53rd Annual Report 2013

BWM

BIBOJEE GROUP

BANNU WOOLLEN MILLS LIMITED

Bannu Woollen Mills Ltd.

بسم الله الرحمن الرحيم

CONTENTS

COMPANY'S PROFILE

BOARD OF DIRECTORS	Mr. RAZA KULI KHAN KHATTAK	Chairman
	MRS. SHAHNAZ SAJJAD AHMAD	Chief Executive
	LT. GEN. (RETD) ALI KULI KHAN KHATTAK	
	MR. AHMED KULI KHAN KHATTAK	
	MR. MUSHTAQ AHMED KHAN, FCA	
	MRS. ZEB GOHAR AYUB	
	DR. SHAHEEN KULI KHAN	
	SYED ZUBAIR AHMED SHAH (NIT)	
	MR. SHER ALI KHAN, (SLIC)	
AUDIT COMMITTEE	LT. GEN. (RETD) ALI KULI KHAN KHATTAK	Chairman
	MR. AHMAD KULI KHAN KHATTAK	Member
	MR. MUSHTAQ AHMAD KHAN, FCA	Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	LT. GEN. (RETD) ALI KULI KHAN KHATTAK	Chairman
	MRS. SHAHNAZ SAJJAD AHMAD	Member / CEO
	MR. AHMED KULI KHAN KHATTAK	Member
	MR. MUSHTAQ AHMED KHAN, FCA	Member
COMPANY SECRETARY	MR. AMIN-UR-RASHEED B.COM (HONS) FICS Sr. General Manager Corporate Affairs	
CHIEF FINANCIAL OFFICER	MR. A. R. TAHIR	
INTERNAL AUDITOR	MR. SALMAN KHAN	
AUDITORS	M/S. 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 HABIBABAD, KOHAT Tel. (0922) 510063 - 510064 - 510494 Fax. (0922) 510474 E-Mail janana_textile@hotmail.com Web Site " www.jdm.com.pk "	
MILLS	D.I.KHAN ROAD, BANNU Tel. (0928) 613151, 611350 Fax (0928) 611450 E-Mail bannuwoollen@yahoo.com bwmltd2k@gmail.com Web Site " www.bwm.com.pk "	

VISION

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

MISSION STATEMENT

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

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 53rd Annual General Meeting of the Shareholders of Bannu Woollen Mills Limited will be held at the registered office of the Company, Habibabad, Kohat on **Wednesday** the **30th October 2013** at **10:30 A.M.** to transact the following business.

A. ORDINARY BUSINESS:

1. To confirm the minutes of Annual General Meeting held on 22nd October 2012.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30th June 2013 together with the directors' and auditors' reports thereon.
3. To approve issue of 1,901,250 fully paid shares as stock dividend for the year ended 30th June 2013 and to approve the transfer of a sum of Rs. 19,012,500 (Rupees nineteen million twelve thousand and five hundred only) out of current years unappropriated profit to reserve for issue of bonus shares @ 25% to be issued in the proportion of twenty five fully paid shares for every Hundred shares held by the shareholders at the close of business hours on 22nd October 2013.
4. To appoint auditors for the year ending on 30th June 2014 and to fix their remuneration.
5. To consider any other business with the permission of the Chair.

B. SPECIAL BUSINESS:

To pass the following resolution as special resolution with or without amendments:-

6. Resolved that a sum of Rs. 19,012,500 (Rupees nineteen million twelve thousand and five hundred only) out of current years unappropriated profit of the company be capitalized by transfer to reserve for issue of bonus shares (stock dividend) @25% by issuing 1,901,250 fully paid shares of the Company as bonus shares (stock dividend) to those members of the Company whose names shall appear in the register of members of the Company at the close of business hours on 22nd October 2013 in the ratio of twenty five shares for every Hundred shares held by the shareholders as on that date and that such new shares shall rank pari-passu in all respects with the existing shares of the Company. The members entitled to a fraction of shares shall be given sale proceeds of their fractional entitlement, for which purpose the fractions shall be consolidated into whole shares and sold in the stock market in accordance with the laid down procedure of Stock Exchange.

   Further Resolved that Secretary of the Company be and is hereby authorized to make any amendments in the above referred resolutions if pointed by any competent authority to give effect to these resolutions in letter & spirit."

7. Further resolved that for the purposes of giving effect to the above resolutions the directors be and are hereby authorized to give such directions as may be necessary and to settle any questions or difficulties that may arise with regard to the issue/distribution of bonus shares or payment of sale proceeds of fractional bonus shares as the directors at their discretion shall deem fit.

By order of the Board

Kohat
Dated: 1st October 2013

AMIN-UR-RASHEED
Company Secretary
&
Sr. General Manager Corporate Affairs

NOTES:

BOOK CLOSURE:

1. The Share transfer books of the Company shall remain closed from 23rd October, 2013 to 29th October, 2013 (both days inclusive). The shares received in the Company's Registrar office i.e. Management & Registration Services (Pvt) Limited, Business Executive Centre, F-17/3, Block 8, Clifton, Karachi before close of business hours on 22nd October 2013 will be considered in order for registration in the name of the transferees.

CLEAR PHOTOCOPY OF COMPUTERIZED NATIONAL IDENTITY CARD (BOTH SIDES):

2. In pursuance of the Securities and Exchange Commission of Pakistan's Notice dated April 02, 2010 in respect of S.R.O.286/(1)/2005 dated March 31, 2005, all shareholders having physical shares of the company are requested to send clear photocopy of their valid Computerized National Identity Card (both sides) at the earliest at the address of our share Registrar namely M/s. Management & Registration Services (Pvt) Limited, Business Executive Centre, F/17/3, Block 8, Clifton, Karachi. Fax No.021-35820325. This information is required for maintaining the Members' Register of the company to receive the Dividend/Annual/quarterly financial statements of the company etc.

CHANGE IN ADDRESSES AND CONSOLIDATION OF FOLIOS:

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

PARTICIPATION IN ANNUAL GENERAL MEETING:

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

INSTRUCTION FOR CDC ACCOUNT HOLDERS:

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

   a. For attending the meeting:

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

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

   b. For appointing proxies:

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

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

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

STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE 1984 REGARDING SPECIAL BUSINESS VIDE PARA B (6) & (7) ABOVE AS UNDER:

6. This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting to be held on 30th October 2013.

Item No. 4 of the Notice:

- The Directors are of the view that the revenue reserves of the Company are adequate for capitalization of a sum of Rs. 19,012,500 for issue of proposed 25% fully paid bonus shares. This fact has also been confirmed by the statutory auditors of the Company vide their certificate No. 7165/B-3/2013 dated 25th September 2013.
- The Directors have no personal interest directly or indirectly in the special business to be conducted except that they are also shareholders of the company.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Bannu Woollen Mills Ltd. take pleasure in presenting the Directors' report along with 53rd annual report and audited financial statements for the year ended June 30, 2013. These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984.

FINANCIAL PERFORMANCE OF THE COMPANY FOR THE YEAR, 2013

We are pleased to report that your Company has earned net profit of Rs. 144.457 million after addition of profit of Associated Companies and incorporation of taxation. The actual profit before these adjustments for the year ended 30th June, 2013 amounts to Rs. 89.560 million as compared to profit of Rs. 85.069 million of the year 2012.

The net sales grew by 21.75% attaining an all time high of Rs. 807.725 million during the year under review (2012: Rs. 663.406 million). Increase in sales amounting Rs. 144.319 million comprised of Rs. 76.683 million by price variance and Rs. 67.636 million for quantitative sales variance. Sale prices were timely revised to cover raw material and other input increase. The cost of sales amounted to Rs. 577.719 million (2012: Rs. 470.891 million).

Operating profit after finance cost for the year under report was Rs. 89.560 million (2012: Rs. 85.069 million). However cost of sales has increased by Rs. 106.828 million (2012: 79.165 million) which comprises mainly of Rs. 16.205 million increased in raw material consumption, Rs. 14.574 million in salary, Wages and benefits (increased minimum wages from Rs.7,000 to Rs.8,000 per month), Rs. 2.794 million in repair and maintenance, Rs. 14.874 million in depreciation and Rs. 72.469 million in work-in-process & finished goods inventory adjustment and decreased by Rs. 14.105 million in power and fuel.

Gross profit for the year has slightly been reduced to 28.48% (2012: 29.02%) mainly due to the increased depreciation rate on operating fixed assets as assumptions about the expected useful life and pattern of consumption of the assets have been changed and it was duly certified by the M/s. Dimen Associates (Pvt.) Ltd. (the Valuers & Consultants).

