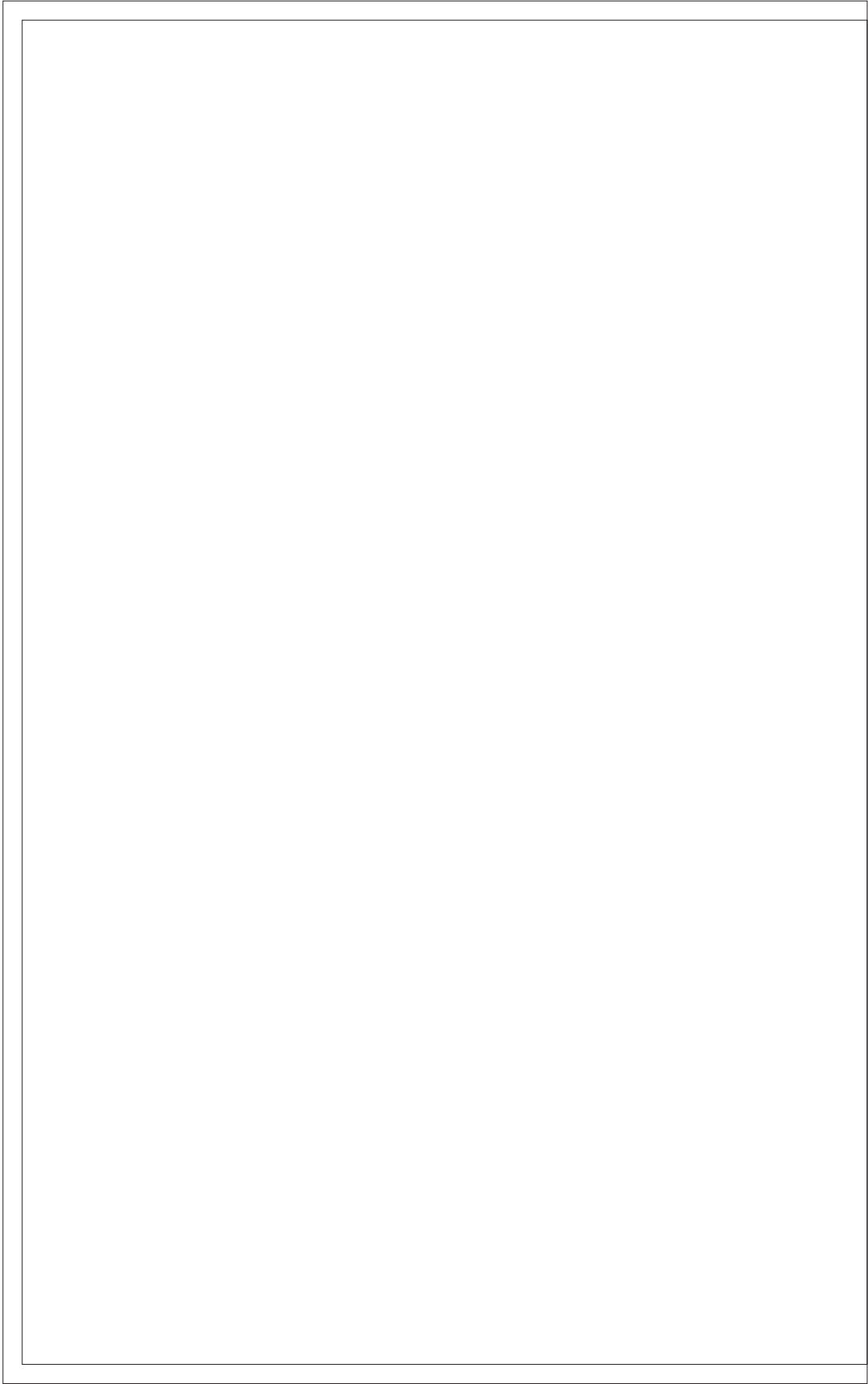


Half Yearly Report of  
**Ibrahim Fibres Limited**  
for the half year ended December 31, 2008

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## Company Information

### Board of Directors

Mohammad Naeem Mukhtar  
*Chairman*

Mohammad Waseem Mukhtar  
*Chief Executive Officer*

Sheikh Mukhtar Ahmed  
Iqbal Begum  
Ghazala Naeem  
Bina Sheikh  
Shahid Amin

### Secretary

Anwarul Haque  
F.C.A.

