

SUNRAYS TEXTILE MILLS LIMITED
NOTES TO THE ACCOUNTS-UNAUDITED
FOR THE HALF YEAR ENDED MARCH 31, 2005

1. The company was incorporated in Pakistan on 27 August 1987 as a public company limited by shares and is listed at Karachi stock exchange. Its main business activity is manufacturing and marketing of yarn. The mills is located in district Muzaffargarh, Dera Ghazi Khan division, in the province of Punjab.
- 2 These unaudited interim financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting' and in compliance with requirements 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 requirements of clause (xxi) of the Code of Corporate Governance.
3. The accounting policies adopted for the preparation of these interim financial statements are the same as those applied in the preparation of the financial statements for the preceding year ended September 30, 2004 except that the company, effective from the current period, has not recognized the dividends proposed subsequent to period end, as a liability to comply with revised Fourth Schedule to the Companies Ordinance, 1984. Such a change in accounting policy has been accounted for retrospectively and comparative financial statements have been restated in accordance with International Accounting Standard (IAS) 8, "Accounting Policies, Changes in Accounting Estimates and Errors". However, above change in accounting policy has no financial effect on presented financial statements

4. LONG TERM LOANS

4.1 Demand Finance of Rs. 62(M) is obtained during the period from Muslim Commercial Bank Limited, to finance 26 Ring frames and one complete set of autoconers. The loans is carrying mark up @ KIBOR 6 - months + 1 % and is repayable in 10 equal semi-annual installments with grace period of 1 year and is secured against 1st pari passu charge over current and fixed assets of the Company.

4.2 Demand Finance of Rs. 85(M) is obtained during the period from United Bank Limited to finance the CAPE X requirement. The loan is carrying mark up @ KIBOR 6 - months + 1.50 % p.a and is repayable in 10 equal semi-annual installments with grace period of 1 year and is

5. DEFERRED LIABILITIES

5.1 Staff retirement benefits- gratuity

Provision for gratuity has been made on estimated basis instead of following actuarial recommendations which will be adopted for the annual financial statements.

5.2 Deferred Taxation

The company accounts for deferred taxation annually using the balance sheet liability method in respect of all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation.

6. CONTINGENCIES AND COMMITMENTS.

Unaudited March 31, 2005	Audited September 30, 2004
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Rupees '000'

CONTINGENCIESBANK/FINANCIAL INSTITUTION/
INSURANCE GUARANTEES

25,200 21,300

COMMITMENTS

UNDER LETTER OF CREDITS

Raw material

108,614 41,336

Machinery

34,308 113,148

7. PROPERTY, PLANT AND EQUIPMENT

Opening book value

504,244 380,274

Additions during the period/ year:*Owned:*

Free hold land

- 30,301

Building on freehold land

3,642 16,864

Plant and machinery

132,086 112,865

Electric fitting and installations

- 6,138

Office equipments

- 383

Furniture and fixtures

- 449

Vehicles

2,917 5,408

Leased:

Vehicles

- 322

138,645 172,730Book value of assets disposed- off
during the period/ year

(866) (1,150)

Depreciation charge for the period/ year

(27,142) (47,610)

Closing Book value

614,881 504,244**8. AGGREGATE TRANSACTIONS WITH
ASSOCIATED UNDERTAKINGS**

Sales

74,731 112,818

Purchaes

28,167 85,877

Purchase of fixed assets

- 16,200

8.1 These transaction have been carried out on the commercial terms and conditions

Unaudited March 31, 2005	Unaudited March 31, 2004
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Rupees '000'

9. COST OF GOODS SOLD

Raw material	385,481	406,762
Stores and spares	10,136	6,698
Packing material	10,211	6,985
Salaries, wages, and benefits	29,266	26,993
Power and fuel	28,810	29,045
Insurance	900	930
Repair and maintenance	1,312	661
Depreciation	25,486	20,520
Others	45	54
	491,647	498,648
Work in process		
Opening	9,098	7,397
Closing	(7,307)	(6,535)
	1,791	862
Cost of goods manufactured	493,438	499,510
Purchase of finished goods	21,971	28,687
Finished goods		
Opening	51,530	40,274
Closing	(14,912)	(49,983)
	36,619	(9,709)
	552,028	518,488

10. These financial statements were authorised for issue by the Board of Directors of the company on May.....,2005.

11. Figures have been rounded off to the nearest thousand rupee.

CHIEF EXECUTIVE

DIRECTOR