

Report & Un-Audited Accounts for the
Half year Ended June 30, 2019

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people..**



Servis

Service Industries Limited

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Company Information

Board of Directors

Chaudhry Ahmed Javed
(Chairman)

Non-Executive Director

Mr. Arif Saeed
(Chief Executive Officer)

Executive Director

Mr. Omar Saeed
Executive Director

Mr. Hassan Javed
Executive Director

Mr. Riaz Ahmed
Non-Executive Director

Mr. Osman Saifullah Khan
Independent Director

Mr. Rehman Naseem
Independent Director

Mr. Muhammad Amin
Independent Director

Mr. Shahid Hussain Jatoi
Independent Director

Chief Financial Officer

Mr. Badar Ul Hassan

Company Secretary

Mr. Waheed Ashraf

Audit Committee

Mr. Muhammad Amin
Chairman

Mr. Riaz Ahmed
Member

Mr. Rehman Naseem
Member

Human Resource and Remuneration Committee

Mr. Osman Saifullah Khan
Chairman

Mr. Arif Saeed
Member

Mr. Riaz Ahmed
Member

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Soneri Bank Limited
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
Samba Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited
National Bank Limited
JS Bank Limited

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

Factories

G.T. Road, Gujrat.
Muridke-Sheikhupura Road, Muridke.

Web Presence

www.servisgroup.com





Directors' Report to the Shareholders

The Directors take pleasure in presenting their Report along with the condensed interim financial information of Service Industries Limited ("the Company") for the half year ended June 30, 2019.

Company's performance:

Key Financial Indicators of the Company are summarized below:

Particular	Half Year Ended June 30			Quarter Ended June 30		
	2019	2018	Growth	2019	2018	Growth
	Rupees in million					
Net Sales	14,162	11,669	21%	8,137	6,196	31%
Profit Before Tax	707	452	56%	391	158	147%
Profit After Tax	626	405	54%	347	139	150%
Earning Per Share (PKR)	41.64	26.97	54%	23.11	9.24	150%

The Company achieved sales of PKR 14.16 billion during the first half of the year as compared to PKR 11.67 billion during corresponding period last year showing a healthy growth of 21%. Footwear exports and tyre division sales were the most promising areas in terms of revenue growth.

The Footwear export business has shown better profitability attributed to growth in quantity and currency devaluation. The domestic footwear business continues to face tough challenge as the retail market in the country remained stressed.

The Tyre business also showed a healthy growth both in sales and profitability. The efficiencies achieved in production, maintaining quality, better product mix and brand awareness helped us in passing the impact of raw materials' price increase to our customers although tough market competition and uncertain economic environment continued to prevail in the country.

The earnings per share stood at PKR 41.64 during the first half of the year under review registering a rise of 54% over same period last year (PKR 26.97) due to reasons stated above.

Future Outlook

Footwear export sales are expected to continue growing and contribute positively to the company's profitability. Driving growth in the retail segment will remain a challenge for the Company as we expect the local economy to go through a tough transitional year.

In the Tyre business segment, improvements in productivity have been aggressively targeted in the second half of the financial year and we are expecting better financial results in this period.

Scheme of Compromises, Arrangements and Reconstruction

The Board of Directors of the Company in their meeting held on August 26, 2019 has approved the "Scheme Of Compromises, Arrangements and Reconstruction" pursuant to the applicable provisions of the Companies Act, 2017 entered into between Service Industries Limited and its members and Service Global Footwear Limited (wholly owned subsidiary of the Company) and its members for the de-merger of the Company's Muridke Footwear Undertaking inclusive of all assets, rights, liabilities, entitlements and obligations pertaining thereto from the Company and simultaneously transferring to, vesting and amalgamating the same with and into Service Global Footwear Limited against the issue of shares by Service Global Footwear Limited to the Company, subject to obtaining all requisite permissions/approvals and sanctions of the scheme by the Honorable Lahore High Court and subject to fulfillment of all requisite legal requirements.

Acknowledgment

The Directors wish to place on record the efforts of the staff and especially the workers in attaining these excellent financial results. We remain indebted to all our stakeholders for their continued support.

For and on behalf of the Board



Chaudhry Ahmed Javed
CHAIRMAN



Arif Saeed
CHIEF EXECUTIVE

Dated: August 26, 2019
LAHORE.

اعتراف

ان نتائج کو حاصل کرنے میں ڈائریکٹر اپنے اسٹاف اور خاص طور پر اپنے کارکنوں کی کوششوں کو سراہتے ہیں اور ہم اپنے اسٹیک ہولڈرز کے لگاتار تعاون کے بھی ممنون ہیں۔

منجانب بورڈ



عارف سعید
چیف ایگزیکٹو



چوہدری احمد جاوید
چیرمین

مورخہ 26 اگست 2019
لاہور

ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

ڈائریکٹرز کمپنی کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ اس رپورٹ میں کمپنی کی 30 جون 2019 تک کی ششماہی کی مختصر عبوری مالیاتی معلومات پیش کی جارہی ہیں۔

مالیاتی کارکردگی

سہ ماہی اختتام 30 جون			ششماہی اختتام 30 جون		
شرح نمو	2018	2019	شرح نمو	2018	2019
روپے ملین میں			روپے ملین میں		
31%	6,196	8,137	21%	11,669	14,162
147%	158	391	56%	452	707
150%	139	347	54%	405	626
150%	9.24	23.11	54%	26.97	41.64

خاص فروخت
منافع قبل دیکس
منافع بعد دیکس
فی شیئر آمدنی (پے)

آپ کی کمپنی نے اس ششماہی میں 14.16 ارب روپے کی فروخت کی جبکہ پچھلے سال اسی مدت میں 11.67 ارب روپے کی فروخت ہوئی جو کہ 21 فیصد کی صحت مند نمو کو ظاہر کرتا ہے۔ نمو کی اہم وجہ جو توں کی برآمدات اور ٹائر ڈویژن فروخت میں اضافہ ہے۔

اس ششماہی میں پچھلے سال کی اسی مدت کے مقابلے میں جو توں کی برآمدات میں صحت مند نمو رہا اور منافع بھی بہتر رہا جس کی فروخت کی وجہ مقدار میں اضافہ اور روپے کی قدر میں کمی ہے۔ جو توں کی ریٹیل مارکیٹ دباؤ کا شکار ہونے سے ہماری مقامی مارکیٹ کے بزنس کو دشواری کا سامنا ہے۔

اگرچہ ملک میں مقابلے کے رجحان اور غیر یقینی اقتصادی فضا ہے۔ اس کے باوجود ٹائر کے کاروبار میں بھی بہتر فروخت اور منافع رہا ہے جس کی وجہ پیداوار کی لاگت میں کمی، معیار کو برقرار رکھنا، بہتر ملی جلی مصنوعات کا انتخاب اور برانڈ کی اچھی تہہ ہے۔

اس مدت کے دوران فی شیئر آمدنی 41.64 روپے رہی جو کہ پچھلے سال کی اسی مدت میں 26.97 روپے تھی جو کہ 54 فیصد بہتری ظاہر کرتا ہے۔

مستقبل پر ایک نظر

جو توں کی برآمدات میں لگاتار اضافہ متوقع ہے اور یہ کمپنی کا منافع بڑھانے میں زبردست معاون رہیں گی۔ مقامی فروخت کو بڑھانا آسان نہیں ہو گا کیونکہ مقامی معیشت کیلئے یہ ایک مشکل سال متوقع ہے۔

ٹائر کے کاروبار میں پیداواری عمل کی اصلاح پر زبردست کوششیں ہو رہی ہیں اور بقیہ مالی سال میں بہتر مالی نتائج متوقع ہیں۔

سمجھوتوں، انتظامات اور تعمیر نو کے قواعد و ضوابط

کمپنی کے بورڈ آف ڈائریکٹرز نے 26 اگست 2019 کو ہونے والے اجلاس میں سمجھوتوں، انتظامات اور تعمیر نو کے قواعد و ضوابط کی منظوری کمپنی ایکٹ 2017 کے لاگو کردہ قوانین کے مطابق دی ہے۔ یہ قواعد و ضوابط سروس انڈسٹریز لمیٹڈ اور اس کے اراکین اور سروس گلوبل فنڈ ویئر لمیٹڈ (کمپنی کا مکمل ماتحت ادارہ) اور اس کے اراکین میں طے پائے ہیں، جس کے تحت مرید کے جو توں کے کاروبار کو جزوی طور پر سروس گلوبل فنڈ ویئر لمیٹڈ کو منتقل کیا جا رہا ہے۔ اس میں متعلقہ کاروبار کے تمام اثاثے، حقوق، واجبات استحقاق اور فرائض شامل ہیں۔ اس کے بدلے میں سروس گلوبل فنڈ ویئر لمیٹڈ کمپنی کو حصص جاری کرے گی۔ ان قواعد و ضوابط کی منظوری معزز ہائی کورٹ لاہور سے تمام متعلقہ اجازت نامے، منظوری لینے اور قانونی تقاضے پورے کرنے سے مشروط ہے۔

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 2019 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 19 and 30 June 2018 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 2019.

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.

Riaz Ahmad & Company

Chartered Accountants

Other matter

The unconsolidated condensed interim financial statements for the half year ended 30 June 2018 and financial statements for the year ended 31 December 2018 were reviewed / audited by another firm of Chartered Accountants whose review report dated 27 August 2018 and auditor's report dated 03 April 2019 expressed unqualified conclusion / opinion.

