



AZGARD-9



Beyond Boundaries

Condensed Interim
Financial Information
*for the nine months ended
September 30, 2009
(Un-audited)*

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Company Information

BOARD OF DIRECTORS

Mr. Mueen Afzal (*Chairman*)
 Mr. Ahmed H. Shaikh (*Chief Executive*)
 Chief Justice (Retd.) Mian Mahboob Ahmad
 Mr. Aehsun M.H. Shaikh
 Mr. Ali J. Siddiqui
 Mr. Khalid A.H. Al-Sagar
 Mr. Ali Hussain

COMPANY SECRETARY

Mr. Muhammad Ijaz Haider

CHIEF FINANCIAL OFFICER

Mr. Abid Amin

AUDIT COMMITTEE

Chief Justice (Retd.) Mian Mahboob Ahmad (*Chairman*)
 Mr. Mueen Afzal
 Mr. Aehsun M.H. Shaikh
 Mr. Ali J. Siddiqui
 Mr. Khalid A.H. Al-Sagar
 Mr. Ali Hussain

FINANCE COMMITTEE

Mr. Ahmed H. Shaikh
 Mr. Ali J. Siddiqui
 Mr. Tariq Mohammad Khan
 Mr. Ali Hussain

MANAGEMENT TEAM

Mr. Ahmed H. Shaikh
 Mr. Atif Farooqi
 Mr. Ahmed Jaudet Bilal
 Mr. Tariq Mohammad Khan
 Mr. Abid Amin
 Mr. Aamer Ghias
 Mr. Irfan Nazir
 Ms. Maliha Azam
 Mr. Tahir Munir
 Mr. Usman Rasheed
 Mr. Salim Khan

HUMAN RESOURCE COMMITTEE

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

BANKERS

JS Bank Limited
 MCB Bank Limited
 Citibank N.A.
 Royal Bank of Scotland
 Faysal Bank Limited
 Habib Bank Limited
 Saudi Pak Industrial & Agricultural Investment
 Company 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
 Pak Oman Investment Company Limited
 Saudi Pak Commercial Bank Limited
 Atlas Bank Limited
 Emirates Global Islamic Bank Limited
 Habib Metropolitan Bank Limited

LEGAL ADVISORS

Hamid Law Associates

AUDITORS

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

REGISTERED OFFICE

Ismail Aiwan-e-Science
 Off Shahrah-e-Roomi, Lahore. 54600
 Ph: +92 (0)42 111-786-645
 Fax: +92 (0)42 576-1791

Company Information

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
 Fax: +92 (0)661 422652

Unit III

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

Fertilizer

Unit I

Pak American Fertilizers Limited
 Iskanderabad,
 District Mianwali
 Ph: +92 (0)459 392346

Unit II

Hazara Phosphate Fertilizers (Private) Limited
 Hattar Road,
 Haripur.
 Ph: +92 (0)995 616124

Directors' Review

The Board of Directors of Azgard Nine Limited ("the Company") is pleased to present the un-audited interim financial statements for the period ended September 30, 2009. The Company completed another quarter of successful business operations under continuingly challenging market conditions.

PRINCIPAL ACTIVITIES

The Company's principal business is the vertically integrated manufacture and marketing of Denim focused Textile and Apparel products from raw cotton to retail ready goods. The company maintains its position as the largest denim products company by sales, as well as one of the largest Garments manufacturing business in Pakistan.

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

Textile and Apparel

The textile sector has yet to completely emerge from a difficult environment which has included high financial costs resulting in increasing production costs. The lingering effects of economic downturn in European markets are also keeping pressure on overall trading environment. Your company has been largely able to counter these negative market trends by focusing on productivity enhancing efforts and increasing its service levels and product portfolio to keep production volume up at record levels. The management believes that it will achieve its goals through this process and increase business viability and profitability over the long term.

Fertilizers

The company's 100% owned subsidiary, PAFL, operates the newest and most efficient Urea Plant in the country, and PAFL through its 100% owned subsidiary, HPFL, is the largest manufacturer of Single Super Phosphate (SSP) fertilizer in Pakistan. Hence, the Company, through its subsidiaries, is a diversified fertilizer producer, manufacturing and marketing both nitrogenous and phosphate fertilizers. The Company's Agrichemicals Business, Pak American Fertilizers Limited "PAFL" holds its position as the fifth largest urea manufacturer in the country with a urea and DAP market share of 8% each respectively.

Maintaining its momentum from previous quarters, the fertilizer business continued to grow.

The Company announced its decision to disinvesting up to 24.99% of its shareholding comprising 98,068,257 shares of PAFL at a fixed price of Rs.30 per share for gross proceeds of PKR 2,942,047,710, by way of an Offer for Sale through a combination of private placement and/or an Initial Public Offering at the domestic stock exchange(s) in Pakistan. This process is moving forward as per expectations and upon completion PAFL will become a listed company on the domestic exchange(s).

Directors' Review

Operating Financial Results of Azgard Nine Limited (Stand Alone)

	Nine months ending September 30, 2009	Nine months ending September 30, 2008	Change %
Sales-Net	8,638,376,007	7,683,589,955	+12.40
Operating Profit	2,151,607,597	2,097,879,876	+2.56
Finance Cost	1,827,120,380	1,615,901,768	+13.07
Profit before Tax	324,487,217	481,978,108	-32.68
Profit after Tax	237,732,126	404,078,150	-41.17

Consolidated Results Including Subsidiaries

	Nine months ending September 30, 2009	Nine months ending September 30, 2008	Change %
Sales-Net	17,529,166,349	13,067,518,297	+34.14
Operating Profit	5,110,522,178	4,030,581,020	+26.79
Finance Cost	3,597,420,712	2,777,877,106	+29.50
Profit before Tax	1,513,101,466	1,252,703,914	+20.79
Profit after Tax	1,393,448,314	1,085,093,014	+28.42

EARNINGS PER SHARE

	September 30, 2009	September 30, 2008	Change %
Azgard Nine Limited Quarter ended	0.20	0.21	-4.76
Nine Months ended	0.46	0.91	-49.45
Consolidated including subsidiaries Quarter ended	0.76	0.58	+31.03
Nine Months ended	3.14	2.65	+18.49

Directors' Review

FUTURE OUTLOOK

Continued focus on high service levels and one roof customer service has been a successful strategy in achieving high customer retention and increasing customer loyalty during the recent economic downturn. The management believes that synergistic manufacturing efficiency coupled with improved market conditions will further improve operating conditions.

