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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 half year ended December 31, 2009.

### Operating Performance

During the half year under review, the Polyester Plant of your Company produced 96,247 tons of Polyester Staple Fibre (PSF) as compared to production of 87,780 tons during the corresponding period of previous year, thus achieving an average capacity utilization of 92% as against 84% achieved during the corresponding period of previous year. Out of this production, 11,294 tons of PSF were consumed by the textile plants of your Company for the production of blended yarns as against 11,495 tons consumed during the corresponding period of previous year.

The textile plants of your Company produced 16,001 tons of blended yarns of different counts during the half year under review as compared to 16,233 tons during corresponding period of previous year. This reduction is due to shift in production from coarser to finer counts.

### Financial Performance

During the quarter under review, sales volume of PSF increased by 31% to 41,975 tons and yarns by 48% to 7,941 tons as compared to 32,096 tons and 5,359 tons respectively during corresponding quarter of previous year. Net sales increased by 51% to Rs. 6,493 million during the quarter as compared to Rs. 4,308 million during the corresponding quarter. Gross profit to sales ratio increased from 4.14% to 11.46% thus achieving a gross profit of Rs. 744 million as compared to Rs. 178 million during the corresponding quarter. The increase in sales volume as well as margins during the quarter under review, was mainly due to restoration of market demand and stability in prices of PSF, yarns and their raw materials; as compared to the corresponding quarter of previous year when market was severely depressed due to global financial crisis and commodity prices witnessed a steep fall resulting in erosion of margins due to inventory losses.

During the half year under review, your Company achieved net sales of Rs. 12,588 million and gross profit of Rs. 1,518 million as compared to Rs. 10,357 million and Rs. 720 million respectively during corresponding period of previous year. After accounting for the Company's proportionate share in profits of Allied Bank Limited, an associated company, amounting to Rs. 1,442 million during the half year as compared to Rs. 754 million during the corresponding period of previous year, your Company earned profit before tax of Rs. 1,950 million as against Rs. 592 million earned during the corresponding period. Consequently, profit after tax for the half year increased to Rs. 1,628 million as compared to Rs. 569 million for the corresponding period of previous year.

### Future Outlook

With the rise in cotton prices, PSF consumption is expected to increase and this trend is likely to continue during remaining part of the current financial year. In this scenario, we hope it will have a positive impact on the sales volume of your Company.

### Earnings per share

Earnings per share for the half year ended December 31, 2009 come to Rs. 5.24 as compared to Rs. 1.83 during the corresponding period of previous year.

On behalf of the Board

Faisalabad  
February 18, 2010

**MOHAMMAD NAEEM MUKHTAR**  
Chief Executive Officer

# **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, 2009 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, 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 and condensed interim statement of comprehensive income for the quarter ended December 31, 2009 and 2008 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2009.

### **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, 2009 and for the half year then ended is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Dated : February 18, 2010  
Place : Faisalabad

**Avais Hyder Liaquat Nauman**  
**Chartered Accountants**  
**Engagement partner: Syed Ali Adnan Tirmizey**

# Condensed Interim Balance Sheet

as at December 31, 2009

	Note	Un-audited December 31, 2009 Rupees	Audited June 30, 2009 Rupees
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	3	7,493,488,718	7,817,013,285
Intangible assets		12,190,770	14,005,376
Investment in associate	4	14,446,537,167	13,572,873,559
Long term deposits		3,740,423	3,735,923
		21,955,957,078	21,407,628,143
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		866,792,484	696,901,126
Stock in trade		3,330,553,908	2,909,687,606
Trade debts		195,846,281	162,983,366
Loans and advances		821,418,952	692,073,405
Prepayments		16,451,236	6,835,414
Other receivables		455,226,225	433,033,358
Cash and bank balances		220,832,197	169,514,922
		5,907,121,283	5,071,029,197
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,302,937,506	2,765,133,372
Markup / interest payable		271,508,851	253,542,922
Short term borrowings		3,192,690,378	1,497,561,488
Current portion of :			
Long term financing		1,656,333,332	1,481,916,666
Long term murabaha		300,000,000	300,000,000
Provision for taxation - income tax		298,144,821	94,430,371
		7,021,614,888	6,392,584,819
<b>Working capital</b>		(1,114,493,605)	(1,321,555,622)
<b>Total capital employed</b>		20,841,463,473	20,086,072,521
<b>NON - CURRENT LIABILITIES</b>			
Long term financing		5,216,666,668	6,011,208,334
Long term murabaha		-	150,000,000
Deferred liabilities :			
Deferred taxation		1,765,463,351	1,741,441,544
Staff retirement gratuity		354,398,379	312,579,574
		7,336,528,398	8,215,229,452
<b>CONTINGENCIES AND COMMITMENTS</b>	5	-	-
<b>Net worth</b>		13,504,935,075	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		1,156,262,950	1,150,373,350
Revenue reserves		9,243,602,175	7,615,399,769
		13,504,935,075	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 half year ended December 31, 2009

