

Interim Financial Report  
for the half year ended  
December 31, 2020 (Un-audited)

AZGARD NINE LIMITED

**AZGARD9**  
TOMORROW'S DENIM. TODAY!

## Contents

Company Information	2
Directors' Review - English	3
Directors' Review - Urdu	5
Independent Auditors' Review Report	7
Condensed Interim Statement of Financial Position	9
Condensed Interim Statement of Profit or Loss (Un-audited)	10
Condensed Interim Statement of Comprehensive Income (Un-audited)	11
Condensed Interim Statement of Cash Flows (Un-audited)	12
Condensed Interim Statement of Changes in Equity (Un-audited)	13
Condensed Interim Selected Explanatory Notes to the Financial Statements (Un-audited)	14

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Zahid Mahmood  
Chairman  
Mr. Ahmed H. Shaikh  
Chief Executive  
Mr. Nasir Ali Khan Bhatti  
Ms. Maliha Sarda Azam  
Mr. Usman Rasheed  
Mr. Munir Alam  
Mr. Abdul Hamid Ahmed Dagia  
Mr. Abid Hussain

### COMPANY SECRETARY

Mr. Muhammad Awais

### CHIEF FINANCIAL OFFICER

Mr. Muhammad Zahid Rafiq, FCA

### AUDIT COMMITTEE

Mr. Nasir Ali Khan Bhatti  
Chairman  
Ms. Maliha Sarda Azam  
Mr. Usman Rasheed

### HR & REMUNERATION COMMITTEE

Ms. Maliha Sarda Azam  
Chairperson  
Mr. Ahmed H. Shaikh  
Mr. Usman Rasheed

### AUDITORS

Yousuf Adil  
Chartered Accountants

### SHARES REGISTRAR

M/s. Hameed Majeed Associates (Pvt.) Ltd.  
H. M. House, 7-Bank Square, Lahore.  
Ph: +92(0)42 37235081-82  
Fax : +92(0)42 37358817

### REGISTERED OFFICE

Ismail Aiwan-e-Science  
Off: Shahrah-e-Roomi Lahore, 54600.  
Ph: +92(0)42 35761794-5  
Fax: +92(0)42 35761791

### BANKERS

#### Relationship with conventional side

JS Bank Limited  
MCB Bank Limited  
Citibank N.A  
Faysal Bank Limited  
Habib Bank Limited  
Meezan Bank Limited  
United Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
National Bank of Pakistan  
Allied Bank Limited  
Silkbank Limited  
Summit Bank Limited  
Askari Bank Limited  
Bank Al Habib Limited  
Bankislami Pakistan Limited  
Bank of Khyber  
Relationship with Islamic window operations  
Al Baraka Bank Pakistan Limited

### PROJECT LOCATIONS

Textile & Apparel

#### Unit I

2.5 KM Off: Manga, Raiwind Road,  
District Kasur.  
Ph: +92(0)42 35384081  
Fax: +92(0)42 35384093

#### Unit II

Alipur Road, Muzaffargarh.  
Ph: +92 (0)661 422503, 422651  
Fax: +92 (0)661 422652

#### Unit IV

Atta Buksh Road, 18-KM, Off: Ferozepur Road,  
Mouza Atari Saroba, Tehseel Cantt, Lahore.  
Ph: +92(0) 333 0427020-1

### WEB PRESENCE

[www.azgard9.com](http://www.azgard9.com)

### E-MAIL

[info@azgard9.com](mailto:info@azgard9.com)

## Directors' Review

The Directors of Azgard Nine Limited ("the Company") along with the management team hereby present the Company's Condensed Interim Financial Report for six months' period ended 31 December 2020.

### Principal Activities

The main business of your Company is the production and marketing of Denim focused Textile and Apparel products, starting from yarn to retail ready goods.

Following are the operating financial results of Azgard Nine Limited (Standalone):

	Six Months ended 31 December 2020 (Rupees)	Six Months ended 31 December 2019 (Rupees)
Sales – Net	11,088,209,370	10,365,453,810
Operating profit	1,202,189,240	1,050,761,163
Other income	61,849,293	63,265,874
Other expenses	(222,690,644)	(118,027,099)
Finance Cost	(629,544,957)	(583,024,786)
Profit before Tax	411,802,932	412,975,152
Profit after Tax	303,263,687	312,625,601
Earnings per share	0.62	0.69

### Review of business during this period and future outlook

During this six months' period, in spite of the negative impacts of Covid-19, the sales of the Company have increased by almost 7% as compared to the same period of the previous year. The Denim segment has been the main contributor to this increase in sales.

Operating profit of this half year is Rs.1,202.19 million, an increase of almost 14% when compared with the operating profit of same period last year. During the period, in compliance with the orders of Lahore High Court regarding the lenders' filed scheme of arrangement, stitching unit located at Ruhi Nala, Lahore has been sold. Loss on sale of stitching unit of Rs.196.37 million has been incorporated during the period. In spite of this loss, the Company has been able to achieve a before tax profit of Rs. 411.80 million for the first half of year 2020-21.

Implementation of the lenders scheme for the company's 2nd financial restructuring that was approved by Lahore High Court on July 31, 2019 is ongoing. In this respect, proceeds from the rights issue and from the sale of the stitching unit are being kept in bank accounts maintained with escrow agent. After requisite approvals, the settlements will be made.

Through this scheme, it is anticipated that a significant portion of the principal portion of the debt and related mark-up would be settled. Post restructuring, it is expected that the company's debt levels will become sustainable. Once this scheme is fully implemented, it is hoped that the financial affairs of the company would improve and the company will be able to meet its financial obligations in a timely manner.

## 4 | Azzard Nine Limited

In spite, of the challenges posed due to Corona virus and growing competition in the sector, the Company's results are showing an improving trend. The management continues to strive for cost reductions, developing new and innovative products and trying to develop new markets. On the other hand, a lot depends on Government policies towards the textile sector including the timely payment of refunds and decisions regarding gas and electricity availability and pricing. These have or will have a significant impact on the performance of the company.

The future outlook for the business of the Company depends on the impact of the 2nd wave of Covid-19. At present, uncertainty still exists as most of Europe is in a "hard lock down". Shops are closed. The situation is not good and unclear at the moment, although not as bad as the first lock down that was experienced during the first wave of the virus.

