

BANNU WOOLLEN MILLS LIMITED
COMPANY'S PROFILE

BOARD OF DIRECTORS	Mr. RAZA KULI KHAN KHATTAK MRS. SHAHNAZ SAJJAD AHMAD LT. GEN. (RETD) ALI KULI KHAN KHATTAK MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA MRS. ZEB GOHAR AYUB DR. SHAHEEN KULI KHAN MR. MANZOOR AHMED SHEIKH (NIT) MR. SHER ALI KHAN, (SLIC)	Chairman Chief Executive
AUDIT COMMITTEE	LT. GEN. (RETD) ALI KULI KHAN KHATTAK MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	LT. GEN. (RETD) ALI KULI KHAN KHATTAK MRS. SHAHNAZ SAJJAD AHMAD MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA	Chairman Member / CEO Member Member
COMPANY SECRETARY	MR. AMIN-UR-RASHEED B.COM (HONS) FICS Sr. General Manager Corporate Affairs	
CHIEF FINANCIAL OFFICER	Mr. A.R. Tahir Chief Operating Officer	
HEAD OF INTERNAL AUDIT	MR. SALMAN KHAN	
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	
TAX CONSULTANT	M. NAWAZ KHAN & CO 1-Ground Floor, Farrah Centre, 2 Mozang Road, Lahore	
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 registrationservices@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 bannuwoollen@yahoo.com Web Site " www.bwm.com.pk "	

BANNU WOOLLEN MILLS LTD.
DIRECTOR'S REPORT TO THE MEMBERS
FOR THE 1st QUARTER ENDED 30 SEPTEMBER, 2012

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, 2012.

The Company's performance, in the current economic challenges, law & order situation and persistent electricity load shedding, is considered satisfactory during the period ended 30 September, 2012. Financial results are summarized as under:-

	QUARTER ENDED	
	30 September, 2012	30 September, 2011
	(Rupees in thousand)	
Net Sales	227,741	218,930
Cost of Sales	157,254	138,232
Gross profit	70,487	80,698
Distribution cost	9,417	9,054
Administrative expenses	14,385	13,649
Others operating expenses	4,003	4,687
Other operating income	(627)	(462)
	27,178	26,928
Profit from Operations	43,309	53,770
Finance cost	4,655	6,983
Profit before taxation	38,654	46,787
Taxation - net	(832)	1,965
Profit after taxation	39,486	44,822
Earnings (loss) per share	Rs. 5.19	5.89

The Economy

The Pakistan economy gradually endures challenges from time to time and it has managed to grow to 3.7% in the FY 11-12. Service and commodity producing sectors proved to be the best performing segments in sustaining gross domestic product. The resilience to economy is also supported by declaration in Consumer Price Inflation and reduced policy interest rate by State Bank of Pakistan during current fiscal year.

Financials

Sales increased by Rs.8.811 million (4.02%) over the corresponding period ended 30-09-2012, which comprises Rs. 27.402 million increase in sales prices & decrease of Rs. 18.591 million in quantitative sales.

Cost of sales has increased by Rs. 19.022 (m) (13.76%) over the last year corresponding period, which comprises Rs. 29.914(m) increase in raw material consumed, Rs. 5.144 (m) in salary, Wages and benefits, Rs. 0.245 (m) in repair and maintenance, Rs. 0.631 (m) in dyes and chemicals, Rs. 0.167 (m) in depreciation, Rs. 1.644 (m) decrease in in power & fuel and Rs. 15.522 (m) decrease in inventory adjustment.

Distribution expenses increased by Rs. 0.363 million (4.01%) over the last year corresponding period, which comprises increase of Rs. 0.340 (m) increase in selling commission due to higher sales & Rs. 0.104 (m) in salary & benefits and decrease of Rs. 0.081 (m) others expenses

Administrative expenses increase of Rs. 0.736 (m) (5.39%) comprises, increase of Rs. 0.357 (m) in salary, wages & benefits, Rs. 0.381 (m) in electricity, Rs 0.112 (m) in legal & professional charges , Rs 0.160 (m) in depreciation, Rs. 0.196 (m) in other expenses and decrease of Rs.0.470 (m) in rent rate & taxes.

Decrease of Rs.2.328 (m) in finance cost comprises, Rs. 1.963 (m) in short term finances was due to efficient utilization of cash finance facilities, Rs. 0.187 decrease in mark-up of WPPF and decrease of Rs. 0.178 (m) in mark-up on letters of credit & bank charges.

Future outlook

The key challenges facing Pakistan's economy emanates from adverse law and order situation to stifle economic activity and growth, but the Company believes that the economy has the potential of taking strides towards significant growth and a promising future. The Company will combat current economic challenges and continue to demonstrate sustainable growth. In order to meet increasing demand for products of the Company, the Board of Directors have approved BMR Plan by addition of four nos shuttleless looms, one woollen condenser card and one ring spinning frame with estimated investment of Rs. 55.00 million out of which L/C for Shuttleless looms has been established & technical details of other machinery are being negotiated with Chinese suppliers.

