

Report & Un-Audited Accounts for the
3rd Quarter Ended September 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 Nine months period ended September 30, 2019.

Company's performance:

Key Financial Indicators of the Company are summarized below:

Particular	Nine Months ended Sep 30			Quarter Ended Sep 30		
	2019	2018	Growth	2019	2018	Growth
	Rupees in million					
Net Sales	21,969	17,084	29%	7,807	5,415	44%
Profit Before Tax	1,186	571	108%	479	120	300%
Profit After Tax	1,036	505	105%	410	99	312%
Earning Per Share (PKR)	68.90	33.58	105%	27.26	6.61	312%

The Company achieved sales of PKR 21.97 billion during nine-months of the years compared to PKR 17.08 billion during corresponding period last year showing a healthy growth of 29%. 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 company has recently commenced the farm tyres segment. The segment will be producing both front and rear tyres of tractors for domestic as well as export markets. The recent drop in imports of this category of tyres presents a lucrative opportunity for local manufacturers to penetrate in the farm tyre market. The company expects reasonable profits from this segment in coming years.

The earnings per share stood at PKR 68.90 during the nine months of the year under review registering a rise of 105% over same period last year (PKR 33.58) 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 remaining financial year and we are expecting healthy financial results in this period.

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: October 24, 2019
LAHORE.

ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

ڈائریکٹرز کمپنی کی رپورٹ پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔ اس رپورٹ میں کمپنی کی 30 ستمبر 2019 تک کی نوامی کی مختصر عبوری مالیاتی معلومات پیش کی جا رہی ہیں۔

مالیاتی کارکردگی

سہ ماہی اختتام 30 ستمبر			نوامی اختتام 30 ستمبر		
شرح نمو	2018	2019	شرح نمو	2018	2019
روپے لین میں			روپے لین میں		
44%	5,415	7,807	29%	17,084	21,969
300%	120	479	108%	571	1,186
312%	99	410	105%	505	1,036
312%	6.61	27.26	105%	33.58	68.90

خالص فروخت
منافع قبل از ٹیکس
منافع بعد از ٹیکس
فی شیئر آمدنی (پے)

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
چیئر مین

مورخہ 24 اکتوبر 2019
لاہور

آپ کی کمپنی نے اس نوامی میں 21.97 ارب روپے کی فروخت کی جبکہ پچھلے سال اسی مدت میں 17.08 ارب روپے کی فروخت ہوئی جو کہ 29 فیصد کی صحت مند نمو کو ظاہر کرتا ہے۔ نمو کی اہم وجہ جو توں کی برآمدات اور ٹائر ڈویژن فروخت میں اضافہ ہے۔

جو توں کی برآمدات میں صحت مند نمو رہا اور منافع بھی بہتر رہا جس کی وجہ مقدار میں اضافہ اور روپے کی قدر میں کمی ہے۔ جو توں کی ریٹیل مارکیٹ دباؤ کا شکار ہونے سے ہمارے مقامی مارکیٹ کے بزنس کو دشواری کا سامنا ہے۔

اگرچہ ملک میں سخت 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 تشریح ہے۔

کمپنی نے حال ہی میں فارم ٹائر بھی بنانا شروع کیا ہے کمپنی ٹریکٹر کے اگلے اور پچھلے دونوں ٹائر بنانے کی جو کہ مقامی منڈی میں بھی فروخت ہو گئے اور برآمد بھی کیے جائیں گے۔ فارم ٹائر کی درآمد میں حال ہی میں کمی آئی ہے جو کہ مقامی ٹائر بنانے والوں کے لیے اس سیکٹ میں اپنی جگہ بنانے کا زبردست موقع ہے۔ آئندہ سالوں میں اس سیکٹ میں مناسب منافع متوقع ہے۔

اس مدت کے دوران فی شیئر آمدنی 68.90 روپے رہی جو کہ پچھلے سال کی اسی مدت میں 33.58 روپے تھی جو کہ 105 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۔

Unconsolidated Condensed Interim Statement of Financial Position

As at 30 September 2019

	(Unaudited) September 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	5,891,402	5,395,877
Total equity	6,041,762	5,516,165
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing - secured	2,337,172	2,617,155
Long term deposits	3,243	3,243
Deferred liabilities	518,740	521,628
	2,859,155	3,142,026
CURRENT LIABILITIES		
Trade and other payables	4,203,681	2,739,985
Accrued mark-up	168,429	146,917
Short term borrowings	6,631,226	5,633,361
Current portion of long term financing	736,880	699,725
Unclaimed dividend	36,370	32,002
Provision for taxation	201,090	210,942
	11,977,676	9,462,932
Total liabilities	14,836,831	12,604,958
CONTINGENCIES AND COMMITMENTS	5	
TOTAL EQUITY AND LIABILITIES	20,878,593	18,121,123

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



Chaudhry Ahmed Javed
(Chairman)

	(Unaudited) September 30, 2019	(Audited) December 31, 2018
Note	(Rupees in thousand)	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets	7,150,344	6,946,303
Intangible assets	3,043	2,562
Long term investments	564,017	549,917
Long term loans	22,329	20,450
Long term deposits	107,533	95,010
	7,847,266	7,614,242
CURRENT ASSETS		
Stores, spares and loose tools	238,227	159,415
Stock in trade	5,001,740	4,044,171
Trade debts	4,553,632	3,300,338
Loans and advances	680,206	463,549
Short term deposits and prepayments	159,812	93,469
Other receivables	2,360,010	2,392,178
Cash and bank balances	37,700	53,761
	13,031,327	10,506,881
TOTAL ASSETS	20,878,593	18,121,123



Arif Saeed
(Chief Executive)




Badar Ul Hassan
(Chief Financial Officer)


Unconsolidated Condensed Interim Statement of Profit or Loss (Unaudited)

