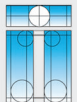


HALF YEARLY REPORT OF  
**Ibrahim Fibres Limited**  
FOR THE PERIOD ENDED DECEMBER 31, 2016



Committed to  
Excellence



**Ibrahim**



# Contents

02	Company Information
03	Directors' Review - English
04	Auditors' Report to the Members on Review of Interim Financial Information

## Condensed Interim Financial Report

06	Condensed Interim Balance Sheet
07	Condensed Interim Profit and Loss Account
08	Condensed Interim Statement of Comprehensive Income
09	Condensed Interim Cash Flow Statement
10	Condensed Interim Statement of Changes in Equity
11	Selected Explanatory Notes to the Condensed Interim Financial Report
16	Directors' Review - Urdu

# Company Information

## Board of Directors

Sheikh Mukhtar Ahmed

*Chairman*

Mohammad Naeem Mukhtar

*Chief Executive Officer*

Muhammad Waseem Mukhtar

Mohammad Naeem Asghar

Abdul Hameed Bhutta

Mohammad Waqar

Ikram ul Haq Mian

## Chief Financial Officer

Mohammad Naeem Asghar

## Company Secretary

Muhammad Labeeb Subhani

## Audit Committee

Ikram ul Haq Mian

*Chairman*

Abdul Hameed Bhutta

*Member*

Mohammad Waqar

*Member*

Muhammad Labeeb Subhani

*Secretary*

## Human Resource & Remuneration Committee

Abdul Hameed Bhutta

*Chairman*

Ikram ul Haq Mian

*Member*

Mohammad Waqar

*Member*

## Auditors

Deloitte Yousuf Adil

Chartered Accountants.

## Bankers

Askari Bank Limited

Bank Alfalah Limited

Bank Al Habib Limited

BankIslami Pakistan Limited

Citibank, N.A.

Deutsche Bank AG

Dubai Islamic Bank Pakistan Limited

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank 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 half year ended December 31, 2016.

## Operating Performance

During the half year under review, the Polyester Plant of your Company produced 142,849 tons of Polyester Staple Fibre (PSF) / polyester chips as against production of 108,312 tons during the corresponding period of previous year. Out of this production, 8,463 tons of PSF were consumed by the textile plants of your Company for the production of blended yarns as against 12,099 tons consumed during the corresponding period of previous year.

The textile plants of your Company produced 12,756 tons of blended yarns of different counts during the half year under review as against production of 16,945 tons during the corresponding period of previous year. This reduction in production of blended yarns as well as internal consumption of PSF was primarily caused by BMR of one of the textile plants of your Company. This activity was successfully completed and the plant commenced its commercial production in December 2016.

## Financial Performance

During the half year under review, your Company achieved net sales of Rs. 19,866 million as compared to Rs. 15,398 million during corresponding period of previous year.

Your Company earned gross profit of Rs. 1,176 million during the period under review as compared to gross loss of Rs. 213 million during corresponding period of the previous year.

During the half year under review, the Company disposed-off its entire investment in Allied Bank Limited to Ibrahim Holdings (Private) Limited, an associated company. This transaction resulted in realisation of gain on disposal of investment amounting to 5,788 million.

After taking into account the proportionate share in profits of Allied Bank Limited, an associated company, amounting to Rs. 1,281 million and aforesaid gain on disposal of investment, your Company earned profit before tax of Rs. 7,401 million and profit after tax amounting to Rs. 8,381 million during half year under review as against Rs. 140 million and Rs. 188 million respectively during the corresponding period of previous year.

## Future Outlook

Last quarter of the half year under review witnessed recovery in prices of crude oil due to settlement between OPEC members. Accordingly prices of PSF feedstock followed the trend and helped the local industry to generate some inventory gains.

On the other hands, improved energy supplies in local market coupled with textile specific trade incentives by Government of Pakistan are expected to be continued in the future which will result in better turnovers across textile supply chain including your Company.

In this scenario, the management of your Company is striving hard to increase market share through effective marketing strategies and better operating results through efficient financial and inventory management.

