

Half Yearly Accounts December, 31 2020

BIBOJEE GROUP



BANNU

WOOLLEN MILLS LIMITED

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COMPANY'S PROFILE

Board Of Directors	Mr. Ahmad Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Mr. Raza Kuli Khan Khattak Lt Gen (Retd) Ali Kuli Khan Khattak Syed Zubair Ahmed Shah -NIT Mr. Abdul Rehman Qureshi (Independent) Brig(R) Agha Arshad Raza (Independent)	Chairman Chief Executive
Audit Committee	Mr. Abdul Rehman Qureshi Syed Zubair Ahmad Shah Brig(R) Agha Arshad Raza	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Abdul Rehman Qureshi Lt.Gen. (Retd), Ali Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Syed Zubair Ahmed Shah -NIT Brig(R) Agha Arshad Raza	Chairman Member Member Member Member
Chief Financial Officer	Mr. Azher Iqbal - ACA	
Company Secretary	Ms. Jahanara Sajjad Ahmad - FCA	
Head Of Internal Audit	Mr. Salman Khan - ACA	
Auditors	M/S. ShineWing 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	Vision Consulting Limited. 3-C, LDA Flats, First Floor, Lawrance Road, Lahore. Tel: 042-36283096-97, Fax: 042-36312550 E-Mail: info@vcl.com.pk	
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.com.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	

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 half year ended December 31, 2020 duly reviewed by the statutory auditors of the Company who have issued a review report, which is annexed to the financial statements.

FINANCIAL PERFORMANCE

During the second quarter, the Company achieved net sales of Rs. 372 million, an increase of 54% as compared to last year. Increase in sales volume has led the gross profit to grow over Rs. 20 million, an increase of 25%. Distribution, administrative and other expenses increased by 35% as compared to last year mainly due to increased distribution cost. As a result, the Company registered net profit before tax of Rs. 92.088 million during the second quarter. Net profit after tax rose to Rs. 74.467 million representing an increase of 3.83 times. This translated into Earnings per share (EPS) of Rs. 7.83 as against Rs. 2.05 of last year.

FINANCIAL RESULTS

These are summarized below:

	Dec. 31, 2020	Dec. 31, 2019
	(Rupees in thousand)	
Sales - net	<u>638,648</u>	<u>296,181</u>
Gross profit	<u>176,752</u>	<u>99,440</u>
Profit from operations	<u>93,583</u>	<u>40,319</u>
Profit / (loss) before taxation	<u>118,671</u>	<u>(2,632)</u>
Profit / (loss) after taxation	<u>96,999</u>	<u>(5,006)</u>
Earnings / (loss) per share	<u>10.20</u>	<u>(0.53)</u>

The first half of current financial year ended with a good momentum and encouraging results. During the period under review, the Company's net turnover increased to Rs. 638.648 million from Rs. 296.181 million. The gross profit as a percentage of sales decreased to 27.68% from 33.57% as compare to corresponding period of the last year due to increase in prices of imported wool. The increased turnover of the company can be attributed to continued emphasis on quality products and increase in sale of Byma cloth.

The Company achieved greasy production of 558,017 meters of fabric as compared to 269,018 meters of corresponding period of last year. Keeping policy rate at 7% by State Bank of Pakistan has led to decreased finance cost.

FUTURE OUTLOOK

Management is endeavouring to increase the production considering the orders for the next winter season. The Company will, however, remain exposed to the risk of adverse fluctuation in the Pak Rupee vs. US\$ parity and increased imported woollen prices. Despite various challenges, the Company remains committed to provide quality products to its customers and expect better results for its stakeholders through improved sales by working on value added products.

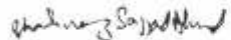
THANKS AND APPRECIATION

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,



Ahmad Kuli Khan Khattak
Chairman



Shahnaz Sajjad Ahmad
Chief Executive / Director

Rawalpindi:
February 26, 2021

ڈائریکٹرز کا جائزہ

آپ کے ادارے کے ڈائریکٹرز انتہائی مسرت کے ساتھ ادارے کی 31 دسمبر 2020 کو اختتام پزیر ہونے والی پہلی ششماہی کے غیر مصدقہ (unaudited) مالیاتی نتائج آپ کے سامنے پیش کرتے ہیں۔

مالیاتی کارکردگی:

دوسری سہ ماہی کے دوران، کمپنی کو خالص فروخت کی مد میں پچھلے سال کے مقابلے میں 54% اضافہ ہوا جو کہ 372 ملین روپے ہے۔ فروخت کے حجم میں 25% اضافے سے مجموعی منافع 20 ملین روپے ہوا۔ تقسیم، انتظامی اور دیگر اخراجات میں گزشتہ سال کے مقابلے میں 35 فی صد اضافہ ہوا ہے جس کی بنیادی وجہ تقسیم لاگت میں اضافہ ہے۔ اس کے نتیجے میں کمپنی نے دوسری سہ ماہی کے دوران ٹیکس سے پہلے منافع 92.088 ملین روپے حاصل کیا۔ ٹیکس کے بعد کا خالص منافع جو کہ 74.467 ملین روپے ہے 3.83 گنا اضافے کی نمائندگی کرتا ہے۔ یہ فی شخص آمدنی 7.83 کا ہے جو پچھلے سال 2.05 تھا۔

نصف سال کا اختتام

31 دسمبر 2020	31 دسمبر 2019	
		(روپے ہزاروں میں)
638,648	296,181	خالص فروخت
176,752	99,440	مجموعی منافع
93,583	40,319	منافع کارکردگی
118,671	(2,632)	(نقصان) امنافع ٹیکس سے پہلے
96,999	(5,006)	(نقصان) امنافع بعد از ٹیکس
10.20	(0.53)	(نقصان) آمدن فی شخص (روپے)

موجودہ مالی سال کی پہلی ششماہی ایک اچھی رفتار اور حوصلہ افزا نتائج کے ساتھ ختم ہوئی۔ زیر جائزہ مدت کے دوران، کمپنی کا خالص کاروبار بڑھ کر 296.181 ملین روپے سے بڑھ کر 638.648 ملین روپے ہوئی ہے۔ درآئندہ ماہوں کی قیمتوں میں اضافے کی وجہ سے پچھلے سال کے اسی عرصہ کے مقابلے میں فروخت کے حساب سے مجموعی منافع 33.57% سے کم ہو کر 27.68% رہ گئی ہے۔ کمپنی کے بڑھتے ہوئے کاروبار کا سبب معیاری مصنوعات پر مسلسل زور دینے اور ہائٹ کیڑے کی فروخت میں اضافے کو قرار دیا جاسکتا ہے۔ کمپنی نے موجودہ سال کے دوران 558,017 میٹر کپڑا تیار کیا جو گزشتہ سال کے مقابلے میں 269,018 میٹر تھا۔ اسٹیٹ بینک آف پاکستان کی شرح پالیسی کو 7% پر رکھنے سے لاگت فائننس میں کمی واقع ہوئی ہے۔

مستقبل کے نقطہ نظر سے:

انتظامیہ موسم سرما کو مد نظر رکھتے ہوئے پیادار بڑھانے کی کوشش کر رہی ہے۔ تاہم کمپنی پاک روپیہ بمقابلہ امریکی ڈالر کی برابری اور مالیاتی لاگت میں اضافے کے ضمنی اتار چڑھاؤ کے خطرے کی زد میں رہے گی۔ مختلف حالات کے باوجود، کمپنی اپنے صارفین کو معیاری مصنوعات کی فراہمی کے لئے پرعزم ہے اور سال کی باقی مدت تک بہتر فروخت کے ذریعے سے اپنے سٹیک ہولڈرز کے لئے بہتر نتائج کی توقع کر رہی ہے۔

اظہار تشکر:

کمپنی انتظامیہ اپنے تمام کھیلوں، 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 وفا داری کا بھی اعتراف کرتی ہے۔

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے



احمد علی خان خانگ
چیئر مین

محمد سعید احمد

شہناز سجاد احمد
چیف ایگزیکٹو آفیسر

Independent Auditors' Review Report to the Members of Bannu Woollen Mills Limited

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Bannu Woollen Mills Limited** (the Company) as at December 31, 2020 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six months period then ended (here-in - after referred to as "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2019 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2020.

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 condensed interim financial statements 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditors' review report is Nafees ud din.

