

Indus Dyeing and Manufacturing Co. Limited

Notes to the account (un - audited)

For the first quarterly ended September 30, 2007

1. **Selected explanatory notes to the accounts.**
- 1.1 The Company was incorporated in Pakistan on July 23, 1957 as a public limited company and its shares are quoted in Karachi Stock Exchange (Guarantee) Ltd. The principal activity of the company is to manufacture and sale of yarn.
- 1.2 These un-audited 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. Review of these interim financial statements has been performed by the internal auditors of the company.
- 1.3 The accounting convention, policies and methods of computation followed in the preparation of the first quarterly report are the same as those of the published annual financial statements for the period ended June 30, 2007.

	<u>Sept - 2007</u>	<u>June - 2007</u>
	<u>Rupees in (' 000 ')</u>	
2. <u>Contingencies</u>		
Claim of arrears of Social Security Contribution not acknowledged, appeal is pending in The Honorable High Court of Sindh.	453	453
Guarantees issued by banks on behalf of the company.	125,460	122,760
	<u>125,913</u>	<u>123,213</u>

Commitments

Building extension	2,000	-
Letters of credit for store, raw materials and machinery	572,659	246,498
	<u>574,659</u>	<u>246,498</u>

3. Acquisition and disposal of property, plants and machinery

	<u>Sept 30, 2007</u>		
	<u>Acquisition</u>	<u>Disposal</u>	<u>Sale</u>
	<u>W.d.v.</u>		<u>proceed</u>
	<u>Rupees in (' 000 ')</u>		
Land	-	-	-
Mill building on leasehold land	8,250	-	-
Plant and machinery	27,185	(246)	265
Electric installations and appliances	129	-	-
Power generator	-	-	-
Office equipment and fixtures	343	-	-
Vehicles	157	(25)	18
	<u>36,064</u>	<u>(271)</u>	<u>283</u>

4. The Company has a 49.99 per cent equity shareholding with equivalent voting power in Indus Home Limited (IHL), a joint venture established in Lahore, Pakistan. During the period, the Company's share of IHL's profit amounting to Rs. 11.634 million is included in the Company's Profit & Loss account.

The movement for the period in the Company's interest in joint venture is analyzed as follows:

	<u>Sept - 2007</u>	<u>June - 2007</u>
	<u>Rupees in (' 000 ')</u>	
Opening balance	795,679	750,000
Additional investment	-	-
Share of profit	11,634	45,679
	<u>807,313</u>	<u>795,679</u>

5. Investment in associate.

The Company has a 24.57 per cent ownership interest in Sun Rays Textile Mills Ltd. During the period, the Company's share of STML's profit amounting to Rs. 3.971 million is included in the Company's Profit & Loss account.

Opening balance	135,801	42,382
Diminution in investment value	(3,221)	-
Share of profit from jointly controlled entity	3,971	93,419
	<u>136,551</u>	<u>135,801</u>

<u>Un - audited</u>	<u>Un - audited</u>
<u>Jul to Sept</u>	<u>Jul to Sept</u>
<u>2007</u>	<u>2006</u>
<u>Rupees in (' 000 ')</u>	

6. Cost of goods sold

Raw material consumed	6.1	1,233,630	979,349
Stores and spare consumed		29,000	27,954
Manufacturing expenses	6.2	249,821	242,980
Outside purchases		23,059	5,913
		1,535,510	1,256,196

Work in process

Opening stock	74,609	58,576
Closing stock	(70,714)	(70,250)
	3,895	(11,674)
Cost of goods manufactured	1,539,405	1,244,522

Finished goods

Opening stock	135,513	118,706
Closing stock	(198,740)	(103,960)
	(63,227)	14,746
	1,476,178	1,259,268

6.1 Raw material consumed

Opening stock	968,969	1,066,183
Purchases	621,899	335,518
	1,590,868	1,401,701
Closing stock	(357,238)	(422,352)
	1,233,630	979,349

6.2 Manufacturing expenses

Salaries, wages & benefits	70,988	60,999
Other over heads	3,801	5,035
Fuel & power	91,975	94,012
Insurance	2,401	3,003
Repairs & maintenance	2,217	1,898
Rent rates and taxes	638	36
Depreciation	77,801	77,997
	249,821	242,980

7. **Aggregate transaction with associated undertaking.**

	Sept 30, 2007	Sept 30, 2006
	(Rupees in ' 000 ')	
Sales of goods & services	<u>61,556</u>	<u>22,238</u>
Purchase of goods & services	<u>23,218</u>	<u>32,472</u>

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

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

9. **Approval of Financial statements.**

These financial statements were authorized for issue on **October 30, 2007** by the Board of Directors of the company.

10 **Figures.**

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

Shahzad Ahmed
Chief Executive

Naveed Ahmed
Director