

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

Interim Financial Report
for the nine months ended
September 30, 2019
(Un-audited)





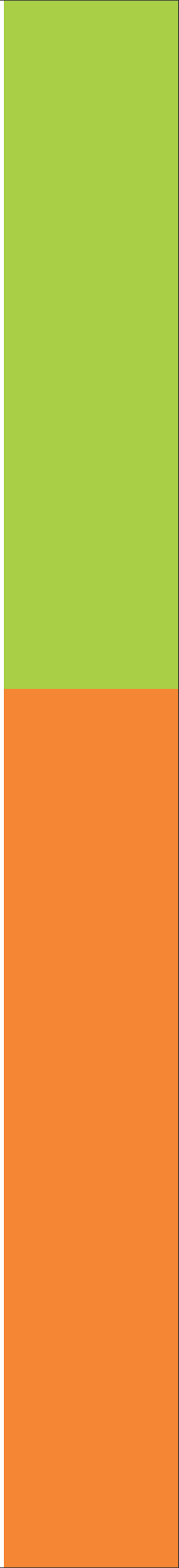


OUR VISION

To become a major regional diversified fertilizer company

OUR MISSION

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



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Company Information

BOARD OF DIRECTORS

Mr. Sardar Azmat Babar Chauhan
Chairman

Mr. Muhammad Faisal Muzammil
Chief Executive Officer

Mr. Talha Saeed

Mr. Asim Murtaza Khan

Ms. Aameena 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

Ms. Aameena Zafar Cheema
Chairperson

Mr. Abdul Karim Sultanali

Mr. Muhammad Faisal Muzammil

Mr. Asim Jilani

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, 2019.

These financial statements have been endorsed by the Chief Executive Officer, Chief Financial 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, 2019	Nine months Ended September 30, 2018
Sales - Net	8,008,654,063	820,782,262
Operating Profit (Loss)	512,254,129	(1,472,555,080)
Finance cost	(2,734,888,844)	(1,748,686,504)
Profit (Loss) before Tax	(2,222,634,715)	(3,221,241,584)
Profit (Loss) after Tax	(2,090,057,658)	(2,999,078,453)
Earnings / (Loss) per share	(5.33)	(7.64)

Overview of Fertilizer Industry:

During the period ending Sep 30, 2019 the Production of Urea increased by 15% to 4,589K tons vs 4,004 K tons in 2018. Significant improvement in gas/RLNG supply to Urea plants on SNGPL Network, including the Company's plant, contributed to this healthy increase in Urea production. Urea offtakes for the period under review were recorded at 4,378K tons increasing by 6% vs 4,138K tons in same period last year.

The Company was greatly benefited with the restoration of gas supplies to its Urea plant from Sep 2018, and the plant remained operational during the period under review. During the period under review the Company managed to produce 273 K tons of urea (4 K tons: 2018) against installed capacity of 324K tons for the period. The Company sold 220 K tons Urea (8 K tons: 2018).

Consumption of Phosphates, during the period under review saw a decline of 7% to 625K tons of Nutrients vs 668K tons last year. Production of Phosphates registered an increase of 15% (375K tons Nutrients in 2019 vs 327K tons Nutrients in 2018) with improved DAP production in the country. The Company, being a major SSP player, produced 30 K tons SSP in during the period (40 K tons: 2018) and sold 11 K tons during the period (17 K tons: 2018). During the period, the plant faced labor unrest causing production decline and the matter was amicably sorted out by the management.

Future Outlook

The Company is confident of continuity of gas supplies to its urea plant as ECC has already approved it running till at least Oct 2019 which GOP has asked SNGPL to be further extended till Nov 2019. Urea supply demand of the country also shows that the additional supply is required to meet the growing Urea demand. GOP is also supporting the increased supply by running the Urea plants than expensive imports to save the precious Foreign Exchange. The improved supply of gas will surely reflect in the financial results of the company.

Directors' Review

The company will continue to streamline other initiatives like Scheme of Arrangement after the necessary court approvals and undertake necessary actions for the long term development of the surplus land to generate additional resources to address its financial obligations.

Changes in accounting policies:

The Company has adopted IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" from 01 January 2019 which is effective from the annual periods beginning on or after 01 July 2018 and period ending on or after 30 June 2019 respectively. The details of new significant accounting policies adopted and the nature and effect of the changes from previous accounting policies are further explained in note 3 of condensed Interim Financial Statements.

