



Shaping a Sustainable Future

Annual Report **2018**





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COMPANY INFORMATION

BOARD OF DIRECTORS

Sheikh Mukhtar Ahmed Chairman
 Mohammad Naeem Mukhtar Chief Executive Officer
 Muhammad Waseem Mukhtar
 Mohammad Naeem Asghar
 Abdul Hameed Bhutta
 Mohammad Waqar
 Ikram ul Haq Mian

CHIEF FINANCIAL OFFICER

Mohammad Naeem Asghar

COMPANY SECRETARY

Muhammad Labeeb Subhani

AUDITORS

Deloitte Yousuf Adil
 Chartered Accountants.

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mohammad Waqar Chairman
 Abdul Hameed Bhutta Member / Secretary
 Ikram ul Haq Mian Member

AUDIT COMMITTEE

Ikram ul Haq Mian Chairman
 Abdul Hameed Bhutta Member
 Mohammad Waqar Member
 Muhammad Iqbal Chaudhry Secretary

REGISTRAR'S & SHARES REGISTRATION OFFICE

Central Depository Company of Pakistan Limited
 CDC House, 99 - B, Block - B, S.M.C.H.S.,
 Main Shahra-e-Faisal, Karachi - 74400,
 Pakistan.

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.

PROJECTS LOCATION

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

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED JUNE 30,

	2018	2017	2016	2015	2014	2013
	(Rupees in million)					
OPERATING PERFORMANCE						
Sales - net	53,887	39,911	34,710	37,274	47,972	38,839
Gross profit	4,496	2,425	980	838	1,329	2,725
Operating profit	3,445	1,444	130	128	533	1,958
Profit before taxation	2,923	7,824	1,922	1,360	1,100	4,375
Profit after taxation	2,107	8,480	1,535	803	874	5,534

AS AT JUNE 30,

	2018	2017	2016	2015	2014	2013
	(Rupees in million)					
FINANCIAL POSITION						
Property, plant and equipment - net (excluding capital work in progress)	27,929	21,704	22,236	23,514	24,606	27,175
Intangible assets	27	36	42	47	54	60
Capital work in progress	1,260	6,821	2,502	638	385	58
Fixed assets	29,216	28,561	24,780	24,199	25,045	27,293
Total assets	47,008	52,281	51,058	49,604	47,977	49,235
CURRENT ASSETS						
Stores, spare parts and stocks in trade	12,134	10,087	7,327	8,421	8,200	9,970
Other current assets	5,555	13,486	5,049	4,197	3,523	2,569
Cash and cash equivalents	46	98	103	164	86	205
	17,735	23,671	12,479	12,782	11,809	12,744
CURRENT LIABILITIES						
Short term borrowings	2,097	4,924	2,691	7,386	2,683	5,509
Current portion of long term financing	933	2,058	1,683	450	3,250	2,313
Other current liabilities	2,342	1,915	2,226	1,945	1,758	1,677
	5,372	8,897	6,600	9,781	7,691	9,499
Net working capital	12,363	14,774	5,879	3,001	4,118	3,245
Long term financing	-	4,421	5,617	9,925	11,897	12,250
Share capital and reserves	38,957	37,246	36,238	27,346	26,524	26,038

FOR THE YEAR ENDED JUNE 30,

		2018	2017	2016	2015	2014	2013
PROFITABILITY ANALYSIS							
Gross profit to sales	(%)	8.3	6.1	2.8	2.2	2.8	7.0
Profit before tax to sales	(%)	5.4	19.6	5.5	3.6	2.3	11.3
Profit after tax to sales	(%)	3.9	21.2	4.4	2.2	1.8	14.2
Return on capital employed	(%)	8.3	3.3	0.3	0.3	1.3	4.9
Return on equity	(%)	5.4	22.8	4.2	2.9	3.3	21.3
Earnings per share	(Rupees)	6.8	27.3	4.9	2.6	2.8	17.8

DIVIDENDS

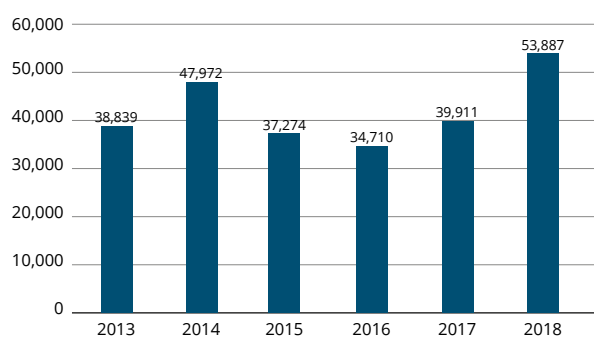
Interim cash dividend	(%)	-	-	-	-	-	15
Final cash dividend - Proposed	(%)	15	10	-	-	-	20

AS AT JUNE 30,

		2018	2017	2016	2015	2014	2013
FINANCIAL ANALYSIS							
Current ratio	(times)	3.3	2.7	1.9	1.3	1.5	1.3
Debt to equity	(times)	0.0	0.2	0.2	0.4	0.6	0.6
Leverage ratio	(times)	0.2	0.4	0.4	0.8	0.8	0.9
Debt service coverage	(times)	2.4	4.4	3.0	1.2	1.0	2.5
Breakup value per share	(Rupees)	125.5	120.0	116.7	88.1	85.4	83.9
Inventory turnover ratio	(times)	6.0	6.0	5.8	5.8	6.4	5.6
Debtors turnover ratio	(times)	170.4	183.8	180.7	125.2	137.4	156.0
Fixed assets turnover ratio	(times)	1.9	1.5	1.4	1.5	1.8	1.6

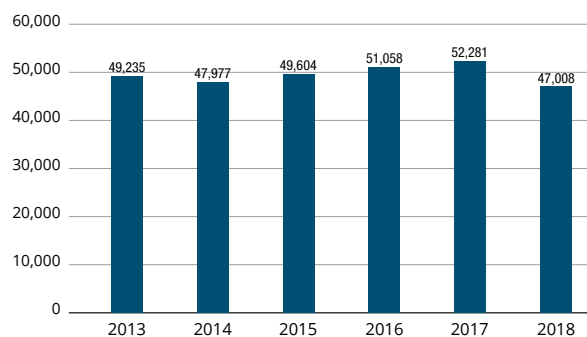
Sales - Net

(Rupees in million)



Total Assets

(Rupees in million)



VISION AND MISSION STATEMENT

OUR VISION

To be a sustainable, growth oriented Company and achieve scale to remain competitive in the global economy.



OUR MISSION

To build the Company on sound financial footings with better productivity, excellence in quality and improved efficiency at lower operating costs by utilising state of the art technologies.

To accomplish excellent results through increased earnings which can benefit all the stakeholders.

To be a responsible employer and to take care of the employees in their career planning and reward them according to their abilities and performance.

To fulfill general obligations towards the society, being a good corporate citizen.



CHAIRMAN'S REVIEW

I am pleased to present the review on the performance of your Company and its Board for the year ended June 30, 2018 along with effectiveness of the role played by the Board in achieving the Company's objectives.

INDUSTRY OVERVIEW

The financial year under review witnessed robust demand across local textile industry mainly due to corrective macro - economic measures taken by Government of Pakistan including adjustments in PKR value, deployment of new tariff and non - tariff initiatives for imports and adoption of expansionary economic policies. All these factors along - with lowest interest rates and consistent energy supplies contributed positively in increasing economic activity across the textile industry. Competitive pricing of PSF by local PSF manufacturers also helped in increasing their market share. Moreover, steady increase in crude oil prices throughout the year under review resulted in inventory gains and accordingly better results across petrochemical chain.

MARKETING ACTIVITIES

The polyester plant of your Company achieved sales volume of 314,193 tons of PSF during the year under review as against sales of 266,021 tons of PSF / Polyester chips during the previous year.

The textile plants of your Company achieved sales of 26,900 tons of different counts of blended yarns during the year, as against sales of 27,743 tons of yarns during previous year.

PRODUCTION OPERATIONS

The polyester plant of your Company achieved production of 326,269 tons of PSF as against 290,697 tons of PSF / Polyester chips during the previous year. Out of the above production, 20,068 tons of PSF were consumed by the textile plants of your Company during the year for production of blended yarns as against 19,124 tons consumed during previous year.

At the textile plants of your Company, 134,895 spindles remained operational during the year

and manufactured 27,777 tons of different counts of blended yarns as against 131,145 spindles manufacturing 28,239 tons of yarns during previous year.

FINANCIAL PERFORMANCE

Your Company achieved net sales of Rs. 53,887 million during the year under review as compared to Rs. 39,911 million during the previous year. The gross profit earned during the year was Rs. 4,496 million as against Rs. 2,425 million earned during previous year.

Your Company earned profit before tax amounting to Rs. 2,923 million during the year as compared to Rs. 7,824 million during the previous year. Profit after tax for the year comes to Rs. 2,107 million as compared to Rs. 8,480 million during previous year.

EXPANSION OF YARN MANUFACTURING CAPACITY

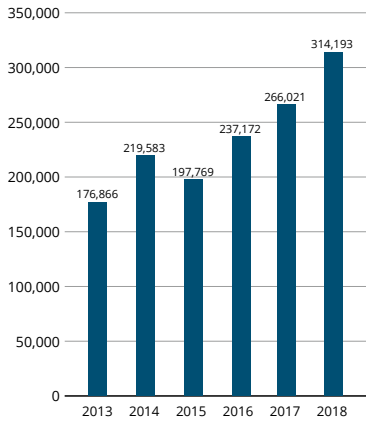
After analysing current market situation as well as potential and projections of textile industry in Pakistan, management of your Company decided to enhance its yarn manufacturing capacity. Accordingly, a project has been initiated for the installation of yarn spinning plant having 100,320 spindles. This plant, named as Textile Plant IV, will comprise of state of the art machinery with annual production capacity of 32,500 tons of yarn.

Plant and machinery for this project will be provided by World's leading suppliers i.e. Truetzschler and Saurer Schlafhorst, Germany and Luwa Air Engineering, Switzerland. Terms and conditions for the supply of machinery have already been agreed with these suppliers and letters of credit have been established in this regard. Shipments of the machinery will start arriving during first quarter of next calendar year.

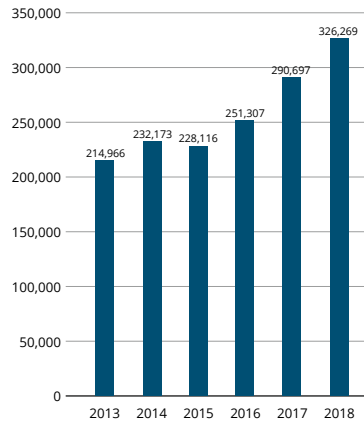
Civil work for this project has already been initiated and is being executed as per project timelines.



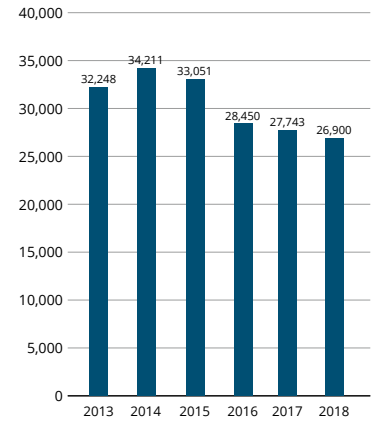
PSF / Polyester Chips Sales (Quantity in M. Ton)



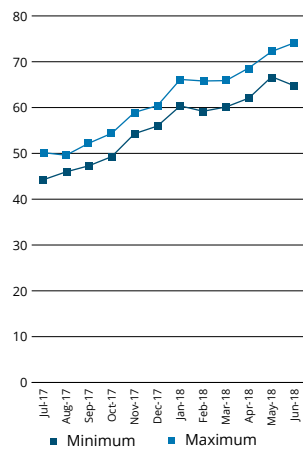
PSF / Polyester Chips Production (Quantity in M. Ton)



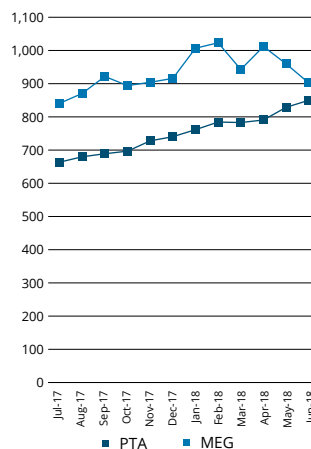
Yarn Sales (Quantity in M. Ton)



Crude Oil (WTI) Prices (US Dollar / Barrel)



PTA & MEG Prices (US Dollar / M. Ton)



CHAIRMAN'S REVIEW



INSTALLATION OF COAL FIRED POWER PLANT

The installation of Coal Fired Power Plant of your Company has been completed and after successful test runs, became operative for commercial production during March 2018. This is a state of the art plant supplied by Christof Projects GmbH, Austria and comprises of CFB boiler having steam production capacity of 80 tons / hour and power generation capacity of 20.4 MW.

Implementation of this project resulted in addition of alternate source of energy to reduce reliance on expensive fuels and is expected to contribute significantly in business competitiveness by reducing the energy cost of the business.

BALANCING, MODERNISATION AND REPLACEMENT

In continuation of the BMR implementation plan for textile plants, your Company completed balancing, modernisation and replacement activities in the following plants.

TEXTILE PLANT - II

During the year under review, your Company completed the project for replacement of cone winding machines

of Textile Plant II - Unit I along with deployment of Plant Operations Centre. Plant and machinery was supplied by World's renowned textile machinery supplier, Saurer Schlafhorst, Germany.

Successful implementation of this project resulted in improvement in quality, reduction in manpower and efficiency in power consumption of this plant of your Company.

TEXTILE PLANT - III

Your Company successfully completed another project to replace complete spinning and winding of Textile Plant III - Unit II with the latest state of the art machinery consisting of link winding solution supplied by Saurer Schlafhorst, Germany.

Implementation of this project resulted in further improvement in quality, efficiency and productivity of this manufacturing plant of your Company.

PROFESSIONALISM AND HUMAN RESOURCES

Development of human resources to global standards has always been a key strategic objective of your Company. In line with this guiding principle, management of your Company is making untiring efforts to groom its HR with latest trends, technologies and



techniques as are emerging on the global landscape. Accordingly, your Company arranged wide range of in - house learning activities for its employees throughout the year under review. In addition to these activities, several employees were given opportunity to participate in external learning programs arranged by leading institutions on diverse subjects including renewable energy, data analysis techniques, technical textiles, plant maintenance & operations, stress management, leadership skills, corporate laws, taxation and financial modelling.

FUTURE OUTLOOK

Positive sentiments across local textile industry are gradually gaining momentum and are expected to remain intact in the foreseeable future. Moreover, Chinese ban on use of recycled PET has also increased the demand for virgin fibre in regional Asian markets. Both these factors are expected to contribute positively in demand of locally manufactured PSF.

So far as crude oil is concerned, it has sustained upward trajectory throughout the financial year under review despite various challenges on global front including US pressure on OPEC to cool down the market. However, due to these challenges as well as outlook of global economy, prices of crude oil, PTA and MEG may remain volatile in near future and accordingly these may affect results across local PSF manufacturing industry.

In this scenario, management of your Company is striving hard to achieve better production and sales volume leading to better results for the next financial year.

ACKNOWLEDGEMENT

I am thankful to the members of the Board of Directors of the Company, shareholders, bankers, financial institutions, our valued customers and suppliers for their support and assistance. I also thank the executives and other employees of the Company for their dedication and hard work and look forward to getting the same cooperation in future.

