

a new beginning ....



**Azgard Nine Limited**  
Interim Financial Report  
for the Nine Months ended  
March 31, 2013  
(Un-audited)

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## Company Information

### BOARD OF DIRECTORS

Mr. Nasir Ali Khan Bhatti  
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. Nasir Ali Khan Bhatti  
Chairman  
Mr. Aehsun M.H. Shaikh  
Mr. Naseer Miyan

### HR & REMUNERATION COMMITTEE

Mr. Irfan Nazir Ahmed  
Chairman  
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, Muzaffargarh.  
Ph: +92 (0)661 422503, 422651  
Fax: +92 (0)661 422652

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

## Directors' Review

The Directors of Azgard Nine Limited ("the Company") hereby present the un-audited interim financial Report for the nine months period ended 31 March 2013 together with their review thereupon.

### Principal Activities

The Company's principal business is the production and marketing of Denim focused Textile and Apparel products starting from raw cotton to retail ready goods. The Company, despite the extreme circumstances cited below, maintains a prominent position in the Pakistan denim industry.

### Textile and Apparel

The industry continued to face a challenging operating environment. Rising fuel costs and growing gas and power outages coupled with higher inflationary pressures on other input costs resulted in reduced growth.

During the period, the Company endured challenges comprising of a tough global environment and further worsening of the law & order situation in the country. Reduction in loans through divestment of Company's majority shareholding in Agritech Limited has decreased the finance cost of the Company, which contributed positively to the bottom line and has brought the debt service costs to sustainable levels.

### Debt restructuring

During the period under review, the Company settled its lender liabilities and sale related expenses by Rs. 10,043 million through sale transaction of its subsidiary Agritech Limited. This resulted in following impacts on the financials of the Company:

1. Settlement of liabilities of the Company by Rs. 9,742 million. After settlement of these liabilities, the remaining debt levels are now at a sustainable level.
2. Decrease in financial cost by approximate 60% per annum from Rs. 2.5 billion to Rs. 1 billion.
3. It was planned that 100% of the Company's shareholding in Agritech Limited would be divested. Against this the Company would receive Rs. 926.82 million for working capital in order to increase operating capacity to the sustainable levels. However, during the period the Company received only Rs. 226.82 million as 20 million shares out of total shareholding were not released by Dubai Islamic Bank Pakistan Limited (DIBPL). Your Company has filed suit against DIBPL for not releasing these 20 million shares.

### Operating Financial Results of Azgard Nine Limited (Stand Alone)

	Nine Months Ended 31 March 2013	Nine Months Ended 31 March 2012
Sales-Net	10,131,534,068	8,397,007,058
Operating profit / (loss)	3,594,961,556	(1,958,090,689)
Finance Cost	(1,644,475,787)	(2,374,622,876)
Profit / (loss) before tax	1,950,475,769	(4,332,713,565)
Profit / (loss) after tax	1,848,802,523	(4,417,112,595)
Earnings / (loss) per share	4.06	(9.71)

## Directors' Review

### Consolidated Results Including its Subsidiaries

	Nine Months Ended 31 March 2013	Nine Months Ended 31 March 2012
Sales-Net	10,252,949,628	8,487,823,112
Operating profit / (loss)	3,555,632,309	(2,212,489,826)
Finance Cost	(1,649,967,600)	(2,285,422,600)
Profit / (loss) before tax	1,905,664,709	(4,497,912,426)
Profit / (loss) after tax	1,803,991,463	(4,534,424,760)
Earnings / (loss) per share		
- Continuing operations	3.97	(9.97)
- Discontinued operations	(1.98)	(1.27)

### Future Market Outlook

Going forward the uncertainty about the availability of constant and un-interrupted supply of Energy remains a matter of concern especially when cost of alternate fuels is also on the rise.

As mentioned in above debt restructuring para, non-receipt of Rs. 700 million from divestment of the remaining shareholding of the Company in Agritech Limited is creating an impediment in the availability of working capital. Without this working capital operational capacities cannot be improved. We are hopeful that as soon as this issue is resolved, the Company can resume its drive to bring operational capacities to sustainable levels.

Despite the challenging environment, the Company has shown resilience by continuing to grow. Your Company continues to remain determined on strengthening the existing products and developing new improved products with the focus to provide the best value proposition for our customers and shareholders.

### 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 fostered mutually beneficial relationships which have 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 dedication of employees of the Company who contributed valuable services to sustain all its operations.

