First Quarterly Report of

Ibrahim Fibres Limited

for the period ended September 30, 2015

Delivering Value to our Valued Customers

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Ibrahim

Contents

Company Information

Board of Directors

Sheikh Mukhtar Ahmed
Chairman

Mohammad Naeem Mukhtar
Chief Executive Officer

Muhammad Waseem Mukhtar

Jawaid Ashraf

Abdul Hameed Bhutta

Mohammad Waqar

Ikram ul Haq Main

Chief Financial Officer

Mohammad Naeem Asghar

Company Secretary

Muhammad Labeeb Subhani

Audit Committee

Ikram ul Haq Main
Chairman

Abdul Hameed Bhutta
Member

Jawaid Ashraf
Member

Muhammad Labeeb Subhani
Secretary

Human Resource & Remuneration Committee

Abdul Hameed Bhutta
Chairman

Jawaid Ashraf
Member

Mohammad Waqar
Member

Auditors

Deloitte Yousuf Adil
Chartered Accountants.

Bankers

Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
BankIslami Pakistan Limited
Citibank, N.A.
Deutsche Bank AG
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank 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 – Sheikhupura Road,
Faisalabad, Pakistan.

Directors' Review

The Directors of your Company are pleased to present before you the unaudited financial results of the Company for the first quarter ended September 30, 2015.

Operating Performance

During the quarter under review, the polyester plant of your Company produced 49,277 tons of Polyester Staple Fibre (PSF) / polyester chips as against production of 51,347 tons during the corresponding quarter of previous year. Out of this production, 6,229 tons of PSF were consumed by the textile plants of your Company during the quarter for production of blended yarns as against 6,456 tons consumed during the corresponding quarter of previous year.

The textile plants of your Company produced 8,638 tons of blended yarns of different counts during the quarter as against production of 8,943 tons during the corresponding quarter of previous year.

Financial Performance

During the quarter under review, your Company achieved net sales of Rs. 7,476 million as compared to Rs. 9,579 million during the corresponding quarter of previous year.

Your Company suffered gross loss of Rs. 104 million during the quarter as compared to gross profit of Rs. 280 million during corresponding quarter of the previous year. Massive reduction in crude oil prices was witnessed during the quarter under review, which resulted in inventory losses across the entire petrochemical chain including your Company, which further eroded gross margins of the Company.

After taking into account the proportionate share in profits of Allied Bank Limited, an associated company, amounting to Rs. 548 million as against Rs. 655 million during corresponding quarter of the last year, your Company suffered loss before tax amounting to Rs. 53 million and loss after tax amounting to Rs. 4 million during the quarter as compared to profit of Rs. 309 million and Rs. 261 million respectively during the corresponding quarter of previous year.

Future Outlook

National Tariff Commission (NTC) has imposed provisional anti-dumping duty on PSF imports from China with effect from October 3, 2015 which is expected to spur substantial demand for locally manufactured PSF. However, NTC needs to carry on this decision for the foreseeable future to pass on its real benefits to local PSF industry. Supply of electricity and natural gas is also expected to improve which is also expected to contribute in growing demand for PSF.

In this scenario, the management of your Company is making all the efforts to achieve higher sales volume through effective marketing strategies and better results with the help of efficient financial management.

Earnings per share

Loss per share for the quarter under review comes to Rs. 0.01 as compared to profit per share Rs. 0.84 during the corresponding quarter of previous year.

