

# Half Yearly Accounts December, 31 2021

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
Chief Operating Officer (COO)	Mr. Khalid Kuli Khan Khattak	
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 REPORT

Dear Members,

The Board of Directors of your company are pleased to present the condensed interim Financial Statements of the Company for the half year ended December 31, 2021 duly reviewed by the statutory auditors.

### FINANCIAL PERFORMANCE

During the second quarter, the Company's net sales were Rs.561 million i.e. an increase of 51% as compared to last year. The increase in sales volume has led the gross profit to grow over Rs. 37 million, an increase of 37% over the corresponding quarter of last year. Distribution, administrative and other expenses increased by 27% over last year. As a result, the Company's net profit before tax was Rs. 72.183 million during the second quarter as compared to Rs 92.088 over the corresponding quarter of last year. Net profit before tax includes share of profit of associated companies of Rs. 1.169 million (December 31, 2020: profit of Rs. 45.590 million). Net profit after tax decreased to Rs. 47.406 million representing a decrease of 57.08%. This translated into earnings per share (EPS) of Rs. 4.99 as against Rs. 7.83 of the corresponding quarter of last year.

The financial results for the six months period under review are summarized below:

### FINANCIAL RESULTS

	Six months period ended	
	Dec. 31, 2021	Dec. 31, 2020
	- Rupees in thousand -	
Sales - net	<u>853,237</u>	<u>638,648</u>
Gross profit	<u>217,219</u>	<u>176,752</u>
Profit from operations	<u>126,237</u>	<u>93,583</u>
Profit before taxation	<u>109,289</u>	<u>118,671</u>
Profit after taxation	<u>75,834</u>	<u>96,999</u>
Earnings per share	<u>7.98</u>	<u>10.20</u>

It also gives us pleasure to inform that by the grace of Almighty ALLAH SWT and with the dedication of the management, the Company has completed first half of the current financial year with a gross sales turnover of over Rs. 1 billion, and has achieved this benchmark first time ever in history of the Company. During the period under review, the Company's net turnover increased to Rs. 853.237 million from Rs. 638.648 million in the corresponding period of last year. The increased turnover of the Company can be attributed to continued emphasis on quality products and increase in volumetric sale of all key products.

The gross profit as a percentage of sales decreased to 25.46% from 27.68% as compared to corresponding period of the last year due to increase in minimum wages and power & fuel rates. The reduction in EPS is mainly attributed to the reduction in share of profit from Associated Companies.

The Company achieved greasy production of 735,268 meters of fabric as compared to 558,017 meters of corresponding period of last year. The finance cost decreased despite the policy rate increased to 9.75% by State Bank of Pakistan due to less utilization of funds.

### **FUTURE OUTLOOK**

While the economic recovery is underway, the Country is facing the new variant of COVID-19, inflation and external sector pressures. The acceleration of worldwide inflation, as well as a significant increase in freight charges is contributing towards increase in cost of imported raw-materials. These factors would lead to an increase in the cost of production. The Company will also remain exposed to the risk of adverse fluctuation in the Pak Rupee vs. US\$ parity. Despite various challenges, the Company is working on strategies to overcome these challenges and remains committed to provide quality products to its customers striving towards enhancing shareholder value through improved sales and by working on introducing value added products for the benefit of its stakeholders.

### **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. Ali Kuli Khan Khattak (Retd.)**  
Director



**Shahnaz Sajjad Ahmad**  
Chief Executive / Director

Rawalpindi

Dated: February 26, 2022

## ڈائریکٹرز کا جائزہ رپورٹ

معزز ممبران!

