

**NINE MONTHS
ACCOUNTS
MARCH,
2020**

BIBOJEE GROUP



BANNU WOOLLEN MILLS LIMITED

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BANNU WOOLLEN MILLS LIMITED

COMPANY'S PROFILE

Board of Directors	Mr Ahmad Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Lt. Gen. (Retd.) Ali Kuli Khan Khattak Mr. Mushtaq Ahmad Khan, FCA Mr. Gohar Ayub Khan Syed Zubair Ahmad Shah (NIT) Mr. Abdul Rehman Qureshi (Independent) Brig. (R) Agha Arshad Raza Mr. Muhammad Kuli Khan Khattak	Chairman Chief Executive
Audit Committee	Mr. Abdul Rehman Qureshi Mr. Ahmad Kuli Khan Khattak Brig. (R) Agha Arshad Raza	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Abdul Rehman Qureshi Mrs. Shahnaz Sajjad Ahmad Mr. Ahmad Kuli Khan Khattak	Chairman Member Member
Chief Financial Officer	Mr. A.R. Tahir Chief Operating Officer (COO)	
Company Secretary	Mr. Azhar Iqbal - ACA	
Head of Internal Auditor	Mr. Salman Khan - ACA	
Auditors	M/s Shinewing Hameed Chaudhri & Co. Chartered Accountants	
Bankers	National Bank of Pakistan Bank Alfalah Ltd.	
Legal Advisor	M/s Hassan & Hassan, Advocates PAAF Building, 1-D, Kashmir/ Egerton Road, Lahroe	
Legal Consultant	M. Nawaz Khan & Co. 1-Gound Floor, Farrah Centre, 2 Mozang Road, Lahroe	
Registrar & Share Registration Office	Vision Consulting Limited 3-C, LDA Flats, First Floor, Lawrance Road, Lahore Tel: 042-36283096-97, Fax: 042-36312550 Email: info@vcl.com.pk	
Registered Office & Mills	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.com.pk	

BANNU WOOLLEN MILLS LIMITED

DIRECTORS' REVIEW

It is our pleasure to present on behalf of the Directors, the un-audited condensed interim financial information of the Company for the nine months period ended March 31, 2020.

FINANCIAL PERFORMANCE

We report that your Company has incurred net loss of Rs.30.532 million after incorporation of share of (loss) / profit of Associated Companies and taxation during the current period as compared to loss of Rs. 8.719 million in the corresponding period of last year . The net sales decreased by Rs. 50.823 million during the period under review with respect to corresponding period of last year.

FINANCIAL RESULTS

These are summarized below:

	Period Ended March 31,	
	2020	2019
	(Rupees in thousand)	
Sales net	317,757	368,580
Gross profit	106,295	121,971
Loss before taxation	(31,683)	(6,602)
Loss after taxation	(30,532)	(8,719)
Loss per share Rupees	(3.21)	(0.92)

We report that during the current period, the Company has incurred loss before taxation of Rs. 31.683 million as compared to loss of Rs. 6.602 million in the corresponding period. The loss in the current period included share of loss of Associated Companies amounting Rs.10.643 million as compared to profit of Rs. 1.778 million. We have loss per share of Rs. 3.21 against loss per share of Rs. 0.92 for the corresponding period of the last year.

During the period under review, the sales revenue remained below the expectation of the management. The major reason behind lower sales was increase of sales tax by 8% on sales of finished fabric resulting into higher sale prices which was passed-on to the consumer. Keeping in view the trend of current period, it is expected that the annual sales of the current financial year will maintain the current trend.

State Bank of Pakistan has cut the policy rate by a further 200 basis points to 9% however impact of reduced policy rate will be reflected in fourth quarter of current financial year. The Company's finance cost amounted to Rs. 45.924 million in three quarters of current financial year as against Rs.28.215 million in the corresponding period owing to increased utilization of running finance along with increased mark-up rates. The demand of the Company's products during period under review remained below expectation and slow recoveries from trade debtors were witnessed after outbreak of COVID-19 resulting into acceleration of liquidity crisis.

