

Interim Financial Report | for the half year ended
December 31, 2014 (Un-audited)



AZGARD-9



Azgard Nine Limited

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Company Information

BOARD OF DIRECTORS

Mr. Aehsun M.H. Shaikh
Chairman
Mr. Ahmed H. Shaikh
Chief Executive
Mr. Nasir Ali Khan Bhatti
Mr. Usman Rasheed
Mr. Farrukh Hussain
Mr. Yasir Habib Hashmi
Mr. Munir Alam

COMPANY SECRETARY

Mr. Muhammad Ijaz Haider

CHIEF FINANCIAL OFFICER

Mr. Zahid Rafiq, FCA

AUDIT COMMITTEE

Mr. Nasir Ali Khan Bhatti
Chairman
Mr. Aehsun M.H. Shaikh
Mr. Farrukh Hussain

HR & REMUNERATION COMMITTEE

Mr. Nasir Ali Khan Bhatti
Chairman
Mr. Ahmed H. Shaikh
Mr. Aehsun M.H. Shaikh

BANKERS

JS Bank Limited
MCB Bank Limited
Citibank N.A
Faysal Bank Limited
Habib Bank Limited
HSBC Bank Middle East Limited
United Bank Limited
Standard Chartered Bank (Pakistan) Limited
NIB Bank Limited
National Bank of Pakistan
Allied Bank Limited
KASB Bank Limited
Silk Bank Limited
Summit Bank Limited
Al Baraka Bank Pakistan Limited
Askari Bank Limited
Barclays Bank Limited
Bank Al Habib Limited
Bank Al Falah Limited

BANKERS (Cont'd)

Bank Islamic Pakistan
Habib Metropolitan Bank
Bank of Khyber

SHARES REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Ltd.
H. M. House, 7-Bank Square, Lahore
Ph: +92(0)42-37235081-82
Fax : +92(0)42-37358817

AUDITORS

KPMG Taseer Hadi & 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 3576-1791

PROJECT LOCATIONS

Unit I

2.5 KM off Manga, Raiwind Road,
District Kasur.
Ph: +92(0)42 35384081
Fax: +92(0)42 35384093

Unit II

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

Unit III

20 KM off Ferozepur Road,
6 KM Badian Road on Ruhi Nala,
Der Khurd, Lahore.
Ph: +92(0)42 38460333, 38488862

WEB PRESENCE

www.azgard9.com

Directors' Review

The Directors of Azgard Nine Limited ("the Company") along with the management team hereby present the Company's Condensed Financial Report for the six months period ended 31 December 2014.

Principal Activities

The main business of your Company is the production and marketing of Denim focused Textile and Apparel products, ranging from raw cotton to retail ready goods.

Following are the operating financial results of Azgard Nine Limited (Standalone):

	Six Months ended 31 December 2014	Six Months ended 31 December 2013
Sales - Net	4,966,912,466	7,000,575,712
Operating profit	18,960,621	26,505,544
Other income	320,004,040	29,487,004
Other expenses	(61,698,005)	-
Finance Cost	(607,404,868)	(846,586,018)
Loss before Tax	(330,138,212)	(790,593,470)
Loss after Tax	(381,026,007)	(860,554,596)
Loss per share	(0.84)	(1.89)

Following are the results of Azgard Nine Limited including subsidiaries (Consolidated):

	Six Months ended 31 December 2014	Six Months ended 31 December 2013
Sales - Net	5,377,156,365	6,994,618,449
Operating profit	9,048,507	76,770,273
Other income	27,569,063	29,487,004
Other expense	(61,698,005)	-
Finance cost	(612,213,777)	(851,331,978)
Loss before Tax	(637,294,212)	(745,074,701)
Loss after Tax	(688,182,007)	(815,035,827)
Loss per share	(1.51)	(1.79)

Review of business during this period and future outlook

During this period there was a substantial decrease in Euro to Rupee exchange rate and a continuing shortage of gas supply to our power units. In spite of this the company has been able to generate positive operating profits.

On the restructuring side the Company continues to move forward in trying to complete its second phase restructuring.

It is hoped that on completion of this restructuring the Company should have a sustainable level of debt and should be able to generate positive cash flows.

Directors' Review

The board appreciates the cooperation of all the stakeholders and would like to thank them for this during these challenging times.

on behalf of the Board

Lahore
27 February 2015



Chief Executive Officer

**Condensed
Interim
Unconsolidated
Financial
Information**

Auditor's Report to the Members on Review of Condensed Interim Unconsolidated Financial Information

Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of **Azgard Nine Limited** ("the Company") as at 31 December 2014 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim unconsolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in note 2.3 and 14 to the condensed interim unconsolidated financial information, the Company could not make timely repayments of principal and interest / mark-up related to long term debts and as at reporting date certain financial and other covenants imposed by the lenders could not be complied with. International Accounting Standard on Presentation of financial statements (IAS-1) requires that if an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it should classify the liability as current. In this condensed interim unconsolidated financial information the long term debts have been classified as long term according to the individual loan repayment schedules. Had these liabilities been classified as per IAS - 1, current liabilities of the Company would have increased by Rs. 4,978.02 million as at the reporting date.

Qualified Conclusion

Based on our review, except for the effects on the condensed interim unconsolidated financial information of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to the matter that as at the reporting date, the Company's current liabilities exceeded its current assets by Rs. 7,196.26 million, including Rs. 5,746.74 million relating to overdue principal and mark-up thereon, and its accumulated loss stood at Rs. 9,022.16 million. The difference between current liabilities and current assets would be Rs. 12,174.28 million, had the Company classified its long term debts as current for reasons more fully explained in the note 2.3 to the condensed interim unconsolidated financial information. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. This condensed interim unconsolidated financial information has however been prepared on a going concern basis for the reasons more fully explained in note 2.2 to the condensed interim unconsolidated financial information. Our conclusion is not qualified in respect of this matter.

Other matter

The figures for the three months period ended 31 December 2014 and 31 December 2013, in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

Condensed Interim Unconsolidated Balance Sheet (Un-audited)

As at 31 December 2014

	Note	(Un-Audited) 31 December 2014 Rupees	(Audited) 30 June 2014 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
<i>Authorized share capital</i>		15,000,000,000	15,000,000,000
Issued, subscribed and paid-up capital		4,548,718,700	4,548,718,700
Reserves		3,125,219,742	3,417,654,719
Accumulated loss		(9,022,156,038)	(8,714,668,872)
		(1,348,217,596)	(748,295,453)
Surplus on revaluation of fixed assets		4,630,148,701	4,703,687,542
		3,281,931,105	3,955,392,089
<u>Non-current liabilities</u>			
Redeemable capital - <i>secured</i>	5	3,215,816,702	3,799,216,500
Long term finances - <i>secured</i>	6	1,295,781,403	1,493,304,926
Liabilities against assets subject to finance lease <i>secured</i>	7	16,021,464	20,783,684
		4,527,619,569	5,313,305,110
<u>Current liabilities</u>			
Current portion of non-current liabilities		2,927,644,936	2,068,876,610
Short term borrowings		4,494,332,337	4,579,605,634
Trade and other payables		2,898,356,808	2,560,280,282
Interest / mark-up accrued on borrowings		2,547,264,499	2,214,256,456
Dividend payable		13,415,572	13,415,572
Current taxation		75,460,063	77,861,036
		12,956,474,215	11,514,295,590
Contingencies and commitments	8		
		20,766,024,889	20,782,992,789
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	9	13,322,355,198	13,537,283,593
Long term investments	10	1,664,199,896	1,681,304,686
Long term deposits - <i>unsecured, considered good</i>		19,253,047	19,253,047
		15,005,808,141	15,237,841,326
<u>Current assets</u>			
Stores, spares and loose tools		150,894,773	132,749,270
Stock in trade		2,050,798,014	1,546,298,008
Trade debts		2,054,697,994	2,420,618,482
Advances, deposits, prepayments and other receivables		1,108,108,565	722,725,894
Short term investments	11	306,022,500	700,000,000
Cash and bank balances		89,694,902	22,759,809
		5,760,216,748	5,545,151,463
		20,766,024,889	20,782,992,789

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial information.

