

(UN-AUDITED)

**ACCOUNTS
FOR THE QUARTER ENDING
March 31, 2011**



I C C Textiles Limited

ICC 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 nine months which ended on Mar 31, 2011.

The Sales increased by 55% to Rs.1,737.0 million during the nine months period as compared to Rs. 1,122.8 million for the corresponding period of the previous year. The company incurred an after tax loss of Rs. 79.738 million as against an after tax loss of Rs. 123.833 million in the corresponding period. The after tax results of the three quarters are summarized as follows:

| | Profit / (Loss) |
|--------------------------------|---------------------|
| - 1st. Quarter Jul to Sep 2010 | Rs. (24.298) Mil. |
| - 2nd. Quarter Oct to Dec 2010 | Rs. (48.573) Mil. |
| - 3rd. Quarter Jan to Mar 2011 | Rs. (6.867) Mil. |
| Total for 9 months | Rs.(79.738) Mil. |

The main reason for reduced loss is improved fabric market conditions and exemption from electricity load shedding for industrial units based primarily on Pepco grids. This is after absorbing increase in our fuel and power cost by Rs. 14.184 million (13%), due to hike in electricity tariff and oil prices, and additional tax impact of Rs. 14.207 million due to re-imposition of 1% minimum tax on local sales w.e.f. July 01, 2010.

The unprecedented trend of rise in yarn rates continued throughout the period. The boom situation in yarn market also influenced a corresponding rise in the fabric market with a certain time lag. However, by the end of March 2011 prices of yarn become almost stabilize.

We are pleased to inform the shareholders that the matter of increase in paid-up capital of the company has been finalised. The company has increased its paid up capital on April 08, 2011, by converting already received loans from associated company, directors and their family members, by Rs. 200,003,200 (from Rs. 100,008,000 to Rs. 300,011,200) by issuing further 20,000,320 ordinary shares of Rs. 10 each AT PAR without offering right shares to all the existing shareholders as permissible under section 86(1) of the Companies Ordinance, 1984 in order to reduce dependency on external debts and reducing financial cost of the Company with the approval of Securities and Exchange Commission of Pakistan.

The Directors of the company are proud of the continuous hard work being carried out by all staff members and workers of the company alongwith a commitment to maintain the highest quality.

For and on behalf of the Board of Directors

Lahore
Dated: April 30, 2011

SHAFIQ A. SIDDIQI
Chief Executive

**BALANCE SHEET AS AT
MARCH 31, 2011**

| | Note | March 31, 2011 Rupees | June 30, 2010 Rupees |
|--|------|--|---------------------------------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL | | | |
| AUTHORISED SHARE CAPITAL | | | |
| 32,000,000 ordinary shares (Jun. 2010: 16,000,000) of Rs.10 each | | 320,000,000 | 160,000,000 |
| ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL | | | |
| 10,000,800 ordinary shares (Jun. 2010: 10,000,800) of Rs.10 each fully paid in cash | | 100,008,000 | 100,008,000 |
| UNAPPROPRIATED LOSS | | (475,021,548) | (408,027,287) |
| | | <u>(375,013,548)</u> | <u>(308,019,287)</u> |
| SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT | | 465,670,086 | 478,414,294 |
| LOANS FROM DIRECTORS AND MEMBERS | | 40,003,200 | 40,003,200 |
| NON CURRENT LIABILITIES | | | |
| Long term financing from associated company | | 269,150,000 | 169,150,000 |
| Long term financing from commercial banks | | 63,584,414 | 95,376,622 |
| Liabilities against assets subject to finance lease | | 311,151 | 566,793 |
| Deferred liabilities | | 40,557,145 | 33,853,029 |
| Deferred taxation | | 128,920,589 | 135,782,855 |
| | | <u>502,523,299</u> | <u>434,729,299</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 136,110,411 | 152,058,736 |
| Accrued markup | | 19,912,054 | 20,913,778 |
| Short term borrowings | | 588,606,553 | 529,417,143 |
| Current portion of long term liabilities | | 32,201,203 | 34,134,861 |
| Provision for taxation | | 4,070,958 | - |
| | | <u>780,901,178</u> | <u>736,524,518</u> |
| CONTINGENCIES AND COMMITMENTS | 4 | - | - |
| | | <u>1,414,084,215</u> | <u>1,381,652,024</u> |
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | | 962,379,221 | 992,440,514 |
| Assets subject to finance lease | | 1,114,236 | 5,218,846 |
| | | <u>963,493,457</u> | <u>997,659,360</u> |
| LONG TERM ADVANCES AND DEPOSITS | | 126,000 | 148,000 |
| LONG TERM DEPOSITS AND PREPAYMENTS | | 1,699,434 | 1,853,884 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 34,819,508 | 27,905,515 |
| Stock in trade | | 184,432,265 | 228,873,000 |
| Trade debts | | 165,497,629 | 60,212,200 |
| Loans and advances | | 31,699,684 | 9,925,869 |
| Trade deposits and short term prepayments | | 2,063,353 | 3,134,215 |
| Other receivables | | 15,890,425 | 43,522,869 |
| Income tax refundable | | - | 2,304,115 |
| Cash and bank balances | | 14,362,460 | 6,112,997 |
| | | <u>448,765,324</u> | <u>381,990,780</u> |
| | | <u>1,414,084,215</u> | <u>1,381,652,024</u> |

