



of Companies

THIRD QUARTERLY ACCOUNTS
2009 - 2010
(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 pleased to present, the un-audited interim condensed financial statements for nine months ended 31st March 2010.

Operating Results

During the nine months ended 31st March 2010, the company's profit after tax came to **PKR 201.625 million** as compared to **PKR 59.289 million** for the nine months ended 31st March 2009. During the nine months under review the economy of Pakistan remained under pressure but textile sector revive due to massive demand of yarn both in local and international markets. By the Grace of Al-Mighty Allah, yours company earn a record profit during the quarter ended 31st March 2010.

The earning per share (EPS) for the nine months ended 31st March 2010 is PKR 67.21 (31st March 2009: PKR. 19.76).

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 393.44 as at 31st March 2010 (30th June 2009 PKR 328.23).

Year under Review

The demand of yarn has substantially 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 6,500 per maund but fortunately the prices of yarn and fabric are increasing in similar direction.

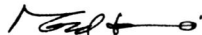
Rising trend in finance cost has so far been controlled through monetary policy but it is still at higher side. Government should make efforts to bring KIBOR in single digit.

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. Moreover weekly gas load shedding is now being observed in even summer season. 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 quarter if the prices of yarn and fabric remain at upward level.

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.



For and on behalf of the Board
Mohammad Salim
Chief Executive

Karachi : 24th April, 2010

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Statement of Financial Position (Un-audited) As At March 31, 2010

	Note	March 31, 2010 Rupees	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	4	30,000,000	30,000,000
Reserves		900,000,000	900,000,000
Unappropriated profits		250,342,297	54,716,498
		<u>1,180,342,297</u>	<u>984,716,498</u>
Loan from sponsors		97,321,429	89,285,715
NON CURRENT LIABILITIES			
Long term financing - secured		145,854,271	509,066,345
Liabilities against assets subject to finance		9,014,527	8,266,315
Long term payables		30,135,539	24,134,372
Deferred liabilities		187,776,776	179,431,170
		<u>372,781,113</u>	<u>720,898,202</u>
CURRENT LIABILITIES			
Trade and other payables		234,792,776	189,338,230
Mark-up accrued on loans		32,457,683	45,511,678
Short term borrowings - secured		1,210,027,839	891,074,535
Current portion of long term financing		445,618,285	213,224,878
		<u>1,922,896,583</u>	<u>1,339,149,321</u>
CONTINGENCIES AND COMMITMENTS	5	-	-
		<u>3,573,341,422</u>	<u>3,134,049,736</u>

The annexed notes form an integral part of these financial statements



Karachi : 24th April, 2010

Mohammad Salim
Chief Executive

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Statement of Financial Position (Un-audited) As At March 31, 2010

ASSETS	Note	March 31, 2010 Rupees	June 30, 2009 Rupees
FIXED ASSETS			
Property, plant and equipment	6	1,609,910,612	1,724,335,447
Capital work in progress	7	55,561,663	2,578,358
Long term investments		375,000	375,000
Long term loans		11,539,036	10,245,254
Long term deposits		9,200,596	30,128,996
		1,686,586,907	1,767,663,055
CURRENT ASSETS			
Stores, spares and loose tools		62,068,188	39,555,782
Stock in trade		1,212,936,849	799,754,468
Trade debts		476,130,561	443,988,669
Loans and advances		26,912,984	5,904,034
Trade deposits and short term prepayments		29,862,897	23,119,238
Other receivables		5,298,559	5,055,824
Taxation		21,370,401	19,063,451
Sales Tax Refundable		21,632,655	7,279,625
Cash and bank balances		30,541,421	22,665,590
		1,886,754,515	1,366,386,681
		3,573,341,422	3,134,049,736



Mohammad Sharif
Director

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Income Statement (Un-audited) For The Nine Months Ended March 31, 2010

	Nine Months		Quarter	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	Rupees	Rupees	Rupees	Rupees
Sales	3,351,668,695	2,725,040,263	1,314,482,636	841,648,743
Cost of goods sold	2,839,043,520	2,334,984,941	1,079,825,061	729,031,295
Gross profit	512,625,175	390,055,322	234,657,575	112,617,448
Other operating income	2,032,587	759,040	1,083,353	567,794
	514,657,762	390,814,362	235,740,928	113,185,242
Distribution cost	36,739,642	33,776,841	14,997,718	10,753,092
Administrative expenses	49,876,566	45,009,543	17,406,861	14,437,926
Other operating expenses	12,421,670	4,963,711	6,758,101	596,663
Finance cost	180,022,691	220,359,016	68,174,307	78,596,039
	279,060,569	304,109,111	107,336,987	104,383,720
Profit before tax	235,597,193	86,705,251	128,403,941	8,801,522
Provision for taxation				
current period	33,971,394	27,362,936	7,043,175	2,697,304
prior period	-	52,449	-	52,449
	33,971,394	27,415,385	7,043,175	2,749,753
Profit after Tax	201,625,799	59,289,866	121,360,766	6,051,769
Earnings per Share - basic and diluted	67.21	19.76	40.45	2.02