### Audit Committee

Sheikh Mukhtar Ahmed  
*Chairman*

Bina Sheikh  
*Member*

Ghazala Naeem  
*Member*

Anwarul Haque - (F.C.A.)  
*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  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
The Royal Bank of Scotland  
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.

### Shares Registration Office

Technology Trade (Pvt) Limited,  
241 - C, Dagia House,  
PECHS Block 2,  
Karachi.

### Projects Location

38 – 40 Kilometres,  
Faisalabad - Sheikhpura Road,  
Faisalabad, Pakistan.

## Directors' Review

The Directors of your Company are pleased to present before you the un-audited financial results of the Company for the half year ended December 31, 2008.

### Operating Performance

During the half year under review, the Polyester Plant of your Company produced 87,780 tons of Polyester Staple Fibre (PSF)/Polyester Chips as compared to production of 101,266 tons during the corresponding period of previous year, thus achieving an average capacity utilization of 84% during the period under review as against 97% achieved during the corresponding period of previous year. The reason for lower capacity utilization of PSF was the depressed PSF demand during second quarter of the period under review which was mainly due to power crisis in the country resulting in under utilization of capacities and closure of downstream textile industry.

The Textile plants of your Company were operated at optimum levels and produced 16,233 tons of yarns of different counts during the half year under review. However, during the corresponding period of previous year, the textile plants achieved the production of 13,183 tons as one of the units of the textile plants remained closed for modernization during first quarter of the previous year.

### Financial Performance

During the half year under review, your Company achieved net sales of Rs. 10,357 million and gross profit of Rs. 720 million as against Rs. 10,419 million and Rs. 1,021 million respectively achieved during the corresponding period of previous year. The international market was severely affected by economic recession during second quarter of the period under review. As a consequence, crude oil prices witnessed a steep decline and the average prices of PSF feedstock, PTA and MEG prevailing in the regional market, which were around US\$ 1,000/ton and US\$ 950/ton respectively during the first quarter came down to around US\$ 650/ton and US\$ 540/ton respectively during second quarter of the period under review. Similarly, the domestic PSF prices which were at a level of Rs. 121/kg at the end of first quarter came down to Rs. 90/kg at the end of second quarter. This decline in prices over a short span of time resulted in inventory losses during second quarter of the period under review thus adversely affecting gross margins.

After accounting for the Company's share in profits of its associated company, Allied Bank Limited, your Company during the half year under review, earned a profit after tax of Rs. 569 million as against Rs. 1,010 million earned during the corresponding period of previous year.

### Installation of Gas Power Generation Plant

The major equipment for the gas power generation plant imported from Turbomach, Switzerland, having a power generation capacity of 15 MW along with steam generation capacity of 25 tons per hour arrived at plant site during second quarter of the period under review and its installation and commissioning is in progress. The performance test of the plant will be carried out as soon as the installation and commissioning is completed.

### Long Term Investment

During the period under review, your Company obtained approval from its shareholders for acquisition of shares in its associated company, Allied Bank Limited and has acquired shares valuing Rs. 3,303 million.

### Future Outlook

The prices of raw materials consumed by your Company are starting to stabilize. Furthermore, at present, the power outages have come down to minimal level resulting in higher capacity utilization by downstream textile industry thereby increasing demand of PSF in the country.

This will result in higher sales volumes and increased gross margins in remaining part of the current financial year.

### Earnings per share

Earnings per share for the half year ended December 31, 2008 come to Rs. 1.83 as compared to Rs. 3.25 during the corresponding period of previous year.

On behalf of the Board

Faisalabad  
February 25, 2009

MOHAMMAD WASEEM 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, 2008 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarter ended December 31, 2008 and 2007 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2008.

