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GROWTH...



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Company Information

BOARD OF DIRECTORS

Mr. Wajahat Ahmed Baqai
(Chairman)
Mr. Ahmed Jaudet Bilal
(Chief Executive Officer)
Mr. Rehmat Ali Hasnie
Mian Asif Said
Mr. Kamran Ali Kazim
Mr. Ahsan Raza Durrani
Mr. Muhammad Faisal Muzammil

COMPANY SECRETARY

Mr. Affan Sajjad

CHIEF FINANCIAL OFFICER

Mr. Taneem Haider

AUDIT COMMITTEE

Mian Asif Said
(Chairman)
Mr. Kamran Ali Kazim
Mr. Ahsan Raza Durrani

HR & REMUNERATION COMMITTEE

Mr. Ahmed Jaudet Bilal
Mr. Kamran Ali Kazim
Mr. Rehmat Ali Hasnie

LEGAL ADVISOR

Mr. Babar Shahzad Imran

SHARES REGISTRAR

Hameed Majeed Associates (Private) Limited

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants, Lahore

INTERNAL AUDITORS

M. Yousaf Adil Saleem & Co.
Chartered Accountant, (Deloitte Pakistan)

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
KASB 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.
United Bank Limited
Habib Bank Limited

REGISTERED OFFICE

1st Floor, 307-Upper Mall, Lahore, 45000
Ph: +92 (0) 42 35958771-74
Fax: +92 (0) 42 35958775

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 ("the Company") hereby presents financial statements for the 9 months ended September 30, 2014.

The principal business of the Company is the manufacturing and marketing of fertilizers. The Company owns and operates the country's newest and most efficient urea manufacturing plant at Mianwali. The company also manufactures SSP (Single Super Phosphate) at Haripur Hazara plant, which is the largest Single Super Phosphate (SSP) manufacturing plant in the country.

Having achieved the Company's strategic goal to become a diversified fertilizer manufacturer producing both nitrogenous and phosphatic fertilizers, the Company's products are sold under one of the most celebrated and trusted brand name "Tara" in the fertilizer market.

The gas load shedding and curtailment continued to affect the business during this period. The urea plant produced 42,323 tons in 9 month of 2014(180,737 tons: 2013).

To resolve the gas supply issue, the fertilizer manufacturers are in continuous dialogue with the Government of Pakistan (GOP). GOP by its ECC decision dated December 18, 2012 dedicated certain gas fields to Four Fertilizer Manufacturer (FFM), where the execution of signed contracts or their alternative arrangements is looked at by the GOP to facilitate the industry.

SSP continued to post an improved performance in this period on the back of improved sales by virtue of improving the working capital to support the business.

Operating Financial Results

Financial Results of Agritech Limited

	Nine Months ended September 30, 2014	Nine Months ended September 30, 2013
Sales - Net	1,655,465,868	5,694,203,064
Operating (Loss)/Profit	(1,632,680,052)	1,237,850,520
Finance Cost	2,137,385,610	2,197,845,165
Loss before Tax	3,728,547,912	947,697,737
Loss after Tax	3,490,063,350	512,193,805
Loss per share	9.23	1.64

Future Outlook

Urea off-take during the nine months period from Jan-Sep 2014 recorded at 4.13 m.tons which is 1.4% decline compared to last year's off-take of 4.19 million tons. The decline is attributed to the lower urea consumption during Kharif season which saw 4% decline compared to Kharif 2013 as a result of exceptionally high rain & flood towards the end of Kharif.

Urea off-take outlook during the last quarter of 2014 looks promising as area under floods will be recovered fully for sowing of wheat creating regular Rabi demand of Urea, however, the availability of Urea during these months will remain tight due to non availability of gas to SNGPL based plants, and delay in urea imports.

Phosphates consumption, measured by DAP use, during the period were slight higher by 0.2% (755,000 tons) compared to last year corresponding period of 753,000 tons. Market sentiments improved as proposed subsidy on phosphates mechanism was not implemented and international market also remained firm at US\$ 500 per ton CFR KHI levels in the 3rd quarter, 2014. In last quarter better crop economics of Rabi crops particularly of Potato and Wheat is likely to result in better use of all phosphatic fertilizer in the country. SSP placement will also follow the similar trend with better than expected off-take during Rabi 2014/15.

