

BANNU WOOLLEN MILLS LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS,
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

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BANNU WOOLLEN MILLS LIMITED

COMPANY'S PROFILE

BOARD OF DIRECTORS	Mr. RAZA KULI KHAN KHATTAK Chairman HAJI MUHAMMAD AZHAR KHAN Chief Executive LT. GEN. (RETD) ALI KULI KHAN KHATTAK MR. AHMED KULI KHAN KHATTAK MR. MUSHTAQ AHMED KHAN, FCA MRS. ZEB GOHAR AYUB MRS. SHAHNAZ SAJJAD AHMAD DR. SHAHEEN KULI KHAN MR. MANZOOR AHMED SHEIKH (NIT)
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 Finance Manager
INTERNAL AUDITOR	SHEIKH MUHAMMAD AYUB
AUDITORS	M/S. HAMEED CHAUDHRI & CO Chartered Accountants
BANKERS	NATIONAL BANK OF PAKISTAN BANK ALFALAH LIMITED
REGISTERED OFFICE	BANNU WOOLLEN MILLS LTD HABIBABAD, KOHAT Tel. (0922) 510063 - 510064 - 510494 Fax. (0922) 510474
MILLS	D.I.KHAN ROAD, BANNU Tel. (0928) 613151, 613250 Fax (0928) 611450 E-Mail bwm2k@psh.paknet.com.pk Web Site " www.bibojee.com "

**BANNU WOOLLEN MILLS LTD;
DIRECTOR'S REPORT TO THE MEMBERS
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

The Company's Board of Directors is pleased to present the un-audited financial statements, Director report and the Auditors review report for the half year ended 31 December 2006.

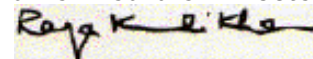
The Company's performance was satisfactory during the half year under report as compared to the corresponding period of previous year (July-Dec.2005), the summary of which is given as under :-

	Half year ended	
	31 Dec'06	31 Dec'05
	Rupees in million	
Sales	210.520	214.624
Cost of Sales	150.306	153.631
Gross profit	60.214	60.993
Gross profit %age	28.60%	28.42%
Profit before taxation	39.021	39.882
Profit after taxation	23.266	22.578
Earnings per share	Rs. 4.59	4.45

- 1) In the quarter ended 31-12-2006, there was sale shortfall of Rs.32.724 (m) as compared to corresponding quarter which included excessive sale of 30,000 Nos woollen shawls/blankets owing to sudden demand on eve of earthquake. However due to increased sale of blazer etc; the overall shortfall for the half year under review amounts to Rs.4.104 (m).
- 2) Gross profit for the half year under review has improved from 28.42 % to 28.60% over the corresponding period.
- 3) Earnings per share have been improved from Rs. 4.45 to Rs. 4.59 per share.
- 4) Markup has been decreased by Rs.3.421 (m) due to timely receipt of dues from the dealers and retained earnings of the previous year.
- 5) Recovery of book debts is satisfactory and is within Company's credit policy except an old debt, recovery of which is slow.
- 6) BMR- In pursuance of phased BMR policy, the Company has budgeted capital investment amounting Rs. 42.000 million out of which have achieved 70% as per following details:-
 - Four new shuttleless looms amounting Rs. 20.000 million have already been shipped from Italy and are likely to go into production by April 2007.
 - 2nd hand dual fuel boiler (gas and furnace oil) with increased capacity to cater for future needs is in commissioning stage at Mills
 - WAPDA dues have been deposited for express feeder to overcome low voltage and frequent power failures. It is likely to be installed by end of April 2007.

Your Directors wish to record their appreciation for the efforts made by the workers, staff and executives towards achieving improved consistent results in the back drop of prevailing difficult economic situation.

