

(REVIEWED)

**INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED
December 31, 2014**



I C C Textiles Limited

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, I hereby present the interim financial information of the company for the half year ended on December 31, 2014.

The Sales decreased by 64.3% to Rs. 274.695 million during the half year as compared to Rs. 770.316 million for the corresponding period of the previous year. The company incurred an after tax loss of Rs. 77.158 million as against an after tax loss of Rs. 7.394 million in the corresponding period resulting in loss per share of Rs. 2.57 (July - Dec 2013 Rs. 0.25).

Without qualifying their report to members the auditors have drawn attention to note I.1 to the interim financial information. Considering continuous support from sponsors / directors / financial institutions and the management's commitment, we are of the view that there are no significant doubts about the company's ability to continue as a going concern. Therefore, these accounts have been prepared on going concern basis.

The decrease in sales is mainly due to loom stoppage as a result of excessive load shedding and depressed market conditions. Fabric production in Sq Meters at 60 picks reduced by 5.909 million (55%) i.e., from 10.667 million to 4.758 million due to enormous scheduled and unscheduled electricity load shedding resulting in loss of production, quality and timely deliveries. Meanwhile, we are continuing our efforts to secure a gas connection from SNGPL, thereby enabling us to set up our own continuous and cheaper captive generation capacity, so that we are at par with our competitors. The company is now considering alternate power source such as based on Furnace Oil. Moreover, the management plans to replace some of its sulzer looms with higher speed air-jet looms.

There is an overdue partial installment of term loan obtained from MCB Bank amounting to Rs. 14.896 million and effort is being made to clear it as soon as possible.

The directors would like to record their appreciation for the continued commitment and hard work being carried out by the employees of the company.

For and on behalf of the Board of Directors

Lahore
Dated: February 28, 2015

SHAFIQ A. SIDDIQI
Chief Executive

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of ICC Textiles Limited ("the company") as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention towards note 1.1 to the interim financial information which describes that the Company has incurred loss of Rs. 77.157 million during the period ended December 31, 2014 and, as of that date, its current liabilities exceeded its current assets by Rs. 542.559 million, and its accumulated losses stood at Rs. 660.732 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. This interim financial information has, however, been prepared on a going concern basis for the reasons, as more fully explained in note 1.1 to the interim financial information. Our conclusion is not qualified in respect of this matter.

CHARTERED ACCOUNTANTS
Engagement Partner: Imran Afzal
Lahore
Dated: February 28, 2015

I C C Textiles Limited

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2014

	Note	Un-audited	Audited
		Dec 31, 2014 Rupees	June 30, 2014 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
32,000,000 (June 2014: 32,000,000) ordinary shares of Rs. 10 each		<u>320,000,000</u>	320,000,000
Share capital		300,011,200	300,011,200
Accumulated loss		<u>(660,732,876)</u>	(592,182,052)
		(360,721,676)	(292,170,852)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		476,918,231	485,525,336
NON CURRENT LIABILITIES			
Long term financing from directors	6	<u>66,147,256</u>	52,184,882
Long term financing from commercial banks	7	-	-
Deferred liabilities	8	<u>187,209,008</u>	186,852,338
		253,356,264	239,037,220
CURRENT LIABILITIES			
Trade and other payables		<u>123,025,729</u>	152,455,451
Mark-up accrued		<u>44,455,935</u>	30,495,553
Short term borrowings		<u>524,749,173</u>	501,895,294
Current portion of long term liabilities	7	<u>14,896,104</u>	15,896,104
		707,126,941	700,742,402
		<u>1,076,679,760</u>	<u>1,133,134,106</u>
CONTINGENCIES AND COMMITMENTS	9	-	-
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	10	<u>909,836,557</u>	933,610,584
Long term loans and advances		<u>647,088</u>	190,000
Long term deposits and prepayments		<u>1,629,034</u>	1,629,034
		912,112,679	935,429,618
CURRENT ASSETS			
Stores, spares and loose tools		<u>34,558,986</u>	35,161,902
Stock in trade		<u>51,124,943</u>	76,581,261
Trade debts		<u>26,170,211</u>	20,595,390
Loans and advances		<u>6,433,669</u>	5,429,554
Trade deposits, short term prepayments and other receivables		<u>24,166,738</u>	38,528,078
Income tax refundable		<u>20,833,654</u>	19,505,959
Cash and bank balances		<u>1,278,880</u>	1,902,344
		164,567,081	197,704,488
		<u>1,076,679,760</u>	<u>1,133,134,106</u>

