The Future is Brighter
with Agritech Fertilizers

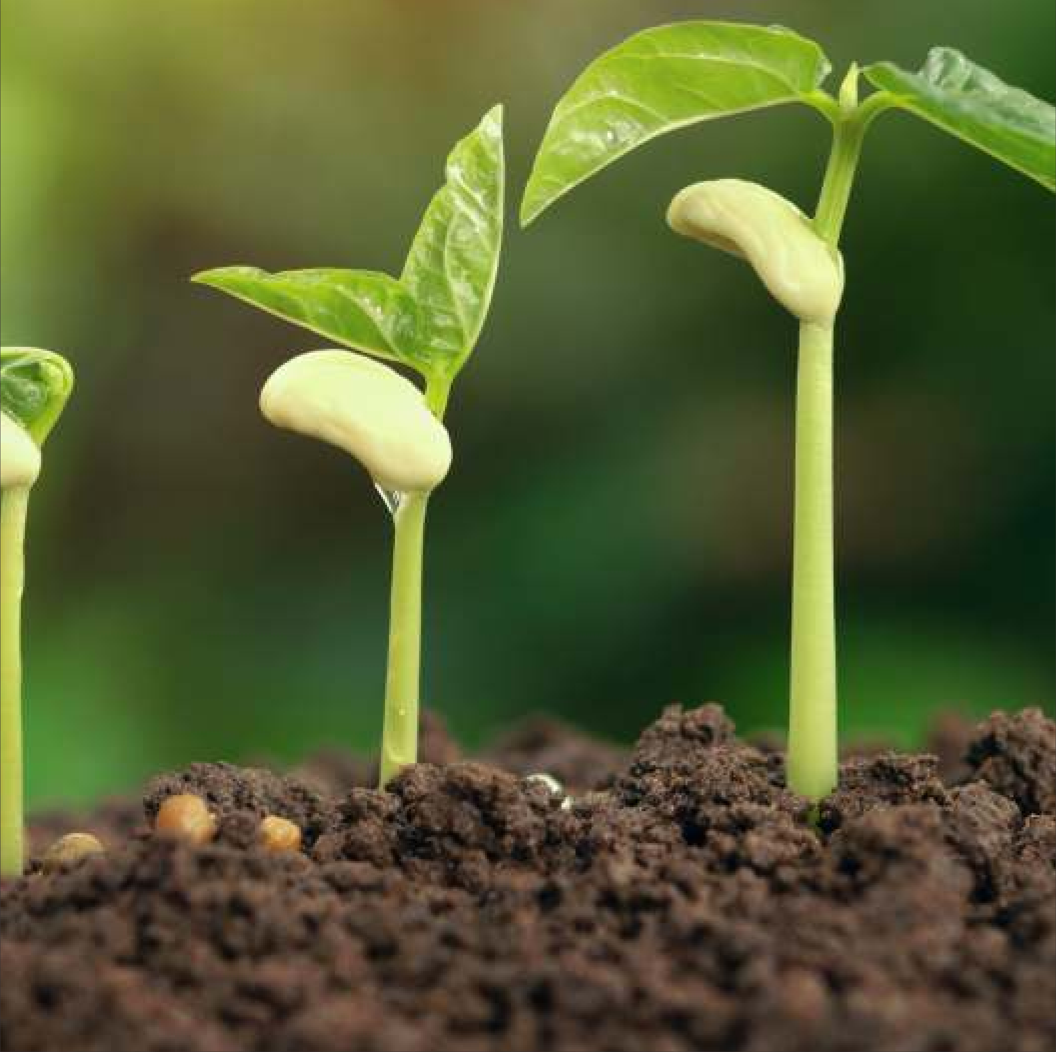
Interim Financial Report for the half year ended
June 30, 2018 (Un-audited)

Our Mission

To become a diversified manufacturer of both nitrogenous and phosphatic fertilizers, significantly contributing to the development of the agricultural sector of Pakistan.

Our Vision

To become a major regional diversified fertilizer company



Contents

Company Information

BOARD OF DIRECTORS

Mr. Muhammad Faisal Muzammil
Chief Executive Officer

Mr. Sardar Azmat Babar Chauhan
Chairman

Mr. Talha Saeed

Mr. Asim Murtaza Khan

Ms. Amena Zafar Cheema

Mr. Asim Jilani

Mr. Abdul Karim Sultanali

CFO

Mr. Syed Taneem Haider

AUDIT COMMITTEE

Mr. Asim Murtaza Khan
Chairman

Mr. Talha Saeed

Mr. Abdul Karim Sultanali

Mr. Asim Jilani

HR & REMUNERATION COMMITTEE

Mr. Muhammad Faisal Muzammil (CEO)

Ms. Amena Zafar Cheema
Chairman

Mr. Asim Jilani

Mr. Sardar Azmat Babar

LEGAL ADVISOR

Mr. Barrister Babar S Imran

SHARES REGISTRAR

Hameed Majeed Associates (Private) Limited

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants, Lahore

BANKERS

JS Bank Limited
Faysal Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
Albaraka Bank Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Summit Bank Limited
Silk Bank Limited
Allied Bank Limited
Bank Alfalah Limited
The Bank of Punjab
Bank Islami Pakistan Limited
Askari Bank Limited
Pak Libya Holding Company (Pvt.) Limited
Soneri Bank Limited
Citi Bank N.A.
Meezan Bank Limited
United Bank Limited
Habib Bank Limited
MCB Bank

Registered Office

2nd Floor Asia Centre, 8-Babar Block,
New Garden Town, Lahore
Ph: +92 (0) 42 35860341-44
Fax: +92 (0) 42 35860339-40

Project Locations

Unit I

Urea Plant

Iskanderabad, District Mianwali.
Ph: +92 (0) 459 392346-49

Unit II

GSSP Plant
Hattar Road, Haripur.
Ph: +92 (0) 995 616124-5

Directors' Review

The Directors of Agritech Limited, henceforth called the Company, along with the management team are pleased to present the Company's Interim Report accompanied by the Reviewed Financial Statements for the Six months ended June 30, 2018.

These interim financial statements have been endorsed by the Chief Executive Officer and one of the directors in accordance with the Code of Corporate Governance, having been recommended for approval by the Audit Committee of the Board and approved by the Board of Directors for presentation.

Business Review

Principal Activities

The main business of the Company is the manufacturing and marketing of fertilizers. The Company owns and operates the country's one of the newest and most efficient urea manufacturing plant at Mianwali, Punjab Province. The Company also operates the manufacturing facility of GSSP (Granular Single Super Phosphate) at Haripur Hazara, Khyber Pakhtunkhwa (KPK) Province. The Company markets its fertilizers from these plants under one of the most trusted brand name “TARA” in the fertilizer industry.

First Half in Review

Financial Results of Agritech Limited

	Half Year Ended June 30, 2018	Half Year ended June 30, 2017 (Restated)
Sales - Net	**510,626,303**	1,292,853,789
Operating (Loss)	**(1,138,551,174)**	(803,904,357)
Finance cost	**(1,115,636,529)**	(1,109,129,310)
(Loss) before Tax	**(2,254,187,703)**	(1,913,033,667)
(Loss) after Tax	**(2,054,509,916)**	(1,861,211,958)
(Loss) per share	**(5.24)**	(4.74)

Overview of Fertilizer Industry:

During the 1st half of 2018 the Production of Urea declined by 10% to 2,573K tons vs 2,861K tons in 2017 due to continuity of gas curtailment to fertilizer plants on SNGPL Network. For the first time ever, SNGPL plants remained totally closed for the entire first half of 2018 due to continued gas shortage in the system. Urea offtakes for the period under review were recorded at 2,729K tons increasing by 1% vs 2,701K tons in same period last year. Closure of plants on SNGPL network gradually created the imbalance in the Urea Supply Demand in the country that could lead to shortages during the ongoing Kharif season.

The Company faced worst year in terms of gas curtailment as despite GOP assurances the gas supply post winter curtailment was not restored unlike past years when the gas gets restored as soon as the higher winter gas demand is eased off on the SNGPL Network. During the period under review and the Company managed to produce Nil K Tons of urea (66 K tons: 2017) against installed capacity of 216K tons for the period. The Company sold 5 K tons Urea (42 K tons: 2017).

Consumption of Phosphates, during the 1st half of 2018, saw an increase of 6% to 375K ton of Nutrients vs 354K tons last year. However, Production of Phosphates products registered a decline of 18% (209K ton Nutrients in 2018 vs 255K ton Nutrients in 2017) primarily due to gas curtailment to the SNGPL based plants in 2018. The Company, being a major SSP player, produced 26 K Tons SSP in 1H 2018 (23 K tons: 2017) and sold 19 K tons during the period (17 K tons: 2017).

Capital Restructuring:

Gas curtailment to the Company's Urea plant during the past five years was the major cause of non-servicing of the debt of the Company and the accumulation of mark-ups further increased its debt burden. In order to streamline this debt burden, a Capital Restructuring Plan was envisaged with the cooperation of lenders to devise a sustainable capital structure, whichincluded the conversion of its existing long term debt including mark-ups into Preference Shares. The plan also includes sale of excess land to payoff long term lenders after seeking the necessary approvals. The infrastructure developments plans of GOP around the Company's both plants will likely to increase the value of its land. Particularly, the participation of the Company in CPEC project's section Hakla-Daudkhel-DI Khan through provision of land for the said project looks very promising and with the completion of CPEC, the surplus land of the Company has potential for commercial and industrial activities for CPEC related trades in the future.

Directors' Review

The Rehabilitation Plan was filed through a petition in Lahore High Court in June 2016 for the enforceability of the scheme under section 284-288 of the Companies Ordinance, 1984. The hearings at the LHC are continued and the Company is confident to obtain decision through the court for the Rehabilitation Plan and committed to implement the plan to improve the financial position of the company.

Changes in accounting policies:

With effect from 01 January 2018, Companies Act, 2017 has become applicable and necessary accounting policies were mandatory for the management to change:

1) Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Accordingly, the management has changed the accounting policy to bring accounting of revaluation surplus on freehold land, building on freehold land, residential colony assets and plant and machinery in accordance with IAS 16 "Property, plant and equipment". The effect of this change in accounting policy, which is applied with retrospective effect, has resulted in transfer of surplus on revaluation of freehold land, building on freehold land, residential colony assets and plant and machinery - net of tax to equity by restating the corresponding figures which resulted in increase in equity by Rs. 8,848.47 million and Rs. 9,080.31 million as at 31 December 2017 and 31 December 2016 respectively.

2) Further, Previously these preference shares were treated as equity instruments on the basis of section 85 of the repealed Companies Ordinance, 1984 which required the Company to set-up a reserve for the redemption of preference shares in respect of shares redeemed which effectively made these preference shares as part of the equity. This provision has not been carried forward in the new Companies Act, 2017 applicable to the Company with effect from 01 January 2018. As per International Accounting Standard (IAS), the preference shares with the above terms represent a financial liability. Accordingly the management has changed the accounting treatment of these preference shares to bring it in line with the requirements of IAS-32. This change has been applied retrospectively and has resulted in the transfer of Rs. 1,593.34 million of preference shares from equity to non-current liabilities as long term finance. Further the preference dividend on these shares has also been reclassified from equity to finance cost. As a result, loss before tax for the current and prior period is higher by Rs. 86.91 million and Rs. 86.91 million. There is no change on the reported loss per share as for the purpose of computation of loss per share preference dividend was already considered.

Modification in the Auditors report

Qualification

In auditor's report for the period, auditors raised concern, As stated in note 8.1 and 12.1, management has assessed the recoverability of deferred tax asset on tax losses and tested the impairment of goodwill based on five years business plan approved by the Board of Directors and asserts that no impairment is required. However, we are unable to obtain sufficient appropriate audit evidence with respect to key assumptions used in the business plan i.e. operational days based on availability of natural gas and cost of raw material based on gas rates since approval from Government of Pakistan for supply of gas to the Company at subsidized rates is available only till October 2019. Management is however confident that supply of gas will be available on long term basis. Consequently, we were unable to determine whether any adjustments in respect of impairment were necessary for goodwill amounting to Rs. 2,567.31 million and deferred tax assets amounting to Rs. 5,983.30 million recognized on tax losses of Rs. 20,632.06 million in these interim financial statements.

