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Company Information

BOARD OF DIRECTORS

Mr. Mueen Afzal
Chairman
Mr. Ahmed H. Shaikh
Chief Executive
Mr. Aehsun M.H. Shaikh
Mr. Khalid A.H. Al-Sagar
Mr. Irfan Nazir Ahmad
Mr. Aamer Ghias
Mr. Usman Rasheed

COMPANY SECRETARY

Mr. Muhammad Ijaz Haider

CHIEF FINANCIAL OFFICER

Mr. Abid Amin

AUDIT COMMITTEE

Mr. Khalid A.H. Al-Sagar
Chairman
Mr. Mueen Afzal
Mr. Aehsun M.H. Shaikh
Mr. Aamer Ghias
Mr. Usman Rasheed

HUMAN RESOURCE COMMITTEE

Mr. Ahmed H. Shaikh
Mr. Irfan Nazir
Mr. A. Jaudet Bilal

LEGAL ADVISORS

Hamid Law Associates

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
A member firm of Russell Bedford International

BANKERS

JS Bank Limited
MCB Bank Limited
Citi Bank N.A.
Royal Bank of Scotland
Faysal Bank Limited
Habib Bank Limited
HSBC Bank (Middle East) Limited
United Bank Limited
Standard Chartered Bank (Pakistan) Limited
NIB Bank Limited
National Bank of Pakistan
Allied Bank Limited
My Bank Limited
KASB Bank Limited
Silk Bank Limited
Atlas 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, 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

Fertilizer

Unit I

Agritech Limited.
(formerly Pak American Fertilizers Ltd.)
Iskanderabad,
District Mainwali.
Ph: +92 (0)459 392346-49

Unit II

Hazara Phosphate Fertilizers (Pvt.) Ltd.
Hattar Road,
Haripur.
Ph: +92 (0)995 616124-5

Directors' Review

The Board of Directors of Azgard Nine Limited (“the Company”) hereby presents the un-audited interim financial statements for the twelve months ended December 31, 2010 together with their review thereupon.

Principal Activities

The company's principal business activity is the vertically integrated manufacturing and marketing of denim focused Textile and Apparel products from raw cotton to retail ready goods. The Company, despite the extreme circumstances cited below, maintains its prominent position in the denim industry.

Azgard Nine, through its subsidiaries Agritech Limited AGL (formerly Pak American Fertilizers Limited) and Hazara Phosphate Fertilizers (Pvt.) Limited (HPFL), is also engaged in the manufacturing and marketing of both Nitrogenous and Phosphatic fertilizers.

Textile and Apparel

The global financial crisis continues to leave its negative impact on nearly all business sectors. Prolonged unstable economic conditions have continued to plague the Company during the current period and drastically affected its financial health. High interest rates, persistent energy shortages, rising utility costs, high raw material costs and a disturbed law & order situation created a difficult environment for the business.

While the overall Textile and Denim markets are fundamentally sound with good volumes, the Company's production has been operating at only partial capacity due to lack of working capital. Lack of availability of cotton pledge lines also hampered efforts to build adequate cotton stocks during the period. The Company was therefore exposed to the very high cotton prices that were prevailing during this period. The reduced level of production and the high cost of cotton have had a very negative impact on the results of the company.

The Company in line with its practice in the past has taken several measures to overcome the challenges thrown up by the economic recession. Efforts are being made to economise on input costs wherever possible putting in all possible efforts to achieve maximum manufacturing and operational efficiencies. The Company has successfully finalized reprofiling of all its debt obligations and as a result working capital lines of the Company have been made available to it by the banks and financial institutions. The Company looks forward to receive the required support from the financial institutions enabling the Company to run its operations smoothly and achieve its targeted results.

In the context of liquidity issues emphasized by the auditors in their review report the Company as already stated above has successfully restructured its financial debts of Rs. 8.42 Billion. The Management of the Company is confident and it does not envisage any difficulty in generating and arranging necessary finances for continuing operations of the Company.

Fertilizers

The Company's subsidiary, Agritech Limited, operates the newest and most efficient Urea Plant in the country. Furthermore AGL through its subsidiary, HPFL, is the largest manufacturer of Granular Single Super Phosphate (GSSP) fertilizer in Pakistan. This makes AGL a prominent player in the sector

Directors' Review

as a diversified fertilizer producer, manufacturing and marketing both nitrogenous and phosphatic fertilizers.

The management successfully signed the “Master Restructuring Agreement” resulting in reprofiling of all its major debts. Moreover, through this agreement the company has also received new working capital lines to help resolve operational liquidity constraints.

As part of re-profiling / restructuring of the Company debt, the Company is also in the process of divesting the major portion of its investment in AGL. Various parties have shown interest in the purchase of the said investment, and the process for the sale of this is already in progress and moving forward smoothly.

Operating Financial Results of Azgard Nine Limited (Stand Alone)

	Twelve Months Ending December 31, 2010	Twelve Months Ending December 31, 2009
Sales-Net	11,418,284,299	11,737,856,887
Operating Profit	763,805,773	2,616,316,454
Finance Cost	2,042,549,048	2,424,424,504
(Loss)/Profit before Tax	(1,278,743,275)	178,722,895
(Loss)/Profit after Tax	(1,395,266,099)	60,531,362

Consolidated Results Including its Subsidiaries

	Twelve Months Ending December 31, 2010	Twelve Months Ending December 31, 2009
Sales-Net	20,725,033,282	26,276,262,374
Operating Profit	2,257,921,597	6,238,196,425
Finance Cost	3,555,316,411	4,791,419,130
(Loss)/Profit before Tax	(1,297,394,814)	1,363,060,912
(Loss)/Profit after Tax	(757,732,366)	1,537,928,573

Earnings per share

	December 31, 2010	December 31, 2009
Azgard Nine Limited		
Quarter ended	(2.01)	(0.39)
Twelve months ended	(3.13)	0.003
Consolidated including subsidiaries		
Quarter ended	(1.98)	0.29
Twelve months ended	(2.17)	3.35

Directors' Review

Future Market Outlook

Textile industry in Pakistan is facing multiple challenges internally and globally. Some of these are increasing production costs, double digit inflation, uncertain raw material supply and price increases. The situation is expected to remain volatile in the near future as well. Currently the biggest concern is the actually availability of cotton until the arrival of the new crop. Due to shortage of supply it is feared the cotton price may face a further price hike. Cotton prices in the international market have also reached very high levels when compared with the historical price. Increasing inflation and interest rates are further causes of concern for the sector. In this difficult time, the textile sector requires the Government policies to protect the export competitiveness of the textile sector which is the biggest contributor to exports for Pakistan.

The Company's financial year has changed from 31st December to 30th June effective 1st January 2011. This will bring the company's financial year in line with the rest of the textile industry.

Acknowledgement

The Board takes this opportunity to thank the Company's valued customers and the financial institutions whose faith and support over the years has played a pivotal role in the growth of the Company. The board also wishes to place on record its appreciation for the hard work and commendable services rendered by the Company's staff and workers.

On behalf of the Board



Chief Executive

Lahore: February 28, 2011

Review Report to the Members

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Azgard Nine Limited** ("the Company") as of December 31, 2010, and the related profit and loss account, statement of other comprehensive income, cash flow statement and statement of changes in equity and notes to the accounts for the year then ended, (here-in-after collectively referred to as ("the interim financial information"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Our responsibility is to express a conclusion on this interim financial information based on our review.

Change of accounting year

The Company has been accorded approval by the relevant authorities to adopt its financial year to be from July 1st to June 30th in line with that of the textile industry and also has obtained approvals from regulatory authorities to prepare financial statements exceeding twelve months, and, accordingly the next audited financial statements of the Company will be prepared for eighteen months ending June 30, 2011. The interim financial information has been prepared in this context for the year ended December 31, 2010.

Scope of Review

We conducted our review in accordance with the 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 consist 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 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 does not give a true and fair view of the financial position of the Company as at December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Without qualifying our opinion, we draw attention to note 2.2 to the interim financial information pertaining to re-profiling of the Company's financial liabilities/debts. The Company is facing liquidity problems, which resulted in delayed redemption/repayment of its debts. This aspect, together with its likely impact on continued operations, was also emphasized in our audit report on the financial statements of the Company for the year ended December 31, 2009. As explained in note 2.2, the Company has entered in restructuring / reprofiling agreement with providers of debt finances whereby various short term and long term debts aggregating to Rs. 8.42 billion have been restructured / reprofiled and the Company has been allowed grace periods of upto two years. Further, as approved by the members of the Company in the extraordinary general meeting held on July 23, 2010, the Company is in process of finalizing sale of its controlling interest in Agritech Limited (formerly Pak American Fertilizers Limited) which is expected to be completed before June 30, 2011.

The management of the Company, though, does not envisage any difficulty in generating and arranging necessary finances for continuing operations of the Company and in meeting its financial obligations, however, the continuing operations of the Company are dependent on the effective management of resources, divestment of further interests in Agritech Limited, support of banks, financial institutions and holders of debt instruments.