	Note	Quarter ended December 31,		Half year ended December 31,	
		2009 Rupees	2008 Rupees	2009 Rupees	2008 Rupees
Sales - net		6,493,006,491	4,308,119,945	12,588,086,924	10,357,185,491
Cost of goods sold	6	5,749,062,764	4,129,944,622	11,070,293,476	9,637,246,391
Gross profit		743,943,727	178,175,323	1,517,793,448	719,939,100
Selling and distribution expenses		42,634,268	27,353,233	79,396,259	61,266,276
Administrative expenses		135,776,841	101,753,109	241,707,008	184,352,583
Other operating expenses		17,177,985	(15,216,850)	41,528,377	69,217
Finance cost		355,136,391	422,053,625	676,124,912	669,204,876
		550,725,485	535,943,117	1,038,756,556	914,892,952
		193,218,242	(357,767,794)	479,036,892	(194,953,852)
Other operating income		11,487,931	12,704,575	28,368,509	32,919,357
		204,706,173	(345,063,219)	507,405,401	(162,034,495)
Share of profit of associate - net		790,099,000	389,798,000	1,442,477,000	753,844,000
Profit before taxation		994,805,173	44,734,781	1,949,882,401	591,809,505
Provision for taxation		150,721,920	(77,720,674)	321,679,995	22,672,788
Profit for the period		844,083,253	122,455,455	1,628,202,406	569,136,717
Earnings per share - Basic and Diluted		2.72	0.39	5.24	1.83

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

**Condensed Interim Statement of Comprehensive Income** (Un-audited)

for the half year ended December 31, 2009

	Quarter ended December 31,		Half year ended December 31,	
	2009 Rupees	2008 Rupees	2009 Rupees	2008 Rupees
Profit for the period	844,083,253	122,455,455	1,628,202,406	569,136,717
Other comprehensive income for the period				
Share of changes in equity of associate	3,271,000	1,387,000	6,544,000	2,773,000
Deferred tax relating to share of changes in equity of associate	(327,100)	(138,700)	(654,400)	(277,300)
	2,943,900	1,248,300	5,889,600	2,495,700
Total comprehensive income for the period	847,027,153	123,703,755	1,634,092,006	571,632,417

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

# Condensed Interim Cash Flow Statement (Un-audited)

for the half year ended December 31, 2009

	Half year ended December 31,	
	2009 Rupees	2008 Rupees
<b>a) Cash flows from operating activities</b>		
Profit before taxation	1,949,882,401	591,809,505
Adjustments for :		
Depreciation / amortisation of property, plant and equipment	376,491,176	356,480,129
Amortisation of intangible assets	3,166,429	3,073,717
Provision for staff retirement gratuity	52,358,586	35,418,513
Gain on disposal of property, plant and equipment	(234,959)	(534,681)
Profit on deposits	(640,985)	(765,120)
Share of profit of associate - net	(1,442,477,000)	(753,844,000)
Finance cost	676,124,912	669,204,876
Operating cash flows before working capital changes	1,614,670,560	900,842,939
Changes in working capital (Increase) / decrease in current assets		
Stores, spare parts and loose tools	(169,891,358)	(19,633,241)
Stock in trade	(420,866,302)	606,872,996
Trade debts	(32,862,915)	41,687,045
Loans and advances	(58,996,749)	154,195,189
Prepayments	(9,615,822)	(10,783,555)
Other receivables	(22,192,867)	27,708,945
Decrease in current liabilities Trade and other payables	(1,450,163,209)	(1,546,799,373)
	(2,164,589,222)	(746,751,994)
Cash (used in) / generated from operations	(549,918,662)	154,090,945
Finance cost paid	(658,158,983)	(451,221,299)
Income tax paid	(164,946,936)	(80,369,024)
Staff retirement gratuity paid	(10,539,781)	(8,221,593)
Net cash used in operating activities	(1,383,564,362)	(385,720,971)
<b>b) Cash flows from investing activities</b>		
Additions in :		
Property, plant and equipment	(70,483,659)	(1,007,810,038)
Intangible assets	(1,351,823)	(133,000)
Proceeds from disposal of property, plant and equipment	5,733,026	6,610,027
Investment in associate	-	(3,306,783,684)
Dividend received	575,357,392	306,682,632
Long term deposits	(4,500)	(188,223)
Profit on deposits	640,985	765,120
Net cash generated from / (used in) investing activities	509,891,421	(4,000,857,166)
<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	(3,370,125,000)	(620,125,000)
Long term murabaha	(150,000,000)	(150,000,000)
Increase in short term borrowings - net	1,695,128,890	1,368,399,673
Dividend paid	(13,674)	(464,368,522)
Net cash generated from financing activities	924,990,216	4,283,906,151
<b>Net increase / (decrease) in cash and cash equivalents (a+b+c)</b>	51,317,275	(102,671,986)
<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>	220,832,197	141,887,843

