



of Companies

HALF YEARLY ACCOUNTS
2016 - 2017
(UN - AUDITED)

UMER GROUP OF COMPANIES

BHANERO TEXTILE MILLS LIMITED

Vision

A Premier quality Company
providing quality products
and maintaining an excellent
level of ethical and
professional standard.



Mission Statement

To become the leaders of
Textile products
in the local
&
international market
and to achieve
the highest level of success.

Directors' Review

On behalf of the board of directors of **Bhanero Textiles Mills Limited**, I am pleased to present, the unaudited condensed interim financial statements for half year ended 31st December 2016.

Operating Results

During the half year ended 31st December 2016, the company's profit after tax came to PKR 161.668 million as compared to PKR 102.263 million for the half year ended 31st December 2015. The earnings per share (EPS) for the half year ended 31st December 2016 is PKR 53.89 (31st December 2015: PKR 34.09).

The company's financial position continues to remain solid supported by strong capital and revenue reserves. Break up value of shares is PKR 1,257.07 as at 31st December 2016 (30th June 2016: PKR 1,213.34).

Depressed business environment still prevailed during the half year under review but by the blessing of Allah Al Mighty the profitability of company has increased as compared to previous half year ended 31st December 2015.

Auditors' review on the condensed interim financial statements for the half year ended 31st December 2016 is annexed herewith.

Future Outlook

Pakistan's cotton arrival in current period is around 10.634 million bales which is 10.6% higher as compared to previous period but still well below the yearly demand of spinning units which is around 14.5 million bales. It is expected that spinner will have to import around 4.5 million bales.

Currently the cotton prices are rising and expected to be bullish in coming quarter.

Energy crisis is still a major threat for economy of Pakistan. Government should take some immediate steps to resolve the energy crisis.

In order to revive the textile industry dwindling exports, the government has announced textile package. Though demands of textile industry have been accommodated in the package to some extent which provides some breathing space for export, but there is no relief ensured in terms of cutting down the cost of production and competitiveness.

In the present scenario the results are likely to be moderate in coming quarter. 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 extend their appreciation to the company's banker, buyers and suppliers for the cooperation extended by them.

Karachi: 23rd February , 2017



On behalf of the Board
KHURRAM SALIM
Chief Executive

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843
Branch Office: 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626
Email Address: mushtaq_vohra@hotmail.com

Member of



Illinois, USA

Auditor's Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Bhanero Textile Mills Limited** as at December 31, 2016, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the interim financial information) for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for the interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

Scope of Review

We conducted our review in accordance with international standard on review engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that accompanying interim financial information for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

MUSHTAQ & COMPANY
Chartered Accountants

Karachi: 23rd February , 2017

Engagement Partner:
Zahid Hussain Zahid, ACA

**Condensed Interim Balance Sheet
as at December 31, 2016**

	December 31, 2016	June 30, 2016
Note	Rupees (Un-audited)	Rupees (Audited)
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital		
6,000,000 (2016: 6,000,000) ordinary shares of Rs.10 each	60,000,000	60,000,000
Issued, subscribed and paid up capital	30,000,000	30,000,000
Reserves	3,500,000,000	3,500,000,000
Unappropriated profit	241,221,070	109,552,719
	3,771,221,070	3,639,552,719
NON CURRENT LIABILITIES		
Long term financing - secured	325,955,768	348,587,741
Infrastructure fee payable	53,990,696	50,643,627
Deferred liabilities	185,090,578	173,326,566
	565,037,042	572,557,934
CURRENT LIABILITIES		
Trade and other payables	436,950,784	408,214,348
Mark-up accrued on loans and other payables	8,836,449	7,426,523
Short term borrowings - secured	652,720,705	-
Current portion of long term borrowings	77,463,948	77,463,948
	1,175,971,886	493,104,819
CONTINGENCIES AND COMMITMENTS	6	-
TOTAL EQUITY AND LIABILITIES	5,512,229,998	4,705,215,472

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

Karachi: 23rd February , 2017



KHURRUM SALIM
Chief Executive

**Condensed Interim Balance Sheet
as at December 31, 2016**

		December 31, 2016	June 30, 2016
	Note	Rupees (Un-audited)	Rupees (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	1,903,042,983	1,958,366,565
Long term deposit		26,205,436	26,205,436
		1,929,248,419	1,984,572,001
CURRENT ASSETS			
Stores, spares and loose tools		63,744,350	66,372,037
Stock in trade		2,659,504,550	1,742,764,490
Trade debts		420,993,706	413,601,508
Loans and advances		49,759,915	91,805,586
Trade deposits and short term prepayments		63,878,781	68,002,935
Other receivables		7,835,782	17,221,232
Income tax refundable		105,230,710	109,065,600
Sales tax refundable		115,828,868	146,524,408
Cash and bank balances		96,204,917	65,285,675
		3,582,981,579	2,720,643,471
TOTAL ASSETS		<u>5,512,229,998</u>	<u>4,705,215,472</u>



