

HIRA TEXTILE MILLS LIMITED

COMPANY INFORMATION

CHAIRMAN Mr. Muhammad Umar Virk

CHIEF EXECUTIVE OFFICER Mr. Nadeem Aslam Butt

BOARD OF DIRECTORS

Mr. Muhammad Umar Virk

Mr. Nadeem Aslam Butt

Mrs. Shahnaz Umar

Mr. Umair 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 & CFO

Mr. Saeed Ahmad Khan

AUDITORS

M. Yousuf Adil Saleem & Co.
Chartered Accountants

REGISTRAR OF THE COMPANY

Vision Consulting Ltd.
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TAX CONSULTANT

Tipu Associates

REGISTERED OFFICE

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MILLS

8-km Manga Raiwind Road,
Raiwind, District Kasur, Pakistan.

HIRA TEXTILE MILLS LIMITED

DIRECTORS' REPORT

We hereby present the un-audited financial statements of the Company for the half year ended 31 December 2009. The Company's sales are Rs. 1,360.028 million as compared to Rs.1,135.208 million during the corresponding period of last year showing an increase of 19.80%. Gross Profit for the period is Rs.265.233 million showing an increase of 20.45 % over the gross profit of Rs.220.305 million in the corresponding period. The increase in GP is mainly due to increase in production, change in production pattern and better sales rates.

Profit from operations is Rs. 81.779 million as compared to Rs. 5.178 million in the corresponding period. The increase in operational profit is due to decrease in financial cost. Profit after tax is Rs. 91.638 million as compared to profit of Rs. 24.543 million in the corresponding period. The increase in profit after tax is due to increase in operational profit. M/S Hira Terry Mills Limited has contributed profit of Rs. 18.686 million showing decrease of Rs. 6.732 millions over the last corresponding period. The management is putting its best efforts to maximize company's profit for remaining period of the financial year and are positive of better results in the remaining six months.

The Auditors have qualified their review report due to non-recognition of deferred tax liability amounting to Rs. 39.487 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. The management considers that amount of deferred tax liability provided in the financial statement is sufficient. However, auditors are not agreed to our estimates.

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

On behalf of the Board

Lahore
February 25, 2010

Nadeem Aslam Butt
(Chief Executive officer)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Hira Textile Mills Limited ("the company") as at December 31, 2009 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the three months period ended December 31, 2009 and 2008 have not been separately reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2009.

Scope of Review

We conducted our review in accordance with international Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

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 6 to the condensed interim financial information, is sufficient. However; in our view, based on the lower trends of export sales in the recent periods coupled with future uncertainties, 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. 39.487 million was required. Had this amount been recognized, deferred tax liability as at December 31, 2009 would have been higher by Rs. 39.487 million and the profit for the period ended December 31, 2009 as well as un-appropriated profit would have been lower by same amount.

Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

M. YOUSUF ADIL SALEEM & CO.
(Chartered Accountants)

Lahore: February 25, 2010

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

	Note	Un-audited December 31 2009 Rupees	Audited June 30 2009 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		750,000,000	750,000,000
Issued, subscribed and paid up share capital	4	715,520,000	715,520,000
Reserves		82,500,000	82,500,000
Un-appropriated profit		357,031,884	265,393,865
		1,155,051,884	1,063,413,865
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		65,892,542	65,892,542
NON-CURRENT LIABILITIES			
Long-term financing	5	212,488,458	267,029,477
Liabilities against assets subject to finance lease		20,739,542	28,722,289
Deferred liabilities	6	69,894,780	69,262,723
CURRENT LIABILITIES			
Trade and other payables		193,912,296	255,247,555
Mark-up accrued		79,486,602	90,284,127
Short-term borrowings - secured		1,822,285,485	1,275,460,133
Current portion of non-current liabilities	7	136,755,100	108,151,151
		2,232,439,483	1,729,142,966
CONTINGENCIES AND COMMITMENTS	8	3,756,506,689	3,223,463,862
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,480,183,214	1,500,809,675
Long-term investments	10	266,338,619	247,652,640
Long-term advances and deposits	11	9,396,406	9,778,906
		1,755,918,239	1,758,241,221
CURRENT ASSETS			
Stores, spare parts and loose tools		71,052,486	72,651,254
Stock-in-trade		1,707,155,507	1,194,864,068
Trade debts		96,634,775	136,600,136
Advances		68,768,590	18,423,527
Trade deposits and short-term prepayments		6,537,813	5,528,657
Advance income tax - net of provision for tax		13,468,702	12,285,361
Tax Refunds due from Government		10,056,014	7,283,714
Cash and bank balances		26,914,563	17,585,924
		2,000,588,450	1,465,222,641
		3,756,506,689	3,223,463,862

