CONTENTS

COMPANY INFORMATION

Board of Directors

- Mr. Shafiq A. Siddiqi — Chief Executive
- Mr. Javaid S. Siddiqi
- Mr. Usman Haq — Company Secretary
- Mr. Tariq Rehman
- Mr. Suhail Mannan
- Mr. Tahir Rehman
- Mr. Ahsan Suhail Mannan
- Mr. Awais Noorani

Audit Committee

- Mr. Javaid S. Siddiqi — Chairman
- Mr. Tahir Rehman — Member
- Mr. Awais Noorani — Member

Chief Financial Officer

- Mr. Javed Rashid

Auditors

- Anjum Asim Shahid Rahman
  Chartered Accountants
  01-Inter Floor, Eden Centre
  Jail Road, Lahore.

Bankers

- MCB Bank Ltd.
- Faysal Bank Ltd.

Legal Advisor

- Imtiaz Siddiqi Associates
  1st Floor, Nawa-e-Waqt Building,
  4-Shahra-e-Fatima Jinnah, Lahore

Shares Registrar

- Corplink (Pvt) Ltd.
  Wings Arcade, I-K Commercial
  Model Town, Lahore.
  Ph: 042-35916719, 35916714
  Fax: 042-35869037

Registered Office

242-A, Anand Road,
Upper Mall, Lahore.
Ph: 042-35751765-67
Fax: 042-35789206
Web site: www.icctextiles.com

Factory

32-K.M, Lahore-Multan Road, Sunder
Distt. Lahore.
Ph: 042-35975426-27
Fax: 042-35975428

Notice of Annual General Meeting

Notice is hereby given that the Twenty-Fourth (24th) Annual General Meeting of ICC Textiles Limited will be held at Company's Registered Office at 242-A, Anand Road, Upper Mall, Lahore on Wednesday, October 31, 2012 at 10:30 a.m. to transact the following business:

ORDINARY

1. To confirm the minutes of the Twenty Third (23rd) Annual General Meeting held on October 31, 2011.

2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2012 together with the Directors' and Auditors' Reports thereon.

3. To appoint auditors for the year ending June 30, 2013 and to fix their remuneration.

4. Any other business with the permission of the Chair.

By Order of the Board

Sd/-
USMAN HAQ
Company Secretary

LAHORE:
October 08, 2012

NOTES:

1. The Share Transfer Books of the Company will remain closed from 22.10.2012 to 31.10.2012 (both days inclusive). No transfer will be accepted for registration during this period.

2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. The CDC Account Holders are requested to bring their original CNIC and participant ID to attend the meeting.

3. Shareholders are requested to promptly notify the change in their address, if any to the Company's Shares Registrar M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore.

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the board of directors, I take pleasure in presenting the Annual Report alongwith the Audited Accounts of the company pertaining to the financial year ending on June 30, 2012.

Financial Highlights

The company incurred an after tax loss of Rs. 82.897 million on total sales of Rs. 1,778.224 million as against an after tax loss of Rs. 98.936 million on total sales of Rs. 2,246.377 million in the preceding period.

• Total Sales	Rs.	1,778,224,199
• Gross Loss	Rs.	-55,374,179
• Operating Profit	Rs.	7,885,620
• Financial Charges	Rs.	93,944,644
• Loss before tax	Rs.	-86,059,024
• Loss after tax	Rs.	-82,896,738
• Unappr. Loss brought forward	Rs.	-489,971,155
• Total Accumulated Loss	Rs.	-555,875,616
• Loss per Share	Rs.	-2.76

Period under Review

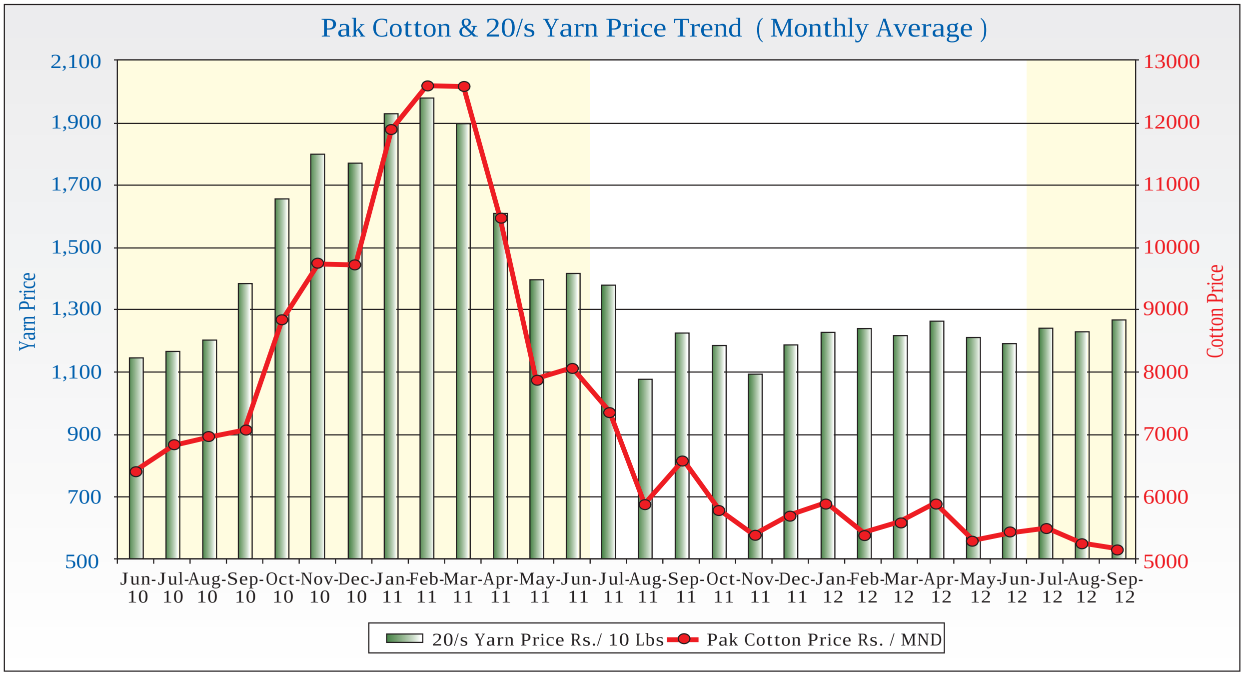
During the period from Jul 2010 to Jun 2011 the extra ordinary sharp increase in cotton and yarn prices followed by an equally sharp decline played havoc with the financial viability of the textile companies already facing liquidity issues. The abrupt fall in fabric prices prior to start of the year under review led to default by a number of our buyers who failed to fulfill their commitment to lift their orders. Hence, a substantial stock produced at higher yarn cost was sold at reduced prices resulting in a heavy financial loss.

During 2011-12 the Raw Material prices leveled off and stayed range bound. However, the massive and crippling Energy problem during the year for ICC Textiles, which does not possess captive Gas based power resulted in huge financial losses. Despite continuous follow-up and some assurances by SNGPL, as our Gas application was at an advanced stage of approval, we were unable to secure the industrial gas connection for setting up our captive power plant, due to an abrupt temporary government ban on new connections.

To facilitate Textile companies relying solely on Pepco power, an exemption from load shedding was provided by the government, which was short lived. Due to the uncontrolled severity of the energy crisis and pressure exerted by the domestic consumers, we faced excessive scheduled and unscheduled load shedding through out the year. Part of this shortage was compensated by running the plant on diesel based generators which proved to be an extremely expensive alternative due to hike in the fuel cost. However, the high alternate cost and liquidity constraint forced us to shut down some shifts resulting in lost productivity.

Due to non-availability of a gas connection, our steam requirement was met through a furnace oil based boiler, which to start with is a costlier option as compared to gas. The cost of Furnace oil has been rising steadily in the past, however, it rose sharply from Rs. 56 to Rs. 71 per Liter during 2011-12. During the year the company invested in a Wood Fired Boiler which was commissioned on Apr 30, 2012. Henceforth, we have cut down our steam cost by almost 50% which should result in a saving of about Rs. 30 Million per year.

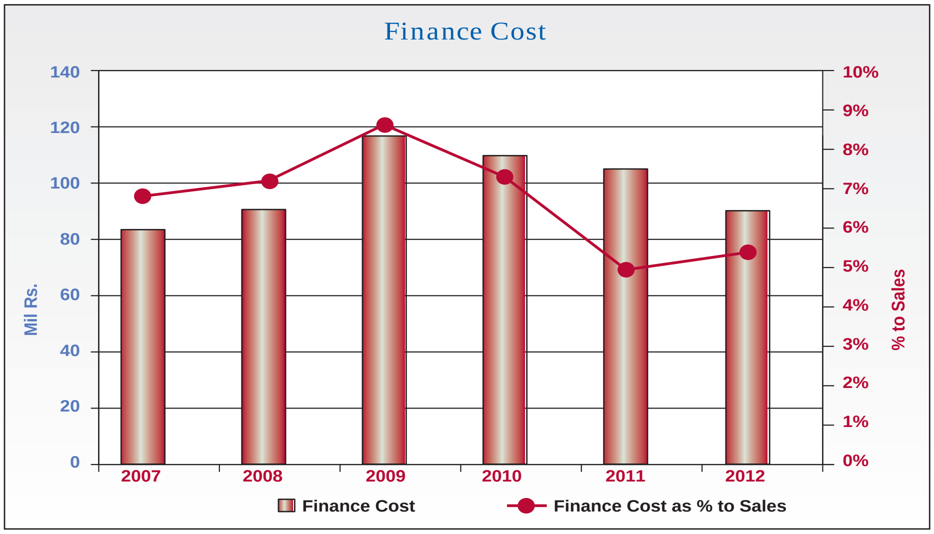
The following factors influenced the performance of the company during this period.



- The Company sales in Sq Meters at 60 picks was 33.043 million (2011: 33.350 million). The cost of sales reduced by Rs. 9.93 per sq meter (at 60 picks), mainly due to reduced cost of raw materials i.e. from Rs. 65.42 to Rs. 55.49, however, the net sale rate per sq meter (at 60 picks) reduced by Rs. 13.55 i.e. from Rs. 67.36 to Rs. 53.81. The negative financial impact works out to Rs. 120 million approx.

- The fuel and power, including furnace oil, cost increased by Rs. 45.531 million (27%) as compared to last year due to enhanced energy, diesel and furnace oil prices.

- Financial cost decreased from Rs. 108.186 million to Rs. 93.945 million due to conversion of interest bearing loans of an associated company in to interest free loans.



- The interest free loans have been measured at amortized cost and discounted using interest rate of 14.11%.