Emphasis

Auditors also raised concern about company ability to operate as going concern. The fact of the matter is that the gas curtailment coupled with gas pricing issue to the Company's urea plant has been the most crucial factor for the past few years' operational and liquidity issues of the Company. The fertilizer sector as a whole and the Company in particular faced unprecedented gas curtailment during the last five years. The Company has been financing its assets and operations through high level of borrowings. Due to overall gas shortage in the system, Government of Pakistan ("GOP") diverted gas from fertilizer sector to other sectors particularly power sector during summer and domestic sector during winter. This gas curtailment caused low urea production versus available capacity resulting in continuous operational and liquidity issues which further resulted in overdue borrowings and related mark-up as referred to in note 20 to the interim financial statements.

However, there has been some improvement in the supply / availability of gas to the Company with regular imports of liquefied natural gas ("LNG") by the Government of Pakistan ("GOP"). Consistent LNG imports improved RLNG flow to Sui Northern Gas Pipelines Limited ("SNGPL") benefitting consumers including fertilizer sector. Unlike past years, the major cause of gas curtailment was not non-availability of gas in SNGPL rather it was mainly due to gas pricing issue. The Company, unlike other gas consumers on SNGPL, did not opt for high cost of RLNG and preferred to stay on system gas network even operating with lower days of system gas supply. Gas supply to the Company's urea plant was restored in the September 2018 on a blend of natural gas and RLNG after the extended winter curtailment. The Company operated its urea plant for 97 days in 2018 (2017: 113 days) which resulted in Urea production of 95,934 tons (2017: 114,201 tons). The Company during the current year was also able to sell 100,985 tons Urea (2017: 109,995 tons). The Company has incurred a loss before tax of Rs. 2,254.19 million (2017: Rs. 1,913.03 million) during the year and as at the reporting date, its current liabilities have exceeded its current assets by Rs. 40,993.10 million, including Rs. 34,808.18.62 million relating to overdue principal and interest / mark-up thereon, and accumulated losses of the Company exceeded the shareholder's equity by Rs. 3,296.36 million.

These conditions cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may not be able to realize its assets and discharge its liabilities in the normal course of business. However, the management is confident that the Company will be able to continue as a going concern based on the expectation of continuous availability of gas and restructuring of its existing over-due long-term debts and related mark-up as per the rehabilitation plan approved by the shareholders and currently filed in the Honorable Lahore High Court as per the provisions of repealed Companies Ordinance, 1984.

The expectation of continuous availability of gas is based on the fact that the GOP has commissioned second LNG terminal in the country with capacity of 600 mmscfd gas processing and additional RLNG imports for second terminal has already been started. This new terminal is in addition to the first terminal commissioned in 2015 with a 15 year agreement with Government of Qatar, to import nearly 3.75 million tons of LNG per year. The import of LNG has been streamlined at 1,200 mmscfd per day on both terminals in the country. SNGPL is receiving complete flow of LNG imports under swap arrangement from both terminals. This has further improved the flow of gas into SNGPL system and making available required gas volumes for the fertilizer plants on SNGPL network..

During Kharif 2018, shortage of Urea was witnessed in the country due to imbalance of Urea Supply Demand. In order to bridge the urea shortages in the country and GOP decided to operate closed Urea plants on SNGPL Network, including Agritech Urea Plant. Economic Coordination Committee ("ECC") and Cabinet accorded approval for restoration of gas supply to the Company and another fertilizer plant in September 2018, initially for two months on RLNG System Gas blend and then on 100% RLNG supply during Rabi season. Later on the gas supply was further extended till October 2019. In both cases the price of gas is capped at Rs. 782 per mmbtu and additional cost in both cases is to be paid by GOP as Subsidy to SNGPL. The Company based on its negotiations with the GOP is hopeful that they will be able to secure availability of gas for a long term after October 2019 at the subsidized rate to bridge the urea shortages in the country. Moreover, after discontinuity of subsidy on Urea in year 2018, the urea price capping has also removed enabling the Company to pass on the impact of higher input costs for sustainability of business operations in the long term. These measures will ensure the economic viability of utilizing RLNG for the production of Urea in the country and also ensure continuous supply of commodity to avoid recurrence of Urea shortages in the country.

Further, with the support of its lenders, the management, for rehabilitation of the Company, has prepared a scheme of arrangement ("the Scheme") to restructure its existing over-due long term debts and related markup as of 31 December 2013 (proposed effective date) through issuance of preference shares. The scheme also envisages settlement / restructuring and repayment of that portion of overdue markup that is not converted into preference shares. After the approval by the Board of directors and shareholders of the proposed scheme in their meeting held on 05 November 2013 and 10 December 2013 respectively, the said scheme was filed with Honorable Lahore High Court under the provisions of repealed Companies Ordinance, 1984 on 10 June 2016 for necessary sanction and order. As at the reporting date, the proceeding is in progress and the order of the Lahore High Court is awaited.

Acknowledgement

The Board takes this opportunity to thank the company's valued customers and the financial institutions whose faith and support over the years has cultivated a mutually beneficial relationship, playing a key role in the growth of the businesses.

The Board also wishes to place on record its appreciation for the employees of the Company. The sustainability of business in the difficult business environment was possible due to their hard work and commitment.

On behalf of the Board

Chief Executive Officer

Lahore
Date : 05 August, 2019

ڈائریکٹرز رپورٹ

ایگری ٹیک لمیٹڈ، کمپنی کے بورڈ آف ڈائریکٹرز اور مینجمنٹ ٹیم، 30 جون 2018ء کو ختم ہونے والی ششماہی کے لئے نظرثانی شدہ مالیاتی گوشواروں کے ہمراہ کمپنی کی عبوری رپورٹ پیش کرتے ہوئے خوش ہیں۔

یہ مالیاتی گوشوارے، کارپوریٹ گورننس کے کوڈ کے مطابق چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر کی طرف سے توثیق کیے گئے ہیں جو کہ بورڈ کی آڈٹ کمیٹی کی طرف سے سفارش کردہ ہیں اور بورڈ آف ڈائریکٹرز کی طرف سے منظور شدہ ہیں۔

کاروباری جائزہ

پرنسپل سرگرمیاں

کمپنی کا بنیادی کاروبار کھاد کی پیداوار اور ترسیل ہے۔ کمپنی ملک میں موجود توانائی کے لحاظ سے موثر ترین کھاد کا پلانٹ چلاتی ہے جو کہ میانوالی پنجاب میں واقع ہے۔ کمپنی ہری پور ہزارہ صوبہ خیبر پختونخواہ (کے پی کے) میں جی ایس ایس پی (دانے دار سنگل سپر فاسفیٹ) کی پیداوار کی سہولت بھی چلا رہی ہے۔ کمپنی کھاد کی صنعت میں قابل اعتماد برانڈ "تارا" کے تحت ان پلانٹس سے کھاد کو مارکیٹ کرتی ہے۔

پہلی ششماہی کا جائزہ

ایگری ٹیک لمیٹڈ کے مالیاتی نتائج:

	30 جون 2018ء مختتمہ ششماہی	30 جون 2017ء مختتمہ ششماہی
خالص فروخت	**510,626,303**	1,292,853,789
آپریٹنگ (نقصان)	**(1,138,551,174)**	(803,904,357)
مالیاتی لاگت	**(1,115,636,529)**	(1,109,129,310)
قبل از ٹیکس (نقصان)	**(2,254,187,703)**	(1,913,033,667)
بعد از ٹیکس (نقصان)	**(2,054,509,916)**	(1,861,211,958)
فی حصص (نقصان)	**(5.24)**	(4.74)

کھاد کی صنعت کا مجموعی جائزہ:

گزشتہ سال کی اسی مدت کے برعکس SNGPL نیٹ ورک پر فرٹیلائزر پلانٹ کو گیس کی تخفیف کے تسلسل کی وجہ سے 2017 میں 2,861 ہزار ٹن کے مقابلے 2018 کی پہلی ششماہی کے دوران یوریا کی پیداوار 10 فیصد کم ہو کر 2,573 ہزار ٹن ہوئی۔ تاریخ میں پہلی بار، سسٹم میں گیس کی مسلسل کمی کی وجہ سے SNGPL پلانٹس 2018 کی پہلی پوری ششماہی کے لئے مکمل طور پر بند رہے۔ گزشتہ سال کی اسی مدت میں یوریا کی آف ٹیک 2,701 ہزار ٹن کے مقابلے زیرِ جائزہ مدت کے لئے 1 فیصد اضافے سے 2,729 ہزار ٹن درج کی گئی۔ SNGPL نیٹ ورک پر پلانٹس کی بندش نے بتدریج ملک میں یوریا کی رسد طلب میں عدم توازن پیدا کر دیا جو جاری خریف سیزن کے دوران قلت پیدا کر سکتا تھا۔

کمپنی نے حکومت پاکستان کی طرف سے گیس سپلائی کی یقین دہانی کے باوجود گیس کی تخفیف کی شرائط میں سخت سال کا سامنا کیا، سردیوں کے بعد تخفیف گزشتہ سالوں کی طرح بحال نہیں کی گئی جب SNGPL پر زیادہ سردی میں گیس کی طلب کو پورا کرنے کے لئے گیس ری اسٹور کر لی گئی تھی۔ زیرِ جائزہ مدت کے دوران کمپنی مدت میں 216 ہزار ٹن کی نصب شدہ صلاحیت کے مقابل Nil ہزار ٹن یوریا (66 ہزار ٹن :2017) بنانے کے قابل رہی۔ کمپنی نے 5 ہزار ٹن یوریا (42:2017 ہزار ٹن) فروخت کیا۔

فاسفیٹ:

2018 کی پہلی ششماہی کے دوران، فاسفیٹس کا استعمال گزشتہ سال 354 ہزار ٹن کے مقابلے 6 فیصد بڑھ کر 375 ہزار ٹن ہو گیا۔ تاہم فاسفیٹ مصنوعات کی پیداوار بنیادی طور پر 2018 میں SNGPL پلانٹس کو گیس کی تخفیف کے سبب 18 فیصد (2017 میں 255 ہزار ٹن نیوٹرنٹس کے مقابلے 2018 میں 209 ہزار ٹن نیوٹرنٹس) کم ہوئی۔ کمپنی نے، ایس ایس پی کے اہم مینوفیکچر رہونے کے ناطے، 2018 کی پہلی ششماہی میں 26 ہزار ٹن ایس ایس پی (23 ہزار ٹن: 2017) پیدا کی اور مدت کے دوران 19 ہزار ٹن (17 ہزار ٹن :2017) فروخت کی ہے۔

اکاؤنٹنگ پالیسیوں میں تبدیلیاں:

یکم جنوری 2018ء سے مؤثر کمپنیز ایکٹ 2017 قابل عمل ہو گیا اور ضروری اکاؤنٹنگ پالیسیاں تبدیل کرنا انتظامیہ کے لئے ضروری ہو گئیں:

فکسڈ اثاثوں کی قدر پیمائی پر اٹھنے والے سرپلس کی ٹریٹمنٹ کی بابت کالعدم کمپنیز آرڈیننس 1984ء کی دفعہ 235 کمپنیز ایکٹ 2017 میں جاری نہیں رکھا گیا ہے۔ اس کے مطابق، انتظامیہ نے آئی اے ایس 16 "پراپرٹی، پلانٹ اور آلات" کے مطابق فری ہولڈ رقبہ، فری ہولڈ رقبہ پر عمارت، رہائشی کالونی اثاثوں اور پلانٹ اور مشینری پر دوبارہ قدر پیمائی سرپلس کی اکاؤنٹنگ کے لئے اکاؤنٹنگ پالیسی کو تبدیل کیا ہے۔ اکاؤنٹنگ پالیسی میں اس تبدیلی کا اثر، جس کا اطلاق سابقہ اثر کے ساتھ ہوتا ہے، اس کے نتیجے میں فری ہولڈ اراضی، فری ہولڈ اراضی پر عمارت، رہائشی کالونی اثاثوں اور پلانٹ اور مشینری۔ ٹیکس کے بغیر ایکویٹی کے متعلقہ اعداد و شمار جس کے نتیجے میں بالترتیب 31 دسمبر 2017 اور 31 دسمبر کو 8,848.47 ملین روپے اور 9,080.31 ملین روپے ایکویٹی میں اضافہ ہوا کی دوبارہ قدر پیمائی پر سرپلس کی منتقلی کے نتیجہ کے طور پر سامنے آیا ہے۔

