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COMPANY INFORMATION

Board of Directors

- Mr. Shafiq A. Siddiqi — Chief Executive
- Mr. Javaid S. Siddiqi
- Mr. Pervaiz S. Siddiqi
- Mrs. Fauzia Javaid
- Mr. Salman Javaid Siddiqi
- Mr. Asim Pervaiz Siddiqi

Audit Committee

- Mr. Javaid S. Siddiqi — Chairman
- Mr. Pervaiz S. Siddiqi — Member
- Mr. Salman Javaid Siddiqi — Member

HR & R Committee

- Mr. Pervaiz S. Siddiqi — Chairman
- Mr. Javaid S. Siddiqi — Member
- Mr. Asim Pervaiz Siddiqi — Member

Company Secretary

- Mr. Usman Haq

Chief Financial Officer

- Mr. Javed Rashid

Auditors

- Anjum Asim Shahid Rahman
  Chartered Accountants
  01-Inter Floor, Eden Centre
  Jail Road, Lahore.

Bankers

- MCB Bank Limited
- Faysal Bank Limited
- Bank AL Habib Limited
- Standard Chartered Bank (Pakistan) Limited
- United Bank Limited
- National Bank of Pakistan
- Allied Bank Limited

Legal Advisor

- Imtiaz Siddiqi Associates
  179 / 180 -A, Scotch Corner,
  Upper Mall, Lahore.

Shares Registrar

- Corplink (Pvt.) Limited
  Wings Arcade, I-K Commercial
  Model Town, Lahore.
  Ph: 042-35916719, 35916714
  Fax: 042-35869037

Registered Office

242-A, Anand Road,
Upper Mall, Lahore.
Ph: 042-35751765-67
Fax: 042-35789206
Web site: www.icctextiles.com

Factory

32-K.M, Lahore-Multan Road, Sunder,
Distt. Lahore.
Ph: 042-35975426-27
Fax: 042-35975428

Notice of Annual General Meeting

Notice is hereby given that the Twenty - Fifth (25th) Annual General Meeting of ICC Textiles Limited will be held at Company's Registered Office at 242-A, Anand Road, Upper Mall, Lahore on Thursday, October 31, 2013 at 10:30 a.m. to transact the following business:

ORDINARY

1. To confirm the minutes of the Annual General Meeting held on October 31, 2012.

2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2013 together with the Directors' and Auditors' Reports thereon.

3. To appoint auditors for the year ending June 30, 2014 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, 2013

NOTES:

1. The Share Transfer Books of the Company will remain closed from 22.10.2013 to 31.10.2013 (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 ended on June 30, 2013.

Financial Highlights

The company earned an after tax profit of Rs. 2.984 million on total sales of Rs. 1,728.459 million as against an after tax loss of Rs. 82.897 million on total sales of Rs. 1,778.224 million in the preceding period.

● Total Sales	Rs.	1,728,458,722
● Gross Profit	Rs.	4,794,363
● Operating Profit	Rs.	79,288,521
● Financial Charges	Rs.	75,047,915
● Profit before tax	Rs.	4,240,606
● Profit after tax	Rs.	2,983,515
● Unappr. Loss brought forward	Rs.	-555,875,616
● Total Accumulated Loss	Rs.	-535,938,713
● Earning per Share	Rs.	0.10

Period under Review

While the Cotton rate fluctuated during the year from Rs 5,445 to Rs 6,800 per maund and there was a corresponding increase in Yarn Rate (20/S Cotton) from Rs. 1,192 to Rs. 1,355 per ten pound, there was generally viability in the weaving sector due to stable fabric demand, which was hampered by the chronic Electrical load shedding problem being encountered in Pakistan. The impact of the problem was even more severe at ICC Textiles, where the Application for a Gas connection for alternate captive power is still pending despite persistent follow up. During the year under review, the scheduled and unscheduled load shedding was worst ever for the entire textile industry in Punjab.

The Sales and Production quantum in Sq Meters at 60 picks was reduced by 14% and 10% respectively, the negative impact of which was partly compensated by better returns on fabric sale.

There was a positive impact due to depreciation of the Pak Rupee against the US$ and reduction of the financial cost due to steady decrease in the six month Kibor from 12.06% in June 2012 to 9.09% in June 2013. Moreover, the steam generation cost was reduced due to induction of a wood fired boiler.

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

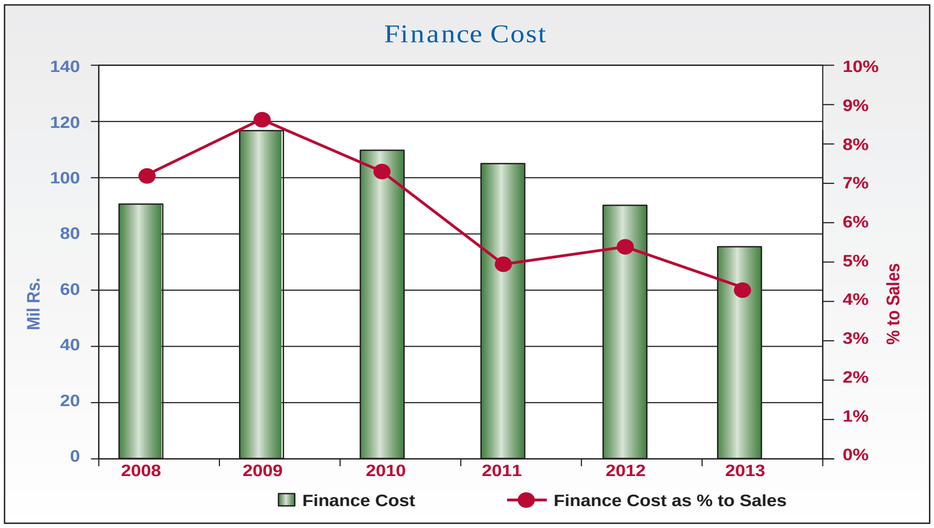
- The Company's sales in Sq Meters at 60 picks reduced by 4.636 Million (14%), i.e. 28.407 Million from 33.043 Million. The cost of sales increased by Rs. 5.19 per sq meter (at 60 picks), mainly due to enhanced cost of raw materials, i.e. from Rs. 55.49 to Rs. 60.68, however, the net sale rate per sq meter (at 60 picks) also increased by Rs. 7.04 i.e. from Rs. 53.81 to Rs. 60.85. The positive financial impact works out at Rs. 60 million approx.

- The fuel and power, including furnace oil, cost reduced by Rs. 31.240 million (14%) as compared to last year mainly attributed to usage of wood fired boiler.

- Financial cost decreased from Rs. 93.945 million to Rs. 75.048 million due to reduced markup rates.

- The interest free loans have been measured at amortized cost and discounted using weighted average interest rate ranging from 12.57% to 14.11%.

- US$ exchange rate increased from Rs. 93.80 in June 2012 to Rs. 98.60 in June 2013.



Future Strategy and Prospects

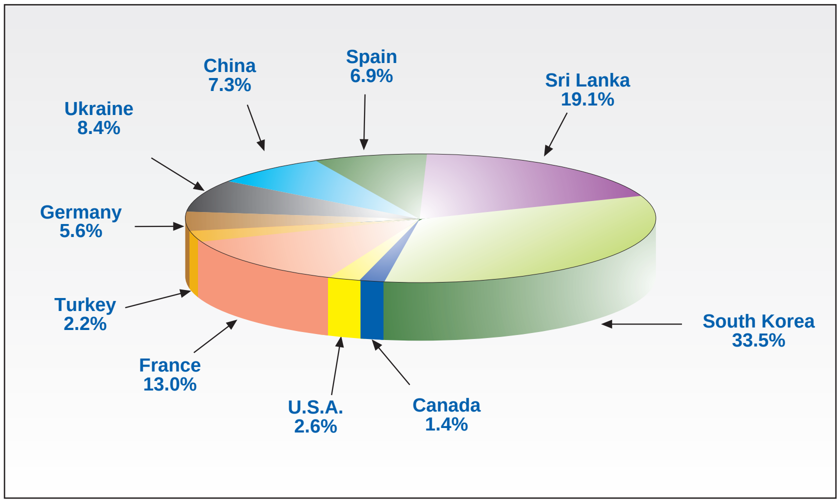
While carrying out a redistribution of shares amongst the Sponsors during the year, the Directors of the company have reaffirmed their commitment to the project by providing long term interest free loans amounting to Rs. 40.600 million during the year ended June 30, 2013 and Rs. 20.623 million after July 01, 2013 to meet the shortfall in the working capital requirements. Moreover, there is also a plan to inject additional funds in the coming months.

While there was great optimism for improvement in the business environment of the country after the change in the government in June 2013, so far the developments are portraying a dismal picture. Despite the clearing of a huge circular debt, the resolution of the energy crisis is nowhere in sight. Rather, the electrical load shedding in the industrial sector of Punjab has further worsened. Scheduled & unscheduled load shedding ranging from a record 10 to 18 hours per day during April to June 2013 has adversely affected the financial viability, especially for units without alternate captive gas power. The load shedding has now reduced to about 6 hours on a daily basis with a promise that the situation will improve in the near future. The problem has been further compounded by a sharp increase in Industrial electricity tariff by 60% since August 5 this year. We can only hope that the radical tariff increase will facilitate the resolution of the energy crisis and ensure uninterrupted electricity supply in the near future, at least to the industrial units solely dependent on PEPCO power supply.

