



of Companies

**FIRST QUARTERLY ACCOUNTS
2017-2018
(UN - AUDITED)**

UMER GROUP OF COMPANIES

BHANERO TEXTILE MILLS LIMITED

DIRECTORS' REVIEW

On behalf of the board of directors of Bhanero Textile Mills Limited, I am presenting the unaudited condensed interim financial statements for the first quarter ended 30-September-2017

Significant financial performance of the first quarter ended 30-September-2017;

Profit after tax for the first quarter ended 30th September, 2017 is PKR 71.492 million compared to PKR 86.674 million of the corresponding first quarter ended 30th September, 2016. Earnings per share for the first quarter ended 30th September, 2017 is PKR 23.83 (30th September, 2016 PKR 28.89)

Break-up value of the share as on 30th September, 2017 is PKR 1,319.27 (30th June 2017: 1,295.43) .

During the quarter ended 30th September, 2017 profits has decreased by PKR 17.51% as compared to previous year ended 30th September, 2016.

Future Outlook

Energy production was severely depressed for more than 10 years due to chronic under-investment, inefficiencies in the power network and an inability to collect sufficient revenue to cover costs.

The result was crippling for manufacturers and in particular the textile sector, which employs 30 per cent of the working population.

In forthcoming year local cotton production will not be able to meet the industry requirements, reason being for the year 2017-18, cotton was cultivated over 2.950 million hectares, which is lower than the target set at 13.75 cotton bales for the year. However, the expectation was to produce around 10.18 million bales in the province of Punjab while Sindh has the viability to produce nearly 3.69 million bales. There are chances that cotton crops in several areas of Punjab and Sindh stations could get affected due to rains. Further, there is also a risk of a virus attack on the crops, according to crop reporting service department, Punjab.

However, management is expecting to maintain the momentum in coming quarter to maintain the profit margins.

Acknowledgement

The Board appreciates the contribution of employees and incessant supports all stakeholders.



**On behalf of the Board
KHURRUM SALIM
Chief Executive / Director**

Karachi: 30th October, 2017

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Balance Sheet (Un-Audited) As At September 30, 2017

	(Un-Audited) 30 th September, 2017	(Audited) 30 th June, 2017
Note	Rupees	Rupees
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital		
6,000,000 (June 30, 2017: 6,000,000) ordinary shares of Rs.10 each	<u>60,000,000</u>	<u>60,000,000</u>
Issued, subscribed and paid up capital	<u>30,000,000</u>	30,000,000
Reserves	<u>3,700,000,000</u>	3,700,000,000
Unappropriated profit	<u>227,795,050</u>	156,302,336
	3,957,795,050	3,886,302,336
NON CURRENT LIABILITIES		
Long term financing - secured	<u>710,165,806</u>	428,761,793
Infrastructure fee payable	<u>68,254,992</u>	66,071,744
Deferred liabilities	<u>219,859,563</u>	212,907,585
4	998,280,361	707,741,122
CURRENT LIABILITIES		
Trade and other payables	<u>694,023,932</u>	532,820,510
Accrued interest/markup	<u>9,515,581</u>	14,259,426
Short term borrowings - secured	<u>184,950,860</u>	676,558,383
Current portion of long term borrowings	<u>77,463,948</u>	77,463,948
	965,954,321	1,301,102,267
CONTINGENCIES AND COMMITMENTS	5	-
TOTAL EQUITY AND LIABILITIES	<u>5,922,029,732</u>	<u>5,895,145,725</u>

The annexed notes form an integral part of this condensed interim financial information.

Karachi: 30th October, 2017

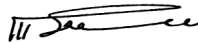


KHURUM SALIM
Chief Executive

BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Balance Sheet (Un-Audited)
As At September 30, 2017**

	Note	(Un-Audited) 30 th September, 2017 Rupees	(Audited) 30 th June, 2017 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	2,403,823,233	2,084,851,866
Long term deposits		26,205,436	26,205,436
		2,430,028,669	2,111,057,302
CURRENT ASSETS			
Stores, spares and loose tools		80,738,751	69,783,783
Stock in trade		2,464,957,096	2,713,408,274
Trade debts		465,660,437	544,451,299
Loans and advances		32,213,846	31,620,577
Trade deposits and short term prepayments		77,618,977	67,443,307
Other receivables		5,609,901	2,976,269
Advance income tax		132,535,695	120,557,596
Sales tax refundable		189,244,450	194,061,359
Cash and bank balances		43,421,910	39,785,959
		3,492,001,063	3,784,088,423
TOTAL ASSETS		5,922,029,732	5,895,145,725



MUHAMMAD SHAHEEN
Director


BHANERO TEXTILE MILLS LIMITED

Condensed Interim Profit and Loss Account (Un-Audited) For The First Quarter Ended 30th September, 2017

