



BHANERO TEXTILE MILLS LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Mohammad Salim Mr. Mohammad Sharif Mr. Mohammad Shaheen Mr. Mohammad Shakeel Mr. Khurram Salim Mr. Bilal Sharif Mr. Mohammad Amin Mr. Adil Shakeel	Chief Executive / Director Director Director Director Director Director Director Director
COMPANY SECRETARY	Mr. Asif Mahmood FCA, FCIS, FITM, FICS, APA	
CHIEF FINANCIAL OFFICER	Mr. Anwar Hussain, FCA	
AUDIT COMMITTEE	Mr. Bilal Sharif Mr. Khurram Salim Mr. Mohammad Shakeel	Chairman Member Member
AUDITORS	M/s. Yousuf Adil Saleem & Co. Chartered Accountants Cavish Court, A-35, Block-7&8, KCHSU, Shahrah-e-Faisal, Karachi	
LEGAL ADVISOR	Mr. Shahid Pervaiz Jamil	
BANKERS	ABN Amro Bank Citi Bank, N.A. Habib Bank Limited Hong Kong and Shanghai Banking Corp. Ltd. Standard Chartered Bank MCB Bank Limited United Bank Limited Bank of Punjab	
REGISTERED OFFICE:	Umer Chambers, 10/2, Bilmoria Street, Off. I.I. Chundrigar Road, Karachi. Tel: (021) 2635916-17 Fax: (021) 263-7826 E-mail: khioff@umergroup.com Website: www.umergroup.com	
LIAISON / CORRESPONDENCE OFFICE:	9th Floor, City Towers, 6-K, Main Boulevard, Gulberg II, Lahore Tel: (042) 111-130-130 Fax: (042) 5770015 E-mail: lhroff@umergroup.com Website: www.umergroup.com	
MILLS AT:	Unit I, is situated at Kotri, District Dadu, Ph: 0221-870013 Unit II & III, is situated at Feroz Watwan, Sheikhpura, Punjab Ph: 0496-731728	



BHANERO TEXTILE MILLS LIMITED

DIRECTORS REVIEW

The directors have pleasure in submitting un-audited quarterly financial statements for the first quarter ended on September 30, 2006 in accordance with the requirements of section 245 of the Companies Ordinance, 1984.

FINANCIAL RESULTS.

Allhumdulillah, the financial results of your company for the first quarter are better as compared to the first quarter of the last year. The company has earned a net profit after tax at Rs. 78.088 million (Sept 2005: Rs. 28.996 million). The earning per share for the first quarter stood at Rs. 26.03 (Sept 2005: Rs. 9.67). The net sales of the first quarter stood at Rs. 831.377 million (Sept 2005: Rs. 409.162 million). The growth in net sales as compared to the sales of the corresponding period of the last year is due to the contribution of weaving unit.

All operating expenses have increased in the normal trend except the financial cost which is more than the double as compared to the corresponding figure of the last year. To reduce the financial cost and maintain covenants the sponsors and their relatives have injected interest free loan of Rs. 100 million.

YEAR UNDER REVIEW

The year under review is seems to be a tough year for both Spinning and Weaving sectors. The prices of cotton have reduced comparatively but the prices of yarn are still not in line with the prices of cotton.

EXPANSION PLAN

As discussed in directors' report to the shareholders of annual report for the year ended June 30, 2006 no further expansion is undertaken except BMR already committed and discussed in the earlier reports.

THANKS AND GRATITUDE

Your directors would like to place their appreciation of the cooperation of the financial institutions and dedication shown by the executives, officers, staff members and workers of the company in the performance of their duties. The directors do hope that it will continue in future.

On behalf of the Board
MOHAMMAD SALIM
CHIEF EXECUTIVE / DIRECTOR

KARACHI : 30 OCTOBER 2006



BHANERO TEXTILE MILLS LIMITED

BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2006

	NOTE	(UN-AUDITED) SEPTEMBER 2006 RUPEES	(AUDITED) JUNE 2006 RUPEES
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
6,000,000 (June 2006: 6,000,000) ordinary shares of Rs.10 each		<u>60,000,000</u>	<u>60,000,000</u>
Issued, subscribed and paid up capital		30,000,000	30,000,000
Reserves		650,000,000	650,000,000
Unappropriated profit		<u>135,257,822</u>	<u>57,169,995</u>
	3	815,257,822	737,169,995
NON CURRENT LIABILITIES			
Loan from Sponsors		100,000,000	-
Long term financing - secured		992,142,855	1,114,285,713
Liabilities against assets subject to finance lease	4	-	15,914,163
Long term murabaha		32,636,363	37,045,454
Deferred liabilities		117,387,558	109,232,515
CURRENT LIABILITIES			
Trade and other payables		180,235,816	304,413,327
Mark-up accrued on loans and other borrowings		26,182,982	28,223,127
Short term borrowings - secured		483,798,898	516,338,225
Current portion of long term borrowings		306,066,887	207,868,753
Provision for taxation		<u>6,235,328</u>	-
		1,002,519,911	1,056,843,432
CONTINGENCIES AND COMMITMENTS	5	-	-
		<u>3,059,944,509</u>	<u>3,070,491,272</u>


