

TOWELLERS LIMITED

REVIEWED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED
DECEMBER 31, 2016

MUSHTAQ & COMPANY
CHARTERED ACCOUNTANTS

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REVIEW REPORT ON CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

For the period ended Dec 31, 2016

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Towellers Limited** as at December 31, 2016, 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, 2016 and December 31, 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

KARACHI:

Date: _____

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Mushtaq Ahmed Vohra

FCA

TOWELLERS LIMITED

Condensed Interim Balance Sheet (Un-audited)

As at December 31, 2016

	Note	UNAUDITED 31-Dec-16 Rupees	AUDITED 30-Jun-16 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	1,016,292,658	1,024,074,802
Long term loans		13,603,073	12,880,034
Long term deposits		6,811,235	7,429,820
		1,036,706,966	1,044,384,656
CURRENT ASSETS			
Stores, spare parts and loose tools		6,256,302	17,394,468
Stock in trade		273,882,488	294,845,193
Trade debts	6	245,709,028	219,960,403
Loans and advances		9,383,723	14,097,764
Trade deposits and short term prepayments		9,985,292	10,901,407
Other receivables		96,839,954	115,459,217
Income tax and sales tax refundable		99,200,353	111,063,696
Cash and bank balances		162,682,516	80,703,444
Non-current assets held for sale		13,775,094	13,775,094
		917,714,750	878,200,686
TOTAL ASSETS		1,954,421,716	1,922,585,342
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
25,000,000 (June 30, 2016: 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, 2016: 17,000,000) ordinary shares of Rs. 10 each		170,000,000	170,000,000
Reserves			
		305,705,179	190,538,434
		475,705,179	360,538,434
Surplus on revaluation of property, plant & equipment		609,508,008	623,181,201
NON CURRENT LIABILITIES			
Long term financing from banking companies - secured		106,704,154	110,641,795
Loan from directors & others		2,673,128	3,750,002
Deferred liabilities			
Staff retirement benefits - gratuity		139,740,386	139,288,394
		249,117,668	253,680,191
CURRENT LIABILITIES			
Trade and other payables		454,916,144	500,302,176
Accrued mark up and interest		134,214,818	134,214,818
Current portion of			
Long term financings		28,459,903	49,245,400
Loan from directors and others		2,499,996	1,423,122
		620,090,861	685,185,516
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES		1,954,421,716	1,922,585,342

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

Chief Executive

Director

TOWELLERS LIMITED

Condensed Interim Profit and loss Account (Un-audited)

For the half year ended December 31, 2016

	Half Year Ended		Quarter Ended	
	31-Dec-16 Rupees	31-Dec-15 Rupees	31-Dec-16 Rupees	31-Dec-15 Rupees
Net Sales	1,484,956,168	1,480,203,959	799,916,838	684,656,745
Cost of sales	(1,220,805,823)	(1,120,190,554)	(653,439,659)	(519,427,091)
Gross profit	264,150,345	360,013,405	146,477,179	165,229,654
Distribution cost	(57,160,755)	(63,745,993)	(34,228,066)	(21,232,023)
Administrative expenses	(90,391,290)	(90,898,181)	(44,696,160)	(45,241,213)
Other operating expenses	(6,123,096)	(14,555,759)	(3,210,519)	(6,725,293)
Other income	10,061,789	12,128,823	8,099,407	2,339,849
	(143,613,352)	(157,071,110)	(74,035,339)	(70,858,681)
Profit from operations	120,536,993	202,942,295	72,441,840	94,370,973
Finance cost	(4,198,174)	(2,152,816)	(1,606,164)	(1,752,252)
Profit before taxation	116,338,819	200,789,480	70,835,676	92,618,721
Provision for taxation	(14,845,267)	(15,153,150)	(8,464,944)	(6,472,234)
Profit for the period	101,493,552	185,636,330	62,370,732	86,146,487
Profit per share-basic and diluted	5.97	10.92	3.67	5.07

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

Chief Executive


Director

TOWELLERS LIMITED

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the half year ended December 31, 2016

	Half Year Ended		Quarter Ended	
	31-Dec-16 Rupees	31-Dec-15 Rupees	31-Dec-16 Rupees	31-Dec-15 Rupees
Profit for the period	101,493,552	185,636,330	62,370,732	86,146,487
Other comprehensive income for the period	-	-	-	-
Total comprehensive Profit for the period	101,493,552	185,636,330	62,370,732	86,146,487

