

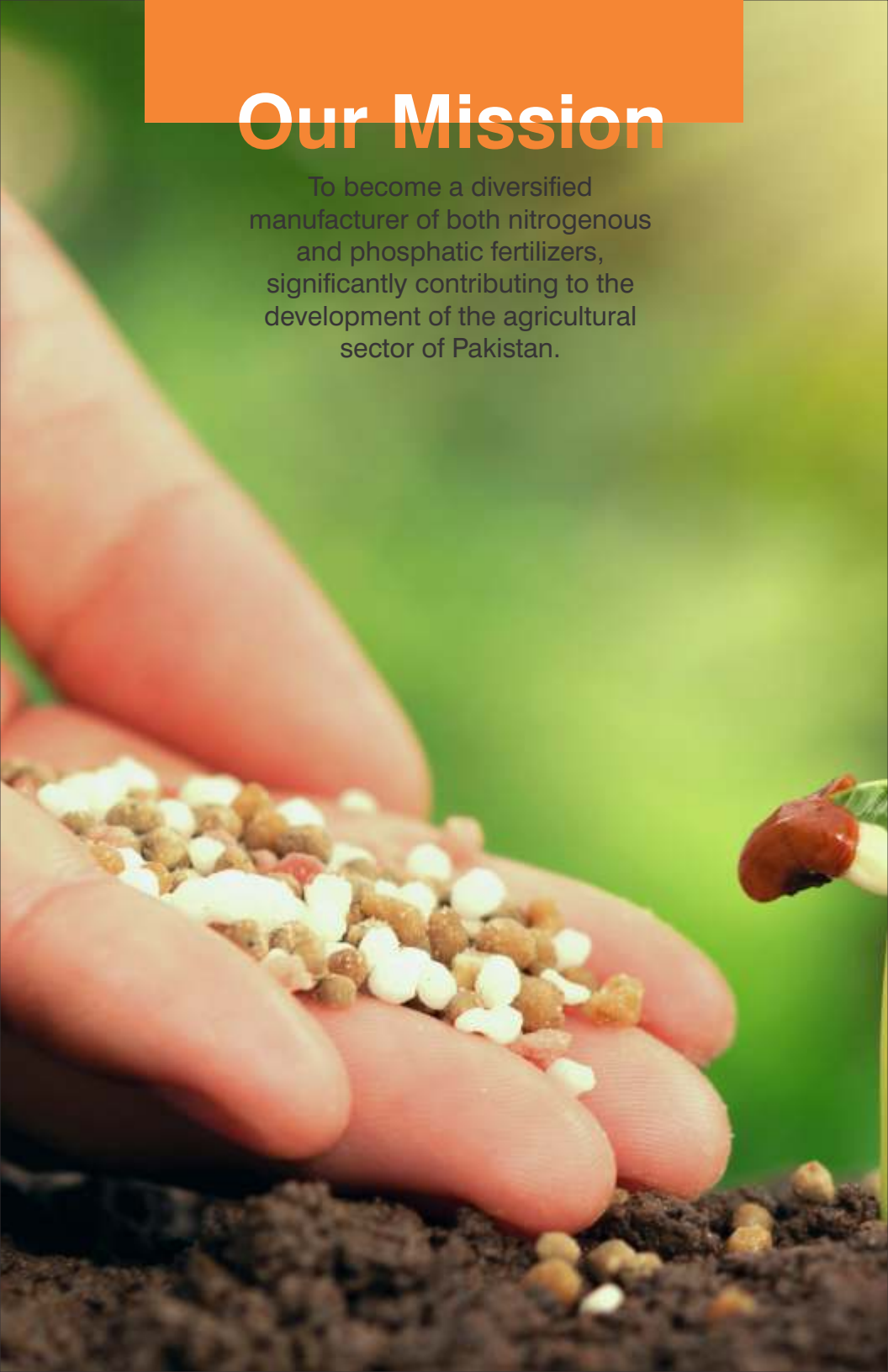


The Future is **Brighter**
with Agritech **Fertilizers**

Interim Financial Report for the quarter ended
March 31, 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



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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 Board of Directors of Agritech Limited, henceforth called the Company, along with the Management Team are pleased to present the Company's Quarterly Report accompanied by the Un-Audited Financial Statements for the quarter ended March 31, 2018.

These 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 Quarter in Review

Financial Results of Agritech Limited

| | Quarter ended March 31, 2018 | Quarter ended March 31, 2017 (Restated) |
|---------------------------|---------------------------------|---|
| Sales - Net | 311,267,683 | 123,522,849 |
| Operating Profit / (Loss) | (323,451,584) | (508,203,662) |
| Finance cost | (584,608,282) | (542,872,661) |
| (Loss) before Tax | (968,025,393) | (1,051,076,323) |
| (Loss) after Tax | (931,880,741) | (971,722,628) |
| (Loss) per share | (2.00) | (3.00) |

Overview of Fertilizer Industry:

During the period ending March 31, 2018 the Production of Urea declined by 4% to 1,304K tons vs 1,353K tons in 2017 owing to lower gas availability to the fertilizer sector versus same period last year. Urea offtakes for the period under review were recorded at 1,251K tons increasing by 44% vs 870K tons in same period last year owing to better farms economics with the continuity of subsidy scheme by GOP. Additionally, carry over Urea exports of 71K tons were also registered during the period.

The Company faced winter gas curtailment during the period under review and managed to produce Nil KT of urea (Nil tons: 2017) against installed capacity of 108K tons for the quarter. The Company sold 5,012 tons Urea during 1 Q 2018 (206 tons: 2017).

