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BILAL FIBRES LIMITED

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Lahore Cantt.

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BILAL
FIBRES LIMITED
(ISO 9001:2000 CERTIFIED)

**HALF YEARLY
REPORT**

DECEMBER 31, 2019
(UN-AUDITED)



BILAL FIBRES LIMITED

COMPANY INFORMATION

Chief Executive	Mr. Naeem Omer
Chairman	Mr. Muhammad Omer
Directors	Mr. Naeem Omer Mr. Anwaar Abbass Mr. Muhammad Asghar Mr. Muhammad Aslam Bhatti Mr. Muhammad Kashif Mr. Shahid Iqbal
Audit Committee	
Chairman:	Mr. Muhammad Aslam Bhatti
Member:	Mr. Anwaar Abbass
Member:	Mr. Muhammad Omer
Human Resource & Remuneration Committee	
Chairman:	Mr. Shahid Iqbal
Member:	Mr. Muhammad Kashif
Member:	Mr. Muhammad Asghar
Company Secretary	Mr. Muhammad Ijaz Shahid
Auditors	M/s Aslam Malik & Co Chartered Accountants Suit No. 18, 19, FF Floor, Central Plaza Barkat Market New Garden Town, Lahore.
Bankers	The Bank of Punjab NIB Bank Limited Silk Bank Limited
Share Registrar	M/s Corplink (Pvt.) Ltd. Wings Arcade, 1-K, Commercial, Model Town, Lahore. Phone: 042-35916714, 35916719 Fax: 042-35869037
Legal Advisor	Aakif Majeed Butt 9-G, Mushtaq Gurmani Road, Gulberg II, Lahore. Ph: +92 42 35750870 109-A, Street No. 3, Cavalry Ground, Lahore Cantt. Ph: +92 42 3667 2423 - 26 Fax: + 92 42 3717 5482 Email: fm@bilalfibres.com Web site: www.bilalfibres.com
Head Office/ Registered Office	
Mills	38th KM, Sheikhpura Road, Tehsil Jaranwala, District Faisalabad.



BILAL FIBRES LIMITED

DIRECTORS' REPORT

The Directors of your company are presenting before you the un-audited condensed interim financial statements reviewed by the external auditors of the Company for the half year ended December 31, 2019.

These Accounts have been prepared in compliance with IAS-34 and being submitted as required under section 237 of Companies Act, 2017.

The Company has incurred a loss of Rs.41.655 million for the half year ended December 31, 2019 as compared to last half year ended December 31, 2018 loss of Rs. 18.947 million.

FINANCIAL AND OPERATING PERFORMANCE

The financial results are summarized hereunder:-

Particulars	31st December 2019	31st December 2018
	Rupees In Million	Rupees In Million
Administrative expenses	(13.458)	(22.196)
Other Income	3.000	7.342
Finance Cost	(31.105)	(8.915)
Net Loss before tax	(41.563)	(23.769)
Net Loss after tax	(41.655)	(18.947)
Loss per share (Rs.)	(2.95)	(1.34)

OPERATING PERFORMANCE

During the period under review, your Company continued to sustain the prevailing critical challenges with regard to the economic conditions and the textile sector.

FUTURE PROSPECTS

The management has been working hard on resolution of the litigation with the banking companies and also very optimistic for revival of the textile sector the way the new government and APTMA are holding meetings and intensely working on different relief packages.

STATUS OF QUALIFICATION IN THE AUDITORS' REVIEW REPORT

In the Auditor's Review Report, major qualifications are pertain to the litigation matters with the banking companies. The management of the Company has been closely working with the banking companies to be out from these litigation matters amicably.

ACKNOWLEDGEMENT

Hereby, we do appreciate the efforts for the continued support and cooperation extended to us by our customers, suppliers and bankers. The invaluable services rendered by our employees during such crucial time are also thankfully recognized.

For and behalf of the by Order of Board

(Naeem Omer)
Chief Executive

Lahore
Dated: February 28, 2020



BILAL FIBRES LIMITED

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2019 کو ختم ہونے والی ششماہی کے لئے کمپنی کے غیر متبقی شدہ حسابات اور ان پر بیرونی محاسب کا جائزہ پیش کر رہی ہے۔

حسابات آئی اے ایس-34 کی بیرونی محاسب میں تیار کیے گئے ہیں اور ایکٹریٹیکٹ 2017 کی دفعہ 237 کے تحت پیش کیے جا رہے ہیں۔

گزشتہ ششماہی 2018 کی تقابلی مدت میں 18,947 ملین روپے نقصان کے مقابلے میں کمپنی کو 31 دسمبر 2019 کو ختم ہونے کے لئے 41.655 ملین روپے کا نقصان ہوا ہے۔

