

Report & Un-Audited Accounts
for the 3rd Quarter Ended
September 30, 2023

Sustainable Growth Starts with Action



Service

Service Global Footwear Limited



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Company Information

Board of Directors

Mr. Arif Saeed

Chairman / Non-Executive Director

Mr. Hassan Javed

Chief Executive Officer /
Executive Director

Chaudhry Ahmed Javed

Non-Executive Director

Mr. Omar Saeed

Non-Executive Director

Mr. Azmat Ali Ranjha

Independent Director

Mr. Abdul Rashid Lone

Independent Director

Ms. Maleeha Humayun Bangash

Independent Director

Mr. Hassan Ehsan Cheema

Executive Director

Mr. Qadeer Ahmed Vaseer

Executive Director

Chief Financial Officer

Mr. Usman Liaqat

Company Secretary

Mr. Waheed Ashraf

Audit Committee

Mr. Abdul Rashid Lone

Chairman

Mr. Omar Saeed

Member

Ms. Maleeha Humayun Bangash

Member

Human Resource and Remuneration Committee

Mr. Azmat Ali Ranjha

Chairman

Mr. Hassan Javed

Member

Mr. Omar Saeed

Member

Bankers

MCB Bank Limited

Habib Bank Limited

Faysal Bank Limited

Soneri Bank Limited

Allied Bank Limited

Askari Bank Limited

Meezan Bank Limited

MCB Islamic Bank Limited

Habib Metropolitan Bank

Standard Chartered Bank (Pakistan)
Limited

Samba Bank Limited

Bank Al Habib Limited

Dubai Islamic Bank Limited

Bank Islami Pakistan Limited

Bank of Punjab - Islamic

United Bank Limited

Auditors

M/s. Riaz Ahmad & Company,
Chartered Accountants

Legal Advisor

Muhammad Ashfaq,
Advocate High Court,
of 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

Shares Registrar

M/s. Corplink (Pvt.) Limited
Wings Arcade, 1-K
Commercial, Model Town, Lahore
Tel: +92-42- 35916719,
35839182
Fax: +92-42-35869037

Pakistan Stock Exchange Limited
Stock Exchange Symbol **SGF**

Factory

10-KM Muridke, Sheikhpura Road,
Muridke

Web Presence

www.serviceglobalfootwear.com

“Great works are
performed, not by strength,
but by perseverance ”

- Samuel Johnson



Directors' Report to the Shareholders

The Directors take pleasure in presenting their Report along with the unconsolidated condensed interim financial information of Service Global Footwear Limited ("SGFL") for the nine months ended September 30, 2023.

Key Performance Indicators (KPIs)

Please find below key performance indicators of unconsolidated condensed interim financial statements of SGFL for the nine months ended September 30, 2023.

Particulars	Nine months ended		
	September 30, 2023 "000"	September 30, 2022 "000"	Percentage Change
Net Sales	11,939,546	8,531,184	39.95%
Gross Profit	2,637,188	1,837,652	43.51%
Operating Profit	1,761,521	1,081,009	62.95%
Profit before tax	1,177,488	727,932	61.76%
Profit after tax	791,960	457,712	73.03%
Earnings per share	3.86	2.24	72.32%

SGFL has managed to achieve significant sales growth, on the back of exchange gains, of 39.95% in comparison with the same period last year growing its revenue from Rs.8.5 billion to Rs.11.9 billion for the nine months ended September 30, 2023. Despite a sharp increase in financial charges, largely due to a significant increase in the export refinance rate, your company is able to report an increase of 61.76% in pre-tax profit. It is a clear indication of the company's successful efforts in pricing strategy and new customer acquisition.

SGFL's 18.91% equity investment in Service Long March Tyres (Private) Limited ("SLM") has earned SGFL a profit of Rs 212 million as against a loss of Rs 97 million in the same period last year. There is a continued improvement in SLM's sales and margins which bodes extremely well for the future.

Future Outlook

SGFL has shown growth in each quarter this year both in terms of sales and bottom line. We are continuously improving our gross margins with a better mix of sales and high capacity utilization. Your company has been able to show appreciable improvement in profitability despite the simultaneous economic challenges of rising interest rates and extremely unfavorable taxation policies in the country. We are also starting to reap the rewards of the investment in our China subsidiary.

The SGFL sales team is committed to forming new strategic partnerships in our major markets. To leverage the current pipeline of opportunities, we are actively considering the addition of a new production facility in the coming year.

In addition to capacity and technological advancement, we are also investing heavily in local and foreign human capital to enhance our competitiveness against other global players.

SLM is also operating at high capacity utilization, validating our trust in this venture. The future outlook is extremely encouraging which is expected to contribute significantly to the future profitability of SGFL.

Acknowledgment

The Directors of the Company, along with the Board, extend their heartfelt gratitude and appreciation to all employees for their contribution and commitment. The Company values the assistance, continued trust, guidance, and cooperation of all, including the, customers, commercial banks, business associates, and others, whose efforts and contributions have strengthened the Company. We hope that this same spirit of collaboration will persist in the future.

For and on behalf of the Board



Arif Saeed
(Chairman)

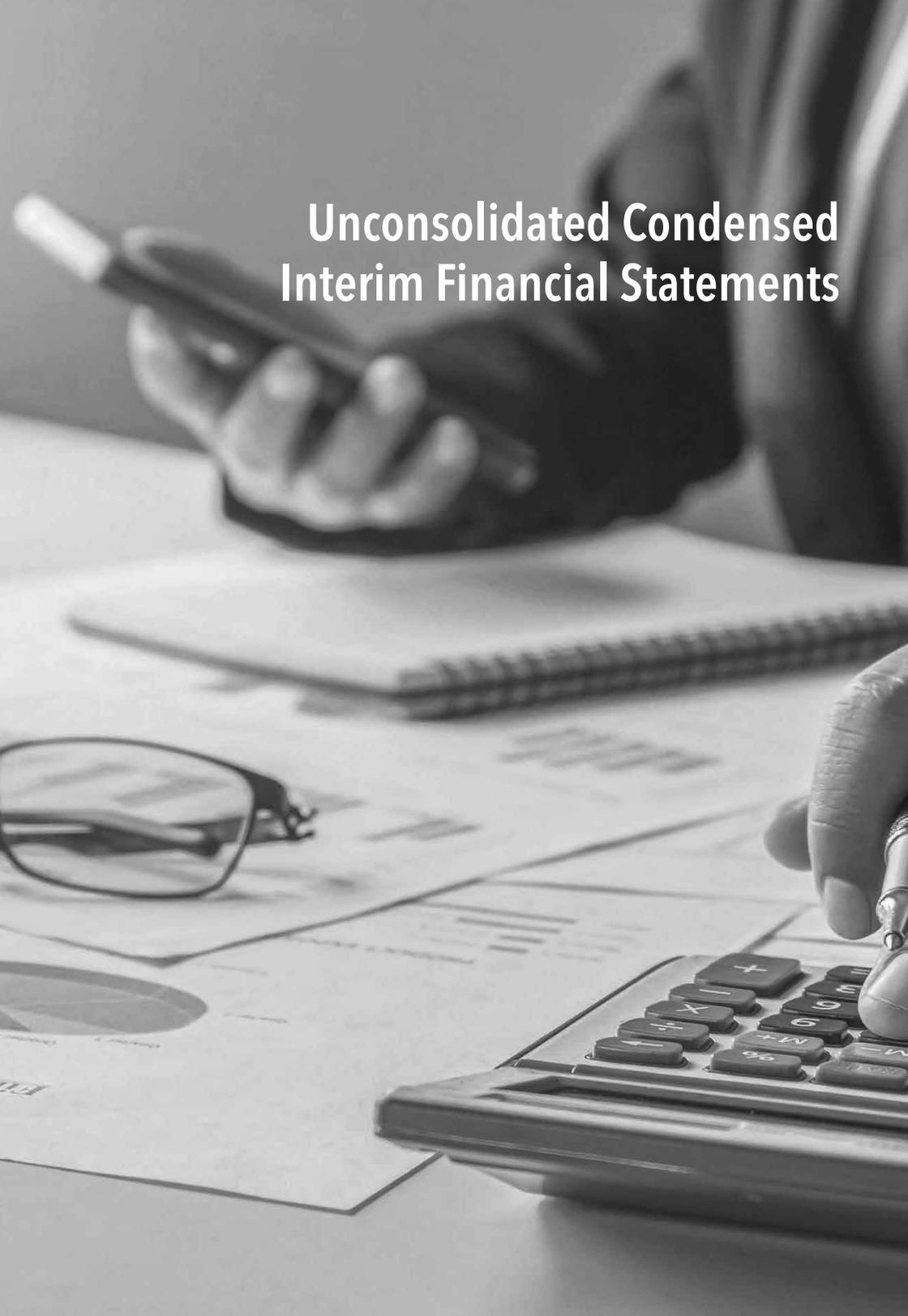


Hassan Javed
(Chief Executive)

October 24, 2023
Lahore.