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

Chief Executive

Director

TOWELLERS LIMITED

Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended December 31, 2016

	Quarter ended	
	31-Dec-16 Rupees	31-Dec-15 Rupees
The company was incorporated in Pakistan as a Private Limited		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	116,338,819	200,789,480
Adjustments for:		
Depreciation	38,751,074	22,030,849
Finance cost	4,198,174	2,152,816
Gain on disposal of property, plant and equipment	(861,572)	(697,677)
Workers' profit participation fund	6,123,096	10,767,262
Workers' welfare fund	-	3,788,497
Provision for gratuity	11,347,290	10,030,136
	59,558,062	48,071,883
Profit before working capital changes	175,896,881	248,861,363
(Increase) / decrease in current assets		
Stock, stores, spare parts and loose tools	32,100,871	53,431,338
Trade debts	(25,748,625)	(4,660,658)
Loans and advances	4,714,041	4,402,798
Trade deposits and short term prepayments	1,534,700	(6,724,348)
Other receivables	18,619,263	6,322,273
	31,220,250	52,771,403
(Decrease) / increase in current liabilities		
Trade and other payables	(51,509,129)	(125,068,807)
Cash generated from operations	155,608,002	176,563,958
Finance cost paid	(4,198,174)	(2,152,815)
Taxes refund / (paid)	(2,981,924)	(16,171,675)
Long term loan paid	(723,039)	(488,474)
Staff retirement benefits - gratuity net	(10,895,298)	(6,352,950)
	(18,798,435)	(25,165,914)
Net cash generated from operating activities	136,809,567	151,398,044
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	2,960,000	1,355,000
Fixed capital expenditure	(33,067,357)	(55,595,178)
Net cash used in investing activities	(30,107,357)	(54,240,178)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(24,723,137)	(8,538,866)
Loan from directors and others	-	-
Short term borrowings - net	-	(38,350,999)
Net cash used in financing activities	(24,723,137)	(46,889,865)
Net increase / (decrease) in cash and cash equivalents	81,979,072	50,268,000
Cash and cash equivalents at the beginning of the year	80,703,444	87,473,086
Cash and cash equivalents at the end of the period	162,682,516	137,741,086

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

Chief Executive

Director

TOWELLERS LIMITED

Condensed Interim Notes to The Financial Information (Un-audited)
For the half year ended December 31, 2016

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 Pakistan Stock Exchange (PSX). 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 Finance Reporting Standard (IFRS) 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, 2016.

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

These condensed financial statements 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, 2016.

3 SIGNIFICANT ACCOUNTING POLICIES

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, 2016.

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 as at and for the year ended June 30, 2016.

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, 2016.



5 PROPERTY, PLANT AND EQUIPMENT

		(Un-audited)	(Audited)
	Note	31-Dec-16	30-Jun-16
		----- Rupees -----	
Operating assets	5.1	1,001,641,628	1,024,074,802
Capital work in progress-at cost	5.2	14,651,030	-
		<u>1,016,292,658</u>	<u>1,024,074,802</u>

5.1 ASSETS OWNED BY THE COMPANY

		(Un-audited)	(Audited)
		31-Dec-16	30-Jun-16
		----- Rupees -----	
Net book value at the beginning of the period/year		1,024,074,802	738,381,960
Additions during the period/year			
Building on leasehold land		667,445	270,313,861
Plant and machinery		8,055,313	61,056,470
Furniture and fixture		874,710	421,755
Office equipment		3,769,041	17,979,271
Vehicles		5,049,818	2,438,500
		<u>18,416,327</u>	<u>352,209,857</u>
Net book value of assets disposed during the period/year		(2,098,427)	(16,155,506)
Depreciation for the period/year		(38,751,074)	(50,361,509)
Net book value at the end of the period/year		<u>1,001,641,628</u>	<u>1,024,074,802</u>

5.2 CAPITAL WORK IN PROGRESS

		(Un-audited)	(Audited)
		31-Dec-16	30-Jun-16
		----- Rupees -----	
Building		14,651,030	-
		<u>14,651,030</u>	<u>-</u>

6 TRADE DEBTS

		(Un-audited)	(Audited)
	Note	31-Dec-16	30-Jun-16
		----- Rupees -----	
Secured - considered good			
Foreign debts		227,971,308	203,503,370
Unsecured - considered good			
Foreign debts		17,384,282	15,138,844
Domestic debts		353,438	1,318,189
		<u>17,737,720</u>	<u>16,457,033</u>
		<u>245,709,028</u>	<u>219,960,403</u>
Provision for doubtful debts	6.1	-	-
		<u>245,709,028</u>	<u>219,960,403</u>

	(Un-audited)	(Audited)
	31-Dec-16	30-Jun-16
	-----Rupees-----	

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

Balance as at July 01,	-	8,203,093
Add: Provision during the period/year	-	-
	<u>-</u>	<u>8,203,093</u>
Bad debts recovered during the year	-	(8,203,093)
Balance as at end of the period/year	<u>-</u>	<u>-</u>

7 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the contingencies since the last audited financial statements except as disclosed in note 7.2

	(Un-audited)	(Audited)
	31-Dec-16	30-Jun-16
	-----Rupees-----	

7.1 Contingencies

Bank guarantees issued in the ordinary course of business	<u>9,405,000</u>	<u>3,090,000</u>
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7.2 Commitments

Building	<u>9,000,000</u>	<u>10,000,000</u>
	<u>9,000,000</u>	<u>10,000,000</u>

8 DATE OF AUTHORIZATION FOR ISSUE

These condensed half year financial statements have been authorized for issue on _____ by the board of directors of the company.

9 GENERAL

Figures have been rounded off to the nearest rupees.



Chief Executive

Director