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COMPANY INFORMATION

CHAIRMAN

Mr. Muhammad Umar Virk

CHIEF EXECUTIVE

Mr. Nadeem Aslam Butt

BOARD OF DIRECTORS

Mr. Muhammad Umar Virk

Mr. Nadeem Aslam Butt

Mr. Umair Umar

Mrs. Shahnaz Umar

Miss Umaira Umar

Mrs. Sadiya Umair

Mr. Saeed Ahmad Khan

AUDIT COMMITTEE

Miss Umaira Umar

Chairperson

Mrs. Shahnaz Umar

Member

Mrs. Sadiya Umair

Member

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Saeed Ahmad Khan

AUDITORS

Messrs M. Yousuf Adil Saleem & CO.

A Member Firm of Deloitte Touche Tohmatsu

Chartered Accountant

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

REGISTRAR OF THE COMPANY

Vision Consulting Ltd.

3 – C, 1st floor, LDA Flats

Lawrence Road Lahore

Ph: + 92 42 637 5531, 637 5339

REGISTERED OFFICE

44-E-1, Gulberg III, Lahore

Ph: + 92 42 571 4191

Fa: + 92 42 571 0048

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MILLS

8 KM Manga Raiwind Road Raiwind District Kasur

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 17th annual general meeting of the members of Hira Textile Mills Limited will be held on Friday, October 31, 2008 at 11.00 AM at the registered office of the company i.e. 44 E/1 Gulberg III, Lahore, to transact the following:

1. To confirm the minutes of the last General Meeting.
2. To receive and adopt the audited accounts of the company for the year ended on June 30, 2008 together with the Directors and auditor's reports thereon.
3. To appoint auditors and fix their remuneration. The retiring auditors M/S M. Yousuf Adil Saleem & Co. chartered accountants, being eligible offer themselves for reappointment.
4. SPECIAL BUSINESS:
 - i) To consider the increase in the remuneration of the Chief Executive and 3 Directors with effect from July 01, 2008.
 - ii) To consider and, if thought fit, Pass the following Special Resolution in terms of Section 208 of The Companies Ordinance 1984, with or without amendments.

“RESOLVED THAT the Company be and is hereby authorized to make temporary loans/advances from time to time to the extent of Rs. 100,000,000/- (Rupees One Hundred Million only) to Hira Terry Mills Ltd an associated Company.

”FURTHER RESOLVED THAT the Chief Executive of the Company be and is hereby authorized to undertake and make the above temporary loans/advances as short term financing on the terms and conditions given in the statement under Section 160(1) (b) annexed herewith
5. To transact any other business with the permission of the Chair.

The statement under section 160(1) (b) of the Companies Ordinance, 1984, read with S.R.O 865 (1)/ 2000 dated December 6, 2000 issued by SECP is pertaining to the Special Business is annexed with this notice to the members.

(By the order of the Board)

Saeed Ahmad Khan
Company Secretary

Lahore: September 29, 2008

Notes

- 1- The Share Transfer Books of the Company will remain closed from October 25, 2008 to October 31, 2008 (both days inclusive).
- 2- A member entitled to attend and vote at the General Meeting may appoint any person as proxy to attend and vote instead of him/her. No person other than a member shall act as proxy.
- 3- An instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notarially certified copy of such power or authority, in order to be valid, must be deposited at the registered office of the company at least 48 hours before the time of the meeting and must be duly stamped, signed and witnessed.
- 4- The account holders of CDC are requested to bring their original NI/Passport for the purpose of identification at the meeting.
- 5- Members are requested to immediately inform of any change in their address.

STATEMENT OF MATERIAL FACTS UNDER SECTION 160 (1) (B) OF THE COMPANIES ORDINANCE, 1984

1. It is proposed that the remuneration of Chief executive be increased by Rs. 45,000/- P.M and other 3 Directors aggregate by Rs. 88,000/- P.M. with effect from July 01, 2008.
2. Hira Terry Mills Limited is public limited (unlisted) Company having assets of Rs. **1,506.74** million with paid-up-capital of Rs. **388.300** million. The company manufactures and deals in all types of Towels.

INVESTMENT IN ASSOCIATED COMPANY

(A) An amount of Rs. 15 million was advanced to Hira Terry Mills Limited as short term advances out of funds available as on July 23, 2005 for a period of 3 years. The amount was completely adjusted as on June 30, 2008 and now no amount is outstanding. No loan was written off.

(B) The investment would be made at such times as the Chief Executive may think appropriate in the following manner:

(i)	Name of Investee Company	Hira Terry Mills Limited
(ii)	Nature of Loan/Advance	Short Term running advances from time to time
(iii)	Purpose of short term loans and advances	The purpose of short term loans and advances is to provide financial facilities as and when required for meeting the Immediate requirements of Working Capital of the borrowing Company.
(iv)	Amount of Loan /Running advance (Maximum Limit)	Rs. 100,000,000/- (Rupees one hundred million only)
(v)	Rate of mark up	1% above the prevailing short term lending rates of the Commercial banks which, in any case, will not be less than the borrowing cost of the investing Company.
(vi)	Tenor	Initially for a period of 2 years extendable after 2 years depending upon the financial conditions of Hira Terry.
(vii)	Securities	No security is considered necessary as both the Companies are under common management control.
(viii)	Source of Funds	Company's own internal cash reserves.
(ix)	Repayable Schedule	The loans and advances are adjustable maximum within a period of twelve months.
(x)	Other Terms & Conditions	i) Hira Textile shall have the right to add, amend or alter any terms and conditions including the rate of Markup or call back the advance amount after notice to Hira

Terry.

- ii) In the event of default the Board of Directors shall have the right to call back the amount and/or charge additional markup as penalty.

- (xi) Benefits likely to accrue to the Company and its shareholders from loans and advances

The Investing Company and its shareholders will be benefited in a manner that their investment will fetch a return of 1% above the Lending rates of commercial banks.

Hira Textile owns 18,450,000 shares in the issued capital of Hira Terry and shall also benefit if Hira Terry declares dividends on account of better business of Hira Terry on the basis of Financial Facility being provided to it.

- (C) Brief about Hira Terry Mills Limited the investee Company on the basis of last audited financial statements for the year ended 30-06-2008:

Net Sales	Rs. 689.44 Million
Equity- Net	Rs. 436.81 Million
Long term Loans and Lease	Rs. 508.42 Million
Current Ratio	0.90: 1
GP Ratio	26.32 %
Net Profit Ratio	6.56 %
Shareholding of Hira Textile Mills Ltd.	18.450 Million Shares or 47.515 %
Share of Profit to Hira Textile Mills Ltd.	Rs. 21.45 Million
Outstanding Balance of Running advances / Loan as on June 30, 2008	Nil
Maximum outstanding Balance of Running advance / Loan during the year 2007-2008.	Rs. 14.672 Million

- (D) The Directors of Hira Textile Mills Limited have no other interest in the investment except that 3 Directors of Hira Textile Mills Limited are also Directors and shareholders in Hira Terry and 2 Directors are Shareholders in Hira Terry Mills Limited, the Associated Company.

- (E) The audited Financial Statement of Hira Terry Mills Limited and Hira Textile Mills Limited for the year ended June 30, 2008, can be inspected from 10.00 a.m. to 11.30 a.m. in all working days up-to October 22, 2008 by the shareholders of Hira Textile.

VISION STATEMENT

A dynamic profitable and professionally managed successful business organization.

MISSION STATEMENT

Hira Textile Mills Ltd is committed to the highest standards of integrity, honesty, openness and professionalism in all of its activities whenever they are undertaken.

We, the Management Team of HTML are striving to improve the quality of yarn by continuously improving its manufacturing facilities. We are committed to positioning the Company at the apex of the industry by satisfying our valued customers, archiving superior returns for shareholders, by providing congenial work environment where the employees feel part of the organization and be a good corporate citizen by fulfilling our social responsibilities.

DIRECTORS REPORT TO THE MEMBERS

The Board of Directors feel immense pleasure in presenting the Company's Audited financial statements together with the auditor's report thereon for the year ended on June 30, 2008.

Company Performance

Following are the operating & Financial results:-

	2008	2007
	(Rupees in Million)	
Net Sale	1,708.15	1,664.98
Gross Profit	257.91	252.13
Share of Profit of Hira Terry	21.45	1.60
Profit before taxation	64.70	22.45
Provision for taxation	15.55	71.09
Profit for The Year	49.15	(48.63)
EPS – basic & diluted	0.69	(0.87)

By the grace of Almighty Allah the Overall performance of the company is quite satisfactory and Company managed to make a profit of Rs49.15 Million after meeting all operational, administrative, financial & other expenses. The gross profit has increased due to change in production pattern and saving in input costs. Increase in profit before tax is mainly due to share of profit of associated company which is Rs.21.45 Million comparing to last year Rs. 1.60 Million. The Financial cost increased by Rs. 12.61 Million showing an increase of Rs. 7.97 % due to increase in borrowings and rise in interest rates. Despite of increasing trend in prices of raw material and other input costs the overall picture clearly shows that the efforts of the management were successful in maintaining the effects of abnormal increase and achieving maximum profitability.

Investment and Expansion

The Company has invested on Construction of new factory building amounting Rs. 57.03 Million, Rs.9.80 Million on Cotton Yard & godown and Rs.5.86 Million on workers quarters and boundary wall. The Company has also invested Rs. 275.45 Millions by adding 6000 Spindles and related back process. Moreover the Company has invested Rs. 9.6 Million in associated company M/S Hira Terry Mills Limited. During the year under review Hira Terry earned net profit of Rs. 45.242 Million.

Dividend

The Directors have not recommended any dividend due to future economic uncertainty in the country.

Related Parties

The transactions between the related parties were made at arm's length prices determined in accordance with the comparable uncontrolled prices method. The company has fully complied with the best practices of the transfer pricing as contained in the listing regulation of stock exchanges in Pakistan.

ISO 9001 – 2000 Certification

The company continues to operate the high standard of quality and had obtained latest version of certification which is renewed every year. The quality control certification will help to build up trust of new and old customers.

Environments, Health and Safety

The Company maintains working conditions which are safe and without risk to the health of all employees and public at large. The management has maintained safe environment in all its operations through out the year and is constantly upgrading their living facilities.

Future Plans

Although the performance of the company is good during the year but the future market situation is changing to adversely due to increase in the cotton prices, wages, markup rates and other input costs and recession in yarn market, the management is taking the view of consolidation for the moment.

