



of Companies

HALF YEARLY ACCOUNTS
2015 - 2016
(UN - AUDITED)

UMER GROUP OF COMPANIES

BHANERO TEXTILE MILLS LIMITED

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.

Directors' Review

On behalf of the board of directors of **Bhanero Textiles Mills Limited**, I am pleased to present, the unaudited condensed interim financial statements for half year ended 31st December 2015.

Operating Results

During the half year ended 31st December 2015, the company's profit after tax came to PKR 102.263 million as compared to PKR 63.193 million for the half year ended 31st December 2014. The earnings per share (EPS) for the half year ended 31st December 2015 is PKR 34.09 (31st December 2014: PKR 21.06). The company's financial position continues to remain solid supported by strong capital and revenue reserves. Break up value of shares is PKR 1,166.42 as at 31st December 2015 (30th June 2015: PKR 1,142.34).

Depressed business environment still prevailed during the half year under review but by the blessing of Allah Al Mighty the profitability of company has increased as compared to previous half year ended 31st December 2014.

Auditors' review on the condensed interim financial statements for the half year ended 31st December 2015 is annexed herewith.

Future Outlook

The textile sector in the world is facing challenging period for more than one and half year due to lower import of cotton and yarn by China. Many cotton and yarn exporting countries including Pakistan have been directly affected due to lower import of China. It is being reported that China has still huge cotton inventory therefore the sluggishness will continue in subsequent period.

Pakistan's cotton output is very low in the current year. Only about 9.8 million bales against the earlier projection of upto 15 million bales are being measured as current year cotton production. The sharp lower production of cotton crop could not significant impact on cotton prices in Pakistan due to recession in world textile sector.

Currently the cotton prices are unstable. Huge amount of raw cotton has been imported due to lower production of cotton in Pakistan.

Significant decrease in petroleum products may result in improving business activity but so far no major impact on economy has been observed.

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

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.



On behalf of the Board
KHURRAM SALIM
Chief Executive

Karachi: 25th February , 2016

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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Member of



Illinois, USA

Auditor's Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Bhanero Textile Mills Limited** as at December 31, 2015, and the related condensed interim 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 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 the interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

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 accompanying interim financial information for the half year ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi: 25th February , 2016

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Mushtaq Ahmed Vohra F.C.A

**Condensed Interim Balance Sheet (Un-audited)
as at 31st December, 2015**

	Note	December 31 2015 Rupees Un-Audited	June 30 2015 Rupees Audited
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
6,000,000 (June 2015: 6,000,000) ordinary shares of Rs.10 each		60,000,000	60,000,000
Issued, subscribed and paid up capital		30,000,000	30,000,000
Reserves		3,300,000,000	3,300,000,000
Unappropriated profit		169,289,557	97,026,374
		3,499,289,557	3,427,026,374
NON CURRENT LIABILITIES			
Long term financing - secured		483,374,886	583,099,224
Infrastructure fee payable		45,734,222	40,303,158
Deferred liabilities	4	184,840,612	173,124,575
		713,949,720	796,526,957
CURRENT LIABILITIES			
Trade and other payables		517,102,834	417,410,922
Mark-up accrued on loans and other payables		10,883,704	13,344,295
Short term borrowings - secured	5	475,673,563	-
Current portion of long term borrowings		98,809,540	67,141,478
		1,102,469,641	497,896,695
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		5,315,708,918	4,721,450,026

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

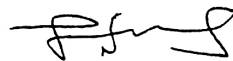
Karachi: 25th February , 2016



KHURRUM SALIM
Chief Executive

**Condensed Interim Balance Sheet (Un-audited)
as at 31st December, 2015**

	Note	December 31 2015 Rupees Un-Audited	June 30 2015 Rupees Audited
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	1,988,614,919	2,080,121,779
Capital work in progress		14,090,463	17,324,922
Long term deposit		26,205,436	26,205,436
		2,028,910,818	2,123,652,137
CURRENT ASSETS			
Stores, spares and loose tools		68,768,269	65,908,993
Stock in trade		2,228,519,379	1,511,681,396
Trade debts		396,242,021	472,306,913
Loans and advances		103,792,669	137,015,356
Trade deposits and short term prepayments		50,184,192	41,412,783
Other receivables		20,619,931	14,344,759
Income tax refundable		130,260,457	127,574,767
Sales tax refundable		106,991,425	50,481,895
Cash and bank balances		181,419,757	177,071,027
		3,286,798,100	2,597,797,889
TOTAL ASSETS		5,315,708,918	4,721,450,026




