Interim Financial Report | for the quarter ended March 31, 2016 (Un-audited)

Contents

Company Information

BOARD OF DIRECTORS

Mr. Wajahat A. Baqai
Chairman

Mr. Masroor Ahmed Qureshi

Mr. Muhammad Faisal Muzammil
Acting Chief Executive Officer

Mr. Asim Imtiaz Basra

Mr. Bilal Asghar

Mr. Rehmat Ali Hasnie

Mr. Ahsan Raza Durrani

Mr. Asim Murtaza Khan

COMPANY SECRETARY & CFO

Mr. Syed Taneem Haider

AUDIT COMMITTEE

Mr. Asim Murtaza Khan
Chairman

Mr. Ahsan Raza Durrani

Mr. Bilal Asghar

Mr. Masroor Ahmed Qureshi

HR & REMUNERATION COMMITTEE

Mr. Rehmat Hasnie
Chairman

Muhammad Faisal Muzammil
Acting Chief Executive Officer

Mr. Bilal Asghar

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
KASB Bank Limited
Allied Bank Limited
Bank Alfalah Limited
The Bank of Punjab
Bank Islami Pakistan Limited
Askari Bank Limited
Soneri Bank Limited
United Bank Limited
Habib Bank Limited
Citi Bank N.A

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

Company Website

www.pafl.com.pk

Directors' Review

The 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, 2016.

These financial statements have been endorsed by the Acting 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 as well as a facility for the manufacture of SSP (Single Super Phosphate) at Haripur, Khyber Pakhtunkhwa (KPK) Province. 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 the celebrated and trusted brand name “TARA” in the fertilizer market.

Year in ReviewQuarterly Financial Results of Agritech Limited

	March 31, 2016	March 31, 2015
Sales Net	**1,191,560,174**	171,047,248
Operating (Loss) / Profit	**(274,925,878)**	(599,986,387)
Finance Cost	**(567,180,921)**	(610,449,567)
Loss before Tax	**(837,554,690)**	(1,188,718,917)
Loss after Tax	**(508,125,323)**	(782,691,472)
Loss per share	**(1.41)**	(2.10)

During the winter of 2015-16, Company witness improvement in the period of availability of gas compare to 2014-15. The improvement is mainly attributable to the better gas availability on account of the LNG imports in the country. Consequently, the Company has better Urea production and sales in the first quarter of 2016. SSP sales, despite non-disbursement of subsidy by the GOP, achieved better sales in the 1st quarter of 2016 vs corresponding last year (18% higher vs last year) in the 1st quarter of 2016 compare to corresponding period last year.

Fertilizer Industry

Overview:

During the first quarter 2016, better gas supply to the fertilizer sector increased the Urea production by 16% vs last year (1.418 million tons vs 1.218 million tons). Weak farm economics and rains curtailed the Urea offtakes by 48% as compared to last year (FY '16: 0.791 million tons vs FY '15: 1.514 million tons). Better urea production eliminated the imports requirement.

Better gas availability also increased Phosphates production by 18% vs last year (107 KT Nutrients vs 91 KT Nutrients). Phosphates off take also saw increase of 8% vs last year (117 KT Nutrient vs 108 KT Nutrients).

Capital Restructuring:

You are aware that the Company's management has previously proposed capital restructuring on account of financial advisory as part of Company's rehabilitation planning owing to variation in supply of gas during 2010 till 2012. To ensure better management of available resources and cash flows for payment to creditors, lenders and shareholders as charges or dividends, a capital restructuring plan was envisaged with the cooperation of lenders to enable the Company to convert its existing long term debt including mark-up into preference shares.

Directors' Review

Rehabilitation Plan was approved by the Board and Shareholders. The Company holds consent to the rehabilitation plan from all class of lenders in 2015 and now company is proceeding to complete its process under Companies Ordinance 1984. We are likely to complete the rehabilitation process as this scheme will help to achieve the suitable and sustainable capital structure of the Company that will contribute towards improvement of the overall financial performance of the Company.