Business Strategy

Aggressive marketing strategy has been the major factor in HTML consistent profitability over the last years. In the light of the Company's overall objectives the Board of Directors regularly review the Company's strategy business plans and set performance targets accordingly.

Corporate & Financial Reporting Frame Work

As required by the Code of Corporate Governance, Directors are pleased to report that:

- a. The financial statements prepared by the management of the Company present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.
- b. Proper books of account of the Company have been maintained.

- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International accounting standards, as applicable in Pakistan have been followed in preparation of financial statements.
- e. The system of internal control is sound and has been effectively implemented and monitored.
- f. There are no doubts upon the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchanges.
- h. The value of investment of contributory provident fund as at June 30, 2008 amount to Rs. 4.854 Million.
- i. The pattern of shareholding as at June 30, 2008 is annexed.

Audit Committee

The Board of Directors in compliance with the code of corporate governance has established an audit committee, the name of its members are given in the Company profile.

Operating and financial data and key ratio of six years are annexed.

Except as stated hereunder, no trade in the shares of the company were carried out by the Directors, CEO, CFO, Company secretary, their spouses and minor children.

- a. Shares purchased during the year by Mr. Umair Umar 472,500.
- b. Shares sold during the year by Mr. Umair Umar 1,000.

Board Meeting

During the year under review Four (4) meetings were held. Attendance by each Director is as follows:

Name of Director	Attendance
Muhammad Umar Virk	4
Nadeem Aslam Butt	4
Mrs. Shahnaz Umar	4
Mr. Umair Umar	4
Miss Umaira Umar	4
Mrs. Sadiya Umair	4
Mr. Saeed Ahmad Khan	4

Acknowledgements

The Directors take this opportunity to thank the Company's Bankers, Particularly, HBL Bank, MCB Bank, National Bank, Bank of Punjab, United Bank of Pakistan, NIB Bank and other financial institutions for their confidence in the Company. The Directors feel pleasure in expressing appreciation for the continued interest and support of all the shareholders. The Directors are also glad to mention the dedication and devotion displayed by the staff and workers of the Company. It is hoped that the staff and workers will continue to work with the same sense of devotion to achieve high standards and reach Company's goals.

On Behalf of the Board

Nadeem Aslam Butt

Chief Executive Officer

Lahore September 29, 2008

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the Regulation No.37 of the Listing Regulations of the Karachi Stock Exchange and Clause 49 (Chapter VIII) of the Listing Regulations of the Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors. At present the Board includes three (3) independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to any banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as defaulter by that stock exchange.
4. The Board has developed a mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended is being maintained.
5. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
6. The meetings of the Board were presided over by the Chairman and the Board met at least once every quarter. Written notices of the Board meetings, along with agenda, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
7. The Directors Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
8. The CEO and CFO duly endorsed the financial statements of the Company before approval by the Board.
9. The Company has complied with all the corporate and financial reporting requirements of the Code.
10. The Board has formed an audit committee comprising three members, of whom all are non-executive directors including the Chairman of the committee.

11. The meeting of the audit committee was held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
12. The Board has set-up an effective internal audit function. The staff is considered to be suitably qualified and experienced for the purpose and is fully conversant with the policies and procedures of the Company.
13. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares in the Company.
14. The statutory auditors and persons associated with them have not been appointed to provide any other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
15. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Lahore: September 29, 2008.

NADEEM ASLAM BUTT
(Chief Executive Officer)

FINANCIAL SUMMARY

Amount Rs.(000)

	2008	2007	2006	(9 Months) 2005	2004	2003
Net Sales	1,708,153	1,664,978	1,743,871	1,090,508	1,219,596	901,048
Cost of Sales	1,450,248	1,412,848	1,428,844	879,878	1,025,074	776,362
Gross profit	257,905	252,131	315,027	210,630	194,522	124,686
Administration Expenses	20,910	35,840	28,637	14,311	17,834	13,014
Selling Expences	20,267	38,577	39,061	32,457	40,897	28,884
Operating Profit	216,729	177,714	247,329	163,863	135,791	82,788
Other Operating Income	497	5,546	23,312	116,593	68	519
Profit before Interest & Taxation	217,226	183,260	270,641	280,456	135,859	83,307
Other Operating Expenses	3,169	4,216	6,415	4,911	4,341	1,995
Financial & Other Charges	170,805	158,193	157,466	63,822	49,045	43,411
Share of profit Hira Terry Mills Ltd.	21,449	1,598	-	-	-	-
Profit before Taxation	64,701	22,449	106,761	211,723	82,474	37,901
Provision for Taxation	15,549	71,089	16,223	8,491	10,508	8,009
Profit after Taxation (Net Profit)	49,152	(48,639)	90,538	203,232	71,966	29,892

Financial Position

Current Assets	1,486,069	956,667	797,824	931,322	871,569	518,804
Current Liabilities	1,666,172	1,022,246	727,681	795,379	850,621	542,906
Operating Fixed Assets	1,563,629	1,309,689	1,413,721	1,315,052	1,291,931	836,977
Total Assets	3,261,592	2,447,104	2,305,419	2,286,685	2,171,116	1,365,887
Net Capital Employed	1,527,154	1,368,196	1,575,078	1,488,524	1,318,991	819,048
Long Term Debts	399,297	289,490	615,409	619,393	689,084	439,065
Share Holder,s Equity	1,061,965	1,012,813	741,539	640,682	393,416	250,164
Surplus on Revaluation on Fixed Assets	65,893	65,893	218,130	228,450	236,491	129,819
Break -up Value Per Share (Rupees)	14.84	14.15	15.93	27.86	18.73	16.68
Number of shares	71,552,000	71,552,000	46,552,000	23,000,000	21,000,000	15,000,000

Financial Ratios Analysis (Annualized)

Current Ratio	0.89	0.94	1.10	1.17	1.02	0.96
Total Debt to Total Assets	12.24	11.83	26.69	27.09	31.74	32.15
Acid -Test Ratio	13.76	13.10	26.46	27.20	38.49	40.32
Debt Equity	26:74	21:79	39:61	41:59	52:48	54:46
Debt Coverage Ratio	0.16	(0.19)	0.37	1.86	0.70	0.24
Leverage Ratio	1.89	1.27	1.40	1.63	2.45	2.59
Interest Coverage Ratio	1.27	1.16	1.72	4.39	2.77	1.92
Fixed Assets Turnover	1.09	1.27	1.23	1.11	0.94	1.08
Total Assets Turnover	0.52	0.68	0.76	0.64	0.56	0.66

Per Share Results & returns

Earning per Share	0.69	(0.87)	1.94	5.82	4.76	1.99
Return on Capital employed- net	3.22	(3.55)	5.75	18.20	5.46	3.65
Gross Profit to Sales	15.10	15.14	18.06	19.31	15.95	13.84
Operating Profit To Sales	12.69	10.67	14.18	15.03	11.13	9.19
Net Income to Sale (Profit margin)	2.88	(2.92)	5.19	18.64	5.90	3.32
Return on Assets (ROA)	1.51	(1.99)	3.93	11.85	3.31	2.19

REVIEW REPORT TO THE MEMBERS

**ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE
GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **HIRA TEXTILE MILLS LIMITED** ("the Company") to comply with the Listing Regulations of Karachi and Lahore Stock Exchanges in Pakistan where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2008.

(Chartered Accountants)

Lahore, September 29, 2008

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **HIRA TEXTILE MILLS LIMITED** ("the Company") as at June 30, 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that-

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion-
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2008 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under Zakat and Ushr Ordinance, 1980.(XVIII of 1980).

(Chartered Accountants)

Lahore, September 29, 2008

HIRA TEXTILE MILLS LIMITED

BALANCE SHEET AS AT JUNE 30, 2008

	Note	June 30, 2008 Rupees	June 30, 2007 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	1,563,628,509	1,309,688,815
Long-term investments	4	207,547,729	176,498,315
Long-term advances and deposits	5	4,347,499	4,250,099
		1,775,523,737	1,490,437,229
CURRENT ASSETS			
Stores, spare parts and loose tools	6	57,739,692	56,771,836
Stock-in-trade	7	1,198,999,930	765,971,811
Trade debts	8	187,557,975	82,637,486
Advances	9	22,420,787	21,071,755
Deposits and short-term prepayments	10	688,704	2,167,655
Advance Income Tax- net of Provision for tax	11	6,900,809	8,362,485
Other receivables	12	-	11,979,264
Sales tax refundable	13	9,680,642	4,331,089
Cash and bank balances	14	2,080,109	3,373,841
		1,486,068,648	956,667,222
		<u>3,261,592,385</u>	<u>2,447,104,451</u>

The annexed notes 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN / DIRECTOR

HIRA TEXTILE MILLS LIMITED

BALANCE SHEET AS AT JUNE 30, 2008

		June 30, 2008	Restated June 30, 2007
	Note	Rupees	Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		750,000,000	750,000,000
75,000,000 (2006 : 75,000,000) ordinary shares of Rs.10 each			
Issued, subscribed and paid up share capital	15	715,520,000	715,520,000
Reserves	16	82,500,000	82,500,000
Un-appropriated profit		263,944,861	214,793,093
		1,061,964,861	1,012,813,093
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
	17	65,892,542	65,892,542
NON - CURRENT LIABILITIES			
Long-term financing	18	304,349,426	214,525,534
Letter of Credit for Import of Machinery	19	32,238,384	-
Liabilities against assets subject to finance lease	20	62,709,127	74,964,885
Deferred liability	21	68,266,150	56,662,019
CURRENT LIABILITIES			
Trade and other payables	22	86,121,800	52,970,961
Mark up accrued on loans	23	49,005,607	14,604,295
Short-term borrowings	24	1,394,354,879	862,447,193
Current portion of non-current liabilities	25	136,689,609	92,223,929
		1,666,171,895	1,022,246,378
CONTINGENCIES AND COMMITMENTS			
	26		
		3,261,592,385	2,447,104,451

The annexed notes 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN / DIRECTOR

