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Annual Report 2009

ICC Textiles Ltd

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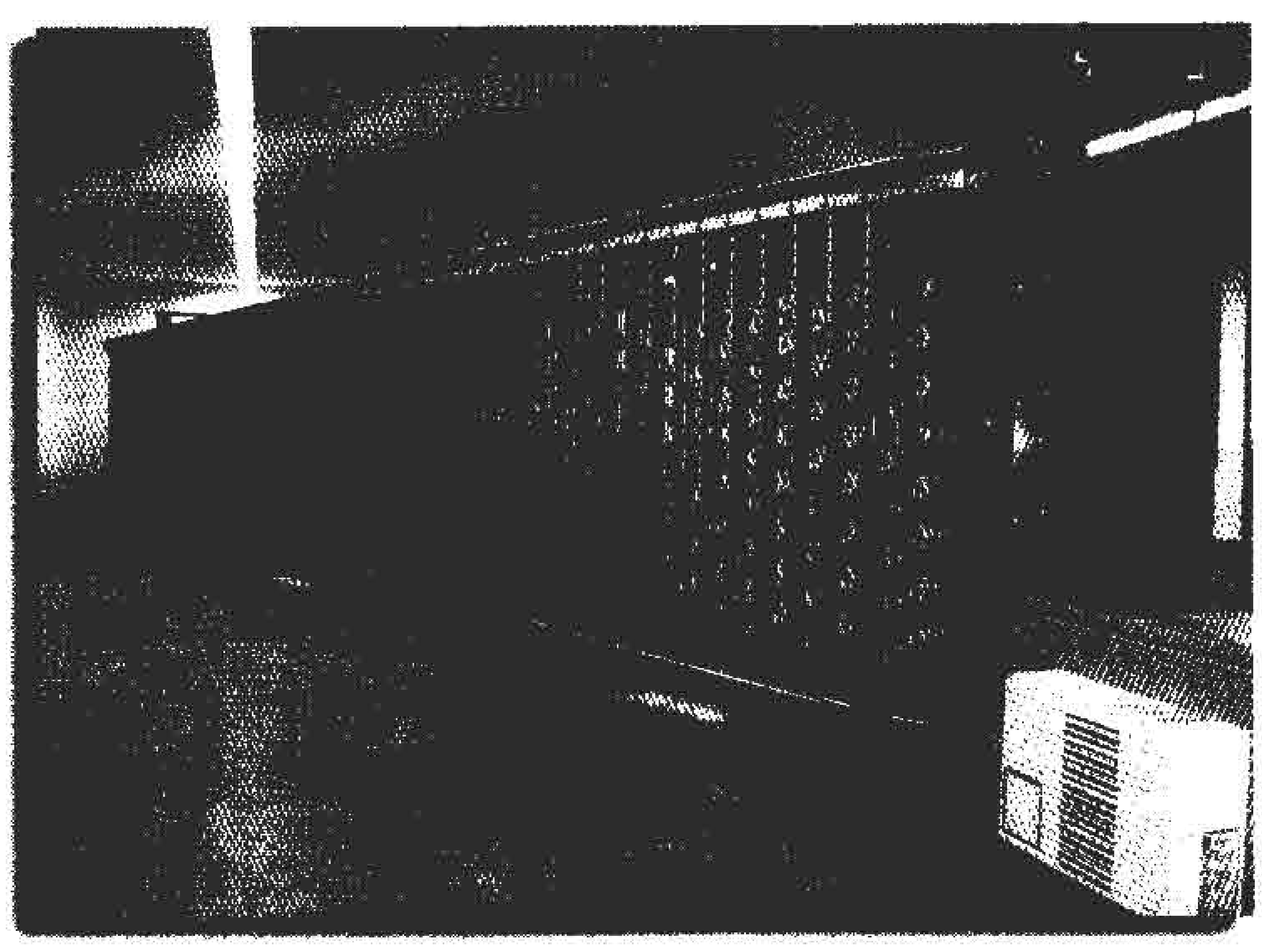


COMPANY INFORMATION

Board of Directors

- Mr. Shafiq A. Siddiqi — Chief Executive
- Mr. Javaid S. Siddiqi
- Mr. Usman Haq — Company Secretary
- Mr. S. A. Mannan
- Mr. Tariq Rehman
- Mr. Haris Noorani
- Mr. Suhail Mannan
- Mr. Tahir Rehman

Audit Committee

- Mr. Javaid S. Siddiqi — Chairman
- Mr. Haris Noorani — Member
- Mr. Tahir Rehman — Member

Chief Financial Officer

- Mr. Javed Rashid

Auditors

- M/s. Anjum Asim Shahid Rahman
  Chartered Accountants

Bankers

- MCB Bank Ltd.
- Royal Bank of Scotland
- Faysal Bank Ltd.

Shares Registrar

Corplink (Pvt) Ltd.
Wings Arcade, I-K Commercial
Model Town, Lahore.
Ph: 042-35839182, 35887262
Fax: 042-35869037

Registered Office

242-A, Anand Road,
Upper Mall, Lahore.
Ph: 042-35751765-67
Fax: 042-35789206
Email: icctex@wol.net.pk

Factory

32-K.M, Lahore-Multan Road, Sunder
Distt. Lahore.
Ph: 042-37540726-27
Fax: 042-37540728

Notice of Annual General Meeting

Notice is hereby given that the Twenty-First (21st) Annual General Meeting of ICC Textiles Limited will be held at Company's Registered Office at 242-A, Anand Road, Upper Mall, Lahore on Friday, October 30, 2009 at 03:30 p.m. to transact the following business:

ORDINARY

1. To confirm the minutes of the 20th Annual General Meeting held on October 31, 2008.

2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2009 together with the Directors' and Auditors' Reports thereon.

3. To appoint auditors for the year ending June 30, 2010 and to fix their remuneration.

4. Any other business with the permission of the chair.

By Order of the Board

Sd/-
USMAN HAQ
Company Secretary

LAHORE:
October 08, 2009

NOTES:

1. The Share Transfer Books of the Company will remain closed from 21.10.2009 to 30.10.2009 (both days inclusive). No transfer will be accepted for registration during this period.

2. A member entitled to attend and vote at this meeting may appoint another member as his / her proxy to attend and vote. Proxies in order to be effective must be received by the company not less than 48 hours before the meeting. The CDC Account Holders are requested to bring their original CNIC and Participant ID to attend the meeting.

3. Shareholders are requested to promptly notify the change in their address, if any, to the Company's Shares Registrar M/s Corplink (Pvt) Limited, Wings Arcade, 1- K Commercial, Model Town, Lahore.

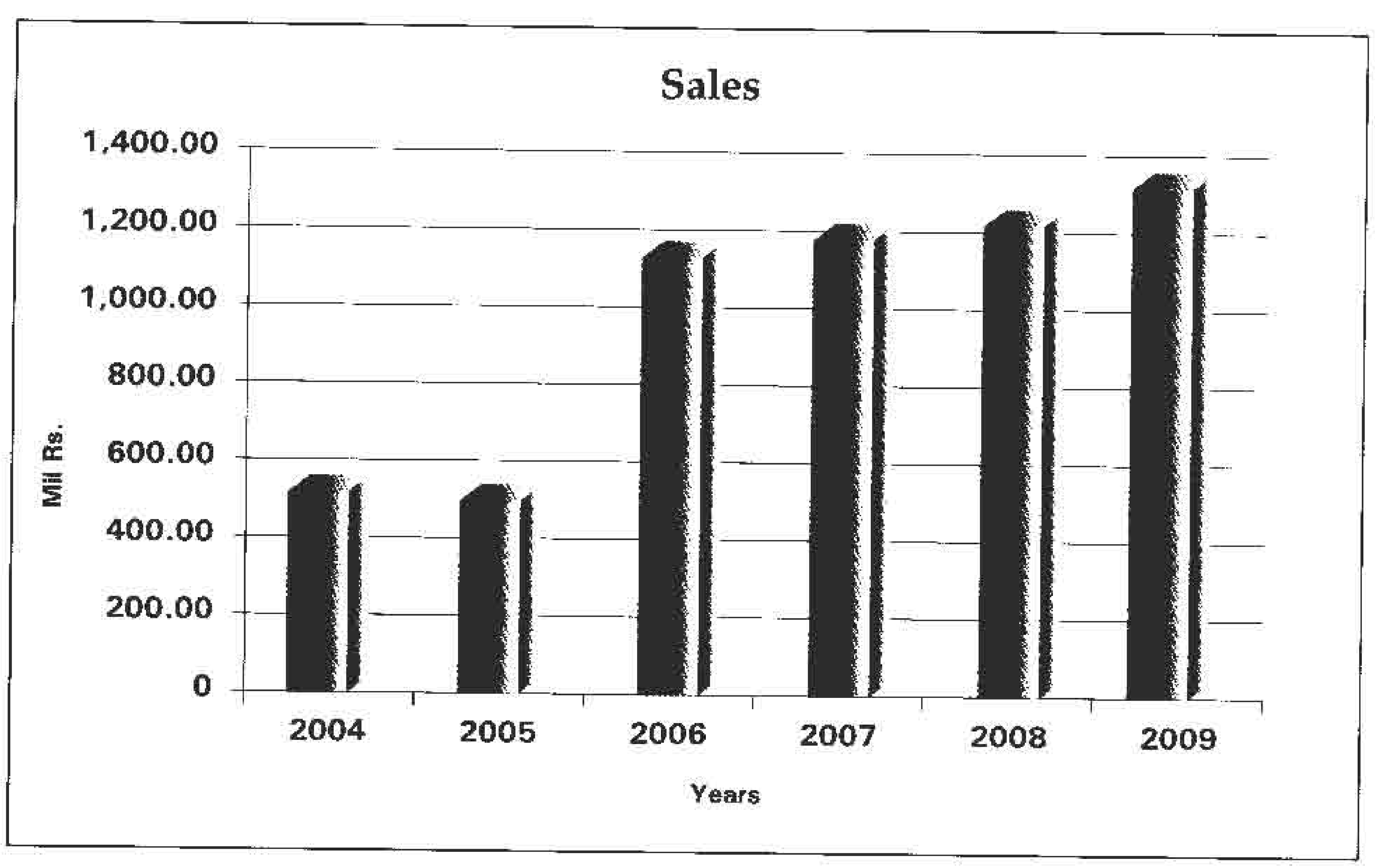
DIRECTORS' REPORT TO THE MEMBERS

On behalf of the board of directors, I take pleasure in presenting the Annual Report alongwith the Audited Accounts of the company pertaining to the financial year ending on June 30, 2009.

Financial Highlights

The company incurred a pretax loss of Rs. 69.801 million on total sales of Rs. 1,331.862 million as against a pretax loss of Rs. 155.760 million on total sales of Rs. 1,231.731 million in the preceding period.