For the period ended 30 September 2019

Note	Nin months ended		Three months ended		
	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018	
	(Rupees in thousand)				
		Restated		Restated	
Sales - net	8	21,969,178	17,084,222	7,806,877	5,414,769
Cost of sales	9	(17,921,442)	(14,454,383)	(6,327,725)	(4,578,727)
Gross profit		4,047,736	2,629,839	1,479,152	836,042
Distribution cost		(1,504,832)	(1,108,487)	(466,412)	(389,558)
Administrative expenses		(940,296)	(850,627)	(336,278)	(290,700)
Other expenses		(167,296)	(104,610)	(74,613)	(17,447)
		(2,612,424)	(2,063,724)	(877,303)	(697,705)
		1,435,312	566,115	601,849	138,337
Other income		387,075	357,039	102,282	128,215
Profit from operations		1,822,387	923,154	704,131	266,552
Finance cost		(658,417)	(409,251)	(226,380)	(163,905)
		1,163,970	513,903	477,751	102,647
Share of profit in equity accounted investee - net of taxation		22,500	57,375	1,484	17,001
Profit before taxation		1,186,470	571,278	479,235	119,648
Taxation		(150,565)	(66,383)	(69,346)	(20,199)
Profit after taxation		1,035,905	504,895	409,889	99,449
Earnings per share - basic and diluted (Rupees)		68.90	33.58	27.26	6.61

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 period ended 30 September 2019

	Nine months ended		Three months ended	
	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018
	(Rupees in thousand)			
		Restated		Restated
Profit after taxation	1,035,905	504,895	409,889	99,449
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	(8,900)	-	(3,210)	-
Remeasurements of employees' retirement benefit Obligation - net of tax	(18,576)	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive loss for the period - net of tax	(27,476)	-	(3,210)	-
Total comprehensive income for the period	1,008,429	504,895	406,679	99,449

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


Chaudhry Ahmed Javed
(Chairman)


Arif Saeed
(Chief Executive)

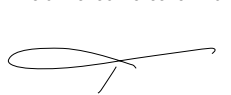

Badar Ul Hassan
(Chief Financial Officer)


Unconsolidated Condensed Interim Statement of Cash Flows (Unaudited)

For the period ended 30 September 2019

	Nine months ended	
	September 30, 2019 (Rupees in thousand)	September 30, 2018 (Rupees in thousand)
Cash flows from operating activities		Restated
Profit before taxation	1,186,470	571,278
Adjustments for non-cash charges and other items:		
Depreciation	512,758	434,859
Amortization	960	898
Provision for gratuity	39,498	42,499
Finance cost	658,417	409,251
Provision for workers' profit participation fund	68,915	30,314
Provision for workers' welfare fund	8,066	2,770
Provision / (reversal of provision) for slow moving and obsolete inventory	42,323	227
Allowance for expected credit loss against trade debts	63,164	19,587
Share of profit in equity accounted investee	(22,500)	(57,375)
Loss on sale of fixed assets	11,437	39
Cash generated from operating activities before working capital changes	2,569,508	1,454,347
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(78,812)	(75,319)
Stock in trade	(772,120)	(910,928)
Trade debts	(1,737,257)	(73,322)
Loans and advances	(216,657)	(155,963)
Short term deposits and prepayments	(66,343)	7,585
Other receivables	32,703	(467,097)
Increase in current liabilities:		
Trade and other payables	1,357,976	38,467
	(1,480,510)	(1,636,577)
Cash generated from operations	1,088,998	(182,230)
Finance cost paid	(636,905)	(374,994)
Income tax paid	(145,417)	(212,170)
Staff retirement benefits paid	(10,436)	(6,610)
Payment of workers' profit participation	-	1,704
Long term loans - net	(1,879)	(4,625)
Long term deposits - net	(12,523)	(4,064)
Net cash from / (used in) operating activities	281,838	(782,989)
Cash flows from investing activities		
Capital expenditure on fixed assets	(731,805)	(1,377,939)
Intangible asset acquired	(1,441)	-
Proceeds from sale of fixed assets	5,302	1,872
Dividend received from associated company	-	16,071
Net cash used in investing activities	(727,944)	(1,359,996)
Cash flows from financing activities		
Long term financing - net	(242,828)	572,428
Investment in subsidiary company	(500)	-
Long term deposits	-	(1,815)
Short term borrowings - net	997,865	1,799,293
Dividend paid	(324,492)	(259,451)
Net cash (used in) / from financing activities	430,046	2,110,455
Net (decrease) / increase in cash and cash equivalents	(16,061)	(32,530)
Cash and cash equivalents at the beginning of the period	53,761	79,184
Cash and cash equivalents at the end of the period	37,700	46,654

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


Chaudhry Ahmed Javed
(Chairman)


Arif Saeed
(Chief Executive)

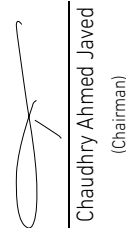

Badar Ul Hassan
(Chief Financial Officer)

Unconsolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For the period ended 30 Sep 2019

