

Report & Un-Audited Accounts  
for the Half Year Ended  
June 30, 2022

# COMMITMENT TO EXCELLENCE..



*Servis*

Service Global Footwear Limited





# Contents

## Condensed Interim Financial Statements

02-03	Company Information
04-05	Director's Report to the Shareholders
30-31	Director's Report to the Shareholders (Urdu)
06	Independent Auditor's Review Report
08-09	Condensed Interim Statement of Financial Position
10	Condensed Interim Statement of Profit or Loss
11	Condensed Interim Statement of Comprehensive Income
12	Condensed Interim Statement of Changes in Equity
13	Condensed Interim Statement of Cash Flows
14-28	Selected Notes to the Condensed Interim Financial Statements

## 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**

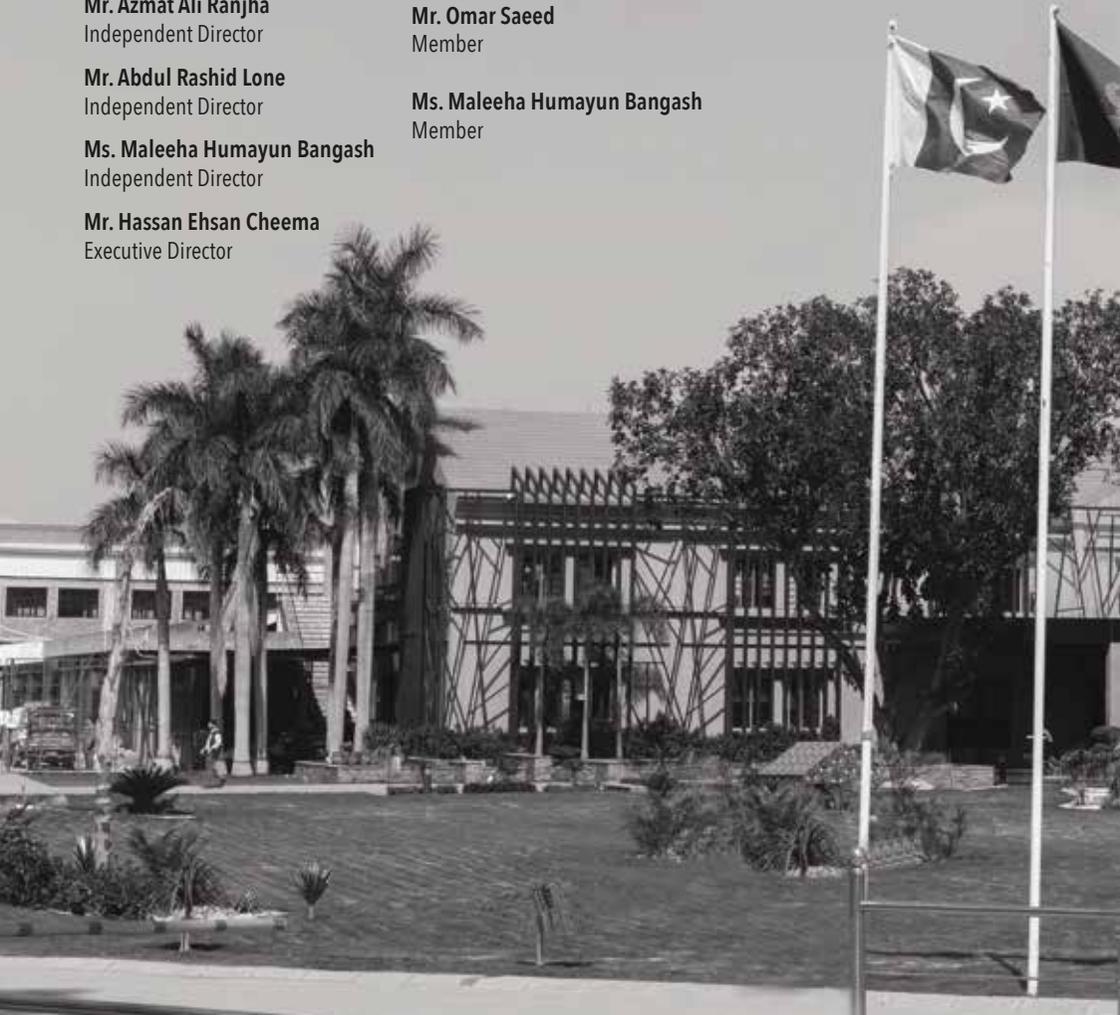
Chairman

**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  
 BankIslami Pakistan Limited  
 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**

