57th

Annual Report 2017

BIBOJEE GROUP

BANNU

WOOLLEN MILLS LIMITED

Bannu Woollen Mills Ltd.

بسم الله الرحمن الرحيم

CONTENTS

COMPANY'S PROFILE

Board of Directors	Lt. Gen. (Retd) Ali Kuli Khan Khattak	Chairman
	Mr. Raza Kuli Khan Khattak	
	Mrs. Shahnaz Sajjad Ahmad	Chief Executive
	Mr. Ahmad Kuli Khan Khattak	
	Mr. Mushtaq Ahmad Khan, FCA	
	Mr. Gohar Ayub Khan	
	Syed Zubair Ahmed Shah (NIT)	
	Mr. Ahmad Zeb Khan (Independent)	
	Mr. Muhammad Kuli Khan Khattak	
Audit Committee	Mr. Ahmad Zeb Khan	Chairman
	Lt. Gen. (Retd) Ali Kuli Khan Khattak	Member
	Mr. Ahmad Kuli Khan Khattak	Member
Human Resource & Remuneration Committee	Lt. Gen. (Retd) Ali Kuli Khan Khattak	Chairman
	Mrs. Shahnaz Sajjad Ahmad	Member
	Mr. Ahmad Kuli Khan Khattak	Member
Chief Financial Officer	Mr. A.R. Tahir Chief Operating Officer (COO)	
Company Secretary	Mr. Azher Iqbal APFA	
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	Management & Registration Services (Pvt) Limited. Business Executive Centre, F/17/3, Block 8, Clifton, Karachi Phone 021-35369174, 35375127-29 Fax. 021-35820325 E-Mail: Registrationservices@Live.Co.Uk	
Registered Office	Bannu Woollen Mills Ltd D.I.Khan Road, Bannu Tel. (0928) 615131, 611350 Fax. (0928) 611450 E-Mail: bannuwoollen@yahoo.com Web Site: www.bwm.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	

VISION

"TO BE MARKET LEADERS IN WOOLLEN/BLENDED FABRICS, BLANKETS & SHAWLS, BUILDING COMPANY IMAGE THROUGH INNOVATION AND COMPETITIVENESS, ENSURING SATISFACTION TO CUSTOMERS' AND STAKEHOLDERS AND TO FULFILL SOCIAL OBLIGATIONS."

MISSION STATEMENT

"LEAD PRODUCER OF QUALITY WOOLLEN/BLENDED FABRICS, BLANKETS & SHAWLS, WE SHALL BUILD ON OUR CORE COMPETENCIES AND ACHIEVE EXCELLENCE IN PERFORMANCE. WE AIM AT EXCEEDING EXPECTATIONS OF ALL STAKEHOLDERS. WE TARGET TO ACHIEVE TECHNOLOGICAL ADVANCEMENTS TO INCULCATE THE MOST EFFICIENT, ETHICAL AND TIME TESTED BUSINESS PRACTICES IN OUR MANAGEMENT.

WE SHALL STRIVE TO INNOVATE AND INTRODUCE ALTERNATE USES OF PRODUCTS TO BROADEN OUR CUSTOMER BASE TO HELP STRENGTHEN THE PHYSICAL INFRASTRUCTURE OF THE COUNTRY."

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 57th Annual General Meeting of the Company will be held on Monday the November 27, 2017 at 09.00a.m.at its registered office - Mills premises, D.I. Khan Road, Bannu, to transact the following business.

A. ORDINARY BUSINESS:

1. To confirm the minutes of the Extraordinary General Meeting held on June 13, 2017.

2. To receive, consider and adopt the annual audited Financial Statements of the Company for the year ended June 30, 2017 together with the directors' and auditors' reports thereon.

3. To consider and, if thought fit, approve the final cash dividend @ 50% i.e. Rs.5/- per share as recommended by the Board of Directors for the financial year ended June 30, 2017.

4. To appoint Auditors for the financial year 2017-18 and fix their remuneration. The Board on the recommendation of Audit Committee has proposed the appointment of M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants, Lahore. The retiring Auditors being eligible have offered themselves for re-appointment.

B. SPECIAL BUSINESS:

5. To consider passing of the following ordinary resolutions as directed by the SECP vide its S.R.O 470(I)2016 dated May 31, 2016 to transmit the Annual Financial Statements to members of the company through CD/DVD/USB instead of hard copies thereof.

   RESOLVED THAT transmission/circulation of the annual Financial Statements, Directors and auditor's reports of the company, to its members through CD/DVD/USB instead of hard copies at their registered addresses as per requirements of Notification No.SRO 470 dated May 31, 2016 issued by the SECP be and is hereby approved

   FURTHER RESOLVED THAT the standard Request Form shall be posted on the Company's website for the purpose of requisitioning by any member, hard copies of the said Financial Statements.

   FURTHER RESOLVED THAT that Chief Executive Officer or Company Secretary (any one of them) be and is hereby authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents as may be necessary or incidental for the purposes of implementing this resolution".

6. **APPROVAL OF LEASE AGREEMENT OF PREMISES OF AN ASSOCIATED COMPANY GAMMON PAKISTAN LTD.**

   To consider and, if thought fit to pass the following Resolution as Special Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 208 and all other applicable provisions, if any, of the Companies Act, 2017 (the Act), the approval of the members of the Company be and is hereby accorded to the Board of Directors to enter into lease agreement with an Associated Company, Gammon Pakistan Limited (GPL) with respect to the leasing of GPL property for use of Company's marketing office and opening of a retail outlet.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statuary, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effects to this Resolution."

7. To consider any other business with the permission of the Chair.

By order of the Board

Azher Iqbal
Company Secretary

Bannu
Dated: November 05, 2017

NOTES:

BOOK CLOSURE:

1. The Share transfer books of the Company shall remain closed from November 21, 2017 to November 27, 2017 (both days inclusive). The shares received in the Company's shares Registrar's office mainly Management & Registration Services (Pvt) Limited, Business Executive Centre, F-17/3, Block 8, Clifton, Karachi before close of business hours on November 20,2017will be considered in order for registration in the name of the transferees.

COMPUTERIZED NATIONAL IDENTITY CARD (CNIC)

2. The Securities & Exchange Commission of Pakistan (SECP) vide its SRO 779 (I)/2011 dated August 18, 2011, SRO 831(I)/2012 dated July 5, 2012 and SRO 19 (I)/2014 dated January 10, 2014 has made it mandatory that the dividend warrants should bear the Computerized National Identity Card Number (CNIC) of the registered member or authorized person, except in the case of minor(s) and corporate members. Therefore members or their authorized representatives who have not yet provided an attested copy of their valid CNICs to the Company/ Share Registrar are requested to provide the same at their earliest to avoid any inconvenience.

WITHHOLDING TAX ON DIVIDEND

3. Please note that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2017 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders @15% and 20% respectively. According to clarification received from Federal Board of Revenue (FBR) withholding tax will be determined separately on 'Filer, Non-Filer' status of Principal shareholder as well as Joint Holder(s) based on their shareholding proportions, in case ofjoint accounts.

In this regard, all shareholders who hold shares jointly, are requested to provide shareholding proportions of Principal shareholder and Joint Holder(s) in respect of shares held by them to our Share Registrar, in writing as follows

<table>
<tr><th rowspan="2">Folio / CDS Account #</th><th rowspan="2">Total Shares</th><th colspan="2">Principal Shareholder</th><th colspan="2">Joint Shareholder</th></tr>
<tr><th>Name and CNIC #</th><th>Shareholding Proportion (No. of Shares)</th><th>Name and CNIC #</th><th>Shareholding Proportion (No. of Shares)</th></tr>
</table>

The required information must reach our Share Registrar by November 15,2017otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s)

Shareholders, who are filers, are advised to make sure that their names are entered into latest Active Taxpayer List (ATL) provided at FBR website htrp://www.fbr.gov.pk/ at the time of payment of dividend, otherwise they shall be treated as non-filers and tax on cash dividend will be deducted @ 20%.

Shareholders claiming tax exemption under clause 47(B) of Part IV of the Second Schedule of Income Tax Ordinance, 2001 or under any other provision of the law are requested to provide valid exemption certificate or copy of stay order, if any, before the date of book closure, to the Share Registrar of the Company as required vide FBR clarification letter No. 1(43) DG (WHT)/2008 - Vol. II- 66417-R dated 12 May 2015. In case of non-submission of the requisite documents, deduction of tax under relevant sections shall be made as per requirements of law.

DIVIDEND MANDATE

4. Under the provisions of Section 242 of the Companies Act, 2017 it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

   Further SECP through circular no. 18 / 2017 has provided relaxation till October 31, 2017 for compliance with this section and required listed Companies to approach their shareholders for obtaining electronic dividend mandate, update their bank account records and put a system in place, as all dividend payments with effect from November 01, 2017 shall be paid through electronic mode only.

   Therefore, all shareholders are hereby advised to provide details of their bank mandate specifying: (i) title of account(ii) account number (iii) bank name (iv) branch name, code and address to share Registrar to M/s Management & Registration Services (Pvt.) Limited, Business Executive Centre, F-17/3, Block 8, Clifton, Karachi, Pakistan. Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide the mandate to the concerned broker / CDC.

   Standard request form is available at the Company's website i.e. www.bwm.com.pk

CHANGE IN ADDRESSES AND CONSOLIDATION OF FOLIOS:

5. Members of the Company are requested to immediately notify the change of address, if any, and ask for consolidation of their folio numbers.

PARTICIPATION IN ANNUAL GENERAL MEETING:

6. Any member entitled to attend and vote at this meeting shall be entitled to appoint any other member as his/her proxy to attend and vote in respect of him/her and the proxy instrument shall be received by the Company not later than 48 hours before the date of the meeting.

INSTRUCTIONS FOR CDC ACCOUNT HOLDERS:

7. CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan;

a. For attending the meeting:

i. In case of account holders of CDC their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his original National Identity Card (N.I.C.) or Original Passport at the time of attending the Meeting.

ii. In case of corporate entity the Board of Directors' Resolution/Power of Attorney with certified specimen signature of the nominee shall be produced at the time of the meeting.

b. For appointing proxies

i. In case of individuals account holder of CDC registration details are uploaded as per the regulations shall submit the proxy form as per the above requirements along with attested copies of N.I.C. or the Passport of the beneficial owner and shall be furnished with proxy form.

ii. The proxy shall produce his original N.I.C. or original Passport at the time of the meeting.

iii. In case of corporate entity the Board of Directors' Resolution/Power of Attorney with specimen signature shall be submitted along with proxy form to the company.

c. CDC Account Holders and Sub-account Holders, whose Registration details are available in Share Book Detail Report shall have to produce respective Original Computerized National Identity Cards (CNIC) or Original Passports for the purpose of identification to participate in the Annual General Meeting, Such Account Holders and Sub Account Holders should know the CNIC Numbers and CDC Account Number ofthe respective partner and should bring the same along with them. In case of Proxy, the person should positively attach the attested copy of the CNIC or passport. In case of corporate member's representative, usual documents should be accompanied for the same purpose.

VIDEO LINK FACILITY:

8. Persuant to SECP's circular No. 10 dated May 21st, 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video-link at least [10] days prior to date of meeting, the Company will arrange video-link facility in the city subject to availability of such facility in that city.In this regard, please fill the following form and submit to registered address of the Company 7 days before holding of the Annual General Meeting:-

I/We, ______________________ of ___________________ holder of ________ Ordinary shares as per Register Folio No. ________ hereby opt for video conference facility at _______________. __________________ Signature of member

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 IN RESPECT OF SPECIAL BUSINESS:

The following statement sets out the material facts pertaining to the Special Business to be passed at the Annual General Meeting of the company scheduled to be held on Monday the November 27, 2017

Item No. 6 of the Notice:

The Board of Directors recommends to the members to approve the lease agreement with Gammon Pakistan Ltd. (an Associated Company). The total area rent out will be 5,225 square feet with rate per square feet ranging from Rupees 210 to Rupees 275 per square feet aggregating the amount of rent per month be Rupees 1,341,250 per month.

None of the Directors of the Company have any personal interest in the aforesaid Special Resolutions except in their capacity as Shareholders or Directors of the Companies.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Bannu Woollen Mills Ltd. take pleasure in presenting the Directors' report along with 57th annual report and audited financial statements for the year ended June 30, 2017.

FINANCIAL PERFORMANCE OF THE COMPANY FOR THE YEAR, 2016-17

We are pleased to report that your Company has earned profit before tax amounting Rs.93.971 million (2016: Rs. 102.562 million) including the share of loss of Associated Companies amounting Rs. 3.922 million (2016: share of profit Rs. 3.709 million) and profit after tax amounting Rs. 67.725 million (2016: Rs. 74.624 million).

FINANCIAL RESULTS

Current year's results compared with last year are given as under:

	Year ended June 30,	
	2017	2016
	---- (Rupees in '000) ----	
Sales – Net	**793,305**	749,408
Gross Profit	**262,013**	238,802
Profit from Operations	**101,996**	104,360
Profit before Taxation	**93,971**	102,562
Profit after Taxation	**67,725**	74,624

DIVIDENDS AND APPROPRIATIONS

Considering the current financial position, the directors have recommended cash dividend of Rs. 5 per share i.e. 50% (June 30, 2016: Rs. 5 per share). Accordingly, the appropriation of profit will be as under:

	Year ended June 30,	
	2017	2016
	---- (Rupees in '000) ----	
Profit available for appropriation	**87,263**	79,923
Appropriation:		
Transfer to General Reserve	**39,000**	32,000
Cash Dividend 50% (2016: 50%)	**47,532**	47,532
	86,532	79,532
Un-appropriated profit carried forward	**731**	391

EARNINGS PER SHARE

The basic and dilutive earnings per share after tax is Rs. 7.12(2016: Rs. 7.85)

OPERATING PERFORMANCE

With the installed capacity of 3,794 woollen spindles and 50 shuttle less looms (2016: capacity was 3,794 woollen spindles and 50 shuttle less looms), the Company has produced 1,315,794 Kgs of 5 Nm of count yarn and 1,585,338 meters cloth based on 30 picks in year under review as compared to 1,430,401 Kgs of 5 Nm of count yarn and 1,538,136 meters cloth based on 30 picks for the year ended June 30, 2016. Production during the year increased by 47,202 meters 3.07% as compared to the last year. The production of shirting cloth has increased by 12.78% over the last year as demand of that fabric increased over the past years. The production of coarse fabric remained on lower side due to declining demand from consumers.

