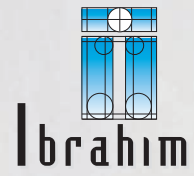




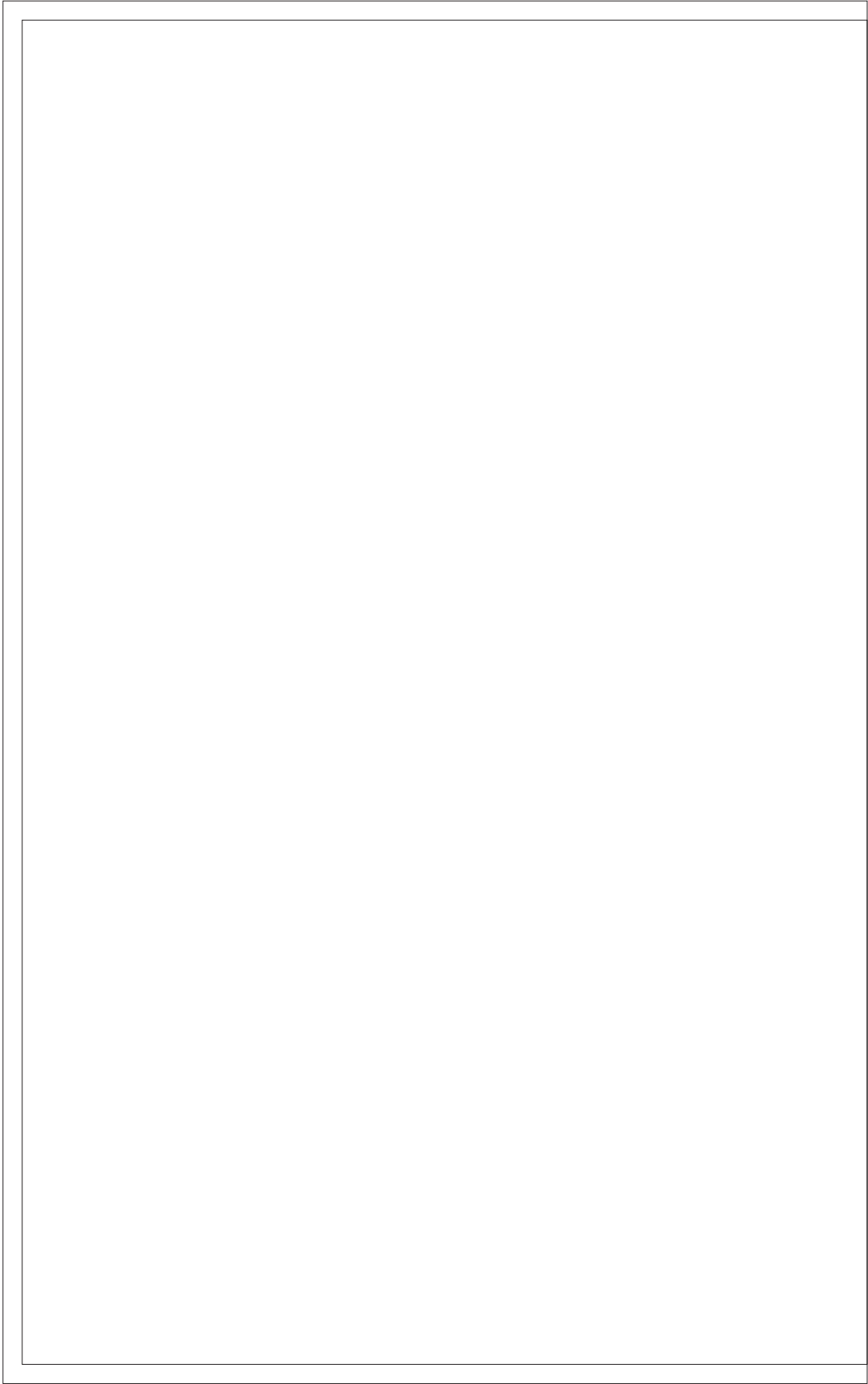
Half Yearly Report

*Of* Ibrahim Fibres Limited  
for the half year ended December 31, 2007



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## Company Information

### Board of Directors

Sheikh Mukhtar Ahmed  
*Chairman*

Mohammad Naeem Mukhtar  
*Chief Executive Officer*

Mohammad Waseem Mukhtar  
Iqbal Begum  
Ghazala Naeem  
Bina Sheikh  
Shahid Amin

### Secretary

Anwarul Haque  
*F.C.A.*

### Audit Committee

Bina Sheikh  
*Chairperson*

Sheikh Mukhtar Ahmed  
*Member*

Ghazala Naeem  
*Member*

M. Iqbal Chaudhry  
*Secretary*

### Auditors

Avais Hyder Liaquat Nauman,  
Chartered Accountants,  
Faisalabad, Pakistan.