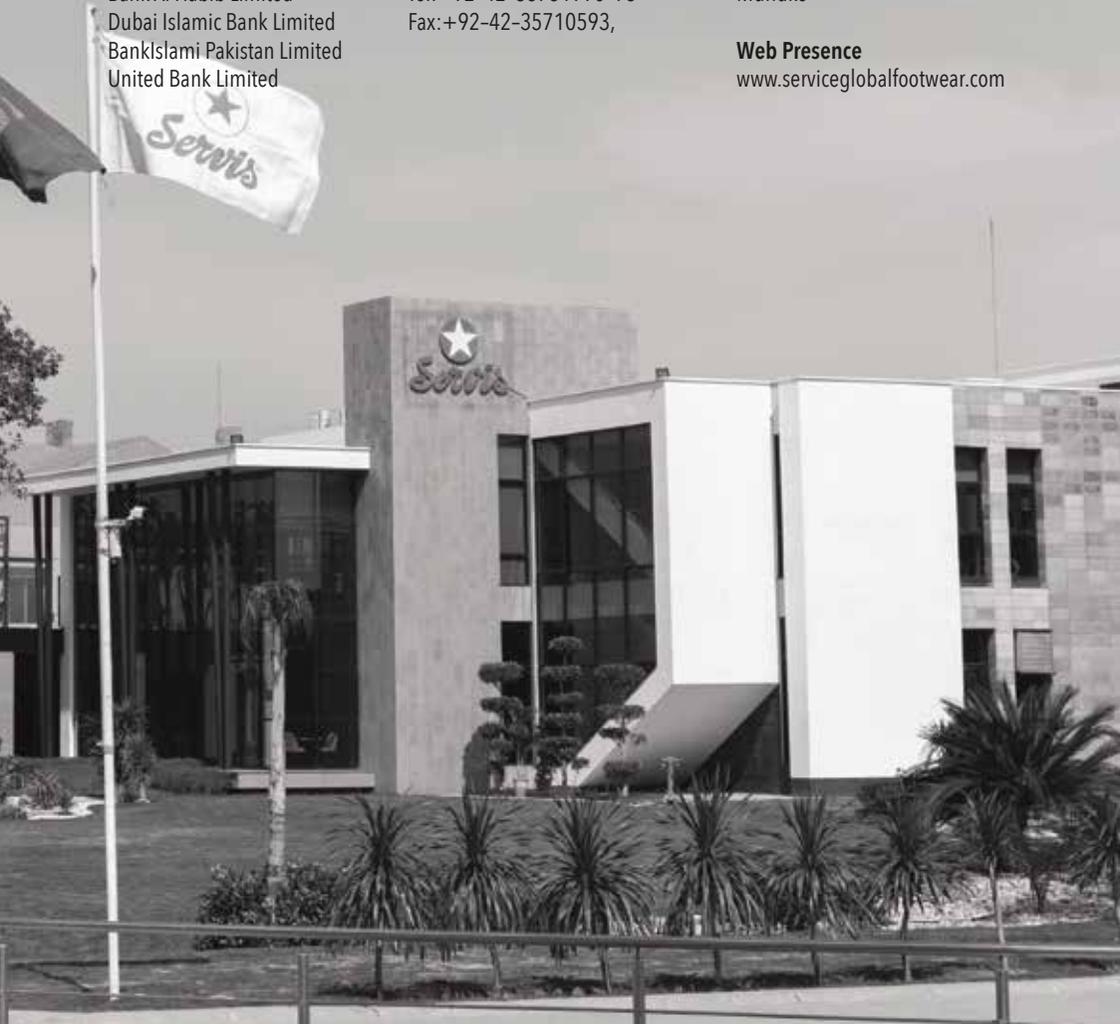
Stock Exchange Symbol **SGF**

**Factory**

10-KM Muridke, Sheikhpura Road,  
 Muridke

**Web Presence**

[www.serviceglobalfootwear.com](http://www.serviceglobalfootwear.com)



## Directors' Report to the Shareholders

The Directors take pleasure in presenting their report along with the condensed interim financial information of Service Global Footwear Limited ("SGFL") for the period ended June 30, 2022.

### KEY PERFORMANCE INDICATORS (KPIs)

Please find below key performance indicators of condensed interim financial statements of SGFL for the period ended June 30, 2022.

Particulars	Half year ended		
	June 30, 2022 "000"	June 30, 2021 "000"	Percentage Change
Net Sales	<b>4,827,631</b>	3,048,648	58.35%
Operating profit	<b>690,651</b>	304,735	126.64%
Profit before tax	<b>515,996</b>	223,565	130.80%
Profit after tax	<b>347,400</b>	145,095	139.43%

SGFL recorded net sales of PKR 4.83 billion in its financial statements during the six months showing an increase of 58.35% from same period last year. Profit before tax amounted to PKR 515.99 million against profit before tax of PKR 223.56 million in the same period last year. Net profit after tax amounted to PKR 347.40 million against profit after tax of PKR 145.09 million in the same period last year.

The period under review has shown a significant growth in sales and profitability. Apart from volume the profit margins have also improved compared to the same period last year.

### Future Outlook

SGFL is back on its pre-covid growth trajectory and our product lines are doing very well in our markets. Our existing customers are increasing their orders and new customers are being added as well.. We expect the next quarter Q3 to be higher than Q2 and this momentum is expected to continue till the end of this year. We have reorganized our sales structure putting more focus on new business development of strategic customers. This has started giving results already and we expect new strategic customer base coming on board in the next few months. Some of our growth strategies on which we are working on are:

- One of our plans of setting up a subsidiary company in china is near finalization. This company will help us in bringing new customer base, increased sales volume, improve business efficiency and reducing lead times.
- First safety shoe order will be delivered in September this year and this will result in opening a new product line for SGFL.

We feel the company is now on the track of growth and we expect healthy profitability in the coming Quarters.

### Investment in Service long march tyres (Pvt) Limited (slm)

SGFL has to date made an equity investment of PKR 2.18 billion in SLM. SLM has commenced its commercial production in March 2022 and is presently operating at near to full capacity.

### Acknowledgment

We would like to convey our sincere appreciation to our colleagues on the Board for their valuable guidance and support and to all our employees for their tireless efforts, dedication, and commitment and to our customers for their trust in our products. On behalf of the Board, we also wish to extend our gratitude to our shareholders for their support and trust placed in us.

For and on behalf of the Board



**Arif Saeed**  
Chairman



**HASSAN JAVED**  
Chief Executive

Dated: August 26, 2022  
Lahore.