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Unconsolidated Condensed Interim Financial Statements



Unconsolidated Condensed Interim Statement of Financial Position (Un-audited)

As at September 30, 2023

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital		
250,000,000 (31 December 2022: 250,000,000) ordinary shares of Rupees 10 each	2,500,000	2,500,000
Issued, subscribed and paid-up share capital		
205,917,500 (31 December 2022: 205,087,500) ordinary shares of Rupees 10 each	2,059,175	2,050,875
Reserves	4,716,384	4,113,649
Total equity	6,775,559	6,164,524
LIABILITIES		
Non-current liabilities		
Long term financing - secured	331,668	360,852
Employees' retirement benefit	183,381	157,391
	515,049	518,243
Current liabilities		
Trade and other payables	3,536,937	1,972,206
Accrued mark-up	219,712	176,187
Short term borrowings	6,824,686	5,488,314
Current portion of non-current liabilities	43,084	40,962
Unclaimed dividend	5,149	4,850
	10,629,568	7,682,519
Total liabilities	11,144,617	8,200,762
Contingencies and commitments	4	
TOTAL EQUITY AND LIABILITIES	17,920,176	14,365,286

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



Hassan Javed
(Chief Executive)

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
	Note	(Rupees in thousand)	
ASSETS			
Non-current assets			
Fixed assets	5	3,011,841	2,594,578
Long term security deposits		11,322	10,572
Long term loans to employees		11,616	13,634
Long term investments	6	2,519,305	2,217,650
Long term loan to Holding Company		1,500,000	1,750,000
		7,054,084	6,586,434
Current assets			
Stores, spares and loose tools		131,547	81,956
Stock in trade		3,605,979	3,360,359
Trade debts		2,564,332	1,839,720
Loans and advances		2,479,234	1,230,354
Accrued mark-up		5,409	-
Short term deposits and prepayments		30,866	12,988
Other receivables		1,450,219	871,505
Advance income tax - net		33,811	220,350
Cash and bank balances		564,695	161,620
		10,866,092	7,778,852
TOTAL ASSETS		17,920,176	14,365,286



Arif Saeed
(Director)



Usman Liaqat
(Chief Financial Officer)

Unconsolidated Condensed Interim Statement of Profit or Loss (Un-audited)

For the nine months ended September 30, 2023

	Note	(Un-audited) NINE MONTHS ENDED		(Un-audited) QUARTER ENDED	
		September	September	September	September
		30, 2023	30, 2022	30, 2023	30, 2022
(Rupees in thousand)					
Revenue	7	11,939,546	8,531,184	4,526,038	3,703,553
Cost of sales	8	(9,302,358)	(6,693,532)	(3,485,249)	(2,862,707)
Gross profit		2,637,188	1,837,652	1,040,789	840,846
Distribution cost		(923,294)	(695,200)	(384,753)	(248,371)
Administrative expenses		(473,216)	(382,247)	(175,977)	(149,030)
Other expenses		(60,894)	(154,530)	(21,308)	(122,776)
		(1,457,404)	(1,231,977)	(582,038)	(520,177)
		1,179,784	605,675	458,751	320,669
Other Income		581,737	475,334	151,452	69,689
Profit from operations		1,761,521	1,081,009	610,203	390,358
Finance cost		(796,521)	(255,965)	(292,179)	(115,551)
		965,000	825,044	318,024	274,807
Share of profit / (loss) of equity accounted investee - net of taxation		212,488	(97,112)	169,893	(62,871)
Profit before taxation		1,177,488	727,932	487,917	211,936
Taxation		(385,528)	(270,220)	(131,287)	(101,624)
Profit after taxation		791,960	457,712	356,630	110,312
EARNINGS PER SHARE - BASIC (RUPEES)		3.86	2.24	1.73	0.54
EARNINGS PER SHARE - DILUTED (RUPEES)		3.84	2.23	1.73	0.54

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



Hassan Javed
(Chief Executive)



Arif Saeed
(Director)



Usman Liaqat
(Chief Financial Officer)

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months ended September 30, 2023

	(Un-audited)		(Un-audited)	
	NINE MONTHS ENDED		QUARTER ENDED	
	September	September	September	September
	30, 2023	30, 2022	30, 2023	30, 2022
	(Rupees in thousand)			
PROFIT AFTER TAXATION	791,960	457,712	356,630	110,312
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	791,960	457,712	356,630	110,312

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



Hassan Javed
(Chief Executive)



Arif Saeed
(Director)



Usman Liaqat
(Chief Financial Officer)

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the nine months ended September 30, 2023

	SHARE CAPITAL	SHARE CAPITAL TO BE ISSUED	RESERVES				TOTAL	TOTALEQUITY
			Reserve for issuance of bonus shares	CAPITAL RESERVE		REVENUE RESERVE		
				Share premium	Employees' share options reserve			
	Rupees in thousand							
Balance as at 31 December 2021 - audited	2,044,375	-	1,390,684	1,669,274	18,723	1,606,332	4,685,013	6,729,388
Transactions with owners:								
Final dividend for the year ended 31 December 2021 @ Rupees 2 per share	-	-	-	-	-	(408,875)	(408,875)	(408,875)
Interim dividend for the half year ended 30 June 2022 @ Rupees 2.50 per share	-	-	-	-	-	(512,719)	(512,719)	(512,719)
Proceeds against shares to be issued under employee's share option scheme	6,500	6,500	-	-	-	-	-	6,500
Issuance of share capital under employee stock option scheme	6,500	(6,500)	-	18,723	(18,723)	-	-	-
Recognition of employee share options reserve	6,500	-	-	18,723	50	(921,594)	(902,821)	(896,321)
Profit for the nine months ended 30 September 2022	-	-	-	-	-	457,712	457,712	457,712
Other comprehensive income for the nine months ended 30 September 2022	-	-	-	-	-	457,712	457,712	457,712
Total comprehensive income for the nine months ended 30 September 2022	-	-	-	-	-	457,712	457,712	457,712
Balance as at 30 September 2022 - unaudited	2,050,875	-	1,390,684	1,687,997	18,773	1,142,450	4,239,904	6,290,779
Recognition of employee share options reserve	-	-	-	-	6,258	-	-	6,258
Loss for the quarter ended 31 December 2022	-	-	-	-	-	(115,653)	(115,653)	(115,653)
Other comprehensive loss for the quarter ended 31 December 2022	-	-	-	-	-	(16,860)	(16,860)	(16,860)
Total comprehensive loss for the quarter ended 31 December 2022	-	-	-	-	-	(132,513)	(132,513)	(132,513)
Balance as at 31 December 2022 - audited	2,050,875	-	1,390,684	1,687,997	25,031	1,009,937	4,113,649	6,164,524
Transactions with owners:								
Final dividend for the year ended 31 December 2022 @ Rupee 1 per share	-	-	-	-	-	(205,088)	(205,088)	(205,088)
Proceeds against shares to be issued under employee's share option scheme	8,300	8,300	-	-	-	-	-	8,300
Issuance of share capital under employee stock option scheme	8,300	(8,300)	-	25,031	(25,031)	-	-	-
Recognition of employee share options reserve	8,300	-	-	25,031	15,863	(205,088)	(189,226)	(180,926)
Profit for the nine months ended 30 September 2023	-	-	-	-	-	791,960	791,960	791,960
Other comprehensive income for the nine months ended 30 September 2023	-	-	-	-	-	-	-	-
Total comprehensive income for the nine months ended 30 September 2023	-	-	-	-	-	791,960	791,960	791,960
Balance as at 30 September 2023 - unaudited	2,059,175	-	1,390,684	1,713,028	15,863	1,596,809	4,716,384	6,775,559

