



of Companies

**FIRST QUARTERLY ACCOUNTS
2016-2017
(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 Textile Mills Limited**, I am pleased to present, the un-audited condensed interim financial statements for first quarter ended 30th September 2016.

Operating Results

During the first quarter ended 30th September 2016, the company earned profit after tax amounting to PKR 86.673 million as compared to PKR 39.122 million for the first quarter ended 30th September 2015. The earnings per share (EPS) for the first quarter ended 30th September 2016 is PKR 28.89 (30th September 2015: PKR 13.04).

Profitability of the company has increased in the current quarter under review as compared to previous year's quarter. But there are still challenges for textile industry to compete in local and international market. The availability of Indian and Chinese yarn in local market is one of the major concerns particularly for spinning sector. The government has already imposed regulatory duty on import of yarn but the quantum of import has not reduced. Government should review the duty structure in order to save local textile industry.

The company's financial position continues to remain solid supported by strong capital and revenue reserves and excellent current ratio and gearing ratio. Breakup value of shares is PKR 1,242 as at 30th September 2016 (30th June 2016: PKR 1,213).

Future Outlook

In current season, Pakistan's cotton production is expected to miss its target despite the fact that the cotton production estimate was revised. It will be the fifth consecutive year of below target cotton production.

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 fabric in order to support spinning segment which is currently in crisis.

The results of the subsequent quarter will depend on the direction of cotton prices and demand of yarn. The management expects a moderate result in subsequent period.

Acknowledgement

I would like to thank our customers for their trust in our products. I would also like to acknowledge the continued support of our shareholders, bankers and suppliers, and our employees for their dedication and contribution to the Company.

On behalf of the Board
KHURRUM SALIM
Chief Executive / Director

Karachi: 28th October, 2016



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Balance Sheet (Un-Audited) As At September 30, 2016

	(Un-Audited) 30 th September, 2016	(Audited) 30 th June, 2016
Note	Rupees	Rupees
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital		
6,000,000 (2016: 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	3,500,000,000	3,500,000,000
Unappropriated profit	<u>196,226,424</u>	<u>109,552,719</u>
	3,726,226,424	3,639,552,719
NON CURRENT LIABILITIES		
Long term financing - secured	329,221,754	348,587,741
Infrastructure fee payable	52,325,375	50,643,627
Deferred liabilities	4 179,243,234	173,326,566
	560,790,363	572,557,934
CURRENT LIABILITIES		
Trade and other payables	419,271,652	408,214,348
Mark-up accrued on loans and other payables	6,438,388	7,426,523
Short term borrowings - secured	5 -	-
Current portion of long term borrowings	<u>77,463,948</u>	<u>77,463,948</u>
	503,173,988	493,104,819
CONTINGENCIES AND COMMITMENTS	6 -	-
TOTAL EQUITY AND LIABILITIES	<u>4,790,190,775</u>	<u>4,705,215,472</u>

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

Karachi: 28th October, 2016

KHURRAM SALIM
Chief Executive



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Balance Sheet (Un-Audited) As At September 30, 2016

	Note	(Un-Audited) 30 th September, 2016 Rupees	(Audited) 30 th June, 2016 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	1,914,572,113	1,958,366,565
Long term deposit		26,205,436	26,205,436
		1,940,777,549	1,984,572,001
CURRENT ASSETS			
Stores, spares and loose tools		62,766,578	66,372,037
Stock in trade		1,565,679,466	1,742,764,490
Trade debts		501,782,090	413,601,508
Loans and advances		95,640,436	91,805,586
Trade deposits and short term prepayments		62,716,938	68,002,935
Other receivables		4,638,489	17,221,232
Income tax refundable		104,764,028	109,065,600
Sales tax refundable		146,802,470	146,524,408
Cash and bank balances		304,622,731	65,285,675
		2,849,413,226	2,720,643,471
TOTAL ASSETS		4,790,190,775	4,705,215,472

MOHAMMAD SHAKEEL
Director



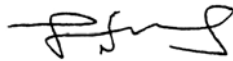
BHANERO TEXTILE MILLS LIMITED

Condensed Interim Profit and Loss Account (Un-Audited) For The First Quarter Ended 30th September, 2016

	30 th September, 2016 Rupees	30 th September, 2015 Rupees
Sales	1,680,052,478	1,600,461,526
Cost of goods sold	1,491,915,568	1,455,613,091
Gross profit	188,136,910	144,848,435
Other income	1,836,416	1,245,325
	189,973,326	146,093,760
Distribution cost	37,249,233	33,503,506
Administrative expenses	30,345,527	35,235,039
Other operating expenses	7,623,307	4,057,231
Finance cost	11,296,101	18,235,550
	86,514,168	91,031,326
Profit before tax	103,459,158	55,062,434
Provision for taxation	8	
Current year	16,785,453	15,940,363
Profit after tax	86,673,705	39,122,071
Earnings per share - basic and diluted	28.89	13.04

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


KHURRUM SALIM
Chief Executive


MOHAMMAD SHAKEEL
Director

Karachi: 28th October, 2016



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Cash Flow Statement For The First Quarter Ended 30th September, 2016