## Earnings per share

Earnings per share for the half year ended December 31, 2016 has come to Rs. 26.99 as compared to Rs. 0.61 during the corresponding period of previous year.

On behalf of the Board,

# Auditors' Report to the Members

## on Review of Interim Financial Information

### Introduction

We have reviewed the accompanying condensed interim balance sheet of Ibrahim Fibres Limited (the Company) as at December 31, 2016, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and notes to the accounts, for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2016.

### 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 information 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.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months period ended December 31, 2016 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

**Deloitte Yousuf Adil**  
**Chartered Accountants**

**Engagement Partner:**  
Nadeem Yousuf Adil

**Dated: February 20, 2017**  
**Karachi**

Ibrahim Fibres Limited

# **CONDENSED INTERIM FINANCIAL REPORT**

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for the half year ended December 31, 2016

# Condensed Interim Balance Sheet

as at December 31, 2016

	Note	Unaudited December 31, 2016 Rupees	Audited June 30, 2016 Rupees
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	3	28,647,619,944	24,737,959,691
Intangible assets		40,158,395	41,774,935
Investment in associate	4	-	13,762,491,415
Long term loans		38,891,734	33,260,833
Long term deposits		3,993,754	4,008,754
		28,730,663,827	38,579,495,628
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		2,199,065,651	2,130,071,158
Stock in trade		6,066,368,314	5,197,078,034
Trade debts		266,256,488	206,035,854
Loans and advances		922,185,225	1,034,924,058
Prepayments		46,921,601	20,116,110
Other receivables		14,698,227,765	3,787,477,324
Cash and bank balances		263,302,278	103,129,306
		24,462,327,322	12,478,831,844
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,442,940,991	1,841,136,456
Markup / interest payable		99,081,035	19,264,912
Short term borrowings		3,427,964,956	2,690,973,528
Current portion of long term financing		2,433,333,332	1,683,333,334
Provision for taxation - income tax		153,136,099	365,179,341
		7,556,456,413	6,599,887,571
<b>Working capital</b>		16,905,870,909	5,878,944,273
<b>Total capital employed</b>		45,636,534,736	44,458,439,901
<b>NON - CURRENT LIABILITIES</b>			
Long term financing		6,950,000,000	5,616,666,666
Deferred liabilities:			
Deferred taxation		345,002,788	1,466,986,810
Staff retirement gratuity		1,191,922,630	1,137,126,471
		8,486,925,418	8,220,779,947
<b>CONTINGENCIES AND COMMITMENTS</b>	5	-	-
<b>Net worth</b>		37,149,609,318	36,237,659,954
<b>Represented by:</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		3,105,069,950	3,105,069,950
Loans from directors		-	7,426,985,233
Capital reserves		1,072,017,550	1,072,017,550
Revenue reserves		32,972,521,818	24,633,587,221
		37,149,609,318	36,237,659,954

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

# Condensed Interim Profit and Loss Account (Unaudited)

for the half year ended December 31, 2016

		Quarter ended December 31,		Half year ended December 31,	
	Note	2016	2015	2016	2015
		Rupees	Rupees	Rupees	Rupees
Sales - net		10,611,926,209	7,921,153,392	19,866,496,266	15,397,707,983
Cost of goods sold	6	(9,904,978,976)	(8,029,525,405)	(18,690,942,458)	(15,610,281,146)
Gross profit / (loss)		706,947,233	(108,372,013)	1,175,553,808	(212,573,163)
Selling and distribution expenses		(66,788,634)	(66,921,533)	(132,794,864)	(129,916,390)
Administrative expenses		(182,694,851)	(171,575,388)	(349,002,556)	(328,711,256)
Other operating expenses		(15,629,539)	(3,536,898)	(21,186,822)	(3,536,898)
Finance cost		(172,658,609)	(233,422,250)	(358,547,745)	(520,729,176)
		(437,771,633)	(475,456,069)	(861,531,987)	(982,893,720)
Other income	7	269,175,600	(583,828,082)	314,021,821	(1,195,466,883)
		5,797,517,484	9,845,895	5,805,781,784	20,442,484
Share of profit of associate	4	6,066,693,084	(573,982,187)	6,119,803,605	(1,175,024,399)
		626,343,000	766,551,000	1,281,164,000	1,314,994,000
Profit before taxation		6,693,036,084	192,568,813	7,400,967,605	139,969,601
Reversal of / (provision for) taxation	8	1,171,042,547	(344,474)	979,692,140	48,123,424
Profit for the period		7,864,078,631	192,224,339	8,380,659,745	188,093,025
Earnings per share - Basic and Diluted		25.33	0.62	26.99	0.61