Lahore

CHIEF EXECUTIVE

DIRECTOR

Condensed Interim Unconsolidated Profit and Loss Account (Un-audited)

For the half year and quarter ended 31 December 2014

Note	2014		2013	
	July to December	October to December	July to December	October to December
	Rupees	Rupees	Rupees	Rupees
Sales - net	4,966,912,466	2,696,193,106	7,000,575,712	3,620,687,098
Cost of sales	(4,456,752,937)	(2,309,426,493)	(6,442,254,421)	(3,268,070,179)
Gross profit	510,159,529	386,766,613	558,321,291	352,616,919
Administrative and general expenses	(211,696,167)	(99,200,909)	(209,816,732)	(98,130,807)
Selling and distribution expenses	(279,502,741)	(155,026,633)	(321,999,015)	(173,724,711)
Operating profit	18,960,621	132,539,071	26,505,544	80,761,401
Other income	320,004,040	2,475,992	29,487,004	8,349,227
Other expenses	(61,698,005)	(61,698,005)	-	(29,087,932)
Finance cost	12 (607,404,868)	(287,958,678)	(846,586,018)	(412,781,884)
Loss before taxation	(330,138,212)	(214,641,620)	(790,593,470)	(352,759,188)
Taxation	(50,887,795)	(28,826,292)	(69,961,126)	(36,391,365)
Loss after taxation	(381,026,007)	(243,467,912)	(860,554,596)	(389,150,553)
Loss per share - basic and diluted	(0.84)	(0.54)	(1.89)	(0.86)

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial information.

Condensed Interim Unconsolidated Statement of Comprehensive income (Un-audited)

For the half year and quarter ended 31 December 2014

	2014		2013	
	July to December	October to December	July to December	October to December
	Rupees	Rupees	Rupees	Rupees
Loss after taxation	(381,026,007)	(212,992,220)	(860,554,596)	(389,150,553)
<i>Other comprehensive income / (loss):</i>				
<u>Items that are or may be subsequently reclassified to profit or loss</u>				
Changes in fair value of available for sale financial assets	-	-	5,372	6,844
Fair value gain realized on sale of available for sale financial asset reclassified to profit or loss	(292,434,977)	(292,434,977)	-	-
	(292,434,977)	(292,434,977)	5,372	6,844
Total comprehensive loss for the period	(673,460,984)	(505,427,197)	(860,549,224)	(389,143,709)

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial information.

Condensed Interim Unconsolidated Cash flow Statement (Un-audited)

For the half year ended 31 December 2014

	July to December 2014	July to December 2013
	Rupees	Rupees
<u>Cash flows from operating activities</u>		
Loss after tax	(381,026,007)	(860,554,596)
<i>Adjustment for non-cash and other items:</i>		
Interest / mark-up expense	477,426,316	516,777,814
Loss / (gain) on disposal of fixed assets	533,498	(3,403,730)
Amortization of transaction costs and deferred notional income	146,041,555	156,993,332
Gain on sale of investment	(292,434,977)	-
Depreciation	246,682,883	245,983,669
Amortization of intangible assets	-	1,302,407
Taxation	50,887,795	69,961,126
Provision for impairment of long term investments	17,104,790	-
Return on investment in term finance certificates	(15,985,985)	(15,700,440)
Foreign exchange (gain) / loss	(62,296,483)	123,937,633
	<u>567,959,392</u>	<u>1,095,851,811</u>
Operating profit before changes in working capital	186,933,385	235,297,215
<u>Changes in working capital</u>		
<i>Decrease / (increase) in current assets:</i>		
Stores, spares and loose tools	(18,145,503)	6,731,437
Stock in trade	(504,500,006)	267,160,104
Trade receivables	335,231,478	(294,739,178)
Advances, deposits, prepayments and other receivables	(369,396,686)	(40,220,254)
	<u>(556,810,717)</u>	<u>(61,067,891)</u>
<i>Increase in current liabilities:</i>		
Trade and other payables	338,076,526	171,245,829
Cash (used in) / generated from operations	(31,800,806)	345,475,153
Interest / mark-up paid	(144,418,076)	(197,684,375)
Taxes paid	(53,288,768)	(66,779,935)
Net cash (used in) / generated from operating activities	(229,507,650)	81,010,843
<u>Cash flows from investing activities</u>		
Capital expenditure	(28,717,386)	(22,545,840)
Proceeds from disposal of property, plant and equipment	17,662,770	6,141,449
Proceeds from sale of investment in Agritech Limited	393,977,500	-
Net cash generated from / (used in) investing activities	382,922,884	(16,404,391)
<u>Cash flows from financing activities</u>		
Repayment of long term finances	-	(7,999,805)
Repayment of liabilities against assets subject to finance lease	(7,357,928)	(2,400,000)
Net decrease in short term borrowings	(79,122,213)	(119,923,640)
Net cash used in financing activities	(86,480,141)	(130,323,445)
Net increase / (decrease) in cash and cash equivalents	66,935,093	(65,716,993)
Cash and cash equivalents at beginning of the period	22,759,809	132,259,604
Cash and cash equivalents at end of the period	89,694,902	66,542,611

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial information.

Condensed Interim Unconsolidated Statement of Changes in Equity (Un-audited)

For the half year ended 31 December 2014

	Capital reserves						Revenue reserves		Total equity	
	Issued subscribed and paid-up capital	Share premium	Reserve on merger	Preference share redemption reserve		Available for sale financial assets	Accumulated loss	Total reserves		Total equity
				Rupees	Rupees					
As at 30 June 2013 - Audited	4,548,718,700	2,358,246,761	105,152,005	661,250,830	293,004,257	(6,704,086,654)	(3,286,432,801)	1,262,285,899		
<i>Total comprehensive income for the period:</i>										
Loss for the period ended 31 December 2013	-	-	-	-	-	(860,554,596)	(860,554,596)	(860,554,596)		
Other comprehensive income for the period ended 31 December 2013	-	-	-	-	5,372	-	5,372	5,372		
Total comprehensive income / (loss) for the period	-	-	-	-	5,372	(860,554,596)	(860,549,224)	(860,549,224)		
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	-	-	-	62,605,696	62,605,696	62,605,696		
As at 31 December 2013 - Unaudited	4,548,718,700	2,358,246,761	105,152,005	661,250,830	293,009,629	(7,502,035,554)	(4,084,376,239)	464,342,371		
As at 30 June 2014 - Audited	4,548,718,700	2,358,246,761	105,152,005	661,250,830	293,005,123	(8,714,668,872)	(5,297,014,453)	(748,295,453)		
<i>Total comprehensive income for the period:</i>										
Loss for the period ended 31 December 2014	-	-	-	-	-	(381,026,007)	(381,026,007)	(381,026,007)		
Other comprehensive income for the period ended 31 December 2014	-	-	-	-	(292,434,977)	-	(292,434,977)	(292,434,977)		
Total comprehensive loss for the period	-	-	-	-	(292,434,977)	(381,026,007)	(673,460,984)	(673,460,984)		
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	-	-	-	68,818,806	68,818,806	68,818,806		
Reversal of revaluation surplus on disposal of fixed assets	-	-	-	-	-	4,720,035	4,720,035	4,720,035		
As at 31 December 2014 - Unaudited	4,548,718,700	2,358,246,761	105,152,005	661,250,830	570,146	(9,022,156,038)	(5,896,936,296)	(1,348,217,596)		

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial information.