FUTURE PROSPECTS

Keeping in view of the market opportunities, the management of the Company is focused to replace the old machinery with new to enhance production capacity and quality. The Marketing function is also striving for development of new products & markets and has launched its summer product during the end of this financial year, which has slightly impacted the sales revenue of the Company; however the impact in next financial year will be on higher side. They have also developed the new designs of existing winter products which were well appreciated by the mills' dealers and they have placed orders for the coming winter season. The Company is optimistic in using its marketing function to further grow and hopes to strengthen operating results by volume benefits in coming winter season.

Going forward, we remain committed to improve the way we work, to be more professional, efficient and profitable to deliver sustained return to our shareholders in a well-diversified manner.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of your Company are aware of their responsibilities under the Code of Corporate Governance (CCG) incorporated in the Listing Rules of Pakistan Stock Exchange (PSX) under instructions from the Securities & Exchange Commission of Pakistan. Your Company has taken all necessary steps to ensure Good Corporate Governance and full compliance of the Code. The Board regularly reviews the Company's strategic direction. Annual plans and performance targets for business as are set by Chief Executive and reviewed in total by the Board in the light of Company's overall objectives.

As part of compliance of the code, we confirm the following:

1. The financial statements, prepared by the management of Bannu Woollen Mills Ltd., present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgments.
3. The Company has maintained proper books of account.
4. International accounting standards, as applied in Pakistan, have been followed in preparation of these financial statements and departures there from have been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as on-going process with objective to strengthen the controls and bring improvements in the system.
6. There are no doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.
8. There are no statutory payments on account of taxes, duties levies and charges which are outstanding as at June 30, 2017, except for those disclosed in the financial statements.

COMMUNICATION

The Company places great importance on the communication with the shareholders. Annual, half yearly and quarterly reports are distributed to them within the time specified in the Companies Ordinance, 1984. The Company's activities are updated on its web site www.bwm.com.pk, on timely basis.

CORPORATE SOCIAL RESPONSIBILITY

The Company considers social, environmental and ethical matters in the context of the overall business environment. The Company is committed to make conscious effort to consider and balance the interest of all stakeholders, in particular the community in which we live and who form our customer base.

BOARD OF DIRECTORS

Company's Board comprises of one independent, six nonexecutive directors (including chairman) and two executive directors. The diverse mix of gender, knowledge, expertise and skill sets of the members enhances the effectiveness of our Board. Our Board composition represents the interests of all categories of shareholders.
Apart from their mandatory job requirements, the performance of the Board of our Company is evaluated regularly along the following parameters, both at individual and team levels.

1. Effectiveness in bringing in a mix of gender, talents, skills and philosophical perspectives.
2. Integrity, credibility, trustworthiness and active participation of members.
3. Follow-up and review of annual targets set by the management.
4. Ability to provide guidance and direction to the Company.
5. Ability to identify aspects of the organization's performance requiring action.
6. Review of succession planning of management.
7. Ability to assess and understand the risk exposures of the Company.
8. Contribution and interest in regard to improving health safety and environment, employment and other policies and practices in the Company.
9. Safeguarding the Company against unnecessary litigation and reputational risk.

The majority of the Board members have the prescribed qualification and experience required for exemption from training programs of Directors pursuant to the clause 5.19.7, of the CCG. All the Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies. The Board had arranged orientation courses of the CCG for its Directors in the previous years to apprise them of their roles and responsibilities.

The overall performance of the Board measured on the basis of the above mentioned parameters for the year was satisfactory. The Board members effectively bring the diversity to the Board and constitute a mix of independent and non-executive directors. The Board is also effective in formulating the corporate goals for the company.

BOARD AUDIT COMMITTEE

Audit Committee was established by the Board to assist the Directors in discharging their responsibilities for Corporate Governance, Financial Reporting Framework and Corporate Control. The Committee consists of three members, all are non-executive directors and the chairman of the committee is an independent director.

The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

The Audit committee has reviewed the quarterly, half-yearly and annual financial statements, besides the internal audit plan, material audit findings and recommendation of internal audit department.

In addition to above meetings, Audit Committee also met with external auditors without Chief Financial Officer (CFO) and Head of Internal Audit (HIA). Audit Committee shall meet the head of internal audit and other Members of the internal audit function without the CFO and the external auditors being present.

HR AND RENUMERATION COMMITTEE

Human resource planning and management is one of the most important focus point at the highest management level. The board has formed an HR and Remuneration Committee. It comprises three Members, of whom two are non-executive directors and the chairman of the committee is a non-executive director. The committee shall be responsible for recommending human resource management policies to the board and recommending to the board the selection, evaluation, compensation (including retirement benefits) of CEO, COO, CFO, Company Secretary and HIA.

MEETINGS OF BOARD AND ITS COMMITTEES IN 2016-17

During the year 2016-17 six board meetings, four audit committee and one HR & Remuneration committee meetings were held. The number of meetings attended by each director during the year is given here under:

Sr. No.	Director	Status	Committee Members		Attendance		
			Board Audit Committee	HR &RC	Board Meetings	Board Audit Committee	HR &RC
1.	Mr. Raza Kuli Khan Khattak	Re-elected on March 29, 2017	-	-	6 / 6	-	-
2.	Lt. Gen (Retd.) Ali Kuli Khan Khattak	Re-elected on March 29, 2017	✓	✓	6 / 6	4 / 4	1 / 1
3.	Mrs. Shahnaz Sajjad Ahmed	Re-elected on March 29, 2017	-	✓	6 / 6	-	1 / 1
4.	Mr. Ahmed Kuli Khan Khattak	Re-elected on March 29, 2017	✓	✓	6 / 6	4 / 4	1 / 1
5.	Mr. Mushtaq Ahmed Khan, FCA	Re-elected on March 29, 2017	✓	-	3 / 6	1 / 3	-
6.	Mr. Gohar Ayub Khan	Re-elected on March 29, 2017	-	-	6 / 6	-	-
7.	Dr. Shaheen Kuli Khan Khattak	Retired on March 31, 2017	-	-	1 / 4	-	-
8.	Syed Zubair Ahmed (NIT)	Re-elected on March 29, 2017	-	-	5 / 6	-	-
9.	Mr. Ahmed Zaib Khan (Independent)	Re-elected on March 29, 2017	✓	-	6 / 6	4 / 4	-
10.	Mr. Muhammad Kuli Khan Khattak	Elected on March 29, 2017	-	-	2 / 2	-	-

Leave of absence was granted to the directors unable to attend the board meetings.
The Board is pleased to report further that Bannu Woollen Mills Limited is compliant with the provisions of best practices of Code of Corporate Governance as on June 30, 2017.

KEY OPERATING AND FINANCIAL DATA (SIX YEARS SUMMARY)
Key operating and financial data of last six years in enclosed.

APPOINTMENT OF AUDITORS
The Company's auditors M/s Shine Wing Hameed Chaudhri & Co., Chartered Accountants, HM House, 7 Bank Square, Lahore retire and being eligible, offer themselves for reappointment. The Board and Board Audit Committee have recommended their reappointment as auditors of the Company for the year 2016-17.

PATTERN OF SHAREHOLDING
The pattern of shareholding of the Company as at June 30, 2017 is annexed to this report.

THANKS AND APPRECIATION
We would like to place on record deep appreciation for the efforts of the executives, officers and other staff members and workers for their hard work, co-operation and sincerity to the Company in achieving the best possible results. The Board also wishes to place on record the appreciations to all banks, customers and suppliers for continued support to the Company with zeal and dedication. The Management is quite confident that these relations and co-operation will continue in the years to come.

For & on behalf of the Board of Directors,

Date 30th October, 2017

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

ڈائریکٹرز رپورٹ برائے حصص داران

کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ اپنی رپورٹ بمعہ 30 جون 2017 کو ختم ہونے والے سال کے لئے کمپنی کی 57ویں سالانہ رپورٹ اور آڈٹ شدہ مالیاتی نتائج پیش کر رہے ہیں۔

کمپنی کی مالی کارکردگی برائے سال 2016-17:

ہم نہایت مسرت کے ساتھ یہ رپورٹ پیش کرتے ہیں کہ کمپنی نے ٹیکس ادا کرنے سے پہلے 93.971 ملین روپے (2016:102.562) کمائے ہیں جس میں متعلقہ کمپنیوں کے نقصان کا حصہ 3.922 ملین روپے (منافع کا حصہ 3.709 ملین روپے :2016) ہے۔ کمپنی نے ٹیکس کی ادائیگی کے بعد 67.725 ملین روپے (74.624 ملین روپے: 2016) منافع کمایا ہے۔

مالیاتی نتائج:

کمپنی کے اس سال کے نتائج پچھلے سال کے موازنہ کے ساتھ درج ذیل ہیں:

	سال کا اختتام	سال کا اختتام
	30 جون 2017	30 جون 2016
	(روپے ہزاروں میں)	
خالص فروخت	**793,305**	749,408
مجموعی منافع	**262,013**	238,802
آپریٹنگ منافع	**101,996**	104,360
قبل از ٹیکس منافع	**93,971**	102,562
بعد از ٹیکس منافع	**67,725**	74,624

ڈیویڈنڈ اور تصرفات

موجودہ مالیاتی پوزیشن پر غور کرنے کے بعد ڈائریکٹرز نے کیش ڈیویڈنڈ -/5 روپے فی حصص جو کہ 50% ہے (5 روپے فی حصص 2016) کی سفارش کی ہے۔

اس کے مطابق منافع کا تصرف درج ذیل ہوگا۔

	سال کا اختتام	سال کا اختتام
	30 جون 2017	30 جون 2016
	(روپے ہزاروں میں)	
تصرفات کے لئے دستیاب منافع	**87,263**	79,923
تصرفات:		
عام ذخائر کی منتقلی	**39,000**	32,000
کیش ڈیویڈنڈ 50% (2016: 50%)	**47,532**	47,532
	86,532	79,532
غیر تصرف شدہ منافع آگے لایا گیا	**731**	391

منافع فی حصص (روپے)

ٹیکس کے بعد بنیادی اور کم سے کم آمدن فی حصص 7.12 روپے ہے (7.85 روپے :2016)

آپریٹنگ کارکردگی:

3794 وولن سپنڈلز اور 50 لومز کی نصب صلاحیت کے ساتھ (3,794 سپنڈلز اور 50 لومز :2016) کمپنی نے موجودہ سال 1,315,794 کلو گرام 5NM سوت اور 1,585,338 میٹر کپڑا 30 پکس کی بنیاد پر تیار کیا (1,430,401 کلوگرام 5Nm سوت اور 1,538,136 میٹر کپڑا 30 پکس :2016)۔ موجودہ سال میں پیداوار پچھلے سال کے مقابلے 47,202 میٹر بڑھی ہے جو کہ 3.07% ہے۔ شرٹنگ کا تھ کی پیداوار پچھلے سال کے مقابلے میں 12.78% بڑھی ہے جیسے کے پچھلے سالوں میں اس کی طلب زیادہ تھی۔ مارکیٹ میں گاہک کی مانگ نہ ہونے کی وجہ سے موٹے اونی کپڑے کی پیداوار کم رہی ہے۔

مستقبل پر نظر:

کمپنی نے موقع نمو پر توجہ مرکوز کر رکھی ہے اور آپریٹنگ نتائج کو نمایاں طور بہتر کرنے کے لئے تعین کر رکھا ہے۔ مارکیٹ کے مواقع کو نظر میں رکھتے ہوئے انتظامیہ پرانی مشینری کو نئی کے ساتھ بدلنے کے لئے کوشاں ہے تا کہ پیداوار اور معیار کو بہتر کیا جا سکے۔ موجودہ مالی سال کے اختتام تک شعبہ مارکیٹنگ گرمیوں کی نئی پیداوار کو مارکیٹ میں متعارف کروانے کے لئے جدوجہد کر رہا ہے۔ جو کہ کمپنی کی فروخت آمدنی پر کچھ اثر انداز ہوا جبکہ اگلے مالی سال میں زیادہ اثر انداز ہوگا۔ شعبہ مارکیٹنگ نے موجودہ سردیوں کی مصنوعات کے نئے ڈیزائن بنائے ہیں جن کی طرف ڈیلرز نے بہت حوصلہ افزائی کی ہے اور انہوں نے آنے والے موسم سرما کے لئے نئے ڈیزائن کے 216,000 میٹر کے آرڈرز دیئے ہیں۔ کمپنی پیداوار کو بڑھانے کے لئے مارکیٹنگ کے لائحہ عمل سے پر امید ہے اور آنے والے موسم سرما میں زیادہ فائدہ مند آپریٹنگ نتائج کی امید کرتی ہے۔

آگے بڑھتے ہوئے ہم اپنے کام کو بہتر کرنے کا ارتکاب کرتے رہیں گے، ہم زیادہ پیشہ وارانہ، موثر اور منافع بخش طریقے سے اپنے سٹیک ہولڈرز کے رزلٹ میں بہتری کے لئے کوشاں ہیں۔

اسٹیٹمنٹ برائے ڈائریکٹرز ذمہ داریاں:

آپ کی کمپنی کے ڈائریکٹرز کوڈ آف کارپوریٹ گورننس میں پاکستان سٹاک ایکسچینج کے قوانین کی فہرست میں شامل اپنی ذمہ داریوں سے آگاہ ہیں جو کہ سکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کے مطابق ہیں۔ آپ کی کمپنی نے بہتر کارپوریٹ گورننس اور ضابطہ کی مکمل تعمیل کے لئے تمام ضروری اقدامات اٹھائے ہیں۔ بورڈ باقاعدگی سے کمپنی کی حکمت عملی کا جائزہ لیتا ہے۔ کاروبار کے لئے سالانہ منصوبہ بندی اور کارکردگی کا اہداف جیسا کہ چیف ایگزیکٹیو کی طرف سے مقرر کیا جاتا ہے اور کمپنی کے مجموعی مقاصد کی روشنی میں بورڈ کی طرف سے جائزہ لیا جاتا ہے۔

