

Report & Un-Audited Accounts for the
1st Quarter Ended March 31, 2019

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people..**



Servis

Service Industries Limited

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Company Information

Board of Directors

Chaudhry Ahmed Javed
(Chairman)

Non-Executive Director

Mr. Arif Saeed
(Chief Executive Officer)

Executive Director

Mr. Omar Saeed
Executive Director

Mr. Hassan Javed
Executive Director

Mr. Riaz Ahmed
Non-Executive Director

Mr. Osman Saifullah Khan
Independent Director

Mr. Rehman Naseem
Independent Director

Mr. Muhammad Amin
Independent Director

Mr. Shahid Hussain Jatoi
Independent Director

Chief Financial Officer

Mr. Badar Ul Hassan

Company Secretary

Mr. Waheed Ashraf

Audit Committee

Mr. Muhammad Amin
Chairman

Mr. Riaz Ahmed
Member

Mr. Rehman Naseem
Member

Human Resource and Remuneration Committee

Mr. Osman Saifullah Khan
Chairman

Mr. Arif Saeed
Member

Mr. Riaz Ahmed
Member

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Soneri Bank Limited
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
Samba Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited
National Bank Limited
JS Bank Limited

Legal Advisor

M/s. Bokhari Aziz & Karim
2-A, block-G, Gulberg-II, Lahore.

Registered Office

Servis House,
2-Main Gulberg, Lahore-54662.
Tel:+92-42-35751990-96
Fax:+92-42-35710593,
35712109

Shares Registrar

M/s. Corplink (Pvt.) Limited
Wings Arcade, 1-K
Commercial, Model Town, Lahore
Tel: +92-42-35916714,
35916719,
35839182
Fax: +92-42-35869037

Pakistan Stock Exchange Limited

Stock Exchange Symbol SRVI

Factories

G.T. Road, Gujrat.
Muridke-Sheikhupura Road, Muridke.

Web Presence

www.servisgroup.com





Directors' Report to the Shareholders

The Directors take pleasure in presenting their Report along with the condensed interim financial information of the company for the First quarter ended March 31, 2019.

Company's Performance:

Key Financial Indicators of your company are summarized below:

	Quarter Ended March 31		
	2019	2018	Growth
	PKR in Millions		
Net Sales	6,037	5,526	9%
Profit Before Tax	316	286	10%
Profit After Tax	279	259	8%
Earnings Per Share (PKR)	23.16	21.51	8%

The Company achieved sales of PKR 6.04 billion during the first quarter of the year compared to PKR 5.53 billion during corresponding period last year, with steady growth of 9%. Footwear exports sales were the most promising area in terms of revenue growth.

The Footwear export business has also shown better profitability attributed through growth in quantity and PKR devaluation. The domestic footwear business continues to face tough challenge as the retail market in the country remains stressed.

The Tyre business showed a decline both in sales and profitability due to stressed market impacted mainly by the devaluation of the PKR resulting in higher inflation, higher market competition and uncertain economic environment.

The earnings per share stood at PKR 23.16 during the quarter under review registering a rise of 8% over same period last year (PKR 21.51) mainly due to reasons stated above.

Future Outlook

Footwear export sales are expected to continue growing and contribute aggressively to the company's profitability. Driving growth in the retail segment will remain a challenge for the Company as we expect the local economy to go through a tough period this year.

In the Tyre business segment, improvements in productivity have been aggressively targeted in the remaining part of our financial year and we expect improved financial results in this period..

Acknowledgment

The Directors wish to place on record the efforts of our staff and especially our workers in attaining these results. We remain indebted to all our stakeholders for their continued support.

For and on behalf of the Board



CHAUDHRY AHMED JAVED
Chairman



ARIF SAEED
Chief Executive

Dated: April 26, 2019
LAHORE.

ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

ڈائریکٹرز کمپنی کی رپورٹ پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔ اس رپورٹ میں کمپنی کی 31 مارچ 2019 تک کی سہ ماہی کی مختصر عبوری مالیاتی معلومات پیش کی جارہی ہیں۔

مالیاتی کارکردگی

سہ ماہی اختتام 31 مارچ		
شرح نمو	2018	2019
روپے لاکھ میں		
9%	5,526	6,037
10%	286	316
8%	259	279
8%	21.51	23.16

خالص فروخت

منافع قبل از ٹیکس

منافع بعد از ٹیکس

فی شیئر آمدنی (روپے)

آپ کی کمپنی نے اس سہ ماہی میں 6.04 ارب روپے کی فروخت کی جبکہ پچھلے سال اسی مدت میں 5.53 ارب روپے کی فروخت ہوئی جو کہ 9 فیصد مستحکم نمو کو ظاہر کرتا ہے۔ نمو کی اہم وجہ جو توں کی برآمدات میں اضافہ ہے۔

اس سہ ماہی میں پچھلے سال کی اسی مدت کے مقابلے میں جو توں کی برآمدات میں صحت مند نمو رہا اور منافع بھی بہتر رہا جس کی فروخت کی وجہ مقدار میں اضافہ اور روپے کی قدر میں کمی ہے۔ جو توں کی ریٹیل مارکیٹ دباؤ کا شکار ہونے سے ہماری مقامی مارکیٹ کے بزنس کو دشواری کا سامنا ہے۔

ٹائر کی مارکیٹ بھی دباؤ کا شکار رہی جس کی اہم وجہ روپے کی قدر میں کمی اور افراط زر کا بڑھاو ہے۔ مارکیٹ میں مقابلے کے رجحان اور غیر یقینی اقتصادی ماحول کی وجہ سے دباؤ ہے۔ جس کی وجہ سے فروخت اور منافع میں کمی ہوئی ہے۔

اس مدت کے دوران فی شیئر آمدنی 23.16 روپے رہی جو کہ پچھلے سال کی اسی مدت کے مقابلے میں 9 فیصد بہتری ظاہر کرتا ہے۔

مستقبل پر ایک نظر

جو توں کی برآمدات میں لگاتار اضافہ متوقع ہے اور یہ کمپنی کا منافع بڑھانے میں زبردست معاون رہیں گی۔ مقامی فروخت کو بڑھانا آسان نہیں ہو گا کیونکہ مقامی معیشت کیلئے یہ ایک مشکل سال متوقع ہے۔

ٹائروں کے کاروبار میں بیدارواری عمل کی اصلاح پر زبردست کوششیں ہو رہی ہیں اور بقیہ مالی سال میں بہتر مالی نتائج متوقع ہیں۔

اعتراف

ان نتائج کو حاصل کرنے میں ڈائریکٹر اپنے اسٹاف اور کارکنوں کی کوششوں کو سراہتے ہیں اور ہم اپنے اسٹیک ہولڈرز کے لگاتار تعاون کے بھی ممنون ہیں۔



چوہدری احمد جاوید
چیرمین

مورخہ 26، اپریل 2019

لاہور



مختار بھٹ
عارف سعید
چیف ایگزیکٹو

Condensed Interim Statement of Financial Position (Unaudited)

As at March 31, 2019

	(Unaudited) March 31, 2019	(Audited) December 31, 2018
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital	1,000,000	1,000,000
100,000,000 (2018:100,000,000) ordinary shares of Rs 10/- each		
Paid up share capital	120,288	120,288
Reserves	5,675,482	5,395,877
	5,795,770	5,516,165
Non-current liabilities		
Long term financing	2,553,695	2,617,155
Long term deposits	3,243	3,243
Deferred liabilities	560,286	521,628
	3,117,225	3,142,026
Current liabilities		
Trade and other payables	3,059,439	2,739,985
Uncashed dividend warrants	31,399	32,002
Interest and mark-up accrued	166,393	146,917
Short term borrowings	6,744,109	5,633,361
Current portion of long term financing	674,725	699,725
Provision for taxation	214,959	210,942
	10,891,024	9,462,932
Contingencies and commitments	5	
	19,804,020	18,121,123

The annexed notes from 1 to 15 form an integral part of this condensed interim financial statements.



