



Ibrahim

Building a better tomorrow



Quarterly Report of
Ibrahim Fibres Limited
for the period ended March 31, 2014



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Company Information

Board of Directors

Sheikh Mukhtar Ahmed
Chairman

Mohammad Naeem Mukhtar
Chief Executive Officer
Muhammad Waseem Mukhtar
Anwarul Haque
Mohammad Waqar
Jawaid Ashraf
Abdul Hameed Bhutta

Secretary

Anwarul Haque - FCA

Audit Committee

Jawaid Ashraf
Chairman
Mohammad Waqar
Member
Abdul Hameed Bhutta
Member
Anwarul Haque - FCA
Secretary

Auditors

Avais Hyder Liaquat Nauman
Chartered Accountants
Faisalabad, Pakistan.

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 un-audited financial results of the Company for the third quarter of current financial year and nine months ended March 31, 2014.

Operating Performance

During the period of nine months under review, the polyester plant of your Company produced 185,391 tons of Polyester Staple Fibre (PSF) / Polyester Chips as compared to production of 159,763 tons during the corresponding period of previous year. Out of this production, 17,975 tons of PSF were consumed by the textile plants of your Company for the production of blended yarns as against 17,308 tons consumed during the corresponding period of previous year.

The demand of locally manufactured PSF remained under a lot of pressure during the period under review, mainly due to the continued dumping of PSF in domestic market by Chinese companies at extremely low prices since July 31, 2013, when the National Tariff Commission (NTC) withdrew anti-dumping duty from PSF imported from China. Moreover, during the quarter under review, numerous textile units in the downstream textile industry have either closed down or curtailed production due to lesser availability of electricity and gas, and inflow of imported yarns in the domestic market. This factor further affected the overall demand of PSF in the country adversely. In view of these unusual phenomena, the market remained immensely depressed for local PSF and the average capacity utilization achieved by the polyester plant of your Company was 63% as against 98% achieved during the corresponding period.

The textile plants of your Company produced 25,618 tons of blended yarns of different counts during the period of nine months under review as against production of 24,965 tons during the corresponding period of previous year.

Financial Performance

The net sales during the quarter under review amounted to Rs. 11,207 million as compared to Rs. 9,270 million during corresponding quarter of previous year.

During the quarter under review, the prices of PSF feedstock witnessed a decreasing trend due to oversupply in the region. On the other hand, US Dollar weakened abruptly against Pak Rupee. Due to these factors and availability of Chinese PSF at extremely low prices as described above, local PSF manufacturers had to adjust PSF sales price to unrealistically low levels, thereby resulting in huge inventory losses. As a consequence, gross profit earned during the quarter was Rs. 122 million as compared to Rs. 732 million during corresponding quarter of previous year.

During the period of nine months under review, cumulative net sales amounted to Rs. 37,014 million and cumulative gross profit to Rs. 1,627 million as compared to Rs. 29,241 million and Rs. 2,343 million respectively during corresponding period of previous year.

After accounting for the Company's reduced proportionate share in profits of Allied Bank Limited, an associated company, your Company earned profit before tax of Rs. 456 million during the quarter and Rs. 1,509 million during the period of nine months under review as compared to Rs. 1,767 million and Rs. 4,138 million respectively during corresponding periods of previous year. The decrease in profit is due to increase in financial charges relating to financing obtained for the expansion projects of polyester plant and power generation plant. Profit after tax amounted to Rs. 447 million for the quarter and Rs. 1,103 million for the period of nine months under review as compared to Rs. 1,993 million and Rs. 4,342 million respectively for the corresponding periods of previous year.

Future Outlook

Dumping of Chinese PSF in the country is currently, the biggest problem being faced by domestic PSF manufacturers. In order to safeguard the local PSF industry, NTC will have to implement anti-dumping duty immediately on Chinese PSF in line with guidelines already given in WTO regulations. Your Company, along with other PSF manufacturers, is vigorously following up this issue with NTC.

Moreover, the management of your Company is making all the efforts to achieve better sales volume through effective marketing strategies for better results.

Earnings per share

Earnings per share for nine months ended March 31, 2014 come to Rs. 3.55 as compared to Rs. 13.99 for the corresponding period of previous year.

