

**INDUS DYEING & MANUFACTURING
COMPANY LIMITED**

**JULY 01, 2014
to
SEPTEMBER 30, 2014
(Un - audited)**

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INDUS DYEING & MANUFACTURING COMPANY LIMITED
 CONSOLIDATED CONDENSED INTERIM BALANCE SHEET
 AS AT SEPTEMBER 30, 2014

	Sept 30, 2014 (Unaudited)	June 30, 2014 (Audited)
Note	----- Rupees in '000' -----	
SHARE CAPITAL AND RESERVES		
Authorised 45,000,000 ordinary shares of Rs. 10 each	450,000	450,000
Issued, subscribed and paid up 18,073,732 ordinary shares of Rs. 10 each	180,737	180,737
Reserves	5,022,647	5,022,400
Unappropriated profit	5,571,995	5,443,438
	10,775,379	10,646,575
Share of Associate's surplus on revaluation of property, plant and equipment- net of tax	2,610	2,610
NON-CURRENT LIABILITIES		
Long-term financing	2,238,133	2,162,009
Deferred liabilities	247,065	233,167
	2,485,198	2,395,176
CURRENT LIABILITIES		
Trade and other payables	1,532,832	1,350,904
Interest / mark-up payable	94,276	124,960
Short-term borrowings	5,047,968	5,011,046
Current portion of: long-term financing	515,857	740,765
	7,190,933	7,227,675
CONTINGENCIES AND COMMITMENTS		
	10-11	-
	20,454,120	20,272,036

The annexed notes from 1 to 19 form an integral part of this unconsolidated condensed interim financial information.

Shahzad Ahmed

SHAHZAD AHMED
CHIEF EXECUTIVE

Naheed Ahmed

NAVEED AHMED
DIRECTOR

	Sept 30, 2014 (Unaudited)	June 30, 2014 (Audited)
	----- Rupees in '000' -----	
NON-CURRENT ASSETS		
Property, plant and equipment	10,947,019	10,916,339
Long-term investments	24,569	24,198
	10,986,313	10,955,875

CURRENT ASSETS

Stores, spares and loose tools	571,251	586,753
Stock-in-trade	5,893,774	5,712,763
Trade debts	1,777,237	1,954,394
Loans and advances	329,131	285,637
Trade deposits and short-term prepayments	42,636	4,786
Other receivables	208,507	93,702
Other financial assets	90,570	164,223
Due from Government	321,907	429,263
Cash and bank balances	232,794	84,640
	9,467,807	9,316,161
	<u>20,454,120</u>	<u>20,272,036</u>

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

		Three months period ended	
		September 30,	
		2014	2013
		(July - Sept)	
		Rupees in '000'	
	Note		
Sales		7,229,362	5,201,982
Cost of goods sold	14	(6,605,250)	(4,303,610)
Gross profit		<u>624,112</u>	<u>898,372</u>
Other operating (loss) / income		(28,297)	3,671
		<u>595,815</u>	<u>902,043</u>
Distribution cost		(198,991)	(101,842)
Administrative expenses		(85,034)	(67,014)
Other operating expenses		(18,682)	(46,083)
Financial cost		(95,376)	(78,972)
		<u>(398,083)</u>	<u>(293,911)</u>
Share of profit from Associate	13.1	291	1,345
Share of profit / (loss) from Joint venture		-	(32,843)
Profit before taxation		<u>198,023</u>	<u>576,634</u>
Taxation	9	(69,546)	-
Profit after taxation		<u><u>128,477</u></u>	<u><u>576,634</u></u>
Earnings per share - Basic and diluted		<u><u>7.09</u></u>	<u><u>31.90</u></u>

The annexed notes from 1 to 19 form an integral part of this unconsolidated condensed interim financial information.