	Note	Quarter Ended	
		30 th September, 2017 Rupees	30 th September, 2016 Rupees
Sales		1,479,140,749	1,680,052,478
Cost of goods sold		1,293,578,932	1,491,915,568
Gross profit		185,561,817	188,136,910
Distribution cost		41,843,922	37,249,233
Administrative expenses		35,199,186	30,345,527
		77,043,108	67,594,760
Other income		1,758,791	1,836,416
Operating Profit		110,277,500	122,378,566
Finance cost		16,305,045	11,296,101
Other operating expenses		3,990,482	7,623,307
		20,295,527	18,919,408
Profit before tax		89,981,973	103,459,158
Provision for taxation - current year	7	18,489,259	16,785,453
Profit after tax		71,492,714	86,673,705
Earnings per share - basic and diluted		23.83	28.89

The annexed notes form an integral part of this condensed interim financial information.


KHURRUM SALIM
Chief Executive


MUHAMMAD SHAHEEN
Director

Karachi: 30th October, 2017

BHANERO TEXTILE MILLS LIMITED

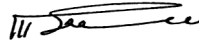
**Condensed Interim Statement of Comprehensive Income (Un-Audited)
For The First Quarter Ended 30th September, 2017**

	Quarter Ended	
	30 th September, 2017 Rupees	30 th September, 2016 Rupees
Profit for the period after taxation	71,492,714	86,673,705
Other comprehensive income	-	-
Total comprehensive Income for the period	71,492,714	86,673,705

The annexed notes form an integral part of this condensed interim financial information.



KHURRUM SALIM
Chief Executive



MUHAMMAD SHAHEEN
Director

Karachi: 30th October, 2017

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Cash Flow Statement For The First Quarter Ended 30th September, 2017

	Quarter Ended	
	30 th September, 2017 Rupees	30 th September, 2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	89,981,973	103,459,158
Adjustments for:		
Depreciation on property, plant and equipment	48,557,645	46,065,000
Provision for employees' benefits	11,370,000	11,370,000
Infrastructure fee	2,183,248	1,681,748
Gain on disposal of property, plant and equipment	(309,224)	-
Finance cost	16,305,045	11,296,101
Operating cash flows before changes in working capital	168,088,687	173,872,007
(Increase)/decrease in current assets		
Inventories	237,496,210	180,690,483
Trade debts	78,790,862	(88,180,582)
Loans and advances	(593,269)	(3,834,850)
Trade deposits	(10,175,670)	5,285,997
Other receivables	(2,633,632)	12,582,743
Sales tax refundable	4,816,909	(278,062)
	307,701,410	106,265,729
Increase in trade and other payables	161,203,422	11,057,304
Cash generated from operations	636,993,519	291,195,040
Finance cost paid	(21,048,890)	(12,284,236)
Employees' benefits paid	(4,418,022)	(5,453,332)
Income taxes paid	(30,467,358)	(12,483,881)
	(55,934,270)	(30,221,449)
Net cash generated from operating activities	581,059,249	260,973,591
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	2,833,334	-
Additions in property, plant and equipment	(370,053,122)	(2,270,548)
Net cash used in investing activities	(367,219,788)	(2,270,548)

BHANERO TEXTILE MILLS LIMITED

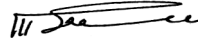
**Condensed Interim Cash Flow Statement
For The First Quarter Ended 30th September, 2017**

	Quarter Ended	
	30 th September, 2017 Rupees	30 th September, 2016 Rupees
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(19,365,987)	(19,365,987)
Proceeds from long term loans	300,770,000	-
Decrease in short term borrowings	(491,607,523)	-
Net cash used in financing activities	(210,203,510)	(19,365,987)
Net increase in cash and cash equivalents	3,635,951	239,337,056
Cash and cash equivalents at the beginning of the period	39,785,959	65,285,675
Cash and cash equivalents at the end of the period	43,421,910	304,622,731

The annexed notes form an integral part of this condensed interim financial information.



KHURRUM SALIM
Chief Executive



MUHAMMAD SHAHEEN
Director

Karachi: 30th October, 2017

BHANERO TEXTILE MILLS LIMITED

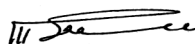
**Condensed Interim Statement of Changes in Equity (Un-Audited)
For The First Quarter Ended 30th September, 2017**

	Share capital	General reserve	Unappropriated profits	Total
Rupees				
Balance as at June 30, 2016	30,000,000	3,500,000,000	109,552,719	3,639,552,719
Total comprehensive income for the first quarter ended 30th September 2016	-	-	86,673,705	86,673,705
Balance as at September 30, 2016	30,000,000	3,500,000,000	196,226,424	3,726,226,424
Total comprehensive income for the remaining period	-	-	190,075,912	190,075,912
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)
Transfer to general reserve	-	200,000,000	(200,000,000)	-
Balance as at June 30, 2017	30,000,000	3,700,000,000	156,302,336	3,886,302,336
Total comprehensive income for the first quarter ended 30th September 2017	-	-	71,492,714	71,492,714
Balance as at September 30, 2017	30,000,000	3,700,000,000	227,795,050	3,957,795,050

The annexed notes form an integral part of this condensed interim financial information.