• Total Sales	Rs.	1,331,861,699
• Gross Profit	Rs.	88,953,580
• Operating Profit	Rs.	45,250,187
• Financial Charges	Rs.	114,720,159
• Loss before tax	Rs.	-69,800,974
• Loss after tax	Rs.	-74,016,905
• Unappr. Loss brought forward	Rs.	-205,864,366
• Total Accumulated Loss	Rs.	-279,881,271
• Loss per Share	Rs.	-7.40



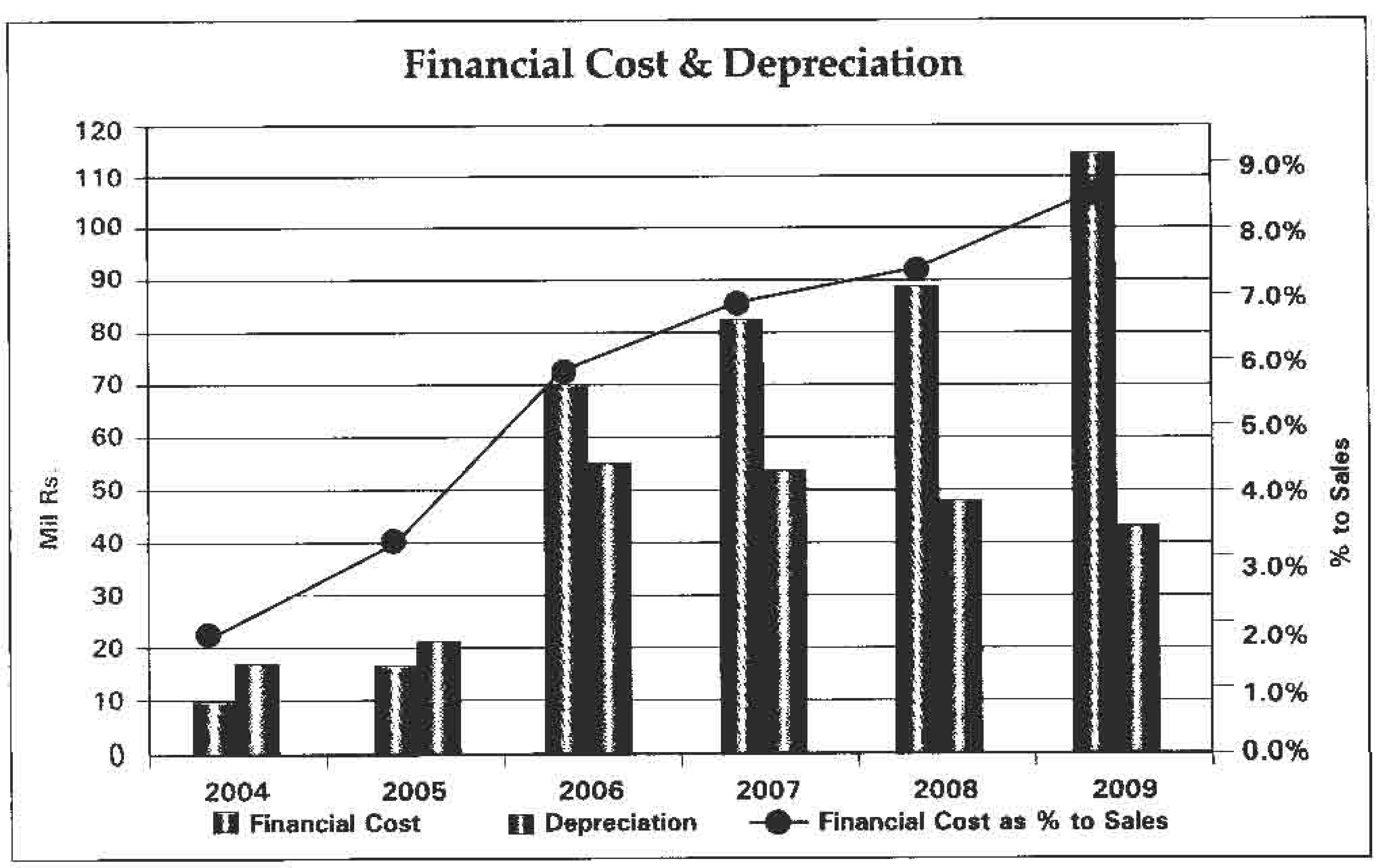
The Period under Review

We have managed to sustain a difficult year in the Textile industry which was hit hard by the impact of the Global economic crisis that crippled almost all aspects of the world economy. While 2007-08 saw all time high prices of Oil and most commodities, 2008-09 was confronted with enormous fall in prices due to drastic cut in world demand. The US cotton price dropped to below 40 US cent per lb in Nov 2008, thus bringing down the Pakistan Cotton price to its lowest level in recent times. The domestic yarn rates also plummeted accordingly. However, the yarn prices started to rise again in Jan and Feb 2009 due to shortage in supply resulting from massive gas load shedding during winter months adversely affecting production of spinning mills.

The benefit from low cost of domestic yarn for a short period could not be availed due to extremely sluggish demand for fabric in the international and local markets for the entire year.

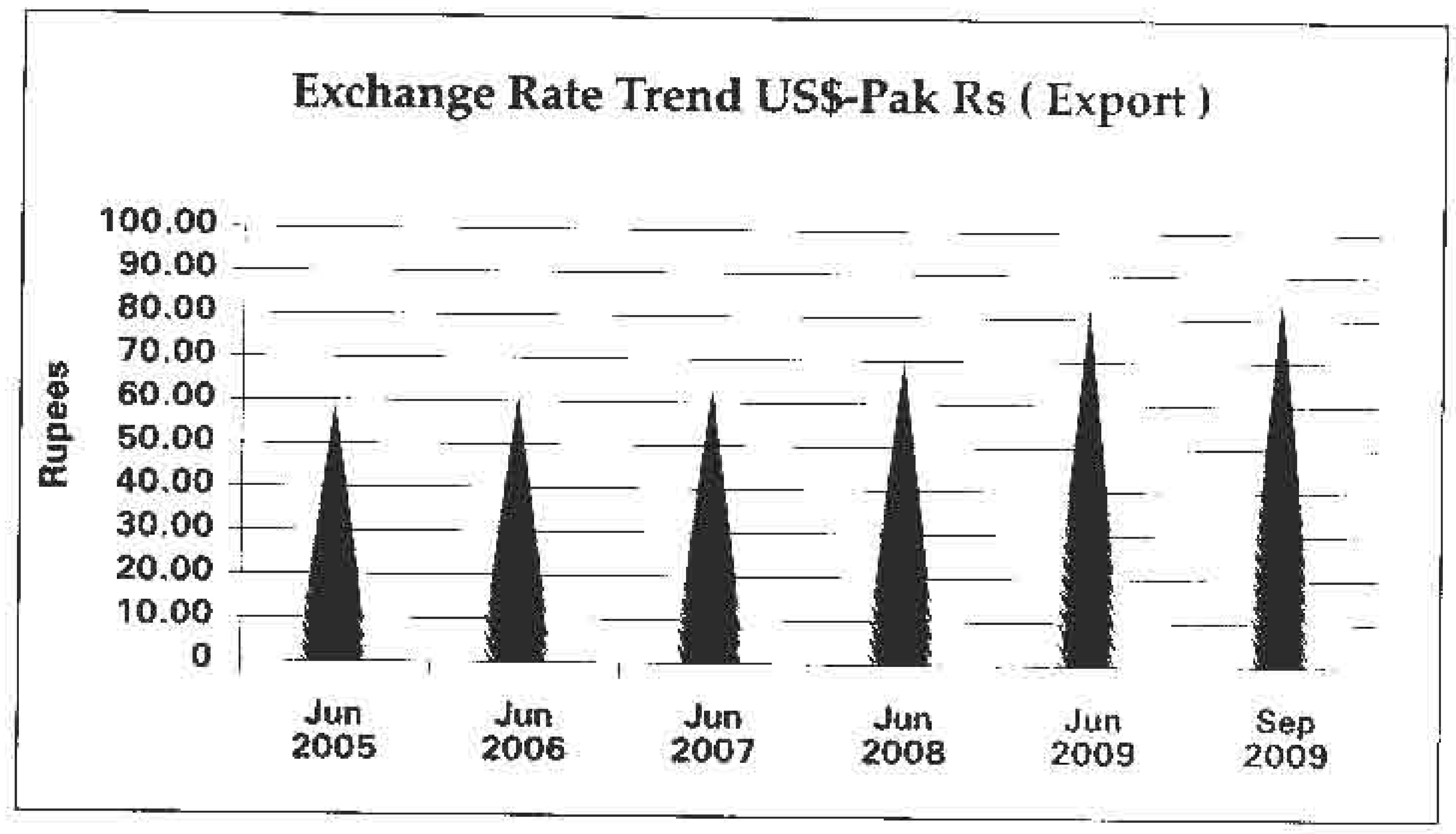
Another major cause for the loss is the high financial cost during the year due to the liquidity crisis in the Banking industry resulting in extremely high interest rates. While the rest of the world was reducing interest rates to stimulate their economies, Pakistan was maintaining one of the highest rates where 6 month KIBOR reached a maximum of 15.76% and bank spreads were also enhanced.

Non availability of Electricity and ever increasing Electricity tariff remained the biggest problem at ICC Textiles. The scheduled and unscheduled load shedding has now become a year round problem with no visible signs of improvement in the near future. While adding to the cost,



this issue also hampers our production capacity.

The only positive element during last year was the devaluation of the Pak rupee against US dollar. The exchange rate of US$ increased from 68.20 in Jun 2008 to 81.25 in Jun 2009.



The following factors influenced the performance of the company during this period.

- The Company sales in Sq Meters at 60 picks were 33.689 Million (2008: 36.593 Million). The cost of sales increased by Rs. 2.70 per sq meter (at 60 picks), mainly due to enhanced cost of raw materials, labour and fuel & power, i.e. from Rs. 34.19 to Rs. 36.89 , however, the net sale rate per sq meter (at 60 picks) increased by Rs. 5.87 i.e. from Rs. 33.66 to Rs. 39.53. The positive financial impact works out to about Rs. 107 million.

- Financial cost as a % of sales increased to 8.61% (Rs. 114.720 Mil) from 7.27% (Rs. 89.558 Mil) due to increase in interest rates and additional financing.

- Unexpected and extraordinary occurrence of electrical shutdowns of WAPDA power supply ,adversely effecting the quality of fabric and efficiencies, have continued and we remained bound to run the plant on diesel based generators. The fuel and power cost increased by Rs. 20,041 Mil (19%) as compared to last year due to enhanced electricity, diesel and furnace prices.

- There has been some relief on account of depreciation of the Pak rupee, where the average US$ exchange rate for the year was Rs. 78.25 as compared to Rs. 62.10 in the preceding year. The benefit remained limited due to depressed international demand resulting in low exports.

- Inflation continues to be a problem due to trade deficits and devaluation of Pak rupee.

Future Strategy and Prospects

The current fiscal year so far has brought about a positive change. The world economies are now showing cautious optimism. The world stock markets after hitting a rock bottom are showing a rising trend. We are now seeing demand for textile products with China taking the lead in buying yarn and fabric.

