتھ بہتری کے آثار بھی نظر آ رہے ہیں۔ لیکن ملک کے سماجی اور سیاسی حالات میں تبدیلی نہ آنے کی وجہ سے کاروباری ماحول غیر مستحکم رہا ہے۔

ان سب مشکلات کے باوجود آپ کی کمپنی نے اچھی کارکردگی کا مظاہرہ کیا ہے اور آپریشنل کارکردگی کے ذریعے آمدن میں اضافہ اور زیادہ منافع حاصل کیا ہے، جیسا کہ مندرجہ ذیل مالیاتی کارکردگی میں درج ہے۔

مالیاتی کارکردگی

ششماہی اختتام 30 جون			سہ ماہی اختتام 30 جون		
2016	2015	تبدیلی	2016	2015	تبدیلی
روپے، ہزاروں میں			روپے، ہزاروں میں		
9,574	9,148	5%	5,324	4,958	7%
879	759	16%	540	468	15%
709	568	25%	457	356	28%
58.94	47.26	25%	38.01	29.63	28%

خالص فروخت
منافع قبل از ٹیکس
منافع بعد از ٹیکس
فی شیئر آمدنی

آپ کی کمپنی نے پہلی ششماہی میں 9.57 بلین روپے کی مصنوعات فروخت کیں، جبکہ پچھلے سال اسی مدت میں 9.15 بلین روپے کی فروخت ہوئی جو کہ 5 فیصد شرح نمو میں اضافہ ظاہر کرتا ہے جس کی بنیادی وجہ حجم میں اضافہ ہے۔ ہماری برآمد یورو کی کمزوری وجہ سے لگاتار متاثر ہو رہی ہے۔

آپریشنل کارکردگی، سازگار لاگت، ٹیکنالوجی اور نئے طریقوں میں مسلسل سرمایہ کاری کی وجہ سے آپ کی کمپنی قبل از ٹیکس منافع کو 16 فیصد، 759 بلین روپے سے 879 بلین روپے تک بڑھانے میں کامیاب ہوئی۔


اس مدت کے دوران فی شیئر آمدنی 58.94 روپے رہی جو کہ پچھلے سال کی اسی مدت کے مقابلے میں 25% زیادہ ہے۔

مستقبل پر ایک نظر

مشکل آپریٹنگ ماحول اور بڑھتی ہوئی مسابقتی شدت کے باوجود ہم کمپنی کی مستقبل میں لگا تار ترقی کیلئے پر امید ہیں اور اس کی غماز مینوفیکچرنگ کی سہولیات، پراڈکٹ پورٹ فولیو اور برانڈ میں مسلسل سرمایہ کاری ہے۔ آپ کی کمپنی نئے نئے طریقوں اور مضبوط برانڈ کے ذریعے گاہکوں کے اطمینان کو بہتر کرتی رہے گی۔

ڈائریکٹر تمام قابل قدر صارفین، جنہوں نے ہم پر اعتماد کیا، تمام سٹیک ہولڈرز جنہوں نے ہماری حمایت جاری رکھی اور تمام ملازمین کے زبردست عزم کو انتہائی قدر کی نگاہ سے دیکھتے ہیں۔

برائے اور منجانب بورڈ


عمر سعید
(چیف ایگزیکٹو)

مورخہ 25 اگست 2016
مقام: لاہور

Auditor's Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of SERVICE INDUSTRIES LIMITED as at June 30, 2016 and the related condensed interim profit and loss account, condensed statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (herein after referred to as "Interim Financial Information"), for the half year then ended. Management is responsible for the preparation and presentation of this Interim Financial Information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of Interim Financial Information 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 Interim Financial Information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Date: August 25, 2016
Place: Lahore
Audit Engagement Partner
Muhammad Danish Kamal

S. M. MASOOD & CO.
Chartered Accountants



Condensed Financial Statements

Condensed Interim Balance Sheet (Unaudited)

