

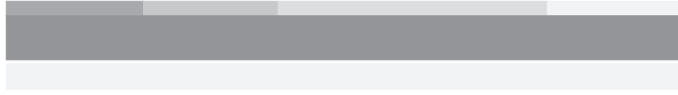
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Condensed Consolidated Interim Financial Statements

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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. Mohammed Khaishgi

Chairman
Chief Executive

COMPANY SECRETARY

Mr. Muhammad Ijaz Haider

CHIEF FINANCIAL OFFICER

Mr. Abid Amin

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. Tariq Mohammad Khan
Mr. Abid Amin
Mr. Irfan Nazir
Mr. Tahir Munir
Mr. Atif Farooqi
Mr. Usman Rasheed

FINANCE COMMITTEE

Mr. Ahmed H. Shaikh
Mr. Ali Jehangir Siddiqui
Mr. Tariq Mohammad Khan

HUMAN RESOURCE COMMITTEE

Mr. Ahmed H. Shaikh
Mr. Tariq Mohammad Khan
Mr. Salim Khan

BANKERS

JS Bank Limited
MCB Bank Limited
Citibank N.A.
ABN Amro Bank
Faysal Bank Limited
Habib Bank Limited
Saudi Pak Industrial & Agricultural
Investment Company (Private) Limited
The Hong Kong and Shanghai
Banking Corporation
United Bank Limited
Standard Chartered Bank Pakistan Limited
NIB Bank Limited
National Bank of Pakistan
Allied Bank Limited
My Bank Limited
KASB Bank Limited
Pak Oman Investment Company
Saudi Pak Commercial Bank Ltd.

LEGAL ADVISORS

Hamid Law Associates

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

TAX ADVISORS

Faruq Ali & 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

Unit III

20 KM off Ferozepur Road,
6 KM Badian Road on Ruhi Nala
Der Khurd, Lahore.
Ph: +92 (0)42 8460333, 8488862

DIRECTORS' REVIEW

The Board of Directors of Azgard Nine Limited ("the Company") take pleasure in presenting the un-audited interim financial statements for the period ended March 31, 2008. The company completed another quarter of successful business operations under continuing exigent market conditions. In previous years the first quarter has been the weakest quarter for the company. However, this year even the first quarter performance has been quite strong.

Following is the quarterly review of the Company's operations:

THE TEXTILE APPAREL CHAIN

The Textile Apparel Chain, one of the Company's two businesses, spanning cotton yarn spinning, denim fabrics and garments, saw a vigorous quarter despite the prevailing energy crisis, higher markup rates, increases in minimum wages and the political change taking place in the country. The Company's management's focused attention kept the Company's Textile Apparel Chain firmly placed at its status as the largest Denim Products Business in the country.

The Company's plans to balance modernize and rehabilitate (BMR) its textile chain with the commitments to further emphasize on quality and service along with training of workforce to achieve the required skill levels and better machine efficiencies. The Company is importing a generator having dual fuel facility which will improve the operational efficiencies, ensure more judicious consumption of energy in order to curtail its costs.

The Company has applied to the State Bank of Pakistan for an offshore acquisition of branded denim and garment business and is still awaiting approvals. Subject to receipt of the regulatory approvals, this will provide the Business with a strategic opportunity to boost its earnings through both volumetric growth and attainment of higher price levels. The key challenge in this regard is the expeditious migration of the cost base, thus capitalizing on the opportunity and maximizing the margin improvement envisaged by the acquisition.

THE AGRICHEMICAL BUSINESS

The Company's Agrichemicals Business, through its 100% owned subsidiary Pak American Fertilizers Limited "PAFL", retains its position as the fifth largest urea manufacturer in the country with a urea and DAP market share of 8%.

PAFL began its balancing modernizing and rehabilitation (BMR) of its ammonia and urea plants to enhance urea and ammonia capacity to 135% of name plate capacity. The revamp is to be completed by mid of 2009 with an estimated cost of US \$ 55 million. Its Tara Brand, launched in January 2007, has established as the premium quality urea product in the country. The Company intends to further promote the brand by educating farmers about its potential benefits through local workshops followed by farm improvement programs.