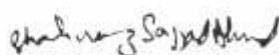
LAHORE; 26 February, 2021

Shinewing Hameed Chaudhri & Co.
SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

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

		Dec. 31, 2020	June 30, 2020	July 01, 2019
		Un-audited	Audited (Restated)	Audited (Restated)
--- Rupees in thousand ---				
Assets	Note			
Non-current assets				
Property, plant and equipment	6	1,267,972	1,278,910	1,068,086
Intangible assets		1,674	1,929	277
Investments in Associated Companies	7	1,128,304	1,093,058	1,097,756
Advances		0	0	56
Security deposits		3,794	3,794	3,794
		<u>2,401,744</u>	<u>2,377,691</u>	<u>2,169,969</u>
Current assets				
Stores and spares		67,483	71,652	69,210
Stock-in-trade		524,488	676,110	533,053
Trade debts	8	411,900	282,882	483,727
Current portion of advances		0	97	193
Advances to employees - unsecured, considered good		11,862	9,569	6,618
Advance payments		3,100	1,730	2,896
Prepayments and other receivables		3,200	801	643
Sales tax refundable		0	9,463	0
Income tax refundable, advance tax and tax deducted at source		5,721	6,881	7,044
Cash and bank balances		10,984	1,894	5,385
		<u>1,038,738</u>	<u>1,061,079</u>	<u>1,108,769</u>
Total assets		<u>3,440,482</u>	<u>3,438,770</u>	<u>3,278,738</u>
Equity and liabilities				
Share capital and reserves				
Authorised capital		200,000	200,000	200,000
Issued, subscribed and paid-up capital		95,063	95,063	95,063
Capital reserves				
- share premium		19,445	19,445	19,445
- revaluation surplus on property, plant and equipment	9	1,778,489	1,783,140	1,591,081
Revenue reserves				
- general reserve		654,055	654,055	654,055
- unappropriated profit		295,131	203,825	241,858
Shareholders' equity		<u>2,842,183</u>	<u>2,755,528</u>	<u>2,601,502</u>
Liabilities				
Non-current liabilities				
Lease liabilities		2,945	4,366	0
Staff retirement benefits - gratuity		69,976	67,096	57,304
Deferred taxation	10	66,026	57,101	54,034
		<u>138,947</u>	<u>128,563</u>	<u>111,338</u>
Current liabilities				
Trade and other payables	11	176,227	98,186	150,458
Unpaid dividends		3,452	3,452	3,452
Unclaimed dividends		6,184	6,298	6,545
Accrued mark-up		9,353	13,369	11,172
Short term finances		246,255	423,639	385,248
Current portion of lease liabilities		4,404	3,850	0
Provision for taxation	12	13,477	5,885	9,023
		<u>459,352</u>	<u>554,679</u>	<u>565,898</u>
Total liabilities		<u>598,299</u>	<u>683,242</u>	<u>677,236</u>
Contingencies and commitments	13			
Total equity and liabilities		<u>3,440,482</u>	<u>3,438,770</u>	<u>3,278,738</u>

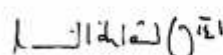
The annexed notes form an integral part of these condensed interim financial statements.



Shahnaz Sajjad Ahmad
Chief Executive



Ahmad Kuli Khan Khatak
Director

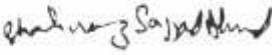


Azher Iqbal
Chief Financial Officer

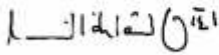
**Condensed Interim Statement of Profit or Loss & Other Comprehensive Income
(Un-audited)
For the Quarter and Six Months Period Ended December 31, 2020**

	Note	Quarter ended		Six months period ended	
		Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
----- Rupees in thousand -----					
Sales - net		372,217	241,428	638,648	296,181
Cost of sales		(270,851)	(160,399)	(461,896)	(196,741)
Gross profit		101,366	81,029	176,752	99,440
Distribution cost		(19,442)	(7,044)	(33,284)	(12,930)
Administrative expenses		(22,777)	(26,928)	(44,380)	(47,970)
Other income		1,772	2,388	2,034	2,592
Other expenses		(4,570)	(813)	(7,539)	(813)
Profit from operations		56,349	48,632	93,583	40,319
Finance cost		(9,851)	(16,603)	(20,502)	(32,308)
		46,498	32,029	73,081	8,011
Share of profit / (loss) of Associated Companies - net		45,590	(10,643)	45,590	(10,643)
Profit / (loss) before taxation		92,088	21,386	118,671	(2,632)
Taxation	14	(17,621)	(1,935)	(21,672)	(2,374)
Profit / (loss) after taxation		74,467	19,451	96,999	(5,006)
Other comprehensive income					
Surplus arisen upon revaluation of property, plant and equipment		0	223,461	0	223,461
Deferred taxation		0	(16,954)	0	(16,954)
		0	206,507	0	206,507
Total comprehensive income for the period		74,467	225,958	96,999	201,501
----- Rupees -----					
Earnings / (loss) per share		7.83	2.05	10.20	(0.53)

