

Half Yearly  
Accounts  
December,  
2018

BIBOJEE GROUP



BANNU  
WOOLLEN MILLS LIMITED

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**COMPANY'S PROFILE**

Board Of Directors	Lt. Gen. (Retd.) Ali 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	Chief Executive Chairman
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	

**DIRECTORS' REVIEW**

It is our pleasure to present on behalf of the Directors, the un-audited condensed interim financial information of the Company for the half year ended December 31, 2018 duly reviewed by the statutory auditors of the Company.

**FINANCIAL PERFORMANCE**

We are pleased to report that your Company has earned net profit of Rs. 15.528 million (December 31, 2017: Rs. 49.914 million) after incorporation of share of profit / (loss) of Associated Companies and taxation. The net sales decreased by Rs. 308.640 million during the period under review with respect to corresponding period of last year.

**FINANCIAL RESULTS**

These are summarized below:

		<b>Half-Year Ended December 31,</b>	
		<b>2018</b>	<b>2017</b>
		<b>(Rupees in thousand)</b>	
Sales – net		<b>341,004</b>	649,644
Gross profit		<b>113,366</b>	211,015
Profit before taxation		<b>20,531</b>	75,281
Profit after taxation		<b>15,528</b>	49,914
Earnings per share	Rupees	<b>1.63</b>	5.25

During the period, the Company has earned profit before tax of Rs. 20.531 million (December 31, 2017: Rs. 75.281 million), which included share of profit of Associated Companies amounting Rs. 1.778 million (December 31, 2017: loss of Rs. 13.243 million).

During the period under review, the sales revenue was much lower than the expectation of the management. The major reason behind lower sales was increased sales tax on sales of finished fabric resulting into higher sale prices which were passed-on to the final consumers. The start of late winter season again this year also contributed to pile-up of unsold stock of finished goods. The global warming and changing consumer trends have significantly contributed towards declining sales of winter cloth of the Company. Keeping in view the trend of current period, it is expected that the annual sales of the current financial year will remain sluggish and below expectation.

**AUDITORS' OBSERVATION**

The independent auditors' Report on Review of Interim Financial Statements is qualified on the grounds that "The management has not carried-out impairment testing of its investments in Associated Companies at the reporting date as required under IAS 36 "Impairment of assets".

**The comments of management are given as under:**

The management intends to carry-out impairment testing of its investments in Associated Companies as at June 30, 2019.

**FUTURE OUTLOOK**

Progress on fresh IMF program and arrangement of inflows from UAE & Saudi Arabia will affect positively on balance of payment and US\$ rate as the Company import its core raw-material (wool & man-made fiber) from Australia & Europe. The recent announcement of economic reform package from current government is a step in right direction and is expected to bring positive results for local manufacturing. After the economy regains its balance, it is expected that the country will resume its growth momentum which would boost the demand for local fabric cloth.

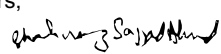
The management is still optimistic about the increase in sale volumes of the Company in the coming winter season with new products and markets. We will co-ordinate with our dealers on research & development activities of the Company to identify the most attractive, profitable market niches and products.

**THANKS AND APPRECIATION**

The management takes this opportunity to thank customers, shareholders, suppliers, bankers and other stakeholders. We also appreciate and acknowledge the continued support, commitment, loyalty and hard work of our employees.

For & on behalf of the Board of Directors,

  
**Ahmed Kuli Khan Khattak**  
Chairman

  
**Shahnaz Sajjad Ahmad**  
Chief Executive / Director

Rawalpindi  
February 28, 2019

## ڈائریکٹرز رپورٹ برائے حصص داران

ہم بورڈ آف ڈائریکٹرز کی جانب سے پہلی ششماہی 31 دسمبر 2018 کمپنی آڈیٹرز کی نظر ثانی شدہ مالیاتی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔  
مالیاتی کارکردگی:  
ہم رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں کہ آپ کی کمپنی نے خالص منافع کی مد میں 15,528 ملین روپے کمایا ہے (49,914 ملین روپے، 31 دسمبر، 2017) جو کہ شراکتی کمپنیوں کے منافع اور ٹیکس کی ادائیگی کے بعد کا ہے۔ اس مدت کے دوران خالص فروخت پچھلے سال کی نسبت 308,640 ملین روپے کی ہوئی ہے۔  
مالیاتی نتائج: جو کہ مندرجہ ذیل ہیں:-

