The Future is Brighter
with Agritech Fertilizers

Interim Financial Report for the nine months ended September 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 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 Nine months ended September 30, 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.

Nine Months in Review

Financial Results of Agritech Limited.

	Nine Months ended September 30, 2018	Nine Months ended September 30, 2017 (Restated)
Sales - Net	**820,782,262**	3,145,633,401
Operating Profit / (Loss)	**(1,472,555,080)**	(1,474,778,552)
Finance cost	**(1,748,686,504)**	(1,693,422,128)
Profit / (Loss) before Tax	**(3,221,241,584)**	(3,168,200,680)
Profit / (Loss) after Tax	**(2,999,078,453)**	(3,103,971,642)
Earning / (Loss) per share	**(7.64)**	(7.91)

Overview of Fertilizer Industry:

During the period ending Sep 30, 2018 the Production of Urea declined by 7% to 4,004K tons vs 4,310 K tons in 2017. Gas curtailment to fertilizer plants on SNGPL Network continued unabated throughout 2018 as gas supplies, post Winter Load Management, could not be restored. New Government was formed after the general elections and renewed efforts were put in to restore production of the closed Urea plants. Meanwhile continued plant closures during 2018 also resulted in consumption of buffer stocks and shortage of Urea was witnessed across the country. In order to bridge the Urea shortages, gas/RLNG supplies to the closed Urea plants on SNGPL Network were restored in last week of Sep, 2018. Urea offtakes for the period under review were recorded at 4,138K tons decreasing by 1% vs 4,167K tons in same period last year.

The Company's woes on gas curtailment continued during 2018 despite GOP like other plants on SNGPL Network. Despite assurances from outgoing Government and also by Caretaker Setup, gas supply could not be restored for most part of 2018. Gas supplies were finally restored on 22nd Sep, 2018 when the newly formed Government post elections faced with Urea shortages and Economic Coordination Committee (ECC) of the Cabinet approved the provision of gas/RLNG blend followed by subsidized RLNG to operate the plant in order to bridge Urea shortages in the country and plant has now been fully functional since Sep 2018. During the period under review the Company managed to produce 4.4 K tons of urea (114 K tons: 2017) against installed capacity of 324K tons for the period. The Company sold 8.4K tons Urea (101 K tons: 2017).

Consumption of Phosphates, during the period under review saw a decline of 8% to 668K tons of Nutrients vs 730K tons last year. Production of Phosphates also saw a decline of 15% (327K tons Nutrients in 2018 vs 387K tons Nutrients in 2017) primarily due to gas curtailment to the SNGPL based plants in 2018. The Company, being a major SSP player, produced 40 K tons SSP in during the period (43 K tons: 2017) and sold 31 K tons during the period (32 K tons: 2017).

Directors' Review

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. 131 million and Rs. 131 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

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 ستمبر 2018ء کو ختم ہونے والی نو ماہی کے لئے غیر نظر ثانی شدہ مالیاتی گوشواروں کے ہمراہ کمپنی کی سہ ماہی 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۔

نو ماہی کا جائزہ

ایگری ٹیک لمیٹڈ کے مالیاتی نتائج:

	مختتمہ نو ماہی 30 ستمبر 2018ء	مختتمہ نو ماہی 30 ستمبر 2017ء
خالص فروخت	**820,782,262**	3,145,633,401
آپریٹنگ منافع / (نقصان)	**(1,472,555,080)**	(1,474,778,552)
مالیاتی لاگت	**(1,748,686,504)**	(1,693,422,128)
قبل از ٹیکس منافع / (نقصان)	**(3,221,241,584)**	(3,168,200,680)
بعد از ٹیکس منافع / (نقصان)	**(2,999,078,453)**	(3,103,971,642)
فی حصص منافع / (نقصان)	**(7.64)**	(7.91)

کھاد کی صنعت کا مجموعی جائزہ:

2017 میں 4,310 ہزار ٹن کے مقابلے 30 ستمبر 2018 کو ختم ہونے والی مدت کے دوران یوریا کی پیداوار 7 فیصد کم ہو کر 4,004 ہزار ٹن ہوئی۔ SNGPL نیٹ ورک پر فرٹیلائزر پلانٹس کو گیس کی تخفیف پورا سال 2018 میں بلا تخفیف جاری رہی کیونکہ گیس سپلائیز، بعد از ونٹر لوڈ مینجمنٹ بحال نہیں ہو سکی تھی۔ عام انتخابات کے بعد نئی حکومت بنی اور بند یوریا پلانٹس کی پیداوار کی بحالی کے لئے نئی کوششیں کی گئیں۔ اسی اثناء میں 2018 کے دوران مسلسل پلانٹ کی بندش کے نتیجے کافی اسٹاکس کا استعمال ہو گیا اور پورے ملک میں یوریا کی کمی ہو گئی۔ یوریا کی کمی کو پورا کرنے کے لئے، SNGPL نیٹ ورک پر بند یوریا پلانٹس کو گیس / RLNG سپلائیز ستمبر 2018 کے آخری ہفتہ میں بحال کر دی گئی۔ گزشتہ سال کی اسی مدت میں یوریا کی آف ٹیک 4,167 ہزار ٹن کے مقابلے زیرِ جائزہ مدت کے لئے 1 فیصد کمی سے 4,138 ہزار ٹن درج کی گئی۔

SNGPL نیٹ ورک پر دیگر پلانٹس کی طرح حکومت پاکستان کی طرف سے بحالی کے باوجود 2018 کے دوران گیس کی تخفیف پر کمپنی کا رنج جاری رہا۔ سابقہ حکومت اور نگران حکومت کی طرف سے بھی یقین دہانی کے باوجود، گیس کی سپلائی 2018 کے زیادہ تر حصہ میں بحال نہیں ہو سکی تھی۔ انتخابات کے بعد جب نئی حکومت کو یوریا کی کمی کا سامنا کرنا پڑا تو آخر کار 22 ستمبر 2018 کو گیس کی سپلائیز بحال کر دی گئی اور کابینہ کی اقتصادی تعاون کمیٹی (ECC) نے ملک میں یوریا کی کمی کو پورا کرنے کی خاطر پلانٹ کو چلانے کے لئے اعانتی RLNG کی پیروی میں گیس / RLNG کی پروویژنز کی منظوری دی اور پلانٹ اب ستمبر 2018 سے مکمل طور پر فنکشنل ہے۔ زیرِ جائزہ مدت کے دوران کمپنی 324 ہزار ٹن کی نصب شدہ صلاحیت کے مقابل 4.4 ہزار ٹن یوریا (114 ہزار ٹن: 2017) بنانے کے قابل رہی۔ کمپنی نے 8.4 ہزار ٹن یوریا (2017: 101 ہزار ٹن) فروخت کیا۔

فاسفیٹ:

زیرِ جائزہ سہ ماہی کے دوران، فاسفیٹس کا استعمال گزشتہ سال 730 ہزار ٹن کے مقابلے 8 فیصد کم ہو کر 668 ہزار ٹن ہو گیا۔ فاسفیٹ کی پیداوار بنیادی طور پر 2018 میں SNGPL پر مبنی پلانٹس کو گیس کی تخفیف کے سبب 15 فیصد (2017 میں 387 ہزار ٹن نیوٹرئنٹس کے مقابلے 2018 میں 327 ہزار ٹن نیوٹرئنٹس) کم ہوئی۔ کمپنی نے، ایس ایس پی کے اہم مینوفیکچر رہونے کے ناطے، سہ ماہی میں 40 ہزار ٹن ایس ایس پی (43 ہزار ٹن: 2017) پیدا کی اور سہ ماہی میں 31 ہزار ٹن (32 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 کوا یکویٹی کے حصے کے طور پر مؤثر انداز میں بنایا گیا تھا۔ یہ پرویژن یکم جنوری 2018 سے مؤثر کمپنی پر لاگو ہونے والے نئےکمپنیز 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 کوتبدیل کر دیا ہے۔اس تبدیلی کا اطلاق سابقہ اعلامیے کے ساتھ کیا گیا ہے اوراس 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 131 ملین روپے اور 131 ملین روپے زیادہ ہوا ہے۔درج شدہ فی حصص نقصان میں کوئی تبدیلی نہیں ہوئی ہے کیونکہ فی حصص نقصان کے شماری 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- داؤدخیل- 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 کمپنیز آرڈیننس 1984 کی دفعہ 288-284 کے تحت جون 2016 میں لاہور ہائی کورٹ میں ایک پٹیشن 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 پرُامید ہے، جس سے کمپنی کی مالی پوزیشن میں بہتری آئے گی۔

