

Report & Un-Audited Accounts  
for the Half Year Ended  
June 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](http://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 half year ended 30 June 2023.

### Key Performance Indicators (KPIs)

Please find below key performance indicators of unconsolidated condensed interim financial statements of SGFL for the half year ended 30 June 2023.

Particulars	Half year ended		
	June 30, 2023 "000"	June 30, 2022 "000"	Percentage Change
Net Sales	<b>7,413,508</b>	4,827,631	53.56%
Gross Profit	<b>1,596,399</b>	996,806	60.15%
Operating Profit	<b>1,151,318</b>	690,651	66.70%
Profit before tax	<b>689,571</b>	515,996	33.64%
Profit after tax	<b>435,330</b>	347,400	25.31%
Earnings per share	<b>2.12</b>	1.70	24.91%

SGFL has managed to achieve significant sales growth of 53.56% in comparison with the same period last year. The revenue of the company has grown to Rs. 7.41 billion from 4.83 billion in the same period last year. Your company was able to translate this increase in revenue to an increase in gross profits of 60.15%, operational profit by 66.70% and net profit by 25.31% compared to same period of last year. It is a clear indication of the company's successful efforts in diversification, pricing strategy, new customer enrollment and supply chain management.

SGFL's investment in Service Long March Tyres (Private) Limited ("SLM") earned a profit of Rs 43 million as against a loss of Rs 34 million in the same period last year. There is a continued improvement in SLM's sales and margins which bodes well for the future.

SGFL presents a very strong value proposition for new customers, and is poised to leverage its structured approach towards growth.

### Future Outlook

SGFL has been able to sustain its growth path and increase its sales continuously for the last six quarters. We foresee a similar growth trend in the third quarter of this year and are committed to deliver significantly better results than last year.

Overall, the global market is showing a suppression of demand because of their persistently high inflation. The US market is growing for us with new customer base even as existing customers have reduced their buying.

Despite this global recession, SGFL has successfully booked orders and filled over 95% of its capacities. This has been possible only because of our strategy to continuously expand our customer base and bringing new customers on board.

Our first foreign subsidiary “Dongguan Service Global Limited” is fully operational in China. It has helped us greatly in our supply chain and in bringing new customers on board.

SGFL is committed to continuously invest in our people and improve our efficiency levels and leverage its customers and shareholders.

### 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)

11 August 2023  
Lahore.

# Independent Auditor's Review Report

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

### Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of SERVICE GLOBAL FOOTWEAR LIMITED as at 30 June 2023 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended 30 June 2023 and 30 June 2022 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 2023.

### Scope of Review

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

### Conclusion

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

The engagement partner on the review resulting in this independent auditor's review report is Syed Mustafa Ali.



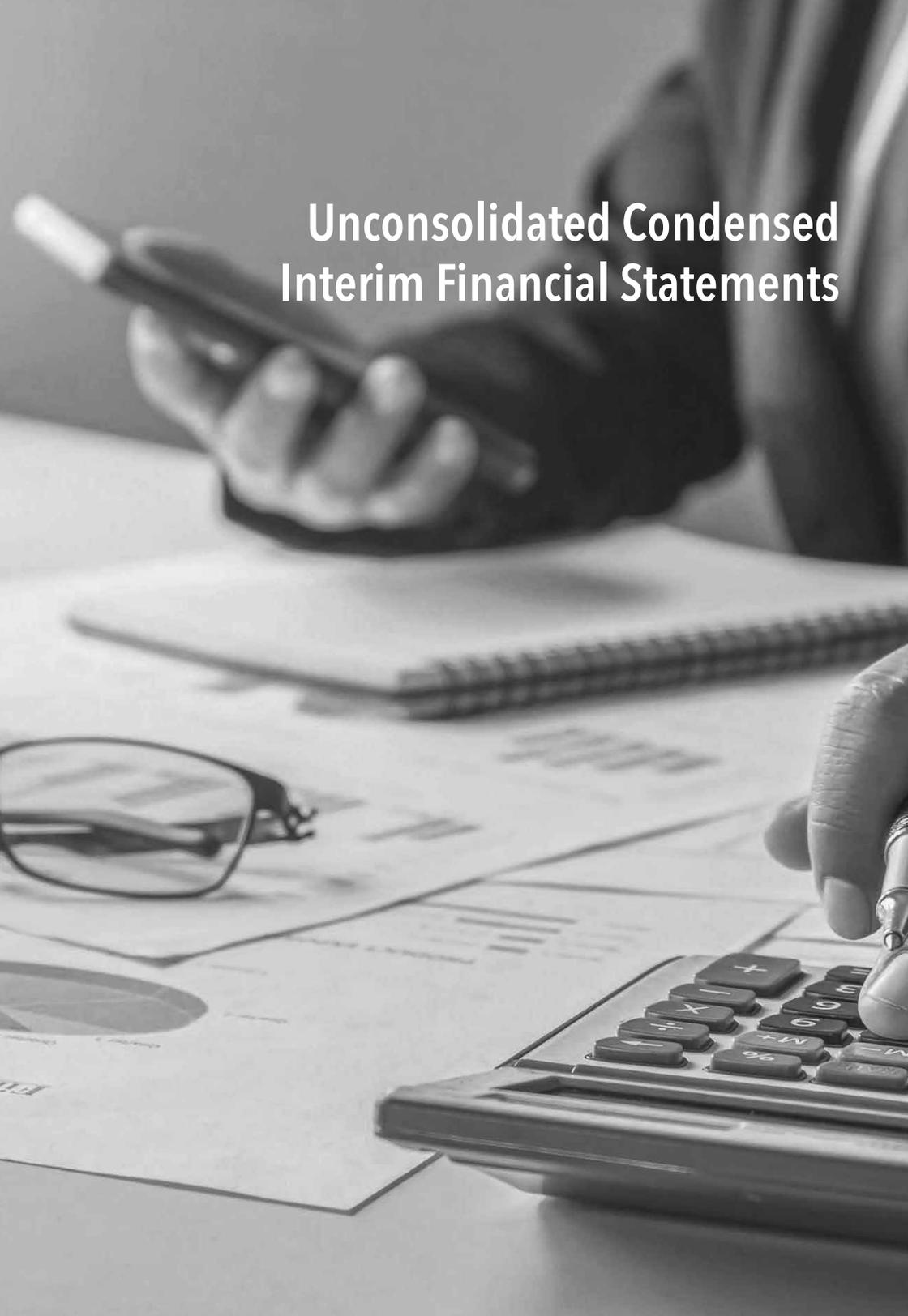
**RIAZ AHMAD & COMPANY**  
Chartered Accountants

Lahore

Date: 15 August 2023

UDIN: RR20231016835WHz02Di

# Unconsolidated Condensed Interim Financial Statements



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

As at June 30, 2023

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
Note	(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
Authorized share capital		
250,000,000 (31 December 2022: 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>		
205,087,500 (31 December 2022: 205,087,500) ordinary shares of of Rupees 10 each	<b>2,050,875</b>	2,050,875
<b>Share capital to be issued against employee's share option scheme</b>	<b>8,300</b>	-
<b>Reserves</b>	<b>4,343,891</b>	4,113,649
<b>Total equity</b>	<b>6,403,066</b>	6,164,524
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long term financing - secured	4 <b>339,762</b>	360,852
Employees' retirement benefit	<b>171,267</b>	157,391
	<b>511,029</b>	518,243
<b>Current liabilities</b>		
Trade and other payables	<b>2,754,080</b>	1,972,206
Accrued mark-up	<b>272,843</b>	176,187
Short term borrowings	<b>6,856,241</b>	5,488,314
Current portion of non-current liabilities	<b>43,084</b>	40,962
Unclaimed dividend	<b>5,149</b>	4,850
	<b>9,931,397</b>	7,682,519
<b>Total liabilities</b>	<b>10,442,426</b>	8,200,762
<b>Contingencies and commitments</b>	5	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>16,845,492</b>	14,365,286

