

# Half Yearly Accounts December, 31 2023

BIBOJEE GROUP



# BANNU

WOOLLEN MILLS LIMITED

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## COMPANY'S PROFILE

Board of Directors	Mr. Ahmad Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Lt. Gen. (Retd.) Ali Kuli Khan Khattak Dr. Shahin Kuli Khan Khattak Syed Zubair Ahmed Shah Mr. Abdul Rehman Qureshi (Independent) Brig(R.) Agha Arshad Raza (Independent)	Chairman Chief Executive
Audit Committee	Mr. Abdul Rehman Qureshi Syed Zubair Ahmed Shah Brig. (R.) Agha Arshad Raza	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Abdul Rehman Qureshi Lt. Gen. (Retd.) Ali Kuli Khan Khattak Mr. Ahmad Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmad Syed Zubair Ahmed Shah Brig. (R.) Agha Arshad Raza	Chairman Member Member Member Member
Chief Operating Officer (COO)	Mr. Khalid Kuli Khan Khattak	
Chief Financial Officer	Mr. Kalim Aslam	
Company Secretary	Mr. Azmat Khan	
Head of Internal Audit	Mr. Salman Khan - ACA	
Auditors	M/S. ShineWing Hameed Chaudhri & Co Chartered Accountants	
Bankers	National Bank of Pakistan Bank Alfalah Ltd.	
Legal Adviser	M/S Hassan & Hassan, Advocates Paaf Building, 1-D, Kashmir/ Egerton Road, Lahore	
Tax Consultant	M. Nawaz Khan & Co 1-Ground Floor, Farrah Centre, 2 Mozang Road, Lahore	
Registrars & Shares Registration Office	Vision Consulting Limited. 5-C, LDA Flats, First Floor, Lawrance. Road, Lahore. Tel: 042-36283096-97, Fax: 042-36312550 E-Mail: info@vcl.com.pk	
Registered Office	Bannu Woollen Mills Ltd D.I.Khan Road, Bannu Tel. (0928) 615131, 611350 Fax. (0928) 611450 E-Mail: bannuwoollen@yahoo.com Web Site: www.bwm.com.pk	
Mills	D.I.Khan Road, Bannu Tel. (0928) 612274, 662273, 613250 E-Mail: bannuwoollen@yahoo.com Web Site: www.bwm.com.pk	

## DIRECTORS' REPORT

On behalf of the Board of Directors of Bannu Woollen Mills Limited, we are pleased to present the condensed interim Financial Statements of the Company for the half year ended December 31, 2023 duly reviewed by the statutory auditors.

### FINANCIAL PERFORMANCE

During the second quarter, the Company's net sales were Rs.576 million i.e. a decrease of 7% as compared to the same period of last year. The decrease in sales has resulted in a 15% drop in gross profit by Rs. 25 million over the corresponding quarter of last year. Despite a 13% increase in Distribution, administrative and other expenses net profit before tax surged to Rs. 399.257 million, a stunning 306% increase during the second quarter as compared to Rs. 97.458 million over the corresponding quarter of last year this significant rise is primarily due to share of loss of Rs. 13.820 million and impairment loss reversal of associated companies of Rs. 337.143 million (December 31, 2022: profit of Rs. 6.670 million and impairment loss Rs. 12.512 million). Net profit after tax increased to Rs. 371.394 million representing an increase of 675%. This translated into earnings per share (EPS) of Rs. 39.07 as against Rs. 5.04 of the corresponding quarter of last year.

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

### FINANCIAL RESULTS

	Six months period ended	
	Dec. 31, 2023	Dec. 31, 2022
	- Rupees in thousand -	
Sales - net	<u>769,994</u>	<u>862,238</u>
Gross profit	<u>191,423</u>	<u>226,621</u>
Profit from operations	<u>104,142</u>	<u>144,202</u>
Profit before taxation	<u>376,618</u>	<u>104,160</u>
Profit after taxation	<u>346,345</u>	<u>51,901</u>
Earnings per share	<u>36.43</u>	<u>5.46</u>

During the period under review, the Company's net turnover decreased by Rs. 92.244 million and experienced 11% decline as compared to the corresponding period of last year. The decreased net turnover of the Company is due to the rising inflation which impacted the purchasing power of customers, leading to lower demand and reduced order volume from key dealers contributed to the decline in net turnover.

