

Half Yearly Accounts December, 31 2022



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. Retd. Agha Arshad Raza (Independent)	Chairman Chief Executive
Audit Committee	Mr. Abdul Rehman Qureshi Syed Zubair Ahmad Shah Brig. Retd. 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. Retd. Agha Arshad Raza	Chairman Member 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) 613151, 611350 Fax (0928) 611450 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, 2022 duly reviewed by the statutory auditors.

FINANCIAL PERFORMANCE

During the second quarter, the Company's net sales were Rs.622 million i.e. an increase of 11% as compared to the same period of last year. The increase in sales has led the gross profit to grow over Rs. 27 million, an increase of 19% over the corresponding quarter of last year. Distribution, administrative and other expenses decreased by 19% over the corresponding quarter of last year. As a result, the Company's net profit before tax was Rs. 97.458 million during the second quarter as compared to Rs. 72.183 over the corresponding quarter of last year. Net profit before tax includes share of profit of Rs. 6.670 million and impairment loss of associated companies of Rs. 12.512 million (December 31, 2021: profit of Rs. 1.169 million). Net profit after tax increased to Rs. 47.896 million representing an increase of 1.03%. This translated into earnings per share (EPS) of Rs. 5.04 as against Rs. 4.49 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, 2022	Dec. 31, 2021
	- Rupees in thousand -	
Sales - net	862,238	853,237
Gross profit	226,621	217,219
Profit from operations	144,202	126,237
Profit before taxation	104,160	109,289
Profit after taxation	51,901	75,834
Earnings per share	5.46	7.98

During the period under review, the Company's gross turnover decreased by Rs. 19.331 million whereas, net turnover increased to Rs. 862.238 million from Rs. 853.237 million in the corresponding period of last year. The increased net turnover of the Company is due to the discontinuation of trade discount adjustment - during the period under review.

The gross profit as a percentage of sales increased to 26.28% from 25.46% as compared to corresponding period of the last year due to increase in sale prices. The reduction in EPS is mainly attributed due to increase in finance cost as well impairment loss from Associated Company.

The significant hike in policy rates has also adversely affected the performance of the Company. The Company's finance cost amounting Rs. 34.200 million as against Rs. 18.117 million in the corresponding period of last year.

The Company achieved greasy production of 765,301 meters of fabric as compared to 735,268 meters of corresponding period of last year.

FUTURE OUTLOOK

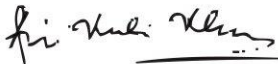
The government's strict import regulations, along with the high cost of doing business brought on by repeated increases in fuel prices and energy tariffs, have adversely affected production, while the unofficial import ban imposed by the central bank has continued to have a negative impact on business operations in the Country. The fallout from the recent flooding, political uncertainty, inflationary pressures, additional taxation and tax rate hikes have increased the cost of production and continue to pose a threat to business profitability. Additionally, the devaluation of Rupee against the US dollar and constantly fluctuating exchange rates have adversely affected the cost of imported raw material.

Despite a number of obstacles, the Company is determined to take measures to overcome these challenges in order to minimize the impact of the external factors beyond the Company's control. We would like to emphasize that for the textile industry to remain fully operational, it is imperative to facilitate provision of and import of raw materials.

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 28, 2023

ڈائریکٹرز رپورٹ

بنوں وولن ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم انتہائی مسرت کے ساتھ ادارے کی 31 دسمبر 2022 کو اختتام پر ہونے والی ششماہی کے مالیاتی نتائج آپ کے سامنے پیش کرتے ہیں۔

مالیاتی کارکردگی:

دوسری سہ ماہی کے دوران، کمپنی کو خالص فروخت کی مد میں پچھلے سال کے مقابلے میں 11% اضافہ ہوا جو کہ 622 ملین روپے ہے۔ فروخت کے حجم میں 19% اضافے سے مجموعی منافع 27 ملین روپے ہوا۔ تقسیم، انتظامی اور دیگر اخراجات میں گزشتہ سال کے مقابلے میں 19 فی صد کی کمی ہوئی ہے۔ اس کے نتیجے میں کمپنی نے دوسری سہ ماہی کے دوران ٹیکس سے پہلے منافع 97.458 ملین روپے حاصل کیا جو کہ گزشتہ سال کی ششماہی میں 72.183 روپے تھا۔ ٹیکس سے پہلے کا خالص منافع جس میں متعلقہ کمپنیوں کا منافع بھی شامل ہے جو کہ 6.670 ملین روپے رہا اور ساتھ impairment نقصان 12.512 ملین روپے رہا۔ (31 دسمبر، 2021: منافع 1.169 ملین روپے) ٹیکس کے بعد کا خالص منافع جو کہ 1.03 فی صد اضافے کے ساتھ 47.896 ملین روپے کی نمائندگی کرتا ہے، یہ فی حصص آمدنی 5.04 کا ہے جو پچھلے سال کی سہ ماہی میں 4.49 تھا۔

