



of Companies

HALF YEARLY ACCOUNTS
2017 - 2018
(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 Textile Mills Limited**, I am presenting the un-audited condensed interim financial statements for the half year ended 31st December, 2017.

Significant financial performance for the half year ended 31st December, 2017;

Profit after tax for the half year ended 31st December 2017 is PKR 171.709 million compared to PKR 161.668 million of the corresponding half year ended 31st December, 2016.

Earnings per share for the half year ended 31st December 2017 is PKR 57.24 (31st December, 2016 PKR 53.89).

Break-up value of the share as on 31st December, 2017 is PKR 1,315.87 (30th June 2017: 1,295.43). During the half year ended 31st December, 2017 profit has increased by PKR 10.041 million as compared to corresponding period ended 31st December, 2016.

Future Prospects

Every country has to face economic challenges and Pakistan is not exception and in presence two impediments i.e. economic growth and security one could not imagine for economic revival of the country. The challenges for economic growth are trade and current account deficit in particular trade deficit which soared up to \$ 17.963 billion in the first half of the current fiscal year of 2017-18.

Economic managers urge that the role of exports as a significant driver of economic growth in all over the world is well recognized thus to improve the economic growth of Pakistan, we need to reinvigorate economic diplomacy in our foreign relations by creating a feasible and global economic perspective where the trade is chiefly conducted through regional groups and alliances.

The Government should make an effort to ensure continuation of the lucrative EU trade concession status by Generalized System of Preferences (GSP) Plus, chiefly benefiting Pakistan's textile export industry, beyond 2018 which was granted from January 2014 allowing almost 20 percent of Pakistani exports to enter the 28-member states of EU bloc at zero tariff and 70 percent at preferential rates.

As this will be the election year in the country the management is not foreseeing any major shift in economic policies until formation of new government.

Acknowledgement

The Board express their appreciation on the contribution of employees and determined supports of all participants.



On behalf of the Board
KHURUM SALIM
Chief Executive

Karachi: 23rd February, 2018

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843
Branch Office: 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626
Email Address: mushtaq_vohra@hotmail.com, info@mushtaqandcompany.com

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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, 2017, 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 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, 2017 and December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

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, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi: 23rd February, 2018

MUSHTAQ & COMPANY
Chartered Accountants

Engagement Partner:
Zahid Hussain Zahid, ACA

**Condensed Interim Balance Sheet
as at December 31, 2017**

	December 31, 2017	June 30, 2017
Note	Un-Audited Rupees	Audited Rupees
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital		
6,000,000 (June 30, 2017: 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	3,700,000,000	3,700,000,000
Unappropriated profit	217,611,472	156,302,336
	3,947,611,472	3,886,302,336
NON CURRENT LIABILITIES		
Long term financing - secured	927,868,819	428,761,793
Deferred liabilities	355,962,633	325,212,964
	1,283,831,452	753,974,757
CURRENT LIABILITIES		
Trade and other payables	925,751,525	486,586,875
Accrued interest/markup	16,097,604	14,259,426
Short term borrowings - secured	735,355,463	676,558,383
Current portion of long term borrowings	77,463,948	77,463,948
	1,754,668,540	1,254,868,632
CONTINGENCIES AND COMMITMENTS	5	-
TOTAL EQUITY AND LIABILITIES	6,986,111,464	5,895,145,725

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

Karachi: 23rd February, 2018


KHURRUM SALIM
 Chief Executive

**Condensed Interim Balance Sheet
as at December 31, 2017**

	<i>Note</i>	December 31, 2017	June 30, 2017
		Un-Audited Rupees	Audited Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	2,882,950,890	2,084,851,866
Long term deposits		26,205,436	26,205,436
		2,909,156,326	2,111,057,302
CURRENT ASSETS			
Stores, spares and loose tools		86,408,626	69,783,783
Stock in trade		2,814,521,885	2,713,408,274
Trade debts		561,659,610	544,451,299
Loans and advances		41,225,095	31,620,577
Trade deposits and short term prepayments		76,682,277	67,443,307
Other receivables		14,706,802	2,976,269
Advance income tax		142,755,979	120,557,596
Sales tax refundable		158,387,113	194,061,359
Cash and bank balances		180,607,751	39,785,959
		4,076,955,138	3,784,088,423
TOTAL ASSETS		<u>6,986,111,464</u>	<u>5,895,145,725</u>