Status of Disclosure in respect of Montebello S.R.L as mentioned in financial statements for year ended June 30, 2020, on the appeal of the Company. The matter of the Company's claim is in the Italian Supreme Court and now the decision of the Court is awaited. Disclosure in respect of consolidation of financial statements is provided in note 2.2 to the condensed interim financial report.

The board appreciates the cooperation, support and help of all the stakeholders through these difficult times. It is hoped that with their continued support in the future as well, we would continue to improve the Company's performance.

**On behalf of the Board of Directors**



Chief Executive Officer

Lahore

Date: February 26, 2021



Director

## ڈائریکٹرز کا جائزہ

ایزگارڈ نائن لمیٹڈ (کمپنی) ہمراہ انتظامیہ ٹیم کمپنی کی کثیف عبوری مالیاتی رپورٹ برائے شش ماہی مئی 31 2020 پیش کرتے ہیں۔

### اہم سرگرمیاں

آپ کی کمپنی کی توجہ دھاگہ، ڈنیم کپڑا اور تیار ڈنیم ملبوسات کی مصنوعات کی پیداوار اور مارکیٹنگ پر مرکوز ہے۔

ایزگارڈ نائن لمیٹڈ (شیئڈ لون) کے عملی مالیاتی نتائج درج ذیل ہیں۔

شش ماہی مئی 31 2019 (روپے)	شش ماہی مئی 31 2020 (روپے)	
10,365,453,810	11,088,209,370	فروختگی (Net)
1,050,761,163	1,202,189,240	آپریٹنگ منافع
63,265,874	61,849,293	دیگر کمائی
(118,027,099)	(222,690,644)	دیگر اخراجات
(583,024,786)	(629,544,957)	مالیاتی اخراجات
412,975,152	411,802,932	منافع قبل از ٹیکس
312,625,601	303,263,687	منافع بعد از ٹیکس
0.69	0.62	منافع فی شیئر

### اس معیاد کے دوران کاروبار کا جائزہ اور مستقبل پر نظر

اس شش ماہی کی مدت کے دوران، کووڈ-19 کے منفی اثرات کے باوجود، کمپنی کی سٹیز میں پچھلے سال کی اسی مدت کی نسبت تقریباً 7 فیصد کا اضافہ ہوا ہے۔ ڈنیم کا شعبہ اس سٹیز میں اضافہ کی بڑی وجہ ہے۔

آپریٹنگ منافع اس شش ماہی کا 1,202.19 ملین روپے ہے جو کہ پچھلے سال اسی شش ماہی کی نسبت تقریباً 14 فیصد زیادہ ہے۔ اس مدت کے دوران، قرض دہندگان کی دائر کردہ اسکیم کے سلسلے میں لاہور ہائی کورٹ کے احکامات کی تعمیل میں، روہی نالہ، لاہور پر واقع سلائی پونٹ فروخت ہو چکا ہے۔ 196.37 ملین روپے سلائی پونٹ کی فروخت پر ہونے والے نقصان کو اسی عرصے میں شامل کیا گیا ہے۔ اس خسارے کے باوجود، کمپنی سال 2020-21 کے پہلے نصف میں 411.80 ملین روپے منافع قبل از ٹیکس حاصل کرنے میں کامیاب ہوئی ہے۔

31 جولائی 2019 کو لاہور ہائی کورٹ سے دوسری مالیاتی تنظیم نو کی منظوری کے بعد اس کو لاگو کرنے کا عمل شروع ہو چکا ہے۔ اس سلسلے میں، رائٹ ایٹو اور سلائی پونٹ کی فروخت سے حاصل ہونے والی رقم اسکو و ایجنٹ کے قائم کردہ بینک اکاؤنٹ میں رکھ دی گئی ہے۔ مطلوبہ منظوری کے بعد، قرض واجبات کی ادائیگیاں کی جائیں گی۔

## 6 Azgard Nine Limited

اس اسکیم کے ذریعہ، یہ توقع کی جاتی ہے کہ قرض کی اصل رقم اور سود کے بڑے حصے کی ادائیگی ہو جائے گی۔ بعد از مالیاتی تنظیم نو یہ امید کی جاتی ہے کہ کمپنی کے قرضہ جات پائیدار سطح پر آجائیں گے۔ ایک بار یہ اسکیم مکمل نافذ ہونے پر، یہ امید کی جاتی ہے کہ کمپنی کے مالیاتی معاملات میں بہتری آئے گی اور کمپنی اپنے قرضہ جات کی بروقت ادائیگی کے قابل ہو جائے گی۔

کرونا وائرس سے پیدا چیلنجوں اور شعبہ میں بڑھتے ہوئے مقابلے کے باوجود، کمپنی کے نتائج میں بہتری آرہی ہے۔ انتظامیہ مسلسل لاگت میں کمی، نئی اور جدید مصنوعات کی تیاری اور نئی منڈیوں کی تلاش کے لئے کوشاں ہے۔ دوسری طرف، بہت کچھ گنناٹل شعبے کی طرف حکومتی پالیسیوں پر منحصر ہے جس میں بروقت واجب الادا رقم کی واپسی اور ٹیکس اور بجلی کی دستیابی اور نرخوں سے متعلق فیصلے شامل ہیں۔


مستقبل کے نقطہ نظر سے کمپنی کے کاروبار کا انحصار کووڈ-19 کی دوسری لہر کے اثرات پر ہے۔ موجودہ حالات میں، غیر یقینی صورتحال موجود ہے کیونکہ یورپ میں سخت لاک ڈاؤن ہے اور دوکانیں بند ہیں۔ اس وقت حالات اچھے نہیں اور غیر واضح ہیں البتہ اتنے برے نہیں جتنے کرونا وائرس کی پہلی لہر کے لاک ڈاؤن کے دوران دیکھے تھے۔

(MBL) Montebello S.R.L. کے بارے میں انکشافات جیسا کہ 30 جون 2020 کے مالیاتی بیٹیشنس میں بیان کئے گئے ہیں، کمپنی کی اپیل پر، کمپنی کے دعوہ کا معاملہ اٹلی سپریم کورٹ میں ہے، فی الحال عدالت کے فیصلے کا انتظار ہے۔ یکجا مالیاتی بیٹیشنس کے بارے میں انکشافات مالیاتی بیٹیشنس کے نوٹ 2.2 میں مہیا کئے گئے ہیں۔

بورڈ اس مشکل وقت میں اپنے تمام شراکت داروں کے تعاون کا شکر گزار اور تعریف کرتا ہے۔ یہ امید کی جاتی ہے کہ ان کے مسلسل تعاون اور حمایت کی وجہ سے کمپنی کی کارکردگی میں بہتری آئے گی۔

بورڈ آف ڈائریکٹرز کی جانب سے

  
ڈائریکٹر

  
چیف ایگزیکٹو آفیسر  
لاہور  
26 فروری 2021ء



**Yousuf Adil**  
Chartered Accountants  
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New Garden Town, Lahore  
Pakistan

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## INDEPENDENT AUDITORS' REVIEW REPORT

### TO THE MEMBERS OF AZGARD NINE LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Azgard Nine Limited** (the Company) as at December 31, 2020, the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cashflows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarter ended December 31, 2020 and related comparative information have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### 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.2,625.03 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 Bankruptcy court and its appointed liquidator. 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 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.