For & on behalf of Board of Directors



Raza Kuli Khan Khattak
Chairman

26 February, 2007


REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of **BANNU WOOLLEN MILLS LIMITED** as at 31 December, 2006 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the half-year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review. The figures of the profit and loss account for the quarters ended 31 December, 2005 and 2006 have not been reviewed as we are required to review only the cumulative figures for the half-year ended 31 December, 2006.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

LAHORE


HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

BANNU WOOLLEN MILLS LIMITED
CONDENSED INTERM BALANCE SHEET AS AT 31 DECEMBER, 2006

	Note	<u>Unaudited</u> 31-Dec-06 Rupees	<u>Audited</u> 30-Jun-06 Rupees
----- Rupees in thousand -----			
EQUITY AND LIABILITIES			
SHARES CAPITAL AND RESERVES			
Authorised capital 10,000,000 ordinary shares of Rs. 10/- each		100,000	100,000
Issued, subscribed and paid up capital		50,700	50,700
Reserves		137,400	137,400
Unappropriated profit		87,764	60,560
		275,864	248,660
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		248,354	251,117
NON-CURRENT LIABILITES			
Liabilites against assets subject to finance lease		2,351	1,488
Staff retirement benefit - gratuity		11,241	9,948
Deferred tax		52,426	53,576
		66,018	65,012
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease		1,543	876
Short term finances	6	10,329	6,479
Trade and other payables		40,001	29,653
Taxation		34,229	17,324
		86,102	54,332
CONTINGENCIES AND COMMITMENTS	7		
		676,338	619,121
NON - CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	8	411,936	420,630
Capital Work in progress	9	3,464	-
Investment in Associates	10	28,181	29,444
Deposit for shares	11	22,818	-
Long term security deposits		266	266
CURRENT ASSETS			
Store & spares		16,299	14,311
Stock-in-trade		58,891	95,312
Trade debtors unsecured considered good		95,503	29,892
Advance to employees		816	260
Advance payments		94	64
Trade deposit and prepayments		3,685	1,866
Sales tax refundable		3,128	4,307
Due from associates		4,069	3,994
Others receivables		147	232
Income tax refundable, advance tax and tax deducted at source		20,588	17,989
Cash and bank balances		6,453	554
		209,673	168,781
		676,338	619,121

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


CHIEF EXECUTIVE


DIRECTOR

BANNU WOOLLEN MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED 31 DECEMBER, 2006 (UN-AUDITED)

	For the 2nd Quarter		CUMULATIVE	
	Oct. - Dec. 2006	Oct. - Dec. 2005	July - Dec. 2006	July - Dec. 2005
	-----Rupees in thousand-----			
Sales	116,626	150,417	219,272	223,075
Less:-				
Commission	4,145	4,961	7,992	2,678
Discount	405	656	760	773
	4,550	5,617	8,752	3,451
Sales - net	112,076	144,800	210,520	219,624
Cost of sales	77,785	102,134	150,306	153,631
Gross profit	34,291	42,666	60,214	65,993
Administrative and distribution expenses	5,711	6,207	13,074	11,256
Others operating expenses	2,751	3,495	4,481	4,632
	8,462	9,702	17,555	15,888
	25,829	32,964	42,659	50,105
Other operating income	426	1,472	1,143	2,565
Operating profit	26,255	34,436	43,802	52,670
Financial cost	1,191	2,201	2,343	5,109
	25,064	32,235	41,459	47,561
Share of loss of associates	(2,438)	(2,679)	(2,438)	(2,679)
Profit before taxation	22,626	29,556	39,021	44,882
Taxation				
- current	8,480	13,316	16,905	18,159
- deferred	(211)	85	(1,150)	(855)
	8,269	13,401	15,755	17,304
Profit after taxation	14,357	16,155	23,266	27,578
	-----Rupees-----			
Basic earnings per share	2.83	3.19	4.59	5.44

The annexed notes form an integral part of these financial statements.
Appropriations have been reflected in the statement of changes in equity.


CHIEF EXECUTIVE


DIRECTOR

BANNU WOOLLEN MILLS LIMITED
CONDENSED INMTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER, 2006 (UN-AUDITED)