اظہار تشکر

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،اگست2019ء

Condensed Interim Statement of Financial Position

As at 30th September 2018

	Note	(Un-audited) 30 September 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		**(17,272,154,320)**	(14,447,678,404)
Surplus on revaluation of property, plant and equipment - net of tax		**8,673,871,398**	8,848,473,940
		(4,664,982,922)	(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		**27,040,268**	31,758,941
- deferred taxation-net		**3,712,630,349**	3,945,213,885
		5,364,148,506	8,220,650,067
Current liabilities			
Current maturity of non-current liabilities		**19,389,812,261**	16,744,531,922
Short term borrowings -secured	8	**3,936,342,593**	3,526,881,717
Trade and other payables		**4,810,062,049**	4,708,220,667
Interest/mark-up accrued on borrowings		**15,890,590,945**	14,524,481,877
Preference dividend payable		**1,160,910,045**	1,029,819,407
		45,187,717,893	40,533,935,590
Contingencies and commitments	9		
		45,886,883,477	47,088,681,193
ASSETS			
Non-current assets			
Property, plant and equipment	10	**38,838,106,872**	39,773,629,284
Intangible asset		**2,567,310,828**	2,567,502,109
Long term loans and advances - considered good		**10,581,433**	12,347,413
Long term deposits - unsecured, considered good		**217,161,363**	56,894,115
		41,633,160,496	42,410,372,921
Current assets			
Stores, spares and loose tools		**2,090,296,792**	2,089,007,431
Stock-in-trade		**396,689,835**	386,158,732
Trade debts		**6,601,882**	16,531,013
Advances, deposits, prepayments and other receivables		**1,262,446,337**	1,744,236,390
Tax refunds due from Government - *net*		**267,555,397**	244,699,529
Cash and bank balances	11	**230,132,739**	197,675,177
		4,253,722,982	4,678,308,272
		45,886,883,478	47,088,681,193

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 30th September 2018

	Nine months period ended		Three months period ended	
	30 September 2018	30 September 2017	**July to September 2018**	July to September 2017
	Rupees	Rupees	**Rupees**	Rupees
		Restated		Restated
Sales - net	**820,782,262**	3,145,633,401	**310,155,959**	1,681,822,021
Cost of sales	**(1,764,037,448)**	(4,190,463,468)	**(584,189,736)**	(2,172,223,285)
Gross loss	**(943,255,186)**	(1,044,830,067)	**(274,033,777)**	(490,401,264)
Selling and distribution expenses	**(28,471,371)**	(225,024,637)	**(8,645,818)**	(107,073,860)
Administrative and general expenses	**(169,196,963)**	(214,512,940)	**(48,428,087)**	(77,557,872)
Other operating expenses	**(366,757,709)**	2,943,716	**1,644,613**	4,461,300
Other income	**35,126,149**	6,645,376	**10,496,446**	(302,497)
Operating loss	**(1,472,555,080)**	(1,474,778,552)	**(318,966,623)**	(670,874,193)
Finance cost	**(1,748,686,504)**	(1,693,422,128)	**(633,049,974)**	(540,115,750)
Loss before taxation	**(3,221,241,584)**	(3,168,200,680)	**(952,016,597)**	(1,210,989,943)
Taxation	**222,163,131**	64,229,038	**(98,676,327)**	12,407,327
Loss after taxation	**(2,999,078,453)**	(3,103,971,642)	**(1,050,692,924)**	(1,198,582,616)
Loss per share - basic and diluted	**(7.64)**	(7.91)	**(2.46)**	(3.17)

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 30th September 2018

	Nine months period ended	
	30 September 2018	30 September 2017
	Rupees	Rupees
		Restated
(Loss) / Profit after taxation	**(2,999,078,453)**	(3,103,971,642)
Other comprehensive income:		
Item that will not be reclassified to profit and loss account		
Remeasurement of defined benefit liability	-	6,905,048
Related Tax	-	(2,071,513)
	-	4,833,534.81
Total comprehensive loss for the period	**(2,999,078,453)**	(3,099,138,107)

