

Indus Dyeing and Manufacturing Co. Limited
Notes to the account (un - audited)
For the first quarter ended September 30, 2006

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 and terry towel.
 - 1.2 The extra ordinary general meeting held on April 24, 2006 the Board of Directors has resolved to dispose off the property, plant and equipment of weaving unit to the jointly controlled entity, Indus Home Limited. The said transaction is materialized on 10th October 2006.
 - 1.3 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. A limited scope review of these interim financial statements has been performed by the external auditors of the company in accordance with the requirement of clause (xxi) of the Code of Corporate Governance.
 - 1.4 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, 2006.

Rupees in (' 000 ')

	<u>Sept - 2006</u>	<u>June - 2006</u>
2. <u>Contingencies</u>		
Claim of arrears of Social Security Contribution not acknowledged, appeal is pending in The Honourable High Court of Sindh.	453	453
Guarantees issued by banks on behalf of the company.	98,250	96,431
<u>Commitments</u>		
Building extension	5,450	15,264
Letters of credit for store, raw materials and machinery	389,227	365,605

3. Acquisition and disposal of property, plants and machinery

September 30, 2006

	<u>Acquisition</u>	<u>Disposal</u>
Mill building on leasehold land	37,636	-
Plant and machinery	65,832	(8,200)
Electric installations and appliances	1,122	-
Power generator	17,819	-
Office equipment and fixtures	432	-
Vehicles	4,226	(1,555)
	<u>127,067</u>	<u>(9,755)</u>

	<u>Un - audited</u>	<u>Un - audited</u>
	<u>Jul to Sept</u>	<u>Jul to Sept</u>
	<u>2006</u>	<u>2005</u>
<u>Continuing operations</u>	Rupees in (' 000 ')	

4. Cost of goods sold

	4.1	1,003,065	903,045				
		27,954	24,726				
	4.2	242,980	180,976				
		5,913	61,471				
		1,279,912	1,170,218				

Work in process

		34,860	39,000				
		(70,250)	(62,597)				
		(35,390)	(23,597)				

Cost of goods manufactured		1,244,522	1,146,621		
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Finished goods

		118,706	58,559				
		(103,960)	(86,176)				
		14,746	(27,617)				
		1,259,268	1,119,004				

4.1 Raw material consumed

		1,088,060	673,963				
		337,357	668,891				
		1,425,417	1,342,854				
		(422,352)	(439,809)				
		1,003,065	903,045				

4.2 Manufacturing expenses

		60,999	53,839				
		5,035	5,816				
		94,012	71,857				
		3,003	1,500				
		1,898	1,128				
		36	36				
		77,997	46,800				
		242,980	180,976				

		<u>Un - audited</u> <u>Jul to Sept</u> <u>2006</u>	<u>Un - audited</u> <u>Jul to Sept</u> <u>2005</u>
<u>Discontinuing operations</u>		Rupees in (' 000 ')	
5. Cost of goods sold			
Raw material consumed	5.1	196,557	129,421
Stores and spare consumed		13,231	3,463
Manufacturing expenses	5.2	61,737	40,447
		271,525	173,331
<u>Work in process</u>			
Opening stock		12,620	8,730
Closing stock		(38,946)	(13,953)
		(26,326)	(5,223)
Cost of goods manufactured		245,199	168,108
<u>Finished goods</u>			
Opening stock		14,320	13,044
Closing stock		(14,371)	(9,086)
		(51)	3,958
		245,148	172,066
5.1 Raw material consumed			
Opening stock		39,435	7,463
Purchases		201,090	140,027
		240,525	147,490
Closing stock		(43,968)	(18,069)
		196,557	129,421
5.2 Manufacturing expenses			
Salaries, wages & benefits		15,659	13,268
Other over heads		6,763	5,033
Fuel & power		16,862	8,378
Insurance		975	530
Repairs & maintenance		29	70
Rent rates and taxes		182	171
Depreciation		21,267	12,997
		61,737	40,447

6. **Transaction with associated undertakings.**

The related parties comprise related group companies, associated companies, directors and key management personnel. Transactions with related parties other than remuneration and benefits to key management personnel under the term of their employment are as follows.

	Sept 30	June 30,
	2006	2006
	(Rupees in ' 000 ')	
Sales of goods & services	<u>22,238</u>	<u>1,067</u>
Purchase of goods & services	<u>32,472</u>	<u>217,578</u>
Loans obtained from directors and spouses - unsecured interest free	<u>68,764</u>	<u>177,856</u>
Loan settled from directors and spouses	<u>-</u>	<u>108,617</u>

7. **Date of authorization.**

These financial statements were authorized for issue on **October 31, 2006** by the Board of Directors of the company.

8 **Figures.**

Figures have been rounded off to the nearest thousand.

Shahzad Ahmed
Chief Executive

Naveed Ahmed
Director