FINANCIAL RESULTS

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

	Year ended June 30,	
	2013	2012
	(Rupees in thousands)	
Sales - Net	**807,725**	663,406
Cost of Sales	**577,719**	470,891
Gross Profit	**230,006**	192,515
Distribution Cost	**35,375**	26,916
Administrative Expenses	**88,395**	58,536
Other expenses	**8,509**	8,688
Other Income	**(2,767)**	(2,725)
	129,512	91,415
Profit from Operations	**100,494**	101,100
Finance Cost	**10,934**	16,031
	89,560	85,069
Share of Profit of Associated Companies	**84,960**	50,622
Profit before Taxation	**174,520**	135,691
Taxation	**30,063**	(1,469)
Profit after Taxation	**144,457**	137,160
Earnings per Share (Rupees)	**19.00**	18.04

OPERATING PERFORMANCE

With the installed capacity of 3,346 woollen spindles and 50 shuttle less looms (2012: capacity was 3,346 woollen spindles and 46 shuttle less looms), the Company has produced 1,372,771 Kgs of 5 Nm of count yarn and 1,769,815 meters cloth based on 30 picks in year 2013 as compared to 1,345,133 Kgs of 5 Nm of count yarn and 1,739,934 meters cloth based on 30 picks for the year ended 30th June, 2012. Production efficiency increased by 29,844 meters (1.72%) as compared to year 2012.

DIVIDEND

The board of directors is pleased to recommend a stock dividend of 25% i.e. in proportion of one share for every four shares held by the existing shareholders of the company out of revenue reserve (June 2012: Cash dividend 30% i.e. PKR 3.00 per share) for the approval of shareholders at the forthcoming annual general meeting.

FUTURE PROSPECTS

The overall Pakistan industry is facing multiple challenges such as increase in inflation, depreciation of Pak Rupee against US Dollar, unpredictable hike in power cost, especially power shutdowns and adverse law & order situation in the region.

Pak Rupee has severely depreciated against US$ during the year under review and it has badly effected the cost of imported raw materials. As far as the State Bank of Pakistan is concerned, being the regulatory authority it was always into the market and hence took all necessary measures to control the depreciation of rupee. Energy crisis especially electricity load shedding also badly hurting the manufacturing sector.

The Company has three 1985 / 1995 model diesel generators, out of which one is out of order owing to constant use during the power outages & one DG Set 850 KVA capacity installed in year 1995 has been overhauled and is generating 700 KVA electricity as against our demand of approximately 1000 KVA. Third one purchased 2nd hand in year 2010, too needs extensiverepairs as such Directors have approved import of Caterpillar 1275 KVA DG set for which L/C has been established for February, 2014 delivery. In order to recoup decreasing production on old vintage carding machines, L/C for import of Chinese origin woollen cards has been established against NBP demand finance sanction of Rs. 25.000 million and shed type building for new card machines is under construction and hopefully will be completed by the end of November, 2013. One sampling loom and a small used gas generator of 360 KVA is also under consideration during the current year. Estimated investment in current year (2013-14) will be approximately be Rs. 70 million.

Nevertheless,your directors are determined to put best of their efforts to achieve satisfactory profitability.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board regularly reviews the Company's strategic direction. Annual plans and performance targets for business as are set by Chief Executive and reviewed in total by the Board in the light of Company's overall objectives. The Board is committed to maintain the high standards of good corporate governance. The Company has been in compliance with the provisions set out by the Securities and Exchange Commission of Pakistan and accordingly listing regulations of stock exchanges.

Following are the statements on Corporate and Financial Reporting Framework:

1. The financial statements, prepared by the management of Bannu Woollen Mills Ltd., present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgments.
3. Proper books of account of Bannu Woollen Mills Limited have been maintained.
4. International accounting standards, as applied in Pakistan, have been followed in preparation of these financial statements and departures there from have been adequately disclosed.
5. The Board has set-up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.
6. The system of internal controls is sound in design and has been effectively implemented and monitored.
7. There are no significant doubts upon the Company's ability to continue as a going concern.
8. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.
9. There are no statutory payments on account of taxes, duties levies and charges which are outstanding as at 30 June, 2013, except for those disclosed in the financial statements.
10. Summary of key operating and financial data of the past six years is annexed.
11. Pattern of share holdings of the Company as at June 30, 2013 is annexed.
12. No trades in shares of the Company were carried out by Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children during the year.
13. The Board in compliance with the Code of Corporate Governance had establishedaudit committeeand Human Resource & Remuneration Committee comprising of three and four members respectively.

BOARD AUDIT COMMITTEE

Audit Committee was established by the Board to assist the Directors in discharging their responsibilities for Corporate Governance, Financial Reporting Framework and Corporate Control. The Committee consist of three persons. Majority of members including Chairman of the Committee are non-executive directors.

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

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

During the year, four Audit Committee meetings were held and attendance was as follows:

Sr. No.	Name of Director	Executive Director	Applicable No. of meetings	Attendance
1.	Lt. Gen (Retd.) Ali Kuli Khan Khattak	No	4	4
2.	Mr. Ahmed Kuli Khan Khattak	No	4	2
3.	Mr. Mushtaq Ahmed Khan, FCA	Yes	4	4

In addition to above meetings, Audit Committee also met with external auditors without Chief Financial Officer and Head of Internal Audit.

BOARD MEETINGS AND ATTENDANCE BY EACH DIRECTOR

During the year four board meetings were held. The number of meetings attended by each director during the year is given here under.

Sr. No.	Name of Director	Executive Director	Applicable No. of meetings	Attendance
1.	Mr. Raza Kuli Khan Khattak	No	4	4
2.	Lt. Gen (Retd.) Ali Kuli Khan Khattak	No	4	3
3.	Mr. Ahmed Kuli Khan Khattak	No	4	3
4.	Mr. Mushtaq Ahmed Khan, FCA	Yes	4	4
5.	Mrs. Zeb Gohar Ayub	No	4	4
6.	Mrs. Shahnaz Sajjad Ahmed	Yes	4	4
7.	Dr. Shaheen Kuli Khan Khattak	No	4	4
8.	Mr. Manzoor Ahmed Sheikh (NIT)	No	4	2
9.	Mr. Sher Ali Khan (SLIC)	No	4	4

Leave of absence was granted to the directors unable to attend the board meetings.

The Board is pleased to report further that Bannu Woollen Mills Limited is compliant with the provisions of best practices of Code of Corporate Governance as on 30th June, 2013.

KEY OPERATING AND FINANCIAL DATA (SIX YEARS SUMMARY)

Key operating and financial data of last six years in enclosed.

PATTERN OF SHAREHOLDING

The statement of pattern of shareholding of the Company as at June 30, 2013 is enclosed. This statement is prepared in accordance with the Code of Corporate Governance and the provisions of Companies Ordinance, 1984 read with Companies (Amendment) Ordinance, 2002.

APPOINTMENT OF AUDITORS

The Company's auditors M/s Hameed Chaudhri & Co., Chartered Accountants, HM House, 7 Bank Square, Lahore retire and being eligible, offer themselves for reappointment. The Board and Board Audit Committee have recommended that the retiring auditors be reappointed.

THANKS AND APPRECIATION

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

For & on behalf of Board of Directors

Raza Kuli Khan

RAZA KULI KHAN KHATTAK
Chairman

Dated: 19 September, 2013

KEY OPERATING AND FINANCIAL DATA
SIX YEARS SUMMARY

(Rupees in Million)

PARTICULARS	**2013**	2012	2011	2010	2009	2008
SALES (Net)	**807.725**	663.406	569.195	415.428	391.280	319.692
GROSS PROFIT	**230.006**	192.515	177.469	113.327	96.011	78.314
OPERATING PROFIT	**100.494**	101.100	98.667	51.003	45.299	48.855
PROFIT /(LOSS)						
BEFORE TAXATION	**174.520**	135.691	143.757	94.268	9.709	43.669
PROVISION FOR TAXATION	**30.063**	(1.469)	(1.180)	6.915	14.976	16.211
PROFIT /(LOSS)						
AFTER TAXATION	**144.457**	137.160	144.937	87.353	- 5.267	27.458
CASH DIVIDEND	**★25%**	30%	50%	20%	-	
EARNING (LOSS) PER SHARE	**19.00**	18.04	19.06	11.49	- 0.69	3.61
BREAK UP VALUE PER SHARE	**104.35**	85.96	72.68	54.54	41.09	41.25
TOTAL ASSETS	**1,795.679**	1,482.279	1,410.378	914.562	801.915	713.499
CURRENT LIABILITIES	**254.754**	88.370	163.298	162.183	165.464	88.445
	1,540.925	1,393.909	1,247.080	752.379	636.451	625.054
REPRESENTED BY:						
SHARE CAPITAL	**808.839**	799.567	818.617	516.222	416.137	419.627
RESERVES	**562.000**	438.500	303.190	137.400	137.400	137.400
EQUITY	**1,370.839**	1,238.067	1,121.807	653.622	553.537	557.027
DEFERRED LIABILITIES	**170.086**	155.842	125.273	98.757	82.914	68.027
	1,540.925	1,393.909	1,247.080	752.379	636.451	625.054