مالی اور آپریٹنگ کارکردگی

مالیاتی نتائج کا خلاصہ حسب ذیل ہے:-

تفصیلات	31 دسمبر 2018ء	31 دسمبر 2019ء
	روپے ملین میں	روپے ملین میں
انتظامی اخراجات	(22.196)	(13.458)
دیگر آمدنی	7.342	3.000
مالی اخراجات	(8.915)	(31.105)
عمل درآمدتیں خاص نقصان	(23.769)	(41.563)
پیداوارتیں خاص نقصان	(18.947)	(41.655)
فی ختم نقصان روپیہ میں	(1.34)	(2.95)

آپریٹنگ کارکردگی

زیر جائزہ مدت کے دوران آپ کی کمپنی نے موجودہ نازک اقتصادی حالات اور ٹیکسٹائل کے شعبے کے حوالے سے اہم چیلنجز کا سامنا جاری رکھا ہوا ہے۔

مسئمتوں کے امکانات

طرز انتظامیہ مالیاتی اداروں کے ساتھ قانونی چارہ جوئی کے حل پر سخت محنت کر رہی ہے اور جس طرح نئی حکومت اور پیپٹا ٹیکسٹائل انڈسٹری کی بحالی کے لئے مختلف ریٹیفیکیشن اور منیجنگ پروگرام کر رہی ہے، ٹیکسٹائل کے شعبے کی بحالی کیلئے پرامید ہے۔

آڈیٹرز کی جائزہ رپورٹ میں Qualification کی حیثیت

آڈیٹرز کی جائزہ رپورٹ میں اعتراضات زیادہ تر مالیاتی اداروں کے ساتھ قانونی چارہ جوئی کے معاملات سے متعلق ہے۔

کمپنی کی انتظامیہ مالیاتی اداروں کے ساتھ حل کر کام کر رہی ہے تاکہ ان قانونی چارہ جوئی کے معاملات کو خوش اسلوبی سے نپٹایا جاسکے۔

اظہار تشکر

ہم اپنے صارفین اور سپائز اور مالیاتی اداروں کے سلسلے تعاون اور مدد کو خراج تحسین پیش کرتے ہیں ان اہم وقت میں ہمارے ملازمین کی جانب سے پیش

کی گئی اہم خدمات کے شکر گزار ہیں۔

منجانب بورڈ

(نعیم عمر)

چیف ایگزیکٹو آفیسر

لاہور 28 فروری 2020ء



BILAL FIBRES LIMITED

CHAIRMAN'S REVIEW REPORTS

On behalf of the Board of Directors, I am presenting to you the Half Yearly Un-Audited Financial Statements of your Company for the period ended December 31, 2019 along with my review on the performance of your Company.

INDUSTRY OVERVIEW:

During the last few years, the textile sector has been facing different challenges and crisis due to the increased cost of doing business. Among such business environment, the volume of textile business has been falling down owing to the overall economic conditions of Pakistan.

COMPANY'S PERFORMANCE:

The management has been working very hard for resolution of the litigation cases with the banking companies and very optimistic for settlement of the cases positively.

FUTURE PROSPECTS:

The future of the company mainly depending on the future of the textile sector in Pakistan. Meanwhile, the mill has been working on lease whereas we have also been looking for other best possible and workable business options simultaneously.

ACKNOWLEDGEMENT:

I take this opportunity on my and on behalf of the board of directors of your company to acknowledge and thank the dedicated and sincere services of our employees. Whereas, I am also grateful to our bankers, shareholders and the government organizations for their support and usual cooperation.

Lahore
Dated: February 28, 2020

Muhammad Omer
Chairman



BILAL FIBRES LIMITED

چیئر مین کی جائزہ رپورٹ

بورڈ اور ڈائریکٹرز کی جانب سے میں آپ کی کمپنی کی کارکردگی پر اپنے جائزے کے ساتھ 31 دسمبر 2019ء کو ختم ہونے والی مدت کے لئے آپ کی کمپنی کا غیر آڈٹ شدہ ششماہی مالیاتی حساب پر اپنے تاثرات پیش کر رہا ہوں۔

صنعتی جائزہ

پچھلے کچھ سالوں کے دوران ٹیکسٹائل سیکٹر کو کاروبار کرنے کی لاگت میں اضافے کی وجہ سے مختلف چیلنجز اور بحران کا سامنا کرنا پڑا ہے۔ اس طرح کے کاروباری ماحول میں، ٹیکسٹائل کا کاروبار کم ہو رہا ہے اور پاکستان کے مجموعی منفی معاشی حالات کی وجہ سے اس کا حجم مسلسل کم ہو رہا ہے۔

کمپنی کی کارکردگی

انتظامیہ بینکنگ کمپنیوں کے ساتھ قانونی چارہ جوئی کے معاملات کو حل کرنے کے لئے بہت محنت کر رہی ہے اور معاملات کو مثبت طریقے سے حل کرنے کیلئے پر امید ہے۔