### Tax Consultants

Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants,  
Lahore, Pakistan.

### Bankers

ABN AMRO Bank (Pakistan) Limited  
Bank Al Habib Limited  
Citibank, N.A.  
Deutsche Bank AG  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
The Bank of Punjab  
The Hongkong and Shanghai Banking  
Corporation 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.

### Shares Registration Office

Ibrahim Centre,  
GK-7/59, Bagh-e-Zehra Street,  
Kharadar,  
Karachi - 74000, Pakistan.

### Projects Location

38 – 40 Kilometres,  
Faisalabad - Sheikhupura 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 half year ended December 31, 2007.

### Operating Performance

During the half year under review, the Polyester Plant of your Company produced 101,266 tons of Polyester Staple Fibre (PSF)/Polyester Chips as compared to production of 83,412 tons during the corresponding period of previous year. In order to take benefit of increased market share, the plant was operated to achieve an average capacity utilization of 97% during the period as against 80% achieved during the corresponding period of previous year.

The Textile spinning plants of your Company produced 13,183 tons of yarns of different counts during the half year under review as against production of 14,730 tons during the corresponding period of previous year. Decrease in production of yarn during the period is due to the fact that machinery of Unit I of Textile Plant III of your Company was in the process of modernization and it remained non operational for a considerable period of time during the first quarter ended September 30, 2007.

### Financial Performance

During the half year under review, your Company achieved net sales of Rs. 10,419 million and gross profit of Rs. 1,021 million as against Rs. 7,617 million and Rs. 971 million respectively achieved during the corresponding period of previous year. Although the impact of rising prices of crude oil on prices of PTA was offset by oversupply of PTA, the prices of MEG remained abnormally high due to imbalance in its supply and demand, thereby increasing the average prices of feedstock of PSF. Upward adjustment of PSF selling prices during the period could not fully absorb the effect of this rise in average PSF feedstock prices.

After accounting for the Company's share in profits of its associated company, Allied Bank Limited, your Company during the half year under review, earned a profit after tax of Rs. 1,010 million as against Rs. 856 million earned during the corresponding period of previous year.

### Future Outlook

Towards end of the half year under review, a downward trend in PSF demand has been observed due to the fact that downstream textile industry could not fully utilize its operating capacities. It is, however, expected that this situation will be reversed shortly and your Company will be able to maintain the sales volume during the remaining period of current financial year.

### Earnings per share

Earnings per share for the half year ended December 31, 2007 come to Rs. 3.25 as compared to Rs. 2.76 per share during the corresponding period of previous year.

On behalf of the Board

Lahore  
February 27, 2008

MOHAMMAD NAEEM MUKHTAR  
Chief Executive Officer

## Independent Auditors' Report

on Review of interim financial information to the members

### Introduction

We have reviewed the accompanying condensed interim balance sheet of Ibrahim Fibres Limited as at December 31, 2007 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. 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 for the quarter ended December 31, 2007 and 2006 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2007.

### 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 at December 31, 2007 and for the half year then ended is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan.

