



AZGARD-9

AZGARD NINE LIMITED

(FORMERLY: LEGLER-NAFEES DENIM MILLS LIMITED)



FINANCIAL STATEMENTS

**FOR THE QUARTER ENDED
DECEMBER 31, 2004
(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

SECRETARY

Mr. Javaid Iqbal

CHIEF FINANCIAL OFFICER

Ms. Bushra Naz Malik

FINANCE COMMITTEE

Mr. Ahmed H. Shaikh
Mr. Ali Jehangir Siddiqui
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

BANKERS

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

LEGAL ADVISORS

Hamid Law Associates
Advocates

Hassan & Hassan

Advocates

AUDITORS

Rahman Sarfraz & Co.
Chartered Accountants

TAX ADVISORS

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Hameed Chaudhri & Co.
Chartered Accountants

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 Ahmad
Mr. Per Fredriksson
Mr. Irfan Aqeel

REGISTERED OFFICE

Ismail Aiwan-e-Science
Off Shahrah-e-Roomi
Lahore, 54600
Ph: +92 (0)42 111-786-645
Fax: +92 (0)42 5761791
Website: www.azgard9.com

PROJECT LOCATIONS

Unit I

2.5 KM off Manga, Raiwind Road,
District Kasur.
Ph: +92 (0)4951 384081-2
Fax: +92 (0)4951 384093

Unit II

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

DIRECTORS' REVIEW

The Directors are pleased to present the quarterly financial statements for the quarter ended December 31, 2004 of Azgard Nine Ltd (formerly Legler Nafees Denim Mills Ltd).

GENERAL MARKET CONDITIONS

The market had a positive and buoyant long term outlook but a cautious and unclear perspective in the immediate term prior to the removal of quotas from 1st January, 2005.

The entire textile industry including us were holding high cost cotton stocks while the market price for cotton fell by over 40%. This created challenging conditions particularly for the yarn business.

Rising interest rates have also started to affect the performance of the Company.

OPERATING RESULTS OF THE COMPANY

The company following its strategy of specialization and value addition managed to perform satisfactorily.

TURNOVER

The Company's turnover increased by 18.28% when compared to the same Quarter for the previous year.

PROFITABILITY

The profitability of the Company has improved. Net margin after tax has increased from 16.27% to 18.34 %.

As a result basic EPS has improved from Rs1.10 to Rs.1.23 per share for this quarter.



FUTURE OUTLOOK

The outlook remains cautious until March'05. Typically the period between October to March is our leanest period. Down the road we can see major improvements in financial performance as additional capacities come online between April to June.

Looking further down the road, the Company is planning to take advantage of the opportunities offered by the new quota free global market place. We are going in for massive expansions across the three divisions. These major investments would be funded through TFC issue of Rs. 2.0 billion plus a green shoe option.

We would like to thank all stakeholders in Azgard-9 for their support hard work and trust. Our suppliers, financiers, customers and our greatest asset, our people. It is through the team work between all of these that such success has been possible.