On behalf of the Board

Lahore
April 21, 2014

MOHAMMAD NAEEM MUKHTAR
Chief Executive Officer

Ibrahim Fibres Limited

Condensed Interim Financial Report
for the period ended March 31, 2014

Condensed Interim Balance Sheet

as at March 31, 2014

	Note	Un-audited March 31, 2014 Rupees	Audited June 30, 2013 Rupees
NON – CURRENT ASSETS			
Property, plant and equipment	3	25,576,021,044	27,233,565,225
Intangible assets		54,606,174	60,040,537
Investment in associate	4	9,262,452,534	9,182,026,116
Long term loans		14,951,590	11,973,594
Long term deposits		3,936,543	3,910,543
		34,911,967,885	36,491,516,015
CURRENT ASSETS			
Stores, spare parts and loose tools		2,238,765,504	1,458,348,008
Stock in trade		10,448,356,274	8,511,617,752
Trade debts		194,663,161	280,700,067
Loans and advances		711,084,876	767,967,004
Prepayments		26,972,613	16,320,549
Other receivables		2,375,705,142	1,503,926,992
Cash and bank balances		85,298,161	204,836,749
Non – current assets held for sale	4	1,535,992,101	–
		17,616,837,832	12,743,717,121
CURRENT LIABILITIES			
Trade and other payables		4,205,058,970	1,510,341,011
Markup / interest payable		493,338,129	166,844,778
Short term bank borrowings		5,549,799,219	5,509,120,577
Current portion of long term financing		3,306,250,000	2,312,500,000
		13,554,446,318	9,498,806,366
Working capital		4,062,391,514	3,244,910,755
Total capital employed		38,974,359,399	39,736,426,770
NON – CURRENT LIABILITIES			
Long term financing		10,200,000,000	12,249,999,998
Deferred liabilities :			
Deferred taxation		1,061,883,811	623,846,325
Staff retirement gratuity		905,061,252	824,378,456
		12,166,945,063	13,698,224,779
CONTINGENCIES AND COMMITMENTS	5	–	–
Net worth		26,807,414,336	26,038,201,991
Represented by :			
SHARE CAPITAL AND RESERVES			
Share capital		3,105,069,950	3,105,069,950
Capital reserves		1,411,125,944	1,123,982,308
Revenue reserves		22,291,218,442	21,809,149,733
		26,807,414,336	26,038,201,991

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

Chief Executive Officer

Director

Condensed Interim Profit and Loss Account (Un-audited)

for the period ended March 31, 2014

	Note	Quarter ended March 31,		Nine months ended March 31,	
		2014	2013	2014	2013
		Rupees	Rupees	Rupees	Rupees
Sales - net		11,207,493,426	9,269,630,611	37,014,422,955	29,241,490,657
Cost of goods sold	6	(11,085,200,514)	(8,537,276,650)	(35,387,121,745)	(26,898,600,892)
Gross profit		122,292,912	732,353,961	1,627,301,210	2,342,889,765
Selling and distribution expenses		(61,153,626)	(48,135,623)	(181,408,709)	(153,676,654)
Administrative expenses		(158,237,131)	(154,218,295)	(463,388,248)	(470,809,855)
Other operating expenses		6,610,103	(18,324,725)	(1,601,009)	(65,159,691)
Finance cost		(542,264,247)	(175,959,643)	(1,507,578,682)	(488,538,181)
		(755,044,901)	(396,638,286)	(2,153,976,648)	(1,178,184,381)
Other operating income		(632,751,989)	335,715,675	(526,675,438)	1,164,705,384
		9,486,428	1,047,175,299	32,913,774	1,066,640,654
Share of profit of associate – net		(623,265,561)	1,382,890,974	(493,761,664)	2,231,346,038
		1,079,329,000	383,684,000	2,002,977,000	1,906,876,000
Profit before taxation		456,063,439	1,766,574,974	1,509,215,336	4,138,222,038
(Provision for) / reversal of taxation		(8,872,003)	226,105,321	(406,132,637)	204,249,075
Profit for the period		447,191,436	1,992,680,295	1,103,082,699	4,342,471,113
Earnings per share – Basic and Diluted		1.44	6.42	3.55	13.99