On the positive side, the fabric market outlook appears to be good and the further erosion of the Pak Rupee against the US $ since July this year is a healthy sign for exports.

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

- Europe & North America 40%
- Far East 60%



Corporate Social Responsibility

Your company is a responsible corporate citizen and fully recognizes its responsibility towards community, employees and environment.

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 flows 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 states that the Company's current liabilities exceeded its current assets by Rs. 483.684 million, and its accumulated losses stood at Rs. 535.939 million. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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 plan 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.

To substantiate its going concern assumption:

i Directors of the company have invested as long term interest free loans amounting to Rs. 40.6 million during the year ended June 30, 2013 and Rs. 20.623 million after July 01, 2013 to meet working capital requirements.

ii The company has installed Six additional Air-jet looms (190cm) during the year which increased the rated capacity of the plant. These looms commenced commercial production in June 2013.

iii In a meeting held on May 13, 2013 board of directors of ICC (Pvt.) Ltd., an associated company, has decided to waive off the following loans advanced to ICC Textiles Limited from time to time:

- Long term interest free loans amounting to Rs. 189.150 million having carrying value, in ICC Textiles books, of Rs. 48.801 at amortized cost.
- Short term interest bearing loans of Rs. 30.850 million.

iv In April 2011, the company had raised its paid-up capital by Rs. 200.003 million by converting loans from associated company, directors and their family members by issuing further 20,000,320 ordinary shares of Rs. 10 each at par in order to reduce dependency on external debts and financial cost of the company.

There is an overdue installment, as on 30th June 2013, of Rs. 15.896 million of term loan obtained from MCB Bank Limited, the same will be cleared by Dec 2013.

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 as under:

(Rs. in million)

	2008	2009	2010	2011	2012	2013
• Sales (Rs.)	1,231.731	1,331.862	1,522.531	2,246.377	1,778.224	1,728.459
• Gross profit/(loss) (Rs.)	(19.541)	88.954	11.391	64.754	(55.374)	4.794
• Net profit/(loss) after tax (Rs.)	(161.919)	(74.016)	(145.138)	(98.936)	(82.897)	2.984
• Fixed Assets (Rs.)	636.685	1,043.457	997.659	952.641	1,015.677	979.040
• Long term liabilities (Rs.)	266.942	297.746	265.093	172.840	64.527	33.299
• Retained earnings (Rs.)	(205.864)	(279.881)	(408.027)	(489.971)	(555.876)	(535.939)
• Gross profit rate	(1.6%)	6.7%	0.7%	2.9%	(3.1%)	0.3%
• Net profit rate	(13.1%)	(5.6%)	(9.5%)	(4.4%)	(4.7%)	0.2%
• Current ratio	0.66:1	0.66:1	0.52:1	0.55:1	0.37:1	0.35:1
• Share break up value (Rs.)	(10.58)	(17.99)	(30.80)	(18.99)	(8.53)	(7.86)
• Earning per share (Rs.)	(16.19)	(7.40)	(14.51)	(6.80)	(2.76)	0.10
• Dividend	Nil	Nil	Nil	Nil	Nil	Nil

Staff Retirement Benefits

Value of unfunded gratuity scheme, based on actuarial valuation, at the period end was Rs. 63.055 million (2012: Rs. 52.571 million).

Board and Committees Meetings

During the year July 2012 to June 2013, eleven meetings of the Board of Directors, seven meetings of audit committee and one meeting of HR & R committee were held. Attendance by each director was as follows:

Name of Directors	Attendance	Remarks
Board of Directors		
Mr. Shafiq A. Siddiqi	11	
Mr. Javaid S. Siddiqi	10	
Mr. Usman Haq	9	Resigned on May 22, 2013
Mr. Tariq Rehman	5	Resigned on June 29, 2013
Mr. Suhail Mannan	8	Resigned on May 22, 2013
Mr. Tahir Rehman	7	Resigned on May 22, 2013
Mr. Ahsan Suhail Mannan	8	Resigned on May 22, 2013
Mr. Awais Noorani	7	Resigned on May 22, 2013
Mr. Pervaiz S. Siddiqi	3	Appointed on May 22, 2013
Mrs. Fauzia Javaid	3	Appointed on May 22, 2013
Mr. Salman Javaid Siddiqi	1	Appointed on June 26, 2013
Mr. Asim Pervaiz Siddiqi	1	Appointed on June 26, 2013
Audit Committee		
Mr. Javaid S. Siddiqi	7	
Mr. Tahir Rehman	7	
Mr. Awais Noorani	7	
HR & R Committee		
Mr. Javaid S. Siddiqi	1	
Mr. Tahir Rehman	1	
Mr. Ahsan Suhail Mannan	1	

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 the trading in shares of the company by Directors, Company Secretary, CEO, CFO and Executives of the Company (including their spouses and minor children) is as follows:.

Name	Sale	Purchase
Mr. Javaid S. Siddiqi	-	13,048,727
Mr. Pervaiz S. Siddiqi	-	6,524,363
Mrs. Fauzia Javaid	-	2,174,788
Mr. Salman Javaid Siddiqi	-	1,000
Mr. Asim Pervaiz Siddiqi	-	1,000
Mr. Usman Haq	1,002,000	-
Mr. Tahir Rehman	479,415	-
Mr. Tariq Rehman	2,303,815	-
Mr. Suhail Mannan	2,415,808	-
Mr. Ahsan Suhail Mannan	203,710	-
Mr. Awais Noorani	500	-
Mrs. Ambereen Haq W/O Usman Haq	458,120	-
Mrs. Anjum T. Rehman W/O Tahir Rehman	479,400	-
Mrs. Shahima Rehman W/O Tariq Rehman	425,000	-
Total	**7,767,768**	**21,749,878**

Audit Committee

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

HR and Remuneration Committee

The HR & R Committee comprises of 3 members, of whom 2 are non-executive directors.

Auditors

M/s Anjum Asim Shahid Rahman, Chartered Accountants will retire at the conclusion of 25th Annual General Meeting. They have expressed their willingness for reappointment. The Audit Committee has recommended their reappointment.

Dividend

Considering the results for the year and cash flow problems being faced by the company, the board is not recommending disbursement of any dividend for the period ended June 30, 2013.

Acknowledgment

Finally, the directors would like to record their appreciation for the continued commitment and hard work being carried out by the employees of the company.

For and on behalf of the Board of Directors

LAHORE:
October 08, 2013

SHAFIQ A. SIDDIQI
Chief Executive

Statement of Compliance with Best Practices of Code of Corporate Governance

This statement is being presented to comply with the code of corporate governance (CCG) 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 CCG in the following manners:

1. The company encourages representation of independent non-executive directors on its Board of Directors. At present, the Board includes:

Category	**Names**
Independent	--
Executive Directors	Mr. Shafiq A. Siddiqi Mr. Javaid S. Siddiqi
Non-Executive Directors	Mr. Pervaiz S. Siddiqi Mrs. Fauzia Javaid Mr. Salman Javaid Siddiqi Mr. Asim Pervaiz Siddiqi

   The condition of clause I (b) of the CCG in relation to independent director will be applicable after election of next Board of Directors of the Company in March 2014.

2. The directors have confirmed that none of them is serving as a director in more than seven 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. Six casual vacancies occurring on the Board were filled up by the directors as under:-

   2 casual vacancies occurring on 22-05-2013 were filled up on same day.
   2 casual vacancies occurring on 22-05-2013 were filled up within 13 days.
   1 casual vacancy occurring on 22-05-2013 was filled up within 89 days.
   1 casual vacancy occurring on 29-06-2013 was filled up within 89 days.

5. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
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 and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by a director elected as chairman 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. Two of the Directors of the Company are exempted from the requirement of the directors' training program and rest of the Directors, appointed on or after 22nd May 2013, will be trained within specified time.
10. No new appointment of CFO, Company Secretary and Head of Internal Audit made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG 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 CCG.
15. The Board has formed an audit committee. It comprises of 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 CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of 3 members, of whom 2 are non-executive directors and the chairman is non-executive director.

18. 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.

19. 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.

20. 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.

21. The 'closed period' prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

LAHORE:
October 08, 2013

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 for the year ended June 30, 2013 prepared by the Board of Directors of ICC Textiles Limited (the Company) to comply with the Listing Regulation No. 35 of Karachi and Lahore Stock Exchanges 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 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 are not required to consider whether the Board's statement covers all risks or controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (x) of Listing Regulation No. 35 of Karachi and Lahore Stock Exchanges requires the Company to place before the Board of Directors for their consideration and approval the 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 or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2013.

LAHORE
Dated: October 08, 2013

ANJUM ASIM SHAHID RAHMAN
Chartered Accountants
Audit Engagement Partner: Imran Afzal

Auditors' Report to the Members

We have audited the annexed balance sheet of ICC Textiles Limited ("the Company") as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, 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, statement of comprehensive income, 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, 2013 and of the profit, total comprehensive income, 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.

We draw attention to note 1.2 to the financial statements which describes that as at June 30, 2013, the Company's current liabilities exceeded its current assets by Rs. 483.684 million, and its accumulated losses stood at Rs. 535.939 million. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements have however been prepared on a going concern basis for the reasons, as more fully explained in note 1.2 to the financial statements. Our opinion is not qualified in respect of this matter.

