

Quarterly
Accounts
September,
2013



BANNU
WOOLLEN MILLS LIMITED

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 SYED ZUBAIR AHMED SHAH (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	
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@gmail.com Web Site * www.bwm.com.pk	

BANNU WOOLLEN MILLS LIMITED
DIRECTORS' REPORT TO THE MEMBERS
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER, 2013

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, 2013.

Financials

Financial results are summarized as under:-

	Quarter Ended 30 Sep.,	
	2013	2012
	(Rupees in thousand)	
Net Sales	250,395	227,741
Cost of Sales	171,220	157,254
Gross profit	79,175	70,487
Distribution cost	10,200	9,417
Administrative expenses	18,356	14,385
Others operating expenses	3,452	4,003
Other operating income	(444)	(627)
	31,564	27,178
Profit from Operations	47,611	43,309
Finance cost	4,820	4,655
Profit before taxation	42,791	38,654
Taxation - net	4,436	(832)
Profit after taxation	38,355	39,486
Earnings per share	Rs. 5.04	5.19

During the period under review, your Company achieved sales growth of 9.95%. However, cost of sales for the same period also increased by 8.88%. Profit before tax for 1st quarter of 2013-14 stood at Rs.42.791 million as compared to Rs.38.654 million in the corresponding period of last year, up 10.7%. After providing Rs.4.436 million in respect of current and deferred taxation, the after tax profit of your Company stood at Rs.38.355 million as compared to Rs.39.486 million, down 2.86%. Earnings per share for the quarter decreased from Rs.5.19 to Rs.5.04.

The Economy

The Pakistan Economy is striving hard to achieve targeted GDP growth of 4.4% for fiscal year 2013-14. Although the economy has experienced bouts of growth and stable inflation sustainable performance has remained largely elusive. Acute energy shortage and security conditions are not helping the situation to improve the economy.

Future outlook

It is envisaged that next three quarters of FY-14 (Oct 2013 - Jun 2014) would remain tough for the manufacturing industry keeping in view unabated power outages coupled with 60% increase in power tariff, depreciation of Pak Rupee and law and order situation. However, the Management of your company is determined to cope successfully with all challenges and cost pressures. Keeping in view of the above challenges and market demand of the Company's products, the Board has approved the BMR plan for addition of two woollen condenser cards and one Caterpillar diesel generator with estimated investment of Rs. 70.000 million.

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 for their sincere efforts, the Board of Directors for its guidance and also like to acknowledge the continued support of all stakeholders, Bankers, dealers, vendors, employees and Associates.

For & on behalf of the board of directors

Raza Kuli Khan
RAZA KULI KHAN KHATTAK
 Chairman

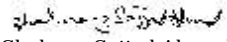
Dated: 31 October, 2013

BANNU WOOLLEN MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER, 2013

ASSETS	Note	Un-audited	Audited	
		30 Sept., 2013	30 June, 2013	01 July, 2012
(Rupees in thousand)				
(Restated) (Restated)				
ASSETS				
Non-current assets				
Property, plant and equipment	6	807,329	814,678	812,768
Investments in Associated Companies	7	304,037	304,037	209,061
Loan to an executive		0	0	440
Security deposits		2,809	2,809	2,809
		<u>1,114,175</u>	<u>1,121,524</u>	<u>1,025,078</u>
Current assets				
Stores and spares		35,391	32,121	28,759
Stock-in-trade		313,081	346,097	331,816
Trade debts		327,900	243,549	51,557
Current portion of loan to an executive		0	375	1,560
Advances to employees - unsecured, considered good		2,164	1,891	1,218
Advance payments		743	432	846
Trade deposits and prepayments		27,858	140	362
Due from Associated Companies		0	0	951
Accrued mark-up		0	0	871
Other receivables		204	607	0
Sales tax refundable		12,321	11,662	10,379
Income tax refundable, advance tax and tax deducted at source		38,265	35,932	27,429
Cash and bank balances		8,458	1,349	1,453
		<u>766,385</u>	<u>674,155</u>	<u>457,201</u>
TOTAL ASSETS		<u>1,880,560</u>	<u>1,795,679</u>	<u>1,482,279</u>
EQUITY AND LIABILITIES				
Equity				
Authorised capital				
10,000,000 ordinary shares of Rs.10 each		100,000	100,000	100,000
Issued, subscribed and paid-up capital		76,050	76,050	76,050
Reserves		705,500	562,000	438,500
Unappropriated profit		36,712	140,015	131,365
Shareholders' equity		<u>818,262</u>	<u>778,065</u>	<u>645,915</u>
Surplus on revaluation of property, plant and equipment		567,814	569,656	576,730
Liabilities				
Non-current liabilities				
Staff retirement benefits - gratuity		126,264	120,830	89,275
Deferred taxation		63,790	72,374	81,989
		<u>190,054</u>	<u>193,204</u>	<u>171,264</u>
Current liabilities				
Trade and other payables		80,266	70,351	66,542
Accrued mark-up		4,795	2,079	3,040
Short term finances		171,022	146,997	18,059
Taxation		48,347	35,327	729
		<u>304,430</u>	<u>254,754</u>	<u>88,370</u>
		<u>494,484</u>	<u>447,958</u>	<u>259,634</u>
Contingencies and commitments	8			
TOTAL EQUITY AND LIABILITIES		<u>1,880,560</u>	<u>1,795,679</u>	<u>1,482,279</u>

