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Company Information

BOARD OF DIRECTORS

Mr. Khalid A.H. Al-Sagar
Chairman
Mr. Ahmed H. Shaikh
Chief Executive
Mr. Aehsun M.H. Shaikh
Mr. Irfan Nazir Ahmed
Mr. Imtiaz Ali Bhatti
Mr. Usman Rasheed
Mr. Naseer Miyan

COMPANY SECRETARY

Mr. Muhammad Ijaz Haider

CHIEF FINANCIAL OFFICER

Mr. Zahid Rafiq, FCA

AUDIT COMMITTEE

Mr. Khalid A. H. Al Sagar
Chairman
Mr. Aehsun M.H. Shaikh
Mr. Naseer Miyan

HR & REMUNERATION COMMITTEE

Mr. Irfan Nazir Ahmed
Chariman
Mr. Ahmed H. Shaikh
Mr. Aehsun M.H. Shaikh

LEGAL ADVISOR

Hamid Law Associates

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

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 Limited
Allied Bank Limited
KASB Bank Limited
Silk Bank Limited
Summit Bank Limited
Al Baraka Bank Pakistan Limited

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

Textile & Apparel

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, Muzaffaragarh.
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

Directors' Review

The Directors of Azgard Nine Limited ("the Company") along with the management team hereby present the Company's Condensed Interim Financial Report for the six months period ended 31 December 2012.

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. During the period under review, Azgard Nine Limited maintained its position as one of the largest denim products Company by sales in Pakistan.

During the period the Company has divested majority of its shareholding in Agritech Limited. Agritech Limited was subsidiary of the Company till 31 October 2012 so the business of the Agritech Limited till 31 October 2012 has been consolidated in the profit and loss of the Company. Agritech Limited is involved in the business of manufacture and marketing of both Nitrogenous and Phosphatic fertilizers.

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

	Six Months Ended 31 December 2012	Six Months Ended 31 December 2011
Sales-Net	6,684,835,681	4,479,820,809
Operating profit / (loss)	3,680,108,424	(706,724,149)
Finance Cost	(1,300,314,951)	(1,501,822,062)
Profit / (loss) before tax	2,379,793,473	(2,208,546,211)
Profit / (loss) after tax	2,312,781,554	(2,255,398,476)
Earnings / (loss) per share	5.08	(4.96)

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

	Six Months Ended 31 December 2012	Six Months Ended 31 December 2011
Sales-Net	6,825,881,201	4,793,850,637
Operating profit / (loss)	3,689,481,643	(812,901,936)
Finance Cost	(1,310,173,274)	1,476,453,649
Profit / (loss) before tax	2,379,308,369	(2,289,355,585)
Profit / (loss) after tax	2,312,296,450	(2,336,207,850)
Loss from discontinued operations	(1,125,925,537)	(125,689,765)
Total profit / (loss)	1,186,370,913	(2,461,897,615)
Earnings / (loss) per share		
- from continuing operations	5.08	(5.14)
- from discontinued operations	(1.98)	(0.23)

Review of Textiles and Apparel Business during the period

During the period, the Company has divested majority of its shareholding in Agritech Limited. Through this divestment, settlement/payment of loans, markups and other charges of Rs. 10.04 billion have been accomplished. This reduction in loans has decreased the finance cost of the Company for the months of November and December 2012.

Directors' Review

However, the Company is yet to receive Rs. 700 million from divestment of remaining shareholding of the Company in Agritech Limited. Negotiations are currently in process for the completion of this remaining divestment. As per restructuring plan the Company would use this Rs. 700 million as working capital for improving operational capacities and efficient purchase of raw materials. In spite of the tight liquidity and shortage of working capital the Company has been able to achieve substantial increase in sales during this period.

Global environment, domestic competition, ongoing energy crisis, financial, operational, security and market conditions affected our business. Due to non-availability of working capital the cost of sales remained high as Company struggled to efficiently purchase sufficient raw material. This hindered the Company's plan to achieve the desired production targets by utilizing its production capacities.

Review of Fertilizer Business during the period

During the period of 4 months ended 31 October 2012, the business of Agritech Limited continued to be effected by the gas load shedding. We are hoping to improvement to come restoration of contracted gas supply to the fertilizer industry. In this pursuit, the Agritech Limited and industry is in continuous dialogue with the Government of Pakistan so that we can achieve desired production of urea.

Hazara Phosphate business continued to generate good results in this period due to increase in prices coupled with cost reductions resulting from management's initiatives.

Future Outlook - Textile Business

Going forward, the Company is expecting that with receipt of Rs. 700 million from divestment of remaining shareholding of the Company in Agritech Limited, the operations of the Company should improve. With these funds the Company plans to buy raw material at more economic rates and increase capacity utilization. This should improve sales and operating margins.

We are hopeful that with the continued support of all stakeholders, these challenges would be overcome in the future.

on behalf of the Board

Lahore
28 February 2013

Chief Executive Officer

Condensed Interim Unconsolidated Financial Information

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

Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of Azgard Nine Limited ("the Company") as at 31 December 2012 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 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 interim 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.

Conclusion

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

We draw attention to the matter that the Company used cash in its operations amounting to Rs. 878.03 million during the six months ended 31 December 2012 and as of that date its current liabilities exceeded current assets by Rs. 5,250.06 million and its accumulated loss stood at Rs. 5,418.41 million. 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. These financial statements have however been prepared on a going concern basis for the reasons, as more fully explained in note 2.2 to the financial statements. Our conclusion is not qualified in respect of this matter.

Other matters

The figures for the three months period ended 31 December 2012 and 31 December 2011, in the condensed interim profit and loss account and condensed interim 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)

Lahore
28 February 2013

Condensed Interim Unconsolidated Balance Sheet (Un-audited)

As at 31 December 2012

	Note	31 December 2012 Un-Audited	30 June 2012 Audited
	Note	**Rupees**	Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital		**15,000,000,000**	15,000,000,000
Issued, subscribed and paid up capital		**4,548,718,700**	4,548,718,700
Reserves		**3,417,653,682**	7,716,165,332
Accumulated loss		**(5,418,407,501)**	(7,793,719,801)
		2,547,964,881	4,471,164,231
Surplus on revaluation of fixed assets		**3,533,745,137**	3,596,275,883
Non-current liabilities			
Redeemable capital - secured	5	**2,771,701,380**	2,729,435,196
Long term finances - secured	6	**838,051,306**	-
Liabilities against assets subject to finance lease - secured	7	**18,743,318**	24,020,739
		3,628,496,004	2,753,455,935
Current liabilities			
Current portion of non-current liabilities		**3,201,232,481**	8,105,591,253
Short term borrowing		**5,147,221,304**	8,156,743,175
Trade and other payables		**2,738,265,060**	4,049,064,395
Due to related party - unsecured, considered good		**-**	286,395,126
Interest / mark-up accrued on borrowings		**1,247,855,506**	1,425,935,847
Dividend payable		**13,415,572**	32,729,078
		12,347,989,923	22,056,458,874
Contingencies and commitments	8		
		22,058,195,945	32,877,354,923
ASSETS			
Non-current assets			
Property, plant and equipment	9	**13,162,485,566**	13,395,217,269
Intangible assets		**2,604,815**	3,907,224
Long term investmens	10	**1,765,533,957**	1,765,517,738
Long term deposits - unsecured, considered good		**29,643,293**	30,030,493
		14,960,267,631	15,194,672,724
Current assets			
Stores, spares and loose tools		**177,222,696**	173,319,525
Stock-in-trade		**2,721,027,480**	3,027,802,430
Trade receivables		**2,420,947,626**	2,384,301,663
Advances, deposits, prepayments and other receivables		**876,244,922**	831,308,310
Due from related party		**1,122,377**	
Short term investments	11	**700,000,000**	10,969,811,440
Current taxation		**8,616,713**	6,417,088
Cash and bank balances		**192,746,500**	289,721,743
		7,097,928,314	17,682,682,199
		22,058,195,945	32,877,354,923