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 development 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 : 30 October, 2019

ڈائریکٹرز رپورٹ

انگریزی ٹیکہ لیٹرز، کمپنی کے بورڈ آف ڈائریکٹرز اور شیڈول نمبر 30 ستمبر 2019ء کو ختم ہونے والی نو ماہی کے لئے غیر نظر ثانی شدہ مالیاتی گوشواروں کے ہمراہ کمپنی کی سرمایہ رپورٹ پیش کرتے ہوئے خوش ہیں۔

یہ مالیاتی گوشوارے، کارپوریٹ گورننس کے کوڈ کے مطابق چیف ایگزیکٹو آفیسر، چیف فنانسئل 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 ہزارہہ، صوبہ پنجبہر، پنجتو تنوہ (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 پلائس سے کھاد کو مارکیٹ کرتی ہے۔

نوامیہ کا جائزہ

انگریزی ٹیکہ لیٹرز کے مالیاتی نتائج:

30 ستمبر 2019ء پختہ نو ماہی	30 ستمبر 2018ء پختہ نو ماہی	
8,008,654,063	820,782,262	خالص فروخت
512,254,129	(1,472,555,080)	آپریٹنگ منافع (نقصان)
(2,734,888,844)	(1,748,686,504)	مالیاتی لاگت
(2,222,634,715)	(3,221,241,584)	قبل از ٹیکس منافع (نقصان)
(2,090,057,658)	(2,999,078,453)	بعد از ٹیکس منافع (نقصان)
(5.33)	(7.64)	فی حصص منافع (نقصان)

کھاد کی صنعت کا مجموعی جائزہ:

30 ستمبر 2019ء پختہ نو ماہی کے دوران یورپا کی پیداوار، 15% کے اضافے سے 4,589 ہزار ٹن ہوئی جو کہ 2018ء میں 4,004 ہزار ٹن تھی۔ پیداوار میں یہ صحت مند اضافہ SNGPL پر طے والے یورپا پلائس بشمول کمپنی کے یورپا پلانٹ کو گیس RLNG کی مسلسل فراہمی کی وجہ سے ممکن ہوا۔ زبر جائزہ مدت میں یورپا کی فروخت گزشتہ سال کی اسی مدت میں 4,138 ہزار ٹن کے مقابلے میں 6% یا 4,378 ہزار ٹن درج کرانی گئی۔

کمپنی نے ستمبر 2018ء سے اپنے یورپا پلائس کو گیس فراہمی کی بحالی سے بھر پور فائدہ اٹھایا اور زبر جائزہ مدت کے دوران پلانٹ آپریشنل رہا۔ زبر جائزہ مدت کے دوران کمپنی 324 ہزار ٹن کی نصب شدہ صلاحیت کے مقابلے میں 273 ہزار ٹن (2018: 4 ہزار ٹن) یورپا بنانے میں کامیاب رہی۔ کمپنی نے اس سرمایہ کے دوران 220 ہزار ٹن (2018: 8 ہزار ٹن) یورپا فروخت کی۔

فاسفیٹ:

زبر جائزہ مدت کے دوران، فاسفیٹس کا استعمال گزشتہ سال 668 ہزار ٹن کے مقابلے میں 7 فیصد کم ہو کر 625 ہزار ٹن ہو گیا۔ فاسفیٹ کی پیداوار میں مندرجہ 15% کا اضافہ (2018: 327 ہزار ٹن نیوز ٹیکسٹس کے مقابلے میں 2019 میں 375 ہزار ٹن نیوز ٹیکسٹس) کی بنیادی وجہ ملک میں ڈی اے پی کی زیادہ پیداوار ہے۔ کمپنی نے، ایس ایس پی کے اہم مینوفیکچرر ہونے کے ناطے، اس مدت کے دوران 30 ہزار ٹن ایس ایس پی (40 ہزار ٹن: 2018) پیدا کی اور مدت کے دوران 11 ہزار ٹن (17 ہزار ٹن: 2018) فروخت کی ہے۔ اس عرصے کے دوران، پلانٹ کو لیبر کی برداشی کا سامنا کرنا پڑا جس کی وجہ سے پیداوار میں کمی واقع ہوئی اور انتظامیہ نے معاملے کو خوش اسلوبی سے حل کیا۔

ڈائریکٹر زراعت

مستقبل کا نقطہ نظر

کپنی کو اپنے پوریا پلانٹ کو گیس کی فراہمی کے تسلسل کا یقین ہے کیونکہ ای سی سی نے پہلے ہی اسے کم سے کم اکتوبر 2019 تک چلانے کی منظوری دی ہے جس کے لئے حکومت پاکستان کو SNGP نومبر 2019 تک مزید توسیع کرنے کا کہا گیا ہے۔ ملک کی یوریا کی طلب ورسد بھی یہ ظاہر کرتی ہے کہ یوریا کی بڑھتی ہوئی طلب کو پورا کرنے کے لئے اضافی فراہمی کی ضرورت ہے۔ مہنگی درآمدات سے قیمتی غیر ملکی زرمبادلہ اور اعلیٰ سبسڈی بچانے کے لئے حکومت پاکستان بھی یوریا پلانٹس کو وافر سپلائی کے ذریعے حمایت کر رہی ہے۔ گیس کی بہتر فراہمی یقینی طور پر کپنی کے مالی نتائج سے ظاہر ہوگی۔

