Building a better tomorrow

Half Yearly Report of

Ibrahim Fibres Limited

for the period ended December 31, 2013

Contents

Company Information

Board of Directors

Sheikh Mukhtar Ahmed
Chairman
Mohammad Naeem Mukhtar
Chief Executive Officer
Muhammad Waseem Mukhtar
Anwarul Haque
Mohammad Waqar
Jawaid Ashraf
Abdul Hameed Bhutta

Secretary

Anwarul Haque - FCA

Audit Committee

Jawaid Ashraf
Chairman
Mohammad Waqar
Member
Abdul Hameed Bhutta
Member
Anwarul Haque - FCA
Secretary

Auditors

Avais Hyder Liaquat Nauman
Chartered Accountants
Faisalabad, Pakistan.

Bankers

Askari Bank Limited
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 - Sheikhupura 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, 2013.

Operating Performance

During the half year under review, the Polyester Plant of your Company produced 122,988 tons of Polyester Staple Fibre (PSF) after expansion as compared to production of 101,577 tons before expansion during the corresponding period of previous year, thus achieving an average capacity utilization of 63% as against 93% achieved during the corresponding period of previous year.

During the half year under review, the demand of PSF in the country remained low due to lower capacity utilization by the downstream textile industry which was caused by lesser availability of electricity and gas to the industry. Furthermore, the National Tariff Commission (NTC) has withdrawn anti-dumping duty from the PSF imported from China with effect from July 31, 2013. As a result of this, Chinese companies have started dumping PSF in Pakistan at exceedingly low prices, thereby putting further pressure on locally manufactured PSF. Due to these factors, the average capacity utilization of polyester plants remained on lower side and margins under pressure.

Out of this production, 12,544 tons of PSF were consumed by the textile plants of your Company for the production of blended yarns as against 11,915 tons consumed during the corresponding period of previous year.

The textile plants of your Company produced 17,757 tons of blended yarns of different counts during the half year as compared to 17,173 tons produced during corresponding period of previous year.

Financial Performance

During second quarter of the half year under review, your Company achieved net sales of Rs. 12,525 million and gross profit of Rs. 729 million as compared to Rs. 10,047 million and Rs. 867 million respectively during the corresponding quarter.

During the half year under review, net sales achieved by your Company increased to Rs. 25,807 million as compared to Rs. 19,972 million during corresponding period of previous year. Your Company earned a gross profit of Rs. 1,505 million during the period and achieved gross profit to sales ratio of 5.8% as compared to Rs. 1,611 million and 8.1% respectively during corresponding period of previous year. However, your Company achieved better results with reference to gross profit before taking into account the incremental depreciation of expansion projects.

After accounting for the Company's reduced proportionate share in profits of Allied Bank Limited, an associated company, amounting to Rs. 924 million during the half year, as compared to Rs. 1,523 million during the corresponding period, your Company earned profit before tax of Rs. 1,053 million as against Rs. 2,372 million earned during the corresponding period. The decrease in profit is due to increase in financial charges relating to financing obtained for the expansion projects of polyester plant and power generation plant. Profit after tax for the half year amounted to Rs. 656 million as compared to Rs. 2,350 million for the corresponding period of previous year.

Future Outlook

Going forward, PSF demand is expected to grow as the supply of electricity and gas to the downstream textile industry is expected to improve.

On the other hand, your Company, along with other PSF manufacturers, is vigorously following up the PSF anti-dumping case with NTC. NTC will have to take immediate remedial action and impose anti-dumping duty on Chinese PSF in line with WTO regulations, in order to safeguard the local PSF industry.

In these challenging circumstances, the management of your Company is making all the efforts to achieve higher sales volume through effective marketing strategies for better results.

Earnings per share

Earnings per share for the half year ended December 31, 2013 come to Rs. 2.11 as compared to Rs. 7.57 during the corresponding period of previous year.

On behalf of the Board

Lahore
February 22, 2014

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, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the 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, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2013.