Acknowledgement

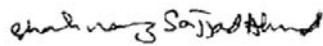
The Company would like to acknowledge the continued support from our valued customers for the confidence they continue to place in us, the management team from their sincere efforts, the Board of Directors for its guidance and also like to acknowledge the continued support of all stakeholders, Bankers, dealers, vendors and Associates. Your directors wish to record their appreciation for the efforts made the workers, staff & executive for their commitment & dedication towards work & in achieving above performance in the prevailing circumstances.

for & on behalf of Board of Directors

BANNU WOOLLEN MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER, 2012

	Un-audited 30 Sept., 2012	Audited 30 June, 2012		Un-audited 30 Sept., 2012	Audited 30 June, 2012
	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	<u>100,000</u>	<u>100,000</u>	Property, plant and equipment	6	808,538
Issued, subscribed and paid-up capital	76,050	76,050	Investments in Associated Companies	7	209,061
Reserves	562,000	438,500	Loan to an executive		0
Unappropriated profit	40,981	146,787	Security deposits		2,809
	<u>679,031</u>	<u>661,337</u>		<u>1,020,408</u>	<u>1,025,078</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	575,707	576,730	CURRENT ASSETS		
NON-CURRENT LIABILITIES			Stores and spares		28,653
Staff retirement benefits - gratuity	70,479	65,909	Stock-in-trade		268,469
Deferred taxation	74,087	89,933	Trade debts		198,742
	<u>144,566</u>	<u>155,842</u>	Current portion of loan to an executive		1,594
CURRENT LIABILITIES			Advances to employees - unsecured, considered good		2,536
Trade and other payables	104,667	66,542	Advance payments		1,884
Accrued mark-up	4,470	3,040	Trade deposits and prepayments		74,610
Short term finances	114,289	18,059	Due from Associated Companies		951
Taxation	15,743	729	Accrued mark-up		905
	<u>239,169</u>	<u>88,370</u>	Sales tax refundable		7,621
CONTINGENCIES AND COMMITMENTS	5		Income tax refundable, advance tax and tax deducted at source		28,551
			Cash and bank balances		3,549
					<u>618,065</u>
					<u>457,201</u>
	<u><u>1,638,473</u></u>	<u><u>1,482,279</u></u>			<u><u>1,638,473</u></u>
					<u><u>1,482,279</u></u>

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



CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

BANNU WOOLLEN MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2012

	QUARTER ENDED	
	30 September, 2012	30 September, 2011
	(Rupees in thousand)	
Sales - net	227,741	218,930
Cost of sales	157,254	138,232
Gross profit	70,487	80,698
Distribution cost	9,417	9,054
Administrative expenses	14,385	13,649
Others operating expenses	4,003	4,687
Other operating income	(627)	(462)
	27,178	26,928
	43,309	53,770
Financial cost	4,655	6,983
Profit / (Loss) before taxation	38,654	46,787
Taxation		
- current	15,014	2,190
- deferred	(15,846)	(225)
	(832)	1,965
Profit after taxation	39,486	44,822
Basic earnings per share	5.19	5.89

- The annexed notes form an integral part of this condensed interim financial information.
- Appropriations have been reflected in the statement of changes in equity.

Shah Nawaz Sajjad Ahmad

CHIEF EXECUTIVE

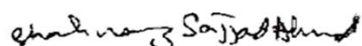
CHIEF FINANCIAL OFFICER

DIRECTOR

BANNU WOOLLEN MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2012

	1st Quarter ended	
	30 Sept. 2012	30 Sept. 2011
(Rupees in thousand)		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period - before taxation	38,654	46,787
Adjustments for non-cash charges and other items:		
Depreciation	4,582	4,255
Staff retirement benefits - gratuity (net)	4,570	4,263
Mark-up on bank deposits and Associated Companies' balances	(34)	(377)
Finance cost	4,655	6,983
Workers' welfare fund	894	964
CASH INFLOW FROM OPERATING ACTIVITIES	53,321	62,875
- Before working capital changes		
(Increase) / decrease in current assets		
Stores and spares	106	(2,880)
Stock-in-trade	63,347	26,652
Trade debts	(147,185)	(138,304)
Advances to employees	(912)	(445)
Advance payments	(1,038)	(348)
Trade deposits and prepayments	(74,248)	(1,864)
Sales tax refundable	2,758	1,982
Other receivables	0	767
Increase in trade and other payables	14,416	37,340
	(142,756)	(77,100)
CASH INFLOW FROM OPERATING ACTIVITIES - Before taxation	(89,435)	(14,225)
Taxes paid	(1,122)	0
Security deposits	0	(1,290)
NET CASH INFLOW FROM OPERATING ACTIVITIES	(90,557)	(15,515)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(352)	(3,173)
Mark-up received on bank deposits / Associated Companies' balances	0	377
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(352)	(2,796)
CASH FLOW FROM FINANCING ACTIVITIES		
Lease finances - net	0	(178)
Short term finances - net	96,230	63,082
Dividends proposed	0	(38,025)
Finance cost paid	(3,225)	(1,120)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	93,005	23,759
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,096	5,448
CASH AND CASH EQUIVALENTS - At the beginning of the period	1,453	1,399
CASH AND CASH EQUIVALENTS - At the end of the period	3,549	6,847

