

## 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 2009.

### Operating Results

During the nine months ended 31st March 2009, the company's profit after tax came to PKR 59.289 million as compared to PKR 54.745 million for the nine months ended 31st March 2008. During the nine months under review the economy of Pakistan remained under pressure which created slowness in yarn and fabric market. However, by the Grace of Al-Mighty Allah, your company maintained the profitability track despite these tough business condition.

The earning per share (EPS) for the nine months ended 31st March 2009 is PKR 19.76 (31st March 2008: 18.25).

The company's balance sheet continues to remain robust reflecting good fundamentals supported by strong capital and revenue reserves. Break up value of shares is PKR 321.04 as at 31st March, 2009 (June 30, 2008 PKR 303.28).

### Year under Review

Financing cost has increased sharply which has created difficulty for maintaining profit margin. Moreover interrupted power supply has significantly affected production efficiencies and resulted increased in per unit production cost. Besides the load shedding of electricity massive load shedding of gas in Punjab had been scheduled during December 2008 to February 2009. 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.


Shortage of liquidity has slow down the economic activity and resulted recession in yarn and fabric markets both in national and international level.

It was being expected at the beginning of financial year that cotton prices would remain at higher side, keeping in view of lower production estimate of cotton and shortage of cotton stock in world, but the liquidity crunch had changed the forecast of cotton prices, the price of raw cotton was decreasing due to unavailability of liquidity in the financial market of Pakistan and recession in USA economy. However, currently cotton prices are now again gaining momentum and increasing day by day.

In the present scenario the results are likely to be adverse in coming quarter. However the management of the company is doing its best efforts to maintain the profitability margin.

### Acknowledgment

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  
**MOHAMMAD SALIM**  
CHIEF EXECUTIVE

Karachi: April 25, 2009



THIRD QUARTER REPORT 2009  
**Bhanero Textile Mills Limited**

**CONDENSED BALANCE SHEET ( UN-AUDITED )**  
AS AT MARCH 31, 2009

EQUITY AND LIABILITIES	NOTE	MARCH 31 2009 RUPEES	JUNE 30 2008 RUPEES
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
6,000,000 (June 2008: 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	3	30,000,000	30,000,000
Reserves		850,000,000	850,000,000
Unappropriated profits		<u>83,131,835</u>	<u>29,841,969</u>
		963,131,835	909,841,969
Loan from Sponsors		87,324,617	79,719,388
<b>NON CURRENT LIABILITIES</b>			
Long term financing - secured		586,209,199	610,159,699
Obligation under finance lease		9,456,540	-
Employees retirement benefits		41,739,719	36,264,577
Deferred tax		131,374,913	131,374,913
Long term payables		<u>23,316,924</u>	<u>19,287,137</u>
		792,097,295	797,086,326
<b>CURRENT LIABILITIES</b>			
Trade and other payables		259,482,755	182,097,547
Mark-up accrued on loans		60,191,605	33,453,362
Short term borrowing - secured		1,254,509,332	1,047,504,825
Current portion of long term financing		<u>158,871,501</u>	<u>333,798,704</u>
		1,733,055,193	1,596,854,438
<b>CONTINGENCIES AND COMMITMENTS</b>			
	4	-	-
		<u>3,575,608,940</u>	<u>3,383,502,121</u>

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

  
**MOHAMMAD SALIM**  
CHIEF EXECUTIVE

Karachi: April 25, 2009



THIRD QUARTER REPORT 2009  
**Bhanero Textile Mills Limited**

**CONDENSED BALANCE SHEET ( UN-AUDITED )**  
AS AT MARCH 31, 2009

ASSETS	NOTE	MARCH 31 2009 RUPEES	JUNE 30 2008 RUPEES
<b>FIXED ASSETS</b>			
Property, plant and equipment	5	1,760,480,125	1,841,843,191
Capital work in progress	6	3,870,931	5,670,204
Long term investments		375,000	375,000
Long term loans		11,033,117	8,625,498
Long term deposits		7,608,996	2,493,936
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		43,435,715	49,686,470
Stock in trade		1,202,208,711	961,825,972
Trade debts		422,066,599	417,069,166
Loans and advances		33,937,239	9,742,545
Trade deposits and short term prepayments		24,627,830	20,223,378
Other receivables		6,054,266	5,905,247
Income tax refundable		15,038,388	32,307,237
Sales tax refundable		10,638,860	9,205,000
Cash and bank balances		34,233,163	18,529,277
		1,792,240,771	1,524,494,292
		<u>3,575,608,940</u>	<u>3,383,502,121</u>

