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Agritech Urea Fertilizer Plant
Daudkhel

OUR VISION

To become a major regional diversified fertilizer company

OUR MISSION

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

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Wajahat A. Baqai
Chairman

Mr. Muhammad Farooq Nasim

Mr. Mohammad Khalid Mir
Chief Executive Officer

Mr. Asim Imitaz Basra

Mr. Kamran Ali Kazim

Mr. Muhammad Faisal Muzammil

Mr. Rehmat Ali Hasnie

Mr. Ahsan Raza Durrani

COMPANY SECRETARY & CFO

Mr. Taneem Haider

AUDIT COMMITTEE

Mr. Muhammad Farooq Nasim

Mr. Kamran Ali Kazim

Mr. Ahsan Raza Durrani

HR & REMUNERATION COMMITTEE

Mr. Asim Imtiaz Basra
Chairman

Mr. Mohammad Khalid Mir

Mr. Kamran Ali Kazim

LEGAL ADVISOR

Mr. Barrister Babar S Imran

SHARES REGISTRAR

Hameed Majeed Associates (Private) Limited

AUDITORS

KPMG Taseer Hadi & Co. Chartered Accountants, Lahore.

COMPANY WEBSITE

www.pafl.com.pk

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.
HSBC Bank Middle East Limited
United Bank Limited
Habib Bank Limited

REGISTERED OFFICE

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

PROJECT LOCATIONS

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

Unit II
GSSP Plant
Hattar Road, Haripur.
Ph: +92 (0) 995 616124-5

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of Agritech Limited (Formerly Pak-American Fertilizers Limited), henceforth called the Company, along with the management team are pleased to present the Company's Annual Report accompanied by the Audited Financial Statements for the year ended December 31, 2014.

These financial statements have been endorsed by the Chief Executive Officer and the 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 as well as a facility for the manufacture of SSP (Single Super Phosphate) at Haripur Hazara, which is the single largest 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.

Year in Review

Financial Results of Agritech Limited

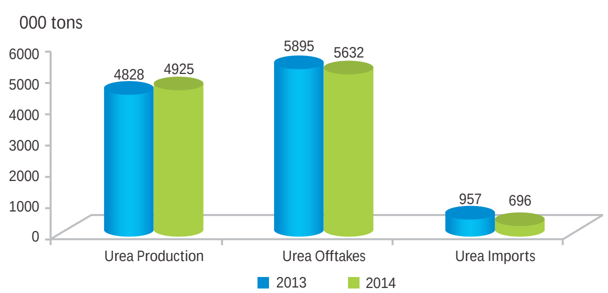
	12 Months ending 31 December 2014	18 Months ending 31 December 2013
Sales - net	2,794,627,675	8,627,668,956
Operating (Loss)/Profit	(1,938,818,773)	792,743,336
Finance Cost	3,214,341,173	4,659,352,159
Loss before Tax	(5,153,159,946)	(3,866,608,823)
Loss after Tax	(4,303,974,350)	(3,382,156,541)
Loss per share	(11.41)	(9.23)

Urea

Urea production in the country witnessed an increase of 2% in 2014 at 4.93 million tons vs 4.83 million tons in 2013. The increase in production is mainly attributed to improved supply of natural gas on Mari network urea plants whereby production of urea increased by 8%. Urea production on SNGPL Network plants, however, plunged by a massive 72% due to severe gas curtailment on these plants. Our Company produced 40 K tons in 2014 (213K tons : 2013) and sold 47K tons (218K tons : 2013)

Urea offtake during 2014 saw a reduction of 5% and decreased to 5.63 million tons vs 5.90 million tons in 2013. An in-depth analysis of the offtakes revealed that the urea offtakes during 1st qurter of 2014 increased by 3%, however, the offtakes during Kharif 2014 (Apr-Sep) declined by 5% and in last quarter of 2014 the decline is 10% vs same period last year. This decline in offtakes is due to the reduction in crop prices that negatively affected farmers' economics during 2014, particularly; the prices of Cotton (phutti) and Rice (munji) decreased by 27% and 36% respectively. This massive reduction in these crop prices forced farmers to curtail urea consumption in subsequent crops.

Due to continuous gas curtailment to the fertilizer sector and in order to bridge the supply demand gap of Urea, the Government continued urea imports during 2014. The Government imported 0.696 million tons of urea in 2014 that is 27% lower to the urea imports of 0.957 million tons last year. The decline in imports is primarily due to the delayed imports in the last quarter of 2014 whereby against the tender of 0.5 million tons issued in Oct 2014, only 0.25 million tons arrived by Dec 2014. Government provided a subsidy of about Rs. 8.4 billion on import of higher priced urea. This import also involved US$ 221 Million precious foreign exchange.

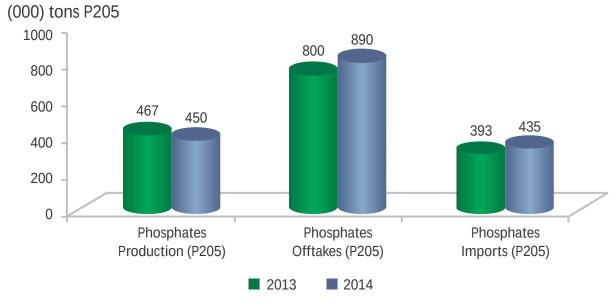


Phosphates

Offtake of phosphates in terms of P2O5 nutrients (including all phosphatic fertilizers) registered a modest increase of 1% during 2014, and off takes reached to 0.89 million tons P2O5 nutrient in 2014 as compared to 0.88 million tons P2O5 nutrients in 2013. The increase is mainly attributed to announcement of increase in wheat support price from Rs. 1250 per maund to Rs. 1300 per maund by the Punjab Province (other provinces announced it last year). As a result of this increase in support price, the wheat sowing area in Punjab recorded at 17.07 million acres vs plan of 16.85 million acres that is 3% higher. Our Company produced 82 k tons in 2014 (47 K tons : 2013) and sold 73 k tons in 2014(47 K tons : 2013).

Phosphates production in the country declined by 4% during 2014 vs 2013 due to the reduction in DAP production as lower gas supply on SSGC network for DAP production. Phosphates imports, lead by DAP, were 11% higher in 2014 vs last year (0.435 million tons nutrients vs 0.393 milliont tons nutrients in 2013) on account of higher DAP imports.

SSP production declined by 3% to 0.179 million tons in 2014 vs 0.184 million tons in 2013 on the back of stringent quality measures taken up by the Punjab Government. AGL maintained its market leadership position in the SSP category with a market share of 53% vs market share of 26% in 2013.



Capital Restructuring

The gas curtailment in the last 3 years has been the only cause of its debt servicing delays and because of this the mark up accumulated has created an increased debt burden. Whereas operating cash flows are healthy if gas remains available, a capital restructuring has been planned with the cooperation of lenders to enable Company to devise a capital structure, which will be sustainable for both Company and lenders, given the likely gas availability to the plant as allocated by the Government of Pakistan.

The Company's board approved the rehabilitation plan on November 5, 2013 and was also subsequently approved by Shareholders in an EOGM held on December 10, 2013. The Company have received 100% requisite consents of its lenders and currently scheme application is with SECP for the formal approval of the Rehabilitation Plan. We are hopeful to complete the Approval and rehabilitation process by first half of 2015. By implementing this scheme, the Company will achieve a suitable and sustainable capital structure and further improve its financial performance.

Land Project

The Company is also planning to start the development of plots and construction business. All the layouts and plans are final for implementation. It is expected that the Company will be able to offer the Phase-1 of the plots for sale within one year, the proceeds from the sale of these plots will be used to settle the long term liabilities of the Company.

Future Outlook

Drastic reduction in gas supplies on SNGPL network urea plants while increase on Mari Network plants has resulted in severe imbalance in gas availability to plants on SNGPL network. Government needs to exercise a fair process whereby all urea plants get a fair share of gas. This is adversely impacting the company's ability to sustain the existing workforce. Continuing gas supply curtailment to the company is likely to lead to the loss of thousands of direct and indirect jobs in one of the remotest area of the country.

The Government is importing LNG on fast track basis in order to bridge the mounting gas shortages in the country. However, the lower LNG volumes in 2015 do not fully cover the gas shortages during the year. Moreover, higher LNG import price vs domestic gas price is also a challenge for the fertilizer industry particularly plants on SNGPL Networks.

Urea off takes outlook for 2015 looks stable due to higher wheat income on account of higher wheat support prices in Punjab. However, the bumper crop outputs pummeling the market prices of crops during the year likely to affect growth potential of urea offtakes in 2015. Phosphates market likely to show stability as the international DAP prices have shown some stability in past 2 years at the range of US$ 480-500 CFR Karachi, however, the decreasing crop prices likely to put pressure on phosphates demand during next year.

In the longer run, natural gas supply from the northern network is likely to increase over the next few years. This can benefit the Company by virtue of its plant location in improvement of gas supply. Over the next few years, phosphate business development remains a key strategic thrust for the Company to become the major SSP supplier in Pakistan.

Financial Highlights

Six years at a glance

	2014	2013 (18 Months)	2012	2011	2010	2009
Operating performance (Rs. 000)						
Sales-Net	2,794,627	8,627,668	5,697,064	5,149,162	12,854,551	12,997,800
Operating (Loss) / profit	(1,938,818)	792,743	734,340	915,967	2,515,552	4,075,643
(Loss)/profit before tax	(5,153,159)	(3,866,608)	(1,835,660)	(996,892)	2,429,031	1,908,122
(Loss)/profit after tax	(4,303,974)	(3,382,156)	(1,628,459)	50,597	267,959	1,790,953
Financial position (Rs. 000)						
Total equity	1,022,194	5,422,146	8,919,056	8,880,383	8,671,866	7,757,432
Long term debt	19,327,016	19,265,892	19,491,270	18,377,667	14,153,500	12,826,365
Property, plant and equipment	42,967,113	35,953,627	37,197,945	36,283,420	33,878,586	18,649,196
Financial analysis						
Current ratio (ratio)	0.17	0.31	0.44	0.37	0.46	1.46
Debt to equity (ratio)	18.91	3.55	2.19	2.07	1.63	1.65
Profitability analysis						
Operating (Loss) / profit to sales (%)	(69.38)	9.19	12.89	17.79	19.57	31.36
(Loss)/Earning per share (Rs.)	(11.41)	(9.23)	(4.35)	0.13	2.26	4.56

Corporate Social Responsibility

Health check at AGRITECH Hospital

Students of an AGRITECH School

Health Center

Agritech operates a state of the art hospital at its Daudkhel site which includes essential care facilities including emergency, labour and gynecology and minor surgery. The center provides subsidized medical care to its employees and the community at large.