The outlook for the fertilizer sector continues to be positive following a period of strong demand, and good support prices for crops. The government's policies are supportive for the agriculture sector, which is the back bone of the domestic economy. The ongoing deficit in the Urea and Phosphates markets indicates favorable trading conditions for the foreseeable future.

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 a mutually beneficial relationship which has played a pivotal role in the growth of the Company's businesses. The board also wishes to place on record its appreciation for the employees of the Company whose hard work and commitment makes all this possible.

On behalf of the Board



Chief Executive

Lahore : October 30, 2009

Condensed Interim Financial Information

Condensed Interim Financial Information

Balance sheet
as at September 30, 2009

	Note	As at September 30, 2009 Rupees	As at December 31, 2008 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	4	5,209,969,530	3,827,118,540
Reserves		3,801,729,421	3,532,469,002
Unappropriated profit		2,302,341,771	2,764,494,959
		11,314,040,722	10,124,082,501
Surplus on revaluation of property, plant and equipment			
		205,068,040	219,356,256
Non-current liabilities			
Redeemable capital - Secured	5	3,337,489,061	3,962,461,561
Long term finances - Secured	6	2,337,570,000	2,686,842,500
Liabilities against assets subject to finance lease	7	17,645,728	25,210,944
		5,692,704,789	6,674,515,005
Current liabilities			
Current portion of non-current liabilities			
Short term borrowings	8	1,364,196,646	1,470,921,493
Derivative financial liabilities		7,961,538,241	6,574,080,304
Trade and other payables		30,065,095	50,536,909
Due to related parties		1,279,100,543	1,350,500,115
Markup accrued on borrowings		540,747,603	426,768,193
Unclaimed dividend		515,950,122	466,226,443
		3,996,412	14,686,046
		11,695,594,662	10,353,719,503
Contingencies and commitments	9	-	-
		28,907,408,213	27,371,673,265
ASSETS			
Non-current assets			
Property, plant and equipment	10	8,002,738,592	7,734,950,547
Capital work in progress		1,451,953,972	918,670,893
Intangible assets		25,803,554	33,536,216
Long term investments	11	7,521,615,322	7,521,644,051
Long term deposits		19,777,502	19,777,502
		17,021,888,942	16,228,579,209
Current assets			
Stores, spares and loose tools		296,296,831	201,693,270
Stock in trade		4,291,048,205	4,034,103,119
Trade receivables		2,302,222,679	1,777,232,611
Derivative financial assets		87,341,611	175,673,993
Advances, deposits, prepayments and other receivables		947,917,160	789,515,062
Current taxation		69,902,855	63,948,605
Short term investments	12	3,708,858,272	4,018,853,586
Cash and bank balances		181,931,658	82,073,810
		11,885,519,271	11,143,094,056
		28,907,408,213	27,371,673,265

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

Lahore


Chief Executive


Director

Condensed Interim Financial Information

Profit and loss account
for the nine months ended September 30, 2009

	Nine months ended		Quarter ended	
	September 30, 2009 Rupees	September 30, 2008 Rupees	September 30, 2009 Rupees	September 30, 2008 Rupees
Sales - Net	8,638,376,007	7,683,589,955	2,828,817,873	3,060,848,071
Cost of sales	(5,952,599,476)	(5,125,374,737)	(1,889,096,406)	(1,948,524,119)
Gross Profit	2,685,776,531	2,558,215,218	939,721,467	1,112,323,952
Administrative and selling expenses	(524,856,290)	(447,821,020)	(177,491,703)	(194,664,402)
Net other operating income/(expenses)	(9,312,644)	(12,514,322)	(16,201,077)	9,801,749
Results from operating activities	2,151,607,597	2,097,879,876	746,028,687	927,461,299
Finance cost	(1,827,120,380)	(1,615,901,768)	(610,089,386)	(800,129,614)
Profit before taxation	324,487,217	481,978,108	135,939,301	127,331,685
Taxation	(86,755,091)	(77,899,958)	(28,353,804)	(31,329,427)
Profit after taxation	237,732,126	404,078,150	107,585,497	96,002,258
Earning per share - basic and diluted	0.46	0.91	0.20	0.21

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

Lahore


Chief Executive


Director

Condensed Interim Financial Information

Statement of other comprehensive income
for the nine months ended September 30, 2009

	Nine months ended		Quarter ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
	Rupees	Rupees	Rupees	Rupees
Surplus/(deficit) on revaluation of investments available for sale	(24,043)	3,175,680	10,837	-
Unrealised gain/(loss) on derivative financial instruments	(65,294,330)	(85,085,053)	5,452,537	(34,993,840)
Other comprehensive income before taxation	(65,318,373)	(81,909,373)	5,463,374	(34,993,840)
Taxation relating to components of other comprehensive income	-	-	-	-
Other comprehensive income after taxation	(65,318,373)	(81,909,373)	5,463,374	(34,993,840)
Profit for the year	237,732,126	404,078,150	107,585,497	96,002,258
Total comprehensive income	<u>172,413,753</u>	<u>322,168,777</u>	<u>113,048,871</u>	<u>61,008,418</u>

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

Lahore


 Chief Executive


 Director

Condensed Interim Financial Information

Cash flow statement
for the nine months ended September 30, 2009

	Nine months ended September 30, 2009	Nine months ended September 30, 2008
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	324,487,217	481,978,108
Adjustments for non-cash items	2,274,447,896	2,042,202,013
Operating profit before changes in working capital	2,598,935,113	2,524,180,121
Changes in working capital	(1,035,494,976)	(948,343,747)
Cash generated from operations	1,563,440,137	1,575,836,374
Markup paid	(1,857,913,478)	(1,626,034,658)
Taxes paid	(92,709,342)	(98,807,078)
Net cash used in operating activities	(387,182,683)	(149,005,362)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(1,218,475,813)	(1,166,956,441)
Development costs	-	(5,299,818)
Proceeds from disposal of property, plant and equipment	3,212,018	3,116,902
Dividend received	-	1,730,500
Long term investments	-	261,625,567
Short term investments	309,995,314	153,601,322
Net cash used in investing activities	(905,268,481)	(752,181,968)
CASH FLOW FROM FINANCING ACTIVITIES		
Redeemable capital	(396,513,346)	(231,042,657)
Long term finances	(688,842,500)	12,799,916
Liabilities against assets subject to finance lease	(16,339,108)	(18,248,504)
Borrowing from related parties	113,979,410	-
Short term borrowings	1,387,457,938	1,581,523,923
Proceeds from issue of ordinary shares net of transaction costs	1,003,256,252	-
Dividend paid	(10,689,634)	(385,458,288)
Net cash flow from financing activities	1,392,309,012	959,574,390
Net increase in cash and cash equivalents	99,857,848	58,387,060
Cash and cash equivalents at the beginning of the period	82,073,810	45,433,316
Cash and cash equivalents at the end of the period	<u>181,931,658</u>	<u>103,820,376</u>

