

Report & Un-Audited Accounts
for the Half Year Ended
June 30, 2021

*Transforming
vision into reality..*



Servis

Service Industries Limited

Contents

Service Industries Limited

- 02 Company Information
- 04-06 Director's Report to the Shareholders
- 58-60 Director's Report to the Shareholders (Urdu)
- 07 Independent Auditor's Review Report
- 08-09 Unconsolidated Condensed Interim Statement of Financial Position
- 10 Unconsolidated Condensed Interim Statement of Profit or Loss
- 11 Unconsolidated Condensed Interim Statement of Comprehensive Income
- 12-13 Unconsolidated Condensed Interim Statement of Changes in Equity
- 14 Unconsolidated Condensed Interim Statement of Cash Flows
- 15-29 Selected Notes to the Unconsolidated Condensed Interim Financial Statements

Service Industries Limited and its Subsidiary Companies

- 32-33 Group Directors' Report to the Shareholders
- 56-57 Group Directors' Report to the Shareholders (Urdu)
- 34-35 Condensed Consolidated Interim Statement of Financial Position
- 36 Condensed Consolidated Interim Statement of Profit or Loss
- 37 Condensed Consolidated Interim Statement of Comprehensive Income
- 38-39 Condensed Consolidated Interim Statement of Changes in Equity
- 40 Condensed Consolidated Interim Statement of Cash Flows
- 41-54 Selected Notes to the Condensed Consolidated Interim Financial Statements

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

Ms. 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

Ms. 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

United Bank 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

Fax:+92-42-35710593,

35712109

Shares Registrar

M/s. Corplink (Pvt.)

Limited

Wings Arcade, 1-K

Commercial, Model

Town, Lahore

Tel: +92-42-35916714,

35916719,

35839182

Fax:+92-42-35869037

Pakistan Stock

Exchange Limited

Stock Exchange Symbol

SRVI

Factory

G.T. Road, Gujrat.

Web Presence

www.servisgroup.com

" All good things start with a dream. The dream becomes a vision. The vision becomes a plan. The plan becomes a reality ".



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 period ended June 30, 2021.

The COVID-19 outbreak that developed rapidly at the start of 2020 is continuing in several territories as the new wave is affecting almost the entire world. The pandemic has adversely impacted the global and domestic economy. The management of the company had to review its strategy to deal with the aftermath of COVID19 and looked towards consolidation and preserving cash flows. Measures were also taken to ensure health and safety of our employees.

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, 2021.

Particulars	Half Year Ended June 30		
	June 2021 "000"	June 2020 "000"	Percentage Change
Net Sales	15,117,536	9,389,055	61.01%
Operating profit	824,889	697,940	18.19%
Profit before tax	249,419	26,439	843.38%
Net profit after tax	191,028	(67,490)	383.05%

SIL recorded sales of PKR 15.12 billion in its financial statements during the half year showing an increase of 61% from same period last year. Profit before tax amounting to PKR 249.42 million showed a healthy increase against profit before tax of PKR 26.44 million in the same period last year. Net profit after tax amounted to PKR 191.03 million showing a total positive turnaround against loss after tax of PKR (67.49) million in the same period last year. This increase in sales and profitability is mainly attributable to the excellent financial results of the tyre division of the company.

Tyre Division

Tyre Division, our biggest revenue contributor, has shown a top line growth of almost PKR 4.73 billion i.e. 65.5% in the half year under review against the same period last year with better profitability. This achievement was the result of teamwork, consistent product quality, efficient supply chain management and innovation.

Aspikes in the raw material prices and logistic costs pose a threat to our budgeted production targets. However, despite these challenges, our management team is determined to maintain its market position and capitalize on the brand image of Servis Tyres.

The agricultural tyre production facility went online in 2020. Our products have been extremely well received in the market. The management team is working on nationwide marketing activities, awareness campaigns, regional dealer meetings and strengthening market leadership through further capacity enhancement and restructuring of marketing channels.

Footwear Division

Our footwear sales showed a healthy increase of 47% in the half year under review as compared to the same period last year. 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.

Despite these challenges, year 2021 will be a year of expansion for our retail business where we plan to open more retail stores across the country. 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.

Technical Rubber Products

Our Corporate sales division under the umbrella of Technical Rubber Products (TRP) was not affected by the pandemic as such because of its nature. In the half year under review, the net sales of TRP were recorded as PKR 161.43 million as compared to PKR 125.13 million in the same period last year. The division also achieved good profitability during the half year under review.

Earning Per Share (EPS)

The earnings per share of the Company stood at PKR 4.07 for the half year under review as compared to PKR (1.44) compared to same period last year.

Future Outlook Amid Covid-19

We are hopeful that the Company's ability to deliver strong and profitable growth by driving a robust investment strategy, supported by conducive customer-oriented needs will help the Company to accelerate growth.

The management at SIL is truly committed to delivering strong shareholder value in tough economic environment in Pakistan. 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



Chaudhry Ahmed Javed
Chairman



Arif Saeed
Chief Executive

Dated: August 26, 2021
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 2021 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 2021 and 30 June 2020 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 2021.

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, 2021

Unconsolidated Condensed Interim Statement of Financial Position (Unaudited)

As at June 30, 2021

	(Unaudited) June 30, 2021	(Audited) December 31, 2020
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital		
100,000,000 (31 December 2020: 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 2020: 23,493,727) ordinary shares of Rupees 10 each	469,874	234,937
Reserves	6,711,395	7,047,655
Total equity	7,181,269	7,282,592
LIABILITIES		
Non-current liabilities		
Long term financing - secured	5,834,345	3,084,863
Long term deposits	1,440	1,740
Lease liabilities	2,257,411	1,752,383
Employees' retirement benefit	160,908	154,077
Deferred liabilities	297,391	346,572
	8,551,495	5,339,635
Current liabilities		
Trade and other payables	6,138,736	3,853,305
Accrued mark-up	208,729	105,037
Short term borrowings	5,618,593	6,427,467
Current portion of non-current liabilities	1,538,386	1,405,285
Unclaimed dividend	39,774	37,897
	13,544,218	11,828,991
Total liabilities	22,095,713	17,168,626
Contingencies and commitments	4	
TOTAL EQUITY AND LIABILITIES	29,276,982	24,451,218

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



Arif Saeed
(Chief Executive)

		(Unaudited) June 30, 2021	(Audited) December 31, 2020
	Note	(Rupees in thousand)	
ASSETS			
Non-current assets			
Fixed assets	5	6,535,508	5,996,063
Right-of-use assets		2,126,875	1,618,879
Intangible assets		562	1,271
Long term investments	6	6,070,059	5,242,711
Long term loans to employees		11,100	8,857
Long term security deposits		123,630	109,643
		<u>14,867,734</u>	<u>12,977,424</u>
Current assets			
Stores, spares and loose tools		237,578	232,316
Stock-in-trade		7,256,197	4,877,842
Trade debts		4,673,451	3,938,337
Loans and advances		1,060,059	433,755
Trade deposits and prepayments		383,398	234,864
Other receivables		584,942	555,622
Cash and bank balances		213,623	1,201,058
		<u>14,409,248</u>	<u>11,473,794</u>
Total Assets		<u>29,276,982</u>	<u>24,451,218</u>



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Unconsolidated Condensed Interim Statement of Profit or Loss (Unaudited)

For the half year ended June 30, 2021

	Note	(Unaudited) Half Year Ended		(Unaudited) Quarter Ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
(Rupees in thousand)					
Revenue from contracts with					
Customer - Net	7	15,117,536	9,389,055	8,171,444	4,763,575
Cost of Sales	8	(12,654,047)	(7,556,950)	(6,929,218)	(4,038,155)
Gross Profit		2,463,489	1,832,105	1,242,226	725,420
Distribution Cost		(1,048,395)	(669,735)	(572,075)	(300,163)
Administrative Expenses		(627,172)	(445,667)	(326,785)	(211,112)
Other Expenses		(121,069)	(66,148)	(83,973)	(26,239)
		(1,796,636)	(1,181,550)	(982,833)	(537,514)
		666,853	650,555	259,393	187,906
Other Income		158,036	47,385	127,867	31,828
Profit from Operations		824,889	697,940	387,260	219,734
Finance Cost		(579,531)	(656,722)	(376,798)	(309,971)
		245,358	41,218	10,462	(90,237)

