

TOWELLERS LIMITED

UNAUDITED ACCOUNTS
FOR THE QUARTER ENDED
MARCH 31, 2014



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.

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

Mr. Javed Ashfaq

Mr. Zeeshan K. Sattar

Mr. Abdul Jalil Shariff

COMPANY SECRETARY

Mr. M. Farhan Adil

CHIEF FINANCIAL OFFICER

Mr. M. Farzan Ijtiba

BANKERS

Standard Chartered Bank Ltd.

Askari Bank Limited

Soneri Bank Limited

Silk Bank Ltd.

KASB Bank Ltd.

Allied Bank Limited

Muslim Commercial Bank Limited

Habib Bank Limited

United Bank Limited

NIB Bank

Summit Bank Ltd.

JS Bank Ltd.

Meezan Bank 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. Ziauddin Ahmed Road, Karachi-75530, P.O.Box #. 8533

AUDIT COMMITTEE

Ms. Swaleha Alam (Chairman)

Mr. Javed Ashfaq (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

MILLS

- Plots No. 14, 15/1 15/2, 15/A, 16/2, 17/1. 17/2. 17/3.
Sector 12-D, N.K.I.A., Karachi.
- Post Office Towellers Village, Nooriabad.

TOWELLERS LIMITED

Condensed Balance Sheet (Un-audited)
As at March 31, 2014

	Note	Restated		
		31-Mar-14 Rupees	30-Jun-13 Rupees	30-Jun-12 Rupees
NON CURRENT ASSETS				
Property, plant and equipment	5	1,602,894,892	1,659,397,235	1,325,684,205
Long term loans and advances		17,192,885	14,738,037	15,426,972
Long term deposits		8,777,206	5,405,436	3,845,816
		1,628,864,983	1,679,540,708	1,344,956,993
CURRENT ASSETS				
Stores, spare parts and loose tools		15,622,861	21,520,650	13,314,073
Stock in trade		528,540,799	453,195,755	394,191,838
Trade debts		317,491,861	346,645,913	277,048,760
Loans and advances		26,515,434	15,631,858	16,494,567
Trade deposits and short term prepayments		13,173,823	4,128,507	221,000
Other receivables		78,792,307	74,123,264	71,921,948
Sales tax and Income tax		110,641,828	71,529,018	51,982,228
Cash and bank balances		181,043,096	166,718,156	188,693,676
		1,271,822,009	1,153,493,121	1,013,868,090
TOTAL ASSETS		<u>2,900,686,992</u>	<u>2,833,033,829</u>	<u>2,358,825,083</u>
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized capital		25,000,000	25,000,000	25,000,000
25,000,000 (June 30, 2013: 25,000,000) ordinary shares of Rs. 10 each				
Issued, subscribed and paid up capital		170,000,000	170,000,000	170,000,000
17,000,000 (June 30, 2013: 17,000,000) ordinary shares of Rs. 10 each				
Reserves		(314,365,990)	(419,900,223)	(479,407,016)
		(144,365,990)	(249,900,223)	(309,407,016)
Surplus on revaluation of property, plant & equipment		727,025,594	758,688,532	413,852,212
NON CURRENT LIABILITIES				
Long term financing from banking companies - secured		738,835,792	761,521,549	540,883,360
Deferred liabilities				
Staff retirement benefits - gratuity		50,993,653	50,317,322	46,505,550
		789,829,445	811,838,871	587,388,910
CURRENT LIABILITIES				
Trade and other payables		581,518,809	669,076,273	609,408,103
Accrued mark up and interest		101,799,435	81,003,001	85,328,590
Short term borrowings		742,334,599	663,825,783	872,935,242
Current portion of				
Long term financing from banking companies - secured		102,545,100	93,143,629	99,319,042
Provision for taxation		-	5,357,963	-
		1,528,197,943	1,512,406,649	1,666,990,977
CONTINGENCIES AND COMMITMENTS				
TOTAL EQUITY AND LIABILITIES		<u>2,900,686,992</u>	<u>2,833,033,829</u>	<u>2,358,825,083</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Karachi: 28 APR 2014
Dated : _____

TOWELLERS LIMITED

Condensed Profit and loss Account (Un-audited)