# Independent Auditor's Review Report

## To the members of Service Global Footwear Limited Report on review of Condensed Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of SERVICE GLOBAL FOOTWEAR LIMITED as at 30 June 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 30 June 2022 and 30 June 2021 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 30 June 2022.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Mubashar Mehmood.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

Lahore

Date: August 26, 2022

UDIN: RR2022101584za1SiUD7

# Financial Statements

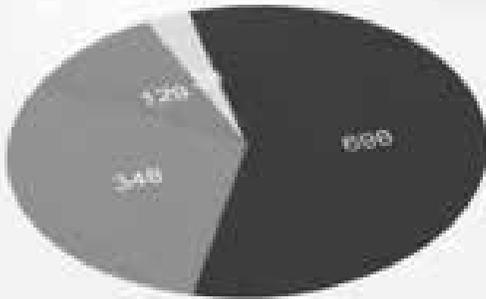


FIG. 15

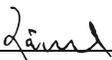


# Condensed Interim Statement of Financial Position

As at June 30, 2022

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
Note	(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
Authorized share capital		
250,000,000 (31 December 2021: 250,000,000) ordinary shares of Rupees 10 each	<b>2,500,000</b>	2,500,000
<b>Issued, subscribed and paid-up share capital</b>		
204,437,500 (31 December 2021: 204,437,500) ordinary shares of Rupees 10 each	<b>2,044,375</b>	2,044,375
<b>Share capital to be issued against employee's share option scheme</b>	<b>6,500</b>	-
<b>Reserves</b>	<b>4,636,055</b>	4,685,013
<b>Total equity</b>	<b>6,686,930</b>	6,729,388
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long term financing - secured	4 <b>260,744</b>	252,589
Employees' retirement benefit	<b>122,642</b>	113,864
Deferred liabilities	-	2,761
	<b>383,386</b>	369,214
<b>Current liabilities</b>		
Trade and other payables	<b>2,350,468</b>	1,359,804
Accrued mark-up	<b>77,652</b>	31,064
Short term borrowings	<b>6,464,258</b>	3,924,075
Current portion of non-current liabilities	<b>94,972</b>	148,378
Unclaimed dividend	<b>4,192</b>	-
	<b>8,991,542</b>	5,463,321
<b>Total liabilities</b>	<b>9,374,928</b>	5,832,535
<b>Contingencies and commitments</b>		
	5	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>16,061,858</b>	12,561,923

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



Hassan Javed  
Chief Executive

		(Un-audited)	(Audited)
		June	December
		30, 2022	31, 2021
	Note	(Rupees in thousand)	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	6	<b>2,314,959</b>	2,131,404
Long term security deposits		<b>11,854</b>	11,116
Long term loans to employees		<b>11,621</b>	9,288
Long term investment	7	<b>2,149,361</b>	1,805,402
Long term loan to Holding Company		<b>2,000,000</b>	2,250,000
		<b>6,487,795</b>	6,207,210
<b>Current assets</b>			
Stores, spares and loose tools		<b>93,569</b>	43,061
Stock in trade		<b>3,380,499</b>	2,093,095
Trade debts		<b>1,286,050</b>	817,714
Loans and advances		<b>3,403,329</b>	1,557,662
Accrued mark-up		<b>42</b>	57,837
Short term deposits and prepayments		<b>17,752</b>	6,564
Other receivables		<b>887,372</b>	496,022
Advance income tax - net		<b>282,710</b>	347,341
Cash and bank balances		<b>222,740</b>	935,417
		<b>9,574,063</b>	6,354,713
<b>TOTAL ASSETS</b>		<b>16,061,858</b>	12,561,923



Arif Saeed  
(Director)



Usman Liaqat  
(Chief Financial Officer)

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

For the half year ended June 30, 2022

	Note	(Un-audited) HALF YEAR ENDED		(Un-audited) QUARTER ENDED	
		June	June	June	June
		30, 2022	30, 2021	30, 2022	30, 2021
(Rupees in thousand)					
Revenue	8	4,827,631	3,048,648	2,299,950	1,379,404
Cost of sales	9	(3,830,825)	(2,474,339)	(1,873,537)	(1,179,715)
<b>Gross profit</b>		<b>996,806</b>	574,309	<b>426,413</b>	199,689
Distribution cost		(446,829)	(245,328)	(209,745)	(125,612)
Administrative expenses		(233,217)	(205,608)	(119,036)	(109,989)
Other expenses		(31,754)	(14,603)	(16,030)	4,561
		<b>(711,800)</b>	(465,539)	<b>(344,811)</b>	(231,040)
		<b>285,006</b>	108,770	<b>81,602</b>	(31,351)
Other Income		<b>405,645</b>	195,965	<b>278,060</b>	111,713
<b>Profit from operations</b>		<b>690,651</b>	304,735	<b>359,662</b>	80,362
Finance cost		(140,414)	(96,148)	(90,747)	(49,639)
		<b>550,237</b>	208,587	<b>268,915</b>	30,723
Share of (loss) / profit of equity accounted Investee - net of taxation		(34,241)	14,978	(22,193)	14,978
<b>Profit before taxation</b>		<b>515,996</b>	223,565	<b>246,722</b>	45,701
Taxation		(168,596)	(78,470)	(111,847)	(39,965)
<b>Profit after taxation</b>		<b>347,400</b>	145,095	<b>134,875</b>	5,736
<b>EARNINGS PER SHARE - BASIC (RUPEES)</b>		<b>1.70</b>	0.81	<b>0.66</b>	0.03
<b>EARNINGS PER SHARE - DILUTED (RUPEES)</b>		<b>1.69</b>	0.81	<b>0.66</b>	0.03

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



Hassan Javed  
(Chief Executive)



Arif Saeed  
(Director)



Usman Liaqat  
(Chief Financial Officer)