کوڈ کی تعمیل کے حصے کے طور پر ہم مندرجہ ذیل کی تصدیق کرتے ہیں:۔

1) بنوں وولن ملز لمیٹڈ کی انتظامیہ کی جانب سے تیار کی جانے والی مالیاتی اسٹیٹمنٹ شفافیت کے ساتھ کمپنی کے اسٹیٹ آف افیئرز، آپریشنز کے نتائج، کیش کے بہاؤ اور ایکوئٹی میں تبدیلیوں کو پیش کرتی ہے۔

2) مالیاتی اسٹیٹمنٹ کی تیاری کے لئے مناسب اکاؤنٹنگ پالیسیاں مسلسل لاگو کی جاتی ہیں اور مالیاتی تخمینے معقول اور دانشمندانہ فیصلوں پر مبنی ہوتے ہیں۔

3) کمپنی اکاؤنٹس کی کتب کو باقاعدہ مرتب رکھتی ہے۔

4) پاکستان میں لاگو ہونے والے انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز پر مالیاتی اسٹیٹمنٹ کی تیاری میں عمل درآمد کیا جاتا ہے اور کسی بھی انحراف کو باقاعدہ ظاہر کیا جاتا ہے۔

5) اندرونی کنٹرول کا نظام بہتر ین انداز میں مرتب کیا گیا ہے۔ موثر انداز میں لاگو کیا گیا ہے اور ساتھ ساتھ اس کی باقاعدہ نگرانی بھی کی جاتی ہے

اندرونی کنٹرول کی نگرانی کا عمل اس مقصد کے ساتھ جاری رہے گا کہ ان کنٹرولز کو مزید بہتر بنایا جائے۔

6) جاری وساری منصوبوں اور امور کی انجام دہی کے لئے کمپنی کی بہترین صلاحیتوں پر کوئی شک نہیں کیا جاسکتا۔

7) لسٹنگ ریگولیشنز میں دی گئی تفصیل کے مطابق کارپوریٹ گورننس کے بہترین طریقوں میں کوئی Material Departure نہیں لیا جاتا۔

8) کسی بھی قسم کی ادائیگی، بطور ٹیکس فرائض کی ادائیگی اور چارجز کی مد میں 30 جون 2017 کو واجب الادا نہیں ہے۔ علاوہ اس کے جو مالیاتی تفصیلات میں ظاہر کی گئی ہے۔

مراسلات:

کمپنی حصص داران کے ساتھ مواصلات قائم رکھنے کی اہمیت پر توجہ مرکوز رکھتی ہے شیئر ہولڈرز کو سالانہ، ششماہی اور سہ ماہی رپورٹس کمپنی آرڈیننس 1984 کے مطابق واضح کردہ وقت کے مطابق ارسال کی جاتی ہیں، کمپنی کی سرگرمیاں ویب سائٹ www.bwm.com.pk پر بروقت اپ ڈیٹ کی جاتی ہیں۔

اجتماعی سماجی ذمہ داری:

کمپنی مجموعی طور پر کاروباری حالات کے تناظر میں سماجی، ماحولیاتی اور اخلاقی معاملات کے بارے میں غور وخوض رکھتی ہے۔ کمپنی اپنے تمام سٹیک ہولڈرز کے بہترین مفاد میں کام کرنے کے لئے پرعزم ہے خاص طور پر اس کمیونٹی میں جس میں ہم رہتے ہیں جو کہ ہمارے لئے کسٹمرز بنانے کا باعث ہے۔

بورڈ آف ڈائریکٹرز:۔

کمپنی کی تشکیل کردہ بورڈ کمیٹی میں ایک آزاد ڈائریکٹر ہے، چھ نان۔ ایگزیکٹو ڈائریکٹرز ہیں (بشمول چیئرمین) اور 2 ایگزیکٹو ڈائریکٹرز ہیں۔ صنف، علم، تجربات اور ارکان کی مہارت کے تجربات ہمارے بورڈ کے اچھے اثرات میں اضافہ کرتے ہیں۔ ہماری بورڈ کی تشکیل ہر قسم کے شیئر ہولڈرز کے مفادات کی نمائندگی کرتی ہے۔

ان کے کاموں کے علاوہ، ہماری کمپنی کے بورڈ کی کارکردگی انفرادی اور ٹیم کی سطح دونوں کے مندرجہ ذیل متعین کے ساتھ باقاعدگی سے جانچا جاتا ہے۔

1) صنف، مہارت اور فلسفیانہ نظریات کے ایک مرکب میں لانے میں اثر اندازی۔

2) سالمیت، بھروسہ، اعتماد اور رکن کی سرگرم شرکت۔

3) انتظامیہ کی طرف سے مقرر کردہ سالانہ اہداف کی پیروی اور جائزہ۔

4) کمپنی کو ہدایات اور رہنمائی فراہم کرنے کی صلاحیت۔

5) انتظامیہ کی کارکردگی کے پہلوؤں کی نشاندہی کرنے کی صلاحیت اور کارکردگی۔

6) انتظامیہ کی کامیابی کے منصوبہ بندی کا جائزہ۔

7) کمپنی کی سرمایہ کاری میں رسک اور اسے سمجھنے کی صلاحیت۔

8) کمپنی میں صحت کی حفاظت، ملازمت وماحول، ودیگر پالیسیوں اور طریقوں کو بہتر بنانے کے حوالے سے شراکت اور دلچسپی دکھانا۔

9) ناممکن خدشات اور غیر ضروری مقدمات کے خلاف کمپنی کی حفاظت۔

بورڈ اراکین کی اکثریت CCG کی شق 5.19.7 کے مطابق ڈائریکٹرز کے تربیتی پروگراموں سے استثنیٰ کے لئے ضروری اہلیت اور تجربہ رکھتی ہے۔ تمام ڈائریکٹرز، کارپوریٹ ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں کے ساتھ مکمل طور پر واقف ہیں۔ بورڈ نے گذشتہ سالوں میں اپنے ڈائریکٹرز کے کردار اور ذمہ داریوں کی حوصلہ افزائی لئے کوڈ آف کارپوریٹ گورننس کے تعارفی کورس کا انتظام بھی کیا ہے۔

مندرجہ بالا تعین کردہ ہدایات کی بنیاد پر بورڈ کی مجموعی سالانہ کارکردگی تسلی بخش ہے۔ بورڈ کے اراکین میں بورڈ کے لائحہ عمل کے تحت کو موثر انداز میں

ترتیب دیا جس میں ایک آزاد اور نان ایگزیکٹو ڈائریکٹرز ہیں۔ بورڈ کمیٹی کے متعین کردہ مقاصد کو تشکیل دینے میں بھی موثر ہے۔

بورڈ آڈٹ کمیٹی:

بورڈ نے ڈائریکٹرز کی کارپوریٹ گورننس، مالیاتی رپورٹنگ، کارپوریٹ کنٹرول کی ذمہ داریوں کو نبھانے میں مدد کے لیے بورڈ آڈٹ کمیٹی تشکیل دی گئی ہے۔ کمیٹی تین ممبران پر مشتمل ہے۔ تمام نان۔ ایگزیکٹو ڈائریکٹرز پر مشتمل ہے اور کمیٹی کا سربراہ ایک آزاد ڈائریکٹر ہے۔

آڈٹ کمیٹی کا اجلاس عبوری اور فائنل اکاؤنٹ کی پہلے منظوری کے لئے ہر سہ ماہی میں ایک بار میں منعقد ہوتا ہے اور یہ کارپوریٹ گورننس کی تعمیل کے لئے ہے۔ کمیٹی کے قواعد وضوابط بنائے گئے ہیں اور کمیٹی کو ان کی تعمیل کے لئے کہا جاتا ہے۔

آڈٹ کمیٹی نے انٹرنل آڈٹ منصوبہ جات، آڈٹ کے نتائج کا مواد اور انٹرنل آڈٹ ڈیپارٹمنٹ کی تجویز کے علاوہ عبوری، ششماہی اور سالانہ مالی نتائج کا جائزہ لیا ہے۔

مندرجہ بالا کے علاوہ، آڈٹ کمیٹی ایکسٹرنل آڈیٹر سے چیف فنانشل آفیسر اور ہیڈ آف انٹرنل آڈیٹر کی غیر موجودگی میں ملتی ہے۔ آڈٹ کمیٹی ہیڈ آف انٹرنل آڈیٹر سے چیف فنانشل آفیسر اور ایکسٹرنل آڈیٹر کی غیر موجودگی میں ملتی ہے۔

انسانی وسائل کے انتظامات:

انسانی وسائل کی منصوبہ بندی اور انتظامات، کمپنی کی سینئر مینجمنٹ کے اہم تحفظات میں سے ایک ہے۔ کمپنی نے ایک ہیومن ریسورس ریمیونریشن کمیٹی تشکیل دی ہے۔ جو کہ تین اراکین پر مشتمل ہے جس میں 2 نان۔ ایگزیکٹو ڈائریکٹرز ہیں اور کمیٹی کا سربراہ بھی ایک نان۔ ایگزیکٹو ڈائریکٹر ہے۔ کمیٹی بورڈ میں انسانی وسائل کے انتظام اور پالیسیوں کی تجویز کے لئے ذمہ دار ہوگی اور بورڈ کی سفارشات میں CEO, COO, CFO، کمپنی سیکرٹری اور HIA کے انتخابات، جانچ، مشاہدے (بشمول ریٹائرمنٹ میں سہولیات) شامل ہیں۔

سال 17-2016 میں بورڈ اور اس کی کمیٹیوں کے اجلاس:

سال 17-2016 کے دوران چھ بورڈ کے اجلاس، بورڈ آڈٹ کمیٹی کی چار، ہیومن ریسورس اینڈ ریمیونریشن کی ایک میٹنگ منعقد کی گئی، ڈائریکٹرز کی اس سال کی حاضری درج ذیل ہے:۔

نمبر شمار	ڈائریکٹرز	اسٹیٹس	کمیٹی اراکین		حاضری		
			بورڈ آڈٹ کمیٹی	ہیومن ریسورس اینڈ ریمیونریشن کمیٹی	بورڈ میٹنگ	بورڈ آڈٹ کمیٹی	ہیومن ریسورس اینڈ ریمیونریشن کمیٹی
1.	رضا قلی خان خٹک	Re-elected on March 29, 2017	-	-	6 / 6	-	-
2.	لیفٹیننٹ جنرل ریٹائرڈ علی قلی خان خٹک	Re-elected on March 29, 2017	✓	✓	6 / 6	4 / 4	1 / 1
3.	بیگم شہناز سجاد احمد	Re-elected on March 29, 2017	-	✓	6 / 6	-	1 / 1
4.	احمد قلی خان خٹک	Re-elected on March 29, 2017	✓	✓	6 / 6	4 / 4	1 / 1
5.	مشتاق احمد خان (FCA)	Re-elected on March 29, 2017	✓	-	3 / 6	1 / 3	-
6.	گوہر ایوب خان	Re-elected on March 29, 2017	-	-	6 / 6	-	-
7.	ڈاکٹر شاہین قلی خان خٹک	Retired on March 31, 2017	-	-	1 / 4	-	-
8.	سید زبیر احمد (NIT)	Re-elected on March 29, 2017	-	-	5 / 6	-	-
9.	احمد زیب خان (آزاد)	Re-elected on March 29, 2017	✓	-	6 / 6	4 / 4	-
10.	محمد قلی خان خٹک	Elected on March 29, 2017	-	-	2 / 2	-	-

جو ڈائریکٹرز میٹنگ میں شرکت سے قاصر تھے انہیں چھٹی دے دی گئی۔

بورڈ پر مسرت ہے کہ بنوں وولن ملز لمیٹڈ نے 30 جون 2017 کوڈ آف کارپوریٹ گورننس کی دفعات کی تعمیل کی ہے۔

اہم آپریٹنگ اور مالیاتی اعداد و شمار (6 سالہ خلاصہ)

پچھلے 6 سال کے اہم آپریٹنگ اعداد و شمار اس رپورٹ میں منسلک ہیں۔

آڈیٹرز:

سبکدوش ہونے والے آڈیٹر میسرز شائن ونگ حمید چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بنیاد پر خود کو دوبارہ تقرری کے لئے پیش کیا ہے، بورڈ آڈٹ کمیٹی نے آڈیٹرز کی سال 17-2016 کے لئے دوبارہ تقرری کے لئے سفارش کی ہے۔

شیئر ہولڈنگ کا طریقہ کار:

کمپنی کی 30 جون 2017 کی شیئر ہولڈنگ کا طریقہ کار اس رپورٹ میں درج ہے۔

شکریہ اور قدر دانی:

ہم اپنی انتظامی ٹیم کی مخلصانہ کوششوں کے بے حد شکر گزار ہیں جن کے تعاون اور اخلاص سے کمپنی نے اتنے اچھے نتائج حاصل کئے۔ بورڈ اپنے بینکرز، کسٹمرز اور سپلائرز کا بھی بے حد ممنون و مشکور ہے جنہوں نے جوش اور لگن سے کمپنی کی مسلسل حمایت کی۔ انتظامیہ پر اعتماد ہے کہ آنے والے سالوں میں بھی یہ تعلقات اور تعاون جاری رکھے جائیں گے۔

