

TOWELLERS LIMITED

UNAUDITED ACCOUNTS
FOR THE QUARTER ENDED
MARCH 31, 2013



TOWELLERS LIMITED



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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.

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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.

Habib Metropolitan Bank Limited

KASB Bank Ltd.

Allied Bank Limited

Muslim Commercial Bank Limited

Al Baraka Islamic Bank Ltd.

HSBC & Middle East Bank Ltd.

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.

Ground 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

DIRECTOR REPORT TO THE MEMBERS

The Directors are submitting their report to the members alongwith Reviwed Financial Statement for the quarter ended March 31, 2013.

OPERATING RESULTS

By the grace of God the company made a profit of Rs. 35.10 million after meeting all operational, Administrative, financial and other expense.

1. Cotton yarn prices high to all levels.
2. The freight rates went up by 50%.
3. The fuel, gas, water and electricity charges went further up as all time high.
4. The prices of dyes & chemicals went up by 50%.
5. Electricity & Gas Breakdown have further effected our production capacity.

The Financial Result of the company are reproduced as under:-

(Rupees in thousand)

Sales	1,829,459
Cost of sales	(1,613,015)
Gross profit / (loss)	216,444
Other operating income	59,163
Distribution cost	(92,791)
Administrative expenses	(84,647)
Other Operating expenses	(2,774)
Finance cost	(42,686)
Profit / (Loss) before taxation	52,709
Provision for taxation	(17,606)
Profit / (Loss) for the period	35,103
Add: Unappropriated profit / (loss) B/F	(281,413)
Add: incremental depreciation	11,724
Balance Carried to Balance Sheet	(234,586)

STAFF & LABOR RELATIONS:

The management is seeking a close relationship with the staff members, whose satisfaction remains a key priority for the company.

On behalf of the board, I would like to thanks the workers & staff at all levels for the hard work put in by them, which enabled the company to operate efficiently and hope that their efforts will continue during the coming years.

TOWELLERS LIMITED

CONDENSED BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2013

	Note	31-Mar-13 Rupees	30-Jun-12 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	1,306,525,812	1,325,684,205
Long term loans and advances		19,669,417	15,426,972
Long term deposits		5,109,763	3,845,816
		1,331,304,992	1,344,956,993
CURRENT ASSETS			
Stores, spare parts and loose tools		11,639,317	13,314,073
Stock in trade		424,408,573	394,191,838
Trade debts		249,378,627	277,048,760
Loans and advances		15,893,984	16,494,567
Trade deposits and short term prepayments		-	221,000
Other receivables		73,556,792	71,921,948
Sales tax and Income tax		59,013,178	51,982,228
Cash and bank balances		193,758,389	188,693,676
		1,027,648,859	1,013,868,090
TOTAL ASSETS		2,358,953,851	2,358,825,083
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
25,000,000 (June 30, 2010: 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, 2010: 17,000,000) ordinary shares of Rs. 10 each		170,000,000	170,000,000
Reserves		(404,585,823)	(451,413,027)
		(234,585,823)	(281,413,027)
Surplus on revaluation of property, plant & equipment		402,128,481	413,852,212
NON CURRENT LIABILITIES			
Long term financing from banking companies - secured		774,407,512	540,883,360
Deferred liabilities			
Staff retirement benefits - gratuity		20,326,798	18,511,561
		794,734,309	559,394,921
CURRENT LIABILITIES			
Trade and other payables		470,742,400	473,683,720
Accrued mark up and interest		76,977,144	85,328,590
Short term borrowings		744,385,859	1,008,659,625
Current portion of			
Long term financing from banking companies - secured		104,571,482	99,319,042
		1,396,676,884	1,666,990,977
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES		2,358,953,851	2,358,825,083

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

Chief Executive

Director

Karachi, April 26, 2013

TOWELLERS LIMITED

CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2013

	Nine Months Ended		Quarter Ended	
	31-Mar-13 Rupees	31-Mar-12 Rupees	31-Mar-13 Rupees	31-Mar-12 Rupees
Sales	1,829,459,119	1,542,692,101	621,980,039	389,489,528
Cost of sales	(1,613,014,811)	(1,785,950,290)	(599,491,631)	(349,935,450)
Gross profit	216,444,308	(243,258,189)	22,488,408	39,554,078
Other operating income	59,163,452	30,287,758	45,105,789	13,361,032
Distribution cost	(92,791,061)	(61,026,311)	(27,596,041)	(7,506,702)
Administrative expenses	(84,647,066)	(127,071,454)	(32,254,389)	(47,803,967)
Other operating expenses	(2,774,178)	-	413,543	-
Finance cost	(42,686,081)	(96,148,233)	(16,014,640)	(3,074,475)
	(163,734,935)	(253,958,240)	(30,345,739)	(45,024,112)
(Loss)/profit before taxation	52,709,373	(497,216,429)	(7,857,331)	(5,470,034)
Provision for taxation	(17,605,900)	(16,424,502)	(1,504,947)	(3,324,611)
(Loss)/Profit for the period	35,103,473	(513,640,931)	(9,362,278)	(8,794,645)
Earnings/(Loss) per share - basic and diluted	2.06	(30.21)	(0.55)	(0.52)

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

Chief Executive

Director

Karachi, April 26, 2013

TOWELLERS LIMITED

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2013

	Nine Months Ended		Quarter Ended	
	31-Mar-13 Rupees	31-Mar-12 Rupees	31-Mar-13 Rupees	31-Mar-12 Rupees
(Loss)/Profit for the period	35,103,473	(513,640,931)	(9,362,278)	(8,794,644)
Other comprehensive income for the period				
Transferred from surplus on revaluation of property, plant & equipment	-	-	-	-
Total comprehensive (loss)/income for the period	35,103,473	(513,640,931)	(9,362,278)	(8,794,644)