**MOHAMMAD SHARIF**  
DIRECTOR

**CONDENSED PROFIT AND LOSS ACCOUNT ( UNAUDITED )**  
FOR THE NINE MONTHS ENDED MARCH 31, 2009

	NINE MONTHS ENDED		QUARTER ENDED	
	MARCH 31 2009	MARCH 31 2008	MARCH 31 2009	MARCH 31 2008
	RUPEES		RUPEES	
Sales	2,725,040,263	2,546,230,181	841,648,743	944,960,678
Cost of goods sold	(2,334,984,941)	(2,241,665,843)	(729,031,295)	(849,870,117)
Gross profit	390,055,322	304,564,338	112,617,448	95,090,561
Other operating income	759,040	599,656	567,794	116,005
	390,814,362	305,163,994	113,185,242	95,206,566
Distribution cost	(36,823,722)	(28,071,078)	(13,106,284)	(11,040,129)
Administrative expenses	(45,009,543)	(36,120,199)	(14,437,926)	(11,760,793)
Other operating expenses	(4,963,711)	(4,288,042)	(596,663)	(687,843)
Finance cost	(217,312,135)	(155,211,894)	(76,242,847)	(58,648,799)
	(304,109,111)	(223,691,213)	(104,383,720)	(82,137,564)
Profit before tax	86,705,251	81,472,781	8,801,522	13,069,002
Current period	(27,362,936)	(25,675,921)	(2,697,304)	(9,544,779)
prior period	(52,449)	2,557,766	(52,449)	2,557,766
Deferred taxation	-	(3,609,440)	-	-
Profit after Tax	(27,415,385)	(26,727,595)	(2,749,753)	(6,987,013)
	59,289,866	54,745,186	6,051,769	6,081,989
Earnings per Share - basic and diluted	19.76	18.25	2.02	2.03

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

  
**MOHAMMAD SALIM**  
CHIEF EXECUTIVE

  
**MOHAMMAD SHARIF**  
DIRECTOR

Karachi: April 25, 2009



THIRD QUARTER REPORT 2009  
**Bhanero Textile Mills Limited**

**CONDENSED CASH FLOW STATEMENT (UN-AUDITED)**  
FOR THE NINE MONTHS ENDED MARCH 31, 2009

	NINE MONTHS ENDED	
	MARCH 31 2009 RUPEES	MARCH 31 2008 RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	86,705,251	81,472,781
Adjustments for:		
Depreciation on property, plant and equipment	131,115,000	143,325,000
Provision for employees' benefits	11,880,000	7,515,000
Infrastructure fee	4,029,787	4,563,533
(Gain) on disposal of property, plant and equipment	(595,158)	(391,473)
Finance cost	217,312,135	155,211,894
	<u>450,447,015</u>	<u>391,696,735</u>
Operating cash flows before changes in working capital (Increase)/decrease in current assets		
Inventories	(234,131,984)	(358,378,720)
Trade debts	(4,997,433)	(10,083,534)
Loan and advances	(24,194,694)	(2,196,356)
Trade deposits	(4,404,452)	3,491,137
Other receivables	(149,019)	(3,046,057)
Sales tax refundable	(1,433,860)	1,434,400
	<u>(269,311,442)</u>	<u>(368,779,130)</u>
Increase in trade and other payables	77,385,208	40,848,394
Cash generated by operations	<u>258,520,781</u>	<u>63,765,999</u>
Finance cost paid	(182,968,663)	(160,656,226)
Employees' benefits paid	(6,404,858)	(10,114,832)
Income taxes paid	(10,146,536)	(17,068,142)
Long term loans	(2,407,619)	1,659,422
Long term deposits	(5,115,060)	(211,385)
	<u>(207,042,736)</u>	<u>(186,391,163)</u>
Net cash from operating activities	<u>51,478,045</u>	<u>(122,625,164)</u>



THIRD QUARTER REPORT 2009  
**Bhanero Textile Mills Limited**

**CONDENSED CASH FLOW STATEMENT (UN-AUDITED)**  
FOR THE NINE MONTHS ENDED MARCH 31, 2009

	NINE MONTHS ENDED	
	MARCH 31 2009 RUPEES	MARCH 31 2008 RUPEES
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	941,490	1,450,000
Purchase of property, plant and equipment	(48,298,993)	(19,345,840)
Net cash from investing activities	<u>(47,357,503)</u>	<u>(17,895,840)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of long term financing	(190,933,223)	(241,428,574)
Receipt of long term loan	-	150,000,000
Proceed of liability against assets subject to finance lease	13,152,000	-
Payment of long term financing -murahaba	(10,909,092)	(15,318,182)
Payment of liability against assets subject to finance lease	(730,848)	(10,371,656)
Dividend paid	(6,000,000)	(7,500,000)
Short term bank borrowings	207,004,507	293,046,888
Net cash from financing activities	<u>11,583,344</u>	<u>168,428,476</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,703,886	27,907,472
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	18,529,277	55,617,487
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>34,233,163</u>	<u>83,524,959</u>