## 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, 2008 and for the half year then ended is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Faisalabad  
February 25, 2009

Avais Hyder Liaquat Nauman,  
Chartered Accountants

## Condensed Interim Balance Sheet (Un-audited)

as at December 31, 2008

	Note	December 31, 2008 Rupees	June 30, 2008 Rupees
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	4	8,141,368,258	7,501,107,266
Intangible assets		11,617,400	14,558,117
Investment in associate	5	13,082,733,647	9,326,015,595
Long term deposits		3,673,823	3,485,600
		21,239,393,128	16,845,166,578
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		758,960,173	739,326,932
Stock in trade		3,566,438,291	4,173,311,287
Trade debts		87,451,669	129,138,714
Loans and advances		569,139,075	911,417,993
Prepayments		15,621,704	4,838,149
Other receivables		781,123,579	808,832,524
Cash and bank balances		141,887,843	244,559,829
		5,920,622,334	7,011,425,428
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,759,770,162	3,310,171,136
Markup / interest payable		369,564,744	151,581,167
Short term bank borrowings		3,670,565,612	2,302,165,939
Current portion of :			
Long term financing		1,240,250,000	1,240,250,000
Long term murabaha		300,000,000	300,000,000
Provision for taxation – income tax		31,145,171	267,323,789
		7,371,295,689	7,571,492,031
<b>Working capital</b>		<b>(1,450,673,355)</b>	<b>(560,066,603)</b>
<b>Total capital employed</b>		<b>19,788,719,773</b>	<b>16,285,099,975</b>
<b>NON - CURRENT LIABILITIES</b>			
Long term financing		6,873,000,000	3,343,125,000
Long term murabaha		300,000,000	450,000,000
Deferred liabilities			
Deferred taxation		1,526,129,091	1,535,453,137
Staff retirement gratuity		279,460,673	252,263,753
		8,978,589,764	5,580,841,890
<b>CONTINGENCIES AND COMMITMENTS</b>	6	–	–
<b>Net worth</b>		<b>10,810,130,009</b>	<b>10,704,258,085</b>
<b>Represented by :</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		3,105,069,950	3,105,069,950
Capital reserves		1,145,902,150	1,143,406,450
Revenue reserves		6,559,157,909	6,455,781,685
		10,810,130,009	10,704,258,085

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

Chief Executive Officer

Director

## Condensed Interim Profit and Loss Account (Un-audited)

for the half year ended December 31, 2008

	Note	Quarter ended December 31,		Half year ended December 31,	
		2008 Rupees	2007 Rupees	2008 Rupees	2007 Rupees
Sales – net		4,308,119,945	5,226,503,880	10,357,185,491	10,419,164,343
Cost of goods sold	7	4,129,944,622	4,664,710,712	9,637,246,391	9,398,020,129
Gross profit		178,175,323	561,793,168	719,939,100	1,021,144,214
Selling and distribution expenses		27,353,233	34,610,545	61,266,276	73,957,861
Administrative expenses		101,753,109	74,764,586	184,352,583	177,398,028
Other operating expenses		(15,216,850)	15,332,657	69,217	21,556,078
Finance cost		422,053,625	217,011,264	669,204,876	443,706,441
		535,943,117	341,719,052	914,892,952	716,618,408
		(357,767,794)	220,074,116	(194,953,852)	304,525,806
Other operating income		12,704,575	13,197,282	32,919,357	23,556,713
		(345,063,219)	233,271,398	(162,034,495)	328,082,519
Share of profit of associate – net		389,798,000	442,402,000	753,844,000	885,432,000
Profit before taxation		44,734,781	675,673,398	591,809,505	1,213,514,519
Provision for taxation		(77,720,674)	71,565,870	22,672,788	203,524,587
Profit for the period		122,455,455	604,107,528	569,136,717	1,009,989,932
Earnings per share – Basic and Diluted		0.39	1.95	1.83	3.25