MOHAMMAD SHAHEEN
Director

**Condensed Interim Profit and Loss Account (Un-audited)
for the half year ended 31st December, 2016**

	Half Year Ended		Quarter Ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Sales	3,310,869,570	3,143,601,322	1,630,817,092	1,543,139,796
Cost of goods sold	2,938,357,276	2,832,083,091	1,446,441,708	1,376,470,000
Gross profit	372,512,294	311,518,231	184,375,384	166,669,796
Other income	2,441,269	2,957,057	604,853	1,711,732
	374,953,563	314,475,288	184,980,237	168,381,528
Distribution cost	75,788,121	66,166,106	38,538,888	32,662,600
Administrative expenses	61,993,923	67,639,467	31,648,396	32,404,428
Other operating expenses	14,471,399	9,938,438	6,848,092	5,881,207
Finance cost	27,983,939	37,071,518	16,687,838	18,835,968
	180,237,382	180,815,529	93,723,214	89,784,203
Profit before tax	194,716,181	133,659,759	91,257,023	78,597,325
Provision for taxation	8			
Current year	33,047,830	31,396,576	16,262,377	15,456,213
Profit after tax	161,668,351	102,263,183	74,994,646	63,141,112
Earnings per share - basic and diluted	53.89	34.09	24.99	21.05

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


KHURRUM SALIM
Chief Executive


MOHAMMAD SHAHEEN
Director

Karachi: 23rd February , 2017

**Condensed Interim Cash Flow Statement (Un-audited)
for the half year ended 31st December, 2016**

	December 31 2016 Rupees	December 31 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	194,716,181	133,659,759
Adjustments for:		
Depreciation on property, plant and equipment	92,130,000	101,197,855
Provision for employees' benefits	23,340,000	23,340,000
Provision for bad debts	-	1,817,507
Infrastructure fee	3,347,069	5,431,064
(Gain) on disposal of property, plant and equipment	-	(21,792)
Finance cost	27,983,939	37,071,518
Operating cash flows before changes in working capital	341,517,189	302,495,911
(Increase)/decrease in current assets		
Inventories	(914,112,373)	(719,697,259)
Trade debts	(7,392,198)	74,247,385
Loans and advances	42,045,671	33,222,687
Trade deposits	4,124,154	(8,771,409)
Other receivables	9,385,450	(6,275,172)
Sales tax refundable	30,695,540	(56,509,530)
	(835,253,756)	(683,783,298)
Increase in trade and other payables	28,681,885	39,691,912
Cash (used) / generated by operations	(465,054,682)	(341,595,475)
Finance cost paid	(26,574,013)	(39,532,109)
Employees' benefits paid	(11,575,988)	(11,623,963)
Income taxes paid	(29,212,940)	(34,082,266)
	(67,362,941)	(85,238,338)
Net cash generated / (used) from operating activities	(532,417,623)	(426,833,813)

**Condensed Interim Cash Flow Statement (Un-audited)
for the half year ended 31st December, 2016**

	December 31 2016 Rupees	December 31 2015 Rupees
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	303,487
Purchase of property, plant and equipment	(36,806,418)	(6,738,231)
Net cash generated / (used) in investing activities	(36,806,418)	(6,434,744)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long term financing	(38,731,973)	(68,056,276)
Proceeds from long term loans	16,100,000	60,000,000
Short term bank borrowings	652,720,705	475,673,563
Dividend paid	(29,945,449)	(30,000,000)
Net cash generated / (used) from financing activities	600,143,283	437,617,287
Net increase / (decrease) in cash and cash equivalents	30,919,242	4,348,730
Cash and cash equivalents at the beginning of the period	65,285,675	177,071,027
Cash and cash equivalents at the end of the period	96,204,917	181,419,757

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



KHURRUM SALIM
Chief Executive



MOHAMMAD SHAHEEN
Director

Karachi: 23rd February , 2017

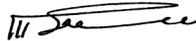
**Condensed Interim Statement of Comprehensive Income (Un-audited)
for the half year ended 31st December , 2016**

