

Ibrahim Fibres Limited

Quarterly Report
for the quarter ended September 30, 2009

Bringing forward the traditions of innovation...



Ibrahim
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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

Sheikh Mukhtar Ahmed

Chairman

Shahid Amin

Member

Mohammad Pervaiz Aslam Rana

Member

Anwarul Haque - FCA

Secretary

Auditors

Avais Hyder Liaquat Nauman,

Chartered Accountants,

Faisalabad, Pakistan.

Bankers

Bank Alfalah Limited

Bank Al Habib 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

The Royal Bank of Scotland 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 first quarter ended September 30, 2009.

Operating Performance

During the quarter under review, the polyester plant of your Company produced 47,964 tons of Polyester Staple Fibre (PSF) as against production of 48,419 tons during the corresponding quarter of previous year, thereby achieving an average capacity utilization of 92% as against 93% achieved during the corresponding quarter of previous year. Out of this production, 5,687 tons of PSF were consumed by the textile plants of your Company for the production of blended yarns during the quarter as against 6,109 tons consumed during the corresponding quarter of previous year.

The textile plants of your Company produced 7,983 tons of blended yarns of different counts during the quarter as against production of 8,120 tons during the corresponding quarter of previous year.

Financial Performance

Your Company achieved net sales of Rs. 6,095 million during the quarter under review as compared to net sales of Rs. 6,049 million during the corresponding quarter of previous year. Gross profit earned by your Company during the quarter increased by 42.84% to Rs. 774 million as compared to Rs. 542 million earned during the corresponding quarter and resultantly, gross profit to sales ratio increased from 8.96% to 12.70%. It was mainly due to the fact that your Company has shifted around 50% of its power consumption to natural gas generated power which coupled with reduced domestic oil prices resulted in reduction of overall fuel and power cost during the quarter. Furthermore, during the corresponding quarter of previous year, prices of PSF feedstock, PTA and MEG, witnessed a declining trend due to the global financial crisis whereas these remained range-bound during the quarter under review.

After accounting for the Company's proportionate share in profits of Allied Bank Limited, an associated company, amounting to Rs. 652 million during the quarter as against Rs. 364 million during the corresponding quarter of previous year, your Company earned profit before tax of Rs. 955 million as against Rs. 547 million earned during the corresponding quarter. Consequently, profit after tax for the quarter increased to Rs. 784 million as compared to Rs. 447 million for the corresponding quarter of previous year.

Future Outlook

The international crude oil prices are again on the rise after remaining stable during the quarter under review and consequently the prices of its derivatives including PTA and MEG are following this trend. The domestic law and order situation is also worsening which is expected to adversely affect the overall economic activity of the country. However, the management of your Company is hopeful that it will continue to achieve better results during remaining part of the current financial year.

Earnings per share

Earnings per share for the quarter under review come to Rs. 2.53 as compared to Rs. 1.44 during the corresponding quarter of previous year.

On behalf of the Board

Faisalabad
October 28, 2009

MOHAMMAD NAEEM MUKHTAR
Chief Executive Officer

Condensed Interim Balance Sheet

as at September 30, 2009

	Note	Un-audited September 30, 2009 Rupees	Audited June 30, 2009 Rupees
NON - CURRENT ASSETS			
Property, plant and equipment	3	7,684,380,759	7,817,013,285
Intangible assets		14,889,899	14,005,376
Investment in associate	4	13,653,167,167	13,572,873,559
Long term deposits		3,735,923	3,735,923
		21,356,173,748	21,407,628,143
CURRENT ASSETS			
Stores, spare parts and loose tools		728,704,162	696,901,126
Stock in trade		3,081,133,000	2,909,687,606
Trade debts		172,851,294	162,983,366
Loans and advances		983,983,133	692,073,405
Prepayments		13,475,407	6,835,414
Other receivables		654,312,779	433,033,358
Cash and bank balances		88,681,793	169,514,922
		5,723,141,568	5,071,029,197
CURRENT LIABILITIES			
Trade and other payables		2,817,031,397	2,765,133,372
Markup / interest payable		197,828,994	253,542,922
Short term bank borrowings		1,314,978,156	1,497,561,488
Current portion of:			
Long term financing		1,481,916,666	1,481,916,666
Long term murabaha		300,000,000	300,000,000
Provision for taxation - income tax		288,519,275	94,430,371
		6,400,274,488	6,392,584,819
Working capital		(677,132,920)	(1,321,555,622)
Total capital employed		20,679,040,828	20,086,072,521
NON - CURRENT LIABILITIES			
Long term financing		5,970,833,334	6,011,208,334
Long term murabaha		–	150,000,000
Deferred liabilities :			
Deferred taxation		1,718,638,015	1,741,441,544
Staff retirement gratuity		331,661,557	312,579,574
		8,021,132,906	8,215,229,452
CONTINGENCIES AND COMMITMENTS	5	–	–
Net worth		12,657,907,922	11,870,843,069
Represented by :			
SHARE CAPITAL AND RESERVES			
Share capital		3,105,069,950	3,105,069,950
Capital reserves		1,153,319,050	1,150,373,350
Revenue reserves		8,399,518,922	7,615,399,769
		12,657,907,922	11,870,843,069

