

February 26, 2021

FORM-7

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

Financial Results for the Half Year Ended December 31, 2020

Dear Sir,



We have to inform you that the Board of Directors of our Company in their meeting held on February 26, 2021 at 11.00 am at Registered Office, Ismail Aiwan-i-Science, Off: Shahrah-e-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 half year ended December 31, 2020 are attached.

The Half Yearly Report of the Company for the period ended December 31, 2020 will be transmitted through PUCARS separately, within the specified time.

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-9

The financial results* of Azgard Nine Limited for the half year ended December 31, 2020 are as follows:

	Half Year Ended (Jul-Dec)		Second Quarter Ended (Oct-Dec)	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	- - - Rupees - - -		- - - Rupees - - -	
Sales - net	11,088,209,370	10,365,453,810	5,886,661,986	5,642,692,136
Cost of sales	(9,073,680,367)	(8,526,028,755)	(4,869,616,174)	(4,609,855,065)
Gross Profit	2,014,529,003	1,839,425,055	1,017,045,812	1,032,837,071
Selling and distribution expenses	(533,640,621)	(493,909,203)	(260,006,148)	(269,147,825)
Administrative expenses	(278,699,142)	(294,754,689)	(140,580,895)	(152,638,046)
Profit from operations	1,202,189,240	1,050,761,163	616,458,769	611,051,200
Other income	61,849,293	63,265,874	33,641,100	28,433,894
Other expenses	(26,295,488)	(23,325,208)	(7,440,335)	(23,325,208)
Impairment loss on financial asset	-	(94,701,891)	-	(94,701,891)
Loss on sale of non current asset held for sale	(196,395,156)	-	(196,395,156)	-
Finance cost	(629,544,957)	(583,024,786)	(304,505,282)	(285,539,210)
Profit before taxation	411,802,932	412,975,152	141,759,096	235,918,785
Taxation	(108,539,245)	(100,349,551)	(57,608,163)	(54,136,931)
Profit after taxation	303,263,687	312,625,601	84,150,933	181,781,854
Profit per share-basic and diluted	0.62	0.69	0.17	0.40

* 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 half year ended December 31, 2020 have not been consolidated with MBL.




AZGARD NINE LIMITED

ISMAIL AIWAN-I-SCIENCE, OFF SHAHRAH-I-ROOMI, LAHORE-54600, PAKISTAN.
PH: +92 (0) 42 35761794-5 FAX: +92 (0) 42 35761791
WEBSITE: WWW.AZGARD9.COM

The Auditors have expressed following qualification/emphasis in the Review Report:

QUOTE

Basis for Qualified Conclusion

As stated in note 9.1 to these interim financial statements, 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 these interim financial statements by the Company.

Qualified Conclusion

Based on our review, except for the effects on these interim financial statements of the matter described in basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial statements, are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 2.3 to these interim financial statements that during the period ended December 31, 2020, current liabilities of the Company exceeded its current assets by Rs. 8,396.15 million, and its accumulated losses stood at Rs. 10,858.04 million. These conditions, along with other matters as set forth in the said note, 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

OTHER DECISIONS TAKEN BY THE BOARD

The Board of Directors of the Company has taken following decisions, in respect of election of Directors, in accordance with the requirements of the Companies Act, 2017:

- The number of Directors to be elected in the following Extraordinary General Meeting are fixed, in accordance with Section 159(1) of the Companies Act, 2017, as seven (7).
- Extraordinary General Meeting of the Company will be held on April 03, 2021 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 March 27, 2021 to April 03, 2021 (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 March 26, 2021 will be treated in time to attend and vote at the meeting.

Notice of Extraordinary General Meeting will be transmitted in due course.


MUHAMMAD AWAIS
Company Secretary

