

**(UN-AUDITED)**

**ACCOUNTS  
FOR THE QUARTER ENDED  
September 30, 2015**



**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 accounts of the company for the first quarter which ended on September 30, 2015.

During the first quarter, the Sales decreased to Rs. 120.945 million as compared to Rs. 132.094 million for the corresponding period of the previous year. The company incurred an after tax loss of Rs. 34.311 million as against an after tax loss of Rs. 48.821 million in the corresponding period.

The decrease in sales is mainly due to loom stoppage as a result of load shedding and depressed market conditions.

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.

On the positive side US\$ exchange rate increased from Rs. 102.50 in Sep 2014 to Rs. 104.00 in Sep 2015, however, the benefit was not substantial due to depressed exports and high cost of doing business in Pakistan.

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

As always, our dedicated work force deserves appreciation for good work.

For and on behalf of the Board of Directors

Lahore  
October 31, 2015

**SHAFIQ A. SIDDIQI**  
Chief Executive

**BALANCE SHEET AS AT  
SEPTEMBER 30, 2015**

<b><u>EQUITY AND LIABILITIES</u></b>	Note	September, 2015 Rupees	June 2015 Rupees
<b>SHARE CAPITAL</b>			
<b>Authorised share capital</b> 32,000,000 ordinary shares (June 2015: 32,000,000) of Rs. 10 each		<b>320,000,000</b>	320,000,000
<b>Issued, Subscribed &amp; Paid up share capital</b> 30,001,120 ordinary shares (June 2015: 30,001,120) of Rs. 10 each fully paid in cash		<b>300,011,200</b>	300,011,200
<b>ACCUMULATED LOSSES</b>		<b>(656,004,849)</b>	(625,212,279)
		<b>(355,993,649)</b>	(325,201,079)
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		<b>569,249,449</b>	572,767,763
<b>NON CURRENT LIABILITIES</b>			
Long term financing from directors	4	<b>246,746,739</b>	228,862,462
Long term financing from commercial banks	5	<b>49,748,217</b>	45,749,597
Deferred liabilities		<b>167,375,210</b>	165,660,057
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>159,108,543</b>	116,041,846
Accrued markup		<b>14,546,045</b>	12,238,172
Short term borrowings		<b>139,263,870</b>	149,947,765
Current portion of long term liabilities		<b>138,200,000</b>	138,200,000
		<b>451,118,458</b>	416,427,783
<b>CONTINGENCIES AND COMMITMENTS</b>	6	-	-
		<b>1,128,244,424</b>	1,104,266,583
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		<b>918,789,261</b>	928,705,541
<b>LONG TERM LOANS AND ADVANCES</b>		<b>758,000</b>	775,000
<b>LONG TERM DEPOSITS AND PREPAYMENTS</b>		<b>1,629,034</b>	1,629,034
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		<b>28,678,941</b>	31,517,543
Stock in trade		<b>49,922,945</b>	39,747,498
Trade debts		<b>49,469,819</b>	15,101,797
Loans and advances		<b>5,383,995</b>	4,130,187
Short term prepayments and other receivables		<b>13,386,351</b>	13,955,548
Income tax refundable		<b>24,050,192</b>	22,883,655
Cash and bank balances		<b>2,733,383</b>	12,378,280
		<b>173,625,629</b>	139,714,508
Non-current assets classified as held for sale		<b>33,442,500</b>	33,442,500
		<b>1,128,244,424</b>	1,104,266,583

