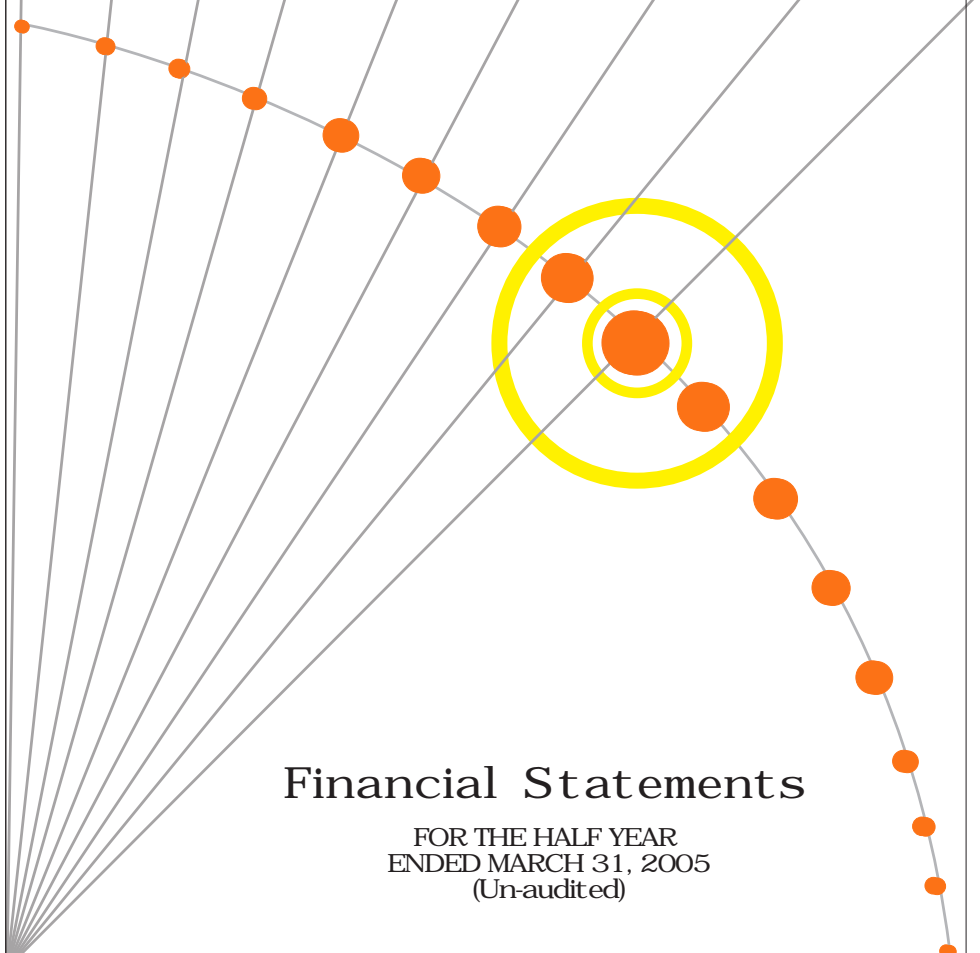




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## Financial Statements

FOR THE HALF YEAR  
ENDED MARCH 31, 2005  
(Un-audited)

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Mueen Afzal  
Mr. Ahmed H. Shaikh  
Chief Justice (Retd.) Mian Mahboob Ahmad  
Mr. Aehsun M.H. Shaikh  
Mr. Ali Jehangir Siddiqui  
Mr. Khalid A.H. Al-Sagar  
Mr. Muhammad Mukarram

Chairman  
Chief Executive

### COMPANY SECRETARY

Mr. Javaid Iqbal

### CHIEF FINANCIAL OFFICER

Ms. Bushra Naz Malik

### AUDIT COMMITTEE

Chief Justice (Retd.) Mian Mahboob Ahmad - Chairman  
Mr. Mueen Afzal  
Mr. Aehsun M.H. Shaikh  
Mr. Ali Jehangir Siddiqui  
Mr. Khalid A.H. Al-Sagar

### MANAGEMENT TEAM

Mr. Ahmed H. Shaikh  
Mr. Aehsun M.H. Shaikh  
Ms. Bushra Naz Malik  
Mr. Muhammad Talib  
Mr. Aamir Usman  
Mr. Mazhar Hussain Mirza  
Mr. Irfan Nazir  
Mr. Per Fredriksson

### FINANCE COMMITTEE

Mr. Ahmed H. Shaikh  
Mr. Ali Jehangir Siddiqui  
Ms. Bushra Naz Malik

### BANKERS

Muslim Commercial Bank Limited  
Citibank N.A.  
ABN Amro Bank  
Faysal Bank Limited  
Habib Bank Limited  
Saudi Pak Commercial Bank Limited  
Saudi Pak Industrial & Agricultural  
Investment Company (Private) Limited  
PICIC Commercial Bank Limited  
Bank of Punjab  
The Hong Kong and Shanghai  
Banking Corporation  
United Bank Limited  
Union Bank Limited  
Habib Bank AG Zurich  
NDLC - IFIC Bank Limited  
National Bank of Pakistan

### LEGAL ADVISORS

Hamid Law Associates  
  
Hassan & Hassan  
Advocates

### AUDITORS

Rahman Sarfaraz & Co.  
Chartered Accountants

### TAX ADVISORS

Ford Rhodes Sidat Hyder & Co.  
Chartered Accountants

Hameed Chaudhri & Co.  
Chartered Accountants

### REGISTERED OFFICE

Ismail Aiwan-e-Science  
Off Shahrah-e-Roomi  
Lahore, 54600  
Ph: +92 (0)42 111-786-645  
Fax: +92 (0)42 5761791

### PROJECT LOCATIONS

Unit I  
2.5 KM off Manga, Raiwind Road,  
District Kasur.  
Ph: +92 (0)42 5384081  
Fax: +92 (0)42 5384093

### Unit II

Alipur Road, Muzaffargarh.  
Ph: +92 (0)661 422503, 422651  
Fax: +92 (0)661 422652

## DIRECTORS' REVIEW

By the Grace of God, your Board of Directors feels immense pleasure in presenting the 2nd quarter and half yearly financial statements for the period ended March 31, 2005.

### GENERAL MARKET CONDITIONS

Following conditions prevailed during the period:

- Reimposition of import duties has been the biggest challenge facing exports.
- Fuel prices have been at an all time high.
- Interest rates have increased substantially over the last three months.

### OPERATING RESULTS OF THE COMPANY

In spite of these conditions, our company continued to perform well. The major highlights as compared to the last corresponding period are as follows:

#### TURNOVER

The Company's turnover increased by 10%. This sales growth is due to increase in production capacity and better product mix.

#### PROFITABILITY

The profitability of the company has increased. Net margin after tax has increased from 12.72% to 18.38%.

The major factors contributing to this have been:

- More efficient raw material procurement
- Growth in sales
- Better product mix

Consequently the un-diluted EPS has improved to Rs. 3.18 for six months from Rs. 2.00, an improvement of 59% for the period.

#### FUTURE OUTLOOK

The textile sector faces challenges due to an increase in oil prices, higher interest rates and the reimposition of duties. The management however, is confident that with its BMR plans, which are on schedule - the company will continue to be competitive.

We would like to place on record deep appreciation for the dedication of all the staff members of the company, shareholders, financial institutions, customers and suppliers whose worthy support has helped us to improve.