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

Lahore
February 25, 2010

Chief Executive Officer

Chairman / Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2009**

	Note	(Restated)		(Restated)	
		Six months ended		Three months ended	
		December 31 2009	December 31 2008	December 31 2009	December 31 2008
		.....Rupees.....	.....Rupees.....	.....Rupees.....	.....Rupees.....
Sales - net	12	1,360,028,247	1,135,207,542	761,439,115	484,209,180
Cost of sales	13	1,094,795,490	914,902,539	572,771,392	366,467,724
Gross profit		265,232,757	220,305,003	188,667,723	117,741,456
Other operating income		130,185	746,927	130,185	746,927
		265,362,942	221,051,930	188,797,908	118,488,383
Distribution cost		23,869,635	22,894,902	11,276,070	7,296,592
Administrative expenses		20,679,591	16,683,621	9,219,335	8,545,473
Other operating expenses		6,088,377	6,187,485	5,956,321	5,155,407
Finance cost		132,946,546	170,107,758	79,863,792	110,697,679
		183,584,149	215,873,766	106,315,518	131,695,151
		81,778,793	5,178,164	82,482,390	(13,206,768)
Share of profit of jointly controlled entity		18,685,979	25,418,623	11,923,636	22,792,563
Profit before taxation		100,464,772	30,596,787	94,406,026	9,585,795
Provision for taxation		8,826,753	6,053,920	6,595,653	3,085,562
Profit for the period		91,638,019	24,542,867	87,810,373	6,500,233
Other Comprehensive Income for the Period		-	-	-	-
Total Comprehensive Income for the Period		91,638,019	24,542,867	87,810,373	6,500,233
Earnings per share (Rupees) - basic and diluted		1.28	0.34	1.23	0.09

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

Lahore
February 25, 2010

Chief Executive Officer

Chairman / Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2009**

(Restated)

	Six months ended	
	December 31 2009	December 31 2008
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	100,464,772	30,596,787
Adjustments for:		
Depreciation on property, plant and equipment	39,119,448	39,242,537
Loss / (gain) on disposal of property, plant and equipment	25,542	(170,672)
Foreign exchange (gain) / loss	(130,185)	5,197,774
Provision for employee benefits	4,000,000	4,000,000
Provision for workers' profit participation fund	4,393,359	717,182
Provision for workers' welfare fund	1,669,476	272,529
Share of profit of jointly controlled entity	(18,685,979)	(25,418,623)
Finance cost	132,946,546	170,107,758
	<u>163,338,207</u>	<u>193,948,485</u>
	263,802,979	224,545,272
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	1,598,768	(1,437,799)
Stock-in- trade	(512,291,439)	(359,836,679)
Trade debts	40,095,545	(154,770,483)
Advance	(50,345,062)	(78,446,709)
Deposits and short-term prepayments	(1,009,156)	(1,684,421)
Increase / (decrease) in current Liabilities		
Trade and other payables	(67,398,094)	5,370,252
	<u>(589,349,438)</u>	<u>(590,805,839)</u>
Cash used in operations	(325,546,459)	(366,260,567)
Finance cost paid	(143,744,071)	(141,375,821)
Employee benefits paid	(3,367,943)	(3,923,135)
Taxes paid	(12,782,394)	(4,576,936)
	<u>(159,894,408)</u>	<u>(149,875,892)</u>
Net cash used in operating activities	<u>(485,440,867)</u>	<u>(516,136,459)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(20,563,529)	(13,568,652)
Proceeds from disposal of property, plant and equipment	2,045,000	567,140
Long-term advances and deposits	382,500	(2,870,340)
	<u>(18,136,029)</u>	<u>(15,871,852)</u>
Net cash used in investing activities	<u>(18,136,029)</u>	<u>(15,871,852)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long-term financing	(24,163,120)	(33,342,285)
Payment of liabilities against assets subject to finance lease	(9,756,697)	(31,778,614)
Short-term borrowings - net	546,825,352	605,005,392
	<u>512,905,535</u>	<u>539,884,493</u>
Net cash from financing activities	<u>512,905,535</u>	<u>539,884,493</u>
Net increase in cash and cash equivalents	9,328,639	7,876,182
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>17,585,924</u>	<u>2,080,109</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>26,914,563</u>	<u>9,956,291</u>