Directors' Review

AGL plans to convert its existing total long term debts including mark-up into preference shares. The company has obtained necessary NOCs/Approvals from the lenders and the application for approval has been filed with SECP for further processing. With the aforesaid conversion and other measures mentioned earlier, the management of the Company envisages that sufficient financial resources will be available for the continuing operations and it is expected to operate profitably, subject to impact, if any, of uncontrollable external circumstances.

Acknowledgment

The Board would like to avail this opportunity to thank our valued customers and the financial institutions whose faith and support over the years has fostered strong relationships which have played a pivotal role in the growth of the company.

The board also wishes to place on record its appreciation for the employees of the Company. All this has been possible with their hard work and commitment.

Lahore
Date : 31 October 2014

On behalf of the Board



Chief Executive Officer

Condensed Interim Balance Sheet (Un-audited)

As at 30 September 2014

		<u>Un-Audited</u>	<u>Audited</u>
		30 September	31 December
		2014	2013
		Rupees	Rupees
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Issued, subscribed and paid up capital		5,517,642,690	5,517,642,690
Reserves		9,000,000	9,000,000
Accumulated profit		<u>(3,661,519,589)</u>	<u>(104,496,573)</u>
		1,865,123,101	5,422,146,117
Surplus on revaluation of fixed assets		3,754,705,952	3,817,886,542
<u>Non-current liabilities</u>			
Redeemable capital - Secured	6	8,070,387,305	9,516,754,658
Long term finances - Secured	7	3,979,226,519	4,969,800,304
Liabilities against assets subject to finance lease - Secured		-	-
Long term payables - Unsecured		31,135,199	31,135,199
Staff retirement benefits		51,616,223	13,757,997
Deferred taxation - net		<u>1,961,857,646</u>	<u>2,217,038,194</u>
		14,094,222,892	16,748,486,352
<u>Current liabilities</u>			
Current maturity of non-current liabilities		7,184,396,012	4,748,202,377
Short term borrowings -secured		3,570,199,728	3,640,781,136
Trade and other payables		3,727,732,410	2,838,529,371
Interest/mark-up accrued on borrowings		8,554,553,932	6,694,402,656
Preference dividend payable		459,839,251	328,748,615
		<u>23,496,721,333</u>	<u>18,250,664,155</u>
Contingencies and commitments	8	-	-
		<u>43,210,773,278</u>	<u>44,239,183,166</u>
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	9	35,375,637,141	35,953,627,796
Intangible asset		2,589,591,613	2,592,026,353
Long term advances		20,921,947	21,736,130
Long term deposits -unsecured, considered good		<u>45,078,749</u>	<u>47,128,749</u>
		38,031,229,450	38,614,519,028
<u>Current assets</u>			
Stores, spares and loose tools		2,057,717,675	2,037,838,649
Stock-in-trade		1,134,126,311	539,320,247
Trade receivables - unsecured, considered good		74,029,331	14,415,382
Advances, deposits, prepayments and other receivables		1,668,291,290	1,432,356,296
Current taxation		212,577,105	165,907,478
Cash and bank balances		32,802,116	1,434,826,086
		<u>5,179,543,828</u>	<u>5,624,664,138</u>
		<u>43,210,773,278</u>	<u>44,239,183,166</u>

The annexed notes 1 to 17 form an integral part of this condensed interim consolidated financial information.

