



February 26, 2022

**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, 2021**

Dear Sir,

We have to inform you that the Board of Directors of our Company in their meeting held on February 26, 2022 at 11.30 am at Registered Office, Ismail Aiwan-i-Science, Off: Shahrah-e-Roomi, Lahore, recommended the following:

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

The financial results of the Company for the half year ended December 31, 2021 are attached.

The Half Yearly Report of the Company for the period ended December 31, 2021 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 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 financial results\* of Azgard Nine Limited for the half year ended December 31, 2021 are as follows:

	Half Year Ended (Jul-Dec)		Second Quarter Ended (Oct-Dec)	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	--- Rupees ---		--- Rupees ---	
Sales - net	14,932,350,183	11,088,209,370	7,465,020,673	5,886,661,986
Cost of sales	(12,803,505,573)	(9,073,680,367)	(6,328,790,419)	(4,869,616,174)
<b>Gross Profit</b>	<b>2,128,844,610</b>	2,014,529,003	<b>1,136,230,254</b>	1,017,045,812
Selling and distribution expenses	(845,187,565)	(533,640,621)	(435,559,212)	(260,006,148)
Administrative expenses	(320,897,068)	(278,699,142)	(165,238,212)	(140,580,895)
<b>Profit from operations</b>	<b>962,759,977</b>	1,202,189,240	<b>535,432,830</b>	616,458,769
Other income	58,764,048	61,849,293	43,941,013	33,641,100
Other expenses	(65,188,213)	(26,295,488)	(20,544,949)	(7,440,335)
Loss on sale of non current asset held for sale	-	(196,395,156)	-	(196,395,156)
Finance cost	(347,946,376)	(629,544,957)	(180,552,965)	(304,505,282)
<b>Profit before taxation</b>	<b>608,389,436</b>	411,802,932	<b>378,275,929</b>	141,759,096
Taxation	(148,323,788)	(108,539,245)	(74,123,831)	(57,608,163)
<b>Profit after taxation</b>	<b>460,065,648</b>	303,263,687	<b>304,152,098</b>	84,150,933
<b>Earnings per share-basic and diluted</b>	<b>0.94</b>	0.62	<b>0.62</b>	0.17

\* During the year ended June 30, 2018, the Company 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, had concluded that as result of ongoing bankruptcy proceedings and management of the liquidation process of MBL by the Court appointed trustee, the Company had 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 had ceased recognizing and presenting MBL as its subsidiary.

Bankruptcy/Liquidation process of MBL has been taken over by M/s. Taybah Capital Limited (a company based in United Arab Emirates) and resultantly the liquidation process of MBL has been completed. Relevant disclosures have been made in the financial statements for the half year ended December 31, 2021. Considering these factors, consolidation of financial statements with MBL is not required as MBL has been dissolved.



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**The Auditors have expressed following qualifications in the Review Report:**

**QUOTE**

**Basis for Qualified Conclusion**

- a) As stated in Note 7.1 to the annexed financial information that on December 18, 2014, the Court of Vicenza, Italian Republic had approved bankruptcy proposal of public prosecutor and appointed a Trustee to manage the affairs of Company's wholly owned subsidiary, Montebello s.r.l. ("MBL"). Resultantly, the Company has ceased recognizing and presenting MBL as its subsidiary and such investment is being presented as other investment against which impairment has also been recognized in full. During last 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 which is being defended by the Company. During this period, the Court of Vicenza has also accepted and awarded TCL's claim to the extent of EUR 2.049 million. The Company has filed appeal against this Order which is pending for adjudication.

The Company has not made any provision on account of claim of EUR 7 million as well as recent Court order for EUR 2 million against the company in these interim financial statements. In absence of definite determination of these claims, we are unable to satisfy ourselves as to the appropriateness of amounts recorded and related disclosures made in these interim financial statements; and

- b) A creditors' scheme of arrangement (the Scheme) approved by the Honorable Lahore High Court (LHC) was implemented on April 29, 2021, during last 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) comprising of redeemable capital, long term finances and certain short-term borrowings of the Company. The new restructured finances are either zero coupon or at 5% markup i.e., below market rate. However, the Company has recognized these finances at their respective face values, instead of their fair values.


Had these finances been recognised at their fair value on the date of restructuring, equity of the Company would have increased by Rs. 3029 million with a corresponding decrease in carrying value of such restructured finances as well as increase in finance cost of these six months by Rs. 134 million.

**Qualified Conclusion**

Based on our review, except for effects of the matters 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.

**UNQUOTE**

  
**MUHAMMAD AWAIS**  
Company Secretary



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