**Faisalabad**  
**February 27, 2008**

**Avais Hyder Liaquat Nauman,**  
**Chartered Accountants**

## Condensed Interim Balance Sheet (Un-audited)

as at December 31, 2007

	Note	December 31, 2007 Rupees	June 30, 2007 Rupees
<b>NON – CURRENT ASSETS</b>			
Tangible assets			
Property, plant and equipment		7,505,867,688	7,494,543,268
Intangible asset		16,263,447	17,763,548
Investment in associate	5	9,168,359,455	8,535,576,315
Long term deposits		3,281,600	3,270,100
		<b>16,693,772,190</b>	<b>16,051,153,231</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		612,034,213	492,927,990
Stock in trade		3,353,318,583	2,495,261,283
Trade debts		223,983,583	119,187,620
Loans and advances		811,388,729	675,992,269
Prepayments		7,147,498	5,763,626
Other receivables		474,564,181	530,018,970
Cash and bank balances		261,409,293	297,479,839
		<b>5,743,846,080</b>	<b>4,616,631,597</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,671,727,067	1,962,366,263
Markup / interest payable		175,698,868	194,407,205
Short term bank borrowings		2,795,902,157	1,800,909,997
Current portion of :			
Long term financing		1,084,000,000	977,750,000
Long term morabaha		300,000,000	300,000,000
Provision for taxation – income tax		95,087,670	132,484,377
		<b>6,122,415,762</b>	<b>5,367,917,842</b>
<b>Working capital</b>		<b>(378,569,682)</b>	<b>(751,286,245)</b>
<b>Total capital employed</b>		<b>16,315,202,508</b>	<b>15,299,866,986</b>
<b>NON – CURRENT LIABILITIES</b>			
Long term financing		3,963,250,000	3,933,375,000
Long term morabaha		600,000,000	750,000,000
Deferred liabilities			
Deferred taxation		1,381,283,889	1,272,554,972
Staff retirement gratuity		242,287,847	228,174,174
		<b>6,186,821,736</b>	<b>6,184,104,146</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	6	–	–
<b>Net worth</b>		<b>10,128,380,772</b>	<b>9,115,762,840</b>
<b>Represented by :</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		3,105,069,950	3,105,069,950
Capital reserves		1,140,243,450	1,137,615,450
Revenue reserves		5,883,067,372	4,873,077,440
		<b>10,128,380,772</b>	<b>9,115,762,840</b>

The annexed notes form an integral part of these financial statements.

Chief Executive Officer

Director

**Condensed Interim Profit and Loss Account (Un-audited)**  
for the half year ended December 31, 2007

	Note	Quarter ended December 31,		Half year ended December 31,	
		2007 Rupees	2006 Rupees	2007 Rupees	2006 Rupees
Sales – net		5,226,503,880	3,694,338,093	10,419,164,343	7,617,078,377
Cost of goods sold	7	4,664,710,712	3,270,143,842	9,398,020,129	6,645,869,688
Gross profit		561,793,168	424,194,251	1,021,144,214	971,208,689
Selling and distribution expenses		34,610,545	21,291,930	73,957,861	46,075,371
Administrative expenses		74,764,586	79,467,139	177,398,028	146,875,730
Other operating expenses		15,332,657	6,528,958	21,556,078	23,495,263
Finance cost		217,011,264	239,907,592	443,706,441	473,249,656
		341,719,052	347,195,619	716,618,408	689,696,020
		220,074,116	76,998,632	304,525,806	281,512,669
Other operating income		13,197,282	6,628,625	23,556,713	13,672,951
		233,271,398	83,627,257	328,082,519	295,185,620
Share of profit of associate – net		442,402,000	356,791,000	885,432,000	731,016,000
Profit before taxation		675,673,398	440,418,257	1,213,514,519	1,026,201,620
Provision for taxation		71,565,870	43,325,346	203,524,587	170,537,818
Profit for the period		604,107,528	397,092,911	1,009,989,932	855,663,802
Earnings per share – Basic		1.95	1.28	3.25	2.76

The annexed notes form an integral part of these financial statements.