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


Shahnaz Sajjad Ahmad
Chief Executive

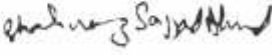

Ahmad Kuli Khan Khatak
Director


Azher Iqbal
Chief Financial Officer

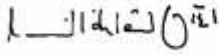
**Condensed Interim Statement of Changes in Equity (Un-audited)
For the Six Months Period Ended December 31, 2020**

	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, 2020 (audited)	95,063	19,445	1,783,140	654,055	208,890	2,760,593
Effect of retrospective restatement of deferred taxation on impairment loss on investments (note 5)	0	0	0	0	(5,065)	(5,065)
Balance as at July 01, 2020-restated	95,063	19,445	1,783,140	654,055	203,825	2,755,528
Total comprehensive income for the period ended December 31, 2020	0	0	0	0	96,999	96,999
Revaluation surplus on property, plant and equipment realised during the period on account of incremental depreciation (net of deferred taxation)	0	0	(2,568)	0	2,568	0
Share of revaluation surplus on property, plant and equipment of Associated Companies	0	0	(2,083)	0	0	(2,083)
Effect of items directly credited in equity by Associated Companies	0	0	0	0	(8,261)	(8,261)
Balance as at December 31, 2020 (un-audited)	95,063	19,445	1,778,489	654,055	295,131	2,842,183
Balance as at July 01, 2019 - audited	95,063	19,445	1,591,081	654,055	241,858	2,601,502
Total comprehensive income for the period ended December 31, 2019	0	0	206,507	0	(5,006)	201,501
Revaluation surplus on property, plant and equipment realised during the period on account of incremental depreciation (net of deferred taxation)	0	0	(1,984)	0	1,984	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 December 31, 2019 (un-audited)	95,063	19,445	1,791,604	654,055	297,970	2,858,137

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


Shahnaz Sajjad Ahmad
Chief Executive

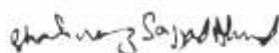

Ahmad Kuli Khan Khatak
Director


Azher Iqbal
Chief Financial Officer

**Condensed Interim Statement of Cash Flows (Un-audited)
For the Six Months Period Ended December 31, 2020**

	Six months period ended	
	Dec. 31, 2020	Dec. 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	73,081	8,011
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	9,663	9,329
Depreciation on right of use assets	2,533	0
Amortisation	255	274
Provision for impairment of trade debts	122	0
Staff retirement benefits - gratuity (net)	2,880	5,893
Mark-up on bank deposits	(199)	(477)
Finance cost	20,502	32,308
Loss on sale of intangible assets	0	19
Workers' welfare fund	1,613	209
Gain on sale of transformer	(55)	(297)
Profit before working capital changes	110,395	55,269
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	4,169	(3,197)
Stock-in-trade	151,622	(32,285)
Trade debts	(129,018)	4,881
Advances	(2,196)	(534)
Advance payments	(1,370)	638
Prepayments and other receivables	(2,399)	(3,124)
Sales tax refundable	9,463	0
Increase in trade and other payables	76,693	34,390
	106,964	769
Cash generated from operations	217,359	56,038
Taxes paid	(3,995)	(5,464)
Net cash generated from operating activities	213,364	50,574
Cash flows from investing activities		
Fixed capital expenditure	(212)	0
Sale proceeds of transformer	85	650
Intangible assets acquired	0	(2,200)
Mark-up received on bank deposits	199	477
Net cash generated from / (used in) investing activities	72	(1,073)
Cash flows from financing activities		
Lease rentals paid	(2,330)	0
Short term finances - net	(177,384)	(16,727)
Dividend paid	(114)	(73)
Finance cost paid	(24,518)	(26,776)
Net cash used in financing activities	(204,346)	(43,576)
Net increase in cash and cash equivalents	9,090	5,925
Cash and cash equivalents - at beginning of the period	1,894	5,385
Cash and cash equivalents - at end of the period	10,984	11,310

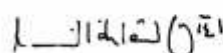
The annexed notes form an integral part of these condensed interim financial statements.



