

# **BHANERO TEXTILE MILLS LIMITED**

## **DIRECTORS REVIEW**

The directors have pleasure in submitting financial statements (Reviewed) for the second quarter ended on December 31, 2006 in accordance with the requirements of section 245 of the Companies Ordinance, 1984.

### **FINANCIAL RESULTS**

Allhumdulilah, the financial results of your company for the second quarter are better as compared to the second quarter of the last year. The company has earned a net profit after tax at Rs. 96.148 million (December 2005: Rs. 50.291million). The net sales of the second quarter stood at Rs. 1,680.741 million (December 2005: Rs. 926.305 million) with a slight decline in gross profit margin. The growth in net sales is about 80% 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 is increased exorbitantly. The earning per share for the second quarter stood at Rs. 32.05 (December 2005: Rs. 16.76).

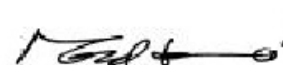
### **YEAR UNDER REVIEW**

The cost of input of raw material is high causing squeezed profit margins and tight liquidity position. The management is deeply conscious of changing textile environment in the global markets. The exorbitant increase in the tariff of gas supply is also a factor of increase in cost of sales. 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 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: February 26, 2007