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



Hassan Javed
(Chief Executive)



Arif Saeed
(Director)



Usman Liaqat
(Chief Financial Officer)

Unconsolidated Condensed Interim Statement of Cash Flows (Un-audited)

For the nine months ended September 30, 2023

	(Un-audited) September 30, 2023	(Un-audited) September 30, 2022
Note	(Rupees in thousand)	
Cash flows from operating activities		
Cash generated from / (used in) operations	9 1,128,413	(1,690,232)
Finance cost paid	(752,996)	(202,350)
Income tax paid	(198,988)	(161,647)
Workers' Profit Participation Fund paid	(18,883)	-
Staff retirement benefit paid	(6,448)	(3,669)
Long term loans to employees - net	3,495	(9,337)
Long term security deposits - net	(750)	(738)
Net cash generated from / (used in) operating activities	153,843	(2,067,973)
Cash flows from investing activities		
Capital expenditure on fixed assets	(594,724)	(384,783)
Proceeds from disposal of fixed assets	5,542	-
Loan given to Service Industries Limited - Holding Company	(9,764,491)	(8,431,702)
Loan repayment from Service Industries Limited - Holding Company	9,167,318	8,320,922
Profit on bank deposits received	471	-
Mark-up received on loan to Service Industries Limited - Holding Company	411,463	490,545
Long term investment made	(89,167)	(636,322)
Net cash used in investing activities	(863,588)	(641,340)
Cash flows from financing activities		
Long term financing - net	(27,063)	(39,252)
Short term borrowings - net	1,336,372	2,752,451
Proceeds against share capital issued under Employee's stock option scheme	8,300	6,500
Dividend paid	(204,789)	(917,402)
Net cash generated from financing activities	1,112,820	1,802,297
Net increase / (decrease) in cash and cash equivalents	403,075	(907,016)
Cash and cash equivalents at the beginning of the period	161,620	935,417
Cash and cash equivalents at the end of the period	564,695	28,401

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



Hassan Javed
(Chief Executive)



Arif Saeed
(Director)



Usman Liaqat
(Chief Financial Officer)

Selected Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the nine months ended September 30, 2023

1. The company and its operations

1.1 Service Global Footwear Limited (the Company) was incorporated as a public limited Company on 19 July 2019 in Pakistan under the Companies Act, 2017 and got listed on 28 April 2021. The shares of the company are quoted on Pakistan Stock Exchange Limited. The registered office of the Company is located at 2- Main Gulberg, Lahore. The principal activities of the Company are manufacturing, sale, marketing, import and export of footwear, leather and allied products. The Company is the subsidiary 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 2022. These unconsolidated condensed interim financial statements are un-audited.

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 financial statements of the Company for the year ended 31 December 2022.

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 financial statements of the Company for the year ended 31 December 2022.

3.2 Employees' share option scheme

The Company operates an equity settled share based Employees Stock Option Scheme. The compensation committee of the Board of Directors of the Company evaluates the performance and other criteria of employees and approves the grant of options. These options vests with employees over a specific period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a price determined on the date of grant of options.

At the grant date of share options to the employees, the Company initially recognises employee compensation expense with corresponding credit to equity as employee share options reserve at the fair value of option at the grant date. The fair value of option determined at the grant date is recognised as an employee compensation expense on a straight line basis over the vesting period. Fair value of options is arrived at using Black Scholes pricing model.

When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium

4 Contingencies and commitments

4.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual financial statements of the Company for the year ended 31 December 2022 except for the following:

- 4.1.1 Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 1,191.942 million (31 December 2022: Rupees 2,471.501 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheques issued as security shall be encashable.

4.2 Commitments

- 4.2.1 Letters of credit other than capital expenditure are of Rupees 796.925 million (31 December 2022: Rupees 363.578 million).
- 4.2.2 Contracts for capital expenditure are approximately of Rupees 7.913 million (31 December 2022: Rupees 30.710 million).
- 4.2.3 Outstanding foreign currency forward contracts are of Rupees 2,026.360 million (31 December 2022: Rupees 2,133.05 million).

Selected Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the nine months ended September 30, 2023

4.2.4 The Company has obtained vehicles under ijarah arrangements from banks for a period of four years, ijarah rentals are payable on monthly basis. Future monthly Ujarah payments under Ijarah are as follows:

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
Note	(Rupees in thousand)	
Not later than one year	11,104	10,508
Later than one year and not later than five years	8,596	16,162
	19,700	26,670

5 Fixed assets

Operating fixed assets	5.1	2,581,248	2,321,674
Capital work-in-progress		430,593	272,904
		3,011,841	2,594,578

5.1 Operating fixed assets

Opening net book value		2,321,674	2,072,168
Add: Cost of additions during the period / year	5.1.1	437,035	452,456
Less: Book value of deletions during the period / year	5.1.2	(5,390)	(5,689)
Less: Loss of operating fixed assets due to fire		-	(10,399)
Less: Depreciation charged during the period / year		(172,071)	(186,862)
Closing net book value		2,581,248	2,321,674

5.1.1 Cost of additions during the period / year

Buildings on freehold land	211,895	104,119
Plant and machinery	77,261	221,053
Furniture, fixture and fittings	270	7,738
Vehicles	60,485	34,531
Service equipment	87,124	85,015
	437,035	452,456

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
	Note	(Rupees in thousand)	
5.1.2 Book value of deletions during the period / year			
Cost of deletions:			
Plant and machinery		5,198	5,669
Service equipment		1,564	336
Vehicles		6,242	-
		13,004	6,005
Less: Accumulated depreciation		(7,614)	(316)
Book value of deletions during the period / year		5,390	5,689
6 Long term investments			
Investment in subsidiary company - at cost	6.1	89,167	-
Investment in associate (with significant influence) - under equity method	6.2	2,430,138	2,217,650
		2,519,305	2,217,650
6.1 Investment in subsidiary company - at cost			
Dongguan Service Global Limited			
Equity held 100% (31 December 2022: Nil)		89,167	-
6.2 Investment in associate (with significant influence) - under equity method			
Service Long March Tyres (Private) Limited - un-quoted 242,331,650 (31 December 2022: 242,331,650) fully paid ordinary shares of Rupees 10 each			
Equity held: 18.91% (31 December 2022: 18.91%)		2,434,575	2,434,575
As at the beginning of the period / year		(216,925)	7,149
Add / (Less) : Share of post acquisition profit / (loss) for the period / year		212,488	(224,074)
		(4,437)	(216,925)
		2,430,138	2,217,650

Selected Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the nine months ended September 30, 2023

	Un-audited NINE MONTHS ENDED		Un-audited QUARTER ENDED	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(Rupees in thousand)			
7 Revenue				
Revenue from contracts with customers:				
Export sales	11,740,021	8,397,272	4,439,764	3,667,024
Local sales	199,525	133,912	86,274	36,529
	11,939,546	8,531,184	4,526,038	3,703,553
8 Cost of sales				
Raw materials consumed	5,031,323	4,073,817	1,793,612	1,654,024
Salaries, wages and other benefits	2,203,088	1,702,631	813,517	663,649
Stores and spares consumed	376,198	209,558	130,149	62,309
Packing materials consumed	613,917	471,688	241,835	189,712
Fuel and power	241,127	144,206	110,252	69,425
Insurance	14,095	6,464	5,260	3,142
Travelling and conveyance	40,208	36,293	14,960	15,429
Repair and maintenance	30,883	32,057	11,864	9,580
Entertainment	751	3,228	27	768
Depreciation	158,168	129,888	57,204	45,386
Rent, rates and taxes	642	1,868	214	1,155
(Reversal of provision) / provision for slow moving and obsolete inventory	(26,805)	4,606	(272)	(1,265)
Other manufacturing charges	132,131	138,678	24,164	66,075
	8,815,726	6,954,982	3,202,786	2,779,389
Movement in work in process	(16,840)	(195,544)	64,401	6,124
Cost of goods manufactured	8,798,886	6,759,438	3,267,187	2,785,513
Movement in finished goods	503,472	(65,906)	218,062	77,194
	9,302,358	6,693,532	3,485,249	2,862,707