2) مزید، اس سے قبل ان ترجیحی حصص کو کالعدم کمپنیز آرڈیننس 1984 کے سیکشن 85 کی بنیاد پر ایکوئٹی آلات کے طور پر سمجھا گیا جس کے تحت کمپنی کو مطلوبہ حصص کے سلسلے میں ترجیحی حصص کی بازیابی کے لئے ایک ریزرو مرتب

ڈائریکٹرز رپورٹ

کرنے کی ضرورت تھی جس کو ایکویٹی کے حصے کے طور پر مؤثر انداز میں بنایا گیا تھا۔ یہ پروویژن یکم جنوری 2018 سے مؤثر کمپنی پر لاگو ہونے والے نئے کمپنیز ایکٹ، 2017 میں آگے جاری نہیں رکھا گیا ہے۔ بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ (آئی اے ایس) کے مطابق، مذکورہ بالا شرائط کے ساتھ ترجیحی حصص مالی ذمہ داری کی نمائندگی کرتے ہیں۔ اس کے مطابق انتظامیہ نے آئی اے ایس 32 کی ضروریات کے مطابق بنانے کے لئے ان ترجیحی حصص کے اکاؤنٹنگ ٹریٹمنٹ کو تبدیل کر دیا ہے۔ اس تبدیلی کا اطلاق سابقہ اعلامیے کے ساتھ کیا گیا ہے اور اس کے نتیجے میں ایکوئٹی سے نان کرنٹ واجبات میں طویل مدتی قرض کے طور پر ترجیحی حصص کے 1,593.34 ملین روپے کی منتقلی ہوئی ہے۔ مزید یہ کہ ان حصص پر ترجیحی منافع بھی ایکویٹی سے فنانس لاگت پر دوبارہ تقسیم کیا گیا ہے۔ نتیجے کے طور پر، موجودہ اور سابقہ مدت کے لئے ٹیکس سے پہلے نقصان 86.91 ملین روپے اور 86.91 ملین روپے زیادہ ہوا ہے۔ درج شدہ فی حصص نقصان میں کوئی تبدیلی نہیں ہوئی ہے کیونکہ فی حصص نقصان کے شمار کے مقصد کے لئے ترجیحی منافع پہلے ہی زیرِ غور لایا گیا ہے۔

سرمایہ کی تنظیم نو:

گزشتہ پانچ سالوں کے دوران کمپنی کے یوریا پلانٹ کو گیس کی تخفیف نہ صرف قرض کی واپسی میں تاخیر کی اہم وجہ ہے بلکہ قرض اور سود میں اضافے کا سبب بھی ہے۔ اس قرض کی تنظیم نو کے لئے قرض دہندہ کے تعاون سے ایک منصوبے کو مرتب کیا گیا ہے۔ جس کا بنیادی مقصد قرض اور اس پر سود کو ترجیحی حصص میں تبدیل کرنا ہے۔ اس منصوبے کا ایک اور مقصد کمپنی کے پاس موجود اضافی اراضی کا فروخت ہے جس کی آمدنی سے طویل مدتی قرض دہندہ کے واجبات کی ادائیگی ممکن ہوگی۔ حکومت کے بنیادی ڈھانچے کی ترقی کے منصوبے سے دونوں پلانٹس کے گرد اراضی کی قیمت میں اضافے کا امکان ہے۔ خاص طور پر سی پیک منصوبے کے سیکشن ہاکلا۔ داؤد خیل۔ ڈی آئی خان میں کمپنی کی شرکت، بذریعہ اراضی کی فراہمی، بہت اہم ہے۔ سی پیک کی تکمیل کے بعد کمپنی کی اضافی اراضی مستقبل میں متعلقہ ٹریڈرز کے لئے تجارتی اور صنعتی سرگرمیوں میں اہم کردار ادا کرے گی۔

سرمایہ کی تنظیم نو کے اس پلان کو کمپنیز آرڈیننس 1984 کی دفعہ 288-284 کے تحت جون 2016 میں لاہور ہائی کورٹ میں ایک پیٹیشن کے ذریعے دائر کیا گیا۔ لاہور ہائی کورٹ میں سماعت جاری ہے اور کمپنی عدالت کے ذریعے فیصلہ اپنے حق میں حاصل کرنے کے لئے پر اُمید ہے، جس سے کمپنی کی مالی پوزیشن میں بہتری آئے گی۔

آڈیٹر کی رپورٹ میں ترمیم

کوالیفکیشن

آڈیٹر نے رپورٹ میں تشویش کا اظہار کیا ہے کہ

جیسا کہ نوٹ 8.1 اور 12.1 میں بیان کیا گیا، مینجمنٹ نے بورڈ آف ڈائریکٹرز کی طرف سے منظور شدہ پانچ سالہ کاروباری منصوبہ کی بنیاد پر ٹیکس نقصانات پر منحصر ٹیکس اثاثوں کی وصولی کا جائزہ لیا اور اچھی طرح سے خرابی کی جانچ پڑتال کی اور اس بات پر زور دیا کہ کوئی نقصان نہیں ہوا ہے۔ تاہم، ہم کاروباری منصوبے میں استعمال ہونے والے کلیدی مفادات کے بارے میں مناسب آڈٹ کے ثبوت حاصل کرنے میں قاصر ہیں مثلاً قدرتی گیس کی دستیابی پر مبنی آپریشنل دنوں اور فراہمی کی منظوری کے مطابق گیس کی شرحوں پر مبنی خام مال کی قیمت اور حکومت پاکستان سے کمپنی کے لئے گیس کی قیمت صرف اکتوبر 2019 تک دستیاب ہے۔ تاہم مینجمنٹ کو یقین ہے کہ گیس کی فراہمی طویل مدت تک دستیاب ہوگی۔ اس کے نتیجے میں، ہم اس بات کا تعین کرنے سے قاصر تھے کہ خرابی کے سلسلے میں ان مالیاتی گوشواروں میں 20,632.08 ملین روپے کے تسلیم شدہ ٹیکس نقصانات 5,983.30 ملین روپے کے ٹیکس اثاثوں اور 2,567.31 ملین روپے کی بہتر کارکردگی کی ایڈجسٹمنٹ ضروری تھی۔"

تاکید

آڈیٹرز نے چلتی ہوئی کمپنی (Going Concern) ہونے کی کی صلاحیت پر تشویش کا اظہار کیا ہے۔ اس معاملے کی حقیقت یہ ہے کہ کمپنی کو گزشتہ سالوں میں گیس کی تخفیف اور گیس کی قیمت کا سامنا ہونے اور گیس کی لوڈ شیڈنگ کی وجہ سے یوریا پلانٹ کی بار بار بندش کی بدولت آپریشنل مسائل کے سبب قرض دہندگان کی طرف سے عائد معاہدوں کی خلاف ورزی پر مجبور ہوگئی تھی۔ تمام فرٹیلائزر شعبہ نے مجموعی طور پر اور کمپنی نے خاص طور پر گزشتہ پانچ سالوں کے سوران غیر متوقع گیس کی تخفیف کا سامنا کیا ہے۔ کمپنی نے اپنے اثاثوں اور آپریشنز کو اعلیٰ درجہ کے قرضوں کے ذریعے فنانس کیا ہے۔ سسٹم میں مجموعی گیس کی قلت کی وجہ سے حکومت پاکستان نے گیس کو فرٹیلائزر سیکٹر سے دیگر سیکٹرز خاص طور پر گرمیوں میں پاور سیکٹر اور سردیوں کے دوران ڈومیسٹک سیکٹر کو منتقل کر دیا۔ یہ گیس کی تخفیف دستیاب صلاحیت کے خلاف یوریا کی کم پیداوار کی وجہ بنی نتیجتاً مسلسل آپریشنل اور لیکویڈیٹی مسائل پیدا ہوئے جس کے مزید نتیجے میں زائد المعیاد قرضوں اور متعلقہ مارک اپ میں اضافہ ہوا جس کا ذکر عبوری مالی حسابات کے نوٹ 20 میں کیا گیا ہے۔

تاہم، حکومت پاکستان کی طرف سے لیکویفائیڈ نیچرل گیس (ایل این جی) کی باقاعدہ درآمدات کے ساتھ کمپنی کو گیس کی سپلائی / دستیابی میں کچھ بہتری ہوئی ہے۔ سوئی ناردرن گیس پائپ لائن لمیٹڈ (SNGPL) کو بہتر RLNG فلو کے ساتھ یکساں ایل این جی درآمدات سے فرٹیلائزر سیکٹر سمیت صارفین کو فائدہ ہوا ہے۔

گذشتہ برسوں کے برعکس، گیس کی تخفیف کی سب سے بڑی وجہ ایس این جی پی ایل میں گیس کی عدم دستیابی نہیں تھی بلکہ اس کی بنیادی وجہ گیس کی قیمتوں میں اضافے کا مسئلہ تھا۔ کمپنی نے، ایس این جی پی ایل پر گیس کے دوسرے صارفین کے برعکس، زیادہ قیمتی آر ایل این جی کا انتخاب نہیں کیا اور سسٹم گیس نیٹ ورک پر ہی رہنے کو ترجیح دی ہے یہاں تک کہ سسٹم گیس سپلائی کم دنوں کے ساتھ چلا رہی ہے۔ کمپنی کے یوریا پلانٹ کو گیس کی سپلائی سردیوں کی تخفیف کے بعد ستمبر 2018 میں قدرتی گیس اور آر ایل این جی کی آمیزش پر بحال کی گئی۔ کمپنی نے اپنا یوریا پلانٹ 2018 میں 97 دن (2017: 113 دن) تک چلایا جس کے نتیجے میں 95,934 ٹن (2017: 114,201 ٹن) یوریا کی پیداوار ہوئی۔ رواں سال کے دوران کمپنی 100,985 ٹن یوریا (2017: 109,995 ٹن) فروخت کرنے میں بھی کامیاب رہی۔ کمپنی نے سال کے دوران 3,462.14 ملین روپے (2017: 3,876.34 ملین روپے) ٹیکس سے پہلے نقصان اُٹھایا ہے اور رپورٹ کی تاریخ تک، اس کی موجودہ واجب ادائیگیاں اس کے موجودہ اثاثوں Rs.40,993.10 ملین روپے سے تجاوز کر گئیں، اس میں زائد المیعاد پرنسپل اور سود/ مارک اپ سے متعلقہ 34,808.18.62 ملین روپے شامل ہیں، اور کمپنی کے مجموعی نقصان حصص یافتگان کی ایکویٹی سے Rs.3,296.36 ملین سے تجاوز کر گئے۔

ان حالات سے چلتی ہوئی کمپنی (Going Concern) ہونے کی کی صلاحیت پر تشویش کا اظہار پر نمایاں شبہات پائے جاتے ہیں اور، لہذا، وہ اپنے اثاثوں کو پہچاننے اور کاروبار کے معمول کے مطابق اپنی ذمہ داریوں کو ادا کرنے کے قابل نہیں ہوگی۔ تاہم، انتظامیہ کو یقین ہے کہ کمپنی گیس کی مسلسل دستیابی کی توقع اور اپنے موجودہ زائد المعیاد طویل مدتی قرضوں کی از سرِ نو بحالی اور حصص داران کے منظور شدہ بحالی منصوبہ اور کالعدم کمپنیز آرڈیننس 1984 کی دفعات کے مطابق معزز عدالت عالیہ میں موجودہ دائر کے مطابق متعلقہ مارک اپ پر مبنی گوئنگ کنسرن کے طور پر جاری رہنے کے قابل ہو جائے گی۔