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 six months ended 31 December 2012

	2012		2011	
	July to December	**October to December**	July to December	October to December
	Rupees	**Rupees**	Rupees	Rupees
Sales - net	**6,684,835,681**	**3,362,635,820**	4,479,820,809	2,574,818,071
Cost of sales	**(6,659,063,619)**	**(3,212,568,637)**	(4,813,293,697)	(2,639,959,370)
Gross profit / (loss)	**25,772,062**	**150,067,183**	(333,472,888)	(65,141,299)
Administrative expenses	**(405,173,427)**	**(255,741,152)**	(276,587,078)	(144,807,364)
Selling and distribution expenses	**(395,847,012)**	**(193,723,267)**	(188,584,237)	(68,644,216)
Net other income	**4,455,356,801**	**4,456,810,100**	91,920,054	105,358,627
Profit / (loss) from operations	**3,680,108,424**	**4,157,412,864**	(706,724,149)	(173,234,252)
Finance cost	**(1,300,314,951)**	**(552,936,367)**	(1,501,822,062)	(881,184,974)
Profit / (loss) before taxation	**2,379,793,473**	**3,604,476,497**	(2,208,546,211)	(1,054,419,226)
Taxation	**(67,011,919)**	**(33,692,620)**	(46,852,265)	(26,764,077)
Profit / (loss) after taxation	**2,312,781,554**	**3,570,783,877**	(2,255,398,476)	(1,081,183,303)
Earnings / (loss) per share - basic and diluted	**5.08**	**7.85**	(4.96)	(2.38)

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

Lahore **CHIEF EXECUTIVE** **DIRECTOR**

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

For the six months ended 31 December 2012

	2012		2011	
	July to December	**October to December**	July to December	October to December
	Rupees	**Rupees**	Rupees	Rupees
Profit / (loss) after taxation	**2,312,781,554**	**3,570,783,877**	(2,255,398,476)	(1,081,183,303)
Other comprehensive (loss) / income for the period:				
Changes in fair value of cash flow hedges	**-**	**-**	(42,816,481)	(22,019,539)
Changes in fair value of available for sale financial assets	**16,219**	**10,867**	(2,254,811)	(2,254,228)
Gain realized on sale of available for sale financial assets	**(4,298,527,869)**	**(4,298,527,869)**	-	-
	(4,298,511,650)	**(4,298,517,002)**	(45,071,292)	(24,273,767)
Total comprehensive loss for the period	**(1,985,730,096)**	**(727,733,125)**	(2,300,469,768)	(1,105,457,070)

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

Lahore **CHIEF EXECUTIVE** **DIRECTOR**

Condensed Interim Unconsolidated Cash flow Statement (Un-audited)

For the six months ended 31 December 2012

	Note	**July to December 2012 Rupees**	July to December 2011 Rupees
Cash used in operations	*12*	**(272,848,289)**	(25,070,894)
Finance cost paid		**(536,352,514)**	(127,402,702)
Long term deposits		**387,200**	(9,782,100)
Taxes paid		**(69,211,544)**	(35,512,576)
Net cash used in operating activities		**(878,025,147)**	(197,768,272)
Cash flows from investing activities			
Capital expenditure		**(27,174,795)**	(56,180,060)
Proceeds from disposal of fixed assets		**2,574,950**	10,518,075
Return on investments		**-**	12,169,788
Proceeds from sale of short term investments		**3,491,590,474**	-
Interest received		**-**	11,950,915
Redemption of held to maturity investment		**-**	7,456
Net cash generated from / (used in) investing activities		**3,466,990,629**	(21,533,826)
Cash flows from financing activities			
Long term finances repaid		**(935,769,369)**	-
Redemption of redeemable capital		**(199,997)**	-
Liabilities against assets subject to finance lease		**(1,223,356)**	(5,293,322)
Due to related party		**(355,740,822)**	(12,315,317)
Short term borrowings		**(1,393,007,181)**	106,749,763
Net cash (used in) / generated from financing activities		**(2,685,940,725)**	89,141,124
Net decrease in cash and cash equivalents		**(96,975,243)**	(130,160,974)
Cash and cash equivalents at the beginning of period		**289,721,743**	166,257,685
Cash and cash equivalents at the end of period	*13*	**192,746,500**	36,096,711

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

Lahore **CHIEF EXECUTIVE** **DIRECTOR**

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

For the six months ended 31 December 2012

	Share Capital	Reserves							
	Ordinary shares	Share Premium	Cash flow hedges	Reserve on merger	Preference share redemption reserve	Available for sale financial assets	Total reserves	Accumulated loss	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 July 2011 - Audited	4,548,718,700	2,358,246,761	48,894,931	105,152,005	661,250,830	4,392,539,521	7,566,084,048	(1,845,738,603)	10,269,064,145
Total comprehensive loss for the period	-	-	(42,816,481)	-	-	(2,254,811)	(45,071,292)	(2,255,398,476)	(2,300,469,768)
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	-	-	-	-	-	62,605,696	62,605,696
Balance as at 31 December 2011 - Unaudited	4,548,718,700	2,358,246,761	6,078,450	105,152,005	661,250,830	4,390,284,710	7,521,012,756	(4,038,531,383)	8,031,200,073
Balance as at 30 June 2012 - Audited	**4,548,718,700**	**2,358,246,761**	**-**	**105,152,005**	**661,250,830**	**4,591,515,736**	**7,716,165,332**	**(7,793,719,801)**	**4,471,164,231**
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**-**	**-**	**(4,298,511,650)**	**(4,298,511,650)**	**2,312,781,554**	**(1,985,730,096)** -
Transfer of incremental depreciation from surplus on revaluation of fixed assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**62,530,746**	**62,530,746**
Balance as at 31 December 2012 - Unaudited	**4,548,718,700**	**2,358,246,761**	**-**	**105,152,005**	**661,250,830**	**293,004,086**	**3,417,653,682**	**(5,418,407,501)**	**2,547,964,881**

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 six months ended 31 December 2012

1 Status and nature of business

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 Badian Road on Ruhi Nala, Der Khud, Lahore.