Lahore


CHIEF EXECUTIVE


DIRECTOR

Condensed Interim Profit and Loss Account (Un-audited)

For the period ended 30 September 2014

	9 Month		Quarter	
	September 30, 2014	September 30, 2013	July to September 30, 2014	July to September 30, 2013
	Un-Audited Rupees	Un-Audited Rupees	Un-Audited Rupees	Un-Audited Rupees
Sales - net	1,655,465,868	5,694,203,064	987,033,440	3,020,172,661
Cost of sales	(2,620,343,857)	(3,992,501,615)	(1,203,862,554)	(1,780,118,416)
Gross (loss) / profit	(964,877,989)	1,701,701,449	(216,829,114)	1,240,054,245
Selling and distribution expenses	(87,987,354)	(205,512,620)	(41,824,405)	(89,830,831)
Administrative and general expenses	(579,814,709)	(258,338,309)	(191,594,339)	(90,865,789)
Operating (loss) / profit	(1,632,680,052)	1,237,850,520	(450,247,858)	1,059,357,625
Finance cost	(2,137,385,610)	(2,197,845,165)	(738,019,142)	(659,489,717)
Net other income / (expenses)	41,517,750	12,296,908	4,903,353	5,904,708
Profit/(Loss) before taxation	(3,728,547,912)	(947,697,737)	(1,183,363,647)	405,772,616
Taxation	238,484,562	435,503,932	71,965,196	(84,113,484)
Profit / (loss) after taxation	(3,490,063,350)	(512,193,805)	(1,111,398,451)	321,659,132
Earning / (loss) per share basic and diluted	(9.23)	(1.64)	(2.94)	0.71

The annexed notes 1 to 17 form an integral part of this condensed interim consolidated financial information.

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the period ended 30 September 2014

	Period ended	
	September 30, 2014 Un-audited Rupees	September 30, 2013 Un-audited Rupees
loss after taxation	(3,490,063,350)	(512,193,805)
Other comprehensive income	63,180,592	121,477,185
Total comprehensive income (loss) for the period	(3,426,882,758)	(390,716,620)

The annexed notes 1 to 17 form an integral part of this condensed interim consolidated financial information.

Condensed Interim Cash flow Statement (Un-audited)

For the period ended 30 September 2014

		(Un-audited) September 2014	(Un-audited) September 2013
	Note	Rupees	Rupees
<u>Cash flows from operating activities</u>			
Cash (used in) / generated from operations	12	(937,577,814)	2,377,726,178
Finance cost paid		(226,769,526)	(88,694,906)
Interest income received		31,599,539	-
Taxation		(65,001,629)	(230,224,168)
Staff retirement benefits paid		30,614,033	(15,291,734)
Net cash (used in)/generated from operating activities		(1,167,135,397)	2,043,515,370
<u>Cash flows from investing activities</u>			
Capital expenditure		(117,475,036)	(28,618,150)
Long Term advances		814,183	1,175,008
Long term deposits		2,050,000	(6,679,140)
Proceeds from sale of operating fixed assets		1,516,000	1,243,150
Due from related party		-	15,478,534
Net cash used in investing activities		(113,094,853)	(17,400,598)
<u>Cash flows from financing activities</u>			
Redemption of redeemable capital		-	(174,874,996)
Repayment of liabilities against assets subject to finance lease		(28,012,313)	(32,398,876)
Transaction costs incurred on restructuring process		(23,200,000)	-
Net increase in short term borrowings		(509,332,844)	(148,957,138)
Net cash used in financing activities		(560,545,156)	(356,231,010)
Net increase/(decrease) in cash and cash equivalents		(1,840,775,407)	1,669,883,762
Cash and cash equivalents at the beginning of period		(744,751,941)	(2,019,859,364)
Cash and cash equivalents at the end of period	14	(2,585,527,348)	(349,975,602)

The annexed notes 1 to 17 form an integral part of this condensed interim consolidated financial information.

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

For the period ended 30 September 2014

	Share Capital		Reserves		Total equity Rupees
	Ordinary Shares Rupees	Preference Shares Rupees	Revenue reserve Rupees	Accumulated profit Rupees	
Balance as at 31 December 2012 - un-audited	3,924,300,000	1,593,342,690	9,000,000	1,522,824,603	7,049,467,293
Total comprehensive income for the period	-	-	-	(512,193,805)	(512,193,805)
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	121,477,185	121,477,185
Preference shares dividend for the period	-	-	-	(131,810,912)	(131,810,912)
Balance as at 30 September 2013 - un-audited	3,924,300,000	1,593,342,690	9,000,000	1,000,297,071	6,526,939,761
Balance as at 31 December 2013 - audited	3,924,300,000	1,593,342,690	9,000,000	(104,496,573)	5,422,146,117
Total comprehensive income for the period	-	-	-	(3,490,063,350)	(3,490,063,350)
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	63,180,592	63,180,592
Preference shares dividend for the period	-	-	-	(131,090,635)	(131,090,635)
Gratuity Adjustment	-	-	-	950,378	950,378
Balance as at 30 September 2014 - un-audited	3,924,300,000	1,593,342,690	9,000,000	(3,661,519,589)	1,865,123,101

The annexed notes 1 to 17 form an integral part of this condensed interim consolidated financial information.

