

Report & Un-Audited Accounts
for the 3rd Quarter Ended
September 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
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
13-14	Condensed Interim Statement of Cash Flows
15-25	Selected Notes to the Condensed Interim Financial Statements
26-27	Director's Report to the Shareholders (Urdu)

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

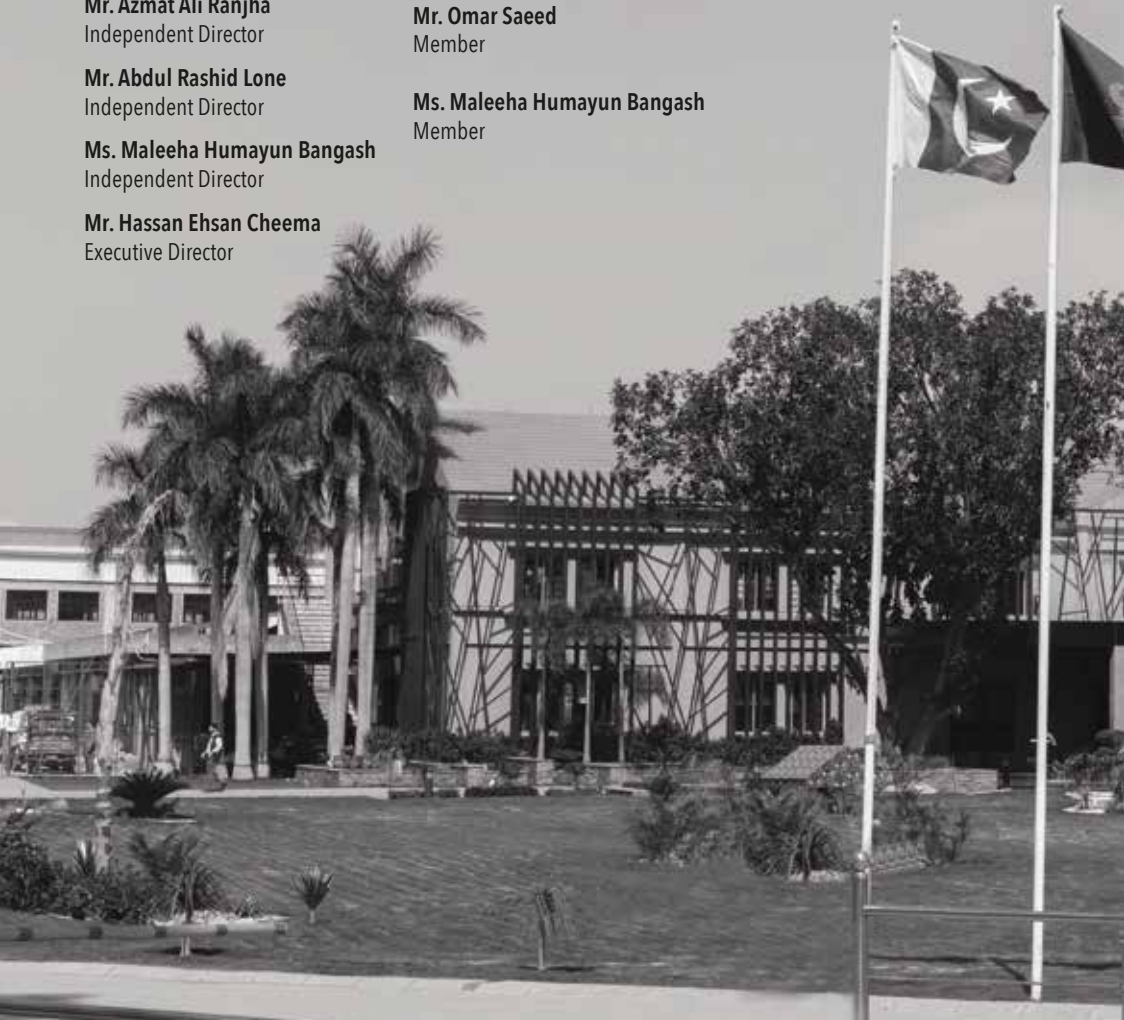
Chairman

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
 The Bank of Punjab

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



Directors' Report to the Shareholders

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

KEY PERFORMANCE INDICATORS (KPIs)