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

For the half year ended June 30, 2022

	(Un-audited)		(Un-audited)	
	HALF YEAR ENDED		QUARTER ENDED	
	June	June	June	June
	30, 2022	30, 2021	30, 2022	30, 2021
	(Rupees in thousand)			
<b>PROFIT AFTER TAXATION</b>	<b>347,400</b>	145,095	<b>134,875</b>	5,736
<b>OTHER COMPREHENSIVE INCOME</b>				
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	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>347,400</b>	145,095	<b>134,875</b>	5,736

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



Hassan Javed  
(Chief Executive)



Arif Saeed  
(Director)



Usman Liaqat  
(Chief Financial Officer)

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

For the half year ended June 30, 2022

	SHARE CAPITAL	SHARE CAPITAL TO BE ISSUED	RESERVES				TOTAL	TOTAL EQUITY
			CAPITAL RESERVE		REVENUE RESERVE			
			Reserve for issuance of bonus shares	Share premium	Share options reserve	Un-appropriated profit		
	1,635,500	-	1,390,684	-	-	1,204,603	2,595,287	4,230,787
<b>Balance as at 31 December 2020 - audited</b>								
Transactions with owners:								
Issue of ordinary shares fully paid-up in cash	408,875	-	-	1,766,340	-	-	1,766,340	2,175,215
Share issuance costs	-	-	-	(97,066)	-	-	(97,066)	(97,066)
Recognition of share options reserve	408,875	-	-	1,669,274	9,524	9,524	1,678,798	2,087,673
Profit for the period ended 30 June 2021	-	-	-	-	-	145,095	145,095	145,095
Other comprehensive income for the period ended 30 June 2021	-	-	-	-	-	-	-	-
Total comprehensive income for the period ended 30 June 2021	-	-	-	-	-	145,095	145,095	145,095
<b>Balance as at 30 June 2021 - un-audited</b>	2,044,375	-	1,390,684	1,669,274	9,524	1,349,698	4,419,180	6,463,555
Transactions with owners:								
Recognition of share options reserve	-	-	-	-	9,199	-	9,199	9,199
Profit for the period ended 31 December 2021	-	-	-	-	-	258,126	258,126	258,126
Other comprehensive loss for the period ended 31 December 2021	-	-	-	-	-	(1,492)	(1,492)	(1,492)
Total comprehensive income for the period ended 31 December 2021	-	-	-	-	-	256,634	256,634	256,634
<b>Balance as at 31 December 2021 - audited</b>	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	-	6,500	-	-	-	(408,875)	(408,875)	(408,875)
Proceeds against shares to be issued under employee's share option scheme	-	-	-	-	-	-	-	6,500
Recognition of share options reserve	-	6,500	-	-	12,517	(408,875)	(396,358)	(389,858)
Profit for the period ended 30 June 2022	-	-	-	-	-	347,400	347,400	347,400
Other comprehensive income for the period ended 30 June 2022	-	-	-	-	-	-	-	-
Total comprehensive income for the period ended 30 June 2022	-	-	-	-	-	347,400	347,400	347,400
<b>Balance as at 30 June 2022 - un-audited</b>	2,044,375	6,500	1,390,684	1,669,274	31,240	1,544,857	4,636,055	6,686,930

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



Hassan Javed  
(Chief Executive)



Arif Saeed  
(Director)



Usman Liaqat  
(Chief Financial Officer)

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

For the half year ended June 30, 2022

		(Un-audited) June 30, 2022	(Un-audited) June 30, 2021
	Note	(Rupees in thousand)	
<b>Cash flows from operating activities</b>			
<b>Cash (used in) / generated from operations</b>	10	<b>(1,159,144)</b>	240,596
Finance cost paid		(91,196)	(79,101)
Income tax paid		(106,727)	(34,362)
Staff retirement benefit paid		(1,642)	(705)
Long term loans to employees - net		(3,431)	3,580
Long term security deposits - net		1,843	(1,064)
<b>Net cash (used in) / generated from operating activities</b>		<b>(1,360,297)</b>	128,944
<b>Cash flows from investing activities</b>			
Capital expenditure on fixed assets		(293,448)	(104,491)
Proceeds from disposal of fixed assets		23,777	82
Loan given to Service Industries Limited - Holding Company		(5,972,257)	(1,688,000)
Loan repayment from Service Industries Limited - Holding Company		4,837,215	1,190,300
Profit on term deposit receipts and bank deposits received		26,164	7,524
Mark-up received on loan to Service Industries Limited - Holding Company		307,620	141,574
Long term investment made		(378,200)	(1,530,000)
<b>Net cash used in investing activities</b>		<b>(1,449,129)</b>	(1,983,011)
<b>Cash flows from financing activities</b>			
Proceeds from long term financing		28,744	-
Repayment of long term financing		(73,995)	(60,223)
Short term borrowings - net		2,540,183	(621,069)
Proceeds from issuance of share capital - net of share issuance costs		-	2,078,149
Proceeds against share capital to be issued under employee's share option scheme		6,500	-
Dividend paid		(404,683)	-
<b>Net cash from financing activities</b>		<b>2,096,749</b>	1,396,857
<b>Net decrease in cash and cash equivalents</b>		<b>(712,677)</b>	(457,210)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>935,417</b>	1,256,413
<b>Cash and cash equivalents at the end of the period</b>		<b>222,740</b>	799,203

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



Hassan Javed  
(Chief Executive)



Arif Saeed  
(Director)



Usman Liaqat  
(Chief Financial Officer)

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

For the half year ended June 30, 2022

### 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.

**1.2** During the half year ended 30 June 2022, there was a fire outbreak at the factory premises of the Company. Loss of destroyed fixed assets and stock-in-trade was adequately covered against insurance. Hence, loss of fixed assets, finished goods and raw materials has been recognized in these condensed interim financial statements. Duly acknowledged insurance claim is being received by the Company from the insurance company.

