



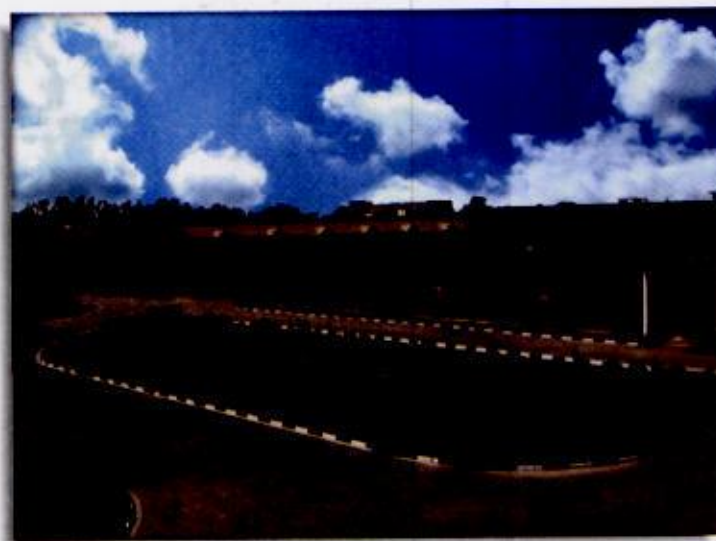
Annual Report 2010

ICC Textiles Ltd



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COMPANY INFORMATION

Board of Directors

- Mr. Shafiq A. Siddiqi Chief Executive
- Mr. Javaid S. Siddiqi
- Mr. Pervaiz S. Siddiqi
- Mrs. Fauzia Javaid
- Mr. Salman Javaid Siddiqi
- Mr. Asim Pervaiz Siddiqi
- Mr. Adnan Javaid Siddiqi

Audit Committee

- Mr. Javaid S. Siddiqi Chairman
- Mr. Pervaiz S. Siddiqi Member
- Mr. Salman Javaid Siddiqi Member

HR&R Committee

- Mr. Pervaiz S. Siddiqi Chairman
- Mr. Javaid S. Siddiqi Member
- Mr. Asim Pervaiz Siddiqi Member

Company Secretary

- Mr. Usman Haq

Chief Financial Officer

- Mr. Javed Rashid

Auditors

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

Bankers

- MCB Bank Limited
- Faysal Bank Limited
- Bank AL Habib Limited
- Standard Chartered Bank (Pakistan) Limited
- United Bank Limited
- National Bank of Pakistan
- Allied Bank Limited
- Habib Metropolitan Bank Limited

Legal Advisor

- Imtiaz Siddiqi Associates
179/180-A, Scotch Corner, Upper Mall Scheme,
Lahore-Pakistan. Tel: 042-35758573-35758574
Fax: 042-35758572

Shares Registrar

- Corplink (Pvt.) Ltd.
Wings Arcade, 1-K Commercial,
Model Town, Lahore.
Ph: 042-35916714, 35916719
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 Sixth (26th) Annual General Meeting of ICC Textiles Limited will be held at Company's Registered Office at 242-A, Anand Road, Upper Mall, Lahore on Friday, October 31, 2014 at 10:30 a.m. to transact the following business:

ORDINARY

1. To confirm the minutes of the Extraordinary General Meeting held on March 29, 2014.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2014 together with the Directors' and Auditors' Reports thereon.
3. To appoint auditors for the year ending June 30, 2015 and to fix their remuneration.
4. Any other business with the permission of the Chair.

By Order of the Board

LAHORE:
October 04, 2014

Sd/-
USMAN HAQ
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from 22.10.2014 to 31.10.2014 (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 audited financial statements of the company pertaining to the financial year ended on June 30, 2014.

Financial Highlights

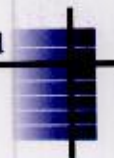
The company incurred an after tax loss of Rs. 73.401 million on total sales of Rs. 1,234.768 million as against an after tax profit of Rs. 2.984 million on total sales of Rs. 1,728.459 million in the preceding period.

● Sales	Rs. 1,234,768,403
● Gross Profit / (Loss)	Rs. -68,915,648
● Operating Profit / (Loss)	Rs. -14,500,851
● Finance Cost	Rs. 65,575,619
● Profit / (Loss) after tax	Rs. -73,401,452
● Unappr. (Loss) brought forward	Rs. -535,518,818
● Total Accumulated (Loss)	Rs. -592,182,052
● Earning/(Loss) per share	Rs. -2.45

Period under Review

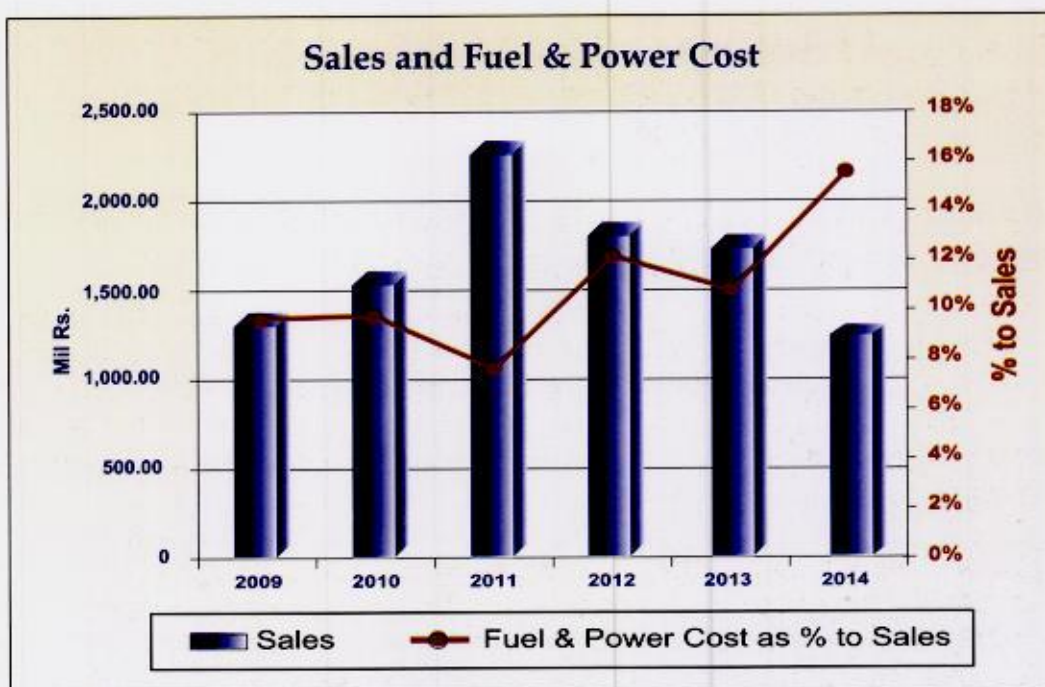
The weaving sector remained under pressure for bulk of the period due to depressed demand and reduced market prices. While initially there were positive indicators due to grant of European GSP preference and the declining trend of the Pak rupee against the US\$, the benefit was wiped out due to unprecedented sudden rise of the Pak rupee exchange rate. The situation remained further aggravated due to the sluggish global fabric demand and reduced market price.

The problem was further compounded by an abnormal hike in industrial electricity tariff by 60% in Aug 2013. Moreover, the negative impact felt by us was even more severe due to non-availability of an industrial gas connection which is essential for cheaper and continuous gas based electricity. Fabric production suffered badly due to severe scheduled and unscheduled electricity load shedding during the period. While we do not foresee a resolution of the Electricity Load Shedding crisis in the near future in the country, Aptma is aggressively pursuing the Ministry of Water & Power for relief in Load Shedding for the Sole Pepco based units having independent feeders which do not have Gas based back up power and are unable to depend on excessively priced diesel based power. We hope that good sense will prevail and the concerned authorities will immediately act to save the export oriented industrial sector of the country. Meanwhile, the Sponsors remained committed to provide financial aid to the company.