مالی نتائج:

خلاصہ ذیل میں دیا گیا ہے۔

ششماہی کا اختتام

31 دسمبر 2022	31 دسمبر 2021	
		(روپے ہزاروں میں)
862,238	853,237	خالص فروخت
226,621	217,219	مجموعی منافع
144,202	126,237	منافع کارکردگی
104,160	109,289	ٹیکس سے پہلے منافع
51,901	75,834	منافع بعد از ٹیکس
5.46	7.98	آمدنی فی حصص (روپے)

زیر جائزہ مدت کے دوران، کمپنی کے مجموعی کاروبار میں 19.331 ملین روپے کی کمی واقع ہوئی، جبکہ خالص کاروبار بڑھ کر 862.238 ملین روپے ہو گیا جو کہ گزشتہ سال اسی مدت میں 853.237 روپے تھا۔ زیر جائزہ مدت کے دوران، کمپنی کے بڑھے ہوئے نیٹ ٹران اوور کی وجہ سے ڈسکاؤنٹ ایڈجسٹمنٹ میں بندش ہے۔

گزشتہ سال کی اسی مدت میں فی صد کے طور پر مجموعی منافع میں اضافہ رواں سال میں 25.46 فیصد بڑھ کر 26.28 فیصد ہوا۔ آمدنی فی حصص میں کمی بنیادی طور پر مالیاتی لاگت میں اضافے کے ساتھ ساتھ متعلقہ کمپنیوں کے نقصان سے منسوب ہے۔

پالیسی ریٹ میں نمایاں اضافے نے بھی کمپنی کی کارکردگی کو بری طرح متاثر کیا ہے۔ راں سال میں مالی لاگت میں اضافہ 34.002 ملین روپے ہوا جو گزشتہ سال اسی مدت کے دوران 18.117 ملین روپے تھا۔

کمپنی نے رواں سال 765,301 میٹر کپڑے کی پیداوار میں اضافہ کیا جو کہ گزشتہ سال اسی مدت میں 735,268 میٹر تھی۔

مستقبل کے نقطہ نظر سے:

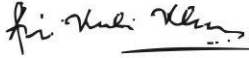
حکومت کے سخت درآمدی ضوابط اور ملک میں آپریشنز کے ساتھ ساتھ ایندھن کی قیمتوں اور توانائی کے نرخوں میں بار بار اضافے کی وجہ سے کاروبار کرنے کی بلند قیمت نے پیداوار کو بری طرح متاثر کیا ہے، جب کہ مرکزی بینک کی طرف سے عائد غیر سرکاری درآمدی پابندی کے کاروبار پر منفی اثرات مرتب ہو رہے ہیں۔ حالیہ سیلاب، سیاسی بے یقینی، مہنگائی کے دباؤ، اضافی ٹیکسوں اور ٹیکسوں کی شرح میں اضافے کے نتیجے میں پیداواری لاگت میں اضافہ ہوا ہے اور کاروبار کے منافع کو خطرہ لاحق ہے۔ مزید برآں، امریکی ڈالر کے مقابلے روپے کی قدر میں کمی اور شرح مبادلہ میں مسلسل اتار چڑھاؤ نے درآمدی خام مال کی قیمت کو بری طرح متاثر کیا ہے۔

متعدد رکاوٹوں کے باوجود، کمپنی ان چیلنجز پر قابو پانے کے لئے اقدامات کرنے کے لئے پرعزم ہے تاکہ کمپنی کے کنٹرول سے باہر بیرونی عوامل کے اثرات کو کم سے کم کیا جاسکے۔ ہم اس بات پر زور دینا چاہتے ہیں کہ ٹیکسٹائل انڈسٹری کو مکمل طور پر فعال رکھنے کے لئے خام مال کی فراہمی اور درآمد میں سہولت فراہم کرنا ناگزیر ہے۔

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۔

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے



لیفٹننٹ جنرل علی قلی خان خٹک (ریٹائرڈ)

ڈائریکٹر



شہناز سجاد احمد

چیف ایگزیکٹو ڈائریکٹر

تاریخ: 28 فروری، 2023

**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, 2022 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, 2021 and December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2022.