The gross profit as a percentage of sales dipped from 26.28% to 24.86% as compared to corresponding period of the last year due to rising power and fuel costs. The increase in EPS is mainly attributed due to reversal of impairment loss from Associated Company.

The increase in policy rates has significantly impacted the Company's financial performance.

Finance costs have risen sharply, reaching Rs. 50.847 million compared to Rs. 34.200 million in the corresponding period of the last year, representing a 49% increase this rise in finance costs has put pressure on the Company's profitability and overall performance.

The Company achieved greasy production of 652,472 meters of fabric as compared to 765,301 meters of corresponding period of last year this decline resulted from a temporary production shutdown between July 2nd and July 15th, 2023, due to critical raw material shortages.

### **FUTURE OUTLOOK**

The company faces significant challenges due to rising inflation and increasing operational costs, driven by repeated fuel price hikes and energy tariff increases. The Company navigated the economic slowdown and political uncertainty with demonstrated resilience forecasted economic headwinds and potential negative impacts on business confidence are acknowledged. However, the arrival of a new government presents an opportunity for all-round stability. This stability could lead to positive developments such as: resumption of public spending, possible interest rate reduction, increased foreign investment and IMF support. While remaining cautious, the Company expresses guarded optimism for the remaining financial year and beyond.

Navigating a challenging economic landscape, the Company remains resolutely committed to overcoming obstacles. We are taking proactive steps to minimize the impact and we remain confident in our ability to overcome these challenges and deliver long-term value.

### **ACKNOWLEDGEMENT**

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

On behalf of the Board of Directors,



(LT. GEN. ALI KULI KHAN KHATTTAK (RETD.)  
DIRECTOR



(SHAHNAZ SAJJAD AHMAD)  
CHIEF EXECUTIVE OFFICER

February 23, 2024

## ڈائریکٹرز رپورٹ

ہوں ولن ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم انتہائی مسرت کے ساتھ ادارے کی 31 دسمبر 2023 کو اختتام پزیر ہونے والی ششماہی کے مالیاتی نتائج آپ کے سامنے پیش کرتے ہیں، جسکا بیرونی آڈیٹرز کے ذریعے جائزہ لیا گیا ہے۔

### مالیاتی کارکردگی:

دوسری سہ ماہی کے دوران، کمپنی کو خالص فروخت کی مد میں پچھلے سال کے مقابلے 7% کمی ہوئی جو کہ 576 ملین روپے ہے۔ فروخت کے حجم میں 15% کمی سے گزشتہ سال کے مقابلے میں مجموعی منافع 25 ملین روپے ہوا۔ انتظامی اور دیگر اخراجات میں 13 فیصد اضافے کے باوجود ٹیکس سے پہلے کا خالص منافع 399.257 ملین روپے تک بڑھ گیا۔ دوسری سہ ماہی کے دوران 306% کے شاندار اضافے کے ساتھ گزشتہ سال کی اسی سہ ماہی میں 97.458 ملین روپے کا اضافہ ہوا، یہ اضافہ بنیادی طور پر 13.820 ملین روپے کے Shares of Loss اور متعلقہ کمپنیوں کے Impairment Loss reversal (337.143 ملین روپے) کی وجہ سے ہوا (31 دسمبر، 2022: 6.670 ملین روپے منافع اور 12.512 impairment Loss (337.143 ملین روپے) ہے۔ ٹیکس کے بعد کا خالص منافع جو کہ 675 فیصد اضافے کے ساتھ 71.394 ملین روپے کی نمائندگی کرتا ہے۔ یہ فی حصص آمدنی کا 39.07 ہے جو پچھلے سال کی اسی سہ ماہی میں 5.04 تھا۔

زیر جائزہ چھ ماہ کی مدت کے مالی نتائج کا خلاصہ ذیل میں دیا گیا ہے:

مالی نتائج:

### نصف سال کا اختتام

31 دسمبر 2022 31 دسمبر 2023

(روپے ہزاروں میں)

