



of Companies

**THIRD QUARTERLY 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





BHANERO TEXTILE MILLS LIMITED

Mission Statement

*To become a leading manufacturer
Of textile products in the
International & local markets and
To explore new era to
Achieve the highest 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 nine months ended 31st March 2012.

Operating Results

During the nine months ended 31st March 2012, the company's profit after tax came to **PKR 182.053 million** as compared to **PKR 708.946 million** for the nine months ended 31st March 2011.

During the nine months under review the demand of yarn and fabric was suppressed due to international economic recession and substantial decrease in price of raw cotton for first half year. 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, yours company maintained the profitability track despite these conditions.

The earning per share (EPS) for the nine months ended 31st March 2012 is **PKR 60.68** (31st March 2011: **PKR 236.32**).

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 765.26** as at 31st March 2012 (30th June 2011: **PKR 734.58**).

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 5,800 to 7,000 per maund and in international market is around USD 0.95 to 1.05 per lbs.

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 nine months ended 31st March 2012 has increased as compare previous nine months ended 31st March 2011. 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 extend their appreciation to the company's banker, buyers and suppliers for the cooperation extended by them.

For and on behalf of the Board

Khurram Salim
Chief Executive

Karachi : 26th April, 2012

BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Balance Sheet (Un-audited)
As At 31st March , 2012**

EQUITY AND LIABILITIES	Note	March 31, 2012 Rupees	June 30, 2011 Rupees
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 profits		265,805,929	173,752,076
		<u>2,295,805,929</u>	<u>2,203,752,076</u>
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		2,781,207	6,728,887
Deferred liabilities		172,698,584	153,729,544
		175,479,791	160,458,431
CURRENT LIABILITIES			
Trade and other payables		354,546,762	334,760,949
Mark-up accrued on loans		25,351,225	9,854,397
Short term borrowings - secured		1,245,500,000	897,606,515
Current portion of long term loan		17,452,440	188,259,318
		1,642,850,427	1,430,481,179
CONTINGENCIES AND COMMITMENTS			
	3	<u>4,114,136,147</u>	<u>3,794,691,686</u>

The annexed notes form an integral part of these financial statements



Khurrum Salim
Chief Executive

Karachi : 26th April, 2012

BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Balance Sheet (Un-audited)
As At 31st March , 2012**

	Note	March 31, 2012 Rupees	June 30, 2011 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	1,492,093,670	1,534,156,375
Capital work in progress	5	86,900,193	45,768,882
Long term investment		200,000	200,000
Long term deposits		12,585,096	12,565,096
		1,591,778,959	1,592,690,353
CURRENT ASSETS			
Stores, spares and loose tools		64,324,252	52,433,819
Stock in trade		1,845,581,247	1,547,310,464
Trade debts		362,922,422	436,590,590
Loans and advances		32,191,958	24,931,936
Trade deposits and short term prepayments		17,863,144	19,836,527
Other receivables		3,819,174	1,359,781
Advance income tax		36,367,422	30,762,738
Sales tax refundable		44,701,277	35,538,797
Cash and bank balances		114,586,292	53,236,681
		2,522,357,188	2,202,001,333
		<u>4,114,136,147</u>	<u>3,794,691,686</u>



Mohammad Shakeel
Director

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Profit and Loss Account (Un-audited) For The Nine Months Ended 31st March, 2012

	NINE MONTHS ENDED		QUARTER ENDED	
	March 31, 2012 Rupees	March 31, 2011 Rupees	March 31, 2012 Rupees	March 31, 2011 Rupees
Sales	4,602,076,107	5,577,002,742	1,587,046,018	2,249,983,840
Cost of goods sold	4,048,192,021	4,405,668,953	1,368,718,363	1,704,551,336
Gross profit	553,884,086	1,171,333,789	218,327,655	545,432,504
Other operating income	9,588,575	6,955,039	6,911,678	2,101,253
	563,472,661	1,178,288,828	225,239,333	547,533,757
Distribution cost	140,214,874	139,204,710	59,012,368	53,168,604
Administrative expenses	70,129,757	54,621,644	25,332,506	19,241,116
Other operating expenses	12,541,857	41,324,640	4,747,380	19,995,774
Finance cost	112,955,893	170,484,331	45,946,827	75,208,549
	335,842,381	405,635,325	135,039,081	167,614,043
Profit before tax	227,630,280	772,653,503	90,200,252	379,919,714
Provision for taxation				
Current period	45,941,024	61,753,452	15,900,760	22,460,699
Prior period	(364,597)	1,953,303	(364,597)	-
	45,576,427	63,706,755	15,536,163	22,460,699
Profit after tax	182,053,853	708,946,748	74,664,089	357,459,015
Earnings per Share - basic and diluted	60.68	236.32	24.89	119.15

The annexed notes form an integral part of these financial statements



Khurram Salim
Chief Executive



Mohammad Shakeel
Director

Karachi : 26th April, 2012



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Cash Flow Statement (Un-audited) For The Nine Months Ended 31st March, 2012