مستقبل کے امکانات

کمپنی کا مستقبل بینادی طور پر پاکستان میں ٹیکسٹائل کے شعبہ پر منحصر ہے۔ وریں اثنا ملاز کو لیز پر چل رہی ہے جبکہ ہم بیک وقت دوسرے بہترین ممکنہ کاروباری مواقع کی تلاش میں ہیں۔

اظہار تشکر

میں اپنے اور کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے اپنے ملازمین کی سرشار اور مخلص خدمات کا شکر یہ ادا کرتا ہوں۔ مالیاتی اداروں، سرکاری اداروں اور حصص داران کی حمایت اور معمول کے تعاون پر بھی شکرگرا ہوں۔

(محمد عمر)

چیئر مین

لاہور 28 فروری 2020ء



Aslam Malik & Co.
Chartered Accountants

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bilal Fibres Limited Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Bilal Fibres Limited**, as at December 31, 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the three months period ended December, 31 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

Scope of Review

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

Basis of Adverse Conclusion

- a) We did not observe the counting of the physical inventory of stock in trade amounting to Rs 57.87 million as of June 30, 2019. The management informed us that the stocks are pledged with the banking companies and are under litigation while the factory is now on lease with the third party. The management further informed us that since the date of closure of mill's operations, there is no movement in stock in trade during the period under review.
- b) The Company's Stocks are carried in the statement of financial position at Rs 57.87 million. Management has not stated the inventories at the lower of cost and net realizable value but has stated them solely at cost, which constitutes a departure from IFRSs as applicable in Pakistan. Consequently, we were unable to determine whether any adjustments were necessary in this regard.
- c) As fully explained in note 12, the company is in litigation with the banking companies. The company had not worked out and provided the amount of mark-up on long term financing from financial institutions, Liabilities against assets subject to finance lease and short term borrowings in these financial statements. Moreover, due to litigation do not confirm us the balances of long term financing (Note No.10), Liabilities against assets subject to finance lease and short term borrowings. Based on available underlying records, response from the legal counsel and non-confirmation of loan balances from banking companies, we were unable to determine with reasonable accuracy the impact on these financial statements of any disagreement.
- d) As explained in note 1.2 to the financial statements, company has leased out the factory land and building along with plant & machinery since April 01, 2017. During the last year company has changed its policy and charged the impact of change in fair value to other comprehensive income and do not restated the financial statements to fully describe the impact of change in



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accounting policy from the date of change in use of land and building which constitutes a departure from IFRSs as applicable in Pakistan.

Had the change in accounting policy been properly applied and accounted for, then the fair value difference at the date of transfer from property, plant & equipment to investment property would have been charged to other comprehensive income, and subsequently difference between the fair values of investment property should be charged to Profit & Loss account for the year ended June 30, 2017 and 2018. In the absence of fair values at the date of transfer of land and building, as at April 01, 2017 and subsequently June 30, 2017 and 2018 we were unable to quantify the impact.

- e) At the balance sheet date, the Company's accumulated losses stand at Rupees 461.77 million (June 30, 2019: Rs. 422.14 million) and its current liabilities exceed its current assets by Rupees 859.58 million (June 30, 2019: Rs. 753.56 million). This situation may be further deteriorated if the possible effects of matter discussed in paragraph (a) to (d) above all accounted for in the financial statements. The Company has suspended its operations since June 16, 2016 and has leased out the factory. Further, the financial results show adverse key financial ratios and the company's court cases are decreed in favour of the banking companies, due to its inability to comply with loan agreements. The company is also unable to pay long term financing from banking companies amounting to Rupees 493.15 million and the related finance cost, Liabilities against assets subject to finance lease amounting to Rupees 108.31, short term borrowings amounting to Rupees 143.86 million along with the related finance cost, accrued mark-up amounting to Rupees 97.52 million if the execution applications filed by the banking companies are decided by the courts. At present, there is no formal approved business plan for future periods.

These conditions and events indicate material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, as described in Note 1.2, these financial statements have been prepared under the going concern assumption. Because of the circumstances and events as mentioned herein, in our opinion, the company cannot be considered to be a going concern and thus the preparation of these financial statements on a going concern basis is inappropriate. In our opinion, the financial statements should reflect adjustments to reduce the value of assets to their recoverable amount and to provide any further liabilities that may arise. These adjustments are likely to be substantial, and in view of further qualifications discussed in paragraphs (a) to (e) above we are unable to determine the quantum of the required adjustments and provisions with a reasonable degree of accuracy.

Adverse Conclusion

Based on our review, because of significance of the matter discussed in paragraphs (a) to (e) above, the accompanying interim financial statements as at and for the half year ended December 31, 2019 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is **Hafiz Muhammad Ahmad**.

