

(UN-AUDITED)

INTERIM FINANCIAL INFORMATION

QUARTER ENDED

September 30, 2017



I C C Textiles Limited

I C C Textiles Limited

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, I hereby present the interim financial information of the company for the 1st Quarter ended on September 30, 2017.

The company suffered a loss after tax amounting to Rs. 23.980 million on revenue of Rs. 2.321 million comprising rental income as against after tax loss of Rs. 28.624 million against sale of fabric of Rs. 16.271 million in the corresponding period resulting in loss per share of Rs. 0.80 (Jul-Sep 2016 Rs. 0.95). Reason for reduced revenue is the disposal of substantial quantity of the machinery comprising of all air-jet looms alongwith associated back process & allied equipment and 23 sulzer cam looms which were disposed off during the year ended on June 30, 2017, as per our plan to consolidate company's position by repaying bank borrowings through sale of inefficient / obsolete machinery and sponsors funds injection and to rent out vacant premises to generate revenue.

The bank borrowing had been reduced from Rs. 473.596 million as of March 31, 2015 to Rs. 61.611 million as of September 30, 2017.

There are continuing negative textile sentiments i.e depressed global demand, unsupportive policy of Government and high cost of doing business, especially very high cost of energy in the region. Whereas, the Government offer of RLNG at very high price is not a viable solution of the energy crises. Therefore, the company further reduced its bank debt by gradually selling off some of its remaining textile machinery enabling the company to rent out additional vacant area.

Accordingly, the bank borrowings has further been reduced to Rs. 46.611 million only by making a payment of Rs. 15 million subsequent to balance sheet date.

Considering the cited factors, the shareholders of the company, in EOGM held on Dec 04, 2017 have decided to dispose off the balance Sulzer looms with accessories, equipment and parts and to focus on renting out precious vacant factory building and / or open land to generate revenue. Presently, we are at an advance of negotiations to rent out additional available industrial building to enhance revenue. However, as our textile infrastructure is intact, we may decide to invest in the new textile weaving technology in future.

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

For and on behalf of the Board of Directors

Lahore:

Dated: January 17, 2018

JAVAID S. SIDDIQI

Chief Executive Officer

**BALANCE SHEET
AS AT SEPTEMBER 30, 2017**

	Note	September, 2017 Rupees	June, 2017 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorised share capital			
32,000,000 ordinary shares (June 2017: 32,000,000) of Rs.10 each		<u>320,000,000</u>	<u>320,000,000</u>
Issued, Subscribed & Paid up share capital			
30,001,120 ordinary shares (June 2017: 30,001,120) of Rs.10 each fully paid in cash		300,011,200	300,011,200
ACCUMULATED LOSS			
		<u>(806,179,239)</u>	<u>(787,599,476)</u>
		(506,168,039)	(487,588,276)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX			
		598,315,165	603,715,735
NON CURRENT LIABILITIES			
Long term financing from directors	4	506,699,599	501,588,618
Long term financing from commercial banks	5	-	-
Deferred liabilities		<u>110,271,220</u>	<u>112,787,495</u>
		616,970,819	614,376,113
CURRENT LIABILITIES			
Trade and other payables		97,590,599	106,354,396
Security deposits		7,853,730	7,853,730
Accrued markup		32,577,882	25,923,989
Short term borrowings		4,376,280	4,331,979
Current portion of long term liabilities		<u>66,597,257</u>	<u>65,288,898</u>
		208,995,748	209,752,992
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		<u>918,113,693</u>	<u>940,256,564</u>
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment		230,174,817	242,182,764
Investment property		620,349,770	620,349,770
Long term loans and advances		160,000	209,000
Long term deposits		<u>1,629,034</u>	<u>1,629,034</u>
		852,313,622	864,370,568
CURRENT ASSETS			
Stores, spares and loose tools		15,742,873	15,801,172
Stock in trade		1,035,767	1,035,767
Trade debts		127,363	127,448
Loans and advances		446,476	429,907
Short term prepayments and other receivables		2,451,450	1,345,669
Tax refunds due from Government		<u>39,315,449</u>	<u>40,000,826</u>
Cash and bank balances		<u>440,693</u>	<u>455,207</u>
		59,560,071	59,195,996
Non - Current assets classified as held for sale		6,240,000	16,690,000
		<u>918,113,693</u>	<u>940,256,564</u>