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



Hassan Javed  
(Chief Executive)

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	(Rupees in thousand)	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	6	<b>2,877,521</b>	2,594,578
Long term security deposits		<b>10,572</b>	10,572
Long term loans to employees		<b>10,537</b>	13,634
Long term investments	7	<b>2,349,412</b>	2,217,650
Long term loan to Holding Company		<b>1,500,000</b>	1,750,000
		<b>6,748,042</b>	6,586,434
<b>Current assets</b>			
Stores, spares and loose tools		<b>101,856</b>	81,956
Stock in trade		<b>3,633,163</b>	3,360,359
Trade debts		<b>2,298,092</b>	1,839,720
Loans and advances		<b>2,192,418</b>	1,230,354
Accrued mark-up		<b>5,871</b>	-
Short term deposits and prepayments		<b>25,451</b>	12,988
Other receivables		<b>1,329,033</b>	871,505
Advance income tax - net		<b>89,380</b>	220,350
Cash and bank balances		<b>422,186</b>	161,620
		<b>10,097,450</b>	7,778,852
<b>TOTAL ASSETS</b>		<b>16,845,492</b>	14,365,286



Arif Saeed  
(Director)



Usman Liaqat  
(Chief Financial Officer)

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

For the half year ended June 30, 2023

	Note	(Un-audited) HALF YEAR ENDED		(Un-audited) QUARTER ENDED	
		June	June	June	June
		30, 2023	30, 2022	30, 2023	30, 2022
(Rupees in thousand)					
Revenue	8	<b>7,413,508</b>	4,827,631	<b>3,825,781</b>	2,299,950
Cost of sales	9	<b>(5,817,109)</b>	(3,830,825)	<b>(2,939,843)</b>	(1,873,537)
<b>Gross profit</b>		<b>1,596,399</b>	996,806	<b>885,938</b>	426,413
Distribution cost		<b>(538,541)</b>	(446,829)	<b>(317,641)</b>	(209,745)
Administrative expenses		<b>(297,239)</b>	(233,217)	<b>(151,826)</b>	(119,036)
Other expenses		<b>(39,586)</b>	(31,754)	<b>(24,036)</b>	(16,030)
		<b>(875,366)</b>	(711,800)	<b>(493,503)</b>	(344,811)
		<b>721,033</b>	285,006	<b>392,435</b>	81,602
Other Income		<b>430,285</b>	405,645	<b>224,080</b>	278,060
<b>Profit from operations</b>		<b>1,151,318</b>	690,651	<b>616,515</b>	359,662
Finance cost		<b>(504,342)</b>	(140,414)	<b>(292,525)</b>	(90,747)
		<b>646,976</b>	550,237	<b>323,990</b>	268,915
Share of profit / (loss) of equity accounted investee - net of taxation		<b>42,595</b>	(34,241)	<b>40,603</b>	(22,193)
<b>Profit before taxation</b>		<b>689,571</b>	515,996	<b>364,593</b>	246,722
Taxation		<b>(254,241)</b>	(168,596)	<b>(179,327)</b>	(111,847)
<b>Profit after taxation</b>		<b>435,330</b>	347,400	<b>185,266</b>	134,875
<b>EARNINGS PER SHARE - BASIC (RUPEES)</b>		<b>2.12</b>	1.70	<b>0.91</b>	0.66
<b>EARNINGS PER SHARE - DILUTED (RUPEES)</b>		<b>2.11</b>	1.69	<b>0.90</b>	0.66

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 half year ended June 30, 2023

	(Un-audited) HALF YEAR ENDED		(Un-audited) QUARTER ENDED	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Rupees in thousand)			
<b>PROFIT AFTER TAXATION</b>	<b>435,330</b>	347,400	<b>185,266</b>	134,875
<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>435,330</b>	347,400	<b>185,266</b>	134,875

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 half year ended June 30, 2023

	(Un-audited) June 30, 2023	(Un-audited) June 30, 2022
Note	(Rupees in thousand)	
<b>Cash flows from operating activities</b>		
<b>Cash generated from / (used in) operations</b>	10	<b>405,158</b>
Finance cost paid	<b>(407,686)</b>	(91,196)
Income tax paid	<b>(123,273)</b>	(106,727)
Workers' Profit Participation Fund paid	<b>(18,883)</b>	-
Staff retirement benefit paid	<b>(4,719)</b>	(1,642)
Long term loans to employees - net	<b>2,955</b>	(3,431)
Long term security deposits - net	-	1,843
<b>Net cash used in operating activities</b>	<b>(146,448)</b>	(1,360,297)
<b>Cash flows from investing activities</b>		
Capital expenditure on fixed assets	<b>(393,213)</b>	(293,448)
Proceeds from disposal of fixed assets	<b>177</b>	23,777
Loan given to Service Industries Limited - Holding Company	<b>(3,429,997)</b>	(5,972,257)
Loan repayment from Service Industries Limited - Holding Company	<b>2,936,818</b>	4,837,215
Profit on term deposit receipts and bank deposits received	<b>47</b>	26,164
Mark-up received on loan to Service Industries Limited - Holding Company	<b>229,879</b>	307,620
Long term investment made	<b>(89,167)</b>	(378,200)
<b>Net cash used in investing activities</b>	<b>(745,456)</b>	(1,449,129)
<b>Cash flows from financing activities</b>		
Proceeds from long term financing	-	28,744
Repayment of long term financing	<b>(18,968)</b>	(73,995)
Short term borrowings - net	<b>1,367,927</b>	2,540,183
Proceeds against share capital to be issued under Employee's Stock Option Scheme	<b>8,300</b>	6,500
Dividend paid	<b>(204,789)</b>	(404,683)
<b>Net cash from financing activities</b>	<b>1,152,470</b>	2,096,749
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>260,566</b>	(712,677)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>161,620</b>	935,417
<b>Cash and cash equivalents at the end of the period</b>	<b>422,186</b>	222,740

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 half year ended June 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, 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 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.

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	(Rupees in thousand)	
<b>4 Long term financing - secured</b>		
Opening balance	<b>401,814</b>	397,491
Add: Obtained during the period / year	-	149,306
Less: Repaid during the period / year	<b>(18,968)</b>	(148,460)
Add: Amortisation of Government grant during the period / year	-	3,477
	<b>382,846</b>	401,814
Less: Current portion shown under current liabilities	<b>(43,084)</b>	(40,962)
	<b>339,762</b>	360,852

## 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 1,979.367 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 1,409.038 million (31 December 2022: Rupees 363.578 million).

**5.2.2** Contracts for capital expenditure are approximately of Rupees 19.580 million (31 December 2022: Rupees 30.710 million).

**5.2.3** Outstanding foreign currency forward contracts are of Rupees 2,804.056 million (31 December 2022: Rupees 2,133.05 million).