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

Lahore


 Chief Executive


 Director

Condensed Interim Financial Information

Statement of changes in equity
for the nine months ended September 30, 2009

	Share capital		Reserves				Revaluation of available for sale investments		Unappropriated profit		Total equity		Surplus on revaluation of property, plant and equipment	
	Ordinary shares	Preference shares	Share premium	Cash flow hedges	Reserve on merger	Redemption of preference shares	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
As at January 01, 2008	3,127,134,570	661,688,330	2,633,387,139	370,801,102	105,152,005	414,500,000	6,785,876	3,550,626,122	2,401,665,174	9,720,654,196	239,073,077	-	-	-
Conversion of preference shares	297,500	(437,500)	140,000	-	-	-	-	140,000	-	142,750,000	-	-	-	-
Conversion of redeemable capital	38,435,640	-	104,314,360	-	-	-	-	104,314,360	484,078,150	404,078,150	-	-	-	-
Profit for the nine months ended September 30, 2008	-	-	-	-	-	-	3,175,680	(81,909,373)	(980,929,009)	(81,909,373)	-	-	-	-
Other comprehensive income for the nine months ended September 30, 2008	-	-	-	(85,085,053)	-	-	-	-	14,689,778	14,689,778	-	-	-	-
Ordinary dividend for the year ended December 31, 2008	-	-	-	-	-	-	-	-	(77,250,000)	-	-	-	-	(14,689,778)
Incremental depreciation	-	-	-	-	-	77,250,000	-	77,250,000	-	-	-	-	-	-
Profit transferred to preference shares redemption reserve	-	-	-	-	-	-	-	-	2,351,194,093	9,808,733,142	-	-	-	229,383,279
As at September 30, 2008	3,165,867,710	661,250,830	3,827,118,540	285,716,649	105,152,005	497,750,000	9,961,556	3,650,421,109	2,764,494,959	10,124,082,301	219,356,256	-	-	-
As at January 01, 2009	3,165,867,710	661,250,830	3,827,118,540	152,635,940	105,152,005	517,500,000	19,339,558	3,532,469,002	(633,173,530)	10,112,084,572	-	-	-	-
Issue of bonus shares	633,173,530	-	633,173,530	-	-	-	-	-	-	(8,808,320)	-	-	-	-
Issue of right shares	749,677,460	-	749,677,460	262,387,112	-	-	-	262,387,112	-	237,732,126	-	-	-	-
Transaction costs incurred on issue of right shares	-	-	(8,808,320)	-	-	-	-	(8,808,320)	-	(65,318,373)	-	-	-	-
Profit for the nine months ended September 30, 2009	-	-	-	(65,294,330)	-	-	(24,043)	(65,318,373)	14,288,216	14,288,216	-	-	-	(14,288,216)
Other comprehensive income for the nine months ended September 30, 2009	-	-	-	-	-	-	-	-	(81,000,000)	-	-	-	-	-
Incremental depreciation	-	-	-	-	-	81,000,000	-	81,000,000	2,302,341,731	11,314,040,372	-	-	-	205,068,000
Profit transferred to preference shares redemption reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at September 30, 2009	4,540,119,700	661,250,830	5,299,649,530	87,441,610	105,152,005	598,500,000	19,315,515	3,801,729,421	-	11,314,040,372	-	-	-	205,068,000

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

Lahore

Chief Executive

Director

Condensed Interim Financial Information

Notes to and forming part of interim financial information
for the nine months ended September 30, 2009

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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is not audited.

This interim financial information has been presented in condensed form in compliance 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, 2008.

2.2 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.

2.3 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.

Condensed Interim Financial Information

Notes to and forming part of interim financial information for the nine months ended September 30, 2009

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.

2.4 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 31 December 2008.

The Company during the period has adopted International Accounting Standard - 1 "Presentation of Financial Statements" (Revised-2007) to the extent the standard is consistent with the requirements of Companies Ordinance, 1984 and the Rules and Regulations made thereunder. Requirements of the standard that are in conflict with the Companies Ordinance, 1984 and the Rules and Regulations made thereunder have not been applied in preparing and presenting this financial information.

	As at September 30, 2009 Rupees	As at December 31, 2008 Rupees
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4 SHARE CAPITAL

Authorized share capital

Ordinary shares of Rs. 10 each

900,000,000 voting shares	9,000,000,000	9,000,000,000
300,000,000 non-voting shares	3,000,000,000	3,000,000,000

	12,000,000,000	12,000,000,000
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Preference shares of Rs. 10 each

300,000,000 non-voting shares	3,000,000,000	3,000,000,000
	<u>15,000,000,000</u>	<u>15,000,000,000</u>

Condensed Interim Financial Information

Notes to and forming part of interim financial information for the nine months ended September 30, 2009

	Note	As at September 30, 2009 Rupees	As at December 31, 2008 Rupees
Issued, subscribed and paid-up capital			
Voting ordinary shares of Rs. 10 each			
323,712,733 (December 31, 2008: 249,655,142) shares fully paid in cash	4.1	3,237,127,330	2,496,551,420
62,548,641 shares issued as fully paid bonus shares	4.1	625,486,410	-
12,276,073 (December 31, 2008: 12,276,073) shares issued as consideration for machinery		122,760,730	122,760,730
50,811,992 (December 31, 2008: 50,811,992) shares issued as consideration for merger		508,119,920	508,119,920
		4,493,494,390	3,127,432,070
Non-voting ordinary shares of Rs. 10 each			
4,753,719 (December 31, 2008: 3,843,564) shares fully paid in cash	4.2	47,537,190	38,435,640
768,712 shares issued as fully paid bonus shares	4.2	7,687,120	-
		55,224,310	38,435,640
Preference shares of Rs. 10 each			
66,125,083 (December 31, 2008: 66,125,083) shares fully paid in cash		661,250,830	661,250,830
		<u>5,209,969,530</u>	<u>3,827,118,540</u>

4.1 Movement in number of voting ordinary shares in issue during the period was as follows:

	Note	As at September 30, 2009 No. of shares	As at December 31, 2008 No. of shares
As at beginning of the period		312,743,207	312,713,457
Conversion of preference shares into ordinary shares		-	29,750
Issue of bonus shares	4.1.1	62,548,641	-
Issue of right shares	4.1.1	74,057,591	-
As at end of the period		<u>449,349,439</u>	<u>312,743,207</u>

Condensed Interim Financial Information

Notes to and forming part of interim financial information for the nine months ended September 30, 2009

4.1.1 During the period, the Company increased its ordinary share capital through issue of bonus shares at 20 ordinary shares for every 100 ordinary shares held and issue of right shares, at 23.68 ordinary shares for every 100 ordinary shares held (without giving consideration to issue of bonus shares), at a price of Rs. 13.50 per ordinary right share.