As at June 30, 2016

	Note	(Unaudited) Jun 30, 2016	(Audited) Dec 31, 2015
(Rupees in thousand)			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 20,000,000 (2015: 20,000,000) ordinary shares of Rs. 10/- each		200,000	200,000
Paid up share capital		120,288	120,288
Reserves		3,906,682	3,482,781
		4,026,970	3,603,069
Non-current liabilities			
Long term financing - secured		612,979	881,850
Long term deposits		5,268	3,665
Deferred liabilities		352,402	343,331
		970,649	1,228,846
Current liabilities			
Trade and other payables	9	3,993,855	3,223,831
Interest and mark up accrued		48,966	52,986
Short term borrowings - secured		2,558,832	1,662,360
Current portion of: long term financing - secured		218,019	221,170
		6,819,672	5,160,347
Contingencies and commitments	10	-	-
		11,817,291	9,992,262

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.



Chaudhry Ahmed Javed
(Chairman)

	Note	(Unaudited) Jun 30, 2016	(Audited) Dec 31, 2015
(Rupees in thousand)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	4,533,187	3,382,700
Intangible assets		3,511	5,640
Long term investments	6	302,466	323,520
Long term loans		10,586	7,083
Long term deposits		73,253	52,152
		4,923,003	3,771,095
Current assets			
Stores, spares and loose tools		114,002	114,570
Stock in trade		2,762,022	2,719,856
Trade debts	7	2,162,076	1,527,479
Loans and advances		279,700	233,671
Trade deposits and prepayments		86,686	76,719
Other receivables		96,576	58,126
Short term investments	8	245,500	-
Tax refunds due from government		516,994	506,176
Taxation - net		568,704	524,724
Cash and bank balances		62,028	459,846
		6,894,288	6,221,167
		11,817,291	9,992,262



Omar Saeed
(Chief Executive)

Condensed Interim Profit and Loss Account (Unaudited)

for the period ended June 30, 2016

Note	Six months ended		Three months ended		
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	
	(Rupees in thousand)				
Sales - net	11	9,574,399	9,147,710	5,323,674	4,958,042
Cost of sales	12	7,539,250	7,448,743	4,114,646	3,978,816
Gross profit		2,035,149	1,698,967	1,209,028	979,226
Operating expenses					
Distribution cost		483,047	389,152	299,184	237,722
Administrative expenses		452,392	371,024	238,334	193,416
Other operating expenses		159,053	89,075	113,068	51,466
		1,094,492	849,251	650,586	482,604
Operating profit before other income		940,657	849,716	558,442	496,622
Other income		68,776	81,869	50,741	55,595
Operating profit		1,009,433	931,585	609,183	552,217
Finance cost		130,030	172,582	69,662	83,819
Profit before taxation		879,403	759,003	539,521	468,398
Taxation		170,472	190,515	82,264	111,971
Profit after taxation		708,931	568,488	457,257	356,427
Earnings per share basic and diluted (Rupees)		58.94	47.26	38.01	29.63

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.



Chaudhry Ahmed Javed
(Chairman)



Omar Saeed
(Chief Executive)



Chaudhry Ahmed Javed
(Chairman)



Omar Saeed
(Chief Executive)

Condensed Interim Statement of Comprehensive Income (Unaudited)

for the period ended June 30, 2016

	Six months ended		Three months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(Rupees in thousand)			
Profit after taxation for the period	708,931	568,488	457,257	356,427
Items that may reclassify to profit and loss account				
(Loss)/ gain on investments	6,722	(7,399)	4,508	6,703
Add: Adjustment for amount transferred to profit and loss account	8,968	-	8,968	-
Items that may not reclassify to profit and loss account	-	-	-	-
Total comprehensive income for the period	724,621	561,089	470,733	363,130


The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


Condensed Interim Cash Flow Statement (Unaudited)