Share Of Profit / (loss) In Equity

Accounted Investee - Net of Taxation	4,061	(14,779)	3,837	(15,501)
Profit / (loss) Before Taxation	249,419	26,439	14,299	(105,738)
Taxation	(58,391)	(93,929)	19,108	24,494
Profit / (loss) After Taxation	191,028	(67,490)	33,407	(81,244)

	Restated		Restated	
Earnings / (loss) Per Share - Basic and Diluted (Rupees)	4.07	(1.44)	0.71	(1.73)

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



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Unconsolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

For the half year ended June 30, 2021

	(Unaudited) Half Year Ended		(Unaudited) Quarter Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(Rupees in thousand)			
Profit / (Loss) after taxation	191,028	(67,490)	33,407	(81,244)
Other Comprehensive Income / (loss)				
Items that will not be reclassified to profit or loss:				
Surplus / (deficit) arising on remeasurement of investment at fair value through other comprehensive income - net of tax	60,055	3,690	1,255	(6,770)
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income / (loss) for the period - net of tax	60,055	3,690	1,255	(6,770)
Total Comprehensive Income / (loss) for the Period	251,083	(63,800)	34,662	(88,014)

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



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Unconsolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For the half year ended June 30, 2021

	RESERVES										Total Equity	
	Share Capital	Capital Reserves					Revenue Reserves					Total
		Capital gains	Fair value reserve FVOCI investment	Share premium	Share of 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 2019 - audited	187,950	102,730	2,500	21,217	23,935	-	150,382	1,558,208	3,844,668	5,402,876	5,553,258	5,741,208
Revenue arising pursuant to the Scheme of Compromises, Arrangement and Reconstruction (under section 279 to 283 and 285 of the Companies Act, 2017) between the Company and its members and Service Global Footwear Limited and its member (the Scheme)	-	-	-	-	-	927,163	927,163	-	-	-	927,163	927,163
Loss for the half year ended 30 June 2020	-	-	-	-	-	-	-	-	(67,490)	(67,490)	(67,490)	(67,490)
Other comprehensive income for the half year ended 30 June 2020	-	-	3,690	-	-	3,690	3,690	-	-	-	3,690	3,690
Total comprehensive income/(loss) for the half year ended 30 June 2020	-	-	3,690	-	-	3,690	3,690	-	(67,490)	(67,490)	(63,800)	(63,800)
Balance as at 30 June 2020 - un-audited	187,950	102,730	6,190	21,217	23,935	927,163	1,081,235	1,558,208	3,777,178	5,335,386	6,416,621	6,604,571
Transactions with owners:												
Final dividend for the year ended 31 December 2019 @ Rupees 7.50 per share	-	-	-	-	-	-	-	-	(140,963)	(140,963)	(140,963)	(140,963)
Issue of bonus shares for the year ended 31 December 2019 @ 25%	46,987	-	-	-	-	-	-	-	(46,987)	(46,987)	(46,987)	-
	46,987	-	-	-	-	-	-	-	(187,950)	(187,950)	(187,950)	(140,963)
Profit for the half year ended 31 December 2020	-	-	-	-	-	-	-	-	757,514	757,514	757,514	757,514
Other comprehensive income / (loss) for the half year ended 31 December 2020	-	-	63,170	-	-	-	63,170	-	(1,700)	(1,700)	(1,700)	61,470
Total comprehensive income for the half year ended 31 December 2020	-	-	63,170	-	-	-	63,170	-	755,814	755,814	755,814	818,984
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	7,282,592

Unconsolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For the half year ended June 30, 2021

	RESERVES							Total	Total Equity			
	Capital Reserves			Revenue Reserves								
	Share Capital	Fair value reserve FVTOCI investment	Share premium	Share of reserve held by equity accounted investee	Reserve pursuant to the Scheme	Sub Total	General reserve			Un-appropriated profit	Sub total	
234,937	-	-	-	-	-	-	-	(352,406)	(234,937)	(352,406)	(352,406)	
234,937	-	-	-	-	-	-	-	(587,343)	(587,343)	(587,343)	(352,406)	
Transfer of gain on disposal of FVTOCI investment to retained earnings	-	(15,795)	-	-	-	(15,795)	-	15,795	-	-	-	
Profit for the half year ended 30 June 2021	-	-	-	-	-	-	-	191,028	191,028	191,028	191,028	
Other comprehensive income for the half year ended 30 June 2021	-	60,055	-	-	-	60,055	-	-	60,055	60,055	60,055	
Total comprehensive income for the half year ended 30 June 2021	-	60,055	-	-	-	60,055	-	191,028	191,028	251,083	251,083	
Balance as at 30 June 2021 - unaudited	469,874	102,730	113,620	21,217	23,935	97,163	1,188,665	1,558,208	3,964,522	5,522,730	6,711,395	7,181,269

Rupees in thousand

Transactions with owners:

Final dividend for the year ended 31 December 2020 @ Rupees 15 per share
Issue of bonus shares @ 100%

Transfer of gain on disposal of FVTOCI investment to retained earnings

Profit for the half year ended 30 June 2021

Other comprehensive income for the half year ended 30 June 2021

Total comprehensive income for the half year ended 30 June 2021

Balance as at 30 June 2021 - unaudited

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



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Unconsolidated Condensed Interim Statement of Cash Flows (Unaudited)

For the half year ended June 30, 2021

	Note	(Unaudited)	
		June 30, 2021	June 30, 2020
		(Rupees in thousand)	
Cash flow from operating activities			
Cash (utilized in) / generated from operations	11	(300,369)	586,651
Finance cost paid		(442,342)	(430,739)
Income tax paid		(307,573)	(94,380)
Staff retirement benefits paid		(13,409)	(10,248)
Long term loans - net		(2,243)	(141)
Long term security deposits - net		(13,987)	(1,237)
Net cash (used in) / generated from operating activities		(1,079,923)	49,906
Cash flows from investing activities			
Capital expenditure on fixed assets		(857,788)	(219,851)
Proceeds from disposal of fixed assets		8,479	15,861
Long term investment made		(765,000)	(850,000)
Proceeds from disposal of long term investment		18,000	-
Net cash used in investing activities		(1,596,309)	(1,053,990)
Cash flows from financing activities			
Long term financing obtained		1,059,666	133,621
Long term financing paid		(627,469)	(80,842)
Long term deposit repaid		(300)	(466)
Short term borrowings - net		1,691,126	993,792
Repayment of lease liabilities		(83,697)	(5,426)
Dividend paid		(350,529)	(489)
Net cash from financing activities		1,688,797	1,040,190
Net (decrease) / increase in cash and cash equivalents		(987,435)	36,106
Cash and cash equivalents at the beginning of the period		1,201,058	38,503
Cash and cash equivalents at the end of the period		213,623	74,609

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



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Selected Notes to the Unconsolidated Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2021

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. 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.

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 2020. 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 2020.

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.

Selected Notes to the Unconsolidated Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2021

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 2020.

4 Contingencies and Commitments

4.1 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 2020.

4.2 Commitments

4.2.1 Guarantees issued in ordinary course of business through banks are of Rupees 2,712.158 million (31 December 2020: Rupees 958.318 million).

4.2.2 Contracts for capital expenditure are approximately of Rupees 1,117.212 million (31 December 2020: Rupees 1,298.090 million).

4.2.3 Letters of credit other than capital expenditure are of Rupees 1,791.332 million (31 December 2020: Rupees 2,589.699 million).