Consumption of Phosphates, during the quarter under review, also saw an increase of 12% to 198K ton of Nutrients vs 176K tons last year. However, Production of Phosphates products saw decline of 6% (106K ton Nutrients in 2018 vs 113K ton Nutrients in 2017) primarily due to gas curtailment to the SNGPL plants in 2018. The Company, being a major SSP player, produced 12.56 K tons SSP in 1 Q 2018 (14.2 K tons: 2017) and sold 7.66 K tons during the quarter (4.6 K tons: 2017).

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:

Directors' Review

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. 43.2 million and Rs. 43.2 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.

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, which included 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.

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.

Acknowledgement

he 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

اگر یہ ایک لمبی پیمانی کے بورڈ آف ڈائریکٹرز اور مینجمنٹ ٹیم، 31 مارچ 2018 کو ختم ہونے والی سہ ماہی کے لئے غیر نظر ثانی شدہ اہمائی کو گواہوں کے ہمراہ کمپنی کی سہ ماہی رپورٹ پیش کرتے ہوئے خوش ہیں۔ یہ مالیاتی گواہی ہے، 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 موجودہ آئی کے لحاظ سے موخر ترین کھاد کا پلانٹ چلاتی ہے جو کہ مالیاتی مناجاب میں واقع ہے۔ کمپنی ہری پور ہیمو پینٹو ٹخنوخواہ (کے پی کے) میں بھی ایس ایس پی (وائے) ڈائریکٹنگ پرفارمنس (آئی بی بی اے آر کی مہلت بھی چلا رہی ہے۔ کمپنی کھاد کی صنعت میں قابل اعتماد برانڈ "تارا" کے تحت ان پلائٹس سے کھاد کو مارکیٹ کرتی ہے۔

کمپنی سہ ماہی کا جائزہ

اگر یہ ایک لمبی پیمانی کا جائزہ:

| 31 مارچ 2017ء | 31 مارچ 2018ء | |
|-----------------|---------------|----------------------------|
| 123,522,849 | 311,267,683 | خالص فروخت |
| (508,203,662) | (323,451,584) | آپریٹنگ منافع (نقصان) |
| (542,872,661) | (584,608,282) | مالیاتی لاگت |
| (1,051,076,323) | (968,025,393) | عملیاتی منافع (نقصان) |
| (971,722,628) | (931,880,741) | بعد از ٹیکس منافع (نقصان) |
| (3.00) | (2.00) | ٹی نیشن (نقصان) |

کھاد کی صنعت کا مجموعی جائزہ:

گزشتہ سال کی اسی مدت کے برعکس فریلاڈائریکٹریٹ کمپنی کے ریڈیٹیوٹی کی وجہ سے 2017 میں 1,353 ہزار ٹن کے مقابلے میں 2018 کو ختم ہونے والی مدت کے دوران یورپا کی پیداوار فیصد کم ہو کر 1,304 ہزار ٹن ہوئی۔ گزشتہ سال کی اسی مدت میں یورپا کی آئی بی بی اے آر ہزار ٹن کے مقابلے میں حکومت پاکستان کی طرف سے سبسڈی اسکیم کے تسلسل کے ساتھ کسانوں کی بہتر معیشت کی وجہ سے زیر جانزد مدت کے لئے 44 فیصد اضافے سے 1,251 ہزار ٹن درج کی گئی۔

اس کے علاوہ، مدت کے دوران یورپا کی درآمدات 71 ہزار ٹن بھی درج کی گئی۔

زیر جانزد مدت کے دوران کمپنی نے سروپوں میں گیس کی تخفیف کا سامنا کیا اور سہ ماہی میں 108 ہزار ٹن کی نصب شدہ صلاحیت کے مقابلے میں Nil ہزار ٹن یورپا (Ni) ٹن 2017) بنانے کے قابل رہی۔ کمپنی نے 2018 کی پہلی سہ ماہی کے دوران 5,012 ٹن یورپا (2062017) فروخت کیا۔

فائیننس:

زیر جانزد سہ ماہی کے دوران، فائیننس کا استعمال بھی گزشتہ سال 176 ہزار ٹن کے مقابلے میں 12 فیصد بڑھ کر 198 ہزار ٹن ہو گیا۔ تاہم فائیننس مصنوعات کی پیداوار بنیادی طور پر 2018 میں SNGPL پلائٹس کو گیس کی تخفیف کے سبب 6 فیصد (2017 میں 113 ہزار ٹن نیوٹریٹس کے مقابلے میں 2018 میں 106 ہزار ٹن نیوٹریٹس) کم ہوئی۔ کمپنی نے، ایس ایس پی کے اہم مینوفیکچرنگ ہونے کے ناطے، 2018 کی پہلی سہ ماہی میں 12.56 ہزار ٹن ایس ایس پی (14.2 ہزار ٹن: 2017) پیدا کیا اور سہ ماہی میں 7.66 ہزار ٹن (4.6 ہزار ٹن: 2017) فروخت کی ہے۔

اکاؤنٹنگ پالیسیوں میں تبدیلیاں:

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

گنڈہ اکاؤنٹوں کی قدر پر مبنی پر اٹھنے والے پرنسپل کی ٹریٹمنٹ کی بابت کا بعد کمپنیز آرڈیننس 1984ء کی دفعہ 235 گنڈہ ایکٹ 2017 میں جاری نہیں رکھا گیا ہے۔ اس کے مطابق، انتظامیہ نے آئی اے ایس 16 "پراپرٹی، پلانٹ اور آلات" کے مطابق فری ہولڈر قرضہ ہولڈر پر عمارت، رہائشی کالونی اکاؤنٹ اور پلانٹ اور مشینری پر دوبارہ قدر پر مبنی پرنسپل کی اکاؤنٹنگ کے لئے اکاؤنٹنگ پالیسی تبدیل کیا ہے۔ اکاؤنٹنگ پالیسی میں اس تبدیلی کا اثر، جس کا اطلاق سابقہ اثاثہ کے ساتھ ہوتا ہے، اس کے نتیجے میں فری ہولڈر قرضہ ہولڈر پر مبنی عمارت، رہائشی کالونی اکاؤنٹ اور پلانٹ اور مشینری۔ ٹیکس کے بغیر ایکویٹی کے مختلف اعداد و شمار جس کے نتیجے میں پائربیلنس 31 دسمبر 2017 اور 31 دسمبر 2018 میں 8,848.4 ملین روپے اور 9,080.3 ملین روپے میں اضافہ ہوا کی دوبارہ قدر پر مبنی پرنسپل کی منتقلی کے نتیجے کے طور پر سامنے آیا ہے۔

(2) مزید اس سے قبل اس ترتیبی حصص کا کھاندہ کمپنیز آرڈیننس 1984ء کے سیکشن 85 کی بنیاد پر ایکٹیو آلات کے طور پر سمجھا گیا جس کے تحت کمپنی کو مطلوبہ حصص کے سلسلے میں ترتیبی حصص کی بازیابی کے لئے ایک ریزرو مرتب کرنے کی ضرورت تھی جس کو ایکویٹی کے حصے کے طور پر منظور انداز میں بنایا گیا تھا۔ یہ ریزرو کمپنی نے جنوری 2018 سے موخر کمپنی پر لاکھوں کے ناطے گنڈہ ایکٹ 2017 میں آگے جاری نہیں رکھا گیا ہے۔ بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ (آئی اے ایس) کے مطابق، مذکورہ بالا شرائط کے ساتھ ترتیبی 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 ترتیبی

ڈائریکٹرز رپورٹ

حصص کا ایکسچینج ٹریڈنگ کو تبدیل کر دیا ہے۔ اس تبدیلی کا اطلاق سابقہ اعلانے کے ساتھ کیا گیا ہے اور اس کے نتیجے میں ایکویٹی 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 لیکس سے سپلے نقصان 43.2 ملین روپے اور 43.2 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 زیر غور لایا گیا ہے۔

سربراہ کی تنظیم کو:

گزشتہ پانچ سالوں کے دوران کمپنی کے یورپا پلانٹ کوگیس 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 گرو اراضی کی قیمت میں اضافے کا امکان ہے۔ خاص طور پر سی بیگ منصوبے کے سیکشن ہاگاہ۔ داؤدخیل۔ ڈی آئی خان میں کمپنی کی شریک، پڈریا اراضی کی فراہمی، بہت اہم ہے۔ سی بیگ کی تکمیل کے بعد کمپنی کی اضافی اراضی مستقبل میں متعلقہ ٹریڈرز کے لئے تجارتی اور صنعتی سرگرمیوں میں اہم کردار ادا کرے گی۔

سربراہ کی تنظیم کو اس پلانٹ گھنٹیز آرڈیننس 1984 کی دفعہ 288-284 کے تحت جون 2016 میں لاہور ہائی کورٹ میں ایک پیشین 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 پرامید ہے، جس سے کمپنی کی مالی پوزیشن میں بہتری آئے گی۔

اظہار تشکر

یورڈ 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، ہلی باہم تشفیہ تعلق داری کا شکریہ ادا کرتا ہے۔

یورڈ 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۔

یورڈ آف ڈائریکٹرز کی جانب سے



چیف ایگزیکٹو

لاہور

تاریخ: 05 اگست 2019ء

Condensed Interim Statement of Financial Position

As at 31st March 2018

| | Note | (Un-audited) 31 March 2018 Rupees | (Audited) 31 December 2017 (Restated) Rupees |
|---|------|--|---|
| 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 | | (15,322,178,033) | (14,447,678,404) |
| Surplus on revaluation of property, plant and equipment - net of tax | | 8,791,092,823 | 8,848,473,940 |
| | | (2,597,785,210) | (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 payables - Unsecured | | 31,135,199 | 31,135,199 |
| Deferred Liabilities | | | |
| - staff retirement benefits | | 33,689,464 | 31,758,941 |
| - deferred taxation-net | | 3,905,178,386 | 3,945,213,885 |
| | | 5,563,345,739 | 8,220,650,067 |
| Current liabilities | | | |
| Current maturity of non-current liabilities | | 19,369,199,664 | 16,744,531,922 |
| Short term borrowings -secured | 8 | 3,511,337,787 | 3,526,881,717 |
| Trade and other payables | | 4,770,648,150 | 4,708,220,663 |
| Due to related parties - unsecured | | 1 | - |
| Interest/mark-up accrued on borrowings | | 14,949,027,782 | 14,524,481,877 |
| Preference dividend payable | | 1,073,036,103 | 1,029,819,410 |
| | | 43,673,249,487 | 40,533,935,589 |
| Contingencies and commitments | 9 | | |
| | | 46,638,810,016 | 47,088,681,192 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 39,511,371,527 | 39,773,629,288 |
| Intangible asset | | 2,567,310,828 | 2,567,502,109 |
| Investments | | - | - |
| Long term loans and advances - considered good | | 11,052,011 | 12,347,413 |
| Long term deposits - unsecured, considered good | | 56,794,115 | 56,894,115 |
| | | 42,146,528,481 | 42,410,372,925 |
| Current assets | | | |
| Stores, spares and loose tools | | 2,089,414,107 | 2,089,007,431 |
| Stock-in-trade | | 371,436,468 | 386,158,732 |
| Trade debts | | 13,727,045 | 16,531,014 |
| Advances, deposits, prepayments and other receivables | | 1,542,020,638 | 1,744,236,384 |
| Tax refunds due from Government - net | | 249,292,020 | 244,699,529 |
| Cash and bank balances | 11 | 226,391,257 | 197,675,177 |
| | | 4,492,281,535 | 4,678,308,267 |
| | | 46,638,810,016 | 47,088,681,192 |