Place: Lahore
Date: January 28, 2005

For and on behalf of
Board of Directors

BALANCE SHEET

as at December 31, 2004

	December 31, 2004 Rupees	September 30, 2004 Rupees
CAPITAL AND RESERVES		
Authorised capital	3,000,000,000	3,000,000,000
Share capital	1,737,308,680	1,737,308,680
Reserves	369,272,578	362,142,241
Unappropriated profit	530,284,040	410,657,982
	<u>2,636,865,298</u>	<u>2,510,108,903</u>
SURPLUS ON REVALUATION OF FIXED ASSETS		
	301,081,720	306,564,511
NON-CURRENT LIABILITIES		
LONG TERM FINANCES - Secured	700,000,000	750,000,000
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	104,113,196	116,503,819
LONG TERM DEPOSITS	478,906	1,147,729
CURRENT LIABILITIES		
Current portion of:		
Long term finances - secured	300,000,000	300,000,000
Liabilities against assets subject to finance lease	65,382,951	63,081,881
Short term finances	2,451,469,783	1,492,909,892
Creditors, accruals and other liabilities	686,173,091	692,076,606
Provision for taxation	71,683,696	64,824,871
	<u>3,574,709,522</u>	<u>2,612,893,250</u>
CONTINGENCIES AND COMMITMENTS		
	-	-
	<u>7,317,248,642</u>	<u>6,297,218,212</u>
NON-CURRENT ASSETS		
FIXED ASSETS		
OPERATING ASSETS	2,869,591,007	2,847,936,402
CAPITAL WORK IN PROGRESS	48,853,850	84,292,338
	<u>2,918,444,856</u>	<u>2,932,228,740</u>
INTANGIBLE ASSETS	84,879,201	88,375,589
LONG TERM INVESTMENTS	2,666,296	2,666,296
LONG TERM DEPOSITS	16,311,508	18,517,830
CURRENT ASSETS		
Stores, spares and loose tools	95,229,838	72,608,693
Stock-in-trade	2,018,882,416	1,394,729,330
Trade debtors	1,028,600,823	945,111,856
Advances, deposits, prepayments and other receivables	637,007,478	712,923,170
Short term investments	436,228,246	109,148,931
Cash and bank balances	78,997,980	20,907,777
	<u>4,294,946,781</u>	<u>3,255,429,757</u>
	<u>7,317,248,642</u>	<u>6,297,218,212</u>

The annexed notes form an integral part of these accounts.

Place: Lahore

Chief Executive

Director

Date: January 28, 2005

PROFIT AND LOSS ACCOUNT

for the quarter ended December 31, 2004

	2004 Rupees	2003 Rupees
SALES - Net	677,904,183	585,898,002
COST OF SALES	465,964,369	419,208,497
GROSS PROFIT	211,939,814	166,689,505
ADMINISTRATIVE AND SELLING EXPENSES	58,908,644	34,584,567
OPERATING PROFIT	153,031,170	132,104,938
OTHER INCOME	25,349,968	132,233
	178,381,138	132,237,171
OTHER CHARGES		
Financial charges	37,852,619	26,696,768
Miscellaneous	—	41,044
Workers' Profit Participation Fund	7,026,426	5,274,968
	44,879,045	32,012,780
PROFIT BEFORE TAXATION	133,502,092	100,224,391
PROVISION FOR TAXATION		
Current	6,858,825	4,925,220
PROFIT AFTER TAXATION	126,643,267	95,299,171
EARNINGS PER SHARE - BASIC	1.23	1.10
- DILUTED	1.10	—

The annexed notes form an integral part of these accounts.

Place: Lahore
Date: January 28, 2005

Chief Executive

Director

CASH FLOW STATEMENT

for the quarter ended December 31, 2004

	2004 Rupees	2003 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	133,502,092	100,224,391
Items not involving movement of funds	67,450,058	69,845,164
Long term deposits and deferred cost	2,206,322	(11,430,474)
Operating profit before changes in working capital	203,158,473	158,639,081
Changes in working capital	(670,719,222)	(436,433,600)
Operating profit after changes in working capital	(467,560,750)	(277,794,519)
Financial charges paid	(31,763,210)	(27,473,282)
Taxes paid	(8,017,296)	(2,373,691)
Dividend paid	—	(269)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(507,341,256)	(307,641,761)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(33,735,543)	(51,669,992)
Intangible assets	3,496,388	—
Interest received	773,830	—
Dividend received	22,732,500	—
Sale proceed of short term investments	1,442,084	—
Purchase of long term investments	—	(10,000)
Purchase of short term investments	(327,079,315)	—
NET CASH USED IN INVESTING ACTIVITIES	(332,370,056)	(51,679,992)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long term finances	(50,000,000)	(50,000,000)
Finance lease liabilities-net	(10,089,553)	(3,077,660)
Long term deposits	(668,823)	27,568,587
Short term finances-net	958,559,891	393,217,784
NET CASH INFLOW FROM FINANCING ACTIVITIES	897,801,515	367,708,711
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	58,090,204	8,386,958
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	20,907,777	21,601,750
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	78,997,981	29,988,708

The annexed notes form an integral part of these accounts.