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 Nafees ud din.

LAHORE; FEBRUARY 28, 2023
UDIN: RR202210195uZptHRXhJ


Shinewing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

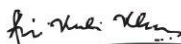
Condensed Interim Statement of Financial Position as at December 31, 2022

		Dec. 31, 2022	June 30, 2022
	Note	Un-audited Rupees in thousand	Audited
Assets			
Non-current assets			
Property, plant and equipment	5	1,562,019	1,252,019
Intangible assets		694	955
Investments in an Associated Company	6	1,185,712	1,191,554
Security deposits		3,794	3,794
		2,752,219	2,448,322
Current assets			
Stores and spares		124,053	127,287
Stock-in-trade		470,161	670,592
Trade debts	7	453,155	229,109
Advances to employees - unsecured, considered good		14,004	26,160
Advance payments		22,268	23,759
Prepayments and other receivables		6,377	906
Sales tax refundable		0	28,127
Income tax refundable, advance tax and tax deducted at source		9,387	15,176
Cash and bank balances		6,628	31,011
		1,106,033	1,152,127
		3,858,252	3,600,449
Total assets			
Equity and liabilities			
Share capital and reserves			
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	2,764,386	2,472,015
Revenue reserves			
- general reserve		154,055	154,055
- unappropriated profit		207,032	152,629
		3,239,981	2,893,207
Shareholders' equity			
Liabilities			
Non-current liabilities			
Lease liabilities		2,678	3,609
Staff retirement benefits - gratuity		114,199	101,747
Deferred taxation		88,529	54,880
		205,406	160,236
Current liabilities			
Trade and other payables	9	149,711	134,102
Unpaid dividends		3,452	3,452
Unclaimed dividends		4,746	4,780
Accrued mark-up		15,282	10,971
Short term finances		203,074	377,528
Current portion of lease liabilities		2,157	3,314
Taxation	10	34,443	12,859
		412,865	547,006
		618,271	707,242
Total liabilities			
Contingencies and commitments			
	11	3,858,252	3,600,449
Total equity and liabilities			

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



Shahnaz Sajjad Ahmad
Chief Executive



Lt. Gen (Retd)
Ali Kuli Khan Khattak
Director




Kalim Aslam
Chief Financial Officer

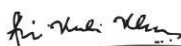
**Condensed Interim Statement of Profit or Loss & Other
Comprehensive Income (Un-audited)
For the Quarter and Six Months Period Ended December 31, 2022**

	Note	Quarter ended		Six months period ended	
		Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
----- Rupees in thousand -----					
Sales - net	12	621,899	560,935	862,238	853,237
Cost of sales	13	(456,073)	(422,015)	(635,617)	(636,018)
Gross profit		165,826	138,920	226,621	217,219
Distribution cost		(7,903)	(6,755)	(13,045)	(11,885)
Administrative expenses		(29,611)	(34,542)	(60,354)	(60,481)
Other income		869	381	1,098	2,266
Other expenses	14	(10,118)	(17,952)	(10,118)	(20,882)
Profit from operations		119,063	80,052	144,202	126,237
Finance cost		(15,763)	(9,038)	(34,200)	(18,117)
		103,300	71,014	110,002	108,120
Share of profit of an Associated Company (2021: Associated Companies)- net	6	6,670	1,169	6,670	1,169
Impairment loss on investments in an Associated Company	6	(12,512)	0	(12,512)	0
		(5,842)	1,169	(5,842)	1,169
Profit before taxation		97,458	72,183	104,160	109,289
Taxation	15	(49,562)	(24,777)	(52,259)	(33,455)
Profit after taxation		47,896	47,406	51,901	75,834
Other comprehensive income					
Surplus arisen upon revaluation of property, plant and equipment	5.2	314,222	0	314,222	0
Deferred taxation		(19,349)	0	(19,349)	0
		294,873	0	294,873	0
Total comprehensive income for the period		342,769	47,406	346,774	75,834
Earnings per share		5.04	4.99	5.46	7.98

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



Shahnaz Sajjad Ahmad
Chief Executive



Lt. Gen (Retd)
Ali Kuli Khan Khattak
Director




Kalim Aslam
Chief Financial Officer

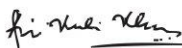
Condensed Interim Statement of Cash Flows (Un-audited)
For the Six Months Period Ended December 31, 2022