★ BONUS SHARES

FORM 34

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

PATTERN OF SHAREHOLDING

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

2. Name of the Company **BANNU WOOLLEN MIILS LIMITED**

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

4. No of shareholders		Shareholdings		Total shares held
218		shareholding from 1 to 100 shares		7,896
195		shareholding from 101 to 500 shares		55,956
108		shareholding from 501 to 1000 shares		85,161
182		shareholding from 1 ,001 to 5,000		392,644
32		shareholding from 5 ,001 to 10,000		242,342
12		shareholding from 10 ,001 to 15 ,000		148,308
8		shareholding from 15 ,001 to 20 ,000		143,990
3		shareholding from 20 ,001 to 25 ,000		68,056
5		shareholding from 25 ,001 to 30 ,000		139,425
6		shareholding from 30 ,001 to 35 ,000		193,180
2		shareholding from 35 ,001 to 40 ,000		80,000
1		shareholding from 40 ,001 to 45 ,000		43,261
2		shareholding from 45 ,001 to 50 ,000		90,473
1		shareholding from 50 ,001 to 55 ,000		50,700
2		shareholding from 55 ,001 to 60 ,000		117,347
1		shareholding from 60 ,001 to 65 ,000		60,078
1		shareholding from 65 ,001 to 70 ,000		66,541
3		shareholding from 70 ,001 to 75 ,000		216,699
1		shareholding from 75 ,001 to 80 ,000		76,050
1		shareholding from 80 ,001 to 85 ,000		80,991
1		shareholding from 95 ,001 to 100 ,000		98,655
1		shareholding from 155,001 to 160,000		155,286
1		shareholding from 235,001 to 240,000		235,500
1		shareholding from 265 ,001 to 270,000		270,000
1		shareholding from 345,001 to 350,000		348,000
1		shareholding from 370,001 to 375,000		374,490
1		shareholding from 585,001 to 590,000		585,301
1		shareholding from 1,180,001 to 1,185,000		1,182,500
1		shareholding from 1,995,001 to 2,000,000		1,996,170
793		**Total**		**7,605,000**

5. Categories of shareholders		share held	Percentage
5.1	Directors, Chief Executive Officer, and their spouse and minor children.	842,025	11.07
5.2.	Associated Companies, undertakings and related parties.	2,588,623	34.04
5.3	NIT and ICP	750	0.01
5.4	Banks Development Financial Institutions, Non Banking Financial Institutions.	1,221	0.02
5.5	Insurance Companies	N.A	N.A
5.6	Modarabas and Mutual Funds	374,490	4.92
5.7	Share holders holding 10%		
	Bibojee Services (Pvt.) Ltd	1,996,170	26.25
	Treet Corporation Ltd.	1,182,500	15.55
5.8	General Public		
	a. Local	2,269,102	29.84
	b. Foreign	NIL	NIL
5.9	Others		
	Joint Stock Companies	1,491,222	19.61
	NBP Employees Pension Fund	34,238	0.45
	NBP Employees Ben Fund	1,201	0.01
	Trust	2,128	0.03

6. Signature of Chief Executive/ Secretary	
7. Name of Signatory	**AMIN-UR-RASHEED**
8. Designation	Company Secretary & Sr. General Manager Corporate Affairs
9. NIC Number	1 4 3 0 1 - 4 5 7 5 7 6 4 - 3
10. Date	Day: 3 0 / Month: 0 6 / Year: 2 0 1 3

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

CATEGORIES OF SHAREHOLDERS			SHARES HELD
1.	ASSOCIATED COMPANIES, UNDERTAKINGS & RELATED PARTIES:		
	M/S JANANA DE MALUCHO TEXTILE MILLS LTD,		585,301
	M/S.BIBOJEE SERVICES (PVT) LTD.		1,996,170
	M/S UNIVERSAL INSURANCE CO. LTD,		7,152
2.	N.I.T. & I.C.P:		
	M/S.INVESTMENT CORPORATION OF PAKISTAN		750
3.	DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN:		
	MR.RAZA KULI KHAN KHATTAK,	Chairman	45,259
	MRS.SHAHIDA KHATOON W/O MR. RAZA KULI KHAN KHATTAK		50,700
	LT.GEN. (RETD) ALI KULI KHAN KHATTAK	Director	43,261
	MRS.NELOFAR ALI KULI KHAN W/O LT.GEN. (RETD) ALI KULI KHAN KHATTAK		76,050
	MR.AHMED KULI KHAN KHATTAK	Director	45,214
	MRS.NASREEN AHMED KULI KHAN W/O MR.AHMED KULI KHAN KHATTAK		80,991
	MR.MUSHTAQ AHMED KHAN (FCA)	Director	*270,000
	MRS.SAEEDA MUSHTAQ W/O MR. MUSHTAQ AHMAD KHAN, FCA		15,750
	MRS.ZEB GOHAR AYUB	Director	26,997
	MRS.SHAHNAZ SAJJAD AHMED	Director	89,148
	DR. SHAHEEN KULI KHAN	Director	98,655
	MR.MANZOOR AHMAD SHEIKH (NIT)	Director	NIL
	MR.SHER ALI KHAN (SLIC)	Director	NIL
4.	EXECUTIVES		35,610
5.	JOINT STOCK COMPANIES		1,491,222
6.	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE, INSTITUTIONS, INSURANCE COMPANIES, MODARBAS & MUTUAL FUNDS		375,711
7.	SHAREHOLDERS HOLDING 10% OR MORE:		
	M/S.BIBOJEE SERVICES (PVT) LTD.		1,996,170
	M/S. TREET CORPORATION LTD.		1,182,500
8.	GENERAL PUBLIC & OTHERS		2,271,059

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

Statement of Compliance with the Code of Corporate Governance [See clause (xl)]

Name of Company BANNU WOOLLEN MILLS LIMITED
Year Ending 30TH JUNE 2013

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

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

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

CATEGORY	NAMES
Independent Directors	Mr. Manzoor Ahmad Sheikh (NIT) Mr. Sher Ali Khan (SLIC)
Executive Directors	Mrs. Shahnaz Sajjad Ahmad Mr. Mushtaq Ahmad Khan, FCA
Non-Executive Directors	Mr. Raza Kuli Khan Khattak Lt. Gen. (Retd) Ali Kuli Khan Khattak Mr. Ahmad Kuli Khan Khattak Mrs. Zeb Gohar Ayub Dr. Shaheen Kuli Khan Mr. Manzoor Ahmad Sheikh (NIT) Mr. Sher Ali Khan (SLIC)

2. The directors have confirmed that none of them is serving as a director on more than ten listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. One casual vacancy in BOD occurred during the year under review. The vacancy was duly filed by Directors with in stipulated time and necessary documents were filed with Joint Registrar and SECP, Peshawar accordingly. SECP, Peshawar also issued the certificate of filing of the said documents.
5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors are well conversant with the legal requirements and such are fully aware of their duties and responsibilities.
10. Their were no new appointments of CFO, Company Secretary and Head of Internal Audit during the year ended 30th June 2013.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises Four members, of whom two are non-executive directors and the chairman of the committee is a non executive director.
18. The board has set up an effective internal audit function and the employees working therein are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.

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

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **BANNU WOOLLEN MILLS LIMITED** (the Company) to comply with the Listing Regulations of the Karachi and Islamabad Stock Exchanges, where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried-out any special review of the internal control system to enable us to express an opinion as to whether the Board’s statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Listing Regulations of the Karachi and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried-out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried-out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June, 2013.