	HALF YEAR ENDED	
	31-Dec-06	31-Dec-05
	----- Rupees in thousand -----	
Cash flow from opertaing activities		
Profit for the period - before taxation and share of loss of associates	41,459	42,561
Adjustments for:		
Depreciation	11,389	11,079
Unclaimed balances written-back	0	(787)
Gain on sale of operating fixed assets - net	(179)	(77)
Provision for obsolete stores and spares	0	150
Staff retirement benefits- gratuity (net)	1,293	276
Mark-up on bank deposits and Associated Undertakings' balances	(686)	(1,555)
Finance cost	2,343	5,109
Workers' welfare fund	966	0
Cash inflow from operating activities - before working capital changes	56,585	56,756
(Increase) / decrease in current assets:		
Stores and spares	(1,988)	(299)
Stock-in-trade	36,421	62,727
Trade debtors	(65,611)	(32,479)
Advances to employees	(556)	(43)
Advance payments	(30)	(285)
Trade deposits and prepayments	(1,819)	(2,163)
Sales tax refundable	1,179	(1,863)
Due from associates	(75)	(3,935)
Others receivables	85	209
Increase in trade and other payables	9,382	29,025
	(23,012)	50,894
Cash inflow from opertaing activities - before taxaion	33,573	107,650
Taxes paid	(2,599)	(1,735)
Cash inflow from opertaing activities - after taxaion	30,974	105,915
Long term deposits - net	0	(118)
Net cash inflow from opertaing activities	30,974	105,797
Cash flow from financing activities		
Lease finance - net	1,530	2,755
Short term finances - net	3,850	(70,215)
Finance cost paid	(2,343)	(5,103)
Dividend paid	0	(16)
Net cash inflow / (outflow) from financing activities	3,037	(72,579)
Cash flow from investing activities		
Property, Plant and equipment	(7,004)	(34,890)
Deposit for shares	(22,818)	0
Mark-up received on bank deposits and Associated Undertakings' balances	686	1,555
Sale proceeds of operating fixed assets	1,024	605
Net cash outflow from investing activities	(28,112)	(32,730)
Net increase in cash and cash equivalents	5,899	488
Cash and cash equivalents - At the beginning of the period	554	550
Cash and cash equivalents - At the end of the period	6,453	1,038

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


CHIEF EXECUTIVE


DIRECTOR

BANNU WOOLLEN MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER, 2006 (UN-AUDITED)

	Share capital	Reserves			Unappropriated profit	Total
		Capital reserve	General reserve	Sub-total		
-----Rupees in thousand -----						
Balance as at 30 June, 2005	50,700	19,445	117,955	137,400	32,954	221,054
Profit for the half year ended 31 December, 2005					22,578	22,578
Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation - net of deferred taxation					2,910	2,910
Effect of items directly credited in equity by the associates					1,253	1,253
Balance as at 31 December, 2005	50,700	19,445	117,955	137,400	59,695	247,795
Loss for the half year ended 30 June, 2006	-	-	-	-	(5,584)	(5,584)
Transfer from surplus on revaluation of property, plant & equipment on account: - incremental depreciation - net of deferred taxation	-	-	-	-	2,826	2,826
- realised on disposal of operating fixed assets - net of deferred taxation	-	-	-	-	2,295	2,295
Effect of items directly credited in equity by the associates	-	-	-	-	1,328	1,328
Balance as at 30 June, 2006	50,700	19,445	117,955	137,400	60,560	248,660
Profit for the half year ended 31 December, 2006	-	-	-	-	23,266	23,266
Transfer from surplus on revaluation of property, plant & equipment on account: - incremental depreciation - net of deferred taxation	-	-	-	-	2,512	2,512
- realised on disposal of operating fixed assets - net of deferred taxation					251	251
Effect of items directly credited in equity by the associates					1,175	1,175
Balance as at 31 December, 2006	50,700	19,445	117,955	137,400	87,764	275,864

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


CHIEF EXECUTIVE


DIRECTOR

BANNU WOOLLEN MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER, 2006 (UN-AUDITED)

1. 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 Mills are located at D.I.Khan Road, Bannu.
2. These interim financial statements (the financial statements) are presented condensed from in accordance with International Accounting Standard 34 (Interim Financial Reporting). The financial statements have been reviewed by the external Auditors as required by the Code of Corporate Governance and are being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984.
3. These financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June, 2006.
4. The accounting policies and methods of computation, which have been used in the preparation of these financial statement, are the same as those applied in the preparation of the financial statements as at and for the year ended 30 June, 2006.
5. The significant judgment, estimates and assumptions used by the management in preparation of these financial statement are the same as those applied to the annual financial statement as at and for the year ended 30 June, 2006

6. SHORT TERM FINANCES - Secured

Short term finance facilities available from National Bank of Pakistan (NBP) under mark-up arrangements aggregate Rs.140 million (30 June, 2006; Rs.140 million). NBP, during the period charged mark-up on these finance facilities at the rates ranging from 11.11% to 11.90% per annum, mark-up is payable on quarterly basis. Facilities available for opening letters of credit aggregate Rs.50 million (30 June, 2006; Rs.50 million). The aggregate facilities are secured against first charge on fixed assets for Rs.160 million. These facilities are available upto 30 September, 2007.

