

QUARTERLY REPORT OF  
IBRAHIM FIBRES LIMITED  
FOR THE PERIOD ENDED SEPTEMBER 30, 2014

*Committed to Excellence*



Ibrahim







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# COMPANY INFORMATION

## Board of Directors

Sheikh Mukhtar Ahmed  
Chairman

Mohammad Naeem Mukhtar  
Chief Executive Officer

Muhammad Waseem Mukhtar

Jawaid Ashraf

Abdul Hameed Bhutta

Mohammad Waqar

Muhammad Abbas

## Chief Financial Officer

Mohammad Naeem Asghar

## Company Secretary

Muhammad Labeeb Subhani

## Audit Committee

Jawaid Ashraf  
Chairman

Abdul Hameed Bhutta  
Member

Mohammad Waqar  
Member

Muhammad Labeeb Subhani  
Secretary

## Human Resource & Remuneration Committee

Abdul Hameed Bhutta  
Chairman

Jawaid Ashraf  
Member

Mohammad Waqar  
Member

## Auditors

M. Yousuf Adil Saleem & Co.  
Chartered Accountants.

## Bankers

Askari Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
BankIslami Pakistan Limited  
Barclays Bank PLC  
Citibank, N.A.  
Deutsche Bank AG  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
HSBC Bank Middle East Limited  
JS Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited

## Registered Office

Ibrahim Centre,  
1 – Ahmed Block,  
New Garden Town,  
Lahore – 54600, Pakistan.

## Head Office

Ibrahim Centre,  
15 – Club Road,  
Faisalabad – 38000, Pakistan.

## Registrar's & Shares Registration Office

M/s Technology Trade (Pvt) Ltd.  
Dagia House,  
241 – C, Block – 2,  
P.E.C.H.S.,  
Off: Shahrah-e-Quaideen,  
Karachi, Pakistan.

## Projects Location

38 – 40 Kilometres,  
Faisalabad – Sheikhpura Road,  
Faisalabad, Pakistan.

# DIRECTORS' REVIEW

The Directors of your Company are pleased to present before you the unaudited financial results of the Company for the first quarter ended September 30, 2014.

## Operating Performance

During the quarter under review, the polyester plant of your Company produced 51,347 tons of Polyester Staple Fibre (PSF) as against production of 57,639 tons during the corresponding quarter of previous year. Out of this production, 6,456 tons of PSF were consumed by the textile plants of your Company during the quarter for production of blended yarns as against 6,629 tons consumed during the corresponding quarter of previous year. Continuous dumping of PSF by Chinese companies took place during the quarter under review which has severely affected sales of PSF manufactured by Pakistani PSF companies including your Company.

The textile plants of your Company produced 8,943 tons of blended yarns of different counts during the quarter as against production of 9,353 tons during the corresponding quarter of previous year.

## Financial Performance

During the quarter under review, your Company achieved net sales of Rs. 9,579 million as compared to Rs. 13,282 million during the corresponding quarter of previous year.

Your Company earned a gross profit of Rs. 280 million and achieved gross profit to sales ratio of 2.9% during the quarter as compared to Rs. 776 million and 5.8% respectively during corresponding quarter of the previous year. Gross margins further shrunk during the period under review primarily due to depression in demand for locally produced PSF which hampered the operating capacity of the polyester plant.

After taking into account the proportionate share in profits of Allied Bank Limited, an associated company, amounting to Rs. 655 million, your Company earned profit before tax amounting to Rs. 309 million and Profit after tax amounting to Rs. 261 million during the quarter as compared to Rs. 524 million and Rs. 323 million respectively during the corresponding quarter of previous year.

## Future Outlook

After withdrawal of anti-dumping duty by NTC with effect from July 31, 2013, Chinese PSF is continuously being dumped at exceptionally low prices and has become the biggest challenge being faced by the Pakistani PSF industry.

In this scenario, the management of your Company is making all the efforts to achieve higher sales volume through effective marketing strategies and better results with the help of efficient financial management.

## Earnings per share

Earnings per share for the quarter under review come to Rs. 0.84 as compared to Rs. 1.04 during the corresponding quarter of previous year.