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

# Condensed Interim Statement of Comprehensive Income (Unaudited)

## for the half year ended December 31, 2016

	Quarter ended December 31, 2016 Rupees	2015 Rupees	Half year ended December 31, 2016 Rupees	2015 Rupees
Profit for the period	7,864,078,631	192,224,339	8,380,659,745	188,093,025
Other comprehensive income for the period				
Items that may be reclassified subsequently to profit or loss				
Share of changes in equity of associate	(82,073,000)	12,383,000	(60,095,000)	26,264,000
Deferred tax relating to share of changes in equity of associate	10,259,125	(1,547,875)	7,511,875	(3,283,000)
	(71,813,875)	10,835,125	(52,583,125)	22,981,000
Share of changes in equity of associate reclassified to profit or loss on disposal of related investment	(10,212,036)	–	(10,212,036)	–
Reversal of deferred tax on share of changes in equity of associate on disposal of related investment	1,276,505	–	1,276,505	–
	(8,935,531)	–	(8,935,531)	–
	(80,749,406)	10,835,125	(61,518,656)	22,981,000
Total comprehensive income for the period	7,783,329,225	203,059,464	8,319,141,089	211,074,025

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

# Condensed Interim Cash Flow Statement (Unaudited)

for the half year ended December 31, 2016

	Half year ended December 31, 2016 Rupees	2015 Rupees
<b>a) Cash flows from operating activities</b>		
Profit before taxation	7,400,967,605	139,969,601
Adjustments for:		
Depreciation / amortisation of property, plant and equipment	1,118,330,360	1,167,844,555
Amortisation of intangible assets	7,748,466	7,352,263
Provision for staff retirement gratuity	88,888,104	104,567,908
Loss on disposal of property, plant and equipment	3,809,800	3,536,898
Profit on deposits	(17,046)	(21,198)
Gain on disposal of investment in associate	(5,787,764,990)	-
Share of profit of associate	(1,281,164,000)	(1,314,994,000)
Finance cost	358,547,745	520,729,176
Operating cash flows before working capital changes	1,909,346,044	628,985,203
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(68,994,493)	47,602,682
Stock in trade	(869,290,280)	(11,040,184)
Trade debts	(60,220,634)	(33,462,139)
Loans and advances	(34,453,608)	45,467,506
Prepayments	(26,805,491)	(26,828,309)
Other receivables	(501,658,232)	92,796,629
Decrease in current liabilities		
Trade and other payables	(418,330,571)	(684,205,654)
	(1,979,753,309)	(569,669,469)
Cash (used in) / generated from operations	(70,407,265)	59,315,734
Long term loans paid - net	(13,487,720)	(5,908,660)
Finance cost paid	(302,147,744)	(556,969,082)
Income tax paid	(341,983,297)	(120,267,565)
Staff retirement gratuity paid	(33,977,274)	(52,711,010)
Net cash used in operating activities	(762,003,300)	(676,540,583)
<b>b) Cash flows from investing activities</b>		
Additions in:		
Property, plant and equipment	(4,993,926,634)	(763,290,830)
Intangible assets	(6,131,926)	(4,072,733)
Proceeds from disposal of property, plant and equipment	5,575,427	10,874,582
Dividend received	727,657,185	679,146,706
Long term deposits	15,000	281,124
Profit on deposits	18,805	18,517
Net cash used in investing activities	(4,266,792,143)	(77,042,634)
<b>c) Cash flows from financing activities</b>		
Loans from directors obtained	2,532,590,794	-
Repayment of loans from directors	(163,934,490)	-
Long term financing obtained	2,550,000,000	-
Repayment of long term financing	(466,666,668)	(225,000,000)
Increase in short term borrowings - net	736,991,428	926,665,732
Dividend paid	(12,649)	(3,649)
Net cash from financing activities	5,188,968,415	701,662,083
<b>Net increase / (decrease) in cash and cash equivalents (a+b+c)</b>	160,172,972	(51,921,134)
<b>Cash and cash equivalents at the beginning of the period</b>	103,129,306	163,844,103
<b>Cash and cash equivalents at the end of the period</b>	263,302,278	111,922,969