SHAHZAD AHMED
CHIEF EXECUTIVE



NAVEED AHMED
DIRECTOR

INDUS DYEING & MANUFACTURING COMPANY LIMITED
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Three months period ended	
	Sept,30 2014	Sept,30 2013
	Rupees in '000'	
Profit after taxation	128,477	576,634
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss account		
Exchange gain on translation of foreign subsidiary	247	-
Total comprehensive income for the period - attributable to ordinary equity holders of the holding company	128,724	576,634

The annexed notes from 1 to 19 form an integral part of this unconsolidated condensed interim financial information.

Shahzad Ahmed

SHAHZAD AHMED
 CHIEF EXECUTIVE

Naveed Ahmed

NAVEED AHMED
 DIRECTOR

INDUS DYEING & MANUFACTURING COMPANY LIMITED
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Reserves					Total
	Share Capital	Capital	Revenue	Unappropriated Profit		
	Share Premium	Merger Reserve	General Reserve	Exchange Reserve	Unappropriated Profit	
	Rupees in '000'					
Balance as at July 01, 2013 (audited)	180,737	10,920	11,512	5,000,000	-	3,733,735
Comprehensive Income	-	-	-	-	-	8,936,804
Profit for the period ended June 30, 2014 (Audited)	-	-	-	-	-	1,996,643
Exchange loss on translation of foreign subsidiary	-	-	-	(32)	-	(32)
Other comprehensive income	-	-	-	-	(15,779)	(15,779)
Total comprehensive income	-	-	-	(32)	-	1,980,864
Transaction with owners:						
Associate's share of surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	-	-	246
Interim cash dividend for the period ended September 30, 2013 @ Rs. 5 per share.	-	-	-	-	(90,369)	(90,369)
Interim cash dividend for the period ended December 31, 2013 @ Rs. 10 per share.	-	-	-	-	(180,737)	(180,737)
Cost of issue of shares	-	-	-	-	(301)	(301)
Balance as at June 30, 2014 (Audited)	180,737	10,920	11,512	5,000,000	(32)	5,443,438
Comprehensive Income	-	-	-	-	-	10,646,575
Profit for the period ended September 30, 2014 (Unaudited)	-	-	-	-	-	128,477
Exchange gain on translation of foreign subsidiary	-	-	-	247	-	247
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	247	-	128,477
Transaction with owners:						
Associate's share of surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	-	-	80
Balance as at September 30, 2014 (Unaudited)	180,737	10,920	11,512	5,000,000	215	5,571,995

The annexed notes from 1 to 19 form an integral part of this unconsolidated condensed interim financial information.

Shahzad Ahmed
 SHAHZAD AHMED
 CHIEF EXECUTIVE

Naveed Ahmed
 NAVEED AHMED
 DIRECTOR

INDUS DYEING & MANUFACTURING COMPANY LIMITED
 CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
 FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Three months period ended	
	Sept 30, 2014	Sept 30, 2013
Note -----Rupees in '000' -----		
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	198,023	576,634
Adjustments for:		
Depreciation of property, plant and equipment	246,707	130,843
Provision for gratuity	22,054	21,502
Share of (profit) / loss from associate	(291)	(1,346)
Share of loss from Joint venture	-	32,843
Unrealised (gain)/ loss on revaluation of foreign currency loans	27,631	-
Gain on disposal of property, plant and equipment	(18,295)	(843)
Gain on revaluation/ disposal of other financial assets	(843)	(731)
Profit on bank deposits	31	-
Finance cost	95,376	78,972
Dividend income	(102)	(113)
Operating profit before working capital changes	<u>570,291</u>	<u>837,662</u>
Working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	15,502	(50,534)
Stock in trade	(181,011)	(829,600)
Trade debts	177,157	(380,063)
Loans and advances	(43,494)	(31,846)
Trade deposits and short-term prepayments	(37,850)	(28,478)
Other receivables	(114,805)	(10,693)
Other financial assets	73,653	-
Tax refundable	-	(5,295)
Increase in current liabilities		
Trade and other payables	(181,928)	115,420
	<u>(292,776)</u>	<u>(1,222,199)</u>
Cash used in operations	277,515	(384,637)
Income taxes paid	80,784	(38,720)
Finance cost paid	(126,061)	(57,772)
Gratuity paid	(8,155)	(4,524)
Net cash used in operating activities	<u>224,083</u>	<u>(485,656)</u>

B. CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(71,781)	(1,074,293)
Capital work in progress	(205,233)	(114,970)
Proceeds on disposal of property, plant and equipment	829	20,000
Long-term deposits	613	(96)
Dividend received	102	113
Net cash used in investing activities	<u>(275,470)</u>	<u>(1,169,246)</u>

C. CASH FLOWS FROM FINANCING ACTIVITIES

Long-term financing obtained	335,428	297,681
Repayment of long-term financing	(148,784)	(9,776)
Loans from directors obtained / (repaid) - net	-	(13)
Repayment of liabilities against assets subject to finance lease	-	(2,222)
Dividend paid	(151)	(25,568)
Net cash (used in) / generated from financing activities	<u>186,493</u>	<u>260,102</u>
Net increase / (decrease) in cash and cash equivalent	135,106	(1,394,800)
Cash and cash equivalent at beginning of the period	(4,926,406)	(1,693,783)
Effect of exchange rate changes on cash and cash equivalents	(23,874)	-
Cash and cash equivalent at end of the period	<u>(4,815,174)</u>	<u>(3,088,583)</u>

CASH AND CASH EQUIVALENTS

Cash and bank balances	232,794	188,571
Short-term running finance	(5,047,968)	(3,277,154)
	<u>(4,815,174)</u>	<u>(3,088,583)</u>

The annexed notes from 1 to 19 form an integral part of this unconsolidated condensed interim financial information.

Shahzad Ahmed

SHAHZAD AHMED
CHIEF EXECUTIVE

Naveed Ahmed

NAVEED AHMED
DIRECTOR

INDUS DYEING & MANUFACTURING COMPANY LIMITED
SELECTED EXPLANATORY NOTES
TO THE CONSOLIDATED CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

The " Group " consists of :

1.1 Holding Company

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 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 Limited. The principal activity of the Company is manufacturing and sale of yarn. The manufacturing facilities of the Company are located in Karachi, Hyderabad and Muzaffargarh. The Company is also operating two ginning units including one on leasing arrangements in District Multan.

Subsidiary Companies

1.2 Indus Lyallpur Limited - 100% owned

Indus Lyallpur Limited (the Subsidiary Company) is an unlisted public company limited by shares, incorporated in Pakistan on April 25, 1992 under the Companies Ordinance, 1984. Principal business of the Subsidiary Company is manufacturing and sale of yarn. Mill is located at 38th kilometer, Shaikhupura road, District Faisalabad in the province of Punjab. Registered office of the Subsidiary Company is situated at Office No. 508, 5th floor, Beaumont Plaza, Civil Lines, Karachi. The Holding Company acquired 71,540,000 ordinary shares representing hundred percent of paid up capital of the Subsidiary Company @ 6.85 per share for aggregate consideration of Rs. 490 million on January 31, 2012.

1.3 Indus Home Limited - 100% owned

Indus Home Limited (the Subsidiary Company) was incorporated in Pakistan as a public limited Company on May 18, 2006 under the Companies Ordinance 1984. The registered office of the Company is located at 174 Abu Bakar Block, New Garden Town, Lahore. Principal business activities of the Subsidiary Company are to manufacture and export the greige and finished terry cloth and other textile products. The manufacturing facility of the Company is located at Manga Mandi, Lahore. On November 21, 2013, the Holding Company acquired 75 million shares of Indus Home Limited from WestPoint Pakistan LLC for an aggregate purchase consideration of USD 12 million. As a result of the acquisition, the Holding Company acquired controlling interest in Indus Home Limited by way of 100% ownership.

1.4 Indus Home USA Inc. - 100% owned through Indus Home Limited

The principal business activities of the company is to act as commission agent to generate sales order in textile sector.