On behalf of the Board

Lahore: May 21, 2005

Chief Executive

## REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of AZGARD NINE LIMITED as at 31 March 2005 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (herein after referred to as the “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. The figures of profit and loss account for the quarter ended 31 March 2005 have not been reviewed as we are required to review only cumulative figures for the half year ended on that date.

The financial statements for the year ended 30 September 2004 and for the half year ended on 31 March 2004 were audited/reviewed by another firm of chartered accountants who issued reports dated 28 December 2004 and 30 May 2004 respectively. The aforesaid auditors report expressed a modified opinion and the review report gave an unqualified opinion.

We conducted our review in accordance with the International Standard on Auditing 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 material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, 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 approved accounting standards as applicable in Pakistan.

RAHMAN SARFARAZ & CO.,  
CHARTERED ACCOUNTANTS  
Lahore.

## BALANCE SHEET (Unaudited)

as at March 31, 2005

|  | Note | March 31,<br>2005<br>Rupees | September 30,<br>2004<br>Rupees |
|--|------|-----------------------------|---------------------------------|
| <b>CAPITAL AND RESERVES</b>  |      |                             |                                 |
| Authorised Capital   |      | 3,000,000,000               | 3,000,000,000                   |
| Share Capital  | 4    | 1,737,308,680               | 1,737,308,680                   |
| Reserves   |      | 381,772,578                 | 362,142,241                     |
| Unappropriated profit  |      | 582,931,680                 | 410,657,982                     |
|  |      | 2,702,012,938               | 2,510,108,903                   |
| <b>SURPLUS ON REVALUATION OF<br/>FIXED ASSETS</b>                                      |      |                             |                                 |
|  |      | 299,290,147                 | 306,564,511                     |
| <b>NON-CURRENT LIABILITIES</b>   |      |                             |                                 |
| <b>LONG TERM FINANCES - Secured</b>  |      |                             |                                 |
|  |      | 635,420,000                 | 750,000,000                     |
| <b>LIABILITIES AGAINST ASSETS<br/>SUBJECT TO FINANCE LEASE</b>                         |      |                             |                                 |
|  |      | 91,317,690                  | 116,503,819                     |
| <b>LONG TERM DEPOSITS</b>  |      |                             |                                 |
|  |      | 6,828,741                   | 1,147,729                       |
| <b>CURRENT LIABILITIES</b>   |      |                             |                                 |
| Current portion of:  |      |                             |                                 |
| Long term finances - secured<br>Liabilities against assets subject<br>to finance lease |      | 364,580,000                 | 300,000,000                     |
|  |      | 53,990,511                  | 63,081,881                      |
| Short term finances  | 5    | 2,518,349,627               | 1,492,909,892                   |
| Creditors, accruals and other liabilities  |      | 1,369,984,338               | 691,981,192                     |
| Provision for taxation   |      | 77,824,871                  | 64,824,871                      |
| Dividend   | 6    | 50,818,402                  | 95,414                          |
|  |      | 4,435,547,749               | 2,612,893,250                   |
| <b>CONTINGENCIES AND COMMITMENTS</b>   |      |                             |                                 |
|  | 8    | 8,170,417,265               | 6,297,218,212                   |
| <b>NON-CURRENT ASSETS</b>  |      |                             |                                 |
| <b>FIXED ASSETS</b>  |      |                             |                                 |
| OPERATING ASSETS   | 9    | 2,988,892,414               | 2,847,936,402                   |
| CAPITAL WORK IN PROGRESS   | 10   | 287,086,451                 | 84,292,338                      |
|  |      | 3,275,978,865               | 2,932,228,740                   |
| <b>INTANGIBLE ASSETS</b>   |      |                             |                                 |
|  |      | 83,087,588                  | 88,375,589                      |
| <b>LONG TERM INVESTMENTS</b>   |      |                             |                                 |
|  |      | 2,684,606                   | 2,666,296                       |
| <b>LONG TERM DEPOSITS</b>  |      |                             |                                 |
|  |      | 24,890,825                  | 18,517,830                      |
| <b>CURRENT ASSETS</b>  |      |                             |                                 |
| Stores, spares and loose tools   |      | 111,521,084                 | 72,608,693                      |
| Stock-in-trade   |      | 2,186,576,576               | 1,394,729,330                   |
| Trade debtors  |      | 848,027,996                 | 945,111,856                     |
| Advances, deposits, prepayments<br>and other receivables                               |      | 912,150,256                 | 712,923,170                     |
| Short term investment  |      | 633,858,547                 | 109,148,931                     |
| Cash and bank balances   |      | 91,640,922                  | 20,907,777                      |
|  |      | 4,783,775,381               | 3,255,429,757                   |
|  |      | 8,170,417,265               | 6,297,218,212                   |

The annexed notes form an integral part of these accounts.

Place: Lahore  
Date: May 21, 2005

Chief Executive

Director

## PROFIT AND LOSS ACCOUNT (Unaudited)

for the half year ended March 31, 2005

|                                      | Note | Quarter Ended<br>March 31,<br>2005<br>Rupees | Six Months Ended<br>March 31,<br>2005<br>Rupees | Quarter Ended<br>March 31,<br>2004<br>Rupees | Six Months Ended<br>March 31,<br>2004<br>Rupees |
|--------------------------------------|------|--|---|--|---|
| SALES - Net                          |      | 828,095,245                                  | 1,505,999,428                                   | 782,198,297                                  | 1,368,096,299                                   |
| COST OF SALES                        | 11   | 576,645,594                                  | 1,042,609,963                                   | 627,478,180                                  | 1,046,686,677                                   |
| GROSS PROFIT                         |      | 251,449,651                                  | 463,389,465                                     | 154,720,117                                  | 321,409,622                                     |
| ADMINISTRATIVE AND                   |      |  |   |  |   |
| SELLING EXPENSES                     |      | 82,079,983                                   | 140,988,627                                     | 46,750,014                                   | 81,334,581                                      |
| OPERATING PROFIT                     |      | 169,369,668                                  | 322,400,838                                     | 107,970,103                                  | 240,075,041                                     |
| OTHER INCOME                         |      | 49,057,455                                   | 74,407,423                                      | 219,011                                      | 351,244   |
|                                      |      | 218,427,123                                  | 396,808,261                                     | 108,189,114                                  | 240,426,285                                     |
| OTHER CHARGES                        |      |  |   |  |   |
| Financial charges                    |      | 53,476,939                                   | 91,329,558                                      | 25,859,701                                   | 57,872,481                                      |
| Miscellaneous                        |      | 340,000                                      | 340,000   | -  | -   |
| Workers' (Profit) Participation Fund |      | 8,247,509                                    | 15,273,935                                      | -  | -   |
|                                      |      | 62,064,448                                   | 106,943,493                                     | 25,859,701                                   | 57,872,481                                      |
| PROFIT BEFORE TAXATION               |      | 156,362,675                                  | 289,864,768                                     | 82,329,413                                   | 182,553,804                                     |
| PROVISION FOR TAXATION               |      |  |   |  |   |
| Current                              |      | 6,141,175                                    | 13,000,000                                      | 3,574,780                                    | 8,500,000                                       |
| PROFIT AFTER TAXATION                |      | 150,221,500                                  | 276,864,768                                     | 78,754,633                                   | 174,053,804                                     |
| EARNINGS PER SHARE - BASIC           |      | 1.50   | 2.74  | 0.91   | 2.00  |
| - DILUTED                            |      | 1.33   | 2.44  |  |   |

The annexed notes form an integral part of these accounts.

