

**INDUS DYEING & MANUFACTURING CO. LIMITED**  
**SELECTED EXPLANATORY NOTES**  
**TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2007**

1. Indus Dyeing & Manufacturing Co. Limited (the Company) is limited by shares incorporated in Pakistan on July 23, 1957 under the Companies Act 1913 since repealed by the Companies Ordinance, 1984 and quoted on Karachi Stock Exchange. The principal business of the Company is manufacture and sale of yarn. The Company is also operating three ginning units and ice factories.

**2. BASIS OF PREPARATION**

These condensed interim financial statements have been prepared under the "historical cost convention", except for certain investments have been included at fair value.

These condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards, International Accounting Standard (IAS) 34 : Interim Financial Reporting and in compliance with the requirement of section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi Stock Exchange.

These condensed interim financial statements are unaudited. However, a limited scope review of these interim financial statements has been performed by the external auditors of the Company in accordance with the requirements of clause (xxi) of the Code of Corporate Governance and they have issued their review report thereon.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation followed in the preparation of these condensed interim financial statements are the same as those of the published annual financial statements for the year ended June 30, 2007.

**4. LONG-TERM FINANCING**

During the period, the Company obtained new long-term loans in the amounts of Rs. 220 million. Repayments of other bank loans amounting to Rs. 335 million were made in line with previous disclosed repayment terms. These loans bear interest at rates ranging from 5.00% to 11.71% and are repayable within 4 years.

<b>December 31,</b>	<b>June 30,</b>
<b>2007</b>	<b>2007</b>
<b>(Unaudited)</b>	<b>(Audited)</b>
<b>----- Rupees in '000' -----</b>	

**5. CONTINGENCIES AND COMMITMENTS**

**Contingencies**

Bank guarantees

122,460      122,760

Claim of social security contribution

453      453

**Commitments**

Letters of credit for raw material, stores and spares  
and machinery

1,104,685      246,498

**6. ACQUISITIONS, TRANSFERS AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT**

	Acquisition / transfers from CWIP	Disposal (WDV)	Sale proceeds
	----- Rupees in '000' -----		
Factory building	17,213	-	-
Non-factory building	3,543	-	-
Plant and machinery	58,748	262	285
Electric installations	1,313	-	-
Power generator	23,875	-	-
Furniture and fixture	343	-	-
Vehicles	1,396	25	18
<b>December 31, 2007 (Unaudited)</b>	<b>106,431</b>	<b>287</b>	<b>303</b>
<b>June 30, 2007 (Audited)</b>	<b>528,455</b>	<b>967,535</b>	<b>1,033,313</b>

**7. LONG TERM INVESTMENTS**

	Note	December 31, 2007 (Unaudited)	June 30, 2007 (Audited)
		----- Rupees in '000' -----	
Investment in associate	7.1	<b>141,953</b>	135,801
Investment in joint venture	7.2	<b>810,039</b>	795,679
		<b>951,992</b>	931,480

**7.1 Investment in Associate - Sunrays Textile Mills Limited**

Balance as at July 01,	135,801	-
Investment during the period	-	42,382
Share of associate's transfer of revaluation		
Surplus on account of incremental depreciation	<b>1,520</b>	68
Share of profit from associate	<b>4,632</b>	93,351
	<b>6,152</b>	93,419
	<b>141,953</b>	135,801
Number of shares held	<b>1,695,290</b>	1,695,290
Cost of investments (Rupees in '000')	<b>42,382</b>	42,382
Ownership interest	<b>24.57%</b>	24.57%

**7.1.1** The market value of investment is Rs. 37,296,380 (June 30, 2007: Rs. 43,908,011).

**7.2 Investment in Joint Venture - Indus Home Limited**

The Company has 49.99 per cent equity shareholding with equivalent voting power in Indus Home Limited (IHL), a joint venture with West Point Pakistan Inc., USA, established in Lahore, Pakistan. During the period, the Company's share of IHL's profit amounting to Rs. 14.4 million was included in the Company's Profit & Loss account.

## 8. COST OF SALES

	Quarter ended		Six-month period ended	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
----- Rupees in '000' -----				
Opening stock	<b>198,740</b>	103,960	<b>135,513</b>	118,706
Purchases	<b>36,299</b>	10,034	<b>59,358</b>	15,947
Cost of Goods				
Manufactured (note 8.1)	<b>1,486,347</b>	1,334,534	<b>3,002,693</b>	2,596,858
	<b>1,721,386</b>	1,448,528	<b>3,197,564</b>	2,731,511
Closing stock	<b>(211,133)</b>	(145,051)	<b>(211,133)</b>	(145,051)
	<b>1,510,253</b>	1,303,477	<b>2,986,431</b>	2,586,460

	Quarter ended		Six-month period ended	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
----- Rupees in '000' -----				

### 8.1 Cost of goods manufactured

Raw material consumed	<b>1,160,995</b>	1,052,197	<b>2,394,625</b>	2,055,262
Stores and spares	<b>23,276</b>	25,445	<b>52,276</b>	53,399
Salaries, wages and benefits	<b>94,896</b>	95,254	<b>165,884</b>	156,253
Fuel, water and power	<b>103,326</b>	86,337	<b>195,301</b>	180,349
Rent, rate and taxes	-	583	<b>638</b>	619
Insurance expenses	<b>7,544</b>	1,696	<b>9,945</b>	4,699
Repairs and maintenance	<b>4,418</b>	1,629	<b>6,635</b>	3,527
Depreciation on property, plant and equipment	<b>77,483</b>	67,430	<b>155,284</b>	145,427
Other expenses	<b>5,940</b>	6,277	<b>9,741</b>	11,311
	<b>1,477,878</b>	1,336,848	<b>2,990,329</b>	2,610,846
Work in process				
Opening stock	<b>70,714</b>	70,250	<b>74,609</b>	58,576
Closing stock	<b>(62,245)</b>	(72,564)	<b>(62,245)</b>	(72,564)
	<b>8,469</b>	(2,314)	<b>12,364</b>	(13,988)
Cost of goods manufactured	<b>1,486,347</b>	1,334,534	<b>3,002,693</b>	2,596,858

## 9. AGGREGATE TRANSACTION WITH RELATED PARTIES

	Unaudited December 31 2007	Unaudited December 31 2006
	----- Rupees in '000' -----	
<b>Associates</b>		
Sales of yarn	18,398	33,766
Sales of stores & spares	1,109	-
Purchases of yarn	59,358	52,966
Purchases of stores & spares	160	-
Disposal of business	-	1,061,021
<b>Joint venture</b>		
Sales of yarn	178,366	-

The transactions with the associated undertaking and joint venture are made at commercial terms.

10. Allocation to taxation is provisional. Final liability will be determined on the basis of annual results.

## 11. RECLASSIFICATION

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and other transactions for the purpose of comparison. Significant reclassifications made are as follows:

From	To	Nature
Trade debts	Advance from customer	Advance from customer
Other receivable	Other payable	Net payable balance

## 12. APPROVAL OF FINANCIAL STATEMENTS

These interim financial statements were authorized for issue on February 28, 2008 by the Board of Directors of the Company.

## 13. GENERAL

Figures have been rounded off to the nearest thousand of Rupees.

**SHAHZAD AHMAD**  
**CHIEF EXECUTIVE OFFICER**

**NAVEED AHAMAD**  
**DIRECTOR**