مورخہ 30 اکتوبر 2017ء

بورڈ آف ڈائریکٹرز کی جانب سے

Ali Kuli Khan

لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک
چیئرمین

KEY OPERATING AND FINANCIAL DATA
SIX YEARS SUMMARY

Rs. In million

	2017	2016	2015	2014	2013	2012
Sales (Net)	**793.305**	749.408	796.977	788.882	807.725	663.406
Gross Profit	**262.013**	238.802	248.343	226.353	230.434	192.515
Operating Profit	**101.996**	104.360	106.707	97.376	101.697	101.100
Profit Before Taxation	**93.971**	102.562	96.330	152.076	176.130	135.691
Taxation	**26.246**	27.938	33.433	20.436	30.063	(1.469)
Profit / (loss) After Taxation	**67.725**	74.624	62.897	131.640	146.067	137.160
Dividend	**50%**	50%	30%	0%	* 25%	30%
Earning / (Loss) Per Share	**7.12**	7.85	6.62	13.85	15.37	18.04
Break Up Value Per Share	**112.22**	108.08	101.72	94.88	99.49	85.96
Non-Current Assets	**1,493.376**	1,512.569	1,229.960	1,228.315	1,111.966	1,025.078
Current Assets	**957.879**	748.652	779.446	689.877	674.155	457.201
Total Assets	**2,451.255**	2,261.221	2,009.406	1,918.192	1,786.121	1,482.279
Share Capital	**95.063**	95.063	95.063	95.063	76.050	76.050
Revenue Reserves	**971.763**	932.423	881.440	806.860	680.547	561.921
Equity	**1,066.826**	1,027.486	976.503	901.923	756.597	637.971
Surplus on revaluation of property, plant and equipment	**819.833**	827.453	556.975	563.214	569.656	576.730
Non-Current Liabilities	**278.610**	267.015	237.009	235.050	205.114	179.208
Current Liabilities	**285.986**	139.267	238.919	218.005	254.754	88.370
	564.596	406.282	475.928	453.055	459.868	267.578
Total liabilities	**2,451.255**	2,261.221	2,009.406	1,918.192	1,786.121	1,482.279

* *Bonus Shares*

FORM 34

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. CUIN (Incorporation Number) | 0 | 0 | 0 | 1 | 0 | 8 | 0 |

2. Name of the Company: BANNU WOOLLEN MIILS LIMITED

3. Pattern of holding of the shares held by the shareholders as at | 3 | 0 | | 0 | 6 | | 2 | 0 | 1 | 7 |

4. No. of shareholders		Shareholdings		Total shares held
229		shareholding from 1 to 100		7,174
320		shareholding from 101 to 500		116,903
201		shareholding from 501 to 1,000		179,718
334		shareholding from 1,001 to 5,000		837,183
77		shareholding from 5,001 to 10,000		602,932
27		shareholding from 10,001 to 15,000		339,519
19		shareholding from 15,001 to 20,000		342,871
5		shareholding from 20,001 to 25,000		116,652
4		shareholding from 25,001 to 30,000		115,486
2		shareholding from 30,001 to 35,000		64,996
8		shareholding from 35,001 to 40,000		308,332
6		shareholding from 40,001 to 45,000		255,247
4		shareholding from 45,001 to 50,000		199,000
1		shareholding from 50,001 to 55,000		54,076
2		shareholding from 55,001 to 60,000		113,090
1		shareholding from 60,001 to 65,000		60,050
1		shareholding from 70,001 to 75,000		74,290
1		shareholding from 75,001 to 80,000		75,097
2		shareholding from 80,001 to 85,000		164,176
2		shareholding from 90,001 to 95,000		180,748
1		shareholding from 95,001 to 100,000		95,062
1		shareholding from 100,001 to 105,000		101,238
1		shareholding from 120,001 to 125,000		123,318
2		shareholding from 210,001 to 215,000		427,000
1		shareholding from 400,001 to 405,000		405,000
1		shareholding from 430,001 to 435,000		431,637
1		shareholding from 485,001 to 490,000		485,957
1		shareholding from 730,001 to 735,000		731,626
1		shareholding from 2,495,001 to 2,500,000		2,497,872
1,256		**Total**		**9,506,250**

5. Categories of shareholders	share held	Percentage
5.1 Directors, Chief Executive Officer, and their spouse and minor children.	1,001,575	10.54
5.2. Associated Companies, undertakings and related parties.	3,238,438	34.07
5.3 NIT and ICP	432,574	4.55
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	215,800	2.27
5.5 Insurance Companies	N.A	N.A
5.6 Modarabas and Mutual Funds	19,000	0.20
5.7 Share holders holding 10% Bibojee Services (Pvt.) Ltd.	2,497,872	26.28
5.8 General Public		
a. Local	3,898,586	41.01
b. Foreign	NIL	NIL
5.9 Others		
Joint Stock Companies	610,979	6.47
NBP Employees Pension Fund	42,797	0.45
NBP Employees Benevolent Fund	1,501	0.02
Cdc - Trustee D. G. Khan Cement Ltd. Emp. P. Fund	45,000	0.47

6. Signature of Secretary

7. Name of Signatory: **AZHER IQBAL**

8. Designation: Company Secretary

9. NIC Number: 3 6 3 0 2 - 6 0 3 4 6 2 2 - 7

10. Date: Day 3 0, Month 0 6, Year 2 0 1 7

DETAILS OF PATTERN OF SHAREHOLDING AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

CATEGORIES OF SHAREHOLDERS			SHARES HELD
1.	*ASSOCIATED COMPANIES, UNDERTAKINGS & RELATED PARTIES* :		
	M/S JANANA DE MALUCHO TEXTILE MILLS LTD.		731,626
	M/S BIBOJEE SERVICES (PVT) LTD.		2,497,872
	M/S UNIVERSAL INSURANCE CO. LTD.		8,940
2.	N.I.T. & I.C.P:		
	M/S INVESTMENT CORPORATION OF PAKISTAN		937
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		431,637
3.	*DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN:*		
	Mr. Raza Kuli Khan Khattak	Director	56,573
	Mrs. Shahida Khatoon- Spouse		**20,000
	Lt.Gen.(Retd) Ali Kuli Khan Khattak	Chairman	54,076
	Mrs. Nelofar Ali Kuli Khan- Spouse		95,062
	Mrs. Shahnaz Sajjad Ahmed	Chief Executive	111,435
	Mr. Ahmed Kuli Khan Khattak	Director	56,517
	Mrs. Nasreen Ahmed Kuli Khan - Spouse		101,238
	Mr. Mushtaq Ahmed Khan (FCA)	Director	485,957
	Mrs. SaeedaMushtaq - Spouse		19,687
	Mr. Gohar Ayub Khan	Director	500
	Mr. Ahmad Zeb Khan	Director	10
	Syed Zubair Ahmad Shah (NIT)	Director	500
	Muhammad Kuli Khan Khattak	Director	20
4.	EXECUTIVES		44,487
5.	JOINT STOCK COMPANIES		610,979
6.	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODARBAS & MUTUAL FUNDS		234,800
7.	SHAREHOLDERS HOLDING 5% OR MORE:		
	MR. MUSHTAQ AHMAD KHAN, FCA		*505,644
	M/S BIBOJEE SERVICES (PVT) LTD.		2,497,872
8.	GENERAL PUBLIC & OTHERS		3,943,397

**These shares also include the shares registered in the name of his wife and daughter pledged with bank through CDC.*

***During the year Mrs. Shahida Khatoon, spouse of a director sold 26,475 shares of the Company. The requisite returns in this respect were filed with the regulatory authorities in addition to informing the Board and the stock exchange of the said transactions as required under the CCG. Other than these, the directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the financial year.*

Statement of Compliance with the Code of Corporate Governance

[See clause (**xl**)]

Name of Company **BANNU WOOLLEN MILLS LIMITED**
Year Ending **JUNE 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

CATEGORY	NAMES
Independent Director	Mr. Ahmad Zeb Khan
Executive Directors	Mrs. Shahnaz Sajjad Ahmad Mr. Mushtaq Ahmad Khan, FCA
Non-Executive Directors	Mr. Raza Kuli Khan Khattak Lt. Gen. (Retd) Ali Kuli Khan Khattak Mr. Ahmad Kuli Khan Khattak Mr. Gohar Ayub Khan Mr. Syed Zubair Ahmad (NIT) Mr. Muhammad Kuli Khan Khattak

The independent director meets the criteria of independence under clause 5.19.1(b) of CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The three years term of office of the previous Board ofDirectors was completed and new board comprising of nine directors were elected unopposed for next term of three yearsduring this financial year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Out of nine directors, eight directors have obtained certificate of Directors training program or are exempted from the requirement of Directors Training Program as per the clause 5.19.7 of the Code.
10. The board had already approved the appointment of CFO and Head of Internal Audit including their remuneration and terms and conditions of employment. Further, during the year the board also approved the appointment of Company Secretary including terms and conditions of his employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. During the year the board has reconstituted the Audit Committee. It now comprises of three members, of whom all are non-executive directors and chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. During the year the board has reconstituted the Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors including the chairman of the committee.
18. The Board has set up an effective Internal Audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors haveconfirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained properrecord including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Signature (Name in block letters)	MRS. SHAHNAZ SAJJAD AHMAD (Chief Executive Officer)
CNIC Number	17301-1363131-2

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **BANNU WOOLLEN MILLS LIMITED** (the Company) for the year ended June 30, 2017 to comply with the requirements of Rule 5.19 of the Rule Book of the Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried-out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried-out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Osman Hameed Chaudhri

LAHORE: 30 October, 2017

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **BANNU WOOLLEN MILLS LIMITED** (the Company) as at June 30, 2017 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the repealed Companies Ordinance, 1984;

(b) in our opinion:

- **(i)** the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
- **(ii)** the expenditure incurred during the year was for the purpose of the Company's business; and
- **(iii)** the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Osman Hameed Chaudhri

LAHORE: 30 October, 2017

BALANCE SHEET AS AT JUNE 30, 2017

	Note	2017	2016
ASSETS			
Non-current assets		Rupees in thousand	
Property, plant and equipment	5	**1,119,852**	1,142,667
Intangible assets	6	**112**	150
Investments in Associated Companies	7	**369,131**	366,358
Advances	8	**937**	0
Security deposits		**3,344**	3,394
		1,493,376	1,512,569
Current assets			
Stores and spares	9	**78,905**	66,714
Stock-in-trade	10	**617,366**	486,962
Trade debts	11	**184,080**	64,961
Current portion of advances	8	**916**	180
Advances to employees - unsecured, considered good		**14,363**	8,001
Advance payments		**10,428**	593
Trade deposits and prepayments	12	**1,682**	265
Sales tax refundable		**5,975**	10,324
Income tax refundable, advance tax and tax deducted at source		**31,455**	27,810
Cash and bank balances	13	**12,709**	82,842
		957,879	748,652
TOTAL ASSETS		**2,451,255**	2,261,221
EQUITY AND LIABILITIES			
Equity			
Authorized capital			
20,000,000 (2016: 20,000,000) ordinary shares of Rs.10 each		**200,000**	200,000
Issued, subscribed and paid-up capital	14	**95,063**	95,063
Reserves	15	**884,500**	852,500
Unappropriated profit		**87,263**	79,923
Shareholders' equity		**1,066,826**	1,027,486
Surplus on revaluation of property, plant and equipment	16	**819,833**	827,453
Liabilities			
Non-current liabilities			
Staff retirement benefits - gratuity	17	**203,118**	185,062
Deferred taxation	18	**75,492**	81,953
		278,610	267,015
Current liabilities			
Trade and other payables	19	**111,876**	105,089
Accrued mark-up	20	**1,035**	19
Short term finances	21	**140,330**	0
Current portion of demand finances	22	**0**	2,500
Taxation	23	**32,745**	31,659
		285,986	139,267
Total liabilities		**564,596**	406,282
Contingencies and commitments	24		
TOTAL EQUITY AND LIABILITIES		**2,451,255**	2,261,221

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

Shahnaz Sajjad Ahmad
Chief Executive

Lt. Gen (Retd)
Ali Kuli Khan Khattak
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		Rupees in thousand	
Sales	25	**793,305**	749,408
Cost of Sales	26	**531,292**	510,606
Gross Profit		**262,013**	238,802
Distribution Cost	27	**49,730**	36,098
Administrative Expenses	28	**103,879**	113,901
Other Expenses	29	**9,494**	9,442
Other Income	30	**(3,086)**	(24,999)
		160,017	134,442
Profit from Operations		**101,996**	104,360
Finance Cost	31	**4,103**	5,507
		97,893	98,853
Share of (Loss) / Profit of Associated Companies - net	7	**(3,922)**	3,709
Profit before Taxation		**93,971**	102,562
Taxation	32	**26,246**	27,938
Profit after Taxation		**67,725**	74,624
Other Comprehensive Income / (Loss)			
Items that will not be reclassified to profit or loss:			
- gain / (loss) on remeasurement of staff retirement benefit obligation	17	**1,775**	(2,332)
- share of other comprehensive income / (loss) of Associated Companies (net of taxation)	7	**329**	(6,115)
		2,104	(8,447)
Total Comprehensive Income		**69,829**	66,177
		------- Rupees -------	
Earnings per Share	33	**7.12**	7.85

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

Shahnaz Sajjad Ahmad **Chief Executive**	**Lt. Gen (Retd)** **Ali Kuli Khan Khattak** **Director**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	(Rupees in thousand)	
Cash flow from operating activities		
Profit for the year - before taxation and net share of (loss) / profit on investments in Associated Companies	**97,893**	98,853
Adjustments for non-cash and other charges:		
Depreciation	**40,938**	37,844
Amortization	**38**	38
Unclaimed payable balances written-back	**(112)**	0
Staff retirement benefits - gratuity (net)	**20,591**	21,177
Mark-up on bank deposits and dealers' balances	**(1,385)**	(4,761)
Finance cost	**4,103**	5,507
Workers' welfare fund	**2,295**	2,207
Gain on sale of operating fixed assets	**(560)**	0
Profit before working capital changes	**163,801**	160,865
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets		
Stores and spares	**(12,191)**	(9,327)
Stock-in-trade	**(130,404)**	(14,696)
Trade debts	**(119,119)**	154,590
Advances	**(8,035)**	(6,373)
Advance payments	**(9,835)**	(526)
Trade deposits and prepayments	**(1,417)**	(196)
Sales tax refundable	**4,349**	(5,127)
Increase/(decrease) in trade and other payables	**4,340**	(35,093)
	(272,312)	83,252
Cash (used in) / generated from operations	**(108,511)**	244,117
Taxes paid	**(37,145)**	(49,180)
Net cash (used in) / generated from operating activities	**(145,656)**	194,937
Cash flow from investing activities		
Fixed capital expenditure	**(18,910)**	(29,497)
Sale proceeds of operating fixed assets	**1,347**	0
Security deposits	**(50)**	40
Dividend received on investments	**1,949**	2,339
Mark-up received on bank deposits and dealers' balances	**1,385**	4,761
Net cash used in investing activities	**(14,279)**	(22,357)
Cash flow from financing activities		
Demand finances repaid	**(2,500)**	(10,000)
Short term finances - net	**140,330**	(49,778)
Dividend paid	**(44,941)**	(27,614)
Finance cost paid	**(3,087)**	(5,852)
Net cash generated from /(used in) financing activities	**89,802**	(93,244)
Net (decrease) / increase in cash and cash equivalents	**(70,133)**	79,336
Cash and cash equivalents - at beginning of the year	**82,842**	3,506
Cash and cash equivalents - at end of the year	**12,709**	82,842

