



of Companies

FIRST QUARTERLY ACCOUNTS
2011 - 2012
(UN - AUDITED)

UMER GROUP OF COMPANIES

BHANERO TEXTILE MILLS LIMITED



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 First Quarter ended 30th September 2011.

Operating Results

During the first quarter ended 30th September 2011, the company's profit after tax came to PKR 50.417 million as compared to PKR 117.744 million for the quarter ended 30th September 2010.

During the quarter 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 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 first quarter ended 30th September 2011 is PKR 16.81 (30th September 2010: PKR 39.25).

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 751.38 as at September 30, 2011 (June 30, 2011 PKR 734.58).

Future Outlook

After the drastic decrease in cotton price, cotton market has to be stabilized on new cotton price. The direction of cotton prices will determine the future profitability.

Currently the price of cotton in local market is around PKR 6,000 to 6,300 per maund and in international market is around USD 1.10 to 1.15 per lbs. China and India is expecting a bumper cotton crop as compare to their last year's cotton production. As a result, India may have exportable surplus of cotton bales whereas lower Chinese demand for imports of cotton bales is expected. Based on above the prices of cotton is expected to be lower in subsequent quarter.

The reduction in discount rate by State Bank of Pakistan from 13.5% to 12% is a good step but it is not enough to satisfy the business community. The State Bank of Pakistan should consider a further reduction in discount rate and it should be brought in single digit.

Interrupted power supply has significantly affected production efficiencies and resulted increases in per unit production cost. Besides the load shedding of electricity massive load shedding of gas in Punjab has been observed even in summer season. 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.

Karachi : October 27, 2011

For and on behalf of the Board
KHURRAM SALIM
Chief Executive



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Balance Sheet (Un-Audited) as at September 30, 2011

	Note	September 30, 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 profits		224,169,552	173,752,076
		2,254,169,552	2,203,752,076
 NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		5,635,063	6,728,887
Deferred liabilities		159,409,598	153,729,544
		165,044,661	160,458,431
 CURRENT LIABILITIES			
Trade and other payables		330,188,524	334,760,949
Mark-up accrued on loans		7,947,375	9,854,397
Short term borrowings - secured		421,867,728	897,606,515
Current portion of long term loan		125,025,128	188,259,318
		885,028,755	1,430,481,179
 CONTINGENCIES AND COMMITMENTS			
	3	<u>3,304,242,968</u>	<u>3,794,691,686</u>

The annexed notes form an integral part of these financial statements

Karachi : October 27, 2011


KHURRAM SALIM
 Chief Executive



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Balance Sheet (Un-Audited) as at September 30, 2011

	Note	September 30, 2011 Rupees	June 30, 2011 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	1,523,310,028	1,534,156,375
Capital work in progress	5	67,650,385	45,768,882
Long term investment		200,000	200,000
Long term deposits		12,565,096	12,565,096
		1,603,725,509	1,592,690,353
CURRENT ASSETS			
Stores, spares and loose tools		57,036,876	52,433,819
Stock in trade		1,044,494,122	1,547,310,464
Trade debts		379,947,948	436,590,590
Loans and advances		33,415,784	24,931,936
Trade deposits and short term prepayments		19,245,534	19,836,527
Letter of credit		12,037,003	135,402
Other receivables		1,876,416	1,224,379
Advance income tax		27,888,596	30,762,738
Sales tax refundable		28,950,584	35,538,797
Cash and bank balances		95,624,596	53,236,681
		1,700,517,459	2,202,001,333
		<u>3,304,242,968</u>	<u>3,794,691,686</u>

MOHAMMAD SHAKEEL
Director



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Profit And Loss Account (Un-Audited) For The First Quarter Ended September 30, 2011

	September 30, 2011	September 30, 2010
	Rupees	Rupees
Sale	1,466,193,646	1,521,377,345
Cost of goods sold	(1,302,653,254)	(1,290,656,880)
Gross profit	163,540,392	230,720,465
Other operating income	1,373,978	2,070,635
	164,914,370	232,791,100
Distribution cost	(35,840,377)	(37,511,672)
Administrative expenses	(21,684,554)	(17,288,300)
Other operating expenses	(3,927,465)	(7,220,367)
Finance cost	(38,439,689)	(33,583,789)
	(99,892,085)	(95,604,128)
Profit before tax	65,022,285	137,186,972
Provision for taxation		
Current period	(14,604,809)	(19,442,554)
Profit after Tax	50,417,476	117,744,418
Earnings per Share - basic and diluted	16.81	39.25

The annexed notes form an integral part of these financial statements

KHURRAM SALIM
Chief Executive

MOHAMMAD SHAKEEL
Director

Karachi : October 27, 2011




BHANERO TEXTILE MILLS LIMITED

Condensed Interim Cash Flow Statement (Un-Audited) For The First Quarter Ended September 30, 2011

