

(REVIEWED)

**INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
December 31, 2012**



I C C Textiles Limited

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, I hereby present the financial statements of the company for the half year ended on December 31, 2012.

The Sales decreased by 5.3% to Rs. 860.481 million during the half year as compared to Rs. 908.767 million for the corresponding period of the previous year. The company incurred an after tax loss of Rs. 28.374 million as against an after tax loss of Rs. 0.548 million in the corresponding period resulting in loss per share of Rs. 0.95 (Jul - Dec 2011 Rs. 0.02).

Without qualifying their report to members the auditors have drawn attention to note 1.1 to the interim financial information. Considering continuous support from sponsors / directors / financial institutions and the management's commitment, we are of the view that there are no significant doubts about the company's ability to continue as a going concern. Therefore, these accounts have been prepared on going concern basis.

The decrease in sales is on account of reduced production attributed to excessive scheduled and unscheduled electricity load shedding during the period Jul 2012 to Dec 2012.

Fuel and power cost reduced by Rs. 4.684 million (4.6%) i.e. from Rs. 102.423 million during Jul 2011 to Dec 2011 to Rs. 97.739 million during the current period despite increase in electricity tariff and oil prices. The decrease attributed to usage of woodfired boiler.

On the positive side, markup rates are declining i.e. 6 month KIBOR has dropped from 12.02% by end Dec 2011 to 9.48% on Feb 27, 2012. Moreover, Government has restored the electricity load shedding exemption from 8th February this year for the industrial units based primarily on Pepco grid.

The matter of European Union import duty waiver for numerous textile products from Pakistan which includes a number of Greige fabric categories has been finalized.

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
Dated: February 28, 2013

SHAFIQ A. SIDDIQI
Chief Executive



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AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **ICC Textiles Limited** as at **December 31, 2012** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures for three-month periods ended December 31, 2012 and December 31, 2011 in the interim financial information have not been reviewed and we do not express a conclusion thereon as we are required to review only the cumulative figures for the six-month period ended December 31, 2012.

Scope of Review

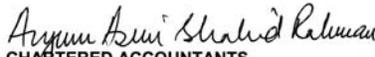
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 1.1 to the interim financial information which describes that the Company has incurred loss of Rs. 28.374 million during the six-month period ended December 31, 2012 and, as of that date, its current liabilities exceeded its current assets by Rs. 501.080 million, and its accumulated losses stood at Rs. 575.773 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. This interim financial information has, however, been prepared on a going concern basis for the reasons, as more fully explained in note 1.1 to the interim financial information. Our conclusion is not qualified in respect of this matter.


CHARTERED ACCOUNTANTS
Engagement Partner: Imran Afzal
Lahore
Dated: February 28, 2013

Chartered Accountants

Member of Grant Thornton International Ltd
Offices in Karachi & Islamabad

I C C Textiles Limited

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2012

	Note	Un-audited Dec 31, 2012 Rupees	Audited June 30, 2012 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	6	300,011,200	300,011,200
Accumulated loss		(575,772,732)	(555,875,616)
		(275,761,532)	(255,864,416)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		507,279,975	515,756,669
NON CURRENT LIABILITIES			
Long term financing from associated company	7	46,595,500	32,735,219
Long term financing from commercial banks	8	15,896,102	31,792,208
Deferred liabilities		58,801,635	52,570,529
Deferred taxation		142,333,605	146,897,979
		263,626,842	263,995,935
CURRENT LIABILITIES			
Trade and other payables		115,676,357	175,707,591
Accrued mark-up		14,825,411	18,173,212
Short term borrowings		594,092,539	555,275,726
Current portion of long term liabilities	9	47,688,312	31,897,696
		772,282,619	781,054,225
CONTINGENCIES AND COMMITMENTS	10	1,267,427,904	1,304,942,413
ASSETS			
NON CURRENT ASSETS			
PROPERTY PLANT AND EQUIPMENT			
Owned assets	11	994,263,748	1,015,371,462
Assets subject to finance lease	11	274,809	305,343
		994,538,557	1,015,676,805
LONG TERM LOANS AND ADVANCES		58,000	88,333
LONG TERM DEPOSITS		1,629,034	1,629,034
CURRENT ASSETS			
Stores, spare parts and loose tools		33,560,808	37,755,124
Stock in trade		134,153,009	144,696,470
Trade debts		44,318,976	27,659,498
Loans and advances		10,757,231	6,924,062
Trade deposits and short term prepayments		4,051,232	1,950,001
Other receivables		23,254,545	22,525,439
Income tax refundable		8,513,543	8,008,788
Cash and bank balances		12,592,969	38,028,859
		271,202,313	287,548,241
		1,267,427,904	1,304,942,413

The annexed notes 1 to 15 forms an integral part of this condensed interim financial report.

