52nd
Annual Report
2012

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. AHMAD KULI KHAN KHATTAK	
	MR. MUSHTAQ AHMAD KHAN, FCA	
	MRS. ZEB GOHAR AYUB	
	DR. SHAHEEN KULI KHAN	
	MR. MANZOOR AHMED SHEIKH (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. AHMAD KULI KHAN KHATTAK	Member
	MR. MUSHTAQ AHMAD 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 Sr. General Manager (F & C)	
HEAD OF INTERNAL AUDIT	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@brain.net.pk Web Site " www.jdm.com.pk "	
MILLS	D.I.KHAN ROAD, BANNU Tel. (0928) 613151, 613250 Fax (0928) 611450 E-Mail bannuwoollen@yahoo.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 52nd Annual General Meeting of the Shareholders of Bannu Woollen Mills Limited will be held at the registered office of the Company at Habibabad, Kohat on **Monday** the **22nd October, 2012** at **10:30 A.M.** to transact the following business :-

1. To confirm the minutes of Annual General Meeting held on 29th October, 2011.

2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30th June, 2012 together with the directors' and auditors' reports thereon.

3. To consider and approve the payment of final cash dividend for the year ended 30th June, 2012 as recommended by the Board of Directors of the company. The Board of Directors has approved the final cash dividend @ 30% i.e. Rs.3/- per share for the year ended 30th June, 2012.

4. To appoint auditors for the year ending on 30th June, 2013 and to fix their remuneration.

5. To consider any other business with the permission of the Chair.

By order of the Board

Kohat
Dated: 25th September, 2012

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

NOTES:

BOOK CLOSURE:

1. The Share transfer books of the Company shall remain closed from 11th October, 2012 to 22nd October, 2012 (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 10th October, 2012 will be considered in order for registration in the name of the transferees to receive the cash dividend.

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 nos.

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.

INSTRUCTIONS 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.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Bannu Woollen Mills take pleasure in presenting the Directors' report along with 52nd annual report and audited financial statements for the year ended June 30, 2012. 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.

The directors' report is prepared under section 236 of the Companies Ordinance, 1984 and clause xix of the code of corporate governance.

FINANCIAL PERFORMANCE OF THE COMPANY FOR THE YEAR, 2012

We are pleased to report that your Company has earned net profit of Rs. 135.691 million after addition of profit of Associated Companies and before taxation. The actual profit before these adjustments for the year ended 30th June, 2012 amounts to Rs. 85.069 million as compared to profit of Rs. 89.362 million of the year 2011.

The net sales grew by 16.55% attaining an all time high of Rs. 663.406 million during the year under review (2011: Rs. 569.195 million). Increase in sales amounting Rs. 94.211 million comprises decrease of Rs. (32.325) million for quantitative sales due to low production caused by excessive load shedding, power breakdowns, absenteeism especially in night shifts and increase of Rs. 126.536 million due to timely revision of sale prices to cover raw material and other input increase. The cost of sales amounted to Rs. 470.891 million (2011: Rs. 391.727).

Operating profit after finance cost for the year under report was Rs. 85.069 million (2011: Rs. 89.362 million). However cost of sales has increased by Rs. 79.165 million (2011: 89.625 million) which comprises Rs. 58.983 million increase in price of imported wool and yarn, Rs. 12.072 million in salary, Wages and benefits, Rs. 4.608 million in repair and maintenance, Rs. 16.067 million in power and fuel, Rs. 3.543 million in dyes and chemicals, Rs. 1.344 million in depreciation and Rs. 17.541 million in inventory adjustment.

Increase in US$ value against Pak Rupees has badly effected the cost of imported raw materials resulting in marginal decrease of our gross profit for the current year to 29.02% of net sales (2011: 31.18%). Due to increase in sales during the year, the working capital requirements have also been increased with need for higher running finance. Reduced mark-up rates on running finance by the Government of Pakistan under KPK economic rehabilitation package has not been extended on completion of three years on 31 December, 2011.

The break-up value of company's share (excluding surplus on revaluation of fixed assets) stands at Rs. 86.96 per share as at June 30, 2012 (2011: Rs.72.68 per share).

FINANCIAL RESULTS

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

	Year ended June 30,	
	2012	2011
	(Rupees in thousands)	
Sales	663,406	569,195
Cost of Sales	470,891	391,726
Gross Profit	192,515	177,469
Distribution Cost	26,916	23,039
Administrative Expenses	58,536	48,191
Other Operating Expenses	8,688	9,219
Other Operating Income	(2,725)	(1,647)
	91,415	78,802
Profit from Operations	101,100	98,667
Finance Cost	16,031	9,305
	85,069	89,362
Share of Profit of Associated Companies	50,622	54,395
Profit before Taxation	135,691	143,757
Taxation		
- Current	0	5,697
- Prior years'	(7,777)	0
- Deferred	6,308	(6,877)
	(1,469)	(1,180)
Profit after Taxation	137,160	144,937
Earnings per Share (Rupees)	18.04	19.06

OPERATING PERFORMANCE

With the installed capacity of 3,346 woollen spindles and 46 shuttleless looms (2011, capacity was 3,346 woollen spindles and 46 shuttleless looms), the Company has produced 1,345,133 Kgs of 5 Nm of count yarn and 1,739,934 meters cloth based on 30 picks in year 2012 as compared to 1,380,750 Kgs of 5 Nm of count yarn and 1,837,063 meters cloth based on 30 picks for the year ended 30th June, 2011. Production efficiency decreased by 104,695 meters (5.69%) as compared to year 2011 due to lesser workings days and power outages ranging from 08 to 12 hours daily and excessive absenteeism.

DIVIDEND

The board of directors is pleased to recommend a final cash dividend of 30% i.e. PKR 3.0 per share (June 2011: 50% i.e. PKR 5.00 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, high borrowing cost, unpredictable hike in power cost, especially power shutdowns and adverse law & order situation in the region.

In spite of above facts, your company successfully managed to achieve targets with better marketing and financial strategy along with optimum beneficial product mix offered to the customers. In order to cater for the higher demand of our products project management requested BMR for import of Italian woollen condenser card, ring spinning frames & shuttleless looms with investment of Rs. 300 million.

The Board approved import of Chinese machinery considered cheaper and authorised Senior General Manager to visit China alongwith technical delegate who carried out visit in 1st week of July, 2012 and selected woollen card, eight shuttleless looms and ring frames. All machinery will cost approx. Rs. 55 million to be financed from Company's internal cash generation.

To meet social responsibilities and to overcome housing shortages for technical and supervisory staff, with prior approval of the BOD, construction has been undertaken subsequent to the 30th June, 2012, which will cost approx. Rs. 6 million to 7 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, 2012, except for those disclosed in the financial statements.
10. Summary of key operating and financial data of the past six years in annexed.
11. Pattern of share holdings of the Company as at June 30, 2012 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 has established audit committee and Human Resource & Remuneration Committee comprising of three members each.