4.2 Movement in number of non-voting ordinary shares in issue during the period was as follows:

	Note	As at September 30, 2009 No. of shares	As at December 31, 2008 No. of shares
As at beginning of the period		3,843,564	-
Conversion of term finance certificates into ordinary shares		-	3,843,564
Issue of bonus shares	4.1.1	768,712	-
Issue of right shares	4.1.1	910,155	-
As at end of the period		<u>5,522,431</u>	<u>3,843,564</u>
5 REDEEMABLE CAPITAL - SECURED			
Term finance certificates		3,962,961,561	4,359,474,907
Less: current maturity presented under current liabilities		(625,472,500)	(397,013,346)
		<u>3,337,489,061</u>	<u>3,962,461,561</u>
6 LONG TERM FINANCES - SECURED			
Utilized under markup arrangements from banking companies and financial institutions		3,053,580,000	3,742,422,500
Less: current maturity presented under current liabilities		(716,010,000)	(1,055,580,000)
		<u>2,337,570,000</u>	<u>2,686,842,500</u>
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Present value of minimum lease payments		40,359,874	43,539,091
Less: current maturity presented under current liabilities		(22,714,146)	(18,328,147)
		<u>17,645,728</u>	<u>25,210,944</u>

Condensed Interim Financial Information

Notes to and forming part of interim financial information for the nine months ended September 30, 2009

8 SHORT TERM BORROWINGS

These represent secured, as well as unsecured, local and foreign currency financing obtained against aggregate funded and unfunded facilities available of Rs. 12,002 million (31 December 2008: Rs. 11,257 million) from various banking companies and financial institutions. Local currency finances carry markup at rates ranging from one to nine months KIBOR plus 1.75% to 4% per annum (31 December 2008: one to nine months KIBOR plus 1.5% to 5% per annum). Foreign currency finances carry markup at LIBOR of matching tenor plus spread ranging from 1% to 3% per annum (31 December 2008: LIBOR of matching tenor plus spread ranging from 1% to 3% per annum). Markup on pre / post shipment finances refinanced by State Bank of Pakistan ("SBP") is payable at SBP refinance rate of 6.5% plus banks' spread of 1% per annum.

9 CONTINGENCIES AND COMMITMENTS

Contingencies

Guarantees given by banks on behalf of the Company as at the reporting date amount to Rs. 174.936 million (December 31, 2008: Rs. 123.205 million).

The status of all other contingencies is unchanged since December 31, 2008.

Commitments

Commitments under irrevocable letters of credit as at the reporting date amount to Rs. 1,495 million (December 31, 2008: Rs. 1,226 million)

Commitments for fixed capital expenditure as at the reporting date amount to Rs. 55.9 million (December 31, 2008: Rs. 128.470 million)

	Note	As at September 30, 2009 Rupees	As at December 31, 2008 Rupees
10 PROPERTY, PLANT AND EQUIPMENT			
Net book value as at beginning of the period		7,734,950,547	7,643,649,558
Additions during the period	10.1	698,352,630	633,484,093
Net book value of assets disposed during the period	10.2	(2,173,102)	(3,676,967)
Depreciation charged during the period		(428,391,483)	(538,506,137)
Net book value as at end of the period		<u>8,002,738,592</u>	<u>7,734,950,547</u>

Condensed Interim Financial Information

Notes to and forming part of interim financial information
for the nine months ended September 30, 2009

	As at September 30, 2009 Rupees	As at December 31, 2008 Rupees
10.1 Additions - Cost		
<i>Assets owned by the Company</i>		
Freehold land	260,000	45,241,916
Building on freehold land	55,601,671	248,604,207
Plant and Machinery	541,315,834	160,776,451
Furniture and fixtures	1,869,439	10,068,871
Vehicles		-
- additions	4,994,188	16,851,922
- transfers from/(to) leased assets	969,000	(13,068)
Tools and equipment	64,763,769	93,828,836
Office equipment	7,591,332	14,294,571
Electric installation	8,796,507	9,549,496
<i>Assets subject to finance lease</i>		
Plant and machinery	-	2,578,500
Vehicles		
- additions	13,159,890	31,689,323
- transfers (to)/from owned assets	(969,000)	13,068
	<u>698,352,630</u>	<u>633,484,093</u>
10.2 Disposals - Net book value		
<i>Assets owned by the Company</i>		
Vehicles	1,751,161	2,499,331
Office equipment	-	57,881
<i>Assets subject to finance lease</i>		
Vehicles	421,941	1,119,755
	<u>2,173,102</u>	<u>3,676,967</u>

Condensed Interim Financial Information

Notes to and forming part of interim financial information
for the nine months ended September 30, 2009

	As at September 30, 2009 Rupees	As at December 31, 2008 Rupees
11 LONG TERM INVESTMENTS		
<i>Investments in related parties</i>		
Cost	7,512,873,710	7,512,873,710
Accumulated impairment loss	(1,650,720)	(1,650,720)
Fair value adjustment	10,364,533	10,353,323
	7,521,587,523	7,521,576,313
<i>Other investments</i>		
Cost	1,015,432	1,015,432
Accumulated impairment loss	(996,768)	(996,768)
Fair value adjustment	9,135	49,074
	27,799	67,738
	<u>7,521,615,322</u>	<u>7,521,644,051</u>
12 SHORT TERM INVESTMENTS		
<i>Investments in related parties</i>		
Cost	3,699,916,425	4,009,916,425
Fair value adjustment	8,941,847	8,937,161
	<u>3,708,858,272</u>	<u>4,018,853,586</u>
13 RELATED PARTY TRANSACTIONS AND BALANCES		
Related parties, from the Company's perspective comprise subsidiaries, associated undertakings and other related companies, key management personnel including chief executive, directors and executives and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties.		