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

Chief Executive

Director

**CONDENSED INTERIM PROFIT AND LOSS
ACCOUNT (UN-AUDITED) FOR THE
HALF YEAR ENDED DECEMBER 31, 2014**

Note	Half Year Ended		Quarter Ended	
	Dec 2014 Rupees	Dec 2013 Rupees	Dec 2014 Rupees	Dec 2013 Rupees
SALES - NET	274,695,382	770,316,098	142,601,601	364,912,663
COST OF SALES	II (322,256,811)	(796,079,642)	(160,416,092)	(382,801,055)
GROSS LOSS	(47,561,429)	(25,763,544)	(17,814,491)	(17,888,392)
OPERATING EXPENSES				
Administrative expenses	(18,141,926)	(17,992,184)	(9,107,592)	(9,110,220)
Distribution cost	(5,822,126)	(7,674,588)	(3,170,259)	(3,826,453)
Other operating expenses	(437,575)	(436,532)	(226,331)	(232,423)
	(24,401,627)	(26,103,304)	(12,504,182)	(13,169,097)
OPERATING LOSS	(71,963,056)	(51,866,848)	(30,318,673)	(31,057,489)
OTHER INCOME	24,683,330	80,768,763	17,075,068	62,988,430
OPERATING PROFIT/(LOSS) BEFORE FINANCE COST	(47,279,726)	28,901,915	(13,243,605)	31,930,942
FINANCE COST	(33,518,880)	(33,051,344)	(16,790,926)	(16,905,844)
PROFIT / (LOSS) BEFORE TAXATION	(80,798,606)	(4,149,429)	(30,034,531)	15,025,098
TAXATION	3,640,677	(3,244,753)	1,698,025	(2,996,987)
PROFIT / (LOSS) AFTER TAXATION	(77,157,929)	(7,394,182)	(28,336,506)	12,028,111
EARNING / (LOSS) PER SHARE - BASIC AND DILUTED	(2.57)	(0.25)	(0.94)	0.40

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

Chief Executive

Director

I C C Textiles Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Paid-up Capital Rupees	Accumulated (Loss) Rupees	Total Rupees
Balance as at July 01, 2013	300,011,200	(535,518,818)	(235,507,618)
Total comprehensive loss for the period - net of tax	-	(7,394,182)	(7,394,182)
Transfer from surplus on revaluation of property, plant and equipment - net of tax	-	8,476,694	8,476,694
Balance as at December 31, 2013	300,011,200	(534,436,306)	(234,425,106)
Balance as at July 01, 2014	300,011,200	(592,182,052)	(292,170,852)
Total comprehensive loss for the period - net of tax	-	(77,157,929)	(77,157,929)
Transfer from surplus on revaluation of property, plant and equipment - net of tax	-	8,607,105	8,607,105
Balance as at December 31, 2014	300,011,200	(660,732,876)	(360,721,676)

The annexed notes from 1 to 14 form an integral part of this interim financial information.

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Half Year Ended		Quarter Ended	
	December 31, 2014 Rupees	December 31, 2013 Rupees	December 31, 2014 Rupees	December 31, 2013 Rupees
PROFIT / (LOSS) AFTER TAXATION	(77,157,929)	(7,394,182)	(28,336,506)	12,028,111
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	(77,157,929)	(7,394,182)	(28,336,506)	12,028,111

The annexed notes from 1 to 14 form an integral part of this interim financial information.

Chief Executive

Director

**CONDENSED INTERIM CASH FLOW STATEMENT
(UN-AUDITED) FOR THE HALF YEAR
ENDED DECEMBER 31, 2014**

Note	December 31, 2014 Rupees	December 31, 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period before taxation	(80,798,606)	(4,149,429)
Adjustments for:		
Depreciation on own assets	23,636,211	23,451,235
(Gain) / Loss on disposal of property, plant and equipment	(1,269,865)	-
Amortization of interest free loans	(23,411,102)	(80,734,600)
Unwinding of discount	3,013,274	1,591,669
Staff gratuity	7,716,244	7,690,911
Finance cost	30,505,606	33,051,344
	<u>40,190,368</u>	<u>(14,949,441)</u>
	(40,608,238)	(19,098,870)
(Increase) / decrease in current assets		
Stores, spares and loose tools	602,916	1,500,003
Stock in trade	25,456,318	6,182,500
Trade debts	(5,574,821)	7,649,361
Loans and advances	(1,004,114)	(7,671,930)
Trade deposits and short term prepayments	(3,433,422)	(3,465,490)
Other receivables	17,794,762	(5,133,403)
	<u>33,841,639</u>	<u>(938,959)</u>
Increase / (decrease) in current liabilities		
Trade and other payable	(29,429,722)	(27,459,318)
Cash used in operations	<u>(36,196,321)</u>	<u>(47,497,147)</u>
Finance costs paid	(16,545,225)	(32,253,625)
Income taxes paid	(2,120,980)	(7,142,708)
Gratuity paid	(2,925,611)	(2,515,894)
	<u>(21,591,816)</u>	<u>(41,912,227)</u>
	(57,788,137)	(89,409,374)
Net cash used in operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in long term advances and deposits	(457,088)	(35,333)
Proceeds from sale of property, plant and equipment	1,733,333	-
Purchase of property, plant and equipment	(325,652)	(1,021,420)
Net cash flows from / (used in) investing activities	<u>950,593</u>	<u>(1,056,753)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short term borrowings	22,853,879	34,404,611
Repayment of long term financings from commercial banks	(1,000,000)	(31,792,206)
Long term loans from directors	34,360,202	84,322,970
Net cash flows from financing activities	<u>56,214,081</u>	<u>86,935,375</u>
Net (decrease) in cash and cash equivalents	(623,463)	(3,530,752)
Cash and cash equivalents at the beginning of the period	<u>1,902,344</u>	<u>5,498,515</u>
Cash and cash equivalents at the end of the period	<u>1,278,880</u>	<u>1,967,762</u>