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

Chief Executive Officer

Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

for the period ended March 31, 2014

	Quarter ended March 31,		Nine months ended March 31,	
	2014	2013	2014	2013
	Rupees	Rupees	Rupees	Rupees
Profit for the period	447,191,436	1,992,680,295	1,103,082,699	4,342,471,113
Other comprehensive income for the period				
Items that may be reclassified subsequently to profit or loss :				
Share of changes in equity of associate	32,213,596	1,315,000	319,048,485	5,025,000
Items that will not be reclassified subsequently to profit or loss :				
Deferred tax relating to share of changes in equity of associate	(3,221,360)	(131,500)	(31,904,849)	(502,500)
Other items :				
Share of changes in equity of associate reclassified to profit or loss on disposal of related investment	–	(22,774,371)	–	(22,774,371)
Reversal of deferred tax on share of changes in equity of associate on disposal of related investment	–	2,277,437	–	2,277,437
		(20,496,934)		(20,496,934)
	28,992,236	(19,313,434)	287,143,636	(15,974,434)
Total comprehensive income for the period	476,183,672	1,973,366,861	1,390,226,335	4,326,496,679

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

Condensed Interim Cash Flow Statement (Un-audited)

for the period ended March 31, 2014

	Nine months ended March 31,	
	2014	2013
	Rupees	Rupees
a) Cash flows from operating activities		
Profit before taxation	1,509,215,336	4,138,222,038
Adjustments for :		
Depreciation / amortisation of property, plant and equipment	2,029,603,135	523,232,280
Amortisation of intangible assets	9,966,653	2,195,808
Provision for staff retirement gratuity	130,643,916	156,194,067
Loss / (gain) on disposal of :		
Property, plant and equipment	1,601,009	1,745,254
Non – current assets held for sale	–	(1,035,272,436)
Profit on deposits	(79,294)	(112,425)
Share of profit of associate – net	(2,002,977,000)	(1,906,876,000)
Finance cost	1,507,578,682	488,538,180
Operating cash flows before working capital changes	3,185,552,437	2,367,866,766
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(780,417,496)	(87,798,990)
Stock in trade	(1,936,738,522)	(5,091,849,488)
Trade debts	86,036,906	(97,573,115)
Loans and advances	23,794,660	(67,648,290)
Prepayments	(10,652,064)	(13,436,151)
Other receivables	(387,892,597)	(632,053,228)
Increase in current liabilities		
Trade and other payables	95,617,281	35,430,095
	(2,910,251,832)	(5,954,929,167)
Cash generated from / (used in) operations	275,300,605	(3,587,062,401)
Long term loans (paid) / recovered – net	(2,977,996)	3,634,002
Finance cost paid	(1,181,085,331)	(514,040,905)
Income tax paid	(450,798,085)	(491,767,086)
Staff retirement gratuity paid	(54,194,118)	(59,010,042)
Net cash (used in) operating activities	(1,413,754,925)	(4,648,246,432)
b) Cash flows from investing activities		
Additions in :		
Property, plant and equipment	(504,196,851)	(7,563,501,736)
Intangible assets	(4,532,290)	(597,046)
Proceeds from disposal of :		
Property, plant and equipment	7,600,845	8,503,860
Non – current assets held for sale	–	4,658,142,154
Advance from directors against non – current assets held for sale	2,724,843,608	–
Dividend received	705,606,968	886,643,490
Long term deposits	(26,000)	(317,301)
Profit on deposits	79,294	112,425
Net cash generated from / (used in) investing activities	2,929,375,574	(2,011,014,154)
c) Cash flows from financing activities		
Long term financing obtained	–	5,300,000,000
Repayment of long term financing	(1,056,249,998)	(1,066,666,668)
Increase in short term bank borrowings – net	40,678,642	3,919,419,782
Dividend paid	(619,587,881)	(1,391,340,952)
Net cash (used in) / generated from financing activities	(1,635,159,237)	6,761,412,162
Net (decrease) / increase in cash and cash equivalents (a+b+c)	(119,538,588)	102,151,576
Cash and cash equivalents at the beginning of the period	204,836,749	52,409,353
Cash and cash equivalents at the end of the period	85,298,161	154,560,929