2 Basis of preparation

2.1 Statement of compliance

This condensed interim unconsolidated financial report of the Company for the six months period ended 31 December 2012 has been prepared in accordance with the requirements of the International Accounting Standards 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.

The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2012.

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

2.2 Financial liabilities and continuing operations

The Company in line with the worldwide and nationwide recessionary trends and other economic conditions is facing liquidity crisis. Due to unavailability of working capital, the Company was not able to make timely purchases of raw materials and had to procure raw material at higher prices, resulting in substantial increase in cost of sales. High finance costs also had an adverse impact on profitability of the Company. This has perpetuated temporary liquidity issues as referred in note. 15 to these condensed interim financial information. Due to these factors, the Company used cash in its operations amounting to Rs. 878.03 million during the six months ended 31 December 2012 and as of that date its current liabilities exceeded current assets by Rs. 5,250.06 million and its accumulated loss stood at Rs. 5,418.41 million. These conditions also cast 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 sale of remaining shareholding in Agritech Limited as explained in the succeeding paragraph and expectation of future profitability and positive cash flows from operating activities.

As stated in note 11.1 to the condensed interim unconsolidated financial information the Company, during the period, has divested majority of its shareholdings in Agritech Limited. As a result of the said divestment, Company has settled / paid its loans, other charges and certain markup amounting to Rs. 10,042.99 million and injected Rs. 226.82 million in its working capital. Further, proceeds of Rs. 700.00 million are to be received by the Company from the divestment of remaining shareholding in Agritech Limited which will be used for the working capital of the Company.

With the above mentioned measures, the management of the Company envisages that sufficient financial resources will be available for the continuing operations of the Company. With positive impact on the finance costs and more effective management of resources and raw material procurement, the Company is expected to continue its operations profitably, 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 six months ended 31 December 2012

3 Estimates

The preparation of the 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 and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the condensed interim financial information, the significant judgments made by the management in applying accounting policies, key estimates and uncertainty includes:

- Residual value and useful life estimation of fixed assets
- Taxation
- Provisions and contingencies
- Fair value of investment in subsidiaries

4 Significant accounting policies

4.1 The accounting policies and methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2012.

4.2 In addition to above, following amendments to the International Financial Reporting Standards are mandatory for the first time for the financial year beginning on or after 1 January 2013, however, the adoption of these amendments is either not yet effective or the amendments did not have any significant impact on the financial information of the Company.

- IAS 1 (amendment) - Presentation of items of other comprehensive income
- IAS 16 (amendment) - Property, Plant and Equipment
- IAS 19 (amendment) - Employee Benefits
- IAS 27 (amendment) - Separate Financial Statements
- IAS 28 (amendment) - Investments in Associates and Joint Ventures
- IAS 32 (amendment) - Financial Instruments
- IAS 32 (amendment) - Offsetting Financial assets and Financial Liabilities
- IAS 34 (amendment) - Interim Financial Reporting
- IFRS 7 (amendment) - Offsetting Financial assets and Financial Liabilities

Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited)
for the six months ended 31 December 2012

		Note	31 December 2012 Un-Audited Rupees	30 June 2012 Audited Rupees
5	**Redeemable capital - secured**			
	Term Finance Certificates - II		**651,066,836**	1,498,649,061
	Term Finance Certificates - IV		**1,083,768,528**	2,498,000,000
	Term Finance Certificates - V		**527,682,637**	823,620,000
	Privately Placed Term Finance Certificates - VI		**3,218,670,000**	3,218,670,000
	Privately Placed Term Finance Certificates	*5.1*	**326,456,184**	-
	Privately Placed Term Finance Certificates	*5.2*	**217,200,000**	
			6,024,844,185	8,038,939,061
	Deferred notional income		**(990,624,804)**	(1,124,890,714)
	Transaction cost		**(66,979,526)**	(74,354,806)
			4,967,239,855	6,839,693,541
	Less: Amount shown as current liability			
	Amount payable within next twelve months		**(34,537,050)**	(2,559,131,063)
	Amount due after 31 December 2013	*5.3*	**(2,161,001,425)**	(1,551,127,282)
			(2,195,538,475)	(4,110,258,345)
			2,771,701,380	2,729,435,196

5.1 This represent restructuring of outstanding preference shares including dividend amounting to Rs. 326.456 million into Privately Placed Term Finance Certificates (PPTFC). As per terms of the agreement the principal redemption of PPTFC is structured to be in twelve equal semi-annual installments starting from 19 April 2015 and carries markup at the rate of Rs. 11% per annum.

5.2 This represent restructuring of outstanding preference shares including dividend amounting to Rs. 217.200 million into Privately Placed Term Finance Certificates (PPTFC). As per terms of the agreement the principal redemption of PPTFC is structured to be in twelve equal semi-annual installments starting from 19 April 2015 and carried markup rate of Rs. 11% per annum.

5.3 During the period, the Company could not make certain interest / mark-up payments on due dates. As a consequence, the financiers are entitled to declare all outstanding amount of the issue immediately due and payable. In terms of provisions of International Accounting Standard on Presentation of financial statements (IAS - 1), all liabilities under these loan agreements are required to be classified as current liabilities. Based on the above, loan installments due as per agreed terms after 31 December 2013 amounting to Rs. 2,161.001 million have been shown as current liability.

Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited)
for the six months ended 31 December 2012

		Note	31 December 2012 Un-Audited Rupees	30 June 2012 Audited Rupees
6	**Long term finances**			
	United Bank Limited		**-**	75,000,000
	National Bank of Pakistan		**-**	1,000,000,000
	Deutsche Investitions - Und MBH (Germany)		**826,672,752**	1,422,000,000
	Saudi Pak Industrial and Agricultural Company Limited		**43,251,155**	100,000,000
	Citi Bank N.A		**567,539,663**	567,539,466
	HSBC Middle East Limited		**264,602,579**	272,113,408
			1,702,066,149	3,436,652,874
	Transaction costs		**(23,158,123)**	(28,254,867)
			1,678,908,026	3,408,398,007
	Amount shown as current liability			
	Amount payable within next twelve months		**(30,633,796)**	(1,936,345,512)
	Amount due after 31 December 2013	*6.1*	**(810,222,924)**	(1,472,052,495)
			(840,856,720)	(3,408,398,007)
			838,051,306	-

6.1 During the period, the Company could not make certain interest / mark-up payments on due dates. As a consequence, the financiers are entitled to declare all outstanding amount of the issue immediately due and payable. In terms of provisions of International Accounting Standard on Presentation of financial statements (IAS - 1), all liabilities under these loan agreements are required to be classified as current liabilities. Based on the above, loan installments due as per agreed terms after 31 December 2013 amounting to Rs. 810.223 million have been shown as current liability.