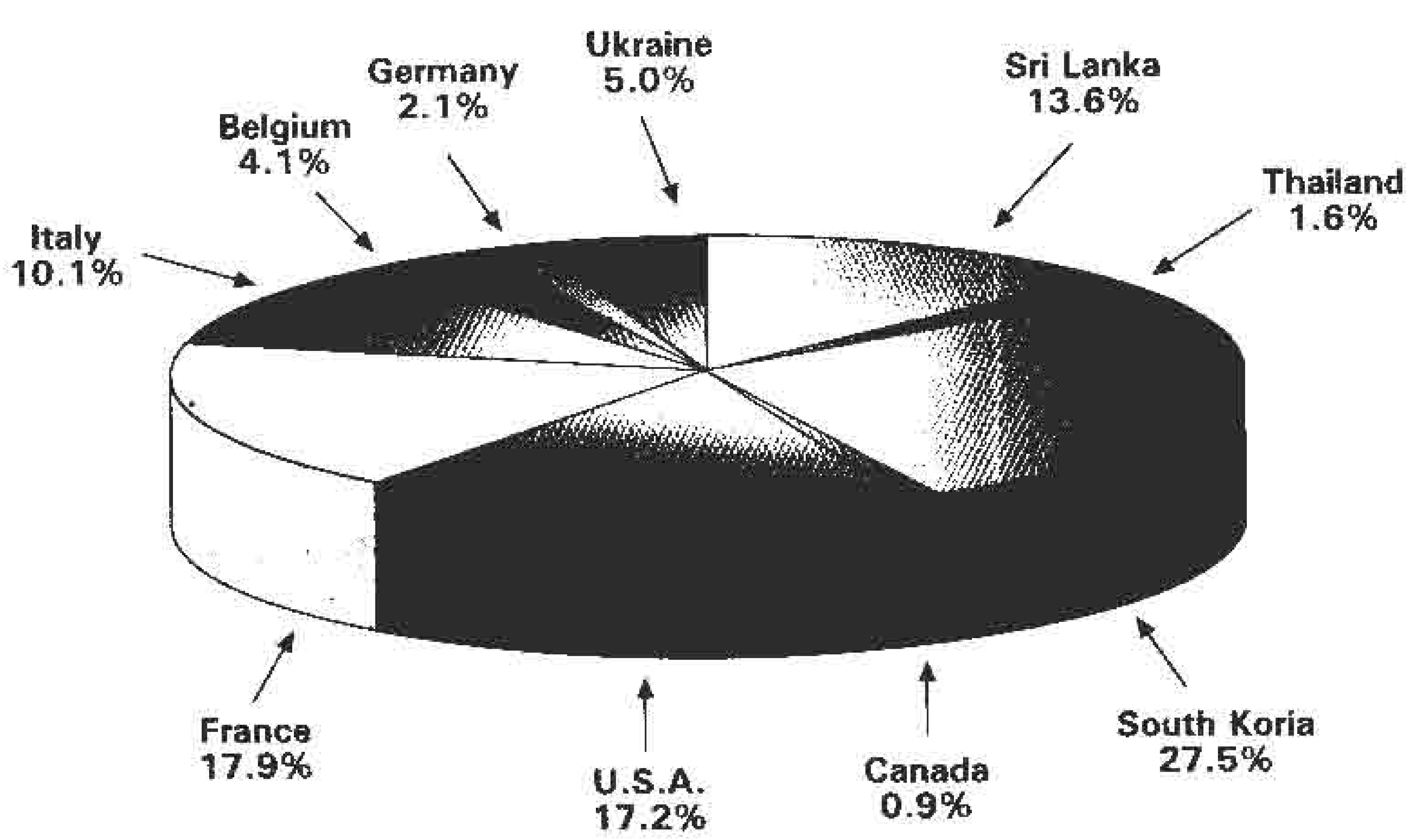
Pakistan seems to be getting the competitive advantage due to the weak Pak Rupee exchange rate which at present is at Rs. 83.08 to US dollar. In order to benefit from this, we have already started to increase our share of Sales in the export market.

The first ever comprehensive Textile Policy was announced in Aug 2009 which promises to address viability issues of the industry. We are hoping and looking forward to exemption of electricity load shedding to the industry. Moreover, we shall continue to pursue export refinance and duty drawback incentives for the weaving industry.

The directors of the company had provided Rs 40 Mil in 2004-05 as interest free loan to be adjusted against the proceeds of future public issue. In order to strengthen the balance sheet of the company [redacted], it has been decided to convert this Rs 40 Mil to paid-up capital. The authorized share capital was already enhanced for this purpose and other corporate formalities in this regard will be fulfilled shortly.

Our Export distribution in terms of value for the year is as follows:

- Europe 39 %
- Far East & Africa 43 %
- North America 18 %



Corporate and Financial Reporting Framework

In order to follow the SECP code of corporate governance, the following statements are given:

Presentation of Financial Statements

The financial statements, prepared by the management of the Company, fairly present its state of affairs, the result of its operations, cash flow and changes in equity.

Books of Accounts

Proper books of accounts have been maintained by the Company.

Accounting Policies

Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

International Accounting Standards (IAS)

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

Internal Control System

The system of internal control is sound in design and has been effectively implemented and monitored.

Going Concern

Without qualifying their opinion, Company's auditors, in their report, have drawn your attention to note 1.2 to the financial statements, which indicates that during the year the company incurred loss amounting to Rs. 74.016 million and has accumulated losses amounting to Rs. 279.881 million and negative working capital at the year end. The going concern of the company is dependent upon profitable operations, continued support from the sponsors / directors of the Company, satisfactory settlement of its long term loans from banks and compliance with the arrangements agreed with the financial institutions.

Considering rescheduling made by the State Bank of Pakistan and MCB Bank Limited of long term LTF-EOP loans (Refer Note No. 8.1 to 8.3 to the financial statements) easing cash flow, continuous support from sponsors / directors, the management's commitment and positive trend of fabric sale market coupled with downward adjustment of Pak rupee, we are of the view that there are no significant doubts about the company's ability to continue as a going concern.

Corporate Governance

There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of stock exchanges.

Operating and Financial Data

Key operating and financial data of last six years is annexed herewith.

Staff Retirement Benefits

Value of unfunded gratuity scheme, based on actuarial valuation, at the period end was Rs. 30.461 million (2008: Rs. 25.465 million).

Board Meetings

During the year July 2008 to June 2009, eight meetings of the Board of Directors were held. Attendances by the Directors were as follows:

	Name of Directors	Attendance
1	Mr. Shafiq A. Siddiqi	8
2	Mr. Javaid S. Siddiqi	8
3	Mr. Usman Haq	8
4	Mr. S. A. Mannan	3
5	Mr. Tariq Rehman	6
6	Mr. Haris Noorani	8
7	Mr. Suhail Mannan	7
8	Mr. Tahir Rehman	8

Pattern of Shareholding

The Pattern of shareholding as required by the Code of Corporate Governance is attached with this report.

Trading of Company Shares

During the financial year no share transfers involving Directors, Company Secretary, CFO and Executives of the Company (including their spouses and minor children) were reported.

Audit Committee

The Audit Committee comprises 3 members, of whom 2 are non-executive directors.

Dividend

Considering the results for the year, the board is not recommending disbursement of any dividend for the period ended Jun 30, 2009.

Acknowledgement

Finally, we appreciate the continued commitment, dedication and hard work shown by the employees of the company.

For and on Behalf of the Board of Directors

Sd/-
SHAFIQ A. SIDDIQI
Chief Executive

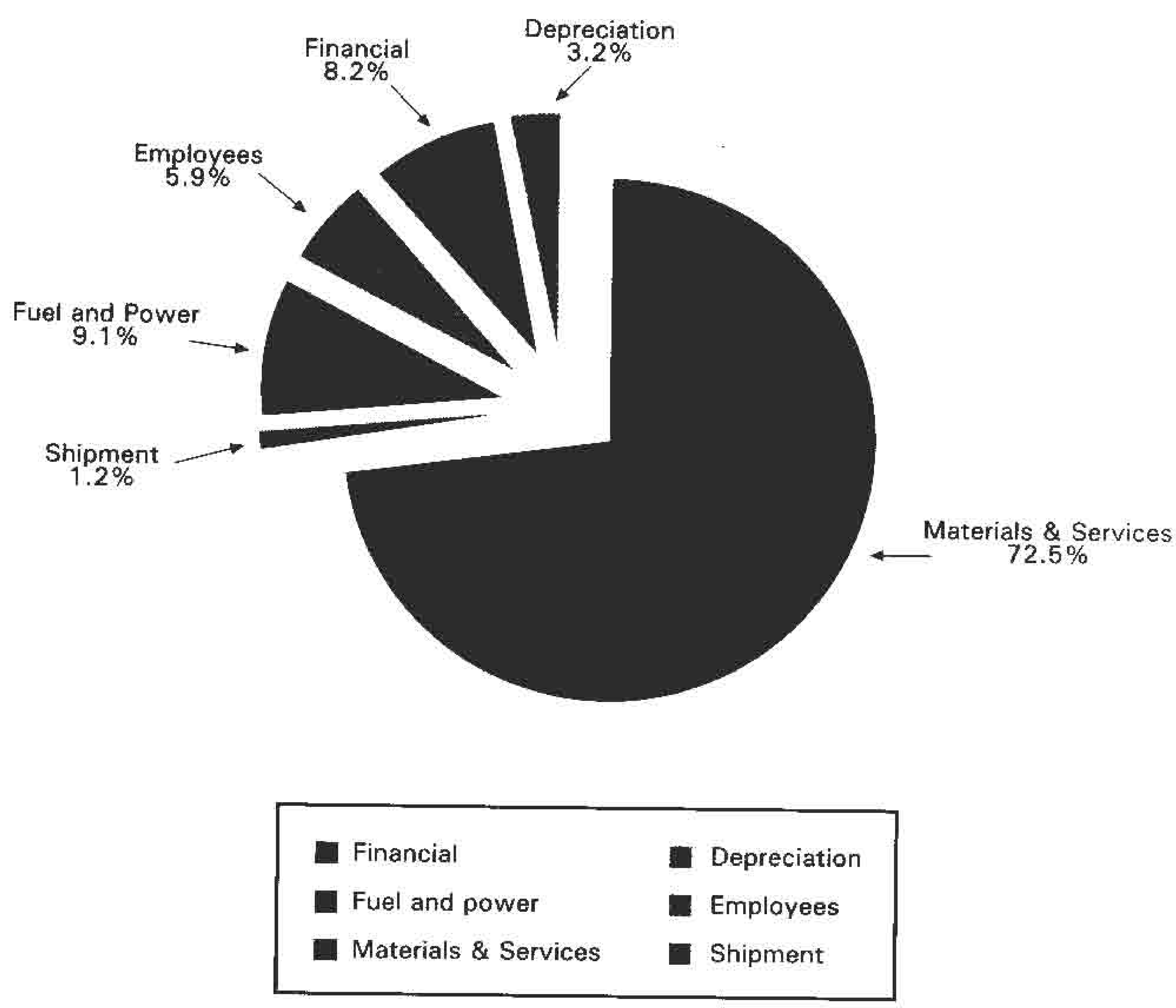
LAHORE:
October 08, 2009

SIX YEARS AT A GLANCE

(Rs. in million)

	2004	2005	2006	2007	2008	2009
• Sales	567.102	542.643	1,196.616	1,210.468	1,231.731	1,331.862
• Gross profit/(loss)	56.830	58.685	103.815	71.919	(19.541)	88.954
• Net profit/(loss) after tax	3.337	8.198	(32.663)	(78.219)	(161.919)	(74.016)
• Fixed Assets	164.669	549.650	700.225	675.312	629.574	1,037.243
• Long term liabilities	124.346	302.329	258.151	210.421	266.942	297.746
• Retained earnings	58.739	66.937	34.273	(43.945)	(205.864)	(279.881)
• Gross profit rate	10.0%	10.8%	8.7%	5.9%	(1.6%)	6.7%
• Net profit rate	0.6%	1.5%	(2.7%)	(6.5%)	(13.1%)	(5.6%)
• Current ratio	1.24:1	0.92:1	0.84:1	0.74:1	0.66:1	0.66:1
• Share break up value (Rs.)	15.87	16.69	13.43	5.61	(10.58)	(17.99)
• Earning per share (Rs.)	0.33	0.82	(3.27)	(7.82)	(16.19)	(7.40)
• Dividend	Nil	Nil	Nil	Nil	Nil	Nil

BREAKUP OF COST



Statement of Compliance with Best Practices of Code of Corporate Governance

This statement is being presented to comply with the code of corporate governance contained in the relevant listing regulations of Karachi & Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code in the following manners:

1. The company encourages representation of independent non-executive directors on its Board of Directors. At present, the Board includes six independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFI or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy arose in the Board of Directors during the period.
5. The Company has prepared a 'Statement of Ethics and Business Practices' signed by all the directors and employees of the Company.
6. 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.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of Chief Executive and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged an orientation course for its directors during the year to apprise them of their duties and responsibilities.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the Chief Executive.
11. The directors' report for the year ended June 30, 2009 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises three members, one of them, the chairman is executive director and two are non-executive directors.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has set up an effective internal audit function comprised of personnel considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants 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 Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code have been complied with.

LAHORE:
October 08, 2009

SHAFIQ A. SIDDIQI
Chief Executive

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of ICC Textiles Limited ("the company") to comply with the Listing Regulations No. 37 (Chapter XI) of the Karachi Stock Exchange (Guarantee) Limited and Chapter XIII of the Lahore Stock Exchange (Guarantee) Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. 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 Code.

As part of our audit of 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii a) of Listing Regulation No. 35 (Previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price.

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 best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2009.