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



CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

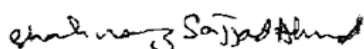
BANNU WOOLLEN MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE 1st QUARTER ENDED 30 SEPTEMBER, 2012

Share capital	Reserves			Unappropriated profit	Total
	Capital reserve	General reserve	Sub-total		

----- Rupees -----

Balance as at 30 June, 2011	76,050	19,445	283,745	303,190	173,460	552,700
Final cash dividend for the year ended 30 June, 2011 at the rate of Rs. 5 per share					(38,025)	(38,025)
Transfer to general reserve			135,310	135,310	(135,310)	0
Profit for the Quarter ended 30 September, 2011					44,822	44,822
Transfer from surplus on revaluation of property, plant & equipment on account of - incremental depreciation for the period - net of deferred taxation					959	959
Balance as at 30 September, 2011	76,050	19,445	419,055	438,500	45,906	560,456
Profit for the period of nine months ended 30 June, 2012					92,338	92,338.00
Transfer from surplus on revaluation of property, plant & equipment on account of - incremental depreciation for the period - net of deferred taxation					2,886	2,886.00
Effect of items directly credited in equity by the associate					5,657	5,657.00
Balance as at 30 June, 2012	76,050	19,445	419,055	438,500	146,787	661,337
Proposed final dividend 30 %					(22,815)	(22,815)
Transfer to general reserve			123,500	123,500	(123,500)	0
Profit for the Quarter ended 30 September, 2012					39,486	39,486
Transfer from surplus on revaluation of property, plant & equipment on account of - incremental depreciation for the period - net of deferred taxation					1,023	1,023
Balance as at 30 September, 2012	76,050	19,445	542,555	562,000	40,981	679,031

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



CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

BANNU WOOLLEN MILLS LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE 1st QUARTER ENDED 30 SEPTEMBER, 2012

1. 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. This condensed interim financial information has been presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended 30 June, 2012.
3. The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Company for the preceding year ended 30 June, 2012.
4. Amendments to certain existing standards and new interpretation on approved accounting standards effective during the current period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company.

5. CONTINGENCIES AND COMMITMENTS

5.1 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, 2012.

5.2 Commitments for irrevocable letters of credit outstanding as at 30 September, 2012 aggregated Rs. Nil (30 June, 2012: Rs. 17.404 million).

6. PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 1st Quarter ended 30 Sept., 2012 (Rupees in thousand)	Audited Year ended 30 June, 2012
Operating fixed assets - tangible	6.1	808,280	812,768
Capital work-in-progress - plant and machinery		258	0
		<u>808,538</u>	<u>812,768</u>

6.1 Operating fixed assets

	Un-audited 1st Quarter ended 30 Sept., 2012 (Rupees in thousand)	Audited Year ended 30 June, 2012
	812,768	803,062
Opening book value		
Additions during the period / year:		
Owned:		
- buildings on freehold land	0	264
- plant and machinery	0	7,154
- furniture and fixtures	0	87
- electric fittings	31	68
- computers and TV.	63	116
- vehicles	0	1,611
	94	9,300
Book value of vehicles transferred:		
- in to owned assets	0	1,126
- from leased assets	0	(1,126)
	0	0
Revaluation surplus arised during the period / year	0	17,805
Depreciation charge for the period / year	(4,582)	(17,399)
Closing book value	808,280	812,768

7. INVESTMENTS IN ASSOCIATED COMPANIES - Quoted**Babri Cotton Mills Ltd. (BCM)**

144,421 (30 June, 2012: 144,421) ordinary shares
of Rs.10 each - cost

Equity held: 3.95% (2012: 3.95%)

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

Profit for the period / year - net of taxation

1,632	1,632
9,117	9,117
3,481	3,481
14,230	14,230

Janana De Malucho Textile Mills Ltd. (JDM)

1,559,230 (30 June, 2011: 1,559,230) ordinary
shares of Rs.10 each - cost

Equity held 32.59% (30 June, 2011: 32.59%)

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

Profit for the period / year - net of taxation

27,762	27,762
119,928	119,928
47,141	47,141
194,831	194,831
209,061	209,061

7.1 Market values of the Company's investments in BCM and JDM as at 30 September, 2012 were Rs. 2.204 million (30 June, 2012: Rs. 1.879 million) and Rs. 36.954 million (30 June, 2012: Rs. 31.871 million) respectively.

8. TRANSACTIONS WITH RELATED PARTIES

Un-audited
1st Quarter Ended
30 September

2012 **2011**
(Rupees in thousand)

8.1 Aggregate transactions made during the period with the Associated Companies were as follows:

- purchase of goods and services	0	2,695
- insurance premium paid	217	2,044

8.2 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.

8.3 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.

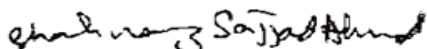
8.4 Trade and other payables include due to Associated Companies aggregating Rs. Nil (30 June, 2012: Rs. Nil).

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on October, 2012.

10. 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.


CHIEF EXECUTIVE**DIRECTOR****CHIEF FINANCIAL OFFICER**