HIGHLIGHTS OF AZGARD NINE LIMITED

The Board of Directors feels great pleasure in reporting another hallmark quarter in which the Company has successfully managed to maintain consistent growth. The financial results are as follows:

STAND ALONE RESULTS

Financial Results	Growth %	March 31, 2008 Rupees	March 31, 2007 Rupees
Sales-Net	35.52	2,056,001,209	1,517,099,655
Operating Profit	49.32	484,661,557	324,586,894
Financial Charges	12.16	306,504,393	273,269,709
Profit before Tax	93.19	169,521,555	87,749,100
Profit after Tax	93.17	148,627,639	76,940,100

CONSOLIDATED RESULTS

Financial Results	Growth %	March 31, 2008 Rupees	March 31, 2007 Rupees
Sales-Net	40.50	3,059,082,500	2,177,254,869
Operating Profit	78.00	873,235,662	490,581,952
Financial Charges	7.97	608,398,011	563,501,159
Profit before Tax		812,516,111	(35,989,231)
Profit after Tax		750,773,100	(40,616,014)

DIRECTORS' REVIEW

EARNING PER SHARE	March 31, 2008	March 31, 2007
	Rupees	Rupees
AZGARD NINE LTD (STAND ALONE)		
Earnings per share for the quarter (Qtr. 1 / 2008)	0.42	0.20
CONSOLIDATED WITH SUBSIDIARY		
Earnings per share for the quarter (Qtr. 1/ 2008)	2.32	(0.18)

FUTURE MARKET OUTLOOK

Textile sector throughout the world is undergoing rapid changes due to free trade regime and other cotton growing countries such as China, India and Central Asian Republics are expected to give tough competition. Frequent fluctuation in prices of cotton, increase in power and labour cost are exerting continuous pressure on competitiveness of our product range. However, the management is striving for the value addition to product range by investing in human resources, achieving cost reduction and optimizing capacity utilization.

In terms of Fertilizer business, the prevalent positive market conditions will bring good results in the next quarter as well. Fertilizer market is highly productive because of the national economy's dependency on agriculture and because of the easier availability of credit for marginal farmers.

ACKNOWLEDGEMENT

The Board would like to avail this opportunity to thank our valued customers and the financial institutions whose faith and support over the years has fostered a mutually beneficial relationship which has played a pivotal role in the growth of the business.

The board also wishes to place on record its appreciation for the employees of the Company. All this has been possible with their hard work and commitment.

On behalf of the Board

Lahore: April 28, 2008

Chief Executive

	Note	March 31, 2008 Rupees	December 31, 2007 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
1,500,000,000 Ordinary and Preference shares of Rs. 10/- each		15,000,000,000	15,000,000,000
Issued, subscribed and paid up capital		3,788,682,900	3,788,822,900
Reserves		3,758,372,048	3,530,626,122
Unappropriated profits		2,137,487,587	2,400,605,174
		9,684,542,535	9,720,054,196
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		234,176,481	239,073,077
NON CURRENT LIABILITIES			
Redeemable Capital	4	4,280,231,914	4,491,185,372
Long-term financing - secured	5	2,784,172,502	2,973,551,252
Liabilities against assets subject to finance lease	6	23,948,376	14,357,005
		7,088,352,792	7,479,093,629
CURRENT LIABILITIES			
Current portion of long-term liabilities		1,287,567,716	981,049,256
Short-term financing	7	3,881,282,724	3,820,688,516
Derivative financial liabilities		74,687,461	34,369,582
Trade and other payables		754,409,579	1,030,875,769
Interest and mark-up accrued		242,940,178	317,690,929
Dividends		396,139,308	9,694,014
		6,637,026,966	6,194,368,066
CONTINGENCIES AND COMMITMENTS			
	8	23,644,098,774	23,632,588,968
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	9	7,654,728,972	7,643,649,558
Capital work in progress	10	251,392,816	167,987,854
Intangible assets		49,932,417	51,142,669
long term investments	11	6,394,279,270	6,391,905,201
long term deposits		20,239,502	20,239,502
		14,370,572,977	14,274,924,784
CURRENT ASSETS			
Stores, spares and loose tools		132,172,304	125,468,877
Stock in trade		2,339,215,052	2,246,132,173
Trade debtors		1,367,694,138	1,657,196,735
Derivative financial assets		605,521,944	388,993,278
Advances, deposits, prepayments and other receivables		961,100,883	1,004,944,292
Current tax asset		48,201,621	51,050,683
Short term investments	12	3,746,149,707	3,838,444,830
Cash and bank balances		73,470,148	45,433,316
		9,273,525,797	9,357,664,184
		23,644,098,774	23,632,588,968

The annexed notes 1 to 16 form an integral part of these financial statements. 3,7465e1131av 6210.0932 2324.4282 m 6376 2300.9726 l h B* 6.4282 I

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Unaudited)