On behalf of the Board,

Lahore  
October 24, 2014

**MOHAMMAD NAEEM MUKHTAR**  
Chief Executive Officer

IBRAHIM FIBRES LIMITED  
CONDENSED INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED SEPTEMBER 30, 2014

# CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2014

	Note	Unaudited September 30, 2014 Rupees	Audited June 30, 2014 Rupees
<b>NON – CURRENT ASSETS</b>			
Property, plant and equipment	3	24,491,862,767	24,990,992,888
Intangible assets		50,243,099	53,723,240
Investment in associate	4	11,473,008,366	11,108,031,239
Long term loans		20,196,130	11,317,006
Long term deposits		3,955,043	3,940,043
		36,039,265,405	36,168,004,416
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		2,175,634,390	2,152,346,589
Stock in trade		8,061,186,722	6,047,562,589
Trade debts		221,865,900	417,395,620
Loans and advances		1,018,849,245	792,707,893
Prepayments		37,462,768	21,590,267
Other receivables		2,684,765,936	2,292,068,396
Cash and bank balances		206,565,817	85,681,651
		14,406,330,778	11,809,353,005
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,793,330,388	1,603,393,707
Markup / interest payable		397,598,271	154,955,632
Short term bank borrowings		3,485,108,177	2,682,895,021
Current portion of long term financing		3,381,250,000	3,250,000,000
		9,057,286,836	7,691,244,360
<b>Working capital</b>		5,349,043,942	4,118,108,645
<b>Total capital employed</b>		41,388,309,347	40,286,113,061
<b>NON – CURRENT LIABILITIES</b>			
Long term financing		12,652,198,073	11,897,014,159
Deferred liabilities :			
Deferred taxation		901,359,222	853,731,918
Staff retirement gratuity		1,048,761,092	1,011,655,643
		14,602,318,387	13,762,401,720
<b>CONTINGENCIES AND COMMITMENTS</b>	5	–	–
<b>Net worth</b>		26,785,990,960	26,523,711,341
<b>Represented by :</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		3,105,069,950	3,105,069,950
Capital reserves		1,414,908,644	1,413,767,444
Revenue reserves		22,266,012,366	22,004,873,947
		26,785,990,960	26,523,711,341

The annexed notes form an integral part of this condensed interim financial report.

Chief Executive Officer

Director

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	Note	Quarter ended September 30, 2014 Rupees	2013 Rupees
Sales – net		9,579,398,198	13,281,548,621
Cost of goods sold	6	(9,299,895,976)	(12,505,402,769)
<b>Gross profit</b>		<b>279,502,222</b>	<b>776,145,852</b>
Selling and distribution expenses		(66,942,837)	(61,684,161)
Administrative expenses		(144,357,883)	(158,681,327)
Other operating expenses		(351,890)	(4,217,291)
Finance cost		(424,453,743)	(495,953,763)
		<b>(636,106,353)</b>	<b>(720,536,542)</b>
		<b>(356,604,131)</b>	<b>55,609,310</b>
Other income		10,471,054	10,995,195
		<b>(346,133,077)</b>	<b>66,604,505</b>
Share of profit of associate – net		654,772,000	457,756,000
Profit before taxation		308,638,923	524,360,505
Provision for taxation		(47,500,504)	(201,598,344)
<b>Profit for the period</b>		<b>261,138,419</b>	<b>322,762,161</b>
Earnings per share – Basic and Diluted		0.84	1.04

The annexed notes form an integral part of this condensed interim financial report.

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	<b>Quarter ended September 30, 2014 Rupees</b>	<b>2013 Rupees</b>
Profit for the period	261,138,419	322,762,161
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss :		
Share of changes in equity of associate	1,268,000	5,803,000
Items that will not be reclassified subsequently to profit or loss :		
Deferred tax relating to share of changes in equity of associate	(126,800)	(580,300)
	1,141,200	5,222,700
<b>Total comprehensive income for the period</b>	<b>262,279,619</b>	<b>327,984,861</b>

The annexed notes form an integral part of this condensed interim financial report.

# CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	<b>Quarter ended September 30,</b>	
	<b>2014</b>	<b>2013</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>a) Cash flows from operating activities</b>		
Profit before taxation	308,638,923	524,360,505
Adjustments for :		
Depreciation / amortisation of property, plant and equipment	611,135,951	675,522,244
Amortisation of intangible assets	3,480,141	3,307,998
Provision for staff retirement gratuity	56,791,665	43,547,972
Loss on disposal of property, plant and equipment	351,890	611,103
Profit on deposits	(34,815)	(36,257)
Share of profit of associate – net	(654,772,000)	(457,756,000)
Finance cost	424,453,743	495,953,763
Operating cash flows before working capital changes	750,045,498	1,285,511,328
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(23,287,801)	(462,464,767)
Stock in trade	(2,013,624,133)	682,939,726
Trade debts	195,529,720	(123,252,186)
Loans and advances	(36,735,650)	(2,849,388)
Prepayments	(15,872,501)	(20,682,923)
Other receivables	(453,492,035)	(36,680,664)
Increase in current liabilities		
Trade and other payables	213,467,436	1,379,112,333
	(2,134,014,964)	1,416,122,131
Cash (used in) / generated from operations	(1,383,969,466)	2,701,633,459
Long term loans (paid) / recovered – net	(8,879,124)	3,154,918
Finance cost paid	(181,811,104)	(267,147,664)
Income tax paid	(128,611,207)	(174,308,566)
Staff retirement gratuity paid	(21,157,216)	(11,571,310)
Net cash (used in) / generated from operating activities	(1,724,428,117)	2,251,760,837
<b>b) Cash flows from investing activities</b>		
Additions in property, plant and equipment	(138,617,786)	(102,056,628)
Proceeds from disposal of property, plant and equipment	4,231,255	2,625,099
Advance from directors against non – current assets held for sale	–	318,271,457
Dividend received	291,062,874	220,502,177
Long term deposits	(15,000)	–
Profit on deposits	34,815	36,257
Net cash generated from investing activities	156,696,158	439,378,362
<b>c) Cash flows from financing activities</b>		
Long term financing obtained	980,183,914	–
Repayment of long term financing	(93,750,000)	(331,250,000)
Increase / (decrease) in short term bank borrowings – net	802,213,156	(2,420,578,419)
Dividend paid	(30,945)	(75,459)
Net cash generated from / (used in) financing activities	1,688,616,125	(2,751,903,878)
<b>Net increase / (decrease) in cash and cash equivalents (a+b+c)</b>	120,884,166	(60,764,679)
<b>Cash and cash equivalents at the beginning of the period</b>	85,681,651	204,836,749
<b>Cash and cash equivalents at the end of the period</b>	206,565,817	144,072,070

The annexed notes form an integral part of this condensed interim financial report.

Chief Executive Officer

Director

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

## FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	ISSUED, SUBSCRIBED AND PAID UP CAPITAL	CAPITAL RESERVES			REVENUE RESERVES		TOTAL
		Share premium	Merger reserve	Share of changes in equity of associate	General reserve	Unappropriated profit	
	3,105,869,950	1,000,000,000	72,017,550	51,966,758	3,089,673,099	18,719,227,492	26,037,952,849
Balance as at July 01, 2013 - Restated	-	-	-	-	-	(62,101,399)	(62,101,399)
Transactions with owners	-	-	-	-	1,000,000,000	-	1,000,000,000
Final dividend for the year ended June 30, 2013 - Rs. 2 per share	-	-	-	-	-	322,762,161	322,762,161
Transferred to general reserve	-	-	-	-	-	-	5,803,000
Total comprehensive income for the period	-	-	-	-	-	-	(580,300)
Profit for the period	-	-	-	-	-	-	5,222,700
Other comprehensive income for the period	-	-	-	-	-	-	57,187,458
Items that may be reclassified subsequently to profit or loss :	3,105,869,950	1,000,000,000	72,017,550	57,187,458	4,089,673,099	17,420,975,663	25,744,923,720
Share of changes in equity of associate	-	-	-	-	-	551,480,135	551,480,135
Share of changes in equity of associate	-	-	-	316,180,485	-	-	316,180,485
Items that will not be reclassified subsequently to profit or loss :	-	-	-	(31,618,049)	-	-	(31,618,049)
Deferred tax relating to share of changes in equity of associate	-	-	-	-	-	(85,455,150)	(85,455,150)
Effect of change in accounting policy	-	-	-	-	-	28,200,200	28,200,200
Remeasurement of staff retirement gratuity	-	-	-	-	-	(57,254,950)	(57,254,950)
Deferred tax relating to remeasurement of staff retirement gratuity	-	-	-	284,562,436	-	496,225,185	778,787,621
Balance as at June 30, 2014	3,105,869,950	1,000,000,000	72,017,550	341,749,894	4,089,673,099	17,915,300,848	26,323,711,341
Total comprehensive income for the period	-	-	-	-	-	261,138,419	261,138,419
Profit for the period	-	-	-	-	-	-	1,268,000
Other comprehensive income for the period	-	-	-	1,268,000	-	-	(126,800)
Items that may be reclassified subsequently to profit or loss :	-	-	-	-	-	-	261,138,419
Share of changes in equity of associate	-	-	-	-	-	-	261,138,419
Items that will not be reclassified subsequently to profit or loss :	-	-	-	-	-	-	1,268,000
Deferred tax relating to share of changes in equity of associate	-	-	-	1,141,200	-	-	(126,800)
Balance as at September 30, 2014	3,105,869,950	1,000,000,000	72,017,550	342,891,094	4,089,673,099	18,176,339,267	26,935,990,960