Lahore



CHIEF EXECUTIVE



DIRECTOR

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

For the period ended 30 September 2014

1 Status and nature of business

Agritech Limited was incorporated in Pakistan on 15 December 1959 as an unlisted Public Limited Company under the Companies Act, 1913 (Now 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 a part of privatization process of the Government of Pakistan as stipulated in the Share Purchase Agreement dated 15 July 2006. On 12 April 2010 the Company was listed on Karachi Stock Exchange ("KSE") vide KSE Notification No.KSE/N-1940. ANL, during the period has sold its major shareholding in the Company to a consortium of banks and financial institutions. The registered office of the Company is situated at 307-Upper Mall, First Floor, Lahore. The principal business of the Company is the production and sale of Urea and Granulated Single Superphosphate ("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

2.1.1 Basis of accounting

This condensed interim financial information comprises the condensed interim balance sheet of Agritech Limited ("the Company"), as at 30 September 2014 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.

2.1.2 This condensed interim financial information of the Company for the nine months period ended 30 September 2014 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.1.3 This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the eighteen months financial statements as at and for the period ended 31 December 2013.

2.1.4 This condensed interim financial information is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

2.2 Financial liabilities and continuing operations

"The Company, continues to face operational issues due to extended gas load shedding in winter and gas curtailment by Government of Pakistan for shifting the gas towards power sector to reduce electricity load shedding which has perpetuated temporary liquidity issues resulted in over dues as referred in note 15 to the condensed interim financial information. Due to these factors, the Company has incurred a loss before tax of Rs. 3,728.55 million during the nine months period ended 30 September 2014 and, as of that date, its current liabilities exceeded current assets by Rs. 18,317.18 million. These conditions cast significant doubt about the Company's ability to continue as a going concern. This condensed financial information has however been prepared on a going concern basis. The assumption that the Company would continue as a going concern is based on the fact that the Economic Coordination Committee ("ECC") of the Cabinet in its meeting held on 18 December 2012 has approved a Dedicated Long Term Gas Supply Solution for Fertilizer Industry by virtue of which a consortium of Four Fertilizer Manufacturers ("FFM") including AGL, which are currently on Sui Northern Gas Pipeline Company Limited ("SNGPL") system, has been allowed to purchase gas directly from alternate dedicated gas supply sources. All important pertinent contracts have been signed with the gas producers and the gas transporters. The execution of these contracts is currently being negotiated with the new GOP. As a consequence of additional gas supply from northern network the gas supply for the company has improved considerably."

"Further, the Company has planned to convert its existing total long term debt including mark-up into preference shares. The Company has obtained necessary NOCs from the lenders and expecting to complete remaining procedure in next quarter. With the aforesaid conversion and other measures mentioned in the above paragraph, the management of the Company envisages that sufficient financial resources will be available for the continuing operations and it is expected to operate profitably.

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

For the period ended 30 September 2014

2.3 Financial liabilities

The Company could not make timely repayments of principal and interest / markup related to long term debts as referred to in note 14. Further, as at the reporting date, the Company could not comply with certain financial and other covenants imposed by the lenders. As per the agreed terms of long term debts the lenders have unconditional right to call the loans if timely repayments are not made or covenants are not complied with. International Accounting Standard on Presentation of financial statements (IAS - 1) requires that if an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it should classify the liability as current.