4.2.4 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 monthly Ujrah payments under Ijarah are as follows:

		(Unaudited) June 30, 2021	(Audited) December 31, 2020
	Note	(Rupees in thousand)	
Not later than one year		56,822	57,495
Later than one year and not later than five years		95,812	100,411
		152,634	157,906
5 Fixed Assets			
Operating fixed assets	(Note 5.1)	5,802,014	5,842,520
Capital work-in-progress	(Note 5.2)	733,494	153,543
		6,535,508	5,996,063

5.1 Operating fixed assets

Owned

Opening net book value		5,842,520	5,969,030
Add: Cost of additions during the period / year	(Note 5.1.1)	277,837	547,739
Less: Book value of deletions during the period / year	(Note 5.1.2)	(2,415)	(21,740)
Less: Depreciation charged during the period / year		(315,928)	(652,509)
Closing net book value		5,802,014	5,842,520

		(Unaudited) June 30, 2021	(Audited) December 31, 2020
	Note	(Rupees in thousand)	
5.1.1 Cost of additions during the period / year			
Buildings on freehold land		8,825	36,605
Plant and machinery		85,528	334,079
Furniture, fixture and fittings		17,120	3,182
Vehicles		1,776	41,090
Service equipment		57,980	70,886
Leasehold improvements		106,608	61,897
		<u>277,837</u>	<u>547,739</u>
5.1.2 Book value of deletions during the period / year			
Cost of deletions			
Plant and machinery		14,862	8,843
Furniture, fixture and fittings		-	610
Vehicles		2,901	5,887
Service equipment		2,077	7,407
Leasehold improvements		-	23,758
		<u>19,840</u>	<u>46,505</u>
Less: Accumulated depreciation		17,425	24,765
Book value of deletions during the period / year		<u>2,415</u>	<u>21,740</u>
5.2 Capital work-in-progress			
Buildings on freehold land		63,078	49,338
Plant and machinery		593,053	88,462
Furniture, fixture and fittings		1,084	194
Leasehold improvements		7,591	-
Service equipment		68,606	15,341
Advance against purchase of vehicle		82	208
		<u>733,494</u>	<u>153,543</u>
6 Long term investments			
Investment in subsidiary companies - at cost	(Note 6.1)	5,635,217	4,870,217
Investment in associate (with significant influence) - under equity method	(Note 6.2)	284,905	280,844
Investment in joint ventures - at cost	(Note 6.3)	240	240
Other investment - at FVTOCI	(Note 6.4)	149,697	91,410
		<u>6,070,059</u>	<u>5,242,711</u>

Selected Notes to the Unconsolidated Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2021

	(Unaudited) June 30, 2021	(Audited) December 31, 2020
Note	(Rupees in thousand)	
6.1 Investments in subsidiary companies - at cost		
Service Industries Capital (Private) Limited		
30,000,000 (31 December 2020: 30,000,000) fully paid ordinary shares of Rupees 10 each	300,000	300,000
Equity held 100% (31 December 2020: 100%)		
Service Global Footwear Limited		
163,550,000 (31 December 2020: 163,550,000) fully paid ordinary shares of Rupees 10 each	3,026,184	3,026,184
Equity held 80% (31 December 2020: 100%)		
Service Long March Tyres (Private) Limited		
229,500,000 (31 December 2020: 153,000,000) fully paid ordinary shares of Rupees 10 each		
Equity held 30.60% (31 December 2020: 51%)	2,309,033	1,544,033
	5,635,217	4,870,217
6.2 Investment in associate (with significant influence) - under equity method		
Speed (Private) Limited		
160,709 (31 December 2020: 160,709) fully paid ordinary shares of Rupees 100 each	190,949	190,949
Share of post acquisition reserve		
As at the beginning of the period / year	89,895	138,005
Adjustment due to adoption of IFRS 16	-	(35,641)
Share of post acquisition profit / (loss) for the period / year	4,061	(12,469)
	93,956	89,895
	284,905	280,844
6.3 Investment in joint ventures - at cost		
S2 Power Limited		
24,000 (31 December 2020: 24,000) fully paid ordinary shares of Rupees 10 each	240	240
S2 Hydro Limited		
24,000 (31 December 2020: 24,000) fully paid ordinary shares of Rupees 10 each	240	240
	480	480
Less : Impairment loss recognized against investment in S2 Power Limited	(240)	(240)
	240	240

(Unaudited) (Audited)
June December
30, 2021 31, 2020
(Rupees in thousand)

6.4 Other investment - at FVTOCI

TRG Pakistan Limited

900,000 (31 December 2020: 1,000,000)

fully paid ordinary shares of Rupees 10 each

Fair value adjustment

19,845 22,050

129,852 69,360

149,697 91,410

	Half Year Ended		Quarter Ended	
	Unaudited June 30, 2021	Unaudited June 30, 2020	Unaudited June 30, 2021	Unaudited June 30, 2020
Note		(Rupees in thousand)		

7 Revenue from contracts with customers - net

Sales of footwear - net

Export sales

423,153 542,701 272,351 237,532

Local sales

2,579,006 1,494,816 1,091,756 458,141

Duty drawback

7,240 9,964 5,054 5,814

3,009,399 2,047,481 1,369,161 701,487

Sales of tyres - net

Export sales

1,257,617 416,481 755,429 218,868

Local sales

10,689,089 6,799,958 5,998,363 3,736,157

11,946,706 7,216,439 6,753,792 3,955,025

Sales of technical rubber products - net

Local sales

161,431 125,135 48,491 107,063

15,117,536 9,389,055 8,171,444 4,763,575

8 Cost of sales

Raw materials consumed (Note 8.1) 8,727,966 5,016,783 4,536,474 2,103,625

Salaries, wages and other benefits 1,279,415 1,036,595 663,141 478,093

Stores and spares consumed 148,195 108,721 83,373 45,438

Packing materials consumed 332,019 190,991 188,064 75,663

Fuel and power 658,413 364,359 359,183 134,905

Insurance 13,165 11,138 7,358 6,627

Travelling and conveyance 2,669 2,157 (666) (911)

Repair and maintenance 104,966 78,669 55,728 31,852

Entertainment 1,028 539 534 227

Depreciation 259,800 283,776 135,930 142,731

Reversal of provision for slow moving and obsolete inventory (17,190) (3,089) (25,864) (1,535)

Other manufacturing charges 43,136 46,826 10,392 29,028

11,553,582 7,137,465 6,013,647 3,045,743

Selected Notes to the Unconsolidated Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2021

	Half Year Ended		Quarter Ended	
	Unaudited June 30, 2021	Unaudited June 30, 2020	Unaudited June 30, 2021	Unaudited June 30, 2020
	(Rupees in thousand)			
Work in process:				
Opening stock	426,949	225,852	1,065,667	440,582
Less: Closing stock	974,108	463,237	974,108	463,237
	(547,159)	(237,385)	91,559	(22,655)
Cost of goods manufactured	11,006,423	6,900,080	6,105,206	3,023,088
Finished goods:				
Opening stock	2,453,109	2,413,252	2,625,868	3,512,407
Purchases during the period	1,909,438	836,942	913,067	95,984
Less: Closing stock	2,714,923	2,593,324	2,714,923	2,593,324
	1,647,624	656,870	824,012	1,015,067
	12,654,047	7,556,950	6,929,218	4,038,155

8.1 Raw materials consumed

Opening stock	1,994,118	1,182,782	2,641,616	1,199,568
Add: Purchases during the period	9,116,310	5,374,932	4,277,320	2,444,988
Less: Closing stock	2,382,462	1,540,931	2,382,462	1,540,931
	8,727,966	5,016,783	4,536,474	2,103,625

Selected Notes to the Unconsolidated Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2021

9. 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.

(Rupees in thousand)

	Footwear		Tyre		Technical Rubber Products		Total - Company	
	Half year ended	June 30, 2020	Half year ended	June 30, 2020	Half year ended	June 30, 2020	Half year ended	June 30, 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021
Sales - external	3,009,399	2,047,481	11,946,706	7,216,439	161,431	125,135	15,117,536	9,389,055
(Loss) / profit before taxation and unallocated income and expenses	(151,033)	(7,864)	1,162,107	828,879	47,766	33,029	1,058,840	854,044
Unallocated income and expenses							(809,421)	(827,605)
Taxation							(58,391)	(93,929)
Profit / (loss) after taxation							191,028	(67,490)

Selected Notes to the Unconsolidated Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2021

9.1 Reconciliation of reportable segment assets and liabilities

	Footwear		Tyre		Technical Rubber Products		Total - Company	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	June 30, 2021	Dec. 31, 2020	June 30, 2021	Dec. 31, 2020	June 30, 2021	Dec. 31, 2020	June 30, 2021	Dec. 31, 2020
Total assets for reportable segment	7,651,990	6,994,264	12,232,519	10,080,999	438,752	281,408	20,323,261	17,356,671
Unallocated assets							8,953,721	7,094,547
Total assets as per unconsolidated condensed interim statement of financial position							29,276,982	24,451,218
Unallocated liabilities							22,095,713	17,168,626
Total liabilities as per unconsolidated condensed interim statement of financial position							22,095,713	17,168,626

Selected Notes to the Unconsolidated Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2021

- 10 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.

