

(REVIEWED)

**INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED
December 31, 2013**



I C C Textiles Limited

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, I hereby present the interim financial information of the company for the half year ended on December 31, 2013.

The Sales decreased by 10.48% to Rs. 770.316 million during the half year as compared to Rs. 860.481 million for the corresponding period of the previous year. The company incurred an after tax loss of Rs. 7.394 million as against an after tax loss of Rs. 28.374 million in the corresponding period resulting in loss per share of Rs. 0.25 (Jul - Dec 2012 Rs. 0.95).

Without qualifying their report to members the auditors have drawn attention to note 1.2 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.

Fabric sales in Sq Meters at 60 picks also reduced by 4.645 million (30%) i.e from 15.555 million to 10.909 million. The last 6 months have been the worst period ever, with respect to enormous scheduled and unscheduled electricity load shedding, resulting in loss of production, quality and timely deliveries. Meanwhile, we are continuing our efforts to secure a gas connection from SNGPL, thereby enabling us to set up our own continuous and cheaper captive generation capacity, so that we are at par with our competitors.

Fuel and power cost increased by Rs. 15.260 million (16.0%) i.e. from Rs. 97.739 million during Jul 2012 to Dec 2012 to Rs. 112.999 million during the current period due to hike in electricity tariff by 59% and consumption of excessive diesel due to cited load shedding.

On the positive side, US\$ exchange rate increased from Rs. 96.90 in Dec 2012 to Rs. 105.00 in Dec 2013, however, full benefit of the rupee depreciation could not be availed due to reduced production.

Moreover, overdue principal installment (Due on Mar 29, 2013) along with current installment due on Sep 30, 2013 of Rs. 14.896 million each has been paid by the company on 30.12.2013 resulting in no overdue amount.

Finally, on a positive note, GSP duty preference was granted by the EU on textile imports from Pakistan starting January this year. However, we look forward to seeing improved Market Access and viability on the weaving sector of Pakistan.

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, 2014

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, 2013 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.

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 towards note 1.2 to the interim financial information which describes that the Company has incurred loss of Rs. 7.394 million during the period ended December 31, 2013 and, as of that date, its current liabilities exceeded its current assets by Rs. 462.893 million, and its accumulated losses stood at Rs. 534.436 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 1.2 to the interim financial information. Our conclusion is not qualified in respect of this matter.

CHARTERED ACCOUNTANTS

Engagement Partner: Imran Afzal
Lahore

Dated: 28 February 2014

I C C Textiles Limited

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2013

	Note	Un-audited Dec 31, 2013 Rupees	Audited June 30, 2013 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	6	300,011,200	300,011,200
Accumulated loss		(534,436,306)	(535,518,818)
		(234,425,106)	(235,507,618)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		490,326,588	498,803,281
NON CURRENT LIABILITIES			
Long term financing from directors	7	38,478,989	33,298,951
Long term financing from commercial banks	8	-	-
Deferred liabilities	9	201,015,106	200,404,463
		239,494,095	233,703,414
CURRENT LIABILITIES			
Trade and other payables		136,103,477	163,562,795
Mark-up accrued		14,038,801	13,241,081
Short term borrowings		553,227,407	518,822,796
Current portion of long term liabilities	8	15,896,104	47,688,310
		719,265,789	743,314,982
		1,214,661,366	1,240,314,059
CONTINGENCIES AND COMMITMENTS			
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	11	956,610,361	979,040,176
Long term loans and advances		49,333	14,000
Long term deposits and prepayments		1,629,034	1,629,034
		958,288,728	980,683,210
CURRENT ASSETS			
Stores, spares and loose tools		35,567,117	37,067,120
Stock in trade		133,979,696	140,162,196
Trade debts		18,013,195	25,662,555
Loans and advances		13,972,068	6,300,138
Trade deposits and short term prepayments		5,017,972	1,552,482
Balances with statutory authorities and other receivables		36,815,610	31,682,207
Advance income tax - net		11,039,217	11,705,636
Cash and bank balances		1,967,763	5,498,515
		256,372,638	259,630,849
		1,214,661,366	1,240,314,059

The annexed notes from 1 to 15 forms an integral part of this interim financial information.