Dated: February 28, 2020
Lahore

(Aslam Malik & Co.)
Chartered Accountants



BILAL FIBRES LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

		Un-audited Dec 31, 2019	Audited June 30, 2019
	Note	Rupees	Rupees
NON-CURRENT ASSETS			
Property, plant and equipment:	7	459,769,609	471,665,751
Investment Property	8	542,740,000	542,740,000
Long term deposits		1,156,180	1,156,180
		1,003,665,789	1,015,561,931
CURRENT ASSETS			
Stock in trade		57,872,747	57,872,747
Deposits and short Term Prepayments		2,925,765	2,925,765
Other receivables		23,795,975	20,795,975
Sales tax refundable		3,540,913	3,540,913
Advance tax		11,315,875	16,915,459
Cash and bank balance		140,990	133,971
		99,592,265	102,184,830
		1,103,258,054	1,117,746,761
SHARE CAPITAL AND REVERSED			
Authorised shares capital			
15,000,000 (June 30, 2018: 15,000,000) Ordinary shares of Rs. 10 each		150,000,000	150,000,000
Issued, subscribed and paid up shares capital			
14,100,000 (June 30, 2018: 14,100,000) Ordinary shares of Rs. 10 each	9	141,000,000	141,000,000
Accumulated loss		(461,772,521)	
Surplus on revaluation - Property, plant & equipment		416,883,556	418,903,299
		96,111,036	137,766,713
NON CURRENT LIABILITIES			
Long term financing from Banking Companies - Secured	10	-	-
Long term financing from directors and associates	11	41,041,970	117,307,353
Liabilities against assets subject to finance lease		-	-
Deferred liabilities		6,936,010	6,936,010
		47,977,980	124,243,363
CURRENT LIABILITIES			
Trade and other payables		33,934,381	32,482,381
Unclaimed dividend		235,776	235,776
Accrued Interest/Mark up payable		97,520,034	97,520,034
Short term borrowings		143,465,534	143,855,534
Current portion of:			
Long term financing from Banking Companies		493,145,381	473,336,630
Long term financing from directors and associates		82,561,600	-
Liabilities against assets subject to finance lease		108,306,331	108,306,331
		959,169,038	855,736,685
Contingencies and commitments	12	-	-
		1,103,258,054	1,117,746,761

The annexed notes form part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



BILAL FIBRES LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS -UN-AUDITED

FOR THE PERIOD ENDED DECEMBER 31, 2019

	Note	Half Year Ended		Quarter Ended	
		Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
		(Rupees)		(Rupees)	
Revenue		-	-	-	-
Cost of sales		-	-	-	-
Gross Profit/ (loss)		-	-	-	-
Distribution cost		-	-	-	-
Administrative expenses		(13,458,142)	(22,195,880)	(6,784,071)	(11,324,431)
Other operating income		3,000,000	7,341,918	1,500,000	3,111,902
Finance cost		(31,105,217)	(8,914,572)	(27,774,247)	(6,141,241)
		(41,563,359)	(23,768,534)	(33,058,318)	(14,353,770)
Loss before taxation		(41,563,359)	(23,768,534)	(33,058,318)	(14,353,770)
Provision for taxation		(92,316)	4,821,376	(92,316)	10,491,071
		(41,655,675)	(18,947,158)	(33,150,634)	(3,862,699)
Loss for the period		(41,655,675)	(18,947,158)	(33,150,634)	(3,862,699)
Loss per share - basic and diluted		(2.95)	(1.34)	(2.35)	(0.27)

The annexed notes form part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



BILAL FIBRES LIMITED

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME - UN-AUDITED

FOR THE PERIOD ENDED DECEMBER 31, 2019

Note	Half Year Ended		Quarter Ended	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
	(Rupees)		(Rupees)	
Loss after taxation	(41,655,675)	(18,947,158)	(33,150,634)	(3,862,699)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	(41,655,675)	(18,947,158)	(33,150,634)	(3,862,699)

The annexed notes form part of these financial statements.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY UN-AUDITED

FOR THE PERIOD ENDED DECEMBER 31, 2019

	Share capital	Accumulated loss	Surplus on revaluation of fixed assets	Total
(Rupees)				
Balance as on July 01, 2018	141,000,000	(421,303,103)	293,016,254	12,713,151
Total comprehensive loss for the period	-	(18,918,337)	-	(18,918,337)
Transfer from surplus on revaluation on account of Incremental depreciation - net of tax	-	3,454,074	(3,454,074)	-
Balance as on December 31, 2018	141,000,000	(436,767,366)	289,562,180	(6,205,183)
Balance as on July 01, 2019	141,000,000	(422,136,589)	418,903,299	137,766,713
Total comprehensive loss for the period	-	(41,655,675)	-	(41,655,675)
Transfer from surplus on revaluation on account of Incremental depreciation - net of tax	-	2,019,743	(2,019,743)	-
Balance as on December 31, 2019	141,000,000	(461,772,521)	416,883,556	96,111,038

