



of Companies

**HALF YEARLY ACCOUNTS
2011 - 2012
(UN - AUDITED)**

UMER GROUP OF COMPANIES

BHANERO TEXTILE MILLS LIMITED

Vision

*A Premier quality Company
providing quality products
and maintaining an excellent
level of ethical and
professional standard.*



Mission Statement

*To become the leaders of
Textile products
in the local
&
international market
and to achieve
the highest level of success.*



BHANERO TEXTILE MILLS LIMITED

Directors' Review

On behalf of the board of directors of **Bhanero Textiles Mills Limited**, I am pleased to present, the un-audited condensed interim financial statements for Half Year ended 31st December 2011.

Operating Results

During the half year ended 31st December 2011, the company's profit after tax came to PKR 107.389 million as compared to PKR 351.487 million for the half year ended 31st December 2010.

During the half year under review the demand of yarn and fabric was suppressed due to substantial decrease in price of raw cotton and international economic recession. The prices of yarn and fabric are also decreased substantially and affected the sales and profitability of company. However, by the Grace of Al-Mighty Allah, your company maintained the profitability track despite these conditions.

The earning per share (EPS) for the half year ended 31st December 2011 is PKR 35.80 (31st December 2010: PKR 117.16).

The company's financial position continues to remain robust reflecting good fundamentals supported by strong capital and revenue reserves. Break up value of shares is PKR 740.38 as at 31st December 2011 (30th June 2011: PKR 734.58).

Auditors' review on the condensed interim financial statements for the half year ended 31st December 2011 is annexed herewith.

Future Outlook

Cotton market has now been steadied on new cotton price, after the drastic decrease in cotton price. Currently the price of cotton in local market is around PKR 5,000 to 6,000 per maund and in international market is around USD 1 per lbs. Production of cotton in Pakistan has expected to cross 14.5 million bales against the revised target of 12.2 million bales.

Financing rate in Pakistan is still at higher side although the State Bank of Pakistan has reduced the discount rate from 13.5% to 12%, but it is not enough to satisfy the business community. The State Bank of Pakistan should curtail the discount rate to single digit.

Unlike previous year, frequency of gas outage has increased. In Punjab gas outage during the half year ended 31st December 2011 has increased as compare previous half year ended 31st December 2010. In the absence of gas supply, we had to operate machineries through power generation based on furnace oil because currently WAPDA is not reliable source of electricity due to interrupted supply of electricity. Generation of power based on furnace oil has resulted in extra fuel and power cost which had to be borne by the company.

In the present scenario the results are likely to be adverse in coming quarters. However the management of the company is doing its best efforts to maintain the profitability margin.

Acknowledgement

Yours directors record with appreciation, the efforts of the company's managers, technicians and workers who have worked vigorously to meet the target. Yours directors also extent their appreciation to the company's banker, buyers and suppliers for the cooperation extended by them.

For and on behalf of the Board
Khurrum Salim
Chief Executive

Karachi : 25th February, 2012

Half Year ended 31st December 2011

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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Member of



Illinois, USA

Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Bhanero Textile Mills Limited** as at December 31, 2011, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flows statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

Scope of Review

We conducted our review in accordance with international standard on review engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi:
Date: **25th February, 2012**

MUSHTAQ & COMPANY

Chartered Accountants
Engagement Partner:
Shahabuddin A. Siddiqui, FCA



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Balance Sheet (Un-audited)
As At 31st December , 2011**

	Note	December 31, 2011 Rupees	June 30, 2011 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
6,000,000 (June 2011: 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		2,000,000,000	2,000,000,000
Unappropriated profit	3	<u>191,141,840</u>	<u>173,752,076</u>
		2,221,141,840	2,203,752,076
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		4,472,955	6,728,887
Deferred liabilities		166,008,676	153,729,544
		170,481,631	160,458,431
CURRENT LIABILITIES			
Trade and other payables		446,091,822	334,760,949
Mark-up accrued on loans		12,086,581	9,854,397
Short term borrowings - secured		1,174,736,424	897,606,515
Current portion of long term loan		21,491,064	188,259,318
		1,654,405,891	1,430,481,179
CONTINGENCIES AND COMMITMENTS	5	-	-
		<u>4,046,029,362</u>	<u>3,794,691,686</u>

The annexed notes form an integral part of these financial statements

Khurram Salim
Chief Executive

Karachi : 25th February, 2012

Half Year ended 31st December 2011

4



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Balance Sheet (Un-audited)
As At 31st December , 2011**