Future Outlook

GOP has implemented the recently signed LNG Supply contract with Qatar and re-gasification of LNG at the terminal is at its maximum capacity of 400 mmscfd available with the GOP. This continuous flow of RLNG has increased considerably flow of gas in the SNGPL system, under swap arrangement, and fertilizer sector being on the high pressure transmission network of SNGPL is likely to get better supply of gas during summer months vs past years.

Higher Urea production eliminated the prospects of any further imports in the country. Weaker farm economics for the Kharif crops likely to suppress the Urea demand which may result in piling up of exportable surplus urea stocks in the country. However, the renewed GOP focus on improving the farmer's income through various subsidy programs being implemented is likely to sustain the fertilizer offtakes.

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 cultivate 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. All this has been possible with their hard work and commitment.

On behalf of the Board

Acting Chief Executive Officer

Lahore
Date : 30 April, 2016

Condensed Interim Balance Sheet (Un-audited)

As at 31 March 2016

	Note	31 March 2016 Rupees (Un-audited)	31 December 2015 Rupees (Audited)
EQUITY AND LIABILITIES			
Authorized share Capital		**15,000,000,000**	15,000,000,000
Share capital and reserves			
Issued, subscribed and paid up capital	4	**5,517,642,690**	5,517,642,690
Reserves		**9,000,000**	9,000,000
Accumulated Losses		**(8,411,392,348)**	(7,940,977,277)
		(2,884,749,658)	(2,414,334,587)
Surplus on revaluation of fixed assets		**9,232,986,144**	9,314,273,888
Non-current liabilities			
Redeemable capital - Secured	5	**5,166,340,718**	6,583,561,201
Long term finances - Secured	6	**1,849,135,177**	2,259,740,740
Long term payables - Unsecured		**31,135,199**	31,135,199
Deferred Liabilities			
- Staff retirement benefits		**24,114,489**	22,891,426
- Deferred taxation - net		**2,722,676,393**	3,063,713,959
		9,793,401,976	11,961,042,525
Current liabilities			
Current maturity of non-current liabilities		**12,300,276,331**	10,460,164,858
Short term borrowings -secured		**4,006,849,069**	3,674,801,309
Trade and other payables		**4,047,115,092**	4,105,651,487
Interest/mark-up accrued on borrowings		**11,620,721,679**	11,203,349,154
Preference dividend payable		**722,861,502**	679,284,007
		32,697,823,672	30,123,250,815
Contingencies and commitments	7		
		48,839,462,134	48,984,232,641
ASSETS			
Non-current assets			
Property, plant and equipment	8	**41,620,719,282**	41,896,367,476
Intangible asset		**2,573,069,782**	2,575,781,782
Long term advances		**15,652,486**	16,977,706
Long term deposits -unsecured, considered good		**68,243,981**	68,295,921
		44,277,685,531	44,557,422,885
Current assets			
Stores, spares and loose tools		**2,036,550,377**	2,050,290,642
Stock-in-trade		**644,262,169**	630,947,812
Trade debts		**8,922,449**	61,149,299
Advances, deposits, prepayments and other receivables		**1,062,621,018**	918,899,966
Advances tax -net of provision		**294,130,959**	282,234,570
Cash and bank balances		**515,289,631**	483,287,467
		4,561,776,603	4,426,809,756
		48,839,462,134	48,984,232,641

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

Lahore **Acting Chief Executive** **Director**

Condensed Interim Profit and Loss Account (Un-audited)

For the quarter ended 31 March 2016

	Three months period ended	
	31 March 2016	31 March 2015
	Rupees (Un-audited)	Rupees **(Un-audited)**
Sales - net	**1,191,560,174**	171,047,248
Cost of sales	**(1,251,248,069)**	(586,771,475)
Gross loss	**(59,687,895)**	(415,724,227)
Selling and distribution expenses	**(55,427,982)**	(22,424,183)
Administrative and general expenses	**(163,039,616)**	(166,120,459)
Other charges	**3,229,615**	4,282,482
Operating loss	**(274,925,878)**	(599,986,387)
Finance cost	**(567,180,921)**	(610,449,567)
Net other income	**4,552,109**	21,717,037
Loss before taxation	**(837,554,690)**	(1,188,718,917)
Taxation	**329,429,367**	406,027,445
loss after taxation	**(508,125,323)**	(782,691,472)
Loss per share - basic diluted	**(1.41)**	(2.10)