7. CONTINGENCIES AND COMMITMENTS

7.1 There was no known contingent liability as at 31 December, 2006 and 30 June, 2006

	Un-audited	Audited
	31 Dec,	30 Jun.,
	2006	2006
	(Rupees in thousand)	
7.2 At period / year ended commitments against irrevocable letters of the credit were for:		
- raw materials	2,608	14,568
- plant & machinery, stores and spares	19,318	2,934
	21,926	17,502
	21,926	17,502

	Un-audited 31 Dec, 2006 (Rupees in thousand)	Audited 30 June, 2006
8. OPERATING FIXED ASSETS		
Opening book value	420,630	411,011
Additions during the period / year :		
Owned:		
- buildings on freehold land	0	942
- plant and machinery	609	30,832
- furniture & fixture	0	23
- electric fitting	26	29
- computers	16	105
- vehicles	495	2,536
	1,146	34,467
Leased - vehicle	2,394	3,464
	3,540	37,931
	424,170	448,942
Book value of assets disposed-off during the period / year	(845)	(5,880)
Depreciation charge for the period / year	(11,389)	(22,432)
Closing book value	411,936	420,630
9. CAPITAL WORK IN PROGRESS		
Advance payment against:		
- plant and machinery	1,199	0
- electric fitting	2,265	0
	3,464	0
10. INVESTMENTS IN ASSOCIATES - Quoted		
Babri Cotton Mills Ltd. (BCM)		
125,584 (30 June 2006: 125,584)		
ordinary shares of Rs.10 each - cost	1,632	1,632
Equity held 6.28% (30 June, 2006 6.28%)		
Post acquisition profit brought forward	5,029	6,516
including effect of items directly credited in equity by the associates		
Loss: for the period / year - net of taxation	(1,055)	(1,707)
	5,606	6,441
Janana De Malucho Textile Mills Ltd. (JDM)		
418,330 (30 June, 2006: 380,300)		
ordinary shares of Rs.10 each - cost	4,944	4,944
Equity held 13.22% (30 June, 2006 13.22%)		
Post acquisition profit brought forward		
including effect of items directly credited in equity by the associates	19,014	20,209
Loss: for the period / year - net of taxation	(1,383)	(2,150)
	22,575	23,003
	28,181	29,444

10.1 Fair value of investments in BCM as at 31 December, 2006 was Rs.1.507 million (30 June 2006; Rs.2.260 million).

10.2 Fair value of investments in JDM as at 31 December, 2006 was Rs. 8.074 million (30 June, 2006 Rs.6.655 million).

11. DEPOSIT FOR SHARES

This deposit has been advanced to Janana De Malucho Textile Mills Limited (an associate) on account of share deposit money for issue of right shares.

12. TRANSACTIONS WITH RELATED PARTIES

12.1 Aggregate transactions made during the period / year with associates were as follows:

	Un-audited 31 Dec, 2006 (Rupees in thousand)	Audited 30 June, 2006
- purchase of goods and services	2,059	4,399
- purchase of vehicles	0	5,610
- insurance claim received	0	30
- mark-up earned	377	275
- management charges		
- paid	369	773
- received	8	69
- Share deposit money advanced to an associate	22,818	0
- donation to waqf-e-kuli khan trust	1,062	1,144

12.2 No other transaction, other than remuneration and benefits to key management personal under the term of their employment, were executed with other related parties during the period

12.3

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 associates, which are on actual basis.

12.4 Trade and other payables include due to associates aggregating Rs.538 thousand (30 June, 2006 Rs.1,128 thousands).

13. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for Issue by the Board of Directors of the Company in its meeting held on 24 February, 2007.

14. FIGURES

- Figures in the financial statements have been rounded off to the nearest thousand Rupees except stated otherwise.
- Corresponding figures have neither been rearranged nor reclassified.


CHIEF EXECUTIVE


DIRECTOR