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M. Yousuf Adil Saleem & Co
Chartered Accountants

HIRA TEXTILE MILLS LIMITED

Financial Statements For The Year Ended June 30, 2009

Member of
Deloitte Touche Tohmatsu

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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

Mrs. Fatima Nadeem

Mrs. Sadiya Umair

Mr. Saeed Ahmad Khan

AUDIT COMMITTEE

Mr. Umair Umar	Chairman
Mrs. Shahnaz Umar	Member
Mrs. Sadiya Umair	Member

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr.Saeed Ahmad Khan

AUDITORS

Messrs M.Yousuf Adil Saleem & CO.

A Member Firm of Deloitte Touche Tohmatsh

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
Lawrance 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
W: www,hiramills.com.pk

MILLS

8 KM Manga Raiwind Road Raiwind District Kasur

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 18th annual general meeting of the members of Hira Textile Mills Limited will be held on Saturday, October 31, 2009 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, 2009 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:

   To Cosider and adopt the following special Resalution in order to update the articles of Association of the Company in accordance in the Companies Ordinance 1984.
   "Resolved that the following clauses of Existing Article of Association of the Company be and are here by amended / altered / replaced as follows.
   a) In clause No. 23 the word "Six" in the second line be and hereby replaced by " Four".
   b) In clause No. 28 the word "Three" in the second line be and hereby replaced by " Ten".
   c) In clause No. 70 the word " Twice" in the second line be and hereby replaced by "Four"
   d) In clause No. 87 the word "Six" in the third line be and hereby replaced by " Four".

   Further Resolved that the Company Secretary be and is hereby authorized to take all such steps as may be necessary to incorporate the above amendments, replacements in the Articles of Association of the Company."

5. To transact any other business with the permission of the Chair.

(By the order of the Board)

Saeed Ahmad Khan
Saeed Ahmad Khan
Company Secretary

Lahore: October 08, 2009

Notes

1- The Share Transfer Books of the Company will remain closed from October 25, 2009 to October 31, 2009 (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, singed 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 UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

6- This statement sets out the material facts pertaining to the special business to be transacted at the forthcoming Annual General Meeting of the Company to be held on October 31, 2009.

   The Directors in their meeting held on October 08, 2009 have recommended to the shareholders to pass the special resolutions to approve amendments in certain clauses of the Articles of Association of the Company to bring it in line with the changes made by Securities & Exchange Commission of Pakistan and Ministry of Finance and Law, Government of Pakistan, in Companies Ordinance, 1984, from time to time.

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, 2009.

Company Performance

Following are the operating & Financial results:-

	2009	2008
	(Rupees in Million)	
Net Sale	2,524.73	1725.61
Gross Profit	392.27	276.46
Share of Profit of Hira Terry	40.10	21.45
Profit before taxation	12.23	64.27
Provision for taxation	10.35	15.55
Profit for The Year	1.88	48.72
EPS – basic & diluted	0.03	0.69

By the grace of Almighty Allah the Overall performance of the company is quite satisfactory and Company managed to make a profit of Rs 1.88 Million after meeting all operational, administrative, financial & other expenses. Gross profit has increased due to change in production pattern and sale of raw cotton. Share of profit of M/S Hira Terry associated company is Rs.40.10 Million as compared to last year Rs.21.45 Million. The Financial cost increased by Rs.170.95 Million showing an increase of 100 % 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.

The Auditors have qualified their report due to non-recognition of deferred tax liability amounting to Rs. 27.679 million. Company's export sales fall under the presumptive tax regime under Income Tax Ordinance, 2001 while its income in respect of local sales is assessed under normal provisions of said Ordinance. In accordance with guidance provided in Technical Release – 27, "IAS-12, Income Taxes", issued by the Institute of Chartered Accountants of Pakistan, the Company is required to provide deferred tax liability on temporary taxable differences proportionate to local sales. In this regard, management is required to develop reasonable estimates for local and export sales for future years. Based on estimates of future sales and its division between local and exports sales, management considers that amount of deferred tax liability as provided in note 20.2 to the financial statements is sufficient. However; auditors have not agreed to our estimates. In their opinion, due to future uncertainties and Company's trends of recent past, a lower percentage of export sales would have been appropriate. Our expectation of higher percentage of exports is based on following factors:

- International demand of textile products in recent past was affected by global recession. We expect increase in demand due to reasonable economic recovery by America and Europe.
- Incentives and initiatives of Textile Policy, 2009 would be translated into substantial increase in textile exports of the Country in foreseeable future. We feel that the Company is in a position to take advantage of said incentives and initiatives to reasonably enhance its direct and indirect exports.

Dividend

The Directors regret that due to low profit, they are unable to declare dividend this year.

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 quite satisfactory 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 and take advantage of new textile policy 2009 by reasonably enhancing its direct and indirect exports.

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, 2009 amount to Rs. 5.718 Million.
i. The pattern of shareholding as at June 30, 2009 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 1,500.
b. Shares sold during the year by Mr. Saeed Ahmed Khan 2,048.

Board Meeting

During the year under review Five (5) meetings were held. Attendance by each Director is as follows:

Name of Director	Attendance
Muhammad Umar Virk	5
Nadeem Aslam Butt	5
Mrs. Shahnaz Umar	4
Mr. Umair Umar	5
Miss Umaira Umar *	4
Mrs. Sadiya Umair	4
Mr. Saeed Ahmad Khan	5
Mrs. Fatima Nadeem **	1

* Resigned

** Appointed in place of Miss. Umaira Umar

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 October 08, 2009

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. One casual vacancy occurred during the year under review and was filled up the same day by the directors.

8. 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.

9. The CEO and CFO duly endorsed the financial statements of the Company before approval by the Board.

10. The Company has complied with all the corporate and financial reporting requirements of the Code.

11. The Board has formed an audit committee comprising three members, of whom two are non-executive directors.

12. 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.

13. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors

14. 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.

15. 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.

16. 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.

17. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

NADEEM ASLAM BUTT
(Chief Executive Officer)

Lahore: October 08, 2009.

FINANCIAL SUMMARY

Amount Rs.(000)

	2009	2008	2007	2006	(9 Months) 2005	2004
Net Sales	2,524,728	1,725,607	1,664,978	1,743,871	1,090,508	1,219,596
ost of Sales	2,132,457	1,449,145	1,412,848	1,428,844	879,878	1,025,074
Gross profit	**392,271**	**276,462**	**252,131**	**315,027**	**210,630**	**194,522**
Administration Expenses	39,429	23,170	35,840	28,637	14,311	17,834
elling Expences	41,594	37,721	38,577	39,061	32,457	40,897
Operating Profit	**311,248**	**215,571**	**177,714**	**247,329**	**163,863**	**135,791**
Other Operating Income	2,117	497	5,546	23,312	116,593	68
rofit before Interest & Taxation	**313,365**	**216,068**	**183,260**	**270,641**	**280,456**	**135,859**
Other Operating Expenses	208	3,169	4,216	6,415	4,911	4,341
Financial & Other Charges	341,029	170,076	158,193	157,466	63,822	49,045
hare of profit Hira Terry Mills Ltd.	40,105	21,449	1,598	-	-	-
Profit before Taxation	**12,233**	**64,272**	**22,449**	**106,761**	**211,723**	**82,474**
Provision for Taxation	10,355	15,549	71,089	16,223	8,491	10,508
rofit after Taxation (Net Profit)	**1,878**	**48,723**	**(48,639)**	**90,538**	**203,232**	**71,966**
Financial Position						
Current Assets	1,465,223	1,486,069	956,667	797,824	931,322	871,569
Current Liabilities	1,729,143	1,666,172	1,022,246	727,681	795,379	850,621
perating Fixed Assets	1,500,810	1,542,254	1,309,689	1,413,721	1,315,052	1,291,931
Total Assets	3,223,464	3,240,217	2,447,104	2,305,419	2,286,685	2,171,116
Net Capital Employed	1,425,058	1,505,780	1,368,196	1,575,078	1,488,524	1,318,991
ong Term Debts	295,751	378,351	289,490	615,409	619,393	689,084
Share Holder,s Equity	1,063,414	1,061,536	1,012,813	741,539	640,682	393,416
Surplus on Revaluation on Fixed Assets	65,893	65,893	65,893	218,130	228,450	236,491
reak -up Value Per Share (Rupees)	14.86	14.84	14.15	15.93	27.86	18.73
Number of shares	71,552,000	71,552,000	71,552,000	46,552,000	23,000,000	21,000,000
inancial Ratios Analysis (Annualized)						
Current Ratio	0.85	0.89	0.94	1.10	1.17	1.02
Total Debt to Total Assets	9.17	11.68	11.83	26.69	27.09	31.74
cid -Test Ratio	14.26	13.76	13.10	26.46	27.20	38.49
Debt Equity	21:79	30:70	21:79	39:61	41:59	52:48
ebt Coverage Ratio	0.04	0.17	(0.19)	0.37	1.86	0.70
Leverage Ratio	1.85	1.87	1.27	1.40	1.63	2.45
Interest Coverage Ratio	1.00	1.26	1.16	1.72	4.39	2.77
xed Assets Turnover	1.68	1.12	1.27	1.23	1.11	0.94
Total Assets Turnover	0.78	0.53	0.68	0.76	0.64	0.56
er Share Results & returns						
Earning per Share	0.03	0.68	(0.87)	1.94	5.82	4.76
eturn on Capital employed- net	0.13	3.22	(3.55)	5.75	18.20	5.46
Gross Profit to Sales	15.54	16.02	15.14	18.06	19.31	15.95
Operating Profit To Sales	12.33	12.49	10.67	14.18	15.03	11.13
et Income to Sale (Profit margin)	0.07	2.82	(2.92)	5.19	18.64	5.90
eturn on Assets (ROA)	0.06	1.50	(1.99)	3.93	11.85	3.31