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

Lahore | **Acting Chief Executive** | **Director**

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter ended 31 March 2016

	Three months period ended	
	31 March 2016	31 March 2015
	Rupees (Un-audited)	Rupees (Un-audited)
loss after taxation	**(508,125,323)**	(782,691,472)
Total comprehensive income	**-**	-
(loss) for the period	**(508,125,323)**	(782,691,472)

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

Lahore | **Acting Chief Executive** | **Director**

Condensed Interim Cash flow Statement (Un-audited)

For the quarter ended 31 March 2016

	Note	31 March 2016 Rupees (Un-audited)	31 March 2015 Rupees (Un-audited)
Cash flows from operating activities			
Cash used operations	10	**(144,660,853)**	(308,097,710)
Finance cost paid		**(133,185,396)**	(53,267,297)
Interest income received		**927,133**	4,172,228
Taxation		**(20,134,296)**	(13,705,065)
Staff retirement benefits paid		**(412,565)**	199,337
Net cash used in operating activities		**(297,465,977)**	(370,698,507)
Cash flows from investing activities			
Acquisition of property, Plant & equipment		**(1,853,564)**	3,349,760
Long Term advances received		**1,325,220**	(2,096,526)
Long term deposits (paid) / received		**51,940**	(8,813,860)
Proceeds from disposal of property, Plant & equipment		**2,234,358**	593,500
Net cash used in investing activities		**1,757,954**	(6,967,126)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		**-**	(2,706,537)
Net increase / (decrease) in short term borrowings		**344,463,134**	(6,234,844)
Net cash used in financing activities		**340,125,561**	(8,941,381)
Net increase/(decrease) in cash and cash equivalents		**44,417,537**	(386,607,014)
Cash and cash equivalents at the beginning of period		**(2,224,753,524)**	(2,199,737,107)
Cash and cash equivalents at the end of period	12	**(2,180,335,987)**	(2,586,344,121)

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

Lahore	**Acting Chief Executive**	**Director**

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

For the quarter ended 31 March 2016

	Share Capital		Reserves		
	Ordinary Shares	Preference Shares	Revenue reserve	Accumulated Losses	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees
As at 01 January 2015	**3,924,300,000**	**1,593,342,690**	**9,000,000**	**(4,504,448,372)**	**1,022,194,318**
Total comprehensive loss for the period ended 31 March-2015	-	-	-	(782,691,471)	(782,691,471)
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	436,665,279	436,665,279
Preference dividend for the period	-	-	-	(43,216,693)	(43,216,693)
As at March 31, 2015	**3,924,300,000**	**1,593,342,690**	**9,000,000**	**(4,893,691,257)**	**632,951,433**
As at 01 January 2016	**3,924,300,000**	**1,593,342,690**	**9,000,000**	**(7,940,977,277)**	**(2,414,334,587)**
Total comprehensive loss for the period ended 31 March-2016	-	-	-	(508,125,323)	(508,125,323)
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	81,287,744	81,287,744
Preference dividend for the period	-	-	-	(43,577,493)	(43,577,493)
As at March 31, 2016	**3,924,300,000**	**1,593,342,690**	**9,000,000**	**(8,411,392,349)**	**(2,884,749,659)**

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

Lahore **Acting Chief Executive** **Director**

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

For the quarter ended 31 March 2016

1 Reporting Entity

Agritech Limited (formerly Pak Americian Fertilizers 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 a 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. Previously, the shares of the Company were quoted on Karachi Stock Exchange ("KSE") of Pakistan. However, due to integration of Karachi, Lahore and Islamabad Stock Exchanges into Pakistan Stock Exchange ("PSX") with effect from 11 January 2016 the shares of the Company are now quoted on PSX. 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

2.1.1 Basis of accounting

This condensed interim financial information comprises the condensed interim balance sheet of Agritech Limited ("the Company"), as at 31 March 2016 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 three months period ended 31 March 2016 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 twelve months financial statements as at and for the period ended 31 December 2015.