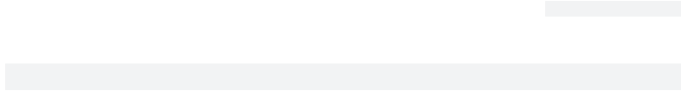
for the quarter ended March 31, 2008

	Quarter Ended	
	March 31, 2008	March 31, 2007
	Rupees	Rupees
Sales - net	2,056,001,209	1,517,099,655
Cost of goods sold	1,461,499,646	1,109,525,805
Gross profit	594,501,563	407,573,850
Administrative and selling expenses	109,840,006	82,986,956
Operating profit	484,661,557	324,586,894
Other income – net	(8,635,609)	36,431,915
	476,025,948	361,018,809
Finance cost	306,504,393	273,269,709
	169,521,555	87,749,100
Taxation	20,893,916	10,809,000
Profit after taxation	148,627,639	76,940,100
Earnings per share – Basic & Diluted	0.42	0.20

The annexed notes 1 to 16 form an integral part of these financial statements.

Chief Executive

Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

for the quarter ended March 31, 2008

	Share Capital issued, subscribed and paid-up	Share premium	Hedging reserve	Reserve on merger	Reserves		Surplus on revaluation of investments	Total	Unappropriated Profit	Total equity	Surplus in revaluation of property, plant & equipment
					Preference share redemption reserve	Surplus in revaluation of investments					
R U P E S											
Balance as at January 1, 2007	3,788,838,900	2,633,371,139	523,658,637	105,152,005	313,500,000	587,148	3,576,268,929	1,807,067,052	9,172,174,881	257,360,867	
Profit for the period											
Surplus on revaluation of property, plant & equipment transferred to retained earnings during the period relating to incremental depreciation and disposal											
Preference shares redemption reserve					25,250,000		25,250,000	4,571,948	4,571,948	(4,571,948)	
Ordinary shares dividend								(25,250,000)			
Loss arising on foreign currency interest rate swap contract			(47,307,927)				(47,307,927)		(47,307,927)		
Balance as at March 31, 2007	3,788,838,900	2,633,371,139	476,350,710	105,152,005	338,750,000	587,148	3,554,211,002	1,863,329,100	9,206,379,002	252,788,919	
Balance as at January 1, 2008	3,788,822,900	2,633,387,139	370,801,102	105,152,005	414,500,000	6,785,876	3,530,626,122	2,400,605,174	9,720,054,196	239,073,077	
(140,000)		140,000					140,000				
Conversion of preference shares								148,627,639	148,627,639		
Profit for the period											
Surplus on revaluation of property, plant & equipment transferred to retained earnings during the period relating to incremental depreciation and disposal											
Preference shares redemption reserve					25,750,000		25,750,000	4,896,596	4,896,596	(4,896,596)	
Ordinary shares dividend								(25,750,000)			
Gain arising on foreign currency interest rate swap contract entered into by a part cash flow hedge			197,459,480				197,459,480	(390,891,822)	(390,891,822)		
Revaluation of long term investments						4,396,446	4,396,446		4,396,446		
Balance as at March 31, 2008	3,788,682,900	2,633,527,139	568,260,582	105,152,005	440,250,000	11,182,322	3,758,372,048	2,137,487,587	9,684,542,535	234,176,481	

The annexed notes 1 to 16 form an integral part of these financial statements.

Chief Executive

Director
AZGARD NINE LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

for the quarter ended March 31, 2008

1 STATUS AND ACTIVITIES

The Company was incorporated in Pakistan as a public limited company and its shares are quoted at Karachi Stock Exchange (Guarantee) Limited. ANL is a composite spinning, weaving, dyeing and stitching unit engaged in the manufacturing of yarn, denim and denim products. The registered office of the parent company is situated at Ismail Aiwan-e-Science, off Shahrah-e-Roomi, Lahore.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the directives issued by the Securities & Exchange Commission of Pakistan and are in compliance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and being submitted to shareholders as required by Section 245 of the Companies Ordinance, 1984.

These financial statements have been prepared under the "Historical Cost Convention" except for certain financial assets at fair value and employees retirement benefits at present value. In these financial statements, except for the cash flow statement, all transactions have been accounted for on accrual basis.

These interim financial statements are unaudited.

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these interim financial statements are consistent with those applied in the preparation of the preceding annual financial statements of the Company for the year ended December 31, 2007.