Place: Lahore
Date: January 28, 2005

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY

for the quarter ended December 31, 2004

	Share Capital		Reserves					Unappropriated Profit	Total equity	Surplus on revaluation of fixed assets
	Issued, subscribed and paid-up	Shares under issue	Share premium	Reserve on merger	Preference share redemption reserve	Surplus on revaluation of Investments	Total			
Balance as at September 30, 2003	868,654,340	-	143,675,125	105,152,005	-	2,215,724	251,042,854	161,710,634	1,281,407,828	330,249,524
Profit for the year	-	-	-	-	-	-	-	375,262,335	375,262,335	-
Preference shares issued	868,654,340	-	-	-	-	-	-	-	868,654,340	-
Surplus on revaluation of fixed assets transferred to retained earnings during the year	-	-	-	-	-	-	-	23,685,013	23,685,013	(23,685,013)
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	-	-	-	-	-	(1,658,856)	(1,658,856)	-	(1,658,856)	-
Balance as at September 30, 2004	1,737,308,680	-	106,433,368	105,152,005	150,000,000	556,868	362,142,241	410,657,982	2,510,108,903	306,564,511
Profit for the period	-	-	-	-	-	-	-	126,643,267	126,643,267	-
Surplus on revaluation of fixed assets transferred to retained earnings during the period	-	-	-	-	-	-	-	5,482,791	5,482,791	(5,482,791)
Preference shares redemption reserve	-	-	-	-	12,500,000	-	12,500,000	(12,500,000)	-	-
Expenses incurred on issue of preference shares	-	-	(5,369,663)	-	-	-	(5,369,663)	-	(5,369,663)	-
Balance as at December 31, 2004	1,737,308,680	-	101,063,705	105,152,005	162,500,000	556,868	369,272,578	530,284,040	2,636,865,298	301,081,720

The annexed notes form an integral part of these financial statements.

Place: Lahore

Date: January 28, 2005

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE ACCOUNTS

for the quarter ended December 31, 2004

1. STATUS AND ACTIVITIES

Azgard Nine Limited (formerly: Legler Nafees Denim Mills 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 are adopted for preparation of the quarterly accounts for the period ended December 31, 2004 are the same as adopted in the preceding annual published accounts of the Company.

2.2 These accounts are un-audited and are being submitted to the shareholders, as required under section 245 of the Companies Ordinance 1984 (Amended 2002). These accounts conform to the disclosure requirement of International Accounting Standard 34.

3. CONTINGENCIES AND COMMITMENTS

3.1 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.54 million (2003:Rs.64 million).

3.2 Commitments against irrevocable letters of credit outstanding as at December 31, 2004 were for Rs.260.0 million (2003:Rs.161.74 million).

3.3 All other contingencies and commitments status are same as disclosed in latest annual accounts.

4. DEFERRED TAXATION

The export sales (including indirect exports) during the period ending December 31, 2004 achieved the threshold of presumptive tax. Accordingly, no provision for deferred tax has been made.

5. DIVIDEND

Directors have proposed 10% cash dividend i.e. Re.1 per ordinary share to be approved by the shareholders in ensuing Annual General Meeting to be held on January 31, 2005. Total amount of cash dividend to be paid is Rs.86,865,434 which has not been accounted for as liability in these financial statements.

6. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on January 28, 2005 by the Board of Directors of the Company.

7. 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 for the purpose of 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: January 28, 2005