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of HIRA TEXTILE MILLS LIMITED ("the Company") as at June 30, 2009 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) Based on the estimate of future sales and its division between local and exports sales, management considers that amount of deferred tax liability, as provided in note 20.2 to the financial statements, is sufficient. However; in our view, based on the lower trends of export sales in the recent periods coupled with future uncertainities, the estimate of the future export sales as projected by management seems on a higher side, therefore, recognition of additional deferred tax liability amounting to Rs. 27.679 million was required. Had this amount been recognized, deferred tax liability as at June 30, 2009 would have been higher by Rs. 27.679 million and the profit for the year ended June 30, 2009 as well as un-appropriated profit would have been lower by same amount.

(b) in our opinion, except for the effect on the financial statements of matter referred in paragraph "a" above, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(c) 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 account and are further in accordance with accounting policies consistently applied except for the change in accounting policy as stated in Note 2.4.1 to the financial statements with which we concur;

(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.

(d) in our opinion and to the best of our information and according to the explanations given to us, except for the effect on the financial statements of matter referred in paragraph "a" above, 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 the 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, 2009 and of the profit, its cash flows and changes in equity for the year then ended; and

(e) in our opinion no Zakat was deductible under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980.

M.Yousuf Adil Saleem & Co
(Chartered Accountants)

Hafiz Mohammad Yousaf
(Engagement Partner)

Date: 08 OCT 2009

Lahore

Deloitte.

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REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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.

M.Yousuf Adil Saleem & Co
(Chartered Accountants)

Date: 08 OCT 2009

Lahore

Member of
Deloitte Touche Tohmatsu

HIRA TEXTILE MILLS LIMITED

BALANCE SHEET
AS AT JUNE 30, 2009

	Note	2009	(Restated) 2008
		----------Rupees ----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,500,809,675	1,542,253,509
Long term investments	5	247,652,640	207,547,729
Long term advances and deposits	6	9,778,906	4,347,499
		1,758,241,221	1,754,148,737
CURRENT ASSETS			
Stores, spare parts and loose tools	7	72,651,254	57,739,692
Stock-in-trade	8	1,194,864,068	1,198,999,930
Trade debts	9	136,600,136	187,557,975
Advances	10	18,423,527	22,420,787
Trade deposits and short term prepayments	11	5,528,657	688,704
Advance income tax	12	12,285,361	6,900,809
Tax refunds due from government	13	7,283,714	9,680,642
Cash and bank balances	14	17,585,924	2,080,109
		1,465,222,641	1,486,068,648
		3,223,463,862	3,240,217,385

The annexed notes from 1 to 44 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN / DIRECTOR

HIRA TEXTILE MILLS LIMITED

BALANCE SHEET
AS AT JUNE 30, 2009

	Note	2009	(Restated) 2008
		----------Rupees ----------	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
75,000,000 (2008: 75,000,000) ordinary shares of Rs.10 each		750,000,000	750,000,000
Issued, subscribed and paid up capital	15	715,520,000	715,520,000
Reserves	16	82,500,000	82,500,000
Un-appropriated profit		265,393,865	263,515,887
		1,063,413,865	1,061,535,887
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	17	65,892,542	65,892,542
NON - CURRENT LIABILITIES			
Long-term financing	18	267,029,477	336,587,810
Liabilities against assets subject to finance lease	19	28,722,289	41,763,101
Deferred liabilities	20	69,262,723	68,266,150
CURRENT LIABILITIES			
Trade and other payables	21	255,247,555	86,121,800
Mark up accrued	22	90,284,127	49,005,607
Short-term borrowings	23	1,275,460,133	1,394,354,879
Current portion of non-current liabilities	24	108,151,151	136,689,609
		1,729,142,966	1,666,171,895
CONTINGENCIES AND COMMITMENTS	25		
		3,223,463,862	3,240,217,385

The annexed notes from 1 to 44 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, 2009

	Note	2009	(Restated) 2008
		----------Rupees----------	
Sales - net	26	**2,524,728,296**	1,725,606,980
Cost of sales	27	**2,132,456,730**	1,449,145,295
Gross profit		**392,271,566**	276,461,685
Other operating income	28	**2,117,183**	497,111
		394,388,749	276,958,796
Distribution cost	29	**41,594,001**	37,720,527
Administrative expenses	30	**39,429,468**	23,170,268
Other operating expenses	31	**208,136**	3,168,713
Finance cost	32	**341,029,311**	170,076,488
		422,260,916	234,135,996
		(27,872,167)	42,822,800
Share of profit of jointly controlled entity	5	**40,104,911**	21,449,414
Profit before taxation		**12,232,744**	64,272,214
Provision for taxation	33	**10,354,766**	15,549,420
Profit for the year		**1,877,978**	48,722,794
Earnings per share - basic and diluted	34	**0.03**	0.68

The annexed notes from 1 to 44 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, 2009

	Note	2009	(Restated) 2008
		----------Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		12,232,744	64,272,214
Adjustments for:			
Depreciation on property, plant and equipment		79,606,318	67,962,214
Gain on disposal of property, plant and equipment		(170,673)	(262,790)
Provision for employee benefits		8,464,630	9,782,011
Share of profit of jointly controlled entity		(40,104,911)	(21,449,414)
Finance cost		341,029,311	170,076,488
		401,057,419	290,380,723
Working capital changes			
Increase in stores, spare parts and loose tools		(14,911,562)	(967,856)
Decrease / (increase) in stock-in-trade		4,135,862	(433,028,119)
Decrease / (increase) in trade debts		50,957,840	(104,920,489)
Decrease / (increase) in advances		3,997,260	(1,349,032)
(Increase) / decrease in trade deposits and short term prepayments		(4,839,953)	1,478,951
Decrease in other receivables		-	11,979,264
Increase in trade and other payables		169,125,755	33,150,839
		208,465,202	(493,656,442)
Cash generated from / (used in) operations		609,522,621	(203,275,719)
Finance cost paid		(299,750,791)	(135,675,176)
Employee benefits paid		(7,468,057)	(5,099,265)
Taxes paid		(13,342,389)	(12,515,912)
		(320,561,237)	(153,290,353)
Net cash generated from / (used in) operating activities		288,961,384	(356,566,072)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(38,558,951)	(320,711,918)
Proceeds from disposal of property, plant and equipment		567,140	55,612,000
Increase in investments		-	(9,600,000)
Increase in long term advances and deposits		(5,431,407)	(97,400)
Net cash used in investing activities		(43,423,218)	(274,797,318)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		-	192,944,023
Payment of long term financing		(56,665,648)	(36,101,912)
Payment of liabilities against assets subject to finance lease		(54,471,957)	(58,680,139)
(Decrease) / increase in short term borrowings		(118,894,746)	531,907,686
Net cash (used in) / generated from financing activities		(230,032,351)	630,069,658
Net increase / (decrease) in cash and cash equivalents		15,505,815	(1,293,732)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,080,109	3,373,841
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	17,585,924	2,080,109

