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# Company Information

## Board of Directors

Sheikh Mukhtar Ahmed

*Chairman*

Mohammad Naeem Mukhtar

*Chief Executive Officer*

Mohammad Waseem Mukhtar

Shahid Amin

Anwarul Haque

Mohammad Pervaiz Aslam Rana

Syed Asif Hasan

## Secretary

Anwarul Haque - FCA

## Audit Committee

Shahid Amin

*Chairman*

Mohammad Pervaiz Aslam Rana

*Member*

Syed Asif Hasan

*Member*

Anwarul Haque - FCA

*Secretary*

## Auditors

Avais Hyder Liaquat Nauman,

Chartered Accountants,

Faisalabad, Pakistan.

## Bankers

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, 2010.

### Operating Performance

The Polyester plant of your Company produced 32,750 tons of Polyester Staple Fibre (PSF)/Polyester chips during the quarter under review, as against 43,970 tons during the corresponding quarter of previous year. The decrease in production was due to the reason that during the quarter under review, Polyester plant – Unit 2, having a production capacity of 400 tons per day, remained non-operational due to planned maintenance after successful continuous operation of 67,224 hours (2,801 days).

The cumulative production for the nine months under review was 128,996 tons with average capacity utilization of 82% as compared to 131,750 tons and 84% respectively during corresponding period of the previous year.

The textile plants of your Company produced 7,398 tons of blended yarns of different counts during the quarter and 23,399 tons during the period of nine months under review as against production of 7,433 tons and 23,667 tons respectively during the corresponding periods of previous year. The decrease in production is due to shift from coarser to finer counts.

### Financial Performance

During the quarter under review, your Company achieved net sales of Rs. 6,710 million as compared to Rs. 6,006 million during the corresponding quarter, achieving cumulative sales of Rs. 19,298 million for the nine months under review as compared to Rs. 16,364 million during the corresponding period of previous year.

In view of the major maintenance cost and lower production during the quarter under review due to shutdown of Polyester plant – Unit 2, the gross profit earned during the quarter was Rs. 560 million as compared to Rs. 754 million earned during corresponding quarter. Cumulative gross profit for the nine months was Rs. 2,077 million and gross profit to sales ratio was 10.77% as compared to Rs. 1,474 million and 9.01% respectively during corresponding period of previous year.

After accounting for the Company's proportionate share in profits of Allied Bank Limited, an associated company, your Company earned a profit after tax of Rs. 901 million during the quarter and Rs. 2,529 million during the period of nine months under review as compared to Rs. 309 million and Rs. 878 million respectively earned during the corresponding periods of previous year.

### Future Outlook

The demand for PSF, in the domestic and international markets, is robust on the back of increased demand for apparels and other allied products. This demand has been further boosted by the increase in cotton prices thus making PSF more lucrative for the downstream consumers. In this scenario, we hope that your Company will be able to maintain high sales volume during remaining part of the current financial year.

### Earnings per share

Earnings per share for nine months ended March 31, 2010 come to Rs. 8.15 as compared to Rs. 2.83 for the corresponding period of previous year.

On behalf of the Board

Faisalabad  
April 28, 2010

**MOHAMMAD NAEEM MUKHTAR**  
Chief Executive Officer

# Condensed Interim Balance Sheet

as at March 31, 2010

	Note	Un-audited March 31, 2010 Rupees	Audited June 30, 2009 Rupees
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	3	7,389,910,044	7,817,013,285
Intangible assets		9,855,370	14,005,376
Investment in associate	4	14,983,896,835	13,572,873,559
Long term deposits		3,740,423	3,735,923
		22,387,402,672	21,407,628,143
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		823,122,938	696,901,126
Stock in trade		3,095,164,829	2,909,687,606
Trade debts		161,368,558	162,983,366
Loans and advances		864,210,781	692,073,405
Prepayments		7,117,608	6,835,414
Other receivables		634,787,808	433,033,358
Cash and bank balances		94,574,394	169,514,922
		5,680,346,916	5,071,029,197
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,918,289,021	2,765,133,372
Markup / interest payable		155,146,180	253,542,922
Short term bank borrowings		2,368,369,181	1,497,561,488
Current portion of :			
Long term financing		1,697,208,332	1,481,916,666
Long term murabaha		150,000,000	300,000,000
Provision for taxation - income tax		350,777,715	94,430,371
		6,639,790,429	6,392,584,819
<b>Working capital</b>		(959,443,513)	(1,321,555,622)
<b>Total capital employed</b>		21,427,959,159	20,086,072,521
<b>NON - CURRENT LIABILITIES</b>			
Long term financing		4,835,416,668	6,011,208,334
Long term murabaha		-	150,000,000
Deferred liabilities :			
Deferred taxation		1,812,594,933	1,741,441,544
Staff retirement gratuity		372,617,858	312,579,574
		7,020,629,459	8,215,229,452
<b>CONTINGENCIES AND COMMITMENTS</b>	5	-	-
<b>Net worth</b>		14,407,329,700	11,870,843,069
<b>Represented by :</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		3,105,069,950	3,105,069,950
Capital reserves		1,157,392,283	1,150,373,350
Revenue reserves		10,144,867,467	7,615,399,769
		14,407,329,700	11,870,843,069