Chief Executive

Director



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

as at December 31, 2004

	December 31, 2004 Rupees	September 30, 2004 Rupees
CAPITAL AND RESERVES		
Authorised Capital	3,000,000,000	3,000,000,000
Share Capital	1,737,308,680	1,737,308,680
Reserves	369,272,578	362,142,241
Unappropriated profit	532,507,952	412,399,663
	<u>2,639,089,210</u>	<u>2,511,850,584</u>
MINORITY INTEREST	3,527,877	2,742,560
SURPLUS ON REVALUATION OF FIXED ASSETS	301,081,720	306,564,511
NON-CURRENT LIABILITIES		
LONG TERM FINANCES - Secured	700,000,000	750,000,000
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	104,113,196	116,503,819
LONG TERM DEPOSITS	478,906	1,147,729
CURRENT LIABILITIES		
Current portion of:		
Long term finances - secured	300,000,000	300,000,000
Liabilities against assets subject to finance lease	65,382,951	63,081,881
Short term finances	2,451,469,787	1,492,909,892
Creditors, accruals and other liabilities	792,107,832	701,941,155
Provision for taxation	71,683,696	64,824,871
	<u>3,680,644,266</u>	<u>2,622,757,799</u>
CONTINGENCIES AND COMMITMENTS	-	-
	<u>7,428,935,175</u>	<u>6,311,567,002</u>
NON-CURRENT ASSETS		
FIXED ASSETS		
OPERATING ASSETS	2,874,635,757	2,847,936,402
CAPITAL WORK IN PROGRESS	48,853,850	89,759,126
	<u>2,923,489,606</u>	<u>2,937,695,528</u>
INTANGIBLE ASSETS	84,879,201	88,375,589
LONG TERM INVESTMENTS	1,015,576	1,015,576
LONG TERM DEPOSITS	16,733,546	18,517,830
CURRENT ASSETS		
Stores, spares and loose tools	95,229,838	72,608,693
Stock-in-trade	2,041,861,371	1,425,586,819
Trade debtors	1,097,185,327	924,208,356
Advances, deposits, prepayments and other receivables	637,007,478	713,461,070
Short term investments	436,228,246	109,148,931
Cash and bank balances	95,304,986	20,948,610
	<u>4,402,817,246</u>	<u>3,265,962,479</u>
	<u>7,428,935,175</u>	<u>6,311,567,002</u>

The annexed notes form an integral part of these accounts.

Place: Lahore

Chief Executive

Director

Date: January 28, 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the quarter ended December 31, 2004

	2004 Rupees	2003 Rupees
SALES - Net	693,012,446	585,898,002
COST OF SALES	479,847,246	419,208,497
GROSS PROFIT	213,165,200	166,689,505
ADMINISTRATIVE AND SELLING EXPENSES	59,188,478	34,584,567
OPERATING PROFIT	153,976,722	132,104,938
OTHER INCOME	25,349,968	132,233
	179,326,690	132,237,171
OTHER CHARGES		
Financial charges	37,852,621	26,696,768
Miscellaneous	-	41,044
Workers' (Profit) Participation Fund	7,026,426	5,274,968
	44,879,047	32,012,780
PROFIT BEFORE TAXATION	134,447,643	100,224,391
PROVISION FOR TAXATION		
Current	6,858,825	4,925,220
PROFIT AFTER TAXATION	127,588,818	95,299,171
Minority Interest	463,320	-
PROFIT ATTRIBUTABLE TO HOLDING COMPANY	127,125,498	95,299,171
EARNINGS PER SHARE - BASIC	1.24	1.10
- DILUTED	1.11	-

The annexed notes form an integral part of these accounts.

Place: Lahore
Date: January 28, 2005

Chief Executive

Director

CONSOLIDATED CASH FLOW STATEMENT

for the quarter ended December 31, 2004

	2004 Rupees	2003 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	134,447,643	100,224,391
Items not involving movement of funds	67,450,058	69,845,164
Long term deposits and deferred cost	1,784,284	(11,430,474)
Operating profit before changes in working capital	203,681,986	158,639,081
Changes in working capital	(655,398,605)	(436,433,600)
Operating profit after changes in working capital	(451,716,619)	(277,794,519)
Financial charges paid	(31,763,210)	(27,473,282)
Taxes paid	(8,017,296)	(2,373,691)
Dividend paid	-	(269)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(491,497,125)	(307,641,761)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(33,313,505)	(51,669,992)
Intangible assets	3,496,388	-
Interest received	773,830	-
Dividend received	22,732,500	-
Sale proceed of short term Investments	1,442,084	-
Purchase of long term Investments	-	(10,000)
Purchase of short term Investments	(327,079,315)	-
NET CASH USED IN INVESTING ACTIVITIES	(331,948,018)	(51,679,992)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long term finances	(50,000,000)	(50,000,000)
Finance lease liabilities-net	(10,089,553)	(3,077,660)
Long term deposits	(668,823)	27,568,587
Short term finances-net	958,559,895	393,217,784
NET CASH INFLOW FROM FINANCING ACTIVITIES	897,801,519	367,708,711
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	74,356,376	8,386,958
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	20,948,610	21,601,750
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	95,304,986	29,988,708

The annexed notes form an integral part of these accounts.

