



SERVICE FABRICS LIMITED



SERVICE FABRICS LIMITED

**3rd Quarter Ended
March 31, 2020**



SERVICE FABRICS LIMITED

Company Information

Board of Directors	Mr. Haris Ahmed Mr. Chaudhary Kamran Sadiq Mr. Muhammad Amer Saddique Mr. Muhammad Waqas Mr. Irfan Noor Mr. Chaudhary M Javed Siddique Mr. Ali Anwar	CEO
Board Audit Committee	Mr. Muhammad Waqas Mr. Irfan Noor Mr. Ali Anwar	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Chaudhary Javed Siddique Mr. Ali Anwar Mr. M Amer Saddique	Chairman Member Member
Company Secretary Registered Office	Mr. Zahir Shah Office No 17, 1st Floor, Anique Arcade, I-8Markaz, Islamabad. Phone: +92 (51) 4861780 Fax : +92 (51) 4861785	
Auditors	Horwath Hussain Chaudhry & Co.	
Legal Advisor	Ch. Abdul Khaliq	
Share Registrar	F. D. Registrar Services (SMC-Pvt) Limited. 1705, 17th Floor, Saima Trade Tower A, I.I Chundrigar Road Karachi. Phone: (+92-21) 35478192-93, 32271906 Fax : (+92-21) 32621233	



SERVICE FABRICS LIMITED

CHAIRMAN REVIEW REPORT

BUSINESS REVIEW

On behalf of the board of directors of Service Fabrics Limited, we are pleased to submit the Chairman review report and the financial statements of the Company for 3rd quarter and nine months ended on March 31, 2020.

OVERVIEW

During the period under review, directors of the Company have been putting all their efforts to revive the operations by restructuring its entire business particularly through its internal resources. The management is committed to making the company profitable, by acquiring and investing in businesses within in Food, Real Estate, Pharma and Finance sectors. This will allow us to create a diversified group of businesses within one company and thus resulting in profitability and enhancing value for its shareholders.

The loss amounting Rs. 0.277 million shown in accompanying financial statements is only because of administrative expenses incurred during the quarter as no operational activities were carried out during last quarter.

Despite of all these facts, the management of the Company is committed to good corporate governance and complying with the best practices. In compliance with the Code of Corporate Governance, the Directors are pleased to state as follows:

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.



SERVICE FABRICS LIMITED

CODE OF CONDUCT

In order to put in place professional standards and corporate values for promotion of integrity of the Board, senior management and other employees, the Board has approved and disseminated a Code of Conduct, defining therein acceptable and unacceptable behaviors. The same has been placed on the Company's Website.

SAFETY AND ENVIRONMENTS

The company strictly complies with the standards of the safety rules & regulations. It also follows environmental friendly policies.

BUSINESS PLANS & ACHIEVEMENT OF TARGETS

Short medium and long term targets are set by the Board. Management endeavors to achieve those through better planning, concerted efforts and hard work. Each year a comprehensive business plan is chalked out and duly approved by the Board. The management believes that based on orders in hand and expansion in production and marketing facilities, the Company will operate as a "Going Concern" till indefinite period.

ACKNOWLEDGEMENT

The Board would like to thank all of their stakeholders and customers and suppliers of the Company for their valuable support and sheer confidence. Such confidence has allowed the Company to perform well in a difficult business environment.

The Board would like to thank executives, staff members and workers of the Company for their commitment, dedication and hard work. We continue to pray to Allah for the continued success of your Company and for the benefit of all stakeholders, and the country in general.

Dated: April 27, 2020
Islamabad

(IRFAN NOOR)
Chairman



SERVICE FABRICS LIMITED

DIRECTOR'S REPORT

During the quarter of the year, directors of the Company made their efforts to revive the operations of the company by restructuring its entire business particularly through its internal resources. The loss amounting Rs. 0.277 million shown in accompanying financial statements is only because of administrative expenses incurred during 3rd quarter as no operational activities were carried out during quarter.