**S** | **Azzgard Nine Limited**

 **YOUSUF ADIL**


**Yousuf Adil**  
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Pakistan

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**Emphasis of Matter**

We draw attention to note 2.3 to these interim financial statements that during the period ended December 31, 2020, current liabilities of the Company exceeded its current assets by Rs. 8,396.15 million, and its accumulated losses stood at Rs. 10,858.04 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. The management of the Company have assessed its ability to continue as going concern taking into consideration the improvement in results generated from operating activities and expected impact of ongoing financial restructuring. Our opinion is not qualified in respect of this matter.

The engagement partner on the review resulting in this independent auditor's review report is Rana M. Usman Khan.



**Chartered Accountants**

**Lahore**

**Date: February 26, 2021**

**Condensed Interim Statement of Financial Position**

As at December 31, 2020

	Note	(Un-audited) December 31, 2020 Rupees	(Audited) June 30, 2020 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital		<u>15,000,000,000</u>	<u>15,000,000,000</u>
Issued, subscribed and paid up capital		4,913,753,370	4,913,753,370
Reserves		3,216,320,430	3,216,320,430
Surplus on revaluation of operating fixed assets		4,151,199,367	4,742,276,247
Accumulated losses		(10,858,037,361)	(11,752,377,928)
		<u>1,423,235,806</u>	<u>1,119,972,119</u>
<b>Non-current liabilities</b>			
Redeemable capital - secured	4	-	-
Long term finances - secured	5	-	-
Lease liabilities		5,511,446	7,117,689
Deferred liability		415,027,457	383,204,296
		<u>420,538,903</u>	<u>390,321,985</u>
<b>Current liabilities</b>			
Current portion of non-current liabilities	6	8,203,971,347	8,139,942,728
Short term borrowings		5,143,006,851	5,067,529,093
Trade and other payables		1,668,848,962	1,474,806,412
Contract liabilities		94,590,425	254,630,353
Interest / mark-up accrued on borrowings		6,904,100,561	6,520,946,044
Dividend payable on preference shares		9,413,535	9,413,535
Unclaimed dividend on ordinary shares		3,753,253	3,763,905
Provision for taxation		12,285,213	-
		<u>22,039,970,147</u>	<u>21,471,032,070</u>
<b>Contingencies and commitments</b>			
	7	<u>23,883,744,856</u>	<u>22,981,326,174</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	10,189,286,329	10,254,008,713
Long term investments	9	12,608,052	12,608,052
Long term deposits and receivables		38,034,396	38,034,396
		<u>10,239,928,777</u>	<u>10,304,651,161</u>
<b>Current assets</b>			
Stores, spares and loose tools		167,514,893	128,358,354
Stock-in-trade		3,496,554,427	3,190,805,924
Trade debts		2,680,473,078	2,225,064,263
Advances, deposits, prepayments and other receivables		2,910,926,317	2,147,978,705
Income tax recoverable		-	880,794
Short term investments	10	139,993,989	139,993,989
Receivable from National Bank of Pakistan (NBP)	11	306,022,500	306,022,500
Funds for restructuring scheme		1,190,034,720	571,284,720
Cash and bank balances		594,594,943	787,189,396
		<u>11,486,114,867</u>	<u>9,497,578,645</u>
<b>Non-current assets held for sale</b>			
	12	2,157,701,212	3,179,096,368
		<u>23,883,744,856</u>	<u>22,981,326,174</u>

The annexed notes 1 to 20 form an integral part of these interim financial statements.

Lahore   
Chief Executive Officer

  
Director

  
Chief Financial Officer

**Condensed Interim Statement of Profit or Loss (Un-audited)**  
**For the half year and quarter ended December 31, 2020**

	2020		2019	
	July to December	October to December	July to December	October to December
	Rupees	Rupees	Rupees	Rupees
<b>Note</b>				
Sales - net	11,088,209,370	5,886,661,986	10,365,453,810	5,642,692,136
Cost of sales	(9,073,680,367)	(4,869,616,174)	(8,526,028,755)	(4,609,855,065)
<b>Gross profit</b>	<b>2,014,529,003</b>	<b>1,017,045,812</b>	<b>1,839,425,055</b>	<b>1,032,837,071</b>
Selling and distribution expenses	(533,640,621)	(260,006,148)	(493,909,203)	(269,147,825)
Administrative expenses	(278,699,142)	(140,580,895)	(294,754,689)	(152,638,046)
<b>Profit from operations</b>	<b>1,202,189,240</b>	<b>616,458,769</b>	<b>1,050,761,163</b>	<b>611,051,200</b>
Other income	61,849,293	33,641,100	63,265,874	28,433,894
Other expenses	(26,295,488)	(7,440,335)	(23,325,208)	(23,325,208)
Impairment loss on financial asset	-	-	(94,701,891)	(94,701,891)
Loss on sale of non current asset held for sale	(196,395,156)	(196,395,156)	-	-
Finance cost	13 (629,544,957)	(304,505,282)	(583,024,786)	(285,539,210)
<b>Profit before taxation</b>	<b>411,802,932</b>	<b>141,759,096</b>	<b>412,975,152</b>	<b>235,918,785</b>
Taxation	(108,539,245)	(57,608,163)	(100,349,551)	(54,136,931)
<b>Profit for the period</b>	<b>303,263,687</b>	<b>84,150,933</b>	<b>312,625,601</b>	<b>181,781,854</b>
<b>Profit per share - basic and diluted</b>	<b>0.62</b>	<b>0.17</b>	<b>0.69</b>	<b>0.40</b>

The annexed notes 1 to 20 form an integral part of these interim financial statements.