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 Judgments and estimates

In preparing this condensed interim financial information, management makes judgmens,estimates and assumption that effect application of accounting policies and reported amount of Assets and liabilities income and Expense actual result may differ from these estimates. In preparing condense interim financial information the significant judgment made by the management in applying accounting policies key estimate and uncertainty include.

-Residual value and use full life estimation of Fixed assets
-Taxation
-Retirement and other benefit
-Provision and contingencies

2.2.1 Measurement of fair Values

The company has an establish control frame work with respect to the measurement of fair value. The management regularly review significant observable and un observable inputs and valuation adjustments. Fair values are categorized into different level in fair value hierarchy base on the inputs use in the valuation techniques as follows.

Level 1;- quoted prices (unadjusted) in active market for identical assets or liabilities

Level 2;- inputs other than quoted prices included in level 1 that are observable for the assets or liabilities either directly (i.e. as prices) are indirectly (i.e. is derived from prices).

Level 3;- inputs for the assets or liabilities that are not base on observable market data (unobservable inputs).

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

For the quarter ended 31 March 2016

2.3 Financial liabilities and continuing operations

"The Company is witnessing improvement in the supply of gas with better gas supply in the first of quarter of 2016 after the winter load-shedding. In the past the severe gas curtailment and extended gas load-shedding during winter. This gas curtailment caused lower urea production at the Company in the past years versus available capacity causing the operational issues. However, the improvement in gas supply is being seen after the regular import of Liquefied Natural Gas (""LNG"") by the Government. Gas to the urea plant resumed in the last week of February, 2016 which a month earlier than past years post winter lead-shedding. The trend is likely to continue in coming months as flow of gas in the SNGPL is significantly higher than past year. The past years gas curtailment has perpetuated temporary liquidity issues resulting in over dues as referred in note 13 to the financial statements. The Company's urea plant operated for 33 days during the first quarter of 2016 vs none last year which resulted in Urea production of 31,866 tons vs zero during the 1st quarter. The company also managed to sell 32,461 tons urea in the quarter versus none last year highlighting a significant improvement when compared in past years. Due to these factors, the Company has incurred a loss before tax of Rs. 837.55 million for the period ended 31 March 2016 and as of that date, its current liabilities exceeded current assets by Rs. 28,136.05 million, including Rs. 19,560.97 million relating to overdue principal and interest / mark-up thereon, and its accumulated loss stood at Rs. 8,411.39 million. The difference between current liabilities and current assets would be Rs. 34,667.92 million, had the Company classified its long term debts as current for reasons more fully explained in the note 2.3 to the financial statements. These conditions cast significant doubt about 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. “

These financial statements are, however, being prepared on a going concern basis. The assumption that the Company would continue as a going concern is based on the fact that import of LNG, under the GOP’s 15 year agreement with Government of Qatar, is continuously being re-gasified at the maximum available capacity of the terminal (400 mmscfd) with GOP. This full supply of RLNG is being supplied to the SNGPL under swap arrangement, significantly increasing the flow of gas in the system. . Besides this the surplus gas from Khyber Pakhtunkhwa ("KPK") post winter is also available in the SNGPL north system. Both these factors have contributed in restoration of supply of gas to the Company on 25 February 2016 a month earlier versus preceding years. Moreover, the outlook of supply to the Company looks further promising due to the fact that fresh discoveries are announced at Mardan Khel Well, District Hangu with a potential of 40 mmscfd of additional gas which is expected to be linked to SNGPL system during second quarter of 2016. SNGPL has carried out necessary augmentation in their pipeline capacity to transport this gas to their north system. The Company being the biggest gas consumer in north will be beneficiary of this additional flow. By and large the gas supply issue to the Company likely to be resolved from 2016 onwards which will result in better Urea production leading to improved business operations.

