

BANNU WOOLLEN MILLS LIMITED

COMPANY'S PROFILE

Period ended 30-09-2011

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 Sr. 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
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, 2011

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, 2011.

The Company's performance, in the wake poor of law & order conditions, excessive absenteeism & persistent load shedding, is considered satisfactory during the period ended 30 September, 2011, as compared to the corresponding period. Financial results are summarized as under:-

	1st Quarter ended	
	30-Sep-11	30-Sep-10
	Rupees in thousand	
Net Sales	218,930	227,777
Cost of Sales	138,232	141,759
Gross profit	80,698	86,018
Operating profit less Finance cost	46,787	56,011
Profit (loss) after taxation	44,822	54,170
Earnings (loss) per share	Rs. 5.89	7.12

- 1) Gross profit percentage for the 1st quarter ended 30-09-2011 has decrease from 37.76% to 36.86% over the corresponding period.
- 2) Cost of sales decreased by Rs. 3.527 million (2.49%) over the corresponding quarter ended 30-09-2010 which comprises Rs. 0.561 (m) decrease in raw materials, and there was major increase of Rs. 3.963 (m) in power & fuel.
- 3) Administrative & distribution expenses increased by Rs. 3.465 million over the last period ended 30-09-2010, which comprises increase of Rs. 2.475 (m) in salary, wages and benefits, Rs. 0.576 (m) increase in rent , rates & taxes.
- 4) Increase of Rs.1.696 (m) in finance cost, was due to higher utilization of cash finance facilities in off season days i-e 1st quarter.
- 5) Increase of Rs. 9.941 (m) (5.38%) (not yet due for payment) in book debts is due to higher opening balance on 1st July, 2011 & recovery thereof is considered satisfactory, Civil suit instituted against a defaulting dealer has been decreed in Company's favour & its execution proceedings are in progress.
- 6) Earnings (loss) per share has decreased from Rs. 7.12 to Rs. 5.89 for the current period ended on 30-09-2011.
- 7) **Future outlook:-**
 Unscheduled power outages, excessive absenteeism by workers, depreciation of Pak Rupee vs US dollar, increase in prices of raw materials & fuel & power and other inputs, are likely to effect the results of the next period. However management is exerting to maintain, if not surpass, achievements of the past periods.

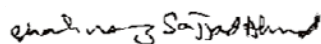
Your Directors wish to record their appreciation for the efforts made by the workers, staff and executives towards achieving above performance in difficult & volatile economic conditions, and recessionary trend of ongoing crises of the national economy.

for & on behalf of Board of Directors

BANNU WOOLLEN MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER, 2011

	Un-audited 30 Sept., 2011	Audited 30 June, 2011		Un-audited 30 Sept., 2011	Audited 30 June, 2011
	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	803,721
Issued, subscribed and paid-up capital	76,050	76,050	Investments in Associated Companies	7	152,782
Reserves	438,500	303,190	Security deposits		2,809
Unappropriated profit	45,905	173,460			<u>959,312</u>
	<u>560,455</u>	<u>552,700</u>	CURRENT ASSETS		<u>960,393</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	568,149	569,107	Stores and spares	33,922	31,042
NON-CURRENT LIABILITIES			Stock-in-trade	297,241	323,893
Staff retirement benefits - gratuity	52,249	47,985	Trade debts	194,690	56,386
Deferred taxation	77,063	77,288	Advances to employees - unsecured, considered good	1,122	677
	<u>129,312</u>	<u>125,273</u>	Advance payments	469	121
CURRENT LIABILITIES			Trade deposits and prepayments	5,378	3,514
Current portion of liabilities against assets subject to finance lease	61	239	Sales tax refundable	9,445	11,427
Short term finances	162,748	54,887	Mark-up subsidy receivable	0	767
Trade and other payables	99,054	99,666	Due from Associated Companies	73	73
Taxation	10,696	8,506	Income tax refundable, advance tax and tax deducted at source	21,976	20,686
	<u>272,559</u>	<u>163,298</u>	Cash and bank balances	6,847	1,399
CONTINGENCIES AND COMMITMENTS				<u>571,163</u>	<u>449,985</u>
	5			<u>1,530,475</u>	<u>1,410,378</u>
	<u>1,530,475</u>	<u>1,410,378</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 1st QUARTER ENDED 30 SEPTEMBER, 2011

