

**Quarterly
Accounts
September,
2009**



BANNU
WOOLLEN MILLS LIMITED

**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) MR. SHER ALI KHAN, (SLIC)	
AUDIT COMMITTEE	LT. GEN. (RETD) ALI KULI KHAN KHATTAK MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA	Chairman Member 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	MR. KALIM ASLAM	
AUDITORS	M/S. HAMEED CHAUDHRI & CO Chartered Accountants	
BANKERS	NATIONAL BANK OF PAKISTAN BANK ALFALAH LTD	
REGISTRARS & SHARES REGISTRATION OFFICE	MANAGEMENT & REGISTRATION SERVICES (PVT) LIMITED. BUSINESS EXECUTIVE CENTRE, F/17/3, BLOCK 8, CLIFTON, KARACHI Tel. (021) 35369174, 35375127-29 Fax. (021) 35820325	
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 bwmltd@brain.net.pk bannuwoollen@yahoo.com Web Site " www.bibojee.com "	

BANNU WOOLLEN MILLS LIMITED
DIRECTORS' REPORT TO THE MEMBERS
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER, 2009 (UN-AUDITED)

The Company's Board of Directors is pleased to present the un-audited financial statements and the Directors report for the period ended 30 September, 2009.

The Company's performance in the prevailing circumstances is considered satisfactory during the period ended 30 September, 2009 as compared to corresponding period. Financial results are summarized as under:-

	1st Quarter ended	
	30-Sep-09	30-Sep-08
	Rupees in thousand	
Net Sales	114,928	110,800
Cost of Sales	80,471	75,272
Gross profit	34,457	35,528
Gross profit %age	29.98%	32.06%
Profit after taxation	11,307	14,277
Earnings per share	Rs. 1.49	1.88

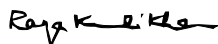
- There is an increase of Rs. 4.128 million (3.73%) in the net sales as compared to the corresponding period ended 30 September, 2008.
- Gross profit percentage for the period ended 30-09-2009 has been decreased from 32.06% to 29.98% over the corresponding period, mainly on account of closures / production losses due to power failures / load shedding, absenteeism due to curfews and increase in prices of various inputs.
- Cost of sales has been increased by Rs. 5.199 million (6.91 %) due to escalation in prices of imported materials, depreciation of Pak rupees, production losses due to load shedding, poor law and order situation and curfews.
- Financial charges have been increased by Rs. 2.527 million (Rs, 4.590 (M) : 2008 Rs.2.063 (M))due to increase in KIBOR related bank borrowing rates & higher utilization of funds.
- Keeping in view country wide business & financial crises and poor law & order, recovery of book debts is considered satisfactory Civil suit proceedings for the old debt are in progress.
- Earnings per share has been decreased from Rs. 1.88 to Rs. 1.49 for the current period ended on 30-09-2009.

7) Future outlook:-

Closures due to unscheduled load shedding, law and order situation in the country in general, in NWFP and our area in particular, frequent imposition of curfews and depreciation of Pak rupee vs US dollar and increasing wool prices abroad, 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, 2009

BANNU WOOLLEN MILLS LIMITED
BALANCE SHEET AS AT 30 SEPTEMBER, 2009

	Unaudited	Audited		Unaudited	Audited
	30 SEPT., 2009	30 June, 2009		30 SEPT., 2009	30 June, 2009
	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		
Operating fixed assets			7	472,087	440,875
Issued, subscribed and paid-up capital	76,050	76,050	Capital work-in-progress	0	33,180
Reserves	137,400	137,400		472,087	474,055
Unappropriated profit	110,906	99,060	Investments in associates Companies	8	3,380
	324,356	312,510	Deposit for shares	9	22,818
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	240,488	241,027	Long term security deposits		277
				277	276
NON-CURRENT LIABILITIES				498,562	500,529
Liabilities against assets subject to finance lease	1,416	1,789	CURRENT ASSETS		
Staff retirement benefits - gratuity	20,257	19,790	Stores and spares	19,642	20,304
Deferred taxation	67,462	61,335	Stock-in-trade	183,157	202,272
	89,135	82,914	Trade debts	110,323	50,106
CURRENT LIABILITIES			Advances to employees - unsecured considered good	746	197
Current portion of liabilities against assets subject to finance lease	1,190	1,555	Advance payments	48	490
Short term finances	142,004	109,414	Trade deposits and prepayments	2,403	453
Trade and other payables	39,343	46,260	Sales tax refundable	4,143	4,012
Taxation	8,810	8,235	Due from Associated Companies	4,686	6,145
	191,347	165,464	Income tax refundable, advance tax and tax deducted at source	18,224	16,642
CONTINGENCIES AND COMMITMENTS	6	-	Cash and bank balances	3,392	765
				346,764	301,386
	845,326	801,915		845,326	801,915