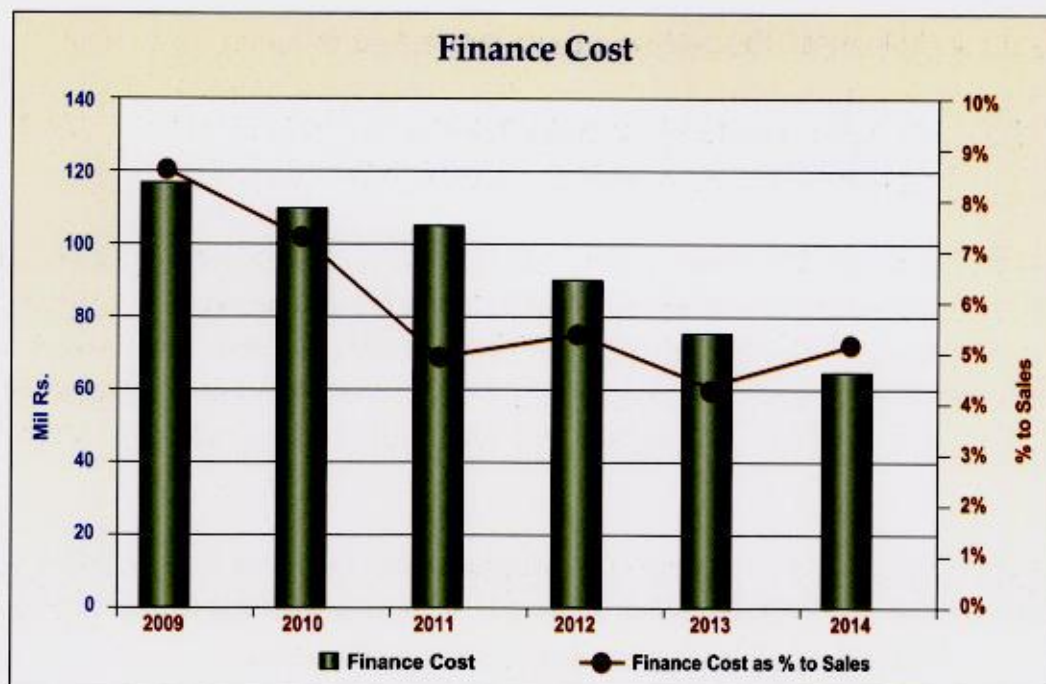


The following factors influenced the performance of the company during this period:

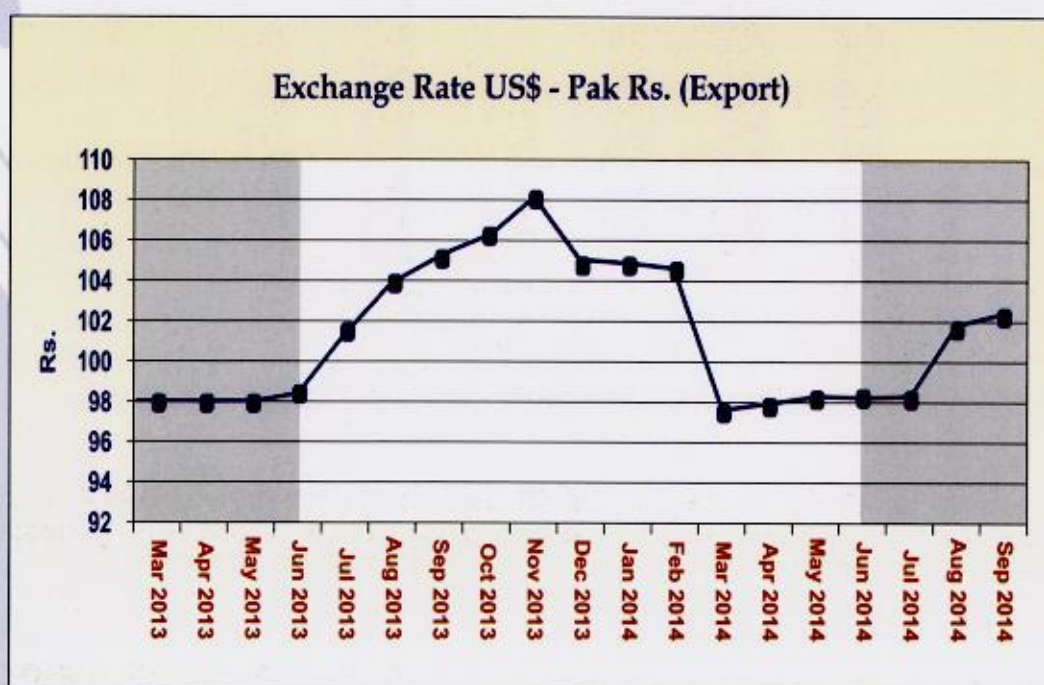
- Fabric production in Sq Meters at 60 picks reduced by 10.393 million (36%) as compared to previous year i.e. from 28.704 million to 18.312 million.
- The Company's sales in Sq Meters at 60 picks reduced by 9.530 Million (33.5%), i.e. 18.878 Million from 28.407 Million. The cost of sales increased by Rs. 8.38 per sq meter (at 60 picks), mainly due to curtailed production, i.e. from Rs. 60.68 to Rs. 69.06, however, the net sale rate per sq meter (at 60 picks) increased by Rs. 4.56 i.e. from Rs. 60.85 to Rs. 65.41. The negative financial impact works out at Rs. 73 million approx.
- The fuel and power, including steam cost, increased by Rs. 5.454 million i.e from Rs. 184.210 million to Rs. 189.664 million, despite reduced production and two shifts working, mainly due to drastically enhanced electricity tariff by 60%.



- Financial cost decreased from Rs. 75.048 million to Rs. 65.576 million due to repayment of long term loans.



- The interest free loans have been measured at amortized cost and discounted using weighted average interest rate ranging from 10.24% to 11.64% resulting in for the year NPV adjustment of Rs. 106.632 million.
- US\$ exchange rate after increasing from Rs. 98.60 to Rs. 108.20 reduced to Rs. 97.00 in March 2014 and closed at Rs. 98.35 on June 30, 2014 (2013: Rs. 98.60).

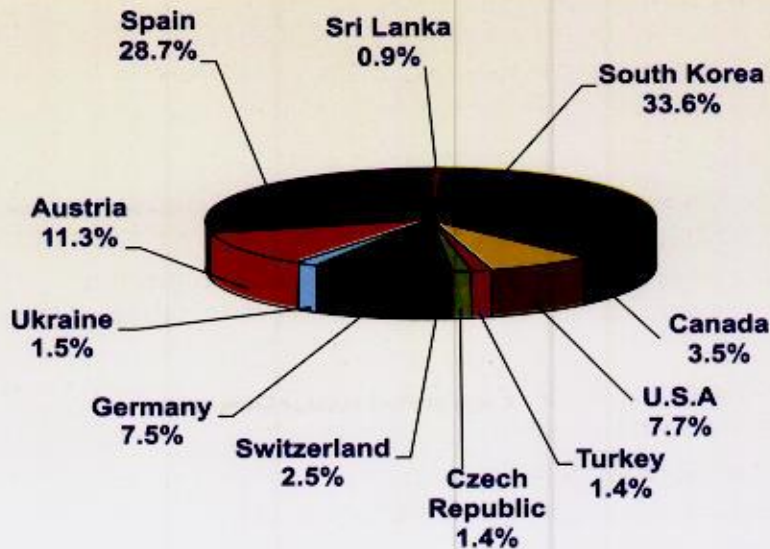


Future Strategy and Prospects

Our efforts are continuing to secure the long overdue gas connection from SNGPL. A gross injustice is being done to the sole Pepco based units who have been deprived of industrial gas connection thus placing them at an extreme disadvantage and creating a highly discriminating disparity when compared to the privileged units having their own gas based captive power plants.

Our export distribution in term of value is for the year is as follows:

- Europe & North America	66%
- Far East	34%



Corporate Social Responsibility

Your company is a responsible corporate citizen and fully recognizes its responsibility towards community, employees and environment.

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, except as mentioned in note 3.1 to the financial statements, 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 the Company's current liabilities exceeded its current assets by Rs. 503.038 million, and its accumulated losses stood at Rs. 592.182 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 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:

- i Directors of the company have invested as long term interest free loans amounting to Rs. 122.112 million during the year, thus making total interest free loans amounting to Rs. 162.712 million as on June 30, 2014 (2013: Rs. 40.600 million) to meet working capital requirements. The sponsors of the company are committed to continue such support in future.
- ii The company had installed Six additional Air-jet looms (190cm) in May 2013, through sponsors' financing, which increased the rated capacity of the plant.
- iii In a meeting held on May 13, 2013 board of directors of ICC (Pvt.) Ltd., an associated company, has decided to waived off the following loans advanced to ICC Textiles Limited from time to time:
 - Long term interest free loans amounting to Rs. 189.150 million having carrying value in ICC Textiles books, of Rs. 48.801 at amortized cost.
 - Short term interest bearing loans of Rs. 30.850 million.
- iv In April 2011, the company had raised its paid-up capital by Rs. 200.003 million by converting 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.
- V The Company is pursuing aggressively its application for securing gas connection which is essential for cheaper and continuous gas based electricity.

There is an overdue installment, as on 30th June 2014, of Rs. 15.896 million of term loan obtained from MCB Bank Limited and effort is being made to clear it as soon as possible.

Corporate Governance

The Company's auditors, in their review report to the members have mentioned regarding non appointment of independent director(s) as required by the Code of Corporate Governance. The company is making effort to resolve the issue. There has been no other 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.61.887 million (2013: Rs. 62.635 million).

