



Ibrahim Fibres Limited

Financial Statements for the period ended March 31, 2007



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

M.Yousuf Adil Saleem & Co.,

Chartered Accountants,

Faisalabad, Pakistan.

Bankers

ABN – AMRO Bank N.V.

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

Saudi Pak. Industrial and Agricultural
Investment Co. (Pvt) Ltd.

Standard Chartered Bank
(Pakistan) Limited

The Bank of Punjab

The Hongkong & 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 third quarter of the current financial year/nine months ended March 31, 2007.

Operating Performance

During the quarter under review, your Company produced 41,279 tons of Polyester Staple Fibre (PSF)/Polyester chips and 5,967 tons of blended yarns of different counts as against production of 36,503 tons and 6,604 tons respectively during the same period of last year. The cumulative production of Polyester Staple Fibre (PSF)/Polyester chips, during the first nine months of the current financial year, was 124,691 tons and 20,696 tons of blended yarns of different counts as compared to the production of 123,279 tons and 21,975 tons respectively during the comparative period of last year.

As already envisaged in the half yearly review, domestic textile industry remained severally affected by the difficult business conditions due to weak international market resulting in depressed prices of yarns coupled with increasing cost of inputs at the domestic front, the gross margins remained affected. Though the quarter under review witnessed an improvement in the yarn sales volumes as compared to the previous quarter yet the depressed gross margins had an adverse impact on the overall business results for the quarter under review.

Financial Performance

Your Company achieved net sales of Rs. 3,724 million during the third quarter under review and cumulative gross sales of Rs. 11,342 million during the nine months ended March 31, 2007 as compared to net sales of Rs. 3,809 million and Rs. 12,115 million respectively during the corresponding period of last year. The reduction in sales value is due to lower sales volumes achieved during the period. The gross profit earned during the third quarter is Rs. 359 million and profit after tax is Rs. 315 million as against Rs. 372 million and Rs. 317 million respectively during the corresponding period of last year. The cumulative gross profit for the current nine months is Rs. 1,331 million as against Rs.1,420 million earned during the corresponding period of last year. After accounting for the Company's share in the profits of its associated company, Allied Bank limited, your Company earned a profit after tax of Rs. 1,171 million as against Rs. 877 million earned during the corresponding period of nine months of last financial year.

Modernization of Textile Plants

In the half yearly report 2007, you were informed about the management's decision to replace ring spinning and cone winding equipment of one of the Textile plants. In this regard, the existing machinery is being dismantled and will be replaced with the new equipment which is expected to arrive at the site within the current financial year.

Future Outlook

The demand of textile products has started gaining momentum as signs of revival are being witnessed however it is expected that the margins will remain under pressure during the remaining period of the current financial year. The current momentum in the demand of textile products is expected to have a positive impact on the sales of PSF/Polyester chips.

Earnings per share

Earnings per share for the nine months ended March 31, 2007 comes to Rs.3.77 as compared to Rs.2.82 during the corresponding period of last year.

On behalf of the Board

Lahore
April 27, 2007

MOHAMMAD NAEEM MUKHTAR
Chief Executive Officer

Balance Sheet (Un-audited)

As at March 31, 2007

	March 31, 2007 Rupees	June 30, 2006 Rupees
Non-current assets		
Fixed assets		
Property, plant and equipment	7,346,183,296	7,786,968,170
Intangible assets	18,508,669	19,290,920
	7,364,691,965	7,806,259,090
Investment in associate	8,675,844,065	7,590,169,065
Long term deposits	3,260,300	2,929,500
Current assets		
Stores, spare parts and loose tools	476,868,057	356,899,553
Stocks in trade	3,147,083,295	1,629,916,009
Trade debts	361,221,925	156,698,992
Loans and advances	449,469,324	607,169,229
Prepayments	3,430,013	4,040,764
Other receivables	424,006,781	345,344,438
Cash and bank balances	313,511,315	268,091,741
	5,175,590,710	3,368,160,726
Current liabilities		
Trade and other payables	1,755,002,487	1,776,042,409
Markup / interest payable	185,581,810	228,829,517
Short term bank borrowings	3,257,083,277	675,053,490
Current portion of:		
Long term loans	977,750,000	1,189,375,000
Long term morabaha	300,000,000	150,000,000
Provision for taxation – income tax	124,765,182	262,165,886
	6,600,182,756	4,281,466,302
Working capital	(1,424,592,046)	(913,305,576)
Total capital employed	14,619,204,284	14,486,052,079
Non – current liabilities		
Long term loans	3,606,875,000	4,461,125,000
Long term morabaha	750,000,000	1,050,000,000
Deferred liabilities:		
Deferred taxation	1,071,689,082	1,002,103,105
Staff retirement gratuity	217,032,178	201,229,200
	5,645,596,260	6,714,457,305
Contingencies and commitments		
Net worth	8,973,608,024	7,771,594,774
Represented by:		
Share capital	3,105,069,950	3,105,069,950
Capital reserves	1,333,479,600	1,302,323,600
Revenue reserves	4,535,058,474	3,364,201,224
	8,973,608,024	7,771,594,774