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, 2013 and for the six months period then ended is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan, for interim financial reporting.

Dated: February 22, 2014
Place: Faisalabad

Avais Hyder Liaquat Nauman
Chartered Accountants
Engagement partner: Hamid Masood

Ibrahim Fibres Limited

Condensed Interim Financial Report

for the half year ended December 31, 2013

Condensed Interim Balance Sheet

as at December 31, 2013

	Note	Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees
NON – CURRENT ASSETS			
Property, plant and equipment	3	26,023,941,514	27,233,565,225
Intangible assets		55,053,975	60,040,537
Investment in associate	4	8,780,045,639	9,182,026,116
Long term loans		11,919,712	11,973,594
Long term deposits		3,936,543	3,910,543
		34,874,897,383	36,491,516,015
CURRENT ASSETS			
Stores, spare parts and loose tools		2,281,857,289	1,458,348,008
Stock in trade		11,373,791,163	8,511,617,752
Trade debts		279,096,387	280,700,067
Loans and advances		539,973,620	767,967,004
Prepayments		48,499,686	16,320,549
Other receivables		2,348,209,057	1,503,926,992
Cash and bank balances		155,885,405	204,836,749
Non – current assets held for sale	4	1,171,459,012	–
		18,198,771,619	12,743,717,121
CURRENT LIABILITIES			
Trade and other payables		4,474,038,971	1,510,341,011
Markup / interest payable		160,792,435	166,844,778
Short term bank borrowings		6,055,582,988	5,509,120,577
Current portion of long term financing		3,699,999,998	2,312,500,000
		14,390,414,392	9,498,806,366
Working capital		3,808,357,227	3,244,910,755
Total capital employed		38,683,254,610	39,736,426,770
NON – CURRENT LIABILITIES			
Long term financing		10,425,000,000	12,249,999,998
Deferred liabilities :			
Deferred taxation		1,049,790,448	623,846,325
Staff retirement gratuity		877,233,498	824,378,456
		12,352,023,946	13,698,224,779
CONTINGENCIES AND COMMITMENTS	5	–	–
Net worth		26,331,230,664	26,038,201,991
Represented by :			
SHARE CAPITAL AND RESERVES			
Share capital		3,105,069,950	3,105,069,950
Capital reserves		1,382,133,708	1,123,982,308
Revenue reserves		21,844,027,006	21,809,149,733
		26,331,230,664	26,038,201,991

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

Chief Executive Officer **Director**

Condensed Interim Profit and Loss Account (Un-audited)

for the half year ended December 31, 2013

	Note	Quarter ended December 31, 2013 Rupees	Quarter ended December 31, 2012 Rupees	Half year ended December 31, 2013 Rupees	Half year ended December 31, 2012 Rupees
Sales – net		12,525,380,908	10,047,247,757	25,806,929,529	19,971,860,046
Cost of goods sold	6	(11,796,518,462)	(9,180,077,461)	(24,301,921,231)	(18,361,324,242)
Gross profit		728,862,446	867,170,296	1,505,008,298	1,610,535,804
Selling and distribution expenses		(58,570,922)	(53,111,627)	(120,255,083)	(105,541,031)
Administrative expenses		(146,469,790)	(156,988,504)	(305,151,117)	(316,591,560)
Other operating expenses		(3,993,821)	(27,242,704)	(8,211,112)	(46,834,966)
Finance cost		(469,360,672)	(134,017,995)	(965,314,435)	(312,578,538)
		(678,395,205)	(371,360,830)	(1,398,931,747)	(781,546,095)
		50,467,241	495,809,466	106,076,551	828,989,709
Other operating income		12,432,151	11,106,984	23,427,346	19,465,355
		62,899,392	506,916,450	129,503,897	848,455,064
Share of profit of associate – net		465,892,000	660,045,000	923,648,000	1,523,192,000
Profit before taxation		528,791,392	1,166,961,450	1,053,151,897	2,371,647,064
(Provision for) / reversal of taxation		(195,662,290)	4,875,729	(397,260,634)	(21,856,246)
Profit for the period		333,129,102	1,171,837,179	655,891,263	2,349,790,818
Earnings per share – Basic and Diluted		1.07	3.77	2.11	7.57

