

Indus Dyeing and Manufacturing Co. Limited
Selected explanatory notes to the account (un - audited)
For the nine months period ended March 31, 2011

1. General information :

1.1 Legal status and nature of business

Indus Dyeing & Manufacturing Co. Limited (the Company) was incorporated in Pakistan on July 23, 1957 as a public limited Company under the Companies Act 1913 since repealed and replaced by the by the Companies Ordinance, 1984. Registered office of the Company is situated at Office No. 508, 5th, floor, Beaumont Plaza, Civil Lines, Karachi. The Company is currently listed on Karachi Stock Exchange (Guarantee) Ltd. The principal activity of the company is to manufacture and sale of yarn. The manufacturing facilities of the Company are located in Karachi, Hyderabad and Muzaffargarh, District Multan. The Company is also operating three ginning units including two on leasing arrangements and two ice factories on leasing arrangements in District Multan. The Company has also made investment in a joint venture, Indus Home Limited

1.2 These condensed un-audited interim financial information are presented in Pak Rupees, which is the Company's functional and presentation currency.

1.3 These condensed un-audited interim financial information have been prepared under the "historical cost convention" as modified by :

- recognition of certain employee retirement benefits at present value.
- certain financial instruments at fair value.
- investment in associate and investment in joint venture under equity method.

1.4 These condensed un-audited interim financial information have been prepared in accordance with the International Financial Reporting Standards (IAS) 34. Interim Financial Reporting and in compliance with requirement of section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi Stock Exchange. Review of these interim financial information have been performed by the internal auditors of the company.

1.5 The accounting convention, 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, 2010, adoption of Standards issued by the IASB are noted below :

- Amendments to IFRS 5 - Non current Assets held for sale and Discontinued Operations. - January 01, 2010

- Amendments to IAS 7 - Statement of Cash Flows.
- January 01, 2010
- Amendments to IAS 17 - Lease. -
January 01, 2010
- Amendments to IAS 24 - Related Party Disclosures.
- January 01, 2010

1.6 In preparing this interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2010.

	<u>Mar - 2011</u>	<u>June - 2010</u>
	<u>Rupees in (' 000 ')</u>	
2. Contingencies and commitments.		
2.1 Contingencies		
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.	164,150	147,550
	<u>164,603</u>	<u>148,003</u>
2.2 Commitments		
Letter of credit:		
Raw material, stores & spares, plant and equipment	2,387,593	675,138
Lease rentals	7,755	4,605
	<u>2,395,348</u>	<u>679,744</u>

3. Acquisition and disposal of property, plants and machinery

	<u>March 31, 2011</u>			
	<u>Acquisition</u>	<u>Transfer</u>	<u>Disposal</u>	<u>Sale</u>
			<u>W.d.v.</u>	<u>proceed</u>
	<u>Rupees in (' 000 ')</u>			
Land	1,600	-	-	-
Mill building	10,133	-	-	-
Plant and machinery	40,988	-	(23,791)	23,815
Factory equipment	-	-	(9)	12
Office equipment	-	-	(40)	60
Vehicles	10,234	-	(2,318)	2,758
	<u>62,955</u>	<u>-</u>	<u>(26,158)</u>	<u>26,645</u>

	<u>Mar - 2011</u>	<u>June - 2010</u>
	<u>Rupees in (' 000 ')</u>	
4. Long term investment		
4.1 Investment in associate	298,728	243,208
4.2 Investment in joint venture	1,175,382	1,165,996
	<u>1,474,111</u>	<u>1,409,204</u>
4.1 Investment in associate- Sunrays Textile Mills Ltd.		
Cost	42,382	42,382
Share of post acquisition		
Opening	200,826	115,961
Profit from revaluation	1,972	1,945
Share of profit from associate	53,548	82,920
	<u>298,728</u>	<u>243,208</u>
Number of shares held	1,695,290	1,695,290
Cost of investment	42,382	42,382
Ownership interest	24.57%	24.57%
Market value	<u>61,420</u>	<u>56,504</u>
4.2 Investment in joint venture - Indus Home Limited.		
Cost	750,000	750,000
Share of post acquisition		
Opening	415,996	126,076
Share of profit from Joint		
Venture	9,386	289,920
	<u>1,175,382</u>	<u>1,165,996</u>
Ownership interest	<u>49.99%</u>	<u>49.99%</u>

	<u>Nine month period ended</u>		<u>Quarter ended</u>	
	<u>Jul.10 - Mar- 11</u>	<u>Jul.09 - Mar- 10</u>	<u>Mar 31, 2011</u>	<u>Mar 31, 2010</u>
	<u>Rs in (000)</u>		<u>Rs in (000)</u>	
5. Cost of goods sold				
Raw material consumed	9,804,953	4,955,648	4,214,071	1,686,921
Manufacturing expenses 5.1	1,411,615	1,191,982	495,417	414,457
Outside purchases	181	22,719	181	19,270
	11,216,749	6,170,349	4,709,669	2,120,648
<u>Work in process</u>				
Opening stock	121,321	101,265	215,494	107,677
Closing stock	(231,245)	(118,658)	(231,245)	(118,658)
	(109,925)	(17,393)	(15,751)	(10,981)
Cost of goods manufactured	11,106,824	6,152,956	4,693,918	2,109,667
<u>Finished goods</u>				
Opening stock	216,580	157,865	335,948	175,788
Closing stock	(329,567)	(153,388)	(329,567)	(153,388)
	(112,988)	4,477	6,381	22,400
	10,993,837	6,157,433	4,700,298	2,132,067
5.1 Manufacturing expenses				
Salaries, wages & benefits	385,437	338,987	132,512	110,267
Stores and spare consumed	188,500	153,116	63,127	47,006
Packing material consumed	131,087	65,111	46,359	31,527
Other over heads	9,467	4,962	5,423	1,293
Fuel & power	475,362	403,373	169,911	148,052
Insurance	11,499	4,507	5,044	1,507
Repairs & maintenance	10,888	10,492	6,384	2,655
Rent rates and taxes	1,580	1,398	376	365
Depreciation	197,795	210,036	66,281	71,785
	1,411,615	1,191,982	495,417	414,457

6. **Aggregate transaction with related parties :**

	<u>Mar-11</u>	<u>Mar-10</u>
	(Rupees in ' 000 ')	

The related parties comprised of associated companies, directors and key management personnel. Transactions with related parties are as follows:-

Associates:

Sale of yarn / waste	-	11,570
Purchase of yarn	-	22,729

Joint Venture:

Sale of yarn	230,869	480,441
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7. **Financial risk management :**

The Company's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2010.

Allocation to taxation, WPPF and WWF is provisional. Final liability will be determined on the basis of annual results.

8.

9. **Non-adjusting event after the balance sheet date :**

In respect of the current period, the directors proposed to pay interim cash dividend of Rs. 90,368,655 @ Rs. 5.00 per ordinary share of Rs. 10 each. This proposed dividend has not been included as a liability in these financial statements

10. **Approval of financial statements.**

These financial statements were authorized for issue on 29th April, 2011 by the Board of Directors of the company.

11. **Figures.**

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

Chief Executive Officer

Director