In addition, realizing its duties as a responsible corporate citizen, Agritech continues its effort for a greener environment, planting trees in its neighboring communities, providing scholarships for needy students and arranging many activities for the well being of its employees and communities.

We constantly strive to maintain a leadership role in this area and wholeheartedly support and fund outreach programs which have a beneficial impact on our environment, employees and the communities we live and work in.

Community Programs

Agritech is committed to a quality eduction for its employees and its communities. The company has established several educational institutions where over 2000 students are enrolled and managed by over 100 professional staff.

Agritech is fully committed to achieve international benchmarks governing corporate social responsibility.

Certifications

Some of our key certifications and initiatives are mentioned below.

OSHA Standards

OHS 18001 compliant proactive HSE program aims to prevent work-related injuries, illnesses and fatalities. This effort at Agritech is independently monitored by a high level Corporate Manager of Health, Safety & Environment who has wide ranging mandate and authority to enforce (Health, Safety & Environment (HSE) standards throughout the company. Effort is complemented with Hearts & Minds Winning techniques for sustainable performance.

ISO 9001

ISO 9001 is a family of standards for quality management systems. ISO 9001 is maintained by ISO, the International Organization for Standardization and is administered by authorized accreditation and certification bodies. The requirements of ISO 9001 include maintaining a set of procedures that cover all key processes in the business, to ensure they are effective, maintain adequate records, check output for defects, with appropriate and corrective action where necessary. The ISO 9001 family of standards also require regular reviews of individual processes and the quality system itself for effectiveness, and to facilitate continuous improvement.

ISO 14001

ISO 14001 is an organizational system standard for monitoring, controlling, and improving quality of the environment. The ISO 14001 Environmental Management standards exist to help organizations minimize how their operations affect the environment (cause adverse changes to air, water, or land) and comply with applicable laws and regulations.

With the implementation of QMS, EMS & OH&S there have been tremendous improvements at the plant. The following are main benefits.

Increased Efficiency

Certification process has given a lot of thought to improve the system and how to maximize quality and efficiency. The processes has been established and guidelines in place for anyone to follow easily, making training, transitions, and trouble-shooting etc.

Employee Morale

Employee's morale has been motivated by defining roles and responsibilities, accountability of management, established training systems and a clear picture of how their roles affect quality and the overall success of the company.

International Recognition

The company repute has been increased after getting certifications of QM, EM & OH&S systems as these standards are recognized worldwide.

Factual Approach to Decision Making

The ISO & OHSAS standards set out clear instructions for audits and process reviews that have facilitated information gathering and decision making based on the data.

Supplier Relationships

Following the processes for documentation and testing has ensured quality of raw materials fed into our production system and finished product. The process also requires thorough evaluation of new suppliers before a change is made and/or consistency with respect to how and where orders are place.

Documentation

Documentation is the key requirement of ISO & OHSAS standards of all processes and any changes, errors and discrepancies. This ensures consistency throughout production and accountability of all staff. This also guarantees traceable records are available in case of non-compliance.

Consistency

All processes for development, to production, to shipping, are defined, outlined and documented, minimizing room for error. Even the process of making changes to a process is documented, ensuring that changes are well planned and implemented in the best possible way to maximize efficiency.

Customer Satisfaction

Client confidence is gained because of the universal acceptance of the ISO & OHSAS standards. Customer satisfaction is ensured because of the benefits to company efficiency, consistency and dedication to quality service.

All these achievements are result of dedicated and consorted efforts of Agritech's team. Management provided the necessary resources and encouragement with a firm commitment to implement these systems in full letter and spirit. For accreditation of above systems, procedures were developed according to the required standards & these are being implemented.

Our Human Capital

The corporate culture at Agritech is based on four essential pillars:

Our Corporate culture is nurtured through setting world class performance standards and then focusing, empowering, encouraging and challenging all our employees to develop their capabilities to deliver this mind set transcends all levels of the organization.

This forms the core of the underlying HR policies at Agritech which are designed to deliver outstanding business performance by supporting and developing the Company's most important asset, its people.

Our culture empowers people to contribute to our business objectives and to simultaneously achieve their own personal and career goals. Every day our employees are challenged and motivated to seek the state of the art knowledge and skills required to stay ahead in today's changing business environment.

Teams and individuals are constantly encouraged to develop their professional capabilities, to question the status quo with courage of conviction, and reinvent themselves and their systems of work to confront the dynamics of a fast changing world.

Bureaucracy is constantly pruned to enable people to work with each other without being encumbered and to keep the focus on outcomes and delivery rather than just effort.

We have a strong commitment to meritocracy, and complying with our human resource polices, the Company does not employ any child labor and is an equal opportunity employer.


QUALITY
STARTS WITH YOU!
WARNING

Corporate Review

Pattern of Shareholding

The shareholding in the Company as at 31 December 2014 is as follows:

	Number of shareholders	Number of shares held	Percentage of holding
Individuals	596	5,136,704	1.31%
Banks Development			
Financial Institutions, Non - Banking Finance Companies	39	376,269,049	95.88%
Modarbas and Mutual Funds	2	9,640,500	2.46%
Directors and their spouses (s) and minor children	8	1,523	0.0003%
Others	7	1,382,224	0.35%
Total	652	392,430,000	100.00%

The information of shareholding as at 31 December 2014 as required under Code of Corporate Governance is as follows:

Category no.	Shareholder's category	Number of shares held	Percentage %
1.	Associated Companies, Undertakings and related parties		
	National Bank of Pakistan	130,715,224	
	Faysal Bank Limited	46,626,176	
	Summit Bank Limited	36,643,731	
	KASB Bank Limited	18,155,305	
	Silkbank Limited	8,704,640	
		240,845,076	61.37%
2.	NIT and ICP	9,640,500	2.46%
3.	Directors, and their spouses (s) and minor children		
	Ahmad Jaudet Bilal	500	0.00%
	Asim Imtiaz	500	0.00%
	Muhammad Faisal Muzammil	500	0.00%
	Chaudhary Khaqan Saadullah Khan	10	0%
	Muhammad Farooq Nasim	10	0%
	Kamran Ali Kazim	1	0%
	Ahsan Raza Durrani	1	0%
	Nauman Ansari	1	0%
		1,523	0.00039%
4.	Executives	Nil	
5.	Public Sector Companies and Corporation	Nil	
6.	Banks Development		
	Financial Institutions, Non-Banking Finance Companies	377,650,260	96.23%
7.	Shareholders holding five percent or more voting rights in the listed Company		
	National Bank of Pakistan	130,715,224	33.31%
	Pak Brunei Investment Company Limited	40,483,974	10.32%
	Summit Bank Limited	36,643,731	9.34%
	Faysal Bank Limited	46,626,176	11.88%
		254,469,105	|64.85%

The pattern of holding of shares held by the shareholders as at 31 December 2014 is as follows:

Number of shareholders	Shareholding From	To	Total shares held
122	1	100	2,149
234	101	500	112,895
84	501	1,000	81,672
100	1,001	5,000	319,817
28	5,001	10,000	222,691
7	10,001	15,000	87,671
9	15,001	20,000	162,000
8	20,001	25,000	190,000
5	25,001	30,000	138,000
5	30,001	35,000	167,560
2	35,001	40,000	73,000
1	40,001	45,000	42,400
2	45,001	50,000	96,500
3	55,001	60,000	176,000
4	60,001	65,000	256,739
1	65,001	70,000	66,000
2	80,001	85,000	169,000
2	85,001	90,000	177,000
1	95,001	100,000	96,500
1	120,001	125,000	124,500
1	210,001	215,000	212,306
1	300,001	305,000	303,183
1	330,001	335,000	332,000
1	560,001	565,000	563,000
1	815,001	820,000	815,800
1	820,001	825,000	821,555
1	955,001	960,000	957,545
1	1,330,001	1,335,000	1,333,333
1	1,620,001	1,625,000	1,621,396
1	1,805,001	1,810,000	1,807,000
1	2,800,000	2,805,000	2,804,000
1	3,210,001	3,215,000	3,212,333
1	3,330,001	3,335,000	3,333,333
1	3,755,001	3,760,000	3,755,428
1	6,305,001	6,310,000	6,307,167
1	7,450,001	7,455,000	7,455,000
1	7,540,001	7,545,000	7,541,121
1	8,330,001	8,335,000	8,332,058
1	8,455,001	8,460,000	8,455,353
1	8,700,001	8,705,000	8,704,640
1	9,995,000	10,000,000	10,000,000
1	10,455,001	10,460,000	10,456,283
1	11,030,001	11,035,000	11,030,809
1	11,460,001	11,465,000	11,461,023
1	13,880,001	13,885,000	13,883,183
1	13,950,001	13,955,000	13,954,188
1	18,155,001	18,160,000	18,155,305
1	24,215,001	24,220,000	24,216,635
1	36,640,001	36,645,000	36,643,731
1	40,480,001	40,485,000	40,483,974
1	130,715,001	130,720,000	130,715,224
652			392,430,000

Modification in the Auditors report

Qualification

In auditor's report for the period, auditors raised concern, "Company could not make timely repayments of principal and interest related to long term loans and certain financial & other covenants imposed by lenders could not be complied with. IAS - 1 requires that if an entity breaches a provision of long term loan, that liability becomes payable on demand and it should classify the liability as current. However, in these financial statements the long term debts have continued to be classified as long term according to respective loan repayment schedules."

In this regards, the long term lenders have continued to show their confidence in diversified business and experienced management to gradually improve the financial performance despite unlawful gas curtailment unduly inflicted by GOP and did not call the loans. Also the banks/ lenders have signed the debt swap agreement, by virtue of which they have become sponsors of the Company. The management expects to deliver better performance with revitalized shareholding strength.