Hameed Chaudhri & Co.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Nafees ud din

LAHORE; September 19, 2013

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **BANNU WOOLLEN MILLS LTD.** (the Company) as at June 30, 2013 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2013 and of the profit, its cash flows and changes in equity for the year then ended; and

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

Hameed Chaudhri & Co.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Nafees ud din

LAHORE; September 19, 2013

BALANCE SHEET AS AT JUNE 30, 2013

	Note	2013	2012
ASSETS			
Non-current assets		(Rupees in thousand)	
Property, plant and equipment	7	814,678	812,768
Investments in Associated Companies	8	304,037	209,061
Loan to an executive	9	0	440
Security deposits		2,809	2,809
		1,121,524	1,025,078
Current assets			
Stores and spares	10	32,121	28,759
Stock-in-trade	11	346,097	331,816
Trade debts	12	243,549	51,557
Current portion of loan to an executive	9	375	1,560
Advances to employees - unsecured, considered good		1,891	1,218
Advance payments		432	846
Trade deposits and prepayments	13	140	362
Due from Associated Companies	14	0	951
Accrued mark-up		0	871
Other receivables		607	0
Sales tax refundable		11,662	10,379
Income tax refundable, advance tax and tax deducted at source		35,932	27,429
Cash and bank balances	15	1,349	1,453
		674,155	457,201
TOTAL ASSETS		1,795,679	1,482,279
EQUITY AND LIABILITIES			
Equity			
Authorised capital			
10,000,000 ordinary shares of Rs.10 each		100,000	100,000
Issued, subscribed and paid-up capital	16	76,050	76,050
Reserves	17	562,000	438,500
Unappropriated profit		163,133	146,787
Shareholders' equity		801,183	661,337
Surplus on revaluation of property, plant and equipment	18	569,656	576,730
Liabilities			
Non-current liabilities			
Staff retirement benefits - gratuity	19	85,802	65,909
Deferred taxation	20	84,284	89,933
		170,086	155,842
Current liabilities			
Trade and other payables	21	70,351	66,542
Accrued mark-up	22	2,079	3,040
Short term finances	23	146,997	18,059
Taxation	24	35,327	729
		254,754	88,370
		424,840	244,212
Contingencies and commitments	25		
TOTAL EQUITY AND LIABILITIES		1,795,679	1,482,279

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

Shahnaz Sajjad Ahmad
Chief Executive

Ahmad Kuli Khan Khattak
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
Sales	26	**807,725**	663,406
Cost of Sales	27	**577,719**	470,891
Gross Profit		**230,006**	192,515
Distribution Cost	28	**35,375**	26,916
Administrative Expenses	29	**88,395**	58,536
Other Expenses	30	**8,509**	8,688
Other Income	31	**(2,767)**	(2,725)
		129,512	91,415
Profit from Operations		**100,494**	101,100
Finance Cost	32	**10,934**	16,031
		89,560	85,069
Share of Profit of Associated Companies	8	**84,960**	50,622
Profit before Taxation		**174,520**	135,691
Taxation	33	**30,063**	(1,469)
Profit after Taxation		**144,457**	137,160
Other Comprehensive Income		**0**	0
Total Comprehensive Income		**144,457**	137,160
		------- Rupees -------	
Earnings per Share	34	**19.00**	18.04

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

Shahnaz Sajjad Ahmad
Chief Executive

Ahmad Kuli Khan Khattak
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	(Rupees in thousand)	
Cash flow from operating activities		
Profit for the year - before taxation and share of profit on investments in Associated Companies	**89,560**	85,069
Adjustments for non-cash and other charges:		
Depreciation	**33,327**	17,399
Unclaimed payable balances written-back	**(10)**	(123)
Provision against slow moving stores and spares	**0**	1,000
Staff retirement benefits - gratuity (net)	**19,893**	17,924
Mark-up on bank deposits, dealers' and Associated Companies' balances	**(2,082)**	(1,953)
Finance cost	**10,934**	16,418
Workers' welfare fund	**2,049**	1,781
Profit before working capital changes	**153,671**	137,515
Effect on cash flow due to working capital changes		
(Decrease) / increase in current assets		
Stores and spares	**(3,362)**	1,283
Stock-in-trade	**(14,281)**	(7,923)
Trade debts	**(191,992)**	4,829
Loan to an executive and advances to employees	**952**	(2,541)
Advance payments	**414**	(725)
Trade deposits and prepayments	**222**	3,152
Due from Associated Companies	**951**	(951)
Mark-up subsidy receivable	**0**	767
Other receivables	**(607)**	0
Sales tax refundable	**(1,283)**	1,048
Increase in trade and other payables	**1,644**	9,161
	(207,342)	8,100
Cash (used in) / generated from operations	**(53,671)**	145,615
Taxes paid	**(8,503)**	(6,743)
Net cash (used in) / generated from operating activities	**(62,174)**	138,872
Cash flow from investing activities		
Fixed capital expenditure	**(35,237)**	(7,560)
Mark-up received on bank deposits, dealers' and Associated Companies' balances	**2,953**	1,155
Net cash used in investing activities	**(32,284)**	(6,405)
Cash flow from financing activities		
Short term finances - net	**128,938**	(81,607)
Lease finances - net	**0**	(239)
Dividend paid	**(22,689)**	(37,189)
Finance cost paid	**(11,895)**	(13,378)
Net cash generated from / (used in) financing activities	**94,354**	(132,413)
Net (decrease) / increase in cash and cash equivalents	**(104)**	54
Cash and cash equivalents - at beginning of the year	**1,453**	1,399
Cash and cash equivalents - at end of the year	**1,349**	1,453

The annexed notes form an integral part of these financial statements

Shahnaz Sajjad Ahmad
Chief Executive

Ahmad Kuli Khan Khattak
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

	Share capital	Reserves: Capital – Share premium	Reserves: Revenue – General	Reserves: Sub-total	Unappropriated profit	Total
	------	------	Rupees in thousand	------	------	------
Balance as at June 30, 2011	76,050	19,445	283,745	303,190	173,460	552,700
Transfer	0	0	135,310	135,310	(135,310)	0
Transaction with owners						
Final cash dividend for the year ended June 30, 2011 at the rate of Rs. 5 per share	0	0	0	0	(38,025)	(38,025)
Total comprehensive income for the year ended June 30, 2012	0	0	0	0	137,160	137,160
Surplus on revaluation of property, plant and equipment realised on account of incremental depreciation for the year (net of deferred taxation)	0	0	0	0	3,845	3,845
Effect of items directly credited in equity by the Associated Companies	0	0	0	0	5,657	5,657
Balance as at June 30, 2012	76,050	19,445	419,055	438,500	146,787	661,337
Transfer	0	0	123,500	123,500	(123,500)	0
Transaction with owners						
Final cash dividend for the year ended June 30, 2012 at the rate of Rs. 3 per share	0	0	0	0	(22,815)	(22,815)
Total comprehensive income for the year ended June 30, 2013	0	0	0	0	144,457	144,457
Surplus on revaluation of property, plant and equipment realised on account of incremental depreciation for the year (net of deferred taxation)	0	0	0	0	8,188	8,188
Effect of items directly credited in equity by the Associated Companies	0	0	0	0	10,016	10,016
Balance as at June 30, 2013	**76,050**	**19,445**	**542,555**	**562,000**	**163,133**	**801,183**

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

Shahnaz Sajjad Ahmad
Chief Executive

Ahmad Kuli Khan Khattak
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. LEGAL STATUS AND OPERATIONS

Bannu Woollen Mills Limited (the Company) was incorporated in Pakistan as a Public Company in the year 1960 and its shares are quoted on Karachi and Islamabad Stock Exchanges. It is principally engaged in manufacture and sale of woollen yarn, cloth and blankets. The Company's registered office is located at Habibabad,Kohat and its Mills are located at D.I.Khan Road, Bannu.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the SECP differ with the requirements of these standards, the requirements of the Ordinance or requirements of the said directives have been followed.

3. BASIS OF MEASUREMENT

3.1 Accounting convention

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

3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional currency of the Company. All financial information presented in Pak Rupees has been rounded-off to the nearest thousand, unless otherwise stated.

4. NEW STANDARDS, AMENDMENTS TO APPROVED ACCOUNTING STANDARDS AND NEW INTERPRETATIONS

4.1 New standards, amendments to approved accounting standards and interpretations, which became effective during the year ended June 30, 2013

There are certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee, which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

4.2 New standards, amendments to approved accounting standards and new interpretations, which are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the date specified below. Except for the amendment in IAS 19, which results in immediate recognition of actuarial gains or losses and revised basis of calculation for net finance cost, these standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements, other than increased disclosures in certain cases.

(a) IAS 19 (Amendment), 'Employee benefits' is applicable on accounting periods beginning on or after January 01, 2013. These amendments shall eliminate the corridor approach and calculate finance cost on a net funding basis. The Company shall apply these amendments from July 01, 2013 and its impact on retained earnings shall be Rs.35.028 million due to recognition of current unrecognised actuarial loss on its defined benefit plan.

(b) IAS 28 (Revised), 'Associates and joint ventures' (effective for periods beginning on or after January 01, 2013). This standard includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 11. The application of these amendments have no impact on the Company's financial statements.

(c) IAS 32 (Amendment), 'Financial instruments: Presentation' (effective for periods beginning on or after January 01, 2014). This amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment does not have any significant impact on the Company's financial statements.

(d) Annual improvements to IFRSs 2011 are applicable on accounting periods beginning on or after January 01, 2013. This set of amendments includes changes to five standards: IFRS 1 'First time adoption of IFRSs', IAS 1 'Presentation of financial statements', IAS 16 'Property, plant and equipment', IAS 32 'Financial instruments; Presentation' and IAS 34 'Interim financial reporting'. The application of these amendments have no material impact on the Company's financial statements.

(e) IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2015). IFRS 9 replaces the parts of IAS 39, 'Financial instruments: recognition and measurement' that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the requirements of IAS 39. The Company is yet to assess the full impact of IFRS 9; however, initial indications are that it may not significantly affect the Company's financial assets.