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

Chief Executive Officer

Director

**Condensed Interim Profit and Loss Account (Un-audited)**

for the period ended March 31, 2010

	Note	Quarter ended March 31,		Nine months ended March 31,	
		2010 Rupees	2009 Rupees	2010 Rupees	2009 Rupees
Sales - net		6,709,916,307	6,006,456,586	19,298,003,231	16,363,642,077
Cost of goods sold	6	6,150,259,919	5,252,575,935	17,220,553,395	14,889,822,326
Gross profit		559,656,388	753,880,651	2,077,449,836	1,473,819,751
Selling and distribution expenses		39,223,388	31,107,756	118,619,647	92,374,032
Administrative expenses		112,762,165	87,299,534	354,469,173	271,652,117
Other operating expenses		11,183,913	11,492,689	52,712,290	11,561,906
Finance cost		325,389,481	391,832,320	1,001,514,393	1,061,037,196
		488,558,947	521,732,299	1,527,315,503	1,436,625,251
Other operating income		71,097,441	232,148,352	550,134,333	37,194,500
		80,309,845	20,607,663	108,678,354	53,527,020
Share of profit of associate - net		151,407,286	252,756,015	658,812,687	90,721,520
		849,497,000	160,782,000	2,291,974,000	914,626,000
Profit before taxation		1,000,904,286	413,538,015	2,950,786,687	1,005,347,520
Provision for taxation		99,638,994	104,253,973	421,318,989	126,926,761
Profit for the period		901,265,292	309,284,042	2,529,467,698	878,420,759
Earnings per share - Basic and Diluted		2.90	1.00	8.15	2.83

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

Chief Executive Officer

Director

**Condensed Interim Statement of Comprehensive Income** (Un-audited)  
for the period ended March 31, 2010

	Quarter ended March 31,		Nine months ended March 31,	
	2010 Rupees	2009 Rupees	2010 Rupees	2009 Rupees
Profit for the period	901,265,292	309,284,042	2,529,467,698	878,420,759
Other comprehensive income for the period				
Share of changes in equity of associate	3,261,000	1,695,000	9,805,000	4,468,000
Deferred tax relating to share of changes in equity of associate	(326,100)	(169,500)	(980,500)	(446,800)
Share of changes in equity of associate reclassified to profit and loss	(2,006,185)	–	(2,006,185)	–
Deferred tax relating to share of changes in equity of associate reclassified to profit and loss	200,618	–	200,618	–
	1,129,333	1,525,500	7,018,933	4,021,200
Total comprehensive income for the period	902,394,625	310,809,542	2,536,486,631	882,441,959