For the nine months ended March 31, 2014

	Nine Months Ended		Quarter Ended	
	31-Mar-14 Rupees	31-Mar-13 Rupees	31-Mar-14 Rupees	31-Mar-13 Rupees
Sales	2,693,363,022	1,829,459,119	815,105,837	621,980,039
Cost of sales	(2,318,387,913)	(1,613,014,811)	(743,915,950)	(599,491,631)
Gross profit	374,975,109	216,444,308	71,189,887	22,488,408
Other operating income	13,187,903	59,163,452	6,555,218	45,105,789
Distribution cost	(165,535,211)	(92,791,061)	(41,935,793)	(27,596,041)
Administrative expenses	(83,801,573)	(84,647,066)	(29,082,522)	(32,254,389)
Other operating expenses	(7,515,456)	(2,774,178)	205,421	413,543
Finance cost	(31,148,479)	(42,686,081)	(10,511,665)	(16,014,640)
	(274,812,816)	(163,734,934)	(74,769,341)	(30,345,738)
Profit/(loss) before taxation	100,162,293	52,709,374	(3,579,454)	(7,857,330)
Provision for taxation	(26,290,998)	(17,605,900)	(5,883,468)	(1,504,947)
Profit/(loss) for the period	73,871,295	35,103,474	(9,462,922)	(9,362,277)
Earnings/(Loss) per share - basic and diluted	4.35	2.06	(0.56)	(0.55)

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Karachi: 28 APR 2014

Dated : _____

TOWELLERS LIMITED

Condensed Statement of Comprehensive Income (Un-audited)

For the nine months ended March 31, 2014

	Nine Months Ended		Quarter Ended	
	31-Mar-14 Rupees	31-Mar-13 Rupees	31-Mar-14 Rupees	31-Mar-13 Rupees
Profit/(loss) for the period	73,871,295	35,103,474	(9,462,922)	(9,362,277)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income/(loss) for the period	73,871,295	35,103,474	(9,462,922)	(9,362,277)

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

Chief Executive

Karachi:

12 8 APR 2014

Dated : _____

Director

TOWELLERS LIMITED

Condensed Statement of Changes in Equity (Un-audited)

For the nine months ended March 31, 2014

Particulars	Share capital	Reserves			Total
		Capital	Revenue	Sub total	
		Share premium	Unappropriated profit		
Rupees					
Balance as at July 01, 2012	170,000,000	63,000,000	(514,413,027)	(451,413,027)	(281,413,027)
Effect of retrospective application of change in an accounting policy referred in note 3.3	-	-	(27,993,989)	(27,993,989)	(27,993,989)
Balance as at July 01, 2012-restated	170,000,000	63,000,000	(542,407,016)	(479,407,016)	(309,407,016)
Total comprehensive income for the nine months ended March 31, 2013	-	-	35,103,474	35,103,474	35,103,474
Transferred from surplus on revaluation of property, plant & equipment	-	-	11,723,731	11,723,731	11,723,731
Balance as at March 31, 2013	170,000,000	63,000,000	(495,579,811)	(432,579,811)	(262,579,811)
Profit for the remaining period	-	-	6,152,733	6,152,733	6,152,733
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - remaining period	-	-	9,368,020	9,368,020	9,368,020
Balance as at June 30, 2013	170,000,000	63,000,000	(480,059,058)	(417,059,058)	(247,059,058)
Effect of retrospective application of change in an accounting policy referred in note 3.3	-	-	(2,841,165)	(2,841,165)	(2,841,165)
Balance as at June 30, 2013 - restated	170,000,000	63,000,000	(482,900,223)	(419,900,223)	(249,900,223)
Total comprehensive income for the nine months ended March 31, 2014	-	-	73,871,295	73,871,295	73,871,295
Transferred from surplus on revaluation of property, plant & equipment	-	-	31,662,938	31,662,938	31,662,938
Balance as at March 31, 2014	170,000,000	63,000,000	(377,365,990)	(314,365,990)	(144,365,990)

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Karachi: **28 APR 2014**
 Dated : _____

TOWELLERS LIMITED

Condensed Statement of Cash Flow (Un-audited)

For the nine months ended March 31, 2014

	31-Mar-14 Rupees	31-Mar-13 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the period	100,162,293	52,709,374
Adjustments for:		
Depreciation	104,366,911	90,427,801
Finance cost	31,148,479	42,686,081
Provision for gratuity	11,526,726	12,199,912
Provision for workers' profit participation fund	5,415,670	2,774,178
Provision for workers' welfare fund	2,099,786	-
Gain on disposal of property, plant and equipment	(2,306,764)	(146,680)
	152,250,808	147,941,292
Profit before working capital changes	252,413,101	200,650,666
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	5,897,789	1,674,756
Stock in trade	(75,345,044)	(30,216,735)
Trade debts	29,154,052	27,670,133
Loans and advances	(10,883,576)	600,583
Trade deposits and short term prepayments	(12,417,086)	(1,042,947)
Other receivables	(4,669,043)	(1,634,844)
	(68,262,908)	(2,949,054)
(Decrease) / increase in current liabilities		
Trade and other payables	(95,072,920)	(5,715,498)
Cash generated from operations	89,077,273	191,986,114
Finance cost paid	(10,352,045)	(51,037,528)
Taxes paid	(70,761,771)	(24,636,850)
Long term loan paid	(2,454,848)	(4,242,445)
Staff retirement benefits - gratuity net	(10,850,395)	(10,384,675)
Net cash generated from operating activities	(5,341,786)	101,684,616
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	2,579,000	277,500
Fixed capital expenditure	(48,136,804)	(71,400,227)
Net cash used in investing activities	(45,557,804)	(71,122,727)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(13,284,286)	238,776,592
Short term borrowings - net	78,508,816	(264,273,766)
Net cash used in financing activities	65,224,530	(25,497,174)
Net increase / (decrease) in cash and cash equivalents	14,324,940	5,064,714
Cash and cash equivalents at the beginning of the year	166,718,156	188,693,676
Cash and cash equivalents at the end of the period	181,043,096	193,758,390