Emphasis

Auditors also raised concern about Company ability to operate as going concern. The fact of the matter is that the Company was forced to breach the covenants imposed by the lenders due to operational issues faced by the continued gas curtailments unduly inflicted by GOP and repeated gas load shedding. The assumption that the Company will operate as going concern is based on steps taken by the management during the year to mitigate the gas curtailment issue. The wholly owned subsidiary, Hazara Phosphate Fertilizers (Private) Limited ("HPFL") was merged into the Company. HPFL manufactures Phosphate fertilizers and has registered profits in the past on a consistent basis. The Company intends to expand the Phosphate fertilizer business with change in product mix and consequently margins and cash flows.

Further, The Company is also planning to start the development of plots and construction business. All the layouts and plans are final for implementation. It is expected that the Company will be able to offer the Phase-1 of the plots for sale within one year, the proceeds from the sale of these plots will be used to settle the long term liabilities of the Company.

Furthermore, the Company has planned to convert its existing debt including mark-up into preference shares. The necessary steps for the said conversion have already been initiated by the Company. With the foresaid 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.

Auditors also emphasized on treatment of Redeemable Preference Shares. The redeemable Preference shares have been treated as part of equity, in view of the requirements of Companies Ordinance, 1984. The matter of its clarification will be dealt in accordance with the clarification from Securities andExchange Commission of Pakistan (SECP).

Dividend

Due to circumstances already discussed the Board of Directors does not recommend any dividend for the period ended on 31 December 2014.

Loss per share

The loss per share of the Company for the period ended on 31 December 2014 is Rs. 11.41 per share.

Corporate Governance and Financial Reporting Framework

As required by the Code of Corporate Governance, the Directors are pleased to report that:

- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departures therefrom has been adequately disclosed and explained;
- The system of internal controls is sound in design and has been effectively implemented and monitored;
- There is a material uncertainty about Company's ability to continue as a going concern; however, these financial statements have been prepared on going concern assumption for reasons more fully disclosed in the note 2.2 to the financial statements;

- The Company could not make timely repayments of principal and interest / mark-up related to long term debts as referred to in note 2.3 and 43.2.2.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchanges, except for reported in statement of compliance;
- There are no statutory payment on account of taxes, duties levies and charges which are outstanding as on 31 December 2014 except of those disclosed in the financial statements; and
- No material changes and commitments affecting the financial position have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's report.

Investment in retirement benefits

The value of investments made by the employees retirement benefits funds operated by the Company are as follows:

	Value in Rs.
Provident fund	146,616,972
Gratuity fund	66,558,299

Director's Training Program

During the year below mentioned four directors of the Company completed the directors' training course organized and conducted by the ICAP at Karachi and received the completion certificates.

- Mr. Rehmat Ali Hasnie
- Mr. Kamran Ali Kazim
- Mr. Ahsan Raza Durrani
- Chaudhary Khaqan Saadullah Khan

Further, the directors have also provided declarations that they are aware of their duties, powers and responsibilities under the Companies Ordinance, 1984 and the Listing Regulations of Stock Exchange.

Board of Directors

During the period under review, seven meetings of the Board of Directors were held and the attendance by each director is as follows:

Name of Director	Eligibility	Attendend
Mr. Wajahat Ahmad baqai	4	4
Mian Asif Said	7	7
Mr. Rehmat Ali Hasnie	7	6
Chadhary Khaqan Saadullah Khan	7	6
Mr. Ahsan Raza Durrani	7	6
Mr. Nauman Ansari	2	1
Mr. Kamran Ali Kazim	5	5
Mr. Ahmad Jaudet Bilal	7	7
Mr. Tariq Jamali	2	0
Mr. Muhammad Faisal Muzammil	7	3

Audit Committee

During the period under review, Audit Committee meetings held for the four times and the attendance of the members are as follows:

Name of Director	Eligibility	Attendend
Mr. Kamran Ali Kazim	3	3
Mr. Ahsan Raza Durrani	4	3
Mian Asif Said	4	4
Mr. Nauman Ansari	1	1

HR & Remuneration Committee

During the year single meeting was held and attended by all the members:

Name of Director	Eligibility	Attendend
Chaudhary Khaqan Saadullah	1	1
Mr. Kamran Ali Kazim	1	1
Mr. Ahmed Jaudet Bilal	1	1
Mr. Asim Imtiaz Basra	0	0

Appointment of Auditors

Messers. KPMG Taseer Hadi & Co. Chartered Accountants, completed its tenure of appointment with the Company and being eligible has offered its services for another term.

The auditors will retire at the conclusion of the Annual General Meeting. Being eligible, they have offered themselves for re-appointment. The Board has recommended the appointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants as auditors for the ensuing year, as suggested by the Audit Committee, subject to approval of the members in the forthcoming Annual General Meeting.

Web Presence

Updated information regarding the Company can be accessed at Company website: www.pafl.com.pk

The website contains the latest financial results of the Company together with Company's profile.

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

Chief Executive Officer

07 April 2015

CORPORATE GOVERNANCE

REVIEW REPORT TO THE MEMBERS

on Statement of Compliance with Code of Corporate Governance

KPMG Taseer Hadi & Co.
Chartered Accountants
2nd Floor, Servis House
2-Main Gulberg, Jail Road
Lahore, Pakistan

Telephone + 92 (42) 3579 0901-6
Fax + 92 (42) 3585 0477
Internet www.kpmg.com.pk

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Agritech Limited ("the Company") for the year ended 31 December 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2014.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Paragraph reference	Description
i) Paragraph 1	At present there is no Independent Director on the Company's Board of Directors as required under sub-clause (b) of clause (i) of the Code.
ii) Paragraph 15	Under clause (xxiv) of the Code, the Chairman of the Audit Committee ("Committee") should be an independent Director. Since there is no Independent Director on the Board, this requirement is not complied with. Further, under clause (xxx) of the Code, Secretary to the Committee shall either be the Company Secretary or Head of Internal Audit and CFO shall not be appointed as Secretary to the Committee. However, Company Secretary and CFO are the same person and currently there is no head of internal audit, therefore this requirement is not complied with. Moreover, another employee of the Company has been appointed as Secretary to the Committee.
iii) Paragraph 18	The Company is required to appoint a person as Head of Internal Audit under clause (xxxi) of the Code which it has not appointed to date. However, the Internal Audit function has been outsourced to a firm of Chartered Accountants.
iv) Paragraph 23	Under sub-clause (e) of clause (v) of the Code, the Board of Directors are required to put in place a mechanism for an annual evaluation of their own performance, which has not been established to date.

KPMG Taseer Hadi & Co.

Lahore

Date : 07 April 2015

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

STATEMENT OF COMPLIANCE
with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance ("CCG") contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of Independent and Non-Executive Directors on its board of Directors. The board of Directors on 31 December 2014 includes:

Category	Name
Independent Directors	None
Executive Directors	Mr. Muhammad Faisal Muzammil
	Mr. Ahmed Jaudet Bilal
Non-Executive Directors	Mr. Asim Imtiaz Basraa
	Mr. Muhammad Farooq Nasim
	Mr. Kamran Ali Kazim
	Mr. Wajahat A Baqai
	Mr. Ahsan Raza Durrani
	Mr. Rehmat Ali Hasnie

At present there is no independent Director on the Company's board of Directors. However, the Company shall seek compliance with the requirements of the CCG in the upcoming year.

Chief Executive officer (Mr. Ahmed Jaudet Bilal) has resigned subsequent to the financial year end on 06-02-2015 and the casual vacancy was filled on the same day by appointing Mr. Mohammad Khalid Mir.

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.

3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Following causal vacancies occurred on the board of Directors during the year due to resignation of the following Directors:

Sr. #	Name of Directors	Date of Resignation
1	Mr. Nauman Ansari	04-04-2014
2	Mr. Tariq Jamali	18-04-2014
3	Chaudhary Khaqan Saadullah Khan	05-12-2014
4	Mian Asif Said	10-12-2014

The vacancies were filled up by the Directors within the prescribed time by appointing the following Directors:

Sr. #	Name of Directors	Date of Appointment	Casual Vacancy filled within (90) days
1	Mr. Kamran Ali Kazim	04-04-2014	✔
2	Mr. Wajahat A. Baqai	18-04-2014	✔
3	Mr. Asim Imtiaz Basraa	05-12-2014	✔
4	Mr. Muhammad Farooq Nasim	10-12-2014	✔

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive Directors, have been taken by the board.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a Director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. All the Directors are professionals and senior executives who possess wide experience and awareness of the duties of Directors. During the year, following Directors of the Company completed Director's training course conducted by the Institute of Chartered Accountants of Pakistan at Karachi;

- Mr. Rehmat Ali Hasnie
- Mr. Kamran Ali Kazim
- Mr. Ahsan Raza Durrani
- Chaudhary Khaqan Saadullah Khan

10. There was no change in Chief Financial Officer and Company Secretary during the financial year. Subsequent to the financial year end Company Secretary (Mr. Affan Sajjad) has resigned on 6 February 2015 and the casual vacancy was filled on the same day by appointing Mr. Syed Taneem Haider.

11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.

13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. As there is no independent Director on the Board of Directors of the Company, therefore, the Chairman of the Audit Committee is not an independent Director, However, the Company will appoint Independent Director as Chairman of the Audit Committee in upcoming year. Subsequent to financial year end Secretary to the audit committee Mr. Affan Sajjad has resigned on 6 February 2015, however, Company Secretary & CFO is the same person and currently there is no head of internal audit, therefore, another employee of the company has been appointed as secretary to the audit committee. The Audit Committee comprises of the following board members:

Name	Type of Directorship	Position
Mr. Muhammad Farooq Nasim	Non-Executive	Chairman
Mr. Kamran Ali Kazim	Non-Executive	Member
Mr. Ahsan Raza Durrani	Non-Executive	Member

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR & Remuneration Committee. It comprises of following board members on 31 December 2014:

Name	Type of Directorship	Position
Mr. Asim Imtiaz Basraa	Non-Executive	Chairman
Mr. Ahmed Jaudet Bilal	Executive	Member
Mr. Kamran Ali Kazim	Non-Executive	Member

18. The board has outsourced the internal audit function to Messer M. Yousuf Adil Saleem & Co., Chartered Accountants, (Deloitte Pakistan), which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company. Currently, there is no head of internal audit of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, employees and stock exchange.