Company is in the process of acquiring the Operating Plant, Building and Machinery of a FMCG company to initiate its Food division. The cost of the assets was assessed to Rs. 34.14 Million. The Company planned to make the plant operational for Tomato Paste initially, an input for ketchup, pizza sauce, spaghetti sauce, lasagna sauce, curry paste. Future products include fruit spread (Jam), Synthetic vinegar, soya sauce etc. Management has also identified some other means and sources of financing for restructuring. The management is confident that it would turnaround the Company and it will be on the track within shorter possible period.

During the previous period, the books of accounts of company's subsidiary (H. K Securities (Private) Limited) were seized and taken with them by Securities and Exchange Commission of Pakistan (Security Market Division) against seizure memo of records dated March 20, 2017. Securities Exchange Commission of Pakistan (Corporate Supervision Department) was approached to seek relaxation under section 228 (7) of Companies Act 2017 for preparation of annual consolidated account for the period ended June 30, 2019 vide letter No SVC/SECP/190901 dated September 19, 2019. The company remained unable to prepare consolidated financial accounts for the period ended March 31, 2020 due to non-availability of books of accounts.

During year 2016-17, Securities and Exchange Commission of Pakistan (SECP) had filed petition with the Honorable High Court, Lahore (Company Jurisdiction) under section 305 and 309 of the Companies Ordinance, 1984 for winding up of the Company. Currently, the petition is pending at Honorable High Court. The management of the company is vigorously defending its plea in court of law to dismiss winding up petition and company is hopeful for favorable decision.



SERVICE FABRICS LIMITED

Our mission is to contribute to the growth, sustainability and ultimate stabilization of the economy. We at Service Fabrics Limited, aim to do this through responsible business practices.

Further, the Board also initiated measures to achieve cost efficiencies by optimizing the business processes.

STATEMENT ON CORPORATE FINANCIAL REPORTING FRAME WORK

The Company has complied with all the requirements of the code of Corporate Governance by the listing regulations.

Accordingly the Directors are pleased to confirm the following:

- I The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act 2017. These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.
- ii. Proper books of accounts of the Company have been maintained.
- iii. Appropriate accounting policies have been consistently applied in the preparation of financial statements which conform to the International Accounting Standards as applicable in Pakistan. The accounting estimates, wherever required are based on reasonable and prudent judgment.
- iv. The International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- v. The system of Internal Control is sound in design and has been effectively implemented and monitored.



SERVICE FABRICS LIMITED

- vi. There are no significant doubts upon the Company's ability to continue as a going concern.
- vii. There has been no material departure from the best practices of Corporate Governance, as required by the listing regulations.
- viii. The key operating and financial data for the last six years is annexed in the financial highlights.

On behalf of Board of Directors of the company, I am thankful to all worthy shareholders and staff members of the company for their untiring efforts for the betterment of the company.

For and on Behalf of the Board

Haris Ahmed

Chief Executive Officer

Dated: April 27, 2020
Islamabad.



SERVICE FABRICS LIMITED

SERVICE FABRICS LIMITED UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT MARCH 31, 2020

	Note	March 31, 2020 (Un-Audited)	June 30, 2019 (Audited)
ASSETS			
Non Current Assets			
Advance for purchase of operating fixed assets	4	1,000,000	1,000,000
Investment in subsidiary	5	15,628,969	15,628,969
		16,628,969	16,628,969
Current Assets			
Receivable from broker		2,287	2,287
Advance income tax		37,295	37,295
Cash and bank balances	6	62,442	769,793
		102,024	809,375
		<u>16,730,993</u>	<u>17,438,344</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital: 16,000,000 (June 30, 2019: 16,000,000) ordinary shares of Rs. 10 each		160,000,000	160,000,000
Issued, subscribed and paid up capital	7	157,548,000	157,548,000
Accumulated loss		(360,042,316)	(358,583,743)
		(202,494,316)	(201,035,743)
Liabilities			
Non Current Liabilities			
Long term financing	8	162,114,011	162,114,011
Payable to Subsidiary	9	10,028,205	10,028,205
Current Liabilities			
Gratuity payable		324,847	324,847
Loan from director	10	3,538,595	3,048,573
Trade and other payables	11	40,911,460	40,650,260
Unclaimed Dividend		491,058	491,058
Provision for taxation		1,817,133	1,817,133
		47,083,093	46,331,871
Contingencies and Commitments	12	-	-
		<u>16,730,993</u>	<u>17,438,344</u>

The annexed notes form an integral part of the unconsolidated condensed interim financial information (un-audited).