		31 December 2012 Un-Audited Rupees	30 June 2012 Audited Rupees
7	**Liabilities against assets subject to finance lease - Secured**		
	Present value of minimum lease payments	**35,213,349**	36,436,705
	Current maturity presented under current liabilities	**(16,470,031)**	(12,415,966)
		18,743,318	24,020,739

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 2012.

Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited)
for the six months ended 31 December 2012

		Note	31 December 2012 Un-Audited Rupees	30 June 2012 Audited Rupees
8.2	**Commitments**			
8.2.1	**Commitments under irrevocable letters of credit for:**			
	- purchase of machinery		-	14,639,280
	- purchase of stores, spare and loose tools		**2,004,317**	30,507,298
	- purchase of raw material		**51,962,099**	76,726,497
			53,966,416	121,873,075
8.2.2	Commitments for capital expenditure		**6,088,619**	3,236,108
9	**Property, plant and equipment**			
	Operating fixed assets	*9.1*	**13,157,561,548**	13,387,681,719
	Capital work in progress		**4,924,018**	7,535,550
			13,162,485,566	13,395,217,269
9.1	**Operating fixed assets**			
	Net book value as at the beginning of the period / year		**13,387,681,719**	13,835,133,413
	Additions during the period / year	*9.1.1*	**29,786,327**	106,978,714
	Disposals during the period / year - Net book value		**(3,220,539)**	(17,059,759)
	Depreciation charged during the period / year		**(256,685,959)**	(537,370,649)
	Net book value as at the end of the period / year		**13,157,561,548**	13,387,681,719
9.1.1	**Additions- Cost**			
	Assets owned by the Company			
	Building on freehold land		**2,546,162**	23,911,287
	Plant and Machinery		**19,172,780**	36,843,458
	Furniture, fixtures and office equipment		**298,807**	4,616,998
	Vehicles		**-**	1,683,455
	Tools and equipments		**2,743,734**	13,806,209
	Electric installations		**5,024,844**	26,117,307
			29,786,327	106,978,714

Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited)
for the six months ended 31 December 2012

10 Long term investments

These represent investments in equity and debt securities. These have been classified as available for sale financial assets. Particulars of investments are as follows:

	Note	**31 December 2012 Un-Audited Rupees**	30 June 2012 Audited Rupees
Investments in related parties			
Cost	*10.1*	**2,891,100,557**	2,891,100,557
Fair value adjustment	*10.1*	**-**	-
		2,891,100,557	2,891,100,557
Accumulated impairment			
Opening balance		**(1,125,597,650)**	-
Charge during the period		**-**	(1,125,597,650)
		(1,125,597,650)	(1,125,597,650)
		1,765,502,907	1,765,502,907
Other investments			
Cost	*10.2*	**18,664**	18,664
Fair value adjustment	*10.2*	**12,386**	(3,833)
		31,050	14,831
		1,765,533,957	1,765,517,738

10.1 Investments in related parties

Unquoted

Farital AB

14,700 (June 2012: 14,700) ordinary shares with a capital of Sweedish Korona 260,150,100

Proportion of capital held: 100% (June 2012: 100%)

Activity: *Textile and Apparel*

Relationship: *Parent - Subsidiary*

	31 December 2012	30 June 2012
Cost	**2,625,026,049**	2,625,026,049
Fair value adjustment		
	2,625,026,049	2,625,026,049
Accumulated impairment		
Opening balance	**(1,125,597,650)**	-
Charge during the period	**-**	(1,125,597,650)
	(1,125,597,650)	(1,125,597,650)
	1,499,428,399	1,499,428,399
Agritech Limited		
53,259 (June 2012: 53,259) Term Finance Certificates of Rs. 5,000 each.(June 2012: Rs. 5,000 each)	**266,074,508**	266,074,508
	1,765,502,907	1,765,502,907

Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited)
for the six months ended 31 December 2012

		Un-Audited 31 December 2012 Rupees	Audited 30 June 2012 Rupees
10.2	**Other investments**		
	Quoted		
	Colony Mills Limited		
	4,332 (June 2012: 4,332) ordinary shares of Rs. 10 each.		
	Market value of Rs. 5.09 (June 2012: Rs. 1.72) per share		
	Cost	**8,664**	8,664
	Fair value adjustment	**13,386**	(1,213)
		22,050	7,451
	JS Value Fund Limited		
	1,000 (June 2012: 1,000) ordinary shares of Rs. 10 each.		
	Market value of Rs. 9.00 (June 2012: Rs. 7.38) per share		
	Cost	**10,000**	10,000
	Fair value adjustment	**(1,000)**	(2,620)
		9,000	7,380
		31,050	14,831
11	**Short term investments**		
	Quoted		
	Agritech Limited		
	Opening cost of 313,423,184 (June 2012: 313,423,184) ordinary shares of Rs. 10 each - at cost	**6,378,291,871**	6,378,291,871
	Cost of 293,423,184 (June 2012: Nil) shares sold during the year at Rs. 35 per share	**(5,971,283,571)**	-
	Closing cost of 20,000,000 shares (June 2012: 313,423,184)	**407,008,300**	6,378,291,871
	Percentage of equity held 5.09% (June 2012: 79.87%)		
	Fair value adjustment	**292,991,700**	4,591,519,569
		700,000,000	10,969,811,440

11.1 The Company, during the period has divested major part of its shareholding in Agritech Limited under the Share Transfer and Debt Swap Agreement. Out of 313,423,184 number of shares held by the Company at the start of the period, 293,423,284 number of shares were sold during the period at the rate of Rs. 35 per share and remaining 20,000,000 shares are still under charge whose divestment would complete once the charge on these shares is released.

Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited)
for the six months ended 31 December 2012

		July to December 2012 (Un-Audited)	July to December 2011 (Un-Audited)
		Rupees	Rupees
12	**Cash flows from operating activities**		
	Profit / (loss) before taxation	**2,379,793,473**	(2,208,546,211)
	Adjustment for non-cash and other items:		
	Finance cost	**1,186,083,248**	1,306,480,306
	Loss / (gain) on disposal of property, plant and equipment	**645,589**	(570,082)
	Gain on sale of investments	**(4,298,527,869)**	-
	Depreciation	**256,685,959**	268,045,643
	Amortization of intangible assets	**1,302,409**	3,079,856
	Provision for doubtful debts	**160,236,487**	
	Markup due to related party	**19,240,743**	-
	Return on investment in term fiance certificates	**(18,474,253)**	(12,169,788)
	Return on bank deposits	**-**	(11,950,915)
	Exchange loss / (gain) on long term loan	**94,990,959**	(110,248,570)
		(2,597,816,728)	1,442,666,450
	Loss before changes in working capital	**(218,023,255)**	(765,879,761)
	Effect on cash flow due to working capital Changes		
	Stores, spares and loose tools	**(3,903,171)**	36,695,429
	Stock in trade	**306,774,950**	(108,928,981)
	Trade receivables	**(196,882,450)**	404,996,224
	Advances, deposits, prepayments and other receivables	**(44,936,612)**	(144,351,284)
	Trade and other payables	**(115,877,751)**	552,397,479
		(54,825,034)	740,808,867
	Cash used in operations	**(272,848,289)**	(25,070,894)
13	**Cash and cash equivalent**		
	Cash and bank balances	**192,746,500**	36,096,711

