

25-Feb-16

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

FINANCIAL RESULTS FOR THE HALF YEAR ENDED DECEMBER 31, 2015

Dear Sir

We have to inform you that the Board of Directors in their Meeting held on Thursday, February 25, 2016 at 4:00 p.m. at the registered office of the Company has approved the following:

- | | | |
|-------|----------------------|------------|
| (i) | CASH DIVIDEND | NIL |
| (II) | BONUS SHARES | NIL |
| (III) | RIGHT SHARES | NIL |

The Stand Alone financial results of Azgard Nine Ltd for the Half Year ended December 31, 2015 are as follows:

	Half Year Ended (Jul - Dec)		Quarter Ended (Oct - Dec)	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	Rupees	Rupees	Rupees	Rupees
SALES - net	6,346,189,413	4,966,912,466	3,570,790,249	2,696,193,106
COST OF SALES	(5,742,375,866)	(4,456,752,937)	(3,169,431,085)	(2,309,426,493)
GROSS PROFIT	603,813,547	510,159,529	401,359,164	386,766,613
SELLING AND DISTRIBUTION EXPENSES	(227,043,669)	(279,502,741)	(120,720,648)	(155,026,633)
ADMINISTRATIVE EXPENSES	(201,554,226)	(211,696,167)	(98,813,410)	(99,200,909)
PROFIT FROM OPERATIONS	175,215,652	18,960,621	181,825,106	132,539,071
OTHER INCOME	32,376,134	320,004,040	11,547,505	2,475,992
OTHER EXPENSES	(50,764,821)	(61,698,005)	(50,764,820)	(61,698,005)
FINANCE COST	(559,778,742)	(607,404,868)	(301,869,459)	(287,958,678)
LOSS BEFORE TAXATION	(402,951,777)	(330,138,212)	(159,261,668)	(214,641,620)
TAXATION	(63,461,894)	(50,887,795)	(35,813,967)	(28,826,292)
LOSS AFTER TAXATION	(466,413,671)	(381,026,007)	(195,075,635)	(243,467,912)
LOSS PER SHARE-BASIC AND DILUTED	(1.03)	(0.84)	(0.43)	(0.54)





The Auditors have qualified their opinion in the Review Report as follows:

a) as stated in notes 2.4 and 13 to the financial statements, the Company could not make timely repayments of principal and interest / mark-up related to long term debts and as at reporting date certain financial and other covenants imposed by the lenders could not be complied with. International Accounting Standard on Presentation of financial statements (IAS - 1) requires that if an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it should classify the liability as current. In these financial statements the long term debts have been classified as long term according to the individual loan repayment schedules. Had these liabilities been classified as per IAS - 1, current liabilities of the Company would have increased by Rs. 2,428 million as at the reporting date.

b) the Company has investment in term finance certificates ("TFC") of Agritech Limited ("AGL"). As per AGL latest available financial statements, its equity has completely eroded. Further, the Company has not received due amount of principal and mark-up since October 2012 against which aggregate impairment loss amounting to Rs. 66.39 million has been recorded in these financial statements. Accordingly, the carrying value of the Company's investment in TFCs of AGL as at 31 December 2015 amounting to Rs. 231.86 million and the related mark-up thereon amounting to Rs. 57.42 million as appearing in notes 8.1 and 9 respectively of these financial statements also appear doubtful of recovery. We were unable to determine the extent to which the amounts are likely to be recovered and time frame over which such recovery will be made.

c) as stated in note 10 to the financial statements, the Company has investment in preference shares ("shares") of AGL, designated as available for sale, and National Bank of Pakistan has agreed to purchase these shares at Rs. 5.25 per share (put-option) at a future date and subject to condition as defined in the put option agreement. The market value of these shares is Rs. 3.00 per share as at 31 December 2015. International Accounting Standard on Financial Instruments: Recognition and Measurement (IAS-39) requires investment classified as available for sale to be re-measured at market rate prevailing as at the balance sheet date with a resultant gain or loss to be recognized in other comprehensive income and to account for the put-option at fair value. However, the Company has not complied with the requirements of IAS-39 in relation to the valuation of shares and put-option. Had these shares been accounted for under IAS-39, carrying values of short term investment and available for sale reserve would have been lower by Rs. 131.15 million with corresponding increase in other comprehensive loss for the year by the same amount. We were unable to determine the value of put-option and the time frame over which it will become exercisable.

d) as stated in note 8.2.1 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 allowance of Rs. 1,449.41 million against its investment in MBL and Rs. 452.53 million against the trade receivables from MBL financial statements. The management has represented through its legal counsel that the last date for submissions of claims against MBL is March 2016 according to the Italian Bankruptcy Law and accordingly the claims against MBL have yet to be determined and finalized. In view of the absence of a definite determination of the claims against MBL we are unable to satisfy ourselves as to the adequacy of the impairment recorded by the Company.

Notwithstanding the matters as discussed in paragraphs (a) to (d) above, we draw attention to the matters that during the period ended 31 December 2015, the Company has incurred loss before tax of Rs. 403 million, its current liabilities exceeded its current assets by Rs. 10,706 million, and its accumulated losses stood at Rs. 11,917 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. This interim financial information has however been prepared on a going concern basis for the reasons more fully explained in note 2.3 to the financial statements. Our conclusion is not qualified in respect of this matter.

We will send you 200 copies of printed accounts separately for distribution amongst the members of the Exchange.

Yours Faithfully,
For AZGARD NINE LIMITED

Muhammad Ijaz Haider
COMPANY SECRETARY



CC:.
The Executive Director,
Enforcement Department,
Securities and Exchange Commission of Pakistan
NIC Building, Jinnah Avenue, Blue Area,
Islamabad