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	4
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.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Board of Directors, in compliance with the clause (xxv) of the revised Code of Corporate Governance has established a Human Resource and Remuneration (HR&R) Committee. The composition of HR&R Committee is as below:

1.	Lt. Gen (Retd.) Ali Kuli Khan Khattak	Chairman
2.	Mrs. Shahnaz Sajjad Ahmed	Member / CEO
3.	Mr. Ahmed Kuli Khan Khattak	Member
4.	Mr. Mushtaq Ahmed Khan, FCA	Member

HR&R Committee was established by the Board in its meeting held on 18th April, 2012.

The HR&R Committee is responsible for recommendation of various policies for the consideration of BOD with regard to human resource management, selection, evaluation, compensation and succession plan of CEO, COO, CFO, CS and HIA. The Committee will also consider and approve CEO's recommendation for key management positions reporting directly to CEO or COO.

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	4
3.	Mr. Ahmed Kuli Khan Khattak	No	4	4
4.	Mr. Mushtaq Ahmed Khan, FCA	Yes	4	4
5.	Mrs. Zeb Gohar Ayub	No	4	2
6.	Mrs. Shahnaz Sajjad Ahmed	Yes	4	4
7.	Dr. Shaheen Kuli Khan Khattak	No	4	2
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, 2012.

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, 2012 is enclosed. This statement is prepared in accordance with the Code of Corporate Governance and the provisions of Companied 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 in the years to come.

For & on behalf of Board of Directors

RAZA KULI KHAN KHATTAK
Chairman

Dated: 22 September, 2012

KEY OPERATING AND FINANCIAL DATA
SIX YEARS SUMMARY

(Rupees in Million)

PARTICULARS	2012	2011	2010	2009	2008	2007
SALES (Net)	**663.406**	569.195	415.428	391.280	319.692	284.422
GROSS PROFIT	**192.515**	177.469	113.327	96.011	78.314	74.056
OPERATING PROFIT	**101.100**	98.667	51.003	45.299	48.855	45.584
PROFIT /(LOSS)						
BEFORE TAXATION	**135.691**	143.757	94.268	9.709	43.669	41.698
PROVISION FOR TAXATION	**(1.469)**	(1.180)	6.915	14.976	16.211	15.035
PROFIT /(LOSS)						
AFTER TAXATION	**137.160**	144.937	87.353	- 5.267	27.458	26.663
CASH DIVIDEND	**30%**	50%	20%	-		☆ 50%
EARNING (LOSS) PER SHARE	**18.04**	19.06	11.49	- 0.69	3.61	5.26
BREAK UP VALUE PER SHARE	**85.96**	72.68	54.54	41.09	41.25	55.62
TOTAL ASSETS	**1,482.279**	1,410.378	914.562	801.915	713.499	668.981
CURRENT LIABILITIES	**88.370**	163.298	162.183	165.464	88.445	73.353
	1,393.909	1,247.080	752.379	636.451	625.054	595.628
REPRESENTED BY:						
SHARE CAPITAL	**799.567**	818.617	516.222	416.137	419.627	390.440
RESERVES	**438.500**	303.190	137.400	137.400	137.400	137.400
EQUITY	**1,238.067**	1,121.807	653.622	553.537	557.027	527.840
DEFERRED LIABILITIES	**155.842**	125.273	98.757	82.914	68.027	67.788
	1,393.909	1,247.080	752.379	636.451	625.054	595.628

☆ BONUS OF SHARE

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 MILLS LIMITED**

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

4. No of shareholders		Shareholdings		Total shares held
226		shareholding from 1 to 100 shares		8,505
254		shareholding from 101 to 500 shares		78,113
135		shareholding from 501 to 1,000 shares		109,642
249		shareholding from 1,001 to 5,000		565,903
51		shareholding from 5,001 to 10,000		398,289
14		shareholding from 10,001 to 15,000		165,308
13		shareholding from 15,001 to 20,000		231,180
4		shareholding from 20,001 to 25,000		91,216
8		shareholding from 25,001 to 30,000		224,838
5		shareholding from 30,001 to 35,000		162,903
3		shareholding from 35,001 to 40,000		111,436
4		shareholding from 40,001 to 45,000		167,975
3		shareholding from 45,001 to 50,000		140,473
1		shareholding from 50001 to 55000		50,700
3		shareholding from 55,001 to 60,000		174,843
1		shareholding from 60,001 to 65,000		60,078
1		shareholding from 65,001 to 70,000		66,541
2		shareholding from 70,001 to 75,000		144,599
1		shareholding from 75,001 to 80,000		76,050
1		shareholding from 80,001 to 85,000		80,991
1		shareholding from 85,001 to 90,000		87,726
1		shareholding from 95,001 to 100,000		98,655
1		shareholding from 100,001 to 105,000		100,723
1		shareholding from 110,001 to 115,000		112,099
1		shareholding from 255,001 to 260,000		258,000
1		shareholding from 265,001 to 270,000		270,000
1		shareholding from 370,001 to 375,000		374,490
1		shareholding from 585,001 to 590,000		585,301
1		shareholding from 610,000 to 615,000		612,253
1		shareholding from 1,995,001 to 2,000,000		1,996,170
989		**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	41,894	0.55
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	36,857	0.48
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
a. Local	2,955,506	38.86
b. Foreign	NIL	NIL
5.9 Others (to be specified)		
Joint Stock Companies	61,203	0.80
Trustee –Treet Corp Ltd.	90,000	1.18
Trust	2,128	0.03
Karachi Stock Exchange (Guarantee) Ltd.	21	0.00

6. Signature of 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		Month		Year			
3	0	0	6	2	0	1	2

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 COMPANY LTD.		7,152
2.	N.I.T. & I.C.P:		
	M/S. NATIONAL INVESTMENT TRUST LTD		41,444
	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 RAZA KULI KHAN KHATTAK		50,700
	LT.GEN. (R ETD) 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 AHMAD KULI KHAN W/O AHMAD KULI KHAN KHATTAK		80,991
	MR.MUSHTAQ AHMED KHAN (FCA)	Director	*270,000
	MRS. SAEEDA MUSHTAQ W/O MUSHTAQ AHMED KHAN (FCA)		15,750
	MRS.ZEB GOHAR AYUB	Director	26,997
	MRS.SHAHNAZ SAJJAD AHMED	Chief Executive	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		61,203
6.	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE, INSTITUTIONS, INSURANCE COMPANIES, MODARBAS & MUTUAL FUNDS		1,023,600
7.	SHAREHOLDERS HOLDING 10% OR MORE:		
	M/S.BIBOJEE SERVICES (PVT) LTD.		1,996,170
8.	GENERAL PUBLIC & OTHERS		3,012,045

*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 (xlv)]

Name of Company **BANNU WOOLLEN MILLS LIMITED**
Year Ended **30th JUNE 2012**

This statement is being presented to comply with the Code of Corporate Governance contained in 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 code 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 seven independent non-executive directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the directors of the Company are registered as tax payers and non of them has defaulted in payment of any loan to a banking company, a DFI or a NBFI, and none of then is member of Stock Exchange.