14 Transactions and balances with related parties

Related parties from the Company's perspective comprise subsidiaries, associated undertakings, key management personnel (including chief executive and directors) and post employment benefit plan. 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 at arm's length. Pricing for these transactions is determined as follows:

Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited)
for the six months ended 31 December 2012

Nature of transaction	Pricing mechanism
Sales	Cost plus margin
Purchases	Comparable uncontrolled price method
Investments (including loans and advances)	Comparable uncontrolled price method
Borrowings	Comparable uncontrolled price method
Contribution to post employment benefit plan	As per terms of employment
Compensation of key management personnel	As per terms of employment

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

			July to December 2012	July to December 2011
			Rupees	Rupees
14.1	**Transactions with related parties**			
	14.1.1	**Subsidiaries - Montebello s.r.l**		
		Sale of goods	**77,246,430**	189,105,892
	14.1.2	**Other related party - Agritech Limited**		
		Return on investment in TFCs	**18,474,253**	12,169,788
		Interest / mark-up on borrowing	**19,240,742**	33,987,541
		Loan repaid	**287,517,503**	(12,315,316)
	14.1.3	**Post-employment benefit plans**		
		Contribution to employees provident fund	**56,058,244**	47,637,864
		Interest payable	**16,164,371**	34,199,707
	14.1.4	**Key management personnel**		
		Short-term employee benefits	**25,518,000**	22,489,618
		Post employment benefits	**1,337,304**	1,341,534

			31 December 2012 Un-Audited	30 June 2012 Audited
			Rupees	Rupees
14.2	**Balances with related parties**			
	14.2.1	**Subsidiaries - Montebello s.r.l**		
		Trade receivables	**981,514,017**	943,574,911
	14.2.2	**Other related party - Agritech Limited**		
		Borrowings	**-**	286,395,126
		Mark-up payable	**-**	68,579,206
		Investment in ordinary shares	**407,008,300**	6,378,291,871
		Investment in term finance certificates	**266,074,508**	266,074,508
		Receivable from Agritech Limited	**1,122,377**	-

Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited)
for the six months ended 31 December 2012

		31 December 2012 Un-Audited	30 June 2012 Audited
		Rupees	Rupees
14.2.3	**Post-employment benefit plans**		
	Payable to employees provident fund	**129,980,333**	96,248,979
14.2.4	**Key Management Personnel**		
	Short term employee benefits payable	**4,253,000**	3,824,609

15 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 2012		
	Principal	**Interest / mark-up**	**Total**
	Rupees	**Rupees**	**Rupees**
Redeemable Capital	-	377,273,718	**377,273,718**
Long term finances	-	137,299,212	**137,299,212**
Bills payable	232,702,614	25,648,546	**258,351,160**
Short term borrowings	551,649,000	385,816,341	**937,465,341**
Preference shares	148,367,250	-	**148,367,250**
Preference Dividend	9,656,775	-	**9,656,775**
	942,375,639	**926,037,817**	**1,868,413,456**

The amount outstanding towards preference shares and abovementioned overdue markup is proposed to be converted into long term debt instruments for which negotiations are in process. The remaining overdue principal will be settled through cash generated from operations.

All the long term financial liabilities mentioned above have been classified as current liabilities in these condensed interim financial information as stated in note 5.3 & 6.1.

16 Date of authorization

This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors of the Company on 28 February 2013.

17 General

Figures have been rounded off to the nearest rupee.

Lahore **CHIEF EXECUTIVE** **DIRECTOR**

Condensed Interim Consolidated Financial Information

Condensed Interim Consolidated Balance Sheet (Un-audited)

As at 31 December 2012

	Note	31 December 2012 Un-Audited	30 June 2012 Audited
		Rupees	Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital		**15,000,000,000**	15,000,000,000
Issued, subscribed and paid up capital		**4,548,718,700**	4,548,718,700
Reserves		**3,411,924,758**	3,107,198,909
Accumulated loss		**(5,975,284,492)**	(7,904,229,485)
		1,985,358,966	(248,311,876)
Non-controlling interests		**-**	3,917,588,149
Surplus on revaluation of fixed assets		**3,533,745,137**	6,746,439,428
Non-current liabilities			
Redeemable capital - secured	5	**2,771,701,380**	2,729,435,196
Long term finances - secured	6	**838,051,306**	-
Liabilities against assets subject to finance lease - secured	7	**18,743,318**	24,020,739
		3,628,496,004	2,753,455,935
Current liabilities			
Current portion of non-current liabilities		**3,201,232,481**	8,105,591,253
Short term borrowing		**5,379,454,834**	8,433,954,491
Trade and other payables		**2,757,895,720**	4,277,177,878
Interest / mark-up accrued on borrowings		**1,247,855,506**	1,357,356,641
Dividend payable		**13,415,572**	32,729,078
		-	30,828,943,270
		12,599,854,113	53,035,752,611
Contingencies and commitments	8		
		21,747,454,220	66,204,924,247
ASSETS			
Non-current assets			
Property, plant and equipment		**13,184,822,992**	13,416,311,530
Intangible assets		**694,946,741**	696,249,150
Long term investmens		**266,105,558**	14,831
Long term deposits - unsecured, considered good		**38,528,298**	39,488,956
		14,184,403,589	14,152,064,467
Current assets			
Stores, spares and loose tools		**236,014,586**	173,319,525
Stock-in-trade		**2,721,027,480**	3,131,907,430
Trade receivables		**2,628,271,705**	2,826,169,806
Advances, deposits, prepayments and other receivables		**941,274,731**	892,886,051
Due from related party		**1,122,377**	-
Short term investments	9	**700,000,000**	-
Current taxation		**121,076,754**	110,270,269
Cash and bank balances		**214,262,998**	310,989,124
Assets of subsidiary classified as held for sale		**-**	44,607,317,575
		7,563,050,631	52,052,859,780
		21,747,454,220	66,204,924,247