نصف سال کا اختتام		
31 دسمبر 2018	31 دسمبر 2017	
(روپے ہزاروں میں)		
341,004	649,644	خالص فروخت
113,366	211,015	مجموعی منافع
20,531	75,281	ٹیکس سے پہلے منافع
15,528	49,914	منافع بعد از ٹیکس
1.63	5.25	آمدن فی حصص (روپے)
اس مدت کے دوران کمپنی کا ٹیکس سے پہلے کا منافع 20,531 روپے ملین (31 دسمبر، 2017: 75,281 ملین روپے) جس میں شراکتی کمپنیوں کے منافع کا حصہ 1,778 ملین روپے ہے (31 دسمبر، 2017: نقصان 13,243 ملین روپے)۔		
رواں مدت کے جائزے کے تحت، فروخت کی آمدن انتظامیہ کی توقعات سے بہت کم ہوئی ہے۔ کم فروخت کے پیچھے اہم وجہ تیار شدہ کپڑے کی فروخت پر سیلز ٹیکس میں اضافہ ہے جس کے نتیجے میں بڑی سطح پر فروخت کی قیمتوں میں اضافہ ہوا جو کہ سختی صارف کو منتقل کیا گیا۔ اس سال بھی دوبارہ موسم سرما دیر سے شروع ہونے کی وجہ سے تیار شدہ کپڑے، ذخیرہ شدہ کپڑے میں شامل ہوا۔ گلوبل وارمنگ اور صارفین کے بدلتے رجحان نے بھی نمایاں طور پر کمپنی کے موسم سرما کے کپڑوں کی فروخت کی کمی میں اہم کردار ادا کیا ہے۔ موجودہ حالات کے رجحان پر غور کرتے ہوئے، موجودہ مالی سال کی سالانہ فروخت بہت سست اور توقعات سے کم رہے گی۔		
آڈیٹرز کے مشاہدات:		
آزاد آڈیٹرز نے عبوری مالی تفصیلات کے جائزہ کی رپورٹ پر اعتراض لگایا ہے کہ انتظامیہ نے IAS 36 "اثاثہ جات کی امپیر میٹ" کے تحت شراکتی کمپنیوں کے سرمایہ کا تعین نہیں کیا۔		
انتظامیہ کی رائے ذیل میں دی گئی ہے:-		
انتظامیہ 30 جون 2019 میں اپنی شراکتی کمپنیوں میں سرمایہ کا تخمینہ لگانے کا ارادہ رکھتی ہے۔		
مستقبل کے نقطہ نظر سے:		

تازہ IMF کے پروگرام، متحدہ عرب امارات اور سعودی عرب سے ڈالر کی آمد کے انتظام سے ڈالر کے ریٹ پر مثبت اثرات ہوں گے، جس کی وجہ سے کمپنی کو خام مال (اون اور بنا ہوا دھاگہ) جو کہ آسٹریلیا اور یورپ سے درآمد کیا جاتا ہے، کے بقایا جات کی ادائیگیوں میں بہتری آنے کا امکان ہے۔ موجودہ حکومت کی طرف سے معاشی اصلاحاتی پیکیج کا حالیہ اعلان ترقی کی طرف ایک درست قدم ہے جس سے مقامی مینوفیکچررز کے مثبت نتائج سامنے آئیں گے۔ معیشت کے توازن کو دوبارہ حاصل کرنے کے بعد، امید ہے کہ ملک ترقی کی راہ پر دوبارہ گامزن ہوگا جس سے مقامی کپڑے کی مانگ کو فروغ ملے گا۔

انتظامیہ کی توجہ، آنے والے موسم سرما میں نئی مصنوعات اور مارکیٹ سے متعلق کمپنی کی فروخت کے حجم کو بڑھانے کیلئے ترقی کے مواقعوں پر مرکوز ہے۔ کمپنی کی تحقیق اور ترقی کی سرگرمیوں میں سب سے زیادہ پرکشش، منافع بخش مارکیٹ اور نئی مصنوعات کی شناخت کے لئے ہم اپنے ڈیلرز سے بھرپور تعاون کریں گے۔

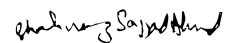
اظہار تشکر:

کمپنی انتظامیہ اپنے تمام گاہکوں، حصص داران، سپلائرز، بینکرز اور سٹیک ہولڈرز کی مسلسل حمایت اور عزم کا شکریہ ادا کرتی ہے اور اپنے تمام ملازمین کی انتھک محنت کمپنی سے وابستگی اور وفاداری کا بھی اعتراف کرتی ہے۔



احمد قاسم خان خٹک  
چیئر مین

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے



شہناز سجاد احمد  
چیف ایگزیکٹو ڈائریکٹر

تاریخ: 28 فروری 2019

**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, 2018 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 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, 2017 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2018.