BANNU WOOLLEN MILLS LIMITED

FUTURE OUTLOOK

The outbreak of COVID-19 is now a global event that is affecting every human being alive as of today. As the developed nations of the world are facing the full brunt of the disease, developing countries are yet to arrive at the point where they are overwhelmed. Pakistan is on the brink and there is a tight rope in front of a weak economy.

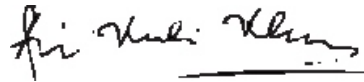
The Government of Pakistan has taken a number of steps to tackle the oncoming hurricane of challenges. The idea is to take on the economic impact through stimulating businesses in the urban cities and agriculture in the rural areas. State Bank of Pakistan has also cut the policy rate by 425 basis points during March & April 2020 and introduced a finance scheme for payment of wages and salaries to the workers and employees of business concerns to avoid lay-off. These are stimulus packages for the economy from coming to a stand-still.

The Company will, however, remain exposed to the risk of adverse fluctuation in the Pak Rupee vs. US\$ parity, increased finance cost and impact of COVID-19 on Pakistan's economy. Despite various challenges, the Company remains committed to provide quality products to its customers and expect better results for its stakeholders through improved sales for the remaining period of the year.

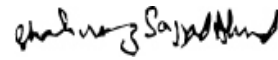
THANKS AND APPRECIATION

The Company acknowledges the continued support received from its customers and their confidence in the Company. We are also thankful to all stakeholders, Bankers, dealers, vendors, employees and Associates for their valuable support.

For & on behalf of the Board of Directors,



Lt. Gen. (Retd.) Ali Kuli Khan Khattak
Director



Shahnaz Sajjad Ahmad
Chief Executive / Director

BANNU WOOLLEN MILLS LIMITED

ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے، 31 مارچ 2020 نو ماہ اورتیسری سہ ماہی کی ختم ہونے والی مدت پر کمپنی کی غیر آڈٹ شدہ مالیاتی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

کارکردگی کا جائزہ۔

ہم رپورٹ پیش کرتے ہیں کہ موجودہ مدت کے دوران متعلقہ کمپنیوں کے حصص (نقصان) / منافع میں اضافے اور ٹیکس لگانے کے بعد آپ کی کمپنی کو 30.532 ملین روپے کا خالص نقصان ہوا ہے جبکہ گزشتہ سال کے اسی عرصہ میں یہ نقصان 8.719 ملین روپے تھا۔ گزشتہ سال کے اسی عرصہ کے مقابلے موجودہ سال خالص فروخت میں 50.823 ملین روپے کمی ہوئی۔

مالی نتائج۔

جو کہ مندرجہ ذیل ہیں:-

نوماہی کا اختتام

31 مارچ

2020	2019	
(روپے ہزاروں میں)		
317,757	368,580	خالص فروخت
106,295	121,971	مجموعی منافع
(31,683)	(6,602)	ٹیکس سے پہلے نقصان
(30,532)	(8,719)	نقصان بعد از ٹیکس
(3.21)	(0.92)	نقصان فی حصص (روپے)

ہم رپورٹ پیش کرتے ہیں کہ موجودہ مدت کے دوران، کمپنی کو ٹیکس ادا یگی سے پہلے 31.683 ملین روپے کا نقصان اٹھانا پڑا ہے جو کہ اسی عرصہ میں گزشتہ سال 6.602 ملین روپے تھا۔ جس میں شرائقی کمپنیوں کے نقصان کا حصہ 10.643 ملین روپے ہے (31 مارچ، 2019: منافع 1.778 ملین روپے) رواں مدت میں کمپنی کو فی حصص 3.21 روپے کا نقصان ہوا ہے جو کہ پچھلے سال 0.92 روپے فی حصص تھا۔

رواں سال کے دوران فروخت کی آمدنی انتظامیہ کی توقع سے کم رہی۔ کم فروخت کی سب سے بڑی وجہ تیار شدہ کپڑوں کی فروخت پر سیلز ٹیکس میں 8% فی صد اضافہ ہوا جس کے نتیجے میں فروخت کی قیمت بڑھ گئی جو کہ عام صارف کو منتقل کی گئی۔ موجودہ مدت کے رجحان کو مد نظر رکھتے ہوئے، توقع کی جا رہی ہے کہ رواں مالی سال کی سالانہ فروخت موجودہ رجحان کو برقرار رکھے گی۔

