



October 30, 2021

FORM-3

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

Financial Results for the Year Ended June 30, 2021

Dear Sir,

We have to inform you that the Board of Directors of our Company in their meeting held on October 30, 2021 at 11.30 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, 2021 are attached.

The Annual General Meeting of the Company will be held on November 27, 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 November 20, 2021 to November 27, 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 November 19, 2021 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



AZGARD-9



The financial results* of Azgard Nine Limited for the year ended June 30, 2021 are as follows:

	June 30, 2021 Rupees	June 30, 2020 Rupees
Sales - net	22,070,230,674	16,909,299,380
Cost of sales	<u>(18,881,633,863)</u>	<u>(14,446,980,920)</u>
Gross Profit	3,188,596,811	2,462,318,460
Selling and distribution expenses	(978,161,441)	(884,982,511)
Administrative expenses	(609,883,158)	(549,982,576)
Profit from operations	1,600,552,212	1,027,353,373
Other income	116,168,835	142,232,161
Other expenses	(98,114,676)	(15,663,732)
Impairment loss on financial assets	-	(94,701,891)
Finance cost	(908,231,757)	(1,282,483,682)
Profit/(loss) before taxation and restructuring gain	710,374,614	(223,263,771)
Gain on restructuring of loans - net	7,062,854,286	-
Profit/(loss) before taxation	7,773,228,900	(223,263,771)
Taxation	(213,828,823)	(166,185,382)
Profit/(loss) after taxation	7,559,400,077	(389,449,153)
Earnings/(loss) per share-basic and diluted	15.38	(0.84)

- * 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, 2021 have not been consolidated with MBL.



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The Auditors have expressed following qualifications 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, 2021, 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.

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, 2021 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

- a) As stated in note 21.1.2 to the financial statements that on December 18, 2014, the Court of Vicenza, Italian Republic approved bankruptcy proposal of public prosecutor and appointed Trustee to manage the affairs of Company's wholly owned subsidiary, Montebello s.r.l. ("MBL"). Resultantly, the Company ceased recognizing and presenting MBL as its subsidiary and the investment in MBL has been presented as other investment – unquoted, an impairment has been recognized in full. Further, during the current year, the bankruptcy proceedings of MBL were purchased by Taybah Capital Limited (Taybah), a Company registered in United Arab Emirates. On March 31, 2021, Taybah filed suit for a claim of EUR 7 million. A writ of summons for a hearing to be held on November 23, 2021, and to appear before the Court of Venice has been received by the Company.

Based on the advice from the Company's legal counsel, the management is of the view that proceedings may be settled with no material financial implications. As a result, no provision has been recorded in the financial statements on account of this fresh claim. In view of the absence of definite determination of the claims, 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.

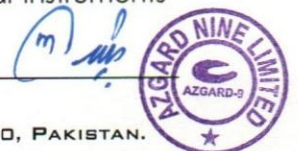
- b) A creditors' scheme of arrangement (the Scheme) approved by the Honorable Lahore High Court (LHC) was implemented on April 29, 2021, during the current year. As per this Scheme, new finances (sub Privately Placed Term Finance Certificates, New Zero Coupon Privately Placed Term Finance Certificates and Settlement Finance) replaced the existing liabilities (principal and mark-up both) comprising of redeemable capital, long term finances and certain short-term borrowings of the Company (refer to notes 9 & 10). The new restructured finances are either zero coupon or at 5% markup i.e., below market rate. As per International Financial Reporting Standard 9 'Financial Instruments'

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(IFRS 9), a financial liability shall be initially recognized at its fair value, which in this case is equivalent to the present value of the future cash flows using the prevailing market rate of interest. The Company has recognized the above mentioned finances at their respective face values, instead of their fair values.

Had these finances been recognised at their fair values, a gain aggregating to Rs. 3,256.59 million would have been recorded in the financial statements of the Company with a corresponding decrease in the carrying value of these finances (refer to notes 9 & 10). Further impact of unwinding of the present value impact would have been Rs. 93.34 million which would have increased the finance cost for the year and respective carrying amounts of the new finances.

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.

Unquote



MUHAMMAD AWAIS
Company Secretary

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