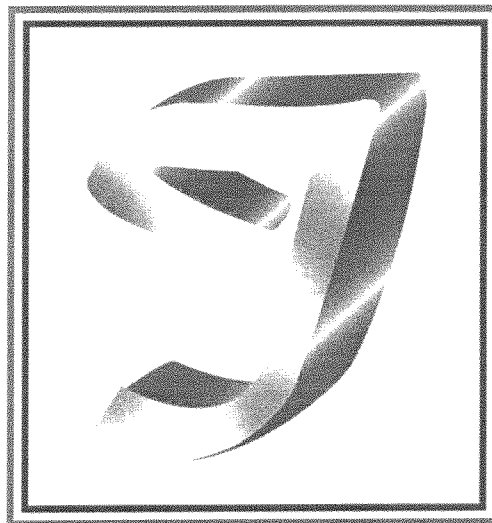


TOWELLERS LIMITED

REVIEWED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
DECEMBER 31, 2015



TOWELLERS LIMITED



Vision

The Company's Management strives to achieve the top slot in any business field that they enter and having achieved that, their endeavour is to retain that status without overstepping the bounds of fair play and the norms of business ethics.

Mission

Through self discipline be an example to their fellow beings that great heights are achievable in all fields without trampling the rights of others and also ensuring that those associated with the venture, be it the shareholders, the workers from the top to the bottom are satisfied with the returns that accrue to them. A seemingly difficult, if not an impossible task but it is the chosen path on which the Company is headed and thus far it has successfully followed it. Providing maximum employment opportunities and contributing their mite to the Country's economy.

Contents

Company Information	02
Director's Report	03
Auditor Report	04
Balance Sheet	05
Income Statement	06
Statement of Comprehensive Income	07
Statement of Changes in Equity	08
Cash Flow Statement	09
Notes to the Accounts	10-11

TOWELLERS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRPERSON

Mrs. Surraiya Junaid

CHIEF EXECUTIVE OFFICER

Ms. Mehreen Obaid Agha

DIRECTORS

Ms. Mahjabeen Obaid
Ms. Sana Bilal
Ms. Hadeel Obaid
Mr. Zeeshan K. Sattar
Mr. Abdul Jalil Shariff

COMPANY SECRETARY

Mr. M. Farhan Adil

CHIEF FINANCIAL OFFICER

Mr. M. Farzan Ijtiba

BANKERS

Soneri Bank Limited
KASB Bank Ltd.
Allied Bank Limited
Muslim Commercial Bank Limited
United Bank Limited
NIB Bank
Summit Bank Ltd.
Silk Bank Ltd.
Dubai Islamic Bank Pakistan Ltd.

AUDITORS

Mushtaq & Company
Chartered Accountants
407-Commerce Centre, Hasrat Mohani Road, Karachi.

SHARE REGISTRAR

T.H.K., Associates Pvt. Ltd.
First Floor, State Life Building, #. 3,
Dr. Zaiuddin Ahmed Road, Karachi-75530, P.O.Box #. 8533

AUDIT COMMITTEE

Ms. Swaleha Alam (Chairman)
Ms. Hadeel Obaid (Member)
Ms. Sana Bilal (Member)

INTERNAL AUDIT DEPARTMENT

Mr. Syed Muhammad Khalid (Head of Audit Deptt.)
Mr. Sanaullah Khan (Secretary)
Mr. Abdul Muqtadir Sheraz (Member)
Mr. Sarfaraz Baig (Member)

REGISTERED OFFICE

WSA-30 & 31, Block-1, Federal "B" Area, Karachi-75950

Web Site : www.towellers.com

E-mail : towellers@cyber.net.pk

HUMAN RESOURCE AND REMUNERATION COMMITTEE:

Zeeshan K. Sattar, Mahjabeen Obaid, Abdul Jalil Shariff

Company Registration National Tax & Sales Tax No.

C.R. # 0004042, NTN 0676889-0, Sales Tax # 02-03-5111-007-55

FACTORIES

- Plots No. 14, 15/1 15/2, 15/A, 16/2, 17/1, 17/2, 17/3.
Sector 12-D, N.K.I.A., and Plot No. 9 & 10, Sector 12-C, N.K.I.A., Karachi.

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Directors of the Company have pleasure in submitting their report together with the un-audited financial statements of the Company for the Half year ended December 31, 2015.

By the grace of God the company made a profit of Rs. 185.64 million after meeting all operational administrative, financial and other expenses.

FINANCIAL HIGHLIGHTS**HALF YEAR ENDED DECEMBER 31,
RUPEES IN THOUSANDS**

	2015	2014
Sales	1,480,204	1,558,128
Gross profit	360,013	269,683
Other income	12,129	11,563
Profit before taxation	200,789	111,553
Taxation	(15,153)	(16,261)
Profit after taxation	<u>185,636</u>	<u>95,292</u>

Acknowledgment

Yours Directors record with appreciation, the efforts of the company's managers, technicians and workers who have worked vigorously to meet the target. Yours Directors also extent their appreciation to the company's Banker, Buyers and Suppliers for the Co-operation extended by them.

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843

Branch Office: 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626

Email Address: mushtaq_vohra@hotmail.com



Illinois, USA

REVIEW REPORT ON CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS For the period ended Dec 31, 2015

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Towellers Limited** as at December 31, 2015, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2015 and December 31, 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information for the half year ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

KARACHI:

Date: 23 FEB 2016

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Mushtaq Ahmed Vohra

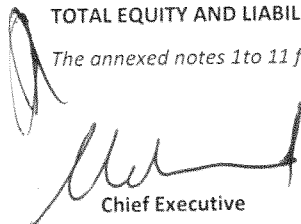
FCA

TOWELLERS LIMITED

Condensed Interim Balance Sheet (Un-audited)
As at December 31, 2015

	Note	31-Dec-15 Rupees	30-Jun-15 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	1,035,814,307	1,002,907,301
Long term loans		13,718,046	13,229,572
Long term deposits		7,583,843	6,529,820
		1,057,116,196	1,022,666,693
CURRENT ASSETS			
Stores, spare parts and loose tools		12,068,442	22,792,133
Stock in trade		291,406,215	334,113,862
Trade debts	6	265,489,353	260,828,695
Loans and advances		17,074,543	21,477,341
Trade deposits and short term prepayments		11,729,675	6,059,350
Other receivables		115,128,195	121,450,468
Income tax and sales tax refundable		96,492,628	95,474,102
Cash and bank balances		137,741,086	87,473,086
		947,130,137	949,669,037
TOTAL ASSETS		2,004,246,333	1,972,335,730
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 25,000,000 (June 30, 2015: 25,000,000) ordinary shares of Rs. 10 each		250,000,000	250,000,000
Issued, subscribed and paid up capital 17,000,000 (June 30, 2015: 17,000,000) ordinary shares of Rs. 10 each		170,000,000	170,000,000
Reserves		251,886,541	51,586,473
		421,886,541	221,586,473
		638,154,359	652,818,097
Surplus on rev.		20,783,036	29,321,902
Long term financing		20,173,124	20,173,124
Loan from directors & others		92,802,891	89,125,705
Deferred liabilities		133,759,051	138,620,731
Staff retirement benefits - gratuity		638,154,359	652,818,097
CURRENT LIABILITIES			
Trade and other payables		495,341,859	605,854,907
Accrued mark up and interest		134,214,818	134,214,818
Short term borrowings		161,644,305	199,995,304
Current portion of Long term financing		19,245,400	19,245,400
		810,446,382	959,310,429
CONTINGENCIES AND COMMITMENTS	7	-	-
TOTAL EQUITY AND LIABILITIES		2,004,246,333	1,972,335,730

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chief Executive


Director

28 FEB 2016

TOWELLERS LIMITED

Condensed Interim Profit and Loss Account (Un-audited)
For the half year ended December 31, 2015

	Half Year Ended		Quarter Ended	
	31-Dec-15 Rupees	31-Dec-14 Rupees	31-Dec-15 Rupees	31-Dec-14 Rupees
Sales	1,480,203,959	1,558,128,006	684,656,745	769,299,778
Cost of sales	(1,120,190,554)	(1,288,444,811)	(519,427,091)	(620,109,313)
Gross profit	360,013,405	269,683,195	165,229,654	149,190,465
Distribution cost	(72,052,090)	(76,765,134)	(29,538,120)	(42,305,494)
Administrative expenses	(82,592,084)	(66,586,966)	(36,935,116)	(30,537,680)
Other operating expenses	(14,555,759)	(7,918,269)	(6,725,293)	(5,291,227)
Finance cost	(2,152,816)	(18,422,935)	(1,752,252)	(10,201,385)
	(171,352,748)	(169,693,304)	(74,950,781)	(88,335,786)
Profit from operations	188,660,657	99,989,892	90,278,872	60,854,679
Other income	12,128,823	11,562,625	2,339,849	784,044
Profit before taxation	200,789,480	111,552,517	92,618,721	61,638,723
Provision for taxation	(15,153,150)	(16,260,742)	(6,472,234)	(8,874,426)
Profit for the period	185,636,330	95,291,775	86,146,487	52,764,297
Earnings per share - basic and diluted	10.92	5.61	5.07	3.10

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chief Executive


Director

23 FEB 2016

TOWELLERS LIMITED

Condensed Interim Statement of Comprehensive Income (Un-audited)
For the half year ended December 31, 2015

	Half Year Ended		Quarter Ended	
	31-Dec-15 Rupees	31-Dec-14 Rupees	31-Dec-15 Rupees	31-Dec-14 Rupees
Profit for the period	185,636,330	95,291,775	86,146,487	52,764,297
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	185,636,330	95,291,775	86,146,487	52,764,297

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.




Chief Executive


Director

23 FEB 2016

TOWELLERS LIMITED

Condensed Interim Statement of Changes in Equity (Un-audited) For the half year ended December 31, 2015

Particulars	Share capital	Reserves			Total
		Capital	Revenue	Sub total	
		Share premium	Unappropriated profit/(loss)		
Rupees					
Balance as at July 01, 2014	170,000,000	63,000,000	(501,643,180)	(438,643,180)	(268,643,180)
Total comprehensive profit for the half year ended December 31, 2014	-	-	95,291,775	95,291,775	95,291,775
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	6,775,030	6,775,030	6,775,030
Loss recover from banks against disposal of fixed assets	-	-	257,500,896	257,500,896	257,500,896
Balance as at December 31, 2014	170,000,000	63,000,000	(142,075,479)	(79,075,479)	90,924,521
Balance as at July 01, 2015	170,000,000	63,000,000	(11,413,527)	51,586,473	221,586,473
Total comprehensive profit for the half year ended December 31, 2015	-	-	185,636,330	185,636,330	185,636,330
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	14,663,738	14,663,738	14,663,738
Balance as at December 31, 2015	170,000,000	63,000,000	188,886,541	251,886,541	421,886,541

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.


Chief Executive


Director

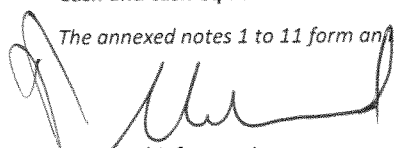
23 FEB 2016

TOWELLERS LIMITED

Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended December 31, 2015

	31-Dec-15 Rupees	31-Dec-14 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	200,789,480	111,552,517
Adjustments for:		
Depreciation	22,030,849	13,306,708
Finance cost	2,152,816	18,422,935
Provision for gratuity	10,030,136	9,398,918
Provision for workers' profit participation fund	10,767,262	5,973,539
Provision for workers' welfare fund	3,788,497	1,944,730
Gain on disposal of property, plant and equipment	(697,677)	(3,701,860)
	48,071,883	45,344,970
Profit before working capital changes	248,861,363	156,897,487
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	10,723,691	(15,212,574)
Stock in trade	42,707,647	139,262,046
Trade debts	(4,660,658)	39,099,600
Loans and advances	4,402,798	(7,376,868)
Trade deposits and short term prepayments	(6,724,348)	27,724,424
Other receivables	6,322,273	774,700,688
	52,771,403	958,197,316
(Decrease) in current liabilities		
Trade and other payables	(125,068,807)	(37,229,839)
Cash generated from / (used in) from operations	176,563,959	1,077,864,965
Finance cost paid	(2,152,815)	(5,579,974)
Taxes (paid) / refund	(16,171,675)	11,826,167
Long term loan (paid) / refund	(488,474)	6,747,892
Staff retirement benefits - gratuity paid	(6,352,950)	
Net cash generated / used in) from operating activities	151,398,045	1,090,859,050
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	1,355,000	25,256,000
Fixed capital expenditure	(55,595,178)	(122,871,531)
Net cash used in investing activities	(54,240,178)	(97,615,531)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(8,538,866)	(548,613,617)
Loan from directors & others	-	5,000,000
Short term borrowings - net	(38,350,999)	(312,224,477)
Net cash (used in) / generated from financing activities	(46,889,865)	(855,838,094)
Net increase in cash and cash equivalents	50,268,000	137,405,423
Cash and cash equivalents at the beginning of the period	87,473,086	89,907,967
Cash and cash equivalents at the end of the period	137,741,086	227,313,390

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


 Chief Executive


 Director

23 FEB 2016

TOWELLERS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

1 LEGAL STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan as a Private Limited Company on May 31, 1973 and subsequently converted into Public Limited Company on June 22, 1994 under the Companies Act, 1913 (Now Companies Ordinance, 1984) and is quoted on stock exchanges at Karachi and Lahore. The principal business of the company is to manufacture and export of textile made ups, garments and towels. The registered office of the company is situated at WSA - 30 & 31, Block - 1, Federal "B" Area, Karachi in the province of Sindh, Pakistan.

2 BASIS OF PREPARATION

Statement of compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard "IAS" 34 Interim Financial Reporting as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2015.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 245 of the Companies Ordinance, 1984.

