

**(REVIEWED)**

**INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED  
December 31, 2015**



**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, 2015.

The Sales decreased by 7.8% to Rs. 253.380 million during the half year as compared to Rs. 274.695 million for the corresponding period of the previous year. The company incurred an after tax loss of Rs. 78.185 million as against Rs. 77.158 million in the corresponding period resulting in loss per share of Rs. 2.61 (Jul - Dec 2014 Rs. 2.57).

Without qualifying their report to members the auditors have drawn attention to note I.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 mainly due to loom stoppage as a result of load shedding, depressed market conditions and change in sales pattern i.e. shifting of sales towards conversion income . 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. The company is also considering alternate economical and competitive electrical power source.

Our plan to consolidate company's position by repaying the banks borrowings through sponsors loans, company's operations and sale of inefficient machinery is underway. Banks borrowings have further been reduced by Rs. 12.200 million during the period.

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 29, 2016

**SHAFIQ A. SIDDIQI**  
Chief Executive

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

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of ICC Textiles Limited as at December 31, 2015 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 of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three - months period ended December 31, 2014 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the six- months period ended December 31, 2015.

### **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 condensed interim financial information as of and for the half year ended December 31, 2015 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 1.1 to the condensed interim financial information which describes that the Company has incurred loss of Rs. 78.185 million during the period ended December 31, 2015 and, as of that date, its current liabilities exceeded its current assets by Rs. 353.750 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 29, 2016

# I C C Textiles Limited

## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2015

	Note	Un-audited	Audited
		Dec 31, 2015 Rupees	June 30, 2015 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid-up share capital		300,011,200	300,011,200
Accumulated loss		(696,360,656)	(625,212,279)
		<u>(396,349,456)</u>	<u>(325,201,079)</u>
<b>SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS</b>		565,731,135	572,767,763
<b>NON CURRENT LIABILITIES</b>			
Long term financing from directors	6	255,621,658	228,862,462
Long term financing from commercial banks	7	-	45,749,597
Deferred liabilities	8	165,454,780	165,660,057
		421,076,438	440,272,116
<b>CURRENT LIABILITIES</b>			
Trade and other payables		133,491,989	116,041,846
Mark-up accrued		19,735,474	12,238,172
Short term borrowings		135,915,881	149,947,765
Current portion of long term liabilities	7	191,622,817	138,200,000
		480,766,161	416,427,783
		<u>1,071,224,278</u>	<u>1,104,266,583</u>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Operating fixed assets	9	909,072,706	928,705,541
Long term loans and advances		64,000	775,000
Long term deposits and prepayments		1,629,034	1,629,034
		910,765,740	931,109,575
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		27,854,773	31,517,543
Stock in trade		32,404,561	39,747,498
Trade debts		18,565,446	15,101,797
Loans and advances		4,524,514	4,130,187
Trade deposits, short term prepayments and other receivables		16,436,643	13,955,548
Income tax refundable - net		25,983,815	22,883,655
Cash and bank balances		1,246,286	12,378,280
		127,016,038	139,714,508
Non-current Assets classified as held for sale	9	33,442,500	33,442,500
		<u>1,071,224,278</u>	<u>1,104,266,583</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10	-	-