کپنی سٹریم لائن کے لئے ضروری عدالتی منظوری کے بعد انتظامات کی اسکیم جیسے دیگر اقدامات کرے گی اور اپنی مالی واجبات کی ادائیگیوں کے لئے اضافی وسائل پیدا کرنے کے لئے زائد زمین کی طویل مدتی ڈیولپمنٹ کے ضروری اقدامات اٹھائے گی۔

اکاؤنٹنگ پالیسیوں میں تبدیلیاں:

کپنی نے یکم جنوری 2019ء سے IFRS 15 "کسٹمز کے ساتھ کنٹریکٹ سے ریوینیو" اور IFRS 9 "فنانشل انسٹرومنٹ" اختیار کیا ہے جو بالترتیب سالانہ مندرت کے آغاز سے یکم جولائی 2018 کے بعد اور مندرت کے اختتام سے 30 جون 2019 کے بعد مؤثر ہے۔ اختیار کردہ نئی اہم اکاؤنٹنگ پالیسیوں کی تفصیلات اور گزشتہ اکاؤنٹنگ پالیسیوں سے تبدیلیوں کی نوعیت اور اثر کی مجموعی عبوری مالی گوشواروں کے نوٹ 3 میں مزید وضاحت کی گئی ہے۔

سرماہ کی تنظیم نو:

گزشتہ پانچ سالوں کے دوران کپنی 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 منصوبہ مرتب کیا گیا ہے۔ جس کا بنیادی مقصد موجودہ طویل مدتی قرض اور اس پر سود کو ترجیحی حصص میں تبدیل کرنا ہے۔ اس منصوبے کا ایک اور مقصد کپنی کے پاس موجود اضافی اراضی کا فروخت ہے ضروری منظور یوں کے بعد 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 گزرا رہی کی قیمت میں اضافے کا امکان ہے۔ خاص طور پر پری پیک منصوبے کے کنکشن ہا کلا۔ داؤد ذیل۔ ڈی آئی خان میں کپنی کی شرکت، بذریعہ اراضی کی فراہمی، بہت اہم ہے، ہی پیک کی تکمیل کے بعد کپنی کی اضافی اراضی مستقبل میں متعلقہ ٹریڈز کے لئے تجارتی اور صنعتی سرگرمیوں میں اہم کردار ادا کرے گی۔

سرماہ کی تنظیم نو کے اس پلانٹ کیمپینز آرڈیننس 1984 کی دفعہ 284-288 کے تحت جون 2016 میں لاہور ہائی کورٹ میں ایک پٹیشن کے ذریعے دائر کیا گیا۔ لاہور ہائی کورٹ میں سماعت جاری ہے اور کپنی عدالت کے ذریعے فیصلہ اپنے حق میں حاصل کرنے کے لئے پرامید ہے، جس سے کپنی کی مالی پوزیشن میں بہتری آئے گی۔

اظہار تشکر

یورڈ کپنی کے قابل قدر صارفین اور مالیاتی اداروں جن کے اعتماد اور حمایت نے سال کے دوران کاروباری ترقی میں اہم کردار ادا کیا ہے، کی باہم مفید تعلق داری کا شکریہ ادا کرتا ہے۔ یورڈ کپنی کے ملازمین کی خدمات کو بھی سراہتا ہے۔ مشکل کاروباری ماحول میں کاروباری پائیداری ان کی محنت اور عزم کی وجہ سے ممکن ہوئی ہے۔

منجانب یورڈ



چیف ایگزیکٹو آفیسر

Condensed Interim Statement of Financial Position

As at 30 September 2019

		(Un-audited) 30 September 2019	(Audited) 31 December 2018
	Note	Rupees	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		(19,432,759,727)	(17,516,570,092)
Surplus on revaluation of property, plant and equipment - net of tax		8,520,860,245	8,694,728,272
		(6,978,599,482)	(4,888,541,820)
Non-current liabilities			
Redeemable capital - Secured	5	-	-
Long term finances - Secured	6	-	-
Convertible, redeemable preference shares		1,593,342,690	1,593,342,690
Long term payables - Unsecured		31,135,199	31,135,199
<i>Deferred Liabilities</i>			
- staff retirement benefits		109,268,172	13,533,831
- deferred taxation-net		3,217,415,323	3,471,011,625
		4,951,161,384	5,109,023,345
Current liabilities			
Current maturity of non-current liabilities		19,304,786,512	19,306,931,808
Short term borrowings -secured		4,372,913,747	3,625,350,286
Trade and other payables		6,294,516,579	5,449,310,577
Interest/mark-up accrued on borrowings		18,495,137,862	16,402,280,215
Preference dividend payable		1,336,177,738	1,205,087,104
		49,803,532,438	45,988,959,990
Contingencies and commitments	9	47,776,094,340	46,209,441,515
ASSETS			
Non-current assets			
Property, plant and equipment	10	37,815,331,326	38,592,232,373
Intangible asset		2,567,310,828	2,567,310,828
Investments		-	-
Long term loans and advances - considered good		11,508,084	13,699,204
Long term deposits - unsecured, considered good		46,157,333	46,538,433
		40,440,307,571	41,219,780,838
Current assets			
Stores, spares and loose tools		2,102,999,997	2,054,694,598
Stock-in-trade		1,922,515,282	293,320,595
Trade debts		8,608,128	34,865,063
Advances, deposits, prepayments and other receivables		2,841,380,776	2,014,711,117
Due from Azgard Nine Limited -unsecured, considered good		-	-
Tax refunds due from Government - net		200,514,686	265,513,591
Cash and bank balances		259,767,900	326,555,713
		7,335,786,769	4,989,660,677
		47,776,094,340	46,209,441,515

