



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

Interim Financial Report for the quarter ended
March 31, 2019 (Un-audited)

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Company Information

BOARD OF DIRECTORS

Mr. Muhammad Faisal Muzammil
Chief Executive Officer

Mr. Sardar Azmat Babar Chauhan
Chairman

Mr. Talha Saeed

Mr. Asim Murtaza Khan

Ms. Amena Zafar Cheema

Mr. Asim Jilani

Mr. Abdul Karim Sultanali

CFO

Mr. Syed Taneem Haider

AUDIT COMMITTEE

Mr. Asim Murtaza Khan
Chairman

Mr. Talha Saeed

Mr. Abdul Karim Sultanali

Mr. Asim Jilani

HR & REMUNERATION COMMITTEE

Mr. Muhammad Faisal Muzammil (CEO)

Ms. Amena Zafar Cheema
Chairman

Mr. Asim Jilani

Mr. Sardar Azmat Babar

LEGAL ADVISOR

Mr. Barrister Babar S Imran

SHARES REGISTRAR

Hameed Majeed Associates (Private) Limited

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants, Lahore

BANKERS

JS Bank Limited

Faysal Bank Limited

National Bank of Pakistan

Standard Chartered Bank (Pakistan) Limited

Albaraka Bank Pakistan Limited

Dubai Islamic Bank Pakistan Limited

Summit Bank Limited

Silk Bank Limited

Allied Bank Limited

Bank Alfalah Limited

The Bank of Punjab

Bank Islami Pakistan Limited

Askari Bank Limited

Pak Libya Holding Company (Pvt.) Limited

Soneri Bank Limited

Citi Bank N.A.

Meezan Bank Limited

United Bank Limited

Habib Bank Limited

MCB Bank

Registered Office

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

Project Locations

Unit I

Urea Plant

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

Unit II

GSSP Plant

Hattar Road, Haripur.

Ph: +92 (0) 995 616124-5

Director's Review

The Board of Directors of Agritech Limited, henceforth called the Company, along with the Management Team are pleased to present the Company's Quarterly Report accompanied by the Un-Audited Financial Statements for the quarter ended March 31, 2019.

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

Business Review

Principal Activities

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

First Quarter in Review

Financial Results of Agritech Limited

	31 March 2019	31 March 2018
Sales - net	2,354,105,209	311,267,683
Operating Profit/(Loss)	21,843,703	(383,417,111)
Finance cost	(805,332,996)	(584,608,282)
Loss before taxation	(783,489,293)	(968,025,393)
Loss after taxation	(892,664,829)	(931,880,741)
Loss per share	(2.27)	(2.37)

Overview of Fertilizer Industry:

During the period ending March 31, 2019 the Production of Urea increased by 2% to 1,325K tons vs 1,304K tons in 2018 owing to better gas availability to the fertilizer sector versus same period last year. All Urea plants were kept operative by GOP during the period under review to meet the shortage of Urea in the country. Urea off takes for the period under review were recorded at 1,360K tons increasing by 9% vs 1,251K tons in same period last year.

The Company remained operational during most of time in the first quarter 2019 on supply of subsidized RLNG and managed to produce 73 KT of urea Nil K tons: 2018) against installed capacity of 108K tons for the quarter. The Company sold 66 K tons Urea during 1 Q 2019 (5K tons: 2018).

Director's Review

Consumption of Phosphates, during the quarter under review, decline by 44% to 110K ton of Nutrients vs 198K tons last year. Production of Phosphates products saw increase of 2% (109K ton Nutrients in 2019 vs 106K ton Nutrients in 2018) due to better gas supplies. The Company, being a major SSP player, produced 16 K tons SSP in 1 Q 2019 (12 K tons: 2018) and sold 6.88 K tons during the quarter (7.66 K tons: 2018).

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.