The figures for the quarter ended December 31, 2010 in the condensed interim profit and loss account and condensed interim statement of other comprehensive income have not been reviewed and we do not express opinion on them.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Lahore

Date: February 28, 2011
Engagement Partner: Irfan Rahman Malik

Condensed Interim Balance Sheet as at December 31, 2010

	<i>Note</i>	December 31, 2010 <i>Rupees</i>	December 31, 2009 <i>Rupees</i>
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	4	4,548,718,700	4,879,343,880
Reserves		6,199,287,290	6,943,648,200
Accumulated profit		1,400,706,357	2,677,561,193
		12,148,712,347	14,500,553,273
Surplus on revaluation of property, plant and equipment		3,785,399,172	3,969,152,218
Non-current liabilities			
Redeemable capital - Secured	5	4,273,336,557	3,096,956,918
Long term finances - Secured	6	3,466,704,303	1,891,312,500
Liabilities against assets subject to finance lease - Secured	7	45,906,601	56,638,407
		7,785,947,461	5,044,907,825
Current liabilities			
Current portion of non-current liabilities		992,627,665	2,356,508,078
Short term borrowings	8	7,180,888,149	8,911,333,573
Trade and other payables		2,610,281,368	1,776,603,962
Due to related party		411,000,132	1,245,555,096
Interest/mark-up accrued on borrowings		1,274,473,604	657,422,644
Dividend payable	9	33,039,449	63,183,986
		12,502,310,367	15,010,607,339
Contingencies and commitments	10	-	-
		36,222,369,347	38,525,220,655
ASSETS			
Non-current assets			
Property, plant and equipment	11	14,071,737,587	14,054,500,286
Intangible assets		10,594,514	15,396,765
Long term investments	12	2,888,066,704	12,052,756,447
Derivative financial assets		-	45,298,097
Long term deposits - Unsecured, considered good		28,130,640	30,723,041
		16,998,529,445	26,198,674,636
Current assets			
Stores, spares and loose tools		482,551,437	404,451,110
Stock in trade		4,368,076,903	4,414,852,668
Trade receivables		3,301,796,793	3,126,881,285
Advances, deposits, prepayments and other receivables		984,364,840	1,163,125,222
Short term investments	13	9,402,695,520	2,942,047,710
Current taxation		66,250,772	70,842,910
Cash and bank balances		618,103,637	204,345,114
		19,223,839,902	12,326,546,019
		36,222,369,347	38,525,220,655

The annexed notes 1 to 20 form an integral part of this interim financial information

Lahore


 CHIEF EXECUTIVE


 DIRECTOR

Condensed Interim Profit and loss account for year ended December 31, 2010

	Year ended December 31, 2010 <i>Rupees</i>	Year ended December 31, 2009 <i>Rupees</i>	Quarter ended December 31, 2010 <i>Rupees</i>	Quarter ended December 31, 2009 <i>Rupees</i>
Sales - Net	11,418,284,299	11,737,856,887	2,479,463,834	3,099,480,880
Cost of sales	(10,315,896,547)	(8,546,363,383)	(2,396,630,825)	(2,593,763,907)
Gross profit	1,102,387,752	3,191,493,504	82,833,009	505,716,973
Selling and distribution expenses	(434,422,167)	(322,815,305)	(90,256,983)	(103,731,991)
Administrative and general expenses	(478,793,286)	(449,909,441)	(114,990,736)	(144,136,465)
Net other income/(expense)	574,633,474	197,547,696	(237,135,534)	206,860,340
Operating profit	763,805,773	2,616,316,454	(359,550,244)	464,708,857
Finance cost	(2,042,549,048)	(2,424,424,504)	(521,331,828)	(597,304,124)
Other charges	-	(13,169,055)	-	(13,169,055)
Profit before taxation	(1,278,743,275)	178,722,895	(880,882,072)	(145,764,322)
Taxation	(116,522,824)	(118,191,533)	(26,204,348)	(31,436,442)
Profit after taxation	(1,395,266,099)	60,531,362	(907,086,420)	(177,200,764)
Earnings per share - Basic and diluted	(3.13)	0.003	(2.01)	(0.39)

The annexed notes 1 to 20 form an integral part of this interim financial information

Lahore


 CHIEF EXECUTIVE


 DIRECTOR

Condensed Interim Statement of other comprehensive income for year ended December 31, 2010

Note	Year ended	Year ended	Quarter ended	Quarter ended
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	Rupees	Rupees	Rupees	Rupees
(Loss)/profit after taxation	(1,395,266,099)	60,531,362	(907,086,420)	(177,200,764)
Other comprehensive (loss)/income				
Changes in fair value of cash flow hedges	(17,449,338)	(81,892,584)	1,546,930	(16,598,254)
Available for sale financial assets		-		-
Changes in fair value of available for sale financial assets	(256,340)	3,764,666,520	-	3,764,690,563
Surplus realized on derecognition.	14 (762,382,985)	-	-	-
Incremental depreciation	183,753,046	19,716,821	11,548,527	5,428,605
Taxation relating to components of other comprehensive income	-	-	-	-
	(596,335,617)	3,702,490,757	13,095,457	3,753,520,914
Total comprehensive (loss)/income	(1,991,601,716)	3,763,022,119	(893,990,963)	3,576,320,150

The annexed notes 1 to 20 form an integral part of this interim financial information

Lahore


 CHIEF EXECUTIVE


 DIRECTOR

Condensed Interim Cash flow statement for year ended December 31, 2010

	December 31, 2010	December 31, 2009
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(1,278,743,275)	178,722,895
Adjustments for non-cash and other items	2,069,535,759	2,705,747,084
Operating profit before changes in working capital	790,792,484	2,884,469,979
Changes in working capital	902,703,385	(1,848,652,354)
	1,693,495,869	1,035,817,625
Interest/markup paid	(1,541,840,949)	(1,963,388,383)
Taxes paid	(110,070,687)	(125,085,838)
Net cash flow from/(used in) operating activities	41,584,233	(1,052,656,596)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(771,334,090)	(2,184,782,283)
Proceeds from disposal of property, plant and equipment	9,206,065	2,080,070
Return on investments in term finance certificates	78,454,521	201,720,904
Proceeds from sale of investment in ordinary shares	1,476,084,480	281,161,927
Proceeds from sale of investment in term finance certificates	333,558,036	-
Redemption of held to maturity investment	-	360,000
Interest received	589,516	-
Net cash used in investing activities	1,126,558,528	(1,699,459,382)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finances	(368,812,500)	(889,843,750)
Redemption of term finance certificates	(660,000)	(397,013,346)
Proceeds from sale & lease back	-	38,579,801
Liabilities against assets subject to finance lease	(27,851,921)	(25,947,838)
Due to related party	(834,554,964)	818,786,903
Short term borrowings	624,183,395	2,337,253,269
Preference shares	(86,731,895)	-
Proceeds from issue of ordinary shares net of transaction costs	-	1,003,256,252
Dividend paid	(59,956,353)	(10,684,009)
Net cash (used in)/flow from financing activities	(754,384,238)	2,874,387,282
Net increase in cash and cash equivalents	413,758,523	122,271,304
Cash and cash equivalents as at beginning of the period	204,345,114	82,073,810
Cash and cash equivalents as at end of the period	618,103,637	204,345,114

The annexed notes 1 to 20 form an integral part of this interim financial information

Lahore


 CHIEF EXECUTIVE


 DIRECTOR

**Condensed Interim Statement of changes in equity
for year ended December 31, 2010**

	Share capital		Reserves					Available for sale financial assets Rupees	Total Rupees	Accumulated profit Rupees	Total equity Rupees
	Ordinary shares Rupees	Preference shares Rupees	Cash flow hedges Rupees	Reserve on merger Rupees	Preference shares redemption reserve Rupees	Share premium Rupees					
As at January 01, 2009	3,165,867,710	661,250,830	3,827,118,540	105,152,005	517,500,000	2,737,841,499	19,339,558	3,532,469,002	2,764,494,959	10,120,082,501	
Issue of bonus shares	633,173,530	-	633,173,530	-	-	(633,173,530)	-	(633,173,530)	-	-	
Issue of right shares	749,677,460	-	749,677,460	-	-	262,387,112	-	262,387,112	-	1,012,064,572	
Transaction costs incurred on issue of right shares	-	-	(8,808,320)	-	-	(8,808,320)	-	(8,808,320)	-	(8,808,320)	
Profit for the year ended December 31, 2009	-	-	-	-	-	-	-	-	60,531,362	60,531,362	
Other comprehensive income/(loss) for the year ended December 31, 2009	-	-	-	-	-	(81,892,584)	-	3,682,773,936	19,716,821	3,702,490,757	
Profit transferred to preference shares redemption reserve	-	-	-	-	108,000,000	-	-	108,000,000	(108,000,000)	-	
Preference shares classified as current liability	-	(330,625,650)	(330,625,650)	-	-	-	-	-	(59,181,949)	(59,181,949)	
Preference dividend for the year ended December 31, 2009	-	-	4,879,343,880	105,152,005	625,500,000	2,358,246,761	3,784,006,078	6,943,648,200	2,677,561,193	14,500,553,273	
As at December 31, 2009	4,548,718,700	330,625,180	4,879,343,880	105,152,005	625,500,000	2,358,246,761	3,784,006,078	6,943,648,200	2,677,561,193	14,500,553,273	
As at January 01, 2010	4,548,718,700	330,625,180	4,879,343,880	105,152,005	625,500,000	2,358,246,761	3,784,006,078	6,943,648,200	2,677,561,193	14,500,553,273	
(Loss) for the year ended December 31, 2010	-	-	-	-	-	-	-	-	(1,395,266,099)	(1,395,266,099)	
Other comprehensive income/(loss) for the year ended December 31, 2010	-	-	-	-	-	(17,449,338)	(765,662,402)	(780,111,740)	183,753,046	(596,358,694)	
Preference shares classified as current liability	-	(330,625,180)	(330,625,180)	-	-	-	-	-	35,750,830	(30,000,000)	
Profit transferred to preference shares redemption reserve	-	-	-	-	35,750,830	-	-	35,750,830	(29,590,953)	(29,590,953)	
Preference dividend for the year ended December 31, 2010	-	-	4,548,718,700	105,152,005	661,250,830	2,358,246,761	3,021,343,676	6,199,287,290	1,400,766,357	12,148,712,347	
As at December 31, 2010	4,548,718,700	-	4,548,718,700	105,152,005	661,250,830	2,358,246,761	3,021,343,676	6,199,287,290	1,400,766,357	12,148,712,347	