The annexed notes from 1 to 44 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, 2009

	Share capital	Reserves	Un-appropriated profit	Total
	---------------------------------- Rupees ----------------------------------			
Balance as at July 01, 2007	715,520,000	82,500,000	214,793,093	1,012,813,093
Profit for the year	-	-	48,722,794	48,722,794
Balance as at June 30, 2008 - as restated	715,520,000	82,500,000	263,515,887	1,061,535,887
Profit for the year	-	-	**1,877,978**	**1,877,978**
Balance as at June 30, 2009	**715,520,000**	**82,500,000**	**265,393,865**	**1,063,413,865**

The annexed notes from 1 to 44 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN / DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

1 LEGAL 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 STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS-7) - FINANCIAL INSTRUMENTS: DISCLOSURE

IFRS 7 - Financial Instruments: Disclosures requires extensive disclosures about the significance of financial instruments for the Company's financial position and performance, and quantitative and qualitative disclosures on the nature and extent of risks. These requirements incorporate many of the requirements previously in IAS 32 - Financial Instruments : Presentation. The Company has adopted this standard from the financial year beginning July 01, 2008 and its initial application has led to extensive disclosures in the Company's financial statements.

2.3 NEW ACCOUNTING STANDARDS AND IFRS INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards and Interpretations as notified by the Securities and Exchange Commission of Pakistan ("SECP") are only effective for accounting periods, beginning on or after the date mentioned against each of them:

	Effective from
IAS - 1 Presentation of financial statements (as revised)	January 1, 2009
IAS - 23 Borrowing cost (as revised)	January 1, 2009
IAS - 32 (amendments) - Financial instruments: Presentation and consequential amendments to IAS 1 Presentation of Financial Statements	January 1, 2009
Amendments to IAS - 27 Consolidated and separate financial statements	January 1, 2009
IFRS - 2 Share based payment	January 1, 2009
IFRS - 3 Business combinations	July 1, 2009
IFRS - 4 Insurance contracts	January 1, 2009
IFRS - 8 Operating segments	January 1, 2009
IFRIC - 15 Agreements for the construction of real estate	January 1, 2009
IFRIC - 16 Hedge of net investment in a foreign operation	October 1, 2008
IFRIC - 17 Distribution of non-cash assets to owners	July 1, 2009
IFRIC - 18 Transfer of assets from customers	July 1, 2009
Amendments to IAS - 39 Financial Instruments: Recognition and Measurement	January 1, 2009

Amendments to IFRS - 7 Improving disclosures about financial instruments	January 1, 2009
Amendments to IAS - 39 and IFRIC 9: Embedded derivatives	January 1, 2009
Amendments to IFRS - 2 Share based payments	January 1, 2010

The management of the Company believes that these accounting standards and interpretations do not have any material impact on the present transactions of the Company. The Company would comply with these standards, interpretations and amendments when applicable.

2.4 INTERPRETATIONS TO EXISTING STANDARDS THAT ARE EFFECTIVE AND NOT APPLICABLE TO THE COMPANY

The following interpretations to existing standards have been published and are mandatory for the Company's accounting year beginning on July 01, 2008 but is not relevant for the Company's operations:

IFRIC 12 - Service Concession Agreements — January 01, 2008

IFRIC 12 applies to contractual arrangements whereby a private sector operator participates in the development financing, operation and maintenance of infrastructure for public sector services. Since the Company is not involved in public sector services, the implementation of this interpretation does not affect its financial statements.

IFRIC 13 - Customer Loyalty Programs — July 01, 2008

IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement by using fair values. The adoption of this interpretation has led to a change in the timing of recognition of revenue at the time of making sale. The implementation of this interpretation does not affect its financial statements.

IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset,
Minimum Funding Requirements and their Interaction. — January 01, 2008

IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Company has not yet determined the potential effect of the interpretation. The implementation of this interpretation does not affect its financial statements.

2.4.1 ("IFAS") - 2 ISLAMIC FINANCIAL ACCOUNTING STANDARD - CHANGE IN ACCOUNTING POLICY

The Islamic Financial Accounting Standard ("IFAS") - 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan ("ICAP") was notified by the Securities and Exchange Commission of Pakistan ("SECP") vide an SRO dated May 22, 2007. Ijarah has been defined in the above IFAS as a contract whereby the owner of an asset other than consumable, transfers its usufruct to another person for an agreed period for an agreed consideration under shariah compliant conditions. The application of IFAS - 2 on transactions under Ijarah facilities availed before July 01, 2007 was not complusory.

In view of material transactions during the year under Ijarah facilities, the Company has adopted IFAS - 2, which has resulted in change in accounting policy as following:

Ujrah payments under an Ijarah are recognized as an expense in the income statement on a straight-line basis over the Ijarah term unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Previously transactions under Ijarah facilities were accounted for under requirements of IAS -17 - Leases.

The application of IFAS - 2 on transactions under Ijarah facilities availed before July 01, 2007 was not complusory; however, for the sake of consistency, the Company has restated transactions on all outstanding Ijarah facilities. The effects of said restatement have been provided in note 40 to the financial statements.

The change has resulted decrease in profit for the year amounting to Rs 6,171,339

2.5 SIGNIFICANT ESTIMATES

The preparation of financial statements in conformity with aproved 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 belived to be reasonable under circumstances, results of which form 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 mill 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 after three years.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 ACCOUNTING CONVENTION

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

- certain property, plant and equipment at revalued amount
- financial instruments at fair value
- recognition of certain employee benefits at present value
- investment in jointly controlled entity at equity method

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

PRINCIPAL ACCOUNTING POLICIES ADOPTED ARE STATED BELOW:

3.2 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 free hold 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.

Depreciation is charged to profit and loss account applying the reducing balance method over its estimated useful life at the rates specified in note 4 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 un-appropriated profit.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale 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.

3.3 ASSETS SUBJECT TO FINANCE LEASE

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

3.4 INVESTMENTS

Investments in equity instruments of jointly controlled entities 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.

3.5 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.

3.6 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.

3.7 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 amounts, 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.

3.8 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

3.9 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 set-off the recognised amount and the Company intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

3.10 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.

3.11 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.

3.12 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.

3.13 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.

Rentals payable under operating leases are charged to profit and loss account on a straight-line basis over the terms of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also deferred on a straight-line basis over the lease term.

3.14 IJARAH TRANSACTIONS

Ujrah payments under an Ijarah are recognized as an expense in the income statement on a straight line basis over the Ijarah term unless systematic basis is representative of the time pattern of the user's benefit , even if the payments are not on that basis.

3.15 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 assumptions are determined by independent actuaries after every three years.

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.

DEFINED CONTRIBUTION PLAN

The Company also operates a 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.

3.16 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.

3.17 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 dispatch 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 proportion 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.

3.18 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 unpaid.

3.19 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

3.20 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" and "Technical Release - 30 " 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.

3.21 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.

3.22 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.