HIRA TEXTILE MILLS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2008

		June 30, 2008	Restated June 30, 2007
	Note	Rupees	Rupees
Sales- net	27	1,708,153,092	1,664,978,390
Cost of sales	28	<u>1,450,247,795</u>	<u>1,412,847,841</u>
Gross profit		257,905,297	252,130,549
Other operating income	29	<u>497,111</u>	<u>5,546,157</u>
		258,402,408	257,676,706
Distribution cost	30	<u>20,266,639</u>	<u>38,577,138</u>
Administrative expenses	31	<u>20,909,963</u>	<u>35,839,728</u>
Other operating expenses	32	<u>3,168,713</u>	<u>4,215,725</u>
Finance cost	33	<u>170,805,319</u>	<u>158,193,133</u>
		215,150,634	236,825,724
		<u>43,251,774</u>	<u>20,850,982</u>
Share of profit of jointly controlled entity		21,449,414	1,598,315
Profit before taxation		<u>64,701,188</u>	<u>22,449,297</u>
Provision for taxation	34	<u>15,549,420</u>	<u>71,088,585</u>
Profit / (Loss) for the year		<u><u>49,151,768</u></u>	<u><u>(48,639,288)</u></u>
Earnings / (Loss) per share - basic and diluted	35	<u><u>0.69</u></u>	<u><u>(0.87)</u></u>

The annexed notes 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN / DIRECTOR

HIRA TEXTILE MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2008

	Note	June 30, 2008 Rupees	June 30, 2007 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		64,701,188	22,449,297
Adjustment for:			
Depreciation on property, plant and equipment		69,087,214	76,716,452
Gain on disposal of property, plant and equipment		(262,790)	(765,449)
Impairment of property, plant and equipment		-	557,122
Provision for employee benefits		9,782,011	2,971,518
Share of profit of jointly controlled entity		(21,449,414)	(1,598,315)
Finance cost		170,805,319	158,193,133
Working Capital changes		292,663,528	258,523,758
Increase in stores, spare parts and loose tools		(967,856)	(2,100,790)
Increase in stock-in-trade		(433,028,119)	(215,387,129)
(Increase) / decrease in trade debts		(104,920,489)	11,025,407
(Increase) / decrease in advances		(1,349,032)	23,956,877
Decrease in deposits and short-term prepayments		1,478,951	4,194,424
Decrease / (Increase) in other receivables		11,979,264	(11,634,743)
Increase in trade and other payables		33,150,839	2,874,374
		(493,656,442)	(187,071,580)
Cash (used in) / generated from operations		(200,992,914)	71,452,178
Finance cost paid		(136,404,007)	(171,267,612)
Employee benefits paid		(5,099,265)	(4,289,385)
Taxes paid		(12,515,912)	(7,564,077)
		(154,019,184)	(183,121,074)
<i>Net cash (used in) / from operating activities</i>		(355,012,098)	(111,668,896)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(320,711,918)	(102,462,358)
Proceeds from disposal of property, plant and equipment		55,612,000	5,454,000
Increase in investments		(9,600,000)	(85,876,000)
(Increase) / Decrease in long-term advances and deposits		(97,400)	600,000
<i>Net cash used in investing activities</i>		(274,797,318)	(182,284,358)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		-	312,500,000
Proceeds from long-term financing		160,705,639	102,794,361
Payment of long-term financing		(36,101,912)	(31,146,274)
Long term Letter of Credit Payable		32,238,384	-
Redemption of non-participatory redeemable capital		-	(349,860,000)
Payment of liabilities against assets subject to finance lease		(60,234,113)	(62,123,595)
Increase in short-term borrowings		531,907,686	298,890,756
<i>Net cash from financing activities</i>		628,515,684	271,055,248
Net decrease in cash and cash equivalents		(1,293,732)	(22,898,006)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,373,841	26,271,847
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	2,080,109	3,373,841

The annexed notes 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN / DIRECTOR

HIRA TEXTILE MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2008

	Share capital	Share premium	Un-appropriated profit	Total
	Rupees			
Balance as at June 30, 2006	465,520,000	20,000,000	256,019,042	741,539,042
Issue of ordinary shares of Rs. 10 each fully paid in cash	250,000,000	-		250,000,000
Share premium at Rs. 2.5 per share	-	62,500,000		62,500,000
Loss for the year - as restated			(48,639,288)	(48,639,288)
Adjustment of surplus on revaluation of property, plant and equipment				
Adjustment of depreciation on incremental value arising on revaluation of property, plant and equipment attributed to current year	-	-	7,413,339	7,413,339
Balance as at June 30, 2007 - as restated	715,520,000	82,500,000	214,793,093	1,012,813,093
Profit for the year	-	-	49,151,768	49,151,768
Balance as at June 30, 2008	715,520,000	82,500,000	263,944,861	1,061,964,861

The annexed notes 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN / DIRECTOR

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

1 STATUS AND ACTIVITY

1.1 Hira Textile Mills Limited ("the Company") was incorporated in Pakistan on January 31, 1991 as a public limited company under the Companies Ordinance, 1984. The Company was listed on Karachi and Lahore Stock Exchanges of Pakistan on February 15, 2007 and February 16, 2007 respectively. The registered office of the Company is situated at 44 - E / 1, Gulberg III, Lahore. The principal activity of the Company is manufacturing and sale of yarn. The project is located at Manga Raiwind Road, Tehsil and District Kasur in the province of Punjab.

1.2 These financial statements are presented in Pak Rupees, which is the Company's functional as well as presentation currency.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 ("the Ordinance") and directions issued by the Securities and Exchange Commission of Pakistan ("SECP"), and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Ordinance or the said directives take precedence.

2.2 Initial application of a standard or an interpretation

Amendment to IAS 1 - "Presentation of Financial Statements - Capital Disclosures", introduces new disclosures about the level of an entity's capital and how it manages capital. Adoption of this amendment has only resulted in additional disclosures given in note 40 to the financial statements.

2.3 IFRS that are implemented but have no impact on these financial statements

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements other than increase in disclosures in certain cases:

Revised IAS 1 - Presentation of Financial Statements (effective for annual periods beginning on or after 01 January 2009).

Revised IAS 23 - Borrowing Costs (effective from 01 January 2009).

IAS 29 - Financial Reporting in Hyperinflationary Economies (applicable for period beginning from 28 April 2008).

IAS 32 - (amendment) Financial instruments: Presentation and consequential amendment to IAS 1 presentation of Financial Statements (effective for annual period beginning on or after 01 January 2009).

IFRS 2 - (amendment) -Share based payment (effective for annual periods beginning on or after 01 January 2009).

IFRS 3 -(amendment) - Business Combinations and consequential amendments to IAS 27 - Consolidated and separate financial statements, IAS 28 - Investment in associates and IAS 31 - Interest in joint ventures. (effective prospectively to business combination on or after 01 January 2007).

IFRS 5 - Non Current assets held for sale and discontinued operation (applicable for periods beginning from 01 January 2007).

IFRS 6 - Exploration for and evaluation of mineral of mineral resources (applicable for periods beginnings from 01 January 2007).

IFRS 7 - Financial Instrument: Disclosure (applicable for periods beginnings from 28 April 2008).

IFRS 8 - Operating Segment (effective from 01 January 2009).

IFRIC 12 - Services concession arrangements (effective fro annual periods beginning on or after 01 January 2008).

IFRIC 13 - Customer Loyalty Programmes (effective fro annual periods beginning on or after 01 July 2008).

IFRIC 14 - IAS 19- The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interactions (effective for annual periods beginning on or after 01 Jauary 2008).

IFRIC 15 - Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 01 January 2009).

IFRIC 16 - Hedges of a net investment in a foreign Operation (effective for annual peiodes beginning on or after 01 october 2008).

IFAS 2 - Ijarah (effective for annual periods beginning on or after 01 july 2007).

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

2.4 Basis of preparation

These financial statements have been prepared under historical cost convention modified by:

- revaluation of certain property, plant and equipment
- financial instruments at fair value
- recognition of certain employee benefits at present value

The principal accounting policies are set out below:

2.5 Significant estimates

The preparation of financial statements in conformity with approved accounting standards require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, results of which from the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Judgments made by management in the application of IASs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next years are disclosed in the ensuing paragraphs.

Employee benefits

The Company operates unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed the minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligations under the schemes on the basis of actuarial valuation and are charged to income. The calculation requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration and discount rate used to derive present value of defined benefit obligation. The assumptions are determined by independent actuaries.

Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment.

Taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and the Company considers that its view on items of material nature is in accordance with the law, the amounts are shown as contingent liabilities.

2.6 Property, plant and equipment

Property, plant and equipment except freehold land, building on freehold land, plant and machinery and capital work-in-progress are stated at cost less accumulated depreciation and impairment in value, if any. Freehold land, building on freehold land and plant and machinery are stated at revalued amounts. Capital work-in-progress and stores held for capital expenditure are stated at cost. Cost also includes borrowing cost wherever applicable.

Assets' residual values, if significant then useful lives are reviewed and adjusted, if appropriate at each balance sheet date.

When significant parts of an item of property, plant and equipment have different useful lives, they are recognized as separate items of property plant and equipment.

Subsequent costs are included in the assets' carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with item will flow to the Company and the cost of item can be measured reliably. All other repair and maintenance costs are charged to income during the year in which they are incurred.

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Depreciation is charged to profit and loss account applying the reducing balance method over its estimated useful life at the rates specified in note 3 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the day at which property, plant and equipment becomes available for use while no depreciation is charged after the day when property, plant and equipment is disposed off.

Surplus arising on revaluation of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related property, plant and equipment during the year is transferred to unappropriated profit.

The gain or loss on disposal or retirement of an asset represented by the difference between the sales proceeds and the carrying amount of the asset is recognised as an income or expense.

All expenditures connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets become available for use.

2.7 Assets subject to finance lease

Assets subject to finance lease are depreciated over their expected useful lives on the same basis as owned assets.

2.8 Investments

Investments in equity instruments of jointly controlled companies are initially recognised at cost and subsequently accounted for at the Company's share of their underlying net assets using the equity method of accounting.

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.9 Stores, spare parts and loose tools

Stores and spares are valued at lower of moving average cost and net realizable value less allowances for obsolete and slow moving items. Items in transit are valued at cost comprising invoice value plus other charges thereon. Provision is made for obsolete and slow moving stores and spares based on management estimates.

2.10 Stock-in-trade

These are valued at the lower of cost and net realizable value applying the following basis:

Raw material	Weighted average cost
Work-in-process	Average manufacturing cost
Finished goods	Average manufacturing cost
Waste	Net realizable value

Raw material in transit is stated at invoice price plus other charges paid thereon up to the balance sheet date.