گیس کی مستقل دستیابی کی توقع اس حقیقت پر مبنی ہے کہ GOP نے ملک میں دوسرا ایل این جی ٹرمینل لگایا ہے جس کی گنجائش 600 mmscfd گیس پروسیسنگ ہے اور دوسرے ٹرمینل کے لئے اضافی آر ایل این جی کی درآمدات کا آغاز ہو چکا ہے۔ یہ نیا ٹرمینل سال 2015 میں شروع کیے گئے پہلے ٹرمینل کے علاوہ ہے جس میں 15 سال کے معاہدے کے تحت قطر کی حکومت نے سالانہ تقریباً 3.75 ملین ٹن ایل این جی درآمد کرنا ہے۔ ایل این جی کی درآمد کو ملک میں دونوں ٹرمینلز پر یومیہ 1200 ایم ایم سی ایف ڈی پر ہموار کیا گیا ہے۔ ایس این جی پی ایل کو دونوں ٹرمینلز سے تبادلہ انتظام کے تحت ایل این جی کی درآمد کا مکمل بہاؤ مل رہا ہے۔ اس سے ایس این جی پی ایل سسٹم میں گیس کے بہاؤ میں مزید بہتری آئی ہے اور ایس این جی پی ایل نیٹ ورک پر فرٹیلائزر پلانٹوں کے لئے گیس کی مطلوبہ مقدار دستیاب کر دی گئی ہے۔

ڈائریکٹرز رپورٹ

خریف2018 کے دوران، یوریا کی فراہمی کے مطالبہ میں عدم توازن کی وجہ سے ملک میں یوریا کی قلت کا سامنا کرنا پڑا۔ ملک میں یوریا کی قلت کو دور کرنے کے لئے اور جی او پی نے ایس این جی پی ایل نیٹ ورک پر بند یوریا پلانٹ بشمول ایگری ٹیک یوریا پلانٹ چلانے کا فیصلہ کیا۔ اقتصادی رابطہ کمیٹی ("ای سی سی") اور کابینہ نے ستمبر2018 میں ابتدائی طور پر دو ماہ کے لئےRLNG سسٹم گیس مرکب پر اور پھر ربیع سیزن کے دوران100 فیصد RLNG سپلائی پر کمپنی اور دیگر یوریا پلانٹ کو گیس کی فراہمی کی بحالی کی منظوری دی۔ بعدازاں گیس کی سپلائی میں اکتوبر2019 تک توسیع کردی گئی۔ دونوں صورتوں میں گیس کی قیمت782 روپے فی ایم ایم بی ٹی یو ہے اور دونوں صورتوں میں اضافی لاگت ایس این جی پی ایل کو سبسڈی کے طور پر جی او پی نے ادا کرنا ہے۔ جی او پی کے ساتھ گفت وشنید پر مبنی کمپنی پُر امید ہے کہ وہ اکتوبر2019 کے بعد ملک میں یوریا کی قلت کو دور کرنے کے لئے رعایتی نرخ پر طویل مدت کے لئے گیس کی دستیابی کو حاصل کرنے میں کامیاب ہوجائے گی۔ مزید یہ کہ، سال2018 میں یوریا پر سبسڈی کے ختم ہونے کے بعد، یوریا کی قیمتوں میں اضافے نے کمپنی کو طویل مدتی کاروباری کارروائیوں کے استحکام کے لئے زیادہ ان پٹ لاگت کے اثرات کو منتقل کرنے کی قابلیت کو بھی ختم کردیا ہے۔ یہ اقدامات ملک میں یوریا کی پیداوار کے لئے آر ایل این جی کے استعمال کے معاشی استحکام کو یقینی بنائیں گے اور ملک میں یوریا کی قلت کی تکرار سے بچنے کے لئے اجناس کی مسلسل فراہمی کو بھی یقینی بنائیں گے۔

مزید، اپنے قرض دہندگان کے تعاون سے، انتظامیہ نے، کمپنی کی بحالی کے لئے، ترجیحی حصص کے اجراء کے ذریعے 31 دسمبر2013 (مجوزہ مؤثر تاریخ) کو اپنے موجودہ زائدالمیعاد طویل مدتی قرضوں اور اس سے متعلق مارک اپ کی تنظیم نو کے لئے انتظامات کی ایک اسکیم ("سکیم") تیار کی ہے۔ اس اسکیم میں زائدالمیعاد مارک اپ کے اس حصے کے تصفیہ/تنظیم نو اور ادائیگی پر بھی غور کیا گیا ہے جو ترجیحی حصص میں تبدیل نہیں ہوتا ہے۔ بورڈ آف ڈائریکٹرز اور شیئر ہولڈرز کی جانب سے بالترتیب 05 نومبر2013 اور 10 دسمبر2013 کو اپنی میٹنگ میں مجوزہ اسکیم کے منظوری کے بعد، مذکورہ اسکیم کالعدم کمپنیز آرڈیننس، 1984 کی دفعات کے تحت ضروری منظوری اور حکم کے لئے 10 جون کو معزز لاہور ہائیکورٹ میں دائر کی گئی۔ رپورٹنگ تاریخ کو، کارروائی جاری ہے اور لاہور ہائیکورٹ کے حکم کا انتظار ہے۔

اظہارتشکر

بورڈ کمپنی کے قابل قدر صارفین اور مالیاتی اداروں جن کے اعتماد اور حمایت نے سال کے دوران کاروبار کی ترقی میں اہم کردار ادا کیا ہے، کی باہم مفید تعلق داری کا شکریہ ادا کرتا ہے۔

بورڈ کمپنی کے ملازمین کی خدمات کو بھی سراہتا ہے۔ مشکل کاروباری ماحول میں کاروبار کی پائیداری ان کی محنت اور عزم کی وجہ سے ممکن ہوئی ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

چیف ایگزیکٹو

لاہور

تاریخ: 05، اگست 2019ء

Financial Statements

Independent Auditor's Review Report

To the members of Agritech Limtied

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Agritech Limited** ("the Company") as at 30 June 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flow, condensed interim statement of changes in equity and notes to the financial statements for the six months period 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 financial statements based on our review.

Scope of Review

Except as explained in the basis for qualified conclusion paragraph, we conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of condensed 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 8.1 and 12.1, management has assessed the recoverability of deferred tax asset on tax losses and tested the impairment of goodwill based on five years business plan approved by the Board of Directors and asserts that no impairment is required. However, we are unable to obtain sufficient appropriate audit evidence with respect to key assumptions used in the business plan i.e. operational days based on availability of natural gas and cost of raw material based on gas rates since approval from Government of Pakistan for supply of gas to the Company at subsidized rates is available only till October 2019. Management is however confident that supply of gas will be available on long term basis. Consequently, we were unable to determine whether any adjustments in respect of impairment were necessary for goodwill amounting to Rs. 2,567.31 million and deferred tax assets amounting to Rs. 5,983.30 million recognized on tax losses of Rs. 20,632.06 million in these interim financial statements.

Qualified conclusion

Based on our review, with the exception of matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

Notwithstanding the matter discussed in Basis for Qualified Conclusion section, we draw attention to the fact that the Company during the period ended 30 June 2018 has incurred a loss before tax of Rs. 2,269.22 and, as of that date, its current liabilities have exceeded its current assets by Rs. 40,073.44 million, and its accumulated losses stood at Rs. 16,400.85 million. These conditions along with other matters as set forth in note 2.4 to the interim 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. These interim financial statements has however been prepared on a going concern basis for the reasons more fully explained in note 2.4 to the interim financial statements.

Our conclusion is not qualified in respect of the above matter.

Other matter

The figures for the quarters ended 30 June 2018 and 30 June 2017 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the audit resulting in this independent auditor's review report is Bilal Ali.

Date: 05 August, 2019
Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

Condensed Interim Statement of Financial Position

As at 30 June 2018

	Note	(Un-audited) 30 June 2018 Rupees	(Audited) 31 December 2017 Rupees (Restated)
EQUITY AND LIABILITIES			
Authorized share capital		**15,000,000,000**	15,000,000,000
Share capital and reserves			
Issued, subscribed and paid-up ordinary share capital	*4*	**3,924,300,000**	3,924,300,000
Reserves		**9,000,000**	9,000,000
Accumulated losses		**(16,357,769,952)**	(14,447,678,404)
Surplus on revaluation of property, plant and equipment - net of tax		**8,810,179,959**	8,848,473,940
		(3,614,289,993)	(1,665,904,464)
Non-current liabilities			
Redeemable capital - *secured*	*5*	**-**	2,021,653,329
Long term finances - *secured*	*6*	**-**	597,546,023
Convertible, redeemable preference shares	*7*	**1,593,342,690**	1,593,342,690
Long term payable - *unsecured*		**31,135,199**	31,135,199
Deferred liabilities:			
- staff retirement benefits		**35,591,335**	31,758,941
- deferred taxation - net	*8*	**3,617,930,874**	3,945,213,885
		5,278,000,098	8,220,650,067
Current liabilities			
Current maturity of long term liabilities		**19,384,480,702**	16,744,531,922
Short term borrowings - *secured*	*9*	**3,814,595,391**	3,526,881,717
Trade and other payables		**4,772,742,499**	4,708,220,667
Interest / mark-up accrued on borrowings		**15,399,440,982**	14,524,481,877
Preference dividend payable		**1,116,732,978**	1,029,819,407
		44,487,992,552	40,533,935,590
Contingencies and commitments	*10*		
		46,151,702,657	47,088,681,193
ASSETS			
Non-current assets			
Property, plant and equipment	*11*	**39,103,283,211**	39,773,629,288
Intangible assets	*12*	**2,567,310,828**	2,567,502,109
Long term loans and advances - considered good		**11,393,916**	12,347,413
Long term deposits - unsecured, considered good		**55,161,365**	56,894,115
		41,737,149,320	42,410,372,925
Current assets			
Stores, spares and loose tools		**2,090,093,238**	2,089,007,431
Stock-in-trade		**356,930,322**	386,158,732
Trade debts		**5,921,864**	16,531,013
Advances, deposits, prepayments and other receivables		**1,306,946,075**	1,744,236,386
Tax refunds due from Government - *net*		**256,086,443**	244,699,529
Cash and bank balances	*13*	**398,575,395**	197,675,177
		4,414,553,337	4,678,308,268
		46,151,702,657	47,088,681,193

The annexed notes 1 to 25 form an integral part of this condensed interim financial statements.

Lahore	**Chief Executive**	**Chief Financial Officer**	**Director**

Condensed Interim Statement of Profit or Loss (Un-audited)

For the six months period and quarter ended 30 June 2018

		For the half year ended		For the quarter ended	
		30 June 2018	30 June 2017	**30 June 2018**	30 June 2017
	Note	**Rupees**	Rupees *(Restated)*	**Rupees**	Rupees *(Restated)*
Sales - *net*	*14*	**510,626,303**	1,292,853,789	**199,358,620**	1,340,288,532
Cost of sales	*15*	**(1,164,810,429)**	(1,847,282,590)	**(537,589,170)**	(1,469,400,818)
Gross loss		**(654,184,126)**	(554,428,801)	**(338,230,550)**	(129,112,286)
Selling and distribution expenses		**(19,825,553)**	(117,950,777)	**(8,359,214)**	(99,711,068)
Administrative and general expenses		**(120,768,875)**	(136,955,068)	**(56,256,436)**	(70,275,569)
Other operating expenses		**(368,402,324)**	(1,517,584)	**-**	2,409,951
Other income		**24,629,704**	6,947,873	**8,809,704**	988,277
Operating loss		**(1,138,551,174)**	(803,904,357)	**(394,036,496)**	(295,700,695)
Finance cost		**(1,115,636,529)**	(1,109,129,310)	**(533,427,085)**	(566,016,560)
Loss before taxation		**(2,254,187,703)**	(1,913,033,667)	**(927,463,581)**	(861,717,255)
Taxation		**199,677,787**	51,821,709	**874,712**	(27,531,984)
Loss after taxation		**(2,054,509,916)**	(1,861,211,958)	**(926,588,869)**	(889,249,239)
Loss per share - *basic and diluted*		**(5.24)**	(4.74)	**(2.36)**	(2.28)

The annexed notes 1 to 25 form an integral part of this condensed interim financial statements.