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, 2019

Unconsolidated Condensed Interim Statement of Financial Position

As at 30 June 2019

	(Unaudited) June 30, 2019	(Audited) December 31, 2018
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
100,000,000 (31 December 2018: 100,000,000)		
ordinary shares of Rupees 10 each	1,000,000	1,000,000
Issued, subscribed and paid-up share capital		
15,035,986 (31 December 2018: 12,028,789)		
ordinary shares of Rupees 10 each	150,360	120,288
Reserves	5,484,721	5,395,877
Total equity	5,635,081	5,516,165
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing - secured	2,358,424	2,617,155
Long term deposits	3,243	3,243
Deferred liabilities	495,053	521,628
	2,856,720	3,142,026
CURRENT LIABILITIES		
Trade and other payables	4,340,905	2,739,985
Accrued mark-up	176,795	146,917
Short term borrowings	5,927,809	5,633,361
Current portion of long term financing	794,114	699,725
Unclaimed dividend	37,932	32,002
Provision for taxation	358,222	210,942
	11,635,777	9,462,932
Total liabilities	14,492,497	12,604,958
CONTINGENCIES AND COMMITMENTS		
	5	
TOTAL EQUITY AND LIABILITIES	20,127,578	18,121,123

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



Chaudhry Ahmed Javed

(Chairman)

	(Unaudited) June 30, 2019	(Audited) December 31, 2018
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(Rupees in thousand)

ASSETS

NON-CURRENT ASSETS

	Note		
Fixed assets	6	7,148,955	6,946,303
Intangible assets		3,400	2,562
Long term investments	7	565,243	549,917
Long term loans		20,298	20,450
Long term deposits		102,472	95,010
		7,840,368	7,614,242

CURRENT ASSETS

Stores, spares and loose tools	193,083	159,415
Stock in trade	4,970,128	4,044,171
Trade debts	3,624,526	3,300,338
Loans and advances	931,243	463,549
Short term deposits and prepayments	167,310	93,469
Other receivables	2,356,965	2,392,178
Cash and bank balances	43,955	53,761
	12,287,210	10,506,881

TOTAL ASSETS

20,127,578 18,121,123



Arif Saeed
(Chief Executive)




Badar Ul Hassan
(Chief Financial Officer)


Unconsolidated Condensed Interim Statement of Profit or Loss (Unaudited)

For the half year ended 30 June 2019

	Note	Half year ended		Quarter ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		(Rupees in thousand)			
			Restated		Restated
Sales - net	8	14,162,301	11,669,256	8,136,692	6,196,326
Cost of sales	9	(11,593,719)	(9,875,656)	(6,747,568)	(5,355,281)
Gross profit		2,568,582	1,793,600	1,389,124	841,045
Distribution cost		(1,038,420)	(718,929)	(591,473)	(366,026)
Administrative expenses		(604,018)	(559,927)	(313,911)	(274,519)
Other expenses		(92,683)	(87,163)	(58,689)	(44,438)
		(1,735,121)	(1,366,019)	(964,073)	(684,983)
		833,461	427,581	425,051	156,062
Other income		284,793	229,021	182,749	112,555
Profit from operations		1,118,254	656,602	607,800	268,617
Finance cost		(432,037)	(245,346)	(228,403)	(133,652)
		686,217	411,256	379,397	134,965
Share of profit in equity accounted investee - net of taxation		21,016	40,374	11,519	23,210
Profit before taxation		707,233	451,630	390,916	158,175
Taxation		(81,219)	(46,184)	(43,497)	(19,310)
Profit after taxation		626,014	405,446	347,419	138,865
Earnings per share - basic and diluted (Rupees)		41.64	26.97	23.11	9.24

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


 Chaudhry Ahmed Javed
 (Chairman)


 Arif Saeed
 (Chief Executive)


 Badar Ul Hassan
 (Chief Financial Officer)

Unconsolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

For the half year ended 30 June 2019

	Half year ended		Quarter ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	(Rupees in thousand)			
		Restated		Restated
Profit after taxation	626,014	405,446	347,419	138,865
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Deficit arising on remeasurement of investment at fair value through other comprehensive income - net of tax	(5,690)	-	(4,660)	-
Remeasurements of employees' retirement benefit Obligation - net of tax	(18,576)	-	(18,576)	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive loss for the period - net of tax	(24,266)	-	(23,236)	-
Total comprehensive income for the period	601,748	405,446	324,183	138,865

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



Chaudhry Ahmed Javed
(Chairman)



Arif Saeed
(Chief Executive)




Badar Ul Hassan
(Chief Financial Officer)


Unconsolidated Condensed Interim Statement of Cash Flows (Unaudited)

For the half year ended 30 June 2019

	Half year ended	
	June 30, 2019	June 30, 2018
	(Rupees in thousand)	
		Restated
Cash flows from operating activities		
Profit before taxation	707,233	451,630
Adjustments for non-cash charges and other items:		
Depreciation	331,071	283,374
Amortization	603	780
Provision for gratuity	26,265	26,271
Finance cost	432,037	245,346
Provision for workers' profit participation fund	26,368	23,625
Provision for workers' welfare fund	5,614	2,498
Provision / (reversal of provision) for slow moving and obsolete inventory	39,823	(11,582)
Allowance for expected credit loss against trade debts	24,732	16,734
Share of profit in equity accounted investee	(21,016)	(40,374)
Impairment loss on investment	-	960
Loss on sale of fixed assets	11,457	34
Cash generated from operating activities before working capital changes	1,584,187	999,296
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(36,716)	3,927
Stock in trade	(734,736)	(738,541)
Trade debts	(702,602)	77,004
Loans and advances	(467,694)	(175,709)
Short term deposits and prepayments	(73,841)	(15,996)
Other receivables	166,178	(364,941)
Increase in current liabilities:		
Trade and other payables	1,572,654	431,289
	(276,757)	(782,967)
Cash generated from operations	1,307,430	216,329
Finance cost paid	(402,159)	(232,662)
Income tax paid	(130,965)	(159,986)
Staff retirement benefits paid	(5,355)	(6,909)
Long term loans - net	152	(1,068)
Long term deposits - net	(7,462)	(4,145)
Net cash from / (used in) operating activities	761,641	(188,441)
Cash flows from investing activities		
Capital expenditure on fixed assets	(545,655)	(1,069,219)
Intangible asset acquired	(1,441)	-
Proceeds from sale of fixed assets	475	884
Dividend received from associated company	-	16,071
Net cash used in investing activities	(546,621)	(1,052,264)
Cash flows from financing activities		
Long term financing - net	(164,342)	630,433
Long term deposits	-	1,815
Short term borrowings - net	294,448	911,899
Dividend paid	(354,932)	(259,417)
Net cash (used in) / from financing activities	(224,826)	1,284,730
Net (decrease) / increase in cash and cash equivalents	(9,806)	44,025
Cash and cash equivalents at the beginning of the period	53,761	79,184
Cash and cash equivalents at the end of the period	43,955	123,209

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


 Chaudhry Ahmed Javed
 (Chairman)


 Arif Saeed
 (Chief Executive)


 Badar Ul Hassan
 (Chief Financial Officer)

Unconsolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For the half year ended 30 June 2019

(Rupees in thousand)

	RESERVES							TOTAL EQUITY			
	Capital reserves			Revenue reserves					TOTAL		
	Share capital	Capital gain	Fair value reserve FVTOCI investments	Share premium	Share of reserve held by equity accounted investee	Sub total	General reserves			Un-appropriated profit	Sub total
Balance as at 31 December 2017 - audited	120,288	102,730	-	21,217	-	123,947	1,558,208	2,944,318	4,502,526	4,626,473	4,746,761
Proportionate share of reserve of equity accounted associate (Note 4(iii))	-	-	-	-	23,935	23,935	-	(23,935)	(23,935)	-	-
Balance as at 31 December 2017 - restated	120,288	102,730	-	21,217	23,935	147,882	1,558,208	2,920,383	4,478,591	4,626,473	4,746,761
Transaction with owners:											
Final dividend for the year ended 31 December 2017 @ Rupees 22 per share	-	-	-	-	-	-	-	(264,634)	(264,634)	(264,634)	(264,634)
Profit for the half year ended 30 June 2018	-	-	-	-	-	-	-	405,446	405,446	405,446	405,446
Other comprehensive income for the half year ended 30 June 2018 - restated	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 30 June 2018 - restated	-	-	-	-	-	-	-	405,446	405,446	405,446	405,446
Balance as at 30 June 2018 - unaudited - restated	120,288	102,730	-	21,217	23,935	147,882	1,558,208	3,061,195	4,619,403	4,767,285	4,887,573
Profit for the half year ended 31 December 2018	-	-	-	-	-	-	-	655,861	655,861	655,861	655,861
Other comprehensive loss for the half year ended 31 December 2018	-	-	-	-	-	-	-	(27,269)	(27,269)	(27,269)	(27,269)
Total comprehensive income for the half year ended 31 December 2018	-	-	-	-	-	-	-	628,592	628,592	628,592	628,592
Balance as at 31 December 2018 - audited - restated	120,288	102,730	-	21,217	23,935	147,882	1,558,208	3,689,787	5,247,995	5,395,877	5,516,165
Adjustment on adoption of IFRS 9 (Note 3.2.1)	-	-	-	-	-	-	-	(51,358)	(51,358)	(51,358)	(51,358)
Adjustment on adoption of IFRS 15 (Note 3.2.2)	-	-	-	-	-	-	-	(70,612)	(70,612)	(70,612)	(70,612)
Adjusted total equity as at 01 January 2019	120,288	102,730	-	21,217	23,935	147,882	1,558,208	3,567,817	5,126,025	5,273,907	5,394,195
Transactions with owners:											
Final dividend for the year ended 31 December 2018 @ Rupees 30 per share	-	-	-	-	-	-	-	(360,862)	(360,862)	(360,862)	(360,862)
Issue of bonus shares for the year ended 31 December 2018 @ 25%	30,072	-	-	-	-	-	-	(30,072)	(30,072)	(30,072)	-
	30,072	-	-	-	-	-	-	(390,934)	(390,934)	(390,934)	(360,862)
Profit for the half year ended 30 June 2019	-	-	-	-	-	-	-	626,014	626,014	626,014	626,014
Other comprehensive loss for the half year ended 30 June 2019	-	-	(5,690)	-	-	(5,690)	-	(18,576)	(18,576)	(24,266)	(24,266)
Total comprehensive income for the half year ended 30 June 2019	-	-	(5,690)	-	-	(5,690)	-	607,438	607,438	601,748	601,748
Balance as at 30 June 2019 - unaudited	150,360	102,730	(5,690)	21,217	23,935	142,192	1,558,208	3,784,321	5,342,529	5,484,721	5,635,081