		Un-audited	
		NINE MONTHS ENDED	
		September	September
		30, 2023	30, 2022
		(Rupees in thousand)	
9	Note		
Cash generated from / (used in) operations			
		1,177,488	727,932
Profit before taxation			
Adjustments for non-cash charges and other items:			
		172,071	134,810
		32,438	15,814
		796,521	255,965
		-	(2,761)
		(152)	-
		42,382	24,854
		1,270	-
		24,395	11,890
		(26,805)	4,606
		-	1,827
		(471)	-
		15,863	18,773
		(212,488)	97,112
		(416,872)	(435,441)
	9.1	(477,227)	(2,545,613)
		1,128,413	(1,690,232)
9.1 Working capital changes			
Decrease / (increase) in current assets:			
		(22,786)	(45,450)
		(245,620)	(1,061,456)
		(724,612)	(1,284,707)
		(403,184)	(602,113)
		(17,878)	(9,351)
		(578,714)	(381,339)
		(1,992,794)	(3,384,416)
		1,515,567	838,803
		(477,227)	(2,545,613)

Selected Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the nine months ended September 30, 2023

10 Recognized fair value measurements - financial instruments

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized 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 2023	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				

Financial assets

Derivative financial assets	-	987	-	-
-----------------------------	---	-----	---	---

Recurring fair value measurements At 31 December 2022	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				

Financial liabilities

Derivative financial liabilities	-	9,425	-	-
----------------------------------	---	-------	---	---

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 year. Further there was no transfer out of level 3 measurements.

The Company's policy is to recognize 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 equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

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

Specific value techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments.

11 Transactions with related parties

The related parties comprise of the Holding Company, subsidiary company, subsidiaries of the Holding Company, associated companies, employees' gratuity fund trust, employees' provident fund trust and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these unconsolidated condensed interim financial statements are as follows:

(i) **Transactions:**

	Un-audited NINE MONTHS ENDED		Un-audited QUARTER ENDED	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022

(Rupees in thousand)

Service Industries Limited - Holding company

Sale of goods	233,793	49,455	91,820	22,797
Purchase of goods	299,091	109,792	109,579	32,176
Loan given	9,764,491	8,431,702	6,334,494	2,459,445
Loan repaid	9,167,318	8,320,922	6,230,500	3,483,707
Expenses charged	200,282	172,219	72,328	70,591
Interest income	416,872	435,441	181,122	182,925
Processing charges	105,642	92,333	53,795	73,790
Dividend paid	163,550	735,975	-	408,875

Selected Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the nine months ended September 30, 2023

	Un-audited NINE MONTHS ENDED		Un-audited QUARTER ENDED	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
(Rupees in thousand)				
Jomo Technologies (Private) Limited - associated company				
Sale of goods	3,035	17,378	-	-
Purchase of goods	15,134	-	15,134	-
Return of goods	-	10,674	-	10,674
Service Long March Tyres (Private) Limited - associated company				
Investment made	-	636,322	-	258,122
Service Shoes Lanka (Private) Limited - sub-subsidiary company of the Holding Company				
Sale of goods	-	122,221	-	31,618
Sale of operating fixed assets	-	7,531	-	-
SIL Gulf (FZE) - sub-subsidiary company of the Holding Company				
Purchase of Machinery	44,321	-	44,321	-
Purchase of goods	74,124	-	7,732	-
Dongguan Service Global Limited - subsidiary company				
Purchase of goods	107,392	-	107,392	-
Investment made	89,167	-	-	-
Key management personnel and directors				
Remuneration	100,692	104,048	29,243	33,967
Meeting fee to directors - non executive	1,600	1,600	400	480
Cash dividend paid	2,688	5,700	-	1,625
Other related parties				
Post employment benefit plans	118,715	86,707	43,151	30,184

(ii) Period end balances

As at September, 30 2023 (Un-audited)			
Holding company	Subsidiary company	Other related parties	Total

(Rupees in thousand)

Employees' retirement benefit	-	-	213,353	213,353
Trade and other payables	-	90,754	15,353	106,107
Accrued mark-up	5,409	-	-	5,409
Loans and advances	2,854,792	-	13,507	2,868,299

As at December 31, 2022 (Audited)			
Holding company	Subsidiary company	Other related parties	Total

(Rupees in thousand)

Employees' retirement benefit	-	-	183,090	183,090
Trade debts	-	-	91,081	91,081
Trade and other payables	-	-	1,170	1,170
Loans and advances	2,257,618	-	-	2,257,618

12 Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Company for the year ended 31 December 2022.

13 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 2023.

14 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 rearrangements have been made.

Selected Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the nine months ended September 30, 2023

15 General

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



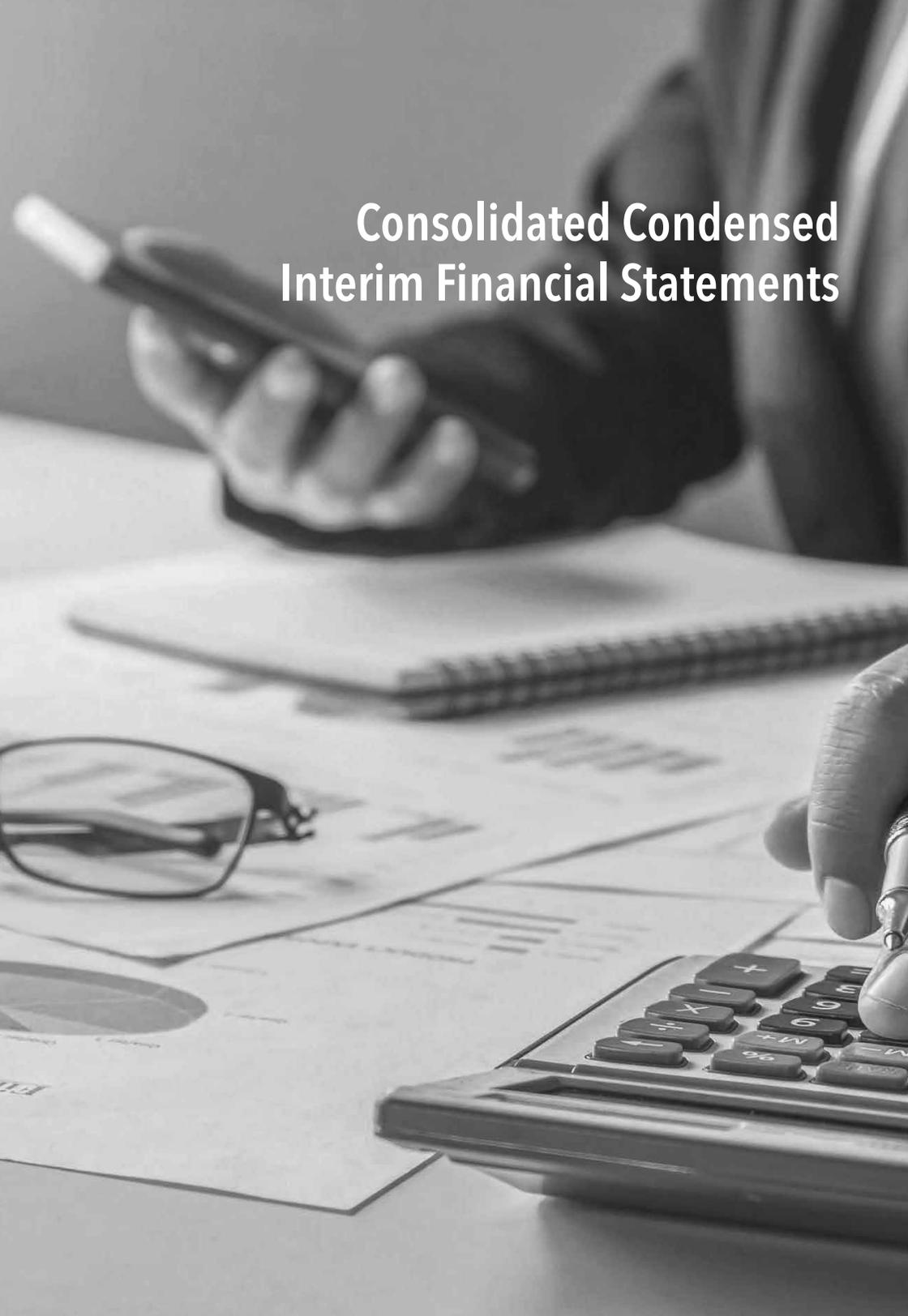
Hassan Javed
(Chief Executive)



Arif Saeed
(Director)



Usman Liaqat
(Chief Financial Officer)



Consolidated Condensed Interim Financial Statements

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Group Directors' Report to the Shareholders

The Directors take pleasure in presenting their Report along with the Consolidated Condensed Interim Financial Statements of the Service Global Footwear Limited and its subsidiary for the period ended 30 September 2023.