	(Rupees in thousand)					
	Share capital	RESERVES			TOTAL	TOTAL EQUITY
		Capital gain	Fair value reserve FVTOCI investments	Share premium		
Balance as at 31 December 2017 - audited	120,288	102,730	-	21,217	123,947	4,502,526
Proportionate share of reserve of equity accounted associate (Note 4 (iii))	-	-	-	23,935	23,935	(23,935)
Balance as at 31 December 2017 - restated	120,288	102,730	-	21,217	147,882	4,478,591
Transaction with owners:						
Final dividend for the year ended 31 December 2017 @ Rupees 22 per share	-	-	-	-	-	(264,634)
Profit for the nine months ended 30 September 2018	-	-	-	-	-	504,895
Other comprehensive income for the nine months ended 30 September 2018 - restated	-	-	-	-	-	(27,269)
Total comprehensive income for the nine months ended 30 September 2018 - restated	-	-	-	-	-	504,895
Balance as at 30 September 2018 - un-audited - restated	120,288	102,730	-	21,217	147,882	4,718,852
Profit for the quarter ended 31 December 2018	-	-	-	-	-	556,412
Other comprehensive loss for the quarter ended 31 December 2018	-	-	-	-	-	(27,269)
Total comprehensive income for the half year ended 31 December 2018	-	-	-	-	-	529,143
Balance as at 31 December 2018 - audited - restated	120,288	102,730	-	21,217	147,882	5,247,995
Adjustment on adoption of IFRS 9 (Note 3.2.1)	-	-	-	-	-	(51,358)
Adjustment on adoption of IFRS 15 (Note 3.2.2)	-	-	-	-	-	(70,612)
Adjusted total equity as at 01 January 2019	120,288	102,730	-	21,217	147,882	5,126,025
Transactions with owners:						
Final dividend for the year ended 31 December 2018 @ Rupees 30 per share	-	-	-	-	-	(360,862)
Issue of bonus shares for the year ended 31 December 2018 @ 25%	30,072	-	-	-	(30,072)	(30,072)
Profit for the nine months ended 30 September 2019	-	-	-	-	-	1,035,905
Other comprehensive income loss for the nine months ended 30 September 2019	-	-	-	-	(8,900)	(18,576)
Total comprehensive income for the nine months ended 30 September 2019	-	-	-	-	(8,900)	1,017,329
Balance as at 30 September 2019 - un-audited	150,360	102,730	(8,900)	21,217	138,982	5,752,420

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 period ended 30 September 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. Muridke Footwear Undertaking and Retained Undertaking.

The segment comprising all the assets, liabilities, rights, entitlements and obligations of 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 benefiting 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 period ended 30 September 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 period ended 30 September 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 nine months ended September 30, 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	(3,300,338)	3,300,338
Recognition of expected credit losses on trade debts	-	(51,358)
	-	3,248,980

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

For the period ended 30 September 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
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-----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 fulfill 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 period ended 30 September 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 January 2019 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 period ended 30 September 2019

Rupees in thousand

Unconsolidated Condensed Interim Statement of Profit or Loss - For the nine months ended 30 September 2018

Other operating expenses increased by	1,910
Earnings per share - basic and diluted decreased by (Rupees)	0.13

- For the quarter ended 30 September 2018

Other operating expenses increased by	950
Earnings per share - basic and diluted decreased by (Rupees)	0.07

Unconsolidated Condensed Interim Statement of Comprehensive Income - For the nine months ended 30 September 2018

Loss on investments decreased by	1,910
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- For the quarter ended 30 September 2018

Loss on investments decreased by	950
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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 favorable outcome of the appeals based on advise of the tax counsel.

5.1.2 The Company has challenged, before Honorable 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 cashable.

5.2 Commitments

5.2.1 Letters of credit are of Rupees 759.789 million (31 December 2018: Rupees 486.710 million).

5.2.2 Guarantees issued in ordinary course of business through banks are of Rupees 957 million (31 December 2018: Rupees 523 million).

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

For the period ended 30 September 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 Ijarah payments under Ijarah are as follows:

	Note	(Unaudited) September 30, 2019 (Rupees in thousand)	(Audited) September 31, 2018
Not later than one year		313,571	254,462
Later than one year and not later than five years		1,587,845	1,399,922
Later than five years		510,064	731,068
		2,411,480	2,385,452

6. Fixed Assets

	Note	(Unaudited) September 30, 2019	(Audited) September 31, 2018
Operating fixed assets	6.1	6,621,426	5,726,524
Capital work-in-progress	6.2	528,918	1,219,779
		7,150,344	6,946,303

6.1 Operating fixed assets

Owned

	Note	(Unaudited) September 30, 2019	(Audited) September 31, 2018
Opening net book value		5,726,524	4,739,012
Add: Cost of additions during the period	6.1.1	1,422,666	1,599,158
Less: Book value of deletions during the period	6.1.2	(15,006)	(11,635)
Less: Depreciation charged during the period		(512,758)	(600,011)
Closing net book value		6,621,426	5,726,524

6.1.1 Cost of additions during the period

	(Unaudited) September 30, 2019	(Audited) September 31, 2018
Buildings on freehold land	317,641	354,290
Plant and machinery	936,280	1,007,169
Furniture, fixture and fittings	4,384	6,991
Vehicles	3,052	5,483
Service equipment	157,714	103,950
Leasehold improvements	3,595	121,275
	1,422,666	1,599,158

Note	(Unaudited) September 30, 2019 (Rupees in thousand)	(Audited) September 31, 2018
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6.1.2 Book value of deletions during the period

	(Unaudited) September 30, 2019	(Audited) September 31, 2018
Cost of deletions		
Land	655	-
Plant and machinery	5,684	7,223
Furniture, fixture and fittings	13	212
Vehicles	1,069	719
Service equipment	3,472	4,231
Leasehold improvements	14,335	15,340
	25,228	27,725
Less: Accumulated depreciation	10,222	16,090
Book value of deletions during the period	15,006	11,635

6.2 Capital work-in-progress

	(Unaudited) September 30, 2019	(Audited) September 31, 2018
Buildings on freehold land	132,392	360,490
Plant and machinery	358,222	775,906
Furniture, fixture and fittings	4,200	549
Leasehold improvements	14,533	-
Service equipment	19,571	82,834
	528,918	1,219,779

7 Long term investments

	Note	(Unaudited) September 30, 2019	(Audited) September 31, 2018
Investment in subsidiary company - at cost	7.1	219,181	218,681
Investment in associate (with significant influence) - under equity method	7.2	331,206	308,706
Investment in joint ventures - at cost	7.3	480	480
Other investment - at FVTOCI	7.4	13,150	22,050
		564,017	549,917

7.1 Investment in subsidiary company - at cost

	(Unaudited) September 30, 2019	(Audited) September 31, 2018
Service Industries Capital (Private) Limited 21,868,097 (31 December 2018 : 21,868,097) fully paid ordinary shares of Rupees 10 each	218,681	218,681
Service Global Footwear Limited 50,000 (31 December 2018 : nil) fully paid ordinary shares of Rupees 10 each	500	-
	219,181	218,681