3.23 DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

4 PROPERTY, PLANT AND EQUIPMENT

4.1 As at June 30, 2009

Particulars	Cost / Revaluation				Depreciation				Book value as at June 30, 2009	Annual rate of depreciation %
	(Restated) As at July 01, 2008	Additions / (Disposals)	Transfers *	As at June 30, 2009	(Restated) As at July 01, 2008	Charge for the year / (Accumulated depreciation on disposals)	Transfers *	As at June 30, 2009		
	Rupees									
Owned										
Freehold land	86,006,250	-	-	86,006,250	-	-	-	-	86,006,250	-
Building on freehold land	215,787,621	1,488,279	-	217,275,900	58,855,311	7,875,134	-	66,730,445	150,545,455	5
Plant and machinery	1,367,306,453	22,312,296	39,607,000	1,429,225,749	392,190,287	49,195,077	5,783,812	447,169,176	982,056,573	5
Electric installation	74,056,354	7,448,300	-	81,504,654	28,493,881	4,658,996	-	33,152,877	48,351,777	10
Generator	12,438,184	4,428,757	-	16,866,941	6,130,978	885,371	-	7,016,349	9,850,592	10
Power house	59,538,668	1,908,160	-	61,446,828	22,650,706	3,708,175	-	26,358,881	35,087,947	10
Factory equipment	1,234,356	750,000	-	1,984,356	930,896	70,825	-	1,001,721	982,635	10
Office equipment	1,039,193	4,200	-	1,043,393	616,938	42,307	-	659,245	384,148	10
Telephone installation	926,945	74,900	-	1,001,845	454,018	49,212	-	503,230	498,615	10
Tarpaulin	382,057	-	-	382,057	219,540	16,252	-	235,792	146,265	10
Computers	2,435,299	94,850	-	2,530,149	1,149,440	136,666	-	1,286,106	1,244,043	10
Furniture and fixture	2,702,599	49,209	-	2,751,808	1,494,521	123,990	-	1,618,511	1,133,297	10
Vehicles	15,238,088	(1,741,500)	3,530,000	17,026,588	8,972,880	1,215,225	2,121,869	10,964,941	6,061,647	20
						(1,345,033)				
	1,839,092,067	38,558,951	43,137,000	1,919,046,518	522,159,396	67,977,230	7,905,681	596,697,274	1,322,349,244	
		(1,741,500)	-			(1,345,033)				
Leased										
Plant and machinery	232,471,217	-	(39,607,000)	192,864,217	28,428,919	8,670,197	(5,783,812)	31,315,304	161,548,913	5
Power house	14,000,000	-	-	14,000,000	4,559,450	724,053	-	5,283,503	8,716,497	10
Vehicles	22,443,884	-	(3,530,000)	18,913,884	10,605,894	2,234,838	(2,121,869)	10,718,863	8,195,021	20
	268,915,101	-	(43,137,000)	225,778,101	43,594,263	11,629,088	(7,905,681)	47,317,670	178,460,431	
2009	2,108,007,168	38,558,951	43,137,000	2,144,824,619	565,753,659	79,606,318	7,905,681	644,014,944	1,500,809,675	
		(1,741,500)	(43,137,000)		-	(1,345,033)	(7,905,681)			

* Transfer includes both inter category adjustments and transfer from assets held under finance lease to owned assets on completion / termination of respective arrangements.

4.2 As at June 30, 2008 - Restated

Particulars	Cost / Revaluation				Depreciation				Book value as at June 30, 2008	Annual rate of depreciation %
	As at July 01, 2007	Additions / (Disposal)	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 ----------									
Owned										
Freehold land	86,006,250	-	-	86,006,250	-	-	-	-	86,006,250	-
Building on freehold land	143,102,359	72,685,262	-	215,787,621	54,106,826	4,748,485	-	58,855,311	156,932,310	5
Plant and machinery	1,139,066,179	275,450,711	8,225,400	1,367,306,453	350,803,633	40,511,537	1,172,516	392,190,287	975,116,166	5
		(55,435,837)				(297,399)				
Electric installation	60,707,685	13,348,669	-	74,056,354	24,754,755	3,739,126	-	28,493,881	45,562,473	10
Generator	11,482,684	955,500	-	12,438,184	5,483,115	647,863	-	6,130,978	6,307,206	10
Power house	59,538,668	-	-	59,538,668	18,552,044	4,098,662	-	22,650,706	36,887,962	10
Factory equipment	1,234,356	-	-	1,234,356	897,178	33,718	-	930,896	303,460	10
Office equipment	1,039,193	-	-	1,039,193	570,021	46,917	-	616,938	422,255	10
Telephone installation	926,945	-	-	926,945	401,471	52,547	-	454,018	472,927	10
Tarpaulin	382,057	-	-	382,057	201,482	18,058	-	219,540	162,517	10
Computers	2,345,799	89,500	-	2,435,299	1,008,842	140,598	-	1,149,440	1,285,859	10
Furniture and fixtures	2,653,099	49,500	-	2,702,599	1,361,446	133,075	-	1,494,521	1,208,078	10
Vehicles	13,844,087	1,115,276	1,390,500	15,238,088	7,801,659	1,403,728	668,496	8,972,880	6,265,208	20
		(1,111,775)				(901,003)				
	1,522,329,361	363,694,418	9,615,900	1,839,092,067	465,942,472	55,574,314	1,841,012	522,159,396	1,316,932,671	
		(56,547,612)				(1,198,402)				
Leased										
Plant and machinery	205,532,417	35,164,200	(8,225,400)	232,471,217	21,329,920	8,271,515	(1,172,516)	28,428,919	204,042,298	5
Power house	14,000,000	-		14,000,000	3,510,500	1,048,950	-	4,559,450	9,440,550	10
Vehicles	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	35,164,200	(9,615,900)	268,915,101	33,047,375	12,387,900	(1,841,012)	43,594,263	225,320,838	
2008	1,765,696,162	398,858,618	9,615,900	2,108,007,168	498,989,847	67,962,214	1,841,012	565,753,659	1,542,253,509	
		(56,547,612)	(9,615,900)			(1,198,402)	(1,841,012)			

* 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	2009	(Restated) 2008
		---------Rupees ---------	
4.3 The depreciation charge for the year has been allocated as follows:			
Cost of sales	27	78,014,192	66,602,970
Administrative expenses	30	1,592,126	1,359,244
		79,606,318	67,962,214

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

4.4 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 plant and machinery depreciated to account for the age, usage and physical condition.

4.5 Had there been no revaluation, the cost, accumulated depreciation, and book value of revalued property, plant and equipment as at June 30, 2009 would have been as follows:-

Particulars	Cost as at June 30, 2009	Accumulated depreciation as at June 30, 2009	Book Value as at June 30, 2009
	---------- Rupees ----------		
Freehold land	20,113,706	-	20,113,706
Building on freehold land	217,275,900	66,730,445	150,545,455
Plant and machinery	1,661,696,966	475,598,095	1,186,098,871
2009	**1,899,086,572**	**542,328,540**	**1,356,758,032**
2008	1,858,178,999	480,599,517	1,377,579,480

4.6 **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 ----------						
Vehicles			-		-		
Honda Civic	1,125,000	910,401	214,599	340,000	125,401	Negotiation	Imtiaz Ahmed Khan
Suzuki Cultus	616,500	434,632	181,868	227,140	45,271	Company policy	Saeed Ahmed Khan
2009	**1,741,500**	**1,345,033**	**396,467**	**567,140**	**170,673**		
2008	56,547,612	1,198,402	55,349,210	55,612,000	262,790		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

		Note	2009	2008
			----------Rupees----------	
5	**LONG TERM INVESTMENTS**			
	Investment at equity method - Unquoted			
	Hira Terry Mills Limited - Jointly Controlled Entity			
	Cost of Investment			
	18,450,000 (2008: 18,450,000) fully paid ordinary shares of Rs. 10 each		184,500,000	184,500,000
	Share of profits	5.1	63,152,640	23,047,729
			247,652,640	207,547,729
5.1	Share of profits at beginning of year		23,047,729	1,598,315
	Share of profit for the year	5.2	40,104,911	21,449,414
	Share of profits		63,152,640	23,047,729

5.2 The financial year of Hira Terry Mills Limited ends on June 30. The latest audited financial results of Hira Terry Mills Limited as of June 30, 2009 have been used for the purpose of application of equity method. Summarised financial information of Hira Terry Mills Limited are set out below:

	2009	2008
Total assets	1,818,340,993	1,506,735,840
Total liabilities	1,290,920,911	1,069,929,428
Net assets	527,420,082	436,806,412
Sales-net	1,251,801,136	689,443,459
Profit for the year	85,513,670	45,242,158
Company's share of jointly controlled entity's profit for the year	40,104,911	21,449,414

		2009	2008
5.3	Breakup value per share	13.41	11.25
	Percentage of holding	46.90%	47.51%

		Note	2009	2008
6	**LONG TERM ADVANCES AND DEPOSITS**			
	Balance at beginning of year		4,947,499	4,850,099
	Add: deposits made during the year		6,331,407	722,400
			11,278,906	5,572,499
	Less: adjusted during the year		600,000	625,000
			10,678,906	4,947,499
	Less: current portion	11	900,000	600,000
	Balance at end of year	6.1	9,778,906	4,347,499

6.1 This represent interest free deposits with various government agencies.

		2009	2008
7	**STORES, SPARE PARTS AND LOOSE TOOLS**		
	Stores	25,869,400	15,282,903
	Spare parts and loose tools	26,835,386	21,449,265
	Packing material	19,946,468	21,007,524
		72,651,254	57,739,692

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

		Note	2009	2008
8	**STOCK-IN-TRADE**		----------Rupees	----------
	Raw material	27.1	1,056,531,000	1,085,638,458
	Work-in-process		17,430,120	21,007,454
	Finished goods			
	- yarn		118,863,663	89,328,758
	- waste		2,039,285	3,025,260
			120,902,948	92,354,018
			1,194,864,068	1,198,999,930
9	**TRADE DEBTS**			
	Local - unsecured, considered good	9.1	69,190,739	143,230,499
	Foreign - secured, considered good	9.2	67,409,397	44,327,476
			136,600,136	187,557,975

9.1 These include Rs.0.654 million (2008: Rs. 64.836 Million) receivable from jointly controlled entity in the ordinary course of business.