Place: Lahore

Chief Executive

Director

Date: May 21, 2005

## CASH FLOW STATEMENT (Unaudited)

for the half year ended March 31, 2005

|  | March 31,<br>2005<br>Rupees | March 31,<br>2004<br>Rupees |
|--|-----------------------------|-----------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>              |                             |                             |
| Profit before taxation                                     | 289,864,768                 | 182,553,804                 |
| Items not involving movement of funds                      | 134,287,312                 | 134,327,860                 |
| Long term deposits and deferred cost                       | (6,372,995)                 | (21,048,162)                |
| Operating profit before changes in working capital         | 417,779,085                 | 295,833,502                 |
| Changes in working capital                                 | (259,013,312)               | (294,978,364)               |
| Operating profit after changes in working capital          | 158,765,773                 | 855,138                     |
| Financial charges paid                                     | (71,306,980)                | (52,600,433)                |
| Taxes paid   | (15,908,982)                | (7,836,892)                 |
| Dividend paid  | (36,142,447)                | (269)                       |
| NET CASH IN/(OUT) FLOW FROM<br>OPERATING ACTIVITIES        | <u>35,407,364</u>           | <u>(59,582,456)</u>         |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>              |                             |                             |
| Fixed capital expenditures                                 | (445,801,376)               | (462,725,746)               |
| Intangible assets  | (1,407,126)                 | -                           |
| Sale proceed of fixed assets                               | 1,181,059                   | -                           |
| Sale proceed of short term Investments                     | 1,961,245                   | 276,480                     |
| Purchase of long term Investments                          | -                           | (10,000)                    |
| Purchase of short term Investments                         | (456,086,244)               | -                           |
| NET CASH USED IN INVESTING ACTIVITIES                      | <u>(900,152,442)</u>        | <u>(462,459,266)</u>        |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>              |                             |                             |
| Redeemable Capital   | (50,000,000)                | 59,920,646                  |
| Finance lease liabilities-net                              | (34,277,499)                | (33,618,100)                |
| Long term deposits   | (5,681,012)                 | (111,708)                   |
| Short term finances-net                                    | 1,025,436,734               | 503,610,799                 |
| NET CASH FLOW FROM FINANCING ACTIVITIES                    | <u>935,478,223</u>          | <u>529,801,637</u>          |
| NET INCREASE IN CASH AND CASH<br>EQUIVALENTS (A+B+C)       | 70,733,145                  | 7,759,915                   |
| CASH AND CASH EQUIVALENT AT THE<br>BEGINNING OF THE PERIOD | 20,907,777                  | 21,601,750                  |
| CASH AND CASH EQUIVALENT AT THE<br>END OF THE PERIOD       | <u>91,640,922</u>           | <u>29,361,665</u>           |

The annexed notes form an integral part of these accounts.

Place: Lahore  
Date: May 21, 2005

Chief Executive

Director



## STATEMENT OF CHANGES IN EQUITY (Unaudited)

for the half year ended March 31, 2005

|   | Share Capital<br>Issued,<br>subscribed and<br>paid-up | Share<br>premium | Reserve on<br>merger | Reserves                                  |   |  |               | Unappropriated<br>Profit | Total<br>equity | Surplus on<br>revaluation of<br>fixed assets |
|---|---|------------------|----------------------|---|---|--|---------------|--------------------------|-----------------|--|
|   |   |                  |                      | Preference share<br>redemption<br>reserve | Surplus on<br>revaluation of<br>investments | Surplus on<br>revaluation of<br>fixed assets | Total         |                          |                 |  |
| R U P E E S   |   |                  |                      |   |   |  |               |                          |                 |  |
| Balance as at September 30, 2003  | 888,654,340   | 143,675,125      | 105,152,005          | -   | 2,215,724                                   | -  | 161,710,634   | 1,281,407,828            | 330,249,524     | -  |
| Profit for the period   | -   | -                | -                    | -   | -   | -  | 174,053,804   | 174,053,804              | -               | -  |
| Surplus on revaluation of fixed assets transferred to retained earnings during the period | -   | -                | -                    | -   | -   | -  | 11,842,507    | 11,842,507               | 11,842,507      | (11,842,507)                                 |
| Revaluation of investments  | -   | -                | -                    | -   | (1,620,264)                                 | -  | -             | -                        | -               | (1,620,264)                                  |
| Balance as at March 31, 2004  | 888,654,340   | 143,675,125      | 105,152,005          | -   | 595,460                                     | -  | 347,806,945   | 1,465,683,875            | 318,407,017     | -  |
| Profit for the period   | -   | -                | -                    | -   | -   | -  | 201,208,531   | 201,208,531              | -               | -  |
| Preference shares issued  | 888,654,340   | -                | -                    | -   | -   | -  | -             | 888,654,340              | -               | -  |
| Surplus on revaluation of fixed assets transferred to retained earnings during the period | -   | -                | -                    | -   | -   | -  | 11,842,506    | 11,842,506               | 11,842,506      | (11,842,506)                                 |
| Preference shares redemption reserve  | -   | -                | -                    | 150,000,000                               | -   | -  | (150,000,000) | -                        | -               | -  |
| Expenses incurred on issue of preference shares   | -   | (37,241,757)     | -                    | -   | -   | -  | (37,241,757)  | (37,241,757)             | -               | -  |
| Revaluation of investments  | -   | -                | -                    | -   | (38,592)                                    | -  | -             | (38,592)                 | -               | -  |
| Balance as at September 30, 2004  | 1,737,308,680   | 106,433,368      | 105,152,005          | 150,000,000                               | 556,868                                     | -  | 410,657,982   | 2,510,108,903            | 306,564,511     | -  |
| Profit for the period   | -   | -                | -                    | -   | -   | -  | 276,864,768   | 276,864,768              | -               | -  |
| Surplus on revaluation of fixed assets transferred to retained earnings during the period | -   | -                | -                    | -   | -   | -  | 7,274,364     | 7,274,364                | 7,274,364       | (7,274,364)                                  |
| Preference shares redemption reserve  | -   | -                | -                    | 25,000,000                                | -   | -  | (25,000,000)  | -                        | -               | -  |
| Expenses incurred on issue of preference shares   | -   | (5,389,663)      | -                    | -   | -   | -  | (5,389,663)   | (5,389,663)              | -               | -  |
| Dividend  | -   | -                | -                    | -   | -   | -  | (86,865,434)  | (86,865,434)             | -               | -  |
| Balance as at March 31, 2005  | 1,737,308,680   | 101,063,705      | 105,152,005          | 175,000,000                               | 556,868                                     | -  | 582,931,680   | 2,702,012,938            | 299,290,147     | -  |

The annexed notes form an integral part of these accounts.

Place: Lahore

Date: May 21, 2005

Chief Executive

Director

AZGARD NINE LIMITED

## NOTES TO THE ACCOUNTS (Un-audited)

for the half year ended March 31, 2005

### 1. STATUS AND ACTIVITIES

Azgard Nine Limited (The Company) was incorporated in Pakistan as a public limited company and its shares are quoted at Karachi Stock Exchange (Guarantee) Limited. The company is a composite spinning, weaving, dyeing and stitching unit engaged in the manufacturing of yarn, denim and denim products.