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

	(Unaudited) September 30, 2019	(Audited) September 31, 2018
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 period ended 30 September 2019

	(Unaudited) September 30, 2019 (Rupees in thousand)	(Audited) September 31, 2018 (Rupees in thousand)
Share of post acquisition reserve		
As at the beginning of the period	117,757	81,953
Share of post acquisition profit for the period	22,500	63,928
Dividends received during the period	-	(28,124)
	140,257	117,757
	331,206	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	(48,674)	(39,774)
	13,150	22,050

	(Unaudited) Nine months ended		(Unaudited) Quarter ended	
	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018
	(Rupees in thousand)			

8 Sales - net	(Unaudited) Nine months ended		(Unaudited) Quarter ended	
	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018
	(Rupees in thousand)			
Sales of footwear - net				
Export sales	6,402,033	4,276,433	2,632,983	1,521,862
Local sales	3,500,313	3,311,373	1,023,393	1,007,831
Duty drawback	193,007	126,429	39,348	24,621
	10,095,353	7,714,235	3,695,724	2,554,314
Sales of tyres - net				
Export sales	892,249	598,074	357,935	171,005
Local sales	10,973,417	8,756,687	3,753,218	2,679,294
Duty drawback	-	196	-	196
	11,865,666	9,354,957	4,111,153	2,850,495
Sales of technical rubber products - net				
Local sales	8,159	15,030	-	9,960
	8,159	15,030	-	9,960
	21,969,178	17,084,222	7,806,877	5,414,769

	(Unaudited) September 30, 2019 (Rupees in thousand)	(Unaudited) September 31, 2018 (Rupees in thousand)	(Unaudited) September 30, 2019 (Rupees in thousand)	(Unaudited) September 30, 2018 (Rupees in thousand)
9 Cost Of Sales				
Raw materials consumed	9.1	11,471,871	8,755,393	4,462,909
Salaries, wages and other benefits		2,512,845	2,107,743	934,534
Stores and spares consumed		235,792	183,778	63,747
Packing materials consumed		596,739	480,707	215,152
Fuel and power		744,817	546,435	301,226
Insurance		18,925	15,489	6,983
Travelling and conveyance		18,771	13,691	6,705
Repair and maintenance		121,658	102,976	45,173
Entertainment		4,331	3,477	1,562
Depreciation		466,299	387,339	167,290
Rent, rates and taxes		28,200	22,583	10,072
Provision / (reversal of provision) for slow moving and obsolete inventory		42,323	227	2,500
Other manufacturing charges		109,266	77,563	32,896
		16,371,837	12,697,401	6,250,749
Work in process:				
Opening inventory		398,416	294,958	602,481
Closing inventory		(621,243)	(439,186)	(621,243)
		(222,827)	(144,228)	(18,762)
		16,149,010	12,553,173	6,231,987
Cost of goods manufactured		16,149,010	12,553,173	6,231,987
Finished goods:				
Opening stock		2,187,111	2,208,141	1,887,599
Purchases during the period		1,688,453	1,777,095	311,271
Closing stock		(2,103,132)	(2,084,026)	(2,103,132)
		1,772,432	1,901,210	95,738
		17,921,442	14,454,383	6,327,725
9.1 Raw materials consumed				
Opening stock		1,500,550	1,315,442	1,663,218
Purchases		11,905,765	9,272,401	4,734,135
Closing stock		(1,934,444)	(1,832,450)	(1,934,444)
		11,471,871	8,755,393	4,462,909

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

For the period ended 30 September 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)		
	Nine months ended	30 Sep 2018	Nine months ended	30 Sep 2018	Nine months ended	30 Sep 2018	Nine months ended	30 Sep 2018	
30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018

(Rupees in thousand)

Sales

External	10,095,353	7,714,235	11,865,666	9,354,957	8,159	15,030	21,969,178	17,084,222
Inter-segment	-	-	-	-	-	-	-	-
Total revenue	10,095,353	7,714,235	11,865,666	9,354,957	8,159	15,030	21,969,178	17,084,222

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

	1,189,202	669,744	1,338,795	825,344	(1,708)	(7,466)	2,526,290	1,487,623
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Unallocated income and expenses

	(1,339,819)	(916,345)
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Taxation

	(150,565)	(66,383)
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Profit after taxation

	1,035,905	504,895
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Selected Notes to the Unconsolidated Condensed Interim Financial Statements (Unaudited)

For the period ended 30 September 2019

10.1 Reconciliation of reportable segment assets and liabilities

	Footwear (Un-audited)		Tyre (Un-audited)		Technical Rubber Products (Un-audited)		Total - Company (Un-audited)		
	(Audited)	31 Dec 2018	(Audited)	31 Dec 2018	(Audited)	31 Sep 2018	(Audited)	31 Sep 2018	
30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Sep 2018	30 Sep 2019	31 Sep 2018	30 Sep 2019	31 Sep 2018

(Rupees in thousand)

Total assets for reportable segment

	9,651,959	6,942,869	8,885,934	8,662,533	44,214	54,481	18,582,108	15,659,883
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Unallocated assets:

	2,296,486	2,461,240
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Total assets as per unconsolidated condensed statement of financial position

	20,878,593	18,121,123
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Unallocated liabilities

	14,836,831	12,604,958
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Total liabilities as per unconsolidated condensed statement of financial position

	14,836,831	12,604,958
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Selected Notes to the Unconsolidated Condensed Interim Financial Statements (Unaudited)

For the period ended 30 September 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 September 2019 - Un-audited	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				

Financial assets

Financial assets at fair value through other comprehensive income	13,150	-	-	13,150
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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 nine months ended September 30, 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)	
	Nine months ended		Quarter ended	
	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018
(Rupees in thousand)				
Subsidiary company				
Advances made	-	152	-	-
Sale of goods	58,910	55,781	19,078	24,366
Associated companies				
Dividend received	-	16,071	-	-
Advance received	60,000	-	-	-
Donations paid	1,887	-	148	-
Reimbursement of expenses	172	-	(94)	-
Others	-	3,782	-	-
Key management personnel				
Cash dividend paid	160,509	107,399	-	-
Bonus shares issued	13,380	-	-	-
Meeting fee	1,620	1,140	480	240
Remuneration	148,229	122,259	54,654	35,630
Other related parties				
Employees' retirement benefits	145,740	138,750	50,130	48,349