However, the long term debts in the amount of Rs. 12,321.71 million as detailed below have continued to be classified as long term as per the repayment schedules in these financial statements as the management considers that event of default was not declared by the lenders at the reporting date:

	Principal net of current maturity
	Rupees
<u>Redeemable capital</u>	
Term Finance Certificates (TFCs) - I	1,113,247,200
Term Finance Certificates (TFCs) - II	4,678,266,043
Term Finance Certificates (TFCs) - III	352,163,650
Privately Placed Term Finance Certificates - V	617,695,104
Sukuk	1,085,578,572
Term Finance Certificates (TFCs) - VI	424,895,830
	<u>8,271,846,399</u>
<u>Long term finances</u>	
Syndicate Term Finance - I	2,228,571,429
Syndicate Term Finance - III	1,248,385,691
KASB Bank Limited - Term Finance	203,571,429
National Bank of Pakistan - Term Finance	132,083,735
Dubai Islamic Bank Limited - Term Finance	237,250,000
	<u>4,049,862,283</u>
	<u>12,321,708,682</u>

3 Estimates

The preparation of the condensed interim unconsolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the condensed interim unconsolidated financial information the significant judgments made by the management in applying accounting policies, key estimates and uncertainty includes:

- Residual value and useful life estimation of fixed assets
- Taxation
- Retirement and other benefits
- Provisions and contingencies

4 Statement of consistency in accounting policies

- 4.1 Except as describe below, the accounting policies and the methods of computation adopted in the preparation of this condense interim financial information are the same as those applied in the preparation of the eighteen months financial statements for the period ended 31 December 2013.

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

For the period ended 30 September 2014

4.2 Change in accounting policy

"During the current period, the Company has adopted the amended version of IAS 19 Employee Benefits(amended 2011) and changed its basis for determining the income or expense related to defined benefits plans."

Under IAS 19, the Company determines the net interest expense (income) for the period on the net defined benefit liability (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) at the beginning of the annual period, taking into account any changes in the net defined benefit liability(asset) during the period as a result of contributions and benefit payments. All the changes in the present value of defined benefit obligation are now recognized in statement of comprehensive income and the past service costs are recognized in profit and loss account, immediately in the period they occur. The change in accounting policy has been applied prospectively, being considered immaterial.

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

In addition to the above, following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

	Effective date (accounting periods)
Standard or interpretation	beginning on or after
IAS 19 - Employee Benefits	01 July 2014
IAS 38 - Intangible Assets	01 January 2016
IAS 16 - Property, Plant and Equipment	01 January 2016
IAS 41 - Agriculture	01 January 2016
Annual Improvements to IFRSs 2010-2012 and 2011-2013 Cycles	01 July 2014

	Un-audited 30 September 2014	Audited 31 December 2013
Note	Rupees	Rupees

5 Issued, subscribed and paid up capital

Class A ordinary shares of Rs. 10 each 383,430,000 (December 2013: 383,430,000) Shares issued fully paid in cash	5.1	3,834,300,000	3,834,300,000
9,000,000 (December 2013: 9,000,000) Shares issued for consideration other than cash		90,000,000	90,000,000
Preference shares of Rs. 10 each 159,334,269 (December 2013: 159,334,269) Shares issued fully paid in cash	5.2	1,593,342,690	1,593,342,690
		<u>5,517,642,690</u>	<u>5,517,642,690</u>

5.1 "As at 30 September 2014, National Bank of Pakistan, an associated undertaking holds 130,715,224 (December 2013: 110,715,224) ordinary shares of the Company."

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

- The shares were issued under the provisions of section 86 of the Companies Ordinance, 1984 (the Ordinance) read with section 90 of the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.

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

For the period ended 30 September 2014

- The financial capital of the Company and the issue of the shares were duly approved by the shareholders of the Company at the Extraordinary General Meeting held on 29 August 2011.
- Return of allotment of shares was filed under section 73(1) of the Ordinance.
- The Company is required to set-up a reserve for the redemption of Preference shares, under section 85 of the Ordinance, in respect of the shares redeemed which effectively makes Redeemable Preference shares a part of equity.
- The requirements of the Ordinance takes precedence over the requirements of International Accounting Standards.
- The preference shareholders have the right to convert these shares into Ordinary shares.