	March 31, 2008 Rupees	December 31, 2007 Rupees
4 REDEEMABLE CAPITAL		
Term Finance Certificates	4,701,038,830	4,733,767,564
Current maturity grouped under current liabilities	420,806,916	242,582,192
	<u>4,280,231,914</u>	<u>4,491,185,372</u>
5 LONG TERM FINANCING -SECURED		
Financial institutions	3,628,716,054	3,687,725,085
Less: Current portion	844,543,552	714,173,833
	<u>2,784,172,502</u>	<u>2,973,551,252</u>
6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of Minimum lease payment	46,165,624	38,650,236
Less: Current portion	22,217,248	24,293,231
	<u>23,948,376</u>	<u>14,357,005</u>

7 SHORT TERM FINANCING

Short term finances include aggregate funded and unfunded facilities available of Rs.10,200 million (31 December, 2007:Rs. 11,844 million). These have been obtained from banking companies and financial institutions at the mark-up ranging between Re.0.18 to Re.0.39 per Rs. 1,000 per day.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

for the quarter ended March 31, 2008

8 CONTINGENCIES AND COMMITMENTS

8.1 Commitments against irrevocable letters of credit outstanding as at March 31, 2008 were Rs.607.5 million (December 31, 2007: Rs. 708.07 million).

8.2 All other contingencies and commitments status is same as disclosed in latest annual financial statements.

		March 31, 2008 Rupees	December 31, 2007 Rupees
9 PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment	9.1	7,654,728,972	7,643,649,558
9.1 Opening balance		7,643,649,558	7,601,895,866
Addition during the period	9.2	131,828,736	579,606,001
W.D.V. of assets disposed off		-	(1,564,525)
Depreciation charged during the period		(120,749,322)	(536,287,784)
Balance as on 31 March/ 31 December		7,654,728,972	7,643,649,558

9.2 ACQUISITIONS AND DISPOSALS – AT COST

	March 31, 2008 Rupees		December 31, 2007 Rupees	
	Acquisition	Disposal	Acquisition	Disposal
Owned				
Freehold land	629,000	-	3,311,000	-
Building on freehold land	71,742,576		90,353,682	-
Plant and Machinery:				
–additions	9,770,442		392,795,740	-
–transfers from leased assets	-	-	-	-
Furniture and fixtures	4,525,003	-	5,757,818	-
Vehicles:				
–additions	1,917,150	-	7,768,920	3,080,687
–transfers	(889,800)	-	2,376,166	-
Tools and equipment	22,013,135	-	31,938,813	-
Office equipments	3,310,703	-	8,067,309	103,000
Electric installation	2,491,361	-	6,826,736	-
Leased				
Plant and machinery				
–additions	2,578,500		-	
Vehicles				
–additions	12,850,866	-	32,785,983	-
–transfers	889,800		(2,376,166)	
	131,828,736	-	579,606,001	3,183,687

	March 31, 2008 Rupees	December 31, 2007 Rupees
10 CAPITAL WORK IN PROGRESS		
Civil Work	108,943,982	126,743,808
Plant and machinery	142,448,834	41,244,046
	251,392,816	167,987,854

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

for the quarter ended March 31, 2008

	Note	March 31, 2008 Rupees	December 31, 2007 Rupees
11 LONG TERM INVESTMENTS			
Investment in Equity Securities			
Related parties			
Investment in foreign associate			
– Nafees International Tekstil Sanays ve Ticaret ANONIM SIRKET – Equity held 51%			
Cost		1,650,720	1,650,720
Provision for impairment		(1,650,720)	(1,650,720)
		–	–
Investment in local subsidiaries			
– Azsoft (Private) Ltd. – Equity held 99.98%		2,053,974	2,022,744
– Pak–American Fertilizers Ltd. – Equity held 100%		7,997,157,455	7,992,792,239
Held for sale portion classified under short term investments		(3,705,033,082)	(3,703,010,705)
		4,292,124,373	4,289,781,534
Others			
Colony Mills Ltd.		86,423	86,423
BSJS Balanced Fund Ltd.		14,500	14,500
National Security Insurance Co. Ltd.			
Cost		996,768	996,768
Provision for impairment		(996,768)	(996,768)
		–	–
Investment in Term Finance Certificates			
Held to maturity investment			
– Pak–American Fertilizers Ltd.		2,100,000,000	2,100,000,000
		<u>6,394,279,271</u>	<u>6,391,905,201</u>
12 SHORT TERM INVESTMENTS			
Available for sale			
Pak–American Fertilizers Limited	11	3,705,033,082	3,703,010,705
Held for trading			
Bank of Punjab		–	7,090,500
National Bank of Pakistan		38,911,000	46,197,850
Pakistan Petroleum Limited		–	4,655,950
Pakistan Oil Fields		–	17,723,200
Engro Chemicals		–	6,776,625
Arif Habib Securities Limited		2,205,625	2,165,000
Pakistan State Oil Company Limited		–	50,825,000
		<u>3,746,149,707</u>	<u>3,838,444,830</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

for the quarter ended March 31, 2008

13 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, gratuity and other benefits to key management personnel under the term of their employment are as under.