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

**MOHAMMAD SALIM**  
CHIEF EXECUTIVE

**MOHAMMAD SHARIF**  
DIRECTOR

Karachi: April 25, 2009



THIRD QUARTER REPORT 2009  
**Bhanero Textile Mills Limited**

**CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
FOR THE NINE MONTHS ENDED MARCH 31, 2009

	SHARE CAPITAL	GENERAL RESERVES	UNAPPROPRIATED PROFIT	TOTAL
RUPEES				
Balance as at June 30, 2007	30,000,000	750,000,000	73,436,427	853,436,427
Profit for the nine months ended	-	-	54,745,186	54,745,186
Final dividend for the year ended June 30, 2007 Rs. 2.5 per share	-	-	(7,500,000)	(7,500,000)
Balance as at March 31, 2008	30,000,000	750,000,000	120,681,613	900,681,913
Profit for the remaining period			9,160,356	9,160,356
Transferred to general reserve	-	100,000,000	(100,000,000)	-
Balance as at June 30, 2008	30,000,000	850,000,000	29,841,969	909,841,969
Profit for the nine months ended	-	-	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

  
**MOHAMMAD SALIM**  
CHIEF EXECUTIVE

  
**MOHAMMAD SHARIF**  
DIRECTOR

Karachi: April 25, 2009

**CONDENSED NOTES TO THE ACCOUNTS (UNAUDITED)  
FOR THE NINE MONTHS ENDED MARCH 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**

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.

These financial statements have been prepared under "Historical Cost Convention" except for the certain financial assets which are stated as fair value and employees benefits accounted for in accordance with the International Accounting Standard-19 "Employee Benefits".

These interim financial statements are unaudited.

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, 2008.

**3 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

MARCH 31, 2009	JUNE 30, 2008		MARCH 31, 2009	JUNE 30, 2008
<b>NUMBER OF SHARES</b>			<b>RUPEES</b>	
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>

**4 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

There is no material change in contingencies and commitments as disclosed in annual financial statement of company for the year ended June 30, 2008.



**CONDENSED NOTES TO THE ACCOUNTS (UNAUDITED)**  
FOR THE NINE MONTHS ENDED MARCH 31, 2009

**5. ACQUISITION AND DISPOSAL OF FIXED ASSETS**

	MARCH 31 2009		JUNE 30 2008	
	ADDITION	DELETIONS	ADDITION	DELETIONS
Company Owned				
Freehold land	-	-	557,452	-
Building on Lease Hold Land			-	-
Factory	6,103,266	-	1,360,529	-
Non Factory	-	-	2,494,703	-
Building on freehold land				
Factory	1,123,266	-	2,984,420	-
Non Factory	-	-	3,165,321	-
Plant and machinery	25,693,000	-	9,183,373	-
Equipment and other assets	1,897,582	-	10,440,428	-
Office equipments-factory	307,996	-	507,312	-
Office equipments-office	89,120	-	-	-
Furniture and fixtures -office	49,480	-	43,361	-
Vehicles	1,682,560	2,969,990	4,272,668	2,184,095
	36,946,270	2,969,990	35,009,567	2,184,095
Assets subject to lease				
Vehicles	13,152,000			
	50,098,270	2,969,990	35,009,567	2,184,095

**MARCH 31**  
**2009**  
**RUPEES**

**JUNE 30**  
**2008**  
**RUPEES**

**6 CAPITAL WORK IN PROGRESS**

Factory Building	3,380,950	5,462,209
Plant & Machinery	489,981	207,995
	<u>3,870,931</u>	<u>5,670,204</u>

**7 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:

**CONDENSED NOTES TO THE ACCOUNTS (UNAUDITED)**  
FOR THE NINE MONTHS ENDED MARCH 31, 2009

Category	Relationship	Nature of transaction	MARCH 31 2009 RUPEES	MARCH 31 2008 RUPEES
<b>7.1 Transactions</b>				
Associated Under Taking	Common directorship	Services received	90,000	363,000
		Services rendered	10,202,550	7,944,679
		Electricity purchased	136,503,631	89,058,673
		Purchases of cotton, yarn and fabric	131,202,035	50,622,705
		Sales of cotton, yarn and fabric	211,877,618	129,369,879
		Purchase of assets	5,100,000	925,000

**8 DATE OF AUTHORIZATION FOR ISSUE**

These interim financial statements were authorized for issue on 25th April 2009 by the board of directors of the company.

**9 OTHERS**

There are no other significant activities since June 30, 2008 affecting the financial statements other than disclosed in these interim financial statements.

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.


**10 COMPARATIVE FIGURES**

In order to comply with the requirements of international Accounting Standards 34 "Interim Financial Reporting", Balance Sheet has been compared with the balances of annual financial statements while profit & Loss accounts has been compared with corresponding figures of last year quarter.

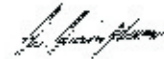
**11 GENERAL**

11.1 Figures have been rounded off to the nearest rupee.

11.2 Corresponding figures have been re-arranged to reflect more appropriate presentation for the purpose of comparison.



**MOHAMMAD SALIM**  
CHIEF EXECUTIVE



**MOHAMMAD SHARIF**  
DIRECTOR

Karachi: April 25, 2009

## V I S I O N

*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.*