Chaudhry Ahmed Javed

(Chairman)

	(Unaudited) March 31, 2019	(Audited) December 31, 2018
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(Rupees in thousand)

ASSETS

Non-current assets

	Note		
Property, plant and equipment	6	6,974,085	6,946,303
Intangible assets		2,282	2,562
Long term investments	7	560,424	549,917
Long term loans		20,072	20,450
Long term deposits		108,294	95,010
		7,665,157	7,614,242

Current assets

Stores, spares and loose tools	142,832	159,415
Stock in trade	4,787,211	4,044,171
Trade debts	3,909,867	3,300,338
Loans, advances and receivables	573,772	463,549
Trade deposits and prepayments	136,868	93,469
Other receivables	66,776	74,259
Tax refunds due from government	2,443,432	2,317,919
Cash and cash equivalents	78,106	53,761
	12,138,864	10,506,881

	19,804,020	18,121,123
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Arif Saeed
(Chief Executive)




Badar Ul Hassan
(Chief Financial Officer)

Condensed Interim Statement of Profit or Loss (Unaudited)


For the period ended March 31, 2019

	Note	March 31, 2019 Amount (Rupees in thousand)	March 31, 2018 Amount
Sales - net	8	6,036,780	5,525,719
Cost of sales	9	4,846,151	4,524,211
Gross profit		1,190,629	1,001,508
Operating expenses			
Distribution cost		446,947	352,903
Administrative expenses		290,107	282,702
Other operating expenses		33,994	49,485
		771,048	685,090
Operating profit before other income		419,581	316,418
Other operating income		100,370	80,841
Operating profit		519,951	397,259
Finance cost		203,634	111,694
Profit before taxation		316,317	285,565
Taxation		37,722	26,874
Profit after taxation		278,595	258,691
Earnings per share - basic and diluted (Rupees)		23.16	21.51

The annexed notes from 1 to 15 form an integral part of this condensed interim financial statements.



Chaudhry Ahmed Javed
(Chairman)



Arif Saeed
(Chief Executive)



Badar Ul Hassan
(Chief Financial Officer)

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the period ended March 31, 2019

	March 31, 2019	March 31, 2018
	(Rupees in thousand)	
Profit after taxation for the period	278,595	258,691
Other comprehensive income		
Items that may reclassify to profit or loss account		
Gain on Investments - Net of tax	1,010	6,760
Items that may not reclassify to profit or loss account		
	-	-
	1,010	6,760
Total comprehensive income for the period	279,605	265,451

The annexed notes from 1 to 15 form an integral part of this condensed interim financial statements.



Chaudhry Ahmed Javed
(Chairman)



Arif Saeed
(Chief Executive)




Badar Ul Hassan
(Chief Financial Officer)


Condensed Interim Statement of Cash Flows (Unaudited)

For the period ended March 31, 2019

	March 31, 2019	March 31, 2018
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	316,317	285,565
Adjustments for non-cash charges and other items:		
Depreciation and amortization	153,904	138,673
Employee benefit plans	12,065	11,885
Ijarah rentals	16,205	21,484
Finance cost	203,634	111,694
Provision for workers' profit participation fund	17,260	15,088
Provision for workers' welfare fund	2,325	1,012
Provision for slow moving stocks	14,141	(12,573)
Provision for doubtful debts	4,844	-
Share of profit from Speed (Private) Limited	(9,497)	(17,164)
Operating profit before working capital changes	731,198	555,664
Changes in working capital		
(Increase)/ decrease in current assets		
Stores, spares and loose tools	16,426	6,275
Stock in trade	(761,487)	(297,886)
Trade debts	(614,373)	111,860
Advances, deposits, prepayments and other receivables	(146,138)	(46,366)
Tax refunds, due from / to government	(69,295)	(143,911)
	(1,574,868)	(370,028)
Increase in current liabilities		
Trade and other payables	284,905	(247,763)
Cash generated from / (used in) operations	(558,765)	(62,127)
Finance cost paid	(184,158)	(140,167)
Ijarah rentals paid	(16,205)	(21,484)
Income tax paid	(62,875)	(97,104)
Staff retirement benefits paid	(3,282)	(1,981)
W.W.F and W.P.P.F (Paid) / Received	23,266	-
Net cash generated from / (used in) operating activities	(802,019)	(322,863)
Cash flow from investing activities		
Capital expenditure	(181,405)	(224,901)
Long term loans - net	378	(106)
Long Term Investment	(1,010)	(6,760)
Long term deposits - net	(13,284)	3,175
Net cash used in investing activities	(195,321)	(228,592)
Cash flow from financing activities		
Short term borrowings - net	1,110,748	652,540
Long term financing	(88,460)	(122,218)
Dividend paid	(603)	-
Long term deposits	-	(311)
Net cash (used in) financing activities	1,021,685	530,011
Net (decrease) / increase in cash and cash equivalents	24,345	(21,444)
Cash and cash equivalents at the beginning of the period	53,761	79,184
Cash and cash equivalents at the end of the period	78,106	57,740

The annexed notes from 1 to 15 form an integral part of this condensed interim financial statements.


 Chaudhry Ahmed Javed
 (Chairman)


 Arif Saeed
 (Chief Executive)


 Badar Ul Hassan
 (Chief Financial Officer)

Condensed Interim Statement of Changes in Equity (Unaudited)

For the period ended March 31, 2019

(Rupees in thousand)

	Paid up share capital	Capital reserves		Revenue reserves		Total
		Capital gain	Share premium	General reserves	Un-appropriated profit	
Balance as at December 31, 2017	120,288	102,730	21,217	1,558,208	2,944,318	4,746,761
Net Profit for the quarter ended Mar.31.2018	-	-	-	-	265,451	265,451
Balance as at Mar 31, 2018	120,288	102,730	21,217	1,558,208	3,209,769	5,012,212
Balance as at December 31, 2018	120,288	102,730	21,217	1,558,208	3,713,722	5,516,165
Net profit for the quarter ended Mar.31.2019	-	-	-	-	279,605	279,605
Balance as at March 31, 2019	120,288	102,730	21,217	1,558,208	3,993,327	5,795,770

The annexed notes from 1 to 15 form an integral part of this condensed interim financial statements.



Chaudhry Ahmed Javed
(Chairman)



Arif Saeed
(Chief Executive)



Badar Ul Hassan
(Chief Financial Officer)

Notes to the Condensed Interim Financial Information (Unaudited)

For the period ended March 31, 2019

1 The company and its operations

Service Industries Limited (the Company) was incorporated as a private limited company on March 20, 1957 in Pakistan under the Companies Act, 1913 (now Companies Act, 2017), was converted into a public limited company on September 23, 1959 and got listed on June 27, 1970. The shares of the Company are quoted on the Pakistan Stock Exchange. The registered office of the Company is located at 2-Main Gulberg, Lahore. The principal activities of the Company are purchase, manufacture and sale of footwear, tyres and tubes and technical rubber products. This condensed financial information pertain to Service Industries Limited as an individual entity.

Geographical location and address of business units/plants

Purpose	Location	Address
Registered Office	Lahore	Servis House, 2-Main Gulberg, Lahore-54662
Factory Site	Muridke	Muridke-Sheikhupura Road
Factory Site	Gujrat	G.T. Road, Gujrat.

2 Basis of preparation and statement of compliance

2.1 These condensed financial statements for the period ended March 31, 2019 are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". These condensed financial statements are unaudited and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017. These do not include all of the information required for the full set of annual financial statements and the condensed interim financial statements should be read in conjunction with the annual financial statements of the company for the year ended 31 December 2018.

As per the requirements of circular No. 23/2017 dated October 4, 2017 issued by Securities & Exchange Commission of Pakistan (SECP), companies whose financial year closes after December 31, 2017 shall prepare financial statements in accordance with the provisions of the Companies Act, 2017.

2.2 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 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.

2.3 The condensed interim financial statements are presented in Pak Rupee which is the company's functional and presentation currency.

3 Accounting policies

Accounting policies adopted for the preparation of these condensed Interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company.

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended December 31, 2018.

- 4 Provisions for income tax, Workers' Profit Participation Fund and Workers' Welfare Fund have been made on the basis of three months' profit. These are subject to change on final results.

5 Contingencies and commitments

Contingencies

- 5.1 The Additional Collector (Adjudication) of Pakistan Customs Computerized System, Karachi initiated case against the Company for failure to pay leviable sales tax and income tax of Rupees 18.6 million and 4.1 million respectively at import of tyre cord fabrics during the period w.e.f. August 2007 to July 2008 by wrongly claiming sales tax zero rating in terms of S.R.O 509 (1)/2007 dated 09-06-2007. The case has been remanded back by the Appellate Tribunal Inland Revenue, Lahore to the CIR (Appeals), which is pending for hearing. According to the Company's legal counsel, the Company has a good arguable case and there is likelihood that the same will be decided in its favor, hence, no provision has been made in these financial statements.
- 5.2 The Deputy Director of Pakistan Employees Social Security Institute (PESSI), Gujrat initiated two cases against the Company. In the first case, the alleged amount recoverable by the PESSI is Rupees 4.80 million covering the period from January 1987 to September 1992 on account of short payment of contributions. The matter was decided against the company by the Institution and Company filed an appeal before the Social Security Court, Lahore, which is pending for hearing. In second case, PESSI initiated a case of Rupees 77.6 million against the Company, against which a complaint was filed to the Institution. Social Security Institution disposed of our complaint while referring the matter to the local office Gujrat for reconsideration after re-checking of record. The local office Gujrat, raised a demand of same amount, against which the Company filed a complaint; which is pending adjudication before the Institution. During the pendency of matter before the Institution, a recovery notice was issued by the local office. The Company filed a writ petition before the Honorable High Court, Lahore wherein the recovery notice was suspended by the Honorable High Court, Lahore. As per legal counsel of the Company, the Company has strong legal grounds for its success.