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



SERVICE FABRICS LIMITED

SERVICE FABRICS LIMITED
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
(UN-AUDITED)
FOR THE NINE MONTHS AND 3RD QUARTER ENDED MARCH 31, 2020

	Note	Half Year Ended		Quarter Ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
		Rupees		Rupees	
Sales		-	-	-	-
Cost of sales		-	-	-	-
Gross Profit		-	-	-	-
Administrative expenses	13	<u>(1,458,573)</u>	<u>(995,744)</u>	<u>(277,142)</u>	<u>(287,313)</u>
Operating (Loss)		<u>(1,458,573)</u>	<u>(995,744)</u>	<u>(277,142)</u>	<u>(287,313)</u>
Other operating expenses		-	-	-	-
Other income - Dividends		-	-	-	-
		-	-	-	-
(Loss) before Taxation		<u>(1,458,573)</u>	<u>(995,744)</u>	<u>(277,142)</u>	<u>(287,313)</u>
Taxation		-	-	-	-
Net (Loss) for the Period		<u><u>(1,458,573)</u></u>	<u><u>(995,744)</u></u>	<u><u>(277,142)</u></u>	<u><u>(287,313)</u></u>
(Loss) per Share - Basic and Diluted		<u><u>(0.093)</u></u>	<u><u>(0.063)</u></u>	<u><u>(0.018)</u></u>	<u><u>(0.018)</u></u>

The annexed notes form an integral part of the unconsolidated condensed interim financial information (un-audited).

Haris
CHIEF EXECUTIVE

[Signature]
CHIEF FINANCIAL OFFICER

[Signature]
DIRECTOR



SERVICE FABRICS LIMITED

SERVICE FABRICS LIMITED

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE MONTHS AND 3RD QUARTER ENDED MARCH 31, 2020

	Share Capital	Accumulated Loss	Total
	Rupees	Rupees	Rupees
Balance as on June 30, 2018	157,548,000	(357,282,950)	(199,734,950)
Total comprehensive (loss) for the six months period ended December 31, 2018	-	(995,744)	(995,744)
Balance as on December 31, 2018	<u>157,548,000</u>	<u>(358,278,694)</u>	<u>(200,730,694)</u>
Balance as on June 30, 2019	157,548,000	(358,583,743)	(201,035,743)
Total comprehensive (loss) for the NINE months period ended March 31, 2020	-	(1,458,573)	(1,458,573)
Balance as on March 31, 2020	<u>157,548,000</u>	<u>(360,042,316)</u>	<u>(202,494,316)</u>

The annexed notes form an integral part of the unconsolidated condensed interim financial information (un-audited).


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR



SERVICE FABRICS LIMITED

SERVICE FABRICS LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE NINE MONTHS AND 3RD QUARTER ENDED MARCH 31, 2020

Nine Months Ended		Quarter Ended	
March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019

----- Rupees -----

(Loss) before Taxation	(1,458,573)	(995,744)	(277,142)	(287,313)
Other comprehensive income				
<i>Items that may be reclassified subsequently to the profit or loss</i>	-	-	-	-
<i>Items that will not be reclassified subsequently to the profit or loss</i>	-	-	-	-
Total Comprehensive (Loss) for the period	<u>(1,458,573)</u>	<u>(995,744)</u>	<u>(277,142)</u>	<u>(287,313)</u>

The annexed notes form an integral part of the unconsolidated condensed interim financial information (un-audited).


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR



SERVICE FABRICS LIMITED

SERVICE FABRICS LIMITED

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS AND 3RD QUARTER ENDED MARCH 31, 2020

	March 31, 2020	March 31, 2019
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(1,458,573)	(995,744)
- Other income - Dividends	-	-
Cash flows in/(out) before working capital changes	(1,458,573)	(995,744)
Increase in liabilities:		
- Trade and other payables	261,200	30,000
- Receivable from broker		
Increase in assets:		
- Loans and advances	-	
- Recievable from broker	-	5,239
Net Cash Generated from Operating Activities	(1,197,373)	(960,505)
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in subsidiary	-	-
Net Cash Used in Investing Activities	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-	
Director Loan	490,022	-
Payable to subsidiary	-	(2,031,499)
Long term financing	-	2,467,104
Net Cash Generated from Financing Activities	490,021	435,604
Net Increase/(decrease) in Cash and Cash Equivalents	(707,352)	(524,900)
Cash and cash equivalents at the beginning of the period	769,794	1,396,586
Cash and Cash Equivalents at the End of the Period	62,442	871,686

The annexed notes form an integral part of the unconsolidated condensed interim financial information (un-audited).