Lahore	Chief Executive	Chief Financial Officer	Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months period and quarter ended 30 June 2018

	For the half year ended		For the quarter ended	
	30 June 2018	30 June 2017	**30 June 2018**	30 June 2017
	Rupees	Rupees *(Restated)*	**Rupees**	Rupees *(Restated)*
Loss after taxation	**(2,054,509,916)**	(1,861,211,958)	**(926,588,869)**	(889,249,239)
Other comprehensive income	**-**	-	**-**	-
Items that will not be reclassified to profit or loss :				
Remeasurement of defined benefit liability	**-**	6,905,043	-	-
Related tax	**-**	(2,071,513)	-	-
	-	4,833,530	**-**	-
Total comprehensive loss for the period	**(2,054,509,916)**	(1,856,378,428)	**(926,588,869)**	(889,249,239)

The annexed notes 1 to 25 form an integral part of this condensed interim financial statements.

Lahore **Chief Executive** **Chief Financial Officer** **Director**

Condensed Interim Statement of Cash Flows (Un-audited)

For the six months period ended 30 June 2018

	Note	30 June 2018 Rupees	30 June 2017 Rupees (Restated)
Cash flows from operating activities			
Cash used in operations	*17*	**(177,977,395)**	(797,018,887)
Staff retirement benefits paid		**(423,074)**	(2,956,541)
Long term advances - net		**953,497**	926,061
Long term deposits - net		**1,732,750**	4,986,508
Income tax paid		**(18,902,429)**	(18,228,875)
Net cash used in operating activities		**(194,616,651)**	(812,291,734)
Cash flows from investing activities			
Capital expenditure incurred		**147,738,988**	(58,012,879)
Proceeds from disposal of property, plant and equipment		**5,336**	10,279,712
Interest income received		**2,496,903**	1,074,118
Net cash generated from / (used in) investing activities		**150,241,227**	(46,659,049)
Cash flows from financing activities			
Increase / (decrease) in long term finances		**2,271,928**	(384,149)
Finance cost paid		**(44,709,961)**	(58,879,788)
Net increase in short term borrowings		**74,126,378**	1,013,566,087
Net cash generated from financing activities		**31,688,345**	954,302,150
Net (decrease) / increase in cash and cash equivalents		**(12,687,079)**	95,351,367
Cash and cash equivalents at beginning of the period		**(2,247,411,334)**	(2,347,518,944)
Cash and cash equivalents at end of the period	*19*	**(2,260,098,413)**	(2,252,167,577)

The annexed notes 1 to 25 form an integral part of this condensed interim financial statements.

Lahore **Chief Executive** **Chief Financial Officer** **Director**

Condensed Interim Statement of Changes in Equity (Un-audited)

For the six months period ended 30 June 2018

	Share capital	Capital Reserve	Reserves		
	Ordinary shares	Surplus on revaluation property, plant and equipment	Revenue reserve	Accumulated losses	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 January 2017 - audited	3,924,300,000	-	9,000,000	(10,200,286,153)	(6,266,986,153)
Effect of restatement as explained in note 3.1	-	9,080,310,370	-	-	9,080,310,370
As at 01 January 2017 - restated	**3,924,300,000**	**9,080,310,370**	**9,000,000**	**(10,200,286,153)**	**2,813,324,217**
Total comprehensive loss for the period ended 30 June 2017 - restated	-	-	-	(1,856,378,428)	(1,856,378,428)
Surplus transferred to accumulated losses					
Surplus transferred to accumulated losses on account of					
- disposal of property, plant and equipment - net of tax	-	**(2,095,094)**	-	2,095,094	-
- incremental depreciation on revaluation of property, plant and equipment - net of tax	-	**(114,780,413)**	-	114,780,413	-
	3,924,300,000	**8,963,434,863**	**9,000,000**	**(11,939,789,074)**	**956,945,789**
Total comprehensive loss for the period ended 31 December 2017 - restated	-	-	-	(2,622,850,253)	(2,622,850,253)
Surplus transferred to accumulated losses					
Surplus transferred to accumulated losses on account of					
- disposal of property, plant and equipment - net of tax	-	**(216,869)**	-	216,869	-
- incremental depreciation on revaluation of property, plant and equipment - net of tax	-	**(114,744,054)**	-	114,744,054	-
As at 31 December 2017 - restated	**3,924,300,000**	**8,848,473,940**	**9,000,000**	**(14,447,678,404)**	**(1,665,904,464)**
Total comprehensive loss for the period	-	-	-	(2,069,547,199)	(2,069,547,199)
Surplus transferred to accumulated losses					
Surplus transferred to accumulated losses on account of:					
- disposal of property, plant and equipment - net of tax	-	**(43,083,301)**	-	43,083,301	-
- incremental depreciation on revaluation of property, plant and equipment - net of tax	-	**(116,372,350)**	-	116,372,350	-
- Effect of change in tax rate on account of surplus on revaluation of property, plant and equipment	-	**121,161,670**	-	-	121,161,670
As at 30 June 2018 -un-audited	**3,924,300,000**	**8,810,179,959**	**9,000,000**	**(16,357,769,952)**	**(3,614,289,993)**

The annexed notes 1 to 25 form an integral part of this condensed interim financial statements.

Lahore **Chief Executive** **Chief Financial Officer** **Director**

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 30 June 2018

1 Reporting Entity

1.1 Agritech Limited ("the Company") was incorporated in Pakistan on 15 December 1959 as an unlisted Public Limited Company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and was a wholly owned subsidiary of National Fertilizer Corporation of Pakistan (Private) Limited ("NFC'), a Government owned Corporation, until 15 July 2006. Subsequently, 100% shares of the Company were acquired by Azgard Nine Limited ("ANL") as part of privatization process of the Government of Pakistan as stipulated in the Share Purchase Agreement dated 15 July 2006. On 31 October 2012, ANL sold its major shareholding in the Company to a consortium of banks and financial institutions. The shares of the Company are quoted on Pakistan Stock Exchange. The principal business of the Company is the production and sale of Urea and Granulated Single Super Phosphate ("GSSP") fertilizer. The Company has two production units with Unit I located at Iskanderabad, District Mianwali and Unit II at Hattar Road, Haripur.

1.2 Summary of significant events and transactions in the current reporting period

- As explained in note 2.4, the Company has incurred loss after tax amounting to Rs. 2,069.55 million and as at the reporting date current liabilities have exceeded current assets by Rs. 40,073.44 million and shareholders equity stands at negative Rs. 3,614.29 million.

- Due to unavailability of natural gas, the Company's urea plant remained non-operational as compared to 66 operation days in first half of 2017.

- As a result of change in accounting policy as detailed in note 3.1 to these interim financial statements, revaluation surplus is now presented as a part of equity and redeemable preference shares are now treated as financial liability.

- For a detailed discussion about the Company's performance please refer to the Director's report.

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. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standards (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 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.

2.2 Basis of accounting

These condensed interim financial statements comprises the condensed interim statement of financial position of Agritech Limited ("the Company") as at 30 June 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof.

These condensed interim financial statements does not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended on 31 December 2017.

Comparative condensed interim statement of financial position's numbers are extracted from the annual audited financial statements of the Company for the year ended 31 December 2017, whereas comparative interim profit or loss, interim statement of comprehensive income, interim cash flow statement and interim statement of changes in equity and related notes are stated from unaudited condensed interim financial statements of the Company for the three months and six months period ended 30 June 2017.

Notes to the Condensed Interim Financial Information (Un-audited)
For the six months period ended 30 June 2018

This condensed interim unconsolidated financial statements are unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.

2.3 Judgments and estimates

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions for the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended 31 December 2017.

2.4 Going concern assumption

The gas curtailment coupled with gas pricing issue to the Company's urea plant has been the most crucial factor for the past few years' operational and liquidity issues of the Company. The fertilizer sector as a whole and the Company in particular faced unprecedented gas curtailment during the last five years. The Company has been financing its assets and operations through high level of borrowings. Due to overall gas shortage in the system, Government of Pakistan ("GOP") diverted gas from fertilizer sector to other sectors particularly power sector during summer and domestic sector during winter. This gas curtailment caused low urea production versus available capacity resulting in continuous operational and liquidity issues which further resulted in over due borrowings and related mark-up as referred to in note 20 to the condensed interim financial statements.

However, there has been some improvement in the supply / availability of gas to the Company with regular imports of liquefied natural gas ("LNG") by the Government of Pakistan ("GOP"). Consistent LNG imports improved RLNG flow to Sui Northern Gas Pipelines Limited ("SNGPL") benefitting consumers including fertilizer sector. Unlike past years, the major cause of gas curtailment was not non-availability of gas in SNGPL rather it was mainly due to gas pricing issue. The Company, unlike other gas consumers on SNGPL, did not opt for high cost of RLNG and preferred to stay on system gas network even operating with lower days of system gas supply. Gas supply to the Company's urea plant was restored in the month of September 2018 as a blend of natural gas and RLNG after the extended winter curtailment. The Company's Urea plant remained non-operational in first half of 2018 (30 June 2017: 66 days) which resulted in no production of Urea (30 June 2017: 65,769 tons). The Company during the current period was also able to sell 5,013 tons Urea (30 June 2017: 42,069 tons). The Company has incurred a loss before tax of Rs. 2,269.22 million (2017: Rs. 1,913.03 million) during this six months period and as at the reporting date, its current liabilities have exceeded its current assets by Rs. 40,073.44 million, including Rs. 33,233.08 million relating to overdue principal and interest / mark-up thereon, and accumulated losses of the Company exceeded the shareholder's equity by Rs. 3,614.29 million.

These conditions cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may not be able to realize its assets and discharge its liabilities in the normal course of business. However, the management is confident that the Company will be able to continue as a going concern based on the expectation of continuous availability of gas at subsidized rate and restructuring of its existing over-due long-term debts and related mark-up as per the rehabilitation plan approved by the shareholders and currently filed in the Honorable Lahore High Court as per the provisions of repealed Companies Ordinance, 1984.

The expectation of continuous availability of gas is based on the fact that the GOP has commissioned second LNG terminal in the country with capacity of 600 mmscfd gas processing and additional RLNG imports for second terminal has already been started. This new terminal is in addition to the first terminal commissioned in 2015 with a 15 year agreement with Government of Qatar, to import nearly 3.75 million tons of LNG per year. The import of LNG has been streamlined at 1,200 mmscfd per day on both terminals in the country. SNGPL is receiving complete flow of LNG imports under swap arrangement from both terminals. This has further improved the flow of gas into SNGPL system and making available required gas volumes for the fertilizer plants on SNGPL network. During Kharif 2018, shortage of urea was witnessed in the country due to imbalance of urea supply demand. In order to bridge the urea shortages in the country, GOP decided to operate closed urea plants on SNGPL network, including the Company's urea plant. Economic Coordination Committee ("ECC") and cabinet accorded approval for restoration of gas supply to the Company and another fertilizer plant in September 2018, initially for two months on RLNG and system gas blend and then on 100% RLNG supply during Rabi season. Later on the gas supply was further extended till October

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 30 June 2018

2019. In both cases the price of gas is capped at Rs. 782 per MMBTU and additional cost in both cases is to be paid by GOP as subsidy to SNGPL. The Company based on its negotiations with the GOP is hopeful that they will be able to secure availability of gas for a long term after October 2019 at the subsidized rate to bridge the urea shortages in the country. Moreover, after discontinuity of subsidy on Urea in year 2018, the urea price capping has also removed enabling the Company to pass on the impact of higher input costs for sustainability of business operations in the long term. These measures will ensure the economic viability of utilizing RLNG for the production of Urea in the country and also ensure continuous supply of commodity to avoid recurrence of Urea shortages in the country.