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

Lahore

Dated: April 30, 2011

Chief Executive

Director

PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS
ENDED MARCH 31, 2011

| Note | Jul 2010 to Mar 2011 Rupees | Jul 2009 to Mar 2010 Rupees | Jan-Mar 2011 Rupees | Jan-Mar 2010 Rupees |
|---------------------------------|-----------------------------------|-----------------------------------|---------------------------|---------------------------|
| SALES | 1,736,977,098 | 1,122,792,272 | 712,931,404 | 424,625,637 |
| COST OF SALES | 1,690,809,963 | 1,130,193,529 | 675,607,851 | 424,832,482 |
| GROSS PROFIT / (LOSS) | 46,167,135 | (7,401,257) | 37,323,553 | (206,844) |
| OPERATING EXPENSES: | | | | |
| Administrative | 20,998,382 | 20,024,101 | 7,015,963 | 6,440,587 |
| Distribution | 10,801,328 | 16,587,240 | 3,865,646 | 6,457,914 |
| Other operating expenses | 567,343 | 488,970 | 165,691 | 140,925 |
| | 32,367,053 | 37,100,311 | 11,047,300 | 13,039,427 |
| OPERATING PROFIT / (LOSS) | 13,800,081 | (44,501,568) | 26,276,253 | (13,246,271) |
| Finance cost | 83,239,384 | 82,346,613 | 28,606,949 | 27,740,371 |
| | (69,439,303) | (126,848,181) | (2,330,697) | (40,986,642) |
| Other operating income / (loss) | 272,074 | (118,595) | 269,423 | 455,948 |
| LOSS BEFORE TAXATION | (69,167,230) | (126,966,776) | (2,061,274) | (40,530,694) |
| TAXATION | 10,571,238 | (3,133,347) | 4,805,721 | (733,445) |
| LOSS AFTER TAXATION | (79,738,468) | (123,833,429) | (6,866,995) | (39,797,249) |
| LOSS PER SHARE | | | | |
| - BASIC AND DILUTED | 7 (7.97) | (12.38) | (0.69) | (3.98) |