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

# Condensed Interim Statement of Changes in Equity (Unaudited)

for the half year ended December 31, 2016

	Share Capital	Loans from Directors	Capital Reserves			Revenue Reserves			Total
			Share premium	Merger reserve	Share of changes in equity of associate	General reserve	Unappropriated profit		
	Rupees								
Balance as at July 01, 2015	3,105,069,950	-	1,000,000,000	72,017,550	342,225,716	4,089,673,099	187,36,959,498	27,345,945,813	
Total comprehensive income for the period	-	-	-	-	-	-	188,093,025	188,093,025	
Profit	-	-	-	-	-	-	-	-	
Other comprehensive income	-	-	-	-	26,264,000	-	-	26,264,000	
Items that may be reclassified subsequently to profit or loss	-	-	-	-	(3,283,000)	-	-	(3,283,000)	
Share of changes in equity of associate	-	-	-	-	22,981,000	-	-	22,981,000	
Deferred tax	-	-	-	-	-	-	-	-	
Balance as at December 31, 2015	3,105,069,950	-	1,000,000,000	72,017,550	365,206,716	4,089,673,099	188,093,025	21,107,025	
Transactions with owners	-	-	-	-	-	-	-	-	
Loans from directors	-	7,426,985,233	-	-	-	-	-	7,426,985,233	
Total comprehensive income for the period	-	-	-	-	-	-	-	-	
Profit	-	-	-	-	-	-	1,347,183,856	1,347,183,856	
Other comprehensive income	-	-	-	-	-	-	-	-	
Items that may be reclassified subsequently to profit or loss	-	-	-	-	(188,724,000)	-	-	(188,724,000)	
Share of changes in equity of associate	-	-	-	-	23,950,500	-	-	23,950,500	
Deferred tax	-	-	-	-	(165,133,500)	-	-	(165,133,500)	
Items that will not be reclassified subsequently to profit or loss	-	-	-	-	-	-	104,946,993	104,946,993	
Re-measurement of staff retirement gratuity	-	-	-	-	-	-	(33,341,666)	(33,341,666)	
Deferred tax	-	-	-	-	-	-	71,604,527	71,604,527	
Balance as at June 30, 2016	3,105,069,950	-	1,000,000,000	72,017,550	(165,133,500)	4,089,673,099	1,418,788,393	1,253,654,893	
Transactions with owners	-	-	-	-	-	-	-	-	
Loans from directors	-	7,426,985,233	-	-	200,073,216	4,089,673,099	20,346,840,906	36,237,659,954	
Directors' loans repaid / adjusted	-	(2,532,590,794)	-	-	-	-	-	(2,532,590,794)	
Other comprehensive income	-	-	-	-	-	-	-	-	
Items that may be reclassified subsequently to profit or loss	-	-	-	-	(60,095,000)	-	-	(60,095,000)	
Share of changes in equity of associate	-	-	-	-	7,511,875	-	-	7,511,875	
Deferred tax	-	-	-	-	(52,883,125)	-	-	(52,883,125)	
Share of changes in equity of associate reclassified on disposal of investment to:	-	-	-	-	-	-	-	-	
Profit or loss	-	-	-	-	(10,212,036)	-	-	(10,212,036)	
Deferred tax	-	-	-	-	1,276,505	-	-	1,276,505	
Unappropriated profit	-	-	-	-	(8,935,531)	-	-	(8,935,531)	
Deferred tax	-	-	-	-	158,348,068	-	-	158,348,068	
Balance as at December 31, 2016	3,105,069,950	-	1,000,000,000	72,017,550	(138,554,560)	4,089,673,099	158,348,068	19,793,508	
					(200,073,216)		8,390,659,745	8,390,659,745	
							(60,095,000)	(60,095,000)	
							7,511,875	7,511,875	
							(52,883,125)	(52,883,125)	
							(10,212,036)	(10,212,036)	
							1,276,505	1,276,505	
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							(52,883,125)	(52,883,125)	
							(10,212,036)	(10,212,036)	
							1,276,505	1,276,505	
							(8,935,531)	(8,935,531)	
							158,348,068	158,348,068	
							19,793,508	19,793,508	
							8,390,659,745	8,390,659,745	
							(60,095,000)	(60,095,000)	
							7,511,875	7,511,875	
							(52,883,125)	(52,883,125)	
							(10,212,036)	(10,212,036)	
							1,276,505	1,276,505	
							(8,935,531)	(8,935,531)	
							158,348,068	158,348,068	
							19,793,508	19,793,508	
							8,390,659,745	8,390,659,745	
							(60,095,000)	(60,095,000)	
							7,511,875	7,511,875	
							(52,883,125)	(52,883,125)	
							(10,212,036)	(10,212,036)	
</									