Lahore
Dated: February 28, 2013

Chief Executive

Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED
DECEMBER 31, 2012**

	Note	Half Year Ended		Quarter Ended	
		December 31, 2012 Rupees	December 31, 2011 Rupees	December 31, 2012 Rupees	December 31, 2011 Rupees
SALES - NET		860,480,786	908,767,045	501,247,937	429,568,013
COST OF SALES	12	(857,429,893)	(917,769,038)	(495,579,460)	(438,926,851)
GROSS PROFIT / (LOSS)		3,050,893	(9,001,993)	5,668,477	(9,358,838)
OPERATING EXPENSES					
Administrative expenses		(16,232,886)	(16,340,262)	(8,602,973)	(8,754,979)
Distribution cost		(8,734,813)	(9,612,568)	(4,781,971)	(3,756,528)
Other operating expenses		(421,621)	(405,855)	(222,135)	(211,205)
		(25,389,320)	(26,358,685)	(13,607,079)	(12,722,712)
OPERATING LOSS		(22,338,427)	(35,360,678)	(7,938,603)	(22,081,551)
OTHER OPERATING INCOME		34,138,262	86,774,798	16,803,686	65,077,889
OPERATING PROFIT BEFORE FINANCE COST		11,799,835	51,414,120	8,865,083	42,996,338
FINANCE COST		(39,383,546)	(47,314,253)	(18,178,613)	(23,086,821)
(LOSS) / PROFIT BEFORE TAXATION		(27,583,711)	4,099,867	(9,313,530)	19,909,517
TAXATION		(790,099)	(4,648,177)	(814,591)	(2,060,916)
(LOSS) / PROFIT AFTER TAXATION		(28,373,810)	(548,310)	(10,128,121)	17,848,601
(LOSS) / EARNING PER SHARE - BASIC AND DILUTED		(0.95)	(0.02)	(0.34)	0.59

The annexed notes 1 to 15 forms an integral part of this condensed interim financial report.

Chief Executive

Director

I C C Textiles Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2012

	Paid-up Capital Rupees	Accumulated (Loss) Rupees	Sub - Total Rupees	Revaluation Surplus Rupees	Total Rupees
Balance as at July 01, 2011	300,011,200	(489,971,155)	(189,959,955)	461,422,017	271,462,062
Total comprehensive loss for the period	-	(548,310)	(548,310)	-	(548,310)
Transfer from surplus on revaluation of property, plant and equipment -net of tax	-	8,496,139	8,496,139	(8,496,139)	-
Balance as at December 31, 2011	300,011,200	(482,023,326)	(182,012,126)	452,925,878	270,913,752
Balance as at July 01, 2012	300,011,200	(555,875,616)	(255,864,416)	515,756,669	259,892,253
Total comprehensive loss for the period	-	(28,373,810)	(28,373,810)	-	(28,373,810)
Transfer from surplus on revaluation of property, plant and equipment -net of tax	-	8,476,694	8,476,694	(8,476,694)	-
Balance as at December 31, 2012	300,011,200	(575,772,732)	(275,761,532)	507,279,975	231,518,443

The annexed notes 1 to 15 forms an integral part of this condensed interim financial report.

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2012

	Half Year Ended		Quarter Ended	
	December 31, 2012 Rupees	December 31, 2011 Rupees	December 31, 2012 Rupees	December 31, 2011 Rupees
(LOSS) / PROFIT AFTER TAXATION	(28,373,810)	(548,310)	(10,128,121)	17,848,601
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(28,373,810)	(548,310)	(10,128,121)	17,848,601

The annexed notes 1 to 15 forms an integral part of this condensed interim financial report.

