



BHANERO TEXTILE MILLS LIMITED

DIRECTORS REVIEW

The directors have pleasure in submitting un-audited financial statements for the third quarter ended on March 31, 2007 in accordance with the requirements of section 245 of the Companies Ordinance, 1984.

FINANCIAL RESULTS

Allhumdulilah, the financial results of your company for the third quarter are better as compared to the third quarter of the last year. The company has earned a net profit after tax at Rs. 111.296 million (March 2006: Rs. 107.158 million). The net sales of the third quarter crossed the target of multi billion and stood at Rs. 2.632 billion (March 2006: Rs. 1.776 billion) with a slight decline in gross profit margin. The growth in net sales is about 48.21% as compared to the sales of the corresponding period of the last year which is due to the contribution of weaving unit. All operating expenses have increased in the normal trend except the financial cost which has increased due to addition of weaving unit. The earning per share for the third quarter stood at Rs. 37.10 (March 2006: Rs. 35.72).

YEAR UNDER REVIEW

The cost of input is high causing squeezed profit spread and tight liquidity position. The parity of cotton verses yarn is not encouraging. The management is deeply conscious of changing textile environment in the global markets. As a matter of fact the cost of doing business in Pakistan is getting higher and higher which need to be control by the Government. The International market is also depressed and the profit margin on the orders has narrow down due to competition. The management of the company is not hopeful for better results this year.

THANKS AND GRATITUDE.

Your directors would like to place their appreciation of the cooperation of the financial institutions and dedication shown by the executives, officers, staff members and workers of the company in the performance of their duties. The directors do hope that it will continue in future.

On behalf of the Board

MOHAMMAD SALIM
(CHIEF EXECUTIVE / DIRECTOR)

Karachi: April 27, 2007.