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

Chief Executive

Director

ICC Textiles Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

1 THE COMPANY AND ITS OPERATIONS

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 of 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.

1.1 During the period the Company incurred loss amounting to Rs. 77.157 million and has accumulated losses amounting to Rs. 660.732 million at the period end. In addition the Company's current liabilities exceeded its current assets by Rs. 542.559 million at the period 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 availability of adequate working capital through continuous support from:

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

This condensed interim financial information has 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 and bringing its liabilities to serviceable levels and availability of adequate working capital from its lenders and sponsors.

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

2 BASIS OF PREPARATION

- 2.1 This condensed interim financial information is un-audited and is being submitted to the shareholders in accordance with the requirements of section 245 of the companies Ordinance 1984.
- 2.2 This condensed interim financial information of the company for the half year ended December 31, 2014 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2014.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial information are consistent with those applied in the preparation of the proceeding annual published financial statements of the Company for the year ended June 30, 2014.

The Company follows a consistent practice of conducting actuarial valuation annually at each year end and also considers that the above does not have material impact on Company's Condensed Interim Profit and Loss Account and basic & diluted EPS.

In addition, few amendments and interpretation of IFRSs became effective during the current period, However, that were either considered not to be relevant to the Company's operations or did not have significant effect on the accounting policies of the Company.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those applied to the proceeding annual published financial statements of the Company for the year ended June 30, 2014.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements of the Company for the year ended June 30, 2014.

	Note	Un-audited	Audited
		Dec 31, 2014 Rupees	Jun 30, 2014 Rupees
6 LONG TERM FINANCING FROM DIRECTORS- Unsecured			
Original Loan amounts		197,072,222	162,712,020
Less: present value adjustment		(137,344,340)	(113,933,238)
		<u>59,727,882</u>	<u>48,778,782</u>
Add: Interest charged to profit and loss account		6,419,374	3,406,100
		<u>66,147,256</u>	<u>52,184,882</u>

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 weighted average interest rate ranging from 10.24% to 11.64%.

7 LONG TERM FINANCING FROM COMMERCIAL BANKS - secured			
Opening balance		15,896,104	15,896,104
Repayment during the year		(1,000,000)	-
Closing balance		<u>14,896,104</u>	<u>15,896,104</u>
Current portion-Overdue		<u>14,896,104</u>	<u>15,896,104</u>
		-	-
8 DEFERRED LIABILITIES			
Deferred liabilities - Gratuity		66,677,931	61,887,298
Deferred taxation		120,531,077	124,965,040
		<u>187,209,008</u>	<u>186,852,338</u>

8.1 Deferred tax asset amounting to Rs. 210.433 million (June 2014: Rs. 222.486 million) arising on account of temporary differences mainly for property, plant and equipment, gratuity and unused tax losses and unused tax credits has not been accounted for due to uncertainty regarding its recoverability in the foreseeable future.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

During last year, the Assistant Commissioner Inland Revenue passed order u/s 161 / 205 demanding tax liability amounting to Rs. 50,349,214. The company filed appeal before Commissioner Appeal Inland Revenue who granted partial relief and remanded the case before to the officer Inland Revenue. Further, the company has approached to the 2nd Appellate Forum i.e. Appellate Tribunal in respect of issues conferred by the Commissioner Appeals, whereby the tax involved amounting to Rs. 1,599,860.