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


Shahnaz Sajjad Ahmad
Chief Executive


Ahmad Kuli Khan Khattak
Director

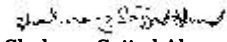
BANNU WOOLLEN MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2013

	QUARTER ENDED	
	30 Sept., 2013	30 Sept., 2012
(Rupees in thousand)		
Sales - net	250,395	227,741
Cost of sales	171,220	157,254
Gross profit	79,175	70,487
Distribution cost	10,200	9,417
Administrative expenses	18,356	14,385
Others operating expenses	3,452	4,003
Other operating income	(444)	(627)
	<u>31,564</u>	<u>27,178</u>
Profit from Operations	47,611	43,309
Financial cost	4,820	4,655
Profit before taxation	42,791	38,654
Taxation		
- current	13,020	15,014
- deferred	(8,584)	(15,846)
	<u>4,436</u>	<u>(832)</u>
Profit after taxation	38,355	39,486
	<u><u>----- Rupees -----</u></u>	
Basic earnings per share	5.04	5.19

- 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
Chief Executive


Ahmad Kuli Khan Khattak
Director

BANNU WOOLLEN MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2013

1st Quarter ended
30 Sept. 30 Sept.
2013 2012
(Rupees in thousand)

CASH FLOW FROM OPERATING ACTIVITIES

Profit for the period - before taxation	42,791	38,654
Adjustments for non-cash charges and other items:		
Depreciation	8,283	4,582
Staff retirement benefits - gratuity (net)	5,434	4,570
Mark-up on bank deposits and Associated Companies' balances	(159)	(34)
Finance cost	4,820	4,655
Workers' welfare fund	813	894

CASH INFLOW FROM OPERATING ACTIVITIES

- Before working capital changes	61,982	53,321
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(Increase) / decrease in current assets

Stores and spares	(3,270)	106
Stock-in-trade	33,016	63,347
Trade debts	(84,351)	(147,185)
Advances to employees	102	(912)
Advance payments	(311)	(1,038)
Trade deposits and prepayments	(27,718)	(74,248)
Other receivables	403	0
Sales tax refundable	(659)	2,758
(Decrease) / increase in trade and other payables	9,102	14,416
	(73,686)	(142,756)

CASH OUTFLOW FROM OPERATING ACTIVITIES - Before taxation

Taxes paid	(11,704)	(89,435)
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NET CASH OUTFLOW FROM OPERATING ACTIVITIES

CASH FLOW FROM INVESTING ACTIVITIES

Fixed capital expenditure	(934)	(352)
Mark-up received on bank deposits / Associated Companies' balances	159	0
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(775)	(352)

CASH FLOW FROM FINANCING ACTIVITIES

Short term finances - net	24,025	96,230
Finance cost paid	(2,104)	(3,225)
NET CASH INFLOW FROM FINANCING ACTIVITIES	21,921	93,005

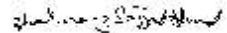
NET INCREASE IN CASH AND CASH EQUIVALENTS

	7,109	2,096
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CASH AND CASH EQUIVALENTS- At the beginning of the period	1,349	1,453
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CASH AND CASH EQUIVALENTS- At the end of the period	8,458	3,549
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The annexed notes form an integral part of this condensed interim financial information.


Shahnaz Sajjad Ahmad
Chief Executive


Ahmad Kuli Khan Khattak
Director

BANNU WOOLLEN MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2013

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

Rupees

Balance as at 01 July, 2012 - as previously reported	76,050	19,445	419,055	438,500	146,787	661,337
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Change in accounting policy for recognition of actuarial gains / (losses)					(15,422)	(15,422)
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Balance as at 01 July, 2012 - as restated	76,050	19,445	419,055	438,500	131,365	645,915
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Final cash dividend for the year ended 30 June, 2012 at the rate of Rs. 3 per share					(22,815)	(22,815)
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Transfer to general reserve			123,500	123,500	(123,500)	0
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Profit for the quarter ended 30 September, 2012					39,486	39,486
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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
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Balance as at 30 September, 2012	76,050	19,445	542,555	562,000	25,559	663,609
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Balance as at 01 July, 2013 - as previously reported	76,050	19,445	542,555	562,000	163,133	801,183
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Change in accounting policy for recognition of actuarial gains / (losses)					(23,118)	(23,118)
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Balance as at 01 July, 2013 - as restated	76,050	19,445	542,555	562,000	140,015	778,065
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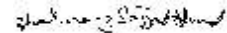
Transfer to general reserve			143,500	143,500	(143,500)	0
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Profit for the quarter ended 30 September, 2013					38,355	38,355
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Transfer from surplus on revaluation of property, plant & equipment on account of - incremental depreciation for the period - net of deferred taxation					1,842	1,842
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Balance as at 30 September, 2013	76,050	19,445	686,055	705,500	36,712	818,262
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The annexed notes form an integral part of these financial statements.


