

Half Yearly Accounts December, 2014

BIBOJEE GROUP



BANNU
WOOLLEN MILLS LIMITED

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COMPANY'S PROFILE

Board Of Directors	Mr. Raza Kuli Khan Khattak Lt. Gen. (Retd) Ali Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Mr. Ahmad Kuli Khan Khattak Mr. Mushtaq Ahmad Khan, FCA Mrs. Zeb Gohar Ayub Dr. Shaheen Kuli Khan Syed Zubair Ahmed Shah (NIT) Mr. Ahmad Zeb Khan	Chairman Chief Executive
Audit Committee	Mr. Ahmad Zeb Khan Lt. Gen. (Retd) Ali Kuli Khan Khattak Mr. Ahmad Kuli Khan Khattak Mr. Mushtaq Ahmad Khan, FCA	Chairman Member 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 (COO)	
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 D.I.Khan Road, Bannu Tel. (0928) 615131, 611350 Fax. (0928) 611450 E-Mail bannuwoollen@yahoo.com Web Site "www.bwm.vom.pk "	
Mills	D.I.Khan Road, Bannu Tel. (0928) 613151, 611350 Fax (0928) 611450 E-Mail bannuwoollen@yahoo.com Web Site " www.bwm.com.pk "	

BANNU WOOLLEN MILLS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

It is my pleasure to present on behalf of the Directors, the un-audited condensed interim financial information of the Company for the half year ended December 31, 2014 duly reviewed by the statutory auditors of the Company.

FINANCIAL PERFORMANCE

We are pleased to report that your Company has earned net profit of Rs. 55.500 million after incorporation of share of loss of Associated Companies and taxation. The actual profit before these adjustments for the period amounts to Rs. 93.572 million as compared to profit of Rs. 93.768 million of the corresponding period. The net sales grew by 0.63% during the period under review and the gross profit has been increased to 33.00% from 31.96% of corresponding period.

FINANCIAL RESULTS

These are summarised below:

	Half-Year Ended	
	31 Dec., 2014	31 Dec., 2013
	(Rupees in thousand)	
Sales - net	575,721	572,104
Gross profit	189,971	182,862
Profit before taxation	87,615	147,981
Profit after taxation	55,500	117,647
Earnings per share	5.84	12.38

During the period, the Company has earned profit before tax of Rs. 87.615 million (2013: Rs. 147.981 million), which included share of loss of Associated Companies amounting Rs. 5.957 million (2013: Profit of Rs. 54.213 million).

FUTURE OUTLOOK

Considering market demand of the Company's products, the Board has already approved the 20 years plan for old machinery to be replaced with new and automated machinery in four phases of five years, to produce more competitive products to capture the market share, meet customers' needs and focusing on quality products.

The Company has faced a cut throat competition in sales of blazer cloth as cheap imported Chinese and local version of blazer has captured the major portion of the market share. In consideration of the prospective decline in sales of blazer cloth, the Company has converted two of its carding machines from coarse to finer counts and we are in the process for import of ring spinning frame for fine counts to cater for the demand of our fine fabrics.

THANKS AND APPRECIATION

The management takes this opportunity to thank customers, shareholders, suppliers, bankers and other stakeholders. We also appreciate and acknowledge the continued support, commitment, loyalty and hard work of our employees.

For & on behalf of the Board of Directors,



RAZA KULI KHAN KHATTAK
Chairman

Date : 22 February, 2015

BANNU WOOLLEN MILLS LIMITED

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **BANNU WOOLLEN MILLS LIMITED** (the Company) as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half-year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended December 31, 2014.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half-year ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

LAHORE: 22 February, 2015

Hameed Chaudhri & Co.