MOHAMMAD SHAKEEL
Director

**Condensed Interim Profit and Loss Account (Un-audited)
for the half year ended 31st December, 2015**

	Half Year Ended		Quarter Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Sales	3,143,601,322	3,503,917,230	1,543,139,796	1,805,757,964
Cost of goods sold	2,832,083,091	3,196,580,462	1,376,470,000	1,663,991,271
Gross profit	311,518,231	307,336,768	166,669,796	141,766,693
Other income	2,957,057	8,236,562	1,711,732	3,320,254
	314,475,288	315,573,330	168,381,528	145,086,947
Distribution cost	66,166,106	83,785,740	32,662,600	38,100,483
Administrative expenses	65,821,960	56,829,006	31,973,921	27,666,555
Other operating expenses	11,755,945	7,480,670	6,311,714	3,178,335
Finance cost	37,071,518	69,155,748	18,835,968	36,208,241
	180,815,529	217,251,164	89,784,203	105,153,614
Profit before tax	133,659,759	98,322,166	78,597,325	39,933,333
Provision for taxation	8			
Current year	31,396,576	35,128,390	15,456,213	18,137,589
Profit after tax	102,263,183	63,193,776	63,141,112	21,795,744
Earnings per share - basic and diluted	34.09	21.06	21.05	7.27

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


KHURRUM SALIM
Chief Executive


MOHAMMAD SHAKEEL
Director

Karachi: 25th February , 2016

**Condensed Interim Cash Flow Statement (Un-audited)
for the half year ended 31st December, 2015**

	December 31 2015 Rupees	December 31 2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	133,659,759	98,322,166
Adjustments for:		
Depreciation on property, plant and equipment	101,197,855	99,925,620
Provision for employees' benefits	23,340,000	19,710,000
Provision for bad debts	1,817,507	-
Infrastructure fee	5,431,064	1,587,161
(Gain) on disposal of property, plant and equipment	(21,792)	(3,928,266)
Finance cost	37,071,518	69,155,748
Operating cash flows before changes in working capital (Increase)/decrease in current assets	302,495,911	284,772,429
Inventories	(719,697,259)	32,985,331
Trade debts	74,247,385	5,468,526
Loans and advances	33,222,687	1,398,573
Trade deposits	(8,771,409)	901,586
Other receivables	(6,275,172)	(11,366,659)
Sales tax refundable	(56,509,530)	44,363,310
	(683,783,298)	73,750,667
Increase in trade and other payables	39,691,912	125,912,337
Cash (used) / generated by operations	(341,595,475)	484,435,433
Finance cost paid	(39,532,109)	(49,604,535)
Employees' benefits paid	(11,623,963)	(6,517,326)
Income taxes paid	(34,082,266)	(34,787,889)
Long term deposits	-	(14,985,000)
	(85,238,338)	(105,894,750)
Net cash generated / (used) from operating activities	(426,833,813)	378,540,683
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	303,487	36,773,504
Purchase of property, plant and equipment	(6,738,231)	(26,159,802)
Net cash generated / (used) in investing activities	(6,434,744)	10,613,702

**Condensed Interim Cash Flow Statement (Un-audited)
for the half year ended 31st December, 2015**

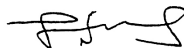
	December 31 2015 Rupees	December 31 2014 Rupees
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long term financing	(68,056,276)	-
Proceeds from sponsors and relatives	60,000,000	-
Proceeds from long term loans	-	30,000,000
Short term bank borrowings	475,673,563	(305,412,479)
Dividend paid	(30,000,000)	(59,898,488)
Net cash generated / (used) from financing activities	437,617,287	(335,310,967)
Net increase / (decrease) in cash and cash equivalents	4,348,730	53,843,418
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	181,419,757	84,278,009

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



KHURRUM SALIM
Chief Executive

Karachi: 25th February , 2016



MOHAMMAD SHAKEEL
Director

**Condensed Interim Statement of Comprehensive Income (Un-audited)
for the half year ended 31st December , 2015**

	Half Year Ended		Quarter Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Profit for the period after taxation	102,263,183	63,193,776	63,141,112	21,795,744
Other comprehensive income	-	-	-	-
Total comprehensive Income for the period	102,263,183	63,193,776	63,141,112	21,795,744

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



KHURRUM SALIM
Chief Executive

Karachi: 25th February , 2016



MOHAMMAD SHAKEEL
Director

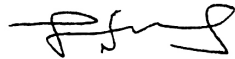
**Condensed Interim Statement of Changes In Equity (Un-audited)
for the half year ended 31st December, 2015**

	Share Capital	General Reserves	Unappropriated Profit	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2014	30,000,000	3,150,000,000	108,487,652	3,288,487,652
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)
Total comprehensive income for the half year ended 31 st December 2014	-	-	63,193,776	63,193,776
Balance as at December 31, 2014	30,000,000	3,150,000,000	111,681,428	3,291,681,428
Total comprehensive income for the remaining period	-	-	135,344,946	135,344,946
Transfer to general reserve	-	150,000,000	(150,000,000)	-
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 half year ended 31 st December 2015	-	-	102,263,183	102,263,183
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)
Balance as at December 31, 2015	30,000,000	3,300,000,000	169,289,557	3,499,289,557

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



KHURRAM SALIM
Chief Executive



MOHAMMAD SHAKEEL
Director

Karachi: 25th February , 2016

**Condensed Interim Notes to Financial Information (Un-audited)
for the half year ended 31st December, 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 Pakistan Stock Exchange. 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 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, 2015.

