

**SUNRAYS TEXTILE MILLS LIMITED**

**SELECTED EXPLANATORY CONDENSED FINANCIAL INFORMATION - (UN-AUDITED)**

**FOR THE SIX MONTHS ENDED DECEMBER 31, 2007**

1. The company is limited by shares incorporated in Pakistan on August 27, 1987 under the Companies Ordinance, 1984 and listed at Karachi Stock Exchange. The principal business of the Company is manufacture and sale of yarn. The registered office of the company is situated at Karachi. The Mills is located at District Muzaffargarh, Dera Ghazi Khan Division, in the province of Punjab.

The interim financial information are presented in Pak Rupees, which is the company's functional and presentation currency.

2. These interim financial information 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 information 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 convention and policies adopted for the preparation of these six months ended interim financial information are the same as those applied in the preparation of the audited financial statements for the year ended June 30, 2007.

**4. PROPERTY, PLANT AND EQUIPMENT**

|                          | <i>Note</i> | <i>Un-audited<br/>December 31,<br/>2007</i> | <i>Audited<br/>June 30,<br/>2007</i> |
|--------------------------|-------------|---|--------------------------------------|
|                          |             | <i>Rupees '000'</i>                         |                                      |
| Operating assets         | 4.1         | 902,232                                     | 936,176                              |
| Capital work in progress |             | 3,429                                       | 3,429                                |
|                          |             | <u>905,661</u>                              | <u>939,605</u>                       |

**4.1 Operating assets**

|               |         |         |
|---------------|---------|---------|
| Opening W.D.V | 936,176 | 732,275 |
|---------------|---------|---------|

**Additions/ transfers/revaluation surplus during the period/year**

**Owned: Cost**

|   |          |          |
|---|----------|----------|
| Freehold land                                       | -        | 3,689    |
| Building on freehold land                           | -        | 14,582   |
| Plant and machinery                                 | 9,305    | 89,490   |
| Factory equipment                                   | -        | 561      |
| Office equipments                                   | -        | 433      |
| Electric appliances                                 | 259      | 606      |
| Furniture and fittings                              | -        | 64       |
| Vehicles  | 322      | 4,312    |
| <b>Revaluation surplus on operating assets</b>      |          |          |
| Land  | -        | 59,067   |
| Building on freehold land                           | -        | 61,837   |
| Plant and machinery                                 | -        | 68,865   |
|   | 9,886    | 303,506  |
| Lease assets transfer to own                        | (322)    | -        |
| W.D.V of assets disposed-off during the six months. | (674)    | (21,950) |
| Depreciation charge for the six months              | (42,833) | (77,655) |
| Closing W.D.V                                       | 902,232  | 936,176  |

**5. DEFERRED LIABILITIES**

|                                     |     |        |        |
|-------------------------------------|-----|--------|--------|
| Staff retirement benefits- gratuity |     | 3,162  | 2,655  |
| Deferred taxation                   | 5.1 | 78,058 | 79,919 |
|                                     |     | 81,220 | 82,574 |

**5.1 Deferred taxation**

The deferred liability comprises of temporary differences arising due to

Taxable temporary differences

|   |        |         |
|---|--------|---------|
| Surplus on revaluation of property, plant and equipment | 44,266 | 48,501  |
| Accelerated tax depreciation and finance lease          | 51,463 | 54,782  |
|   | 95,729 | 103,283 |

Deductible temporary differences

|                        |          |          |
|------------------------|----------|----------|
| Provision for gratuity | (830)    | (736)    |
| Taxable loss           | (16,841) | (22,628) |
|                        | 78,058   | 79,919   |

*Un-audited*      *Audited*  
*December 31,*      *June 30,*  
*2007*                      *2007*  
*Rupees '000'*

*Note*

## 6. CONTINGENCIES AND COMMITMENTS

### 6.1 Contingencies

|                                |        |        |
|--------------------------------|--------|--------|
| Bank / Financial Institution / |        |        |
| Insurance guarantees           | 34,991 | 38,881 |
| Foreign bills purchased        | -      | 2,294  |

### 6.2 Commitments

|                         |                     |                     |
|-------------------------|---------------------|---------------------|
| Under letter of credits |                     |                     |
| Raw material            | 435,905             | 117,237             |
| Plant and machinery     | 11,784              | 14,092              |
| Stores and spares       | -                   | 577                 |
|                         | <i>Un-audited</i>   | <i>Un-audited</i>   |
|                         | <i>December 31,</i> | <i>December 31,</i> |
|                         | <i>2007</i>         | <i>2006</i>         |
|                         | <i>Rupees '000'</i> |                     |

## 7. COST OF GOODS SOLD

|                               |          |          |
|-------------------------------|----------|----------|
| Raw material consumed         | 656,829  | 555,852  |
| Stores and spares consumed    | 13,439   | 11,194   |
| Packing material consumed     | 12,981   | 11,034   |
| Salaries, wages, and benefits | 40,416   | 37,928   |
| Power and fuel                | 53,661   | 52,399   |
| Insurance                     | 1,120    | 1,050    |
| Repair and maintenance        | 2,676    | 3,035    |
| Depreciation                  | 40,430   | 35,202   |
| Others                        | 122      | 117      |
|                               | 821,674  | 707,811  |
| Work in process               |          |          |
| Opening stock                 | 11,248   | 9,057    |
| Closing stock                 | (9,675)  | (11,187) |
|                               | 1,573    | (2,130)  |
| Cost of goods manufactured    | 823,247  | 705,681  |
| Purchase of finished goods    | 39,829   | 73,209   |
| Finished goods                |          |          |
| Opening stock                 | 32,643   | 30,626   |
| Closing stock                 | (46,915) | (27,609) |
|                               | (14,272) | 3,017    |
|                               | 848,804  | 781,907  |

*Un-audited*      *Un-audited*  
*December 31,*    *December 31,*  
*2007*                      *2006*

|  | <i>Note</i> | <i>Rupees '000'</i>     |              |
|--|-------------|-------------------------|--------------|
| <b>8. EARNING PER SHARE</b>  |             |                         |              |
| <b>- Basic and diluted</b>   |             |                         |              |
| Profit after tax   |             | <u>18,852</u>           | <u>8,945</u> |
|  |             | <i>Number of Shares</i> |              |
| Weighted average number of ordinary shares<br>outstanding at the period end. |             | <u>6,900</u>            | <u>6,900</u> |
|  |             | <i>Rupees</i>           |              |
| Earning per share  |             | <u>2.73</u>             | <u>1.30</u>  |

**8.1** There is no dilutive effect on the basic earnings per share of the company.

## **9. TRANSACTIONS WITH RELATED PARTIES**

### *Associate*

|   |         |         |
|---|---------|---------|
| Sales of goods and services               | 264,853 | 109,417 |
| Purchase of goods and services            | 19,242  | 33,811  |
| Purchase of property, plant and equipment | 265     | -       |
| Sale of property, plant and equipment     | -       | 25,500  |

**9.1** These transactions have been carried out on the commercial terms and conditions.

### *Transactions with key management personnel*

|  |         |         |
|--|---------|---------|
| Remuneration under the terms of employment<br>to Chief Executive Officer | 600,000 | 300,000 |
|--|---------|---------|

## **10. DATE OF AUTHORIZATION FOR ISSUE**

These interim financial information were authorized for issue by the Board of Directors of the company on 28-02-08

## **11. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**CHIEF FINANCIAL OFFICER**