

COMPANY INFORMATION

CHAIRMAN

Mr. Muhammad Umar Virk

CHIEF EXECUTIVE OFFICER

Mr. Nadeem Aslam Butt

BOARD OF DIRECTORS

Mr. Muhammad Umar Virk

Mr. Nadeem Aslam Butt

Mr. Umair Umar

Mrs. Shahnaz Umar

Mrs. Fatima Nadeem

Mrs. Sadiya Umair

Mr. Saeed Ahmad Khan

AUDIT COMMITTEE

Mr. Umair Umar

Chairman

Mrs. Shahnaz Umar

Member

Mrs. Sadiya Umair

Member

COMPANY SECRETARY & C.F.O.

Mr. Saeed Ahmad Khan

AUDITORS

Messrs M.Yousuf Adil Saleem & CO.

A Member Firm of Deloitte Touch Tohmatsch

Chartered Accountants

66-E- FCC, Syed Maratab Ali Road, Gulberg IV, Lahore

REGISTRAR OF THE COMPANY

Vision Consulting Ltd.

3 - C , 1st Floor, LDA Flats

Lawrance Road, Lahore

Ph: +92 42 3637 5531, 3637 5339

REGISTERED OFFICE

44-E-1, Gulberg III,

Lahore

Ph: + 92 42 3571 4191

Fa: + 92 42 3571 0048

W: www.hiramills.com.pk

MILLS

8-km Manga Raiwind Road

Raiwind District Kasur

DIRECTORS' REPORT

We hereby present the un-audited financial statements of the Company for 1st Quarter ended on September 30, 2009. The Company's sales are Rs. 598.59 million as compared to Rs.647.07 million during the corresponding period of last year which shows a decrease of 7.49%. Gross Profit for the period is Rs.76.56 million showing a decrease of 22.14 % over the gross profit of Rs.98.33 million in the corresponding period. Decrease in gross profit is mainly due to increase in raw material & other input costs. Moreover unplanned load shading of gas and electricity disturbed the production of the company very badly.

Profit from operations is Rs.2.51 million as compared to Rs.19.61 million in the corresponding period. The decrease in operational profit is due to decrease in gross profit. Distribution cost has decreased by 19.62% which is mainly due to decrease in export sales. Administrative cost has increased by 20.75% which is due to high inflation and payments of Ujarah. Financial cost has reduced by Rs. 4.03 million which is due better utilization of financial resources. Profit after tax is Rs.7.04 million as compared to Rs.19.27 million in the corresponding period. Hira Terry Mills Limited has contributed Rs.6.76 million profit in the current profit of the company. The result of the current three months is quite satisfactory. The management is putting its best efforts to maximize Company's profit for remaining period of the financial year and are positive of better results.

The Directors wish to express their appreciation to the staff & workers of the Company for their dedication & devotion displayed in the success & growth of the company.

On behalf of the Board

Lahore
Oct 28, 2009

Nadeem Aslam Butt
(Chief Executive officer)

BALANCE SHEET AS AT SEPTEMBER 30, 2009

	Un-Audited September 30, 2009	Audited June 30, 2009
	Rupees	Rupees
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	1,489,104,890	1,500,809,675
Long term investment- note 3	254,414,983	247,652,640
Long term deposits	9,778,906	9,778,906
	<u>1,753,298,779</u>	<u>1,758,241,221</u>
CURRENT ASSETS		
Stores, spares and loose tools	70,778,152	72,651,254
Stock in trade	1,281,703,527	1,194,864,068
Trade debts	150,471,187	136,600,136
Advances	19,588,194	18,423,527
Deposits and short term prepayments	5,666,517	5,528,657
Advance income tax - net of provision for tax	12,285,403	12,285,361
Sales tax refundable	7,479,526	7,283,714
Cash and bank balances	17,396,872	17,585,924
	<u>1,565,369,378</u>	<u>1,465,222,641</u>
TOTAL ASSETS	<u><u>3,318,668,157</u></u>	<u><u>3,223,463,862</u></u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorized capital		
75,000,000 ordinary shares of Rs. 10 each	<u>750,000,000</u>	<u>750,000,000</u>
Issued, subscribed and paid-up capital		
71,552,000 ordinary shares of Rs. 10 each	<u>715,520,000</u>	<u>715,520,000</u>
Reserves	82,500,000	82,500,000
Unappropriated profit	272,434,181	265,393,865
Shares Holders' Equity	<u>1,070,454,181</u>	<u>1,063,413,865</u>
Surplus on revaluation of property, plant and equipment	65,892,542	65,892,542
NON CURRENT LIABILITIES		
Long term loans	243,966,763	267,029,477
Liabilities against assets subject to finance Lease	26,752,576	28,722,289
Deferred Liabilities	69,262,723	69,262,723
CURRENT LIABILITIES		
Trade and other payables	385,131,575	255,247,555
Mark-up accrued	51,699,029	90,284,127
Short term borrowings	1,288,354,456	1,275,460,133
Current maturity of long term liabilities	117,154,312	108,151,151
	<u>1,842,339,372</u>	<u>1,729,142,966</u>
CONTINGENCIES AND COMMITMENTS -note 4	-	-
TOTAL EQUITY AND LIABILITIES	<u><u>3,318,668,157</u></u>	<u><u>3,223,463,862</u></u>