for the period ended June 30, 2016

	Six months ended	
	June 30, 2016	June 30, 2015
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	879,403	759,003
Adjustments for:		
Depreciation and amortization	171,111	149,745
Gratuity provision	19,346	19,894
Ijarah rentals	32,620	36,325
Finance cost	130,030	172,582
Provision for workers' profit participation fund	47,229	40,803
Provision for workers' welfare fund	17,947	15,505
Provision for slow moving stocks	(22,436)	14,414
Provision for doubtful debts	12,253	4,153
Share of profit from Speed (Private) Limited	(39,000)	(20,000)
(Profit)/ loss on sale of property, plant and equipment	20,588	(971)
Intangibles written off	-	641
Loss on sales of shares	11,760	-
Operating profit before working capital changes	1,280,851	1,192,094
Changes in working capital		
(Increase)/ decrease in current assets		
Stores, spares and loose tools	1,094	(9,302)
Stock in trade	(20,254)	41,399
Trade debts	(646,850)	(1,019,109)
Advances, deposits, prepayments and other receivables	(94,446)	(62,747)
Tax refunds due from government	(10,817)	90,726
	(771,273)	(959,033)
Increase in current liabilities		
Trade and other payables	765,168	1,532,766
Cash generated from operations	1,274,746	1,765,827
Finance cost paid	(134,049)	(196,876)
Income tax paid	(212,949)	(148,858)
Gratuity paid	(11,674)	(5,608)
W.P.P.F and W.W.F paid	(66,770)	(52,001)
Net cash generated from operating activities	849,304	1,362,484
Cash flow from investing activities		
Capital expenditure	(1,360,003)	(491,139)
Proceeds from sale of property, plant and equipment	20,008	2,821
Investment in Associates	(480)	-
Proceed from sales of Long term investments	54,019	(50,736)
Dividend received from Speed (Private) Limited	10,446	37,139
Short term investments	(245,500)	(2,189,236)
Long term loans	(3,503)	(2,033)
Long term deposits	(21,101)	1,782
Net cash used in investing activities	(1,546,114)	(2,691,402)
Cash flow from financing activities		
Long term deposits	1,603	-
Ijarah rentals paid	(32,620)	(36,325)
Short term borrowings - net	896,472	1,654,238
Long term financing	(272,022)	(112,093)
Dividend paid	(294,441)	(177,123)
Net cash generated from financing activities	298,992	1,328,697
Net decrease in cash and cash equivalents	(397,818)	(221)
Cash and cash equivalents at beginning of the period	459,846	18,442
Cash and cash equivalents at the end of the period	62,028	18,221

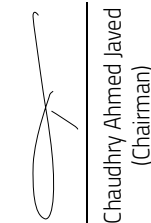
The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

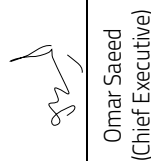

Chaudhry Ahmed Javed
(Chairman)


Omar Saeed
(Chief Executive)

Condensed Interim Statement of Changes in Equity (Unaudited) for the period ended June 30, 2016

	(Rupees in thousand)					
	Share capital	Capital reserves		Revenue reserves		Total
		Capital gain	Share Premium	General reserves	Un-appropriated profit	
Balance as at December 31, 2014	120,288	102,730	21,217	1,558,208	1,161,506	2,963,949
Final dividend for the year ended December 31, 2014 @ Rs. 15 per share	-	-	-	-	(180,432)	(180,432)
Total comprehensive income for the six months ended June 30, 2015	-	-	-	-	561,089	561,089
Balance as at June 30, 2015	120,288	102,730	21,217	1,558,208	1,542,163	3,344,606
Balance as at December 31, 2015	120,288	102,730	21,217	1,558,208	1,800,626	3,603,069
Final dividend for the year ended December 31, 2015 @ Rs. 25 per share	-	-	-	-	(300,720)	(300,720)
Total comprehensive income for the six months ended June 30, 2016	-	-	-	-	724,621	724,621
Balance as at June 30, 2016	120,288	102,730	21,217	1,558,208	2,224,527	4,026,970


Chaudhry Ahmed Javed
(Chairman)


Omar Saeed
(Chief Executive)

Notes to the Condensed Interim Financial Information (Unaudited) for the period ended June 30, 2016

1. Legal status and operations

Service Industries Limited (the Company) was incorporated as a private limited company on March 20, 1957 in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984), was converted into a public limited company on September 23, 1959 and got listed on June 27, 1970. The shares of the Company are quoted on the Pakistan Stock Exchange. 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. This condensed financial information pertains to Service Industries Limited as an individual entity.

2. Basis of preparation

This condensed financial information for the half year ended June 30, 2016 is prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". This condensed financial information is unaudited and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.