### 2. ACCOUNTING POLICIES

2.1 The accounting policies adopted for preparation of the half yearly accounts for the period ended March 31, 2005 are the same as adopted in the preceding annual published accounts of the company.

2.2 All material inter-company balances, transactions and resulting unrealised profits/losses have been eliminated.

### 3. BASIS OF PREPARATION

3.1 These half yearly accounts are un-audited and are being submitted to the shareholders, as required under section 245 of the Companies Ordinance 1984 and also conform to the disclosure requirement of International Accounting Standard IAS 34.

3.2 A limited scope review of these interim financial statements has been performed by the auditors of the company in accordance with the clause (xxi) of the Code of Corporate Governance and they have issued their review report thereon.

|   | March 31,<br>2005<br>Rupees | September 30,<br>2004<br>Rupees |
|---|-----------------------------|---------------------------------|
| <b>4. SHARE CAPITAL</b>   |                             |                                 |
| Authorised Capital  |                             |                                 |
| 300,000,000 (2004: 300,000,000)<br>ordinary shares of Rs.10/- each  | <u>3,000,000,000</u>        | <u>3,000,000,000</u>            |
| Issued, subscribed and paid up capital                              |                             |                                 |
| 86,865,434 (2004: 86,865,434)<br>ordinary shares of Rs.10/- each    | 868,654,340                 | 868,654,340                     |
| 86,865,434 (2004: 86,865,434)<br>Preference shares of Rs. 10/- each |                             |                                 |
| Fully paid in cash (2004: 86,865,434)                               | <u>868,654,340</u>          | <u>868,654,340</u>              |
|   | <u>1,737,308,680</u>        | <u>1,737,308,680</u>            |

### 5. SHORT TERM FINANCES

At the end of the period, the company has aggregate funded and unfunded facilities available of Rs. 3,825 million. These have been obtained from banking companies and financial institutions at the mark-up rates ranging from 2.55% to 10% and are secured against current assets of the company and personal guarantees of the directors.

### 6. DIVIDEND

The company has paid 10% cash dividend i.e. Rs.1 per ordinary share duly approved by the shareholders in last Annual General Meeting held on January 31, 2005. Total amount of cash dividend payable was Rs.86,865,434 whose outstanding amount has been accounted for as liability in these interim financial statements.

**NOTES TO THE ACCOUNTS (Un-audited)**  
for the half year ended March 31, 2005

7. DEFERRED TAXATION

The export sales (including indirect exports) during the half year ended March 31, 2005 achieved the threshold of presumptive tax. Accordingly, no provision for deferred tax has been made.

8. CONTINGENCIES AND COMMITMENTS

- 8.1 The Company imported textile machinery availing exemption from customs duty and sales tax on importation thereof under various S.R.O.'s. The claim subject to fulfilment of certain conditions aggregated Rs.93 million (2004:Rs.68 million).
- 8.2 Commitments against irrevocable letters of credit outstanding as at March 31, 2005 were for Rs.974 million (2004: Rs.300 million).
- 8.3 All other contingency and commitment status is same as disclosed in latest annual accounts.

|   | March 31,<br>2005<br>Rupees | September 30,<br>2004<br>Rupees |
|---|-----------------------------|---------------------------------|
| <b>9. OPERATING FIXED ASSETS- Tangible</b>                  |                             |                                 |
| Book Value as on October 1st, 2004                          | 2,847,936,402               | 2,251,337,991                   |
| Additions during the period / year:                         |                             |                                 |
| Freehold land   | 18,831,350                  | 68,470,000                      |
| Building  | 16,334,508                  | 54,213,418                      |
| Plant and machinery   | 182,198,855                 | 599,608,268                     |
| Electric installations                                      | 8,017,528                   | 25,253,657                      |
| Tools and equipment   | 5,202,560                   | 986,319                         |
| Furniture and fixtures                                      | 2,719,978                   | 2,945,141                       |
| Office Equipment  | 9,495,339                   | 19,439,325                      |
| Vehicles  | 207,145                     | 4,599,307                       |
|   | 243,007,263                 | 775,515,435                     |
| Book values of assets disposed-off during the period / year | (930,928)                   | (1,012,800)                     |
| Depreciation charge for the period / year                   | (101,120,323)               | (170,505,791)                   |
| Capitalized during the period / year                        | -                           | (7,398,433)                     |
| Closing book value  | 2,988,892,414               | 2,847,936,402                   |
| <b>10. CAPITAL WORK IN PROGRESS</b>                         |                             |                                 |
| Civil Work  | 55,595,036                  | 22,060,697                      |
| Plant & machinery   | 227,285,483                 | 62,231,641                      |
| Others  | 4,205,932                   | -                               |
|   | 287,086,451                 | 84,292,338                      |

## NOTES TO THE ACCOUNTS (Un-audited)

for the half year ended March 31, 2005

### 11. COST OF SALES

|   | Quarter<br>Ended<br>March 31,<br>2005<br>Rupees | Six Months<br>Ended<br>March 31,<br>2005<br>Rupees | Quarter<br>Ended<br>March 31,<br>2004<br>Rupees | Six Months<br>Ended<br>March 31,<br>2004<br>Rupees |
|---|---|--|---|--|
| Raw materials and other direct materials consumed | 270,552,574                                     | 621,720,079  | 400,365,739                                     | 737,674,185  |
| Salaries, wages and benefits                      | 79,849,022                                      | 162,269,477  | 51,675,726                                      | 117,535,571  |
| Power and fuel                                    | 68,226,265                                      | 116,310,985  | 36,370,401                                      | 91,697,242   |
| Stores and spare parts consumed - net             | 37,217,097                                      | 56,296,534   | 1,130,307                                       | 30,267,863   |
| Travelling, conveyance and entertainment          | 3,302,441                                       | 11,786,603   | 5,279,352                                       | 8,427,141  |
| Rent, rates and taxes                             | 285,583   | 1,589,251  | 399,944   | 831,805  |
| Insurance   | 3,897,610                                       | 4,382,886  | 1,412,368                                       | 3,504,877  |
| Repairs and maintenance                           | 10,881,387                                      | 13,187,307   | 1,031,538                                       | 3,610,424  |
| Yarn processing charges                           | 389,484   | 6,610,036  | 462,539   | 7,011,849  |
| Depreciation                                      | 56,641,554                                      | 103,606,859  | 31,462,890                                      | 67,587,827   |
| Printing and stationery                           | 2,456,114                                       | 2,475,767  | 228,370   | 322,034  |
| Communications                                    | 405,257   | 1,146,668  | 721,687   | 1,066,942  |
| Others  | 823,894   | 3,415,306  | 846,015   | 1,217,612  |
|   | 534,928,282                                     | 1,104,797,758                                      | 531,386,876                                     | 1,070,755,372                                      |
| Adjustment of work in process                     | (6,132,320)                                     | (72,103,174)                                       | 1,028,337                                       | (2,614,868)  |
| Cost of goods manufactured                        | 528,795,962                                     | 1,032,694,584                                      | 532,415,213                                     | 1,068,140,504                                      |
| Adjustment of finished goods                      | 47,849,632                                      | 9,915,379  | 95,062,967                                      | (21,453,827)                                       |
| Cost of sales                                     | 576,645,594                                     | 1,042,609,963                                      | 627,478,180                                     | 1,046,686,677                                      |

### 12. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of related group companies, staff retirement funds, directors and key management personnel. Transactions with related parties other than remuneration, retirement benefits and other benefits to key management personnel under the term of their employment are as under:

|   | March 31,<br>2005<br>Rupees | September 30,<br>2004<br>Rupees |
|---|-----------------------------|---------------------------------|
| <b>TRANSACTIONS</b>                                 |                             |                                 |
| - Payments made for Placements of Preference shares | -                           | 11,398,925                      |
| - Mark-up paid                                      | -                           | 1,485,066                       |
| - Sales   | 8,103,013                   | -                               |
| - Purchase  | 986,521                     | -                               |

The company continues to have a policy whereby all transactions with related parties and associated undertakings are entered into at arm's length price.