Lahore

  
 Chief Executive Officer

  
 Director

  
 Chief Financial Officer

**Condensed Interim Statement of Comprehensive Income (Un-audited)**  
**For the half year and quarter ended December 31, 2020**

	2020		2019	
	July to	October to	July to	October to
	December	December	December	December
	Rupees	Rupees	Rupees	Rupees
Profit for the period	303,263,687	84,150,933	312,625,601	181,781,854
<i>Other comprehensive income for the period</i>	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>303,263,687</b>	<b>84,150,933</b>	<b>312,625,601</b>	<b>181,781,854</b>

The annexed notes 1 to 20 form an integral part of these interim financial statements.

Lahore

		
_____ Chief Executive Officer	_____ Director	_____ Chief Financial Officer

### Condensed Interim Statement of Cash Flows (Un-audited) For the half year ended December 31, 2020

	2020 July to December Rupees	2019 July to December Rupees
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	411,802,932	412,975,152
<b>Adjustments for non-cash items:</b>		
Finance cost on borrowings	629,544,957	583,024,786
Loss/ (gain) on disposal of property, plant and equipment	4,621,649	(219,138)
Loss on disposal of unit classified as held for sale	196,395,156	-
Provision for employee benefits	96,551,933	84,184,795
Depreciation	187,693,823	187,631,726
	<u>1,114,807,518</u>	<u>854,622,169</u>
<b>Profit before changes in working capital</b>	1,526,610,450	1,267,597,321
<b>Effect of Changes in Working Capital</b>		
Stores, spares and loose tools	(39,156,539)	10,270,080
Stock-in-trade	(305,748,503)	(259,299,942)
Trade debts	(455,408,815)	675,516,457
Advances, deposits, prepayments and other receivables	(762,947,612)	(915,630,490)
Trade and other payables	240,241,970	82,801,229
	<u>(1,323,019,499)</u>	<u>(406,342,666)</u>
<b>Net cash generated from operations</b>	203,590,951	861,254,655
<b>Payments for:</b>		
Finance cost	(182,472,787)	(239,025,099)
Employee benefits	(64,728,772)	(19,543,303)
Income taxes	(95,373,238)	(115,525,748)
	<u>(342,574,797)</u>	<u>(374,094,150)</u>
<b>Net cash (used in) / generated from operating activities</b>	(138,983,846)	487,160,505
<b>Cash flows from investing activities</b>		
Capital expenditure	(135,123,091)	(180,662,535)
Long term deposits	-	51,143,400
Proceeds from disposal of unit classified as held for sale	618,750,000	-
Proceeds from disposal of fixed assets	7,530,000	264,780
<b>Net cash generated from / (used in) investing activities</b>	491,156,909	(129,254,355)
<b>Cash flows from financing activities</b>		
Lease liabilities paid	(1,495,274)	(1,185,125)
Repayment of long term finance	-	(8,418,294)
Short term borrowings excluding running finance	52,228,079	(110,591,252)
<b>Net cash generated from / (used in) financing activities</b>	50,732,805	(120,194,671)
<b>Net increase in cash and cash equivalents</b>	402,905,868	237,711,479
<b>Cash and cash equivalents at the beginning of period</b>	1,016,477,278	(231,363,802)
<b>Cash and cash equivalents at the end of period</b>	<u>1,419,383,146</u>	<u>6,347,677</u>
<b>Cash and cash equivalents</b>		
Cash and bank balances	594,594,943	333,183,166
Funds for restructuring scheme	1,190,034,720	-
Running finance	(365,246,517)	(326,835,489)
	<u>1,419,383,146</u>	<u>6,347,677</u>

The annexed notes 1 to 20 form an integral part of these interim financial statements.

Lahore

  
 Chief Executive Officer

  
 Director

  
 Chief Financial Officer

**Condensed Interim Statement of Changes in Equity (Un-audited)  
For the half year ended December 31, 2020**

	Capital reserves				Revenue reserves		Total equity		
	Issued, subscribed and paid-up capital	Share premium	Reserve on merger	Preference share redemption reserve	Post employment benefits obligation reserve	Surplus on revaluation of fixed asset		Accumulated loss	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees		
As at July 01, 2019 - Audited	4,548,718,700	2,358,246,761	105,152,005	661,250,830	10,837,976	4,849,769,249	(11,470,421,777)	(3,485,164,956)	1,063,553,744
Profit for the half year ended December 31, 2019	-	-	-	-	-	-	312,625,601	312,625,601	312,625,601
Other comprehensive income for the period ended December 31, 2019	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period ended December 31, 2019	-	-	-	-	-	-	-	-	-
Transfer of incremental depreciation from surplus on revaluation of operating fixed assets	-	-	-	-	(53,500,065)	(53,500,065)	-	-	-
As at December 31, 2019 - Un-audited	4,548,718,700	2,358,246,761	105,152,005	661,250,830	10,837,976	4,796,269,184	(11,104,296,111)	(3,172,539,355)	1,376,179,345
As at July 01, 2020 - Audited	4,913,753,370	2,358,246,761	105,152,005	661,250,830	91,670,834	4,742,276,247	(11,752,377,928)	(3,793,781,251)	1,119,972,119
Profit for the half year ended December 31, 2020	-	-	-	-	-	-	303,263,687	303,263,687	303,263,687
Other comprehensive income for the period ended December 31, 2020	-	-	-	-	-	(51,518,752)	51,518,752	-	-
Total comprehensive income for the period ended December 31, 2020	-	-	-	-	-	(51,518,752)	51,518,752	-	-
Transfer of incremental depreciation from surplus on revaluation of operating fixed assets	-	-	-	-	-	(539,558,128)	539,558,128	-	-
Transfer of surplus on disposal of fixed assets	-	-	-	-	-	-	-	-	-
As at December 31, 2020 - Un-audited	4,913,753,370	2,358,246,761	105,152,005	661,250,830	91,670,834	4,151,199,367	(10,858,037,361)	(3,490,517,564)	1,423,235,806

The annexed notes 1 to 20 form an integral part of these interim financial statements.