Lahore

CHIEF EXECUTIVE



DIRECTOR

Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited) For the half year and quarter ended 31 December 2014

1 Reporting entity

Azgard Nine Limited ("the Company") was incorporated in Pakistan as a Public Limited Company and is listed on 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. The registered office of the Company is situated at Ismail Aiwan-e-Science, off Shahrah-e-Roomi, Lahore. The Company has three production units with Unit I located at 2.5 km off Manga, Raiwind Road, District Kasur, Unit II at Alipur Road, Muzaffargarh and Unit III at 20 km off Ferozpur Road, 6 km Badian Road on Ruhi Nala, Der Khurd, Lahore.

2 Basis of preparation

2.1 Statement of compliance

2.1.1 This condensed interim unconsolidated financial information comprises the balance sheet of Azgard Nine Limited ("the Company"), as at 31 December 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof.

2.1.2 This condensed interim unconsolidated financial information of the Company for the six months period ended 31 December 2014 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.1.3 "This condensed interim unconsolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2014."

2.1.4 This condensed interim unconsolidated financial information is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

2.2 Going concern assumption

During this half year, the Company has realised funds to an amount of Rs. 394 million out of Rs. 700 million due from sale of AGL. The remaining balance of Rs. 306 million is expected to be realized within next year. The Company has injected the realised funds in operations to explore its underutilized production lines. Now we are focusing on achieving operational capacities which hopefully would be achieved in few months.

Due to the above mentioned reasons, Company's current liabilities exceeded its current assets by Rs. 7,196.26 million, including Rs. 5,746.74 million relating to overdue principal and mark-up thereon, and its accumulated loss stood at Rs. 9,022.16 million. These conditions cast a significant doubt about the Company's ability to continue as a going concern. These financial statements have however, been prepared on a going concern basis. The assumption that the Company would continue as a going concern is based on the measures as explained in the succeeding paragraph and expectation of future profitability and positive cash flows from operating activities.

"The Company has also entered in second round of financial restructuring through a plan which includes disposal of less operative assets combined with debt restructuring. In this regard, various intended buyers have shown interest for purchase of such assets. Further, lenders have also been contacted for debt restructuring. The Company is hopeful that subsequent to realization of proceeds from sale of these assets, receipt of remaining working capital and completion of debt restructuring, target of sustainable capacity utilization will be achieved. Management is confident that through these measures the Company would turnaround in to a profitable Company, subject to impact, if any, of uncontrollable external circumstances including power crises and global market conditions."

Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited)

For the half year and quarter ended 31 December 2014

2.3 Financial liabilities

The Company could not make timely repayments of principal and interest / mark-up related to long term debts as referred to in note 14. Further, as at the reporting date, the Company could not comply with certain financial and other covenants imposed by the lenders. As per the agreed terms of long term debts the lenders have unconditional right to call the loans if timely repayments are not made or covenants are not complied with. International Accounting Standard on Presentation of financial statements (IAS - 1) requires that if an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it should classify the liability as current.

However, the long term debts in the amount of Rs. 4,978.020 million as detailed below have continued to be classified as long term as per the repayment schedules in this condensed interim unconsolidated financial information as the management considers that event of default was not declared by the lenders at the reporting date:

	Principal net of current maturity Rupees
<u>Redeemable capital</u>	
Term Finance Certificates - II	540,009,337
Term Finance Certificates - IV	899,590,558
Privately Placed Term Finance Certificates - VI	1,770,268,500
Privately Placed Term Finance Certificates	272,046,820
Privately Placed Term Finance Certificates	181,000,000
	<u>3,662,915,215</u>
<u>Long term finances</u>	
Deutsche Investitions - Und MBH (Germany)	859,703,014
Saudi Pak Industrial and Agricultural Company Limited	36,308,680
Citi Bank N.A (Pakistan)	283,769,733
HSBC Bank (Middle East) Limited	135,323,408
	<u>1,315,104,835</u>
	<u>4,978,020,050</u>

3 Statement of consistency in accounting policies

- 3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of annual financial statements for the year ended 30 June 2014.
- 3.2 There were certain new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed.

In addition to the above, following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2015:

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 38 - Intangible Assets	01 January 2016
IAS 16 - Property, Plant and Equipment	01 January 2016
IAS 41 - Agriculture	01 January 2016
IFRS 10 - Consolidated Financial Statements	01 January 2015

Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited) For the half year and quarter ended 31 December 2014

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 11 - Joint Arrangements	01 January 2015
IFRS 12 - Disclosure of Interest in Other Entities	01 January 2015
IFRS 13 - Fair Value Measurement	01 January 2015
IAS 27 - Separate Financial Statements	01 January 2016
Annual Improvements to IFRSs 2012-2014 Cycles	01 January 2016

4 Significant estimates

The preparation of this condensed interim unconsolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense and related disclosures at the date of financial statements. Actual results may differ from these estimates. In preparing this condensed interim unconsolidated financial information, the significant judgments made by management in applying accounting policies, key estimates and uncertainty includes:

- Depreciation method, residual values and useful life of depreciable assets
- Taxation
- Fair value investment in subsidiaries
- Provisions and Contingencies

5 Redeemable capital - secured

	(Un-Audited) 31 December 2014	(Audited) 30 June 2014
	Rupees	Rupees
Term Finance Certificates - II	651,066,836	651,066,836
Term Finance Certificates - IV	1,083,768,528	1,083,768,528
Term Finance Certificates - V	527,682,637	527,682,637
Privately Placed Term Finance Certificates - VI	3,218,670,000	3,218,670,000
Privately Placed Term Finance Certificates	326,456,184	326,456,184
Privately Placed Term Finance Certificates	217,200,000	217,200,000
	6,024,844,185	6,024,844,185
Accumulated deferred notional income	(405,147,080)	(545,601,982)
Transaction cost	(41,951,433)	(46,699,514)
	5,577,745,672	5,432,542,689
Less: Amount shown as current liability	(2,361,928,970)	(1,633,326,189)
	3,215,816,702	3,799,216,500

Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited)

For the half year and quarter ended 31 December 2014

	(Un-Audited) 31 December 2014 Rupees	(Audited) 30 June 2014 Rupees
6 Long term finances - secured		
Deutsche Investitions - Und MBH (Germany)	859,703,014	946,537,228
Saudi Pak Industrial and Agricultural Company Limited	43,251,155	43,251,155
Citi Bank N.A (Pakistan)	567,539,466	567,539,466
HSBC (Middle East) Limited	234,602,579	234,602,579
	<u>1,705,096,214</u>	<u>1,791,930,428</u>
Transaction costs	(19,323,432)	(20,162,005)
	<u>1,685,772,782</u>	<u>1,771,768,423</u>
Less: Amount shown as current liability	(389,991,379)	(278,463,497)
	<u>1,295,781,403</u>	<u>1,493,304,926</u>

7 Liabilities against assets subject to finance lease - secured

The amounts of future payments for the lease and the period in which the lease payments will become due are as follows:

	(Un-Audited) 31 December 2014 Rupees	(Audited) 30 June 2014 Rupees
Present value of minimum lease payments	43,378,795	29,503,353
Current maturity presented under current liabilities	(27,357,331)	(8,719,669)
	<u>16,021,464</u>	<u>20,783,684</u>

8 Contingencies and commitments

8.1 Contingencies

8.1.1 There is no material change in the contingencies from preceding audited published financial statements of the Company for the year ended 30 June 2014.