Lahore  
29 April 2013

on behalf of the Board



Chief Executive Officer

**Condensed  
Interim  
Unconsolidated  
Financial  
Information**

## Condensed Interim Unconsolidated Balance Sheet (Un-audited)

As at 31 March 2013

	Note	31 March 2013 Un-Audited Rupees	30 June 2012 Audited Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
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		3,417,651,270	7,716,165,332
Accumulated loss		(5,851,008,734)	(7,793,719,801)
		<u>2,115,361,236</u>	<u>4,471,164,231</u>
<b>Surplus on revaluation of fixed assets</b>		<b>3,502,367,339</b>	<b>3,596,275,883</b>
<b>Non-current liabilities</b>			
Redeemable capital - secured	5	2,519,021,319	2,729,435,196
Long term finances - secured	6	812,434,215	-
Liabilities against assets subject to finance lease - secured		15,352,678	24,020,739
		<u>3,346,808,212</u>	<u>2,753,455,935</u>
<b>Current liabilities</b>			
Current portion of non-current liabilities		3,543,009,826	8,105,591,253
Short term borrowing		5,114,491,626	8,156,743,175
Trade and other payables		3,041,792,877	4,049,064,395
Due to related party - unsecured, considered good		-	286,395,126
Interest / mark-up accrued on borrowings		1,414,306,535	1,425,935,847
Dividend payable		13,415,572	32,729,078
		<u>13,127,016,436</u>	<u>22,056,458,874</u>
<b>Contingencies and commitments</b>	7	<u>22,091,553,223</u>	<u>32,877,354,923</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		13,052,414,601	13,395,217,269
Intangible assets		1,953,610	3,907,224
Long term investments		1,765,531,545	1,765,517,738
Long term deposits - unsecured, considered good		29,643,293	30,030,493
		<u>14,849,543,049</u>	<u>15,194,672,724</u>
<b>Current assets</b>			
Stores, spares and loose tools		175,094,737	173,319,525
Stock-in-trade		2,916,858,645	3,027,802,430
Trade receivables		2,443,410,579	2,384,301,663
Advances, deposits, prepayments and other receivables		939,954,293	831,308,310
Short term investments	8	700,000,000	10,969,811,440
Current taxation		26,034,829	6,417,088
Cash and bank balances		40,657,091	289,721,743
		<u>7,242,010,174</u>	<u>17,682,682,199</u>
		<u>22,091,553,223</u>	<u>32,877,354,923</u>

The annexed notes 1 to 12 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 nine months ended 31 March 2013

	2013		2012	
	July to March	January to March	July to March	January to March
	Rupees	Rupees	Rupees	Rupees
<b>Sales - net</b>	<b>10,131,534,068</b>	<b>3,446,698,387</b>	8,397,007,058	3,650,059,706
Cost of sales	<b>(9,805,898,105)</b>	<b>(3,146,834,486)</b>	(9,128,463,579)	(4,315,169,882)
<b>Gross profit / (loss)</b>	<b>325,635,963</b>	<b>299,863,901</b>	(731,456,521)	(665,110,176)
Administrative expenses	<b>(560,467,898)</b>	<b>(155,294,471)</b>	(389,270,825)	(112,683,550)
Selling and distribution expenses	<b>(584,621,428)</b>	<b>(188,774,416)</b>	(641,611,174)	(185,900,395)
Net other income / (expense)	<b>4,414,414,919</b>	<b>(40,941,882)</b>	(195,752,169)	(287,672,224)
<b>Profit / (loss) from operations</b>	<b>3,594,961,556</b>	<b>(85,146,868)</b>	(1,958,090,689)	(1,251,366,345)
Finance cost	<b>(1,644,485,787)</b>	<b>(344,170,836)</b>	(2,374,622,876)	(872,800,814)
<b>Profit / (loss) before taxation</b>	<b>1,950,475,769</b>	<b>(429,317,704)</b>	(4,332,713,565)	(2,124,167,159)
Taxation	<b>(101,673,246)</b>	<b>(34,661,327)</b>	(84,399,030)	(37,546,765)
<b>Profit / (loss) after taxation</b>	<b>1,848,802,523</b>	<b>(463,979,031)</b>	(4,417,112,595)	(2,161,713,924)
<b>Earnings / (loss) per share - basic and diluted</b>	<b>4.06</b>	<b>(1.02)</b>	(9.71)	(4.75)

The annexed notes 1 to 12 form an integral part of this condensed interim unconsolidated financial information.



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

*For the nine months ended 31 March 2013*

	2013		2012	
	July to March	January to March	July to March	January to March
	Rupees	Rupees	Rupees	Rupees
<b>Profit / (loss) after taxation</b>	1,848,802,523	(463,979,031)	(4,417,112,595)	(2,161,713,924)
<b>Other comprehensive (loss) / income for the period:</b>				
Changes in fair value of cash flow hedges	-	-	(48,198,912)	(5,382,431)
Changes in fair value of available for sale financial assets	13,807	(2,412)	(2,254,811)	-
Gain realized on sale of available for sale financial assets	(4,298,527,869)	-	-	-
	(4,298,514,062)	(2,412)	(50,453,723)	(5,382,431)
<b>Total comprehensive loss for the period</b>	(2,449,711,539)	(463,981,443)	(4,467,566,318)	(2,167,096,355)

The annexed notes 1 to 12 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 nine months ended 31 March 2013

