



of Companies

**FIRST QUARTERLY ACCOUNTS
2015 - 2016
(UN - AUDITED)**

UMER GROUP OF COMPANIES

BHANERO TEXTILE MILLS LIMITED



BHANERO TEXTILE MILLS LIMITED

DIRECTORS' REVIEW

On behalf of the board of directors of **Bhanero Textiles Mills Limited**, I am pleased to present, the un-audited condensed interim financial statements for first quarter ended 30th September 2015.

Operating Results

During the first quarter ended 30th September 2015, the company's profit after tax came to PKR 39.122 million as compared to PKR 41.398 million for the first quarter ended 30th September 2014. The earnings per share (EPS) for the first quarter ended 30th September 2015 is PKR 13.04 (30th September 2014: PKR 13.80).

During the quarter under review profit has slightly decreased due to sluggish demand of yarn which is prevailing since last year. The availability of Indian yarn in local market is one of the major causes of sluggish demand of yarn in local market. The government has recently imposed duty on import of Indian yarn which is a relief measure for spinning sector.

The company's financial position continues to remain solid supported by strong capital and revenue reserves and excellent current ratio and gearing ratio. Break up value of shares is PKR 1,155 as at 30th September 2015 (30th June 2015: PKR 1,142).

The company has signed the Shares Sales and Purchases Agreement with JPL Holding Pte Limited Singapore for purchase of 100% shares of Jhimpir Power (Private) Limited. The Jhimpir Power (Private) Limited is a wholly owned subsidiary of JPL Holding Pte Limited Singapore. The main activity of the company is to utilize the wind resources for electricity generation through the construction of a wind farm with total capacity of 49.6MW and to deliver the electricity generated from the wind farm to the National Transmission and Dispatch Company (NTDC) grid. The financial close has not yet been achieved to date.

Future Outlook

Currently the price of cotton in local market is at higher side due to late arrival of cotton at ginneries. The arrival of cotton at ginneries has been down by 25% as of October 2015 as compared to October 2014.

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

Government should allow export finance scheme to yarn and grey fabric in order to support spinning segment which is currently in crisis.

In the present scenario the results are likely to be adverse in coming quarter. The management of the company is doing its best efforts to maintain the profitability margin.

Acknowledgement

The Company is thankful to its shareholders for the trust and confidence shown. The Company also acknowledges and appreciates the efforts and dedication of its employees and operators enabling the Company to achieve its results.

On behalf of the Board
KHURRAM SALIM
Chief Executive / Director

Karachi: 28th October, 2015



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Balance Sheet (Un-Audited) As At September 30, 2015

	(Un-Audited) 30 th September, 2015 Rupees	(Audited) 30 th June, 2015 Rupees
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital		
6,000,000 (2015: 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	30,000,000	30,000,000
Reserves	3,300,000,000	3,300,000,000
Unappropriated profit	136,148,445	97,026,374
	3,466,148,445	3,427,026,374
 NON CURRENT LIABILITIES		
Long term financing - secured	556,005,861	583,099,224
Deferred liabilities	223,753,550	213,427,733
	779,759,411	796,526,957
 CURRENT LIABILITIES		
Trade and other payables	440,214,286	417,410,922
Mark-up accrued on loans and other payables	12,171,396	13,344,295
Short term borrowings - secured	-	-
Current portion of long term borrowings	87,757,465	67,141,478
	540,143,147	497,896,695
 CONTINGENCIES AND COMMITMENTS	6	-
	-	-
 TOTAL EQUITY AND LIABILITIES	<u>4,786,051,003</u>	<u>4,721,450,026</u>

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

Karachi: 28th October, 2015


KHURRUM SALIM
 Chief Executive



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Balance Sheet (Un-Audited) As At September 30, 2015

	Note	(Un-Audited) 30 th September, 2015 Rupees	(Audited) 30 th June, 2015 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	7	2,031,635,151	2,080,121,779
Capital work in progress		25,846,977	17,324,922
Long term deposit		26,205,436	26,205,436
		2,083,687,564	2,123,652,137
CURRENT ASSETS			
Stores, spares and loose tools		58,669,693	65,908,993
Stock in trade		1,518,424,974	1,511,681,396
Trade debts		558,301,956	472,306,913
Loans and advances		39,184,211	137,015,356
Trade deposits and short term prepayments		48,839,791	41,412,783
Other receivables		3,999,736	14,344,759
Income tax refundable		127,374,792	127,574,767
Sales tax refundable		68,534,144	50,481,895
Cash and bank balances		279,034,142	177,071,027
		2,702,363,439	2,597,797,889
TOTAL ASSETS		4,786,051,003	4,721,450,026