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



Chaudhry Ahmed Javed

(Chairman)



Arif Saeed

(Chief Executive)



Badar Ul Hassan

(Chief Financial Officer)

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

For the half year ended 30 June 2019

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.

- 1.1 The Board of Directors of the Company in their meeting held on August 26, 2019 approved the Scheme of Compromises, Arrangements and Reconstruction under Section 279 to 283 and 285 read with other enabling provisions of the Companies Act, 2017 between Service Industries Limited and its members and Service Global Footwear Limited and its members.

Under the Scheme, the undertaking comprising the assets, liabilities, rights, entitlements and obligations of Service Industries Limited shall be split into two (2) separate segments i.e. the Muridke Footwear Undertaking and the Retained Undertaking.

The segment comprising all the assets, liabilities, rights, entitlements and obligations of the Muridke Footwear Undertaking shall be carved out / bifurcated and stand merged / amalgamated with, transferred to, vested in, and be assumed by Service Global Footwear Limited as on the completion date against issuance of shares by Service Global Footwear Limited to Service Industries Limited in accordance with the Scheme.

The bifurcation / merger / amalgamation will allow the Company to act as a Holding Company in respect of Service Global Footwear Limited accordingly, while the Holding Company can oversee, supervise and control the same (to the extent applicable), the management of the subsidiary company shall independently operate the businesses on a regular basis. This structure will result in the businesses being managed and carried out in a more effective and efficient manner, thus benefitting the shareholders of Service Industries Limited.

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 2018. These unconsolidated condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Section 237 of the Companies Act, 2017.

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 2018 except for the changes in accounting policies as stated in note 3.2 to these unconsolidated condensed interim financial statements.

3.1 Critical accounting estimates and judgments

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

During preparation of these unconsolidated condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 31 December 2018.

3.2 Changes in accounting policies due to applicability of certain international financial reporting standards (IFRS)

The following changes in accounting policies have taken place effective from 01 January 2019:

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

For the half year ended 30 June 2019

3.2.1 IFRS 9 'Financial Instruments'

The Company has adopted IFRS 9 "Financial Instruments" from 01 January 2019. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 without restating the prior year results.

Key changes in accounting policies resulting from application of IFRS 9

i) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 January 2019, the company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in statement of profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through statement of comprehensive income, except for the recognition of impairment losses (reversal of impairment losses), interest income and foreign exchange gains

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

For the half year ended 30 June 2019

and losses which are recognised in statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in statement of comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in statement of profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss (FVTPL)

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in statement of profit or loss as other income when the Company's right to receive payments is established.

ii) Impairment

From 01 January 2019, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iii) **Hedge accounting**

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these unconsolidated condensed interim financial statements as there is no hedge activity carried on by the Company during the half year ended 30 June 2019.

iv) **Impacts of adoption of IFRS 9 on these unconsolidated condensed interim financial statements as on 01 January 2019**

On 01 January 2019, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 January 2019) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets - (01 January 2019)

	Available for sale (AFS)	FVTOCI
	--Rupees in thousand--	
Opening balance (before reclassification)	22,050	-
Adjustment due to adoption of IFRS 9: Reclassification of equity investment from available for sale to FVTOCI	(22,050)	22,050
Opening balance (after reclassification)	-	22,050

	Trade debts categorized as	
	Loans and receivables	Amortised cost
	---Rupees in thousand---	
Opening balance (before reclassification)	3,300,338	-
Adjustments due to adoption of IFRS 9: Reclassification of trade debts Recognition of expected credit losses on trade debts	(3,300,338)	3,300,338 (51,358)
	-	3,248,980

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

For the half year ended 30 June 2019

The impact of these changes on the Company's un-appropriated profit and equity is as follows:

Un-appropriated profit and equity (01 January 2019)

	Effect on un-appropriated profit	Effect on total equity
	-----Rupees in thousand-----	
Opening balance	3,689,787	5,516,165
Adjustment on adoption of IFRS 9 due to recognition of expected credit losses on trade debts	(51,358)	(51,358)
	3,638,429	5,464,807

Equity investment previously classified as available-for-sale

The Company elected to present in other comprehensive income changes in the fair value of its equity investment previously classified as available-for-sale, as this investment is not held for trading. As a result, asset with a fair value of Rupees 22.050 million was reclassified from available-for-sale financial asset to financial asset at fair value through other comprehensive income (FVTOCI) on 01 January 2019.

Reclassifications of financial instruments on adoption of IFRS 9

On the date of initial application, 01 January 2019, the classification and measurement of financial instruments of the Company were as follows:

	Measurement category		Measurement category		
	Original	New	Original	New	Difference
	(IAS 39)	(IFRS 9)	Rupees in thousand		
Non-current financial assets					
Long term investment	Available for sale	FVTOCI	22,050	22,050	-
Long term loans	Loans and receivables	Amortised cost	20,450	20,450	-
Long term deposits	Loans and receivables	Amortised cost	95,010	95,010	-
Current financial assets					
Trade debts	Loans and receivables	Amortised cost	3,300,338	3,248,980	51,358
Loans and advances	Loans and receivables	Amortised cost	33,787	33,787	-
Trade deposits	Loans and receivables	Amortised cost	47,854	47,854	-
Other receivables	Loans and receivables	Amortised cost	74,259	74,259	-
Cash and bank balances	Loans and receivables	Amortised cost	53,671	53,671	-
Non-current financial liabilities					
Long term financing	Amortised cost	Amortised cost	3,316,880	3,316,880	-
Long term deposits	Amortised cost	Amortised cost	3,243	3,243	-
Current financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	2,585,219	2,585,219	-
Accrued mark-up	Amortised cost	Amortised cost	146,917	146,917	-
Short term borrowings	Amortised cost	Amortised cost	5,633,361	5,633,361	-
Unclaimed dividend	Amortised cost	Amortised cost	32,002	32,002	-

3.2.2 IFRS 15 'Revenue from Contracts with Customers'

The Company has adopted IFRS 15 from 01 January 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results.

i) Key changes in accounting policies resulting from application of IFRS 15

The Company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

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

For the half year ended 30 June 2019

a) **Sale of goods**

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

b) **Profit on deposits with banks**

Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

c) **Dividend**

Dividend on equity investments is recognized when right to receive the dividend is established.

d) **Other revenue**

Other revenue is recognised when it is received or when the right to receive payment is established.

ii) **Impacts of adoption of IFRS 15 on these unconsolidated condensed interim financial statements as on 01 January 2019**

The following adjustments were made to the amounts recognized in the unconsolidated condensed interim financial statements at 01 January 2019:

Statement of financial position

31 December 2018 Reported	Adjustment	31 December 2018 Restated
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..... Rupees in thousand

Current assets

Stock in trade	4,044,171	227,996	4,272,167
Trade debts	3,300,338	(302,324)	2,998,014

Current liabilities

Trade and other payables	2,739,985	(3,716)	2,736,269
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Equity

Reserves	5,395,877	(70,612)	5,325,265
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3.2.3 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

3.2.4 IFRS 16 'Leases'

The IFRS 16 'Leases' is effective for annual periods beginning on or after 01 January 2019. This standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

As per SRO 431(I)/2007 dated 22 May 2007, the Securities and Exchange Commission of Pakistan directed that the Islamic Financial Accounting Standard 2 (IFAS 2), issued by the Institute of Chartered Accountants of Pakistan, shall be followed in regard to the financial statements by companies while accounting for Ijarah (Lease) transactions as defined in IFAS 2. As stated in Note 2.1 (statement of compliance), where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed. Therefore, the Company is not required to account for operating leases (Ijarah) under IFRS 16 'Leases'.