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

Particulars	Nine months ended		
	September 30, 2022 "000"	September 30, 2021 "000"	Percentage Change
Net Sales	8,531,184	5,192,303	64.30%
Operating profit	1,081,009	570,248	89.57%
Profit before tax	727,932	451,858	61.10%
Profit after tax	457,712	329,821	38.78%

SGFL recorded net sales of PKR 8.53 billion in its financial statements during the nine months showing an increase of 64.30% from same period last year. Profit before tax amounted to PKR 727.93 million against profit before tax of PKR 451.86 million in the same period last year. Net profit after tax amounted to PKR 457.71 million against profit after tax of PKR 329.82 million in the same period last year.

The period under review has shown a significant growth in sales and profitability. SGFL is confident of continuing this growth momentum in the top line and bottom line with the ongoing successes in adding new customers and optimal utilization of capacities. Our collaboration and delivery performance to existing customers during last two years has separated us from rest of their suppliers and boosted their trust in our Company.

Future Outlook

SGFL is on track for a significant growth in its top line. All the additional capacity we installed during this year, has been fully utilized. This has increased our revenue to over Rs. 3 billion in the third quarter and we foresee the same momentum in the next quarter as well. We have healthy bookings in the first quarter of year 2023 also which will continue our growth momentum.

Incorporation of the subsidiary company in Dongguan city of China is underway. Team is already engaged and the subsidiary will be fully operational before year end. This is going to add a significant advantage to our sales and sourcing of material.

After reorganization of our sales model to put higher focus on bringing new leads and finding strategic customers, we are in the process of tapping US market which was previously untapped. This investment has paid well and we have received already trial orders from couple of new customers. Few more sales leads are in the pipeline which will mature as well in next few months. We are all set to continue this growth momentum in year 2023 and beyond.

Service long march tyres (pvt) limited (slm)

SGFL has to date made an equity investment of PKR 2.4 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



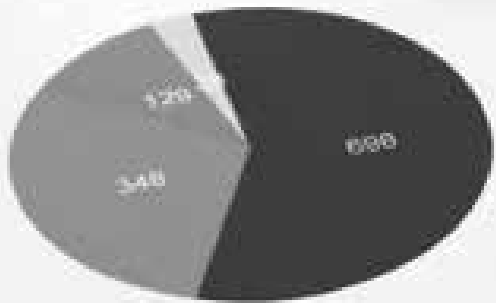
Arif Saeed
Chairman



HASSAN JAVED
Chief Executive

Dated: October 27, 2022
Lahore.

Condensed Interim Financial Statements



Condensed Interim Statement of Financial Position

As at September 30, 2022

(Un-audited) (Audited)
September December
30, 2022 31, 2021

Note (Rupees in thousand)

EQUITY AND LIABILITIES

Share capital and reserves

Authorized share capital

250,000,000 (2021:250,000,000) ordinary shares of Rupees 10 each **2,500,000** 2,500,000