769,994	862,238	مجموعی فروخت
191,423	226,621	مجموعی منافع
104,142	144,202	منافع کارکردگی
376,618	104,160	ٹیکس سے پہلے منافع
346,345	51,901	منافع بعد از ٹیکس
36.43	5.46	آمدنی فی حصص (روپے)

زیر جائزہ مدت کے دوران، کمپنی کے مجموعی کاروبار میں 92.244 ملین روپے کی کمی واقع ہوئی، جبکہ گزشتہ سال اسی مدت میں 11 فیصد کمی کا سامنا کرنا پڑا۔

کمپنی کے خالص ٹرن اوور میں کمی بڑھتی ہوئی افراط زر کی وجہ سے ہے جس نے صارفین کی قوت خرید کو متاثر کیا، جس کی وجہ سے مانگ کم ہوئی اور ڈیلرز کی جانب سے کم آرڈر ملے جو کہ ٹرن اوور میں کمی کا باعث بنا۔

بجلی اور ایندھن کے بڑھتے ہوئے اخراجات کی وجہ سے مجموعی منافع گزشتہ سال کی اسی مدت کے مقابلے میں 26.28 فیصد سے کم ہو کر 24.86 فیصد ہو گیا۔ EPS میں اضافہ بنیادی طور پر متعلقہ کمپنیوں کی طرف سے Impairment Loss کو واپس لینے کی وجہ سے ہے۔

پالیسی ریٹ میں نمایاں اضافے نے بھی کمپنی کی کارکردگی کو بری طرح متاثر کیا ہے۔

رواں سال میں، مالی لاگت میں تیزی سے بڑھتا ہوا اضافہ 50.847 ملین روپے ہوا جو گزشتہ سال اسی مدت کے دوران 34.200 ملین روپے تھا۔ مالی اخراجات میں 49% اضافے نے کمپنی کے منافع اور مجموعی کارکردگی پر باؤ ڈالا ہے۔

کمپنی نے رواں سال 652,472 میٹر کپڑے کی پیداوار کی جو کہ گزشتہ سال اسی مدت میں 765,301 میٹر تھی، یہ کمی خام مال کی شدید قلت کی وجہ سے 2 جولائی سے 15 جولائی، 2023 کے درمیان عارضی پیداوار بند ہونے کی وجہ سے ہوئی۔

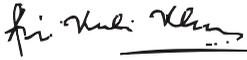
مستقبل کے نقطہ نظر سے:

اینڈھن کی قیمتوں اور توانائی کے نرخوں میں بار بار اضافے کی وجہ سے بڑھتی ہوئی مہنگائی اور آپریشنل اخراجات میں اضافے کی وجہ سے کمپنی کو اہم چیلنجز کا سامنا ہے۔ کمپنی نے معاشی سست روی اور غیر یقینی سیاسی صورتحال کا سامنا کیا، معاشی سرگرمیوں اور کاروباری اعتماد پر کمزوری اثرات کو تسلیم کی گیا ہے۔ تاہم، نئی حکومت کی آمد ہمہ گیر استحکام کا ایک موقع پیش کرتی ہے، یہ استحکام مثبت پیش رفت کا باعث بن سکتا ہے جیسے: عوامی اخراجات کی بحالی، شرح سود میں کمزوری، غیر ملکی سرمایہ کاری میں اضافہ اور IMF کی حمایت۔ جبکہ احتیاطاً، کمپنی بقیہ مالی سال اور اس کے بعد کے لئے محتاط امید کا اظہار کرتی ہے۔ ایک مشکل معاشی منظر نامے کا سامنا کرتے ہوئے، کمپنی رکاوٹوں پر قابو پانے کے لئے پوری طرح پرعزم ہے۔ ہم اس اثر کو کم کرنے کے لئے فعال اقدامات کر رہے ہیں اور ہمیں ان چیلنجز پر قابو پانے اور طویل مدتی قدر فراہم کرنے کی اپنی صلاحیت پر اعتماد ہے۔

اظہار تشکر:

کمپنی اپنے صارفین کی جانب سے مسلسل تعاون اور کمپنی پر ان کے اعتماد کو تسلیم کرتی ہے، کمپنی اپنے تمام سٹیک ہولڈرز، مینکزرز، ڈیلرز، ویٹرز، ملازمین اور ایسوسی ایٹس کے قابل قدر تعاون کے لئے ان کی بھی شکرگزار ہے۔