اسٹیٹ بینک پاکستان نے پالیسی شرح میں مزید 200 پوائنٹس کی کمی کر کے 9 فی صد کر دی ہے، تاہم پالیسی کی شرح میں کمی کا اثر رواں مالی سال کی چوتھی سہ ماہی میں ظاہر ہوگا۔ کمپنیوں کی مالی لاگت میں رواں سال کی تین ششماہی مدت میں 45.924 ملین روپے رہی، جو کہ اسی عرصہ میں گزشتہ سال 28.215 ملین روپے رہی جبکہ مارک اپ ریٹ کی بڑھتی ہوئی شرح کے ساتھ مالی لاگت میں بھی اضافہ ہوا ہے۔ رواں مدت میں

BANNU WOOLLEN MILLS LIMITED

کمپنی کی مصنوعات کی طلب توقع سے کم رہی اور COVID-19 (کورونا وائرس) کے پھیلنے کے بعد تجارتی قرض دہندگان کی طرف سے سست روی دیکھنے میں آئی جس کے نتیجے میں لیکوڈیٹی بحران میں تیزی آئی۔

مستقبل کا نقطہ نظر

COVID-19 اب ایک عالمی وبا بن چکی ہے جو آج کے دور کے ہر انسان کو متاثر کر رہی ہے۔ جیسا کہ دنیا کی ترقی یافتہ قومیں اس بیماری کا بھر پور مقابلہ کر رہی ہیں، ترقی پزیر ممالک ابھی اس مقام پر نہیں پہنچے جیسا اس بیماری نے دوسرے ممالک پر غلبہ پالیا ہے۔ پاکستان اس وقت دہانے پر ہے جس کی کمزور معیشت کے آگے یہ بیماری ایک مضبوطی کی مانند ہے۔

آنے والے معاشی بحران سے نمٹنے کے لئے حکومت پاکستان نے متعدد اقدامات اٹھائے ہیں۔ خیال یہ ہے کہ دیہی، شہری اور زرعی علاقوں میں متحرک کاروبار کے ذریعہ معاشی اثرات مرتب ہوں گے۔ اسٹیٹ بینک آف پاکستان نے مارچ اور اپریل، 2020 کو دوران پالیسی شرح میں 425 بنیادی پوائنٹس کی کمی کی ہے اور کاروباری خدشات سے وابستہ مزدوروں اور ملازمین کو تنخواہوں کی ادائیگی کے لئے فنانس اسکیم متعارف کروائی ہیں تاکہ معاشی نقصانات سے بچ سکیں۔ یہ معیشت کے استحکام پر آنے کے لئے متحرک سکیمز ہیں۔

تاہم کمپنی، پاک روپیہ بمقابلہ امریکی ڈالر کی برابری میں منفی اتار چڑھاؤ کے خطرات، خزانہ لاگت میں اضافے اور COVID-19 کے پاکستان کی معیشت پر پڑنے والے خطرہ کی زد میں رہے گی۔ مختلف چینلجز کے باوجود، کمپنی اپنے صارفین کو معیاری مصنوعات کی فراہمی کے لئے پرعزم ہے اور سال کی باقی مدت تک بہتر فروخت کے ذریعے اپنے سٹیک ہولڈرز کے لئے بہتر نتائج کی توقع کر رہی ہے۔

اظہار تشکر:

کمپنی انتظامیہ اپنے تمام گاہکوں، حصص داران، سپلائرز، بینکرز اور سٹیک ہولڈرز کی مسلسل حمایت اور عزم کا شکر یہ ادا کرتی ہے اور اپنے تمام ملازمین کی انتھک محنت، کمپنی سے وابستگی اور وفاداری کا بھی اعتراف کرتی ہے۔

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے

Shahzaib Sajid Ahmad

شہناز سجاد احمد

چیف ایگزیکٹو ڈائریکٹر

Ali Qasbi Khan

لیفٹیننٹ جنرل (ر) علی قلی خان خٹک

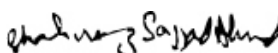
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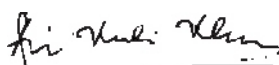
BANNU WOOLLEN MILLS LIMITED