On behalf of the Board,

Lahore
October 26, 2015

MOHAMMAD NAEEM MUKHTAR
Chief Executive Officer

Ibrahim Fibres Limited

Condensed Interim Financial Report

for the peroid ended September 30, 2015

Condensed Interim Balance Sheet
as at September 30, 2015

	Note	Unaudited September 30, 2015 Rupees	Audited June 30, 2015 Rupees
NON – CURRENT ASSETS			
Property, plant and equipment	3	24,058,874,534	24,151,728,470
Intangible assets		45,728,492	47,087,302
Investment in associate	4	12,817,019,474	12,594,268,827
Long term loans		24,826,274	24,773,098
Long term deposits		4,322,795	4,225,431
		36,950,771,569	36,822,083,128
CURRENT ASSETS			
Stores, spare parts and loose tools		2,024,932,290	1,958,919,904
Stock in trade		6,286,331,165	6,461,921,798
Trade debts		186,455,745	178,139,309
Loans and advances		1,140,044,154	847,418,405
Prepayments		39,205,201	18,241,689
Other receivables		2,640,175,232	3,153,379,446
Cash and bank balances		150,277,524	163,844,103
		12,467,421,311	12,781,864,654
CURRENT LIABILITIES			
Trade and other payables		927,772,373	1,833,717,569
Markup / interest payable		243,367,663	111,298,837
Short term borrowings		8,199,505,391	7,385,896,510
Current portion of long term financing		450,000,000	450,000,000
Provision for taxation – income tax		17,500,549	–
		9,838,145,976	9,780,912,916
Working capital		2,629,275,335	3,000,951,738
Total capital employed		39,580,046,904	39,823,034,866
NON – CURRENT LIABILITIES			
Long term financing		9,700,000,000	9,925,000,000
Deferred liabilities:			
Deferred taxation		1,368,200,494	1,432,433,816
Staff retirement gratuity		1,157,886,036	1,119,655,237
		12,226,086,530	12,477,089,053
CONTINGENCIES AND COMMITMENTS	5	–	–
Net worth		27,353,960,374	27,345,945,813
Represented by:			
SHARE CAPITAL AND RESERVES			
Share capital		3,105,069,950	3,105,069,950
Capital reserves		1,072,017,550	1,072,017,550
Revenue reserves		23,176,872,874	23,168,858,313
		27,353,960,374	27,345,945,813

The annexed notes form an integral part of this condensed interim financial report.

Chief Executive Officer **Director**

Condensed Interim Profit and Loss Account (Unaudited)
for the period ended September 30, 2015

	Note	Quarter ended September 30, 2015 Rupees	2014 Rupees
Sales – net		7,476,554,591	9,579,398,198
Cost of goods sold	6	(7,580,755,741)	(9,299,895,976)
Gross (loss) / profit		(104,201,150)	279,502,222
Selling and distribution expenses		(62,994,857)	(66,942,837)
Administrative expenses		(157,135,868)	(144,357,883)
Other operating expenses		–	(351,890)
Finance cost		(287,306,926)	(424,453,743)
		(507,437,651)	(636,106,353)
		(611,638,801)	(356,604,131)
Other income		10,596,589	10,471,054
		(601,042,212)	(346,133,077)
Share of profit of associate	4	548,443,000	654,772,000
(Loss) / profit before taxation		(52,599,212)	308,638,923
Reversal of / (provision for) taxation		48,467,898	(47,500,504)
(Loss) / profit for the period		(4,131,314)	261,138,419
Earnings per share – Basic and Diluted		(0.01)	0.84

The annexed notes form an integral part of this condensed interim financial report.

Chief Executive Officer **Director**

Condensed Interim Statement of Comprehensive Income (Unaudited)
for the period ended September 30, 2015

	Quarter ended September 30, 2015 Rupees	2014 Rupees
(Loss) / profit for the period	(4,131,314)	261,138,419
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
Share of changes in equity of associate	13,881,000	1,268,000
Deferred tax relating to share of changes in equity of associate	(1,735,125)	(126,800)
	12,145,875	1,141,200
Total comprehensive income for the period	8,014,561	262,279,619

The annexed notes form an integral part of this condensed interim financial report.