The Group comprises of Service Global Footwear Limited and Dongguan Service Global Limited, wholly owned subsidiary company of Service Global Footwear Limited.

Service Global Footwear Limited

Service Global Footwear Limited was incorporated as a public limited company on 19 July 2019 in Pakistan under the Companies Act, 2017. The principal activities of the Company are manufacturing, sale, marketing, import and export of footwear, leather and allied products. The Director Report providing a commentary on the performance of Service Global Footwear Limited for the period ended 30 September 2023 has been presented in its separate report.

Dongguan Service Global Limited

Dongguan Service Global Limited is a limited liability company (wholly owned by foreign legal person) registered with Dongguan Administration of Market Regulations, China. Date of incorporation of Dongguan Service Global Limited is 18 December 2022. Business scope of Dongguan Service Global Limited is wholesale of shoes and hats, sales of leather products, sales of needle textiles and raw materials, wholesale of hardware products, sales of bags, sales of daily necessities, inspection of clothing and apparel, finishing services, technical services and other related matters. Commercial address of Dongguan Service Global Limited is Room 302, No. 18, Houjie Town, Dongguan City, Guangdong Province, China. Service Global Footwear Limited own 100% shares of Dongguan Service Global Limited.

For and on behalf of the Board



Arif Saeed
(Chairman)



Hassan Javed
(Chief Executive)

24 October 2023
Lahore.

Consolidated Condensed Interim Statement of Financial Position (Un-audited)

As at September 30, 2023

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital		
250,000,000 (31 December 2022: 250,000,000) ordinary shares of Rupees 10 each	2,500,000	2,500,000
Issued, subscribed and paid-up share capital		
205,917,500 (31 December 2022: 205,087,500) ordinary shares of of Rupees 10 each	2,059,175	2,050,875
Reserves	4,706,598	4,113,649
Total equity	6,765,773	6,164,524
LIABILITIES		
Non-current liabilities		
Long term financing - secured	331,668	360,852
Employees' retirement benefit	183,381	157,391
	515,049	518,243
Current liabilities		
Trade and other payables	3,522,564	1,972,206
Accrued mark-up	219,712	176,187
Short term borrowings	6,824,686	5,488,314
Current portion of non-current liabilities	43,084	40,962
Unclaimed dividend	5,149	4,850
	10,615,195	7,682,519
Total liabilities	11,130,244	8,200,762
Contingencies and commitments	5	
TOTAL EQUITY AND LIABILITIES	17,896,017	14,365,286

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



Hassan Javed
(Chief Executive)

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
	Note	(Rupees in thousand)	
ASSETS			
Non-current assets			
Fixed assets	6	3,025,874	2,594,578
Long term security deposits		11,322	10,572
Long term loans to employees		11,616	13,634
Long term investments	7	2,430,138	2,217,650
Long term loan to Holding Company		1,500,000	1,750,000
		6,978,950	6,586,434
Current assets			
Stores, spares and loose tools		131,785	81,956
Stock in trade		3,605,979	3,360,359
Trade debts		2,564,332	1,839,720
Loans and advances		2,492,640	1,230,354
Accrued mark-up		5,409	-
Short term deposits and prepayments		31,999	12,988
Other receivables		1,455,450	871,505
Advance income tax - net		33,811	220,350
Cash and bank balances		595,662	161,620
		10,917,067	7,778,852
TOTAL ASSETS		17,896,017	14,365,286



Arif Saeed
(Director)



Usman Liaqat
(Chief Financial Officer)

Consolidated Condensed Interim Statement of Profit or Loss (Un-audited)

For the nine months ended September 30, 2023

	Note	(Un-audited) NINE MONTHS ENDED		(Un-audited) QUARTER ENDED	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		(Rupees in thousand)			
Revenue	8	11,947,771	8,531,184	4,525,032	3,703,553
Cost of sales	9	(9,300,399)	(6,693,532)	(3,472,908)	(2,862,707)
Gross profit		2,647,372	1,837,652	1,052,124	840,846
Distribution cost		(931,882)	(695,200)	(393,162)	(248,371)
Administrative expenses		(479,126)	(382,247)	(179,106)	(149,030)
Other expenses		(60,894)	(154,530)	(21,308)	(122,776)
		(1,471,902)	(1,231,977)	(593,576)	(520,177)
		1,175,470	605,675	458,548	320,669
Other Income		581,767	475,334	151,482	69,689
Profit from operations		1,757,237	1,081,009	610,030	390,358
Finance cost		(796,741)	(255,965)	(292,274)	(115,551)
		960,496	825,044	317,756	274,807
Share of profit / (loss) of equity accounted investee - net of taxation		212,488	(97,112)	169,893	(62,871)
Profit before taxation		1,172,984	727,932	487,649	211,936
Taxation		(385,528)	(270,220)	(131,288)	(101,624)
Profit after taxation		787,456	457,712	356,361	110,312
EARNINGS PER SHARE - BASIC (RUPEES)		3.84	2.24	1.73	0.54
EARNINGS PER SHARE - DILUTED (RUPEES)		3.82	2.23	1.73	0.54

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



Hassan Javed
(Chief Executive)



Arif Saeed
(Director)



Usman Liaquat
(Chief Financial Officer)

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months ended September 30, 2023

	(Un-audited) NINE MONTHS ENDED		(Un-audited) QUARTER ENDED	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(Rupees in thousand)			
PROFIT AFTER TAXATION	787,456	457,712	356,361	110,312
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss				
Exchange loss on translation of net assets of foreign subsidiary	(5,282)	-	(529)	-
Items that will not be reclassified to profit or loss	-	-	-	-
Other comprehensive loss for the period	(5,282)	-	(529)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	782,174	457,712	355,832	110,312

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



Hassan Javed
(Chief Executive)



Arif Saeed
(Director)



Usman Liaqat
(Chief Financial Officer)

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the nine months ended September 30, 2023