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

Profit and Loss Account (Un-audited)

For the period ended March 31, 2007

	Note	Quarter ended March 31,		Nine months ended March 31,	
		2007 Rupees	2006 Rupees	2007 Rupees	2006 Rupees
Sales - net		3,724,448,365	3,809,180,719	11,341,526,742	12,114,710,212
Cost of goods sold	4	3,365,030,536	3,437,162,624	10,010,900,224	10,695,182,228
Gross profit		359,417,829	372,018,095	1,330,626,518	1,419,527,984
Selling and distribution expenses		30,755,468	22,656,420	76,830,839	62,097,076
Administrative expenses		72,223,707	57,752,053	219,099,437	179,221,692
Other operating expenses		2,241,377	1,772,578	25,736,640	25,581,012
Finance cost		246,428,306	263,478,138	719,677,962	694,948,745
		351,648,858	345,659,189	1,041,344,878	961,848,525
Other operating income		7,768,971	26,358,906	289,281,640	457,679,459
		7,803,086	7,362,931	21,476,037	24,607,100
Share of profit of associate - net		15,572,057	33,721,837	310,757,677	482,286,559
		321,863,000	323,835,000	1,052,879,000	646,882,000
Profit before taxation		337,435,057	357,556,837	1,363,636,677	1,129,168,559
Provision for taxation		22,241,609	40,956,030	192,779,427	252,161,112
Profit for the period		315,193,448	316,600,807	1,170,857,250	877,007,447
Earnings per share - basic		1.02	1.02	3.77	2.82

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

Cash Flow Statement (Un-audited)

For the period ended March 31, 2007

	Nine months ended March 31,	
	2007	2006
	Rupees	Rupees
Cash flow from operating activities		
Profit before taxation	1,363,636,677	1,129,168,559
Adjustments for :		
Depreciation / amortisation of property, plant and equipment	574,567,420	612,519,041
Amortisation of intangible assets	4,030,474	3,231,069
Provision for staff retirement gratuity	37,227,087	39,309,039
Loss/(gain) on disposal of property, plant and equipment	35,129	(7,169)
Profit on deposits	(362,987)	(513,964)
Share of profit of associate – net	(1,052,879,000)	(646,882,000)
Finance cost	719,677,962	694,948,745
Operating cash flows before working capital changes	1,645,932,762	1,831,773,320
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(119,968,504)	(56,038,789)
Stocks in trade	(1,517,167,286)	(302,804,988)
Trade debts	(204,522,933)	(73,055,862)
Loans and advances	16,388,808	(329,822,753)
Prepayments	610,751	20,124,505
Other receivables	(78,662,343)	(14,678,869)
Decrease in current liabilities		
Trade and other payables	(13,893,245)	(195,064,161)
	(1,917,214,752)	(951,340,917)
Cash (used in) / generated from operations	(271,281,990)	880,432,403
Finance cost paid	(759,625,669)	(757,184,546)
Income tax paid	(120,923,057)	(36,001,502)
Gratuity paid	(21,424,109)	(23,612,184)
Net cash (used in) / from operating activities	(1,173,254,825)	63,634,171
Cash flow from investing activities		
Additions in fixed assets	(152,823,742)	(238,678,531)
Proceeds from disposal of property, plant and equipment	8,649,471	6,481,612
Long term deposits	(330,800)	(723,200)
Profit on deposits	362,987	513,964
Net cash used in investing activities	(144,142,084)	(232,406,155)
Cash flow from financing activities		
Repayment of long term loans	(1,069,175,000)	(697,850,000)
Repayment of long term morabaha	(150,000,000)	–
Increase in short term bank borrowings	2,582,029,787	910,350,386
Payment of dividend	(38,304)	(614,749)
Net cash from financing activities	1,362,816,483	211,885,637
Net increase in cash and cash equivalents	45,419,574	43,113,653
Cash and cash equivalents at the beginning of the period	268,091,741	118,243,522
Cash and cash equivalents at the end of the period	313,511,315	161,357,175