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.

23. The Board has not established mechanism for annual evaluation of its own performance.

24. We confirm that all other material principles enshrined in the CCG have been complied with except for sub-clause (e) of clause (v) which requires that Board of Directors shall ensure that within two years of coming into force of the CCG, a mechanism is put in place for an annual evaluation of their own performance which the Board has not complied with.

Chief Executive Officer
07 April 2015

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FINANCIAL STATEMENTS

AUDITORS' REPORT TO THE MEMBERS

KPMG Taseer Hadi & Co.
Chartered Accountants
2nd Floor, Servis House
2-Main Gulberg, Jail Road
Lahore, Pakistan

Telephone + 92 (42) 3579 0901-6
Fax + 92 (42) 3585 0477
Internet www.kpmg.com.pk

We have audited the annexed balance sheet of Agritech Limited ("the Company") as at 31 December 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conduct our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our qualified opinion and, after due verification, we report that:

a) As stated in note 2.3 and 43.2.2 to the financial statements, the Company could not make timely repayments of principal and interest / mark-up related to long term debts and as at reporting date certain financial and other covenants imposed by the lenders could not be complied with. International Accounting Standard on Presentation of the 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. In these financial statements the long term debts have continued to be classified as long term according to the individual loan repayment schedules. Had these liabilities been classified as per IAS - 1, current liabilities of the Company would have increased by Rs. 11,836.08 million as at the reporting date;

b) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

c) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 2.5 to the financial statements with which we concur;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

d) in our opinion and to the best of our information and according to the explanations given to us, except for the effects on the financial statements of the matter referred in paragraph (a) above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and

KPMG Taseer Hadi & Co.

e) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

We draw attention to the following matters:

i. Note 5.3 to the accompanying financial statements, whereby Redeemable Preference shares have been treated by the Company as part of equity, in view of the requirements of the Companies Ordinance, 1984. The matter of its classification will be dealt in accordance with the clarification from the Securities and Exchange Commission of Pakistan, as fully explained in note 5.3 to the financial statements; and

ii. The Company has incurred a loss before tax of Rs. 5,153.16 million and reported negative cash flows of Rs. 353.55 million from operations during the year ended 31 December 2014 and, as of that date; its current liabilities exceeded its current assets by Rs. 20,105.54 million, including Rs. 13,305.34 million relating to overdue principal and interest / mark-up thereon, and its accumulated loss stood at Rs. 4,504.45 million. The difference between current liabilities and current assets would be Rs. 31,941.61 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 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements have however been prepared on a going concern basis for the reasons more fully explained in note 2.2 to the financial statements.

Our opinion is not qualified in respect of the above matters.

KPMG Taseer Hadi & Co.

Lahore

Date : 07 April 2015

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

BALANCE SHEET
as at 31 December 2014

	Note	2014 Rupees	2013 Rupees
EQUITY AND LIABILITIES			
Authorized share capital	4	15,000,000,000	15,000,000,000
Share capital and reserves			
Issued, subscribed and paid-up capital	5	5,517,642,690	5,517,642,690
Reserves	6	9,000,000	9,000,000
Accumulated losses		(4,504,448,372)	(104,496,573)
		1,022,194,318	5,422,146,117
Surplus on revaluation of fixed assets	7	8,889,592,164	3,817,886,542
Non-current liabilities			
Redeemable capital - *secured*	8	7,974,045,542	9,516,754,658
Long term finances - *secured*	9	3,669,640,929	4,969,800,304
Liabilities against assets subject to finance lease - *secured*	10	-	-
Long term payable - *unsecured*	11	31,135,199	31,135,199
Deferred liabilities:			
- staff retirement benefits	12	15,169,860	13,757,997
- deferred taxation	13	3,911,114,234	2,217,038,194
		15,601,105,764	16,748,486,352
Current liabilities			
Current maturity of non-current liabilities	14	7,652,195,166	4,748,202,377
Short term borrowings	15	3,677,177,328	3,989,673,433
Trade and other payables	16	3,129,544,453	2,489,637,074
Interest / mark-up accrued on borrowings	17	9,170,644,512	6,694,402,656
Preference dividend payable		504,016,311	328,748,615
		24,133,577,770	18,250,664,155
Contingencies and commitments	18		
		49,646,470,016	44,239,183,166

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore

Chief Executive

	Note	2014 Rupees	2013 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	*19*	42,967,113,632	35,953,627,796
Intangible assets	*20*	2,586,425,782	2,592,026,353
Long term advances	*21*	19,917,797	21,736,130
Long term deposits - *unsecured, considered good*	*22*	44,971,249	47,128,749
		45,618,428,460	38,614,519,028
Current assets			
Stores, spare parts and loose tools	*23*	2,068,630,517	2,037,838,649
Stock-in-trade	*24*	348,727,103	539,320,247
Trade debts	*25*	19,858,904	14,415,382
Advances, deposits, prepayments and other receivables	*26*	985,225,926	1,432,356,296
Advance tax - *net of provision*	*27*	176,844,685	165,907,478
Cash and bank balances	*28*	428,754,421	1,434,826,086
		4,028,041,556	5,624,664,138
		49,646,470,016	44,239,183,166

Director

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2014

	Note	01 January 2014 to 31 December 2014 Rupees	01 July 2012 to 31 December 2013 Rupees
Sales - *net*	*29*	2,794,627,675	8,627,668,956
Cost of sales	*30*	(3,882,892,983)	(6,799,472,513)
Gross (loss) / profit		(1,088,265,308)	1,828,196,443
Selling and distribution expenses	*31*	(132,504,221)	(330,617,053)
Administrative and general expenses	*32*	(692,043,748)	(767,765,477)
Other expenses	*33*	(119,169,414)	(1,656,295)
		(943,717,383)	(1,100,038,825)
Other income	*34*	93,163,918	64,585,718
Operating (loss) / profit		(1,938,818,773)	792,743,336
Finance cost	*35*	(3,214,341,173)	(4,659,352,159)
Loss before taxation		(5,153,159,946)	(3,866,608,823)
Taxation	*36*	849,185,596	484,452,282
Loss after taxation		(4,303,974,350)	(3,382,156,541)
Loss per share - *basic and diluted*	*37*	(11.41)	(9.23)

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore

Chief Executive

Director

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2014

	Note	01 January 2014 to 31 December 2014 Rupees	01 July 2012 to 31 December 2013 Rupees
Loss after taxation		(4,303,974,350)	(3,382,156,541)
Other comprehensive income			
Items that will not be reclassified to profit and loss account:			
Remeasurement of defined benefit liability	*12.1.9*	(7,616,217)	-
Related tax	*13.2*	2,665,676	-
		(4,950,541)	-
Total comprehensive loss for the year / period		(4,308,924,891)	(3,382,156,541)

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore

Chief Executive

Director

CASH FLOW STATEMENT
for the year ended 31 December 2014

	Note	01 January 2014 to 31 December 2014 Rupees	01 July 2012 to 31 December 2013 Rupees
Cash flow from operating activities			
Cash generated from operations	38	324,843,616	2,114,695,441
Finance cost paid		(546,704,361)	(752,465,572)
Interest income received		33,654,365	87,819,948
Income tax paid		(84,631,237)	(115,650,339)
Staff retirement benefits paid		(80,709,473)	(18,566,826)
Net cash (used in) / generated from operating activities		(353,547,090)	1,315,832,652
Cash flows from investing activities			
Acquisition of property, plant and equipment		(291,240,238)	(102,409,952)
Long term advances received		2,207,376	3,560,961
Long term deposits received / (paid)		2,157,500	(5,509,540)
Proceeds from disposal of property, plant and equipment		1,516,000	12,374,092
Due from Azgard Nine Limited ("ANL")		-	286,395,126
Net cash (used in) / generated from investing activities		(285,359,362)	194,410,687
Cash flows from financing activities			
Long term finances repaid		-	(516,555,886)
Redemption of redeemable capital		-	(4,884,350)
Repayment of liabilities against assets subject to finance lease		(54,669,108)	(74,175,538)
Net (decrease) / increase in short term borrowings		(761,409,606)	73,859,293
Net cash used in financing activities		(816,078,714)	(521,756,481)
Net (decrease) / increase in cash and cash equivalents		(1,454,985,166)	988,486,858
Cash and cash equivalents at beginning of the year / period		(744,751,941)	(1,733,238,799)
Cash and cash equivalents at end of the year / period	39	(2,199,737,107)	(744,751,941)

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

	Share capital		Reserves		
	Ordinary shares Rupees	Preference shares Rupees	Revenue reserve Rupees	Accumulated losses Rupees	Total Rupees
As at 01 July 2012	3,924,300,000	1,593,342,690	9,000,000	3,392,413,553	8,919,056,243
Total comprehensive loss for the eighteen months period ended 31 December 2013	-	-	-	(3,382,156,541)	(3,382,156,541)
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	-	126,361,182	126,361,182
Transaction with owners of the Company					
Preference dividend for the eighteen months period ended 31 December 2013	-	-	-	(241,114,767)	(241,114,767)
As at 31 December 2013	3,924,300,000	1,593,342,690	9,000,000	(104,496,573)	5,422,146,117
As at 01 January 2014	3,924,300,000	1,593,342,690	9,000,000	(104,496,573)	5,422,146,117
Total comprehensive loss for the year ended 31 December 2014	-	-	-	(4,308,924,891)	(4,308,924,891)
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	-	84,240,788	84,240,788
Transaction with owners of the Company					
Preference dividend for the year ended 31 December 2014	-	-	-	(175,267,696)	(175,267,696)
As at 31 December 2014	3,924,300,000	1,593,342,690	9,000,000	(4,504,448,372)	1,022,194,318

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore

Chief Executive

Director

1 Reporting entity

Agritech Limited ("the Company") was incorporated in Pakistan on 15 December 1959 as an unlisted Public Limited Company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and was a wholly owned subsidiary of National Fertilizer Corporation of Pakistan (Private) Limited ("NFC'), a Government owned Corporation, until 15 July 2006. Subsequently, 100% shares of the Company were acquired by Azgard Nine Limited ("ANL") as 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. On 31 October 2012, ANL 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 2nd Floor Asia Center, 8 – Babar Block, 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 Basis of accounting

2.1.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board and Islamic Financial Reporting Standards ("IFAS") issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

2.1.2 The Company in the previous period changed its financial year from 30 June to 31 December in order to align its year-end with majority shareholders of the Company which are banks that close their books of account on 31 December and accordingly prepared audited financial statements for the eighteen months period ended 31 December 2013. The corresponding figures shown in the financial statements pertain to the financial statements for eighteen months and therefore, are not entirely comparable in respect of profit and loss account, statement of other comprehensive income, cash flow statement and statement of changes in equity.