	Six months period ended	
	Dec. 31, 2022	Dec. 31, 2021
	Rupees in thousand	
Cash flows from operating activities		
Profit for the period - before taxation and share of profit on investments in Associated Companies	110,002	108,120
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	9,643	9,150
Depreciation on right of use assets	2,504	2,503
Amortisation	261	261
Provision for impairment of trade debts	155	10,300
Staff retirement benefits - gratuity (net)	12,452	6,961
Mark-up on bank deposits	(700)	(258)
Finance cost	34,200	18,117
Workers' welfare fund	2,373	2,456
Gain on sale of property, plant and equipment	0	(1,814)
Profit before working capital changes	170,890	155,796
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	3,234	(20,927)
Stock-in-trade	200,431	303,788
Trade debts	(224,201)	(393,731)
Advances	12,156	5,068
Advance payments	1,491	689
Prepayments and other receivables	(5,471)	(2,603)
Sales tax refundable	28,127	10,464
Increase in trade and other payables	13,236	42,929
	29,003	(54,323)
Cash generated from operations	199,893	101,473
Taxes paid	(10,586)	(5,232)
Net cash generated from operating activities	189,307	96,241
Cash flows from investing activities		
Fixed capital expenditure	(7,762)	(22,993)
Sale proceeds of property, plant and equipment	0	2,620
Intangible assets acquired	0	(58)
Mark-up received on bank deposits	700	258
Net cash used in investing activities	(7,062)	(20,173)
Cash flows from financing activities		
Lease rentals paid	(2,801)	(2,554)
Short term finances - net	(174,454)	(65,504)
Dividend paid	(34)	(1,308)
Finance cost paid	(29,339)	(17,451)
Net cash used in financing activities	(206,628)	(86,817)
Net decrease in cash and cash equivalents	(24,383)	(10,749)
Cash and cash equivalents - at beginning of the period	31,011	15,933
Cash and cash equivalents - at end of the period	6,628	5,184

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



Shahnaz Sajjad Ahmad
Chief Executive



Lt. Gen (Retd)
Ali Kuli Khan Khattak
Director



Kalim Aslam
Chief Financial Officer


**Condensed Interim Statement of Changes in Equity (Un-audited)
For the Six Months Period Ended December 31, 2022**

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

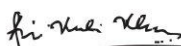
----- Rupees in thousand -----

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
Balance as at December 31, 2022 (un-audited)	95,063	19,445	2,764,386	154,055	207,032	3,239,981
Balance as at June 30, 2021 - (audited)	95,063	19,445	1,771,898	654,055	286,390	2,826,851
Total comprehensive income for the period of six months ended December 31, 2021	0	0	0	0	75,834	75,834
Revaluation surplus on property, plant and equipment realised during the period on account of incremental depreciation (net of deferred taxation)	0	0	(2,600)	0	2,600	0
Share of revaluation surplus on property, plant and equipment of Associated Companies	0	0	(3,813)	0	0	(3,813)
Effect of items directly credited in equity by Associated Companies	0	0	0	0	2,644	2,644
Balance as at December 31, 2021 (un-audited)	95,063	19,445	1,765,485	654,055	367,468	2,901,516

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



Shahnaz Sajjad Ahmad
Chief Executive



Lt. Gen (Retd)
Ali Kuli Khan Khattak
Director



Kalim Aslam
Chief Financial Officer

**Notes to the Condensed Interim Financial Statements (Un-audited)
For the Six Months Period Ended December 31, 2022**

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, 2022. 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, 2022 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, 2022.

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

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

There were certain amendments to accounting and reporting standards which became mandatory for the Company during the period. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 01, 2023. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

4. Accounting estimates and judgments

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

4.2 In preparing these condensed interim financial statements, the significant 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, 2022.

5. Property, plant and equipment

	Note	Un-audited Dec. 31, 2022 (Rupees in thousand)	Audited June 30, 2022
Operating fixed assets	5.1	1,557,602	1,247,261
Advance against purchase of vehicles		2,000	0
Right of use assets	5.5	2,417	4,758
		1,562,019	1,252,019

5.1 Operating fixed assets

Book value as at June 30, 2022		1,247,261	
Addition in vehicles during the period		5,762	
Revaluation increments incorporated during the period:			
- freehold land	5.2	247,500	
- buildings on freehold land	5.2	44,535	
- plant & machinery	5.2	22,187	
		314,222	
Depreciation charge for the period		(9,643)	
Book value as at December 31, 2022		1,557,602	

