

**Indus Dyeing and Manufacturing Co. Limited**  
**Notes to the account ( un audited )**  
**For the third quarter ended March 31, 2006**

**1. Selected explanatory notes to the accounts.**

- 1.1 The Company is limited by shares incorporated in Pakistan on July 23, 1957 under the Companies Act 1913 since repealed by the Companies Ordinance, 1984 and quoted in Karachi Stock Exchange. The principal business of the company is to manufacture and sale of yarn and terry towels. This company is also operating three ginning units and ice factories.
- 1.2 The shareholders of Indus Dyeing & Manufacturing Company Limited( IDML ) and Yousuf Textile Mills Limited ( YTML ) passed special resolution ON May 09,2005 and approved the scheme of arrangement for amalgamation of YTML into IDML to take affect from October 01, 2004. The Companies files petition No. J. Misc. 8 of 2005 and the Honorable High Court of Sindh has sanctioned the said petition on November 29,2005 with certain modifications proposed by Securities & Exchange Commission of Pakistan in its letter dated November 23,2005, changing values and weights between IDML and YTML.

Pursuant to the scheme of arrangement for amalgamation sanctioned by the Honorable High Court of Sindh, the assets, liabilities and reserve of YTML have been merged with IDML with affect from October 01,2004. According to the Scheme of arrangement for amalgamation, members of the YTML will receive ordinary shares of IDML in the ratio sanctioned by the Honorable High Court of Sindh.

1.3 Historical Convention.

These unaudited interim financial statements have been prepared in accordance with the International Accounting Standard ( IAS 34. Interim financial reporting and in compliance with requirement of section 245 of the Companies Ordinance, 1984.

- 1.4 The accounting convention, policies and methods of computation followed in the preparation of the third quarterly report are the same as those of the published annual financial statements for the period ended June 30, 2005.

	<b>Rupees in ( ' 000 ' )</b>	
	<b>March - 2006</b>	<b>June - 2005</b>
<b>2. <u>Contingency</u></b>		
Guarantees issued by banks on behalf of the company.	88,450	112,270
Claim of social security contribution	453	453
	<b>88,903</b>	<b>112,723</b>
<b><u>Commitments</u></b>		
Building extension	70,000	27,625
Letters of credit for store, raw materials and machinery	310,225	520,227
	<b>380,225</b>	<b>547,852</b>

<u>Unaudited</u> <u>Jan to Mar</u> <u>2006</u>	<u>Unaudited</u> <u>Jan to Mar</u> <u>2005</u>	<u>Unaudited</u> <u>Jul,05 to Mar,06</u>	<u>Unaudited</u> <u>Jul,04 to Mar,05</u>
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**Rupees in ( ' 000 ' )**

**3. Cost of goods sold**

Raw	3.1	992,419	999,632	3,024,136	2,126,727
Stores and spare consumed		30,326	24,147	102,995	71,385
Man	3.2	269,226	159,640	563,535	464,993
Outside purchases		398,542	104,214	680,441	174,548
		<b>1,690,513</b>	<b>1,287,633</b>	<b>4,371,107</b>	<b>2,837,653</b>

**Work in process**

Opening stock	41,244	27,173	43,591	80,769
Closing stock	(73,141)	(58,967)	(73,141)	(58,967)
	(31,897)	(31,794)	(29,550)	21,802

**Cost of goods manufactured**

<b>1,658,616</b>	<b>1,255,839</b>	<b>4,341,557</b>	<b>2,859,455</b>
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**Finished goods**

Opening stock	118,254	54,174	131,254	162,486
Closing stock	(130,023)	(173,871)	(130,023)	(173,871)
	(11,769)	(119,697)	1,231	(11,385)
	<b>1,646,847</b>	<b>1,136,142</b>	<b>4,342,788</b>	<b>2,848,070</b>

**3.1 Raw material consumed**

Opening stock	1,487,452	755,324	784,205	655,179
Purchases	1,049,705	1,521,206	3,784,669	2,748,446
	2,537,157	2,276,530	4,568,874	3,403,625
Closing stock	(1,544,738)	(1,276,898)	(1,544,738)	(1,276,898)
	<b>992,419</b>	<b>999,632</b>	<b>3,024,136</b>	<b>2,126,727</b>

**3.2 Manufacturing expenses**

Salaries, wages & benefits	78,202	49,215	216,926	139,110
Other over heads	9,101	5,127	28,138	14,910
Fuel & power	93,831	54,758	247,194	155,331
Insurance	138	2,954	9,431	10,461
Repairs & maintenance	2,482	1,124	7,185	5,541
Rent rates and taxes	270	215	1,095	899
Mercerizing cost	-	-	(194,753)	-
Depreciation	85,202	46,247	248,319	138,741
	<b>269,226</b>	<b>159,640</b>	<b>563,535</b>	<b>464,993</b>

4. **Acquisition and disposal of property, plants and machinery**

	<b><u>March 31, 2006</u></b>	
	<b><u>Acquisition</u></b>	<b><u>Disposal</u></b>
Free Hold Land	-	(800)
Mill building on leasehold land	224,886	-
Plant and machinery	1,196,719	(40,499)
Electric installations and appliances	7,205	-
Office equipment and fixtures	19,446	-
Vehicles	4,434	(4,210)
	<b><u>1,452,690</u></b>	<b><u>(45,509)</u></b>

5. **Transaction with related parties..**

The transactions with related parties are made at commercial terms. No guarantees have been provided or received for any related party receivables or payables.

	<b><u>March 31 2006</u></b>	<b><u>June 30, 2005</u></b>
	<b><u>( Rupees in ' 000 ' )</u></b>	
Sales of yarn	<b><u>109,762</u></b>	<b><u>33,351</u></b>
Purchase of yarn	<b><u>573,534</u></b>	<b><u>135,027</u></b>
Sales of fixed assets	<b><u>6,981</u></b>	<b><u>-</u></b>

6. **Date of authorization.**

These financial statements were authorized for issue on **April 28, 2006** by the Board of Directors of the company.

7 **Figures.**

Figures have been rounded off to the nearest thousand.

Shahzad Ahmed  
Chief Executive

Naveed Ahmed  
Director