Sheikh Mukhtar Ahmed
Chairman

Lahore
September 17, 2018

NOTICE OF MEETING

Notice is hereby given that the 32nd Annual General Meeting of the shareholders of the Company will be held on October 25, 2018 at 11:00 A.M. at Pearl - Continental Hotel, Lahore to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the preceding meeting of the shareholders of the Company.
2. To consider and approve the annual audited financial statements of the Company for the year ended June 30, 2018 together with directors' and auditor's reports thereon.
3. To consider and approve the payment of Final Cash Dividend @ Rs. 1.5 per share (15%) as recommended by the Board of Directors.
4. To appoint Auditors for the year 2018 - 2019 and fix their remuneration. The present auditors M/s Deloitte Yousuf Adil, Chartered Accountants have retired and offered themselves for re - appointment as External Auditors of the Company for the year 2018 - 2019.
5. To transact any other business with the permission of the chair.

By order of the Board

Muhammad Labeeb Subhani

Company Secretary

Lahore
September 17, 2018

NOTES

- i. The share transfer books of the Company shall remain closed from October 18, 2018 to October 25, 2018 (both days inclusive) to determine the names of members entitled to receive the Final Cash Dividend and to attend the Meeting. Transfers received in order at M/s Central Depository Company of Pakistan Limited, CDC House, 99 - B, Block - B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, the Registrar's and Shares Registration Office of the Company, at the close of business on October 17, 2018 will be treated in time.
- ii. A member entitled to attend and vote at the Meeting may appoint another member as his / her proxy to attend and vote for him / her. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.
- iii. Members are requested to notify immediately changes, if any, in their registered address.
- iv. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

FOR ATTENDING THE MEETING

- i. In case of individuals, the account holder or sub - account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his / her identity by showing his / her original Computerised National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

FOR APPOINTING PROXIES

- i. In case of individuals, the account holder or sub - account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his / her original CNIC or original passport at the time of the Meeting.
- v. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

CIRCULATION OF ANNUAL AUDITED ACCOUNTS VIA CD / USB / DVD

Pursuant to the directions given by the Securities & Exchange Commission of Pakistan through SRO 470 (1) / 2016 dated May 31, 2016 that has allowed the companies to circulate its Annual Audited Accounts to its members through CD / USB / DVD at their registered addresses.

Shareholders who wish to receive the hardcopy of Financial Statements shall have to fill the standard request form which is available on the Company's website (www.igcpc.com) and send us to the Company address.

NOTICE OF MEETING

REQUEST TO SHAREHOLDERS

Pursuant to Section 242 of the Companies Act, 2017, all listed companies must pay cash dividend through electronic mode directly into the bank account designated by the entitled shareholders instead of issuing physical dividend warrants.

In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s Central Depository Company of Pakistan Limited, CDC House, 99 - B, Block - B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, in case of physical shares.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker / participant / CDC account services.

NEW TAX IMPLEMENTATION ON DIVIDENDS

Pursuant to the provisions of the Finance Act, 2017, effective from July 01, 2017, the rates of tax deduction on dividend payments under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:

1. For filers of income tax return 15%
2. For non - filers of income tax return 20%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, shareholders are advised to make sure that their names are entered in the Active Taxpayers List (ATL) provided on the website of FBR before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

TAXATION FOR JOINT SHAREHOLDERS

The FBR has clarified that where the shares are held in joint accounts / names, each account / joint holder will be treated individually as either a filer or non - filer and tax will be deducted according to his / her shareholding. The shareholders, who are having joint shareholding status, are requested to kindly intimate their shareholding proportions to the Shares Registrar of the Company, M/s Central Depository Company of Pakistan Limited, latest by October 17, 2018 in the following format:

Folio / CDC A/c No.	Name of Shareholders (Principal / Joint Holders)	No. of Shares or Percentage (Proportion)	CNIC No.	Signature
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If the shareholding proportion is not advised or determined, each joint shareholder will be assumed to hold equal proportion of shares and deduction of withholding tax will be made accordingly.

REQUIREMENT OF VALID TAX EXEMPTION CERTIFICATE FOR CLAIMING EXEMPTION FROM WITHHOLDING TAX

As per FBR Circulars C. No. 1 (29) WHT / 2006 dated June 30, 2010 and C. No. 1 (43) DG (WHT) / 2008 - Vol. II - 66417 - R dated May 12, 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under Clause 47B of Part - IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar before book closure, otherwise tax will be deducted on dividend as per applicable rates.

EXEMPTION FROM DEDUCTION OF ZAKAT

Members desiring non - deduction of zakat are requested to submit a valid declaration for non - deduction of zakat.

UNCLAIMED DIVIDENDS AND BONUS SHARES

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares are advised to contact our Share Registrar, M/s Central Depository Company of Pakistan Limited, to collect / inquire about their unclaimed dividend or pending shares, if any.

Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years, from the date due and payable shall be deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan.

ATTENDANCE OF MEETING BY VIDEO - LINK

If Members holding ten (10) percent of the total paid up capital, reside in a city, such Members, may demand the Company to provide them the facility of video - link for attending the Meeting. The Company will arrange video conference facility in the city subject to availability of such facility in that city.

If you wish to take benefit of this facility, please fill the form appearing below and submit it to the Company at its registered address at least seven (7) days prior to the date of the Meeting:

I / We, _____ of _____,
being a member of Ibrahim Fibres Limited, holder of
_____ ordinary share(s) as per Registered Folio
/ CDC Account No. _____ hereby opt for video
link facility at _____.

Signature of Member

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of Annual General Meeting along with complete information necessary to enable them to access the facility.

DIRECTORS' REPORT

The Directors of your Company are pleased to present before you the audited Financial Statements for the year ended June 30, 2018 along with Auditor's report thereon.

FINANCIAL RESULTS

The financial results for the year under review with corresponding figures of previous year are presented for having a quick look on the performance of the Company.

	2018 Rupees	2017 Rupees
Gross profit	4,495,940,047	2,425,225,686
Selling and distribution expenses	(334,174,091)	(279,787,806)
Administrative expenses	(717,047,912)	(701,464,610)
Other operating expenses	(176,627,782)	(83,166,723)
Finance cost	(386,786,162)	(693,390,377)
	(1,614,635,947)	(1,757,809,516)
	2,881,304,100	667,416,170
Other income	41,440,917	5,875,838,361
	2,922,745,017	6,543,254,531
Share of profit of associate	-	1,281,164,000
Profit before taxation	2,922,745,017	7,824,418,531
(Provision for) / reversal of taxation	(816,055,169)	655,211,021
Profit for the year	2,106,689,848	8,479,629,552
Remeasurement of staff retirement gratuity - net of tax	(85,581,326)	(2,626,516)
Share of changes in equity of associate reclassified on disposal of investment	-	158,348,068
Un - appropriated profit brought forward	28,979,192,010	20,343,840,906
Profit available for appropriation	31,000,300,532	28,979,192,010
Final cash dividend @ 10% (2017: Nil)	(310,506,995)	-
Un - appropriated profit carried forward	30,689,793,537	28,979,192,010
Earnings per share - Basic and Diluted	6.78	27.31

PROPOSED APPROPRIATION OF PROFIT - FINAL CASH DIVIDEND

The Board has recommended payment of Final Cash Dividend for the year ended June 30, 2018 @ Rs. 1.5 per share (15%) to all the shareholders of the Company.

	2018 Rupees	2017 Rupees
Final Cash Dividend		
Rs.1.5 per share @ 15% (2017: 10%)	465,760,493	310,506,995

CHAIRMAN'S REVIEW

The Directors of your Company fully endorse the Chairman's review on the performance of the Company for the year ended June 30, 2018.

AUDITORS

The external auditors M/s Deloitte Yousuf Adil, Chartered Accountants, retire and offer themselves for their re - appointment. The Audit Committee recommends the re - appointment of M/s Deloitte Yousuf Adil, Chartered Accountants, as external auditors for the financial year ending June 30, 2019.

PATTERN OF SHAREHOLDING

Pattern of shareholding as on June 30, 2018 is annexed.

NUMBER OF BOARD MEETINGS HELD

Six meetings of the Board of Directors were held during the year ended June 30, 2018 and the attendance of the Directors is as follows:

		ATTENDANCE
Sheikh Mukhtar Ahmed	Chairman	06
Mohammad Naeem Mukhtar	Chief Executive Officer	06
Muhammad Waseem Mukhtar	Director	06
Abdul Hameed Bhutta	Director	06
Mohammad Waqar	Director	04
Mohammad Naeem Asghar	Director	06
Ikram ul Haq Mian	Director	06

AUDIT COMMITTEE

The Audit Committee of the Company is in place and comprises of the following members as required under the Code of Corporate Governance.

Ikram ul Haq Mian (Independent Director)	Chairman
Abdul Hameed Bhutta (Non - Executive Director)	Member
Mohammad Waqar (Independent Director)	Member

Six Meetings of Audit Committee were held during the year ended June 30, 2018 as required by the Code of Corporate Governance for review of quarterly and annual financial statements and other related matters. The meetings were also attended by the CFO, Head of Internal Audit and External Auditors as and when required.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors of the Company are pleased to confirm that the Company has made compliance of the provisions of the Code of Corporate Governance, set out in clause No. 5.19 of the Rule Book of Pakistan Stock Exchange, issued by the Securities and Exchange Commission of Pakistan and there is no material departure from the best practices as detailed in the listing regulations. Our statements on corporate and financial reporting are as follows:

1. The financial statements, prepared by the management of the Company present a fair state of affairs of the Company, results of its operations, cash flows and changes in equity;
2. Proper books of accounts of the Company have been maintained as required under the Companies Act, 2017;
3. Appropriate accounting policies have been applied consistently in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgement;
4. International Accounting / Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and there is no departure therefrom;
5. The system of internal control is sound and has been effectively implemented and monitored;
6. There is no significant doubt on the Company's ability to continue as a going concern;
7. Financial highlights for the last 6 years are annexed.

DIRECTORS' REPORT

CORPORATE SOCIAL RESPONSIBILITY

Your Company understands its corporate responsibility towards society and fulfills its obligation by providing financial support to under privileged members of the society and its deserving employees as well as doing philanthropy work. The Company is also contributing considerable amounts to the National Exchequer, applying solutions for energy conservation and environment protection, providing the highest quality products and after - sales technical services to its valued customers.

Your Company regularly donates substantial amounts to renowned hospitals, trusts and to various institutions constituted for dealing with natural calamities as part of its philanthropic activities.

Your Company is providing healthy, safe and learning work environment to its employees and sends them on training courses, seminars, workshops and conferences both within country and abroad. It lends regular support to the special persons by offering them jobs in various departments of the organisation. It also offers apprenticeship to fresh graduates, post graduates and engineers, on a regular basis, to elevate their professional and technical skills.



Your Company has also installed an environmentally friendly gas based power plant with a view to reduce power cost. Moreover, it produces steam as a by - product which is adequate to meet the entire steam requirements of Polyester plant of the Company thereby resulting in energy conservation.

During the year, your Company has contributed a huge amount to the National Exchequer by way of payment of various duties, levies and taxes.

ACKNOWLEDGEMENT

The Directors of your Company would like to place on record their deep appreciation for the support of the customers, banks, financial institutions, regulators and shareholders for achieving good results and hope that this cooperation and support will also continue in future.

The Directors of your Company would also like to express their appreciation for the services, loyalty and efforts being continuously rendered by the executives, staff members and workers of the Company and hope that they will continue to do so in future.

On behalf of the Board

Chief Executive Officer

Director

Lahore
September 17, 2018



STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance)
Regulations, 2017

For the year ended June 30, 2018

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:

a. Male	7
b. Female	Nil
2. The composition of board is as follows:

Independent Director
Ikram ul Haq Mian
Mohammad Waqar

Other Non - executive Directors
Sheikh Mukhtar Ahmed
Mohammad Naeem Asghar
Abdul Hameed Bhutta

Executive Directors
Mohammad Naeem Mukhtar
Muhammad Waseem Mukhtar
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has arranged Directors' Training Program for the following:

Sheikh Mukhtar Ahmed
Muhammad Waseem Mukhtar
Abdul Hameed Bhutta
Ikram ul Haq Mian
Mohammad Waqar
10. Mohammad Naeem Mukhtar is exempted from the requirement of Directors' Training Program.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

Audit Committee

Ikram ul Haq Mian	Chairman
Mohammad Waqar	Member
Abdul Hameed Bhutta	Member

HR and Remuneration Committee

Mohammad Waqar	Chairman
Abdul Hameed Bhutta	Member
Ikram ul Haq Mian	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
- | | |
|----------------------------------|--|
| a. Audit Committee | 4 Quarterly and
2 Others in
Last Quarter |
| b. HR and Remuneration Committee | 1 Annual |
15. The Board has set up an effective internal audit function.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board

of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

Sheikh Mukhtar Ahmed
Chairman

Lahore
September 17, 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ibrahim Fibres Limited

Review report on the statement of compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Ibrahim Fibres Limited** (the Company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulation is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner:

Nadeem Yousuf Adil

Karachi

Date: September 17, 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Ibrahim Fibres Limited

Report on the audit of financial statements

OPINION

We have audited the annexed financial statements of **Ibrahim Fibres Limited** (the Company), which comprise of statement of financial position as at June 30, 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the Code) as adopted by the Institute of Chartered Accountants of Pakistan and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

Following is the key matter:

Key audit matter	How the matter was addressed in our audit
<p>Revenue Recognition</p> <p>The Company's sales comprise of revenue from the sale of polyester staple fibre and yarn which has been disclosed in note 21 to the financial statements.</p> <p>Revenue from the sale is recognized, when significant risks and rewards of ownership are transferred to the customer i.e. on dispatch of goods and transfer of risk and rewards of ownership (note 2.20).</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on transfer of risk and rewards to the customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.</p>	<p>Our audit procedures to address the Key Audit Matter included the following:</p> <ul style="list-style-type: none"> - Obtaining an understanding of and assessing the design and implementation and operating effectiveness of controls around recognition of revenue; - Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; - Checked on a sample basis whether the recorded sales transactions are based on dispatch of goods and after issue of gate passes; and - Testing timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management of the Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's management.
- Conclude on the appropriateness of the Company's management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Nadeem Yousuf Adil.

