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## DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors have the pleasure in presenting the half yearly report along with unaudited financial statements of the company for the period ended June 30, 2015.

Your company has performed well during first half of the year. While the overall sales growth was limited to 9.5% during first half compared with the same period last year, the company managed to achieve healthy improvement in terms of gross margins and profitability. However, the Euro's weakness dampened both the revenue growth and the profitability of the company.

Financial performance:

	Six months ended Jun 30			Quarter ended Jun 30		
	2015	2014	Variance	2015	2014	Variance
Sales Revenue	9,148	8,354	9%	4,958	4,514	10%
Profit Before Tax	759	594	28%	468	335	40%
Profit After Tax	568	476	19%	356	287	24%
EPS	47.26	39.57	19%	29.63	23.82	24%

Your company achieved sales of Rs. 9,148 million during first half of the year compared to Rs. 8,354 million during corresponding period last year, representing growth of 9.5%. The company earned profit after tax of Rs. 568 million compared to Rs. 476 million during the same period last year, an increase of 19.4%.

The earnings per share were Rs. 47.26 during the period under review, an increase of 19% over last year.

The management of your company is continuing to invest in top manufacturing technology to further strengthen its market leadership position. The management is also continuing to focus on finding new avenues of growth and profitability through developing new sales channels and improving geographical footprint of the company.

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 27, 2015**

**Place: Lahore**

## 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, 2015** 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 27, 2015

Place: Lahore

Audit Engagement Partner

Muhammad Danish Kamal

**S. M. MASOOD & CO.**

Chartered Accountants

**CONDENSED INTERIM BALANCE SHEET**  
**AS AT JUNE 30, 2015 (UNAUDITED)**

	(Unaudited) June 30, 2015	(Audited) December 31, 2014
Note	(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
Authorized share capital 20,000,000 (2014: 20,000,000) ordinary shares of Rs. 10/- each	<u>200,000</u>	<u>200,000</u>
Paid up share capital	120,288	120,288
Reserves	3,224,318	2,843,661
	<b>3,344,606</b>	<b>2,963,949</b>
<b>Non-current liabilities</b>		
Long term financing - secured	832,613	958,315
Long term deposits	3,665	3,665
Deferred liabilities	360,581	326,495
	<b>1,196,859</b>	<b>1,288,475</b>
<b>Current liabilities</b>		
Trade and other payables	3,664,001	2,123,619
Interest and mark up accrued	63,594	87,888
Short term borrowings - secured	3,759,589	2,105,352
Current portion of:		
long term financing - secured	187,974	174,365
Provision for taxation	293,149	122,436
	<b>7,968,307</b>	<b>4,613,660</b>
Contingencies and commitments	10	-
	<u><b>12,509,772</b></u>	<u><b>8,866,084</b></u>

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 BALANCE SHEET**  
**AS AT JUNE 30, 2015 (UNAUDITED)**

		(Unaudited) June 30, 2015	(Audited) December 31, 2014
	Note	(Rupees in thousand)	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	3,322,375	2,984,513
Intangible assets		9,135	8,097
Long term investments	6	230,477	204,279
Long term loans		8,755	6,722
Long term deposits		49,409	51,191
		<b>3,620,151</b>	<b>3,254,802</b>
<b>Current assets</b>			
Stores, spares and loose tools		116,343	108,111
Stock in trade		2,549,618	2,604,361
Trade debts	7	2,657,819	1,642,863
Loans and advances		163,768	154,741
Trade deposits and prepayments		42,107	17,329
Other receivables		48,321	19,379
Short term investments	8	2,189,236	-
Tax refunds due from government		1,104,188	1,046,056
Cash and bank balances		18,221	18,442
		<b>8,889,621</b>	<b>5,611,282</b>
		<b>12,509,772</b>	<b>8,866,084</b>



**Chaudhry Ahmed Javed**  
(Chairman)



**Omar Saeed**  
(Chief Executive)

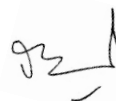
## CONDENSED INTERIM PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED JUNE 30, 2015 (UNAUDITED)