Condensed Interim Statement of Financial Position as at March 31, 2020

		Mar. 31, 2020	June 30, 2019
	Note	Un-audited Rupees in thousand	Audited
Assets			
Non-current assets			
Property, plant and equipment	6	1,276,769	1,068,086
Intangible assets	7	2,057	277
Investments in Associated Companies	8	1,142,247	1,097,756
Advances		0	56
Security deposits		3,794	3,794
		2,424,867	2,169,969
Current assets			
Stores and spares		70,225	69,210
Stock-in-trade		617,980	533,053
Trade debts	9	301,967	483,727
Current portion of advances		275	193
Advances to employees - unsecured, considered good		7,262	6,618
Advance payments		349	2,896
Trade deposits, prepayments and other receivables		2,436	643
Sales tax refundable		5,937	0
Income tax refundable, advance tax and tax deducted at source		5,767	7,044
Cash and bank balances		7,129	5,385
		1,019,327	1,108,769
		3,444,194	3,278,738
Total assets			
Equity and liabilities			
Share capital and reserves			
Authorised capital		200,000	200,000
Issued, subscribed and paid-up capital		95,063	95,063
Capital reserves			
- share premium		19,445	19,445
- revaluation surplus on property, plant and equipment	10	1,790,785	1,591,081
Revenue reserves			
- general reserve		654,055	654,055
- unappropriated profit		273,263	241,858
		2,832,611	2,601,502
Shareholders' equity			
Liabilities			
Non-current liabilities			
Staff retirement benefits - gratuity		65,231	57,304
Deferred taxation	11	65,060	54,034
		130,291	111,338
Current liabilities			
Trade and other payables	12	90,299	150,458
Unpaid dividends		3,323	3,452
Unclaimed dividends		6,472	6,545
Accrued mark-up		13,785	11,172
Short term finances		361,915	385,248
Provision for taxation	13	5,498	9,023
		481,292	565,898
		611,583	677,236
Total liabilities			
Contingencies and commitments			
	14		
Total equity and liabilities		3,444,194	3,278,738

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


Shahnaz Sajjad Ahmad
Chief Executive


Lt. Gen. (Retd)
Ali Kuli Khan Khattak
Director

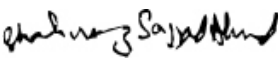

Mr. A.R. Tahir
Chief Financial Officer

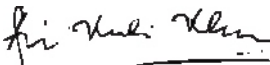
BANNU WOOLLEN MILLS LIMITED

Condensed Interim Statement of Profit or Loss & Other Comprehensive Income (Un-audited) For the Quarter and Nine Months Period Ended March 31, 2020

	Note	Quarter ended		Nine months period ended	
		Mar. 31, 2020	Mar. 31, 2019	Mar. 31, 2020	Mar. 31, 2019
----- Rupees in thousand -----					
Sales - net		21,576	27,576	317,757	368,580
Cost of sales		(14,721)	(18,971)	(211,462)	(246,609)
Gross profit		<u>6,855</u>	<u>8,605</u>	<u>106,295</u>	<u>121,971</u>
Distribution cost		(4,167)	(6,092)	(17,097)	(26,478)
Administrative expenses		(19,531)	(19,909)	(67,501)	(74,338)
Other income		595	205	3,187	702
Other expenses		813	1,825	0	(2,022)
(Loss) / profit from operations		<u>(15,435)</u>	<u>(15,366)</u>	<u>24,884</u>	<u>19,835</u>
Finance cost		(13,616)	(11,767)	(45,924)	(28,215)
		<u>(29,051)</u>	<u>(27,133)</u>	<u>(21,040)</u>	<u>(8,380)</u>
Share of (loss) / profit of Associated Companies - net	8	0	0	(10,643)	1,778
Loss before taxation		<u>(29,051)</u>	<u>(27,133)</u>	<u>(31,683)</u>	<u>(6,602)</u>
Taxation	15	3,525	2,886	1,151	(2,117)
Loss after taxation		<u>(25,526)</u>	<u>(24,247)</u>	<u>(30,532)</u>	<u>(8,719)</u>
Other comprehensive income					
Surplus arisen upon revaluation of property, plant and equipment	6.1	0	0	223,461	0
Deferred taxation	10.1	0	0	(16,954)	0
		<u>0</u>	<u>0</u>	<u>206,507</u>	<u>0</u>
Total comprehensive income / (loss) for the period		<u>(25,526)</u>	<u>(24,247)</u>	<u>175,975</u>	<u>(8,719)</u>
----- Rupees -----					
Loss per share		<u>(2.69)</u>	<u>(2.55)</u>	<u>(3.21)</u>	<u>(0.92)</u>