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے



لیفٹیننٹ جنرل علی خان خٹک (ریٹائرڈ)

ڈائریکٹر



شہناز سجاد احمد

چیف ایگزیکٹو ڈائریکٹر

تاریخ: 23 فروری، 2024

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

**Report on Review of Interim Financial Statements**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **Bannu Woollen Mills Limited** (the Company) as at December 31, 2023 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2022 and December 31, 2023 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2023.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditors' review report is Osman Hameed Chaudhri

LAHORE; FEBRUARY 23, 2024  
UDIN: RR202310104mnMLJqVG

*Shinewing Hameed Chaudhri & Co.*

SHINEWING HAMEED CHAUDHRI & CO.,  
CHARTERED ACCOUNTANTS

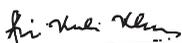
**Condensed Interim Statement of Financial Position as at December 31, 2023**

		Dec. 31, 2023	June 30, 2023
	Note	Un-audited Rupees in thousand	Audited
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	1,558,810	1,574,146
Intangible assets		390	675
Investments in an Associated Company	7	1,154,958	831,635
Security deposits		<u>3,794</u>	<u>3,794</u>
		<u>2,717,952</u>	<u>2,410,250</u>
<b>Current assets</b>			
Stores and spares		<u>129,404</u>	111,787
Stock-in-trade		<u>561,549</u>	647,293
Trade debts	8	<u>423,634</u>	291,499
Advances to employees - unsecured, considered good		<u>28,494</u>	37,857
Advance payments		<u>41,356</u>	70,940
Prepayments and other receivables		<u>4,170</u>	913
Income tax refundable, advance tax and tax deducted at source		<u>10,376</u>	16,178
Cash and bank balances		<u>4,962</u>	55,186
		<u>1,203,945</u>	<u>1,231,653</u>
		<u>3,921,897</u>	<u>3,641,903</u>
<b>Total assets</b>			
<b>Equity and liabilities</b>			
<b>Share capital and reserves</b>			
Authorised capital		<u>200,000</u>	200,000
Issued, subscribed and paid-up capital		<u>95,063</u>	95,063
Capital reserves			
- share premium		19,445	19,445
- revaluation surplus on property, plant and equipment	9	2,763,399	2,766,738
Revenue reserves			
- general reserve		154,055	154,055
- unappropriated profit / (accumulated loss)		<u>158,014</u>	(191,670)
<b>Shareholders' equity</b>		<u>3,189,976</u>	2,843,631
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<u>9,210</u>	12,718
Staff retirement benefits - gratuity		<u>145,128</u>	131,259
Deferred taxation		<u>82,473</u>	70,519
		<u>236,811</u>	214,496
<b>Current liabilities</b>			
Trade and other payables	10	<u>148,741</u>	114,231
Contract liabilities		<u>3,441</u>	1,204
Unpaid dividends		<u>3,452</u>	3,452
Unclaimed dividends		<u>4,746</u>	4,746
Accrued mark-up		<u>21,093</u>	22,298
Short term finances		<u>287,689</u>	416,745
Current portion of lease liabilities		<u>8,371</u>	7,365
Taxation	11	<u>17,577</u>	13,735
		<u>495,110</u>	583,776
<b>Total liabilities</b>		<u>731,921</u>	798,272
<b>Contingencies and commitments</b>	12		
<b>Total equity and liabilities</b>		<u>3,921,897</u>	<u>3,641,903</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



**Shahnaz Sajjad Ahmad**  
Chief Executive



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



**Kalim Aslam**  
Chief Financial Officer

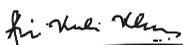
**Condensed Interim Statement of Profit or Loss & Other  
Comprehensive Income (Un-audited)  
For the Quarter and Six Months Period Ended December 31, 2023**