Average manufacturing cost in relation to work-in-process and finished goods, consists of direct material and labour and a proportion of manufacturing overheads based on normal capacity.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

2.11 Impairment

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in future periods to allocate the assets revised carrying amount over its estimated useful life.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognised for the asset in prior years. Reversal of impairment loss is recognised as an income.

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

2.12 Financial instruments

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial asset and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

The gain or loss relating to financial instruments is recognized immediately in the profit and loss account.

Particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

2.13 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the financial statements only when there is a legally enforceable right to setoff the recognised amount and the Company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

2.14 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful debts based on review of outstanding amounts at the year end. Bad debts are written off when identified.

2.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost except for foreign currency deposits. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks.

2.16 Trade and other payables

Liabilities for trade and other payables are carried at their cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed to the Company or not.

2.17 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

2.18 Employee benefits

The main features of the schemes operated by the Company for its employees are as follows:

Defined benefit plan

The Company operates unfunded gratuity scheme (defined benefit plan) for all its permanent employees at mill who have completed the minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligations under the schemes on the basis of actuarial valuation and are charged to income.

The amount recognized in the balance sheet represents the present value of defined benefit obligations as adjusted for unrecognized actuarial gains and losses.

Cumulative net unrecognized actuarial gains and losses at the end of previous year which exceeds 10% of the present value of the Company's gratuity is amortised over the average expected remaining working lives of the employees.

Details of the scheme are given in relevant note to the financial statements.

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Defined contribution plan

The Company also operates a funded provident fund scheme for all its employees of head office who have completed the minimum qualifying period of service as defined under the respective scheme.

Equal monthly contributions are made both by the Company and the employees at the rate of 8.33% of the basic salary. Contributions are charged to profit and loss account.

Compensated absences

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

2.19 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Revenue from sale is recognized on despatch of goods to the customers.

Export rebate is recognized on accrual basis at the time of making the export sales.

Profit on saving accounts is accrued on a time basis, by reference to the principal outstanding and at the effective profit rate applicable.

Dividend income from equity investments is recognized when the right to receive the payment has been established.

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

2.21 Borrowings

Borrowings are initially recorded at the proceeds received. Subsequently, borrowings are stated at amortized cost using the effective yield method. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of amount remaining unpaid.

2.22 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.23 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any or minimum taxation at the rate of one half percent of the turnover whichever is higher. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is provided using the balance sheet liability method in respect of all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan.

Deferred tax liability is recognized for all taxable temporary differences while deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to income except in the case of items credited or charged to equity in which case it is included in equity.

2.24 Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities in that case, the rates contracted for are used.

Exchange differences are included in profit and loss account.

2.25 Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on commercial terms and conditions.

3	PROPERTY, PLANT AND EQUIPMENT	Note	June 30, 2008	June 30, 2007
			Rupees	Rupees
	Operating fixed assets	3.1	1,563,628,509	1,266,706,315
	Capital work-in-progress	3.6	-	42,982,500
			<u>1,563,628,509</u>	<u>1,309,688,815</u>

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

3.1 PROPERTY, PLANT AND EQUIPMENT- for the year ended June 30, 2008

Cost / Revaluation				Depreciation				Book value as at June 30, 2008	Annual rate of depreciati on %
As at July 01, 2007	Additions / (Disposals)	Transfers	As at June 30, 2008	As at July 01, 2007	Charge for the year / (Accumulated depreciation on disposals)	Transfers	As at June 30, 2008		
..... Rupees									
86,006,250	0	-	86,006,250	-	-	-	-	86,006,250	-
143,102,359	72,685,262		215,787,621	54,106,826	4,748,485		58,855,311	156,932,310	5
1,139,066,179	275,450,711 (55,435,837)	8,225,400	1,367,306,453	350,803,633	40,511,537 (297,399)	1,172,516	392,190,287	975,116,166	5
60,707,685	13,348,669		74,056,354	24,754,755	3,739,126		28,493,881	45,562,473	10
11,482,684	955,500		12,438,184	5,483,115	647,863		6,130,978	6,307,206	10
59,538,668	-		59,538,668	18,552,044	4,098,662		22,650,706	36,887,962	10
1,234,356	-		1,234,356	897,178	33,718		930,896	303,460	10
1,039,193	-		1,039,193	570,021	46,917		616,938	422,255	10
926,945	-		926,945	401,471	52,547		454,018	472,927	10
382,057	-		382,057	201,482	18,058		219,540	162,517	10
2,345,799	89,500		2,435,299	1,008,842	140,598		1,149,440	1,285,859	10
2,653,099	49,500		2,702,599	1,361,446	133,075		1,494,521	1,208,078	10
13,844,087	1,115,276 (1,111,775)	1,390,500	15,238,088	7,801,659	1,403,728 (901,003)	668,496	8,972,880	6,265,208	20
1,522,329,361	363,694,418 (56,547,612)	9,615,900 -	1,839,092,067	465,942,472	55,574,314 (1,198,402)	1,841,012 -	522,159,396	1,316,932,671	
205,532,417	57,664,200	(8,225,400)	254,971,217	21,329,920	9,396,515	(1,172,516)	29,553,919	225,417,298	5
14,000,000	-		14,000,000	3,510,500	1,048,950	-	4,559,450	9,440,550	10
23,834,384	-	(1,390,500)	22,443,884	8,206,955	3,067,435	(668,496)	10,605,894	11,837,990	20
243,366,801	57,664,200	(9,615,900)	291,415,101	33,047,375	13,512,900	(1,841,012)	44,719,263	246,695,838	
1,765,696,162	421,358,618 (56,547,612)	9,615,900 (9,615,900)	2,130,507,168	498,989,847	69,087,214 (1,198,402)	1,841,012 (1,841,012)	566,878,659	1,563,628,509	

Transfers include both inter category adjustments and transfer from assets held under lease to owned assets on completion / termination of the respective arrangements.

HIRA TEXTILE MILLS LIMITED

3.2 PROPERTY, PLANT AND EQUIPMENT - for the year ended June 30, 2007

Particulars	Cost / Revaluation					Depreciation					Book value as at June 30, 2007	Annual rate of depreciation %
	As at July 01, 2006	Additions / (Disposal)	Revaluation Adjustment	Transfers	As at June 30, 2007	As at July 01, 2006	Charge for the year / (Accumulated depreciation on disposals)	Revaluation Adjustment	Transfers	As at June 30, 2007		
..... Rupees												
Owned												
Freehold land	42,165,956	-	43,840,294	-	86,006,250	-	-	-	-	-	86,006,250	-
Building on freehold land	207,894,578	-	(64,792,219)	-	143,102,359	60,387,108	6,719,317	(12,999,599)	-	54,106,826	88,995,533	5
Plant and machinery	1,337,627,421	50,478,392	(237,651,160)	550,000	1,139,066,179	413,268,451	45,303,814	(100,222,555)	98,054	350,803,633	788,262,546	5
		(11,938,474)					(7,644,131)		-		-	
Electric installation	45,139,702	5,667,983		9,900,000	60,707,685	17,869,018	3,548,157		3,337,580	24,754,755	35,952,930	10
Generator	11,216,684	266,000		-	11,482,684	4,819,006	664,109		-	5,483,115	5,999,569	10
Power house	58,832,913	705,755		-	59,538,668	14,073,872	4,478,172		-	18,552,044	40,986,624	10
Factory equipment	1,234,356	-		-	1,234,356	859,714	37,464		-	897,178	337,178	10
Office equipment	1,039,193	-		-	1,039,193	517,891	52,130		-	570,021	469,172	10
Telephone installation	786,645	140,300		-	926,945	350,798	50,673		-	401,471	525,474	10
Tarpaulin	382,057	-		-	382,057	181,418	20,064		-	201,482	180,575	10
Computers	2,121,599	224,200		-	2,345,799	875,281	133,561		-	1,008,842	1,336,957	10
Furniture and fixtures	2,438,232	214,867		-	2,653,099	1,232,408	129,038		-	1,361,446	1,291,653	10
Vehicles	8,785,726	1,782,361		4,360,000	13,844,087	5,188,912	1,032,892		2,269,647	7,801,659	6,042,428	20
		(1,084,000)					(689,792)		-			
	1,719,665,062	59,479,858	43,840,294	14,810,000	1,522,329,361	519,623,877	62,169,391		5,705,281	465,942,472	1,056,386,889	
		(13,022,474)	(302,443,379)				(8,333,923)	(113,222,154)				
Assets held under finance lease												
Plant and machinery	188,260,977	17,821,440		(550,000)	205,532,417	12,204,019	9,223,955		(98,054)	21,329,920	184,202,497	5
Electric installation	9,900,000	-		(9,900,000)	-	3,224,183	113,397		(3,337,580)	-	-	10
Power house	14,000,000	-		-	14,000,000	2,345,000	1,165,500			3,510,500	10,489,500	10
Vehicles	25,724,884	2,469,500		(4,360,000)	23,834,384	6,432,393	4,044,209		(2,269,647)	8,206,955	15,627,429	20
	237,885,861	20,290,940	-	(14,810,000)	243,366,801	24,205,595	14,547,061		(5,705,281)	33,047,375	210,319,426	
June 30, 2007	1,957,550,923	79,770,798	43,840,294	14,810,000	1,765,696,162	543,829,472	76,716,452		5,705,281	498,989,847	1,266,706,315	
		(13,022,474)	(302,443,379)	(14,810,000)			(8,333,923)	(113,222,154)	(5,705,281)			

Transfers includes both inter category adjustments and transfer from assets held under finance lease to owned assets on completion \ termination of the respective arrangements.

	Note	June 30, 2008 Rupees	June 30, 2007 Rupees
3.3 The depreciation charge for the year has been allocated as follows:			
Cost of sales	28	67,705,470	74,414,958
Administrative expenses	31	1,381,744	2,301,494
		<u>69,087,214</u>	<u>76,716,452</u>

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

- 3.4 The latest revaluation of free hold land, building on free hold land and plant and machinery was carried out by International Design Group (Architects, Engineers, Planners, Evaluators, Assessors and Technical Consultants) as at April 2, 2007 and incorporated in the financial statements for the year. The previous revaluation of freehold land, building on freehold land and plant and machinery was carried as at January 31, 2004 by International Design Group (Architects, Engineers, Planners, Evaluators, Assessors and Technical Consultants). The basis used for revaluation of these property, plant and equipment are as follows:

Free hold land The value of free hold land is ascertained according to the local market value.