ANJUM ASIM SHAHID RAHMAN
Chartered Accountants
Audit Engagement Partner: Imran Afzal

LAHORE:
October 08, 2013

BALANCE SHEET
As At June 30, 2013

	Note	2013 Rupees	2012 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
32,000,000 (2012 : 32,000,000) ordinary shares of Rs. 10 each		**320,000,000**	320,000,000
Issued, subscribed and paid-up share capital	4	**300,011,200**	300,011,200
ACCUMULATED LOSS		**(535,938,713)**	(555,875,616)
		(235,927,513)	(255,864,416)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	5	**498,803,281**	515,756,669
NON CURRENT LIABILITIES			
Long term financing from directors	6	**33,298,951**	-
Long term financing from associated company	7	**-**	32,735,219
Long term financing from commercial banks	8	**-**	31,792,208
Deferred liabilities	9	**63,055,127**	52,570,529
Deferred taxation	5	**137,769,231**	146,897,979
		234,123,309	263,995,935
CURRENT LIABILITIES			
Trade and other payables	10	**163,562,795**	175,707,591
Accrued markup	11	**13,241,081**	18,173,212
Short term borrowings	12	**518,822,796**	555,275,726
Current portion of long term liabilities	13	**47,688,310**	31,897,696
		743,314,982	781,054,225
CONTINGENCIES AND COMMITMENTS	14	**-**	-
		1,240,314,059	1,304,942,413

The annexed notes 1 to 42 form an integral part of these financial statements.

LAHORE:
October 08, 2013

	Note	**2013 Rupees**	2012 Rupees
ASSETS			
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT			
Owned assets	15	**979,040,176**	1,015,371,462
Assets subject to finance lease	16	**-**	305,343
		979,040,176	1,015,676,805
LONG TERM LOANS AND ADVANCES	17	**14,000**	88,333
LONG TERM DEPOSITS	18	**1,629,034**	1,629,034
CURRENT ASSETS			
Stores, spare parts and loose tools	19	**37,067,120**	37,755,124
Stock in trade	20	**140,162,196**	144,696,470
Trade debts	21	**25,662,555**	27,659,498
Loans and advances	22	**6,300,138**	6,924,062
Trade deposits and short term prepayments	23	**1,552,482**	1,950,001
Other receivables	24	**31,682,207**	22,525,439
Income tax refundable		**11,705,636**	8,008,788
Cash and bank balances	25	**5,498,515**	38,028,859
		259,630,849	287,548,241
		1,240,314,059	1,304,942,413

The annexed notes 1 to 42 form an integral part of these financial statements.

Sd/-
Director

Sd/-
Chief Executive

PROFIT AND LOSS ACCOUNT
For The Year Ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
SALES	26	**1,728,458,722**	1,778,224,199
COST OF SALES	27	**(1,723,664,359)**	(1,833,598,378)
GROSS PROFIT / (LOSS)		**4,794,363**	(55,374,179)
OPERATING EXPENSES			
Distribution cost	28	**(15,683,202)**	(20,624,736)
Administrative expenses	29	**(30,942,591)**	(29,971,635)
Other operating expenses	30	**(775,298)**	(760,308)
		(47,401,091)	(51,356,679)
OPERATING LOSS		**(42,606,728)**	(106,730,858)
OTHER INCOME	31	**121,895,249**	114,616,478
OPERATING PROFIT BEFORE FINANCE COST		**79,288,521**	7,885,620
FINANCE COST	32	**(75,047,915)**	(93,944,644)
PROFIT / (LOSS) BEFORE TAXATION		**4,240,606**	(86,059,024)
TAXATION	33	**(1,257,091)**	3,162,286
PROFIT / (LOSS) AFTER TAXATION FOR THE YEAR		**2,983,515**	(82,896,738)
EARNING / (LOSS) PER SHARE - BASIC AND DILUTED	34	**0.10**	(2.76)

The annexed notes 1 to 42 form an integral part of these financial statements.

LAHORE:	Sd/-	Sd/-
October 08, 2013	**Director**	**Chief Executive**

STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
PROFIT / (LOSS) AFTER TAXATION FOR THE YEAR		**2,983,515**	(82,896,738)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss		**-**	-
Items that will not be reclassified to profit or loss			
Surplus on revaluation of property, plant and equipment - net of tax	5	**-**	71,326,929
Total other comprehensive income for the year		**-**	71,326,929
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		**2,983,515**	(11,569,809)

The annexed notes 1 to 42 form an integral part of these financial statements.

LAHORE:
October 08, 2013

Sd/-
Director

Sd/-
Chief Executive

CASH FLOW STATEMENT

For The Year Ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) for the year before taxation		**4,240,606**	(86,059,024)
Adjustments for:			
Depreciation on owned assets	15.1	**47,144,058**	50,718,976
Depreciation on leased assets	16.2	**30,953**	156,888
Long term loans waived off by ICC (Pvt.) Ltd.		**(48,800,938)**	-
Short term loans waived off by ICC (Pvt.) Ltd.		**(30,850,000)**	-
Gain on disposal of leased assets		**(780,245)**	-
Amortization of interest free loan	31	**(41,433,277)**	(114,574,630)
Unwinding of discount	32	**5,197,947**	3,159,849
Excise duty	32	**-**	1,941,474
Staff gratuity	9	**14,415,358**	13,442,731
Finance cost	32	**69,849,968**	93,944,644
		14,773,824	48,789,932
		19,014,430	(37,269,092)
(Increase) / Decrease in current assets			
Stores, spare parts and loose tools		**688,004**	(2,911,260)
Stock in trade		**4,534,274**	96,786,381
Trade debts		**1,996,943**	67,953,801
Loans and advances		**623,924**	(2,671,131)
Trade deposits and short term prepayments		**397,519**	(270,762)
Other receivables		**(9,156,768)**	(11,161,158)
		(916,104)	147,725,871
Increase / (decrease) in current liabilities			
Trade and other payables		**(12,144,796)**	18,006,898
Cash generated from operations		**5,953,530**	128,463,677
Finance cost paid		**(74,782,099)**	(98,001,464)
Taxes paid		**(14,082,687)**	(16,155,245)
Gratuity paid	9	**(3,930,760)**	(2,899,292)
		(92,795,546)	(117,056,001)
Net cash (used in) / generated from operating activities	(A)	**(86,842,016)**	11,407,676

	Note	2013 Rupees	2012 Rupees
CASH FLOWS FROM INVESTING ACTIVITIES			
Long term loans and advances		**74,333**	41,667
Long term deposits		**-**	70,400
Sale proceeds of owned assets		**1,158,457**	-
Fixed capital expenditure		**(10,916,594)**	(13,170,739)
Net cash used in investing activities	(B)	**(9,683,804)**	(13,058,672)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings		**(5,602,930)**	4,249,831
Long term financing from directors		**40,600,000**	-
Long term financing from associated company		**45,000,000**	35,000,000
Long term financing from commercial banks		**(15,896,104)**	(31,792,208)
Liabilities against assets subject to finance lease		**(105,490)**	(461,975)
Net cash from financing activities	(C)	**63,995,476**	6,995,648
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(A+B+C)	**(32,530,344)**	5,344,652
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**38,028,859**	32,684,207
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25	**5,498,515**	38,028,859

The annexed notes 1 to 42 form an integral part of these financial statements.

LAHORE:
October 08, 2013

Sd/-
Director

Sd/-
Chief Executive

STATEMENT OF CHANGES IN EQUITY
For The Year Ended June 30, 2013

Description	Paid-up Capital Rupees	Accumulated Loss Rupees	Total Rupees	Revaluation Surplus Rupees	Total Rupees
	A	B	C=A+B	D	E=C+D
Balance as at June 30, 2011	300,011,200	(489,971,155)	(189,959,955)	461,422,017	271,462,062
Loss for the year	-	(82,896,738)	(82,896,738)	-	(82,896,738)
Other comprehensive income for the year	-	-	-	71,326,929	71,326,929
Transfer from surplus on revaluation of property, plant and equipment - net of tax	-	16,992,277	16,992,277	(16,992,277)	-
Balance as at June 30, 2012	300,011,200	(555,875,616)	(255,864,416)	515,756,669	259,892,253
Profit for the year	-	2,983,515	2,983,515	-	2,983,515
Other comprehensive income for the year	-	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment - net of tax	-	16,953,388	16,953,388	(16,953,388)	-
Balance as at June 30, 2013	**300,011,200**	**(535,938,713)**	**(235,927,513)**	**498,803,281**	**262,875,768**

The annexed notes 1 to 42 form an integral part of these financial statements.

LAHORE:
October 08, 2013

Sd/-
Director

Sd/-
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2013

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 manufacturing 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 earned a profit amounting to Rs. 2.984 million and has accumulated losses amounting to Rs. 535.939 million at the year end. In addition, the Company's current liabilities exceeded its current assets by Rs. 483.684 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, bringing its liabilities to serviceable levels and availability of the adequate working capital from its lenders and sponsors.

