



of Companies

**THIRD QUARTERLY ACCOUNTS
2014-2015
(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 nine months ended 31st March 2015. These statements have been prepared in compliance with IAS-34 and are being submitted under section 245 of The Companies Ordinance 1984.

Operating Results

During the nine months ended 31st March 2015, the company's profit after tax came to PKR 121.929 million as compared to PKR 343.078 million for the nine months ended 31st March 2014. The earnings per share (EPS) for the nine months ended 31st March 2015 is PKR 40.64 (31st March 2014: PKR 114.36).

The company's financial position continues to remain stout supported by strong capital and revenue reserves. Break up value of shares is PKR 1,116.80 as at 31st March 2015 (30th June 2014: PKR 1,096.16).

During the nine months under review Pakistan textile industry faced depressed business environment. The sluggish demand of yarn and prices are the major concern, which resulted in decline in profit margin.

Future Outlook

The textile sector particularly spinning segment is expected to remain under pressure due to lower demand and reduced prices in both local and international markets. However reduction of mark-up rate by State Bank of Pakistan and decline in oil prices might give some relief in coming period.

Energy crisis is still a major obstacle for growth of economy of Pakistan. Although Government has signed with China various agreements and MoUs for power project but it will materialize in around three years. Government should take some immediate steps to resolve the energy crisis.

Unlike previous year, frequency of gas outage has increased. In the absence of gas supply, we had to operate machineries through power generation based on furnace oil. Generation of power based on furnace oil has resulted in extra fuel and power cost which had to be borne by the company.

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

Yours directors extend their appreciation to the company's banker, buyers and suppliers for the cooperation extended by them. Yours directors also record with appreciation, the efforts of the company's managers, technicians and workers who have worked vigorously to meet the target.

For and on behalf of the Board

Khurrum Salim
Chief Executive

Karachi: 27th April 2015



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Balance Sheet (Un-audited)
As At March 31, 2015**

	Note	March 31, 2015 Rupees	June 30, 2014 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
6,000,000 (2014: 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		3,150,000,000	3,150,000,000
Unappropriated profit		170,417,176	108,487,652
		3,350,417,176	3,288,487,652
NON CURRENT LIABILITIES			
Long term financing - secured		610,192,587	620,240,702
Deferred liabilities	4	173,804,266	158,111,719
		783,996,853	778,352,421
CURRENT LIABILITIES			
Trade and other payables		506,758,720	426,780,269
Mark-up accrued on loans and other payables		28,890,227	21,458,189
Short term borrowings - secured	5	358,800,000	802,212,479
Current portion of long term borrowings		40,048,115	-
		934,497,062	1,250,450,937
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		<u>5,068,911,091</u>	<u>5,317,291,010</u>

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

Karachi: 27th April 2015

Khurram Salim
Chief Executive



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Balance Sheet (Un-audited)
As At March 31, 2015**

	Note	March 31, 2015 Rupees	June 30, 2014 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	2,098,206,709	1,540,975,267
Capital work in progress		24,516,842	725,583,893
Long term deposit		26,205,436	11,220,436
		2,148,928,987	2,277,779,596
CURRENT ASSETS			
Stores, spares and loose tools		94,075,005	62,663,236
Stock in trade		1,560,827,317	2,164,138,832
Trade debts		558,635,037	500,932,916
Loans and advances		139,966,384	38,555,570
Trade deposits and short term prepayments		49,070,397	40,413,940
Other receivables		4,767	3,783,880
Income tax refundable		75,961,593	76,817,187
Sales tax refundable		67,609,383	121,771,262
Cash and bank balances		373,832,221	30,434,591
		2,919,982,104	3,039,511,414
TOTAL ASSETS		5,068,911,091	5,317,291,010

Mohammad Shakeel
Director



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Profit And Loss Account (Un-audited)
For The Nine Months Ended March 31, 2015**

	NINE MONTHS ENDED		QUARTER ENDED	
	March 31, 2015 Rupees	March 31, 2014 Rupees	March 31, 2015 Rupees	March 31, 2014 Rupees
Sales	5,303,774,015	5,794,885,615	1,799,856,785	2,025,111,321
Cost of goods sold	4,810,532,328	5,038,101,500	1,613,951,866	1,847,338,452
Gross profit	493,241,687	756,784,115	185,904,919	177,772,869
Other income	8,732,176	8,469,393	495,614	628,371
	501,973,863	765,253,508	186,400,533	178,401,240
Distribution cost	124,761,685	145,235,803	40,975,945	49,733,203
Administrative expenses	89,805,827	88,427,965	32,976,821	31,661,521
Other operating expenses	13,133,336	22,425,123	5,652,666	3,719,874
Finance cost	99,236,125	108,098,766	30,080,377	42,004,805
	326,936,973	364,187,657	109,685,809	127,119,403
Profit before tax	175,036,890	401,065,851	76,714,724	51,281,837
Provision for taxation 8	53,107,366	57,987,815	17,978,976	20,320,623
Profit after tax	121,929,524	343,078,036	58,735,748	30,961,214
Earnings per share - basic and diluted	40.64	114.36	19.58	10.32

