



of Companies

HALF YEARLY ACCOUNTS
2012 - 2013
(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 2012.

Operating Results

During the half year ended 31st December 2012, the company's profit after tax came to PKR 203.710 million as compared to PKR 107.389 million for the half year ended 31st December 2011.

During the half year under review the demand of yarn was satisfactory whereas demand of fabric was suppressed. However, by the Grace of Al-Mighty Allah, yours company maintained the profitability track despite these economic conditions.

The earning per share (EPS) for the half year ended 31st December 2012 is PKR 67.90 (31st December 2011: PKR 35.80).

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 854.64 as at 31st December 2012 (30th June 2012: PKR 806.78).

Auditors' review on the condensed interim financial statements for the half year ended 31st December 2012 is annexed herewith.

Future Outlook

Cotton prices are now going upward as compared to the prices during cotton season. Currently the price of cotton in local market is around PKR 6,300 to 6,500 per maund whereas during the cotton season it was around PKR 5,500 to 5,800 per maund. In the global markets, cotton prices also rose after the forecast of the size of China's strategic stockpile and world inventory.

The reduction in discount rate by State Bank of Pakistan to 9.5% is appreciated. The State Bank of Pakistan should consider a further reduction in discount rate in order to boost business and economic activities.

Unlike previous year, frequency of gas outage has increased. In Punjab gas outage during the half year ended 31st December 2012 has increased as compare previous half year ended 31st December 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 positive in coming quarters. 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
Khurram Salim
Chief Executive

Karachi : 28th February, 2013

Half Year ended 31st December 2012

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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Member of



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, 2012, 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, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.

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, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

KARACHI:

Date: **February 28, 2013**

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Shahabuddin A. Siddiqui, FCA



BHANERO TEXTILE MILLS LIMITED

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

Note	December 31, 2012 Rupees	June 30, 2012 Rupees
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
AUTHORIZED CAPITAL		
6,000,000 (June 2012: 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	2,299,875,000	2,300,000,000
Unappropriated profit	<u>234,051,045</u>	<u>90,340,988</u>
	2,563,926,045	2,420,340,988
NON CURRENT LIABILITIES		
Liabilities against assets subject to finance lease	-	1,681,992
Deferred liabilities	<u>177,270,431</u>	<u>165,341,045</u>
	177,270,431	167,023,037
CURRENT LIABILITIES		
Trade and other payables	<u>411,538,035</u>	<u>337,281,505</u>
Mark-up accrued on loans	14,025,550	4,666,326
Short term borrowings - secured	1,524,362,166	696,500,000
Current portion of long term loan	<u>3,628,571</u>	<u>5,042,375</u>
	1,953,554,322	1,043,490,206
CONTINGENCIES AND COMMITMENTS 5	-	-
	<u>4,694,750,798</u>	<u>3,630,854,231</u>

The annexed notes form an integral part of these financial statements

Khurram Salim
Chief Executive

Karachi : 28th February, 2013

Half Year ended 31st December 2012



BHANERO TEXTILE MILLS LIMITED

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

ASSETS	Note	December 31, 2012 Rupees	June 30, 2012 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	6	1,450,867,442	1,530,549,070
Capital work in progress	7	122,609,276	118,105,858
Long term investment		175,000	300,000
Long term deposits		11,340,096	11,340,096
		1,584,991,814	1,660,295,024
CURRENT ASSETS			
Stores, spares and loose tools		68,046,804	50,432,501
Stock in trade		2,358,533,141	1,372,934,426
Trade debts		352,936,383	381,348,469
Loans and advances		84,973,394	21,840,911
Trade deposits and short term prepayments		24,444,364	20,878,144
Other receivables		3,652,927	1,462,916
Advance income tax		41,763,094	39,093,353
Sales tax refundable		54,169,273	49,814,973
Cash and bank balances		121,239,604	32,753,514
		3,109,758,984	1,970,559,207
		<u>4,694,750,798</u>	<u>3,630,854,231</u>

Mohammad Shakeel
Director



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Profit And Loss Account (Un-audited)
For The Half Year Ended 31st December , 2012**

