



September 30, 2020

FORM-3

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Financial Results for the Year Ended June 30, 2020

Dear Sir,

We have to inform you that the Board of Directors of our Company in their meeting held on September 30, 2020 at 11.00 am at Registered Office, Ismail Aiwan-i-Science, Off: Shahrah-i-Roomi, Lahore, recommended the following:

| | | |
|--|--------|------|
| (i) CASH DIVIDEND | AND/OR | Nil |
| (ii) BONUS SHARES | AND/OR | Nil |
| (iii) RIGHT SHARES | AND/OR | Nil |
| (iv) ANY OTHER ENTITLEMENT/CORPORATE ACTION | AND/OR | None |
| (v) ANY OTHER PRICE-SENSITIVE INFORMATION | | None |

The financial results of the Company for the year ended June 30, 2020 are attached.

The Annual General Meeting of the Company will be held on October 28, 2020 at 11.00 am at Registered Office of the Company, Ismail Aiwan-i-Science, Off: Shahrah-i-Roomi, Lahore.

The Share Transfer Books of the Company will be closed from October 22, 2020 to October 28, 2020 (both days inclusive). Transfers received at the office of Company's Share Registrar M/s. Hameed Majeed Associates (Pvt.) Limited, H. M. House, 7-Bank Square, Lahore, Pakistan at the close of business on October 21, 2020 will be treated in time to attend and vote at the meeting.

The Annual Report of the Company will be transmitted through PUCARS atleast 21 days before holding of Annual General Meeting.

Yours Sincerely,



MUHAMMAD AWAIS
Company Secretary

C.C:

The Executive Director (Enforcement)
Securities and Exchange Commission of Pakistan
NIC Building, Jinnah Avenue, Blue Area, Islamabad.

AZGARD NINE LIMITED

REGISTERED OFFICE: ISMAIL AIWAN-I-SCIENCE, OFF SHAHRAH-I-ROOMI, LAHORE-54600, PAKISTAN.

PH: +92 (0) 42 35761794-5 FAX: + 92 (0) 42 35761791
EMAIL: INFO@AZGARD9.COM WEBSITE: WWW.AZGARD9.COM



The financial results* of Azgard Nine Limited for the year ended June 30, 2020 are as follows:

| | June 30, 2020 | June 30, 2019 |
|---|-------------------------|-------------------------|
| | Rupees | Rupees |
| Sales - net | 16,909,299,380 | 20,214,970,742 |
| Cost of sales | <u>(14,446,980,920)</u> | <u>(16,726,690,730)</u> |
| Gross Profit | 2,462,318,460 | 3,488,280,012 |
| Selling and distribution expenses | (884,982,511) | (911,073,423) |
| Administrative expenses | (549,982,576) | (513,699,624) |
| Profit from operations | 1,027,353,373 | 2,063,506,965 |
| Other income | 142,232,161 | 26,418,318 |
| Other expenses | (15,663,732) | (60,320,842) |
| Impairment loss on financial assets | (94,701,891) | - |
| Finance cost | (1,282,483,682) | (1,528,303,279) |
| (Loss)/profit before taxation | (223,263,771) | 501,301,162 |
| Taxation | (166,185,382) | (195,988,871) |
| (Loss)/profit after taxation | (389,449,153) | 305,312,291 |
| (Loss)/earning per share-basic and diluted | (0.84) | 0.67 |

* The Company has reassessed its relationship with Montebello S.R.L ('MBL') previously a 100% owned subsidiary of the Company, and based on advice from the legal counsel, has concluded that as result of ongoing bankruptcy proceedings and management of the liquidation process of MBL by the Court appointed trustee, the Company has ceased to exercise control over activities of MBL. Furthermore, in view of the guidance in International Financial Reporting Standard 10 'Consolidated Financial Statements' the management has also concluded that the Company does not have power to direct the relevant activities of MBL. Resultantly, effective from the financial year ended June 30, 2018, the Company has ceased recognizing and presenting MBL as its subsidiary. Therefore, financial statements for the financial year ended June 30, 2020 have not been consolidated with MBL.

The Auditors have expressed following qualification/emphasis in the audit report:

QUOTE

Qualified Opinion

We have audited the annexed financial statements of Azgard Nine Limited ("the Company") which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that except as stated in Basis for Qualified Opinion section of our report, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

AZGARD NINE LIMITED

REGISTERED OFFICE: ISMAIL AIWAN-I-SCIENCE, OFF SHAHRAH-I-ROOMI, LAHORE-54600, PAKISTAN.

PH: +92 (0) 42 35761794-5 FAX: + 92 (0) 42 35761791

EMAIL: INFO@AZGARD9.COM WEBSITE: WWW.AZGARD9.COM





Except for the possible effect of the matter discussed in the Basis for Qualified Opinion section of our report, in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

As stated in note 22.1.2 to the financial statements that on December 18, 2014, the Court of Vicenza, Italian Republic ("the Court") approved bankruptcy proposal of public prosecutor and appointed Trustee to manage the affairs of the wholly owned subsidiary, Montebello s.r.l. ("MBL"). The Company has recorded impairment aggregating to Rs. 2,625.03 million against its investment in MBL and Rs. 452.53 million against the trade receivables from MBL. The management has represented through its legal counsel that the MBL bankruptcy is currently in process with Italian Bankruptcy court and its appointed liquidator. Accordingly, the assets of MBL are being realized for satisfaction of the claims filed against MBL. In view of the absence of definite determination of the claims / recoveries expected by the Company, we are unable to satisfy ourselves as to the appropriateness of the amounts recorded and related disclosures made in the financial statement by the Company.

Except as stated in Basis for Qualified Opinion above, we conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2.3 to the financial statements which describes that as at the year end, the current liabilities of the Company have exceeded its current assets by Rs. 8,794.36 million, and its accumulated losses stand at Rs. 11,752.38 million. These conditions, along with other matters as set forth in note 2.3 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The management of the Company have assessed its ability to continue as going concern taking into consideration the improvement in results generated from operating activities and expected impact of ongoing financial restructuring. Our opinion is not qualified in respect of this matter.

Unquote



MUHAMMAD AWAIS
Company Secretary