9.2 These are secured against letters of credit.

		Note	2009	2008
10	**ADVANCES**			
	Advances to:			
	Suppliers- unsecured, considered good		1,889,249	8,233,072
	Employees- secured, considered good	10.1	765,959	1,054,920
	Letters of credit	10.2	15,768,319	13,132,795
			18,423,527	22,420,787

10.1 These interest free advances are repayable within one year and are secured against employee retirement benefits and are recoverable from salaries of the employees.

10.2 These represent advance expenses incurred in respect of letters of credit for import of raw material and stores, spare parts and loose tools.

		Note	2009	2008
11	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	L/C margin deposits	11.1	4,539,953	-
	Current portion of long term deposits	6	900,000	600,000
	Prepayments		88,704	88,704
			5,528,657	688,704

11.1 These are margins kept by various banks against negotiation of foreign letter of credit.

		Note	2009	2008
12	**ADVANCE INCOME TAX**			
	Balance at beginning of year		6,900,809	8,362,485
	Add: advance income tax paid during the year		15,739,318	7,166,359
			22,640,127	15,528,844
	Less: provision for income tax	33	(10,354,766)	(8,628,035)
	Balance at end of year		12,285,361	6,900,809

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

		Note	2009	2008
			----------Rupees ----------	
13	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Sales tax refundable	13.1	**6,336,279**	9,161,204
	Excise duty refundable		**947,435**	519,438
			7,283,714	9,680,642

13.1 These represent accumulated difference of input tax on purchases and output tax payable.

		Note	2009	2008
14	**CASH AND BANK BALANCES**			
	Cash in hand		**1,032,410**	997,303
	Cash with banks on:			
	- current accounts	14.1	**16,542,695**	1,071,987
	- deposit accounts		**10,819**	10,819
			17,585,924	2,080,109

14.1 These include Rs.69,938 (2008: Rs. 58,597) in foreign currency accounts.

15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2009	2008		2009	2008
Number of shares				
		Ordinary shares of Rs.10 each		
23,000,000	23,000,000	- fully paid in cash	**230,000,000**	230,000,000
25,000,000	25,000,000	- Issued to general public	**250,000,000**	250,000,000
23,552,000	23,552,000	- Issued as bonus shares	**235,520,000**	235,520,000
71,552,000	71,552,000		**715,520,000**	715,520,000

15.1 The Company has only one class of ordinary shares which carries no right to fixed income.

15.2 There were no movements in the share capital during the year.

16 Reserves represent the share premium at Rs. 2.5 per share on 25,000,000 ordinary shares issued to general public during previous years and share premium at Rs. 10 per share on 2,000,000 ordinary shares issued through right offer in previous years.

17 This represents the surplus on the revaluation of free hold land of the Company.

		Note	2009	2008
18	**LONG-TERM FINANCING**			
	From banking Companies - secured			
	Habib Bank Limited - term finance	18.1	**74,878,025**	111,731,173
	Bank of Punjab - demand finance I	18.2	**95,000,000**	100,000,000
	Bank of Punjab - demand finance II	18.3	**142,500,000**	150,000,000
	MCB Bank - demand finance	18.4	**3,937,500**	11,250,000
			316,315,525	372,981,173
	Letters of credit / term loan facility	18.5	**32,238,384**	32,238,384
			348,553,909	405,219,557
	Less : current portion	24	**81,524,432**	68,631,747
			267,029,477	336,587,810

18.1 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 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 to automatically stand cancelled with application of mark up at the rate of 14.0% 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 20.0% 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 favor 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 again 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 rate of six months offer rate of KIBOR plus 1.5% per annum with a floor of 12.0 % per annum and no cap (2008: KIBOR plus 1.5 % with a floor of 7.0 % and cap of 8.5 %), 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 (2008: Rs.564 million) and personal guarantees of sponsoring directors.

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.

18.2 This facility was obtained from Bank of Punjab . The loans carry markup at the rate of six months KIBOR plus 300 bps (2008: three months KIBOR plus 2.95 %) per annum payable bi-annually in arrear. The loan is secured against first pari passu 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. The first installment was repayable after fifteen months from the date of first draw down which was made in June 2007.The Company was given a further grace period of one year when it paid first installment in September 2008.

18.3 This facility was obtained from Bank of Punjab to facilitate early repayment of TFCs. The loans carry markup at six months average KIBOR plus 300 bps (2008: three months KIBOR plus 2.95 %) per annum with 12.0 % floor and no cap, payable biannually in arrear. The loan is secured against first pari passu 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 with grace period of one year after first disbursement which was made in June 2007.The Company was given a further grace period of one year when it paid first installment in September 2008.

18.4 This facility was obtained from MCB Bank Limited. The loan carry markup at six months KIBOR plus 2.50% (2008: six months KIBOR plus 2.5 %) per annum payable quarterly on outstanding balance without any grace period. The principal is repayable in twenty four equal monthly installments starting from February 02, 2008.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

18.5 The Company has imported machinery against two letters of credit opened with MOB 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. As per arrangement with MCB Bank Limited, on the maturity of respective letters of credit, will be converted into term loan facility expiring after three years starting from the maturity of respective letter of credit (i.e. February 22, 2010). Term facility will carry mark up at the rate of six months KIBOR plus 3.0 % per annum to be reset on semi-annually basis and secured against lien on import machinery / inland documents for imports / local purchase of cotton bales only.

18.6 The maturity profile is as follows:

	2009	2008
Maturity	--------- Rupees ---------	
6 months or less	**36,054,568**	34,582,824
6 - 12 months	**45,469,865**	22,082,824
1 - 5 years	**267,029,476**	348,553,909
	348,553,909	405,219,557

18.7 The carrying amount under long term financing is same as its fair value.

19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	Note	2009	(Restated) 2008
		----------Rupees ----------	
Present value of minimum lease payments	19.2	**55,349,008**	109,820,963
Less: current portion	24	**26,626,719**	68,057,862
		28,722,289	41,763,101

19.1 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 15.79% to 18.64% (2008: 7.0% to 14.0%) 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. Related taxes, repairs, replacements and insurance costs are borne by the Company. There are no financial restrictions in lease agreements.

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

	2009	2008
Minimum lease payments		
Not later than one year	**19,408,794**	57,467,710
Later than one year but not later than five years	**49,880,454**	70,146,495
	69,289,248	127,614,205
Less: finance cost allocated to future periods	**13,940,240**	17,793,242
	55,349,008	109,820,963
Less: current portion	**26,626,719**	68,057,862
	28,722,289	41,763,101
Present value of minimum lease payments		
Not later than one year	**26,626,719**	68,057,862
Later than one year but not later than five years	**28,722,289**	41,763,101
	55,349,008	109,820,963

19.3 The maturity profile is as follows:

Maturity	Note	2009	(Restated) 2008
		------- Rupees -------	
6 months or less		1,441,501	1,476,415
6 - 12 months		6,348,695	8,580,146
1 - 5 years		47,558,812	99,764,402
		55,349,008	109,820,963

The carrying amounts of assets held under finance lease approximate their fair values as the rate used for discounting is the rate implicit in the lease.