Chief Executive

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR
ENDED DECEMBER 31, 2012**

	Note	December 31, 2012 Rupees	December 31, 2011 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit for the period before taxation		(27,583,711)	4,099,867
Adjustments for:			
Depreciation on owned assets		23,537,362	25,180,220
Depreciation on leased assets		30,534	104,869
Amortization of interest free loans		(34,132,228)	(86,755,608)
Unwinding of discount		2,992,509	1,579,925
Staff gratuity		7,207,679	6,721,366
Finance cost		39,383,546	47,314,253
		39,019,402	(5,854,975)
		11,435,691	(1,755,108)
 (Increase) / decrease in current assets			
Stores, spare parts and loose tools		4,194,316	(3,186,599)
Stock in trade		10,543,461	3,660,646
Trade debts		(16,659,478)	6,550,052
Loans and advances		(3,833,169)	(10,992,438)
Trade deposits and short term prepayments		(2,101,231)	(2,027,297)
Other receivables		(729,106)	(1,762,070)
		(8,585,207)	(7,757,706)
 Increase / (decrease) in current liabilities			
Trade and other payables		(60,031,234)	(13,898,976)
Cash used in operations		(57,180,750)	(23,411,790)
Finance costs paid		(42,731,347)	(48,227,570)
Taxes paid		(5,859,228)	(8,809,263)
Gratuity paid		(976,573)	(1,568,984)
		(49,567,148)	(58,605,817)
Net cash used in operating activities	(A)	(106,747,898)	(82,017,607)
CASH FLOWS FROM INVESTING ACTIVITIES			
Long term loans and advances		30,333	10,000
Long term deposits		-	70,400
Fixed capital expenditure		(2,429,648)	(3,393,603)
Net cash used in investing activities	(B)	(2,399,315)	(3,313,203)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - Secured		38,816,813	83,034,670
Long term financings from commercial banks		-	(15,896,104)
Long term financing from associated company		45,000,000	-
Liabilities against assets subject to finance lease		(105,490)	(362,380)
Net cash from financing activities	(C)	83,711,323	66,776,186
Net decrease in cash and cash equivalents	(A+ B+ C)	(25,435,890)	(18,554,624)
Cash and cash equivalents at the beginning of the period		38,028,859	32,684,207
Cash and cash equivalents at the end of the period		12,592,969	14,129,583

The annexed notes 1 to 15 forms an integral part of this condensed interim financial report.

Chief Executive

Director

ICC Textiles Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2012

1 STATUS AND NATURE OF BUSINESS

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 of 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.

1.1 During the period the Company incurred loss amounting to Rs. 28.374 million and has accumulated losses amounting to Rs. 575.773 million at the period end. In addition the Company's current liabilities exceeded its current assets by Rs. 501.080 million at the period 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 availability of adequate working capital through continuous support from:

(a) Principal lenders of the Company ; and

(b) the sponsors of the Company.

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

This condensed interim financial report consequently does not include any adjustment relating to the realization of the assets and liquidation of its liabilities that might be necessary would Company be unable to continue as a going concern.

2 BASIS OF PREPARATION

This condensed interim financial report is un-audited and is being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance 1984. This condensed interim financial report of the Company for the six-month period ended December 31, 2012 has been prepared in accordance with the requirements of International Accounting Standard - 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial report does not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2012.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial report are consistent with those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2012.

The new standards, amendments to the approved accounting standards and interpretation that are mandatory for accounting periods beginning on or after July 1, 2012, were either considered not to be relevant to the Company's operations or did not have significant effect on the accounting policies of the Company.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Judgments and estimates made by the management in the preparation of this condensed interim financial report are the same as those applied to the preceding annual published financial statements of the Company for the year ended June 30, 2012.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements of the Company for the year ended June 30, 2012.

		Un-audited	Audited
		Dec 31, 2012	June 30, 2012
		Rupees	Rupees
6	SHARE CAPITAL		
	Authorized share capital 32,000,000 (June 2012: 32,000,000) ordinary shares of Rs.10 each	320,000,000	320,000,000
	Issued, Subscribed & Paid up share capital 30,001,120 (June 2012: 30,001,120) ordinary shares of Rs.10 each fully paid in cash	300,011,200	300,011,200
7	LONG TERM FINANCING FROM ASSOCIATED COMPANY - UNSECURED		
	Original loans amount - interest free		
	Opening balance	144,150,000	109,150,000
	Received during the period	45,000,000	35,000,000
		189,150,000	144,150,000
	Amortization of interest free loans:		
	Opening balance	(114,574,630)	-
	Amortization during the period	(34,132,228)	(114,574,630)
		(148,706,858)	(114,574,630)
	Unwinding of discounting:		
	Opening balance	3,159,849	-
	Unwinding during the period	2,992,509	3,159,849
		6,152,358	3,159,849
		46,595,500	32,735,219
	7.1 These 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 ranging from 12.57% to 14.11%.		
8	LONG TERM FINANCING FROM COMMERCIAL BANKS - Secured		
	Opening balance	63,584,414	95,376,620
	Repayments during the period	-	(31,792,206)
	Closing balance	63,584,414	63,584,414
	Less: Current portion		
	Overdue	15,896,104	-
	Due within following twelve months	31,792,208	31,792,206
	Non-current portion	15,896,102	31,792,208
9	CURRENT PORTION OF LONG TERM LIABILITIES		
	Long term financing from commercial banks - secured	47,688,312	31,792,206
	Liabilities against assets subject to finance lease	-	105,490
		47,688,312	31,897,696

I C C Textiles Limited

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There have been no changes in contingencies since the last audited financial statement.