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

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Chief Executive

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Director

**CONDENSED INTERIM PROFIT AND LOSS  
ACCOUNT FOR THE HALF YEAR ENDED  
DECEMBER 31, 2015 (UN-AUDITED)**

Note	Half Year Ended		Quarter Ended	
	Dec 2015 Rupees	Dec 2014 Rupees	Dec 2015 Rupees	Dec 2014 Rupees
<b>SALES - NET</b>	253,380,141	274,695,382	132,435,325	142,601,601
<b>COST OF SALES</b>	11 (314,741,987)	(322,256,811)	(162,201,728)	(160,416,092)
<b>GROSS LOSS</b>	(61,361,846)	(47,561,429)	(29,766,403)	(17,814,491)
<b>OPERATING EXPENSES</b>				
Administrative expenses	(17,410,007)	(18,141,926)	(8,777,708)	(9,107,592)
Distribution cost	(3,341,054)	(5,822,126)	(1,164,485)	(3,170,259)
Other operating expenses	(418,732)	(437,575)	(219,496)	(226,331)
	(21,169,793)	(24,401,627)	(10,161,689)	(12,504,182)
<b>OPERATING LOSS</b>	(82,531,639)	(71,963,056)	(39,928,092)	(30,318,673)
<b>OTHER INCOME</b>	12 27,191,015	24,683,330	7,355,098	17,075,068
<b>OPERATING LOSS BEFORE FINANCE COST</b>	(55,340,624)	(47,279,726)	(32,572,994)	(13,243,605)
<b>FINANCE COST</b>	(25,974,173)	(33,518,880)	(12,921,699)	(16,790,926)
<b>LOSS BEFORE TAXATION</b>	(81,314,797)	(80,798,606)	(45,494,693)	(30,034,531)
<b>TAXATION</b>	3,129,792	3,640,677	1,620,572	1,698,025
<b>LOSS AFTER TAXATION</b>	(78,185,005)	(77,157,929)	(43,874,121)	(28,336,506)
<b>LOSS PER SHARE - BASIC AND DILUTED</b>	(2.61)	(2.57)	(1.46)	(0.94)

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

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Chief Executive

\_\_\_\_\_  
Director

# I C C Textiles Limited

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UN-AUDITED)

Particulars	Issued, subscribed and paid-up share capital	Revenue	Total equity
		Accumulated profit/(loss)	
<b>Balance as at July 01, 2014 (audited)</b>	<b>300,011,200</b>	<b>(592,182,052)</b>	(292,170,852)
Loss for the period after taxation	-	<b>(77,157,929)</b>	(77,157,929)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period - net of tax	-	<b>(77,157,929)</b>	(77,157,929)
Surplus on revaluation of fixed assets realized -net of tax	-	<b>8,607,105</b>	8,607,105
<b>Balance as at December 31, 2014 (un-audited)</b>	<b>300,011,200</b>	<b>(660,732,876)</b>	(360,721,676)
<b>Balance as at July 01, 2015 (audited)</b>	<b>300,011,200</b>	<b>(625,212,279)</b>	(325,201,079)
Loss for the period after taxation	-	<b>(78,185,005)</b>	(78,185,005)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period - net of tax	-	<b>(78,185,005)</b>	(78,185,005)
Surplus on revaluation of fixed assets realized -net of tax	-	<b>7,036,628</b>	7,036,628
<b>Balance as at December 31, 2015 (un-audited)</b>	<b>300,011,200</b>	<b>(696,360,656)</b>	(396,349,456)

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

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Chief Executive

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Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2015 (UN-AUDITED)**

	Half Year Ended		Quarter Ended	
	December 31, 2015 Rupees	December 31, 2014 Rupees	December 31, 2015 Rupees	December 31, 2014 Rupees
Loss after taxation for the period	(78,185,005)	(77,157,929)	(43,874,121)	(28,336,506)
Other comprehensive income:	-	-	-	-
Items that may be reclassified to profit and loss account	-	-	-	-
Items that will not be reclassified to profit and loss account subsequently	-	-	-	-
<b>Other comprehensive income for the period</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>(78,185,005)</b>	<b>(77,157,929)</b>	<b>(43,874,121)</b>	<b>(28,336,506)</b>

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

# I C C Textiles Limited

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UN-AUDITED)