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

Chief Executive Officer **Director**

Condensed Interim Statement of Comprehensive Income (Un-audited)

for the half year ended December 31, 2013

	Quarter ended December 31, 2013 Rupees	2012 Rupees	Half year ended December 31, 2013 Rupees	2012 Rupees
Profit for the period	333,129,102	1,171,837,179	655,891,263	2,349,790,818
Other comprehensive income for the period				
Items that may be reclassified subsequently to profit or loss :				
Share of changes in equity of associate	281,031,889	1,855,000	286,834,889	3,710,000
Items that will not be reclassified subsequently to profit or loss :				
Deferred tax relating to share of changes in equity of associate	(28,103,189)	(185,500)	(28,683,489)	(371,000)
	252,928,700	1,669,500	258,151,400	3,339,000
Total comprehensive income for the period	586,057,802	1,173,506,679	914,042,663	2,353,129,818

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

Chief Executive Officer

Director

Condensed Interim Cash Flow Statement (Un-audited)

for the half year ended December 31, 2013

	Half year ended December 31, 2013 Rupees	2012 Rupees
a) Cash flows from operating activities		
Profit before taxation	1,053,151,897	2,371,647,064
Adjustments for :		
Depreciation / amortisation of property, plant and equipment	1,351,502,230	347,993,551
Amortisation of intangible assets	6,611,562	1,488,773
Provision for staff retirement gratuity	87,095,944	104,129,378
Loss on disposal of property, plant and equipment	1,268,163	1,796,053
Profit on deposits	(71,067)	(67,838)
Share of profit of associate – net	(923,648,000)	(1,523,192,000)
Finance cost	965,314,435	312,578,538
Operating cash flows before working capital changes	2,541,225,164	1,616,373,519
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(823,509,281)	(277,517,199)
Stock in trade	(2,862,173,411)	(1,620,201,205)
Trade debts	1,603,680	(183,922,672)
Loans and advances	67,546,902	(94,879,264)
Prepayments	(32,179,137)	(23,376,250)
Other receivables	(360,396,512)	(383,179,275)
Increase in current liabilities		
Trade and other payables	1,220,237,303	555,750,718
	(2,788,870,456)	(2,027,325,147)
Cash (used in) operations	(247,645,292)	(410,951,628)
Long term loans recovered – net	53,882	1,158,291
Finance cost paid	(971,366,778)	(335,824,859)
Income tax paid	(323,439,071)	(297,648,263)
Staff retirement gratuity paid	(34,240,902)	(35,623,520)
Net cash (used in) operating activities	(1,576,638,161)	(1,078,889,979)
b) Cash flows from investing activities		
Additions in :		
Property, plant and equipment	(240,386,023)	(6,286,780,222)
Intangible assets	(1,625,000)	(597,047)
Proceeds from disposal of property, plant and equipment	5,353,667	5,293,384
Advance from directors against non – current assets held for sale	1,833,767,322	2,067,058,349
Dividend received	441,004,355	565,913,050
Long term deposits	(26,000)	(226,801)
Profit on deposits	71,067	67,838
Net cash generated from / (used in) investing activities	2,038,159,388	(3,649,271,449)
c) Cash flows from financing activities		
Long term financing obtained	–	5,300,000,000
Repayment of long term financing	(437,500,000)	(735,416,668)
Increase in short term bank borrowings – net	546,462,411	1,099,079,845
Dividend paid	(619,434,982)	(928,746,447)
Net cash (used in) / generated from financing activities	(510,472,571)	4,734,916,730
Net (decrease) / increase in cash and cash equivalents (a+b+c)	(48,951,344)	6,755,302
Cash and cash equivalents at the beginning of the period	204,836,749	52,409,353
Cash and cash equivalents at the end of the period	155,885,405	59,164,655