		Note	2009	2008
			------- Rupees -------	
20	**DEFERRED LIABILITIES**			
	Employee benefits	20.1.1	7,076,001	6,079,428
	Deferred tax liability	20.2	62,186,722	62,186,722
			69,262,723	68,266,150

20.1 Provision has been made on the basis of 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:

	2009	2008
	Per annum	Per annum
Discount rate	12%	12%
Expected rate of increase in salaries	11%	11%
Expected remaining life time of employees	5 years	5 years

20.1.1 Movement in liability

	Note	2009	2008
		---------Rupees---------	
Balance at beginning of year		6,079,428	1,396,682
Charge for the year	20.1.3	8,464,630	9,782,011
Benefits paid during the year		(7,468,057)	(5,099,265)
Balance at end of year		7,076,001	6,079,428

20.1.2 Balance sheet reconciliation as at June 30, 2009

	2009	2008
Present value of obligation	7,076,001	7,569,343
Un-recognized actuarial gain	-	(1,489,915)
	7,076,001	6,079,428

20.1.3 Charge for the year

	2009	2008
Service cost	7,409,713	9,663,181
Interest cost	908,321	118,830
Acturial (gains) / losses	146,596	-
Expenses recognized in the profit and loss account	8,464,630	9,782,011

		Note	2009	2008
			---------Rupees---------	
20.2	**Deferred tax liability on taxable temporary differences:**			
	Tax depreciation allowance		118,282,948	66,494,153
	Finance lease		17,881,934	10,549,525
			136,164,882	77,043,678
	Deferred tax asset on deductible temporary differences			
	Provision for employee benefits		(1,027,789)	(553,228)
	Available tax losses		(72,950,371)	(14,303,728)
			(73,978,160)	(14,856,956)
			62,186,722	62,186,722
21	**TRADE AND OTHER PAYABLES**			
	Creditors		49,772,773	40,664,725
	Accrued liabilities		37,454,255	26,343,329
	Letters of credit payable		162,094,895	12,438,786
	Advances from customers		5,283,886	2,783,352
	Workers' profit participation fund	21.1	22,370	2,305,602
	Worker's welfare fund		50,244	872,544
	Others		569,132	713,462
			255,247,555	86,121,800
21.1	**Workers' profit participation fund**			
	Balance at beginning of year		2,305,602	3,199,985
	Allocation / expense for the year		-	2,296,169
			2,305,602	5,496,154
	Payments made during the year		(2,283,232)	(3,190,552)
	Balance at end of year		22,370	2,305,602

		2009	(Restated) 2008
		----------Rupees ----------	
22	**MARK UP ACCRUED**		
	Markup accrued on:		
	Long term financing	22,248,282	12,154,406
	Liabilities against assets subject to finance lease	2,200,754	593,257
	Short term borrowings	65,835,091	36,257,944
		90,284,127	49,005,607

		Sanctioned limit Rupees in million		2009	2008
				----------Rupees ----------	
23	**SHORT-TERM BORROWINGS**				
	From banking companies- Secured				
	Cash finance	1,402	23.2	736,794,175	905,783,796
	Finance against packing credit	320	23.3	315,165,002	82,092,438
	Finance against foreign bills	350	23.4	28,124,272	28,191,805
	FE- 25 export	120	23.5	-	184,102,202
	Running finance	160	23.6	159,942,963	160,000,000
	Temporary overdraft		23.7	35,433,721	34,184,638
		2,352		1,275,460,133	1,394,354,879

	2009	2008
	---------Rupees---------	

25.2 Guarantees

	2009	2008
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

25.3 Commitments

	2009	2008
Letters of credit for import of:		
- plant and machinery	**1,174,958**	4,340,448
- raw material	**244,234,352**	220,959,976
- stores, spare parts and loose tools	**4,463,053**	3,758,411
	249,872,363	229,058,835

25.4 The aggregate amount of ujrah payments for Ijarah financing and the period in which these payments will become due are as follows:

	2009	2008
Not later than one year	**13,472,442**	6,560,412
Later than one year and not later than five years	**18,243,121**	14,385,614
	31,715,563	20,946,026

23.1 The aggregate unavailed short term borrowings amount to Rs.1,077 million (2008: Rs. 1,121 million).

23.2 These facilities have been obtained from various banks under mark up arrangements and carry mark up ranging from 13.13 % to 16.75 % (2008: 11.06% to 14.56%) per annum. These are secured against pledge of stocks of cotton lint and cotton yarn amounting to Rs.812 million (2008: Rs. 1,117.55 million), ranking hypothecation charge over current assets of the Company amounting to Rs. 507 million (2008: Rs. 507 million), lien over export documents and personal guarantees of directors of the Company. These facilities will expire on respective dates maximum by March 31, 2010.

23.3 These facilities have been obtained from a commercial bank and carry mark up at the rate ranging from 12.51% to 16.75% (2008: 11.17% to 14.16%) per annum. These are secured against lien over export documents, first pari passu charge over current assets amounting Rs. 428 million (2008 : Rs.428 million) and personal guarantees of directors of the Company. The facility will expire on March 31, 2010.

23.4 These facilities were obtained from a commercial bank and carry mark up rate ranging from 13.12% to 16.60% (2008: 11.17% to 14.56%) 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, 2010.

23.5 These facilities have been obtained from various commercial banks and carry mark up ranging from 8.5% to 10.50% (2008: 5.25% to 9.00%) per annum. These are secured against pledge of cotton and yarn amounting to Rs. 700 million (2008: Rs.227.666 million), ranking hypothecation charge over current assets of the Company amounting to Rs.Nil (2008: Rs. 254 million), lien on export documents and personal guarantees of directors of the Company. These facilities will expire on various dates by March 31, 2010.

23.6 These facilities have been obtained from various commercial banks and carry mark up ranging from 12.76% to 16.50% (2008: 10.90% to 14.16%) per annum. These are secured against first hypothecation charge of Rs.700 million (2008: Rs. 700 million) over current assets of the Company including work 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, 2010.

23.7 This represents booked overdraft due to cheques issued by the Company in excess of balance with banks which will be presented for payment in subsequent period.

				(Restated)
			2009	2008
24	CURRENT PORTION OF NON-CURRENT LIABILITIES	Note	---------Rupees---------	
	Long term financing	18	**81,524,432**	68,631,747
	Liabilities against assets subject to finance lease	19	**26,626,719**	68,057,862
			108,151,151	136,689,609

24.1 Current portion of long term financing and current portion of liabilities against assets subject to finance lease includes overdue installments of Rs. 562,500 (2008: Nil) and Rs. 2,508,110 (2008: Nil) respectively.

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 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 18.1 of the financial statements.

25.1.2 For contingencies relating to tax matters, please refer note 33.1 to 33.3 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

26 SALES - NET

	2009			2008		
	Local	Export	Total	Local	Export	Total
	----Rupees----					
Gross sales						
Finished goods	1,238,854,405	788,671,302	**2,027,525,707**	1,094,020,442	553,072,244	1,647,092,686
Waste	128,538,295	-	**128,538,295**	82,048,249	-	82,048,249
Cotton	308,741,931	75,530,973	**384,272,904**	-	-	-
	1,676,134,631	864,202,275	**2,540,336,906**	1,176,068,691	553,072,244	1,729,140,935
Less: Sales return	15,608,610	-	**15,608,610**	3,533,955	-	3,533,955
	1,660,526,021	**864,202,275**	**2,524,728,296**	1,172,534,736	553,072,244	1,725,606,980

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

		Note	2009	(Restated) 2008
			----------Rupees ----------	
27	COST OF SALES			
	Raw material consumed	27.1	1,320,969,634	1,036,163,837
	Packing material consumed		34,568,416	28,398,332
	Salaries, wages and benefits	27.2	137,415,374	118,617,148
	Fuel and power		138,414,804	96,523,213
	Stores, spare parts and loose tools consumed		28,968,350	27,468,015
	Insurance		6,721,852	6,465,886
	Dyes and chemicals		24,240,465	16,126,285
	Depreciation	4.3	78,014,192	66,602,970
	Others		10,249,355	7,621,430
			1,779,562,442	1,403,987,116
	Work-in-process - opening		21,007,454	11,833,321
	Less: work-in-process - closing		17,430,120	21,007,454
	Cost of goods manufactured		1,783,139,776	1,394,812,983
	Finished stocks - opening		92,354,018	41,893,131
	Add : cost of goods manufactured		1,783,139,776	1,394,812,983
	Yarn purchased		22,450,676	104,793,199
			1,805,590,452	1,499,606,182
			1,897,944,470	1,541,499,313
	Less: finished stocks - closing		120,902,948	92,354,018
	Cost of finished goods sold		1,777,041,522	1,449,145,295
	Cost of cotton sold		355,415,208	-
	Cost of goods sold		2,132,456,730	1,449,145,295
27.1	Raw material consumed			
	Opening stock		1,085,638,458	608,784,453
	Add: purchases		1,647,277,384	1,513,017,842
	Less: cotton sold		355,415,208	-
			2,377,500,634	2,121,802,295
	Less: closing stock		1,056,531,000	1,085,638,458
			1,320,969,634	1,036,163,837