4. No casual vacancy occurred in the Board of Directors of the Company during the year ended 30th June 2012.

5. The Company has prepared a Statement of Ethics and Business Practices, which has been signed by all the directors and employees of the Company.

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 and other executive directors, have been taken by the Board.

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. The Board has approved appointment of Head of Internal Audit, including his remuneration and terms and conditions of employment. There were no new appointments of CFO and Company Secretary during the year ended 30th June 2012.

11. The Directors Report for this year has been prepared in compliance with the requirements of the Code 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 Code.

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 in 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.

17. The Board has formed an HR and Remuneration Committee. It comprises four members, of whom two are non-Executive Directors including the Chairman of the Committee.

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 and they are involved in the internal audit function on a full time basis.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the person 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. We confirm that all other material principles contained in the Code have been complied with.

Signature (Name in block letters)	Shahnaz Sajjad Ahmad 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, 2012.

Hameed Chaudhri & Co.

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

LAHORE; September, 22, 2012

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **BANNU WOOLLEN MILLS LIMITED** (the Company) as at 30 June, 2012 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 30 June, 2012 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 22, 2012

BALANCE SHEET AS AT 30 JUNE, 2012

	Note	2012 (Rupees in thousand)	2011 (Rupees in thousand)
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital 10,000,000 ordinary shares of Rs.10 each		100,000	100,000
Issued, subscribed and paid-up capital	7	76,050	76,050
Reserves	8	438,500	303,190
Unappropriated profit		146,787	173,460
		661,337	552,700
Surplus on Revaluation of Property, Plant and Equipment	9	576,730	569,107
Non-current Liabilities			
Staff retirement benefits - gratuity	10	65,909	47,985
Deferred taxation	11	89,933	77,288
		155,842	125,273
Current Liabilities			
Trade and other payables	12	66,542	54,887
Accrued mark-up		3,040	0
Short term finances	13	18,059	99,666
Current portion of liabilities against assets subject to finance lease	14	0	239
Taxation	15	729	8,506
		88,370	163,298
Contingencies and Commitments	16		
		1,482,279	1,410,378

	Note	2012 (Rupees in thousand)	2011 (Rupees in thousand)
Assets			
Non-current Assets			
Property, plant and equipment	17	812,768	804,802
Investments in Associated Companies	18	209,061	152,782
Loan to an executive	19	440	0
Security deposits		2,809	2,809
		1,025,078	960,393
Current Assets			
Stores and spares	20	28,759	31,042
Stock-in-trade	21	331,816	323,893
Trade debts	22	51,557	56,386
Current portion of loan to an executive	19	1,560	0
Advances to employees - unsecured considered good		1,218	677
Advance payments		846	121
Trade deposits and prepayments	23	362	3,514
Due from Associated Companies	24	951	0
Accrued mark-up	25	871	73
Mark-up subsidy receivable	26	0	767
Sales tax refundable		10,379	11,427
Income tax refundable, advance tax and tax deducted at source		27,429	20,686
Cash and bank balances	27	1,453	1,399
		457,201	449,985
		1,482,279	1,410,378

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

Shahnaz Sajjad Ahmad
Shahnaz Sajjad Ahmad
Chief Executive

Ahmad Kuli Khan Khattak
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE, 2012

	Note	2012	2011
		(Rupees in thousand)	
Sales	28	**663,406**	569,195
Cost of Sales	29	**470,891**	391,726
Gross Profit		**192,515**	177,469
Distribution Cost	30	**26,916**	23,039
Administrative Expenses	31	**58,536**	48,191
Other Operating Expenses	32	**8,688**	9,219
Other Operating Income	33	**(2,725)**	(1,647)
		91,415	78,802
Profit from Operations		**101,100**	98,667
Finance Cost	34	**16,031**	9,305
		85,069	89,362
Share of Profit of Associated Companies	18	**50,622**	54,395
Profit before Taxation		**135,691**	143,757
Taxation			
- Current	15	**0**	5,697
- Prior years'	15	**(7,777)**	0
- Deferred	11	**6,308**	(6,877)
		(1,469)	(1,180)
Profit after Taxation		**137,160**	144,937
Other Comprehensive Income		**0**	0
Total Comprehensive Income		**137,160**	144,937
		------- Rupees -------	
Earnings per Share	35	**18.04**	19.06

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

Shahnaz Sajjad Ahmad

Shahnaz Sajjad Ahmad
Chief Executive

Ahmad Kuli Khan Khattak
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2012

	2012	2011
	(Rupees in thousand)	
Cash flow from operating activities		
Profit for the year - before taxation and share of profit on investments in Associated Companies	85,069	89,362
Adjustments for non-cash and other charges:		
Depreciation	17,399	15,572
Unclaimed payable balances written-back	(123)	(118)
Provision against slow moving stores and spares	1,000	500
Gain on disposal of operating fixed assets	0	(205)
Staff retirement benefits - gratuity (net)	17,924	14,471
Mark-up on bank deposits, dealers' and Associated Companies' balances	(1,953)	(798)
Finance cost	16,418	9,305
Workers' welfare fund	1,781	1,871
Profit before working capital changes	137,515	129,960
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets		
Stores and spares	1,283	(10,263)
Stock-in-trade	(7,923)	(58,219)
Trade debts	4,829	(15,405)
Loan to an executive and advances to employees	(2,541)	(69)
Advance payments	(725)	(104)
Trade deposits and prepayments	3,152	(2,345)
Due from Associated Companies	(951)	0
Mark-up subsidy receivable	767	597
Sales tax refundable	1,048	(5,017)
Increase / (decrease) in trade and other payables	9,161	(12,513)
	8,100	(103,338)
Cash generated from operations	145,615	26,622
Taxes paid	(6,743)	(4,313)
Net cash generated from operating activities	138,872	22,309
Cash flow from investing activities		
Fixed capital expenditure	(7,560)	(5,849)
Sale proceeds of operating fixed assets	0	1,895
Mark-up received on bank deposits, dealers' and Associated Companies' balances	1,155	1,009
Net cash used in investing activities	(6,405)	(2,945)
Cash flow from financing activities		
Short term finances - net	(81,607)	7,244
Lease finances - net	(239)	(1,535)
Dividend paid	(37,189)	(14,979)
Finance cost paid	(13,378)	(10,669)
Net cash used in financing activities	(132,413)	(19,939)
Net increase / (decrease) in cash and cash equivalents	54	(575)
Cash and cash equivalents - at beginning of the year	1,399	1,974
Cash and cash equivalents - at end of the year	1,453	1,399

