

(UN-AUDITED)

**ACCOUNTS
FOR THE QUARTER ENDING
March 31, 2014**



I C C Textiles Limited

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 nine months ended on March 31, 2014.

The Sales decreased by 22.03% to Rs. 1,013.522 million during the nine months as compared to Rs. 1,299.880 million for the corresponding period of the previous year. The company incurred an after tax loss of Rs. 52.564 million as against an after tax loss of Rs. 55.021 million in the corresponding period resulting in loss per share of Rs. 1.75 (Jul 2012 - Mar 2013 Rs. 1.83).

Fabric sales in Sq Meters at 60 picks also reduced by 6.660 million (31%) i.e from 21.756 million to 15.096 million as fabric production suffered badly due to severe scheduled and unscheduled electricity load shedding during the period. The problem was further compounded by an abnormal 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. A gross injustice is being done to the sole Pepco based units who have been deprived of industrial gas connection thus placing them at an extreme disadvantage and creating a highly discriminating disparity when compared to the privileged units having their own gas based power plants.

Fuel and power cost increased by Rs. 9.871 million (7.1%) i.e. from Rs. 138.375 million during Jul 2012 to Mar 2013 to Rs. 148.246 million during the current period due to the hike in electricity tariff and consumption of excessive diesel despite substantial decrease in production due to cited load shedding.

There has been a Market slowdown in recent months having adverse impact on viability, which was further aggravated by an unusual and sharp strengthening of the Pakistan rupee against the US\$, i.e. the exchange rate decreased from Rs. 108.00 in Nov 2013 to Rs. 98.00 in Mar 2014. Hence, the hugely propagated benefit to be accrued from the EU GSP duty preference appears to have vanished.

There is overdue markup of Rs. 9 million on our running finance facility obtained from MCB Bank Limited which we plan to pay shortly.

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: April 29, 2014

SHAFIQ A. SIDDIQI
Chief Executive

**BALANCE SHEET AS AT
MARCH 31, 2014**

EQUITY AND LIABILITIES	Note	March 31, 2014	June 30, 2013
SHARE CAPITAL		Rupees	Rupees
Authorised share capital 32,000,000 ordinary shares (Jun. 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 (Jun. 2013: 30,001,120) of Rs.10 each fully paid in cash		300,011,200	300,011,200
UNAPPROPRIATED LOSS		(575,368,213)	(535,938,713)
		(275,357,013)	(235,927,513)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		486,088,241	498,803,281
NON CURRENT LIABILITIES			
Long term financing from directors	4	42,390,268	33,298,951
Long term financing from commercial banks		-	-
Deferred liabilities		70,720,699	63,055,127
Deferred taxation		130,922,670	137,769,231
		244,033,637	234,123,309
CURRENT LIABILITIES			
Trade and other payables		148,030,557	163,562,795
Accrued markup		26,260,595	13,241,081
Short term borrowings		543,908,182	518,822,796
Current portion of long term liabilities		15,896,104	47,688,310
		734,095,437	743,314,982
CONTINGENCIES AND COMMITMENTS	5	-	-
		1,188,860,304	1,240,314,059
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment		945,377,808	979,040,176
LONG TERM LOANS AND ADVANCES		100,000	14,000
LONG TERM DEPOSITS AND PREPAYMENTS		1,629,034	1,629,034
CURRENT ASSETS			
Stores, spares and loose tools		35,563,060	37,067,120
Stock in trade		95,366,089	140,162,196
Trade debts		48,383,557	25,662,555
Loans and advances		7,643,502	6,300,138
Trade deposits and short term prepayments		2,945,233	1,552,482
Other receivables		37,692,548	31,682,207
Income tax refundable		10,845,776	11,705,636
Cash and bank balances		3,313,698	5,498,515
		241,753,462	259,630,849
		1,188,860,304	1,240,314,059

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

Lahore
Dated: April 29, 2014

Chief Executive

Director

PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS
ENDED MARCH 31, 2014

Note	Jul 2013 to Mar 2014 Rupees	Jul 2012 to Mar 2013 Rupees	Jan-Mar 2014 Rupees	Jan-Mar 2013 Rupees
SALES	1,013,522,066	1,299,880,143	243,205,968	439,399,356
COST OF SALES	1,058,227,912	1,292,512,295	262,148,270	435,082,402
GROSS PROFIT / (LOSS)	(44,705,846)	7,367,848	(18,942,302)	4,316,954
OPERATING EXPENSES				
Distribution cost	11,449,537	11,855,417	3,774,950	3,120,604
Administrative expenses	27,389,517	24,955,258	9,397,334	8,722,369
Other operating expenses	614,360	605,015	177,828	183,394
	39,453,414	37,415,690	13,350,111	12,026,367
OPERATING PROFIT / (LOSS)	(84,159,260)	(30,047,842)	(32,292,413)	(7,709,413)
OTHER OPERATING INCOME	85,557,758	34,141,779	4,788,995	3,517
	1,398,498	4,093,937	(27,503,418)	(7,705,896)
FINANCIAL COST	50,600,354	58,183,746	17,549,010	18,800,200
LOSS BEFORE TAXATION	(49,201,856)	(54,089,809)	(45,052,427)	(26,506,097)
TAXATION	3,362,578	931,110	117,825	141,011
LOSS AFTER TAXATION	(52,564,434)	(55,020,919)	(45,170,252)	(26,647,108)
LOSS PER SHARE				
- BASIC AND DILUTED	7 (1.75)	(1.83)	(1.51)	(0.89)