- US$ exchange rate increased from Rs. 85.85 in June 2011 to Rs. 94.00 in June 2012.

Future Strategy and Prospects

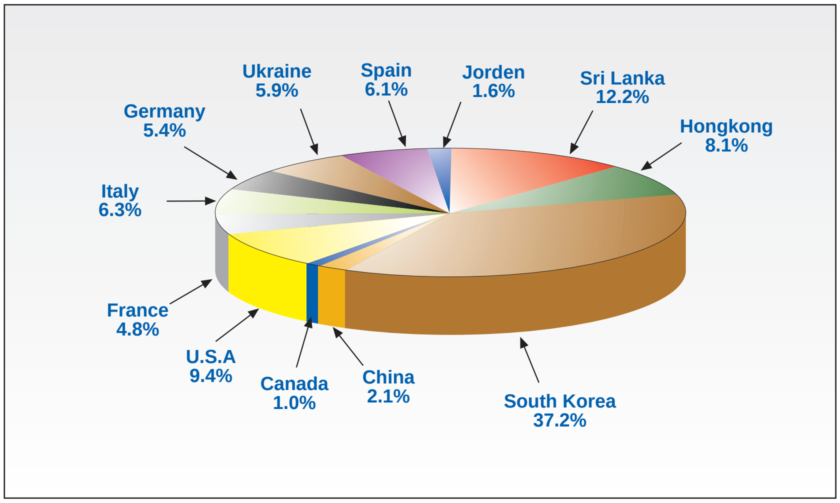
We do not see much volatility in the yarn prices in the coming months. If at all, they shall remain under pressure. The fabric demand is steady and the Rupee is gradually losing value against the US dollar.

The greatest challenge, however, is of rising electricity tariff and load shedding which in the near term is not showing any sign of improvement. While, companies having Captive Gas based power plants in addition to Pepco electricity are also suffering due to increased gas load shedding, the gravity of the problem for companies solely relying on Pepco is much more severe. Hence, such units with independent Pepco feeders should be totally exempt from electricity load shedding. The energy issue for Pepco reliant units is a huge drain on cashflow thus depriving them to avail the benefits of an otherwise improved market condition.

The European Union import duty waiver for numerous textile products from Pakistan which includes a number of Greige fabric categories, has been passed by the EU parliament. However, the notification, thereof is still awaited.

Our Export distribution in terms of value for the year is as follows:

- Europe & North America 40%
- Far East 60%



Corporate and Financial Reporting Framework

In order to follow the SECP code of corporate governance, the following statements are given:

Presentation of Financial Statements

The financial statements, prepared by the management of the Company, fairly present its state of affairs, the result of its operations, cash flow and changes in equity.

Books of Accounts

Proper books of accounts have been maintained by the Company.

Accounting Policies

Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

International Accounting Standards (IAS)

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

Internal Control System

The system of internal control is sound in design and has been effectively implemented and monitored.

Going Concern

Without qualifying their opinion, Company's auditors, in their report, have drawn your attention to note 1.2 to the financial statements, which states that during the year the company has incurred loss amounting to Rs. 82.897 million and has accumulated losses amounting to Rs. 555.876 million and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 493.506 million and that these conditions indicate the existence of a material uncertainty which may cast doubt about the Company's ability to continue as a going concern.

These financial statements have 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 plan drawn up by the management for this purpose and bringing its liabilities to serviceable levels and availability of the adequate working capital from its lenders and sponsors.

To substantiate its going concern assumption, ICC (Pvt.) Limited, an associated company has decided to invest an amount of Rs. 80 million as long term interest free operational loan, of which Rs. 35.0 million has been received during the year and the balance amount after July 01, 2012. In addition the total long term loans of Rs. 144.150 million have been converted into interest free loans w.e.f. July 14, 2011. It is worthmentioning here that last year the Company has raised its paid-up capital by Rs. 200,003,200 by converting loans from an associated company, directors and their family members by issuing 20,000,320 ordinary shares of Rs. 10 each at PAR in order to reduce dependency on external debts and financial cost of the company. Moreover, ICC (Pvt.) Limited also invested, last year, an amount of Rs. 100.0 million as long term operational loan to the company.

Considering the support from sponsors / directors and the management's continuous follow up of an alternate energy generation, we are of the view that there are no significant doubts about the company's ability to continue as a going concern.

Corporate Governance

There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of stock exchanges.

Operating and Financial Data

Key operating and financial data of last six years is annexed herewith.

Staff Retirement Benefits

Value of unfunded gratuity scheme, based on actuarial valuation, at the period end was Rs. 52.571 million (2011: Rs. 42.027 million)

Board Meetings

During the year July 2011 to June 2012, eight meetings of the Board of Directors were held. Attendances by the Directors were as follows:

Name of Directors	Attendance
Mr. Shafiq A. Siddiqi	8
Mr. Javaid S. Siddiqi	7
Mr. Usman Haq	8
Mr. Tariq Rehman	6
Mr. Suhail Mannan	7
Mr. Tahir Rehman	8
Mr. Ahsan Suhail Mannan	8
Mr. Awais Noorani	8

Pattern of Shareholding

The Pattern of shareholding as required by the Code of Corporate Governance is attached with this report.

Trading of Company Shares

During the financial year the trading in shares of the company by Directors, Company Secretary, CEO, CFO and Executives of the Company (including their spouses and minor children) is as follows:.

Name	Sale	Purchase
Mr. Shafiq A. Siddiqi	-	95,420
Mrs. Saeeda Shafiq W/o Shafiq A. Siddiqi	95,420	-

Audit Committee

The Audit Committee comprises 3 members, of whom 2 are non-executive directors.

Dividend

Considering the results for the year, the board is not recommending disbursement of any dividend for the period ended Jun 30, 2012.

Acknowledgment

The directors of the company wish to extend their appreciation and gratitude to all employees for their continued hard work and quality standard.

For and on behalf of the Board of Directors

LAHORE:
October 08, 2012

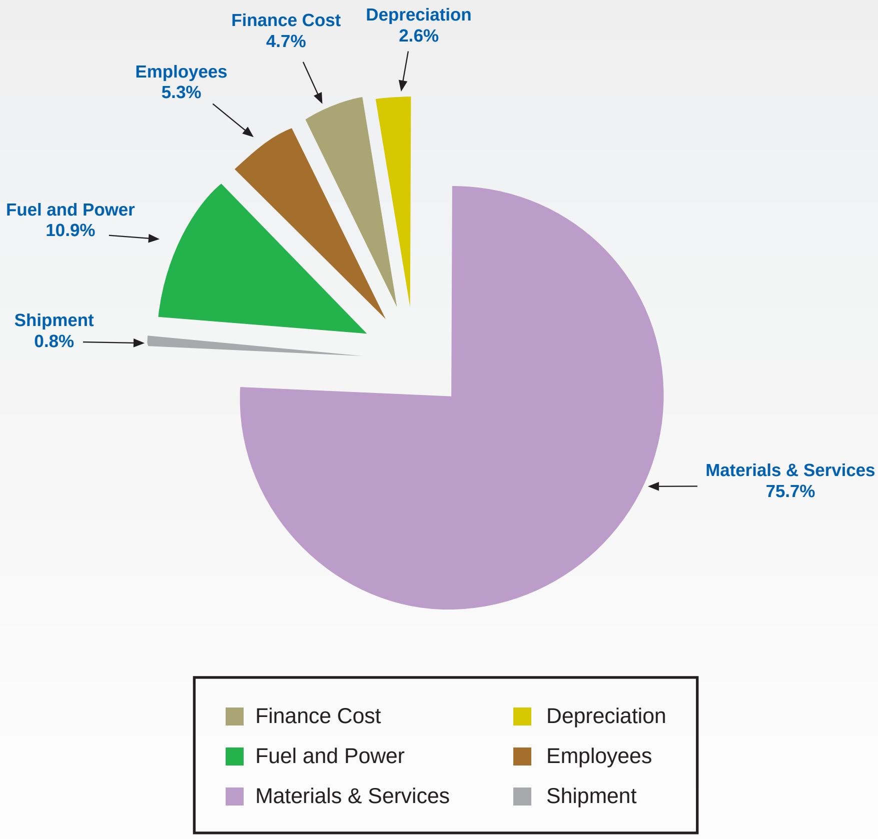
SHAFIQ A. SIDDIQI
Chief Executive

SIX YEARS AT A GLANCE

(Rs. in million)

	2007	2008	2009	2010	2011	2012
● Sales	1,210.468	1,231.731	1,331.862	1,522.531	2,246.377	1,778.224
● Gross profit/(loss)	71.919	(19.541)	88.954	11.391	64.754	(55.374)
● Net profit/(loss) after tax	(78.219)	(161.919)	(74.016)	(145.138)	(98.936)	(82.897)
● Fixed Assets	682.190	636.685	1,043.457	997.659	952.641	1,015.677
● Long term liabilities	210.421	266.942	297.746	265.093	172.840	64.527
● Retained earnings	(43.945)	(205.864)	(279.881)	(408.027)	(489.971)	(555.876)
● Gross profit rate	5.9%	(1.6%)	6.7%	0.7%	2.9%	(3.1%)
● Net profit rate	(6.5%)	(13.1%)	(5.6%)	(9.5%)	(4.4%)	(4.7%)
● Current ratio	0.74:1	0.66:1	0.66:1	0.52:1	0.55:1	0.37:1
● Share break up value (Rs.)	5.61	(10.58)	(17.99)	(30.80)	(18.99)	(8.53)
● Earning per share (Rs.)	(7.82)	(16.19)	(7.40)	(14.51)	(6.80)	(2.76)
● Dividend	Nil	Nil	Nil	Nil	Nil	Nil

BREAKUP OF COST



Statement of Compliance with Best Practices of Code of Corporate Governance

This statement is being presented to comply with the code of corporate governance (CCG) contained in the relevant listing regulations of Karachi & Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manners:

1. The company encourages representation of independent non-executive directors on its Board of Directors. At present, the Board includes:

Category	Names
Independent	----
Executive Directors	Mr. Javaid S. Siddiqi, Mr. Usman Haq
Non-Executive Directors	Mr. Shafiq A. Siddiqi, Mr. Tariq Rehman, Mr. Suhail Mannan, Mr. Tahir Rehman, Mr. Ahsan Suhail Mannan, Mr. Awais Noorani

   The condition of clause I (b) of the CCG in relation to independent director will be applicable after election of next Board of Directors of the Company in March 2014.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.

3. All the resident directors of the Company are registered as taxpayers and non of them has defaulted in payment of any loan to a banking company, a DFI or a NBFI.