	Level 1	Level 2	Level 3	Total
Recurring fair value measurements At 30 June 2021 (Unaudited)				
	----- Rupees in thousand -----			
Financial assets				
Financial assets at fair value through other comprehensive income	149,697	-	-	149,697
Recurring fair value measurements At 31 December 2020 (Audited)				
	----- Rupees in thousand -----			
Financial assets				
Financial assets at fair value through other comprehensive income	91,410	-	-	91,410

Selected Notes to the Unconsolidated Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2021

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 2021. 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.

(ii) **Valuation techniques used to determine level 1 fair values**

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

	(Unaudited) June 30, 2021	(Unaudited) June 30, 2020
Note	(Rupees in thousand)	
11 Cash (utilized in) / generated from operations		
Profit before taxation	249,419	26,439
Adjustments for non-cash charges and other items:		
Depreciation	315,928	317,970
Depreciation on right-of-use assets	131,947	103,796
Amortization on intangible assets	709	708
Provision for gratuity	20,238	21,288
Finance cost	579,531	656,722
Provision for workers' profit participation fund	11,573	198
Provision for workers' welfare fund	8,012	2,996
Reversal of provision for slow moving and obsolete inventory	(17,190)	(3,089)
Allowance for expected credit losses	33,638	30,356
Share of (profit) / loss in equity accounted investee	(4,061)	14,779
Gain on termination of lease	-	(9,367)
Gain / (loss) on disposal of fixed assets	(6,063)	3,342
Amortization of deferred income - Government grant	(33,497)	-
Working capital changes (Note 11.1)	(1,590,553)	(579,487)
	(300,369)	586,651
11.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(9,551)	78,055
Stock in trade	(2,356,876)	(568,724)
Trade debts	(768,752)	(827,746)
Loans and advances	(626,304)	33,150
Trade deposits and prepayments	(148,534)	(117,952)
Other receivables	52,070	211,003
Increase / (decrease) in current liabilities:		
Trade and other payables	2,267,394	612,727
	(1,590,553)	(579,487)

Selected Notes to the Unconsolidated Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2021

12 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:

	Half Year Ended		Quarter Ended	
	Unaudited June 30, 2021	Unaudited June 30, 2020	Unaudited June 30, 2021	Unaudited June 30, 2020
	(Rupees in thousand)			
(i) Transactions:				
Service Global Footwear Limited - Subsidiary company				
Investment made	-	850,000	-	850,000
Increase in short term loan obtained	1,688,000	190,417	533,000	190,417
Interest on short term loan	155,013	125,402	78,668	73,173
Sale of goods	55,903	-	4,519	-
Purchase of goods	55,056	55,822	51,621	50,741
Loan repaid	1,190,300	-	1,190,300	-
Expenses charged	77,183	132,922	41,211	56,025
Service Long March Tyres (Private) Limited - Subsidiary company				
Investments made	765,000	765,000	-	-
Sale of goods	288	-	173	-
Service rendered	21,844	-	21,844	-
Jomo Technologies (Private) Limited - Associated company				
Sale of goods	17,822	-	5,755	-
Donations paid				
Servis Foundation	19,146	15,264	7,760	10,022
Service Charitable Trust	1,113	-	7	-
Shalamar Hospital	6,285	-	6,285	-
Key management personnel				
Cash dividend paid	157,799	-	157,799	-
Bonus shares issued	105,199	-	105,199	-
Remuneration	126,513	64,009	83,798	25,053
Meeting fee to directors - non executive	1,108	840	1,108	-
Other related parties				
Employees' retirement benefits	74,241	67,989	23,149	30,142

(ii) Period end balances

As at 30 June 2021 (Un-audited)		
Subsidiary companies	Other related parties	Total
(Rupees in thousand)		
Employee benefit plans	-	183,685
Loans and advances	-	-
Trade debts	59,671	22,169
Trade and other payables	58,586	-
Accrued mark-up	78,668	-
Short term borrowings	3,411,991	-
		3,411,991

As at 31 December 2020 (Audited)		
Subsidiary companies	Other related parties	Total
(Rupees in thousand)		
Employee benefit plans	-	176,114
Loans and advances	-	11,476
Trade debts	129,977	-
Short term loan payable	2,914,291	-
Trade and other payables	71,542	-
Accrued mark-up	65,229	-
		65,229

(Unaudited) (Audited)
June December
30, 2021 31, 2020
(Rupees in thousand)

13 Disclosures by company listed on Islamic index

Description

Loan / advances obtained as per Islamic mode:

Loans	2,491,965	1,349,674
Shariah compliant bank deposits / bank balances		
Bank balances	183,110	955

Selected Notes to the Unconsolidated Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2021

	(Unaudited) June 30, 2021	(Unaudited) June 30, 2020
	(Rupees in thousand)	
Profit earned from shariah compliant bank		
Profit on deposits with banks	346	141
Revenue earned from shariah compliant business	15,117,536	9,389,055
Gain or dividend earned from shariah complaint investments		
Unrealized gain on remeasurement of investment at FVTOCI	60,055	3,690
Exchange (loss) / gain earned	(7,029)	21,009
Mark-up on Islamic mode of financing	46,094	30,619
Profits earned or interest paid on any conventional loan		
Interest on loans	254,516	543,414
Profit earned on deposits with banks	25	10

Relationship with shariah compliant banks

Name	Relationship
MCB Islamic Bank Limited	Bank balance and short term borrowings
Meezan Bank Limited	Bank balance, short term borrowings and long term financing
Faysal Bank Limited	Bank balance and short term borrowings
The Bank of Punjab (Taqwa Islamic Banking)	Bank balance and short term borrowings

14 The 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 2020.

15 Date of authorization for issue

These unconsolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on 26 August 2021.

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)

This page intentionally left blank

Condensed Consolidated Interim Financial Statements

Group Directors' Report to the Shareholders

Group Director's Report To The Shareholders

The Directors take pleasure in presenting their Report along with the Group Condensed Interim Financial information of the Service Industries Limited and its subsidiaries for six months ended June 30, 2021.

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 and Service Shoes Lanka (Private) Limited, a partially owned subsidiary company of Service Industries Capital (Private) Limited.

Service Industries Limited

The Director Report providing a commentary on the performance of Service Industries Limited for six months ended June 30, 2021 has been presented separately. Service Industries Limited has annexed its Condensed Consolidated Interim Financial Information along with its Separate Condensed Interim Financial information, 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 July 19, 2019 in Pakistan under the Companies Act, 2017 and was listed on Pakistan Stock Exchange on April 28, 2021. The principal activities of the Company are manufacturing, sale, marketing, import and export of footwear, leather and allied products. The shareholding of Service Industries Limited in Service Global Footwear Limited is 80%.

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 30.6%.

Service Shoes Lanka (Private) Limited

Service Shoes Lanka (Private) Limited is a 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.

For and on Behalf of the Board



Chaudhry Ahmed Javed
Chairman



Arif Saeed
Chief Executive

Dated: August 26, 2021
LAHORE.