MOHAMMAD SHAHEEN
Director



ANWAR HUSSAIN
Chief Financial Officer

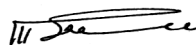
**Condensed Interim Profit and Loss Account (Un-audited)
for the half year ended 31st December, 2017**

	Half Year Ended		Quarter Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Sales	3,533,650,246	3,310,869,570	2,054,509,497	1,630,817,092
Cost of goods sold	3,107,196,836	2,938,357,276	1,813,617,904	1,446,441,708
Gross profit	426,453,410	372,512,294	240,891,593	184,375,384
Other income	3,366,245	2,441,269	1,607,454	604,853
	429,819,655	374,953,563	242,499,047	184,980,237
Distribution cost	87,275,467	75,788,121	45,431,545	38,538,888
Administrative expenses	68,256,848	61,993,923	33,057,662	31,648,396
Other operating expenses	16,016,402	14,471,399	12,025,920	6,848,092
Finance cost	42,391,132	27,983,939	26,086,087	16,687,838
	213,939,849	180,237,382	116,601,214	93,723,214
Profit before tax	215,879,806	194,716,181	125,897,833	91,257,023
Provision for taxation current year	7 44,170,628	33,047,830	25,681,369	16,262,377
Profit after tax	171,709,178	161,668,351	100,216,464	74,994,646
Earnings per share - basic and diluted	57.24	53.89	33.41	25.00

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



KHURRUM SALIM
Chief Executive



MOHAMMAD SHAHEEN
Director

Karachi: 23rd February, 2018



ANWAR HUSSAIN
Chief Financial Officer

**Condensed Interim Cash Flow Statement (Un-audited)
for the half year ended 31st December, 2017**

	December 31 2017 Rupees	December 31 2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	215,879,806	194,716,181
Adjustments for:		
Depreciation on property, plant and equipment	99,804,873	92,130,000
Provision for employees' benefits	22,740,000	23,340,000
Infrastructure fee - ETO	4,795,140	3,347,069
Infrastructure fee - GIDC	15,002,877	3,767,111
Gain on disposal of property, plant and equipment	(1,056,542)	-
Finance cost	42,391,132	27,983,939
Operating cash flows before changes in working capital	399,557,286	345,284,300
(Increase) / decrease in current assets		
Inventories	(117,738,454)	(914,112,373)
Trade debts	(17,208,311)	(7,392,198)
Loans and advances	(9,604,518)	42,045,671
Trade deposits	(9,238,970)	4,124,154
Other receivables	(11,730,533)	9,385,450
Sales tax refundable	35,674,246	26,928,429
	(129,846,540)	(839,020,867)
Increase in trade and other payables	439,274,944	28,681,885
Cash generated from / (used in) operations	708,985,690	(465,054,682)
Finance cost paid	(40,552,954)	(26,574,013)
Employees' benefits paid	(11,788,348)	(11,575,988)
Income taxes paid	(66,369,011)	(29,212,940)
	(118,710,313)	(67,362,941)
Net cash generated from / (used in) operating activities	590,275,377	(532,417,623)

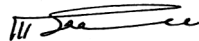
**Condensed Interim Cash Flow Statement (Un-audited)
for the half year ended 31st December, 2017**

	December 31 2017 Rupees	December 31 2016 Rupees
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	6,581,008	-
Additions in property, plant and equipment	(903,428,363)	(36,806,418)
Net cash used in investing activities	(896,847,355)	(36,806,418)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(38,731,974)	(38,731,973)
Proceeds from long term loans	537,839,000	16,100,000
Increase in short term borrowings	58,797,080	652,720,705
Dividend paid	(110,510,336)	(29,945,449)
Net cash generated from financing activities	447,393,770	600,143,283
Net increase in cash and cash equivalents	140,821,792	30,919,242
Cash and cash equivalents at the beginning of the period	39,785,959	65,285,675
Cash and cash equivalents at the end of the period	180,607,751	96,204,917

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



KHURRUM SALIM
Chief Executive



MOHAMMAD SHAHEEN
Director

Karachi: 23rd February, 2018



ANWAR HUSSAIN
Chief Financial Officer

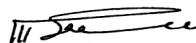
**Condensed Interim Statement of Comprehensive Income (Un-audited)
for the half year ended 31st December , 2017**

	Half Year Ended		Quarter Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	Rupees	Rupees	Rupees	Rupees
Profit for the period after taxation	171,709,178	161,668,351	100,216,464	74,994,646
Other comprehensive income	-	-	-	-
Total comprehensive Income for the period	171,709,178	161,668,351	100,216,464	74,994,646