8.2 Commitments

8.2.1 Commitments under irrevocable letters of credit for:

Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited)
For the half year and quarter ended 31 December 2014

		(Un-Audited) 31 December 2014 Rupees	(Audited) 30 June 2014 Rupees
	<i>Note</i>		
- purchase of stores, spare and loose tools		16,240,653	1,709,166
- purchase of raw material		20,325,619	21,714,687
		<u>36,566,272</u>	<u>23,423,853</u>
8.2.2 Commitments for capital expenditure		<u>21,400,998</u>	<u>38,505,194</u>
9 Property, plant and equipment			
Operating fixed assets	<i>9.1</i>	13,313,543,479	13,501,345,326
Capital work in progress		8,811,719	35,938,267
		<u>13,322,355,198</u>	<u>13,537,283,593</u>
9.1 Operating fixed assets			
Net book value as at the beginning of the period / year		13,501,345,326	12,952,810,186
Additions during the period / year <i>9.1.1 & 9.1.2</i>		77,077,304	74,796,270
Revaluation surplus during the year - net		-	1,348,073,976
Disposals during the period / year - net book value		(18,196,268)	(134,899,219)
Impairment charged during the period / year		-	(250,000,000)
Depreciation charged during the period / year		(246,682,883)	(489,435,887)
Net book value as at the end of the period / year		<u>13,313,543,479</u>	<u>13,501,345,326</u>
9.1.1 Additions - Cost			
<u><i>Owned assets</i></u>			
Building on freehold land		2,903,402	15,715,907
Plant and machinery		48,176,626	45,138,317
Furniture, fixtures and office equipment		458,521	2,226,091
Vehicles		-	870,000
Tools and equipment		1,720,000	7,316,654
Electric installations		2,585,385	3,529,301
		<u>55,843,934</u>	<u>74,796,270</u>

Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited)
For the half year and quarter ended 31 December 2014

		(Un-Audited) 31 December 2014 <u>Rupees</u>	(Audited) 30 June 2014 <u>Rupees</u>
	<i>Note</i>		
9.1.2 <u>Leased assets</u>			
Plant and machinery		<u>21,233,370</u>	<u>-</u>
10 Long term investments			
Investment in subsidiary, Montebello s.r.l.		1,449,407,671	1,449,407,671
Other investments		32,087	32,087
Investment in Agritech Limited TFC's	<i>10.1</i>	214,760,138	231,864,928
		<u>1,664,199,896</u>	<u>1,681,304,686</u>
10.1 Investment in Agritech Limited TFC's			
53,259 Term Finance Certificates of Rs. 5,000 each (30 June 2014: 53,259 Term Finance Certificates of Rs. 5,000 each)			
Cost		266,074,508	266,074,508
Less: accumulated impairment	<i>10.1.1</i>	(51,314,370)	(34,209,580)
		<u>214,760,138</u>	<u>231,864,928</u>
10.1.1 Accumulated impairment			
As at beginning of the period / year		(34,209,580)	-
Impairment allowance for the period / year		(17,104,790)	(34,209,580)
As at end of the period / year		<u>(51,314,370)</u>	<u>(34,209,580)</u>

Impairment represents overdue installments as at the reporting date.

11 Short term investment

Short term investment represents 58.29 million preference shares of Agritech Limited (30 June 2014: 20 million ordinary shares of Agritech Limited). The Company also has a put option to sell these shares to National Bank of Pakistan at the purchase price.

Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited)
For the half year and quarter ended 31 December 2014

	(Un-Audited) July to December 2014 Rupees	(Un-Audited) July to December 2013 Rupees
12 Finance cost		
<i>Interest / mark-up on:</i>		
Redeemable capital & long term finances	234,254,798	215,571,965
Liabilities against assets subject to finance lease	313,613	1,559,277
Short term borrowings	243,171,518	264,836,068
Interest on payable to Provident Fund Trust	6,317,573	6,698,646
Interest on Workers' Profit Participation Fund	3,643,691	3,643,691
	487,701,193	492,309,647
Amortization of transaction costs and deferred notional income	146,041,555	156,993,332
Foreign exchange (gain) / loss	(92,985,298)	120,533,903
Bank charges and commission	66,647,418	76,749,136
	607,404,868	846,586,018

13 Transactions and balances with related parties

Related parties from the Company's perspective comprise subsidiary, associated undertakings, key management personnel (including chief executive and directors), post employment benefit plan and other related parties. The Company in the normal course of business carries out transactions with various related parties and continues to have a policy whereby all such transactions are carried out on permissible basis.

Detail of transactions and balances with related parties are as follows:

13.1 Transactions with related parties

	(Un-Audited) July to December 2014 Rupees	(Un-Audited) July to December 2013 Rupees
13.1.1 <u>Subsidiary</u>		
Montebello s.r.l.		
Sales	30,641,588	340,211,939
13.1.2 <u>Other related parties</u>		
JS Bank Limited		
Mark-up expense	10,494,774	11,055,806
Payment of mark-up expense	5,739,777	5,400,191

Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited)
For the half year and quarter ended 31 December 2014

	(Un-Audited) July to December 2014 Rupees	(Un-Audited) July to December 2013 Rupees
JS Value Fund Limited		
Mark-up expense	1,121,012	1,057,950
Unit Trust of Pakistan		
Mark-up expense	1,815,141	1,701,973
JS Large Cap Fund		
Mark-up expense	4,611,393	4,611,393
Payment of mark-up expense	6,814,894	4,586,331
JS Global Capital Limited		
Mark-up expense	18,102,666	18,102,666
Payment of mark-up expense	26,752,817	18,004,282
JS Principal Secure Fund		
Mark-up expense	1,856,535	1,856,535
Payment of mark-up expense	2,743,659	1,846,445
JS Income Fund		
Mark-up expense	2,238,323	2,952,335
JS Growth Fund		
Mark-up expense	4,494,199	4,441,647
Payment of mark-up expense	5,261,138	3,540,674
13.1.3 Post employment benefit plans		
Payment to employees Provident Fund Trust	59,333,685	65,768,657
13.1.4 Key management personnel		
Short-term employee benefits	143,921,670	123,539,511

Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited)
For the half year and quarter ended 31 December 2014

	(Un-Audited) 31 December 2014 Rupees	(Audited) 30 June 2014 Rupees
13.2 Balances with related parties		
13.2.1 <u>Subsidiary</u>		
Montebello s.r.l.		
Trade receivables	387,704,392	963,354,964
13.2.2 <u>Other related parties</u>		
JS Bank Limited		
Redeemable capital - TFC IV	65,021,777	65,021,777
Short term borrowing	332,696,186	331,667,177
Mark-up payable	28,264,007	23,568,167
Cash and bank - <i>current account</i>	776,001	78,384
JS Value Fund Limited		
Redeemable capital - TFC II	19,523,024	19,523,024
Redeemable capital - TFC VI	12,900,000	12,900,000
Mark-up payable	7,467,461	6,351,407
Unit Trust of Pakistan		
Redeemable capital - TFC V	31,980,766	31,980,766
Redeemable capital - TFC VI	19,265,000	19,265,000
Mark-up payable	10,876,346	9,038,460
JS Large Cap Fund		
Redeemable capital - PPTFCs	83,160,000	83,160,000
Mark-up payable	-	4,058,083
JS Global Capital Limited		
Redeemable capital - PPTFCs	326,456,184	326,456,184
Mark-up payable	-	15,930,572
JS Principal Secure Fund		
Redeemable capital - PPTFC	33,480,000	33,480,000
Mark-up payable	-	1,633,774

Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited) For the half year and quarter ended 31 December 2014

	(Un-Audited) 31 December 2014	(Audited) 30 June 2014
	Rupees	Rupees
JS Pension Savings Fund		
Redeemable capital - TFC VI	3,850,000	3,850,000
JS Income Fund		
Redeemable capital - TFC II	7,369,942	7,369,942
Redeemable capital - TFC V	31,980,766	31,980,766
Redeemable capital - TFC VI	24,135,000	24,135,000
Mark-up payable	13,695,312	11,436,116
JS Growth Fund		
Redeemable capital - TFC II	16,269,187	16,269,187
Redeemable capital - TFC VI	10,750,000	10,750,000
Redeemable capital - PPTFC disbursement	64,200,000	64,200,000
Mark-up payable	6,222,884	8,425,703

13.2.3 Post employment benefit plans

Payable to employees Provident Fund Trust	68,588,671	54,950,366
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13.2.4 Key management personnel

Short term employee benefits payable	23,986,945	18,975,476
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14 Overdue debt finances

The Company is facing liquidity shortfall due to the facts disclosed in note 2.2 as a result of which it was unable to meet its obligations in respect of various debt finances. The details are as follows:

	As at 31 December 2014		
	Principal	Interest / mark-up	Total
	Rupees	Rupees	Rupees
<u>Nature of liability</u>			
Redeemable Capital	1,065,656,908	866,973,201	1,932,630,109
Long term finances	1,026,638,628	435,476,963	1,462,115,591
Bills payables	323,096,077	177,887,875	500,983,952
Short term borrowings	806,484,000	886,750,324	1,693,234,324
Preference shares	148,367,255	-	148,367,255
Dividend on preference shares	-	9,413,535	9,413,535
	3,370,242,868	2,376,501,898	5,746,744,766

Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited) *For the half year and quarter ended 31 December 2014*

15 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended 30 June 2014.

16 Date of authorization

This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors of the Company on 27 February 2015.

17 General

Figures have been rounded off to the nearest rupee.

**Condensed
Interim
Consolidated
Financial
Information**

Condensed Interim Consolidated Balance Sheet (Un-audited)

As at 31 December 2014

	Note	(Un-Audited) 31 December 2014 Rupees	(Audited) 30 June 2014 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
<i>Authorized share capital</i>		15,000,000,000	15,000,000,000
Issued, subscribed and paid-up capital		4,548,718,700	4,548,718,700
Reserves		3,170,315,049	3,278,024,432
Accumulated loss		(9,254,976,522)	(8,640,333,356)
		(1,535,942,773)	(813,590,224)
Surplus on revaluation of fixed assets		4,630,148,701	4,703,687,542
		3,094,205,928	3,890,097,318
<u>Non-current liabilities</u>			
Redeemable capital - <i>secured</i>	5	3,215,816,702	3,799,216,500
Long term finances - <i>secured</i>	6	1,295,781,403	1,493,304,926
Liabilities against assets subject to finance lease <i>secured</i>	7	16,021,464	20,783,684
		4,527,619,569	5,313,305,110
<u>Current liabilities</u>			
Current portion of non-current liabilities		2,927,644,936	2,068,876,610
Short term borrowings		4,614,919,651	4,726,872,126
Trade and other payables		3,110,405,652	2,714,822,531
Interest / mark-up accrued on borrowings		2,547,264,499	2,214,256,456
Dividend payable		13,415,572	13,415,572
		13,213,650,310	11,738,243,295
Contingencies and commitments	8	20,835,475,807	20,941,645,723
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	9	13,337,751,151	13,555,411,222
Intangible assets		767,048,212	844,487,927
Long term investments	10	214,792,225	231,897,015
Long term deposits - <i>unsecured, considered good</i>		19,253,047	19,253,047
		14,338,844,635	14,651,049,211
<u>Current assets</u>			
Stores, spares and loose tools		150,894,773	132,749,270
Stock in trade		2,075,461,313	1,652,031,301
Trade debts		2,662,514,623	2,839,179,664
Advances, deposits, prepayments and other receivables		1,177,896,334	902,093,786
Short term investments	11	306,022,500	700,000,000
Current taxation		31,800,732	40,228,593
Cash and bank balances		92,040,897	24,313,898
		6,496,631,172	6,290,596,512
		20,835,475,807	20,941,645,723

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial information.

Lahore

CHIEF EXECUTIVE

DIRECTOR

Condensed Interim Consolidated Profit and Loss Account (Un-audited)

For the half year and quarter ended 31 December 2014

	2014		2013	
	July to December	October to December	July to December	October to December
	Rupees	Rupees	Rupees	Rupees
Sales - net	5,377,156,365	3,006,166,435	6,994,618,449	3,534,182,594
Cost of sales	(4,821,297,768)	(2,603,926,509)	(6,340,294,846)	(3,154,915,177)
Gross profit	555,858,597	402,239,926	654,323,603	379,267,417
Administrative and general expenses	(258,930,477)	(117,619,812)	(335,012,499)	(116,191,551)
Selling and distribution expenses	(287,879,613)	(160,516,803)	(242,540,831)	(177,611,706)
Operating profit	9,048,507	124,103,311	76,770,273	85,464,160
Other income	27,569,063	2,475,991	29,487,004	8,349,227
Other expenses	(61,698,005)	(61,698,005)	-	(29,087,932)
Finance cost	12 (612,213,777)	(290,409,231)	(851,331,978)	(415,647,359)
Loss before taxation	(637,294,212)	(225,527,934)	(745,074,701)	(350,921,904)
Taxation	(50,887,795)	(28,826,292)	(69,961,126)	(36,391,365)
Loss after taxation	(688,182,007)	(254,354,226)	(815,035,827)	(387,313,269)
Loss per share - basic and diluted	(1.51)	(0.56)	(1.79)	(0.85)

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial information.

Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)

For the half year and quarter ended 31 December 2014

	2014		2013	
	July to December Rupees	October to December Rupees	July to December Rupees	October to December Rupees
Loss after taxation	(688,182,007)	(254,354,226)	(815,035,827)	(387,313,269)
<i>Other comprehensive income / (loss):</i>				
<u>Items that are or may be subsequently reclassified to profit or loss</u>				
Changes in fair value of available for sale financial assets	-	-	5,372	6,844
Exchange difference on translation of foreign subsidiary	(107,709,383)	(69,514,211)	24,180,798	(56,698,386)
	(107,709,383)	(69,514,211)	24,186,170	(56,691,542)
Total comprehensive loss for the period	<u>(795,891,390)</u>	<u>(323,868,437)</u>	<u>(790,849,657)</u>	<u>(444,004,811)</u>

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial information.