آپ کی کمپنی کے ڈائریکٹرز کے ڈائریکٹرز انتہائی مسرت کے ساتھ ادارے کی 31 دسمبر 2021 کو اختتام پذیر ہونے والی دوسری سہ ماہی اور ششماہی کے 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 51% اضافہ ہوا جو کہ 561 ملین روپے ہے۔ فروخت کے حجم میں 37% اضافے سے مجموعی منافع 37 ملین روپے کا اضافہ ہوا۔ تقسیم، انتظامی اور دیگر اخراجات میں گزشتہ سال کے مقابلے میں 27 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 72.183 ملین روپے حاصل کیا۔ جبکہ پچھلے سال ٹیکس کے بعد کا خالص منافع جو کہ 92.088 ملین روپے تھا۔ ٹیکس سے پہلے کا خالص منافع جس میں متعلقہ کمپنیوں کا منافع بھی شامل ہے 1.169 ملین روپے رہا جو کہ گزشتہ سال 31 دسمبر 2020 میں 45.590 ملین روپے منافع تھا۔ ٹیکس کے بعد خالص منافع جو کہ کم ہو کر 47.406 ملین روپے ہے 57.08 فی صد کی کمی نمائندگی کرتا ہے، جس کی وجہ سے فی حصص آمدنی 4.99 روپے ہے جو پچھلے سال 7.83 تھی۔

مالی نتائج:

ان کا خلاصہ ذیل میں دیا گیا ہے۔

### نصف سال کا اختتام

2021 دسمبر 31	2020 دسمبر 31	
		(روپے ہزاروں میں)
853,237	638,648	خالص فروخت
217,219	176,752	مجموعی منافع
126,237	93,583	منافع کارکردگی
109,289	118,671	ٹیکس سے پہلے منافع
75,834	96,999	تقصان بعد از ٹیکس
7.98	10.20	آمدنی فی حصص (روپے)

ہم یہ بتاتے ہوئے خوشی محسوس کرتے ہیں اللہ تعالیٰ کے فضل و کرم سے اور انتظامیہ کی لگن سے، کمپنی نے رواں مالی سال کی پہلی ششماہی مکمل کر لی ہے جس کی مجموعی فروخت 1 ملین سے زیادہ ہے اور کمپنی کی تاریخ میں پہلی بار یہ بیچ مارک حاصل کیا گیا ہے۔ زیر جائزہ مدت کے دوران، کمپنی کی خالص فروخت 638.648 ملین روپے سے بڑھ کر 853.237 ملین روپے ہو گئی ہے۔ کمپنی کے بڑھتے ہوئے کاروبار کو معیاری مصنوعات پر مسلسل زور دینے اور تمام اہم مصنوعات کی نجی فروخت میں اضافے سے منسوب کیا جاسکتا ہے۔

کم سے کم اجرت اور بجلی کے نرخوں میں اضافے کی وجہ سے گزشتہ سال، اسی مدت کے مقابلے میں خالص فروخت کا مجموعی منافع 27.68 فی صد سے کم ہو کر 25.46 فی صد ہو گیا ہے۔

کمپنی نے رواں سال 735,268 میٹر کپڑے کی پیداوار میں اضافہ کیا جو کہ گزشتہ سال اسی مدت میں 558,017 میٹر تھی۔ سٹیٹ بینک آف پاکستان کی جانب سے فنڈز کے کم استعمال کی وجہ سے پالیسی ریٹ 9.75 فیصد تک بڑھنے کے باوجود فنانس لاگت میں کمی ہوئی۔

جہاں معاشی بحالی جاری ہے ویسے ہی ملک کو مہنگائی اور بیرونی شعبے کے دباؤ کا سامنا ہے۔ دنیا بھر میں افراط زر کی رفتار کے اضافے کے ساتھ ساتھ فریٹ چارجز اور درآمدی خام مال کی لاگت بھی اضافے کا باعث بن رہی ہے۔ یہ عوامل پیداواری لاگت میں اضافہ کریں گے۔ کمپنی پاک روپیہ بمقابلہ امریکی ڈالر کی برابری میں بھی حتمی اتار چڑھاؤ کے خطرے سے بھی دوچار رہے گی۔ مختلف چینلجز کے باوجود کمپنی ان حالات پر قابو پانے کے لئے حکمت عملی پر کام کر رہی ہے اور اپنے صارفین کو معیاری مصنوعات فراہم کرنے کے لئے پرعزم ہے جو کہ بہتر فروخت کے ذریعے اپنے سٹیک ہولڈرز کے فائدے کے لئے ویلیو ایڈڈ پراڈکٹس متعارف کرانے اور شیئر ہولڈرز کی قدر کو بڑھانے کی کوشش 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