	Quarter Ended	
	March 31, 2008	March 31, 2007
	Rupees	Rupees
<u>Subsidiaries</u>		
Mark-up income	60,075,914	–
<u>Associates</u>		
Purchases	3,148,954	165,600

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

14 DATE OF AUTHORIZATION FOR ISSUE

These interim financial statements were authorized for issue/circulation on 28 April, 2008 by the Board of Directors of the Company.

15 OTHERS

15.1 There are no other significant activities since December 31, 2007 affecting the financial statements other than disclosed in these financial statements.

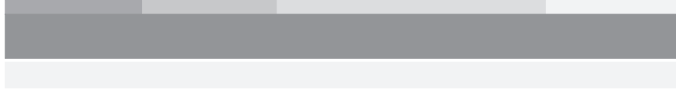
15.2 Deferred tax provision has not been recognized, as the Company is being assessed under the final tax regime and the Company's export sales for the foreseeable future is likely to remain above the present threshold point.

16 FIGURES

- have been rearranged to facilitate comparison, however no material re-arrangement has been made in these financial statements.
- have been rounded off to the nearest rupee.

Chief Executive

Director



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (Unaudited)

as at March 31, 2008

	Note	March 31, 2008 Rupees	December 31, 2007 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
1,500,000,000 Ordinary and Preference shares of Rs. 10/- each		15,000,000,000	15,000,000,000
Issued, subscribed and paid up capital		3,788,682,900	3,788,822,900
Reserves		4,306,209,283	3,984,215,478
Unappropriated profits		1,895,291,407	1,556,263,534
		9,990,183,590	9,329,301,912
MINORITY INTEREST			
		1,793	1,793
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT			
		234,176,481	239,073,077
NON CURRENT LIABILITIES			
Redeemable Capital	5	10,502,157,559	10,404,259,542
Long-term financing - secured	6	2,784,172,502	2,973,551,252
Liabilities against assets subject to finance lease	7	60,553,059	32,507,391
Long-term payables		31,135,199	31,135,199
Deferred taxation		1,847,528,416	1,811,694,727
		15,225,546,735	15,253,148,111
CURRENT LIABILITIES			
Current portion of long-term liabilities		1,294,333,638	986,968,631
Short-term financing	8	4,531,282,724	4,442,219,557
Derivative financial liabilities		74,687,461	34,369,582
Trade and other payables		2,324,082,054	2,928,160,558
Interest and mark-up accrued		358,093,631	473,174,881
Dividends		396,139,308	9,694,014
		8,978,618,816	8,874,587,223
CONTINGENCIES AND COMMITMENTS			
	9	34,428,527,415	33,696,112,116
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	10	20,080,320,949	20,081,750,375
Capital work in progress	11	742,994,919	401,285,046
Intangible assets		3,760,993,273	3,762,203,525
long term investments	12	100,923	100,923
long term deposits		53,161,423	44,060,692
		24,637,571,487	24,289,400,561
CURRENT ASSETS			
Stores, spares and loose tools		778,733,291	782,565,098
Stock in trade		3,922,853,434	2,532,099,663
Trade debtors		1,459,552,901	2,366,279,392
Derivative financial assets		1,164,426,202	849,253,210
Advances, deposits, prepayments and other receivables		1,039,439,153	1,283,185,773
Current Tax asset		90,673,751	80,352,096
Short term investments	13	1,242,735,065	882,894,125
Cash and bank balances		92,542,131	630,082,198
		9,790,955,928	9,406,711,555
		34,428,527,415	33,696,112,116

The annexed notes 1 to 18 form an integral part of these financial statements.

