

Company profile

Board of Directors

- | | |
|---|---|
| 1. Mian Mohammad Ahmed
Chairman | 2. Mr. Shahzad Ahmed
Chief Executive |
| 3. Mian Riaz Ahmed | 4. Mr. Naveed Ahmed |
| 5. Mr. Imran Ahmed | 6. Mr. Kashif Riaz |
| 7. Mr. Irfan Ahmed | 8. Mr. Shafqat Masood |
| 9. Mr. Mansoob A. Akhtar
(Nominee NIT) | |

Audit committee

- | | |
|--------------------|--------------|
| 1. Mian Riaz Ahmed | (Chairman) |
| 2. Mr. Kashif Riaz | (Member) |
| 3. Mr. Irfan Ahmed | (Member) |

Chief financial officer

Mr. Arif Abdul Majeed

Company secretary

Mr. Ahmed Faheem Niazi

Registered office

Office # 508.
5th floor, Beaumont Plaza,
Civil Lines Quarters, Karachi.

Tel. 111-404-404
Fax. 5693593 - 94

Auditors

M/s Yousuf Adil Saleem & Co.
Chartered Accountants

Factory location

- | | |
|--|--------------------------|
| 1. P 1 S.I.T.E.
Hyderabad, Sindh. | Tel. 0223 - 880219 & 252 |
| 2. Muzaffargarh, Bagga Sher,
District Multan. | Tel. 0662 - 490201 - 205 |
| 3. Plot # 3 & 7, Sector - 25,
Industrial Area, Korangi,
Karachi. | Tel. 021 - 5061577 - 9 |
| 4. 2 Km. Manga Raiwand Road,
Distt. Kasur. | Tel. 042 - 5385021 -24 |

INDUS DYEING & MANUFACTURING CO. LIMITED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2005

	<i>Share Capital</i>	<i>*Share Premium</i>	<i>Reserve for issue of bonus shares</i>	<i>General Reserve</i>	<i>**Merger Reserve</i>	<i>Unappropriated Profit</i>	<i>Total</i>
.....Rupees in '000'							
Balance as at July 01, 2004	172,131	10,920	-	700,000	11,512	155,291	1,049,854
Profit for the period	-	-	-	-	-	236,547	236,547
Transfer to general reserve	-	-	-	100,000	-	(100,000)	-
Balance as at December 31,2004	172,131	10,920	-	800,000	11,512	291,838	1,286,401
Profit for the half year	-	-	-	-	-	211,709	211,709
Balance as at June 30,2005	172,131	10,920	-	800,000	11,512	503,547	1,498,110
Profit for the period	-	-	-	-	-	261,909	261,909
Dividend	-	-	-	-	-	(25,820)	(25,820)
Reserve for issue of Bonus shares @ 5%	-	-	8,607	-	-	(8,607)	-
Balance as at December 31,2005	172,131	10,920	8,607	800,000	11,512	731,029	1,734,199

Note: * Share premium received in year 2001 in respect of 7th issue of 3,639,960 right shares at the rate of Rs.3 per share.

** Merger reserve represents excess of (a) assets of YTML over its reserves and liability of YTML merged with IDML over (b) consideration to shareholders of YTML as per the Scheme of Amalgamation approved by honourable High Court of Sindh.

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE

DIRECTOR

INDUS DYEING & MANUFACTURING CO. LIMITED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2005

	<i>Quarter</i> <i>Oct - Dec</i> <i>2005</i>	<i>Half Year</i> <i>July - Dec</i> <i>2005</i>	<i>Quarter</i> <i>Oct - Dec</i> <i>2004</i>	<i>Half Year</i> <i>July - Dec</i> <i>2004</i>
<i>Note</i>	----- Rupees in '000' -----			
Sales	1,665,696	3,251,116	1,260,448	2,375,833
Cost of sales	1,413,071	2,695,942	1,016,394	1,972,548
Gross profit	252,625	555,174	244,054	403,285
Other operating income	2,886	7,046	3,308	6,715
	255,511	562,220	247,362	410,000
Operating expenses				
Distribution Cost	(40,002)	(71,894)	(32,435)	(70,189)
Administration	(19,557)	(37,661)	(12,643)	(28,581)
Other Operating Expenses	(4,813)	(14,491)	(8,547)	(13,063)
Financial Charges	(80,761)	(158,913)	(31,391)	(51,078)
	(145,133)	(282,959)	(85,016)	(162,911)
Profit before taxation	110,378	279,261	162,346	247,089
Taxation				
Current period	(9,475)	(37,352)	(26,700)	(8,650)
Deferred	33,270	20,000	(2,200)	(1,892)
	23,795	(17,352)	(28,900)	(10,542)
Profit after taxation	134,173	261,909	133,446	236,547
Earnings per share- Basic and diluted (Rupees)	7.42	14.49	7.38	13.09

