

*Quarterly
Accounts
September,
2010*



BANNU
WOOLLEN MILLS LIMITED

**BANNU WOOLLEN MILLS LIMITED
COMPANY'S PROFILE**

BOARD OF DIRECTORS	MR. RAZA KULI KHAN KHATTAK Chairman MRS. SHAHNAZ SAJJAD AHMAD Chief Executive LT. GEN. (RETD) ALI KULI KHAN KHATTAK MR. AHMED KULI KHAN KHATTAK MR. MUSHTAQ AHMED KHAN, FCA MRS. ZEB GOHAR AYUB DR. SHAHEEN KULI KHAN MR. MANZOOR AHMED SHEIKH (NIT) MR. SHER ALI KHAN, (SLIC)
AUDIT COMMITTEE	LT. GEN. (RETD) ALI KULI KHAN KHATTAK Chairman MR. AHMAD KULI KHAN KHATTAK Member MR. MUSHTAQ AHMAD KHAN, FCA Member
COMPANY SECRETARY	MR. AMIN-UR-RASHEED B.COM (HONS) FICS General Manager Corporate Affairs
CHIEF FINANCIAL OFFICER	MR. A. R. TAHIR Sr. General Manager (F&C)
INTERNAL AUDITOR	MR. KALIM ASLAM
AUDITORS	M/S. HAMEED CHAUDHRI & CO Chartered Accountants
BANKERS	NATIONAL BANK OF PAKISTAN BANK ALFALAH LTD
LEGAL ADVISER	M/S HASSAN & HASSAN, Advocates PAAF Building, 1-D, Kashmir/ Egerton Road, Lahore Phone 042-36360800-03
TAX CONSULTANT	M. NAWAZ KHAN & CO 1-Ground Floor, Farrah Centre, 2 Mozang Road, Lahore Phone 042-37323509
REGISTRARS & SHARES REGISTRATION OFFICE	MANAGEMENT & REGISTRATION SERVICES (PVT) LIMITED. BUSINESS EXECUTIVE CENTRE, F/17/3, BLOCK 8, CLIFTON, KARACHI Phone 021-35369174, 35375127-29 Fax. 021-35820325 E-Mail registrationservice@live.co.uk
REGISTERED OFFICE	BANNU WOOLLEN MILLS LTD HABIBABAD, KOHAT Tel. (0922) 510063 - 510064 - 510494 Fax. (0922) 510474 E-Mail janana@brain.net.pk Web Site " www.jdm.com.pk "
MILLS	D.I.KHAN ROAD, BANNU Tel. (0928) 613151, 613250 Fax (0928) 611450 E-Mail bwmltd@brain.net.pk bannuwoollen@yahoo.com Web Site " www.bwm.com.pk "

BANNU WOOLLEN MILLS LIMITED
DIRECTORS' REPORT TO THE MEMBERS
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER, 2010 (UN-AUDITED)

The Company's Board of Directors is pleased to present the un-audited financial statements and the Directors report for the 1st quarter ended 30 September, 2010.


The Company's performance in the wake of flood ravaged economy worsening law & order condition & persistent load shedding is considered satisfactory during the period ended 30 September, 2010 as compared to corresponding period. Financial results are summarized as under:-

	1st Quarter ended	
	30-09-2010	30-09-2009
	Rupees in thousand	
Net Sales	227,777	114,928
Cost of Sales	141,759	80,471
Gross profit	86,018	34,457
Operating profit less Finance cost	56,011	18,010
Profit (loss) after taxation	54,170	11,307
Earnings (loss) per share	Rs. 7.12	1.49

- Gross profit percentage for the 1st quarter ended 30-09-2010 has improved from 29.98% to 37.76% over the corresponding period.
- Cost of sales has increased by Rs. 58.533 million (72.74 %) due to comprises Rs.16.171 (m) in prices of imported wool & yarn, Rs. 0.368(m) in power & fuel, Rs. 0.249(m) in dyes / chemicals. Rs.5.003(m) increase in salary, wages & benefits (including Rs. 2.209(m) wages,& Rs. 1.319 (m) due to higher provision of gratuity) and Rs. 36.283 (m) inventory adjustment.
- Administrative expenses increase of Rs. 3.170 (m) comprises increase of Rs. 3.443 (m) in salary, wages & benefits (including C.E salary & benefits, Rs.0.642(m), Rs. 2.508(m) G.D.F salary and benefits, Rs.0.781(m) in provision for gratuity, decrease in branch office expense Rs.0.442 (m) with decline in other expense heads.
- Increase of Rs.0.682 (m) in finance cost is due to capital investment of Rs. 33.895 (m) in plant and machinery from retained earnings in the previous year, causing higher utilization of cash finance facilities.
- Increase of Rs. 143.768 (m) (not yet due for payment) in books debts is due to higher sales. Recovery of book debts is considered satisfactory, civil suit has been decreed in Company's favour and now its execution is in progress.
- Earnings (loss) per share has increased from Rs. 1.49 to Rs. 7.45 for the current period ended on 30-09-2010.
- Future outlook:-**
Closures due to law and order situation in the country in general, in KPK and our area in particular, frequent imposition of curfews, unscheduled power outage, depreciation of Pak rupee vs US dollar and unprecedented increase in imported wool prices, are likely to effect the results of the next period, if the prevailing situation does not improve to betterment.