The company has also initiated the development and sale of its excess and spare land. Necessary legal framework; commercialization approvals; basic development; and lay out plans have been initiated and being implemented in phases. It is expected that the initial sales proceeds from land will be realized within a year and all such proceeds from land sale will be used to settle the long term liabilities of the company.

Further, the Company has planned to convert its existing long term debt including mark-up into preference shares as stated in detail in note 13. The necessary steps for the said conversion have already been initiated by the Company. 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.

2.4 Financial liabilities

The Company could not make timely repayments of principal and interest / markup related to long term debts as referred to in note 13. 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. 7,127.03 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:

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

For the quarter ended 31 March 2016

Redeemable capital	Principal net of current maturity Rupees
Privately Placed Term Finance Certificates - I	824,231,100
Privately Placed Term Finance Certificates - II	3,159,881,450
Privately Placed Term Finance Certificates - III	240,193,171
Privately Placed Term Finance Certificates	297,427,081
Privately Placed Sukuk Certificates	733,241,667
	5,254,974,469

Long term finances	Principal net of current maturity Rupees
Syndicate Term Finance - *I*	1,650,000,000
National Bank of Pakistan - *Term Finance*	141,428,572
Dubai Islamic Bank Limited - Term Finance	80,625,000
	1,872,053,572
	7,127,028,041

3 Significant accounting policies

3.1 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 twelve months financial statements for the period ended 31 December 2015.

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

Following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015:

	beginning on or after)
Standard or interpretation	01 January 2016
IAS 19 - Employee Benefits	01 January 2016
IAS 38 - Intangible Assets	01 January 2016
IAS 16 - Property, Plant and Equipment	01 January 2016
IAS 41 - Agriculture	01 January 2016
IAS 34 - Interim Financial Reporting	01 January 2016
IFRS 5 - Non-current Assets Held for sale and Discontinued Operation	01 January 2016
IFRS 7 - Financial Instruments-Disclosures	01 July 2014
Annual Improvements to IFRSs 2010-2012 and 2011-2013 Cycles	

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

For the quarter ended 31 March 2016

		31 March 2016	31 December 2015
		Rupees (Un-audited)	Rupees (Audited)
4	**Issued, subscribed and paid up capital**		
	Class A ordinary shares of Rs. 10 each383,430,000 (December 2015: 383,430,000)Shares issued fully paid in cash	**3,834,300,000**	3,834,300,000
	9,000,000 (December 2015: 9,000,000)Shares issued for consideration other than cash	**90,000,000**	90,000,000
	Preference shares of Rs. 10 each159,334,269 (December 2015: 159,334,269)Shares issued fully paid in cash	**1,593,342,690**	1,593,342,690
		5,517,642,690	5,517,642,690

4.1 "As at 31 March 2016, National Bank of Pakistan, an associated undertaking holds 130,715,224 (December 2015:130,715,224) ordinary shares of the Company."

4.2 This represents local currency, listed, non-voting, redeemable, convertible and cumulative preference share issued at the rate of Rs. 10 per share under the agreement between the Company and various investors entered on 13 February 2012 ("Completion date") effective from 01 August 2011.

The Company shall have the option to redeem the preference shares plus any accumulated unpaid dividends in full or in part, within ninety days after the expiry of each anniversary of the issue date by giving at least thirty days notice in compliance with the provisions of the Companies Ordinance, 1984. The Company will maintain a Capital Redemption Reserve as per the provisions of the Companies Ordinance, 1984 in this regard.

Each investor will also have the right to convert the preference shares into ordinary shares of the Company. The conversion price is the average price of the ordinary share quoted in the daily quotation of Karachi 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 share shareholders, bonus shares, stock split etc., during the last 360 working days prior to the conversion date. This option will be available from the fifth anniversary onwards. During this period the investors can 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 issuer 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 Issue Date.