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

Chief Executive Officer **Director**

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

for the half year ended December 31, 2013

	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, 2012 as previously reported	3,105,069,950	1,000,000,000	72,017,550	66,960,892	2,630,673,099	15,058,034,938	21,932,756,429
Effect of change in accounting policy – Note 2.4							
Recognition of cumulative net unrecognised actuarial loss for the year ended June 30, 2012	–	–	–	–	–	(74,961,607)	(74,961,607)
Deferred tax relating to actuarial losses recognised	–	–	–	–	–	25,486,946	25,486,946
	–	–	–	–	–	(49,474,661)	(49,474,661)
Balance as at July 01, 2012 – Restated	3,105,069,950	1,000,000,000	72,017,550	66,960,892	2,630,673,099	15,008,560,277	21,883,281,768
Transaction with owners							
Final dividend for the year ended June 30, 2012 : Rs. 3 per share	–	–	–	–	–	(931,520,985)	(931,520,985)
Transferred to general reserve	–	–	–	–	459,000,000	(459,000,000)	–
Total comprehensive income for the period							
Profit for the period	–	–	–	–	–	2,349,790,818	2,349,790,818
Other comprehensive income for the period							
Items that may be reclassified subsequently to profit or loss :							
Share of changes in equity of associate	–	–	–	3,710,000	–	–	3,710,000
Items that will not be reclassified subsequently to profit or loss :							
Deferred tax relating to share of changes in equity of associate	–	–	–	(371,000)	–	–	(371,000)
	–	–	–	3,339,000	–	2,349,790,818	2,353,129,818
Balance as at December 31, 2012 – Restated	3,105,069,950	1,000,000,000	72,017,550	70,299,892	3,089,673,099	15,967,830,110	23,304,890,601
Transaction with owners							
Interim dividend for the half year ended December 31, 2012 : Rs. 1.5 per share	–	–	–	–	–	(465,760,492)	(465,760,492)
Total comprehensive income for the period							
Profit for the period	–	–	–	–	–	3,184,375,746	3,184,375,746
Other comprehensive income for the period							
Items that may be reclassified subsequently to profit or loss :							
Share of changes in equity of associate	–	–	–	2,402,000	–	–	2,402,000
Items that will not be reclassified subsequently to profit or loss :							
Deferred tax relating to share of changes in equity of associate	–	–	–	(240,200)	–	–	(240,200)
Effect of change in accounting policy – Note 2.4							
Recognition of unrecognised actuarial gain for the year ended June 30, 2013	–	–	–	–	–	50,047,379	50,047,379
Deferred tax relating to actuarial gain recognised	–	–	–	–	–	(17,016,109)	(17,016,109)
						33,031,270	33,031,270
Other items :							
Share of changes in equity of associate reclassified to profit or loss on disposal of related investment	–	–	–	(22,774,371)	–	–	(22,774,371)
Reversal of deferred tax on share of changes in equity of associate on disposal of related investment	–	–	–	2,277,437	–	–	2,277,437
				(20,496,934)			(20,496,934)
	–	–	–	(18,335,134)	–	3,217,407,016	3,199,071,882
Balance as at June 30, 2013 – Restated	3,105,069,950	1,000,000,000	72,017,550	51,964,758	3,089,673,099	18,719,476,634	26,038,201,991
Transaction with owners							
Final dividend for the year ended June 30, 2013 : Rs. 2 per share	–	–	–	–	–	(621,013,990)	(621,013,990)
Transferred to general reserve	–	–	–	–	1,000,000,000	(1,000,000,000)	–
Total comprehensive income for the period							
Profit for the period	–	–	–	–	–	655,891,263	655,891,263
Other comprehensive income for the period							
Items that may be reclassified subsequently to profit or loss :							
Share of changes in equity of associate	–	–	–	286,834,889	–	–	286,834,889
Items that will not be reclassified subsequently to profit or loss :							
Deferred tax relating to share of changes in equity of associate	–	–	–	(28,683,489)	–	–	(28,683,489)
	–	–	–	258,151,400	–	655,891,263	914,042,663
Balance as at December 31, 2013	3,105,069,950	1,000,000,000	72,017,550	310,116,158	4,089,673,099	17,754,353,907	26,331,230,664