- 5.2 Revaluation surplus on each class of assets, as a result of latest revaluation as detailed in note 8.1, has been determined as follows:

Particulars	Freehold land	Buildings on freehold land			Plant & machinery	Total
		Factory	Residential	Others		
----- Rupees in thousand -----						
Cost / revaluation as at Nonenber 30, 2022	907,500	39,047	20,732	34,010	609,971	1,611,260
Accumulated depreciation to Nonenber 30, 2022	0	5,692	3,022	4,957	372,563	386,234
Book value before revaluation adjustments as at November 30, 2022	907,500	33,355	17,710	29,053	237,408	1,225,026
Revalued amounts	1,155,000	51,160	38,219	35,274	259,595	1,539,248
Revaluation surplus	247,500	17,805	20,509	6,221	22,187	314,222

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

	Un-audited Dec. 31, 2022 (Rupees in thousand)	Audited June 30, 2022
Freehold land	152	152
Buildings on freehold land	13,757	14,102
Plant & machinery	175,839	180,326
	<u>189,748</u>	<u>194,580</u>

- 5.4 Based on the latest revaluation exercise carried-out during the period, forced sale values of the Company's revalued assets have been assessed at Rs.1,308.361 million.

	Un-audited Dec. 31, 2022 (Rupees in thousand)
5.5 Right of use assets	
Book value as at June 30, 2022	4,758
Additions during the period	455
Impact of modification	(292)
Depreciation charge for the period	(2,504)
Book value as at December 31, 2022	<u>2,417</u>

6.	Investments in an Associated Company - Quoted		Un-audited Dec. 31, 2022
	Janana De Malucho Textile Mills Ltd. (JDM)		(Rupees in thousand)
	Carrying value of 1,659,643 shares of Rs.10 each before recognition of impairment loss as at June 30, 2022		1,967,869
	Shareholding held: 25.24%		
	Profit for the period - net of taxation		6,670
			1,974,539
	Less: impairment loss:		
	- balance as at June 30, 2022		(776,315)
	- loss recognised during the period		(12,512)
			(788,827)
	Carrying value as at December 31, 2022		1,185,712
6.1	Market value of the Company's investments in JDM as at December 31, 2022 was Rs.81.820 million (June 30, 2022: Rs.85.057 million).		
		Un-audited December, 31 2022	Audited June, 30 2022
7.	Trade debts - unsecured	(Rupees in thousand)	
	Considered good	454,576	217,505
	Considered doubtful	20,030	32,900
		474,606	250,405
	Less: allowance for expected credit loss	(21,451)	(21,296)
		453,155	229,109
7.1	Provision for impairment		
	Balance at beginning of the period / year	21,296	11,047
	Charge for the period / year	155	10,249
	Balance at end of the period / year	21,451	21,296
8.	Surplus on revaluation of property, plant and equipment - net		
	Surplus on revaluation of the Company's property, plant and equipment	8.1 1,291,912	999,541
	Share of surplus on revaluation of property, plant and equipment of an Associated Company	1,472,474	1,472,474
		2,764,386	2,472,015
8.1	The Company, during the period, on the request of National Bank of Pakistan has again revalued its freehold land, buildings on freehold land and plant & machinery. The revaluation exercise has been carried-out by independent Valuers - AXIS Consultants (Smc - Pvt.) Ltd., 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.314.222 million has been credited to this account. The period-end balance has been arrived at as follows:		

	Note	Un-audited Dec. 31, 2022 (Rupees in thousand)
Balance as at June 30, 2022		1,037,199
Add: surplus arisen on revaluation carried-out during the period	5.1	314,222
Less: transferred to unappropriated profit on account of incremental depreciation for the period		(3,524)
		1,347,897
Less: deferred tax on:		
- opening balance of surplus		37,658
- surplus arisen on revaluation carried-out during the period		19,349
- incremental depreciation for the period		(1,022)
		55,985
Balance as at December 31, 2022		1,291,912
9. Trade and other payables	Un-audited Dec. 31, 2022	Audited June 30, 2022
	(Rupees in thousand)	
Due to a related party - Gammon Pakistan Ltd.	161	1,311
Creditors	4,567	7,579
Advances from customers - contract liabilities	3,029	2,540
Security deposits - interest free, repayable on demand	8,700	8,700
Accrued expenses	99,106	99,146
Due to Waqf-e-Kuli Khan	5,169	3,768
Tax deducted at source	51	5
Staff retirement benefits (gratuity) due but unpaid	1,272	1,272
Workers' (profit) participation fund	8,878	2,880
Workers' welfare fund	6,635	5,721
Staff provident fund payable	0	801
Sales tax payable	12,060	0
Others	83	379
	149,711	134,102