Board and Committees Meetings

During the year July 2013 to June 2014, seven meetings of the Board of Directors, seven meetings of audit committee and one meeting of HR & R committee were held. Attendances by the Directors were as follows:

Name of Directors	Attendance	Remarks
Board of Directors		
Mr. Shafiq A. Siddiqi	7	
Mr. Javaid S. Siddiqi	7	
Mr. Pervaiz S. Siddiqi	4	
Mrs. Fauzia Javaid	6	
Mr. Salman Javaid Siddiqi	7	
Mr. Asim Pervaiz Siddiqi	5	
Mr. Adnan Javaid Siddiqi	4	
Mr. Arsalan Javaid Siddiqi	2	Retired on March 29, 2014
Audit Committee		
Mr. Javaid S. Siddiqi	7	
Mr. Pervaiz S. Siddiqi	7	
Mr. Salman Javaid Siddiqi	7	
HR & R Committee		
Mr. Pervaiz S. Siddiqi	1	
Mr. Javaid S. Siddiqi	1	
Mr. Asim Pervaiz Siddiqi	1	

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	S A L E	PURCHASE
Mr. Adnan Javaid Siddiqi	-	1,000
Mr. Arsalan Javaid Siddiqi	-	500



Audit Committee

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

HR and Remuneration Committee

The HR and Remuneration Committee comprise 3 members, of whom 2 are non-executive directors.

Auditors

M/s Anjum Asim Shahid Rahman, Chartered Accountants will retire at the conclusion of 26th Annual General Meeting. They have expressed their willingness for reappointment. The Audit Committee has recommended their reappointment.

Dividend

Considering the results for the year, the board is not recommending disbursement of any dividend for the period ended June 30, 2014.

Acknowledgement

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

For and on behalf of the Board of Directors

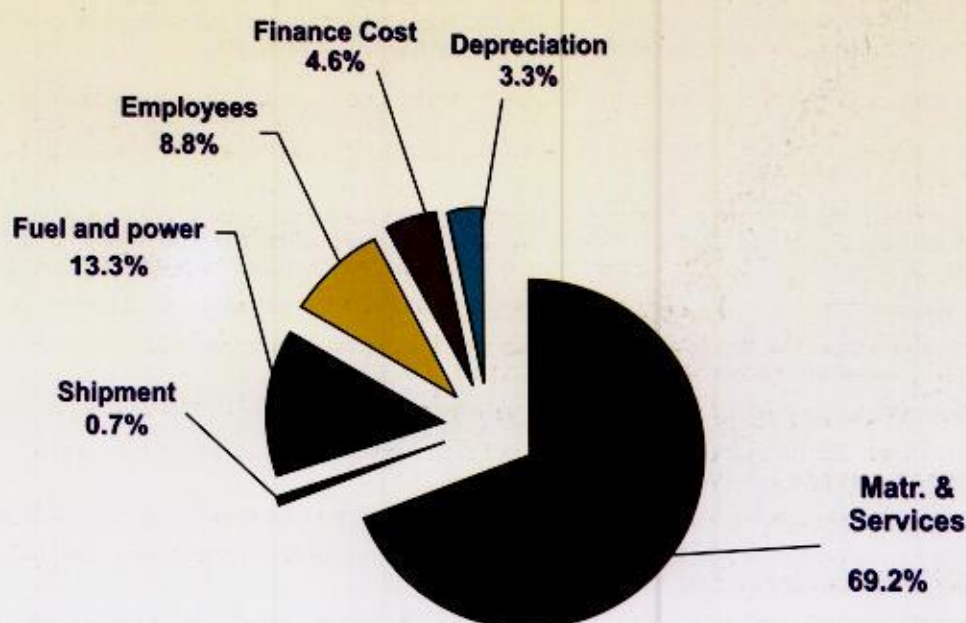
LAHORE:
October 04, 2014

Sd/-
SHAFIQ A. SIDDIQI
Chief Executive

SIX YEARS AT A GLANCE

	2009	2010	2011	2012	(Rs. in million)	
					2013	2014
• Sales (Rs.)	1,331.862	1,522.531	2,246.377	1,778.224	1,728.459	1,234.768
• Gross profit/(loss) (Rs.)	88.954	11.391	64.754	(55.374)	4.794	(68.916)
• Net profit/(loss) after tax (Rs.)	(74.016)	(145.138)	(98.936)	(82.897)	2.984	(73.401)
• Fixed assets (Rs.)	1,043.457	997.659	952.641	1,015.677	979.040	933.611
• Long term liabilities (Rs.)	297.746	265.093	172.840	64.527	33.299	52.185
• Retained earnings (Rs.)	(279.881)	(408.027)	(489.971)	(554.301)	(535.519)	(592.182)
• Gross profit rate	6.7%	0.7%	2.9%	(3.1%)	0.3%	(5.6%)
• Net profit rate	(5.6%)	(9.5%)	(4.4%)	(4.7%)	0.2%	(5.9%)
• Current ratio	0.66:1	0.52:1	0.55:1	0.37:1	0.35:1	0.28:1
• Share break up value (Rs.)	(17.99)	(30.80)	(18.99)	(8.47)	(7.85)	(9.74)
• Earning per share (Rs.)	(7.40)	(14.51)	(6.80)	(2.76)	0.10	(2.45)
• 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. Shafiq A. Siddiqi, Mr. Javaid S. Siddiqi
Non-Executive Directors	Mr. Pervaiz S. Siddiq Mrs. Fauzia Javaid Mr. Salman Javaid Siddiqi Mr. Asim Pervaiz Siddiqi Mr. Adnan Javaid Siddiqi

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 none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFIs or being a member of a stock exchange, has been declared as a defaulter that stock exchange.
4. Two casual vacancies occurring on the Board were filled up by the directors as under:-
1 casual vacancy occurring on 22-05-2013 was filled up within 89 days.
1 casual vacancy occurring on 29-06-2013 was filled up within 89 days.
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 over by a director elected as chairman 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. Two of the Directors of the Company are exempted from the requirement of the directors' training program and rest of the Directors, appointed on or after 22nd May 2013, will 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 a Human Recourse and Remuneration Committee. It comprises 3 members, of whom 2 are non-executive directors and the chairman is non-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 is 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 exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

LAHORE:
October 04, 2014

Sd/-
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, 2014 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) 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.

We report that:

- a) board of the directors of the company does not have any independent director(s) as required by Code of Corporate Governance;

Based on our review, except for the matter stated in para (a) above, 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, 2014.

Lahore
Dated: October 04, 2014

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

Auditors' Report to the Members

We have audited the annexed balance sheet of ICC Textiles Limited ("the Company") as at June 30, 2014 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, except for the change as stated in note 1 with which we concur;
 - (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, 2014 and of the profit, total comprehensive income, 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 as at June 30, 2014, the Company's current liabilities exceeded its current assets by Rs. 503.038 million, and its accumulated losses stood at Rs. 592.182 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.

Lahore

Dated: October 04, 2014

ANJUM ASIM SHAHID RAHMAN

Chartered Accountants

Audit Engagement Partner: Imran Afzal



BALANCE SHEET

AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees Restated	2012 Rupees Restated
<u>EQUITY AND LIABILITIES</u>				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
32,000,000 (2013 & 2012: 32,000,000) ordinary shares of Rs. 10 each		<u>320,000,000</u>	<u>320,000,000</u>	<u>320,000,000</u>
Issued, subscribed and paid-up share capital	4	300,011,200	300,011,200	300,011,200
ACCUMULATED LOSS		(592,182,052)	(535,518,818)	(554,300,798)
		(292,170,852)	(235,507,618)	(254,289,598)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	5	485,525,336	498,803,281	515,756,669
NON CURRENT LIABILITIES				
Long term financing from directors	6	52,184,882	33,298,951	-
Long term financing from associated company		-	-	32,735,219
Long term financing from commercial banks	7	-	-	31,792,208
Deferred liabilities	8	186,852,338	200,404,463	197,893,690
		239,037,220	233,703,414	262,421,117
CURRENT LIABILITIES				
Trade and other payables	9	152,455,451	163,562,795	175,707,591
Accrued markup	10	30,495,553	13,241,081	18,173,212
Short term borrowings	11	501,895,294	518,822,796	555,275,726
Current portion of long term liabilities	12	15,896,104	47,688,310	31,897,696
		700,742,402	743,314,982	781,054,225
CONTINGENCIES AND COMMITMENTS	13	-	-	-
		<u>1,133,134,106</u>	<u>1,240,314,059</u>	<u>1,304,942,413</u>

The annexed notes 1 to 39 form an integral part of these financial statements.