The annexed notes form an integral part of these financial statements



Mohammad Salim
Chief Executive



Mohammad Sharif
Director

Karachi : 24th April, 2010

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Statement of Cash Flow (Un-audited) For The Nine Months Ended March 31, 2010

	March 31, 2010	March 31, 2009
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	235,597,193	86,705,251
Adjustments for:		
Depreciation on property, plant and equipment	125,009,410	131,115,000
Provision for employees' benefits	15,615,000	11,880,000
Provision for bad debts	-	4,029,787
Infra structure fee	6,001,167	-
(Gain) on disposal of property, plant and equipment	(569,491)	(595,158)
Finance cost	180,022,691	217,312,135
Operating cash flows before changes in working capital (Increase)/decrease in current assets	561,675,970	450,447,015
Inventories	(435,694,787)	(234,131,984)
Trade debts	(32,141,892)	(4,997,433)
Loans and advances	(21,008,950)	(24,194,694)
Trade deposits	(6,743,659)	(4,404,452)
Other receivables	(242,735)	(149,019)
Sales tax refundable	(14,353,030)	(1,433,860)
	(510,185,053)	(269,311,442)
Increase in trade and other payables	45,435,920	77,385,208
Cash generated by operations	96,926,837	258,520,781
Finance cost paid	(185,040,972)	(182,968,663)
Employees' benefits paid	(7,269,394)	(6,404,858)
Income taxes paid	(36,278,344)	(10,146,536)
Long term loans	(1,293,782)	(2,407,619)
Long term deposits	20,928,400	(5,115,060)
	(208,954,092)	(207,042,736)
Net cash used in operating activities	(112,027,255)	51,478,045
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	3,850,000	941,490
Purchase of property, plant and equipment	(66,848,394)	(48,298,993)
Net cash used in investing activities	(62,998,394)	(47,357,503)

BHANERO TEXTILE MILLS LIMITED

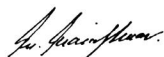
CASH FLOWS FROM FINANCING ACTIVITIES

Payment of long term financing	(132,689,537)	(190,933,223)
Payment of long term financing -murabaha	-	(10,909,092)
Proceed from liability against assets subject to finance lease	5,536,000	12,421,152
Payment of liability against assets subject to finance lease	(2,916,918)	-
Short term bank borrowings	318,953,304	207,004,507
Dividend paid	(5,981,369)	(6,000,000)
Net cash from financing activities	<u>182,901,480</u>	<u>11,583,344</u>
Net increase / (decrease) in cash and cash equivalents	7,875,831	15,703,886
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	<u>30,541,421</u>	<u>34,233,163</u>

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



Mohammad Salim
Chief Executive



Mohammad Sharif
Director

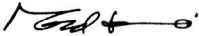
Karachi : 24th April, 2010

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Statement of Comprehensive Income (Un-audited) For The Nine Months Ended March 31, 2010

	Nine Months		Quarter	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	Rupees	Rupees	Rupees	Rupees
Profit after Tax	201,625,799	59,289,866	121,360,766	6,051,769
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>201,625,799</u>	<u>59,289,866</u>	<u>121,360,766</u>	<u>6,051,769</u>

The annexed notes form an integral part of these financial statements



Mohammad Salim
Chief Executive



Mohammad Sharif
Director

Karachi : 24th April, 2010

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Statement of Changes In Equity (Un-audited) For The Nine Months Ended March 31, 2010

	SHARE CAPITAL	GENERAL RESERVE	PROFIT FOR THE PERIOD AND APPROPRIATION	TOTAL RUPEES
	< ----- Rupees ----- >			
Balance as at June 30, 2008	30,000,000	850,000,000	29,841,969	909,841,969
Profit for the nine months ended 31st March 2009	-	-	59,289,866	59,289,866
Final dividend for the year ended June 30, 2008 Rs. 2.0 per share	-	-	(6,000,000)	(6,000,000)
Balance as at March 31, 2009	30,000,000	850,000,000	83,131,835	963,131,835
Profit for the remaining period			21,584,663	21,584,663
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 nine months ended 31st March 2010	-	-	201,625,799	201,625,799
Final dividend for the year ended June 30, 2009 Rs. 2.0 per share			(6,000,000)	(6,000,000)
Balance as at March 31, 2010	30,000,000	900,000,000	250,342,297	1,180,342,297



Mohammad Salim
Chief Executive



Mohammad Sharif
Director

Karachi : 24th April, 2010

BHANERO TEXTILE MILLS LIMITED

Notes To The Condensed Interim Financial Statements (Un-audited) For The Nine Months Ended March 31, 2010

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 These financial statements have been prepared in accordance with the directives issued by the Securities and Exchange Commission of Pakistan and are in compliance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and being submitted to the shareholders as required by the section 245 of the Company Ordinance 1984.
- 2.2 These financial statements have been prepared under "Historical Cost Convention" except for the certain financial assets which are stated as fair value and employee's benefits accounted for in accordance with the International Accounting Standard-19 "Employee Benefits".
- 3 All accounting policies adopted for the preparation of these interim financial statements are consistent with those applied in the preparation of the published financial statements of the company for the year ended June 30, 2009.