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

Shahnaz Sajjad Ahmad
Chief Executive

Lt. Gen (Retd)
Ali Kuli Khan Khattak
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

-

	Share capital	Reserves			Unappr-opriated profit	Total
		Capital	Revenue	Sub-total		
		Share premium	General			
	------------------------- Rupees in thousand-------------------------					
Balance as at June 30, 2015	95,063	19,445	786,055	805,500	75,940	976,503
Transfer	0	0	47,000	47,000	(47,000)	0
Transaction with owners:						
Cash dividend at the rate of Rs. 3 per ordinary share for the year ended June 30, 2015	0	0	0	0	(28,519)	(28,519)
Total comprehensive income for the year ended June 30, 2016:						
- profit for the year	0	0	0	0	74,624	74,624
- other comprehensive loss	0	0	0	0	(8,447)	(8,447)
	0	0	0	0	66,177	66,177
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation) on account of incremental depreciation for the year	0	0	0	0	6,448	6,448
Effect of items directly credited in equity by Associated Companies	0	0	0	0	6,877	6,877
Balance as at June 30, 2016	95,063	19,445	833,055	852,500	79,923	1,027,486
Transfer	0	0	32,000	32,000	(32,000)	0
Transaction with owners:						
Cash dividend at the rate of Rs. 5 per ordinary share for the year ended June 30, 2016	0	0	0	0	(47,531)	(47,531)
Total comprehensive income for the year ended June 30, 2017:						
- profit for the year	0	0	0	0	67,725	67,725
- other comprehensive income	0	0	0	0	2,104	2,104
	0	0	0	0	69,829	69,829
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation) on the account of:						
-incremental depreciation for the year	0	0	0	0	8,501	8,501
-revalued assets sold during the year	0	0	0	0	226	226
Effect of items directly credited in equity by Associated Companies	0	0	0	0	8,315	8,315
Balance as at June 30, 2017	95,063	19,445	865,055	884,500	87,263	1,066,826

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

Shahnaz Sajjad Ahmad
Chief Executive

Lt. Gen (Retd)
Ali Kuli Khan Khattak
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. LEGAL STATUS AND OPERATIONS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Companies Act, 2017, during the year, has been promulgated; however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated its decision that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the repealed Ordinance). Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the repealed Ordinance, provisions of and directives issued under the repealed Ordinance. In case requirements differ, the provisions or directives of the repealed Ordinance shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy notes.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand unless otherwise stated.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below:

(a) Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

(b) Stores & spares and stock-in-trade

The Company estimates the net realizable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditure to make sale.

(c) Provision for impairment of trade debts

The Company assesses the recoverability of its trade debts if there is objective evidence that the Company will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indications that the trade debt is impaired.

(d) Staff retirement benefits - gratuity

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 17.

(e) Income taxes

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

2.5 No critical judgment has been used in applying the accounting policies.

3. CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS

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

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on July 01, 2016 and are considered to be relevant to the Company's operations:

(a) IAS 1, 'Presentation of financial statements' aims to improve presentation and disclosure in the financial statements by emphasizing the importance of comparability, understandability and clarity in presentation.

The amendments provide clarification on number of issues including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- Disaggregation and sub-totals – line items specified in IAS 1 may need to be disaggregated where this is relevant to understandability of entities' financial position or performance. There is also new guidance on the use of sub-totals.
- Other Comprehensive Income (OCI) - arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

The above amendments do not have any significant impact on the Company's financial statements.

(b) Amendments to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets'; it has been clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It has also been clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. These amendments do not have any significant impact on the Company's financial statements.

(c) Amendments to IAS 34 'Interim financial reporting' clarify what is meant by the reference in the standard to information disclosed elsewhere in the interim financial report. Entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements. The amendments only affects disclosures in the Company's financial statements.

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

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2016 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 01, 2016 and have not been early adopted by the Company:

(a) IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18, which covers contracts for goods and services and IAS 11, which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach, entities will recognize transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.

(b) Amendments to IAS 7, 'Statement of cash flows' are applicable to annual periods beginning on or after January 01, 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments only affect disclosures in the Company's financial statements.

(c) IFRS 9, 'Financial instruments' is applicable to accounting periods beginning on or after January 01, 2018. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements.

(d) Amendments to IAS 12, 'Income taxes' in relation to recognition of deferred tax asset for unrealized losses are applicable on accounting periods beginning on or after January 01, 2017. These amendments on the recognition of deferred tax asset for unrealized losses clarify how to account for deferred tax asset related to debt instruments measured at fair value. These amendments do not have a material impact on the Company's financial statements.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company's financial reporting and operations and therefore, have not been presented here.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment and depreciation

These, other than freehold land, buildings on freehold land, plant & machinery and capital work-in-progress, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount whereas buildings on freehold land and plant & machinery are stated at revalued amounts less accumulated depreciation and any identified impairment loss. Capital work-in-progress is stated at cost. Cost of some items of plant & machinery consists of historical cost and exchange fluctuation effects on foreign currency loans capitalized during prior years. Borrowing costs are also capitalized for the period upto the date of commencement of commercial production of the respective plant & machinery, acquired out of the proceeds of such borrowings.

Freehold land, buildings on freehold land and plant & machinery have been revalued on May 31, 2016 and during prior years. Surplus arisen on revaluation of these assets has been credited to surplus on revaluation of property, plant and equipment account in accordance with the requirements of section 235 of the repealed Companies Ordinance, 1984 and shall be held on the balance sheet till realization. Revaluation is carried-out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. The accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount. To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation of these assets (net of deferred taxation) is transferred directly to equity.

Depreciation is taken to profit and loss account applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in Note 5.1. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are taken to profit and loss account as and when incurred. Major renewals and replacements are capitalized and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of property, plant and equipment, if any, is taken to profit and loss account.

4.2 Intangible assets and amortization thereon

Expenditure incurred to acquire computer software are capitalized as intangible assets and stated at cost less accumulated amortization. Amortization is taken to profit and loss account applying straight-line method to amortize the cost of intangible assets over their estimated useful life. Rate of amortization is stated in note 6.1.

4.3 Investments in Associated Companies

Investments in Associated Companies are accounted for by using equity basis of accounting, under which the investments in Associated Companies are initially recognized at cost and the carrying amounts are increased or decreased to recognize the Company's share of profit or loss of the Associated Companies after the date of acquisition. The Company's share of profit or loss of the Associated Companies is recognized in the Company's profit or loss. Distributions received from Associated Companies reduce the carrying amount of investments. Adjustments to the carrying amounts are also made for changes in the Company's proportionate interest in the Associated Companies arising from changes in the Associated Companies' equity that have not been recognized in the Associated Companies' profit or loss. The Company's share of those changes is recognized directly in equity of the Company.

The carrying amount of investments is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognized in profit or loss.

4.4 Stores and spares

Stores and spares are stated at the lower of cost and net realizable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the balance sheet date. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for identified obsolete and slow moving items.

4.5 Stock-in-trade

Basis of valuation are as follows:

<u>Particulars</u>	<u>Mode of valuation</u>
Raw materials:	
- at warehouses	- At lower of annual average cost and net realizable value.
- in transit	- At cost accumulated to the balance sheet date.
Work-in-process	- At lower of cost and net realizable value.
Finished goods	- At lower of cost and net realizable value.
Usable waste	- At estimated realizable value.
Trading goods	- At lower of cost and net realizable value.

Cost in relation to work-in-process and finished goods represents annual average manufacturing cost, which consists of prime cost and appropriate manufacturing overheads.

Provision for obsolete and slow moving stock-in-trade is determined based on the management's assessment regarding their future usability.

Net realizable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

4.6 Trade debts and other receivables

Trade debts are initially recognized at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. Carrying amounts of trade debts and other receivables are assessed at each reporting date and a provision is made for doubtful debts and receivables when collection of the amount is no longer probable. Debts and receivables considered irrecoverable are written-off.

4.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash-in-hand and balances with banks.

4.8 Borrowings and borrowing cost

Borrowings are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost using the effective interest method.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

4.9 Staff retirement benefits (defined benefit plan)

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2017 on the basis of the projected unit credit method by an independent Actuary.

4.10 Trade and other payables

Trade and other payables are initially measured at cost, which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Company.

4.11 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.12 Taxation

(a) Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments, where necessary, relating to prior years, which arise from assessments framed / finalized during the year.

(b) Deferred

The Company accounts for deferred taxation using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognized for taxable temporary differences and deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is charged or credited to the profit and loss account except for deferred tax arising on surplus on revaluation of property, plant and equipment, which is charged to revaluation surplus.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.13 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognized in the period in which these are approved.

4.14 Financial instruments

Financial instruments include deposits, trade debts, other receivables, bank balances, demand finances, trade & other payables, accrued mark-up and short term finances. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.15 Off-setting

Monetary assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

4.16 Foreign currency translation

Foreign currency transactions are recorded in Pak Rupees using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated in Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are taken to profit and loss account.

4.17 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- sales are recorded on dispatch of goods.
- return on deposits is accounted for on 'accrual basis'.
- dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.

4.18 Impairment of non-financial assets

Non-financial assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

4.19 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company’s products, as required by the approved accounting standards, is presented in note 39 to these financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
		(Rupees in thousand)	
Operating fixed assets - tangible	5.1	**1,113,060**	1,121,695
Capital work-in-progress	5.5	**6,792**	20,972
		1,119,852	1,142,667

5.1 Operating fixed assets

Particulars	Freehold land	Buildings on freehold land			Plant & machinery	Weighment and material handling equipment	Tools and equipment	Furniture and fixtures	Electric fittings	Office equipment	Computers and T.V.	Vehicles	Arms	Total
		Factory	Residential	Others										
	---------- Rupees in thousand ----------													
As at June 30, 2015														
Cost / revaluation	495,000	35,102	15,109	19,782	520,191	299	30	734	6,648	877	3,869	29,400	4,016	1,131,057
Accumulated depreciation	0	10,080	4,255	7,544	253,610	249	16	466	3,580	350	2,201	19,291	1,005	302,647
Book value	495,000	25,022	10,854	12,238	266,581	50	14	268	3,068	527	1,668	10,109	3,011	828,410
Year ended June 30, 2016:														
Additions	0	0	0	0	39,148	0	0	435	312	193	504	1,576	0	42,168
Revaluation adjustments:														
-cost / revaluation	247,500	0	0	7,071	0	0	0	0	0	0	0	0	0	254,571
-depreciation	0	3,751	4,713	8,667	17,259	0	0	0	0	0	0	0	0	34,390
Depreciation for the year	0	2,514	1,117	1,346	29,428	5	1	48	322	59	602	2,101	301	37,844
Book value	742,500	26,259	14,450	26,630	293,560	45	13	655	3,058	661	1,570	9,584	2,710	1,121,695
Year ended June 30, 2017:														
Additions	0	762	0	0	30,386	108	15	354	187	172	1,106	0	0	33,090
Disposals:														
- cost / revaluation	0	0	0	0	1,244	0	0	0	0	103	0	1,790	0	3,137
- depreciation	0	0	0	0	917	0	0	0	0	35	0	1,398	0	2,350
Depreciation for the year	0	2,635	1,445	2,663	30,998	13	2	85	309	67	606	1,844	271	40,938
Book value	742,500	24,386	13,005	23,967	292,621	140	26	924	2,936	698	2,070	7,348	2,439	1,113,060
As at June 30, 2016														
Cost / revaluation	742,500	35,102	15,109	26,853	559,339	299	30	1,169	6,960	1,070	4,373	30,976	4,016	1,427,796
Accumulated depreciation	0	8,843	659	223	265,779	254	17	514	3,902	409	2,803	21,392	1,306	306,101
Book value	742,500	26,259	14,450	26,630	293,560	45	13	655	3,058	661	1,570	9,584	2,710	1,121,695
As at June 30, 2017														
Cost / revaluation	742,500	35,864	15,109	26,853	588,481	407	45	1,523	7,147	1,139	5,479	29,186	4,016	1,457,749
Accumulated depreciation	0	11,478	2,104	2,886	295,860	267	19	599	4,211	441	3,409	21,838	1,577	344,689
Book value	742,500	24,386	13,005	23,967	292,621	140	26	924	2,936	698	2,070	7,348	2,439	1,113,060
Depreciation rate (%)		10	10	10	10	10	10	10	10	10	30	20	10	

5.2. Disposal of operating fixed assets

Particulars	Cost / revaluation	Accumulated depreciation	Book value	Sale proceeds	Gain	Sold through negotiation to:
	------------ Rupees in thousand	---------------------				
Plant and machinery						
Paxman Boiler	1,244	917	327	609	282	Mr.Sajjad Bashir, Fabricated Engineers, Nowshera.
Office equipment	103	35	68	68	0	Digital Copier Way, Multan.
Vehicles						
Nissan Sunny	1,517	1,126	391	600	209	Mr.Saleem Akhtar, employee.
Suzuki Khyber	273	272	1	70	69	Mr.Mehmood Ahmad, Bhakkar.
	1,790	1,398	392	670	278	
	3,137	**2,350**	**787**	**1,347**	**560**	

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

	2017	2016
	(Rupees in thousand)	
Freehold land	**152**	152
Buildings on freehold land	**17,459**	18,561
Plant & machinery	**225,823**	218,993
	243,434	237,706

5.4 Depreciation for the year has been apportioned as under:

	2017	2016
Cost of sales	**33,957**	32,270
Administrative expenses	**6,981**	5,574
	40,938	37,844

5.5 Capital work-in-progress

	2017	2016
Plant and machinery	**5,992**	20,972
Advance payment for purchase of vehicle	**800**	0
	6,792	20,972

6. INTANGIBLE ASSETS - Computer software

	2017	2016
Cost at beginning of the year	**188**	0
Additions during the year	**0**	188
Less: amortization :		
- opening balance	**38**	0
- charge for the year	**38**	38
- as at June 30,	**76**	38
Book value as at June 30 ,	**112**	150

6.1 Amortization is charged to income applying straight-line method at the rate of 20% per annum.

7. INVESTMENTS IN ASSOCIATED COMPANIES - Quoted

	Note	2017	2016
		(Rupees in thousand)	
Babri Cotton Mills Ltd. (BCM)			
144,421(2016:144,421) ordinary shares of Rs.10 each - **cost**		**1,632**	1,632
Equity held: 3.95% (2016: 3.95%)	**7.1**		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BCM		**23,040**	22,897
Loss for the year - net of taxation		**(1,171)**	(493)
Share of other comprehensive income / (loss) - net of taxation		**286**	(38)
		23,787	23,998
Janana De Malucho Textile Mills Ltd. (JDM)			
1,559,230 (2016:1,559,230) ordinary shares of Rs.10 - **cost**		**27,762**	27,762
Equity held: 32.59% (2016: 32.59%)			
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by JDM		**322,239**	318,812
Dividend received		**(1,949)**	(2,339)
(Loss) / profit for the year - net of taxation		**(2,751)**	4,202
Share of other comprehensive income / (loss) - net of taxation		**43**	(6,077)
		345,344	342,360
		369,131	366,358

7.1 Although the Company has less than 20 % voting rights in BCM as at June 30, 2017 and 2016, it is presumed that the Company has significant influence over BCM due to majority representation on the board of directors of BCM.