The annexed notes 1 to 20 form an integral part of this interim financial information

Lahore

CHIEF EXECUTIVE



DIRECTOR



**Notes to and forming part of interim financial information
for year ended December 31, 2010**

1 REPORTING ENTITY

Azgard Nine Limited ("the Company") is incorporated in Pakistan as a Public Limited Company and is currently listed on Karachi Stock Exchange (Guarantee) Limited. The Company is a composite spinning, weaving, dyeing and stitching unit engaged in the manufacture of yarn, denim and denim products. The registered office of the Company is situated at Ismail Aiwan-e-Science, off Shahrah-e-Roomi, Lahore.

1.1 Change in accounting year

The Company has been accorded approval by the relevant authorities to adopt the financial year to be from July 1st to June 30th in line with that of the textile industry and also has obtained approvals from regulatory authorities to prepare financial statements exceeding twelve months, and, accordingly the next audited financial statements of the Company will be prepared for eighteen months ending June 30, 2011. As such this interim financial information has been prepared and circulated in compliance with the requirements of Section 245 of the Companies Ordinance, 1984, as allowed by Securities and Exchange Commission of Pakistan.

2 BASIS OF PREPARATION

This condensed interim financial report of the Company for the year ended December 31, 2010 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

The interim financial information report is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2009. Further, the amounts for the quarters ended December 31, 2010 and December 31, 2009 are neither audited nor reviewed.

The comparative interim balance sheet as at December 31, 2009 and the related notes, and, the comparative interim profit and loss account, interim statement of other comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes for the year ended December 31, 2009 are based on audited financial statements. The interim profit and loss account and interim statement of other comprehensive income for the quarters ended December 31, 2010 and December 31, 2009 are neither audited nor reviewed.

2.1 Statement of compliance

This condensed interim financial information is not audited.

This condensed interim financial report of the Company for the year ended December 31, 2010 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, as applicable in Pakistan and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the financial statements of the Company for the year ended December 31, 2009.

2.2 Financial liabilities and continuing operations

As mentioned in the annual report of the Company for the year ended December 31, 2009, the Company in line with the worldwide and nationwide recessionary trends and other economic conditions is facing liquidity crisis. Due to liquidity problems and unavailability of working capital finances, the Company was not able to make timely purchases of raw material 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 the profitability of the Company. The Company has taken the following measures in this context for the management of liquid resources and for continuing profitable operations of the Company.

Reprofiling of debts

As mentioned in note 17, the Company has entered into restructuring / reprofiling agreement with providers of debt finances, whereby various short term and long term debts aggregating to Rs. 8,417.18 million have been restructured / reprofiled and the Company has been allowed grace periods of upto two years. The Company also has overdue debt finances and interest-mark-up thereon amounting to Rs. 2,300.39 million (see note 18) as at December 31, 2010. Due to reprofiling/restructuring, grace periods, proposed sale of Agritech Limited (formerly Pak American Fertilizers Limited), the Company will be in a better position to manage its resources and operations and will be able to repay the overdues in due course.

Divestment of shareholding in Agritech Limited (formerly Pak American Fertilizers Limited)

As mentioned in note 13.1, the Company, during the period, divested 20.13% comprising 79,006,816 ordinary shares held in Agritech Limited (formerly Pak American Fertilizers Limited), through a combination of private placement and public offering, at a price of Rs. 30 per share, including a premium of Rs. 20 per share. Further, the shareholders of the Company, in the extraordinary general meeting held on July 23, 2010, have approved the divestment of remaining 79.87% shares held in Agritech Limited. Majority of the funds generated through divestment of remaining shares will be utilized towards repayment/prepayment of some of the Company's debts.

Notes to and forming part of interim financial information for year ended December 31, 2010

Continuing operations

With the successful restructuring/reprofiling of the Company's debts, proposed divestment of shareholding in Agritech Limited, 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.

2.3 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for certain financial instruments at fair value or amortized cost and certain items of property, plant and equipment at revalued amounts. In this financial information, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.4 Judgements, estimates and assumptions

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.5 Functional currency

This financial information is prepared in Pak Rupees which is the Company's functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are consistent with those applied in the preparation of the preceding annual published financial statements of the Company for the year ended December 31, 2009.

	December 31, 2010	December 31, 2009
	<i>Rupees</i>	<i>Rupees</i>
4 SHARE CAPITAL		
Authorized share capital		
Ordinary shares of Rs. 10 each		
900,000,000 (December 31, 2009: 900,000,000) voting shares	9,000,000,000	9,000,000,000
300,000,000 (December 31, 2009: 300,000,000) non-voting shares	3,000,000,000	3,000,000,000
	12,000,000,000	12,000,000,000
Preference shares of Rs. 10 each		
300,000,000 (December 31, 2009: 300,000,000) non-voting shares	3,000,000,000	3,000,000,000
	15,000,000,000	15,000,000,000
Issued, subscribed and paid-up capital		
Voting ordinary shares of Rs. 10 each		
323,712,733 (December 31, 2009: 323,712,733) shares fully paid in cash	3,237,127,330	3,237,127,330
62,548,641 (December 31, 2009: 62,548,641) shares issued as fully paid bonus shares	625,486,410	625,486,410
12,276,073 (December 31, 2009: 12,276,073) shares issued as consideration for machinery	122,760,730	122,760,730
50,811,992 (December 31, 2009: 50,811,992) shares issued as consideration on merger	508,119,920	508,119,920
	4,493,494,390	4,493,494,390
Non-voting ordinary shares of Rs. 10 each		
4,753,719 (December 31, 2009: 4,753,719) shares fully paid in cash	47,537,190	47,537,190
768,712 (December 31, 2009: 768,712) shares issued as fully paid bonus shares	7,687,120	7,687,120
	55,224,310	55,224,310
Preference shares of Rs. 10 each		
Nil (December 31, 2009: 33,062,518) shares fully paid in cash	-	330,625,180
	4,548,718,700	4,879,343,880

4.1 Preference shares amounting to Rs. 574.52 million are outstanding as at December 31, 2010 out of which Rs. 243.89 million relates to redemption due for the year ended December 31, 2009. The entire outstanding amount is overdue and has been classified as current liability. See note 18.

Notes to and forming part of interim financial information for year ended December 31, 2010

	December 31, 2010	December 31, 2009
	<i>Rupees</i>	<i>Rupees</i>
5 REDEEMABLE CAPITAL - SECURED		
Term finance certificates	4,820,989,061	3,996,649,061
Transaction costs	(140,762,504)	(24,419,643)
	4,680,226,557	3,972,229,418
Current maturity presented under current liabilities	(406,890,000)	(875,272,500)
	4,273,336,557	3,096,956,918
5.1 The movement during the year is as follows:		
As at beginning of the year	3,996,649,061	4,393,662,407
Issued during the year	825,000,000	-
Redeemed during the year	(660,000)	(397,013,346)
As at end of the year	4,820,989,061	3,996,649,061
5.2 During the year, the Company has made a fresh issue of term finance certificates for an amount of Rs. 825 million against repayment/redemption of short term borrowings of the same amount under the restructuring agreement with the lenders. Further, all the existing TFCs in issue, including the overdue amounts, if any, have also been restructured. See note 17 for details.		
	December 31, 2010	December 31, 2009
	<i>Rupees</i>	<i>Rupees</i>
6 LONG TERM FINANCES - SECURED		
These represent long term finances utilized under interest/markup arrangements from banking companies and financial institutions.		
Long term finances	3,466,704,303	2,997,012,500
Current maturity presented under current liabilities	-	(1,105,700,000)
	3,466,704,303	1,891,312,500
6.1 The movement during the year is as follows:		
As at beginning of the year	2,997,012,500	3,742,422,500
Obtained during the year	921,463,961	-
Repaid during the year	(368,812,500)	(889,843,750)
Exchange (gain)/loss	(82,959,658)	144,433,750
As at end of the year	3,466,704,303	2,997,012,500
6.2 During the year, the Company has obtained two new finances of Rs. 567.54 million and Rs. 273.58 million against repayment/redemption of short term borrowings of the same amount under the restructuring agreement with the lenders. Additionally, mark-up amounting to Rs. 81.81 million has also been converted into long term finance. Further, all the existing finances, including the overdue amounts, if any, have also been restructured. See note 17 for details.		
	December 31, 2010	December 31, 2009
	<i>Rupees</i>	<i>Rupees</i>
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED		
Present value of minimum lease payments	57,125,331	87,075,385
Current maturity presented under current liabilities	(11,218,730)	(30,436,978)
	45,906,601	56,638,407
8 SHORT TERM BORROWINGS		
These represent short term finances utilized under interest/mark-up arrangements from banking companies and financial institutions.		
Secured	7,180,888,149	8,201,380,991
Unsecured	-	709,952,582
	7,180,888,149	8,911,333,573