Building on free hold land Present day construction rates for different types of building structure depreciated to account for the age and condition of the building.

Plant and machinery The value has been determined with reference to prevailing prices of similar plants and machinery depreciated to account for the age, usage and physical condition.

- 3.5 Had there been no revaluation, the cost, accumulated depreciation, and book value of revalued property, plant and equipment as at June 30, 2008 would have been as follows:-

Particulars	Cost as at June 30, 2008	Accumulated depreciation as at June 30, 2008	Book Value as at June 30, 2008
..... Rupees			
Free hold land			20,113,706
Building on free hold land	215,787,621	58,855,311	156,932,310
Plant and machinery	1,622,277,670	421,744,206	1,200,533,464
30-Jun-08	1,838,065,291	480,599,517	1,377,579,480
30-Jun-07	1,507,814,661	426,240,379	1,081,574,282

3.6 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Book value	Proceeds from disposal of property, plant and equipment	Gain on disposal of property, plant and equipment	Mode of disposal	Particulars of buyers
..... Rupees							
Plant and machinery							
Manual Cone Winder	435,837	297,399	138,438	56,000	(82,438)	Negotiation	Mr. Muhammad Aslam
			-		-		
Match Coner Complete	30,000,000		30,000,000	30,000,000	-	Sales & Lease back	Bank of Punjab
Simplex / Drawfram / Elite	25,000,000		25,000,000	25,000,000	-	Sales & Lease back	First Habib Bank
			-		-		Modaraba
Vehicles							
Vehicles No. LXB-7526	299,475	274,455	25,020	125,000	99,980	Negotiation	Mr. Irfan
Vehicles No. LXN-7914	350,000	264,786	85,214	206,000	120,786	Negotiation	Mr. Muhammad
							Ramzan, Lahore
Vehicles No. LXZ-8283	462,300	361,763	100,537	225,000	124,463	Negotiation	Mr. M. Sayyam Azhar
June 30, 2008	56,547,612	1,198,403	55,349,209	55,612,000	262,791		
June 30, 2007	13,022,474	8,333,923	4,688,551	5,454,000	765,449		

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

	Note	June 30, 2008 Rupees	June 30, 2007 Rupees
3.7 CAPITAL WORK-IN-PROGRESS			
Civil works		-	41,180,500
Advance for land		-	1,802,000
		<u>-</u>	<u>42,982,500</u>
4 LONG-TERM INVESTMENTS			
Investment at equity method			
Hira Terry Mills Limited - Jointly Controlled Entity			
Cost of Investment			
18,450,000 (June 30, 2007: 17,490,000) fully paid ordinary shares of Rs. 10 each		184,500,000	174,900,000
Share of profit	4.1	23,047,729	1,598,315
	4.2	<u>207,547,729</u>	<u>176,498,315</u>
4.1 Share of profit at beginning of year		1,598,315	-
Share of profit for the year		21,449,414	1,598,315
Share of profit		<u>23,047,729</u>	<u>1,598,315</u>
4.2 Summarised financial information of the jointly controlled entity is set out below:			
Total assets		1,506,735,840	1,120,886,999
Total Liabilities		1,069,929,428	760,422,745
Net Assets		436,806,412	360,464,254
Company's share of jointly controlled entity's net assets		<u>207,547,729</u>	<u>176,498,315</u>
Sales-net		689,443,459	35,889,421
Profit for the year		45,242,158	3,264,254
Company's share of jointly controlled entity's profit for the year		<u>21,449,414</u>	<u>1,598,315</u>
4.3 Breakup value per share		11.25	10.09
Percentage of holding		47.51%	48.96%
5 LONG-TERM ADVANCES AND DEPOSITS			
Balance at beginning of the year	5.1	4,850,099	6,987,099
Add: deposits made during the year		722,400	-
		5,572,499	6,987,099
Less: adjusted during the period		625,000	2,137,000
		4,947,499	4,850,099
Less: current portion	10	600,000	600,000
Balance at end of the year		<u>4,347,499</u>	<u>4,250,099</u>
5.1 These include interest free deposits with various government agencies.			
6 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		15,282,903	23,046,271
Spare parts and loose tools		21,449,265	11,326,044
Packing material		21,007,524	22,399,521
		<u>57,739,692</u>	<u>56,771,836</u>

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

		June 30, 2008	June 30, 2007
	Note	Rupees	Rupees
7 STOCK-IN-TRADE			
Raw material	7.1	1,085,638,458	712,245,358
Work-in-process		21,007,454	11,833,321
Finished goods			
- yarn		89,328,758	41,193,454
- waste		3,025,260	699,678
		92,354,018	41,893,132
		<u>1,198,999,930</u>	<u>765,971,811</u>
7.1 This includes raw material in transit amounting to Rs. Nil , (June 30, 2007: Rs.103,460,905).			
8 TRADE DEBTS			
Local - unsecured, considered good	8.1	143,230,499	53,565,178
Foreign - secured, considered good	8.2	44,327,476	29,072,308
		<u>187,557,975</u>	<u>82,637,486</u>
8.1 These include Rs.64.836 million (June30,2007: Rs. Nil) receivable from jointly controlled entity.			
8.2 These are secured against letters of credit.			
9 ADVANCES			
Advances to:			
Suppliers- unsecured, considered good		8,233,072	16,245,378
Employees- secured, considered good	9.1	1,054,920	1,176,889
Letters of credit	9.2	13,132,795	3,649,488
		<u>22,420,787</u>	<u>21,071,755</u>
9.1 These interest free advances are repayable within one year and are secured against employee retirement benefits and are recovered from salaries of the employees.			
9.2 This represents advance expenses incurred in respect of letters of credit for raw material and stores, spare parts and loose tools.			
10 DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits:			
Guarantee margin		-	1,389,299
Current portion of long-term deposits	5	600,000	600,000
Prepayments		88,704	178,356
		<u>688,704</u>	<u>2,167,655</u>
11			
Withholding tax - net of provision at beginning of year		8,362,485	7,139,082
Withholding tax paid during the year		7,166,359	17,046,651
		<u>15,528,844</u>	<u>24,185,733</u>
Provision for taxation - current	34	8,628,035	15,823,248
Advance Income Tax at end of year		<u>6,900,809</u>	<u>8,362,485</u>

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

	Note	June 30, 2008 Rupees	June 30, 2007 Rupees
12 OTHER RECEIVABLES			
Receivable from Hira Terry Mills Limited	12.1	-	11,979,264
		<u>-</u>	<u>11,979,264</u>
12.1 This represents receivable from jointly controlled entity and includes Rs. Nil (June 30, 2007 Rs. 228,224) in respect of markup on balance outstanding. The maximum balance outstanding during the year was Rs. 14,672,050 (June 30, 2007: Rs. 14,926,378)			
13 SALES TAX REFUNDABLE			
Sales tax refundable	13.1	9,161,204	4,331,089
Excise duty refundable		519,438	-
		<u>9,680,642</u>	<u>4,331,089</u>
13.1 This represents accumulated differences of input tax paid and sales tax payable.			
14 CASH AND BANK BALANCES			
Cash in hand		997,303	1,217,891
Cash with banks on:			
- current accounts	14.1	1,071,987	2,145,132
- deposit accounts	14.2	10,819	10,818
		<u>2,080,109</u>	<u>3,373,841</u>
14.1 These include Rs. 58,597 (June 30, 2007: Rs. 51,895) in foreign currency account .			
14.2 Effective markup rate in respect of deposit accounts is Nil (June 30, 2007: 3% to 11%) per annum.			
15 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			
Number of shares			
2008	2007	Note	June 30, 2008 Rupees
			June 30, 2007 Rupees
		Ordinary shares of Rs.10 each	
23,000,000	23,000,000	- fully paid in cash	230,000,000
25,000,000	25,000,000	- Issued to general public	250,000,000
23,552,000	23,552,000	- Issued as bonus shares	235,520,000
<u>71,552,000</u>	<u>71,552,000</u>		<u>715,520,000</u>
			<u>715,520,000</u>
15.1 The Company has only one class of ordinary shares which carries no right to fixed income.			
16 RESERVES	16.1	82,500,000	82,500,000
		<u>82,500,000</u>	<u>82,500,000</u>
16.1 This represents the share premium at Rs. 2.5 per share on 25,000,000 ordinary shares issued to general public during the last year and share premium at Rs. 10 per share on 2,000,000 ordinary shares issued through right offer in previous years.			
17 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Balance at beginning of year		65,892,542	218,129,690
Less: Adjustment for the year	17.1	-	144,823,809
Transferred to unappropriated profit in respect of incremental depreciation	17.2	-	7,413,339
Balance at end of year		<u>65,892,542</u>	<u>65,892,542</u>

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

- 17.1 The latest revaluation of free hold land, building on free hold land and plant and machinery was carried out by International Design Group (Architects, Engineers, Planners, Evaluators, Assessors and Technical Consultants) as at April 2, 2007. This revaluation resulted in following:

	Note	June 30, 2008 Rupees	June 30, 2007 Rupees
Increase in surplus on revaluation of freehold land		-	(43,840,294)
Reversal of surplus on revaluation of building on freehold land		-	51,776,812
Reversal of surplus on revaluation of plant and machinery		-	136,887,291
Reversal of surplus on revaluation of property, plant and equipment		-	144,823,809

- 17.2 Incremental depreciation represents the difference between the depreciation on property, plant and equipment charged during the year and the equivalent depreciation based on its historical costs. See note 3.4 to the financial statements for detail of revaluation of property, plant and equipment.

18 LONG-TERM FINANCING

From banking Companies - secured

Habib Bank Limited - Demand Fiance	18.2	111,731,173	145,583,085
Bank of Punjab - Demand Fiance I	18.3	100,000,000	100,000,000
Bank of Punjab - Demand Fiance II	18.3	150,000,000	2,794,361
MCB BANK - Demand Fiance	18.4	11,250,000	-
		372,981,173	248,377,446
Less : Current portion - HBL	25	68,631,747	33,851,912
		304,349,426	214,525,534

- 18.1 The aggregate unavailed long-term financing facilities amount to Rs. Nil (June 30, 2007 : Rs. 147.206 million)

- 18.2 The loan from HBL ("the loan") was initially restructured vide letter no. AE / 9939 dated August 31, 1999. The aggregate limit of the loan was Rs. 478.240 million and at the time of restructuring the amount of outstanding liability was Rs. 464.000 million. As per the terms of restructuring, the loan was repayable in forty eight quarterly equal installments commencing from July 01, 1999 in accordance with repayment schedule with no mark up in future. However, in case of default in payment of two installments in one calendar year, the restructured package was supposed to automatically stand cancelled with application of mark up at the rate of 14% on the entire balance. Bank could claim the entire outstanding liabilities including penal interest etc., in lump sum together with mark up and other charges. Moreover, in case of delay of more than thirty days in any repayment, mark-up at the rate of 20% per annum was to be charged for the delayed period on the over due amount.