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

For the half year ended June 30, 2023

**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 Ujrah payments under Ijarah are as follows:

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	(Rupees in thousand)	
Not later than one year		<b>10,250</b>	10,508
Later than one year and not later than five years		<b>11,159</b>	16,162
		<b>21,409</b>	26,670

### 6 Fixed assets

Operating fixed assets	6.1	<b>2,640,728</b>	2,321,674
Capital work-in-progress	6.2	<b>236,793</b>	272,904
		<b>2,877,521</b>	2,594,578

#### 6.1 Operating fixed assets

Opening net book value		<b>2,321,674</b>	2,072,168
Add: Cost of additions during the period / year	6.1.1	<b>429,324</b>	452,456
Less: Book value of deletions during the period / year	6.1.2	<b>(82)</b>	(5,689)
Less: Loss of operating fixed assets due to fire		-	(10,399)
Less: Depreciation charged during the period / year		<b>(110,188)</b>	(186,862)
Closing net book value		<b>2,640,728</b>	2,321,674

##### 6.1.1 Cost of additions during the period / year

Buildings on freehold land	<b>211,396</b>	104,119
Plant and machinery	<b>77,231</b>	221,053
Furniture, fixture and fittings	<b>270</b>	7,738
Vehicles	<b>54,422</b>	34,531
Service equipment	<b>86,005</b>	85,015
	<b>429,324</b>	452,456

##### 6.1.2 Book value of deletions during the period / year

###### Cost of deletions:

Plant and machinery	<b>60</b>	5,669
Service equipment	<b>276</b>	336
	<b>336</b>	6,005
Less: Accumulated depreciation	<b>(254)</b>	(316)
Book value of deletions during the period / year	<b>82</b>	5,689

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	(Rupees in thousand)	
<b>6.2 Capital work-in-progress</b>			
Buildings on freehold land		201,088	259,429
Plant and machinery		10,680	9,528
Service equipment		24,830	2,469
Vehicles		195	1,478
		<b>236,793</b>	<b>272,904</b>
<b>7 Long term investments</b>			
Investment in subsidiary company - at cost	7.1	89,167	-
Investment in associate (with significant influence) - under equity method	7.2	2,260,245	2,217,650
		<b>2,349,412</b>	<b>2,217,650</b>
<b>7.1 Investment in subsidiary company - at cost</b>			
Dongguan Service Global Limited			
Equity held 100% (31 December 2022: Nil)		89,167	-
<b>7.2 Investment in associate (with significant influence) - under equity method</b>			
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		42,595	(224,074)
		<b>(174,330)</b>	<b>(216,925)</b>
		<b>2,260,245</b>	<b>2,217,650</b>

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

For the half year ended June 30, 2023

	(Un-audited)		(Un-audited)	
	HALF YEAR ENDED		QUARTER ENDED	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Rupees in thousand)			
<b>8 Revenue</b>				
Revenue from contracts with customers:				
Export sales	<b>7,300,257</b>	4,730,248	<b>3,758,182</b>	2,254,034
Local sales	<b>113,251</b>	97,383	<b>67,599</b>	45,916
	<b>7,413,508</b>	4,827,631	<b>3,825,781</b>	2,299,950

### 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)		(Un-audited)	
	HALF YEAR ENDED		QUARTER ENDED	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Rupees in thousand)			
<b>Region</b>				
Europe	<b>5,831,723</b>	4,001,861	<b>3,126,559</b>	1,896,852
United States of America and Canada	<b>982,014</b>	534,836	<b>516,690</b>	283,452
Asia, Africa, Australia	<b>486,520</b>	193,551	<b>114,933</b>	73,730
Pakistan	<b>113,251</b>	97,383	<b>67,599</b>	45,916
	<b>7,413,508</b>	4,827,631	<b>3,825,781</b>	2,299,950

### Timing of revenue recognition

Products and services transferred at a point in time	<b>7,413,508</b>	4,827,631	<b>3,825,781</b>	2,299,950
	<b>7,413,508</b>	4,827,631	<b>3,825,781</b>	2,299,950

### Major products / service lines

Raw material	-	55,197	-	21,570
Footwear	<b>7,413,508</b>	4,772,434	<b>3,825,781</b>	2,278,380
	<b>7,413,508</b>	4,827,631	<b>3,825,781</b>	2,299,950

	Un-audited		Un-audited	
	HALF YEAR ENDED		QUARTER ENDED	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Rupees in thousand)			
<b>9 Cost of sales</b>				
Raw materials consumed	<b>3,237,711</b>	2,419,793	<b>1,800,553</b>	1,406,799
Salaries, wages and other benefits	<b>1,389,571</b>	1,038,982	<b>710,859</b>	510,008
Stores and spares consumed	<b>246,049</b>	147,249	<b>150,132</b>	102,333
Packing materials consumed	<b>372,082</b>	281,976	<b>192,306</b>	147,719
Fuel and power	<b>130,875</b>	74,781	<b>65,821</b>	41,066
Insurance	<b>8,835</b>	3,322	<b>4,695</b>	1,563
Travelling and conveyance	<b>25,248</b>	20,864	<b>10,196</b>	12,795
Repair and maintenance	<b>19,019</b>	22,477	<b>10,274</b>	12,598
Entertainment	<b>724</b>	2,460	<b>20</b>	1,508
Depreciation	<b>100,964</b>	84,502	<b>51,932</b>	43,383
Rent, rates and taxes	<b>428</b>	713	-	653
(Reversal of provision) / provision for slow moving and obsolete inventory	<b>(26,533)</b>	5,871	<b>(23,114)</b>	1,871
Other manufacturing charges	<b>107,967</b>	72,603	<b>81,183</b>	41,372
	<b>5,612,940</b>	4,175,593	<b>3,054,857</b>	2,323,668
Movement in work in process	<b>(81,241)</b>	(201,668)	<b>(172,037)</b>	(169,936)
<b>Cost of goods manufactured</b>	<b>5,531,699</b>	3,973,925	<b>2,882,820</b>	2,153,732
Movement in finished goods	<b>285,410</b>	(143,100)	<b>57,023</b>	(280,195)
	<b>5,817,109</b>	3,830,825	<b>2,939,843</b>	1,873,537

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

For the half year ended June 30, 2023

		Un-audited	
		HALF YEAR ENDED	
		June	June
		30, 2023	30, 2022
		(Rupees in thousand)	
10	Note		
<b>Cash generated from / (used in) operations</b>			
		<b>689,571</b>	515,996
		<b>Profit before taxation</b>	
<b>Adjustments for non-cash charges and other items:</b>			
		<b>110,188</b>	87,492
		<b>18,595</b>	10,420
		<b>504,342</b>	140,414
		-	(2,630)
		<b>(95)</b>	(1,376)
		<b>24,503</b>	20,087
		<b>(177,588)</b>	(117,226)
		<b>1,270</b>	1,228
		<b>14,073</b>	10,531
		<b>(26,533)</b>	5,871
		<b>1,012</b>	1,136
		<b>(47)</b>	(23,473)
		-	12,517
		<b>(42,595)</b>	34,241
		<b>(235,750)</b>	(252,516)
	10.1	<b>(475,788)</b>	(1,601,856)
		<b>405,158</b>	(1,159,144)
<b>10.1 Working capital changes</b>			
<b>Decrease / (increase) in current assets:</b>			
		<b>6,633</b>	(56,379)
		<b>(272,804)</b>	(1,287,404)
		<b>(281,796)</b>	(352,246)
		<b>(218,743)</b>	(459,526)
		<b>(12,463)</b>	(13,769)
		<b>(457,528)</b>	(391,350)
		<b>(1,236,701)</b>	(2,560,674)
		<b>760,913</b>	958,818
		<b>(475,788)</b>	(1,601,856)

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

Recurring fair value measurements At 30 June 2023	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

(Rupees in thousand)

#### Financial assets

##### Derivative financial assets

-	867	-	-
---	-----	---	---

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

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

For the half year ended June 30, 2023

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, 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:

Nature of relationship	Nature of transactions	Un-audited		Un-audited	
		HALF YEAR ENDED		QUARTER ENDED	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
(Rupees in thousand)					
<b>Holding company</b>					
Service Industries Limited	Sale of goods	141,973	26,658	53,559	20,450
	Purchase of goods	189,512	77,616	112,758	43,116
	Loan given	3,429,997	5,972,257	2,904,500	3,064,000
	Loan repaid	2,936,818	4,837,215	2,788,818	3,226,700
	Expenses charged	127,954	101,628	68,986	46,527
	Interest income	235,750	252,516	135,540	146,478
	Processing charges	51,847	18,543	44,182	-
	Dividend paid	163,550	327,100	163,550	327,100
<b>Associated company</b>					
Jomo Technologies (Private) Limited	Sale of goods	-	17,378	-	3,158
Service Long March Tyres (Private) Limited	Advance for purchase of shares	-	378,200	-	378,200
<b>Sub-subsidiary company of the Holding Company</b>					
Service Shoes Lanka (Private) Limited	Sale of goods	-	90,603	-	64,802
	Sale of operating fixed assets	-	7,531	-	7,531
SIL Gulf (FZE)	Purchase of goods	66,392	-	19,456	-
<b>Subsidiary company</b>					
Dongguan Service Global Limited	Investment made	89,167	-	89,167	-
<b>Key management personnel</b>					
	Remuneration	71,449	70,081	35,724	37,381
	Meeting fee to directors - non executive	1,200	1,120	720	800
	Cash dividend paid	2,688	4,075	2,688	4,075
<b>Other related parties</b>					
	Post employment benefit plans	75,564	56,523	40,313	28,562

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

For the half year ended June 30, 2023

### (ii) Period end balances

As at June, 30 2023 (Un-audited)			
	Holding company	Other related parties	Total
(Rupees in thousand)			
Employees' retirement benefit	-	198,392	198,392
Trade and other payables	39,538	20,607	60,145
Accrued mark-up	5,871	-	5,871
Loans and advances	2,750,797	57,828	2,808,625

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.

	Un-audited June 30, 2023	Audited December 31, 2022
(Rupees in thousand)		

### 14 Disclosures by company listed on Islamic index

#### Description

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

Loans	2,482,457	2,502,778
Advances from customers	96,998	88,014

#### Shariah compliant bank deposits / bank balances

Bank balances	1,380	59,560
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<b>HALF YEAR ENDED</b>	
<b>Un-audited</b>	Un-audited
<b>June</b>	June
<b>30, 2023</b>	30, 2022
(Rupees in thousand)	

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

Profit on deposits with banks	-	133
<b>Revenue earned from shariah compliant business</b>	<b>7,413,508</b>	4,827,631
<b>Exchange gain / (loss) earned</b>	<b>177,588</b>	117,226
<b>Mark-up paid on Islamic mode of financing</b>	<b>181,387</b>	30,762
<b>Profits earned or interest paid on any conventional loan / advance</b>		
Interest paid on loans	<b>188,756</b>	41,475

#### Relationship with shariah compliant banks

Name	Relationship
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
Bank Islami Pakistan Limited	Bank balance and short term borrowings
Dubai Islamic Bank	Bank balance and short term borrowings
Bank Al Habib Limited	Ijarah
The Bank of Punjab (Taqwa islamic banking)	Short term borrowings

#### 15 Date of authorization for issue

These unconsolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on 11 August 2023.

#### 16 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.

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

For the half year ended June 30, 2023

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

### 17 General

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



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Hassan Javed  
(Chief Executive)



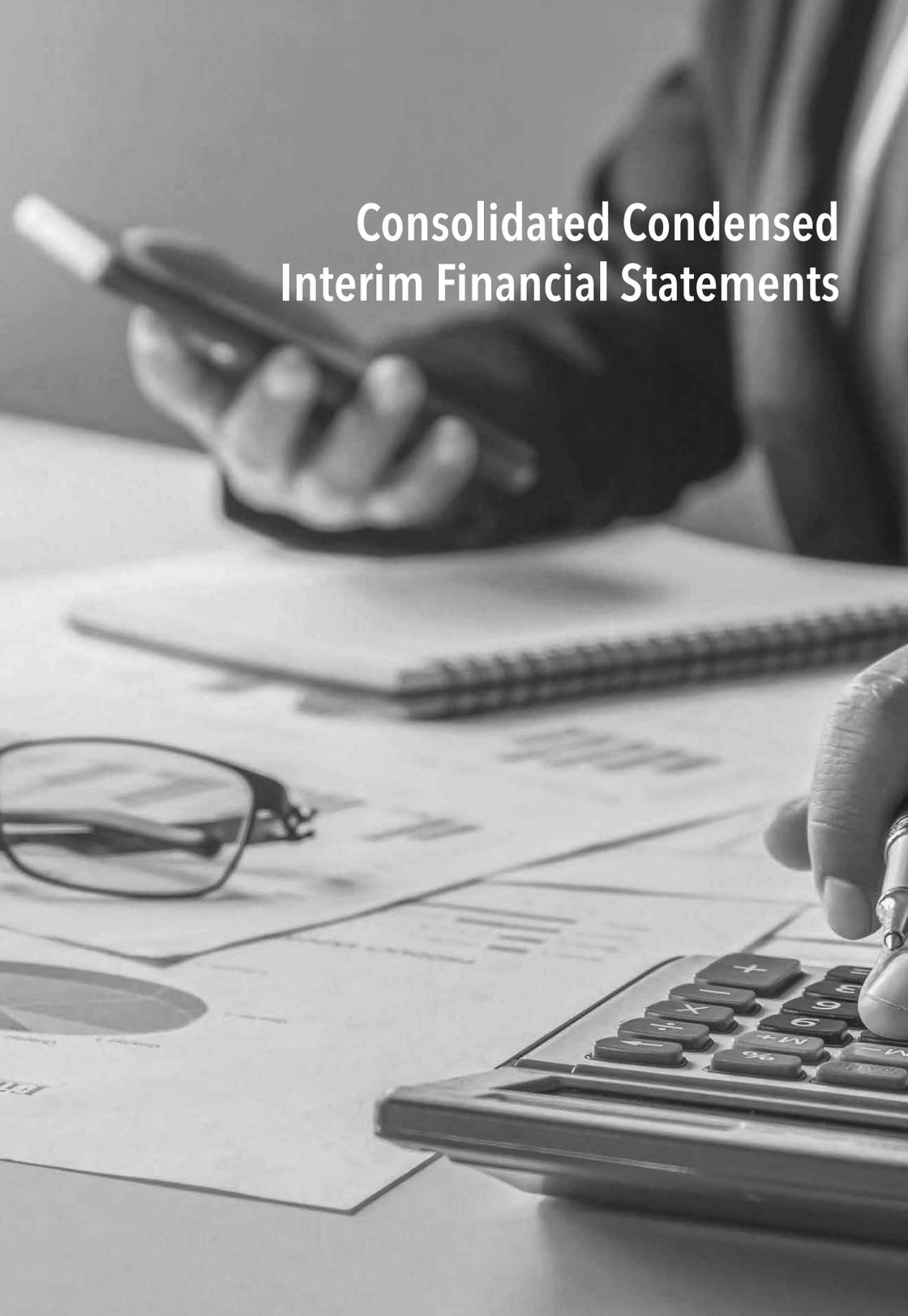
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Arif Saeed  
(Director)



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Usman Liaqat  
(Chief Financial Officer)



# 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 June 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 June 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)

