



February 27, 2020

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, 2019

Dear Sir,

We have to inform you that the Board of Directors of our Company in their meeting held on February 27, 2020 at 11.00 am 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 financial results of the Company for the half year ended December 31, 2019 are attached.

The Half Yearly Report of the Company 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, 2019 are as follows:

	Half Year Ended (Jul-Dec)		Second Quarter Ended (Oct-Dec)	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	--- Rupees ---		--- Rupees ---	
Sales - net	10,365,453,810	9,424,382,568	5,642,692,136	5,454,016,438
Cost of sales	(8,526,028,755)	(7,971,566,727)	(4,609,855,065)	(4,624,079,126)
Gross Profit	1,839,425,055	1,452,815,841	1,032,837,071	829,937,312
Selling and distribution expenses	(493,909,203)	(459,744,056)	(269,147,825)	(264,178,629)
Administrative expenses	(294,754,689)	(248,107,598)	(152,638,046)	(122,206,359)
Profit from operations	1,050,761,163	744,964,187	611,051,200	443,552,324
Other income	63,265,874	7,395,610	28,433,894	3,831,806
Other expenses	(23,325,208)	-	(23,325,208)	-
Impairment loss on financial asset	(94,701,891)	-	(94,701,891)	-
Finance cost	(583,024,786)	(673,838,419)	(285,539,210)	(397,618,848)
Profit before taxation	412,975,152	78,521,378	235,918,785	49,765,282
Taxation	(100,349,551)	(91,431,813)	(54,136,931)	(52,901,043)
Profit/(Loss) after taxation	312,625,601	(12,910,435)	181,781,854	(3,135,761)
Profit/(Loss) per share-basic and diluted	0.69	(0.03)	0.40	(0.01)

* 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 half year ended December 31, 2019 have not been consolidated with MBL.



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

QUOTE

Basis for Qualified Conclusion

As stated in note 9.1 to these interim financial statements, 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. The management has represented through its legal counsel that the MBL bankruptcy is currently in process with Italian courts. 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 related disclosures made in these interim financial statements by the Company.

Qualified Conclusion

Based on our review, except for the effects on these interim financial statements of the matter described in basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at December 31, 2019 and for the half year then ended, are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

Notwithstanding the matters as discussed in basis for qualified conclusion paragraph above, we draw attention to note 2.3 to these interim financial statements that during the period ended December 31, 2019, current liabilities of the Company exceeded its current assets by Rs. 8,419.89 million, and its accumulated losses stood at Rs. 11,104.29 million. These conditions, along with other matters as set forth in the said note, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These interim financial statements have however been prepared on a going concern basis for the reasons more fully explained in note 2.3 to these interim financial statements.

Unquote


MUHAMMAD AWAIS
Company Secretary