**Lahore**

**Chief Executive Officer**



**Director**

**Chief Financial Officer**



## 14 | Azgard Nine Limited

### Condensed Interim Selected Explanatory Notes to the Financial Statements (Un-audited) For the half year ended December 31, 2020

#### 1. Status and nature of business

Azgard Nine Limited ("the Company") is incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984, now Companies Act, 2017 and is listed on Pakistan Stock Exchange Limited. The Company is a composite spinning, weaving, dyeing and stitching unit engaged in the manufacturing of yarn, denim and denim products. The registered office of the Company is situated at Ismail Aiwani-Science, off Shahrah-i-Roomi, Lahore. The Company has four units with Unit I located at 2.5 km off Manga, Raiwind Road, District Kasur, Unit II at Alipur Road, Muzaffargarh, Unit III at 20 km off Ferozpur Road, 6 km Badian Road on Ruhi Nala, Der Khurd, Lahore and Unit IV at Atta Buksh Road, 18 km, off Ferozpur Road, Mouza Atari Saroba, Tehseel Cantt, Lahore. Unit IV is rented facility. Unit I and IV are operational, Unit II is non-operational and is being held for sale, whilst Unit III has been sold and the amount has been received.

#### 2. Basis of preparation

##### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information required for annual financial statements including financial risk management information and therefore should be read in conjunction with the annual audited financial statements for the year ended June 30, 2020.

Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2020 whereas comparative statement of profit or loss, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim financial statements for the half year and quarter ended on December 31, 2019.

These condensed interim financial statements are being submitted to the shareholders as required by Section 237 of the Companies Act, 2017.

## 2.2 Separate financial statements

These condensed interim financial statements are the separate financial statements of the Company. Consolidated condensed interim financial statements of the Company are not prepared as the management, based on advice from the Company's legal counsel, has concluded that as a result of ongoing bankruptcy proceedings and management of affairs of Montebello s.r.l. ("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 concluded that the Company does not have power to direct the relevant activities of MBL. Resultantly, the Company has ceased recognising and presenting MBL as its subsidiary. Accordingly, the Company's investment in MBL has been presented as other investment-unquoted (note 9.1).

## 2.3 Going concern assumption

During the period, current liabilities of the Company have exceeded its current assets by Rs. 8,396.15 million (June 30, 2020: Rs. 8,794.36 million), financial liabilities include Rs. 15,920.16 million (June 30, 2020: Rs. 15,406.37 million) relating to overdue principal and mark-up thereon, and the accumulated loss stand at Rs. 10,858.04 million (December 31, 2019: Rs. 11,104.29 million). These conditions cast doubt about the Company's ability to continue as a going concern. These condensed interim financial statements have, however, been prepared on a going concern basis. The assumption that the Company would continue as a going concern is based on the following factors:

### 2.3.1 Financial restructuring

The ongoing financial restructuring of the Company is in the final stages and is expected to significantly reduce the debt burden and finance cost of the Company. In this respect, the creditors' scheme of arrangement was approved by the Honorable Lahore High Court (LHC) vide order dated July 31, 2019. The financial restructuring was due to be finalized during the current year however the time period has been extended due to COVID-19 and lockdown situation and is currently in the implementation phase. In accordance with the court approved scheme of the arrangement, the Company is required to raise funds through right issue and disposal of its two secondary units. In this respect proceeds from right issues have been received and held in right share subscription account and sale of one of the units has also been executed.

### 2.3.2 Cashflows from operations

As part of assessing the Company's ability to continue as going concern, the management has analyzed the projected impact of financial restructuring on the financial position and cash flows of the Company. It is anticipated that the Company's restructured debt levels will be sustainable and resulting obligations would be met on time subject to impact, if any, of uncontrollable external factors such as the local and global market conditions.

The Company's cashflow has deteriorated due to COVID-19 and lockdown. The Company faced problems in collection of receivables however with opening up of European countries and restoration of business activities, recoveries were back to normal. As business is getting back on track, management is hopeful that during year 2020-21, sales and profitability targets would be achieved. As the recovery phase has started from June 2020, there is no going concern uncertainty due to COVID-19. These are attributable to enhanced capacity utilizations, improved sales in the international markets, continuation of textile package by Government of Pakistan for exporters and cost controls by management and the Company expects to generate strong results and maintain positive cash flows from operations in future.



### 3. Accounting policies and estimates

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2020.

3.2 Judgments and estimates made by the management in the preparation of the condensed interim financial statements are the same as those applied in preparation of annual audited financial statements of the Company for the year ended June 30, 2020.

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	Rupees
<b>4 Redeemable capital - secured</b>			
Term Finance Certificates - II		651,066,836	651,066,836
Privately Placed Term Finance Certificates - IV		949,075,824	949,075,824
Term Finance Certificates - V		527,682,637	527,682,637
Privately Placed Term Finance Certificates - VI		3,218,300,030	3,218,300,030
Privately Placed Term Finance Certificates		326,456,184	326,456,184
Privately Placed Term Finance Certificates		217,200,000	217,200,000
		<u>5,889,781,511</u>	5,889,781,511
Transaction costs		<u>(53,187,871)</u>	(53,187,020)
		5,836,593,640	5,836,594,491
Less: Current maturity presented under current liabilities		<u>(5,836,593,640)</u>	(5,836,594,491)
		<u>-</u>	-
<b>5 Long term finances</b>			
Deutsche Investitions - Und MBH (Germany)		1,388,718,281	1,324,295,017
Citi Bank N.A. (Pakistan)		565,781,488	565,781,488
Meezan Bank Limited		234,568,765	234,568,765
Saudi Pak Industrial and Agricultural Company Limited		43,251,155	43,251,155
		<u>2,232,319,689</u>	2,167,896,425
Transaction costs		<u>(16,481,046)</u>	(15,976,280)
		2,215,838,643	2,151,920,145
Less: Current maturity presented under current liabilities		<u>(2,215,838,643)</u>	(2,151,920,145)
		<u>-</u>	-
<b>6 Current portion of non-current liabilities</b>			
Preference shares of Rs.10 each (June 2020 : Rs.10 each)		148,367,255	148,367,255
Redeemable capital - secured	4	5,836,593,640	5,836,594,491
Long term finances - secured	5	2,215,838,643	2,151,920,145
Lease liabilities		3,171,809	3,060,837
		<u>8,203,971,347</u>	8,139,942,728

## 7. Contingencies and commitments

### 7.1 Contingencies

There is no material change in the status of contingencies as disclosed in the financial statements for the year ended June 30, 2020, except for the contingent liability relating to Gas Infrastructure Development Cess (GIDC) amounting to Rs. 155.61 million which was Rs. 123.84 million as at June 30, 2020.