LAHORE:

16 October 04, 2014



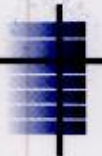
	Note	2014 Rupees	2013 Rupees Restated	2012 Rupees Restated
ASSETS				
NON CURRENT ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
Owned assets	14	933,610,584	979,040,176	1,015,371,462
Assets subject to finance lease		-	-	305,343
		933,610,584	979,040,176	1,015,676,805
LONG TERM LOANS AND ADVANCES	15	190,000	14,000	88,333
LONG TERM DEPOSITS	16	1,629,034	1,629,034	1,629,034
CURRENT ASSETS				
Stores, spare parts and loose tools	17	35,161,902	37,067,120	37,755,124
Stock in trade	18	76,581,261	140,162,196	144,696,470
Trade debts	19	20,595,390	25,662,555	27,659,498
Loans and advances	20	5,429,554	6,300,138	6,924,062
Trade deposits, short term prepayments and other receivables	21	38,528,078	33,234,689	24,475,440
Income tax refundable - net		19,505,959	11,705,636	8,008,788
Cash and bank balances	22	1,902,344	5,498,515	38,028,859
		197,704,488	259,630,849	287,548,241
		<u>1,133,134,106</u>	<u>1,240,314,059</u>	<u>1,304,942,413</u>



PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
SALES	23	1,234,768,403	1,728,458,722
COST OF SALES	24	(1,303,684,051)	(1,723,664,359)
GROSS (LOSS) / PROFIT		(68,915,648)	4,794,363
OPERATING EXPENSES			
Distribution cost	25	(16,193,690)	(15,683,202)
Administrative expenses	26	(35,600,834)	(30,942,591)
Other operating expenses	27	(786,124)	(775,298)
		(52,580,648)	(47,401,091)
OPERATING LOSS		(121,496,296)	(42,606,728)
OTHER INCOME	28	106,995,445	121,895,249
OPERATING (LOSS) / PROFIT BEFORE FINANCE COST		(14,500,851)	79,288,521
FINANCE COST	29	(65,575,619)	(75,047,915)
(LOSS) / PROFIT BEFORE TAXATION		(80,076,470)	4,240,606
TAXATION	30	6,675,018	(1,257,091)
(LOSS) / PROFIT AFTER TAXATION FOR THE YEAR		(73,401,452)	2,983,515
(LOSS) / EARNING PER SHARE - BASIC AND DILUTED	31	(2.45)	0.10

The annexed notes 1 to 39 form an integral part of these financial statements.



STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

Note	2014 Rupees	2013 Rupees
		Restated
(LOSS) / PROFIT AFTER TAXATION FOR THE YEAR	(73,401,452)	2,983,515
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified to profit or loss		
Remeasurement chargeable in other comprehensive income	8.1 (215,170)	(1,154,923)
Total other comprehensive income for the year	(215,170)	(1,154,923)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(73,616,622)	1,828,592

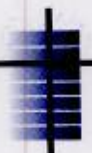
The annexed notes 1 to 39 form an integral part of these financial statements.



CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

Note	2014 Rupees	2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit for the year before taxation	(80,076,470)	4,240,606
Adjustments for:		
Depreciation on owned assets	47,461,071	47,144,058
Depreciation on leased assets	-	30,953
Long term loans waived off by ICC (Pvt.) Limited	-	(48,800,938)
Short term loans waived off by ICC (Pvt.) Limited	-	(30,850,000)
Gain on disposal of fixed assets	(319,570)	(780,245)
Amortization of interest free loan	(106,632,189)	(41,433,277)
Unwinding of discount	3,406,100	5,197,947
Staff gratuity	14,566,516	14,415,358
Finance cost	62,169,519	69,849,968
	20,651,447	14,773,824
	(59,425,023)	19,014,430
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	1,905,218	688,004
Stock in trade	63,580,935	4,534,274
Trade debts	5,067,165	1,996,943
Loans and advances	870,584	623,924
Trade deposits, short term prepayments and other receivables	(5,293,389)	(8,759,249)
	66,130,513	(916,104)
Increase / (Decrease) in current liabilities		
Trade and other payables	(11,107,344)	(12,144,796)
Net cash (used in) / generated from operation	(4,401,854)	5,953,530
Finance cost paid	(44,915,047)	(74,782,099)
Taxes paid	(10,254,053)	(14,082,687)
Gratuity paid	(15,529,620)	(3,930,760)
	(70,698,720)	(92,795,546)
Net cash (used in)/generated from operating activities	(75,100,574)	(86,842,016)
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term loans and advances	(176,000)	74,333
Sale proceeds of assets	351,000	1,158,457
Fixed capital expenditure incurred	(2,062,909)	(10,916,594)
Net cash used in investing activities	(1,887,909)	(9,683,804)



Note

2014
Rupees
2013
Rupees
CASH FLOWS FROM FINANCING ACTIVITIES

Short term borrowings - net
 Long term financing obtained from directors
 Long term financing obtained from associated company
 Repayment of long term financing from commercial banks
 Liabilities against assets subject to finance lease

(16,927,502)	(5,602,930)
122,112,020	40,600,000
-	45,000,000
(31,792,206)	(15,896,104)
-	(105,490)

Net cash from financing activities

73,392,312	63,995,476
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NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS

(3,596,171)	(32,530,344)
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CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR

5,498,515	38,028,859
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CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

22	1,902,344	5,498,515
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The annexed notes 1 to 39 form an integral part of these financial statements.

LAHORE:
 October 04, 2014

Sd/-
 Director

Sd/-
 Chief Executive



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2014

Description	Note	Paid-up Capital Rupees	Accumulated Loss Rupees	Total Rupees
		A	B	C=A+B
Balance as at July 01, 2012 - as previously reported		300,011,200	(555,875,616)	(255,864,416)
Effect of retrospective change in accounting policy	3.1	-	1,574,818	1,574,818
Balance as at July 01, 2012 - restated		300,011,200	(554,300,798)	(254,289,598)
Profit for the year - restated		-	2,983,515	2,983,515
Other comprehensive income for the year - restated		-	(1,154,923)	(1,154,923)
Total comprehensive income for the year - restated		-	1,828,592	1,828,592
Transfer from surplus on revaluation of property, plant and equipment - net of tax		-	16,953,388	16,953,388
Balance as at June 30, 2013 - restated		300,011,200	(535,518,818)	(235,507,618)
Other comprehensive income for the year		-	(215,170)	(215,170)
Loss for the year		-	(73,401,452)	(73,401,452)
Total comprehensive income for the year		-	(73,616,622)	(73,616,622)
Transfer from surplus on revaluation of property, plant and equipment - net of tax		-	16,953,388	16,953,388
Balance as at June 30, 2014		300,011,200	(592,182,052)	(292,170,852)

The annexed notes 1 to 39 form an integral part of these financial statements.

LAHORE:
October 04, 2014

Sd/-
Director

Sd/-
Chief Executive



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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 a loss amounting to Rs. 73.401 million and has accumulated losses amounting to Rs. 592.182 million at the year end. In addition, the Company's current liabilities exceeded its current assets by Rs. 503.038 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:

- i Directors of the company, have invested as long term interest free loans amounting to Rs. 122.112 million during the year, thus making total interest free loans amounting to Rs. 162.712 million as on June 30, 2014 (2013: Rs. 40.600 million) to meet working capital requirements. The sponsors of the company would also continue such support in future.
- ii The company had installed six additional air-jet looms in May 2013, through sponsors' financing, which increased the rated capacity of the plant.
- iii In a meeting held on May 13, 2013, board of directors of ICC (Pvt) Limited had decided to write off the following outstanding loans advanced to ICC Textiles Limited from time to time:
 - Long term interest free loans amounting to Rs. 189.150 million having carrying value in ICC Textiles books, of Rs. 48.801 at amortized cost.
 - Short term interest bearing loans of Rs. 30.850 million.
- iv In April 2011 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.
- v The company is pursuing aggressively its application for securing gas connection which is essential for cheaper and continuous gas based electricity.

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

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

- IAS 19 – Employee Benefits – (Revised)
- IFRS 7 – Financial Instruments: Disclosures – (Amendments)
Amendments enhancing disclosures about offsetting of financial Assets and financial liabilities
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine
- IFAS 3 – Profit and Loss Sharing on Deposits

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the company financial statements in the period of initial application.

2.3 Improvements to Accounting Standards Issued by the IASB

- IAS 1 – Presentation of Financial Statements – Clarification of the requirements for comparative information
- IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment
- IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments
- IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities.