Notes to and forming part of interim financial information for year ended December 31, 2010

8.1 These represent secured, as well as unsecured, local and foreign currency financing obtained against aggregate funded and unfunded facilities available of Rs.12,060 million (December 31, 2009: Rs. 11,826 million) from various banking companies and financial institutions. Local currency finances carry markup at rates ranging from relevant KIBOR plus 1% to 4% per annum. However as a result of restructuring of the facilities the rate was revised to relevant KIBOR plus 1%.(December 31, 2009: relevant KIBOR plus 1.5% to 5% per annum). Foreign currency finances carry markup at LIBOR of matching tenor plus spread ranging from 1% to 2.5% per annum (December 31, 2009: LIBOR of matching tenor plus spread ranging from 1% to 2.5% per annum). Markup on pre / post shipment finances refinanced by State Bank of Pakistan ("SBP") is payable at SBP refinance rate plus banks' spread of 1% per annum.

8.2 During the year, the Company entered into a restructuring agreement with the lenders whereby short term borrowings amounting to Rs. 1,793.48 million have been converted into long term debt. See note 17 for details.

	December 31, 2010	December 31, 2009
	Rupees	Rupees
9 DIVIDEND PAYABLE		
Unclaimed dividend on ordinary shares	3,448,496	4,002,037
Preference dividend	9.1 29,590,953	59,181,949
	<u>33,039,449</u>	<u>63,183,986</u>

9.1 This represents overdue dividend on preference shares. Refer note 18.

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 Counter guarantees given by the Company to its bankers as at the reporting date amount to Rs. 167.79 million (December 31, 2009: Rs. 152.05 million).

10.1.2 The Company has overdue debt finances and interest/mark-up thereon (see note 18) which may result in further interest/mark-up and/or penalties, which cannot be quantified at this stage. Further, delay in redemption of preference shares and payment of dividend thereon may attract penalties from regulatory authorities.

10.1.3 There is no change in the status of other contingencies since December 31, 2009.

	December 31, 2010	December 31, 2009
	Rupees	Rupees
10.2 Commitments		
10.2.1 Commitments under irrevocable letters of credit for:		
- purchase of stores, spare and loose tools	99,944,920	93,560,121
- purchase of machinery	5,905,788	-
- purchase of raw material	32,749,724	811,185,420
	<u>138,600,432</u>	<u>904,745,541</u>
10.2.2 Commitments for capital expenditure	<u>1,038,045</u>	<u>3,503,908</u>

11 PROPERTY, PLANT AND EQUIPMENT

Operating assets	11.1 14,064,965,730	14,053,786,326
Capital work in progress	6,771,857	713,960
	<u>14,071,737,587</u>	<u>14,054,500,286</u>

11.1 Operating assets

Net book value as at the beginning of the period	14,053,786,326	7,734,950,547
Additions during the period	11.1 765,670,463	3,121,777,809
Revaluation surplus arising during the period	-	3,769,512,782
Net book value of assets disposed during the period	11.1.2 (3,129,167)	(2,608,925)
Depreciation charged during the period	(751,361,892)	(569,845,887)
Net book value as at the end of the period	<u>14,064,965,730</u>	<u>14,053,786,326</u>

Notes to and forming part of interim financial information for year ended December 31, 2010

	December 31, 2010	December 31, 2009
	Rupees	Rupees
11.1.1 Additions - Cost		
<i>Assets owned by the Company</i>		
Freehold land		260,000
Building on freehold land	389,670,346	400,196,657
Plant and Machinery	332,902,855	2,505,801,535
Furniture and fixtures	362,550	9,938,711
Vehicles	48,976	8,759,139
Tools and equipment	39,329,784	128,326,496
Electric installation	2,961,684	9,956,678
<i>Assets subject to finance lease</i>		
Plant and machinery	-	38,579,801
Vehicles	394,268	19,958,792
	<u>765,670,463</u>	<u>3,121,777,809</u>
11.1.2 Disposals - Net Book Value		
<i>Assets owned by the Company</i>		
Vehicles	2,996,608	2,054,829
Tools and equipment	132,559	-
<i>Assets subject to finance lease</i>		
Vehicles	-	554,096
	<u>3,129,167</u>	<u>2,608,925</u>

12 LONG TERM INVESTMENTS

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

	Note	December 31, 2010	December 31, 2009
		Rupees	Rupees
Investments in related parties			
Cost	12.1	2,891,108,013	9,216,700,405
Accumulated impairment	12.1	-	(1,650,720)
Fair value adjustment	12.1	(3,054,999)	2,837,669,995
		<u>2,888,053,014</u>	<u>12,052,719,680</u>
Other investments			
Cost		18,664	18,664
Fair value adjustment		(4,974)	18,103
		<u>13,690</u>	<u>36,767</u>
		<u>2,888,066,704</u>	<u>12,052,756,447</u>
12.1 Investments in related parties			
<i>Unquoted</i>			
Nafees International Tekstil Sanays Ve Ticaret ANOMIN SIRKET Nil (December 31, 2009: 25,500) ordinary shares of Turkish Lira 1 million each. Proportion of capital held: 51% (December 31, 2009: 51%) Activity: <i>Textile and Apparel</i> Relationship: <i>Parent - Subsidiary</i>			
Cost	12.1.1	-	1,650,720
Accumulated impairment		-	(1,650,720)
		-	-

Notes to and forming part of interim financial information for year ended December 31, 2010

	Note	December 31, 2010	December 31, 2009	
		Rupees	Rupees	
Farital AB				
14,700 ordinary shares with a capital of SEK 260,150,100				
Proportion of capital held: 100% (December 31, 2009: 100%)				
Activity: <i>Textile and Apparel</i>				
Relationship: <i>Parent - Subsidiary</i>				
Cost		2,625,026,049	2,625,026,049	
Fair value adjustment		(3,054,999)	(2,798,659)	
		2,621,971,050	2,622,227,390	
Agritech Limited (Formerly Pak American Fertilizers Limited)				
53,259 term finance certificates of Rs 4,996 each.(December 31, 2009: 120,000 term finance certificates of Rs. 4,997 each.)				
		266,081,964	599,640,000	
Quoted				
Agritech Limited (Formerly Pak American Fertilizers Limited)				
Nil (December 31, 2009: 392,430,000) ordinary shares of Rs. 10 each.				
Proportion of capital held: Nil (December 31, 2009: 100%)				
Activity: <i>Fertilizer</i>				
Relationship: <i>Parent - Subsidiary</i>				
Cost	13.1	-	5,990,383,636	
Fair value adjustment		-	2,840,468,654	
		-	8,830,852,290	
		2,888,053,014	12,052,719,680	
12.1.1 The Company, on December 30, 2010, has disposed its investment in Nafees International Tekstil Sanays Ve Ticaret ANOMIN SIRKET at USD 0.1 per share.				
12.1.2 The movement during the year is as follows:				
		Cost Rupees	Fair value Rupees	Total Rupees
As at beginning of the year				
Current (98,068,257 ordinary shares of Rs. 10 each)		1,995,729,730	946,317,980	2,942,047,710
Non-current (294,361,743 ordinary shares of Rs. 10 each)		5,990,383,636	2,840,468,654	8,830,852,290
		7,986,113,366	3,786,786,634	11,772,900,000
Disposed during the year (79,006,816 ordinary shares of Rs. 10 each)				
		(1,607,821,495)	(762,382,985)	(2,370,204,480)
As at end of the year (313,423,184 ordinary shares of Rs. 10 each)				
Current (313,423,184 ordinary shares of Rs. 10 each)		6,378,291,871	3,024,403,649	9,402,695,520
Non-current		-	-	-
		6,378,291,871	3,024,403,649	9,402,695,520
		9,402,695,520	2,942,047,710	
	Note	December 31, 2010	December 31, 2009	
		Rupees	Rupees	

13 SHORT TERM INVESTMENTS

Agritech Limited (Formerly Pak American Fertilizers Limited)
313,423,184 (December 31, 2009: 98,068,257) ordinary shares of Rs. 10 each.
Proportion of capital held: 79.87% (December 31, 2009: 100%)
Activity: *Fertilizer*
Relationship: *Parent - Subsidiary*

Cost	13.1	6,378,291,871	1,995,729,730
Fair value adjustment		3,024,403,649	946,317,980
		9,402,695,520	2,942,047,710

Notes to and forming part of interim financial information for year ended December 31, 2010

13.1 The Company, during the period, divested 79,006,816 (20.13%) ordinary shares held in Agritech Limited (formerly Pak American Fertilizers Limited), through a combination of private placement and public offering, at a price of Rs. 30 per shares, including a premium of Rs. 20 per share. Further, the shareholders of the Company, in the extraordinary general meeting held on July 23, 2010, have approved the divestment of remaining 79.87% shares held in Agritech Limited. The divestment process is expected to be completed by June 30, 2011. The investment, accordingly has been classified as a short term investment.