The annexed notes 1 to 20 form an integral part of this condensed interim consolidated financial information.

Lahore


Chief Executive


Chief Financial Officer


Director

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

For the period ended 31st March 2018

| | Three months period ended | |
|---|---------------------------|-----------------------------|
| | 31 March 2018 | 31 March 2017 (Restated) |
| | Rupees | Rupees |
| Sales - net | 311,267,683 | 123,522,849 |
| Cost of sales | (634,719,267) | (548,839,365) |
| Gross loss | (323,451,584) | (425,316,516) |
| Selling and distribution expenses | (13,809,614) | (18,239,709) |
| Administrative and general expenses | (61,975,914) | (66,679,499) |
| Other operating expenses | 4,200,876 | (36,117) |
| Other income | 11,619,125 | 2,068,179 |
| Operating loss | (383,417,111) | (508,203,662) |
| Finance cost | (584,608,282) | (542,872,661) |
| Loss before taxation | (968,025,393) | (1,051,076,323) |
| Taxation | 36,144,652 | 79,353,695 |
| Loss after taxation | (931,880,741) | (971,722,628) |
| Loss per share - basic and diluted | (2) | (3) |

The annexed notes 1 to 20 form an integral part of this condensed interim consolidated financial information.

Lahore


Chief Executive


Chief Financial Officer


Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the period ended 31st March 2018

| | Three months period ended | |
|---|---|---------------------------------------|
| | 31 March 2018 Rupees <i>(Restated)</i> | 31 March 2017 (Restated) Rupees |
| Loss after taxation | (931,880,741) | (971,722,628) |
| Other comprehensive income: | | |
| Item that will not be reclassified to profit and loss account | | |
| Remeasurement of defined benefit liability | - | - |
| Related Tax | - | - |
| | - | - |
| Total comprehensive loss for the period | (931,880,741) | (971,722,628) |

The annexed notes 1 to 20 form an integral part of this condensed interim consolidated financial information.

Lahore


Chief Executive


Chief Financial Officer


Director

Condensed Interim Statement of Cash Flows (Un-audited)

For the Period ended 31st March 2018

| | | 31 March 2018 | 31 March 2017 (Restated) |
|---|------|------------------------|-----------------------------|
| | Note | Rupees | Rupees |
| <u>Cash flows from operating activities</u> | | | |
| Cash used operations | 13 | 85,614,256 | (137,061,074) |
| Interest income received | | 1,349,779 | 149,340 |
| Income tax paid | | (9,426,509) | (2,320,275) |
| Staff retirement benefits paid | | (423,074) | (805,603) |
| Net cash used in operating activities | | 77,114,452 | (140,037,612) |
| <u>Cash flows from investing activities</u> | | | |
| Capital expenditure incurred | | (931,635) | (25,523,471) |
| Long term loans and advances received | | 1,295,402 | 152,233 |
| Long term deposits - net | | 100,000 | 634,450 |
| Proceeds from disposal of property, plant and equipment | | - | 3,156,113 |
| Net cash used in investing activities | | 463,767 | (21,580,675) |
| <u>Cash flows from financing activities</u> | | | |
| Long term loans - Repayment | | (537,610) | (95,064) |
| Short term borrowings Net | | 98,185,970 | 13,319,669 |
| Finance cost paid | | (32,780,595) | (17,252,002) |
| Net cash used in financing activities | | 64,867,765 | (4,027,397) |
| Net increase/(decrease) in cash and cash equivalents | | 142,445,984 | (165,645,684) |
| Cash and cash equivalents at the beginning of period | | (2,247,411,334) | (2,347,518,945) |
| Cash and cash equivalents at the end of period | 15 | (2,104,965,350) | (2,513,164,629) |

The annexed notes 1 to 20 form an integral part of this condensed interim consolidated financial information.