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

Lahore
February 25, 2010

Chief Executive Officer

Chairman / Director

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

	Share capital	Share premium	Un-appropriated profit	Total
	..... Rupees			
Balance as at June 30, 2008	715,520,000	82,500,000	263,944,861	1,061,964,861
Total Comprehensive income for the period ended December 31, 2008 - restated	-	-	24,542,867	24,542,867
Balance as at December 31, 2008 - restated	715,520,000	82,500,000	288,487,728	1,086,507,728
Total Comprehensive loss for the period ended June 30, 2009	-	-	(23,093,863)	(23,093,863)
Balance as at June 30, 2009	715,520,000	82,500,000	265,393,865	1,063,413,865
Total Comprehensive income for the period ended December 31, 2009	-	-	91,638,019	91,638,019
Balance as at December 31, 2009	715,520,000	82,500,000	357,031,884	1,155,051,884

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

Lahore
February 25, 2010

Chief Executive Officer

Chairman / Director

HIRA TEXTILE MILLS LIMITED

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 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 This interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

2 BASIS OF PREPARATION

2.1 This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan. This condensed Interim Financial Information is Un-audited and is being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. This condensed interim financial information does not include all of the information required for full annual financial statements, and should be read in conjunction with the annual audited financial statements of the company as at and for the year ended June 30, 2009. Comparative figures of the balance sheet are extracted from annual audited financial statements for the year ended June 30, 2009, whereas comparative profit and loss account, cash flow statement and statement of changes in equity are stated from un-audited condensed financial information for the half year ended on December 31, 2008.

3 ACCOUNTING POLICIES

3.1 Except as described below, the accounting policies and estimates adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the year ended June 30, 2009.

3.2 Presentation of financial statements

The Company applies revised IAS - 1 "Presentation of Financial Statements", which became effective from January 01, 2009. Said application requires the Company to present all changes in owners equity in the statement of changes in equity and all non-owner changes in equity in the statement of comprehensive income. This presentation has been applied as of and for the six months period ended on December 31, 2009.

IFRS - 8 "Operating Segments", which replaces IAS -14 "Segment Reporting" had become effective for the period beginning from January 01, 2009. IFRS - 8 requires "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard have no impact on the condensed interim financial information.

4	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	Note	Un-audited	Audited
			December 31 2009	June 30 2009
			Rupees	Rupees
	----- Number of shares -----			
	December 31	June 30		
	2009	2009		
	48,000,000	48,000,000	480,000,000	480,000,000
	23,552,000	23,552,000	235,520,000	235,520,000
	<u>71,552,000</u>	<u>71,552,000</u>	<u>715,520,000</u>	<u>715,520,000</u>
		Ordinary shares of Rs. 10 each issued as:		
		- fully paid in cash		
		- bonus shares		
5	LONG-TERM FINANCING			
	From banking companies - secured		324,390,789	348,553,909
	Less : Current portion	7	111,902,331	81,524,432
			<u>212,488,458</u>	<u>267,029,477</u>
6	DEFERRED LIABILITIES			
	Employee retirement benefits		7,708,058	7,076,001
	Deferred tax liability		62,186,722	62,186,722
			<u>69,894,780</u>	<u>69,262,723</u>
7	CURRENT PORTION OF NON-CURRENT LIABILITIES			
	Long-term financing	5	111,902,331	81,524,432
	Liabilities against assets subject to finance lease		24,852,769	26,626,719
			<u>136,755,100</u>	<u>108,151,151</u>

7.1 Current portion of long term financing and current portion of liabilities against assets subject to finance lease include overdue installments of Rs. 12.50 million (June 30, 2009: Rs. 562,500) and Nil (June 30, 2009: Rs. 2,058,110).

