

# BANNU WOOLLEN MILLS LIMITED

## DIRECTOR'S REPORT TO THE MEMBERS

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018

The Company's Board of Directors is pleased to present the un-audited financial statements and the Directors' report for the 1st quarter ended September 30, 2018.

### Financials

Financial results are summarized as under:-

	Quarter Ended Sep. 30, 2018	2017
	(Rupees in thousand)	
Sales – net	61,360	309,650
Gross profit	21,399	106,322
(Loss) / profit from Operations	(12,855)	49,035
(Loss) / profit before Taxation	(19,267)	44,741
(Loss) / profit after Taxation	(12,156)	31,302
	----- Rupees -----	
Basic & diluted (loss) / earnings per share	(1.28)	3.29

The year began with a sluggish as top line remained substantially below over the corresponding period and sales - net decreased by Rs. 248.290 million. We feel sorry to inform shareholders that we have loss of Rs. 1.28 per share against earnings of Rs. 3.29 per share for the corresponding period of last year.

As the duration and severity of winter season has reduced since last three years, the woollen stock has piled-up, resultantly the working capital cycle got disturbed and finance cost during first quarter of current year increased to Rs. 6.412 million (September 30, 2017: Rs. 4.294 million). The dealers and their retailers have enough stocks in their go-downs that lifting could not boost-up which normally starts in August of every year. However, the demand during the second quarter is expected to increase as the winter will come sooner and will extend to mid of coming March.

### Future outlook

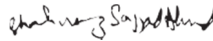
The Company will remain expose to the risk of adverse fluctuation in the Pak Rupee vs. US\$ parity as major part of the raw-materials is imported from different countries. Despite the various challenges, the management is committed to try its best to maintain and increase its market share. The Company is focused on growth opportunities and is determined to significantly improve its operating results by adding value to the stakeholders' wealth.

### Acknowledgement

The Company would like to acknowledges the continued support from our valued customers for the confidence they continue to place in us, the management team for their sincere efforts, the Board of Directors for its guidance and also like to acknowledge the continued support of all stakeholders, Bankers, dealers, vendors, employees and Associates.

For & on behalf of the board of directors

  
Syed Zubair Ahmed Shah  
Director

  
Shahnaz Sajjad Ahmad  
Chief Executive Officer

Dated: 27th October, 2018

**PRINTED MATTER**  
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**BANNU WOOLLEN MILLS LIMITED**  
D.I Khan Road, Bannu

# Quarterly Accounts September, 2018



**BANNU**  
WOOLLEN MILLS LIMITED

## BANNU WOOLLEN MILLS LIMITED COMPANY'S PROFILE

Board Of Directors	Mr. Raza Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Mr. Ahmad Kuli Khan Khattak Mr. Mushtaq Ahmad Khan, FCA Mr. Gohar Ayub Khan Syed Zubair Ahmed Shah (NIT) Mr. Abdul Rehman Qureshi (Independent) Brig (R) Agha Arshad Raza Mr. Muhammad Kuli Khan Khattak	Chairman Chief Executive
Audit Committee	Mr. Abdul Rehman Qureshi Mr. Ahmad Kuli Khan Khattak Brig (R) Agha Arshad Raza	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Abdul Rehman Qureshi Mrs. Shahnaz Sajjad Ahmad Mr. Ahmad Kuli Khan Khattak	Chairman Member Member
Chief Financial Officer	Mr. A.R. Tahir Chief Operating Officer (COO)	
Company Secretary	Mr. Azher Iqbal - ACA	
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	

**BANNU WOOLLEN MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2018**

		Un-audited Sept. 30, 2018 (Rupees in thousand)	Audited Jun. 30, 2018
Note			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,086,103	1,089,739
Intangible assets		357	384
Investments in Associated Companies	6	1,134,680	1,134,680
Security deposits		3,087	2,994
		<u>2,224,227</u>	<u>2,227,797</u>
<b>Current assets</b>			
Stores and spares		75,663	77,377
Stock-in-trade		709,083	619,289
Trade debts		378,188	364,030
Current portion of advances		1,852	1,792
Advances to employees - unsecured, considered good		11,171	18,092
Advance payments		2,015	965
Trade deposits and prepayments		1,410	423
Sales tax refundable		2,599	0
Income tax refundable, advance tax and tax deducted at source		22,409	20,875
Cash and bank balances		6,289	1,726
		<u>1,210,679</u>	<u>1,104,569</u>
<b>TOTAL ASSETS</b>		<u><b>3,434,906</b></u>	<u><b>3,332,366</b></u>