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE

DIRECTOR

Directors' Report

Dear Shareholders,

Your Directors are pleased to present the half yearly (reviewed) accounts for the period ended December 31, 2005. During the period under review your company earned pretax profit of **Rs. 279.261 (m)** and after tax profit of **Rs. 261.909 (m)**.

The earning per share is **Rs. 14.49** (par value Rs.10/= per share).

By the grace of God your company earned handsome profits during the period. Your management will try to maintain this profitability, but future results may not be as good.

" Towel unit " at Lahore is running smoothly. We have added 12 air jet looms in December 2005 and now the unit has 36 looms. Your management is planning to enter into a 'Joint Venture' for manufacturing of " Terry products " and hope the agreement will be finalized within a short period.

Labour / management relations remained cordial.

We further state that :

- a The financial statements prepared by the management present fairly its state of affairs, the result of its operations, cash flow & changes in equity.
- b Proper books of Accounts have been maintained.
- c Appropriate Accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements.
- e There are no significant doubts upon the company's ability to continue as a going concern.
- f Internal auditors are continuously reviewing the existing system of internal control and procedures. The process of review will continue and any weakness in controls will have immediate attention of the management.
- g There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

I would like to thank to the employees of the Company for their hard work and Company's Bankers for their co-operation.

Karachi : the **27th, February 2006**

For and behalf of Board
Shahzad Ahmad
Chief Executive

INDUS DYEING & MANUFACTURING CO. LIMITED
NOTES TO THE ACCOUNTS - DECEMBER 31, 2005 (UNAUDITED)

1. SELECTED EXPLANATORY NOTES TO THE ACCOUNTS

1.1 The Company is limited by shares incorporated in Pakistan on July 23, 1957 under the Companies Act 1913 since repealed by the Companies Ordinance, 1984 and quoted in Karachi Stock Exchange. The principal business of the Company is to manufacture and sale of yarn and towels. The Company is also operating three ginning units and ice factories.

1.2 The shareholders of Indus Dyeing & Manufacturing Company Limited (IDML) and shareholders of Yusuf Textile Mills Limited (YMTL) passed special resolution on May 09, 2005 and approved the Scheme of arrangement for amalgamation of YMTL into IDML to take effect from October 01, 2004. The Companies filed petition No. J. Misc. 8 of 2005 and the Honourable High Court of Sindh has sanctioned the said petition on November 29, 2005 with certain modifications proposed by Securities & Exchange Commission of Pakistan in its letter dated November 23, 2005, changing values and weights between IDML and YMTL.

Pursuant to the Scheme of arrangement for amalgamation sanctioned by the Honourable High Court of Sindh, the assets, liabilities and reserves of YMTL have been merged with IDML with effect from October 01, 2004. According to the Scheme of arrangement for amalgamation, members of the YMTL will receive ordinary shares of IDML in the ratio sanctioned by the Honourable High Court of Sindh.

1.3 Historical convention

The financial statements have been prepared under the "historical cost convention", except that certain investments have been included at fair value.

1.4 These financial statements have been prepared in compliance with the International Accounting Standard (IAS-34) Interim Financial Reporting and in compliance with the section 245 of the Companies Ordinance, 1984.

1.5 The accounting policies and methods of computation followed in the preparation of the half year financial statements are the same as those of the published annual financial statements for the period ended June 30,2005.

1.6 These interim financial statements are unaudited. However, 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 and they have issued their review report thereon.