Note	December 31, 2015 Rupees	December 31, 2014 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss for the period before taxation	(81,314,797)	(80,798,606)
<b>Adjustments for:</b>		
Depreciation on operating fixed assets	20,245,179	23,636,211
(Gain) / Loss on disposal of property, plant and equipment	(589,774)	(1,269,865)
Amortization of interest free loans	(26,228,994)	(23,411,102)
Amortization of transaction cost	714,286	-
Unwinding of discount	13,888,123	3,013,274
Staff gratuity	7,168,208	7,716,244
Finance cost	11,371,764	30,505,606
	<b>26,568,792</b>	<b>40,190,368</b>
	<b>(54,746,005)</b>	<b>(40,608,238)</b>
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	3,662,770	602,916
Stock in trade	7,342,937	25,456,318
Trade debts	(3,463,649)	(5,574,821)
Loans and advances	(394,327)	(1,004,114)
Trade deposits and short term prepayments & other receivable	(2,481,096)	14,361,340
	<b>4,666,635</b>	<b>33,841,639</b>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payable	17,450,143	(29,429,722)
<b>Cash used in operations</b>	<b>(32,629,226)</b>	<b>(36,196,321)</b>
Finance costs paid	(3,874,464)	(16,545,225)
Income taxes paid	(3,436,167)	(2,120,980)
Gratuity paid	(3,907,683)	(2,925,611)
	<b>(11,218,314)</b>	<b>(21,591,816)</b>
<b>Net cash used in operating activities</b>	<b>(43,847,541)</b>	<b>(57,788,137)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Increase / (decrease) in long term advances and deposits	711,000	(457,088)
Proceeds from sale of property, plant and equipment	645,000	1,733,333
Purchase of property, plant and equipment	(667,570)	(325,652)
<b>Net cash flow from investing activities</b>	<b>688,430</b>	<b>950,593</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / (decrease) in short term borrowings	(14,031,884)	22,853,879
Repayment of long term financings from commercial banks	-	(1,000,000)
Long term loans from directors	46,059,001	34,360,202
<b>Net cash flow from financing activities</b>	<b>32,027,117</b>	<b>56,214,081</b>
Net (decrease) in cash and cash equivalents	(11,131,994)	(623,464)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>12,378,280</b>	<b>1,902,344</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,246,286</b>	<b>1,278,880</b>

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

Chief Executive

Director



## **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UN-AUDITED)**

### **1 THE COMPANY AND ITS OPERATIONS**

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. 78.185 million and has accumulated losses amounting to Rs. 696.360 million at the period end. In addition the Company's current liabilities exceeded its current assets by Rs. 353.750 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, 2015 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, 2015.

### **3 SIGNIFICANT ACCOUNTING POLICIES**

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, 2015.

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 preceding annual published financial statements of the Company for the year ended June 30, 2015.

### **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, 2015.

# I C C Textiles Limited

	Un-audited Dec 31, 2015 Rupees	Audited Jun 30, 2015 Rupees
<b>6 LONG TERM FINANCING FROM DIRECTORS- Unsecured</b>		
Interest free Loans	118,916,258	93,775,173
Interest bearing Loan	136,705,400	135,087,289
	<u>255,621,658</u>	<u>228,862,462</u>
Interest free Loans		
Original Loan amounts	297,131,223	251,072,222
Less: present value adjustment	(193,718,767)	(167,489,773)
	<u>103,412,456</u>	<u>83,582,449</u>
Add: Interest charged to profit and loss account	15,503,802	10,192,724
	<u>118,916,258</u>	<u>93,775,173</u>
Interest bearing Loan		
Original Loan amounts	140,000,000	140,000,000
Less: present value adjustment	(5,180,528)	(5,180,528)
	<u>134,819,472</u>	<u>134,819,472</u>
Add: Interest charged to profit and loss account	1,885,928	267,817
	<u>136,705,400</u>	<u>135,087,289</u>
<p>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 8.06% to 11.64%.</p>		
<b>7 LONG TERM FINANCING FROM COMMERCIAL BANKS - secured</b>		
MCB - Demand Finance - 2		
Original Loan amounts	200,019,424	200,019,424
Less: present value adjustment	(20,488,756)	(20,488,756)
	<u>179,530,668</u>	<u>179,530,668</u>
Add: Interest charged to profit and loss account	13,520,720	6,561,786
	<u>193,051,388</u>	<u>186,092,454</u>
Deferred transaction cost incurred	(2,142,857)	(2,500,000)
Less: Amortized during the year	714,286	357,143
	<u>(1,428,571)</u>	<u>(2,142,857)</u>
	<u>191,622,817</u>	<u>183,949,597</u>
Less: Current portion	(191,622,817)	(138,200,000)
	<u>-</u>	<u>45,749,597</u>
<b>8 DEFERRED LIABILITIES</b>		
Deferred taxation	93,180,669	96,646,471
Deferred liabilities - Gratuity	72,274,111	69,013,586
	<u>165,454,780</u>	<u>165,660,057</u>
<b>9 PROPERTY, PLANT AND EQUIPMENT</b>		
<b>9.1 OPERATING FIXED ASSETS</b>		
Written down value - opening	962,148,041	933,610,584
Add: Cost of additions during the period / year	667,570	743,302
Surplus on revaluation	-	(31,754,013)
	<u>962,815,611</u>	<u>902,599,873</u>
Disposal during the period / year (W.D.V.)	55,226	24,125,377
Depreciation charge for the period / year	20,245,179	(83,673,545)
	<u>20,300,405</u>	<u>(59,548,168)</u>
Non-current Assets classified as held for sale	(33,442,500)	(33,442,500)
Written down value - closing	<u>909,072,706</u>	<u>928,705,541</u>
<b>9.1.1 Disposal during the period / year - vehicle</b>		
Cost	707,057	34,813,559
Written down value	(651,831)	(10,688,182)
Accumulated depreciation	<u>55,226</u>	<u>24,125,377</u>