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2012 Rupees	December 31, 2011 Rupees	December 31, 2012 Rupees	December 31, 2011 Rupees
Sales	3,346,748,614	3,015,030,089	1,669,460,208	1,548,836,443
Cost of goods sold	2,917,646,065	2,679,473,658	1,421,700,388	1,376,820,404
Gross profit	429,102,549	335,556,431	247,759,820	172,016,039
Other operating income	2,520,283	2,676,897	870,886	1,302,919
	431,622,832	338,233,328	248,630,706	173,318,958
Distribution cost	83,923,162	81,202,506	39,392,823	45,362,129
Administrative expenses	49,772,465	44,797,251	24,749,541	23,112,697
Other operating expenses	12,314,639	7,794,477	9,304,491	3,867,012
Finance cost	48,416,426	67,009,066	26,293,654	28,569,377
	194,426,692	200,803,300	99,740,509	100,911,215
Profit before tax	237,196,140	137,430,028	148,890,197	72,407,743
Provision for taxation				
Current period	33,486,083	30,040,264	17,065,646	15,435,455
Profit after tax	203,710,057	107,389,764	131,824,551	56,972,288
Earnings per Share - basic and diluted	67.90	35.80	43.94	18.99

The annexed notes form an integral part of these financial statements

Khurram Salim
Chief Executive

Mohammad Shakeel
Director

Karachi : 28th February, 2013



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Statement of Comprehensive Income (Un-audited)
For The Half Year Ended 31st December 2012**

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2012 Rupees	December 31, 2011 Rupees	December 31, 2012 Rupees	December 31, 2011 Rupees
Profit for the half year after taxation	203,710,057	107,389,764	131,824,551	56,972,288
Change in fair value of available for sale financial assets	(125,000)	-	(125,000)	-
	<u>203,585,057</u>	<u>-</u>	<u>131,699,551</u>	<u>-</u>
Other comprehensive income for the half year ended	-	-	-	-
Total comprehensive Income for the half year ended	<u><u>203,585,057</u></u>	<u><u>107,389,764</u></u>	<u><u>131,699,551</u></u>	<u><u>56,972,288</u></u>

The annexed notes form an integral part of these financial statements

Khurram Salim
Chief Executive

Mohammad Shakeel
Director

Karachi : 28th February, 2013



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Cash Flow Statement (Un-audited)
For The Half Year Ended 31st December , 2012**

	December 31, 2012 Rupees	December 31, 2011 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	237,196,140	137,430,028
Adjustments for:		
Depreciation on property, plant and equipment	76,551,572	73,560,000
Provision for employees' benefits	14,550,000	14,940,000
Infrastructure fee	3,288,222	721,891
(Gain) on disposal of property, plant and equipment	(1,037,636)	-
Finance cost	48,416,426	67,009,066
Operating cash flows before changes in working capital	378,964,724	293,660,985
(Increase)/decrease in current assets		
Inventories	(1,003,213,018)	(191,078,639)
Trade debts	28,412,086	(32,711,179)
Loans and advances	(63,132,483)	(41,945,475)
Trade deposits	(3,566,220)	3,783,496
Other receivables	(2,190,011)	(517,797)
Sales tax refundable	(4,354,300)	(6,379,596)
	(1,048,043,946)	(268,849,190)
Increase in trade and other payables	82,380,185	34,542,870
Cash generated by operations	(586,699,037)	59,354,665
Finance cost paid	(47,443,319)	(64,776,882)
Employees' benefits paid	(5,908,836)	(3,382,759)
Income taxes paid	(36,155,824)	(28,554,844)
Long term deposits	-	820,000
	(89,507,979)	(95,894,485)
Net cash used in operating activities	(676,207,016)	(36,539,820)



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Cash Flow Statement (Un-audited) For The Half Year Ended 31st December , 2012

	December 31, 2012 Rupees	December 31, 2011 Rupees
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of property plant and equipment	5,055,000	-
Purchase of property, plant and equipment	(5,390,731)	(55,070,127)
Net cash used in investing activities	(335,731)	(55,070,127)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long term financing	-	(163,000,737)
Payment of liability against assets subject to finance lease	(3,095,791)	(6,023,449)
Short term bank borrowings	827,862,166	277,129,909
Dividend paid	(59,737,538)	(13,212,000)
Net cash from financing activities	765,028,837	94,893,723
Net increase in cash and cash equivalents	88,486,090	3,283,776
Cash and cash equivalents at the beginning of the year	32,753,514	53,236,681
Cash and cash equivalents at the end of the period	121,239,604	56,520,457