To substantiate its going concern assumption:

i Directors of the company, have invested as long term interest free loans amounting to Rs. 40.6 million during the year end June 30, 2013 and Rs. 20.623 million after July 01, 2013 to meet working capital requirements.

ii The company has installed six additional air-jet looms during the year which increased the rated capacity of the plant. These looms commenced production in June 2013.

iii In a meeting held on May 13, 2013, board of directors of ICC (Pvt.) Ltd. has decided to write off the following outstanding loans advanced to ICC Textiles Limited: from time to time:

- Long term interest free loans amounting to Rs. 189.150 million having carrying value in ICC Textiles books, of Rs. 48.801 at amortized cost.

- Short term interest bearing loans of Rs. 30.850 million.

iv In April 2011 the Company had raised its paid-up capital by Rs. 200,003,200 by converting already received loans from associated company, directors and their family members by issuing further 20,000,320 ordinary shares of Rs. 10 each at par in order to reduce dependency on external debts and financial cost of the company.

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 Standards, amendments or interpretations that became effective during the year

During the year, following amendments to existing standards that were issued in prior periods became effective; however, these amendments are either not relevant or did not have any material effect on the financial statements of the Company.

- Amendments in IAS 1 Presentation of Financial Statements have been made that require to group together items within other comprehensive income that may be reclassified to profit or loss section of the income statement.

- Amendments to IAS 12 Income Taxes have been made that provide a practical solution to the problem regarding whether the entity expects to recover carrying amount of an asset through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property by introducing a presumption that recovery of the carrying amount will normally be through sale. As a result of the amendments, SIC 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets would no longer apply to investment properties carried at fair value.

2.3 New/revised accounting standards and interpretations, and amendments to published accounting standards and interpretations that are not yet effective

The following new interpretation and amendments to standards are only effective for annual periods beginning from the dates specified below. These amendments and interpretation are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements of the Company:

- On 29 May 2013 the IASB issued amendments to IAS 36 Impairment of Assets. These amendments clarify that the scope of recoverable amount disclosures for non-financial assets is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014.

- On 27 June 2013 the IASB issued amendments to IAS 39 Financial Instruments: Recognition and Measurement. These amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. Similar relief will be included in IFRS 9 Financial Instruments. The amendments are effective for annual periods beginning on or after 1 January 2014.

- On 20 May 2013 the IASB issued IFRIC Interpretation 21 Levies, an interpretation on the accounting for levies imposed by governments. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention except for cash flow information and:

- staff retirement benefits which are measured at present value of defined benefit obligation plus/(less) any unrecognized actuarial gains/(unrecognized actuarial losses and past service cost) (refer note 3.1);

- free hold land, buildings and plant and machinery which are measured at revalued amount (refer note 3.2);

- financial liabilities which are measured at present value (refer note 3.7).

2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires 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 40.

2.6 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

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. The liability is provided on the basis of actuarial valuation using Projected Unit Credit (PUC) Actuarial Method while movement in the liability is included in the profit or loss. The Company has a policy of carrying out actuarial valuations annually with the assistance of independent actuarial appraisers to cover the obligations under the scheme.

Actuarial gains and losses related to employees defined benefit plan 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.

The amount recognized in balance sheet represents the present value of the defined benefit obligation adjusted for the actuarial gains and losses.

Principal actuarial assumptions used in the actuarial valuation carried out as at June 30, 2013 are as follows:

-	Discount rate	10.5% per annum (2012:13% per annum)
-	Expected rate of salary increase in future	9.5% per annum (2012: 12% per annum)
-	Average expected remaining working life of employees	7 years (2012: 6 years)
-	Mortality rate assumed were based on the EFU 61-66 mortality table.	

These assumptions have been developed by management with the assistance of independent actuarial appraisers. Discount rate is determined by reference to market yields on government bonds since long-term private sector bonds market is not deep enough in Pakistan. Rate of salary growth reflects regular / special increments and any promotional increase.

3.2 Property, plant and equipment

Property, plant and equipment are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

Furniture and fittings, vehicles, electrical appliances and office equipment

Subsequently, furniture and fittings, vehicles, electrical appliances and office equipment are measured using cost model at cost less subsequent accumulated depreciation and impairment losses, if any. Depreciation is charged to profit or loss on diminishing balance method at the rates as disclosed in note 15 so as to write off the depreciable amount of furniture and fittings, vehicles, electrical appliances and office equipment over their estimated useful lives.

Freehold land, building on freehold land and plant and machinery

Free hold land is subsequently measured using revaluation model at the revalued amount.

Buildings and plant and machinery are subsequently measured using revaluation model at revalued amount less subsequent accumulated depreciation and impairment losses, if any. Any surplus on revaluation of freehold land, building on freehold land, and plant and machinery 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).

Depreciation on buildings and plant and machinery is charged to profit or loss on straight line method at the rates as disclosed in note 15 so as to write off the depreciable amount of these assets over their estimated 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 disposed off during the year is charged up to the date of disposal.

Gain / loss on disposal of property, plant and 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.

The asset's residual values and estimated useful lives are reviewed as required, but at least annually whether or not the asset is revalued and adjusted if impact on depreciation is significant.

3.3 Finance leases

Assets subject to finance lease in which the Company bears substantially all risks and rewards of ownership of the assets are recognized at the inception of lease 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 16. 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 disposed off 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, spare parts 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

3.7.1 Financial assets

Financial assets are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs. Subsequent measurement of financial assets are described below. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Financial assets of the Company are classified as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. These are included in current assets, except for maturities for greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables with less than twelve months maturities are classified as current assets. The Company's cash and cash equivalents, trade debts, loans and advances, deposits and other receivables fall into this category of financial instruments. Loans and receivables are subject to review for impairment at each reporting date to identify whether there is objective evidence that the financial asset is impaired.

3.7.2 Financial liabilities

The Company's financial liabilities include borrowings and trade and other payables.

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are measured initially at fair value, less attributable transaction costs. Financial liabilities are measured subsequently at amortized cost using the effective interest method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same the lender on substantially different terms, or terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of original liability and the recognition of new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, if any, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, if any, pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized as expense in the period in which they are incurred.

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.

3.8 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.

3.9 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.

3.10 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemption available, if any, and tax paid on presumptive basis.

Deferred

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

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profits will be available against which such temporary differences and tax losses can be utilized. Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

3.11 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 or loss.

3.12 Provisions

A provision is recognized in the financial statements when the 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.

3.13 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and bank balances and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.14 Contingent liability

Contingent liability is disclosed when:

- There is possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

- There is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

		2013 Rupees	2012 Rupees
4	**ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**		
	30,001,120 (2012 : 30,001,120) ordinary shares of Rs. 10 each fully paid in cash	**300,011,200**	300,011,200

4.1 Nil (2012: 12,878,100) shares of the Company are held by an associated company.

		Note	2013 Rupees	2012 Rupees
5	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**			
	Surplus arising on revaluation	5.1	**636,572,512**	662,654,648
	Less: Deferred tax arising on surplus on revaluation	5.2	**137,769,231**	146,897,979
			498,803,281	515,756,669
5.1	**Opening balance of surplus on revaluation**		**662,654,648**	588,055,184
	Add: Surplus arising during the year		**-**	100,741,429
	Less: Incremental depreciation:			
	Buildings		**4,094,129**	2,683,103
	Plant and machinery		**21,988,007**	23,458,862
			26,082,136	26,141,965
			636,572,512	662,654,648

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, 2012. The revaluation resulted in following:

	Rupees
Increase in carrying value of free - hold land	16,700,000
Increase in carrying value of buildings on free - hold land	32,453,591
Increase in carrying value of plant and machinery	51,587,838
	100,741,429

Incremental depreciation represents the difference between actual depreciation on revalued property, plant and equipment and equivalent depreciation based on historical cost of property, plant and equipment.

Surplus on revaluation of property, plant and equipment can be utilized by the Company only for the purposes specified in section 235 of the Companies Ordinance, 1984.

		2013 Rupees	2012 Rupees
5.2	**Related deferred tax liability on July 01**	**146,897,979**	126,633,167
	Deferred tax liability arising on revaluation	**-**	29,414,500
	Tax effect on incremental depreciation	**(9,128,748)**	(9,149,688)
		137,769,231	146,897,979

Deferred tax asset amounting to Rs. 195.907 million (2012: Rs. 194.598 million) arising on account of temporary differences mainly for property, plant and equipment, finance lease liabilities and gratuity and unused tax losses and unused tax credits has not been accounted for due to uncertainty regarding its recoverability in the foreseeable future.

		Note	**2013 Rupees**	2012 Rupees
6	**LONG TERM FINANCING FROM DIRECTORS - Unsecured**			
	Original Loan amounts	6.1	**40,600,000**	-
	Less: present value adjustment	6.2	**7,301,049**	-
			33,298,951	-
	Add: Interest charged to profit and loss account		**-**	-
			33,298,951	-

6.1 These interest free loans are repayable in lump sum on June 30, 2015.

6.2 These long term interest free loans have been measured at amortized cost in accordance with International Accounting Standard 39, Financial Instruments: Recognition and Measurement, and have been discounted using the weighted average interest rate of 10.42%.