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 30th September 2018

	Note	30 September 2018 Rupees	30 September 2017 Rupees
Cash flows from operating activities			Restated
Cash used operations	13	**(270,050,874)**	(330,256,283)
Interest income received		**5,463,267**	1,534,216
Income tax paid		**(33,009,358)**	(33,443,107)
Staff retirement benefits paid		**(10,260,950)**	(1,097,811)
Net cash used in operating activities		**(307,857,915)**	(363,262,985)
Cash flows from investing activities			
Capital expenditure incurred		**147,609,813**	(61,477,318)
Long term loans and advances received		**1,765,980**	1,576,527
Long term deposits - net		**(160,267,248)**	4,489,358
Proceeds from disposal of property, plant and equipment		**7,146,523**	14,741,013
Due from related party		**-**	-
Net cash used in investing activities		**(3,744,932)**	(40,670,420)
Cash flows from financing activities			
Long term loans - Repayment		**1,597,487**	(678,489)
Redemption of redeemable capital		**-**	-
Transaction costs incurred on restructuring process		**-**	-
Short term borrowings Net		**153,018,121**	428,711,678
Finance cost paid		**(66,997,956)**	(116,756,801)
Net cash used in financing activities		**87,617,652**	311,276,388
Net increase/(decrease) in cash and cash equivalents		**(223,985,195)**	(92,657,017)
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	**(2,471,396,529)**	(2,440,175,962)

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 30th September 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	-	-	(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
As at 01 January 2017	**3,924,300,000**	**9,080,310,370**	**9,000,000**	**(10,200,286,151)**	**2,813,324,218**
					-
Total comprehensive loss for the period ended 30 September-2017	-		-	(3,099,138,106)	(3,099,138,106)
Surplus transferred to accumulated losses					
Surplus transferred to accumulated losses on account of					
- disposal of property, plant and equipment	-	(2,095,094)	-	2,095,094	-
- incremental depreciation on revaluation of property, plant and equipment - net of tax	-	(172,170,615)	-	172,170,615	-
As at September 30, 2017	**3,924,300,000**	**8,906,044,661**	**9,000,000**	**(13,125,158,548)**	**(285,813,887)**
As at 01 January 2018	**3,924,300,000**	**8,848,473,940**	**9,000,000**	**(14,447,678,404)**	**(1,665,904,463)**
Total comprehensive loss for the period ended 30 September-2018		-	-	(2,999,078,453)	(2,999,078,453)
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	-	**(172,143,351)**	-	172,143,351	-
As at Sep 30, 2018	**3,924,300,000**	**8,676,330,589**	**9,000,000**	**(17,274,613,506)**	**(4,664,982,916)**

The annexed notes 1 to 25 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 30th September 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. 2,999.08 million and as at the reporting date current liabilities have exceeded current assets by Rs. 40,932.77 million and shareholders equity stands at negative Rs. 4,664.98 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. 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.2Basis 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.

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

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

For the period ended 30th September 2018

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 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.2.2Judgments 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.

2.3 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 in operation 6 days in 2018 (30 September 2017: 113 days) which resulted in no production of Urea 4,484 M.ton (30 September 2017: 114,201). The Company during the current period was also able to sell 8,423 tons Urea (30 September 2017: 100,875 tons). The Company has incurred a loss before tax of Rs. 3,221.24million (2017: Rs. 3,037.11 million) during the year and as at the reporting date, its current liabilities have exceeded its current assets by Rs.40,932.77 million, including Rs. 32,572.96 million relating to overdue principal and interest / mark-up thereon, and accumulated losses of the Company exceeded the shareholder's equity by Rs. 4,664.98 million. The difference between current liabilities and current assets would have been Rs. 41,476.40 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, 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

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

For the period ended 30th September 2018

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 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 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 expectation of continuous availability of gas for the rest of the year and in future looks promising based on the fact that the GOP has signed 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 600 mmscfd per day and GOP is planning to further increase it to 1,200 mmscfd per day through installation of second LNG terminal in the country. SNGPL is receiving almost complete flow of LNG imports under swap arrangement. Resultantly post winter gas situation in Pakistan has significantly improved. Besides this, the exploration activities in the north of the country particularly in Khyber Pakhtunkhwa (KPK) Province are being accelerated which will increase the gas supply into SNGPL system from the northern sources. The increased gas supply will greatly benefit to the Company being the bulk gas consumer in north on the SNGPL network. At present the Company has the option of both; keep on getting domestic gas from SNGPL system or switch to RLNG under swap arrangement.