Your Directors wish to record their appreciation for the efforts made by the workers, staff and executives towards achieving above performance in extremely difficult & highly volatile conditions, absorbing effects of load shedding and recessionary trend of ongoing crises of the national economy.

For & on behalf of the board of directors

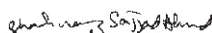

RAZA KULI KHAN KHATTAK
 Chairman

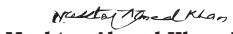
Dated: 30 October, 2010

BANNU WOOLLEN MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER, 2010

	Un-audited	Audited		Un-audited	Audited
	30 Sept., 2010	30 June, 2010		30 Sept., 2010	30 June, 2010
Note	(Rupees in thousand)		Note	(Rupees in thousand)	
EQUITY AND LIABILITIES			ASSETS		
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorised capital 10,000,000 ordinary shares of Rs.10 each	100,000	100,000	Property, plant and equipment	5	460,276 464,172
Issued, subscribed and paid-up capital	76,050	76,050	Investments in Associated Companies	6	92,812 92,812
Reserves	137,400	137,400	Security deposits		2,809 2,809
Unappropriated profit	240,777	201,304			555,897 559,793
	454,227	414,754	CURRENT ASSETS		
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	238,356	238,868	Stores and spares	22,478	21,279
NON-CURRENT LIABILITIES			Stock-in-trade	183,936	265,674
Liabilities against assets subject to finance lease	61	238	Trade debts	184,749	40,981
Staff retirement benefits - gratuity	37,093	33,514	Advances to employees - unsecured, considered good	1,738	608
Deferred taxation	65,707	65,005	Advance payments	155	17
	102,861	98,757	Trade deposits and prepayments	3,176	1,169
CURRENT LIABILITIES			Sales tax refundable	7,243	6,410
Current portion of liabilities against assets subject to finance lease	1,353	1,536	Due from Associated Companies	254	284
Short term finances	116,072	92,422	Income tax refundable, advance tax and tax deducted at source	17,329	16,373
Trade and other payables	62,064	65,416	Cash and bank balances	1,926	1,974
Taxation	3,948	2,809		422,984	354,769
	183,437	162,183			
CONTINGENCIES AND COMMITMENTS	4				
	978,881	914,562		978,881	914,562

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


Shahnaz Sajjad Ahmad
 Chief Executive


Mushtaq Ahmad Khan, FCA
 Director

BANNU WOOLLEN MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER, 2010

	Unaudited	
	July - September	
	2010	2009
	(Rupees in thousand)	
Sales	228,293	115,236
Less Discount	516	308
Sales - net	227,777	114,928
Cost of sales	141,759	80,471
Gross profit	86,018	34,457
	37.76%	
Distribution cost	9,179	4,790
	4.03%	
Administrative expenses	10,059	6,864
	4.42%	
Others operating expenses	5,822	1,463
	2.56%	
Other operating income	(340)	(1,260)
	-0.15%	
	24,720	11,857
	61,298	22,600
	26.91%	
Financial cost	5,287	4,590
	2.32%	
Profit / (Loss) before taxation	56,011	18,010
Taxation		
- current	1,139	575
- deferred	702	6,127
	1,841	6,702
	0.81%	
Profit after taxation	54,170	11,308
	----- Rupees -----	
Basic earnings per share	7.12	1.49

- The annexed notes form an integral part of this condensed interim financial information.

- Appropriations have been reflected in the statement of changes in equity.