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



SERVICE FABRICS LIMITED

SERVICE FABRICS LIMITED
NOTES TO AND FORMING PART OF UNCONSOLIDATED CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS AND 3RD QUARTER ENDED MARCH 31, 2020

Note 1

The Company and its Operations

- 1.1 Service Fabrics Limited (the Company) was incorporated in Pakistan on December 01, 1987 as a Public Limited Company under the Companies Ordinance, 1984. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Office No 17, 1st Floor, Anique Arcade, I-8 Markaz, Islamabad. Principal business of the Company was manufacturing and selling of fabrics. The Company has ceased its operating activities since October 2004.
- 1.2 The Company has incurred net loss of Rs.1,458,543/- (March 31, 2019: Rs. 995,744/-) during the period ended March 31, 2020 while the accumulated loss stands at Rs. (360,042,316) (March 31, 2019 : Rs. (358,278,694) as at the balance sheet date and its current liabilities exceed its current assets by Rs. 46,981,069 (June 30, 2019: Rs. 45,522,496/-) as at the balance sheet date. These factors raise doubts about the Company being a going concern and therefore, it may be not able to realize its assets and discharge its liabilities in the normal course of business.

Note 2

Basis of Preparation

- 2.1 This condensed interim financial information of the Company for the nine months ended March 31, 2020 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.
- 2.2 This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2019. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2019 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative cash flows statement and comparative statement of changes in equity are extracted from unaudited condensed interim financial information for the nine months ended March 31, 2019.
- 2.3 The preparation of these condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed interim financial information, 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 for the year ended June 30, 2019.
- 2.4 The preparation of these condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed interim financial information, 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 for the year ended June 30, 2019.
- 2.5 This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentational currency. All the figures have been rounded off to the nearest rupees, unless otherwise stated.



SERVICE FABRICS LIMITED

This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentational currency. All the figures have been rounded off to the nearest rupees, unless otherwise stated.

SERVICE FABRICS LIMITED

Notes to and forming part of the Unconsolidated Condensed Interim Financial Information (Un-audited)

- 2.6** During preceding periods, the books of accounts of company's subsidiary (H.K Securities (Private) Limited) has been seized and taken with them by Securities and Exchange Commission of Pakistan (Security Market Division) against seizure memo of records dated March 20, 2017. The company has approached SECP (Corporate Supervision Deptt) to seek relaxation under section 228 (7) of Companies Act 2017 for preparation of nine months consolidated accounts for the period March 31, 2020 vide letter No SVC/SECP/200401 dated April 23, 2020 on stated grounds.

Note 3

Significant Accounting Policies

The Company's accounting and financial risk management policies and methods of computation of this unconsolidated condensed interim financial information are the same as those followed in the preparation of annual financial statements for the preceding financial year ended June 30, 2019.

Note 4

Advance for Purchase of Operating Fixed Assets

- 4.1** During the 2015-16, the Company entered into a contract for purchase of operating assets of Getti Agro (Private) Limited. The value of assets agreed between the two parties as per the valuer report by an independent evaluator "M/s. International Design Group" is Rs. 34,140,400.
- 4.2** For this transaction, Rs. 1 million were paid directly by directors to M/s Getti Agro (Private) Limited.

Note 5

Investment in Subsidiary

During financial year 2015-16, the Company had purchased 95.5% shares of H.K. Securities (Private) Limited against consideration of Rs. 15,628,969 @ 5.456 per share. This transaction was undertaken on December 04, 2015.