7 LONG TERM FINANCING FROM ASSOCIATED COMPANY - Unsecured

These represent facilities obtained from ICC (Pvt.) Ltd., an associated company. The break up of these facilities is as follows:

	Note	**2013 Rupees**	2012 Rupees
Original Loan amounts:			
Loan I		**9,150,000**	9,150,000
Loan II		**180,000,000**	135,000,000
		189,150,000	144,150,000
Less: present value adjustment	7.1	**148,706,858**	114,574,630
		40,443,142	29,575,370
Add: Interest charged to profit and loss account	32	**8,357,796**	3,159,849
		48,800,938	32,735,219
Less: Loans waived off by ICC (Pvt.) Ltd.	7.2	**48,800,938**	-
		-	32,735,219

7.1 These long term interest free loans have been measured at amortized cost in accordance with International Accounting Standard 39, Financial Instruments: Recognition and Measurement, and have been discounted using the weighted average interest rate of ranging from 12.57% to 14.11%.

7.2 These long term interest free loans have been waived off by the associated company i.e. ICC (Pvt.) Ltd. on May 13, 2013.

8 LONG TERM FINANCING FROM COMMERCIAL BANKS - Secured

	Note	Sanctioned Limit-Rupees	2013 Rupees	2012 Rupees
MCB Bank Limited - Term Loan	8.1	204,000,000	**15,896,102**	31,792,206
MCB Bank Limited - Demand Finance	8.2	63,584,416	**31,792,208**	31,792,208
			47,688,310	63,584,414
Current portion :				
Not yet due			**(31,792,208)**	(31,792,206)
Overdue			**(15,896,102)**	-
			(47,688,310)	(31,792,206)
			-	31,792,208

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

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

The loan was rescheduled by MCB Bank Limited by deferring four half yearly instalments of principal due from September 30, 2008 to March 31, 2010. Now these instalments are payable from September 30, 2011 to March 29, 2013. This rescheduling includes deferment of two half yearly instalments 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.

8.2 Demand finance has been obtained from MCB Bank Limited under rescheduling arrangement of LTF-EOP facility. Repayment is required to be made in 2 equal instalments on 30.09.2013 and 29.03.2014. The mark-up is charged @ 6 month KIBOR plus 1% (2012: 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.

	2013 Rupees	2012 Rupees
9 DEFERRED LIABILITIES		
Staff retirement benefits - gratuity	**63,055,127**	52,570,529

The scheme provides for gratuity benefits for all permanent employees who attain the minimum qualifying period. Provision has been made on the basis of latest actuarial valuation made on June 30, 2013 using projected unit credit method.

	2013 Rupees	2012 Rupees
Amount disclosed in balance sheet		
Present value of defined benefit obligation	**62,635,232**	50,995,711
Unrecognized gains / (losses)	**419,895**	1,574,818
	63,055,127	52,570,529
Movement in net liability		
Opening liability	**52,570,529**	42,027,090
Expense incurred	**14,415,358**	13,442,731
Benefits paid	**(3,930,760)**	(2,899,292)
Closing liability	**63,055,127**	52,570,529
Charge for the year		
Current service cost	**7,785,916**	7,356,484
Interest cost	**6,629,442**	6,086,247
	14,415,358	13,442,731

9.1 The present value of defined benefit obligation is as follows:

	2013 Rupees	2012 Rupees	2011 Rupees	2010 Rupees	2009 Rupees
Present value of defined benefit obligation as at June 30	**62,635,232**	50,995,711	43,473,190	34,284,972	29,851,063

	Note	2013 Rupees	2012 Rupees
9.2 Charge for the year has been allocated as under:			
Cost of sales	27.2	**5,891,592**	5,494,077
Distribution cost	28.1	**553,580**	516,229
Administrative expenses	29.1	**4,983,748**	4,826,055
ICC (Private) Limited		**2,986,438**	2,606,370
		14,415,358	13,442,731

	2013 Rupees	2012 Rupees
10 TRADE AND OTHER PAYABLES		
Creditors	**110,689,905**	97,339,017
Accrued liabilities	**10,526,259**	8,651,794
Payable to employees	**55,274**	-
Advance from customers	**39,470,446**	29,034,456
Unclaimed dividend	**1,662,656**	1,662,656
Due to ICC (Private) Limited	**-**	38,521,871
Due to directors	**-**	236,284
Tax deducted at source	**1,110,925**	218,673
Others	**47,330**	42,840
	163,562,795	175,707,591
11 ACCRUED MARKUP		
Accrued mark-up / interest on long term financing	**1,602,175**	2,081,518
Accrued mark-up / interest on short term borrowings	**11,638,906**	16,091,694
	13,241,081	18,173,212

	Note	Sanctioned Limit-Rupees	2013 Rupees	2012 Rupees
12 SHORT TERM BORROWINGS				
Commercial banks- secured	12.1	595,000,000	**479,653,796**	469,943,124
Commercial bank- current account	12.2		**14,926,804**	18,590,406
Associated company- unsecured	12.3		**39,900,000**	43,400,000
Less: Loans waived off by ICC (Pvt.) Ltd.	12.4		**30,850,000**	-
			9,050,000	43,400,000
Ex-Sponsor member - unsecured	12.5		**15,192,196**	23,342,196
			518,822,796	555,275,726

12.1 The facilities are secured against joint pari passu charge by way of hypothecation of stock in trade & current assets, second joint pari passu charge on property, plant and equipment of the Company & ranking charges on current assets and security of the associated company. Mark-up is payable at rates ranging from 10.38 % to 16.00 % (2012: 12.92% to 15.81%) 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 Mark-up is charged at the same rates which are charged by the banks to the associated company ranging from 10.55% to 13.72% (2012: 13.26% to 16.53%) per annum.

12.4 The short term financing to the extent of Rs. 30.850 million has been waived off by the associated company on May 13, 2013.

12.5 Mark-up is charged at the same rates which are charged by the bank to the director/sponsor member ranging from 12.15% to 13.38% (2012: 13.95% to 17.53%) per annum.

	Note	**2013 Rupees**	2012 Rupees
13 CURRENT PORTION OF LONG TERM LIABILITIES			
Long term financing from commercial banks	8	**47,688,310**	31,792,206
Liabilities against assets subject to finance lease		**-**	105,490
		47,688,310	31,897,696

14 CONTINGENCIES AND COMMITMENTS

14.1 The Company has not accounted for excise duty on long term financing charged by NIB Bank Limited (Formerly PICIC) amounting to Rs. 4,530,107 (2012: Rs.4,530,107). The final outcome of the matter is pending settlement with the bank. The Company is of the view that such liability is not payable by the Company.

14.2 - Commitments against foreign bills purchased by bank Rs. 38.627 million (2012: Rs. 46.663 million).

- Commitments against local bills purchased by bank Rs. Nil (2012: Rs. 5.000 million).

- Commitments against irrevocable letter of credit for import of chemicals amounted to Rs. 1.441 million (2012: Rs. Nil).

15 OWND ASSETS

DESCRIPTION	Cost or assessed value as on July 01, 2012	Cost of Additions/ (deletion)	Surplus on revaluation	Gross book value as on June 30, 2013	DEPRECIATION					Net book value as on June 30, 2013
					Rate %	As on July 01, 2012	Revaluation adjustments	For the year/ (adjustments on disposals)	As on June 30, 2013	
Land - freehold	250,500,000	-	-	250,500,000	-	-	-	-	-	250,500,000
Building on freehold land	143,102,475	-	-	143,102,475	3.8 - 10	-	-	6,221,847	6,221,847	136,880,628
Plant and machinery	614,059,525	10,691,849	-	624,751,374	4.8 - 10	-	-	39,916,355	39,916,355	584,835,019
Furniture and fittings	3,148,805	6,500	-	3,155,305	10	2,256,060	-	89,839	2,345,899	809,406
Vehicles	9,776,282	274,390 (2,100,436)	-	7,950,236	20	7,282,541	-	475,447 (1,737,841)	6,020,147	1,930,089
Electrical appliances	2,058,369	34,470	-	2,092,839	10	1,017,595	-	105,885	1,123,480	969,359
Office equipment	8,291,549	183,775 (22,500)	-	8,452,824	10	5,009,347	-	334,685 (6,883)	5,337,149	3,115,675
2013 Rupees	1,030,937,005	11,190,984 (2,122,936)	- -	1,040,005,053	-	15,565,543	-	47,144,058 (1,744,724)	60,964,877	979,040,176

DESCRIPTION	Cost or assessed value as on July 01, 2011	Cost of Additions/ (deletion)	Surplus on revaluation	Gross book value as on June 30, 2012	DEPRECIATION					Net book value as on June 30, 2012
					Rate %	As on July 01, 2011	Revaluation adjustments	For the year/ (adjustments on disposals)	As on June 30, 2012	
Land - freehold	233,800,000	-	16,700,000	250,500,000	-	-	-	-	-	250,500,000
Building on freehold land	125,082,740	-	32,453,591 (14,433,856)	143,102,475	3.8 - 10	9,622,981	(14,433,856)	4,810,875	-	143,102,475
Plant and machinery	682,245,845	12,740,062	51,587,839 (132,514,220)	614,059,525	4.8 - 10	87,697,045	(132,514,220)	44,817,175	-	614,059,525
Furniture and fittings	3,121,405	27,400	-	3,148,805	10	2,158,939	-	97,121	2,256,060	892,745
Vehicles	9,058,020	718,262	-	9,776,282	20	6,752,351	-	530,190	7,282,541	2,493,741
Electrical appliances	1,883,377	174,992	-	2,058,369	10	914,698	-	102,897	1,017,595	1,040,774
Office equipment	8,195,064	96,485	-	8,291,549	10	4,648,629	-	360,718	5,009,347	3,282,202
2012 Rupees	1,063,386,451	13,757,201	100,741,430 (146,948,076)	1,030,937,005	-	111,794,643	(146,948,076)	50,718,976	15,565,543	1,015,371,462

	Note	2013 Rupees	2012 Rupees
15.1 Depreciation for the year has been allocated as under:			
Cost of sales	27	**46,138,202**	49,628,050
Administrative expenses	29	**1,005,856**	1,090,926
		47,144,058	50,718,976

15.2 The company has installed six additional air-jet looms during the period which increased the rated capacity of the plant. These looms commenced production from 01.06.2013 to 07.06.2013.