Shahnaz Sajjad Ahmad
Shahnaz Sajjad Ahmad
Chief Executive

Mushtaq Ahmad Khan
Mushtaq Ahmad Khan, FCA
Director

BANNU WOOLLEN MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER, 2010

	1st Quarter ended	
	30 Sept. 2010	30 Sept. 2009
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period - before taxation and share of profit / (loss) and impairment loss on investments in Associated Companies	56,011	18,010
Adjustments for non-cash charges and other items:		
Depreciation	3,588	3,736
Unclaimed balances written-back	0	(44)
Gain on disposal of operating fixed assets	(119)	(270)
Provision for obsolete stores and spares	500	0
Staff retirement benefits - gratuity (net)	5,287	467
Mark-up on bank deposits and Associated Companies' balances	3,579	(856)
Finance cost	(178)	4,590
Workers' welfare fund	1,178	22
CASH INFLOW FROM OPERATING ACTIVITIES		
- Before working capital changes	69,846	25,655
(Increase) / decrease in current assets		
Stores and spares	(1,698)	662
Stock-in-trade	81,738	19,115
Trade debts	(143,768)	(60,217)
Advances to employees	(1,130)	(548)
Advance payments	(138)	443
Trade deposits and prepayments	(2,007)	(1,951)
Sales tax refundable	(833)	(131)
Due from Associated Companies	30	1,674
Increase in trade and other payables	(4,529)	(6,896)
	(72,335)	(47,849)
CASH INFLOW FROM OPERATING ACTIVITIES - Before taxation	(2,489)	(22,194)
Taxes paid		(1,583)
Security deposits	(956)	0
NET CASH INFLOW FROM OPERATING ACTIVITIES	(3,445)	(23,777)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(974)	(1,903)
Sale proceeds of operating fixed assets	1,400	405
Mark-up received on bank deposits / Associated Companies' balances	178	640
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	604	(858)
CASH FLOW FROM FINANCING ACTIVITIES		
Lease finances - net	(360)	32,590
Short term finances - net	23,650	(738)
Dividends	(15,210)	0
Finance cost paid	(5,287)	(4,590)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	2,793	27,262
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(48)	2,627
CASH AND CASH EQUIVALENTS - At the beginning of the period	1,974	765
CASH AND CASH EQUIVALENTS - At the end of the period	1,926	3,392

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

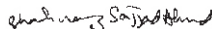
Shahnaz Sajjad Ahmad
Shahnaz Sajjad Ahmad
Chief Executive

Mushtaq Ahmad Khan
Mushtaq Ahmad Khan, FCA
Director

BANNU WOOLLEN MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER, 2010

	Share capital	Reserves			Unappropriated profit	Total
		Capital reserve	General reserve	Sub-total		
----- Rupees -----						
Balance as at 30 June, 2009	76,050	19,445	117,955	137,400	99,060	312,510
- as restated						
Profit for the Quarter ended 30 September, 2009					11,308	11,308
Transfer from surplus on revaluation of property, plant & equipment on account of - incremental depreciation for the period - net of deferred taxation					540	540
Balance as at 30 September, 2009	76,050	19,445	117,955	137,400	110,908	324,358
Profit for the period of nine months ended 30 June, 2010					76,044	76,044
Transfer from surplus on revaluation of property, plant & equipment on account of - incremental depreciation for the period - net of deferred taxation					1,620	1,620
Effect of items directly credited in equity by the associate					12,732	12,732
Balance as at 30 June, 2010	76,050	19,445	117,955	137,400	201,304	414,754
Proposed final dividend 20 %					(15,210)	(15,210)
Profit for the Quarter ended 30 September, 2010					54,170	54,170
Transfer from surplus on revaluation of property, plant & equipment on account of - incremental depreciation for the period - net of deferred taxation					513	513
Balance as at 30 September, 2010	76,050	19,445	117,955	137,400	240,777	454,227

The annexed notes form an integral part of these financial statements.


Shahnaz Sajjad Ahmad
Chief Executive


Mushtaq Ahmad Khan, FCA
Director

BANNU WOOLLEN MILLS LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL INFORMATION FOR THE 1ST QUARTER ENDED
30 SEPTEMBER, 2010 (UN-AUDITED)

1. CORPORATE INFORMATION

Bannu Woollen Mills Limited (the Company) was incorporated in Pakistan as a Public Company in the year 1960 and its shares are quoted on Karachi and Islamabad Stock Exchanges. It is principally engaged in manufacture and sale of woollen yarn, cloth and blankets. The Company's registered office is located at Habibabad, Kohat and its Mills are located at D.I.Khan Road, Bannu.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited; it has been prepared and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34 (Interim Financial Reporting). The figures for the 1st quarter ended 30 September, 2010 have, however, been subjected to limited scope review by the external Auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual published financial statements of the Company for the year ended 30 June, 2010.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation of balances adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the annual published financial statements of the Company for the year ended 30 June, 2009 except for the changes mentioned below:

- 3.1** IAS 1 (Revised) - (Presentation of Financial Statements). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from 'owner changes in equity'. All 'non-owner changes in equity' are required to be shown in a performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income).

The Company has preferred to present two statements; a profit and loss account and a statement of comprehensive income. The interim financial information has been prepared under the revised disclosure requirements.

- 3.2** In addition to above, following amendments to standards are mandatory for the first time for financial year beginning on 01 July, 2010 and are also relevant to the Company. The adoption of these amendments does not have significant impact on the condensed interim financial information of the Company.