4. No casual vacancy arose in the Board of Directors during the year.

5. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of Chief Executive and other executive and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged an orientation course for its directors during the year to apprise them of their duties and responsibilities. Six of Directors of the Company are exempted from the requirement of the directors' training program and rest of the Directors to be trained within specified time.

10. No new appointment of CFO, Company Secretary and Head of Internal Audit made during the year.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an audit committee. It comprises three members, one of them, the chairman is executive director and two are non-executive directors.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of references of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises 3 members, of whom 2 are non-executive directors and the chairman of the committee is an executive director.

18. The Board has set up an effective internal audit function comprised of personnel considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period' prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at one through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with.

LAHORE:
October 08, 2012

SHAFIQ A. SIDDIQI
Chief Executive

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2012 prepared by the Board of Directors of ICC Textiles Limited (the Company) to comply with the Listing Regulation No. 35 of Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement covers all risks or controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (x) (previously sub-regulation (xiii a)) of Listing Regulation No. 35 of Karachi and Lahore Stock Exchanges requires the Company to place before the Board of Directors for their consideration and approval the related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2012.

ANJUM ASIM SHAHID RAHMAN
Chartered Accountants
Audit Engagement Partner: Imran Afzal

LAHORE
Dated: October 08, 2012

Auditors' Report to the Members

We have audited the annexed balance sheet of ICC Textiles Limited ("the Company") as at June 30, 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
   (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2012 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year then ended; and

d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

We draw attention to note 1.2 to the financial statements which describes that the Company has incurred loss of Rs. 82.897 million during the year ended June 30, 2012 and, as of that date, its current liabilities exceeded its current assets by Rs. 493.506 million, and its accumulated losses stood at Rs. 555.876 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. These financial statements have however been prepared on a going concern basis for the reasons, as more fully explained in note 1.2 to the financial statements. Our opinion is not qualified in respect of this matter.

ANJUM ASIM SHAHID RAHMAN
Chartered Accountants
Audit Engagement Partner: Imran Afzal

LAHORE:
October 08, 2012

BALANCE SHEET
As At June 30, 2012

	Note	2012 Rupees	2011 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
32,000,000 (2011 : 32,000, 000) ordinary shares of Rs. 10 each		**320,000,000**	320,000,000
Issued, subscribed and paid-up share capital	4	**300,011,200**	300,011,200
ACCUMULATED LOSS		**(555,875,616)**	(489,971,155)
		(255,864,416)	(189,959,955)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	5	**515,756,669**	461,422,017
NON CURRENT LIABILITIES			
Long term financing from associated company	6	**32,735,219**	109,150,000
Long term financing from commercial banks	7	**31,792,208**	63,584,414
Liabilities against assets subject to finance lease	8	**-**	105,407
Deferred liabilities	9	**52,570,529**	42,027,090
Deferred taxation	5	**146,897,979**	126,633,167
		263,995,935	341,500,078
CURRENT LIABILITIES			
Trade and other payables	10	**175,707,591**	157,700,693
Accrued markup	11	**18,173,212**	22,230,032
Short term borrowings	12	**555,275,726**	551,025,895
Current portion of long term liabilities	13	**31,897,696**	32,254,266
Provision for taxation		**-**	2,159,055
		781,054,225	765,369,941
CONTINGENCIES AND COMMITMENTS	14		
		1,304,942,413	1,378,332,081

The annexed notes 1 to 42 form an integral part of these financial statements.

LAHORE:
October 08, 2012

	Note	2012 Rupees	2011 Rupees
ASSETS			
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT			
Owned assets	15	**1,015,371,462**	951,591,808
Assets subject to finance lease	16	**305,343**	1,048,693
		1,015,676,805	952,640,501
LONG TERM LOANS AND ADVANCES	17	**88,333**	130,000
LONG TERM DEPOSITS	18	**1,629,034**	1,699,434
CURRENT ASSETS			
Stores, spare parts and loose tools	19	**37,755,124**	34,843,864
Stock in trade	20	**144,696,470**	241,482,851
Trade debts	21	**27,659,498**	95,613,299
Loans and advances	22	**6,924,062**	4,252,931
Trade deposits and short term prepayments	23	**1,950,001**	1,679,239
Other receivables	24	**22,525,439**	13,305,755
Income tax refundable		**8,008,788**	-
Cash and bank balances	25	**38,028,859**	32,684,207
		287,548,241	423,862,146
		1,304,942,413	1,378,332,081

The annexed notes 1 to 42 form an integral part of these financial statements.

Sd/-
Director

Sd/-
Chief Executive

PROFIT AND LOSS ACCOUNT
For The Year Ended June 30, 2012

	Note	**2012 Rupees**	2011 Rupees
SALES	26	**1,778,224,199**	2,246,376,985
COST OF SALES	27	**(1,833,598,378)**	(2,181,622,859)
GROSS (LOSS) / PROFIT		**(55,374,179)**	64,754,126
OPERATING EXPENSES			
Distribution cost	28	**(20,624,736)**	(14,918,317)
Administrative expenses	29	**(29,971,635)**	(25,573,357)
Other operating expenses	30	**(760,308)**	(896,144)
		(51,356,679)	(41,387,818)
OPERATING (LOSS) / PROFIT		**(106,730,858)**	23,366,308
OTHER OPERATING INCOME	31	**114,616,478**	329,136
OPERATING PROFIT BEFORE FINANCE COST		**7,885,620**	23,695,444
FINANCE COST	32	**(93,944,644)**	(108,186,311)
LOSS BEFORE TAXATION		**(86,059,024)**	(84,490,867)
TAXATION	33	**3,162,286**	(14,445,278)
LOSS AFTER TAXATION FOR THE YEAR		**(82,896,738)**	(98,936,145)
LOSS PER SHARE - BASIC AND DILUTED	34	**(2.76)**	(6.80)

The annexed notes 1 to 42 form an integral part of these financial statements.

LAHORE:	Sd/-	Sd/-
October 08, 2012	**Director**	**Chief Executive**

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended June 30, 2012

	Note	2012 Rupees	2011 Rupees
LOSS AFTER TAXATION FOR THE YEAR		**(82,896,738)**	(98,936,145)
OTHER COMPREHENSIVE INCOME			
Surplus on revaluation of property, plant and equipment - net of tax	5	**71,326,929**	-
Total other comprehensive income for the year		**71,326,929**	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(11,569,809)**	(98,936,145)

The annexed notes 1 to 42 form an integral part of these financial statements.

LAHORE:
October 08, 2012

Sd/-
Director

Sd/-
Chief Executive

CASH FLOW STATEMENT
For The Year Ended June 30, 2012

	Note	2012 Rupees	2011 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year before taxation		**(86,059,024)**	(84,490,867)
Adjustments for:			
Depreciation on owned assets	15.1	**50,718,976**	50,049,850
Depreciation on leased assets	16.1	**156,888**	346,762
Loss on disposal of owned assets		**-**	17,867
Gain on disposal of leased assets		**-**	(51,829)
Amortization of interest free loan	6	**(114,574,630)**	-
Unwinding of discount	6	**3,159,849**	-
Excise duty	31	**1,941,474**	-
Staff gratuity	9	**13,442,731**	10,568,521
Finance cost	31	**93,944,644**	108,186,311
		48,789,932	169,117,482
		(37,269,092)	84,626,615
(Increase) / Decrease in current assets			
Stores, spare parts and loose tools		**(2,911,260)**	(6,938,349)
Stock in trade		**96,786,381**	(12,609,851)
Trade debts		**67,953,801**	(35,401,099)
Loans and advances		**(2,671,131)**	5,672,938
Trade deposits and short term prepayments		**(270,762)**	1,454,976
Other receivables		**(11,161,158)**	30,217,114
		147,725,871	(17,604,271)
Increase in current liabilities			
Trade and other payables		**18,006,898**	5,641,958
Cash generated from operations		**128,463,677**	72,664,302
Finance cost paid		**(98,001,464)**	(106,870,057)
Taxes paid		**(16,155,245)**	(19,131,796)
Gratuity paid	9	**(2,899,292)**	(2,394,460)
		(117,056,001)	(128,396,313)
Net cash from / (used in) operating activities	(A)	**11,407,676**	(55,732,011)

	Note	2012 Rupees	2011 Rupees
CASH FLOWS FROM INVESTING ACTIVITIES			
Long term loans and advances		**41,667**	18,000
Long term deposits		**70,400**	154,450
Sale proceeds of owned assets		**-**	11,000
Sale proceeds of leased assets		**-**	517,077
Fixed capital expenditure		**(13,170,739)**	(5,871,869)
Net cash used in investing activities	(B)	**(13,058,672)**	(5,171,342)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings		**4,249,831**	21,608,752
Proceeds from issuance of ordinary shares		**-**	200,003,200
Long term financing from associated company		**35,000,000**	(60,000,000)
Long term financing from commercial banks		**(31,792,208)**	(31,792,208)
Liabilities against assets subject to finance lease		**(461,975)**	(2,341,981)
Loans from directors and members		**-**	(40,003,200)
Net cash from financing activities	(C)	**6,995,648**	87,474,563
NET INCREASE IN CASH AND CASH EQUIVALENTS	(A+B+C)	**5,344,652**	26,571,210
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**32,684,207**	6,112,997
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25	**38,028,859**	32,684,207

The annexed notes 1 to 42 form an integral part of these financial statements.

LAHORE:
October 08, 2012

Sd/-
Director

Sd/-
Chief Executive

STATEMENT OF CHANGES IN EQUITY

For The Year Ended June 30, 2012

Description	Paid-up Capital Rupees	Accumulated Loss Rupees	Total Rupees	Revaluation Surplus Rupees	Total Rupees
	A	B	C=A+B	D	E=C+D
Balance as at July 01, 2010	100,008,000	(408,027,287)	(308,019,287)	478,414,294	170,395,007
Ordinary shares issued	200,003,200	--	200,003,200	--	200,003,200
Transaction with owners	200,003,200	--	200,003,200	--	200,003,200
Loss for the year	--	(98,936,145)	(98,936,145)	--	(98,936,145)
Other comprehensive income for the year	--	---	--	--	--
Transfer from surplus on revaluation of property, plant and equipment - net of tax	--	16,992,277	16,992,277	(16,992,277)	--
Balance as at June 30, 2011	300,011,200	(489,971,155)	(189,959,955)	461,422,017	271,462,062
Loss for the year	--	(82,896,738)	(82,896,738)	--	(82,896,738)
Other comprehensive income for the year	--	--	--	71,326,929	71,326,929
Transfer from surplus on revaluation of property, plant and equipment - net of tax	--	16,992,277	16,992,277	(16,992,277)	--
Balance as at June 30, 2012	**300,011,200**	**(555,875,616)**	**(255,864,416)**	**515,756,669**	**259,892,253**

The annexed notes 1 to 42 form an integral part of these financial statements.