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

Lahore:  
October 31, 2015

Director

Chief Executive

**PROFIT AND LOSS ACCOUNT  
FOR THE QUARTER  
ENDED SEPTEMBER 30, 2015**

	Note	July-Sep 2015 Rupees	July-Sep 2014 Rupees
<b>SALES</b>		<b>120,944,816</b>	132,093,781
<b>COST OF SALES</b>		<b>152,540,259</b>	161,840,719
<b>GROSS PROFIT / ( LOSS )</b>		<b>(31,595,443)</b>	(29,746,938)
<b>OPERATING EXPENSES</b>			
Distribution cost		2,176,569	2,651,867
Administrative expenses		8,632,299	9,034,334
Other operating expenses		199,236	211,244
		<b>11,008,104</b>	11,897,445
		<b>(42,603,548)</b>	(41,644,384)
<b>OTHER OPERATING INCOME</b>		<b>19,835,917</b>	7,608,262
<b>OPERATING PROFIT / ( LOSS )</b>		<b>(22,767,631)</b>	(34,036,122)
<b>FINANCE COST</b>		<b>13,052,474</b>	16,727,954
<b>LOSS BEFORE TAXATION</b>		<b>(35,820,104)</b>	(50,764,076)
<b>TAXATION</b>	8	<b>(1,509,220)</b>	(1,942,653)
<b>LOSS AFTER TAXATION</b>		<b>(34,310,884)</b>	(48,821,423)
<b>LOSS PER SHARE - BASIC AND DILUTED</b>	9	<b>(1.14)</b>	(1.63)

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

Director

Chief Executive

**CASH FLOW STATEMENT  
FOR THE QUARTER  
ENDED SEPTEMBER 30, 2015**

Note	July-Sep 2015 Rupees	July-Sep 2014 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit / ( Loss ) for the period before taxation</b>	<b>(35,820,104)</b>	<b>(50,764,076)</b>
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	<b>10,121,958</b>	11,818,649
( Gain ) / Loss on disposal of property, plant and equipment	<b>(11,608)</b>	(1,269,865)
Amortization of interest free loans	<b>(19,808,366)</b>	(6,336,455)
Amortization of transaction cost	<b>357,143</b>	-
Unwinding of discount	<b>6,975,119</b>	1,428,917
Staff gratuity	<b>3,584,104</b>	3,858,122
Financial cost	<b>6,077,354</b>	15,299,037
	<b>7,295,704</b>	24,798,404
<b>(Increase) / Decrease in current assets</b>	<b>(28,524,400)</b>	<b>(25,965,672)</b>
Stores, spares and loose tools	<b>2,838,602</b>	2,023,514
Stock in trade	<b>(10,175,447)</b>	31,838,303
Trade debts	<b>(34,368,023)</b>	(58,067,122)
Loans and advances	<b>(1,253,809)</b>	(1,988,131)
Short term prepayments and other receivables	<b>569,197</b>	(1,362,460)
	<b>(42,389,480)</b>	<b>(27,555,895)</b>
<b>Increase / (Decrease) in current liabilities</b>		
Trade and other payables	<b>43,066,698</b>	32,383,418
<b>Cash generated from operations</b>	<b>(27,847,182)</b>	<b>(21,138,149)</b>
Financial charges paid	<b>(3,769,482)</b>	(7,648,056)
Taxes paid	<b>(1,390,217)</b>	(700,955)
Gratuity paid	<b>(136,050)</b>	(353,239)
	<b>(5,295,749)</b>	<b>(8,702,250)</b>
<b>Net cash flow from operating activities</b>	<b>(A) (33,142,931)</b>	<b>(29,840,400)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Long term loans & advances	<b>17,000</b>	55,500
Long term deposits & prepayments	-	-
Sale proceeds of property, plant and equipment	<b>20,000</b>	1,733,333
Fixed capital expenditure	<b>(214,070)</b>	(221,152)
<b>Net cash flow from investing activities</b>	<b>(B) (177,070)</b>	<b>1,567,681</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Short term borrowings - Secured	<b>(10,683,895)</b>	18,611,285
Long term financing from commercial banks	-	-
Long term loans from associated company	-	-
Long term loans from directors	<b>34,359,000</b>	9,097,500
Liabilities against assets subject to finance lease	-	-
<b>Net cash flow from financing activities</b>	<b>(C) 23,675,105</b>	<b>27,708,785</b>
<b>Net Increase/(Decrease) in cash and bank balances</b>	<b>(A+B+C) (9,644,896)</b>	<b>(563,934)</b>
<b>Cash &amp; bank balances at the beginning of the period</b>	<b>12,378,280</b>	1,902,343
<b>Cash &amp; bank balances at the end of the period</b>	<b>2,733,385</b>	1,338,411