Deloitte Yousuf Adil

Chartered Accountants

Place: Karachi

Date: September 17, 2018

IBRAHIM FIBRES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
NON - CURRENT ASSETS			
Property, plant and equipment	3	29,189,002,690	28,524,801,911
Intangible assets	4	27,199,191	36,122,327
Long term loans	5	50,901,188	44,624,853
Long term deposits		5,992,256	3,993,754
		29,273,095,325	28,609,542,845
CURRENT ASSETS			
Stores, spare parts and loose tools	6	2,974,626,745	2,694,830,589
Stock in trade	7	9,158,928,763	7,392,524,194
Trade debts	8	404,140,725	228,319,408
Loans and advances	9	1,944,760,275	1,385,970,300
Prepayments		61,640,401	62,629,352
Other receivables	10	3,144,796,321	11,808,684,612
Cash and bank balances	11	46,497,145	98,214,371
		17,735,390,375	23,671,172,826
CURRENT LIABILITIES			
Trade and other payables	12	2,289,588,519	1,475,950,432
Mark up / interest payable		29,453,671	66,491,499
Short term bank borrowings	13	2,097,273,911	4,923,955,322
Current portion of long term financing	14	933,333,331	2,058,333,332
Unclaimed dividend		22,249,290	21,091,973
Provision for taxation - income tax		-	351,343,245
		5,371,898,722	8,897,165,803
Working capital		12,363,491,653	14,774,007,023
Total capital employed		41,636,586,978	43,383,549,868
NON - CURRENT LIABILITIES			
Long term financing	14	-	4,420,833,332
Deferred liabilities:			
Deferred taxation	15	1,191,145,454	469,806,856
Staff retirement gratuity	16	1,488,887,388	1,246,957,071
		2,680,032,842	6,137,597,259
CONTINGENCIES AND COMMITMENTS	17	-	-
Net worth		38,956,554,136	37,245,952,609
Represented by:			
SHARE CAPITAL AND RESERVES			
Share capital	18	3,105,069,950	3,105,069,950
Capital reserves	19	1,072,017,550	1,072,017,550
Revenue reserves	20	34,779,466,636	33,068,865,109
		38,956,554,136	37,245,952,609

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

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Sales - net	21	53,886,574,437	39,910,714,612
Cost of goods sold	22	(49,390,634,390)	(37,485,488,926)
Gross profit		4,495,940,047	2,425,225,686
Selling and distribution expenses	23	(334,174,091)	(279,787,806)
Administrative expenses	24	(717,047,912)	(701,464,610)
Other operating expenses	25	(176,627,782)	(83,166,723)
Finance cost	26	(386,786,162)	(693,390,377)
		(1,614,635,947)	(1,757,809,516)
Other income	27	2,881,304,100	667,416,170
		41,440,917	5,875,838,361
Share of profit of associate		2,922,745,017	6,543,254,531
		-	1,281,164,000
Profit before taxation		2,922,745,017	7,824,418,531
(Provision for) / reversal of taxation	28	(816,055,169)	655,211,021
Profit for the year		2,106,689,848	8,479,629,552
Earnings per share - Basic and Diluted	29	6.78	27.31

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Profit for the year		2,106,689,848	8,479,629,552
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Share of changes in equity of associate		-	(60,095,000)
Deferred tax		-	7,511,875
		-	(52,583,125)
Share of changes in equity of associate reclassified to profit or loss on disposal of related investment		-	(10,212,036)
Deferred tax		-	1,276,505
		-	(8,935,531)
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of staff retirement gratuity	16.2	(120,818,792)	(4,096,421)
Deferred tax		35,237,466	1,469,905
		(85,581,326)	(2,626,516)
		(85,581,326)	(64,145,172)
Total comprehensive income for the year		2,021,108,522	8,415,484,380

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
a) Cash flows from operating activities		
Profit before taxation	2,922,745,017	7,824,418,531
Adjustments for:		
Depreciation / amortisation of property, plant and equipment	2,432,076,155	2,305,114,542
Amortisation of intangible assets	15,358,823	15,108,284
Provision for staff retirement gratuity	205,230,724	179,237,495
Balances written (back) / off - net	(2,283,278)	37,287,046
Loss / (gain) on disposal of:		
Property, plant and equipment	22,673,988	6,117,070
Investment in associate	-	(5,787,764,990)
Profit on deposits	(458,611)	(61,443)
Share of profit of associate	-	(1,281,164,000)
Finance cost	386,786,162	693,390,377
Operating cash flows before working capital changes	5,982,128,980	3,991,682,912
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(279,796,156)	(564,759,431)
Stock in trade	(1,766,404,569)	(2,195,446,160)
Trade debts	(175,836,173)	(22,283,554)
Loans and advances	290,620,139	(199,514,374)
Prepayments	988,951	(42,513,242)
Other receivables	1,779,205,554	(1,021,615,113)
Increase / (decrease) in current liabilities		
Trade and other payables	808,529,634	(375,023,405)
	657,307,380	(4,421,155,279)
Cash generated from / (used in) operations	6,639,436,360	(429,472,367)
Long term loans paid - net	(36,460,206)	(30,705,520)
Finance cost paid	(445,113,963)	(725,921,666)
Income tax paid	(1,211,706,079)	(631,694,754)
Staff retirement gratuity paid	(82,067,921)	(75,725,172)
Net cash from / (used in) operating activities	4,864,088,191	(1,893,519,479)
b) Cash flows from investing activities		
Additions in:		
Property, plant and equipment	(3,121,147,524)	(6,000,838,054)
Intangible assets	(6,435,687)	(9,455,676)
Proceeds from disposal of:		
Property, plant and equipment	29,468,205	18,295,830
Investment in associate	6,865,714,645	3,372,100,000
Dividend received	-	727,657,185
Long term deposits	(1,998,502)	15,000
Profit on deposits	457,868	63,835
Net cash from / (used in) investing activities	3,766,059,005	(1,892,161,880)
c) Cash flows from financing activities		
Loans from directors obtained	-	2,532,590,794
Repayment of loans from directors	-	(163,934,490)
Long term financing obtained	-	2,550,000,000
Repayment of long term financing	(5,545,833,333)	(3,370,833,336)
(Decrease) / increase in short term bank borrowings - net	(2,826,681,411)	2,232,981,794
Dividend paid	(309,349,678)	(38,338)
Net cash (used in) / from financing activities	(8,681,864,422)	3,780,766,424
Net decrease in cash and cash equivalents (a+b+c)	(51,717,226)	(4,914,935)
Cash and cash equivalents at the beginning of the year	98,214,371	103,129,306
Cash and cash equivalents at the end of the year	46,497,145	98,214,371

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

Chief Executive Officer

Director

Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

	Share Capital	Loans from Directors	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, 2016	3,105,069,950	7,426,985,233	1,000,000,000	72,017,550	200,073,216	4,089,673,099	20,343,840,906	36,237,659,954
Transactions with owners								
Loans from directors	-	2,532,590,794	-	-	-	-	-	2,532,590,794
Directors' loans repaid / adjusted	-	(9,959,576,027)	-	-	-	-	-	(9,959,576,027)
		(7,426,985,233)						(7,426,985,233)
Total comprehensive income for the year								
Profit	-	-	-	-	-	-	8,479,629,552	8,479,629,552
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss								
Share of changes in equity of associate	-	-	-	-	(60,095,000)	-	-	(60,095,000)
Deferred tax	-	-	-	-	7,511,875	-	-	7,511,875
					(52,583,125)			(52,583,125)
Share of changes in equity of associate reclassified on disposal of investment to								
Profit or loss	-	-	-	-	(10,212,036)	-	-	(10,212,036)
Deferred tax	-	-	-	-	1,276,505	-	-	1,276,505
					(8,935,531)			(8,935,531)
Unappropriated profit	-	-	-	-	(158,348,068)	-	158,348,068	-
Deferred tax	-	-	-	-	19,793,508	-	-	19,793,508
					(138,554,560)		158,348,068	19,793,508
Items that will not be reclassified subsequently to profit or loss								
Remeasurement of staff retirement gratuity	-	-	-	-	-	-	(4,096,421)	(4,096,421)
Deferred tax	-	-	-	-	-	-	1,469,905	1,469,905
							(2,626,516)	(2,626,516)
	-	-	-	-	(200,073,216)	-	8,635,351,104	8,435,277,888
Balance as at June 30, 2017	3,105,069,950	-	1,000,000,000	72,017,550	-	4,089,673,099	28,979,192,010	37,245,952,609
Transactions with owners								
Dividend for the year ended June 30, 2017: Rs. 1 per share	-	-	-	-	-	-	(310,506,995)	(310,506,995)
Total comprehensive income for the year								
Profit	-	-	-	-	-	-	2,106,689,848	2,106,689,848
Other comprehensive income								
Items that will not be reclassified subsequently to profit or loss								
Remeasurement of staff retirement gratuity	-	-	-	-	-	-	(120,818,792)	(120,818,792)
Deferred tax	-	-	-	-	-	-	35,237,466	35,237,466
							(85,581,326)	(85,581,326)
	-	-	-	-	-	-	2,021,108,522	2,021,108,522
Balance as at June 30, 2018	3,105,069,950	-	1,000,000,000	72,017,550	-	4,089,673,099	30,689,793,537	38,956,554,136

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

Chief Executive Officer

Director

Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

1. STATUS AND ACTIVITIES

- 1.1 Ibrahim Fibres Limited (the Company) was incorporated in Pakistan as a public limited company 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 - Sheikhpura Road, in the Province of Punjab.
- 1.2 Pursuant to scheme of arrangement approved by the Honourable Lahore High Court, Lahore, assets, liabilities and reserves of Ibrahim Textile Mills Limited, A. A. Textiles Limited, Zainab Textile Mills Limited and Ibrahim Energy Limited were merged with the assets, liabilities and reserves of the Company with effect from October 01, 2000.
- 1.3 The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRS Standards, the provisions of and directives issued under the Act have been followed.

The Act has brought certain changes with regard to preparation and presentation of these financial statements. These changes include change in nomenclature of these financial statements. The Act has also changed the disclosure requirements including, but not limited to, particulars of immovable assets of the Company, management's assessment of sufficiency of tax provision, change in the threshold for identification of executives and additional disclosure requirements for related parties. Accordingly corresponding figures have been updated, where required.

2.2 Application of new and revised IFRS Standards

2.2.1 Standards, amendments to standards and interpretations becoming effective in current year

There were certain new standards, amendments to the approved accounting standards and interpretations which became effective during the year ended June 30, 2018 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 these financial statements.

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

There are certain new standards, amendments to the approved accounting standards and interpretations that will be mandatory for the Company's annual accounting periods beginning on or after July 01, 2018. However, these amendments and interpretations will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements. Further during the current year the Securities and Exchange Commission of Pakistan (the SECP) has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Customers' and IFRS 16 'Leases'. IFRS 9 and IFRS 15 are applicable for the Company's financial reporting period beginning on July 01, 2018 while IFRS 16 is applicable for the reporting period beginning on July 01, 2019. At present, the impacts of application of these IFRS Standards on the Company's future financial statements are being assessed.

2.3 Basis of preparation

These financial statements have been prepared under the "historical cost convention" except staff retirement gratuity carried at present value.

2.4 Property, plant and equipment

Property, plant and equipment, except freehold land and capital work in progress are stated at cost less accumulated depreciation / amortisation and impairment in value, if any. Freehold land and capital work in progress are stated at cost less impairment in value, if any.

Depreciation is charged to income applying the reducing balance method and amortisation is charged on straight line basis over the unexpired period of leasehold rights of land at the rates specified in the property, plant and equipment note.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Depreciation on additions during the year is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed off. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised.

Gains and losses on disposal of property, plant and equipment are included in current income.

All costs / expenditure connected with specific assets are collected under capital work in progress. These are transferred to specific assets as and when assets are available for intended use.

2.5 Intangible assets

Intangible assets except those under implementation are stated at cost less accumulated amortisation and impairment in value, if any. Intangible assets under implementation are carried at cost less impairment in value, if any.

Intangible assets are amortised over a period of five years using straight line method. Amortisation on additions during the year is charged from the month in which an asset is acquired or capitalised.

All costs / expenditure connected with implementation of intangible assets are collected in intangible assets under implementation. These are transferred to specific assets as and when assets are available for intended use.

2.6 Impairment

Financial assets

At each reporting date, the Company reviews the carrying amounts of the financial assets to assess whether there is any indication that such financial assets have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as expense in the statement of profit or loss. In respect of 'available for sale' financial assets, cumulative impairment loss less any impairment loss on that financial asset previously recognised in statement of profit or loss, is removed from equity and recognised in the statement of profit or loss. Impairment losses recognised in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss.

Non - financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation / amortisation and are tested annually for impairment. Assets that are subject to depreciation / amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash - generating units). Non - financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised. Reversal of impairment loss is recognised as income.

2.7 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit or loss in the period in which these are incurred.

2.8 Stores, spare parts and loose tools

These are valued at moving average cost less allowances for obsolete or slow moving items, if any. Items in transit are valued at cost comprising invoice value and other charges incurred thereon.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

2.9 Stock in trade

Stock in trade except wastes is valued at lower of cost and net realisable value. Cost is determined as follows:

Raw materials	
In hand	Weighted average cost
In transit	Cost comprising invoice value and other charges incurred thereon
Work in process and Finished goods	Cost is determined on weighted average method and it comprises of cost of direct materials, labour and appropriate manufacturing overheads.

Wastes are valued at net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sales.

2.10 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad are written off when identified. Other receivables are recognised at nominal amount which is fair value of the consideration to be received in future.

2.11 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, balances with banks and highly liquid short term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

2.12 Staff retirement gratuity

The Company operates a defined benefit plan - unfunded gratuity scheme covering all permanent employees. Provision is made annually on the basis of actuarial recommendation to cover the period of service completed by employees using Projected Unit Credit Method. All remeasurement adjustments are recognised in other comprehensive income as they occur.

The amount recognised in the statement of financial position represents the present value of defined benefit obligation as adjusted for remeasurement adjustments.

2.13 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

2.14 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the amount of obligation. However, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.15 Provision for taxation

Current

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits and tax rebates available under the law.

Deferred

Deferred tax is provided using the liability method for all temporary differences at reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release - 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is charged or credited to the statement of profit or loss, except in case of items recognised in other comprehensive income in which case it is included in the statement of comprehensive income.

2.16 Dividend and other appropriations

Dividend is recognised as a liability in the period in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are made.

2.17 Foreign currency translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the reporting date, except those covered under forward exchange contracts which are translated at the contracted rates. Transactions in foreign currencies are translated into Pak Rupee at exchange rates prevailing on the date of transaction.

Exchange differences are included in current statement of profit or loss. All non - monetary items are translated into Pak Rupee at exchange rates prevailing on the date of transaction.

2.18 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de - recognised when the Company loses control of the contractual rights that comprise the financial assets and, in case of financial liabilities, when the obligation specified in the contract is discharged, cancelled or expired.

Recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

2.19 Off - setting of financial asset and financial liability

A financial asset and a financial liability is off - set and net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set - off the recognised amount and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

- Sales are recorded on dispatch of goods and transfer of significant risks and rewards of ownership.
- Profit on deposits is recognised on time proportionate basis, taking into account the effective yield.

2.21 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting for the effects of all dilutive potential ordinary shares.