The loan was secured against first charge on all present and future fixed and current assets of the Company covering the entire Habib Bank Limited exposure having book value of Rs. 623 million as at September 30, 1998, along with insurance coverage in favour of Habib Bank Limited covering all risks as per bank policy and against personal guarantees of all the sponsoring directors of the Company.

Habib Bank Limited further rescheduled the outstanding liability vide their letter No. SA / SANC / 050319 dated March 19, 2005 with a waiver of Rs. 116.466 million. According to new agreement the Company paid Rs. 50 million as down payment and remaining amount of Rs. 202.438 million is repayable in twenty four equal quarterly installments. Mark up is chargeable at the average of six months offer rate of KIBOR plus 1.5% per annum with a floor of 7.0% and cap of 8.5% per annum, payable on a quarterly basis in arrears.

This loan is secured by way of first pari-passu equitable mortgage charge over present and future fixed assets, hypothecation charge on plant and machinery of the Company with existing charge of Rs. 564 million and personal guarantees of sponsoring directors backed by the latest wealth tax statements filed.

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

In case of default in payments of loan or in case of further rescheduling, the restructured package would automatically stand cancelled and the rescheduling term of demand finance loan vide letter No. AE / 9939 dated August 31, 1999 will become enforceable.

18.3 The Company has obtained demand finance I-II from Bank of Punjab to facilitate early repayment of TFCs and import of plant and machinery. The loans carry markup at three months KIBOR plus 2.95% per annum payable quarterly in arrear. The loans are secured against ranking charge on present and future fixed assets and personnel guarantees of all sponsoring directors of the Company. The principal is repayable in twenty equal quarterly installments after grace period of one year after first disbursement. The first installment is repayable after fifteen months from the date of first draw down.

18.4 During the year Company has obtained a new facility amounting Rs. 13.5 million from MCB Bank Limited. The loan carry markup at six months KIBOR plus 2.50% per annum payable quarterly on outstanding balance without any grace period. The principal is repayable in 24 equal monthly installments starting from February 02, 2008.

	Note	June 30, 2008 Rupees	June 30, 2007 Rupees
19 LETTER OF CREDIT FOR IMPORT OF MACHINERY	19.1	32,238,384	
		<u>32,238,384</u>	<u>-</u>

19.1 The Company has imported plant and machinery against two letters of credit opened with MCB Bank Limited. These are payable in 720 days from bill of lading. One letter of credit is payable on October 14, 2009 and the other on February 22, 2010.

20 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments		130,766,989	133,336,902
Less: current portion	25	<u>68,057,862</u>	<u>58,372,017</u>
		<u>62,709,127</u>	<u>74,964,885</u>

20.1 The Company has entered into lease agreements with various leasing companies to acquire plant and machinery and vehicles. The rentals under these lease arrangements are payable on monthly and quarterly basis. The present value of minimum lease payments has been discounted at an implicit interest rate ranging from 7.00% to 14% (June 30, 2007: 7% to 13.07%) per annum.

The Company has an option to purchase the assets after expiry of the lease term and has the intention to exercise the option. Taxes, repairs, replacements and insurance costs are borne by the Company. There are no financial restrictions in lease agreements.

20.2 The reconciliation between minimum lease payments and its present value is as under:

Minimum lease payments

Not later than one year	77,684,905	71,176,889
Later than one year but not later than five years	70,146,495	83,519,935
	147,831,400	154,696,824
Less: Finance cost allocated to future periods	17,064,411	21,359,922
	130,766,989	133,336,902
Less: Current portion	68,057,862	58,372,017
	<u>62,709,127</u>	<u>74,964,885</u>

Present value of minimum lease payments

Not later than one year	68,057,862	58,372,017
Later than one year but not later than five years	62,709,127	74,964,885
	<u>130,766,989</u>	<u>133,336,902</u>

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

		June 30, 2008	Restated June 30, 2007
21	DEFERRED LIABILITY	Note	Rupees
	Employee retirement benefits	21.1	6,079,428
	Deferred Tax Liability	21.2	62,186,722
			<u>68,266,150</u>
			<u>56,662,019</u>

21.1 Provision has been made on the basis actuarial assumptions. The assumptions are determined by independent actuary after every three years. Latest actuarial valuation of these benefits was carried out on June 30, 2008 using "Projected Unit Credit Method".

Assumptions used for valuation for the scheme are as under:

	June 30, 2008	June 30, 2007	June 30, 2006
	Per annum	Per annum	Per annum
Discount rate	12%	9%	9%
Expected rate of increase in salaries	11%	8%	8%
Expected remaining life time of employees	5 years	4 years	4 years
21.1.1 Movement in liability			
Balance at beginning of year	1,396,682	2,714,549	2,781,343
Charge for the year	9,782,011	2,971,518	3,016,881
Benefits paid during the year	(5,099,265)	(4,289,385)	(3,083,675)
Balance at end of year	<u>6,079,428</u>	<u>1,396,682</u>	<u>2,714,549</u>
21.1.2 Balance sheet reconciliation as at June 30,			
Present value of obligation	7,569,343	1,320,332	2,638,199
Un-recognized actuarial gain	(1,489,915)	76,350	76,350
	<u>6,079,428</u>	<u>1,396,682</u>	<u>2,714,549</u>
21.1.3 Charge for the year			
Service cost	9,663,181	2,734,080	2,766,560
Interest cost	118,830	237,438	250,321
	<u>9,782,011</u>	<u>2,971,518</u>	<u>3,016,881</u>

	Note	June 30, 2008 Rupees	June 30, 2007 Rupees
21.2 Deferred tax liability on taxable temporary differences:			
Tax Depreciation Allowance		66,494,153	51,282,311
Finance Lease		10,549,525	7,005,410
		<u>77,043,678</u>	<u>58,287,721</u>
Deferred tax asset on deductibel temporary differences			
Provision for employee benefits		(553,228)	(127,098)
Available tax losses		(14,303,728)	(2,707,532)
		<u>(14,856,956)</u>	<u>(2,834,630)</u>
		<u>62,186,722</u>	<u>55,453,091</u>

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

		Note	June 30, 2008 Rupees	June 30, 2007 Rupees	
22	TRADE AND OTHER PAYABLES				
	Creditors		40,664,725	29,007,070	
	Accrued liabilities		26,343,329	19,296,672	
	Letter of Credit Payable		12,438,786	-	
	Advances from customers		2,783,352	733,990	
	Workers' profit participation fund	22.1	2,305,602	3,199,985	
	Worker's Welfare fund		872,544	-	
	Others		713,462	733,244	
			<u>86,121,800</u>	<u>52,970,961</u>	
22.1	Workers' profit participation fund				
	Balance at beginning of year		3,199,985	6,562,598	
	Allocation / expense for the year		2,296,169	3,199,985	
	Interest on funds utilized in the Company's business		-	-	
			<u>5,496,154</u>	<u>9,762,583</u>	
	Payments made during the year		3,190,552	6,562,598	
	Balance at end of year		<u>2,305,602</u>	<u>3,199,985</u>	
23	MARK UP ACCRUED ON LOANS				
	Markup accrued on:				
	Long-term financing		12,154,406	3,376,841	
	Liabilities against assets subject to finance lease		593,257	677,793	
	Short-term borrowings		36,257,944	10,549,661	
			<u>49,005,607</u>	<u>14,604,295</u>	
24	SHORT-TERM BORROWINGS				
	From banking companies- Secured				
		Sanctioned limit Rupees in million			
	Cash finance	1,413	24.2	905,783,796	498,966,036
	Finance against packing credit	183	24.3	82,092,438	30,000,000
	Finance against foreign bills	220	24.4	28,191,805	2,130,000
	FE- 25 export	489	24.5	184,102,202	280,848,524
	Running finance	210	24.6	194,184,638	50,502,633
		<u>2,515</u>		<u>1,394,354,879</u>	<u>862,447,193</u>

24.1 The aggregate unavailed short-term borrowings amount to Rs. 2,189 million (June 30, 2007: Rs. 923 million)

24.2 These facilities have been obtained from various banks under mark up arrangements and carry mark up ranging from 11.06% to 14.56% (June 30, 2007: 10.12% to 13.13%) per annum. These are secured against pledge of stocks of cotton lint and cotton yarn amounting to Rs.1,117.55 million (June 30, 2007: Rs. 521.410 million), ranking hypothecation charge over current assets of the Company amounting to Rs. 507 million (June 30, 2007: Rs. 427.00 million), lien over export documents and personal guarantees of directors of the Company. These facilities will expire on various dates by March 31, 2009.

24.3 These facility have been obtained from a commercial bank and carries mark up at the rate of 11.17% to 14.16% (June 30, 2007: 10.12% to 11.56%) per annum. These are secured against lien over export documents, first pari passu charge over current assets amounting Rs. 428 and personal guarantees of directors of the Company. The facility will expire on March 31, 2009.

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

24.4 These facilities have been obtained from a commercial bank and carrying mark up ranging from 11.17% to 14.56% (June 30, 2007: 10.12% to 11.62%) per annum. These are secured against lien over export documents and personal guarantees of directors of the Company. The facility will expire on March 31, 2009.

24.5 These facilities have been obtained from Commercial banks and carry mark up ranging from 5.25% to 9.00% (June 30, 2007: 8.00% to 12.00%) per annum. These are secured against pledge of cotton and yarn amounting to Rs. 227.666 million (June 30, 2007: Rs. 168.947 million), ranking hypothecation charge over current assets of the Company amounting to Rs. 254 million (June 30, 2007: Rs. 427.00 million), lien on export documents and personal guarantees of directors of the Company. These facilities will expire on various dates by March 31, 2009.