Further, the matter regarding the classification of Redeemable Preference share capital as either debt or equity instrument has been examined by the Institute of Chartered Accountants of Pakistan (ICAP) as a result of which the ICAP has advised the Securities and Exchange Commission of Pakistan (SECP) to make necessary amendments in the Companies Ordinance, 1984, and / or to issue a clarification in order to remove the inconsistency between the Companies Ordinance, 1984 and the International Accounting Standards. Pending the decision of the SECP in this matter, the Preference share capital has been classified as equity in these financial statements.

	Un-audited	Audited
	30 September	31 December
	2014	2013
	Rupees	Rupees
6 Redeemable Capital - Secured		
Term Finance Certificates - I	1,498,602,000	1,498,602,000
Term Finance Certificates - II	6,894,286,800	6,894,286,800
Term Finance Certificates - III	495,460,750	495,460,750
Privately Placed Term Finance Certificates - IV	548,825,000	548,825,000
Privately Placed Term Finance Certificates - V	618,685,000	618,685,000
Privately Placed Term Finance Certificates - Vi	509,874,996	509,874,996
Sukkuks	1,599,800,000	1,599,800,000
	12,165,534,546	12,165,534,546
Deferred notional income	(7,234,652)	(28,941,608)
Transaction costs	(194,224,442)	(189,678,336)
	11,964,075,452	11,946,914,602
Current maturity presented under current liabilities	(3,893,688,147)	(2,430,159,944)
	8,070,387,305	9,516,754,658

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

For the period ended 30 September 2014

	Un-audited 30 September 2014	Audited 31 December 2013
	Rupees	Rupees
7 Long term finances		
Syndicate Term Finance - I	3,000,000,000	3,000,000,000
Syndicate Term Finance - II	475,000,000	475,000,000
Syndicate Term Finance - III	3,009,833,663	3,009,833,663
KASB Bank 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
	7,281,917,398	7,281,917,398
Transaction Cost	(70,635,764)	(80,739,723)
	7,211,281,634	7,201,177,675
Current maturity presented under current liabilities	(2,757,055,115)	(1,756,377,371)
Reclassification of Syndicate Term Finance - II to short term	(475,000,000)	(475,000,000)
	(3,232,055,115)	(2,231,377,371)
	3,979,226,519	4,969,800,304

8 Contingencies and commitments

8.1 Contingencies

There is no material change in contingencies from the preceding annual publish financial statements of the company for the period ended 31 December 2013.

8.2 Commitments

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

	Un-audited 30 September 2014	Audited 31 December 2013
	Rupees	Rupees
Commitments under irrevocable letters of credit for:		
Not Later than one year	24,991,115	23,768,100
Later than one year but not later than five year	52,674,488	67,837,686
	77,665,603	91,605,786
8.2.2 Commitments under irrevocable letters of credit for:		
- purchase of stores, spares and loose tools	8,258,500	-
- purchase of plant and machinery	188,865,493	-
	197,123,993	-

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

For the period ended 30 September 2014

		Un-audited 30 September 2014	Audited 31 December 2013
	<i>Note</i>	Rupees	Rupees
9 Property, plant and equipment			
Operating fixed assets	9.1	35,305,610,004	35,890,049,631
Capital work in progress		70,027,137	63,578,165
		35,375,637,141	35,953,627,796
9.1 Operating fixed assets			
Net book value at end of the period		35,890,049,631	37,156,269,276
Add: Additions during the period	9.1.1	105,589,790	68,679,758
		105,589,790	68,679,758
Less: Disposals during the period / year - net book value		636,300	9,322,913
Depreciation for the period		689,393,117	1,325,576,490
		690,029,417	1,334,899,403
Net book value at end of the period		35,305,610,004	35,890,049,631
9.1.1 Additions - cost			
<u><i>Owned assets</i></u>			
Buildings on freehold land		300,907	-
Plant and machinery		27,480,849	21,688,540
Furniture, fixtures and office equipment		5,294,996	2,222,268
Vehicles and rail transport		-	960,500
Tools and other equipment		238,450	913,000
Electrical and other installations		1,961,336	1,917,348
Catalyst		70,313,252	40,978,102
		105,589,790	68,679,758

10 Stock in trade

Finished goods inventory of the Company includes realizable value amounting to Rs. 493,770,717.