2.22 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and slow moving inventory, staff retirement gratuity and taxation. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
3. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	3.1	27,928,593,278	21,704,265,704
Capital work in progress	3.5	1,260,409,412	6,820,536,207
		29,189,002,690	28,524,801,911

3.1 Operating assets

	Land		Building on		Plant and machinery	Furniture and fixture	Office equipment	Vehicles	Total
	Freehold	Leasehold	Freehold land	Leasehold land					
	Rupees								
At July 01, 2016									
Cost	367,032,594	408,500	4,457,143,755	63,897,537	35,236,008,148	214,914,852	243,149,716	266,240,174	40,848,795,276
Accumulated depreciation / amortisation	-	(117,444)	(2,188,284,127)	(48,230,131)	(16,057,090,480)	(92,544,062)	(102,253,352)	(123,993,366)	(18,612,512,962)
Written down value	367,032,594	291,056	2,268,859,628	15,667,406	19,178,917,668	122,370,790	140,896,364	142,246,808	22,236,282,314
Reconciliation of written down value at June 30, 2017									
Written down value as at July 01, 2016	367,032,594	291,056	2,268,859,628	15,667,406	19,178,917,668	122,370,790	140,896,364	142,246,808	22,236,282,314
Additions	62,436,887	22,770,582	156,352,908	-	1,432,133,457	20,620,290	42,521,347	60,675,361	1,797,510,832
Less: Disposals									
Cost	-	-	-	-	98,838,792	298,248	2,880,727	36,649,696	138,667,463
Accumulated depreciation	-	-	-	-	(84,750,561)	(196,647)	(1,115,199)	(28,192,156)	(114,254,563)
Less: Depreciation / amortisation	-	51,524	235,921,519	1,566,741	14,088,231	101,601	1,765,528	8,457,540	24,412,900
Written down value as at June 30, 2017	429,469,481	23,010,114	2,189,291,017	14,100,665	18,596,673,161	129,663,525	165,097,373	156,960,368	21,704,265,704
At July 01, 2017									
Cost	429,469,481	23,179,082	4,613,496,663	63,897,537	36,569,302,813	235,236,894	282,790,336	290,265,839	42,507,638,645
Accumulated depreciation / amortisation	-	(168,968)	(2,424,205,646)	(49,796,872)	(17,972,629,652)	(105,573,369)	(117,692,963)	(133,305,471)	(20,803,372,941)
Written down value	429,469,481	23,010,114	2,189,291,017	14,100,665	18,596,673,161	129,663,525	165,097,373	156,960,368	21,704,265,704
Reconciliation of written down value at June 30, 2018									
Written down value as at July 01, 2017	429,469,481	23,010,114	2,189,291,017	14,100,665	18,596,673,161	129,663,525	165,097,373	156,960,368	21,704,265,704
Additions	74,902,669	-	657,607,750	-	7,896,123,699	22,646,020	28,594,211	28,671,573	8,708,545,922
Less: Disposals									
Cost	-	-	-	-	294,523,766	1,214,565	7,236,186	30,577,755	333,552,272
Accumulated depreciation	-	-	-	-	(259,892,421)	(782,665)	(2,567,051)	(18,167,942)	(281,410,079)
Less: Depreciation / amortisation	-	288,717	239,226,977	1,410,066	34,631,345	431,900	4,669,135	12,409,813	52,142,193
Written down value as at June 30, 2018	504,372,150	22,721,397	2,607,671,790	12,690,599	24,332,339,103	137,895,322	171,203,835	139,699,082	27,928,593,278
At June 30, 2018									
Cost	504,372,150	23,179,082	5,271,104,413	63,897,537	44,170,902,746	256,668,349	304,148,361	288,359,657	50,882,632,295
Accumulated depreciation / amortisation	-	(457,685)	(2,663,432,623)	(51,206,938)	(19,838,563,643)	(118,773,027)	(132,944,526)	(148,660,575)	(22,954,039,017)
Written down value	504,372,150	22,721,397	2,607,671,790	12,690,599	24,332,339,103	137,895,322	171,203,835	139,699,082	27,928,593,278
Rate (%)	-	01 - 1.25	10	10	10	10	10	20	

	Note	2018 Rupees	2017 Rupees
3.2 Depreciation / amortisation for the year has been allocated as under:			
Cost of goods sold	22	2,373,090,875	2,241,364,502
Administrative expenses	24	58,959,496	63,750,040
Unallocated capital expenditures		25,784	-
		2,432,076,155	2,305,114,542

3.3 Particulars of land in the name of the Company are as follows:

Description	Location	Land Area (Kanals)
Freehold land	Shahkot	6,392
	Faisalabad	20
	Lahore	33
Leasehold land	Karachi	8
	Multan	1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

3.4 Detail of disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Particulars
	Rupees					
Plant & machinery						
(Insurance Claim)	3,736,154	1,445,729	2,290,425	5,000,000	2,709,575	EFU General Insurance Limited, Ahmed Plaza, Bilal Road, Civil Lines, Faisalabad.
(Sold by negotiation)	103,373,764	95,754,440	7,619,324	4,000,000	(3,619,324)	Ideal Trading Co., Office # P - 56, Main Kashmir Road, Amin Town, Faisalabad.
	85,478,301	74,064,395	11,413,906	1,500,000	(9,913,906)	Mehtabi Spinning Mills, Samana Pull, Chak - 7, Off. Sargodha Road, Faisalabad.
	30,574,517	26,064,349	4,510,168	960,000	(3,550,168)	Habib Haseeb Spinning Mills (Pvt.) Ltd., 1st Floor, Saigol Plaza, Street # 01, Montgomery Bazar, Faisalabad.
	9,964,253	7,738,573	2,225,680	360,000	(1,865,680)	Wisal Kamal Fabrics (Pvt.) Ltd., 87 - P, Gulberg - II, Lahore.
	30,709,532	26,284,124	4,425,408	900,000	(3,525,408)	Combine Spinning (Pvt.) Ltd., Plot # 325 / 326, Sundar Industrial Estate, Raiwind, Lahore.
	15,171,480	14,117,046	1,054,434	400,200	(654,234)	Muhammad Amir Khan, Samundri Road, Faisalabad.
	15,515,765	14,423,765	1,092,000	4,467,143	3,375,143	Assets having net book value of less than Rs. 500,000/- each.
	294,523,766	259,892,421	34,631,345	17,587,343	(17,044,002)	
Office Equipment						
(Sold by negotiation)	270,940	129,341	141,599	25,000	(116,599)	Assets having net book value of less than Rs. 500,000/- each.
(Sold under company policy)	3,108,377	640,955	2,467,422	611,488	(1,855,934)	Assets having net book value of less than Rs. 500,000/- each.
(Scrapped and written off)	3,856,869	1,796,755	2,060,114	-	(2,060,114)	
	7,236,186	2,567,051	4,669,135	636,488	(4,032,647)	
Furniture & fixtures						
(Scrapped and written off)	1,214,565	782,665	431,900	-	(431,900)	
	1,214,565	782,665	431,900	-	(431,900)	
Vehicles						
(Insurance Claim)	112,085	16,252	95,833	95,000	(833)	Assets having net book value of less than Rs. 500,000/- each.
(Sold by negotiation)	2,158,327	2,072,168	86,159	270,000	183,841	Assets having net book value of less than Rs. 500,000/- each.
	1,743,790	1,146,790	597,000	554,480	(42,520)	Muhammad Tahir Abbasi (Ex-Employee)
	1,918,103	421,982	1,496,121	267,158	(1,228,963)	Fazal Akbar (Ex-Employee)
	2,568,220	1,032,310	1,535,910	1,535,910	-	Mrs. Shahla Jawaid House # P - 2, People colony # 1, Block B, Faisalabad.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Particulars
	Rupees					
(Sold under company policy)	1,743,190	1,237,829	505,361	505,361	-	Manzoor Zaheer (Employee)
	1,675,859	1,145,018	530,841	530,841	-	Abdul Waheed (Employee)
	2,097,290	1,489,274	608,016	608,016	-	Sajid Hussain (Employee)
	2,079,330	1,442,831	636,499	636,499	-	Mohammad Naeem Asghar (Employee)
	1,902,010	880,504	1,021,506	1,021,506	-	Nadeem Fayyaz (Ex-Employee)
	1,855,440	823,980	1,031,460	1,031,460	-	Tahir Manzoor (Ex-Employee)
	2,073,210	659,741	1,413,469	1,413,469	-	Muhammad Irfan Naik (Ex-Employee)
	8,650,901	5,799,263	2,851,638	2,774,674	(76,964)	Assets having net book value of less than Rs. 500,000/- each.
	30,577,755	18,167,942	12,409,813	11,244,374	(1,165,439)	
2018	333,552,272	281,410,079	52,142,193	29,468,205	(22,673,988)	
2017	138,667,463	114,254,563	24,412,900	18,295,830	(6,117,070)	

	Note	2018 Rupees	2017 Rupees
3.5 Capital work in progress			
Building on freehold land		629,883,377	538,341,988
Building on leasehold land		6,215,472	-
Plant and machinery		211,222,696	5,771,220,269
Advances against property, plant and equipment			
Land		137,253,950	67,450,250
Building on freehold land		217,472,823	9,750,846
Building on leasehold land		7,994,142	-
Plant and machinery		32,107,493	302,475,967
Furniture and fixture		2,001,231	9,333,255
Vehicles		14,030,250	7,479,500
		410,859,889	396,489,818
Unallocated capital expenditures		2,227,978	114,484,132
		1,260,409,412	6,820,536,207
4. INTANGIBLE ASSETS			
Computer softwares	4.1	27,199,191	20,834,577
Advance against computer software under implementation		-	15,287,750
		27,199,191	36,122,327
4.1 Computer softwares			
Cost		137,836,542	116,113,105
Accumulated amortisation		(110,637,351)	(95,278,528)
Written down value		27,199,191	20,834,577
Reconciliation of written down value			
Opening balance		20,834,577	35,249,935
Additions		21,723,437	692,926
Amortisation	24	(15,358,823)	(15,108,284)
Closing balance		27,199,191	20,834,577

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
5. LONG TERM LOANS			
Loans to employees - considered good	5.1	150,488,488	114,028,282
Less: Current portion	9	99,587,300	69,403,429
		50,901,188	44,624,853

5.1 These loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material. These are interest free loans provided as per Company's policy.

	2018 Rupees	2017 Rupees
6. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores		
In hand	513,954,871	351,986,469
In transit	227,300,381	258,083,931
	741,255,252	610,070,400
Spare parts		
In hand	2,099,383,813	1,905,719,302
In transit	119,246,650	174,227,228
	2,218,630,463	2,079,946,530
Loose tools	14,741,030	4,813,659
	2,974,626,745	2,694,830,589

6.1 Stores and spares include items that may result in fixed capital expenditure but are not distinguishable.

	2018 Rupees	2017 Rupees
7. STOCK IN TRADE		
Raw materials		
In hand	3,997,907,999	3,203,522,117
In transit	1,165,823,134	354,595,603
	5,163,731,133	3,558,117,720
Work in process	631,490,953	444,369,387
Finished goods	3,339,914,892	3,369,724,006
Wastes	23,791,785	20,313,081
	9,158,928,763	7,392,524,194
8. TRADE DEBTS		
Considered good - Unsecured	404,140,725	228,319,408

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
9. LOANS AND ADVANCES			
Loans to employees - considered good			
Short term loans	9.1	17,234,798	22,139,268
Current portion of long term loans	5	99,587,300	69,403,429
		116,822,098	91,542,697
Advances			
Suppliers and contractors		42,400,538	65,389,374
Income tax		1,691,486,927	872,153,058
Sales tax		83,880,167	322,813,653
Letters of credit fee, margin and expenses		10,170,545	34,071,518
		1,827,938,177	1,294,427,603
		1,944,760,275	1,385,970,300

9.1 Individual balances of all employees are less than one million rupees.

	Note	2018 Rupees	2017 Rupees
10. OTHER RECEIVABLES			
Custom duty refundable		39,212,259	49,312,848
Income tax refundable		1,431,591,077	1,450,041,217
Sales tax / federal excise duty refundable / adjustable		1,360,577,419	3,286,935,554
Claims		298,361,307	141,527,852
Receivable against disposal of shares	10.1	-	6,865,714,645
Other		15,054,259	15,152,496
		3,144,796,321	11,808,684,612

10.1 It represents receivable from Ibrahim Holdings (Private) Limited, an associated company, against disposal of ABL shares. The maximum aggregate amount receivable at the end of any month during the year was Rs. 6,865,714,645/- (2017: Rs. 10,237,814,645/-).

	Note	2018 Rupees	2017 Rupees
11. CASH AND BANK BALANCES			
Cash in hand		32,600,534	71,698,767
Cash at banks			
In current accounts		13,774,560	26,312,419
In deposit accounts	11.1	122,051	203,185
		13,896,611	26,515,604
		46,497,145	98,214,371

11.1 The rates of profit on deposit accounts range between 3.75% to 4.50% per annum (2017: 3.75% per annum).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
12. TRADE AND OTHER PAYABLES			
Creditors		348,114,423	311,785,780
Accrued liabilities		426,755,126	387,392,059
Advances from customers		85,376,172	120,460,368
Capital expenditure payable		67,962,860	61,981,230
Bills payable		1,182,579,660	525,639,886
Workers' profit participation fund	12.1	153,953,794	39,762,607
Other		24,846,484	28,928,502
		2,289,588,519	1,475,950,432
12.1 Workers' profit participation fund			
Opening balance		39,762,607	-
Interest on funds utilised in the Company's business		2,377,057	-
		42,139,664	-
Paid to the fund		(42,139,664)	-
		-	-
Allocation for the year		153,953,794	39,762,607
		153,953,794	39,762,607
13. SHORT TERM BANK BORROWINGS			
Secured			
Running finances		2,097,273,911	4,923,955,322
13.1			
These facilities are secured against first pari passu hypothecation charge over current assets of the Company and carry markup ranging from 5.98% to 6.96% per annum (2017: 5.96% to 6.50% per annum). The aggregate unavailed short term bank borrowing facilities available to the Company are Rs. 6,782 million (2017: Rs. 3,976 million).			
	Note	2018 Rupees	2017 Rupees
14. LONG TERM FINANCING			
Secured			
From banking companies			
Islamic term finances	14.1	933,333,331	1,866,666,664
Diminishing musharakah I	14.2	-	375,000,000
Diminishing musharakah II	14.3	-	1,125,000,000
Diminishing musharakah III	14.4	-	250,000,000
Diminishing musharakah IV	14.5	-	312,500,000
Diminishing musharakah V	14.6	-	1,150,000,000
Diminishing musharakah VI	14.7	-	255,000,000
Term Finance I	14.8	-	510,000,000
Term Finance II	14.9	-	380,000,000
Term Finance III	14.10	-	255,000,000
		933,333,331	6,479,166,664
Less: Current portion		933,333,331	2,058,333,332
		-	4,420,833,332

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

14.1 Islamic term finances

These are repayable in 6 equal half yearly installments commenced from December 26, 2016 and ending on June 26, 2019. These are secured by way of first exclusive charge over plant and machinery of Textile plant - II, Textile plant - III and new Power Generation Unit having capacity of 26.5 MW of the Company. These carry markup at six months KIBOR minus 25 basis points (2017: KIBOR minus 25 basis points) payable half yearly in arrears.

Effective markup rate charged during the year ranges from 5.89% to 6.78% per annum (2017: 5.89% to 6.35% per annum).

14.2 Diminishing musharakah I

The Company has prepaid the entire loan during the year.

Effective markup rate charged during the year is 6.39% per annum (2017: 6.35% to 6.40% per annum).

14.3 Diminishing musharakah II

The Company has prepaid the entire loan during the year.

Effective markup rate charged during the year ranges from 6.39% to 6.46% per annum (2017: 6.35% to 6.40% per annum).

14.4 Diminishing musharakah III

The Company has prepaid the entire loan during the year.

Effective markup rate charged during the year is 6.39% per annum (2017: 6.35% to 6.40% per annum).

14.5 Diminishing musharakah IV

The Company has prepaid the entire loan during the year.

Effective markup rate charged during the year ranges from 6.40% to 6.46% per annum (2017: 6.31% to 6.40% per annum).

14.6 Diminishing musharakah V

The Company has prepaid the entire loan during the year.

Effective markup rate charged during the year ranges from 6.41% to 6.76% per annum (2017: 6.30% to 6.41% per annum).

14.7 Diminishing musharakah VI

The Company has prepaid the entire loan during the year.

Effective markup rate charged during the year is 6.38% per annum (2017: 6.30% to 6.38% per annum).

14.8 Term finance I

The Company has prepaid the entire loan during the year.

Effective markup rate charged during the year is 6.38% per annum (2017: 6.30% to 6.38% per annum).

14.9 Term finance II

The Company has prepaid the entire loan during the year.

Effective markup rate charged during the year is 6.38% per annum (2017: 6.30% to 6.38% per annum).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

14.10 Term finance III

The Company has prepaid the entire loan during the year.

Effective markup rate charged during the year is 6.38% per annum (2017: 6.30% to 6.38% per annum).