Notes to the Condensed Interim Financial Information (Unaudited)

For the period ended March 31, 2019

- 5.3 The DCIR, LTU initiated a case against the Company of post sales tax refund audit in which demand of Rupees 27.92 million was raised. The Company filed an appeal before CIR (Appeals) in which the demand was cancelled except two points having impact of Rupees 2.65 million. The Company had further filed an appeal before ATIR against said points. The management of the Company is confident that decision will be in favour of the Company hence, no provision has been made in these financial statements
- 5.4 The DCIR, LTU initiated sales tax audit for the year 2013-2014 in which demand of Rupees 182.70 million was created. The Company has filed an appeal with CIR (Appeals) who confirmed the demand of Rupees 10 million and remanded back certain charges to the tune of 172.7 million. The Company filed an appeal with ATIR against the decision of CIR (Appeals) which is pending for hearing. The management of the Company is confident that decision will be in favor of the Company, hence, no provision has been made in these financial statements.
- 5.5 The DCIR, LTU initiated income tax audit for the year 2014 in which a demand of Rupees 123 million was created. The Company preferred an appeal before CIR(Appeals) which is pending for hearing. The management is confident that decision will be in favor of the Company, hence, no provision has been made in these financial statements.
- 5.6 Honorable Lahore High Court has allowed a petition filed by the Company against show-cause notice issued by DCIR amounting Rupees 13 million. The show-cause notice was issued on account of post sales tax refunds audit of various tax periods. FBR challenged the decision of Honorable Lahore High Court in August Supreme Court of Pakistan which is pending for hearing. The management is confident that decision will be in favor of the Company, hence, no provision has been made in these financial statements.
- 5.7 The DCIR, LTU initiated a case of withholding tax audit for tax year 2011 in which a demand of Rupees 40.03 million under Section 161 and 205 of The Income Tax Ordinance, 2001 was created. The Company preferred an appeal before CIR (Appeal) which is pending for hearing. The management of Company is confident that decision shall be in favor of Company, hence, no provision has been made in these financial statements.
- 5.8 The DCIR, LTU conducted income tax audit for the year 2011 in which a demand of rupees 19.6 million was created. The Company preferred an appeal before the CIR (Appeals) which is pending for hearing. The management is confident that decision will be in favor of the company, hence, no provision has been made in these financial statements.
- 5.9 The Company has challenged, before Honorable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(1)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(I)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts has been disallowed. The Honorable Lahore High Court has issued stay order in favor of the Company. Consequently, the Company has claimed input sales tax paid on packing material in

its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal. An amount of Rupees 41.18 million being the provision is made in these financial statements.

- 5.10 The Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (l) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honorable Lahore High Court has issued stay order in favor of the Company and has allowed the Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Company has claimed input sales tax on such goods in its respective monthly sales tax returns. An amount of Rupees 3.82 million being the provision is made in these financial statements.
- 5.11 The DCIR, LTU initiated income tax cases of tax years 2006 and 2008. A demand of 12.7 million and 68.4 million respectively were created by amending returns. Appeals were preferred with CIR(Appeals) which were dismissed against the Company without discussing the merits of the cases. The Company has filed appeal with ATIR which is pending for hearing. The management is confident that decision will be in favor of the Company, hence, no provision has been made in these financial statements.
- 5.12 The CIR, LTU passed an order regarding Crest discrepancies of sales tax for an amount of Rupees 11.1 million. The Company filed an appeal with ATIR which is pending for hearing. The management is confident that decision will be in favor of the Company, hence, no provision has been made in these financial statements

Commitments

- 5.13 Guarantees issued in ordinary course of business through banks are of Rs. 364 million (Dec-2018: Rs. 523 million).
- 5.14 Irrevocable letters of credit outstanding at the year end are of Rs. 883 million (Dec-2018: Rs. 486.71 million).
- 5.15 The amount of future ijarah rentals for ijarah financing and the period in which these payments will become due are as follows:

	March 31, 2019	December 31, 2018
	(Rupees in thousand)	
Not later than one year	63,196	61,109
Later than one year and not later than five years	85,207	87,154
Later than five years	-	-
	148,403	148,263

Notes to the Condensed Interim Financial Information (Unaudited)

For the period ended March 31, 2019

		March 31, 2019	December 31, 2018
(Rupees in thousand)			
6	Property, plant and equipment		
	Operating fixed assets	6,373,219	5,726,524
	Capital work in progress	600,866	1,219,779
		6,974,085	6,946,303
6.1	Operating fixed assets		
	Opening written down value	5,726,524	4,739,012
	Add: Additions during the period	6.2 806,099	1,599,158
		6,532,623	6,338,170
	Less: Disposals during the period (at book value)	6.2 5,781	11,635
		6,526,842	6,326,535
	Less: Depreciation charged during the period	153,623	600,011
		6,373,219	5,726,524
6.2	Following is the detail of additions and disposals during the period.		
		Additions	Disposals - NBV
		Unaudited	Audited
		March	December
		31, 2019	31, 2018
		Unaudited	Audited
		March	December
		31, 2019	31, 2018
		(Rupees in thousand)	
	Land		
	Building on freehold land	20,086	354,290
	Plant and machinery	697,599	1,007,169
	Furniture, fixture and fittings	1,011	6,991
	Vehicles	435	5,483
	Service equipments	86,915	103,950
	Leasehold improvements	53	121,275
		806,099	1,599,158
		5,781	11,635
		(Unaudited)	(Audited)
		March	December
		31, 2019	31, 2018
		(Rupees in thousand)	
		Note	
7	Long term investments		
	These represents long term investments in:		
	Related parties	7.1 537,364	527,867
	Others	7.2 23,060	22,050
		560,424	549,917

		(Unaudited) March 31, 2019	(Audited) December 31, 2018
	Note	(Rupees in thousand)	
7.1 Investment in Related Parties:			
7.1.1 Investment in Subsidiary			
- Service Industries Capital (Private) Limited		218,681	218,681
7.1.2 Investment in Associate			
- Speed (Private) Limited	7.1.2.1	318,203	308,706
7.1.3 Investment in Joint Venture			
- S2 Power Limited (24,000 fully paid shares of Rs.10/- each)		240	240
- S2 Hydro Limited (24,000 fully paid shares of Rs.10/- each)		240	240
		480	480
		537,364	527,867
7.1.2.1 Speed (Private) Limited - associated company			
Cost of investment			
160,709 fully paid ordinary shares of Rs. 100/- each (2018: 160,709)		190,949	190,949
Share of post acquisition reserve As at the beginning of the period		117,757	81,953
Share of post acquisition profit for the period		9,497	63,928
Less: Dividends received during the period		-	(28,124)
		127,254	117,757
		318,203	308,706
7.2 Investment in quoted securities - Available for sale investments			
TRG Pakistan Limited			
1,000,000 fully paid ordinary shares (2018- 1,000,000)		22,050	29,600
Fair value adjustment		1,010	(7,550)
		23,060	22,050

Notes to the Condensed Interim Financial Information (Unaudited)

For the period ended March 31, 2019

	Note	(Unaudited) March 31, 2019	(Unaudited) March 31, 2018
		(Rupees in thousand)	
8	Sales - net		
	Sale of footwear (Net)		
	Export sales	2,005,490	1,441,598
	Local sales	1,201,251	1,115,315
		3,206,741	2,556,913
	Sale of tyres and tubes (Net)		
	Export sales	223,583	232,994
	Local sales	2,604,385	2,734,773
		2,827,968	2,967,767
	Sale of technical rubber products (Net)		
	Local sales	2,071	1,039
		2,071	1,039
		6,036,780	5,525,719
9	Cost of sales		
	Raw material consumed	9.1 3,190,547	2,761,546
	Salaries, wages and benefits	749,192	689,004
	Stores and spares consumed	54,866	42,424
	Packing material consumed	181,817	151,370
	Fuel and power	209,420	175,689
	Insurance	5,162	4,346
	Travelling expenses	5,890	5,184
	Repair and maintenance	36,926	37,622
	Entertainment	1,258	756
	Depreciation	137,910	126,258
	Provision for slow moving items, obsolete items	14,141	(12,573)
	Other manufacturing charges	60,359	34,526
		4,647,488	4,016,152
	Work in process:		
	Opening Stock	398,415	294,958
	Closing Stock	(524,147)	(358,412)
		(125,732)	(63,454)
	Cost of goods manufactured	4,521,756	3,952,698
	Finished goods:		
	Opening Stock	1,959,114	2,209,271
	Finished goods purchased	779,206	614,208
	Closing stock	(2,413,925)	(2,251,966)
		324,395	571,513
		4,846,151	4,524,211