The annexed notes form part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



BILAL FIBRES LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS - UN-AUDITED

FOR THE PERIOD ENDED DECEMBER 31, 2019

Note	Dec 31, 2019	Dec 31, 2018
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(41,563,359)	(7,172,271)
Adjustment for non-cash and other related items:		
Depreciation on operating fixed assets	10,458,996	20,290,895
Depreciation on Right of use assets	1,437,146	-
Notional income / expense on interest free loans	31,104,968	(7,684,681)
Staff retirement benefit (Current Service Cost, Past Service Cost and Gains/Losses on Settlements)	-	(4,333,073)
Finance cost	249	-
Interest on staff retirement benefits	-	445,485
Cash flow generated from operating activities before working capital changes	1,438,000	1,546,355

Effect on cash flow due to working capital changes :

(Increase) / decrease in current assets:

Other receivables	(3,000,000)	(3,000,000)
Advance tax	5,507,268	-
Decrease in trade and other payables	1,452,000	1,204,001
Net cash used in working capital	3,959,268	(1,795,999)
Cash generated from / (used in) operations	5,397,268	(249,644)
Finance cost paid	(249)	-
Net cash used in operating activities	5,397,019	(249,644)

CASH FLOWS FROM FINANCING ACTIVITIES

Payment of short term borrowings - net	(390,000)	-
Payment of financing from directors and associates	(5,000,000)	-
Net cash generated from / (used in) financing activities	(5,390,000)	-
Net (decrease)/increase in cash and cash equivalents	7,019	(249,644)
Cash and cash equivalents at the beginning of the period	133,971	369,276
Cash and cash equivalents at the end of the period	140,990	119,632

The annexed notes form part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



BILAL FIBRES LIMITED

SELECTED NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2019- (UNAUDITED)

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The company is limited by shares, incorporated in Pakistan on April 13, 1987 under the repealed Companies Ordinance, 1984 (now the companies Act, 2017) and is quoted on Pakistan Stock Exchange Limited. The registered office of the company is situated at 109-A, Street No 3, Cavalry Ground, Lahore Cantt. The manufacturing unit is located at 38 Kilometer Sheikhpura Road, Tehsil Jaranwala, District Faisalabad in the province of Punjab.

1.2 Significant transactions and events affecting the Company's financial position and performance

The Company had closed its operation since June 16, 2016 and reported accumulated losses of Rupees 461.77 million (June 30, 2018: Rupees 422.14 million). The current liabilities exceeded its current assets by Rupees 859.58 million (June 30, 2018: Rupees 753.55 million) as of balance sheet date. These conditions along with adverse key financial ratios and company's court cases with the banking companies on its inability to comply with covenants of loan agreements and to pay long term financing liabilities against assets subject to finance lease, short term borrowings and related finance costs on due dates indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

These financial statements, however, have been prepared under the going concern assumptions as the management after settling trade creditors is seeking amicable settlement of cases with the banking companies and at the same time in search of local or international investors to enter into joint venture arrangement to invest in the plant and machinery in order to compete with the international market players. Moreover, In order to meet the day to day expenses, the company has leased out the factory premises for a further period of 11 months which may be extended to 5 years.

2 STATEMENT OF COMPLIANCE

2.1 These condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International accounting standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 This condensed interim financial statement is unaudited and is being submitted to shareholders, as required by section 237 of Companies Act, 2017.

3 BASIS OF PREPARATION

3.1 This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2019.

The accounting policies and computation methods adopted for the preparation of this condensed interim financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2019.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of the estimation are the same as those that applied to the financial statements for the year ended 30 June 2019.

5 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

(a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.



BILAL FIBRES LIMITED

SELECTED NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2019- (UNAUDITED)

(b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2019 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

6 SIGNIFICANT ACCOUNTING POLICIES

6.1 CHANGES IN ACCOUNTING POLICIES - IFRS 16

Effective July 1, 2019, the Company has adopted IFRS 16, "Leases" which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 Operating Leases-Incentive and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The accounting policies relating to Company's right-of-use asset and lease liability are disclosed in note 6.2.

The Company did not have any property leases arrangement therefore, adoption of IFRS 16 as at July 01, 2019 did not have any effect on the condensed interim financial information of the Company except the reclassification of leased asset as right Right-of-use assets (refer note 7.1).

6.2 Lease liability and right-of-use asset

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

From July 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient not to recognise right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.