*Amir Nadeem*

لیفٹننٹ جنرل علی قلی خان ننگ (ریٹائرڈ)  
ڈائریکٹر

*Shahid Hussain*

شہناز سجاد احمد  
چیف ایگزیکٹو ڈائریکٹر

راولپنڈی

تاریخ: 26 فروری 2022

**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, 2021 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, 2020 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

**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; **28 FEB 2022**  
UDIN:RR202110195y61NCDiHf

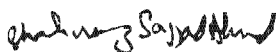
*ShineWing Hameed Chaudhri & Co.*  
SHINEWING HAMEED CHAUDHRI & CO.,  
CHARTERED ACCOUNTANTS



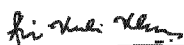
**Condensed Interim Statement of Financial Position as at December 31, 2021**

		Dec. 31, 2021	June 30, 2021
		Un-audited	Audited
<b>Assets</b>	<b>Note</b>	<b>Rupees in thousand</b>	
<b>Non-current assets</b>			
Property, plant and equipment	5	1,263,113	1,256,023
Intangible assets		1,216	1,419
Investments in Associated Companies	6	1,151,362	1,151,362
Advances		130	0
Security deposits		3,794	3,794
		<u>2,419,615</u>	<u>2,412,598</u>
<b>Current assets</b>			
Stores and spares		107,129	86,202
Stock-in-trade		395,653	699,441
Trade debts	7	603,663	209,932
Current portion of advances		390	55
Advances to employees - unsecured, considered good		6,863	12,396
Advance payments		14,195	14,884
Prepayments and other receivables		3,444	841
Sales tax refundable		0	10,464
Income tax refundable, advance tax and tax deducted at source		7,696	12,954
Cash and bank balances		5,184	15,933
		<u>1,144,217</u>	<u>1,063,102</u>
		<u>3,563,832</u>	<u>3,475,700</u>
<b>Total assets</b>			
<b>Equity and liabilities</b>			
<b>Share capital and reserves</b>			
Authorised capital		200,000	200,000
Issued, subscribed and paid-up capital		<u>95,063</u>	<u>95,063</u>
Capital reserves			
- share premium		19,445	19,445
- revaluation surplus on property, plant and equipment	8	1,765,485	1,771,898
Revenue reserves			
- general reserve		654,055	654,055
- unappropriated profit		<u>367,468</u>	<u>286,390</u>
		<u>2,901,516</u>	<u>2,826,851</u>
<b>Shareholders' equity</b>			
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		4,826	1,442
Staff retirement benefits - gratuity		84,543	77,582
Deferred taxation		<u>65,903</u>	<u>50,806</u>
		<u>155,272</u>	<u>129,830</u>
<b>Current liabilities</b>			
Trade and other payables	9	154,304	109,117
Unpaid dividends		3,452	3,452
Unclaimed dividends		4,779	6,087
Accrued mark-up		8,463	7,797
Short term finances		312,182	377,686
Current portion of lease liabilities		4,757	3,627
Taxation	10	19,107	11,253
		<u>507,044</u>	<u>519,019</u>
		<u>662,316</u>	<u>648,849</u>
<b>Total liabilities</b>			
<b>Contingencies and commitments</b>			
	11	<u>3,563,832</u>	<u>3,475,700</u>
<b>Total equity and liabilities</b>			


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



Azher Iqbal  
Chief Financial Officer

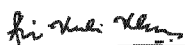
**Condensed Interim Statement of Profit or Loss & Other  
Comprehensive Income (Un-audited)  
For the Quarter and Six Months Period Ended December 31, 2021**