2.2 Going concern assumption

The Company, continues to face operational issues due to gas load shedding in winter, which is extended now beyond winter months by Government of Pakistan. This gas is being diverted to the power sector in order to reduce electricity load shedding. This has perpetuated temporary liquidity issues resulting in over dues as referred in note 43.2.2 to the financial statements. The Company's urea plant operated for only 54 days during the calendar year of 2014. Due to these factors, the Company has incurred a loss before tax of Rs. 5,153.16 million and reported negative cash flows of Rs. 353.55 million from operations during the year ended 31 December 2014. As of that date, its current liabilities exceeded current assets by Rs. 20,105.54 million, including Rs. 13,305.34 million relating to overdue principal and interest / mark-up thereon, and its accumulated loss stood at Rs. 4,504.45 million. The difference between current liabilities and current assets would be Rs. 31,941.61 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. 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 the Economic Coordination Committee (“ECC”) of the Cabinet in its meeting held on 18 December 2012 had 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 SNGPL system, has been allowed to purchase gas directly from alternate dedicated gas supply sources. All important pertinent contracts were signed with the gas producers and the Gas transporters. The execution of these contracts is currently being negotiated with the Government. As a consequence of additional gas supply from Northern network the gas supply for the company is likely to improve considerably for coming periods until the FFM arrangements commence.

The Company is also planning to start the development of plots and construction business. All the layouts and plans are final for implementation. It is expected that the Company will be able to offer the Phase-1 of the plots for sale within one year, the proceeds from the sale of these plots will be used to settle the long term liabilities of the Company.

Further, the Company has planned to convert its existing debt including mark-up into preference shares as stated in detail in note 43.2.2. 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.

2.3 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 43.2.2. 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. 11,836.08 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
Redeemable capital	
Privately Placed Term Finance Certificates - *I*	1,016,908,500
Privately Placed Term Finance Certificates - *II*	4,678,266,045
Privately Placed Term Finance Certificates - *III*	336,129,000
Privately Placed Term Finance Certificates - *V*	617,695,104
Privately Placed Term Finance Certificates	382,406,248
Privately Placed Sukuk Certificates	1,085,578,570
	8,116,983,467
Long term finances	
Syndicate Term Finance - *I*	2,035,714,285
Syndicate Term Finance - *III*	1,248,385,690
KASB Bank Limited - Term Finance	184,285,716
National Bank of Pakistan - Term Finance	132,083,735
Dubai Islamic Bank Limited - Term Finance	118,625,000
	3,719,094,426
	11,836,077,893

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments measured at fair value and / or amortized cost, employees retirement benefits under defined benefit plan at present value and certain items of property, plant and equipment measured at revalued amounts. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.5 Change in accounting policy

As a result of amendment to IAS 19 Employee Benefits (amended 2011), the Company has changed its accounting policy with respect to the basis for determining the income or expense related to its post-employment defined benefit plans.

Under IAS 19 (2011), 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 changes in the present value of defined benefit obligation are now recognized in the statement of comprehensive income and the past service costs are recognized in the profit and loss account, immediately in the period in which they occur. The change in accounting policy has been applied prospectively, being considered immaterial.

2.6 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.6.1 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available.

2.6.2 Amortization method, rates and useful lives of intangible assets

The management of the Company reassesses useful lives, amortization method and rates for each intangible asset having finite lives annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available.

2.6.3 Recoverable amount of assets / cash generating units and impairment

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication of impairment.

2.6.4 Taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities while estimating its tax liabilities.

2.6.5 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.6.6 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by an independent professional valuer. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

2.6.7 Obligations under defined benefit plans

Obligations under defined benefit plans are determined by independent actuaries based on various assumptions including expected rate of increase in salaries, expected remaining working lives of employees, expected return on plan assets and discount rates.

2.6.8 Fair values of financial instruments with no active market

Fair values of financial assets and financial liabilities with no active market are determined by discounting estimated future cash flows at effective interest rate; the rate that exactly discounts estimated future receipts / payments through expected life of the financial assets / liabilities or, when appropriate, a shorter period, to the net carrying amount of the financial assets / liabilities.

2.7 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property, plant and equipment

Owned

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is measured at revalued amount, building on freehold land, residential colony assets and, plant and machinery which are measured at revalued amount less accumulated depreciation and capital work in progress which is measured at cost less accumulated impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction including expenditures on material, labour and overheads directly relating to construction, erection and installation of operating fixed assets. Expenditure incurred on capital work in progress are transferred to operating fixed assets when related items become available for use.

Parts of an item of property, plant and equipment having different useful lives are recognized as separate items.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit and loss as incurred.

The Company recognizes depreciation in profit and loss by applying straight line method over the useful life of each item of property, plant and equipment as specified in note 19 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An item of property, plant and equipment is de-recognized when permanently retired from use. Any gain or loss on disposal of property, plant and equipment is recognized in profit and loss.

Leased

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. Subsequently, these assets are carried at initially recorded amount less accumulated depreciation and accumulated impairment with the exception of plant and machinery which is measured at revalued amount less accumulated depreciation. Depreciation on leased assets is charged by applying straight line method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of assets at end of the lease term.

3.2 Surplus / (deficit) arising on revaluation of property, plant and equipment

Surplus arising on revaluation of items of property, plant and equipment is recognized on balance sheet after reversing deficit relating to the same item previously recognized in profit and loss, if any. Deficit arising on revaluation is recognized in profit and loss after reversing the surplus relating to the same item previously recognized on balance sheet, if any. An amount equal to incremental depreciation, being the difference between the depreciation based on revalued amounts and that based on the original cost, net of deferred tax, if any, is transferred from surplus on revaluation of property, plant and equipment to accumulated profit every year.

Surplus on revaluation is booked by restating gross carrying amounts of respective assets being revalued, proportionately to the change in their carrying amounts due to revaluation. The accumulated depreciation at the date of revaluation is also adjusted to equal difference between gross carrying amounts and the carrying amounts of the assets after taking into account accumulated impairment losses.

Further the surplus on revaluation of property, plant and equipment shall be utilized in accordance with the provisions of section 235 of the Companies Ordinance, 1984.

3.3 Intangibles

Intangibles are measured initially at cost. The cost of the intangibles comprise its purchase price, including non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition. Costs incurred after the asset is in the condition necessary for it to operate in the manner intended by the management are recognized in profit and loss account. Subsequent to initial recognition, intangibles are measured at cost less accumulated amortization and accumulated impairment losses, if any.

All intangibles are amortized over the period of four years on a straight line basis. All intangible assets are tested for impairment at each reporting date. Amortization on additions to intangible assets is charged from the month in which an asset is put to use and on disposal upto month of disposal.

3.4 Goodwill acquired in business combination

Goodwill acquired in business combination represents future economic benefits arising from assets that are not capable of being individually identified and separately recognized. Goodwill is initially recognized at cost which is determined as the excess of the cost of business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

3.5 Stores, spare parts and loose tools

These are measured at lower of cost and net realizable value. The cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

3.6 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined using the following basis:

Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Trading stock	Invoice price plus related expense
Stock-in-transit	Invoice price plus related expense incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

3.7 Employee benefits

3.7.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit and loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

3.7.2 Post-employment benefits

(a) *Defined contribution plan*

The Company operates an approved defined contributory provident fund for its employees. Equal contributions are made by the Company and employees at 8.33% and 10% of basic salary of executives and workers respectively.

(b) *Defined benefit plan*

The Company operates approved funded gratuity scheme for its workers who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to profit and loss account.

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if, any excluding interest), are recognized immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan is recognized in profit and loss account.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit and loss account. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Details of scheme are referred in note 12 to the financial statements.

3.7.3 Termination benefits / Voluntary separation scheme ("VSS")

Termination benefits are expensed at the early of when the Company can no longer withdraw the offer of those benefits or when the Company recognise costs for a restructuring. If benefits are not expected to be settled wholly within twelve months of the reporting date, then they are discounted.

3.8 Financial instruments

3.8.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit and loss, loans and receivables, available-for-sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

3.8.1(a) *Financial assets at fair value through profit and loss*

Financial assets at fair value through profit and loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

3.8.1(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

3.8.1(c) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date. Available-for-sale financial assets are classified as short term investments in the balance sheet.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised directly in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the Company's right to receive payments is established.

3.8.1(d) *Held to maturity*

Held to maturity are financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are carried at amortised cost.

3.8.1(e) All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortised cost using effective interest rate method.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired

3.8.2 Financial liabilities

Non-derivative financial liabilities that are not financial liabilities at fair value through profit and loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities. The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

3.8.3 Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company looses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently.

3.9 Impairment

Financial assets

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit and loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

3.10 Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.11 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares and share options are recognized as deduction from equity.

3.12 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and redemption value recognized in the profit and loss over the period of the borrowings on an effective interest basis.

3.13 Finance leases

Leases in terms of which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Liabilities against assets subject to finance lease and deposits against finance lease are classified as 'financial liabilities at amortized cost' and 'loans and receivables' respectively, however, since they fall outside the scope of measurement requirements of IAS 39 'Financial Instruments - Recognition and Measurement', these are measured in accordance with the requirements of IAS 17 'Leases'. On initial recognition, these are measured at cost, being their fair value at the date of commencement of lease, less attributable transaction costs. Subsequent to initial recognition, minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.14 Operating leases / Ijarah

Leases including Ijarah financing where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases / Ijarah. Payments made under operating leases / Ijarah (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease / Ijarah term unless another systematic basis is representative of the time pattern of the Company's benefit

3.15 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.16 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

3.17 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other operating income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer.