HIRA TEXTILE MILLS LIMITED

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2009

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

In case of default in payment of rescheduled loan from Habib Bank Limited, the restructured package would automatically stand cancelled and consequently the original terms of the 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. There is no significant change in the status since June 30, 2009.

8.2 Guarantees

Guarantee issued by bank to Sui Northern Gas Pipelines Limited on behalf of the Company in the ordinary course of business

25,373,120	25,373,120
25,373,120	25,373,120

8.3 Commitments

Letters of credit for import of:

- plant and machinery	-	1,174,958
- raw material	77,972,890	244,234,352
- stores, spare parts and loose tools	6,253,181	4,463,053
	84,226,071	249,872,363

9 PROPERTY, PLANT AND EQUIPMENT

Operating assets

9.1	1,480,183,214	1,500,809,675
	1,480,183,214	1,500,809,675

9.1 Operating assets

	Un-audited December 31 2009 Rupees	Audited June 30 2009 Rupees
Written down value at beginning of the period / year	1,500,809,675	1,542,253,509

Additions during the period / year:

Building on freehold land	2,213,184	1,488,279
Plant and machinery	14,574,321	22,312,296
Electric installation	2,578,627	7,448,300
Generator	-	4,428,757
Power house	-	1,908,160
Factory equipment	-	750,000
Office equipments	167,322	4,200
Telephone Installations	8,575	74,900
Computers	66,450	94,850
Furniture and fixture	84,450	49,209
Vehicles	870,600	-
	20,563,529	38,558,951
	1,521,373,204	1,580,812,460

Less:

Book value of assets disposed off during the period/ Year	2,070,542	396,467
Depreciation charge for the period / year	39,119,448	79,606,318
Written down value at end of the period / year	1,480,183,214	1,500,809,675

HIRA TEXTILE MILLS LIMITED

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2009

10 LONG-TERM ADVANCES AND DEPOSITS

Investment in related party - equity method

Hira Terry Mills Limited - jointly controlled entity

Cost of investment

18,450,000 (June 30, 2009 : 18,450,000) fully paid ordinary shares of Rs.10 each 184,500,000 184,500,000

Share of profit for the period / year 10.2 163,617,412 63,152,640

348,117,412 247,652,640

10.1 Financial year of the Hira Terry Mills Limited ends on June 30, 2009 latest available un-audited financial results of Hira Terry Mills Limited as of December 31, 2009 have been used for the purpose of application of equity method.

10.2 Share of profit at beginning of the period / year 63,152,640 23,047,729

Share of profit for the period / year 100,464,772 40,104,911

Share of profit at end of the period / year 163,617,412 63,152,640

10.3 Summarized financial information of the jointly controlled entity is set out below:

Total assets 2,052,237,620 1,818,340,993

Total liabilities 1,484,910,115 1,290,920,911

Net assets 567,327,505 527,420,082

Sales - net 911,218,914 1,251,801,136

Profit for the period / year 39,843,165 85,513,670

Company's share of jointly controlled entity's profit for the period / year 100,464,772 40,104,911

10.4 Breakup value per share 14.44 13.41

Percentage of holding 46.90% 46.90%

		Un-audited December 31 2009 Rupees	Audited June 30 2009 Rupees
11 ; considered good	Note		
Balance at beginning of the period / year		10,678,906	4,947,499
Add: deposits made during the period / year		67,500	6,331,407
		10,746,406	11,278,906
Less: adjusted during the period / year		450,000	600,000
		10,296,406	10,678,906
Less: Current portion		900,000	900,000
		9,396,406	9,778,906

11.1 These include interest free deposits with various government agencies.

	Half year ended		Quarter ended	
	December 31 2009	December 31 2008	December 31 2009	December 31 2008
12 COST OF SALES	.....Rupees.....		.....Rupees.....	
Local				
Yarn	864,011,374	633,524,060	456,494,804	273,268,064
Waste	70,397,767	67,016,023	40,269,515	31,217,909
Cotton	61,413,156	24,401,843	18,400,633	24,401,843
	995,822,297	724,941,926	515,164,952	328,887,816
Less:				
Sales return	41,167,979	11,037,426	6,234,200	11,037,426
	954,654,318	713,904,500	508,930,752	317,850,390
Export				
Yarn	271,850,404	421,303,042	150,226,338	166,358,790
Sales under SPO	133,523,525		102,282,025	
	405,373,929	421,303,042	252,508,363	166,358,790
	1,360,028,247	1,135,207,542	761,439,115	484,209,180