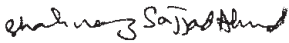
**HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS**
Engagement Partner: Nafees ud din

BANNU WOOLLEN MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2014

		Dec. 31, 2014 Un-audited	June 30, 2014 Audited
	Note	Rupees in thousand	
ASSETS			
Non-current Assets			
Property, plant and equipment	6	847,202	862,146
Investments in Associated Companies	7	352,507	362,455
Loan to an executive		180	300
Security deposits		<u>3,424</u>	<u>3,414</u>
		<u>1,203,313</u>	<u>1,228,315</u>
Current Assets			
Stores and spares		42,873	38,637
Stock-in-trade		342,439	416,380
Trade debts		313,687	204,214
Current portion of loan to an executive		240	240
Advances to employees - unsecured, considered good		4,392	2,301
Advance payments		1,608	1,700
Trade deposits and prepayments		2,541	216
Dividend receivable from an Associated Company - net		4,210	0
Sales tax refundable		3,875	7,262
Income tax refundable, advance tax and tax deducted at source		10,427	17,644
Cash and bank balances		<u>31,201</u>	<u>1,283</u>
		<u>757,493</u>	<u>689,877</u>
		<u>1,960,806</u>	<u>1,918,192</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Equity			
Authorised capital		200,000	200,000
Issued, subscribed and paid-up capital		<u>95,063</u>	<u>95,063</u>
Reserves		805,500	705,500
Unappropriated profit		<u>60,965</u>	<u>101,360</u>
Shareholders' Equity		<u>961,528</u>	<u>901,923</u>
Surplus on Revaluation of Property, Plant and Equipment		559,796	563,214
LIABILITIES			
Non-current Liabilities			
Demand finances		7,500	12,500
Staff retirement benefits - gratuity		149,472	139,163
Deferred taxation		<u>79,827</u>	<u>83,387</u>
		<u>236,799</u>	<u>235,050</u>
Current Liabilities			
Trade and other payables		116,797	89,648
Accrued mark-up		4,693	1,009
Short term finances		30,057	94,779
Current portion of demand finances		10,000	10,000
Taxation	8	<u>41,136</u>	<u>22,569</u>
		<u>202,683</u>	<u>218,005</u>
Total Liabilities		<u>439,482</u>	<u>453,055</u>
Contingencies and Commitments	9		
		<u>1,960,806</u>	<u>1,918,192</u>
TOTAL EQUITY AND LIABILITIES			

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

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND HALF-YEAR ENDED DECEMBER 31, 2014

	Note	For the 2nd Quarter		Cumulative	
		Oct. - Dec., 2014	Oct. - Dec., 2013	July - Dec., 2014	July - Dec., 2013
----- (Rupees in thousand) -----					
Sales - net		328,260	321,709	575,721	572,104
Cost of Sales		219,928	218,022	385,750	389,242
Gross Profit		108,332	103,687	189,971	182,862
Distribution Cost		13,397	13,063	23,660	23,263
Administrative Expenses		30,518	29,773	53,094	48,129
Other Expenses		6,291	6,348	9,895	9,800
Other Income		(516)	(528)	(1,193)	(972)
		49,690	48,656	85,456	80,220
Profit from Operations		58,642	55,031	104,515	102,642
Finance Cost		5,134	4,054	10,943	8,874
		53,508	50,977	93,572	93,768
Share of (Loss) / Profit of Associated Companies	7	(5,957)	54,213	(5,957)	54,213
Profit before Taxation		47,551	105,190	87,615	147,981
Taxation	8				
- current		22,239	20,468	35,228	33,488
- prior year		447	(1,548)	447	(1,548)
- deferred		6,671	6,978	(3,560)	(1,606)
		29,357	25,898	32,115	30,334
Profit after Taxation		18,194	79,292	55,500	117,647
Other Comprehensive Income		0	0	0	0
Total Comprehensive Income for the Period		18,194	79,292	55,500	117,647
----- Rupees -----					
Earnings per Share		1.91	8.34	5.84	12.38

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

Shahnaz Sajjad Ahmad
Shahnaz Sajjad Ahmad
Chief Executive

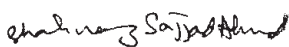
Ahmad Kuli Khan Khattak
Ahmad Kuli Khan Khattak
Director

BANNU WOOLLEN MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF-YEAR ENDED DECEMBER 31, 2014