1.5 Associated Company

Sunrays Textile Mills Limited was incorporated in Pakistan on August 27, 1987 as a public limited company under the Companies Ordinance, 1984 and its shares are quoted on the Karachi Stock Exchange. The Company is principally engaged in trade, manufacture and sale of yarn. The Company is also operating a ginning unit and an ice factory on leasing arrangements. The registered office of the Company is situated at Karachi. The mill is located at District Muzaffargarh, Dera Ghazi Khan Division, in the province of Punjab. The Holding Company has 0.99% voting rights in the Company and it is regarded associate due to common directorship.

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2. BASIS OF CONSOLIDATION :

- The consolidated financial statements include the financial statements of the Holding Company its Subsidiaries and an associate company together - " the Group ".
- Subsidiary Companies are fully consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control the company is established and excluded from consolidation from the date of disposal or when the control is lost.
- The financial statements of the Subsidiary Companies are prepared for the same reporting period as of the Holding Company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of the Subsidiary Companies have been consolidated on a line by line basis.
- Material intra-group balances and transactions have been eliminated.
- Non-controlling interest in equity of the subsidiary companies are measured at fair value as of the acquisition date of the subsidiaries.

3. BUSINESS COMBINATION :

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Holding Company, liabilities incurred by the Holding Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit and loss account as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit and loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation is measured at fair value at the date of the acquisition.

4. STATEMENT OF COMPLIANCE :

These consolidated condensed interim financial statements are unaudited and have been prepared in accordance with the approved Accounting Standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

5 ACCOUNTING POLICIES

The accounting policies, applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2014.

6 BASIS OF PREPARATION :

- 6.1 These consolidated condensed interim financial statements have been prepared under the historical cost convention.
- 6.2 The accounting policies and methods of computation followed in the preparation of these consolidated condensed interim financial statements are the same as those of the published annual audited financial statements for the year ended June 30, 2014. These consolidated condensed interim financial statements do not include all of the informations required for annual financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2014.
- 6.3 The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2014, whereas comparative consolidated condensed profit and loss account, consolidated condensed cash flow statement and consolidated condensed statement of changes in equity are stated from the unaudited consolidated condensed interim financial information for the first quarter ended September 30, 2013.

7 ACCOUNTING ESTIMATES AND JUDGMENTS :

The preparation of the consolidated condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan for interim financial reporting requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing this consolidated condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2014.

8 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2014.

9 TAXATION

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credit, rebates and exemption available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

	Sept 30 2014 (Unaudited)	June 30, 2014 (Audited)
	-----Rupees in '000'-----	
10 CONTINGENCIES		
Claim of arrears of social security contribution not acknowledged, appeal is pending in Honourable High Court of Sindh. The management is hopeful for favourable outcome.		
	<u>453</u>	<u>453</u>
Guarantees issued by Banks on behalf of the Company.	<u>286,154</u>	<u>308,742</u>
11 COMMITMENTS		
Letters of credit for property, plant, equipment, stores, spares and raw material	<u>1,143,125</u>	<u>753,013</u>
Civil work contracts	<u>37,500</u>	<u>70,000</u>
Foreign currency forward contracts	<u>609,506</u>	<u>803,586</u>

During the period, following additions and disposals were made: -

	September 30, 2014		September 30, 2013	
	Additions / Transfers	Disposal at Carrying value	Additions / Transfers	Disposal at Carrying value
	< ----- Rupees in '000' ----- >			
Assets				
Land	-	-	-	-
Office building	-	-	15,026	-
Factory building	-	-	1,054	-
Plant and machinery	66,023	-	1,052,562	-
Electric installations	52	-	-	-
Power generator	-	-	-	-
Office equipment	570	-	-	-
Furniture and fixtures	657	-	-	-
Vehicles	4,479	(17)	5,651	-
Plant and machinery - leased	-	-	19,573	-
Capital work in - progress	16,202	-	198,650	-
	<u>87,983</u>	<u>(17)</u>	<u>1,292,516</u>	<u>-</u>