15.3 Disposal of property, plant and equipment

The following are the details of disposals during the year:

Particulars	Cost Rs.	Book value Rs.	Sale proceeds Rs.	Gain/(loss) on disposal Rs.	Mode of disposal	Name and address
Honda Civic (LZH-8932)	1,070,968	198,843	559,842	360,999	Insurance Claim	EFU General Insurance Co. Lhr.
Honda Civic (LZH-7622)	1,029,468	163,752	591,115	427,363	Insurance Claim	EFU General Insurance Co. Lhr.
Laser Printer (HP 4100)	6,600	4,920	2,500	(2,420)	By negotiation	I.A Enterprises, 1 Mian Meer Road, Lhr.
Mobile set (Nokia 5130)	7,200	4,461	2,500	(1,961)	By negotiation	Al Qamar Mobiles, G / 33 - Hafeez Centre,
Mobile set (Samsung 7518)	8,700	6,236	2,500	(3,736)	By negotiation	Gulberg - III, Lhr.
2013 Rupees	**2,122,936**	**378,212**	**1,158,457**	**780,245**		
2012 Rupees	-	-	-	-		

15.4 Free - hold land, buildings on free - hold land and plant and machinery were most recently revalued on June 30, 2012 by an independent valuer, Arch-e-decon (Evaluators, Surveyors, Architects and Engineers), resulting in surplus of Rs. 100.741 million and incorporated in the financial statements for the year ended June 30, 2012. Previously two revaluations have been carried out by Arch-e-decon, an independent valuer. First revaluation was carried out in 2006 and second revaluation was carried out in 2009. 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.

15.5 Free - hold land, buildings on free - hold land and plant and machinery represent values subsequent to revaluation as at June 30, 2006, June 30, 2009 and June 30, 2012. Had there been no revaluation, the carrying amount of the revalued assets would have been as follows:

	Note	**2013 Rupees**	2012 Rupees
Free - hold land		**7,553,867**	7,553,867
Buildings on free - hold land		**46,809,790**	48,937,509
Plant and machinery		**281,279,477**	288,515,977
		335,643,134	345,007,353

16 ASSETS SUBJECT TO FINANCE LEASE

DESCRIPTION	COST				DEPRECIATION					Written down value as on June 30, 2013
	As on July 01, 2012	Additions	Transferred	As on June 30, 2013	Rate %	As on July 01, 2012	Transferred	For the year	As on June 30, 2013	
Vehicles	704,000	-	704,000	-	20	398,657	(429,610)	30,953	-	-
2013 Rupees	704,000	-	704,000	-		398,657	(429,610)	30,953	-	-

DESCRIPTION	COST				DEPRECIATION					Written down value as on June 30, 2012
	As on July 01, 2011	Additions	Transferred	As on June 30, 2012	Rate %	As on July 01, 2011	Transferred	For the year	As on June 30, 2012	
Vehicles	2,261,000	-	1,557,000	704,000	20	1,212,307	(970,538)	156,888	398,657	305,343
2012 Rupees	2,261,000	-	1,557,000	704,000		1,212,307	(970,538)	156,888	398,657	305,343

16.1 Deletion during the year represent expiry of one lease. The company has opted to buy this asset at their residual value. These have been transferred to the operating fixed assets of the company at their written down value.

		Note	2013 Rupees	2012 Rupees
16.2	**Depreciation for the year has been allocated as under:**			
	Administrative expenses	29	**30,953**	156,888
			30,953	156,888
17	**LONG TERM LOANS AND ADVANCES**			
	Advances - considered good	17.1	**14,000**	88,333
17.1	**Advance to:**			
	Executives		**-**	-
	Employees		**26,000**	196,388
			26,000	196,388
	Current portion:			
	Executives		**-**	-
	Employees		**(12,000)**	(108,055)
			(12,000)	(108,055)
			14,000	88,333

17.2 Loans to employees are secured against retirement benefits.

		Note	2013 Rupees	2012 Rupees
18	**LONG TERM DEPOSITS**			
	Security deposits	18.1	**1,629,034**	1,699,434
	Less: Current Portion		**-**	(70,400)
			1,629,034	1,629,034

18.1 Security deposits mainly include security deposits for electricity connection.

		Note	2013 Rupees	2012 Rupees
19	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		**15,266,325**	16,277,923
	Spare parts		**18,051,426**	17,746,033
	Packing materials		**833,040**	909,107
	Loose tools		**2,916,329**	2,822,061
			37,067,120	37,755,124
20	**STOCK IN TRADE**			
	Raw materials	20.1	**29,073,291**	39,202,242
	Work in process		**40,205,024**	56,286,567
	Finished goods		**70,765,073**	49,059,131
	Scrap / waste		**118,808**	148,530
			140,162,196	144,696,470

20.1 This includes goods in transit amounting to Rs. Nil (2012: Rs. 1,420,000).

		Note	2013 Rupees	2012 Rupees
21	**TRADE DEBTS - Considered good**			
	Export- Secured against letters of credit		**7,581,808**	6,287,551
	Local - Secured against letters of credit		**1,384,593**	-
	- Unsecured		**16,696,154**	21,371,947
			18,080,747	21,371,947
			25,662,555	27,659,498
22	**LOANS AND ADVANCES**			
	Advances - unsecured, considered good:			
	to executives		**120,000**	41,375
	to employees		**1,483,339**	594,095
	to suppliers		**4,696,799**	6,288,592
			6,300,138	6,924,062

22.1 The maximum aggregate amount due from executives at the end of any month was Rs. 306,000 (2012: Rs. 346,000).

		Note	2013 Rupees	2012 Rupees
23	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits		**-**	70,400
	Prepayments		**1,048,558**	1,024,692
	Export rebate receivable		**503,924**	854,909
			1,552,482	1,950,001
24	**OTHER RECEIVABLES**			
	Sales tax refundable		**28,829,127**	22,525,439
	Due from associated company		**2,837,589**	-
	Letter of credit		**15,491**	-
			31,682,207	22,525,439

24.1 The maximum aggregate amount due from associated companies at the end of any month was Rs. 5,278,758 (2012: Rs. Nil).

		Note	2013 Rupees	2012 Rupees
25	**CASH AND BANK BALANCES**			
	Cash in hand		**305,768**	1,061,692
	Cash at banks:			
	Current accounts		**5,136,595**	36,486,207
	Deposit accounts	25.1	**56,152**	180,960
			5,192,747	36,667,167
	Bank draft in hand		**-**	300,000
			5,498,515	38,028,859

25.1 Deposit accounts carry interest @ 3% to 5% (2012: 3% to 5%) per annum.

	Note	2013 Rupees	2012 Rupees
26 SALES			
Cloth - Export - invoiced value		**332,737,418**	574,209,961
- Exchange gain		**1,491,720**	2,248,924
		334,229,138	576,458,885
- Local		**1,346,226,087**	1,163,845,156
		1,680,455,225	1,740,304,041
Waste		**5,895,782**	7,534,949
Export rebate		**123,279**	349,448
Processing income		**56,587,814**	52,984,051
		1,743,062,100	1,801,172,489
Commission and claims		**(14,603,378)**	(22,948,290)
		1,728,458,722	1,778,224,199

26.1 Sales are exclusive of sales tax amounting to Rs. 10,583,840 (2012: Rs. 5,271,483).

	Note	2013 Rupees	2012 Rupees
27 COST OF SALES			
Raw materials consumed	27.1	**1,301,019,963**	1,286,950,271
Salaries, wages and other benefits	27.2	**103,251,255**	85,802,840
Fuel and power		**184,210,004**	215,450,887
Stores consumed		**87,039,197**	92,709,843
Processing charges		**185,285**	1,947,091
Insurance		**2,692,280**	2,677,529
Repairs and maintenance		**3,068,650**	3,697,944
Depreciation on owned assets	15.1	**46,138,202**	49,628,050
Others		**1,654,200**	385,450
		1,729,259,036	1,739,249,905
Adjustment of work-in-process			
Opening stock		**56,286,567**	64,266,249
Closing stock		**(40,205,024)**	(56,286,567)
		16,081,543	7,979,682
Adjustment of finished goods and waste			
Opening stock		**49,207,661**	135,576,452
Cloth purchased		**-**	-
Closing stock		**(70,883,881)**	(49,207,661)
		(21,676,220)	86,368,791
		1,723,664,359	1,833,598,378

