

(UN-AUDITED)

**ACCOUNTS
FOR THE QUARTER ENDING
September 30, 2013**



I C C Textiles Limited

ICC Textiles Limited

DIRECTORS' REVIEW

On behalf of the Board of Directors, I hereby present the accounts of the company for the first quarter which ended on September 30, 2013.

During the first quarter, the Sales increased by 13% to Rs. 405.403 million as compared to Rs. 359.232 million for the corresponding period of the previous year. The company incurred an after tax loss of Rs. 19.422 million as against an after tax loss of Rs. 18.246 million in the corresponding period.

The increase in sales is mainly on account of improved fabric market as compared to corresponding period. Whereas, fabric sales in Sq Meters at 60 picks reduced by 1.295 million (18%) i.e from 7.028 million to 5.733 million as fabric production suffered badly due to worst ever scheduled and unscheduled electricity load shedding during the quarter. The problem has been further compounded by a hike in industrial electricity tariff by 60% since Aug 05, 2013. Moreover, the negative impact felt by us was even more severe due to non-availability of an industrial gas connection. Our efforts are continuing to secure the long overdue gas connection from SNGPL.

As reported in directors report to the members for the year ended June 30, 2013 the load shedding has now reduced to about 6 hours on a daily basis with a promise that the situation will improve in near future. We hope that sharp increase in tariff coupled with clearance of circular debt will facilitate the resolution of the energy crises resulting in uninterrupted power supply, at least to solely PEPCO based industrial units.

On the positive side US\$ exchange rate increased from Rs. 94.50 in Sep 2012 to Rs. 106.30 in Sep 2013, however, the benefit was not substantial due to depressed exports.

Moreover, Government of Pakistan is hopeful to get the Generalized System of Preferences (GSP) plus status from the EU, a move which can provide greater access to Pakistani textile products.

As always, our dedicated work force deserves appreciation for good work.

For and on behalf of the Board of Directors

Lahore
October 31, 2013

SHAFIQ A. SIDDIQI
Chief Executive

**BALANCE SHEET AS AT
SEPTEMBER 30, 2013**

<u>EQUITY AND LIABILITIES</u>	Note	September 2013 Rupees	June 2013 Rupees
SHARE CAPITAL			
Authorised share capital 32,000,000 ordinary shares (June 2013: 32,000,000) of Rs.10 each		320,000,000	320,000,000
Issued, Subscribed & Paid up share capital 30,001,120 ordinary shares (June 2013: 30,001,120) of Rs.10 each fully paid in cash		300,011,200	300,011,200
ACCUMULATED LOSSES		(551,122,660)	(535,938,713)
		(251,111,460)	(235,927,513)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		494,564,935	498,803,281
NON CURRENT LIABILITIES			
Long term financing from directors	4	38,103,699	33,298,951
Long term financing from commercial banks		-	-
Deferred liabilities		65,374,838	63,055,127
Deferred taxation		135,487,044	137,769,231
CURRENT LIABILITIES			
Trade and other payables		157,538,032	163,562,795
Accrued markup		13,896,843	13,241,081
Short term borrowings		555,276,654	518,822,796
Current portion of long term liabilities		46,688,310	47,688,310
		773,399,839	743,314,982
CONTINGENCIES AND COMMITMENTS	5	-	-
		1,255,818,895	1,240,314,059
<u>ASSETS</u>			
NON CURRENT ASSETS			
Property, plant and equipment		968,029,589	979,040,176
LONG TERM LOANS AND ADVANCES		-	14,000
LONG TERM DEPOSITS AND PREPAYMENTS		1,629,034	1,629,034
CURRENT ASSETS			
Stores, spares and loose tools		34,030,252	37,067,120
Stock in trade		126,004,233	140,162,196
Trade debts		40,362,110	25,662,555
Loans and advances		26,953,335	6,300,138
Trade deposits and short term prepayments		3,124,137	1,552,482
Other receivables		39,318,476	31,682,207
Income tax refundable		12,398,158	11,705,636
Cash and bank balances		3,969,570	5,498,515
		286,160,272	259,630,849
		1,255,818,895	1,240,314,059

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

Lahore

October 31, 2013

Director

Chief Executive

**PROFIT AND LOSS ACCOUNT
FOR THE QUARTER
ENDED SEPTEMBER 30, 2013**

	Note	Jul-Sep 2013 Rupees	Jul-Sep 2012 Rupees
SALES		405,403,435	359,232,850
COST OF SALES		413,278,587	361,850,432
GROSS PROFIT / (LOSS)		(7,875,152)	(2,617,582)
OPERATING EXPENSES:			
Distribution cost		3,848,134	3,952,842
Administrative		8,881,964	7,629,915
Other operating expenses		204,109	199,486
		12,934,207	11,782,243
		(20,809,359)	(14,399,825)
OTHER OPERATING INCOME		17,780,332	17,334,576
OPERATING PROFIT / (LOSS)		(3,029,027)	2,934,751
FINANCE COST		16,145,500	21,204,933
LOSS BEFORE TAXATION		(19,174,527)	(18,270,182)
TAXATION	7	247,766	(24,492)
LOSS AFTER TAXATION		(19,422,293)	(18,245,690)
LOSS PER SHARE - BASIC AND DILUTED		(0.65)	(0.61)