Chief Executive

Director

CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT (Unaudited)
for the quarter ended March 31, 2008

	Quarter Ended	
	March 31, 2008	March 31, 2007
	Rupees	Rupees
Sales	3,059,082,500	2,177,254,869
Cost of goods sold	2,003,122,060	1,508,935,556
Gross profit	1,055,960,440	668,319,313
Administrative and selling expenses	182,724,778	177,737,361
Operating profit	873,235,662	490,581,952
Other income – Net	547,678,460	36,929,976
	1,420,914,122	527,511,928
Finance cost	608,398,011	563,501,159
Profit before taxation	812,516,111	(35,989,231)
Taxation		
– Current	25,909,322	14,109,776
– Deferred	35,833,689	(9,482,993)
	61,743,011	4,626,783
Profit after taxation	750,773,100	(40,616,014)
Minority Interest	–	–
Profit attributable to Group	750,773,100	(40,616,014)
Earnings per share – Basic & Diluted	2.32	(0.18)

The annexed notes 1 to 18 form an integral part of these financial statements.

Chief Executive

Director

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (Unaudited)

for the quarter ended March 31, 2008

	Nine Months Ended	
	March 31, 2008	March 31, 2007
	Rupees	Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	812,516,111	(35,989,231)
Items not involving movements of funds	273,624,070	833,676,701
	<u>1,086,140,181</u>	<u>797,687,470</u>
Changes in working capital	(879,559,392)	(12,060,773)
Operating profit after changes in working capital	206,580,789	785,626,697
Financial charges paid	(683,364,358)	(611,116,060)
Taxes paid	(36,230,977)	(19,294,807)
Long term deposits	(10,399,196)	11,701,162
Net cash (used in) / from operating activities	<u>(523,413,742)</u>	<u>166,916,992</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(536,802,142)	(565,918,972)
Intangible assets	(2,847,611)	(1,209,681)
Sale proceeds of fixed assets	–	502,670
Interest received	215,596	5,467,409
Dividend received	100,000	–
Short term investments	216,533,617	(151,030,349)
Net cash used in investing activities	<u>(322,800,540)</u>	<u>(712,188,923)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Redeemable capital	276,122,741	(154,678,735)
Long term financing	(59,009,031)	(108,333,333)
Dividend paid	(4,446,528)	(5,758,735)
Short term finances-net	89,063,167	(51,954,356)
Finance lease liabilities paid / obtained	6,943,866	4,987,090
Net cash inflow/(outflow) from financing activities	<u>308,674,215</u>	<u>(315,738,069)</u>
Net decrease in cash and cash equivalents	<u>(537,540,067)</u>	<u>(861,010,000)</u>
Cash and cash equivalents at beginning of the period	<u>630,082,198</u>	<u>1,132,958,300</u>
Cash and cash equivalents at end of the period	<u>92,542,131</u>	<u>271,948,300</u>

The annexed notes 1 to 18 form an integral part of these financial statements.

Chief Executive

Director

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

for the quarter ended March 31, 2008

	R U P E S						Total	Unappropriated Profit	Total equity	Surplus in revaluation of property, plant & equipment	
	Share Capital	Share subscribed and paid-up	Share premium	Hedding reserve	Exchange gain on translation of foreign subsidiary	Reserves					Preference share redemption reserve
Balance as at January 1, 2007	3,788,822,900	2,633,371,139	523,656,637	27,878	105,152,005	313,500,000	587,148	3,576,296,807	586,923,340 (40,616,014)	7,952,059,047 (40,616,014)	257,360,867
Profit for the period									4,571,948	4,571,948	(4,571,948)
Surplus on revaluation of property, plant & equipment transferred to retained earnings during the period relating to incremental depreciation and disposal						25,250,000		25,250,000	(25,250,000)	-	
Preference shares redemption reserve											
Loss arising on foreign currency interest rate swap contract			440,918,508					440,918,508		440,918,508	
Balance as at March 31, 2007	3,788,822,900	2,633,371,139	964,577,145	27,878	105,152,005	338,750,000	587,148	4,042,465,315	525,029,274	8,356,393,489	252,788,919
Balance as at January 1, 2008	3,788,822,900	2,633,387,139	831,061,034	33,041	105,152,005	414,500,000	82,259	3,984,215,478	1,566,263,533	9,329,301,911	229,073,077
Conversion of preference shares	(140,000)	140,000						140,000	750,773,100	750,773,100	
Profit for the period											
Surplus on revaluation of property, plant & equipment transferred to retained earnings during the period relating to incremental depreciation and disposal						25,750,000		25,750,000	4,896,596 (25,750,000)	4,896,596	(4,896,596)
Preference shares redemption reserve											
Ordinary shares dividend											
Gain arising on foreign currency interest rate swap contract entered into by a part cash flow hedge			296,103,805					296,103,805	-	296,103,805	
Balance as at March 31, 2008	3,788,682,900	2,633,527,139	1,127,164,839	33,041	105,152,005	440,250,000	82,259	4,306,209,283	1,095,291,407	9,990,183,590	234,176,481

The annexed notes 1 to 18 form an integral part of these financial statements.