The annexed notes 1 to 21 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 Nine months period and quarter ended 30 September 2019

	Nine months period ended		For the quarter ended	
	30 September 2019	30 September 2018	July to September 2019	July to September 2018
	Rupees	Rupees	Rupees	Rupees
Sales - net	8,008,654,063	820,782,262	3,209,625,273	310,155,959
Cost of sales	(7,234,854,042)	(1,764,037,448)	(2,943,325,174)	(584,189,736)
Gross Profit/(loss)	773,800,021	(943,255,186)	266,300,099	(274,033,777)
Selling and distribution expenses	(66,628,564)	(28,471,371)	(30,142,446)	(8,645,818)
Administrative and general expenses	(210,791,452)	(169,196,963)	(79,432,977)	(48,428,087)
Other operating expenses	-	(366,757,709)	-	1,644,613
Other income	15,874,124	35,126,149	2,332,466	10,496,446
Operating Profit/(loss)	512,254,129	(1,472,555,080)	159,057,142	(318,966,623)
Finance cost	(2,734,888,844)	(1,748,686,504)	(1,035,901,237)	(633,049,974)
Loss before taxation	(2,222,634,715)	(3,221,241,584)	(876,844,095)	(952,016,597)
Taxation	132,577,057	222,163,131	50,888,953	(98,676,327)
Loss after taxation	(2,090,057,658)	(2,999,078,453)	(825,955,142)	(1,050,692,924)
Loss per share - basic and diluted	(5.33)	(7.64)	(2.10)	(2.68)

The annexed notes 1 to 21 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 Nine months period and quarter ended 30 September 2019

	Nine months period ended		Three months period ended	
	30 September 2019	30 September 2018	July to September 2019	July to September 2018
	Rupees	Rupees	Rupees	Rupees
Loss after taxation	(2,090,057,658)	(2,999,078,453)	(825,955,142)	(1,050,692,924)
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	<u>(2,090,057,658)</u>	<u>(2,999,078,453)</u>	<u>(825,955,142)</u>	<u>(1,050,692,924)</u>

The annexed notes 1 to 21 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 Nine months period ended 30 September 2019

		30 September 2019	30 September 2018
	Note	Rupees	Rupees
<u>Cash flows from operating activities</u>			
Cash used in operations	13	(702,397,584)	(270,050,874)
Staff retirement benefits paid		81,631,486	(10,260,950)
Interest income received		11,769,998	5,463,267
Long term loans and advances received		2,191,120	1,765,980
Long term deposits - net		381,100	(160,267,248)
Income tax paid		(52,356,455)	(33,009,358)
Net cash used in operating activities		(658,780,336)	(466,359,183)
<u>Cash flows from investing activities</u>			
Capital expenditure incurred		(9,406,312)	147,609,813
Proceeds from disposal of property, plant and equipment		(977,798)	7,146,523
Due from related party		-	-
Net cash generated from / (used in) investing activities		(10,384,110)	154,756,336
<u>Cash flows from financing activities</u>			
Increase / (decrease) in long term finances		(2,145,296)	1,597,487
Redemption of redeemable capital		-	-
Net increase in short term borrowings		479,997,850	153,018,121
Finance cost paid		(143,041,531)	(66,997,956)
Net cash generated from financing activities		334,811,024	87,617,652
Net increase/(decrease) in cash and cash equivalents		(334,353,422)	(223,985,195)
Cash and cash equivalents at the beginning of period		(2,369,813,986)	(2,247,411,334)
Cash and cash equivalents at the end of period	15	(2,704,167,408)	(2,471,396,529)

The annexed notes 1 to 21 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 Nine months period ended 30 September 2019