LAHORE:
October 08, 2012

Sd/-
Director

Sd/-
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2012

1 STATUS AND NATURE OF BUSINESS

1.1 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 in 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.

1.2 During the year the Company incurred loss amounting to Rs. 82.897 million and has accumulated losses amounting to Rs. 555.876 million at the year end. In addition, the Company's current liabilities exceeded its current assets by Rs. 493.506 million at the year 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 ability of adequate working capital through continued support from:

(a) the principal lenders of the Company; and
(b) the sponsors of the Company.

These financial statements have 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, bringing its liabilities to serviceable levels and availability of the adequate working capital from its lenders and sponsors.

To substantiate its going concern assumption, ICC (Private) Limited, the associated company has decided to invest an amount of Rs. 80.0 million as long term interest free operational loan, of which Rs. 35.0 million has been received during the year and the balance amount after July 01, 2012. In addition, total long term loans of Rs. 144.150 million (Note 6) have been converted into interest free loans w.e.f. July 14, 2011. Last year the Company had raised its paid-up capital by Rs. 200,003,200 by converting already received loans from associated company, directors and their family members by issuing further 20,000,320 ordinary shares of Rs. 10 each at par in order to reduce dependency on external debts and financial cost of the Company. Moreover, ICC (Private) Limited also invested an amount of Rs. 100.0 million as long term operational loan to the Company last year.

The financial statements consequently do not include any adjustment relating to the realization of the assets and liquidation of its liabilities that might be necessary would the Company be unable to continue as a going concern.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Standards, amendments or interpretations that became effective during the year

During the year, certain amendments to existing standards and interpretations that were issued in prior periods became effective; however, these amendments are either not relevant or did not have any material effect on the financial statements of the Company.

2.3 New/revised accounting standards and interpretations, and amendments to published accounting standards and interpretations that are not yet effective

The following new interpretation and amendments to standards and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. These amendments and interpretation are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements, other than increased disclosures in certain cases:

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective for annual periods beginning on or after 1 January 2013): International Accounting Standards Board (IASB) issued amendments to IFRS 1 in March 2012 and May 2012. March 2012 amendments have added an exception to retrospective application of IFRS 9 Financial Instruments and IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. Amendments issued in May 2012 have been made regarding repeated application of IFRS 1 and borrowing costs.

- Amendments to IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2013): the amendments are related to enhancing disclosures about offsetting of financial assets and financial liabilities to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognized financial assets and recognized financial liabilities, on the entity's financial position.

- Amendments to IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2015): the amendments provide relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9.

- Amendments to IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2013): the amendments provide clarification of the requirements for comparative information.

- Amendments to IAS 12 Income Taxes (effective for annual periods beginning on or after 1 January 2012): the amendments provide a practical solution to the problem regarding whether the entity expects to recover carrying amount of an asset through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property by introducing a presumption that recovery of the carrying amount will normally be through sale. As a result of the amendments, SIC 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets would no longer apply to investment properties carried at fair value.

- Amendments to IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2013): the amendments clarify the accounting for spare parts, stand-by equipment and servicing equipment. As a result of the amendments, the definition of ‘property, plant and equipment’ in IAS 16 will now be considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

- Amendments to IAS 32 Financial Instruments: Presentation: International Accounting Standards Board (IASB) issued amendments to IAS 32 in December 2011 and May 2012. December 2011 amendments (effective for annual periods beginning on or after 1 January 2014) added application guidance to address inconsistencies in applying IAS 32’s criteria for offsetting financial assets and financial liabilities. May 2012 amendments (effective for annual periods beginning on or after 1 January 2013) clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction.

- Amendments to IAS 34 Interim Financial Reporting (effective for annual periods beginning on or after 1 January 2013): the amendments aligned the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. As a result of these amendments IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment.

- During the year, International Financial Reporting Interpretations Committee issued IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective for annual periods beginning on or after 1 January 2013).

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention except for cash flow information and:

- staff retirement benefits which are measured at present value of defined benefit obligation plus/(less) any unrecognized actuarial gains/(unrecognized actuarial losses and past service cost) (refer note 3.1);

- free hold land, buildings and plant and machinery which are measured at revalued amount (refer note 3.2);

- financial liabilities which are measured at present value (refer note 3.7).

2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are discussed in note 40.

2.6 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Staff retirement benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) covering all eligible employees, payable at the cessation of employment. The liability is provided on the basis of actuarial valuation using Projected Unit Credit (PUC) Actuarial Method while movement in the liability is included in the profit or loss. The Company has a policy of carrying out actuarial valuations annually with the assistance of independent actuarial appraisers to cover the obligations under the scheme.

Actuarial gains and losses related to employees defined benefit plan as at the start of the financial year, exceeding ten percent of the present value of defined benefit obligations as at that date are recognized in the profit and loss account over the expected average remaining working lives of the employees participating in the plan. Otherwise the actuarial gains and losses are not recognized.

The amount recognized in balance sheet represents the present value of the defined benefit obligation adjusted for the actuarial gains and losses.

Principal actuarial assumptions used in the actuarial valuation carried out as at June 30, 2012 are as follows:

- Discount rate	13% per annum (2011: 14% per annum)
- Expected rate of salary increase in future	12% per annum (2011: 13% per annum)
- Average expected remaining working life of employees	6 years (2011: 6 years)

These assumptions have been developed by management with the assistance of independent actuarial appraisers. Discount rate is determined by reference to market yields on government bonds since long-term private sector bonds market is not deep enough in Pakistan. Rate of salary growth reflects regular / special increments and any promotional increase.

3.2 Property, plant and equipment

Property, plant and equipment are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

Furniture and fittings, vehicles, electrical appliances and office equipment

Subsequently, furniture and fittings, vehicles, electrical appliances and office equipment are measured using cost model at cost less subsequent accumulated depreciation and impairment losses, if any. Depreciation is charged to profit or loss on diminishing balance method at the rates as disclosed in note 15 so as to write off the depreciable amount of furniture and fittings, vehicles, electrical appliances and office equipment over their estimated useful lives.

Freehold land, building on freehold land and plant and machinery

Free hold land is subsequently measured using revaluation model at the revalued amount. Buildings and plant and machinery are subsequently measured using revaluation model at revalued amount less subsequent accumulated depreciation and impairment losses, if any. Any surplus on revaluation of freehold land, building on freehold land, and plant and machinery is credited to the surplus on revaluation of property, plant and equipment account. Revaluation is carried with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred tax) is transferred directly to accumulated profit / (loss).

Depreciation on buildings and plant and machinery is charged to profit or loss on straight line method at the rates as disclosed in note 15 so as to write off the depreciable amount of these assets over their estimated useful lives.

Depreciation on additions to property, plant and equipment except freehold land is charged from the date of acquisition / capitalization / start of commercial production of the assets and depreciation on assets disposed off during the year is charged up to the date of disposal.

Gain / loss on disposal of property, plant and equipment is reflected in the income during the period in which they are incurred. Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

The asset's residual values and estimated useful lives are reviewed as required, but at least annually whether or not the asset is revalued and adjusted if impact on depreciation is significant.

3.3 Finance leases

Assets subject to finance lease in which the Company bears substantially all risks and rewards of ownership of the assets are recognized at the inception of lease at the lower of present value of the minimum lease payments under the lease agreements and the fair value of the assets.

The related obligations of leases, net of finance cost, are included in liabilities against assets subject to finance lease.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate of financial cost on the balance outstanding. The interest element of the rental is charged to income over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of the asset on reducing balance method at the rates given in note 16. Depreciation of the leased assets is charged to income currently.

Depreciation on additions to leased assets is charged from the date of acquisition of the assets and depreciation on assets disposed off during the year is charged up to the date of disposal.

3.4 Capital work in progress

Capital work in progress is stated at cost less any identified impairment losses.

3.5 Stores, spare parts and loose tools

These are stated at cost using moving average method except goods in transit which are stated at cost.

3.6 Stock in trade

Stock in trade is stated principally at lower of cost and net realizable value.

Cost of major components of stock in trade is determined as follows:-

Raw materials	- At annual average cost
Work in process and finished goods	- At prime cost plus appropriate production overheads using weighted average
Wastes	- At net realizable value

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale.

3.7 Financial instruments

3.7.1 Financial assets

Financial assets are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs. Subsequent measurement of financial assets are described below. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Financial assets of the Company are classified as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. These are included in current assets, except for maturities for greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables with less than twelve months maturities are classified as current assets. The Company's cash and cash equivalents, trade debts, loans and advances, deposits and other receivables fall into this category of financial instruments. Loans and receivables are subject to review for impairment at each reporting date to identify whether there is objective evidence that the financial asset is impaired.

3.7.2 Financial liabilities

The Company's financial liabilities include borrowings and trade and other payables.

Financial liabilities are measured initially at fair value, less attributable transaction costs. Financial liabilities are measured subsequently at amortized cost using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, if any, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, if any, pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized as expense in the period in which they are incurred.

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.8 Foreign currencies

Transactions in currencies other than Pak Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into wherein the rates contracted for are used.

Gains and losses arising on retranslation are recorded in net profit or loss for the period.

3.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

- Export sales are recorded at the time of shipment. Exchange differences, if any, are adjusted in the period of realization.
- Local sales are recorded on dispatch of goods to the customers.
- Export rebates are accounted for on accrual basis.
- Interest income is recognized on time proportion basis.

3.10 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemption available, if any, and tax paid on presumptive basis.

Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" issued by the Institute of Chartered Accountants of Pakistan.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profits will be available against which such temporary differences and tax losses can be utilized. Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

3.11 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that assets excluding inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed recoverable amount, assets are written down to their recoverable amount and the difference is charged to the profit or loss.

3.12 Provisions

A provision is recognized in the financial statements when the Company has legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the amount of obligation.

3.13 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and bank balances and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

	Note	**2012 Rupees**	2011 Rupees
4 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			
30,001,120 (2011 : 30,001,120) ordinary shares of Rs. 10 each fully paid in cash		**300,011,200**	300,011,200
4.1 Reconciliation of issued, subscribed and paid up capital (Number of shares)			
Opening balance at 1 July		**30,001,120**	10,000,800
Ordinary shares issued during the year		**-**	20,000,320
		30,001,120	30,001,120

4.2 12,878,100 (2011: 12,878,100) shares of the Company are held by an associated company.