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

Khurram Salim
Chief Executive

Mohammad Shakeel
Director

Karachi: 27th April 2015



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Cash Flow Statement (Un-audited)
For The Nine Months Ended March 31, 2015**

	March 31, 2015 Rupees	March 31, 2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	175,036,890	401,065,851
Adjustments for:		
Depreciation on property, plant and equipment	149,900,252	106,937,512
Provision for employees' benefits	29,565,000	19,440,000
Provision for bad debts	232,000	42,671
Infrastructure fee	2,230,400	6,078,167
(Gain) on disposal of property, plant and equipment	(5,429,069)	(664,091)
Finance cost	99,236,125	108,098,766
Operating cash flows before changes in working capital	450,771,598	640,998,876
(Increase)/decrease in current assets		
Inventories	571,899,746	(559,245,691)
Trade debts	(57,934,121)	(80,580,122)
Loans and advances	(101,410,814)	(1,229,040)
Trade deposits	(8,656,457)	(13,718,655)
Other receivables	3,779,113	(2,004,514)
Sales tax refundable	54,161,879	(51,928,845)
	461,839,346	(708,706,867)
Increase in trade and other payables	79,907,943	108,226,017
Cash (used) / generated by operations	992,518,887	40,518,026
Finance cost paid	(91,804,087)	(86,550,292)
Employees' benefits paid	(16,102,853)	(17,798,744)
Income taxes paid	(52,251,772)	(65,576,204)
Long term deposits	(14,985,000)	(577,640)
	(175,143,712)	(170,502,880)
Net cash generated from operating activities	817,375,175	(129,984,854)



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Cash Flow Statement (Un-audited)
For The Nine Months Ended March 31, 2015**

	March 31, 2015 Rupees	March 31, 2014 Rupees
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	43,573,504	3,837,712
Purchase of property, plant and equipment	(44,209,078)	(159,609,669)
Net cash used in investing activities	(635,574)	(155,771,957)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term loans	30,000,000	-
Payment of liability against assets subject to finance lease	-	(1,699,570)
Short term bank borrowings	(443,412,479)	412,352,750
Dividend paid	(59,929,492)	(60,021,024)
Net cash from financing activities	(473,341,971)	350,632,156
Net increase / (decrease) in cash and cash equivalents	343,397,630	64,875,345
Cash and cash equivalents at the beginning of the year	30,434,591	53,183,616
Cash and cash equivalents at the end of the year	373,832,221	118,058,961

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

Khurram Salim
Chief Executive

Karachi: 27th April 2015

Mohammad Shakeel
Director



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Statement of Comprehensive Income (Un-audited)
For The Nine Months Ended March 31, 2015**

	Nine Month Ended		Quarter Ended	
	31 st March 2015 Rupees	31 st March 2014 Rupees	31 st March 2015 Rupees	31 st March 2014 Rupees
Profit for the period after taxation	121,929,524	343,078,036	58,735,748	30,961,214
Change in fair value available for sales of financial assets	-	645,500	-	116,000
Other comprehensive income before taxation	121,929,524	343,723,536	58,735,748	31,077,214
Deferred taxation	-	-	-	-
Other comprehensive income after taxation	121,929,524	343,723,536	58,735,748	31,077,214
Total comprehensive Income for the period	121,929,524	343,723,536	58,735,748	31,077,214

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

Khurram Salim
Chief Executive

Mohammad Shakeel
Director

Karachi: 27th April 2015



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Statement of Changes in Equity (Un-audited)
For The Nine Months Ended March 31, 2015**

	Share Capital	General Reserves	Available for sale financial assets	Unappropriated Profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2013	30,000,000	2,800,180,000	(180,000)	117,357,337	2,947,357,337
Total comprehensive income for the nine months ended 31st March 2014	-	-	-	343,723,536	343,723,536
Balance as at March 31, 2014	30,000,000	2,800,180,000	(180,000)	461,080,873	3,291,080,873
Total comprehensive income for the remaining period	-	-	180,000	57,226,779	57,406,779
Transfer to general reserve	-	349,820,000	-	(349,820,000)	-
Final dividend paid for the year ended June 30, 2013 at the rate of PKR 20.0 per share	-	-	-	(60,000,000)	(60,000,000)
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 nine months ended 31st March 2015	-	-	-	121,929,524	121,929,524
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 March 31, 2015	30,000,000	3,150,000,000	-	170,417,176	3,350,417,176

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

Khurram Salim
Chief Executive

Mohammad Shakeel
Director

Karachi: 27th April 2015



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statement (Un-audited) For The Nine Months Ended March 31, 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, 2014.