LAHORE
Dated: October 08, 2009

ANJUM ASIM SHAHID RAHMAN
Chartered Accountants

Auditors' Report to the Members

We have audited the annexed balance sheet of ICC Textiles Limited as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have, been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2009 and of the loss, its cash flows and changes in equity for the year then ended; and

d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

e) Without qualifying our opinion, we draw attention to note 1.2 to the financial statements which indicates that during the year the Company incurred loss amounting to Rs. 74.016 million and has accumulated losses amounting to Rs. 279.881 million at the year end. In addition, the Company has negative working capital at the year end. The going concern of the Company is dependent upon profitable operations, continued support from the sponsors/directors of the Company, satisfactory settlement of its long term loans from banks and compliance with the arrangements agreed with the financial institutions.

LAHORE:
October 08, 2009

ANJUM ASIM SHAHID RAHMAN
Chartered Accountants

Engagement Partner: Asim Iftikhar

BALANCE SHEET
As At June 30, 2009

	Note	2009 Rupees	2008 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
16,000,000 ordinary shares of Rs. 10 each		**160,000,000**	160,000,000
Issued, subscribed and paid up share capital	4	**100,008,000**	100,008,000
ACCUMULATED LOSSES		**(279,881,271)**	(205,864,366)
		(179,873,271)	(105,856,366)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	5	**495,406,571**	192,446,133
LOANS FROM DIRECTORS AND MEMBERS	6	**40,003,200**	40,003,200
NON CURRENT LIABILITIES			
Long term financing from associated company	7	**169,150,000**	119,150,000
Long term financing from commercial banks	8	**127,168,830**	143,064,934
Liabilities against assets subject to finance lease	9	**1,427,364**	4,726,574
Deferred liabilities	10	**30,460,991**	25,464,637
Deferred taxation	11	**144,932,543**	--
CURRENT LIABILITIES			
Short term borrowings	12	**498,004,138**	539,156,394
Current portion of long term liabilities	13	**12,358,398**	10,723,173
Trade and other payables	14	**99,385,878**	79,779,770
Accrued markup	15	**17,690,896**	14,781,526
Unclaimed dividend		**1,662,656**	1,662,656
		629,101,966	646,103,519
CONTINGENCIES AND COMMITMENTS	16	--	--
		1,457,778,194	1,065,102,631

The annexed notes 1 to 41 form an integral part of these financial statements.

LAHORE:
October 08, 2009

	Note	**2009 Rupees**	2008 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	17	**1,037,243,113**	629,573,531
Assets subject to finance lease	18	**6,213,764**	7,111,151
		1,043,456,877	636,684,682
LONG TERM ADVANCES AND DEPOSITS	19	**2,147,084**	3,755,984
CURRENT ASSETS			
Stores, spares and loose tools	20	**24,005,663**	23,268,087
Stock in trade	21	**212,651,786**	179,872,534
Trade debts	22	**122,429,424**	164,503,510
Advances, deposits, prepayments and other receivables	23	**41,291,358**	41,360,793
Income tax refundable		**5,882,258**	3,557,032
Cash and bank balances	24	**5,913,744**	12,100,009
		412,174,233	424,661,965
		1,457,778,194	**1,065,102,631**

Sd/-
Director

Sd/-
Chief Executive

PROFIT AND LOSS ACCOUNT

For The year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
SALES	25	**1,331,861,699**	1,231,731,003
COST OF SALES	26	**(1,242,908,119)**	(1,251,272,108)
GROSS PROFIT/(LOSS)		**88,953,580**	(19,541,105)
OPERATING EXPENSES			
Administrative	27	**(23,245,761)**	(20,535,728)
Selling	28	**(20,457,632)**	(25,429,166)
		(43,703,393)	(45,964,894)
OPERATING PROFIT/(LOSS)		**45,250,187**	(65,505,999)
OTHER OPERATING INCOME/(CHARGES)	29	**443,111**	(333,094)
		45,693,298	(65,839,093)
OTHER OPERATING EXPENSES	30	**(774,113)**	(363,656)
FINANCE COST	31	**(114,720,159)**	(89,557,507)
		(115,494,272)	(89,921,163)
LOSS BEFORE TAXATION		**(69,800,974)**	(155,760,256)
PROVISION FOR TAXATION	32	**(4,215,931)**	(6,158,655)
LOSS AFTER TAXATION		**(74,016,905)**	(161,918,911)
LOSS PER SHARE - BASIC AND DILUTED	33	**(7.40)**	(16.19)

The annexed notes 1 to 41 form an integral part of these financial statements.

LAHORE:
October 08, 2009

Sd/-
Director

Sd/-
Chief Executive

CASH FLOW STATEMENT
For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year before taxation		**(69,800,974)**	(155,760,256)
Adjustments for:			
Depreciation on property, plant and equipment	17.1	**43,379,087**	48,094,867
Depreciation on leased assets	18.1	**1,169,421**	1,323,876
Gain on disposal of property, plant and equipment	17.2	**(403,947)**	(220,676)
Gain on disposal of leased assets	18.2	**(67,135)**	--
Staff gratuity	10	**7,436,767**	6,927,482
Finance cost	31	**114,720,159**	89,557,507
		166,234,352	145,683,056
		96,433,378	(10,077,200)
(Increase) / Decrease in current assets			
Stores, spares and loose tools		**(737,576)**	53,483
Stock in trade		**(32,779,252)**	66,832,306
Trade debts		**42,074,086**	(4,415,727)
Advances, deposits, prepayments and other receivables		**69,435**	(5,877,575)
		8,626,693	56,592,487
Increase / (Decrease) in current liabilities			
Trade and other payables		**19,606,108**	(10,374,916)
Cash generated from operations		**124,666,179**	36,140,371
Finance cost paid		**(111,810,789)**	(88,799,208)
Taxes paid		**(6,541,157)**	(4,428,579)
Gratuity paid	10	**(2,440,413)**	(1,992,497)
		(120,792,359)	(95,220,284)
Net cash flow from operating activities	(A)	**3,873,820**	(59,079,913)

	Note	2009 Rupees	2008 Rupees
CASH FLOW FROM INVESTING ACTIVITIES			
Long term advances and deposits		**1,608,900**	505,760
Sale proceeds of property, plant and equipment	17.2	**560,000**	260,000
Sale proceeds of leased assets	18.2	**499,101**	--
Fixed capital expenditure		**(4,015,740)**	(3,953,118)
Net cash flow from investing activities	(B)	**(1,347,739)**	(3,187,358)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term borrowings - Secured		**(41,152,256)**	47,761,076
Long term financing from associated company		**50,000,000**	50,000,000
Long term financing from commercial banks - Secured		**(15,896,104)**	(33,396,104)
Liabilities against assets subject to finance lease		**(1,663,985)**	(206,966)
Dividend paid		--	(2,361)
Net cash flow from financing activities	(C)	**(8,712,345)**	64,155,645
Net Increase / (Decrease) in cash and bank balances	(A+B+C)	**(6,186,265)**	1,888,374
Cash and bank balances at the beginning of the year		**12,100,009**	10,211,635
Cash and bank balances at the end of the year		**5,913,744**	12,100,009

The annexed notes 1 to 41 form an integral part of these financial statements.

LAHORE:
October 08, 2009

Sd/-
Director

Sd/-
Chief Executive

STATEMENT OF CHANGES IN EQUITY
For The Year Ended June 30, 2009

Description	Paid-up Capital Rupees	Accumulated (Loss) Rupees	Total Rupees
Balance as at June 30, 2007	100,008,000	(43,945,455)	56,062,545
Net loss for the year	--	(161,918,911)	(161,918,911)
Balance as at June 30, 2008	100,008,000	(205,864,366)	(105,856,366)
Net loss for the year	--	(74,016,905)	(74,016,905)
Balance as at June 30, 2009	100,008,000	(279,881,271)	(179,873,271)

The annexed notes 1 to 41 form an integral part of these financial statements.

LAHORE:
October 08, 2009

Sd/-
Director

Sd/-
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2009

1 STATUS AND NATURE OF BUSINESS

1.1 ICC Textiles Limited (the "Company") was incorporated in Pakistan on May 25, 1989 as a public limited Company under the Companies Ordinance, 1984. The shares of the Company are listed on the Lahore and Karachi Stock Exchanges in Pakistan. The principal activity of the Company is to manufacture and sale of Grey fabric. The registered office of the Company is situated at 242-A, Anand Road, Upper Mall, Lahore.

1.2 During the year the Company incurred loss amounting to Rs. 74.016 million and has accumulated losses amounting to Rs. 279.881 million at the year end. In addition, the Company's current liabilities exceeded its current assets by Rs. 216.927 million at the year end. Continuation of the Company as a going concern is dependent on its ability to attain satisfactory levels of profitability in the future and continuous support of financial institutions by bringing its liabilities to serviceable levels and ability of adequate working capital through continued support from:

(a) the principal lenders of the Company; and
(b) the sponsors of the Company.

These financial statements have been prepared on going concern basis on the grounds that the Company will be able to achieve satisfactory levels of profitability in the future based on the plans drawn up by the management for this purpose and bringing its liabilities to serviceable levels and availability of the adequate working capital from its lenders and sponsors.

The financial statements consequently do not include any adjustment relating to the realization of the assets and liquidation of its liabilities that might be necessary would the Company be unable to continue as a going concern.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Initial Application of a standard or an interpretation

- IFRS 7 – Financial Instruments: Disclosures (effective for annual periods beginning on or after 28 April 2008) supersedes IAS 30 – Disclosures in the Financial Statements of Banks and Similar Financial Institutions and the disclosure requirements of IAS 32 – Financial Instruments: Disclosure and Presentation. The application of the standard did not have significant impact on the Company's financial statements other than increase in disclosures.

- IAS 29 – Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008). The Company does not have any operations in Hyperinflationary Economies and therefore the application of the standard did not affect the Company's financial statements.

- IFRIC 13 – Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008) addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The application of IFRIC 13 did not affect the Company's financial statements.

- IFRIC 14 – IAS 19- The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 1 January 2008) clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements for such asset. The application of IFRIC 14 did not affect the Company's financial statements.

2.3 Forthcoming requirements

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases:

- Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009).

- Revised IAS 23 - Borrowing costs (effective for annual periods beginning on or after 1 January 2009).

- Amendments to IAS 32 Financial instruments: Presentation and IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009).

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible hedged Items (effective for annual periods beginning on or after 1 July 2009).

- Amendments to IAS 39 and IFRIC 9 - Embedded derivatives (effective for annual periods beginning on or after 1 January 2009).

- Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009).

- Amendment to IFRS 2 – Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010).

- Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 July 2009).

- IFRS 4 - Insurance Contracts (effective for annual periods beginning on or after 1 January 2009).

- Amendment to IFRS 7 - Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 1 January 2009).

- IFRIC 15- Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 1 October 2009).

- IFRIC 16- Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008).
- IFRIC 17 - Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009).
- IFRIC 18 Transfers of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 1 July 2009).
- The International Accounting Standards Board made certain amendments to existing standards as part of its first annual and second annual improvements projects. The effective dates for these amendments vary by standard and most will be applicable to the Company's 2010 financial statements.

2.4 Accounting convention

These financial statements have been prepared under the historical cost convention except staff retirement benefits which are recognized at present value and free hold land, buildings and plant and machinery which has been carried at revalued amount as stated in note 3.1 and 3.2 respectively.

2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards require the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are discussed in Note 39.

2.6 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Company's functional currency. All financial information presented in Pak Rupees have been rounded to nearest rupee.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Staff retirement benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) covering all eligible employees, payable at the cessation of employment. Provision is made annually to cover the obligations under the scheme.

The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2009, under Projected Unit Credit Method, using the following significant assumptions for valuation of the scheme:

- Discount rate	12% per annum
- Expected rate of salary increase in future	11% per annum
- Average expected remaining working life of employees	6 years

Actuarial gains and losses related to employees defined benefit plans as at the start of the financial year, exceeding ten percent of the present value of defined benefit obligations as at that date are recognized in the profit and loss account over the expected average remaining working lives of the employees participating in the plan. Otherwise the actuarial gains and losses are not recognized.