Issued, subscribed and paid-up share capital

205,087,500 (2021: 204,437,500) ordinary shares
of Rupees 10 each

2,050,875 2,044,375

Reserves

4,239,904 4,685,013

Total equity

6,290,779 6,729,388

LIABILITIES

Non-current liabilities

Long term financing

291,896 252,589

Deferred income on government grant

- 2,761

Employees' retirement benefit

126,009 113,864

417,905 369,214

Current liabilities

Trade and other payables

2,235,351 1,359,804

Accrued mark-up

84,679 31,064

Short term borrowings

6,676,526 3,924,075

Current portion of non-current liabilities

69,819 148,378

Unclaimed dividend

4,192 -

9,070,567 5,463,321

Total liabilities

9,488,472 5,832,535

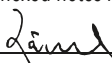
Contingencies and commitments

4

TOTAL EQUITY AND LIABILITIES

15,779,251 12,561,923

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



Hassan Javed
Chief Executive

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	(Rupees in thousand)	
ASSETS			
Non-current assets			
Fixed assets	5	2,381,377	2,131,404
Long term investment	6	2,344,612	1,805,402
Long term loan to Holding Company		2,000,000	2,250,000
Long term security deposits		11,854	11,116
Long term loans to employees		5,689	9,288
		6,743,532	6,207,210
Current assets			
Stores, spares and loose tools		88,511	43,061
Stock-in-trade		3,149,945	2,093,095
Trade debts		2,100,594	817,714
Loans and advances		2,536,224	1,557,662
Accrued mark-up		-	57,837
Security deposits and prepayments		15,915	6,564
Advance income tax - net		238,768	347,341
Other receivables		877,361	496,022
Cash and bank balances		28,401	935,417
		9,035,719	6,354,713
TOTAL ASSETS		15,779,251	12,561,923



Arif Saeed
(Director)




Usman Liaqat
(Chief Financial Officer)

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

For the nine months ended September 30, 2022

	Note	(Un-audited) NINE MONTHS ENDED		(Un-audited) QUARTER ENDED	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
(Rupees in thousand)					
Sales - net	7	8,531,184	5,192,303	3,703,553	2,143,655
Cost of sales	8	(6,693,532)	(4,268,916)	(2,862,707)	(1,794,577)
Gross profit		1,837,652	923,387	840,846	349,078
Distribution cost		(695,200)	(404,302)	(248,371)	(158,974)
Administrative expenses		(382,247)	(314,454)	(149,030)	(108,846)
Other expenses		(154,530)	(22,670)	(122,776)	(8,067)
		(1,231,977)	(741,426)	(520,177)	(275,887)
		605,675	181,961	320,669	73,191
Other income		475,334	388,287	69,689	192,322
Profit from operations		1,081,009	570,248	390,358	265,513
Finance cost		(255,965)	(142,732)	(115,551)	(46,584)
		825,044	427,516	274,807	218,929
Share of (loss) / profit of equity accounted Investee - net of taxation		(97,112)	24,342	(62,871)	9,364
Profit before taxation		727,932	451,858	211,936	228,293
Taxation		(270,220)	(122,037)	(101,624)	(43,567)
Profit after taxation		457,712	329,821	110,312	184,726
EARNINGS PER SHARE - BASIC (RUPEES)		2.237	1.762	0.538	0.904
EARNINGS PER SHARE - DILUTED (RUPEES)		2.234	1.760	0.538	0.903

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 nine months ended September 30, 2022

	(Un-audited) NINE MONTHS ENDED		(Un-audited) QUARTER ENDED	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(Rupees in thousand)			
PROFIT AFTER TAXATION	457,712	329,821	110,312	184,726
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
	-	-	-	-
Other comprehensive income for the nine months ended 30 September 2022	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022	457,712	329,821	110,312	184,726

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 nine months ended September 30, 2022

