



Half Yearly Report 20  
For the period ended December 31, 20  
**Ibrahim Fibres Limited**

# **STRIVING FOR EXCELLENCE**





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# COMPANY INFORMATION

## BOARD OF DIRECTORS

|                         |                         |
|-------------------------|-------------------------|
| Sheikh Mukhtar Ahmad    | Chairman                |
| Mohammad Naeem Mukhtar  | Chief Executive Officer |
| Muhammad Waseem Mukhtar |                         |
| Saba Muhammd            |                         |
| Mohammad Naeem Asghar   |                         |
| Abdul Hameed Bhutta     |                         |
| Ikram ul Haq Mian       |                         |

## CHIEF FINANCIAL OFFICER

Mohammad Naeem Asghar

## COMPANY SECRETARY

Muhammad Labeeb Subhani

## AUDITORS

Yousuf Adil  
Chartered Accountants

## HUMAN RESOURCE & REMUNERATION COMMITTEE

|                     |                    |
|---------------------|--------------------|
| Saba Muhammd        | Chairman           |
| Abdul Hameed Bhutta | Member / Secretary |
| Ikram ul Haq Mian   | Member             |

## AUDIT COMMITTEE

|                         |           |
|-------------------------|-----------|
| Ikram ul Haq Mian       | Chairman  |
| Abdul Hameed Bhutta     | Member    |
| Saba Muhammd            | Member    |
| Muhammad Iqbal Chaudhry | Secretary |

## REGISTRAR’S & SHARES REGISTRATION OFFICE

CDC Share Registrar Services Limited  
CDC House, 99 - B, Block - B, S.M.C.H.S.  
Main Shakra-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  
Industrial and Commercial Bank of China Limited  
JS Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
The Bank of Punjab  
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



# DIRECTORS' REVIEW

The Directors of your Company are pleased to present before you the unaudited financial results of the Company for the second quarter and half year ended December 31, 2020.

## OPERATING PERFORMANCE

During the half year under review, the Polyester Plant of your Company produced 148,524 tons of Polyester Staple Fibre (PSF) / Polyester chips as against production of 141,432 tons of PSF during the corresponding period of previous year. Out of this production, 15,207 tons of PSF were consumed by the textile plants of your Company for production of blended yarns as against 10,309 tons consumed during the corresponding period of previous year.

The textile plants of your Company produced 22,849 tons of blended yarns of different counts during the half year under review as against production of 15,479 tons during the corresponding period of previous year.

## FINANCIAL PERFORMANCE

During the half year under review, your Company achieved net sales of Rs. 29,513 million as compared to Rs. 28,433 million during corresponding period of previous year.

Your Company earned gross profit of Rs. 3,105 million during the period under review as compared to Rs. 2,154 million during corresponding period of the previous year.

During the period under review, your Company had profit before tax of Rs. 1,839 million and profit after tax of Rs. 1,171 million as against Rs. 825 million and Rs. 202 million respectively during the corresponding period of previous year.

## FUTURE OUTLOOK

Domestic economy showed healthy recovery during the period under review despite varying trends at international front. Large scale manufacturing in general and textile sector in particular, performed well resulting in improved turnovers as well as better margins across entire textile chain. Margins further improved during the period under review due to inventory gains arising from upward trends in feedstock prices.

Going forward, domestic economy is expected to maintain the momentum despite certain challenges being faced by the international economies. Moreover, economic sentiments are expected to remain affirmative on global level primarily due to COVID-19 vaccine roll-out on larger scale as well as improved management of demand and supply situation in crude oil market by the respective market players. All these factors are expected to result in decent turnovers and reasonable margins in the foreseeable future.

In this scenario, the management of your Company is striving hard to increase market share through effective marketing strategies and better operating results through prudent financial controls.

## EARNINGS PER SHARE

Earnings per share for the half year ended December 31, 2020 has come to Rs. 3.77 as compared to Rs. 0.65 during the corresponding period of previous year.

Lahore  
February 18, 2021

  
Chief Executive Officer

On behalf of the Board,

  
Director

Yearly Report

# INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF IBRAHIM FIBRES LIMITED

## Report on review of Condensed Interim Financial Statements

### INTRODUCTION

We have reviewed the accompanying condensed interim statement of financial position of Ibrahim Fibres Limited (the Company) as at December 31, 2020, the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarter ended December 31, 2020 and related comparative information have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at December 31, 2020 and for the half year then ended, are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Rana M. Usman Khan.