	Note	Six months ended		Three months ended	
		June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
(Rupees in thousand)					
Sales - net	11	9,147,710	8,354,298	4,958,042	4,513,944
Cost of sales	12	7,448,743	6,878,592	3,978,816	3,724,270
<b>Gross profit</b>		<b>1,698,967</b>	1,475,706	<b>979,226</b>	789,674
<b>Operating expenses</b>					
Distribution cost		389,152	386,310	237,722	213,945
Administrative expenses		371,024	316,852	193,416	155,144
Other operating expenses		86,776	70,141	52,200	40,811
		<b>846,952</b>	773,303	<b>483,338</b>	409,900
<b>Operating profit before other income</b>		<b>852,015</b>	702,403	<b>495,888</b>	379,774
Other income		79,570	53,800	56,329	40,338
<b>Operating profit</b>		<b>931,585</b>	756,203	<b>552,217</b>	420,112
Finance cost		172,582	162,204	83,819	85,374
<b>Profit before taxation</b>		<b>759,003</b>	593,999	<b>468,398</b>	334,738
Taxation		190,515	117,983	111,971	48,167
<b>Profit after taxation</b>		<b>568,488</b>	476,016	<b>356,427</b>	286,571
<b>Earnings per share</b>					
basic and diluted (Rupees)		<b>47.26</b>	39.57	<b>29.63</b>	23.82

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 COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2015 (UNAUDITED)

	Six onths ended		Three months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	(Rupees in thousand)			
Profit after taxation for the period	568,488	476,016	356,427	286,571
<b>Items that may reclassify to profit and loss account</b>	-	-	-	-
<b>Items that may not reclassify to profit and loss account</b>				
(Loss)/ gain on investments	(7,399)	753	6,703	753
<b>Total comprehensive income for the period</b>	<b>561,089</b>	<b>476,769</b>	<b>363,130</b>	<b>287,324</b>

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 CASH FLOW STATEMENT FOR THE PERIOD ENDED JUNE 30, 2015 (UNAUDITED)

	Six months ended	
	June 30, 2015	June 30, 2014
(Rupees in thousand)		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	759,003	593,999
<b>Adjustments for</b>		
Depreciation and amortization	149,745	106,268
Gratuity provision	19,894	16,200
Ijarah rentals	36,325	21,011
Finance cost	172,582	162,204
Provision for workers' profit participation fund	40,803	31,901
Provision for workers' welfare fund	15,505	12,122
Provision for slow moving stocks	14,414	33,088
Provision for doubtful debts	4,153	4,582
Share of profit from Speed (Private) Limited	(20,000)	(33,940)
(Profit)/ loss on sale of property, plant and equipment	(971)	2,043
Intangibles written off	641	-
<b>Operating profit before working capital changes</b>	<b>1,192,094</b>	<b>949,478</b>
<b>Changes in working capital</b>		
<b>(Increase)/ decrease in current assets</b>		
Stores, spares and loose tools	(9,302)	(14,502)
Stock in trade	41,399	(330,620)
Trade debts	(1,019,109)	(493,565)
Advances, deposits, prepayments and other receivables	(62,747)	8,529
Tax refunds due from government	90,726	(98,102)
	<b>(959,033)</b>	<b>(928,260)</b>
<b>Increase in current liabilities</b>		
Trade and other payables	1,532,766	309,257
<b>Cash generated from operations</b>	<b>1,765,827</b>	<b>330,475</b>
Finance cost paid	(196,876)	(145,603)
Income tax paid	(148,858)	(85,760)
Gratuity paid	(5,608)	(10,462)
W.P.P.F and W.W.F paid	(52,001)	(40,115)
<b>Net cash generated from operating activities</b>	<b>1,362,484</b>	<b>48,535</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(491,139)	(776,648)
Proceeds from sale of property, plant and equipment	2,821	3,400
Long term investments	(50,736)	(18,025)
Dividend received from Speed (Private) Limited (Associated company)	37,139	-
Short term investments	(2,189,236)	-
Long term loans	(2,033)	(1,606)
Long term deposits	1,782	(20,908)
<b>Net cash used in investing activities</b>	<b>(2,691,402)</b>	<b>(813,787)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term deposits	-	20
Ijarah rentals paid	(36,325)	(21,011)
Short term borrowings - net	1,654,238	603,053
Long term financing	(112,093)	298,700
Dividend paid	(177,123)	(117,656)
<b>Net cash generated from financing activities</b>	<b>1,328,697</b>	<b>763,106</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(221)</b>	<b>(2,146)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>18,442</b>	<b>24,406</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>18,221</b>	<b>22,260</b>