11 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 and continues to have a policy whereby all such transactions are carried out at arm's length with the expectations as approved by the Board of Directors.

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

For the period ended 30 September 2014

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

	(Un-audited) January to September 2014 <hr/> Rupees	(Un-audited) January to September 2013 <hr/> Rupees
11.1 Transactions with related parties		
11.1.1 Associate		
National Bank of Pakistan		
Markup expense	268,919,397	252,666,883
Preference dividend	50,803,155	50,803,155
Advisory Fee	270,000,000	270,000,000
Bank Balances - net	(61,567,526)	(1,702,128)
11.1.2 Faysal Bank		
Mark up Expense	170,526,417	166,483,254
Preference dividend	25,534,216	25,534,216
Bank Balances - net	(23,171,277)	(1,283,216)
Short term borrowings - net	(63,186,325)	-
JS Infocom Limited		
Mark-up expense	55,195,170	42,347,467
KASB Bank Limited		
Mark-up expense	51,507,765	56,184,297
Markup paid	(7,000,000)	-
Bank Balances - net	45	(4,408)
Silk Bank limited		
Mark-up expense	60,937,492	55,932,087
Markup paid	(14,920,137)	15,724,268
Short term borrowings - net	(4,759,838)	-
Summit Bank Limited		
Mark-up expense	98,702,317	85,571,060
Markup paid	(19,033,083)	10,900,000
Short term borrowings - net	140,011,613	-
11.1.3 Post employment benefit plans		
Contribution to employees provident fund	15,337,023	14,312,590
Contribution to employees gratuity fund	8,491,661	9,524,068
Advance received	-	-
11.1.4 Key management personnel		
Short term employee benefits	18,716,400	15,489,600
Post employment benefits	1,324,611	882,717

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

For the period ended 30 September 2014

	Un-audited 30 September 2014 Rupees	Audited 31 December 2013 Rupees
11.2 Balances with related parties		
11.2.1 Associate		
National Bank of Pakistan		
Long term loans	2,462,057,100	2,467,083,735
Redeemable capital	335,000,000	335,976,581
Bills payable	187,031,000	187,030,000
Preference shares	617,487,560	617,487,560
Mark-up payable	1,378,079,955	1,109,160,558
Preference dividend payable	178,024,072	127,220,918
Bank accounts	905,333	62,472,859
Advisory and other fee	293,200,000	23,200,000
11.2.2 Other related parties		
Faysal Bank		
Redeemable capital	1,499,109,500	1,499,109,500
Long term loan	350,000,000	350,000,000
Short term borrowings	-	63,186,325
Preference shares	310,355,940	310,355,940
Mark up payable	773,047,145	602,520,728
Preference dividend payable	89,603,586	64,069,370
Bank accounts	2,267,868	739,456,636
JS Infocom Limited		
Redeemable capital	621,362,000	621,362,996
Mark-up payable	175,459,587	120,264,417
KASB Bank Limited		
Redeemable capital	242,005,200	242,005,200
Long term loan	300,000,000	300,000,000
Short term borrowings	99,999,290	99,999,290
Mark up payable	225,421,799	180,914,033
Bank accounts	1,597	1,535
Silk Bank		
Long term loans	130,607,546	130,607,546
Short term borrowings	520,603,581	525,363,419
Bills payable	16,263,000	-
Mark up payable	168,631,674	132,683,441