	RESERVES					TOTAL EQUITY
	SHARE CAPITAL	CAPITAL RESERVE		REVENUE RESERVE	TOTAL	
		Reserve for issuance of bonus shares	Share premium	Employees' share options reserve		
	Rupees in thousand					
Balance as at 31 December 2020 - audited	1,635,500	1,390,684	-	1,204,603	2,595,287	4,230,787
Transactions with owners:						
Ordinary shares issued fully paid in cash	408,875	-	1,766,340	-	1,766,340	2,175,215
Share issuance cost	-	-	(97,066)	-	(97,066)	(97,066)
Employee share option reserves	-	-	14,286	-	14,286	14,286
	408,875	-	1,669,274	-	1,683,560	2,092,435
Profit for the nine months ended 30 September 2021	-	-	-	329,821	329,821	329,821
Other comprehensive income for the nine months ended 30 September 2020	-	-	-	-	-	-
Total comprehensive income for the nine months ended 30 September 2020	-	-	-	-	-	-
Balance as at 30 September 2021 - unaudited	2,044,375	1,390,684	1,669,274	1,534,424	4,608,668	6,653,043
Employee share option reserves	-	-	4,437	-	4,437	4,437
	-	-	-	-	-	-
Profit for the quarter ended 31 December 2021	-	-	-	73,400	73,400	73,400
Other comprehensive loss for the quarter ended 31 December 2021	-	-	-	(1,492)	(1,492)	(1,492)
Total comprehensive income for the quarter ended 31 December 2021	-	-	-	71,908	71,908	71,908
Balance as at 31 December 2021 - audited	2,044,375	1,390,684	1,669,274	1,606,332	4,685,013	6,729,388
Transactions with owners:						
Final dividend for the year ended 31 December 2021 @ Rupees 2 per share	-	-	-	(408,875)	(408,875)	(408,875)
Interim dividend for the half year ended 30 June 2022 @ Rupees 2.50 per share	-	-	-	(512,719)	(512,719)	(512,719)
Issuance of share capital	6,500	-	6,500	-	6,500	6,500
Employee share option reserve	-	-	18,773	-	18,773	18,773
	6,500	-	6,500	(921,594)	(902,821)	(896,321)
Profit for the nine months ended 30 September 2022	-	-	-	457,712	457,712	457,712
Other comprehensive income for the nine months ended 30 September 2022	-	-	-	-	-	-
Total comprehensive income for the nine months ended 30 September 2022	-	-	-	457,712	457,712	457,712
Balance as at 30 September 2022 - unaudited	2,050,875	1,390,684	1,675,774	1,142,450	4,239,904	6,290,779

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 nine months ended September 30, 2022

	(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
	(Rupees in thousand)	
Cash flows from operating activities		
Profit before taxation	727,932	451,858
Adjustments for non-cash charges and other items:		
Depreciation	134,810	125,462
Provision for gratuity	15,814	15,183
Finance cost	255,965	142,732
Accrued interest on loan to Service Industries Limited - Holding Company	(435,441)	(220,763)
Provision for workers' profit participation fund	24,854	10,723
Provision for workers' welfare fund	11,890	7,647
Provision for expected credit loss	1,827	4,300
Deferred income on government grant	(2,761)	(8,467)
Employee share option expense	18,773	14,286
Share of loss / (profit) of equity accounted investee	97,112	(24,342)
Provision / (reversal) for slow moving and obsolete inventory	4,606	(540)
Operating profit before working capital changes	855,381	518,079
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(45,450)	(5,382)
Stock-in-trade	(1,061,456)	(280,174)
Trade debts	(1,284,707)	(112,908)
Loans, advances, trade deposits, prepayments and other receivables	(1,103,583)	(342,641)
	(3,495,196)	(741,105)
Trade and other payables	838,803	(13,615)
	(2,656,393)	(754,720)
Cash used in operations	(1,801,012)	(236,641)
Finance cost paid	(202,350)	(143,796)
Income tax paid	(161,647)	(54,105)
Employees' retirement benefits paid	(3,669)	(2,552)
Long term loans - net	(9,337)	(8,023)
Long term deposits - net	(738)	(7,563)
Net cash used in operating activities	(2,178,753)	(452,680)

Condensed Interim Statement of Cash Flows (Un-audited)

For the nine months ended September 30, 2022

(Un-audited) (Un-audited)
September September
30, 2022 30, 2021
 (Rupees in thousand)

Cash flows from investing activities

Capital expenditure on operating fixed assets - net	(384,783)	(146,365)
Investment made in associated company	(636,322)	(1,550,620)
Mark-up received on loan to Service Industries Limited - Holding Company	490,545	206,720
Net cash used in investing activities	(530,560)	(1,490,265)