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 nine months ended March 31, 2015. These condensed interim financial information also include the condensed interim profit and loss account for the quarter ended March 31, 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 2014.

2.5 Functional currency

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



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Notes To Financial Statement (Un-audited)
For The Nine Months Ended March 31, 2015**

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, 2014.

	March 31,2015 Rupees (Un-Audited)	June 30,2014 Rupees (Audited)
4 DEFERRED LIABILITIES		
These include the following:		
Employees retirement benefits	117,083,541	103,621,394
Deferred taxation	19,904,725	19,904,725
Long term payables - Secured	36,816,000	34,585,600
	173,804,266	158,111,719

5 SHORT TERM BORROWINGS

The aggregate available short term funded facilities amounts to Rs. 5,540 million (June 30, 2014: Rs. 5,360 million) out of which Rs.5,043 million (June 30, 2014: Rs. 2,483 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, 2014.

	March 31,2015 Rupees (Un-Audited)	June 30,2014 Rupees (Audited)
7 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
- assets owned by the Company 7.1	2,098,206,709	1,540,975,267
- assets subject to finance lease 7.2	-	-
	2,098,206,709	1,540,975,267
Capital work in progress	24,516,842	725,583,893
	2,122,723,551	2,266,559,160
7.1 Assets owned by the Company		
Net book value at the beginning of the period/year	1,540,975,267	1,528,341,378
Additions during the period/year		
Freehold land	-	49,984,901
Factory buildings	28,082,820	350,800
Plant and machinery	658,985,085	70,992,163
Equipment and other assets	49,251,737	20,306,528
Vehicles	8,956,487	15,791,437
	745,276,129	157,425,829
Net book value of assets transferred from leased assets	-	3,549,609
Net book value of assets disposed during the period/year	(38,144,435)	(3,173,621)
Depreciation for the period/year	(149,900,252)	(145,167,928)
Net book value at the end of the period/year	2,098,206,709	1,540,975,267



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Notes To Financial Statement (Un-audited)
For The Nine Months Ended March 31, 2015**

	March 31,2015 <i>Rupees</i> <i>(Un-Audited)</i>	June 30,2014 <i>Rupees</i> <i>(Audited)</i>
7.2 Assets subject to finance lease		
Net book value at the beginning of the period/year	-	3,549,609
Additions during the period/year	-	-
Net book value of assets transferred to owned assets	-	(3,549,609)
Net book value at the end of the period/year	-	-

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	Nine Months Ended		Quarter Ended	
	March 31, 2015 Rupees	March 31, 2014 Rupees	March 31, 2015 Rupees	March 31, 2014 Rupees
Services received	225,000	225,000	75,000	75,000
Services rendered	687,455	674,858	15,000	15,000
Electricity purchased	420,733,622	625,031,016	144,171,607	230,144,295
Purchase of yarn, fabric and machinery	172,051,449	120,461,313	50,881,981	61,113,682
Sales of cotton, yarn, fabric and machinery	445,556,129	498,002,989	180,082,072	128,543,344

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 March 31, 2015 is as follows:



of Companies

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statement (Un-audited) For The Nine Months Ended March 31, 2015

	Nine Months ended March 31, 2015			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Revenue from external customers	<u>3,353,947,969</u>	<u>1,949,826,046</u>	<u>-</u>	<u>5,303,774,015</u>
Inter-segment revenues	<u>63,014,286</u>	<u>-</u>	<u>49,471,530</u>	<u>112,485,816</u>

	Nine Months ended March 31, 2014			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Revenue from external customers	<u>3,792,491,217</u>	<u>2,002,394,398</u>	<u>-</u>	<u>5,794,885,615</u>
Inter-segment revenues	<u>95,372,300</u>	<u>-</u>	<u>64,634,699</u>	<u>160,006,999</u>

	As at March 31, 2015				
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment assets	<u>3,600,476,450</u>	<u>1,211,412,364</u>	<u>87,245,865</u>	<u>169,776,412</u>	<u>5,068,911,091</u>

	As at June 30, 2014				
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment assets	<u>3,748,903,285</u>	<u>1,219,752,443</u>	<u>98,412,457</u>	<u>250,222,825</u>	<u>5,317,291,010</u>

	As at March 31, 2015				
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	<u>251,110,599</u>	<u>205,565,721</u>	<u>24,657,720</u>	<u>1,237,159,875</u>	<u>1,718,493,915</u>

	As at June 30, 2014				
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	<u>213,399,737</u>	<u>155,857,925</u>	<u>15,471,709</u>	<u>1,644,073,987</u>	<u>2,028,803,358</u>

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 GENERAL

12.1 There are no other significant activities since June 30, 2014 affecting the interim financial information.

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


12.3 Figures have been rounded off to the nearest Rupee.

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 27th April, 2015.

Karachi: 27th April 2015


Khurram Salim
Chief Executive


Mohammad Shakeel
Director

THIRD QUARTER REPORT 2015

12

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