Lahore

Date: 30 August 2019

On Behalf of the Board



Chief Executive Officer

ڈائریکٹرز رپورٹ - ایگری فیک

ایگری فیک لمیٹڈ، کمپنی کے بورڈ آف ڈائریکٹرز اور مینجمنٹ ٹیم، 31 مارچ 2019ء کو ختم ہونے والی سرمایہ کے لئے غیر نظر ثانی شدہ مالیاتی کوشاوں کے ہمراہ کمپنی کی سرمایہ رپورٹ پیش کرتے ہوئے خوش ہیں۔

یہ مالیاتی کوشاوں، 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 خیر پختونخواہ (کے پی کے) میں جی ایس ایس پی (وانے دار سنگل سپرفاسفیٹ) کی پیداوار کی سہولت بھی چلا رہی ہے۔ کمپنی کھاد کی صنعت میں قابل اعتماد براڈ "تارا" کے تحت ان پلائٹس سے کھاد کو مارکیٹ کرتی ہے۔

پہلی سرمایہ کا جائزہ

ایگری فیک لمیٹڈ کے مالیاتی نتائج:

31 مارچ 2018ء مختتمہ سرمایہ	31 مارچ 2019ء مختتمہ سرمایہ	
311,267,683	2,354,105,209	خالص فروخت
(383,417,111)	21,843,703	آپریٹنگ (نقصان)
(584,608,282)	(805,332,996)	مالیاتی لاگت
(968,025,393)	(783,489,293)	قبل از ٹیکس (نقصان)
(931,880,741)	(892,664,829)	بعد از ٹیکس (نقصان)
(2.37)	(2.27)	فی حصص (نقصان)

**کھاد کی صنعت کا مجموعی جائزہ:**

گزشتہ سال کی اسی مدت کے برعکس فریڈلائزر سیکٹر کو گیس کی بہتر دستیابی کی بدولت 2018 میں 1,304 ہزار ٹن کے مقابلے یورپا کی پیداوار 31 مارچ 2019 کو ختم ہونے والی مدت کے دوران 2 فیصد بڑھ کر 1,325 ہزار ٹن ہوئی۔ ملک میں یورپا کی قلت کو کم کرنے کے لئے زیر جائزہ مدت کے دوران حکومت پاکستان نے تمام یورپا پلانٹس کو آپریٹور کھلا۔ گزشتہ سال کی اسی مدت میں 1,251 ہزار ٹن کے مقابلے زیر جائزہ مدت کے لئے یورپا کی آف ٹیک 9 فیصد بڑھ کر 1,360 ہزار ٹن درج کی گئی۔

پہلی سرمایہ 2019 میں زیادہ عرصہ کے دوران کمپنی سپیڈ انرڈ RLNG کی سپلائی پر آپریشنل رہی اور سرمایہ کے لئے 108 ہزار ٹن کی نصب شدہ صلاحیت کے مقابلے 73 ہزار ٹن (Nil:2018) یورپا بنانے میں کامیاب رہی۔ کمپنی نے پہلی سرمایہ 2019 کے دوران 66 ہزار ٹن (Nil:2018) یورپا فروخت کی۔

فا سیٹ:

زیر جائزہ سرمایہ کے دوران، فاسٹنٹس کا استعمال گزشتہ سال 198 ہزار ٹن کے مقابلے 44 فیصد کم ہو کر 110 ہزار ٹن نیوٹرینٹس ہو گیا۔ فاسٹنٹ مصنوعات کی پیداوار گیس کی بہتر فراہمی کی وجہ سے 18 فیصد (2018 میں 106 ہزار ٹن نیوٹرینٹس کے مقابلے 2019 میں 109 ہزار ٹن نیوٹرینٹس) زیادہ ہوئی۔ کمپنی نے، ایس ایس پی کے اہم مینوفیکچر ہونے کے ناطے، 2019 کی پہلی سرمایہ میں 16 ہزار ٹن ایس ایس پی (12 ہزار ٹن: 2018) پیدا کی اور سرمایہ کے دوران 6.88 ہزار ٹن (7.66 ہزار ٹن: 2018) فروخت کی ہے۔

سرمایہ کی تنظیم نو:

گزشتہ پانچ سالوں کے دوران کمپنی کے یورپا 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 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 گروڈ اراضی کی قیمت میں اضافے کا امکان ہے۔ خاص طور پر سی پیک منصوبے کے سیکشن ہاکلا۔ داؤد خیل۔ ڈی آئی خان میں کمپنی کی شرکت، بذریعہ اراضی کی فراہمی، بہت اہم ہے، سی پیک کی تکمیل کے بعد کمپنی کی اضافی اراضی مستقبل میں متعلقہ ٹریڈز کے لئے تجارتی اور صنعتی سرگرمیوں میں اہم کردار ادا کرے گی۔ سرمایہ کی تنظیم نو کے اس پلان گلیڈنیز آرڈیننس 1984 کی دفعہ 284-288 کے تحت جون 2016 میں لاہور ہائی کورٹ میں ایک پیشین کے ذریعے دائر کیا گیا۔ لاہور ہائی کورٹ میں سماعت جاری ہے اور کمپنی عدالت کے ذریعے فیصلہ اپنے حق میں حاصل کرنے کے لئے پرامید ہے، جس سے کمپنی کی مالی پوزیشن میں بہتری آئے گی۔

اٹکھار تشکر

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

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

منجانب یورڈ

چیف ایگزیکٹو آفیسر

لاہور

تاریخ: 30، اگست 2019ء

Condensed Interim Statement of Financial Position
As at 31st March 2019

	Note	(Un-audited) 31 March 2019 Rupees	(Audited) 31 December 2018 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 s	4	3,924,300,000	3,924,300,000
Reserves		9,000,000	9,000,000
Accumulated Losses		(18,351,278,912)	(17,516,570,092)
Surplus on revaluation of property, plant and equipment - net of tax		8,636,772,263	8,694,728,272
		(5,781,206,649)	(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		14,850,041	13,533,831
- deferred taxation-net		3,544,875,569	3,471,011,626
		5,184,203,499	5,109,023,346
Current liabilities			
Current maturity of long term liabilities		19,306,228,590	19,306,931,807
Short term borrowings -secured		3,605,519,269	3,625,350,286
Trade and other payables		5,656,124,349	5,449,310,578
Due to related parties - unsecured		-	-
Interest/mark-up accrued on borrowings		17,047,525,980	16,402,280,215
Preference dividend payable		1,248,303,836	1,205,087,103
		46,863,702,024	45,988,959,989
Contingencies and commitments	9	46,266,698,874	46,209,441,515
ASSETS			
Non-current assets			
Property, plant and equipment	10	38,334,559,337	38,592,232,373
Intangible asset		2,567,310,828	2,567,310,828
Investments		-	-
Long term loans and advances - considered go		13,215,419	13,699,204
Long term deposits - unsecured, considered go		46,577,646	46,538,433
		40,961,663,230	41,219,780,838
Current assets			
Stores, spares and loose tools		2,070,324,469	2,054,694,598
Stock-in-trade		578,269,134	293,320,595
Trade debts		1,611,924	34,865,063
Advances, deposits, prepayments and other rec		2,140,856,381	2,014,711,117
Due from Aagard Nine Limited -unsecured, con		-	-
Tax refunds due from Government - net		246,380,960	265,513,591
Cash and bank balances		267,592,776	326,555,713
		5,305,035,644	4,989,660,677
		46,266,698,874	46,209,441,515

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



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


For the Quarter ended 31st March 2019

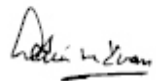
	Three months Quarter ended	
	31 March 2019	31 March 2018
	Rupees	Rupees
Sales - net	2,354,105,209	311,267,683
Cost of sales	(2,177,148,572)	(634,719,267)
Gross Profit/(loss)	176,956,637	(323,451,584)
Selling and distribution expenses	(102,287,936)	(13,809,614)
Administrative and general expenses	(64,360,266)	(61,975,914)
Other operating expenses	4,676,440	4,200,876
Other income	6,858,828	11,619,125
Operating Profit/(loss)	21,843,703	(383,417,111)
Finance cost	(805,332,996)	(584,608,282)
Loss before taxation	(783,489,293)	(968,025,393)
Taxation	(109,175,536)	36,144,652
Loss after taxation	(892,664,829)	(931,880,741)
Loss per share - basic and diluted	(2.27)	(2.37)

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 Quarter ended 31st March 2019