	Half Year Ended		Quarter Ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Profit for the period after taxation	161,668,351	102,263,183	74,994,646	63,141,112
Other comprehensive income	-	-	-	-
Total comprehensive Income for the period	<u>161,668,351</u>	<u>102,263,183</u>	<u>74,994,646</u>	<u>63,141,112</u>

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



KHURRUM SALIM
Chief Executive



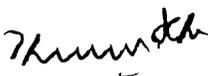
MOHAMMAD SHAHEEN
Director

Karachi: 23rd February , 2017

**Condensed Interim Statement of Changes In Equity (Un-audited)
for the half year ended 31st December, 2016**

	Share Capital	General Reserves	Unappropriated Profit	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2015	30,000,000	3,300,000,000	97,026,374	3,427,026,374
Total comprehensive income for the half year ended 31 st December 2015	-	-	102,263,183	102,263,183
Final dividend paid for the year ended June 30, 2015 at the rate of PKR 10.0 per share	-	-	(30,000,000)	(30,000,000)
Balance as at December 31, 2015	30,000,000	3,300,000,000	169,289,557	3,499,289,557
Total comprehensive income for the remaining period	-	-	140,263,162	140,263,162
Transfer to general reserve	-	200,000,000	(200,000,000)	-
Balance as at June 30, 2016	30,000,000	3,500,000,000	109,552,719	3,639,552,719
Final dividend paid for the year ended June 30, 2016 at the rate of PKR 10.0 per share	-	-	(30,000,000)	(30,000,000)
Total comprehensive income for the half year ended 31 st December 2016	-	-	161,668,351	161,668,351
Balance as at December 31, 2016	30,000,000	3,500,000,000	241,221,070	3,771,221,070

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


KHURRUM SALIM
Chief Executive


MOHAMMAD SHAHEEN
Director

Karachi: 23rd February , 2017

**Condensed Interim Notes to Financial Information (Un-audited)
for the half year ended 31st December, 2016**

1 REPORTING ENTITY

Bhanero Textile Mills Limited ('the Company') is incorporated in Pakistan as a Public Limited Company under the Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange Limited. The Company is primarily a spinning unit engaged in the manufacture and sale of yarn and woven fabric, however, it is also engaged in the generation of electricity for self consumption. The registered office of the Company is situated at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. The manufacturing facility is located at Kotri District Jamshoro in the Province of Sindh and District Shekhupura in the Province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the IAS 34 Interim Financial Reporting as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30th June, 2016.

This condensed interim financial information is being submitted to the shareholders as required by the regulations of Pakistan Stock Exchange and section 245 of the Companies Ordinance, 1984.

These condensed interim financial information comprise of condensed balance sheet, condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes for the half year ended December 31, 2016 which have been subjected to a review but not audited. These condensed interim financial information also include the condensed interim profit and loss account for the quarter ended December 31, 2016.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for certain financial instruments at fair value, certain financial liabilities at amortized cost and employees retirement benefits at present value. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

2.3 Judgments, estimates and assumptions

The preparation of financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.4 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2016.

2.5 Functional currency

This financial information is prepared in Pak Rupees which is the Company's functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2016.

**Condensed Interim Notes to Financial Information (Un-audited)
for the half year ended 31st December, 2016**

	December 31 2016	June 30 2016
	Rupees (Un-Audited)	Rupees (Audited)
4 DEFERRED LIABILITIES		
These include the following:		
Employees retirement benefits	126,333,931	114,569,919
Deferred taxation	58,756,647	58,756,647
	<u>185,090,578</u>	<u>173,326,566</u>

5 SHORT TERM BORROWINGS

The aggregate available short term funded facilities amounts to Rs. 5,140 million (June 30, 2016: Rs. 5,540 million) out of which Rs.4,488 million (June 30, 2016: Rs. 5,540 million) remained unavailed as at the reporting date.

6 CONTINGENCIES AND COMMITMENTS

There is no material change in contingencies and commitments as disclosed in annual financial statements for the year ended June 30, 2016.

	December 31 2016	June 30 2016
Note	Rupees (Un-Audited)	Rupees (Audited)
7 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
- assets owned by the Company	7.1 1,874,325,527	1,957,647,010
Capital work in progress	28,717,456	719,555
	<u>1,903,042,983</u>	<u>1,958,366,565</u>

7.1 Assets owned by the Company

Net book value at the beginning of the period/year	1,957,647,010	2,080,121,779
Additions during the period/year		
Freehold land	8,808,517	19,554,344
Factory buildings	-	4,728,044
Plant and machinery	-	30,364,885
Equipment and other assets	-	10,676,537
Electric installation	-	1,157,700
Vehicles	-	7,640,340
	8,808,517	74,121,850
Net book value of assets disposed during the period/year	-	(1,196,450)
Depreciation for the period/year	(92,130,000)	(195,400,169)
Net book value at the end of the period/year	<u>1,874,325,527</u>	<u>1,957,647,010</u>

**Condensed Interim Notes to Financial Information (Un-audited)
for the half year ended 31st December, 2016**

8 PROVISION FOR TAXATION

8.1 No provision for deferred tax has been made as the impact of the same is considered immaterial.

9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company.