Chief Executive Officer **Director**

Condensed Interim Cash Flow Statement (Unaudited)
for the period ended September 30, 2015

		Quarter ended September 30, 2015 Rupees	2014 Rupees
a)	**Cash flows from operating activities**		
	(Loss) / profit before taxation	(52,599,212)	308,638,923
	Adjustments for:		
	Depreciation / amortisation of property, plant and equipment	583,585,399	611,135,951
	Amortisation of intangible assets	3,581,543	3,480,141
	Provision for staff retirement gratuity	52,283,955	56,791,665
	(Gain) / loss on disposal of property, plant and equipment	(412,024)	351,890
	Profit on deposits	(18,083)	(34,815)
	Share of profit of associate	(548,443,000)	(654,772,000)
	Finance cost	287,306,926	424,453,743
	Operating cash flows before working capital changes	325,285,504	750,045,498
	Changes in working capital		
	(Increase) / decrease in current assets		
	Stores, spare parts and loose tools	(66,012,386)	(23,287,801)
	Stock in trade	175,590,633	(2,013,624,133)
	Trade debts	(8,316,436)	195,529,720
	Loans and advances	2,388,082	(36,735,650)
	Prepayments	(20,963,512)	(15,872,501)
	Other receivables	282,205,114	(453,492,035)
	(Decrease) / increase in current liabilities		
	Trade and other payables	(886,654,208)	213,467,436
		(521,762,713)	(2,134,014,964)
	Cash used in operations	(196,477,209)	(1,383,969,466)
	Long term loans paid – net	(486,147)	(8,879,124)
	Finance cost paid	(155,238,100)	(181,811,104)
	Income tax paid	(63,580,860)	(128,611,207)
	Staff retirement gratuity paid	(27,623,133)	(21,157,216)
	Net cash used in operating activities	(443,405,449)	(1,724,428,117)
b)	**Cash flows from investing activities**		
	Additions in:		
	Property, plant and equipment	(504,106,358)	(138,617,786)
	Intangible assets	(2,222,733)	–
	Proceeds from disposal of property, plant and equipment	8,068,860	4,231,255
	Dividend received	339,573,353	291,062,874
	Long term deposits	(97,364)	(15,000)
	Profit on deposits	17,183	34,815
	Net cash (used in) / from investing activities	(158,767,059)	156,696,158
c)	**Cash flows from financing activities**		
	Long term financing obtained	–	980,183,914
	Repayment of long term financing	(225,000,000)	(93,750,000)
	Increase in short term borrowings – net	813,608,881	802,213,156
	Dividend paid	(2,952)	(30,945)
	Net cash from financing activities	588,605,929	1,688,616,125
	Net (decrease) / increase in cash and cash equivalents (a+b+c)	(13,566,579)	120,884,166
	Cash and cash equivalents at the beginning of the period	163,844,103	85,681,651
	Cash and cash equivalents at the end of the period	150,277,524	206,565,817

The annexed notes form an integral part of this condensed interim financial report.

Chief Executive Officer **Director**

Condensed Interim Statement of Changes in Equity (Unaudited)
for the period ended September 30, 2015

	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 July 01, 2014	3,105,069,950	1,000,000,000	72,017,550	341,749,894	4,089,673,099	17,915,200,848	26,523,711,341
Total comprehensive income for the period							
Profit for the period	–	–	–	–	–	261,138,419	261,138,419
Other comprehensive income for the period							
Items that may be reclassified subsequently to profit or loss:							
Share of changes in equity of associate	–	–	–	1,268,000	–	–	1,268,000
Deferred tax relating to share of changes in equity of associate	–	–	–	(126,800)	–	–	(126,800)
	–	–	–	1,141,200	–	–	1,141,200
	–	–	–	1,141,200	–	261,138,419	262,279,619
Balance as at September 30, 2014	3,105,069,950	1,000,000,000	72,017,550	342,891,094	4,089,673,099	18,176,339,267	26,785,990,960
Total comprehensive income for the period							
Profit for the period	–	–	–	–	–	541,649,667	541,649,667
Other comprehensive income for the period							
Items that may be reclassified subsequently to profit or loss:							
Share of changes in equity of associate	–	–	–	10,125,000	–	–	10,125,000
Deferred tax relating to share of changes in equity of associate	–	–	–	(10,790,378)	–	–	(10,790,378)
				(665,378)			(665,378)
Items that will not be reclassified subsequently to profit or loss:							
Remeasurement of staff retirement gratuity	–	–	–	–	–	29,520,967	29,520,967
Deferred tax relating to remeasurement of staff retirement gratuity	–	–	–	–	–	(10,550,403)	(10,550,403)
						18,970,564	18,970,564
	–	–	–	(665,378)	–	560,620,231	559,954,853
Balance as at June 30, 2015	3,105,069,950	1,000,000,000	72,017,550	342,225,716	4,089,673,099	18,736,959,498	27,345,945,813
Total comprehensive income for the period							
Loss for the period	–	–	–	–	–	(4,131,314)	(4,131,314)
Other comprehensive income for the period							
Items that may be reclassified subsequently to profit or loss:							
Share of changes in equity of associate	–	–	–	13,881,000	–	–	13,881,000
Deferred tax relating to share of changes in equity of associate	–	–	–	(1,735,125)	–	–	(1,735,125)
	–	–	–	12,145,875	–	–	12,145,875
	–	–	–	12,145,875	–	(4,131,314)	8,014,561
Balance as at September 30, 2015	3,105,069,950	1,000,000,000	72,017,550	354,371,591	4,089,673,099	18,732,828,184	27,353,960,374

