

(UN-AUDITED)

**ACCOUNTS
FOR THE QUARTER ENDED
MARCH 31, 2017**



ICC Textiles Limited

ICC Textiles Limited

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, I hereby present the interim financial information of the company for the nine months ended on March 31, 2017.

The Sales decreased to Rs. 23.771 million during the period as compared to Rs. 365.026 million for the corresponding period of the previous year. The company incurred an after tax loss of Rs. 68.762 million as against Rs.135.590 million in the corresponding period resulting in loss per share of Rs. 2.29 (Jul - Mar 2016 Rs. 4.52).

The drastic decrease in sales is attributed to curtailment of operations as most of non-efficient looms have been sold out as per management plan. This has been compensated to some extent, by renting out of a sizable portion of the available industrial building for warehousing during the quarter. This has resulted in reduction of net loss to the company as compared to the previous corresponding period. We are now concentrating on further reducing our costs.

Going forward, we are closely monitoring the textile viability parameters to determine the future course of action. The government has finally lifted the ban on Industrial gas connection as the import and use of RLNG gas is gaining momentum. We hope to get the long awaited gas connection as soon as the sanctioned gas pipeline is made available on Multan road in Sunder. The global and domestic market for greige fabric is still depressed. Meanwhile, the textile export incentive package, which was announced after much delay, is encountering impediments on its implementation due to shortage of government funds.

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

Lahore:
Dated: April 29, 2017

For and on behalf of the Board of Directors
JAVAI D S. SIDDIQI
Chief Executive

**BALANCE SHEET
AS AT MARCH 31, 2017**

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Issued, Subscribed & Paid up share capital

Accumulated loss

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

NON CURRENT LIABILITIES

Long term financing from directors

Long term financing from commercial banks

Deferred liabilities

CURRENT LIABILITIES

Trade and other payables

Accrued markup

Short term borrowings

Current portion of long term liabilities

CONTINGENCIES AND COMMITMENTS

ASSETS

NON CURRENT ASSETS

Property, plant and equipment

Capital work in progress

Long term loans and advances

Long term deposits

CURRENT ASSETS

Stores, spares and loose tools

Stock in trade

Trade debts

Loans and advances

Trade deposits, short term prepayments and other receivables

Income tax refundable

Cash and bank balances

Non-current assets classified as held for sale

	Note	March, 2017 Rupees	June 2016 Rupees
Issued, Subscribed & Paid up share capital		300,011,200	300,011,200
Accumulated loss		(866,327,152)	(816,970,385)
		(566,315,952)	(516,959,185)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		504,809,828	523,687,940
NON CURRENT LIABILITIES			
Long term financing from directors	4	484,867,655	270,570,409
Long term financing from commercial banks		63,691,909	-
Deferred liabilities		110,340,944	142,772,428
		658,900,508	413,342,837
CURRENT LIABILITIES			
Trade and other payables		144,373,709	161,006,389
Accrued markup		20,486,517	30,453,900
Short term borrowings		4,861,953	124,319,088
Current portion of long term liabilities		16,000,000	192,496,743
		185,722,180	508,276,120
CONTINGENCIES AND COMMITMENTS	5	-	-
		783,116,564	928,347,712
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment		655,379,867	675,842,075
Capital work in progress		719,040	-
Long term loans and advances		65,000	29,000
Long term deposits		1,629,034	1,629,034
		657,792,941	677,500,109
CURRENT ASSETS			
Stores, spares and loose tools		22,990,939	25,123,900
Stock in trade		896,230	14,551,946
Trade debts		1,793,599	9,576,623
Loans and advances		3,947,078	3,603,334
Trade deposits, short term prepayments and other receivables		12,556,645	12,109,674
Income tax refundable		29,014,507	27,838,952
Cash and bank balances		1,830,750	11,442,103
		73,029,748	104,246,532
Non-current assets classified as held for sale		52,293,875	146,601,071
		783,116,564	928,347,712