# Selected Explanatory Notes to the Condensed Interim Financial Report (Unaudited) for the half year ended December 31, 2016

## 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 Pakistan Stock Exchange. 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 but subject to limited scope review by auditors 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 new standards, 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, 2016 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 certain new standards, amendments to standards and interpretations that will become effective in future accounting periods but are considered not to be relevant or not to have any significant effect on 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, 2016.

### 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, 2016.

## Selected Explanatory Notes to the Condensed Interim Financial Report (Unaudited) for the half year ended December 31, 2016

### 2.5 Financial risk management

The Company's risk management objectives and policies are consistent with those objectives and policies which were disclosed in financial statements of the Company as at and for the year ended June 30, 2016.

	Unaudited December 31, 2016 Rupees	Audited June 30, 2016 Rupees
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets	22,775,540,094	22,236,282,314
Capital work in progress	5,872,079,850	2,501,677,377
	28,647,619,944	24,737,959,691

	Half year ended Decemebtr 31, 2016		Half year ended Decemebtr 31, 2015	
	Acquisitions Rupees	Disposals Rupees	Acquisitions Rupees	Disposals Rupees
<b>3.1 Acquisitions and disposals of operating assets - at cost</b>				
Freehold land	41,381,460	-	23,287,925	-
Building on freehold land	154,652,317	-	500,000	-
Plant and machinery	1,386,681,085	30,884,252	9,949,730	4,509,414
Furniture and fixture	9,297,309	13,300	7,132,175	470,161
Office equipment	23,284,059	1,266,302	12,647,481	5,737,893
Vehicles	51,677,137	13,459,751	20,156,109	31,582,291
	1,666,973,367	45,623,605	73,673,420	42,299,759

	Note	Unaudited December 31, 2016 Rupees	Audited June 30, 2016 Rupees
<b>4. INVESTMENT IN ASSOCIATE</b>			
Allied Bank Limited (ABL) - Quoted			
Nil (June 30, 2016: 194,041,916) ordinary shares of Rs.10/- each			
Ownership interest Nil (June 30, 2016: 16.95%)			
Cost of investment		3,975,325,052	3,975,325,052
Share of post acquisition changes in equity			
Opening balance		9,787,166,363	8,618,943,775
Share of profit		1,281,164,000	2,688,976,000
Share of other comprehensive income		(60,095,000)	(162,460,000)
Dividend received		(727,657,185)	(1,358,293,412)
		10,280,578,178	9,787,166,363
		14,255,903,230	13,762,491,415
Disposal of shares	4.2	(14,255,903,230)	-
		-	13,762,491,415