Condensed Consolidated Interim Statement of Financial Position (Unaudited)

As at June 30, 2021

	(Unaudited) June 30, 2021	(Audited) December 31, 2020
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital		
100,000,000 (2020: 100,000,000) ordinary shares of Rupees 10 each	1,000,000	1,000,000
Issued, subscribed and paid-up share capital	469,874	234,937
Reserves	7,920,120	8,152,588
Non-controlling interest	5,740,199	1,451,499
Total equity	14,130,193	9,839,024
LIABILITIES		
Non-current liabilities		
Long term financing	8,493,832	3,478,292
Long term deposits	1,440	1,740
Lease liabilities	2,257,411	1,752,383
Employees' retirement benefit	273,316	259,994
Deferred liabilities	1,743,169	363,958
	12,769,168	5,856,367
Current liabilities		
Trade and other payables	8,865,118	5,218,389
Accrued mark-up	268,916	65,119
Short term borrowings	9,354,174	7,868,831
Current portion of non-current liabilities	1,938,239	1,541,612
Unclaimed dividend	39,774	37,897
	20,466,221	14,731,848
Total liabilities	33,235,389	20,588,215
Contingencies and commitments	5	
TOTAL EQUITY AND LIABILITIES	47,365,582	30,427,239

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



Arif Saeed
(Chief Executive)

		(Unaudited) June 30, 2021	(Audited) December 31, 2020
	Note	(Rupees in thousand)	
ASSETS			
Non-current assets			
Fixed assets	6	20,083,900	9,566,926
Right-of-use assets		2,126,875	1,618,879
Intangible assets		36,344	39,507
Long term investments	7	599,465	557,757
Long term loans to employees		19,693	16,437
Long term security deposits		129,339	115,345
		22,995,616	11,914,851
Current assets			
Stores, spares and loose tools		323,633	276,788
Stock-in-trade		9,166,634	6,335,260
Trade debts		5,377,290	4,633,123
Loans and advances		2,397,054	892,136
Trade deposits and prepayments		427,041	244,507
Other receivables		2,116,795	1,929,603
Accrued interest		93,152	5,406
Cash and bank balances		4,468,367	4,195,565
		24,369,966	18,512,388
Total Assets		47,365,582	30,427,239



Omar Saeed
(Director)



Badar Ul Hassan
(Chief Financial Officer)

Condensed Consolidated Interim Statement of Profit or Loss (Unaudited)

For the half year ended June 30, 2021

	Note	(Unaudited) Half Year Ended		(Unaudited) Quarter Ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
(Rupees in thousand)					
Sales - net	8	18,094,827	12,701,377	9,490,310	5,824,701
Cost of Sales	9	(15,078,059)	(10,276,107)	(8,070,380)	(4,956,921)
Gross Profit		3,016,768	2,425,270	1,419,930	867,780
Distribution Cost		(1,295,510)	(965,696)	(699,116)	(458,414)
Administrative Expenses		(867,254)	(634,331)	(454,112)	(298,153)
Other Expenses		(134,707)	(82,295)	(78,321)	(28,478)
		(2,297,471)	(1,682,322)	(1,231,549)	(785,045)
		719,297	742,948	188,381	82,735
Other Income		274,023	224,937	212,502	146,488
Profit from Operations		993,320	967,885	400,883	229,223
Finance Cost		(531,386)	(603,210)	(356,330)	(273,876)
		461,934	364,675	44,553	(44,653)
Share of Loss in Equity					
Accounted Investee - Net of Taxation		(16,669)	(24,274)	(5,515)	(25,460)
Profit / (loss) Before Taxation		445,265	340,401	39,038	(70,113)
Taxation		(153,313)	(134,479)	(32,548)	7,886
Profit / (loss) After Taxation		291,952	205,922	6,490	(62,227)
Share of profit / (loss) attributable to:					
Equity holders of the holding company		292,634	207,805	8,016	(56,875)
Non-controlling interest		(682)	(1,883)	(1,526)	(5,352)
		291,952	205,922	6,490	(62,227)
Earnings / (loss) Per Share -					
Basic and Diluted (Rupees)		6.21	4.38	0.14	(1.32)

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 (Unaudited)

For the half year ended June 30, 2021

	(Unaudited) Half Year Ended		(Unaudited) Quarter Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Profit / (Loss) after taxation	291,952	205,922	6,490	(62,227)

(Rupees in thousand)

Other Comprehensive Income / (loss)

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

60,055	3,690	1,255	14,330
--------	-------	-------	--------

Items that may be reclassified
subsequently to profit or loss:

Exchange differences on translation
of foreign subsidiary

7,733	(16,073)	(3,342)	(11,667)
-------	----------	---------	----------

Exchange difference on translation
of goodwill

(2,454)	2,940	928	1,031
5,279	(13,133)	(2,414)	(10,636)

Other comprehensive income / (loss)
for the period - net of tax

65,334	(9,443)	(1,159)	3,694
--------	---------	---------	-------

Total Comprehensive Income
/ (loss) for the Period

357,286	196,479	5,331	(58,533)
---------	---------	-------	----------

Share of total comprehensive income
/ (loss) attributable to:

Equity holders of the holding company

354,875	204,791	101,570	(48,514)
---------	---------	---------	----------

Non-controlling interest

2,411	(8,312)	704	(10,019)
-------	---------	-----	----------

357,286	196,479	102,274	(58,533)
---------	---------	---------	----------

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 (unaudited)

For the half year ended June 30, 2021


	Attributable to the equity holders of the holding company										Non-controlling interest	Total Equity		
	Share Capital	Capital Reserves					Revenue Reserves						Shareholders' Equity	
		Fair value reserve FVOCI investment	Share premium	Share held by equity accounted investee	Exchange translation reserve	Reserve pursuant to the Scheme	Sub Total	General reserve	Un-appropriated profit	Sub total				Total Reserves
Rupees in thousand														
Balance as at 31 December 2019 - audited	187,950	102,730	2,500	21,217	44,395	4,501	175,343	1,558,208	4,294,131	5,852,339	6,027,682	6,215,632	(31,693)	6,183,939
Transactions with owners:														
Equity share of NCI in Service Long March Tyres (Private) Limited	-	-	-	-	-	-	-	-	-	-	-	-	735,000	735,000
Profit / (loss) for the half year ended	-	-	-	-	-	-	-	-	207,805	207,805	207,805	207,805	(1,883)	205,922
Other comprehensive income / (loss) for the half year	-	-	3,690	-	(6,704)	-	(3,014)	-	-	(3,014)	(3,014)	(3,014)	(6,429)	(9,443)
Total comprehensive income / (loss) for the half year	-	-	3,690	-	(6,704)	-	(3,014)	-	207,805	207,805	204,791	204,791	(8,312)	196,479
Balance as at 30 June 2020 - unaudited	187,950	102,730	6,190	21,217	44,395	(2,203)	172,329	1,558,208	4,501,936	6,060,144	6,232,473	6,420,423	694,995	7,115,418
Transactions with owners:														
Final dividend for the year ended 31 December 2019 @ Rupees 12.50 per share	-	-	-	-	-	-	-	-	(140,963)	(140,963)	(140,963)	(140,963)	-	(140,963)
Issue of bonus shares for the year ended 31 December 2019 @ 25%	46,987	-	-	-	-	-	-	-	(46,987)	(46,987)	(46,987)	-	-	-
Reserve arising pursuant to the Scheme of Compromises, Arrangement and Reconstruction between the Holding Company and its members and Service Global Footwear Limited - subsidiary company and its members (the Scheme)	46,987	-	-	-	-	-	-	-	(187,950)	(187,950)	(187,950)	(140,963)	-	(140,963)
Non-controlling interest on investment in subsidiary company	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-	-	1,114,670	1,114,670	1,114,670	1,114,670	3,840	1,118,510
Other comprehensive income / (loss) for the period	-	-	63,170	-	7,074	-	70,244	-	(4,012)	(4,012)	66,232	66,232	6,586	72,818
Total comprehensive income for the period	-	-	63,170	-	7,074	-	70,244	-	1,110,658	1,110,658	1,180,902	1,180,902	10,426	1,191,328
Balance as at 31 December 2020 - audited	234,937	102,730	69,360	21,217	44,395	4,871	1,169,736	1,558,208	5,424,644	6,982,852	8,152,588	8,387,525	1,451,499	9,839,024


Condensed Consolidated Interim Statement of Cash Flows (Unaudited)

