Third Quarterly Report of

Ibrahim Fibres Limited

for the period ended March 31, 2016

DELIVERING VALUE TO OUR VALUED CUSTOMERS

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Ibrahim

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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 Mian

Chief Financial Officer

Mohammad Naeem Asghar

Company Secretary

Muhammad Labeeb Subhani

Audit Committee

Ikram ul Haq Mian
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 third quarter of current financial year and nine months ended March 31, 2016.

Operating Performance

During the quarter under review, polyester plant of your Company produced 63,380 tons of Polyester Staple Fibre (PSF) / Polyester Chips as compared to production of 54,546 tons during the corresponding quarter of previous year. Accordingly during the period of nine months under review, polyester plant produced 171,692 tons of PSF / Polyester Chips as compared to production of 161,507 tons during the corresponding period of previous year.

The textile plants of your Company produced 24,373 tons of blended yarns of different counts during the period of nine months under review as against production of 24,011 tons during the corresponding period of previous year.

Financial Performance

The net sales during the quarter under review amounted to Rs. 9,274 million as compared to Rs. 8,861 million during corresponding quarter of previous year.

Your Company earned gross profit for the quarter amounting to Rs. 377 million as compared to gross loss of Rs. 206 million during corresponding quarter of previous year.

During the period of nine months under review, cumulative net sales amounted to Rs. 24,671 million and cumulative gross profit to Rs. 164 million as compared to Rs. 27,684 million and Rs. 233 million respectively during corresponding period of previous year.

After accounting for Company's proportionate share in profits of Allied Bank Limited, an associated company, your Company earned profit before tax of Rs. 534 million during the quarter and Rs. 674 million during the period of nine months under review as compared to loss of Rs. 252 million and profit of Rs. 381 million respectively during corresponding periods of previous year. Profit after tax amounted to Rs. 385 million for the quarter and Rs. 573 million for the period of nine months under review as compared to loss of Rs. 123 million and profit of Rs. 436 million respectively for the corresponding period of previous year.

Future Outlook

Imposition of anti-dumping duty against import of PSF from China by National Tariff Commission of Pakistan, improvement in supply of natural gas and availability of electricity at comparatively low rates to the downstream industry have helped local PSF Industry to improve its volumes and margins. The quarter under review witnessed partial positive impact of these factors but it is expected that full impact will be realized by the local PSF industry during coming periods.

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

Earnings per share

Earnings per share for nine months ended March 31, 2016 come to Rs. 1.84 as compared to Rs. 1.40 for the corresponding period of previous year.

On behalf of the Board,

Lahore
April 23, 2016

MOHAMMAD NAEEM MUKHTAR
Chief Executive Officer

Ibrahim Fibres Limited

Condensed Interim Financial Report

for the period ended March 31, 2016

Condensed Interim Balance Sheet
as at March 31, 2016

	Note	Unaudited March 31, 2016 Rupees	Audited June 30, 2015 Rupees
NON – CURRENT ASSETS			
Property, plant and equipment	3	23,610,453,013	24,151,728,470
Intangible assets		43,499,079	47,087,302
Investment in associate	4	13,303,614,768	12,594,268,827
Long term loans		30,298,821	24,773,098
Long term deposits		3,951,807	4,225,431
		36,991,817,488	36,822,083,128
CURRENT ASSETS			
Stores, spare parts and loose tools		1,972,370,321	1,958,919,904
Stock in trade		5,019,995,861	6,461,921,798
Trade debts		221,300,123	178,139,309
Loans and advances		588,004,935	847,418,405
Prepayments		25,207,063	18,241,689
Other receivables		3,429,215,205	3,153,379,446
Cash and bank balances		243,608,103	163,844,103
		11,499,701,611	12,781,864,654
CURRENT LIABILITIES			
Trade and other payables		1,414,766,476	1,833,717,569
Markup / interest payable		197,259,466	111,298,837
Short term borrowings		7,567,569,383	7,385,896,510
Current portion of long term financing		466,666,668	450,000,000
Provision for taxation – income tax		276,143,267	–
		9,922,405,260	9,780,912,916
Working capital		1,577,296,351	3,000,951,738
Total capital employed		38,569,113,839	39,823,034,866
NON – CURRENT LIABILITIES			
Long term financing		8,333,333,332	9,925,000,000
Deferred liabilities:			
Deferred taxation		1,239,772,327	1,432,433,816
Staff retirement gratuity		1,204,114,309	1,119,655,237
		10,777,219,968	12,477,089,053
CONTINGENCIES AND COMMITMENTS	5	–	–
Net worth		27,791,893,871	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		23,614,806,371	23,168,858,313
		27,791,893,871	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 March 31, 2016