	Note	**2012 Rupees**	2011 Rupees
5 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Surplus arising on revaluation	5.1	**662,654,648**	588,055,184
Less: Deferred tax arising on surplus on revaluation	5.2	**146,897,979**	126,633,167
		515,756,669	461,422,017
5.1 Opening balance of surplus on revaluation		**588,055,184**	614,197,149
Add: Surplus arising during the year		**100,741,429**	-
Less: Incremental depreciation:			
Buildings		**2,683,103**	2,683,103
Plant and machinery		**23,458,862**	23,458,862
		26,141,965	26,141,965
		662,654,648	588,055,184

The revaluation of free - hold land, buildings on free - hold land and plant and machinery was carried out by Arch-e-decon (Evaluators, Surveyors, Architects and Engineers) as at June 30, 2012. The revaluation resulted in following:

	2012 Rupees	2011 Rupees
Increase in carrying value of free - hold land	**16,700,000**	-
Increase in carrying value of buildings on free - hold land	**32,453,591**	-
Increase in carrying value of plant and machinery	**51,587,838**	-
	100,741,429	-

Incremental depreciation, on surplus arising during the year, has not been accounted for as the revaluation was carried out on June 30, 2012.

Incremental depreciation represents the difference between actual depreciation on revalued property, plant and equipment and equivalent depreciation based on historical cost of property, plant and equipment.

Surplus on revaluation of property, plant and equipment can be utilized by the Company only for the purposes specified in section 235 of the Companies Ordinance, 1984.

		2012 Rupees	2011 Rupees
5.2	Related deferred tax liability on July 01	**126,633,167**	135,782,855
	Deferred tax liability arising on revaluation	**29,414,500**	-
	Tax effect on incremental depreciation	**(9,149,688)**	(9,149,688)
		146,897,979	126,633,167

Deferred tax asset amounting to Rs. 194.598 million arising on account of temporary differences mainly for property, plant and equipment, finance lease liabilities and gratuity and unused tax losses and unused tax credits has not been accounted for due to uncertainty regarding its recoverability in the foreseeable future.

6 LONG TERM FINANCING FROM ASSOCIATED COMPANY - Unsecured

These represent facilities obtained from ICC (Private) Limited, an associated company. The break up of these facilities is as follows:

	Note	2012 Rupees	2011 Rupees
Original Loan amounts:			
Loan I		**9,150,000**	9,150,000
Loan II		**135,000,000**	100,000,000
		144,150,000	109,150,000
Less: present value adjustment	6.2	**114,574,630**	-
		29,575,370	109,150,000
Add: Interest charged to profit and loss account	32	**3,159,849**	-
		32,735,219	109,150,000

6.1 The loans are not repayable within twelve months from the balance sheet date.

6.2 The loans were carrying markup at the same rates which were charged by the banks to the associated company i.e ranging from 14.81% to 16.53% (2011: 13.51% to 15.90%) per annum. From July 14, 2011 these have been converted into interest free loans. 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 of 14.11%.

7 LONG TERM FINANCING FROM COMMERCIAL BANKS - Secured

	Note	Sanctioned Limit-Rupees	2012 Rupees	2011 Rupees
MCB Bank Limited - Term Loan	7.1	204,000,000	**31,792,206**	63,584,414
MCB Bank Limited - Demand Finance	7.2	63,584,416	**31,792,208**	31,792,208
			63,584,414	95,376,622
Current portion			**(31,792,206)**	(31,792,208)
			31,792,208	63,584,414

7.1 The loan has been obtained for weaving expansion project and was repayable in 14 half yearly equal installments, with 18 months grace period, commencing from March 31, 2006. However, after conversion in SBP LTF-EOP the total number of installments was reduced to 13.

Markup rate is charged @ 7% per annum w.e.f. December 18, 2006 when the loan was converted into SBP LTF-EOP.

The loan was rescheduled by MCB Bank Limited by deferring four half yearly installments of principal due from September 30, 2008 to March 31, 2010. Now these installments will be payable from September 30, 2011 to March 29, 2013. This rescheduling includes deferment of two half yearly installments of the loan due on March 31, 2009 and September 30, 2009 as per grace period allowed by State Bank of Pakistan in payment of principal outstanding under LTF-EOP debt swap facility.

7.2 Demand finance has been obtained from MCB Bank Limited under rescheduling arrangement of LTF-EOP facility. Repayment is required to be made in 2 equal instalments on 30.09.2013 and 29.03.2014. The markup is charged @ 6 month KIBOR plus 1% (2011: 6 month KIBOR plus 1%) per annum.

The above loans are secured against first pari passu charge on property, plant and equipment of the Company.

	2012 Rupees	2011 Rupees
8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of the minimum lease payments	**105,490**	567,465
Current portion	**(105,490)**	(462,058)
	-	105,407

The present value of minimum lease payments has been discounted at an implicit interest rate ranging from 16.14% to 16.73% (2011: 15.93% to 16.73%) per annum to arrive at their present value. The lessee has the option to purchase the asset after expiry of the lease term which it intends to exercise.

Taxes, repairs, replacements and insurance costs are to be born by the lessee.

The amount of future payments of the lease and the period in which these payments will become due are as follows:

	Minimum Lease Payments	Finance cost not yet due	**2012 Present Value of Minimum Lease Payments**	2011 Present Value of Minimum Lease Payments
	Rupees			
Not later than one year	106,233	743	**105,490**	462,058
Later than one year and not later than five years	-	-	**-**	105,407
	106,233	743	**105,490**	567,465

	2012 Rupees	2011 Rupees
9 DEFERRED LIABILITIES		
Staff retirement benefits - gratuity	**52,570,529**	42,027,090

The scheme provides for gratuity benefits for all permanent employees who attain the minimum qualifying period. Provision has been made on the basis of latest actuarial valuation made on June 30, 2012 using projected unit credit method.

	2012 Rupees	2011 Rupees
Amount disclosed in balance sheet		
Present value of defined benefit obligation	**50,995,711**	43,473,190
Unrecognized gains / (losses)	**1,574,818**	(1,446,100)
	52,570,529	42,027,090
Movement in net liability		
Opening liability	**42,027,090**	33,853,029
Expense incurred	**13,442,731**	10,568,521
Benefits paid	**(2,899,292)**	(2,394,460)
Closing liability	**52,570,529**	42,027,090
Charge for the year		
Current service cost	**7,356,484**	6,454,324
Interest cost	**6,086,247**	4,114,197
	13,442,731	10,568,521

9.1 The present value of defined benefit obligation is as follows:

	2012 Rupees	2011 Rupees	2010 Rupees	2009 Rupees	2008 Rupees
Present value of defined benefit obligation as at June 30	**50,995,711**	43,473,190	34,284,972	29,851,063	25,623,108

	Note	2012 Rupees	2011 Rupees
9.2 Charge for the year has been allocated as under:			
Cost of sales	27.2	**5,494,077**	4,240,568
Distribution cost	28.1	**516,229**	426,694
Administrative expenses	29.1	**4,826,055**	2,428,770
ICC (Private) Limited		**2,606,370**	3,472,489
		13,442,731	10,568,521

		2012 Rupees	2011 Rupees
10	**TRADE AND OTHER PAYABLES**		
	Creditors	**97,339,017**	83,611,570
	Accrued liabilities	**8,651,794**	9,012,530
	Advance from customers	**29,034,456**	16,859,421
	Unclaimed dividend	**1,662,656**	1,662,656
	Due to ICC (Private) Limited	**38,521,871**	46,158,310
	Due to directors	**236,284**	-
	Tax deducted at source	**218,673**	354,276
	Others	**42,840**	41,930
		175,707,591	157,700,693
11	**ACCRUED MARKUP**		
	Accrued mark-up / interest on long term financing	**2,081,518**	2,256,646
	Accrued mark-up / interest on short term borrowings	**16,091,694**	19,973,386
		18,173,212	22,230,032

		Note	**Sanctioned Limit-Rupees**	**2012 Rupees**	2011 Rupees
12	**SHORT TERM BORROWINGS**				
	Commercial banks- secured	12.1	505,000,000	**469,943,124**	467,802,852
	Commercial bank- current account	12.2		**18,590,406**	28,073,043
	Associated company- unsecured	12.3		**43,400,000**	10,100,000
	Director/ Sponsor member- unsecured	12.4		**23,342,196**	45,050,000
				555,275,726	551,025,895

12.1 The facilities are secured against hypothecation of stock in trade, pari passu charge on current assets, second charge on property, plant and equipment of the Company and security of the associated company. Mark-up is payable at rates ranging from 12.92% to 15.81% (2011: 13.03% to 16%) per annum and is payable on quarterly basis.

12.2 The unfavourable balance has arisen due to cheques issued prior to the year end. The bank has confirmed favourable balance in this regard at the year end.

12.3 Markup is charged at the same rates which are charged by the banks to the associated company ranging from 13.26% to 16.53% (2011: 13.51% to 16.77%) per annum.

12.4 Markup is charged at the same rates which are charged by the bank to the director/sponsor member ranging from 13.95% to 17.53% (2011: 13.04% to 17.63%) per annum.

	Note	2012 Rupees	2011 Rupees

13 CURRENT PORTION OF LONG TERM LIABILITIES

	Note	**2012 Rupees**	2011 Rupees
Long term financing from commercial banks	8	**31,792,206**	31,792,208
Liabilities against assets subject to finance lease	9	**105,490**	462,058
		31,897,696	32,254,266

14 CONTINGENCIES AND COMMITMENTS

14.1 The Company has not accounted for excise duty on long term financing charged by NIB Bank Limited (Formerly PICIC) amounting to Rs. 4,530,107 (2011: Rs.6,471,581). The final outcome of the matter is pending settlement with the bank. The Company is of the view that such liability is not payable by the Company.

14.2 - Commitments against foreign bills purchased by bank Rs. 46.663 million (2011: Rs. 26.960 million).

- Commitments against local bills purchased by bank Rs. 5.000 million (2011: Rs. 49.152 million).