7.2 Market values of the Company's investments in BCM and JDM as at June 30, 2017 were Rs.11.698 million (2016: Rs.14.754 million) and Rs.155.923 million (2016: Rs.209.132 million) respectively.

7.3 BCM was incorporated in Pakistan on October 26, 1970 as a Public Company and its shares are quoted on Pakistan Stock Exchange Ltd. It is principally engaged in manufacture and sale of yarn.

The summary of financial information of BCM based on its audited financial statements for the year ended June 30, 2017 is as follows:

Summarized Balance Sheet	2017	2016
	(Rupees in thousand)	
Non-current assets	**1,599,772**	1,634,131
Current assets	**723,756**	457,202
	2,323,528	2,091,333
Surplus on revaluation of property, plant and equipment	**752,058**	763,234
Deferred income	**2,100**	5,698
Non-current liabilities	**195,887**	247,589
Current liabilities	**771,525**	467,423
	1,721,570	1,483,944
Net assets	**601,958**	607,389
Reconciliation to carrying amount		
Opening net assets	**607,389**	607,039
Loss for the year	**(29,601)**	(12,472)
Incremental depreciation for the year	**15,392**	12,534
Other comprehensive income / (loss) for the year	**7,222**	(961)
Other adjustments	**1,556**	1,249
Closing net assets	**601,958**	607,389
Company's share percentage 3.95% (2016: 3.95%)		
Company's share	**23,777**	23,992
Miscellaneous adjustments	**10**	6
Carrying amount of investment	**23,787**	23,998
Summarized Profit and Loss Account		
Sales	**1,649,638**	1,444,247
Loss before taxation	**(48,121)**	(49,850)
Loss after taxation	**(29,601)**	(12,472)

7.4 JDM was incorporated in Pakistan in the year 1960 as a Public Company and its shares are quoted on Pakistan Stock Exchange Ltd. It is principally engaged in manufacture and sale of yarn.

The summary of financial information of JDM based on its audited financial statements for the year ended June 30, 2017 is as follows:

Summarized Balance Sheet	2017	2016
	(Rupees in thousand)	
Non-current assets	**3,364,100**	3,309,262
Current assets	**1,285,961**	869,769
	4,650,061	4,179,031
Surplus on revaluation of property, plant and equipment	**2,069,654**	2,084,865
Non-current liabilities	**396,031**	433,925
Current liabilities	**1,120,964**	607,450
	3,586,649	3,126,240
Net assets	**1,063,412**	1,052,791
Reconciliation to carrying amount		
Opening net assets	**1,052,791**	1,044,159
(Loss) / profit for the year	**(8,444)**	12,894
Dividend paid during the year	**(5,981)**	(7,177)
Incremental depreciation for the year	**20,832**	18,059
Other comprehensive income / (loss) for the year	**132**	(18,650)
Other adjustments	**4,082**	3,506
Closing net assets	**1,063,412**	1,052,791
Company's share percentage 32.59% (2016: 32.59%)		
Company's share	**346,566**	343,105
Miscellaneous adjustments	**(1,222)**	(745)
Carrying amount of investment	**345,344**	342,360
Summarized Profit and Loss Account		
Sales	**2,515,643**	2,497,962
(Loss) / profit before taxation	**(21,538)**	14,114
(Loss) / profit after taxation	**(8,444)**	12,894

7.5 The management, as at June 30, 2017, has carried out impairment testing of its investments in the Associated Companies as required under IAS 36, 'Impairment of Assets'. The recoverable amount of investments in BCM and JDM amounted Rs.50.712 million (2016: Rs.60.777 million) and Rs.712.458 million (2016: Rs.814.360 million) respectively. The recoverable amounts of investments have been determined using the 'value-in-use' computations. In assessing the value in use, estimated future cash flows have been discounted to their present value using pre-tax discount rates that reflects current market assessments of the time value of money. The pre-tax discount rates applied to cash flow projections by BCM and JDM are 6.13% (2016: 7.04%) and 9.23% (2016: 8.97%) respectively. As a result of the aforementioned impairment testing, the management has concluded that the carrying values of investments in Associated Companies do not exceed the recoverable amounts.

8. ADVANCES - Unsecured

	Note	2017	2016
Advances against salary to executives:		(Rupees in thousand)	
Opening balance		**180**	300
Add: advances made during the year		**2,000**	0
Less: deductions made during the year		**(327)**	(120)
Closing balance		**1,853**	180
Less: recoverable within the following twelve months		**(916)**	(180)
		937	0

8.1 Maximum aggregate amount due from the executives at any month-end during the year was Rs.1,897 thousand (2016: Rs.300 thousand).

9. STORES AND SPARES

	Note	2017	2016
Stores		**34,308**	27,233
Spares		**46,597**	41,481
	9.1	**80,905**	68,714
Less: provision for slow moving stores and spares		**2,000**	2,000
		78,905	66,714

9.1 Inventory valuing Rs.1,355 thousand was in transit as at June 30, 2017; (2016: Rs.33 thousand).

9.2 The Company does not hold any stores and spares for specific capitalization.

10. STOCK-IN-TRADE

	Note	2017	2016
Raw materials:			
- at warehouse	**10.1**	**182,493**	144,271
- in transit		**29,375**	27,393
		211,868	171,664
Work-in-process		**28,879**	36,524
Finished goods			
- own manufactured	**10.1**	**350,606**	278,774
- trading goods		**26,013**	0
		376,619	278,774
		617,366	486,962

10.1 Raw material inventories as at June 30, 2017 include inventories costing Rs.62.899 million (2016: finished goods included inventories valuing Rs.18.507 million), which have been stated at net realizable value; the amount charged to profit and loss account in respect of inventories write down to net realizable value worked-out to Rs.5.519 million (2016: Rs.5.541 million) approximately.

11. TRADE DEBTS - Unsecured - Considered good

Mark-up has been charged on the balances due after normal credit term and grace period at the rates applicable on short term finance facilities as disclosed in note 21.

12. TRADE DEPOSITS AND PREPAYMENTS

	2017	2016
Letters of credit	**1,682**	182
Others	**0**	83
	1,682	265

13. CASH AND BANK BALANCES

	Note	2017 (Rupees in thousand)	2016 (Rupees in thousand)
Cash-in-hand		**365**	1,000
Cash at banks on:			
- current accounts		**5,683**	1,217
- dividend accounts		**580**	192
- PLS accounts	**13.1**	**6,081**	80,433
		12,344	81,842
		12,709	82,842

13.1 These carry profit at the rates ranging from 3.75% to 4.5% (2016: 3.75% to 5.50%) per annum.

14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017 (Numbers)	2016 (Numbers)		2017	2016
2,259,375	2,259,375	Ordinary shares of Rs.10 each fully paid in cash	**22,594**	22,594
7,246,875	7,246,875	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**72,469**	72,469
9,506,250	9,506,250		**95,063**	95,063

14.1 Ordinary shares held by the Associated Companies and an Associate at the year-end:

	2017 (Numbers of shares)	2016 (Numbers of shares)
Janana De Malucho Textile Mills Ltd.	**731,626**	731,626
Bibojee Services (Pvt.) Ltd.	**2,497,872**	2,495,212
The Universal Insurance Company Ltd.	**8,940**	8,940
Waqf-e-Kuli Khan	**0**	2,660
	3,238,438	3,238,438

15. RESERVES

	2017 (Rupees in thousand)	2016 (Rupees in thousand)
Capital		
Share premium reserve:		
859,375 shares @ Rs.7.50 per share issued during the financial year 1991-92	**6,445**	6,445
650,000 right shares @ Rs.20.00 per share issued during the financial year 1993-94	**13,000**	13,000
	19,445	19,445
Revenue - general reserve	**865,055**	833,055
	884,500	852,500

16. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net

16.1 The Company had revalued its freehold land on October 01, 1978, May 15, 1999, June 30, 2004 and February 20, 2011. Buildings on freehold land and plant & machinery were revalued on October 01, 1978, June 30, 2004 and February 20, 2011. These fixed assets were again revalued on March 31, 2012. These fixed assets were revalued by Independent Valuers on the basis of market value / depreciated market values and resulted in revaluation surplus aggregating Rs.683.844 million.

16.2 The Company, as at May 31, 2016, has again revalued its aforementioned operating fixed assets. The latest revaluation exercise has been carried-out by independent Valuers - M/s AXIS Consultants (SMC) Pvt. Ltd., Architects, Engineers and approved Surveyors, 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.288.961 million has been credited to this account to comply with the requirements of section 235 of the repealed Companies Ordinance, 1984. The year-end balance has been arrived at as follows:

	2017	2016
	(Rupees in thousand)	
Opening balance	**865,690**	586,211
Add: surplus arisen on revaluation carried-out during the preceding year	**0**	288,961
Less: transferred to unappropriated profit :		
- on account of incremental depreciation for the year	**(12,320)**	(9,482)
- upon sale of revalued assets	**(327)**	0
	853,043	865,690
Less: deferred tax on:		
- opening balance of surplus	**38,237**	29,236
- surplus arisen during the preceding year	**0**	13,268
- incremental depreciation for the year	**(3,819)**	(3,034)
- sale of revalued assets	**(101)**	0
	34,317	39,470
	818,726	826,220
Resultant adjustment due to reduction in tax rate	**1,107**	1,233
Closing balance	**819,833**	827,453

17. STAFF RETIREMENT BENEFITS - Gratuity

The future contribution rates of this scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation:

Significant actuarial assumptions	**2017**	2016
- discount rate	**7.75%**	8%
- expected rate of growth per annum in future salaries	**6.75%**	7%
- mortality rates	**SLIC 2001-2005**	SLIC 2001-2005
	Setback 1 year	
- withdrawal rates	**Age-based**	Age-based
- retirement assumption	**Age 60**	Age 60

Amount recognized in the balance sheet is the present value of defined benefit obligation at the reporting date.

The movement in the present value of defined benefit obligation is as follows:	2017	2016
	(Rupees in thousand)	
Opening balance	**185,062**	160,505
Current service cost	**13,090**	12,149
Interest cost	**14,087**	20,143
Benefits paid	**(6,586)**	(11,115)
Remeasurements: experience adjustments	**(2,535)**	3,380
Closing balance	**203,118**	185,062
Expense recognized in profit and loss account:		
Current service cost	**13,090**	12,149
Interest cost	**14,087**	20,143
Charge for the year	**27,177**	32,292
Remeasurement recognized in other comprehensive income		
Experience adjustments (net of deferred tax)	**(1,775)**	2,332

Comparison of present value of defined benefit obligation and experience adjustment on obligation for five years is as follows:

	2017	2016	2015	2014	2013
	----------------- Rupees in thousand -----------------				
Present value of defined benefit obligation	**203,118**	185,062	160,505	139,163	120,830
Experience adjustment on obligation	**(1,775)**	2,332	0	(322)	12,865

Year-end sensitivity analysis:	Impact on defined benefit obligation		
	Change in assumption	Increase	Decrease
		Rupees in thousand	
Discount rate	1%	195,293	212,327
Salary growth rate	1%	212,453	195,045

17.1 The average duration of the defined benefit obligation as at June 30, 2017 is 4 years.

17.2 The expected contribution to defined benefit obligation for the year ending June 30, 2018 is Rs.25.900 million.

18. DEFERRED TAXATION - Net

	2017	2016
	(Rupees in thousand)	
This is composed of the following:		
Taxable temporary differences arising in respect of:		
- accelerated tax depreciation allowances	**42,883**	44,336
- surplus on revaluation of property, plant & equipment	**33,209**	38,237
	76,092	82,573
Deductible temporary differences arising in respect of provision against slow moving stores and spares	**(600)**	(620)
	75,492	81,953

19. TRADE AND OTHER PAYABLES

	Note	2017	2016
		(Rupees in thousand)	
Due to an Associated Company (Gammon Pakistan Ltd.)		**840**	100
Creditors		**7,136**	6,702
Bills payable	**19.1**	**17,054**	32,001
Advances from customers		**4,921**	5,795
Security deposits - interest free, repayable on demand		**5,700**	5,500
Accrued expenses		**53,724**	37,004
Workers' (profit) participation fund	**19.2**	**5,369**	5,415
Due to Waqf-e-Kuli Khan	**29.1**	**3,543**	1,820
Tax deducted at source		**436**	150
Workers' welfare fund		**6,774**	6,705
Unclaimed dividends		**6,010**	3,420
Others		**369**	477
		111,876	105,089

19.1 These are secured against the securities as detailed in note 21.

19.2 **Workers' (profit) participation fund** (the Fund)*

	2017	2016
Opening balance	**5,415**	5,183
Less: payments made during the year	**5,415**	5,183
	0	0
Add: allocation for the year	**5,369**	5,415
	5,369	5,415

* The Fund's audit for the year ended June 30, 2016 was carried-out by M/s Inaam ul Haq & Co., Chartered Accountants, 33-A, Behind Queens Centre, Shahrah-e-Fatima Jinnah, Lahore.