### 2. Basis of preparation

**2.1** These 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 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 2021. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors.

### 3. Accounting policies

The accounting policies and methods of computations adopted for the preparation of these 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 2021.

### 3.1 Critical accounting estimates and judgments

The preparation of these 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 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 2021.

	(Un-audited)	(Audited)
	June	December
	30, 2022	31, 2021
	(Rupees in thousand)	
<b>4 Long term financing - secured</b>		
Opening balance	<b>397,491</b>	519,286
Add: Obtained during the period / year	<b>28,744</b>	5,303
Less: Repaid during the period / year	<b>(73,995)</b>	(137,568)
Add: Amortisation of Government grant during the period / year	<b>2,630</b>	10,470
	<b>354,870</b>	397,491
Less: Current portion shown under current liabilities	<b>(94,126)</b>	(144,902)
	<b>260,744</b>	252,589

## 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 2021 except for the following:

- 5.1.1** The Assistant Commissioner Inland Revenue (ACIR) through order dated 22 June 2022, disallowed input sales tax amounting to Rupees 9.317 million on grounds of being input tax on construction goods. The Company has filed an appeal before Commissioner Inland Revenue Appeals (CIR - A) which is pending for hearing. The management is confident of favourable outcome of this matter.
- 5.1.2** Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 2,092.434 million (31 December 2021: Rupees 1,657.194 million) on imported material availed on the

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

For the half year ended June 30, 2022

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 118.085 million (31 December 2021: Rupees 35.905 million).

**5.2.2** Contracts for capital expenditure are approximately of Rupees 14.539 million (31 December 2021: Rupees 45.508 million).

**5.2.3** Outstanding foreign currency forward contracts are of Rupees 1,592.736 million (31 December 2021: Rupees 1,631.608 million).

**5.2.4** The Company has obtained vehicles under ijarah arrangements from Meezan Bank Limited and Bank Al Habib Limited for a period of four years, ijarah rentals are payable on half yearly and monthly basis respectively. Future monthly Ujarah payments under Ijarah are as follows:

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	(Rupees in thousand)	
Not later than one year		<b>12,714</b>	13,818
Later than one year and not later than five years		<b>19,812</b>	24,644
		<b>32,526</b>	38,462

## 6 Fixed assets

Operating fixed assets	6.1	<b>2,074,871</b>	2,072,168
Capital work-in-progress	6.2	<b>240,088</b>	59,236
		<b>2,314,959</b>	2,131,404

### 6.1 Operating fixed assets

Opening net book value		<b>2,072,168</b>	1,961,394
Add: Cost of additions during the period / year	6.1.1	<b>112,596</b>	282,223
Less: Book value of deletions during the period / year	6.1.2	<b>(6,194)</b>	(78)
Less: Loss of operating fixed assets due to fire		<b>(16,207)</b>	-
Less: Depreciation charged during the period / year		<b>(87,492)</b>	(171,371)
Closing net book value		<b>2,074,871</b>	2,072,168

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
Note	(Rupees in thousand)	
<b>6.1.1 Cost of additions during the period / year</b>		
Buildings on freehold land	4,453	155,573
Plant and machinery	46,451	34,486
Furniture, fixture and fittings	2,777	8,129
Vehicles	25,018	9,418
Service equipment	33,897	74,617
	<b>112,596</b>	<b>282,223</b>
<b>6.1.2 Book value of deletions during the period / year</b>		
<b>Cost of deletions:</b>		
Plant and machinery	6,983	-
Service equipment	126	1,700
	<b>7,109</b>	<b>1,700</b>
Less: Accumulated depreciation	(915)	(1,622)
Book value of deletions during the period / year	<b>6,194</b>	<b>78</b>
<b>6.2 Capital work-in-progress</b>		
Buildings on freehold land	165,595	31,670
Plant and machinery	39,829	9,737
Furniture, fixture and fittings	16	1,960
Service equipment	34,648	15,869
	<b>240,088</b>	<b>59,236</b>
<b>7 Long term investment</b>		
Investment in associate (with significant influence) - under equity method	7.1	2,149,361
		1,805,402

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

For the half year ended June 30, 2022

(Un-audited)      (Audited)  
**June**                      December  
**30, 2022**                31, 2021  
(Rupees in thousand)

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

Service Long March Tyres (Private) Limited - un-quoted

178,699,500 (31 December 2021: 178,699,500) fully paid

ordinary shares of Rupees 10 each

Equity held: 18.91% (31 December 2021: 18.91%)

**1,798,253**      1,798,253

Add: Advance for purchase of shares

**378,200**                      -

As at the beginning of the period / year

**7,149**                      -

(Less) / Add: Share of post acquisition (loss) / profit for the period / year

**(34,241)**                      8,202

Less: Adjustment due to deemed disposal of equity accounted investee

-                      (1,053)

**(27,092)**                      7,149

**2,149,361**                      1,805,402

Un-audited		Un-audited	
HALF YEAR ENDED		QUARTER ENDED	
June	June	June	June
30, 2022	30, 2021	30, 2022	30, 2021
(Rupees in thousand)			

### 8 REVENUE

Revenue from contracts with customers:

Export sales                      **4,730,248**      2,812,490      **2,254,034**      1,245,327

Local sales                      **97,383**              190,121              **45,916**              110,319

Add: Duty drawback                      -              46,037                      -              23,758