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.

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 half year ended December 31, 2015 which have been subjected to a review but not audited. These condensed interim financial information also include the condensed interim profit and loss account for the quarter ended December 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 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.

**Condensed Interim Notes to Financial Information (Un-audited)
for the half year ended 31st December, 2015**

	December 31 2015	June 30 2015
	Rupees (Un-Audited)	Rupees (Audited)
4 DEFERRED LIABILITIES		
These include the following:		
Employees retirement benefits	143,901,901	132,185,864
Deferred taxation	40,938,711	40,938,711
	184,840,612	173,124,575

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.5,064 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.

	December 31 2015	June 30 2015
Note	Rupees (Un-Audited)	Rupees (Audited)
7 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
- assets owned by the Company	1,988,614,919	2,080,121,779
Capital work in progress	14,090,463	17,324,922
	2,002,705,382	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	8,369,210	10,194,825
Factory buildings	-	35,421,218
Plant and machinery	800,000	660,353,392
Equipment and other assets	803,480	9,035,874
Electric installation	-	51,596,203
Factory equipment	-	150,000
Vehicles	-	8,956,487
	9,972,690	775,707,999
Net book value of assets disposed during the period/year	(281,695)	(38,976,054)
Depreciation for the period/year	(101,197,855)	(197,585,433)
Net book value at the end of the period/year	1,988,614,919	2,080,121,779

Condensed Interim Notes to Financial Information (Un-audited) for the half year ended 31st December, 2015

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

Associated companies

	Half Year Ended		Quarter Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	Rupees	Rupees	Rupees	Rupees
Nature of transaction				
Services received	159,000	150,000	75,000	75,000
Services rendered	685,304	672,455	15,000	15,000
Electricity purchased	404,495,151	276,562,015	240,581,386	111,672,767
Purchase of yarn, fabric and machinery	137,102,323	121,169,468	72,752,299	34,623,046
Sales of cotton, yarn, fabric and machinery	326,732,238	265,474,057	178,765,260	107,650,424

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 December 31, 2015 is as follows:

**Condensed Interim Notes to Financial Information (Un-audited)
for the half year ended 31st December, 2015**

	Half Year ended December 31, 2015			
	Spinning	Weaving	Power	Total
	Rupees	Rupees	Rupees	Rupees
Revenue from external customers	<u>1,920,717,803</u>	<u>1,222,883,519</u>	<u>-</u>	<u>3,143,601,322</u>
Inter-segment revenues	<u>-</u>	<u>-</u>	<u>31,440,420</u>	<u>31,440,420</u>

	Half Year ended December 31, 2014			
	Spinning	Weaving	Power	Total
	Rupees	Rupees	Rupees	Rupees
Revenue from external customers	<u>2,275,712,265</u>	<u>1,228,204,965</u>	<u>-</u>	<u>3,503,917,230</u>
Inter-segment revenues	<u>-</u>	<u>-</u>	<u>38,598,245</u>	<u>38,598,245</u>

	December 31, 2015				
	Spinning	Weaving	Power	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Segment assets	<u>3,850,706,611</u>	<u>1,120,568,170</u>	<u>80,976,819</u>	<u>263,457,318</u>	<u>5,315,708,918</u>

	As at June 30, 2015				
	Spinning	Weaving	Power	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Segment assets	<u>3,332,656,623</u>	<u>1,058,929,412</u>	<u>84,189,110</u>	<u>245,674,881</u>	<u>4,721,450,026</u>

	December 31, 2015				
	Spinning	Weaving	Power	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Segment liabilities	<u>336,846,141</u>	<u>118,743,529</u>	<u>29,720,569</u>	<u>1,332,171,758</u>	<u>1,817,481,997</u>

	As at June 30, 2015				
	Spinning	Weaving	Power	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Segment liabilities	<u>833,415,617</u>	<u>351,939,373</u>	<u>27,295,475</u>	<u>81,773,187</u>	<u>1,294,423,652</u>

**Condensed Interim Notes to Financial Information (Un-audited)
for the half year ended 31st December, 2015**

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 25th February, 2016.



KHURRUM SALIM
Chief Executive



MOHAMMAD SHAKEEL
Director

Karachi: 25th February , 2016

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