Lahore

Dated: February 28, 2014

Chief Executive

Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED
DECEMBER 31, 2013**

	Note	Half Year Ended		Quarter Ended	
		December 31, 2013 Rupees	December 31, 2012 Rupees	December 31, 2013 Rupees	December 31, 2012 Rupees
SALES - NET		770,316,098	860,480,786	364,912,663	501,247,937
COST OF SALES	12	(796,079,642)	(857,429,893)	(382,801,055)	(495,579,460)
GROSS (LOSS) / PROFIT		(25,763,544)	3,050,893	(17,888,392)	5,668,477
OPERATING EXPENSES					
Administrative expenses		(17,992,184)	(16,232,886)	(9,110,220)	(8,602,973)
Distribution cost		(7,674,588)	(8,734,813)	(3,826,453)	(4,781,971)
Other operating expenses		(436,532)	(421,621)	(232,423)	(222,135)
		(26,103,304)	(25,389,320)	(13,169,097)	(13,607,079)
OPERATING (LOSS)		(51,866,848)	(22,338,427)	(31,057,489)	(7,938,602)
OTHER OPERATING INCOME		80,768,763	34,138,262	62,988,430	16,803,686
OPERATING PROFIT BEFORE FINANCE COST		28,901,915	11,799,835	31,930,942	8,865,084
FINANCE COST		(33,051,344)	(39,383,546)	(16,905,844)	(18,178,613)
(LOSS) / PROFIT BEFORE TAXATION		(4,149,429)	(27,583,711)	15,025,098	(9,313,529)
TAXATION		(3,244,753)	(790,099)	(2,996,987)	(814,591)
(LOSS) / PROFIT AFTER TAXATION		(7,394,182)	(28,373,810)	12,028,111	(10,128,120)
(LOSS) / EARNING PER SHARE - BASIC AND DILUTED		(0.25)	(0.95)	0.40	(0.34)

The annexed notes from 1 to 15 forms an integral part of this interim financial information.

Lahore
Dated: February 28, 2014

Chief Executive

Director

I C C Textiles Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Note	Paid-up Capital Rupees	Accumulated (Loss) Rupees	Total Rupees
Balance as at July 01, 2012 - as previously reported		300,011,200	(555,875,617)	(255,864,417)
Effect of retrospective change in accounting policy	3	-	1,574,818	1,574,818
Loss for the period		-	(28,373,810)	(28,373,810)
Other comprehensive income for the period		-	-	-
Total comprehensive loss for the period		-	(28,373,810)	(28,373,810)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation-net of tax		-	8,476,694	8,476,694
Balance as at December 31, 2012 - restated		300,011,200	(574,197,915)	(274,186,715)
Balance as at July 01, 2013 - as previously reported		300,011,200	(535,938,713)	(235,927,513)
Effect of retrospective change in accounting policy	3	-	419,895	419,895
Loss for the period		-	(7,394,182)	(7,394,182)
Other comprehensive income for the period		-	-	-
Total comprehensive loss for the period		-	(7,394,182)	(7,394,182)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation-net of tax		-	8,476,694	8,476,694
Balance as at December 31, 2013		300,011,200	(534,436,306)	(234,425,106)

The annexed notes from 1 to 15 forms an integral part of this interim financial information.

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Half Year Ended		Quarter Ended	
	December 31, 2013 Rupees	December 31, 2012 Rupees	December 31, 2013 Rupees	December 31, 2012 Rupees
PROFIT / (LOSS) AFTER TAXATION	(7,394,182)	(28,373,810)	12,028,111	(10,128,120)
Other comprehensive income Items that will not be reclassified to profit or (loss) account	-	-	-	-
Items that may be reclassified subsequently to profit or (loss) account	-	-	-	-
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	(7,394,182)	(28,373,810)	12,028,111	(10,128,120)

The annexed notes from 1 to 15 forms an integral part of this interim financial information.