**4,827,631**      3,048,648      **2,299,950**      1,379,404

## 8.1 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition:

	Un-audited HALF YEAR ENDED		Un-audited QUARTER ENDED	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	(Rupees in thousand)			
<b>Region</b>				
Europe	<b>4,001,861</b>	2,436,351	<b>1,896,852</b>	1,079,669
North America and South America	<b>534,836</b>	187,575	<b>283,452</b>	82,611
Asia, Africa, Australia	<b>193,551</b>	188,564	<b>73,730</b>	83,047
Pakistan	<b>97,383</b>	190,121	<b>45,916</b>	110,319
Duty drawback	-	46,037	-	23,758
	<b>4,827,631</b>	3,048,648	<b>2,299,950</b>	1,379,404
<b>Timing of revenue recognition</b>				
Products and services transferred at a point in time	<b>4,827,631</b>	3,048,648	<b>2,299,950</b>	1,379,404
Products and services transferred over time	-	-	-	-
	<b>4,827,631</b>	3,048,648	<b>2,299,950</b>	1,379,404
<b>Major products / service lines</b>				
Raw material	<b>55,197</b>	22,326	<b>21,570</b>	10,102
Footwear	<b>4,772,434</b>	3,026,322	<b>2,278,380</b>	1,369,302
	<b>4,827,631</b>	3,048,648	<b>2,299,950</b>	1,379,404

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

For the half year ended June 30, 2022

	Un-audited HALF YEAR ENDED		Un-audited QUARTER ENDED	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	(Rupees in thousand)			
<b>9 Cost of sales</b>				
Raw materials consumed	<b>2,419,793</b>	1,536,961	<b>1,406,799</b>	859,781
Salaries, wages and other benefits	<b>1,038,982</b>	696,200	<b>510,008</b>	351,972
Stores and spares consumed	<b>147,249</b>	73,314	<b>102,333</b>	43,930
Packing materials consumed	<b>281,976</b>	150,424	<b>147,719</b>	78,464
Fuel and power	<b>74,781</b>	35,560	<b>41,066</b>	16,426
Insurance	<b>3,322</b>	3,882	<b>1,563</b>	841
Travelling and conveyance	<b>20,864</b>	787	<b>12,795</b>	314
Repair and maintenance	<b>22,477</b>	15,694	<b>12,598</b>	6,689
Entertainment	<b>2,460</b>	1,919	<b>1,508</b>	932
Depreciation	<b>84,502</b>	79,496	<b>43,383</b>	40,764
Rent, rates and taxes	<b>713</b>	-	<b>653</b>	-
(Reversal of provision) / provision for slow moving and obsolete inventory	<b>5,871</b>	(3,511)	<b>1,871</b>	(779)
Other manufacturing charges	<b>72,603</b>	17,624	<b>41,372</b>	9,195
	<b>4,175,593</b>	2,608,350	<b>2,323,668</b>	1,408,529
Movement in work in process	<b>(201,668)</b>	(11,324)	<b>(169,936)</b>	(70,904)
<b>Cost of goods manufactured</b>	<b>3,973,925</b>	2,597,026	<b>2,153,732</b>	1,337,625
Movement in finished goods	<b>(143,100)</b>	(122,687)	<b>(280,195)</b>	(157,910)
	<b>3,830,825</b>	2,474,339	<b>1,873,537</b>	1,179,715

		<b>Un-audited</b>	
		<b>HALF YEAR ENDED</b>	
		<b>June</b>	<b>June</b>
		<b>30, 2022</b>	<b>30, 2021</b>
		(Rupees in thousand)	
10	Note		
<b>Cash (used in) / generated from operations</b>			
		<b>515,996</b>	223,565
		<b>Profit before taxation</b>	
		<b>Adjustments for non-cash charges and other items:</b>	
		<b>87,492</b>	80,418
		<b>10,420</b>	10,270
		<b>140,414</b>	96,148
		<b>(2,630)</b>	(8,785)
		<b>(1,376)</b>	(13)
		<b>20,087</b>	4,490
		<b>1,228</b>	1,250
		<b>10,531</b>	4,563
		<b>5,871</b>	(3,511)
		<b>1,136</b>	4,300
		<b>(23,473)</b>	(11,234)
		<b>12,517</b>	9,524
		<b>34,241</b>	(14,978)
		<b>(252,516)</b>	(155,013)
	10.1	<b>(1,719,082)</b>	(398)
		<b>(1,159,144)</b>	240,596

### 10.1 Working capital changes

<b>Decrease / (increase) in current assets:</b>			
		<b>(56,379)</b>	(38,174)
		<b>(1,287,404)</b>	(430,686)
		<b>(469,472)</b>	244,404
		<b>(459,526)</b>	(123,743)
		<b>(13,769)</b>	(5,751)
		<b>(391,350)</b>	271,216
		<b>(2,677,900)</b>	(82,734)
		<b>958,818</b>	82,336
		<b>(1,719,082)</b>	(398)

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

For the half year ended June 30, 2022

### 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 condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 30 June 2022	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

(Rupees in thousand)

#### Financial assets

Derivative financial assets	-	23,888	-	-
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Recurring fair value measurements At 31 December 2021	Level 1	Level 2	Level 3	Total
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(Rupees in thousand)

#### Financial assets

Derivative financial assets	-	1,613	-	-
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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 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.