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

Chief Executive Officer

Director



## Condensed Interim Cash Flow Statement (Un-audited)

for the half year ended December 31, 2008

	Half year ended December 31,	
	2008 Rupees	2007 Rupees
<b>a) Cash flows from operating activities</b>		
Profit before taxation	591,809,505	1,213,514,519
Adjustments for :		
Depreciation / amortisation of property, plant and equipment	356,480,129	364,268,777
Amortisation of intangible assets	3,073,717	2,874,671
Provision for staff retirement gratuity	35,418,513	33,300,936
Gain on disposal of property, plant and equipment	(534,681)	(43,860)
Profit on deposits	(765,120)	(406,502)
Balances written off – net	–	2,592,899
Share of profit of associate – net	(753,844,000)	(885,432,000)
Finance cost	669,204,876	443,706,441
Operating cash flows before working capital changes	900,842,939	1,174,375,881
Changes in working capital (Increase) / decrease in current assets		
Stores, spare parts and loose tools	(19,633,241)	(119,106,223)
Stock in trade	606,872,996	(858,057,300)
Trade debts	41,687,045	(107,388,862)
Loans and advances	154,195,189	(159,746,182)
Prepayments	(10,783,555)	(1,383,872)
Other receivables	27,708,945	55,454,789
Decrease in current liabilities		
Trade and other payables	(1,546,799,373)	(292,023,121)
	(746,751,994)	(1,482,250,771)
Cash generated from / (used in) operations	154,090,945	(307,874,890)
Finance cost paid	(451,221,299)	(462,414,778)
Income tax paid	(80,369,024)	(108,134,655)
Staff retirement gratuity paid	(8,221,593)	(19,187,263)
Net cash used in operating activities	(385,720,971)	(897,611,586)
<b>b) Cash flows from investing activities</b>		
Additions in :		
Property, plant and equipment	(1,007,810,038)	(377,887,929)
Intangible assets	(133,000)	(1,374,570)
Proceeds from disposal of property, plant and equipment	6,610,027	3,729,005
Investment in associate	(3,306,783,684)	–
Dividend received	306,682,632	255,568,860
Long term deposits	(188,223)	(11,500)
Profit on deposits	765,120	406,502
Net cash used in investing activities	(4,000,857,166)	(119,569,632)
<b>c) Cash flows from financing activities</b>		
Long term financing obtained	4,150,000,000	800,000,000
Repayment of :		
Long term financing	(620,125,000)	(663,875,000)
Long term murabaha	(150,000,000)	(150,000,000)
Increase in short term bank borrowings – net	1,368,399,673	994,992,160
Dividend paid	(464,368,522)	(6,488)
Net cash from financing activities	4,283,906,151	981,110,672
Net decrease in cash and cash equivalents (a+b+c)	(102,671,986)	(36,070,546)
Cash and cash equivalents at the beginning of the period	244,559,829	297,479,839
Cash and cash equivalents at the end of the period	141,887,843	261,409,293

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

Chief Executive Officer

Director

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

for the half year ended December 31, 2008

	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, 2007	3,105,069,950	1,000,000,000	72,017,550	65,597,900	1,886,873,099	2,986,204,341	9,115,762,840
Transfer to general reserve	-	-	-	-	34,800,000	(34,800,000)	-
Share of changes in equity of associate – net	-	-	-	2,628,000	-	-	2,628,000
Profit for the period	-	-	-	-	-	1,009,989,932	1,009,989,932
Balance as at December 31, 2007	3,105,069,950	1,000,000,000	72,017,550	68,225,900	1,921,673,099	3,961,394,273	10,128,380,772
Share of changes in equity of associate – net	-	-	-	3,163,000	-	-	3,163,000
Profit for the period	-	-	-	-	-	572,714,313	572,714,313
Balance as at June 30, 2008	3,105,069,950	1,000,000,000	72,017,550	71,388,900	1,921,673,099	4,534,108,586	10,704,258,085
Transfer to general reserve	-	-	-	-	60,000,000	(60,000,000)	-
Dividend	-	-	-	-	-	(465,760,493)	(465,760,493)
Share of changes in equity of associate – net	-	-	-	2,495,700	-	-	2,495,700
Profit for the period	-	-	-	-	-	569,136,717	569,136,717
Balance as at December 31, 2008	3,105,069,950	1,000,000,000	72,017,550	73,884,600	1,981,673,099	4,577,484,810	10,810,130,009

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

Chief Executive Officer

Director

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

for the half year ended December 31, 2008

- Ibrahim Fibres Limited (the Company) is incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984, 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.

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.

These condensed interim financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

- 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.

These condensed interim financial statements are unaudited but subject to limited scope review by auditors and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984. These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan and shall be read in conjunction with the published annual audited financial statements.

- 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, 2008.

	Note	December 31, 2008 Rupees	June 30, 2008 Rupees
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	4.1	6,954,356,684	7,288,730,491
Capital work in progress		1,187,011,574	212,376,775
		<b>8,141,368,258</b>	<b>7,501,107,266</b>

	Half year ended December 31, 2008		Half year ended December 31, 2007	
	Acquisitions Rupees	Disposals Rupees	Acquisitions Rupees	Disposals Rupees
<b>4.1 Acquisitions and disposals of operating assets - at cost</b>				
Building on freehold land	-	-	1,338,887	-
Plant and machinery	14,028,706	2,095,953	488,284,117	7,628,442
Furniture and fixture	996,340	-	2,285,650	-
Office equipment	5,066,263	188,036	9,590,611	110,000
Vehicles	8,090,358	11,783,231	28,351,418	7,128,403
	<b>28,181,667</b>	<b>14,067,220</b>	<b>529,850,683</b>	<b>14,866,845</b>