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

Lahore **CHIEF EXECUTIVE** **DIRECTOR**

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

For the six months ended 31 December 2012

	2012		2011	
	July to December	**October to December**	July to December	October to December
	Rupees	**Rupees**	Rupees	Rupees
Sales - net	**6,825,881,201**	**3,428,594,689**	4,793,850,637	2,710,224,023
Cost of sales	**(6,730,515,673)**	**(3,219,794,871)**	(5,083,136,683)	(2,739,329,821)
Gross profit / (loss)	**95,365,528**	**208,799,818**	(289,286,046)	(29,105,798)
Administrative expenses	**(453,415,253)**	**(282,940,098)**	(420,344,040)	(235,942,978)
Selling and distribution expenses	**(407,825,433)**	**(203,704,401)**	(193,391,162)	(71,616,183)
Net other income	**4,455,356,801**	**4,464,181,832**	90,119,312	129,943,650
Profit / (loss) from operations	**3,689,481,643**	**4,186,337,151**	(812,901,936)	(206,721,309)
Finance cost	**(1,310,173,274)**	**(570,353,199)**	(1,476,453,649)	(870,420,161)
Profit / (loss) before taxation	**2,379,308,369**	**3,615,983,952**	(2,289,355,585)	(1,077,141,470)
Taxation	**(67,011,919)**	**(33,692,620)**	(46,852,265)	(26,764,077)
Profit / (loss) after taxation from continuing operations	**2,312,296,450**	**3,582,291,332**	(2,336,207,850)	(1,103,905,547)
Loss after taxation from discontinued operations	**(1,125,925,537)**	**(67,311,697)**	(125,689,765)	(218,981,916)
Total profit / (loss) for the period	**1,186,370,913**	**3,514,979,635**	(2,461,897,615)	(1,322,887,463)
Profit / (loss) attributable to:				
Equity holders of the Parent	**1,413,050,300**	**3,564,244,097**	(2,440,985,358)	(1,344,832,303)
Non-controlling interests	**(226,679,387)**	**(49,264,462)**	(20,912,257)	21,944,840
	1,186,370,913	**3,514,979,635**	(2,461,897,615)	(1,322,887,463)
Earnings / (loss) per share - basic and diluted				
Continuing operations	**5.08**	**7.88**	(5.14)	(2.43)
Discontinued operations	**(1.98)**	**(0.04)**	(0.23)	(0.53)

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

Lahore **CHIEF EXECUTIVE** **DIRECTOR**

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

For the six months ended 31 December 2012

	2012		2011	
	July to December	**October to December**	July to December	October to December
	Rupees	**Rupees**	Rupees	Rupees
Total profit / (loss) for the period	**1,186,370,913**	**3,514,979,635**	(2,461,897,615)	(1,322,887,463)
Other comprehensive income / (loss) for the period:				
Changes in fair value of cash flow hedges	**-**	**-**	(42,816,481)	(22,019,539)
Changes in fair value of available for sale financial assets	**16,219**	**10,867**	(4,232)	(3,649)
Exchange difference on translation of foreign subsidiary	**11,717,930**	**6,290,272**	(7,876,192)	(351,949)
	11,734,149	**6,301,139**	(50,696,905)	(22,375,137)
Total comprehensive income / (loss) for the period	**1,198,105,062**	**3,521,280,774**	(2,512,594,520)	(1,345,262,600)
Total comprehensive income / (loss) attributable to:				
Equity holders of the Parent	**1,424,784,449**	**3,570,545,236**	(2,491,682,263)	(1,367,207,440)
Non-controlling interests	**(226,679,387)**	**(49,264,462)**	(20,912,257)	21,944,840
	1,198,105,062	**3,521,280,774**	(2,512,594,520)	(1,345,262,600)

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

Lahore **CHIEF EXECUTIVE** **DIRECTOR**

Condensed Interim Consolidated Cash flow Statement (Un-audited)

For the six months ended 31 December 2012

	Note	**July to December 2012 Rupees**	July to December 2011 Rupees
Cash used in operations	*10*	**(218,332,676)**	(49,769,594)
Finance cost paid		**(546,210,837)**	(136,021,830)
Long term deposits		**960,658**	(8,758,373)
Taxes paid		**(69,211,544)**	(35,512,576)
Net cash used in operating activities		**(832,794,399)**	(230,062,373)
Net cash generated from operating activities of discontinued operations		**-**	563,834,530
		(832,794,399)	333,772,157
Cash flows from investing activities			
Capital expenditure		**(27,178,640)**	(56,180,060)
Proceeds from disposal of fixed assets		**2,574,950**	10,518,075
Return on investments		**-**	-
Proceeds from sale of short term investments		**3,491,590,474**	-
Redemption of held to maturity investments		**-**	-
Net cash generated from / (used in) investing activities		**3,466,986,784**	(45,661,985)
Net cash used in investing activities of discontinued operations		**-**	(615,966,029)
		3,466,986,784	(661,628,014)
Cash flows from financing activities			
Long term finances repaid		**(935,769,369)**	-
Redemption of redeemable capital		**(199,997)**	-
Liabilities against assets subject to finance lease		**(1,223,356)**	(5,293,322)
Due to related party		**(355,740,822)**	-
Short term borrowings		**(1,437,984,967)**	138,729,653
Net cash (used in) / generated from financing activities		**(2,730,918,511)**	133,436,331
Net cash generated from financing activities of discontinued operations		**-**	10,573,399
		(2,730,918,511)	144,009,730
Net decrease in cash and cash equivalents		**(96,726,126)**	(183,846,127)
Cash and cash equivalents at the beginning of period		**310,989,124**	304,709,022
Cash and cash equivalents at the end of period	*11*	**214,262,998**	120,862,895

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

Lahore **CHIEF EXECUTIVE** **DIRECTOR**

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

For the six months ended 31 December 2012

	Share Capital	Reserves								
	Ordinary shares	Share Premium	Cash flow hedges	Reserve on merger	Translation reserve	Preference share redemption reserve	Available for sale financial assets	Total reserves	Accumulated loss	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 July 2011 - Audited	4,548,718,700	2,358,246,761	48,894,931	105,152,005	(14,485,358)	661,250,830	(5,800)	3,159,053,369	(464,226,537)	7,243,545,532
Total comprehensive loss for the period	-	-	(42,816,481)	-	(7,876,192)	-	(4,232)	(50,696,905)	(2,440,985,358)	(2,491,682,263)
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	-	-	-	-	-	-	122,321,782	122,321,782
Balance as at 31 December 2011 - Unaudited	4,548,718,700	2,358,246,761	6,078,450	105,152,005	(22,361,550)	661,250,830	(10,032)	3,108,356,464	(2,782,890,113)	4,874,185,051
Balance as at 30 June 2012 - Audited	**4,548,718,700**	**2,358,246,761**	**-**	**105,152,005**	**(17,446,854)**	**661,250,830**	**(3,833)**	3,107,198,909	**(7,904,229,485)**	**(248,311,876)**
Total comprehensive income / (loss) for the period	-	-	-	-	**11,717,930**	-	**16,219**	11,734,149	**1,413,050,300**	**1,424,784,449**
Effect of disposal of subsidiary	-	-	-	-	-	-	**292,991,700**	292,991,700	**453,363,947**	**746,355,647**
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	-	-	-	-	-	-	**62,530,746**	**62,530,746**
Balance as at 31 December 2012 - Unaudited	**4,548,718,700**	**2,358,246,761**	**-**	**105,152,005**	**(5,728,924)**	**661,250,830**	**293,004,086**	**3,411,924,758**	**(5,975,284,492)**	**1,985,358,966**

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

Lahore **CHIEF EXECUTIVE** **DIRECTOR**

Condensed Interim Consolidated Notes to the Financial Information (Un-audited)
for the six months ended 31 December 2012

1 Status and nature of business

The Group comprises the following companies

Azgard Nine Limited ('ANL') - Parent 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 Badian Road on Ruhi Nala, Der Khud, Lahore.

