

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.*



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 interim condensed financial statements for half year ended 31st December 2009 alongwith auditors' review thereon.

Operating Results

During the half year ended 31st December 2009, the company's profit after tax came to PKR 80.255 million as compared to PKR 53.238 million for the half year ended 31st December 2008. During the half year under review the economy of Pakistan remained under pressure due to overall law and order situation in Pakistan. However, by the Grace of Al-Mighty Allah, yours company maintained the profitability track despite these tough business conditions.

The earning per share (EPS) for the half year ended 31st December 2009 is PKR 26.75 (31st December 2008: 17.75).

The company's financial position continues to remain robust reflecting good fundamentals supported by strong capital and revenue reserves. Break up value of shares is PKR 352.99 as at 31st December 2009 (30th June 2009 PKR 328.23).

The title "balance sheet" has been replaced by "Statement of Financial Position" and title "Profit and loss account" has been replaced by "Income Statement" and a new statement namely "Statement of Comprehensive Income" has been included in compliance of the requirements of IAS - 1, Presentation of Financial Statements.

Year under Review

The demand of yarn has increased worldwide. Government has imposed quota on export of yarn except for certain category of yarn, keeping in view of availability of yarn for local consumer. Imposition of quota on export of yarn has constraint the activity of export of yarn. Unlike world cotton, local trading of cotton is currently fully of volatile. Currently cotton rate has gone above PKR 5,700 per maund.

Rising trend in finance cost has so far been controlled through monetary policy but it is still at higher side. Government should make efforts to bring KIBOR in single digit.


Interrupted power supply has significantly affected production efficiencies and resulted increases in per unit production cost. Besides the load shedding of electricity massive load shedding of gas in Punjab was observed during December 2009 to February 2010 because export oriented textile sector was placed on fourth priority level. In the absence of gas supply, we had to operate machinery through power generation based on furnace oil because currently WAPDA is not reliable source of electricity due to interrupted supply of electricity.

In the present scenario the results are likely to be positive in coming quarters. However the effect of gas load shedding and increase in tariff of gas is a concern on profitability. 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 : 24th February, 2010


For and on behalf of the Board
Mohammad Salim
Chief Executive

Half Year ended 31st December 2009

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MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

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**Auditors' Report to the Members on Review of Condensed Interim
Financial Information**

Introduction

We have reviewed the accompanying condensed interim Statement of Financial Position of **Bhanero Textile Mills Limited** as at December 31, 2009, and the related condensed interim Income Statement and condensed interim statement of comprehensive income, condensed interim Statement of Cash Flow 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 interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures for the quarter ended December 31, 2009 and 2008 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2009.

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 the accompanying condensed interim financial information as of and for the half year ended December 31, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi:
Date: 24th February, 2010

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Shahabuddin A. Siddiqui



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Statement of Financial Position (Un-audited) As At 31st December, 2009

	Note	(Un-audited) December 31, 2009 Rupees	(Audited) June 30, 2009 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
6,000,000 (June 2009: 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		900,000,000	900,000,000
Unappropriated profit		<u>128,972,126</u>	<u>54,716,498</u>
		1,058,972,126	984,716,498
Loan from sponsors		94,642,858	89,285,715
NON CURRENT LIABILITIES			
Long term financing - secured		<u>216,740,095</u>	509,066,345
Liabilities against assets subject to finance lease		<u>10,411,700</u>	8,266,315
Employees retirement benefits		<u>52,238,691</u>	45,777,015
Infrastructure fee payable		<u>27,154,878</u>	24,134,372
Deferred liabilities		<u>133,654,155</u>	133,654,155
		440,199,519	720,898,202
CURRENT LIABILITIES			
Trade and other payables		<u>242,825,768</u>	189,338,230
Mark-up accrued on loans		<u>32,800,999</u>	45,511,678
Short term borrowings - secured		<u>1,423,670,022</u>	891,074,535
Current portion of long term financing		<u>456,665,559</u>	213,224,878
		2,155,962,348	1,339,149,321
CONTINGENCIES AND COMMITMENTS	5		
		<u>3,749,776,851</u>	<u>3,134,049,736</u>

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

Mohammad Salim
Chief Executive

Karachi : 24th February, 2010

Half Year ended 31st December 2009


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BHANERO TEXTILE MILLS LIMITED