**Yousuf Adil**

**Chartered Accountants**

Lahore

Date: February 18, 2021

**IBRAHIM FIBRES LIMITED**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the half year ended December 31, 2020**



# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

|                                        | Note | Unaudited<br>December 31,<br>2020<br>Rupees | Audited<br>June 30,<br>2020<br>Rupees |
|----------------------------------------|------|---------------------------------------------|---------------------------------------|
| <b>NON - CURRENT ASSETS</b>            |      |                                             |                                       |
| Property, plant and equipment          | 3    | 42,414,390,667                              | 39,477,948,266                        |
| Intangible assets                      |      | 69,421,130                                  | 37,156,710                            |
| Long term loans                        |      | 83,815,820                                  | 87,858,424                            |
| Long term deposits                     |      | 7,569,771                                   | 7,540,176                             |
|                                        |      | 42,575,197,388                              | 39,610,503,576                        |
| <b>CURRENT ASSETS</b>                  |      |                                             |                                       |
| Stores, spare parts and loose tools    |      | 4,300,092,673                               | 4,594,647,824                         |
| Stock in trade                         |      | 10,589,400,109                              | 9,703,186,774                         |
| Trade debts                            |      | 1,308,330,319                               | 860,483,242                           |
| Loans and advances                     |      | 1,584,230,895                               | 1,426,327,536                         |
| Prepayments                            |      | 108,639,285                                 | 49,659,288                            |
| Other receivables                      |      | 3,042,477,488                               | 3,324,913,434                         |
| Cash and bank balances                 |      | 67,393,629                                  | 18,079,674                            |
|                                        |      | 21,000,564,398                              | 19,977,297,772                        |
| <b>CURRENT LIABILITIES</b>             |      |                                             |                                       |
| Trade and other payables               |      | 2,485,563,133                               | 1,123,336,895                         |
| Markup / interest payable              |      | 259,586,883                                 | 517,302,165                           |
| Short term bank borrowings             |      | 6,003,218,586                               | 7,040,979,503                         |
| Unclaimed dividend                     |      | 27,059,715                                  | 27,100,129                            |
| Current portion of long term financing |      | 250,000,000                                 | —                                     |
| Provision for taxation - income tax    |      | 1,152,635,646                               | 707,573,354                           |
|                                        |      | 10,178,063,963                              | 9,416,292,046                         |
| <b>Working capital</b>                 |      | 10,822,500,435                              | 10,561,005,726                        |
| <b>Total capital employed</b>          |      | 53,397,697,823                              | 50,171,509,302                        |
| <b>NON - CURRENT LIABILITIES</b>       |      |                                             |                                       |
| Long term financing                    |      | 11,786,178,117                              | 10,000,000,000                        |
| Deferred liabilities:                  |      |                                             |                                       |
| Deferred taxation                      |      | 1,418,082,159                               | 1,195,473,361                         |
| Staff retirement gratuity              |      | 1,156,933,431                               | 1,110,872,232                         |
|                                        |      | 14,361,193,707                              | 12,306,345,593                        |
| <b>CONTINGENCIES AND COMMITMENTS</b>   |      |                                             |                                       |
| <b>Net worth</b>                       | 4    | 39,036,504,116                              | 37,865,163,709                        |
| <b>Represented by:</b>                 |      |                                             |                                       |
| <b>SHARE CAPITAL AND RESERVES</b>      |      |                                             |                                       |
| Share capital                          |      | 3,105,069,950                               | 3,105,069,950                         |
| Capital reserves                       |      | 1,072,017,550                               | 1,072,017,550                         |
| Revenue reserves                       |      | 34,859,416,616                              | 33,688,076,209                        |
|                                        |      | 39,036,504,116                              | 37,865,163,709                        |

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

Chief Executive Officer

Director

Chief Financial Officer



# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)