2.4 Standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective Date (Annual periods beginning on or after)
IFRS 10	Consolidated Financial Statements	01 January 2015
IFRS 11	Joint Arrangements	01 January 2015
IFRS 12	Disclosure of Interests	01 January 2015
IFRS 13	Fair Value Measurement	01 January 2015
IAS 16 and 38	Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016



IAS 16 and 41	Agriculture: Bearer Plants	01 January 2016
IAS 19	Employee Contributions	01 July 2014
IAS 32	Offsetting Financial Assets and Financial liabilities (Amendment)	01 January 2014
IAS 36	Recoverable Amount for Non-Financial Assets (Amendment)	01 January 2014
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting - (Amendment)	01 January 2014
IFRIC 21	Levies	01 January 2014

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard		IASB effective date (Annual periods beginning on or after)
IFRS 9	Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14	Regulatory Deferral Accounts	01 January 2016
IFRS 15	Revenue from Contracts with Customers	01 January 2017

The adoption of the above amendments will not have any impact on these financial statements.

2.5 Basis of measurement

These financial statements have been prepared under the historical cost convention except for:

- staff retirement benefits which are measured at present value of defined benefit obligation (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 fair value (refer note 3.7).

2.6 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 37.

2.7 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.

During the year, the company has adopted revised IAS 19 "Employees Benefits" and as a consequence has changed its accounting policy retrospectively related to recognition of actuarial gains and losses and past service cost relating to employees benefits plan. Previously, 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 were 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 were not recognized.

The adoption of this standard requires restatement of previous financial statements. The nature and effect, including restatement of prior period figures, of this change in accounting policy is disclosed below:

	June 30, 2014 Rupees	June 30, 2013 Rupees	June 30, 2012 Rupees
Net increase in staff retirement benefits - gratuity	(204,725)	(419,895)	(1,574,818)
Net increase in equity	204,725	419,895	1,574,818

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

- Discount rate used for year end obligation 13.25% (2013:10.5%) per annum
- Expected rate of salary increase in future 12.25% (2013: 9.50%) per annum
- Average expected remaining working life of employees 5 years (2013: 7 years)
- Mortality rate assumed were based on the SLIC 2001-2005 mortality table (2013:EFU 61-66 mortality table)

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 14 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 14 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. 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:

a) 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.

b) Available-for-sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the categories of loans and receivables, financial assets at fair value through profit or loss and financial assets held to maturity. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the end of reporting period.

After initial recognition, available-for-sale investments are measured at fair value in accordance with IAS 39 "Financial Instruments: Recognition and Measurement". Gains or losses on available-for-sale investments are recognized through other comprehensive income until the investment is sold or de-recognized, at which time the cumulative gain or loss previously reported is included in profit or loss.

Dividends on available-for-sale equity instruments are recognized in the profit or loss when the Company's right to receive payments is established.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

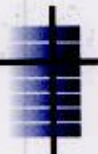
The Company assesses at each balance sheet date whether there is objective evidence, that a financial asset or group of financial assets is impaired. If any such evidence exists for 'available-for-sale' financial assets, the cumulative loss is removed from equity and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit and loss account.

3.7.2 Financial liabilities

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

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

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.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of original liability and the recognition of new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

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.

3.14 Contingent liability

Contingent liability is disclosed when:

- There is possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- There is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	Note	2014 Rupees	2013 Rupees
	30,001,120 (2013 : 30,001,120) ordinary shares of Rs. 10 each fully paid in cash		300,011,200	300,011,200
5	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
	Surplus arising on revaluation	5.1	610,490,376	636,572,512
	Less: Deferred tax arising on surplus on revaluation	5.2	124,965,040	137,769,231
			485,525,336	498,803,281



	Note	2014 Rupees	2013 Rupees
5.1 Opening balance of surplus on revaluation		636,572,512	662,654,648
Less: Incremental depreciation:			
Buildings		4,094,129	4,094,129
Plant and machinery		21,988,007	21,988,007
		26,082,136	26,082,136
		<u>610,490,376</u>	<u>636,572,512</u>

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:

	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
	<u>100,741,429</u>

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.

	Note	2014 Rupees	2013 Rupees
5.2 Related deferred tax liability on July 01		137,769,231	146,897,979
Tax effect on incremental depreciation		(9,128,748)	(9,128,748)
Effect of change in tax rate		(3,675,443)	-
		<u>124,965,040</u>	<u>137,769,231</u>

Deferred tax asset amounting to Rs. 222.486 million (2013: Rs. 195.907 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 DIRECTORS - Unsecured

Original Loan amounts	6.1	162,712,020	40,600,000
Less: present value adjustment	6.2	113,933,238	7,301,049
		<u>48,778,782</u>	<u>33,298,951</u>



	Note	2014 Rupees	2013 Rupees
Add: Interest charged to profit and loss account		3,406,100	-
		52,184,882	33,298,951

- 6.1 These interest free loans are repayable in lump sum on June 30, 2025 (2013: June 30, 2015)
- 6.2 During the year, due to financial position of the company, financing agreements executed with directors during last year have been revised resulting into revised present value of loan as date of repayment of such loans has been extended from June 30, 2015 to June 30, 2025, such revision in agreements has resulted into decrease of loans by Rs. 20,940,811.
- 6.3 These long term 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 ranging from 10.24% to 11.64%.

	Note	Sanctioned limit Rupees	2014 Rupees	2013 Rupees
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7 LONG TERM FINANCING FROM COMMERCIAL BANKS - Secured

MCB Bank Limited - Term Loan	7.1	204,000,000	-	15,896,102
MCB Bank Limited - Demand Finance	7.2	63,584,416	15,896,104	31,792,208
			15,896,104	47,688,310
Current portion :				
Not yet due			-	(31,792,208)
Overdue			(15,896,104)	(15,896,102)
			(15,896,104)	(47,688,310)
			-	-

- 7.1 The loan had 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 were reduced to 13.

Mark-up 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. So, these installments were 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 installments on September 30, 2013 and March 29, 2014. The mark-up is charged @ 6 month KIBOR plus 1% (2013: 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.

8 DEFERRED LIABILITIES

	Note	2014 Rupees	2013 Rupees
Deferred tax	5.2	124,965,040	137,769,231
Staff retirement benefits - gratuity	8.1	61,887,298	62,635,232
		186,852,338	200,404,463

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, 2014 using projected unit credit method.

8.1 Changes in Present Value of Defined Benefit Obligations:

Opening liability - as previously reported		-	52,570,529
Effect of retrospective change in accounting policy (Unrecognized gain charged to retained earnings)	3	-	(1,574,818)
Opening liability - restated		62,635,232	50,995,711
Charge for the year	8.2	14,566,516	14,415,358
Remeasurement chargeable in other comprehensive income-Experience adjustment		215,170	1,154,923
Benefits paid		(15,529,620)	(3,930,760)
Closing liability		61,887,298	62,635,232

8.2 Charge for the year

Current service cost	8,805,122	7,785,916
Interest cost	5,761,394	6,629,442
	14,566,516	14,415,358

8.3 The present value of defined benefit obligation is as follows

	2014 Rupees	2013 Rupees	2012 Rupees	2011 Rupees	2010 Rupees
		Restated	Restated		
Present value of defined benefit obligation as at June 30	61,887,298	62,635,232	50,995,711	43,473,190	34,284,972

8.4 Charge for the year has been allocated as under:

	Note	2014 Rupees	2013 Rupees
Cost of sales	24.2	7,433,933	5,891,592
Distribution cost	25.1	721,692	553,580
Administrative expenses	26.1	6,410,891	4,983,748
ICC (Private) Limited - an associated company		-	2,986,438
		14,566,516	14,415,358



9 TRADE AND OTHER PAYABLES

	Note	2014 Rupees	2013 Rupees
Creditors		89,844,102	110,689,905
Accrued liabilities		11,855,334	10,526,259
Payable to employees		191,729	55,274
Advance from customers		36,798,164	39,470,446
Unclaimed dividend		1,662,656	1,662,656
Tax deducted at source		900,773	1,110,925
Final dues payable		11,159,603	-
Others		43,090	47,330

152,455,451	163,562,795
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10 ACCRUED MARKUP

Accrued mark-up / interest on long term financing	865,466	1,602,175
Accrued mark-up / interest on short term borrowings	29,630,087	11,638,906
	30,495,553	13,241,081

11 SHORT TERM BORROWINGS

	Note	Sanctioned limit Rupees	2014 Rupees	2013 Rupees
Commercial banks - secured	11.1	595,000,000	479,886,672	479,653,796
Commercial bank - current account	11.2		9,276,706	14,926,804
Associated company - unsecured	11.3		6,539,720	9,050,000
Ex-Sponsor member - unsecured	11.4		6,192,196	15,192,196
			501,895,294	518,822,796

11.1 The facilities are secured against joint pari passu charge by way of hypothecation of stock in trade & current assets, second joint pari passu charge on property, plant and equipment of the Company & ranking charges on current assets and security of the associated company. Mark-up is payable at rates ranging from 10.01% to 12.36% (2013: 10.38% to 16.00%) per annum and is payable on quarterly basis.

11.2 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.

11.3 Mark-up is charged at the same rates which are being charged by the bank to the associated company ranging from 10.34% to 11.61% (2013: 10.55% to 13.728%) per annum.