Condensed Interim Statement of Financial Position (Un-audited) As At 31st December, 2009

	Note	(Un-audited) December 31, 2009 Rupees	(Audited) June 30, 2009 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	1,640,150,963	1,724,335,447
Capital work in progress	7	29,260,188	2,578,358
Long term investments		375,000	375,000
Long term loans		11,941,836	10,245,254
Long term deposits		15,166,514	30,128,996
		1,696,894,501	1,767,663,055
CURRENT ASSETS			
Stores, spares and loose tools		52,157,024	39,555,782
Stock in trade		1,387,563,083	799,754,468
Trade debts		431,878,552	443,988,669
Loans and advances		71,968,769	5,904,034
Trade deposits and short term prepayments		32,403,719	23,119,238
Other receivables		4,806,192	5,055,824
Taxation		13,818,048	19,063,451
Sales Tax Refundable		13,372,055	7,279,625
Cash and bank balances		44,914,908	22,665,590
		2,052,882,350	1,366,386,681
		3,749,776,851	3,134,049,736


Mohammad Sharif
Director




BHANERO TEXTILE MILLS LIMITED

Condensed Interim Income Statement (Un-audited) For the Half Year Ended 31st December 2009

	Half Year Ended		Quarter Ended	
	December 31, December 31,		December 31, December 31,	
	2009	2008	2009	2008
	Rupees	Rupees	Rupees	Rupees
Sales	2,037,186,059	1,883,391,520	1,068,607,172	930,797,970
Cost of goods sold	<u>1,759,218,459</u>	<u>1,605,953,646</u>	<u>923,701,443</u>	<u>791,226,644</u>
Gross profit	277,967,600	277,437,874	144,905,729	139,571,326
Other operating income	<u>949,234</u>	<u>191,246</u>	<u>913,388</u>	<u>15,000</u>
	<u>278,916,834</u>	<u>277,629,120</u>	<u>145,819,117</u>	<u>139,586,326</u>
Distribution cost	<u>21,741,924</u>	<u>23,023,749</u>	<u>11,926,577</u>	<u>9,246,958</u>
Administrative expenses	<u>32,479,605</u>	<u>30,571,617</u>	<u>16,865,990</u>	<u>14,421,862</u>
Other operating expenses	<u>5,663,074</u>	<u>4,367,048</u>	<u>2,875,770</u>	<u>2,113,562</u>
Finance cost	<u>111,848,384</u>	<u>141,762,977</u>	<u>59,925,701</u>	<u>78,716,424</u>
	<u>171,732,987</u>	<u>199,725,391</u>	<u>91,594,038</u>	<u>104,498,806</u>
Profit before tax	107,183,847	77,903,729	54,225,079	35,087,520
Provision for taxation	<u>26,928,219</u>	<u>24,665,632</u>	<u>14,187,205</u>	<u>12,001,541</u>
Profit after tax	<u>80,255,628</u>	<u>53,238,097</u>	<u>40,037,874</u>	<u>23,085,979</u>
Earnings per Share - basic and diluted	<u>26.75</u>	<u>17.75</u>	<u>13.35</u>	<u>7.70</u>

The annexed notes form an integral part of these financial statements


Mohammad Salim
 Chief Executive


Mohammad Sharif
 Director

Karachi : 24th February, 2010

Half Year ended 31st December 2009

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BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Statement of Comprehensive Income (Un-audited)
For the Half Year Ended 31st December 2009**

	Half Year Ended		Quarter Ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
	Rupees	Rupees	Rupees	Rupees
Profit for the period after taxation	80,255,628	53,238,097	40,037,874	23,085,979
Other comprehensive income for the period	-	-	-	-
Total comprehensive Income for the period	<u>80,255,628</u>	<u>53,238,097</u>	<u>40,037,874</u>	<u>23,085,979</u>

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


Mohammad Salim
Chief Executive


Mohammad Sharif
Director

Karachi : 24th February, 2010




BHANERO TEXTILE MILLS LIMITED

Condensed Interim Statement of Cash Flow (Un-audited) For the Half Year Ended 31st December 2009