15. DEFERRED TAXATION

	At July 01, 2017	Charged / (Credited) to profit or loss	Credited in other comprehensive income	At June 30, 2018
Rupees				
Deferred tax liabilities:				
Difference in tax and accounting bases of property, plant and equipment	3,738,228,456	409,480,900	-	4,147,709,356
Deferred tax assets:				
Staff retirement gratuity	(374,446,449)	(23,035,648)	(35,237,466)	(432,719,563)
Unadjusted tax losses	(2,893,975,151)	489,758,724	-	(2,404,216,427)
Unavailed tax credit on plant and machinery	-	(74,981,312)	-	(74,981,312)
Workers' profit participation fund	-	(44,646,600)	-	(44,646,600)
	(3,268,421,600)	347,095,164	(35,237,466)	(2,956,563,902)
	469,806,856	756,576,064	(35,237,466)	1,191,145,454

	At July 01, 2016	Charged / (Credited) to profit or loss	Credited in other comprehensive income / equity	At June 30, 2017
Rupees				
Deferred tax liabilities:				
Difference in tax and accounting bases of property, plant and equipment	3,997,791,662	(259,563,206)	-	3,738,228,456
Investment in associate	1,223,395,795	(1,194,813,907)	(28,581,888)	-
	5,221,187,457	(1,454,377,113)	(28,581,888)	3,738,228,456
Deferred tax assets:				
Staff retirement gratuity	(353,569,288)	(19,407,255)	(1,469,906)	(374,446,449)
Unadjusted tax losses	(3,400,631,359)	506,656,208	-	(2,893,975,151)
	(3,754,200,647)	487,248,953	(1,469,906)	(3,268,421,600)
	1,466,986,810	(967,128,160)	(30,051,794)	469,806,856

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

16. STAFF RETIREMENT GRATUITY

The scheme provides terminal benefits for all the employees of the Company who attain the minimum qualifying period. Annual charge is based on actuarial valuation carried out as at June 30, 2018 using Projected Unit Credit Method.

	Note	2018 Rupees	2017 Rupees
16.1 The amount recognised in the statement of financial position is as follows:			
Present value of defined benefit obligation		1,488,887,388	1,246,957,071
16.2 Movement in net liability recognised			
Opening Liability		1,246,957,071	1,137,126,471
Liability transferred to accrued liabilities		(2,751,726)	(2,544,187)
Expenses recognised in statement of profit or loss	16.2.1	205,230,724	179,237,495
Paid during the year		(81,367,473)	(70,959,129)
Remeasurement of obligation - actuarial losses		120,818,792	4,096,421
		1,488,887,388	1,246,957,071
16.2.1 Expenses recognised in statement of profit or loss			
Current service cost		111,851,170	99,460,321
Interest cost		93,379,554	79,777,174
		205,230,724	179,237,495

	2018	2017
16.3 Principal actuarial assumptions used		
Discount rate	9.00 % per annum	7.75 % per annum
Expected rate of increase in salary	8.00 % per annum	6.75 % per annum
Expected average duration of the defined benefit obligation	8 years	8 years

16.4 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Reworked defined benefit obligation	
	Change in assumptions	Increase in assumptions Rupees	Decrease in assumptions Rupees
Discount rate	100 bps	1,383,150,318	1,609,211,627
Salary growth rate	100 bps	1,612,197,140	1,378,561,614

16.5 The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (Projected Unit Credit Method) has been applied as for calculating the liability of staff retirement gratuity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees in million	2017 Rupees in million
17. CONTINGENCIES AND COMMITMENTS		
17.1 Contingencies		
17.1.1 In respect of bank guarantees issued on behalf of the Company:		
(i) The Company claimed exemption from levy of custom duty on import of plant and machinery for the project of Polyester plant. A suit was filed in the Honourable Sindh High Court, Karachi for this purpose and bank guarantees were furnished accordingly. Later on, the Company reached an out of court settlement with customs department and paid Rs. 116.594 million accordingly. The department has issued No Objection Certificate dated June 21, 2017 in the name of Honourable Sindh High Court at Karachi for the release of bank guarantees and due legal process is in process for its effect.	-	-
(ii) Guarantees issued in favour of Sui Northern Gas Pipelines Limited against supply of gas.	270.737	270.687
(iii) Guarantees issued in favour of The Director, Excise and Taxation, Karachi against imposition of infrastructure cess.	650.000	545.000
(iv) The Company has filed suit in Honourable Sindh High Court, Karachi dated August 16, 2011 against PCT classification of TDO by Custom PCT Committee. For release of TDO, bank guarantees were issued in favour of The Collector of Customs, Karachi to avail exemption from levy of custom duty, sales tax and income tax.	4.698	4.698
(v) Guarantees issued in favour of Faisalabad Electric Supply Company against electricity connection.	56.960	56.960
(vi) Guarantee issued in favour of The Commissioner Inland Revenue for refund payment orders of sales tax.	-	60.000
(vii) Guarantee issued in favour of The Collector of Customs, Lahore to avail exemption from levy of custom duty, sales tax and income tax on temporary import of heat treatment and welding machines for erection of Coal Fired Power Generation Plant.	-	3.475
(viii) Guarantee issued in favour of The Collector, Model Custom Collectorate, Port Muhammad Bin Qasim, Karachi to avail exemption from levy of custom duty, sales tax and income tax on temporary import of equipment and accessories for erection of Coal Fired Power Generation Plant.	-	4.199
(ix) Guarantees issued in favour of The Collector of Customs, Lahore to avail exemption from levy of custom duty, sales tax and income tax on temporary import of machinery for erection of Coal Fired Power Generation Plant.	3.100	-
(x) Guarantee issued in favour of State Bank of Pakistan to avail benefit under Technology Up - gradation Fund Scheme.	20.000	-
17.1.2 Custom duty of Rs. 8.9 million (2017: Rs. 8.9 million) in respect of local purchase of PTA has not been acknowledged due to pending suit before Honourable Sindh High Court, Karachi which was filed on July 23, 2010 against Federation of Pakistan. The Company's claim on account of custom duty refund amounting to Rs.11.455 million (2017: Rs. 11.455 million) is also pending before the Customs Department.	-	-
17.1.3 Demand of market committee fee on cotton purchase not acknowledged as demand has already been deposited by cotton suppliers. The Company filed appeal against this demand and served bank guarantees of Rs. 0.589 million to market committee. During the year, the Company reached an out of court settlement with market committee and paid Rs. 3.600 million. Accordingly bank guarantees have been released.	-	10.039

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees in million	2017 Rupees in million
17.1.4 Additional Commissioner Inland Revenue (ACIR) passed order disallowing some of the administrative expenses and bad debts for the tax year 2008. The Company contended the case before the Commissioner Inland Revenue (Appeals) (CIR-A) who decided the case in favor of tax department. The Company filed an appeal dated October 12, 2013 before Appellate Tribunal Inland Revenue (ATIR) assailing the CIR-A's order and is currently pending for adjudication.	6.166	6.166
17.1.5 Deputy Commissioner Inland Revenue (DCIR) passed order disallowing financial charges and thereby creating demand of Rs. 450.5 million for the tax year 2009. The Company contended the case before CIR-A and as a result tax liability demand was reduced. The Company filed an appeal dated April 17, 2015 before ATIR against the reduced tax liability and is currently pending for adjudication.	104.533	104.533
17.1.6 DCIR passed the order disallowing financial charges and thereby creating demand for the tax year 2012. The Company contended the case before CIR-A and case was decided in favour of the Company. The department approached the ATIR on September 30, 2016 against the order of CIR-A which is still pending for adjudication.	13.761	13.761
17.1.7 DCIR passed the order disallowing financial charges and thereby creating demand for the tax year 2010. The Company contended the case before CIR-A and case was decided in favour of the Company. The department approached the ATIR on June 30, 2016 against the order of CIR-A which is still pending for adjudication.	86.842	86.842
17.1.8 DCIR passed the order disallowing financial charges and thereby creating demand for the tax year 2011. The Company contended the case before CIR-A and case was decided in favour of the Company. The department approached the ATIR on September 30, 2016 against the order of CIR-A which is still pending for adjudication.	24.553	24.553
17.1.9 DCIR passed an order disallowing the financial charges alongwith initial depreciation allowance, depreciation and tax credit on BMR for tax year 2013. The Company filed an appeal before CIR-A. The CIR-A directed the department to accept contention of the Company. The department approached the ATIR on April 05, 2016 against the order of CIR-A which is still pending for adjudication.	226.128	226.128
17.1.10 ACIR passed an order under section 122 and thereby created a demand for tax year 2011. The Company contended the case before CIR-A who decided the case in favor of the Company. The department approached the ATIR on September 06, 2017 against the order of CIR-A which is still pending for adjudication.	386.676	386.676
17.1.11 The Company has filed Intra Court Appeal dated January 19, 2018 for assailing the imposition of Super Tax for tax years 2015 and 2016 before the Honourable Lahore High Court. The Honourable Court issued notices upon stay applications and appeals and decision is awaited.	81.735	-
17.1.12 DCIR passed an order and disallowed input tax based on various reasons. The Company filed an appeal dated March 26, 2018 before CIR-A which is to be adjudicated.	249.460	-
17.1.13 Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the company are in excess of its paid up capital and the company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. The Company approached Honourable Lahore High Court dated December 31, 2015 challenging the levy of said tax through filing a writ petition and the Court has granted stay against recovery of tax in any manner. The legal counsel is of the view that the outcome of the petition is expected to be favourable based on which the Company has not recorded such tax liability for the tax years 2015 and 2016.	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

			2018 Rupees in million	2017 Rupees in million
17.2 Commitments				
17.2.1 Under contracts for capital expenditure:				
Building on freehold land			1,618.425	52.371
Plant and machinery			32.000	41.025
17.2.2 Under letters of credit for:				
Plant and machinery			7,372.496	491.266
Raw materials and spare parts			4,243.398	1,032.666
			2018 Rupees	2017 Rupees
18. SHARE CAPITAL				
Authorised capital				
	2018	2017		
	Number of shares			
	500,000,000	500,000,000	Ordinary shares of Rs.10/- each	5,000,000,000
				5,000,000,000
Issued, subscribed and paid up capital				
	2018	2017		
	Number of shares			
	200,000,000	200,000,000	Ordinary shares of Rs.10/- each fully paid in cash	2,000,000,000
	50,000,000	50,000,000	Ordinary shares of Rs.10/- each issued as fully paid bonus shares	500,000,000
	60,506,995	60,506,995	Ordinary shares of Rs.10/- each issued as fully paid shares as per scheme of arrangement for amalgamation sanctioned by the Honourable Lahore High Court, Lahore	605,069,950
	310,506,995	310,506,995		3,105,069,950
				3,105,069,950
			2018 Rupees	2017 Rupees
19. CAPITAL RESERVES				
Share premium			1,000,000,000	1,000,000,000
Merger reserve	19.1		72,017,550	72,017,550
			1,072,017,550	1,072,017,550

19.1 It represents book difference of capital under scheme of arrangement for amalgamation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
20. REVENUE RESERVES		
General reserve	4,089,673,099	4,089,673,099
Unappropriated profit	30,689,793,537	28,979,192,010
	34,779,466,636	33,068,865,109
21. SALES		
Local	54,292,230,697	40,179,782,183
Export	19,588,015	39,485,002
	54,311,818,712	40,219,267,185
Less:		
Commission and brokerage	13,624,012	14,518,472
Discount on sale	411,620,263	294,034,101
	53,886,574,437	39,910,714,612

21.1 Sales are exclusive of sales tax of Rs. 48,304,949/- (2017: Rs. 93,945,999/-).

	Note	2018 Rupees	2017 Rupees
22. COST OF GOODS SOLD			
Raw materials consumed		38,812,869,246	29,334,109,905
Packing materials		716,800,761	589,652,891
Salaries, wages and benefits		1,779,342,392	1,450,609,769
Staff retirement benefits		160,950,812	139,718,823
Stores and spare parts		955,425,198	767,547,351
Fuel and power		4,409,388,691	3,475,439,023
Insurance		62,077,189	59,341,779
Depreciation of property, plant and equipment	3.2	2,373,090,875	2,241,364,502
Other		281,480,382	417,553,341
		49,551,425,546	38,475,337,384
Work in process			
Opening stock		444,369,387	402,471,977
Closing stock		(631,490,953)	(444,369,387)
		(187,121,566)	(41,897,410)
Cost of goods manufactured		49,364,303,980	38,433,439,974
Finished goods			
Opening stock		3,390,037,087	2,442,086,039
Closing stock		(3,363,706,677)	(3,390,037,087)
		26,330,410	(947,951,048)
		49,390,634,390	37,485,488,926
23. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages and benefits		87,332,388	80,717,927
Staff retirement benefits		12,419,113	12,074,769
Freight and forwarding		200,609,014	159,141,656
Travelling and conveyance		9,538,627	7,149,251
Vehicles running and maintenance		4,291,892	4,134,001
Postage and telecommunication		1,192,520	1,104,916
Other		18,790,537	15,465,286
		334,174,091	279,787,806

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
24. ADMINISTRATIVE EXPENSES			
Directors' remuneration		59,075,000	54,000,000
Salaries, wages and benefits		262,998,531	237,151,313
Staff retirement benefits		31,860,799	27,443,903
Travelling and conveyance		76,724,918	75,999,719
Vehicles running and maintenance		12,106,819	12,839,065
Fuel and power		33,522,947	34,406,316
Postage and telecommunication		20,257,854	17,465,734
Printing and stationery		5,878,377	6,173,773
Repairs and maintenance		83,004,055	95,682,778
Fees, subscription and periodicals		9,242,058	7,914,520
Rent, rates and taxes		12,956,257	11,979,656
Legal and professional		5,527,539	14,828,176
Entertainment		15,569,070	13,068,371
Auditors' remuneration	24.1	3,123,000	3,093,000
Advertisement		974,315	319,653
Insurance		746,174	2,481,126
Donations	24.2	4,985,000	4,025,000
Depreciation / amortisation of property, plant and equipment	3.2	58,959,496	63,750,040
Amortisation of intangible assets	4.1	15,358,823	15,108,284
Other		4,176,880	3,734,183
		717,047,912	701,464,610
24.1 Auditors' remuneration			
Audit fee		2,200,000	2,200,000
Other services		923,000	893,000
		3,123,000	3,093,000

24.1.1 Other services include half yearly review and review of statement of compliance with code of corporate governance.