Note 6

Cash and Bank Balances

	March 31, 2020 (Un-audited) Rupees	June 30, 2019 (Audited) Rupees
Cash in hand	62,362	769,742
Cash with bank	80	51
	<u>62,442</u>	<u>769,793</u>



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Note 7

Issued, Subscribed and Paid Up Capital

March 31, 2020 (Un-audited) No. of shares	June 30 2019 (Audited) No. of shares		March 31, 2020 (Un-audited) Rupees	June 30 2019 (Audited) Rupees
15,504,800	15,504,800	Ordinary shares of Rs. 10 each	155,048,000	155,048,000
250,000	250,000	Ordinary shares of Rs. 10 each issued for consideration other than cash	2,500,000	2,500,000
<u>15,754,800</u>	<u>15,754,800</u>		<u>157,548,000</u>	<u>157,548,000</u>

Note 8

Long Term Financing

	Note	March 31, 2020 (Un-audited) Rupees	June 30 2019 (Audited) Rupees
Financing from banking companies - Secured			
National Bank of Pakistan			
- Cash finance	8.1	786,997	786,997
- Demand finance	8.2	1,448,703	1,448,703
- Mark up freeze account	8.3	2,041,000	2,041,000
		<u>4,276,700</u>	<u>4,276,700</u>
Financing from related party	8.4		
Financing from others			
Noor Capital Pvt Ltd	8.4.1	104,837,311	104,837,311
Drekkar Kingsway Limited		53,000,000	53,000,000
		<u>157,837,311</u>	<u>157,837,311</u>
	8.4	<u>162,114,011</u>	<u>162,114,011</u>
Balance Brought forwarded		157,837,311	157,837,311
Less			
Transferred to M/S Noor Capital (Pvt) Ltd	8.4	(53,000,000)	(53,000,000)
Balance carried forward	8.4.1	<u>104,837,311</u>	<u>104,837,311</u>

8.1 This represents remaining liability of restructured cash finance facility. The said restructuring / rescheduling was carried out by the bank in the year 2005 for total amount of Rs. 10.617 million.

The restructured finances are secured against:

- Personal guarantees of previous directors.
- Residential properties of previous directors.
- First charge on current assets of the Company registered with the Securities and Exchange Commission of Pakistan (SECP).
- Additional equitable mortgage charge on property, plant and equipment of M/s Prime Diaries Limited, ranking pari passu with ICP and NBP to be created and registered with the SECP. General irrevocable power of attorney in favour of the bank duly executed and registered with the Registrar in respect of above property.



SERVICE FABRICS LIMITED

- 8.2** Demand finance amounting to Rs. 1.953 million was created by National Bank of Pakistan during restructuring / rescheduling of financing facilities as noted under Note 8.1. The restructured finance is due for payment and is secured against securities as disclosed in Note 8.1. The outstanding amount includes mark up payable of Rs. 1, 448,703 (2019: Rs. 1,448,703).
- 8.3** Accrued markup of Rs. 5.041 million on short term facilities has been frozen by National Bank of Pakistan as a result of rescheduling / restructuring of outstanding liabilities as mentioned in Note 8.1. Out of which Rs. 3 Million were paid by company during last year. Balance mark up shall be waived after the payment of all other liabilities of the bank as per agreed schedule.
- 8.4** This represents unsecured and interest free loan originally obtained from retiring directors who later novated the said loan in favour of M/s. Noor Capital (Private) Limited. During the reporting period company has entered into an agreement with M/S Noor Capital (Pvt) Ltd and M/S Drekkar Kingsway limited on September 07, 2017 through which an amount of Rs. 53 Million has been further transferred to M/S Drekkar Kingsway Limited. Repayment terms of both loans have not been finalized.

Note 9

Payable to Subsidiary

- 9.1** This represents partial payment received on behalf of subsidiary company against sale of 3,034,603 ISE Towers REIT Management shares (ISETRMCL) received to subsidiary in pursuance of corporatization and demutualization of ISETRMC in accordance with the requirement of the Stock Exchanges under Corporatization, Demutualization and Integration Act, 2012. Subsidiary company made an agreement for sale of these shares to M/S General Investment & Securities (Pvt) Ltd on August 09, 2017. On August 15, 2017 Subsidiary company has made an application to Pakistan stock exchange Limited for surrender of Trading Right Entitlement Certificate (TREC) and intends to sell blocked 60% equity shares with CDC after surrendering of TREC.
- 9.2** Securities and Exchange Commission of Pakistan vide its Order dated December 17, 2017 has refused HK Securities (Pvt) Ltd (Subsidiary company) to grant / renewal of licence as securities broker due to non compliant with the provisions of the Regulations read with Securities Act 2015. SECP has directed PSX and NCCPL in this regard to suspended the trading terminal of HK Securities (Pvt) Ltd and proceed further under the applicable regulatory Frame work.