3. Accounting policies

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

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended December 31, 2015.

4. Provisions for income tax, Workers' Profit Participation Fund and Workers' Welfare Fund have been made on the basis of six months' profit. These are subject to change on final results.

	Note	(Unaudited) Jun 30, 2016	(Audited) Dec 31, 2015
(Rupees in thousand)			
5. Property, plant and equipment			
Operating fixed assets	5.1	3,335,547	3,240,772
Capital work in progress		1,197,640	141,928
		4,533,187	3,382,700
5.1 Operating fixed assets			
Opening written down value		3,240,772	2,618,793
Add: Additions during the period/ year	5.2	303,838	952,623
		3,544,610	3,571,416
Less: Disposals during the period/ year (at net book value)	5.2	40,531	14,734
		3,504,079	3,556,682
Less: Depreciation charged during the period/ year		168,532	315,910
		3,335,547	3,240,772

Notes to the Condensed Interim Financial Information (Unaudited) for the period ended June 30, 2016

5.2 Following is the detail of additions and disposals during the period/ year.

	Additions		Disposals - NBV	
	Unaudited June 30, 2016	Audited Dec 31, 2015	Unaudited June 30, 2016	Audited Dec 31, 2015
(Rupees in thousand)				
Land	–	–	35	–
Building on freehold land	2,775	238,343	7,971	–
Plant and machinery	217,791	351,721	31,075	9,826
Furniture, fixture and fittings	1,236	2,954	–	–
Vehicles	3,369	8,820	672	1,542
Service equipments	53,531	337,917	778	686
Leasehold improvements	25,136	12,868	–	2,680
	303,838	952,623	40,531	14,734

Note	(Unaudited) Jun 30, 2016	(Audited) Dec 31, 2015
(Rupees in thousand)		

6. Long term investments Investment in associates

Speed (Private) Limited	6.1	255,762	227,208
S2 Power Limited (24,000 fully paid shares of Rs.10/- each)		240	–
S2 Hydro Limited (24,000 fully paid shares of Rs.10/- each)		240	–
		256,242	227,208

6.1 Cost of investment

160,709 fully paid ordinary shares of Rs. 100/- each		190,949	190,949
Share of post acquisition reserve			
As at the beginning of the period/ year		36,259	41,871
Share of post acquisition profit	6.2	39,000	60,094
Less: Dividends received during the period		(10,446)	(65,706)
		64,813	36,259
		255,762	227,208
Other - Available for sale			
Quoted		39,284	106,707
Add: Fair value adjustment		6,940	(10,395)
		46,224	96,312
		302,466	323,520

- 6.2 Share of profit of associate has been taken on the basis of unaudited accounts of the associate for the year ended June 30, 2016 (December 31, 2015: Unaudited accounts for the period ended December 31, 2015).

7. Trade debts

The increase is mainly caused by sales mix change towards local customers having longer credit period as compared to export customers.

Notes to the Condensed Interim Financial Information (Unaudited) for the period ended June 30, 2016

Note	(Unaudited) Jun 30, 2016	(Audited) Dec 31, 2015
(Rupees in thousand)		
8. Short term investments		
Financial assets at fair value through profit and loss account		
Investment in mutual funds	245,500	–
	245,500	–

9. Trade and other payables

These include advances from customers against orders received during the period.

10. Contingencies and commitments

Contingencies

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

10.2 The Additional Collector (Adjudication) of Pakistan Customs Computerized System, Karachi initiated case against the Company for failure to pay leviable sales tax and income tax of Rs. 18.6 million and Rs. 4.1 million respectively at import of tyre cord fabrics during the period w.e.f. August 2007 to July 2008 by wrongly claiming sales tax zero rating in terms of S.R.O 509 (1)/2007 dated 09-06-2007. The case has been remanded back by the Appellate Tribunal Inland Revenue, Lahore to the Commissioner Inland Revenue (Appeals-I), Lahore, which is still pending. According to the Company's legal counsel, the Company has a good arguable case and there is likelihood that the same will be decided in its favour.