3.2 Property, plant and equipment

Fixed assets are stated at cost less accumulated depreciation and any identified impairment loss except free hold land, buildings and plant and machinery which have been carried at revalued amount less accumulated depreciation and any subsequent accumulated impairment losses.

Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to the erection / construction period and attributable expenses in bringing the assets to their working condition. Preproduction expenses and trial run results are also capitalized.

Depreciation on property, plant and equipment except freehold land is calculated by applying the rates as mentioned in note 17 on reducing balance method so as to write off the cost of property, plant and equipment over their useful lives.

Depreciation on additions to property, plant and equipment except freehold land is charged from the date of acquisition/capitalization/start of commercial production of the assets and depreciation on assets deleted during the year is charged up to the date of disposal.

Any surplus on revaluation of property, plant and equipment is credited to the surplus on revaluation of property, plant and equipment account. Revaluation is carried with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred tax) is transferred directly to accumulated profit / (loss).

Gain / loss on disposal of property, plant equipment is reflected in the income during the period in which they are incurred. Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

3.3 Finance leases

Assets subject to finance leases are stated at the lower of present value of the minimum lease payments under the lease agreements and the fair value of the assets.

The related obligations of leases, net of finance cost, are included in liabilities against assets subject to finance lease.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate of financial cost on the balance outstanding. The interest element of the rental is charged to income over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of the asset on reducing balance method at the rates given in note 18. Depreciation of the leased assets is charged to income currently.

Depreciation on additions to leased assets is charged from the date of acquisition of the assets and depreciation on assets deleted during the year is charged up to the date of disposal.

3.4 Capital work in progress

Capital work in progress is stated at cost less any identified impairment losses.

3.5 Stores, spares and loose tools

These are stated at cost using moving average method except goods in transit which are stated at cost.

3.6 Stock in trade

Stock in trade is stated principally at lower of cost and net realizable value.

Cost of major components of stock in trade is determined as follows:-

Raw materials	- At annual average cost
Work in process and finished goods	- At prime cost plus appropriate production overheads using weighted average
Wastes	- At net realizable value

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale.

3.7 Financial instruments

Financial assets and financial liabilities are recognized at the fair value of the consideration given or received at the time when the Company becomes a party to the contractual provisions of the instrument by following the trade dated accounting. Financial asset or part thereof is de-recognized when the Company loses control of the contractual rights that comprise the financial asset or part thereof. Such control is deemed to be lost if the Company realizes the rights to the benefits specified in the contracts, the right expires or the Company surrenders those rights. A financial liability or part thereof is removed from the balance sheet when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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

3.8 Loans and advances

These are stated at cost which represents the fair value of the consideration.

3.9 Receivables

Receivables are carried at original invoice amount less any estimates made for doubtful receivable balances based on review of outstanding amounts at the year end. Bad debts are written off when identified.

3.10 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received.

3.11 Borrowings

Loans and borrowings are recorded at proceeds received. Finance cost are accounted for on accrual basis and are included in accrued markup to the extent of the amount remaining unpaid.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized when incurred, whereas all other borrowing costs are expensed out in the period of incurrence.

3.12 Finance cost and other charges

Finance cost and other charges on long term financing are capitalized up to the date of commissioning of the respective plant and machinery, acquired out of the proceeds of such specific long-term financing. All other finance cost and other charges are taken to the profit and loss account.

3.13 Foreign currencies

Transactions in currencies other than Pak rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into wherein the rates contracted for are used.

Gains and losses arising on retranslation are recorded in net profit or loss for the period.

3.14 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

- Export sales are recorded at the time of shipment. Exchange differences, if any, are adjusted in the period of realization.
- Local sales are recorded on dispatch of goods to the customers.
- Export rebates are accounted for on accrual basis.
- Interest income is recognized on time proportion basis.
- Investment income is recognized on time proportion basis.

3.15 Taxation

Current
Provision for current taxation is based on taxable income at current tax rates after considering the rebates and tax credits available, if any.

Deferred
Deferred taxation is accounted for on all material temporary differences by using the liability method. However, deferred taxation is not provided if it can be established with reasonable probability that these differences will not reverse in the foreseeable future.

3.16 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that assets excluding inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed recoverable amount, assets are written down to their recoverable amount and the difference is charged to the profit and loss account.

3.17 Provisions

A provision is recognized in the financial statements when Company has legal or constructive obligation as a result of a 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.

3.18 Cash and cash equivalents

These include short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.19 Off-setting

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

	2009 Rupees	2008 Rupees
4 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		
10,000,800 Ordinary shares of Rs. 10 each fully paid in cash	**100,008,000**	100,008,000

4.1 2,878,100 shares of the Company are held by an associated Company.

5 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Surplus arising on revaluation:		
Balance as on 01 July	**192,446,133**	192,446,133
Surplus arising on revaluation	**447,892,981**	--
	640,339,114	192,446,133
Deferred taxation arising on surplus on revaluation	**(144,932,543)**	--
	495,406,571	192,446,133

5.1 The revaluation of free - hold land, buildings on free - hold land and plant and machinery was carried out by Arch-e-decon (Evaluators, Surveyors, Architects and Engineers) as at June 30, 2009. The revaluation resulted in the following:

Increase in carrying value of free - hold land	**33,800,000**	--
Increase in carrying value of buildings on free - hold land	**69,760,685**	--
Increase in carrying value of plant and machinery	**344,332,296**	--
	447,892,981	--

5.2 Incremental depreciation has not been accounted for as the revaluation was done on June 30, 2009.

6 LOANS FROM DIRECTORS AND MEMBERS

These represent interest free unsecured loans obtained for weaving expansion project to be adjusted against the proceeds of public issue in future.

7 LONG TERM FINANCING FROM ASSOCIATED COMPANY - Unsecured

These represent facilities obtained from Associated Company. The break up of these facilities is as follows:

	Note	2009 Rupees	2008 Rupees
Loan I	7.1	**9,150,000**	9,150,000
Loan II	7.2	**60,000,000**	60,000,000
Loan III	7.3	**100,000,000**	50,000,000
		169,150,000	119,150,000

7.1 The loan is not repayable within twelve months from the balance sheet date.

7.2 This loan has been obtained for Weaving Expansion Project and subordinated to banks to the extent of Rs. 40 million. Repayment of the loan will commence upon achievement of favorable debt equity ratio.

7.3 The loan has been subordinated to banks to the extent of Rs. 50 million. The loan is not repayable within twelve months from the balance sheet date.

7.4 The markup is charged at the same rates which are charged by the banks to the associated company ranging from 12.39% to 18.52% per annum.

8 LONG TERM FINANCING FROM COMMERCIAL BANKS - Secured

	Note	Sanctioned Limit-Rupees	2009 Rupees	2008 Rupees
Term Loan - Royal Bank of Scotland	8.1	70,000,000	**8,750,000**	8,750,000
Term Loan - MCB Bank Ltd	8.2	204,000,000	**111,272,726**	143,064,934
Demand Finance - MCB Bank Ltd.	8.3	63,584,416	**15,896,104**	--
			135,918,830	151,814,934
Current portion			**(8,750,000)**	(8,750,000)
			127,168,830	143,064,934

8.1 The loan has been obtained for weaving expansion project and was payable in 8 equal semi annual installments, with one year grace period, commencing June 30, 2005. However, last installment of the loan amounting to Rs. 8.750M due on December 31, 2008 is now payable on December 31, 2009 as per grace period allowed by State Bank of Pakistan by circular No. 01 dated January 22, 2009 and circular letter No. 01 of 2009 dated February 27, 2009 in payment of principal outstanding under LTF-EOP debt swap facility.

The markup rate is 6% per annum w.e.f December 31, 2006 when the loan was converted into SBP LTF-EOP.

8.2 The loan has been obtained for weaving expansion project and was repayable in 14 half yearly equal installments, with 18 months grace period, commencing March 31, 2006. However, after conversion in SBP LTF-EOP the total number of installments reduced to 13.

The markup rate is charged @ 7% per annum w.e.f December 18, 2006 when the loan was converted into SBP LTF-EOP.

The loan has been rescheduled by MCB Bank Limited by deferring four half yearly installments of principal due from September 30, 2008 to March 31, 2010. Now these installments will be payable from September 30, 2012 to March 31, 2014. This rescheduling includes deferment of two half yearly installments of the loan due on March 31, 2009 and September 30, 2009 as per grace period allowed by State Bank of Pakistan in payment of principal outstanding under LTF-EOP debt swap facility.

8.3 Demand finance has been obtained from MCB Bank Limited under rescheduling arrangement on 30.09.2008. Next installment will be received on 31.03.2010. Repayment of these installments will be made on 30.09.2013 and 29.03.2014. The markup is charged @ 6 month KIBOR plus 1% per annum.

The above loans are secured against first pari passu charge on property, plant and equipment of the Company.

	2009 Rupees	2008 Rupees
9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of the minimum lease payments	**5,035,762**	6,699,747
Current portion	**(3,608,398)**	(1,973,173)
	1,427,364	4,726,574

The present value of minimum lease payments has been discounted at an implicit interest rate ranging from 13.40% to 18.82% per annum to arrive at their present value. The lessee has the option to purchase the asset after expiry of the lease term which it intends to exercise.

Taxes, repairs, replacements and insurance costs are to be born by the lessee. The amount of future payments of the lease and the period in which these payments will become due are as follows:

	Minimum Lease Payments	Finance Cost not yet due	**2009** **Present Value of Minimum Lease Payments**	2008 Present Value of Minimum Lease Payments
	Rupees			
Not later than one year	4,002,122	393,724	**3,608,398**	1,973,173
Later than one year and not later than five years:				
2011	981,414	124,705	**856,709**	3,625,079
2012	492,903	27,930	**464,973**	834,462
2013	106,656	974	**105,682**	267,033
	1,580,973	153,609	**1,427,364**	4,726,574
	5,583,095	547,333	**5,035,762**	6,699,747

10 DEFERRED LIABILITIES:

	Note	**2009 Rupees**	2008 Rupees
Staff retirement benefits - gratuity		**30,460,991**	**25,464,637**

The scheme provides for gratuity benefits for all of its permanent employees who attain the minimum qualifying period. Provision has been made on the basis of latest actuarial valuation made on June 30, 2009 using projected unit credit method.

	Note	2009	2008
Amount disclosed in balance sheet			
Present value of defined benefit obligation		**29,851,063**	25,623,108
Unrecognized gains / (losses)		**609,928**	(158,471)
		30,460,991	25,464,637
Movement in net liability			
Opening liability		**25,464,637**	20,529,652
Expense incurred		**7,436,767**	6,927,482
Benefits paid		**(2,440,413)**	(1,992,497)
Closing liability		**30,460,991**	25,464,637
Charge for the year			
Current service cost		**4,361,994**	4,856,936
Interest cost		**3,074,773**	2,070,546
		7,436,767	6,927,482
Charge for the year has been allocated as under:			
Cost of Sales	26.2	**3,096,264**	2,558,742
Administrative expenses	27.1	**4,068,780**	4,156,743
Selling expenses	28.1	**271,723**	211,997
		7,436,767	6,927,482

	Note	2009 Rupees	2008 Rupees
11 DEFERRED TAXATION			
Deferred taxation relating to surplus on revaluation of property, plant and equipment	5	**144,932,543**	--

12 SHORT TERM BORROWINGS	Note	Sanctioned Limit-Rupees	2009 Rupees	2008 Rupees
Commercial banks				
Secured:				
Short term borrowings - Banks	12.1	505,000,000	**461,263,236**	465,653,120
Unsecured:				
Current account	12.2		**14,140,902**	22,203,274
Associated Company				
Un-secured:				
Short term borrowings	12.3		**22,600,000**	51,300,000
			498,004,138	539,156,394

12.1 The facilities are secured against hypothecation of stock in trade, pari passu charge on current assets, second charge on property, plant and equipment of the Company and security of an associated company. Mark-up is payable at the rate ranging from 12.14% to 18.26% per annum and is payable on quarterly basis.