With the support of its lenders, the Company, for its rehabilitation, has prepared a scheme of arrangement ("the Scheme") to restructure its existing over-due long term debts and related markup as of 31 December 2013 through issuance of preference shares. The scheme also envisages settlement / restructuring and repayment of that portion of over due markup that is not converted into preference shares. After the approval by the Board of directors and shareholders of the proposed scheme in their meeting held on 05 November 2013 and 10 December 2013 respectively, the said scheme was filed with Honorable Lahore High Court under the provisions of repealed Companies Ordinance, 1984 on 10 June 2016 for necessary sanction and order. As at the reporting date, the proceeding are in progress and the order of the Honorable Lahore High Court is awaited.

In addition to above, the Company sees strong potential in selling its spare land after the necessary legal and commercial approvals. In 2016, 216 kanals Companys' land was acquired by National Highway Authority (NHA) for the construction of China Pakistan Economic Corridor (CPEC) that crosses through the land owned by the Company. With the development of CPEC in next two years, the Company foresees significant appreciation of its spare land. The proceeds from the sale of land will also help settle the long term liabilities of the Company.

The management believes that the measures as explained above will generate sufficient financial resources for the continuing operations and that it is expected to operate profitably in the foreseeable future. Accordingly, these condensed interim financial statements are prepared on a going concern basis and do not include any adjustments relating to the realization of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

2.5 Financial liabilities

The Company could not make timely repayments of principal and interest / mark-up related to long term debts as referred to in note 20. Further, as at the reporting date, the Company could not comply with certain financial and other covenants imposed by the lenders. As per the agreed terms of long term debts the lenders have unconditional right to call the loans if timely repayments are not made or covenants are not 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.

Consequently principal installments aggregating to Rs. 1,352.96 million which under the terms of long debts are due for repayment in period subsequent to 30 June 2019 have also been classified as a current liability in addition to Rs. 15,440.06 million which are overdue and Rs. 2,607.71 million which are due till 30 June 2019.

3 Statement of consistency in accounting policies

The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial statements are same as those applied in the preparation of annual audited financial statements for the year ended 31 December 2017 except for the changes mentioned below:

3.1 Change in accounting policies

3.1.1 Upto 31 December 2017, surplus on revaluation of freehold land, building on freehold land, residential colony assets and plant and machinery was being measured under the repealed Companies Ordinance, 1984. The surplus arising on the revaluation was credited to the surplus on revaluation of property, plant and equipment. With effect from 01 January 2018, Companies Act, 2017 has become applicable and section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Accordingly, the management has changed the accounting policy to bring accounting of revaluation surplus on freehold land, building on freehold land, residential colony assets and plant and machinery in accordance with IAS 16 "Property, plant and equipment". The effect of this change in accounting policy, which is

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 30 June 2018

applied with retrospective effect, has resulted in transfer of surplus on revaluation of freehold land, building on freehold land, residential colony assets and plant and machinery - net of tax to equity by restating the corresponding figures which resulted in increase in equity by Rs. 8,848.47 million.

3.1.2 Upto 31 December 2017, redeemable preference shares were treated as part of equity under the repealed Companies Ordinance, 1984. With effect from 01 January 2018, Companies Act has become applicable and section 85 of the repealed Companies Ordinance 1984 relating to redemption of preference shares has not been carried forward. Accordingly, the management has changed the accounting treatment of redeemable preference shares as detailed in note 7 to these condensed interm financial statements.

3.2 There were certain other new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed.

The following amendments and interpretations of approved accounting standards will be effective for accounting periods beginning after 01 July 2018 as detailed below:

Standard or interpretation	**Effective date (accounting periods beginning on or after)**
IFRS 15 - Revenue from Contract with Customer	01 July 2018
Amendment to IFRS 9 - Prepayment Features with Negative Compensation	01 July 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019
IFRS 16 - Leases	01 January 2019
Amendment to IAS 19 - 'Employee Benefits' - Plan Amendments, Curtailment or Settlement	01 January 2019
Amendment to IAS 28 - Long Term Interests in Associates and Joint Ventures	01 January 2019
Annual Improvements to IFRSs 2015–2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and	01 January 2019

	Note	**(Un-audited) 30 June 2018 Rupees**	(Audited) 31 December 2017 Rupees
4 Issued, subscribed and paid-up ordinary share capital			
Class A ordinary shares of Rs. 10 each *383,430,000 (31 December 2017: 383,430,000)* Shares issued fully paid in cash		**3,834,300,000**	3,834,300,000
Ordinary shares of Rs. 10 each *9,000,000 (31 December 2017: 9,000,000)* Shares issued for consideration other than cash		**90,000,000**	90,000,000
	4.1	**3,924,300,000**	3,924,300,000

4.1 Ordinary shares of the Company held by associated undertaking at period/ year end are as follows:

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 30 June 2018

	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	(Percentage held)		**(Number of shares)**	
National Bank of Pakistan Limited	**26.95%**	26.64%	**105,772,577**	104,562,302
Faysal Bank Limited	**4.97%**	12.31%	**19,487,399**	48,296,861
Summit Bank Limited	**8.74%**	8.40%	**34,306,400**	32,975,097
Silk Bank Limited	**0.00%**	2.61%	**1,000**	10,233,043
Standard Chartered Bank (Pakistan) Limited	**5.70%**	5.70%	**22,373,615**	22,373,615

	Note	(Un-audited) 30 June 2018 Rupees	(Audited) 31 December 2017 Rupees
5 Redeemable capital - *secured*			
Under interest / markup arrangements			
Privately Placed Term Finance Certificates - I		**1,498,602,000**	1,498,602,000
Privately Placed Term Finance Certificates - II		**6,894,286,800**	6,894,286,800
Privately Placed Term Finance Certificates - III		**495,460,750**	495,460,750
Privately Placed Term Finance Certificates - IV		**548,825,000**	548,825,000
Privately Placed Term Finance Certificates - V		**618,685,000**	618,685,000
Privately Placed Term Finance Certificates		**509,874,996**	509,874,996
Privately Placed Sukuk Certificates		**1,599,800,000**	1,599,800,000
		12,165,534,546	12,165,534,546
Transaction costs		**(14,456,161)**	(28,622,167)
	5.1 & 5.2	**12,151,078,385**	12,136,912,379
Current maturity presented under current liabilities	*2.5*	**(12,151,078,385)**	(10,115,259,050)
		-	2,021,653,329

5.1 Types of redeemable capital

Interest / mark-up based financing	**10,565,734,546**	10,565,734,546
Islamic mode of financing	**1,599,800,000**	1,599,800,000
	12,165,534,546	12,165,534,546

5.2 For overdue principal and markup, refer to note 20 to the financial statements.

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 30 June 2018

		Note	(Un-audited) 30 June 2018 Rupees	(Audited) 31 December 2017 Rupees
6	**Long term finances - *secured***			
	Syndicate Term Finance -*I*		**3,000,000,000**	3,000,000,000
	Syndicate Term Finance -*II*		**472,037,000**	472,037,000
	Syndicate Term Finance -*III*		**2,955,286,366**	2,955,286,366
	BankIslami Pakistan Limited - Term Finance		**300,000,000**	300,000,000
	National Bank of Pakistan -*Term Finance*		**132,083,735**	132,083,735
	Dubai Islamic Bank Limited -*Term Finance*		**365,000,000**	365,000,000
	AlBaraka Bank (Pakistan) Limited - Diminishing Musharika		**10,794,285**	8,522,357
		6.1 & 6.2	**7,235,201,386**	7,232,929,458
	Transaction costs		**(1,799,069)**	(6,110,563)
			7,233,402,317	7,226,818,895
	Current maturity presented under current liabilities		**(7,233,402,317)**	(6,629,272,872)
			-	597,546,023
6.1	**Types of long term finances - secured**			
	Interest / mark-up based financing		**6,859,407,101**	6,859,407,101
	Islamic mode of financing		**375,794,285**	373,522,357
			7,235,201,386	7,232,929,458

6.2 For overdue principal and markup, refer to note 20 to the financial statements.

		Note	(Un-audited) 30 June 2018 Rupees	(Audited) 31 December 2017 Rupees
7	**Convertible, redeeemable preference shares**			
	Preference shares of Rs. 10 each *159,334,269 (31 December 2017: 159,334,269)* Shares issued fully paid in cash	*7.1*	**1,593,342,690**	1,593,342,690

7.1 This represents local currency, listed, non-voting, redeemable, convertible and cumulative preference shares issued at the rate of Rs. 10 per share under the agreement between the Company and various investors entered on 13 February 2012 ("Completion date") effective from 01 August 2011.

The Company shall have the option to redeem the preference shares plus any accumulated unpaid dividends in full or in part, within ninety days after the expiry of each anniversary of the Completion date by giving at least thirty days notice.

Each Investor will also have the right to convert their preference shares into ordinary shares of the Company. The conversion price is the average price of the ordinary share quoted in the daily quotation of Pakistan Stock Exchange during the 360 working days prior to the relevant conversion date; adjusted for any corporate action / announcement of the Company, including but not limited to right issue, cash dividend to ordinary shareholders, bonus shares, stock split etc., during the last 360 working days prior to the conversion date. The investors shall be entitled to convert up to 100% of their preference shares at the conversion ratio as defined in letters of rights by giving a thirty days notice to the Company prior to any conversion date. For the purpose of this right, a conversion date shall be the last business day of each financial quarter commencing from the fifth anniversary of the Completion date.

The preference shareholders have a preferred right of dividend at the rate of 11% per annum on cumulative basis.

7.2 Preference shares of the Company held by related / associated undertakings as at period end are as follows:

	(Un-audited) 30 June 2018	(Audited) 31 December 2017
	--- (Number of shares) ---	
Faysal Bank Limited	**31,035,594**	31,035,594
National Bank of Pakistan Limited	**3,458,756**	3,458,756
	34,494,350	34,494,350

7.3 Previously these preference shares were treated as equity instruments on the basis of section 85 of the repealed Companies Ordinance, 1984 which required the Company to set-up a reserve for the redemption of preference shares which effectively made these preference shares as part of the equity. This provision has not been carried forward in the new Companies Act, 2017 applicable to the Company with effect from 01 January 2018. As per International Accounting Standard (IAS), the preference shares with the above terms represents a financial liability. Accordingly the management has changed the accounting treatment of these preference shares to bring it inline with the requirements of IAS-32. This change has been applied retrospectively and has resulted in the transfer of Rs. 1,593.34 million of preference shares from equity to non-current liabilities as financial liability. Further the preference dividend on these shares have also been reclassified from equity to finance cost. As a result, loss before tax for the current and prior period is higher by Rs. 86.91 million.

8 Deferred taxation - net

The liability for deferred taxation comprises temporary differences relating to:

	Note	**(Un-audited) 30 June 2018 Rupees**	(Audited) 31 December 2017 Rupees
Deferred tax liability arising on			
Accelerated tax depreciation		**6,176,782,367**	6,447,743,585
Revaluation of fixed assets		**3,448,558,661**	3,634,850,103
Deferred tax asset arising on			
Provision for trade debtors		**(13,791,006)**	(14,266,558)
Provision for gratuity		**(10,321,487)**	(9,527,682)
Unabsorbed tax losses	*8.1*	**(5,983,297,661)**	(6,113,585,563)
		3,617,930,874	3,945,213,885

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 30 June 2018

8.1 Tax losses on account of unabsorbed depreciation amounting to Rs. 20,632.06 million (2017: Rs. 20,378.62 million) is available to the Company's credit. Deferred tax asset in respect thereof has been recognized as availability of sufficient taxable profits in future tax years to absorb these losses is expected on the basis of five year business plan as discussed in note 12.1.