The management of the Company have estimated the fair value of their interests in Agritech Limited at Rs.30 per share as compared to market value of Rs. 23.9 taking into consideration the approximate value at which the divestment is expected to be made and which is also reflective of the controlling interests to be transferred.

14 OTHER INCOME

This includes gain on partial divestment of shareholding in Agritech Limited (Formerly Pak American Fertilizers Limited), (see note 13.1), amounting to Rs. 631.848 million. The details are as follows:

Number of shares disposed	No. of shares	79,006,816
Cost of shares disposed	Rupees	1,607,821,495
Sale proceeds at Rs. 30 per share		
Receipts in 2009	Rupees	894,120,000
Receipts in 2010	Rupees	1,476,084,480
		2,370,204,480
Gain on disposal	Rupees	762,382,985
Transaction costs	Rupees	130,535,432
Net gain	Rupees	631,847,553

15 TAXATION

Provision for current tax has been made in accordance with section 154 of the Income Tax Ordinance, 2001.

No provision for deferred tax has been made as the export sales, including proposed claims for indirect exports of the Company are expected to achieve the threshold for the Company, to be taxed under the final tax regime and this trend is expected to continue in the future.

16 RELATED PARTY TRANSACTIONS AND BALANCES

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.

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

	Note	Twelve months ended December 31, 2010	Twelve months ended December 31, 2009	Quarter ended December 31, 2010	Quarter ended December 31, 2009
		Rupees	Rupees	Rupees	Rupees
16.1 Transactions with related parties					
16.1.1 Subsidiaries					
Sale of goods		548,292,221	959,245,359	67,108,185	-
Return on investment in TFCs		78,454,521	114,501,106	15,286,685	16,961,065
Purchases of goods and services		-	15,142,913	-	-
Interest/markup on borrowing		101,453,473	126,111,167	12,076,854	76,779,622
16.1.2 Associated companies					
Purchases of chemicals		2,857,196	6,404,845	585,480	293,864
16.1.3 Post-employment benefit plans					
Contribution to employees provident fund		93,315,084	50,730,090	15,927,907	12,469,688
Interest payable	16.1.3(a)	4,515,211	-	4,515,211	-

Notes to and forming part of interim financial information for year ended December 31, 2010

16.1.3(a) This represents interest payable on amount due by the Company to employees provident fund in respect of the contribution required to be paid to the fund by the Company. Interest has been accrued at 8.25% per annum. The amount is outstanding due to liquidity problems faced by the Company and expected to be paid to the fund in due course.

	Twelve months ended	Twelve months ended	Quarter ended	Quarter ended
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	Rupees	Rupees	Rupees	Rupees
16.1.4 Key management personnel				
Short-term employee benefits	37,068,800	19,087,987	11,654,700	4,771,997
			December 31, 2010	December 31, 2009
			Rupees	Rupees
16.2 Balances with related parties				
16.2.1 Subsidiaries				
Borrowings			411,000,132	1,245,555,096
Trade receivables			1,258,693,215	954,510,723
Markup payable			89,744,113	137,090,639
Investment in term finance certificates			266,081,964	599,640,000
16.2.2 Associated companies				
Trade payables			-	1,877,139
16.2.3 Post-employment benefit plans				
Payable to employees provident fund			99,568,852	5,352,298
16.2.4 Key Management Personnel				
Short term employee benefits payable			3,772,400	1,517,000

17 RESTRUCTURING / REPROFILING OF DEBT FINANCES

On December 31, 2010, the Company has entered into restructuring / reprofiling agreement with providers of debt finances, whereby various short term and long debts have been restructured / reprofiled. The details are as follows:

Note	Restructured amount			New repayment terms	
	Principal Rupees	Interest/mark-up Rupees	Total Rupees		
Redeemable capital	5	3,996,649,062	-	3,996,649,062	Repayable in 8 years with 2 years grace period
Long term finances	6	2,545,280,000	81,771,233	2,627,051,233	Repayable in 7 to 8 years with 2 years grace period
Short term borrowings	8	1,793,483,717	-	1,793,483,717	Converted into long term debt and repayable in 3 to 4 years with upto 2 years grace period
		<u>8,335,412,779</u>	<u>81,771,233</u>	<u>8,417,184,012</u>	

18 OVERDUES DEBT FINANCES

Due to circumstances, described in note 2.2, the following debts are overdue.

Note	As at December 31, 2010			As at February 28, 2011			
	Principal Rupees	Interest/mark-up Rupees	Total Rupees	Principal Rupees	Interest/mark-up Rupees	Total Rupees	
Redeemable capital	5	2,840,000	268,474,762	271,314,762	2,120,000	268,474,762	270,594,762
Long term finances	6	-	77,021,507	77,021,507	-	163,733,580	163,733,580
Short term borrowings	8	1,095,158,312	252,780,554	1,347,938,866	581,296,007	444,351,123	1,025,647,130
Preference shares	18.1	574,518,935	-	574,518,935	574,518,935	-	574,518,935
Preference dividend	18.1	29,590,953	-	29,590,953	29,590,953	-	29,590,953
		<u>1,702,108,200</u>	<u>598,276,823</u>	<u>2,300,385,023</u>	<u>1,187,525,895</u>	<u>876,559,465</u>	<u>2,064,085,360</u>

Notes to and forming part of interim financial information for year ended December 31, 2010

18.1 Preference shares include an amount of Rs. 243.89 million out of redemption due in 2009, which is still unredeemed. The investors had, though, agreed in principal that these shares were to be redeemed out of a fresh issue of term finance certificates and the same was expected to be completed in April 2010. However, in context of the overall reprofiling/restructuring, the matter was deferred till all other matters with banks are settled. The management has recommenced negotiations regarding this issue and the same is expected to be settled soon.

18.2 The management expects that following the restructuring of the Company's debt finances, proposed divestment of shareholding in Agritech Limited and consequent improvement in liquidity of the Company, the Company will be able to pay the overdue debts in due course.

19 DATE OF AUTHORIZATION FOR ISSUE

This condensed consolidated financial information was authorized for issue on February 28, 2011 by the Board of Directors of the Company.

20 GENERAL

Figures have been rounded off to the nearest rupee.

Lahore


CHIEF EXECUTIVE


DIRECTOR

Condensed interim consolidated balance sheet as at December 31, 2010

	Note	December 31, 2010	December 31, 2009
		Rupees	Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	4	4,548,718,700	4,879,343,880
Reserves		3,130,056,386	3,152,133,984
Accumulated profit		2,821,392,658	3,810,725,980
		10,500,167,744	11,842,203,844
Non-controlling interests		2,645,044,877	-
Surplus on revaluation of property, plant and equipment		7,150,948,000	3,969,152,218
Loan from associates - Unsecured, Subordinated		340,000,000	340,000,000
Non-current liabilities			
Redeemable capital - Secured	5	14,195,580,969	11,745,418,131
Long term finances - Secured	6	10,495,727,191	4,640,797,982
Liabilities against assets subject to finance lease - Secured	7	207,697,017	279,208,203
Long term payables		31,135,199	52,185,199
Deferred taxation		3,696,829,850	2,147,388,347
		28,626,970,226	18,864,997,862
Current liabilities			
Current maturity of non-current liabilities		1,175,907,194	3,651,689,218
Short term borrowings		10,683,862,107	12,891,613,075
Trade and other payables		5,550,216,562	5,871,461,238
Interest/mark-up accrued on borrowings		3,279,957,941	1,000,787,278
Dividend payable		33,039,449	63,183,986
		20,722,983,253	23,478,734,795
Contingencies and commitments	10	-	-
		69,986,114,100	58,495,088,719
ASSETS			
Non-current assets			
Property, plant and equipment		51,289,001,549	37,077,131,053
Intangible assets		5,409,069,057	5,645,095,896
Long term investments		13,690	36,767
Derivative financial assets		-	45,298,097
Long term deposits - Unsecured, considered good		62,561,287	56,988,258
Long term advances		32,694,381	32,496,935
		56,793,339,964	42,857,047,006
Current assets			
Stores, spares and loose tools		1,732,657,933	1,714,633,249
Stock in trade		4,648,952,869	5,985,036,223
Trade receivables		3,784,399,698	4,586,931,259
Advances, deposits, prepayments and other receivables		2,077,564,407	2,587,295,068
Current taxation		148,697,143	326,331,600
Cash and bank balances		800,502,086	437,814,314
		13,192,774,136	15,638,041,713
		69,986,114,100	58,495,088,719

The annexed notes 1 to 16 form an integral part of this interim financial information.