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  
FOR THE PERIOD ENDED JUNE 30, 2015 (UNAUDITED)**

(Rupees in thousand)

	Paid up share capital	Capital reserves		Revenue reserves		Total
		Capital gain	Share premium	General reserves	Un-appropriated profit	

Balance as at Dec. 31, 2013	120,288	102,730	21,217	1,558,208	644,643	2,447,086
Final dividend for the year ended December 31, 2013 @ Rs. 10 per share	-	-	-	-	(120,288)	(120,288)
Total comprehensive income for the six months ended June 30, 2014	-	-	-	-	476,769	476,769
Balance as at June 30, 2014	120,288	102,730	21,217	1,558,208	1,001,124	2,803,567

**Balance as at Dec. 31, 2014**

**Final dividend for the year ended**

**December 31, 2014 @ Rs. 15 per share**

**Total comprehensive income for the six months ended June 30, 2015**

**Balance as at June 30, 2015**

120,288	102,730	21,217	1,558,208	1,161,506	2,963,949
-	-	-	-	(180,432)	(180,432)
-	-	-	-	561,089	561,089
120,288	102,730	21,217	1,558,208	1,542,163	3,344,606

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)

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED JUNE 30, 2015 (UNAUDITED)

### 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 Lahore and Karachi Stock Exchanges. 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 pertain to Service Industries Limited as an individual entity.

### 2 BASIS OF PREPARATION

This condensed financial information for the half year ended June 30, 2015 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, 2014.

- 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.

		(Unaudited) June 30, 2015	(Audited) Dec. 31, 2014
	Note	(Rupees in thousand)	
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	<b>2,856,886</b>	2,618,793
Capital work in progress		<b>465,489</b>	365,720
		<b><u>3,322,375</u></b>	<u>2,984,513</u>
<b>5.1 Operating fixed assets</b>			
Opening written down value		<b>2,618,793</b>	1,819,162
Add: Additions during the period/ year	5.2	<b>386,675</b>	1,043,738
		<b><u>3,005,468</u></b>	2,862,900
Less: Disposals during the period/ year (at net book value)	5.2	<b>1,850</b>	11,068
		<b><u>3,003,618</u></b>	2,851,832
Less: Depreciation charged during the period/ year		<b>146,732</b>	233,039
		<b><u>2,856,886</u></b>	<u>2,618,793</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED JUNE 30, 2015 (UNAUDITED)

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

	Additions		Disposals - NBV	
	Unaudited June 30, 2015	Audited Dec. 31, 2014	Unaudited June 30, 2015	Audited Dec. 31, 2014
Building on freehold land	92,512	148,950	-	-
Plant and machinery	204,492	626,726	-	656
Furniture, fixture and fittings	295	940	-	-
Vehicles	8,009	2,946	1,190	4,627
Service equipments	81,367	258,460	660	463
Leasehold improvements	-	190	-	5,322
Last and moulds	-	5,526	-	-
	<b>386,675</b>	<b>1,043,738</b>	<b>1,850</b>	<b>11,068</b>

(Unaudited)                      (Audited)  
June 30, 2015                      Dec. 31, 2014  
(Rupees in thousand)

### 6 LONG TERM INVESTMENTS

#### Investments in Associate

Cost of investment

142,839 fully paid ordinary shares of Rs. 100/- each

162,408                      162,408

#### Share of post acquisition reserve

As at the beginning of the period / year

41,871                      14,624

Share of post acquisition profit

6.1                      20,000                      54,386

Distributions received during the period

(37,139)                      (27,139)

24,732                      41,871

187,140                      204,279

#### Other - Available for sale

Quoted

50,736                      -

Add: Fair value adjustment

(7,399)                      -

43,337                      -

230,477                      204,279

- 6.1 Share of profit of associate has been taken on the basis of unaudited accounts of the associate for the year ended June 30, 2015 (December 31, 2014: Unaudited accounts for the period ended December 31, 2014).