	Share Capital		Capital Reserve		Reserves		Total equity
	Rupees		Rupees		Rupees	Rupees	
As at 01 January 2018	3,924,300,000		8,848,473,940		9,000,000	(14,447,678,404)	(1,665,904,464)
Total comprehensive loss for the period ended 30 September-2018	-		-		-	(2,999,078,449)	(2,999,078,449)
Surplus transferred to accumulated losses on account of:							
disposal of freehold land							
disposal of buildings and plant and machinery - net of deferred tax			(43,083,301)			43,083,301	-
- incremental depreciation on property, plant and equipment - net of deferred tax			(116,372,350)			116,372,350	-
- Effect of change in tax rate on account of surplus on revaluation of property, plant and equipment			(174,602,542)			174,602,542	-
As at September 30, 2018	3,924,300,000		8,514,415,747		9,000,000	(17,112,698,661)	(4,664,982,913)
As at 01 January 2019	3,924,300,000		8,694,728,272		9,000,000	(17,516,570,096)	(4,888,541,825)
Total comprehensive loss for the Quarter ended 30 September-2019	-		-		-	(2,090,057,658)	(2,090,057,658)
Surplus transferred to accumulated losses on account of:							
- incremental depreciation on property, plant and equipment - net of deferred tax			(173,868,027)			173,868,027	-
As at September 30, 2019	3,924,300,000		8,520,860,245		9,000,000	(19,432,759,727)	(6,978,599,483)

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated financial information.

Lahore



Chief Executive



Chief Financial Officer



Director



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

For the Nine months period ended 30 September 2019

1 Reporting Entity

1.1 Agritech Limited ("the Company") was incorporated in Pakistan on 15 December 1959 as an unlisted Public Limited Company under the 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.

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 30 September 2019 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 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 2018, whereas comparative interim statement of profit or loss, interim statement of comprehensive income, interim statement of cash flows and interim statement of changes in equity and related notes are stated from unaudited condensed interim financial statements of the Company for the three months and nine months period ended 30 September 2019.

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 statements requires management to make judgments, estimates and assumptions for the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, 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 2018.

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

For the Nine months period ended 30 September 2019

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 16 to the condensed interim financial statements.

Gas supply to the Company has witnessed significant improvement 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. Gas supply to the Company's urea plant was restored in the September 2018 on a blend of natural gas and RLNG. Subsequently in 2019 RLNG supplies at subsidized rate were provided to the company and plant has been running on regular basis. The Company operated its urea plant for 249 days in 2019 (2018: 4 days) which resulted in Urea production of 272,864 tons (2018: 4,484 tons). The Company during the current year was also able to sell 220,027 tons Urea (2018: 8,423 tons). With the improved supply of gas, the Company managed to make the Operating Profit (of Rs 513,016, Million after a gap of 3 years).

However, The Company could not fully cater to its financial cost and has incurred a loss before tax of Rs. 2,223 million (2018: Rs. 3,321 million) during the year and as at the reporting date, its current liabilities have exceeded its current assets by Rs. 42.471 million, including Rs. 36,725 million relating to overdue principal and interest / mark-up thereon, and accumulated losses of the Company exceeded the shareholder's equity by Rs. 6,979 million.

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 during most part of the year. 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.

Like last year 2018, the shortage of urea continued during 2019 due to imbalance of urea supply demand. In order to bridge the urea shortages in the country, GOP decided to continue to operate urea.

Like last year 2018, the shortage of urea continued during 2019 due to imbalance of urea supply demand. In order to bridge the urea shortages in the country, GOP decided to continue to operate 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 at subsidies rate during Rabi season. Later on the gas supply was further extended till October 2019 and later to November 2019 to cater to the demand of Rabi season. The Company based on its negotiations with the GOP is hopeful that they will be able to secure availability of gas on a long term basis subsequent to October 2019 at the subsidized rate to bridge the urea shortages in the country. Moreover, after discontinuity of subsidy on Urea in year 2018, the urea price capping has also removed enabling the Company to pass on the impact of higher input costs for sustainability of business operations in the long term. These measures will ensure the economic viability of utilizing RLNG for the production of Urea in the country and also ensure continuous supply of commodity to avoid recurrence of Urea shortages in the country.

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

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

For the Nine months period ended 30 September 2019

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 of 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 foresees significant appreciation of its spare land. The proceeds from the sale of land will also help settle the long term liabilities of the Company.

The management believes that the measures as explained above will generate sufficient financial resources for the continuing operations. 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 16. 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.

3 Statement of consistency in accounting policies

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended 31 December 2018 except for the adoption of new standards effective as of 01 January 2019 as stated below:

3.1 Change in accounting policies

The Company has adopted IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" from 01 January 2019 which is effective from the annual periods beginning on or after 01 July 2018 and period ending on or after 30 June 2019 respectively. The details of new significant accounting policies adopted and the nature and effect of the changes from previous accounting policies are set out below:

3.1.1 IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations.

The standard introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognize revenue when a customer obtains control of the goods or services under the contract at an amount that reflects the consideration to which the entity expects to be entitled against those goods or services. However, the adoption of IFRS 15, did not have a material impact on the amounts of revenue recognized in these condensed interim financial statements except for reclassification of certain freight expenses that were previously classified under "Distribution and Selling expenses" and are now classified in cost of sales. The corresponding figures have been represented to reflect this change. Accordingly, selling and distribution expense of Rs. 280.82 million (30 September 2018: Rs. 5.59 million) has been reclassified to cost of sales. This reclassification has no impact on the reported Loss per Share (LPS) of the corresponding period.