11 August 2023  
Lahore.

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

As at June 30, 2023

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
Note	(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
Authorized share capital		
250,000,000 (31 December 2022: 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>		
205,087,500 (31 December 2022: 205,087,500) ordinary shares of of Rupees 10 each	<b>2,050,875</b>	2,050,875
<b>Share capital to be issued against employee's share option scheme</b>	<b>8,300</b>	-
<b>Reserves</b>	<b>4,334,903</b>	4,113,649
<b>Total equity</b>	<b>6,394,078</b>	6,164,524
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long term financing - secured	5 <b>339,762</b>	360,852
Employees' retirement benefit	<b>171,267</b>	157,391
	<b>511,029</b>	518,243
<b>Current liabilities</b>		
Trade and other payables	<b>2,763,367</b>	1,972,206
Accrued mark-up	<b>272,843</b>	176,187
Short term borrowings	<b>6,856,241</b>	5,488,314
Current portion of non-current liabilities	<b>43,084</b>	40,962
Unclaimed dividend	<b>5,149</b>	4,850
	<b>9,940,684</b>	7,682,519
<b>Total liabilities</b>	<b>10,451,713</b>	8,200,762
<b>Contingencies and commitments</b>	6	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>16,845,791</b>	14,365,286

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



Hassan Javed  
(Chief Executive)

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	(Rupees in thousand)	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	7	<b>2,891,519</b>	2,594,578
Long term security deposits		<b>10,572</b>	10,572
Long term loans to employees		<b>10,537</b>	13,634
Long term investments	8	<b>2,260,245</b>	2,217,650
Long term loan to Holding Company		<b>1,500,000</b>	1,750,000
		<b>6,672,873</b>	6,586,434
<b>Current assets</b>			
Stores, spares and loose tools		<b>102,096</b>	81,956
Stock in trade		<b>3,633,163</b>	3,360,359
Trade debts		<b>2,298,092</b>	1,839,720
Loans and advances		<b>2,192,418</b>	1,230,354
Accrued mark-up		<b>5,871</b>	-
Short term deposits and prepayments		<b>26,130</b>	12,988
Other receivables		<b>1,330,709</b>	871,505
Advance income tax - net		<b>89,380</b>	220,350
Cash and bank balances		<b>495,059</b>	161,620
		<b>10,172,918</b>	7,778,852
<b>TOTAL ASSETS</b>		<b>16,845,791</b>	14,365,286



Arif Saeed  
(Director)



Usman Liaqat  
(Chief Financial Officer)

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

For the half year ended June 30, 2023

	Note	(Un-audited) HALF YEAR ENDED		(Un-audited) QUARTER ENDED	
		June	June	June	June
		30, 2023	30, 2022	30, 2023	30, 2022
(Rupees in thousand)					
Revenue	9	<b>7,422,739</b>	4,827,631	<b>3,835,012</b>	2,299,950
Cost of sales	10	<b>(5,827,491)</b>	(3,830,825)	<b>(2,950,225)</b>	(1,873,537)
<b>Gross profit</b>		<b>1,595,248</b>	996,806	<b>884,787</b>	426,413
Distribution cost		<b>(538,720)</b>	(446,829)	<b>(317,820)</b>	(209,745)
Administrative expenses		<b>(300,020)</b>	(233,217)	<b>(154,607)</b>	(119,036)
Other expenses		<b>(39,586)</b>	(31,754)	<b>(24,036)</b>	(16,030)
		<b>(878,326)</b>	(711,800)	<b>(496,463)</b>	(344,811)
		<b>716,922</b>	285,006	<b>388,324</b>	81,602
Other Income		<b>430,285</b>	405,645	<b>224,080</b>	278,060
<b>Profit from operations</b>		<b>1,147,207</b>	690,651	<b>612,404</b>	359,662
Finance cost		<b>(504,467)</b>	(140,414)	<b>(292,650)</b>	(90,747)
		<b>642,740</b>	550,237	<b>319,754</b>	268,915
Share of profit / (loss) of equity accounted investee - net of taxation		<b>42,595</b>	(34,241)	<b>40,603</b>	(22,193)
<b>Profit before taxation</b>		<b>685,335</b>	515,996	<b>360,357</b>	246,722
Taxation		<b>(254,240)</b>	(168,596)	<b>(179,326)</b>	(111,847)
<b>Profit after taxation</b>		<b>431,095</b>	347,400	<b>181,031</b>	134,875
<b>EARNINGS PER SHARE - BASIC (RUPEES)</b>		<b>2.10</b>	1.70	<b>0.89</b>	0.66
<b>EARNINGS PER SHARE - DILUTED (RUPEES)</b>		<b>2.09</b>	1.69	<b>0.88</b>	0.66

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 Comprehensive Income (Un-audited)

For the half year ended June 30, 2023

	(Un-audited) HALF YEAR ENDED		(Un-audited) QUARTER ENDED	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Rupees in thousand)			
<b>PROFIT AFTER TAXATION</b>	<b>431,095</b>	347,400	<b>181,031</b>	134,875
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Exchange loss on translation of net assets of foreign subsidiary	(4,753)	-	(4,753)	-
<b>Items that will not be reclassified to profit or loss</b>	-	-	-	-
<b>Other comprehensive income for the period</b>	<b>(4,753)</b>	-	<b>(4,753)</b>	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>426,342</b>	347,400	<b>176,278</b>	134,875

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 half year ended June 30, 2023

	SHARE CAPITAL	SHARE CAPITAL TO BE ISSUED	RESERVES				TOTAL	TOTALEQUITY
			CAPITAL RESERVE		REVENUE RESERVE			
			Reserve for issuance of bonus shares	Share premium	Share options reserve	Un-appropriated profit		
Rupees in thousand								
<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	-	-	-	-	-	(408,875)	(408,875)	(408,875)
Proceeds against shares to be issued under Employees Stock Option Scheme	-	6,500	-	-	-	-	6,500	6,500
Recognition of share options reserve	-	-	-	-	12,517	-	12,517	12,517
Profit for the period ended 30 June 2022	-	6,500	-	-	12,517	(408,875)	(396,358)	(389,858)
Other comprehensive income for the period ended 30 June 2022	-	-	-	-	-	347,400	347,400	347,400
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
Transactions with owners:								
Interim dividend for the year ended 31 December 2022 @ Rupees 2.5 per share	-	-	-	-	-	(512,719)	(512,719)	(512,719)
Ordinary shares issued under Employee's Stock Option Scheme	6,500	(6,500)	-	18,723	(18,723)	-	-	-
Recognition of share options reserve	-	-	-	-	12,514	-	-	12,514
Loss for the period ended 31 December 2022	6,500	(6,500)	-	18,723	(6,209)	(512,719)	(500,205)	(500,205)
Other comprehensive loss for the period ended 31 December 2022	-	-	-	-	-	(5,341)	(5,341)	(5,341)
Total comprehensive loss for the period ended 31 December 2022	-	-	-	-	-	(16,860)	(16,860)	(16,860)
<b>Balance as at 31 December 2022 - audited</b>	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
Profit for the period ended 30 June 2023	-	-	-	-	-	(205,088)	(196,788)	(391,876)
Other comprehensive loss for the period ended 30 June 2023	-	-	-	-	-	431,095	431,095	431,095
Total comprehensive income for the period ended 30 June 2023	-	-	-	-	-	(4,753)	(4,753)	(4,753)
<b>Balance as at June 30 2023 - un-audited</b>	2,050,875	8,300	1,390,684	1,687,997	25,031	426,342	4,231,191	6,394,078

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 half year ended June 30, 2023