	December 31, 2008 Rupees	June 30, 2008 Rupees
<b>5. INVESTMENT IN ASSOCIATE</b>		
Allied Bank Limited (ABL) - Quoted 261,526,088 (June 30, 2008 : 204,455,088) ordinary shares of Rs.10/- each	<b>9,517,015,499</b>	6,210,231,815
Ownership interest 40.46% (June 30, 2008: 31.63%)		
Share of post acquisition changes in equity	<b>3,872,400,780</b>	3,626,921,500
Less: Dividend received during the period / year	<b>(306,682,632)</b>	(511,137,720)
	<b>13,082,733,647</b>	<b>9,326,015,595</b>

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

for the half year ended December 31, 2008

- 5.1 The fair value of investment in associate is Rs. 8,191 million (June 30, 2008 - Rs. 17,434 million).
- 5.2 The financial year end of ABL is December 31. The latest available financial results of associate as of September 30, 2008 have been used for the purpose of application of equity method.

### 6. CONTINGENCIES AND COMMITMENTS

#### Contingencies

There is no significant change in contingent liabilities since the date of last published audited financial statements for the year ended June 30, 2008.

	December 31, 2008 Rupees in million	June 30, 2008 Rupees in million
<b>Commitments</b>		
Under contracts for capital expenditure	59.902	147.728
Under letters of credit for :		
Capital expenditure	4.697	706.967
Raw materials and spare parts	229.342	255.940

	Quarter ended December 31,		Half year ended December 31,	
	2008 Rupees	2007 Rupees	2008 Rupees	2007 Rupees

### 7. COST OF GOODS SOLD

Raw materials consumed	3,345,055,870	4,426,040,968	8,600,222,114	8,157,423,279
Packing materials	57,788,551	52,722,091	129,650,097	98,852,112
Salaries, wages and benefits	144,620,391	111,535,793	272,295,316	215,766,849
Staff retirement benefits	12,674,250	11,590,050	25,348,503	23,180,100
Stores and spare parts	70,431,507	65,687,676	179,479,660	143,928,812
Fuel and power	495,450,905	325,031,591	1,000,907,248	606,909,967
Insurance	5,558,804	5,384,298	10,997,369	10,780,171
Depreciation of property, plant and equipment	171,440,716	180,654,772	342,686,256	352,375,695
Other	12,709,447	15,131,545	27,939,750	28,728,299
	4,315,730,441	5,193,778,784	10,589,526,313	9,637,945,284
Work in process				
Opening stock	265,611,248	215,516,345	284,880,362	222,725,744
Closing stock	(208,711,691)	(248,344,836)	(208,711,691)	(248,344,836)
	56,899,557	(32,828,491)	76,168,671	(25,619,092)
Cost of goods manufactured	4,372,629,998	5,160,950,293	10,665,694,984	9,612,326,192
Finished goods				
Opening stock	1,878,418,080	1,019,917,264	1,092,654,863	1,301,850,782
Closing stock	(2,121,103,456)	(1,516,156,845)	(2,121,103,456)	(1,516,156,845)
	(242,685,376)	(496,239,581)	(1,028,448,593)	(214,306,063)
	4,129,944,622	4,664,710,712	9,637,246,391	9,398,020,129

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

for the half year ended December 31, 2008

### 8. 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,	
		2008	2007
		Rupees	Rupees
Relationship	Nature of transaction		
Associated undertakings	Rent	1,020,000	1,020,000
	Sale of goods	-	284,022,318
	Dividend received	306,682,632	255,568,860
	Staff retirement gratuity	-	302,000
	Expenses incurred	-	3,170
	Expenses reimbursed	-	328,559
	Disposal of vehicle	-	26,580
Key management personnel	Rent	60,000	60,000
	Remuneration	9,000,000	9,000,000
	Reimbursable expenses	852,205	768,639
	Purchase of shares	3,303,269,480	-

9. The provision of taxation made in these condensed interim financial statements is subject to adjustment in annual financial statements.

### 10. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 25, 2009 by the Board of Directors of the Company.

### 11. 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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