	Note	Quarter ended		Six months period ended	
		Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
----- Rupees in thousand -----					
Sales - net	13	576,188	621,899	769,994	862,238
Cost of sales	14	(435,877)	(456,073)	(578,571)	(635,617)
Gross profit		140,311	165,826	191,423	226,621
Distribution cost		(9,422)	(7,903)	(17,686)	(13,045)
Administrative expenses		(39,753)	(29,611)	(77,793)	(60,354)
Other income	15	11,542	869	13,046	1,098
Other expenses	16	(4,848)	(10,118)	(4,848)	(10,118)
Profit from operations		97,830	119,063	104,142	144,202
Finance cost		(21,896)	(15,763)	(50,847)	(34,200)
		75,934	103,300	53,295	110,002
Share of (loss) / profit of an Associated Company	7	(13,820)	6,670	(13,820)	6,670
Impairment loss on investments in an Associated Company reversed / (recognised)	7	337,143	(12,512)	337,143	(12,512)
		323,323	(5,842)	323,323	(5,842)
Profit before taxation		399,257	97,458	376,618	104,160
Taxation	17	(27,863)	(49,562)	(30,273)	(52,259)
Profit after taxation		371,394	47,896	346,345	51,901
Other comprehensive income					
Surplus arisen upon revaluation of property, plant and equipment		0	314,222	0	314,222
Deferred taxation		0	(19,349)	0	(19,349)
		0	294,873	0	294,873
<b>Total comprehensive income for the period</b>		<b>371,394</b>	<b>342,769</b>	<b>346,345</b>	<b>346,774</b>
----- Rupees -----					
Earnings per share		39.07	5.04	36.43	5.46

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Shahnaz Sajjad Ahmad  
Chief Executive



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



Kalim Aslam  
Chief Financial Officer

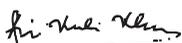
**Condensed Interim Statement of Cash Flows (Un-audited)  
For the Six Months Period Ended December 31, 2023**

	Six months period ended	
	Dec. 31, 2023	Dec. 31, 2022
Rupees in thousand		
<b>Cash flows from operating activities</b>		
Profit for the period - before taxation and share of (loss) / profit on investments in an Associated Company	53,295	110,002
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	11,964	9,643
Depreciation on right of use assets	4,484	2,504
Amortisation	285	261
Provision for impairment of trade debts	130	155
Staff retirement benefits - gratuity (net)	13,869	12,452
Mark-up on bank deposits and dealers' balances	(12,553)	(700)
Finance cost	50,847	34,200
Workers' welfare fund	1,186	2,373
<b>Profit before working capital changes</b>	<b>123,507</b>	<b>170,890</b>
<b>Effect on cash flows due to working capital changes</b>		
(Increase) / decrease in current assets		
Stores and spares	(17,617)	3,234
Stock-in-trade	85,744	200,431
Trade debts	(132,265)	(224,201)
Advances	9,363	12,156
Advance payments	29,584	1,491
Prepayments and other receivables	(3,257)	(5,471)
Sales tax refundable	0	28,127
Increase in trade and other payables and contract liabilities	35,561	13,236
	<b>7,113</b>	<b>29,003</b>
<b>Cash generated from operations</b>	<b>130,620</b>	<b>199,893</b>
Taxes paid	(8,675)	(10,586)
<b>Net cash generated from operating activities</b>	<b>121,945</b>	<b>189,307</b>
<b>Cash flows from investing activities</b>		
Fixed capital expenditure	(1,447)	(7,762)
Mark-up received on bank deposits and dealers' balances	12,553	700
<b>Net cash generated from / (used in) investing activities</b>	<b>11,106</b>	<b>(7,062)</b>
<b>Cash flows from financing activities</b>		
Lease rentals paid	(4,504)	(2,801)
Short term finances - net	(129,056)	(174,454)
Dividend paid	0	(34)
Finance cost paid	(49,715)	(29,339)
<b>Net cash used in financing activities</b>	<b>(183,275)</b>	<b>(206,628)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(50,224)</b>	<b>(24,383)</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>55,186</b>	<b>31,011</b>
<b>Cash and cash equivalents - at end of the period</b>	<b>4,962</b>	<b>6,628</b>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



**Shahnaz Sajjad Ahmad**  
Chief Executive



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



**Kalim Aslam**  
Chief Financial Officer

**Condensed Interim Statement of Changes in Equity (Un-audited)**  
**For the Six Months Period Ended December 31, 2023**