Lahore


Chief Executive


Chief Financial Officer


Director

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

For the Period ended 31st March 2018

| | Share Capital | | Capital Reserve | | Reserves | | Total equity | |
|---|-----------------|--------|-------------------------------|--------|-----------------|--------|------------------|--------------------|
| | Ordinary Shares | Rupees | Property, plant and equipment | Rupees | Revenue reserve | Rupees | | Accumulated Losses |
| Balance as at 01 January 2017 - audited | 3,924,300,000 | | - | | 9,000,000 | | (10,200,286,152) | (6,266,986,152) |
| Effect of restatement as explained in note 3.1 | - | | 9,080,310,370 | | - | | 9,080,310,370 | 9,080,310,370 |
| As at 01 January 2017 | 3,924,300,000 | | 9,080,310,370 | | 9,000,000 | | (10,200,286,152) | 2,813,324,218 |
| Total comprehensive loss for the period ended 31 March-2017 - restated | - | | - | | - | | (971,722,628) | (971,722,628) |
| Surplus transferred to accumulated losses | | | | | | | | |
| Surplus transferred to accumulated losses on account of | | | | | | | | |
| - disposal of property, plant and equipment | - | | - | | - | | - | - |
| - Incremental depreciation on revaluation of property, plant and equipment - net of tax | - | | (57,138,324) | | - | | 57,138,324 | - |
| As at March 31, 2017 | 3,924,300,000 | | 9,023,172,046 | | 9,000,000 | | (11,114,870,456) | 1,841,601,590 |
| As at 01 January 2018 | 3,924,300,000 | | 8,848,473,940 | | 9,000,000 | | (14,447,678,410) | (1,665,904,470) |
| Total comprehensive loss for the period ended 31 March-2018 - restated | | | | | | | (931,880,741) | (931,880,741) |
| Surplus transferred to accumulated losses | | | | | | | | |
| Surplus transferred to accumulated losses on account of | | | | | | | | |
| on revaluation of fixed assets - net of tax | - | | (57,381,117) | | - | | 57,381,117 | - |
| As at March 31, 2018 - un-audited | 3,924,300,000 | | 8,791,092,823 | | 9,000,000 | | (15,322,178,034) | (2,597,785,211) |

The annexed notes 1 to 20 form an integral part of this condensed interim consolidated financial information.

Lahore

Chief Executive



Chief Financial Officer



Director




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

For the period ended 31st March 2018

1 Reporting Entity

Agritech Limited ("the Company") was incorporated in Pakistan on 15 December 1959 as an unlisted Public Limited Company under the Companies Act, 1913 (now the Companies Ordinance, 1984) 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 registered office of the Company is situated at 2nd Floor Asia Center, 8 – Babar Block, Main Boulevard, New Garden Town, Lahore. 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.

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. 931.88 million and as at the reporting date current liabilities have exceeded current assets by Rs. 37,355.62 million and shareholders equity stands at negative Rs. 2,597.79 million.
- Due to unavailability of natural gas, the Company's urea plant remained non-operational as compared to Niloperation days in 1st Quarter of March 2017. During the year, the Company was supplied a blend of natural gas and RLNG thereby increasing the cost of raw material.
- As a result of change in accounting policy for surplus on revaluation of property, plant and equipment as detailed in note 3.1 to these financial statements, revaluation surplus is now presented as a part of equity.
- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, the Company has presented additional disclosures in these financial statements and represented certain comparative figures.
- 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

This condensed interim financial information comprises the condensed interim balance sheet of Agritech Limited ("the Company"), as at 31 March 2017 and the related condensed interim profit and loss account, 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.

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

For the period ended 31st March 2018

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 period ended 31 March 2018.

This condensed interim 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 information 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 three month of 2018 (31 March 2017: Nil days) which resulted in no production of Urea (31 March 2017: Nil). The Company during the current period was also able to sell 5,013 tons Urea (31 March 2017: 206 tons). The Company has incurred a loss before tax of Rs. 968.03 million (2017: Rs. 1,007.86 million) during the year and as at the reporting date, its current liabilities have exceeded its current assets by Rs. 37,355.62 million, including Rs. 30,395.54 million relating to overdue principal and interest / mark-up thereon, and accumulated losses of the Company exceeded the shareholder's equity by Rs. 2,597.79 million. The difference between current liabilities and current assets would have been Rs. 39,201.71 million, had the Company classified its long term debts as current for reasons fully explained in note 2.5 to the financial statements.

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 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,

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

For the period ended 31st March 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 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 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 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 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 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 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 Company's' 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 foresee 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 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 18. 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.

However, the long term debts in the amount of Rs. 1,846.09 million as detailed below have continued to be classified as long term as per the repayment schedules in this condensed interim financial information as the management considers that event of default was not declared by the lenders at the reporting date:

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

For the period ended 31st March 2018

| | Principal net of current maturity |
|--|--|
| | Rupees |
| <u>Redeemable capital</u> | |
| Privately Placed Term Finance Certificates - I | 274,743,700 |
| Privately Placed Term Finance Certificates - II | 631,976,290 |
| Privately Placed Term Finance Certificates - III | 68,110,350 |
| Privately Placed Term Finance Certificates | 127,468,749 |
| Sukuks | 146,648,334 |
| | <u>1,248,947,423</u> |
| | - |
| <u>Long term finances</u> | |
| Syndicate Term Finance - I | 550,000,000 |
| Dubai Islamic Bank Limited - Term Finance | 47,142,857 |
| | 597,142,857 |
| | <u><u>1,846,090,280</u></u> |

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 policy

Up to 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 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

- Up to 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 10 to these condensed interim 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.