	Half-year ended	
	Dec. 31, 2014	Dec. 31, 2013
	Rupees in thousand	
Cash flow from operating activities		
Profit for the period - before taxation and share of profit of Associated Companies	93,572	93,768
Adjustments for non-cash charges and other items:		
Depreciation	18,971	16,741
Staff retirement benefits - gratuity (net)	10,309	9,492
Mark-up on bank deposits	(836)	(401)
Finance cost	10,943	8,874
Profit before working capital changes	132,959	128,474
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(4,236)	(5,156)
Stock-in-trade	73,941	91,652
Trade debts	(109,473)	(56,799)
Advances to employees	(1,971)	(23)
Advance payments	92	397
Trade deposits and prepayments	(2,325)	(2,722)
Dividend receivable from an Associated Company	(4,210)	0
Other receivables	0	403
Sales tax refundable	3,387	4,318
Increase in trade and other payables	27,149	29,168
	(17,646)	61,238
Cash generated from operations	115,313	189,712
Taxes paid	(9,891)	(4,371)
Net cash generated from operating activities	105,422	185,341
Cash flow from investing activities		
Fixed capital expenditure	(4,027)	(9,042)
Security deposits	(10)	0
Dividend	4,678	0
Mark-up received on bank deposits	836	401
Net cash generated from / (used in) investing activities	1,477	(8,641)
Cash flow from financing activities		
Demand finances - repaid	(5,000)	0
Short term finances - net	(64,722)	(143,335)
Dividend paid	0	(9)
Finance cost paid	(7,259)	(6,699)
Net cash used in financing activities	(76,981)	(150,043)
Net increase in cash and cash equivalents	29,918	26,657
Cash and cash equivalents - at beginning of the period	1,283	1,349
Cash and cash equivalents - at end of the period	31,201	28,006

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF-YEAR ENDED DECEMBER 31, 2014

Share capital	Reserves			Sub-total	Unappropriated profit	Total
	Capital	Revenue	General			
	Share premium	General				

(Rupees in thousand)

Balance as at June 30, 2014 (audited)	95,063	19,445	686,055	705,500	101,360	901,923
Transfer	0	0	100,000	100,000	(100,000)	0
Total comprehensive income for the period ended December 31, 2014:						
- profit for the period	0	0	0	0	55,500	55,500
- other comprehensive income	0	0	0	0	0	0
	0	0	0	0	55,500	55,500
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	0	0	3,418	3,418
Effect of items directly credited in equity by Associated Companies	0	0	0	0	687	687
Balance as at December 31, 2014 (un-audited)	95,063	19,445	786,055	805,500	60,965	961,528
Balance as at June 30, 2013 (audited and restated)	76,050	19,445	542,555	562,000	118,547	756,597
Transfer	0	0	143,500	143,500	(143,500)	0
Transaction with owners:						
Nominal value of bonus shares issued	19,013	0	0	0	(19,013)	0
Total comprehensive income for the period ended December 31, 2013:						
- profit for the period	0	0	0	0	117,647	117,647
- other comprehensive income	0	0	0	0	0	0
	0	0	0	0	117,647	117,647
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	0	0	3,741	3,741
Effect of items directly credited in equity by Associated Companies	0	0	0	0	(5,255)	(5,255)
Balance as at December 31, 2013 (un-audited and restated)	95,063	19,445	686,055	705,500	72,167	872,730

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

Shahnaz Sajjad Ahmad
Shahnaz Sajjad Ahmad
Chief Executive

Ahmad Kuli Khan Khattak
Ahmad Kuli Khan Khattak
Director

BANNU WOOLLEN MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF-YEAR ENDED DECEMBER 31, 2014

1. Legal Status and Operations

Bannu Woollen Mills Ltd. (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 and its Mills are located at D.I.Khan Road, Bannu.

2. Basis of Preparation

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984 (the Ordinance). It has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. The figures for the half-year ended December 31, 2014 have, however, been subjected to limited scope review by the external Auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and, therefore, should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2014.

3. Significant Accounting Policies

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2014.