	Note	31 March 2019 Rupees	31 March 2018 Rupees
<u>Cash flows from operating activities</u>			
Cash used operations	13	(15,139,509)	85,614,256
Interest income received		5,500,256	1,349,779
Income tax paid		(15,188,978)	(9,426,509)
Staff retirement benefits paid		(845,656)	(423,074)
Net cash used in operating activities		(25,673,887)	77,114,452
<u>Cash flows from investing activities</u>			
Capital expenditure incurred		(6,274,738)	(931,635)
Long term loans and advances received		483,785	1,295,402
Long term deposits - net		(39,213)	100,000
Proceeds from disposal of property, plant and equipment		(977,799)	-
Due from related party		-	-
Net cash used in investing activities		(6,807,965)	463,767
<u>Cash flows from financing activities</u>			
Long term loans - Repayment		(703,217)	(537,610)
Redemption of redeemable capital		-	-
Transaction costs incurred on restructuring process		-	-
Short term borrowings Net		-	98,185,970
Finance cost paid		(5,946,852)	(32,780,595)
Net cash used in financing activities		(6,650,069)	64,867,765
Net increase/(decrease) in cash and cash equivalents		(39,131,921)	142,445,984
Cash and cash equivalents at the beginning of period		(2,369,813,982)	(2,247,411,334)
Cash and cash equivalents at the end of period	15	(2,408,945,903)	(2,104,965,350)

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 Quarter ended 31st March 2019

	Three months Quarter ended	
	31 March 2019 Rupees	31 March 2018 Rupees
(Loss) / Profit after taxation	(892,664,829.00)	(931,880,741.00)
<u>Other comprehensive income:</u>		
Item that will not be reclassified to profit and loss account		
Remeasurement of defined benefit li	-	-
Related Tax	-	-
	-	-
Total comprehensive loss for the period	<u>(892,664,829.00)</u>	<u>(931,880,741.00)</u>

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 Quarter ended 31st March 2019

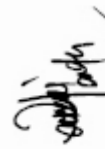
	Share Capital		Capital Reserve		Reserves		Total	
	Ordinary	Shares	Surplus on revaluation		Revenue	Accumulated		Total
			Property, plant and equipment	Reserve				
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
As at 01 January 2018		3,924,300,000.00	8,848,473,940.00	9,000,000.00	(14,447,678,410.24)	(1,665,904,470.24)		
Total comprehensive loss for the Quarter ended 31st March-2018					(931,880,742.00)	(931,880,742.00)		
Surplus transferred to accumulated losses on account of: Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax			(57,381,117.00)		57,381,117.00	-		
As at March 31, 2018		3,924,300,000.00	8,791,092,823.00	9,000,000.00	(15,322,178,035.24)	(2,597,785,212.24)		
As at 01 January 2019		3,924,300,000.00	8,694,728,272.38	9,000,000.00	(17,516,570,091.40)	(4,888,541,819.02)		
Total comprehensive loss for the Quarter ended 31 March-2019					(892,664,829.00)	(892,664,829.00)		
Surplus transferred to accumulated losses on account of: Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax Prior Year Adjustment			(57,956,009.00)		57,956,009.00	-		
As at March 31, 2019		3,924,300,000.00	8,636,772,263.38	9,000,000.00	(18,351,278,911.40)	(5,781,206,648.02)		

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

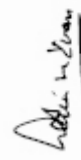


Chief Executive

Lahore



Chief Financial Officer



Director





AGRITECH LIMITED

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

For the Quarter ended 31st March 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.

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

- As explained in note 2.4, the Company has incurred loss after tax amounting to Rs. 887.05 million and as at the reporting date current liabilities have exceeded current assets by Rs. 41,694.58 million and shareholders equity stands at negative Rs. 5,917.40 million.
- For a detailed discussion about the Company's performance please refer to the Director's report.

2 Basis of preparation

2.1 Statement of compliance

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

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

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

2.2 Basis of accounting

This condensed interim financial information comprises the condensed interim balance sheet of Agritech Limited ("the Company"), as at 31 March 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 profit or loss, interim statement of comprehensive income, interim cash flow statement and interim statement of changes in equity and related notes are stated from unaudited condensed interim financial statements of the Company for the three months period ended 31 March 2018.