**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.

**Basis for Qualified Conclusion**

The management has not carried-out impairment testing of its investments in Associated Companies at the reporting date as required under IAS 36 "Impairment of assets".

**Qualified Conclusion**

Based on our review, except for the matter described in the Basis for Qualified Conclusion section of our report, 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' report is Nafees ud din.

*Shine Wing Hameed Chaudhri*

**SHINEWING HAMEED CHAUDHRI & CO.,  
CHARTERED ACCOUNTANTS**

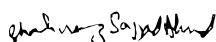
**LAHORE; February 28, 2019**

# BANNU WOOLLEN MILLS LIMITED

## Condensed Interim Statement of Financial Position as at December 31, 2018

		Dec. 31, 2018 Un-audited	June 30, 2018 Audited
	Note	Rupees in '000	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	1,077,309	1,089,739
Intangible assets		330	384
Investments in Associated Companies	7	1,137,316	1,134,680
Advances		787	0
Security deposits		3,794	2,994
		<u>2,219,536</u>	<u>2,227,797</u>
<b>Current assets</b>			
Stores and spares		75,788	77,377
Stock-in-trade		666,770	619,289
Trade debts		368,326	364,030
Current portion of advances		355	1,792
Advances to employees - unsecured, considered good		5,620	18,092
Advance payments		2,756	965
Trade deposits and prepayments		3,701	423
Income tax refundable, advance tax and tax deducted at source		7,503	20,875
Cash and bank balances		11,889	1,726
		<u>1,142,708</u>	<u>1,104,569</u>
<b>Total assets</b>		<u>3,362,244</u>	<u>3,332,366</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital		200,000	200,000
Issued, subscribed and paid-up capital		95,063	95,063
Capital reserves			
- share premium		19,445	19,445
- revaluation surplus on property, plant and equipment	8	1,598,715	1,606,310
Revenue reserves			
- general reserve		937,055	904,055
- unappropriated profit		24,069	56,854
<b>Shareholders' equity</b>		<u>2,674,347</u>	<u>2,681,727</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Staff retirement benefits - gratuity		69,763	70,973
Deferred taxation		65,654	68,048
		<u>135,417</u>	<u>139,021</u>
<b>Current liabilities</b>			
Trade and other payables	9	170,975	212,205
Unpaid dividends		3,955	3,419
Unclaimed dividends		6,546	3,202
Accrued mark-up		9,665	4,879
Short term finances		353,222	250,144
Taxation		8,117	37,769
		<u>552,480</u>	<u>511,618</u>
<b>Total liabilities</b>		<u>687,897</u>	<u>650,639</u>
<b>Contingencies and commitments</b>	10		
<b>Total equity and liabilities</b>		<u>3,362,244</u>	<u>3,332,366</u>

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

  
**Shahnaz Sajjad Ahmad**  
Chief Executive

  
**Ahmed Kuli Khan Khattak**  
Director

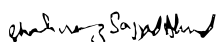
  
**A. R. Tahir**  
Chief Financial Officer

**Condensed Interim Statement of Profit or Loss & Other Comprehensive  
Income (Un-audited)**

**For the Quarter and Six Months Period Ended December 31, 2018**

	Note	Quarter ended		Six months period ended	
		Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
		----- Rupees in '000 -----			
Sales - net		279,644	339,994	341,004	649,644
Cost of sales		(187,677)	(235,301)	(227,638)	(438,629)
Gross profit		91,967	104,693	113,366	211,015
Distribution cost		(9,430)	(22,703)	(20,386)	(49,747)
Administrative expenses		(31,060)	(29,476)	(54,429)	(56,599)
Other income		426	645	497	1,701
Other expenses		(3,847)	(4,779)	(3,847)	(8,955)
Profit from operations		48,056	48,380	35,201	97,415
Finance cost		(10,036)	(4,597)	(16,448)	(8,891)
		38,020	43,783	18,753	88,524
Share of profit / (loss) of Associated Companies - net	7	1,778	(13,243)	1,778	(13,243)
Profit before taxation		39,798	30,540	20,531	75,281
Taxation	11	(12,114)	(11,928)	(5,003)	(25,367)
Profit after taxation		27,684	18,612	15,528	49,914
Other comprehensive income		0	0	0	0
Total comprehensive income for the period		27,684	18,612	15,528	49,914
----- Rupees -----					
Earnings per share - basic and diluted		2.91	1.96	1.63	5.25