27.2 Salaries, wages and benefits include employee benefits amounting to Rs.8.464 million (2008: Rs. 9.782 million).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

		Note	2009	2008
			----------Rupees ----------	
28	OTHER OPERATING INCOME			
	Income from financial assets			
	Foreign exchange gain		-	6,702
	Markup on advances given to jointly controlled entity		1,946,510	227,619
	Income from assets other than financial assets			
	Gain on disposal of property, plant and equipment	4.6	170,673	262,790
			2,117,183	497,111
29	DISTRIBUTION COST			
	Local			
	Commission		1,782,553	2,534,832
	Others		118,420	532,982
	Export			
	Commission		17,262,772	14,919,056
	Freight / export forwarding charges		16,137,681	16,709,684
	Others		6,292,575	3,023,973
			41,594,001	37,720,527

		Note	2009	(Restated) 2008
			----------Rupees ----------	
30	ADMINISTRATIVE EXPENSES			
	Salaries, allowances and other benefits	30.1	14,832,793	10,592,081
	Ujra Payments		12,545,521	2,282,805
	Repair and maintenance		281,967	260,221
	Rents, rate and taxes		954,915	368,534
	Electricity, water and gas		585,383	562,724
	Printing and stationery		706,586	377,858
	Vehicles running and maintenance		1,519,092	1,317,060
	Postage, telephone and fax		1,798,143	1,117,385
	Fee and subscription		725,920	992,870
	Donations		45,000	147,859
	Entertainment		89,850	121,035
	Legal and professional charges		686,838	928,811
	Newspaper and periodicals		20,965	9,302
	Traveling and conveyance		1,262,177	1,310,004
	Insurance		137,181	105,136
	Auditors' remuneration	30.2	715,994	600,963
	Depreciation	4.3	1,592,126	1,359,244
	Others		929,017	716,376
			39,429,468	23,170,268

30.1 Salaries, wages and other benefits include provident fund amounting to Rs. 623,769 (2008: Rs. 821,840).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		----------Rupees	----------
30.2 Auditors' remuneration			
Annual audit fee		**460,000**	350,000
Audit fee for interim periods		**100,000**	100,000
Review report on Code of Corporate Governance		**120,000**	120,000
Out of pocket expenses		**35,994**	30,963
		715,994	600,963

31 OTHER OPERATING EXPENSES

	Note	2009	2008
Workers' profit participation fund	21.1	-	2,296,169
Workers' welfare fund		-	872,544
Exchange loss		**208,136**	-
		208,136	3,168,713

32 FINANCE COST

	2009	(Restated) 2008
	----------Rupees	----------
Markup on:		
- long term financing	**55,022,519**	35,477,532
- liabilities against assets subject to finance lease	**8,328,901**	11,587,896
- short term borrowings	**269,756,460**	114,291,590
Bank charges and guarantee commission	**7,921,431**	8,719,470
	341,029,311	170,076,488

33 PROVISION FOR TAXATION

	Note	2009	2008
		----------Rupees	----------
Current	12	**10,354,766**	8,628,035
Deferred		-	6,921,385
		10,354,766	15,549,420

33.1 During the period the tax department has rectified assessments U/S 221 for the years 1996-97 to 1999-00 and created income tax demand of Rs. 3,496,263 for assessment year 1996-97 and Rs. 3,557,380 for assessment year 1998-99. The Company has filed appeals against these orders on the ground of limitation period.The management is hopeful for a favorable decision.

33.2 Deemed assesment of the below mentioned tax years were also amended U/S 122 (5A) as a result following tax liability is created:

Tax Year	Tax Liability
2003	Rs. 5,267,763
2004	Rs. 7,036,577
2005	Rs. 1,878,586
2007	Rs. 8,149,095

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

Against amended assesments, the Company has filed application for rectification to seek adjustment of the assessed tax losses. The applications are pending for adjudication. Apart from application for rectification, the Company has also preferred appeals before CIT(A) which are yet to be heard. The management is hopeful for a favourable decision.

33.3 Ther numerical reconciliation between the average tax rate and 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.

34 EARNINGS PER SHARE - BASIC AND DILUTED

	2009	(Restated) 2008
The calculation of the basic earnings per share is based on the following data :	----------Rupees ----------	
Earnings		
Profit for the year	**1,877,978**	48,722,794
	Number of shares	
Weighted average number of ordinary shares outstanding	**71,552,000**	71,552,000
Earnings per share (Rupees)	**0.03**	0.68

34.1 Basic earnings per share has been computed by dividing earnings as stated above with weighted average number of ordinary shares.

34.2 No figure for diluted earnings 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2009	2008	2009	2008	2009	2008
	--------	--------	--------	Rupees	--------	--------
Remuneration	1,400,004	999,996	3,060,000	2,355,996	2,709,996	2,310,684
House rent	560,004	399,996	1,064,004	822,396	1,083,996	924,276
Retirement benefits	116,616	83,304	64,980	56,316	225,780	196,920
Motor vehicle expenses	48,477	141,648	327,147	392,251	410,702	406,013
Utilities	-	-	159,996	120,000	-	-
Others	140,004	99,996	306,000	235,596	270,996	231,072
	2,265,105	1,724,940	4,982,127	3,982,555	4,701,470	4,068,965
No of persons	1	1	3	3	3	3

35.1 Chief executive officer, directors and executives have been provided with free use of the Company's maintained cars.

36 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 35 to these financial statments. Other sgnificant transactions with related parties are as follows:

Description	2009	2008
Transactions with jointly controlled entity	----------Rupees	----------
Equity injection	-	9,600,000
Sales of yarn and dyes and chemicals	390,716,040	201,770,162
Purchases of towels, stores and spares	1,470,182	137,759
Expenses charged	12,721,365	13,050,000
Mark up charged on balance due	1,946,510	227,619
Other transactions in ordinary course of business - net	584,021	11,979,264
Transactions with Other related parties		
Remuneration paid to directors and chief executive of the Company	7,247,232	5,707,495
Payment to Employees' Provident Fund Trust	623,769	814,970
Compensation of key management personnel		
Remuneration of key management personnel during the year are as follows :		
Remuneration and other benefits	4,475,690	3,872,045
Post employment benefits	225,780	196,920
Payment of advance rent	1,100,000	-
	421,110,589	247,356,234

37 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

37.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

The Company is exposed to credit risk from its operating activities primarily for local trade debts and

The Company does not hold collateral as security.

The Company's credit risk exposures are categorized under the following headings:

Counterparties

The Company conducts following major types of transactions with the counterparties:

Trade debts

Trade debts are essentially due from local customers and from foreign customers against supply of yarn and the Company does not expect these counterparties to fail to meet their obligations. The majority of sales to the Company's customers are made on specific terms.

Customer credit risk is managed by the Company's established credit policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on credit rating. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other form of credit insurance.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2009	2008
	----------- Rupees -----------	
Trade debts	**136,600,136**	187,557,975
Advances to staff, unsecured - considered good	**765,959**	1,054,920
Bank balances	**16,553,514**	1,082,806
	153,919,609	189,695,701

Geographically there is no concentration of credit risk.

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

Yarn - local	**69,190,739**	143,230,499

There is no single significant customer in the trade debts of the Company.

Impairment losses

Based on age analysis, relationship with customers and past experience the management does not expect any party to fail to meet their obligations. The management believes that trade debts are considered good and hence no impairment allowance is required in this regard.

37.2 Liquidity risk management

Liquidity risk reflects the Company's inability in raising funds to meet commitments. 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 customer.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 23 to these financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

37.2.1 Liquidity and interest risk table

The following table detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities under long term financing agreements based on the earliest date on which the Company can be required to pay.