		(Unaudited) March 31, 2019	(Unaudited) March 31, 2018
		(Rupees in thousand)	
9.1	Raw material consumed		
	Opening Stock	1,500,550	1,315,442
	Purchases - net	3,245,390	2,723,687
	Closing stock	(1,555,393)	(1,277,583)
		3,190,547	2,761,546

Notes to the Condensed Interim Financial Information (Unaudited)

For the period ended March 31, 2019

10. Segment reporting

(Rupees in thousand)

	Footwear		Tyre		Technical Rubber Products		Total	
	3 months ended Mar. 31, 2019	3 months ended Mar. 31, 2018	3 months ended Mar. 31, 2019	3 months ended Mar. 31, 2018	3 months ended Mar. 31, 2019	3 months ended Mar. 31, 2018	3 months ended Mar. 31, 2019	3 months ended Mar. 31, 2018
External sales	3,206,741	2,556,913	2,827,968	2,967,767	2,071	1,039	6,036,780	5,525,719
Inter-segment sales	-	-	-	-	-	-	-	-
Total revenue	3,206,741	2,556,913	2,827,968	2,967,767	2,071	1,039	6,036,780	5,525,719
Profit/ (loss) before tax and unallocated expenses	350,380	260,072	362,901	322,543	(2,530)	(3,098)	710,751	579,517
Unallocated corporate expenses								
Finance cost	-	-	-	-	-	-	(192,713)	(103,560)
Other operating expenses	-	-	-	-	-	-	(211,395)	(209,986)
Other operating income	-	-	-	-	-	-	9,674	19,594
Taxation	-	-	-	-	-	-	(37,722)	(26,874)
Profit after taxation	350,380	260,072	362,901	322,543	(2,530)	(3,098)	278,595	258,691
10.1 Reconciliation of segment profit								
Total profit for reportable segments							710,751	579,517
Unallocated expenses							(394,434)	(293,952)
Profit before tax							316,317	285,565

Notes to the Condensed Interim Financial Information (Unaudited)

For the period ended March 31, 2019

(Rupees in thousand)

	Footwear		Tyre		Technical Rubber Products		Total	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
10.2 Reconciliation of segment								
Assets & liabilities								
Total assets for reportable segments	7,718,907	6,942,869	9,441,210	8,662,533	53,193	54,481	17,213,310	15,605,402
Unallocated assets	-	-	-	-	-	-	2,590,710	2,461,240
Total assets as per balance sheet	-	-	-	-	-	-	19,804,020	18,066,642
Segment liabilities	-	-	-	-	-	-	-	-
Unallocated liabilities	-	-	-	-	-	-	14,008,249	12,604,958
Total liabilities as per balance sheet	-	-	-	-	-	-	14,008,249	12,604,958

Notes to the Condensed Interim Financial Information (Unaudited)

For the period ended March 31, 2019

11 Fair value measurement of financial instruments.

	Note	(Rupees in thousand)						
		Carrying Amount			Fair Value			
		Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-balance sheet financial instruments								
31 Mar 2019- (Un-audited)								
Financial assets measured at fair value		23,060	-	-	-	23,060	-	-
Financial assets not measured at fair value		23,060	-	-	-	23,060	-	-
11.1								
Long term Investment		-	537,364	-	537,364	-	-	-
Long term loans		-	20,072	-	20,072	-	-	-
Long Term deposit		-	108,294	-	108,294	-	-	-
Trade debts		-	3,945,524	-	3,945,524	-	-	-
Loans and advances		-	26,286	-	26,286	-	-	-
Trade Deposits		-	80,377	-	80,377	-	-	-
Other Receivables		-	66,776	-	66,776	-	-	-
Cash and Bank Balances		-	78,106	-	78,106	-	-	-
		-	4,862,799	-	4,862,799	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-
Financial liabilities not measured at fair value		-	-	-	-	-	-	-
11.1								
Long term Financing		-	-	3,228,420	3,228,420	-	-	-
Long term deposits		-	-	3,243	3,243	-	-	-
Interest and Mauk-up accrued		-	-	166,393	166,393	-	-	-
Short term borrowings		-	-	6,744,109	6,744,109	-	-	-
Uncashed dividend warrants		-	-	31,399	31,399	-	-	-
Trade and other payables		-	-	2,969,185	2,969,185	-	-	-
		-	-	13,142,750	13,142,750	-	-	-

Notes to the Condensed Interim Financial Information (Unaudited)

For the period ended March 31, 2019

(Rupees in thousand)

Note	Carrying Amount				Fair Value		
	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
31 Dec 2018							
Financial assets measured at fair value	22,050	-	-	-	22,050	-	-
	22,050	-	-	-	22,050	-	-
Financial assets not measured at fair value	11.1						
Long term Investment	-	527,867	-	527,867	-	-	-
Long term loans	-	20,450	-	20,450	-	-	-
Long Term deposit	-	95,010	-	95,010	-	-	-
Trade debts	-	3,371,267	-	3,371,267	-	-	-
Loans and advances	-	33,787	-	33,787	-	-	-
Trade Deposits	-	47,854	-	47,854	-	-	-
Other Receivables	-	74,259	-	74,259	-	-	-
Cash and Bank Balances	-	53,761	-	53,761	-	-	-
		4,224,255	-	4,224,255	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-
Financial liabilities not measured at fair value	11.1						
Long term Financing	-	-	3,316,880	3,316,880	-	-	-
Long term deposits	-	-	3,243	3,243	-	-	-
Interest and Mark-up accrued	-	-	146,917	146,917	-	-	-
Short term borrowings	-	-	5,633,361	5,633,361	-	-	-
Uncashed dividend warrants	-	-	32,002	32,002	-	-	-
Trade and other payables	-	-	2,585,219	2,585,219	-	-	-
		-	11,717,622	11,717,622	-	-	-

11.1 The management considers the carrying amount of all financial assets and liabilities not measured according to the fair value hierarchy at the end of the reporting period to approximate their fair value as at the reporting date.

Notes to the Condensed Interim Financial Information (Unaudited)

For the period ended March 31, 2019

12 Related party transactions

Transaction with related parties and associated undertakings, other than those disclosed elsewhere in the financial statements are as follows:

	(Unaudited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
Associated companies		
Dividend received	-	28,124
Reimbursement of expense	-	3,802
Sales of goods	22,565	83,743
Retirement Benefit	46,629	164,000
Key management personnel		
Dividend paid	-	100,145

13 The Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at December 31, 2018.


There have been no changes in the risk management policies since the year end.

14 Authorization date


These financial statements were authorized for issue by the Board of Directors on April 26, 2019.

15 General

Figures have been rounded off to the nearest thousand of rupees and corresponding figures have been re-arranged, where necessary, for the comparison purposes. However, no material re-arrangements have been made.



Chaudhry Ahmed Javed
(Chairman)



Arif Saeed
(Chief Executive)



Badar Ul Hassan
(Chief Financial Officer)

Consolidated Financial Statements

Group Directors' Report to the Shareholders

The Directors take pleasure in presenting their Report along with the Group Condensed Interim Financial information of the Service Industries Limited for the Quarter ended March 31, 2019. The Group comprises of Service Industries Limited, Service Industries Capital (Private) Limited, a wholly owned subsidiary of Service Industries Limited and Service Shoes Lanka (Private) Limited, a subsidiary company of Service Industries Capital (Private) Limited.

Service Industries Limited

The Director Report providing a commentary on the performance of Service Industries Limited for the Quarter ended March 31, 2019 has been presented separately. Service Industries Limited has annexed its Condensed Consolidated Interim Financial Information along with its Separate Condensed Interim Financial information, in accordance with the requirements of International Financial Reporting Standards and Companies Act 2017.

Service Industries Capital (Private) Limited

Service Industries Capital (Private) Limited is wholly owned subsidiary of the Service Industries Limited. Service Industries Capital (Private) Limited got registered under the Companies Ordinance, 1984 (now the Companies Act 2017) in Pakistan as a company limited by shares on November 10, 2015. The registered office of Service Industries Capital (Private) Limited is situated at Service House, 2-Main Gulberg, Lahore. The main object of Service Industries Capital (Private) Limited is to make investment in new ventures, shares and securities, listed or otherwise, in Pakistan or elsewhere in the world, subject to requirements of applicable law.