	<b>July to March 2013</b>	July to March 2012
	<b>Rupees</b>	Rupees
<b>Cash flows from operating activities</b>		
Profit / (loss) before taxation	<b>1,950,475,769</b>	(4,332,713,565)
Adjustments for non-cash and other items	<b>(2,280,657,644)</b>	2,470,355,922
(Loss) / profit before changes in working capital	<b>(330,181,875)</b>	(1,862,357,643)
Effect on cash flow due to working capital Changes	<b>174,557,136</b>	2,667,651,314
Cash generated from operations	<b>(155,624,739)</b>	805,293,671
Finance cost paid	<b>(604,463,845)</b>	(699,802,186)
Taxes paid	<b>(94,125,163)</b>	(41,174,695)
Long term deposits	<b>387,200</b>	(10,875,900)
<b>Net cash (used in)/generated from operating activities</b>	<b>(853,826,547)</b>	53,440,890
<b>Cash flows from investing activities</b>		
Capital expenditure	<b>(53,059,262)</b>	(98,551,712)
Proceeds from disposal of fixed assets	<b>2,653,715</b>	12,842,780
Proceeds from sale of short term investments	<b>3,491,590,474</b>	-
Redemption of held to maturity investment	<b>-</b>	7,456
<b>Net cash generated from / (used in) investing activities</b>	<b>3,441,184,927</b>	(85,701,476)
<b>Cash flows from financing activities</b>		
Long term finances repaid	<b>(1,030,760,525)</b>	-
Redemption of redeemable capital	<b>(199,997)</b>	-
Liabilities against assets subject to finance lease	<b>(2,200,652)</b>	(6,119,163)
Due to related party	<b>(374,215,075)</b>	(21,527,258)
Short term borrowings	<b>(1,429,046,783)</b>	127,799,254
Net cash (used in) / generated from financing activities	<b>(2,836,423,032)</b>	100,152,833
<b>Net decrease in cash and cash equivalents</b>	<b>(249,064,652)</b>	67,892,247
<b>Cash and cash equivalents at the beginning of period</b>	<b>289,721,743</b>	166,257,685
<b>Cash and cash equivalents at the end of period</b>	<b>40,657,091</b>	234,149,932

The annexed notes 1 to 12 form an integral part of this condensed interim unconsolidated financial information.

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

For the nine months ended 31 March 2013

	Reserves							Total equity	
	Share Capital	Share Premium	Cash flow hedges	Reserve on merger	Preference share redemption reserve	Available for sale financial assets	Total reserves		Accumulated loss
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Ordinary shares	4,548,718,700								
	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
Balance as at 01 July 2011 - Audited			(48,198,912)	-	-	(2,254,811)	(50,453,723)	(4,417,112,595)	(4,467,566,318)
Total comprehensive loss for the period									
Transfer of incremental depreciation from surplus on revaluation of fixed assets								93,908,544	93,908,544
Balance as at 31 March 2012 - Unaudited	4,548,718,700	2,358,246,761	696,019	105,152,005	661,250,830	4,390,284,710	7,515,630,325	(6,168,942,654)	5,895,406,371
<b>Balance as at 30 June 2012 - Audited</b>	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						(4,298,514,062)	(4,298,514,062)	1,848,802,523	(2,449,711,539)
Transfer of incremental depreciation from surplus on revaluation of fixed assets								93,908,544	93,908,544
<b>Balance as at 31 March 2013 - Unaudited</b>	4,548,718,700	2,358,246,761	-	105,152,005	661,250,830	293,001,674	3,417,651,270	(5,851,008,734)	2,115,361,236

The annexed notes 1 to 12 form an integral part of this condensed interim unconsolidated financial information.



CHIEF EXECUTIVE



DIRECTOR

Lahore

## Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited) For the nine months ended 31 March 2013

### 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 production units with Unit I located at 2.5 K.M off Manga, Raiwand Road, District Kasur, Unit II at Alipur Road, Muzaffargarh and Unit III at 20 K.M off Ferozpur Road, 6 K.M Bandian Road on Ruhi Nala, Der Khud, Lahore.

### 2 Basis of preparation

#### 2.1 Statement of compliance

This condensed interim unconsolidated financial report of the Company for the nine months period ended 31 March 2013 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. 10 to these condensed interim financial information. Due to these factors, the Company used cash in its operations amounting to Rs. 853.8 million during the nine months ended 31 March 2013 and as of that date its current liabilities exceeded current assets by Rs. 5,885 million and its accumulated loss stood at Rs. 5,851 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 8 to the condensed interim 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. 10,043 million and injected Rs. 227 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.

## Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited) For the nine months ended 31 March 2013

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.