The preference shareholders have a preferred right of dividend at the rate of 11% per annum on cumulative basis.

4.3 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.
- 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.
- 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.

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

For the quarter ended 31 March 2016

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.

		31 March 2016	31 December 2015
		Rupees	Rupees
		(Un-audited)	(Audited)
5	**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
	Transaction costs	**(88,633,750)**	(99,733,750)
		12,076,900,796	12,065,800,796
	Current maturity presented under current liabilities	**(6,910,560,077)**	(5,482,239,595)
		5,166,340,719	6,583,561,201
6	**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	**2,989,686,090**	2,994,023,663
	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
		7,261,769,825	7,266,107,398
	Transaction Cost	**(22,918,395)**	(28,441,395)
		7,238,851,430	7,237,666,003
	Current maturity presented under current liabilities		
		(5,389,716,253)	(4,977,925,263)
		1,849,135,177	2,259,740,740

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

For the quarter ended 31 March 2016

7 Contingencies and commitments

7.1 Contingencies

There is no material change in contingencies from the preceding published financial statements of the Company for the financial year ended 31 December 2015.

7.2 Commitments

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

	31 March 2016 Rupees (Un-audited)	31 December 2015 Rupees (Audited)
Not Later than one year	**59,685,118**	56,085,118
Later than one year but not later than five year	**45,156,476**	66,030,391
	104,841,594	122,115,509

7.2.2 Commitments under irrevocable letters of credit for:

- purchase of stores, spares and loose tools	**-**	-
- purchase of plant and machinery	**-**	-
	-	-

8 Property, plant and equipment

Operating fixed assets	**41,582,693,155**	41,859,633,079
Capital work in progress	**38,026,128**	36,734,397
	41,620,719,283	41,896,367,476

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

For the quarter ended 31 March 2016

		31 March 2016	31 December 2015
		Rupees	Rupees
		(Un-audited)	(Audited)
8.1	**Operating fixed assets**		
	Net book value at end of the period	**41,859,633,079**	42,895,817,528
	Add: Additions during the period	**561,834**	45,359,862
	Surplus on revaluation of operating fixed assets	**-**	-
		561,834	45,359,862
	Less: Disposals during the period - net book value	**8,587,921**	5,238,282
	Depreciation for the period	**268,913,837**	1,076,306,029
		277,501,758	1,081,544,311
	Net book value at end of the period	**41,582,693,155**	41,859,633,079

8.1.1 Additions - cost

Owned assets		
Plant and machinery	**-**	34,394,718
Residential colony assets	**-**	335,847
Furniture, fixtures and office equipment	**125,336**	9,903,834
Vehicles and rail transport	**67,500**	-
Tools and other equipment	**368,998**	60,000
Electrical and other installations	**-**	665,463
	561,834	45,359,862

9 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.

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

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

For the quarter ended 31 March 2016

		January to 31 March 2016 Rupees (Un-audited)	January to 31 March 2015 Rupees (Un-audited)
9.1	Transactions with related parties		
9.1.1	Associate		
	National Bank of Pakistan		
		-	-
	Markup expense	**63,281,218**	85,027,604
	Preference dividend	**945,960**	17,686,421
	Advisory Fee	**90,000,000**	90,000,000
	Bank Balances - net	**4,878,007**	(4,218,092)
	Short term borrowings - net	**-**	-
9.1.2	Other related parties		
	Faysal Bank Limited		
	Mark up Expense	**39,418,140**	50,548,784
	Preference dividend	**8,488,150**	8,417,873
	Bank Balances - net	**125**	1,437
	Standard Chartered Bank (Pakistan) Limited		
	Mark-up expense	**32,347,310**	**44,466,542**
	Bank balances - net	**(9,096,650)**	**-**
	Silk Bank limited		
	Mark-up expense	**11,888,142**	17,384,518
	Markup paid	**6,744,753**	8,770,633
	Short term borrowings - net	**(9,982,760)**	(5,271,961)
	Bank balances - net	**(153,000,000)**	-
	Bills payable - net		
	Summit Bank Limited		
	Mark-up expense	**23,638,689**	31,797,858
	Markup paid	**20,898,397**	28,453,992
	Short term borrowings - net	**321,584,409**	(72,123,740)
	Bank Balances - net	**(125,000,000)**	-