This condensed interim 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.

AGRITECH LIMITED**Notes to the Condensed Interim Financial Information (Un-audited)
For the Quarter ended 31st March 2019****2.3 Judgments and estimates**

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions for the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended 31 December 2018.

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 seven 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.

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 curtailment. The Company's Urea plant remained in operational in first Quarter of 2019 67 days (31 March 2018: Nil days) which resulted in production of Urea 72,816 M.ton (31 March 2018: Nil tons). The Company during the current period was also able to sell 66,134 tons Urea (31 March 2018: 5,013 tons). The Company has incurred a loss before tax of Rs.783.49 million (2018: Rs. 968.03 million) during this three months period and as at the reporting date, its current liabilities have exceeded its current assets by Rs. 41,558.67 million, including Rs. 35,261.05 million relating to overdue principal and interest / mark-up thereon, and accumulated losses of the Company exceeded the shareholder's equity by Rs. 5,781.21 million.

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



AGRITECH LIMITED
Notes to the Condensed Interim Financial Information (Un-audited)
For the Quarter ended 31st March 2019

2.5 Financial liabilities

The Company could not make timely repayments of principal and interest / mark-up related to long term debts as referred to in note 18. Further, as at the reporting date, the Company could not comply with certain financial and other covenants imposed by the lenders. As per the agreed terms of long term debts the lenders have unconditional right to call the loans if timely repayments are not made or covenants are not complied with. International Accounting Standard on Presentation of financial statements (IAS -1) requires that if an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it should classify the liability as current.

However companies long term debts are being matured in current year and are classified as current liability.

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 2018.

	<i>Note</i>	(Un-audited) 31-Mar 2019 Rupees	(Audited) 31 December 2018 Rupees
4 Issued, subscribed and paid-up ordinary share capital			
Class A ordinary shares of Rs. 10 each 383,430,000 (31 December 2018: 383,430,000)			
Shares issued fully paid in cash		3,834,300,000	3,834,300,000
Ordinary shares of Rs. 10 each 9,000,000 (31 December 2018: 9,000,000)			
Shares issued for consideration other than cash		90,000,000	90,000,000
	4.1	<u>3,924,300,000</u>	<u>3,924,300,000</u>

AGRITECH LIMITED**Notes to the Condensed Interim Financial Information (Un-audited)
For the Quarter ended 31st March 2019**

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

	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	(Percentage held)		(Number of shares)	
National Bank of Pakistan Limited	26.95%	26.95%	105,772,577	105,772,577
Faysal Bank Limited	4.97%	4.97%	18,277,123	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	5.70%	5.70%	22,373,615	22,373,615

	(Un-audited) 31-Mar 2019	(Audited) 31 December 2018
	Rupees	Rupees
5 Redeemable capital - secured		Note

Under interest / markup arrangements

Privately Placed Term Finance Certificates - I		1,498,602,000	1,498,602,000
Privately Placed Term Finance Certificates - II		6,894,286,800	6,894,286,800
Privately Placed Term Finance Certificates - III		495,460,750	495,460,750
Privately Placed Term Finance Certificates - IV		548,825,000	548,825,000
Privately Placed Term Finance Certificates - V		618,685,000	618,685,000
Privately Placed Term Finance Certificates		509,874,996	509,874,996
Privately Placed Sukuk Certificates		1,599,800,000	1,599,800,000
		12,165,534,546	12,165,534,546
Transaction costs		-	-
	5.1 & 5.2	12,165,534,546	12,165,534,546
Current maturity presented under current liabilities	2.5	(12,165,534,546)	(12,165,534,546)
		-	-

5.1 Types of redeemable capital

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

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



AGRITECH LIMITED
Notes to the Condensed Interim Financial Information (Un-audited)
For the Quarter ended 31st March 2019