Farital AB ('FAB') - Subsidiary Company

FAB was incorporated in Sweden. Investment in FAB was made in order to acquire Montebello SRL ("MSRL") a limited liability Company incorporated in Italy and owner of an Italian fabric brand. MSRL is engaged in import, export, wholesale and retail marketing and manufacturing of textile and apparel products and accessories. Effective control of FAB and MSRL was obtained on 31 December 2008 by ANL. Proportion of interest held by ANL is 100%.

Agritech Limited

During the year, ANL has divested its controlling interest in Agritech Limited (see note 9). Accordingly the condensed interim profit and loss account includes results of Agritech Limited only up to 31 October 2012, being the date on which ANL's control ceases.

2 Basis of preparation

2.1 Statement of compliance

This condensed interim consolidated financial report of the Group for the six months period ended 31 December 2012 has been prepared in accordance with the requirements of the International Accounting Standards 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.

The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2012.

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

2.2 Financial liabilities and continuing operations

ANL in line with the worldwide and nationwide recessionary trends and other economic conditions is facing liquidity crisis. Due to unavailability of working capital, ANL was not able to make timely purchases of raw materials and had to procure raw material at higher prices, resulting in substantial increase in cost of sales. High finance costs also had an adverse impact on profitability of the ANL. This has perpetuated temporary liquidity issues as referred in note. 15 to these condensed interim financial information. Due to these factors, ANL used cash in its operations amounting to Rs. 878.03 million during the six months ended 31 December 2012 and as of that date its current liabilities exceeded current assets by Rs. 5,250.06 million and its accumulated loss stood at Rs. 5,418.41 million. These conditions also cast doubt about the ANL's ability to continue as a going concern. These financial statements have however been prepared on a going concern basis. The assumption that the ANL would continue as a going concern is based on the sale of remaining shareholding in Agritech Limited as explained in the succeeding paragraph and expectation of future profitability and positive cash flows from operating activities.

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ANL, during the period, has divested majority of its shareholdings in Agritech Limited. As a result of the said divestment, ANL has settled / paid its loans, other charges and certain markup amounting to Rs. 10,042.99 million and injected Rs. 226.82 million in its working capital. Further, proceeds of Rs. 700.00 million are to be received by ANL from the divestment of remaining shareholding in Agritech Limited which will be used for the working capital of ANL.

With the above mentioned measures, the management of ANL envisages that sufficient financial resources will be available for the continuing operations of ANL. With positive impact on the finance costs and more effective management of resources and raw material procurement, ANL is expected to continue its operations profitably, subject to impact, if any, of uncontrollable external circumstances including power crises and global market conditions.

3 Estimates

The preparation of the 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 and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the condensed interim financial information, the significant judgments made by the management in applying accounting policies, key estimates and uncertainty includes:

- Residual value and useful life estimation of fixed assets
- Taxation
- Provisions and contingencies
- Fair value of investments in related parties

4 Significant accounting policies

4.1 The accounting policies and methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2012.

4.2 In addition to above, following amendments to the International Financial Reporting Standards are mandatory for the first time for the financial year beginning on or after 1 January 2013, however, the adoption of these amendments is either not yet effective or the amendments did not have any significant impact on the financial information of the Company.

- IAS 1 (amendment) - Presentation of items of other comprehensive income
- IAS 16 (amendment) - Property, Plant and Equipment
- IAS 19 (amendment) - Employee Benefits
- IAS 27 (amendment) - Separate Financial Statements
- IAS 28 (amendment) - Investments in Associates and Joint Ventures
- IAS 32 (amendment) - Financial Instruments
- IAS 32 (amendment) - Offsetting Financial assets and Financial Liabilities
- IAS 34 (amendment) - Interim Financial Reporting
- IFRS 7 (amendment) - Offsetting Financial assets and Financial Liabilities

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		Note	31 December 2012 Un-Audited Rupees	30 June 2012 Audited Rupees
5	**Redeemable capital - secured**			
	Term Finance Certificates - II		**651,066,836**	1,498,649,061
	Term Finance Certificates - IV		**1,083,768,528**	2,498,000,000
	Term Finance Certificates - V		**527,682,637**	823,620,000
	Privately Placed Term Finance Certificates - VI		**3,218,670,000**	3,218,670,000
	Privately Placed Term Finance Certificates	*5.1*	**326,456,184**	-
	Privately Placed Term Finance Certificates	*5.2*	**217,200,000**	
			6,024,844,185	8,038,939,061
	Deferred notional income		**(990,624,804)**	(1,124,890,714)
	Transaction cost		**(66,979,526)**	(74,354,806)
			4,967,239,855	6,839,693,541
	Less: Amount shown as current liability			
	Amount payable within next twelve months		**(34,537,050)**	(2,559,131,063)
	Amount due after 31 December 2013	*5.3*	**(2,161,001,425)**	(1,551,127,282)
			(2,195,538,475)	(4,110,258,345)
			2,771,701,380	2,729,435,196

5.1 This represent restructuring of outstanding preference shares including dividend amounting to Rs. 326.456 million into Privately Placed Term Finance Certificates (PPTFC). As per terms of the agreement the principal redemption of PPTFC is structured to be in twelve equal semi-annual installments starting from 19 April 2015 and carries markup at the rate of Rs. 11% per annum.

5.2 This represent restructuring of outstanding preference shares including dividend amounting to Rs. 217.200 million into Privately Placed Term Finance Certificates (PPTFC). As per terms of the agreement the principal redemption of PPTFC is structured to be in twelve equal semi-annual installments starting from 19 April 2015 and carried markup rate of Rs. 11% per annum.

5.3 During the period, ANL could not make certain interest / mark-up payments on due dates. As a consequence, the financiers are entitled to declare all outstanding amount of the issue immediately due and payable. In terms of provisions of International Accounting Standard on Presentation of financial statements (IAS - 1), all liabilities under these loan agreements are required to be classified as current liabilities. Based on the above, loan installments due as per agreed terms after 31 December 2013 amounting to Rs. 2,161.001 million have been shown as current liability.

Condensed Interim Consolidated Notes to the Financial Information (Un-audited)
for the six months ended 31 December 2012

	Note	31 December 2012 Un-Audited Rupees	30 June 2012 Audited Rupees
6 Long term finances			
United Bank Limited		**-**	75,000,000
National Bank of Pakistan		**-**	1,000,000,000
Deutsche Investitions - Und MBH (Germany)		**826,672,752**	1,422,000,000
Saudi Pak Industrial and Agricultural Company Limited		**43,251,155**	100,000,000
Citi Bank N.A		**567,539,663**	567,539,466
HSBC Middle East Limited		**264,602,579**	272,113,408
		1,702,066,149	3,436,652,874
Transaction costs		**(23,158,123)**	(28,254,867)
		1,678,908,026	3,408,398,007
Amount shown as current liability			
Amount payable within next twelve months		**(30,633,796)**	(1,936,345,512)
Amount due after 31 December 2013	*6.1*	**(810,222,924)**	(1,472,052,495)
		(840,856,720)	(3,408,398,007)
		838,051,306	-

6.1 During the period, ANL could not make certain interest / mark-up payments on due dates. As a consequence, the financiers are entitled to declare all outstanding amount of the issue immediately due and payable. In terms of provisions of International Accounting Standard on Presentation of financial statements (IAS - 1), all liabilities under these loan agreements are required to be classified as current liabilities. Based on the above, loan installments due as per agreed terms after 31 December 2013 amounting to Rs. 810.223 million have been shown as current liability.