These condensed interim financial information comprise of condensed interim balance sheet, condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes for the half year ended December 31, 2015 which have been subjected to a review but not audited. This condensed interim financial information also include the condensed interim profit and loss account for the quarter ended December 31, 2015.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2015, except as mentioned in note 3.3.
- 3.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective either were not relevant to the company's operations or did not have any impact on the accounting policies of the company.
- 3.3 The company has adopted IAS 19, (Revised) 'Employee Benefits'. The amendments in the revised standard require the company to eliminate the corridor approach and recognize all actuarial gains and losses (now called 'remeasurements', that result from the remeasurement of defined benefits obligations and fair value of plan assets at the balance sheet date) in other comprehensive income as they occur, immediately recognise all past service costs and replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefits liability / asset.

This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been restated.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements for the year ended June 30, 2015.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2015.



5 PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited)	(Audited)
		31-Dec-15	30-Jun-15
		----- Rupees -----	
Operating assets	5.1	719,305,763	738,381,961
Capital work in progress-at cost	5.2	316,508,544	264,525,340
		<u>1,035,814,307</u>	<u>1,002,907,301</u>

5.1 ASSETS OWNED BY THE COMPANY

	(Un-audited)	(Audited)
	----- Rupees -----	
Net book value at the beginning of the period/year	738,381,961	431,002,020
Additions during the period/year		
Leasehold land	-	152,499,710
Building on leasehold land	-	50,595,718
Plant and machinery	1,622,575	149,231,407
Furniture and fixture	242,255	1,087,950
Office equipment	1,652,144	5,728,812
Vehicles	95,000	2,792,500
	<u>3,611,974</u>	<u>361,936,097</u>
Net book value of assets disposed during the period/year	(657,323)	(21,742,875)
Depreciation for the period/year	<u>(22,030,849)</u>	<u>(32,813,280)</u>
Net book value at the end of the period/year	<u>719,305,763</u>	<u>738,381,961</u>

5.2 CAPITAL WORK IN PROGRESS

	(Un-audited)	(Audited)
	31-Dec-15	30-Jun-15
		----- Rupees -----
Building on leasehold land	264,576,164	232,269,200
Machinery	51,932,381	32,256,140
	<u>316,508,544</u>	<u>264,525,340</u>

6 TRADE DEBTS

	Note	(Un-audited)	(Audited)
		31-Dec-15	30-Jun-15
		----- Rupees -----	
Secured - considered good			
Foreign debts		265,420,268	247,091,361
Unsecured - considered good			
Foreign debts		-	21,871,342
Domestic debts		69,085	69,085
		<u>69,085</u>	<u>21,940,427</u>
		<u>265,489,353</u>	<u>269,031,788</u>
Provision for doubtful debts	6.1	-	(8,203,093)
		<u>265,489,353.25</u>	<u>260,828,695</u>

6.1 The movement in provision during the period/year is as follows:

Balance as at July 01,	8,203,093	18,215,209
	<u>8,203,093</u>	<u>18,215,209</u>
Bad debts written off during the period/year	-	(5,047,261)
Bad debts recovered during the period/year	(8,203,093)	(4,964,855)
Balance as at end of the period/year	<u>-</u>	<u>8,203,093</u>

7 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the contingencies and commitments since the last audited financial statements except as disclosed in note 7.1 and 7.2 respectively.

	(Un-audited)	(Audited)
	31-Dec-15	30-Jun-15
	-----Rupees-----	
7.1 Contingencies		
Bank guarantees issued in the ordinary course of business	3,090,000	2,280,000
7.2 Commitments		
Building	20,000,000	15,000,000
Plant & machinery	5,000,000	4,000,000
	25,000,000	19,000,000

8 TRANSACTIONS WITH RELATED PARTIES

	(Un-audited)	(Un-audited)	
	31-Dec-15	31-Dec-14	
	-----Rupees-----		
Transactions with related parties			
	Relationship		
Salaries and other employees benefits	Key management personnel	13,731,725	11,478,955

9 COMPARATIVE FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", balance sheet has been compared with the balances of annual financial statements while profit & loss accounts has been compared with corresponding figures of last half year and quarter.

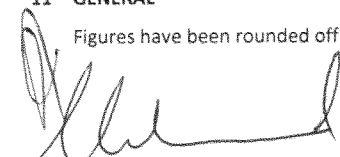
10 DATE OF AUTHORISATION FOR ISSUE

23 FEB 2016

These condensed interim financial information have been authorized for issue on _____ by the board of directors of the company.

11 GENERAL

Figures have been rounded off to the nearest rupees.


Chief Executive


Director

Karachi

Dated: 23 FEB 2016