Carrying amount and contractual cash flows of trade and other financial liabilities are approximately same.

	Carrying amount 2009	Carrying amount 2008
	------------- Rupees -------------	
Trade and other Payables		
Maturity up to one year	**255,247,555**	86,121,800
Short term borrowings		
Maturity up to one year	**1,275,460,133**	1,394,354,879
Long term financing		
Maturity up to one year	**81,524,432**	68,631,747
Maturity after one year and up to five years	**316,315,525**	372,981,173
Liabilities against assets subject to finance lease		
Maturity up to one year	**26,626,719**	68,057,862
Maturity after one year and up to five years	**28,722,289**	41,763,101
	1,983,896,653	2,031,910,562

37.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

37.3.1 Foreign currency risk management

Pak Rupee (PKR) is the functional currency of the Company and as a result currency exposure arises from transactions and balances in currencies other than PKR. The Company's potential currency exposure comprises;

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below;

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure are incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy. The Company does not enter into forward exchange contracts.

Exposure to currency risk

The Company's exposure to foreign currency risk is as follows based on notional amounts:

	2009	2008
	USD	USD
Trade debts	829,144	545,233
Cash and bank balances	859	859
	830,003	546,092

Commitments outstanding at year end amounted to Rs. 254 million (2008: Rs. 229 million) relating to letter of credits for import of plant and machinery, raw material and stores, spare parts and loose tools .

The following significant exchange rates applied during the year:

	Average rate		Reporting date mid spot rate	
	2009	2008	2009	2008
	--------- Rupees ---------		---------------- Rupees ---------------	
USD 1	78.82	62.61	81.3	68.08

Sensitivity analysis

A 10 percent strengthening of the Pak Rupee against the USD at June 30, 2009 would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2008.

	2009	2008
	---------------- Rupees ---------------	
Decrease in profit and loss account	6,747,924	3,717,794

A 10 percent weakening of the Pak Rupee against the US $ at June 30, 2009 would have had the equal but opposite effect on US $ to the amounts shown above, on the basis that all other variables remain constant.

37.4 **Interest rate risk**

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

Profile

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

Fixed rate instruments

The Company is not having any fixed rate instruments.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss therefore, a change in interest rate would not affect profit or loss.

	2009	2008	2009	2008
	-------------%	-------------	------------- Rupees	-------------
Floating rate instruments				
Financial liabilities				
Short term financing	**12.51-16.75**	5.25-14.50	**(1,310,893,854)**	(1,428,539,517)
Long term financing	**12.87-18.47**	11.69-17.96	**(316,315,525)**	(372,981,173)
			(1,627,209,379)	(1,801,520,690)

Fair value sensitivity analysis for floating rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in floating interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings). There is only an immaterial impact on the Company's equity.

	Increase / (Decrease) in basis points	Effect on profit before tax
2009	%	Rupees
Short term borrowings	**1.00%**	**13,142,491**
Long term financing		**3,376,738**
		16,519,229
2008		
Short term borrowings	1.00%	7,395,297
Long term financing		1,658,068
		9,053,365

37.5 Equity price risk management

The Company's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. The Company's Board of Directors reviews and approves all equity investment decisions.

37.6 Determination of fair values

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

38 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.

39 PLANT CAPACITY AND ACTUAL PRODUCTION

Spinning

	2009	2008
	--------Numbers--------	
Spindles installed	39,792	39,792
Shifts per day	3	3
Spindle worked	42,855,984	37,542,240
	---------Bags---------	
Capacity after conversion into 20/1 count	329,661	288,786
	-------Kilograms--------	
Capacity after conversion into 20/1 count	14,953,423	13,099,333
Actual production of yarn after conversion into 20/1 count	13,754,241	11,512,564

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

	2009	2008
	--------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	48,547	45,064

Under utilization of available sources was due to actual demand.

Dyeing

	2009	2008
	--------Numbers--------	
Machines	4	4
	-------Kilograms--------	
Dyeing capacity	1,095,000	1,095,000
Actual dyeing production	939,869	641,310

Under utilization of available sources was due to actual demand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

40 CHANGE IN ACCOUNTING POLICY

As referred in note 2.4.1 the Company has changed its accounting policy to account for the Ijarah transactions as per the requirements of the IFAS - 2. The change in the accounting policy has been applied retrospectively by restating the figures of earliest reported periods. The effect of restatement is as follows:

	Rupees
Decrease in carrying value of property, plant and equipment as at June 30, 2008	21,375,000
Decrease in carrying value of liabilities against assets subject to finance lease as at June 30, 2008	(20,946,026)
	428,974
Year ended June 30, 2008	
Ujra payments recognized	2,282,805
Decrease in finance cost	(728,831)
Decrease in depreciation	(1,125,000)
	428,974
Impact of prior period restatement on earnings per share	
Earnings per share for the year ended June 30, 2008 as previously reported	0.69
Impact of prior period restatement on earnings per share	(0.01)
Earnings per share for the year ended June 30, 2008 - as restated	**0.68**

41 NON-CASH TRANSACTIONS

Additions to fixed assets during the year amounting to nil (2008: Rs. 35,164,200) were financed by new finance lease.

42 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on 08 OCT 2009.

43 RE-CLASSIFICATIONS AND RE-ARRANGEMENTS

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

From	To	Reason	Rupees
Balance sheet			
Letter of credit for import of plant machinery	Long term financing	Better presentation	32,238,384
Profit and loss			
Commission - sales	Commission - distribution cost	Better presentation	17,453,888

44 GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER

CHAIRMAN / DIRECTOR

FORM 34

Pattern of Shareholding
As at June 30, 2009

INCORPORATION No. 0023196

Share Holders	Shareholding From	To	Total Shares Held
4	1	100	82
190	101	500	94,942
433	501	1000	433,000
96	1001	5000	261,500
22	5001	10000	181,000
5	10001	15000	64,500
10	15001	20000	191,500
3	20001	25000	72,500
2	25001	30000	55,500
2	30001	40000	79,500
5	40001	50000	245,500
1	50001	55000	54,500
1	55001	65000	65,000
3	65001	100000	300,000
1	100001	110000	107,000
1	110001	120000	119,500
1	120001	125000	121,500
2	125001	180000	353,500
1	180001	295000	293,047
1	295001	400000	400,000
1	400001	450000	449,500
2	450001	500000	1,000,000
1	500001	525000	524,000
1	525001	560000	557,093
1	560001	600000	599,093
1	600001	820000	819,720
1	820001	880000	879,140
1	880001	920000	919,072
1	920001	1090000	1,089,106
1	1090001	1320000	1,318,710
1	1320001	1385000	1,382,253
1	1385001	1410000	1,406,624
1	1410001	1510000	1,507,880
1	1510001	1760000	1,760,000
1	1760001	1890000	1,886,187
1	1890001	2075000	2,070,500
1	2075001	2640000	2,637,420
1	2640001	3950000	3,948,803
1	3950001	4660000	4,659,450
1	4660001	4735000	4,732,112
1	4735001	4845000	4,843,432
1	4845001	4850000	4,845,480
1	24220001	24225000	24,222,854
808			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	5,316,432	7.43
Miss Umaira Umar	4,845,480	6.77
Mr. Saeed Ahmad Khan	2,000	0.00
Mrs.Sadiya Umair	4,659,450	6.51
Mrs.Fatima Nadeem W/O Mr. Nadeem Aslam Butt	1,507,880	2.11
	46,105,928	**64.44**
Associated Companies, undertakings and related parties.	NIL	
NIT and ICP	NIL	
Investment Companies	879,710	1.23
Bank, Development Finance Institutions,Non Banking Finance Institutions	13,180,490	18.42
Insurance Companies.	400,000	0.56
Moderabas and Mutual Funds	NIL	
Joint Stock Cpmpanies	3,844,593	5.37
Executives	2,000	0.00
General Public		
Local	6,200,207	8.67
Foreign	Nil	
Others	939,072	1.31
	71,552,000	**100.00**
Shareholders holding10% or more		
Mr.Muhammad Umar Virk	24,222,854	33.85

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, 2009 (Saturday) at 11.00 AM at the Registered Office of the Company (44 E/I Gulberg III, Lahore) and at any adjournment thereof.

As witness my hand this ____________________ day of ______________ 2009 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.