Cash flows from financing activities

Proceeds from issuance of share capital	6,500	2,078,149
Long term financing - net	(39,252)	(82,584)
Dividend paid	(917,402)	-
Short term borrowings - net	2,752,451	(580,182)
Net cash generated from financing activities	1,802,297	1,415,383
Net decrease in cash and cash equivalents	(907,016)	(527,562)
Cash and cash equivalents at the beginning of the period	935,417	1,256,413
Cash and cash equivalents at the end of the period	28,401	728,851

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 nine months ended September 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. 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 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.

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.

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

For the nine months ended September 30, 2022

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.

3.2 Investment in associate - (with significant influence)

Associate is an entity over which the Company 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 Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company'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 Company'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 Company 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 Company and its associates are eliminated to the extent of the Company'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 investee have been changed where necessary to ensure consistency with the policies adopted by the Company.

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

3.3 Employees' share option scheme

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

At the grant date of share options to the employees, the Company initially recognises employee compensation expense with corresponding credit to equity as employee share options reserve at the fair value of option at the grant date. The fair value of option determined at the grant date is recognised as an

employee compensation expense on a straight line basis over the vesting period. Fair value of options is arrived at using Black Scholes pricing model.

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

4 Contingencies and commitments

4.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual financial statements of the Company for the year ended 31 December 2021 except for the following:

4.1.1 Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 848.434 million (31 December 2021: Rupees 1,657.194 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheques issued as security shall be encashable.

4.2 Commitments

4.2.1 Contracts for capital expenditure are approximately of Rupees 71.465 million (2021: Rupees 35.905 million).

4.2.2 Letters of credit other than capital expenditure are of Rupees 116.107 million (2021: Rupees 45.508 million).

4.2.3 Outstanding foreign currency forward contracts are of Rupees 432.987 million (31 December 2021: Rupees 1,631.608 million).

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

	(Un-audited)	(Audited)
	September	December
	30, 2022	31, 2021
	(Rupees in thousand)	
Not later than one year	11,756	13,818
Later than one year and not later than five years	17,534	24,644
	29,290	38,462

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

For the nine months ended September 30, 2022

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	(Rupees in thousand)	
5	Fixed assets		
	Operating fixed assets	5.1 2,152,097	2,072,168
	Capital work-in-progress	229,280	59,236
		2,381,377	2,131,404
5.1	Operating fixed assets		
	Opening net book value	2,072,168	1,961,394
	Add: Cost of additions during the period / year	5.2 230,327	282,223
		2,302,495	2,243,617
	Less: Book value of deletions during the period / year	5.2 (15,588)	(78)
		2,286,907	2,243,539
	Less: Depreciation charged during the period / year	(134,810)	(171,371)
	Closing net book value	2,152,097	2,072,168
		Additions	
		(Un-audited) September 30, 2022	(Audited) December 31, 2021
		(Rupees in thousand)	
5.2	Following is the detail of additions and disposals during the period / year		
	Buildings on freehold land	9,760	155,573
	Plant and machinery	114,231	34,486
	Furniture, fixture and fittings	4,288	8,129
	Vehicles	31,006	9,418
	Service equipment	71,042	74,617
		230,327	282,223

	Deletions	
	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	(Rupees in thousand)	
Building	6,657	-
Plant and machinery	8,119	-
Service equipments	812	78
	15,588	78

	Note	(Un-audited)	(Audited)
		September 30, 2022	December 31, 2021
		(Rupees in thousand)	
6 Long term investment			
Investment in associate (with significant influence) - under equity method	6.1	2,344,612	1,805,402