The annexed notes form an integral part of these financial statements

Lahore
Oct 28, 2009

Muhammad Umar Virk
Chairman

Nadeem Aslam Butt
Chief Executive

PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	September 30, 2009	(Restated) September 30, 2008
	----- Rupees -----	
Sales - net	598,589,132	647,074,227
Cost of goods sold	<u>522,024,098</u>	<u>548,745,540</u>
Gross profit	76,565,034	98,328,687
Other operating income	-	-
Distribution cost	9,380,895	11,674,175
Administrative expenses	11,460,256	8,903,901
Other operating expenses	132,056	1,032,078
Finance cost	53,082,754	57,109,054
Profit from Operations	<u>2,509,073</u>	<u>19,609,479</u>
Share of profit of Hira Terry Mills Limited	6,762,343	2,626,060
Profit/(Loss) before tax	9,271,416	22,235,539
Provision for taxation	2,231,100	2,968,358
Profit/(Loss) after tax	<u><u>7,040,316</u></u>	<u><u>19,267,181</u></u>
Earnings/(Loss) per share - basic and diluted	0.10	0.27

The annexed notes form an integral part of these financial statements

Lahore
Oct 28, 2009

Muhammad Umar Virk
Chairman

Nadeem Aslam Butt
Chief Executive

CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	Quarter ended	
	Sept. 30,2009	Sept. 30,2008
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before taxation	9,271,416	22,235,539
Add Depreciation of property, plant and equipment	19,592,490	20,424,814
Employee benefits- provision for the period	2,135,000	2,225,000
Share of Profit of Hira Terry Mills Limited	(6,762,343)	(2,626,060)
Finance cost	53,082,754	60,245,434
	<u>77,319,317</u>	<u>102,504,727</u>
(Increase)/ decrease in store, spare and loose tools	1,873,102	(2,014,571)
(Increase)/ decrease in stock in trade	(86,839,459)	122,710,553
(Increase)/ decrease in trade debts	(13,871,051)	(75,280,979)
(Increase)/ decrease in loans & advances	(1,164,667)	(30,988,736)
(Increase)/ decrease in deposits and short term prepayments	(137,860)	(904,000)
(Increase)/ decrease in other receivables	(195,812)	1,693,302
Increase/ (decrease) in trade & other payables	129,884,020	(23,386,665)
Cash generated from operations	106,867,590	94,333,631
Finance cost paid	(91,667,852)	(66,004,129)
Gratuity paid	(1,865,800)	(1,568,400)
Income taxes paid	(2,231,142)	(1,551,100)
Net cash used operating activities	<u>11,102,795</u>	<u>25,210,002</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7,887,705)	-
Long term deposits	-	(557,649)
NET CASH USED IN INVESTING ACTIVITIES	<u>(7,887,705)</u>	<u>(557,649)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(14,328,753)	(10,619,754)
Payment of liabilities against assets subject to finance lease	(1,969,713)	(3,795,563)
Short term borrowings - secured	12,894,323	(9,782,961)
NET CASH FLOW FROM FINANCING ACTIVITIES	<u>(3,404,143)</u>	<u>(24,198,278)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(189,053)	454,075
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	17,585,924	2,080,109
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>17,396,871</u>	<u>2,534,184</u>

The annexed notes form an integral part of these financial statements

Lahore
Oct 28, 2009

Muhammad Umar Virk
Chairman

Nadeem Aslam Butt
Chief Executive

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	Share capital	Share premium	Unappropriated profits	Total
	----- Rupees -----			
Balance as at June 30, 2008	715,520,000	82,500,000	263,944,861	1,061,964,861
Profit for the period	-	-	19,267,181	19,267,181
Balance as at Sep 30, 2008	715,520,000	82,500,000	283,212,042	1,081,232,042
Profit for the period		-	(17,818,177)	(17,818,177)
Balance as at June 30 ,2009	715,520,000	82,500,000	265,393,865	1,063,413,865
Profit for the period		-	7,040,316	7,040,316
Balance as at Sep 30 ,2009	715,520,000	82,500,000	272,434,181	1,070,454,181