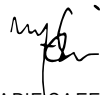
Service Shoes Lanka (Private) Limited

Service Shoes Lanka (Private) Limited is a subsidiary company of Service Industries Capital (Private) Limited, which is wholly owned subsidiary of Service Industries Capital (Private) Limited. Service Shoes Lanka (Private) Limited is a Private Limited Liability Company incorporated on July 16, 2015 and domiciled in Sri Lanka under the provisions of the Companies Act No. 07 of 2007. The registered office of the Company is located at No 143/17, Sri Wickrema Mawatha, Colombo 15 and the principal place of business is located at Katunayake.

For and on Behalf of the Board



CHAUDHRY AHMED JAVED
Chairman



ARIF SAEED
Chief Executive

April 26, 2019
Lahore.

گروپ کی ڈائریکٹرز رپورٹ برائے حصص یافتگان

ڈائریکٹرز کمپنی کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ اس رپورٹ میں سروس انڈسٹریز لمیٹڈ (SIL) کی 31 مارچ 2019 تک گروپ کی سہ ماہی مختصر عبوری مالیاتی معلومات پیش کی جا رہی ہے۔ SIL گروپ، سروس انڈسٹریز لمیٹڈ، سروس انڈسٹریز کیمپنل (پرائیویٹ) لمیٹڈ (SICPL) جو کہ ایک SIL کا مکمل ملکیتی ماتحت ادارہ ہے اور سروس شوژ لنکا (پرائیویٹ) لمیٹڈ جو کہ SICPL کا ایک ماتحت ادارہ ہے، پر مشتمل ہے۔

سروس انڈسٹریز لمیٹڈ

31 مارچ 2019 کو ختم ہونے والے دورانے کے لیے سروس انڈسٹریز لمیٹڈ کی کارکردگی پر ڈائریکٹرز رپورٹ، علیحدہ سے پیش کی گئی ہے۔ سروس انڈسٹریز لمیٹڈ نے کمپنیوں کے بین الاقوامی مالی معیارات کے ایکٹ 2017 کے مطابق 31 مارچ 2019 تک کی گروپ اور جزوی سہ ماہی مالیاتی معلومات اس رپورٹ میں منسلک کر دی ہے۔

سروس انڈسٹریز کیمپنل پرائیویٹ لمیٹڈ

SIL، SICPL کا ایک مکمل ملکیتی ماتحت ادارہ ہے۔ SICPL کمپنی آرڈیننس 1984 (جو کہ اب کمپنی ایکٹ 2017 ہے) میں 10 نومبر 2015 کو پاکستان میں ایک لمیٹڈ کمپنی کے طور پر رجسٹر ہوئی۔ SICPL کا رجسٹرڈ دفتر سروس ہاؤس، 2۔ مین گلبرگ، لاہور پر واقع ہے۔ اس ماتحت ادارے کا بنیادی مقصد پاکستان میں یا دنیا میں کہیں بھی، نئے کاروبار اور حصص میں متعلقہ قوانین کے مطابق سرمایہ کاری کرنا ہے۔

سروس شوژ لنکا (پرائیویٹ) لمیٹڈ

سروس شوژ لنکا (پرائیویٹ) لمیٹڈ SICPL کا ایک ماتحت ادارہ ہے جو کہ SICPL کا ایک ملکیتی ماتحت ادارہ ہے۔ سروس شوژ لنکا (پرائیویٹ) لمیٹڈ ایک (پرائیویٹ) لمیٹڈ لائسنسڈ کمپنی ہے جو کہ 16 جولائی 2015 کو سری لنکا میں کمپنیوں کے ایکٹ 2007 کے نمبر 7 کے تحت رجسٹر ہوئی۔ کمپنی کا رجسٹرڈ دفتر نمبر 143/17 سری وکرما ماوتھا، کولمبو 15 پر واقع ہے اور کاروبار کی مرکزی جگہ کاتونائیکے میں واقع ہے۔

منجانب بورڈ

عارف سعید
چیف ایگزیکٹو

چوہدری احمد جاوید
چیئر مین

مورخہ 26، اپریل 2019
لاہور

Condensed Consolidated Interim Statement of Financial Position (Unaudited)

As at March 31, 2019

	(Unaudited) March 31, 2019	(Audited) December 31, 2018
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital	1,000,000	1,000,000
100,000,000 (2018:100,000,000) ordinary shares of Rs 10/- each		
Paid up share capital	120,288	120,288
Reserves & Retained Earnings	5,672,179	5,379,198
Attributable to owners of the holding company	5,792,467	5,499,486
Non-controlling Interest	(11,465)	(16,322)
	5,781,001	5,483,164
Non-current liabilities		
Long term financing	2,557,465	2,617,155
Long term deposits	3,243	3,243
Deferred liabilities	560,286	521,628
	3,120,995	3,142,026
Current liabilities		
Trade and other payables	3,208,685	2,881,556
Uncashed dividend warrants	31,399	32,002
Interest and mark-up accrued	166,393	146,917
Short term borrowings	6,822,258	5,722,630
Current portion of long term financing	674,725	699,725
Provision for taxation	218,272	214,255
	11,121,732	9,697,085
Contingencies and commitments	6	
	20,023,728	18,322,275

The annexed notes from 1 to 16 form an integral part of this condensed consolidated interim financial statements.



Chaudhry Ahmed Javed

(Chairman)

	(Unaudited) March 31, 2019	(Audited) December 31, 2018
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(Rupees in thousand)

ASSETS

Non-current assets

	Note		
Property, plant and equipment	7	7,086,317	7,054,975
Intangible assets and goodwill		45,165	43,179
Long term investments	8	523,520	506,914
Long term loans		20,072	20,450
Long term deposits		108,294	95,010
		7,783,368	7,720,528

Current assets

Stores, spares and loose tools	142,832	159,415
Stock in trade	4,833,610	4,122,896
Trade debts	3,948,701	3,273,650
Loans, advances and receivables	573,772	479,530
Trade deposits and prepayments	136,868	94,917
Other receivables	66,776	77,019
Tax refunds due from government	2,446,640	2,321,479
Cash and cash equivalents	91,161	72,841
	12,240,359	10,601,747

20,023,728	18,322,275
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Arif Saeed
(Chief Executive)



Badar Ul Hassan
(Chief Financial Officer)

Condensed Consolidated Interim Statement of Profit or Loss (Unaudited)

For the period ended March 31, 2019

	Note	March 31, 2019 Amount (Rupees in thousand)	March 31, 2018 Amount
Sales - net	9	6,144,396	5,586,661
Cost of sales	10	4,926,903	4,583,700
Gross profit		1,217,492	1,002,961
Operating expenses			
Distribution cost		448,277	354,179
Administrative expenses		300,648	291,243
Other operating expenses		33,994	49,478
		782,919	694,900
Operating profit before other income		434,573	308,061
Other operating income		106,514	92,031
Operating profit		541,087	400,092
Finance cost		205,968	113,059
Profit before taxation		335,119	287,033
Taxation		37,722	45,982
Profit after taxation		297,397	241,051
Attributable to:			
Owners of the holding company		292,313	244,812
Non-Controlling Interest		5,084	(3,761)
		297,397	241,051
Earnings per share - basic and diluted (Rupees)			
attributable to owners of the holding company		24.30	20.04

The annexed notes from 1 to 16 form an integral part of this condensed consolidated interim financial statements.



Chaudhry Ahmed Javed
(Chairman)



Arif Saeed
(Chief Executive)



Badar Ul Hassan
(Chief Financial Officer)

Condensed Consolidated Interim Statement of Comprehensive Income (Unaudited)

For the period ended March 31, 2019

	March 31, 2019	March 31, 2018
	(Rupees in thousand)	
Profit after taxation for the period	297,397	241,051
Other comprehensive income		
Items that may reclassify to profit or loss account		
(Loss) / gain on Investments - Net of tax	1,010	6,760
Exchange difference on translation of foreign subsidiary	(2,492)	299
Exchange difference on translation of goodwill	1,923	892
Items that may not reclassify to profit or loss account		
	440	7,951
Total comprehensive income for the period	297,837	249,002
Attributable to:		
Owners of the holding company	292,981	252,406
Non-controlling interest	4,857	(3,404)
Total comprehensive income for the period	297,837	249,002

The annexed notes from 1 to 16 form an integral part of this condensed consolidated interim financial statements.