	30 th September, 2016 Rupees	30 th September, 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	103,459,158	55,062,434
Adjustments for:		
Depreciation on property, plant and equipment	46,065,000	50,598,664
Provision for employees' benefits	11,370,000	11,670,000
Provision for bad debts	-	1,387,000
Infrastructure fee	1,681,748	2,802,580
(Gain) on disposal of property, plant and equipment	-	(2,278)
Finance cost	11,296,101	18,235,550
Operating cash flows before changes in working capital	173,872,007	139,753,950
(Increase)/decrease in current assets		
Inventories	180,690,483	495,722
Trade debts	(88,180,582)	(87,382,043)
Loans and advances	(3,834,850)	97,831,145
Trade deposits	5,285,997	(7,427,008)
Other receivables	12,582,743	10,345,023
Sales tax refundable	(278,062)	(18,052,249)
	106,265,729	(4,189,410)
Increase in trade and other payables	11,057,304	22,803,364
Cash (used) / generated by operations	291,195,040	158,367,904
Finance cost paid	(12,284,236)	(19,408,449)
Employees' benefits paid	(5,453,332)	(4,146,763)
Income taxes paid	(12,483,881)	(15,740,388)
	(30,221,449)	(39,295,600)
Net cash generated / (used) from operating activities	260,973,591	119,072,304



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Cash Flow Statement For The First Quarter Ended 30th September, 2016

	30 th September, 2016 Rupees	30 th September, 2015 Rupees
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	218,487
Purchase of property, plant and equipment	<u>(2,270,548)</u>	<u>(10,850,300)</u>
Net cash generated / (used) in investing activities	<u>(2,270,548)</u>	<u>(10,631,813)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long term financing	<u>(19,365,987)</u>	<u>(6,477,376)</u>
Net cash generated / (used) from financing activities	<u>(19,365,987)</u>	<u>(6,477,376)</u>
Net increase / (decrease) in cash and cash equivalents	239,337,056	101,963,115
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	<u>304,622,731</u>	<u>279,034,142</u>

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

KHURRAM SALIM
Chief Executive

Karachi: 28th October, 2016

MOHAMMAD SHAKEEL
Director



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Statement of Comprehensive Income (Un-Audited) For The First Quarter Ended 30th September, 2016

	30 th September, 2016 Rupees	30 th September, 2015 Rupees
Profit for the period after taxation	86,673,705	39,122,071
Other comprehensive income	-	-
Total comprehensive Income for the period	<u>86,673,705</u>	<u>39,122,071</u>

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

KHURRUM SALIM
Chief Executive

MOHAMMAD SHAKEEL
Director

Karachi: 28th October, 2016



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Statement of Changes in Equity (Un-Audited) For The First Quarter Ended 30th September, 2016

	Share capital	General reserve	Unappropriated profits	Total
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 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
Total comprehensive income for the remaining period	-	-	203,404,274	203,404,274
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)
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
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

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

KHURRUM SALIM
Chief Executive

MOHAMMAD SHAKEEL
Director

Karachi: 28th October, 2016



BHANERO TEXTILE MILLS LIMITED

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

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.

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statement (Un-audited) For The First Quarter Ended 30th September, 2016

	September 30, 2016 <i>Rupees</i> <i>(Un-Audited)</i>	June 30, 2016 <i>Rupees</i> <i>(Audited)</i>
4 DEFERRED LIABILITIES		
These include the following:		
Employees retirement benefits	120,486,587	114,569,919
Deferred taxation	58,756,647	58,756,647
	179,243,234	173,326,566

5 SHORT TERM BORROWINGS

The aggregate available short term funded facilities amounts to Rs. 5,540 million (June 30, 2016: Rs. 5,540 million) out of which Rs.5,064 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.

	September 30, 2016 <i>Rupees</i> <i>(Un-Audited)</i>	June 30, 2016 <i>Rupees</i> <i>(Audited)</i>
7 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
- assets owned by the Company	7.1 1,911,582,010	1,957,647,010
Capital work in progress	2,990,103	719,555
	1,914,572,113	1,958,366,565

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	-	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
Factory equipment	-	-
Vehicles	-	7,640,340
	-	74,121,850
Net book value of assets disposed during the period/year	-	(1,196,450)
Depreciation for the period/year	(46,065,000)	(195,400,169)
Net book value at the end of the period/year	1,911,582,010	1,957,647,010

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statement (Un-audited) For The First Quarter Ended 30th September, 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	First Quarter Ended	
	September 30, 2016	September 30, 2015
Nature of transaction	Rupees	Rupees
Associated companies		
Services received	79,500	75,000
Services rendered	668,411	670,304
Electricity purchased	224,715,305	163,913,765
Purchase of yarn, fabric and machinery	50,720,119	64,350,024
Sales of cotton, yarn, fabric and machinery	158,398,195	147,966,978

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, 2016 is as follows:

	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
	First 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	50,661,000	-	18,991,710	69,652,710



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statement (Un-audited) For The First Quarter Ended 30th September, 2016

As at September 30, 2016					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment assets	<u>3,269,067,657</u>	<u>1,166,599,299</u>	<u>76,751,885</u>	<u>277,771,934</u>	<u>4,790,190,775</u>
As at June 30, 2016					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total 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>
As at September 30, 2016					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	<u>208,703,775</u>	<u>167,644,246</u>	<u>37,710,794</u>	<u>649,905,536</u>	<u>1,063,964,351</u>
As at June 30, 2016					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total 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>

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, 2016 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, 2016.

KHURRUM SALIM
Chief Executive

MOHAMMAD SHAKEEL
Director

Karachi: 28th October, 2016

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>