	December 31, 2009	December 31, 2008
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	107,183,847	77,903,729
Adjustments for:		
Depreciation on property, plant and equipment	83,094,410	86,910,000
Provision for employees' benefits	10,410,000	7,920,000
Infra structure fee	3,020,506	3,070,018
(Gain) on disposal of property, plant and equipment	(79,782)	(57,250)
Finance cost	111,848,384	141,069,288
Operating cash flows before changes in working capital	315,477,365	316,815,785
(Increase)/decrease in current assets		
Inventories	(600,409,857)	(356,051,299)
Trade debts	12,110,117	(149,963,033)
Loans and advances	(66,064,735)	(27,459,184)
Trade deposits	(9,284,481)	(5,449,951)
Other receivables	249,632	3,301,429
Sales tax refundable	(6,092,430)	(2,181,711)
	(669,491,754)	(537,803,749)
Increase in trade and other payables	53,468,910	86,501,254
Cash generated by operations	(300,545,479)	(134,486,710)
Finance cost paid	(119,201,920)	(114,518,679)
Employees' benefits paid	(3,948,324)	(4,777,782)
Income taxes paid	(21,682,816)	(6,756,537)
Long term loans	(1,696,582)	(2,425,102)
Long term deposits	14,962,482	(4,235,060)
	(131,567,160)	(132,713,160)
Net cash used in operating activities	(432,112,639)	(267,199,870)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	2,700,000	63,000
Purchase of property, plant and equipment	(28,211,977)	(38,836,254)
Net cash used in investing activities	(25,511,977)	(38,773,254)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long term financing	(50,546,680)	(159,285,716)
Payment of long term financing -murabaha	-	(10,909,092)
Proceed from liability against assets subject to finance lease	-	13,152,000
Payment of liability against assets subject to finance lease	3,806,496	-
Short term bank borrowings	532,595,487	562,295,345
Dividend paid	(5,981,369)	(6,000,000)
Net cash from financing activities	479,873,934	399,252,537
NET INCREASE IN CASH AND CASH EQUIVALENTS	22,249,318	93,279,413
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	22,665,590	18,529,277
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	44,914,908	111,808,690

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


Mohammad Salim
 Chief Executive


Mohammad Sharif
 Director

Karachi : 24th February, 2010

Half Year ended 31st December 2009




BHANERO TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2009

	SHARE CAPITAL	GENERAL RESERVE	PROFIT FOR THE PERIOD AND APPROPRIATION	TOTAL
	<----- Rupees ----->			
Balance as at June 30, 2008	30,000,000	850,000,000	29,841,969	909,841,969
Profit for the half year ended 31st December 2008	-	-	53,238,097	53,238,097
Final dividend for the year ended June 30, 2008 Rs. 2.0 per share	-	-	(6,000,000)	(6,000,000)
Balance as at December 31, 2008	30,000,000	850,000,000	77,080,066	957,080,066
Profit for the remaining half year ended 30th June 2009	-	-	27,636,432	27,636,432
Transferred to general reserve	-	50,000,000	(50,000,000)	-
Balance as at June 30, 2009	30,000,000	900,000,000	54,716,498	984,716,498
Profit for the half year ended 31st December 2009	-	-	80,255,628	80,255,628
Final dividend for the year ended June 30, 2009 Rs. 2.0 per share	-	-	(6,000,000)	(6,000,000)
Balance as at December 31, 2009	30,000,000	900,000,000	128,972,126	1,058,972,126


Mohammad Salim
 Chief Executive


Mohammad Sharif
 Director

Karachi : 24th February, 2010



BHANERO TEXTILE MILLS LIMITED

Notes And Forming Parts Of The Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended December 31, 2009

1 NATURE AND SCOPE OF THE BUSINESS

The company was incorporated in Pakistan as a public limited company on March 30, 1980. Its shares are quoted on the Karachi, Lahore and Islamabad Stock Exchanges. The company is principally engaged in manufacturing and sale of yarn and fabrics. The registered office is located at Umer House, 23/1, Sector 23, S.M Farooq Road, Korangi Industrial Area, Karachi.

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 International Finance Reporting Standard (IFRS) 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, 2009.