	31 December 2012 Un-Audited Rupees	30 June 2012 Audited Rupees
7 Liabilities against assets subject to finance lease - Secured		
Present value of minimum lease payments	**35,213,349**	36,436,705
Current maturity presented under current liabilities	**(16,470,031)**	(12,415,966)
	18,743,318	24,020,739

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 Group for the year ended 30 June 2012.

Condensed Interim Consolidated Notes to the Financial Information (Un-audited)
for the six months ended 31 December 2012

		31 December 2012 Un-Audited	30 June 2012 Audited
		Rupees	Rupees
8.2	**Commitments**		
8.2.1	**Commitments under irrevocable letters of credit for:**		
	- purchase of machinery	**-**	14,639,280
	- purchase of stores, spare and loose tools	**2,004,317**	30,507,298
	- purchase of raw material	**51,962,099**	76,726,497
		53,966,416	121,873,075
8.2.2	Commitments for capital expenditure	**6,088,619**	3,236,108

9 Short term investment

ANL, during the period has divested major part of its shareholding in Agritech Limited under the Share Transfer and Debt Swap Agreement. Out of 313,423,184 number of shares held ANL at the start of the period, 293,423,284 number of shares were sold during the period at the rate of Rs. 35 per share and remaining 20,000,000 shares are still under charge whose divestment would complete once the charge on these shares is released.

	July to December 2012 (Un-Audited)	July to December 2011 (Un-Audited)
	Rupees	Rupees
10 Cash flows from operating activities		
Profit / (loss) before taxation	**2,379,308,369**	(2,289,355,585)
Adjustment for non-cash and other items:		
Finance cost	**1,195,941,571**	1,281,111,893
Loss / (gain) on disposal of property, plant and equipment	**645,589**	(570,082)
Gain on sale of investments	**(4,298,527,869)**	-
Depreciation	**257,195,347**	269,330,028
Amortization of intangible assets	**1,302,409**	3,157,347
Provision for doubtful debts	**160,236,487**	-
Markup due to related party	**19,240,743**	-
Return on investment in term fiance certificates	**(18,474,253)**	-
Exchange difference on translation of foreign subsidiary	**1,362,362**	1,427,812
Exchange loss / (gain) on long term loan	**94,990,959**	(110,248,570)
	(2,586,086,655)	1,444,208,428
Loss before changes in working capital	**(206,778,286)**	(845,147,157)

Condensed Interim Consolidated Notes to the Financial Information (Un-audited)
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	July to December 2012 (Un-Audited)	July to December 2011 (Un-Audited)
	Rupees	Rupees
Effect on cash flow due to working capital Changes		
Stores, spares and loose tools	**(3,903,171)**	36,695,429
Stock in trade	**352,088,060**	58,772,254
Trade receivables	**1,065,937,306**	1,696,435,990
Advances, deposits, prepayments and other receivables	**(48,388,680)**	(154,838,010)
Trade and other payables	**(1,377,287,905)**	(841,688,100)
	(11,554,390)	795,377,563
Cash used in operations	**(218,332,676)**	(49,769,594)

11 Cash and cash equivalent

Cash and bank balances	**214,262,998**	(44,712,663)

12 Transactions and balances with related parties

Related parties from the Company's perspective comprise associated undertakings, key management personnel (including chief executive and directors) and post employment benefit plan. 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 at arm's length. Pricing for these transactions is determined as follows:

Nature of transaction	**Pricing mechanism**
Sales	Cost plus margin
Purchases	Comparable uncontrolled price method
Investments (including loans and advances)	Comparable uncontrolled price method
Borrowings	Comparable uncontrolled price method
Contribution to post employment benefit plan	As per terms of employment
Compensation of key management personnel	As per terms of employment

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

	July to December 2012	July to December 2011
	Rupees	Rupees
12.1 Transactions with related parties		
12.1.1 Other related party - Agritech Limited		
Return on investment in TFCs	**18,474,253**	-
Interest / mark-up on borrowing	**19,240,742**	-
Loan repaid	**287,517,503**	-

Condensed Interim Consolidated Notes to the Financial Information (Un-audited)
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		July to December 2012 Rupees	July to December 2011 Rupees
12.1.2	**Post-employment benefit plans**		
	Contribution to employees provident fund	**56,058,244**	68,116,404
	Interest payable	**16,164,371**	20,193,978
12.1.3	**Key management personnel**		
	Short-term employee benefits	**25,518,000**	45,985,304
	Post employment benefits	**1,337,304**	2,589,000

		31 December 2012 Un-Audited Rupees	30 June 2012 Audited Rupees
12.2	**Balances with related parties**		
12.2.1	**Other related party - Agritech Limited**		
	Borrowings	**-**	-
	Mark-up payable	**-**	-
	Investment in ordinary shares	**407,008,300**	-
	Investment in term finance certificates	**266,074,508**	-
	Receivable from Agritech Limited	**1,122,377**	-
12.2.2	**Post-employment benefit plans**		
	Payable to employees provident fund	**129,980,333**	101,502,653
12.2.3	**Key Management Personnel**		
	Short term employee benefits payable	**4,253,000**	9,078,283

13 Overdue debt finances

ANL 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 2012		
	Principal	**Interest / mark-up**	**Total**
	Rupees	**Rupees**	**Rupees**
Redeemable Capital	-	377,273,718	**377,273,718**
Long term finances	-	137,299,212	**137,299,212**
Bills payable	232,702,614	25,648,546	**258,351,160**
Short term borrowings	551,649,000	385,816,341	**937,465,341**
Preference shares	148,367,250	-	**148,367,250**
Preference Dividend	9,656,775	-	**9,656,775**
	942,375,639	**926,037,817**	**1,868,413,456**

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The amount outstanding towards preference shares and abovementioned overdue markup is proposed to be converted into long term debt instruments for which negotiations are in process. The remaining overdue principal will be settled through cash generated from operations.

All the long term financial liabilities mentioned above have been classified as current liabilities in these condensed interim financial information as stated in note 5.3 & 6.1.

14 Date of authorization

This condensed interim consolidated financial information was authorized for issue by the Board of Directors of the Company on 28 February 2013.

15 General

Figures have been rounded off to the nearest rupee.

Lahore **CHIEF EXECUTIVE** **DIRECTOR**