Interest income is recognized using effective interest method.

3.18 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit and loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in equity.

Current tax

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred tax

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Further, the Company accounts for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Thus, for transactions and other events recognised in profit and loss, any related tax effects are also recognised in profit and loss. For transactions and other events recognised outside profit and loss (either in other comprehensive income or directly in equity), any related tax effects are also recognised outside profit and loss (either in other comprehensive income or directly in equity, respectively).

3.19 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.20 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand, running finance and cash at banks. These are classified as 'loans and receivables' and are carried at amortized cost.

3.21 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.21 New and revised approved accounting standards, interpretations and amendments thereto

There were certain new standards and amendments to the approved accounting standards which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations except as disclosed in note 2.5 and are, therefore, not disclosed in these financial statements.

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

- Amendments to IAS 19 “Employee Benefits” Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. This amendment is not likely to have any material impact on the financial statements of the Company.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements. IFRS 10 introduces a new approach to determine which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The standard has no impact on the financial statements of the Company.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on Company's financial statements.

- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on Company's financial statements.

- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Company's financial statements.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 01 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. This amendment is not likely to have any impact on the financial statements of the Company.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. This amendment is not likely to have any impact on the financial statements of the Company.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. This amendment is not likely to have any impact on the financial statements of the Company.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'.

- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination.

- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria.

- Amendments to IAS 16'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

	Note	2014 Rupees	2013 Rupees
4 Authorized share capital			
Ordinary shares of Rs 10 each			
600,000,000 (2013: 600,000,000) class A shares	*4.1*	6,000,000,000	6,000,000,000
200,000,000 (2013: 200,000,000) class B shares	*4.2*	2,000,000,000	2,000,000,000
200,000,000 (2013: 200,000,000) class C shares	*4.3*	2,000,000,000	2,000,000,000
		10,000,000,000	10,000,000,000
Preference shares of Rs. 10 each			
500,000,000 (2013: 500,000,000) shares		5,000,000,000	5,000,000,000
		15,000,000,000	15,000,000,000

4.1 Class A ordinary shares include all ordinary shares of the Company other than non-voting ordinary shares and restrictive rights voting ordinary shares, having all rights and privileges, including voting rights as provided in the Companies Ordinance, 1984.

4.2 Class B ordinary shares are restrictive rights voting ordinary shares that have the restricted or disproportionate rights and privileges.

4.3 Class C ordinary shares are non-voting ordinary shares of the Company that do not have any voting rights attached thereto and do not have any rights to receive notice of, attend, or vote at a general meeting of the Company, however, holders of such shares shall have all other rights of ordinary shares, including right to dividend and to share in the assets of the Company in event of its winding up.

	Note	2014 Rupees	2013 Rupees
5 Issued, subscribed and paid up capital			
Class A ordinary shares of Rs. 10 each			
383,430,000 (2013: 383,430,000) shares issued fully paid in cash	*5.1*	3,834,300,000	3,834,300,000
9,000,000 (2013: 9,000,000) shares issued for consideration as machinery		90,000,000	90,000,000
Preference shares of Rs. 10 each			
159,334,269 (2013: 159,334,269) shares issued fully paid in cash	*5.2 & 5.3*	1,593,342,690	1,593,342,690
		5,517,642,690	5,517,642,690

5.1 As at 31 December 2014, National Bank of Pakistan, an associated undertaking holds 130,715,224 (2013: 110,715,224) ordinary shares of the Company.

5.2 This represents local currency, listed, non-voting, redeemable, convertible and cumulative preference shares 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 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 right 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.

5.3 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 the 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 take 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.

		Note	2014 Rupees	2013 Rupees
6	Reserves			
	Revenue reserve		9,000,000	9,000,000
7	Surplus on revaluation of fixed assets			
	As at beginning of the year / period		3,817,886,542	3,944,247,724
	Surplus on revaluation of fixed assets		7,775,529,735	-
	Less: deferred tax liability arising on surplus on revaluation of fixed assets	*13.2*	(2,619,583,325)	-
	Transfer to unappropriated profit in respect of incremental depreciation charged for the year / period - *net of tax*		(84,240,788)	(126,361,182)
	As at end of the year / period		8,889,592,164	3,817,886,542

The Company's freehold land, buildings on freehold land, residential colony assets and plant and machinery (owned & leased) were revalued by Maricon Consultants (Private) Limited, an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA) in "any amount" category, at 31 December 2014. The basis of revaluation for items of these fixed assets were as follows:

Freehold land

Property brokers, dealers and estate agents were contacted to ascertain the asking and selling prices for properties of the same nature in the immediate neighborhood and adjoining areas. Neighboring properties which have been recently sold or purchased, were investigated to ascertain a reasonable selling / buying price. Properties that were up for sale were examined for asking price. An average of the above values was then assigned to the property.

Buildings on freehold land

Construction specifications were noted for each building and structure and current construction rates were used to obtain replacement values of buildings, to which a depreciation formula was applied, based upon the Company's estimates of balance life to arrive at the current assessed value.

Residential colony assets

Construction specifications were noted for each residential colony's building and structure and new construction rates were used to obtain replacement values of buildings, to which a depreciation formula was applied, based upon the Company's estimates of balance life to arrive at the current assessed value.

Plant and machinery (owned & leased)

Plant and machinery (owned & leased) have been evaluated / assessed by keeping in view their present physical condition, the remaining useful life / economic life and technological obsolescence. Further, new replacement values were arrived by using current local and foreign market values for the similar type of plant and machinery. These current local and foreign market values were taken into account on basis of technical obsolescence, efficiency, maintenance, replacement and other related factors involved.

	Note	2014 Rupees	2013 Rupees
8 Redeemable capital - *secured*			
Privately Placed Term Finance Certificates - *I*	*8.1*	1,498,602,000	1,498,602,000
Privately Placed Term Finance Certificates - *II*	*8.2*	6,894,286,800	6,894,286,800
Privately Placed Term Finance Certificates - *III*	*8.3*	495,460,750	495,460,750
Privately Placed Term Finance Certificates - *IV*	*8.4*	548,825,000	548,825,000
Privately Placed Term Finance Certificates - *V*	*8.5*	618,685,000	618,685,000
Privately Placed Term Finance Certificates	*8.6*	509,874,996	509,874,996
Privately Placed Sukuk Certificates	*8.7*	1,599,800,000	1,599,800,000
		12,165,534,546	12,165,534,546
Deferred notional income	*8.8*	-	(28,941,609)
Transaction costs		(142,937,925)	(189,678,336)
		12,022,596,621	11,946,914,601
Current maturity presented under current liabilities	*14*	(4,048,551,079)	(2,430,159,943)
		7,974,045,542	9,516,754,658

8.1 Privately Placed Term Finance Certificates - I ("PPTFC - I") have been issued by way of private placements with a consortium of investors for redemption of privately placed term finance certificates issued earlier by the Company. The total issue comprises of 300,000 certificates of Rs. 5,000 each. This issue was rescheduled by way of Second Supplemental Trust Deed entered on 26 August 2011 effective from 31 July 2011 and accordingly the terms and conditions of the issue are as follows:

Principal redemption

The principal redemption of PPTFC - I is structured to be in fifteen unequal semi-annual installments. First two installments were just token payments due on 31 July 2010 and 31 August 2010 which have been paid, remaining installments are starting from 29 November 2013 and ending on 29 November 2019.

Call option

The Company may redeem the PPTFC - I by way of exercise of call option by giving notice in writing to PPTFC - I holders and the Trustee of not less than thirty days. However, the call option can be exercised only after expiry of two years from the date of issue.

Return on PPTFC - I

The issue carries return at six month KIBOR plus 1.75% per annum, payable semi-annually.

Trustee

In order to protect the interests of PPTFC - I holders, Pak Brunei Investment Company Limited has been appointed as Trustee for the issue under a trust deed. The Trustee has the power to enforce the Company's obligations, in case it defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPTFC - I holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

Security

The issue is secured by:

- first parri passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and

- first parri passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date principal amounting to Rs. 289.02 million (2013: Rs. 96.34 million) and interest / mark-up amounting to Rs. 670.41 million (2013: Rs. 499.01 million) were overdue. Refer to note 43.2.2 for details.

8.2 Privately Placed Term Finance Certificates - II ("PPTFC - II") have been issued by way of private placements with a consortium of investors for redemption of privately placed term finance certificates issued earlier by the Company. The total issue comprises of 1,380,000 certificates of Rs. 5,000 each. This issue was rescheduled by way of Second Supplemental Trust Deed entered on 26 August 2011 effective from 31 July 2011 and accordingly the terms and conditions of the issue are as follows:

Principal redemption

The principal redemption of PPTFC - II is structured to be in fifteen unequal semi-annual installments. First two installments were just token payments and due on 31 July 2010 and 31 August 2010 which have been paid, remaining installments are starting from 14 July 2013 and ending on 14 July 2019.

Call option

The Company may redeem the PPTFC - II by way of exercise of call option by giving a notice in writing to PPTFC - II holders and the trustee of not less than thirty days.

Return on TFCs

The issue carries return at six month KIBOR plus 1.75% per annum, payable semi-annually.

Trustee

In order to protect the interests of PPTFC - II holders, Faysal Bank Limited has been appointed as Trustee for the issue under a trust deed. The Trustee has the power to enforce the Company's obligations, in case the Company defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPTFC - II holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

Security

The issue is secured by:

- first parri passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and

- first parri passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date principal amounting to Rs. 1,329.61 million (2013: Rs. 443.20 million) and interest / mark-up amounting to Rs. 2,586.72 million (2013: 1,796.91 million) were overdue. Refer to note 43.2.2 for details.