4. Prior period adjustments

i) TRG Pakistan Limited

During the year ended 31 December 2017, the Company purchased 1,000,000 ordinary shares of TRG Pakistan Limited at Rupees 61.824 million. In accordance with International Accounting Standard (IAS) 39 'Financial Instruments: Recognition and Measurement' which was then applicable, this investment was classified as available-for-sale. As per IAS 39, gains or losses on available-for-sale investments were recognized directly in other comprehensive income until the investment was sold, de-recognized, at which time the cumulative gain or loss previously reported in other comprehensive income was included in statement of profit or loss. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is an objective evidence of impairment. Previously, significant decline in value of the aforesaid investment during the years ended 31 December 2017 and 31 December 2018 amounting to Rupees 32.224 million and Rupees 7.550 million respectively was inadvertently recognized through other comprehensive income which should had been recognized in the statement of profit or loss. This has now been adjusted retrospectively in accordance with International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. This adjustment has following impacts on these unconsolidated interim financial statements:

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

For the half year ended 30 June 2019

Rupees in thousand

Unconsolidated Condensed Interim Statement of Profit or Loss - For the half year ended 30 June 2018

Other operating expenses increased by	960
Earnings per share - basic and diluted decreased by (Rupees)	0.06

- For the quarter ended 30 June 2018

Other operating expenses increased by	7,720
Earnings per share - basic and diluted decreased by (Rupees)	0.51

Unconsolidated Condensed Interim Statement of Comprehensive Income - For the half year ended 30 June 2018

Loss on investments decreased by	960
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- For the quarter ended 30 June 2018

Loss on investments decreased by	7,720
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ii) Speed (Private) Limited

During the year ended 31 December 2013, the Company purchased 142,839 ordinary shares of Speed (Private) Limited at Rupees 167.979 million. In accordance with International Accounting Standard (IAS) 28 'Investment in Associates and Joint Ventures' this investment was classified as investment in associate under equity method. During the year ended 31 December 2015, the Company purchased further 17,870 ordinary shares of Speed (Private) Limited at Rupees 28.541 million. At the year end, share of share premium reserve of Speed (Private) Limited amounting to Rupees 23.935 million was inadvertently recognized through statement of profit or loss as share of profit from associate instead of recognition as share of reserve held by equity accounted investee in share premium in the statement of changes in equity. This has now been adjusted retrospectively in accordance with International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. This adjustment has following impacts on these unconsolidated condensed interim financial statements.

Rupees in thousand

Unconsolidated Condensed Interim Statement of Changes in Equity Capital reserves

- Share of reserve held by equity accounted investee increased by	23,935
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Revenue reserves

- Unappropriated profit decreased by	(23,935)
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5 Contingencies And Commitments

5.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2018, except for the following:

- 5.1.1 The Deputy Commissioner Inland Revenue initiated cases of withholding tax audit for tax years 2013, 2016 and 2017 in which demands of Rupees 4.04 million, Rupees 8.27 million and Rupees 3.70 million respectively were created under section 161 and section 205 of the Income Tax Ordinance, 2001. The Company preferred appeals before Commissioner Inland Revenue (Appeals) which are pending for hearing. The Company expects a favourable outcome of the appeals based on advise of the tax counsel.
- 5.1.2 The Company has challenged, before Honourable High Court, Lahore, the vires of clauses (h) and (l) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honorable Lahore High Court, Lahore has issued stay order in favor of the Company and has allowed the Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Company has claimed input sales tax amounting to Rupees 20.630 million (31 December 2018: Rupees 18.820 million) on such goods in its respective monthly sales tax returns.
- 5.1.3 Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 414.590 million (31 December 2018: Rupees Nil) 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, cheque issued as security shall be encashable.

5.2 Commitments

- 5.2.1 Letters of credit are of Rupees 488.003 million (31 December 2018: Rupees 486.710 million).
- 5.2.2 Guarantees issued in ordinary course of business through banks are of Rupees 919 million (31 December 2018: Rupees 523 million).

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

For the half year ended 30 June 2019

5.2.3 The Company has obtained vehicles under ijarah arrangements from Meezan Bank Limited, Allied Bank Limited and Bank Al Habib Limited for a period of five years. Further, the Company has obtained retail stores and godowns under ijarah arrangements from various persons. Total future monthly Ujrah payments under Ijarah are as follows:

		(Unaudited) June 30, 2019	(Audited) December 31, 2018
	Note	(Rupees in thousand)	
Not later than one year		286,704	254,462
Later than one year and not later than five years		1,478,394	1,399,922
Later than five years		577,845	731,068
		2,342,943	2,385,452
6. Fixed Assets			
Operating fixed assets	6.1	6,675,764	5,726,524
Capital work-in-progress	6.2	473,191	1,219,779
		7,148,955	6,946,303
6.1 Operating fixed assets			
Owned			
Opening net book value		5,726,524	4,739,012
Add: Cost of additions during the period / year	6.1.1	1,292,243	1,599,158
Less: Book value of deletions during the period / year	6.1.2	(11,932)	(11,635)
Less: Depreciation charged during the period / year		(331,071)	(600,011)
Closing net book value		6,675,764	5,726,524
6.1.1 Cost of additions during the period / year			
Buildings on freehold land		317,641	354,290
Plant and machinery		831,316	1,007,169
Furniture, fixture and fittings		1,495	6,991
Vehicles		1,052	5,483
Service equipment		140,236	103,950
Leasehold improvements		503	121,275
		1,292,243	1,599,158

	Note	(Unaudited) June 30, 2019 (Rupees in thousand)	(Audited) December 31, 2018
6.1.2 Book value of deletions during the period / year			
Cost of deletions			
Plant and machinery		5,684	7,223
Furniture, fixture and fittings		13	212
Vehicles		415	719
Service equipment		215	4,231
Leasehold improvements		14,335	15,340
		20,662	27,725
Less: Accumulated depreciation		8,730	16,090
Book value of deletions during the period / year		11,932	11,635
6.2 Capital work-in-progress			
Buildings on freehold land		110,745	360,490
Plant and machinery		342,021	775,906
Furniture, fixture and fittings		4,200	549
Leasehold improvements		2,200	-
Service equipment		14,025	82,834
		473,191	1,219,779
7 Long term investments			
Investment in subsidiary company - at cost	7.1	218,681	218,681
Investment in associate (with significant influence)			
- under equity method	7.2	329,722	308,706
Investment in joint ventures - at cost	7.3	480	480
Other investment - at FVTOCI	7.4	16,360	22,050
		565,243	549,917
7.1 Investment in subsidiary company - at cost			
Service Industries Capital (Private) Limited		218,681	218,681
21,868,097 (31 December 2018 : 21,868,097) fully paid ordinary shares of Rupees 10 each			
7.2 Investment in associate (with significant influence) - under equity method			
Speed (Private) Limited			
160,709 (31 December 2018 : 160,709) fully paid ordinary shares of Rupees 100 each		190,949	190,949

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

For the half year ended 30 June 2019

	(Unaudited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
Share of post acquisition reserve		
As at the beginning of the period / year	117,757	81,953
Share of post acquisition profit for the period / year	21,016	63,928
Dividends received during the period / year	-	(28,124)
	138,773	117,757
	329,722	308,706
7.3 Investment in joint ventures - at cost		
S2 Power Limited (24,000 fully paid shares of Rupees 10 each)	240	240
S2 Hydro Limited (24,000 fully paid shares of Rupees 10 each)	240	240
	480	480
7.4 Other investment - at FVTOCI		
TRG Pakistan Limited		
1,000,000 (31 December 2018: 1,000,000) fully paid ordinary shares of Rupees 10 each	61,824	61,824
Less: Impairment loss	(45,464)	(39,774)
	16,360	22,050

	(Unaudited) Half year ended June 30, 2019	(Unaudited) Quarter ended June 30, 2019	June 30, 2018	June 30, 2018
	(Rupees in thousand)			

8 Sales - net

Sales of footwear - net				
Export sales	3,769,050	2,775,190	1,842,064	1,422,821
Local sales	2,476,920	2,303,542	1,275,669	1,188,227
Duty drawback	153,659	101,612	72,494	50,806
	6,399,629	5,180,344	3,190,227	2,661,854
Sales of tyres - net				
Export sales	534,314	406,449	324,563	187,821
Local sales	7,220,199	6,077,393	4,615,814	3,342,620
	7,754,513	6,483,842	4,940,377	3,530,441
Sales of technical rubber products - net				
Local sales	8,159	5,070	6,088	4,031
	8,159	5,070	6,088	4,031
	14,162,301	11,669,256	8,136,692	6,196,326

	Note	(Unaudited) Half year ended		(Unaudited) Quarter ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
(Rupees in thousand)					
9 Cost Of Sales					
Raw materials consumed	9.1	7,008,962	5,904,622	3,818,415	3,143,076
Salaries, wages and other benefits		1,578,311	1,400,598	829,119	711,594
Stores and spares consumed		172,045	127,027	117,179	84,603
Packing materials consumed		381,587	330,527	199,770	179,157
Fuel and power		443,591	359,429	234,171	183,740
Insurance		11,942	9,711	6,780	5,365
Travelling and conveyance		12,066	9,260	6,176	127,530
Repair and maintenance		76,485	73,873	39,559	4,076
Entertainment		2,769	1,875	1,511	36,251
Depreciation		299,009	253,788	161,099	1,119
Rent, rates and taxes		18,128	13,035	18,128	8,608
Provision / (reversal of provision) for slow moving and obsolete inventory		39,823	(11,582)	25,682	991
Other manufacturing charges		76,372	46,181	16,015	18,788
		10,121,092	8,518,344	5,473,604	4,504,898
Work in process:					
Opening inventory		398,416	294,958	524,147	358,412
Closing inventory		(602,481)	(479,474)	(602,481)	(479,474)
		(204,065)	(184,516)	(78,334)	(121,062)
Cost of goods manufactured		9,917,025	8,333,828	5,395,270	4,383,836
Finished goods:					
Opening stock		2,187,111	2,208,141	2,641,921	2,251,966
Purchases during the period		1,377,182	1,119,703	597,976	505,495
Closing stock		(1,887,599)	(1,786,016)	(1,887,599)	(1,786,016)
		1,676,694	1,541,828	1,352,298	971,445
		11,593,719	9,875,656	6,747,568	5,355,281
9.1 Raw materials consumed					
Opening stock		1,500,550	1,315,442	1,555,393	1,277,583
Purchases		7,171,630	6,051,442	3,926,240	3,327,755
Closing stock		(1,663,218)	(1,462,262)	(1,663,218)	(1,462,262)
		7,008,962	5,904,622	3,818,415	3,143,076

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

For the half year ended 30 June 2019

10. SEGMENT INFORMATION

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

Footwear

Purchase, manufacturing and sale of different qualities of footwear.