15 OWNED ASSETS

DESCRIPTION	Cost or assessed value as on July 01, 2011	Cost of Additions/ (deletion)	Surplus on revaluation	Gross book value as on June 30, 2012	DEPRECIATION Rate %	As on July 01, 2011	Revaluation adjustments	For the year/ (adjustments on disposals)	As on June 30, 2012	Net book value as on June 30, 2012
Land - freehold	**233,800,000**	**-**	**16,700,000**	**250,500,000**	**-**	**-**	**-**	**-**	**-**	**250,500,000**
Building on freehold land	**125,082,740**	**-**	**32,453,591** **(14,433,856)**	**143,102,475**	**3.8 - 10**	**9,622,981**	**(14,433,856)**	**4,810,875**	**-**	**143,102,475**
Plant and machinery	**682,245,845**	**12,740,062**	**51,587,839** **(132,514,220)**	**614,059,525**	**4.8 - 10**	**87,697,045**	**(132,514,220)**	**44,817,175**	**-**	**614,059,525**
Furniture and fittings	**3,121,405**	**27,400**	**-**	**3,148,805**	**10**	**2,158,939**	**-**	**97,121**	**2,256,060**	**892,745**
Vehicles	**9,058,020**	**718,262**	**-**	**9,776,282**	**20**	**6,752,351**	**-**	**530,190**	**7,282,541**	**2,493,741**
Electrical appliances	**1,883,377**	**174,992**	**-**	**2,058,369**	**10**	**914,698**	**-**	**102,897**	**1,017,595**	**1,040,774**
Office equipment	**8,195,064**	**96,485**	**-**	**8,291,549**	**10**	**4,648,629**	**-**	**360,718**	**5,009,347**	**3,282,202**
2012 Rupees	**1,063,386,451**	**13,757,201**	**100,741,430** **(146,948,076)**	**1,030,937,005**		**111,794,643**	**(146,948,076)**	**50,718,976**	**15,565,543**	**1,015,371,462**

DESCRIPTION	Cost or assessed value as on July 01, 2010	Cost of Additions/ (deletion)	Surplus on revaluation	Gross book value as on June 30, 2011	DEPRECIATION Rate %	As on July 01, 2010	Revaluation adjustments	For the year/ (adjustments on disposals)	As on June 30, 2011	Net book value as on June 30, 2011
Land - freehold	233,800,000	-	-	233,800,000	-	-	-	-	-	233,800,000
Building on freehold land	125,082,740	-	-	125,082,740	3.8 - 10	4,812,106	-	4,810,875	9,622,981	115,459,759
Plant and machinery	675,243,728	7,002,117	-	682,245,845	4.8 - 10	43,562,791	-	44,134,254	87,697,045	594,548,800
Furniture and fittings	3,106,505	14,900	-	3,121,405	10	2,053,087	-	105,852	2,158,939	962,466
Vehicles	7,923,053	1,134,967	-	9,058,020	20	6,180,598	-	571,753	6,752,351	2,305,669
Electrical appliances	1,769,873	113,504	-	1,883,377	10	812,296	-	102,402	914,698	968,679
Office equipment	7,270,841	964,523 (40,300)	-	8,195,064	10	4,335,348	-	324,714 (11,433)	4,648,629	3,546,435
2011 Rupees	1,054,196,740	9,230,011 (40,300)	-	1,063,386,451		61,756,226	-	50,049,850 (11,433)	111,794,643	951,591,808

15.1 Depreciation for the year has been allocated as under :

	Note	**2012 Rupees**	2011 Rupees
Cost of sales	27	**49,628,050**	48,945,129
Administrative expenses	29	**1,090,926**	1,104,721
		50,718,976	50,049,850

15.2 Free - hold land, buildings on free - hold land and plant and machinery were most recently revalued on June 30, 2012 by an independent valuer, Arch-e-decon (Evaluators, Surveyors, Architects and Engineers), resulting in surplus of Rs. 100.741 million and incorporated in the financial statements for the year ended June 30, 2012. Previously two revaluations have been carried out by Arch-e-decon, an independent valuer. First revaluation was carried out in 2006 and second revaluation was carried out in 2009. The basis used for revaluation of property, plant and equipment are as follows:

Free - hold land	The value of free - hold land ascertained according to the local market value.
Buildings on free - hold land	Present day construction rates for different types of building structure depreciated to account for the age and condition of the building.
Plant and machinery	The value has been determined with reference to prevailing prices of similar plants and machinery depreciated to account for the age, usage and physical condition.

15.3 Free - hold land, buildings on free - hold land and plant and machinery represent values subsequent to revaluation as at June 30, 2006, June 30, 2009 and June 30, 2012. Had there been no revaluation, the carrying amount of the revalued assets would have been as follows:

Free - hold land	**7,553,867**	7,553,867
Buildings on free - hold land	**48,937,509**	51,065,281
Plant and machinery	**288,515,977**	297,143,228
	345,007,353	355,762,376

16 ASSETS SUBJECT TO FINANCE LEASE

DESCRIPTION	COST				DEPRECIATION					Written down value as on June 30, 2012
	As on July 01, 2011	Additions	Transferred	As on June 30, 2012	Rate %	As on July 01, 2011	Transferred	For the year	As on June 30, 2012	
Vehicles	2,261,000	-	1,557,000	704,000	20	1,212,307	(970,538)	156,888	398,657	305,343
2012 Rupees	2,261,000	-	1,557,000	704,000		1,212,307	(970,538)	156,888	398,657	305,343

DESCRIPTION	COST				DEPRECIATION					Written down value as on June 30, 2011
	As on July 01, 2010	Additions	Transferred	As on June 30, 2011	Rate %	As on July 01, 2010	Transferred	For the year	As on June 30, 2011	
Plant and machinery	3,138,797	-	3,138,797	-	10	908,288	(915,621)	7,333	-	-
Vehicles	6,287,000	-	4,026,000	2,261,000	20	3,298,663	(2,425,785)	339,429	1,212,307	1,048,693
2011 Rupees	9,425,797	-	7,164,797	2,261,000		4,206,951	(3,341,406)	346,762	1,212,307	1,048,693

	Note	2012 Rupees	2011 Rupees
16.1 Depreciation for the year has been allocated as under :			
Cost of sales	27	**-**	7,333
Administrative expenses	29	**156,888**	339,429
		156,888	346,762
17 LONG TERM LOANS AND ADVANCES			
Advances - considered good	17.1	**88,333**	130,000
17.1 Advance to:			
Executives		**-**	144,000
Employees		**196,388**	82,000
		196,388	226,000
Current portion:			
Executives		**-**	(48,000)
Employees		**(108,055)**	(48,000)
		(108,055)	(96,000)
		88,333	130,000

17.2 Loans to employees are secured against retirement benefits.

18 LONG TERM DEPOSITS

	Note	2012 Rupees	2011 Rupees
Security deposits	18.1	**1,699,434**	1,855,134
Less: Current Portion		**(70,400)**	(155,700)
		1,629,034	1,699,434

18.1 Security deposits mainly include security deposits for electricity connection.

	Note	2012 Rupees	2011 Rupees
19 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		**16,277,923**	15,650,612
Spare parts		**17,746,033**	15,604,298
Packing materials		**909,107**	926,513
Loose tools		**2,822,061**	2,662,441
		37,755,124	34,843,864
20 STOCK IN TRADE			
Raw materials	20.1	**39,202,242**	41,640,150
Work in process		**56,286,567**	64,266,249
Finished goods		**49,059,131**	135,380,761
Scrap / waste		**148,530**	195,691
		144,696,470	241,482,851

20.1 This includes goods in transit amounting to Rs. 1,420,000 (2011: Nil).

		2012 Rupees	2011 Rupees
21 TRADE DEBTS - Considered good			
Export - Secured against letters of credit		**6,287,551**	28,218,180
Local - Secured against letters of credit		**-**	49,812,931
- Unsecured		**21,371,947**	17,582,188
		21,371,947	67,395,119
		27,659,498	95,613,299
22 LOANS AND ADVANCES			
Advances - unsecured, considered good:			
to executives		**41,375**	307,142
to employees		**594,095**	119,950
to suppliers		**6,288,592**	3,825,839
		6,924,062	4,252,931

22.1 The maximum aggregate amount due from executives at the end of any month was Rs. 346,000 (2011: Rs. 355,160).

		2012 Rupees	2011 Rupees
23 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		**70,400**	155,700
Prepayments		**1,024,692**	990,318
Export rebate receivable		**854,909**	533,221
		1,950,001	1,679,239

	Note	**2012 Rupees**	2011 Rupees
24 OTHER RECEIVABLES			
Sales tax refundable		**22,525,439**	11,364,281
Advance central excise duty		**-**	1,941,474
		22,525,439	13,305,755
25 CASH AND BANK BALANCES			
Cash in hand		**1,061,692**	247,961
Cash at banks:			
Current accounts		**36,486,207**	32,088,497
Deposit accounts	25.1	**180,960**	347,749
		36,667,167	32,436,246
Bank draft in hand		**300,000**	-
		38,028,859	32,684,207

25.1 Deposit accounts carry interest @ 3% to 5% (2011: 3% to 5%) per annum.

		2012 Rupees	2011 Rupees
26 SALES			
Cloth - Export - Invoiced value		**574,209,961**	458,749,485
- Exchange gain		**2,248,924**	112,526
		576,458,885	458,862,011
- Local		**1,163,845,156**	1,761,352,901
		1,740,304,041	2,220,214,912
Waste		**7,534,949**	7,270,623
Export rebate		**349,448**	207,851
Processing income		**52,984,051**	33,110,018
		1,801,172,489	2,260,803,404
Commission and claims		**(22,948,290)**	(14,426,419)
		1,778,224,199	2,246,376,985

26.1 Sales are exclusive of sales tax amounting to Rs. 5,271,483 (2011: Rs. 705,508).

		Note	2012 Rupees	2011 Rupees
27	**COST OF SALES**			
	Raw materials consumed	27.1	**1,286,950,271**	1,811,102,747
	Salaries, wages and other benefits	27.2	**85,802,840**	83,023,702
	Fuel and power		**215,450,887**	169,919,963
	Stores consumed		**92,709,843**	86,972,313
	Processing charges		**1,947,091**	1,572,815
	Insurance		**2,677,529**	2,705,995
	Repairs and maintenance		**3,697,944**	7,461,392
	Depreciation on owned assets	15.1	**49,628,050**	48,945,129
	Depreciation on leased assets	16.1	**-**	7,333
	Others		**385,450**	323,500
			1,739,249,905	2,212,034,889
	Adjustment of work-in-process			
	Opening stock		**64,266,249**	45,563,327
	Closing stock		**(56,286,567)**	(64,266,249)
			7,979,682	(18,702,922)
	Adjustment of finished goods and waste			
	Opening stock		**135,576,452**	123,682,949
	Cloth purchased		**-**	184,395
	Closing stock		**(49,207,661)**	(135,576,452)
			86,368,791	(11,709,108)
			1,833,598,378	2,181,622,859

27.1 Raw materials consumed

	2012 Rupees	2011 Rupees
Opening stock	**41,640,150**	59,626,724
Purchases	**1,279,713,618**	1,786,646,702
Freight and octroi	**7,898,745**	7,366,234
	1,287,612,363	1,794,012,936
Claims	**(3,100,000)**	(896,763)
Closing stock	**(39,202,242)**	(41,640,150)
	1,286,950,271	1,811,102,747