BILAL FIBRES LIMITED

SELECTED NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2019- (UNAUDITED)

	Note	Dec 31, 2019	June 30, 2019
Rupees			
7 Property, Plant and Equipment			
Operating assets	7.1	403,720,918	471,665,751
Right-of-use assets	7.2	56,048,691	-
		459,769,609	471,665,751
7.1 Operating assets			
Opening Book Value		471,665,751	930,431,458
Addition during the period/ year		-	-
Revaluation Surplus/ Impairment Loss during the year- Net		-	124,556,085
Transfer to Investment Property		-	(542,740,000)
Right of Use Assets		(57,485,837)	-
Depreciation charged during the period / year		(10,458,996)	(40,581,792)
		403,720,918	471,665,751
7.2 Right-of-use assets			
Opening Balance		-	-
Transfer from operating assets		57,485,837	-
Addition during the period/ year		-	-
Depreciation charged during the period		(1,437,146)	-
		56,048,691	-
8 INVESTMENT PROPERTY			
Opening net book value		542,740,000	-
Transfer from property, plant & equipment during the year		-	542,740,000
Fair value gain		-	-
Closing net book value		542,740,000	542,740,000

8.1 Investment property represents the land and building leased out by the company to MKB Spinning Mills Limited since April 01, 2017. The fair value of investment property is determined by the M/s Impluse (Pvt.) Ltd. independent valuer as at June 28, 2019 having relevant professional experience. The fair market value was determined from market based evidence in accordance with the market value of similar land and building existing in near vicinity.

8.2 Forced Sale Value

The forced sale value of Land and Building is 236.08 and 225.25 million respectively.

8.3 Particulars of investment properties (i.e land & building) are as follows:

Description	Address	Area of land	building
Land & building	Chak No 60-61/ R.B, 38-Km, Sheikhpura Road, Faisalabad	154.3 Kanals	

9 ISSUED, SUBSCRIBED AND PAID UP SHARES CAPITAL

14,100,000 (June 30, 2019: 14,100,000) Ordinary shares of Rs. 10 each in cash 9.1

Dec 31, 2019	June 30, 2019
Rupees	
141,000,000	141,000,000
141,000,000	141,000,000

9.1 The shareholders' are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction. There is no movement in share capital during the year.

10 LONG TERM FINANCING FROM BANKING COMPANIES - SECURED

Demand Finance - Under mark up arrangements

	Dec 31, 2019	June 30, 2019
Rupees		
Demand finance - Settled amount	10.1	123,137,000
Demand finance - II	10.2	3,697,000
Demand finance - III	10.3	6,977,063
Demand finance - IV	10.4	174,170,823
Demand finance - IV (unserviceable)	10.5	62,820,000
Demand finance - VIII	10.6	19,938,937
Forced demand finance	10.7	10,936,850
		493,145,381

Frozen mark up

Demand finance - II	10.8	252,000
Demand finance - III	10.9	140,091
Demand finance - IV	10.10	89,609,132
Demand finance - VIII	10.11	1,466,485
		473,336,630

Less : Current portion of long term loan Due to decree by the banking companies

(493,145,381)	(473,336,630)
-	-



BILAL FIBRES LIMITED

SELECTED NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2019- (UNAUDITED)