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 half year ended December 31, 2009

	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	-	-	-	2,495,700	-	569,136,717	571,632,417
Balance as at December 31, 2008	3,105,069,950	1,000,000,000	72,017,550	73,884,600	1,981,673,099	4,577,484,810	10,810,130,009
Total comprehensive income for the period	-	-	-	4,471,200	-	1,056,241,860	1,060,713,060
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	-	-	-	5,889,600	-	1,628,202,406	1,634,092,006
Balance as at December 31, 2009	3,105,069,950	1,000,000,000	72,017,550	84,245,400	2,081,673,099	7,161,929,076	13,504,935,075

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 half year ended December 31, 2009

## 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 but subject to limited scope review by the auditors of the Company 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.

	Un-audited December 31, 2009 Rupees	Audited June 30, 2009 Rupees
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets	7,331,293,369	7,684,718,062
Capital work in progress	162,195,349	132,295,223
	7,493,488,718	7,817,013,285

	Half year ended December 31, 2009		Half year ended December 31, 2008	
	Acquisitions Rupees	Disposals Rupees	Acquisitions Rupees	Disposals Rupees
<b>3.1 Acquisitions and disposals of operating assets - at cost</b>				
Plant and machinery	1,617,298	130,000	14,028,706	2,095,953
Furniture and fixture	5,260,677	-	996,340	-
Office equipment	3,806,389	-	5,066,263	188,036
Vehicles	17,880,185	11,298,976	8,090,358	11,783,231
	28,564,549	11,428,976	28,181,667	14,067,220

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

for the half year ended December 31, 2009

	Un-audited December 31, 2009 Rupees	Audited June 30, 2009 Rupees
<b>4. INVESTMENT IN ASSOCIATE</b>		
Allied Bank Limited (ABL) - Quoted 287,678,696 (June 30, 2009 : 287,678,696) ordinary shares of Rs.10/-each Ownership interest 40.46% (June 30, 2009 : 40.46%)	9,517,015,499	9,517,015,499
Share of post acquisition changes in equity Less : Dividend received during the period / year	5,504,879,060 (575,357,392)	4,624,066,780 (568,208,720)
	14,446,537,167	13,572,873,559

4.1 The fair value of investment in associate as at December 31, 2009 is Rs. 16,895 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 September 30, 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 December 31, 2009 Rupees in million	Audited June 30, 2009 Rupees in million
<b>5.2 Commitments</b>		
Under contracts for capital expenditure	14.742	50.877
Under letters of credit for :		
Capital expenditure	47.118	-
Raw materials and spare parts	461.336	406.530

	Quarter ended December 31,		Half year ended December 31,	
	2009 Rupees	2008 Rupees	2009 Rupees	2008 Rupees
<b>6. COST OF GOODS SOLD</b>				
Raw materials consumed	4,784,837,875	3,345,055,870	9,334,335,694	8,600,222,114
Packing materials	61,463,157	57,788,551	121,100,474	129,650,097
Salaries, wages and benefits	164,292,384	144,620,391	311,366,792	272,295,316
Staff retirement benefits	18,400,935	12,674,250	36,801,870	25,348,503
Stores and spare parts	146,019,599	70,431,507	211,257,245	179,479,660
Fuel and power	428,431,095	495,450,905	798,487,790	1,000,907,248
Insurance	5,505,096	5,558,804	13,131,078	10,997,369
Depreciation of property, plant and equipment	182,177,335	171,440,716	363,691,837	342,686,256
Other	50,636,105	12,709,447	80,997,492	27,939,750
	5,841,763,581	4,315,730,441	11,271,170,272	10,589,526,313
Work in process				
Opening stock	238,690,683	265,611,248	237,571,534	284,880,362
Closing stock	(215,272,737)	(208,711,691)	(215,272,737)	(208,711,691)
	23,417,946	56,899,557	22,298,797	76,168,671
Cost of goods manufactured	5,865,181,527	4,372,629,998	11,293,469,069	10,665,694,984
Finished goods				
Opening stock	1,246,741,933	1,878,418,080	1,139,685,103	1,092,654,863
Closing stock	(1,362,860,696)	(2,121,103,456)	(1,362,860,696)	(2,121,103,456)
	(116,118,763)	(242,685,376)	(223,175,593)	(1,028,448,593)
	5,749,062,764	4,129,944,622	11,070,293,476	9,637,246,391

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

for the half year ended December 31, 2009

## 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	Half year ended December 31,	
		2009 Rupees	2008 Rupees
Associated undertakings	Rent	11,550,000	1,020,000
	Dividend received	575,357,392	306,682,632
	Loan received	408,775,013	–
	Mark up on loan	8,549,737	–
Key management personnel	Rent	60,000	60,000
	Remuneration	13,500,000	9,000,000
	Reimbursable expenses	959,724	852,205
	Purchase of shares	–	3,303,269,480

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 February 18, 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.