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Karachi: 12 B APR 2014
Dated : _____

TOWELLERS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) For the nine months ended March 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, 2013.

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 nine months ended March 31, 2013 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 March 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, 2013, except as mentioned in note 3.3.
- 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.
- 3.3 During the period, 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

Effects of the change in the accounting policy have been summarized below:

Note	30-Jun-13	30-Jun-12
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	Rupees	

Impact on Balance Sheet

Increase in the retirement benefits obligation	30,835,154	27,993,989
Increase in accumulated losses	30,835,154	27,993,989

Impact on profit and loss account

Increase in profit and loss account	2,795,572	2,714,060
Decrease in other comprehensive income	5,636,736	8,356,606

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, 2013.

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, 2013.

5 PROPERTY, PLANT AND EQUIPMENT

		(Un-audited)	(Audited)
	Note	31-Mar-14	30-Jun-13
		----- Rupees -----	
Operating assets	5.1	1,567,406,131	1,658,505,612
Capital work in progress-at cost	5.2	35,488,761	891,623
		<u>1,602,894,892</u>	<u>1,659,397,235</u>

5.1 The cost of additions and deletions to property, plant and equipment during the nine months ended March 31, 2014 were as follows:

	31-Mar-14		30-Jun-13	
	Acquisition	Disposal	Acquisition	Disposal
	Cost		Cost	
	----- Rupees -----		----- Rupees -----	
Owned assets				
Building on freehold land	-	-	25,682,129	-
Plant & machinery	10,963,816	(1,456,000)	62,830,911	-
Office equipment	1,109,550	-	1,637,506	(1,129,290)
Furniture and fixture	356,350	-	847,685	-
Vehicles	1,109,950	(481,000)	3,920,125	(702,186)
Bicycle	-	-	-	(7,500)
Total	<u>13,539,666</u>	<u>(1,937,000)</u>	<u>94,918,356</u>	<u>(1,838,976)</u>

5.2 CAPITAL WORK IN PROGRESS

	(Un-audited)	(Audited)
	31-Mar-14	30-Jun-13
	----- Rupees -----	
Building on leasehold land	35,488,761	891,623

35,488,761 891,623

6 TRADE DEBTS

		(Un-audited)	(Audited)
	Note	31-Mar-14 ----- Rupees -----	30-Jun-13 ----- Rupees -----
Secured - considered good			
Foreign debts		273,450,984	261,929,044
Unsecured - considered good			
Foreign debts		46,649,364	71,384,903
Domestic debts		15,606,722	31,547,175
		62,256,086	102,932,078
		335,707,070	364,861,122
Provision for doubtful debts	6.1	(18,215,209)	(18,215,209)
		317,491,861	346,645,913

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

Balance as at July 01,	18,215,209	103,185,325
Add: Provision during the period/year	-	-
	18,215,209	103,185,325
Bad debts written off during the period/year	-	(34,176,352)
Bad debts recovered during the period/year	-	(50,793,764)
Balance as at end of the period/year	18,215,209	18,215,209

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-Mar-14 ----- Rupees -----	30-Jun-13 ----- Rupees -----

7.1 Contingencies

There is no material change in contingency as disclosed in June 30, 2013 financial statements.

7.2 Commitments

Civil works	94,860,000	-
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8 TRANSACTIONS WITH RELATED PARTIES

	(Un-audited)	(Un-audited)
	31-Mar-14 ----- Rupees -----	31-Mar-13 ----- Rupees -----

Transactions with related parties	Relationship		
Salaries and other employees benefits	Key management personnel	15,451,837	17,980,483

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 nine months and quarter.

10 DATE OF AUTHORISATION FOR ISSUE

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: 12 8 APR 2014
Dated : _____