	Note	Quarter ended		Six months period ended	
		Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
----- Rupees in thousand -----					
<b>Sales - net</b>	<b>12</b>	<b>560,935</b>	372,217	<b>853,237</b>	638,648
<b>Cost of sales</b>	<b>13</b>	<b>(422,015)</b>	(270,851)	<b>(636,018)</b>	(461,896)
<b>Gross profit</b>		<b>138,920</b>	101,366	<b>217,219</b>	176,752
<b>Distribution cost</b>		<b>(6,755)</b>	(19,442)	<b>(11,885)</b>	(33,284)
<b>Administrative expenses</b>		<b>(34,542)</b>	(22,777)	<b>(60,481)</b>	(44,380)
<b>Other income</b>		<b>381</b>	1,772	<b>2,266</b>	2,034
<b>Other expenses</b>	<b>14</b>	<b>(17,952)</b>	(4,570)	<b>(20,882)</b>	(7,539)
<b>Profit from operations</b>		<b>80,052</b>	56,349	<b>126,237</b>	93,583
<b>Finance cost</b>		<b>(9,038)</b>	(9,851)	<b>(18,117)</b>	(20,502)
		<b>71,014</b>	46,498	<b>108,120</b>	73,081
<b>Share of profit of Associated Companies - net</b>		<b>1,169</b>	45,590	<b>1,169</b>	45,590
<b>Profit before taxation</b>		<b>72,183</b>	92,088	<b>109,289</b>	118,671
<b>Taxation</b>	<b>15</b>	<b>(24,777)</b>	(17,621)	<b>(33,455)</b>	(21,672)
<b>Profit after taxation</b>		<b>47,406</b>	74,467	<b>75,834</b>	96,999
<b>Other comprehensive income</b>		<b>0</b>	0	<b>0</b>	0
<b>Total comprehensive income for the period</b>		<b>47,406</b>	74,467	<b>75,834</b>	96,999
<b>Earnings per share</b>		<b>4.99</b>	7.83	<b>7.98</b>	10.20


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



Azher Iqbal  
Chief Financial Officer

**Condensed Interim Statement of Cash Flows (Un-audited)  
For the Six Months Period Ended December 31, 2021**

	Six months period ended	
	Dec. 31, 2021	Dec. 31, 2020
	Rupees in thousand	
<b>Cash flows from operating activities</b>		
Profit for the period - before taxation and share of profit on investments in Associated Companies	108,120	73,081
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	9,150	9,663
Depreciation on right of use assets	2,503	2,533
Amortisation	261	255
Provision for impairment of trade debts	10,300	122
Staff retirement benefits - gratuity (net)	6,961	2,880
Mark-up on bank deposits	(258)	(199)
Finance cost	18,117	20,502
Workers' welfare fund	2,456	1,613
Gain on sale of property, plant and equipment	(1,814)	(55)
<b>Profit before working capital changes</b>	<b>155,796</b>	<b>110,395</b>
<b>Effect on cash flows due to working capital changes</b>		
(Increase) / decrease in current assets		
Stores and spares	(20,927)	4,169
Stock-in-trade	303,788	151,622
Trade debts	(393,731)	(129,018)
Advances	5,068	(2,196)
Advance payments	689	(1,370)
Prepayments and other receivables	(2,603)	(2,399)
Sales tax refundable	10,464	9,463
Increase in trade and other payables	42,929	76,693
	<b>(54,323)</b>	<b>106,964</b>
<b>Cash generated from operations</b>	<b>101,473</b>	<b>217,359</b>
Taxes paid	(5,232)	(3,995)
<b>Net cash generated from operating activities</b>	<b>96,241</b>	<b>213,364</b>
<b>Cash flows from investing activities</b>		
Fixed capital expenditure	(22,993)	(212)
Sale proceeds of property, plant and equipment	2,620	85
Intangible assets acquired	(58)	0
Mark-up received on bank deposits	258	199
<b>Net cash (used in) / generated from investing activities</b>	<b>(20,173)</b>	<b>72</b>
<b>Cash flows from financing activities</b>		
Lease rentals paid	(2,554)	(2,330)
Short term finances - net	(65,504)	(177,384)
Dividend paid	(1,308)	(114)
Finance cost paid	(17,451)	(24,518)
<b>Net cash used in financing activities</b>	<b>(86,817)</b>	<b>(204,346)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(10,749)</b>	<b>9,090</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>15,933</b>	<b>1,894</b>
<b>Cash and cash equivalents - at end of the period</b>	<b>5,184</b>	<b>10,984</b>