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


Shahnaz Sajjad Ahmad
Chief Executive


Lt. Gen. (Retd)
Ali Kuli Khan Khattak
Director

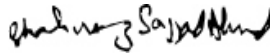

Mr. A.R. Tahir
Chief Financial Officer

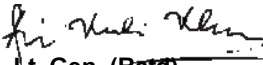
BANNU WOOLLEN MILLS LIMITED

Condensed Interim Statement of Changes in Equity (Un-audited) For the Quarter and Nine Months Period Ended March 31, 2020

	Capital Reserves		Revenue Reserves		Total	
	Share capital	Share premium	Revaluation surplus on property, plant and equipment	General		Unappropriated profit
----- Rupees in thousand -----						
Balance as at June 30, 2019 (audited)	95,063	19,445	1,591,081	654,055	241,858	2,601,502
Total comprehensive income for the period ended March 31, 2020	0	0	206,507	0	(30,532)	175,975
Revaluation surplus on property, plant and equipment realised during the period on account of incremental depreciation (net of deferred taxation)	0	0	(2,803)	0	2,803	0
Share of revaluation surplus on property, plant and equipment of Associated Companies	0	0	(4,000)	0	0	(4,000)
Effect of items directly credited in equity by Associated Companies	0	0	0	0	59,134	59,134
Balance as at March 31, 2020 (un-audited)	95,063	19,445	1,790,785	654,055	273,263	2,832,611
Balance as at June 30, 2018 - audited	95,063	19,445	1,606,310	904,055	18,512	2,643,385
Transfer	0	0	0	33,000	(33,000)	0
Transaction with owners:						
Cash dividend at the rate of Rs.2.50 per ordinary share for the year ended June 30, 2018	0	0	0	0	(23,766)	(23,766)
Total comprehensive loss for the period ended March 31, 2019	0	0	0	0	(8,719)	(8,719)
Revaluation surplus on property, plant and equipment realised during the period on account of incremental depreciation (net of deferred taxation)	0	0	(5,302)	0	5,302	0
Share of revaluation surplus on property, plant and equipment of Associated Companies	0	0	(4,059)	0	0	(4,059)
Effect of items directly credited in equity by Associated Companies	0	0	0	0	4,917	4,917
Balance as at March 31, 2019 (un-audited)	95,063	19,445	1,596,949	937,055	(36,754)	2,611,758

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


Shahnaz Sajjad Ahmad
Chief Executive


Lt. Gen. (Retd)
Ali Kuli Khan Khattak
Director

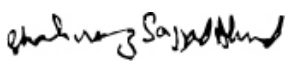

Mr. A.R. Tahir
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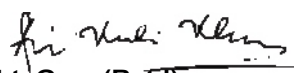
BANNU WOOLLEN MILLS LIMITED


Condensed Interim Statement of Cash Flows (Un-audited) For the Quarter and Nine Months Period Ended March 31, 2020

