



BHANERO TEXTILE MILLS LIMITED

**NOTES TO THE ACCOUNTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2007**

1 THE COMPANY AND ITS OPERATIONS

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 main business of the company is manufacturing and sales of yarn and woven fabrics. The registered office is located at 10/2 Bilmoria street I.I Chudrigar Road, Karachi

2 BASIS OF PREPARATION

2.1 These financial statements have been prepared in accordance with the directives issued by the Securities & Exchange Commission of Pakistan and are in compliance with the International Accounting standard (IAS) 34 "Interim Financial Reporting" and being submitted to shareholders as required by section 245 of the companies Ordinance 1984.

These financial statements have been prepared under "Historical Cost Convention" except for staff gratuity accounted for in accordance with "International Accounting Standard - 19" and modifications due to adjustments for exchange rates fluctuations and are un-audited.

3 ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of the Nine Months financial statements are the same as those of the published annual financial statements for the year ended June 30, 2006. The changes in Equity are as follows:

	Share capital	General reserves	Unappropriated profits	Total
	← RUPEES →			
Balance as at June 30, 2005	30,000,000	550,000,000	58,699,324	638,699,324
Profit for the period			107,158,425	107,158,425
Final dividend for the year ended June 30, 2005 Rs. 5/= per share	-	-	(15,000,000)	(15,000,000)
Balance as at March 31, 2006	30,000,000	550,000,000	150,857,749	730,857,749
Balance as at June 30, 2006	30,000,000	650,000,000	57,169,995	737,169,995
Profit for the period	-	-	111,296,006	111,296,006
Final dividend for the year ended June 30, 2006 Rs. 2.50 per share	-	-	(7,500,000)	(7,500,000)
Balance as at March 31, 2007	30,000,000	650,000,000	160,966,001	840,966,001

	MARCH 2007 RUPEES	JUNE 2006 RUPEES
4 LOAN FROM SPONSORS	100,000,000	-
The above loan is unsecured, interest free and not repayable in the next twelve months.		
5 LONG-TERM FINANCING - SECURED		
Opening Balance	1,260,000,000	680,000,000
Add: Received during the period	-	600,000,000
Less: Loan Paid during the Period	108,571,429	20,000,000
	1,151,428,571	1,260,000,000
Less: Current Portion	295,554,583	145,714,287
	855,873,988	1,114,285,713
6 LONG-TERM MURABAHA - SECURED		
Opening Balance	58,863,636	80,681,818
Less: Laon Paid during the Period	15,318,182	21,818,182
	43,545,454	58,863,636
Less: Current Portion	21,818,182	21,818,182
	21,727,272	37,045,454



BHANERO TEXTILE MILLS LIMITED

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There is no material change in contingencies as disclosed in the financial statements for the year ended June 30, 2006 except for the professional tax which was imposed by provincial government. The Honourable Supreme Court of Pakistan decided the case in favor of provincial government and the company has subsequently paid the professional tax. The bank guarantee issued in favor of Sui Northern Gas Co Ltd amounted to Rs. 39.235 million and in favor of Excise and Taxation Office its amounted to Rs. 13.1 million.

7.2 Commitments

Letter of Credit

MARCH 2007
RUPEES

JUNE 2006
RUPEES

371,418,000

65,010,831

8 ACQUISITION AND DISPOSAL OF FIXED ASSETS

Written down value at the beginning of the period

2,127,525,460

1,043,294,021

Additions during the period

Freehold land

-

20,152,814

Building on freehold land

11,550,144

193,778,626

Building on leasehold land

-

14,092,329

Office premises on freehold land

-

48,484,708

Office premises on leasehold land

-

3,992,935

Plant and machinery

4,438,930

927,074,191

Ventilation system

1,461,897

-

Boilers

17,500,000

-

Electric installation

300,677

32,047,844

Factory Equipment

-

912,300

Office equipments

288,760

260,655

Computers and accessories

-

254,650

Furniture and fixtures

-

1,046,234

Vehicles

5,684,700

7,419,189

41,225,108

1,249,516,475

Written down value of assets disposed off

(837,970)

(2,333,079)

Depreciation

(151,106,236)

(162,951,957)

2,016,806,362

2,127,525,460

9 TRANSACTIONS WITH RELATED PARTIES

MARCH 2007
RUPEES

MARCH 2006
RUPEES

The company enters into transactions with related parties in normal course of business at arm's length determined accordance with " Comparebale Uncontrolled Price Method". Transaction with related parties other than remuneration and benefits to key managements personnel under the term of employments are as follows.

Services Received

998,250.00

-

Services Rendered

5,943,712.00

7,097,400.00

Electricity consumed

75,825,071.00

180,795,145.00

Purchase of yarn , fabric , Store and cotton

227,433,218.00

85,545,997.00

Sales of yarn , fabric and cotton

267,428,245.00

453,319,994.00

10 CYCLICALLY OF OPERATIONS

The textile business is an all year business however, major raw material purchases i.e cotton, take place during the for months from October to January. This lead to higher figures in respect of stocks, bank borrowings and sales tax refundable being reflected during those periods.

11 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on April 27, 2007 by Board Of Directors of the Company.

12 GENERAL

Figures have been rounded off to the nearest rupee.

MOHAMMAD SALIM

CHIEF EXECUTIVE

Karachi April 27, 2007

MOHAMMAD SHAHKEEL

DIRECTOR