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

Lahore: Dated Jan 17, 2018

Chief Executive Officer

Director

Chief Financial Officer

**PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED
SEPTEMBER 30, 2017**

	Note	Jul - Sep 2017 Rupees	Jul - Sep 2016 Rupees
REVENUE	8	2,321,110	16,271,321
DIRECT COST		(3,145,973)	(37,341,768)
GROSS (LOSS)		(824,863)	(21,070,447)
DISTRIBUTION COST		(246,408)	(694,672)
ADMINISTRATION COST		(7,123,674)	(8,477,256)
OTHER EXPENSES		(191,922)	(191,738)
OTHER INCOME		2,654	9,296,103
OPERATING LOSS		(8,384,213)	(21,138,010)
FINANCE COST		(12,491,671)	(13,619,546)
LOSS BEFORE TAXATION		(20,875,884)	(34,757,556)
TAXATION	9	(398,628)	6,133,417
LOSS AFTER TAXATION FROM CONTINUING OPERATIONS		(21,274,512)	(28,624,139)
LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS	10	(2,705,820)	-
LOSS AFTER TAXATION		(23,980,332)	(28,624,139)
LOSS PER SHARE- BASIC AND DILUTED			
- LOSS PER SHARE FROM CONTINUING OPERATIONS		(0.71)	(0.95)
- LOSS PER SHARE FROM DISCONTINUED OPERATIONS		(0.09)	-
		(0.80)	(0.95)

**STATEMENT OF CHANGES IN
EQUITY FOR THE QUARTER ENDED
SEPTEMBER 30, 2017**

	Paid-up Capital Rupees	Accumulated (Loss) Rupees	Total Rupees
Balance as at June 30, 2016	300,011,200	(816,970,385)	(516,959,185)
Other comprehensive income for the period		-	-
Net loss for the period		(28,624,139)	(28,624,139)
Incremental depreciation - net of tax		13,437,278	13,437,278
Balance as at September 30, 2016	300,011,200	(832,157,246)	(532,146,046)
Balance as at June 30, 2017	300,011,200	(787,599,477)	(487,588,277)
Other comprehensive income for the period		-	-
Net loss for the period		(23,980,332)	(23,980,332)
Incremental depreciation - net of tax		5,400,570	5,400,570
Balance as at September 30, 2017	300,011,200	(806,179,239)	(506,168,039)

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

Lahore: Dated Jan 17, 2018

Chief Executive Officer

Director

Chief Financial Officer

**CASH FLOW STATEMENT FOR
THE QUARTER ENDED
SEPTEMBER 30, 2017**

	Note	Jul - Sep 2017 Rupees	Jul - Sep 2016 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Net cash used in continuing Operations	II	(7,615,834)	9,615,155
Net cash used in discontinued Operations	II	(10,630,589)	-
		(18,246,423)	9,615,155
Financial charges paid		(118,438)	(142,445)
Taxes paid		170,090	(797,261)
Gratuity paid		-	-
Gratuity paid - Discontinued operations		(1,302,465)	(27,681,997)
		(1,250,813)	(28,621,703)
Net cash flow from operating activities	(A)	(19,497,236)	(19,006,548)
CASH FLOW FROM INVESTING ACTIVITIES			
From Continuing operations			
Long term loans & advances		49,000	12,000
Sale proceeds of property, plant and equipment & assets held for sale		-	39,077,070
Fixed capital expenditure		-	(502,168)
		49,000	38,586,902
From Discontinued operations			
Sale proceeds of property, plant and equipment & assets held for sale		18,689,421	-
Net cash flow from investing activities	(B)	18,738,421	38,586,902
CASH FLOW FROM FINANCING ACTIVITIES			
From Continuing operations			
Short term borrowings - Secured		44,300	(11,277,986)
Long term financing from commercial banks		-	(18,144,000)
Long term loans from directors		700,000	18,768,815
		744,300	(10,653,171)
From Discontinued operations			
		-	-
Net cash flow from financing activities	(C)	744,300	(10,653,171)
Net Increase/(Decrease) in cash and bank balances	(A+B+C)	(14,515)	8,927,183
Cash & bank balances at the beginning of the period		455,207	11,442,103
Cash & bank balances at the end of the period		440,693	20,369,287

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

Lahore: Dated Jan 17, 2018

Chief Executive Officer

Director

Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2017

- 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, 2017.

		Sep, 2017 Rupees	June, 2017 Rupees
4. LONG TERM FINANCING FROM DIRECTORS- Unsecured			
Interest free loan	4.1	153,950,740	150,357,690
Interest bearing loan - 1	4.2	137,794,894	136,976,963
Interest bearing loan - 2	4.3	114,953,965	114,253,965
Interest bearing loan - 3	4.4	100,000,000	100,000,000
		<u>506,699,599</u>	<u>501,588,618</u>

4.1 Original Loan amounts	321,531,223	321,531,223
Less: Present value adjustment	<u>206,132,600</u>	<u>206,132,600</u>
	115,398,623	115,398,623
Add: Interest charged to profit and loss account	<u>38,552,118</u>	<u>34,959,067</u>
	<u>153,950,740</u>	<u>150,357,690</u>

4.1.1 These interest free loans have been measured at amortized cost by using the weighted average interest rate ranging from 8.06% to 11.64%.

4.2 Original Loan amounts	140,000,000	140,000,000
Less: Present value adjustment	<u>9,653,031</u>	<u>9,653,031</u>
	130,346,969	130,346,969
Add: Interest charged to profit and loss account	<u>7,447,925</u>	<u>6,629,994</u>
	<u>137,794,894</u>	<u>136,976,963</u>

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 loans are repayable in lump sum on December 31, 2020.

