(UN-AUDITED)

ACCOUNTS

FOR THE QUARTER ENDING

September 30, 2012

I C C Textiles Limited

DIRECTORS' REVIEW

On behalf of the Board of Directors, I hereby present the accounts of the company for the first quarter which ended on September 30, 2012.

The energy situation with respect to availability and high tariff continues to be a major issue.

During the first quarter, the Sales decreased by 25% to Rs.359.233 million as compared to Rs. 479.199 million for the corresponding period of the previous year. The company incurred an after tax loss of Rs. 18.246 million as against an after tax loss of Rs. 18.397 million in the corresponding period.

The decrease in sales is mainly on account of reduced rates of fabric and yarn.

Although, there is a continued hike in electricity tariff, furnace & diesel oil prices, we, at ICC Textiles, managed to contain the fuel & power cost at the same level of previous corresponding period mainly attributed to usage of woodfired boiler. On the other hand, fabric production suffered badly due to extra ordinary electricity load shedding during Jul - Aug (Ramzan) as the priority was allocated to domestic consumers.

On the positive side, the declining inflation trend resulted in downward adjustment of markup rates i.e. 6 month KIBOR has dropped from 11.89% by end Oct 2011 to 9.57% on Oct 30, 2012. Moreover, a positive sign is the restoration of electricity load shedding exemption from Oct this year for the industrial units based primarily on Pepco grid.

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 issuance of notification thereof is pending.

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

For and on behalf of the Board of Directors

Lahore
October 31, 2012

SHAFIQ A. SIDDIQI
Chief Executive

BALANCE SHEET AS AT SEPTEMBER 30, 2012

	Note	September 2012 Rupees	June 2012 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorised share capital 32,000,000 ordinary shares (June 2012: 32,000,000) of Rs.10 each		320,000,000	320,000,000
Issued, Subscribed & Paid up share capital 30,001,120 ordinary shares (June 2012: 30,001,120) of Rs.10 each fully paid in cash		300,011,200	300,011,200
ACCUMULATED LOSSES		(569,882,960)	(555,875,616)
		(269,871,760)	(255,864,416)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		511,518,322	515,756,669
NON CURRENT LIABILITIES			
Long term financing from associated company	4	61,895,849	32,735,219
Long term financing from commercial banks		15,896,104	31,792,208
Deferred liabilities		55,787,206	52,570,529
Deferred taxation		144,615,792	146,897,979
CURRENT LIABILITIES			
Trade and other payables		124,246,776	175,707,591
Accrued markup		17,790,345	18,173,212
Short term borrowings		596,488,493	555,275,726
Current portion of long term liabilities		47,758,710	31,897,696
		786,284,324	781,054,225
CONTINGENCIES AND COMMITMENTS	5		
		1,306,125,837	1,304,942,413
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment		1,004,299,350	1,015,371,462
Assets subject to finance lease		290,076	305,343
		1,004,589,426	1,015,676,805
LONG TERM LOANS AND ADVANCES		186,000	88,333
LONG TERM DEPOSITS AND PREPAYMENTS		1,629,034	1,629,034
CURRENT ASSETS			
Stores, spares and loose tools		33,819,620	37,755,124
Stock in trade		166,762,649	144,696,470
Trade debts		41,370,945	27,659,498
Loans and advances		19,775,187	6,924,062
Trade deposits and short term prepayments		3,332,958	1,950,001
Other receivables		22,581,736	22,525,439
Income tax refundable		8,189,794	8,008,788
Cash and bank balances		3,888,488	38,028,859
		299,721,377	287,548,241
		1,306,125,837	1,304,942,413

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

Lahore
October 31, 2012 Director Chief Executive

PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	Note	Jul-Sep 2012 Rupees	Jul-Sep 2011 Rupees
SALES		359,232,850	479,199,032
COST OF SALES		361,850,432	478,842,187
GROSS PROFIT		(2,617,582)	356,845
OPERATING EXPENSES:			
Distribution cost		3,952,842	5,856,040
Administrative		7,629,915	7,585,283
Other operating expenses		199,486	194,650
		11,782,243	13,635,973
		(14,399,825)	(13,279,127)
OTHER OPERATING INCOME		17,334,576	21,696,909
OPERATING PROFIT		2,934,751	8,417,782
FINANCE COST		21,204,933	24,227,432
LOSS BEFORE TAXATION		(18,270,182)	(15,809,650)
TAXATION	7	(24,492)	2,587,261
LOSS AFTER TAXATION		(18,245,690)	(18,396,911)
LOSS PER SHARE - BASIC AND DILUTED		(0.61)	(0.61)