10. Taxation - net	Un-audited Dec. 31, 2022 (Rupees in thousand)
Balance as a June 30, 2022	12,859
Add: provision made during the period	
- current period	33,713
- prior year	4,246
Less: payments / adjustments made during the period against completed assessment	16,375
Balance as at December 31, 2022	34,443

10.1 Income tax assessments of the Company have been completed upto the tax year 2022 i.e. accounting year ended June 30, 2022.

10.2 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, 2022.

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

11. Contingencies and commitments

11.1 There has been no significant change in the status of contingencies during the current period as reported in the audited financial statements of the Company for the year ended June 30, 2022.

11.2 Commitments against irrevocable letters of credit for raw materials and spare parts	Un-audited Dec. 31, 2022 (Rupees in thousand)	Audited June 30, 2022
	35,368	41,769

	Quarter ended		Six months period ended	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
12. Sales - net	----- Rupees in thousand -----			
Own manufactured:				
Fabrics and blankets	730,585	687,605	1,015,247	1,034,168
Waste	62	138	62	386
Processing charges	0	86	0	86
	730,647	687,829	1,015,309	1,034,640
Less:				
Sales tax	108,748	99,071	153,071	153,560
Trade discount	0	27,823	0	27,843
	108,748	126,894	153,071	181,403
	621,899	560,935	862,238	853,237

	Quarter ended		Six months period ended	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
13. Cost of sales				
Raw materials consumed	119,732	80,699	262,611	148,359
Salaries, wages and benefits	67,981	58,693	131,875	123,621
Power and fuel	19,026	14,052	39,882	31,740
Stores and spares consumed	9,822	6,964	17,172	12,944
Repair and maintenance	17,321	7,889	27,089	19,219
Depreciation	3,681	3,649	7,219	7,269
Insurance	1,317	1,005	2,634	2,009
Others	494	464	830	757
	239,374	173,415	489,312	345,918
Adjustment of work-in-process				
Opening	78,877	66,883	77,424	76,883
Closing	(119,504)	(64,788)	(119,504)	(64,788)
	(40,627)	2,095	(42,080)	12,095
Cost of goods manufactured	198,747	175,510	447,232	358,013
Adjustment of finished goods				
Opening stock	545,128	480,657	476,187	512,157
Closing stock	(287,802)	(234,152)	(287,802)	(234,152)
	257,326	246,505	188,385	278,005
	456,073	422,015	635,617	636,018
14. Other expenses				
Donation to Waqf-e-Kuli Khan	1,592	146	1,592	2,178
Workers' (profit) participation fund	5,998	5,935	5,998	5,935
Workers' welfare fund	2,373	1,571	2,373	2,469
Provision for impairment of trade debts - net	155	10,300	155	10,300
	10,118	17,952	10,118	20,882
15. Taxation				
- current		10	33,713	18,377
- prior year		10	4,246	(19)
- deferred			14,300	15,097
			52,259	33,455

16. Transactions with related parties

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

	Six months period ended	
	Dec. 31, 2022	Dec. 31, 2021
i) Associated Companies		
	Rupees in thousand	
Expenses shared	2,105	1,344
Payment of Rent for Marketing office	2,130	1,471
Rent of internal audit office	183	180
Purchase of raw materials	2,039	5,419
Purchase of vehicles	7,607	0
ii) Key management personnel		
Salary and other employment benefits	42,578	40,040
16.2 Period-end balance was as follows:		
Payable to Gammon Pakistan Ltd.	161	110
Advances to Ghandhara Nissan Ltd.	2,000	0

17. Financial risk management

17.1 Financial risk factors

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

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's financial statements as at and for the year ended June 30, 2022.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2022.

17.2 Fair value estimation

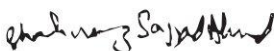
During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Company's financial assets and financial liabilities. Further, there were no reclassifications of financial assets.

18. Corresponding figures

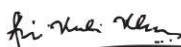
The comparative condensed interim statement of financial position presented in these condensed interim financial statements has been extracted from the audited financial statements of the Company for the year ended June 30, 2022, whereas the comparative condensed interim statement of profit or loss & 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, 2021.

19. Date of authorisation for issue

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on February 28, 2023.



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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