MOHAMMAD SALIM
CHIEF EXECUTIVE / DIRECTOR



BHANERO TEXTILE MILLS LIMITED

BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2006

	NOTE	(UN-AUDITED) SEPTEMBER 2006 RUPEES	(AUDITED) JUNE 2006 RUPEES
ASSETS			
FIXED ASSETS			
Property, plant and equipment		2,075,469,167	2,127,525,460
Capital work in progress		47,680,889	23,915,325
Long Term Investments		400,000	400,000
Long Term Loans		6,835,021	6,187,334
Long Term Deposits		1,811,436	9,295,044
CURRENT ASSETS			
Stores, spares and loose tools		23,946,827	24,508,294
Stock in trade		525,732,582	594,035,718
Trade debts		230,493,407	180,966,914
Loans and advances		48,988,609	39,003,450
Trade deposits and short term prepayments		28,206,299	19,195,814
Other receivables		3,047,700	166,573
Taxation		19,495,752	21,432,496
Cash and bank balances		47,836,820	23,858,850
		927,747,996	903,168,109
		3,059,944,509	3,070,491,272

MOHAMMAD SHAKEEL
DIRECTOR



BHANERO TEXTILE MILLS LIMITED

PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2006

	(UN-AUDITED) SEPTEMBER 2006 RUPEES	(UN-AUDITED) SEPTEMBER 2005 RUPEES
Sales	831,377,105	409,161,512
Cost of goods sold	<u>663,898,181</u>	<u>321,560,414</u>
Gross profit	167,478,924	87,601,098
Other operating income	590,484	107,299
	<u>168,069,408</u>	<u>87,708,397</u>
Distribution cost	5,576,277	3,156,409
Administrative expenses	11,867,020	10,110,552
Other operating expenses	4,701,219	2,432,839
Finance cost	56,601,737	26,276,705
	<u>78,746,253</u>	<u>41,976,505</u>
Profit before taxation	89,323,155	45,731,892
Provision for taxation	11,235,328	16,735,926
Profit after taxation	<u>78,087,827</u>	<u>28,995,966</u>
Earnings per share - basic and diluted	<u>26.03</u>	<u>9.67</u>

MOHAMMAD SALIM
CHIEF EXECUTIVE / DIRECTOR

MOHAMMAD SHAKEEL
DIRECTOR



BHANERO TEXTILE MILLS LIMITED

CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2006

	(UN-AUDITED) SEPTEMBER 2006 RUPEES	(UN-AUDITED) SEPTEMBER 2005 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	89,323,155	45,731,892
Adjustments for:		
Depreciation on property, plant and equipment	51,450,000	25,425,000
Provision for employees' benefits	3,315,000	2,550,000
Infrastructure fee	588,206	1,953,943
Gain on disposal of property, plant and equipment	(588,706)	(106,460)
Finance cost	56,601,737	26,276,705
Operating cash flows before changes in working capital	200,689,392	101,831,080
(Increase)/decrease in current assets		
Inventories	68,864,603	132,125,018
Trade debts	(49,526,493)	2,358,421
Loans and advances	942,282	(47,854,199)
Trade deposits	(9,010,485)	(11,923,277)
Other receivables	(2,881,127)	(64,971,178)
Taxation	1,936,744	(13,448,138)
	10,325,524	(3,713,353)
Decrease in trade and other payables	(124,177,511)	(49,181,061)
Cash generated by operations	86,837,405	48,936,666
Finance cost paid	(58,641,882)	(22,482,181)
Employees' benefits paid	(748,163)	(2,222,840)
Income taxes paid	(10,927,441)	(5,628,840)
Long term loans	(647,687)	(376,806)
Long term deposits	7,483,608	50,000
	(63,481,565)	(30,660,667)
Net cash used in operating activities	23,355,840	18,275,999

MOHAMMAD SALIM
CHIEF EXECUTIVE / DIRECTOR



BHANERO TEXTILE MILLS LIMITED

CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2006

	(UN-AUDITED) SEPTEMBER 2006 RUPEES	(UN-AUDITED) SEPTEMBER 2005 RUPEES
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	1,195,000	510,000
Purchase of property, plant and equipment	(23,765,565)	(568,214,099)
Net cash used in investing activities	(22,570,565)	(567,704,099)
CASH FLOW FROM FINANCING ACTIVITIES		
Receipt of long term financing	-	400,000,000
Payment of long term financing	(30,000,000)	
Payment of long term financing -murahaba	(4,409,091)	(9,409,091)
Loan from sponsors	100,000,000	-
Payment of liability against assets subject to finance lease	(9,858,887)	(9,286,140)
Short term bank borrowings	(32,539,327)	218,860,237
Net cash from financing activities	23,192,695	600,165,006
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,977,970	50,736,906
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	23,858,850	12,223,409
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	47,836,820	62,960,315