	Nine months period ended	
	Mar. 31, 2020	Mar. 31, 2019
	Rupees in thousand	
Cash flows from operating activities		
Profit for the period - before taxation and share of (loss) / profit on investments in Associated Companies	(21,040)	(8,380)
Adjustments for non-cash charges and other items:		
Depreciation	14,425	22,691
Amortisation of intangible assets	401	81
Staff retirement benefits - gratuity (net)	7,927	1,775
Mark-up on bank deposits	(477)	(423)
Finance cost	45,924	28,215
Loss on sale of intangible assets	19	0
Gain on sale of vehicle	(297)	0
Profit before working capital changes	46,882	43,959
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(1,015)	5,032
Stock-in-trade	(84,927)	(112,808)
Trade debts	181,760	58,554
Advances	(670)	16,079
Advance payments	2,547	(1,360)
Trade deposits, prepayments and other receivables	(1,793)	(2,080)
Sales tax refundable	(5,937)	(4,829)
Increase / (decrease) in trade and other payables	(60,159)	(82,566)
	29,806	(123,978)
Cash generated from / (used in) operations	76,688	(80,019)
Taxes paid	(7,025)	(22,396)
Net cash generated from / (used in) operating activities	69,663	(102,415)
Cash flows from investing activities		
Fixed capital expenditure	0	(5,649)
Sale proceeds of vehicle	650	0
Intangible assets acquired	(2,200)	0
Security deposits	0	(800)
Mark-up received on bank deposits	477	423
Net cash used in investing activities	(1,073)	(6,026)
Cash flows from financing activities		
Short term finances - net	(23,333)	156,106
Dividend paid	(202)	(20,262)
Finance cost paid	(43,311)	(21,167)
Net cash (used in) / generated from financing activities	(66,846)	114,677
Net increase in cash and cash equivalents	1,744	6,236
Cash and cash equivalents - at beginning of the period	5,385	1,726
Cash and cash equivalents - at end of the period	7,129	7,962

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


Shahnaz Sajjad Ahmad
Chief Executive


Lt. Gen. (Retd)
Ali Kuli Khan Khattak
Director


Mr. A.R. Tahir
Chief Financial Officer

BANNU WOOLLEN MILLS LIMITED

Notes to the Condensed Interim Financial Statements (Un-audited) For the Quarter and Nine Months Period Ended March 31, 2020

1. Legal status and operations

Bannu Woollen Mills Ltd. (the Company) was incorporated in Pakistan as a Public Company in the year 1960 under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Ltd. The Company is principally engaged in manufacture and sale of woollen yarn, cloth and blankets. The Company's registered office and mills are located at D.I. Khan Road, Bannu whereas the retail outlet is located at Raja Bazar, Rawalpindi.

2. Basis of preparation

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, "Interim financial reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. Accounting policies

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2019

3.1 Standards, amendments to published standards and interpretations that are effective in the current period

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed financial statements, except for the following:

(a) Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement', (effective for periods beginning on or after January 01, 2019). These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in statement of profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendments do not have any material impact on the Company's financial statements.

(b) IAS 23, 'Borrowing costs' is effective for accounting periods beginning on or after January 01, 2019. The amendment is part of the annual improvement 2015-2017 cycle. The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale - or any non-qualifying assets - are included in that general pool. The amendments do not have any material impact on the Company's financial statements.

BANNU WOOLLEN MILLS LIMITED

(c) IFRIC 23, Uncertainty over income tax treatments is effective for accounting periods beginning on or after January 01, 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 Income taxes, are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The amendments do not have any material impact on the Company's financial statements.

4. These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended June 30, 2019.

5. Accounting estimates, judgments and financial risk management

The preparation of condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the audited financial statements as at and for the year ended June 30, 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended June 30, 2019.

6. Property, plant and equipment

	Note	Un-audited Mar. 31, 2020 (Rupees in thousand)
Book value of operating fixed assets as at June 30, 2019		1,068,086
Revaluation increments incorporated during the period:		
- freehold land	6.1	165,000
- buildings on freehold land	6.1	41,659
- plant and machinery	6.1	16,802
		223,461
Book value of vehicle disposed-off during the period		(353)
Depreciation charge for the period		(14,425)
Book value of operating fixed assets as at March 31, 2020		1,276,769

BANNU WOOLLEN MILLS LIMITED

6.1 Revaluation surplus on each class of assets, as a result of latest revaluation as detailed in note 10.1, has been determined as follows:

Particulars	Freehold land	Buildings on freehold land			Plant & machinery	Total
		Factory	Residential	Others		
----- Rupees in thousand -----						
Cost / revaluation as at October 31, 2019	742,500	35,863	15,110	28,934	603,726	1,426,133
Accumulated depreciation to October 31, 2019	0	15,874	4,448	7,455	350,415	378,192
Book value before revaluation adjustments as at October 31, 2019	742,500	19,989	10,662	21,479	253,311	1,047,941
Revalued amounts	907,500	39,047	20,732	34,010	270,113	1,271,402
Revaluation surplus	165,000	19,058	10,070	12,531	16,802	223,461

6.2 Had the operating fixed assets been recognised under the cost model, the carrying amounts of each revalued class of operating fixed assets would have been as follows:

	Un-audited Mar. 31, 2020	Audited June 30, 2019
Note	(Rupees in thousand)	
Freehold land	152	152
Buildings on freehold land	15,810	16,417
Plant & machinery	194,376	201,920
	210,338	218,489

6.3 Based on the revaluation exercise carried-out as at October 31, 2019, forced sale values of the Company's revalued assets have been assessed at Rs.1,057.807 million.

7. Intangible assets

The Company has entered into SARP ERP Software Modules Implementation & Post Implementation Technical Support Services Agreement with Comsoft Business Solution (Pvt.) Ltd. The SARP ERP software costing Rs.2.200 million has been installed during the period.

8. Investments in Associated Companies - Quoted

Babri Cotton Mills Ltd. (BCM)

144,421 ordinary shares of Rs.10 each - cost	8.2	1,632	1,632
Equity held: 3.95%			
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity		15,486	16,588
Loss for the period / year - net of taxation		(6,039)	(1,543)
Share of other comprehensive income / (loss) - net of taxation		1,828	8
Share of revaluation surplus on property, plant and equipment		35,222	35,545
		48,129	52,230

Janana De Malucho Textile Mills Ltd. (JDM)

1,559,230 ordinary shares of Rs.10 each - cost	8.2	27,762	27,762
Equity held 32.59%			
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity		283,604	267,128
(Loss) / profit for the period / year - net of taxation		(4,604)	2,789
Share of other comprehensive income / (loss) - net of taxation		43,361	175
Share of revaluation surplus on property, plant and equipment		743,995	747,672
		1,094,118	1,045,526
		1,142,247	1,097,756

BANNU WOOLLEN MILLS LIMITED

- 8.1** Although the Company has less than 20% voting rights in BCM as at March 31, 2020 and June 30, 2019, BCM has been treated as an Associated Company by virtue of common
- 8.2** Market values of the Company's investments in BCM and JDM as at March 31, 2020 were Rs.7.895 million (June 30, 2019: Rs.5.406 million) and Rs.131.069 million (June 30, 2019: Rs.96.672 million) respectively.
- 8.3** The management intends to carry-out impairment testing of its investments in BCM and JDM as at June 30, 2020 as no significant variation in estimates have been observed during the current period since June 30, 2019.

9. Trade debts - unsecured		Un-audited	Audited
		Mar. 31,	June 30,
		2020	2019
	Note	(Rupees in thousand)	
Considered good		291,260	473,020
Considered doubtful		21,413	21,413
		312,673	494,433
Less: allowance for Expected Credit Loss		(10,706)	(10,706)
		301,967	483,727

10. Surplus on revaluation of property, plant and equipment - net			
Surplus on revaluation of the Company's property, plant and equipment	10.1	1,011,568	807,864
Share of surplus on revaluation of property, plant and equipment of Associated Companies	8	779,217	783,217
		1,790,785	1,591,081

- 10.1** The Company, during the period, has again revalued its freehold land, buildings on freehold land and plant & machinery. The revaluation exercise has been carried-out by independent Valuers - AXIS Consultants, Deans Trade Centre, Peshawar Cantt. Freehold land has been revalued on the basis of current market value whereas buildings on freehold land and plant & machinery have been revalued on the basis of depreciated market values. The appraisal surplus arisen on latest revaluation aggregating Rs.223.461 million has been credited to this account. The period-end balance has been arrived at as follows:

Opening balance		834,626	841,973
Add: surplus arisen on revaluation carried-out during the period	6.1	223,461	0
Less: transferred to unappropriated profit on account of incremental depreciation for the period / year		(3,948)	(7,347)
		1,054,139	834,626
Less: deferred tax on:			
- opening balance of surplus		26,762	28,893
- surplus arisen on revaluation carried-out during the period		16,954	0
- incremental depreciation for the period / year		(1,145)	(2,131)
		42,571	26,762
Closing balance		1,011,568	807,864

BANNU WOOLLEN MILLS LIMITED

11. Deferred taxation - net	Note	Un-audited Mar. 31, 2020	Audited June 30, 2019
		(Rupees in thousand)	
This is composed of the following:			
Taxable temporary differences arising in respect of :			
- accelerated tax depreciation allowances		39,237	39,252
- surplus on revaluation of property, plant & equipment		42,570	26,761
		81,807	66,013
Deductible temporary differences arising in respect of :			
- provision against slow moving stores and spares		(580)	(580)
- allowance for ECL on trade debts		(3,105)	(3,105)
- minimum tax recoverable against normal tax charge in future years		(13,062)	(8,294)
		65,060	54,034
12. Trade and other payables			
Due to a related party - Gammon Pakistan Ltd.		735	2,990
Creditors		11,708	13,434
Advances from customers - contract liabilities		2,274	3,463
Security deposits - interest free, repayable on demand		8,700	7,700
Accrued expenses		55,730	49,769
Due to Waqf-e-Kuli Khan		5,524	5,524
Tax deducted at source		662	3,163
Workers' welfare fund		4,549	4,549
Sales tax payable		0	28,577
Staff retirement benefits (gratuity) due but unpaid	12.1	0	30,940
Others		417	349
		90,299	150,458
12.1 The Company, during the period, has paid staff retirement benefits amounting Rs.8.440 million to Mr. Mushtaq Ahmed Khan (Director of the Company), Rs. 9.548 million to Mrs. Shahnaz Sajjad Ahmad (Chief Executive) and Rs.12.042 million to Chief Operating Officer of the Company.			
13. Provision for taxation - net			
Opening balance		9,023	37,769
Add: provision made during the year:			
- current		4,768	8,294
- prior year		9	9
		4,777	8,303
Less: payments / adjustments made during the period / year against completed assessments		8,302	37,049
		5,498	9,023
Closing balance		5,498	9,023
13.1 Income tax assessments of the Company have been completed upto the tax year 2019 i.e. accounting year ended June 30, 2019			
13.2 There has no significant change in status of taxation matters as detailed in note 22.2 to 22.8 to the audited financial statements of the Company for the year ended June 30, 2019			
14. Contingencies and commitments			
There has been no significant change in the status of contingencies during the current period as disclosed in the audited financial statements of the Company for the year ended June 30, 2019.			

BANNU WOOLLEN MILLS LIMITED

	Nine months period ended	
	March 31,	
	2020	2019
	(Rupees in thousand)	
15. Taxation		
- current	4,768	4,611
- prior year	9	9
- deferred	(5,928)	(2,503)
	(1,151)	2,117

16. Transactions with related parties

16.1 Significant transactions with related parties during the period were as follows:

i) Associated Companies

Dividend paid	0	8,096
Expenses shared	2,459	1,599
Rent of marketing office	3,133	3,780
Rent of internal audit office	113	113
Purchase of raw materials	463	603

ii) Key management personnel

Salary and other employment benefits	50,374	61,926
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16.2 Period-end balance was as follows:

Payable to Gammon Pakistan Ltd. (grouped under trade and other payables)	735	1,843
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16.3 Also refer contents of note 12.1.

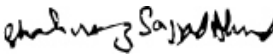
17. Corresponding figures

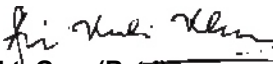
17.1 In order to comply with the requirements of IAS 34 "Interim financial reporting", the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim statement of profit or loss & other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.


17.2 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 these condensed interim financial statements.

18. Date of authorisation for issue

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on April 23, 2020.


Shahnaz Sajjad Ahmad
Chief Executive


Lt. Gen. (Retd)
Ali Kuli Khan Khattak
Director


Mr. A.R. Tahir
Chief Financial Officer

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