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

Lahore:
Dated April 29, 2017

Chief Executive

Director

**PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS ENDED
MARCH 31, 2017**

Note	Jul 2016 to Mar-17 Rupees	Jul 2015 to Mar-16 Rupees	Jan-Mar 2017 Rupees	Jan-Mar 2016 Rupees
SALES	23,771,103	365,026,223	6,265,413	111,646,082
COST OF SALES	70,341,464	463,680,892	16,392,813	148,938,905
GROSS LOSS	(46,570,360)	(98,654,669)	(10,127,400)	(37,292,823)
OPERATING EXPENSES				
Distribution cost	1,978,653	4,344,054	548,869	1,003,000
Administrative expenses	22,516,175	26,019,350	7,249,403	8,609,343
Other operating expenses	729,774	592,650	297,969	173,918
	25,224,602	30,956,054	8,096,242	9,786,261
OPERATING LOSS	(71,794,962)	(129,610,723)	(18,223,641)	(47,079,084)
OTHER INCOME	34,123,998	27,194,812	9	3,796
OPERATING LOSS BEFORE FINANCIAL COST	(37,670,964)	(102,415,911)	(18,223,633)	(47,075,288)
FINANCIAL COST	39,304,008	37,745,552	12,454,163	11,771,379
LOSS BEFORE TAXATION	(76,974,972)	(140,161,463)	(30,677,795)	(58,846,667)
TAXATION	(8,212,914)	(4,571,500)	(501,731)	(1,441,708)
LOSS AFTER TAXATION	(68,762,059)	(135,589,963)	(30,176,064)	(57,404,959)
LOSS PER SHARE - BASIC AND DILUTED	7 (2.29)	(4.52)	(1.01)	(1.91)

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

Chief Executive

Director

**CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED
MARCH 31, 2017**

	Jul 2016 to Mar 2017 Rupees	Jul 2015 to Mar 2016 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) for the period before taxation	(76,974,972)	(140,161,463)
Adjustments for:		
Depreciation on property, plant and equipment	20,816,968	30,376,350
(Gain) / Loss on disposal of property, plant and equipment	137,313	(589,774)
Amortization of interest free loans	(8,604,541)	(26,228,994)
Amortization of transaction cost	714,286	1,071,429
Unwinding of discount	21,332,298	19,872,880
Staff gratuity	5,831,311	10,752,311
Financial cost	17,257,424	16,801,243
	<u>57,485,059</u>	<u>52,055,444</u>
	(19,489,914)	(88,106,019)
(Increase) / Decrease in current assets		
Stores, spares and loose tools	2,132,962	5,223,654
Stock in trade	13,655,716	15,800,487
Trade debts	7,783,024	(5,755,905)
Loans and advances	(343,743)	(769,607)
Trade deposits and short term prepayments & other receivables	(446,972)	(794,895)
	<u>22,780,986</u>	<u>13,703,734</u>
Increase / (Decrease) in current liabilities		
Trade and other payables	(16,632,680)	44,314,993
Cash generated from operations	<u>(13,341,607)</u>	<u>(30,087,291)</u>
Financial charges paid	(27,224,807)	(4,170,977)
Taxes paid	(2,280,798)	(4,784,241)
Gratuity paid	(33,327,188)	(5,218,002)
	<u>(62,832,793)</u>	<u>(14,173,220)</u>
Net cash flow from operating activities	(76,174,400)	(44,260,511)
CASH FLOW FROM INVESTING ACTIVITIES		
Long term loans and advances	(36,000)	677,500
Sale proceeds of property, plant and equipment	94,337,812	645,000
Fixed capital expenditure	(1,241,728)	(715,930)
Net cash flow from investing activities	93,060,084	606,570
CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings - secured	(119,457,134)	(13,347,666)
Long term financing from commercial banks - Secured	(113,803,596)	-
Long term loans from directors	201,853,964	46,059,001
Deferred Markup	4,909,730	-
Net cash flow from financing activities	<u>(26,497,036)</u>	<u>32,711,335</u>
Net Increase in cash and bank balances	(9,611,353)	(10,942,606)
Cash and bank balances at the beginning of the period	11,442,103	12,378,280
Cash and bank balances at the end of the period	1,830,750	1,435,674