## For the half year ended December 31, 2020

|                                        |      | Quarter ended December 31,<br>2020 | 2019             | Half year ended December 31,<br>2020 | 2019             |
|----------------------------------------|------|------------------------------------|------------------|--------------------------------------|------------------|
|                                        | Note | Rupees                             | Rupees           | Rupees                               | Rupees           |
| Sales - net                            |      | 17,199,179,574                     | 15,590,275,057   | 29,513,117,618                       | 28,432,502,222   |
| Cost of goods sold                     | 5    | (14,500,917,643)                   | (14,369,713,894) | (26,408,550,859)                     | (26,278,377,521) |
| Gross profit                           |      | 2,698,261,931                      | 1,220,561,163    | 3,104,566,759                        | 2,154,124,701    |
| Selling and distribution expenses      |      | (82,494,266)                       | (91,168,829)     | (157,108,499)                        | (176,982,431)    |
| Administrative expenses                |      | (243,326,344)                      | (230,275,239)    | (463,565,508)                        | (451,890,897)    |
| Other operating expenses               |      | (120,194,272)                      | (22,587,840)     | (121,034,677)                        | (52,213,690)     |
| Finance cost                           |      | (270,511,362)                      | (411,918,416)    | (562,354,002)                        | (666,919,507)    |
|                                        |      | (716,526,244)                      | (755,950,324)    | (1,304,062,686)                      | (1,348,006,525)  |
| Other income                           |      | 1,981,735,687                      | 464,610,839      | 1,800,504,073                        | 806,118,176      |
|                                        |      | 24,542,554                         | 8,469,889        | 38,507,424                           | 18,818,282       |
| Profit before taxation                 |      | 2,006,278,241                      | 473,080,728      | 1,839,011,497                        | 824,936,458      |
| Provision for taxation                 |      | (540,748,191)                      | (416,308,423)    | (667,671,090)                        | (623,008,027)    |
| Profit for the period                  |      | 1,465,530,050                      | 56,772,305       | 1,171,340,407                        | 201,928,431      |
| Earnings per share - Basic and Diluted |      | 4.72                               | 0.18             | 3.77                                 | 0.65             |

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

Half Yearly Report

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

## For the half year ended December 31, 2020

|                                           | Quarter ended December 31,<br>2020<br>Rupees | 2019<br>Rupees | Half year ended December 31,<br>2020<br>Rupees | 2019<br>Rupees |
|-------------------------------------------|----------------------------------------------|----------------|------------------------------------------------|----------------|
| Profit for the period                     | 1,465,530,050                                | 56,772,305     | 1,171,340,407                                  | 201,928,431    |
| Other comprehensive income for the period | —                                            | —              | —                                              | —              |
| Total comprehensive income for the period | 1,465,530,050                                | 56,772,305     | 1,171,340,407                                  | 201,928,431    |

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the half year ended December 31, 2020