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

Shahnaz Sajjad Ahmad
Shahnaz Sajjad Ahmad
Chief Executive

Ahmad Kuli Khan Khattak
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE, 2012

	Share capital	Reserves			Unappr-opriated profit	Total
		Capital	Revenue	Sub-total		
		Share premium	General			
	---------- Rupees in thousand ----------					
Balance as at 30 June, 2010	76,050	19,445	117,955	137,400	201,304	414,754
Transfer to general reserve	0	0	165,790	165,790	(165,790)	0
Transaction with owners						
Final cash dividend for the year ended 30 June, 2010 at the rate of Rs. 2 per share	0	0	0	0	(15,210)	(15,210)
Total comprehensive income for the year	0	0	0	0	144,937	144,937
Surplus on revaluation of property, plant and equipment realised during the year (net of deferred taxation) on account of incremental depreciation for the year	0	0	0	0	2,644	2,644
Effect of items directly credited in equity by the Associated Companies	0	0	0	0	5,575	5,575
Balance as at 30 June, 2011	76,050	19,445	283,745	303,190	173,460	552,700
Transfer to general reserve	0	0	135,310	135,310	(135,310)	0
Transaction with owners						
Final cash dividend for the year ended 30 June, 2011 at the rate of Rs. 5 per share	0	0	0	0	(38,025)	(38,025)
Total comprehensive income for the year	0	0	0	0	137,160	137,160
Surplus on revaluation of property, plant and equipment realised during the year (net of deferred taxation) on account of incremental depreciation for the year	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 30 June, 2012	**76,050**	**19,445**	**419,055**	**438,500**	**146,787**	**661,337**

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

Shahnaz Sajjad Ahmad
Shahnaz Sajjad Ahmad
Chief Executive

Ahmad Kuli Khan Khattak
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2012

1. CORPORATE INFORMATION

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 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 Companies Ordinance, 1984 (the Ordinance) and the requirements of the Ordinance and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of the Ordinance or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Ordinance or the directives issued by the SECP shall prevail.

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. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Amended standards that are effective in the current year and are relevant to the Company

The following amendments to the approved accounting standards are mandatory for the periods beginning on or after 01 July, 2011 and are relevant to the Company:

(a) IFRS 7 (Amendment), 'Financial Instruments: Disclosures'. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with the financial instruments. The amendment has only resulted in additional disclosures with respect to financial instruments, which have been duly incorporated in these financial statements.

(b) IAS 1 (Amendment), 'Presentation of Financial Statements'. The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Accordingly, the Company has presented analysis of other comprehensive income for each component of equity in the statement of changes in equity.

(c) IAS 24 (Revised), ‘Related Party Disclosures’, issued in November, 2009 supersedes IAS 24 ‘Related Party Disclosures’ issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The application of the revised standard has no material impact on the Company's financial statements.

(d) IAS 34 (Amendment), ‘Interim Financial Reporting’. This amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets. The amendment pertains to interim reporting and was duly incorporated in the Company’s condensed interim financial information for the period of six months ended 31 December, 2011.

4.2 New accounting standards, amendments to approved accounting standards and interpretations that are effective in current financial year but are not relevant to the Company

There are other new standards, amendments to approved accounting standards and interpretations that are mandatory for the periods beginning on or after 01 July, 2011; however, these are currently not considered to be relevant to the Company or do not have any impact on the Company’s financial statements and therefore have not been detailed in these financial statements.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July, 2012 and have not been early adopted by the Company:

(a) IFRS 7 (Amendments), ‘Financial Instruments: Disclosures’ (effective for the periods beginning on or after 01 January, 2013). The amendments contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. This amendment is only expected to result in additional disclosures and will not impact the Company’s financial results.

(b) IFRS 9, ‘Financial Instruments’ (effective for the periods beginning on or after 01 January, 2015). This is the first standard issued as part of a wider project to replace IAS 39 (Financial Instruments: Recognition and Measurement). IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets at (i) amortised cost and (ii) fair value. The basis of classification depends on entity’s business model and the contractual cash flow characteristics of the financial asset. 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.

(c) IFRS 13, ‘Fair Value Measurement’ (effective for the periods beginning on or after 01 January, 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. It is unlikely that this standard will have a significant affect on the Company’s financial statements.

(d) IAS 1 (Amendments), 'Presentation of Financial Statements' (effective for the periods beginning on or after 01 July, 2012).The main change resulting from these amendments is a requirement for the entities to group items presented in other comprehensive income (OCI) on the basis of whether they can be potentially reclassified to profit or loss subsequently (reclassification adjustments). Since, the Company currently does not have any items of OCI, the amendments are not expected to have an affect on the Company's financial statements.

(e) IAS 19 (Amendments), 'Employee Benefits' (effective for the periods beginning on or after 01 January, 2013). The amendments (i) eliminate the 'corridor method' for recognising actuarial gains and losses and make it mandatory for all the actuarial gains and losses to be recognised immediately, (ii) streamline the presentation of changes in assets and liabilities arising from defined benefit plans by reclassifying their presentation in other comprehensive income and (iii) enhance disclosure requirements for providing better information about the characteristics of the defined benefit plans and the risks that entities are exposed to through participation in these plans. The Company is yet to assess the full impact of these amendments.

There are other new accounting standards, amendments to approved accounting standards and interpretations that are not yet effective; however, they are currently not considered to be relevant to the Company and therefore have not been detailed in these financial statements.

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 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.

5.2 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 30 June, 2011 on the basis of the projected unit credit method by an independent Actuary.

5.3 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.

5.4 Taxation

(a) Current and prior year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments 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.

5.5 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.

5.6 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 17.1.

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.

5.7 Assets subject to finance lease

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognised at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Depreciation on assets subject to finance lease is charged to income at the rates stated in note 17.1 applying reducing balance method to write-off the cost of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of lease period.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed-off.

Finance cost and depreciation on leased assets are charged to income currently.

5.8 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.

5.9 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 items.

5.10 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.

5.11 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.

5.12 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.

5.13 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.

5.14 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.

5.15 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 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, mark-up subsidy receivable, bank balances, liabilities against assets subject to finance lease, trade & other payables, accrued mark-up and short term finances. 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.

5.17 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.

5.18 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.

5.19 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.

5.20 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 40 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:

a) 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 10.

b) 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.

c) 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.

d) 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.

e) 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.

7. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2012	2011		**2012**	2011
---- 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

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

	2012	2011
	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

8. RESERVES

	2012	2011
	(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	**419,055**	283,745
	438,500	303,190

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

9.1 The Company had revalued its freehold land on 01 October, 1978, 15 May, 1999, 30 June, 2004 and 20 February, 2011. Buildings on freehold land and plant & machinery were revalued on 01 October, 1978, 30 June, 2004 and 20 February, 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.