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

For the period ended 30 September 2019

(ii) Period end balances

As at 30 September 2019 (Un-audited)			
Subsidiary company	Associated companies	Other related parties	Total

(Rupees in thousand)

Employee benefit plans	-	-	249,927	249,927
Trade and other payables	-	51,188	-	51,188
Trade debts	98,771	-	-	98,771
Loans and advances	-	13,548	-	13,548

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 24 October 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 nine months ended September 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 nine months ended September 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 Global Footwear Limited

Service Global Footwear Limited Company is a public limited company incorporated on 19 July 2019. The registered office of Service Global Footwear Limited is situated at Service House, 2-Main Gulberg, Lahore. The principle line of business of Service Global Footwear Limited is to carry on the business of manufacturing, sale, marketing, import and export of footwear, leather and allied products.

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 Wickrama Mawatha, Colombo 15 and the principal place of business is located at Katunayake.



CHAUDHRY AHMED JAVED
Chairman

October 24, 2019
Lahore.

For and on Behalf of the Board



ARIF SAEED
Chief Executive

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 ستمبر 2019 تک گروپ کی نو ماہی مختصر عبوری مالیاتی معلومات پیش کی جارہی ہے۔ SIL گروپ، سروس انڈسٹریز لمیٹڈ، سروس انڈسٹریز کیپٹل (پرائیویٹ) لمیٹڈ (SICPL) جو کہ ایک SIL کا مکمل ملکیتی ماتحت ادارہ ہے اور سروس شووز لنکا (پرائیویٹ) لمیٹڈ جو کہ SICPL کا ایک ماتحت ادارہ ہے، پر مشتمل ہے۔

سروس انڈسٹریز لمیٹڈ

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

سروس انڈسٹریز کیپٹل (پرائیویٹ) لمیٹڈ

SIL، SICPL 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 گلوبل فٹ وئیر لمیٹڈ

سروس گلوبل فٹ وئیر کمپنی، پبلک لمیٹڈ کمپنی ہے جو کہ 19 جولائی 2019 میں تشکیل پائی ہے۔ کمپنی کا رجسٹرڈ دفتر سروس ہاؤس، 2-مین گلبرگ، لاہور پر واقع ہے۔ سروس گلوبل فٹ وئیر کمپنی کا بنیادی مقصد جوتوں، چڑے اور اس سے متعلقہ مصنوعات کو بنانا، فروخت کرنا، ان کی تشریح کرنا اور ان کی درآمد اور برآمد کے کاروبار کو جاری رکھنا ہے۔

سروس شووز لنکا (پرائیویٹ) لمیٹڈ

سروس شووز لنکا (پرائیویٹ) لمیٹڈ SICPL کا ایک ماتحت ادارہ ہے جو کہ SICPL کا ایک ملکیتی ماتحت ادارہ ہے۔ سروس شووز لنکا (پرائیویٹ) لمیٹڈ ایک (پرائیویٹ) لمیٹڈ لائیبلٹی 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 ماداقتا، کولمبو 15 پر واقع ہے اور کاروبار کی مرکزی جگہ کاتونایکے میں واقع ہے۔

منجانب بورڈ



عارف سعید
چیف ایگزیکٹو



چوہدری احمد جاوید
چیرمین

مورخہ 24، اکتوبر 2019
لاہور

Consolidated Condensed Interim Statement Of Financial Position (Unaudited)

As at September 30, 2019

	(Unaudited) September 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	5,855,578	5,379,198
Attributable to owners of the holding company	6,005,938	5,499,486
Non Controlling Interest	(11,007)	(16,322)
Total equity	5,994,930	5,483,164

LIABILITIES

NON-CURRENT LIABILITIES

Long term financing - secured	2,337,172	2,617,155
Long term deposits	6,065	3,243
Deferred liabilities	518,740	521,628
	2,861,977	3,142,026

CURRENT LIABILITIES

Trade and other payables	4,419,457	2,881,556
Accrued mark-up	168,429	146,917
Short term borrowings	6,640,981	5,722,630
Current portion of long term financing	736,880	699,725
Unclaimed dividend	36,370	32,002
Provision for taxation	204,403	214,255
	12,206,520	9,697,085
Total liabilities	15,068,497	12,839,111

CONTINGENCIES AND COMMITMENTS

5

TOTAL EQUITY AND LIABILITIES	21,063,427	18,322,275
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The annexed notes form an integral part of these consolidated condensed interim financial statements.



Chaudhry Ahmed Javed
(Chairman)

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

ASSETS

NON-CURRENT ASSETS

Fixed assets	6	7,266,631	7,054,975
Intangible assets		50,320	43,179
Long term investments	7	533,131	506,914
Long term loans		22,329	20,450
Long term deposits		107,533	95,010
		7,979,944	7,720,528

CURRENT ASSETS

Stores, spares and loose tools	238,227	159,415
Stock in trade	5,064,259	4,122,896
Trade debts	4,512,018	3,273,650
Loans and advances	680,206	479,530
Short term deposits and prepayments	162,615	94,917
Short term investments	18,500	-
Other receivables	2,367,543	2,398,498
Cash and bank balances	40,115	72,841
	13,083,483	10,601,747

TOTAL ASSETS	21,063,427	18,322,275
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Arif Saeed
(Chief Executive)




Badar Ul Hassan
(Chief Financial Officer)


Condensed Consolidated Interim Statement of Profit or Loss (Unaudited)