3.1.2 IFRS 9 "Financial Instruments"

IFRS 9 replaced the provisions of IAS 39 "Financial Instruments: Recognition and Measurement" that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. There is however, no effect of the application of IFRS 9 on these condensed interim financial statements.

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

For the Nine months period ended 30 September 2019

- 3.2 Other than those disclosed above in note 3.1, there were certain other new 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, as listed below:

Standard or interpretation	Effective date (accounting periods beginning on or after)
----------------------------	---

- | | |
|---|-------------|
| - IAS 1 Presentation of Financial Statements | 01 Jan 2020 |
| - IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors | 01 Jan 2020 |

	30 September 2019	31 December 2018
	Un-audited	Audited
	Rupees	Rupees
Note		
4 Issued, subscribed and paid up ordinary share capital		
Class A ordinary shares of Rs. 10 each 383,430,000 (December 2018: 383,430,000) Shares issued fully	3,834,300,000	3,834,300,000
Ordinary shares of Rs. 10 each 9,000,000 (December 2018: 9,000,000) Shares issued for consideration	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:

	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	Percentage held	Percentage held	No. of shares	No. of shares
National Bank of Pakistan Limited	27.01%	26.95%	106,014,632	105,772,577
Faysal Bank Limited	4.56%	4.97%	17,914,040	18,277,123
Summit Bank Limited	8.74%	8.74%	34,306,400	34,306,400
Silk Bank Limited	0.00%	0.00%	1,000	1,000
Standard Chartered Bank (Pakistan) Limited	5.70%	5.70%	22,373,615	22,373,615

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

For the Nine months period ended 30 September 2019

	30 September 2019	31 December 2018
	Un-audited	Audited
	Rupees	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	<u>1,599,800,000</u>	<u>1,599,800,000</u>
	12,165,534,546	12,165,534,546
Transaction costs	-	-
	12,165,534,546	12,165,534,546
Current maturity presented under current liabilities	<u>(12,165,534,546)</u>	<u>(12,165,534,546)</u>
	<u>-</u>	<u>-</u>
5.1 Types of redeemable capital		
Interest / mark-up based financing	10,565,734,546	10,565,734,546
Islamic mode of financing	<u>1,599,800,000</u>	<u>1,599,800,000</u>
	<u>12,165,534,546</u>	<u>12,165,534,546</u>
5.2		
For overdue principal and markup, refer to note 16 to the financial statements.		
	30 September 2019	31 December 2018
	Un-audited	Audited
	Rupees	Rupees
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	2,862,845,329	2,862,845,329
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>	7,285,902	9,431,198
	<u>7,139,251,966</u>	<u>7,141,397,262</u>
Transaction Cost	-	-
	7,139,251,966	7,141,397,262
Current maturity presented under current liabilities	<u>(7,139,251,966)</u>	<u>(7,141,397,262)</u>
	<u>-</u>	<u>-</u>

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

For the Nine months period ended 30 September 2019

	30 September 2019	31 December 2018
	Un-audited	Audited
	Rupees	Rupees
6.1 Types of long term finances - secured		
Interest / mark-up based financing	6,766,966,064	6,766,966,064
Islamic mode of financing	372,285,902	374,431,198
	7,139,251,966	7,141,397,262

7 Convertible, redeemable preference shares

Preference shares of Rs. 10 each
159,334,269 (31 December 2018: 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 Completion date by giving at least thirty days notice.

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 2019	31 December 2018
	Un-audited	Audited
Note	Rupees	Rupees
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

8 Short term borrowings - secured

Interest / mark-up based loans - secured
Islamic mode of financing - secured

8.1

3,672,346,500	2,924,783,039
700,567,247	700,567,247
4,372,913,747	3,625,350,286

Notes to the Condensed Interim Financial Information (Un-audited) For the Nine months period ended 30 September 2019

- 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 2018 except for the facilities obtained during the period from Standard Chartered Bank (Pakistan) Limited the terms of which are as follows:

This short term finance facility has been obtained under mark-up arrangements to meet working capital requirements. This facility carries mark-up at three months KIBOR payable quarterly.

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 2018 except for the following:

- 9.1.1** A contractor's claim amounting to Rs. 839.51 million (2018: Rs. 839.51 million) against the Company has not been acknowledged as debt since the Company also has a counter claim amounting to Rs. 2,556.02 million (2018: Rs. 2,556.02 million) against the contractor. The arbitral Tribunal has rejected all the claims of contractor and counter claims of the Company and gave the final award on 10 August 2019. However the decision is neither been endorsed by court of competent jurisdiction nor a decree is passed pursuant of the award till date.
- 9.1.2** The National Accountability Bureau (NAB) has authorized an inquiry against the Directors / Owners of the Company. On 12 September 2019, the NAB has approved this case for closure vide its letter number 1(9)/HQ/1913/C.O-K/IW-III/01/NAB-L.
- 9.1.3** During the period, a civil suit has been filed by Soneri Bank against the Company for recovery of Rs. 738.45 million under the provision of the financial institution (Recovery of Finance) Ordinance (XVII OF 2001) before the Lahore High Court. Application for leave to appear and Defend the above mentioned suit under the provisions of Financial Institution (recovery of finance), Ordinance 2001 has been filed in the Lahore High Court by the Company.