(f) IFRS 13, 'Fair value measurement' (effective for periods beginning on or after January 01, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance and how it should be applied where its use is already required or permitted by other standards within IFRSs. The Company shall apply this standard from July 01, 2013 and does not expect to have a material impact on its financial statements.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment and depreciation

These, other than freehold land, buildings on freehold land, plant & machinery and capital work-in-progress, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount whereas buildings on freehold land and plant & machinery are stated at revalued amounts less accumulated depreciation and any identified impairment loss. Capital work-in-progress is stated at cost. All expenditure connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

Cost of some items of plant & machinery consists of historical cost and exchange fluctuation effects on foreign currency loans capitalised during prior years. Borrowing costs are also capitalised for the period upto the date of commencement of commercial production of the respective plant & machinery, acquired out of the proceeds of such borrowings.

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

Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off. Depreciation rates are stated in note 7.1.

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

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

5.2 Investments in Associated Companies

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

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

5.3 Stores and spares

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

5.4 Stock-in-trade

Basis of valuation are as follows:

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

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

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

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

5.5 Trade debts and other receivables

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

5.6 Cash and cash equivalents

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

5.7 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has an unconditional/ contractual right to defer settlement of the liability for at least twelve months after the balance sheet date.

5.8 Staff retirement benefits (defined benefit plan)

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2013 on the basis of the projected unit credit method by an independent actuary.

5.9 Trade and other payables

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

5.10 Provisions

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

5.11 Taxation

(a) Current

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

(b) Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the tax basis of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

5.12 Dividend and appropriation to reserves

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

5.13 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include security deposits, trade debts, due from Associated Companies, accrued mark-up, other receivables, bank balances, short term finances and trade & other payables. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

5.14 Off-setting of financial assets and liabilities

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

5.15 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing on the balance sheet date except where forward exchange rates are booked, which are translated at the contracted rates. Exchange differences, if any, are taken to profit and loss account.

5.16 Revenue recognition

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

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

5.17 Impairment loss

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

5.18 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed-out in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.19 Segment reporting

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

6. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

6.1 Property, plant and equipment

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

6.2 Stores & spares and stock-in-trade

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

6.3 Provision for impairment of trade debts

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

6.4 Staff retirement benefits - gratuity

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 19.

6.5 Taxation

In making the estimate for income taxes payable by the Company, the management looks at the applicable law and decisions of appellate authorities on certain issues in the past.

7. PROPERTY, PLANT AND EQUIPMENT

	Note	**2013**	2012
		(Rupees in thousand)	
Operating fixed assets - tangible	**7.1**	**812,988**	812,768
Capital work-in-progress - advance payments for security equipment		**1,690**	0
		814,678	812,768

7.1 Operating fixed assets

	Owned													Leased	
		Buildings on freehold land													
	Freehold land	Factory	Residential	Others	Plant & machinery	Weighment and material handling equipment	Tools and equipment	Furniture and fixtures	Electric fittings	Office equipment	Computers and T.V.	Vehicles	Arms	Vehicles	Total
	Rupees in thousand														
As at June 30, 2011															
Cost / revaluation	495,300	33,457	11,349	17,879	423,081	464	15	590	5,887	385	829	18,644	577	2,615	1,011,072
Accumulated depreciation	0	558	190	3,057	188,431	362	13	360	2,387	279	537	10,376	51	1,409	208,010
Book value	495,300	32,899	11,159	14,822	234,650	102	2	230	3,500	106	292	8,268	526	1,206	803,062
Year ended June 30, 2012:															
Additions	0	201	0	63	7,154	0	0	87	68	0	116	1,611	0	0	9,300
Revaluation adjustments:															
Cost / revaluation	(300)	(4,584)	(1,555)	(2,073)	0	0	0	0	0	0	0	0	0	0	(8,512)
Depreciation	0	0	0	0	26,317	0	0	0	0	0	0	0	0	0	26,317
Transfers from leased to owned:															
Cost	0	0	0	0	0	0	0	0	0	0	0	2,615	0	(2,615)	0
Depreciation	0	0	0	0	0	0	0	0	0	0	0	(1,489)	0	1,489	0
Depreciation for the year	0	1,573	533	712	12,222	5	0	15	178	5	112	1,938	26	80	17,399
Book value	495,000	26,943	9,071	12,100	255,899	97	2	302	3,390	101	296	9,067	500	0	812,768
Year ended June 30, 2013:															
Additions	0	0	5,315	2,389	20,929	0	15	26	147	132	113	1,042	3,439	0	33,547
Depreciation for the year	0	2,694	986	1,230	25,802	10	1	31	344	12	112	1,883	222	0	33,327
Book value	495,000	24,249	13,400	13,259	251,026	87	16	297	3,193	221	297	8,226	3,717	0	812,988
As at June 30, 2012															
Cost / revaluation	495,000	29,074	9,794	15,869	430,235	464	15	677	5,955	385	945	22,870	577	0	1,011,860
Accumulated depreciation	0	2,131	723	3,769	174,336	367	13	375	2,565	284	649	13,803	77	0	199,092
Book value	495,000	26,943	9,071	12,100	255,899	97	2	302	3,390	101	296	9,067	500	0	812,768
As at June 30, 2013															
Cost / revaluation	495,000	29,074	15,109	18,258	451,164	464	30	703	6,102	517	1,058	23,912	4,016	0	1,045,407
Accumulated depreciation	0	4,825	1,709	4,999	200,138	377	14	406	2,909	296	761	15,686	299	0	232,419
Book value	495,000	24,249	13,400	13,259	251,026	87	16	297	3,193	221	297	8,226	3,717	0	812,988
Depreciation rate (%)		10	10	10	10	10	10	10	10	10	30	20	10	20	

7.2 Change in accounting estimate

The management, during the current year, in order to ascertain the useful life of operating fixed assets has carried-out an internal exercise and assessed the remaining useful life of depreciable assets other than computers and vehicles. Keeping in consideration the assessed useful life of these assets, the depreciation rates of depreciable assets were found insufficient for current year as well as for future years; consequently depreciation rates have been increased from 5% to 10% per annum. The management, in this regard, has also obtained opinion from independent Valuers [M/s. Dimen Associates (Pvt.) Ltd. - Architects - Engineers - Evaluators, Lahore]; the Valuers have confirmed the depreciation rates adopted by the management.

The aforementioned revision has been accounted for as change in accounting estimate in accordance with the requirements of IAS 8 (Accounting policies, changes in accounting estimates and errors). The effect of this change in accounting estimate has been recognised prospectively in the profit and loss account of the current year. Had there been no revision, profit for the current year and carrying value of operating fixed assets as at June 30, 2013 would have been higher by Rs.15.666 million. Accordingly, earnings per share for the year ended June 30, 2013 would have been Rs.21.05 instead of Rs.19.00.

7.3 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:

	2013	2012
	(Rupees in thousand)	
Freehold land	**152**	152
Buildings on freehold land	**16,919**	10,349
Plant & machinery	**171,637**	167,689
	188,708	178,190

7.4 Depreciation for the year has been apportioned as under:

Cost of sales	**28,851**	13,977
Administrative expenses	**4,476**	3,422
	33,327	17,399

8. INVESTMENTS IN ASSOCIATED COMPANIES - Quoted

Babri Cotton Mills Ltd. (BCM)		
144,421 (2012: 144,421) ordinary shares of Rs.10 each-**cost**	**1,632**	1,632
Equity held: 3.95% (2012: 3.95%)		
Post acquisition profit brought forward including effect of items directly credited in equity by BCM	**13,305**	9,117
Profit for the year - net of taxation	**8,517**	3,481
	23,454	14,230
Janana De Malucho Textile Mills Ltd. (JDM)		
1,559,230 (2012:1,559,230) ordinary shares of Rs.10 - **cost**	**27,762**	27,762
Equity held: 32.59% (2012: 32.59%)		
Post acquisition profit brought forward including effect of items directly credited in equity by JDM	**176,378**	119,928
Profit for the year - net of taxation	**76,443**	47,141
	280,583	194,831
	304,037	209,061

8.1 Market values of the Company's investment in BCM and JDM as at June 30, 2013 were Rs.9.083 million (2012: Rs.1.879 million) and Rs.101.350 million (2012: Rs.31.871 million) respectively.