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


Muhammad Azhar Khan
Chief Executive


Lt. Gen (Retd)
Ali Kuli Khan Khattak
Director

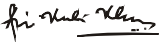
BANNU WOOLLEN MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER, 2009

	Unaudited July - September	
	2009	2008
	(Rupees in thousand)	
Sales	115,236	111,323
Less Discount	(308)	523
Sales - net	<u>114,928</u>	<u>110,800</u>
Cost of sales	<u>80,471</u>	<u>75,272</u>
Gross profit	34,457	35,528
Distribution cost	4,790	4,684
Administrative expenses	6,864	6,507
Others operating expenses	1,463	2,064
	<u>13,117</u>	<u>13,255</u>
	21,340	22,273
Other operating income	1,260	860
	<u>22,600</u>	<u>23,133</u>
Financial cost	4,590	2,063
Profit / (Loss) before taxation	<u>18,010</u>	<u>21,070</u>
Taxation		
- current	575	6,374
- deferred	6,128	419
	<u>6,703</u>	<u>6,793</u>
Profit after taxation	<u>11,307</u>	<u>14,277</u>
	----- Rupees -----	
Basic earnings per share	<u>1.49</u>	<u>1.88</u>

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

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


Muhammad Azhar Khan
Chief Executive

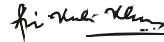

Lt. Gen (Retd)
Ali Kuli Khan Khattak
Director

BANNU WOOLLEN MILLS LIMITED
CASH FLOW STATEMENT
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER, 2009

	Three months ended 30 Sept.	
	2009	2008
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period - before taxation and share of loss of associates	18,010	21,070
Adjustments for:		
Depreciation	3,736	3,202
Receivable balances written-off	(44)	0
Loss / (gain) on disposal of operating fixed assets	(270)	0
Staff retirement benefits - gratuity (net)	467	170
Mark-up on bank deposits and associates' balances	(856)	(536)
Finance cost	4,590	2,062
Workers' welfare fund	22	364
CASH INFLOW FROM OPERATING ACTIVITIES		
- Before working capital changes	25,655	26,332
(Increase) / decrease in current assets		
Stores and spares	662	1,538
Stock-in-trade	19,115	(8,645)
Trade debts	(60,217)	(44,193)
Advances to employees	(548)	(275)
Advance payments	443	22
Trade deposits and prepayments	(1,951)	(3,119)
Sales tax refundable	(131)	269
Due from associates	1,674	1,952
Other receivables	0	98
Increase in trade and other payables	(6,896)	(4,774)
	<u>(47,849)</u>	<u>(57,127)</u>
CASH INFLOW FROM OPERATING ACTIVITIES - Before taxation	<u>(22,194)</u>	<u>(30,795)</u>
Taxes paid	(1,583)	(4,386)
CASH FLOW FROM OPERATING ACTIVITIES - After taxation	<u>(23,777)</u>	<u>(35,181)</u>
Long term deposits - net	0	(62)
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>(23,777)</u>	<u>(35,243)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,903)	(1,792)
Sale proceeds of operating fixed assets	405	0
Mark-up received on bank deposits and associates' balances	640	35
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(858)</u>	<u>(1,757)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Lease finances - net	32,590	41,782
Short term finances - net	(738)	(2,063)
Finance cost paid	(4,590)	(596)
NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES	<u>27,262</u>	<u>39,123</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	<u>2,627</u>	<u>2,123</u>
CASH AND CASH EQUIVALENTS - At the beginning of the period	<u>765</u>	<u>557</u>
CASH AND CASH EQUIVALENTS - At the end of the period	<u>3,392</u>	<u>2,680</u>