ASSETS	Note	December 31, 2011 Rupees	June 30, 2011 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	6	1,528,210,234	1,534,156,375
Capital work in progress	7	33,225,153	45,768,882
Long term investment		200,000	200,000
Long term deposits		11,745,096	12,565,096
		1,573,380,483	1,592,690,353
CURRENT ASSETS			
Stores, spares and loose tools		72,491,313	52,433,819
Stock in trade		1,718,331,609	1,547,310,464
Trade debts		469,301,769	436,590,590
Loans and advances		66,877,411	24,931,936
Trade deposits and short term prepayments		16,053,031	19,836,527
Other receivables		1,877,578	1,359,781
Advance income tax		29,277,318	30,762,738
Sales tax refundable		41,918,393	35,538,797
Cash and bank balances		56,520,457	53,236,681
		2,472,648,879	2,202,001,333
		4,046,029,362	3,794,691,686

Mohammad Shakeel
Director



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Profit And Loss Account (Un-audited)
For The Half Year Ended 31st December , 2011**

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2011 Rupees	December 31, 2010 Rupees	December 31, 2011 Rupees	December 31, 2010 Rupees
Sales	3,015,030,089	3,327,018,902	1,548,836,443	1,805,641,557
Cost of goods sold	2,679,473,658	2,701,117,617	1,376,820,404	1,410,460,737
Gross profit	335,556,431	625,901,285	172,016,039	395,180,820
Other operating income	2,676,897	4,853,786	1,302,919	2,783,151
	338,233,328	630,755,071	173,318,958	397,963,971
Distribution cost	81,202,506	86,036,106	45,362,129	48,524,434
Administrative expenses	44,797,251	35,380,528	23,112,697	18,092,228
Other operating expenses	7,794,477	21,328,866	3,867,012	14,108,499
Finance cost	67,009,066	95,275,782	28,569,377	61,691,993
	200,803,300	238,021,282	100,911,215	142,417,154
Profit before tax	137,430,028	392,733,789	72,407,743	255,546,817
Provision for taxation				
Current period	30,040,264	39,292,753	15,435,455	19,850,199
Prior period	-	1,953,303	-	1,953,303
	30,040,264	41,246,056	15,435,455	21,803,502
Profit after tax	107,389,764	351,487,733	56,972,288	233,743,315
Earnings per Share - basic and diluted	35.80	117.16	18.99	77.91

The annexed notes form an integral part of these financial statements

Khurram Salim
Chief Executive

Mohammad Shakeel
Director

Karachi : 25th February, 2012



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Cash Flow Statement (Un-audited)
For The Half Year Ended 31st December , 2011**

	December 31, 2011 Rupees	December 31, 2010 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	137,430,028	392,733,789
Adjustments for:		
Depreciation on property, plant and equipment	73,560,000	78,287,327
Provision for employees' benefits	14,940,000	10,500,000
Infrastructure fee	721,891	2,604,324
(Gain) on disposal of property, plant and equipment	-	(300,434)
Finance cost	67,009,066	95,275,782
Operating cash flows before changes in working capital	<u>293,660,985</u>	<u>579,100,788</u>
(Increase)/decrease in current assets		
Inventories	(191,078,639)	(1,213,046,300)
Trade debts	(32,711,179)	(19,162,146)
Loans and advances	(41,945,475)	(118,490,654)
Trade deposits	3,783,496	(4,419,868)
Other receivables	(517,797)	(3,455,936)
Sales tax refundable	(6,379,596)	(9,065,506)
	(268,849,190)	(1,367,640,410)
Increase in trade and other payables	34,542,870	129,783,756
Cash generated by operations	<u>59,354,665</u>	<u>(658,755,866)</u>
Finance cost paid	(64,776,882)	(90,768,208)
Employees' benefits paid	(3,382,759)	(3,824,803)
Income taxes paid	(28,554,844)	(36,212,152)
Long term loans	-	(547,810)
Long term deposits	820,000	(618,000)
	(95,894,485)	(131,970,973)
Net cash used in operating activities	<u>(36,539,820)</u>	<u>(790,726,839)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of property plant and equipment	-	1,730,000
Purchase of property, plant and equipment	(55,070,127)	(27,803,848)
Net cash used in investing activities	<u>(55,070,127)</u>	<u>(26,073,848)</u>



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Cash Flow Statement (Un-audited)
For The Half Year Ended 31st December , 2011**

	December 31, 2011 Rupees	December 31, 2010 Rupees
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long term financing	(163,000,737)	(292,326,234)
Payment of liability against assets subject to finance lease	(6,023,449)	3,161,145
Short term bank borrowings	277,129,909	1,119,938,232
Dividend paid	<u>(13,212,000)</u>	<u>(2,993,771)</u>
Net cash from financing activities	<u>94,893,723</u>	<u>827,779,372</u>
Net increase in cash and cash equivalents	3,283,776	10,978,685
Cash and cash equivalents at the beginning of the year	53,236,681	36,211,372
Cash and cash equivalents at the end of the period	<u><u>56,520,457</u></u>	<u><u>47,190,057</u></u>