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

For the period ended 30 September 2014

	Un-audited 30 September 2014 Rupees	Audited 31 December 2013 Rupees
Summit Bank Limited		
Redeemable capital	603,406,000	603,406,000
Short term borrowings	773,805,339	399,930,447
Bills payable	14,881,617	111,810,000
Mark up payable	218,558,112	158,887,367
11.2.3 Post employment benefit plans		
(Receivable) / payable to Provident Fund Trust	-	23,017,241
Payable to gratuity Trust	51,616,223	13,757,997
12 Cash flow from operating activities		
Profit & (Loss) before tax	(3,728,547,912)	(947,697,737)
Adjustment for non-cash and other items:		
Interest / markup expense	2,086,920,801	2,111,238,953
Amortization of transaction costs	50,464,809	86,606,212
Depreciation	690,174,893	661,952,914
Amortization of computer software	7,089,228	6,037,448
Staff retirement benefit	8,194,570	-
Recoveries from doubtful balances	-	16,667,660
Mark-up / Interest Income	(31,599,539)	26,447
Gain on sale of property, plant and equipment	(879,690)	(184,200)
Operating profit before changes in working capital	(918,182,840)	1,934,647,697
Changes in working capital		
<i>(Increase) / decrease in current assets:</i>		
Increase in stores, spares and loose tools	(19,879,026)	49,681,833
Decrease in stock in trade	(594,806,064)	(20,272,535)
Decrease in trade receivables	(59,613,949)	(15,101,636)
Increase in advances, deposits, prepayments and other receivables	(235,934,995)	(222,443,660)
	(910,234,034)	(208,135,998)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	890,839,060	651,214,479
Cash generated from operations	(937,577,814)	2,377,726,178

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

For the period ended 30 September 2014

13 Segment reporting

13.1 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:

Condensed Interim Notes to the Financial Information (Un-audited) For the period ended 30 September 2014

13.2 Segment revenue and results

Following is the information about reportable segments of the Company:

	Urea fertilizers segment		Phosphate fertilizers segment		Total	
	September 30, 2014 Un-audited	September 30, 2013 Audited	September 30, 2014 Un-audited	September 30, 2013 Audited	September 30, 2014 Un-audited	September 30, 2013 Audited
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
For the nine month period ended 30 September 2014						
External revenues	1,139,753,315	5,242,184,370	515,712,553	452,018,694	1,655,465,868	5,694,203,064
Inter-segment revenue	-	-	-	-	-	-
reportable segment (Loss)/	(3,729,185,811)	(799,896,406)	637,902	(147,801,330)	(3,728,547,909)	(947,697,736)
Profit before tax						
	Urea fertilizers segment		Phosphate fertilizers segment		Total	
	30 September 2014 Un-audited	31 December 2013 Audited	30 September 2014 Un-audited	31 December 2013 Audited	30 September 2014 Un-audited	31 December 2013 Audited
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
As at						
Reportable segment assets	39,863,116,034	41,060,788,425	3,821,250,155	3,773,733,745	43,684,366,189	44,834,522,170
Reportable segment liabilities	36,785,074,209	34,366,253,170	1,279,462,926	1,228,236,340	38,064,537,135	35,594,489,510

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

For the period ended 30 September 2014

	(Un-audited) 30 September 2014	(Un-audited) 30 September 2013
	Rupees	Rupees
13.3 Reconciliation of reportable segment profitable segment profit and loss		
For the nine months ended		
Total loss for reportable segments before tax	(3,728,547,912)	(947,697,737)
Unallocated corporate expenses	238,484,562	435,503,932
Loss after tax	<u>(3,490,063,350)</u>	<u>(512,193,805)</u>
14 Cash and cash equivalents		
Short term borrowings - secured	(2,618,329,463)	(1,527,723,881)
Cash and bank balances	32,802,116	1,177,748,279
	<u>(2,585,527,347)</u>	<u>(349,975,602)</u>

15 Overdue financial liabilities

The Company in previous year as well as in current period faced operational issues and extended gas load shedding from SNGPL. As a result, the Company is facing liquidity shortfall due to which it was unable to meet its obligations in respect of various debt finances. The details are as follows:

	Principal Rupees	Interest / mark up Rupees	Total Rupees
Nature of Liability			
Redeemable capital	2,275,525,411	4,305,441,317	6,580,966,728
Long term finances	1,987,297,015	3,029,907,536	5,017,204,551
Short term borrowings	-	168,866,636	168,866,636
Bills payable	187,031,000	92,888,248	279,919,248
	<u>4,449,853,426</u>	<u>7,597,103,737</u>	<u>12,046,957,163</u>

16 Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on October 31, 2014.

17 General

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



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