Condensed Interim Consolidated Cash flow Statement (Un-audited)

For the half year ended 31 December 2014

	July to December 2014	July to December 2013
	Rupees	Rupees
<u>Cash flows from operating activities</u>		
Loss after tax	(688,182,007)	(815,035,827)
<i>Adjustment for non-cash and other items:</i>		
Interest / mark-up expense	477,426,316	516,777,814
Loss / (gain) on disposal of fixed assets	533,498	(3,403,730)
Amortization of transaction costs and deferred notional income	146,041,555	156,993,332
Gain on sale of investment	-	-
Depreciation	247,807,478	245,983,669
Amortization of intangible assets	-	1,302,407
Taxation	50,887,795	69,961,126
Provision for impairment of long term investments	17,104,790	-
Return on investment in term finance certificates	(15,985,985)	(15,700,440)
Foreign exchange (gain) / loss	(80,130,236)	123,937,633
	843,685,211	1,095,851,811
Operating profit before changes in working capital	155,503,204	280,815,984
<u>Changes in working capital</u>		
<i>Decrease / (increase) in current assets:</i>		
Stores, spares and loose tools	(18,145,503)	6,731,437
Stock in trade	(423,430,012)	267,160,104
Trade receivables	272,996,548	(294,739,178)
Advances, deposits, prepayments and other receivables	(259,816,563)	(40,220,254)
	(428,395,530)	(61,067,891)
<i>Increase in current liabilities:</i>		
Trade and other payables	268,562,604	171,245,829
Cash (used in) / generated from operations	(4,329,722)	390,993,922
Interest / mark-up paid	(144,418,076)	(197,684,375)
Taxes paid	(53,288,768)	(66,779,935)
Net cash (used in) / generated from operating activities	(202,036,566)	126,529,612
<u>Cash flows from investing activities</u>		
Capital expenditure	(28,717,386)	(22,545,840)
Proceeds from disposal of property, plant and equipment	17,662,770	6,141,449
Proceeds from sale of investment in Agritech Limited	393,977,500	-
Net cash generated from / (used in) investing activities	382,922,884	(16,404,391)
<u>Cash flows from financing activities</u>		
Repayment of long term finances	-	(7,999,805)
Repayment of liabilities against assets subject to finance lease	(7,357,928)	(2,400,000)
Net decrease in short term borrowings	(105,801,391)	(119,923,640)
Net cash used in financing activities	(113,159,319)	(130,323,445)
Net increase / (decrease) in cash and cash equivalents	67,726,999	(20,198,224)
Cash and cash equivalents at beginning of the period	24,313,898	132,259,604
Cash and cash equivalents at end of the period	92,040,897	112,061,380

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial information.

Lahore


CHIEF EXECUTIVE


DIRECTOR

Condensed Interim Consolidated Statement of Changes in Equity (Un-audited)

For the half year ended 31 December 2014

	Capital reserves				Revenue reserves		Total equity Rupees		
	Issued, subscribed and paid-up capital Rupees	Share premium Rupees	Reserve on merger Rupees	Translation reserve Rupees	Preference share redemption reserve Rupees	Available for sale financial assets Rupees		Accumulated loss Rupees	Total reserves Rupees
As at 30 June 2013 - Audited	4,548,718,700	2,358,246,761	105,152,005	(3,820,802)	661,250,830	12,557	(6,726,946,203)	(3,606,104,852)	942,613,848
<i>Total comprehensive income for the period:</i>									
Loss for the period ended 31 December 2013	-	-	-	-	-	-	(815,035,827)	(815,035,827)	(815,035,827)
Other comprehensive income for the period ended 31 December 2013	-	-	-	24,180,798	-	5,372	-	24,186,170	24,186,170
Total comprehensive income / (loss) for the period	-	-	-	24,180,798	-	5,372	(815,035,827)	(790,849,657)	(790,849,657)
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	-	-	-	-	62,605,696	62,605,696	62,605,696
As at 31 December 2013 - Unaudited	4,548,718,700	2,358,246,761	105,152,005	20,359,996	661,250,830	17,929	(7,479,376,334)	(4,334,348,813)	214,369,887
As at 30 June 2014 - Audited	4,548,718,700	2,358,246,761	105,152,005	153,361,413	661,250,830	13,423	(8,640,333,356)	(5,362,308,924)	(813,590,224)
<i>Total comprehensive income for the period:</i>									
Loss for the period ended 31 December 2014	-	-	-	-	-	-	(688,182,007)	(688,182,007)	(688,182,007)
Other comprehensive income for the period ended 31 December 2014	-	-	-	-	-	(107,709,383)	-	(107,709,383)	(107,709,383)
Total comprehensive loss for the period	-	-	-	-	-	(107,709,383)	(688,182,007)	(795,891,390)	(795,891,390)
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	-	-	-	-	68,818,806	68,818,806	68,818,806
Reversal of revaluation surplus on disposal of fixed assets	-	-	-	-	-	-	4,720,035	4,720,035	4,720,035
As at 31 December 2014 - Unaudited	4,548,718,700	2,358,246,761	105,152,005	153,361,413	661,250,830	(107,695,960)	(9,254,976,522)	(6,084,661,473)	(1,535,942,773)

The annexed notes 1 to 17 form an integral part of this condensed interim unaudited financial information.



Lahore

CHIEF EXECUTIVE



DIRECTOR

Condensed Interim Consolidated Notes to the Financial Information (Un-audited) For the half year and quarter ended 31 December 2014

1 Reporting entity

1.1 Azgard Nine Limited ("ANL") - Holding Company

Azgard Nine Limited ("the Company") was incorporated in Pakistan as a Public Limited Company and is listed on Karachi Stock Exchange (Guarantee) Limited. The Company is a composite spinning, weaving, dyeing and stitching unit engaged in the manufacture and sale of yarn, denim and denim products. The registered office of the Company is situated at Ismail Aiwan-e-Science, off Shahrah-e-Roomi, Lahore. The Company has three productions units with Unit I located at 2.5 K.M off Manga, Raiwand Road, District Kasur, Unit II at Alipur Road, Muzaffargarh and Unit III at 20 K.M off Ferozpur Road, 6 K.M Bandian Road on Ruhi Nala, Der Khud, Lahore.

1.2 Montebello s.r.l. ("MSRL") - Subsidiary Company

MSRL is incorporated in Italy and is a wholly owned subsidiary of ANL. MSRL is engaged in sale of denim and denim products.

2 Basis of preparation

2.1 Statement of compliance

2.1.1 This condensed interim consolidated financial information comprises the consolidated balance sheet of Azgard Nine Limited ("the Parent Company") and its subsidiary, Montebello s.r.l, as at 31 December 2014 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof.

2.1.2 This condensed interim consolidated financial information of the Group for the six months period ended 31 December 2014 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.1.3 "This condensed interim consolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2014."

2.1.4 This condensed interim consolidated financial information is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

2.2 Going concern assumption

During this half year, the Parent Company has realised funds to an amount of Rs. 394 million out of Rs. 700 million due from sale of AGL. The remaining balance of Rs. 306 million is expected to be realized within next year. The Parent Company has injected the realised funds in operations to explore its underutilized production lines. Now we are focusing on achieving operational capacities which hopefully would be achieved in few months.

Due to the above mentioned reasons, Parent Company's current liabilities exceeded its current assets by Rs. 7,196.26 million, including Rs. 5,746.74 million relating to overdue principal and mark-up thereon, and its accumulated loss stood at Rs. 9,022.16 million. These conditions cast a significant doubt about the Parent Company's ability to continue as a going concern. These financial statements have however, been prepared on a going concern basis. The assumption that the Parent Company would continue as a going concern is based on the measures as explained in the succeeding paragraph and expectation of future profitability and positive cash flows from operating activities.