|                                                                 | Half year ended December 31, |                 |
|-----------------------------------------------------------------|------------------------------|-----------------|
|                                                                 | 2020                         | 2019            |
|                                                                 | Rupees                       | Rupees          |
| <b>a) Cash flows from operating activities</b>                  |                              |                 |
| Profit before taxation                                          | 1,839,011,497                | 824,936,458     |
| Adjustments for:                                                |                              |                 |
| Depreciation / amortisation of property, plant and equipment    | 1,956,992,789                | 1,428,219,015   |
| Amortisation of intangible assets                               | 5,894,088                    | 4,692,923       |
| Provision for staff retirement gratuity                         | 81,273,728                   | 178,248,108     |
| Balance written off                                             | -                            | 22,171          |
| (Gain) / loss on disposal of property, plant and equipment      | (11,287,719)                 | 4,985,464       |
| Profit on deposits                                              | (249,894)                    | (172,250)       |
| Finance cost                                                    | 562,354,002                  | 666,919,507     |
| Operating cash flows before working capital changes             | 4,433,988,491                | 3,107,851,396   |
| Changes in working capital                                      |                              |                 |
| Decrease / (increase) in current assets                         |                              |                 |
| Stores, spare parts and loose tools                             | 294,555,151                  | (547,247,317)   |
| Stock in trade                                                  | (886,213,335)                | (2,084,429,065) |
| Trade debts                                                     | (447,847,077)                | (252,311,988)   |
| Loans and advances                                              | 10,182,997                   | 23,208,856      |
| Prepayments                                                     | (58,979,997)                 | (42,069,851)    |
| Other receivables                                               | 282,435,946                  | 373,761,170     |
| Increase / (decrease) in current liabilities                    |                              |                 |
| Trade and other payables                                        | 1,364,277,369                | (436,819,023)   |
|                                                                 | 558,411,054                  | (2,965,907,218) |
| Cash generated from operations                                  | 4,992,399,545                | 141,944,178     |
| Long term loans - net                                           | 9,611,601                    | (22,887,064)    |
| Finance cost paid                                               | (826,716,799)                | (534,569,133)   |
| Income tax paid - net                                           | (173,655,353)                | (99,028,896)    |
| Staff retirement gratuity paid                                  | (34,034,236)                 | (65,971,537)    |
| Net cash from / (used in) operating activities                  | 3,967,604,758                | (580,512,452)   |
| <b>b) Cash flows from investing activities</b>                  |                              |                 |
| Additions in:                                                   |                              |                 |
| Property, plant and equipment                                   | (5,087,745,517)              | (7,489,267,190) |
| Intangible assets                                               | (38,158,508)                 | (5,350,000)     |
| Proceeds from disposal of property, plant and equipment         | 209,016,137                  | 6,902,823       |
| Long term deposits                                              | (29,595)                     | (344,178)       |
| Profit on deposits                                              | 249,894                      | 175,539         |
| Net cash used in investing activities                           | (4,916,667,589)              | (7,487,883,006) |
| <b>c) Cash flows from financing activities</b>                  |                              |                 |
| Long term financing obtained                                    | 2,036,178,117                | 5,500,000,000   |
| (Decrease) / increase in short term bank borrowings - net       | (1,037,760,917)              | 2,978,331,691   |
| Dividend paid                                                   | (40,414)                     | (308,053,069)   |
| Net cash from financing activities                              | 998,376,786                  | 8,170,278,622   |
| <b>Net increase in cash and cash equivalents (a+b+c)</b>        | 49,313,955                   | 101,883,164     |
| <b>Cash and cash equivalents at the beginning of the period</b> | 18,079,674                   | 36,844,310      |
| <b>Cash and cash equivalents at the end of the period</b>       | 67,393,629                   | 138,727,474     |

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

Chief Executive Officer

Director

Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

## For the half year ended December 31, 2020

|                                                                       | Share Capital | Capital Reserves |                | Revenue Reserves |                       | Total           |
|-----------------------------------------------------------------------|---------------|------------------|----------------|------------------|-----------------------|-----------------|
|                                                                       |               | Share premium    | Merger reserve | General reserve  | Unappropriated profit |                 |
|                                                                       |               | Rupees           |                |                  |                       |                 |
| Balance as at July 01, 2019                                           | 3,105,069,950 | 1,000,000,000    | 72,017,550     | 4,089,673,099    | 31,207,085,629        | 39,473,846,228  |
| Transactions with owners                                              |               |                  |                |                  |                       |                 |
| Final cash dividend for the year ended June 30, 2019: Rs. 1 per share | -             | -                | -              | -                | (310,506,995)         | (310,506,995)   |
| Total comprehensive income for the period                             |               |                  |                |                  |                       |                 |
| Profit                                                                | -             | -                | -              | -                | 201,928,431           | 201,928,431     |
| Other comprehensive income                                            | -             | -                | -              | -                | -                     | -               |
|                                                                       | -             | -                | -              | -                | 201,928,431           | 201,928,431     |
| Balance as at December 31, 2019                                       | 3,105,069,950 | 1,000,000,000    | 72,017,550     | 4,089,673,099    | 31,098,507,065        | 39,365,267,664  |
| Total comprehensive income for the period                             |               |                  |                |                  |                       |                 |
| Loss                                                                  | -             | -                | -              | -                | (1,497,410,372)       | (1,497,410,372) |
| Other comprehensive income                                            |               |                  |                |                  |                       |                 |
| Items that will not be reclassified subsequently to profit or loss    |               |                  |                |                  |                       |                 |
| Remeasurement of staff retirement gratuity                            | -             | -                | -              | -                | (3,793,779)           | (3,793,779)     |
| Deferred tax                                                          | -             | -                | -              | -                | 1,100,196             | 1,100,196       |
|                                                                       | -             | -                | -              | -                | (2,693,583)           | (2,693,583)     |
|                                                                       | -             | -                | -              | -                | (1,500,103,955)       | (1,500,103,955) |
| Balance as at June 30, 2020                                           | 3,105,069,950 | 1,000,000,000    | 72,017,550     | 4,089,673,099    | 29,598,403,110        | 37,865,163,709  |
| Total comprehensive income for the period                             |               |                  |                |                  |                       |                 |
| Profit                                                                | -             | -                | -              | -                | 1,171,340,407         | 1,171,340,407   |
| Other comprehensive income                                            | -             | -                | -              | -                | -                     | -               |
|                                                                       | -             | -                | -              | -                | 1,171,340,407         | 1,171,340,407   |
| Balance as at December 31, 2020                                       | 3,105,069,950 | 1,000,000,000    | 72,017,550     | 4,089,673,099    | 30,769,743,517        | 39,036,504,116  |