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

Statement of Changes in Equity (Un-audited)

For the period ended March 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	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2005	3,105,069,950	1,000,000,000	72,017,550	(17,366,300)	1,452,773,099	422,784,496	6,035,278,795
Transfer to general reserve	-	-	-	-	132,300,000	(132,300,000)	-
Profit for the nine months ended March 31, 2006	-	-	-	-	-	877,007,447	877,007,447
Share of changes in equity of associate	-	-	-	(13,537,500)	-	-	(13,537,500)
Balance as at March 31, 2006	3,105,069,950	1,000,000,000	72,017,550	(30,903,800)	1,585,073,099	1,167,491,943	6,898,748,742
Profit for the quarter ended June 30, 2006	-	-	-	-	-	611,636,182	611,636,182
Share of changes in equity of associate	-	-	-	261,209,850	-	-	261,209,850
Balance as at June 30, 2006	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
Transfer to general reserve	-	-	-	-	301,800,000	(301,800,000)	-
Profit for the nine months ended March 31, 2007	-	-	-	-	-	1,170,857,250	1,170,857,250
Share of changes in equity of associate	-	-	-	31,156,000	-	-	31,156,000
Balance as at March 31, 2007	3,105,069,950	1,000,000,000	72,017,550	261,462,050	1,886,873,099	2,648,185,375	8,973,608,024

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

Notes to the Financial Statements (Un-audited)

For the period ended March 31, 2007

1. LEGAL 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.

- These financial statements are prepared in compliance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and section 245 of the Companies Ordinance, 1984.
- 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, 2006.

	Quarter ended March 31,		Nine months ended March 31,	
	2007 Rupees	2006 Rupees	2007 Rupees	2006 Rupees
4. COST OF GOODS SOLD				
Raw materials consumed	2,883,010,309	2,521,043,390	9,280,001,083	8,444,343,937
Packing materials	36,626,886	31,631,584	117,960,970	104,532,447
Salaries, wages and benefits	103,228,914	88,617,338	290,851,738	271,204,663
Staff retirement benefits	8,994,912	9,418,218	26,984,736	28,254,654
Stores and spare parts	57,554,890	42,191,871	162,903,940	141,715,074
Fuel and power	245,259,989	245,525,571	808,225,710	781,078,673
Insurance	6,382,546	6,215,155	18,875,885	17,505,672
Depreciation	187,163,632	202,770,055	559,640,390	600,887,717
Other	16,377,840	14,308,259	41,230,420	36,966,952
	3,544,599,918	3,161,721,441	11,306,674,872	10,426,489,789
Work in process				
Opening stock	200,195,165	169,868,304	175,637,414	174,977,340
Closing stock	(185,738,755)	(152,542,751)	(185,738,755)	(152,542,751)
	14,456,410	17,325,553	(10,101,341)	22,434,589
Cost of goods manufactured	3,559,056,328	3,179,046,994	11,296,573,531	10,448,924,378
Finished goods				
Opening stock	1,774,365,708	2,082,241,332	682,718,193	2,070,383,552
Closing stock	(1,968,391,500)	(1,824,125,702)	(1,968,391,500)	(1,824,125,702)
	(194,025,792)	258,115,630	(1,285,673,307)	246,257,850
	3,365,030,536	3,437,162,624	10,010,900,224	10,695,182,228

- 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 April 27, 2007 by the Board of Directors of the Company.

7. GENERAL

- There is no unusual item included in the financial statements which is affecting assets, liabilities, profit, cash flows or equity of the Company.
- The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.
- Figures have been rounded off to the nearest Rupee unless otherwise stated.

Chief Executive Officer

Director

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