	(Un-audited) June 30, 2023	(Un-audited) June 30, 2022
Note	(Rupees in thousand)	
<b>Cash flows from operating activities</b>		
<b>Cash generated from / (used in) operations</b>	11	<b>407,977</b>
Finance cost paid	<b>(407,811)</b>	(91,196)
Income tax paid	<b>(123,272)</b>	(106,727)
Workers' Profit Participation Fund paid	<b>(18,883)</b>	-
Staff retirement benefit paid	<b>(4,719)</b>	(1,642)
Long term loans to employees - net	<b>2,955</b>	(3,431)
Long term security deposits - net	-	1,843
<b>Net cash used in operating activities</b>	<b>(143,753)</b>	(1,360,297)
<b>Cash flows from investing activities</b>		
Capital expenditure on fixed assets	<b>(407,449)</b>	(293,448)
Proceeds from disposal of fixed assets	<b>177</b>	23,777
Loan given to Service Industries Limited - Holding Company	<b>(3,429,997)</b>	(5,972,257)
Loan repayment from Service Industries Limited - Holding Company	<b>2,936,818</b>	4,837,215
Profit on term deposit receipts and bank deposits received	<b>47</b>	26,164
Mark-up received on loan to Service Industries Limited - Holding Company	<b>229,879</b>	307,620
Long term investment made	-	(378,200)
<b>Net cash used in investing activities</b>	<b>(670,525)</b>	(1,449,129)
<b>Cash flows from financing activities</b>		
Proceeds from long term financing	-	28,744
Repayment of long term financing	<b>(18,968)</b>	(73,995)
Short term borrowings - net	<b>1,367,927</b>	2,540,183
Proceeds against share capital to be issued under Employee's Stock Option Scheme	<b>8,300</b>	6,500
Dividend paid	<b>(204,789)</b>	(404,683)
<b>Net cash from financing activities</b>	<b>1,152,470</b>	2,096,749
Exchange loss on translation of net assets of foreign subsidiary	<b>(4,753)</b>	-
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>333,439</b>	(712,677)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>161,620</b>	935,417
<b>Cash and cash equivalents at the end of the period</b>	<b>495,059</b>	222,740

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 half year ended June 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 half year ended June 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.

	(Un-audited)	(Audited)
	June	December
	30, 2023	31, 2022
	(Rupees in thousand)	
<b>5 Long Term Financing - Secured</b>		
Opening balance	<b>401,814</b>	397,491
Add: Obtained during the period / year	-	149,306
Less: Repaid during the period / year	<b>(18,968)</b>	(148,460)

	(Un-audited) June 30, 2023 (Rupees in thousand)	(Audited) December 31, 2022
Add: Amortisation of Government grant during the period / year	-	3,477
	<b>382,846</b>	401,814
Less: Current portion shown under current liabilities	<b>(43,084)</b>	(40,962)
	<b>339,762</b>	360,852

## 6 Contingencies and commitments

### 6.1 Contingencies

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

**6.1.1** Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 1,979.367 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.

### 6.2 Commitments

**6.2.1** Letters of credit other than capital expenditure are of Rupees 1,409.038 million (31 December 2022: Rupees 363.578 million).

**6.2.2** Contracts for capital expenditure are approximately of Rupees 19.580 million (31 December 2022 : Rupees 30.710 million).

**6.2.3** Outstanding foreign currency forward contracts are of Rupees 2,804.056 million (31 December 2022: Rupees 2,133.05 million).

**6.2.4** 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 Ujrah payments under Ijarah are as follows:

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

For the half year ended June 30, 2023

		(Un-audited)	(Audited)
		June	December
		30, 2023	31, 2022
	Note	(Rupees in thousand)	
Not later than one year		<b>10,250</b>	10,508
Later than one year and not later than five years		<b>11,159</b>	16,162
		<b>21,409</b>	26,670

### 7 Fixed assets

Operating fixed assets	7.1	<b>2,654,726</b>	2,321,674
Capital work-in-progress	7.2	<b>236,793</b>	272,904
		<b>2,891,519</b>	2,594,578

#### 7.1 Operating fixed assets

Opening net book value		<b>2,321,674</b>	2,072,168
Add: Cost of additions during the period / year	7.1.1	<b>443,560</b>	452,456
Less: Book value of deletions during the period / year	7.1.2	<b>(82)</b>	(5,689)
Less: Loss of operating fixed assets due to fire		-	(10,399)
Less: Depreciation charged during the period / year		<b>(110,426)</b>	(186,862)
Closing net book value		<b>2,654,726</b>	2,321,674

##### 7.1.1 Cost of additions during the period / year

Buildings on freehold land	<b>211,396</b>	104,119
Plant and machinery	<b>79,063</b>	221,053
Furniture, fixture and fittings	<b>1,387</b>	7,738
Vehicles	<b>65,228</b>	34,531
Service equipment	<b>86,486</b>	85,015
	<b>443,560</b>	452,456

##### 7.1.2 Book value of deletions during the period / year

###### Cost of deletions:

Plant and machinery	<b>60</b>	5,669
Service equipment	<b>276</b>	336
	<b>336</b>	6,005
Less: Accumulated depreciation	<b>(254)</b>	(316)
Book value of deletions during the period / year	<b>82</b>	5,689

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	(Rupees in thousand)	
<b>7.2 Capital work-in-progress</b>			
Buildings on freehold land		201,088	259,429
Plant and machinery		10,680	9,528
Service equipment		24,830	2,469
Vehicles		195	1,478
		<b>236,793</b>	272,904

## 8 Long term investments

Investment in associate (with significant influence) - under equity method	8.1	2,260,245	2,217,650
		<b>2,260,245</b>	2,217,650

### 8.1 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%)

	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	42,595	(224,074)
	(174,330)	(216,925)
	<b>2,260,245</b>	2,217,650

	(Un-audited) HALF YEAR ENDED		(Un-audited) QUARTER ENDED	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Rupees in thousand)			
<b>9 Revenue</b>				
Revenue from contracts with customers:				
Export sales	7,309,488	4,730,248	3,767,413	2,254,034
Local sales	113,251	97,383	67,599	45,916
	<b>7,422,739</b>	4,827,631	<b>3,835,012</b>	2,299,950

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

For the half year ended June 30, 2023

### 9.1 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, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Rupees in thousand)			
<b>Region</b>				
Europe	<b>5,831,723</b>	4,001,861	<b>3,126,559</b>	1,896,852
United States of America and Canada	<b>982,014</b>	534,836	<b>516,690</b>	283,452
Asia, Africa, Australia	<b>486,520</b>	193,551	<b>114,933</b>	73,730
Pakistan	<b>122,482</b>	97,383	<b>76,830</b>	45,916
	<b>7,422,739</b>	4,827,631	<b>3,835,012</b>	2,299,950
<b>Timing of revenue recognition</b>				
Products and services transferred at a point in time	<b>7,422,739</b>	4,827,631	<b>3,835,012</b>	2,299,950
	<b>7,422,739</b>	4,827,631	<b>3,835,012</b>	2,299,950
<b>Major products / service lines</b>				
Raw material	<b>9,231</b>	55,197	<b>9,231</b>	21,570
Footwear	<b>7,413,508</b>	4,772,434	<b>3,825,781</b>	2,278,380
	<b>7,422,739</b>	4,827,631	<b>3,835,012</b>	2,299,950