For the period ended 30 September 2019

Note	Nine months ended		Three months ended		
	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018	
		(Rupees in thousand)			
		Restated		Restated	
Sales - net	8	22,210,168	17,237,136	7,900,662	5,503,987
Cost of sales	9	(18,109,265)	(14,613,753)	(6,398,794)	(4,666,317)
Gross profit		4,100,903	2,623,383	1,501,868	837,670
Distribution cost		(1,508,698)	(1,112,791)	(467,735)	(389,940)
Administrative expenses		(974,959)	(876,267)	(348,671)	(297,697)
Other operating expenses		(167,452)	(104,591)	(74,769)	(17,443)
		(2,651,109)	(2,093,649)	(891,175)	(705,080)
		1,449,794	529,734	610,693	132,590
Other income		388,372	357,357	103,398	128,220
Profit from operations		1,838,166	887,091	714,091	260,810
Finance cost		(666,527)	(427,751)	(229,652)	(165,796)
		1,171,639	459,340	484,439	95,014
Share of profit in equity accounted investee - net of taxation		35,118	94,770	600	28,457
Profit before taxation		1,206,757	554,110	485,039	123,471
Taxation		(150,565)	(67,931)	(69,346)	(17,745)
Profit after taxation		1,056,192	486,179	415,693	105,726
Attributable to:					
Owners of the holding company		1,053,236	507,939	413,186	108,778
Non-controlling interest		2,956	(21,760)	2,507	(3,052)
		1,056,192	486,179	415,693	105,726
Earnings per share - basic and diluted (Rupees)		70.25	32.34	27.65	7.03

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 period year ended 30 September 2019

	Nine months ended		Three months ended	
	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018
		(Rupees in thousand)		
		Restated		Restated
Profit after taxation	1,056,192	486,179	415,693	105,726
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	(8,900)	-	(3,210)	-
Exchange difference on translation of foreign subsidiary	(40,015)	2,243	(1,561)	1,742
Exchange differences on translation of goodwill	5,899	446	(3,023)	(1,785)
Remeasurements of employees' retirement benefit obligation - net of tax	(18,576)	-	-	-
Items that may be reclassified to profit or loss	-	-	-	-
Other comprehensive loss for the period - net of tax	(61,593)	2,689	(7,794)	(43)
Total comprehensive income for the period	994,599	488,868	407,898	105,683
Owners of the holding company	989,284	510,449	406,600	109,449
Non-controlling interest	5,315	(21,581)	1,298	(3,766)
	994,599	488,868	407,898	105,683

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 period ended 30 September 2019

	Nine months ended	
	September 30, 2019	September 30, 2018
	(Rupees in thousand)	
		Restated
Cash flows from operating activities		
Profit before taxation	1,206,757	554,110
Adjustments for non-cash charges and other items:		
Depreciation	523,581	442,435
Amortization	1,077	898
Provision for gratuity	38,308	42,499
Finance cost	666,527	428,945
Provision for workers' profit participation fund	68,915	30,314
Provision for workers' welfare fund	8,066	2,770
Provision / (reversal of provision) for slow moving and obsolete inventory	42,323	227
Allowance for expected credit loss against trade debts	63,164	19,587
Share of profit in equity accounted investee	(35,118)	(94,770)
Impairment loss on investment	-	1,910
Exchange (gain) / Loss	(34,117)	-
Loss on sale of fixed assets	11,437	39
Cash generated from operating activities before working capital changes	2,560,920	1,428,964
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(78,812)	(75,319)
Stock in trade	(755,914)	(901,754)
Trade debts	(1,769,166)	(173,972)
Loans and advances	(200,676)	(156,241)
Short term deposits and prepayments	(67,698)	11,211
Other receivables	31,492	(399,023)
Increase in current liabilities:		
Trade and other payables	1,488,771	97,215
	(1,352,003)	(1,597,883)
Cash generated from operations	1,208,917	(168,919)
Cash generated from operations		
Finance cost paid	(645,015)	(393,494)
Income tax paid	(145,417)	(213,719)
Staff retirement benefits paid	(10,436)	(8,520)
Payment of workers' profit participation	-	1,704
Long term loans - net	(1,879)	(4,625)
Long term deposits - net	(12,523)	(4,064)
Net cash from / (used in) operating activities	393,647	(791,636)
Cash flows from investing activities		
Capital expenditure on fixed assets	(753,012)	(1,387,184)
Intangible asset acquired	(1,441)	-
Proceeds from sale of fixed assets	5,302	1,872
Short Term Investment	(18,500)	-
Interest Income	1	-
Dividend received from associated company	-	26,391
Net cash used in investing activities	(767,650)	(1,358,921)
Cash flows from financing activities		
Long term financing	(242,828)	572,428
Long term deposits	-	(1,815)
Exchange differences on translation of investments in foreign subsidiary	-	2,510
Short term borrowings - net	908,596	1,803,696
Dividend paid	(324,492)	(259,451)
Net cash from / (used in) financing activities	341,276	2,117,368
Net (decrease) / increase in cash and cash equivalents	(32,726)	(33,190)
Cash and cash equivalents at the beginning of the period	72,841	84,448
Cash and cash equivalents at the end of the period	40,115	51,257

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)