2. CONTINGENCIES AND COMMITMENTS

2.1 Contingencies

	Unaudited	Audited
	December 31	June 30,
	2005	2005
	(Rupees in '000')	
Bank guarantees	85,849	112,270
Claim of social security contribution	453	453
	86,302	112,723

	Unaudited December 31 2005 (Rupees in '000')	Audited June 30, 2005 (Rupees in '000')
2.2 Commitments		
Building extension	-	27,625
Letters of credit for raw material, stores and spares and machinery	437,547	520,227
	437,547	547,852

3. ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	December 31 2005 ----- Rupees in '000' -----		
	Acquisition / transfer from CWIP	Disposal WDV	Sale proceeds
Leasehold land	-	144	800
Building on leasehold land	40,075	-	-
Non factory building	52,020	-	-
Plant and machinery	1,092,625	6,957	7,117
Office renovation	3,412	-	-
Electric installations and appliances	4,627	-	-
Power generator	17,264	-	-
Office equipment	5,131	-	-
Furniture & fixture	2,104	-	-
Vehicles	7,856	595	675

4. COST OF GOODS SOLD

	Quarter Oct - Dec 2005	Half Year July - Dec 2005	Quarter Oct - Dec 2004	Half Year July - Dec 2004
	----- Rupees in '000' -----			
Opening stock	150,995	144,705	108,323	99,213
Purchases- yarn	174,402	178,684	71,226	73,567
Cost of goods manufactured (4.1)	1,258,138	2,543,017	942,025	1,904,948
	1,583,535	2,866,406	1,121,574	2,077,728
Closing stock	(170,464)	(170,464)	(105,180)	(105,180)
	1,413,071	2,695,942	1,016,394	1,972,548

Quarter *Half Year* *Quarter* *Half Year*
Oct - Dec *July - Dec* *Oct - Dec* *July - Dec*
2005 *2005* *2004* *2004*
 ----- *Rupees in '000'* -----

4.1 COST OF GOODS MANUFACTURED

Raw material consumed	996,314	2,014,477	750,621	1,574,197
Stores and spares	23,615	72,669	26,928	44,818
Salaries, wages and benefits	78,840	138,724	47,521	90,933
Fuel and power	75,566	153,363	50,753	102,584
Rent, rate and taxes	789	825	92	787
Insurance	6,091	9,569	2,858	5,887
Repairs and maintenance	2,948	4,703	1,983	4,543
Depreciation	86,221	163,117	43,050	77,236
Other overheads	7,821	19,037	4,200	7,595
	1,278,205	2,576,484	928,006	1,908,580
Work in process				
Opening stock	65,721	52,321	53,846	36,195
Closing stock	(85,788)	(85,788)	(39,827)	(39,827)
	(20,067)	(33,467)	14,019	(3,632)
Cost of goods manufactured	1,258,138	2,543,017	942,025	1,904,948

5. TRANSACTIONS WITH RELATED PARTIES

	December 31 2005	December 31 2004
<i>Associates</i>		
Sales of yarn	407,585	34,278
Purchases of yarn	115,051	57,187
Amount owed by	-	2,306

The transactions with related parties are made at commercial terms. No guarantees have been provided or received for any related party receivables or payables.

Transactions with key management personnel

Short-term benefits	3,600	1,800
Amount owed to	48,630	73,219

Company maintained cars and cellular phones are provided to chief executive and directors.

6. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue on _____ by the Board of Directors of the Company.

7. GENERAL

Figures have been rounded off to the nearest thousand.

CHIEF EXECUTIVE

DIRECTOR

INDUS DYEING & MANUFACTURING CO. LIMITED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31,2005

DECEMBER **DECEMBER**
31,2005 **31,2004**
-----Rs 000----

A. CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	279,261	247,089
Adjustments for :		
Depreciation	164,740	79,521
Gratuity	6,785	7,835
Provision for doubtful debts	-	1,000
Provision for appreciation in the value of investment	(1,163)	(935)
Provision for slow moving and obsolete stock	-	1,988
(Gain) on disposal of fixed assets	(895)	(410)
Financial charges	158,913	52,087
	607,641	388,175
Changes in working capital		
(Increase)/decrease in current assets		
Stores spares and loose tools	(11,385)	(24,951)
Stock in trade	(929,333)	(407,202)
Trade debts	(52,107)	(121,428)
Loans and advances	(27,249)	(4,491)
Deposits and prepayments	1,643	3,573
Other receivables	(33,925)	(15,078)
Other financial assets	8,904	2,028
Increase in current liabilities		
Trade and other payables	119,539	56,251
	(923,912)	(511,298)
Cash used in operations	(316,271)	(122,123)
	(316,271)	
Financial charges paid	(125,043)	(40,401)
Tax paid	(32,034)	28,504
Gratuity Paid	(4,080)	(15,704)
Long term deposits and prepayments	(2,294)	(1,985)
Net cash used in operating activities	(479,722)	(151,710)