Condensed Interim Financial Information

Notes to and forming part of interim financial information
for the nine months ended September 30, 2009

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

	Nine months ended September 30, 2009 <i>Rupees</i>	Nine months ended September 30, 2008 <i>Rupees</i>
13.1 Transactions with related parties		
13.1.1 <i>Subsidiaries</i>		
Sales of goods	1,072,832,831	76,538,179
Markup on borrowings	49,331,545	-
Return on investment in TFCs	97,540,041	55,716,721
13.1.2 <i>Associates</i>		
Purchase of chemicals	6,110,981	1,870,506
13.1.3 <i>Post employment benefit plans</i>		
Contribution to employees provident fund	38,260,402	24,584,513
13.1.4 <i>Key management personnel (including chief executive, directors and executives)</i>		

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director. Total compensation for key management personnel (including chief executive, directors and executives) was as follows:

	Nine months ended September 30, 2009 <i>Rupees</i>	Nine months ended September 30, 2008 <i>Rupees</i>
Short term employee benefits	175,033,313	107,913,025
Post employment benefits	9,000,611	6,004,010

Additionally, the Chief Executive is provided with free use of Company maintained car.

Condensed Interim Financial Information

Notes to and forming part of interim financial information
for the nine months ended September 30, 2009

	As at September 30, 2009 <i>Rupees</i>	As at December 31, 2008 <i>Rupees</i>
13.2 Balances with related parties		
13.2.1 <i>Subsidiaries</i>		
Borrowings	540,747,603	426,768,193
Trade receivables	664,290,038	76,773,293
Markup payable on borrowings	98,663,090	10,979,472
Payable against purchases	1,834,595	27,272,991
Return on investment in TFCs receivable	174,755,193	87,219,798
Investment in ordinary shares	10,612,790,135	10,612,790,135
Investment in term finance certificates	600,000,000	910,000,000
13.2.2 <i>Post employment benefit plans</i>		
Payable to employees provident fund	4,576,085	5,120,350
13.2.3 <i>Key management personnel</i>		
Short term employee benefits payable	19,423,367	13,157,448

14 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 30, 2009 by the Board of Directors of the Company.

15 GENERAL

Figures have been rounded off to the nearest rupee.

Earnings per share of the Company for the nine months and quarter ended September 30, 2009 have been restated to reflect the change in number of ordinary shares following the issue of bonus and right shares during the period.

Lahore


Chief Executive


Director

Condensed Consolidated Interim Financial Information

Condensed Consolidated Interim Financial Information

Consolidated balance sheet as at September 30, 2009

	Note	September 30, 2009 Rupees	December 31, 2008 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	4	5,209,969,530	3,827,118,540
Reserves		3,800,566,537	3,511,758,144
Unappropriated profit		3,113,825,535	2,420,262,535
		12,124,361,602	9,759,139,219
Minority interest		-	-
Surplus on revaluation of property, plant and equipment		205,068,040	219,356,256
Loan from sponsors - Unsecured		340,000,000	340,000,000
Non-current liabilities			
Redeemable capital - Secured	5	12,873,967,294	13,504,569,794
Long term finances - Secured	6	4,131,468,302	3,086,842,500
Liabilities against assets subject to finance lease	7	262,953,682	106,664,196
Long term payables		31,135,199	31,135,199
Deferred taxation		2,510,612,507	2,479,374,862
		19,810,136,984	19,208,586,551
Current liabilities			
Current portion of non-current liabilities		1,688,996,936	1,491,427,018
Short term borrowings	8	10,685,846,274	8,437,887,588
Derivative financial liabilities		30,065,095	50,536,909
Trade and other payables		4,159,467,238	5,265,762,759
Markup accrued on borrowings		458,075,119	974,107,530
Unclaimed dividend		3,996,412	14,686,046
		17,026,447,074	16,234,407,850
Contingencies and commitments	9	-	-
		<u>49,506,013,700</u>	<u>45,761,489,876</u>
ASSETS			
Non-current assets			
Property, plant and equipment	10	22,516,557,063	22,111,795,518
Capital work in progress		6,126,121,676	3,519,734,342
Intangible assets		5,655,661,831	5,663,896,463
Long term investments	11	27,799	67,738
Long term advances		30,202,956	38,178,881
Long term deposits		42,782,800	34,806,883
		34,371,354,125	31,368,479,825
Current assets			
Stores, spares and loose tools		1,090,581,816	861,061,558
Stock in trade		8,229,036,667	6,622,242,027
Trade receivables		2,866,442,557	2,556,062,590
Derivative financial assets		87,341,611	175,673,993
Advances, deposits, prepayments and other receivables		2,136,832,860	3,311,084,769
Current taxation		294,475,505	231,472,831
Short term investments		-	206,551,479
Cash and bank balances		429,948,559	428,860,804
		15,134,659,575	14,393,010,051
		<u>49,506,013,700</u>	<u>45,761,489,876</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

Lahore


Chief Executive


Director

Condensed Consolidated Interim Financial Information

Consolidated profit and loss account
for the nine months ended September 30, 2009

	Nine months ended		Quarter ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
	Rupees	Rupees	Rupees	Rupees
Sales - Net	17,529,166,349	13,067,518,297	4,943,331,430	6,210,521,040
Cost of sales	(11,015,055,127)	(8,299,188,028)	(2,848,014,375)	(4,067,815,266)
Gross Profit	6,514,111,222	4,768,330,269	2,095,317,055	2,142,705,774
Administrative and selling expenses	(1,327,241,513)	(786,119,034)	(489,087,970)	(317,601,617)
Net other operating income / (expenses)	(76,347,531)	48,369,785	3,583,769	(138,453,357)
Results from operating activities	5,110,522,178	4,030,581,020	1,609,812,854	1,686,650,800
Finance cost	(3,597,420,712)	(2,777,877,106)	(1,194,228,608)	(1,364,442,632)
Profit before taxation	1,513,101,466	1,252,703,914	415,584,246	322,208,168
Taxation	(119,653,152)	(167,610,900)	(46,016,047)	(81,046,800)
Profit after taxation	1,393,448,314	1,085,093,014	369,568,199	241,161,368
Profit after taxation attributable to:				
Equity holders of the Parent	1,393,448,314	1,085,093,014	369,568,199	241,161,368
Minority interest	-	-	-	-
	1,393,448,314	1,085,093,014	369,568,199	241,161,368
Earning per share - basic and diluted	3.14	2.65	0.76	0.58

The annexed notes 1 to 15 form an integral part of these financial statements.