Shahnaz Sajjad Ahmad
Chief Executive



Ahmad Kuli Khan Khatak
Director



Azher Iqbal
Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Un-audited)
For the Six Months Period Ended December 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

2.1 Statement of compliance

These condensed interim financial statements of the Company 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 IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended June 30, 2020.

2.3 The comparative condensed interim statements of financial position presented in these condensed interim financial statements have been extracted from the audited financial statements of the Company for the year ended June 30, 2020 and June 30, 2019, whereas the comparative 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 extracted from the un-audited condensed interim financial statements for the period ended December 31, 2019.

2.4 These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Ltd. vide section 237 of the Companies Act, 2017.

2.5 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except for the Company's liability under defined benefit plan (gratuity), which is determined on the present value of defined benefit obligations determined by an independent actuary and property, plant and equipment at revalued amounts assessed by an independent valuer.

2.6 Functional and presentation currency

These condensed interim financial statements are presented in Pak Rupees, which is also the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

3. Significant 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 audited annual financial statements of the Company as at and for the year ended June 30, 2020.

3.1 Changes in accounting standards, interpretations and pronouncements

a) Standards and amendments to approved accounting and reporting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards, which are mandatory for the Company's annual accounting period commenced on July 01, 2020. However, these do not have any significant impact on the Company's financial reporting.

b) Standards and amendments to approved accounting and reporting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards, that will be mandatory for the Company's annual accounting periods commencing on or after January 01, 2021. However, these will not have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

4. Accounting estimates, judgments and financial risk management

4.1 The preparation of condensed interim financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

4.2 The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual audited financial statements of the Company as at and for the year ended June 30, 2020.

4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended June 30, 2020.

5. Restatement

The management, during the period, has decided to discontinue recognition of deferred taxation on impairment loss of investments in Associated Companies for fair and better presentation. Accordingly, corresponding figures have been restated retrospectively. The effect of this restatement has been disclosed in the condensed interim statement of changes in equity.

6. Property, plant and equipment

	Note	Un-audited Dec. 31, 2020	Audited June 30, 2020
		(Rupees in thousand)	
Operating fixed assets	6.1	1,262,055	1,271,536
Right of use assets	6.2	5,917	7,374
		1,267,972	1,278,910

6.1 Operating fixed assets

Book value of operating fixed assets as at June 30, 2020		1,271,536	
Additions in plant and machinery during the period		212	
Book value of transformer disposed-off during the period		(30)	
Depreciation charge for the period		(9,663)	
Book value of operating fixed assets as at December 31, 2020		1,262,055	

		Un-audited Dec. 31, 2020 (Rupees in thousand)
6.2 Right of use assets		
Book value of right of use assets as at June 30, 2020		7,374
Impact of modification		1,076
Depreciation charge for the period		(2,533)
Book value of right of use assets as at December 31, 2020		5,917
7. Investments in Associated Companies - Quoted		
Babri Cotton Mills Ltd. (BCM)		
144,421 ordinary shares of Rs.10 each - cost	7.1	1,632
Equity held: 3.95%		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity		2,216
Loss for the period - net of taxation		(8,632)
Share of revaluation surplus on property, plant and equipment		35,164
Share of other comprehensive loss		(3,768)
		26,612
Janana De Malucho Textile Mills Ltd. (JDM)		
1,559,230 ordinary shares of Rs.10 each - cost	7.2	27,762
Equity held 32.59%		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity		297,222
Profit for the period - net of taxation		50,588
Share of revaluation surplus on property, plant and equipment		736,182
Share of other comprehensive loss		(5,218)
		1,106,536
Carrying value under equity method of accounting		1,133,148
Less: impairment loss - BCM		(4,844)
		1,128,304
7.1 Although the Company has less than 20% voting rights in BCM as at December 31, 2020 and June 30, 2020, BCM has been treated as an Associated Company by virtue of common directorship.		
7.2 Market values of the Company's investments in BCM and JDM as at December 31, 2020 were Rs.6.225 million (June 30, 2020: Rs.7.896 million) and Rs.118.922 million (June 30, 2020: Rs.122.602 million) respectively.		
7.3 The management intends to carry-out impairment testing of its investments in BCM as at June 30, 2021 as significant variation in estimates have been observed during the current period since June 30, 2020.		
8. Trade debts - unsecured		
	Un-audited	Audited
	Dec. 31,	June 30,
	2020	2020
	(Rupees in thousand)	
Considered good	391,638	262,498
Considered doubtful	31,240	31,240
	422,878	293,738
Less: provision for impairment	(10,978)	(10,856)
	411,900	282,882