	SHARE CAPITAL		SHARE CAPITAL TO BE ISSUED		RESERVES			TOTAL	TOTALEQUITY
	SHARE CAPITAL	REVENUE RESERVE	CAPITAL RESERVE		Share options reserve	Un-appropriated profit			
			Share premium	Share options reserve					
	Revenue for issuance of bonus shares	Share premium	Share options reserve	Un-appropriated profit	Rupees in thousand				
Balance as at 31 December 2021 - audited	2,044,375	-	1,390,684	1,669,274	18,723	1,606,332	4,685,013	6,729,388	
Transactions with owners:									
Final dividend for the year ended 31 December 2021 @ Rupees 2 per share	-	-	-	-	-	(408,875)	(408,875)	(408,875)	
Interim dividend for the half year ended 30 June 2022 @ Rupees 2.50 per share	-	-	-	-	-	(512,719)	(512,719)	(512,719)	
Proceeds against shares to be issued under employee's share option scheme	6,500	6,500	-	-	-	-	6,500	6,500	
Issuance of share capital under employee stock option scheme	6,500	(6,500)	-	18,723	(18,723)	-	-	-	
Recognition of employee share options reserve	6,500	-	-	18,723	18,773	-	18,773	18,773	
					50	(921,594)	(902,821)	(896,321)	
Profit for the nine months ended 30 September 2022	-	-	-	-	-	457,712	457,712	457,712	
Other comprehensive income for the nine months ended 30 September 2022	-	-	-	-	-	-	-	-	
Total comprehensive income for the nine months ended 30 September 2022	-	-	-	-	-	457,712	457,712	457,712	
Balance as at 30 September 2022 - unaudited	2,050,875	-	1,390,684	1,687,997	18,773	1,142,450	4,239,904	6,290,779	
Recognition of employee share options reserve	-	-	-	-	6,258	-	6,258	6,258	
Loss for the quarter ended 31 December 2022	-	-	-	-	-	(115,653)	(115,653)	(115,653)	
Other comprehensive loss for the quarter ended 31 December 2022	-	-	-	-	-	(16,860)	(16,860)	(16,860)	
Total comprehensive loss for the quarter ended 31 December 2022	-	-	-	-	-	(132,513)	(132,513)	(132,513)	
Balance as at 31 December 2022 - audited	2,050,875	-	1,390,684	1,687,997	25,031	1,009,937	4,113,649	6,164,524	
Transactions with owners:									
Final dividend for the year ended 31 December 2022 @ Rupee 1 per share	-	-	-	-	-	(205,088)	(205,088)	(205,088)	
Proceeds against shares to be issued under employee's share option scheme	8,300	8,300	-	-	-	-	8,300	8,300	
Issuance of share capital under employee stock option scheme	8,300	(8,300)	-	25,031	(25,031)	-	-	-	
Recognition of employee share options reserve	8,300	-	-	25,031	15,863	-	15,863	15,863	
					(9,169)	(205,088)	(189,226)	(180,926)	
Profit for the nine months ended 30 September 2023	-	-	-	-	-	787,456	787,456	787,456	
Other comprehensive loss for the nine months ended 30 September 2023	-	-	-	-	-	(5,282)	(5,282)	(5,282)	
Total comprehensive income for the nine months ended 30 September 2023	-	-	-	-	-	782,174	782,174	782,174	
Balance as at 30 September 2023 - unaudited	2,059,175	-	1,390,684	1,713,028	15,863	1,587,023	4,706,598	6,765,773	

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



Hassan Javed
(Chief Executive)



Arif Saeed
(Director)



Usman Liaqat
(Chief Financial Officer)

Consolidated Condensed Interim Statement of Cash Flows (Un-audited)

For the nine months ended September 30, 2023

	(Un-audited) September 30, 2023	(Un-audited) September 30, 2022
Note	(Rupees in thousand)	
Cash flows from operating activities		
Cash generated from / (used in) operations	10 1,090,695	(1,690,232)
Finance cost paid	(753,215)	(202,350)
Income tax paid	(198,988)	(161,647)
Workers' Profit Participation Fund paid	(18,883)	-
Staff retirement benefit paid	(6,448)	(3,669)
Long term loans to employees - net	3,495	(9,337)
Long term security deposits - net	(750)	(738)
Net cash generated/(used in) operating activities	115,906	(2,067,973)
Cash flows from investing activities		
Capital expenditure on fixed assets	(609,704)	(384,783)
Proceeds from disposal of fixed assets	5,542	-
Profit on bank deposits received	471	-
Mark-up received on loan to Service Industries Limited - Holding Company	411,463	490,545
Long term investment made	-	(636,322)
Net cash used in investing activities	(192,228)	(530,560)
Cash flows from financing activities		
Long term financing - net	(27,063)	(39,252)
Short term borrowings - net	1,336,372	2,752,451
Proceeds against share capital issued under Employee's stock option scheme	8,300	6,500
Dividend paid	(204,789)	(917,402)
Net cash generated from financing activities	1,112,820	1,802,297
Exchange loss on translation of net assets of foreign subsidiary	(5,282)	-
Net increase / (decrease) in cash and cash equivalents	434,042	(907,016)
Cash and cash equivalents at the beginning of the period	161,620	935,417
Cash and cash equivalents at the end of the period	595,662	28,401

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



Hassan Javed
(Chief Executive)



Arif Saeed
(Director)



Usman Liaqat
(Chief Financial Officer)

Selected Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the nine months ended September 30, 2023

1 The group and its operations

The group consists of:

Holding company

- Service Global Footwear Limited

Subsidiary Company

- Dongguan Service Global Limited

Service Global Footwear Limited

Service Global Footwear Limited (the Company) was incorporated as a public limited Company on 19 July 2019 in Pakistan under the Companies Act, 2017 and got listed on 28 April 2021. The shares of the company are quoted on Pakistan Stock Exchange Limited. The registered office of the Company is located at 2- Main Gulberg, Lahore. The principal activities of the Company are manufacturing, sale, marketing, import and export of footwear, leather and allied products. The Company is the subsidiary of Service Industries Limited.

Dongguan Service Global Limited

Dongguan Service Global Limited is a limited liability company (wholly owned by foreign legal person) registered with Dongguan Administration of Market Regulations, China. Date of incorporation of Dongguan Service Global Limited is 18 December 2022. Business scope of Dongguan Service Global Limited is wholesale of shoes and hats, sales of leather products, sales of needle textiles and raw materials, wholesale of hardware products, sales of bags, sales of daily necessities, inspection of clothing and apparel, finishing services, technical services and other related matters. Commercial address of Dongguan Service Global Limited is Room 302, No. 18, Houjie Town, Dongguan City, Guangdong Province, China. It is wholly owned subsidiary of Service Global Footwear Limited.

2 Basis of consolidation

a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The assets and liabilities of Subsidiary Companies have been consolidated on a line-by-line basis and carrying value of investments held by the Holding Company is eliminated against Holding Company's share in paid up capital of the Subsidiary Companies.

Intragroup balances and transactions have been eliminated.

Non-controlling interest are that part of net results of the operations and of net assets of Subsidiary Companies attributable to interest which are not owned by the Holding Company. Non-controlling interest are presented as separate item in the consolidated condensed interim financial statements

b) Associate

Associate is an entity over which the Group has significant influence but not control or joint control. Investment in associate is accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associate is recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associate is eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investment in equity method accounted for associate is tested for impairment in accordance with the provision of IAS 36 `Impairment of Assets`.

c) Translations of the financial statements of foreign subsidiary

The financial statements of foreign subsidiary of which the functional currency is different from that used in preparing the Group's financial statements are translated in functional currency of the Group. Statement of financial position items are translated at the exchange rate at the reporting date and statement of profit and loss items are converted at the average rate for the period. Any resulting translations differences are recognized under exchange translation reserve in consolidated reserves.

3 Basis of preparation

3.1 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:

Selected Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the nine months ended September 30, 2023

- 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.

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 consolidated financial statements of the Holding Company of the Group for the year ended 31 December 2022.

4 Accounting policies

The accounting policies and methods of computations adopted for the preparation of these consolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited consolidated annual financial statements of the Group for the year ended 31 December 2022.

4.1 Critical Accounting Estimates And Judgments

The preparation of these consolidated 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 consolidated 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 consolidated annual financial statements of the Group for the year ended 31 December 2022.

5 Contingencies and commitments

5.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual financial statements of the Company for the year ended 31 December 2022 except for the following.

5.1.1 Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 1,191.942 million (31 December 2022: Rupees 2,471.501 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheques issued as security shall be encashable.

5.2 Commitments

5.2.1 Letters of credit other than capital expenditure are of Rupees 796.925 million (31 December 2022: Rupees 363.578 million).

5.2.2 Contracts for capital expenditure are approximately of Rupees 7.913 million (31 December 2022: Rupees 30.710 million).

5.2.3 Outstanding foreign currency forward contracts are of Rupees 2,026.360 million (31 December 2022: Rupees 2,133.05 million).

