

February 25, 2017

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, 2016

Dear Sir,

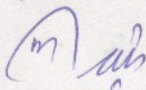
We have to inform you that the Board of Directors of our Company in their meeting held on February 25, 2017 at 12.30 pm at Registered Office, Ismail Aiwan-i-Science, Off: Shahrah-e-Roomi, Lahore, recommended the following:

- | | | |
|--|--------|------|
| (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 stand-alone financial results of the Company for the half year ended December 31, 2016 are attached.

We will be sending you 200 copies of printed accounts in due course of time for distribution amongst the members of the Exchange.

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 stand-alone* financial results of Azgard Nine Limited for the half year ended December 31, 2016 are as follows:

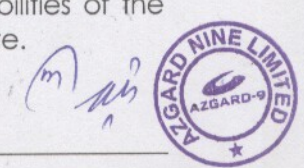
	Half Year Ended (Jul-Dec)		Second Quarter Ended (Oct-Dec)	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	--- Rupees ---		--- Rupees ---	
Sales - net	5,940,360,739	6,346,189,413	3,171,513,313	3,570,790,249
Cost of sales	(5,161,040,068)	(5,742,375,866)	(2,729,876,809)	(3,169,431,085)
Gross Profit	779,320,671	603,813,547	441,636,504	401,359,164
Selling and distribution expenses	(231,760,473)	(227,043,669)	(122,734,194)	(120,720,648)
Administrative expenses	(210,378,890)	(201,554,226)	(96,572,178)	(98,813,410)
Profit from operations	337,181,308	175,215,652	222,330,132	181,825,106
Other income	30,295,605	32,376,134	6,018,519	11,547,505
Other expenses	(45,742,541)	(12,678,662)	(45,742,541)	(12,678,662)
Finance cost	(448,144,751)	(597,864,901)	(169,511,551)	(339,955,617)
(Loss)/Profit before taxation	(126,410,379)	(402,951,777)	13,094,559	(159,261,668)
Taxation	(58,771,145)	(63,461,894)	(31,256,001)	(35,813,967)
Loss after taxation	(185,181,524)	(466,413,671)	(18,161,442)	(195,075,635)
Loss per share-basic and diluted	(0.41)	(1.03)	(0.04)	(0.43)

* The Securities and Exchange Commission of Pakistan has granted approval for exemption under Sub-Section 8 of Section 237 of the Companies Ordinance, 1984 from consolidation of the financial statements of the Company for the half year ended December 31, 2016.

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

Basis for Qualified Conclusion:

- a) as stated in notes 2.4 to the interim financial information, the Company could not make timely repayments of principal and interest / mark-up related to certain long term debts with unconditional right to call the loan in case of default in repayment and as at reporting date certain financial and other covenants imposed by the lenders could not be complied with. International Accounting Standard: 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 this interim financial information these long term debts aggregating to Rs. 814.3 million 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. 814.3 million as at the reporting date.



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

- b) the Company has investment in term finance certificates ("TFC") of Agritech Limited ("AGL"). As per the latest available financial statements of AGL, 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 this interim financial information. Accordingly, the carrying value of the Company's investment in TFCs of AGL as at December 31, 2016, amounting to Rs. 231.86 million and the related mark-up thereon amounting to Rs. 68.31 million as appearing in notes 8.1 and 9 respectively of this interim financial information also appear doubtful of recovery. We were unable to determine the extent to which the amounts are likely to be recovered, if any, and time frame over which such recovery will be made.
- c) as stated in note 10 to the interim financial information, the Company has investment in preference shares ("shares") of AGL, with cost of Rs. 5.25 per share, designated as available for sale, and National Bank of Pakistan has agreed to repurchase these shares at Rs. 5.25 per share at a future date and subject to conditions as defined in the put option agreement. As per the latest available financial statements of AGL, it is in financial difficulties, is not able to timely service its long term debt and its equity has completely eroded. International Accounting Standard on Financial Instruments: Recognition and Measurement (IAS-39) requires the investments 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 derivative at fair value. However, the Company has not complied with the requirements of IAS-39 and has measured the investment and the derivative at the option price. We are unable to determine the respective fair values of the investment in preference shares and the derivative by alternative means, and consequently are unable to determine the amount of adjustments required.
- d) as stated in note 8.2.1 to the interim financial information 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 aggregating to Rs. 2,652.03 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 MBL bankruptcy is currently in process with Italian Bankruptcy court and its appointed liquidator and 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 disclosures made in the interim financial information by the Company.

Qualified Conclusion

Based on our review, except for the effects on the interim financial information of the matters from (a) to (d) described in the basis of qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.



Emphasis of matter:

Notwithstanding the matters as discussed in paragraphs (a) to (d) above, we draw attention to the matter that during the period ended December 31, 2016, the Company has incurred loss before tax of Rs. 126.4 million and its current liabilities exceeded its current assets by Rs. 12.363 million, and its accumulated losses stood at Rs. 12.324 million. These conditions, along with other matters as set forth in note 2.3 to the interim financial information, 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 interim financial information. Our conclusion is not qualified in respect of this matter.



MUHAMMAD AWAIS
Company Secretary