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. LONG TERM FINANCING FROM COMMERCIAL BANK-Secured			
Original Loan amount - Interest free	5.1	86,215,829	86,215,829
Less: Repayments up to end of period		<u>(16,000,000)</u>	<u>(16,000,000)</u>
Less: Present value adjustment		<u>(8,604,541)</u>	<u>(8,604,541)</u>
		61,611,288	61,611,288
Add: Interest charged to profit and loss account		<u>4,985,969</u>	<u>3,677,610</u>
		<u>66,597,257</u>	<u>65,288,898</u>
Less: Current portion		<u>66,597,257</u>	<u>65,288,898</u>
		-	-

5.1 This interest free loans has been measured at amortized cost in accordance with International Accounting Standard 39, Financial Instrument: Recognition and Measurement, and has been discounted using the weighted average interest rate of 8.26%.

6 CONTINGENCIES AND COMMITMENTS

6.1 Commitments

Commitments against irrevocable letters of credit

6.2 Others

There are no other significant activities since June 30, 2017 affecting financial statements.

		Jul-Sep 2017 Rupees	Jul-Sep 2016 Rupees
7 ADDITIONS / DELETIONS IN FIXED ASSETS DURING THE PERIOD			
Additions in fixed assets		-	502,168
Deletions in fixed assets		6,767,884	-
Deletions in non-current assets held for sale		10,450,000	39,077,070
8 REVENUE			
- Sale of cloth	10.2	-	16,271,321
- Rental income		2,321,110	-
		<u>2,321,110</u>	<u>16,271,321</u>
9 TAXATION			
- Current		515,286	159,134
- Deferred		(116,658)	(6,292,551)
		<u>398,628</u>	<u>(6,133,417)</u>
10 LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS			
Sales		-	-
Cost of sales	10.1	6,603,702	-
Gross loss		(6,603,702)	-
Other Income		1,471,539	-
Loss before taxation		(5,132,163)	-
Taxation - Current		-	-
- Deferred		(2,426,343)	-
Loss after taxation		<u>(2,705,820)</u>	<u>-</u>
10.1 Cost of Sales			
Salaries, wages and benefits		1,647,892	-
Spares consumed		64,558	-
Repair & maintenance		119,900	-
Depreciation		4,672,352	-
Others		99,000	-
		6,603,702	-
Adjustment of work-in-process:			
Opening Stock		68,500	-
Closing Stock		(68,500)	-
		-	-
Adjustment of finished goods:			
Opening Stock		762,935	-
Closing Stock		(762,935)	-
		-	-
		<u>6,603,702</u>	<u>-</u>

10.2 The loss after taxation from discontinued business pertains to sulzer dobby looms not in operation, hence generated nil revenue. Subsequently, in EOGM held on Dec. 04, 2017 shareholders of the company have decided to sell twenty seven years old balance sulzer dobby looms with accessories, equipment and parts enabling the company to rent out additional area.

II CASH FLOW FROM OPERATING ACTIVITIES	Jul 2017 - Sep 2017		Jul - Sep 2016
	Continuing Operation	Discontinued Operation	Continuing Operation
Profit / (Loss) for the period before taxation	(20,875,884)	(5,132,163)	(34,757,556)
Adjustments for:			
Depreciation on property, plant and equipment	567,710	4,672,352	6,943,691
(Gain) / Loss on disposal of property, plant and equipment	-	(1,471,539)	-
Amortization of interest free loans	-	-	(9,294,294)
Amortization of transaction cost	-	-	357,143
Unwinding of discount	5,719,341	-	7,843,776
Staff gratuity	1,329,189	-	1,943,770
Financial cost	6,772,331	-	5,418,627
	14,388,571	3,200,813	13,212,713
(Increase) / Decrease in current assets	(6,487,313)	(1,931,350)	(21,544,843)
Stores, spares and loose tools	(6,259)	64,558	903,877
Stock in trade	-	-	13,394,382
Trade debts	85	-	6,007,189
Loans and advances	(16,569)	-	(322,677)
Short term prepayments and other receivables	(1,105,778)	-	3,789,211
	(1,128,521)	64,558	23,771,982
Increase / (Decrease) in current liabilities			
Trade and other payables	-	(8,763,797)	7,388,016
Security deposits	-	-	-
Net cash used in operations	(7,615,834)	(10,630,589)	9,615,155

12 DATE OF AUTHORISATION

These accounts have been approved by the Board of Directors on January 17, 2018.

13 COMPARATIVE FIGURES

- have been rounded off to the nearest rupee.
- have been re-arranged and / or reclassified, wherever considered necessary. However, no significant reclassification has been made in these financial statements.

Lahore: Dated Jan 17, 2018 Chief Executive Officer Director Chief Financial Officer

BOOK POST

If undelivered, Please Return to:

ICC Textiles Limited
242 - A, Anand Road, Upper Mall,
P.O. Box 1280, Lahore 54000. Pakistan.