5.2.4 The Company has obtained vehicles under ijarah arrangements from banks for a period of four years, ijarah rentals are payable on monthly basis. Future monthly Ujarah payments under Ijarah are as follows:

	Note	(Un-audited) September 30, 2023 (Rupees in thousand)	(Audited) December 31, 2022
Not later than one year		11,104	10,508
Later than one year and not later than five years		8,596	16,162
		19,700	26,670

6 Fixed assets

Operating fixed assets	6.1	2,595,281	2,321,674
Capital work-in-progress		430,593	272,904
		3,025,874	2,594,578

6.1 Operating fixed assets

Opening net book value		2,321,674	2,072,168
Add: Cost of additions during the period / year	6.1.1	452,015	452,456
Less: Book value of deletions during the period / year	6.1.2	(5,390)	(5,689)
Less: Loss of operating fixed assets due to fire		-	(10,399)
Less: Depreciation charged during the period / year		(173,018)	(186,862)
Closing net book value		2,595,281	2,321,674

Selected Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the nine months ended September 30, 2023

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
Note	(Rupees in thousand)	
6.1.1 Cost of additions during the period / year		
Buildings on freehold land	211,895	104,119
Plant and machinery	79,081	221,053
Furniture, fixture and fittings	348	7,738
Vehicles	71,375	34,531
Service equipment	89,316	85,015
	452,015	452,456

6.1.2 Book value of deletions during the period / year

Cost of deletions:

Plant and machinery	5,198	5,669
Service equipment	1,564	336
Vehicles	6,242	-
	13,004	6,005
Less: Accumulated depreciation	(7,614)	(316)
Book value of deletions during the period / year	5,390	5,689

7 Long term investments

Investment in associate (with significant influence) - under equity method	7.1	2,430,138	2,217,650
		2,430,138	2,217,650

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

Service Long March Tyres (Private) Limited - un-quoted
242,331,650 (31 December 2022: 242,331,650) fully
paid ordinary shares of Rupees 10 each

Equity held: 18.91% (31 December 2022: 18.91%)

As at the beginning of the period / year	(216,925)	7,149
Add / (Less) : Share of post acquisition profit / (loss) for the period / year	212,488	(224,074)
	(4,437)	(216,925)
	2,430,138	2,217,650

	(Un-audited) NINE MONTHS ENDED		(Un-audited) QUARTER ENDED	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(Rupees in thousand)			
8 Revenue				
Revenue from contracts with customers:				
Export sales	11,740,021	8,397,272	4,430,533	3,667,024
Local sales	207,750	133,912	94,499	36,529
	11,947,771	8,531,184	4,525,032	3,703,553
9 Cost of sales				
Raw materials consumed	5,031,323	4,073,817	1,793,612	1,654,024
Salaries, wages and other benefits	2,205,743	1,702,631	815,471	663,649
Stores and spares consumed	376,198	209,558	130,149	62,309
Packing materials consumed	613,917	471,688	241,835	189,712
Fuel and power	241,214	144,206	110,339	69,425
Insurance	14,095	6,464	5,260	3,142
Travelling and conveyance	40,498	36,293	14,962	15,429
Repair and maintenance	30,883	32,057	11,864	9,580
Entertainment	751	3,228	27	768
Depreciation	158,168	129,888	57,204	45,386
Rent, rates and taxes	1,059	1,868	631	1,155
(Reversal of provision) / provision for slow moving and obsolete inventory	(26,805)	4,606	(272)	(1,265)
Other manufacturing charges	132,331	138,678	24,202	66,075
	8,819,375	6,954,982	3,205,284	2,779,389
Movement in work in process	(16,840)	(195,544)	64,401	6,124
Cost of goods manufactured	8,802,535	6,759,438	3,269,685	2,785,513
Movement in finished goods	497,864	(65,906)	203,223	77,194
	9,300,399	6,693,532	3,472,908	2,862,707

Selected Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the nine months ended September 30, 2023

		Un-audited	
		NINE MONTHS ENDED	
		September 30, 2023	September 30, 2022
		(Rupees in thousand)	
	Note		
10	Cash generated from / (used in) operations		
	Profit before taxation	1,172,984	727,932
	Adjustments for non-cash charges and other items:		
	Depreciation	173,018	134,810
	Provision for gratuity	32,438	15,814
	Finance cost	796,741	255,965
	Deferred income on government grant	-	(2,761)
	Gain on sale of operating fixed assets	(152)	-
	Provision for workers' profit participation fund	42,382	24,854
	Interest on workers' profit participation fund	1,270	-
	Provision for workers' welfare fund	24,395	11,890
	(Reversal of provision) / provision for slow moving and obsolete inventory	(26,805)	4,606
	Allowance for expected credit loss	-	1,827
	Interest on term deposit receipts and bank deposits	(471)	-
	Employee's share option expense	15,863	18,773
	Share of profit / (loss) of equity accounted investee	(212,488)	97,112
	Interest on loan to Service Industries Limited - Holding Company	(416,872)	(435,441)
	Working capital changes	10.1 (511,608)	(2,545,613)
		1,090,695	(1,690,232)
10.1	Working capital changes		
	Decrease / (increase) in current assets:		
	Stores, spares and loose tools	(23,024)	(45,450)
	Stock in trade	(245,620)	(1,061,456)
	Trade debts	(724,612)	(1,284,707)
	Loans and advances	(416,590)	(602,113)
	Short term deposits and prepayments	(19,011)	(9,351)
	Other receivables	(583,945)	(381,339)
		(2,012,802)	(3,384,416)
	Increase in trade and other payables	1,501,194	838,803
		(511,608)	(2,545,613)

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 recognized 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 2023	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				
Financial assets				
Derivative financial assets	-	987	-	-
<hr/>				
Recurring fair value measurements At 31 December 2022	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				
Financial liabilities				
Derivative financial liabilities	-	9,425	-	-

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 year. Further there was no transfer out of level 3 measurements.

The Company's policy is to recognize 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 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.

	Un-audited NINE MONTHS ENDED		Un-audited QUARTER ENDED	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
(Rupees in thousand)				
Jomo Technologies (Private) Limited - associated company				
Sale of goods	3,035	17,378	-	-
Purchase of goods	15,134	-	15,134	-
Return of goods	-	10,674	-	10,674
Service Long March Tyres (Private) Limited - associated company				
Investment made	-	636,322	-	258,122
Sale of goods	8,225	-	-	-
Service Shoes Lanka (Private) Limited - sub-subsiidiary company of the Holding Company				
Sale of goods	-	122,221	-	31,618
Sale of operating fixed assets	-	7,531	-	-
SIL Gulf (FZE) - sub-subsiidiary company of the Holding Company				
Purchase of Machinery	44,321	-	44,321	-
Purchase of goods	74,124	-	7,732	-
Key management personnel and directors				
Remuneration	100,692	104,048	29,243	33,967
Meeting fee to directors - non executive	1,600	1,600	400	480
Cash dividend paid	2,688	5,700	-	1,625
Other related parties				
Post employment benefit plans	118,715	86,707	43,151	30,184

Selected Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the nine months ended September 30, 2023

(ii) Period end balances

As at September, 30 2023 Un-audited		
Holding company	Other related parties	Total

(Rupees in thousand)

Employees' retirement benefit	-	213,353	213,353
Trade and other payables	-	15,353	15,353
Accrued mark-up	5,409	-	5,409
Loans and advances	2,854,792	13,507	2,868,299

As at December 31, 2022 (Audited)		
Holding company	Other related parties	Total

(Rupees in thousand)

Employees' retirement benefit	-	183,090	183,090
Trade debts	-	91,081	91,081
Trade and other payables	-	1,170	1,170
Loans and advances	2,257,618	-	2,257,618

13 Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Company for the year ended 31 December 2022.

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 2023.

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.

The Holding Company made investment in 100 percent shares of Dongguan Service Global Limited as on 19 April 2023. Corresponding figures reported in these consolidated condensed financial statements relate to the Holding Company. Therefore, are not comparable.