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

Condensed Interim Profit and Loss Account (Un-audited)

for the quarter ended September 30, 2009

	Note	Quarter ended September 30,	
		2009 Rupees	2008 Rupees
Sales - net		6,095,080,433	6,049,065,546
Cost of goods sold	6	5,321,230,712	5,507,301,769
Gross profit		773,849,721	541,763,777
Selling and distribution expenses		36,761,991	33,913,043
Administrative expenses		105,930,167	82,599,474
Other operating expenses		24,350,392	15,286,067
Finance cost		320,988,521	247,151,251
		488,031,071	378,949,835
Other operating income		285,818,650	162,813,942
		16,880,578	20,214,782
Share of profit of associate - net		302,699,228	183,028,724
Profit before taxation		652,378,000	364,046,000
Provision for taxation		955,077,228	547,074,724
Profit for the period		170,958,075	100,393,462
Earnings per share - Basic and Diluted		784,119,153	446,681,262
		2.53	1.44

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

Condensed Interim Statement of Comprehensive Income (Un-audited)

for the quarter ended September 30, 2009

	Quarter ended September 30, 2009 Rupees	2008 Rupees
Profit for the period	784,119,153	446,681,262
Other comprehensive income for the period		
Share of changes in equity of associate	3,273,000	1,386,000
Deferred tax relating to changes in equity of associate	(327,300)	(138,600)
	2,945,700	1,247,400
Total comprehensive income for the period	787,064,853	447,928,662

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

Condensed Interim Cash Flow Statement (Un-audited)

for the quarter ended September 30, 2009

	Quarter ended September 30,	
	2009	2008
	Rupees	Rupees
a) Cash flows from operating activities		
Profit before taxation	955,077,228	547,074,724
Adjustments for :		
Depreciation / amortisation of property, plant and equipment	188,027,642	178,040,416
Amortisation of intangible assets	1,572,765	1,535,663
Provision for staff retirement gratuity	26,179,293	17,709,258
Gain on disposal of property, plant and equipment	(21,004)	(622,558)
Profit on deposits	(246,370)	(414,487)
Share of profit of associate - net	(652,378,000)	(364,046,000)
Finance cost	320,988,521	247,151,251
Operating cash flows before working capital changes	839,200,075	626,428,267
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(31,803,036)	(152,749,296)
Stock in trade	(171,445,394)	191,165,879
Trade debts	(9,867,928)	29,392,122
Loans and advances	(207,000,954)	252,074,432
Prepayments	(6,639,993)	(7,522,661)
Other receivables	(221,279,421)	137,508,291
Increase / (decrease) in current liabilities		
Trade and other payables	55,872,876	(302,067,689)
	(592,163,850)	147,801,078
Cash generated from operations	247,036,225	774,229,345
Finance cost paid	(376,702,449)	(294,399,262)
Income tax paid	(84,908,774)	(74,298,644)
Staff retirement gratuity paid	(7,482,560)	(2,562,870)
Net cash (used in) / generated from operating activities	(222,057,558)	402,968,569
b) Cash flows from investing activities		
Additions in :		
Property, plant and equipment	(59,633,865)	(766,259,822)
Intangible assets	(2,457,288)	-
Proceeds from disposal of property, plant and equipment	676,952	5,518,690
Dividend received	575,357,392	306,682,632
Profit on deposits	246,370	414,487
Net cash generated from / (used in) investing activities	514,189,561	(453,644,013)
c) Cash flows from financing activities		
Long term financing obtained	2,300,000,000	669,409,520
Repayment of :		
Long term financing	(2,340,375,000)	(340,375,000)
Long term murabaha	(150,000,000)	(150,000,000)
Decrease in short term bank borrowings - net	(182,583,332)	(196,158,670)
Dividend paid	(6,800)	(20,271)
Net cash used in financing activities	(372,965,132)	(17,144,421)
Net decrease in cash and cash equivalents (a+b+c)	(80,833,129)	(67,819,865)
Cash and cash equivalents at the beginning of the period	169,514,922	244,559,829
Cash and cash equivalents at the end of the period	88,681,793	176,739,964