8.3 Privately Placed Term Finance Certificates - III ("PPTFC - III") have been issued by way of private placements with a consortium of investors to finance the acquisition of Hazara Phosphate Fertilizer Limited ("HPFL"). The total issue comprises of 100,000 certificates of Rs. 5,000 each. This issue was rescheduled by way of Second Supplemental Trust Deed entered on 26 August 2011 effective from 31 July 2011 and accordingly the terms and conditions of the issue are as follows:

Principal redemption

The principal redemption of PPTFC - III is structured to be in twenty eight unequal installments. First two installments were just token payments and due on 31 October 2010 and 30 November 2010 which have been partially paid, remaining installments are starting from 01 September 2013 and ending on 01 December 2019.

Call option

The Company may redeem the PPTFC - III by way of exercise of call option by giving a notice in writing to PPTFC - III holders and the trustee of not less than thirty days. Any early redemption of PPTFC - III shall be either in part or whole of the outstanding amount payable in respect of the PPTFC - III. In case of partial redemption the minimum amount of early redemption will be Rs. 100 million.

Return on PPTFC - III

The issue carries return at three month KIBOR plus 3.25% per annum, payable quarterly.

Trustee

In order to protect the interests of PPTFC - III holders, JS Bank Limited has been appointed as Trustee for the issue under a trust deed. The Trustee has the power to enforce the Company's obligations, in case the Company defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPTFC - III holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

Security

The issue is secured by:

- first parri passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and

- first parri passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date principal amounting to Rs. 95.65 million (2013: Rs. 31.96 million) and interest / mark-up amounting to Rs. 227.27 million (2013: Rs. 161.02 million) were overdue. Refer to note 43.2.2 for details.

8.4 Privately Placed Term Finance Certificates - IV ("PPTFC - IV") represent restructuring of outstanding mark-up amounting to Rs. 553.83 million related to long term debts. The restructuring agreement was entered on 28 October 2011 effective from 01 July 2011. These were issued by way of private placements with a consortium of investors. The total issue comprises of 110,765 certificates of Rs. 5,000 each. The terms and conditions of the issue are as follows:

Principal redemption

The principal redemption of PPTFC - IV is structured to be in seven unequal semi annual installments. First installment was just token payment and due on 01 January 2012, remaining installments are starting from 01 July 2012 and ending on 01 January 2015.

Call option

The Company shall be allowed to call the PPTFC - IV in full or in multiples of PKR 500 million after the first day of issuance of PPTFC - IV by providing a notice in writing five days before.

Return on PPTFC - IV

The issue carries nil return. Also refer to note 8.8 .

Trustee

In order to protect the interests of PPTFC - IV holders, Faysal Bank Limited has been appointed as Trustee for the issue under a trust deed. The Trustee has the power to enforce the Company's obligations, in case it defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPTFC - IV holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

Security

The issue is secured by:

- ranking hypothecation charge over all present and future fixed assets of the Company; and

- ranking mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date principal amounting to Rs. 364.24 million (2013: Rs. 179.59 million) was overdue. Refer to note 43.2.2 for details.

8.5 Privately Placed Term Finance Certificates - V ("PPTFC - V") represent restructuring of outstanding mark-up amounting to Rs. 618.69 million related to long term debts. The restructuring agreement was entered on 28 October 2011 effective from 01 July 2011. These were issued by way of private placements with a consortium of investors. The total issue comprises of 123,737 certificates of Rs. 5,000 each. The terms and conditions of the issue are as follows:

Principal redemption

After twelve semi-annual token payments from 01 January 2012 to 01 July 2016, a bullet payment of principal will be made at the maturity of PPTFC - V which is due on 01 January 2017.

Call option

The Company shall be allowed to call the PPTFC - V in full or in multiples of PKR 500 million after the first day of issuance of PPTFC - V by providing a notice in writing five days before.

Return on PPTFC - V

The issue carries fixed return rate of 11.00% per annum, payable semi annually.

Trustee

In order to protect the interests of PPTFC - V holders, Faysal Bank Limited has been appointed as Trustee for the issue under a trust deed. The trustee has the power to enforce the Company's obligations, in case it defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPTFC - V holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

Security

The issue is secured by:

- ranking hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and

- ranking mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date principal amounting to Rs. 0.74 million (2013: Rs. 0.49 million) and interest / mark-up amounting to Rs. 204.07 million (2013: Rs. 136.58 million) were overdue. Refer to note 43.2.2 for details.

8.6 Privately Place Term Finance Certificates ("PPTFCs") represent restructuring of subordinated loan along with the outstanding mark-up amounting to Rs. 509.87 million by way of Settlement Agreement ("Agreement") between the Company and JS Infocom Limited entered on 22 October 2012 effective from 1 July 2012. The total issue comprises of 12 PPTFCs of Rs. 42,489,583. The terms and conditions of the issue are as follows:

Principal redemption

The principal redemption of PPTFC is structured to be in twelve equal semi-annual installments of Rs. 42.49 million each starting from 31 December 2014 and ending on 30 June 2020.

Return on PPTFCs

The issue carries mark-up at six month KIBOR plus 1.95% per annum payable semi-annually.

Security

The issue is secured by:

- ranking hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and

- ranking mortgage charge over immovable fixed assets (including land and building) of the Company.

- demand promissory note amounting to Rs. 679.83 million in favour of JS Infocom.

At the reporting date interest / mark-up amounting to Rs. 123.05 million (2013: Rs. 64.27 million) were overdue. Refer to note 43.2.2 for details.

8.7 Privately Placed Sukuk Certificates ("PPSCs") have been issued by way of private placements with a consortium of investors to finance the balancing, modernization and replacement of Company's property, plant and equipment. The total issue comprises of 320,000 certificates of Rs. 5,000 each. This issue was rescheduled by way of Second Master Addendum to Transaction Documents entered on 26 August 2011 effective from 31 July 2011 and accordingly the terms and conditions of the issue are as follows:

Principal redemption

The principal redemption of PPSC is structured to be in fifteen unequal semi-annual installments. First two installments were just token payments due on 31 July 2010 and 31 August 2010 which have been paid, remaining installments are starting from 06 August 2013 and ending on 06 August 2019.

Call option

The Company shall have a call option to redeem the PPSC having aggregate face value of multiples of Rs. 500 or the entire issued certificates and will be exercisable at any time after the expiry of one year from the execution of the trust deed upon giving to the Sukuk holders not less than thirty days notice in writing.

Return on PPSCs

The issue carries return at six month KIBOR plus 2% per annum, payable semi-annually.

Trustee

In order to protect the interests of PPSCs holders, Pak Brunei Investment Company Limited has been appointed as Trustee for the issue under a trust deed. The Trustee has the power to enforce the Company's obligations, in case it defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPSCs holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

Security

The issue is secured by:

- first parri passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and

- first parri passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date principal amounting to Rs. 308.53 million (2013: Rs. 102.84 million) and interest / mark-up amounting to Rs. 608.28 million (2013: 422.21 million) were overdue. Refer to note 43.2.2 for details.

8.8 This represents the difference between amortized cost and face value of zero-coupon PPTFC - IV with three year maturity (note 8.4). Amortized cost has been determined using effective interest rate of 13.76% per annum being the weighted average rate of return on Redeemable Capital. Movement is as follows:

	2014 Rupees	2013 Rupees
Deferred notional income		
As at beginning of the year / period	28,941,609	104,991,352
Occurred during the year / period	-	-
Amortized during the year / period	(28,941,609)	(76,049,743)
As at end of the year / period	-	28,941,609

8.9 For restrictions on title as security, refer to note 45 to the financial statements.

	Note	2014 Rupees	2013 Rupees
9 Long term finances - *secured*			
Syndicate Term Finance - *I*	*9.1*	3,000,000,000	3,000,000,000
Syndicate Term Finance - *II*	*9.2*	475,000,000	475,000,000
Syndicate Term Finance - *III*	*9.3*	3,009,833,663	3,009,833,663
KASB Bank Limited - Term Finance	*9.4*	300,000,000	300,000,000
National Bank of Pakistan - Term Finance	*9.5*	132,083,735	132,083,735
Dubai Islamic Bank Limited - Term Finance	*9.6*	365,000,000	365,000,000
		7,281,917,398	7,281,917,398
Transaction costs		(49,453,497)	(80,739,723)
		7,232,463,901	7,201,177,675
Current maturity presented under current liabilities	*14*	(3,562,822,972)	(2,231,377,371)
		3,669,640,929	4,969,800,304

9.1 Syndicate Term Finance - I ("STF - I") has been obtained from a consortium of banking companies to finance the revamping of operational efficiencies of the Company's plant. This facility was rescheduled by way of Second Supplemental Syndicated Term Finance Agreement entered on 26 August 2011 effective from 31 July 2011 and accordingly the terms and conditions of the facility after rescheduling are as follows:

Principal repayment:

The principal of STF - I is repayable in thirteen unequal semi annual installments starting from 30 December 2013 and ending on 30 December 2019.

Return on STF - I

This carries mark-up at six month KIBOR plus a spread of 2.25% per annum, payable semi-annually.

Security

The facility is secured by

- first parri passu hypothecation charge over property, plant and equipment of the Company; and
- first parri passu mortgage charge over land and building of the Company.

At the reporting date principal amounting to Rs. 578.57 million (2013: Rs. 192.86 million) and interest / mark-up amounting to Rs. 1,387.02 million (2013: Rs. 1,015.16 million) were overdue. Refer to note 43.2.2 for details.

9.2 Syndicate Term Finance - II ("STF - II") has been obtained from a consortium of various banking companies to finance the acquisition of Hazara Phosphate Fertilizers (Private) Limited .This facility was rescheduled by way of Second Supplemental Syndicated Term Finance Agreement entered on 23 February 2009 effective from 28 February 2009 and accordingly the terms and conditions of STF - II after rescheduling are as follows:

Principal repayment:

The principle of STF - II is repayable in sixteen equal quarterly installments with the first installment due after fifteen months from the date of disbursement on 28 February 2010 and last instalment due on 28 November 2013.

Return on STF - II

This carries mark-up at three month KIBOR plus a spread of 3.25% per annum, payable quarterly.

Security

The facility is secured by:

- first parri passu hypothecation charge over property, plant and equipment of the Company; and
- first parri passu mortgage charge over land and building of the Company.

At the reporting date the installments of principal and interest / mark-up amounting to Rs. 475 million (2013: Rs. 475 million) and Rs. 233.92 million (2013: Rs. 170.66 million) respectively were overdue. Refer to note 43.2.2 for details.