		Note	2013 Rupees	2012 Rupees
27.1	**Raw materials consumed**			
	Opening stock		**39,202,242**	41,640,150
	Purchases		**1,283,544,758**	1,279,713,618
	Freight and octroi		**7,346,254**	7,898,745
			1,290,891,012	1,287,612,363
	Claims		**-**	(3,100,000)
	Closing stock		**(29,073,291)**	(39,202,242)
			1,301,019,963	1,286,950,271

27.2 Salaries, wages and other benefits include retirement benefits amounting to Rs. 5,891,592 (2012: Rs. 5,494,077).

28 DISTRIBUTION COST

	Note	2013 Rupees	2012 Rupees
Salaries and other benefits	28.1	**4,035,666**	3,376,838
Vehicles running and maintenance		**717,677**	703,390
Communication		**346,495**	647,543
Freight, shipment and others		**10,008,052**	15,010,513
Other expenses		**575,312**	886,452
		15,683,202	20,624,736

28.1 Salaries and other benefits include retirement benefits amounting to Rs. 553,580 (2012: Rs. 516,229).

29 ADMINISTRATIVE EXPENSES

	Note	2013 Rupees	2012 Rupees
Salaries and other benefits	29.1	**18,052,261**	16,447,511
Travelling and conveyance		**407,500**	1,460,608
Rent, rates and taxes		**2,144,829**	1,985,421
Printing and stationery		**889,074**	910,015
Communication		**1,224,716**	1,363,728
Vehicles running and maintenance		**3,333,027**	3,090,316
Entertainment		**980,803**	998,412
Repairs and maintenance		**527,146**	544,855
Utility expenses		**337,439**	256,548
Legal and professional		**483,037**	435,327
Subscription		**592,275**	390,235
Insurance		**800,975**	812,745
Advertisement		**132,700**	28,100
Depreciation on owned assets	15.1	**1,005,856**	1,090,926
Depreciation on leased assets	16.2	**30,953**	156,888
		30,942,591	29,971,635

29.1 Salaries and other benefits include retirement benefits amounting to Rs. 4,983,748 (2012: Rs. 4,826,055).

		Note	2013 Rupees	2012 Rupees
30	**OTHER OPERATING EXPENSES**			
	Auditors' remuneration	30.1	**727,645**	709,080
	Others		**47,653**	51,228
			775,298	760,308
	30.1 Auditors' remuneration			
	Audit fee		**500,000**	500,000
	Half yearly review		**50,000**	50,000
	Code of Corporate Governance review		**25,000**	25,000
	Tax representation and consultancy fee		**116,480**	106,480
	Out of pocket expenses		**36,165**	27,600
			727,645	709,080
31	**OTHER INCOME**			
	Income on financial assets			
	Interest on deposit accounts		**16,189**	26,218
	Income on assets other than financial assets			
	Gain on disposal of fixed assets		**780,245**	-
	Amortization of interest free loans:			
	- from directors	6.2	**7,301,049**	-
	- from associated company - ICC (Pvt.) Ltd.	7.1	**34,132,228**	114,574,630
			41,433,277	114,574,630
	Loans waived off by ICC (Pvt.) Ltd.:			
	- Long term loans	7.2	**48,800,938**	-
	- Short term loans	12.4	**30,850,000**	-
	Others		**14,600**	15,630
			121,895,249	114,616,478
32	**FINANCE COST**			
	Mark - up on:			
	- Long term financing		**6,434,439**	8,165,135
	- Financing from associated company		**4,363,911**	4,182,730
	- Short term borrowings		**55,532,249**	72,453,997
	- Liabilities against assets subject to finance lease		**743**	26,779
	Unwinding of discount	7	**5,197,947**	3,159,849
	Excise duty		**-**	1,941,474
	Bank charges		**3,518,626**	4,014,680
			75,047,915	93,944,644
33	**TAXATION**			
	Current		**10,385,839**	5,987,402
	Deferred tax	33.3	**(9,128,748)**	(9,149,688)
			1,257,091	(3,162,286)

33.1 Provision for income tax has been made in the accounts for withholding tax deducted on export proceeds @ 1% under final tax regime plus 0.5% of local sales under minimum regime and u/s 154 and u/s 113 of the Income Tax Ordinance, 2001.

	2013 Rupees	2012 Rupees
33.2 Reconciliation of applicable and effective tax rate		
Tax rate applicable to Company	**35.00%**	35.00%
Effective tax rate	**29.64%**	3.67%

As the Company is under final tax and minimum tax regime (refer to note 33.1), the effective tax rate cannot be reconciled with the applicable rate.

33.3 This represents deferred tax associated with surplus on revaluation of property, plant and equipment transferred to retained earnings on account of incremental depreciation.

34 EARNING / (LOSS) PER SHARE - Basic and Diluted

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

	2013	2012
Profit / (Loss) attributable to ordinary shareholders	**2,983,515**	(82,896,738)
Weighted average number of ordinary shares	**30,001,120**	30,001,120
Earning / (Loss) per share - Basic and diluted	**0.10**	(2.76)

34.1 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.

35 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 2013 Rupees
Financial Assets							
- Loans and receivables							
Long term loans and advances	-	-	-	12,000	14,000	26,000	26,000
Deposits	-	-	-	-	1,629,034	1,629,034	1,629,034
Trade debts	-	-	-	25,662,555	-	25,662,555	25,662,555
Cash and bank balances	56,152	-	56,152	5,442,363	-	5,442,363	5,498,515
	56,152	-	56,152	31,116,918	1,643,034	32,759,952	32,816,104
Financial Liabilities							
- At amortized cost							
Long term financing from associated company	-	-	-	-	189,150,000	189,150,000	189,150,000
Long term Financing from directors	-	-	-	-	40,600,000	40,600,000	40,600,000
Long term financing from commercial banks	47,688,310	-	47,688,310	-	-	-	47,688,310
Trade and other payables	-	-	-	122,926,150	-	122,926,150	122,926,150
Accrued mark-up	-	-	-	13,241,081	-	13,241,081	13,241,081
Short term borrowings	518,822,796	-	518,822,796	-	-	-	518,822,796
	566,511,106	-	566,511,106	136,167,231	229,750,000	365,917,231	932,428,337
On balance sheet gap 2013	(566,454,954)	-	(566,454,954)	(105,050,313)	(228,106,966)	(333,157,279)	(899,612,233)

	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 2012 Rupees
Financial Assets							
- Loans and receivables							
Long term loans and advances	-	-	-	108,055	88,333	196,388	196,388
Deposits	-	-	-	70,400	1,629,034	1,699,434	1,699,434
Trade debts	-	-	-	27,659,498	-	27,659,498	27,659,498
Cash and bank balances	180,960	-	180,960	37,847,899	-	37,847,899	38,028,859
	180,960	-	180,960	65,685,852	1,717,367	67,403,219	67,584,179
Financial Liabilities							
- At amortized cost							
Long term financing from associated company	-	-	-	-	144,150,000	144,150,000	144,150,000
Long term financing from commercial banks	31,792,206	31,792,208	63,584,414	-	-	-	63,584,414
Trade and other payables	-	-	-	146,454,462	-	146,454,462	146,454,462
Accrued mark-up	-	-	-	18,173,212	-	18,173,212	18,173,212
Short term borrowings	555,275,726	-	555,275,726	-	-	-	555,275,726
	587,067,932	31,792,208	618,860,140	164,627,674	144,150,000	308,777,674	927,637,814
On balance sheet gap 2012	(586,886,972)	(31,792,208)	(618,679,180)	(98,941,822)	(142,432,633)	(241,374,455)	(860,053,635)

EFFECTIVE INTEREST RATES

Financial liabilities

Long term financing from associated company	Interest free (2012: Interest free)
Long term financing from directors	Interest free (2012: Nil)
Long term financing from commercial banks	7.00% to 13.05% (2012: 7.00% to 14.69%) per annum
Short term borrowings	10.38% to 16.00% (2012: 12.92% to 17.53%) per annum

Financial assets

Cash with banks on saving accounts	3% to 5% (2012: 3% to 5%) 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 have overall responsibility for the establishment and oversight of the 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 financial loss that would be recognized at the reporting date if the counter parties fail completely to perform as contracted.

Credit risk arises principally from loans and advances, trade debts, deposits, other receivables and bank balances. Out of total financial assets of Rs. 32.816 million (2012: Rs. 67.584 million), the financial assets that are subject to credit risk amounted to Rs. 32.529 million (2012: Rs. 66.026 million).

For trade receivables, internal risk assessment 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 amounts of the financial assets represent the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2013 Rupees	2012 Rupees
Trade debts	**25,662,555**	27,659,498
Deposits	**1,629,034**	1,699,434
Bank balances	**5,192,747**	36,667,167
	32,484,336	66,026,099

The break-up of amount due from customers other than related parties as stated in note 21 is presented below.

Due from foreign customers	**7,581,808**	6,287,551
Due from local customers	**18,080,747**	21,371,947
	25,662,555	27,659,498

Based upon past experience, no provision for doubtful debts has been made during the year for local and foreign customers.

The ageing of trade debts at the reporting date was:

Past due 1-30 days	**15,763,430**	15,133,171
Past due 31-150 days	**3,628,095**	8,912,291
Past due over 150 days	**6,331,891**	3,614,036
	25,723,416	27,659,498

The Company's most significant amount receivable is from a customer which amounts to Rs. 3,117,414 (2012: Rs. 7,500,000) that has a good track record with the Company.