	Unaudited			
	July - September			
	2011-12		2010-11	
	(Rupees in thousand)			
Sales - net	218,930		227,777	
Cost of sales	138,232		141,759	
Gross profit	80,698	36.86%	86,018	37.76%
Distribution cost	9,054	4.14%	9,179	4.03%
Administrative expenses	13,649	6.23%	10,059	4.42%
Others operating expenses	4,687	2.14%	5,822	2.56%
Other operating income	(462)	-0.21%	(340)	-0.15%
	26,928		24,720	
	53,770	24.56%	61,298	26.91%
Financial cost	6,983	3.19%	5,287	2.32%
Profit / (Loss) before taxation	46,787		56,011	
Taxation				
- current	2,190		1,139	
- deferred	(225)		702	
	1,965	0.90%	1,841	0.81%
Profit after taxation	44,822		54,170	
	----- Rupees -----			
Basic earnings per share	5.89		7.12	

- 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 Saifuddin

CHIEF EXECUTIVE

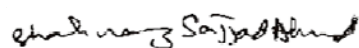
CHIEF FINANCIAL OFFICER

DIRECTOR

BANNU WOOLLEN MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE 1st QUARTER ENDED 30 SEPTEMBER, 2011

	1st Quarter ended	
	30 Sept. 2011	30 Sept. 2010
	(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	46,787	56,011
Adjustments for non-cash charges and other items:		
Depreciation	4,255	3,588
Gain on disposal of operating fixed assets	0	(119)
Provision for obsolete stores and spares	0	500
Staff retirement benefits - gratuity (net)	4,263	5,287
Mark-up on bank deposits and Associated Companies' balances	(377)	3,579
Finance cost	6,983	(178)
Workers' welfare fund	964	1,178
CASH INFLOW FROM OPERATING ACTIVITIES	62,875	69,846
- Before working capital changes	62,875	69,846
(Increase) / decrease in current assets		
Stores and spares	(2,880)	(1,698)
Stock-in-trade	26,652	81,738
Trade debts	(138,304)	(143,768)
Advances to employees	(445)	(1,130)
Advance payments	(348)	(138)
Trade deposits and prepayments	(1,864)	(2,007)
Sales tax refundable	1,982	(833)
Due from Associated Companies	0	30
Other receivables	767	0
Increase in trade and other payables	37,340	(4,529)
	(77,100)	(72,335)
CASH INFLOW FROM OPERATING ACTIVITIES - Before taxation	(14,225)	(2,489)
Security deposits	(1,290)	(956)
NET CASH INFLOW FROM OPERATING ACTIVITIES	(15,515)	(3,445)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(3,173)	(974)
Sale proceeds of operating fixed assets	0	1,400
Mark-up received on bank deposits / Associated Companies' balances	377	178
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(2,796)	604
CASH FLOW FROM FINANCING ACTIVITIES		
Lease finances - net	(178)	(360)
Short term finances - net	63,082	23,650
Dividends proposed	(38,025)	(15,210)
Finance cost paid	(1,120)	(5,287)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	23,759	2,793
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,448	(48)
CASH AND CASH EQUIVALENTS - At the beginning of the period	1,399	1,974
CASH AND CASH EQUIVALENTS - At the end of the period	6,847	1,926

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



CHIEF EXECUTIVE

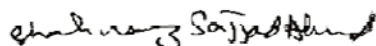
CHIEF FINANCIAL OFFICER

DIRECTOR

BANNU WOOLLEN MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE 1st QUARTER ENDED 30 SEPTEMBER, 2011