Chaudhry Ahmed Javed
(Chairman)



Arif Saeed
(Chief Executive)



Badar Ul Hassan
(Chief Financial Officer)

Condensed Consolidated Interim Statement of Cash Flows (Unaudited)

For the period ended March 31, 2019

	March 31, 2019	March 31, 2018
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	335,119	287,033
Adjustments for non-cash charges and other items:		
Depreciation and amortization	156,884	141,437
Employee benefit plans	12,065	11,885
Ijarah rentals	16,205	21,484
Finance cost	205,968	113,059
Provision for workers' profit participation fund	17,260	15,088
Provision for workers' welfare fund	2,325	1,012
Provision for slow moving stocks	14,141	(12,573)
Provision for doubtful debts	4,844	
Share of profit from Speed (Private) Limited	(15,598)	(28,191)
Exchange (gain)/Loss	(1,923)	
Operating profit before working capital changes	747,290	550,234
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	16,426	6,275
Stock in trade	(729,161)	(284,235)
Trade debts	(670,195)	28,390
Advances, deposits, prepayments and other receivables	(146,138)	(53,208)
Tax refunds, due from / to government	(68,943)	(143,919)
	(1,598,012)	(446,697)
(decrease) / Increase in current liabilities		
Trade and other payables	303,069	(138,061)
Cash generated from (used in) operations	(1,294,943)	(34,524)
Finance cost paid	(186,492)	(141,532)
Ijarah rentals paid	(16,205)	(21,484)
Income tax paid	(62,875)	(97,104)
Staff retirement benefits paid	(3,282)	(1,981)
W.P.P.F and W.W.F (Paid) / Received	23,266	
Net cash generated from / (used in) operating activities	(793,240)	(296,625)
Cash flow from investing activities		
Capital expenditure	(184,520)	(229,349)
Long term loans - net	378	(106)
Long Term Investment	(1,010)	(6,760)
Long term deposits - net	(13,284)	3,175
Net cash used in investing activities	(198,435)	(233,040)
Cash flow from financing activities		
Short term borrowings - net	1,099,628	653,153
Long term financing	(88,460)	(122,218)
Dividend paid	(603)	(310)
Exchange differences on translation of investments in foreign subsidiary	(570)	1,190
Net cash generated from financing activities	1,009,995	531,815
Net (decrease) / increase in cash and cash equivalents	18,320	2,150
Cash and cash equivalents at the beginning of the period	72,841	84,448
Cash and cash equivalents at the end of the period	91,161	86,598

The annexed notes from 1 to 16 form an integral part of this condensed consolidated interim financial statements.



Chaudhry Ahmed Javed
(Chairman)



Arif Saeed
(Chief Executive)



Badar Ul Hassan
(Chief Financial Officer)

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)

For the period ended March 31, 2019

	Paid up share capital	Capital reserves			Revenue reserves		Attributable to owners of the holding company	Non-controlling Interest	Total
		Capital gain	Share premium	Exchange translation reserve	General reserves	Un-appropriated profit			
Balance as at December 31, 2017	120,288	102,730	21,217	3,093	1,558,208	2,927,766	4,733,302	10,662	4,743,964
Net Profit for the quarter ended Mar.31.2018	-	-	-	834	-	251,572	252,406	(3,404)	249,002
Balance as at Mar 31, 2018	120,288	102,730	21,217	3,927	1,558,208	3,179,338	4,985,708	7,258	4,992,966
Balance as at December 31, 2018	120,288	102,730	21,217	3,785	1,558,208	3,693,258	5,499,486	(16,322)	5,483,164
Total comprehensive income for the quarter ended Mar.31.2019	-	-	-	(342)	-	293,323	292,981	4,857	297,837
Balance as at March 31, 2019	120,288	102,730	21,217	3,443	1,558,208	3,986,581	5,792,467	(11,465)	5,781,001

←-----Rupees in thousand----->

The annexed notes from 1 to 16 form an integral part of this condensed consolidated interim financial statements.



Chaudhry Ahmed Javed
(Chairman)



Arif Saeed
(Chief Executive)



Badar Ul Hassan
(Chief Financial Officer)

Notes to the Condensed Consolidated Interim Financial Information (Unaudited)

For the period ended March 31, 2019

1 Legal Status and Operations

Service Industries Limited (the Holding Company) was incorporated as a private limited Company on March 20, 1957 in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017), was converted into a public limited Company on September 23, 1959 and got listed on June 27, 1970. The shares of the Holding Company are quoted on the Pakistan Stock Exchange. The principal activities of the Holding Company are purchase, manufacture and sale of footwear, tyres and tubes and technical rubber products.

Geographical location and address of business units/plants

Purpose	Location	Address
Registered Office	Lahore	Servis House, 2-Main Gulberg, Lahore-54662
Factory Site	Muridke	Muridke-Sheikhupura Road
Factory Site	Gujrat	G.T. Road, Gujrat.

The group consists of:

- Service Industries Limited - the holding company;
- Service Industries Capital (Private) Limited - Holding of 100%;
- Service Shoes Lanka (Private) Limited - Holding of 60% by Service Industries Capital (Private) Limited;

Service Industries Capital (Private) Limited

Service Industries Capital (Private) Limited got registered under the Companies Ordinance, 1984 (now the Companies Act 2017) in Pakistan as a company limited by shares on 10 November 2015. The registered office of Service Industries Capital (Private) Limited is situated at Service House, 2-Main Gulberg, Lahore. The main object of Service Industries Capital (Private) Limited is to make investment in new ventures, shares and securities, listed or otherwise, in Pakistan or elsewhere in the world, subject to requirements of applicable law.

Service Shoes Lanka (Private) Limited

Service Shoes Lanka (Private) Limited is a Private Limited Liability Company incorporated on July 16th, 2015 and domiciled in Sri Lanka under the provisions of the Companies Act No. 07 of 2007. The registered office of the Company is located at No 143/17, Sri Wickerma Mawatha, Colombo 15 and the principal place of business is located at Katunayake

2 Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- It has power to direct the relevant activities of the subsidiaries;
- Is exposed to variable returns from the subsidiaries; and
- Decision making power allows the Group to affect its variable returns from the subsidiaries.

All business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the assets given and liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination (including contingent liabilities) are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair values of the holding company's share of identifiable net assets acquired is recorded as goodwill.

The consolidated financial statements of the Group include the financial statements of the holding company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the holding company, using consistent accounting policies.

The assets and liabilities of the subsidiaries have been consolidated on a line-by-line basis and the carrying value of investment held by the holding company is eliminated against the subsidiaries' share capital and pre-acquisition reserves in the consolidated financial statements. Material intragroup balances and transactions are eliminated.

A change in the ownership interest of the subsidiaries, without a change of control, is accounted for as an equity transaction.

The subsidiary companies are consolidated from the date on which more than 50% voting rights are transferred to the holding company or power to govern the financial and operating policies of the subsidiaries are established and are excluded from consolidation from the date of disposal or cessation of control. Non-controlling interest (NCI) is the equity in a subsidiary not attributable, directly or indirectly, to the holding company.

Associates

Associates are all entities over which the Group has significant influence but not control. Investment in associate is accounted for using equity method, whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the associate. The consolidated profit or loss account reflects the Group share of the results of the operations of the associate

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss account where applicable. The gain / loss arising on dilution of interest in an equity accounted investee is recognized in the profit or loss account.

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the same in the profit or loss account.

Notes to the Condensed Consolidated Interim Financial Information (Unaudited)

For the period ended March 31, 2018

3 Basis of preparation

- 3.1 These condensed consolidated financial statements for the period ended March 31, 2019 are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". These condensed consolidated financial statements are unaudited and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017. These do not include all of the information required for the full set of annual financial statements and the condensed interim financial statements should be read in conjunction with the annual financial statements of the company for the year ended 31 December 2018.

As per the requirements of circular No. 23/2017 dated October 4, 2017 issued by Securities & Exchange Commission of Pakistan (SECP), companies whose financial year closes after December 31, 2017 shall prepare financial statements in accordance with the provisions of the Companies Act, 2017.

- 3.2 These Condensed consolidated 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 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.

- 3.3 The condensed consolidated interim financial statements are presented in Pak Rupee which is the company's functional and presentation currency.

4 Accounting policies

Accounting policies adopted for the preparation of these condensed consolidated Interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company.

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended December 31, 2018.

- 5 Provisions for income tax, Workers' Profit Participation Fund and Workers' Welfare Fund have been made on the basis of three months' profit. These are subject to change on final results.