### 13. DATE OF AUTHORISATION FOR ISSUE

These interim financial statements were authorised for issue on May 21, 2005 by the Board of Directors of the company.

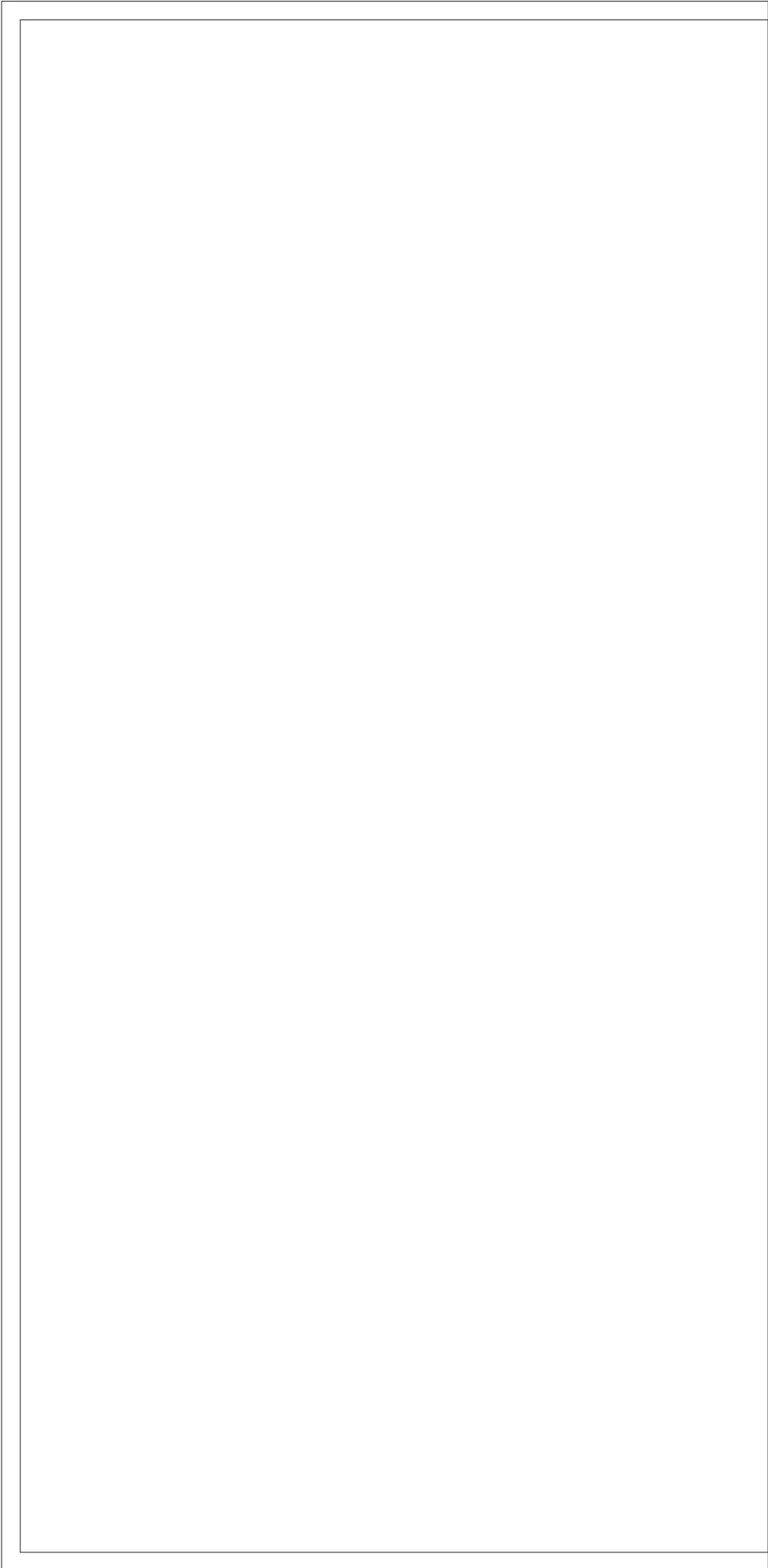
### 14. FIGURES

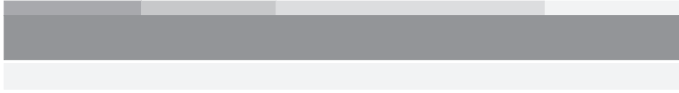
- Comparative figures relating to balance sheet are of previous year and those of profit and loss account and cash flow statement are of corresponding quarter of previous year.
- have been rearranged to facilitate comparison, however no material re-arrangement has been made in these accounts.
- in the accounts have been rounded off nearest to rupee.