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

  
**Shahnaz Sajjad Ahmad**  
Chief Executive

  
**Ahmed Kuli Khan Khattak**  
Director

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

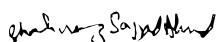


# BANNU WOOLLEN MILLS LIMITED

## Condensed Interim Statement of Cash Flows (Un-audited) For the Six Months Period Ended December 31, 2018

	<u>Six months period ended</u>	
	<u>Dec. 31,</u>	<u>Dec. 31,</u>
	<u>2018</u>	<u>2017</u>
	<u>--- Rupees in '000 ---</u>	
<b>Cash flow from operating activities</b>		
Profit for the period - before taxation and net share of profit / ( loss) on investments in Associated Companies	18,753	88,524
Adjustments for non-cash charges and other items:		
Depreciation	18,079	19,535
Amortisation of intangible assets	54	25
Staff retirement benefits - gratuity (net)	(1,210)	8,645
Mark-up on bank deposits	(267)	(494)
Finance cost	16,448	8,891
Payable balances written-back	0	(705)
Gain on sale of vehicle	0	(187)
<b>Profit before working capital changes</b>	<b>51,857</b>	<b>124,234</b>
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets		
Stores and spares	1,589	7,412
Stock-in-trade	(47,481)	130,034
Trade debts	(4,296)	(242,841)
Advances	13,122	8,164
Advance payments	(1,791)	9,455
Trade deposits and prepayments	(3,278)	(8,985)
Sales tax refundable	0	3,003
( Decrease ) / increase in trade and other payables	(41,230)	4,642
	(83,365)	(89,116)
<b>Cash (used in) / generated from operations</b>	<b>(31,508)</b>	<b>35,118</b>
Taxes paid	(23,677)	(7,806)
<b>Net cash (used in) / generated from operating activities</b>	<b>(55,185)</b>	<b>27,312</b>
<b>Cash flow from investing activities</b>		
Fixed capital expenditure	(5,649)	(8,606)
Sale proceeds of vehicle	0	210
Intangible assets acquired	0	(350)
Security deposits	(800)	350
Mark-up received on bank deposits	267	494
<b>Net cash used in investing activities</b>	<b>(6,182)</b>	<b>(7,902)</b>
<b>Cash flow from financing activities</b>		
Short term finances - net	103,078	28,558
Dividend paid	(19,886)	(44,235)
Finance cost paid	(11,662)	(5,560)
<b>Net cash generated from / (used in) financing activities</b>	<b>71,530</b>	<b>(21,237)</b>
<b>Net increase / (decrease ) in cash and cash equivalents</b>	<b>10,163</b>	<b>(1,827)</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>1,726</b>	<b>12,709</b>
<b>Cash and cash equivalents - at end of the period</b>	<b>11,889</b>	<b>10,882</b>

