



Quarterly Report

of **Ibrahim Fibres Limited**
for the quarter ended September 30, 2007



Ibrahim

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
NIB Bank Limited
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 - 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 first quarter ended September 30, 2007.

Operating Performance

During the quarter under review, the Polyester plant of your Company produced 49,205 tons of Polyester Staple Fibre (PSF)/Polyester chips as against production of 46,656 tons during the corresponding quarter of previous year. Average capacity utilization of the plant increased to 94% during the quarter under review as against 89% achieved during the corresponding quarter of previous year. The higher capacity utilization was a result of increase in market share of your Company which was mainly due to deployment of consistent marketing strategies, producing quality product and providing better technical support.

The Textile spinning plants of your Company produced 5,989 tons of blended yarns of different counts during the quarter under review as against production of 7,737 tons during the corresponding quarter of previous year. Decrease in yarn production during the quarter under review is due to the fact that unit I of Textile plant III of your Company continued to remain non operational during major part of the said quarter as its machinery was being modernized.

Financial Performance

Your Company achieved net sales of Rs. 5,193 million during the quarter under review as compared to net sales of Rs. 3,923 million during the corresponding quarter of previous year. The gross profit earned during the quarter is Rs. 459 million as against Rs. 547 million during the corresponding quarter of previous year. Although higher sales volume has been achieved during the quarter under review yet gross margins remained low because of depressed PSF prices. After accounting for the Company's share in profits of its associated company, Allied Bank Limited, your Company earned a profit after tax of Rs. 406 million as against Rs. 459 million earned during the corresponding quarter of previous year.

Modernization of Textile Plants

Modernization of ring spinning and cone winding equipment of unit I of Textile plant III has been successfully completed and, as planned, it started its operations towards end of the quarter under review.

Future Outlook

It is expected that your Company will continue to achieve high sales volume as cotton prices are continuously on the rise since the start of cotton season thus making consumption of PSF more lucrative as against cotton. PSF gross margins will also increase as domestic sales prices are expected to rise in view of increased domestic demand.

Earnings per share

Earnings per share for the quarter under review come to Rs. 1.31 as compared to Rs. 1.48 during the corresponding quarter of previous year.

On behalf of the Board

Lahore
October 29, 2007

MOHAMMAD NAEEM MUKHTAR
Chief Executive Officer

Balance Sheet (Un-audited)

as at September 30, 2007

	September 30, 2007 Rupees	June 30, 2007 Rupees
NON - CURRENT ASSETS		
Tangible assets		
Property, plant and equipment	7,612,738,582	7,494,543,268
Intangible asset	16,362,827	17,763,548
Investment in associate	8,724,497,455	8,535,576,315
Long term deposits	3,281,600	3,270,100
	16,356,880,464	16,051,153,231
CURRENT ASSETS		
Stores, spare parts and loose tools	574,202,718	492,927,990
Stock in trade	2,256,542,807	2,495,261,283
Trade debts	205,035,096	119,187,620
Loans and advances	853,065,352	675,992,269
Prepayments	10,283,721	5,763,626
Other receivables	479,800,578	530,018,970
Cash and bank balances	200,426,344	297,479,839
	4,579,356,616	4,616,631,597
CURRENT LIABILITIES		
Trade and other payables	756,378,515	1,962,366,263
Markup / interest payable	151,015,378	194,407,205
Short term bank borrowings	3,459,937,795	1,800,909,997
Current portion of :		
Long term financing	927,750,000	977,750,000
Long term morabaha	300,000,000	300,000,000
Provision for taxation - income tax	184,004,566	132,484,377
	5,779,086,254	5,367,917,842
Working capital	(1,199,729,638)	(751,286,245)
Total capital employed	15,157,150,826	15,299,866,986
NON - CURRENT LIABILITIES		
Long term financing	3,443,000,000	3,933,375,000
Long term morabaha	600,000,000	750,000,000
Deferred liabilities		
Deferred taxation	1,356,591,500	1,272,554,972
Staff retirement gratuity	238,052,082	228,174,174
	5,637,643,582	6,184,104,146
CONTINGENCIES AND COMMITMENTS	-	-
Net worth	9,519,507,244	9,115,762,840
Represented by :		
SHARE CAPITAL AND RESERVES		
Share capital	3,105,069,950	3,105,069,950
Capital reserves	1,135,477,450	1,137,615,450
Revenue reserves	5,278,959,844	4,873,077,440
	9,519,507,244	9,115,762,840

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

Chief Executive Officer

Director

Profit and Loss Account (Un-audited)

for the quarter ended September 30, 2007

	Note	Quarter ended September 30, 2007 Rupees	2006 Rupees
Sales – net		5,192,660,463	3,922,740,284
Cost of goods sold	4	4,733,309,417	3,375,725,846
Gross profit		459,351,046	547,014,438
Selling and distribution expenses		39,347,316	24,783,441
Administrative expenses		102,633,442	67,408,591
Other operating expenses		6,223,421	16,966,305
Finance cost		226,695,177	233,342,064
		374,899,356	342,500,401
		84,451,690	204,514,037
Other operating income		10,359,431	7,044,326
		94,811,121	211,558,363
Share of profit of associate – net		443,030,000	374,225,000
Profit before taxation		537,841,121	585,783,363
Provision for taxation		131,958,717	127,212,472
Profit for the quarter		405,882,404	458,570,891
Earnings per share – Basic		1.31	1.48