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

Chief Executive

Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED
MARCH 31, 2017**

	Subscribed and paid-up share capital Rupees	Revenue	Total equity Rupees
		Accumulated profit / (loss) Rupees	
Balance as at July 1, 2015	300,011,200	(625,212,279)	(325,201,079)
Net loss for the nine months ended March 31, 2016	-	(135,589,963)	(135,589,963)
Transfer from surplus on revaluation of fixed assets - net of tax	-	10,554,942	10,554,942
Balance as at March 31, 2016	300,011,200	(750,247,300)	(450,236,100)
Balance as at July 1, 2016	300,011,200	(816,970,385)	(516,959,185)
Net loss for the nine months ended March 31, 2017	-	(68,762,059)	(68,762,059)
Transfer from surplus on revaluation of fixed assets - net of tax	-	19,405,292	19,405,292
Balance as at March 31, 2017	300,011,200	(866,327,152)	(566,315,952)

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

**NOTES TO THE ACCOUNTS
FOR THE NINE MONTHS ENDED
MARCH 31, 2017**

- These accounts have been prepared in accordance with the requirements of International Accounting Standard No. 34 "Interim Financial Reporting".
- The accounts are being submitted to the shareholders as required by Section 245 of The Companies Ordinance, 1984.
- The accounting policies adopted for the preparation of the accounts are the same as those of applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2016.

		March 31, 2017 Rupees	June 30, 2016 Rupees
4. LONG TERM FINANCING FROM DIRECTORS - Unsecured			
Interest free loans	4.1	146,849,803	136,816,906
Interest bearing loan - 1	4.2	136,163,887	133,753,503
Interest bearing loan - 2	4.3	101,853,965	-
Interest bearing loan - 3	4.4	100,000,000	-
		484,867,655	270,570,409
4.1	Original Loan amounts	321,531,222	321,531,223
	Less: Present Value Adjustment	206,132,600	206,132,600
		115,398,622	115,398,623
	Add: Interest charged to profit and loss account	31,451,181	21,418,283
		146,849,803	136,816,906
4.1.1	These interest free loans have been measured at amortized cost by using the weighted average interest rate ranging 8.06% to 11.64%.		
4.2	Original Loan amounts	140,000,000	140,000,000
	Less: Present Value Adjustment	9,653,031	9,653,031
		130,346,969	130,346,969
	Add: Interest charged to profit and loss account	5,816,918	3,406,534
		136,163,887	133,753,503

- 4.2.1 The mark-up is charged equal to cost of funds of MCB Bank for the relevant period i.e. 5.65% to 6.21%. The long term loan has been measured at amortized cost by using the weighted average interest rate ranging from 8.06% to 11.64% less cost of funds of the bank.
- 4.3 This loan covers mark-up @ One Month KIBOR plus 2% and the loan is repayable in lump sum on December 31, 2022.
- 4.4 This loan covers mark-up @ One Month KIBOR plus 2% and the loan is repayable in lump sum on December 31, 2020.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

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

Jul 2016 to Mar 2017 Rupees	Jul 2015 to Mar 2016 Rupees
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6. Following is the cost of fixed assets that have been added / disposed off during the nine months ended:

Additions in fixed assets	522,688	715,930
Deletions in fixed assets	(210,000)	(707,057)

7. LOSS PER SHARE - BASIC AND DILUTED

Profit / (Loss) after tax	(68,762,059)	(135,589,963)
Weighted average number of ordinary shares	30,001,120	30,001,120
Loss per share - Basic	(2.29)	(4.52)

8. DATE OF AUTHORISATION

These accounts have been approved by the Board of directors on April 29, 2017.

9. COMPARITIVE FIGURES

- have been rearranged wherever necessary, for the purpose of comparison.
- have been rounded off to the nearest rupee.

Chief Executive

Director

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