### 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 nine months ended 31 March 2013

		<b>31 March 2013 Un-Audited</b>	30 June 2012 Audited
	<i>Note</i>	<b>Rupees</b>	Rupees
<b>5 Redeemable capital - secured</b>			
Term Finance Certificates - II		<b>651,066,836</b>	1,498,649,061
Term Finance Certificates - IV		<b>1,083,768,528</b>	2,498,000,000
Term Finance Certificates - V		<b>527,682,637</b>	823,620,000
Privately Placed Term Finance Certificates - VI		<b>3,218,670,000</b>	3,218,670,000
Privately Placed Term Finance Certificates	5.1	<b>326,456,184</b>	-
Privately Placed Term Finance Certificates	5.2	<b>217,200,000</b>	
		<b>6,024,844,185</b>	8,038,939,061
Deferred notional income		<b>(921,437,865)</b>	(1,124,890,714)
Transaction cost		<b>(63,372,052)</b>	(74,354,806)
		<b>5,040,034,268</b>	6,839,693,541
Less: Amount shown as current liability			
Amount payable within next twelve months		<b>(440,873,171)</b>	(2,559,131,063)
Amount due after 31 March 2014	5.3	<b>(2,080,139,778)</b>	(1,551,127,282)
		<b>(2,521,012,949)</b>	(4,110,258,345)
		<b>2,519,021,319</b>	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 March 2014 amounting to Rs. 2,521.013 million have been shown as current liability.

## Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited) For the nine months ended 31 March 2013

	<b>31 March 2013 Un-Audited</b>	<b>30 June 2012 Audited</b>
<i>Note</i>	<b>Rupees</b>	<b>Rupees</b>
<b>6 Long term finances</b>		
United Bank Limited	-	75,000,000
National Bank of Pakistan	-	1,000,000,000
Deutsche Investitions - Und MBH (Germany)	<b>812,434,214</b>	1,422,000,000
Saudi Pak Industrial and Agricultural Company Limited	<b>43,251,155</b>	100,000,000
Citi Bank N.A	<b>567,539,663</b>	567,539,466
HSBC Middle East Limited	<b>264,602,579</b>	272,113,408
	<b>1,687,827,611</b>	3,436,652,874
Transaction costs	<b>(20,647,151)</b>	(28,254,867)
	<b>1,667,180,460</b>	3,408,398,007
Amount shown as current liability		
Amount payable within next twelve months	<b>(31,422,380)</b>	(1,936,345,512)
Amount due after 31 March 2014	<b>(823,323,865)</b>	(1,472,052,495)
	<b>(854,746,245)</b>	(3,408,398,007)
	<b>812,434,215</b>	-

**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 March 2014 amounting to Rs. 854.746 million have been shown as current liability.

## 7 Contingencies and commitments

### 7.1 Contingencies

**7.1.1** There is no material change in the contingencies from preceding audited published financial statements of the Company for the year ended 30 June 2012.

	<b>31 March 2013 Un-Audited</b>	<b>30 June 2013 Audited</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>7.2 Commitments</b>		
<b>7.2.1 Commitments under irrevocable letters of credit for:</b>		
- purchase of machinery	-	14,639,280
- purchase of stores, spare and loose tools	-	30,507,298
- purchase of raw material	<b>81,321,996</b>	76,726,497
	<b>81,321,996</b>	121,873,075
<b>7.2.2 Commitments for capital expenditure</b>	<b>3,192,969</b>	3,236,108

## Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited) For the nine months ended 31 March 2013

	<b>31 March 2013 Un-Audited Rupees</b>	<b>30 June 2013 Audited Rupees</b>
<b>8 Short term investments</b>		
<b><u>Quoted</u></b>		
<b>Agritech Limited</b>		
Opening cost of 313,423,184 (June 2012: 313,423,184) ordinary shares of Rs. 10 each - at cost	<b>6,378,291,871</b>	6,378,291,871
Cost of 293,423,184 (June 2012: Nil) shares sold during the year at Rs. 35 per share	<b>(5,971,283,571)</b>	-
Closing cost of 20,000,000 shares (June 2012: 313,423,184)	<b>407,008,300</b>	6,378,291,871
Percentage of equity held 5.09% (June 2012: 79.87%)		
Fair value adjustment	<b>292,991,700</b>	4,591,519,569
	<b><u>700,000,000</u></b>	<b><u>10,969,811,440</u></b>

**8.1** 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.

## 9 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:

<b>Nature of transaction</b>	<b>Pricing mechanism</b>
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:



Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited)  
For the nine months ended 31 March 2013