The annexed notes form an integral part of this condensed interim financial report.

**Chief Executive Officer**

**Director**

# SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2014

## 1. STATUS AND ACTIVITIES

- 1.1 Ibrahim Fibres Limited (the Company) is incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984 (the Ordinance) and is listed on Karachi and Lahore Stock Exchanges in Pakistan. The principal business of the Company is manufacture and sale of polyester staple fibre and yarn. The registered office of the Company is located at 1 – Ahmad Block, New Garden Town, Lahore. The manufacturing units are located at Faisalabad – Sheikhpura Road, in the Province of Punjab.
- 1.2 Pursuant to scheme of arrangement approved by the Honourable Lahore High Court, Lahore, assets, liabilities and reserves of Ibrahim Textile Mills Limited, A.A. Textiles Limited, Zainab Textile Mills Limited and Ibrahim Energy Limited were merged with the assets, liabilities and reserves of the Company with effect from October 01, 2000.
- 1.3 This condensed interim financial report is presented in Pak Rupee, which is the Company's functional and presentation currency.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

This condensed interim financial report has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Ordinance. In case the requirements differ, the provisions of or directives issued under the Ordinance have been followed. This condensed interim financial report is unaudited and is being submitted to the shareholders as required under Section 245 of the Ordinance.

### 2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

#### 2.2.1 Standards, amendments to standards and interpretations becoming effective during the period

There are certain amendments to standards and interpretations that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2014 but are considered not to be relevant or not to have any significant effect on the Company's operations and are, therefore, not disclosed in this condensed interim financial report.

#### 2.2.2 Standards, amendments to standards and interpretations becoming effective in future periods

There are new standards, other amendments to standards and interpretations that are mandatory for accounting periods beginning on or after July 01, 2014 but are considered not to be relevant or not to have any significant effect on the Company's operations and are, therefore, not disclosed in this condensed interim financial report.

### 2.3 Basis of preparation

This condensed interim financial report has been prepared under the "historical cost convention" except staff retirement gratuity carried at present value and investment in associate accounted for using the equity method. This condensed interim financial report does not include all the information required for complete set of financial statements and should be read in conjunction with the Company's published audited financial statements for the year ended June 30, 2014.

### 2.4 Accounting policies and methods of computation

The accounting policies and methods of computation followed in the preparation of this condensed interim financial report are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2014.

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT (UNAUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	Unaudited September 30, 2014 Rupees	Audited June 30, 2014 Rupees
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets	24,012,338,752	24,605,585,362
Capital work in progress	479,524,015	385,407,526
	24,491,862,767	24,990,992,888

	Quarter ended September 30, 2014		Quarter ended September 30, 2013	
	Acquisitions Rupees	Disposals Rupees	Acquisitions Rupees	Disposals Rupees
<b>3.1 Acquisitions and disposals of operating assets – at cost</b>				
Freehold land	–	–	3,349,410	–
Plant and machinery	9,476,557	–	2,385,288	–
Furniture and fixture	1,614,342	494,300	3,576,203	97,900
Office equipment	4,325,767	664,982	2,812,656	623,107
Vehicles	7,055,820	10,043,691	3,656,130	18,399,937
	22,472,486	11,202,973	15,779,687	19,120,944