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

Service Long March Tyres (Private) Limited - un-quoted 216,519,500 (31 December 2021 : 178,699,500) fully paid ordinary shares of Rupees 10 each	2,176,453	1,798,253
Equity held: 18.91% (31 December 2021: 18.91%)		
Add: Advance against purchase of shares	258,122	-
As at the beginning of the period / year	7,149	-
(Less) / Add: Share of post acquisition (loss) / profit for the period / year	(97,112)	8,202
Less: Adjustment due to deemed disposal of equity accounted investee	-	(1,053)
	(89,963)	7,149
	2,344,612	1,805,402

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

For the nine months ended September 30, 2022

	(Un-audited) NINE MONTHS ENDED		(Un-audited) QUARTER ENDED	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(Rupees in thousand)			
7 Sales - net				
Export sales	8,397,272	4,857,955	3,667,024	2,045,465
Local sales	133,912	288,311	36,529	98,190
Duty drawback	-	46,037	-	-
	8,531,184	5,192,303	3,703,553	2,143,655
8 Cost of sales				
Raw material consumed	4,073,817	2,521,500	1,654,024	984,539
Salaries, wages and other benefits	1,702,631	1,147,572	663,649	451,372
Stores and spares consumed	209,558	127,393	62,309	54,079
Packing materials consumed	471,688	253,795	189,712	103,371
Fuel and power	144,206	61,387	69,425	25,827
Insurance	6,464	4,684	3,142	802
Travelling	36,293	5,955	15,429	5,168
Repair and maintenance	32,057	24,241	9,580	8,547
Entertainment	3,228	5,595	768	3,676
Depreciation	129,888	122,936	45,386	43,440
Rent, rates and taxes	1,868	-	1,155	-
Provision / (Reversal of provision) for slow moving and obsolete inventory	4,606	(540)	(1,265)	2,971
Other manufacturing charges	138,678	28,851	66,075	11,227
	6,954,982	4,303,369	2,779,389	1,695,019
Work-in-process movement	(195,544)	21,809	6,124	33,133
Cost of goods manufactured	6,759,438	4,325,178	2,785,513	1,728,152
Finished goods movement	(65,906)	(56,262)	77,194	66,425
	6,693,532	4,268,916	2,862,707	1,794,577

9 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 financial statements are as follows:

(i) Transactions:

Nature of relationship	Nature of transactions	(Un-audited) NINE MONTHS ENDED		(Un-audited) QUARTER ENDED	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
(Rupees in thousand)					
Holding company					
Service Industries Limited	Sale of goods	49,455	70,078	22,797	15,022
	Purchase of goods	109,792	94,575	32,176	38,672
	Loan given	8,431,702	1,788,000	2,459,445	100,000
	Loan repaid	8,320,922	1,217,300	3,483,707	27,000
	Expenses charged to the Company	172,219	137,994	70,591	60,811
	Interest income	435,441	220,763	182,925	65,750
	Service rendered	92,333	-	73,790	-
	Dividend paid	735,975	-	408,875	-
Sub-subsidiary company of the Holding Company					
Service Shoes Lanka (Private) Limited	Sale of goods	122,221	27,380	31,618	5,235
	Sale of operating fixed assets	7,531	-	-	-
	Purchase of goods	-	2,930	-	-
Associated company					
Jomo Technologies (Private) Limited	Sale of goods	17,378	38,280	-	4,484
	Return of goods	10,674	-	10,674	-
Service Long March Tyres (Private) Limited	Investment made	636,322	1,550,620	258,122	20,620
	Share of loss / profit	(97,112)	24,342	(62,871)	9,364

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

For the nine months ended September 30, 2022

	(Un-audited)		(Un-audited)	
	NINE MONTHS ENDED		QUARTER ENDED	
	September	September	September	September
	30, 2022	30, 2021	30, 2022	30, 2021
	(Rupees in thousand)			
Key management personnel				
Remuneration	104,048	90,866	33,967	30,890
Meeting fee to directors - non executive	1,600	1,120	480	148
Cash dividend paid	5,700	-	1,625	-
Shares issued	6,500	-	6,500	-
Post employment benefit plans	86,707	67,896	30,184	23,382