	<b>July to March 2013 Un-Audited Rupees</b>	<b>July to March 2012 Un-Audited Rupees</b>
<b>9.1 Transactions with related parties</b>		
<b>9.1.1 Subsidiaries - Montebello s.r.l</b>		
Sale of goods	<b>139,002,431</b>	323,381,601
<b>9.1.2 Other related party - Agritech Limited</b>		
Return on investment in TFCs	<b>25,910,406</b>	21,323,299
Interest / mark-up on borrowing	<b>19,240,743</b>	47,886,695
Loan repaid	<b>374,215,075</b>	-
<b>9.1.3 Post-employment benefit plans</b>		
Contribution to employees provident fund	<b>83,692,704</b>	78,413,951
<b>9.1.4 Key management personnel</b>		
Short-term employee benefits	<b>38,054,376</b>	36,837,413
	<b>31 March 2013 Un-Audited Rupees</b>	<b>30 June 2012 Audited Rupees</b>
<b>9.2 Balances with related</b>		
<b>9.2.1 Subsidiaries - Montebello s.r.l</b>		
Trade receivables	<b>1,077,015,510</b>	943,574,911
<b>9.2.2 Other related party - Agritech Limited</b>		
Borrowings	-	286,395,126
Mark-up payable	-	68,579,206
Investment in ordinary shares	<b>407,008,300</b>	6,378,291,871
Investment in term finance certificates	<b>266,074,508</b>	266,074,508
Receivable from Agritech Limited	<b>8,558,530</b>	-
<b>9.2.3 Post-employment benefit plans</b>		
Payable to employees provident fund	<b>130,800,722</b>	96,248,979
<b>9.2.4 Key Management Personnel</b>		
Short term employee benefits payable	<b>4,228,264</b>	3,824,609

## Condensed Interim Unconsolidated Notes to the Financial Information (Un-audited) For the nine months ended 31 March 2013

### 10 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 March 2013		
	Principal Rupees	Interest / mark-up Rupees	Total Rupees
Redeemable Capital	-	418,265,761	418,265,761
Long term finances	-	157,000,830	157,000,830
Bills payable	228,660,852	36,372,193	265,033,045
Short term borrowings	382,980,084	466,649,338	849,629,422
Preference shares	148,367,250	-	148,367,250
Preference Dividend	9,656,775	-	9,656,775
	<u>769,664,961</u>	<u>1,078,288,122</u>	<u>1,847,953,083</u>

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.

### 11 Date of authorization

This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors of the Company on 29 April 2013.

### 12 General

Figures have been rounded off to the nearest rupee.

**Condensed  
Interim  
Consolidated  
Financial  
Information**

# Condensed Interim Consolidated Balance Sheet (Un-audited)

As at 31 March 2013

	Note	31 March 2013 Un-Audited Rupees	30 June 2012 Audited Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital		<u>15,000,000,000</u>	<u>15,000,000,000</u>
Issued, subscribed and paid up capital		4,548,718,700	4,548,718,700
Reserves		3,408,745,600	3,107,198,909
Accumulated loss		<u>(6,452,211,681)</u>	<u>(7,904,229,485)</u>
		1,505,252,619	(248,311,876)
<b>Non-controlling interests</b>		-	3,917,588,149
<b>Surplus on revaluation of fixed assets</b>		3,502,367,339	6,746,439,428
<b>Non-current liabilities</b>			
Redeemable capital - secured	5	2,519,021,319	2,729,435,196
Long term finances - secured	6	812,434,215	-
Liabilities against assets subject to finance lease - secured		15,352,678	24,020,739
		3,346,808,212	2,753,455,935
<b>Current liabilities</b>			
Current portion of non-current liabilities		3,543,009,826	8,105,591,253
Short term borrowing		5,332,033,665	8,433,954,491
Trade and other payables		3,180,690,086	4,277,177,878
Interest / mark-up accrued on borrowings		1,414,306,535	1,357,356,641
Dividend payable		13,415,572	32,729,078
Liabilities of subsidiary classified as held for sale		-	30,828,943,270
		13,483,455,684	53,035,752,611
<b>Contingencies and commitments</b>	7	<u>21,837,883,854</u>	<u>66,204,924,247</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		13,072,421,236	13,416,311,530
Intangible assets		694,295,536	696,249,150
Long term investments		266,103,146	14,831
Long term deposits - unsecured, considered good		34,218,033	39,488,956
		14,067,037,951	14,152,064,467
<b>Current assets</b>			
Stores, spares and loose tools		175,094,737	173,319,525
Stock-in-trade		2,971,849,934	3,131,907,430
Trade receivables		2,723,829,914	2,826,169,806
Advances, deposits, prepayments and other receivables		1,010,170,102	892,886,051
Short term investments	8	700,000,000	-
Current taxation		136,149,939	110,270,269
Cash and bank balances		53,751,277	310,989,124
Assets of subsidiary classified as held for sale		-	44,607,317,575
		7,770,845,903	52,052,859,780
		<u>21,837,883,854</u>	<u>66,204,924,247</u>

The annexed notes 1 to 12 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 nine months ended 31 March 2013