### 7 TRADE DEBTS

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

(Unaudited)                      (Audited)  
June 30, 2015                      Dec. 31, 2014  
(Rupees in thousand)

### 8 SHORT TERM INVESTMENTS

Financial assets at fair value through profit and loss account

1,544,300                      -

Investment in term deposits

644,936                      -

Investment in mutual funds

2,189,236                      -

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED JUNE 30, 2015 (UNAUDITED)

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

#### Commitments

- 10.5 Guarantees issued through banks Rs. 1,142.17 million (December 2014: Rs. 52.76 million).
- 10.6 Irrevocable letters of credit Rs. 826.19 million (December 2014: Rs. 638.69 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 :

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>June 30, 2015</b>	<b>Dec. 31, 2014</b>
	<b>(Rupees in thousand)</b>	
Not later than one year	<b>72,617</b>	64,017
Later than one year but not later than five years	<b>103,290</b>	122,503
Later than 5 years	-	-
	<b><u>175,907</u></b>	<b><u>186,520</u></b>

- 10.8 Ijarah rentals paid during the period aggregate Rs. 36,325 thousand (December 2014: Rs. 51,604 thousand).

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED JUNE 30, 2015 (UNAUDITED)

	Note	Six months ended		Three months ended	
		June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
<b>11 Sales - net</b>		(Rupees in thousand)			
<b>Sales of footwear - net</b>					
Export		2,287,287	2,431,391	1,060,505	1,249,568
Local		2,825,245	2,281,004	1,540,810	1,205,831
		<b>5,112,532</b>	<b>4,712,395</b>	<b>2,601,315</b>	<b>2,455,399</b>
<b>Sales of tyre division - net</b>					
Export		256,074	154,012	178,368	105,962
Local		3,779,242	3,473,569	2,178,497	1,941,734
		<b>4,035,316</b>	<b>3,627,581</b>	<b>2,356,865</b>	<b>2,047,696</b>
<b>Sales of technical rubber products - net</b>					
Export		-	96	-	-
Local		(138)	14,226	(138)	10,849
		<b>(138)</b>	<b>14,322</b>	<b>(138)</b>	<b>10,849</b>
		<b>9,147,710</b>	<b>8,354,298</b>	<b>4,958,042</b>	<b>4,513,944</b>
<b>12 Cost of sales</b>					
Raw material consumed	12.1	5,054,247	4,955,364	2,603,255	2,513,753
Salaries, wages and benefits		1,136,223	903,792	580,597	456,133
Stores and spares consumed		96,465	110,021	57,186	76,882
Packing material consumed		290,179	247,279	143,278	137,967
Fuel and power		367,961	394,397	184,777	198,821
Insurance		5,719	5,597	2,882	3,052
Depreciation		135,025	92,881	69,924	49,244
Travelling and conveyance		6,893	6,015	2,035	3,598
Repair and maintenance		53,585	53,740	31,702	28,534
Entertainment		1,302	1,714	489	858
Provision for slow moving and obsolete items		30,414	12,524	23,193	11,506
Other manufacturing charges		95,137	110,504	41,091	55,632
		<b>7,273,150</b>	<b>6,893,828</b>	<b>3,740,409</b>	<b>3,535,980</b>
<b>Work in process</b>					
Opening stock		441,215	345,118	400,110	367,688
Closing stock		(422,638)	(452,754)	(422,638)	(452,754)
		<b>18,577</b>	<b>(107,636)</b>	<b>(22,528)</b>	<b>(85,066)</b>
<b>Cost of goods manufactured</b>		<b>7,291,727</b>	<b>6,786,192</b>	<b>3,717,881</b>	<b>3,450,914</b>
<b>Finished goods</b>					
Opening stock		757,398	711,604	1,011,969	933,113
Purchases during the period		277,628	115,550	126,976	74,997
Closing stock		(878,010)	(734,754)	(878,010)	(734,754)
		<b>157,016</b>	<b>92,400</b>	<b>260,935</b>	<b>273,356</b>
		<b>7,448,743</b>	<b>6,878,592</b>	<b>3,978,816</b>	<b>3,724,270</b>
<b>12.1 Raw material consumed</b>					
Opening stock		1,251,540	1,136,077	1,265,821	1,065,138
Purchases during the period		4,942,744	5,048,124	2,477,471	2,677,452
Closing stock		(1,140,037)	(1,228,837)	(1,140,037)	(1,228,837)
		<b>5,054,247</b>	<b>4,955,364</b>	<b>2,603,255</b>	<b>2,513,753</b>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED JUNE 30, 2015 (UNAUDITED)