10.2 Commitments

-Commitments against foreign bills purchased by bank Rs. 51.087 million (June 2012: Rs. 46.663 million).

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

	Note	Un-audited	Audited
		Dec 31, 2012 Rupees	June 30, 2012 Rupees
11 PROPERTY, PLANT AND EQUIPMENT			
11.1 OWNED ASSETS			
Written down value - opening		1,015,371,462	951,591,808
Add: Cost of additions during the period 11.1.1		2,429,648	13,757,201
Surplus on revaluation		-	100,741,430
		<u>1,017,801,110</u>	<u>1,066,090,439</u>
Depreciation charge for the period		23,537,362	50,718,976
		<u>994,263,748</u>	<u>1,015,371,462</u>
11.1.1 Cost of additions to owned assets			
Plant and machinery		2,339,933	12,740,062
Furniture and fittings		6,500	27,400
Office equipment		66,315	96,485
Vehicles		-	718,262
Electric appliances		16,900	174,992
		<u>2,429,648</u>	<u>13,757,201</u>
11.2 ASSETS SUBJECT TO FINANCE LEASE			
Written down value - opening		305,343	1,048,693
WDV of assets transferred to owned assets		-	586,462
Depreciation charge for the period		30,534	156,888
		<u>30,534</u>	<u>743,350</u>
Written down value - closing		<u>274,809</u>	<u>305,343</u>

	Half Year Ended		Quarter Ended	
	December 31, 2012 Rupees	December 31, 2011 Rupees	December 31, 2012 Rupees	December 31, 2011 Rupees
12 COST OF SALES				
Raw Materials Consumed	637,282,397	709,990,176	364,335,779	373,432,373
Salaries, wages and other benefits	53,196,798	43,617,838	28,112,673	22,606,633
Factory overheads	165,291,550	175,999,998	79,702,185	84,781,723
	<u>855,770,745</u>	<u>929,608,012</u>	<u>472,150,637</u>	<u>480,820,729</u>
(Increase)/Decrease in work in Process				
Opening work in process	56,286,567	64,266,249	59,599,836	55,363,824
Closing work in process	(56,534,753)	(79,113,018)	(56,534,753)	(79,113,018)
Adjustment of work in process	(248,186)	(14,846,769)	3,065,083	(23,749,194)
Cost of goods manufactured	<u>855,522,559</u>	<u>914,761,243</u>	<u>475,215,720</u>	<u>457,071,535</u>
(Increase)/Decrease in Finished goods				
Opening Stock	49,207,661	135,576,452	67,664,066	114,423,973
Closing Stock	(47,300,327)	(132,568,657)	(47,300,327)	(132,568,657)
Adjustment of finished goods	1,907,334	3,007,795	20,363,740	(18,144,684)
	<u>857,429,893</u>	<u>917,769,038</u>	<u>495,579,460</u>	<u>438,926,851</u>

13 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors and their close family members, executive and major shareholders of the company. Remuneration and benefits to executives of the company are in accordance with the terms of their employment. Transactions with related parties during the period were as follow;

Note	Un-audited	Un-audited
	Dec 31, 2012 Rupees	Dec 31, 2011 Rupees
	45,000,000	-
Long term financing obtained from ICC (Private) Limited	-	24,300,000
Short term borrowing obtained from ICC (Private) Limited	5,500,000	-
Short term borrowing repaid to ICC (Private) Limited	2,919,478	1,730,011
Interest on loan debited by ICC (Private) Limited 13.1	8,150,000	1,460,000
Short term borrowing repaid to member / director	1,205,537	3,353,683
Interest on loan obtained from sponsor member / director	3,337,991	3,477,988
Reimbursable expenses incurred on behalf of ICC (Private) Limited	7,620	-
Reimbursable expenses incurred by ICC (Private) Limited	256,366	1,700,042
Shareable expenses debited to ICC (Private) Limited		

13.1 Interest on long term loan and short term borrowing is charged at the same rates which is charged by the bank to the associated Company / sponsor member / director.

13.2 The Company is associated due to common directorship and investment of 42.93% of associated company in the company.

14 GENERAL

This condensed interim financial report is presented in Pak Rupees, which is the Company's functional and presentation currency. Figures have been rounded off to the nearest rupee.

15 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial report was authorised for issue on February 28, 2013 by the Board of directors of the Company.

Chief Executive

Director

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