9.2 The Company, as at 31 March, 2012, 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	2012	2011
		(Rupees in thousand)	
Opening balance		**608,931**	260,956
Add: surplus arisen on revaluation carried-out during the year	**17.2**	**17,805**	352,043
Less: transferred to unappropriated profit on account of incremental depreciation for the year		**(5,916)**	(4,068)
		620,820	608,931
Less: deferred tax on:			
- opening balance of surplus		**39,824**	22,088
- surplus on revaluation carried-out during the year		**6,337**	19,160
- incremental depreciation for the year		**(2,071)**	(1,424)
		44,090	39,824
Closing balance		**576,730**	569,107

10. 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:

	2012	2011
- discount rate	**14%**	14%
- expected rate of growth per annum in future salaries	**13%**	13%
- average expected remaining working life time of employees	**11 years**	11 years

The amount recognised in the balance sheet is as follows:	**(Rupees in thousand)**	
Present value of defined benefit obligation	**89,275**	72,958
Unrecognised actuarial loss	**(23,366)**	(24,973)
Net liability at end of the year	**65,909**	47,985
Net liability at beginning of the year	**47,985**	33,514
Charge to profit and loss account	**20,837**	17,088
Payments made during the year	**(2,913)**	(2,617)
Net liability at end of the year	**65,909**	47,985
The movement in the present value of defined benefit obligation is as follows:		
Opening balance	**72,958**	42,059
Current service cost	**9,016**	11,646
Interest cost	**10,214**	5,047
Benefits paid	**(2,913)**	(2,617)
Actuarial loss	**0**	16,823
Closing balance	**89,275**	72,958
Expense recognised in profit and loss account:		
Current service cost	**9,016**	11,646
Interest cost	**10,214**	5,047
Actuarial loss recognised	**1,607**	395
Charge for the year	**20,837**	17,088

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

	2012	2011	2010	2009	2008
	---------------- Rupees in thousand ----------------				
Present value of defined benefit obligation	**89,275**	72,958	42,059	31,474	15,214
Experience adjustment on obligation	**0**	16,823	(2,363)	8,163	0

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

11. DEFERRED TAXATION - Net

This is composed of the following:

	Note	2012	2011
Taxable temporary differences arising in respect of:		(Rupees in thousand)	
- accelerated tax depreciation allowances		**46,543**	45,252
- surplus on revaluation of property, plant & equipment		**44,090**	39,824
- lease finances		**0**	339
		90,633	85,415
Deductible temporary difference arising in respect of:			
- minimum tax recoverable against normal tax charge in future years		**0**	(7,777)
- provision against slow moving stores and spares		**(700)**	(350)
		(700)	(8,127)
		89,933	77,288

12. TRADE AND OTHER PAYABLES

	Note	2012	2011
Creditors		**17,978**	10,159
Bills payable against imported raw materials - secured		**7,426**	8,658
Advances from customers		**2,277**	6,447
Security deposits - interest free, repayable on demand		**2,200**	2,000
Accrued expenses		**19,308**	12,686
Workers' (profit) participation fund	**12.1**	**4,688**	5,131
Waqf-e-Kuli Khan	**32.1**	**4,853**	5,392
Income tax deducted at source		**178**	55
Workers' welfare fund		**4,495**	2,714
Unclaimed dividends		**2,415**	1,579
Others		**724**	66
		66,542	54,887

12.1 Workers' (profit) participation fund (the Fund)*

	2012	2011
Opening balance	**5,131**	2,422
Add: interest on funds utilised in the Company's business	**331**	76
	5,462	2,498
Less: payments made during the year	**5,462**	2,291
	0	207
Add: allocation for the year	**4,688**	4,924
	4,688	5,131

* The Fund's audit for the year ended 30 June, 2011 was carried-out by M/s Inaam Ul Haq & Co., Chartered Accountants, 33-A, Behind Queens Centre, Lahore.

13. SHORT TERM FINANCES - Secured

Short term finance facilities available from National Bank of Pakistan (NBP) under mark-up arrangements aggregate Rs.220 million (2011: Rs.220 million). NBP, during the year, charged mark-up on these finance facilities at the rates ranging from 7.5% to 15.73% (2011: 7.5% to 15.74%) per annum; mark-up is payable on quarterly basis. Facilities available for opening letters of credit aggregate Rs.100 million (2011: Rs.100 million) out of which the amount remained unutilised at the year-end was Rs. 75.170 million (2011: Rs.81.274 million). The aggregate facilities are secured against pledge of raw materials and finished goods, hypothecation charge on entire current assets, first charge of Rs.160 million on fixed assets of the Company and lien on import documents.

These facilities are available upto 31 December, 2012.

14. CURRENT PORTION OF LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

The Company had entered into a lease agreement with First Habib Modaraba (FHM) for lease of a vehicle. The outstanding rentals of this lease finance facility were fully repaid during the year and the Company also exercised its option to purchase the leased vehicle. The facility, during the year, carried finance cost at the rate of 17.53% (2011: 16.36% to 19.14%) per annum. The lease facility was secured against title of the leased vehicle in the name of lessor.

15. TAXATION - Net

	Note	2012	2011
		(Rupees in thousand)	
Opening balance		**8,506**	2,809
Add: provision made / (written-back) during the year:			
current	15.2	**0**	5,697
prior years - minimum tax	15.2	**(7,777)**	0
		(7,777)	5,697
Closing balance		**729**	8,506

15.1 Income tax assessments of the Company, except as detailed in notes 15.3 to 15.5, have been finalised by the Income Tax Department (the Department) or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) upto the year ended 30 June, 2011.

15.2 Due to location of the mills in the most affected area, the income of the Company is exempt from tax under clause 126F of the second schedule to the Ordinance starting from the tax year 2010. As per management's contention, exemption available under clause 126F is a specific exemption granted by the Federal Board of Revenue to the specific areas of Khyber Pakhtunkhwa. The Company has 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, has 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 current year has been made in these financial statements as well as provisions for minimum tax made during the financial years ended 30 June, 2010 and 30 June, 2011 aggregating Rs.7.777 million have been written-back in these 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 including Rs.7.777 million for prior years.

15.3 The Company had filed a Reference Application before the Lahore High Court against the orders of the Appellate Tribunal Inland Revenue for set-asiding 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.

15.4 The Department for tax year 2004 had charged tax under section 122(5A) of the Ordinance amounting Rs.1.781 million against which an appeal was filed with the Appellate Tribunal Inland Revenue, which is pending adjudication. The Department, however, during July, 2010 had issued an order under section 221 of the Ordinance creating demand of Rs.775 thousand.

15.5 The assessing officers had imposed tax aggregating Rs.173 thousand under sections 161/205 of the Ordinance for tax years 2006 and 2007 against which the Company's appeals are pending adjudication with the tax authorities.