Following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2018:

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

For the period ended 31st March 2018

| Standard or interpretation | Effective date (accounting periods beginning on or after) | |
|---|---|--|
| | 31 March 2018 Un-audited Rupees | 31 December 2017 Restated Audited Rupees |
| 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 |
| 4 Issued, subscribed and paid up ordinary share capital | | |
| Class A ordinary shares of Rs. 10 each 383,430,000 (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 (December 2017: 9,000,000) Shares issued for consideration as Machinery | 90,000,000 | 90,000,000 |
| | <u>3,924,300,000</u> | <u>3,924,300,000</u> |

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

| | 31 March 2018 | 31 December 2017 | 31 March 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 |

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

For the period ended 31st March 2018

| | 31 March 2018 Un-audited Rupees | 31 December 2017 Restated Audited Rupees |
|---|--|---|
| 5 Redeemable Capital - Secured | | |
| <u>Under interest/markup arrangement</u> | | |
| Term Finance Certificates - I | 1,498,602,000 | 1,498,602,000 |
| Term Finance Certificates - II | 6,894,286,800 | 6,894,286,800 |
| 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 - VI | 509,874,996 | 509,874,996 |
| Sukkuks | 1,599,800,000 | 1,599,800,000 |
| | 12,165,534,546 | 12,165,534,546 |
| Transaction costs | (23,672,167) | (28,622,167) |
| | 12,141,862,379 | 12,136,912,379 |
| Current maturity presented under current liabilities | (12,141,862,379) | (10,115,259,050) |
| | - | 2,021,653,329 |
| 5.1 Types of long term finances - secured | | |
| 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 |
| 6 Long term finances | | |
| 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 - 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 - <i>Diminishing Musharika</i> | 7,984,747 | 8,522,357 |
| | 7,232,391,847 | 7,232,929,458 |
| Transaction Cost | (5,054,563) | (6,110,563) |
| | 7,227,337,284 | 7,226,818,895 |
| Current maturity presented under current liabilities | (7,227,337,285) | (6,629,272,872) |
| | 0 | 597,546,023 |

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

For the period ended 31st March 2018

| | 31 March 2018 Un-audited Rupees | 31 December 2017 Restated Audited Rupees |
|--|--|---|
| 6.1 Types of long term finances - secured | | |
| Interest / mark-up based financing | 6,859,407,100 | 6,859,407,101 |
| Islamic mode of financing | 372,984,747 | 373,522,357 |
| | <u>7,232,391,847</u> | <u>7,232,929,458</u> |

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

| | 31 March 2018 Un-audited Rupees | 31 December 2017 Restated Audited Rupees |
|------|--|---|
| Note | | |

7 Issued, subscribed and paid-up preference share capital

Preference shares of Rs. 10 each
159,334,269 (31 December 2017: 159,334,269)
Shares issued fully paid in cash

| | | |
|-----|-----------------------------|----------------------|
| 7.1 | <u>1,593,342,690</u> | <u>1,593,342,690</u> |
|-----|-----------------------------|----------------------|

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:

| | 31 March 2018 Un-audited | 31 December 2017 Audited |
|---------------------------|---|--------------------------------|
| | --- (Number of shares) --- | |
| Faysal Bank Limited | 31,035,594 | 31,035,594 |
| National Bank of Pakistan | 3,458,756 | 3,458,756 |
| | <u>34,494,350</u> | <u>34,494,350</u> |

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

For the period ended 31st March 2018

- 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 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 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 long term finance. 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 are higher by Rs43.2 million and Rs. 43.2million.

| 31 March 2018 Un-audited Rupees | 31 December 2017 Restated Audited Rupees |
|--|---|
|--|---|

8 Short term borrowings - secured

| | | |
|--|-----------------------------|----------------------|
| Interest / mark-up based loans - secured | 2,810,770,540 | 2,826,099,230 |
| Islamic mode of financing - secured | 700,567,246 | 700,782,487 |
| | <u>3,511,337,787</u> | <u>3,526,881,717</u> |

- 8.1** 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.

9 Contingencies and commitments

9.1 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:

- 9.1.1** Subsequent to 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.
- 9.1.2** 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.
- 9.1.3** 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.

9.2 Commitments

- 9.2.1** The amount of future ijarah rentals and the period in which these payments will become due are as follow:

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

For the period ended 31st March 2018

| | 31 March 2018 | 31 December 2017 Restated |
|---|------------------------------|------------------------------|
| | Un-audited | Audited |
| | Rupees | Rupees |
| <i>Note</i> | | |
| Not Later than one year | 6,782,664 | 3,509,285 |
| Later than one year but not later than five year | 6,024,109 | 17,746,300 |
| | 12,806,773 | 21,255,585 |
| 9.2.2 Commitments under irrevocable letters of credit for: | | |
| - purchase of stores, spares and loose tools | 3,897,216 | 3,509,285 |
| - purchase of plant and machinery | 17,411,610 | 14,709,743 |
| | 21,308,826 | 18,219,028 |
| 10 Property, plant and equipment | | |
| Operating fixed assets | 39,443,498,112 | 39,705,777,952 |
| Capital work in progress | 67,873,418 | 67,851,336 |
| | 39,511,371,530 | 39,773,629,288 |
| 10.1 Operating fixed assets | | |
| Net book value at end of the period | 39,705,777,946 | 40,721,679,325 |
| Add: Additions during the period | <i>10.1.1</i> 909,558 | 53,727,620 |
| Less: Disposals during the period - net book value | - | 11,797,298 |
| Depreciation for the period | 263,189,392 | 1,057,831,701 |
| | 263,189,392 | 1,069,628,999 |
| 10.1.1 Net book value at end of the period | 39,443,498,112 | 39,705,777,946 |
| Additions - cost | | |
| <u>Owned assets</u> | | |
| Buildings on freehold land | - | 17,937,934 |
| Plant and machinery | 704,533 | 429,959 |
| Furniture, fixtures and office equipment | 205,025 | 4,647,116 |
| Vehicles and rail transport | - | 7,721,169 |
| Tools and other equipment | - | 1,403,920 |
| Electrical and other installations | - | - |
| | 909,558 | 53,727,620 |
| 11 Cash and bank balances | | |
| Cash in hand | 547,889 | 513,594 |
| Cash at banks | | |
| - current accounts | 139,189,394 | 116,867,774 |
| - savings accounts | 86,653,973 | 80,293,809 |
| - term deposit receipts | 225,843,368 | 197,161,583 |
| | 226,391,257 | 197,675,177 |