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

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

for the period ended March 31, 2010

	<b>Nine months ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>a) Cash flows from operating activities</b>		
Profit before taxation	2,950,786,687	1,005,347,520
Adjustments for :		
Depreciation / amortisation of property, plant and equipment	565,852,225	535,145,004
Amortisation of intangible assets	4,780,867	4,625,396
Provision for staff retirement gratuity	78,537,865	53,127,768
Gain on disposal of property, plant and equipment	(166,572)	(2,255,993)
Profit on deposits	(889,586)	(1,117,001)
Profit on sale of investment - net	(76,387,053)	-
Share of profit of associate - net	(2,291,974,000)	(914,626,000)
Finance cost	1,001,514,393	1,061,037,196
Operating cash flows before working capital changes	2,232,054,826	1,741,283,890
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(126,221,812)	93,085,306
Stock in trade	(185,477,223)	1,613,752,543
Trade debts	1,614,808	(13,136,578)
Loans and advances	(73,951,718)	245,911,652
Prepayments	(282,194)	(2,513,021)
Other receivables	(201,754,450)	147,109,581
Decrease in current liabilities		
Trade and other payables	(835,661,353)	(688,751,266)
	(1,421,733,942)	1,395,458,217
Cash generated from operations	810,320,884	3,136,742,107
Finance cost paid	(1,099,911,135)	(832,209,383)
Income tax paid	(192,783,796)	(149,720,499)
Staff retirement gratuity paid	(18,499,581)	(15,684,502)
Net cash (used in) / generated from operating activities	(500,873,628)	2,139,127,723
<b>b) Cash flows from investing activities</b>		
Additions in :		
Property, plant and equipment	(159,089,778)	(1,111,635,802)
Intangible assets	(630,861)	(716,464)
Proceeds from disposal of property, plant and equipment	9,394,689	11,296,739
Investment in associate	-	(3,306,783,684)
Proceeds from sale of investment in associate - net	389,779,200	-
Dividend received	575,357,392	306,682,632
Long term deposits	(4,500)	(88,223)
Profit on deposits	889,586	1,117,001
Net cash generated from / (used in) investing activities	815,695,728	(4,100,127,801)
<b>c) Cash flows from financing activities</b>		
Long term financing obtained	2,750,000,000	4,150,000,000
Repayment of :		
Long term financing	(3,710,500,000)	(960,500,000)
Long term murabaha	(300,000,000)	(300,000,000)
Increase / (decrease) in short term bank borrowings - net	870,807,693	(448,104,170)
Dividend paid	(70,321)	(464,591,665)
Net cash (used in) / generated from financing activities	(389,762,628)	1,976,804,165
<b>Net (decrease) / increase in cash and cash equivalents (a+b+c)</b>	(74,940,528)	15,804,087
<b>Cash and cash equivalents at the beginning of the period</b>	169,514,922	244,559,829
<b>Cash and cash equivalents at the end of the period</b>	94,574,394	260,363,916

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

Chief Executive Officer

Director

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

for the period ended March 31, 2010

	ISSUED, SUBSCRIBED AND PAID UP CAPITAL	CAPITAL RESERVES			REVENUE RESERVES		TOTAL
		Share premium	Meiger reserve	Share of changes in equity of associate	General reserve	Unappropriated profit	
Rupees							
Balance as at July 01, 2008	3,105,069,950	1,000,000,000	72,017,550	71,388,900	1,921,673,099	4,534,108,586	10,704,258,085
Transfer to general reserve	-	-	-	-	60,000,000	(60,000,000)	-
Dividend - Rs. 15 per share	-	-	-	-	-	(465,760,493)	(465,760,493)
Total comprehensive income for the period	-	-	-	4,021,200	-	878,420,759	882,441,959
Balance as at March 31, 2009	3,105,069,950	1,000,000,000	72,017,550	75,410,100	1,981,673,099	4,886,768,852	11,120,939,551
Total comprehensive income for the period	-	-	-	2,945,700	-	746,957,818	749,903,518
Balance as at June 30, 2009	3,105,069,950	1,000,000,000	72,017,550	78,355,800	1,981,673,099	5,633,726,670	11,870,843,069
Transfer to general reserve	-	-	-	-	100,000,000	(100,000,000)	-
Total comprehensive income for the period	-	-	-	7,018,933	-	2,529,467,698	2,536,486,631
Balance as at March 31, 2010	3,105,069,950	1,000,000,000	72,017,550	85,374,733	2,081,673,099	8,063,194,368	14,407,329,700

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

Chief Executive Officer

Director

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

for the period ended March 31, 2010

### 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 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.
- 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 Company with effect from October 01, 2000.
- 1.3** These condensed interim financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

### 2. SIGNIFICANT ACCOUNTING POLICIES

- 2.1** These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under Section 245 of the Ordinance. These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as applicable in Pakistan and shall be read in conjunction with the published audited financial statements for the year ended June 30, 2009.
- 2.2** 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.
- 2.3** 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, 2009 except those amended by the IAS 1 (Revised) "Presentation of Financial Statements" which became effective for the accounting periods of the Company beginning on or after July 01, 2009. Adoption of this standard has resulted in the presentation of a statement of comprehensive income which includes all non-owner changes in equity. Consequently, presentation of statement of changes in equity and comparative information have also been changed in conformity with the revised standard.

	<b>Un-audited March 31, 2010 Rupees</b>	<b>Audited June 30, 2009 Rupees</b>
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets	7,178,393,380	7,684,718,062
Capital work in progress	211,516,664	132,295,223
	<b>7,389,910,044</b>	<b>7,817,013,285</b>

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

for the period ended March 31, 2010

	Nine months ended March 31, 2010		Nine months ended March 31, 2009	
	Acquisitions Rupees	Disposals Rupees	Acquisitions Rupees	Disposals Rupees
<b>3.1 Acquisitions and disposals of operating assets - at cost</b>				
Plant and machinery	21,159,233	130,000	15,691,891	6,287,859
Furniture and fixture	6,986,544	36,300	2,379,196	-
Office equipment	6,944,787	180,000	7,139,429	333,036
Vehicles	33,665,092	19,506,223	9,085,333	13,267,064
	<b>68,755,656</b>	<b>19,852,523</b>	<b>34,295,849</b>	<b>19,887,959</b>

	Un-audited March 31, 2010 Rupees	Audited June 30, 2009 Rupees
<b>4. INVESTMENT IN ASSOCIATE</b>		
Allied Bank Limited (ABL) - Quoted 281,678,696 (June 30, 2009 : 287,678,696) ordinary shares of Rs. 10/- each Ownership interest 39.62% (June 30, 2009 : 40.46%)	9,318,522,897	9,517,015,499
Share of post acquisition changes in equity	6,240,731,330	4,624,066,780
Less : Dividend received during the period / year	(575,357,392)	(568,208,720)
	<b>14,983,896,835</b>	<b>13,572,873,559</b>

**4.1** The fair value of investment in associate as at March 31, 2010 is Rs. 16,904 million (June 30, 2009 - Rs. 10,817 million).

**4.2** The financial year end of ABL is 31st December. The latest available financial results of associate as of December 31, 2009 have been used for the purpose of application of equity method.

## 5. CONTINGENCIES AND COMMITMENTS

### 5.1 Contingencies

The income tax demand as mentioned in note 18.1.4 to the financial statements for the year ended June 30, 2009 has been deleted as the case has been decided in favour of the Company by the Income Tax Appellate Authority. Except for that, there is no significant change in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2009.

	Un-audited March 31, 2010 Rupees in million	Audited June 30, 2009 Rupees in million
<b>5.2 Commitments</b>		
Under contracts for capital expenditure	11.742	50.877
Under letters of credit for :		
Capital expenditure	18.440	-
Raw materials and spare parts	664.922	406.530

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

for the period ended March 31, 2010

	Quarter ended March 31,		Nine months ended March 31,	
	2010 Rupees	2009 Rupees	2010 Rupees	2009 Rupees
<b>6. COST OF GOODS SOLD</b>				
Raw materials consumed	4,293,124,370	3,229,173,413	13,627,460,064	11,829,395,527
Packing materials	50,361,531	52,132,317	171,462,005	181,782,414
Salaries, wages and benefits	166,223,032	135,041,704	477,589,824	407,337,020
Staff retirement benefits	18,400,919	12,674,250	55,202,789	38,022,753
Stores and spare parts	207,856,860	104,104,793	419,114,105	283,584,453
Fuel and power	431,996,035	396,318,215	1,230,483,825	1,397,225,463
Insurance	5,613,590	5,679,214	18,744,668	16,676,583
Depreciation of property, plant and equipment	182,544,542	171,821,211	546,236,379	514,507,467
Other	60,866,195	18,885,457	141,863,687	46,825,207
	5,416,987,074	4,125,830,574	16,688,157,346	14,715,356,887
Work in process				
Opening stock	215,272,737	208,711,691	237,571,534	284,880,362
Closing stock	(291,143,822)	(195,691,922)	(291,143,822)	(195,691,922)
	(75,871,085)	13,019,769	(53,572,288)	89,188,440
Cost of goods manufactured	5,341,115,989	4,138,850,343	16,634,585,058	14,804,545,327
Finished goods				
Opening stock	1,362,860,696	2,121,103,456	1,139,685,103	1,092,654,863
Closing stock	(553,716,766)	(1,007,377,864)	(553,716,766)	(1,007,377,864)
	809,143,930	1,113,725,592	585,968,337	85,276,999
	6,150,259,919	5,252,575,935	17,220,553,395	14,889,822,326

### 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,	
		2010 Rupees	2009 Rupees
Associated undertakings	Rent	17,325,000	3,285,000
	Dividend received	575,357,392	306,682,632
	Loan received	408,775,013	-
	Loan repaid	408,775,013	-
	Mark up on loan	18,556,585	-
Key management personnel	Rent	90,000	90,000
	Remuneration	20,250,000	15,000,000
	Reimbursable expenses	1,635,012	1,493,298
	Purchase of shares	-	3,303,269,480
	Sale of shares	390,000,000	-

## ***Selected Explanatory Notes to the Condensed Interim Financial Statements (Un-audited)*** for the period ended March 31, 2010

8. The provision for taxation, workers' profit participation fund and workers' welfare fund made in these condensed interim financial statements are subject to adjustments in annual financial statements.

### **9. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on April 28, 2010 by the Board of Directors of the Company.

### **10. 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.