16. CONTINGENCIES AND COMMITMENTS

16.1 Refer contents of notes 15.2 to 15.5.

16.2 Commitments against irrevocable letters of credit for raw materials and spare parts outstanding as at 30 June, 2012 were Rs.17.404 million (2011: Rs.10.068 million).

17. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - tangible	**17.1**	**812,768**	803,062
Capital work-in-progress - plant & machinery		**0**	1,740
		812,768	804,802

17.1 OPERATING FIXED ASSETS

	Owned													Leased	Total
	Freehold Land	Buildings on freehold land			Plant & machinery	Weighment and material handling equipment	Tools and Equipment	Furniture and fixtures	Electric fittings	Office equipment	Computers and TV.	Vehicles	Arms	Vehicles	
		Factory	Residential	Others											
	Rupees in thousand														
As at 30 June, 2010															
Cost / revaluation	198,000	26,228	7,514	17,879	422,190	464	15	590	5,801	385	588	14,358	60	5,933	700,005
Accumulated depreciation	0	13,469	3,983	6,229	198,854	357	12	348	2,205	273	498	9,133	39	2,727	238,127
Book value	198,000	12,759	3,531	11,650	223,336	107	3	242	3,596	112	90	5,225	21	3,206	461,878
Year ended 30 June, 2011:															
Additions	0	0	0	0	891	0	0	0	86	0	241	4,668	517	0	6,403
Revaluation adjustments:															
Cost / revaluation	297,300	7,229	3,835	0	0	0	0	0	0	0	0	0	0	0	308,364
Depreciation	0	13,894	4,100	3,811	21,874	0	0	0	0	0	0	0	0	0	43,679
Transfers from leased to owned:															
Cost	0	0	0	0	0	0	0	0	0	0	0	3,318	0	(3,318)	0
Depreciation	0	0	0	0	0	0	0	0	0	0	0	(1,959)	0	1,959	0
Disposals:															
Cost	0	0	0	0	0	0	0	0	0	0	0	(3,700)	0	0	(3,700)
Depreciation	0	0	0	0	0	0	0	0	0	0	0	2,010	0	0	2,010
Depreciation for the year	0	983	307	639	11,451	5	1	12	182	6	39	1,294	12	641	15,572
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 30 June, 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
As at 30 June, 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
As at 30 June, 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
Depreciation rate (%)		5	5	5	5	5	5	5	5	5	30	20	5	20	

17.2 Revaluation (deficit) / surplus on each class of assets, as a result of latest revaluation as detailed in note 9.2, has been determined as follows:

Particulars	Freehold land	Buildings on freehold land			Plant & machinery	Total
		Factory	Residential	Others		
	---------- Rupees in thousand ----------					
Cost / revaluation as at 31 March, 2012	495,300	33,456	11,350	17,942	429,399	987,447
Accumulated depreciation to 31 March, 2012	0	1,791	608	3,617	197,341	203,357
Book value before revaluation adjustments as at 31 March, 2012	495,300	31,665	10,742	14,325	232,058	784,090
Revalued amounts	495,000	27,081	9,187	12,252	258,375	801,895
Revaluation (deficit) / surplus	(300)	(4,584)	(1,555)	(2,073)	26,317	17,805

17.3 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:

	2012	2011
	(Rupees in thousand)	
Freehold land	**152**	152
Buildings on freehold land	**10,349**	10,592
Plant & machinery	**167,689**	169,153
	178,190	179,897

17.4 Depreciation for the year has been apportioned as under:

	2012	2011
Cost of sales	**13,977**	12,633
Administrative expenses	**3,422**	2,939
	17,399	15,572

18. INVESTMENTS IN ASSOCIATED COMPANIES - Quoted

	2012	2011
Babri Cotton Mills Ltd. (BCM)		
144,421 (2011: 144,421) ordinary shares of Rs.10 each **- cost**	**1,632**	1,632
Equity held: 3.95% (2011: 3.95%)		
Post acquisition profit brought forward including effect of items directly credited in equity by BCM	**9,117**	4,008
Profit for the year - net of taxation	**3,481**	4,847
	14,230	10,487
Janana De Malucho Textile Mills Ltd. (JDM)		
1,559,230 (2011:1,559,230) ordinary shares of Rs.10 - **cost**	**27,762**	27,762
Equity held: 32.59% (2011: 32.59%)		
Post acquisition profit brought forward including effect of items directly credited in equity by JDM	**119,928**	64,985
Profit for the year - net of taxation	**47,141**	49,548
	194,831	142,295
	209,061	152,782

18.1 Market values of the Company's investment in BCM and JDM as at 30 June, 2012 were Rs.1.879 million (2011: Rs.2.311 million) and Rs.31.871 million (2011: Rs.21.954 million) respectively.

18.2 Summarised financial information of BCM, based on the audited financial statements for the year ended 30 June, 2012, is as follows:

	Note	2012	2011
		(Rupees in thousand)	
- equity as at 30 June,		**359,851**	265,191
- total assets as at 30 June,		**1,780,545**	1,502,375
- total liabilities as at 30 June,		**790,150**	797,621
- revenue for the year ended 30 June,		**1,663,021**	1,705,170
- profit before taxation for the year ended 30 June,		**61,963**	131,960
- profit after taxation for the year ended 30 June,		**88,036**	122,571

18.3 Summarised financial information of JDM, based on the audited financial statements for the year ended 30 June, 2012, is as follows:

- equity as at 30 June,	**600,802**	437,831
- total assets as at 30 June,	**3,183,565**	2,725,271
- total liabilities as at 30 June,	**1,280,291**	1,273,397
- revenue for the year ended 30 June,	**2,314,948**	2,134,841
- profit before taxation for the year ended 30 June,	**109,559**	111,058
- profit after taxation for the year ended 30 June,	**144,662**	152,048

19. LOAN TO AN EXECUTIVE - Unsecured

Loan advanced to an executive during the year	**2,000**	0
Less: current portion grouped under current assets	**1,560**	0
	440	0

This interest free house building loan is receivable in 15 monthly instalments commencing July, 2012.

20. STORES AND SPARES

	Note	2012	2011
Stores		**9,438**	12,556
Spares		**21,321**	19,486
	20.1	**30,759**	32,042
Less: provision for slow moving stores and spares	**20.3**	**2,000**	1,000
		28,759	31,042

20.1 Inventory valuing Rs.47 thousand (2011: Rs 2,429 thousand) was in transit as at 30 June, 2012.

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

20.3 Provision for slow moving stores and spares

Balance as at 01 July,	**1,000**	500
Add: provision made during the year	**1,000**	500
Balance as at 30 June,	**2,000**	1,000

21. STOCK-IN-TRADE

	Note	2012	2011
		(Rupees in thousand)	
Raw materials:			
- at warehouse	21.1	**132,393**	143,032
- in transit		**20,941**	35,707
		153,334	178,739
Work-in-process		**39,870**	29,503
Finished goods		**138,612**	115,651
		331,816	323,893

21.1 As at 30 June, 2012 raw materials and finished good stocks valuing Rs.101.627 million (2011: Rs.83.379 million) were pledged with National Bank of Pakistan as security for short term finance facilities (note 13).