8.2 Summarised financial information of BCM, based on its audited financial statements for the year ended June 30, 2013, is as follows:

	2013	2012
	(Rupees in thousand)	
- equity as at June 30,	**591,066**	359,851
- total assets as at June 30,	**1,806,071**	1,780,545
- total liabilities as at June 30,	**594,328**	790,150
- revenue for the year ended June 30,	**2,064,442**	1,663,021
- profit before taxation for the year ended June 30,	**302,336**	61,963
- profit after taxation for the year ended June 30,	**215,388**	88,036

8.3 Summarised financial information of JDM, based on its audited financial statements for the year ended June 30, 2013, is as follows:

- equity as at June 30,	**857,733**	600,802
- total assets as at June 30,	**3,346,165**	3,183,565
- total liabilities as at June 30,	**1,198,206**	1,280,291
- revenue for the year ended June 30,	**2,714,679**	2,314,948
- profit before taxation for the year ended June 30,	**317,633**	109,559
- profit after taxation for the year ended June 30,	**234,581**	144,662

9. LOAN TO AN EXECUTIVE - Unsecured

Opening balance	**2,000**	0
Add: loan advanced during the year	**1,000**	2,000
Less: deductions made during the year	**(2,625)**	0
Closing balance	**375**	2,000
Less: recoverable within one year	**(375)**	(1,560)
	0	440

9.1 The outstanding balance of this interest free house building loan is recoverable in three monthly instalments ending September, 2013.

9.2 The maximum aggregate amount of loan due from the executive at any month-end during the year was Rs.2.594 million (2012: Rs.2.000 million).

9.3 The fair value adjustment as required by IAS 39 (Financial instruments: recognition and measurement) arising in respect of loan to an executive is not considered material and hence not recognised.

10. STORES AND SPARES

	Note	2013	2012
		(Rupees in thousand)	
Stores		**8,944**	9,438
Spares		**25,177**	21,321
	10.1	**34,121**	30,759
Less: provision for slow moving stores and spares	10.3	**2,000**	2,000
		32,121	28,759

10.1 Inventory valuing Rs.261 thousand (2012: Rs. 47 thousand) was in transit as at June 30, 2013.

10.2 The Company does not hold any stores and spares for specific capitalisation.

10.3 Provision for slow moving stores and spares

	2013	2012
Balance as at July 01,	**2,000**	1,000
Add: provision made during the year	**0**	1,000
Balance as at June 30,	**2,000**	2,000

11. STOCK-IN-TRADE

	Note	2013	2012
Raw materials:			
- at warehouse	11.1	**146,156**	132,393
- in transit		**60,600**	20,941
		206,756	153,334
Work-in-process		**30,401**	39,870
Finished goods		**108,940**	138,612
		346,097	331,816

11.1 As at June 30, 2013 raw material stocks valuing Rs.36.768 million (2012: Rs.101.627 million) were pledged with National Bank of Pakistan as security for short term finance facilities (note 23).

12. TRADE DEBTS - Unsecured - Considered good

Mark-up has been charged on the balances due after normal credit term and grace period at the rates applicable on short term finance facilities as disclosed in note 23.

13. TRADE DEPOSITS AND PREPAYMENTS

	2013	2012
Prepayments	**48**	40
Letters of credit	**92**	322
	140	362

14. DUE FROM ASSOCIATED COMPANIES

	2013	2012
Janana De Malucho Textile Mills Ltd.	**0**	950
The Universal Insurance Co. Ltd.	**0**	1
	0	951

15. CASH AND BANK BALANCES

	Note	2013	2012
		(Rupees in thousand)	
Cash-in-hand		**335**	114
Cash at banks on:			
- current accounts		**311**	203
- dividend accounts		**552**	1,028
- PLS accounts	**15.1**	**151**	108
		1,014	1,339
		1,349	1,453

15.1 These carry profit at the rate of 5% (2012: 5%) per annum.

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2013	2012		2013	2012
---- Numbers ----			(Rupees in thousand)	
2,259,375	2,259,375	Ordinary shares of Rs.10 each fully paid in cash	**22,594**	22,594
5,345,625	5,345,625	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**53,456**	53,456
7,605,000	7,605,000		**76,050**	76,050

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

	2013	2012
	Numbers of shares	
Janana De Malucho Textile Mills Ltd.	**585,301**	585,301
Bibojee Services (Pvt.) Ltd.	**1,996,170**	1,996,170
The Universal Insurance Company Ltd.	**7,152**	7,152
Waqf-e-Kuli Khan	**2,128**	2,128
	2,590,751	2,590,751

17. RESERVES

	2013	2012
	(Rupees in thousand)	
Capital		
Share premium reserve:		
859,375 shares @ Rs.7.50 per share issued during the financial year 1991-92	**6,445**	6,445
650,000 right shares @ Rs.20.00 per share issued during the financial year 1993-94	**13,000**	13,000
	19,445	19,445
Revenue - General reserve	**542,555**	419,055
	562,000	438,500

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

18.1 The Company had revalued its freehold land on October 01, 1978, May 15, 1999, June 30, 2004 and February 20, 2011. Buildings on freehold land and plant & machinery were revalued on October 01, 1978, June 30, 2004 and February 20, 2011. These fixed assets were revalued by Independent Valuers on the basis of market value / depreciated market values and resulted in revaluation surplus aggregating Rs.666.039 million.

18.2 The Company, during the preceding year, has again revalued its aforementioned fixed assets. The revaluation exercise has been carried-out by independent Valuers - M/s Yunus Mirza & Co., Architects, Engineers and approved Surveyors, I.I. Chundrigar Road, Karachi. 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 net appraisal surplus arisen on latest revaluation aggregating Rs.17.805 million has been credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984. The year-end balance has been arrived at as follows:

	Note	2013	2012
		(Rupees in thousand)	
Opening balance		**620,820**	608,931
Add: surplus arisen on revaluation carried-out during the preceding year		**0**	17,805
Less: transferred to unappropriated profit on account of incremental depreciation for the year	**18.3**	**(12,597)**	(5,916)
		608,223	620,820
Less: deferred tax on:			
- opening balance of surplus		**44,090**	39,824
- surplus on revaluation carried-out during the preceding year		**0**	6,337
- incremental depreciation for the year		**(4,409)**	(2,071)
		39,681	44,090
		568,542	576,730
Resultant adjustment due to reduction in tax rate		**1,114**	0
Closing balance		**569,656**	576,730

18.3 Depreciation rates of buildings and plant & machinery have been revised during the current year as fully detailed in note 7.2.

19. STAFF RETIREMENT BENEFITS - Gratuity

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

	2013	2012
- discount rate	**10.50%**	14%
- expected rate of growth per annum in future salaries	**9.50%**	13%
- average expected remaining working life time of employees	**12 years**	11 years

	2013	2012
	(Rupees in thousand)	
The amount recognised in the balance sheet is as follows:		
Present value of defined benefit obligation	**120,830**	89,275
Unrecognised actuarial loss	**(35,028)**	(23,366)
Net liability at end of the year	**85,802**	65,909
Net liability at beginning of the year	**65,909**	47,985
Charge to profit and loss account	**25,316**	20,837
Payments made during the year	**(5,423)**	(2,913)
Net liability at end of the year	**85,802**	65,909
The movement in the present value of defined benefit obligation is as follows:		
Opening balance	**89,275**	72,958
Current service cost	**11,614**	9,016
Interest cost	**12,499**	10,214
Benefits paid	**(5,423)**	(2,913)
Actuarial loss	**12,865**	0
Closing balance	**120,830**	89,275
Expense recognised in profit and loss account:		
Current service cost	**11,614**	9,016
Interest cost	**12,499**	10,214
Actuarial loss recognised	**1,203**	1,607
Charge for the year	**25,316**	20,837

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

	2013	2012	2011	2010	2009
	----------------- Rupees in thousand -----------------				
Present value of defined benefit obligation	**120,830**	89,275	72,958	42,059	31,474
Experience adjustment on obligation	**12,865**	0	16,823	(2,363)	8,163

The Company's policy with regard to actuarial gains / losses is to follow the minimum recommended approach under IAS 19 (Employee Benefits).

20. DEFERRED TAXATION - Net

	Note	2013	2012
		(Rupees in thousand)	
This is composed of the following:			
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation allowances		**46,416**	46,543
- surplus on revaluation of property, plant & equipment		**38,548**	44,090
		84,964	90,633
Deductible temporary difference arising in respect of provision against slow moving stores and spares		**(680)**	(700)
		84,284	89,933

21. TRADE AND OTHER PAYABLES

	Note	2013	2012
Due to Associated Companies		**5,288**	0
Creditors		**17,721**	17,978
Bills payable against imported raw materials - secured		**0**	7,426
Advances from customers		**2,998**	2,277
Security deposits - interest free, repayable on demand		**2,000**	2,200
Accrued expenses		**26,257**	19,308
Workers' (profit) participation fund	**21.1**	**4,903**	4,688
Waqf-e-Kuli Khan	**30.1**	**1,554**	4,853
Income tax deducted at source		**86**	178
Workers' welfare fund		**6,544**	4,495
Unclaimed dividends		**2,541**	2,415
Others		**459**	724
		70,351	66,542

	Note	2013	2012
21.1 Workers' (profit) participation fund (the Fund)*		**(Rupees in thousand)**	
Opening balance		**4,688**	5,131
Add: interest on funds utilised in the Company's business		**144**	331
		4,832	5,462
Less: payments made during the year		**4,832**	5,462
		0	0
Add: allocation for the year		**4,903**	4,688
		4,903	4,688

* The Fund's audit for the year ended June 30, 2012 was carried-out by M/s Inaam ul Haq & Co., Chartered Accountants, 33-A, Behind Queens Centre, Shahrah-e-Fatima Jinnah, Lahore.