	Note	Quarter ended March 31, 2016 Rupees	2015 Rupees	Nine months ended March 31, 2016 Rupees	2015 Rupees
Sales – net		9,273,585,143	8,861,117,748	24,671,293,126	27,683,582,349
Cost of goods sold	6	(8,897,006,100)	(9,067,275,867)	(24,507,287,246)	(27,450,218,217)
Gross profit / (loss)		376,579,043	(206,158,119)	164,005,880	233,364,132
Selling and distribution expenses		(70,236,820)	(59,602,179)	(200,153,210)	(187,619,307)
Administrative expenses		(152,780,689)	(152,447,840)	(481,491,945)	(453,735,694)
Other operating expenses		3,536,898	–	–	–
Finance cost		(215,393,673)	(428,289,279)	(736,122,849)	(1,267,963,729)
		(434,874,284)	(640,339,298)	(1,417,768,004)	(1,909,318,730)
		(58,295,241)	(846,497,417)	(1,253,762,124)	(1,675,954,598)
Other income		34,683,476	8,350,656	55,125,960	61,449,765
		(23,611,765)	(838,146,761)	(1,198,636,164)	(1,614,504,833)
Share of profit of associate	4	557,816,000	586,232,000	1,872,810,000	1,995,852,000
Profit / (loss) before taxation		534,204,235	(251,914,761)	674,173,836	381,347,167
(Provision for) / reversal of taxation		(149,698,202)	128,763,296	(101,574,778)	54,821,895
Profit / (loss) for the period		384,506,033	(123,151,465)	572,599,058	436,169,062
Earnings per share – Basic and Diluted		1.24	(0.40)	1.84	1.40

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 March 31, 2016

	Quarter ended March 31, 2016 Rupees	2015 Rupees	Nine months ended March 31, 2016 Rupees	2015 Rupees
Profit / (loss) for the period	384,506,033	(123,151,465)	572,599,058	436,169,062
Other comprehensive income for the period				
Items that may be reclassified subsequently to profit or loss:				
Share of changes in equity of associate	(171,008,000)	5,177,000	(144,744,000)	19,819,000
Deferred tax relating to share of changes in equity of associate	21,376,000	(517,700)	18,093,000	(1,981,900)
	(149,632,000)	4,659,300	(126,651,000)	17,837,100
Total comprehensive income for the period	234,874,033	(118,492,165)	445,948,058	454,006,162