MOHAMMAD SHAKEEL
Director



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Profit and Loss Account (Un-Audited) For The First Quarter Ended 30th September, 2015

	30 th September, 2015 Rupees	30 th September, 2014 Rupees
Sales	1,600,461,526	1,698,159,266
Cost of goods sold	1,455,613,091	1,532,589,191
Gross profit	144,848,435	165,570,075
Other income	1,245,325	4,916,308
	146,093,760	170,486,383
Distribution cost	33,503,506	45,685,257
Administrative expenses	33,848,039	29,162,451
Other operating expenses	5,444,231	4,302,335
Finance cost	18,235,550	32,947,507
	91,031,326	112,097,550
Profit before tax	55,062,434	58,388,833
Provision for taxation	8 15,940,363	16,990,801
Profit after tax	39,122,071	41,398,032
Earnings per share - basic and diluted	13.04	13.80

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

KHURRUM SALIM
Chief Executive

MOHAMMAD SHAKEEL
Director

Karachi: 28th October, 2015



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Cash Flow Statement For The First Quarter Ended 30th September, 2015

	30 th September, 2015 Rupees	30 th September, 2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	55,062,434	58,388,833
Adjustments for:		
Depreciation on property, plant and equipment	50,598,664	49,895,796
Provision for employees' benefits	11,670,000	9,855,000
Provision for bad debts	1,387,000	-
Infrastructure fee	2,802,580	1,296,310
(Gain) on disposal of property, plant and equipment	(2,278)	(3,928,266)
Finance cost	18,235,550	32,947,507
Operating cash flows before changes in working capital	139,753,950	148,455,180
(Increase)/decrease in current assets		
Inventories	495,722	533,598,347
Trade debts	(87,382,043)	59,993,770
Loans and advances	97,831,145	(31,316,526)
Trade deposits	(7,427,008)	(930,116)
Other receivables	10,345,023	(5,033,400)
Sales tax refundable	(18,052,249)	8,243,566
	(4,189,410)	564,555,641
Increase in trade and other payables	22,803,364	106,766,701
Cash (used) / generated by operations	158,367,904	819,777,522
Finance cost paid	(19,408,449)	(31,675,008)
Employees' benefits paid	(4,146,763)	(4,465,123)
Income taxes paid	(15,740,388)	(16,438,840)
Long term deposits	-	(14,751,000)
	(39,295,600)	(67,329,971)
Net cash generated from operating activities	119,072,304	752,447,551



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Cash Flow Statement For The First Quarter Ended 30th September, 2015

	30 th September, 2015 Rupees	30 th September, 2014 Rupees
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	218,487	36,773,504
Purchase of property, plant and equipment	(10,850,300)	(20,538,498)
Net cash used in investing activities	(10,631,813)	16,235,006
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long term financing	(6,477,376)	-
Short term bank borrowings	-	(670,212,479)
Dividend paid	-	(462,527)
Net cash from financing activities	(6,477,376)	(670,675,006)
Net increase / (decrease) in cash and cash equivalents	101,963,115	98,007,551
Cash and cash equivalents at the beginning of the year	177,071,027	30,434,591
Cash and cash equivalents at the end of the year	279,034,142	128,442,142

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

KHURRUM SALIM
Chief Executive

Karachi: 28th October, 2015

MOHAMMAD SHAKEEL
Director



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Statement of Comprehensive Income (Un-Audited) For The First Quarter Ended 30th September, 2015

	30 th September, 2015 Rupees	30 th September, 2014 Rupees
Profit for the period after taxation	39,122,071	41,398,032
Other comprehensive income	-	-
Total comprehensive Income after taxation for the period	39,122,071	41,398,032

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

KHURRUM SALIM
Chief Executive

MOHAMMAD SHAKEEL
Director

Karachi: 28th October, 2015



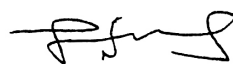
BHANERO TEXTILE MILLS LIMITED

Condensed Interim Statement of Changes in Equity (Un-Audited) For The First Quarter Ended 30th September, 2015

	Share capital	General reserve	Unappropriated profits	Total
	Rupees			
Balance as at June 30, 2014	30,000,000	3,150,000,000	108,487,652	3,288,487,652
Total comprehensive income for the first quarter ended 30th September 2014	-	-	41,398,032	33,208,893
Balance as at September 30, 2014	30,000,000	3,150,000,000	149,885,684	3,321,696,545
Total comprehensive income for the remaining period	-	-	156,611,190	165,329,829
Transfer to general reserve	-	150,000,000	(150,000,000)	-
Final dividend paid for the year ended June 30, 2014 at the rate of PKR 20.0 per share	-	-	(60,000,000)	(60,000,000)
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 first quarter ended 30th September 2015	-	-	39,122,071	39,122,071
Balance as at September 30, 2015	30,000,000	3,300,000,000	136,148,445	3,466,148,445