		Sept 30 2014 (Unaudited)	June 30, 2014 (Audited)
	Note	-----Rupees in '000'	
13	LONG TERM INVESTMENTS		
	Investment in an associate	24,569	24,198
		<u>24,569</u>	<u>24,198</u>
13.1	Investment in an associate		
	Cost	1,716	1,716
	Opening	24,198	20,465
	Dividend received	-	(1,025)
	Share of revaluation of property, plant and equipment.	-	-
	Associate's share of transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	80	246
	Share of profit from associate	291	2,796
		<u>24,569</u>	<u>22,482</u>
		<u>24,569</u>	<u>24,198</u>
	Number of shares held	68,654	68,654
	Cost of investment (in "000")	1,716	1,716
	Ownership interest	0.9950%	0.9950%
	Market value (in "000")	15,515	16,651

13.2 The principal business of the Company is to manufacture and sale of yarn. The registered office of Sunrays Textile Mills Limited is located in Karachi and the place of business is located at District Muzaffargarh, Dera Ghazi Khan Division, in the province of Punjab.

13.3 Due to common directorship, the investment has been classified as investment in associates.

Three months period ended

	Sept 30, 2014	Sept 30, 2013
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Note -----Rupees in '000'-----

14 COST OF GOODS SOLD

Raw material consumed	14.1	3,683,136	3,549,813
Manufacturing expenses		1,620,259	855,836
Outside purchase-yarn		1,161,498	48,346
		6,464,893	4,453,995
Work in process			
Opening stock		789,693	234,495
Closing stock		(743,272)	(296,009)
		46,421	(61,514)
Cost of goods manufactured		6,511,314	4,392,481
Finished Goods			
Opening stock		1,108,755	300,818
Closing stock		(1,014,819)	(389,689)
		93,936	(88,871)
		<u>6,605,250</u>	<u>4,303,610</u>

14.1 Manufacturing expenses

Salaries, wages and benefits	391,471	208,469
Fuel, water and power	652,302	321,742
Stores and spares consumed	162,415	104,203
Packing material consumed	154,292	68,165
Insurance	12,145	8,943
Repairs and maintenance	14,508	7,575
Rent, rate and taxes	1,419	1,372
Depreciation	236,489	125,575
Rebate	(18,888)	-
Others	14,106	9,792
	<u>1,620,259</u>	<u>855,836</u>

AGGREGATE TRANSACTION WITH RELATED PARTIES

The related parties comprise of subsidiary (Indus Lyallpur Limited), associate (Sunrays Textiles Mills Limited) and entities with common directorship, key management personnel and post employment benefit scheme. The Company carries out transactions with related parties on agreed terms. Transactions with related parties during the period and balances with them at period end are as follows: -

	Unaudited Sept 30, 2014	Unaudited Sept 30, 2013
	-----Rupees in '000'-----	
15.1 Transactions during the period		
Relationship with Company		
Joint venture		
Sale of yarn	-	71,986
Key management personnel		
Remuneration paid	8,543	14,846
Other related parties		
Expenses adjusted / reimbursed	-	5
	Sept 30, 2014 (Unaudited)	June 30, 2014 (Audited)
	-----Rupees in '000'-----	
15.2 Balances with related parties		
Directors and spouses		
- Recievable	-	5,376
Other related parties		
- Payable	3,170	3,170
16. Allocation to taxation and WPPF is provisional. Final liability will be determined on the basis of annual results.		
17. In respect of the current period, the directors proposed to pay interim cash dividend of Rs. 90.369 million @ Rs. 5/= per ordinary share of Rs. 10/= each. The proposed dividend has not been included as a liability in these financial statements.		

18 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorised for issue on 31st October, 2014 by the Board of Directors of the Company.

19 GENERAL

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



SHAHZAD AHMED
CHIEF EXECUTIVE



NAVEED AHMED
DIRECTOR