- IAS 23 (Amendment) - Borrowing Costs
- IAS 28 (Amendment) - Investment in Associates
- IAS 36 (Amendment) - Impairment of Assets
- IAS 39 (Amendment) - Financial Instruments: Recognition and Measurement

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after 01 July, 2010 but are considered not to be relevant or to have any significant effect on the Company's operations and are therefore not detailed in the condensed interim financial information.

4. CONTINGENCIES AND COMMITMENTS

- 4.1** There has been no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Company for the year ended 30 June, 2010.
- 4.2** Commitments for irrevocable letters of credit outstanding as at 30 Sept., 2010 aggregated Rs. 22.849 million (30 June, 2010: Rs. 15.211 million).

5. PROPERTY, PLANT AND EQUIPMENT

Note	Un-audited	Audited
	1st Quarter ended 30 Sept., 2010 (Rupees in thousand)	Year ended 30 June, 2010
Operating fixed assets - tangible	5.1 459,451	461,878
Capital work-in-progress - at cost	5.2 825	2,294
	460,276	464,172
5.1 Operating fixed assets		
Opening book value	461,878	440,874
Additions during the period / year:		
Owned:		
- buildings on freehold land	0	1,336
- plant and machinery	898	35,104
- electric fittings	27	0
- computers	0	27
- vehicles	1,517	0
	2,442	36,467
Book value of vehicles transferred:		
- in to owned assets	0	1,262
- from leased assets	0	(1,262)
	0	0
Book value of assets disposed-off during the period / year	(1,282)	(220)
Depreciation charge for the period / year	(3,587)	(15,243)
Closing book value	459,451	461,878
5.2 Capital work-in-progress		
Plant and machinery - cost	825	824
Advance payments - Car	0	1,470
	825	2,294

6. INVESTMENTS IN ASSOCIATED COMPANIES - Quoted

Babri Cotton Mills Ltd. (BCM)

125,584 (30 June, 2009:125,584) ordinary shares of Rs.10 each - cost
Equity held 4.34% (30 June, 2010 :4.34%)

Post acquisition profit brought forward including effect of items directly credited in other comprehensive income by the Associated Company

Profit for the period / (loss for the year) - net of taxation

Note	Un-audited	Audited
6.1	1,632	1,632
	(284)	(284)
	3,926	3,926
	5,274	5,274

Janana De Malucho Textile Mills Ltd. (JDM)

1,559,230 (30 June, 2009:418,330) ordinary shares of Rs.10 each - cost
Equity held 36.21% (30 June, 2010: 36.21%)

Post acquisition profit brought forward including effect of items directly credited in other comprehensive income by the Associated Company

Profit for the period / (loss for the year) - net of taxation

Note	Un-audited	Audited
6.2	27,762	27,762
	25,361	25,361
	34,415	34,415
	87,538	87,538
	92,812	92,812

6.1 Fair value of investments in BCM as at 30 September, 2010 was Rs. 1.978 million (30 June, 2010: Rs. 1.644 million).

6.2 Fair value of investments in JDM as at 30 September, 2010 was Rs. 26.819 million (30 June, 2010: Rs.22.375 million).

7. TRANSACTIONS WITH RELATED PARTIES

	Un-audited	
	1st Quarter Ended 30-Sep	2009
	2010	2009
	(Rupees in thousand)	
7.1 Aggregate transactions made during the period with the Associated Companies were as follows:		
- purchase of goods and services	2,101	3,420
- mark-up earned	0	217
- mark-up charged	0	16
- management charges:		
- paid	0	567
- received	0	62
- insurance claim received		
7.2 No other transactions, other than remuneration and benefits to key management personnel under the terms of their employment, were executed with other related parties during the period.		
7.3 Sales, purchases and other transactions with related parties are made at arm's length prices determined in accordance with the comparable uncontrolled price method except for the allocation of expenses relating to combined offices shared with the Associated Companies, which are on actual basis.		
7.4 Trade and other payables include due to Associated Companies aggregating Rs. 1.099 thousand (30 June, 2010: Rs. Nil).		

8. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 30 October, 2010.

9. GENERAL

- Figures in the condensed interim financial information have been rounded-off to the nearest thousand Rupees except stated otherwise.
- Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison.

Shahnaz Sajjad Ahmad
Shahnaz Sajjad Ahmad
Chief Executive

Mushtaq Ahmad Khan
Mushtaq Ahmad Khan, FCA
Director

PRINTED MATTER

(Under Postal Certificate)

KAR NO. 790 OF 1959-1960

If undelivered please return to

Share Department

BANNU WOOLLEN MILLS LIMITED

Habibabad - KOHAT