B. CASH FLOW INVESTING ACTIVITIES

Fixed capital expenditure	(818,434)	(473,277)
Sale proceeds from disposal	8,592	1,951
Net cash used in investing activities	(809,842)	(471,326)

C. CASH FLOW FINANCING ACTIVITIES

Long term loan -net	250,550	401,675
Long term morhaba-net	52,000	(15,000)
Loan from directors- net	(116,191)	(19,588)
Repayment of liabilities against assets subject to finance lease	41,035	34,411
Short term borrowing-net	1,083,243	293,525
Dividend paid	(763)	(18,049)
Net cash from financing activities	1,309,875	676,974
Net increase in cash and cash equivalent (A+B+C)	20,312	53,938
Cash and cash equivalent at the beginning of the year	24,181	26,531
Cash and cash equivalent at the end of the year	44,492	80,469

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE

DIRECTOR

INDUS DYEING & MANUFACTURING CO. LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2005

	<i>Unaudited</i>	<i>Audited</i>		<i>Unaudited</i>	<i>Audited</i>
<i>Note</i>	<i>December 31,</i>	<i>June 30,</i>		<i>December 31,</i>	<i>June 30,</i>
	<i>2005</i>	<i>2005</i>		<i>2005</i>	<i>2005</i>
	<i>..... Rupees in '000'</i>			<i>.... Rupees in '000'</i>	
SHARE CAPITAL AND RESERVES			FIXED ASSETS		
Authorised 45,000,000 Ordinary shares of Rs.10/ each	450,000	450,000	Property, plant and equipments	3,682,060	2,631,118
			Capital work in progress	180,841	585,785
				3,862,901	3,216,903
Issued, subscribed and paid up 17,213,077 ordinary shares of Rs.10/ each	172,131	172,131			
Share premium	10,920	10,920			
Reserve for issue of bonus shares	8,607	-			
General reserves	800,000	800,000			
Merger reseruve	11,512	11,512			
Unappropriated profit	731,029	503,547	LONG TERM DEPOSITS	9,901	7,608
	1,734,199	1,498,110			
NON-CURRENT LIABILITIES					
Long term financing	1,793,267	1,589,759			
Long term murabaha finance	105,000	65,000			
			CURRENT ASSETS		
Liabilities against assets subject to finance lease	84,080	57,630	Stores and spares	93,565	82,180
Deffered liabilities	159,409	181,054	Stock in trade	2,095,651	1,166,318
CURRENT LIABILITIES			Trade debts	342,724	290,617
Trade and other payables	348,723	225,596	Loans and advances	108,155	105,734
Interest / mark-up payable	74,001	40,130	Deposits and prepayments	14,396	16,039
Short-term borrowings	1,918,789	951,735	Other receivables	47,872	13,947
Current portion of:			Other financial assets	3,282	11,023
long-term financing	365,483	318,442	Tax refunds due from Government	109,682	88,985
long-term murabaha finances	43,000	31,000	Cash and bank balances	44,492	24,181
liabilities against assets subject to finance lease	42,689	28,105		2,859,819	1,799,024
Dividend payable	25,820	-			
Taxation	38,161	36,975			
	2,856,666	1,631,982			
CONTIGENCIES AND COMMITMENTS					
2	6,732,621	5,023,534		6,732,621	5,023,534

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE

DIRECTOR

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of Indus Dyeing & Mfg Co. Ltd. as at December 31, 2005 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, here in after referred to as "financial statements", for the half year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagement 2400 applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of any material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly we do not express an audit opinion.

Separate figures of the profit and loss account for the quarter ended December 31, 2005 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2005. Further, as a result of change in accounting year for textile sector from September to June effective June 30, 2005, the corresponding figures in profit and loss account, cash flow statement and statement of changes in equity have not been reviewed because last year's reviewed period of half year was not identical as of half year of the current year.

Based on our review, except for the effect, if any, of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with the approve accounting standards as applicable in Pakistan.

Chartered Accountants

Karachi

Date:27th February 2006