For the half year ended June 30, 2021

	(Unaudited) June 30, 2021	(Unaudited) June 30, 2020
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	445,265	340,401
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	536,107	485,996
Provision for gratuity	27,818	32,770
Finance cost	531,386	603,210
Amortisation of deferred income	(42,282)	-
Provision for workers' profit participation fund	16,063	7,161
Interest on workers' profit participation fund	1,250	-
Provision for workers' welfare fund	11,576	9,699
(Reversal of provision) / provision for slow moving and obsolete inventory	(20,701)	13,033
Allowance for expected credit losses	37,938	13,157
Profit on saving accounts and term deposit receipts	(84,323)	-
Employee share option expense	9,524	-
Interest on loan to associate	(1,903)	-
Share of loss in equity accounted investee	16,669	24,274
Operating profit before working capital changes	1,484,387	1,529,701
Working capital changes		
(Increase)/ decrease in current assets:		
Stores, spares and loose tools	(47,623)	71,716
Stock in trade	(2,809,895)	(810,447)
Trade debts	(492,358)	(1,031,189)
Loans, advances, trade deposits, prepayments and other receivables	(992,029)	(5,377)
	(4,341,905)	(1,775,297)
Increase in trade and other payables	3,057,669	952,895
	(1,284,236)	(822,402)
Cash generated from operations	200,151	707,299
Finance cost paid	(384,021)	(509,743)
Income tax paid	(359,372)	(123,899)
Employees' retirement benefits paid	(14,113)	(16,152)
Long term loans - net	1,337	(2,141)
Long term deposits - net	(15,051)	(1,017)
Net cash (used in) / generated from operating activities	(571,069)	54,347
Cash flow from investing activities		
Capital expenditure on operating fixed assets	(10,559,280)	(1,059,745)
Interest received	71,851	-
Proceeds from disposal of long term investment	18,000	-
Net cash used in investing activities	(10,469,429)	(1,059,745)
Cash flow from financing activities		
Long term financing - net	6,889,976	42,553
Short term borrowings - net	573,352	1,015,645
Repayment of lease liabilities	(83,697)	(5,426)
Proceeds from NCI of subsidiary company - Service Global Footwear Limited	2,078,149	-
Proceeds for investment in subsidiary - Service Long March Tyres (Private) Limited	2,198,616	735,000
Dividend paid	(350,529)	(489)
Long term deposits - net	(300)	(466)
Net cash generated from financing activities	11,305,567	1,786,817
Effects of exchange rate changes on cash and cash equivalents	7,733	(15,139)
Net increase in cash and cash equivalents	272,802	766,280
Cash and cash equivalents at the beginning of the period	4,195,565	103,548
Cash and cash equivalents at the end of the period	4,468,367	869,828

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 (Unaudited)

For the half year ended June 30, 2021

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

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% (2020 : Nil).

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% (2020: 40%).

Selected Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the half year ended June 30, 2021

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% (2020 : 49%).

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 recognised at cost.

Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognise 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 recognised 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.

Unrealised gains on transactions between the Group and its associate is eliminated to the extent of the Group's interest in these entities. Unrealised 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

3.1.1 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 2020.

3.1.2 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.

Selected Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the half year ended June 30, 2021

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, 2020.

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 consolidated financial statements of the Company for the year ended 31 December 2020 except for the following:

Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 1,575.529 million (31 December 2020: Rupees 1,686.555 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.

5.2 Commitments

5.2.1 Guarantees issued in ordinary course of business through banks are of Rupees 3,100.739 million (2020: Rupees 958.318 million).

5.2.2 Contracts for capital expenditure are approximately of Rupees 7,034.209 million (2020: Rupees 12,396.763 million).

5.2.3 Letters of credit other than capital expenditure are of Rupees 1,875.852 million (2020: Rupees 2,786.092 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:

	(Unaudited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in thousand)	
Not later than one year	63,067	65,435
Later than one year and not later than five years	98,893	106,257
	161,960	171,692
6 Fixed Assets		
Operating fixed assets	(Note 6.1) 8,799,002	8,708,099
Capital work-in-progress	11,284,898	858,827
	20,083,900	9,566,926

	(Unaudited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in thousand)	
6.1 Operating fixed assets		
Opening net book value	8,708,099	7,016,077
Add: Additions during the period / year (Note 6.2)	511,535	1,593,913
	9,219,634	8,609,990
Less: Disposals during the period / year (at book value)(Note 6.2)	(2,484)	(25,859)
	9,217,150	8,584,131
Currency retranslation	(7,976)	704
Completion date adjustment under the Scheme	-	927,163
	9,209,174	9,511,998
Less: Depreciation charged during the period / year	(410,172)	(803,899)
	8,799,002	8,708,099

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

	Additions		Disposals - NBV	
	Unaudited	Audited	Unaudited	Audited
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
	(Rupees in thousand)			
Land	-	135,661	-	-
Leasehold land	950	789,114	-	-
Building on freehold land	160,326	71,383	-	-
Plant and machinery	85,995	379,913	1,224	1,975
Furniture, fixture and fittings	19,015	7,401	-	472
Vehicles	6,308	49,929	1,021	6,545
Service equipments	132,333	98,615	239	1,527
Leasehold improvements	106,608	61,897	-	15,340
	511,535	1,593,913	2,484	25,859

	(Unaudited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in thousand)	
	Note	

7 Long term investments

Investment in associate (with significant influence)		
- under equity method (Note 7.1)	449,528	466,107
Investment in joint ventures - at cost (Note 7.2)	240	240
Other investment - at FVTOCI (Note 7.3)	149,697	91,410
	599,465	557,757

Selected Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the half year ended June 30, 2021

	(Unaudited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in thousand)	
7.1 Investment in associate (with significant influence) - under equity method		
Speed (Private) Limited		
263,909 (2020: 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	96,170	175,090
Adjustment due to adoption of IFRS 16	-	(58,532)
Share of post acquisition profit for the period / year	6,669	(20,478)
	102,839	96,080
	445,365	438,606
JOMO Technologies (Private) Limited	40,000	40,000
40,000,000 (2020: 40,000,000) fully paid ordinary shares of Rupees 1 each		
As at the beginning of the period / year	(12,499)	-
Adjustment due to adoption of IFRS 16	-	-
Share of post acquisition loss for the period / year	(23,338)	(12,499)
	(35,837)	(12,499)
	4,163	27,501
	449,528	466,107
7.2 Investment in joint ventures - at cost		
S2 Power Limited		
24,000 (2020: 24,000) fully paid ordinary shares of Rupees 10 each	240	240
S2 Hydro Limited		
24,000 (2020: 24,000) fully paid ordinary shares of Rupees 10 each	240	240
	480	480
Impairment loss recognized against investment in S2 Power Limited	(240)	(240)
	240	240
7.3 Other investment - at FVTOCI		
TRG Pakistan Limited		
900,000 (2020: 1,000,000) fully paid ordinary shares of Rupees 10 each	19,845	22,050
Fair value adjustment	129,852	69,360
	149,697	91,410

	Half Year Ended		Quarter Ended	
	Unaudited June 30, 2021	Unaudited June 30, 2020	Unaudited June 30, 2021	Unaudited June 30, 2020
Note		(Rupees in thousand)		
8 Sales of footwear - net				
Export sales	3,265,501	3,678,566	1,504,901	1,227,689
Local sales	2,668,200	1,533,139	1,154,602	475,210
Duty drawback	53,277	148,098	28,812	60,421
	5,986,978	5,359,803	2,688,315	1,763,320
Sales of tyres - net				
Export sales	1,257,617	416,481	755,429	218,161
Local sales	10,688,801	6,799,958	5,998,075	3,736,157
	11,946,418	7,216,439	6,753,504	3,954,318
Sales of technical rubber products - net				
Local sales	161,431	125,135	48,491	107,063
	18,094,827	12,701,377	9,490,310	5,824,701
9 Cost of sales				
Raw materials consumed (Note 9.1)	10,319,731	6,589,490	5,419,716	2,828,855
Salaries, wages and other benefits	2,002,164	1,822,394	1,029,021	839,336
Stores and spares consumed	221,528	198,015	127,322	99,579
Packing materials consumed	485,154	350,642	267,160	143,400
Fuel and power	695,357	402,798	376,315	146,860
Insurance	17,047	14,259	9,699	8,234
Travelling	3,456	8,341	(1,852)	31
Repair and maintenance	121,050	93,475	62,572	38,067
Entertainment	2,947	2,346	1,466	1,029
Depreciation	343,704	340,093	178,836	167,895
(Reversal of provision) / provision for slow moving and obsolete inventory	(20,701)	13,033	(26,643)	11,194
Other manufacturing charges	69,620	83,529	23,389	38,123
	14,261,057	9,918,415	7,467,001	4,322,603

Selected Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the half year ended June 30, 2021

	Half Year Ended		Quarter Ended		
	Unaudited June 30, 2021	Unaudited June 30, 2020	Unaudited June 30, 2021	Unaudited June 30, 2020	
	Note	(Rupees in thousand)			
Work in process:					
Opening stock		700,755	479,707	1,280,608	655,723
Less: Closing stock		(1,275,654)	(733,124)	(1,275,654)	(733,124)
		(574,899)	(253,417)	4,954	(77,401)
Cost of goods manufactured		13,686,158	9,664,998	7,471,955	4,245,202
Finished goods					
Opening stock		2,930,940	2,970,441	3,107,138	3,789,422
Add: Purchases during the period		1,814,646	875,633	844,972	157,262
Less: Closing stock		(3,353,685)	(3,234,965)	(3,353,685)	(3,234,965)
		1,391,901	611,109	598,425	711,719
		15,078,059	10,276,107	8,070,380	4,956,921
9.1 Raw materials consumed					
Opening stock		2,706,529	1,878,197	1,904,551	1,842,877
Add: Purchases during the period		10,994,314	6,970,150	6,896,277	3,244,835
Less: Closing stock		(3,381,112)	(2,258,857)	(3,381,112)	(2,258,857)
		10,319,731	6,589,490	5,419,716	2,828,855

Selected Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the half year ended June 30, 2021

10. Segment Information

The Group has three reportable segments. The following summary describes the operation in each of the Group'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.