27.2 Salaries, wages and other benefits include retirement benefits amounting to Rs. 5,494,077 (2011: Rs. 4,240,568).

		Note	2012 Rupees	2011 Rupees
28	**DISTRIBUTION COST**			
	Salaries and other benefits	28.1	**3,376,838**	2,971,271
	Vehicles running and maintenance		**703,390**	447,665
	Communication		**647,543**	375,591
	Freight, shipment and others		**15,010,513**	10,320,588
	Other expenses		**886,452**	803,202
			20,624,736	14,918,317

28.1 Salaries and other benefits include retirement benefits amounting to Rs. 516,229 (2011: Rs. 426,694).

		Note	2012 Rupees	2011 Rupees
29	**ADMINISTRATIVE EXPENSES**			
	Salaries and other benefits	29.1	**16,447,511**	11,556,648
	Traveling and conveyance		**1,460,608**	1,676,299
	Rent, rates and taxes		**1,985,421**	1,763,460
	Printing and stationery		**910,015**	763,365
	Communication		**1,363,728**	1,497,996
	Vehicles running and maintenance		**3,090,316**	2,122,127
	Entertainment		**998,412**	904,251
	Repairs and maintenance		**544,855**	585,894
	Utility expenses		**256,548**	311,079
	Legal and professional		**435,327**	443,227
	Subscription		**390,235**	1,496,430
	Insurance		**812,745**	889,631
	Advertisement		**28,100**	118,800
	Depreciation on owned assets	15.1	**1,090,926**	1,104,721
	Depreciation on leased assets	16.1	**156,888**	339,429
			29,971,635	25,573,357

29.1 Salaries and other benefits include retirement benefits amounting to Rs. 4,826,055 (2011: Rs. 3,472,489).

		Note	2012 Rupees	2011 Rupees
30	**OTHER OPERATING EXPENSES**			
	Auditors' remuneration	30.1	**709,080**	806,250
	Loss on disposal of owned assets		**-**	17,867
	Loss on sale of raw materials and stores		**-**	27,066
	Others		**51,228**	44,961
			760,308	896,144

30.1 Auditors' remuneration

	2012 Rupees	2011 Rupees
Audit fee	**500,000**	500,000
Half yearly review	**50,000**	50,000
Code of Corporate Governance review	**25,000**	25,000
Tax representation and consultancy fee	**106,480**	205,600
Out of pocket expenses	**27,600**	25,650
	709,080	806,250

	Note	2012 Rupees	2011 Rupees
31 OTHER OPERATING INCOME			
Income on financial assets			
Interest on deposit accounts and advances to employees		**26,218**	14,577
Income on assets other than financial assets			
Amortization of interest free loans	6.2	**114,574,630**	-
Gain on disposal of leased assets		**-**	51,829
Others		**15,630**	262,730
		114,616,478	329,136

	Note	2012 Rupees	2011 Rupees
32 FINANCE COST			
Markup on:			
- Long term financing		**8,165,135**	9,982,545
- Financing from associated company		**4,182,730**	20,743,257
- Short term borrowings		**72,453,997**	74,476,303
- Liabilities against assets subject to finance lease		**26,779**	114,794
Unwinding of discount	6	**3,159,849**	-
Excise duty		**1,941,474**	-
Bank charges		**4,014,680**	2,869,412
		93,944,644	108,186,311

	Note	2012 Rupees	2011 Rupees
33 TAXATION			
Current		**5,987,402**	23,594,966
Deferred tax	33.3	**(9,149,688)**	(9,149,688)
		(3,162,286)	14,445,278

33.1 Provision for income tax has been made in the accounts for withholding tax deducted on export proceeds @1% under final tax regime u/s 154 of the Income Tax Ordinance, 2001.

33.2 Reconciliation of applicable and effective tax rate

	%	%
Tax rate applicable to Company	**35.00**	35.00
Effective tax rate	**3.67**	(17.10)

As the Company is under final tax and minimum tax regime (refer to note 33.1), the effective tax rate cannot be reconciled with the applicable rate.

33.3 This represents deferred tax associated with surplus on revaluation of property, plant and equipment transferred to retained earnings on account of incremental depreciation.

34 LOSS PER SHARE - BASIC AND DILUTED

Loss per share is calculated by dividing loss after tax for the period by weighted average number of shares outstanding during the period as follows:

	2012 Rupees	2011 Rupees
Loss attributable to ordinary shareholders	**(82,896,738)**	(98,936,145)
Weighted average number of ordinary shares	**30,001,120**	14,548,818
Loss per share - Basic and diluted	**(2.76)**	(6.80)

34.1 No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

35 FINANCIAL ASSETS AND LIABILITIES

	Mark-up Bearing			Non Mark-up Bearing			
	Maturity up to One Year Rupees	Maturity after One Year Rupees	Sub Total Rupees	Maturity up to One Year Rupees	Maturity after One Year Rupees	Sub Total Rupees	Grand Total 2012 Rupees
Financial Assets							
- Loans and receivables							
Long term loans and advances	-	-	-	108,055	88,333	196,388	196,388
Deposits	-	-	-	70,400	1,629,034	1,699,434	1,699,434
Trade debts	-	-	-	27,659,498	-	27,659,498	27,659,498
Cash and bank balances	180,960	-	180,960	37,847,899	-	37,847,899	38,028,859
	180,960	-	180,960	65,685,852	1,717,367	67,403,219	67,584,179
Financial Liabilities							
- At amortized cost							
Long term financing from associated company	-	-	-	-	144,150,000	144,150,000	144,150,000
Long term financing from commercial banks	31,792,206	31,792,208	63,584,414	-	-	-	63,584,414
Trade and other payables	-	-	-	146,454,462	-	146,454,462	146,454,462
Accrued markup	-	-	-	18,173,212	-	18,173,212	18,173,212
Short term borrowings	555,275,726	-	555,275,726	-	-	-	555,275,726
	587,067,932	31,792,208	618,860,140	164,627,674	144,150,000	308,777,674	927,637,814
On balance sheet gap 2012	(586,886,972)	(31,792,208)	(618,679,180)	(98,941,822)	(142,432,633)	(241,374,455)	(860,053,635)

	Mark-up Bearing			Non Mark-up Bearing			
	Maturity up to One Year Rupees	Maturity after One Year Rupees	Sub Total Rupees	Maturity up to One Year Rupees	Maturity after One Year Rupees	Sub Total Rupees	Grand Total 2011 Rupees
Financial Assets							
- Loans and receivables							
Long term loans and advances	-	-	-	96,000	130,000	226,000	226,000
Deposits	-	-	-	155,700	1,699,434	1,855,134	1,855,134
Trade debts	-	-	-	95,613,299	-	95,613,299	95,613,299
Cash and bank balances	347,749	-	347,749	32,336,458	-	32,336,458	32,684,207
	347,749	-	347,749	128,201,457	1,829,434	130,030,891	130,378,640
Financial Liabilities							
- At amortized cost							
Long term financing from associated company	-	109,150,000	109,150,000	-	-	-	109,150,000
Long term financing from commercial banks	31,792,208	63,584,414	95,376,622	-	-	-	95,376,622
Trade and other payables	-	-	-	140,486,996	-	140,486,996	140,486,996
Accrued markup	-	-	-	22,230,032	-	22,230,032	22,230,032
Short term borrowings	551,025,895	-	551,025,895	-	-	-	551,025,895
	582,818,103	172,734,414	755,552,517	162,717,028	-	162,717,028	918,269,545
On balance sheet gap 2011	(582,470,354)	(172,734,414)	(755,204,768)	(34,515,571)	1,829,434	(32,686,137)	(787,890,905)

EFFECTIVE INTEREST RATES

Financial liabilities

Long term financing from associated company	Interest free	(2011: 13.51% to 15.90%) per annum
Long term financing from commercial banks	07.00% to 14.69%	(2011: 07.00% to 14.69%) per annum
Liabilities against leased assets	16.14% to 16.73%	(2011: 15.93% to 16.73%) per annum
Short term borrowings	12.92% to 17.53%	(2011: 13.03% to 17.63%) per annum

Financial assets

Cash with banks on saving accounts	3% to 5% (2011: 3% to 5%) per annum

The Company has exposures to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

The Board of Directors have overall responsibility for the establishment and oversight of the Company’s risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

Credit risk and concentration of credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if the counter parties fail completely to perform as contracted.

Credit risk arises principally from loans and advances, trade debts, deposits, other receivables and bank balances. Out of total financial assets of Rs. 67.584 million (2011: Rs. 130.379 million), the financial assets that are subject to credit risk amounted to Rs. 66.026 million (2011: Rs.129.905 million).

For trade receivables, internal risk assessment process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with the limits set by the management. The utilization of credit limit is regularly monitored. Accordingly, the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk.

Concentration of the credit risk arises when the number of counter parties engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration risk.

The carrying amounts of the financial assets represent the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2012 Rupees	2011 Rupees
Trade debts	**27,659,498**	95,613,299
Deposits	**1,699,434**	1,855,134
Bank balances	**36,667,167**	32,436,246
	66,026,099	129,904,679

The breakup of amount due from customers other than related parties as stated in note 21 is presented below.

Due from foreign customers	**6,287,551**	28,218,180
Due from local customers	**21,371,947**	67,395,119
	27,659,498	95,613,299

Based upon past experience, no provision for doubtful debts has been made during the year for local and foreign customers.

The ageing of trade debts at the reporting date was:		
Past due 1-30 days	**15,133,171**	41,780,396
Past due 31-150 days	**8,912,291**	48,354,176
Past due over 150 days	**3,614,036**	5,478,727
	27,659,498	95,613,299

The Company's most significant amount receivable is from a customer which amounts to Rs. 7,500,000 (2011: Rs. 49,813,931) that has a good track record with the Company.

The Company has placed funds with financial institutions with high credit rating. The Company assesses the credit quality of counterparties as satisfactory. Loans to employees are secured against retirement benefits.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation.

Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's value of its financial instruments. The Company is exposed to currency risk and interest rate risk.