9.2 Commitments

- 9.2.1** Commitments under irrevocable letters of credit for:

	30 September 2019	31 December 2018
	Un-audited	Audited
	Rupees	Rupees
- purchase of plant and machinery	12,294,003	869,262
- purchase of raw material	-	14,709,743
	<u>12,294,003</u>	<u>15,579,005</u>

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

Not Later than one year	1,170,502	3,892,432
Later than one year but not later than five year	602,079	-
	<u>1,772,581</u>	<u>3,892,432</u>

10 Property, plant and equipment

Operating fixed assets	37,771,957,481	38,555,912,863
Capital work in progress	43,373,845	36,319,510
	<u>37,815,331,326</u>	<u>38,592,232,373</u>

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

For the Nine months period ended 30 September 2019

		30 September 2019	31 December 2018
	<i>Note</i>	Un-audited	Audited
		Rupees	Rupees
10.1 Operating fixed assets			
		38,555,912,869	39,705,777,951
Add:			
Additions during the period	10.1.1	3,295,967	59,123,598
Less:			
Disposals during the period - net book value		943,999	157,166,219
Depreciation for the period		786,307,356	1,051,822,462
		787,251,355	1,208,988,681
		37,771,957,481	38,555,912,869
10.1.1 Additions - cost			
<u>Owned assets</u>			
		697,598.00	37,078,105
Buildings on freehold land			
Plant and machinery		46,803	890,555
Furniture, fixtures and office equipment		1,464,531	1,302,658
Vehicles and rail transport		944,000	18,944,557
Electrical and other installations		143,035	907,723
		3,295,967	59,123,598
11 Cash and bank balances			
		735,261	598,567
Cash in hand			
Cash at banks			
- current accounts		182,510,143	277,412,992
- savings accounts	11.1	76,522,496	48,544,154
		259,032,639	325,957,146
		259,767,900	326,555,713

11.1 Rate of return on saving accounts ranges from 6.00% to 11.50% per annum (31 December 2018: 3.08% to 8.05% 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.

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

For the Nine months period ended 30 September 2019

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

	(Un-audited) January to 30 September 2019 Rupees	(Un-audited) January to 30 September 2018 Rupees
12.1 Transactions with related parties		
Associated Undertakings		
12.1.1 Shareholding and common directorship		
National Bank of Pakistan		
Markup expense	296,064,950	189,522,781
Preference dividend	2,845,656	2,845,656
Bank Balances - net	964,299	(3,444,474)
Short term borrowings - net	-	
Faysal Bank Limited		
Mark up Expense	183,611,578	118,797,607
Preference dividend	25,534,216	25,534,216
Bank Balances - net	3,389	(3,825)
Standard Chartered Bank (Pakistan) Limited		
Mark-up expense	150,456,699	94,348,231
Short term borrowings	299,997,050	-
Bank balances - net	-	14,747,165
Silk Bank limited		
Mark-up expense	74,553,739	36,135,964
Markup paid	46,018,475	7,641,413
Summit Bank Limited		
Mark-up expense	119,990,813	76,023,511
Markup paid	62,353,500	10,720,913
Short term borrowings - net	173,014,293	(4,521)
Bills payable	-	21,274,838
Bank Balances - net	99,645,156	(77,696,949)
12.1.2 Post employment benefit plans		
Contribution paid - <i>Provident Fund</i>	14,565,968	10,697,382
Current service cost & funds obtained - <i>Gratuity Fund</i>	106,619,273	5,542,277
During the period the Company obtained Rs. 92.52 million from its Gratuity Fund Trust. However, the same amount has been repaid at the time of finalization of accounts on 30 October 2019.		
12.1.3 Key management personnel		
Short term employee benefits	14,050,000	10,875,000
Post employment benefits	787,185	1,245,801

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

For the Nine months period ended 30 September 2019

	(Un-audited) 30 September 2019 Un-audited Rupees	(Audited) 31 December 2018 Audited Rupees
12.2 Balances with related parties		
Associated Undertakings		
12.2.1 Shareholding and common directorship		
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	2,977,861,572	2,681,796,622
Preference dividend payable	181,412,735	178,567,079
Bank accounts	3,629,745	2,665,446
Advisory and other fee	738,600,000	738,600,000
Advance for transaction Cost	23,200,000	23,200,000
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	1,660,908,964	1,477,297,386
Preference dividend payable	260,299,353	234,765,137
Bank accounts	163,540	160,150
Trustee fee	-	5,688,582
Standard Chartered Bank (Pakistan) Limited		
Redeemable capital	145,667,911	146,995,500
Long term finances	1,352,860,982	1,352,860,982
Short term borrowings	299,997,050	-
Mark-up payable	1,389,074,084	1,240,529,863
Bank accounts	-	-
Silk Bank		
Long term loans	130,607,546	130,607,546
Short term borrowings	724,762,565	551,442,066
Bills payable	-	-
Mark up payable	226,997,430	198,462,166
Summit Bank Limited		
Redeemable capital	603,406,000	603,406,000
Short term borrowings	819,685,295	646,671,002
Bills payable	-	-
Mark up payable	429,465,426	371,828,113
Bank accounts	100,381,422	736,266
12.2.2 Post employment benefit plans		
(Receivable) / payable to Provident Fund Trust	-	-
Payable to gratuity Trust	109,268,172	36,562,965