Lahore


 Chief Executive


 Director

Condensed Consolidated Interim Financial Information

Consolidated statement of other comprehensive income
for the nine months ended September 30, 2009

	Nine months ended		Quarter ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
	Rupees	Rupees	Rupees	Rupees
Exchange differences on translation of foreign subsidiaries	19,563,870	(1,108,814)	(2,009,456)	(813,771)
Surplus/(deficit) on revaluation of investments available for sale	(39,939)	6,347	-	-
Unrealised gain/(loss) on derivative financial instruments	(65,294,330)	(447,833,688)	5,452,538	(232,199,897)
Other comprehensive income before taxation	(45,770,399)	(448,936,155)	3,443,082	(233,013,668)
Taxation relating to components of other comprehensive income	-	-	-	-
Other comprehensive income after taxation	(45,770,399)	(448,936,155)	3,443,082	(233,013,668)
Profit for the year	1,393,448,314	1,085,093,014	369,568,199	241,161,368
Total comprehensive income	1,347,677,915	636,156,859	373,011,281	8,147,700
Total comprehensive income attributable to:				
Equity holders of the Parent	1,347,677,915	636,156,859	373,011,281	8,147,700
Minority interest	-	-	-	-
	1,347,677,915	636,156,859	373,011,281	8,147,700

The annexed notes 1 to 15 form an integral part of these financial statements.

Lahore


 Chief Executive


 Director

Condensed Consolidated Interim Financial Information

Consolidated cash flow statement for the nine months ended September 30, 2009

	Nine months ended September 30, 2009 Rupees	Nine months ended September 30, 2008 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,513,101,466	1,252,703,914
Adjustments for non-cash items	3,520,972,420	3,586,776,770
Operating profit before changes in working capital	5,034,073,886	4,839,480,684
Changes in working capital	(1,167,118,983)	(4,924,280,210)
Cash generated from operations	3,866,954,903	(84,799,526)
Markup paid	(4,113,453,123)	(2,604,196,945)
Taxes paid	(151,418,181)	(153,831,491)
Net cash used in from operating activities	(397,916,401)	(2,842,827,962)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(4,077,399,946)	(3,513,320,596)
Development costs	-	(5,299,818)
Proceeds from disposal of property, plant and equipment	359,234,400	5,999,649
Proceeds from disposal of subsidiary	-	1,773,857
Dividend received	-	1,730,500
Long term investments	-	(1,240,755,650)
Short term investments	108,761,692	-
Net cash used in investing activities	(3,609,403,854)	(4,025,285,231)
CASH FLOW FROM FINANCING ACTIVITIES		
Redeemable capital	(189,913,346)	3,546,574,919
Long term finances	767,555,802	(505,392,742)
Liabilities against assets subject to finance lease	190,240,250	(2,178,956)
Short term borrowings	2,247,958,686	3,726,286,500
Proceeds from issue of ordinary shares net of transaction costs	1,003,256,252	-
Dividend paid	(10,689,634)	(385,458,288)
Net cash flow from financing activities	4,008,408,010	6,379,831,433
Net increase in cash and cash equivalents	1,087,755	(488,281,760)
Cash and cash equivalents at the beginning of the period	428,860,804	630,082,198
Cash and cash equivalents at the end of the period	429,948,559	141,800,438

The annexed notes 1 to 15 form an integral part of these financial statements.

Lahore


Chief Executive


Director

Condensed Consolidated Interim Financial Information

Consolidated statement of changes in equity for the nine months ended September 30, 2009

	As at January 01, 2008	As at September 30, 2008	As at January 01, 2009	As at September 30, 2009
Ordinary shares	3,171,14,570	3,171,14,570	3,171,14,570	3,171,14,570
Preference shares	297,590	297,590	297,590	297,590
Conversion of redeemable capital	38,435,640	38,435,640	38,435,640	38,435,640
Profit for the nine months ended September 30, 2008	-	-	-	1,513,101,466
Other comprehensive income for the nine months ended September 30, 2008	-	-	-	3,520,972,420
Ordinary dividend for the year ended December 31, 2008	-	-	-	(151,418,181)
Income tax depreciation	-	-	-	(15,418,181)
Profit transferred to preference shares redemption reserve	-	-	-	1,513,101,466
As at September 30, 2008	3,169,867,710	3,169,867,710	3,169,867,710	3,169,867,710
As at January 01, 2009	3,169,867,710	3,169,867,710	3,169,867,710	3,169,867,710
Issue of bonus shares	633,173,530	633,173,530	633,173,530	633,173,530
Issue of right shares	749,671,460	749,671,460	749,671,460	749,671,460
Transaction costs incurred on issue of right shares	-	-	-	(8,809,320)
Profit for the nine months ended September 30, 2009	-	-	-	1,513,101,466
Other comprehensive income for the nine months ended September 30, 2009	-	-	-	3,520,972,420
Income tax depreciation	-	-	-	(15,418,181)
Profit transferred to preference shares redemption reserve	-	-	-	1,513,101,466
As at September 30, 2009	4,548,718,700	4,548,718,700	4,548,718,700	4,548,718,700

The annexed notes 1 to 15 form an integral part of these financial statements.

Lahore


Chief Executive


Director

Condensed Consolidated Interim Financial Information

Notes to and forming part of consolidated interim financial information for the nine months ended September 30, 2009

1 REPORTING ENTITY

The Group consists of the following companies:

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 Aiwani-e-Science, off Shahrah-e-Roomi, Lahore.

Subsidiary Companies

Pak American Fertilizers Limited ("PAFL") is incorporated in Pakistan as an Unquoted Public Limited Company and is engaged in manufacture and sale of urea fertilizer.

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. The amounts reflected in consolidated profit and loss account, consolidated statement of other comprehensive income, consolidated cash flow statement and related notes to the consolidated financial statements for the periods ended September 30, 2008 do not include results of HPFL.

Montebello SRL ("MSRL") is incorporated in Italy as a Limited Liability Company and is engaged in import, export, wholesale and retail marketing and manufacture of textile and apparel products and accessories. The amounts reflected in consolidated profit and loss account, consolidated statement of other comprehensive income, consolidated cash flow statement and related notes to the consolidated financial statements for the periods ended September 30, 2008 do not include results of MSRL.

Nafees International Tekstil Sanayi Ve Ticaret ANONIM SIRKETI ("NIT") is incorporated in Turkey and is engaged in sale of denim and denim products.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed consolidated interim financial information is unaudited

This consolidated interim financial information has been presented in condensed form in compliance 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 consolidated interim financial information should be read in conjunction with the financial statements of the Group for

Condensed Consolidated Interim Financial Information

Notes to and forming part of consolidated interim financial information for the nine months ended September 30, 2009

the year ended December 31, 2008.

2.2 Basis of measurement

This condensed consolidated interim financial information has been prepared under the historical cost convention except for certain financial instruments at fair value or amortized cost, employees retirement benefits at present value 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.

2.3 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.

2.4 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 consolidated 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, 2008.

The Group during the period has adopted International Accounting Standard - 1 "Presentation of Financial Statements" (*Revised-2007*) to the extent the standard is consistent with the requirements of Companies Ordinance, 1984 and the Rules and Regulations made thereunder. Requirements of the standard that are in conflict with the Companies Ordinance, 1984 and the Rules and Regulations made thereunder have not been applied in preparing and presenting this financial information.