4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

March 31 2010	June 30 2009		March 31, 2010	June 30 2009
		 Rupees	
1,762,500	1,762,500	Ordinary shares of Rs.10 each fully paid in cash	17,625,000	17,625,000
1,237,500	1,237,500	Ordinary shares of Rs.10 each fully paid as bonus shares	12,375,000	12,375,000
<u>3,000,000</u>	<u>3,000,000</u>		<u>30,000,000</u>	<u>30,000,000</u>

5 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

	March 31, 2010	June 30 2009
 Rupees	
Bank guarantees issued in ordinary course of business	<u>41,346,000</u>	<u>41,346,000</u>
Commitments - Letter of credit	<u>91,996,799</u>	<u>14,035,466</u>

BHANERO TEXTILE MILLS LIMITED

6 ACQUISITION AND DISPOSAL OF FIXED ASSETS

	March 31, 2010	June 30 2009
Witten down value of asset - opening	1,724,335,447	1,841,843,191
Addition during the period	13,865,085	60,124,825
Disposal during the period	(3,280,510)	(651,284)
Depreciation Charged during the period	(125,009,410)	(176,981,285)
Witten down value of asset - closing	<u>1,609,910,612</u>	<u>1,724,335,447</u>

	March 2010		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	-	6,776,299	30,922,991	463,600
Equipment and other assets	7,184,835	-	3,189,073	-
Electric Installations	641,350	-	-	-
Cooling Tower	-	-	694,850	-
Factory Equipments	-	-	307,996	-
Office equipments	-	-	89,120	-
Furniture and fixtures -office	87,875	-	224,480	-
Vehicles	279,020	4,427,512	1,225,040	3,312,330
Assets subject to lease				
Plant and machinery	-	-	13,637,520	-
Vehicles	5,536,000	-	-	-
	<u>13,865,085</u>	<u>11,203,811</u>	<u>60,124,825</u>	<u>3,775,930</u>

7 CAPITAL WORK IN PROGRESS

	March 31, 2010	June 30 2009
	RUPEES	RUPEES
Factory Building	14,794,632	2,257,683
Plant & Machinery	40,553,026	320,675
Others	214,005	-
	<u>55,561,663</u>	<u>2,578,358</u>

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". Transactions with related parties other than remuneration and benefits to key management personnel under the terms of employment are as follows:

BHANERO TEXTILE MILLS LIMITED

Category	Relationship	Nature of transaction	March 31, 2010 RUPEES	March 31, 2009 RUPEES
8.1 Transactions				
Associated Undertaking	Common directorship	Services received	1,790,000	90,000
		Services rendered	10,310,454	10,202,550
		Electricity purchased	153,636,887	136,503,631
		Purchase of yarn, fabric and cotton	155,641,340	131,202,035
		Sales of yarn, fabric and cotton	317,690,737	211,877,618
		Purchased assets	-	5,100,000
8.2 Outstanding balances			March 31, 2010 RUPEES	June 30, 2009 RUPEES
Employees benefits payable			<u>54,122,621</u>	<u>45,777,015</u>

9 DATE OF AUTHORIZATION FOR ISSUE

These third quarter financial statements were authorized for issue on 24 April 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

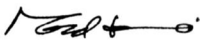
11.1 There are no other significant activity since June 30, 2009 affecting the financial statements.

11.2 In consonance with other companies in the textile sector, the operations of the company are subject to seasonal and cyclical trends. These seasonal and cyclical trends reflect in these interim financial statements.

12 GENERAL

12.1 Figures have been rounded off to the nearest rupee.

12.2 In order to comply with the requirements of international Accounting Standards 34 "Interim Financial Reporting", Statement of Financial Position has been compared with the balances of annual financial statements while Income statement, Statement of Comprehensive Income and Cash Flow Statement has been compared with corresponding figures of last year quarter.



Mohammad Salim
Chief Executive



Mohammad Sharif
Director

Karachi : 24th April, 2010

Vision

A premier quality company,
Providing quality products
And maintaining an
Excellent level of
Ethical and professional standard



Mission Statement

*To become a leading manufacturer
Of textile products in the
International & local markets and
To explore new era to
Achieve the highest of success.*

Book Post
PRINT MATTER

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>