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 March 31, 2016

		Nine months ended March 31, 2016 Rupees	2015 Rupees
a)	**Cash flows from operating activities**		
	Profit before taxation	674,173,836	381,347,167
	Adjustments for:		
	Depreciation / amortisation of property, plant and equipment	1,752,909,046	1,837,836,614
	Amortisation of intangible assets	11,462,211	10,437,953
	Provision for staff retirement gratuity	156,851,861	170,374,995
	Balances written back – net	–	(28,026,799)
	Gain on disposal of property, plant and equipment	(22,904,824)	(1,854,093)
	Profit on deposits	(48,637)	(58,916)
	Share of profit of associate	(1,872,810,000)	(1,995,852,000)
	Finance cost	736,122,849	1,267,963,729
	Operating cash flows before working capital changes	1,435,756,342	1,642,168,650
	Changes in working capital		
	(Increase) / decrease in current assets		
	Stores, spare parts and loose tools	(13,450,417)	44,429,591
	Stock in trade	1,441,925,937	468,661,825
	Trade debts	(43,160,814)	(6,212,143)
	Loans and advances	113,275,861	(110,106,521)
	Prepayments	(6,965,374)	(4,273,260)
	Other receivables	57,537,907	(79,093,363)
	(Decrease) / increase in current liabilities		
	Trade and other payables	(403,680,102)	85,436,617
		1,145,482,998	398,842,746
	Cash generated from operations	2,581,239,340	2,041,011,396
	Long term loans paid – net	(11,615,689)	(10,077,361)
	Finance cost paid	(650,162,220)	(1,036,110,141)
	Income tax paid	(181,147,042)	(359,210,338)
	Staff retirement gratuity paid	(87,531,699)	(46,391,461)
	Net cash from operating activities	1,650,782,690	589,222,095
b)	**Cash flows from investing activities**		
	Additions in:		
	Property, plant and equipment	(1,245,644,401)	(1,139,176,068)
	Intangible assets	(7,873,988)	(4,403,089)
	Proceeds from disposal of property, plant and equipment	56,794,134	24,543,407
	Dividend received	1,018,720,059	1,018,720,059
	Long term deposits	273,624	(15,000)
	Profit on deposits	49,588	58,916
	Net cash used in investing activities	(177,680,984)	(100,271,775)
c)	**Cash flows from financing activities**		
	Long term financing obtained	–	9,765,570,652
	Repayment of long term financing	(1,575,000,000)	(12,895,745,974)
	Increase in short term borrowings – net	181,672,873	2,664,254,858
	Dividend paid	(10,579)	(87,619)
	Net cash used in financing activities	(1,393,337,706)	(466,008,083)
	Net increase in cash and cash equivalents (a+b+c)	79,764,000	22,942,237
	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	243,608,103	108,623,888

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 March 31, 2016

	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	–	–	–	–	–	436,169,062	436,169,062
Other comprehensive income for the period							
Items that may be reclassified subsequently to profit or loss:							
Share of changes in equity of associate	–	–	–	19,819,000	–	–	19,819,000
Deferred tax relating to share of changes in equity of associate	–	–	–	(1,981,900)	–	–	(1,981,900)
				17,837,100			17,837,100
	–	–	–	17,837,100	–	436,169,062	454,006,162
Balance as at March 31, 2015	3,105,069,950	1,000,000,000	72,017,550	359,586,994	4,089,673,099	18,351,369,910	26,977,717,503
Total comprehensive income for the period							
Profit for the period	–	–	–	–	–	366,619,024	366,619,024
Other comprehensive income for the period							
Items that may be reclassified subsequently to profit or loss:							
Share of changes in equity of associate	–	–	–	(8,426,000)	–	–	(8,426,000)
Deferred tax relating to share of changes in equity of associate	–	–	–	(8,935,278)	–	–	(8,935,278)
				(17,361,278)			(17,361,278)
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
	–	–	–	(17,361,278)	–	385,589,588	368,228,310
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							
Profit for the period	–	–	–	–	–	572,599,058	572,599,058
Other comprehensive income for the period							
Items that may be reclassified subsequently to profit or loss:							
Share of changes in equity of associate	–	–	–	(144,744,000)	–	–	(144,744,000)
Deferred tax relating to share of changes in equity of associate	–	–	–	18,093,000	–	–	18,093,000
				(126,651,000)			(126,651,000)
	–	–	–	(126,651,000)	–	572,599,058	445,948,058
Balance as at March 31, 2016	3,105,069,950	1,000,000,000	72,017,550	215,574,716	4,089,673,099	19,309,558,556	27,791,893,871

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 Pakistan Stock Exchange. 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. During the period, the Company has adopted IFRS 13 "Fair Value Measurement" which does not have any impact on this condensed interim financial report as the Company considers that the carrying values of all assets and liabilities approximate their fair values, therefore, application of IFRS 13 has not resulted in any additional disclosure.