	2013		2012	
	July to March	January to March Rupees	July to March Rupees	January to March Rupees
<b>Sales - net</b>	<b>10,252,949,628</b>	<b>3,427,068,427</b>	8,487,823,112	3,683,616,862
Cost of sales	(9,889,130,043)	(3,158,614,370)	(9,546,797,677)	(4,453,305,381)
<b>Gross profit / (loss)</b>	<b>363,819,585</b>	<b>268,454,057</b>	(1,058,974,565)	(769,688,519)
Administrative expenses	(626,714,974)	(173,299,721)	(548,506,228)	(128,162,188)
Selling and distribution expenses	(595,887,221)	(188,061,788)	(389,785,828)	(196,394,665)
Net other income / (expense)	4,414,414,919	(40,941,882)	(215,223,205)	(276,519,411)
<b>Profit / (loss) from operations</b>	<b>3,555,632,309</b>	<b>(133,849,334)</b>	(2,212,489,826)	(1,370,764,783)
Finance cost	(1,649,967,600)	(339,794,326)	(2,285,422,600)	(800,965,207)
<b>Profit / (loss) before taxation</b>	<b>1,905,664,709</b>	<b>(473,643,660)</b>	(4,497,912,426)	(2,171,729,990)
Taxation	(101,673,246)	(34,661,327)	(36,512,334)	(20,825,797)
<b>Profit / (loss) after taxation from continuing operations</b>	<b>1,803,991,463</b>	<b>(508,304,987)</b>	(4,534,424,760)	(2,192,555,787)
<b>(Loss) after taxation from discontinued operations</b>	<b>(1,125,925,537)</b>	-	(730,616,707)	(610,588,065)
<b>Total profit / (loss) for the period</b>	<b>678,065,926</b>	<b>(508,304,987)</b>	(5,265,041,467)	(2,803,143,852)
<b>Profit / (loss) attributable to:</b>				
Equity holders of the Parent	904,745,313	(508,304,987)	(5,112,724,360)	(2,671,739,002)
Non-controlling interests	(226,679,387)	-	(152,317,107)	(131,404,850)
	<b>678,065,926</b>	<b>(508,304,987)</b>	(5,265,041,467)	(2,803,143,852)
<b>Earning / (loss) per share - basic and diluted</b>				
Continuing operations	3.97	(1.12)	(9.97)	(4.82)
Discontinued operations	(1.98)	-	(1.27)	(1.05)

The annexed notes 1 to 12 form an integral part of this condensed interim consolidated financial information.

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

*For the nine months ended 31 March 2013*

	2013		2012	
	July to March	January to March	July to March	January to March
	Rupees	Rupees	Rupees	Rupees
<b>Total profit / (loss) for the period</b>	<b>678,065,926</b>	<b>(508,304,987)</b>	(5,265,041,467)	(2,803,143,852)
<i>Other comprehensive income / (loss) for the period:</i>				
Changes in fair value of cash flow hedges	-	-	(48,198,912)	(27,401,970)
Changes in fair value of available for sale financial assets	13,807	(2,412)	(2,254,811)	(2,254,228)
Exchange difference on translation of foreign subsidiary	8,541,184	(3,176,746)	(2,251,825)	5,272,418
	<b>8,554,991</b>	<b>(3,179,158)</b>	(52,705,548)	(24,383,780)
<b>Total comprehensive income / (loss) for the period</b>	<b>686,620,917</b>	<b>(511,484,145)</b>	<b>(5,317,747,015)</b>	<b>(2,827,527,632)</b>
<b>Total comprehensive income / (loss) attributable to:</b>				
Equity holders of the Parent	913,300,304	(511,484,145)	(5,165,429,908)	(2,696,122,782)
Non-controlling interests	(226,679,387)	-	(152,317,107)	(131,404,850)
	<b>686,620,917</b>	<b>(511,484,145)</b>	<b>(5,317,747,015)</b>	<b>(2,827,527,632)</b>

The annexed notes 1 to 12 form an integral part of this condensed interim consolidated financial information.

## Condensed Interim Consolidated Cash flow Statement (Un-audited)

For the nine months ended 31 March 2013

	July to March 2013 Rupees	July to March 2012 Rupees
<b>Cash flows from operating activities</b>		
Profit / (loss) before taxation	1,905,664,709	(4,467,894,223)
Adjustments for non-cash and other items	(2,272,423,284)	1,857,774,965
(Loss) / profit before changes in working capital	(366,758,575)	(2,610,119,258)
Effect on cash flow due to working capital Changes	262,613,674	3,127,022,795
Cash generated from operations	(104,144,901)	516,903,537
Finance cost paid	(609,945,658)	(699,802,186)
Taxes paid	(94,125,163)	(41,174,695)
Long term deposits	5,270,923	(37,256,898)
<b>Net cash (used in)/generated from operating activities</b>	<b>(802,944,799)</b>	<b>(261,330,242)</b>
<b>Net cash generated from operating activities of discontinued operations</b>	<b>-</b>	<b>(571,731,304)</b>
	<b>(802,944,799)</b>	<b>(833,061,546)</b>
<b>Cash flows from investing activities</b>		
Capital expenditure	(53,135,352)	(98,551,712)
Proceeds from disposal of fixed assets	3,344,139	12,842,780
Proceeds from sale of short term investments	3,491,590,474	-
<b>Net cash generated from / (used in) investing activities</b>	<b>3,441,799,261</b>	<b>(85,708,932)</b>
<b>Net cash generated from investing activities of discontinued operations</b>	<b>-</b>	<b>(1,077,996,701)</b>
	<b>3,441,799,261</b>	<b>(1,163,705,633)</b>
<b>Cash flows from financing activities</b>		
Long term finances	(1,030,760,525)	-
Redemption of redeemable capital	(199,997)	-
Liabilities against assets subject to finance lease	(2,200,652)	(6,119,163)
Due to related party	(374,215,075)	207,465,202
Short term borrowings	(1,488,716,060)	339,662,636
Net cash (used in) / generated from financing activities	(2,896,092,309)	541,008,675
<b>Net cash generated from financing activities of discontinued operations</b>	<b>-</b>	<b>1,581,256,924</b>
	<b>(2,896,092,309)</b>	<b>2,122,265,599</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(257,237,847)</b>	<b>125,498,420</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>310,989,124</b>	<b>166,257,685</b>
<b>Cash and cash equivalents at the end of period</b>	<b>53,751,277</b>	<b>291,756,105</b>