For the period ended 30 Sep 2019

	(Rupees in thousand)												
	RESERVES					TOTAL EQUITY							
	Share capital	Capital gain	Fair value reserve FVTOCI investments	Share premium	Share Exchange transaction	Share of reserve held by equity accounted investee	Sub total	General reserves	Un-appropriated profit	Sub total	Non-Controlling Interest	TOTAL EQUITY	
Balance as at 31 December 2017 - audited	120,288	102,730	-	21,217	3,093	-	127,040	1,558,208	2,927,766	4,465,974	4,613,014	10,662	4,743,984
Proportional share of reserve of equity associate (Note 4 (ii))	-	-	-	-	-	44,402	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	10,662	4,743,984
Transaction with owners:													
Final dividend for the year ended 31 December 2017 @ Rupees 22 per share	-	-	-	-	-	-	-	-	-	-	(264,634)	-	(264,634)
Profit for the nine months ended 30 September 2018	-	-	-	-	2,511	-	2,511	-	507,939	507,939	507,939	(21,760)	486,179
Other comprehensive income for the nine months ended 30 Sep 2018 restated	-	-	-	-	2,511	-	2,511	-	-	-	2,511	179	2,689
Total comprehensive income for the nine months ended 30 Sep 2018 restated	-	-	-	-	2,511	-	2,511	-	507,939	507,939	510,450	(21,582)	488,868
Balance as at 30 September 2018 - un-audited - restated	120,288	102,730	-	21,217	5,604	44,402	173,953	1,558,208	3,126,669	4,684,877	4,658,830	(10,720)	4,668,110
Profit for the quarter ended 31 December 2018	-	-	-	-	-	-	-	-	549,456	549,456	549,456	(5,938)	543,518
Other comprehensive loss for the quarter ended 31 December 2018	-	-	-	-	(1,819)	-	(1,819)	-	(27,269)	(27,269)	(29,088)	535	(28,553)
Total comprehensive income for the half year ended 31 December 2018	-	-	-	-	(1,819)	-	(1,819)	-	522,187	522,187	520,368	(5,403)	514,965
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	5,179,198	(16,322)	5,162,876
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	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 nine months ended 30 September 2019	-	-	-	-	-	-	-	-	(390,934)	(390,934)	(390,934)	2,956	(387,978)
Other comprehensive income for the nine months ended 30 September 2019	-	-	(8,900)	-	(36,476)	-	(45,376)	-	1,653,236	1,607,860	1,603,236	2,956	1,606,192
Total comprehensive income for the nine months ended 30 September 2019	-	-	(8,900)	-	(36,476)	-	(45,376)	-	1,034,660	1,034,660	987,284	5,315	994,599
Balance as at 30 September 2019 - un-audited	150,360	102,730	(8,900)	21,217	(32,691)	44,402	126,758	1,558,208	4,170,612	5,728,820	5,855,578	(11,007)	5,994,930

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 period ended 30 September 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 Global Footwear Limited - Holding of 100%
- 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 Global Footwear Limited

Service Global Footwear Limited Company is a public limited company incorporated on 19 July 2019. The registered office of Service Global Footwear Limited is situated at Service House, 2-Main Gulberg, Lahore. The principle line of business of Service Global Footwear Limited is to carry on the business of manufacturing, sale, marketing, import and export of footwear, leather and allied products.

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 at 30 June 2019 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 benefiting 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

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

For the period ended 30 September 2019

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.

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 nine months ended 30 September 2018

Other operating expenses increased by	1,910
Earnings per share - basic and diluted decreased by (Rupees)	0.13

- For the quarter ended 30 September 2018

Other operating expenses increased by	950
Earnings per share - basic and diluted decreased by (Rupees)	0.07

Consolidated Condensed Interim Statement of Comprehensive Income

- For the nine months ended 30 September 2018

Loss on investments decreased by	1,910
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- For the quarter ended 30 September 2018

Loss on investments decreased by	950
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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	44,402
Revenue reserves	
- 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 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 favorable 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

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

For the period ended 30 September 2019

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 759.789 million (31 December 2018: Rupees 486.710 million).

5.2.2 Guarantees issued in ordinary course of business through banks are of Rupees 957 million (31 December 2018: Rupees 523 million).

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 Ijarah payments under Ijarah are as follows:

		(Unaudited) September 30, 2019	(Audited) December 31, 2018
	Note	(Rupees in thousand)	
Not later than one year		313,571	254,462
Later than one year and not later than five years		1,587,845	1,399,922
Later than five years		510,064	731,068
		2,411,480	2,385,452
6 Fixed Assets			
Operating fixed assets	6.1	6,737,713	5,835,196
Capital work-in-progress	6.2	528,918	1,219,779
		7,266,631	7,054,975

	Note	(Unaudited) September 30, 2019	(Audited) December 31, 2018
		(Rupees in thousand)	
6.1 Operating fixed assets			
Owned			
Opening net book value		5,835,196	4,842,097
Add: Cost of additions during the period	6.1.1	1,422,666	1,633,174
Less: Book value of deletions during the period	6.1.2	(19,536)	(11,635)
Less: Depreciation charged during the period		(523,581)	(611,234)
Add: Exchange/Other adjustment during the period		22,968	(17,206)
Closing net book value		6,737,713	5,835,196
6.1.1 Cost of additions during the period			
Building on freehold land		317,641	362,957
Plant and machinery		936,280	1,019,700
Furniture, fixture and fittings		4,384	7,784
Vehicles		3,052	8,171
Service equipment		157,714	113,287
Leasehold improvements		3,595	121,275
		1,422,666	1,633,174
6.1.2 Book value of deletions during the period			
Cost of deletions			
Land		655	-
Plant and machinery		6,494	7,223
Furniture, fixture and fittings		423	212
Vehicles		1,888	719
Service equipment		5,962	4,231
Leasehold improvements		14,335	15,340
		29,757	27,725
Less: Accumulated depreciation		10,222	16,090
Book value of deletions during the period		19,536	11,635
6.2 Capital work-in-progress			
Building on freehold land		132,392	360,490
Plant and machinery		358,222	775,906
Furniture and fixture		4,200	549
Leasehold improvements		14,533	-
Service equipment		19,571	82,834
		528,918	1,219,779

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

For the period ended 30 September 2019

	Note	(Unaudited) September 30, 2019 (Rupees in thousand)	(Audited) December 31, 2018
7 Long term investments			
Investment in associate (with significant influence)			
- under equity method	7.1	519,501	484,384
Investment in joint ventures	7.2	480	480
Other investment - at FVTOCI	7.3	13,150	22,050
		533,131	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		141,858	83,042
Share of post acquisition profit for the period		35,118	105,000
Dividends received during the period		-	(46,184)
		176,976	141,858
		519,501	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		(48,674)	(39,774)
		13,150	22,050