16 General

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



Hassan Javed
(Chief Executive)



Arif Saeed
(Director)



Usman Liaqat
(Chief Financial Officer)

گروپ کی ڈائریکٹرز رپورٹ برائے حصص یافتگان

ڈائریکٹرز 30 ستمبر 2023 کو ختم ہونے والی نو ماہی کے لیے سروس انڈسٹریز لمیٹڈ اور اس کے ذیلی اداروں کے مختصر مجموعی عبوری مالیاتی معلومات کے ساتھ اپنی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

گروپ، سروس گلوبل فنٹ ویئر لمیٹڈ اور ڈونگ گوان سروس گلوبل لمیٹڈ، جو کہ سروس گلوبل فنٹ ویئر لمیٹڈ کا کلی ملکتی ذیلی ادارہ ہے، پر مشتمل ہے۔

سروس گلوبل فنٹ ویئر لمیٹڈ

سروس گلوبل فنٹ ویئر لمیٹڈ کو 19 جولائی 2019 کو پاکستان میں ایک پبلک لمیٹڈ کمپنی کے طور پر کینیڈا ایکٹ 2017 کے تحت تشکیل دیا گیا تھا۔ کمپنی کی بنیادی سرگرمیاں جوتے، چمڑے اور متعلقہ مصنوعات کی تیاری، فروخت، مارکیٹنگ، درآمد اور برآمد ہے۔ 30 ستمبر 2023 کو ختم ہونے والی نو ماہی کے لیے سروس گلوبل فنٹ ویئر لمیٹڈ کی کارکردگی پر ڈائریکٹرز کے تبصرہ کی رپورٹ الگ سے پیش کی گئی ہے۔

ڈونگ گوان سروس گلوبل لمیٹڈ

ڈونگ گوان سروس گلوبل لمیٹڈ ایک لمیٹڈ لا۔ لمیٹڈ کمپنی ہے (مکمل طور پر غیر ملکی قانونی شخص کی ملکیت ہے) جو کہ ڈونگ گوان اینڈنسٹریٹن آف مارکیٹ ریگولیشنز، چین کے ساتھ رجسٹرڈ ہے۔ ڈونگ گوان سروس گلوبل لمیٹڈ کی تاریخ تشکیل 18 دسمبر 2022 ہے۔ ڈونگ گوان سروس گلوبل لمیٹڈ کا کاروباری دائرہ کار جو توں اور ٹوپوں کی بڑے پیمانے پر فروخت، چمڑے کی مصنوعات کی فروخت، سلسلے ہوئے بلوسات اور اس سے منسلک خام مال کی فروخت، ہارڈ ویئر مصنوعات کی بڑے پیمانے پر فروخت، بیگیز کی فروخت، روزمرہ کی ضروریات، بلوسات کا معائنہ اور انکی فنشنگ کی خدمات، تکنیکی خدمات اور دیگر متعلقہ امور پر محیط ہے۔ ڈونگ گوان سروس گلوبل لمیٹڈ کو 302 نمبر 18، ہوجی ناڈان، ڈونگ گوان سٹی، گوانگ ڈونگ صوبہ، چین میں واقع ہے۔ سروس گلوبل فنٹ ویئر لمیٹڈ، ڈونگ گوان سروس گلوبل لمیٹڈ کے 100% حصص کی مالک ہے۔

مخائبہ بورڈ

حسن جاوید

چیف ایگزیکٹو

عارف سعید

چیئر مین

مورخہ اکتوبر 24، 2023

لاہور

سروس لانگ مارچ ٹائز (پرائیویٹ) لمیٹڈ، اس منصوبے پر ہمارے اعتماد کو درست ثابت کرتے ہوئے اپنی انتہائی پیداواری استعداد پر کام کر رہی ہے۔ مستقبل انتہائی حوصلہ افزا ہے اور سروس گلوبل فٹ ویئر لمیٹڈ کے منافع میں سروس لانگ مارچ ٹائز (پرائیویٹ) لمیٹڈ کے کثیر حصہ ڈالنے کی امید ہے۔

اظہار تشکر

کمپنی کے ڈائریکٹرز اور بورڈ، تمام ملازمین کے تعاون اور عزم کے لیے ان کا تہ دل سے شکریہ ادا کرتے ہیں۔ کمپنی سب کی مدد، مسلسل اعتماد، رہنمائی اور تعاون کو قدر کی نگاہ سے دیکھتی ہے، بشمول، صارفین، کرسٹل بیکنوں، متعلقہ کاروباری اداروں اور دیگر، جن کی کوششوں اور تعاون نے کمپنی کو مضبوط بنایا ہے۔ ہم امید کرتے ہیں کہ تعاون کا یہی جذبہ مستقبل میں بھی برقرار رہے گا۔

مختاب بورڈ



حسن جاوید

چیف ایگزیکٹو



عارف سعید

چیئرمین

مورخہ اکتوبر 24، 2023

لاہور

ڈائریکٹرز رپورٹ برائے حصص یافتگان

ڈائریکٹرز 30 ستمبر 2023 کو ختم ہونے والی نو ماہی کی سروس گلوبل فٹ ویئر لمیٹڈ کی مختصر عبوری مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

مالی کارکردگی کا موازنہ

30 ستمبر 2023 کو ختم ہونے والی نو ماہی کی سروس گلوبل فٹ ویئر لمیٹڈ مختصر عبوری مالیاتی کارکردگی درج ذیل ہے۔

تفصیلات	نو ماہی اختتام	
	ستمبر 2022، 30 روپے، ہزار میں	ستمبر 2023، 30 روپے، ہزار میں
خالص فروخت	8,531,184	11,939,546
گراس منافع	1,837,652	2,637,188
آپریٹنگ منافع	1,081,009	1,761,521
منافع قبل از ٹیکس	727,932	1,177,488
منافع بعد از ٹیکس	457,712	791,960
نیٹ شیئر آمدنی	2.24	3.86

سروس گلوبل فٹ ویئر لمیٹڈ کی فروخت 30 ستمبر 2023 کو ختم ہونے والی نو ماہی میں گزشتہ سال کی اس مدت کے مقابلے میں 8.5 ارب روپے سے بڑھ کر 11.9 ارب روپے ہو گئی جو کہ 39.95 فیصد کا نمایاں اضافہ ہے، اس کی ایک اہم وجہ ڈالر کی قدر میں اضافہ بھی ہے۔ مالیاتی اخراجات میں زبردست اضافے جس کی بڑی وجہ بڑی حد تک برآمدی فنانس کی شرح میں نمایاں اضافہ ہے، جس کے باوجود آپ کی کمپنی نے قبل از ٹیکس منافع میں 61.76% کا اضافہ حاصل کیا ہے۔ یہ قیمتوں کے تعین کی حکمت عملی اور نئے گاہک کے حصول میں کمپنی کی کامیاب کوششوں کی واضح دلیل ہے۔

سروس لاناگ راج ٹائرز (پرائیویٹ) لمیٹڈ میں سروس گلوبل فٹ ویئر لمیٹڈ کی 18.91% کی ایجوینیٹڈ سرمایہ کاری سے سروس گلوبل فٹ ویئر لمیٹڈ کو 212 ملین روپے کا منافع حاصل ہوا ہے جبکہ پچھلے سال کی اس مدت میں 97 ملین روپے کا نقصان ہوا تھا۔ سروس لاناگ راج ٹائرز (پرائیویٹ) لمیٹڈ کی فروخت اور مارجن میں بتدریج بہتری آرہی ہے جو خوش آئیند مستقبل کی نوید ہے۔

مستقبل پر ایک نظر:

سروس گلوبل فٹ ویئر لمیٹڈ نے اس سال کی ہر ماہی میں فروخت اور منافع دونوں میں بہتری کا مظاہرہ کیا ہے۔ ہم فروخت اور پیداواری استعداد کے زیادہ استعمال کے بہتر امتزاج سے اپنے مجموعی مارجن کو مسلسل بہتر کر رہے ہیں۔ آپ کی کمپنی ملک میں بڑھتی ہوئی شرح سود اور ٹیکس کی انتہائی ناموافق پالیسیوں کی ایک وقت معاشی مشکلات کے باوجود منافع میں قابل تعریف بہتری دکھانے میں کامیاب رہی ہے۔ ہمیں اپنے چین کے ذیلی ادارے میں سرمایہ کاری کے شرائط بھی حاصل ہونا شروع ہو گئے ہیں۔

سروس گلوبل فٹ ویئر لمیٹڈ کا فروخت کا عملہ ہماری بڑی مارکیٹوں میں سے طویل مدتی تعلقات استوار کرنے کے لیے پرعزم ہے۔ متوقع کاروباری مواقع سے فائدہ اٹھانے کے لیے، ہم آئندہ سال میں ایک نئے کارخانے کا اضافہ کرنے پر غور کر رہے ہیں۔

پیداواری استعداد اور تکنیکی مہارت میں بہتری کے علاوہ، ہم دیگر عالمی جوتے بنانے والے اداروں کے مقابلے میں لگاتار بہتری کے لیے مقامی اور غیر ملکی افرادی قوت حاصل کرنے پر بھی توجہ مرکوز کر رہے ہیں۔

serviceglobalfootwear.com

SERVIS HOUSE

2-Main Gulberg,
Lahore-54662, Pakistan.
Tel: +92-42-35751990-96