24.2 Donations

24.2.1 Donations made to Faisalabad Development Trust and Liver Foundation Trust, Faisalabad exceed Rs. 500,000/-.

24.2.2 No director or his spouse had any interest in the donees' fund.

	2018 Rupees	2017 Rupees
25. OTHER OPERATING EXPENSES		
Workers' profit participation fund	153,953,794	39,762,607
Loss on disposal of property, plant and equipment	22,673,988	6,117,070
Balances written off - net	-	37,287,046
	176,627,782	83,166,723

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
26. FINANCE COST		
Mark up / interest on:		
Long term financing	239,908,854	464,368,732
Short term bank borrowings	142,968,587	227,449,337
Workers' profit participation fund	2,377,057	-
Bank charges and commission	1,531,664	1,572,308
	386,786,162	693,390,377
27. OTHER INCOME		
Income from financial assets:		
Profit on deposits	458,611	61,443
Exchange differences	162,944	87,442
Gain on disposal of investment in associate	-	5,787,764,990
	621,555	5,787,913,875
Income from assets other than financial assets:		
Scrap sales	35,326,013	33,328,798
Balances written back - net	2,283,278	-
Rental income	13,000	2,733,485
Suppliers claims settlement	-	50,650,616
Other	3,197,071	1,211,587
	40,819,362	87,924,486
	41,440,917	5,875,838,361
28. (PROVISION FOR) / REVERSAL OF TAXATION		
Current		
For the year	-	(351,343,245)
For prior year	(59,479,105)	39,426,106
	(59,479,105)	(311,917,139)
Deferred	(756,576,064)	967,128,160
	(816,055,169)	655,211,021
28.1 Reconciliation between accounting profit and tax expense		
Accounting profit before tax	2,922,745,017	7,824,418,531
Tax rate	30%	31%
Tax on accounting profit	(876,823,505)	(2,425,569,745)
Tax impact of income chargeable as final tax	(196,200)	(394,850)
Impact of minimum tax	-	(259,991,247)
Impact of income chargeable at lower rate	-	3,295,224,746
Impact of change in rate	45,462,328	6,516,011
Impact of tax credit on BMR	74,981,313	-
Prior year adjustment	(59,479,105)	39,426,106
Tax expense	(816,055,169)	655,211,021

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

28.2 As per the management's assessment, sufficient tax provision has been made in the Company's financial statements. The comparison of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

	Deemed Assessment Rupees	Provision Rupees
Tax Year 2017	(410,822,350)	(351,343,245)
Tax Year 2016	(325,753,234)	(365,179,340)
Tax Year 2015	-	-
	2018	2017

29. EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the year (Rupees)	2,106,689,848	8,479,629,552
Weighted average number of ordinary shares	310,506,995	310,506,995
Earnings per share - Basic and Diluted (Rupees)	6.78	27.31

29.1 There is no dilutive effect on the basic earnings per share of the Company.

30. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2018			2017		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	Rupees					
Remuneration	16,363,632	32,727,264	217,150,560	16,363,632	32,727,264	227,229,025
Medical allowance	1,636,368	3,272,736	21,426,632	1,636,368	3,272,736	22,456,053
Bonus	1,500,000	3,000,000	19,178,924	-	-	-
Meeting Fee	-	575,000	-	-	-	-
Reimbursable expenses for vehicles running	-	-	11,916,131	-	-	9,757,806
	19,500,000	39,575,000	269,672,247	18,000,000	36,000,000	259,442,884
Number of persons	1	3	99	1	2	103

30.1 The Chief Executive Officer and Directors are entitled to free use of Company maintained vehicles. The monetary value of the benefit is Rs. 2,153,417/- (2017: Rs. 4,145,510/-). Meeting fee is paid to one Director.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

31. 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. The balances due from and due to related parties have been disclosed in the relevant notes to the financial statements. Detail of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Relationship	Nature of transaction	2018 Rupees	2017 Rupees
Associated undertakings	Rent charged	13,732,800	14,510,400
	Disposal of investment in associate	-	20,033,456,192
	Consultancy fee paid	16,240,000	17,400,000
	Rental income	13,000	2,733,485
Key management personnel	Loans from directors obtained	-	2,532,590,794
	Loans from directors repaid / adjusted	-	9,959,576,027
	Dividend paid	274,791,014	-

Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

Name	Basis of relationship	Aggregate % of Shareholding
Allied Bank Limited	Common directorship	-
Ibrahim Agencies (Private) Limited	Common directorship	-
Ibrahim Holdings (Private) Limited	Common directorship	-
Polytek Associates (Private) Limited	Common directorship	-
Sheikh Mukhtar Ahmed	Key management personnel	30.1220%
Mohammad Naeem Mukhtar	Key management personnel	29.2068%
Muhammad Waseem Mukhtar	Key management personnel	29.1560%
Mohammad Naeem Asghar	Key management personnel	0.0002%
Abdul Hameed Bhutta	Key management personnel	0.0003%
Mohammad Waqar	Key management personnel	0.1210%
Ikram ul Haq Mian	Key management personnel	0.0002%

	2018 M. Tons	2017 M. Tons
32. PLANT CAPACITY AND ACTUAL PRODUCTION		
Annual production capacity (350 days - 3 shifts)		
Polyester Staple Fibre / Polyester Chips	390,600	390,600
Yarn converted into 20/s count	45,900	45,900
Actual production		
Polyester Staple Fibre / Polyester Chips	326,269	290,697
Yarn converted into 20/s count	42,656	41,046

32.1 The actual production of Polyester Staple Fibre / Polyester Chips is planned to meet the market demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
33. NUMBER OF EMPLOYEES		
Total number of employees as at June 30,	3,995	4,021
Total number of factory employees as at June 30,	3,633	3,648
Average number of employees during the year	3,991	4,023
Average number of factory employees during the year	3,626	3,643

34. FINANCIAL RISK MANAGEMENT

The Company finances its operations through mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimise risk. The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). The overall risk management is carried out by the finance department under oversight of the Board of Directors in line with the policies approved by the Board.

	2018 Rupees	2017 Rupees
34.1 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets		
Cash and bank balances	46,497,145	98,214,371
Loans and receivables measured at amortised cost:		
Long term loans	150,488,488	114,028,282
Long term deposits	5,992,256	3,993,754
Trade debts	404,140,725	228,319,408
Loans and advances	17,234,798	22,139,268
Other receivables	303,364,319	7,012,353,104
	927,717,731	7,479,048,187
Financial liabilities measured at amortised cost:		
Long term financing	933,333,331	6,479,166,664
Trade and other payables	2,179,365,863	1,326,561,562
Mark up / interest payable	29,453,671	66,491,499
Short term bank borrowings	2,097,273,911	4,923,955,322
Unclaimed dividend	22,249,290	21,091,973
	5,261,676,066	12,817,267,020

34.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk at the reporting date is as follows:

	2018 Rupees	2017 Rupees
Long term deposits	5,992,256	3,993,754
Trade debts	404,140,725	228,319,408
Other receivables	303,364,319	7,012,353,104
Bank balances	13,896,611	26,515,604
	727,393,911	7,271,181,870

Due to Company's long standing relations with counter parties and after giving due consideration to their financial standing, the management does not expect non performance by these counter parties on their obligations to the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

For trade debts, credit quality of customers is assessed taking into consideration their financial position and previous dealings and on that basis, individual credit limits are set. Moreover, the management regularly monitors and reviews customers' credit exposure. Accordingly, the Company is not exposed to any significant credit risk.

The Company's most significant customers are industrial users of polyester staple fibre and yarn. Aging of trade debts as at reporting date is as under:

	2018 Rupees	2017 Rupees
Not past due	366,056,421	208,373,148
Past due within one year	24,153,826	9,517,317
Past due more than one year	13,930,478	10,428,943
	404,140,725	228,319,408

Based on the past experience and taking into consideration the financial position and previous record of recoveries, the Company believes that trade debts past due do not require recognition of any impairment. The credit risk exposure is limited in respect of bank balances as these are placed with the banks having good credit rating from international and local credit rating agencies.

34.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity risk is to maintain sufficient level of liquidity by holding highly liquid assets and maintaining adequate reserve borrowing facilities. This includes maintenance of liquidity ratios through working capital management. The management believes that the Company is not exposed to any significant liquidity risk. Following are the contractual maturities of financial liabilities including interest payments as at June 30, 2018 and June 30, 2017.

	2018				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
	Rupees				
Financial Liabilities:					
Long term financing	933,333,331	979,969,828	497,526,506	482,443,322	-
Trade and other payables	2,179,365,863	2,179,365,863	2,179,365,863	-	-
Mark up / interest payable	29,453,671	29,453,671	29,453,671	-	-
Short term bank borrowings	2,097,273,911	2,141,854,452	2,141,854,452	-	-
	5,239,426,776	5,330,643,814	4,848,200,492	482,443,322	-

	2017				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
	Rupees				
Financial Liabilities:					
Long term financing	6,479,166,664	7,369,520,553	1,419,778,414	1,004,346,355	4,945,395,783
Trade and other payables	1,326,561,562	1,326,561,562	1,326,561,562	-	-
Mark up / interest payable	66,491,499	66,491,499	66,491,499	-	-
Short term bank borrowings	4,923,955,322	4,975,759,873	4,975,759,873	-	-
	12,796,175,047	13,738,333,487	7,788,591,348	1,004,346,355	4,945,395,783

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

The contractual cash flows relating to mark up on long term financing and short term bank borrowings from banks have been determined on the basis of markup rates as applicable at the year end. As at the year end, the Company has liquid assets of Rs. 3,697 million (2017: Rs. 12,212 million) and unavailed short term bank borrowing facilities from banks of Rs. 6,782 million (2017: Rs. 3,976 million) (Refer Note 13.1) to manage the liquidity risk.

34.4 Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Majority of interest rate risk arises from long term financing and short term bank borrowings from banks and deposit accounts with banks. The interest rate profile of the Company's interest bearing financial instruments is presented in relevant notes to the financial statements.

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss account.

Had the interest rate been increased / decreased by 100 basis points at the reporting date, with all other variables held constant, profit for the year and equity would have been lower / higher by Rs. 61.451 million (2017: Rs. 59.817 million) respectively.

ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument, will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. The Company is exposed to currency risk on claims and bills payable denominated in foreign currency. The total foreign currency risk exposure on reporting date amounted to Rs. 763.285 million (2017: Rs. 41.202 million).

Had the Pak Rupee been weakened / strengthened by 5% against the U.S dollar at the reporting date, with all other variables held constant, profit for the year and equity would have been lower / higher by Rs. 23.164 million (2017: Rs. 2.060 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

iii) Equity price risk

Trading and investing in equity securities give rise to equity price risk. The Company is not directly exposed to equity price risk as there is no investment in equity securities at year end.

34.5 Fair values of financial instruments

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

There are no financial assets and financial liabilities that are measured using the fair value hierarchy.

34.6 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or obtain / repay long term financing from / to financial institutions.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets, keeping in view future investment requirements and expectations of the shareholders. Debt comprises of long term financing and short term bank borrowings as shown in the statement of financial position. Total equity comprises of shareholders' equity as shown in the statement of financial position under 'share capital and reserves'.

The salient information relating to capital risk management of the Company as at June 30, 2018 and June 30, 2017 was as follows:

	Note	2018 Rupees	2017 Rupees
Debt	13 & 14	3,030,607,242	11,403,121,986
Less: Cash and cash equivalents	11	46,497,145	98,214,371
Net Debt		2,984,110,097	11,304,907,615
Total equity		38,956,554,136	37,245,952,609
Total capital		41,940,664,233	48,550,860,224
Gearing ratio		7.12%	23.28%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

35. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

During the year ended June 30, 2018 following significant transactions and events have occurred:

- i) The Company has capitalised Coal Fired Power Plant Project aggregating to Rs. 6.968 billion.
- ii) The Company has repaid significant portion of long term financing aggregating to Rs. 5.546 billion.

36. NON ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors in its Meeting held on September 17, 2018 proposed a final cash dividend of Rs. 1.5 per share (2017: Rs. 1 per share) for the year ended June 30, 2018, amounting to Rs. 465.760 million (2017: Rs. 310.507 million), for approval of the members at the Annual General Meeting to be held on October 25, 2018.

37. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue as at September 17, 2018 by the Board of Directors of the Company.

38. Figures have been rounded off to the nearest Rupee unless otherwise stated.

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2018

Number of Shareholders	Having Shares		Shares Held
	From	To	
424	1	100	14,720
852	101	500	204,175
421	501	1000	301,862
332	1001	5000	732,917
78	5001	10000	562,601
26	10001	15000	327,534
16	15001	20000	280,805
12	20001	25000	281,668
6	25001	30000	166,208
9	30001	35000	286,627
7	35001	40000	260,195
2	40001	45000	88,500
2	45001	50000	99,000
1	55001	60000	56,000
1	65001	70000	66,500
1	75001	80000	77,250
1	110001	115000	112,375
2	120001	125000	250,000
1	165001	170000	166,257
1	190001	195000	193,000
1	195001	200000	200,000
1	335001	340000	337,000
1	345001	350000	347,125
1	395001	400000	400,000
1	405001	410000	405,670
1	560001	565000	561,125
1	670001	675000	674,000
1	740001	745000	744,500
1	925001	930000	925,062
1	1480001	1485000	1,480,030
1	2140001	2145000	2,141,300
1	2250001	2255000	2,255,000
1	4490001	4495000	4,494,000
1	5725001	5730000	5,729,875
1	10530001	10535000	10,532,600
1	90530001	90535000	90,531,495
1	90685001	90690000	90,689,144
1	93530001	93535000	93,530,875
2,213			310,506,995

CATEGORIES OF SHAREHOLDING

AS AT JUNE 30, 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their spouse(s) and minor children			
Sheikh Mukhtar Ahmed	1	93,530,875	30.1220
Mohammad Naeem Mukhtar	1	90,689,144	29.2068
Muhammad Waseem Mukhtar	1	90,531,495	29.1560
Mohammad Waqar	1	37,500	0.0121
Abdul Hameed Bhutta	1	1,000	0.0003
Mohammad Naeem Asghar	1	500	0.0002
Ikram ul Haq Mian	1	500	0.0002
Associated Companies, undertakings and related parties			
	-	-	-
Public Sector Companies and Corporations			
	6	3,069,618	0.9886
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
	6	171,802	0.0553
Mutual Funds			
Security Stock Fund Ltd.	1	100	0.0000
First Capital Mutual Fund Ltd.	1	86	0.0000
CDC - Trustee AKD Index Tracker Fund	1	3,000	0.0010
CDC - Trustee National Investment (Unit) Trust	1	1,480,030	0.4766
General Public			
a) Local	2,145	15,110,261	4.8663
b) Foreign	-	-	-
Foreign Companies			
	6	11,814,500	3.8049
Others			
	39	4,066,584	1.3097
	2,213	310,506,995	100.0000

Shareholders holding 5% or more	Shares Held	Percentage
Sheikh Mukhtar Ahmed	93,530,875	30.1220
Mohammad Naeem Mukhtar	90,689,144	29.2068
Muhammad Waseem Mukhtar	90,531,495	29.1560

FORM OF PROXY

I / We _____ of _____ a member / members of the Company / merged Companies, do hereby appoint Mr. / Ms. _____ of _____ a member of the Company, or failing him / her Mr. / Ms. _____ of _____ who is also a member of the Company, as my / our proxy to attend, speak and vote for me / us and on my / our behalf at the 32nd Annual General Meeting of the Company to be held on October 25, 2018 at 11:00 A.M. at Pearl - Continental Hotel, Lahore and at any adjournment thereof.

Signed this _____ day of _____ 2018.

Witness: (1)

Signature _____

Name _____

Address _____

CNIC No. _____

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STAMP OF
RS. 5/-

Signature: _____

(The signature should agree with the Specimen Registered with the Company)

Witness: (2)

Signature _____

Name _____

Address _____

CNIC No. _____

Folio No. _____

CDC A/c No. _____

No. of shares held _____

Distinctive Numbers _____

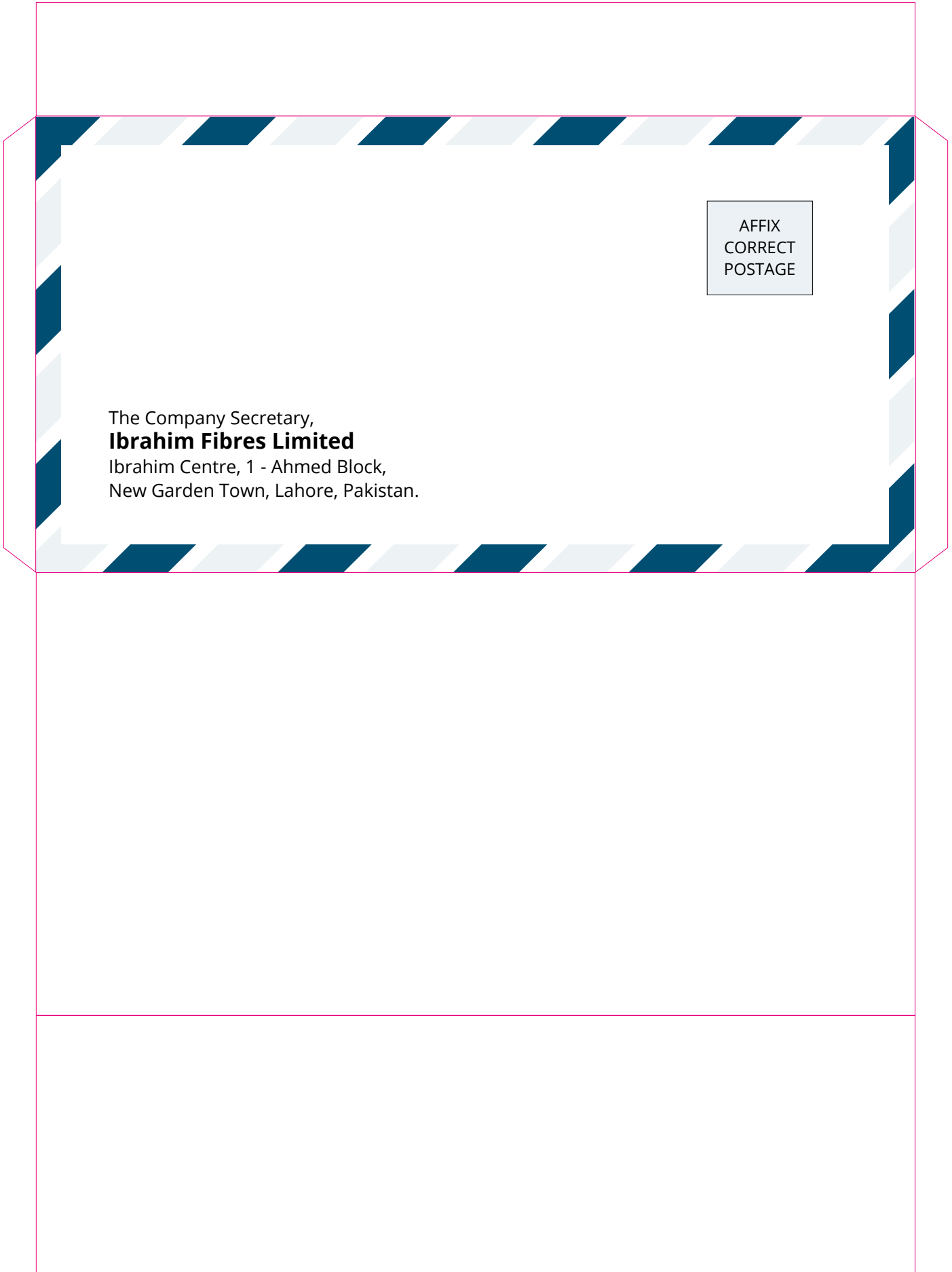
IMPORTANT:

1. The Proxy Form must be deposited at the registered office of the Company at Ibrahim Centre, 1 - Ahmed Block, New Garden Town, Lahore, as soon as possible but not later than 48 hours before the time of holding the meeting and in default Proxy Form will not be treated as valid.
2. No person shall act as proxy unless he / she is a member of the Company except a corporation being a member may appoint as its proxy any officer of such corporation whether a member of the Company or not.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

FOR CDC ACCOUNT HOLDERS / CORPORATE ENTITIES:

In addition to the above, the following requirements have to be met:

- i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
- iv) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.



The Company Secretary,
Ibrahim Fibres Limited
Ibrahim Centre, 1 - Ahmed Block,
New Garden Town, Lahore, Pakistan.

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پراکسی فارم

میں / ہم سبھی / مسماۃ ساکن ضلع

بحیثیت ممبر کمپنی / مرشد کمپنی، مسی / مسماۃ ساکن کمپنی ممبر یا اسکی عدم موجودگی کی صورت میں مسی / مسماۃ ساکن کمپنی ممبر کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے کمپنی کے تیسواں سالانہ اجلاس عام جو کے بتاریخ ۲۵ اکتوبر ۲۰۱۸ بوقت صبح 11:00 بجے پرل کاٹمنیٹل ہوئل، لاہور منعقد ہو رہا ہے، میں یا اس کے کسی ماتوی شدہ اجلاس میں حاضر ہو سکے، بول سکے اور ووٹ ڈال سکے۔

پانچ روپے کی ریونیو سٹمپ
چسپاں کریں

دستخط بتاریخ دن ۲۰۱۸

گواہ نمبر ۱

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

دستخط:

(دستخط کمپنی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہیں)

گواہ نمبر ۲

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

فولیو نمبر:

سی ڈی سی کھاتہ نمبر:

حصص کی تعداد:

امتیازی حصص نمبر:

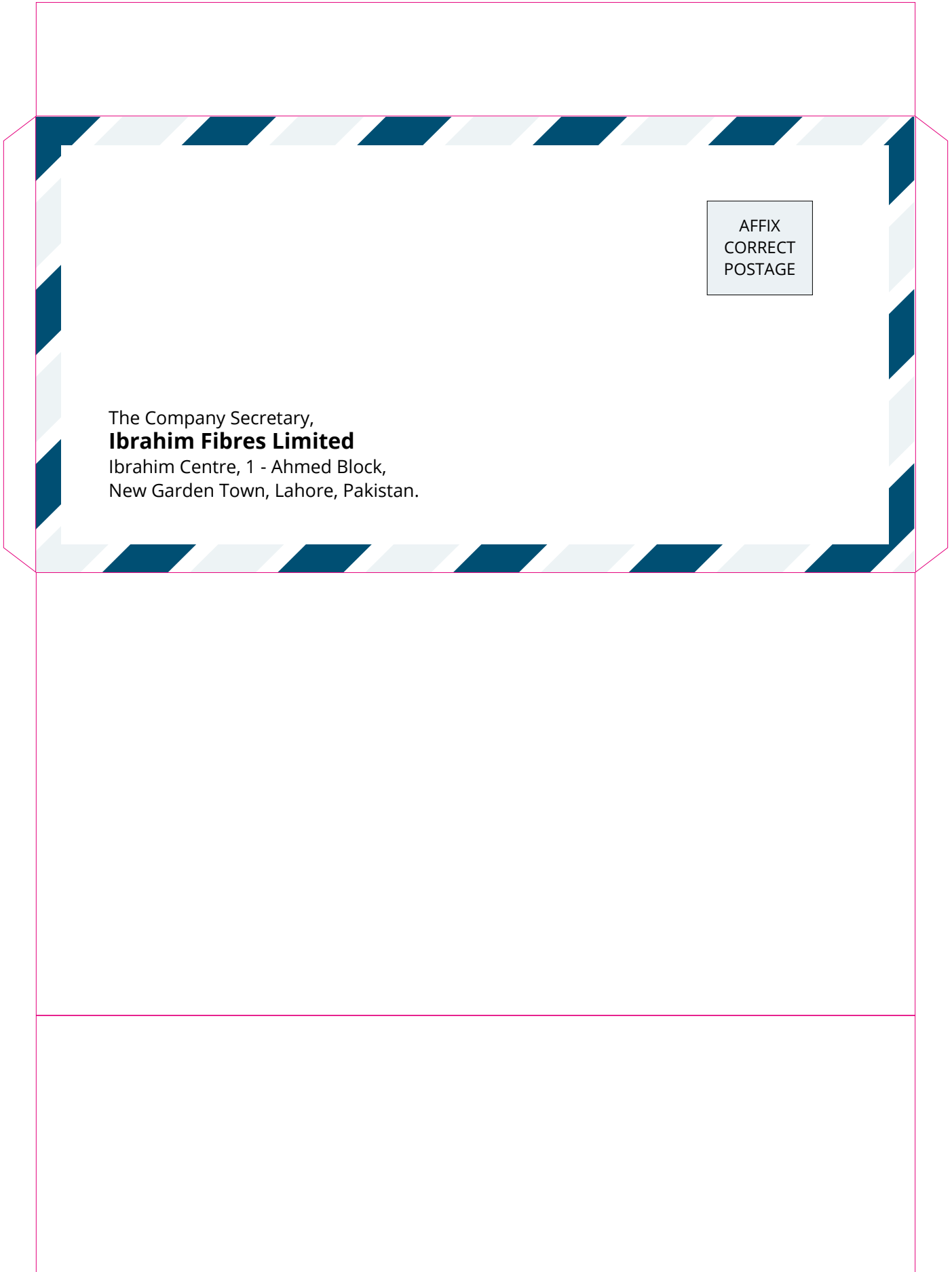
اہم گزارش:

- ۱- پراکسی فارم کمپنی کے رجسٹرڈ آفس ابراہیم سنٹر، 1- احمد بلاک، نیو گارڈن ٹاؤن، لاہور، میں اجلاس کے انعقاد سے کم از کم ۳۸ گھنٹے قبل جمع کرانا لازمی ہے۔ بصورت دیگر وہ قابل قبول نہ ہوگا۔
- ۲- پراکسی کے لئے کمپنی کا ممبر ہونا ضروری ہے، البتہ کارپوریشن ممبر ہونے کی صورت میں کارپوریشن اپنے کسی بھی آفیسر کو پراکسی مقرر کر سکتی ہے جو کمپنی کا ممبر ہو یا نہ ہو۔
- ۳- اگر کوئی ممبر ایک سے زیادہ پراکسی مقرر کرتا ہے اور ایک سے زیادہ پراکسی دستاویزات کمپنی آفس میں جمع کرواتا ہے تو ایسی تمام پراکسی دستاویزات غیر قانونی تصور ہوگی۔

سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ ادارہ ہونے کی صورت میں

مندرجہ بالا کے علاوہ درج ذیل شرائط بھی ضروری ہیں۔

- (i) پراکسی فارم پر 2 عدد گواہ ہونا ضروری ہیں جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم میں موجود ہونا ضروری ہیں۔
- (ii) پراکسی فارم کے ساتھ اس سہولت سے مستفید ہونے والے ممبرز اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول منسلک ہونی چاہیں۔
- (iii) پراکسی کے لئے لازمی ہے کہ اجلاس کے وقت شناخت کے لئے اپنا اصلی کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ ہمراہ لائے۔
- (iv) کارپوریٹ ادارے کے لئے ضروری ہے کہ اجلاس عام میں شرکت کے وقت بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف انارنی بعد نامزد کنندہ فرد کے دستخط کے نمونے (اگر یہ دستاویزات پہلے فراہم نہ کی گئی ہوں) پراکسی فارم کے ساتھ کمپنی میں جمع کروائیں۔



The Company Secretary,
Ibrahim Fibres Limited
Ibrahim Centre, 1 - Ahmed Block,
New Garden Town, Lahore, Pakistan.

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ڈائریکٹرز کا جائزہ

بورڈ کے اجلاسوں کی تعداد

زیر نظر 30 جون 2018 کو ختم ہونے والے سال کے دوران ادارے کے بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے اور اجلاسوں میں ڈائریکٹرز کی شرکت درج ذیل ہے۔

شیخ عطار احمد	چیئر مین	06
محمد نعیم مختار	چیف ایگزیکٹو آفیسر	06
محمد وسیم مختار	ڈائریکٹر	06
عبدالحمید بھٹہ	ڈائریکٹر	06
محمد وقار	ڈائریکٹر	04
محمد نعیم اصغر	ڈائریکٹر	06
اکرام الحق میاں	ڈائریکٹر	06

آڈٹ کمیٹی

ادارے کی آڈٹ کمیٹی موجود ہے اور مندرجہ ذیل اراکین پر مشتمل ہے جو کہ کوڈ آف کارپوریٹ گورننس کی شرائط پر پورا اترتے ہیں۔

اکرام الحق میاں	چیئر مین	انڈیپنڈنٹ ڈائریکٹر
عبدالحمید بھٹہ	رکن	نان ایگزیکٹو ڈائریکٹر
محمد وقار	رکن	انڈیپنڈنٹ ڈائریکٹر

30 جون 2018 کو اختتام پزیر ہونے والے مالی سال کے دوران کوڈ آف کارپوریٹ گورننس کے ضوابط کے تحت آڈٹ کمیٹی کے چھ اجلاس سہ ماہی اور سالانہ مالی گوشواروں اور دوسرے متعلقہ معاملات کو دیکھنے کے لئے منعقد ہوئے۔ اجلاس میں CFO، داخلی محاسب کے سربراہ اور خارجی محاسب نے بھی بوقت ضرورت شرکت کی۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

ادارے کے ڈائریکٹرز اس بات کی تصدیق کرتے ہیں کہ ادارے نے سیورٹیز اینڈ ایچ ایچ کمیٹی آف پاکستان کی رول بک آف شک آپیکیشن کی شق نمبر 5.19 میں درج کوڈ آف کارپوریٹ گورننس کے قواعد و ضوابط کی پاسداری کی ہے اور لسٹنگ قواعد و ضوابط کے بہترین طریقوں سے کوئی انحراف نہیں کیا۔ کارپوریٹ اور مالیاتی رپورٹنگ پر ہمارے بیان مندرجہ ذیل ہیں۔

- 1- ادارے کی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات میں اس کے امور آپریٹنگ کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو متصفانہ طور پر ظاہر کیا گیا ہے۔
- 2- ادارے کے کھاتہ جات بالکل صحیح طور پر اور کمپنیز ایکٹ 2017 کے مطابق بنائے گئے ہیں۔

- 3- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- 4- مالی گوشواروں کی تیاری میں بین الاقوامی اکاؤنٹنگ اور فنانشیل رپورٹنگ سٹینڈرز جو کہ پاکستان میں لاگو ہوتے ہیں کی پیروی کی گئی ہے۔ اور ان سے انحراف نہیں کیا گیا۔
- 5- داخلی انضباط کے نظام کا ڈیزائن مستحکم ہے اور اس پر منحصر طریقے سے عمل درآمد اور نگرانی کی جاتی ہے۔
- 6- ادارے کے مستقبل میں چلتے رہنے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- 7- پچھلے چھ سال کی مالی جھلکیاں ملحق ہیں۔

کارپوریٹ سماجی ذمہ داری

آپ کا ادارہ معاشرے میں اپنی سماجی ذمہ داریوں کو سمجھتا ہے اور معاشرے کے غریب افراد اور اپنے متعلق ملازمین کو مالی معاونت فراہم کرنے کے ساتھ ساتھ سماجی کاموں میں بھی حصہ لے رہا ہے۔ ادارہ قومی مالی خزانے میں بھی قابل قدر رقم بھیج رہا ہے، توانائی کی بچت اور ماحولیاتی تحفظ کے لئے حل پیش کر رہا ہے، اعلیٰ درجے کی اشیاء اپنے معزز صارفین کو فراہم کر رہا ہے اور انہیں بعد از فروخت تکنیکی خدمات پیش کر رہا ہے۔

منجانب اراکین

سال کے دوران آپ کے ادارے نے مختلف ڈیویژن، لیویز اور ٹیکسوں کی ادائیگی کے ذریعے خطیر رقم قومی مالی خزانے میں جمع کروائی ہے۔

تشکر

آپ کے ادارے کے ڈائریکٹرز اچھے نتائج حاصل ہونے پر گاہکوں، بینکوں، مالیاتی اداروں، ریگولیٹرز اور شہر ہولڈرز کی حمایت کے لئے دل کی اتھاہ گہرائیوں سے مشکور ہیں۔ اور امید کرتے ہیں کہ یہ مدد و تعاون آئندہ مستقبل میں بھی جاری رہے گا۔

آپ کے ادارے کے ڈائریکٹرز اپنے ایگزیکٹوز، عملے اور کارکنان کی خدمات، وفاداری اور کاوشوں کی تعریف کرتے ہیں اور توقع کرتے ہیں کہ وہ مستقبل میں بھی ان کو جاری رکھیں گے۔

ڈائریکٹر

چیف ایگزیکٹو آفیسر

لاہور

17 ستمبر 2018

آپ کا ادارہ اپنے ملازمین کو صحت مند، محفوظ اور کام کیلئے ماحول فراہم کر رہا ہے اور انہیں ملک اور بیرون ملک دونوں میں ترقیاتی نصاب، سیمینار، ورکشاپس اور کانفرنسز میں بھیج رہا ہے۔ ادارہ خصوصی افراد کو باقاعدگی سے مختلف شعبوں میں ملازمت کی پیشکش کر رہا ہے۔ ادارہ نئے گریجویٹس، پوسٹ گریجویٹس اور انجینئرز کو اپن شپ بھی پیش کرتا ہے تاکہ وہ اپنی پیشہ وارانہ اور تکنیکی صلاحیتوں کو بڑھا سکیں۔