Place: Lahore  
Date: May 21, 2005

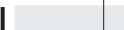
Chief Executive

Director





# CONSOLIDATED FINANCIAL STATEMENTS



## CONSOLIDATED BALANCE SHEET (Unaudited)

as at March 31, 2005

|  | Note | March 31,<br>2005<br>Rupees | September 30,<br>2004<br>Rupees |
|--|------|-----------------------------|---------------------------------|
| <b>CAPITAL AND RESERVES</b>                                    |      |                             |                                 |
| Authorised Capital   |      | <u>3,000,000,000</u>        | <u>3,000,000,000</u>            |
| Share Capital  | 5    | 1,737,308,680               | 1,737,308,680                   |
| Reserves   |      | 381,772,578                 | 362,142,241                     |
| Unappropriated profit  |      | <u>584,823,723</u>          | <u>412,399,663</u>              |
|  |      | 2,703,904,981               | 2,511,850,584                   |
| <b>MINORITY INTEREST</b>                                       |      |                             |                                 |
|  |      | 2,752,678                   | 2,742,560                       |
| <b>SURPLUS ON REVALUATION OF<br/>FIXED ASSETS</b>              |      |                             |                                 |
|  |      | 299,290,147                 | 306,564,511                     |
| <b>NON-CURRENT LIABILITIES</b>                                 |      |                             |                                 |
| <b>LONG TERM FINANCES - Secured</b>                            |      |                             |                                 |
|  |      | 635,420,000                 | 750,000,000                     |
| <b>LIABILITIES AGAINST ASSETS<br/>SUBJECT TO FINANCE LEASE</b> |      |                             |                                 |
|  |      | 91,317,690                  | 116,503,819                     |
| <b>LONG TERM DEPOSITS</b>                                      |      |                             |                                 |
|  |      | 6,828,741                   | 1,147,729                       |
| <b>CURRENT LIABILITIES</b>                                     |      |                             |                                 |
| Current portion of:  |      |                             |                                 |
| Long term finances - secured                                   |      | 364,580,000                 | 300,000,000                     |
| Liabilities against assets subject<br>to finance lease         |      | 53,990,511                  | 63,081,881                      |
| Short term finances  | 6    | 2,518,349,626               | 1,492,909,892                   |
| Creditors, accruals and other liabilities                      |      | 1,470,386,889               | 701,845,741                     |
| Provision for taxation   |      | 77,824,871                  | 64,824,871                      |
| Dividend   | 7    | 50,818,402                  | 95,414                          |
|  |      | 4,535,950,299               | 2,622,757,799                   |
| <b>CONTINGENCIES AND COMMITMENTS</b>                           |      |                             |                                 |
|  | 9    | <u>8,275,464,536</u>        | <u>6,311,567,002</u>            |
| <b>NON-CURRENT ASSETS</b>                                      |      |                             |                                 |
| <b>FIXED ASSETS</b>  |      |                             |                                 |
| <b>OPERATING ASSETS</b>  |      |                             |                                 |
|  | 10   | 2,993,832,104               | 2,847,936,402                   |
| <b>CAPITAL WORK IN PROGRESS</b>                                |      |                             |                                 |
|  | 11   | 287,086,451                 | 89,759,126                      |
|  |      | 3,280,918,555               | 2,937,695,528                   |
| <b>INTANGIBLE ASSETS</b>                                       |      |                             |                                 |
|  |      | 83,424,886                  | 88,375,589                      |
| <b>LONG TERM INVESTMENTS</b>                                   |      |                             |                                 |
|  |      | 1,033,886                   | 1,015,576                       |
| <b>LONG TERM DEPOSITS</b>                                      |      |                             |                                 |
|  |      | 24,890,825                  | 18,517,830                      |
| <b>CURRENT ASSETS</b>  |      |                             |                                 |
| Stores, spares and loose tools                                 |      | 111,521,084                 | 72,608,693                      |
| Stock-in-trade   |      | 2,211,984,810               | 1,425,586,819                   |
| Trade debtors  |      | 924,029,464                 | 924,208,356                     |
| Advances, deposits, prepayments<br>and other receivables       |      | 912,150,256                 | 713,461,070                     |
| Short term investment  |      | 633,858,547                 | 109,148,931                     |
| Cash and bank balances   |      | 91,652,223                  | 20,948,610                      |
|  |      | 4,885,196,384               | 3,265,962,479                   |
|  |      | <u>8,275,464,536</u>        | <u>6,311,567,002</u>            |

The annexed notes form an integral part of these accounts.

Place: Lahore  
Date: May 21, 2005

Chief Executive

Director

## CONSOLIDATED PROFIT AND LOSS ACCOUNT (Unaudited)

for the half year ended March 31, 2005

|   | Note | Quarter Ended | Six Months Ended | Quarter Ended | Six Months Ended |
|---|------|---------------|------------------|---------------|------------------|
|   |      | March 31,     | March 31,        | March 31,     | March 31,        |
|   |      | 2005          | 2005             | 2004          | 2004             |
|   |      | Rupees        | Rupees           | Rupees        | Rupees           |
| SALES - Net                               |      | 831,154,236   | 1,524,166,682    | 782,198,297   | 1,368,096,299    |
| COST OF SALES                             | 12   | 579,297,965   | 1,059,145,211    | 627,478,180   | 1,046,686,677    |
| GROSS PROFIT                              |      | 251,856,271   | 465,021,471      | 154,720,117   | 321,409,622      |
| ADMINISTRATIVE AND                        |      |               |                  |               |                  |
| SELLING EXPENSES                          |      | 83,171,988    | 142,360,466      | 46,750,014    | 81,334,581       |
| OPERATING PROFIT                          |      | 168,684,283   | 322,661,005      | 107,970,103   | 240,075,041      |
| OTHER INCOME                              |      | 49,057,455    | 74,407,423       | 219,011       | 351,244          |
|   |      | 217,741,738   | 397,068,428      | 108,189,114   | 240,426,285      |
| OTHER CHARGES                             |      |               |                  |               |                  |
| Financial charges                         |      | 53,476,939    | 91,329,558       | 25,859,701    | 57,872,481       |
| Miscellaneous                             |      | 340,000       | 340,000          | -             | -                |
| Workers' (Profit) Participation Fund      |      | 8,247,509     | 15,273,935       | -             | -                |
|   |      | 62,064,448    | 106,943,493      | 25,859,701    | 57,872,481       |
| PROFIT BEFORE TAXATION                    |      | 155,677,290   | 290,124,935      | 82,329,413    | 182,553,804      |
| PROVISION FOR TAXATION                    |      |               |                  |               |                  |
| Current                                   |      | 6,141,175     | 13,000,000       | 3,574,780     | 8,500,000        |
| PROFIT AFTER TAXATION                     |      | 149,536,115   | 277,124,935      | 78,754,633    | 174,053,804      |
| Minority Interest                         |      | (353,515)     | 109,805          | -             | -                |
| PROFIT ATTRIBUTABLE TO<br>HOLDING COMPANY |      | 149,889,630   | 277,015,130      | 78,754,633    | 174,053,804      |
| EARNING PER SHARE - BASIC                 |      | 1.50          | 2.74             |               |                  |
| - DILUTED                                 |      | 1.33          | 2.44             |               |                  |

The annexed notes form an integral part of these accounts.

Place: Lahore  
Date: May 21, 2005

Chief Executive

Director



## CONSOLIDATED CASH FLOW STATEMENT (Unaudited)

for the half year ended March 31, 2005

|  | March 31,<br>2005<br>Rupees | March 31,<br>2004<br>Rupees |
|--|-----------------------------|-----------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                      |                             |                             |
| Profit before taxation   | 290,124,935                 | 182,553,804                 |
| Items not involving movement of funds                              | 134,287,312                 | 134,327,860                 |
| Long term deposits and deferred cost                               | (6,035,697)                 | (21,048,162)                |
| Operating profit before changes in working capital                 | 418,376,550                 | 295,833,502                 |
| Changes in working capital   | (258,280,304)               | (294,978,364)               |
| Operating profit after changes in working capital                  | 160,096,246                 | 855,138                     |
| Financial charges paid   | (71,306,981)                | (52,600,433)                |
| Taxes paid   | (15,908,982)                | (7,836,892)                 |
| Dividend paid  | (36,142,447)                | (269)                       |
| <b>NET CASH IN/(OUT) FLOW FROM<br/>OPERATING ACTIVITIES</b>        | <b><u>36,737,836</u></b>    | <b><u>(59,582,456)</u></b>  |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                      |                             |                             |
| Fixed capital expenditures   | (445,310,825)               | (462,725,746)               |
| Intangible assets  | (1,407,126)                 | -                           |
| Sale Proceed of fixed assets                                       | 1,181,059                   | -                           |
| Sale proceed of short term Investments                             | 1,961,245                   | 276,480                     |
| Purchase of long term Investments                                  | -                           | (10,000)                    |
| Purchase of short term Investments                                 | (457,948,100)               | -                           |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                       | <b><u>(901,523,747)</u></b> | <b><u>(462,459,266)</u></b> |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                      |                             |                             |
| Redeemable Capital   | (50,000,000)                | 59,920,646                  |
| Finance lease liabilities-net                                      | (34,277,499)                | (33,618,100)                |
| Long term deposits   | (5,681,012)                 | (111,708)                   |
| Short term finances-net  | 1,025,436,734               | 503,610,799                 |
| <b>NET CASH IN FLOW FROM FINANCING ACTIVITIES</b>                  | <b><u>935,478,223</u></b>   | <b><u>529,801,637</u></b>   |
| <b>NET INCREASE IN CASH AND<br/>CASH EQUIVALENTS (A+B+C)</b>       | <b>70,692,312</b>           | <b>7,759,915</b>            |
| <b>CASH AND CASH EQUIVALENT AT THE<br/>BEGINNING OF THE PERIOD</b> | <b>20,959,911</b>           | <b>21,601,750</b>           |
| <b>CASH AND CASH EQUIVALENT AT THE<br/>END OF THE PERIOD</b>       | <b><u>91,652,223</u></b>    | <b><u>29,361,665</u></b>    |

The annexed notes form an integral part of these accounts.