Share capital	Capital Reserves		Revenue Reserves		Total
	Share premium	Revaluation surplus on property, plant and equipment	General	(Accumulated loss)/ unappropriated profit	

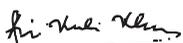
----- Rupees in thousand -----

Balance as at June 30, 2023 (audited)	95,063	19,445	2,766,738	154,055	(191,670)	2,843,631
<b>Total comprehensive income for the period of six months ended December 31, 2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>346,345</b>	<b>346,345</b>
Revaluation surplus on property, plant and equipment realised during the period on account of incremental depreciation (net of deferred taxation)	0	0	(3,339)	0	3,339	0
<b>Balance as at December 31, 2023 (un-audited)</b>	<b>95,063</b>	<b>19,445</b>	<b>2,763,399</b>	<b>154,055</b>	<b>158,014</b>	<b>3,189,976</b>
Balance as at June 30, 2022 - (audited)	95,063	19,445	2,472,015	154,055	152,629	2,893,207
Total comprehensive income for the period of six months ended December 31, 2022	0	0	294,873	0	51,901	346,774
Revaluation surplus on property, plant and equipment realised during the period on account of incremental depreciation (net of deferred taxation)	0	0	(2,502)	0	2,502	0
<b>Balance as at December 31, 2022 (un-audited)</b>	<b>95,063</b>	<b>19,445</b>	<b>2,764,386</b>	<b>154,055</b>	<b>207,032</b>	<b>3,239,981</b>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



**Shahnaz Sajjad Ahmad**  
Chief Executive



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



**Kalim Aslam**  
Chief Financial Officer

**Notes to the Condensed Interim Financial Statements (Un-audited)  
For the Six Months Period Ended December 31, 2023**

**1. Legal status and operations**

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

**2. Basis of preparation**

**2.1 Statement of compliance**

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

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

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

**2.2** These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended June 30, 2023. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

**2.3** These condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017. The figures for the six months period ended December 31, 2023 have, however, been subjected to limited scope review by the external Auditors.

**2.4 Basis of measurement**

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

**2.5 Functional and presentation currency**

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

**3. Significant accounting policies**

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited financial statements of the Company as at and for the year ended June 30, 2023.

**4. Changes In Accounting Standards, Interpretations And Amendments To Published Approved Accounting Standards**

**4.1 Standards, interpretations and amendments to published approved accounting standards that are effective**

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting periods which began on July 01, 2023. However, these do not have any significant impact on the Company's financial reporting.

**4.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 01, 2024. However, these will not have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

**5. Accounting estimates and judgements**

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

**5.2** In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended June 30, 2023.

**6. Property, plant and equipment**

		Un-audited Dec. 31, 2023	Audited June 30, 2023
	Note	(Rupees in thousand)	
Operating fixed assets	6.1	1,548,092	1,558,872
Capital work-in-progress		263	0
Right of use assets	6.2	10,455	15,274
		<b>1,558,810</b>	<b>1,574,146</b>

**6.1 Operating fixed assets**

Book value as at June 30, 2023		1,558,872	
Additions during the period:			
- electric fittings		147	
- vehicles		1037	
		1184	
Depreciation charge for the period		(11,964)	
<b>Book value as at December 31, 2023</b>		<b>1,548,092</b>	

**6.2 Right of use assets**

Book value as at June 30, 2023		15,274	
Impact of modification		(335)	
Depreciation charge for the period		(4,484)	
<b>Book value as at December 31, 2023</b>		<b>10,455</b>	