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


Muhammad Azhar Khan
Chief Executive



Lt. Gen (Retd)
Ali Kuli Khan Khattak
Director

BANNU WOOLLEN MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER, 2009

	Share capital	Reserves			Unappropriated profit	Total
		Capital reserve	General reserve	Sub-total		
----- Rupees in thousand -----						
Balance as at 30 June, 2008	76,050	19,445	117,955	137,400	100,267	313,717
Profit for the Quarter ended 30 September, 2008	0	0	0	0	14,276	14,276
Transfer from surplus on revaluation of property, plant & equipment on account of :						
- incremental depreciation (net of deferred taxation)	0	0	0	0	1,125	1,125
Balance as at 30 September, 2008	76,050	19,445	117,955	137,400	115,668	329,118
Profit for the period of nine months ended 30 June, 2009	0	0	0	0	(19,542)	(19,542)
Transfer from surplus on revaluation of property, plant & equipment on account of :						
- incremental depreciation (net of deferred taxation)	0	0	0	0	1,148	1,148
- realised on disposal of revalued fixed assets (net of deferred taxation)	0	0	0	0	9	9
Effect of items directly credited in equity by the associates	0	0	0	0	1,777	1,777
Balance as at 30 June, 2009 - as restated	76,050	19,445	117,955	137,400	99,060	312,510
Profit for the Quarter ended 30 September, 2009	0	0	0	0	11,307	11,307
Transfer from surplus on revaluation of property, plant & equipment on account of :						
- incremental depreciation for the period - net of deferred taxation	0	0	0	0	539	539
Balance as at 30 September, 2009	76,050	19,445	117,955	137,400	110,906	324,356

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


Muhammad Azhar Khan
Chief Executive


Ali Kuli Khan Khattak
Director

BANNU WOOLLEN MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER, 2009 (UN-AUDITED)

- 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.
- This condensed interim financial information is un-audited and is being submitted to the members as required by section 245 of the Companies Ordinance, 1984. The condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting).
- The condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the preceding published annual financial statements of the Company for the year ended 30 June, 2009.
- The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding published annual financial statements of the Company for the year ended 30 June, 2009.
- The significant judgment, estimates and assumptions used by the management in preparation of this condensed interim financial information are the same as those applied to the preceding published annual financial statements of the Company for the year ended 30 June, 2009.
- CONTINGENCIES AND COMMITMENTS**
 - There was no known contingent liability as at 30 September, 2009 and 30 June, 2009.
 - Commitments for irrevocable letters of credit outstanding as at 30 September, 2009 aggregated Rs. 12.490 million (30 June, 2009: Rs. 19.579 million).
- OPERATING FIXED ASSETS - Tangible**

Note	Un-audited Three Months ended 30-Sep-09	Audited Year ended 30-Jun-09
	Rupees in thousand	
Opening book value	440,875	416,909
Additions during the period / year:	0	0
Owened:		
- buildings on freehold land	1,565	300
- plant and machinery	33,518	31,450
- electric fittings	0	3,269
- office equipment	0	33
- I. T. equipment computer	0	29
Leased - vehicles	0	2,615
	35,083	37,696
Transfer in to owned assets - vehicle	0	1,828
Transfer out from leased assets - vehicle	0	(1,828)
Book value of assets disposed-off during the year	(134)	(285)
Depreciation charge for the period / year	(3,737)	(13,445)
Closing book value	472,087	440,875
8. INVESTMENTS IN ASSOCIATED COMPANIES - Quoted		
Babri Cotton Mills Ltd. (BCM)	8.1	
125,584 ordinary shares of Rs.10 each - cost	1,632	1,632
Equity held 4.34%		
Post acquisition profit brought forward including effect of items directly credited in equity by the Associated Company	2,809	2,809
Loss for the period / year - net of taxation	(2,683)	(2,683)
Janana De Malucho Textile Mills Ltd. (JDM)	8.2	
418,330 ordinary shares of Rs.10 each - cost	4,944	4,944
Equity held 13.22%		
Post acquisition profit brought forward including effect of items directly credited in equity by the Associated Company	23,887	23,887
(Loss) / profit for the period / year - net of taxation	(11,668)	(11,668)
	17,163	17,163
	18,921	18,921
Less: impairment loss	(15,541)	(15,541)
	3,380	3,380