Chief Executive Officer

Director

## Condensed Interim Cash Flow Statement (Un-audited)

for the half year ended December 31, 2007

	Half year ended December 31,	
	2007 Rupees	2006 Rupees
<b>a) Cash flows from operating activities</b>		
Profit before taxation	1,213,514,519	1,026,201,620
Adjustment for :		
Depreciation / amortisation of property, plant and equipment	364,268,777	382,181,268
Amortisation of intangible asset	2,874,671	2,660,419
Provision for staff retirement gratuity	33,300,936	24,818,058
(Gain) / Loss on disposal of property, plant and equipment	(43,860)	131,781
Profit on deposits	(406,502)	(266,038)
Balances written off – net	2,592,899	3,032
Share of profit of associate – net	(885,432,000)	(731,016,000)
Finance cost	443,706,441	473,249,656
Operating cash flows before working capital changes	1,174,375,881	1,177,963,796
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(119,106,223)	(56,976,934)
Stock in trade	(858,057,300)	(1,450,085,014)
Trade debts	(107,388,862)	(151,903,467)
Loans and advances	(159,746,182)	26,187,989
Prepayments	(1,383,872)	(1,884,497)
Other receivables	55,454,789	(112,557,566)
Decrease in current liabilities		
Trade and other payables	(292,023,121)	(274,681,708)
	(1,482,250,771)	(2,021,901,197)
Cash used in operations	(307,874,890)	(843,937,401)
Finance cost paid	(462,414,778)	(441,828,985)
Income tax paid	(108,134,655)	(110,888,502)
Staff retirement gratuity paid	(19,187,263)	(14,956,639)
Net cash used in operating activities	(897,611,586)	(1,411,611,527)
<b>b) Cash flows from investing activities</b>		
Additions in :		
Property, plant and equipment	(377,887,929)	(131,803,750)
Intangible asset	(1,374,570)	–
Proceeds from disposal of property, plant and equipment	3,729,005	6,662,109
Dividend received	255,568,860	–
Long term deposits	(11,500)	160,000
Profit on deposits	406,502	311,436
Net cash used in investing activities	(119,569,632)	(124,670,205)
<b>c) Cash flows from financing activities</b>		
Long term financing obtained	800,000,000	–
Repayment of :		
Long term financing	(663,875,000)	(420,600,000)
Long term morabaha	(150,000,000)	–
Increase in short term bank borrowings – net	994,992,160	2,007,506,835
Dividend paid	(6,488)	(10,361)
Net cash from financing activities	981,110,672	1,586,896,474
Net (decrease) / increase in cash and cash equivalents (a+b+c)	(36,070,546)	50,614,742
Cash and cash equivalents at the beginning of the period	297,479,839	268,091,741
Cash and cash equivalents at the end of the period	261,409,293	318,706,483

The annexed notes form an integral part of these financial statements.

Chief Executive Officer

Director

**Condensed Interim Statement of Changes in Equity (Un-audited)**  
for the half year ended December 31, 2007

	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, 2006	3,105,069,950	1,000,000,000	72,017,550	(39,142,450)	1,585,073,099	1,773,037,675	7,496,055,824
Transfer to general reserve	-	-	-	-	301,800,000	(301,800,000)	-
Share of changes in equity of associate – net	-	-	-	101,899,850	-	-	101,899,850
Profit for the period	-	-	-	-	-	855,663,802	855,663,802
Balance as at December 31, 2006	3,105,069,950	1,000,000,000	72,017,550	62,757,400	1,886,873,099	2,326,901,477	8,453,619,476
Share of changes in equity of associate – net	-	-	-	2,840,500	-	-	2,840,500
Profit for the period	-	-	-	-	-	659,302,864	659,302,864
Balance as at June 30, 2007	3,105,069,950	1,000,000,000	72,017,550	65,597,900	1,886,873,099	2,986,204,341	9,115,762,840
Transfer to general reserve	-	-	-	-	34,800,000	(34,800,000)	-
Share of changes in equity of associate – net	-	-	-	2,628,000	-	-	2,628,000
Profit for the period	-	-	-	-	-	1,009,989,932	1,009,989,932
Balance as at December 31, 2007	3,105,069,950	1,000,000,000	72,017,550	68,225,900	1,921,673,099	3,961,394,273	10,128,380,772

The annexed notes form an integral part of these financial statements.

Chief Executive Officer

Director

Selected Explanatory Notes to the Condensed Interim Financial Statements (Un-audited)  
for the half year ended December 31, 2007

1. Ibrahim Fibres Limited (the Company) is incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984, and is listed on the 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.

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 Company with effect from October 01, 2000.

These condensed interim financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2. These condensed interim financial statements have 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.

These condensed interim financial statements are unaudited but subject to limited scope review by auditors and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984. These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan and shall be read in conjunction with the published annual audited financial statements.

3. The accounting policies and methods of computation followed in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2007.

4. ACQUISITIONS AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT - AT COST

	Half year ended December 31, 2007		Half year ended December 31, 2006	
	Acquisitions Rupees	Disposals Rupees	Acquisitions Rupees	Disposals Rupees
Building on freehold land	1,338,887	-	70,375,181	-
Plant and machinery	488,284,117	7,628,442	16,164,657	2,873,239
Furniture and fixture	2,285,650	-	2,322,653	-
Office equipment	9,590,611	110,000	5,398,452	3,954,560
Vehicles	28,351,418	7,128,403	3,794,809	13,716,466
	<b>529,850,683</b>	<b>14,866,845</b>	<b>98,055,752</b>	<b>20,544,265</b>