Condensed Interim Consolidated Notes to the Financial Information (Un-audited) For the half year and quarter ended 31 December 2014

"The Parent Parent Company has also entered in second round of financial restructuring through a plan which includes disposal of less operative assets combined with debt restructuring. In this regards, various intended buyers have shown interest for purchase of such assets. Further, lenders have also been contacted for debt restructuring. The Parent Parent Company is hopeful that subsequent to realization of proceeds from sale of these assets, receipt of remaining working capital and completion of debt restructuring, target of sustainable capacity utilization will be achieved. Management is confident that through these measures the Parent Parent Company would turnaround in to a profitable Parent Parent Company, subject to impact, if any, of uncontrollable external circumstances including power crises and global market conditions."

2.3 Financial liabilities

The Parent Company could not make timely repayments of principal and interest / mark-up related to long term debts as referred to in note 14. Further, as at the reporting date, the Parent Company could not comply with certain financial and other covenants imposed by the lenders. As per the agreed terms of long term debts the lenders have unconditional right to call the loans if timely repayments are not made or covenants are not complied with. International Accounting Standard on Presentation of financial statements (IAS - 1) requires that if an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it should classify the liability as current.

However, the long term debts in the amount of Rs. 4,978.020 million as detailed below have continued to be classified as long term as per the repayment schedules in this condensed interim unconsolidated financial information as the management considers that event of default was not declared by the lenders at the reporting date:

	Principal net of current maturity
	Rupees
<u>Redeemable capital</u>	
Term Finance Certificates - II	540,009,337
Term Finance Certificates - IV	899,590,558
Privately Placed Term Finance Certificates - VI	1,770,268,500
Privately Placed Term Finance Certificates	272,046,820
Privately Placed Term Finance Certificates	181,000,000
	<u>3,662,915,215</u>
<u>Long term finances</u>	
Deutsche Investments - Und MBH (Germany)	859,703,014
Saudi Pak Industrial and Agricultural Company Limited	36,308,680
Citi Bank N.A (Pakistan)	283,769,733
HSBC Bank (Middle East) Limited	135,323,408
	<u>1,315,104,835</u>
	<u>4,978,020,050</u>

3 Statement of consistency in accounting policies

- 3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of annual financial statements for the year ended 30 June 2014.
- 3.2 There were certain new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Group's operations and are, therefore, not disclosed.

In addition to the above, following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2015:

Condensed Interim Consolidated Notes to the Financial Information (Un-audited)

For the half year and quarter ended 31 December 2014

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 38 - Intangible Assets	01 January 2016
IAS 16 - Property, Plant and Equipment	01 January 2016
IAS 41 - Agriculture	01 January 2016
IFRS 10 - Consolidated Financial Statements	01 January 2015
IFRS 11 - Joint Arrangements	01 January 2015
IFRS 12 - Disclosure of Interest in Other Entities	01 January 2015
IFRS 13 - Fair Value Measurement	01 January 2015
IAS 27 - Separate Financial Statements	01 January 2016
Annual Improvements to IFRSs 2012-2014 Cycles	01 January 2016

4 Significant estimates

The preparation of this condensed interim consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense and related disclosures at the date of financial statements. Actual results may differ from these estimates. In preparing this condensed interim unconsolidated financial information, the significant judgments made by management in applying accounting policies, key estimates and uncertainty includes:

- Depreciation method, residual values and useful life of depreciable assets
- Taxation
- Fair value investment in subsidiaries
- Provisions and Contingencies

	(Un-Audited) 31 December 2014	(Audited) 30 June 2014
	Rupees	Rupees
5 Redeemable capital - secured		
Term Finance Certificates - II	651,066,836	651,066,836
Term Finance Certificates - IV	1,083,768,528	1,083,768,528
Term Finance Certificates - V	527,682,637	527,682,637
Privately Placed Term Finance Certificates - VI	3,218,670,000	3,218,670,000
Privately Placed Term Finance Certificates	326,456,184	326,456,184
Privately Placed Term Finance Certificates	217,200,000	217,200,000
	6,024,844,185	6,024,844,185
Accumulated deferred notional income	(405,147,080)	(545,601,982)
Transaction cost	(41,951,433)	(46,699,514)
	5,577,745,672	5,432,542,689
	(2,361,928,970)	(1,633,326,189)
	3,215,816,702	3,799,216,500

Condensed Interim Consolidated Notes to the Financial Information (Un-audited)

For the half year and quarter ended 31 December 2014

	(Un-Audited) 31 December 2014	(Audited) 30 June 2014
	Rupees	Rupees
6 Long term finances - secured		
Deutsche Investitions - Und MBH (Germany)	859,703,014	946,537,228
Saudi Pak Industrial and Agricultural Company Limited	43,251,155	43,251,155
Citi Bank N.A (Pakistan)	567,539,466	567,539,466
HSBC (Middle East) Limited	234,602,579	234,602,579
	<u>1,705,096,214</u>	<u>1,791,930,428</u>
Transaction costs	(19,323,432)	(20,162,005)
	<u>1,685,772,782</u>	<u>1,771,768,423</u>
Less: Amount shown as current liability	(389,991,379)	(278,463,497)
	<u>1,295,781,403</u>	<u>1,493,304,926</u>

7 Liabilities against assets subject to finance lease - secured

The amounts of future payments for the lease and the period in which the lease payments will become due are as follows:

	(Un-Audited) 31 December 2014	(Audited) 30 June 2014
	Rupees	Rupees
Present value of minimum lease payments	43,378,795	29,503,353
Current maturity presented under current liabilities	(27,357,331)	(8,719,669)
	<u>16,021,464</u>	<u>20,783,684</u>

8 Contingencies and commitments

8.1 Contingencies

8.1.1 There is no material change in the contingencies from preceding audited published financial statements of the Company for the year ended 30 June 2014.

8.2 Commitments

8.2.1 Commitments under irrevocable letters of credit for:

Condensed Interim Consolidated Notes to the Financial Information (Un-audited)
For the half year and quarter ended 31 December 2014

		(Un-Audited) 31 December 2014 Rupees	(Audited) 30 June 2014 Rupees
	<i>Note</i>		
- purchase of stores, spare and loose tools		16,240,653	1,709,166
- purchase of raw material		20,325,619	21,714,687
		<u>36,566,272</u>	<u>23,423,853</u>
8.2.2 Commitments for capital expenditure		<u>21,400,998</u>	<u>38,505,194</u>
9 Property, plant and equipment			
Operating fixed assets	9.1	13,328,939,432	13,519,472,955
Capital work in progress		8,811,719	35,938,267
		<u>13,337,751,151</u>	<u>13,555,411,222</u>
9.1 Operating fixed assets			
Net book value as at the beginning of the period / year		13,519,472,955	12,972,803,631
Additions during the period / year	9.1.1 & 9.1.2	77,077,304	74,796,270
Revaluation surplus during the year - net		-	1,348,073,976
Disposals during the period / year - net book value		(18,196,268)	(134,899,219)
Impairment charged during the period / year		-	(250,000,000)
Depreciation charged during the period / year		(247,807,478)	(492,276,544)
Exchange differences		(1,607,081)	974,841
Net book value as at the end of the period / year		<u>13,328,939,432</u>	<u>13,519,472,955</u>

Condensed Interim Consolidated Notes to the Financial Information (Un-audited)

For the half year and quarter ended 31 December 2014

		(Un-Audited) 31 December 2014	(Audited) 30 June 2014
	Note	Rupees	Rupees
9.1.1 Additions - Cost			
<u>Owned assets</u>			
Building on freehold land		2,903,402	15,715,907
Plant and machinery		48,176,626	45,138,317
Furniture, fixtures and office equipment		458,521	2,226,091
Vehicles		-	870,000
Tools and equipment		1,720,000	7,316,654
Electric installations		2,585,385	3,529,301
		55,843,934	74,796,270
9.1.2 Leased assets			
Plant and machinery		21,233,370	-
10 Long term investments			
Other investments		32,087	32,087
Investment in Agritech Limited TFC's	10.1	214,760,138	231,864,928
		214,792,225	231,897,015
10.1 Investment in Agritech Limited TFC's			
53,259 Term Finance Certificates of Rs. 5,000 each (30 June 2014: 53,259 Term Finance Certificates of Rs. 5,000 each)			
Cost		266,074,508	266,074,508
Less: accumulated impairment	10.1.1	(51,314,370)	(34,209,580)
		214,760,138	231,864,928
10.1.1 Accumulated impairment			
As at beginning of the period / year		(34,209,580)	-
Impairment allowance for the period / year		(17,104,790)	(34,209,580)
As at end of the period / year		(51,314,370)	(34,209,580)

Impairment represents overdue installments as at the reporting date.