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



KHURRUM SALIM
Chief Executive



MOHAMMAD SHAHEEN
Director

Karachi: 23rd February, 2018

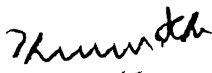


ANWAR HUSSAIN
Chief Financial Officer

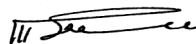
**Condensed Interim Statement of Changes In Equity (Un-audited)
for the half year ended 31st December, 2017**

	Share Capital	General Reserves	Unappropriated Profit	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2016	30,000,000	3,500,000,000	109,552,719	3,639,552,719
Final dividend paid for the year ended June 30, 2016 at the rate of PKR 10.00 per share	-	-	(30,000,000)	(30,000,000)
Total comprehensive income for the half year ended December 31, 2016	-	-	161,668,351	161,668,351
Balance as at December 31, 2016	<u>30,000,000</u>	<u>3,500,000,000</u>	<u>241,221,070</u>	<u>3,771,221,070</u>
Balance as at July 01, 2017	30,000,000	3,700,000,000	156,302,336	3,886,302,336
Final dividend paid for the year ended June 30, 2017 at the rate of PKR 36.80 per share	-	-	(110,400,042)	(110,400,042)
Total comprehensive income for the half year ended December 31, 2017	-	-	171,709,178	171,709,178
Balance as at December 31, 2017	<u>30,000,000</u>	<u>3,700,000,000</u>	<u>217,611,472</u>	<u>3,947,611,472</u>

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



KHURRUM SALIM
Chief Executive



MOHAMMAD SHAHEEN
Director

Karachi: 23rd February, 2018



ANWAR HUSSAIN
Chief Financial Officer

**Condensed Interim Notes to Financial Information (Un-audited)
for the half year ended 31st December, 2017**

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 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

The Companies Act, 2017 has been promulgated with effect from May 30, 2017. However, as per the requirements of Circular # 23 of 2017 dated October 4, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) and related clarification issued by the Institute of Chartered Accountants of Pakistan through its Circular # 17 of 2017 dated October 6, 2017, companies whose financial year, including quarterly and other interim period, closes on or before December 31, 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance).

This condensed interim financial information of the company for half year ended 31st December 2017 is un-audited and has been prepared in accordance with the requirements of the IAS 34 Interim Financial Reporting and provisions of and directives issued by securities and exchange commission of Pakistan under the repealed companies ordinance, 1984 (The Ordinance). 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, 2017.

This condensed interim financial information is being submitted to the shareholders as required by the regulations of Pakistan Stock Exchange and section 237 of the Companies Act, 2017.

These condensed interim financial information comprise of condensed balance sheet, 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 for the half year ended December 31, 2017 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, 2017.

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 2017.

2.5 Functional currency

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

**Condensed Interim Notes to Financial Information (Un-audited)
for the half year ended 31st December, 2017**

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, 2017.

	December 31, 2017	June 30, 2017
	Un-Audited	Audited
	Rupees	Rupees
4 DEFERRED LIABILITIES		
These include the following:		
Staff retirement benefits - gratuity	142,812,999	131,861,347
Deferred taxation	81,046,238	81,046,238
Infrastructure fee payable - ETO	70,866,884	66,071,744
Infrastructure fee payable - Gas	61,236,512	46,233,635
	<u>355,962,633</u>	<u>325,212,964</u>

5 CONTINGENCIES AND COMMITMENTS

There is no material change in contingencies and commitments as disclosed in annual financial statements for the year ended June 30, 2017 except following:

5.1 Bills Discounted	<u>390,727,771</u>	<u>7,824,947</u>
Commitments		
Letter of credit (for store, raw material and machinery)	<u>163,710,170</u>	<u>553,734,194</u>

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets		
- assets owned by the Company	6.1 2,165,423,327	2,029,939,532
Capital work in progress	717,527,563	54,912,334
	<u>2,882,950,890</u>	<u>2,084,851,866</u>

6.1 Assets owned by the Company

Net book value at the beginning of the period/year	2,029,939,532	1,957,647,010
Additions during the period/year		
Freehold land	235,887,464	32,312,240
Factory buildings	-	1,231,412
Plant and machinery	-	222,428,153
Furniture & Fixtures - Factory	408,910	-
Office Equipment	1,785,000	3,063,000
Vehicles	2,731,760	2,080,160
	240,813,134	261,114,965
Net book value of assets disposed during the period/year	(5,524,466)	(3,070,328)
Depreciation for the period/year	(99,804,873)	(185,752,115)
Net book value at the end of the period/year	<u>2,165,423,327</u>	<u>2,029,939,532</u>

**Condensed Interim Notes to Financial Information (Un-audited)
for the half year ended 31st December, 2017**
7 PROVISION FOR TAXATION

- 7.1 No provision for deferred tax has been made as the impact of the same is considered immaterial.
- 7.2 Provision for current tax has been made in accordance with the requirements of Income Tax Ordinance, 2001.

