

(UN-AUDITED)

**ACCOUNTS
FOR THE QUARTER ENDED
September 30, 2016**



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 1st Quarter ended on September 30, 2016.

The company registered sales of Rs. 16.271 million during the period as compared to Rs. 120.945 million for the corresponding period of the previous year. The company incurred an after tax loss of Rs. 28.624 million as against an after tax loss of Rs. 34.311 million in the corresponding period resulting in loss per share of Rs. 0.95 (Jul - Sep 2015 Rs. 1.14).

Our plan to consolidate company's position by repaying the banks borrowings through sponsors loans, sale of inefficient machinery and company's operations is under progress. In this regard 23 Sulzer looms and 78 Air-jet looms with back process have been sold, however, lifting of equipment and respective receipts are still under process. The bank borrowing has been reduced by Rs. 55.3 million after June 30, 2016 to date, which will be further reduced in the near future.

As mentioned in our previous report, we are continuing our efforts to secure a gas connection and we have also applied for LNG allocation. We are closely monitoring general textile environment and are also evaluating investment in new technology air jet looms based on the concessional LTFF financing. The new generation looms have much higher productivity and require lower energy consumption.

Meanwhile, we are planning to operate remaining 40 Sulzer Dobby looms, after maintenance and completion of lifting of the sold looms and equipment, with right sizing of staff and reduced factory overheads. Moreover, we are also working for renting out precious vacant factory building and / or open land to generate revenue.

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

For and on behalf of the Board of Directors

Lahore
October 31, 2016

SHAFIQ A. SIDDIQI
Chief Executive

**BALANCE SHEET AS AT
SEPTEMBER 30, 2016**

EQUITY AND LIABILITIES

SHARE CAPITAL

Authorised share capital
32,000,000 ordinary shares (June 2016: 32,000,000)
of Rs.10 each

320,000,000

June 2016
Rupees

320,000,000

Issued, Subscribed & Paid up share capital
30,001,120 ordinary shares (June 2016: 30,001,120)
of Rs.10 each fully paid in cash

300,011,200

300,011,200

ACCUMULATED LOSS

(832,157,246)

(816,970,385)

(532,146,046)

(516,959,185)

**SURPLUS ON REVALUATION OF PROPERTY,
PLANT AND EQUIPMENT**

510,250,662

523,687,940

NON CURRENT LIABILITIES

Long term financing from directors

4

284,189,589

270,570,409

Long term financing from commercial banks

5

-

-

Deferred liabilities

110,741,652

142,772,428

CURRENT LIABILITIES

Trade and other payables

168,394,406

161,006,389

Accrued markup

35,730,083

30,453,900

Short term borrowings

113,041,102

124,319,088

Current portion of long term liabilities

178,409,002

192,496,743

495,574,593

508,276,120

CONTINGENCIES AND COMMITMENTS

6

868,610,451

928,347,712

ASSETS

NON CURRENT ASSETS

Property, plant and equipment

669,400,552

675,842,075

LONG TERM LOANS AND ADVANCES

17,000

29,000

LONG TERM DEPOSITS AND PREPAYMENTS

1,629,034

1,629,034

CURRENT ASSETS

Stores, spares and loose tools

24,220,024

25,123,900

Stock in trade

1,157,564

14,551,946

Trade debts

3,569,435

9,576,623

Loans and advances

3,926,012

3,603,334

Short term prepayments and other receivables

8,320,463

12,109,674

Income tax refundable

28,477,079

27,838,952

Cash and bank balances

20,369,287

11,442,103

90,039,864

104,246,532

Non - current assets classified as held for sale

107,524,001

146,601,071

868,610,451

928,347,712

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

Lahore:
October 31, 2016

Director

Chief Executive

**PROFIT AND LOSS ACCOUNT
FOR THE QUARTER
ENDED SEPTEMBER 30, 2016**

	Note	July-Sep 2016 Rupees	July-Sep 2015 Rupees
SALES		16,271,321	120,944,816
COST OF SALES		37,341,768	152,540,259
GROSS LOSS		(21,070,447)	(31,595,443)
OPERATING EXPENSES:			
Distribution cost		694,672	2,176,569
Administrative		8,477,256	8,632,299
Other operating expenses		191,738	199,236
		9,363,666	11,008,104
		(30,434,113)	(42,603,548)
OTHER OPERATING INCOME		9,296,103	19,835,917
OPERATING PROFIT / (LOSS)		(21,138,010)	(22,767,631)
FINANCE COST		13,619,546	13,052,474
LOSS BEFORE TAXATION		(34,757,556)	(35,820,104)
TAXATION	8	(6,133,417)	(1,509,220)
LOSS AFTER TAXATION		(28,624,139)	(34,310,884)
LOSS PER SHARE - BASIC AND DILUTED	9	(0.95)	(1.14)