Lahore

CHIEF EXECUTIVE



DIRECTOR



Condensed Interim Consolidated Financial Information

Condensed interim consolidated profit and loss accounts for year ended December 31, 2010

	Year ended December 31, 2010	Year ended December 31, 2009	Quarter ended December 31, 2010	Quarter ended December 31, 2009
	Rupees	Rupees	Rupees	Rupees
Sales - Net	20,725,033,282	26,276,262,374	4,917,823,825	8,747,096,025
Cost of sales	(16,887,194,437)	(17,982,857,500)	(4,061,722,737)	(6,967,802,373)
Gross profit	3,837,838,845	8,293,404,874	856,101,088	1,779,293,652
Selling and distribution expenses	(638,794,883)	(782,580,477)	(179,230,083)	(317,796,334)
Administrative and general expenses	(1,219,720,348)	(1,275,067,983)	(385,335,431)	(412,610,613)
Net other income/(expense)	278,597,983	2,440,011	(356,781,992)	78,787,542
Operating profit	2,257,921,597	6,238,196,425	(65,246,418)	1,127,674,247
Finance cost	(3,555,316,411)	(4,791,419,130)	(819,558,289)	(1,193,998,418)
Other charges	-	(83,716,383)	-	(83,716,383)
(Loss)/profit before taxation	(1,297,394,814)	1,363,060,912	(884,804,707)	(150,040,554)
Taxation	539,662,448	174,867,661	(23,691,985)	294,520,813
Profit/(loss) after taxation	(757,732,366)	1,537,928,573	(908,496,692)	144,480,259
Profit/(loss) after taxation attributable to:				
equity holders of the parent	(957,516,898)	1,537,928,573	(893,674,332)	144,480,259
non-controlling interests	199,784,532	-	(14,822,360)	-
	(757,732,366)	1,537,928,573	(908,496,692)	144,480,259
(Loss)/earnings per share - Basic and diluted	(2.17)	3.35	(1.98)	0.29

The annexed notes 1 to 16 form an integral part of this interim financial information.

Lahore


CHIEF EXECUTIVE


DIRECTOR

Condensed interim consolidated statement of other comprehensive income for year ended December 31, 2010

	Year ended December 31, 2010	Year ended December 31, 2009	Quarter ended December 31, 2010	Quarter ended December 31, 2009
	Rupees	Rupees	Rupees	Rupees
Changes in fair value of cash flow hedges	(17,449,338)	(81,892,584)	1,546,930	(16,598,254)
Changes in fair value available for sale financial assets	(23,077)	(30,971)	-	8,968
Foreign exchange differences on translation of foreign subsidiaries	(40,356,013)	(6,105,867)	2,753,658	(25,669,737)
Incremental depreciation	289,567,585	19,716,821	39,869,779	5,428,605
Other comprehensive income/(loss) before taxation	231,739,157	(68,312,601)	44,170,367	(36,830,418)
Taxation	(38,746,644)	-	(11,623,994)	-
Other comprehensive income/(loss) after taxation	192,992,513	(68,312,601)	32,546,373	(36,830,418)
Profit after taxation	(757,732,366)	1,537,928,573	(908,496,692)	144,480,259
Total comprehensive income	(564,739,853)	1,469,615,972	(875,950,319)	107,649,841
Total comprehensive income attributable to:				
equity holders of the parent	(576,119,984)	1,469,615,972	(883,541,514)	107,649,841
non-controlling interests	11,380,131	-	7,591,194	-
	(564,739,853)	1,469,615,972	(875,950,320)	107,649,841

The annexed notes 1 to 16 form an integral part of this interim financial information.

Lahore


CHIEF EXECUTIVE


DIRECTOR

Condensed interim consolidated cash flow statement for year ended December 31, 2010

	December 31, 2010	December 31, 2009
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(1,297,394,814)	1,363,060,912
Adjustments for non-cash and other items	4,728,757,502	5,943,330,012
Operating profit before changes in working capital	3,431,362,688	7,306,390,924
Changes in working capital	2,309,076,216	(808,408,834)
	5,740,438,904	6,497,982,090
Payments for		
Interest/markup paid	(1,557,516,685)	(4,954,137,892)
Taxes refund/(paid)	(827,572)	(251,893,180)
Net cash flow from operating activities	4,182,094,647	1,291,951,018
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(9,007,902,029)	(8,748,588,396)
Purchase of software	-	(520,852)
Proceeds from disposal of property, plant and equipment	56,467,831	54,311,713
Proceeds from disposal of investment in NIT - net	105,266	-
Proceeds from sale of investment in ordinary shares of AGL	1,476,084,480	281,161,927
Proceeds from sale of investment in term finance certificates	333,558,036	-
Proceeds from sale of investments at fair value through profit or loss	-	108,761,692
Interest received	149,660,255	-
Net cash used in investing activities	(6,992,026,161)	(8,304,873,916)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finances	3,917,952,173	2,284,532,136
Redeemable capital	(660,000)	(889,843,750)
Liabilities against assets subject to finance lease	(87,143,045)	(161,150,249)
Proceeds from sale and lease back	-	342,040,541
Short term borrowings	(510,841,594)	4,453,725,487
Proceeds from issue of ordinary shares - net of transaction costs	-	1,003,256,252
Preference shares	(86,731,895)	-
Dividend paid	(59,956,353)	(10,684,009)
Net cash flow from financing activities	3,172,619,286	7,021,876,408
Net increase in cash and cash equivalents	362,687,772	8,953,510
Cash and cash equivalents as at beginning of the period	437,814,314	428,860,804
Cash and cash equivalents as at end of the period	800,502,086	437,814,314

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DIRECTOR



The annexed notes 1 to 16 form an integral part of this interim financial information.

Condensed interim consolidated statement of changes in equity for year ended December 31, 2010

	Share capital		Reserves		Preference shares		Available financial assets		Total		Accumulated profit		Total equity		Non-controlling interests	
	Ordinary shares	Preference shares	Cash flow hedges	Share premium	Transaction reserve	Reserve on merger	Reserve	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
As at January 01, 2009	3,165,867,710	60,129,830	-	2,77,844,499	132,835,940	(1,420,374)	105,152,005	517,500,000	4,0074	3,511,758,144	2,420,262,535	9,359,132,219	-	-	-	-
Issue of bonus shares	633,173,530	-	-	633,173,530	-	-	-	-	-	(603,173,530)	-	1,012,094,572	-	-	-	-
Issue of rights shares	799,677,460	-	-	799,677,460	-	-	-	-	-	262,337,112	-	(8,808,320)	-	-	-	-
Transaction costs incurred on issue of rights shares	-	-	-	(8,808,320)	-	-	-	-	-	(8,808,320)	-	1,837,928,573	-	-	-	-
Other comprehensive income/(loss) for the year ended December 31, 2009	-	-	-	-	(83,992,894)	(6,005,867)	-	-	(89,971)	(88,029,452)	197,16,821	(68,312,601)	-	-	-	-
Profit/(loss) from preference shares redemption reserve	-	-	-	-	-	-	-	108,000,000	-	108,000,000	(108,000,000)	-	-	-	-	-
Preference dividend for the year ended December 31, 2009	-	-	-	-	-	-	-	-	-	-	(50,181,949)	-	-	-	-	-
Preference shares classified as current liability	-	-	-	-	-	-	-	-	-	-	(30,625,650)	-	-	-	-	-
As at December 31, 2009	4,587,18,700	30,625,180	4,39,343,890	2,58,246,761	70,743,356	(7,526,241)	105,152,005	625,500,000	18,103	31,52,133,584	3,807,25,800	11,842,203,844	-	-	-	-
As at January 01, 2010	4,487,18,700	30,625,180	4,879,343,890	2,58,246,761	70,743,356	(7,526,241)	105,152,005	625,500,000	18,103	31,52,133,584	3,807,25,800	11,842,203,844	2,433,802,214	(207,840,482)	199,784,432	
Non-controlling interests arising on divestment	-	-	-	-	-	-	-	-	-	-	-	-	-	(875,16,898)	11,380,131	
Profit for the year ended December 31, 2010	-	-	-	-	-	-	-	-	-	-	-	-	-	29,440,810	-	
Other comprehensive income/(loss) for the year ended December 31, 2010	-	-	-	-	(17,449,338)	(40,356,013)	-	-	(3,077)	(57,828,428)	192,631	(29,906,953)	-	-	-	
Preference dividend for the year ended December 31, 2010	-	-	-	-	-	-	-	-	-	-	(53,790,830)	-	-	-	-	
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Preference shares classified as current liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit/(loss) from preference shares redemption reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
As at December 31, 2010	4,487,18,700	30,625,180	4,879,343,890	2,58,246,761	53,294,018	(7,882,254)	105,152,005	601,258,830	42,974	31,30,958,380	3,241,29,288	10,801,67,244	2,433,802,214	(207,840,482)	199,784,432	

The annexed notes 1 to 16 form an integral part of this interim financial information.