22. 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 13.

23. TRADE DEPOSITS AND PREPAYMENTS

	2012	2011
Security deposits	**0**	2,397
Prepayments	**40**	98
Letters of credit	**322**	1,019
	362	3,514

24. DUE FROM ASSOCIATED COMPANIES

(on account of normal trading transactions)

	2012	2011
Janana De Malucho Textile Mills Limited	**950**	0
The Universal Insurance Co. Limited	**1**	0
	951	0

25. ACCRUED MARK-UP

This represents mark-up receivable from Janana De Malucho Textile Mills Ltd. (an Associated Company).

26. MARK-UP SUBSIDY RECEIVABLE

The Federal Government, during the preceding year, had included the entire Textile Sector of Khyber Pakhtunkhwa in the Prime Minister's Fiscal Relief Package to rehabilitate the economic life in FATA / PATA / Khyber Pakhtunkhwa. The Company, in terms of SMEFD Circular No.11 dated 01 July, 2010 read with SMEFD Circular Letter No.13 of 2010 dated 31 August, 2010, was eligible to avail mark-up rate differential on short term finances outstanding as at 31 December, 2009. The Company's claims for the current financial year amounting Rs.387 thousand has been processed by the bank and credits there against given to the Company during the year. The subsidy received has been accounted for by adjusting the relevant expense (note 34). The relief package was available upto 31 December, 2011.

27. CASH AND BANK BALANCES

	Note	2012	2011
		(Rupees in thousand)	
Cash-in-hand		**114**	228
Cash at banks on:			
- current accounts		**203**	102
- dividend accounts		**1,028**	736
- PLS accounts	27.1	**108**	333
		1,339	1,171
		1,453	1,399

27.1 These carry profit at the rate of 5% (2011: 5%) per annum.

28. SALES - Net

		2012	2011
Fabrics and blankets		**676,732**	569,846
Waste		**1,864**	1,554
		678,596	571,400
Less:			
- discount		**1,599**	1,814
- sales tax		**13,591**	391
		15,190	2,205
		663,406	569,195

29. COST OF SALES

	Note	2012	2011
Raw materials consumed	29.1	**302,222**	243,239
Salaries, wages and benefits	29.2	**81,807**	69,734
Power and fuel		**68,680**	52,613
Stores and spares consumed		**18,615**	15,072
Repair and maintenance (including provision for slow moving stores and spares)		**16,828**	12,220
Depreciation		**13,977**	12,633
Insurance		**1,712**	1,624
Others		**378**	378
		504,219	407,513
Adjustment of work-in-process			
Opening		**29,503**	23,352
Closing		**(39,870)**	(29,503)
		(10,367)	(6,151)
Cost of goods manufactured		**493,852**	401,362
Adjustment of finished goods			
Opening stock		**115,651**	106,015
Closing stock		**(138,612)**	(115,651)
		(22,961)	(9,636)
		470,891	391,726

29.1 Raw materials consumed

	Note	2012	2011
		(Rupees in thousand)	
Opening stock		**178,739**	136,307
Add: purchases		**276,817**	285,671
		455,556	421,978
Less: closing stock		**153,334**	178,739
		302,222	243,239

29.2 These include Rs.10,565 thousand (2011: Rs.8,664 thousand) in respect of staff retirement benefits - gratuity.

30. DISTRIBUTION COST

	Note	2012	2011
Commission		**25,016**	21,386
Travelling		**8**	1
Salaries and benefits	30.1	**1,368**	1,244
Outward freight		**105**	47
Sales promotion / samples		**156**	143
Communication		**82**	76
Vehicles' running		**161**	133
Others		**20**	9
		26,916	23,039

30.1 These include Rs.233 thousand (2011: Rs.191 thousand) in respect of staff retirement benefits - gratuity.

31. ADMINISTRATIVE EXPENSES

	Note	2012	2011
Salaries and benefits	31.1	**43,093**	35,949
Travelling - directors		**1,246**	1,055
- others		**477**	334
Rent, rates and taxes		**1,386**	561
Entertainment / guest house expenses		**443**	351
Communication		**501**	415
Printing and stationery		**579**	513
Electricity		**1,462**	1,590
Insurance		**17**	15
Repair and maintenance		**826**	332
Vehicles' running		**3,079**	2,194
Advertisement		**160**	212
Subscription / papers and periodicals		**247**	220
Depreciation		**3,422**	2,939
Auditors' remuneration:			
- statutory audit		**340**	340
- half yearly review		**110**	100
- consultancy charges		**45**	44
- certification charges		**10**	10
- out-of-pocket expenses		**35**	25
		540	519
Legal and professional charges (other than Auditors)		**1,058**	992
		58,536	48,191

31.1 These include Rs.10,039 thousand (2011: Rs.8,233 thousand) in respect of staff retirement benefits - gratuity.

32. OTHER OPERATING EXPENSES

	Note	2012	2011
		(Rupees in thousand)	
Donation to Waqf-e-Kuli Khan	32.1	2,219	2,322
Workers' (profit) participation fund	12.1	4,688	4,924
Workers' welfare fund		1,781	1,871
Donations (without directors' interest)		0	102
		8,688	9,219

32.1 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

33. OTHER OPERATING INCOME

	2012	2011
Income from financial assets		
Mark-up earned on:		
- Associated Companies' balances	1,186	0
- dealers' balances	407	386
- PLS accounts	360	412
	1,953	798
Income from other than financial assets		
Sale of empties / scrap	633	491
Unclaimed payable balances written-back	123	118
Gain on disposal of operating fixed assets - net	0	205
Others	16	35
	772	849
	2,725	1,647

34. FINANCE COST - Net

	Note	2012	2011
Mark-up on short term finances		15,593	9,658
Less: mark-up subsidy		(387)	(1,364)
		15,206	8,294
Interest on workers' (profit) participation fund	12.1	331	76
Mark-up on:			
- Associated Companies' balances		0	62
- letters of credit		201	541
Lease finance charges		9	192
Bank charges		284	140
		16,031	9,305

35. EARNINGS PER SHARE

	2012	2011
	(Rupees in thousand)	
There is no dilutive effect on earnings per share of the Company, which is based on:		
Profit after taxation attributable to ordinary shareholders	**137,160**	144,937
	No. of shares	
Weighted average number of shares outstanding during the year	**7,605,000**	7,605,000
	------- Rupees -------	
Earnings per share - basic	**18.04**	19.06

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

36.1 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.