Tyre

Manufacturing of different qualities of tyres.

Technical Rubber Products

Manufacturing of different qualities of rubber products on specifications.

	Footwear (Un-audited)		Tyre (Un-audited)		Technical Rubber Products (Un-audited)		Total - Company (Un-audited)	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	6,399,629	5,180,344	7,754,513	6,483,842	8,159	5,070	14,162,301	11,669,256
	-	-	-	-	-	-	-	-
	6,399,629	5,180,344	7,754,513	6,483,842	8,159	5,070	14,162,301	11,669,256

(Rupees in thousand)

Sales

External

Inter-segment

Total revenue

Profit / (loss) before taxation and unallocated income and expenses

Unallocated income and expenses

Taxation

Profit after taxation

	6,399,629	5,180,344	7,754,513	6,483,842	8,159	5,070	14,162,301	11,669,256
	-	-	-	-	-	-	-	-
	6,399,629	5,180,344	7,754,513	6,483,842	8,159	5,070	14,162,301	11,669,256
	719,672	495,442	815,025	544,271	(2,709)	(8,615)	1,531,988	1,031,098
							(824,755)	(579,468)
							(81,219)	(46,184)
							626,014	405,446

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

For the half year ended 30 June 2019

10.1 Reconciliation of reportable segment assets and liabilities

	Footwear		Tyre		Technical Rubber Products		Total - Company	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
	(Rupees in thousand)							
Total assets for reportable segment	8,518,287	6,942,869	8,601,327	8,662,533	61,573	54,481	17,181,187	15,659,883
Unallocated assets:							2,946,391	2,461,240
Total assets as per unconsolidated condensed statement of financial position							20,127,578	18,121,123
Unallocated liabilities							14,492,497	12,604,958
Total liabilities as per unconsolidated condensed statement of financial position							14,492,497	12,604,958

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

For the half year ended 30 June 2019

11. Recognized fair value measurements - financial instruments

(i) Fair value hierarchy

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

Recurring fair value measurements at 30 June 2019 - Un-audited	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			

Financial assets

Financial assets at fair value through

other comprehensive income

16,360	-	-	16,360
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Recurring fair value measurements at 31 December 2018 - Audited	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			

Financial assets

Available for sale financial assets	22,050	-	-	22,050
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The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the half year ended 30 June 2019. 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.

12 Transactions with related parties

Related parties comprise subsidiary company, associated undertakings, 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:

(i) **Transactions:**

(Unaudited)		(Unaudited)	
Half year ended		Quarter ended	
June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018

(Rupees in thousand)

Subsidiary company

Advances made	-	152	-	-
Sale of goods	39,832	31,415	17,268	16,827

Associated companies

Dividend received	-	16,071	-	16,071
Advance received	60,000	-	60,000	-
Donations paid	1,739	-	1,739	-
Reimbursement of expenses	266	-	266	-
Others	-	3,782	-	-

Key management personnel

Cash dividend paid	160,509	107,399	160,509	107,399
Bonus shares issued	13,380	-	13,380	-
Meeting fee	1,140	900	720	360
Remuneration	93,575	86,629	46,788	43,315

Other related parties

Employees' retirement benefits	95,610	90,401	48,981	46,368
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Selected Notes to the Unconsolidated Condensed Interim Financial Statements (Unaudited)

For the half year ended 30 June 2019

(ii) Period end balances

As at 30 June 2019 (Un-audited)				
Subsidiary company	Associated companies	Other related parties	Total	
(Rupees in thousand)				
Employee benefit plans	-	-	231,904	231,904
Trade and other payables	-	51,282	-	51,282
Trade debts	79,693	-	-	79,693
Loans and advances	-	13,642	-	13,642

As at 31 December 2018 (Audited)				
Subsidiary company	Associated companies	Other related parties	Total	
(Rupees in thousand)				
Employee benefit plans	-	-	210,696	210,696
Trade debts	51,936	-	-	51,936
Loans and advances	-	13,376	-	13,376

13 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 2018.

14 Date of authorization for issue

These unconsolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on August 26, 2019.


15 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.

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

16 General

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


 Chaudhry Ahmed Javed
 (Chairman)


 Arif Saeed
 (Chief Executive)


 Badar Ul Hassan
 (Chief Financial Officer)

Consolidated Condensed Interim Financial Statements

Group Directors' Report to the Shareholders

The Directors take pleasure in presenting their report together with the Consolidated Financial statements of Service Industries Limited ("The Holding Company") and its Subsidiary Companies (together referred to as Group) for the half year ended June 30, 2019.

The Group comprises of Service Industries Limited, Service Industries Capital (Private) Limited, a wholly owned subsidiary of Service Industries Limited and Service Shoes Lanka (Private) Limited, a subsidiary company of Service Industries Capital (Private) Limited.

Service Industries Limited

The Directors' Report providing a commentary on the performance of Service Industries Limited for the half year ended June 30, 2019 has been presented separately. Service Industries Limited has annexed its consolidated financial statements along with its separate financial statements, in accordance with the requirements of International Financial Reporting Standards and Companies Act 2017.

Service Industries Capital (Private) Limited

Service Industries Capital (Private) Limited is a wholly owned subsidiary of the Service Industries Limited. Service Industries Capital (Private) Limited got registered under the Companies Ordinance, 1984 (now 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 Service 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.

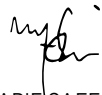
Service Shoes Lanka (Private) Limited

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

August 26, 2019
Lahore.

گروپ کی ڈائریکٹرز رپورٹ برائے حصص یافتگان

ڈائریکٹرز کمپنی کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ اس رپورٹ میں سروس انڈسٹریز لمیٹڈ (SIL) کی 30 جون 2019 تک گروپ کی ششماہی مختصر عبوری مالیاتی معلومات پیش کی جا رہی ہے۔ SIL گروپ، سروس انڈسٹریز لمیٹڈ، سروس انڈسٹریز کیمپٹل (پرائیویٹ) لمیٹڈ (SICPL) جو کہ ایک SIL کا مکمل ملکیتی ماتحت ادارہ ہے اور سروس شوژ لنکا (پرائیویٹ) لمیٹڈ جو کہ SICPL کا ایک ماتحت ادارہ ہے، پر مشتمل ہے۔

سروس انڈسٹریز لمیٹڈ

30 جون 2019 کو ختم ہونے والے دورانے کے لیے سروس انڈسٹریز لمیٹڈ کی کارکردگی پر ڈائریکٹرز رپورٹ، علیحدہ سے پیش کی گئی ہے۔ سروس انڈسٹریز لمیٹڈ نے کمپنیوں کے بین الاقوامی مالی معیارات کے ایکٹ 2017 کے مطابق 30 جون 2019 تک کی گروپ اور جزوی ششماہی مالیاتی معلومات اس رپورٹ میں منسلک کر دی ہے۔

سروس انڈسٹریز کیمپٹل پرائیویٹ لمیٹڈ

SIL، SICPL، SIL کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ SICPL کمپنی آرڈیننس 1984 (جو کہ اب کمپنی ایکٹ 2017 ہے) میں 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 یا دنیا میں کہیں بھی، نئے کاروبار اور حصص میں متعلقہ قوانین کے مطابق سرمایہ کاری کرنا ہے۔

سروس شوژ لنکا (پرائیویٹ) لمیٹڈ

سروس شوژ لنکا (پرائیویٹ) لمیٹڈ SICPL کا ایک ماتحت ادارہ ہے جو کہ SICPL کا ایک ملکیتی ماتحت ادارہ ہے۔ سروس شوژ 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 143/17 سری وکرما ماوتھا، کولمبو 15 پر واقع ہے اور کاروبار کی مرکزی جگہ کاتونائییکے میں واقع ہے۔

منجانب بورڈ

عارف سعید
چیف ایگزیکٹو

چوہدری احمد جاوید
چیئر مین

مورخہ 26، اگست 2019

لاہور

Consolidated Condensed Interim Statement Of Financial Position (Unaudited)