6 Contingencies and commitments

Contingencies

- 6.1 The Additional Collector (Adjudication) of Pakistan Customs Computerized System, Karachi initiated case against the Company for failure to pay leviable sales tax and income tax of Rupees 18.6 million and 4.1 million respectively at import of tyre cord fabrics during the period w.e.f. August 2007 to July 2008 by wrongly claiming sales tax zero rating in terms of S.R.O 509 (1)/2007 dated 09-06-2007. The case has been remanded back by the Appellate Tribunal Inland Revenue, Lahore to the CIR (Appeals), which is pending for hearing. According to the Company's legal counsel, the Company has a good arguable case and there is likelihood that the same will be decided in its favor, hence, no provision has been made in these financial statements.
- 6.2 The Deputy Director of Pakistan Employees Social Security Institute (PESSI), Gujrat initiated two cases against the Company. In the first case, the alleged amount recoverable by the PESSI is Rupees 4.80 million covering the period from January 1987 to September 1992 on account of short payment of contributions. The matter was decided against the company by the Institution and Company filed an appeal before the Social Security Court, Lahore, which is pending for hearing. In second case, PESSI initiated a case of Rupees 77.6 million against the Company, against which a complaint was filed to the Institution. Social Security Institution disposed of our complaint while referring the matter to the local office Gujrat for reconsideration after re-checking of record. The local office Gujrat, raised a demand of same amount, against which the Company filed a complaint; which is pending adjudication before the Institution. During the pendency of matter before the Institution, a recovery notice was issued by the local office. The Company filed a writ petition before the Honorable High Court, Lahore wherein the recovery notice was suspended by the Honorable High Court, Lahore. As per legal counsel of the Company, the Company has strong legal grounds for its success.
- 6.3 The DCIR, LTU initiated a case against the Company of post sales tax refund audit in which demand of Rupees 27.92 million was raised. The Company filed an appeal before CIR (Appeals) in which the demand was cancelled except two points having impact of Rupees 2.65 million. The Company had further filed an appeal before ATIR against said points. The management of the Company is confident that decision will be in favour of the Company hence, no provision has been made in these financial statements
- 6.4 The DCIR, LTU initiated sales tax audit for the year 2013-2014 in which demand of Rupees 182.70 million was created. The Company has filed an appeal with CIR (Appeals) who confirmed the demand of Rupees 10 million and remanded back certain charges to the tune of 172.7 million. The Company filed an appeal with ATIR against the decision of CIR (Appeals) which is pending for hearing. The management of the Company is confident that decision will be in favor of the Company, hence, no provision has been made in these financial statements.

Notes to the Condensed Consolidated Interim Financial Information (Unaudited)

For the period ended March 31, 2018

- 6.5 The DCIR, LTU initiated income tax audit for the year 2014 in which a demand of Rupees 123 million was created. The Company preferred an appeal before CIR(Appeals) which is pending for hearing. The management is confident that decision will be in favor of the Company, hence, no provision has been made in these financial statements.
- 6.6 Honorable Lahore High Court has allowed a petition filed by the Company against show-cause notice issued by DCIR amounting Rupees 13 million. The show-cause notice was issued on account of post sales tax refunds audit of various tax periods. FBR challenged the decision of Honorable Lahore High Court in August Supreme Court of Pakistan which is pending for hearing. The management is confident that decision will be in favor of the Company, hence, no provision has been made in these financial statements.
- 6.7 The DCIR, LTU initiated a case of withholding tax audit for tax year 2011 in which a demand of Rupees 40.03 million under Section 161 and 205 of The Income Tax Ordinance, 2001 was created. The Company preferred an appeal before CIR (Appeal) which is pending for hearing. The management of Company is confident that decision shall be in favor of Company, hence, no provision has been made in these financial statements.
- 6.8 The DCIR, LTU conducted income tax audit for the year 2011 in which a demand of rupees 19.6 million was created. The Company preferred an appeal before the CIR (Appeals) which is pending for hearing. The management is confident that decision will be in favor of the company, hence, no provision has been made in these financial statements
- 6.9 The Company has challenged, before Honorable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(1)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(I)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts has been disallowed. The Honorable Lahore High Court has issued stay order in favor of the Company. Consequently, the Company has claimed input sales tax paid on packing material in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal. An amount of Rupees 41.18 million being the provision is made in these financial statements.
- 6.10 The Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (l) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honorable Lahore High Court has issued stay order in favor of the Company and has allowed the Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Company has claimed input sales tax on such goods in its respective monthly sales tax returns. An amount of Rupees 3.82 million being the provision is made in these financial statements.

- 6.11 The DCIR, LTU initiated income tax cases of tax years 2006 and 2008. A demand of 12.7 million and 68.4 million respectively were created by amending returns. Appeals were preferred with CIR(Appeals) which were dismissed against the Company without discussing the merits of the cases. The Company has filed appeal with ATIR which is pending for hearing. The management is confident that decision will be in favor of the Company, hence, no provision has been made in these financial statements.
- 6.12 The CIR, LTU passed an order regarding Crest discrepancies of sales tax for an amount of Rupees 11.1 million. The Company filed an appeal with ATIR which is pending for hearing. The management is confident that decision will be in favor of the Company, hence, no provision has been made in these financial statements

Commitments

- 6.13 Guarantees issued in ordinary course of business through banks are of Rs. 364 million (Dec 2018: Rs. 523 million).
- 6.14 Irrevocable letters of credit outstanding at the year end are of Rs. 882 million (Dec-2018: Rs. 486.71 million).
- 6.15 The amount of future ijarah rentals for ijarah financing and the period in which these payments will become due are as follows:

	Note	(Unaudited) March 31, 2019 (Rupees in thousand)	(Audited) December 31, 2018
Not later than one year		63,196	61,109
Later than one year and not later than five years		85,207	87,154
Later than five years		-	-
		148,403	148,263
7 Property, plant and equipment			
Operating fixed assets	7.1	6,485,453	5,835,196
Capital work in progress		600,865	1,219,779
		7,086,317	7,054,975
7.1 Operating fixed assets			
Opening written down value		5,835,196	4,842,097
Add: Additions during the period	7.2	806,583	1,633,174
		6,641,779	6,475,271
Less: Disposals during the period (at book value)	7.2	5,781	11,635
		6,635,997	6,463,636
Less: Depreciation charged during the period		156,566	611,234
Exchange/Other adjustment during the period		(6,021)	17,206
		6,485,453	5,835,196

Notes to the Condensed Consolidated Interim Financial Information (Unaudited)

For the period ended March 31, 2018

7.2 Following is the detail of additions and disposals during the period/ year.

	Additions		Disposals - NBV	
	Unaudited March 31, 2019	Audited December 31, 2018	Unaudited March 31, 2019	Audited December 31, 2018
	(Rupees in thousand)			
Land	-	-	-	-
Building on freehold land	20,086	362,957	-	-
Plant and machinery	697,645	1,019,700	281	1,182
Furniture, fixture and fittings	1,052	7,784	1	194
Vehicles	435	8,171	99	284
Service equipments	87,311	113,287	24	637
Leasehold improvements	53	121,275	5,376	9,338
	806,583	1,633,174	5,781	11,635

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

8 Long term investments

These represents long term investments in:

Related parties	8.1	500,460	484,864
Others	8.2	23,060	22,050
		523,520	506,914

8.1 Investment in Related Parties:

8.1.2 Investment in Associate

- Speed (Private) Limited	8.1.2.1	499,980	484,384
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8.1.3 Investment in Joint Venture

- S2 Power Limited (24,000 fully paid shares of Rs.10/- each)
- S2 Hydro Limited (24,000 fully paid shares of Rs.10/- each)

240	240
240	240
480	480

	500,460	484,864
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	(Unaudited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
8.1.2.1 Speed (Private) Limited - associated company		
Cost of investment		
160,709 fully paid ordinary shares of Rs. 100/- each (2018: 160,709)	190,949	190,949
Service Industries Capital (Private) Limited Cost of investment-SICPL		
30,200 fully paid shares of Rs. 2,044.40 each (2018: 30,200)	58,721	58,721
73,000 fully paid ordinary shares of Rs. 1,272 each (2018: 73,000)	92,856	92,856
Share of post acquisition reserve		
As at the beginning of the period	141,858	83,042
Share of post acquisition profit for the period	15,596	105,000
Less: Dividends received during the period	-	(46,184)
	157,454	141,858
	499,980	484,384
8.1.2.2 Cost of investment of Rupees 61.74 million adjustud with the distribution received from pre-acquisition profits of Speed (Private) limited of Rupees 3.02 million brings cost of investment to Rupees 58.72 million.		
8.2 Investment in quoted securities - Available for sale investments		
TRG Pakistan Limited		
1,000,000 fully paid ordinary shares (2018- 1,000,000)	22,050	29,600
Fair value adjustment	1,010	(7,550)
	23,060	22,050

Notes to the Condensed Consolidated Interim Financial Information (Unaudited)