24.6 These facilities have been obtained from various banks and carry mark up ranging from 10.90% to 14.16% (June 30, 2007: 10.10% to 12.41%) per annum. These are secured against first hypothecation charge of Rs. 700 million (June 30, 2007: Rs. 200 million) over current assets of the Company including stock in process, first equitable mortgage charge on all present and future fixed assets and first hypothecation charge on plant and machinery of the Company. These facilities will expire on various dates by March 31, 2009. These include book overdraft of Rs.3,541,422 (June 30, 2007: Rs. 3,834,907).

		June 30, 2008	June 30, 2007
25	CURRENT PORTION OF NON-CURRENT LIABILITIES	Rupees	Rupees
	Long-term financing	68,631,747	33,851,912
	Liabilities against assets subject to finance lease	68,057,862	58,372,017
		<u>136,689,609</u>	<u>92,223,929</u>

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

In case of default in payment of rescheduled loan from Habib Bank Limited, the restructured package would automatically stand 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. Please also refer to the note 18.2 to these financial statements.

26.2 Guarantees

Guarantee issued by the Habib Bank Limited to Sui Northern Gas Pipelines Limited on behalf of the Company in the ordinary course of business.	25,373,120	25,373,120
	<u>25,373,120</u>	<u>25,373,120</u>

26.3 Commitments

Letters of credit for import of:

- plant and machinery	4,340,448	150,089,060
- raw material	220,959,976	133,707,903
- stores, spare parts and loose tools	3,758,411	1,337,087
	<u>229,058,835</u>	<u>285,134,050</u>

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

27 SALES - NET

	June 30, 2008			June 30, 2007		
	Local	Export	Total	Local	Export	Total
 Rupees					
Gross sales						
Finished goods	1,094,020,442	553,072,244	1,647,092,686	555,250,626	1,057,184,915	1,612,435,541
Waste	82,048,249	-	82,048,249	99,047,310	-	99,047,310
Cotton	-	-	-	-	-	-
	1,176,068,691	553,072,244	1,729,140,935	654,297,936	1,057,184,915	1,711,482,851
Less: Commission	2,534,832	14,919,056	17,453,888	1,315,190	27,608,076	28,923,266
Sales return	3,533,955	-	3,533,955	17,581,195	-	17,581,195
	1,169,999,904	538,153,188	1,708,153,092	635,401,551	1,029,576,839	1,664,978,390

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

28	COST OF SALES	Note	June 30, 2008 Rupees	June 30, 2007 Rupees
	Raw material consumed	28.1	1,036,163,837	900,625,374
	Packing material consumed		28,398,332	23,873,162
	Salaries, wages and benefits	28.2	118,617,148	93,937,738
	Fuel and power		96,523,213	97,249,928
	Stores, spare parts and loose tools consumed		27,468,015	20,110,844
	Insurance		6,465,886	6,471,679
	Dyes and chemicals		16,126,285	17,140,677
	Depreciation	3.2	67,705,470	74,414,958
	Other		7,621,430	10,797,658
			<u>1,405,089,616</u>	<u>1,244,622,018</u>
	Work-in-process - opening		11,833,321	10,006,733
	Less: work-in-process - closing		21,007,454	11,833,321
	Cost of goods manufactured		<u>1,395,915,483</u>	<u>1,242,795,430</u>
	Finished stocks - opening		41,893,131	36,114,510
	Add : Cost of goods manufactured		<u>1,395,915,483</u>	<u>1,242,795,430</u>
	Yarn purchased		<u>104,793,199</u>	<u>175,831,032</u>
			<u>1,500,708,682</u>	<u>1,418,626,462</u>
			1,542,601,813	1,454,740,972
	Less: Finished stocks - closing		92,354,018	41,893,131
	Cost of goods sold		<u>1,450,247,795</u>	<u>1,412,847,841</u>
28.1	Raw material consumed			
	Opening stock		608,784,453	504,463,439
	Add: Purchases		<u>1,513,017,842</u>	<u>1,004,946,388</u>
			2,121,802,295	1,509,409,827
	Less: closing stock		<u>1,085,638,458</u>	<u>608,784,453</u>
			<u>1,036,163,837</u>	<u>900,625,374</u>
28.2	Salaries, wages and benefits		include employee retirement benefits amounting to Rs.9.782 million (June 30, 2007: Rs. 2.972 million).	
29	OTHER OPERATING INCOME			
	Income from financial assets			
	Foreign exchange gain		6,701	43
	Markup on advances given to jointly controlled entity		227,619	228,224
	Income from assets other than financial assets			
	Income tax refund allowed		-	4,552,441
	Gain on disposal of property, plant and equipment	3.6	<u>262,791</u>	<u>765,449</u>
			<u>497,111</u>	<u>5,546,157</u>

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

		June 30, 2008 Rupees	June 30, 2007 Rupees
30	DISTRIBUTION COST		
	Freight / export forwarding charges	19,463,205	36,060,357
	Others	803,434	2,516,781
		<u>20,266,639</u>	<u>38,577,138</u>
31	ADMINISTRATIVE EXPENSES		
	Salaries, allowances and other benefits	31.1 10,592,081	10,799,085
	Repair and maintenance	260,221	81,097
	Rents, rate and taxes	368,534	297,962
	Electricity, water and gas	562,724	503,718
	Printing and stationary	377,858	252,679
	Vehicles running and maintenance	1,317,060	1,041,144
	Postage, telephone and fax	1,117,385	1,059,021
	Fee and subscription	992,870	439,119
	Donations	147,859	-
	Entertainment	121,035	81,811
	Legal and professional charges	928,811	762,297
	Newspaper and periodicals	9,302	8,420
	Traveling and conveyance	1,310,004	1,285,503
	Insurance	105,136	104,155
	Auditors' remuneration	31.2 600,963	355,000
	Initial public offer (IPO) / Pre-IPO expenses	-	15,855,558
	Depreciation	3.2 1,381,744	2,301,494
	Others	716,376	611,665
		<u>20,909,963</u>	<u>35,839,728</u>
31.1	Salaries, wages and other benefits include provident fund amounting to Rs. 821,840 (June 30, 2007: Rs. 735,945)		
31.2	Auditors' remuneration		
	Annual audit fee	350,000	250,000
	Audit fee for interim periods for listing of the Company	100,000	-
	Review report on Code of Corporate Governance	120,000	80,000
	Out of pocket expenses	30,963	25,000
		<u>600,963</u>	<u>355,000</u>
32	OTHER OPERATING EXPENSES		
	Workers' profit participation fund	2,296,169	3,199,985
	Workers' welfare fund	22 872,544	458,618
	Impairment of property, plant and equipment	-	557,122
		<u>3,168,713</u>	<u>4,215,725</u>

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

	Note	June 30, 2008 Rupees	June 30, 2007 Rupees
33 FINANCE COST			
Markup on:			
- long-term financing		35,477,532	13,845,088
- non-participatory redeemable capital		-	44,479,152
- liabilities against assets subject to finance lease		12,316,727	20,214,407
- short-term borrowings		114,291,590	65,887,471
- workers' profit participation fund			-
Bank charges and guarantee commission		8,719,470	13,767,015
		<u>170,805,319</u>	<u>158,193,133</u>
34 PROVISION FOR TAXATION			
Current			
Current	11.1	8,628,035	15,823,248
Deferred	34.2	6,921,385	55,265,337
		<u>15,549,420</u>	<u>71,088,585</u>

Income Tax assessment for the tax year 2007 is deemed assessment in terms of section 120(1) of the Income Tax Ordinance, as per the return filed by the Company.

34.1 Numerical reconciliation between the average tax rate and the applicable tax rate

The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements as the total income of the Company attracts minimum tax under section 113 of the Income Tax Ordinance, 2001 or falls under final tax regime and hence tax has been provided under sections 154 and 169 of the Income Tax Ordinance, 2001.

35 EARNINGS PER SHARE - BASIC AND DILUTED

The calculation of the basic earnings per share is based on the following data :

Earnings

Profit after taxation	<u>49,151,768</u>	<u>(48,639,288)</u>
	Number of shares	
Weighted average number of ordinary shares outstanding	<u>71,552,000</u>	<u>56,004,055</u>
Earnings per share (Rupees)	<u>0.69</u>	<u>(0.87)</u>

35.1 Basic earnings / (Loss) per share has been computed by dividing earnings / (Loss) as stated above with weighted average number of ordinary shares.

35.2 No figure for diluted earnings /(Loss) per share has been presented as the Company has not issued any instrument carrying options which would have an impact on earnings per share when exercised.

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

36 PRIOR PERIOD ERROR

During the year ended June 30, 2007, due to error in calculation of ratio between local sale and export sales of the Company the deferred tax liability was not fully recognized in the financial statements, in view of the requirement of TR-27 and TR -30 issued by Institute of Chartered Accounts of Pakistan. The Corresponding figures have been restated in accordance with requirements of International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The effect of restatement is summarized below.

Impact of prior period restatement	Note	Rupees
Year ended June 30, 2007		
Effect on balance sheet as at June 30, 2007		
Increase in deferred tax liability as at June 30, 2007	21.2	<u>55,265,337</u>
Effect on profit and loss account for the year ended June 30, 2007		
Profit for the year ended June 30, 2007 as previously stated		6,626,049
Increase in provision for taxation for the year ended June 30, 2007	34	<u>(55,265,337)</u>
Loss for the year ended June 30, 2007 as restated		<u>(48,639,288)</u>
Effect on retained earnings as at June 30, 2007		
Un appropriated profit as at June 30, 2007 as previously stated		270,058,430
Effect of prior year error	34	<u>55,265,337</u>
Un appropriated profit as at June 30, 2007 as restated		<u>325,323,767</u>
Impact of prior period restatement on earnings per share		
Earning per share for the year ended June 30, 2007 as previously stated		0.12
Effect of prior year error		<u>(0.99)</u>
Loss per share for the year ended June 30, 2007 as restated		<u>(0.87)</u>

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	June 30,2008	June 30,2007	June 30,2008	June 30,2007	June 30,2008	June 30,2007
	-----Rupees-----					
Remuneration	999,996	835,022	2,355,996	2,072,898	2,310,684	2,177,238
House rent	399,996	337,055	822,396	709,159	924,276	870,895
Retirement benefits	83,304	82,467	56,316	34,653	196,920	188,258
Motor vehicle expenses	141,648	77,710	392,251	407,585	406,013	481,869
Utilities	-	-	120,000	120,000	-	-
Others	99,996	230,456	235,596	207,290	231,072	217,724
	<u>1,724,940</u>	<u>1,562,710</u>	<u>3,982,555</u>	<u>3,551,585</u>	<u>4,068,965</u>	<u>3,935,984</u>
No of persons	1	1	3	3	3	3