### 13. SEGMENT REPORTING

(Rupees in thousand)

	Footwear		Tyre Division		Technical Rubber Products		Total	
	6 months ended June 30, 2015	6 months ended June 30, 2014	6 months ended June 30, 2015	6 months ended June 30, 2014	6 months ended June 30, 2015	6 months ended June 30, 2014	6 months ended June 30, 2015	6 months ended June 30, 2014
External sales	5,112,532	4,712,395	4,035,316	3,627,581	(138)	14,322	9,147,710	8,354,298
Inter-segment sales	-	-	-	-	-	-	-	-
Total revenue	5,112,532	4,712,395	4,035,316	3,627,581	(138)	14,322	9,147,710	8,354,298
Profit/ (loss) before tax and unallocated expenses	487,943	531,052	708,582	436,543	(4,408)	5,463	1,192,117	973,058
<b>Unallocated corporate expenses</b>								
Finance cost							(150,247)	(146,773)
Other operating expenses							(342,345)	(271,373)
Other operating income							59,478	39,087
Taxation							(190,515)	(117,983)
<b>Profit after taxation</b>							568,488	476,016
<b>13.1 Reconciliation of segment profit</b>								
Total profit for reportable segments							1,192,117	973,058
Unallocated expenses							(433,114)	(379,059)
<b>Profit before tax</b>							759,003	593,999

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED JUNE 30, 2015 (UNAUDITED)

(Rupees in thousand)

	Footwear		Tyre Division		Technical Rubber Products		Total	
	6 months ended June 30, 2015	6 months ended Dec. 31, 2014	6 months ended June 30, 2015	6 months ended Dec. 31, 2014	6 months ended June 30, 2015	6 months ended Dec. 31, 2014	6 months ended June 30, 2015	6 months ended Dec. 31, 2014

Total assets for reportable segments  
Unallocated assets

**5,408,423**      3,908,524

**3,634,343**      3,346,660

**39,164**      39,329

**9,081,930**      7,294,513  
**3,427,842**      1,571,571  
**12,509,772**      **8,866,084**

Segment liabilities  
Unallocated liabilities  
**Total liabilities as per balance sheet**

**1,177,866**

**1,177,866**      -  
**7,987,300**      5,902,135  
**9,165,166**      **5,902,135**

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED JUNE 30, 2015 (UNAUDITED)

### 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)

Party Name	Relationship with Company	Nature of transactions	Amount of transactions	June 30, 2015 (Unaudited)		December 31, 2014 (Audited)	
				Closing balance		Closing balance	
				Debit	Credit	Debit	Credit
Speed (Private) Limited	Associate	Investment	-	187,140	-	204,279	-
Shahid Arif Investment (Private) Limited	Associate	-	-	-	-	-	-
SAB Polymer Industries (Private) Limited	Associate	-	-	-	-	-	-
SBL Trading (Private) Limited	Associate	-	-	-	-	-	-
Service Provident Fund Trust	Provident fund	Contribution	47,901	-	17,453	-	22,361
Service Industries Pension Fund Trust	Pension fund	Contribution	55	-	2	-	2
Service Industries Limited Employees Gratuity Fund	Gratuity fund	Contribution	19,894	-	75,044	-	60,759

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 27<sup>th</sup> August, 2015 has proposed an interim cash dividend of Rs. 12.50 per share (December 31, 2014: Cash dividend of Rs. 15.00 per share).

### 16 AUTHORIZATION DATE

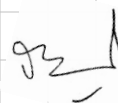
This financial information was approved and authorized for issue by the Board of Directors as on 27<sup>th</sup> August, 2015.

### 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)