		(Un-audited) 31-Mar 2019 Rupees	(Audited) 31 December 2018 Rupees
6 Long term finances - secured	<i>Note</i>		
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 Limited - Term Finance		300,000,000	300,000,000
National Bank of Pakistan - Term Finance		132,083,735	132,083,735
Dubai Islamic Bank Limited - Term Finance		365,000,000	365,000,000
AlBaraka Bank (Pakistan) Limited - Diminishing Musharika		8,727,981	9,431,198
	6.1 & 6.2	<u>7,140,694,045</u>	<u>7,141,397,261</u>
Transaction costs		-	-
		<u>7,140,694,045</u>	<u>7,141,397,261</u>
Current maturity presented under current liabilities		<u>(7,140,694,044)</u>	<u>(7,141,397,261)</u>
		<u>-</u>	<u>0</u>
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		373,727,981	374,431,198
		<u>7,140,694,045</u>	<u>7,141,397,261</u>

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

	<i>Note</i>	(Un-audited) 31-Mar 2019 Rupees	(Audited) 31 December 2018 Rupees
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	5.1	<u>1,593,342,690</u>	<u>1,593,342,690</u>
		<u>1,593,342,690</u>	<u>1,593,342,690</u>

7.1 This represents local currency, listed, non-voting, redeemable, convertible and cumulative preference 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 period end are as follows:

	(Un-audited) 31-Mar 2019 --- (Number of shares) ---	(Audited) 31 December 2018
Faysal Bank Limited	<u>31,035,594</u>	31,035,594
National Bank of Pakistan Limited	<u>3,458,756</u>	3,458,756
	<u>34,494,350</u>	<u>34,494,350</u>

8 Short term borrowings - secured

Interest / mark-up based loans - secured	8.1	<u>2,904,736,783</u>	2,924,783,039
Islamic mode of financing - secured		<u>700,782,487</u>	700,567,247
		<u>3,605,519,270</u>	<u>3,625,350,286</u>

8.1 All terms and conditions applicable on these facilities are same as those disclosed in the annual financial statements for the year ended 31 December 2018.

**AGRITECH LIMITED****Notes to the Condensed Interim Financial Information (Un-audited)****For the Quarter ended 31st March 2019****9 Contingencies and commitments****9.1 Contingencies**

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

- 9.1.1** Subsequent to the period end, a civil suit no 2917/2019 has been filed by Soneri Bank Limited ("SBL") against the Company for Rs. 738.457 million under section 9 of the Financial Institution (Recovery Of Finances) Ordinance, 2001 before the Honorable Lahore High Court. The Company filed a petition for Leave to Appear (PLA) 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.
- 9.1.2** Subsequent to the period end, a civil suit no 259/2019 has been filed by Meezan Bank Limited ("MBL") against the Company for Rs. 44.591 million under section 9 of the Financial Institution (Recovery Of Finances) Ordinance, 2001 before the Honorable Lahore High Court. The Company has to file a petition for Leave to Appear (PLA) under Section 10 of the Financial Institution (Recovery Of Finances) Ordinance, 2001.

9.2 Commitments	(Un-audited) 31-Mar 2019 Rupees	(Audited) 31 December 2018 Rupees
9.2.1 Commitments under irrevocable letters of credit for:		
- purchase of plant and machinery	16,484,639	869,262
- purchase of raw material	22,567,381	22,983,345
	39,052,020	23,852,607

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

	(Un-audited) 31-Mar 2019 Rupees	(Audited) 31 December 2018 Rupees
<i>Note</i>		
Not later than one year	2,512,865	3,892,432
Later than one year but not later than five year	1,379,567	-
	3,892,432	3,892,432

AGRITECH LIMITED
Notes to the Condensed Interim Financial Information (Un-audited)
For the Quarter ended 31st March 2019

10 Property, plant and equipment

Operating fixed assets	10.1	38,292,076,889	38,555,912,863
Capital work in progress		42,482,448	36,319,510
		38,334,559,336	38,592,232,373
		0	-

10.1 Operating fixed assets

Net book value at end of the period		38,555,912,851	39,705,777,951
Add: Additions during the period	10.1.1	1,055,811	59,123,598
Less: Disposals during the period - net book value		-	157,166,219
Depreciation for the period		264,891,773	1,051,822,462
		264,891,773	1,208,988,681
Net book value at end of the period		38,292,076,889	38,555,912,869