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


KHURRUM SALIM
Chief Executive


MOHAMMAD SHAKEEL
Director

Karachi: 28th October, 2015



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statement (Un-audited) For The First Quarter Ended 30th September, 2015

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 Karachi Stock Exchange (Guarantee) Limited, Islamabad Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) 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, 2015.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 245 of the Companies Ordinance, 1984.

These condensed interim financial information comprise of condensed interim balance sheet, condensed 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 first quarter ended September 30, 2015.

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 2015.

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, 2015.

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statement (Un-audited) For The First Quarter Ended 30th September, 2015

	September 30, 2015 <i>Rupees</i> <i>(Un-Audited)</i>	June 30, 2014 <i>Rupees</i> <i>(Audited)</i>
4 DEFERRED LIABILITIES		
These include the following:		
Employees retirement benefits	139,709,101	132,185,864
Long term payables - Secured	40,938,711	40,938,711
Deferred taxation	43,105,738	40,303,158
	223,753,550	213,427,733

5 SHORT TERM BORROWINGS

The aggregate available short term funded facilities amounts to Rs. 5,540 million (June 30, 2015: Rs. 5,540 million) out of which Rs.5,540 million (June 30, 2015: 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, 2015.

	September 30, 2015 <i>Rupees</i> <i>(Un-Audited)</i>	June 30, 2015 <i>Rupees</i> <i>(Audited)</i>
7 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
- assets owned by the Company	7.1 2,031,635,151	2,080,121,779
Capital work in progress	25,846,977	17,324,922
	2,057,482,128	2,097,446,701

7.1 Assets owned by the Company

Net book value at the beginning of the period/year	2,080,121,779	1,540,975,267
Additions during the period/year		
Freehold land	2,328,245	10,194,825
Factory buildings	-	35,421,218
Plant and machinery	-	660,353,392
Equipment and other assets	-	9,035,874
Electric installation	-	51,596,203
Factory equipment	-	150,000
Vehicles	-	8,956,487
	2,328,245	775,707,999
Net book value of assets disposed during the period/year	(216,209)	(38,976,054)
Depreciation for the period/year	(50,598,664)	(197,585,433)
	2,031,635,151	2,080,121,779



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statement (Un-audited) For The First Quarter Ended 30th September, 2015

8 PROVISION FOR TAXATION

8.1 Provision for current tax has been in accordance with the requirements of section 18 and section 154 of the Income Tax Ordinance, 2001.

8.2 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	Quarter ended	
	September 30, 2015	September 30, 2014
	<i>Rupees</i>	<i>Rupees</i>
Services received	75,000	75,000
Services rendered	670,304	657,455
Electricity purchased	163,913,765	164,889,248
Purchase of yarn, fabric and machinery	64,350,024	86,546,422
Sales of cotton, yarn, fabric and machinery	147,966,978	157,823,633

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 September 30, 2015 is as follows:

	Quarter ended September 30, 2015			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Revenue from external customers	977,310,900	623,150,626	-	1,600,461,526
Inter-segment revenues	-	-	18,991,710	18,991,710

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statement (Un-audited) For The First Quarter Ended 30th September, 2015

	Quarter ended September 30, 2014			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Revenue from external customers	1,126,330,971	571,828,295	-	1,698,159,266
Inter-segment revenues	25,254,536	-	21,078,215	46,332,751

	As at September 30, 2015				
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment assets	3,381,059,573	1,100,629,096	82,247,962	222,114,372	4,786,051,003

	As at June 30, 2015				
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment assets	3,748,903,285	1,219,752,443	98,412,457	250,222,825	5,317,291,010

	As at September 30, 2015				
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	248,764,612	157,970,488	29,869,326	884,360,768	1,320,965,194

	As at June 30, 2015				
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	240,477,042	134,925,855	25,690,180	893,330,575	1,294,423,652

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 GENERAL

13.1 There are no other significant activities since June 30, 2015 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.

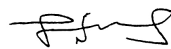
13.3 Figures have been rounded off to the nearest Rupee.

14 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 28th October, 2015.



KHURRAM SALIM
Chief Executive



MOHAMMAD SHAKEEL
Director

Karachi: 28th October, 2015

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