10.3 The Deputy Director of Pakistan Employees Social Security Institute (PESSI), Gujrat initiated three cases against the Company. In the first case the alleged amount recoverable by the PESSI is Rs. 4.80 million covering the period from January 1987 to September 1992 on account of short payment of contributions. In the second case, Rs. 1.98 million is to be recoverable by the Company from PESSI on account of wrongly paid contributions covering the period from July 1992 to September 1993. Both cases have been decided against the Company by the Director General Recovery PESSI, Lahore. At appeal level these cases are set aside and pending before Director General Recovery PESSI, Lahore. In the third case, Rs. 77.6 million is recoverable by PESSI. The case had been decided in the favour of the Company in the year 2013 but the case is re-opened in the year 2014. The Company has filed an appeal before Social Security Court, Lahore, during the pendency of the matter PESSI sent a recovery notice for the same amount. The Company has filed a writ petition before Lahore High Court, Lahore. As per legal counsel of the Company, the Company has strong legal grounds for its success.

Notes to the Condensed Interim Financial Information (Unaudited) for the period ended June 30, 2016

10.4 The Deputy Commissioner Inland Revenue, LTU initiated a case against the Company after post Sales Tax refund audit in which demand of Rs. 27.92 million was raised. The Company filed an appeal before CIR (Appeals) in which the demand was cancelled except two points having impact of Rs. 2.65 million. The Company had further filed an appeal before Tribunal against said points.

In management's opinion, chances of success in the aforesaid case are strong and there is no likelihood of any unfavourable outcome.

Commitments

10.5 Guarantees issued through banks Rs. 1,855.89 million (December 2015 : Rs. 1,302.83 million).

10.6 Irrevocable letters of credit Rs. 999.02 million (December 2015 : Rs. 1,169.53 million).

10.7 The amount of future ijarah rentals for ijarah financing and the period in which these payments will become due are as follows:

Note	(Unaudited) Jun 30, 2016	(Audited) Dec 31, 2015
(Rupees in thousand)		
Not later than one year	63,286	64,351
Later than one year but not later than five years	91,944	161,951
Later than five years	–	–
	155,230	226,302

Notes to the Condensed Interim Financial Information (Unaudited)
for the period ended June 30, 2016

Note	Six months ended		Three months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(Rupees in thousand)			
11. Sales - net				
Sales of footwear - net				
Export	2,035,375	2,287,287	1,047,953	1,060,505
Local	2,832,019	2,825,245	1,316,689	1,540,810
	4,867,394	5,112,532	2,364,642	2,601,315
Sales of tyre division - net				
Export	328,653	256,074	211,454	178,368
Local	4,371,707	3,779,242	2,738,853	2,178,497
	4,700,360	4,035,316	2,950,307	2,356,865
Sales of technical rubber products - net				
Local	6,645	(138)	8,725	(138)
	9,574,399	9,147,710	5,323,674	4,958,042
12. Cost of sales				
Raw material consumed	12.1	4,768,103	5,054,247	2,354,878
Salaries, wages and benefits		1,197,687	1,136,223	596,209
Stores and spares consumed		146,084	96,465	88,599
Packing material consumed		304,454	290,179	154,471
Fuel and power		320,100	367,961	150,988
Insurance		10,782	5,719	5,094
Depreciation		158,418	135,025	79,711
Travelling and conveyance		7,283	6,893	2,553
Repair and maintenance		53,061	53,585	25,730
Entertainment		1,723	1,302	1,264
Provision for slow moving and obsolete items		(22,436)	30,414	334
Other manufacturing charges		72,389	95,137	29,338
		7,017,648	7,273,150	3,489,169
Work in process				
Opening stock		392,647	441,215	333,634
Closing stock		(350,728)	(422,638)	(422,638)
		41,919	18,577	(17,094)
Cost of goods manufactured		7,059,567	7,291,727	3,472,075
Finished goods				
Opening stock		1,057,958	757,398	1,555,631
Purchases during the period		629,531	277,628	294,746
Closing stock		(1,207,806)	(878,010)	(1,207,806)
		479,683	157,016	642,571
		7,539,250	7,448,743	4,114,646

Notes to the Condensed Interim Financial Information (Unaudited)
for the period ended June 30, 2016