11.4 Mark-up is charged at the same rates which are being charged by the bank to the ex-sponsor member i.e. @ 13.38% (2013: 12.15% to 13.38%) per annum.

12 CURRENT PORTION OF LONG TERM LIABILITIES

Long term financing from commercial banks	7	15,896,104	47,688,310
		15,896,104	47,688,310



13 CONTINGENCIES AND COMMITMENTS

13.1 During the year, the assistant commissioner inland revenue issued order u/s 161 demanding tax liability amounting to Rs. 50,349,214. The company's appeal before commissioner appeal inland revenue is pending for adjudication. However, no provision has been made in these financial statements as management of the company is confident of favourable outcome.

13.2 Commitments against foreign bills purchased by banks Rs. 28.988 million (2013: Rs. 38.627 million).

13.3 Commitments against irrevocable letter of credit for import of chemicals amounted to Rs. 0.952 million (2013: Rs. 1.441 million).

14 OWNED ASSETS

DESCRIPTION	Cost or assessed value as on July 01, 2013	Cost of additions / (deletion)	Gross book value as on June 30, 2014	DEPRECIATION				Net book value as on June 30, 2014
				Rate %	As on July 01, 2013	For the year / (adjustments on disposals)	As on June 30, 2014	
					Rupees			
Land - freehold	250,500,000	-	250,500,000	-	-	-	-	250,500,000
Building on freehold land	143,102,475	-	143,102,475	3.8 - 10	6,221,847	6,221,847	12,443,694	130,658,781
Plant and machinery	624,751,374	1,799,566	626,550,940	4.8 - 10	39,916,355	40,348,979	80,265,334	546,285,606
Furniture and fittings	3,155,305	-	3,155,305	10	2,345,899	80,941	2,426,840	728,465
Vehicles	7,950,236	- (948,299)	7,001,937	20	6,020,147	382,949 (916,869)	5,486,227	1,515,710
Electrical appliances	2,092,839	3,800	2,096,639	10	1,123,480	97,038	1,220,518	876,121
Office equipment	8,452,824	259,543	8,712,367	10	5,337,149	329,317	5,666,466	3,045,901
2014 Rupees	1,040,005,053	2,062,909 (948,299)	1,041,119,663		60,964,877	47,461,071 (916,869)	107,509,079	933,610,584

DESCRIPTION	Cost or assessed value as on July 01, 2012	Cost of additions / (deletion)	Gross book value as on June 30, 2013	DEPRECIATION				Net book value as on June 30, 2013
				Rate %	As on July 01, 2012	For the year / (adjustments on disposals)	As on June 30, 2013	
					Rupees			Rupees
Land - freehold	250,500,000	-	250,500,000	-	-	-	-	250,500,000
Building on freehold land	143,102,475	-	143,102,475	3.8 - 10	-	6,221,847	6,221,847	136,880,628
Plant and machinery	614,059,525	10,691,849	624,751,374	4.8 - 10	-	39,916,355	39,916,355	584,835,019
Furniture and fittings	3,148,805	6,500	3,155,305	10	2,256,060	89,839	2,345,899	809,406
Vehicles	9,776,282	274,390 (2,100,436)	7,950,236	20	7,282,541	475,447 (1,737,841)	6,020,147	1,930,089
Electrical appliances	2,058,369	34,470	2,092,839	10	1,017,595	105,885	1,123,480	969,359
Office equipment	8,291,549	183,775 (22,500)	8,452,824	10	5,009,347	334,685 (6,883)	5,337,149	3,115,675
2013 Rupees	1,030,937,005	11,190,984 (2,122,936)	1,040,005,053		15,565,543	47,144,058 (1,744,724)	60,964,877	979,040,176



14.1 Depreciation for the year has been allocated as under :

	Note	2014 Rupees	2013 Rupees
Cost of sales	24	46,570,826	46,138,202
Administrative expenses	26	890,245	1,005,856
		47,461,071	47,144,058

14.2 Disposal of fixed assets

The following are the details of disposals during the year:

Particulars	Cost Rs.	Book value Rs.	Sale Proceeds Rs.	Gain/(loss) on disposal Rs.	Mode of Disposal	Name and Address
Mitsubishi Van (LXX-2278)	948,299	31,430	351,000	319,570	By negotiation	Muhammad Bashir, Salamat Pura, Gujranwala, Cantt.
2014 Rupees	948,299	31,430	351,000	319,570		
2013 Rupees	2,122,936	378,212	1,158,457	780,245		

14.3 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.

14.4 Free - hold land, buildings on free - hold land and plant and machinery represent value subsequent to revaluations. Had there been no revaluation, the carrying amount of the revalued assets would have been as follows:

	Note	2014 Rupees	2013 Rupees
Free - hold land		7,553,867	7,553,867
Buildings on free - hold land		44,682,072	46,809,790
Plant and machinery		264,718,070	281,279,477
		316,954,009	335,643,134

15 LONG TERM LOANS AND ADVANCES

Advances - considered good

Note

**2014
Rupees****2013
Rupees**15.1 **190,000** 14,000**15.1 Advances to:**

Executives

Employees

387,219

-

120,000

26,000

507,219

26,000

Current portion:

Executives

Employees

(287,219)

-

(30,000)

(12,000)

(317,219)

(12,000)

190,000

14,000

15.2 Loans to employees are secured against retirement benefits.**16 LONG TERM DEPOSITS**

Security deposits

16.1 **1,629,034** 1,629,034**1,629,034**

1,629,034

16.1 Security deposits mainly include security deposits for electricity connection.**17 STORES, SPARE PARTS AND LOOSE TOOLS**

Stores

10,402,502

15,266,325

Spare parts

20,792,840

18,051,426

Packing materials

976,361

833,040

Loose tools

2,990,199

2,916,329

35,161,902

37,067,120

18 STOCK IN TRADE

Raw materials

12,438,450

29,073,291

Work in process

25,570,931

40,205,024

Finished goods

38,439,142

70,765,073

Scrap / waste

132,738

118,808

76,581,261

140,162,196

19 TRADE DEBTS - Considered good

Export - Secured against letters of credit

2,858,525

7,581,808

Local

- Secured against letters of credit

-

1,384,593

- Unsecured

17,736,865

16,696,154

17,736,865

18,080,747

20,595,390

25,662,555



Note

20 LOANS AND ADVANCES

Advances - unsecured, considered good:

	2014 Rupees	2013 Rupees
to executives	287,219	120,000
to employees	1,253,821	1,483,339
to suppliers	3,888,514	4,696,799
	<u>5,429,554</u>	<u>6,300,138</u>

20.1 The maximum aggregate amount due from executives at the end of any month was Rs.407,219 (2013: Rs. 306,000).

21 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES

Prepayments	1,361,074	1,048,558
Export rebate receivable	483,325	503,924
Sales tax refundable	36,662,117	28,829,127
Due from associated company	-	2,837,589
Letter of credit	6,336	15,491
Others	15,226	-
	<u>38,528,078</u>	<u>33,234,689</u>

21.1 The maximum aggregate amount due from associated companies at the end of any month was Rs. 4,243,762 (2013: Rs. 5,278,758).

22 CASH AND BANK BALANCES

Cash in hand	153,889	305,768
Cash at banks:		
Current accounts	1,721,623	5,136,595
Deposit accounts	26,832	56,152
	<u>1,748,455</u>	<u>5,192,747</u>
	<u>1,902,344</u>	<u>5,498,515</u>

22.1 Deposit accounts carry interest @ 3% to 5% (2013: 3% to 5%) per annum.

23 SALES

Cloth:

- Export	310,280,513	334,229,138
- Local	839,573,962	1,346,226,087
	<u>1,149,854,475</u>	<u>1,680,455,225</u>

Waste	11,305,345	5,895,782
Export rebate	129,966	123,279



Note	2014 Rupees	2013 Rupees
Processing income	77,094,701	56,587,814
	1,238,384,487	1,743,062,100
Commission	(3,616,084)	(14,603,378)
	1,234,768,403	1,728,458,722

23.1 Sales are exclusive of sales tax amounting to Rs. 25,505,639 (2013: Rs. 10,583,840).

24 COST OF SALES

Raw materials consumed	24.1	842,385,818	1,301,019,963
Salaries, wages and other benefits	24.2	100,187,653	103,251,255
Fuel and power		189,663,899	184,210,004
Stores consumed		70,190,905	87,039,197
Processing charges		377,881	185,285
Insurance		2,704,654	2,692,280
Repairs and maintenance		3,103,821	3,068,650
Depreciation on owned assets	14.1	46,570,826	46,138,202
Others		1,552,500	1,654,200
		1,256,737,957	1,729,259,036

Adjustment of work-in-process

Opening stock	40,205,024	56,286,567
Closing stock	(25,570,931)	(40,205,024)
	14,634,093	16,081,543

Adjustment of finished goods and waste

Opening stock	70,883,881	49,207,661
Closing stock	(38,571,880)	(70,883,881)
	32,312,001	(21,676,220)

1,303,684,051 1,723,664,359

24.1 Raw materials consumed

Opening stock 29,073,291 39,202,242

Purchases 819,577,044 1,283,544,758
Freight and octroi 6,173,933 7,346,254

Closing stock 825,750,977 1,290,891,012
(12,438,450) (29,073,291)

842,385,818 1,301,019,963



- 24.2 Salaries, wages and other benefits include retirement benefits amounting to Rs. 7,433,933 (2013: Rs. 5,891,592).