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

Director

Chief Executive

**CASH FLOW STATEMENT
FOR THE QUARTER
ENDED SEPTEMBER 30, 2013**

	Jul-Sep 2013 Rupees	Jul-Sep 2012 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) for the period before taxation	(19,174,527)	(18,270,182)
Adjustments for:		
Depreciation on property, plant and equipment	11,720,387	11,757,409
Depreciation on leased assets	-	15,267
Amortization of interest free loans	(17,768,201)	(17,331,116)
Unwinding of discount	949,980	1,491,746
Staff gratuity	3,845,455	3,603,840
Financial cost	16,062,958	21,204,933
	<u>14,810,579</u>	<u>20,742,079</u>
	(4,363,948)	2,471,897
 (Increase) / Decrease in current assets		
Stores, spares and loose tools	3,036,868	3,935,504
Stock in trade	14,157,963	(22,066,179)
Trade debts	(14,699,555)	(13,711,447)
Loans and advances	(20,653,197)	(12,851,125)
Trade deposits and short term prepayments	(1,571,655)	(1,382,957)
Other receivables	(7,636,269)	(56,298)
	<u>(27,365,845)</u>	<u>(46,132,502)</u>
 Increase / (Decrease) in current liabilities		
Trade and other payables	(6,024,764)	(51,460,815)
	<u>(37,754,557)</u>	<u>(95,121,420)</u>
Cash generated from operations	(37,754,557)	(95,121,420)
Financial charges paid	(15,407,196)	(21,587,799)
Taxes paid	(3,222,476)	(2,438,701)
Gratuity paid	(1,525,744)	(387,162)
	<u>(20,155,416)</u>	<u>(24,413,662)</u>
Net cash flow from operating activities (A)	(57,909,973)	(119,535,082)
CASH FLOW FROM INVESTING ACTIVITIES		
Long term loans & advances	14,000	(97,667)
Long term deposits & prepayments	-	-
Sale proceeds of property, plant and equipment	-	-
Fixed capital expenditure	(709,800)	(685,298)
Net cash flow from investing activities (B)	(695,800)	(782,965)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings - Secured	36,453,857	41,212,765
Long term financing from commercial banks	(1,000,000)	-
Long term loans from associated company	-	45,000,000
Long term loans from directors	21,622,970	-
Liabilities against assets subject to finance lease	-	(35,090)
Net cash flow from financing activities (C)	57,076,827	86,177,675
Net Increase/(Decrease) in cash and bank balances (A+ B+ C)	(1,528,946)	(34,140,372)
Cash & bank balances at the beginning of the period	5,498,515	38,028,859
Cash & bank balances at the end of the period	<u>3,969,570</u>	<u>3,888,488</u>

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

Director

Chief Executive

**STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER
ENDED SEPTEMBER 30, 2013**

	Paid-up Capital Rupees	Accumulated (Loss) Rupees	Total Rupees
Balance as at June 30, 2012	300,011,200	(555,875,616)	(255,864,416)
Net loss for the period	-	(18,245,690)	(18,245,690)
Incremental depreciation - net of tax	-	4,238,346	4,238,346
Balance as at September 30, 2012	<u>300,011,200</u>	<u>(569,882,960)</u>	<u>(269,871,760)</u>
Balance as at June 30, 2013	300,011,200	(535,938,713)	(235,927,513)
Net loss for the period	-	(19,422,293)	(19,422,293)
Incremental depreciation - net of tax	-	4,238,346	4,238,346
Balance as at September 30, 2013	<u>300,011,200</u>	<u>(551,122,660)</u>	<u>(251,111,460)</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

1. These accounts have been prepared in accordance with the requirements of International Accounting Standard No. 34 "Interim Financial Reporting".
2. The accounts are being submitted to the shareholders as required by Section 245 of The Companies Ordinance, 1984.
3. The accounting policies adopted for the preparation of the accounts are the same as those of applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2013.

	September, 2013 Rupees	June, 2013 Rupees
4. LONG TERM FINANCING FROM DIRECTORS		
Original Loans Amount	62,222,970	40,600,000
Less: present value adjustment	(25,069,251)	(7,301,049)
	<u>37,153,719</u>	<u>33,298,951</u>
Interest charged to profit and loss account	949,980	-
	<u>38,103,699</u>	<u>33,298,951</u>

These interest free loans have been measured at amortized cost in accordance with International Accounting Standard 39, Financial Instrument: Recognition and Measurement, and has been discounted using the weighted average interest rate ranging 10.24% to 10.61%.

	September, 2013 Rupees	June, 2013 Rupees
5. CONTINGENCIES AND COMMITMENTS		
5.1 Commitments		
Commitments against irrevocable letters of credit were as under:		
Import of stores and raw materials	-	-
5.2 Others		
There are no other significant activities since June 30, 2013 affecting financial statements.		
	2013 Rupees	2012 Rupees
6. ADDITIONS / DELETIONS IN FIXED ASSETS DURING THE PERIOD		
Additions in fixed assets	709,800	685,297
Deletions in fixed assets	-	-
7. TAXATION		
- Current	2,529,953	2,257,695
- Deferred	(2,282,187)	(2,282,187)
	<u>247,766</u>	<u>(24,492)</u>
8. EARNING PER SHARE - BASIC AND DILUTED		
Profit / (Loss) after tax	(19,422,293)	(18,245,690)
Weighted average number of ordinary shares	30,001,120	30,001,120
Basic earning per share	<u>(0.65)</u>	<u>(0.61)</u>
9. DATE OF AUTHORISATION		
These accounts have been approved by the Board of directors on October 31, 2013.		
10. COMPARATIVE FIGURES		
- have been rounded off to the nearest rupee.		
Director		Chief Executive

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