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



Azher Iqbal  
Chief Financial Officer

**Condensed Interim Statement of Changes in Equity (Un-audited)  
For the Six Months Period Ended December 31, 2021**

Share capital	Capital Reserves		Revenue Reserves		Total
	Share premium	Revaluation surplus on property, plant and equipment	General	Unappropriated profit	

----- Rupees in thousand -----

Balance as at June 30, 2021 (audited)	95,063	19,445	1,771,898	654,055	286,390	2,826,851
Total comprehensive income for the period of six months ended December 31, 2021	0	0	0	0	75,834	75,834
Revaluation surplus on property, plant and equipment realised during the period on account of incremental depreciation (net of deferred taxation)	0	0	(2,600)	0	2,600	0
Share of revaluation surplus on property, plant and equipment of Associated Companies	0	0	(3,813)	0	0	(3,813)
Effect of items directly credited in equity by Associated Companies	0	0	0	0	2,644	2,644
<b>Balance as at December 31, 2021 (un-audited)</b>	<b>95,063</b>	<b>19,445</b>	<b>1,765,485</b>	<b>654,055</b>	<b>367,468</b>	<b>2,901,516</b>
Balance as at July 01, 2020 - (audited)	95,063	19,445	1,783,140	654,055	203,825	2,755,528
Total comprehensive income for the period of six months 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)
<b>Balance as at December 31, 2020 (un-audited)</b>	<b>95,063</b>	<b>19,445</b>	<b>1,778,489</b>	<b>654,055</b>	<b>295,131</b>	<b>2,842,183</b>


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



**Azher Iqbal**  
Chief Financial Officer

**Notes to the Condensed Interim Financial Statements (Un-audited)  
For the Six Months Period Ended December 31, 2021**

**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 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.

**2.2** These condensed interim financial statements do not include all of the information required for 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, 2021. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

**2.3** These condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017. The figures for the six months period ended December 31, 2021 have, however, been subjected to limited scope review by the external Auditors.

**2.4 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.

**2.5 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 adopted for 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, 2021.

**3.1 Initial application of standards, amendments or an interpretation to existing standards**

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

**a) Standards, amendments and interpretations to accounting standards that are effective in the current period**

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on July 01, 2021 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 interim financial statements.

**b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company**

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

**4. Accounting estimates and judgments**

**4.1** The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

**4.2** In preparing these condensed interim financial statements, 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, 2021.

**5. Property, plant and equipment**

		Un-audited Dec. 31, 2021	Audited June 30, 2021
	Note	(Rupees in thousand)	
Operating fixed assets	5.1	1,252,005	1,252,394
Capital work-in-progress		3,444	277
Right of use assets	5.2	7,664	3,352
		<b>1,263,113</b>	<b>1,256,023</b>

**5.1 Operating fixed assets**

Book value as at June 30, 2021		1,252,394	
Additions during the period:			
- plant & machinery		7,077	
- electric fittings		483	
- vehicles		2,007	
		9,567	
Book value of disposals made during the period		(806)	
Depreciation charge for the period		(9,150)	
<b>Book value as at December 31, 2021</b>		<b>1,252,005</b>	