Place: Lahore  
Date: May 21, 2005

Chief Executive

Director

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

for the half year ended March 31, 2005

|   | Share Capital<br>Issued,<br>subscribed and<br>paid-up | Share<br>premium | Reserve on<br>merger | Preference share<br>redemption<br>reserve | Reserves                                    |  |              |               | Unappropriated<br>Profit | Total<br>equity | Surplus on<br>revaluation of<br>fixed assets |
|---|---|------------------|----------------------|---|---|--|--------------|---------------|--------------------------|-----------------|--|
|   |   |                  |                      |   | Surplus on<br>revaluation of<br>investments | Surplus on<br>revaluation of<br>fixed assets | Total        | R U P E E S   |                          |                 |  |
| Balance as at September 30, 2003  | 868,654,340   | 143,675,125      | 105,152,005          | -   | -   | 2,215,724                                    | -            | 161,710,634   | 1,281,407,828            | 330,249,524     |  |
| Profit for the year   | -   | -                | -                    | -   | -   | -  | -            | 174,053,804   | 174,053,804              | -               |  |
| Surplus on revaluation of fixed assets transferred to retained earnings during the year   | -   | -                | -                    | -   | -   | -  | -            | 11,842,507    | 11,842,507               | (11,842,507)    |  |
| Revaluation of investments  | -   | -                | -                    | -   | (1,620,264)                                 | -  | -            | -             | (1,620,264)              | -               |  |
| Balance as at March 31, 2004  | 868,654,340   | 143,675,125      | 105,152,005          | -   | -   | 595,460                                      | 249,422,590  | 347,606,945   | 1,465,683,875            | 318,407,017     |  |
| Profit for the period   | -   | -                | -                    | -   | -   | -  | -            | 202,950,212   | 202,950,212              | -               |  |
| Preference shares issued  | 868,654,340   | -                | -                    | -   | -   | -  | -            | -             | 868,654,340              | -               |  |
| Surplus on revaluation of fixed assets transferred to retained earnings during the period | -   | -                | -                    | -   | -   | -  | -            | 11,842,506    | 11,842,506               | (11,842,506)    |  |
| Preference shares redemption reserve  | -   | -                | -                    | 150,000,000                               | -   | -  | 150,000,000  | (150,000,000) | -                        | -               |  |
| Expenses incurred on issue of preference shares   | -   | (37,241,757)     | -                    | -   | -   | -  | (37,241,757) | -             | (37,241,757)             | -               |  |
| Revaluation of investments  | -   | -                | -                    | -   | -   | (38,592)                                     | (38,592)     | -             | (38,592)                 | -               |  |
| Balance as at September 30, 2004  | 1,737,308,680   | 106,433,368      | 105,152,005          | 150,000,000                               | -   | 556,868                                      | 362,142,241  | 412,399,663   | 2,511,850,584            | 306,564,511     |  |
| Profit for the period   | -   | -                | -                    | -   | -   | -  | -            | 277,015,130   | 277,015,130              | -               |  |
| Surplus on revaluation of fixed assets transferred to retained earnings during the period | -   | -                | -                    | -   | -   | -  | -            | 7,274,364     | 7,274,364                | (7,274,364)     |  |
| Preference shares redemption reserve  | -   | -                | -                    | 25,000,000                                | -   | -  | 25,000,000   | (25,000,000)  | -                        | -               |  |
| Expenses incurred on issue of preference shares   | -   | (5,369,663)      | -                    | -   | -   | -  | (5,369,663)  | -             | (5,369,663)              | -               |  |
| Dividend  | -   | -                | -                    | -   | -   | -  | -            | (86,865,434)  | (86,865,434)             | -               |  |
| Balance as at March 31, 2005  | 1,737,308,680   | 101,063,705      | 105,152,005          | 175,000,000                               | -   | 556,868                                      | 381,772,578  | 584,823,723   | 2,703,904,981            | 299,290,147     |  |

The annexed notes form an integral part of these accounts.

Place: Lahore

Date: May 21, 2005

Chief Executive

Director

AZGARD NINE LIMITED

## NOTES TO THE CONSOLIDATED ACCOUNTS (Un-audited)

for the half year ended March 31, 2005

### 1. STATUS AND ACTIVITIES

Azgard Nine Limited (The Company) was incorporated in Pakistan as a public limited company and its shares are quoted at Karachi Stock Exchange (Guarantee) Limited. The company is a composite spinning, dyeing and stitching unit engaged in the manufacturing of yarn, denim and denim products.

Nafees International Tekstil Sanayi Ve Ticaret Anonim Sirketi: represents sale of denim and denim products. The company was incorporated in Turkey, whose principal activity is sale of denim and denim products.

### 2. ACCOUNTING POLICIES

2.1 The accounting policies adopted for preparation of the half year accounts for the half year ended March 31, 2005 are the same as adopted in the preceding annual published accounts of the Company.

2.2 The consolidated interim financial statements include the accounts of the Azgard Nine Ltd. and its foreign subsidiary.

The financial statements of subsidiary company has been consolidated on line by line basis from the date control commenced.

2.3 All material inter-company balances, transactions and resulting unrealised profits/losses have been eliminated.

2.4 Comparative amounts for the corresponding year relate to Azgard operations only.

### 3. BASIS OF PREPARATION

3.1 These half yearly accounts are un-audited and are being submitted to the shareholders, as required under section 245 of the Companies Ordinance 1984, and also conform to the disclosure requirement of International Accounting Standard, IAS 34.

3.2 A limited scope review of these interim financial statements has been performed by the auditors of the company in accordance with the clause (xxi) of the Code of Corporate Governance and they have issued their review report thereon.

### 4. PRINCIPLES OF CONSOLIDATION

These consolidated interim financial statements include Azgard Nine Ltd. (The Company) and Nafees international (The Subsidiary) in which the company holds 51% of voting rights. Companies are consolidated as from the date control commenced.

|  | March 31,<br>2005<br>Rupees | September 30,<br>2004<br>Rupees |
|--|-----------------------------|---------------------------------|
| <b>5. SHARE CAPITAL</b>  |                             |                                 |
| Authorised Capital   |                             |                                 |
| 300,000,000 (2004: 300,000,000)<br>ordinary shares of Rs.10/- each                         | <u>3,000,000,000</u>        | <u>3,000,000,000</u>            |
| Issued, subscribed and paid up capital   |                             |                                 |
| 86,865,434 (2004: 86,865,434)<br>ordinary shares of Rs.10/- each                           | 868,654,340                 | 868,654,340                     |
| 86,865,434 (2004: 86,865,434)<br>Preference Shares of Rs. 10/- each.<br>Fully paid in cash | <u>868,654,340</u>          | <u>868,654,340</u>              |
|  | <u>1,737,308,680</u>        | <u>1,737,308,680</u>            |

## NOTES TO THE CONSOLIDATED ACCOUNTS (Un-audited)

for the half ended March 31, 2005

### 6. SHORT TERM FINANCES

At the end of the period, the company has aggregate funded and unfunded facilities available of Rs. 3,825 million. These have been obtained from banking companies and financial institutions at the mark-up rates ranging from 2.55% to 10% and are secured against current assets of the company and personal guarantees of the directors.