	December 31, 2007 Rupees	June 30, 2007 Rupees
<b>5. INVESTMENT IN ASSOCIATE</b>		
Allied Bank Limited (ABL) - Quoted 170,379,240 (June 30, 2007: 170,379,240) ordinary shares of Rs.10/-each	<b>6,210,231,815</b>	6,210,231,815
Ownership interest 31.63% (June 30, 2007: 31.63%)		
Share of post acquisition changes in equity	<b>3,213,696,500</b>	2,680,301,250
Less: Dividend received during the period / year	<b>(255,568,860)</b>	(354,956,750)
	<b>9,168,359,455</b>	<b>8,535,576,315</b>

Selected Explanatory Notes to the Condensed Interim Financial Statements (Un-audited)  
for the half year ended December 31, 2007

- 5.1 The fair value of investment in associate is Rs. 22,175 million (June 30, 2007 - Rs. 23,674 million).
- 5.2 The financial year end of ABL is December 31. The latest available financial results of associate as of September 30, 2007 have been used for the purpose of application of equity method.

6. CONTINGENCIES AND COMMITMENTS

Contingencies

There is no significant change in contingent liabilities since the date of last published audited financial statements for the year ended June 30, 2007.

	December 31, 2007 Rupees in million	June 30, 2007 Rupees in million
<b>Commitments</b>		
Under contracts for capital expenditure	196.160	181.313
Under letters of credit for:		
Capital expenditure	569.750	572.072
Raw materials and spare parts	728.359	646.684

	Quarter ended December 31,		Half year ended December 31,	
	2007 Rupees	2006 Rupees	2007 Rupees	2006 Rupees

7. COST OF GOODS SOLD

Raw materials consumed	4,426,040,968	2,756,040,065	8,157,423,279	6,396,990,775
Packing materials	52,722,091	35,713,313	98,852,112	81,334,084
Salaries, wages and benefits	111,535,793	96,369,597	215,766,849	187,622,824
Staff retirement benefits	11,590,050	8,712,708	23,180,100	17,989,824
Stores and spare parts	65,687,676	49,173,397	143,928,812	105,349,050
Fuel and Power	325,031,591	256,987,028	606,909,967	562,965,721
Insurance	5,384,298	6,419,930	10,780,171	12,493,339
Depreciation of property, plant and equipment	180,654,772	186,705,142	352,375,695	372,476,758
Other	15,131,545	10,638,710	28,728,299	24,852,579
	<b>5,193,778,784</b>	<b>3,406,759,890</b>	<b>9,637,945,284</b>	<b>7,762,074,954</b>
Work in Process				
Opening stock	215,516,345	184,447,670	222,725,744	175,637,414
Closing stock	(248,344,836)	(200,195,165)	(248,344,836)	(200,195,165)
	<b>(32,828,491)</b>	<b>(15,747,495)</b>	<b>(25,619,092)</b>	<b>(24,557,751)</b>
Cost of goods manufactured	<b>5,160,950,293</b>	<b>3,391,012,395</b>	<b>9,612,326,192</b>	<b>7,737,517,203</b>
Finished Goods				
Opening stock	1,019,917,264	1,653,497,155	1,301,850,782	682,718,193
Closing stock	(1,516,156,845)	(1,774,365,708)	(1,516,156,845)	(1,774,365,708)
	<b>(496,239,581)</b>	<b>(120,868,553)</b>	<b>(214,306,063)</b>	<b>(1,091,647,515)</b>
	<b>4,664,710,712</b>	<b>3,270,143,842</b>	<b>9,398,020,129</b>	<b>6,645,869,688</b>

Selected Explanatory Notes to the Condensed Interim Financial Statements (Un-audited)  
for the half year ended December 31, 2007

**8. 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,	
		2007 Rupees	2006 Rupees
Associated undertakings	Rent	1,020,000	1,020,000
	Insurance premium	–	8,730,217
	Insurance claims received	–	2,234,712
	Sale of goods	284,022,318	244,000,582
	Purchase of goods	–	9,649,746
	Dividend received	255,568,860	–
	Staff retirement gratuity	302,000	–
	Expenses incurred	3,170	788,784
	Expenses reimbursed	328,559	–
	Sale of vehicle	26,580	–
Key management personnel	Rent	60,000	60,000
	Remuneration	9,000,000	9,000,000
	Reimbursable expenses	768,639	607,620

9. The provision of taxation and workers' profit participation fund made in these condensed interim financial statements are subject to adjustments in annual financial statements.

**10. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on February 27, 2008 by the Board of Directors of the Company.

**11. GENERAL**

- i) There is no unusual item included in these condensed interim financial statements which is affecting assets, liabilities, profit, cash flows or equity of the Company.
- ii) Figures have been rounded off to the nearest Rupee.

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