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Notes to and forming part of consolidated interim financial information for year ended December 31, 2010

1 REPORTING ENTITY

Parent Company

Azgard Nine Limited ("ANL") is incorporated in Pakistan as a Public Limited Company and is currently listed on Karachi Stock Exchange (Guarantee) Limited. ANL is a composite spinning, weaving, dyeing and stitching unit engaged in the manufacture of yarn, denim and denim products. The registered office of ANL is situated at Ismail Aiwan-e-Science, off Shahrah-e-Roomi, Lahore.

ANL has been accorded approval by the relevant authorities to adopt the financial year to be from July 1st to June 30th in line with that of the textile industry and also has obtained approvals from regulatory authorities to prepare financial statements exceeding twelve months, and, accordingly the next audited financial statements of ANL will be prepared for eighteen months ending June 30, 2011. As such this interim financial information has been prepared and circulated in compliance with the requirements of Section 245 of the Companies Ordinance, 1984, as allowed by Securities and Exchange Commission of Pakistan.

Subsidiary Companies

Agritech Limited ("AGL") (formerly Pak American Fertilizers Limited) is incorporated in Pakistan as an Unquoted Public Limited Company and is engaged in manufacture and sale of urea fertilizer. Proportion of interest held by ANL as at the reporting date is 100%. However, during the period, ANL has divested 20.13% of its total holding through a combination of public subscription and private placement. Further, the shareholders of ANL, in the extraordinary general meeting held on July 23, 2010, approved the divestment of remaining shares held in AGL. The divestment is expected to be completed before June 30, 2011. AGL was acquired on July 01, 2006.

Hazara Phosphate Fertilizers (Private) Limited ("HPFL") is incorporated in Pakistan as a Private Limited Company and is engaged in manufacture and sale of granulated single super phosphate. HPFL was acquired on November 28, 2008 by AGL. Proportion of interest held by AGL is 100%.

Farital AB ("FAB") is 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 manufacture of textile and apparel products and accessories. Effective control of FAB and MSRL was obtained on December 31, 2008 by ANL. Proportion of interest held by ANL is 100%.

Nafees International Tekstil Sanayi Ve Ticaret ANONIM SIRKETI ("NIT") is incorporated in Turkey and is engaged in sale of denim and denim products. Proportion of interest by ANL was 51%. NIT was acquired on 05 January 2004. During the year, ANL has disposed its entire shareholding in NIT at USD 0.1 per share.

2 BASIS OF PREPARATION

This condensed consolidated interim financial report of the Group for the year ended December 31, 2010 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

The consolidated interim financial information report is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2009. Further, the amounts for the quarters ended December 31, 2010 and December 31, 2009 are neither audited nor reviewed.

The comparative consolidated interim balance sheet as at December 31, 2009 and the related notes, and, the consolidated comparative interim profit and loss account, consolidated interim statement of other comprehensive income, consolidated interim cash flow statement, interim consolidated statement of changes in equity and related notes for the year ended December 31, 2009 are based on audited financial statements. The consolidated interim profit and loss account and consolidated interim statement of other comprehensive income for the quarters ended December 31, 2010 and December 31, 2009 are neither audited nor reviewed.

2.1 Statement of compliance

This condensed interim financial information is not audited.

This condensed interim financial report of the Group for the year ended December 31, 2010 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, as applicable in Pakistan and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the financial statements of the Group for the year ended December 31, 2009.

2.2 Financial liabilities and continuing operations

As mentioned in the annual report of ANL for the year ended December 31, 2009, ANL in line with the worldwide and nationwide recessionary trends and other economic conditions is facing liquidity crisis. Due to liquidity problems and unavailability of working capital finances, ANL was not able to make timely purchases of raw material 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 the profitability of ANL. ANL has taken the following measures in this context for the management of liquid resources and for continuing profitable operations of ANL.

Reprofiling of debts

As mentioned in note 12, ANL has entered into restructuring / reprofiling agreement with providers of debt finances, whereby various short term and long term debts aggregating to Rs. 8,417.18 million have been restructured / reprofiled and ANL has been allowed grace periods of upto two years. ANL also has overdue debt finances and interest-mark-up thereon amounting to Rs. 2,300.39 million (see note 13) as at December 31, 2010. Due to reprofiling/restructuring, grace periods, proposed sale of Agritech Limited (formerly Pak American Fertilizers Limited), ANL will be in a better position to manage its resources and operations and will be able to repay the overdues in due course.

Notes to and forming part of consolidated interim financial information for year ended December 31, 2010

Divestment of shareholding in Agritech Limited (formerly Pak American Fertilizers Limited)

ANL, during the period, divested 20.13% comprising 79,006,816 ordinary shares held in Agritech Limited (formerly Pak American Fertilizers Limited), through a combination of private placement and public offering, at a price of Rs. 30 per shares, including a premium of Rs. 20 per share. Further, the shareholders of ANL, in the extraordinary general meeting held on July 23, 2010, have approved the divestment of remaining 79.87% shares held in Agritech Limited. Majority of the funds generated through divestment of remaining shares will be utilized towards repayment/prepayment of some of ANL's debts.

Continuing operations

With the successful restructuring/reprofiling of ANL's debts, proposed divestment of shareholding in Agritech Limited, 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.

2.3 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for certain financial instruments at fair value or amortized cost and certain items of property, plant and equipment at revalued amounts. In this financial information, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.4 Judgements, estimates and assumptions

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.5 Functional currency

This financial information is prepared in Pak Rupees which is the Group's functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are consistent with those applied in the preparation of the preceding annual published financial statements of the Group for the year ended December 31, 2009.

	December 31, 2010	December 31, 2009
	<i>Rupees</i>	<i>Rupees</i>
4 SHARE CAPITAL		
Authorized share capital		
Ordinary shares of Rs. 10 each		
900,000,000 (December 31, 2009: 900,000,000) voting shares	9,000,000,000	9,000,000,000
300,000,000 (December 31, 2009: 300,000,000) non-voting shares	3,000,000,000	3,000,000,000
	12,000,000,000	12,000,000,000
Preference shares of Rs. 10 each		
300,000,000 (December 31, 2009: 300,000,000) non-voting shares	3,000,000,000	3,000,000,000
	15,000,000,000	15,000,000,000
Issued, subscribed and paid-up capital		
Voting ordinary shares of Rs. 10 each		
323,712,733 (December 31, 2009: 323,712,733) shares fully paid in cash	3,237,127,330	3,237,127,330
62,548,641 (December 31, 2009: 62,548,641) shares issued as fully paid bonus shares	625,486,410	625,486,410
12,276,073 (December 31, 2009: 12,276,073) shares issued as consideration for machinery	122,760,730	122,760,730
50,811,992 (December 31, 2009: 50,811,992) shares issued as consideration on merger	508,119,920	508,119,920
	4,493,494,390	4,493,494,390
Non-voting ordinary shares of Rs. 10 each		
4,753,719 (December 31, 2009: 4,753,719) shares fully paid in cash	47,537,190	47,537,190
768,712 (December 31, 2009: 768,712) shares issued as fully paid bonus shares	7,687,120	7,687,120
	55,224,310	55,224,310
Preference shares of Rs. 10 each		
Nil (December 31, 2009: 33,062,518) shares fully paid in cash	-	330,625,180
	4,548,718,700	4,879,343,880

Notes to and forming part of consolidated interim financial information for year ended December 31, 2010

- 4.1 Preference shares amounting to Rs. 574.52 million are outstanding as at December 31, 2010 out of which Rs. 243.89 million relates to redemption due for the year ended December 31, 2009. The entire outstanding amount is overdue and has been classified as current liability. See note 13.

	December 31, 2010	December 31, 2009
	Rupees	Rupees
5 REDEEMABLE CAPITAL - SECURED		
Term Finance Certificates	13,443,727,848	12,291,729,061
Sukuks	1,600,000,000	1,600,000,000
	15,043,727,848	13,891,729,061
Transaction costs	(441,256,879)	(155,550,430)
	14,602,470,969	13,736,178,631
Current maturity presented under current liabilities	(406,890,000)	(1,990,760,500)
	14,195,580,969	11,745,418,131

- 5.1 During the year, ANL has made a fresh issue of term finance certificates for an amount of Rs. 825 million against repayment/redemption of short term borrowings of the same amount under the restructuring agreement with the lenders. Further, all the existing TFCs in issue, including the overdue amounts, if any, have also been restructured. See note 12 for details.

	December 31, 2010	December 31, 2009
	Rupees	Rupees
6 LONG TERM FINANCES - SECURED		
These represent long term finances utilized under interest/markup arrangements		
From banking companies and financial institutions	10,620,727,191	5,871,497,982
Current maturity presented under current liabilities	(125,000,000)	(1,230,700,000)
	10,495,727,191	4,640,797,982

- 6.1 During the year, ANL has obtained two new finances of Rs. 567.54 million and Rs. 273.58 million against repayment/redemption of short term borrowings of the same amount under the restructuring agreement with the lenders. Additionally, mark-up amounting to Rs. 81.81 million has also been converted into long term finance. Further, all the existing finances, including the overdue amounts, if any, have also been restructured. See note 12 for details.