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

Khurram Salim
Chief Executive

Mohammad Shakeel
Director

Karachi : 25th February, 2012



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Statement Of Changes In Equity (Unaudited)
For The Half Year Ended 31st December 2011**

	Share Capital	General Reserves	Unappropriated Profit	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at 30th June, 2010	30,000,000	1,300,000,000	70,553,023	1,400,553,023
Profit for the half year ended 31 st December 2010	-	-	351,487,733	351,487,733
Final dividend for the year ended June 30, 2010 PKR. 20.0 per share	-	-	(60,000,000)	(60,000,000)
Balance as at 31st December, 2010	30,000,000	1,300,000,000	362,040,756	1,692,040,756
Profit for the remaining period	-	-	511,711,320	511,711,320
Transferred to general reserve	-	700,000,000	(700,000,000)	-
Balance as at 30th June, 2011	30,000,000	2,000,000,000	173,752,076	2,203,752,076
Profit for the half year ended 31 st December 2011	-	-	107,389,764	107,389,764
Final dividend for the year ended June 30, 2011	-	-	(90,000,000)	(90,000,000)
Balance as at 31st December, 2011	30,000,000	2,000,000,000	191,141,840	2,221,141,840

Khurram Salim
Chief Executive

Mohammad Shakeel
Director

Karachi : 25th February, 2012



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Statement Of Comprehensive Income (Unaudited)
For The Half Year Ended 31st December 2011**

	Half Year Ended		Quarter Ended	
	31 st December 2011	31 st December 2010	31 st December 2011	31 st December 2010
	Rupees	Rupees	Rupees	Rupees
Profit for the half year after taxation	107,389,764	351,487,733	56,972,288	233,743,315
Other comprehensive income for the half year ended	-	-	-	-
Total comprehensive Income for the half year ended	<u>107,389,764</u>	<u>351,487,733</u>	<u>56,972,288</u>	<u>233,743,315</u>

The annexed notes form an integral part of these financial statements

Khurram Salim
Chief Executive

Mohammad Shakeel
Director

Karachi : 25th February, 2012



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statement (Un-audited) For The Half Year Ended 31st December , 2011

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 House, 23/1, Sector 23, S.M Farooq Road, Korangi Industrial Area, Karachi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Finance Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30th June, 2011.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements comprise of condensed interim balance sheet, condensed profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes for the half year ended December 31, 2011 which have been subjected to a review but not audited. These condensed interim financial statements also include the condensed interim profit and loss account for the quarter ended December 31, 2011.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended 30 June, 2011.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

4.2 Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June, 2011.

4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2011.

5 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There is no material change in contingencies and commitments as disclosed in annual financial statements for the year ended June 30, 2011.



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Notes To Financial Statement (Un-audited)
For The Half Year Ended 31st December , 2011**

	December 31, 2011	June 30, 2011
	Rupees	Rupees
6 PROPERTY, PLANT AND EQUIPMENT		
Written down value of asset - opening	1,534,156,375	1,573,154,818
Addition during the period	67,613,859	115,126,663
Disposal during the period - written down value	-	(2,448,948)
Depreciation charged during the period	(73,560,000)	(151,676,158)
Written down value of asset - closing	<u>1,528,210,234</u>	<u>1,534,156,375</u>
7 CAPITAL WORK IN PROGRESS		
Factory Building	13,171,231	6,538,142
Plant & Machinery	20,002,172	39,230,740
Others	51,750	-
	<u>33,225,153</u>	<u>45,768,882</u>

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:

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	Rupees	Rupees	Rupees	Rupees
Services received	60,000	60,000	30,000	30,000
Services rendered	2,748,000	8,826,893	1,569,000	4,811,893
Electricity purchased	181,777,335	142,515,551	95,535,598	86,153,205
Purchase of yarn, fabric and stores	331,198,105	70,472,349	149,873,193	35,048,936
Sales of cotton, yarn and fabric	307,627,421	320,058,258	130,548,650	95,729,934

9 DATE OF AUTHORIZATION FOR ISSUE

These six months period financial statements were authorized for issue on 25th February 2012 by the Board of Directors of the Company.

10 DIVIDEND

The Company has paid cash dividend at the rate of 300% (i.e. Rs. 30.0 per share) on the ordinary shares as approved in 32nd Annual General Meeting held on October 27, 2011.

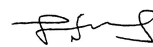
11 OTHERS

There are no other significant activity since June 30, 2011 affecting the financial statements.

12 COMPARATIVE FIGURES

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 while profit & Loss Accounts has been compared with corresponding figures of last half year and quarter.


Khurram Salim
Chief Executive


Mohammad Shakeel
Director

Karachi : 25th February, 2012

Half Year ended 31st December 2011

12

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