- 10.1 During the year ended June 30, 2013 the Company had rescheduled its Demand Finance - I amounted to Rs. 90.075 million, Term finance-I amounted to Rs. 18.639 million, Term finance III amounted to Rs. 7.336 million, Term finance IV amounted Rs. 40.00 million, Frozen markup on demand finance-I amounted 0.157 million and running finance amounted to Rs. 9.90 million in one demand finance facility aggregating to Rs.166.197 million with NIB Bank limited (now MCB Bank limited). The restructured loan is secured against existing securities of the respective loan i.e. against joint pari passu charge over land, building and machinery for Rs. 462.67 million(NIB bank's share in charge is Rs. 206.67 million), specific / exclusive charge of Rs. 124.246 million on machinery and 3 gas generators, second charge of Rs. 100 million over stocks and receivable and personal guarantee of the sponsoring directors of the company. The amount is settled as a result of consent decree passed by the court in favor of the bank and against the principal borrower and the guarantor for Rs. 250.011 million the basis of rescheduling agreement. Rescheduling agreement states that non payment of any three consecutive installments towards adjustment of the settled amount as required in terms of the rescheduled agreement shall be considered as a failure to satisfy the decree. In event of default, the bank shall be entitled to cancel / revoke any of the arrangement including waiver of markup under the rescheduling agreement and the principal borrower and the guarantor shall become immediately liable to pay to the bank forthwith the entire decretal amount less any payments made there under and the bank disregarding any arrangement shall immediately forthwith be entitled to continue execution of proceedings for recovery of decretal amount less any payment made against by the principal borrower and the guarantor.
- 10.2 The loan is obtained to finance fixed assets of the company. The loan is subject to mark up at the rate of 10 percent per annum payable quarterly (June 30, 2019: 10 percent per annum payable quarterly). The loan was repayable in thirty two quarterly installments, commencing from March 31, 2010 which expired on December 31, 2017. The loan is secured against first registered specific charge for Rs. 33.515 million over the textile machinery, first registered pari passu charge for Rs. 66.00 million over all present and future fixed assets (including land, building and machinery) of the company.
- 10.3 The loan is obtained to adjust the existing RF facility of the company. The loan is subject to mark up at the rate of 10 percent per annum (June 30, 2018: 10 percent per annum) payable quarterly . The loan was repayable in thirty two quarterly installments, commencing from March 31, 2010 which expired on December 31, 2017. The loan is secured against first registered specific charge for Rs. 33.515 million over the textile machinery, first registered pari passu charge for Rs. 66.00 million over all present and future fixed assets (including land, building and machinery) of the company.
- 10.4 The loan was rescheduled and merged in one Demand finance, previously disclosed as DF-IV amounted to Rs.25 million, DF-V amounted to Rs. 70 million, DF-VI amounted to Rs.17 million DF-VII amounted to Rs. 65.208 million and lease finance facility amounted Rs.6.925 million. The loan is subject to markup at the rate of 3 months average KIBOR of quarter (June 30, 2018: 3 months average KIBOR). The loan was repayable in 30 installments payable quarterly commencing from September 30, 2009 which expired on December 31, 2017. The loan is secured against registered joint pari passu charge of Rs.190 million on the present and future fixed assets (including land, building, plant and machinery) of the company valuing Rs. 472 million (already registered with SECP), additional second charge on a plot amounting to Rs. 40 million (currently mortgaged with Meezan Bank Limited), ranking charge on fixed assets of the company of Rs. 29.933 million, ranking charge on fixed assets (including land, building and machinery) of the company of Rs. 54.660, exclusive hypothecation charge over plant and machinery amounting to Rs. 50.350 million, floating charge over plant and machinery amounting to Rs. 23.140. Exclusive hypothecation over plant and machinery amounting to Rs.2.188 and personal guarantees of sponsoring director.
- 10.5 Overdue markup was converted into demand finance facility amounting to Rs. 65.825 million. The facility was repayable in 34 quarterly installments starting from September 30, 2009 which ended on December 31, 2017. The loan is secured against ranking charge on fixed assets of the company to cover markup for Rs. 65.825 million.
- 10.6 The loan was obtained to finance imported polyester subsequently restructured as demand finance. The loan was repayable in 32 quarterly installments commencing from March 31, 2010 which expired on December 31, 2017. The loan is secured against registered specific charge for Rs.33.515 million, registered pari passu charge of Rs.66 million on all present and future fixed assets of the company and accepted drafts and TRs.
- 10.7 This represents the forced loan created by Silk Bank on encashment of bank guarantee by Sui Northern Gas Pipe Lines Limited.
- 10.8 Deferred mark up on demand finance II for Rs. 0.252 million (June 30, 2019: Rs. 0.252 million) frozen and converted into long term financing. Frozen markup was payable in 28 equal quarterly installments of Rs. 0.019 million and 5 installments Rs. 0.020 million commencing from December 2009.
- 10.9 Deferred mark up on demand finance III as disclosed above of Rs. 0.140 million (June 30, 2019: for Rs. 0.140 million) froze and converted in to long term financing. Frozen markup was payable in 33 equal quarterly installments of Rs. 0.011 million commencing from December 2009.
- 10.10 Deferred mark up on demand finance IV of Rs. 89.609 million (June 30, 2019: Rs. 89.609 million) freezed and converted in to long term financing. Frozen markup was due to be paid in lump sum on December 31, 2017.



BILAL FIBRES LIMITED

SELECTED NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2019- (UNAUDITED)

10.11 Deferred mark up on demand finance VIII as disclosed above for Rs. 1.466 million (June 30, 2019: Rs. 1.466 million) froze and converted into long term financing. Frozen markup was payable in 33 quarterly installments of Rs. 0.114 million commencing from December 2009.

10.12 The long term financing from Banking companies have been shown under the current liabilities in view of suits for recovery and execution applications filed by the banking companies under the Honorable Lahore High Court, Lahore as disclosed in Note number 10 to the financial statements. The detail of the financial arrangements with the banking companies is given in the Note numbers 8.1 to 8.11

11 LONG TERM FINANCING FROM DIRECTORS AND ASSOCIATES - UNSECURED

Interest free loan	11.1	140,061,600	140,061,600
Paid during the year		(5,000,000)	-
		<u>135,061,600</u>	<u>140,061,600</u>
Current Portion of Long Term Financing		(82,561,600)	-
		<u>52,500,000</u>	
Present value adjustment	11.3	(11,458,030)	(22,754,247)
		<u>41,041,970</u>	<u>117,307,353</u>

11.1 According to the Loan agreement, loan from directors and associates amounting to Rs. 82,561,600 will be paid on July 30, 2020 and remaining Rs. 52,500,000 will be paid on July 30, 2022. These loans have been recognized at amortized cost using effective. The resulting difference has been charged to profit and loss account and will be amortized over the remaining life of the loan.