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

Chief Executive

Director

Karachi, April 26, 2013

TOWELLERS LIMITED

CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2013

					Total
		Capital	Revenue		
Rupees					
Balance as at July 01, 2011	170,000,000	63,000,000	70,677,431	133,677,431	303,677,431
Total comprehensive income for the nine months ended March 31, 2012	-	-	(513,640,931)	(513,640,931)	(513,640,931)
Transferred from surplus on revaluation of property, plant & equipment	-	-	13,693,724	13,693,724	13,693,724
Balance as at March 31, 2012	<u>170,000,000</u>	<u>63,000,000</u>	<u>(429,269,776)</u>	<u>(366,269,776)</u>	<u>(196,269,776)</u>
Balance as at July 01, 2012	170,000,000	63,000,000	(514,413,027)	(451,413,027)	(281,413,027)
Total comprehensive income for the nine months ended March 31, 2013	-	-	35,103,473	35,103,473	35,103,473
Transferred from surplus on revaluation of property, plant & equipment	-	-	11,723,731	11,723,731	11,723,731
Balance as at March 31, 2013	<u>170,000,000</u>	<u>63,000,000</u>	<u>(467,585,823)</u>	<u>(404,585,823)</u>	<u>(234,585,823)</u>

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

Chief Executive

Director

Karachi, April 26, 2013

TOWELLERS LIMITED

CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2013

	31-Mar-13 Rupees	31-Mar-12 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit for the period	52,709,373	(497,216,429)
Adjustments for:		
Depreciation	90,427,801	86,681,474
Finance cost	42,686,081	96,148,233
Gain on disposal of property, plant and equipment	(146,680)	(1,115,957)
	<u>132,967,202</u>	<u>181,713,750</u>
Profit before working capital changes	185,676,575	(315,502,679)
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	1,674,756	7,368,273
Stock in trade	(30,216,735)	327,996,702
Trade debts	27,670,133	117,402,920
Loans and advances	600,583	14,772,585
Trade deposits and short term prepayments	(1,042,947)	(6,700,528)
Other receivables	(1,634,844)	36,699,700
	(2,949,053)	497,539,652
(Decrease) / increase in current liabilities		
Trade and other payables	(2,941,320)	51,394,155
Cash generated from operations	<u>179,786,202</u>	<u>233,431,128</u>
Finance cost paid	(51,037,528)	(61,867,087)
Taxes paid	(24,636,850)	(19,854,333)
Long term loan paid	(4,242,445)	(2,832,216)
Staff retirement benefits - gratuity net	1,815,237	(9,670,284)
Net cash generated from operating activities	<u>101,684,616</u>	<u>139,207,208</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	277,500	2,510,000
Fixed capital expenditure	(71,400,227)	(31,177,233)
Net cash used in investing activities	<u>(71,122,727)</u>	<u>(28,667,233)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	238,776,592	36,746,078
Liabilities against asset subject to finance lease	-	(240,106)
Short term borrowings - net	(264,273,766)	3,499,129
Net cash used in financing activities	<u>(25,497,175)</u>	<u>40,005,101</u>
Net increase / (decrease) in cash and cash equivalents	5,064,713	150,545,075
Cash and cash equivalents at the beginning of the year	188,693,676	141,876,027
Cash and cash equivalents at the end of the period	<u>193,758,389</u>	<u>292,421,102</u>

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

Chief Executive

Director

Karachi, April 26, 2013

TOWELLERS LIMITED

SELECTED NOTES TO THE CONDENSED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2013

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 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 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 30th June, 2012.

This condensed 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 financial statements comprise of condensed statement of financial position, condensed income statement, condensed statement of comprehensive income, condensed statement of cash flow and condensed statement of changes in equity together with the notes for the nine months ended March 31, 2012 which have been subjected to a review but not audited. These condensed financial statements also include the condensed income statement for the quarter ended March 31, 2013.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2012.

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 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 financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2012.

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, 2012.

5 PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT		(Un-audited)	(Audited)
	Note	31-Mar-13	30-Jun-12
		----- Rupees -----	-----
Operating assets	5.1	1,306,045,460	1,325,684,205
Capital work in progress-at cost	5.2	480,352	-
		<u>1,306,525,812</u>	<u>1,325,684,205</u>

TOWELLERS LIMITED

5.1 The cost of additions and deletions to property, plant and equipment during the nine months ended March 31, 2013 were as follows.

	31-Mar-13		31-Mar-12	
	Acquisition	Disposal	Acquisition	Disposal
	Cost		Cost	
	----- Rupees -----	-----	----- Rupees -----	-----
Owned assets				
Building on lease hold land	25,682,129	-	-	-
Plant & machinery	40,400,886	-	15,031,330	5,302,333
Office equipment	702,740	-	817,790	-
Furniture and fixture	381,235	-	100,000	-
Bicycle	-	7,500	-	-
Vehicles	3,752,885	588,800	6,816,587	3,725,000
Total	<u>70,919,875</u>	<u>596,300</u>	<u>22,765,707</u>	<u>9,027,333</u>

6 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 6.1 and 6.2 respectively.

	(Un-audited)	(Audited)
	31-Mar-13	30-Jun-12
	-----Rupees-----	-----

6.1 Contingencies

There is no material change in Contingency as disclosed in June 30, 2012 financial statements.

6.2 Commitments

Letter of credit for raw material

_____ - _____

7 DATE OF AUTHORIZATION FOR ISSUE

These condensed financial statements have been authorized for issue on April 26, 2013 by the board of directors of the company.

8 GENERAL

Figures have been rounded off to the nearest rupees.

Chief Executive

Director

Karachi, April 26, 2013