Note 10

Loan from director

		March 31, 2020	June 30, 2019
	Note	(Un-audited) Rupees	(Audited) Rupees
Loan from director - unsecured	10.1	<u>3,538,596</u>	<u>3,048,573</u>
		<u>3,538,596</u>	<u>3,048,573</u>

- 10.1** This represents unsecured and interest free loan from director. Repayment terms of loan have not been finalized yet. The company has classified the loan as repayable on demand pursuant to provisions of Technical Release-32 (TR-32) "Accounting Directors' Loan" issued by the Institute of Chartered Accountants of Pakistan.



SERVICE FABRICS LIMITED

Note 11

Trade and Other payables

	March 31, 2020	June 30, 2019
	(Un-audited) Rupees	(Audited) Rupees
Sundry creditors	4,750,413	4,750,413
Accrued liabilities	613,000	375,000
Advance from customers and others	34,215,182	34,215,182
Zakat payable	301,072	301,072
Income tax payable	1,031,793	1,008,593
	<u>40,911,460</u>	<u>40,650,260</u>

Note 12

Contingencies and Commitments

12.1 During the 2015-16, the Securities and Exchange Commission of Pakistan (SECP) has filed petition with the Honourable High Court, Lahore (Company Jurisdiction) under section 305 and 309 of the Companies Ordinance, 1984 for winding up of the Company. The petition has been filed on the grounds that the Company has ceased its operations, disposed off its entire property, plant and equipment, very low cash and bank balances, outstanding liabilities of Rs. 184 million and inability to pay its debts etc. Since the management is confident that the case will be decided in its favour, these financial statements have been drawn up in accordance with going concern basis.

12.2 As at the balance sheet date, the Company has commitment to purchase operating fixed assets of Getti Agro (Private) Limited amounting to Rs. 33.14 million.

Note 13

Administrative Expenses

	March 31, 2020	March 31, 2019
	Rupees	Rupees
Legal and professional charges	644,270	-
Accommodation expense	20,927	17,934
Computer and Internet	-	8,500
Medication for Staff	27,881	19,960
Bank Service Charges	70	5,289
Foods and Meals	224,448	329,145
Travelling and conveyance	197,755	92,799
Postage and courier	730	6,080
Printing and stationery	23,420	29,144
Advertisement expense	-	116,230
Salaries expense	250,000	270,000
Office Supplies	19,072	-
Repairs and Maintenance	-	30,000
Utilities	-	62,066
Audit fee expense	50,000	-
Other expenses	-	1,827
Listing fee of karachi and Lahore Stock Exchange	-	6,770
	<u>1,458,573</u>	<u>995,744</u>

Note 14

Transaction with Related Parties

Related parties comprise related group companies, associated companies, directors and key management personnel. Transactions with related parties and associated companies are as under:



SERVICE FABRICS LIMITED

	March 31, 2020	June 30, 2019
Loan (repaid) / received to director	490,022	(1,673,055)
Balances outstanding as at December 31		
	2020	2019
	Rupees	Rupees
Loan from director	3,538,596	3,048,572
Investment in Subsidiary	15,628,969	15,628,969
Payable to HK Securites (Pvt) Ltd	10,028,205	10,028,205
Loan from related party	<u>157,837,311</u>	<u>157,837,311</u>
 Note 15 Number of Employees		
	2020	2019
Employees as at March 31 2020	<u>2</u>	<u>2</u>

Note 16 Authorization of Financial Information

This unconsolidated condensed interim financial information(un-audited) is authorized for issuance on April 27, 2020 by the Board of Directors of the Company.

Note 17 General

Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR



If Undelivered Please Return to:

SERVICE FABRICS LIMITED

Office No 17, 1st Floor, Anique Arcade, I-8 Markaz, Islamabad.

Phone: +92 (51) 4861780 | Fax: +92 (51) 4861785