	(Un-audited) December 31, 2020 Rupees	(Audited) June 30, 2020 Rupees
<b>7.2 Commitments</b>		
<b>7.2.1 Commitments under irrevocable letters of credit for:</b>		
- purchase of raw material	91,452,911	27,599,517
- purchase of plant and machinery	114,478,650	-
- purchase of stores, spares and loose tools	13,845,590	33,199,186
	<u>219,777,150</u>	<u>60,798,703</u>
<b>7.2.2 Commitments for capital expenditure</b>	<u>89,149,804</u>	<u>57,177,007</u>
<b>8. Property, plant and equipment</b>		
Operating fixed assets	8.1 10,137,708,690	9,996,709,467
Right of use asset	8,430,783	9,367,534
Capital work in progress	43,146,856	247,931,712
	<u>10,189,286,329</u>	<u>10,254,008,713</u>
<b>8.1 Operating fixed assets</b>		
Net book value as at the beginning of the period / year	9,996,709,467	10,070,013,272
Additions during the period / year	8.1.1 339,907,947	309,905,535
Disposals during the period / year - Net book value	(12,151,652)	(10,318,687)
Depreciation charged during the period / year	(186,757,072)	(372,890,653)
	<u>10,137,708,690</u>	<u>9,996,709,467</u>
<b>8.1.1 Additions- cost</b>		
<b><i>Assets owned by the Company</i></b>		
Building	83,759,098	23,751,887
Plant and machinery	234,597,832	187,980,912
Furniture, fixtures and office equipment	3,546,930	17,223,139
Vehicles	3,307,050	8,983,301
Tools and equipments	10,553,043	28,815,060
Electric installations	4,143,994	43,151,236
	<u>339,907,947</u>	<u>309,905,535</u>

## 9. Long term investments

These represent investments in equity and debt securities, classified as fair value through other comprehensive income financial assets. Particulars of investments are as follows:

## 18 | Azgard Nine Limited

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	Rupees
Investment in Montebello s.r.l. ("MBL")	9.1	-	-
Investment in Agritech Limited TFCs	9.2	<b>12,608,052</b>	12,608,052
		<b><u>12,608,052</u></b>	<b><u>12,608,052</u></b>

### 9.1 Investment in Montebello s.r.l. ("MBL")

6,700,000 ordinary shares with a capital of

Euro 6,700,000 Cost

Accumulated impairment

9.1.1	<b>2,625,026,049</b>	2,625,026,049
	<b><u>(2,625,026,049)</u></b>	<b><u>(2,625,026,049)</u></b>
	<b><u>-</u></b>	<b><u>-</u></b>

**9.1.1** As disclosed in the note 2.2, the management, based on advice from the Company's legal counsel, has determined that the MBL has ceased to be a subsidiary of the Company.

MBL has gone into liquidation process and the Court of Vicenza has appointed a trustee to manage the affairs of MBL. During the bankruptcy proceedings, 48 parties filed their claims with the Court and all have been accepted by the Court aggregating to Euro 7,893,794.48. The value of priority claims included therein are of Euro 3,929,380.36 and the value of unsecured and subordinated claims are of Euro 3,964,414.12. The Company has been advised by its legal counsel that, in accordance with the law, priority claims would be paid first and then unsecured and subordinated claims will be paid. The Company's claim aggregating to Euro 3,835,344 has been accepted on account of principal and interest as subordinated claim due to the Company being the parent of MBL.

The Company has contested with the Court that its claim should be accepted as at least unsecured claim rather than being subordinated claim. The Court has appointed an expert to decide whether claim of the Company should be accepted as unsecured claim or subordinated. The expert has given his opinion that claim of the Company should be subordinated. The Company questioned the decision of expert in the Court and lodged its defense regarding the classification of its claim. On 15 July 2019, the Court rejected the defense of the Company and has upheld the decision of expert. The Company has filed appeal in Italian Supreme Court.

### 9.2 Other investments - unquoted

#### Agritech Limited

25,237 (2019 : 25,237) Term Finance

Certificates of Rs. 5,000 each

Less: impairment allowance

	<b>126,080,519</b>	126,080,519
	<b><u>(113,472,467)</u></b>	<b><u>(113,472,467)</u></b>
9.2.1	<b><u>12,608,052</u></b>	<b><u>12,608,052</u></b>

**9.2.1** These represent Term Finance Certificates ("TFCs") issued by AGL and carry return at six months KIBOR plus 1.75% and are redeemable in thirteen unequal semi-annual instalments starting from July 14, 2013. Since majority of TFCs are pledged as security with providers of debt finance, therefore these have been presented as long term investment.

These are secured by charge over property, plant and equipment of AGL.

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	Rupees	Rupees
<b>10 Short term investments</b>			
28,022 Term Finance Certificates (Rs. 5,000 each) of Agritech Limited	10.1	<b><u>139,993,989</u></b>	<b><u>139,993,989</u></b>

**10.1** During the year ended 2019, the Company's creditors' scheme of arrangement for restructuring of liabilities was approved and its implementation is in process. 28,022 TFCs amounting to Rs. 139.99 million are due to be settled with the lenders and these TFCs have been classified as short term investments.

		<b>(Un-audited) December 31, 2020</b>	<b>(Audited) June 30, 2020</b>
	<i>Note</i>	<b>Rupees</b>	<b>Rupees</b>
<b>11 Receivable from National Bank of Pakistan (NBP)</b>			
Put option agreement for repurchase of preference shares of AGL	11.1	<u><b>306,022,500</b></u>	<u>306,022,500</u>

**11.1** This represents receivable from The National Bank of Pakistan ("NBP") against a put option exercised by the Company on July 12, 2019, under an agreement, dated June 25, 2014, for the repurchase of preference shares of Agritech Limited. Under the agreement 58.29 million preference shares of Agritech Limited were transferred to the Company as security by NBP to be repurchased at an agreed price of Rs. 5.25 per share upon exercise of put option by the Company. As the Company has exercised the put option as stipulated in the agreement which has been duly acknowledged / accepted by NBP, the Company has derecognized its investment in preference shares of Agritech Limited and has recognized a receivable from NBP aggregating to Rs. 306.02 million.

		<b>(Un-audited) December 31, 2020</b>	<b>(Audited) June 30, 2020</b>
	<i>Note</i>	<b>Rupees</b>	<b>Rupees</b>
<b>12 Non-current assets held for sale</b>			
Carry amount as at the beginning of the period/ year		<b>3,179,096,368</b>	3,190,050,821
Fair value adjustment during the year		-	(10,954,453)
Disposals during the period - Net book value		<u><b>(1,021,395,156)</b></u>	-
		<u><b>2,157,701,212</b></u>	<u>3,179,096,368</u>

As mentioned in note 2.3, in accordance with the approved scheme of arrangement stitching unit of the Company located at Ruhi Nala, Lahore has been sold during this period.