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.

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

For the period ended 30th September 2018

2.4 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. 543.63 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:

	Principal net of current maturity Rupees
Redeemable capital	
Privately Placed Term Finance Certificates - I	137,371,850
Privately Placed Term Finance Certificates - II	22,703,450
Privately Placed Term Finance Certificates - III	-
Privately Placed Term Finance Certificates	84,979,166
Sukuks	-
	245,054,466
	-
Long term finances	
Syndicate Term Finance - I	275,000,000
Dubai Islamic Bank Limited - Term Finance	23,571,429
	298,571,429
	543,625,895

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

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 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

3.2 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.

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

For the period ended 30th September 2018

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

		Note	**30 September 2018 Un-audited Rupees**	31 December 2017 Audited Rupees
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
			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:

	30 Sept.2018	31 December 2017	**30 Sept.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	**5.70%**	5.70%	**22,373,615**	22,373,615

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

For the period ended 30th September 2018

		30 September 2018 Un-audited Rupees	31 December 2017 Audited Rupees
5	**Redeemable Capital - Secured**		
	Under interest/markup arrangement		
	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	**(9,506,162)**	(28,622,167)
		12,156,028,384	12,136,912,379
	Current maturity presented under current liabilities	**(12,156,028,384)**	(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
		-	-

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

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 - *Diminishing Musharika*	**10,119,844**	8,522,357
		7,234,526,944	7,232,929,458
	Transaction Cost	**(743,068)**	(6,110,563)
		7,233,783,876	7,226,818,895
	Current maturity presented under current liabilities	**(7,233,783,877)**	(6,629,272,872)
		(1)	597,546,023

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

For the period ended 30th September 2018

		30 September 2018 Un-audited Rupees	31 December 2017 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	**375,119,844**	373,522,357
		7,234,526,944	7,232,929,458
		-	-
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	**1,593,342,690**	1,593,342,690
		1,593,342,690	1,593,342,690

7.1 This represents local currency, listed, non-voting, redeemable, convertible and cumulative preference share 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 issue date by giving at least thirty days notice in compliance with the provisions of the Companies Ordinance, 1984. The Company will maintain a Capital Redemption Reserve as per the provisions of the Companies Ordinance, 1984 in this regard.

Each Investor will also have the right to convert the 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 rights 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 year end are as follows:

	30 September 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
	34,494,350	34,494,350

7.3 The preference shares (the shares) have been treated as part of equity on the following basis:

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

For the period ended 30th September 2018

- 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 prefernce 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 requirments of IAS-32. This change has been applied restrospectively and has resulted in the transfer of Rs. 1,593.34 million of prefernce shares from equity to non-current liabilties as long term finance. Further the prefernce dividened 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 Rs. 131 million and Rs. 131 million.

		30 September 2018	31 December 2017
		Un-audited	Audited
		Rupees	Rupees
8	**Short term borrowings - secured**		
	Interest / mark-up based loans - secured	**3,235,775,347**	2,826,099,230
	Islamic mode of financing - secured	**700,567,246**	700,782,487
		3,936,342,593	3,526,881,717

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 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.

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 follows:

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

For the period ended 30th September 2018

		Note	30 September 2018 Un-audited Rupees	31 December 2017 Audited Rupees
	Not Later than one year		**4,481,531**	6,559,222
	Later than one year but not later than five year		**4,048,640**	3,219,358
			8,530,171	9,778,580
9.2.2	Commitments under irrevocable letters of credit for:			
	- purchase of stores, spares and loose tools		**5,752,569**	3,509,285
	- purchase of plant and machinery		**20,462,420**	14,709,743
			26,214,989	18,219,028
10	**Property, plant and equipment**			
	Operating fixed assets		**38,769,733,269**	39,705,777,946
	Capital work in progress		**68,373,603**	67,851,338
			38,838,106,872	39,773,629,284
10.1	**Operating fixed assets**			
	Net book value at end of the period		**39,705,777,951**	40,721,679,325
	Add: Additions during the period	*10.1.1*	**5,250,389**	53,727,620
	Less: Disposals during the period - net book value		**149,693,945**	11,797,298
	Depreciation for the period		**791,601,126**	1,057,831,696
			941,295,071	1,069,628,994
	Net book value at end of the period		**38,769,733,269**	39,705,777,951
10.1.1	**Additions - cost**			
	Owned assets			
	Buildings on freehold land		**-**	17,937,934
	Plant and machinery		**720,555**	429,959
	Furniture, fixtures and office equipment		**276,111**	4,647,116
	Vehicles and rail transport		**3,346,000**	7,721,169
	Tools and other equipment		**-**	1,403,920
	Electrical and other installations		**907,723**	-
			5,250,389	53,727,620
11	**Cash and bank balances**			
	Cash in hand		**672,841**	513,594
	Cash at banks			
	- current accounts		**217,384,809**	116,867,774
	- savings accounts		**12,075,089**	80,293,809
			229,459,898	197,161,583
			230,132,739	197,675,177

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

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

For the period ended 30th September 2018

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 30 September 2017	(Un-audited) January to 30 September 2017
12.1 Transactions with related parties	**Rupees**	Rupees
12.1.1 Associate		
National Bank of Pakistan		
		-
Markup expense	**189,522,781**	182,020,436
Preference dividend	**2,845,656**	2,845,656
Markup paid	**-**	-
Advisory Fee	**-**	-
Fee paid		-
Bank Balances - net	**(3,444,474)**	(11,761,380)
Short term borrowings - net	**-**	
12.1.2 Other related parties		
Faysal Bank Limited		
Mark up Expense	**118,797,607**	112,416,579
Preference dividend	**25,534,216**	25,534,216
Trustee Fee	**-**	5,034,143
Markup paid	**-**	-
Bank Balances - net	**(3,825)**	(5,086)
Short term borrowings - net	**-**	-
Standard Chartered Bank (Pakistan) Limited		
Mark-up expense	**94,348,231**	92,065,800
Markup paid	**-**	-
Loan paid	**-**	-
Short term borrowings	**-**	-
Bills payable	**-**	-
Bank balances - net	**14,747,165**	597,358
Silk Bank limited		
Mark-up expense	**36,135,964**	39,968,370
Markup paid	**7,641,413**	41,631,237
Short term borrowings - net	**-**	(55,857,232)
Bank balances - net	**-**	-
Bills payable	**-**	1,162,489

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

For the period ended 30th September 2018

	(Un-audited) January to 30 September 2017 Rupees	(Un-audited) January to 30 September 2017 Rupees
Summit Bank Limited		
Mark-up expense	**76,023,511**	62,383,860
Markup paid	**10,720,913**	29,749,941
Short term borrowings - net	**(4,521)**	390,287,509
Bills payable	**21,274,838**	10,240,821
Bank Balances - net	**(77,696,949)**	-
	(77,696,949)	
12.1.3 Post employment benefit plans		
Contribution to employees provident fund	**10,697,382**	-
Contribution to employees gratuity fund	**5,542,277**	31,758,941
12.1.4 Key management personnel		
Short term employee benefits	**10,875,000**	12,100,000
Post employment benefits	**634,123**	1,803,885

	(Un-audited) 30 September 2018 Un-audited Rupees	(Audited) 31 December 2017 Audited 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	**2,593,908,243**	2,404,385,462
Preference dividend payable	**177,608,103**	174,762,447
Bank accounts	**816,494**	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	**1,432,134,382**	1,313,336,775
Preference dividend payable	**226,160,200**	200,625,984
Bank accounts	**154,924**	158,749

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

For the period ended 30th September 2018

	(Un-audited) 30 September 2018 Un-audited	(Audited) 31 December 2017 Audited
	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	**1,205,203,532**	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	**529,289,585**	549,761,612
Bills payable	**-**	-
Mark up payable	**209,832,031**	181,337,480
Summit Bank Limited		
Redeemable capital	**603,406,000**	603,406,000
Short term borrowings	**581,746,541**	581,751,062
Bills payable	**21,274,838**	
Mark up payable	**386,179,312**	320,876,714
Bank accounts	**95,064**	77,792,013