(Rupees in thousand)

	Footwear		Tyre		Technical Rubber Products		Total - Company	
	Half year ended		Half year ended		Half year ended		Half year ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Sales	5,986,978	5,359,803	11,946,418	7,216,439	161,431	125,135	18,094,827	12,701,377
Profit/(loss) before taxation and unallocated income and expenses	(9,640)	280,170	1,216,560	854,806	47,766	33,029	1,254,686	1,168,005
Unallocated income and expenses:								
Taxation							(809,421)	(827,604)
							(153,313)	(134,479)
Profit after taxation							291,952	205,922

Selected Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the half year ended June 30, 2021

10.1 Reconciliation of reportable segment assets and liabilities

	Footwear		Tyre		Technical Rubber Products		Total - Company	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	June 30, 2021	Dec. 31, 2020	June 30, 2021	Dec. 31, 2020	June 30, 2021	Dec. 31, 2020	June 30, 2021	Dec. 31, 2020
Total assets for reportable segment	17,959,885	14,565,025	27,324,889	13,403,695	438,752	281,408	45,723,526	28,250,128
Unallocated assets							1,642,056	2,177,111
Total assets as per condensed consolidated interim financial statements							47,365,582	30,427,239
Unallocated liabilities							33,235,389	20,588,215
Total liabilities as per condensed consolidated interim financial statements							33,235,389	20,588,215

Selected Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the half year ended June 30, 2021

- 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 2021 (Unaudited)	----- Rupees in thousand -----			Total
	Level 1	Level 2	Level 3	
Financial assets				
Financial assets at fair value through other comprehensive income	149,697	-	-	149,697
Total financial assets	149,697	-	-	149,697
----- Rupees in thousand -----				
Recurring fair value measurements At 31 December 2020 (Audited)	----- Rupees in thousand -----			Total
	Level 1	Level 2	Level 3	
Financial assets				
Available for sale financial asset	91,410	-	-	91,410
Total financial assets	91,410	-	-	91,410

Selected Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the half year ended June 30, 2021

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. 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.

(ii) **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:

	Half Year Ended		Quarter Ended	
	Unaudited	Unaudited	Unaudited	Unaudited
	June	June	June	June
	30, 2021	30, 2020	30, 2021	30, 2020

(Rupees in thousand)

Associated companies

Sale of goods	51,618	-	39,551	-
Donations made	26,545	15,264	14,053	10,022

Key management personnel

Cash dividend paid	157,799	-	157,799	-
Bonus shares issued	105,199	-	105,199	-
Remuneration	186,489	64,009	186,489	-
Meeting fee to directors - non executive	2,080	840	2,080	-

Other related parties

Employees' retirement benefits	118,755	114,215	55,289	54,426
--------------------------------	---------	---------	--------	--------

(ii) Period end balances

As at 30 June 2021 (Un-audited)		
Associated companies	Other related parties	Total

(Rupees in thousand)

Employee benefit plans	-	291,892	291,892
Trade debts	149,250	-	149,250
Trade and other payables	3,647	-	-

As at 31 December 2020 (Audited)		
Associated companies	Other related parties	Total

(Rupees in thousand)

Employee benefit plans	-	298,606	298,606
Loans and advances	11,476	-	11,476

Selected Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the half year ended June 30, 2021

13 The 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 consolidated financial statements as at December 31, 2020.

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

14 Date of authorization for issue

These condensed consolidated interim financial statements were authorized for issue on 26 August 2021 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)

This page intentionally left blank

سروس شوز لنکا (پرائیویٹ) لمیٹڈ

سروس شوز لنکا (پرائیویٹ) لمیٹڈ SICPL کا ایک جزوی ماتحت ادارہ ہے جو کہ SIL کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ سروس شوز لنکا (پرائیویٹ) لمیٹڈ ایک (پرائیویٹ) لمیٹڈ لائسنسڈ کمپنی ہے جو کہ 16 جولائی 2015 کو سری لنکا میں کمپنیوں کے ایکٹ 2007 کے نمبر 7 کے تحت رجسٹر ہوئی۔ کمپنی کا رجسٹرڈ دفتر نمبر 17 / 143 سری وکرما ماوا تھا، کولمبو 15 پر واقع ہے اور کاروبار کی مرکزی جگہ کاتونائیکے میں واقع ہے۔

منجانب بورڈ



عارف سعید
چیف ایگزیکٹو



احمد جاوید
چئیرمین

مورخہ 26 اگست 2021
لاہور

گروپ کی ڈائریکٹرز رپورٹ برائے حصص یافتگان

ڈائریکٹرز کمپنی کی رپورٹ پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔ اس رپورٹ میں سروس انڈسٹریز لمیٹڈ (SIL) اور اس کی زبلی کمپنیوں کی 30 جون 2021 تک کی مجموعی ششماہی مختصر عبوری مالیاتی معلومات پیش کی جارہی ہیں۔ گروپ میں SIL، سروس انڈسٹریز کیپیٹل (پرائیویٹ) لمیٹڈ (SICPL) جو کہ SIL گروپ کا مکمل ملکیتی ماتحت ادارہ ہے، سروس گلوبل فنڈ ویئر لمیٹڈ (SGFL)، جو کہ (SIL) گروپ کا جزوی ملکیتی ماتحت ادارہ ہے، اور سروس شوز لنکا (پرائیویٹ) لمیٹڈ جو کہ (SICPL) کا جزوی ماتحت ادارہ ہے، پر مشتمل ہے۔

سروس انڈسٹریز لمیٹڈ

30 جون 2021 کو ختم ہونے والے دورانیے کے لیے سروس انڈسٹریز لمیٹڈ کی کارکردگی پر ڈائریکٹرز رپورٹ، علیحدہ سے پیش کی گئی ہے۔ سروس انڈسٹریز لمیٹڈ نے انٹرنیشنل فائننسٹل رپورٹنگ سٹینڈرڈز اور کمپنیز ایکٹ 2017 کے مطابق 31 مارچ 2021 تک کی گروپ اور انفرادی سہ ماہی معلومات اس رپورٹ میں منسلک کر دی ہیں۔

سروس انڈسٹریز کیپیٹل پرائیویٹ لمیٹڈ

SIL، SICPL، SIL کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ SICPL کمپنی آرڈیننس 1984 (جو کہ اب کمپنی ایکٹ 2017 ہے) کے تحت 10 نومبر 2015 کو پاکستان میں ایک لمیٹڈ کمپنی کے طور پر رجسٹر ہوئی۔ SICPL کا رجسٹرڈ دفتر سروس ہاؤس، 2- مین گلبرگ، لاہور پر واقع ہے۔ اس ماتحت ادارے کا بنیادی مقصد پاکستان میں دنیا میں کہیں بھی، نئے کاروبار اور حصص میں متعلقہ قوانین کے مطابق سرمایہ کاری کرنا ہے۔

سروس گلوبل فنڈ ویئر لمیٹڈ

سروس گلوبل فنڈ ویئر لمیٹڈ کو 19 جولائی 2019 کو پاکستان میں کمپنیز ایکٹ، 2017 کے تحت پبلک لمیٹڈ کمپنی کے طور پر تشکیل کیا گیا ہے۔ کمپنی کی بنیادی سرگرمیوں میں جوتے، چمڑے اور اس سے منسلک مصنوعات کی تیاری، فروخت، مارکیٹنگ، درآمد اور برآمد شامل ہیں۔ سروس گلوبل فنڈ ویئر لمیٹڈ میں سروس انڈسٹریز لمیٹڈ کے 80 فیصد حصص ہیں۔