The annexed notes 1 to 12 form an integral part of this condensed interim consolidated financial information.

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

For the nine months ended 31 March 2013

	Reserves										
	Share Capital	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	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	-	-	(48,198,912)	-	(2,251,825)	-	(2,254,811)	(52,705,548)	(5,112,724,360)	(5,165,429,908)	
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	-	-	-	-	-	-	122,321,782	122,321,782	
Balance as at 31 March 2012 - Unaudited	<u>4,548,718,700</u>	<u>2,358,246,761</u>	<u>696,019</u>	<u>105,152,005</u>	<u>(16,737,183)</u>	<u>661,250,830</u>	<u>(2,260,611)</u>	<u>3,106,347,821</u>	<u>(3,454,629,115)</u>	<u>2,200,437,406</u>	
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	-	-	-	-	8,541,184	-	13,807	8,554,991	904,745,313	913,300,304	
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	-	-	-	-	-	-	-	-	93,908,544	93,908,544	
Balance as at 31 March 2013 - Unaudited	<u>4,548,718,700</u>	<u>2,358,246,761</u>	<u>-</u>	<u>105,152,005</u>	<u>(8,905,670)</u>	<u>661,250,830</u>	<u>293,001,674</u>	<u>3,408,745,600</u>	<u>(6,452,211,681)</u>	<u>1,505,252,619</u>	

The annexed notes 1 to 12 form an integral part of this condensed interim consolidated financial information.



**CHIEF EXECUTIVE**



**DIRECTOR**

**Lahore**



## Condensed Interim Consolidated Notes to the Financial Information (Un-audited) For the nine months ended 31 March 2013

### 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 production units with Unit I located at 2.5 K.M off Manga, Raiwand Road, District Kasur, Unit II at Alipur Road, Muzaffargarh and Unit III at 20 K.M off Ferozpur Road, 6 K.M Bandian Road on Ruhi Nala, Der Khud, Lahore.

#### **Farital AB ('FAB') - Subsidiary Company**

Montenello SRL ("MSRL") is a limited liability company incorporated in Italy and owner of an Italian fabric brand and was acquired through Farital AB a special purpose vehicle incorporated in Sweden. During the period, Farital AB has been wound up and consequently the investment in MSRL has been transmitted to ANL. MSRL is engaged in import, export, wholesale and retail marketing and manufacturing of textile and apparel products and accessories. Effective control of MSRL was obtained on 31 December 2008 by ANL. Proportion of interest held by ANL is 100%.

### 2 Basis of preparation

#### 2.1 Statement of compliance

This condensed interim consolidated financial report of the Group for the nine months period ended 31 March 2013 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 consolidated 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 ANL. This has perpetuated temporary liquidity issues as referred in note 10 to these condensed interim financial information. Due to these factors, ANL used cash in its operations amounting to Rs. 853.8 million during the nine months ended 31 March 2013 and as of that date its current liabilities exceeded current assets by Rs. 5,885 million and its accumulated loss stood at Rs. 5,851 million. These conditions also cast doubt about ANL's ability to continue as a going concern. These financial statements have however been prepared on a going concern basis. The assumption that 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.

## Condensed Interim Consolidated Notes to the Financial Information (Un-audited) For the nine months ended 31 March 2013

As stated in note 8 to the condensed interim financial information, 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. 10,043 million and injected Rs. 227 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 consolidated 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 consolidated 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 Consolidated Notes to the Financial Information (Un-audited) For the nine months ended 31 March 2013

		<b>31 March 2013 Un-Audited Rupees</b>	<b>30 June 2012 Audited Rupees</b>
<b>5 Redeemable capital - secured</b>			
Term Finance Certificates - II		<b>651,066,836</b>	1,498,649,061
Term Finance Certificates - IV		<b>1,083,768,528</b>	2,498,000,000
Term Finance Certificates - V		<b>527,682,637</b>	823,620,000
Privately Placed Term Finance Certificates - VI		<b>3,218,670,000</b>	3,218,670,000
Privately Placed Term Finance Certificates	5.1	<b>326,456,184</b>	-
Privately Placed Term Finance Certificates	5.2	<b>217,200,000</b>	
		<b>6,024,844,185</b>	8,038,939,061
Deferred notional income		<b>(921,437,865)</b>	(1,124,890,714)
Transaction cost		<b>(63,372,052)</b>	(74,354,806)
		<b>5,040,034,268</b>	6,839,693,541
Less: Amount shown as current liability			
Amount payable within next twelve months		<b>(440,873,171)</b>	(2,559,131,063)
Amount due after 31 March 2014	5.3	<b>(2,080,139,778)</b>	(1,551,127,282)
		<b>(2,521,012,949)</b>	(4,110,258,345)
		<b>2,519,021,319</b>	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 March 2014 amounting to Rs. 2,521.013 million have been shown as current liability.