	Unaudited September 30, 2014 Rupees	Audited June 30, 2014 Rupees
<b>4. INVESTMENT IN ASSOCIATE</b>		
Allied Bank Limited (ABL) – Quoted 194,041,916 (June 30, 2014 : 194,041,916 ) ordinary shares of Rs.10/- each Ownership interest 16.95% (June 30, 2014 : 16.95%)	3,975,325,052	3,975,325,052
Share of post acquisition changes in equity	7,788,746,188	8,080,865,550
Less : Dividend received during the period / year	291,062,874	948,159,363
	11,473,008,366	11,108,031,239

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2014

- 4.1 ABL is engaged in banking business. Its registered and head office is situated at 3 Tipu Block, New Garden Town, Lahore, Pakistan.
- 4.2 The Company's shareholding in associate is below 20%, however, the Company exercises significant influence by virtue of common directorship.
- 4.3 The fair value of investment in associate as at September 30, 2014 is Rs. 21,940 million (June 30, 2014 : Rs. 26,663 million).
- 4.4 The financial year end of ABL is 31<sup>st</sup> December. The latest available financial results of associate as of June 30, 2014 have been used for the purpose of application of equity method.
5. CONTINGENCIES AND COMMITMENTS

### 5.1 Contingencies

There are no changes in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2014.

	Unaudited September 30, 2014 Rupees in million	Audited June 30, 2014 Rupees in million
<b>5.2 Commitments</b>		
<b>5.2.1 Under contracts for capital expenditure :</b>		
Building on freehold land	161.520	84.880
Plant and machinery	13.731	6.452
<b>5.2.2 Under letters of credit for :</b>		
Plant and machinery	1,227.701	1,211.572
Raw materials and spare parts	3,692.014	3,965.132

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT (UNAUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	Quarter ended September 30,	
	2014	2013
	Rupees	Rupees
<b>6. COST OF GOODS SOLD</b>		
Raw materials consumed	7,380,267,897	8,433,151,680
Packing materials	110,426,224	107,894,279
Salaries, wages and benefits	311,238,226	295,844,081
Staff retirement benefits	43,180,821	33,337,068
Stores and spare parts	130,281,361	130,510,087
Fuel and power	1,087,646,550	1,310,858,342
Insurance	14,861,144	13,539,750
Depreciation of property, plant and equipment	596,969,395	661,489,420
Other	68,448,952	61,722,790
	9,743,320,570	11,048,347,497
Work in process		
Opening stock	343,311,511	607,357,831
Closing stock	(327,724,911)	(605,184,492)
	15,586,600	2,173,339
Cost of goods manufactured	9,758,907,170	11,050,520,836
Finished goods		
Opening stock	3,178,767,342	5,152,329,366
Closing stock	(3,637,778,536)	(3,697,447,433)
	(459,011,194)	1,454,881,933
	9,299,895,976	12,505,402,769

# SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2014

## 7. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings and key management personnel. Significant transactions with related parties are as under :

Relationship	Nature of transaction	Quarter ended September 30,	
		2014	2013
		Rupees	Rupees
Associated undertakings			
	Rent charged	3,000,000	12,705,000
	Dividend received	291,062,874	220,502,177
	Consultancy fee paid	10,000,000	3,000,000
	Rental income	816,630	–
Key management personnel			
	Remuneration	9,000,000	9,000,000
	Reimbursable expenses	705,641	1,239,448
	Advance from directors against non – current assets held for sale	–	318,271,457
	Loan from directors	980,183,914	–

8. The provision for taxation made in this condensed interim financial report is subject to adjustment in annual financial statements.

## 9. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial report was authorised for issue on October 24, 2014 by the Board of Directors of the Company.

## 10. GENERAL

10.1 There is no unusual item included in this condensed interim financial report which is affecting assets, liabilities, profit, comprehensive income, cash flows or equity of the Company.

10.2 Figures have been rounded off to the nearest Rupee.





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**Ibrahim Fibres Limited**  
Ibrahim Centre,  
1 – Ahmed Block, New Garden Town,  
Lahore – 54600, Pakistan.