4. Changes in Accounting Standards and Interpretations

4.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

The amendments to following standards have been adopted by the Company for the first time for financial year beginning on July 01, 2014:

- (a) IAS 32 (Amendment) 'Financial Instruments: Presentation', is applicable on accounting periods beginning on or after January 01, 2014. This amendment updates the application guidance in IAS 32 'Financial Instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The Company has applied this amendment from July 01, 2014 and does not expect to have a material impact on its financial statements.
- (b) IAS 36 (Amendment) 'Impairment of Assets', is applicable on accounting periods beginning on or after January 01, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. The Company has applied this amendment from July 01, 2014 and this will only affect the disclosures in the Company's financial statements in the event of impairment.

4.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 01, 2014 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

BANNU WOOLLEN MILLS LIMITED

4.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following are the new standards and amendments to existing approved accounting standards that will be effective for the periods beginning January 01, 2015 that may have an impact on the financial statements of the Company.

- (a) IFRS 12, 'Disclosure of Interests in Other Entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.
- (b) IFRS 13, 'Fair Value Measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

5. Accounting Estimates and Judgments

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended June 30, 2014.

6. Property, Plant and Equipment

		Un-audited Dec. 31, 2014	Audited June 30, 2014
	Note	(Rupees in thousand)	
Operating fixed assets	6.1	842,076	860,163
Capital work-in-progress - advance payments		5,126	1,983
		847,202	862,146

6.1 Operating Fixed Assets

Book value as at June 30, 2014		860,163	
Additions during the period:			
- electric fittings		109	
- computer and accessories		52	
- vehicle		723	
		884	
Depreciation charge for the period		(18,971)	
Book value as at December 31, 2014		842,076	

BANNU WOOLLEN MILLS LIMITED

	Note	Un-audited Dec. 31, 2014 (Rupees in thousand)	Audited June 30, 2014
7. Investments in Associated Companies - Quoted			
Babri Cotton Mills Ltd. (BCM)			
144,421 ordinary shares of Rs.10 each - cost Equity held: 3.95%	7.1	1,632	1,632
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BCM		25,268	22,004
(Loss) / profit for the period / year - net of taxation		(2,492)	3,243
Share of other comprehensive loss - net of taxation		0	(185)
		<u>24,408</u>	<u>26,694</u>
Janana De Malucho Textile Mills Ltd. (JDM)			
1,559,230 ordinary shares of Rs.10 each - cost Equity held 32.59%	7.1	27,762	27,762
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by JDM		308,480	254,404
Dividend		(4,678)	0
(Loss) / profit for the period / year - net of taxation		(3,465)	58,852
Share of other comprehensive loss - net of taxation		0	(5,257)
		<u>328,099</u>	<u>335,761</u>
		<u>352,507</u>	<u>362,455</u>
7.1 Market values of the Company's investments in BCM and JDM as at December 31, 2014 were Rs. 7.532 million (June 30, 2014: Rs. 10.544 million) and Rs.140.331 million (June 30, 2014: Rs. 129.416 million) respectively.			
8. Taxation			
Opening balance		22,569	35,327
Add: provision made during the year:			
-current [net of tax credit under section 65B of the Ordinance amounting Rs.11 thousand (June 30, 2014 Rs.7,122 thousand)]		35,228	21,840
-prior year		447	(1,548)
		<u>35,675</u>	<u>20,292</u>
Less: adjustments / payments made during the period / year against completed assessments		17,108	33,050
Closing balance		<u>41,136</u>	<u>22,569</u>
8.1 Income tax assessments of the Company have been completed upto the tax year 2014 i.e. accounting year ended June 30, 2014.			