12.2 The unfavourable balance has arisen due to cheques issued prior to the year end. The bank has confirmed favourable balance in this regard at the year end.

12.3 The markup is charged at the same rates which are charged by the banks to the associated company ranging from 16.02% to 18.52% per annum.

13 CURRENT PORTION OF LONG TERM LIABILITIES	Note	2009 Rupees	2008 Rupees
Long term financing from commercial banks	8	**8,750,000**	8,750,000
Liabilities against assets subject to finance lease	9	**3,608,398**	1,973,173
		12,358,398	10,723,173
14 TRADE AND OTHER PAYABLES			
Creditors		**62,442,619**	54,326,848
Advance from customers		**4,803,270**	7,612,962
Due to associated company		**22,847,519**	3,448,569
Accrued liabilities		**8,443,234**	13,576,688
Tax deducted at source		**242,418**	353,353
Others		**606,818**	461,350
		99,385,878	79,779,770

	2009 Rupees	2008 Rupees
15 ACCRUED MARKUP		
Accrued mark-up / interest on long term financing	**2,831,688**	2,496,777
Accrued mark-up / interest on short term borrowing	**14,859,208**	12,284,749
	17,690,896	14,781,526

16 CONTINGENCIES AND COMMITMENTS

16.1 The Company has not accounted for excise duty on long term financing charged by PICIC amounting to Rs. 6,471,581 (2008: Rs. 6,471,581). However, out of this amount the Company has paid Rs. 1,941,474 as advance central excise duty (Note 23). The Company has filed an appeal in the Supreme Court of Pakistan against the decision of the Lahore High Court. The Company is of the view that such liability is not payable by the Company. The final outcome of the matter is pending.

16.2 Company's appeal against the orders of deputy collector of sales tax (refund) rejecting the sales tax refund claim for July 2005 to the extent of Rs. 8,344,738 on account of consumption of material involving input tax in local sales, dismissed by Collector of Sales Tax (Appeals). The Company has filed an appeal in the sales tax and federal excise appellate tribunal, Lahore against the orders passed by Collector of Sales Tax (Appeals). Final outcome of the appeal is pending. The Company is hopeful for a favourable decision of the case.

17 PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	Cost or assessed value as on July 01, 2008	Cost of Additions/ (Deletions)	Surplus on revaluation	Gross book value as on June 30, 2009	DEPRECIATION Rate %	As on July 01, 2008	Revaluation Adjustments	For the year/ (adjustment on disposals)	As on June 30, 2009	Net book value as on June 30, 2009
Land - freehold	200,000,000	--	33,800,000	233,800,000	-	--	--	--	--	233,800,000
Building on freehold land	120,865,152	--	3,750,272	124,615,424	10	59,915,442	(66,010,413)	6,094,971	--	124,615,424
Plant and machinery	750,793,117	2,941,626	(82,468,161)	671,266,582	10	390,688,908	(426,800,457)	36,111,549	--	671,266,582
Furniture and fixtures	3,090,658	28,800	--	3,119,458	10	1,835,106	--	126,590	1,961,696	1,157,762
Vehicles	9,628,869	-- (1,053,172)	--	8,575,697	20	6,466,244	--	626,663 (897,121)	6,195,786	2,379,911
Electrical appliances	1,428,431	182,974	--	1,611,405	10	636,427	--	82,802	719,229	892,176
Office equipment	7,029,173	158,340	--	7,187,513	10	3,719,743	--	336,512	4,056,255	3,131,258
2009 Rupees	1,092,835,400	3,311,740 (1,053,172)	(44,917,889)	1,050,176,079		463,261,870	(492,810,870)	43,379,087 (897,121)	12,932,966	1,037,243,113

DESCRIPTION	Cost or assessed value as on July 01, 2007	Cost of Additions/ (Deletions)	Surplus on revaluation	Gross book value as on June 30, 2008	DEPRECIATION Rate %	As on July 01, 2007	Revaluation Adjustments	For the year/ (adjustment on disposals)	As on June 30, 2008	Net book value as on June 30, 2008
Land - freehold	200,000,000	--	--	200,000,000	-	--	--	--	--	200,000,000
Building - on freehold land	120,865,152	--	--	120,865,152	10	53,143,251	--	6,772,190	59,915,441	60,949,711
Plant and machinery	748,633,566	2,159,551	--	750,793,117	10	350,750,498	--	39,938,410	390,688,908	360,104,209
Furniture and fixtures	3,076,258	14,400	--	3,090,658	10	1,696,150	--	138,956	1,835,106	1,255,552
Vehicles	10,092,977	99,482 (563,590)	--	9,628,869	20	6,183,089	--	797,421 (524,266)	6,466,244	3,162,625
Electrical appliances	1,391,181	37,250	--	1,428,431	10	550,572	--	85,855	636,427	792,004
Office equipment	6,943,738	85,435	--	7,029,173	10	3,357,708	--	362,035	3,719,743	3,309,430
2008 Rupees	1,091,002,872	2,396,118 (563,590)	--	1,092,835,400		415,691,268	--	48,094,867 (524,266)	463,261,869	629,573,531

	Note	2009 Rupees	2008 Rupees
17.1 Depreciation for the year has been allocated as under:			
Cost of sales	26	**42,206,520**	46,710,600
Administrative expenses	27	**1,172,567**	1,384,267
		43,379,087	48,094,867

17.2 Disposal of property, plant and equipment

The following is the detail of disposals during the year:

Particulars	Cost	Book Value	Sale Proceeds	Profit on Disposal	Mode of Disposal	Name and Address
Toyota Corolla (LXW-7835)	1,053,172	156,053	560,000	403,947	Negotiation	Mr. Waseem Rafique, House#64, Main Road, Samanabad, Lahore.
2009 Rupees	1,053,172	156,053	560,000	403,947		
2008 Rupees	563,590	39,324	260,000	220,676		

17.3 The revaluation of free - hold land, buildings on free - hold land and plant and machinery was carried out by an independent valuer, Arch-e-decon (Evaluators, Surveyors, Architects and Engineers) as on June 30, 2009 , resulting in surplus of Rs. 447.892 million and incorporated in the current year's financial statements. Previously revaluation was carried out on free - hold land in 2006, resulting in surplus of Rs. 192.446 million. The basis used for revaluation of property, plant and equipment are as follows:

Free - hold land	The value of free - hold land ascertained according to the local market value.
Buildings on free - hold land	Present day construction rates for different types of building structure depreciated to account for the age and condition of the building.
Plant and machinery	The value has been determined with reference to prevailing prices of similar plants and machinery depreciated to account for the age, usage and physical condition.

17.4 Free - hold land, buildings on free - hold land and plant and machinery represent values subsequent to revaluations as at June 30, 2006, June 30, 2009. Had there been no revaluation, the values of specific classes of property, plant and equipment would have been amounted to:

	Cost as at June 30, 2009	Accumulated depreciation as at June 30, 2009	Book value as at June 30, 2009
Free - hold land	7,553,867	-	7,553,867
Buildings on free - hold land	120,865,152	66,010,413	54,854,739
Plant and machinery	753,734,743	426,800,457	326,934,286
	882,153,762	492,810,870	389,342,892

18 ASSETS SUBJECT TO FINANCE LEASE

DESCRIPTION	COST				DEPRECIATION					Written down value as on June 30, 2009
	As on July 01, 2008	Additions	Deletions	As on June 30, 2009	Rate %	As on July 01, 2008	Adjustment	For the year	As on June 30, 2009	
Plant and machinery	3,138,797	--	--	3,138,797	10	385,083	--	275,371	660,454	2,478,343
Vehicles	6,191,000	704,000	608,000	6,287,000	20	1,833,563	(176,034)	894,050	2,551,579	3,735,421
2009 Rupees	9,329,797	704,000	608,000	9,425,797		2,218,646	(176,034)	1,169,421	3,212,033	6,213,764

DESCRIPTION	COST				DEPRECIATION					Written down value as on June 30, 2008
	As on July 01, 2007	Additions	Deletions	As on June 30, 2008	Rate %	As on July 01, 2007	Adjustment	For the year	As on June 30, 2008	
Plant and machinery	3,138,797	--	--	3,138,797	10	79,115	--	305,968	385,083	2,753,714
Vehicles	4,634,000	1,557,000	--	6,191,000	20	815,655	--	1,017,908	1,833,563	4,357,437
2008 Rupees	7,772,797	1,557,000	--	9,329,797		894,770	--	1,323,876	2,218,646	7,111,151

	Note	2009 Rupees	2008 Rupees
18.1 Depreciation for the year has been allocated as under:			
Cost of sales	26	**275,371**	305,968
Administrative expenses	27	**894,050**	1,017,908
		1,169,421	1,323,876

18.2 Disposal of assets subject to finance lease

The following is the detail of disposals during the year:

Particulars	Cost	Book Value	Sale Proceeds	Profit on Disposal	Mode of Disposal	Name and Address
Suzuki Cultus (LEB-06-7746)	608,000	431,966	499,101	67,135	Insurance Claim	EFU General Insurance Company, Co-operative Building, The Mall, Lahore.
2009 Rupees	608,000	431,966	499,101	67,135		
2008 Rupees	-	-	-	-		

	Note	2009 Rupees	2008 Rupees
19 LONG TERM ADVANCES AND DEPOSITS			
Advances - considered good	19.1	**273,800**	409,100
Deposits:			
Security deposits		**3,360,784**	3,346,884
Less: Current Portion		**(1,487,500)**	--
		1,873,284	3,346,884
		2,147,084	3,755,984

	2009 Rupees	2008 Rupees
19.1 Advances		
Advance to:		
Executives	**334,000**	454,000
Employees	**169,732**	141,140
	503,732	595,140
Current portion:		
Executives	**(120,000)**	(120,000)
Employees	**(109,932)**	(66,040)
	(229,932)	(186,040)
	273,800	409,100

19.2 Loans, partially interest bearing, to employees are for house building, carrying interest @ 8% per annum receivable in one to eight years. The loans are secured against retirement benefits.

	2009 Rupees	2008 Rupees
20 STORES, SPARES AND LOOSE TOOLS		
Stores	**10,356,042**	11,492,132
Spares	**10,744,398**	8,657,842
Packing materials	**526,639**	874,004
Loose tools	**2,378,584**	2,244,109
	24,005,663	23,268,087
21 STOCK IN TRADE		
Raw materials	**40,748,532**	26,174,929
Work in process	**35,098,918**	32,632,108
Finished goods	**136,739,681**	120,995,131
Scrap / waste	**64,655**	70,366
	212,651,786	179,872,534
22 TRADE DEBTS - Considered good		
Export - Secured against letters of credit	**17,672,575**	11,155,038
Local - Secured against letters of credit	**34,812,565**	13,096,840
- Unsecured	**69,944,284**	140,251,632
	104,756,849	153,348,472
	122,429,424	164,503,510

		Note	2009 Rupees	2008 Rupees
23	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances - unsecured, considered good:			
	to executives	23.1	**1,120,454**	139,367
	to employees		**156,537**	251,494
	to suppliers		**3,907,863**	3,632,166
			5,184,854	4,023,027
	Security deposits		**1,487,500**	-
	Due from associated company	23.1	-	19,677
	Sales tax refundable		**30,502,999**	32,472,458
	Advance central excise duty		**1,941,474**	1,941,474
	Prepayments		**938,321**	1,221,306
	Export rebate receivable		**1,236,210**	1,215,882
	Other receivables		-	466,969
			41,291,358	41,360,793

23.1 The maximum aggregate amount due from the associated companies and executives at the end of any month was Rs. 41,683 (2008: Rs. 77,503) and Rs. 1,206,086 (2008: Rs. 1,228,357) respectively.