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

Cash Flow Statement (Un-audited)

for the quarter ended September 30, 2007

	Quarter ended September 30,	
	2007	2006
	Rupees	Rupees
a) Cash flow from operating activities		
Profit before taxation	537,841,121	585,783,363
Adjustments for :		
Depreciation / amortisation of property, plant and equipment	177,585,698	190,610,952
Amortisation of intangible asset	1,400,721	1,293,869
Provision for staff retirement gratuity	16,650,468	12,871,685
Loss / (gain) on disposal of property, plant and equipment	6,188	(343,773)
Profit on deposits	(124,450)	(163,553)
Balances written off – net	2,575,580	3,032
Share of profit of associate – net	(443,030,000)	(374,225,000)
Finance cost	226,695,177	233,342,064
Operating cash flows before working capital changes	519,600,503	649,172,639
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(81,274,728)	16,768,235
Stock in trade	236,142,896	(1,232,741,072)
Trade debts	(85,545,476)	64,524,686
Loans and advances	(81,611,509)	(43,079,360)
Prepayments	(4,520,095)	(4,858,510)
Other receivables	50,218,392	(11,157,465)
Decrease in current liabilities		
Trade and other payables	(1,207,241,276)	(790,976,447)
	(1,173,831,796)	(2,001,519,933)
Cash used in operations	(654,231,293)	(1,352,347,294)
Finance cost paid	(270,087,004)	(289,483,425)
Income tax paid	(95,461,574)	(1,699,923)
Staff retirement gratuity paid	(7,074,560)	(9,103,563)
Net cash used in operating activities	(1,026,854,431)	(1,652,634,205)
b) Cash flow from investing activities		
Additions in :		
Property, plant and equipment	(294,701,152)	(35,855,827)
Intangible asset	–	(3,171,638)
Proceeds from disposal of property, plant and equipment	173,124	1,623,624
Dividend received	255,568,860	–
Long term deposits	(11,500)	160,000
Profit on deposits	124,450	163,553
Net cash used in investing activities	(38,846,218)	(37,080,288)
c) Cash flow from financing activities		
Repayment of :		
Long term financing	(540,375,000)	(301,650,000)
Long term morabaha	(150,000,000)	–
Increase in short term bank borrowings – net	1,659,027,798	1,943,109,888
Dividend paid	(5,644)	(10,126)
Net cash from financing activities	968,647,154	1,641,449,762
Net decrease in cash and cash equivalents (a+b+c)	(97,053,495)	(48,264,731)
Cash and cash equivalents at the beginning of the quarter	297,479,839	268,091,741
Cash and cash equivalents at the end of the quarter	200,426,344	219,827,010

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

Statement of Changes in Equity (Un-audited)

for the quarter ended September 30, 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 June 30, 2006 as reported Effect of error relating to investment in associate	3,105,069,950	1,000,000,000	72,017,550	230,306,050	1,585,073,099	1,779,128,125	7,771,594,774
	-	-	-	(269,448,500)	-	(6,090,450)	(275,538,950)
Balance as at June 30, 2006 as restated	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
Share of changes in equity of associate - net	-	-	-	100,436,850	-	-	100,436,850
Profit for the quarter ended September 30, 2006	-	-	-	-	-	458,570,891	458,570,891
Balance as at September 30, 2006 as restated	3,105,069,950	1,000,000,000	72,017,550	61,294,400	1,585,073,099	2,231,608,566	8,055,063,565
Transfer to general reserve	-	-	-	-	301,800,000	(301,800,000)	-
Share of changes in equity of associate - net	-	-	-	4,303,500	-	-	4,303,500
Profit for the nine months ended June 30, 2007	-	-	-	-	-	1,056,395,775	1,056,395,775
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
Share of changes in equity of associate - net	-	-	-	(2,138,000)	-	-	(2,138,000)
Profit for the quarter ended September 30, 2007	-	-	-	-	-	405,882,404	405,882,404
Balance as at September 30, 2007	3,105,069,950	1,000,000,000	72,017,550	63,459,900	1,886,873,099	3,392,086,745	9,519,507,244

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

Notes to the Financial Statements (Un-audited)

for the quarter ended September 30, 2007

1. STATUS AND ACTIVITIES

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-Ahmed 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.

2. These financial statements are prepared in compliance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and section 245 of the Companies Ordinance, 1984.

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

Quarter ended September 30,
2007
Rupees

4. COST OF GOODS SOLD

	2007 Rupees	2006 Rupees
Raw materials consumed	3,731,382,311	3,640,950,710
Packing materials	46,130,021	45,620,771
Salaries, wages and benefits	104,231,056	91,253,227
Staff retirement benefits	11,590,050	9,277,116
Stores and spare parts	78,241,136	56,175,653
Fuel and power	281,878,376	305,978,693
Insurance	5,395,873	6,073,409
Depreciation of property, plant and equipment	171,720,923	185,771,616
Other	13,596,754	14,213,869

4,444,166,500 4,355,315,064

Work in process

Opening stock

Closing stock

222,725,744

(215,516,345)

175,637,414

(184,447,670)

7,209,399 (8,810,256)

Cost of goods manufactured

4,451,375,899 4,346,504,808

Finished goods

Opening stock

Closing stock

1,301,850,782

(1,019,917,264)

682,718,193

(1,653,497,155)

281,933,518 (970,778,962)

4,733,309,417 3,375,725,846

5. The workers' profit participation fund and provision for taxation are based on these financial statements and are subject to adjustments in annual financial statements.

6. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on October 29, 2007 by the Board of Directors of the Company.

7. GENERAL

i) There is no unusual item included in the financial statements which is affecting assets, liabilities, profit, cash flows or equity of the Company.

ii) The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

iii) Figures have been rounded off to the nearest Rupee.

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