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 statements comprise of condensed interim statement of financial position, condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity together with the notes for the half year ended December 31, 2009 which have been subjected to a review but not audited. These condensed interim financial statements also include the condensed interim income statement for the quarter ended December 31, 2009.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended 30 June, 2009 except amendments in International Accounting Standard 1 (Revised) 'Presentation of Financial Statements' which became applicable from the financial periods beginning on or after 1 January 2009. The application of this standard has resulted in certain increased disclosures including the statement of other comprehensive income which has been reflected in the Company's condensed interim financial information.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.
- 4.2 Judgements and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June, 2009.
- 4.3 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 2009.



BHANERO TEXTILE MILLS LIMITED

5 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There is no material change in contingencies and commitments as disclosed in annual financial statements of the company for the year ended June 30, 2009.

	(Un-audited) December 31 2009	(Audited) June 30 2009
Contingencies		
Bank guarantees issued in ordinary course of business	41,346,000	41,346,000
Commitments		
Letter of credit	19,349,758	14,035,466
Building and civil works	20,000,000	-

6 ACQUISITION AND DISPOSAL OF FIXED ASSETS

Written down value of asset - opening	1,724,335,447	1,841,843,191
Addition during the period	1,530,145	60,124,825
Disposal during the period	(2,620,219)	(651,284)
Depreciation Charged during the period	(83,094,410)	(176,981,285)
Written down value of asset - closing	<u>1,640,150,963</u>	<u>1,724,335,447</u>

	(Un-audited) December 2009		(Audited) June 2009	
	Addition/ Transfers	Disposal	Addition/ Transfers	Disposal
	===== Rupees =====			
Company Owned				
Building on Lease Hold Land				
Factory	-	-	8,689,329	-
Non Factory	-	-	1,144,426	-
Building on freehold land				
Non Factory	136,005	-	-	-
Plant and machinery	-	2,620,219	30,922,991	230,007
Equipment and other assets	665,715	-	3,189,073	-
Electric Installations	641,350	-	-	-
Cooling Tower	-	-	694,850	-
Factory Equipments	-	-	307,996	-
Office equipments	-	-	89,120	-
Furniture and fixtures -office	46,575	-	224,480	-
Vehicles	40,500	-	1,225,040	421,277
Assets subject to finance lease				
Vehicles	-	-	13,637,520	-
	<u>1,530,145</u>	<u>2,620,219</u>	<u>60,124,825</u>	<u>651,284</u>

7 CAPITAL WORK IN PROGRESS

	(Un-audited) DECEMBER 2009 RUPEES	(Audited) JUNE 2009 RUPEES
Factory Building	12,720,895	2,257,683
Plant and Machinery	16,377,288	320,675
Others	162,005	-
	<u>29,260,188</u>	<u>2,578,358</u>



BHANERO TEXTILE MILLS LIMITED

8 TRANSACTIONS WITH ASSOCIATED UNDERTAKING

The Company enters into transactions with the related parties in normal course of business at arm's length determined in accordance with "comparable Uncontrolled Price Method". personnel under the terms of employment are as follows: Transactions with related parties other than remuneration and benefits to key management

Category	Nature of transaction	December 2009 Rupees	December 2008 Rupees
8.1 Transactions			
Associated Undertaking	Services received	1,060,000	60,000
	Services rendered	7,656,770	6,951,260
	Electricity purchased	77,512,655	88,388,844
	Purchases of yarn and fabric	40,417,856	22,384,298
	Purchase of cotton	94,693,554	49,083,748
	Sales of yarn and fabric	192,338,935	134,197,927
	Sales of cotton	868,074	-
8.2 Outstanding balances		(Un-audited) December 2009 Rupees	(Audited) June 2009 Rupees
Employees benefits payable		<u>52,238,691</u>	<u>45,777,015</u>

9 DATE OF AUTHORIZATION FOR ISSUE

These six months period financial statements were authorized for issue on 24 February 2010 by the Board of Directors of the Company.

10 DIVIDEND

The Company has paid cash dividend at the rate of 20% (i.e. Rs. 2.0 per share) on the ordinary shares as approved in 30th Annual General Meeting held on October 23, 2009.

11 OTHERS

There are no other significant activity since June 30, 2009 affecting the financial statements.

12 GENERAL

Figures have been rounded off to the nearest rupee.


Mohammad Salim
Chief Executive

Karachi : 24th February, 2010


Mohammad Sharif
Director