8.1 Fair value of investments in BCM as at 30 September, 2009 was Rs. 0.879 million (30 June, 2009: Rs.0.703 million).

8.2 Fair value of investments in JDM as at 30 September, 2009 was Rs. 3.719 million (30 June, 2009: Rs. 2.677 million).

9. DEPOSIT FOR SHARES

This deposit for shares amounting Rs.22.818 million was advanced to Janana De Malucho Textile Mills Limited - JDM (an Associated Company) during the financial year ended 30 June, 2007 for issue of right shares. The said right issue was subsequently withdrawn / cancelled by the shareholders of JDM in their annual general meeting held on 31 October, 2007 as JDM was unable to have the issue underwritten by financial institutions as per the requirements of the Companies (Issue of Capital) Rules, 1996.

JDM's board of directors, in their meeting held on 29 February, 2008, had proposed to issue shares to the Company as otherwise than right at a price of Rs.30/- per share against the deposit for shares already lying with JDM.

JDM's shareholders in the extra-ordinary general meeting held on 26 March, 2008 had also resolved to raise the capital of JDM by issuing 761,000 shares to the Company at a price of Rs.30/- per share (or at a price to be approved by the SECP) without issue of right shares under section 86(1) of the Companies Ordinance, 1984 against the deposit for shares advanced by the Company. The Company had consented to take the shares at face value with the premium of Rs.20/- per share subject to approval of SECP. JDM, during June, 2008, had filed an application with the SECP in this regard. The SECP, during July, 2008, had declined the JDM's request to issue shares to the Company as otherwise than right.

A review application was submitted to the SECP during August, 2008.

The SECP, during the period under review has accepted the review application filed by the Company vide order dated 29 July, 2009 and directed that delay in issuance of shares be compensated by issuing more shares of the same amount deposited with JDM. Accordingly, JDM is making necessary arrangements for issuing 1,140,000 ordinary shares to the Company at a price of Rs.20/- per share or at a price to be approved by the SECP. These shares will be issued under section 86(1) of the Companies Ordinance, 1984 otherwise than right and shall rank pari passu in all respects with the existing shares of JDM.

10. TRANSACTIONS WITH RELATED PARTIES

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

	Three Months	
	30-Sep-09	30-Sep-08
	Rupees in thousand	
- purchase of goods and services	3,420	2,669
- mark-up earned	217	88
- mark-up charged	16	29
- management charges:		
- paid	567	616
- received	62	28

10.2 The Company's shareholders, vide a special resolution, have authorised the chief executive to advance loans upto Rs.5.0 million to any of the Company's associates to meet the business transactions involving payment / reimbursement of branch office / other expenses incurred on the Company's behalf.

10.3 Mark-up has been earned and charged at the rate 14.85 % (2008: 11.82%) per annum respectively calculated on daily product basis on the current account balances of the Associated Companies except for the balances of The Universal Insurance Company Limited as these balances have arisen on account of insurance premium payable.

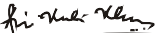
11. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 30 October, 2009.

12. GENERAL

- Figures in the condensed interim financial information have been rounded-off to the nearest thousand Rupees except stated otherwise.
- Corresponding figures have neither been re-arranged nor re-classified.


Muhammad Azhar Khan
Chief Executive


Lt. Gen (Retd)
Ali Kuli Khan Khattak
Director

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