As at June 30, 2019

	(Unaudited) June 30, 2019	(Audited) December 31, 2018
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital 100,000,000 (31 December 2018: 100,000,000) ordinary shares of Rupees 10 each	1,000,000	1,000,000
Issued, subscribed and paid-up share capital 15,035,986 (31 December 2018: 12,028,789) ordinary shares of Rupees 10 each	150,360	120,288
Reserves	5,448,977	5,379,198
Attributable to owners of the holding company	5,599,337	5,499,486
Non Controlling Interest	(12,304)	(16,322)
Total equity	5,587,033	5,483,164
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing - secured	2,358,424	2,617,155
Long term deposits	3,243	3,243
Deferred liabilities	495,053	521,628
	2,856,720	3,142,026
CURRENT LIABILITIES		
Trade and other payables	4,544,062	2,881,556
Accrued mark-up	176,795	146,917
Short term borrowings	6,042,926	5,722,630
Current portion of long term financing	794,114	699,725
Unclaimed dividend	37,932	32,002
Provision for taxation	361,535	214,255
	11,957,364	9,697,085
Total liabilities	14,814,084	12,839,111
CONTINGENCIES AND COMMITMENTS		
	5	
TOTAL EQUITY AND LIABILITIES	20,401,117	18,322,275

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



Chaudhry Ahmed Javed
(Chairman)

		(Unaudited) June 30, 2019	(Audited) December 31, 2018
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(Rupees in thousand)

ASSETS

NON-CURRENT ASSETS

	Note	(Unaudited) June 30, 2019	(Audited) December 31, 2018
Fixed assets	6	7,275,976	7,054,975
Intangible assets		54,266	43,179
Long term investments	7	535,742	506,914
Long term loans		20,298	20,450
Long term deposits		102,472	95,010
		7,988,754	7,720,528

CURRENT ASSETS

Stores, spares and loose tools	193,083	159,415
Stock in trade	5,049,641	4,122,896
Trade debts	3,619,302	3,273,650
Loans and advances	952,362	479,530
Short term deposits and prepayments	171,183	94,917
Other receivables	2,361,894	2,398,498
Cash and bank balances	64,898	72,841
	12,412,363	10,601,747

TOTAL ASSETS

20,401,117 18,322,275



Arif Saeed
(Chief Executive)




Badar Ul Hassan
(Chief Financial Officer)


Condensed Consolidated Interim Statement of Profit or Loss (Unaudited)

For the half year ended 30 June 2019

	Note	Half year ended		Quarter ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
(Rupees in thousand)					
Sales - net	8	14,309,506	Restated 11,732,953	8,193,549	Restated 6,281,276
Cost of sales	9	(11,710,471)	(9,947,436)	(6,800,839)	(5,398,213)
Gross profit		2,599,035	1,785,517	1,392,710	883,063
Distribution cost		(1,040,963)	(722,851)	(592,686)	(368,672)
Administrative expenses		(626,288)	(578,571)	(325,636)	(284,266)
Other operating expenses		(92,683)	(87,148)	(58,689)	(44,430)
		(1,759,934)	(1,388,570)	(977,011)	(697,368)
		839,101	396,947	415,699	185,695
Other income		284,974	229,334	184,189	74,108
Profit from operations		1,124,075	626,281	599,888	259,803
Finance cost		(436,875)	(261,955)	(230,907)	(148,896)
		687,200	364,326	368,981	110,907
Share of profit in equity accounted investee - net of taxation		34,518	66,313	17,618	25,939
Profit before taxation		721,718	430,639	386,599	136,846
Taxation		(81,219)	(50,186)	(43,497)	(4,204)
Profit after taxation		640,499	380,453	343,102	132,642
Attributable to:					
Owners of the holding company		640,050	399,161	338,694	147,589
Non-controlling interest		449	(18,708)	4,408	(14,947)
		640,499	380,453	343,102	132,642
Earnings per share - basic and diluted (Rupees)		43.00	25.00	23.00	9.00

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


 Chaudhry Ahmed Javed
 (Chairman)


 Arif Saeed
 (Chief Executive)



 Badar Ul Hassan
 (Chief Financial Officer)


Consolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

For the half year ended 30 June 2019

	Half year ended		Quarter ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	(Rupees in thousand)			
Profit after taxation	640,499	Restated 380,453	343,102	Restated 132,642
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Deficit arising on reamasurement of investment at fair value through other comprehensive income - net of tax	(5,690)	-	(4,680)	-
Exchange difference on translation of foreign subsidiary	(38,454)	501	(35,962)	202
Exchange differences on translation of goodwill	8,922	2,231	6,999	1,339
Remeasurements of employees' retirement benefit obligation -net of tax	(18,576)	-	(18,576)	-
Items that may be reclassified to profit or loss	-	-	-	-
Other comprehensive loss for the period - net of tax	(53,798)	2,732	(52,219)	1,541
Total comprehensive income for the period	586,701	383,185	290,883	134,183
Owners of the holding company	582,683	401,001	283,675	148,594
Non-controlling interest	4,018	(17,816)	7,208	(14,411)
	586,701	383,185	290,883	134,183

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


 Chaudhry Ahmed Javed
 (Chairman)


 Arif Saeed
 (Chief Executive)



 Badar Ul Hassan
 (Chief Financial Officer)


Consolidated Condensed Interim Statement of Cash Flows (Unaudited)

For the half year ended 30 June 2019

	Half Year ended	
	June 30, 2019	June 30, 2018
	(Rupees in thousand)	
		Restated
Cash flows from operating activities		
Profit before taxation	721,718	430,639
Adjustments for non-cash charges and other items:		
Depreciation	337,210	288,443
Amortization	679	780
Provision for gratuity	26,265	26,271
Finance cost	436,875	261,955
Provision for workers' profit participation fund	26,368	23,625
Provision for workers' welfare fund	5,614	2,498
Provision / (reversal) for slow moving and obsolete store items	39,823	(11,582)
Allowance for expected credit loss against trade debts	24,732	16,734
Share of profit in equity accounted investee	(34,518)	(66,313)
Impairment loss on investment	-	960
Exchange (gain) / Loss	(29,532)	-
Loss on sale of fixed assets	11,457	34
Cash generated from operating activities before working capital changes	1,566,691	974,044
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(36,716)	3,927
Stock in trade	(735,524)	(743,066)
Trade debts	(751,823)	13,826
Loans and advances	(472,832)	(181,879)
Short term deposits and prepayments	(76,266)	(13,153)
Other receivables	167,569	(307,622)
Decrease in current liabilities:		
Trade and other payables	1,661,998	475,212
	(243,594)	(752,755)
Cash generated from operations	1,323,097	221,289
Finance cost paid	(406,997)	(249,271)
Income tax paid	(130,966)	(159,986)
Staff retirement benefits paid	(5,355)	(7,869)
Long term loans - net	152	(1,068)
Long term deposits - net	(7,462)	(4,145)
Net cash from / (used in) operating activities	772,469	(201,050)
Cash flows from investing activities		
Capital expenditure on fixed assets	(580,468)	(1,084,175)
Intangible asset acquired	(1,441)	-
Proceeds from sale of fixed assets	475	884
Long term investments	-	960
Dividend received from associated company	-	26,391
Net cash used in investing activities	(581,434)	(1,055,940)
Cash flows from financing activities		
Long term financing	(164,342)	630,433
Long term deposits	-	(1,815)
Exchange differences on translation of investments in foreign subsidiary	-	1,840
Short term borrowings - net	320,296	927,810
Dividend paid	(354,932)	(259,417)
Net cash from / (used in) financing activities	(198,978)	1,298,851
Net (decrease) / increase in cash and cash equivalents	(7,943)	41,861
Cash and cash equivalents at the beginning of the period	72,841	84,448
Cash and cash equivalents at the end of the period	64,898	126,309

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


 Chaudhry Ahmed Javed
 (Chairman)


 Arif Saeed
 (Chief Executive)

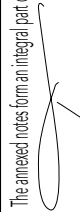

 Badar Ul Hassan
 (Chief Financial Officer)

Consolidated Condensed Interim Statement of Changes in Equity (Unaudited)

(Rupees in thousand)