### 13 Finance cost

*Interest / mark-up on:*

Redeemable capital & long term financing	<b>249,550,396</b>	290,524,681
Liabilities against assets subject to finance lease	<b>392,254</b>	604,681
Short term borrowings	<b>182,900,373</b>	235,979,491
	<b>432,843,023</b>	527,108,853
Amortization of transaction costs	<b>1,628,138</b>	5,956,252
Foreign exchange (gain) / loss on foreign currency borrowings	<b>64,423,264</b>	(90,909,165)
Bank discountings and other charges	<b>130,650,532</b>	140,868,846
	<u><b>629,544,957</b></u>	<u>583,024,786</u>

### 14 Transactions and balances with related parties

Related parties from the Company's perspective comprise subsidiary, associated undertakings, key management personnel (including chief executive and directors), post employment benefit plan and other related parties. The Company in the normal course of business carries out transactions with various related parties and continues to have a policy whereby all such transactions are carried out on permissible basis.

## 20 | Azzard Nine Limited

During the year ended June 30, 2020, the holding of Jahangir Siddiqui and Company Limited (JSCL) in the Company has increased from 19.96% to 24.86% and consequently JSCL and its group companies are considered as related parties. Comparative disclosure of transactions and balances with related parties have been amended accordingly.

Detail of transactions and balances with related parties are as follows:

	<b>(Un-audited) July to December 2020</b>	<b>(Un-audited) July to December 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>14.1 Transactions with related parties</b>		
<b>14.1.1 Other related parties</b>		
<b>JS Bank Limited</b>		
Mark-up expense	<b>3,138,171</b>	23,162,138
Trusteeship fee paid	<b>500,000</b>	500,000
Mark-up paid	-	19,282,825
<b>JS Value Fund Limited</b>		
Mark-up expense	<b>1,105,457</b>	1,409,076
<b>Unit Trust of Pakistan</b>		
Mark-up expense	<b>1,403,763</b>	2,436,635
<b>JS Large Cap Fund</b>		
Mark-up expense	<b>4,611,393</b>	4,611,393
<b>JS Global Capital Limited</b>		
Mark-up expense	<b>18,102,666</b>	18,102,666
<b>JS Principal Secure Fund</b>		
Mark-up expense	<b>1,856,535</b>	1,856,535
<b>JS Income Fund</b>		
Mark-up expense	<b>1,821,073</b>	2,878,561
<b>JS Growth Fund</b>		
Mark-up expense	<b>4,481,236</b>	4,734,252
<b>14.1.2 Key management personnel</b>		
Short-term employee benefits	<b>169,681,068</b>	184,916,906

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Rupees	Rupees
<b>14.2 Balances with related parties</b>		
<b>14.2.1 Other related parties</b>		
<b>JS Bank Limited</b>		
Redeemable capital - TFC IV	65,021,777	65,021,777
Mark-up payable	66,050,115	57,983,213
<b>JS Value Fund Limited</b>		
Redeemable capital - TFC II	19,523,024	19,523,024
Redeemable capital - TFC VI	12,900,000	12,900,000
Mark-up payable	19,771,144	18,665,687
<b>Unit Trust of Pakistan</b>		
Redeemable capital - TFC V	31,980,766	31,980,766
Redeemable capital - PPTFC VI	19,265,000	19,265,000
Mark-up payable	29,339,152	27,935,389
<b>JS Large Cap Fund</b>		
Redeemable capital - PPTFCs	83,160,000	83,160,000
Mark-up payable	56,790,306	50,349,393
<b>JS Global Capital Limited</b>		
Redeemable capital - PPTFCs	326,456,184	326,456,184
Mark-up payable	222,938,270	197,653,567
<b>JS Principal Secure Fund</b>		
Redeemable capital - PPTFCs	33,480,000	33,480,000
Mark-up payable	22,863,630	20,270,535
<b>JS Pension Savings Fund</b>		
Redeemable capital - PPTFC VI	3,850,000	3,850,000
<b>JS Income Fund</b>		
Redeemable capital - TFC II	7,369,942	7,369,942
Redeemable capital - TFC V	31,980,766	31,980,766
Redeemable capital - TFC VI	24,135,000	24,135,000
Mark-up payable	36,802,759	34,981,685
<b>JS Growth Fund</b>		
Redeemable capital - TFC II	16,269,187	16,269,187
Redeemable capital - PPTFC VI	10,750,000	10,750,000
Redeemable capital - PPTFCs	64,200,000	64,200,000
Mark-up payable	60,318,397	54,424,761
<b>14.2.1 Key management personnel</b>		
Short-term employee benefits payable	20,636,778	17,105,095

15. Segments Information

15.1 Information about reportable segments

15.1.1 Segment revenues and results

	Spinning segment		Weaving segment		Garment segment		Elimination		Total	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Revenue</b>										
External revenues	764,580,356	985,330,846	4,137,876,120	3,379,688,243	6,185,752,894	6,000,434,721	-	-	11,088,209,370	10,365,453,810
Inter-segment revenues	301,420,882	294,477,626	1,971,242,669	1,770,536,926	3,478,249	7,698,188	(2,276,141,800)	(2,072,712,740)	-	-
Reportable segment revenue	1,066,001,238	1,279,808,472	6,109,118,789	5,150,225,169	6,189,231,143	6,008,132,909	(2,276,141,800)	(2,072,712,740)	11,088,209,370	10,365,453,810
<b>Cost of sales</b>										
- intersegment	(301,420,882)	(294,477,626)	(1,971,242,669)	(1,770,536,926)	(3,478,249)	(7,698,188)	2,276,141,800	2,072,712,740	-	-
- external	(697,765,743)	(901,207,383)	(9,093,583,096)	(2,566,535,478)	(5,281,361,528)	(5,058,285,894)	-	-	(9,073,680,367)	(8,536,028,755)
Gross profit	665,814,613	84,123,463	1,043,323,024	813,152,765	903,951,366	942,148,827	-	-	2,014,529,003	1,839,425,055
Selling and distribution expenses	(15,337,415)	(19,476,988)	(166,491,058)	(170,264,398)	(351,812,148)	(304,167,817)	-	-	(533,640,621)	(493,909,203)
Administrative expenses	(57,232,711)	(52,324,868)	(1,057,238,132)	(122,596,038)	(115,738,299)	(119,833,763)	-	-	(278,699,142)	(294,754,688)
Segment results	(72,570,126)	(71,801,856)	(272,219,190)	(292,860,456)	(467,550,447)	(424,001,580)	-	-	(812,339,763)	(788,663,892)
Other income	(5,755,513)	12,321,607	771,703,834	520,292,309	436,740,919	518,147,247	-	-	1,202,189,240	1,050,761,163
Loss on sale of non current asset held for sale									61,849,293	63,265,874
Other expenses									(196,395,156)	-
Impairment loss on financial asset									(6,295,488)	(33,235,208)
Finance cost									(629,544,957)	(94,701,891)
Taxation									(108,539,245)	(100,349,551)
Profit after taxation									303,263,687	312,625,601