	March 31, 2012 Rupees	March 31, 2011 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	227,630,280	772,653,503
Adjustments for:		
Depreciation on property, plant and equipment	110,406,676	117,422,327
Provision for employees' benefits	22,410,000	12,900,000
Infrastructure fee	3,431,753	8,836,220
(Gain) on disposal of property, plant and equipment	(62,521)	(910,292)
Finance cost	112,955,893	170,484,331
Operating cash flows before changes in working capital	476,772,081	1,081,386,089
 (Increase)/decrease in current assets		
Inventories	(310,161,216)	(1,248,711,116)
Trade debts	73,668,168	(205,345,708)
Loans and advances	(7,260,022)	(3,534,224)
Trade deposits	1,973,383	(9,928,942)
Other receivables	(2,459,393)	(1,014,526)
Sales tax refundable	(9,162,480)	(10,006,221)
	(253,401,560)	(1,478,540,737)
Increase in trade and other payables	19,699,494	109,714,200
Cash generated by operations	243,070,015	(287,440,448)
Finance cost paid	(97,459,065)	(172,142,064)
Employees' benefits paid	(6,872,713)	(6,348,872)
Income taxes paid	(51,181,111)	(64,440,160)
Long term loans	-	(2,198,558)
Long term deposits	(20,000)	(618,000)
	(155,532,889)	(245,747,654)
Net cash used in operating activities	87,537,126	(533,188,102)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of property plant and equipment	925,000	3,080,000
Purchase of property, plant and equipment	(110,337,758)	(37,153,484)
Net cash used in investing activities	(109,412,758)	(34,073,484)

BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Cash Flow Statement (Un-audited)
For The Nine Months Ended 31st March, 2012**

	March 31, 2012 Rupees	March 31, 2011 Rupees
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long term financing	(167,610,737)	(363,212,070)
Proceed from liability against assets subject to finance lease	-	6,180,000
Payment of liability against assets subject to finance lease	(7,143,821)	(4,611,372)
Short term bank borrowings	347,893,485	1,027,937,612
Dividend paid	(89,913,684)	(59,916,479)
Net cash from financing activities	<u>83,225,243</u>	<u>606,377,691</u>
Net increase in cash and cash equivalents	61,349,611	39,116,105
Cash and cash equivalents at the beginning of the period	<u>53,236,681</u>	<u>36,211,372</u>
Cash and cash equivalents at the end of the period	<u><u>114,586,292</u></u>	<u><u>75,327,477</u></u>

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



Khurram Salim
Chief Executive



Mohammad Shakeel
Director

Karachi : 26th April, 2012

BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Statement of Changes in Equity (Unaudited)
For The Nine Months Ended 31st March, 2012**

	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 nine months ended 31 st March 2011	-	-	708,946,748	708,946,748
Final dividend for the year ended June 30, 2010 PKR. 20.0 per share	-	-	(60,000,000)	(60,000,000)
Balance as at 31st March , 2011	30,000,000	1,300,000,000	719,499,771	2,049,499,771
Profit for the remaining period	-	-	154,252,305	154,252,305
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 nine months ended 31 st March 2012	-	-	182,053,853	182,053,853
Final dividend for the year ended June 30, 2011 PKR. 30.0 per share	-	-	(90,000,000)	(90,000,000)
Balance as at 31st March, 2012	30,000,000	2,000,000,000	265,805,929	2,295,805,929



Khurrum Salim
Chief Executive



Mohammad Shakeel
Director

Karachi : 26th April, 2012

BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Statement of Comprehensive Income (Unaudited)
For The Nine Months Ended 31st March, 2012**

	Nine Month Ended		Quarter Ended	
	31 st March 2012	31 st March 2011	31 st March 2012	31 st March 2011
	Rupees	Rupees	Rupees	Rupees
Profit after taxation	182,053,853	708,946,748	74,664,089	357,459,015
Other comprehensive income	-	-	-	-
Total comprehensive Income	182,053,853	708,946,748	74,664,089	357,459,015

The annexed notes form an integral part of these financial statements



Khurram Salim
Chief Executive



Mohammad Shakeel
Director

Karachi : 26th April, 2012

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statement (Un-audited) For The Nine Months Ended 31st March, 2012

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 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, 2011.

3 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.

4 PROPERTY, PLANT AND EQUIPMENT

	March 31, 2012 Rupees	June 30, 2011 Rupees
Written down value of asset - opening	1,534,156,375	1,573,154,818
Addition during the period	69,206,450	115,126,663
Disposal during the period - written down value	(862,479)	(2,448,948)
Depreciation charged during the period	<u>(110,406,676)</u>	<u>(151,676,158)</u>
Written down value of asset - closing	<u>1,492,093,670</u>	<u>1,534,156,375</u>

5 CAPITAL WORK IN PROGRESS

	March 31, 2012 Rupees	June 30, 2011 Rupees
Factory Building	17,421,574	6,538,142
Plant & Machinery	69,310,369	39,230,740
Others	<u>168,250</u>	<u>-</u>
	<u>86,900,193</u>	<u>45,768,882</u>

6 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:

BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Notes To Financial Statement (Un-audited)
For The Nine Months Ended 31st March, 2012**

	NINE MONTHS ENDED		QUARTER ENDED	
	March 31, 2012 Rupees	March 31, 2011 Rupees	March 31, 2012 Rupees	March 31, 2011 Rupees
Services received	5,403,391	90,000	5,343,391	30,000
Services rendered	5,828,400	13,556,659	3,080,400	4,729,766
Electricity purchased	314,554,072	245,468,198	132,776,737	102,952,647
Purchase of yarn, fabric and stores	366,145,978	141,400,381	34,947,873	70,928,032
Sales of cotton, yarn and fabric	497,767,346	606,463,103	190,139,925	286,404,845

7 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 year quarter.



Khurram Salim
Chief Executive



Mohammad Shakeel
Director

Karachi : 26th April, 2012

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If undelivered please return to:

BHANERO TEXTILE MILLS LIMITED

Umer House, 23/1, Sector 23, S.M. Farooq Road,
Korangi Industrial Area, Karachi-74900, Pakistan

Phone : 021 - 35115177 - 80

Fax no. : 021 - 35063002 - 3

E-mail : khioff@umergroup.com

Website: <http://www.umergroup.com>