	Share capital	Reserves			Unappropriated profit	Total
		Capital reserve	General reserve	Sub-total		
----- Rupees -----						
Balance as at 30 June, 2010	76,050	19,445	117,955	137,400	201,304	414,754
- as restated						
Proposed final dividend 20 %					(15,210)	(15,210)
Transfer to general reserve			165,790	165,790	(165,790)	0
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					512	512
Balance as at 30 September, 2010	76,050	19,445	283,745	303,190	74,986	454,226
Profit for the period of nine months ended 30 June, 2011					90,767	90,767.00
Transfer from surplus on revaluation of property, plant & equipment on account of - incremental depreciation for the period - net of deferred taxation					2,131	2,131.00
Effect of items directly credited in equity by the associate					5,575	5,575.00
Balance as at 30 June, 2011	76,050	19,445	283,745	303,190	173,459	552,699
Proposed final dividend 50 %					(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	45,905	560,455

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, 2011

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, 2011.
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, 2011.
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, 2011.
- 5.2 Commitments for irrevocable letters of credit outstanding as at 30 Sept., 2011 aggregated Rs.11.136 million (30 June, 2011: Rs. 10.068 million).

6. PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 1st Quarter ended 30 Sept., 2011 (Rupees in thousand)	Audited Year ended 30 June, 2011
Operating fixed assets - tangible	6.1	801,609	803,062
Capital work-in-progress - at cost	6.2	2,112	1,740
		803,721	804,802
6.1 Operating fixed assets			
Opening book value		803,062	461,878
Additions during the period / year:			
Owned:			
- freehold land		0	297,300
- buildings on freehold land		63	32,869
- plant and machinery		2,738	22,765
- electric fittings		0	86
- computers		0	241
- Arms		0	517
- vehicles		0	4,668
		2,801	358,446
Book value of vehicles transferred:			
- in to owned assets		0	1,359
- from leased assets		0	(1,359)
		0	0
Book value of assets disposed-off during the period / year		0	(1,690)
Depreciation charge for the period / year		(4,254)	(15,572)
Closing book value		801,609	803,062
6.2 Capital work-in-progress			
Plant and machinery - cost		2,085	1,650
Buildings on freehold land - factory		27	90
		2,112	1,740

7. INVESTMENTS IN ASSOCIATED COMPANIES - Quoted

	Un-audited 1st Quarter ended 30 Sept., 2011 (Rupees in thousand)	Audited Year ended 30 June, 2011
Note		
Babri Cotton Mills Ltd. (BCM)	7.1	
144,421 (30 June, 2011: 144,421) ordinary shares of Rs.10 each - cost Equity held: 3.95% (2011: 3.95%)	1,632	1,632
Post acquisition profit brought forward including effect of items directly credited in other comprehensive income by the Associated Company	4,008	4,008
Profit for the period / (loss for the year) - net of taxation	4,847	4,847
	10,487	10,487
Janana De Malucho Textile Mills Ltd. (JDM)	7.2	
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%)	27,762	27,762
Post acquisition profit brought forward including effect of items directly credited in other comprehensive income by the Associated Company	64,985	64,985
Profit for the period / (loss for the year) - net of taxation	49,548	49,548
	142,295	142,295
	152,782	152,782

7.1 Fair value of investments in BCM as at 30 September, 2011 was Rs. 2.448 million (30 June, 2011: Rs. 2.311 million).

7.2 Fair value of investments in JDM as at 30 September, 2011 was Rs. 26.819 million (30 June, 2011: Rs. 21.954 million).

8. TRANSACTIONS WITH RELATED PARTIES

	Un-audited 1st Quarter Ended 30-Sep	
	2011	2010
8.1 Aggregate transactions made during the period with the Associated Companies were as follows:		
- purchase of goods and services	2,695	191
- insurance premium paid	2,044	1,910

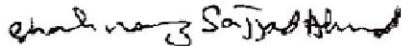
- 8.2** No other transactions, other than remuneration and benefits to key management personnel under the terms of their employment, were executed with other related parties during the period.
- 8.3** Sales, purchases and other transactions with related parties are made at arm's length prices determined 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. 0.966 million (30 June, 2011: 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, 2010.

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