	Un-audited		Un-audited	
	HALF YEAR ENDED		QUARTER ENDED	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Rupees in thousand)			
<b>10 Cost of sales</b>				
Raw materials consumed	<b>3,237,711</b>	2,419,793	<b>1,800,553</b>	1,406,799
Salaries, wages and other benefits	<b>1,390,272</b>	1,038,982	<b>711,560</b>	510,008
Stores and spares consumed	<b>246,049</b>	147,249	<b>150,132</b>	102,333
Packing materials consumed	<b>372,082</b>	281,976	<b>192,306</b>	147,719
Fuel and power	<b>130,875</b>	74,781	<b>65,821</b>	41,066
Insurance	<b>8,835</b>	3,322	<b>4,695</b>	1,563
Travelling and conveyance	<b>25,536</b>	20,864	<b>10,484</b>	12,795
Repair and maintenance	<b>19,019</b>	22,477	<b>10,274</b>	12,598
Entertainment	<b>724</b>	2,460	<b>20</b>	1,508
Depreciation	<b>100,964</b>	84,502	<b>51,932</b>	43,383
Rent, rates and taxes	<b>428</b>	713	-	653
(Reversal of provision) / provision for slow moving and obsolete inventory	<b>(26,533)</b>	5,871	<b>(23,114)</b>	1,871
Other manufacturing charges	<b>108,129</b>	72,603	<b>81,345</b>	41,372
	<b>5,614,091</b>	4,175,593	<b>3,056,008</b>	2,323,668
Movement in work in process	<b>(81,241)</b>	(201,668)	<b>(172,037)</b>	(169,936)
<b>Cost of goods manufactured</b>	<b>5,532,850</b>	3,973,925	<b>2,883,971</b>	2,153,732
Movement in finished goods	<b>294,641</b>	(143,100)	<b>66,254</b>	(280,195)
	<b>5,827,491</b>	3,830,825	<b>2,950,225</b>	1,873,537

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

For the half year ended June 30, 2023

		Un-audited	
		HALF YEAR ENDED	
		June	June
		30, 2023	30, 2022
		(Rupees in thousand)	
	Note		
<b>11</b>	<b>Cash generated from / (used in) operations</b>		
	<b>Profit before taxation</b>	<b>685,335</b>	515,996
	<b>Adjustments for non-cash charges and other items:</b>		
	Depreciation	<b>110,426</b>	87,492
	Provision for gratuity	<b>18,595</b>	10,420
	Finance cost	<b>504,467</b>	140,414
	Amortisation of deferred income	-	(2,630)
	Gain on sale of operating fixed assets	<b>(95)</b>	(1,376)
	Provision for workers' profit participation fund	<b>24,503</b>	20,087
	Exchange gain - net	<b>(177,588)</b>	(117,226)
	Interest on workers' profit participation fund	<b>1,270</b>	1,228
	Provision for workers' welfare fund	<b>14,073</b>	10,531
	(Reversal of provision) / provision for slow moving and obsolete inventory	<b>(26,533)</b>	5,871
	Allowance for expected credit loss	<b>1,012</b>	1,136
	Interest on term deposit receipts and bank deposits	<b>(47)</b>	(23,473)
	Employee's share option expense	-	12,517
	Share of profit / (loss) of equity accounted investee	<b>(42,595)</b>	34,241
	Interest on loan to Service Industries Limited - Holding Company	<b>(235,750)</b>	(252,516)
	Working capital changes	11.1 <b>(469,096)</b>	(1,601,856)
		<b>407,977</b>	(1,159,144)
<b>11.1</b>	<b>Working capital changes</b>		
	<b>Decrease / (increase) in current assets:</b>		
	Stores, spares and loose tools	<b>6,393</b>	(56,379)
	Stock in trade	<b>(272,804)</b>	(1,287,404)
	Trade debts	<b>(281,796)</b>	(352,246)
	Loans and advances	<b>(218,743)</b>	(459,526)
	Short term deposits and prepayments	<b>(13,142)</b>	(13,769)
	Other receivables	<b>(459,204)</b>	(391,350)
		<b>(1,239,296)</b>	(2,560,674)
	Increase in trade and other payables	<b>770,200</b>	958,818
		<b>(469,096)</b>	(1,601,856)

## 12 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 June 2023	Level 1	Level 2	Level 3	Total
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(Rupees in thousand)

#### Financial assets

<b>Derivative financial assets</b>	-	<b>867</b>	-	-
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Recurring fair value measurements At 31 December 2022	Level 1	Level 2	Level 3	Total
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(Rupees in thousand)

#### Financial liabilities

Derivative financial liabilities	-	9,425	-	-
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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-

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

For the half year ended June 30, 2023

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.

## 13 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 consolidated condensed interim financial statements are as follows:

### (i) Transactions:

		Un-audited HALF YEAR ENDED		Un-audited QUARTER ENDED	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022

(Rupees in thousand)

Nature of relationship	Nature of transactions	Un-audited HALF YEAR ENDED		Un-audited QUARTER ENDED	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Holding company</b>					
Service Industries Limited	Sale of goods	141,973	26,658	53,559	20,450
	Purchase of goods	189,512	77,616	112,758	43,116
	Loan given	3,429,997	5,972,257	2,904,500	3,064,000
	Loan repaid	2,936,818	4,837,215	2,788,818	3,226,700
	Expenses charged	127,954	101,628	68,986	46,527
	Interest income	235,750	252,516	135,540	146,478
	Processing charges	51,847	18,543	44,182	-
	Dividend paid	163,550	327,100	163,550	327,100

		Un-audited HALF YEAR ENDED		Un-audited QUARTER ENDED	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
(Rupees in thousand)					
<b>Associated company</b>					
Jomo Technologies (Private) Limited	Sale of goods	-	17,378	-	3,158
Service Long March Tyres (Private) Limited	Advance for purchase of shares	-	378,200	-	378,200
	Sale of goods	<b>9,231</b>	-	-	-
<b>Sub-subsidiary company of the Holding Company</b>					
Service Shoes Lanka (Private) Limited	Sale of goods	-	90,603	-	64,802
	Sale of operating fixed assets	-	7,531	-	7,531
SIL Gulf (FZE)	Purchase of goods	<b>66,392</b>	-	<b>19,456</b>	-
<b>Key management personnel</b>					
	Remuneration	<b>71,449</b>	70,081	<b>35,724</b>	37,381
	Meeting fee to directors - non executive	<b>1,200</b>	1,120	<b>720</b>	800
	Cash dividend paid	<b>2,688</b>	4,075	<b>2,688</b>	4,075
<b>Other related parties</b>					
	Post employment benefit plans	<b>75,564</b>	56,523	<b>40,313</b>	28,562

**(ii) Period end balances**

	As at June, 30 2023 Un-audited		
	Holding company	Other related parties	Total
(Rupees in thousand)			
Employees' retirement benefit	-	<b>198,392</b>	<b>198,392</b>
Trade and other payables	<b>39,538</b>	<b>20,607</b>	<b>60,145</b>
Accrued mark-up	<b>5,871</b>	-	<b>5,871</b>
Loans and advances	<b>2,750,797</b>	<b>57,828</b>	<b>2,808,625</b>

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

For the half year ended June 30, 2023

	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

### 14 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 Holding Company for the year ended 31 December 2022.

<b>Un-audited</b>	Audited
<b>June</b>	December
<b>30, 2023</b>	31, 2022
(Rupees in thousand)	

### 15 Disclosures by company listed on Islamic index

#### Description

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

Loans	<b>2,482,457</b>	2,502,778
Advances from customers	<b>96,998</b>	88,014

#### Shariah compliant bank deposits / bank balances

Bank balances	<b>1,380</b>	59,560
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<b>HALF YEAR ENDED</b>	
<b>Un-audited</b>	Un-audited
<b>June</b>	June
<b>30, 2023</b>	30, 2022
(Rupees in thousand)	

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

Profit on deposits with banks	-	133
<b>Revenue earned from shariah compliant business</b>	<b>7,422,739</b>	4,827,631
<b>Exchange gain / (loss) earned</b>	<b>177,588</b>	117,226
<b>Mark-up paid on Islamic mode of financing</b>	<b>181,387</b>	30,762
<b>Profits earned or interest paid on any conventional loan / advance</b>		
Interest paid on loans	<b>188,756</b>	41,475

### Relationship with shariah compliant banks

Name	Relationship
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
Bank Islami Pakistan Limited	Bank balance and short term borrowings
Dubai Islamic Bank	Bank balance and short term borrowings
Bank Al Habib Limited	Ijarah
The Bank of Punjab (Taqwa islamic banking)	Short term borrowings

#### 16 Date of authorization for issue

These consolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on 11 August 2023.