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 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 Companies Ordinance, 1984 (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 but subject to limited scope review by auditors 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 that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2013 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 except amendments in IAS 19 "Employee Benfits" requiring immediate recognition of all actuarial gains and losses through other comrehensive income as explained in detail in Note 2.4.

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 of the Company beginning on or after July 01, 2014 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, investment in associate accounted for using the equity method and non – current assets held for sale stated at the lower of carrying amount and fair value less costs to sell. 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, 2013.

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, 2013 except the following :

Change in accounting policy

Staff retirement gratuity

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the elimination of 'corridor approach' in accounting for actuarial gains and losses permitted under the previous version of IAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income. The amendments have resulted in change in the Company's accounting policy in respect of staff retirement gratuity. The change in accounting policy has been applied retrospectively in accordance with the requirements of IAS 8 "Accounting Policies, Change in Accounting Estimates and Errors".

The effects of retrospective application of the change in accounting policy are as follows :

	Staff retirement gratuity Rupees	Unappropriated profit Rupees	Deferred taxation Rupees
Balance as at June 30, 2013 as previously reported	799,464,228	18,735,920,025	632,317,162
Recognition of cumulative net unrecognised actuarial loss for the year ended June 30, 2012	74,961,607	(74,961,607)	–
Deferred tax relating to actuarial losses recognised	–	25,486,946	(25,486,946)
Recognition of unrecognised actuarial gain for the year ended June 30, 2013	(50,047,379)	50,047,379	–
Deferred tax relating to actuarial gain recognised	–	(17,016,109)	17,016,109
	24,914,228	(16,443,391)	(8,470,837)
Balance as at June 30, 2013 as restated	824,378,456	18,719,476,634	623,846,325

	Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees
3. PROPERTY, PLANT AND EQUIPMENT		
Operating assets	25,871,489,070	27,175,451,003
Capital work in progress	152,452,444	58,114,222
	26,023,941,514	27,233,565,225

	Half year ended December 31, 2013		Half year ended December 31, 2012	
	Acquisitions	Disposals	Acquisitions	Disposals
	Rupees	Rupees	Rupees	Rupees
3.1 Acquisitions and disposals of operating assets – at cost				
Freehold land	4,624,540	–	12,890,580	–
Building on freehold land	12,007,927	–	–	–
Plant and machinery	15,383,339	–	15,644,366	37,266
Furniture and fixture	5,507,376	640,539	13,785,343	876,089
Office equipment	10,342,511	1,573,284	13,535,328	3,484,795
Vehicles	6,296,434	23,764,467	25,940,608	14,078,302
	54,162,127	25,978,290	81,796,225	18,476,452

	Note	Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees
4. INVESTMENT IN ASSOCIATE			
Allied Bank Limited (ABL) – Quoted			
176,401,742 (June 30, 2013 : 176,401,742) ordinary shares of Rs.10/- each		3,975,325,052	3,975,325,052
Ownership interest 16.95% (June 30, 2013 : 16.95%)			
Share of post acquisition changes in equity	4.4	6,417,183,954	6,313,846,732
Less : Dividend received during the period / year		441,004,355	1,107,145,668
		9,951,504,651	9,182,026,116
Less : 20,962,290 (June 30, 2013 : Nil) ordinary shares classified as held for sale	4.5	1,171,459,012	–
		8,780,045,639	9,182,026,116

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

4.2 The fair value of investment in associate as at December 31, 2013 is Rs. 13,990 million (June 30, 2013 : Rs. 12,091 million).