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

Director

Chief Executive

**STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER  
ENDED SEPTEMBER 30, 2015**

	Paid-up Capital Rupees	Accumulated (Loss) Rupees	Total Rupees
<b>Balance as at June 30, 2014</b>	<b>300,011,200</b>	<b>(592,182,052)</b>	<b>(292,170,852)</b>
Net loss for the period	-	(48,821,423)	(48,821,423)
Incremental depreciation - net of tax	-	4,303,552	4,303,552
<b>Balance as at September 30, 2014</b>	<b>300,011,200</b>	<b>(636,699,923)</b>	<b>(336,688,723)</b>
<b>Balance as at June 30, 2015</b>	<b>300,011,200</b>	<b>(625,212,279)</b>	<b>(325,201,079)</b>
Net loss for the period	-	(34,310,884)	(34,310,884)
Incremental depreciation - net of tax	-	3,518,314	3,518,314
<b>Balance as at September 30, 2015</b>	<b>300,011,200</b>	<b>(656,004,849)</b>	<b>(355,993,649)</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

- 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, 2015.

	Note	September, 2015 Rupees	June 2015 Rupees
<b>4. LONG TERM FINANCING FROM DIRECTORS-Unsecured</b>			
Interest free loans	4.1	110,852,803	93,775,173
Interest bearing loan	4.2	135,893,936	135,087,289
		<b>246,746,739</b>	<b>228,862,462</b>
4.1 Original Loan amounts	4.1.1	285,431,222	251,072,222
Less: Present Value Adjustment	4.1.2	187,298,139	167,489,773
		<b>98,133,083</b>	<b>83,582,449</b>
Add: Interest charged to profit and loss account		12,719,720	10,192,724
		<b>110,852,803</b>	<b>93,775,173</b>
4.2 Original Loan amounts		140,000,000	140,000,000
Less: Present Value Adjustment		5,180,528	5,180,528
		<b>134,819,472</b>	<b>134,819,472</b>
Add: Interest charged to profit and loss account		1,074,464	267,817
		<b>135,893,936</b>	<b>135,087,289</b>

4.1.1 These interest free loans have been measured at amortized cost in accordance with International Accounting Standard 39, Financial Instrument: Recognition and Measurement, and has been discounted using the weighted average interest rate ranging 18.06% to 11.64%.

4.1.2 The long term loan has been measured at amortized cost in accordance with International Accounting Standard 39, Financial Instrument: Recognition and Measurement, and has been discounted using the weighted average interest rate 18.06% less cost of fund of the bank i.e 5.65%.

<b>5. LONG TERM FINANCING FROM COMMERCIAL BANK-Secured</b>	<b>Note</b>	<b>September, 2015 Rupees</b>	<b>June 2015 Rupees</b>
Original Loan amount - Interest free	5.1	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		10,203,263	6,561,786
		<u>189,733,931</u>	<u>186,092,454</u>
Transaction cost		1,785,714	2,142,857
		<u>187,948,217</u>	<u>183,949,597</u>
Less: current Portion		<u>138,200,000</u>	<u>138,200,000</u>
		<u>49,748,217</u>	<u>45,749,597</u>

5.1 This interest free loans has been measured at amortized cost in accordance with International Accounting Standard 39, Financial Instrument: Recognition and Measurement, and has been discounted using the weighted average interest rate ranging 8.06%.

## 6. CONTINGENCIES AND COMMITMENTS

### 6.1 Commitments

Commitments against irrevocable letters of credit were as under:  
Import of stores and raw materials - -

### 6.2 Others

There are no other significant activities since June 30, 2015 affecting financial statements.

<b>7. ADDITIONS / DELETIONS IN FIXED ASSETS DURING THE PERIOD</b>	<b>2015 Rupees</b>	<b>2014 Rupees</b>
Additions in fixed assets	214,070	221,152
Deletions in fixed assets	48,300	2,800,000
<b>8. TAXATION</b>		
- Current	223,681	274,329
- Deferred	(1,732,901)	(2,216,982)
	<u>(1,509,220)</u>	<u>(1,942,653)</u>
<b>9. EARNING PER SHARE - BASIC AND DILUTED</b>		
Profit / (Loss) after tax	(34,310,884)	(48,821,423)
Weighted average number of ordinary shares	30,001,120	30,001,120
Basic earning per share	<u>(1.14)</u>	<u>(1.63)</u>

## 10. DATE OF AUTHORISATION

These accounts have been approved by the Board of directors on October 31, 2015.

## 11. COMPARATIVE FIGURES

- have been rounded off to the nearest rupee.

Director

Chief Executive

**BOOK POST**

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