MOHAMMAD SHAKEEL
DIRECTOR



BHANERO TEXTILE MILLS LIMITED

NOTES TO THE ACCOUNTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2006

1 NATURE AND SCOPE OF THE BUSINESS

The company was incorporated in Pakistan as a Public limited company on March 30, 1980. Its shares are quoted on the Karachi, Lahore and Islamabad Stock Exchanges. The company is principally engaged in manufacturing and sale of yarn and fabrics. The registered office is located at Umer Chambers, 10/2, Bilmoria Street, Off I.I Chundrigar Road, Karachi.

2 ACCOUNTING POLICIES

All accounting policies adopted for the preparation of these quarterly accounts are the same as applied in preparation of the preceding annual published accounts of the company for the year ended June 30, 2006.

3 STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	GENERAL RESERVE	PROFIT FOR THE YEAR AND APPROPRIATION	TOTAL RUPEES
	RUPEES			
Balance as at June 30, 2005	30,000,000	550,000,000	34,592,755	614,592,755
Profit for the year	-	-	137,577,240	137,577,240
Transferred to general reserve	-	100,000,000	(100,000,000)	-
Final dividend for the year ended June 30, 2005 Rs. 5.00 per share	-	-	(15,000,000)	(15,000,000)
Balance as at June 30, 2006	30,000,000	650,000,000	57,169,995	737,169,995
Profit for the quarter	-	-	78,087,827	78,087,827
Balance as at September 30, 2006	30,000,000	650,000,000	135,257,822	815,257,822

4 OBLIGATION UNDER FINANCE LEASE SECURED	SEPTEMBER 2006 RUPEES	JUNE 2006 RUPEES
Opening Balance	56,250,447	94,243,415
Less: Paid during the period	(9,858,887)	(37,992,968)
	46,391,560	56,250,447
Less: Transfer to current maturity	(46,391,560)	(40,336,284)
Closing Balance	-	15,914,163

5 CONTINGENCIES AND COMMITMENTS

There is no material change in contingencies and commitments as disclosed in annual financial statements for the year ended June 30, 2006.



BHANERO TEXTILE MILLS LIMITED

6 ACQUISITION AND DISPOSAL OF FIXED ASSETS

	SEPTEMBER 2006		JUNE 2006	
	Addition	Deletion	Addition	Deletion
Free Hold Land	-		20,152,814	1,573,365
Factory building on freehold land	-		193,778,626	
Factory building on leasehold land			14,092,329	
Non factory building	-		48,484,708	
Office Premises on leasehold land			3,992,935	
Plant & Machinery	-		927,074,191	2,802,331
Electric Installation	-		32,047,844	
Office Equipment-factory	-		912,300	
Office Equipment-office	-		260,655	
Computer and Accessories			254,650	
Furniture & Fixture-factory	-		1,046,234	
Vehicles	-	2,102,870	7,419,189	1,976,710
	-	2,102,870	1,249,516,475	6,352,406

7 CAPITAL WORK IN PROGRESS

	SEPTEMBER 2006 RUPEES	JUNE 2006 RUPEES
	Factory Building	24,240,386
Plant & Machinery	23,422,498	9,920,232
Furniture & Fixtures	18,005	-
	47,680,889	23,915,325

8 TRANSACTIONS WITH ASSOCIATED UNDERTAKING

The Company enters into transactions with the related parties in normal course of business at arm's length determined in accordance with "comparable Uncontrolled Price Method". Transactions with related parties other than remuneration and benefits to key management personnel under the terms of employment are as follows:

	SEPTEMBER 2006 RUPEES	SEPTEMBER 2005 RUPEES
Services received	1,747,000	4,003,300
Electricity purchased	23,422,372	45,123,713
Purchase of yarn, fabric and stores	52,457,190	11,080,553
Sales of yarn and fabric	100,770,484	119,099,989

9 COMPARATIVE FIGURES

Comparative figures have been reclassified, wherever necessary, for the purposes of comparison. In order to comply with the requirements of International Accounting Standards 34 "Interim Financial Reporting", Balance Sheet has been compared with the balances of annual financial statements whereas Profit and Loss Account and Cash Flow Statement have been compared with corresponding figures of last comparative quarter.

10 DATE OF AUTHORIZATION FOR ISSUE

These financial statement have been approved by the board of director of the company and authorized and issue on 30th October 2006.

11 GENERAL

The figures have been rounded off to the nearest rupee.



BHANERO TEXTILE MILLS LIMITED

NOTES TO THE ACCOUNTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2006

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Transferred to general reserve	-	100,000,000	(100,000,000)	-
Final dividend for the year ended June 30, 2005 Rs. 5.00 per share	-	-	(15,000,000)	(15,000,000)
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