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

For the nine months ended 31 March 2013

	<b>31 March 2013 Un-Audited</b>	<b>30 June 2012 Audited</b>
<i>Note</i>	<b>Rupees</b>	<b>Rupees</b>
<b>6 Long term finances</b>		
United Bank Limited	-	75,000,000
National Bank of Pakistan	-	1,000,000,000
Deutsche Investitions - Und MBH (Germany)	<b>826,672,752</b>	1,422,000,000
Saudi Pak Industrial and Agricultural Company Limited	<b>43,251,155</b>	100,000,000
Citi Bank N.A	<b>567,539,663</b>	567,539,466
HSBC Middle East Limited	<b>264,602,579</b>	272,113,408
	<b>1,702,066,149</b>	3,436,652,874
Transaction costs	<b>(20,647,151)</b>	(28,254,867)
	<b>1,681,418,998</b>	3,408,398,007
Amount shown as current liability		
Amount payable within next twelve months	<b>(31,422,380)</b>	(1,936,345,512)
Amount due after 31 March 2014	<b>(823,323,865)</b>	(1,472,052,495)
<i>6.1</i>	<b>(854,746,245)</b>	(3,408,398,007)
	<b>826,672,753</b>	-

**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 March 2014 amounting to Rs. 854.746 million have been shown as current liability.

## 7 Contingencies and commitments

### 7.1 Contingencies

**7.1.1** There is no material change in the contingencies from preceding audited published financial statements of the Group for the year ended 30 June 2012.

	<b>31 March 2013 Un-Audited</b>	<b>30 June 2012 Audited</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>7.2 Commitments</b>		
<b>7.2.1 Commitments under irrevocable letters of credit for:</b>		
- purchase of machinery	-	14,639,280
- purchase of stores, spare and loose tools	-	30,507,298
- purchase of raw material	<b>81,321,996</b>	76,726,497
	<b>81,321,996</b>	121,873,075
<b>7.2.1</b> Commitments for capital expenditure	<b>6,088,619</b>	3,236,108

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

For the nine months ended 31 March 2013

### 8 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.

### 9 Transactions and balances with related parties

Related parties from the Groups'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 March 2013 Un-Audited Rupees	July to March 2012 Un-Audited Rupees
<b>9.1 Transactions with related parties</b>		
<b>9.1.1 Other related party - Agritech Limited</b>		
Return on investment in TFCs	25,910,406	-
Interest / mark-up on borrowing	19,240,743	-
<b>9.1.2 Post-employment benefit plans</b>		
Contribution to employees provident fund	83,692,704	68,116,404
<b>9.1.3 Key management personnel</b>		
Short-term employee benefits	38,054,376	45,985,304

Condensed Interim Consolidated Notes to the Financial Information (Un-audited)  
For the nine months ended 31 March 2013

	<b>31 March 2013 Un-Audited Rupees</b>	<b>30 June 2012 Audited Rupees</b>
<b>9.2 Balances with related</b>		
<b>9.2.1 Other related party - Agritech Limited</b>		
Investment in ordinary shares	407,008,300	-
Investment in term finance certificates	266,074,508	-
Receivable from Agritech Limited	8,558,530	-
<b>9.2.2 Post-employment benefit plans</b>		
Payable to employees provident fund	130,800,722	101,502,653
<b>9.2.3 Key Management Personnel</b>		
Short term employee benefits payable	4,228,264	9,078,283
<b>10 Overdue debt finances</b>		

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:

	<b>As at 31 March 2013</b>		
	<b>Principal Rupees</b>	<b>Interest / mark-up Rupees</b>	<b>Total Rupees</b>
Redeemable Capital	-	418,265,761	418,265,761
Long term finances	-	157,000,830	157,000,830
Bills payable	228,660,852	36,372,193	265,033,045
Short term borrowings	382,980,084	466,649,338	849,629,422
Preference shares	148,367,250	-	148,367,250
Preference Dividend	9,656,775	-	9,656,775
	<u>769,664,961</u>	<u>1,078,288,122</u>	<u>1,847,953,083</u>

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.

**11 Date of authorization**

This condensed interim consolidated financial information was authorized for issue by the Board of Directors of the Parent Company on 29 April 2013.

**12 General**

Figures have been rounded off to the nearest rupee.



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