Condensed Consolidated Interim Financial Information

Notes to and forming part of consolidated interim financial information for the nine months ended September 30, 2009

	Note	As at September 30, 2009 Rupees	As at December 31, 2008 Rupees
4 SHARE CAPITAL			
Authorized share capital			
Ordinary shares of Rs. 10 each			
900,000,000 voting shares		9,000,000,000	9,000,000,000
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 non-voting shares		3,000,000,000	3,000,000,000
		<u>15,000,000,000</u>	<u>15,000,000,000</u>
Issued, subscribed and paid-up capital			
Voting ordinary shares of Rs. 10 each			
323,712,733 (December 31, 2008: 249,655,142) shares fully paid in cash	4.1	3,237,127,330	2,496,551,420
62,548,641 shares issued as fully paid bonus shares	4.1	625,486,410	-
12,276,073 (December 31, 2008: 12,276,073) shares issued as consideration for machinery		122,760,730	122,760,730
50,811,992 (December 31, 2008: 50,811,992) shares issued as consideration for merger		508,119,920	508,119,920
		4,493,494,390	3,127,432,070
Non-voting ordinary shares of Rs. 10 each			
4,753,719 (December 31, 2008: 3,843,564) shares fully paid in cash	4.2	47,537,190	38,435,640
768,712 shares issued as fully paid bonus shares	4.2	7,687,120	-
		55,224,310	38,435,640
Preference shares of Rs. 10 each			
66,125,083 (December 31, 2008: 66,125,083) shares fully paid in cash		661,250,830	661,250,830
		<u>5,209,969,530</u>	<u>3,827,118,540</u>

4.1 Movement in number of voting ordinary shares in issue during the period was as follows:

Condensed Consolidated Interim Financial Information

Notes to and forming part of consolidated interim financial information for the nine months ended September 30, 2009

	Note	As at September 30, 2009 No. of shares	As at December 31, 2008 No. of shares
As at beginning of the period			
		312,743,207	312,713,457
Conversion of preference shares into ordinary shares			
		-	29,750
Issue of bonus shares	4.1.1	62,548,641	-
Issue of right shares	4.1.1	74,057,591	-
		<u>449,349,439</u>	<u>312,743,207</u>

4.1.1 During the period, ANL increased its ordinary share capital through issue of bonus shares at 20 ordinary shares for every 100 ordinary shares held and issue of right shares, at 23.68 ordinary shares for every 100 ordinary shares held (without giving consideration to issue of bonus shares), at a price of Rs. 13.50 per ordinary right share.

4.2 Movement in number of non-voting ordinary shares in issue during the period was as follows:

	Note	As at September 30, 2009 No. of shares	As at December 31, 2008 No. of shares
As at beginning of the period			
		3,843,564	-
Conversion of term finance certificates into ordinary shares			
		-	3,843,564
Issue of bonus shares	4.1.1	768,712	-
Issue of right shares	4.1.1	910,155	-
		<u>5,522,431</u>	<u>3,843,564</u>

5 REDEEMABLE CAPITAL - SECURED

Term Finance Certificates - net of transaction costs		12,115,029,794	12,304,943,140
Sukuks		1,600,000,000	1,600,000,000
		13,715,029,794	13,904,943,140
Less: current maturity presented under current liabilities		(841,062,500)	400,373,346
		<u>14,556,092,294</u>	<u>13,504,569,794</u>

Condensed Consolidated Interim Financial Information

Notes to and forming part of consolidated interim financial information for the nine months ended September 30, 2009

	As at September 30, 2009 Rupees	As at December 31, 2008 Rupees
6 LONG TERM FINANCES - SECURED		
Utilized under markup arrangements from banking companies and financial institutions	4,909,978,302	4,142,422,500
Less: current maturity grouped under current liabilities	(778,510,000)	1,055,580,000
	<u>5,688,488,302</u>	<u>3,086,842,500</u>
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	332,378,118	142,137,868
Less: current maturity grouped under current liabilities	(69,424,436)	35,473,672
	<u>401,802,554</u>	<u>106,664,196</u>

8 SHORT TERM BORROWINGS

These represent secured, as well as unsecured, local and foreign currency financing obtained against aggregate funded and unfunded facilities available of Rs. 31,827 million (31 December 2008: Rs. 28,485 million) from various banking companies and financial institutions. Local currency finances carry markup at rates ranging from one to nine months KIBOR plus 1.75% to 4% per annum (31 December 2008: one to nine months KIBOR plus 1.5% to 5% per annum). Foreign currency finances carry markup at LIBOR of matching tenor plus spread ranging from 1% to 4% per annum (31 December 2008: LIBOR of matching tenor plus spread ranging from 1% to 3% per annum). Markup on pre / post shipment finances refinanced by State Bank of Pakistan ("SBP") is payable at SBP refinance rate of 6.5% plus banks' spread of 1% per annum.

9 CONTINGENCIES AND COMMITMENTS

Contingencies

Guarantees given by banks on behalf of the Company as at the reporting date amount to Rs. 174.936 million (31 December 2008: Rs. 123.205 million).

The status of all other contingencies is unchanged since 31 December 2008.

Condensed Consolidated Interim Financial Information

Notes to and forming part of consolidated interim financial information for the nine months ended September 30, 2009

Commitments

Commitments under irrevocable letters of credit as at the reporting date amount to Rs. 3,421 million (December 31, 2008: Rs. 3,223 million).

Commitments for fixed capital expenditure as at the reporting date amount to Rs. 55.9 million (December 31, 2008: Rs. 128.470 million).