	Unaudited March 31, 2016 Rupees	Audited June 30, 2015 Rupees
3. PROPERTY, PLANT AND EQUIPMENT		
Operating assets	21,847,554,594	23,513,765,232
Capital work in progress	1,762,898,419	637,963,238
	23,610,453,013	24,151,728,470

	Nine months ended March 31, 2016		Nine months ended March 31, 2015	
	Acquisitions Rupees	Disposals Rupees	Acquisitions Rupees	Disposals Rupees
3.1 Acquisitions and disposals of operating assets – at cost				
Freehold land	40,919,135	–	19,223,215	–
Building on freehold land	500,000	–	16,561,276	–
Plant and machinery	13,229,721	178,855,317	96,595,859	139,954,369
Furniture and fixture	11,449,981	470,161	24,427,689	870,287
Office equipment	19,673,187	6,464,666	18,005,163	2,786,148
Vehicles	34,815,693	41,605,007	28,198,920	30,945,180
	120,587,717	227,395,151	203,012,122	174,555,984

	Unaudited March 31, 2016 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	1,872,810,000	2,833,138,000
Share of other comprehensive income	(144,744,000)	11,393,000
Dividend received	(1,018,720,059)	(1,358,293,412)
	9,328,289,716	8,618,943,775
	13,303,614,768	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 March 31, 2016 is Rs.17,852 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 December 31, 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 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 increased to Rs. 464.083 million in respect of tax years 2007, 2008, 2009, 2010, 2012 and 2013. It has not been acknowledged due to pending appeals before the appellate authorities.

	Unaudited March 31, 2016 Rupees in million	Audited June 30, 2015 Rupees in million
5.2 Commitments		
5.2.1 Under contracts for capital expenditure:		
Building on freehold land	468.309	18.046
Plant and machinery	343.839	9.860
5.2.2 Under letters of credit for:		
Plant and machinery	5,817.796	4,946.774
Raw materials and spare parts	376.676	2,197.564

	Quarter ended March 31, 2016 Rupees	Quarter ended March 31, 2015 Rupees	Nine months ended March 31, 2016 Rupees	Nine months ended March 31, 2015 Rupees
6. COST OF GOODS SOLD				
Raw materials consumed	5,907,279,580	5,733,791,610	17,326,602,841	20,208,578,321
Packing materials	113,242,131	105,003,210	327,184,305	327,451,775
Salaries, wages and benefits	332,549,775	309,752,057	1,038,595,824	947,090,361
Staff retirement benefits	40,430,752	43,180,821	121,292,258	129,542,463
Stores and spare parts	161,882,553	139,544,597	612,707,167	474,210,624
Fuel and power	530,089,204	766,296,538	2,014,802,185	2,855,718,446
Insurance	13,927,506	14,542,245	42,370,104	44,248,067
Depreciation of property, plant and equipment	570,542,138	599,702,399	1,710,200,196	1,794,772,109
Other	31,750,024	84,020,629	140,889,490	225,388,138
	7,701,693,663	7,795,834,106	23,334,644,370	27,007,000,304
Work in process				
Opening stock	357,536,984	390,284,056	398,266,585	343,311,511
Closing stock	(407,598,961)	(333,702,597)	(407,598,961)	(333,702,597)
	(50,061,977)	56,581,459	(9,332,376)	9,608,914
Cost of goods manufactured	7,651,631,686	7,852,415,565	23,325,311,994	27,016,609,218
Finished goods				
Opening stock	3,383,977,976	3,960,018,645	3,320,578,814	3,178,767,342
Closing stock	(2,138,603,562)	(2,745,158,343)	(2,138,603,562)	(2,745,158,343)
	1,245,374,414	1,214,860,302	1,181,975,252	433,608,999
	8,897,006,100	9,067,275,867	24,507,287,246	27,450,218,217

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:

		Nine months ended March 31,	
		2016	2015
Relationship	**Nature of transaction**	**Rupees**	**Rupees**
Associated undertakings			
	Rent charged	10,146,600	9,440,000
	Dividend received	1,018,720,059	1,018,720,059
	Consultancy fee paid	16,440,000	10,000,000
	Rental income	2,623,950	2,591,717
Key management personnel			
	Remuneration	40,500,000	30,000,000
	Reimbursable expenses	2,314,468	1,782,784
	Long term financing obtained	–	1,641,838,837
	Short term borrowings obtained	3,545,627,111	–

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 April 23, 2016 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