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

For the quarter ended 31 March 2016

	January to 31 March 2016 Rupees (Un-audited)	January to 31 March 2015 Rupees (Un-audited)
9.1.3 Post employment benefit plans		
Contribution to employees provident fund	**3,950,322**	7,386,709
Contribution to employees gratuity fund	**1,635,628**	3,339,575
9.1.4 Key management personnel		
Short term employee benefits	**3,972,400**	6,146,834
Post employment benefits	**45,815**	184,497

	31 March 2016 Rupees (Un-audited)	31 December 2015 Rupees (Audited)
9.2 Balances with related parties		
9.2.1 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	**1,959,488,260**	1,896,207,042
Preference dividend payable	**168,099,144**	167,153,184
Bank accounts	**6,469,421**	1,591,414
Advisory and other fee	**886,600,000**	782,200,000
Advance for transaction Cost	**23,200,000**	23,200,000
9.2.2 Other related parties		
Faysal Bank		
Redeemable capital	**1,499,109,500**	1,499,109,500
Long term loan	**350,000,000**	350,000,000
Preference shares	**310,355,940**	310,355,940

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

For the quarter ended 31 March 2016

		31 March 2016 Rupees (Un-audited)	31 December 2015 Rupees (Audited)
	Mark up payable	**1,056,823,836**	1,017,405,696
	Preference dividend payable	**140,835,827**	132,347,677
	Bank accounts	**1,339,982**	1,339,857
	Standard Chartered Bank (Pakistan) Limited		
	Redeemable capital	**146,995,500**	146,995,500
	Long term finances	**1,480,099,317**	1,484,094,160
	Mark-up payable	**889,179,410**	856,818,420
	Bills Payable	**-**	5,220,000
	Bank accounts	**4,142,159**	13,238,809
	Silk Bank		
	Long term loans	**130,607,546**	130,607,546
	Short term borrowings	**542,833,393**	552,816,153
	Mark up payable	**185,785,508**	180,642,119
	Bank accounts	**-**	153,000,000
	Summit Bank Limited		
	Redeemable capital	**603,406,000**	603,406,000
	Short term borrowings	**992,352,602**	670,768,193
	Mark up payable	**243,806,799**	241,066,507
	Bank accounts	**97,564**	125,097,564
9.2.3	Post employment benefit plans		
	(Receivable) / payable to Provident Fund Trust	**-**	-
	Payable to gratuity Trust	**24,114,489**	29,503,144

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

For the quarter ended 31 March 2016

		31 March 2016	31 December 2015
		Rupees	Rupees
		(Un-audited)	(Audited)
10	**Cash flow from operating activities**		
	Profit & (Loss) before tax	**(837,554,690)**	(1,188,718,917)
	Adjustment for non-cash and other items:		
	Interest / markup expense	**550,557,921**	601,797,567
	Amortization of transaction costs	**16,623,000**	8,652,000
	Depreciation	**268,913,837**	285,288,816
	Amortization of computer software	**2,712,000**	2,661,000
	Staff retirement benefit	**1,635,628**	1,175,198
	Mark-up / Interest Income	**(927,133)**	(4,172,228)
	Gain on sale of property, plant and equipment	**6,353,564**	(93,983)
	Operating profit before changes in working capital	**8,314,127**	(293,410,547)
	Changes in working capital		
	(Increase) / decrease in current assets:		
	Increase in stores, spares and loose tools	**13,740,265**	(66,510,917)
	Decrease in stock in trade	**(13,314,357)**	(21,203,325)
	Decrease in trade receivables	**52,226,850**	16,826,868
	Increase in advances, deposits, prepayments and other receivables	**(143,721,054)**	67,175,034
		(91,068,296)	(3,712,340)
	Increase / (decrease) in current liabilities		
	Trade and other payables	**(61,906,684)**	(10,974,823)
	Cash generated from operations	**(144,660,853)**	**(308,097,710)**