4.3 The financial year end of ABL is 31st December. The latest available financial results of associate as of September 30, 2013 have been used for the purpose of application of equity method.

4.4 It includes Rs. 279,970,888/- related to restatement of equity of associate due to retrospective application of amendments to IAS 19 by the associate.

4.5 The managment intends to dispose off these shares subject to approval by the State Bank of Pakistan.

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, 2013 except the contingent liability related to income tax demand as mentioned in Note 18.1.4 to the above referred financial statements. The income tax demand has been reduced to Rs. 30.215 million in the first appeals which has not been acknowledged due to pending appeals before the appellate authorities.

	Un-audited December 31, 2013 Rupees in million	Audited June 30, 2013 Rupees in million
5.2 Commitments		
5.2.1 Under contracts for capital expenditure :		
Building on freehold land	50.269	17.227
Plant and machinery	44.028	114.635
5.2.2 Under letters of credit for :		
Plant and machinery	54.400	–
Raw materials and spare parts	622.207	825.582

	Quarter ended December 31, 2013 Rupees	Quarter ended December 31, 2012 Rupees	Half year ended December 31, 2013 Rupees	Half year ended December 31, 2012 Rupees
6. COST OF GOODS SOLD				
Raw materials consumed	10,014,237,220	7,693,895,972	18,447,388,900	14,598,028,061
Packing materials	123,713,468	90,524,112	231,607,747	181,286,912
Salaries, wages and benefits	328,471,702	259,545,765	624,315,783	549,486,020
Staff retirement benefits	33,337,069	39,146,488	66,674,137	78,292,975
Stores and spare parts	169,626,471	122,693,462	300,136,558	305,496,611
Fuel and power	1,257,865,389	1,015,400,647	2,568,723,731	1,919,967,651
Insurance	13,295,057	7,563,663	26,834,807	15,127,533
Depreciation of property, plant and equipment	661,947,877	158,878,111	1,323,437,297	316,977,682
Other	61,262,831	53,143,529	122,985,621	113,086,268
	12,663,757,084	9,440,791,749	23,712,104,581	18,077,749,713
Work in process				
Opening stock	605,184,492	334,559,816	607,357,831	339,153,648
Closing stock	(611,063,568)	(377,497,495)	(611,063,568)	(377,497,495)
	(5,879,076)	(42,937,679)	(3,705,737)	(38,343,847)
Cost of goods manufactured	12,657,878,008	9,397,854,070	23,708,398,844	18,039,405,866
Finished goods				
Opening stock	3,697,447,433	1,333,395,519	5,152,329,366	1,873,090,504
Closing stock	(4,558,806,979)	(1,551,172,128)	(4,558,806,979)	(1,551,172,128)
	(861,359,546)	(217,776,609)	593,522,387	321,918,376
	11,796,518,462	9,180,077,461	24,301,921,231	18,361,324,242

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 :

		Half year ended December 31,	
		2013	**2012**
Relationship	**Nature of transaction**	**Rupees**	**Rupees**
Associated undertakings			
	Rent paid	12,705,000	25,410,000
	Dividend received	441,004,355	565,913,050
	Commission	–	423,302,569
	Consultancy fee paid	6,000,000	16,000,000
	Rent received	1,153,577	–
Key management personnel			
	Remuneration	18,000,000	18,000,000
	Reimbursable expenses	1,587,115	2,515,727
	Advance from directors against non – current assets held for sale	1,833,767,322	2,067,058,349
	Dividend paid	549,592,428	824,384,142

8. The provision for taxation and workers' profit participation fund made in this condensed interim financial report is subject to adjustment in annual financial statements.

9. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial report was authorised for issue on February 22, 2014 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 Fibres Limited
Ibrahim Centre,
1 – Ahmed Block, New Garden Town,
Lahore – 54600, Pakistan.