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

Director

Chief Executive

CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2012

		Jul-Sep 2012 Rupees	Jul-Sep 2011 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) for the period before taxation		(18,270,182)	(15,809,650)
Adjustments for:			
Depreciation on property, plant and equipment		11,757,409	12,791,449
Depreciation on leased assets		15,267	52,435
Amortization of interest free loans		(17,331,116)	(21,688,902)
Unwinding of discount		1,491,746	789,962
Staff gratuity		3,603,840	3,360,683
Financial cost		21,204,933	23,729,384
		20,742,079	19,035,011
		2,471,897	3,225,360
(Increase) / Decrease in current assets			
Stores, spares and loose tools		3,935,504	(2,890,407)
Stock in trade		(22,066,179)	32,972,161
Trade debts		(13,711,447)	16,336,014
Loans and advances		(12,851,125)	(10,619,657)
Trade deposits and short term prepayments		(1,382,957)	(3,088,441)
Other receivables		(56,298)	66,426
		(46,132,502)	32,776,096
Increase / (Decrease) in current liabilities			
Trade and other payables		(51,460,815)	(28,669,641)
Cash generated from operations		(95,121,420)	7,331,815
Financial charges paid		(21,587,799)	(28,622,439)
Taxes paid		(2,438,701)	(5,626,727)
Gratuity paid		(387,162)	(724,675)
		(24,413,662)	(34,973,841)
Net cash flow from operating activities	(A)	(119,535,082)	(27,642,026)
CASH FLOW FROM INVESTING ACTIVITIES			
Long term loans & advances		(97,667)	(8,000)
Long term deposits & prepayments		-	70,400
Sale proceeds of property, plant and equipment		-	-
Fixed capital expenditure		(685,298)	(2,287,813)
Net cash flow from investing activities	(B)	(782,965)	(2,225,413)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term borrowings - Secured		41,212,765	29,039,930
Long term financing from commercial banks		-	(15,896,104)
Long term loans from associated company		45,000,000	-
Liabilities against assets subject to finance lease		(35,090)	(159,859)
Net cash flow from financing activities	(C)	86,177,675	12,983,967
Net Increase/(Decrease) in cash and bank balances	(A+B+C)	(34,140,372)	(16,883,472)
Cash & bank balances at the beginning of the period		38,028,859	32,684,207
Cash & bank balances at the end of the period		3,888,488	15,800,736

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

Director | Chief Executive

STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	Paid-up Capital Rupees	Accumulated (Loss) Rupees	Total Rupees
Balance as at June 30, 2011	300,011,200	(489,971,155)	(189,959,955)
Net loss for the period		(18,396,911)	(18,396,911)
Incremental depreciation - net of tax		4,248,069	4,248,069
Balance as at September 30, 2011	300,011,200	(504,119,997)	(204,108,797)
Balance as at June 30, 2012	300,011,200	(555,875,616)	(255,864,416)
Net loss for the period		(1,8245,690)	(1,8245,690)
Incremental depreciation - net of tax		4,238,346	4,238,346
Balance as at September 30, 2012	300,011,200	(569,882,960)	(269,871,760)

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2012

1. These accounts have been prepared in accordance with the requirements of International Accounting Standard No. 34 "Interim Financial Reporting".

2. The accounts are being submitted to the shareholders as required by Section 245 of The Companies Ordinance, 1984.

3. 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, 2012.

	September, 2012 Rupees	June, 2012 Rupees
4. LONG TERM FINANCING FROM ASSOCIATED COMPANY		
Original Loan Amounts:	189,150,000	144,150,000
Less: present value adjustment	(131,905,746)	(114,574,630)
	57,244,254	29,575,370
Interest charged to profit and loss account	4,651,595	3,159,849
	61,895,849	32,735,219

From July 13, 2011 these loans 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 Instrument: Recognition and Measurement, and has been discounted using the weighted average interest rate ranging 13.04% to 14.11%.

	September, 2012 Rupees	June, 2012 Rupees
5. CONTINGENCIES AND COMMITMENTS		
5.1 Commitments		
Commitments against irrevocable letters of credit were as under:		
Import of stores and raw materials	-	-

5.2 Others

There are no other significant activities since June 30, 2012 affecting financial statements.

	2012 Rupees	2011 Rupees
6. ADDITIONS / DELETIONS IN FIXED ASSETS		
Additions in fixed assets	685,297	2,287,813
Deletions in fixed assets	-	-
7. TAXATION		
- Current	2,257,695	4,874,683
- Deferred	(2,282,187)	(2,287,422)
	(24,492)	2,587,261
8. EARNING PER SHARE - BASIC AND DILUTED		
Profit / (Loss) after tax	(18,245,690)	(18,396,911)
Weighted average number of ordinary shares	30,001,120	30,001,120
Basic earning per share	(0.61)	(0.61)

9. DATE OF AUTHORISATION

These accounts have been approved by the Board of directors on October 31, 2012.

10. FIGURES

Figures have been rounded off to the nearest rupee.

Director

Chief Executive

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