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

Chief Executive Officer

Director

Condensed Interim Statement of Changes in Equity (Un-audited)

for the period ended March 31, 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		
		Rupees						
Balance as at July 01, 2012 as previously reported	3,105,069,950	1,000,000,000	72,017,550	66,980,892	2,630,673,099	15,036,034,938	21,932,756,429	
Effect of change in accounting policy - note 2.4	-	-	-	-	-	(74,951,607)	(74,951,607)	
Recognition of cumulative net unrecognised deferred tax on share premium for the year ended June 30, 2012	-	-	-	-	-	25,486,946	25,486,946	
Deferred tax relating to actuarial losses recognised	-	-	-	-	-	(49,474,651)	(49,474,651)	
Balance as at July 01, 2012 - Restated	3,105,069,950	1,000,000,000	72,017,550	66,980,892	2,630,673,099	15,036,034,938	21,883,281,768	
Profit for the period	-	-	-	-	-	(931,520,985)	(931,520,985)	
First dividend for the year ended June 30, 2012 - Rs. 3 per share	-	-	-	-	-	(465,760,492)	(465,760,492)	
Interim dividend for the half year ended December 31, 2012 - Rs. 1.5 per share	-	-	-	-	459,000,000	(459,000,000)	-	
Transferred to general reserve	-	-	-	-	-	-	-	
Other comprehensive income for the period	-	-	-	-	-	4,342,471,113	4,342,471,113	
Other comprehensive income for the period	-	-	-	-	-	-	-	
Items that may be reclassified subsequently to profit or loss:	-	-	-	-	-	-	-	
Share of changes in equity of associate	-	-	-	5,025,000	-	-	5,025,000	
Items that will not be reclassified subsequently to profit or loss:	-	-	-	-	-	-	-	
Deferred tax relating to share of changes in equity of associate	-	-	-	(502,500)	-	-	(502,500)	
Other items:	-	-	-	-	-	-	-	
Share of changes in equity of associate reclassified to profit or loss on disposal of related investment	-	-	-	(22,774,371)	-	-	(22,774,371)	
Reversal of deferred tax on share of changes in equity of associate on disposal of related investment	-	-	-	2,277,437	-	-	2,277,437	
Balance as at March 31, 2013	3,105,069,950	1,000,000,000	72,017,550	(15,974,434)	3,089,673,099	4,342,471,113	24,812,436,979	
Balance as at March 31, 2013 - Restated	3,105,069,950	1,000,000,000	72,017,550	50,986,458	3,089,673,099	17,494,749,913	24,812,436,979	
Total comprehensive income for the period	-	-	-	-	-	1,191,695,451	1,191,695,451	
Profit for the period	-	-	-	-	-	-	-	
Other comprehensive income for the period	-	-	-	-	-	-	-	
Items that may be reclassified subsequently to profit or loss:	-	-	-	-	-	-	-	
Share of changes in equity of associate	-	-	-	1,087,000	-	-	1,087,000	
Items that will not be reclassified subsequently to profit or loss:	-	-	-	-	-	-	-	
Deferred tax relating to share of changes in equity of associate	-	-	-	(108,700)	-	-	(108,700)	
Effect of change in accounting policy on deferred tax on share of changes in equity of associate for the year ended June 30, 2013	-	-	-	-	-	50,047,379	50,047,379	
Deferred tax relating to actuarial gain recognised	-	-	-	-	-	(17,016,109)	(17,016,109)	
Deferred tax relating to actuarial gain recognised	-	-	-	-	-	33,031,270	33,031,270	
Balance as at June 30, 2013	3,105,069,950	1,000,000,000	72,017,550	978,300	3,089,673,099	1,224,726,721	25,036,201,991	
Balance as at June 30, 2013 - Restated	3,105,069,950	1,000,000,000	72,017,550	51,964,758	3,089,673,099	(621,013,990)	(621,013,990)	
Profit for the period	-	-	-	-	1,000,000,000	-	1,000,000,000	
First dividend for the year ended June 30, 2013 - Rs. 2 per share	-	-	-	-	-	-	-	
Transferred to general reserve	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	-	1,103,062,699	1,103,062,699	
Profit for the period	-	-	-	-	-	-	-	
Other comprehensive income for the period	-	-	-	-	-	-	-	
Items that may be reclassified subsequently to profit or loss:	-	-	-	-	-	-	-	
Share of changes in equity of associate	-	-	-	319,048,485	-	-	319,048,485	
Items that will not be reclassified subsequently to profit or loss:	-	-	-	-	-	-	-	
Deferred tax relating to share of changes in equity of associate	-	-	-	(31,904,849)	-	-	(31,904,849)	
Deferred tax relating to share of changes in equity of associate	-	-	-	287,143,636	-	-	287,143,636	
Balance as at March 31, 2014	3,105,069,950	1,000,000,000	72,017,550	339,106,394	4,089,673,099	18,201,545,343	26,807,414,336	