15.1.2 Inter-segment sales and purchases

Inter-segment sales and purchases have been eliminated from total figures.

**15.1.3 Basis of inter-segment pricing**

All inter-segment transfers are made at negotiated rates.

	Spinning segment		Weaving segment		Garment segment		Elimination		Total	
	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>15.1.4 Assets</b>										
Total assets for reportable segments	4,056,298,263	4,072,511,649	9,720,844,539	9,127,739,013	7,975,706,917	8,205,188,666	(957,716,424)	(456,307,547)	21,477,133,395	20,949,511,781
Property, plant and equipment - common	-	-	-	-	-	-	-	-	987,352,200	1,001,995,132
Long term investments	-	-	-	-	-	-	-	-	12,608,052	12,608,052
Receivable from National Bank of Pakistan	-	-	-	-	-	-	-	-	306,022,500	306,022,500
Short term investments	-	-	-	-	-	-	-	-	139,993,989	139,993,989
Funds for restructuring scheme	-	-	-	-	-	-	-	-	1,190,034,720	571,384,720
	4,056,298,263	4,072,511,649	9,720,844,539	9,127,739,013	7,975,706,917	8,205,188,666	(957,716,424)	(456,307,547)	23,883,744,856	22,981,326,174
<b>15.1.5 Liabilities</b>										
Total liabilities for reportable segments	277,571,313	248,173,024	989,149,265	1,138,085,473	1,442,316,206	1,195,867,553	(957,716,424)	(456,307,547)	2,203,920,560	2,125,818,503
Corporate liabilities - common	-	-	-	-	-	-	-	-	20,256,588,490	19,735,535,552
	277,571,313	248,173,024	989,149,265	1,138,085,473	1,442,316,206	1,195,867,553	(957,716,424)	(456,307,547)	22,460,509,050	21,861,354,055

**15.1.6 Geographical information**

The segments of the Company are managed on a worldwide basis, but operate manufacturing facilities and sales offices in Pakistan. In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	December 31, 2020		December 31, 2019	
	Rupees	Rupees	Rupees	Rupees
<b>Revenue</b>				
<b>Foreign revenue</b>				
Asia	1,155,237,736	805,447,604		
Europe	7,308,955,288	7,157,847,255		
Africa	14,577,373	4,850,071		
Other countries	1,811,076,911	1,499,328,167		
	10,289,847,208	9,467,473,097		
<b>Local revenue</b>				
Pakistan	571,137,383	570,027,929		
	10,860,984,691	10,037,501,026		
Net rebate & discount	227,224,679	327,952,784		
	11,088,209,370	10,365,453,810		
(Un-audited)		(Audited)		
December 31, 2020		June 30, 2020		
	Rupees	Rupees		
<b>15.1.7 Non-current assets</b>				
Pakistan	10,239,928,777	10,304,651,165		



**16 Overdue debt finances**

The Company is facing liquidity shortfall due to the facts disclosed in note 2.3 as a result of which it was unable to meet its obligations in respect of various debt finances. The details are as follows:

	As at December 31, 2020		
	Principal	Interest / mark-up	Total
	Rupees	Rupees	Rupees
Redeemable Capital	5,889,781,511	2,544,915,363	8,434,696,874
Long Term Finances	2,232,319,689	1,469,604,488	3,701,924,177
Bills Payable	337,503,037	366,650,102	704,153,139
Short term Borrowings	474,015,216	2,447,595,024	2,921,610,240
Preference Shares	148,367,250	9,413,535	157,780,785
	<b>9,081,986,703</b>	<b>6,838,178,512</b>	<b>15,920,165,215</b>
	As at June 30, 2020		
	Principal	Interest / mark-up	Total
	Rupees	Rupees	Rupees
Redeemable Capital	5,844,476,830	2,397,092,713	8,241,569,543
Long Term Finances	2,167,896,426	1,362,494,844	3,530,391,270
Bills Payable	337,503,037	343,348,334	680,851,371
Short term Borrowings	474,015,216	2,321,757,645	2,795,772,861
Preference Shares	148,367,250	9,413,535	157,780,785
	<b>8,972,258,759</b>	<b>6,434,107,071</b>	<b>15,406,365,830</b>

As mentioned in note 2.3, second round of financial restructuring is in progress. Petition of the creditors for the restructuring of the overdue principal as well as interest / mark-up accrued has been approved by LHC which is currently in implementation phase.

**17 Fair value of financial instruments**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Company's financial assets which are carried at fair value:

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
	Rupees	Rupees	Rupees	Rupees
- Long Term investment	-	12,608,052	-	12,608,052
- Short Term Investment	-	139,993,989	-	139,993,989
	-	<u>152,602,041</u>	-	<u>152,602,041</u>
	June 30, 2020			
	Level 1	Level 2	Level 3	Total
	Rupees	Rupees	Rupees	Rupees
- Long Term investment	-	12,608,052	-	12,608,052
- Short Term Investment	-	139,993,989	-	139,993,989
	-	<u>152,602,041</u>	-	<u>152,602,041</u>

Level 2 debt investments are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments of the counterparties, and further there is no transfer between the levels during the period and the carrying value of the financial assets/liabilities approximate their fair values.

#### 18. Corresponding Figures

18.1 Corresponding figures have been rearranged and regrouped where ever necessary for the purpose of comparison.

18.2 Figures have been rounded off to the nearest rupee.

#### 19. Date of authorization

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company on February 26, 2021

#### 20. General

Figures have been rounded off to the nearest rupee.

Lahore

Chief Executive Officer

Director

Chief Financial Officer







# AZGARD9

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