آپ کے ادارے نے ماحول دوست گیس پر چلنے والا بجلی گھر نصب کیا ہے تاکہ بجلی کی پیداواری لاگت کو کم کیا جاسکے۔ بجلی کے ساتھ ساتھ یہ بھاپ بھی پیدا کرتا ہے جو کہ کمپنی کے پولیٹریشنل فائبر پلانٹ کی بھاپ کی تمام تر ضروریات کو پورا کرنے کے لئے کافی ہے جس سے توانائی میں بچت بھی ہو رہی ہے۔

ڈائریکٹرز کا جائزہ

آپ کے ادارے کے ڈائریکٹرز انہجائی مسرت کے ساتھ 30 جون 2018 کو اختتام پذیر ہونے والے مالی سال کے مصدقہ (audited) مالیاتی نتائج اور محاسب کا جائزہ آپ کے سامنے پیش کرتے ہیں۔

مالیاتی نتائج

ادارے کی مالیاتی کارکردگی کا جائزہ لینے کے لئے اس سال اور اس سے متعلقہ پچھلے سال کے مالیاتی نتائج درج ذیل ہیں۔

2017	2018	
روپے	روپے	
2,425,225,686	4,495,940,047	خام منافع
(279,787,806)	(334,174,091)	فروخت کرنے کے اخراجات
(701,464,610)	(717,047,912)	انتظامی اخراجات
(83,166,723)	(176,627,782)	دیگر آپریٹنگ اخراجات
(693,390,377)	(386,786,162)	مالیاتی لاگت
(1,757,809,516)	(1,614,635,947)	
667,416,170	2,881,304,100	متفرق آمدن
5,875,838,361	41,440,917	
6,543,254,531	2,922,745,017	
1,281,164,000	-	منسلک اداروں کی آمدن کا حصہ
7,824,418,531	2,922,745,017	قبل از ٹیکس نفع
655,211,021	(816,055,169)	ٹیکس کا تحمیہ
8,479,629,552	2,106,689,848	سال کا منافع
(2,626,516)	(85,581,326)	گریجویٹوں کے تخمینہ میں تبدیلی (ٹیکس کے بعد)
158,348,068	-	منسلک ادارے میں سرمایہ کاری فروخت کرنے پر ایکویٹی میں تبدیلی کا حصہ
20,343,840,906	28,979,192,010	پچھلے سال تک کا غیر منقسم منافع
28,979,192,010	31,000,300,532	تقسیم کے لیے دستیاب نفع
-	(310,506,995)	فائل نقد ڈیویڈنڈ @ 10% (2017:-)
28,979,192,010	30,689,793,537	اس سال تک کا غیر منقسم منافع
27.31	6.78	فی حصص آمدنی

منافع کی تجویز کردہ تقسیم - فائل نقد ڈیویڈنڈ

بورڈ نے 30 جون 2018 کو ختم ہونے والے سال کے لئے تمام حصہ داران کے لئے فائل نقد ڈیویڈنڈ ایک روپیہ پچاس پیسے فی حصہ (15%) دینے کی منظوری دی ہے۔

2017	2018	
روپے	روپے	
310,506,995	465,760,493	فائل نقد ڈیویڈنڈ
		ایک روپیہ پچاس پیسے فی حصہ @ 15% (2017: 10%)

ختم ہونے والے مالی سال کیلئے دوبارہ بطور خارجی محاسب تجویز کیا۔

محاسب

شیر ہولڈنگ پیٹرن
30 جون 2018 پر شیر ہولڈنگ پیٹرن ملحق ہے۔

خارجی محاسب ڈیلائیٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس نے ریٹائر ہونے کے بعد خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ آڈٹ کمیٹی نے ڈیلائیٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس کو 30 جون 2019 کو

چیئرمین کا جائزہ:

آپ کے ادارے کے ڈائریکٹرز 30 جون 2018 کو ختم ہونے والے سال کے لئے ادارے کی کارکردگی پر چیئرمین کے جائزہ کی توثیق کرتے ہیں۔

چیمبر میں کا جائزہ

میں انتہائی مسرت کے ساتھ ۳۰ جون ۲۰۱۸ء کو اختتام پذیر ہونے والے سال میں آپ کے ادارے اور اس کے بورڈ کی کارکردگی کے ساتھ ساتھ ادارے کے مقاصد کے حصول کیلئے بورڈ کے کردار کی افادیت پر جائزہ پیش کرتا ہوں۔

صنعتی جائزہ

زیر نظر مالی سال میں کپڑے کی مقامی صنعت کی طلب میں نمایاں اضافہ دیکھنے میں آیا ہے جس کی وجہ حکومت پاکستان کے متعدد اصلاحی اقتصادی اقدامات ہیں جن میں پاکستانی روپے کی قدر میں تھج، درآمدات پر ٹیرف اور ٹیرف ایف اے اور توسیعی اقتصادی پالیسیوں کا نفاذ شامل ہیں۔ ان تمام عناصر کے ساتھ ساتھ کم ترین شرح سود اور توانائی کی مسلسل دستیابی نے کپڑے کی صنعت کی معاشی کارکردگی میں اضافہ کے لئے مثبت کردار ادا کیا ہے۔ مقامی طور پر پولیسٹر سٹیل فائبر بنانے والوں کی طرف سے تقابلی قیمتیں بھی ان کے منڈی میں تناسب کاروباری حجم کو بڑھانے میں معاون ثابت ہوئی ہیں۔ مزید برآں زیر نظر سال میں خام تیل کی قیمتوں میں مسلسل اضافہ ہوا جس کی وجہ سے معدنی تیل کی صنعت میں مال تجارت پر نفع ہوا اور نتیجتاً مالیاتی نتائج بہتر ہوئے۔

منڈی کی سرگرمیاں

زیر نظر سال میں آپ کے ادارہ کے پولیسٹر سٹیل فائبر کے کارخانہ نے 314,193 ٹن پولیسٹر سٹیل فائبر فروخت کیا جبکہ پچھلے متعلقہ سال میں 266,021 ٹن پولیسٹر سٹیل فائبر پولیسٹر چپ فروخت کی۔

آپ کے ادارہ کے دھاگے کے کارخانوں نے دوران سال 26,900 ٹن مختلف اقسام کا آمیزش دھاگہ فروخت کیا جبکہ پچھلے سال 27,743 ٹن دھاگہ فروخت کیا تھا۔

پیداواری سرگرمیاں

آپ کے ادارہ کے پولیسٹر کے کارخانہ نے اس سال 326,269 ٹن پولیسٹر سٹیل فائبر بنایا جبکہ پچھلے سال آپ کے ادارہ کے پولیسٹر کے کارخانہ نے 290,697 ٹن پولیسٹر سٹیل فائبر پولیسٹر چپ بنائی۔ اس پیداوار میں سے 20,068 ٹن پولیسٹر سٹیل فائبر آپ کے ادارہ کے دھاگے کے اپنے کارخانوں میں دوران سال آمیزش دھاگہ بنانے میں استعمال ہوا جبکہ پچھلے متعلقہ سال میں 19,124 ٹن استعمال ہوا تھا۔

دوران سال آپ کے ادارہ کے دھاگے کے کارخانوں میں 134,895 سینڈلز کام کرتے رہے اور 27,777 ٹن مختلف اقسام کا آمیزش دھاگہ بنایا جبکہ پچھلے سال 131,145 سینڈلز کے چلنے سے 28,239 ٹن دھاگہ بنا۔

مالیاتی کارکردگی

آپ کے ادارہ نے زیر نظر سال میں 53,887 ملین روپے کی خالص فروخت کی جبکہ پچھلے متعلقہ سال یہ خالص فروخت 39,911 ملین روپے تھی۔ دوران سال آپ کے ادارہ نے 4,496 ملین روپے نام نفع کمایا جبکہ پچھلے متعلقہ سال 2,425 ملین روپے نام نفع کمایا تھا۔

آپ کے ادارہ نے زیر نظر سال میں 2,923 ملین روپے قبل از ٹیکس نفع کمایا جبکہ پچھلے سال یہ نفع 7,824 ملین روپے رہا تھا۔ اس سال بعد از ٹیکس نفع 2,107 ملین روپے رہا جبکہ پچھلے سال یہ نفع 8,480 ملین روپے رہا تھا۔

دھاگے کی پیداواری صلاحیت میں اضافہ

پاکستان کی کپڑے کی صنعت کی موجودہ صورتحال کے ساتھ ساتھ اس کی استعداد اور قیمتوں کا تجزیہ کرنے کے بعد آپ کے ادارے کی انتظامیہ نے اپنی دھاگے کی پیداواری صلاحیت میں اضافہ کرنے کا فیصلہ کیا ہے۔ لہذا 100,320 سینڈلز پر مشتمل نئے کارخانے (دھاگے کا کارخانہ نمبر ۳) کی تنصیب کے منصوبے کا آغاز کر دیا ہے۔ یہ کارخانہ جدید ٹرزی مشینوں کا حامل ہوگا اور اس کی دھاگے کی سالانہ پیداواری صلاحیت 32,500 ٹن ہوگی۔

اس منصوبے کے لئے مشینری دنیا کے معتبر ترین مشینری فراہم کرنے والے اداروں Truetzschler اور Saurer Shlafhorst جرمنی اور Luwa Air Engineering سویٹزر لینڈ نے فراہم کی ہے۔ مشینری کی فراہمی کے لئے قواعد و ضوابط ان فراہم کنندگان کے ساتھ پہلے ہی طے پا چکے ہیں اور اس سلسلہ میں لیڈز آف کریڈٹ کھولے جا چکے ہیں۔ مشینری کی ترسیل اگلے تین سال کی پہلی سہ ماہی میں شروع ہو جائے گی۔

اس منصوبے کے تحت تعمیراتی کام بھی شروع ہو چکا ہے جس پر منصوبے کی معینہ مدت کے مطابق عمل درآمد جاری ہے۔

کونکے سے چلنے والے والے توانائی کے منصوبے کی تنصیب

آپ کے ادارہ کے کونکے سے چلنے والے توانائی کے منصوبے کی تنصیب مکمل ہو چکی ہے اور اس نے تجرباتی بنیادوں پر کامیابی سے چلنے کے بعد مارچ ۲۰۱۸ء سے کاروباری پیداوار شروع کر دی ہے۔ یہ ایک جدید طرز کا فنی منصوبہ ہے جو کہ Christof Project GmbH آسٹریا نے فراہم کیا ہے۔ یہ منصوبہ 20.4 میگا واٹ بجلی پیدا کرنے کی صلاحیت رکھتا ہے اور اس کا CFB بواٹر 80 ٹن فی گھنٹہ بجلی پیدا کر سکتا ہے۔

اس منصوبے کی تکمیل سے توانائی کے تبادلات ذرائع میں اضافہ ہوا ہے، جس سے مہنگے ایندھن پر انحصار میں کمی واقع ہوئی ہے۔ اس منصوبے کے تحت توانائی کی لاگت کم ہوگی جس سے کاروباری برتری حاصل ہوگی۔

جدت و تبدیلی

دھاگے کے کارخانوں میں جدت اور تبدیلی کے منصوبے کے تحت آپ کے ادارہ نے مندرجہ ذیل کارخانوں میں جدت اور تبدیلی کا مکمل کر لیا ہے۔

دھاگے کا کارخانہ نمبر ۲

زیر نظر سال میں آپ کے ادارہ نے دھاگے کے کارخانہ نمبر ۲ کے یونٹ نمبر ۱ میں کون واٹنگ مشین تبدیل کرنے کے ساتھ ساتھ نئے پلانٹ آپریشن سنٹر کی تنصیب کا منصوبہ مکمل کر لیا ہے۔ یہ مشینری دنیا کے معتبر ترین دھاگہ بنانے والی مشینری کے فراہم کنندہ Saurer Schlafhorst جرمنی نے فراہم کی ہے اس منصوبے کا کامیاب تنصیب سے آپ کے اس ادارہ کے کارخانے کے معیار میں بہتری، افرادی قوت میں کمی اور توانائی کے استعمال میں کمی آئی ہے۔

دھاگے کا کارخانہ نمبر ۳

آپ کے ادارہ نے کامیابی سے ایک اور منصوبے کے تحت دھاگے کے کارخانہ نمبر ۳ کے یونٹ نمبر ۳ کی تمام پیکنگ اور واٹنگ مشینوں کو جدید طرز کی منسلک مشینوں سے تبدیل کر دیا ہے جو کہ Saurer Schlafhorst جرمنی نے فراہم کی ہیں۔

اس منصوبے کے مکمل ہونے سے آپ کے ادارہ کے اس کارخانے کے معیار، کارکردگی اور پیداوار میں مزید بہتری آئی ہے۔

پیشہ وارانہ طرز عمل اور انسانی وسائل

بین الاقوامی معیار کے مطابق انسانی وسائل کی ترقی آپ کے ادارہ کا ہمیشہ سے ایک بہت اہم مقصد رہا ہے۔ اس رہنما اصول کے تناظر میں آپ کے ادارہ کی انتظامیہ اپنے انسانی وسائل کو دنیا میں ظہور پذیر ہونے والے جدید رجحانات، فنی مہارت اور طرز عمل سے آراستہ کرنے کے لئے انتھک محنت جاری رکھے ہوئے ہے۔ اس سلسلہ میں آپ کے ادارہ نے زیر نظر سال کے دوران اپنے ملازمین کے لئے اندرونی طور پر ویب پیائے پر ترقیاتی سرگرمیوں کا انعقاد کیا۔ ان سرگرمیوں کے علاوہ متعدد ملازمین کو بیرون طور پر معتبر اداروں کی طرف سے مختلف موضوعات جیسا کہ قابل تجدید توانائی، اعداد و شمار کی تجزیاتی مہارت، تکنیکی کپڑا سازی، کارخانوں کی دیکھ بھال اور کارکردگی، ذہنی دباؤ سے بچاؤ، انتظامی صلاحیتیں، کاروباری قوانین، محصولاتی قوانین اور مالیاتی نمونوں پر منعقد ہونے والی ترقیاتی سرگرمیوں میں شمولیت کا موقع فراہم کیا گیا۔

مستقبل پر نقطہ نظر

کپڑے کی مقامی صنعت میں مثبت رجحانات میں بتدریج اضافہ ہو رہا ہے اور ان کے مستقبل میں جاری رہنے کی توقع ہے۔ مزید برآں چین کی حکومت کی طرف سے دوبارہ آمد بنانے کے لئے PET کے استعمال پر عائد پابندی کی وجہ سے بھی مقامی البیشائی منڈیوں میں ازسر نو بنانے گئے فائبر کی طلب میں اضافہ ہوا ہے۔ توقع ہے کہ یہ دونوں عوامل مقامی طور پر تیار ہونے والے پولیسٹر سٹیل فائبر کی طلب میں مثبت کردار ادا کریں گے۔

جہاں تک خام تیل کا تعلق ہے، اس نے زیر نظر مالی سال میں بین الاقوامی سطح پر درپیش مختلف چیلنجز جیسا کہ منڈی کو مستحکم رکھنے کے لئے OPEC پر امریکہ کی حکومت کے دباؤ کے باوجود قیمت میں اضافے کا رجحان جاری رکھا ہے۔ تاہم ان چیلنجز کے ساتھ ساتھ بین الاقوامی اقتصادی صورتحال کی وجہ سے خام تیل، IPTA اور MEG کی قیمتیں مستقبل قریب میں غیر مستحکم رہ سکتی ہیں جس کی وجہ سے مقامی پولیسٹر سٹیل فائبر کی صنعت کے نتائج متاثر ہو سکتے ہیں۔

اس تناظر میں آپ کے ادارہ کی انتظامیہ بہتر پیداوار اور فروخت کے حصول کے لئے جدوجہد کر رہی ہے تاکہ آنے والے مالی سال میں بہتر نتائج حاصل ہوں۔

اظہار تشکر

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شیخ عطاء محمد

چیمبر میں

لاہور

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