BANNU WOOLLEN MILLS LIMITED

- 8.2** Due to location of the mills in the most affected area, the income of the Company was exempt from tax under clause 126F of the second schedule to the Income Tax Ordinance, 2001 (the Ordinance) starting from the tax year 2010. As per management's contention, exemption available under clause 126F was a specific exemption granted by the Federal Board of Revenue to the specific areas of Khyber Pakhtunkhwa. The Company had filed a writ petition before the Islamabad High Court, Islamabad praying exemption from levy of minimum tax under section 113 of the Ordinance. The Peshawar High Court, Peshawar, in an identical writ petition concerning exemption of minimum tax filed by a Group Company, had granted exemption from levy of minimum tax. The management is confident that Islamabad High Court will also grant exemption from levy of minimum tax; accordingly, no provision for minimum tax for the financial year ended June 30, 2012 was made in the books of account as well as provisions for minimum tax made during the financial years ended June 30, 2010 and June 30, 2011 aggregating Rs.7.777 million were written-back in the books of account. An adverse judgment by the Islamabad High Court will create tax liability under section 113 of the Ordinance aggregating Rs.14.417 million.
- 8.3** Except for the following, there has been no significant change in the status of tax cases as detailed in the notes 23.3 to 23.5 to the preceding financial statements of the Company for the year ended June 30, 2014:
- (a) The Commission Inland Revenue - Appeals (CIRA) for the tax year 2008 has decided the appeal in the Company's favour and deleted the demand of Rs.4.368 million. The Income Tax Department (the Department) has filed further appeal with Appellate Tribunal Inland Revenue - Lahore, which is pending adjudication.
- (b) The Department for the tax year 2009 has charged tax under section 122(5A) of the Ordinance amounting Rs.3.553 million against which the Company has filed an appeal with CIRA, which is pending adjudication.
- 9. Contingencies and Commitments**
- 9.1** Commitments against irrevocable letters of credit outstanding as at December 31, 2014 aggregated Rs.21,306 thousand (June 30, 2014: Rs.29,766 thousand).
- 9.2** Refer contents of taxation notes 8.2 and 8.3.
- 9.3** Treet Corporation had filed a petition in the Peshawar High Court (PHC) against the Company and its Board of Directors challenging the election of directors of the Company in the extra-ordinary general meeting held on March 31, 2014. The Company's management, based on its legal Advisors' advice, was of the view that nominees of Treet Corporation were not eligible to contest the election in terms of section 187 (h) of the Companies Ordinance, 1984, i.e. the nominees were not members of the Company on the date of election. The suit was dismissed as withdrawn by the PHC on February 09, 2015.
- 9.4** The Company has filed a writ petition before the PHC against the Government of Khyber Pakhtunkhwa and Others in respect of minimum wages Notification dated September 09, 2014 whereby minimum wages of workers were enhanced upto Rs.15,000 per month. The PHC has admitted the writ petition and granted an interim order against the enhancement of minimum wages. An adverse judgment by the PHC will create additional wage liabilities aggregating Rs.18.708 million approximately. Exercising abundant precaution, the Company, however, has made provisions aggregating Rs.18.708 million in its books of account under the head of Trade and Other Payables.

BANNU WOOLLEN MILLS LIMITED

10. Transactions with Related Parties

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

	Half-year ended December 31,	
	2014	2013
	(Rupees in thousand)	
- mark-up expensed	0	214
- insurance premium paid	0	238
- rent paid	0	1,001
- dividend	4,678	0

10.2 No other transactions, other than remuneration and benefits paid to key management personnel aggregating Rs.37,196 thousand (December 31, 2013: Rs.31,082 thousand) under the terms of their employment, were executed with other related parties during the period.

11. Financial Risk Management

11.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. This condensed interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements and should, therefore, be read in conjunction with the Company's financial statements for the year ended June 30, 2014. There have been no significant changes in the risk management policies since the year-end.

11.2 Fair Value Estimation

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Company's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

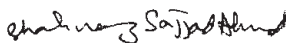
12. Date of Authorisation for Issue

This condensed interim financial information was authorised for issue on February 22nd 2015 by the Board of Directors of the Company.

13. Corresponding Figures

13.1 In order to comply with the requirements of IAS 34 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

13.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; however, no significant re-classifications / re-statements have been made to this condensed interim financial information.


Shahnaz Sajjad Ahmad
Chief Executive


Ahmad Kuli Khan Khattak
Director

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