#### 17 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.

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

For the half year ended June 30, 2023

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.

### 18 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)

## گروپ کی ڈائریکٹرز رپورٹ برائے حصص یافتگان

ڈائریکٹرز 30 جون 2023 کو ختم ہونے والی ششماہی 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 ملکی 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 کمپنیز ایکٹ 2017 کے تحت تشکیل دیا گیا تھا۔ کمپنی کی بنیادی سرگرمیاں جو تے، چمڑے اور متعلقہ مصنوعات کی تیاری، فروخت، مارکیٹنگ، درآمد اور برآمد ہے۔ 30 جون 2023 کو ختم ہونے والی ششماہی 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 لابیٹی کمپنی ہے (مکمل طور پر غیر ملکی قانونی شخص کی ملکیت ہے) جو کہ ڈونگ گوان انڈسٹریشن 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 ٹوپیوں کی بڑے پیمانے پر فروخت، چمڑے کی مصنوعات کی فروخت، سلعے ہونے بلوسات اور اس سے منسلک خام مال کی فروخت، ہارڈ ویئر مصنوعات کی بڑے پیمانے پر فروخت، بیگز کی فروخت، روزمرہ کی ضروریات، بلوسات کا معائنہ اور ان کی فنشنگ کی خدمات، تکنیکی خدمات اور دیگر متعلقہ امور پر محیط ہے۔ ڈونگ گوان سروس گلوبل لمیٹڈ کے 302، نمبر 18، ہوجی ٹاؤن، 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۔

منجانب بورڈ



حسن جاوید  
چیف ایگزیکٹو



عارف سعید  
چیرمین

مورخہ اگست 2023:11

لاہور

سروس گلوبل فٹ ویئر اپنے ملازمین پر مسلسل وسائل صرف کرنے اور اپنے روزمرہ کے سرگرمیوں کی کارکردگی کو بہتر بنانے اور اپنے گاہکوں اور حصص یافتگان کو فائدہ پہنچانے کے لیے پرعزم ہے۔

## اظہار 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 پرعزم 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 شکر یہ ادا کرتے ہیں۔ کہ انہوں نے ہم پر بھروسہ کیا اور ہماری غیر متزلزل حمایت جاری رکھی۔

منجانب بورڈ

  
حسن جاوید  
چیف ایگزیکٹو

  
عارف سعید  
چیئر مین

مورخہ اگست 11، 2023

لاہور

## ڈائریکٹرز رپورٹ برائے حصص یافتگان

ڈائریکٹرز 30 جون 2023 کو ختم ہونے والی ششماہی کی سروس گلوبل فنڈ ویز لمیٹڈ کی مختصر عبوری مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

## مالی کارکردگی کا موازنہ

30 جون 2023 کو ختم ہونے والی ششماہی کی سروس گلوبل فنڈ ویز لمیٹڈ مختصر عبوری مالیاتی کارکردگی درج ذیل ہے۔

تفصیلات	ششماہی اختتام		
	جون 2022:30 روپے، ہزار میں	جون 2023:30 روپے، ہزار میں	فیصد تبدیلی
خالص فروخت	4,827,631	7,413,508	53.56%
گراس منافع	996,806	1,596,399	60.15%
آپریٹنگ منافع	690,651	1,151,318	66.70%
منافع قبل از ٹیکس	515,996	689,571	33.64%
منافع بعد از ٹیکس	347,400	435,330	25.31%
نیٹ شیئر آمدنی	1.70	2.12	24.91%

سروس گلوبل فنڈ ویز لمیٹڈ نے گزشتہ سال کے مقابلے میں 53.56% کی شاید ارنو حاصل کی ہے۔ پچھلے سال کی اس مدت کے مقابلے میں فروخت 4.83 ارب روپے سے بڑھ کر 7.41 ارب روپے ہو گئی۔ آپ کی کمپنی نے فروخت میں 53.56% کے اضافے کی بنیاد پر پچھلے سال کی اس مدت کے مقابلے میں گراس منافع میں 60.15%، آپریٹنگ منافع میں 66.70% اور خالص منافع میں 25.31% اضافہ حاصل کیا ہے۔ یہ اضافہ تنوع، قیوتوں کے تعین کی حکمت عملی، نئے گاہک کے اندراج اور خام مال کی خریداری پر لگاتار کوششوں کا مظہر ہے۔ سروس لائنگ مارچ نائز (پرائیویٹ) لمیٹڈ میں سروس گلوبل فنڈ ویز لمیٹڈ کی سرمایہ کاری سے اس ششماہی میں 43 ملین روپے کا منافع کمایا جبکہ گزشتہ سال کی اس مدت میں 34 ملین روپے کے نقصان ہوا تھا۔ سروس لائنگ مارچ نائز (پرائیویٹ) لمیٹڈ کی فروخت اور منافع میں بتدریج بہتری آرہی ہے جو خوش آئند مستقبل کی نوید ہے۔ سروس گلوبل فنڈ ویز لمیٹڈ نئے گاہکوں کے لئے ان کے کاروبار میں قدر کے اضافے کا ایک بڑا ذریعہ بن سکتا ہے اور اپنی منظم حکمت عملی پر عمل درآمد کرتے ہوئے ترقی کی راہ پر گامزن ہے۔

## مستقبل پر ایک نظر:

سروس گلوبل فنڈ ویز لمیٹڈ ترقی کی راہ پر گامزن ہے اور گزشتہ چھ ماہوں سے مسلسل اپنی فروخت میں اضافہ کر رہا ہے۔ ہم اس سال کی تیسری سہ ماہی میں اسی طرح کے اضافے کے رجحان کی توقع کرتے ہیں اور گزشتہ سال کے مقابلے میں نمایاں طور پر بہتر نتائج حاصل کرنے کے لیے پرعزم ہیں۔ مجموعی طور پر، عالمی مارکیٹ میں مسلسل بلند افراط زر کی وجہ سے مانگ میں کمی ہے۔ امریکی مارکیٹ ہمارے لیے نئے گاہکوں کے اضافے کے ساتھ بڑھ رہی ہے جبکہ موجودہ گاہکوں نے خریداری کم کر دی ہے۔

اس عالمی سطح پر ترقی نوے کے باوجود، سروس گلوبل فنڈ ویز لمیٹڈ نے کامیابی کے ساتھ اپنی 95% سے زیادہ پیداواری استعداد کے برابر نئے آرڈر بک کیے ہیں۔ یہ گاہکوں کی تعداد کو مسلسل بڑھانے اور نئے گاہکوں کو شامل کرنے کی ہماری حکمت عملی کی وجہ سے ممکن ہوا ہے۔

ہماری پہلی غیر ملکی ڈی بی کمپنی ”ڈومنگ گوان سروس گلوبل لمیٹڈ“ چین میں پوری طرح پیداواری مراحل میں ہے۔ اس نے خام مال کی خریداری میں اور نئے گاہکوں کو شامل کرنے میں ہماری بہت مدد کی ہے۔

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