### 7. DIVIDEND

The company has paid 10% cash dividend i.e. Rs.1 per ordinary share duly approved by the shareholders in last Annual General Meeting held on January 31, 2005. Total amount of cash dividend paid was Rs.86,865,434 whose outstanding amount has been accounted for as liability in these interim financial statements.

### 8. DEFERRED TAXATION

The export sales (including indirect exports) during the half year ended March 31, 2005 achieved the threshold of presumptive tax. Accordingly, no provision for deferred tax has been made.

### 9. CONTINGENCIES AND COMMITMENTS

9.1 The Company imported textile machinery availing exemption from customs duty and sales tax on importation thereof under various S.R.O.'s. The claim subject to fulfilment of certain conditions aggregated Rs.93 million (2004:Rs.68 million).

9.2 Commitments against irrevocable letters of credit outstanding as at March 31, 2005 were for Rs.974 million (2004:Rs.300 million).

9.3 All other contingency and commitment status is same as disclosed in latest annual accounts.

|   | March 31,<br>2005<br>Rupees | September 30,<br>2004<br>Rupees |
|---|-----------------------------|---------------------------------|
| <b>10. OPERATING FIXED ASSETS - Tangible</b>                |                             |                                 |
| Book Value as on October 1st, 2004                          | 2,847,936,402               | 2,251,337,991                   |
| Additions during the period / year:                         |                             |                                 |
| Freehold land   | 23,871,850                  | 68,470,000                      |
| Building  | 16,334,508                  | 54,213,418                      |
| Plant and machinery   | 182,198,855                 | 599,608,268                     |
| Electric installations                                      | 8,017,528                   | 25,253,657                      |
| Tools and equipment   | 5,202,560                   | 986,319                         |
| Furniture and fixtures                                      | 2,719,978                   | 2,945,141                       |
| Office Equipment  | 9,495,339                   | 19,439,325                      |
| Vehicles  | 207,145                     | 4,599,307                       |
|   | 248,047,763                 | 775,515,435                     |
| Book values of assets disposed-off during the period / year | (930,928)                   | (1,012,800)                     |
| Depreciation charge for the period / year                   | (101,221,133)               | (170,505,791)                   |
| Capitalized during the period / year                        | -                           | (7,398,433)                     |
| Closing book value  | 2,993,832,104               | 2,847,936,402                   |
| <b>11. CAPITAL WORK IN PROGRESS</b>                         |                             |                                 |
| Civil Work  | 55,595,036                  | 27,527,485                      |
| Plant & machinery   | 227,285,483                 | 62,231,641                      |
| Others  | 4,205,932                   | -                               |
|   | 287,086,451                 | 89,759,126                      |

## NOTES TO THE CONSOLIDATED ACCOUNTS (Un-audited)

for the half year ended March 31, 2005

### 12. COST OF SALES

|   | Quarter<br>Ended<br>March 31,<br>2005<br>Rupees | Six Months<br>Ended<br>March 31,<br>2005<br>Rupees | Quarter<br>Ended<br>March 31,<br>2004<br>Rupees | Six Months<br>Ended<br>March 31,<br>2004<br>Rupees |
|---|---|--|---|--|
| Raw materials and other direct materials consumed | 272,674,472                                     | 634,948,278  | 400,365,739                                     | 737,674,185  |
| Salaries, wages and benefits                      | 80,114,258                                      | 163,923,002  | 51,675,726                                      | 117,535,571  |
| Power and fuel                                    | 68,226,265                                      | 116,310,985  | 36,370,401                                      | 91,697,242   |
| Stores and spare parts consumed - net             | 37,217,097                                      | 56,296,534   | 1,130,307                                       | 30,267,863   |
| Travelling, conveyance and entertainment          | 3,435,059                                       | 12,613,365   | 5,279,352                                       | 8,427,141  |
| Rent, rates and taxes                             | 418,202   | 2,416,013  | 399,944   | 831,805  |
| Insurance   | 3,897,610                                       | 4,382,886  | 1,412,368                                       | 3,504,877  |
| Repairs and maintenance                           | 10,881,387                                      | 13,187,307   | 1,031,538                                       | 3,610,424  |
| Yarn processing charges                           | 389,484   | 6,610,036  | 462,539   | 7,011,849  |
| Depreciation                                      | 56,641,554                                      | 103,606,859  | 31,462,890                                      | 67,587,827   |
| Printing and stationery                           | 2,456,114                                       | 2,475,767  | 228,370   | 322,034  |
| Communications                                    | 405,257   | 1,146,668  | 721,687   | 1,066,942  |
| Others  | 823,894   | 3,415,306  | 846,015   | 1,217,612  |
|   | <u>537,580,653</u>                              | <u>1,121,333,006</u>                               | <u>531,386,876</u>                              | <u>1,070,755,372</u>                               |
| Adjustment of work in process                     | (6,132,320)                                     | (72,103,174)                                       | 1,028,337                                       | (2,614,868)  |
| Cost of goods manufactured                        | 531,448,333                                     | 1,049,229,832                                      | 532,415,213                                     | 1,068,140,504                                      |
| Adjustment of finished goods                      | 47,849,632                                      | 9,915,379  | 95,062,967                                      | (21,453,827)                                       |
| Cost of sales                                     | <u>579,297,965</u>                              | <u>1,059,145,211</u>                               | <u>627,478,180</u>                              | <u>1,046,686,677</u>                               |

### 13. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of related group companies, staff retirement funds, directors and key management personnel. Transactions with related parties other than remuneration, retirement benefits and other benefits to key management personnel under the term of their employment are as under:

|   | March 31,<br>2005<br>Rupees | September 30,<br>2004<br>Rupees |
|---|-----------------------------|---------------------------------|
| <b>TRANSACTIONS</b>                                 |                             |                                 |
| - Payments made for Placements of Preference shares | -                           | 11,398,925                      |
| - Mark-up paid                                      | -                           | 1,485,066                       |
| - Sales   | 8,103,013                   | -                               |
| - Purchase  | 986,521                     | -                               |

The company continues to have a policy whereby all transactions with related parties and associated undertakings are entered into at arm's length price.

### 14. DATE OF AUTHORISATION FOR ISSUE

These interim financial statements were authorised for issue on May 21, 2005 by the Board of Directors of the company.

### 15. FIGURES

- Comparative figures relating to balance sheet are of previous year and those of profit and loss account and cash flow statement are of corresponding quarter of previous year.
- have been rearranged to facilitate comparison, however no material re-arrangement has been made in these accounts.
- in the accounts have been rounded off nearest to rupee.

Place: Lahore  
Date: May 21, 2005

Chief Executive

Director