	RESERVES										TOTAL EQUITY		
	Capital reserves					Revenue reserves							
	Share capital	Fair value reserve FVTOCI investments	Share premium	Exchange transaction	Share of reserve held by equity accounted investee	Sub total	General reserves	Un-appropriated profit	Sub total	Attributable to owners of the Holding Company		Non-Controlling Interest	
Balance as at 31 December 2017 - audited	120,288	102,730	-	21,217	3,093	-	127,040	1,558,208	2,927,766	4,485,974	4,613,014	10,862	4,743,964
Proportionate share of reserve of equity accounted associate [Note 4 (iii)]	-	-	-	-	44,402	-	44,402	-	(44,402)	-	-	-	-
Balance as at 31 December 2017 - restated	120,288	102,730	-	21,217	3,093	44,402	171,442	1,558,208	2,883,364	4,441,572	4,613,014	10,862	4,743,964
Transaction with owners:													
Final dividend for the year ended 31 December 2017 @ Rupees 22 per share	-	-	-	-	-	-	-	-	(244,634)	(244,634)	(244,634)	-	(244,634)
Profit for the half year ended 30 June 2018	-	-	-	-	-	-	-	-	399,161	399,161	399,161	(18,708)	300,453
Other comprehensive income for the half year ended 30 June 2018 restated	-	-	-	1,840	-	-	1,840	-	-	1,840	1,840	892	2,732
Total comprehensive income for the half year ended 30 June 2018 restated	-	-	-	1,840	-	-	1,840	-	399,161	399,161	401,001	(17,816)	383,185
Balance as at 30 June 2018 - un-audited - restated	120,288	102,730	-	21,217	4,933	44,402	173,282	1,558,208	3,017,891	4,576,099	4,749,381	(7,154)	4,862,515
Transaction with owners:													
Profit for the half year ended 31 December 2018	-	-	-	-	-	-	-	-	658,234	658,234	658,234	(8,990)	649,244
Other comprehensive loss for the half year ended 31 December 2018	-	-	-	(1,148)	-	-	(1,148)	-	(27,269)	(27,269)	(28,417)	(179)	(28,595)
Total comprehensive income for the half year ended 31 December 2018	-	-	-	(1,148)	-	-	(1,148)	-	630,965	630,965	629,817	(9,168)	620,649
Balance as at 31 December 2018 - audited - restated	120,288	102,730	-	21,217	3,785	44,402	172,134	1,558,208	3,648,856	5,207,064	5,379,198	(16,322)	5,483,164
Transaction with owners:													
Adjustment on adoption of IFRS 9	-	-	-	-	-	-	-	-	(51,358)	(51,358)	(51,358)	-	(51,358)
Adjustment on adoption of IFRS 15	-	-	-	-	-	-	-	-	(70,612)	(70,612)	(70,612)	-	(70,612)
Adjusted total equity as at 01 January 2019	120,288	102,730	-	21,217	3,785	44,402	172,134	1,558,208	3,526,886	5,085,094	5,257,228	(16,322)	5,361,194
Transaction with owners:													
Final dividend for the year ended 31 December 2018 @ Rupees 30 per share	-	-	-	-	-	-	-	-	(360,862)	(360,862)	(360,862)	-	(360,862)
Issue of bonus shares for the year ended 31 December 2018 @ 25%	30,072	-	-	-	-	-	-	-	(30,072)	(30,072)	(30,072)	-	-
Profit for the half year ended 30 June 2019	-	-	-	-	-	-	-	-	640,050	640,050	640,050	449	640,499
Other comprehensive loss for the half year ended 30 June 2019	-	-	-	(33,101)	-	-	(38,791)	-	(18,576)	(18,576)	(57,367)	3,569	(53,798)
Total comprehensive income for the half year ended 30 June 2019	-	-	-	(33,101)	-	-	(38,791)	-	621,474	621,474	582,683	4,018	586,701
Balance as at 30 June 2019 - un-audited	150,360	102,730	(5,690)	21,217	(29,316)	44,402	133,343	1,558,208	3,757,426	5,315,634	5,448,977	(12,304)	5,387,033

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



Chaudhry Ahmed Javed
(Chairman)



Arif Saeed
(Chief Executive)



Badar Ul Hassan
(Chief Financial Officer)

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

For the half year ended 30 June 2019

1. The company and its operations

Service Industries Limited (The Holding 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 Holding Company are purchase, manufacture and sale of footwear, tyres and tubes and technical rubber products. These consolidated condensed interim financial statements pertain to Service Industries Limited and its subsidiaries.

The group consists of:

- Service Industries Limited - the holding company;
- Service Industries Capital (Private) Limited - Holding of 100%;
- Service Shoes Lanka (Private) Limited - Holding of 60% by Service Industries Capital (Private) Limited;

Service Industries Capital (Private) 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 10 November 2015. The registered office of Service Industries Capital (Private) Limited is situated at Service 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 Shoes Lanka (Private) Limited

Service Shoes Lanka (Private) Limited is a Private Limited Liability Company incorporated on July 16th, 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 Wickerma Mawatha, Colombo 15 and the principal place of business is located at Katunayake.

- 1.1 The Board of Directors of the Holding Company in their meeting held on August 26, 2019 approved the Scheme of Compromises, Arrangements and Reconstruction under Section 279 to 283 and 285 read with other enabling provisions of the Companies Act, 2017 between Service Industries Limited and its members and Service Global Footwear Limited and its members.

Under the Scheme, the undertaking comprising the assets, liabilities, rights, entitlements and obligations of Service Industries Limited shall be split into two (2) separate segments i.e. the Muridke Footwear Undertaking and the Retained Undertaking.

The segment comprising all the assets, liabilities, rights, entitlements and obligations of the Muridke Footwear Undertaking shall be carved out / bifurcated and stand merged / amalgamated with, transferred to, vested in, and be assumed by Service Global Footwear Limited as on the completion date against issuance of shares by Service Global Footwear Limited to Service Industries Limited in accordance with the Scheme.

The bifurcation / merger / amalgamation will allow the Company to act as a holding company in respect of Service Global Footwear Limited accordingly, while the holding company can oversee, supervise and control the same (to the extent applicable), the management of the subsidiary company shall independently operate the businesses on a regular basis. This structure will result in the businesses being managed and carried out in a more effective and efficient manner, thus benefitting the shareholders of Service Industries Limited.

2. Basis of preparation

2.1 These consolidated 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 consolidated 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 2018. These consolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Section 237 of the Companies Act, 2017.

3. Accounting policies

The accounting policies and methods of computations adopted for the preparation of these consolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Group for the year ended 31 December 2018 except for the changes in accounting policies due to adoption of IFRS 9 and IFRS 15. The Group has adopted these changes without restating the prior year results and its impact can be seen in the Statement of Changes in Equity.

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

For the half year ended 30 June 2019

4. Prior period adjustments

i) TRG Pakistan Limited

During the year ended 31 December 2017, the Company purchased 1,000,000 ordinary shares of TRG Pakistan Limited at Rupees 61.824 million. In accordance with International Accounting Standard (IAS) 39 'Financial Instruments: Recognition and Measurement' which was then applicable, this investment was classified as available-for-sale. As per IAS 39, gains or losses on available-for-sale investments were recognized directly in other comprehensive income until the investment was sold, de-recognized, at which time the cumulative gain or loss previously reported in other comprehensive income was included in statement of profit or loss. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is an objective evidence of impairment. Previously, significant decline in value of the aforesaid investment during the years ended 31 December 2017 and 31 December 2018 amounting to Rupees 32.224 million and Rupees 7.550 million respectively was inadvertently recognized through other comprehensive income which should had been recognized in the statement of profit or loss. This has now been adjusted retrospectively in accordance with International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. This adjustment has following impacts on these consolidated interim financial statements:

Rupees in thousand

Consolidated Condensed Interim Statement of Profit or Loss - For the half year ended 30 June 2018

Other operating expenses increased by	960
Earnings per share - basic and diluted decreased by (Rupees)	0.06

- For the quarter ended 30 June 2018

Other operating expenses increased by	7,720
Earnings per share - basic and diluted decreased by (Rupees)	0.51

Consolidated Condensed Interim Statement of Comprehensive Income - For the half year ended 30 June 2018

Loss on investments decreased by	960
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- For the quarter ended 30 June 2018

Loss on investments decreased by	7,720
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ii) Speed (Private) Limited

During the year ended 31 December 2013, the Group purchased 142,839 ordinary shares of Speed (Private) Limited at Rupees 167.979 million. In accordance with International Accounting Standard (IAS) 28 'Investment in Associates and Joint Ventures' this investment was classified as investment in associate under equity method. During the year ended 31 December 2015, the Group purchased further 17,870 ordinary shares

of Speed (Private) Limited at Rupees 28.541 million. During the year ended 31 December 2017, the Group purchased further 103,200 ordinary shares of Speed (Private) Limited at Rupees 151.577 million. At the year end, share of share premium reserve of Speed (Private) Limited amounting to Rupees 44.402 million was inadvertently recognized through statement of profit or loss as share of profit from associate instead of recognition as share of reserve held by equity accounted investee in share premium in the statement of changes in equity. This has now been adjusted retrospectively in accordance with International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. This adjustment has following impacts on these consolidated condensed interim financial statements.

Rupees in thousand

Consolidated Condensed Interim Statement of Changes in Equity

Capital reserves

- Share of reserve held by equity accounted investee increased by Revenue reserves	44,402
- Unappropriated profit decreased by	(44,402)

5 Contingencies and commitments

5.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Group for the year ended 31 December 2018, except for the following:

- 5.1.1 The Deputy Commissioner Inland Revenue initiated cases of withholding tax audit for tax years 2013, 2016 and 2017 in which demands of Rupees 4.04 million, Rupees 8.27 million and Rupees 3.70 million respectively were created under section 161 and section 205 of the Income Tax Ordinance, 2001. The Group preferred appeals before Commissioner Inland Revenue (Appeals) which are pending for hearing. The Group expects a favourable outcome of the appeals based on advice of the tax counsel.
- 5.1.2 The Group has challenged, before Honourable High Court, Lahore, the vires of clauses (h) and (l) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court, Lahore has issued stay order in favor of the Group and has allowed the Group to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Group has claimed input sales tax amounting to Rupees 20.630 million (31 December 2018: Rupees 18.820 million) on such goods in its respective monthly sales tax returns.

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

For the half year ended 30 June 2019

5.1.3 Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 414.590 million (31 December 2018: Rupees Nil) 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, cheque issued as security shall be encashable.

5.2 Commitments

5.2.1 Letters of credit other than for capital expenditure are of Rupees 488.003 million (31 December 2018: Rupees 486.71 million).

5.2.2 Guarantees issued in ordinary course of business through banks are of Rupees 919 million (31 December 2018: Rupees 523 million).