For the period ended March 31, 2018

	Note	(Unaudited) March 31, 2019	(Unaudited) March 31, 2018
		(Rupees in thousand)	
9	Sales - net		
	Sale of footwear (Net)		
	Export sales	2,112,209	1,499,933
	Local sales	1,202,148	1,117,921
		3,314,357	2,617,854
	Sale of tyres and tubes (Net)		
	Export sales	223,582	232,995
	Local sales	2,604,385	2,734,773
		2,827,968	2,967,768
	Sale of technical rubber products (Net)		
	Local sales	2,071	1,039
		2,071	1,039
		6,144,396	5,586,661
10	Cost of sales		
	Raw material consumed	10.1 3,243,626	2,789,556
	Salaries , wages and benefits	768,356	701,793
	Stores and spares consumed	54,866	42,468
	Packing material consumed	187,435	153,100
	Fuel and power	214,928	176,379
	Insurance	5,162	4,346
	Travelling expenses	5,890	5,184
	Repair and maintenance	37,109	38,127
	Entertainment	1,258	755
	Depreciation	139,475	127,709
	Provision for slow moving items, obsolete items	14,141	(12,573)
	Other manufacturing charges	61,050	38,726
		4,733,295	4,065,570
	Work in process:		
	Opening Stock	423,069	311,171
	Closing Stock	(531,238)	(367,610)
		(108,169)	(56,439)
	Cost of goods manufactured	4,625,126	4,009,131
	Finished goods:		
	Opening Stock	1,968,388	2,225,491
	Finished goods purchased	756,641	614,575
	Closing stock	(2,423,252)	(2,265,497)
		301,777	574,569
		4,926,903	4,583,700

	(Unaudited) March 31, 2019	(Unaudited) March 31, 2018
	(Rupees in thousand)	
10.1 Raw material consumed		
Opening Stock	1,545,085	1,337,845
Purchases	3,224,717	2,748,009
Closing stock	(1,526,175)	(1,296,298)
	3,243,626	2,789,556

Notes to the Condensed Consolidated Interim Financial Information (Unaudited)

For the period ended March 31, 2019

11. Segment reporting

(Rupees in thousand)

	Footwear		Tyre		Technical Rubber Products		Total	
	3 months ended Mar. 31, 2019	3 months ended Mar. 31, 2018	3 months ended Mar. 31, 2019	3 months ended Mar. 31, 2018	3 months ended Mar. 31, 2019	3 months ended Mar. 31, 2018	3 months ended Mar. 31, 2019	3 months ended Mar. 31, 2018
External sales	3,314,357	2,617,854	2,827,968	2,967,767	2,071	1,039	6,144,396	5,586,661
Inter-segment sales	-	-	-	-	-	-	-	-
Total revenue	3,314,357	2,617,854	2,827,968	2,967,767	2,071	1,039	6,144,396	5,586,661
Profit/ (loss) before tax and unallocated expenses	362,862	261,541	362,901	322,543	(2,530)	(3,098)	723,233	580,986
Unallocated corporate expenses								
Finance cost	-	-	-	-	-	-	(192,713)	(103,560)
Other operating expenses	-	-	-	-	-	-	(211,396)	(209,987)
Other operating income	-	-	-	-	-	-	15,995	19,594
Taxation	-	-	-	-	-	-	(37,722)	(45,982)
Profit after taxation	362,862	261,541	362,901	322,543	(2,530)	(3,098)	297,397	241,051
11.1 Reconciliation of segment profit								
Total profit for reportable segments							723,233	580,986
Unallocated expenses							(388,114)	(293,953)
Profit before tax							335,119	287,033

Notes to the Condensed Consolidated Interim Financial Information (Unaudited)

For the period ended March 31, 2019

(Rupees in thousand)

	Footwear		Tyre		Technical Rubber Products		Total	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
11.2 Reconciliation of segment								
Assets & liabilities								
Total assets for reportable segments	7,718,907	7,187,855	9,441,210	8,662,533	53,193	54,481	17,213,310	15,904,869
Unallocated assets	-	-	-	-	-	-	2,810,418	2,417,406
Total assets as per balance sheet	-	-	-	-	-	-	20,023,728	18,322,275
Segment liabilities	-	-	-	-	-	-	-	-
Unallocated liabilities	-	-	-	-	-	-	14,231,261	12,839,111
Total liabilities as per balance sheet	-	-	-	-	-	-	14,231,261	12,839,111

Notes to the Condensed Interim Financial Information (Unaudited)

For the period ended March 31, 2019

12 Fair value measurement of financial instruments.

		Carrying Amount				Fair Value		
		Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
Note		(Rupees in thousand)						
On-balance sheet financial instruments								
30 Mar 2019- (Un-audited)								
Financial assets measured at fair value		23,060	-	-	-	23,060	-	-
		23,060	-	-	-	23,060	-	-
Financial assets not measured at fair value								
	12.1							
Long term investments		-	499,980	-	499,980	-	-	-
Long term loans		-	20,072	-	20,072	-	-	-
Long Term deposit		-	108,294	-	108,294	-	-	-
Trade debits		-	3,984,358	-	3,984,358	-	-	-
Loans and advances		-	26,286	-	26,286	-	-	-
Trade Deposits		-	80,377	-	80,377	-	-	-
Other Receivables		-	66,776	-	66,776	-	-	-
Cash and Bank Balances		-	91,161	-	91,161	-	-	-
		-	4,877,304	-	4,877,304	-	-	-
Financial liabilities measured at fair value								
Financial liabilities not measured at fair value								
	12.1							
Long term Financing		-	-	3,232,190	3,232,190	-	-	-
Long term deposits		-	-	3,243	3,243	-	-	-
Interest and Maukup accrued		-	-	166,393	166,393	-	-	-
Short term borrowings		-	-	6,822,258	6,822,258	-	-	-
Uncashed dividend warrants		-	-	31,399	31,399	-	-	-
Trade and other payables		-	-	3,118,431	3,118,431	-	-	-
		-	-	13,373,914	13,373,914	-	-	-

Notes to the Condensed Interim Financial Information (Unaudited)

For the period ended March 31, 2019

(Rupees in thousand)

31 Dec 2018	Note	Carrying Amount				Fair Value		
		Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value		22,050	-	-	-	22,050	-	-
		22,050	-	-	-	22,050	-	-
Financial assets not measured at fair value	12.1							
Long term investments		-	484,864	-	484,864	-	-	-
Long term loans		-	20,450	-	20,450	-	-	-
Long Term deposit		-	95,010	-	95,010	-	-	-
Trade debts		-	3,344,579	-	3,344,579	-	-	-
Loans and advances		-	33,802	-	33,802	-	-	-
Trade Deposits		-	47,854	-	47,854	-	-	-
Other Receivables		-	77,019	-	77,019	-	-	-
Cash and Bank Balances		-	72,652	-	72,652	-	-	-
		-	4,176,230	-	4,176,230	-	-	-
Financial liabilities measured at fair value								
Financial liabilities not measured at fair value	12.1							
Long term Financing		-	-	3,316,880	3,316,880	-	-	-
Long term deposits		-	-	3,243	3,243	-	-	-
Interest and Mark-up accrued		-	-	146,917	146,917	-	-	-
Short term borrowings		-	-	5,722,630	5,722,630	-	-	-
Uncashed dividend warrants		-	-	32,002	32,002	-	-	-
Trade and other payables		-	-	2,726,790	2,726,790	-	-	-
		-	-	11,948,462	11,948,462	-	-	-

12.1 The management considers the carrying amount of all financial assets and liabilities not measured according to the fair value hierarchy at the end of the reporting period to approximate their fair value as at the reporting date.

Notes to the Condensed Consolidated Interim Financial Information (Unaudited)

For the period ended March 31, 2019

13 Related party transactions

Transaction with related parties and associated undertakings, other than those disclosed elsewhere in the financial statements are as follows:

	(Unaudited) March 31, 2019	(Audited) December 31, 2018
	(Rupees in thousand)	
Associated companies		
Dividend received	-	28,124
Reimbursement of expense	-	3,802
Retirement Benefit	46,629	164,000
Key management personnel		
Dividend paid	-	100,145

All transaction with the related parties have been carried out at arms length at normal commercial rate.

14 The Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at December 31, 2018.


There have been no changes in the risk management policies since the year end.

15 Authorization date

These financial statements were authorized for issue by the Board of Directors on April 26, 2019.

16 General

Figures have been rounded off to the nearest thousand of rupees and corresponding figures have been re-arranged, where necessary, for the comparison purposes. However, no material re-arrangements have been made.



Chaudhry Ahmed Javed
(Chairman)



Arif Saeed
(Chief Executive)



Badar Ul Hassan
(Chief Financial Officer)

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