11.2 Out of the above amount, Rs. 52,500,000 has subordinated to the loans from banking companies.

11.3 Movement in present value

Opening balance	22,754,247	34,802,183
Occurred during the period	-	-
Amortized during the period	(11,296,217)	(12,047,936)
	<u>11,458,030</u>	<u>22,754,247</u>

12 CONTINGENCIES AND COMMITMENTS

12.1 The Honorable Lahore High Court, while disposing the suit C.O.S No. 55/2012 passed a decree of Rupees 419.608 million together with the cost and the cost of funds in favour of the Bank of Punjab. The company has filed a regular first appeal no1017/2016 on August 09, 2016 before the Honorable Lahore High Court, Lahore. The outcome of the case is not ascertainable as at September 30, 2019. The legal counsel is hopeful that the outcome of the case will be decided in favour of the company.

12.2 The Bank of Punjab has filed execution petition no 82/2016 dated September 19, 2016 with the Honorable Lahore High Court, Lahore for execution of decree dated January 28, 2016 of Rs. 419.608 million together with the cost and the cost of fund in the favor of Bank of Punjab which is pending adjudication till the financial statements date.

12.3 The NIB Bank Limited (now MCB) has filed suit C.O.S No. 85/2009 before Honorable Lahore High court, Lahore against the company for recovery of Rupees. 297.403 million as outstanding dues against the banking facilities provided by the bank. Consent decree was passed on September 16, 2013 by the court in favor of the bank and against the principal borrower and the guarantor for Rs. 250.011 million on the basis of resettlement agreement dated September 04, 2013. Resettlement agreement states that non payment of any three consecutive installments towards adjustment of the settled amount as required in terms of the rescheduled agreement shall be considered as a failure to satisfy the decree. In event of default, the bank shall be entitled to cancel / revoke any of the arrangement including waiver of markup under the rescheduling agreement and the principal borrower and the guarantor shall become immediately liable to pay to the bank forthwith the entire decretal amount less any payments made there under and the bank disregarding any arrangement shall immediately forthwith be entitled to continue execution of proceedings for recovery of decretal amount less any payment made against by the principal borrower and the guarantor, however, consent decree have been implemented. As required in resettlement agreements company had applied to the court to withdrawal of its suit C.O.S No. 99/2009 filed against the bank and the case is disposed off by the Honorable judge of the Lahore High Court, Lahore.

12.4 The NIB Bank limited has filed an execution application no 87/2016 dated July 19, 2016 for execution of judgment and decree dated September 16, 2013 for the decreed amount of Rs 250.011 million with the honorable Lahore high court, Lahore plus cost of funds. The case is pending adjudication till the financial statements date.



BILAL FIBRES LIMITED

SELECTED NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2019- (UNAUDITED)

12.5 The Silk Bank Limited has filed a suit C.O.S 67/2016 before Honorable Lahore High Court, Lahore against Company for recovery of Rupees 80.89 million as outstanding dues against the banking facilities provided by the bank. The case was shifted to the Banking Court by the Lahore High Court. The Company has also filed a suit against the bank before the Banking Court Lahore claiming recovery of Rs.89.156 million. The outcome of the case is not ascertainable as at September 30, 2019. However, legal counsel is hopeful that the outcome of the case will be decided in favor of the Company.

12.6 The Company has filed a writ petition before the Honorable Lahore High Court, Lahore against the illegal levy of license/permit fee to the tune of Rs. 200,000 by the District Govt. Faisalabad. Legal counsel of the company is of the view that this similar of petitions had already been decided by the Honorable Lahore High Court, Lahore in favour of petitioner. legal council is hopeful that the outcome of the case will be decided in favour of the company.

12.7 Claims not acknowledgedn view of pending appeals before appellate authorities / high court 100,000 100,000

Indemnity bonds issued against exemption of sale tax and custom duty on import of machinery and local procurement of raw material 17,537,477 17,537,477

12.8 Bank guarantee issued in favor of Sui Northern Gas Pipelines Limited for supply of gas 6,000,000 6,000,000

12.9 Bank guarantee issued in favor of Collector of custom Karachi 2,675,000 2,675,000

12.10 Commitments outstanding - -

13 TRANSACTION WITH RELATED PARTIES

The related parties comprise of associated undertakings, other related companies and key management personnel. The company in the normal course of business carried out transactions with related parties. There are no other significant related party transactions.

14 CORRESPONDING FIGURES

Figures have been rearranged / reclassified in compliance with the accounting and reporting standards applicable in Pakistan wherever necessary to reflect more appropriate presentation for the purpose of comparison.

15 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on February 28, 2020 by the board of directors of the company.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR