

TOWELLERS LIMITED

REVIEWED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
DECEMBER 31, 2014



TOWELLERS LIMITED

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, 2014.

By the grace of God the company made a profit of Rs. 95.29 million after meeting all operational administrative, financial and other expenses.

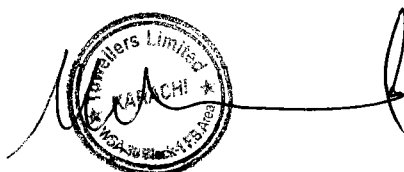
FINANCIAL HIGHLIGHTS

HALF YEAR ENDED DECEMBER 31 2014

	RUPEES IN THOUSANDS	
	2014	2013
Sales	1,558,128	1,878,257
Gross profit	269,683	269,683
Other income	11,563	6,633
Profit before taxation	111,553	103,742
Taxation	(16,261)	(20,408)
Profit after taxation	95,292	83,334

Acknowledgement

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 extend their appreciation to the company's Banker, Buyers and Suppliers for the co-operation extended by them.



A handwritten signature in black ink.

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

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Illinois, USA

Auditor's Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Towellers Limited** as at December 31, 2014, 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 the 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, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

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 accompanying interim financial information for the half year ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

KARACHI: 25 FEB 2015
Date: _____


MUSHTAQ & COMPANY
 Chartered Accountants
 Engagement Partner:
 Mushtaq Ahmed Vohra F.C.A

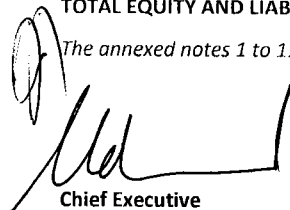
TOWELLERS LIMITED

Condensed Interim Balance Sheet (Un-audited)

As at December 31, 2014

	Note	31-Dec-14 Rupees	30-Jun-14 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	603,741,338	515,730,655
Long term loans		8,337,238	15,085,130
Long term deposits		9,107,290	3,677,382
		621,185,866	534,493,167
CURRENT ASSETS			
Stores, spare parts and loose tools		27,708,236	12,495,662
Stock in trade		303,015,405	442,277,451
Trade debts	6	262,152,764	301,252,364
Loans and advances		31,069,726	23,692,857
Trade deposits and short term prepayments		11,813,999	44,968,331
Other receivables		77,122,048	851,822,736
Income tax and sales tax refundable		83,277,801	111,364,709
Cash and bank balances		213,057,178	89,907,967
		1,009,217,157	1,877,782,078
TOTAL ASSETS		1,630,403,023	2,412,275,245
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
25,000,000 (June 30, 2014: 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, 2014: 17,000,000) ordinary shares of Rs. 10 each		170,000,000	170,000,000
Reserves		(79,075,480)	(438,643,180)
		90,924,520	(268,643,180)
Surplus on revaluation of property, plant & equipment		364,240,738	371,015,767
NON CURRENT LIABILITIES			
Long term financing		166,057,224	765,179,367
Loan from directors & others		5,173,124	173,124
Deferred liabilities			
Staff retirement benefits - gratuity		69,951,703	74,808,998
		241,182,051	840,161,489
CURRENT LIABILITIES			
Trade and other payables		545,855,841	575,167,410
Accrued mark up and interest		147,057,780	134,214,818
Short term borrowings		223,062,234	711,371,608
Current portion of			
Long term financing		18,079,860	48,987,334
		934,055,715	1,469,741,170
CONTINGENCIES AND COMMITMENTS	7	-	-
TOTAL EQUITY AND LIABILITIES		1,630,403,023	2,412,275,245

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


Chief Executive

Karachi: **25 FEB 2015**
Dated : _____


Director

TOWELLERS LIMITED

Condensed Interim Profit and Loss Account (Un-audited)
For the half year ended December 31, 2014

	Half Year Ended		Quarter Ended	
	31-Dec-14 Rupees	31-Dec-13 Rupees	31-Dec-14 Rupees	31-Dec-13 Rupees
Sales	1,558,128,006	1,878,257,185	769,299,778	952,538,504
Cost of sales	(1,288,444,811)	(1,574,471,963)	(620,109,313)	(780,674,005)
Gross profit	269,683,196	303,785,222	149,190,464	171,864,499
Distribution cost	(76,765,134)	(123,599,418)	(42,305,494)	(72,537,953)
Administrative expenses	(66,586,966)	(54,719,051)	(30,537,680)	(24,519,709)
Other operating expenses	(7,918,269)	(7,720,877)	(5,291,227)	(5,603,697)
Finance cost	(18,422,935)	(20,636,814)	(10,201,385)	(9,533,201)
	(169,693,304)	(206,676,160)	(88,335,786)	(112,194,560)
Profit from operations	99,989,892	97,109,062	60,854,678	59,669,939
Other income	11,562,625	6,632,685	784,044	3,845,384
Profit before taxation	111,552,517	103,741,747	61,638,722	63,515,323
Provision for taxation	(16,260,742)	(20,407,530)	(8,874,426)	(12,007,943)
Profit for the period	95,291,775	83,334,217	52,764,296	51,507,380
Earnings per share - basic and diluted	5.61	4.90	3.10	3.03

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



[Signature]

Chief Executive

[Signature]

Director

Karachi:

25 FEB 2015

Dated : _____

TOWELLERS LIMITED

Condensed Interim Statement of Comprehensive Income (Un-audited)
For the half year ended December 31, 2014

	Half Year Ended		Quarter Ended	
	31-Dec-14 Rupees	31-Dec-13 Rupees	31-Dec-14 Rupees	31-Dec-13 Rupees
Profit for the period	95,291,775	83,334,217	52,764,296	51,507,380
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	95,291,775	83,334,217	52,764,296	51,507,380

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

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Chief Executive

Karachi:

25 FEB 2015

Dated : _____


Director

TOWELLERS LIMITED**Condensed Interim Statement of Changes in Equity (Un-audited)
For the half year ended December 31, 2014**

Particulars	Share capital	Reserves			Total
		Capital	Revenue	Sub total	
		Share premium	Unappropriated profit/(loss)		
Rupees					
Balance as at July 01, 2013	170,000,000	63,000,000	(482,900,223)	(419,900,223)	(249,900,223)
Total comprehensive profit for the half year ended December 31, 2013	-	-	83,334,217	83,334,217	83,334,217
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	21,108,625	21,108,625	21,108,625
Balance as at December 31, 2013	<u>170,000,000</u>	<u>63,000,000</u>	<u>(378,457,381)</u>	<u>(315,457,381)</u>	<u>(145,457,381)</u>
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
Gain on principal amount write off by banks through sale of Nooriabad Unit by banks.	-	-	257,500,896	257,500,896	257,500,896
Balance as at December 31, 2014	<u>170,000,000</u>	<u>63,000,000</u>	<u>(142,075,480)</u>	<u>(79,075,480)</u>	<u>90,924,520</u>

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


Chief Executive

Karachi:

Dated : _____

25 FEB 2015


Director

TOWELLERS LIMITED

Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended December 31, 2014

	31-Dec-14 Rupees	31-Dec-13 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	111,552,517	103,741,747
Adjustments for:		
Depreciation	13,306,708	69,471,394
Finance cost	18,422,935	20,636,814
Provision for gratuity	9,398,918	7,684,484
Provision for workers' profit participation fund	5,973,539	5,571,522
Provision for workers' welfare fund	1,944,730	2,117,179
Gain on disposal of property, plant and equipment	(3,701,860)	(209,587)
	45,344,970	105,271,806
Profit before working capital changes	156,897,487	209,013,553
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(15,212,574)	(3,441,044)
Stock in trade	139,262,046	26,111,179
Trade debts	39,099,600	32,569,768
Loans and advances	(7,376,868)	(6,873,596)
Trade deposits and short term prepayments	27,724,424	(9,165,875)
Other receivables	774,700,688	(6,722,530)
	958,197,316	32,477,902
(Decrease) in current liabilities		
Trade and other payables	(37,229,839)	(88,149,637)
Cash generated from / (used in) from operations	1,077,864,964	153,341,818
Finance cost paid	(5,579,974)	(6,820,459)
Taxes (paid) / refund	11,826,167	(48,778,719)
Long term loan (paid) / refund	6,747,892	(2,014,699)
Staff retirement benefits - gratuity paid	(14,256,213)	(8,433,697)
Net cash generated / used in) from operating activities	1,076,602,837	87,294,244
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	25,256,000	329,000
Fixed capital expenditure	(122,871,531)	(14,905,539)
Net cash used in investing activities	(97,615,531)	(14,576,539)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(548,613,617)	(49,169,397)
Loan from directors & others	5,000,000	-
Short term borrowings - net	(312,224,477)	33,849,030
Net cash (used in) / generated from financing activities	(855,838,094)	(15,320,367)
Net increase in cash and cash equivalents	123,149,211	57,397,338
Cash and cash equivalents at the beginning of the period	89,907,967	166,718,156
Cash and cash equivalents at the end of the period	213,057,178	224,115,494