Notes to the Condensed Interim Financial Information (Un-audited) For the Nine months period ended 30 September 2019

	(Un-audited) 30 September 2019 Un-audited Rupees	(Audited) 31 December 2018 Audited Rupees
13 Cash flow from operating activities		
Profit & (Loss) before tax	(2,222,634,715)	(3,221,241,584)
Adjustment for non-cash items:		
Interest / markup expense	2,366,989,811	1,564,197,662
Amortization of transaction costs	-	24,483,500
Depreciation on property, plant and equipment	786,307,359	787,912,513
Amortization of computer software	-	191,281
Provision for staff retirement benefit	14,102,855	5,542,277
Mark-up / Interest Income	(11,769,998)	(5,463,267)
Loss on sale of property, plant and equipment	977,799	(7,146,437)
Operating profit before changes in working capital	933,973,111	(851,524,055)
Changes in working capital		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(48,305,399)	(1,289,361)
Stock in trade	(1,629,194,687)	(10,531,103)
Trade receivables	26,256,935	9,929,131
Advances, deposits, prepayments and other receivables	(826,669,659)	481,790,053
	(2,477,912,810)	479,898,720
Increase / (decrease) in current liabilities		
Trade and other payables	841,542,115	101,574,461
Cash used in operations	(702,397,584)	(270,050,874)

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:

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

For the Nine months period ended 30 September 2019

Urea fertilizers segment		Phosphate fertilizer segment		Total	
30 September 2019	30 September 2018	30 September 2019	30 September 2018	30 September 2019	30 September 2018
Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited
Rupees 'mln'	Rupees 'mln'	Rupees 'mln'	Rupees 'mln'	Rupees 'mln'	Rupees 'mln'
7,602	313	406	507	8,009	821
(2,220)	(2,929)	(3)	(292)	(2,223)	(3,221)
Urea fertilizers segment		Phosphate fertilizer segment		Total	
30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
Rupees 'mln'	Rupees 'mln'	Rupees 'mln'	Rupees 'mln'	Rupees 'mln'	Rupees 'mln'
44,238	42,718	4,906	4,740	49,144	47,458
55,312	51,712	810	560	56,122	52,272

For the nine months period ended 30th September 2019

External revenues

Inter-segment revenue

Reportable segment Profit/(Loss)

Reportable segment Profit/(Loss) before tax

As at

Reportable segment assets

Reportable segment liabilities

Notes to the Condensed Interim Financial Information (Un-audited) For the Nine months period ended 30 September 2019

15.3 Reconciliation of reportable segment profitable segment profit and loss

	(Un-audited) 30 September Rupees	(Un-audited) 30 September Rupees
For the nine months ended		
Total loss for reportable segments before taxation	(2,222,634,715)	(3,221,241,584)
Taxation	132,577,057	222,163,131
Loss after taxation	<u>(2,090,057,658)</u>	<u>(2,999,078,453)</u>

15 Cash and cash equivalents

Short term borrowings - running finance - secured	(2,963,935,308)	(2,701,529,268)
Cash and bank balances	259,767,900	230,132,739
	<u>(2,704,167,408)</u>	<u>(2,471,396,529)</u>

16 Overdue financial liabilities

Due to the facts disclosed in note 2.4, the Company continues to face a liquidity shortfall due to which it was unable to meet its obligations in respect of various debt finances. The details of overdue financial liabilities as at 30 September 2019 are as follows:

Nature of Liability	Principal Rupees	Interest / mark up Rupees	Total Rupees
Redeemable capital	11,920,480,080	10,189,484,160	22,109,964,240
Long term finances	7,108,339,792	6,576,068,183	13,684,407,975
Short term borrowings	2,180,260,069	1,243,673,179	3,423,933,248
	<u>21,209,079,941</u>	<u>18,009,225,522</u>	<u>39,218,305,463</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 2018.

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

For the Nine months period ended 30 September 2019

19 Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on 30 October 2019

20 Seasonality

The Company's fertilizer business is subject to seasonal fluctuations as a result of two different farming seasons viz, Rabi (from October to March) and Kharif (from April to September). On an average, fertilizer sales are more tilted towards Rabi season. The Company manages seasonality in the business through appropriate inventory management.

21 General

Figures have been rounded off to the nearest rupee.



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