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR
ENDED DECEMBER 31, 2013**

Note	December 31, 2013 Rupees	December 31, 2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) for the period before taxation	(4,149,429)	(27,583,711)
Adjustments for:		
Depreciation on own assets	23,451,235	23,567,896
Amortization of interest free loans	(80,734,600)	(34,132,228)
Unwinding of discount	1,591,669	2,992,509
Staff gratuity	7,690,911	7,207,679
Finance cost	33,051,344	39,383,546
	(14,949,441)	39,019,402
	(19,098,870)	11,435,691
(Increase) / decrease in current assets		
Stores, spares and loose tools	1,500,003	4,194,316
Stock in trade	6,182,500	10,543,461
Trade debts	7,649,361	(16,659,478)
Loans and advances	(7,671,930)	(3,833,170)
Trade deposits and short term prepayments	(3,465,490)	(2,101,231)
Balances with statutory authorities and other receivables	(5,133,403)	(729,106)
	(938,959)	(8,585,208)
Increase / (decrease) in current liabilities		
Trade and other payable	(27,459,318)	(60,031,233)
Cash generated from operations	(47,497,147)	(57,180,749)
Finance cost paid	(32,253,625)	(42,731,347)
Income taxes paid	(7,142,708)	(5,859,228)
Gratuity paid	(2,515,894)	(976,573)
	(41,912,227)	(49,567,148)
Net cash used in operating activities	(89,409,374)	(106,747,898)
CASH FLOW FROM INVESTING ACTIVITIES		
Long term advances and deposits	(35,333)	30,333
Purchase of property, plant and equipment	(1,021,420)	(2,429,648)
Net cash used in investing activities	(1,056,753)	(2,399,315)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in short term borrowings	34,404,611	38,816,813
Repayment of long term financings from commercial banks	(31,792,206)	-
Proceeds of long term loans from associated company	-	45,000,000
Proceeds of long term loans from directors	84,322,970	-
Liabilities against assets subject to finance lease	-	(105,490)
Net cash flows from financing activities	86,935,375	83,711,323
Net (decrease) in cash and cash equivalents	(3,530,752)	(25,435,890)
Cash and cash equivalents at the beginning of the period	5,498,515	38,028,859
Cash and cash equivalents at the end of the period	1,967,762	12,592,968

The annexed notes from 1 to 15 forms an integral part of this interim financial information.

Chief Executive

Director

ICC Textiles Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

1. THE COMPANY AND ITS OPERATIONS

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 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.

1.2 During the period the Company incurred loss amounting to Rs. 7.394 million and has accumulated losses amounting to Rs. 534.436 million at the period end. In addition the Company's current liabilities exceeded its current assets by Rs. 462.893 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 information 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 information 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

2.1 This condensed interim financial information is un-audited and is being submitted to the shareholders in accordance with the requirements of section 245 of the companies Ordinance 1984.

2.2 This condensed interim financial information of the company for the half year ended December 31, 2013 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 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 information 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, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted for the preparation of these condensed interim financial information are consistent with those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2013 except as stated in note 3.2.

3.2 During the period the Company has adopted revised IAS 19 "Employees Benefits" and as a consequence has changed its accounting policy retrospectively related to recognition of actuarial gains and losses and past service cost relating to employees benefit plan. The adoption of this standard requires restatement of previous financial statements. The nature and effect, including restatement of prior period figures, of this change in accounting policy is disclosed below:

	June 30, 2013 Rupees	June 30, 2012 Rupees
Impact on balance sheet		
Net decrease in staff retirement benefits - gratuity	(419,895)	(1,574,818)
Net increase in equity	419,895	1,574,818

The Company follows a consistent practice of conducting actuarial valuation annually at each year end and also considers that the above does not have material impact on Company's Condensed Interim Profit and Loss Account and basic & diluted EPS.

In addition, few amendments and interpretation of IFRSs became effective during the current period, However, that 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. ACCOUNTING ESTIMATES AND JUDGMENTS

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those applied to the proceeding annual published financial statements of the Company for the year ended June 30, 2013.

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, 2013.

	Un-audited Dec 31, 2013 Rupees	Audited June 30, 2013 Rupees
6. SHARE CAPITAL		
Authorized share capital 32,000,000 (June 2013: 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 2013: 30,001,120) ordinary shares of Rs.10 each fully paid in cash	300,011,200	300,011,200
7. LONG TERM FINANCING FROM DIRECTORS - Unsecured		
Original Loan amounts (Principal)	124,922,970	40,600,000
Less: present value adjustment	(88,035,650)	(7,301,049)
	36,887,320	33,298,951
Add: Interest charged to profit and loss account	1,591,670	-
	38,478,990	33,298,951
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 10.24% to 11.27%.		
8. LONG TERM FINANCING FROM COMMERCIAL BANKS - Secured		
Principal	15,896,104	47,688,310
Less: Current portion		
Overdue	-	15,896,104
Due within following twelve months	15,896,104	31,792,206
	-	-
9. DEFERRED LIABILITIES		
Deferred liabilities - Gratuity	67,810,249	62,635,232
Deferred taxation	133,204,857	137,769,231
	201,015,106	200,404,463
9.1 Deferred tax asset amounting to Rs. 229.956 million (June 2013: Rs. 195.907 million) arising on account of temporary differences mainly for property, plant and equipment, gratuity and unused tax losses and unused tax credits has not been accounted for due to uncertainty regarding its recoverability in the foreseeable future.		
10. CONTINGENCIES AND COMMITMENTS		
10.1 Contingencies		
There have been no change in contingencies since the last audited financial statements.		