	Note	(Unaudited) Nine months ended Sep 30, 2019 Sep 30, 2018 (Rupees in thousand)		(Unaudited) Quarter ended Sep 30, 2019 Sep 30, 2018	
8 Sales - net					
Sales of footwear - net					
Export sales		6,638,737	4,424,257	2,725,995	1,589,339
Local sales		3,504,599	3,316,463	1,024,166	1,008,952
Duty draw back		193,007	126,429	39,348	24,621
		10,336,343	7,867,149	3,789,509	2,622,912
Sales of tyres - net					
Export sales		892,249	598,074	357,935	191,625
Local sales		10,973,417	8,756,687	3,753,218	2,679,294
Duty drawback		-	196	-	196
		11,865,666	9,354,957	4,111,153	2,871,115
Sales of technical rubber products - net					
Local sales		8,159	15,030	-	9,960
		8,159	15,030	-	9,960
		22,210,168	17,237,136	7,900,662	5,503,987
9 Cost of sales					
Raw materials consumed	9.1	11,568,000	8,835,868	4,502,878	2,913,738
Salaries, wages and other benefits		2,572,087	2,148,550	956,383	720,730
Stores and spares consumed		235,938	183,866	63,813	56,765
Packing materials consumed		605,918	486,657	216,676	152,623
Fuel and power		747,465	548,517	302,162	187,662
Insurance		18,925	15,489	6,983	5,779
Travelling and conveyance		18,771	13,691	6,705	4,431
Repair and maintenance		122,289	104,165	45,399	29,224
Entertainment		4,331	3,477	1,562	1,602
Depreciation		471,413	391,316	169,142	134,586
Rent, rates and taxes		28,200	22,583	10,072	9,548
Provision / (reversal of provision) for slow moving and obsolete inventory		42,323	227	2,500	11,809
Other manufacturing charges		123,999	88,740	37,539	34,829
		16,559,659	12,843,146	6,321,814	4,263,326
Work in process:					
Opening inventory		408,693	311,171	622,018	489,751
Closing inventory		(644,387)	(445,053)	(644,387)	(445,053)
		(235,694)	(133,882)	(22,369)	44,698
Cost of goods manufactured		16,323,965	12,709,264	6,299,445	4,308,024

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

For the period ended 30 September 2019

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	(Unaudited)		(Unaudited)	
	Nine months ended		Quarter ended	
	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018
	(Rupees in thousand)			
Finished goods:				
Opening Stock	2,198,575	2,224,361	1,901,081	1,797,480
Purchases during the period	1,702,295	1,774,275	313,839	654,960
Closing stock	(2,115,571)	(2,094,147)	(2,115,571)	(2,094,147)
	1,785,299	1,904,489	99,349	358,293
	18,109,265	14,613,753	6,398,794	4,666,317
9.1 Raw material consumed				
Opening Stock	1,539,675	1,337,845	1,708,898	1,501,387
Purchases	11,988,631	9,361,493	4,754,286	3,275,821
Closing stock	(1,960,306)	(1,863,470)	(1,960,306)	(1,863,470)
	11,568,000	8,835,868	4,502,878	2,913,738

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

For the period ended 30 September 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		Tyre		Technical Rubber Products		Total - Company	
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Nine months ended	Nine months ended		Nine months ended		Nine months ended		Nine months ended	
30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	30 Sep 2018

(Rupees in thousand)

Sales									
External	10,336,343	7,867,149	11,865,666	9,354,957	8,159	15,030	22,210,168	17,237,136	-
Inter-segment	-	-	-	-	-	-	-	-	-
	10,336,343	7,867,149	11,865,666	9,354,957	8,159	15,030	22,210,168	17,237,136	-
Profit / (loss) before taxation and unallocated income and expenses	1,209,489	652,577	1,338,795	825,344	(1,708)	(7,466)	2,546,576	1,470,455	
Unallocated income and expenses:									
Taxation							(1,339,819)	(916,345)	
Profit after taxation							(150,565)	(67,931)	
							1,056,192	486,179	

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

For the period ended 30 September 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)
	31 Dec 2018		31 Dec 2018		31 Dec 2018		31 Dec 2018	
	30 Sep 2019	30 Sep 2019	30 Sep 2019	30 Sep 2019	30 Sep 2019	30 Sep 2019	30 Sep 2019	30 Sep 2018

(Rupees in thousand)

Total assets for reportable segment	10,126,783	6,942,869	8,885,934	8,662,533	44,214	54,481	19,056,931	15,659,883
Unallocated assets:							2,006,496	2,662,392
Total assets as per consolidated condensed statement of financial position							21,063,427	18,322,275
Unallocated liabilities							15,068,497	12,839,111
Total liabilities as per statement of financial position							15,068,497	12,839,111

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

For the period ended 30 September 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 consolidated 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 September 2019	Level 1	Level 2	Level 3	Total
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(Rupees in thousand)

Financial assets

Financial assets at fair value through other comprehensive income	13,150	-	-	13,150
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Recurring fair value measurements at 31 December 2018 - Audited	Level 1	Level 2	Level 3	Total
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(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 nine months ended September 30, 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

maximize 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)	
Nine months ended		Quarter ended	
Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018

(Rupees in thousand)

Associated company

Dividend received	-	16,071	-	-
Advance received	60,000	-	-	-
Donations paid	1,887	-	148	-
Reimbursement of expenses	172	-	(94)	-
Others	-	3,782	-	-

Key management personnel

Cash dividend paid	160,509	107,399	-	-
Bonus shares issued	13,380	-	-	-
Meeting fee	1,620	1,140	480	420
Remuneration paid	148,229	12,259	54,654	35,630

Other related parties

Employees' retirement benefits	145,740	138,750	50,130	48,349
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Selected Notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

For the period ended 30 September 2019

(ii) Period end balances

As at 30 September 2019 (Un-audited)		
Associated Companies	Other related parties	Total

(Rupees in thousand)

Employee benefit plans	-	249,927	249,927
Trade and other payables	51,188	-	51,188
Loans and advances	13,548	-	13,548

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 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 consolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on 24 October 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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