20. ACCRUED MARK-UP

	2017	2016
Mark-up accrued on:		
- demand finances	**0**	19
- short term finances	**1,035**	0
	1,035	19

21. SHORT TERM FINANCES - Secured

Short term finance facilities available from National Bank of Pakistan (NBP) under mark-up arrangements aggregate Rs.270 million (2016: Rs.270 million). NBP, during the year, charged mark-up on these finance facilities at the rates ranging from 8.03% to 8.12% (2016: 8.60% to 9.03%) per annum; mark-up is payable on quarterly basis. Facilities available for opening letters of credit aggregate Rs.100 million (2016: Rs.100 million) out of which the amount remained unutilized at the year-end was Rs.72.148 million (2016: Rs.32.873 million). The aggregate facilities are secured against pledge of stocks, first charge on current and fixed assets of the Company for Rs.193.333 million and Rs.280.333 million respectively and lien on import documents. These facilities are available upto December 31, 2017.

22. DEMAND FINANCES - Secured

National Bank of Pakistan (NBP)

This demand finance facility was utilized during the financial year ended June 30, 2014 for import of two woollen condenser cards of Chinese origin. The finance facility carried mark-up at 6-months KIBOR + 2.50% per annum; the effective mark-up rate charged by NBP during the year ranged from 8.06% to 9.04% (2016: 8.51% to 9.04%) per annum. The finance facility was repayable in 30 equal monthly instalments commenced from April, 2014 and was secured against first charge over current assets of the Company for Rs.33.333 million and first charge over fixed assets of the Company for Rs.33.333 million. The outstanding balance of this finance facility was fully repaid during the year.

23. TAXATION - Net

	2017	2016
	(Rupees in thousand)	
Opening balance	**31,659**	39,318
Add: provision made during the year:		
- current [net of tax credit under section 65B of the Ordinance amounting Rs.3.087 million (2016: Rs.3.965 million)]	**32,016**	30,930
- prior year	**344**	46
	32,360	30,976
Less: payments / adjustments made during the year against completed assessments	**31,274**	38,635
Closing balance	**32,745**	31,659

23.1 Income tax assessments of the Company have been completed upto the tax year 2016 i.e. accounting year ended June 30, 2016.

23.2 The Company's writ petition before the Islamabad High Court, Islamabad praying exemption from levy of minimum tax under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) is still pending adjudication. An adverse judgment by the Court will create tax liability under section 113 of the Ordinance aggregating Rs.14.417 million.

The Finance Act, 2015 has omitted clause 126F of the Ordinance and inserted a new sub-clause (xx) of clause (11A) in part IV of the second schedule of the Ordinance wherein exemption from levy of minimum tax under section 113 of the Ordinance has been provided. The amendment would have a retrospective impact being related to tax years 2010, 2011 and 2012.

23.3 The Company has filed a reference application before the Lahore High Court against the orders of the Appellate Tribunal Inland Revenue (ATIR) for setting-aside the decisions for the Assessment Years 1986-87 to 1988-89; however, no additional tax liability is likely to arise in case of an adverse judgment by the Court.

23.4 The Income Tax Department (the Department) for the tax year 2004 has charged tax under section 122(5A) of the Ordinance amounting Rs.1.781 million against which a reference application is pending adjudication before the Lahore High Court. The Department, however, during July, 2010 has issued an order under section 221 of the Ordinance creating demand of Rs.775 thousand.

23.5 The assessing officer has levied tax amounting Rs.123 thousand under sections 161/205 of the Ordinance for tax year 2006 against which the Company's appeal has been set-aside by the ATIR and is pending for decision by the Department.

23.6 The Commissioner Inland Revenue - Appeals (CIRA) for the tax year 2008 has decided the appeal in the Company's favour and deleted the demand of Rs.4.368 million. The Department has filed further appeal before the ATIR, which is pending adjudication.

23.7 The Department for the tax year 2009 had charged tax under section 122(5A) of the Ordinance amounting Rs.3.553 million against which the Company filed an appeal with the CIRA, who decided the appeal against the Company. The Company as well as the Department have filed further appeals before the ATIR, which are pending adjudication.

23.8 The Department for the tax year 2013 had charged tax under section 221 of the Ordinance (Rectification of mistakes) amounting Rs.28.673 million against which the Company filed an appeal before the CIRA, who decided the appeal against the Company. The Company as well as the Department have filed further appeals before the ATIR, which are pending adjudication. The Company, however, has paid the whole of the demand and no further provision is required.

23.9 The Assessing Officer has imposed tax amounting Rs.972 thousand for late filing of statements under sections 165/182 of the Ordinance for some of the months of tax year 2016. The Company has filed an appeal before the CIRA, which is pending adjudication.

24. CONTINGENCIES AND COMMITMENTS

24.1 Refer contents of notes 23.2 to 23.9.

24.2 Commitment against irrevocable letters of credit for:	**2017**	**2016**
	(Rupees in thousand)	
- raw materials	**5,409**	35,126
- store and spare parts	**4,372**	0
	9,781	35,126

24.3 Commitment against purchase of a vehicle amounts to Rs.1.017 million (2016: Rs.nil) as at June 30, 2017.

25. SALES - Net

Own manufactured:		
Fabrics and blankets	**829,881**	777,287
Waste	**1,479**	1,817
	831,360	779,104
Goods purchased for resale:		
Fabric lawn	**6,439**	0
	837,799	779,104
Less: sales tax	**44,494**	29,696
	793,305	749,408

26. COST OF SALES

	Note	2017	2016
		(Rupees in thousand)	
Raw materials consumed	26.1	**272,343**	268,898
Salaries, wages and benefits	26.2	**191,409**	156,026
Power and fuel		**44,645**	47,089
Stores and spares consumed		**24,132**	19,409
Repair and maintenance		**18,953**	20,297
Depreciation	5.4	**33,957**	32,270
Insurance		**3,130**	2,998
Others		**1,708**	1,570
		590,277	548,557
Adjustment of work-in-process			
Opening		**36,524**	31,096
Closing	10	**(28,879)**	(36,524)
		7,645	(5,428)
Cost of goods manufactured		**597,922**	543,129
Adjustment of finished goods			
Opening stock		**278,774**	246,251
Closing stock	10	**(350,606)**	(278,774)
		(71,832)	(32,523)
Cost of goods sold -own manufactured		**526,090**	510,606
Cost of goods sold -goods purchased for resale			
Purchases		**31,215**	0
Less: closing stock	10	**(26,013)**	0
		5,202	0
		531,292	510,606

26.1 Raw materials consumed

	Note	2017	2016
Opening stock		**171,664**	194,919
Add: purchases		**312,547**	245,643
		484,211	440,562
Less: closing stock	10	**211,868**	171,664
		272,343	268,898

26.2 These include Rs.12.258 million (2016: Rs.11.642 million) in respect of staff retirement benefits - gratuity.

27. DISTRIBUTION COST

	Note	2017	2016
Commission		**27,431**	27,919
Travelling		**2,393**	294
Rent		**2,283**	600
Salaries and benefits	27.1	**9,655**	5,139
Outward freight		**87**	156
Advertisement and sales promotion		**5,268**	602
Communication		**318**	236
Repair and maintenance		**851**	808
Vehicles' running		**407**	129
Others		**1,037**	215
		49,730	36,098

27.1 These include Rs.339 thousand (2016: Rs.186 thousand) in respect of staff retirement benefits - gratuity.

28. ADMINISTRATIVE EXPENSES

	Note	2017	2016
		(Rupees in thousand)	
Salaries and benefits	28.1	**76,826**	88,265
Travelling - directors		**177**	321
- others		**554**	480
Rent, rates and taxes		**1,089**	1,415
Entertainment / guest house expenses		**2,338**	1,562
Communication		**961**	863
Printing and stationery		**969**	712
Electricity		**4,504**	3,476
Insurance		**86**	74
Repair and maintenance		**3,099**	3,541
Vehicles' running		**3,433**	3,864
Advertisement		**258**	192
Subscription / papers and periodicals		**510**	420
Depreciation	5.4	**6,981**	5,574
Amortization		**38**	38
Auditors' remuneration:			
- statutory audit		**799**	726
- half yearly review		**150**	150
- consultancy charges		**92**	215
- certification charges		**15**	15
- out-of-pocket expenses		**30**	60
		1,086	1,166
Legal and professional charges (other than Auditors)		**970**	1,938
		103,879	113,901

28.1 These include Rs.14.580 million (2016: Rs.20.464 million) in respect of staff retirement benefits - gratuity.

29. OTHER EXPENSES

	Note	2017	2016
Donation to Waqf-e-Kuli Khan	29.1	**1,827**	1,820
Workers' (profit) participation fund	19.2	**5,369**	5,415
Workers' welfare fund		**2,295**	2,207
Donations (without directors' interest)		**3**	0
		9,494	9,442

29.1 The amount has been donated to Waqf-e-Kuli Khan, (a Charitable Institution) administered by the following directors of the Company:

- Mr. Raza Kuli Khan Khattak
- Lt. General (Retd.) Ali Kuli Khan Khattak
- Mr. Ahmad Kuli Khan Khattak
- Mr. Mushtaq Ahmad Khan, FCA
- Mrs. Shahnaz Sajjad Ahmad

30. OTHER INCOME

Income from financial assets	Note	2017	2016
		(Rupees in thousand)	
Mark-up earned on:			
- PLS accounts		**1,144**	4,437
- dealers' balances		**241**	324
Exchange fluctuation gain-net		**134**	74
		1,519	4,835
Income from other than financial assets			
Sale of empties / scrap		**895**	556
Unclaimed payable balances written-back		**112**	0
Gain on sale of operating fixed assets	5.2	**560**	0
Sale of dry trees		**0**	900
Excess provision against minimum wages reversed	30.1	**0**	18,708
		1,567	20,164
		3,086	24,999

30.1 The Company had filed a writ petition before the Peshawar High Court against the Government of Khyber Pakhtunkhwa (KPK) and Others in respect of minimum wages Notification dated September 09, 2014 whereby minimum wage of workers were enhanced upto Rs.15,000 per month. The Government of KPK has issued a revised notification on August 12, 2015 and fixed the minimum wages at Rs.12,000 per month, which the Company had paid during the financial year ended June 30, 2015 whereas during the financial year ended June 30, 2016 the Company had paid minimum wages at Rs.13,000 per month. Provisions aggregating Rs.18.708 million made by the Company in its books of account during the financial year ended June 30, 2015 were reversed as at June 30, 2016.

31. FINANCE COST

	Note	2017	2016
Mark-up on:			
- demand finances		**20**	646
- short term finances		**3,901**	4,698
Bank charges		**182**	163
		4,103	5,507

32. TAXATION

	Note	2017	2016
Current:			
- for the year		**32,016**	30,930
- for prior year		**344**	46
	23	**32,360**	30,976
Deferred:			
- for the year		**(7,221)**	(4,271)
- resultant adjustment due to reduction in tax rate	16	**1,107**	1,233
		(6,114)	(3,038)
		26,246	27,938

32.1 Relationship between tax expense and accounting profit

	2017	2016
	(Rupees in thousand)	
Accounting profit before tax	**93,971**	102,562
Tax calculated at the applicable rate of 31% (2016: 32%)	**29,131**	32,820
Tax effect of accounting and tax depreciation	**3,894**	2,675
Effect of final tax regime	**244**	292
Prior year's adjustment	**344**	46
Tax credit under section 65B of the Income Tax Ordinance, 2001	**(3,087)**	(3,965)
Tax effect of share of (loss) / profit on investments in Associated Companies	**1,216**	(1,187)
Deferred tax	**(7,221)**	(4,271)
Effect on opening balance of deferred taxation due to reduction in tax rate	**1,107**	1,233
Effect of exempt income	**352**	(288)
Others	**266**	583
Tax charge for the year	**26,246**	27,938

33. EARNINGS PER SHARE

There is no dilutive effect on earnings per share of the Company, which is based on:

	2017	2016
Profit after taxation attributable to ordinary shareholders	**67,725**	74,624
	No. of shares	
Weighted average number of shares in issue during the year	**9,506,250**	9,506,250
	------- Rupees -------	
Earnings per share - basic	**7.12**	7.85

34. FINANCIAL RISK MANAGEMENT

34.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, price risk and currency risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

34.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on import of plant & machinery, raw materials and stores & spares denominated in U.S. $. The Company's exposure to foreign currency risk for U.S. $ is as follows:

	2017	2016
	(Rupees in thousand)	
Bills payable - U.S.$ 162,415 (2016: U.S.$ 107,347 and U.K.£ 178,500)	**17,054**	32,001
Outstanding letters of credit-U.S.$ 93,149 (2016:U.S.$ 335,496)	**9,781**	35,126
Total exposure	**26,835**	67,127

The following significant exchange rates have been applied:

	Average rate		Balance sheet date rate	
	2017	2016	**2017**	2016
U.S. $ to Rupee	**104.89**	104.56	**105.00**	104.70
U.K. £ to Rupee	**-**	116.31	**-**	116.31

Sensitivity analysis

At the reporting date, if Rupee had strengthened by 10% against U.S. $ with all other variables held constant, profit before taxation for the year would have been higher by the amount shown below mainly as a result of foreign exchange gain on translation of financial liabilities.

Effect on profit for the year:

U.S. $ to Rupee	**1,705**	3,200

The weakening of Rupee against U.S. Dollar would have had an equal but opposite impact on the profit before taxation.