I C C Textiles Limited

10.2 Commitments

- Commitments against foreign bills amounts to Rs. 6.929 million (June 2013: Rs. 38.627 million).
- Commitments against irrevocable letters of credit for import of chemicals amounts to Rs. Nil (June 2013: Rs. 1.441 million).

	Note	Un-audited	Audited
		Dec 31, 2013 Rupees	June 30, 2013 Rupees
11. PROPERTY, PLANT AND EQUIPMENT			
11.1 OPERATING FIXED ASSETS			
Written down value - opening		979,040,176	1,015,371,462
Add: Cost of additions during the period / year	11.1.1	1,021,420	11,190,984
		<u>980,061,596</u>	<u>1,026,562,446</u>
Disposal during the period / year (W.D.V.)		-	378,212
Depreciation charge for the period / year		23,451,235	47,144,058
		<u>23,451,235</u>	<u>47,522,270</u>
Written down value - closing		<u>956,610,361</u>	<u>979,040,176</u>
11.1.1 Cost of additions to owned assets			
Plant and machinery		835,376	10,691,849
Office equipment		186,044	183,775
Furniture and fixtures		-	6,500
Vehicles		-	274,390
Electric appliances		-	34,470
		<u>1,021,420</u>	<u>11,190,984</u>

	Half Year Ended		Quarter Ended	
	December 31, 2013 Rupees	December 31, 2012 Rupees	December 31, 2013 Rupees	December 31, 2012 Rupees
12. COST OF SALES				
Raw materials consumed	565,470,950	637,282,397	267,120,043	364,335,779
Salaries, wages and other benefits	52,421,917	53,196,798	28,263,775	28,112,673
Factory overheads	184,455,316	165,291,550	92,923,523	79,702,185
	<u>802,348,183</u>	<u>855,770,745</u>	<u>388,307,341</u>	<u>472,150,637</u>
(Increase)/Decrease in work in Process				
Opening work in process	9,431,542	56,286,567	15,146,505	59,599,836
Closing work in process	(15,586,421)	(56,534,753)	(15,586,421)	(56,534,753)
Adjustment of work in process	(6,154,879)	(248,186)	(439,916)	3,065,083
Cost of goods manufactured	<u>796,193,304</u>	<u>855,522,559</u>	<u>387,867,425</u>	<u>475,215,720</u>
(Increase)/Decrease in Finished goods				
Opening stock	70,883,881	49,207,661	65,931,172	67,664,066
Closing stock	(70,997,543)	(47,300,327)	(70,997,543)	(47,300,327)
Adjustment of finished goods	(113,662)	1,907,334	(5,066,371)	20,363,740
	<u>796,079,642</u>	<u>857,429,893</u>	<u>382,801,055</u>	<u>495,579,460</u>

13. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertaking, directors and their close family members, executives and major shareholders of the company.

	Note	Un-audited	Un-audited
		Dec 31, 2013 Rupees	Dec 31, 2012 Rupees
Significant transactions with related parties during the period are as follows:			
Long term financing obtained from associated undertaking - interest free		-	45,000,000
Short term borrowing obtained from associated undertaking - interest bearing		-	5,500,000
Interest on short term borrowing debited by associated undertaking	13.1	483,973	2,919,478
Long term financing obtained from directors - interest free		84,322,970	-
Short term borrowing repaid to Ex-sponsors / directors - interest bearing		-	8,150,000
Interest on short term borrowing obtained from Ex-sponsors / directors		-	1,205,537
Reimbursable expenses incurred on behalf of associated undertaking		2,497,545	3,594,357
Reimbursable expenses incurred by associated undertaking		1,690,536	7,620

13.1 Interest on short term borrowing is charged at the same rates which is charged by the bank to the related party.

Significant balances with related parties except as disclosed elsewhere in the financial information are as follows:

	Un-audited	Audited
	Dec 31, 2013 Rupees	June 30, 2013 Rupees
Receivable from ICC (Private) Limited - associated undertaking	1,560,625	2,837,589
Short term borrowings - associated undertaking	9,050,000	9,050,000

14. GENERAL

14.1 The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31st December 2013 and 2012 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

14.2 This financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

14.3 Figures have been rounded off to the nearest rupee.

14.4 Corresponding figures have been re-arranged and / or restated, wherever considered necessary, for the purpose of better presentation of the financial information. However, except as stated in note 3.2, no significant restatement / re-arranging has been made.

15. DATE OF AUTHORIZATION

This condensed interim financial information was authorised for issue on February 28, 2014 by the Board of directors of the Company.

Chief Executive

Director

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