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

Chief Executive

Director

**CASH FLOW STATEMENT
FOR THE NINE MONTHS
ENDED MARCH 31, 2014**

	Jul 2013 to Mar 2014 Rupees	Jul 2012 to Mar 2013 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) for the period before taxation	(49,201,856)	(54,089,809)
Adjustments for:		
Depreciation on property, plant and equipment	35,189,052	35,227,478
Depreciation on leased assets	-	30,953
(Gain) / Loss on disposal of property, plant and equipment	-	2,420
Amortization of interest free loans	(85,516,380)	(34,132,228)
Unwinding of discount	2,484,728	4,511,306
Staff gratuity	11,536,366	10,811,519
Financial cost	50,600,354	58,183,746
	<u>14,294,120</u>	<u>74,635,194</u>
	(34,907,736)	20,545,385
 (Increase) / Decrease in current assets		
Stores, spares and loose tools	1,504,060	(1,519,391)
Stock in trade	44,796,107	(42,486,986)
Trade debts	(22,721,001)	(4,410,208)
Loans and advances	(1,343,364)	(1,291,968)
Trade deposits and short term prepayments	(1,392,751)	(279,245)
Other receivables	(6,010,341)	(4,796,400)
	<u>14,832,709</u>	<u>(54,784,197)</u>
Increase / (Decrease) in current liabilities		
Trade and other payables	(15,532,237)	1,831,304
	<u>(35,607,265)</u>	<u>(32,407,508)</u>
Cash generated from operations	(35,607,265)	(32,407,508)
Financial charges paid	(37,580,840)	(59,468,660)
Taxes paid	(9,349,279)	(8,674,132)
Gratuity paid	(3,450,899)	(2,282,216)
	<u>(50,381,018)</u>	<u>(70,425,008)</u>
Net cash flow from operating activities (A)	(85,988,283)	(102,832,517)
CASH FLOW FROM INVESTING ACTIVITIES		
Long term loans and advances	(86,000)	10,333
Sale proceeds of property, plant and equipment	-	2,500
Fixed capital expenditure	(1,526,685)	(4,388,295)
Net cash flow from investing activities (B)	(1,612,685)	(4,375,462)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings - secured	25,085,386	42,317,208
Long term financing from commercial banks - secured	(31,792,206)	(2,000,000)
Long term loans from associated co.	-	45,000,000
Long term loans from directors	92,122,970	-
Liabilities against assets subject to finance lease	-	(105,490)
Dividend paid	-	-
Net cash flow from financing activities (C)	85,416,150	85,211,718
Net Increase in cash and bank balances (A+ B+ C)	<u>(2,184,818)</u>	<u>(21,996,261)</u>
Cash and bank balances at the beginning of the period	5,498,515	38,028,859
Cash and bank balances at the end of the period	<u>3,313,698</u>	<u>16,032,599</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, 2014

	Paid-up Capital Rupees	Unappropriated Loss Rupees	Total Rupees
Balance as at June 30, 2012	300,011,200	(555,875,617)	(255,864,417)
Net loss for the nine months ended March 31, 2013	-	(55,020,919)	(55,020,919)
Incremental depreciation - net of tax	-	12,715,040	12,715,040
Balance as at March 31, 2013	300,011,200	(598,181,496)	(298,170,296)
Balance as at June 30, 2013	300,011,200	(535,938,713)	(235,927,513)
Effect of retrospective change in accounting policy - Note-3	-	419,895	419,895
Net loss for the nine months ended March 31, 2014	-	(52,564,434)	(52,564,434)
Incremental depreciation - net of tax	-	12,715,040	12,715,040
Balance as at March 31, 2014	300,011,200	(575,368,213)	(275,357,013)

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, 2014

- These accounts have been prepared in accordance with the requirements of International Accounting Standard No. 34 "Interim Financial Reporting".
- The accounts are being submitted to the shareholders as required by Section 245 of The Companies Ordinance, 1984.
- 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, except adoption of 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

	March 31, 2014 Rupees	June 30, 2013 Rupees
4. LONG TERM FINANCING FROM DIRECTORS		
Original Loan Amounts:	132,722,970	40,600,000
Less: present value adjustment	(92,817,430)	(7,301,049)
	39,905,540	33,298,951
Interest charged to profit and loss account	2,484,728	-
	42,390,268	33,298,951

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

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

5.2 Commitments

Commitments against irrevocable letters of credit were as under:

	March 31, 2014 Rupees	June 30, 2013 Rupees
Import of machinery, raw material and stores	-	1,441,000

	Jul 2013 to Mar 2014 Rupees	Jul 2012 to Mar 2013 Rupees

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

Additions in fixed assets	1,526,685	4,388,295
Deletions in fixed assets	-	6,600

7. EARNING PER SHARE - BASIC

Profit / (Loss) after tax	(52,564,434)	(55,020,919)
Weighted average number of ordinary shares	30,001,120	30,001,120
Earning per share - Basic	<u>(1.75)</u>	<u>(1.83)</u>

8. DATE OF AUTHORISATION

These accounts have been approved by the Board of directors on April 29, 2014.

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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