	Note	As at September 30, 2009 Rupees	As at December 31, 2008 Rupees
10 PROPERTY, PLANT AND EQUIPMENT			
Net book value as at beginning of the period		22,111,803,926	20,081,750,375
Additions during the period	10.1	1,471,012,612	2,954,386,383
Exchange difference on translation of foreign subsidiaries		1,865,437	(124,447)
Net book value of assets deposed during the period	10.2	(306,667,822)	(5,532,174)
Depreciation charged during the period		(761,457,090)	(918,684,619)
Net book value as at end of the period		<u>22,516,557,063</u>	<u>22,111,795,518</u>

10.1 Additions - Cost

Assets owned by the Company

Freehold land	260,000	480,272,666
Building on freehold land	180,648,371	655,237,050
Plant and Machinery	827,176,096	1,441,821,970
Furniture and fixtures	8,172,936	42,751,658
Vehicles and rail transport		
- additions	5,298,578	59,110,549
- transfers from/(to) leased assets	969,000	(40,013,068)
Sui gas installations	-	27,144
Tools and equipment	67,466,793	103,295,697
Office equipments	9,302,459	18,286,526
Electric installation	10,044,915	18,931,523
Books and literature	-	309,172
Catalysts	-	80,032,605

Condensed Consolidated Interim Financial Information

Notes to and forming part of consolidated interim financial information for the nine months ended September 30, 2009

	As at September 30, 2009 Rupees	As at December 31, 2008 Rupees
<i>Assets subject to finance lease</i>		
Plant and machinery	303,460,739	2,578,500
Vehicles and rail transport		
- additions	59,179,225	51,731,323
- transfers (to)/from owned assets	(969,000)	40,013,068
	<u>1,471,010,112</u>	<u>2,954,386,383</u>
10.2 Disposals - Net book value		
<i>Assets owned by the Company</i>		
Building on freehold land	480	-
Plant and machinery	303,460,739	-
Furniture and fixtures	-	333,492
Vehicles and rail transport	1,751,161	3,095,240
Tools and equipment	-	36,075
Office equipments	-	409,647
Electric installation	-	474,614
<i>Assets subject to finance lease</i>		
Vehicles and rail transport	1,455,442	1,183,106
	<u>306,667,822</u>	<u>5,532,174</u>
11 LONG TERM INVESTMENTS		
Investments available for sale		
Cost	1,015,432	1,015,432
Accumulated impairment loss	(996,768)	(996,768)
Fair value adjustment	9,135	49,074
	<u>27,799</u>	<u>67,738</u>

Condensed Consolidated Interim Financial Information

Notes to and forming part of consolidated interim financial information for the nine months ended September 30, 2009

	Total		Fertilizer		Textile	
	Nine months ended Sep 30, 2009 Rupees	Nine months ended Sep 30, 2008 Rupees	Nine months ended Sep 30, 2009 Rupees	Nine months ended Sep 30, 2008 Rupees	Nine months ended Sep 30, 2009 Rupees	Nine months ended Sep 30, 2008 Rupees
Revenue from external customers	17,529,166,349	10,067,518,297	5,384,012,418	8,328,958,385	7,683,056,879	-
Inter-segment revenues	-	-	-	-	-	-
Segment profit / (loss)	1,393,448,314	1,085,993,014	683,499,877	1,208,520,694	401,593,137	-
Segment assets	57,917,065,247	51,058,649,069	25,647,176,540	28,322,744,510	28,211,472,559	29,594,312,720
12.1 The software segment of the Group has been discontinued since June 2008 due to winding up of the Company managing the segment, under the carry over scheme of the Securities and Exchange Commission of Pakistan.	As at Sep 30, 2009 Rupees	As at Dec 31, 2008 Rupees	As at Sep 30, 2009 Rupees	As at Dec 31, 2008 Rupees	As at Sep 30, 2009 Rupees	As at Dec 31, 2008 Rupees
12.2 The changes in disclosure and presentation of segment information in comparison with the latest annual financial statements are due to adoption of IFRS 8 - Operating Segments, which is effective for the periods beginning on or after 01 January 2009. However, there is no change in basis of segmentation and measurement of segment profit or loss, since the Group's segmentation in previous periods was based on the management approach to segment reporting.	As at June 30, 2009 Rupees	As at Dec 31, 2008 Rupees	As at June 30, 2009 Rupees	As at Dec 31, 2008 Rupees	As at June 30, 2009 Rupees	As at Dec 31, 2008 Rupees
12.3 Reconciliation of reportable segment assets and segment profit	57,917,065,247	51,058,649,069	1,393,448,314	1,085,993,014	-	-
Total for reportable segments	(8,605,419,746)	(8,915,403,850)	-	-	-	-
Elimination of investments in other segments	(948,841,921)	(524,967,463)	-	-	-	-
Inter-segment balances	1,143,212,120	1,143,212,120	-	-	-	-
Inter-segment profits	49,590,013,700	46,761,489,876	1,393,448,314	1,085,993,014	-	-
Goodwill acquired in business combination	-	-	-	-	-	-
Consolidated total	-	-	-	-	-	-

12 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.

Information about operating segments as at September 30, 2009 and for the nine months then ended is as follows:

Includes manufacture and sale of textile and apparel products
Manufacture and sale of nitrogenous and phosphatic fertilizers

Condensed Consolidated Interim Financial Information

Notes to and forming part of consolidated interim financial information for the nine months ended September 30, 2009

13 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties, from the Group's perspective comprise associated undertakings and other related group companies, key management personnel including chief executive, directors and executives and post employment benefit plans. The Group in the normal course of business carries out transactions with various related parties.

Details of transactions balances with related parties are as follows:

	Nine months ended September 30, 2009 Rupees	Nine months ended September 30, 2008 Rupees
13.1 Transactions with related parties		
13.1.1 Associates		
Purchase of chemicals	6,110,981	1,870,506
13.1.2 Post employment benefit plans		
Contribution to employees provident fund	46,265,970	33,911,535
Contribution to gratuity trust	6,738,873	6,698,100
13.1.3 Key management personnel (including chief executive, directors and executives)		
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director. Total compensation for key management personnel (including chief executive, directors and executives) was as follows:		
	Nine months ended September 30, 2009 Rupees	Nine months ended September 30, 2008 Rupees
Short term employee benefits	182,110,554	192,541,796
Post employment benefits	12,526,518	9,569,934

Additionally, the Chief Executives of the Parent and Subsidiary Companies are provided with free use of employer maintained car.

Condensed Consolidated Interim Financial Information

Notes to and forming part of consolidated interim financial information for the nine months ended September 30, 2009

	As at September 30, 2009 Rupees	As at December 31, 2008 Rupees
13.2 Balances with related parties		
13.2.1 Associates		
Investment in ordinary shares	-	206,546,529
13.2.2 Post employment benefit plans		
Payable to employees provident fund	4,576,085	5,120,350
Payable to gratuity trust	11,141,621	12,616,399
13.2.3 Key management personnel (including chief executive, directors and executives)		
Short term employee benefits payable	19,243,367	13,157,448

14 DATE OF AUTHORISATION FOR ISSUE

This condensed consolidated interim financial information was authorised for issue on October 30, 2009 by the Board of Directors of ANL.

15 GENERAL

Figures have been rounded off to the nearest rupee.

Earnings per share of the Group for the nine months and quarter ended September 30, 2009 have been restated to reflect the change in number of ordinary shares following the issue of bonus and right shares during the period by ANL.

Lahore


Chief Executive


Director

