



September 30, 2022

**FORM-3**

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

**Financial Results for the Year Ended June 30, 2022**

Dear Sir,

We have to inform you that the Board of Directors of our Company in their meeting held on September 30, 2022 at 11.30 am at Registered Office, Ismail Aiwan-i-Science, Off: Shahrah-i-Roomi, Lahore, recommended the following:

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

The financial results of the Company for the year ended June 30, 2022 are attached.

The Annual General Meeting of the Company will be held on October 28, 2022 at 11.30 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 21, 2022 to October 28, 2022 (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 20, 2022 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:  
**EXECUTIVE DIRECTOR/HEAD OF DEPARTMENT**  
Offsite-II Department, Supervision Division,  
**Securities & Exchange Commission of Pakistan**  
63, 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](mailto:INFO@AZGARD9.COM) WEBSITE: [WWW.AZGARD9.COM](http://WWW.AZGARD9.COM)



The financial results\* of Azgard Nine Limited for the year ended June 30, 2022 are as follows:

	June 30, 2022 Rupees	June 30, 2021 Rupees
<b>Sales - net</b>	<b>33,768,785,938</b>	22,070,230,674
Cost of sales	<u>(29,110,611,926)</u>	<u>(18,881,633,863)</u>
<b>Gross Profit</b>	<b>4,658,174,012</b>	3,188,596,811
Selling and distribution expenses	<b>(1,774,294,263)</b>	(978,161,441)
Administrative expenses	<b>(736,576,269)</b>	(609,883,158)
<b>Profit from operations</b>	<b>2,147,303,480</b>	1,600,552,212
Other income	<b>67,180,804</b>	116,168,835
Other expenses	<b>(104,758,119)</b>	(98,114,676)
Finance cost	<b>(764,116,597)</b>	(908,231,757)
<b>Profit before taxation and restructuring gain</b>	<b>1,345,609,568</b>	710,374,614
Gain on restructuring of loans - net	<b>166,184,543</b>	7,062,854,286
<b>Profit before taxation</b>	<b>1,511,794,111</b>	7,773,228,900
Taxation	<b>(453,611,803)</b>	(213,828,823)
<b>Profit after taxation</b>	<b>1,058,182,308</b>	7,559,400,077
<b>Earnings per share-basic and diluted</b>	<b>2.15</b>	15.38

\* 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 year ended June 30, 2022. Considering these factors, consolidation of financial statements with MBL is no more required as MBL has been dissolved during financial year ended June 30, 2022.



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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, 2022, 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 matters 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, 2022 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 annexed 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 had 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. 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 had filed suit for a claim of EUR 7 million which is being defended by the Company. During the year, the Court of Vicenza has awarded Taybah's claim to the extent of EUR 2.049 million. The Company has filed appeal against this order of the Court which is pending for adjudication (Refer to Note 19.1.5).

As the Company expects to get relief from both cases, it has not made any provision on account of claim of Euro 7 million as well as recent Court order for EUR 2.049 million against the Company in these financial statements. In absence of definite determination of these claims and legal opinion, we are unable to satisfy ourselves as to the appropriateness of the amounts recorded and related disclosures made in these financial statements; and

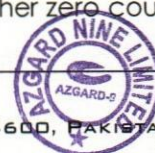
- b) A creditors' scheme of arrangement (the Scheme) approved by the Honorable Lahore High Court (LHC) was implemented during last year. As per this Scheme, new finances (sub Privately Placed Term Finance Certificates, New Zero Coupon Privately Placed Term Finance Certificates and Settlement Finance) replaced existing liabilities (principal and mark-up both) comprising of redeemable capital, long term finances and certain short-term borrowings of the Company. The new restructured finances are either zero coupon

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or at 5% markup i.e., below market rate. In accordance with accounting policies of the Company and International Financial Reporting Standard 9 'Financial Instruments' (IFRS 9), a financial liability is initially recognized at its fair value. However, the Company has recognized above mentioned finances at their respective face values, instead of their fair values.

Had these finances been recognised at their fair values on the date of restructuring, equity of the Company would have been increased by Rs. 2,798 million with a corresponding decrease in the carrying value of such restructured finances as well as increase in finance cost of current year by Rs. 284 million (Refer to Note 10).

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