8 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 include 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 are as follows:

8.1 Transactions with related parties
Nature of relationship

Associated companies

Nature of transaction	Half Year Ended		Quarter Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	Rupees	Rupees	Rupees	Rupees
Services received	154,500	162,000	77,250	82,500
Services rendered	681,779	668,411	-	-
Electricity purchased	340,820,521	447,183,418	188,822,568	222,468,113
Purchase of yarn, fabric and machinery	89,340,118	118,479,254	53,151,952	67,759,135
Sales of cotton, yarn, fabric and machinery	354,845,794	307,666,074	275,855,028	149,267,879
Dividend paid	18,422,080	5,006,000	18,422,080	5,006,000

9 SEGMENT REPORTING

The Company has two 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	Manufacture and sale of yarn
Weaving	Manufacture and sale of woven fabric

Information about operating segments as at December 31, 2017 is as follows:

**Condensed Interim Notes to Financial Information (Un-audited)
for the half year ended 31st December, 2017**

	Half Year ended December 31, 2017		
	Spinning	Weaving	Total
	Rupees	Rupees	Rupees
Revenue from external customers	<u>2,296,380,891</u>	<u>1,237,269,355</u>	<u>3,533,650,246</u>
Inter-segment transfers	<u>167,689,700</u>	<u>-</u>	<u>167,689,700</u>
Segment results	<u>174,397,777</u>	<u>99,889,563</u>	<u>274,287,340</u>

	Half Year ended December 31, 2016		
	Spinning	Weaving	Total
	Rupees	Rupees	Rupees
Revenue from external customers	<u>1,948,531,044</u>	<u>1,362,338,526</u>	<u>3,310,869,570</u>
Inter-segment transfers	<u>142,801,500</u>	<u>-</u>	<u>142,801,500</u>
Segment results	<u>198,404,280</u>	<u>38,767,239</u>	<u>237,171,519</u>

	December 31, 2017			
	Spinning	Weaving	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees
Segment assets	<u>5,284,383,090</u>	<u>1,297,697,569</u>	<u>404,030,805</u>	<u>6,986,111,464</u>

	As at June 30, 2017			
	Spinning	Weaving	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees
Segment assets	<u>4,331,443,803</u>	<u>1,155,434,224</u>	<u>408,267,698</u>	<u>5,895,145,725</u>

	December 31, 2017			
	Spinning	Weaving	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees
Segment liabilities	<u>2,585,328,167</u>	<u>300,760,194</u>	<u>152,411,631</u>	<u>3,038,499,992</u>

	As at June 30, 2017			
	Spinning	Weaving	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees
Segment liabilities	<u>1,637,432,439</u>	<u>223,684,165</u>	<u>147,726,785</u>	<u>2,008,843,389</u>

**Condensed Interim Notes to Financial Information (Un-audited)
for the half year ended 31st December, 2017**

10 EVENTS AFTER THE REPORTING PERIOD

10.1 There are no significant events after the reporting period that may require any adjustment or disclosure in this condensed interim financial report.

11 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.

12 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 23rd February 2018.

13 GENERAL

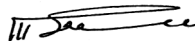
13.1 There are no other significant activities since June 30, 2017 affecting the interim financial information.

13.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. GIDC / Rate difference payable to SNGP amounting to Rs 61,236,512 (June 2017: Rs 46,233,635) has been classified from current liabilities to non current liabilities owing to stay granted by court.

13.3 Figures have been rounded off to the nearest Rupee.



KHURRUM SALIM
Chief Executive



MOHAMMAD SHAHEEN
Director



ANWAR HUSSAIN
Chief Financial Officer

Karachi: 23rd February, 2018

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Korangi Industrial Area, Karachi-74900, Pakistan

Phone : 021 - 35115177 - 80

FaxNo. : 021 - 35063002 - 3

E-mail : khioff@umergroup.com

Website: <http://www.umergroup.com>