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

  
**Shahnaz Sajjad Ahmad**  
Chief Executive

  
**Ahmed Kuli Khan Khattak**  
Director

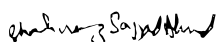
  
**A. R. Tahir**  
Chief Financial Officer

# BANNU WOOLLEN MILLS LIMITED

## Condensed Interim Statement of Changes in Equity (Un-audited) For the Six Months Period Ended December 31, 2018

	Capital Reserves			Revenue Reserves		Total
	Share capital	Share premium	Revaluation surplus on property, plant and equipment	General	Unappropriated profit	
----- Rupees in '000 -----						
Balance as at June 30, 2018 (audited)	95,063	19,445	1,606,310	904,055	56,854	2,681,727
Transfer	0	0	0	33,000	(33,000)	0
Transaction with owners:						
Cash dividend at the rate of Rs.2.50 per ordinary share for the year ended June 30, 2018	0	0	0	0	(23,766)	(23,766)
Total comprehensive income for the period ended December 31, 2018	0	0	0	0	15,528	15,528
Revaluation surplus on property, plant and equipment realised during the period on account of incremental depreciation (net of deferred taxation)	0	0	(3,536)	0	3,536	0
Share of revaluation surplus on property, plant and equipment of Associated Companies	0	0	(4,059)	0	0	(4,059)
Effect of items directly credited in equity by Associated Companies	0	0	0	0	4,917	4,917
Balance as at December 31, 2018 (un-audited)	95,063	19,445	1,598,715	937,055	24,069	2,674,347
Balance as at June 30, 2017 - audited	95,063	19,445	1,620,656	865,055	86,624	2,686,843
Transfer	0	0	0	39,000	(39,000)	0
Transaction with owners:						
Cash dividend at the rate of Rs.5 per ordinary share for the year ended June 30, 2017	0	0	0	0	(47,531)	(47,531)
Total comprehensive income for the period ended December 31, 2017	0	0	0	0	49,914	49,914
Revaluation surplus on property, plant and equipment realised during the period on account of incremental depreciation (net of deferred taxation)	0	0	(3,872)	0	3,872	0
Share of revaluation surplus on property, plant and equipment of Associated Companies	0	0	(4,595)	0	0	(4,595)
Effect of items directly credited in equity by Associated Companies	0	0	0	0	(1,791)	(1,791)
Balance as at December 31, 2017 (un-audited)	95,063	19,445	1,612,189	904,055	52,088	2,682,840

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

  
**Shahnaz Sajjad Ahmad**  
Chief Executive

  
**Ahmed Kuli Khan Khattak**  
Director

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

**Notes to the Condensed Interim Financial Statements (Un-audited)**  
**For the Six Months Period Ended December 31, 2018**

**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 Gammon House, Peshawar Road, Rawalpindi.

**2. Basis of Preparation**

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.

**3. Significant Accounting Policies**

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2018, except for the adoption of IFRS 15 "Revenue from contracts with customers". The revised accounting policy adopted by the management is as follows:

**IFRS 15 - Revenue from Contracts with Customers**

IFRS 15 has been notified by SECP to be effective for annual periods beginning on or after July 01, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. This standard replaces IAS 18, "Revenue" and IAS 11, "Construction contracts" and related interpretations.

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of unappropriated profit in the period of initial application is nil.

- 4.** These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017. The figures of the condensed interim statement of profit or loss & other comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed by the statutory auditors of the Company as the auditors have reviewed the cumulative figures for the six months period ended December 31, 2018. These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended June 30, 2018.

**5. Accounting Estimates, Judgments and Financial Risk Management**

The preparation of condensed interim financial statements 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 recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the 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.

**6. Property, Plant and Equipment**

	Un-audited Dec. 31, 2018 (Rupees in thousand)
Book value of operating fixed assets as at June 30, 2018	1,089,739
Additions during the period:	
- plant & machinery	5,435
- office equipment	27
- computers & accessories	187
	5,649
Depreciation charge for the period	(18,079)
<b>Book value of operating fixed assets as at December, 31, 2018</b>	<b>1,077,309</b>

		Un-audited Dec. 31, 2018 (Rupees in thousand)	Audited June 30, 2018
<b>7. Investments in Associated Companies - Quoted</b>	<b>Note</b>		
<b>Babri Cotton Mills Ltd. (BCM)</b>			
144,421 ordinary shares of Rs.10 each - <b>cost</b>	<b>7.2</b>	<b>1,632</b>	1,632
Equity held: 3.95%			
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BCM		<b>16,613</b>	22,181
Loss for the period / year - net of taxation		<b>(485)</b>	(5,494)
Share of other comprehensive loss - net of taxation		<b>0</b>	(450)
Share of revaluation surplus on property, plant and equipment		<b>35,885</b>	36,208
		<b>53,645</b>	54,077
<b>Janana De Malucho Textile Mills Ltd. (JDM)</b>			
1,559,230 ordinary shares of Rs.10 each - <b>cost</b>	<b>7.2</b>	<b>27,762</b>	27,762
Equity held 32.59%			
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by JDM		<b>300,360</b>	322,591
Profit / (loss) for the period / year - net of taxation		<b>2,263</b>	(21,536)
Share of other comprehensive loss - net of taxation		<b>0</b>	(5,236)
Share of revaluation surplus on property, plant and equipment		<b>753,286</b>	757,022
		<b>1,083,671</b>	1,080,603
		<b>1,137,316</b>	1,134,680