Condensed Interim Consolidated Notes to the Financial Information (Un-audited)

For the half year and quarter ended 31 December 2014

11 Short term investment

Short term investment represents 58.29 million preference shares of Agritech Limited (30 June 2014: 20 million ordinary shares of Agritech Limited). The Company also has a put option to sell these shares to National Bank of Pakistan at the purchase price.

(Un-Audited) July to December 2014 Rupees	(Un-Audited) July to December 2013 Rupees
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12 Finance cost

Interest / mark-up on:

Redeemable capital & long term finances
Liabilities against assets subject to finance lease
Short term borrowings
Interest on payable to Provident Fund Trust
Interest on Workers' Profit Participation Fund

234,254,798	215,571,965
313,613	1,559,277
243,171,518	264,836,068
6,317,573	6,698,646
3,643,691	3,643,691
487,701,193	492,309,647

Amortization of transaction costs and deferred notional income
Foreign exchange (gain) / loss
Bank charges and commission

146,041,555	156,993,332
(92,985,298)	120,533,903
71,456,327	81,495,096
612,213,777	851,331,978

13 Transactions and balances with related parties

Related parties from the Company's perspective comprise subsidiary, associated undertakings, key management personnel (including chief executive and directors), post employment benefit plan and other related parties. The Company in the normal course of business carries out transactions with various related parties and continues to have a policy whereby all such transactions are carried out on permissible basis.

Detail of transactions and balances with related parties are as follows:

13.1 Transactions with related parties

(Un-Audited) July to December 2014 Rupees	(Un-Audited) July to December 2013 Rupees
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13.1.1 Other related parties

JS Bank Limited

Mark-up expense	10,494,774	11,055,806
Payment of mark-up expense	5,739,777	5,400,191

JS Value Fund Limited

Mark-up expense	1,121,012	1,057,950
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Condensed Interim Consolidated Notes to the Financial Information (Un-audited)
For the half year and quarter ended 31 December 2014

	(Un-Audited) July to December 2014 <hr/> Rupees	(Un-Audited) July to December 2013 <hr/> Rupees
Unit Trust of Pakistan		
Mark-up expense	1,815,141	1,701,973
JS Large Cap Fund		
Mark-up expense	4,611,393	4,611,393
Payment of mark-up expense	6,814,894	4,586,331
JS Global Capital Limited		
Mark-up expense	18,102,666	18,102,666
Payment of mark-up expense	26,752,817	18,004,282
JS Principal Secure Fund		
Mark-up expense	1,856,535	1,856,535
Payment of mark-up expense	2,743,659	1,846,445
JS Income Fund		
Mark-up expense	2,238,323	2,952,335
JS Growth Fund		
Mark-up expense	4,494,199	4,441,647
Payment of mark-up expense	5,261,138	3,540,674
13.1.2 Post employment benefit plans		
Payment to employees Provident Fund Trust	59,333,685	65,768,657
13.1.3 Key management personnel		
Short-term employee benefits	143,921,670	123,539,511
	(Un-Audited) 31 December 2014 <hr/> Rupees	(Audited) 30 June 2014 <hr/> Rupees
13.2 Balances with related parties		
13.2.1 Other related parties		
JS Bank Limited		
Redeemable capital - TFC IV	65,021,777	65,021,777
Short term borrowing	332,696,186	331,667,177

Condensed Interim Consolidated Notes to the Financial Information (Un-audited)
For the half year and quarter ended 31 December 2014

	(Un-Audited) 31 December 2014	(Audited) 30 June 2014
	Rupees	Rupees
Mark-up payable	28,264,007	23,568,167
Cash and bank - <i>current account</i>	776,001	78,384
JS Value Fund Limited		
Redeemable capital - TFC II	19,523,024	19,523,024
Redeemable capital - TFC VI	12,900,000	12,900,000
Mark-up payable	7,467,461	6,351,407
Unit Trust of Pakistan		
Redeemable capital - TFC V	31,980,766	31,980,766
Redeemable capital - TFC VI	19,265,000	19,265,000
Mark-up payable	10,876,346	9,038,460
JS Large Cap Fund		
Redeemable capital - PPTFCs	83,160,000	83,160,000
Mark-up payable	-	4,058,083
JS Global Capital Limited		
Redeemable capital - PPTFCs	326,456,184	326,456,184
Mark-up payable	-	15,930,572
JS Principal Secure Fund		
Redeemable capital - PPTFC	33,480,000	33,480,000
Mark-up payable	-	1,633,774
JS Pension Savings Fund		
Redeemable capital - TFC VI	3,850,000	3,850,000
JS Income Fund		
Redeemable capital - TFC II	7,369,942	7,369,942
Redeemable capital - TFC V	31,980,766	31,980,766
Redeemable capital - TFC VI	24,135,000	24,135,000
Mark-up payable	13,695,312	11,436,116

Condensed Interim Consolidated Notes to the Financial Information (Un-audited)

For the half year and quarter ended 31 December 2014

	(Un-Audited) 31 December 2014 Rupees	(Audited) 30 June 2014 Rupees
JS Growth Fund		
Redeemable capital - TFC II	16,269,187	16,269,187
Redeemable capital - TFC VI	10,750,000	10,750,000
Redeemable capital - PPTFC disbursement	64,200,000	64,200,000
Mark-up payable	6,222,884	8,425,703
13.2.2 Post employment benefit plans		
Payable to employees Provident Fund Trust	68,588,671	54,950,366
13.2.3 Key management personnel		
Short term employee benefits payable	23,986,945	18,975,476

14 Overdue debt finances

The Parent Company is facing liquidity shortfall due to the facts disclosed in note 2.2 as a result of which it was unable to meet its obligations in respect of various debt finances. The details are as follows:

	As at 31 December 2014		
	Principal Rupees	Interest / mark-up Rupees	Total Rupees
<i>Nature of liability</i>			
Redeemable Capital	1,065,656,908	866,973,201	1,932,630,109
Long term finances	1,026,638,628	435,476,963	1,462,115,591
Bills payables	323,096,077	177,887,875	500,983,952
Short term borrowings	806,484,000	886,750,324	1,693,234,324
Preference shares	148,367,255	-	148,367,255
Dividend on preference shares	-	9,413,535	9,413,535
	3,370,242,868	2,376,501,898	5,746,744,766

15 Financial risk management

The Group's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended 30 June 2014.

16 Date of authorization

This condensed interim consolidated financial information was authorized for issue by the Board of Directors of the Company on 27 February 2015.

Condensed Interim Consolidated Notes to the Financial Information (Un-audited)
For the half year and quarter ended 31 December 2014

17 General

Figures have been rounded off to the nearest rupee.



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