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

For the quarter ended 31 March 2016

11 Segment reporting

11.1 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:

11.2 Segment revenue and results

Following is the information about reportable segments of the Company:

	Urea fertilizers segment		**Phosphate fertilizers segment**		**Total**	
	31 March 2016	31 March 2015	**31 March 2016**	31 March 2015	**31 March 2016**	31 March 2015
	Rupees (Un-audited)	Rupees (Un-audited)	**Rupees (Un-audited)**	Rupees (Un-audited)	**Rupees (Un-audited)**	Rupees (Un-audited)
For the three months period ended 31 March 2016	**1,074,388,913**	87,693,482	**117,171,261**	83,353,765	**1,191,560,174**	171,047,247
External revenues						
Inter-segment revenue						
reportable segment (Loss)/ Profit before tax	**(837,793,124)**	(1,187,074,710)	**238,436**	(1,644,206)	**(837,554,688)**	(1,188,718,916)

	Urea fertilizers segment		**Phosphate fertilizers segment**		**Total**	
	31 March 2016	31 December 2015	**31 March 2016**	31 December 2015	**31 March 2016**	31 December 2015
	Rupees (Un-audited)	Rupees (Audited)	**Rupees (Un-audited)**	Rupees (Audited)	**Rupees (Un-audited)**	Rupees (Audited)
As at						
Reportable segment assets	**44,704,265,882**	45,017,008,200	**4,693,099,177**	4,797,635,477	**49,397,365,059**	49,814,643,678
Reportable segment liabilities	**41,945,354,464.**	41,703,223,782	**1,107,570,173**	1,162,274,030	**43,052,924,637**	42,865,497,812

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

For the quarter ended 31 March 2016

		31 March 2016 Rupees (Un-audited)	31 March 2015 Rupees (Un-audited)
11.3	**Reconciliation of reportable segment profitable segment profit and loss**		
	For the three months ended		
	Total loss for reportable segments before tax	**(837,554,690)**	(1,188,718,917)
	Unallocated corporate expenses	**329,429,367**	406,027,445
	Loss after tax	**(508,125,323)**	(782,691,472)
12	**Cash and cash equivalents**		
	Short term borrowings - secured	**(2,695,625,617)**	(2,651,189,910)
	Cash and bank balances	**515,289,631**	64,845,790
		(2,180,335,986)	(2,586,344,120)

13 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:

Nature of Liability	Principal Rupees	Interest / mark up Rupees	Total Rupees
Redeemable capital	4,610,645,155	6,176,937,709	10,787,582,864
Long term finances	3,958,749,121	4,215,563,735	8,174,312,856
Short term borrowings	-	337,019,765	337,019,765
Bills payable	187,031,000	75,023,882	262,054,882
	8,756,425,276	**10,804,545,091**	**19,560,970,367**

14 Fair Value of Financial Assets and Liabilities

The carrying amount of redeemable capital and long term finance equal their fair values and are determined using the valuating model that considers the present value of expected further cash flows discounted using a market rate of interest as the input is unabsorbale market data it is classified under level 3.

In case of other financial assets and financial liabilities that are expected to be settled with in one year carrying amount are a reasonable approximation of the fair values.

15 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 2015.

16 Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on April 30, 2016.

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

For the quarter ended 31 March 2016

17 General

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

Lahore **Acting Chief Executive** **Director**

Notes

AGRITECH LIMITED
2nd Floor, Asia Centre, 8-Babar Block, New Garden Town, Lahore.
Ph: 042 - 35860341-44, Fax: 042 - 35860339-40