	September 30, 2011	September 30, 2010
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	65,022,285	137,186,972
Adjustments for:		
Depreciation on property, plant and equipment	36,780,000	39,152,327
Provision for employees' benefits	7,470,000	4,200,000
Infrastructure fee	439,521	1,176,478
(Gain) on disposal of property, plant and equipment	-	(263,398)
Finance cost	38,439,689	33,583,789
Operating cash flows before changes in working capital	148,151,495	215,036,168
(Increase)/decrease in current assets		
Inventories	498,213,285	285,644,331
Trade debts	56,642,642	(96,226,848)
Loans and advances	(8,483,848)	7,579,704
Trade deposits	590,993	(4,338,160)
Letter of credit	(11,901,601)	(14,245,966)
Other receivables	(652,037)	1,101,250
Sales tax refundable	6,588,213	(25,997)
	540,997,647	179,488,314
Increase in trade and other payables	(4,572,428)	110,584,480
Cash generated by operations	684,576,714	505,108,962
Finance cost paid	(40,346,711)	(37,176,194)
Employees' benefits paid	(2,229,467)	(2,585,295)
Income taxes paid	(11,730,667)	(13,966,370)
Long term loans	-	(739,605)
	(54,306,845)	(54,467,464)
Net cash used in operating activities	630,269,869	450,641,498
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of property plant and equipment	-	1,500,000
Purchase of property, plant and equipment	(47,815,153)	(3,167,471)
Net cash used in investing activities	(47,815,153)	(1,667,471)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long term financing	(62,145,737)	(226,440,406)
Payment of liability against assets subject to finance lease	(2,182,277)	(1,481,839)
Short term bank borrowings	(475,738,787)	(155,969,579)
Dividend paid	-	139,813
Net cash from financing activities	(540,066,801)	(383,752,011)
Net increase in cash and cash equivalents	42,387,915	65,222,016
Cash and cash equivalents at the beginning of the period	53,236,681	36,211,372
Cash and cash equivalents at the end of the period	95,624,596	101,433,388

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


KHURRAM SALIM
 Chief Executive


MOHAMMAD SHAKEEL
 Director

Karachi : October 27, 2011



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Statement of Changes In Equity (Un-Audited) For The First Quarter Ended 30th September 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 quarter ended 30 th September 2010	-	-	117,744,418	117,744,418
Balance as at 30th September, 2010	30,000,000	1,300,000,000	188,297,441	1,518,297,441
Final dividend for the year ended June 30, 2010 PKR. 20.0 per share	-	-	(60,000,000)	(60,000,000)
Profit for the remaining period	-	-	745,454,635	745,454,635
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 quarter ended 30 th September 2011	-	-	50,417,476	50,417,476
Balance as at 30th September, 2011	30,000,000	2,000,000,000	224,169,552	2,254,169,552

KHURRAM SALIM
Chief Executive

MOHAMMAD SHAKEEL
Director

Karachi : October 27, 2011



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Statement of Comprehensive Income (Un-Audited)
For The First Quarter Ended 30th September 2011**

	30 th September 2011	30 th September 2010
	<u>RUPEES</u>	<u>RUPEES</u>
Profit for the period after taxation	50,417,476	117,744,418
Other comprehensive income for the period	-	-
Total comprehensive Income for the period	<u>50,417,476</u>	<u>117,744,418</u>

The annexed notes form an integral part of these financial statements

KHURRAM SALIM
Chief Executive

MOHAMMAD SHAKEEL
Director

Karachi : October 27, 2011



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes to Financial Statements (Un-Audited) For The First Quarter Ended September 30, 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 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 ACQUISITION AND DISPOSAL OF FIXED ASSETS

	September 30, 2011 Rupees	June 30, 2011 Rupees
Written down value of asset - opening	1,534,156,375	1,573,154,818
Addition during the period	25,933,653	115,126,663
Disposal during the period - written down value	-	(2,448,948)
Depreciation charged during the period	(36,780,000)	(151,676,158)
Written down value of asset - closing	<u>1,523,310,028</u>	<u>1,534,156,375</u>

5 CAPITAL WORK IN PROGRESS

Factory Building	11,480,116	6,538,142
Plant & Machinery	42,138,092	39,230,740
Others	14,032,177	-
	<u>67,650,385</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:

	September 2011	September 2010
Services received	30,000	30,000
Services rendered	1,179,000	4,015,000
Electricity purchased	86,241,737	56,362,346
Purchase of yarn, fabric and stores	100,384,114	32,497,683
Purchase of cotton	80,940,798	2,925,730
Sales of cotton	10,430,891	45,979,799
Sales of yarn and fabric	166,647,880	178,348,525

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 : October 27, 2011

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