The annexed notes form an integral part of this condensed interim financial report.

Chief Executive Officer **Director**

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 Karachi and Lahore 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 – Sheikhupura 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 assets, liabilities and reserves of the Company with effect from October 01, 2000.

1.3 This condensed interim financial report is presented in Pak Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

This condensed interim financial report has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Ordinance. In case the requirements differ, the provisions of or directives issued under the Ordinance have been followed. This condensed interim financial report is unaudited and is being submitted to the shareholders as required under Section 245 of the Ordinance.

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.2.1 Standards, amendments to standards and interpretations becoming effective during the period

There are certain amendments to standards and interpretations that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2015 but are considered not to be relevant or not to have any significant effect on the Company's operations and are, therefore, not disclosed in this condensed interim financial report.

2.2.2 Standards, amendments to standards and interpretations becoming effective in future periods

There are new standards, other amendments to standards and interpretations that are mandatory for accounting periods beginning on or after July 01, 2015 but are considered not to be relevant or not to have any significant effect on Company's operations and are, therefore, not disclosed in this condensed interim financial report.

2.3 Basis of preparation

This condensed interim financial report has 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. This condensed interim financial report does not include all the information required for complete set of financial statements and should be read in conjunction with the Company's published audited financial statements for the year ended June 30, 2015.

2.4 Accounting policies and methods of computation

The accounting policies and methods of computation followed in the preparation of this condensed interim financial report are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2015.

2.5 Financial risk management

The Company's risk management objectives and policies are consistent with those objectives and policies which were disclosed in financial statements of the Company as at and for the year ended June 30, 2015.

	Unaudited September 30, 2015 Rupees	Audited June 30, 2015 Rupees
3. PROPERTY, PLANT AND EQUIPMENT		
Operating assets	22,943,795,701	23,513,765,232
Capital work in progress	1,115,078,833	637,963,238
	24,058,874,534	24,151,728,470

	Quarter ended September 30, 2015		Quarter ended September 30, 2014	
	Acquisitions Rupees	Disposals Rupees	Acquisitions Rupees	Disposals Rupees
3.1 Acquisitions and disposals of operating assets – at cost				
Plant and machinery	5,116,500	1,500,179	9,476,557	–
Furniture and fixture	1,973,085	–	1,614,342	494,300
Office equipment	7,536,450	1,185,364	4,325,767	664,982
Vehicles	6,646,669	22,750,534	7,055,820	10,043,691
	21,272,704	25,436,077	22,472,486	11,202,973

	Unaudited September 30, 2015 Rupees	Audited June 30, 2015 Rupees
4. INVESTMENT IN ASSOCIATE		
Allied Bank Limited (ABL) – Quoted		
194,041,916 (June 30, 2015: 194,041,916) ordinary shares of Rs.10/- each		
Ownership interest 16.95% (June 30, 2015: 16.95%)		
Cost of investment	3,975,325,052	3,975,325,052
Share of post acquisition changes in equity		
Opening balance	8,618,943,775	7,132,706,187
Share of profit	548,443,000	2,833,138,000
Share of other comprehensive income	13,881,000	11,393,000
Dividend received	(339,573,353)	(1,358,293,412)
	8,841,694,422	8,618,943,775
	12,817,019,474	12,594,268,827

4.1 ABL is engaged in banking business. Its registered and head office is situated at 3 Tipu Block, New Garden Town, Lahore, Pakistan.