22. ACCRUED MARK-UP

		2013	2012
Mark-up accrued on:			
- short term finances		**1,976**	3,040
- an Associated Company's balance		**103**	0
		2,079	3,040

23. SHORT TERM FINANCES - Secured

Short term finance facilities available from National Bank of Pakistan (NBP) under mark-up arrangements aggregate Rs.270 million (2012: Rs.220 million). NBP, during the year, charged mark-up on these finance facilities at the rates ranging from 11.09% to 14.06% (2012: 7.5% to 15.73%) per annum; mark-up is payable on quarterly basis. Facilities available for opening letters of credit aggregate Rs.100 million (2012: Rs.100 million) out of which the amount remained unutilised at the year-end was Rs. 90.357 million (2012: Rs.75.170 million). The aggregate facilities are secured against pledge of raw material stocks, first charge on current and fixed assets of the Company for Rs.160 million and Rs.227 million respectively and lien on import documents.

These facilities are available upto December 31, 2013.

24. TAXATION - Net

	Note	2013	2012
Opening balance		**729**	8,506
Add: provision made / (written-back) during the year:			
current		**34,598**	0
prior years - minimum tax	24.2	**0**	(7,777)
		34,598	(7,777)
Closing balance		**35,327**	729

24.1 Income tax assessments of the Company have been completed upto the tax year 2012 i.e. accounting year ended June 30, 2012 creating refund of Rs.6.743 million.

24.2 Due to location of the mills in the most affected area, the income of the Company was exempt from tax under clause 126F of the second schedule to the Income Tax Ordinance, 2001 (the Ordinance) starting from the tax year 2010. As per management's contention, exemption available under clause 126F was a specific exemption granted by the Federal Board of Revenue to the specific areas of Khyber Pakhtunkhwa. The Company had filed a writ petition before the Islamabad High Court, Islamabad praying exemption from levy of minimum tax under section 113 of the Ordinance. The Peshawar High Court, Peshawar, in an identical writ petition concerning exemption of minimum tax filed by a Group Company, had granted exemption from levy of minimum tax. The management is confident that Islamabad High Court will also grant exemption from levy of minimum tax; accordingly, no provision for minimum tax for the preceding year was made in the financial statements as well as provisions for minimum tax made during the financial years ended June 30, 2010 and June 30, 2011 aggregating Rs.7.777 million were written-back in the financial statements. An adverse judgment by the Islamabad High Court will create tax liability under section 113 of the Ordinance aggregating Rs.14.417 million.

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

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

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

24.6 The assessing officer has levied tax aggregating Rs.2.512 million under section 161/205 of the Ordinance for tax year 2007 against which Company filed an appeal with the Commissioner Inland Revenue (Appeals), who has annulled the assessment during February 2013.

25. CONTINGENCIES AND COMMITMENTS

25.1 Refer contents of notes 24.2 to 24.5.

25.2 Commitments against irrevocable letters of credit for raw materials and spare parts outstanding as at June 30, 2013 were for Rs.9.643 million (2012: Rs.17.404 million).

26. SALES - Net

	Note	2013	2012
		(Rupees in thousand)	
Fabrics and blankets		**826,700**	676,732
Waste		**1,985**	1,864
		828,685	678,596
Less:			
- discount		**1,337**	1,599
- sales tax		**19,623**	13,591
		20,960	15,190
		807,725	663,406

27. COST OF SALES

	Note	2013	2012
Raw materials consumed	27.1	**318,427**	302,222
Salaries, wages and benefits	27.2	**96,381**	81,807
Power and fuel		**54,575**	68,680
Stores and spares consumed		**18,190**	18,615
Repair and maintenance (including provision for slow moving stores and spares)		**19,622**	16,828
Depreciation		**28,851**	13,977
Insurance		**1,993**	1,712
Others		**539**	378
		538,578	504,219
Adjustment of work-in-process			
Opening		**39,870**	29,503
Closing		**(30,401)**	(39,870)
		9,469	(10,367)
Cost of goods manufactured		**548,047**	493,852
Adjustment of finished goods			
Opening stock		**138,612**	115,651
Closing stock		**(108,940)**	(138,612)
		29,672	(22,961)
		577,719	470,891

27.1 Raw materials consumed

	Note	2013	2012
		(Rupees in thousand)	
Opening stock		**153,334**	178,739
Add: purchases		**371,849**	276,817
		525,183	455,556
Less: closing stock		**206,756**	153,334
		318,427	302,222

27.2 These include Rs.9,006 thousand (2012: Rs.10,565 thousand) in respect of staff retirement benefits - gratuity.

28. DISTRIBUTION COST

	Note	2013	2012
Commission		**30,518**	25,016
Travelling		**16**	8
Salaries and benefits	**28.1**	**1,842**	1,368
Outward freight		**7**	105
Advertisement and sales promotion		**2,690**	156
Communication		**75**	82
Vehicles' running		**211**	161
Others		**16**	20
		35,375	26,916

28.1 These include Rs.126 thousand (2012: Rs.233 thousand) in respect of staff retirement benefits - gratuity.

29. ADMINISTRATIVE EXPENSES

	Note	2013	2012
Salaries and benefits	**29.1**	**67,672**	43,093
Travelling - directors		**811**	1,246
- others		**816**	477
Rent, rates and taxes		**1,347**	1,386
Entertainment / guest house expenses		**576**	443
Communication		**684**	501
Printing and stationery		**750**	579
Electricity		**2,039**	1,462
Insurance		**15**	17
Repair and maintenance		**2,417**	826
Vehicles' running		**4,556**	3,079
Advertisement		**46**	160
Subscription / papers and periodicals		**307**	247
Depreciation		**4,476**	3,422
Auditors' remuneration:			
- statutory audit		**550**	340
- half yearly review		**125**	110
- consultancy charges		**55**	45
- certification charges		**10**	10
- out-of-pocket expenses		**40**	35
		780	540
Legal and professional charges (other than Auditors)		**1,103**	1,058
		88,395	58,536

29.1(a) These include salary, bonus and leave encashment arrears of the Director Finance pertaining to financial years ended June 30, 2011 and June 30, 2012 aggregating Rs.9.179 million.

(b) These also include Rs.16,184 thousand (2012: Rs.10,039 thousand) in respect of staff retirement benefits - gratuity.

30. OTHER EXPENSES	**Note**	**2013**	2012
		(Rupees in thousand)	
Donation to Waqf-e-Kuli Khan	**30.1**	**1,554**	2,219
Workers' (profit) participation fund	**21.1**	**4,903**	4,688
Workers' welfare fund		**2,049**	1,781
Donations (without directors' interest)		**3**	0
		8,509	8,688

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

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

31. OTHER INCOME			
Income from financial assets			
Mark-up earned on:			
- dealers' balances		**1,528**	407
- Associated Companies' balances		**0**	1,186
- PLS accounts		**554**	360
		2,082	1,953
Income from other than financial assets			
Sale of empties / scrap		**675**	633
Unclaimed payable balances written-back		**10**	123
Others		**0**	16
		685	772
		2,767	2,725

32. FINANCE COST - Net			
Mark-up on short term finances		**10,530**	15,593
Less: mark-up subsidy		**0**	(387)
		10,530	15,206
Interest on workers' (profit) participation fund	**21.1**	**144**	331
Mark-up on:			
- Associated Companies' balances		**60**	0
- letters of credit		**6**	201
Lease finance charges		**0**	9
Bank charges		**194**	284
		10,934	16,031

33. TAXATION

	Note	2013	2012
		(Rupees in thousand)	
Current:			
- for the year		**34,598**	0
- for prior years	24.2	**0**	(7,777)
		34,598	(7,777)
Deferred:			
- for the year	20	**(5,649)**	6,308
- resultant adjustment due to reduction in tax rate	18	**1,114**	0
		(4,535)	6,308
		30,063	(1,469)

33.1 Relationship between tax expense and accounting profit

Accounting profit before tax	**174,520**
Tax at the applicable rate of 35%	**61,082**
Tax effect of permanent difference	**3,252**
Tax effect of share of profit on investments in Associated Companies	**(29,736)**
Deferred tax	**(5,649)**
Effect on opening balance of deferred taxation due to reduction of tax rate	**1,114**
Tax charge for the current year	**30,063**