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 (Un-audited) for the period ended March 31, 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 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 Companies Ordinance, 1984 (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 that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2013 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 except amendments in IAS 19 "Employee Benefits" requiring immediate recognition of all actuarial gains and losses through other comprehensive income as explained in detail in Note 2.4.

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 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 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, investment in associate accounted for using the equity method and non – current assets held for sale stated at the lower of carrying amount and fair value less costs to sell. 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, 2013.

Selected Explanatory Notes to the Condensed Interim Financial Report (Un-audited)

for the period ended March 31, 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, 2013 except the following :

Change in accounting policy

Staff retirement gratuity

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the elimination of 'corridor approach' in accounting for actuarial gains and losses permitted under the previous version of IAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income. The amendments have resulted in change in the Company's accounting policy in respect of staff retirement gratuity. The change in accounting policy has been applied retrospectively in accordance with the requirements of IAS 8 "Accounting Policies, Change in Accounting Estimates and Errors".

The effects of retrospective application of the change in accounting policy are as follows :

	Staff retirement gratuity Rupees	Unappropriated profit Rupees	Deferred taxation Rupees
Balance as at June 30, 2013 as previously reported	799,464,228	18,735,920,025	632,317,162
Recognition of cumulative net unrecognised actuarial loss for the year ended June 30, 2012	74,961,607	(74,961,607)	-
Deferred tax relating to actuarial losses recognised	-	25,486,946	(25,486,946)
Recognition of unrecognised actuarial gain for the year ended June 30, 2013	(50,047,379)	50,047,379	-
Deferred tax relating to actuarial gain recognised	-	(17,016,109)	17,016,109
	24,914,228	(16,443,391)	(8,470,837)
Balance as at June 30, 2013 as restated	824,378,456	18,719,476,634	623,846,325
		Un-audited March 31, 2014 Rupees	Audited June 30, 2013 Rupees
3. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	25,248,788,014		27,175,451,003
Capital work in progress	327,233,030		58,114,222
	25,576,021,044		27,233,565,225

Selected Explanatory Notes to the Condensed Interim Financial Report (Un-audited)

for the period ended March 31, 2014

	Nine months ended March 31, 2014		Nine months ended March 31, 2013	
	Additions Rupees	Disposals Rupees	Additions Rupees	Disposals Rupees
3.1 Additions and disposals of operating assets – at cost				
Freehold land	11,583,400	–	1,426,880	–
Building on freehold land	12,007,927	–	–	–
Plant and machinery	25,942,517	–	50,104,144	633,979
Furniture and fixture	10,908,003	804,419	12,431,276	59,079
Office equipment	14,880,030	2,090,415	18,987,571	3,457,756
Vehicles	36,820,123	28,947,086	23,095,534	5,404,627
	112,142,000	31,841,920	106,045,405	9,555,441
			Un-audited March 31, 2014	Audited June 30, 2013
		Note	Rupees	Rupees
4. INVESTMENT IN ASSOCIATE				
Allied Bank Limited (ABL) - Quoted				
194,041,916 (June 30, 2013 : 176,401,742) ordinary shares of Rs.10/- each			3,975,325,052	3,975,325,052
Ownership interest 16.95% (June 30, 2013 : 16.95%)				
Share of post acquisition changes in equity	4.4		7,528,726,551	6,313,846,732
Less : Dividend received during the period / year			705,606,968	1,107,145,668
			10,798,444,635	9,182,026,116
Less : 28,111,458 (June 30, 2013 : Nil) ordinary shares classified as held for sale	4.5		1,535,992,101	–
			9,262,452,534	9,182,026,116

4.1 The Company's shareholding in associate is below 20%, however, the Company exercises significant influence by virtue of common directorship.