Shahnaz Sajjad Ahmad
Chief Executive


Ahmad Kuli Khan Khattak
Director

BANNU WOOLLEN MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2013

1. Legal status and nature of business

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,

2. Basis of preparation

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, 2013.

3. Significant accounting policies

3.1 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, 2013 except for the adoption of new accounting policy as referred to in note 3.2.

3.2 There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting period beginning from 01 July, 2013 but are not considered 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 except for IAS 19, 'Employees Benefits (amendment)', which has eliminated the corridor approach. The Company has applied this change in accounting policy retrospectively in accordance with IAS 8 'accounting policies, changes in accounting estimates and errors' and recorded unrecognised actuarial losses net of taxes associated with retirement benefit plan by adjusting the opening balance of un-appropriated profit and retirement benefit for the prior period presented. No actuarial assessment has been carried out for preparation of this condensed interim financial information.

Effect of changes in accounting policy on balance sheet are as follows:

	As at 01 July, 2013			As at 01 July, 2012		
	Before restatement	As restated	Re-statement	Before restatement	As restated	Re-statement
	Rupees in thousand					
Staff gratuity	85,802	120,830	35,028	65,909	89,275	23,366
Deferred tax liability	84,284	72,374	-11,910	89,933	81,989	-7,944
Un-appropriated profit	163,133	140,015	-23,118	146,787	131,365	-15,422

4. The provision for taxation for the quarter ended 30 September, 2013 has been made using the tax rate that would be applicable to expected total annual earnings

5. The preparation of interim financial information requires management to make judgements, estimates and assumptions that affects the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

6. PROPERTY, PLANT AND EQUIPMENT

	Un-audited Quarter ended 30 Sept., 2013	Audited Year ended 30 June, 2013
Note	(Rupees in thousand)	
Operating fixed assets - tangible	6.1 807,004	812,988
Capital work-in-progress - plant and machinery	325	1,690
	807,329	814,678
6.1 Operating fixed assets		
Opening book value	812,988	812,768
Additions during the period / year:		
Owned:		
- buildings on freehold land	0	7,704
- plant and machinery	0	20,929
- tools and equipment	0	15
- furniture and fixtures	0	26
- electric fittings	15	147
- office equipment	0	132
- computers, TV & security equipment	2,284	113
- vehicles	0	1,042
- arms	0	3,439
	2,299	33,547
Depreciation charge for the period / year	(8,283)	(33,327)
Closing book value	807,004	812,988

7. INVESTMENTS IN ASSOCIATED COMPANIES - Quoted

Babri Cotton Mills Ltd. (BCM)

144,421 (30 June, 2013: 144,421) ordinary shares of Rs.10 each - cost

Equity held: 3.95% (30 June, 2013: 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
21,822	13,305
0	8,517
23,454	23,454

Janana De Malucho Textile Mills Ltd. (JDM)

1,559,230 (30 June, 2013: 1,559,230) ordinary shares of Rs.10 each - cost

Equity held 32.59% (30 June, 2013: 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
252,821	176,378
0	76,443
280,583	280,583
304,037	304,037

7.1 Market values of the Company's investments in BCM and JDMas at 30 September, 2013 were Rs. 8.742 million (30 June, 2013: Rs. 9.083 million) and Rs.118.922 million (30 June, 2013: Rs. 101.350 million) respectively.

8. CONTINGENCIES AND COMMITMENTS

8.1 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, 2013.

8.2 Commitments for irrevocable letters of credit outstanding as at 30 September, 2013 aggregated Rs. Nil (30 June, 2013: Rs. 9.643 million).

9. TRANSACTIONS WITH RELATED PARTIES

	Un-audited 1st Quarter Ended 30 September	
	2013	2012
	(Rupees in thousand)	

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

- insurance premium paid	161	217
- mark-up charged	247	0

9.2 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.

9.3 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.

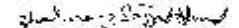
9.4 Trade and other payables include due to Associated Companies aggregating Rs. 5,288 thousand (30 June, 2013: Rs. 5,288 thousand).

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 30 October, 2013.

11. 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
Chief Executive


Ahmad Kuli Khan Khattak
Director

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