## 10 CONTINGENCIES AND COMMITMENTS

### Contingencies

10.1 There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 30th June 2015.

	Half Year Ended		Quarter Ended	
	December 31, 2015 Rupees	December 31, 2014 Rupees	December 31, 2015 Rupees	December 31, 2014 Rupees
<b>11 COST OF SALES</b>				
Raw materials consumed	155,626,736	158,518,957	71,964,626	91,338,180
Salaries, wages and other benefits	49,129,794	48,381,189	24,927,587	26,314,555
Factory overheads	99,868,899	88,696,874	48,444,144	42,154,385
	<b>304,625,429</b>	<b>295,597,020</b>	<b>145,336,357</b>	<b>159,807,120</b>
<b>(Increase)/Decrease in work in Process</b>				
Opening work in process	12,744,852	25,570,931	21,851,770	13,858,862
Closing work in process	(12,714,936)	(16,536,764)	(12,714,936)	(16,536,764)
	<b>29,916</b>	<b>9,034,167</b>	<b>9,136,834</b>	<b>(2,677,902)</b>
<b>Cost of goods manufactured</b>	<b>304,655,345</b>	<b>304,631,187</b>	<b>154,473,191</b>	<b>157,129,218</b>
<b>(Increase)/Decrease in finished goods</b>				
Opening Stock	20,657,576	38,571,880	18,299,471	24,233,130
Closing Stock	(10,570,934)	(20,946,256)	(10,570,934)	(20,946,256)
	<b>10,086,642</b>	<b>17,625,624</b>	<b>7,728,537</b>	<b>3,286,874</b>
	<b>314,741,987</b>	<b>322,256,811</b>	<b>162,201,728</b>	<b>160,416,092</b>

	Half Year Ended Un-audited	Half Year Ended Un-audited
	Dec 31, 2015 Rupees	Dec 31, 2014 Rupees
<b>12 OTHER INCOME</b>		
Amortization of interest free loans	26,228,995	23,411,102
Profit on sale of fixed assets	589,774	1,269,865
Others	372,246	2,363
	<b>27,191,015</b>	<b>24,683,330</b>

### 13 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertakings, directors and their close family members, Key management personnel and major shareholders of the company.

ICC (Pvt.) Limited - Associated Undertaking	Interest on short term borrowing	220,592	376,982
ICC (Pvt.) Limited - Associated Undertaking	Reimbursable expenses incurred	677,585	1,463,737
ICC (Pvt.) Limited - Associated Undertaking	Sale of Vehicle	-	1,733,333
Directors	Long term financing obtained	46,059,001	34,360,202
Directors	Unwinding of discount on interest free loan	5,311,078	3,013,274

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

	Half Year Ended Un-audited	Audited
	Dec 31, 2015 Rupees	June 30, 2015 Rupees
Short term borrowings - ICC (Private) Limited - associated undertaking	4,548,782	5,005,774

### 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 2015 and 2014 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 rearranged wherever necessary, for the purpose of comparison. However, there were no material reclassification or rearrangement to report.

### 15 DATE OF AUTHORIZATION

This condensed interim financial information was authorised for issue on February 29, 2016 by the Board of directors of the Company.

Chief Executive

Director

**BOOK POST**

*If undelivered, Please Return to:*  
**I C C Textiles Limited**  
242 - A, Anand Road, Upper Mall,  
P.O. Box 1280, Lahore 54000. Pakistan.