Place: Lahore
Date: January 28, 2005

Chief Executive

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the quarter ended December 31, 2004

	Share Capital		Reserves					Total equity	Surplus on revaluation of fixed assets	
	Issued, subscribed and paid-up	Shares under issue	Share premium	Reserve on merger	Preference share redemption reserve	Surplus on revaluation of Investments	Total			
										R
Balance as at September 30, 2003	868,654,340	-	143,675,125	105,152,005	-	2,215,724	251,042,854	161,710,634	1,281,407,828	330,249,524
Profit for the year	-	-	-	-	-	-	-	377,004,016	377,004,016	-
Preference shares issued	868,654,340	-	-	-	-	-	-	-	868,654,340	-
Surplus on revaluation of fixed assets transferred to retained earnings during the year	-	-	-	-	-	-	-	-	-	-
Preference shares redemption reserve	-	-	-	-	150,000,000	-	150,000,000	(150,000,000)	23,685,013	(23,685,013)
Expenses incurred on issue of preference shares	-	-	(37,241,757)	-	-	-	(37,241,757)	-	(37,241,757)	-
Revaluation of investments	-	-	-	-	-	(1,658,856)	(1,658,856)	-	(1,658,856)	-
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	-	-	-	-	-	-	-	127,125,498	127,125,498	-
Surplus on revaluation of fixed assets transferred to retained earnings during the period	-	-	-	-	-	-	-	5,482,791	5,482,791	(5,482,791)
Preference shares redemption reserve	-	-	-	-	12,500,000	-	12,500,000	(12,500,000)	-	-
Expenses incurred on issue of preference shares	-	-	(5,369,663)	-	-	-	(5,369,663)	-	(5,369,663)	-
Balance as at December 31, 2004	1,737,308,680	-	101,063,705	105,152,005	162,500,000	556,868	369,272,578	532,507,952	2,639,089,210	301,081,720

The annexed notes form an integral part of these financial statements.

Place: Lahore

Date: January 28, 2005

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE CONSOLIDATED ACCOUNTS

for the quarter ended December 31, 2004

1. STATUS AND ACTIVITIES

Azgard Nine Limited (formerly: Legler Nafees Denim Mills 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.

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

2. ACCOUNTING POLICIES

2.1 The accounting policies are adopted for preparation of the quarterly accounts for the period ended December 31, 2004 are the same as adopted in the preceding annual published accounts of the Company.

2.2 These accounts are un-audited and are being submitted to the shareholders, as required under section 245 of the Companies Ordinance 1984 (Amended 2002). These accounts conform to the disclosure requirement of International Accounting Standard 34.

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

Subsidiaries are those enterprises in which parent company directly or indirectly controls, beneficially owns or holds more than 50 percent of the voting securities or otherwise has power to elect and appoint more than 50 percent of its directors. The financial statements of the subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases. The financial statements of subsidiary company has been consolidated on a line by line basis. All material inter-company balances, transactions and resulting unrealised profits/losses have been eliminated.

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

3. CONTINGENCIES AND COMMITMENTS

3.1 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.54 million (2003: Rs.64 million).

3.2 Commitments against irrevocable letters of credit outstanding as at December 31, 2004 were for Rs.260.0 million (2003: Rs.161.74 million).

3.3 All other contingencies and commitments status are same as disclosed in latest annual accounts.

4. DEFERRED TAXATION

The export sales (including indirect exports) during the year ending September 30, 2004 achieved the threshold of presumptive tax. Accordingly, no provision for deferred tax has been made.

5. DIVIDEND

Directors have proposed 10% cash dividend i.e. Re. 1 per ordinary share to be approved by the shareholders in ensuing Annual General Meeting to be held on January 31, 2005. Total amount of cash dividend to be paid is Rs. 86,865,434 which has not been accounted for as liability in these financial statements.

6. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on January 28, 2005 by the Board of Directors of the Company.

7. 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 for the purpose of 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: January 28, 2005

Chief Executive

Director

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