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

  
**Chief Executive Officer**

  
**Director**

  
**Chief Financial Officer**



# SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

## For the half year ended December 31, 2020

### 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 Limited. The principal business of the Company is manufacture and sale of polyester staple fibre and yarn. The registered office of the Company is located at 1 - Ahmad Block, New Garden Town, Lahore. The manufacturing units are located at Faisalabad - Sheikhupura Road, in the Province of Punjab.
- 1.2 Pursuant to scheme of arrangement approved by the Honourable Lahore High Court, Lahore, assets, liabilities and reserves of Ibrahim Textile Mills Limited, A. A. Textiles Limited, Zainab Textile Mills Limited and Ibrahim Energy Limited were merged with the assets, liabilities and reserves of the Company with effect from October 01, 2000.
- 1.3 Ibrahim Holdings (Private) Limited is the parent company and its registered office is in Pakistan.
- 1.4 These condensed interim 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 condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

#### 2.2 Application of new and revised International Financial Reporting Standards

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

There are certain new standards, amendments to standards and interpretations that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2020 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 condensed interim financial statements.

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

There are certain new standards, amendments to standards and interpretations that will become effective in future accounting periods but are considered not to be relevant or not to have any significant effect on Company's operations and are, therefore, not disclosed in these condensed interim financial statements.

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

### For the half year ended December 31, 2020

#### 2.3 Basis of preparation

These condensed interim financial statements have been prepared under the "historical cost convention" except staff retirement gratuity carried at present value. These condensed interim financial statements do not include all the information required for complete set of financial statements and should be read in conjunction with the Company's published audited financial statements for the year ended June 30, 2020.

#### 2.4 Accounting policies and methods of computation

The accounting policies and methods of computation followed in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2020.

#### 2.5 Financial risk management

The Company's risk management objectives and policies are consistent with those objectives and policies which were disclosed in financial statements of the Company for the year ended June 30, 2020.

|                                         | Unaudited<br>December 31,<br>2020<br>Rupees | Audited<br>June 30,<br>2020<br>Rupees |
|-----------------------------------------|---------------------------------------------|---------------------------------------|
| <b>3. PROPERTY, PLANT AND EQUIPMENT</b> |                                             |                                       |
| Operating assets                        | 40,368,213,122                              | 39,308,114,692                        |
| Capital work in progress                | 2,046,177,545                               | 169,833,574                           |
|                                         | 42,414,390,667                              | 39,477,948,266                        |

|                                                                     | Half year ended December 31, 2020 |                     | Half year ended December 31, 2019 |                     |
|---------------------------------------------------------------------|-----------------------------------|---------------------|-----------------------------------|---------------------|
|                                                                     | Acquisitions<br>Rupees            | Disposals<br>Rupees | Acquisitions<br>Rupees            | Disposals<br>Rupees |
| <b>3.1 Acquisitions and disposals of operating assets - at cost</b> |                                   |                     |                                   |                     |
| Freehold land                                                       | 206,686,700                       | 190,769,700         | 249,021,580                       | —                   |
| Building on freehold land                                           | —                                 | 672,336             | 1,803,202,262                     | —                   |
| Building on leasehold land                                          | —                                 | —                   | 55,455,193                        | —                   |
| Plant and machinery                                                 | 44,536,715                        | 2,230,778           | 5,870,510,703                     | —                   |
| Aircraft                                                            | 2,875,000,000                     | —                   | —                                 | —                   |
| Furniture and fixture                                               | 11,057,893                        | 337,119             | 22,721,635                        | 132,403             |
| Office equipment                                                    | 32,069,322                        | 3,289,646           | 23,586,251                        | 8,784,206           |
| Vehicles                                                            | 45,469,007                        | 6,907,704           | 36,610,751                        | 13,597,094          |
|                                                                     | 3,214,819,637                     | 204,207,283         | 8,061,108,375                     | 22,513,703          |

# SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

## For the half year ended December 31, 2020

### 4. CONTINGENCIES AND COMMITMENTS

#### 4.1 Contingencies

There is no change in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2020 except the following:

- (i) Bank guarantee issued in favour of State Bank of Pakistan to avail benefit under Technology up-gradation Fund Scheme as mentioned in Note 17.1.1 (vi) to the above referred financial statements has been released.
- (ii) The Company filed Intra Court Appeal for assailing the imposition of Super Tax for the tax years 2015 and 2016 before the Honourable Lahore High Court which was rejected. The Company had filed Civil Petition for Leave to Appeal against judgment of Lahore High Court before the Honourable Supreme Court as mentioned in Note 17.1.10 to the above referred financial statements. During the period, Supreme Court passed interim order dated November 26, 2020 for staying recovery subject to payment of 50% of the liability.
- (iii) Deputy Commissioner Inland Revenue (DCIR) had passed an order in respect of reduced rate supplies made by the Company against which an appeal was filed with Commissioner Inland Revenue - Appeals (CIR-A) as mentioned in Note 17.1.18 to the above referred financial statements. During the period, CIR-A remanded back the case to Officer Inland Revenue with the directions to verify the supporting documents and decide the case afresh. The Company filed an appeal to Appellate Tribunal Inland Revenue on September 29, 2020 against the order of CIR-A which is pending for adjudication.
- (iv) DCIR passed an order disallowing input sales tax of Rs.111.603 million on December 31, 2020. The Company filed an appeal dated December 31, 2020 before CIR-A which is to be adjudicated.

|                                                       | Unaudited<br>December 31,<br>2020<br>Rupees in million | Audited<br>June 30,<br>2020<br>Rupees in million |
|-------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------|
| <b>4.2 Commitments</b>                                |                                                        |                                                  |
| <b>4.2.1 Under contracts for capital expenditure:</b> |                                                        |                                                  |
| Land and Building                                     | 84.979                                                 | 106.851                                          |
| Plant and machinery                                   | 8.206                                                  | 7.445                                            |
| <b>4.2.2 Under letters of credit for:</b>             |                                                        |                                                  |
| Plant and machinery                                   | 93.967                                                 | 1,808.952                                        |
| Intangible assets                                     | 40.325                                                 | —                                                |
| Raw materials and spare parts                         | 3,060.468                                              | 368.221                                          |