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

For the period ended 31st March 2018

- 11.1 These include Rs. 11.05 million (31 December 2017 : Rs 7.59 million) placed under an arrangement permissible under Shariah with Islamic Bank.
- 11.2 Rate of return on saving accounts ranges from 3.08% to 4.5% per annum (31 December 2017: 4% to 6% per annum).

12 Transactions and balances with related parties

Related parties from the Company's perspective comprise associated undertakings, key management personnel (comprising 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. All transactions with related parties have been carried out on commercial terms and conditions.

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

| | (Un-audited) January to 31 March 2018 | (Un-audited) January to 31 March 2017 (Restated) |
|---|--|---|
| | Rupees | Rupees |
| 12.1 Transactions with related parties | | |
| 12.1.1 Associate | | |
| National Bank of Pakistan | | |
| Markup expense | 60,483,266 | 59,953,571 |
| Preference dividend | 938,128 | 938,128 |
| Markup paid | - | - |
| Advisory Fee | - | - |
| Fee paid | - | - |
| Bank Balances - net | (2,892,069) | (10,950,921) |
| Short term borrowings - net | - | - |
| 12.1.2 Other related parties | | |
| Faysal Bank Limited | | |
| Mark up Expense | 37,620,421 | 37,022,784 |
| Preference dividend | 8,417,873 | 8,394,874 |
| Trustee Fee | - | - |
| Markup paid | - | - |
| Bank Balances - net | (3,160) | 363 |
| Short term borrowings - net | - | - |
| Standard Chartered Bank (Pakistan) Limited | | |
| Mark-up expense | 30,131,828 | 29,841,874 |
| Markup paid | - | - |
| Loan paid | - | - |
| Short term borrowings | - | - |
| Bills payable | - | - |
| Bank balances - net | 14,747,165 | (37,032,812) |
| Silk Bank limited | | |
| Mark-up expense | 11,436,146 | 12,322,314 |
| Markup paid | - | 9,616,653 |
| Short term borrowings - net | - | - |
| Bank balances - net | - | - |
| Bills payable | - | - |

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

For the period ended 31st March 2018

| | (Un-audited) January to 31 March 2018 Rupees | (Un-audited) January to 31 March 2017 (Restated) Rupees |
|---|--|---|
| Summit Bank Limited | | |
| Mark-up expense | 20,039,000 | 15,185,128 |
| Markup paid | - | - |
| Short term borrowings - net | 83,988,025 | 8,037,835 |
| Bills payable | 21,298,679 | - |
| Bank Balances - net | (77,696,949) | - |
| 12.1.3 Post employment benefit plans | | |
| Contribution to employees provident fund | 4,717,745 | 13,922,858 |
| Contribution to employees gratuity fund | 2,353,597 | 6,178,452 |
| 12.1.4 Key management personnel | | |
| Short term employee benefits | 4,500,000 | 2,400,000 |
| Post employment benefits | 262,395 | 137,445 |
| | (Un-audited) | (Audited) |
| | 31 March 2018 | 31 December 2017 Restated |
| | Un-audited | Audited |
| | Rupees | Rupees |
| 12.2 Balances with related parties | | |
| 12.2.1 Associate | | |
| National Bank of Pakistan | | |
| Long term loans | 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 | 2,464,868,728 | 2,404,385,462 |
| Preference dividend payable | 175,700,575 | 174,762,447 |
| Bank accounts | 1,368,899 | 4,260,968 |
| Advisory and other fee | 738,600,000 | 738,600,000 |
| Advance for transaction Cost | 23,200,000 | 23,200,000 |
| 12.2.2 Other related parties | | |
| Faysal Bank | | |
| Redeemable capital | 1,499,109,500 | 1,499,109,500 |
| Long term loan | 350,000,000 | 350,000,000 |
| Preference shares | 310,355,940 | 310,355,940 |
| Mark up payable | 1,350,957,196 | 1,313,336,775 |
| Preference dividend payable | 209,043,857 | 200,625,984 |
| Bank accounts | 155,589 | 158,749 |

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

For the period ended 31st March 2018

| | (Un-audited) | (Audited) |
|---|-------------------|------------------------------|
| | 31 March 2018 | 31 December 2017 Restated |
| | <u>Un-audited</u> | <u>Audited</u> |
| | Rupees | Rupees |
| Standard Chartered Bank (Pakistan) Limited | | |
| Redeemable capital | 146,995,500 | 146,995,500 |
| Long term finances | 1,445,302,020 | 1,445,302,020 |
| Short term borrowings | - | - |
| Mark-up payable | 1,140,987,129 | 1,110,855,301 |
| Bank accounts | 107,194,618 | 92,447,453 |
| Silk Bank | | |
| Long term loans | 130,607,546 | 130,607,546 |
| Short term borrowings | 420,406,053 | 549,761,612 |
| Bills payable | - | - |
| Mark up payable | 192,773,626 | 181,337,480 |
| Summit Bank Limited | | |
| Redeemable capital | 603,406,000 | 603,406,000 |
| Short term borrowings | 665,739,087 | 581,751,062 |
| Bills payable | 21,298,679 | - |
| Mark up payable | 340,915,714 | 320,876,714 |
| Bank accounts | 95,064 | 77,792,013 |
| 12.2.3 Post employment benefit plans | | |
| (Receivable) / payable to Provident Fund Trust | - | - |
| Payable to gratuity Trust | 33,689,464 | 31,758,941 |