12.2.3 Post employment benefit plans

(Receivable) / payable to Provident Fund Trust	**2,083,660**	-
Payable to gratuity Trust	**27,040,268**	31,758,941

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

For the period ended 30th September 2018

		(Un-audited) 30 September 2018 Un-audited	(Audited) 31 December 2017 Audited
		Rupees	Rupees
13	**Cash flow from operating activities**		
	Profit & (Loss) before tax	**(3,221,241,584)**	(3,168,200,680)
	Adjustment for non-cash items:		
	Interest / markup expense	**1,564,197,662**	1,532,297,272
	Amortization of transaction costs	**24,483,500**	30,034,218
	Depreciation on property, plant and equipment	**787,912,513**	793,067,984
	Amortization of computer software	**191,281**	1,916,364
	Provision for staff retirement benefit	**5,542,277**	7,328,201
	Mark-up / Interest Income	**(5,463,267)**	(1,534,216)
	Loss on sale of property, plant and equipment	**(7,146,437)**	(2,943,716)
	Operating profit before changes in working capital	**(851,524,055)**	(808,034,573)
	Changes in working capital		
	(Increase) / decrease in current assets:		
	Stores, spares and loose tools	**(1,289,361)**	(52,528,437)
	Stock in trade	**(10,531,103)**	(273,595,051)
	Trade receivables	**9,929,131**	43,602,801
	Advances, deposits, prepayments and other receivables	**481,790,053**	(199,783,155)
		479,898,720	(482,303,842)
	Increase / (decrease) in current liabilities		
	Trade and other payables	**101,574,461**	960,082,132
	Cash used in operations	**(270,050,874)**	**(330,256,283)**

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

For the period ended 30th September 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:

	30 September		**30 September**		**30 September**	
	30 September 2018 Un-audited Rupees 'mln'	30 September 2017 Un-audited Rupees 'mln'	**30 September 2018 Un-audited Rupees 'mln'**	30 September 2017 Un-audited Rupees 'mln'	**30 September 2018 Un-audited Rupees 'mln'**	30 September 2017 Un-audited Rupees 'mln'
For the Nine months period ended 30 September 2018	**313**	2,704	**507**	442	**821**	3,146
External revenues						
Inter-segment revenue						
reportable segment (Loss)/						
Reportable segment Profit/(Loss) before tax	**(2,929)**	(3,008)	**(292)**	(160)	**(3,221)**	(3,168)

	30 September 2018 Un-audited Rupees 'mln'	31 December 2017 Audited Rupees 'mln'	**30 September 2018 Un-audited Rupees 'mln'**	31 December 2017 Audited Rupees 'mln'	**30 September 2018 Un-audited Rupees 'mln'**	31 December 2017 Audited Rupees 'mln'
As at						
Reportable segment assets	42,306	**43,098**	4,578	4,740	46,884	47,838
Reportable segment liabilities	50,885	**48,977**	664	560	51,549	49,537
	(0)	-	(0)	-	(0)	-
	(0)	0	-	-	(0)	0

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

For the period ended 30th September 2018

14.3 Reconciliation of reportable segment profitable segment profit and loss

	(Un-audited) 30 September	(Un-audited) 30 September
	Rupees	Rupees
For the three months ended		
Total loss for reportable segments before taxation	**(3,221,241,584)**	(3,168,200,680)
Taxation	**222,163,131**	64,229,038
Loss after taxation	**(2,999,078,453)**	(3,103,971,642)

15 Cash and cash equivalents

Short term borrowings - running finance - secured	**(2,701,529,268)**	(2,543,545,681)
Cash and bank balances	**230,132,739**	234,460,356
	(2,471,396,529)	(2,309,085,325)

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 30 September 2018 are as follows:

Nature of Liability	**Principal**	**Interest / mark up**	**Total**
Redeemable capital	9,912,694,167	8,527,928,761	18,440,622,928
Long term finances	6,328,637,972	5,776,665,761	12,105,303,733
Short term borrowings	932,185,758	1,094,846,460	2,027,032,218
	17,173,517,897	**15,399,440,982**	**32,572,958,879**

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 25 2019.

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

For the period ended 30th September 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**

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