	Note	Un-audited Dec. 31, 2021 (Rupees in thousand)
<b>5.2 Right of use assets</b>		
Book value as at June 30, 2021		3,352
Additions during the period		6,818
Impact of modification		(3)
Depreciation charge for the period		(2,503)
<b>Book value as at December 31, 2021</b>		<b>7,664</b>
<b>6. Investments in Associated Companies - Quoted</b>		
<b>Babri Cotton Mills Ltd. (BCM)</b>		
144,421 ordinary shares of Rs.10 each - cost Shareholding held: 3.95%	6.1	1,632
Post acquisition loss and other comprehensive loss brought forward including effect of items directly credited in equity by BCM		(11,874)
Loss for the period - net of taxation		(2,078)
Share of revaluation surplus on property, plant and equipment		34,706
		<b>22,386</b>
<b>Janana De Malucho Textile Mills Ltd. (JDM)</b>		
1,559,230 ordinary shares of Rs.10 each - cost Shareholding held 32.59%	6.2	27,762
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by JDM		386,600
Profit for the period - net of taxation		67,394
Share of revaluation surplus on property, plant and equipment		728,807
		<b>1,210,563</b>
Carrying value under equity method of accounting		1,232,949
Less: impairment loss - BCM		(14,414)
- JDM		(67,173)
		<b>(81,587)</b>
		<b>1,151,362</b>
<b>6.1</b> Although the Company has less than 20% voting rights in BCM as at December 31, 2021 and June 30, 2021, BCM has been treated an Associated Company by virtue of common directorships.		
<b>6.2</b> Market values of the Company's investments in BCM and JDM as at December 31, 2021 were Rs.5.520 million (June 30, 2021: Rs.7.972 million) and Rs.112.311 million (June 30, 2021: Rs.146.568 million) respectively.		

<b>7. Trade debts - unsecured</b>	<b>Note</b>	<b>Un-audited Dec. 31, 2021 (Rupees in thousand)</b>	<b>Audited June 30, 2021</b>
Considered good		<b>593,770</b>	189,739
Considered doubtful		<b>31,240</b>	31,240
		<b>625,010</b>	220,979
Less: allowance for expected credit loss		<b>(21,347)</b>	(11,047)
		<b>603,663</b>	209,932
<b>7.1 Provision for impairment</b>			
Balance at beginning of the period / year		<b>11,047</b>	10,856
Charge for the period / year		<b>10,300</b>	191
Balance at end of the period / year		<b>21,347</b>	11,047
<b>8. Surplus on revaluation of property, plant and equipment - net</b>			
Surplus on revaluation of the Company's property, plant and equipment		<b>1,001,972</b>	1,004,572
Share of surplus on revaluation of property, plant and equipment of Associated Companies	<b>6</b>	<b>763,513</b>	767,326
		<b>1,765,485</b>	1,771,898
<b>9. Trade and other payables</b>			
Due to a related party - Gammon Pakistan Ltd.		<b>110</b>	150
Creditors		<b>3,716</b>	4,835
Bills payable		<b>13,741</b>	0
Advances from customers - contract liabilities		<b>4,103</b>	3,330
Security deposits - interest free, repayable on demand		<b>8,700</b>	8,700
Accrued expenses		<b>96,223</b>	79,508
Due to Waqf-e-Kuli Khan		<b>4,949</b>	2,941
Tax deducted at source		<b>109</b>	10
Staff retirement benefits (gratuity) due but unpaid		<b>1,407</b>	1,407
Workers' (profit) participation fund		<b>7,101</b>	1,166
Workers' welfare fund		<b>6,869</b>	5,052
Sales tax payable		<b>6,897</b>	0
Others		<b>379</b>	2,018
		<b>154,304</b>	109,117



<b>10. Taxation - net</b>	<b>Un-audited Dec. 31, 2021 (Rupees in thousand)</b>
Opening balance	11,253
Add: provision made during the period	
- current	18,377
- prior year	(19)
Less: payments / adjustments made during the period against completed assessment	10,504
Closing balance	19,107

**10.1** Income tax assessments of the Company have been completed upto the tax year 2021 i.e. accounting year ended June 30, 2021.

**10.2** There has been no significant change in status of taxation matters during current period as detailed in notes 23.2 to 23.8 to the audited financial statements of the Company for the year ended June 30, 2021.

**10.3** Income tax expense is recognised in each interim period based on best estimate. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate changes.