	Note	2014 Rupees	2013 Rupees
25 DISTRIBUTION COST			
Salaries and other benefits	25.1	4,918,610	4,035,666
Vehicles running and maintenance		732,525	717,677
Communication		390,865	346,495
Freight, shipment and others		9,761,689	10,008,052
Other expenses		390,001	575,312
		16,193,690	15,683,202

- 25.1 Salaries and other benefits include retirement benefits amounting to Rs. 721,692 (2013: Rs. 553,580).

26 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	26.1	19,847,647	18,052,261
Travelling and conveyance		1,510,431	407,500
Rent, rates and taxes		3,261,973	2,144,829
Printing and stationery		825,159	889,074
Communication		1,140,591	1,224,716
Vehicles running and maintenance		3,820,989	3,333,027
Entertainment		822,495	980,803
Repairs and maintenance		472,336	527,146
Utility expenses		804,847	337,439
Legal and professional		408,200	483,037
Subscription		911,174	592,275
Insurance		814,697	800,975
Advertisement		70,050	132,700
Depreciation on owned assets	14.1	890,245	1,005,856
Depreciation on leased assets		-	30,953
		35,600,834	30,942,591

- 26.1 Salaries and other benefits include retirement benefits amounting to Rs. 6,410,891 (2013: Rs. 4,983,748).

27 OTHER OPERATING EXPENSES			
Auditors' remuneration	27.1	749,828	727,645
Others		36,296	47,653
		786,124	775,298
27.1 Auditors' remuneration			
Audit fee		500,000	500,000
Half yearly review		50,000	50,000
Code of Corporate Governance review		25,000	25,000

	Note	2014 Rupees	2013 Rupees
Tax representation and consultancy fee		137,128	116,480
Out of pocket expenses		37,700	36,165
		749,828	727,645
28 OTHER INCOME			
Income on financial assets			
Interest on deposit accounts		32,002	16,189
Income on assets other than financial assets			
Gain on disposal of fixed assets		319,570	780,245
Amortization of interest free loans:			
- from directors	6.2	106,632,189	7,301,049
- from associated company - ICC (Private) Limited		-	34,132,228
		106,632,189	41,433,277
Loans waived off by ICC (Private) Limited:			
- Long term loans		-	48,800,938
- Short term loans		-	30,850,000
Others		11,684	14,600
		106,995,445	121,895,249
29 FINANCE COST			
Mark-up on:			
- Long term financing		3,364,107	6,434,439
- Financing from associated company		1,001,809	4,363,911
- Short term borrowings		55,338,078	55,532,249
- Liabilities against assets subject to finance lease		-	743
Unwinding of discount		3,406,100	5,197,947
Bank charges		2,465,525	3,518,626
		65,575,619	75,047,915
30 TAXATION			
Current		3,190,085	10,385,839
Prior years		(736,355)	-
Deferred tax	5.2	(9,128,748)	(9,128,748)
		(6,675,018)	1,257,091
30.1	Provision for income tax has been made in the accounts for withholding tax deducted on export proceeds @ 1% under final tax regime plus 1% of local sales under minimum tax regime and u/s 154 and u/s 113 of the Income Tax Ordinance, 2001.		
30.2	As the Company is under final tax and minimum tax regime (refer to note 30.1), the reconciliation of applicable and effective tax rate is not meaningful.		
31 (LOSS)/EARNING PER SHARE - BASIC AND DILUTED			
(Loss)/Earning per share is calculated by dividing loss after tax for the period by weighted average number of shares outstanding during the period as follows:			
(Loss)/Profit attributable to ordinary shareholders		(73,401,452)	2,983,515
Weighted average number of ordinary shares		30,001,120	30,001,120
(Loss) / Earning per share - Basic and diluted		(2.45)	0.10



31.1 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.

32 FINANCIAL ASSETS AND LIABILITIES

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

- Credit risk
- Liquidity risk
- Market Risk

The Board of Directors has 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.

32.1 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. 29.746 million (2013: Rs. 39.104 million), the financial assets that are subject to credit risk amounted to Rs. 29.59 million (2013: Rs. 32.80 million).

The Company monitors the credit quality of the financial assets with reference to the historical performance of such assets and available external credit ratings.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and investment held with some major counterparties at the balance sheet date.

Banks	Rating		Agency	June 2014 (Rupees)	June 2013 (Rupees)
	Short Item	Long Item			
Allied Bank Limited	A 1+	AA+	PACRA	18,513	20,408
MCB Bank Limited	A 1+	AAA	PACRA	58,703	121,770
Standard Chartered Bank (Pakistan) Limited	A 1+	AAA	PACRA	3,495	29,399
Habib Metropolitan Bank Limited	A 1+	AA+	PACRA	67,995	4,992,137
National Bank of Pakistan	A - 1+	AAA	JCR-VIS	7,255	7,254
Faysal Bank Limited	A 1+	AA-	PACRA	26,405	7,868
United Bank Limited	A - 1+	AA+	JCR-VIS	1,018	13,911
Bank Al Habib Limited	A 1+	AA+	PACRA	1,565,071	-
Total				1,748,455	5,192,747

The aging of trade receivables at the reporting date is:

	2014 Rupees	2013 Rupees
Past due 1-30 days	6,873,308	15,702,569
Past due 31-150 days	5,555,839	3,628,095
Past due over 150 days	8,166,243	6,331,891
	20,595,390	25,662,555



32.2 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.

The following are the contractual maturities of financial liabilities as at 30 June 2014:

	Carrying amount (Rupees)	Less than one year (Rupees)	One to five years (Rupees)	More than five years (Rupees)
Long term financing from directors	52,184,882	-	-	52,184,882
Long term financing from commercial banks	15,896,104	15,896,104	-	-
Trade and other payables	152,455,451	152,455,451	-	-
Accrued markup	30,495,553	30,495,553	-	-
Short term borrowings	501,895,294	501,895,294	-	-
Total	752,927,284	700,742,402	-	52,184,882

The following are the contractual maturities of financial liabilities as at 30 June 2013:

	Carrying amount (Rupees)	Less than one year (Rupees)	One to five years (Rupees)	More than five years (Rupees)
Long term financing from directors	33,298,951	-	33,298,951	-
Long term financing from commercial banks	47,688,310	47,688,310	-	-
Trade and other payables	163,562,795	163,562,795	-	-
Accrued markup	13,241,081	13,241,081	-	-
Short term borrowings	518,822,796	518,822,796	-	-
Total	776,613,933	743,314,982	33,298,951	-

32.3 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.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates.

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:



	2014 Rupees	2013 Rupees
Foreign debtors	2,858,525	7,581,808
The following significant exchange rates have been applied:		
Rupees per US\$		
Average rate	102.24	96.86
Reporting date rate	98.35	98.60

As at year end, had the exchange of US\$ depreciated or appreciated against the currency with all other variables held constant, the change in post tax profit/(loss), mainly as a result of foreign exchange gain/loss on translation of foreign currency denominated payables, would have been as follows:

Currency	% change		
US\$	10%	285,853	758,181

Cash flow sensitivity analysis

A 10% strengthening of the functional currency against US\$ at 30 June would have increased loss for the year by Rs. 285,853 (2013: Rs. 758,181). A 10% weakening of the functional currency against US\$ at 30 June would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

b) Interest risk

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.

At the reporting date, the variable interest rate profile of the Company's significant interest bearing financial instruments was as follows:

Variable rate Instruments	2014 Effective rate of interest	2013 Effective rate of interest	June 2014 Carrying value in Rupees	June 2013 Carrying value in Rupees
Financial liabilities				
Long term financing from commercial banks	7.0% to 11.21%	7.0% to 13.05%	15,896,104	47,688,310
Short term borrowings	10.01 % to 13.38%	10.38% to 16.0%	501,895,294	518,822,796
Total			517,791,398	566,511,106
Financial assets				
Cash at bank - deposit accounts	3% to 5%	3% to 5%	26,832	56,152
Total			26,832	56,152

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 2013.



Profit or loss 100 basis points

As at 30 June 2014

Cash flow sensitivity-Variable rate financial liabilities

5,177,914

(5,177,914)

As at 30 June 2013

Cash flow sensitivity-Variable rate financial liabilities

5,665,111

(5,665,111)

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

c) Equity price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to equity price risk as the Company holds investments whose fair value or future cash flows will fluctuate because of changes in fair value.

32.4 Financial instruments by categories

	Available for sale		Loans and receivables		Total	
	June 2014	June 2013	June 2014	June 2013	June 2014	June 2013
Financial assets						
Loans and advances	-	-	5,619,554	6,314,138	5,619,554	6,314,138
Deposits	-	-	1,629,034	1,629,034	1,629,034	1,629,034
Trade debts	-	-	20,595,390	25,662,555	20,595,390	25,662,555
Cash and bank balances	-	-	1,902,344	5,498,515	1,902,344	5,498,515
Total	-	-	29,746,322	39,104,242	29,746,322	39,104,242

	Financial liabilities at amortised cost	
	June 2014	June 2013
Financial liabilities		
Long term financing from directors	52,184,882	33,298,951
Long term financing from commercial banks	15,896,104	47,688,310
Trade and other payables	152,455,451	163,562,795
Accrued markup	30,495,553	13,241,081
Short term borrowings	501,895,294	518,822,796
Total	752,927,284	776,613,933

32.5 Fair values of financial assets and liabilities

The carrying values of financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

32.6 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:

	Note	2014 Rupees	2013 Rupees
Total borrowings		569,976,280	599,810,057
Less: Cash and cash equivalents		1,902,344	5,498,515
Net debt		568,073,936	594,311,542
Total equity		(292,170,852)	(235,507,618)
Total capital		275,903,084	358,803,924
Gearing ratio		205.70	165.64

33 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. Outstanding balances at balance sheet dates are disclosed in relevant notes. Transactions with related parties during the year other than those disclosed elsewhere in the financial statements are as follows:

Long term borrowing obtained from			
ICC (Private) Limited - interest free		-	45,000,000
Long term borrowing obtained from			
directors - interest free		122,112,020	4,600,000
Short term borrowing repaid to			
ICC (Private) Limited - interest bearing		2,510,280	3,500,000
Short term borrowing repaid to ex-sponsor			
member - interest bearing		9,000,000	8,150,000
Interest on loan debited by			
ICC (Private) Limited	33.1	1,001,809	4,363,911
Interest on loan obtained from			
ex-sponsor member	33.1	1,775,902	2,494,338
Reimbursable expenses incurred on behalf of			
ICC (Private) Limited		3,965,036	10,019,800
Shareable expenses debited to			
ICC (Private) Limited		-	307,027



Note	2014 Rupees	2013 Rupees
Reimbursable expenses incurred by ICC (Private) Limited	1,690,536	15,240
Unwinding of discount on interest free loan from ICC (Private) Limited	-	8,357,796
Unwinding of discount on interest free loan from directors	6 3,406,100	-
Long term borrowing waived off by ICC (Private) Limited	28 -	48,800,938
Short term borrowing waived off by ICC (Private) Limited	28 -	30,850,000

33.1 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.

33.2 ICC (Private) Limited is associated due to common directorship.

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Description	2014			2013		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial remuneration	-	-	6,604,489	-	-	6,947,526
House rent allowance	-	-	2,409,416	-	-	2,279,851
Other allowances	-	-	893,189	-	-	1,200,822
Medical expenses	-	-	350,191	-	-	349,031
Rupees	-	-	10,257,285	-	-	10,777,230
No. of persons	1	2	7	1	2	8

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

34.2 Some executives are provided with Company maintained cars as per rules.

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

35 NUMBER OF EMPLOYEES

Number of employees at the end of the year
Average number of employees during the year

2014	2013
525	593
559	603

36 CAPACITY INSTALLED AND ACTUAL PRODUCTION

No. of looms installed	178	178
No. of looms worked	178	178
Shifts per day	2	3
No. of days actually worked	362	364
Rated capacity (Square Meters in millions)	41.10	41.10
Actual production (Square Meters in millions)	22.94	29.37



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.

Reduced production was mainly attributed to severe power load shedding.

The company installed six additional air-jet looms during last financial year which increased the rated capacity of the plant. These looms commenced production in June 2013.

37 ACCOUNTING ESTIMATES AND JUDGMENTS

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 judgment 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 recognised 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.

38 FIGURES

- Figures in these financial statements have been rounded off to the nearest rupee.
- Corresponding figures have been re-arranged and / or reclassified, where ever considered necessary, for the purpose of better presentation of the financial statements.

39 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 04, 2014.

LAHORE:
October 04, 2014

Sd/-
Director

Sd/-
Chief Executive



FORM - 34

**PATTERN OF SHAREHOLDING OF THE SHARES
HELD BY THE SHAREHOLDERS AS ON JUNE 30, 2014**

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
169	1	100	12,573
993	101	500	463,717
109	501	1,000	106,630
153	1,001	5,000	450,415
36	5,001	10,000	293,700
20	10,001	15,000	250,692
9	15,001	20,000	163,073
10	20,001	25,000	232,100
3	25,001	30,000	88,500
2	35,001	40,000	77,000
1	45,001	50,000	50,000
1	85,001	90,000	89,000
1	90,001	95,000	92,000
1	95,001	100,000	99,500
1	105,001	110,000	110,000
1	115,001	120,000	119,500
6	125,001	130,000	761,112
1	130,001	135,000	130,500
1	135,001	140,000	139,900
1	155,001	160,000	158,900
1	165,001	170,000	169,450
2	175,001	180,000	354,720
1	195,001	200,000	200,000
1	230,001	235,000	235,000
2	235,001	240,000	473,000
1	255,001	260,000	260,000
1	440,001	445,000	440,570
1	2,190,001	2,195,000	2,194,788
1	4,455,001	4,460,000	4,457,918
1	7,545,001	7,550,000	7,545,483
1	9,780,001	9,785,000	9,781,379
1,532			30,001,120



DETAIL OF SHAREHOLDING

AS ON JUNE 30, 2014

Categories of Shareholders

	<u>Shares held</u>	<u>Percentage</u>
1 Directors, Chief Executive Officer and their spouse and minor children		
Mr. Shafiq A. Siddiqi	175,420	0.58
Mr. Shafiq A. Siddiqi (CDC)	128,000	0.43
Mr. Javaid S. Siddiqi	4,457,918	14.86
Mr. Javaid S. Siddiqi (CDC)	9,781,379	32.60
Mr. Pervaiz S. Siddiqi	169,450	0.56
Mr. Pervaiz S. Siddiqi (CDC)	7,545,483	25.15
Mrs. Fauzia Javaid	179,300	0.60
Mrs. Fauzia Javaid (CDC)	2,194,788	7.32
Mr. Salman Javaid Siddiqi (CDC)	1,000	0.00
Mr. Asim Pervaiz Siddiqi (CDC)	1,000	0.00
Mr. Adnan Javaid Siddiqi	1,000	0.00
Total	24,634,738	82.11
2 Associated Companies, undertakings and related parties	-	-
3 NIT & ICP		
Investment Corp. of Pakistan	1,400	0.00
Public Sector Companies and Corporations		
4 Banks Development Financial Institutions and Non Banking Financial Institutions	5,092	0.02
5 Insurance Companies	158,900	0.53
6 Modaraba and Mutual Funds	-	-
Total	163,992	0.55
7 General Public		
a. Local	5,172,585	17.24
b. Foreign	-	-
8 Other (to be specified)		
Joint Stock Companies	12,803	0.04
Pension Funds	15,073	0.05
Others	529	0.00
Total	28,405	0.09
Grand Total	30,001,120	100.00
9 Shareholders holding 10% or more voting interest		
Mr. Javaid S. Siddiqi	14,239,297	47.46
Mr. Pervaiz S. Siddiqi	7,714,933	25.72
Total	21,954,230	73.18
10 Shareholders holding 5% or more voting interest		
Mr. Javaid S. Siddiqi	14,239,297	47.46
Mr. Pervaiz S. Siddiqi	7,714,933	25.72
Mrs. Fauzia Javaid	2,374,088	7.91
Total	24,328,318	81.09

FORM OF PROXY

The Company Secretary
ICC Textiles Limited
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/or CDC Participant I.D. NO. _____ and Sub Account No. _____
hereby appoint _____
of _____
or failing him _____
of _____

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at its Registered Office 242-A, Anand Road, Upper Mall, Lahore on Friday, the October 31, 2014 at 10:30 a.m. and at every adjournment thereof.

Signed this _____ Day of _____ 2014.

WITNESSES:

1. Signature:

Name: _____

Address: _____

CNIC or _____

Passport No. _____

2. Signature:

Name: _____

Address: _____

CNIC 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 duly completed in all respects. 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.