<b>7. Investments in an Associated Company - Quoted</b>		<b>Un-audited Dec. 31, 2023</b>
		<b>(Rupees in thousand)</b>
<b>Janana De Malucho Textile Mills Ltd. (JDM)</b>	<b>Note</b>	
Carrying value of 1,659,643 shares of Rs.10 each before recognition of impairment loss as at June 30, 2023		<b>1,959,462</b>
Shareholding held: 25.24%		
Loss for the period - net of taxation		<b>(13,820)</b>
		<b>1,945,642</b>
Less: impairment loss:		
- balance as at June 30, 2023		<b>(1,127,827)</b>
- loss reversed during the period	<b>7.2</b>	<b>337,143</b>
		<b>(790,684)</b>
Carrying value as at December 31, 2023		<b>1,154,958</b>
<b>7.1</b> Market value of the Company's investments in JDM as at December 31, 2023 was Rs.103.296 million (June 30, 2023: Rs.66.801 million).		
<b>7.2</b> The reversal of impairment loss on investments in the Associate as of December 31, 2023 has resulted from the adoption of a revised valuation methodology permitted under IAS 36 (Impairment of Assets) . The Company has been using the Discounted Cash Flow (DCF) method to calculate Value in Use (VIU) under IAS 36. However, economic challenges, such as inflation, currency devaluation and increased assets revaluation, have necessitated a reassessment of the impairment assessment approach. Therefore, keeping in view the requirements of IAS 36, a revised model, known as the Market Value of Net Assets Approach has been adopted as at December 31, 2023 to calculate the VIU. This model provides a more accurate reflection of the investments value, especially for capital-intensive entities. This change in the VIU calculation method has led to reversal of the impairment loss for the period ended December 31, 2023. This change in estimate has been applied prospectively.		
	<b>Un-audited</b>	<b>Audited</b>
	<b>Dec. 31,</b>	<b>June 30,</b>
	<b>2023</b>	<b>2023</b>
	<b>(Rupees in thousand)</b>	
<b>8. Trade debts - unsecured</b>		
Considered good	<b>423,372</b>	290,167
Considered doubtful	<b>21,960</b>	22,900
	<b>445,332</b>	313,067
Less: allowance for expected credit loss	<b>(21,698)</b>	(21,568)
	<b>423,634</b>	291,499
<b>8.1 Allowance for expected credit loss</b>		
Balance at beginning of the period / year	<b>21,568</b>	21,296
Charge for the period / year	<b>130</b>	272
Balance at end of the period / year	<b>21,698</b>	21,568
<b>9. Surplus on revaluation of property, plant and equipment - net</b>		
Surplus on revaluation of the Company's property, plant and equipment	<b>1,285,083</b>	1,288,422
Share of surplus on revaluation of property, plant and equipment of an Associated Company	<b>1,478,316</b>	1,478,316
	<b>2,763,399</b>	2,766,738

	<b>Un-audited Dec. 31, 2023</b>	Audited June 30, 2023
<b>10. Trade and other payables</b>	<b>(Rupees in thousand)</b>	
Due to a related party - Gammon Pakistan Ltd.	1,523	0
Creditors	5,918	4,502
Bills payable	8,341	0
Security deposits - interest free, repayable on demand	11,200	8,700
Accrued expenses	97,628	85,610
Due to Waqf-e-Kuli Khan	4,505	4,104
Tax deducted at source	14	90
Staff retirement benefits (gratuity) due but unpaid	1,272	1,272
Workers' (profit) participation fund	4,936	2,036
Workers' welfare fund	5,237	5,070
Sales tax payable	7,740	2,442
Others	427	405
	<b>148,741</b>	<b>114,231</b>

**11. Taxation - net**

Balance as at June 30, 2023	13,735
Add: provision made during the period	
- current period	16,848
- prior year	1,471
Less: payments / adjustments made during the period against completed assessment	14,477
Balance as at December 31, 2023	<b>17,577</b>

**11.1** Income tax assessments of the Company have been completed upto the tax year 2023 i.e. accounting year ended June 30, 2023.

**11.2** There has been no significant change in status of taxation matters during the current period as detailed in notes 21.2 to 21.8 to the audited financial statements of the Company for the year ended June 30, 2023 except for the following:

Tax charged under sections 161/205 of the Income Tax Ordinance, 2001 for the tax year 2017 at Rs.119.504 million against which an appeal was filed with the Commissioner Inland Revenue ( Appeals ), who decided the appeal and remanded back the case to the Assessing Officer for reconsideration of the facts of the case.

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

**12. Contingencies and commitments**

**12.1** There has been no significant change in the status of contingencies during the current period as reported in the audited financial statements of the Company for the year ended June 30, 2023.