	December 31, 2010	December 31, 2009
	Rupees	Rupees
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED		
Present value of minimum lease payments	277,195,276	364,338,321
Current maturity presented under current liabilities	(69,498,259)	(85,130,118)
	207,697,017	279,208,203

8 SHORT TERM BORROWINGS

These represent short term finances utilized under interest/mark-up arrangements from banking companies and financial institutions.

Secured	10,683,862,107	11,769,635,389
Unsecured	-	1,121,977,686
	10,683,862,107	12,891,613,075

- 8.1 These represent secured, as well as unsecured, local and foreign currency financing obtained against aggregate funded and unfunded facilities available of Rs. 15,595 million (December 31, 2009: Rs. 14,797 million) from various banking companies and financial institutions. Local currency finances carry markup at rates ranging from relevant KIBOR plus 1% to 4% per annum. However as a result of restructuring of the facilities the rate was revised to relevant KIBOR plus 1% (December 31, 2009: relevant KIBOR plus 1.5% to 5% per annum). Foreign currency finances carry markup at LIBOR of matching tenor plus spread ranging from 1% to 2.5% per annum (December 31, 2009: LIBOR of matching tenor plus spread ranging from 1% to 2.5% per annum). Markup on pre / post shipment finances refinanced by State Bank of Pakistan ("SBP") is payable at SBP refinance rate plus banks' spread of 1% per annum.

- 8.2 During the year, ANL entered into a restructuring agreement with the lenders whereby short term borrowings amounting to Rs. 1,793.48 million have been converted into long term debt. See note 12 for details.

Notes to and forming part of consolidated interim financial information for year ended December 31, 2010

	December 31, 2010	December 31, 2009
	Rupees	Rupees
9 DIVIDEND PAYABLE		
Unclaimed dividend on ordinary shares	3,448,496	4,002,037
Preference dividend	9.1 29,590,953	59,181,949
	33,039,449	63,183,986

- 9.1 This represents overdue dividend on preference shares. Refer note 13.

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

- 10.1.1 Counter guarantees given by the Group to its bankers as at the reporting date amount to Rs.364 million (December 31, 2009: Rs. 348.53 million).

- 10.1.2 ANL has overdue debt finances and interest/mark-up thereon (see note 13) which may result in further interest/mark-up and/or penalties, which cannot be quantified at this stage. Further, delay in redemption of preference shares and payment of dividend thereon may attract penalties from regulatory authorities.

- 10.1.3 There is no change in the status of other contingencies since December 31, 2009.

	December 31, 2010	December 31, 2009
	Rupees	Rupees
10.2 Commitments		
10.2.1 Commitments under irrevocable letters of credit for:		
- purchase of stores, spare and loose tools	115,319,710	394,771,631
- purchase of machinery	114,803,739	1,781,959,711
- purchase of raw material	1,814,709,435	811,185,420
	2,044,832,884	2,987,916,762
10.2.2 Commitments for capital expenditure	1,038,045	3,503,908

11 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties from the Group's perspective comprise associated undertakings, key management personnel (including chief executive and directors) and post employment benefit plan. The Group 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.

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

	Year ended December 31, 2010	Year ended December 31, 2009	Quarter ended December 31, 2010	Quarter ended December 31, 2009
	Rupees	Rupees	Rupees	Rupees
11.1 Transactions with related parties				
11.1.1 Associated companies				
Purchases of chemicals	2,857,196	6,404,845	585,480	293,864
Mark-up on borrowings	53,903,693	60,449,206	14,103,852	19,761,266
11.1.2 Post-employment benefit plans				
Contribution to employees provident fund	111,602,468	64,136,687	20,341,124	17,870,717
Interest on amount due to provident fund	4,515,211	-	4,515,211	-
Contribution to employees gratuity fund	4,473,686	3,796,901	485,622	1,204,319
11.1.3 Key management personnel				
Short-term employee benefits	60,914,800	30,473,983	13,286,627	8,603,983

Notes to and forming part of consolidated interim financial information for year ended December 31, 2010

	December 31, 2010	December 31, 2009
	Rupees	Rupees
11.2 Balances with related parties		
11.2.1 Associated companies		
Trade payables	-	1,877,139
Borrowings	340,000,000	340,000,000
Mark-up payable	12,047,592	4,959,715
Accrued liabilities	70,000,000	-
11.2.2 Post-employment benefit plans		
Payable to employees provident fund	185,379,936	11,723,338
Payable to employees gratuity fund	18,868,956	16,413,300
11.2.3 Key Management Personnel		
Short term employee benefits payable	3,772,400	1,517,000

12 RESTRUCTURING / REPROFILING OF DEBT FINANCES

On December 31, 2010, ANL has entered into restructuring / reprofiling agreement with providers of debt finances, whereby various short term and long debts have been restructured / reprofiled. The details are as follows:

Note	Restructured amount			New repayment terms	
	Principal Rupees	Interest/mark-up Rupees	Total Rupees		
Redeemable capital	5	3,996,649,062	-	3,996,649,062	Repayable in 8 years with 2 years grace period
Long term finances	6	2,545,280,000	81,771,233	2,627,051,233	Repayable in 7 to 8 years with 2 years grace period
Short term borrowings	8	1,793,483,717	-	1,793,483,717	Converted into long term debt and repayable in 3 to 4 years with upto 2 years grace period
		8,335,412,779	81,771,233	8,417,184,012	

13 OVERDUES DEBT FINANCES

Due to circumstances, described in note 2.2, the following debts are overdue.

Note	As at December 31, 2010			As at February 28, 2011		
	Principal Rupees	Interest/mark-up Rupees	Total Rupees	Principal Rupees	Interest/mark-up Rupees	Total Rupees
Redeemable capital	5	2,840,000	268,474,762	271,314,762	2,120,000	268,474,762
Long term finances	6	-	77,021,507	77,021,507	-	163,733,580
Short term borrowings	8	1,095,158,312	252,780,554	1,347,938,866	212,337,600	444,351,123
Preference shares	13.1	574,518,935	-	574,518,935	574,518,935	-
Preference dividend	13.1	29,590,953	-	29,590,953	-	29,590,953
		1,702,108,200	598,276,823	2,300,385,023	818,567,488	876,559,465
						1,695,126,953

13.1 Preference shares include an amount of Rs. 243.894 million out of redemption due in 2009, which is still unredeemed. The investors had, though, agreed in principal that these shares were to be redeemed out of a fresh issue of term finance certificates and the same was expected to be completed in April 2010. However, in context of the overall reprofiling/restructuring, the matter was deferred till all other matters with banks are settled. The management has recommenced negotiations regarding this issue and the same expected to be settled soon.

13.2 The management expects that following the restructuring of ANL's debt finances, proposed divestment of shareholding in Agritech Limited and consequent improvement in liquidity of ANL, ANL will be able to pay the overdue debts in due course.

Notes to and forming part of consolidated interim financial information for year ended December 31, 2010

14 SEGMENT INFORMATION

The Group has two reportable segments, which offer different products and are managed separately. The following summary describes the operations in each of the Group's reportable segments.

- Textile and Apparel.
- Fertilizers.
- Manufacture and sale of textile and apparel products
- Manufacture and sale of nitrogenous and phosphatic fertilizers

Information about operating segments as at December 31, 2010 is as follows:

	Textile		Fertilizer		Total	
	Year ended December 31, 2010 Rupees	Year ended December 31, 2009 Rupees	Year ended December 31, 2010 Rupees	Year ended December 31, 2009 Rupees	Year ended December 31, 2010 Rupees	Year ended December 31, 2009 Rupees
Revenue from external customers	12,343,582,446	13,347,978,048	8,381,450,836	12,928,284,326	20,725,033,282	26,276,262,374
Inter-segment revenues	-	-	-	-	-	-
Segment profit / (loss)	(1,623,033,943)	75,014,627	865,301,577	1,462,913,946	(757,732,366)	1,537,928,573
Segment assets	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
	36,352,086,883	39,589,251,358	42,891,034,379	31,517,810,976	79,243,121,262	71,107,062,334
14.1 Reconciliation of reportable segment assets and segment profit	Segment assets		Segment assets		Segment profit	
Total for reportable segments	As at September 30, 2010 Rupees	As at December 31, 2009 Rupees	As at September 30, 2010 Rupees	As at September 30, 2010 Rupees	As at September 30, 2010 Rupees	Half year ended June 30, 2009 Rupees
Elimination of						
Investments in other segments	79,243,121,262	71,107,062,334	79,243,121,262	(757,732,366)		1,537,928,573
Inter-segment balances	(9,668,777,484)	(12,372,540,000)	(9,668,777,484)	-	-	-
Inter-segment profits	(500,744,245)	(1,382,645,735)	(500,744,245)	-	-	-
Goodwill acquired in business combination	912,514,567	1,143,212,120	912,514,567	-	-	-
Consolidated total	69,986,114,100	58,495,088,719	69,986,114,100	(757,732,366)	(757,732,366)	1,537,928,573

Notes to and forming part of consolidated interim financial information
for year ended December 31, 2010

15 DATE OF AUTHORIZATION FOR ISSUE

This condensed consolidated financial information was authorized for issue on February 28, 2011 by the Board of Directors of ANL.

16 GENERAL

Figures have been rounded of to the nearest rupee

Notes


CHIEF EXECUTIVE


DIRECTOR