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

For the period ended 31st March 2018

| | (Un-audited) | (Audited) |
|---|-------------------------|------------------------------|
| | 31 March 2018 | 31 December 2017 Restated |
| | Un-audited | Audited |
| | Rupees | Rupees |
| 13 Cash flow from operating activities | | |
| Profit & (Loss) before tax | (968,025,393.00) | (1,051,076,323.00) |
| Adjustment for non-cash items: | | |
| Interest / markup expense | 500,543,193.00 | 492,248,965.00 |
| Amortization of transaction costs | 6,006,000.00 | 7,407,000.00 |
| Depreciation on property, plant and equipment | 263,189,398.00 | 263,574,719.00 |
| Amortization of computer software | 191,281.00 | 642,000.00 |
| Provision for staff retirement benefit | 2,353,597.00 | 2,129,884.00 |
| Mark-up / Interest Income | (1,349,779.00) | (149,340.00) |
| Loss on sale of property, plant and equipment | - | 3,927,535.00 |
| Operating profit before changes in working capital | (197,091,703.00) | (281,295,560.00) |
| Changes in working capital | | |
| (Increase) / decrease in current assets: | | |
| Stores, spares and loose tools | (406,676.00) | (11,496,959.00) |
| Stock in trade | 14,722,264.00 | (72,789,399.00) |
| Trade receivables | 2,803,969.00 | 36,839,897.00 |
| Advances, deposits, prepayments and other receivables | 202,215,745.00 | 110,282,011.00 |
| | 219,335,302.00 | 62,835,550.00 |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | 63,370,657.00 | 81,398,936.00 |
| Cash used in operations | 85,614,256.00 | (137,061,074.00) |

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

For the period ended 31st March 2018

14 Segment reporting

14.1 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:

14.2 Segment revenue and results

Following is the information about reportable segments of the Company:

| | 31 March 2018 | | 31 March 2017 | | 31 March 2018 | | 31 March 2017 | |
|---|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|
| | Un-audited | Un-audited | Un-audited | Un-audited | Un-audited | Un-audited | Un-audited | Un-audited |
| | Rupees 'min' | Rupees 'min' | Rupees 'min' | Rupees 'min' | Rupees 'min' | Rupees 'min' | Rupees 'min' | Rupees 'min' |
| For the three months period ended 31 March 2018 | 192 | 58 | 120 | 66 | 311 | 124 | | |
| External revenues | | | | | | | | |
| Inter-segment revenue | | | | | | | | |
| Reportable segment (Loss)/ | (972) | (1,031) | 4 | (20) | (968) | (1,051) | | |
| Reportable segment Profit/(Loss) before tax | | | | | | | | |
| | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 |
| | Un-audited | Audited | Un-audited | Audited | Un-audited | Audited | Un-audited | Audited |
| | Rupees 'min' | Rupees 'min' | Rupees 'min' | Rupees 'min' | Rupees 'min' | Rupees 'min' | Rupees 'min' | Rupees 'min' |
| As at | | | | | | | | |
| Reportable segment assets | 42,661 | 43,098 | 4,838 | 4,740 | 47,499 | 47,838 | | |
| Reportable segment liabilities | 49,475 | 48,977 | 622 | 560 | 50,097 | 49,537 | | |

Condensed Interim Notes to the Financial Information (Un-audited) For the period ended 31st March 2018

14.3 Reconciliation of reportable segment profitable segment profit and loss

| | (Un-audited) 31 March | (Un-audited) 31 March |
|--|--------------------------|--------------------------|
| | Rupees | Rupees |
| For the three months ended | | |
| Total loss for reportable segments before taxation | (968,025,393) | (1,051,076,323) |
| Taxation | 36,144,652 | 79,353,695 |
| Loss after taxation | <u>(931,880,741)</u> | <u>(971,722,628)</u> |

15 Cash and cash equivalents

| | | |
|---|------------------------|------------------------|
| Short term borrowings - running finance - secured | (2,331,356,613) | (2,708,314,518) |
| Cash and bank balances | 226,391,257 | 238,366,587 |
| | <u>(2,104,965,356)</u> | <u>(2,469,947,931)</u> |

16 Overdue financial liabilities

Due to the facts disclosed in note 2.3, 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 31 March 2018 are as follows:

| | Principal | Interest / mark up | Total |
|----------------------------|-----------------------|-----------------------|-----------------------|
| Nature of Liability | | | |
| Redeemable capital | 8,908,801,211 | 8,051,770,082 | 16,960,571,293 |
| Long term finances | 6,030,066,544 | 5,467,997,684 | 11,498,064,228 |
| Short term borrowings | 932,185,758 | 1,004,714,114 | 1,936,899,872 |
| | <u>15,871,053,513</u> | <u>14,524,481,880</u> | <u>30,395,535,393</u> |

17 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.

18 Financial Risk Management

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

19 Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on August 05 2018.

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

For the period ended 31st March 2018

20 General

- Figures have been rounded off to the nearest thousand of Rupees.
- 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 SECP 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



AGRITECH LIMITED

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