**EQUITY AND LIABILITIES**

**Equity**

**Authorised capital**

20,000,000 ordinary shares of Rs.10 each

Issued, subscribed and paid-up capital

Reserves

Unappropriated profit

Surplus on revaluation of property, plant and equipment

**Shareholders' equity**

**Liabilities**

**Non-current liabilities**

Staff retirement benefits - gratuity

Deferred taxation

**Current liabilities**

Trade and other payables

Unpaid dividends

Unclaimed dividends

Accrued mark-up

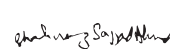
Short term finances

Taxation

**Contingencies and commitments**

**TOTAL EQUITY AND LIABILITIES**

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

  
**Shahnaz Sajjad Ahmad**  
**Chief Executive**

  
**Syed Zubair Ahmed Shah**  
**Director**

  
**A. R. Tahir**  
**Chief Financial Officer**

**بنوں وولن ملز لمیٹڈ**

**ڈائریکٹرز رپورٹ برائے اراکین**

کمپنی کا بورڈ آف ڈائریکٹر جنہیں سرمایہ 30 ستمبر 2018 میں 2018 میں ڈائریکٹرز رپورٹ پیش کرتے ہوئے پیش میں کرتا ہے۔

مالیاتی صورتحال

مالیاتی نتائج جو کہ مندرجہ ذیل ہیں:-

سرمایہ 30 ستمبر کا اختتام

2018 2017

-- روپے ہزاروں میں --

61,360	309,650	خالص فروخت
21,399	106,322	مجموعی منافع
(12,855)	49,035	آپریٹنگ منافع (تقصان)
(19,267)	44,741	ٹیکس سے پہلے منافع (تقصان)
(12,156)	31,302	ٹیکس کے بعد منافع (تقصان)
-- روپے --		
(1.28)	3.29	آمدن (تقصان) فی حصص

دواں سال سب سے زیادہ فروخت ہوا ہے اور خالص فروخت 248,290 ملین روپے کم ہوئی۔ ہم انتہائی کمزوری کے ساتھ حصص داران کو مطلع کر رہے ہیں کہ کم سے کم 1.28 روپے نقصان فی حصص کیا ہے جب کہ پہلے سال اسی دورے میں 3.29 روپے منافع فی حصص کا اہتمام۔

جیسا کہ گزشتہ تین سالوں میں موسم سرما کی شدت میں کمی آئی ہے جس سے اون کے خاک میں اضافہ ہوا ہے۔ سرمایہ مالی اثرائت میں مالی اثرائت میں 6.412 ملین روپے اضافہ ہوا ہے (4.294 ملین روپے 30 ستمبر 2017)۔ ڈیپریز اور ان کے منظر کے گواہوں میں کافی خاک موجود ہے جس کی وجہ سے مالی نقصان اٹھایا گیا، ایسا عام طور پر ہر سال اگست میں شروع ہوتا ہے۔ تاہم دوسری سرمایہ کے دوران طلب میں اضافہ متوقع ہے کیونکہ جلد موسم سرما آئے والا ہے اور آئے والے مارچ کے وسط تک بڑھ جائے گا۔


مشقیں کے تحت نظر سے:

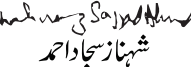
جیسا کہ عام مال کا بڑا حصہ مختلف ممالک سے برآمد کیا جاتا ہے اس لئے کمپنی امریکی ڈالر اور پاکستانی روپے کی قدر کے درمیان متغی اثرات کے خطرے سے باخبر ہے، مختلف حالات کے باوجود انتظامیہ کو اس کے حصص کو برقرار رکھنے اور بڑھانے کے لئے اپنی پوری کوشش کرنے کا عزم ہے۔ کمپنی کی فنانسنگ کے مرکز پر اور اس کے حصول کے لئے اپنے اثاثہ جات میں اضافہ کر کے اپنے آپریٹنگ نتائج کو نمایاں طور پر بہتر بنادے گا۔

اظہار تشکر

کمپنی انتظامیہ اپنے تمام ممالکوں، حصص داران، سپلائرز، بیکرز، دوکانوں کی مسلسل حمایت اور عزم کا شکر یہ کرتی ہے۔ اپنے تمام ملازمین کی انتھک محنت، کمپنی سے وابستگی اور وفاداری کا بھی اعتراف کرتی ہے۔

**کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے**

  
**سید زبیر احمد شاہ**  
 ڈائریکٹر

  
**شہناز سجاد احمد**  
 چیف ایگزیکٹو آفیسر

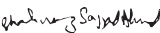
مورخہ 27 اکتوبر 2018ء

# BANNU WOOLLEN MILLS LIMITED


Condensed Interim Statement of Profit & Loss Account (un-audited)  
and Other Comprehensive Income  
For the 1st Quarter Ended SEPTEMBER 30, 2018

	Quarter Ended September 30, 2018      2017	
	(Rupees in thousand)	
Sales - net	61,360	309,650
Cost of sales	39,961	203,328
Gross profit	21,399	106,322
Distribution cost	10,956	27,044
Administrative expenses	23,369	27,123
Others operating expenses	0	4,176
Other operating income	(71)	(1,056)
	34,254	57,287
(Loss) / profit from Operations	(12,855)	49,035
Financial cost	6,412	4,294
(Loss) / profit before Taxation	(19,267)	44,741
Taxation - net	(7,111)	13,439
(Loss) / profit after Taxation	(12,156)	31,302
Other comprehensive income	0	0
Total comprehensive (loss) / income	(12,156)	31,302
	----- Rupees -----	
Basic & diluted (loss) / earnings per share	(1.28)	3.29

- The annexed notes form an integral part of this condensed interim financial information.
- Appropriations have been reflected in the statement of changes in equity.

  
Shahnaz Sajjad Ahmad  
Chief Executive

  
Syed Zubair Ahmed Shah  
Director

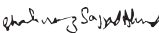
  
A. R. Tahir  
Chief Financial Officer

# BANNU WOOLLEN MILLS LIMITED


Condensed Interim Statement of Cash Flow (un-audited)  
For the 1st Quarter Ended September 30, 2018

	1st Quarter ended Sept. 30,      Sept. 30, 2018      2017	
	(Rupees in thousand)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the period - before taxation	(19,267)	44,741
Adjustments for non-cash charges and other items:		
Depreciation	8,992	9,834
Amortisation	27	9
Staff retirement benefits - gratuity (net)	1,537	6,476
Mark-up on bank deposits and dealers' balances	(33)	(286)
Finance cost	6,412	4,294
Workers' welfare fund	0	988
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>		
- Before working capital changes	(2,332)	66,056
<b>(Increase) / decrease in current assets</b>		
Stores and spares	1,714	718
Stock-in-trade	(89,794)	44,068
Trade debts	(14,158)	(222,950)
Advances to employees	6,861	8,502
Advance payments	(1,050)	10,042
Trade deposits and prepayments	(987)	1,233
Sales tax refundable	(2,599)	1,736
<b>(Decrease) / increase in trade and other payables</b>	15,447	(11,448)
	(84,566)	(168,099)
<b>CASH OUTFLOW FROM OPERATING ACTIVITIES - Before taxation</b>	(86,898)	(102,043)
Taxes paid	(1,534)	(550)
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	(88,432)	(102,593)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(5,356)	(2,118)
Security deposits	(93)	0
Mark-up received on bank deposits / Associated Companies' balances	33	286
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	(5,416)	(1,832)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Short term finances - net	103,200	96,817
Finance cost paid	(4,789)	(1,050)
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	98,411	95,767
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	4,563	(8,658)
<b>CASH AND CASH EQUIVALENTS - At the beginning of the period</b>	1,726	12,709
<b>CASH AND CASH EQUIVALENTS - At the end of the period</b>	6,289	4,051

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

  
Shahnaz Sajjad Ahmad  
Chief Executive

  
Syed Zubair Ahmed Shah  
Director

  
A. R. Tahir  
Chief Financial Officer

**BANNU WOOLLEN MILLS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018**

### 1. Legal status and nature of business

Geographical location and addresses of major business units including mills / plant of the Company are as under:

<b>Bannu</b>	<b>Purpose</b>
D.I Khan Road	Registered office / Mills
<b>Rawalpindi</b>	
Gammon House, Peshawar Road	Retail outlet

## 2. Basis of Preparation

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

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

This condensed interim financial information is being submitted to the shareholders as required by section 237 of the Companies Act, 2017.

### 3. Accounting Policies

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Company for the year ended June 30, 2018, except for certain amendments which did not have any effect on these condensed interim financial statements.

The Company follows the practice of conducting actuarial valuations annually at the year end. Hence, the impact of remeasurement of post-employment benefit plan has not been incorporated in the condensed interim financial information.