36.2 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 raw materials and stores & spares denominated in U.S. $. The Company's exposure to foreign currency risk for U.S. $ is as follows:

	2012	2011
	(Rupees in thousand)	
Bills payable	**7,426**	8,658
Outstanding letters of credit	**17,404**	10,068
Total exposure	**24,830**	18,726

The following significant exchange rates have been applied:

	Average rate		Balance sheet date rate	
	2012	2011	**2012**	2011
U.S. $ to Rupee	**89.82**	86.22	**94.20**	86.05

Sensitivity analysis

At 30 June, 2012, if Rupee had strengthened by 10% against U.S.$ with all other variables held constant, profit after taxation for the year would have been higher by the amount shown below mainly as a result of net foreign exchange gain on translation of foreign currency liabilities.

Effect on profit for the year:	2012	2011
	(Rupees in thousand)	
U.S. $ to Rupee	743	866

The weakening of Rupee against U.S. $ would have had an equal but opposite impact on profit after taxation.

The sensitivity analysis prepared is not necessarily indicative of the effect on profit for the year and liabilities of the Company.

(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:

	2012	2011	2012	2011
	Effective rate		(Rupees in thousand)	
Fixed rate instruments	%	%	Carrying amount	
Financial assets				
Bank balances	5	5	108	333
Variable rate instruments				
Financial liabilities				
Liabilities against assets subject to finance lease	-	16.36 to 19.14	0	239
Short term finances	7.5 to 15.73	7.5 to 15.74	18,059	99,666

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 rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

At 30 June, 2012, 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 thousand (2011: Rs.3 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.

36.3 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 30 June, 2012 along with comparative is tabulated below:

	2012	2011
	(Rupees in thousand)	
Security deposits	**2,809**	5,206
Trade debts	**51,557**	56,386
Due from Associated Companies	**951**	0
Accrued mark-up	**871**	73
Mark-up subsidy receivable	**0**	767
Bank balances	**1,339**	1,171
	57,527	63,603

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	**45,097**	34,984
Past due 1 - 30 days	**3,607**	7,101
Past due 30 - 150 days	**2,853**	14,301
	51,557	56,386

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.17.220 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.

36.4 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 ---	
2012		
Short term finances	**18,059**	**18,692**
Trade and other payables	**54,904**	**54,904**
	72,963	**73,596**
2011		
Liabilities against assets subject to finance lease	239	248
Short term finances	99,666	103,585
Trade and other payables	40,540	40,540
	140,445	144,373

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.

36.5 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 30 June, 2012, 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.

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Working Directors		Executives	
	2012	2011	2012	2011	2012	2011
	------------------------ Rupees in thousand ------------------------					
Remuneration (including bonus)	7,354	4,264	7,754	6,985	7,671	7,916
Retirement benefits - gratuity	2,570	1,985	4,506	3,481	576	422
House rent	1,492	1,492	0	0	710	336
Insurance	4	4	0	0	24	22
Reimbursement of medical and other expenses	141	151	112	105	489	192
Utilities	96	103	1,080	1,080	596	131
	11,657	7,999	13,452	11,651	10,066	9,019
Number of persons	1	1	1	1	5	3

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

37.2 In addition to above, meeting fees of Rs.600 thousand (2011: Rs.440 thousand) were also paid to seven (2011: seven) non-working directors.

38. TRANSACTIONS WITH RELATED PARTIES

38.1 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.

38.2 Mark-up has been accrued at the rates ranging from 14.02% to 15.25% (2011: 7.5%) 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 Limited as these balances have arisen on account of insurance premium payable.

38.3 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. The 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	2012	2011
			--- Rupees in '000 ---	
Babri Cotton Mills Ltd.	Associated Company	Purchase of generator	**2,500**	0
		Purchase of raw materials	**0**	191
Janana De Malucho Textile Mills Ltd.	-do-	Purchase of raw materials	**5,079**	0
		Dividend paid	**2,926**	1,171
		Sale of vehicle	**0**	1,400
		Mark-up:		
		- earned	**1,186**	0
		- expensed	**0**	61
Rahman Cotton Mills Ltd.	-do-	Sale of woollen cloth	**11**	0
The Universal Insurance Co. Ltd.	-do-	Insurance premium	**2,506**	2,653
		Insurance claim	**58**	0
		Sale of woollen cloth	**5**	0
		Dividend paid	**36**	14
Bibojee Services (Pvt.) Ltd.	-do-	Dividend paid	**9,981**	3,992
Ghandhara Nissan Ltd.	-do-	Purchase of stores	**194**	0
		Purchase of vehicle	**0**	3,051
Waqf-e-Kuli Khan	Associated Undertaking	Donation	**2,219**	2,322
			(Number of shares)	
Babri Cotton Mills Ltd.	Associated Company	Bonus shares received	**0**	18,837

39. 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.

40. OPERATING SEGMENT

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

40.1 Fabrics and blankets sales represent 99.73% (2011: 99.73%) of the total sales of the Company.

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

40.3 All non-current assets of the Company as at 30 June, 2012 are located in Pakistan.

40.4 Three (2011: Two) of the Company's customers having sales aggregating Rs.391.526 million (2011: Rs.249.068 million) contributed towards 57.70% (2011: 43.76%) of the Company's sales. Each customer individually exceeds 10% of total sales.

41. 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	**2012**	2011
Number of spindles installed	**3,346**	3,346
Number of spindles/shifts worked	**1,957,220**	1,996,550
Installed capacity at 5 Nm count (Kgs.)	**1,993,096**	1,993,096
Actual production converted into 5 Nm count (Kgs.)	**1,343,474**	1,380,750
Number of shifts worked	**951**	912
Cloth		
Number of looms installed	**46**	46
Number of looms/shifts worked	**35,590**	32,531
Installed capacity of 46 operational looms at 30 picks (Meters) (single shift)	**1,634,798**	1,634,798
Actual production converted into 30 picks (Meters) (03 shifts)	**1,739,934**	1,837,063
Number of shifts worked	**972**	900

42. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 22 September, 2012 by the board of directors of the Company.

43. NON ADJUSTMENT EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on 22 September, 2012 has proposed a final cash dividend of Rs.3 per share (2011: Rs.5 per share) for the year ended 30 June, 2012. The financial statements for the year ended 30 June, 2012 do not include the effect of proposed dividend amounting Rs.22.815 million (2011: Rs.38.025 million) which will be accounted for in the financial statements for the year ending 30 June, 2013 after approval by the members in the annual general meeting to be held on 22 October, 2012. The Board of Directors has also recommended to transfer Rs.123.500 million (2011: Rs.135.310 million) to general reserve from unappropriated profit.

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

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 52nd Annual General Meeting of the Company to be held at Registered Office, Habibabad, Kohat on 22nd October, 2012 at 10:30 A.M and at any adjournment thereof.

Witnesses:

1. As witness my hand this .... day of .... 2012.

Signed by the said member in the presence of _____________

2. As witness my hand this .... day of .... 2012.

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.