**11. Contingencies and commitments**

**11.1** 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, 2021.

	<b>Un-audited Dec. 31, 2021 (Rupees in thousand)</b>	<b>Audited June 30, 2021</b>
<b>11.2</b> Commitments against irrevocable letters of credit for raw materials and spare parts	0	58,301

	Quarter ended		Six months period ended	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
<b>12. Sales - net</b>	<b>----- Rupees in thousand -----</b>			
<b>Own manufactured:</b>				
Fabrics and blankets	687,605	432,357	1,034,168	745,483
Waste	138	180	386	180
Processing charges	86	0	86	127
	687,829	432,537	1,034,640	745,790
Less:				
Sales tax	99,071	60,320	153,560	107,142
Trade discount	27,823	0	27,843	0
	126,894	60,320	181,403	107,142
	560,935	372,217	853,237	638,648

**13. Cost of sales**

	Quarter ended		Six months period ended	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
	----- Rupees in thousand -----			
Raw materials consumed	<b>80,699</b>	110,735	<b>148,359</b>	148,866
Salaries, wages and benefits	<b>58,693</b>	46,240	<b>123,621</b>	83,979
Power and fuel	<b>14,052</b>	8,121	<b>31,740</b>	18,461
Stores and spares consumed	<b>6,964</b>	4,250	<b>12,944</b>	6,569
Repair and maintenance	<b>7,889</b>	5,166	<b>19,219</b>	7,607
Depreciation	<b>3,649</b>	3,844	<b>7,269</b>	7,609
Insurance	<b>1,005</b>	830	<b>2,009</b>	1,791
Others	<b>464</b>	375	<b>757</b>	724
	<b>173,415</b>	179,561	<b>345,918</b>	275,606
Adjustment of work-in-process				
Opening	<b>0</b>	0	<b>76,883</b>	51,795
Closing	<b>2,095</b>	(21,959)	<b>(64,788)</b>	(63,749)
	<b>2,095</b>	(21,959)	<b>12,095</b>	(11,954)
Cost of goods manufactured	<b>175,510</b>	157,602	<b>358,013</b>	263,652
Adjustment of finished goods				
Opening stock	<b>0</b>	0	<b>512,157</b>	475,631
Closing stock	<b>246,505</b>	113,249	<b>(234,152)</b>	(277,387)
	<b>246,505</b>	113,249	<b>278,005</b>	198,244
	<b>422,015</b>	270,851	<b>636,018</b>	461,896

**14. Other expenses**

Donation to Waqf-e-Kuli Khan	<b>146</b>	1,123	<b>2,178</b>	1,779
Workers' (profit) participation fund	<b>5,935</b>	2,307	<b>5,935</b>	4,025
Workers' welfare fund	<b>1,571</b>	1,018	<b>2,469</b>	1,613
Provision for impairment of trade debts - net	<b>10,300</b>	122	<b>10,300</b>	122
	<b>17,952</b>	4,570	<b>20,882</b>	7,539

**15. Taxation**

- current	<b>18,377</b>	12,747
- prior year	<b>(19)</b>	0
- deferred	<b>15,097</b>	8,925
	<b>33,455</b>	21,672

**16. Transactions with related parties**

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

	Six months period ended	
	Dec. 31, 2021	Dec. 31, 2020
<b>i) Associated Companies</b>	<b>Rupees in thousand</b>	
Expenses shared	1,344	1,074
Rent of marketing office	1,471	1,225
Rent of internal audit office	180	75
Purchase of raw materials	5,419	0
<b>ii) Key management personnel</b>		
Salary and other employment benefits	40,040	30,792
<b>16.2 Period-end balance was as follows:</b>		
Payable to Gammon Pakistan Ltd. (grouped under trade and other payables)	110	75

**17. Financial risk management**

**17.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the year ended June 30, 2021.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2021.

**17.2 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. Further, there were no reclassifications of financial assets.

**18. Corresponding figures**

The comparative condensed interim statement of financial position presented in these condensed interim financial statements has been extracted from the audited financial statements of the Company for the year ended June 30, 2021, 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, 2020.

**19. 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, 2022.



Shahnaz Sajjad Ahmad  
Chief Executive



Lt. Gen (Retd)  
Ali Kuli Khan Khattak  
Director



Azher Iqbal  
Chief Financial Officer

If undelivered, please return to  
Share Department

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