#### 4. Accounting Estimates, Judgments and Financial Risk Management

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

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended June 30, 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

  
Syed Zubair Ahmed Shah  
Director

  
A. R. Tahir  
Chief Financial Officer

## 5. PROPERTY, PLANT AND EQUIPMENT

		Un-audited Quarter ended Sept. 30, 2018 (Rupees in thousand)	Audited Year ended June 30, 2018
Operating fixed assets - tangible	5.1	1,080,846	1,089,739
Capital work-in-progress		5,257	0
		<b>1,086,103</b>	<b>1,089,739</b>
<b>5.1 Operating fixed assets</b>			
Opening book value		1,089,739	1,113,060
Additions during the period / year:			
- buildings on freehold land - others		0	2,081
- plant and machinery		0	9,810
- furniture & fixtures		0	575
- electric fittings		0	591
- office equipment		0	181
- computers, TV & security equipment		99	1,168
- vehicles		0	1,905
		99	16,311
Book value of assets disposed		0	(22)
Depreciation charge for the period / year		(8,992)	(39,610)
Closing book value		<b>1,080,846</b>	<b>1,089,739</b>

## 6. INVESTMENTS IN ASSOCIATED COMPANIES - Quoted

Market values of the Company's investments in BCM and JDM as at September 30, 2018 were Rs. 7.734 million (June 30, 2018: Rs. 7.365 million) and Rs.121.464 million (June 30, 2018: Rs. 99.993 million) respectively.

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

Surplus on revaluation of the Company's property, plant and equipment	7.1	811,312	813,080
Share of surplus on revaluation of property, plant and equipment of Associated Companies		793,230	793,230
		<b>1,604,542</b>	<b>1,606,310</b>
<b>7.1 The period-end balance has been arrived at as follows:</b>			
Opening balance		841,973	853,043
Less: transferred to unappropriated profit on account of incremental depreciation for the period / year		(2,491)	(11,070)
		<b>839,482</b>	<b>841,973</b>
Less: deferred tax on:			
- opening balance of surplus		28,892	33,210
- incremental depreciation for the year		(722)	(3,321)
		<b>28,170</b>	<b>29,889</b>
		<b>811,312</b>	<b>812,084</b>
Resultant adjustment due to reduction in tax rate		0	996
Closing balance		<b>811,312</b>	<b>813,080</b>

## 8. TAXATION - Net

8.1 The provision for taxation for the quarter ended September 30, 2018 has been made using the tax rate that would be applicable to expected total annual earnings of current year.

8.2 There has been no significant change in the status of tax litigations as reported in the preceding published annual financial statements of the Company for the year ended June 30, 2018.

## 9. CONTINGENCIES AND COMMITMENTS

9.1 There has been no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Company for the year ended June 30, 2018.

9.2 Commitments for irrevocable letters of credit outstanding as at September 30, 2018 aggregated Rs. 17.475 million (June 30, 2018: Rs. 7.022 million).

## 10. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties are as follows:

		Un-audited Quarter ended Sept. 30, 2018	2017
		(Rupees in thousand)	
Nature of relationship	Nature of transaction		
(i) Associated Companies			
	Rent of marketing office	1,260	4,024
	Rent of internal audit office	38	38
	Expenses shared	389	0
(ii) Key management personnel	* Managerial remuneration and benefits	9,546	8,341

\* Comparative figures have been restated to reflect changes in the definition of executive as per the Companies Act, 2017.

## 11. FINANCIAL RISK MANAGEMENT

This condensed interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2018. The Company's activities expose it to a variety of financial risks, which are (i) credit risk (ii) liquidity risk and (iii) market risk (including foreign currency risk and interest rate risk). There has been no change in Company's sensitivity to these risks since June 30, 2018 except for general exposure to fluctuations in foreign currency and interest rates. There have been no changes in the risk management policies during the period.

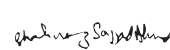
## 12. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim statement of financial position comprise of balances as per the audited annual financial statements of the Company for year ended June 30, 2018 and the corresponding figures in the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity comprise of balances of comparable period as per the condensed interim financial information of the Company for the three months period ended September 30, 2017.


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 interim financial statements.

## 13. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on October 27, 2018.

  
Shahnaz Sajjad Ahmad  
Chief Executive

  
Syed Zubair Ahmed Shah  
Director

  
A. R. Tahir  
Chief Financial Officer