38 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise jointly controlled entity, associated companies, directors, Key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under receivables and payables and remuneration of directors and key management personnel is disclosed in note 37 to these financial statements. Other significant transactions with related parties are as follows:

Description	June 30,2008	June 30,2007
	Rupees	Rupees
Transactions with jointly controlled entity		
Equity injection	9,600,000	85,876,000
Sales of yarn and dyes and chemicals	201,770,162	20,906,889
Purchases of towels, stores and spares	137,759	-
Expenses Charged	13,050,000	9,000,000
Markup charged on balance due	227,619	228,224
Other transactions in ordinary course of business - net	11,979,264	9,734,222
Transactions with Other related parties		
Remuneration paid to directors and chief executive of the Company	5,707,495	5,114,295
Payment to Employees' Provident Fund Trust	814,970	668,197
	<u>243,287,269</u>	<u>131,527,827</u>
Compensation of key management personnel		
Remuneration of key management personnel during the year are as follows :		
Remuneration and other benefits	3,872,045	3,747,726
Post employment benefits	196,920	188,258
	<u>4,068,965</u>	<u>3,935,984</u>

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

39 FINANCIAL INSTRUMENTS

39.1 Interest rate risk management

Interest rate risk arises from the possibility that changes in interest rates will effect the value of financial instruments. Changes in interest rates can adversely affect the rates charged on interest bearing liabilities. This can result in an increase in interest expense relative to financial borrowings or vice versa. The Company manages its risk by maintaining a fair balance between interest rates, financial assets and financial liabilities. The effective interest rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

June 30, 2008			June 30, 2007		
Interest / markup bearing	Non Interest / markup bearing	Total	Interest / markup bearing	Non Interest / markup bearing	Total
Rupees					
Financial assets					
Maturity up to one year					
Trade debts	187,557,975	187,557,975	-	82,637,486	82,637,486
Advances	1,054,920	1,054,920	-	1,176,889	1,176,889
Deposits and short-term prepayments	-	-	-	1,389,299	1,389,299
Other receivable	-	-	11,979,264	-	11,979,264
Cash and bank balances	2,069,290	2,080,109	10,818	3,363,023	3,373,841
	10,819	190,682,185	11,990,082	88,566,697	100,556,779
Financial liabilities					
Maturity up to one year					
Long-term financing	-	68,631,747	33,851,912	-	33,851,912
Liabilities against assets subject to finance lease	-	68,057,862	58,372,017	-	58,372,017
Trade and other payables	81,032,846	81,032,846	-	49,036,986	49,036,986
Markup accrued on loans	49,005,607	49,005,607	-	14,604,295	14,604,295
Short-term borrowings - secured	-	1,394,354,879	862,447,193	-	862,447,193
Maturity after one year					
Long-term financing	-	304,349,426	214,525,534	-	214,525,534
Liabilities against assets subject to finance lease	-	62,709,127	74,964,885	-	74,964,885
Employee retirement benefit	6,079,428	6,079,428	1,396,682	-	1,396,682
	130,038,453	2,034,220,922	1,245,558,223	63,641,281	1,309,199,504
	60,643,732	(1,843,527,918)	(1,233,568,141)	24,925,416	(1,208,642,725)
Off balance sheet items					
Financial commitments					
Maturity up to one year					
Adjustment of finance cost	116,466,477	116,466,477	-	116,466,477	116,466,477
Guarantees	25,373,120	25,373,120	-	25,373,120	25,373,120
Letters of credit	229,058,835	229,058,835	-	285,134,050	285,134,050
	370,898,432	370,898,432	-	426,973,647	426,973,647

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

39.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. Out of the total financial assets of Rs. "190,693,004" (June 30, 2007: Rs. 100,556,779), the financial assets which are subject to credit risk amounted to Rs. 143,230,499 (June 30, 2007: Rs. 65,544,442). The Company manages credit risk in trade receivables by limiting significant exposure to individual customers by obtaining advance against sales."

The Company is exposed to credit risk on deposits, local trade debts and receivable from contractors. The Company seeks to minimize the credit risk exposure through dealing with customers considered credit worthy and obtaining securities where applicable.

39.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

39.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The total foreign currency risk exposure is Rs. 44,327,476 (June 30, 2007: Rs.29,072,308) in respect of trade debts. "

39.5 Fair value of financial assets and liabilities

The carrying value of all financial assets and financial liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

HIRA TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

40 CAPITAL DISCLOSURE

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for the other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to reserve or / and issue new shares.

41 PLANT CAPACITY AND ACTUAL PRODUCTION

Spinning	June 30, 2008	June 30, 2007
	(Numbers)	
Spindles installed	39,792	33,792
Shifts per day	3	3
Spindle worked	37,542,240	37,002,240
	Bags	
Capacity after conversion into 20/1 count	288,786	284,633
	Kilograms	
Capacity after conversion into 20/1 count	13,099,333	12,910,953
Actual production of yarn after conversion into 20/1 count	11,512,564	11,973,419

It is difficult to precisely describe production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindle speed and twist etc. It would also vary accordingly to the pattern of production adopted in a particular year.

Doubling	(Numbers)	
Spindles installed	2,064	2,064
Spindles worked	2,260,080	2,260,080
	Bags	
Capacity after conversion into 20/1 count	56,000	56,000
Actual production of yarn after conversion into 20/1 count	45,064	40,294

Under utilization of available sources was due to actual demand.

Dyeing	(Numbers)	
Machines	4	4
	Kilograms	
Dyeing capacity	1,095,000	1,095,000
Actual dyeing production	641,310	877,618

Under utilization of available sources was due to actual demand.

42 NON-CASH TRANSACTIONS

Additions to fixed assets during the year amounting to Rs.57,664,200 (June 30,2007: Rs. 20,290,940) million were financed by new finance lease.

43 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the board of directors of the Company and authorized for issue on September 29, 2008.

44 RE-ARRANGEMENT AND RE-CLASSIFICATION

Corresponding figures have been re-arranged and re-classified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. Significant rearrangements and re-classifications are as follows:

From	To	Reason	Rupees
Balance sheet			
Deposits and short-term prepayments	Advance Income tax - net of provision for tax	Better presentation of balance	8,362,485

45 GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER

CHAIRMAN / DIRECTOR

**Pattern of Shareholding
As at June 30, 2008**

Share Holders	Shareholding		Total Shares Held
	From	To	
202	101	500	101,000
431	501	1000	431,000
87	1001	5000	224,048
22	5001	10000	182,000
9	10001	15000	120,000
8	15001	20000	148,000
4	20001	25000	94,000
2	25001	30000	56,500
2	30001	35000	64,000
2	35001	40000	80,000
1	45001	50000	50,000
2	60001	65000	125,500
3	95001	100000	300,000
3	100001	125000	348,000
1	150001	175000	173,500
1	275001	300000	293,047
1	375001	400000	400,000
2	425001	450000	887,570
2	475001	500000	1,000,000
1	550001	575000	557,093
2	575001	600000	1,185,186
1	800001	825000	819,720
1	875001	900000	879,140
1	900001	925000	919,072
2	1150001	1175000	2,344,374
1	1300001	1325000	1,318,710
1	1400001	1425000	1,406,624
1	1500001	1525000	1,507,880
1	1750001	1775000	1,758,280
1	1875001	1900000	1,890,253
1	1975001	2000000	2,000,000
1	2625001	2650000	2,637,420
1	3925001	3950000	3,948,803
1	4650001	4675000	4,659,450
1	4725001	4750000	4,732,112
2	4825001	4850000	9,686,864
1	24000001	24500000	24,222,854
806			71,552,000

Categories of Shareholders

Description	Shares Held	%
Director, Chief Executive Officer, and their Spouse, and minor children.		
Mr. Muhammad Umar Virk	24,222,854	33.85
Mr. Nadeem Aslam Butt	819,720	1.15
Mrs. Shahnaz Umar	4,732,112	6.61
Mr. Umair Umar	5,314,932	7.43
Miss Umaira Umar	4,843,432	6.77
Mr. Saeed Ahmad Khan	4,048	0.01
Mrs. Sadiya Umair	4,659,450	6.51
Mrs. Fatima Nadeem W/O Mr. Nadeem Aslam Butt	1,507,880	2.11
	46,104,428	64.43
Associated Companies, undertakings and related parties.	NIL	
NIT and ICP	NIL	
Investment Companies	10,000	0.02
Bank, Development Finance Institutions, Non Banking Finance Institutions	14,599,397	20.40
Insurance Companies.	400,000	0.56
Moderabas and Mutual Funds	NIL	
Joint Stock Companies	2,380,280	3.33
Shareholders holding 10% or more		
Mr. Muhammad Umar Virk	24,222,854	33.85
Executives	2,000	0.00
General Public		
Local	8,035,895	11.23
Foreign	Nil	
Others	20,000	0.03
	71,552,000	100.00

PROXY FORM

The Company Secretary
Hira Textile Mills Limited
44 E/1 Gulberg III
Lahore.

I / We _____ of _____ being a member(s) of Hira Textile Mills Limited, and a holder of _____ Ordinary Shares as per Share Register Folio No. _____ (in case of Central Depository System Account Holder A/C No. _____ Participant I.D No. _____) hereby appoint _____ of _____ another member of the Company as per Share Register Folio No. _____ or (Failing him / her _____ of _____ another member of the Company) as my / our proxy to attend and vote for me / us and on my / our behalf at Annual General Meeting of the Company, to be held on October 31, 2008 (Friday) at 11.00 AM at the Registered Office of the Company (44 E/1 Gulberg III, Lahore) and at any adjournment thereof.

As witness my hand this _____ day of _____ 2008 signed by the said _____ in presence of _____

Witness

Signature

Signature

Affix

Revenue

Stamp

Notes:

- a. Proxies, in order to be effective, must be received at the Company's Registered Office / head Office not less than 48 hours before the meeting duly stamped, signed and witnessed.
- b. Signature must agree with the specimen signature registered with the Company.
- c. In case of Central Depository System Account Holder, an attested copy of identity Card should be attached to this proxy form.
- d. No person shall act as proxy unless he is member of the company.