

DIRECTOR'S REPORT

Dear Share Holders,

We are pleased to present the half yearly (reviewed) accounts for the period ended December 31, 2012. Your company earned pretax profit of Rs. 1,183.68 million and after tax profit Rs. 1,109.449 million.

The earning per share is Rs. 61.38 (Par value Rs.10/=per share).

The Directors of the company are pleased to recommend 9% specie dividend. The shareholders of Indus Dyeing & Manufacturing Company Limited will get nine (9) shares of Sunrays textile mills Limited for every 100 shares held. The carrying value and fair value of the aforesaid ordinary shares as of December 31, 2012 was Rs. 432.05 million and Rs. 260.30 million respectively. We also want to invest Rs. 500 (m) more in wholly owned subsidiary i.e. Indus Lyallpur Limited for completion of BMR programme and smooth running of the Company.

By the grace of God your company earned handsome profits during the period in spite of increased of wages and a shortage of power supply especially in Punjab, but better cost control measures and timely procurement of raw material helped the company to achieve these good results.

In order to fully utilize the business potential we are continuing BMR plan to get optimum results. As part of this vision we have planned to extend our Muzaffargarh unit by approx 24,000 spindles with complete back process and power generation equipments. The estimated project cost 1,750 million will be invested for this expansion

We further state that:

- a) The Financial Statements prepared by the Management, present fairly its state of affairs, the result of its operations, Cash Flows and 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 auditor is continuously reviewing the existing system of internal control and other 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.

The labour management relations remained cordial and we would like to thanks to the employees of the company for their hard work and Company's Bankers for their co-operation.

Karachi
Dated: 28th February, 2013

FOR AND ON BEHALF OF THE BOARD
Shahzad Ahmed
CHIEF EXECUTIVE OFFICER