HIRA TEXTILE MILLS LIMITED

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2009

	(Restated)		(Restated)	
	Six Months ended		Three months ended	
	December 31 2009	December 31 2008	December 31 2009	December 31 2008
13 COST OF SALES	.....Rupees.....		.....Rupees.....	
Raw material consumed	-	694,596,253	(356,197,996)	289,683,791
Packing material consumed	17,956,520	15,892,421	7,538,316	6,784,738
Salaries, wages and benefits	82,165,935	63,835,848	49,642,531	29,768,672
Fuel and power	60,997,190	68,503,334	27,357,074	31,669,271
Stores, spare parts and loose tools consumed	20,797,699	15,264,317	14,546,815	10,397,378
Insurance	4,695,017	2,386,694	2,895,017	819,194
Dyes and chemicals	9,928,060	12,052,430	4,517,261	6,314,153
Depreciation	38,337,059	38,457,687	19,136,419	18,752,094
Other	4,735,685	12,645,042	4,432,777	8,460,163
	239,613,165	923,634,026	(226,131,786)	402,649,454
Work-in-process				
Opening stock	17,430,120	21,007,454	16,792,337	18,445,918
Closing stock	-	(15,068,646)	-	(15,068,646)
	17,430,120	5,938,808	16,792,337	3,377,272
Cost of goods manufactured	257,043,285	929,572,834	(209,339,449)	406,026,726
Opening stock - finished goods	120,902,948	92,354,018	120,297,180	67,465,311
Yarn purchased	68,987,884	21,000,488	55,653,404	21,000,488
Closing stock - finished goods	-	(128,024,801)	-	(128,024,801)
	189,890,832	(14,670,295)	175,950,584	(39,559,002)
Cost of Finish goods sold	446,934,117	914,902,539	(33,388,865)	366,467,724
Cost of Cotton Sold	59,305,539		17,604,423	
Cost of Goods Sold	506,239,656	914,902,539	(15,784,442)	366,467,724

14 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise jointly controlled entity, associated companies, directors, key management personnel and post employment benefit plans. The transactions with related parties during the current period generally consist of sales and purchases. Nature and description of significant related party transactions along with monetary value are as follows:

Description	Six months ended	
	December 31 2009	December 31 2008
	.....Rupees.....	
Transactions with jointly controlled entity		
Sales of yarn, dyes and chemicals	218,281,750	190,940,564
Purchase of towels	-	26,352
Expenses charged	6,183,889	6,392,829
Mark-up charged on balance due	-	576,255
Other transactions in ordinary course of business - net	179,287	7,093,286
Transactions with other related parties		
Payment to Employees' Provident Fund Trust	524,680	400,658
Compensation of key management personnel		
Remuneration and other benefits	3,077,436	3,149,202

HIRA TEXTILE MILLS LIMITED

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2009

15 CHANGE IN ACCOUNTING POLICY

The Company has changed its accounting policy to account for the Ijarah transactions as per 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 December 31, 2009	21,738,498
Decrease in carrying value of liabilities against assets subject to finance lease as at December 31, 2009	<u>(18,760,510)</u>
	<u>2,977,988</u>
Period ended December 31, 2008	
Ujra Payments recognized	7,106,215
Decrease in finance Cost	<u>(2,369,092)</u>
Decrease in depreciation	<u>(1,759,135)</u>
	<u>2,977,988</u>
Impact of perior period restatement on earnings per share	
Earnings per share for the period ended December 31, 2008 as previously reported	0.38
Impact of prior period restatement on earnings per share	<u>(0.04)</u>
Earnings per share for the year ended December 31, 2008 - as restated	<u>0.34</u>

16 DATE OF AUTHORIZATION FOR ISSUE

This interim financial information has been approved by the Board of Directors of the Company and authorized for issue on February 25, 2010.

17 Re-CLASSIFICATIONS AND RE-ARRANGEMENTS

Correspondence 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-arrangement are as follows:.

FROM	TO	REASON	RUPEES
Profit & Loss			
Commission	Commission distribution	Better Presentation	8,803,300

18 GENERAL

The figures have been rounded off to the nearest rupee.