		2009 Rupees	2008 Rupees
24	**CASH AND BANK BALANCES**		
	Cash in hand	**626,995**	278,688
	Cheques in hand	--	1,334,969
	Cash at banks:		
	Current accounts	**5,203,702**	10,373,632
	Saving accounts	**83,047**	112,720
		5,286,749	10,486,352
		5,913,744	12,100,009
25	**SALES**		
	Cloth - Export - invoiced value	**418,796,439**	414,632,469
	- Exchange gain	**2,796,641**	3,386,184
		421,593,080	418,018,653
	- Local	**924,136,190**	828,094,687
		1,345,729,270	1,246,113,340
	Waste	**2,385,420**	2,110,107
	Export rebate	**368,453**	474,495
		1,348,483,143	1,248,697,942
	Commission and claim	**(16,621,444)**	(16,966,939)
		1,331,861,699	1,231,731,003

25.1 Sales are exclusive of sales tax amounting to Rs. 165,460 (2008: Rs. 145,474).

	Note	2009 Rupees	2008 Rupees
26 COST OF SALES			
Raw materials consumed	26.1	**949,366,963**	917,828,112
Salaries, wages and other benefits	26.2	**69,652,854**	59,896,731
Fuel and power		**127,149,493**	107,108,704
Stores consumed		**64,727,903**	53,615,530
Processing charges		**1,333,128**	851,621
Insurance		**2,515,889**	2,661,555
Repairs and maintenance		**2,819,579**	2,082,436
Depreciation on property, plant and equipment	17.1	**42,206,520**	46,710,600
Depreciation on leased assets	18.1	**275,371**	305,968
		1,260,047,700	1,191,061,257
Adjustment of work-in-process			
Opening stock		**32,632,108**	31,131,181
Closing stock		**(35,098,918)**	(32,632,108)
		(2,466,810)	(1,500,927)
Adjustment of finished goods and waste			
Opening stock		**121,065,497**	182,777,275
Cloth purchased		**1,066,068**	--
Closing stock		**(136,804,336)**	(121,065,497)
		(14,672,771)	61,711,778
		1,242,908,119	1,251,272,108
26.1 Raw materials consumed			
Opening stock		**26,174,929**	32,796,384
Purchases		**960,010,098**	906,085,365
Freight and octroi		**5,673,087**	5,121,292
		965,683,185	911,206,657
Claims		**(1,742,619)**	-
Closing stock		**(40,748,532)**	(26,174,929)
		949,366,963	917,828,112

26.2 Salaries, wages and other benefits include retirement benefits amounting to Rs. 3,096,264 (2008: Rs. 2,558,742).

		Note	2009 Rupees	2008 Rupees
27	**ADMINISTRATIVE EXPENSES**			
	Salaries and other benefits	27.1	**10,605,016**	9,575,360
	Traveling and conveyance		**2,411,787**	1,357,622
	Rent, rates and taxes		**1,377,274**	1,605,806
	Printing and stationery		**791,878**	702,092
	Communication		**1,449,312**	1,215,582
	Vehicles running and maintenance		**1,551,143**	1,105,722
	Entertainment		**760,845**	661,703
	Repair and maintenance		**453,996**	354,514
	Utility expenses		**183,770**	172,561
	Legal and professional		**509,120**	358,032
	Subscription		**188,160**	198,541
	Insurance		**824,792**	696,808
	Advertisement		**72,051**	129,210
	Depreciation on property, plant and equipment	17.1	**1,172,567**	1,384,267
	Depreciation on leased assets	18.1	**894,050**	1,017,908
			23,245,761	20,535,728

27.1 Salaries and other benefits include retirement benefits amounting to Rs. 4,068,780 (2008: Rs. 4,156,743).

		Note	2009 Rupees	2008 Rupees
28	**SELLING EXPENSES**			
	Salaries and other benefits	28.1	**2,274,862**	1,444,824
	Vehicles running and maintenance		**387,633**	359,892
	Communication		**495,752**	360,314
	Freight, shipment and others		**16,655,732**	22,084,165
	Other expenses		**643,653**	1,179,971
			20,457,632	25,429,166

28.1 Salaries and other benefits include retirement benefits amounting to Rs. 271,723 (2008: Rs. 211,997).

		Note	2009 Rupees	2008 Rupees
29	**OTHER (CHARGES)/INCOME**			
	Interest on financial assets			
	Interest on saving accounts and advances to employees		**25,525**	82,334
	Income on assets other than financial assets			
	Profit on disposal of property, plant and equipment	17.2	**403,947**	220,676
	Profit on disposal of leased assets	18.2	**67,135**	--
	Loss on sale of raw materials and stores		**(63,886)**	(650,874)
	Others		**10,390**	14,770
			443,111	(333,094)

	Note	2009 Rupees	2008 Rupees
30 OTHER OPERATING EXPENSES			
Auditors' remuneration	30.1	**674,250**	318,400
Donations	30.2	**50,000**	--
Others		**49,863**	45,256
		774,113	363,656

30.1 Auditors' remuneration

	2009 Rupees	2008 Rupees
Audit fee	**375,000**	150,000
Half yearly review	**50,000**	50,000
Code of Corporate Governance	**25,000**	25,000
Tax representation and consultancy fee	**196,000**	80,000
Out of pocket expenses	**28,250**	13,400
	674,250	318,400

30.2 None of the directors or their spouse had any interest in the donee's fund.

31 FINANCE COST

	2009 Rupees	2008 Rupees
Interest on long term financing	**11,477,856**	11,633,887
Interest on financing from associated company	**29,616,592**	13,740,244
Interest on short term borrowings	**70,013,625**	59,327,871
Interest on liabilities against assets subject to finance lease	**646,383**	754,449
Bank charges	**2,965,703**	4,101,056
	114,720,159	89,557,507

32 TAXATION

	2009 Rupees	2008 Rupees
Current	**4,215,931**	6,158,655

32.1 Provision for income tax has been made in the accounts at the rate of 1.0% of export sales under final tax regime u/s 154 of the Income Tax Ordinance, 2001. For assessment years 2001-2002 and 2002-2003 appeals are pending before Income Tax Appellate Tribunal. The Company has not accounted for deferred taxation because it is not probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

32.2 Reconciliation of applicable and effective tax rate

	%	%
Tax rate applicable to Company	35.00	35.00
Effective tax rate	(6.04)	(3.95)

As the Company is under final tax regime (refer to note 32.1), the effective tax rate cannot be reconciled with the applicable rate.

	2009 Rupees	2008 Rupees

33 (LOSS) PER SHARE - BASIC AND DILUTED

(Loss) per share is calculated by dividing (Loss) after tax for the period by weighted average number of shares outstanding during the period as follows:

	2009 Rupees	2008 Rupees
(Loss) attributable to ordinary shareholders	**(74,016,905)**	(161,918,911)
Weighted average number of ordinary shares	**10,000,800**	10,000,800
(Loss) per share - Basic and diluted	**(7.40)**	(16.19)

33.1 No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

34 FINANCIAL ASSETS AND LIABILITIES

	Mark-up Bearing			Non Mark-up Bearing			
	Maturity up to One Year Rupees	Maturity after One Year Rupees	Sub Total Rupees	Maturity up to One Year Rupees	Maturity after One Year Rupees	Sub Total Rupees	Grand Total 2009 Rupees
Financial Assets							
Long term advances and security deposits	--	13,600	13,600	--	2,133,484	2,133,484	2,147,084
Trade debts	--	--	--	122,429,424	--	122,429,424	122,429,424
Advances, deposits, prepayments and other receivables	19,200	--	19,200	2,745,291	--	2,745,291	2,764,491
Cash and bank balances	83,047	--	83,047	5,830,697	--	5,830,697	5,913,744
	102,247	13,600	115,847	131,005,412	2,133,484	133,138,896	133,254,743
Financial Liabilities							
Long term financing from associated company	--	169,150,000	169,150,000	--	--	--	169,150,000
Long term financing from commercial banks	8,750,000	127,168,830	135,918,830	--	--	--	135,918,830
Liabilities against assets subject to finance lease	3,608,398	1,427,364	5,035,762	--	--	--	5,035,762
Short term borrowings	498,004,138	--	498,004,138	--	--	--	498,004,138
Trade and other payables	--	--	--	93,733,372	--	93,733,372	93,733,372
Accrued markup	--	--	--	17,690,896	--	17,690,896	17,690,896
Dividend	--	--	--	1,662,656	--	1,662,656	1,662,656
	510,362,536	297,746,194	808,108,730	113,086,924	--	113,086,924	921,195,654
On balance sheet gap 2009	(510,260,289)	(297,732,594)	(807,992,883)	17,918,488	2,133,484	20,051,972	(787,940,911)

	Mark-up Bearing			Non Mark-up Bearing			
	Maturity up to One Year Rupees	Maturity after One Year Rupees	Sub Total Rupees	Maturity up to One Year Rupees	Maturity after One Year Rupees	Sub Total Rupees	Grand Total 2008 Rupees
Financial Assets							
Long term advances and security deposits	--	575,200	575,200	--	3,180,784	3,180,784	3,755,984
Trade debts	--	--	--	164,503,510	--	164,503,510	164,503,510
Advances, deposits, prepayments & other receivables	115,200	--	115,200	762,307	--	762,307	877,507
Cash and bank balances	112,720	--	112,720	10,652,320	--	10,652,320	10,765,040
	227,920	575,200	803,120	175,918,137	3,180,784	179,098,921	179,902,041
Financial Liabilities							
Long term financing from associated company	--	119,150,000	119,150,000	--	--	--	119,150,000
Long term financing from commercial banks	8,750,000	143,064,934	151,814,934	--	--	--	151,814,934
Liabilities against assets subject to finance lease	1,973,173	4,726,574	6,699,747	--	--	--	6,699,747
Short term borrowings	539,156,394	--	539,156,394	--	--	--	539,156,394
Trade and other payables	--	--	--	71,352,105	--	71,352,105	71,352,105
Accrued markup	--	--	--	14,781,526	--	14,781,526	14,781,526
Dividend	--	--	--	1,662,656	--	1,662,656	1,662,656
	549,879,567	266,941,508	816,821,075	87,796,287	--	87,796,287	904,617,362
On balance sheet gap 2008	(549,651,647)	(266,366,308)	(816,017,955)	88,121,850	3,180,784	91,302,634	(724,715,321)

EFFECTIVE INTEREST RATES

Financial liabilities

Long term financing from associated company	12.39% to 18.52% per annum
Long term financing from commercial banks	6.00% to 13.75% per annum
Liabilities against leased assets	13.40% to 18.52% per annum
Short term borrowings	12.14% to 18.52% per annum

Financial assets

Long term advances and security deposits	8.00% per annum
Advances, deposits, prepayments and other receivables	8.00% per annum
Cash with banks on saving accounts	3.00% to 5.00% per annum

The Company has exposures to the following risks from its use of financial instruments:
Credit risk
Liquidity risk
Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institution, as well as credit exposures to customers, including trade receivables and committed transactions. Out of total financial assets of Rs. 133.255 million (2008: Rs. 179.902 million), the financial assets that are subject to credit risk amounted to Rs. 132.628 million (2008: Rs. 179.137 million).

For trade receivable, internal risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with the limits set by the management. The utilization of credit limit is regularly monitored. Accordingly, the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk.

Concentration of the credit risk arises when the number of counter parties engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration risk.

The carrying amount of the financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2009 Rupees	2008 Rupees
Trade debts	**122,429,424**	164,503,510
Trade deposits and other receivables	**4,911,575**	4,146,845
Bank balances	**5,286,749**	10,486,352
	132,627,748	179,136,707

The breakup of amount due from customers other than related parties as stated in note 22 is presented.

Due from foreign customers	**17,672,575**	11,155,038
Due from local customers	**104,756,849**	153,348,472
	122,429,424	164,503,510

No provision for doubtful debt has been made during the year for local and foreign customers.

The aging of trade receivable at the reporting date is:		
Past due 1-30 days	**55,393,402**	96,332,480
Past due 30-150 days	**55,478,338**	57,363,333
Past due 150 days	**11,557,684**	10,807,697
	122,429,424	164,503,510

One of the major customer accounts for Rs. 32,927,633 of the trade receivables carrying amount at June 30, 2009 (2008: Rs. 54,138,560) that has a good track record with the Company.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

Significant balances of financial assets and liabilities shall mature within twelve months as evident from the information presented in the note 34.

Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

Currency risk

The Company is exposed to currency risk on export of goods mainly denominated in US dollars. The Company's exposure to foreign currency risk for US Dollars is as follows:

	2009 Rupees	2008 Rupees
Foreign debtors	**17,672,575**	11,155,038
Gross balance sheet exposure	**17,672,575**	11,155,038
Letters of credit	--	--
Net exposure	**17,672,575**	11,155,038

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2009	2008	**2009**	2008
USD to PKR	78.89	62.77	81.25	68.20

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, post-tax loss / profit for the year would have been lower by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign currency bank account and foreign creditors.

	2009	2008
Effect on profit or loss		
PKR	**(1,767,258)**	(1,115,504)

The weakening of the PKR against US Dollar would have had an equal but opposite impact on the post tax loss / profits.

The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) / profit for the year and assets / liabilities of the Company.

Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Effective rate in percentage		Carrying amount Rupees	
	2009	2008	**2009**	2008
Financial liabilities				
Variable rate instruments				
Long term financing from associated company	**12.39 - 18.52**	11.07 - 16.83	**169,150,000**	119,150,000
Long term financing from commercial banks	**6.00 - 13.75**	6.00 - 7.00	**135,918,830**	151,814,934
Short term borrowings	**12.14 - 18.52**	11.07 - 14.06	**498,004,138**	539,156,394

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

	Profit and loss 100 bp	
	Increase	**Decrease**
As at 30 June 2009		
Cash flow sensitivity-Variable rate financial liabilities	8,030,730	(8,030,730)
As at 30 June 2008		
Cash flow sensitivity-Variable rate financial liabilities	8,101,213	(8,101,213)

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets / liabilities of the Company.

Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Capital risk management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or/and issue new shares.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total borrowings ("long term financing" and "short term borrowings" as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under "share capital and reserves" and net debt.

The salient information relating to capital risk management of the Company as of June 30, 2009 and 2008 were as follows:

	Note	2009 Rupees	2008 Rupees
Total Borrowings		**803,072,968**	810,121,328
Less: Cash and cash equivalents		**5,913,744**	12,100,009
Net Debt		**797,159,224**	798,021,319
Total Equity		**(179,873,271)**	(105,856,366)
Total Capital		**617,285,953**	692,164,953

35 RELATED PARTY TRANSACTIONS

The related parties comprise of associated companies, directors and their close family members, executives and major shareholders of the Company. Remuneration and benefits to executives of the Company are in accordance with the terms of their employment. Transactions with related parties during the year other than those disclosed elsewhere in the financial statements were as follows;

	Note	2009	2008
Short term borrowing obtained from ICC (Private) Limited - interest bearing		**21,300,000**	36,300,000
Long Term Financing obtained from ICC (Private) Limited - interest bearing		--	50,000,000
Interest on loan debited by ICC (Private) Limited	35.1	**29,616,592**	13,740,244
Reimbursable expenses incurred on behalf of ICC (Private) Limited		**8,774,590**	10,529,538
Shareable expenses debited to ICC (Private) Limited		**1,455,317**	1,145,779
Reimbursable expenses incurred on behalf of Imperial Soft (Private) Limited		**41,683**	19,677
Reimbursable expenses incurred by ICC (Private) Limited		**12,264**	-

35.1 Interest on long term financing and short term borrowing is charged at the same rates which are charged by the banks to the associated company.

35.2 The companies are associated due to common directorship.

35.3 Transactions with related parties are carried out at arm's length price determined in accordance with comparable uncontrolled price method.

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Description	2009			2008		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial remuneration	--	--	**1,694,004**	--	--	835,500
House rent allowance	--	--	**503,004**	--	--	208,875
Other allowances	--	--	**343,992**	--	--	208,875
Medical expenses	--	--	**60,718**	--	--	72,512
Utilities	--	--	--	--	--	--
Rupees	--	--	**2,601,718**	--	--	1,325,762
No. of persons	1	2	2	1	2	1

36.1 The directors of the Company have opted not to draw any remuneration from the Company voluntarily.

36.2 Some executives are provided with free use of Company cars as per rules.

36.3 No meeting fee was paid to the directors for attending the meetings of the board.

	2009	2008
37 NUMBER OF EMPLOYEES		
Number of employees at the end of the period	**600**	633
38 CAPACITY INSTALLED AND ACTUAL PRODUCTION		
No. of looms installed	**172**	172
No. of looms worked	**172**	172
Shifts per day	**3**	3
No. of days actually worked	**364**	364
Rated capacity (Square Meters in millions)	**39.6**	39.6
Actual production (Square Meters in millions)	**34.6**	34.3

It is difficult to determine precisely the production / rated capacity in textile weaving mills since it fluctuates widely depending on various factors such as speed, width and construction of cloth woven etc.

39 ACCOUNTING ESTIMATES AND JUDGEMENTS

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

Trade debts and other receivables

Impairment loss against doubtful trade and other debts is made on a judgement basis, which provisions may differ in the future years based on the actual experience. The difference in provision if any, is recognized in the future period.

Property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its plant and equipment. The estimates for revalued amounts of different classes of property, plant and equipment, are based on valuation performed by external professional valuers and recommendations of technical teams of the Company. The said recommendation also include estimates with respect to residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimate in the future years might affect the carrying amounts of the respective item of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

Stock in trade and stores and spares

The Company's management reviews the net realizable value (NRV) and impairment of stock in trade and stores and spares to access any diminution in the respecting carrying values and wherever required provision for NRV / impairment is made. The difference in provision, if any, is recognised in the future period.

40 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on October 08, 2009.

41 FIGURES

- Figures of previous years have been re-arranged as under:

Cost of furnace oil consumed which was previously grouped in store consumed has been grouped in fuel and power for more appropriate presentation (Refer Note 26).

LAHORE:	Sd/-	Sd/-
October 08, 2009	**Director**	**Chief Executive**

FORM - 34

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHARE HOLDERS AS ON JUNE 30, 2009

No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
122	1	100	11,800
1,095	101	500	511,758
115	501	1,000	113,318
157	1,001	5,000	456,250
42	5,001	10,000	338,900
16	10,001	15,000	202,575
5	15,001	20,000	86,599
9	20,001	25,000	206,000
5	25,001	30,000	135,500
6	30,001	35,000	194,400
3	35,001	40,000	113,700
1	45,001	50,000	48,000
1	55,001	60,000	56,500
1	65,001	70,000	70,000
1	70,001	75,000	75,000
3	75,001	80,000	237,850
1	90,001	95,000	93,775
4	95,001	100,000	390,450
1	115,001	120,000	119,500
1	120,001	125,000	125,000
1	135,001	140,000	139,900
1	155,001	160,000	158,900
1	160,001	165,000	164,870
4	165,001	170,000	678,180
2	175,001	180,000	355,500
1	180,001	185,000	181,500
1	230,001	235,000	235,000
2	235,001	240,000	473,000
1	240,001	245,000	243,775
1	270,001	275,000	275,000
1	310,001	315,000	311,000
1	315,001	320,000	319,200
1	2,875,001	2,880,000	2878,100
1,607			10,000,800

DETAIL OF SHAREHOLDING
AS ON JUNE 30, 2009

Categories of shareholders		Shares held	Percentage
1. Directors, Chief Executive Officer, and their spouse and minor children			
Mr. Shafiq A. Siddiqi		80,000	0.80
Mr. Javaid S. Siddiqi		169,450	1.69
Mr. Usman Haq		70,000	0.70
Mr. Tahir Rehman (CDC)		93,775	0.94
Mr. S. A. Mannan		99,100	0.99
Mr. Tariq Rehman (CDC)		243,775	2.44
Mr. Haris Noorani		95,850	0.96
Mr. Suhail Mannan		319,200	3.19
Mrs. Saeeda Nasreen W/o Shafiq A. Siddiqi		36,700	0.37
Mrs. Ambereen Haq W/o Usman Haq		176,200	1.76
Mrs. Anjum T. Rehman W/o Tahir Rehman (CDC)		275,000	2.75
Mrs. Shahima Rehman W/o Tariq Rehman (CDC)		125,000	1.25
Mrs. Aysha Noorani W/o Haris Noorani		75,000	0.75
	Total:	1,859,050	18.59
2. Associated Companies, undertakings and related parties			
M/s ICC (Pvt.) Limited		2,878,100	28.78
3. NIT and ICP			
Investment Corporation of Pakistan		1,400	0.01
National Bank of Pakistan (CDC)		334,700	3.35
	Total:	336,100	3.36
4. Banks, Development Financial Institutions and Non Banking Financial Institutions		8,500	0.08
5. Insurance Companies		158,900	1.59
6. Modarabas and Mutual Funds		-	-
7. General Public			
a Local		4,537,350	45.37
b Foreign		-	-
8. Others (to be specified)			
Joint Stock Companies		222,800	2.23
Charitable Trusts		-	-
Executives		-	-
	Grand Total:	10,000,800	100.00

	Shares held	Percentage
Share holders holding 10% or more		
M/s ICC (Pvt.) Limited-Associated Company	2,878,100	28.78

FORM OF PROXY

The Company Secretary
ICC Textiles Ltd.
242-A, Anand Road,
Upper Mall, Lahore

I/We ....

of .... being a member of **ICC TEXTILES LIMITED** and holder of .... Ordinary shares as per Share
(Number of Shares)

Register Folio No. .... and CDC Participant I.D. NO. .... and Sub Account No. ....

hereby appoint ....

of ....

or failing him ....

of ....

as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held at its Registered Office 242-A, Anand Road, Upper Mall, Lahore on Friday, the October 30, 2009 at 03:30 p.m. and at every adjournment thereof.

Signed this .... Day of .... 2009.

WITNESSES:

1. Signature:

   Name: ....

   Address: ....

   ....

   NIC or ....

   Passport No. ....

2. Signature:

   Name: ....

   Address: ....

   ....

   NIC or ....

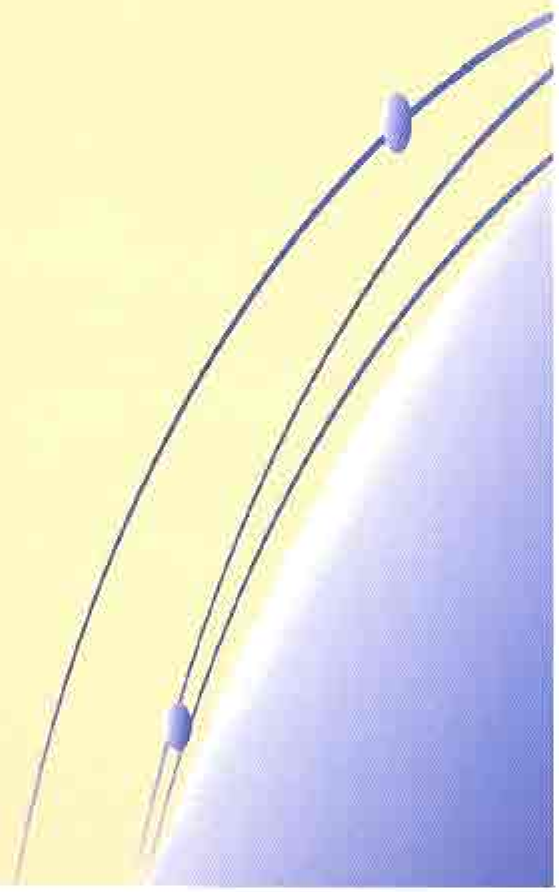
   Passport No. ....

Signature

AFFIX
REVENUE
STAMP
RS. 5/-

Note: Proxies, in order to be effective must be received by the Company not less than 48 hours before the meeting. A proxy need not to be a member of the Company.

CDC shareholders and their Proxies are requested to attach an attested photocopy of their National Identity Card or Passport with the proxy form before submission to the Company.



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