



## 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			
<b>Balance as at June 30, 2005</b>	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)
<b>Balance as at June 30, 2006</b>	<b>30,000,000</b>	<b>650,000,000</b>	<b>57,169,995</b>	<b>737,169,995</b>
Profit for the quarter	-	-	78,087,827	78,087,827
<b>Balance as at September 30, 2006</b>	<b>30,000,000</b>	<b>650,000,000</b>	<b>135,257,822</b>	<b>815,257,822</b>

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.



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### 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
	-	<b>2,102,870</b>	<b>1,249,516,475</b>	<b>6,352,406</b>

### 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	-
	<b>47,680,889</b>	<b>23,915,325</b>

### 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.