The annexed notes form an integral part of these financial statements

Lahore
Oct 28, 2009

Muhammad Umar Virk
Chairman

Nadeem Aslam Butt
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2009

1 CORPORATE INFORMATION

The Company was incorporated in Pakistan on January 31, 1991 as a Public Limited Company and its shares are quoted on Karachi and Lahore Stock Exchanges. The principal activity of the Company is to manufacture and sale of yarn. The registered office of the Company is located at 44-E/1 Gulberg III, Lahore and its mill is located at Raiwind Road Lahore.

2 BASIS OF PREPARATION

2.1

These financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting) and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.

2.2

The accounting policies and methods of computation adopted in the preparation of these financial statements are the same as those applied in the preparation of the preceding published financial statements of the Company for the year ended June 30, 2009.

3 LONG TERM INVESTMENTS

Investment in related parties- unquoted
Hira Terry Mills Limited -associated company
18,450,000 fully paid ordinary shares of Rs. 10 each
Share of Profit

	Un-Audited September 30, 2009 Rupees	Audited June 30, 2009 Rupees
	184,500,000	184,500,000
	69,914,983	63,152,640
	<u>254,414,983</u>	<u>247,652,640</u>

4 CONTINGENCIES AND COMMITMENTS

Contingencies

- (i) In case of default in payments of rescheduled loan from Habib Bank Limited the restructured package would automatically stands cancelled and consequently the original terms of loan shall apply. In such case an amount equal to adjustment of finance cost i.e Rs. 116,466,477 shall be payable by the company
- (ii) Tax department has rectified assesment u/s 221 for 1996-97 & 1999-00 and created income tax demand for Rs. 7,053,643. Tax department has also created tax liability of Rs. 22,332,021 for assesment u/s 122 (5A) for tax year 2003 to 2005 & 2007. The Company has filed appeals aganist these arders and is hopeful for a favorable decision.

Guarantees

Habib Bank Limited to Sui Northren Gas Pipelines Limited

	25,373,120	25,373,120
	<u>25,373,120</u>	<u>25,373,120</u>

Commitments

Letters of credit for import of machinery
Letters of credit for import of raw material
Letters of credit for import of stores and spares/Others

	1,174,958	1,174,958
	103,764,145	244,234,352
	3,247,363	4,463,053
	<u>108,186,466</u>	<u>249,872,363</u>

5 COST OF SALES

Stock - opening
Cost of goods manufactured
Stocks - closing

Note

5.1

	Un-Audited September 30, 2009 Rupees	Un-Audited September 30, 2008 Rupees
	120,902,948	92,354,018
	521,418,330	523,856,833
	120,297,180	67,465,311
	<u>522,024,098</u>	<u>548,745,540</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	Un-Audited September 30, 2009 Rupees	Un-Audited September 30, 2008 Rupees
5.1 Cost of goods manufactured		
Work in process - opening	17,430,120	21,007,454
Raw materials consumed	397,899,112	404,912,462
Overheads	122,881,435	116,382,835
Work in process - closing	16,792,337	18,445,918
	<u>521,418,330</u>	<u>523,856,833</u>

6 RELATED PARTY TRANSACTIONS

The Related parties comprise holding company, subsidiaries and associated undertakings, other related group companies, directors of the company, key management personnel and post employment benefit plans. The company in the normal course of business carries out transactions with various related parties

	Un-Audited September 30, 2009 Rupees	Audited June 30, 2009 Rupees
Transactions with Associated undertaking - Hira Terry Mills Limited (H.T.L)		
Sale of yarn and store etc	98,243,252	390,716,040
Purchases of Towels, Stores & Spares	91,101	1,470,182
Expenses charged	3,000,000	12,721,365
Mark-up charged on balance due from HTL	-	1,946,510
Other transactions in ordinary course of business-net	152,144	584,021
Transactions with Other related parties		
Remuneration paid to directors and chief executive of the Company	1,810,600	7,247,232
Payment to Employees' Provident Fund Trust	261,503	623,769
	<u>103,558,600</u>	<u>415,309,119</u>

7 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 28th October, 2009 by the Board of Directors of the Company.

8 PRESENTATION

- Figures in the financial statements have been rounded-off to the nearest Rupee.

Lahore
Oct 28, 2008

Muhammad Umar Virk
Chairman

Nadeem Aslam Butt
Chief Executive