10.1.1 Additions - cost

Owned assets

Buildings on freehold land	-	37,078,105
Plant and machinery	-	890,555
Furniture, fixtures and office equipment	111,811	1,302,658
Vehicles and rail transport	944,000	18,944,557
Tools and other equipment	-	-
Electrical and other installations	-	907,723
	1,055,811	59,123,598

(Un-audited)	(Audited)
31-Mar-19	31 December
2019	2018
Rupees	Rupees

11 Cash and bank balances

Cash in hand		692,932	598,567
Cash at banks			
- current accounts		253,728,457	277,412,992
- savings accounts	11.1	13,171,387	48,544,154
		266,899,844	325,957,146
		267,592,776	326,555,713

11.1 Rate of return on saving accounts ranges from 9% to 10% per annum (31 December 2018: 5% to 6% per annum).

**AGRITECH LIMITED****Notes to the Condensed Interim Financial Information (Un-audited)
For the Quarter ended 31st March 2019****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) 31 March 2019 Rupees	(Un-audited) 31 March 2018 Rupees
12.1 Transactions with related parties		
12.1.1 Associate		
National Bank of Pakistan		
Markup expense	90,704,812	60,483,266
Preference dividend	938,128	938,128
Markup paid	-	-
Advisory Fee	-	-
Fee paid	-	-
Bank Balances - net	2,391,508	(2,892,069)
Short term borrowings - net	-	-
Faysal Bank Limited		
Mark up Expense	54,331,363	37,620,421
Preference dividend	8,417,873	8,417,873
Trustee Fee	-	-
Markup paid	-	-
Bank Balances - net	1,312	(3,160)
Short term borrowings - net	-	-
Standard Chartered Bank (Pakistan) Limited		
Mark-up expense	43,896,954	30,131,828
Markup paid	-	-
Loan paid	-	-
Short term borrowings	-	-
Bills payable	-	-
Bank balances - net	-	14,747,165
Silk Bank limited		
Mark-up expense	19,145,053	11,436,146
Markup paid	-	-
Short term borrowings - net	-	-
Bank balances - net	-	-
Bills payable	-	-
Summit Bank Limited		
Mark-up expense	32,589,755	20,039,000
Markup paid	2,976,137	-
Short term borrowings - net	(20,436,516)	83,988,025
Bills payable	-	21,298,679
Bank Balances - net	11,563	(77,696,949)
12.1.2 Post employment benefit plans		
Contribution to employees provident	4,501,267	4,717,745
Contribution to employees gratuity fund	2,161,866	2,353,597
12.1.3 Key management personnel		
Short term employee benefits	4,500,000	4,500,000
Post employment benefits	262,395	262,395

AGRITECH LIMITED**Notes to the Condensed Interim Financial Information (Un-audited)
For the Quarter ended 31st March 2019**

	(Un-audited) 31-Mar-19 2019 Rupees	(Audited) 31 December 2018 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	2,772,501,434	2,681,796,622
Preference dividend payable	179,505,207	178,567,079
Bank accounts	5,056,954	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	1,531,628,749	1,477,297,386
Preference dividend payable	243,183,011	234,765,137
Bank accounts	161,462	160,150
Standard Chartered Bank (Pakistan) Limited		
Redeemable capital	146,995,500	146,995,500
Long term finances	1,352,860,982	1,352,860,982
Short term borrowings	-	-
Mark-up payable	1,284,426,817	1,240,529,863
Bank accounts	-	-
Silk Bank		
Long term loans	130,607,546	130,607,546
Short term borrowings	551,499,916	551,442,066
Bills payable	-	-
Mark up payable	217,607,219	198,462,166
Summit Bank Limited		
Redeemable capital	603,406,000	603,406,000
Short term borrowings	626,234,486	646,671,002
Bills payable	-	-
Mark up payable	401,441,731	371,828,113
Bank accounts	747,829	736,266
12.2.2 Post employment benefit plans		
(Receivable) / payable to Provident Fund Trust	-	-
Payable to gratuity Trust	14,850,041	33,689,464

AGRITECH LIMITED
**Notes to the Condensed Interim Financial Information (Un-audited)
For the Quarter ended 31st March 2019**