Chief Executive

QUARTERLY FINANCIAL STATEMENTS

Director

1 STATUS AND ACTIVITIES

Azgard Nine Limited (ANL) was incorporated in Pakistan as a public limited company and its shares are quoted at Karachi Stock Exchange (Guarantee) Limited. ANL is a composite spinning, weaving, dyeing and stitching unit engaged in the manufacturing of yarn, denim and denim products. The registered office of the parent company is situated at Ismail Aiwan-e-Science, off Shahrah-e-Roomi, Lahore.

ANL has 100% equity interest in Pak American Fertilizers Limited (PAFL), 51% equity interest in Nafees International Tekstil Snayi Ve Ticaret Anonim Sirketi (NIT) and 99.90% equity interest in Azsoft (Private) Limited (APL).

PAFL was incorporated on 15 December 1959 as an unquoted public limited company, which was wholly owned subsidiary of National Fertilizer Corporation of Pakistan (Private) Limited (NFC), a Government owned Corporation uptill 15 July 2006. Subsequent to that date 100% shares of the company have been sold to ANL, as a part of privatization process of the

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Un-audited)

for the quarter ended March 31, 2008

	Note	March 31, 2008 Rupees	December 31, 2007 Rupees
5 REDEEMABLE CAPITAL			
Term finance certificates		10,924,944,475	10,648,821,734
Current maturity grouped under current liabilities		422,786,916	244,562,192
		<u>10,502,157,559</u>	<u>10,404,259,542</u>
6 LONG TERM FINANCING –SECURED			
Financial institutions		3,628,716,054	3,687,725,085
Less: Current portion		844,543,552	714,173,833
		<u>2,784,172,502</u>	<u>2,973,551,252</u>
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Present value of Minimum lease payment		87,556,229	60,739,997
Less: Current portion		27,003,170	28,232,606
		<u>60,553,059</u>	<u>32,507,391</u>
8 SHORT TERM FINANCING			
Short term finances include aggregate funded and unfunded facilities available of Rs.17,770 million (31 Decemeber, 2007:Rs. 16,118 million). These have been obtained from banking companies and financial institutions at the mark-up ranging between Re.0.14 to Re.0.39 per Rs. 1,000 per day.			
9 CONTINGENCIES AND COMMITMENTS			
9.1	Commitments against irrevocable letters of credit outstanding as at 31 March 2008 were Rs.906.45 million (December 31, 2007: Rs. 749.33 million).		
9.2	All other contingencies and commitments status is same as disclosed in latest annual financial statements.		
	Note	March 31, 2008 Rupees	December 31, 2007 Rupees
10 PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment	10.1	20,080,320,949	20,081,750,375
10.1 Opening balance		20,081,750,375	19,835,155,084
Addition during the period	10.2	214,964,635	977,832,707
W.D.V. of assets disposed off		–	(1,647,428)
Depreciation charged during the period		(216,394,061)	(729,589,988)
Balance as on 30 September/ 31 December		<u>20,080,320,949</u>	<u>20,081,750,375</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Un-audited)
for the quarter ended March 31, 2008

10.2 ACQUISITIONS AND DISPOSALS – AT COST

	March 31, 2008 Rupees		December 31, 2007 Rupees	
	Acquisition	Disposal	Acquisition	Disposal
Owned				
Freehold land	629,000	-	3,311,000	-
Building on freehold land	71,742,576	-	94,308,667	-
Plant and Machinery:				
-additions	9,770,450	-	736,350,715	-
-transfers from leased assets	-	-	-	-
Joint residential colony assets	-	-	286,496	-
Furniture and fixtures	4,945,416	-	9,829,230	25,104
Vehicles:				
-additions	1,917,150	-	7,834,796	11,336,260
-transfers from leased assets (889,800)	(889,800)	-	2,376,166	-
Sui gas installations	-	-	757,637	-
Road, rail transport	-	-	-	-
Tools and equipment	22,414,572	-	32,432,512	15,515
Office equipments	3,310,703	-	8,067,309	103,000
Electric installation	2,491,361	-	6,826,736	-
Books and literature	225,952	-	-	-
Catalysts	77,645,089	-	27,167,876	-
Leased				
Plant and machinery				
-additions	2,578,500	-	-	-
-transfers to owned assets	-	-	-	-
Vehicles				
-additions	17,293,866	-	50,659,733	-
-transfers to owned assets	889,800	-	(2,376,166)	-
	<u>214,964,635</u>	<u>-</u>	<u>977,832,707</u>	<u>11,479,879</u>