(ii) Period end balances

As at 30 September 2022 (Un-audited)			
	Holding company	Other related parties	Total
	(Rupees in thousand)		
Employee benefit plans	-	150,016	150,016
Trade debts	-	170,921	170,921
Accrued mark-up	-	-	-
Loan and advances	3,629,883	-	3,629,883

As at 31 December 2021 (Audited)			
	Holding company	Other related parties	Total
	(Rupees in thousand)		
Employee benefit plans	-	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
Loan and advances	3,519,102	-	3,519,102

10. Recognized fair value measurements - financial instruments

(i) Fair value hierarchy

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

Recurring fair value measurements At 30 September 2022 (Un-audited)	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				

Financial assets

Derivative financial assets	-	21,670	-	-
-----------------------------	---	--------	---	---

Recurring fair value measurements At 31 December 2021 (Audited)	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				

Financial assets

Derivative financial assets	-	1,613	-	-
-----------------------------	---	-------	---	---

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 period. 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.

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

For the nine months ended September 30, 2022

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

(ii) Valuation techniques used to determine fair values

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

11 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.

12 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 September 2022 is as follows:

	(Rupees in thousand)
IPO Proceeds	2,175,215
Profit on term deposit receipt received by the Company	46,250
	2,221,465
Amount invested in 216,519,500 ordinary shares of Rupees 10 each of Service Long March Tyres (Private) Limited (SLM)	2,165,195
Advance for purchase of shares of Service Long March Tyres (Private) Limited	56,270
Amount retained with the Company in the shape of term deposit receipt	-
	2,221,465

Utilization of proceeds by Service Long March Tyres (Private) Limited from issue of 216,519,500 ordinary shares of Rupees 10 each and advance for purchase of shares amounting to Rupees 56.270 million:

Payments to the contractors on account of Civil and Mechanical, Electrical and Plumbing (MEP) works of the Project	2,221,465
--------------------------------------------------------------------------------------------------------------------	-----------

13 Date of authorization for issue

These financial statements were authorized for issue on October 27, 2022 by the Board of Directors of the Company.

14 Corresponding figures

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

15 General

Figures have been rounded off to nearest thousand of rupees, except stated otherwise.



Hassan Javed
(Chief Executive)



Arif Saeed
(Director)



Usman Liaqat
(Chief Financial Officer)

سروس لانگ مارچ ٹائزز (پرائیویٹ) لمیٹڈ میں سرمایہ کاری

سروس گلوبل فٹ ویئر لمیٹڈ نے ابھی تک سروس لانگ مارچ ٹائزز (پرائیویٹ) لمیٹڈ میں 2.4 ارب روپے کی سرمایہ کاری کی ہے۔ سروس لانگ مارچ ٹائزز (پرائیویٹ) لمیٹڈ نے مارچ 2022 میں تجارتی پیداوار کا 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 جھص یا فینگان کا مخلص ترین شکریہ ادا کرتے ہیں۔ کہ انہوں نے ہم پر بھروسہ کیا اور ہماری غیر متزلزل حمایت جاری رکھی۔

حسن
حسن جاوید
چف ایگزیکٹو

عارف سعید
عارف سعید
چیئر مین

مورخہ 27 اکتوبر 2022

لاہور۔

ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

ڈائریکٹرز 30 ستمبر 2022 کو ختم ہونے والی نو ماہی کی سروس گلوبل فنڈ ویزلیٹنڈ کی مختصر عبوری مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

مالی کارکردگی کا موازنہ

30 ستمبر 2022 کو ختم ہونے والی نو ماہی کی سروس گلوبل فنڈ ویزلیٹنڈ مختصر عبوری مالیاتی کارکردگی درج ذیل ہے۔