	(Un-audited) January to 31 March 2019 Rupees	(Un-audited) January to 31 March 2018 Rupees
13 Cash flow from operating activities		
Profit & (Loss) before tax	(783,489,293)	(968,025,393)
Adjustment for non-cash items:		
Interest / markup expense	694,409,350	500,543,193
Amortization of transaction costs	-	6,006,000
Depreciation on property, plant and equipment	263,947,775	263,189,398
Amortization of computer software	-	191,281
Provision for staff retirement benefit	2,161,866	2,353,597
Mark-up / Interest Income	(5,500,256)	(1,349,779)
Loss on sale of property, plant and equipment	977,799	-
Operating profit before changes in working capital	172,507,241	(197,091,703)
Changes in working capital		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(15,629,871)	(406,676)
Stock in trade	(284,948,539)	14,722,264
Trade receivables	33,253,139	2,803,969
Advances, deposits, prepayments and other receivables	(126,145,267)	202,215,745
	(393,470,538)	219,335,302
Increase / (decrease) in current liabilities		
Trade and other payables	205,823,788	63,370,657
Cash used in operations	(15,139,509)	85,614,256

AGRITECH LIMITED**Notes to the Condensed Interim Financial Information (Un-audited)
For the Quarter ended 31st March 2019****14 Segment reporting****14.1 Reportable segments**

The Company's reportable segments are as follows:

- Urea fertilizer segment - production of Urea fertilizer and ammonia from natural gas and
- Phosphate fertilizer segment - production of Phosphate fertilizer from rock Phosphate

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

14.2 Segment revenue and results

Following is the information about reportable segments of the Company:

	31 March		31 March		31 March	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 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'
For the three months period ended 31st March 2019	2,219	192	135	120	2,354	311
External revenues						
Inter-segment revenue						
reportable segment (Loss)/						
Reportable segment Profit/(Loss) before tax	(803)	(972)	20	4	(783)	(968)
As at						
Reportable segment assets	42,726	42,718	4,710	4,740	47,435	47,458
Reportable segment liabilities	52,630	51,712	587	560	53,216	52,272

14.3 Reconciliation of reportable segment profitable segment profit and loss

For the three months ended

Total loss for reportable segments before taxation

Taxation

Loss after taxation

	(Un-audited) 31 March Rupees	(Un-audited) 31 March Rupees
	(783,489,293)	(968,025,393)
	(109,175,536)	36,144,652
	(892,664,829)	(931,880,741)

AGRITECH LIMITED

**Notes to the Condensed Interim Financial Information (Un-audited)
For the Quarter ended 31st March 2019**

15 Cash and cash equivalents

Short term borrowings - running finance - secured	(2,676,538,679)	(2,331,356,607)
Cash and bank balances	<u>267,592,776</u>	<u>226,391,257</u>
	<u>(2,408,945,903)</u>	<u>(2,104,965,350)</u>
	(0)	0

16 Overdue financial liabilities

Due to the facts disclosed in note 2.3, the Company continues to face a liquidity shortfall due to which it was unable to meet its obligations in respect of various debt finances. The details of overdue financial liabilities as at 31 March 2019 are as follows:

	<u>Principal</u>	<u>Interest / mark up</u>	<u>Total</u>
Nature of Liability			
Redeemable capital	10,769,938,790	6,341,453,910	17,111,392,700
Long term finances	6,534,768,364	9,413,087,703	15,947,856,067
Short term borrowings	1,215,857,029	624,046,360	1,839,903,389
Bills Payable	<u>187,031,000</u>	<u>174,863,889</u>	<u>361,894,889</u>
	<u>18,707,595,183</u>	<u>16,553,451,862</u>	<u>35,261,047,045</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.

19 Date of authorization

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

20 General

These interim financial statements for the period ended 31 March 2019 were delayed due to the completion of the annual accounts for the year ended 31 December 2018 are being approved by the shareholders' in the AGM, held on 30 August 2019 under the direction of Securities and Exchange Commission of Pakistan ('SECP') via letter dated 11 June 2019 to hold AGM by 31 August 2019.

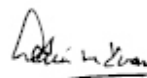
Lahore



Chief Executive



Chief Financial Officer



Director