The Company has placed funds with financial institutions with high credit rating. The Company assesses the credit quality of counterparties as satisfactory. Loans to employees are secured against retirement benefits.

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, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation.

Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's value of its financial instruments. The Company is exposed to currency risk and interest rate risk.

Currency risk

The Company is exposed to currency risk on trade debts denominated in US Dollars. The Company's exposure to foreign currency risk for US Dollars is as follows:

	2013 USD	**2013 Rupees**	2012 USD	2012 Rupees
Foreign debtors	**77,651**	**7,581,808**	66,889	6,287,551

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2013	2012	**2013**	2012
US Dollar	**96.86**	88.65	**98.60**	93.80

A 10% strengthening of the functional currency against USD at 30 June would have increased loss for the year by Rs. 758,181 (2012: Rs. 628,755). A 10% weakening of the functional currency against USD at 30 June would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks. 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 in Rupees**	
	2013	2012	**2013**	2012
Financial liabilities				
Variable rate instruments:				
Long term financing from associated company	**Interest free**	Interest free	**-**	32,735,219
Long term financing from commercial banks	**7.0 - 13.05**	7.0 - 14.69	**47,688,310**	63,584,414
Short term borrowings	**10.38 - 16.00**	12.92 - 17.53	**518,822,796**	555,275,726

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 2012.

	Profit or loss 100 basis points	
	Increase Rupees	**Decrease Rupees**
As at 30 June 2013		
Cash flow sensitivity-Variable rate financial liabilities	**5,665,111**	**(5,665,111)**
As at 30 June 2012		
Cash flow sensitivity-Variable rate financial liabilities	6,188,601	(6,188,601)

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 at year end were as follows:

	2013 Rupees	2012 Rupees
Total borrowings	**599,810,057**	651,595,359
Less: Cash and cash equivalents	**5,498,515**	38,028,859
Net debt	**594,311,542**	613,566,500
Total equity	**(235,927,513)**	(255,864,416)
Total capital	**358,384,029**	357,702,084

36 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. Outstanding balances at balance sheet dates are disclosed in relevant notes. Transactions with related parties during the year other than those disclosed elsewhere in the financial statements are as follows:

	Note	**2013 Rupees**	2012 Rupees
Long term borrowing obtained from ICC (Private) Limited - interest free		**45,000,000**	35,000,000
Long term borrowing obtained from directors - interest free		**40,600,000**	-
Short term borrowing obtained from ICC (Private) Limited - interest bearing		**-**	33,300,000
Short term borrowing repaid to ICC (Private) Limited - interest bearing		**3,500,000**	-
Short term borrowing repaid to sponsor member - interest bearing		**8,150,000**	5,707,804
Short term borrowing repaid to a director - interest bearing		**-**	16,000,000
Interest on loan debited by ICC (Private) Limited	36.1	**4,363,911**	4,182,730
Interest on loan obtained from sponsor member / director	36.1	**2,494,338**	6,347,199
Reimbursable expenses incurred on behalf of ICC (Private) Limited		**10,019,800**	9,535,208
Shareable expenses debited to ICC (Private) Limited		**307,027**	1,895,594
Reimbursable expenses incurred by ICC (Private) Limited		**15,240**	11,633
Unwinding of discount on interest free loan from ICC (Private) Limited	7	**8,357,796**	3,159,849
Long term borrowing waived off by ICC (Private) Limited	31	**48,800,938**	-
Short term borrowing waived off by ICC (Private) Limited	31	**30,850,000**	-

36.1 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/sponsor member / director.

36.2 ICC (Private) Limited is associated due to common directorship.

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

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Description	2013			2012		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial remuneration	-	-	6,947,526	-	-	4,916,196
House rent allowance	-	-	2,279,851	-	-	1,734,096
Other allowances	-	-	1,200,822	-	-	723,996
Medical expenses	-	-	349,031	-	-	195,981
Rupees	**-**	**-**	**10,777,230**	**-**	**-**	**7,570,269**
No. of persons	**1**	**2**	**8**	**1**	**2**	**6**

37.1 The directors of the Company have opted not to take any remuneration from the Company voluntarily.

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

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

38 NUMBER OF EMPLOYEES

	2013	2012
Number of employees at the end of the period	**593**	613
Average number of employees during the period	**603**	604

39 CAPACITY INSTALLED AND ACTUAL PRODUCTION

	2013		2012
	Existing Looms	**New Looms**	
No. of looms installed	**172**	**6**	172
No. of looms worked	**172**	**6**	172
Shifts per day	**3**	**3**	3
No. of days actually worked	**364**	**30**	364
Rated capacity (Square Meters in millions)	**39.6**	**1.5**	39.6
Actual production (Square Meters in millions)	**29.36**	**0.01**	33.3

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.

Reduced production was mainly attributed to scheduled and unscheduled power load shedding.

The company has installed six additional air-jet looms during the period which increased the rated capacity of the plant. These looms commenced production in June 2013.

40 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 judgment 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 includes estimates with respect to residual values and depreciable lives. Further, the Company reviews the values 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 equipment with a corresponding effect on the depreciation charge and impairment.

Stock in trade and stores, spare parts and loose tools

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

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 3.1 to the financial statements for the valuation of present value of defined benefit obligation. Any changes in these assumptions in future years might affect unrecognized gains and losses in those years.

Provision for contingencies

The Company's management uses assumptions and estimates in disclosure and assessment of provision for contingencies.

41 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, 2013.

42 FIGURES

- Figures have been rounded off to the nearest rupee.

LAHORE:	Sd/-	Sd/-
October 08, 2013	**Director**	**Chief Executive**

FORM - 34

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHARE HOLDERS AS ON JUNE 30, 2013

No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
158	1	100	12,735
1010	101	500	470,618
100	501	1,000	98,047
175	1,001	5,000	531,413
42	5,001	10,000	340,743
19	10,001	15,000	237,101
9	15,001	20,000	159,573
13	20,001	25,000	300,170
4	25,001	30,000	109,000
2	35,001	40,000	77,000
1	40,001	45,000	42,000
2	45,001	50,000	99,500
1	50,001	55,000	50,500
1	90,001	95,000	92,000
1	95,001	100,000	99,500
2	115,001	120,000	239,500
1	120,001	125,000	121,000
5	125,001	130,000	633,612
1	135,001	140,000	139,900
1	155,001	160,000	158,900
1	165,001	170,000	169,450
2	175,001	180,000	354,720
1	230,001	235,000	235,000
2	235,001	240,000	473,000
1	335,001	340,000	336,000
1	440,001	445,000	440,570
1	2,190,001	2,195,000	2,194,788
1	4,455,001	4,460,000	4,457,918
1	7,545,001	7,550,000	7,545,483
1	9,780,001	9,785,000	9,781,379
1,560			30,001,120

DETAIL OF SHAREHOLDING
AS ON JUNE 30, 2013

Categories of shareholders		Shares held	Percentage
1	**Directors, Chief Executive Officer and their spouse and minor children**		
	Mr. Shafiq A. Siddiqi	175,420	0.58
	Mr. Shafiq A. Siddiqi (CDC)	128,000	0.43
	Mr. Javaid S. Siddiqi	4,457,918	14.86
	Mr. Javaid S. Siddiqi (CDC)	9,781,379	32.60
	Mr. Pervaiz S. Siddiqi	169,450	0.56
	Mr. Pervaiz S. Siddiqi (CDC)	7,545,483	25.15
	Mrs. Fauzia Javaid	179,300	0.60
	Mrs. Fauzia Javaid (CDC)	2,194,788	7.32
	Mr. Salman Javaid Siddiqi (CDC)	1,000	0.00
	Mr. Asim Pervaiz Siddiqi (CDC)	1,000	0.00
	Total	24,633,738	82.11
2	**Associated Companies, undertakings and related parties**		
3	**NIT & ICP**		
	Investment Corporation of Pakistan	1,400	0.00
Public Sector Companies and Corporations			
4	**Banks, Development Financial Institutions and Non Banking Financial Institutions**	5,092	0.02
5	**Insurance Companies**	158,900	0.53
6	**Modaraba and Mutual Funds**	-	-
	Total	163,992	0.55
7	**General Public**		
	a. Local	5,032,193	16.77
	b. Foreign	-	-
8	**Other (to be specified)**		
	Joint Stock Companies	154,195	0.51
	Pension Funds	15,073	0.05
	Others	529	0.00
	Total	169,797	0.57
	Grand Total	30,001,120	100.00
9	**Shareholders holding 10% or more voting intrest**		
	Mr. Javaid S. Siddiqi	14,239,297	47.46
	Mr. Pervaiz S. Siddiqi	7,714,933	25.72
	Total	21,954,230	73.18
10	**Shareholders holding 5% or more voting intrest**		
	Mr. Javaid S. Siddiqi	14,239,297	47.46
	Mr. Pervaiz S. Siddiqi	7,714,933	25.72
	Mrs. Fauzia Javaid	2,374,088	7.91
	Total	24,328,318	81.09

FORM OF PROXY

The Company Secretary
ICC Textiles Limited
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 Thursday, the October 31, 2013 at 10:30 a.m. and at every adjournment thereof.

Signed this -- Day of -- 2013.

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 duly completed in all respects. 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.