34. EARNINGS PER SHARE

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

	2013	2012
Profit after taxation attributable to ordinary shareholders	**144,457**	137,160
	No. of shares	
Weighted average number of shares in issue during the year	**7,605,000**	7,605,000
	------- Rupees -------	
Earnings per share - basic	**19.00**	18.04

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

35.1 Financial Risk Factors

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

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

35.2 Market risk

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

(a) Currency risk

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

	2013	2012
	(Rupees in thousand)	
Bills payable	**0**	7,426
Outstanding letters of credit	**9,643**	17,404
Total exposure	**9,643**	24,830

The following exchange rates have been applied:

	Average rate		**Balance sheet date rate**	
	2013	2012	**2013**	2012
U.S. $ to Rupee	**97.54**	89.82	**98.80**	94.20

(b) Interest rate risk

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

	2013	2012	**2013**	2012
	Effective rate		**(Rupees in thousand)**	
Fixed rate instruments	**%**	**%**	**Carrying amount**	
Financial assets				
Bank balances	**5**	5	**151**	108
Variable rate instruments				
Financial liabilities				
Short term finances	**11.09 to 14.06**	7.5 to 15.73	**146,997**	18,059

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2013, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs.1,470 thousand (2012: Rs.181 thousand) lower / higher, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

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

35.3 Credit risk exposure and concentration of credit risk

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

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

Credit risk primarily arises from trade debts and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 90 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high crediting ratings.

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2013 along with comparative is tabulated below:

	2013	2012
	(Rupees in thousand)	
Security deposits	**2,809**	2,809
Trade debts	**243,549**	51,557
Due from Associated Companies	**0**	951
Accrued mark-up	**0**	871
Other receivables	**607**	0
Bank balances	**1,014**	1,339
	247,979	57,527

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

The ageing of trade debts at the year-end was as follows:

Not past due	**95,515**	45,097
Past due 1 - 30 days	**14,359**	3,607
Past due 30 - 150 days	**82,368**	0
Past due above 150 days	**51,307**	2,853
	243,549	51,557

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.95.975 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

35.4 Liquidity risk

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

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

Particulars	Carrying amount	Contractual cash flows (less than 1 year)
	--- Rupees in thousand	---
2013		
Short term finances	**146,997**	**150,608**
Trade and other payables	**55,820**	**55,820**
	202,817	**206,428**
2012		
Short term finances	18,059	18,692
Trade and other payables	54,904	54,904
	72,963	73,596

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

35.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates. At June 30, 2013, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except for loan to an executive and advances to employees, which are valued at their original costs less repayments.

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Working Director		Executives	
	2013	2012	2013	2012	2013	2012
	----------------------- Rupees in thousand -----------------------					
Remuneration (including bonus)						
- current year	**5,320**	7,354	**13,257**	7,754	**13,956**	7,671
- arrears - note 29.1(a)	**0**	0	**9,179**	0	**1,517**	0
Retirement benefits - gratuity	**2,465**	2,570	**7,426**	4,506	**4,340**	576
House rent	**1,492**	1,492	**0**	0	**762**	710
Insurance	**4**	4	**0**	0	**13**	24
Reimbursement of medical and other expenses	**201**	141	**294**	112	**645**	489
Utilities	**86**	96	**444**	1,080	**512**	596
	9,568	11,657	**30,600**	13,452	**21,745**	10,066
Number of persons	**1**	1	**1**	1	**8**	5

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

36.2 In addition to above, meeting fees of Rs.600 thousand (2012: Rs.600 thousand) were also paid to seven (2012: seven) non-working directors.

37. TRANSACTIONS WITH RELATED PARTIES

37.1 The Company's shareholders, vide a special resolution, have authorised the chief executive to advance loans upto Rs.5.0 million to any of the Company's associates to meet the business transactions involving payment / reimbursement of branch office / other expenses incurred on the Company's behalf.

37.2 Mark-up has been accrued at the rate of 14.56% (2012: at the rates ranging from 14.02% to 15.25%) per annum calculated on daily product basis on the current account balances of the Associated Companies except for the balances of The Universal Insurance Company Ltd. as these balances have arisen on account of insurance premium payable.

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

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

Name	Nature of relationship	Nature of transaction	2013	2012
			--- Rupees in '000 ---	
Babri Cotton Mills Ltd.	Associated Company	Purchase of generator	**0**	2,500
Janana De Malucho Textile Mills Ltd.	-do-	Purchase of raw materials	**4,704**	5,079
		Dividend paid	**1,756**	2,926
		Mark-up:		
		- earned	**0**	1,186
		- expensed	**60**	0
Rahman Cotton Mills Ltd.	-do-	Sale of woollen cloth	**5**	11
The Universal Insurance Co. Ltd.	-do-	Insurance premium	**218**	2,506
		Insurance claim	**0**	58
		Sale of woollen cloth	**0**	5
		Dividend paid	**21**	36
		Expenses shared	**376**	0
Bibojee Services (Pvt.) Ltd.	-do-	Dividend paid	**5,989**	9,981
Ghandhara Nissan Ltd.	-do-	Purchase of stores	**0**	194
The General Tyre and Rubber Company of Pakistan Ltd.	-do-	Purchase of tyres	**34**	0
Waqf-e-Kuli Khan	Associated Undertaking	Donation	**1,554**	2,219

38. CAPITAL RISK MANAGEMENT

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

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

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

39. OPERATING SEGMENT

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

39.1 Fabric and blanket sales represent 99.76% (2012: 99.73%) of the total gross sales of the Company.

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

39.3 All non-current assets of the Company as at June 30, 2013 are located in Pakistan.

39.4 Three (2012: three) of the Company's customers having sales aggregating Rs.571.488 million (2012: Rs.391.526 million) contributed towards 68.96% (2012: 57.70%) of the Company's gross sales. Each customer individually exceeded 10% of total gross sales.

40. CAPACITY AND PRODUCTION

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

Yarn	**2013**	2012
Number of spindles installed	**3,346**	3,346
Number of spindles/shifts worked	**1,934,400**	1,957,220
Installed capacity at 5 Nm count (Kgs.)	**1,993,096**	1,993,096
Actual production converted into 5 Nm count (Kgs.)	**1,372,771**	1,343,474
Number of shifts worked	**915**	951
Cloth		
Number of looms installed	**50**	46
Number of looms/shifts worked	**36,294**	35,590
Installed capacity of 50 (2012: 46) operational looms at 30 picks (Meters) (single shift)	**1,647,752**	1,634,798
Actual production converted into 30 picks (Meters) (03 shifts)	**1,769,815**	1,739,934
Number of shifts worked	**882**	972

41. NUMBER OF EMPLOYEES

	2013	2012
	------ Numbers ------	
Number of persons employed as at June 30,		
- permanent	**482**	428
- contractual	**158**	217
Average number of employees during the year		
- permanent	**474**	444
- contractual	**168**	177

42. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on September 19, 2013 by the board of directors of the Company.

43. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 19, 2013 has recommended to issue bonus shares in the proportion of 25 shares for every 100 shares held i.e. 25% for the year ended June 30, 2013 (2012: a final cash dividend of Rs.3 per share was proposed). The financial statements for the year ended June 30, 2013 do not include the effect of proposed bonus issue, which will be accounted for in the financial statements for the year ending June 30, 2014 after approval by the members in the annual general meeting to be held on October 30, 2013.

44. FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However, no material rearrangements and reclassifications have been made in these financial statements.

Shahnaz Sajjad Ahmad
Chief Executive

Ahmad Kuli Khan Khattak
Director

BANNU WOOLLEN MILLS LIMITED

FORM OF PROXY

I/We ____ of ____________________ being in the district of ____________________ being a member of Bannu Woollen Mills Limited and holder of ______________________ Ordinary Shares as per the Share Register Folio No. ____________ and /or CDC Participant I.D. No. ________________ and Sub-Account No. ________________ hereby appoint ________________ of ________________ or failing him/her _______________________ as my/our proxy to vote for me/us and on my/our behalf at the 53rd Annual General Meeting of the Company to be held at Registered Office, Habibabad, Kohat on 30th October, 2013 at 10:30 A.M and at any adjournment thereof.

Witnesses:

1. As witness my hand this .... day of .... 2013.

Signed by the said member in the presence of __________

2. As witness my hand this .... day of .... 2013.

Signed by the said member in the presence of __________

Please
affix five rupees
revenue stamp

Signatures of member

Please fill in the applicable columns:

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

Note:

A member entitle to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy needs not to be a member of Company.

If a member is unable to attend the meeting, he may complete and sign this form and send it the Company Secretary, Bannu Woollen Mills Limited C/O Janana De Malucho Textile Mills Limited, Habibabad, Kohat so as to reach not less than 48 hours before the time appointed for holding the meeting.

FOR CDC ACCOUNT HOLDERS/CORPORATE ENTITIES:

In addition to the above the following requirements have to be met.

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