5.2.3 The Group has obtained vehicles under ijarah arrangements from Meezan Bank Limited, Allied Bank Limited and Bank Al Habib Limited for a period of five years. Further, the Group has obtained retail stores and godowns under ijarah arrangements from various persons. Total future monthly Ujrah payments under Ijarah are as follows:

	(Unaudited) June 30, 2019	(Audited) December 31, 2018
Note	(Rupees in thousand)	
Not later than one year	286,704	254,462
Later than one year and not later than five years	1,478,394	1,399,922
Later than five years	577,845	731,068
	2,342,943	2,385,452
6 Fixed Assets		
Operating fixed assets (Note 6.1)	6,802,785	5,835,196
Capital work-in-progress (Note 6.2)	473,191	1,219,779
	7,275,976	7,054,975

6.1 Operating fixed assets

Owned

Opening net book value	5,835,196	4,842,097
Add: Cost of additions during the period / year (Note 6.1.1)	1,294,976	1,633,174
Less: Book value of deletions during the period / year (Note 6.1.2)	(11,932)	(11,635)
Less: Depreciation charged during the period / year	(337,210)	(611,234)
Add: Exchange/Other adjustment during the period	21,756	(17,206)
Closing net book value	6,802,785	5,835,196

	(Unaudited) June 30, 2019	(Audited) December 31, 2018
Note	(Rupees in thousand)	
6.1.1 Cost of additions during the period / year		
Building	317,641	362,957
Plant and machinery	831,391	1,019,700
Furniture	1,559	7,784
Vehicles	1,053	8,171
Service equipment	142,829	113,287
Leasehold improvements	503	121,275
	1,294,976	1,633,174
6.1.2 Book value of deletions during the period / year		
Cost of deletions		
Plant and machinery	5,684	7,223
Furniture, fixture and fittings	13	212
Vehicles	415	719
Service equipment	215	4,231
Leasehold improvements	14,335	15,340
	20,662	27,725
Less: Accumulated depreciation	8,730	16,090
Book value of deletions during the period / year	11,932	11,635
6.2 Capital work-in-progress		
Building	110,745	360,490
Plant and machinery	342,021	775,906
Furniture and fixture	4,200	549
Leasehold improvements	2,200	-
Service equipment	14,025	82,834
	473,191	1,219,779

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

For the half year ended 30 June 2019

	(Unaudited) June 30, 2019	(Audited) December 31, 2018
Note	(Rupees in thousand)	
7 Long term investments		
Investment in associate (with significant influence)		
- under equity method	7.1	518,902
Investment in joint ventures	7.2	480
Other investment - at FVTOCI	7.3	16,360
	535,742	506,914
7.1 Investment in associate (with significant influence) - under equity method		
Speed (Private) Limited 160,709 fully paid ordinary shares of Rupees 100 each	190,949	190,949
Cost of investment-SICPL 30,200 fully paid shares of Rs. 2,044.40 each (2018: 30,200)	58,721	58,721
73,000 fully paid ordinary shares of Rs. 1,272 each (2018: 73,000)	92,856	92,856
Share of post acquisition reserve		
As at the beginning of the period / year	141,858	83,042
Share of post acquisition profit for the period / year	34,518	105,000
Dividends received during the period / year	-	(46,184)
	176,376	141,858
	518,902	484,384
7.2 Investment in joint ventures - at cost		
S2 Power Limited (24,000 fully paid shares of Rupees10 each)	240	240
S2 Hydro Limited (24,000 fully paid shares of Rupees 10 each)	240	240
	480	480
7.3 Other investment - at FVTOCI		
TRG Pakistan Limited		
1,000,000 (2018: 1,000,000) fully paid ordinary shares of Rupees 10 each	61,824	61,824
Less: Impairment loss	(45,464)	(39,774)
	16,360	22,050

	Note	(Unaudited) Half year ended		(Unaudited) Quarter ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
(Rupees in thousand)					
8 Sales - net					
Sales of footwear - net					
Export sales		3,912,742	2,834,918	1,896,305	1,506,408
Local sales		2,480,433	2,307,511	1,278,285	1,189,590
Duty draw back		153,659	101,612	72,494	50,806
		6,546,834	5,244,041	3,247,084	2,746,804
Sales of tyres - net					
Export sales		534,314	406,449	324,563	187,821
Local sales		7,220,199	6,077,393	4,615,814	3,342,620
		7,754,513	6,483,842	4,940,377	3,530,441
Sales of technical rubber products - net					
Export sales		-	-	-	-
Local sales		8,159	5,070	6,088	4,031
		8,159	5,070	6,088	4,031
		14,309,506	11,732,953	8,193,549	6,281,276
9 Cost of sales					
Raw material consumed	9.1	7,065,122	5,922,130	3,843,819	3,163,989
Salaries, wages and benefits		1,615,704	1,427,820	856,123	726,027
Stores and spares consumed		172,125	127,101	117,259	84,633
Packing material consumed		389,242	334,034	202,077	180,934
Fuel and power		445,303	360,855	234,992	184,479
Insurance		11,942	9,710	6,780	5,365
Travelling and conveyance		12,066	9,260	6,176	4,076
Repair and maintenance		76,890	74,941	39,964	36,814
Entertainment		2,769	1,875	1,511	1,120
Depreciation		302,271	256,730	162,796	129,021
Rent, rates and taxes		18,128	13,035	18,128	8,608
Provision / (reversal of provision) for slow moving and obsolete inventory		39,823	(11,582)	25,682	991
Other manufacturing charges		86,460	53,911	20,193	22,673
		10,237,845	8,579,820	5,535,500	4,548,730
Work in process:					
Opening inventory		423,068	311,171	531,238	367,610
Closing inventory		(622,018)	(489,751)	(622,018)	(489,751)
		(198,950)	(178,580)	(90,780)	(122,141)
		10,038,895	8,401,240	5,444,720	4,426,589

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

For the half year ended 30 June 2019

	(Unaudited) Half year ended		(Unaudited) Quarter ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	(Rupees in thousand)			
Cost of goods manufactured				
Finished goods:				
Opening Stock	2,196,383	2,224,361	2,423,252	2,265,497
Purchases during the period	1,376,274	1,119,315	833,948	503,607
Closing stock	(1,901,081)	(1,797,480)	(1,901,081)	(1,797,480)
	1,671,576	1,546,196	1,356,119	971,624
	11,710,471	9,947,436	6,800,839	5,398,213
9.1 Raw material consumed				
Opening Stock	1,545,085	1,337,845	1,526,175	1,296,298
Purchases	7,228,935	6,085,672	4,026,542	3,369,078
Closing stock	(1,708,898)	(1,501,387)	(1,708,898)	(1,501,387)
	7,065,122	5,922,130	3,843,819	3,163,989

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

For the half year ended 30 June 2019

10. SEGMENT INFORMATION

The Group has three reportable segments. The following summary describes the operation in each 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 rubber products on specifications.

Footwear (Un-audited)		Tyre (Un-audited)		Technical Rubber Products (Un-audited)		Total - Company (Un-audited)	
Half year ended	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	Half year ended
6,546,834	5,244,041	7,754,513	6,483,842	8,159	5,070	14,309,506	11,732,953
-	-	-	-	-	-	-	-
6,546,834	5,244,041	7,754,513	6,483,842	8,159	5,070	14,309,506	11,732,953

(Rupees in thousand)

Sales

External	6,546,834	5,244,041	7,754,513	6,483,842	8,159	5,070	14,309,506	11,732,953
Intersegment	-	-	-	-	-	-	-	-
Profit / (loss) before taxation and unallocated income and expenses	719,672	474,450	900,025	544,271	(2,709)	(8,615)	1,616,988	1,010,106

Unallocated income and expenses:

Taxation	(895,270)	(579,467)	(81,219)	(50,186)	640,499	380,453
Profit after taxation						

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

For the half year ended 30 June 2019

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 condensed interim 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 2019	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				

Financial assets

Financial assets at fair value through
other comprehensive income

16,360	-	-	16,360
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Recurring fair value measurements at 31 December 2018 - Audited	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				

Financial assets

Available for sale financial assets

22,050	-	-	22,050
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The above table doesnot 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 2019. Further there was no transfer in and out of level 3 measurements

The Group 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 available-for-sale 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 Group 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.

12 Transactions with related parties

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

(i) Transactions:

(Unaudited)		(Unaudited)	
Half year ended		Quarter ended	
June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018

(Rupees in thousand)

Associated company

Dividend received	-	16,071	-	16,071
Advance received	60,000	-	60,000	-
Donations paid	1,739	-	1,739	-
Reimbursement of expenses	266	-	266	-
Others	-	3,782	-	-

Key management personnel

Cash dividend paid	160,509	107,399	160,509	107,399
Bonus shares issued	13,380	-	13,380	-
Meeting fee	1,140	900	720	360
Remuneration paid	93,575	86,629	46,788	43,315

Other related parties

Employees' retirement benefits	95,610	90,401	48,981	46,368
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Selected Notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

For the half year ended 30 June 2019

(ii) Period end balances

As at 30 June 2019 (Un-audited)		
Associated companies	Other related parties	Total

(Rupees in thousand)

Employee benefit plans	-	231,904	231,904
Trade and other payables	51,282	-	51,282
Loans and advances	13,642	-	13,642

As at 31 December 2018 (Audited)		
Associated companies	Other related parties	Total

(Rupees in thousand)

Employee benefit plans	-	-	210,696	210,696
Loans and advances	-	13,376	-	13,376

13 Financial risk management

The Group financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Group for the year ended 31 December 2018.

14 Date of authorization for issue

These consolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on August 26, 2019.

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. However, no significant re-arrangements have been made.

16 General

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



Chaudhry Ahmed Javed
(Chairman)



Arif Saeed
(Chief Executive)



Badar Ul Hassan
(Chief Financial Officer)

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