The sensitivity analysis prepared is not necessarily indicative of the effect on profit for the year and liabilities of the Company.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2017	2016	**2017**	2016
	Effective rate		(Rupees in thousand)	
Fixed rate instruments	%	%	Carrying amount	
Financial assets				
Bank balances	**3.75 to 4.5**	3.75 to 5.5	**6,081**	80,433
Variable rate instruments				
Financial liabilities				
Demand finances	**8.06 to 9.04**	8.51 to 9.04	**0**	2,500
Short term finances	**8.03 to 8.12**	8.60 to 9.03	**140,330**	0
			140,330	2,500

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2017, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs.1,403 thousand (2016: Rs.25 thousand) lower / higher, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any significant price risk.

34.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from trade debts and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 90 days to reduce the credit risk. The credit quality of the Company's major bank balances can be assessed with reference to the external credit ratings as follows:

Banks	**Short term rating**	**Long term rating**	**Agency**
Bank Alfalah Limited	A1+	AA	PACRA
National Bank of Pakistan	A1+	AAA	PACRA

Exposure to credit risk

Maximum exposure to credit risk as at June 30, 2017 along with comparative is tabulated below:

	2017	2016
	(Rupees in thousand)	
Security deposits	**3,344**	3,394
Trade debts	**184,080**	64,961
Bank balances	**12,344**	81,842
	199,768	150,197

All the trade debts at the balance sheet date represent domestic parties.

The ageing of trade debts at the year-end was as follows:	**2017**	2016
	(Rupees in thousand)	
Not past due	**92,081**	11,970
Past due 1 - 30 days	**2,457**	2,027
Past due 30 - 150 days	**23,077**	33,062
Past due above 150 days	**66,465**	17,902
	184,080	64,961

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.28.031 million have been realized subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realized in short course of time.

34.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

	Carrying amount	Contractual cash flows having maturity of less than one year
2017	**(Rupees in thousand)**	
Trade and other payables	**94,376**	**94,376**
Accrued mark-up	**1,035**	**1,035**
Short term finances	**140,330**	**146,027**
	235,741	**241,438**
2016		
Demand finances	2,500	2,536
Trade and other payables	87,024	87,024
Accrued mark-up	19	19
	89,543	89,579

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective at the respective year-ends. The rates of mark-up have been disclosed in the respective notes to these financial statements.

35. MEASUREMENT OF FAIR VALUES

The management, during the preceding year, had engaged an independent external valuer to carry out valuation of its freehold land, buildings on freehold land and plant & machinery. Selection criteria included market knowledge, reputation, independence and whether professional standards are maintained. When measuring the fair value of an asset, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the management recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

Financial assets not measured at fair value	**2017**	2016
	(Rupees in thousand)	
	Carrying amount	
Trade debts	**184,080**	64,961
Bank balances	**12,344**	81,842
	196,424	146,803
Financial liabilities not measured at fair value		
Creditors	**7,136**	6,702

Management has assessed that the fair values of trade debts, bank balances and creditors approximate their carrying amounts largely due to the short term maturities of these instruments.

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Working Directors		Executives	
	2017	2016	**2017**	2016	**2017**	2016
	----------------------- Rupees in thousand -----------------------					
Remuneration (including bonus)						
- current year	**6,660**	6,749	**18,485**	16,207	**43,186**	35,374
- arrears	**0**	0	**3,377**	0	**0**	5,126
Retirement benefits - gratuity	**3,194**	3,014	**8,865**	7,285	**4,129**	15,500
House rent	**1,715**	1,715	**0**	0	**2,859**	2,591
Insurance	**6**	6	**0**	0	**28**	19
Reimbursement of medical and other expenses	**100**	111	**285**	327	**2,169**	1,528
Utilities	**117**	121	**805**	406	**1,195**	1,120
	11,792	11,716	**31,817**	24,225	**53,566**	61,258
Number of persons	**1**	1	**2**	1	**17**	14

36.1 The chief executive, working directors and executives have been provided with free use of the Company maintained cars. The chief executive and working directors have also been provided with free use of residential telephone.

36.2 In addition to above, meeting fees of Rs.980 thousand (2016: Rs.680 thousand) were also paid to seven (2016: nine) non-working directors.

37. TRANSACTIONS WITH RELATED PARTIES

37.1 The Company's shareholders vide a special resolution dated March 29, 2017 have enhanced the previous approved limit of Rs.5.000 million to Rs.12.500 million on account of transactions among Associated Companies of the Group, which fall under normal trade transactions for sale and purchase of store and spare parts, purchase of raw materials and certain other related transactions not falling within the preview of section 208 of the repealed Companies Ordinance, 1984 or the regulations made thereunder.

37.2 The related parties of the Company comprise of Associated Companies / Undertakings, its directors and key management personnel. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from and to related parties, remuneration of directors and key management personnel are disclosed in the relevant notes. There were no transactions with key management personnel other than under the terms of employment. Transactions with related parties are made at normal market prices.

37.3 Mark-up on Associated Companies' balances has not been accrued during the current and preceding years as the Company has executed no such transactions attracting mark-up accrual.

Material transactions with related parties during the year were as follows:

Name	Nature of relationshi	Nature of transaction	2017	2016
			--- Rupees in '000 ---	
Janana De Malucho Textile Mills Ltd.	Associated Company	Purchase of raw materials	**0**	2,143
		Dividend received	**1,949**	2,339
		Dividend paid	**3,658**	2,195
		Expenses shared	**6,119**	0
Gammon Pakistan Ltd.	-do-	Rent of marketing office	**2,100**	600
		Rent of internal audit office	**200**	100
		Meeting hall rent	**0**	500
		Expenses shared	**725**	0
Bibojee Services (Pvt.) Ltd.	-do-	Dividend paid	**12,489**	7,486
Babri Cotton Mills Ltd.	-do-	Expenses shared	**5**	0
The Universal Insurance Company Ltd.	-do-	Dividend paid	**45**	27
Waqf-e-Kuli Khan	Associated Undertaking	Donation	**1,827**	1,820
		Dividend paid	**0**	8

38. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of current ratio under the financing agreements.

39. OPERATING SEGMENT

These financial statements have been prepared on the basis of single reportable segment.

39.1 Fabric and blanket sales represent 99.47% (2016: 99.72%) of the total gross sales of the Company.

39.2 All of the Company's sales relate to customers in Pakistan.

39.3 All non-current assets of the Company as at June 30, 2017 are located in Pakistan.

39.4 Six (2016: five) of the Company's customers having sales aggregating Rs.653.645 million (2016: Rs.638.550 million) contributed towards 78.44% (2016: 81.96%) of the Company's gross sales. Three out of six customers individually exceeded 10% of total gross sales.

40. CAPACITY AND PRODUCTION

It is difficult to describe precisely the production capacity in woollen spinning / weaving mills since it fluctuates widely depending on various factors such as types of material used, count of yarn spun, spindles' speed, twist, the present working condition of the machinery, specification of various products manufactured from time to time and power break downs, etc. Estimated capacity based on single working shift along with the actual production based on three shifts working is given below:

Yarn	**2017**	2016
Number of spindles installed	**3,794**	3,794
Number of spindles/shifts worked	**2,130,857**	2,327,750
Installed capacity at 5 Nm count (Kgs.)	**2,391,094**	2,391,094
Actual production converted into 5 Nm count (Kgs.)	**1,315,794**	1,430,401
Number of shifts worked	**873**	894
Cloth		
Number of looms installed	**50**	50
Number of looms/shifts worked	**24,495**	24,804
Installed capacity of 50 (2016: 50) operational looms at 30 picks (Meters) (single shift)	**1,647,752**	1,647,752
Actual production converted into 30 picks (Meters) (03 shifts)	**1,585,338**	1,538,136
Number of shifts worked	**873**	667

41. NUMBER OF EMPLOYEES

	2017	2016
Number of persons employed as at June 30,	------ Numbers ------	
- permanent	**663**	669
- contractual	**0**	3
Average number of employees during the year		
- permanent	**661**	675
- contractual	**0**	2

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 30 October, 2017 by the board of directors of the Company.

43. EVENT AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on 30 October, 2017 has proposed a final cash dividend of Rs. 5 per share (2016: Rs.5 per share) for the year ended June 30, 2017. The financial statements for the year ended June 30, 2017 do not include the effect of proposed dividend amounting Rs.47.532 million (2016: Rs. 47.532 million), which will be accounted for in the financial statements for the year ending June 30, 2018 after approval by the members in the annual general meeting to be held on November 27, 2017. The proposed dividend duly meets the minimum threshold prescribed by section 5A of the Income Tax Ordinance, 2001.

44. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However, no material re-arrangements and re-classifications have been made in these financial statements.

Shahnaz Sajjad Ahmad
Shahnaz Sajjad Ahmad
Chief Executive

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

BANNU WOOLLEN MILLS LIMITED

FORM OF PROXY

I/We ____ of ____________________ being in the district of ________________________ being a member of Bannu Woollen Mills Limited and holder of ________________________ Ordinary Shares as per the Share Register Folio No. ____________________ and CDC Participant I.D. No. ______________________ and Sub-Account No. ________________________ hereby appoint ______________________________ of ______________________ or failing him/her ____ as my/our proxy to vote for me/us and on my/our behalf at the 57th Annual General Meeting of the Company to be held at Registered Office, Bannu Woollen Mills Ltd., D.I. Khan Road, Bannu on 27 November, 2017at 09:00 A.M and at any adjournment thereof.

Witnesses:

1. As witness my hand this …………… day of …………… 2017.

Signed by the said member in the presence of __________________
(Name, Address, & CNIC #)

2. As witness my hand this …………… day of …………… 2017.

Signed by the said member in the presence of ___________________
(Name, Address, & CNIC #)

Please affix five rupees revenue stamp

Signatures of member

Please fill in the applicable columns:

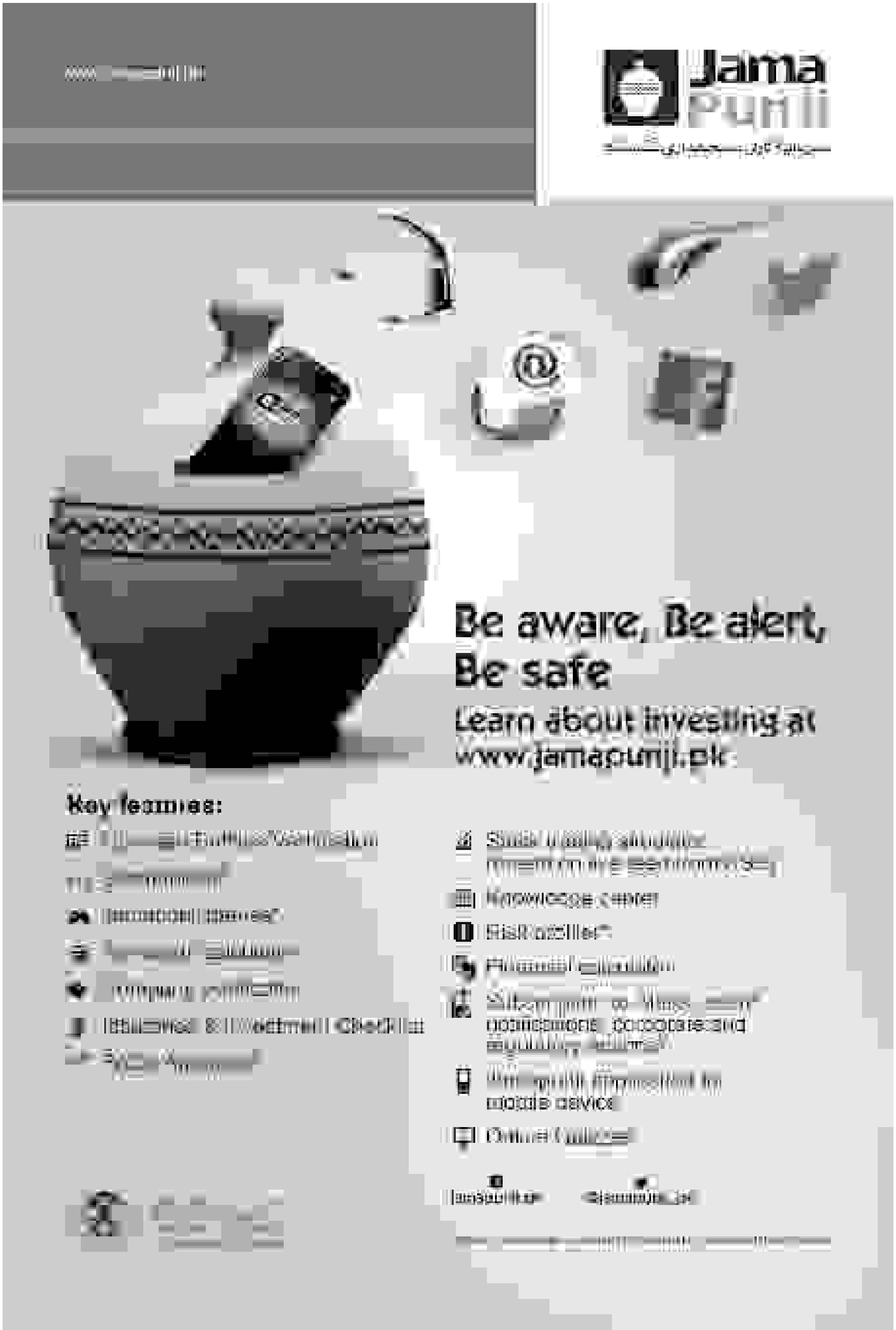
For Physical shares	For CDC Account Holders		Shares Held
Folio No.	CDC Participant I.D. No.	Sub Account No.	

Note:

A member entitl e to attend and vote at the meeting may appoint another member as proxy, in writing duly notarised to attend the meeting and vote on the member's behalf. A non member can also be appointed as a proxy.
If a member is unable to attend the meeting, he may complete and sign this form and send it to Company Secretary, Bannu Woollen Mills Limited, D.I. Khan Road, Bannu so as to reach not less than 48 hours before the time appointed for holding the meeting.

FOR CDC ACCOUNT HOLDERS/CORPORATE ENTITIES:
In addition to the above the following requirements have to be met.

1. The proxy form shall be witnessed by two persons whose names, addresses and CNIC No. shall be stated on the forms.
2. Attested copies of CNICs or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
3. The proxy shall produce his original CNIC or original passport at the time of the meeting.
4. In case of corporate entity, the Board of Directors resolution/power of attorney with attested specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company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