**12.2** No commitments were outstanding as at December 31, 2023 and June 30, 2023.

	Quarter ended		Six months period ended	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
<b>13. Sales - net</b>				
<b>Own manufactured:</b>	----- Rupees in thousand -----			
Fabrics and blankets	681,121	730,585	910,637	1,015,247
Waste	0	62	0	62
Processing charges	856	0	1,074	0
	<b>681,977</b>	<b>730,647</b>	<b>911,711</b>	<b>1,015,309</b>
Less:				
Sales tax	104,629	108,748	140,557	153,071
Trade discount	1,160	0	1,160	0
	<b>105,789</b>	<b>108,748</b>	<b>141,717</b>	<b>153,071</b>
	<b>576,188</b>	<b>621,899</b>	<b>769,994</b>	<b>862,238</b>
<b>14. Cost of sales</b>				
Raw materials consumed	177,770	119,732	243,184	262,611
Salaries, wages and benefits	71,240	67,981	143,731	131,875
Power and fuel	35,302	19,026	61,824	39,882
Stores and spares consumed	8,612	9,822	16,783	17,172
Repair and maintenance	7,260	17,321	12,743	27,089
Depreciation	3,878	3,681	7,755	7,219
Insurance	1,391	1,317	2,782	2,634
Others	421	494	838	830
	<b>305,874</b>	<b>239,374</b>	<b>489,640</b>	<b>489,312</b>
Adjustment of work-in-process				
Opening	60,079	78,877	59,527	77,424
Closing	(75,458)	(119,504)	(75,458)	(119,504)
	<b>(15,379)</b>	<b>(40,627)</b>	<b>(15,931)</b>	<b>(42,080)</b>
Cost of goods manufactured	<b>290,495</b>	<b>198,747</b>	<b>473,709</b>	<b>447,232</b>
Adjustment of finished goods				
Opening stock	575,371	545,128	534,851	476,187
Closing stock	(429,989)	(287,802)	(429,989)	(287,802)
	<b>145,382</b>	<b>257,326</b>	<b>104,862</b>	<b>188,385</b>
	<b>435,877</b>	<b>456,073</b>	<b>578,571</b>	<b>635,617</b>
<b>15. Other income</b>				
Income for the current period includes mark-up earned on dealers' balances and bank deposits aggregating Rs.10.273 million and Rs.2.280 million respectively				
<b>16. Other expenses</b>				
Donation to Waqf-e-Kuli Khan	631	1,592	631	1,592
Workers' (profit) participation fund	2,901	5,998	2,901	5,998
Workers' welfare fund	1,186	2,373	1,186	2,373
Allowance for expected credit loss	130	155	130	155
	<b>4,848</b>	<b>10,118</b>	<b>4,848</b>	<b>10,118</b>

17. Taxation	Six months period ended	
	Dec. 31, 2023	Dec. 31, 2022
	(Rupees in thousand)	
- current (note 11)	16,848	33,713
- prior year (note 11)	1,471	4,246
- deferred	11,954	14,300
	<b>30,273</b>	<b>52,259</b>

**18. Transactions with related parties**

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

**i) Associated Companies**

Expenses shared	2,929	2,105
Rent of marketing office	3,045	2,130
Rent of internal audit office	0	183
Purchase of raw materials	0	2,039
Purchase of vehicles	0	7,607

**ii) Key management personnel**

Salary and other employment benefits	49,842	42,578
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**18.2** Period-end balance was as follows:

Payable to Gammon Pakistan Ltd.	1,523	161
Advances to Ghandhara Nissan Ltd.	0	2,000

**19. Financial risk management**

**19.1 Financial risk factors**

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

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's financial statements as at and for the year ended June 30, 2023.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2023.

**19.2 Fair value estimation**

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Company's financial assets and financial liabilities. Further, there were no reclassifications of financial assets.

**20. Corresponding figures**

The comparative condensed interim statement of financial position presented in these condensed interim financial statements has been extracted from the audited financial statements of the Company for the year ended June 30, 2023, whereas the comparative condensed interim statement of profit or loss & other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the un-audited condensed interim financial statements for the period ended December 31, 2022.

**21. Date of authorisation for issue**

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on February 23, 2024.



**Shahnaz Sajjad Ahmad**  
Chief Executive



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



**Kalim Aslam**  
Chief Financial Officer

If undelivered please return to  
Share Department  
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