Business losses available for carry forward amounting to Rs. 12,753.71 million (2017: Rs. 12,112.81 million) and those representing minimum tax paid available for carry forward u/s 113 of the Income Tax Ordinance, 2001 amounting to Rs. 157.36 million (2017: Rs. 177.88 million) are also available to the Company. However, no deferred tax asset on these losses has been recognised as sufficient tax profits may not be available to set these off in foreseeable future. Minimum tax paid u/s 113 aggregating to Rs. 157.36 million would not be available for carry forward against future tax liabilities subsequent to years 2019 through 2023.

		Note	**(Un-audited) 30 June 2018 Rupees**	(Audited) 31 December 2017 Rupees
9	**Short term borrowings - secured**			
	Interest / mark-up based loans - secured	9.1	**3,114,028,145**	2,826,099,230
	Islamic mode of financing - secured		**700,567,246**	700,782,487
			3,814,595,391	3,526,881,717

9.1 All terms and conditions applicable on these facilities are same as those disclosed in the annual financial statements for the year ended 31 December 2017.

10 Contingencies and commitments

10.1 Contingencies

There is no material change in the status of contingencies from the preceding published financial statements of the Company for the year ended 31 December 2017 except for the following:

10.1.1 During the period, a suit has been filed by Allied Bank Limited ("ABL") against the Company under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 201.66 million along with cost of funds, from the date of default by the Company in fulfilling their financial obligations in return of the facility availed.

10.1.2 Subsequent to the period end, a civil suit no 1768/2019 has been filed by Pak Libya Holding Company (Private) Limited ("PLHCL") against the Company for Rs. 1,500.92 million under section 9 of the Financial Institution (Recovery Of Finances) Ordinance, 2000 before the Honorable Lahore High Court. The Company filed a petition for Leave to Appear (PLA) number 11058/19 under Section 10 of the Financial Institution (Recovery Of Finances) Ordinance, 2000 which entails that the instant suit cannot proceed or tried as the matter is in relation to petition under section 284 to 287 of the repealed Companies Ordinance, 1984 for scheme of arrangement / restructuring bearing number 21/2016 which is pending adjudication before the Honorable Lahore High Court.

10.1.3 Subsequent to the period end, through a titled suit, the Company seeks, inter alia, the removal of a lien imposed by Meezan Bank Limited ("MBL") on the account of the Company to the extent of Rs. 40.21 million. MBL has imposed lien claiming recovery of alleged outstanding amount due to HSBC Bank (which was acquired by the MBL in 2015). The Company alleges that MBL has imposed this lien without determination of actual liability and without any regard to due process of law. The suit is pending adjudication before the Learned Banking Court Lahore. MBL is yet to file a reply in the suit.

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 30 June 2018

	(Un-audited) 30 June 2018 Rupees	(Audited) 31 December 2017 Rupees
10.2 Commitments		
10.2.1 Commitments under irrevocable letters of credit for:		
- purchase of plant and machinery	**-**	3,509,285
- purchase of raw material	**20,144,660**	17,746,300
	20,144,660	21,255,585

10.2.2 The amount of future ijarah rentals and the period in which these payments will become due are as follows:

	Note	**(Un-audited) 30 June 2018 Rupees**	(Audited) 31 December 2017 Rupees
Not later than one year		**405,430**	6,559,222
Later than one year but not later than five year		**6,400,358**	3,219,358
		6,805,788	9,778,580
11 Property, plant and equipment			
Operating fixed assets	*11.1*	**39,035,281,757**	39,705,777,952
Capital work in progress		**68,001,454**	67,851,336
		39,103,283,211	39,773,629,288
11.1 Operating fixed assets			
Net book value at beginning of the period		**39,705,777,952**	40,721,679,326
Add: Additions during the period	*11.1.1*	**5,513,218**	53,727,620
Less: Disposals during the period - net book value		**268,003**	11,797,297
Assets written off	*11.1.2*	**153,402,324**	-
Depreciation for the period		**522,339,086**	1,057,831,697
		676,009,413	1,069,628,994
Net book value at end of the period		**39,035,281,757**	39,705,777,952

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 30 June 2018

	Note	(Un-audited) 30 June 2018 Rupees	(Audited) 31 December 2017 Rupees
11.1.1 Additions - *cost*			
Owned assets			
Buildings on freehold land		**-**	17,937,934
Plant and machinery		**704,533**	429,959
Furniture, fixtures and office equipment		**554,962**	4,647,116
Vehicles and rail transport		**3,346,000**	7,721,169
Tools and other equipment		**907,723**	1,403,920
Catalyst		**-**	21,587,522
		5,513,218	53,727,620

11.1.2 During the year, the company has identified certain items of operating assets from which no further economic benefits are expected. Therefore, assets having cost of Rs. 258.79 million and net book value of Rs. 153.40 million have been retired from active use and have been written off in these financial statements.

	Note	(Un-audited) 30 June 2018 Rupees	(Audited) 31 December 2017 Rupees
12 Intangible assets			
Oracle computer software and implementation		**-**	191,281
Goodwill acquired in business combination	*12.1*	**2,567,310,828**	2,567,310,828
		2,567,310,828	2,567,502,109

12.1 Azgard Nine Limited ("ANL") acquired 100% shares in the Company on 15 July 2006, inclusive of shares offered to the employees of the Company, which were divested by the employees in favour of ANL. As permitted by the terms and conditions of privatization for the purpose of raising finance ANL formed a wholly owned subsidiary; Dominion Fertilizers (Private) Limited ("DFL"). By virtue of agreement ANL transferred 69.19% shares in the Company to DFL, which were later reverted back to ANL on merger of DFL into the Company under the court order dated 07 December 2006.

This goodwill represents the excess of purchase consideration paid by ANL to the Privatization Commission of Pakistan for acquisition of the Company over DFL interest in the fair value of identifiable net assets of the Company. The amount of goodwill was transferred to the Company on merger of DFL into the Company.

The recoverable amount of goodwill was tested for impairment as at 31 December 2017, by allocating the amount of goodwill to respective assets on which it arose, based on value in use in accordance with IAS 36 "Impairment of Assets". The recoverable amount was calculated on the basis of five years business plan approved by the Board which includes a comprehensive analysis of existing operational deployments of the Company along with strategic business plans and business growth. The aforesaid plans are stated in detail in note 2.4. The value in use calculations are based on cash flow projections derived from aforesaid business plan which assumes availability of natural gas / RLNG on long term basis and at a subsidized rate. These cash flow projections have been extrapolated beyond five years, by using a steady 3.00% growth rate which is consistent with the long term average growth rate for the country. The cash flows are discounted using a discount rate of 13.54% for its use in calculation of value in use which is sensitive to discount rate and local inflation rates. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill.

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 30 June 2018

		Note	(Un-audited) 30 June 2018 Rupees	(Audited) 31 December 2017 Rupees
13	**Cash and bank balances**			
	Cash in hand		**763,505**	513,594
	Cash at banks			
	Local currency			
	- current accounts	*13.1*	**199,786,984**	116,867,774
	Interest based deposits with conventional banks			
	- savings accounts	*13.2*	**198,024,906**	80,293,809
			397,811,890	197,161,583
			398,575,395	197,675,177

13.1 These include Rs. 11.05 million (31 December 2017 : Rs 7.59 million) placed under an arrangement permissible under Shariah with Islamic Bank.

13.2 Rate of return on saving accounts ranges from 3.08% to 4.5% per annum (31 December 2017: 4% to 6% per annum).

		(Un-audited) 30 June 2018 Rupees	(Un-audited) 30 June 2017 Rupees
14	**Sales - net**		
	Gross sales:		
	Local	**453,412,762**	1,401,033,354
	Other products - Own manufactured	**91,378,953**	206,984,471
		544,791,715	1,608,017,825
	Less:		
	Sales tax	**(29,307,412)**	(130,177,127)
	Trade Discounts	**(4,858,000)**	(184,986,909)
		(34,165,412)	(315,164,036)
		510,626,303	1,292,853,789

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 30 June 2018

		Note	**(Un-audited) 30 June 2018 Rupees**	(Un-audited) 30 June 2017 Rupees
15	**Cost of sales**			
	Raw and packing materials consumed		**163,616,577**	1,363,774,318
	Other manufacturing expenses	*15.1*	**925,987,931**	1,128,145,179
			1,089,604,508	2,491,919,497
	Work in process:			
	Opening		**91,804,431**	111,855,660
	Closing		**(80,041,074)**	(102,285,422)
			11,763,357	9,570,238
	Cost of goods manufactured		**1,101,367,865**	2,501,489,735
	Finished stock:			
	Opening		**244,967,940**	151,505,606
	Closing		**(181,525,376)**	(805,712,751)
			63,442,564	(654,207,145)
	Cost of Goods Sold		**1,164,810,429**	1,847,282,590

15.1 This is net of Government subsidy of Rs. 10.68 million (30 June 2017: 170.96 million).

16 Transactions and balances with related parties

Related parties from the Company's perspective comprise associated undertakings, key management personnel (including the Chief Executive and Directors), post employment benefit plans and other related parties. The Company in the normal course of business carries out transactions with various related parties.

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

		(Un-audited) January to June 2018 Rupees	(Un-audited) January to June 2017 Rupees
16.1	**Transactions with related parties**		
16.1.1	**Associated Undertakings -**		
	<u>Shareholding and common directorship</u>		
	National Bank of Pakistan		
	Mark-up expense	**130,257,525**	120,655,999
	Preference dividend	**1,886,680**	1,886,680
	Bank balances - net	**(2,225,383)**	(12,345,511)

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 30 June 2018

	(Un-audited) January to June 2018 Rupees	(Un-audited) January to June 2017 Rupees
Common directorship		
Faysal Bank Limited		
Mark-up expense	**76,097,065**	74,547,737
Preference dividend	**16,929,279**	16,929,279
Bank balances - net	**(1,004)**	(5,591)
Standard Chartered Bank (Pakistan) Limited		
Mark-up expense	**60,971,836**	60,227,884
Short term borrowings - net	**-**	79,535,350
Bank balances - net	**(6,416)**	684,539
Silk Bank Limited		
Mark-up expense	**22,276,700**	25,370,345
Mark-up paid	**17,362,235**	19,266,821
Short term borrowings - net	**(39,421,182)**	201,480,069
Bills payable - net	**-**	1,162,489
Summit Bank Limited		
Mark-up expense	**43,207,488**	41,922,047
Mark-up paid	**12,671,651**	8,576,221
Short term borrowings - net	**(316,105,937)**	507,710,506
Bank Balances - net	**1,834,847**	-
Bills payable-net	**-**	21,409,150

16.1.2 Post employment benefit plans

Provident Fund Trust	**8,661,612**	9,357,001
Gratuity Trust	**4,255,468**	5,204,597

16.1.3 Key management personnel

Short term employee benefits	**8,930,282**	8,150,000
Post employment benefits	**481,058**	441,490

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 30 June 2018

	(Un-audited) 30 June 2018 Rupees	Audited 31 December 2017 Rupees
16.2 Balances with related parties		
16.2.1 Associated Undertakings		
Shareholding and common directorship		
National Bank of Pakistan		
Long term finances	**2,467,083,735**	2,467,083,735
Redeemable capital	**462,057,100**	462,057,100
Bills payable	**187,030,000**	187,030,000
Preference shares	**34,587,560**	34,587,560
Mark-up payable	**2,534,642,987**	2,404,385,462
Preference dividend payable	**176,649,127**	174,762,447
Bank accounts balances	**2,035,585**	4,260,968
Advisory fee	**738,600,000**	738,600,000
Advance for transaction cost	**23,200,000**	23,200,000
Common directorship		
Faysal Bank Limited		
Redeemable capital	**1,499,109,500**	1,499,109,500
Long term finances	**350,000,000**	350,000,000
Preference shares	**310,355,940**	310,355,940
Mark-up payable	**1,389,433,840**	1,313,336,775
Preference dividend payable	**217,555,263**	200,625,984
Bank account balances	**157,236**	158,240
Trustee fee	**-**	4,709,143
Standard Chartered Bank (Pakistan) Limited		
Redeemable capital	**146,995,500**	146,995,500
Long term finances	**1,445,302,019**	1,445,302,019
Mark-up payable	**1,171,827,137**	1,110,855,301
Bank account balances	**92,441,037**	92,447,453
Silk Bank Limited		
Long term finances	**130,607,546**	130,607,546
Short term borrowings	**489,686,812**	529,107,994
Mark-up payable	**186,251,945**	181,337,480
Summit Bank Limited		
Redeemable capital	**603,406,000**	603,406,000
Short term borrowings	**897,856,999**	581,751,062
Mark-up payable	**351,412,551**	320,876,714
Bank account balances	**79,626,860**	77,792,013
16.2.2 Post employment benefit plans		
Payable to Gratuity Trust	**35,591,335**	31,758,941

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 30 June 2018

All Transactions with related parties have been carried out on commercially agreed terms and conditions.