- 7.1 Although the Company has less than 20% voting rights in BCM as at December 31, 2018 and June 30, 2018, 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 December 31, 2018 were Rs.7.734 million (June 30, 2018: Rs.7.365 million) and Rs.104.468 million (June 30, 2018: Rs.99.993 million) respectively.
- 7.3 The management intends to carry-out impairment testing of its investments in BCM and JDM as at June 30, 2019.
- 7.4 The management, as at June 30, 2018, had 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.57.986 million and Rs.1,117 million respectively. The recoverable amounts of investments were determined using the 'value-in-use' computations. In assessing the value in use, estimated future cash flows were discounted to their present value using pre-tax discount rates that reflected current market assessments of the time value of money. The pre-tax discount rates applied to cash flow projections by BCM and JDM were 6.13% and 7.95% respectively. As a result of the aforementioned impairment testing, the management had concluded that the carrying values of investments in Associated Companies did not exceed the recoverable amounts.

		Un-audited Dec. 31, 2018	Audited June 30, 2018
	Note	(Rupees in thousand)	
<b>8. Revaluation surplus on property, plant and equipment - net</b>			
Revaluation surplus on the Company's property, plant & equipment		809,544	813,080
Share of revaluation surplus on property, plant and equipment of Associated Companies	7	789,171	793,230
		<u>1,598,715</u>	<u>1,606,310</u>
<b>9. Trade and other payables</b>			
Due to a related party - Gammon Pakistan Ltd.		845	0
Creditors		16,295	21,218
Bills payable		24,551	4,955
Contract liabilities		4,081	3,305
Security deposits - interest free, repayable on demand		6,700	5,700
Accrued expenses		60,852	66,453
Workers' (profit) participation fund		4,805	5,955
Due to Waqf-e-Kuli Khan		5,929	5,524
Tax deducted at source		865	4,287
Workers' welfare fund		7,533	7,142
Staff provident fund payable		0	12,587
Sales tax payable		5,182	4,792
Staff retirement benefits (gratuity) due but unpaid		32,940	69,892
Others		397	395
		<u>170,975</u>	<u>212,205</u>
<b>10. Contingencies and Commitments</b>			
10.1 There is no significant change in the status of contingencies during the current period as disclosed in the audited financial statements of the Company for the year ended June 30, 2018.			
10.2 Commitments against irrevocable letters of credit for purchase of raw materials		<u>7,011</u>	<u>7,022</u>

**11. Taxation**

	----- Un-audited -----			
	Quarter ended		Six months period ended	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
	----- Rupees in thousand -----			
- current	10,719	14,387	7,388	28,911
- prior year	9	(1,050)	9	(1,050)
- deferred	1,386	(1,409)	(2,394)	(2,494)
	12,114	11,928	5,003	25,367

11.1 Income tax assessments of the Company have been completed up to the tax year 2018 i.e. accounting year ended June 30, 2018.

**12. Transactions with Related Parties**

12.1 Significant transactions with related parties during the period are as follows:

	Six months period ended December 31,	
	2018	2017
	(Rupees in thousand)	
<b>i) Associated Companies</b>		
Dividend paid	8,096	16,192
Expenses shared	976	867
Rent of marketing office	2,520	17,085
Rent of internal audit office	75	75
<b>ii) Associated Undertaking</b>		
Donation	405	1,592
<b>iii) Key management personnel</b>		
Salary and other employment benefits	47,512	47,104

**12.2 Period-end balances are as follows:**

Payable to Gammon Pakistan Ltd. (grouped under trade and other payables)	845	0
Receivable from Gammon Pakistan Ltd. grouped under trade deposits and prepayments	0	8,123

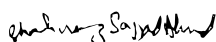
**13. Corresponding Figures**

13.1 In order to comply with the requirements of IAS 34 "Interim financial reporting", the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim statement of profit or loss & other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flow have been compared with the balances of comparable period of immediately preceding financial year.

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

**14. 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 28, 2019.

  
**Shahnaz Sajjad Ahmad**  
 Chief Executive

  
**Ahmed Kuli Khan Khattak**  
 Director

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

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