## Selected Explanatory Notes to the Condensed Interim Financial Report (Unaudited) for the half year ended December 31, 2016

- 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 has been disposed off to Ibrahim Holdings (Private) Limited (IHL), an associated company. The shares have been disposed off by virtue of a Sales and Purchase Agreement (SPA) signed among the Company, IHL and the sponsor shareholders of ABL after having received approval from the State Bank of Pakistan for transferring sponsor shareholding of ABL to IHL.
- 4.3** The Company exercises significant influence on ABL by virtue of common directorship.
- 4.4** The fair value of investment in associate as at December 31, 2016 is Nil (June 30, 2016: Rs. 17,456 million).
- 4.5** The financial year end of ABL is 31<sup>st</sup> December. The latest available financial results of associate as of September 30, 2016 have been used for the purpose of application of equity method.

### 5. CONTINGENCIES AND COMMITMENTS

#### 5.1 Contingencies

There is no change in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2016 except the following:

- (i) Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited against supply of gas as mentioned in Note 18.1.1 (ii) to the above referred financial statements, have been increased to Rs. 255.429 million.
- (ii) Bank guarantees issued in favour of The Collector of Customs, Karachi to avail exemption from levy of custom duty, sales tax and income tax as mentioned in Note 18.1.1 (iv) to the above referred financial statements, have been reduced to Rs. 4.698 million.
- (iii) A new bank guarantee of Rs. 3.475 million is issued in favour of The Collector of Customs, Lahore to avail exemption from levy of custom duty, sales tax and income tax on temporary import of heat treatment and welding machines for erection of Coal Fired Power Generation Plant.

	<b>Unaudited December 31, 2016</b>	<b>Audited June 30, 2016</b>
	<b>Rupees in million</b>	<b>Rupees in million</b>
<b>5.2 Commitments</b>		
<b>5.2.1 Under contracts for capital expenditure:</b>		
Building on freehold land	54.616	308.256
Plant and machinery	206.265	282.224
<b>5.2.2 Under letters of credit for:</b>		
Plant and machinery	437.374	4,459.802
Raw materials and spare parts	942.130	840.772

## Selected Explanatory Notes to the Condensed Interim Financial Report (Unaudited) for the half year ended December 31, 2016

Note	Quarter ended December 31,		Half year ended December 31,	
	2016	2015	2016	2015
	Rupees	Rupees	Rupees	Rupees
<b>6. COST OF GOODS SOLD</b>				
Raw materials consumed	7,011,005,796	5,958,694,339	13,647,988,758	11,419,323,261
Packing materials	143,031,532	112,100,659	275,346,105	213,942,174
Salaries, wages and benefits	361,017,300	347,126,018	723,349,528	706,046,049
Staff retirement benefits	34,341,933	40,430,752	68,683,866	80,861,506
Stores and spare parts	182,702,277	219,098,652	394,883,398	450,824,614
Fuel and power	842,434,911	686,533,711	1,645,365,224	1,484,712,981
Insurance	14,983,485	14,221,212	29,967,111	28,442,598
Depreciation of property, plant and equipment	550,524,092	570,070,085	1,088,031,403	1,139,658,058
Other	73,923,468	57,446,484	145,019,987	109,139,466
	9,213,964,794	8,005,721,912	18,018,635,380	15,632,950,707
Work in process				
Opening stock	395,999,769	398,629,205	402,471,977	398,266,585
Closing stock	(398,906,713)	(357,536,984)	(398,906,713)	(357,536,984)
	(2,906,944)	41,092,221	3,565,264	40,729,601
Cost of goods manufactured	9,211,057,850	8,046,814,133	18,022,200,644	15,673,680,308
Finished goods				
Opening stock	2,467,265,351	3,366,689,248	2,442,086,039	3,320,578,814
Closing stock	(1,773,344,225)	(3,383,977,976)	(1,773,344,225)	(3,383,977,976)
	693,921,126	(17,288,728)	668,741,814	(63,399,162)
	9,904,978,976	8,029,525,405	18,690,942,458	15,610,281,146
<b>7. OTHER INCOME</b>				
<b>Income from financial assets:</b>				
Profit on deposits	11,146	3,115	17,046	21,198
Exchange differences	-	51,428	-	51,428
Gain on disposal of investment in associate	5,787,764,990	-	5,787,764,990	-
	5,787,776,136	54,543	5,787,782,036	72,626
<b>Income from assets other than financial assets:</b>				
Scrap sales	8,628,502	9,333,852	16,001,221	18,029,791
Loss on disposal of property, plant and equipment	-	(412,024)	-	-
Rental income	961,815	874,650	1,875,205	1,749,300
Other	151,031	(5,126)	123,322	590,767
	9,741,348	9,791,352	17,999,748	20,369,858
	5,797,517,484	9,845,895	5,805,781,784	20,442,484
<b>8. REVERSAL OF / (PROVISION FOR) TAXATION</b>				
Current	22,053,347	(122,482,358)	(113,709,993)	(139,982,907)
Deferred	8.1 1,148,989,200	122,137,884	1,093,402,133	188,106,331
	1,171,042,547	(344,474)	979,692,140	48,123,424