**12. Transactions with related parties**

The related parties comprise of the Holding 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 condensed interim financial statements are as follows:

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

For the half year ended June 30, 2022

### (i) Transactions:

Nature of relationship	Nature of transactions	Un-audited HALF YEAR ENDED		Un-audited QUARTER ENDED	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
(Rupees in thousand)					
<b>Holding company</b>					
Service Industries Limited	Sale of goods	26,658	55,056	20,450	51,621
	Purchase of goods	77,616	55,903	43,116	4,519
	Loan given	5,972,257	1,688,000	3,064,000	533,000
	Loan repaid	4,837,215	1,190,300	3,226,700	1,190,300
	Expenses charged	101,628	77,183	46,527	41,211
	Interest charged	252,516	155,013	146,478	78,668
	Services rendered	18,543	-	-	-
	Dividend paid	327,100	-	327,100	-
<b>Associated company</b>					
Jomo Technologies (Private) Limited	Sale of goods	17,378	33,796	3,158	21,942
Service Long March Tyres (Private) Limited	Advance for purchase of shares	378,200	1,530,000	378,200	1,530,000
<b>Sub-subsidiary company of the Holding Company</b>					
Service Shoes Lanka (Private) Limited	Sale of goods	90,603	22,145	64,802	22,145
	Sale of operating fixed assets	7,531	-	7,531	-
	Purchase of goods	-	2,930	-	2,930
<b>Key management personnel</b>					
	Remuneration	70,081	59,976	37,381	29,988
	Meeting fee to directors - non executive	1,120	972	800	972
	Cash dividend paid	4,075	-	4,075	-
<b>Other related parties</b>					
	Post employment benefit plans	56,523	44,514	28,562	23,763

**(ii) Period end balances**

As at 30 June 2022 Un-audited		
Holding company	Other related parties	Total

(Rupees in thousand)

Employees' retirement benefit	-	<b>144,673</b>	<b>144,673</b>
Trade debts	-	<b>158,268</b>	<b>158,268</b>
Loans	<b>4,654,145</b>	-	<b>4,654,145</b>

As at 31 December 2021 Audited		
Holding company	Other related parties	Total

(Rupees in thousand)

Employees' retirement benefit	-	134,391	134,391
Trade debts	103,367	159,315	262,682
Trade and other payables	-	3,885	3,885
Accrued mark-up	55,104	-	55,104
Loans	3,519,102	-	3,519,102

**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 2021.

**14 Detailed break-up utilization of the proceeds raised from the issue**

The Company issued Prospectus dated 31 March 2021 in relation to the Issue of 40,887,500 ordinary shares (20% of the total post-IPO paid-up capital of the Company) of face value of Rupees 10 each. The Company has received subscription amount of Rupees 2,175,215,000 against Initial Public Offer of 40,887,500 ordinary shares of face value of Rupees 10 each at a price of Rupees 53.2 per ordinary share (including premium of Rupees 43.2 per ordinary share). On 26 April 2021, shares have been duly allotted to all shareholders. As per paragraph 4.1.5 of the Prospectus, the proceeds from IPO shall be utilized for equity investment in Service Long March Tyres (Private) Limited (SLM). SLM shall utilize the proceeds to make payments to the contractors on account of civil and Mechanical, Electrical and Plumbing (MEP) works of the Radial Bus and Truck Tyre Project. Detailed break-up utilization of the proceeds raised from the Issue for the period from 29 April 2021 to 30 June 2022 is as follows:

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

For the half year ended June 30, 2022

	(Rupees in thousand)
IPO Proceeds	2,175,215
Profit on term deposit receipt received by the Company	44,936
	2,220,151

Amount invested in 178,699,500 ordinary shares of Rupees 10 each of Service Long March Tyres (Private) Limited (SLM)	1,786,995
Advance for purchase of shares of Service Long March Tyres (Private) Limited (SLM)	378,200
Amount retained with the Company in the shape of term deposit receipt	54,956
	2,220,151

Utilization of proceeds from issue of 178,699,500 ordinary shares of Rupees 10 each and advance for purchase of shares amounting to Rupees 378.200 million by Service Long March Tyres (Private) Limited:

Payments to the contractors on account of civil and Mechanical, Electrical and Plumbing (MEP) works of the project	2,165,195
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Un-audited	Audited
June	December
30, 2022	31, 2021
(Rupees in thousand)	

### 15 Disclosures by company listed on Islamic index

#### Description

#### Loan / advances obtained as per Islamic mode:

Loans	1,341,047	3,996,639
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#### Shariah compliant bank deposits / bank balances

Bank balances	5,454	8,455
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<b>HALF YEAR ENDED</b>	
<b>Un-audited</b>	Un-audited
<b>June</b>	June
<b>30, 2022</b>	30, 2021
(Rupees in thousand)	

**Profit earned from shariah compliant bank deposits / bank balances**

Profit on deposits with banks	<b>133</b>	7,761
<b>Revenue earned from shariah compliant business</b>	<b>4,827,631</b>	3,048,648
<b>Exchange gain / (loss) earned</b>	<b>117,226</b>	19,972
<b>Mark-up paid on Islamic mode of financing</b>	<b>30,762</b>	25,796
<b>Profits earned or interest paid on any conventional loan / advance</b>		
Interest paid on loans	<b>41,475</b>	36,503

**Relationship with shariah compliant banks**

<b>Name</b>	<b>Relationship</b>
MCB Islamic Bank Limited	Bank balance and short term borrowings
Meezan Bank Limited	Ijarah, bank balance and short term borrowings
Faysal Bank Limited (Barkat Islami)	Bank balance and short term borrowings
BankIslami Pakistan Limited	Bank balance and short term borrowings
Dubai Islamic Bank	Bank balance and short term borrowings
Bank Al Habib Limited	Ijarah

**16 Date of authorization for issue**

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on 26 August 2022.

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

For the half year ended June 30, 2022

### 17 Corresponding figures

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and 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.

### 18 Event after the reporting period

The Board of Directors has approved an interim cash dividend for the year ending on 31 December 2022 of Rupees 2.50 per share at their meeting held on 26 August 2022. These condensed interim financial statements do not include the effect of the above dividend which will be accounted for in the period in which it is approved.