9.2 Commitments

- Commitments against foreign bills amounts to Rs. 8.720 million (June 2014: Rs. 28.988 million).
- Commitments against irrevocable letters of credit for import of chemicals amounts to Rs. Nil (June 2014: Rs. 0.952 million).

10 PROPERTY, PLANT AND EQUIPMENT

10.1 OPERATING FIXED ASSETS

Written down value - opening		933,610,584	979,040,176
Add: Cost of additions during the period / year	10.1.1	325,652	2,062,909
		<u>933,936,236</u>	<u>981,103,085</u>
Disposal during the period / year (W.D.V.) - vehicle	10.1.2	463,468	31,430
Depreciation charge for the period / year		23,636,211	47,461,071
		<u>24,099,679</u>	<u>47,492,501</u>
Written down value - closing		<u>909,836,557</u>	<u>933,610,584</u>
10.1.1 Cost of additions during the period / year			
Plant and machinery		264,352	1,799,566
Office equipment		59,500	259,543
Electric appliances		1,800	3,800
		<u>325,652</u>	<u>2,062,909</u>

ICC Textiles Limited

	Note	Un-audited	Audited
		Dec 31, 2014 Rupees	Jun 30, 2014 Rupees
10.1.2 Disposal during the period / year- vehicle			
Cost		2,800,000	948,299
Accumulated depreciation		2,336,532	916,869
Written down value		<u>463,468</u>	<u>31,430</u>

	Half Year Ended		Quarter Ended	
	December 31, 2014 Rupees	December 31, 2013 Rupees	December 31, 2014 Rupees	December 31, 2013 Rupees
11 COST OF SALES				
Raw materials consumed	158,518,957	565,470,950	91,338,180	267,120,043
Salaries, wages and other benefits	48,381,189	52,421,917	26,314,555	28,263,775
Factory overheads	88,696,874	184,455,316	42,154,385	92,923,523
	<u>295,597,020</u>	<u>802,348,183</u>	<u>159,807,120</u>	<u>388,307,341</u>
(Increase)/Decrease in work in Process				
Opening work in process	25,570,931	9,431,542	13,858,862	15,146,505
Closing work in process	(16,536,764)	(15,586,421)	(16,536,764)	(15,586,421)
	<u>9,034,167</u>	<u>(6,154,879)</u>	<u>(2,677,902)</u>	<u>(439,916)</u>
Cost of goods manufactured	<u>304,631,187</u>	<u>796,193,304</u>	<u>157,129,218</u>	<u>387,867,425</u>
(Increase)/Decrease in finished goods				
Opening Stock	38,571,880	70,883,881	24,233,130	65,931,172
Closing Stock	(20,946,256)	(70,997,543)	(20,946,256)	(70,997,543)
	<u>17,625,624</u>	<u>(113,662)</u>	<u>3,286,874</u>	<u>(5,066,371)</u>
	<u>322,256,811</u>	<u>796,079,642</u>	<u>160,416,092</u>	<u>382,801,055</u>

	Half Year Ended Un-audited	Half Year Ended Un-audited
	Dec 31, 2014 Rupees	Dec 31, 2013 Rupees
12 TRANSACTIONS WITH RELATED PARTIES		
Related parties comprise of associated undertakings, directors and their close family members, key management personnel and major shareholders of the company.		
Interest on short term borrowing debited by ICC (Pvt.) Limited	376,982	483,973
Long term financing obtained from directors - (interest free)	34,360,202	84,322,970
Reimbursable expenses incurred on behalf of ICC (Pvt.) Limited	1,456,608	2,497,545
Reimbursable expenses incurred by ICC (Pvt.) Limited	7,129	1,690,536
Sale of Vehicle to ICC (Pvt.) Limited	1,733,333	-
Unwinding of discount on interest free loan from directors	3,013,274	1,591,669

Significant balances with related parties, except as disclosed elsewhere in this financial information, are as follows:

	Half Year Ended Un-audited	Audited
	Dec 31, 2014 Rupees	Dec 31, 2013 Rupees
Receivable from ICC (Pvt.) Limited - associated undertaking	1,073,497	-
Short term borrowings - associated undertaking	6,539,720	6,539,720

13 GENERAL

- 13.1 The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31st December 2014 and 2013 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.
- 13.2 This financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.
- 13.3 Figures have been rounded off to the nearest rupee.
- 13.4 Corresponding figures are re-arranged, wherever considered necessary, for the purpose of better presentation of the financial information. However, no significant re-arrangement has been made.

14 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on February 28, 2015 by the Board of directors of the Company.

Chief Executive

Director

BOOK POST

If undelivered, Please Return to:
I C C Textiles Limited
242 - A, Anand Road, Upper Mall,
P.O. Box 1280, Lahore 54000. Pakistan.