Note	Six months ended		Three months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(Rupees in thousand)			
12.1 Raw material consumed				
Opening stock	1,213,355	1,251,540	944,609	1,265,821
Purchases during the period	4,564,903	4,942,744	2,420,424	2,477,471
Closing stock	(1,010,155)	(1,140,037)	(1,010,155)	(1,140,037)
	4,768,103	5,054,247	2,354,878	2,603,255

Notes to the Condensed Interim Financial Information (Unaudited) for the period ended June 30, 2016

13. Segment reporting

(Rupees in thousand)

	Footwear		Tyre Division		Technical Rubber Products		Total	
	Six months ended June 30, 2016	Six months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
	4,867,394	5,112,532	4,700,360	4,035,316	6,645	(138)	9,574,399	9,147,710
External sales	–	–	–	–	–	–	–	–
Inter-segment sales	–	–	–	–	–	–	–	–
Total revenue	4,867,394	5,112,532	4,700,360	4,035,316	6,645	(138)	9,574,399	9,147,710
Profit/ (loss) before tax and unallocated expenses	512,787	487,943	818,650	708,582	1,485	(4,408)	1,332,922	1,192,117
Unallocated corporate expenses							(109,732)	(150,247)
Finance cost							(392,793)	(342,345)
Other operating expenses							49,006	59,478
Other operating income							(170,472)	(190,515)
Taxation							708,931	568,488
Profit after taxation								
13.1 Reconciliation of segment profit								
Total profit for reportable segments							1,332,922	1,192,117
Unallocated expenses							(453,519)	(433,114)
Profit before tax							879,403	759,003

Notes to the Condensed Interim Financial Information (Unaudited) for the period ended June 30, 2016

(Rupees in thousand)

	Footwear		Tyre Division		Technical Rubber Products		Total	
	As at June 30, 2016	As at Dec 31, 2015	As at June 30, 2016	As at Dec 31, 2015	As at June 30, 2016	As at Dec 31, 2015	As at June 30, 2016	As at Dec 31, 2015
	5,000,657	4,423,137	5,256,812	4,028,899	25,685	21,133	10,283,154	8,471,169
Total assets for reportable segments							1,534,137	1,521,093
Unallocated assets							11,817,291	9,992,262
Total assets as per balance sheet								
Segment liabilities							–	–
Unallocated liabilities							7,790,321	6,389,193
Total liabilities as per balance sheet							7,790,321	6,389,193

Notes to the Condensed Interim Financial Information (Unaudited) for the period ended June 30, 2016

14. Related party transactions

The related parties comprise associated companies, entities over which the directors are able to exercise influence, staff retirement funds, directors and key management personnel. Balances and transactions with the related parties are shown as follows:

(Rupees in thousand)

Relationship with Company	Nature of transactions	Transactions June 30, 2016 (Unaudited)	Transactions June 30, 2015 (Unaudited)	June 30, 2016 (Unaudited) Closing balance		December 31, 2015 (Audited) Closing balance	
				Debit	Credit	Debit	Credit
Associates	Investment	480	–	256,242	–	227,208	–
	Advances	5,000	–	5,000	–	–	–
	Expenses	861	–	861	–	–	–
	Others	3,782	–	–	3,782	–	–
Subsidiary	Expenses	946	–	946	–	–	–
Retirement Benefits	Contribution	71,314	67,850	–	37,785	–	41,856

All transactions with the related parties have been carried out on commercial terms and conditions.

15. Events after the balance sheet date

The Board of Directors in its meeting held on August 25, 2016 has proposed an interim cash dividend of Rs. 15.00 per share (December 31, 2015: final cash dividend of Rs. 25.00 per share).

16. Authorization date

This financial information was approved and authorized for issue by the Board of Directors as on August 25, 2016.

17. General

Figures have been rounded off to the nearest thousand of rupees and corresponding figures have been re-arranged, where necessary, for the comparison purposes. However, no material re-arrangements have been made.



Chaudhry Ahmed Javed
(Chairman)



Omar Saeed
(Chief Executive)

www.servisgroup.com

Servis House

2-Main Gulberg, Lahore-54662, Pakistan.

Tel: +92-42-35751990-96

Fax: +92-42-35711827, 35710593