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

### For the half year ended December 31, 2020

|                                               | Quarter ended<br>2020<br>Rupees | December 31,<br>2019<br>Rupees | Half year ended<br>2020<br>Rupees | December 31,<br>2019<br>Rupees |
|-----------------------------------------------|---------------------------------|--------------------------------|-----------------------------------|--------------------------------|
| <b>5. COST OF GOODS SOLD</b>                  |                                 |                                |                                   |                                |
| Raw materials consumed                        | 10,478,338,775                  | 11,662,952,719                 | 19,618,466,319                    | 21,901,640,590                 |
| Packing materials                             | 201,056,759                     | 178,642,589                    | 367,507,705                       | 329,277,263                    |
| Salaries, wages and benefits                  | 376,095,323                     | 496,800,272                    | 725,046,614                       | 993,199,713                    |
| Staff retirement benefits                     | 23,891,402                      | 70,204,362                     | 47,782,805                        | 140,408,724                    |
| Stores and spare parts                        | 332,467,297                     | 221,242,854                    | 760,737,747                       | 476,309,264                    |
| Fuel and power                                | 1,216,288,903                   | 1,297,737,141                  | 2,418,202,979                     | 2,714,485,091                  |
| Insurance                                     | 24,504,221                      | 22,221,188                     | 49,008,659                        | 44,356,496                     |
| Depreciation of property, plant and equipment | 949,409,455                     | 779,653,580                    | 1,897,895,722                     | 1,401,939,935                  |
| Other                                         | 119,936,146                     | 98,548,984                     | 244,527,727                       | 191,429,321                    |
|                                               | 13,721,988,281                  | 14,828,003,689                 | 26,129,176,277                    | 28,193,046,397                 |
| Work in process                               |                                 |                                |                                   |                                |
| Opening stock                                 | 608,117,067                     | 631,308,081                    | 355,881,331                       | 622,633,277                    |
| Closing stock                                 | (672,807,199)                   | (665,457,464)                  | (672,807,199)                     | (665,457,464)                  |
|                                               | (64,690,132)                    | (34,149,383)                   | (316,925,868)                     | (42,824,187)                   |
| Cost of goods manufactured                    | 13,657,298,149                  | 14,793,854,306                 | 25,812,250,409                    | 28,150,222,210                 |
| Finished goods                                |                                 |                                |                                   |                                |
| Opening stock                                 | 2,572,276,740                   | 4,757,718,665                  | 2,324,957,696                     | 3,310,014,388                  |
| Closing stock                                 | (1,728,657,246)                 | (5,181,859,077)                | (1,728,657,246)                   | (5,181,859,077)                |
|                                               | 843,619,494                     | (424,140,412)                  | 596,300,450                       | (1,871,844,689)                |
|                                               | 14,500,917,643                  | 14,369,713,894                 | 26,408,550,859                    | 26,278,377,521                 |

## 6. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings and key management personnel. Significant transactions with related parties are as under:

| Relationship and nature of transaction    | Half year ended<br>2020<br>Rupees | December 31,<br>2019<br>Rupees |
|-------------------------------------------|-----------------------------------|--------------------------------|
| Parent company                            |                                   |                                |
| Dividend paid                             | —                                 | 279,939,514                    |
| Purchase of property, plant and equipment | 2,910,444,951                     | —                              |
| Rental income                             | 7,200,000                         | —                              |
| Associated undertakings                   |                                   |                                |
| Rent charged                              | 5,974,992                         | 5,974,992                      |
| Consultancy fee paid                      | 5,800,000                         | 8,584,000                      |
| Rental income                             | 6,000                             | 6,000                          |
| Key management personnel                  |                                   |                                |
| Remuneration                              | 46,250,000                        | 46,250,000                     |
| Reimbursable expenses                     | 2,032,002                         | 1,630,069                      |
| Dividend paid                             | —                                 | 47,000                         |



## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

### For the half year ended December 31, 2020

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

| Name                                 | Basis of relationship    | Note | Aggregate % of shareholding |
|--------------------------------------|--------------------------|------|-----------------------------|
| Ibrahim Holdings (Private) Limited   | Parent company           | 6.1  | 90.3076%                    |
| Allied Bank Limited                  | Common directorship      |      | –                           |
| Ibrahim Agencies (Private) Limited   | Common directorship      |      | –                           |
| Polytek Associates (Private) Limited | Common directorship      |      | –                           |
| Sheikh Mukhtar Ahmad                 | Key management personnel |      | 0.0008%                     |
| Mohammad Naeem Mukhtar               | Key management personnel |      | 0.0008%                     |
| Muhammad Waseem Mukhtar              | Key management personnel |      | 0.0008%                     |
| Mohammad Naeem Asghar                | Key management personnel |      | 0.0002%                     |
| Abdul Hameed Bhutta                  | Key management personnel |      | 0.0003%                     |
| Mohammad Waqar                       | Key management personnel |      | 0.0121%                     |
| Ikram ul Haq Mian                    | Key management personnel |      | 0.0002%                     |

**6.1** Ibrahim Holdings (Private) Limited acquired 73,500 shares of the Company during the period.

- 7.** The provisions for taxation, workers' profit participation fund and workers' welfare fund made in these condensed interim financial statements are subject to adjustments in annual financial statements.

#### **8. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on February 18, 2021 by the Board of Directors of the Company.

#### **9. GENERAL**

**9.1** There is no unusual item included in these condensed interim financial statements which is affecting assets, liabilities, profit, comprehensive income, cash flows or equity of the Company.

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer





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