فیصد تبدیلی	نو ماہی اختتام		تفصیلات
	ستمبر 2021:30 روپے، ہزار میں	ستمبر 2022:30 روپے، ہزار میں	
64.30%	5,192,303	8,531,184	خالص فروخت
89.57%	570,248	1,081,009	آپریٹنگ منافع
61.10%	451,858	727,932	منافع قبل از ٹیکس
38.78%	329,821	457,712	منافع بعد از ٹیکس

سروس گلوبل فنڈ ویزلیٹنڈ نے اس نو ماہی میں اپنے مالیاتی گوشواروں کے مطابق 8.53 ارب روپے کی آمدن فروخت حاصل کی ہے جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 64.30% زیادہ ہے۔ قبل از ٹیکس منافع 727.93 ملین روپے رہا جبکہ گزشتہ سال کی اسی مدت میں 451.86 ملین روپے تھا۔ بعد از ٹیکس خالص منافع 457.71 ملین روپے رہا جبکہ گزشتہ سال کی اسی مدت میں 329.82 ملین روپے تھا۔

زیر جائزہ مدت میں فروخت اور منافع میں نمایاں اضافہ ہوا ہے۔ سروس گلوبل فنڈ ویزلیٹنڈ نے گاہکوں کو شامل کر کے اور پیداواری استعداد کے بہترین استعمال سے آمدن فروخت اور منافع میں نمو کی اس رفتار کو جاری رکھنے کے لیے پراعتما ہے۔ گزشتہ دو سالوں کے دوران ہمارے موجودہ گاہکوں سے لگاتار تعاون اور مصنوعات کی ترسیل نے ہمیں ان کے باقی سپلائرز سے ممتاز کر دیا ہے اور ہماری کئی پرانے کے اعتماد کو مزید پختہ کیا ہے۔

مستقبل پر ایک نظر:

سروس گلوبل فنڈ ویزلیٹنڈ آمدن فروخت کی زبردست نمو کے راستے پر گامزن ہے۔ اس سال کے دوران ہم نے جتنی بھی پیداواری استعداد بڑھائی تھی، وہ مکمل طور پر استعمال میں آچکی ہے۔ اس سے ہماری تیسری سہ ماہی کی آمدن فروخت میں 3 بلین روپے سے زیادہ کا اضافہ ہوا ہے اور ہم اگلی سہ ماہی میں بھی یہی رفتار برقرار رکھنے کی توقع کرتے ہیں۔ ہمارے پاس سال 2023 کی پہلی سہ ماہی میں بھی کثیر بکنگ ہے جو ہماری نمو کی رفتار کو برقرار رکھے گی۔

چین کے ڈیگٹل انویشن شہر میں ذیلی ادارہ کی تشکیل کا عمل جاری ہے۔ ٹیم اس معاملے پر پوری تہی سے مصروف ہے اور یہ ذیلی ادارہ اس سال کے اختتام سے پہلے مکمل طور پر کام کرنا شروع کر دے گا۔ یہ ذیلی ادارہ ہماری فروخت اور خام مال حاصل کرنے کے عمل میں انتہائی مفید کردار ادا کرے گا۔

سننے اور اہم گاہکوں کو تلاش کرنے پر زیادہ توجہ دینے کے لیے اپنے بیلز ماڈل کی تنظیم نو کے بعد، ہم امریکی مارکیٹ سے بھی کاروبار بڑھانے کے لئے کوشاں ہیں جو اس سے پہلے نہیں کیا گیا تھا۔ ان کوششوں کے نتیجے میں ہمیں پہلے ہی دو نئے گاہکوں سے آزمائشی آرڈرز موصول ہو چکے ہیں۔ کچھ مزید گاہکوں سے روابط جاری ہیں جن سے اگلے چند مہینوں میں آرڈرز متوقع ہیں۔ ہم سال 2023 اور اس کے بعد ترقی کی اس رفتار کو جاری رکھنے کے لیے پوری طرح تیار ہیں۔

serviceglobalfootwear.com

SERVIS HOUSE

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