**8.1** Deferred tax reversal for the half year and quarter ended December 31, 2016 includes an amount of Rs. 1,264.002 million reversed on disposal of investment in associate.

## Selected Explanatory Notes to the Condensed Interim Financial Report (Unaudited) for the half year ended December 31, 2016

### 9. 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	Half year ended December 31,	
		2016	2015
		Rupees	Rupees
Associated undertakings	Rent charged	7,255,200	6,764,400
	Dividend received	727,657,185	679,146,706
	Receivable against disposal of shares	10,237,814,645	–
	Disposal of investment in associate	20,033,456,192	–
	Consultancy fee paid	13,920,000	11,800,000
	Rental income	1,875,205	1,749,300
Key management personnel	Remuneration	27,000,000	27,000,000
	Reimbursable expenses	2,151,283	1,286,109
	Loans from directors obtained	2,532,590,794	–
	Loans from directors repaid / adjusted	9,959,576,027	–
	Short term borrowings obtained	–	2,363,751,407

10. The provisions for taxation and workers' profit participation fund made in this condensed interim financial report are subject to adjustments in annual financial statements.

### 11. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on February 20, 2017 by the Board of Directors of the Company.

### 12. GENERAL

12.1 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.

12.2 Figures have been rounded off to the nearest Rupee.

## ڈائریکٹرز کا جائزہ

آپ کے ادارے کے ڈائریکٹرز کا جائزہ ہر سال کے ساتھ ادارے کے 31 دسمبر 2016 کو اختتام پذیر ہونے والی ششماہی کے غیر مصدقہ (unaudited) مالیاتی نتائج آپ کے سامنے پیش کرتے ہیں۔

### کاروباری کارکردگی

زیر نظر ششماہی میں آپ کے ادارہ کے پولیسٹریٹیل فائبر کے کارخانے نے 142,849 ٹن پولیسٹریٹیل فائبر/پولیسٹر چمپ بنایا جبکہ پچھلے سال کی متعلقہ ششماہی میں 108,312 ٹن پولیسٹریٹیل فائبر/پولیسٹر چمپ بنایا تھا۔ اس پیداوار میں سے 8,463 ٹن پولیسٹریٹیل فائبر مختلف اقسام کا آمیزشی دھاگہ بنانے کے لئے آپ کے ادارہ کے اپنے کارخانوں میں صرف ہوا جبکہ پچھلے متعلقہ ششماہی میں 12,099 ٹن پولیسٹریٹیل فائبر آپ کے ادارہ کے اپنے دھاگے کے کارخانوں میں مختلف اقسام کا آمیزشی دھاگہ بنانے کے لئے صرف ہوا تھا۔