سروس لانگ مارچ ٹائز (پرائیویٹ) لمیٹڈ

سروس لانگ مارچ ٹائز (پرائیویٹ) لمیٹڈ کو 7 جنوری 2020 کو پاکستان میں کمپنیز ایکٹ، 2017 کے تحت (پرائیویٹ) لمیٹڈ کمپنی کے طور پر تشکیل کیا گیا ہے۔ کمپنی کا رجسٹرڈ آفس سروس ہاؤس، 2- مین گلبرگ، لاہور میں واقع ہے۔ کمپنی کا بنیادی کاروبار مکمل اسٹیل ریڈیل ٹرک اور بس ٹائزوں کی تیاری، فروخت، مارکیٹنگ، درآمد اور برآمد کرنا ہے۔ سروس لانگ مارچ ٹائز (پرائیویٹ) لمیٹڈ میں سروس انڈسٹریز لمیٹڈ کے 30.6 فیصد شیئرز ہیں۔

فی شیئر آمدنی

اس ششماہی میں فی شیئر آمدنی 4.07 روپے رہی جو پچھلے سال کے اسی دورانیے میں منفی 1.44 روپے تھی۔


کرونا وبا کے تناظر میں مستقبل پر ایک نظر

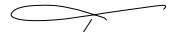
مضبوط سرمایہ کاری کی حکمت عملی اور سازگار مارکیٹ کی بدولت ہم کمپنی کی صحت مند اور منافع بخش نمو کو یقینی بنانے کے لئے پر امید ہیں۔ مشکل معاشی حالات کے باوجود کمپنی کی انتظامیہ اپنے حصص یافتگان کو ان کے حصص کی اچھی قدر فراہم کرنے کے لئے پر عزم ہے۔ ہمارے برانڈ کی مضبوطی اور ہماری صلاحیتوں کی بدولت ہم لگاتار جوتوں اور ٹائر دونوں کا روباہوں میں سب سے آگے ہیں۔

اعتراف

ہم تمہہ 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 اپنے حصص یافتگان کا مخلص ترین شکریہ ادا کرتے ہیں۔ کہ انہوں نے ہم پر بھروسہ کیا اور ہماری غیر متزلزل حمایت جاری رکھی۔

منجانب بورڈ


عارف سعید
چیف ایگزیکٹو


احمد جاوید
چئیرمین

مورخہ 26 اگست 2021

لاہور

ٹائر ڈویژن

ٹائر ڈویژن سروس انڈسٹریز لمیٹڈ کی آمدنی کا سب سے بڑا ذریعہ ہے۔ اس کی فروخت میں پچھلے سال کی نسبت اس ششماہی میں تقریباً 4.73 ارب روپے اور 65.5 فیصد کا زبردست اضافہ ہوا ہے۔ یہ کامیابی زبردست نظم و ضبط، مصنوعات کے معیار، رسد کا سلسلہ اور مصنوعات میں لگاتار جدت لانے کا نتیجہ ہے۔

خام مال کی قیمتوں میں تیزی سے اضافہ ہو رہا ہے، رسد کے اخراجات کئی گنا بڑھ رہے ہیں، ان مشکلات کے باوجود، ہماری ٹائر ڈویژن کی انتظامیہ اپنی ساکھ پر انحصار کرتے ہوئے اپنے کاروباری تناسب کو قائم رکھنے کے لئے پرعزم ہے۔

زرعی ٹائر کی پیداوار کا آغاز 2020 میں ہوا، ہماری مصنوعات کو مارکیٹ میں بہت پذیرائی ملی ہے۔ انتظامیہ پورے ملک میں تشہیر کی سرگرمیاں، آگاہی مہم، علاقائی ڈیلر سے مینٹننگز اور اپنی ساکھ کو استعمال کرتے ہوئے مارکیٹ میں اپنی پوزیشن کو مضبوط بنانے پر کام کر رہی ہے۔

فٹ وئیر ڈویژن

جوتوں کی فروخت میں اس ششماہی میں پچھلے سال کی اسی مدت کے دوران فروخت کے مقابلے میں 47 فیصد کا اضافہ ہوا۔ مقامی فروخت جو کہ جوتوں کی فروخت کا بنیادی حصہ ہے اس سے حاصل شدہ منافع مقامی مارکیٹ میں سست روی کی وجہ سے شدید دباؤ کا شکار ہے۔

ان مشکلات کے باوجود، سال 2021 ریٹیل کاروبار کے لئے ترقی کا سال ہو گا۔ اس میں ہم نے ملک بھر میں مزید اسٹورز کھولنے کا منصوبہ بنایا ہے۔ یہ اہم منصوبہ سال 2020 میں کی گئی اصلاحات پر مبنی ہے جو کہ علاقے کے مناسبت سے مصنوعات فروخت کرنا، فروخت پر مناسب رعایت، جوتوں کا کم سے کم سٹاک رکھنا اور بہتر ملی جلی مصنوعات کے ذریعے مجموعی طور پر بہتر منافع کو یقینی بنائے گا۔

ربر کی فنی مصنوعات

ہماری ربر ڈویژن جو کہ اداروں کو فروخت کرتی ہے، اپنی منفرد نوعیت کی وجہ سے کرونا وبا سے متاثر نہیں ہوئی۔ اس ششماہی میں اس ڈویژن کی فروخت 161.43 ملین روپے رہی جو پچھلے سال کی اسی مدت کے دوران 125.13 ملین روپے تھی۔ اس ڈویژن نے بھی اس ششماہی میں بہترین منافع حاصل کیا ہے۔

ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

ڈائریکٹرز اپنی رپورٹ بمعہ سروس انڈسٹریز لمیٹڈ کی 30 جون 2021 تک کی ششماہی کی مختصر عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

کردنا کی وبا 2020 میں تیزی سے نمودار ہوئی اور ابھی تک جاری ہے اور اس کی نئی لہر تقریباً پوری دنیا کو متاثر کر رہی ہے اس وبا کے بڑے پیمانے پر پھیلنے سے مقامی اور عالمی معیشت پر انتہائی منفی اثرات مرتب ہوئے۔ کمپنی کی انتظامیہ نے اپنی حکمت عملی تبدیل کی ہے اور کیش فلو کو محفوظ رکھتے ہوئے استحکام کی طرف توجہ دے رہی ہے۔ ملازمین کی صحت اور حفاظت کو یقینی بنانے اور کردنا سے بچنے کے لئے بھی اقدامات کیے گئے ہیں۔

کمپنی کی کارکردگی

30 جون 2021 کو ختم ہونے والی سہ ماہی کے لئے سروس انڈسٹریز لمیٹڈ کی انفرادی عبوری مالیاتی کارکردگی درج ذیل ہے۔

ششماہی اختتام 30 جون 2021		
فیصد تہریل	جون 2020 SIL	جون 2021 SIL
روپے ہزار میں		
61.01%	9,389,055	15,117,536
18.19%	697,940	824,889
843.38%	26,439	249,419
383.05%	(67,490)	191,028

خالص فروخت
آپریٹنگ منافع
منافع قبل از ٹیکس
منافع بعد از ٹیکس

سروس انڈسٹریز لمیٹڈ نے اس ششماہی میں اپنے مجموعی مالی گوشواروں کے مطابق 15.12 ارب روپے فروخت کی جو پچھلے سال کی اسی مدت کے مقابلے میں 61 فیصد اضافہ ظاہر کرتا ہے، منافع قبل از محصولات اس ششماہی کے دوران بڑھ کر 249.42 ملین روپے ہو گیا جو کہ پچھلے سال کی اسی مدت کے دوران 26.44 ملین روپے تھا جو کہ صحت مند نمو ظاہر کرتا ہے۔

بعد از ٹیکس خسارہ پچھلے سال کی اسی مدت میں 67.49 ملین روپے تھا جبکہ اس سال 191.03 ملین روپے کا بعد از ٹیکس منافع حاصل ہوا۔ فروخت اور منافع میں اس اضافے کی بنیادی وجہ ٹائر ڈویژن کے شاندار مالی نتائج ہیں۔

servisgroup.com

SERVIS HOUSE

2-Main Gulberg, Lahore-54662, Pakistan.

Tel: +92-42-35751990-96

Fax: +92-42-35711827, 35710593