	(Un-audited) January to June 2018 2018 Rupees	(Un-audited) January to June 2017 2017 Rupees (Restated)
17 Cash flow from operating activities		
Loss before taxation	**(2,269,224,986)**	(1,913,033,667)
Adjustment for non-cash items:		
Interest / mark-up / dividened expense	**1,006,582,637**	1,086,502,092
Amortization of transaction costs	**18,477,500**	22,627,218
Depreciation on property, plant and equipment	**522,339,086**	527,875,756
Amortization of computer software	**191,281**	1,274,364
Provision for staff retirement benefit	**4,255,468**	5,204,597
Mark-up / interest income	**(2,496,903)**	(1,074,115)
Provision against doubtful receivable	**215,000,000**	-
Loss on sale of property, plant and equipment	**262,667**	1,517,584
	1,764,611,736	1,643,927,496
Operating loss before changes in working capital	**(504,613,250)**	(269,106,171)
Changes in working capital		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	**(1,085,807)**	(26,598,896)
Stock-in-trade	**29,228,410**	(654,113,222)
Trade receivables	**10,609,149**	(211,831,067)
Advances, deposits, prepayments and other receivables	**222,290,310**	(26,888,714)
	261,042,062	(919,431,899)
Increase in current liabilities:		
Trade and other payables	**65,593,793**	391,519,183
Cash used in operations	**(177,977,395)**	(797,018,887)

Notes to the Condensed Interim Financial Information (Un-audited)
For the six months period ended 30 June 2018

18 Segment reporting

18.1 Reportable segments

The Company's reportable segments are as follows:

- Urea fertilizer segment - production of Urea fertilizer and Ammonia from natural gas; and

- Phosphate fertilizer segment - production of Phosphate fertilizer from rock phosphate

Information regarding the Company's reportable segments is presented below:

18.2 Segment revenue and results

Following is the information about reportable segments of the Company:

	Urea fertilizer segment		Phosphate fertilizer segment		Total	
	(Un-audited) 30 June 2018	(Un-audited) 30 June 2017	**(Un-audited) 30 June 2018**	(Un-audited) 30 June 2017	**(Un-audited) 30 June 2018**	(Un-audited) 30 June 2017
	Rupees	Rupees *(Restated)*	**Rupees**	Rupees	**Rupees**	Rupees *(Restated)*
For the six months period ended						
External revenues	**209,357,840**	1,085,068,979	**301,268,463**	207,784,810	**510,626,303**	1,292,853,789
Reportable segment loss before tax	**(1,930,294,040)**	(1,871,886,673)	**(338,930,946)**	(41,146,994)	**(2,269,224,986)**	(1,913,033,667)

	Urea fertilizer segment		Phosphate fertilizer segment		Total	
	(Un-audited) 30 June 2018	Audited 31 December 2017	**(Un-audited) 30 June 2018**	Audited 31 December 2017	**(Un-audited) 30 June 2018**	Audited 31 December 2017
	Rupees	Rupees *(Restated)*	**Rupees**	Rupees	**Rupees**	Rupees *(Restated)*
As at						
Reportable segment assets	**42,313,549,122**	43,097,916,780	**4,646,892,457**	4,782,390,688	**46,960,441,579**	47,880,307,468
Reportable segment liabilities	**49,428,669,757**	48,392,409,404	**1,146,061,815**	1,153,802,528	**50,574,731,572**	49,546,211,932

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 30 June 2018

		(Un-audited) January to June 2018 Rupees	(Un-audited) January to June 2017 Rupees *(Restated)*
18.3	**Reconciliation of reportable segment profit or loss**		
	For the six months period ended		
	Total loss for reportable segments before taxation	**(2,269,224,986)**	(1,913,033,667)
	Taxation	**199,677,787**	51,821,709
	Loss after taxation	**(2,069,547,199)**	(1,861,211,958)

		(Un-audited) 30 June 2018 Rupees	(Un-audited) 30 June 2017 Rupees
19	**Cash and cash equivalents**		
	Short term borrowings - *running finance - secured*	**(2,658,673,808)**	(2,497,773,910)
	Cash and bank balances	**398,575,395**	245,606,333
		(2,260,098,413)	(2,252,167,577)

20 Overdue financial liabilities

Due to the facts disclosed in note 2.4, the Company continues to face a liquidity shortfall due to which it was unable to meet its obligations in respect of various debt finances. The details of overdue financial liabilities as at 30 June 2018 are as follows:

	Principal Rupees	Interest / markup Rupees	Total Rupees
Nature of liability			
Redeemable capital - secured	9,111,366,090	8,847,241,739	**17,958,607,829**
Long term finances - secured	6,328,692,815	5,699,336,813	**12,028,029,628**
Short term borrowings - secured	2,180,051,578	1,066,396,749	**3,246,448,327**
	17,620,110,483	**15,612,975,301**	**33,233,085,784**

21 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted price is readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and that price represents actual and regularly occurring market transactions on an arm's length basis.

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 30 June 2018

21.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying Amount				Fair Value		
	Cash and cash equivalents	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**
	Rupees	**Rupees**	**Rupees**	**Rupees**	**Rupees**	**Rupees**	**Rupees**
30 June 2018							
Financial assets measured at fair value:	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Financial assets not measured at fair value							
Long term loans and advances	-	11,393,916	-	11,393,916	-	-	-
Long term deposits		55,161,365	-	55,161,365			
Trade debts - considered good	-	5,921,864	-	5,921,864	-	-	-
Advances & other receivables	-	142,694,210	-	142,694,210	-	-	-
Cash & bank balances	398,575,395	-	-	398,575,395	-	-	-
	398,575,395	**215,171,355**	-	**613,746,750**	-	-	-
Financial liabilities measured at fair value:	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Redeemable capital	-	-	12,151,078,385	12,151,078,385	-	-	-
Long term finances	-	-	7,233,402,317	7,233,402,317	-	-	-
Convertible, redeemable preference shares	-	-	1,593,342,690	1,593,342,690	-	-	-
Long term payable	-	-	31,135,199	31,135,199	-	-	-
Short term borrowings	2,658,673,808	-	1,155,921,583	3,814,595,391	-	-	-
Trade and other creditors	-	-	4,438,646,526	4,438,646,526	-	-	-
Accrued liabilities	-	-	128,134,765	128,134,765	-	-	-
Security deposits and retention money	-	-	21,234,022	21,234,022	-	-	-
Other payables	-	-	78,956,226	78,956,226	-	-	-
Mark-up accrued on borrowings	-	-	15,399,440,982	15,399,440,982	-	-	-
Preference dividend payable	-	-	1,116,732,978	1,116,732,978	-	-	-
	2,658,673,808	-	**43,348,025,673**	**46,006,699,481**	-	-	-

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 30 June 2018

	Carrying Amount				Fair Value		
	Cash and cash equivalents	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
31 December 2017							
Financial assets measured at fair value:	-	-	-	-	-	-	-
Financial assets not measured at fair value							
Long term loans and advances	-	12,347,413	-	12,347,413	-	-	-
Long term deposits	-	56,894,115	-	56,894,115	-	-	-
Trade debts - considered good	-	16,531,013	-	16,531,013	-	-	-
Advances & other receivables	-	107,028,874	-	107,028,874	-	-	-
Cash & bank balances	197,675,177	-	-	197,675,177	-	-	-
	197,675,177	**192,801,415**	**-**	**390,476,592**	**-**	**-**	**-**
Financial liabilities measured at fair value:	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Redeemable capital	-	-	12,165,534,546	12,165,534,546	-	-	-
Long term finances	-	-	7,232,929,458	7,232,929,458	-	-	-
Convertible, redeemable preference shares	-	-	1,593,342,690	1,593,342,690	-	-	-
Long term payable	-	-	31,135,199	31,135,199	-	-	-
Short term borrowings	2,445,086,512	-	1,081,795,205	3,526,881,717	-	-	-
Trade and other creditors	-	-	4,406,399,595	4,406,399,595	-	-	-
Accrued liabilities	-	-	86,438,173	86,438,173	-	-	-
Security deposits and retention money	-	-	23,458,995	23,458,995	-	-	-
Other payables	-	-	23,951,808	23,951,808	-	-	-
Mark-up accrued on borrowings	-	-	14,524,481,877	14,524,481,877	-	-	-
Preference dividend payable	-	-	1,029,819,407	1,029,819,407	-	-	-
	2,445,086,512	**-**	**42,199,286,953**	**44,644,373,465**	**-**	**-**	**-**

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 30 June 2018

22 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities							Equity		
	Long term finances	Redeemable capital	Short term borrowings	Short term running finances	Convertible, redeemable preference shares	Accrued finance cost	Preference Dividend Payable	Ordinary Share Capital	Reserves	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 January 2018	**7,232,929,458**	**12,165,534,546**	**1,081,795,205**	**2,445,086,512**	**1,593,342,690**	**14,524,481,877**	**1,029,819,407**	**3,924,300,000**	**9,000,000**	**44,006,289,695**
Cash flows										
Net increase in long term finances	2,271,928	-	-	-	-	-	-	-	-	2,271,928
Short term borrowings received net of payments	-	-	74,126,378	-	-	-	-	-	-	74,126,378
Change in running finance	-	-	-	-	-	-	-	-	-	-
Finance cost paid	-	-	-	-	-	(44,709,961)	-	-	-	(44,709,961)
Total changes from financing cash flows	**2,271,928**	**-**	**74,126,378**	**-**	**-**	**(44,709,961)**	**-**	**-**	**-**	**31,688,345**
Non-cash changes										
Preference dividend expense	-	-	-	-	-	-	-	-	-	-
Changes in running finances	-	-	-	213,587,296	-	-	-	-	-	213,587,296
Interest / markup expense	-	-	-	-	-	1,006,582,637	-	-	-	1,006,582,637
Total liability related other changes	**-**	**-**	**-**	**213,587,296**	**-**	**1,006,582,637**	**-**	**-**	**-**	**1,220,169,933**
Closing as at 30 June 2018	**7,235,201,386**	**12,165,534,546**	**1,155,921,583**	**2,658,673,808**	**1,593,342,690**	**15,486,354,553**	**1,029,819,407**	**3,924,300,000**	**9,000,000**	**45,258,147,973**

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 30 June 2018

23 Financial risk management

The Company's financial risk management objective and policies are consistent with the disclosed in the financial statements for the financial year ended on 31 December 2017.

24 Date of authorization

This condensed interim financial information was authorized for issue by Board of Directors of the Company on ____________________.

25 General

-Figures have been rounded off to the nearest rupee.

-These interim financial statements have been subject to a delay in finalization due to certain issues related to unprecedented gas curtailment which were beyond the management's control. After approval of the financial statements for the year ended 31 December 2017 in 2019, the Company filed a request in Securities and Exchange Commission of Pakistan ('SECP') on 30 April 2019 for extension for holding of Annual General Meeting for the year ended 31 December 2018 which was granted for 30 days vide letter dated 14 May 2019. After expiry of 30 days the Company applied second extension for a period of 3 months vide letter dated 21 May 2019 which was granted by SECP via letter dated 11 June 2019 and directed the Company to hold AGM by 31 August 2019.

Lahore	Chief Executive	Chief Financial Officer	Director

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