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

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

for the quarter ended September 30, 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
Total comprehensive income for the period	-	-	-	1,247,400	-	446,681,262	447,928,662
Balance as at September 30, 2008	3,105,069,950	1,000,000,000	72,017,550	72,636,300	1,921,673,099	4,980,789,848	11,152,186,747
Dividend - Rs. 1.50 per share	-	-	-	-	-	(465,760,493)	(465,760,493)
Total comprehensive income for the period	-	-	-	5,719,500	60,000,000	1,118,697,315	1,184,416,815
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
Total comprehensive income for the period	-	-	-	2,945,700	-	784,119,153	787,064,853
Balance as at September 30, 2009	3,105,069,950	1,000,000,000	72,017,550	81,301,500	1,981,673,099	6,417,845,823	12,657,907,922

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 quarter ended September 30, 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 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 September 30, 2009 Rupees	Audited June 30, 2009 Rupees
3. PROPERTY, PLANT AND EQUIPMENT		
Operating assets	7,508,745,121	7,684,718,062
Capital work in progress	175,635,638	132,295,223
	7,684,380,759	7,817,013,285

	Quarter ended September 30, 2009		Quarter ended September 30, 2008	
	Acquisitions Rupees	Disposals Rupees	Acquisitions Rupees	Disposals Rupees
3.1 Acquisitions and disposals of operating assets - at cost				
Plant and machinery	909,949	130,000	366,000	2,095,953
Furniture and fixture	1,266,628	-	612,905	-
Office equipment	2,467,977	-	2,070,200	-
Vehicles	8,066,095	1,856,298	1,905,584	8,809,735
	12,710,649	1,986,298	4,954,689	10,905,688

Selected Explanatory Notes to the Condensed Interim Financial Statements *(Un-audited)*
for the quarter ended September 30, 2009

	Un-audited September 30, 2009 Rupees	Audited June 30, 2009 Rupees
4. INVESTMENT IN ASSOCIATE		
Allied Bank Limited (ABL) - Quoted		
287,678,696 (June 30, 2009 : 287,678,696) ordinary shares of Rs. 10/- each	9,517,015,499	9,517,015,499
Ownership interest 40.46% (June 30, 2009 : 40.46%)		
Share of post acquisition changes in equity	4,711,509,060	4,624,066,780
Less : Dividend received during the period / year	(575,357,392)	(568,208,720)
	13,653,167,167	13,572,873,559

4.1 The fair value of investment in associate as at September 30, 2009 is Rs. 13,552 million (June 30, 2009 : Rs. 10,817 million). The Company has worked out value in use of the investment on the basis of estimated future cash flows from dividend and ending value discounted at 18%. The value in use is higher than the fair value and carrying value as at September 30, 2009.

4.2 The financial year end of ABL is 31st December. The latest available financial results of associate as of June 30, 2009 have been used for the purpose of application of equity method.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no significant change in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2009.

5.2 Commitments

	Un-audited September 30, 2009 Rupees	Audited June 30, 2009 Rupees
Under contracts for capital expenditure	41.930	50.877
Under letters of credit for raw materials and spare parts	526.253	406.530

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

for the quarter ended September 30, 2009

	Quarter ended September 30,	
	2009 Rupees	2008 Rupees
6. COST OF GOODS SOLD		
Raw materials consumed	4,549,497,819	5,255,166,244
Packing materials	59,637,317	71,861,546
Salaries, wages and benefits	147,074,408	127,674,925
Staff retirement benefits	18,400,935	12,674,253
Stores and spare parts	65,237,646	109,048,153
Fuel and power	370,056,695	505,456,343
Insurance	7,625,982	5,438,565
Depreciation of property, plant and equipment	181,514,502	171,245,540
Other	30,361,387	15,230,303
	5,429,406,691	6,273,795,872
Work in process		
Opening stock	237,571,534	284,880,362
Closing stock	(238,690,683)	(265,611,248)
	(1,119,149)	19,269,114
Cost of goods manufactured	5,428,287,542	6,293,064,986
Finished goods		
Opening stock	1,139,685,103	1,092,654,863
Closing stock	(1,246,741,933)	(1,878,418,080)
	(107,056,830)	(785,763,217)
	5,321,230,712	5,507,301,769

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	Quarter ended September 30,	
		2009 Rupees	2008 Rupees
Associated undertakings	Rent	5,775,000	510,000
	Dividend received	575,357,392	306,682,632
Key management personnel	Rent	30,000	30,000
	Remuneration	6,750,000	4,500,000
	Reimbursable expenses	380,202	404,653

Selected Explanatory Notes to the Condensed Interim Financial Statements (Un-audited) for the quarter ended September 30, 2009

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 October 28, 2009 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.

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Lahore - 54600, Pakistan.