4.2 The fair value of investment in associate as at March 31, 2014 is Rs. 16,084 million (June 30, 2013 : Rs. 12,091 million).

4.3 The financial year end of ABL is 31st December. The latest available financial results of associate as of December 31, 2013 have been used for the purpose of application of equity method.

4.4 It includes Rs. 196,118,280/- related to restatement of equity of associate due to retrospective application of amendments to IAS 19 by the associate.

4.5 The management intends to dispose off these shares subject to approval by the State Bank of Pakistan.

Selected Explanatory Notes to the Condensed Interim Financial Report (Un-audited)

for the period ended March 31, 2014

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, 2013 except the contingent liability related to income tax demand as mentioned in Note 18.1.4 to the above referred financial statements. The income tax demand has been reduced to Rs. 30.215 million in the first appeals which has not been acknowledged due to pending appeals before the appellate authorities.

	Un-audited March 31, 2014	Audited June 30, 2013		
	Rupees in million	Rupees in million		
5.2 Commitments				
5.2.1 Under contracts for capital expenditure :				
Building on freehold land	26.820	17.227		
Plant and machinery	6.893	114.635		
5.2.2 Under letters of credit for :				
Plant and machinery	566.582	-		
Raw materials and spare parts	2,408.906	825.582		
	Quarter ended March 31, 2014	Quarter ended March 31, 2013	Nine months ended March 31, 2014	Nine months ended March 31, 2013
	Rupees	Rupees	Rupees	Rupees
6. COST OF GOODS SOLD				
Raw materials consumed	9,314,780,716	9,447,999,150	27,762,169,616	24,046,027,211
Packing materials	123,385,959	98,270,182	354,993,706	279,557,094
Salaries, wages and benefits	327,993,062	265,445,604	952,308,845	814,931,624
Staff retirement benefits	33,337,068	39,146,487	100,011,205	117,439,462
Stores and spare parts	175,470,350	204,546,910	475,606,908	510,043,521
Fuel and power	1,332,341,966	1,232,985,332	3,901,065,697	3,152,952,983
Insurance	13,033,593	7,564,184	39,868,400	22,691,717
Depreciation of property, plant and equipment	662,573,310	159,581,656	1,986,010,607	476,559,338
Other	80,697,128	56,044,864	203,682,749	169,131,132
	12,063,613,152	11,511,584,369	35,775,717,733	29,589,334,082
Work in process				
Opening stock	611,063,568	377,497,495	607,357,831	339,153,648
Closing stock	(544,673,453)	(606,727,294)	(544,673,453)	(606,727,294)
	66,390,115	(229,229,799)	62,684,378	(267,573,646)
Cost of goods manufactured	12,130,003,267	11,282,354,570	35,838,402,111	29,321,760,436
Finished goods				
Opening stock	4,558,806,979	1,551,172,128	5,152,329,366	1,873,090,504
Closing stock	(5,603,609,732)	(4,296,250,048)	(5,603,609,732)	(4,296,250,048)
	(1,044,802,753)	(2,745,077,920)	(451,280,366)	(2,423,159,544)
	11,085,200,514	8,537,276,650	35,387,121,745	26,898,600,892

Selected Explanatory Notes to the Condensed Interim Financial Report (Un-audited)

for the period ended March 31, 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	Nine months ended March 31,	
		2014	2013
		Rupees	Rupees
Associated undertakings			
	Rent paid	12,705,000	38,115,000
	Dividend received	705,606,968	886,643,490
	Commission	–	604,687,752
	Consultancy fee paid	9,000,000	18,000,000
	Rent received	1,952,207	–
Key management personnel			
	Remuneration	27,000,000	27,000,000
	Reimbursable expenses	2,589,917	3,815,289
	Proceeds from disposal of		
	non – current assets held for sale	–	4,659,600,000
	Advance from directors against		
	non – current assets held for sale	2,724,843,608	–
	Dividend paid	549,592,428	1,236,577,713

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

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on April 21, 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.

Chief Executive Officer

Director



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