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

Khurram Salim
Chief Executive

Mohammad Shakeel
Director

Karachi : 28th February, 2013



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Statement Of Comprehensive Income (Un-audited) For The Half Year Ended 31st December 2012

	Share Capital	General Reserves	Available for sale financial assets	Unappropriated Profit	Total
	Rupees	Rupees		Rupees	Rupees
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 31st December 2011	-	-		107,389,764	107,389,764
Final dividend for the year ended June 30, 2011 PKR. 30.0 per share	-	-		(90,000,000)	(90,000,000)
Balance as at 31st December, 2011	<u>30,000,000</u>	<u>2,000,000,000</u>		<u>191,141,840</u>	<u>2,221,141,840</u>
Profit for the remaining period	-	-		199,099,148	199,099,148
Transfer loss of fair value of available for sale financial assets			(300,000)	300,000	-
Transferred to general reserve	-	300,200,000		(300,200,000)	-
Other comprehensive income for the year ended 30th June 2012			100,000	-	100,000
Balance as at 30th June, 2012	<u>30,000,000</u>	<u>2,300,200,000</u>	<u>(200,000)</u>	<u>90,340,988</u>	<u>2,420,340,988</u>
Transfer loss of fair value of available for sale financial assets			(125,000)		(125,000)
Profit for the half year ended 31st December 2012	-	-		203,710,057	203,710,057
Final dividend for the year ended 30th June, 2012				(60,000,000)	(60,000,000)
Balance as at 31st December, 2012	<u>30,000,000</u>	<u>2,300,200,000</u>	<u>(325,000)</u>	<u>234,051,045</u>	<u>2,563,926,045</u>

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

Khurram Salim
Chief Executive

Mohammad Shakeel
Director

Karachi : 28th February, 2013



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statement (Un-audited) For The Half Year Ended 31st December , 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 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, 2012.

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, 2012 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, 2012.

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, 2012.

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, 2012.

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 2012.

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, 2012.

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statement (Un-audited) For The Half Year Ended 31st December , 2012		December 31, 2012	June 30, 2012
		Rupees	Rupees
6	PROPERTY, PLANT AND EQUIPMENT		
	Written down value of asset - opening	1,530,549,070	1,534,156,375
	Addition during the period	887,308	147,914,883
	Disposal during the period - written down value	(4,017,364)	(1,473,628)
	Depreciation charged during the period	(76,551,572)	(150,048,560)
	Written down value of asset - closing	<u>1,450,867,442</u>	<u>1,530,549,070</u>
7	CAPITAL WORK IN PROGRESS		
	Factory Building	5,292,310	3,269,584
	Plant & Machinery	77,587,912	75,107,220
	Others	39,729,054	39,729,054
		<u>122,609,276</u>	<u>118,105,858</u>

8 TRANSACTIONS WITH ASSOCIATED UNDERTAKING

The Company enters into transactions with the related parties in normal course of business at arm's length price 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, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	Rupees	Rupees	Rupees	Rupees
Services received	994,908	60,000	994,908	30,000
Services rendered	5,484,108	2,748,000	2,403,600	1,569,000
Electricity purchased	260,477,748	181,777,335	148,182,213	95,535,598
Purchase of yarn, fabric and machinery	255,744,329	331,198,105	81,856,742	149,873,193
Sales of cotton, yarn and fabric	392,172,585	307,627,421	191,545,630	130,548,650

9 DATE OF AUTHORIZATION FOR ISSUE

These six months period financial statements were authorized for issue on 28th February 2013 by the Board of Directors of the Company.

10 DIVIDEND

The Company has paid cash dividend at the rate of 200% (i.e. Rs. 20.0 per share) on the ordinary shares as approved in 33rd Annual General Meeting held on October 24, 2012.

11 OTHERS

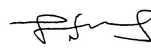
There are no other significant activity since June 30, 2012 affecting the financial statements.

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 : 28th February, 2013

Half Year ended 31st December 2012

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