9. Surplus on revaluation of property, plant and equipment - net	Un-audited Dec. 31, 2020 (Rupees in thousand)	Audited June 30, 2020
	Note	
Surplus on revaluation of the Company's property, plant and equipment	1,007,143	1,009,711
Share of surplus on revaluation of property, plant and equipment of Associated Companies	7	771,346
	1,778,489	1,783,140
10. Deferred taxation - net		
This is composed of the following:		
Taxable temporary differences arising in respect of :		
- accelerated tax depreciation allowances	39,725	39,718
- surplus on revaluation of property, plant & equipment	40,771	41,813
	80,496	81,531
Deductible temporary differences arising in respect of :		
- provision against slow moving stores and spares	(580)	(580)
- provision for impairment of trade debts	(3,184)	(3,148)
- minimum tax recoverable against normal tax charge in future years	0	(5,155)
- alternative corporate tax recoverable against normal tax charge in future years	(10,291)	0
- unused tax losses	0	(15,303)
- lease liabilities	(415)	(244)
	66,026	57,101
11. Trade and other payables		
Due to a related party - Gammon Pakistan Ltd.	75	1,385
Creditors	18,087	14,108
Bills payable	22,996	0
Advances from customers - contract liabilities	3,142	2,245
Security deposits - interest free, repayable on demand	8,700	8,700
Accrued expenses	93,844	58,737
Due to Waqf-e-Kuli Khan	7,302	5,524
Tax deducted at source	71	44
Workers' (profit) participation fund	4,025	0
Workers' welfare fund	6,162	4,549
Sales tax payable	10,031	0
Staff retirement benefits (gratuity) due but unpaid	1,407	1,942
Others	385	952
	176,227	98,186
12. Provision for taxation - net		
Opening balance	5,885	
Add: provision made during the period - current	12,747	
Less: payments / adjustments made during the period against completed assessment	5,155	
Closing balance	13,477	
12.1 Income tax assessments of the Company have been completed upto the tax year 2020 i.e. accounting year ended June 30, 2020.		

12.2 There has been no significant change in status of taxation matters during current period as detailed in notes 22.2 to 22.8 to the audited financial statements of the Company for the year ended June 30, 2020.

13. Contingencies and commitments

13.1 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, 2020.

13.2 Commitments against irrevocable letters of credit for raw materials

Un-audited Dec. 31, 2020 (Rupees in thousand)	Audited June 30, 2020
27,346	23,836
Six months period ended December 31,	
2020	2019
(Rupees in thousand)	
- current	12,747
- prior year	0
- deferred	8,925
21,672	4,444
	9
	(2,079)
	2,374

14. Taxation

15. Transactions with related parties

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

i) Associated Companies

Expenses shared	1,074	1,627
Rent of marketing office	1,225	2,520
Rent of internal audit office	75	75
Purchase of raw materials	0	421

ii) Associated Undertaking

Donation	0	145
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iii) Key management personnel

Salary and other employment benefits	30,792	35,432
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15.2 Period-end balance was as follows:

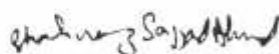
Payable to Gammon Pakistan Ltd. (grouped under trade and other payables)	75	1,085
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16. Corresponding figures

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; however, except for restatement detailed in note 5, no significant re-classifications / re-statements have been made to these condensed interim financial statements.

17. Date of authorisation for issue

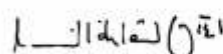
These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on February 26, 2021



Shahnaz Sajjad Ahmad
Chief Executive



Ahmad Kuli Khan Khatak
Director



Azher Iqbal
Chief Financial Officer

If undelivered please return to
Share Department

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