Transactions with key management personnel are limited to payment of short term employee benefits only. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

Details of transactions and balances with related parties is as follows:

9.1 Transactions with related parties

Nature of relationship

Associated companies

Nature of transaction	Half Year Ended		Quarter Ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Rupees	Rupees	Rupees	Rupees
Services received	162,000	159,000	82,500	84,000
Services rendered	668,411	670,304	-	-
Electricity purchased	447,183,418	404,495,151	222,468,113	240,581,386
Purchase of yarn, fabric and machinery	118,479,254	137,102,323	67,759,135	72,752,299
Sales of cotton, yarn, fabric and machinery	307,666,074	326,771,596	149,267,879	178,804,618

10 SEGMENT REPORTING

The Company has three reportable segments, which offer different products and are managed separately. The following summary describes the operations in each of the company's reportable segments.

Reportable segment	Principal activity
Spinning	Manufactures and sale of yarn
Weaving	Manufactures and sale of woven fabric
Power	Generation and sale of electricity

Information about operating segments as at December 31, 2016 is as follows:

**Condensed Interim Notes to Financial Information (Un-audited)
for the half year ended 31st December, 2016**

	Half Year ended December 31, 2016			
	Spinning	Weaving	Power	Total
	Rupees	Rupees	Rupees	Rupees
Revenue from external customers	<u>1,948,531,044</u>	<u>1,362,338,526</u>	<u>-</u>	<u>3,310,869,570</u>
Inter-segment revenues	<u>142,801,500</u>	<u>-</u>	<u>47,450,640</u>	<u>190,252,140</u>

	Half Year ended December 31, 2015			
	Spinning	Weaving	Power	Total
	Rupees	Rupees	Rupees	Rupees
Revenue from external customers	<u>1,920,717,803</u>	<u>1,222,883,519</u>	<u>-</u>	<u>3,143,601,322</u>
Inter-segment revenues	<u>-</u>	<u>-</u>	<u>31,440,420</u>	<u>31,440,420</u>

	December 31, 2016				
	Spinning	Weaving	Power	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Segment assets	<u>4,141,623,716</u>	<u>1,049,653,098</u>	<u>73,688,170</u>	<u>247,265,014</u>	<u>5,512,229,998</u>

	As at June 30, 2016				
	Spinning	Weaving	Power	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Segment assets	<u>3,304,235,557</u>	<u>1,040,698,148</u>	<u>78,486,323</u>	<u>281,795,444</u>	<u>4,705,215,472</u>

	December 31, 2016				
	Spinning	Weaving	Power	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Segment liabilities	<u>226,992,866</u>	<u>156,242,817</u>	<u>43,043,994</u>	<u>1,314,729,251</u>	<u>1,741,008,928</u>

	As at June 30, 2016				
	Spinning	Weaving	Power	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Segment liabilities	<u>225,079,383</u>	<u>131,445,210</u>	<u>34,818,477</u>	<u>674,319,683</u>	<u>1,065,662,753</u>

**Condensed Interim Notes to Financial Information (Un-audited)
for the half year ended 31st December, 2016**

11 EVENTS AFTER THE REPORTING PERIOD

11.1 There are no significant events after the reporting period that may require any adjustment or disclosure in this condensed interim financial report.

12 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

13 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on 23rd February, 2017.

14 GENERAL

14.1 There are no other significant activities since June 30, 2016 affecting the interim financial information.

14.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

14.3 Figures have been rounded off to the nearest Rupee.



KHURRUM SALIM
Chief Executive



MOHAMMAD SHAHEEN
Director

Karachi: 23rd February , 2017

Book Post
PRINTED MATERIAL

If undelivered please return to:

BHANERO TEXTILE MILLS LIMITED

Umer House, 23/1, Sector 23, S.M. Farooq Road,
Korangi Industrial Area, Karachi-74900, Pakistan

Phone : 021 - 35115177 - 80

FaxNo. : 021 - 35063002 - 3

E-mail : khioff@umergroup.com

Website: <http://www.umergroup.com>