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


 Chief Executive

Karachi:

25 FEB 2015

Dated : _____


 Director

TOWELLERS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

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, 2014.

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, 2014 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, 2014.

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, 2014.
- 3.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the company's operations or did not have any impact on the accounting policies of the company.

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, 2014.

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, 2014.

5 PROPERTY, PLANT AND EQUIPMENT

		(Un-audited)	(Audited)
		31-Dec-14	30-Jun-14
	Note	-----	Rupees -----
Operating assets	5.1	401,352,957	431,002,021
Capital work in progress-at cost	5.2	202,388,382	84,728,634
		<u>603,741,338</u>	<u>515,730,655</u>

5.1 ASSETS OWNED BY THE COMPANY

	(Un-audited)	(Audited)
	31-Dec-14	30-Jun-14
	----- Rupees -----	
Net book value at the beginning of the period/year	431,002,021	1,658,505,612
Additions during the period/year		
Freehold land	-	173,124
Building on leasehold land	-	3,651,476
Plant and machinery	2,888,032	16,176,216
Furniture and fixture	399,650	627,350
Office equipment	1,833,102	1,569,536
Vehicles	91,000	1,414,978
	5,211,784	23,612,680
Net book value of assets disposed during the period/year	(21,554,140)	(1,116,482,627)
Depreciation for the period/year	(13,306,708)	(134,633,644)
Net book value at the end of the period/year	401,352,957	431,002,021

5.2 CAPITAL WORK IN PROGRESS

	(Un-audited)	(Audited)
	31-Dec-14	30-Jun-14
	----- Rupees -----	
Building on leasehold land	184,593,895	84,728,634
Machinery	12,796,107	-
Equipment	4,998,380	-
	202,388,382	84,728,634

6 TRADE DEBTS

	(Un-audited)	(Audited)
	31-Dec-14	30-Jun-14
	----- Rupees -----	
Secured - considered good		
Foreign debts	246,287,411	266,398,411
Unsecured - considered good		
Foreign debts	23,676,542	44,943,315
Domestic debts	2,600,298	8,125,847
	26,276,840	53,069,162
	272,564,251	319,467,573
Provision for doubtful debts	(10,411,487)	(18,215,209)
	262,152,764	301,252,364

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

Balance as at July 01,	18,215,209	18,215,209
	18,215,209	18,215,209
Bad debts written off during the period/year	(5,047,261)	-
Bad debts recovered during the period/year	(2,756,461)	-
Balance as at end of the period/year	10,411,487	18,215,209

7 CONTINGENCIES AND COMMITMENTS

	(Un-audited)	(Audited)
	31-Dec-14	30-Jun-14
	-----Rupees -----	
7.1 Contingencies		
Bank guarantees issued in the ordinary course of business	2,280,000	37,039,000

7.2 Commitments

Building	25,000,000	43,333,385
Plant & machinery	14,000,000	49,400,000
	<u>39,000,000</u>	<u>92,733,385</u>

8 TRANSACTIONS WITH RELATED PARTIES

		(Un-audited)	(Un-audited)
		31-Dec-14	31-Dec-13
		-----Rupees-----	
Transactions with related parties	Relationship		
Salaries and other employees benefits	Key management personnel	11,478,955	10,762,679

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.

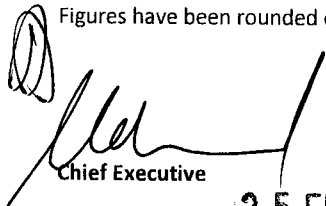
10 DATE OF AUTHORISATION FOR ISSUE

25 FEB 2015

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

Karachi:

25 FEB 2015

Dated : _____


Director