Currency risk

The Company is exposed to currency risk on trade debts denominated in US Dollars. The Company's exposure to foreign currency risk for US Dollars is as follows:

	2012 USD	**2012 Rupees**	2011 USD	2011 Rupees
Foreign debtors	**66,889**	**6,287,551**	328,692	28,218,180

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2012	2011	**2012**	2011
US Dollar	**88.65**	84.93	**93.80**	85.85

A 10% strengthening of the functional currency against USD at 30 June would have increased loss for the year by Rs. 628,755 (2011: Rs. 2,821,818). A 10% weakening of the functional currency against USD at 30 June would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Effective rate in percentage		Carrying amount in Rupees	
	2012	2011	**2012**	2011
Financial liabilities				
Variable rate instruments				
Long term financing from associated company	**Interest free**	13.51 - 15.90	**32,735,219**	109,150,000
Long term financing from commercial banks	**7.0 - 14.69**	7.0 - 14.69	**63,584,414**	95,376,622
Short term borrowings	**12.92 - 17.53**	13.03 - 17.63	**555,275,726**	551,025,895

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased/(increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	Profit or loss 100 basis points	
	Increase Rupees	**Decrease Rupees**
As at 30 June 2012		
Cash flow sensitivity-Variable rate financial liabilities	**6,188,601**	**(6,188,601)**
As at 30 June 2011		
Cash flow sensitivity-Variable rate financial liabilities	7,555,525	(7,555,525)

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets / liabilities of the Company.

Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Capital risk management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or/and issue new shares.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total borrowings ("long term financing" and "short term borrowings" as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under "share capital and reserves" and net debt.

The salient information relating to capital risk management of the Company at year end were as follows:

	2012 Rupees	2011 Rupees
Total borrowings	**651,595,359**	755,552,517
Less: Cash and cash equivalents	**38,028,859**	32,684,207
Net debt	**613,566,500**	722,868,310
Total equity	**(255,864,416)**	(189,959,955)
Total capital	**357,702,084**	532,908,355

36 RELATED PARTY TRANSACTIONS

The related parties comprise of associated companies, directors and their close family members, executives and major shareholders of the Company. Remuneration and benefits to executives of the Company are in accordance with the terms of their employment. Transactions with related parties during the year other than those disclosed elsewhere in the financial statements are as follows:

	Note	**2012 Rupees**	2011 Rupees
Long term borrowing obtained from ICC (Private) Limited - interest free		**35,000,000**	100,000,000
Short term borrowing repaid to ICC (Private) Limited - interest bearing		**-**	12,500,000
Short term borrowing obtained from ICC (Private) Limited - interest bearing		**33,300,000**	-
Short term borrowing obtained from a sponsor member		**-**	4,050,000
Short term borrowing obtained from a director		**-**	16,000,000
Short term borrowing repaid to the sponsor member		**5,707,804**	-
Short term borrowing repaid to the director		**16,000,000**	-
Interest on loan debited by ICC (Private) Limited	36.1	**4,182,730**	20,743,257
Interest on loan obtained from sponsor member / director	36.1	**6,347,199**	3,470,669
Reimbursable expenses incurred on behalf of ICC (Private) Limited		**9,535,208**	13,233,617
Shareable expenses debited to ICC (Private) Limited		**1,895,594**	1,750,903
Reimbursable expenses incurred by ICC (Private) Limited		**11,633**	-

36.1 Interest on long term financing and short term borrowing is charged at the same rates which are charged by the banks to the associated company / sponsor member / director.

36.2 ICC (Private) Limited is associated due to common directorship and investment of 42.93% of associated company in the Company.

36.3 Transactions with related parties are carried out at arm's length price determined in accordance with comparable uncontrolled price method.

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Description	2012			2011		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial remuneration	**-**	**-**	**4,916,196**	-	-	4,891,351
House rent allowance	**-**	**-**	**1,734,096**	-	-	1,767,497
Other allowances	**-**	**-**	**723,996**	-	-	731,723
Medical expenses	**-**	**-**	**195,981**	-	-	142,960
Rupees	**-**	**-**	**7,570,269**	-	-	7,533,531
No. of persons	**1**	**2**	**6**	1	2	6

37.1 The directors of the Company have opted not to take any remuneration from the Company voluntarily.

37.2 Some executives are provided with free use of Company cars as per rules.

37.3 No meeting fee was paid to the directors for attending the meetings of the board.

38 NUMBER OF EMPLOYEES

	2012	2011
Number of employees at the end of the period	**613**	595

		2012	2011
39	**CAPACITY INSTALLED AND ACTUAL PRODUCTION**		
	No. of looms installed	**172**	172
	No. of looms worked	**172**	172
	Shifts per day	**3**	3
	No. of days actually worked	**364**	364
	Rated capacity (Square Meters in millions)	**39.6**	39.6
	Actual production (Square Meters in millions)	**33.3**	32.9

It is difficult to determine precisely the production / rated capacity in textile weaving mills since it fluctuates widely depending on various factors such as speed, width and construction of cloth woven etc.

40 ACCOUNTING ESTIMATES AND JUDGEMENTS

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

Trade debts and other receivables

Impairment loss against doubtful trade and other debts is made on a judgement basis, which provisions may differ in the future years based on the actual experience. The difference in provision if any, is recognized in the future period.

Property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its plant and equipment. The estimates for revalued amounts of different classes of property, plant and equipment are based on valuation performed by external professional valuers and recommendations of technical teams of the Company. The said recommendation also includes estimates with respect to residual values and depreciable lives. Further, the Company reviews the values of the assets for possible impairment on an annual basis. Any change in the estimate in the future years might affect the carrying amounts of the respective item of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Stock in trade and stores, spare parts and loose tools

The Company's management reviews the net realizable value (NRV) and impairment of stock in trade and stores, spare parts and loose tools to assess any diminution in the respecting carrying values and wherever required provision for NRV / impairment is made. The difference in provision, if any, is recognized in the future period.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 3.1 to the financial statements for the valuation of present value of defined benefit obligation. Any changes in these assumptions in future years might affect unrecognized gains and losses in those years.

Provision for contingencies

The Company's management uses assumptions and estimates in disclosure and assessment of provision for contingencies.

41 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on October 08, 2012.

42 FIGURES

Figures have been rounded off to the nearest rupee.

LAHORE: October 08, 2012	Sd/- **Director**	Sd/- **Chief Executive**

FORM - 34

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHARE HOLDERS AS ON JUNE 30, 2012

No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
155	1	100	12,681
1,017	101	500	475,438
110	501	1,000	108,017
159	1,001	5,000	468,408
53	5,001	10,000	423,450
25	10,001	15,000	314,314
7	15,001	20,000	127,244
8	20,001	25,000	182,701
4	25,001	30,000	111,000
3	30,001	35,000	98,404
3	35,001	40,000	112,203
1	40,001	45,000	40,932
1	45,001	50,000	50,000
1	60,001	65,000	64,989
1	70,001	75,000	70,603
1	80,001	85,000	84,016
3	95,001	100,000	295,350
5	125,001	130,000	633,612
1	135,001	140,000	139,900
1	150,001	155,000	153,360
1	155,001	160,000	158,900
2	165,001	170,000	338,900
2	175,001	180,000	354,720
1	180,001	185,000	181,500
1	190,001	195,000	195,000
1	200,001	205,000	203,710
1	230,001	235,000	235,000
2	235,001	240,000	473,000
1	245,001	250,000	248,300
1	310,001	315,000	311,000
1	405,001	410,000	410,000
1	420,001	425,000	425,000
1	440,001	445,000	440,570
1	455,001	460,000	458,120
2	475,001	480,000	958,815
1	530,001	535,000	533,815
1	915,001	920,000	915,808
1	1,000,001	1,005,000	1,002,000
2	1,020,001	1,025,000	2,042,240
1	1,495,001	1,500,000	1,500,000
1	1,765,001	1,770,000	1,770,000
1	2,878,001	2,880,000	2,878,100
1	9,995,001	10,000,000	10,000,000
1,587			30,001,120

DETAIL OF SHAREHOLDING
AS ON JUNE 30, 2012

Categories of shareholders		Shares held	Percentage
1 Directors, Chief Executive Officer, and their spouse and minor children			
Mr. Shafiq A. Siddiqi		303,420	1.01
Mr. Javaid Shafiq Siddiqi		1,190,570	3.97
Mr. Usman Haq (CDC)		1,002,000	3.34
Mr. Tahir Rehman (CDC)		479,415	1.60
Mr. Tariq Rehman (CDC)		2,303,815	7.68
Mr. Suhail Mannan		2,415,808	8.05
Mr. Ahsan Suhail Mannan		203,710	0.68
Mr. Awais Noorani		500	0.00
Mrs. Ambereen Haq W/o Usman Haq (CDC)		458,120	1.53
Mrs. Anjum T. Rehman W/o Tahir Rehman (CDC)		479,400	1.60
Mrs. Shahima Rehman W/o Tariq Rehman (CDC)		425,000	1.42
	Total:	9,261,758	30.87
2 Associated Companies, undertakings and related parties			
M/s ICC (Pvt.) Limited		12,878,100	42.93
	Total:	12,878,100	42.93
3 NIT and ICP			
Investment Corporation of Pakistan		1,400	0.00
	Total:	1,400	0.00
Public Sector Companies and Corporations			
4 Banks Development Financial Institutions, and Non Banking Financial Institutions.		104,710	0.35
5 Insurance Companies		158,900	0.53
6 Modarabas and Mutual Funds		-	-
	Total:	263,610	0.88
7 General Public			
a Local		7,532,627	25.11
b Foreign			
8 Others (to be specified)			
Joint Stock Companies		63,625	0.21
Charitable Trusts		-	0.00
Executives		-	0.00
	Grand Total:	30,001,120	100.00
9 Share holders holding 10%			
M/s ICC (Pvt.) Limited-Associated Company		12,878,100	42.93
10 Shareholders holding five percent or more voting intrest			
M/s ICC (Pvt.) Limited-Associated Company		12,878,100	42.93
Mr. Tariq Rehman		2,303,815	7.68
Mr. Suhail Mannan		2,415,808	8.05

FORM OF PROXY

The Company Secretary
ICC Textiles Ltd.
242-A, Anand Road,
Upper Mall, Lahore

I/We --

of -- being a member of **ICC TEXTILES LIMITED** and holder of -- Ordinary shares as per Share
(Number of Shares)
Register Folio No. ----------- and CDC Participant I.D. NO. ------------- and Sub Account No. -----------

hereby appoint --

of --

or failing him --

of --

as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held at its Registered Office 242-A, Anand Road, Upper Mall, Lahore on Wednesday, the October 31, 2012 at 10:30 a.m. and at every adjournment thereof.

Signed this -- Day of --- 2012.

WITNESSES:

1. Signature:

   Name: -------------------------------

   Address: ----------------------------

   NIC or -------------------------------

   Passport No. ------------------------

2. Signature:

   Name: -------------------------------

   Address: ----------------------------

   NIC or -------------------------------

   Passport No. ------------------------

Signature

AFFIX REVENUE STAMP RS. 5/-

Note: Proxies, in order to be effective must be received by the Company not less than 48 hours before the meeting. A proxy need not to be a member of the Company.

CDC shareholders and their Proxies are requested to attach an attested photocopy of their National Identity Card or Passport with the proxy form before submission to the Company.