4.2 The Company's shareholding in associate is below 20%, however, the Company exercises significant influence by virtue of common directorship.

4.3 The fair value of investment in associate as at September 30, 2015 is Rs. 18,046 million (June 30, 2015: Rs. 19,393 million).

4.4 The financial year end of ABL is 31st December. The latest available financial results of associate as of June 30, 2015 have been used for the purpose of application of equity method.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no change in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2015 except the following:

(i) A new bank guarantee of Rs. 80 Million is issued in favour of The Commissioner Inland Revenue to avail exemption from deduction of income tax on import of goods.

(ii) The income tax demand as mentioned in Note 18.1.4 to the above referred financial statements has been increased to Rs. 464.083 million in respect of tax years 2007, 2008, 2009, 2010, 2012 and 2013 which has not been acknowledged due to pending appeals before the appellate authorities.

	Unaudited September 30, 2015 Rupees in million	Audited June 30, 2014 Rupees in million
5.2 Commitments		
5.2.1 Under contracts for capital expenditure:		
Building on freehold land	17.547	18.046
Plant and machinery	56.500	9.860
5.2.2 Under letters of credit for:		
Plant and machinery	4,640.032	4,946.774
Raw materials and spare parts	256.384	2,197.564

	Quarter ended September 30, 2015 Rupees	2014 Rupees
6. COST OF GOODS SOLD		
Raw materials consumed	5,460,628,922	7,380,267,897
Packing materials	101,841,515	110,426,224
Salaries, wages and benefits	358,920,031	311,238,226
Staff retirement benefits	40,430,754	43,180,821
Stores and spare parts	231,725,962	130,281,361
Fuel and power	798,179,270	1,087,646,550
Insurance	14,221,386	14,861,144
Depreciation of property, plant and equipment	569,587,973	596,969,395
Other	51,692,982	68,448,952
	7,627,228,795	9,743,320,570
Work in process		
Opening stock	398,266,585	343,311,511
Closing stock	(398,629,205)	(327,724,911)
	(362,620)	15,586,600
Cost of goods manufactured	7,626,866,175	9,758,907,170
Finished goods		
Opening stock	3,320,578,814	3,178,767,342
Closing stock	(3,366,689,248)	(3,637,778,536)
	(46,110,434)	(459,011,194)
	7,580,755,741	9,299,895,976

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:

		Quarter ended September 30,	
		2015	2014
Relationship	**Nature of transaction**	**Rupees**	**Rupees**
Associated undertakings			
	Rent charged	3,030,000	3,000,000
	Dividend received	339,573,353	291,062,874
	Consultancy fee paid	6,000,000	10,000,000
	Rental income	874,650	816,630
Key management personnel			
	Remuneration	13,500,000	9,000,000
	Reimbursable expenses	408,274	705,641
	Long term borrowing obtained	–	980,183,914
	Short term borrowing obtained	1,181,875,703	–

8. The provision for taxation made in this condensed interim financial report is subject to adjustment in annual financial statements.

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on October 26, 2015 by the Board of Directors of the Company.

10. GENERAL

10.1 There is no unusual item included in this condensed interim financial report which is affecting assets, liabilities, profit, comprehensive income, cash flows or equity of the Company.

10.2 Figures have been rounded off to the nearest Rupee.

Chief Executive Officer **Director**

Ibrahim

Ibrahim Fibres Limited
Ibrahim Centre, 1 – Ahmed Block,
New Garden Town, Lahore – 54600, Pakistan.
UAN: 111-333-777