	March 31, 2008 Rupees	December 31, 2007 Rupees
11 CAPITAL WORK IN PROGRESS		
Civil Work	139,506,222	156,756,295
Plant and machinery	603,488,697	244,528,751
	<u>742,994,919</u>	<u>401,285,046</u>
12 LONG TERM INVESTMENTS		
Investment in Equity Securities		
Colony Mills Ltd.	86,423	86,423
BSJS Balanced Fund Ltd.	14,500	14,500
National Security Insurance Co. Ltd.		
Cost	996,768	996,768
Provision for impairment	(996,768)	(996,768)
	<u>100,923</u>	<u>100,923</u>

for the quarter ended March 31, 2008

	March 31, 2008 Rupees	December 31, 2007 Rupees
13 SHORT TERM INVESTMENTS		
Held for trading		
Bank of Punjab	–	7,090,500
National Bank of Pakistan	38,911,000	46,197,850
Arif Habib Securities Ltd	2,205,625	2,165,000
Pakistan Oil Fields	–	17,723,200
Engro Chemicals	–	6,776,625
Pakistan Petroleum Limited	–	4,655,950
Pakistan State Oil Company Limited	–	50,825,000
Jahangir Siddiqui & Company limited	1,201,618,440	747,460,000
	<u>1,242,735,065</u>	<u>882,894,125</u>

14 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, gratuity and other benefits to key management personnel under the term of their employment are as under.

	Quarter Ended	
	March 31, 2008 Rupees	March 31, 2007 Rupees
Associates		
Purchases	3,148,954	165,600

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

15 SEGMENT INFORMATION

Primary reporting format – business segments

The Group is organized into three main business segments:

- Manufacture and sale of textile products;
- Manufacture and sale of fertilizer; and
- Development, implementation and sale of software products and providing related services.

Segment results for the three months ended 31 March 2008 are as follows:

	Textile Rupees	Fertilizer Rupees	Software Rupees	Group Rupees
Revenue	2,056,001,209	1,003,081,291	–	3,059,082,500
Group revenue				
Operating profit	484,661,557	388,574,105	–	873,235,662
Other income	(8,635,609)	556,314,069	–	547,678,460
Finance cost	(306,504,393)	(301,893,618)	–	(608,398,011)
Profit before tax	169,521,555	642,994,556	–	812,516,111
Income tax expense	(20,893,916)	(40,849,095)	–	(61,743,011)
Profit for the period	<u>148,627,639</u>	<u>602,145,461</u>	<u>–</u>	<u>750,773,100</u>

Other segment items included in the income statement are as follows:

	Textile Rupees	Fertilizer Rupees	Software Rupees	Group Rupees
Depreciation	120,749,322	95,644,739	–	216,394,061
Amortization	4,057,863	–	–	4,057,863

Segment assets

Segment assets consist primarily of property, plant and equipment, capital work in progress, derivatives designated as hedges of future cash flows, intangible and other current assets.

for the quarter ended March 31, 2008

Segment liabilities

Segment liabilities comprise of operating liabilities (including derivatives designated as hedges of future commercial transactions).

Capital expenditure

Capital expenditure comprises additions to property, plant and equipment, intangible assets and capital work in progress.

Inter segment pricing

Inter segment pricing is determined on an arm's length basis.

The segment assets and liabilities at 31 March 2008 and capital expenditure for the period then ended are as follows:

	Textile	Fertilizer	Software	Group
	Rupees	Rupees	Rupees	Rupees
Assets	14,659,209,318	19,767,399,382	1,918,715	34,428,527,415
Liabilities	13,999,274,731	10,438,841,946	225,355	24,438,342,032
Capital expenditure	202,382,840	334,419,302	-	536,802,142

16 DATE OF AUTHORIZATION FOR ISSUE

These interim financial statements were authorized for issue on 28 April, 2008 by the Board of Directors of the Holding Company.

17 OTHERS

17.1 There are no other significant activities since December 31, 2007 affecting the financial statements other than disclosed in these financial statements.

17.2 Deferred tax provision relates to a subsidiary company however Holding company's profits are subject to final taxation and hence no provision has been made in these accounts.

18 FIGURES

- have been rearranged to facilitate comparison, however no material re-arrangement has been made in these financial statements.
- have been rounded off to the nearest rupee.

Chief Executive

Director