KHURRUM SALIM
Chief Executive



MUHAMMAD SHAHEEN
Director

Karachi: 30th October, 2017

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statement (Un-audited) For The First Quarter Ended 30th September, 2017

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 spinning and weaving units 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 Sheikhpura 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, 2017.

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 2017.

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, 2017.

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statement (Un-audited) For The First Quarter Ended 30th September, 2017

	September 30, 2017	June 30, 2017
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
4 DEFERRED LIABILITIES		
These include the following:		
Employees retirement benefits	138,813,325	131,861,347
Deferred taxation	81,046,238	81,046,238
	219,859,563	212,907,585

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, 2017.

		September 30, 2017	June 30, 2017
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
- assets owned by the Company	6.1	1,995,570,685	2,029,939,532
Capital work in progress		408,252,548	54,912,334
		2,403,823,233	2,084,851,866

6.1 Assets owned by the Company

Net book value at the beginning of the period/year **2,029,939,532** 1,957,647,010

Additions during the period/year

Freehold land		16,303,998	32,312,240
Factory buildings		-	1,231,412
Plant and machinery		-	222,428,153
Furniture & Fixtures - Factory		408,910	-
Office Equipment		-	3,063,000
Vehicles		-	2,080,160
		16,712,908	261,114,965

Net book value of assets disposed during the period/year **(2,524,110)** (3,070,328)

Depreciation for the period/year **(48,557,645)** (185,752,115)

Net book value at the end of the period/year **1,995,570,685** 2,029,939,532

7 PROVISION FOR TAXATION

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

8 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 include the Chief Executive and Directors of the Company.

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statement (Un-audited) For The First Quarter Ended 30th September, 2017

8.1 Transactions with related parties	First Quarter Ended	
	September 30, 2017	September 30, 2016
Nature of relationship	<i>Rupees</i>	<i>Rupees</i>
Associated companies		
Nature of transaction		
Services received	77,250	79,500
Services rendered	681,779	668,411
Electricity purchased	151,997,953	224,715,305
Purchase of yarn, fabric and machinery	36,188,166	50,720,119
Sales of cotton, yarn, fabric and machinery	78,990,766	158,398,195

9 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	Manufacture and sale of yarn
Weaving	Manufacture and sale of woven fabric
Power	Generation and sale of electricity

Information about operating segments as at Sep 30, 2017 is as follows:

	First Quarter Ended September 30, 2017			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Revenue from external customers	983,002,898	496,137,851	-	1,479,140,749
Inter-segment revenues	99,522,700	-	40,366,935	139,889,635
Segment results	79,423,842	32,663,917	(1,810,259)	110,277,500

	First Quarter Ended September 30, 2016			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Revenue from external customers	1,003,698,922	676,353,556	-	1,680,052,478
Inter-segment revenues	81,108,800	-	15,215,850	96,324,650
Segment results	84,976,688	44,757,289	(7,355,411)	122,378,566

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statement (Un-audited) For The First Quarter Ended 30th September, 2017

As at September 30, 2017					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment assets	<u>4,318,130,412</u>	<u>1,111,314,141</u>	<u>66,980,621</u>	<u>425,604,558</u>	<u>5,922,029,732</u>
As at June 30, 2017					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment assets	<u>4,331,443,803</u>	<u>1,086,813,140</u>	<u>68,621,084</u>	<u>408,267,698</u>	<u>5,895,145,725</u>
As at September 30, 2017					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	<u>1,566,606,743</u>	<u>188,824,939</u>	<u>58,892,967</u>	<u>149,910,033</u>	<u>1,964,234,682</u>
As at June 30, 2017					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	<u>1,637,432,439</u>	<u>171,019,760</u>	<u>52,664,405</u>	<u>147,726,785</u>	<u>2,008,843,389</u>

10 EVENTS AFTER THE REPORTING PERIOD

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

11 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.

12 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 October 30, 2017.

13 GENERAL

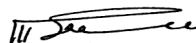
13.1 There are no other significant activities since June 30, 2017 affecting the interim financial information.

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

13.3 Figures have been rounded off to the nearest Rupee.



KHURRUM SALIM
Chief Executive



MUHAMMAD SHAHEEN
Director

Karachi: 30th October, 2017

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