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

Director

Chief Executive

**CASH FLOW STATEMENT
FOR THE QUARTER
ENDED SEPTEMBER 30, 2016**

	Note	July-Sep 2016 Rupees	July-Sep 2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) for the period before taxation		(34,757,556)	(35,820,104)
Adjustments for:			
Depreciation on property, plant and equipment		6,943,691	10,121,958
(Gain) / Loss on disposal of property, plant and equipment		-	(11,608)
Amortization of interest free loans		(9,294,294)	(19,808,366)
Amortization of transaction cost		357,143	357,143
Unwinding of discount		7,843,776	6,975,119
Staff gratuity		1,943,770	3,584,104
Financial cost		5,418,627	6,077,354
		<u>13,212,713</u>	<u>7,295,704</u>
		(21,544,843)	(28,524,400)
(Increase) / Decrease in current assets			
Stores, spares and loose tools		903,877	2,838,602
Stock in trade		13,394,382	(10,175,447)
Trade debts		6,007,189	(34,368,023)
Loans and advances		(322,677)	(1,253,809)
Short term prepayments and other receivables		3,789,211	569,197
		<u>23,771,982</u>	<u>(42,389,480)</u>
Increase / (Decrease) in current liabilities			
Trade and other payables		7,388,016	43,066,698
Cash generated from operations		<u>9,615,155</u>	<u>(27,847,182)</u>
Financial charges paid		(142,445)	(3,769,482)
Taxes paid		(797,261)	(1,390,217)
Gratuity paid		(27,681,997)	(136,050)
		<u>(28,621,703)</u>	<u>(5,295,749)</u>
Net cash flow from operating activities	(A)	<u>(19,006,548)</u>	(33,142,931)
CASH FLOW FROM INVESTING ACTIVITIES			
Long term loans & advances		12,000	17,000
Long term deposits & prepayments		-	-
Sale proceeds of property, plant and equipment		39,077,070	20,000
Fixed capital expenditure		(502,168)	(214,070)
Net cash flow from investing activities	(B)	<u>38,586,902</u>	(177,070)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term borrowings - Secured		(11,277,986)	(10,683,895)
Long term financing from commercial banks		(18,144,000)	-
Long term loans from directors		18,768,815	34,359,000
Liabilities against assets subject to finance lease		-	-
Net cash flow from financing activities	(C)	<u>(10,653,171)</u>	23,675,105
Net Increase/(Decrease) in cash and bank balances	(A+B+C)	<u>8,927,183</u>	(9,644,896)
Cash & bank balances at the beginning of the period		11,442,103	12,378,280
Cash & bank balances at the end of the period		<u>20,369,287</u>	<u>2,733,385</u>

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, 2016**

	Paid-up Capital Rupees	Accumulated (Loss) Rupees	Total Rupees
Balance as at June 30, 2015	300,011,200	(625,212,279)	(325,201,079)
Net loss for the period		(34,310,884)	(34,310,884)
Incremental depreciation - net of tax		3,518,314	3,518,314
Balance as at September 30, 2015	300,011,200	(656,004,849)	(355,993,649)
Balance as at June 30, 2016	300,011,200	(816,970,385)	(516,959,185)
Net loss for the period		(28,624,139)	(28,624,139)
Incremental depreciation - net of tax		13,437,278	13,437,278
Balance as at September 30, 2016	300,011,200	(832,157,246)	(532,146,046)

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

- 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

	Note	September, 2016 Rupees	June 2016 Rupees
4. LONG TERM FINANCING FROM DIRECTORS-Unsecured			
Interest free loans	4.1	149,637,403	136,816,906
Interest bearing loan	4.2	134,552,186	133,753,503
		<u>284,189,589</u>	<u>270,570,409</u>
4.1 Original Loan amounts	4.1.1	340,300,038	321,531,223
Less: Present Value Adjustment	4.1.2	215,426,894	206,132,600
		<u>124,873,144</u>	<u>115,398,623</u>
Add: Interest charged to profit and loss account		24,764,259	21,418,283
		<u>149,637,403</u>	<u>136,816,906</u>
4.2 Original Loan amounts		140,000,000	140,000,000
Less: Present Value Adjustment		9,653,031	9,653,031
		<u>130,346,969</u>	<u>130,346,969</u>
Add: Interest charged to profit and loss account		4,205,217	3,406,534
		<u>134,552,186</u>	<u>133,753,503</u>

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 8.06% 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 i.e., 8.06% less cost of fund of the bank i.e., 5.65%.

5. LONG TERM FINANCING FROM COMMERCIAL BANK-Secured	Note	September, 2016 Rupees	June 2016 Rupees
Original Loan amount - Interest free	5.1	181,875,424	200,019,424
Less: Present Value Adjustment		<u>27,641,477</u>	<u>27,641,477</u>
		154,233,947	172,377,947
Add: Interest charged to profit and loss account		<u>24,532,199</u>	<u>20,833,082</u>
		178,766,146	193,211,029
Transaction cost		<u>357,143</u>	<u>714,286</u>
		178,409,003	192,496,743
Less: current Portion		<u>178,409,003</u>	<u>192,496,743</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, 2016 affecting financial statements.

7. ADDITIONS / DELETIONS IN FIXED ASSETS DURING THE PERIOD	2016 Rupees	2015 Rupees
Additions in fixed assets	502,168	214,070
Deletions in fixed assets	-	48,300
Deletions in non-current assets held for sale	39,077,070	-
8. TAXATION		
- Current	159,134	223,681
- Deferred	<u>(6,292,551)</u>	<u>(1,732,901)</u>
	<u>(6,133,417)</u>	<u>(1,509,220)</u>
9. EARNING PER SHARE - BASIC AND DILUTED		
Profit / (Loss) after tax	(28,624,139)	(34,310,884)
Weighted average number of ordinary shares	30,001,120	30,001,120
Basic earning per share	<u>(0.95)</u>	<u>(1.14)</u>

10. DATE OF AUTHORISATION

These accounts have been approved by the Board of directors on October 31, 2016.

11. COMPARATIVE FIGURES

- have been rounded off to the nearest rupee.

Director

Chief Executive

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.