آپ کے ادارہ کے دھاگے کے کارخانوں نے اس ششماہی میں 12,756 ٹن مختلف اقسام کا آمیزشی دھاگہ بنایا جبکہ پچھلے متعلقہ ششماہی میں مختلف اقسام کا 16,945 ٹن آمیزشی دھاگہ بنایا تھا۔ دھاگے کی کم پیداوار اور اسی طرح پولیسٹریٹیل فائبر کی اندرونی کھپت میں کمی دھاگے کے ایک کارخانے میں جدت اور تبدیلی لانے کی وجہ سے تھی۔ جدت اور تبدیلی کا یہ کام دسمبر 2016 میں کامیابی سے مکمل ہونے پر اس کارخانے نے اپنی کاروباری پیداوار شروع کر دی ہے۔

### مالیاتی کارکردگی

زیر نظر ششماہی میں آپ کے ادارہ کی خالص فروخت 19,866 ملین رہی جبکہ پچھلے متعلقہ ششماہی میں یہ فروخت 15,398 ملین تھی۔ اس ششماہی میں آپ کے ادارہ نے 1,176 ملین کا خام نفع کمایا جبکہ پچھلے سال کی متعلقہ ششماہی میں 213 ملین کا خام خسارہ ہوا تھا۔

زیر نظر ششماہی میں کمپنی نے الاینڈ بینک لمیٹڈ اپنی مجموعی سرمایہ کاری اپنی ایک منسلک کمپنی ابراہیم ہولڈنگز (پرائیویٹ) لمیٹڈ کو فروخت کر دی ہے۔ سرمایہ کاری کی اس فروخت سے 5,788 ملین کا نفع حاصل ہوا ہے۔

الاینڈ بینک لمیٹڈ، جو کہ آپ کے ادارہ کا ایک منسلک ادارہ ہے، کے زیر نظر ششماہی کے 1,281 ملین متناسب نفع اور درج بالا سرمایہ کاری کی فروخت سے نفع کو شمار کرنے کے بعد آپ کے ادارہ کو زیر نظر ششماہی میں 7,401 ملین قبل از ٹیکس اور 8,381 ملین بعد از ٹیکس نفع حاصل ہوا۔ اس کے برعکس پچھلے سال کی متعلقہ ششماہی میں 140 ملین اور 188 ملین ہائیر بیس قبل از ٹیکس اور بعد از ٹیکس نفع ہوا تھا۔

### مستقبل پر نقطہ نظر

زیر نظر ششماہی کی آخری سرمایہ میں خام نفع کی قیمتوں میں بحالی دیکھنے میں آئی ہے جو کہ OPEC ممبران کے درمیان طے پانے والے معاملات کی وجہ سے ہے۔ اسی طرح پولیسٹریٹیل فائبر کے خام مال کی قیمتوں میں بھی رجحان دیکھنے میں آیا جس نے مقامی صنعت کو اس کے مال تجارت پر نفع حاصل کرنے میں مدد دی۔

دوسری جانب توانائی کی مقامی منڈی میں بہتر دستیابی کے ساتھ ساتھ حکومت پاکستان کی طرف سے پٹرول کی صنعت کو دی جانی والی مراعات کے مستقبل میں جاری رہنے کی توقع ہے۔ جس کے نتیجے میں آپ کے ادارہ سمیت پٹرول کی پوری صنعت کے کاروبار میں بہتری آئے گی۔

اس تناظر میں آپ کے ادارے کی انتظامیہ مالیاتی اور مال تجارت کے نظم و نسق اور منوٹر کاروباری حکمت عملی کو بروئے کار لاتے ہوئے منڈی میں اپنے حصے کو مزید بہتر بنانے کی کوششیں جاری رکھے ہوئے ہے۔

### فی حصہ آمدنی

زیر نظر ششماہی میں آپ کے ادارہ کو 26.99 روپے فی حصہ نفع ہوا جبکہ پچھلے متعلقہ ششماہی میں یہ نفع 0.61 روپے فی حصہ رہا تھا۔

منجانب اراکین





igcpk.com

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