### 19 General

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




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Hassan Javed  
(Chief Executive)




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Arif Saeed  
(Director)




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Usman Liaqat  
(Chief Financial Officer)



ہم سمجھتے ہیں کہ کہ کئی اب ترقی کی راہ پر گامزن ہے اور آنے والی سہ ماہیوں میں صحت مند منافع متوقع ہے۔

## سروس لانگ مارچ ٹائرز (پرائیویٹ) لمیٹڈ میں سرمایہ کاری

سروس گلوبل فٹ ویئر لمیٹڈ نے ابھی تک سروس لانگ مارچ ٹائرز (پرائیویٹ) لمیٹڈ میں 2.18 ارب روپے کی سرمایہ کاری کی ہے۔ سروس لانگ مارچ ٹائرز (پرائیویٹ) لمیٹڈ نے 2022 مارچ میں تجارتی پیداوار آغاز کر دیا ہے اور اس وقت تقریباً پوری پیداواری صلاحیت پر کام کر رہی ہے۔

## اظہارِ تشکر

ہم تہہ دل سے بورڈ کے ممبران کی قابل قدر رہنمائی اور تعاون کے مشکور ہیں۔ علاوہ ازیں ہم تمام ملازمین کی انتھک اور پر عزم کوششوں اور ہمارے گاہکوں کی ہماری مصنوعات پر اعتماد کے بھی شکر گزار ہیں۔ ہم بورڈ کی جانب سے اپنے حصص یافتگان کا مخلص ترین شکریہ ادا کرتے ہیں۔ کہ انہوں نے ہم پر بھروسہ کیا اور ہماری غیر متزلزل حمایت جاری رکھی۔



حسن جاوید  
چف ایگزیکٹو



عارف سعید  
چیئر مین

مورخہ 26 اگست 2022

## ڈائریکٹرز

ڈائریکٹرز 30 جون 2022 کو ختم ہونے والی ششماہی کی سروس گلوبل فنڈ ویزیلمینڈ کی مختصر عبوری مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

## مالی کارکردگی کا موازنہ

30 جون 2022 کو ختم ہونے والی ششماہی کی سروس گلوبل فنڈ ویزیلمینڈ مختصر عبوری مالیاتی کارکردگی درج ذیل ہے۔

تفصیلات	ششماہی اختتام	
	جون 2021:30 روپے، ہزار میں	جون 2022:30 روپے، ہزار میں
خالص فروخت	3,048,648	4,827,631
آپریٹنگ منافع	304,735	690,651
منافع قبل از ٹیکس	223,565	515,996
منافع بعد از ٹیکس	145,095	347,400
	فیصد تبدیلی	
	58.35%	
	126.64%	
	130.80%	
	139.43%	

سروس گلوبل فنڈ ویزیلمینڈ نے اس ششماہی میں اپنے مالیاتی گوشواروں کے مطابق 4.83 ارب روپے کی آمدن فروخت حاصل کی ہے جو کہ گزشتہ سال کی اسی سہ ماہی کے مقابلے میں 58.35% زیادہ ہے۔ قبل از ٹیکس منافع 515.99 ملین روپے رہا جبکہ گزشتہ سال کی اسی مدت میں 223.56 ملین روپے تھا۔ بعد از ٹیکس خالص منافع 347.40 ملین روپے رہا جبکہ گزشتہ سال کی اسی مدت میں 145.09 ملین روپے تھا۔

زیر جائزہ ششماہی میں آمدن فروخت اور منافع میں خاطر خواہ اضافہ ہوا ہے۔ فروخت کے حجم کے علاوہ منافع کے مارجن میں بھی پچھلے سال کی اسی مدت کے مقابلے میں بہتری آئی ہے۔

## مستقبل پر ایک نظر:

سروس گلوبل فنڈ ویزیلمینڈ کو ناسے پہلے کی ترقی کی رفتار پر واپس آ گیا ہے اور ہماری مصنوعات مارکیٹ میں اعلیٰ کارکردگی کا مظاہرہ کر رہی ہیں۔ ہمارے موجودہ گاہک اپنے آرڈرز میں اضافہ کر رہے ہیں اور نئے گاہک بھی متعارف کروائے جا رہے ہیں۔ ہم توقع کرتے ہیں کہ اگلی سہ ماہی، اس سہ ماہی سے بھی بہتر ہوگی اور متوقع ہے کہ یہ رفتار اس سال کے آخر تک جاری رہے گی۔ ہم نے اپنے فروخت کے نظام کو مزید بہتر کیا ہے جس میں اہم گاہکوں سے کاروبار مزید بڑھانے پر زیادہ توجہ دی جا رہی ہے۔ اس کے نتیجے میں پہلے ہی مثبت نتائج حاصل ہونا شروع ہو گئے ہیں اور ہم امید کرتے ہیں کہ اگلے چند مہینوں میں مزید اہم گاہک بھی ہمارے ساتھ ہوں گے۔ ہم مسلسل نمو حاصل کرنے کے لئے جن حکمت عملیوں پر ہم کام کر رہے ہیں، ان میں سے چند درج ذیل ہیں:-

(1) چین میں ذیلی کمپنی کے قیام کے ہمارے منصوبوں میں سے ایک منصوبہ حتمی شکل دینے کے قریب ہے۔ یہ کمپنی ہمیں نئے گاہکوں تک رسائی، فروخت کے حجم میں اضافہ، کاروباری کارکردگی بہتر بنانے اور مصنوعات کی تیاری میں درکار وقت کو کم کرنے میں مدد کرے گی۔

(2) حفاظتی جو توں کا پہلا آرڈر اس سال ستمبر میں گاہک کو روانہ کر دیا جائے گا اور اس کے طرح روس گلوبل فنڈ ویزیلمینڈ میں نئی مصنوعات کا ایک شعبہ قائم ہو جائے گا۔





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