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

Chief Executive

Director

**CASH FLOW STATEMENT
FOR THE NINE MONTHS
ENDED MARCH 31, 2011**

| | Jul 2010 to Mar 2011 Rupees | Jul 2009 to Mar 2010 Rupees |
|--|--|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit / (Loss) for the period before taxation | (69,167,230) | (126,966,776) |
| Adjustments for: | | |
| Depreciation on property, plant and equipment | 37,486,436 | 60,601,757 |
| Depreciation on leased assets | 270,142 | 746,189 |
| (Gain) / Loss on disposal of property, plant and equipment | (41,141) | 17,112 |
| Staff gratuity | 7,926,391 | 7,159,754 |
| Financial cost | 83,239,384 | 82,346,613 |
| | <u>128,881,212</u> | <u>150,871,425</u> |
| | 59,713,982 | 23,904,648 |
| (Increase) / Decrease in current assets | | |
| Stores, spares and loose tools | (6,913,994) | (223,317) |
| Stock in trade | 44,440,735 | 12,723,485 |
| Trade debts | (105,285,428) | 14,465,411 |
| Loans and advances | (21,773,816) | (19,391,100) |
| Trade deposits and short term prepayments | 1,070,862 | 90,447 |
| Other receivables | 27,632,444 | (7,947,275) |
| | <u>(60,829,196)</u> | <u>(282,348)</u> |
| Increase / (Decrease) in current liabilities | | |
| Trade and other payables | (15,948,325) | 6,148,713 |
| Cash generated from operations | <u>(17,063,539)</u> | <u>29,771,013</u> |
| Financial charges paid | (84,241,109) | (85,175,385) |
| Taxes paid | (11,058,431) | (5,298,953) |
| Gratuity paid | (1,222,275) | (3,576,431) |
| | <u>(96,521,815)</u> | <u>(94,050,769)</u> |
| Net cash flow from operating activities (A) | (113,585,354) | (64,279,756) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Long term loans and advances | 22,000 | (8,860) |
| Long term deposits and prepayments | 154,450 | - |
| Sale proceeds of property, plant and equipment | 521,577 | 290,554 |
| Capital work in progress | - | (467,317) |
| Fixed capital expenditure | (4,071,112) | (3,679,271) |
| Net cash flow from investing activities (B) | (3,373,085) | (3,864,894) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Short term borrowings - secured | 59,189,409 | 72,354,891 |
| Long term financing from commercial banks - secured | (31,792,208) | (2,000,000) |
| Long term loans from associated company | 100,000,000 | - |
| Liabilities against assets subject to finance lease | (2,189,300) | (1,575,247) |
| Dividend paid | - | - |
| Net cash flow from financing activities (C) | <u>125,207,901</u> | <u>68,779,644</u> |
| Net Increase in cash and bank balances (A+ B+ C) | 8,249,463 | 634,994 |
| Cash and bank balances at the beginning of the period | <u>6,112,997</u> | <u>5,913,744</u> |
| Cash and bank balances at the end of the period | <u>14,362,460</u> | <u>6,548,738</u> |

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

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS
ENDED MARCH 31, 2011

| | Paid-up Capital Rupees | Unappropriated Loss Rupees | Total Rupees |
|--|------------------------------|----------------------------------|----------------------|
| Balance as at June 30, 2009 | 100,008,000 | (279,881,271) | (179,873,271) |
| Net loss for the nine months ended March 31, 2010 | | (123,833,429) | (123,833,429) |
| Incremental depreciation - net of tax | | 20,187,033 | 20,187,033 |
| Balance as at March 31, 2010 | <u>100,008,000</u> | <u>(383,527,667)</u> | <u>(283,519,667)</u> |
| Balance as at June 30, 2010 | 100,008,000 | (408,027,288) | (308,019,288) |
| Net loss for the nine months ended March 31, 2010 | | (79,738,468) | (79,738,468) |
| Incremental depreciation - net of tax | | 12,744,208 | 12,744,208 |
| Balance as at March 31, 2011 | <u>100,008,000</u> | <u>(475,021,548)</u> | <u>(375,013,548)</u> |

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

Chief Executive

Director

NOTES TO THE ACCOUNTS
FOR THE NINE MONTHS ENDED MARCH 31, 2011

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, 2010.

4. CONTINGENCIES AND COMMITMENTS

4.1 Contingencies

There have been no change in contingencies since the last audited financial statements.

March 31, 2011
Rupees

June 30, 2010
Rupees

4.2 Commitments

Commitments against irrevocable letters of credit were as under:

Import of machinery, raw material and stores - 6,992,000

5. Following is the cost of fixed assets that have been added / disposed off during the nine months ended:

Jul 2010 to
Mar 2011
Rupees

Jul 2009 to
Mar 2010
Rupees

Additions in fixed assets 4,071,112 3,679,271
Deletions in fixed assets 18,200 822,496

6. TRANSACTIONS WITH ASSOCIATED COMPANIES

Interest on loan debited by associated company 16,322,811 21,254,248

7. EARNING PER SHARE - BASIC

Profit / (Loss) after tax (79,738,468) (123,833,429)
Weighted average number of ordinary shares 10,000,800 10,000,800
Earning per share - Basic (7.97) (12.38)

8. DATE OF AUTHORISATION

These accounts have been approved by the Board of directors on April 30, 2011.

9. COMPARITIVE FIGURES

- have been rearranged wherever necessary, for the purpose of comparison.
- have been rounded off to the nearest rupee.

Chief Executive

Director

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