9.3 Syndicate Term Finance - III ("STF - III") represents restructuring of various short term facilities and overdue letters of credit amounting to Rs. 3,026 million into long term facility. This facility was rescheduled by way of First Supplemental Syndicated Term Finance Agreement entered on 26 August 2011 effective from 31 July 2011 and accordingly the terms and conditions of the facility after rescheduling are as follows:

Principal repayment:

The principle of STF - III is repayable in eight unequal semi annual installments starting from 25 September 2013 and ending on 25 March 2017.

Return on STF - III

This carries mark-up at six month KIBOR plus a spread of 2.25% per annum, payable semi-annually.

Security

The facility is secured by:

- ranking hypothecation charge over property, plant and equipment of the Company; and

- ranking mortgage charge over land and building of the Company.

At the reporting date principal amounting to Rs. 1,004.85 million (2013: Rs. 323.91 million) and interest / mark-up amounting to Rs. 1,324.25 million (2013: Rs. 961.27 million) were overdue. Refer to note 43.2.2 for details.

9.4 This term finance facility has been obtained from KASB Bank Limited to meet working capital requirements. This facility was rescheduled by way of First Supplemental Term Finance Agreement entered on 26 August 2011 effective from 31 July 2011 and accordingly the terms and conditions of the facility are as follows:

Principal repayment:

The principle of this facility is repayable in fourteen unequal semi annual installments starting from 30 June 2013 and ending on 30 December 2019.

Return on facility

This carries mark-up at six month KIBOR plus a spread of 2.50% per annum, payable semi annually.

Security

This facility is secured against ranking hypothecation charge over plant, machinery and equipment of the Company.

At the reporting date principal amounting to Rs. 77.14 million (2013: Rs. 38.75 million) and interest / mark-up amounting to Rs. 128.2 million (2013: Rs. 90.24 million) were overdue. Refer to note 43.2.2 for details.

9.5 This facility has been obtained from National Bank of Pakistan to finance cost overrun for successful completion and commissioning of revamp project. This facility was rescheduled effective from 20 August 2011 and accordingly the terms and conditions of the facility are as follows:

Principal repayment:

The principle of this facility is repayable in eight equal semi annual installments starting from 08 November 2013 and ending on 08 May 2017.

Return on facility

This carries mark-up at six month KIBOR plus a spread of 2.25% per annum, payable semi-annually.

Security

The facility is secured by :

- ranking hypothecation charge over property, plant and equipment of the Company; and

- ranking mortgage charge over land and building of the Company.

At the reporting date interest / mark-up amounting to Rs. 179.99 million (2013: Rs. 163.96 million) was overdue. Refer to note 43.2.2 for details.

9.6 This term finance represents restructuring of short term Istisna facility amounting to Rs. 365 million into long term facility under the restructuring agreement entered on 07 June 2011. The terms and conditions of this facility after restructuring are as follows:

Principal repayment:

The principle of this facility is repayable in six unequal semi annual installments starting from 01 December 2013 and ending on 01 June 2016.

Return on facility

This carries mark-up at six month KIBOR plus a spread of 2.25% per annum, payable semi-annually.

Security

The facility is secured by:

- ranking hypothecation charge over property, plant and equipment of the Company; and
- ranking mortgage charge over land and building of the Company.

At the reporting date principal amounting to Rs. 95.81 million (2013: Rs. 31.94 million) and interest / mark-up amounting to Rs. 110.59 million (2013: Rs. 65.38 million) were overdue. Refer to note 43.2.2 for details.

9.7 For restrictions on title as security, refer to note 45 to the financial statements.

	Note	2014 Rupees	2013 Rupees
10 Liabilities against assets subject to finance lease - *secured*			
Present value of minimum lease payments	*10.1 & 10.2*	40,821,115	86,665,063
Current maturity presented under current liabilities	*10.2 & 14*	(40,821,115)	(86,665,063)
		-	-

10.1 These represent vehicles and machinery acquired under finance lease arrangements and are secured by lien over documents of title, specific charge over leased assets and registration of leased vehicles jointly in the name of the Company and that of the lessor. Rentals are payable monthly / quarterly. The leases are priced at interest rates ranging from three to six month KIBOR plus a spread of 2% to 3.5% per annum (2013: three to six month KIBOR plus a spread of 2% to 3.5% per annum). Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company also has the option to acquire these assets at the end of the respective lease terms and intends to exercise the option.

10.2 The amount of future payments under the lease arrangements and the period in which these payments will become due are as follows:

	2014 Rupees	2013 Rupees
Not later than one year	46,180,927	95,461,568
Later than one year but not later than five years	-	-
Total future minimum lease payments	46,180,927	95,461,568
Finance charge allocated to future periods	(5,359,812)	(8,796,505)
Present value of future minimum lease payments	40,821,115	86,665,063
Not later than one year	(40,821,115)	(86,665,063)
Later than one year but not later than five years	-	-

At the reporting date principal amounting to Rs. 40.82 million (2013: Rs. 86.66 million) was overdue. Refer to note 43.2.2 for details.

11 Long term payable - unsecured

This represents amount payable to a contractor whose claim is pending with arbitrator. Refer to note 18.1.1 for details.

12 Staff retirement benefits

The latest actuarial valuation of the Company's defined benefit plan, was conducted on 31 December 2014 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

	Note	2014 Rupees	2013 Rupees
Staff retirement benefits	*12.1*	15,169,860	13,757,997
12.1 Balance sheet liability			
Present value of defined benefit obligations	*12.1.2*	81,728,159	55,856,028
Less: fair value of plan assets	*12.1.3*	(66,558,299)	(45,147,370)
Deficit in the plan		15,169,860	10,708,658
Unrecognized actuarial gain	*12.1.9*	-	3,049,339
Net liability at end of the year / period		15,169,860	13,757,997
12.1.1 Movement in net liability			
Net liability at beginning of the year / period		13,757,997	10,987,413
Charge to profit and loss account for year / period		8,148,988	11,473,216
Charge to other comprehensive income for year / period		7,616,217	-
Contributions made during the period / year		(14,353,342)	(8,702,632)
Net liability at end of the year / period		15,169,860	13,757,997
12.1.2 Movement in the present value for defined benefit obligations is as follows:			
Present value of defined benefit obligations at beginning of the year / period		55,856,028	50,100,471
Current service cost for the year / period		6,036,815	8,115,140
Interest cost for the year / period		7,193,383	10,071,608
Benefit paid during the year / period		(1,044,619)	(5,536,776)
Actuarial losses / (gains) on present value of defined benefit obligation		13,686,552	(6,894,415)
Present value of defined benefit obligation at end of the year / period		81,728,159	55,856,028

		2014 Rupees	2013 Rupees
12.1.3	Movement in fair value of plan assets is as follows:		
	Fair value of plan assets at beginning of the year / period	45,147,370	36,557,160
	Expected return on plan assets for the year / period	5,081,210	6,713,532
	Contribution made during the year / period	14,353,342	8,702,632
	Benefit paid during the year / period	(1,044,619)	(5,536,776)
	Actuarial gain / (losses) on plan assets	3,020,996	(1,289,178)
	Fair value of plan assets at end of year / period	66,558,299	45,147,370
12.1.4	Actual return on plan assets		
	Expected return on plan assets	5,081,210	6,713,532
	Actuarial gain on plan assets	3,020,996	(1,289,178)
		8,102,206	5,424,354
12.1.5	Fair value of plan assets is as follows:		
	NAFA (Multi Asset Fund)	6,112,939	5,848,343
	HBL Shares	45,360	31,826
	JS Global	5,000,000	5,000,000
	NIT Units	343,200	238,280
	NBP Iskanderabad	868,502	818,665
	HBL Iskanderabad	1,222,122	21,810,409
	UBL Iskanderabad	46,023,167	11,399,847
	Cash at bank	6,943,009	-
		66,558,299	45,147,370
12.1.6	Plan assets comprise of		
	Equity	17.28%	24.63%
	Cash and / or deposits	82.72%	75.37%
		100.00%	100.00%

12.1.7 Mutual funds and shares are valued at quoted market prices. The Gratuity Fund is invested within the limits specified by the regulations governing investment of approved retirement funds in Pakistan.

		2014 Rupees	2013 Rupees
12.1.8	Charge for the year / period		
	In profit and loss account:		
	Current service cost for the year / period	6,036,815	8,115,140
	Interest cost for the year / period	7,193,383	10,071,608
	Expected return on plan assets for the year / period	(5,081,210)	(6,713,532)
		8,148,988	11,473,216
	In other comprehensive income:		
	Actuarial loss on retirement benefit - *net*	7,616,217	-
		15,765,205	11,473,216

	2014 Rupees	2013 Rupees
12.1.9 Movement in unrecognized actuarial gains		
Opening unrecognized actuarial gains / (losses)	3,049,339	(2,555,898)
Actuarial (losses) / gain arising during the year / period	(10,665,556)	5,605,237
Charge to other comprehensive income	7,616,217	-
Closing unrecognized actuarial losses	-	3,049,339

12.1.10 The Company expects to charge Rs. 10.63 million to profit and loss account on account of defined benefit plan in 2015.

12.1.11 Historical information

Comparison of present value of defined benefit obligation, the fair value of plan assets and the surplus / (deficit) of gratuity fund for four years is as follows:

	31 December 2014 Rupees	31 December 2013 Rupees	30 June 2012 Rupees	30 June 2011 Rupees
Present value of defined benefit obligations	81,728,159	55,856,028	50,100,000	38,062,000
Fair value of plan assets	66,558,299	45,147,370	36,557,000	15,428,000
Deficit in the plan	15,169,860	10,708,658	13,543,000	22,634,000
Experience adjustment arising on plan liabilities	13,686,552	(6,894,415)	2,653,540	(4,073,000)
Experience adjustment arising on plan assets	3,020,996	(1,289,178)	(266,000)	(1,265,000)

	2014	2013
12.1.12 Assumptions used for valuation of defined benefit schemes		
Discount rate used for interest cost	13.00%	14.00%
Expected return on plan assets	13.00%	10.50%
Discount rate used for year ended obligation	11.25%	13.00%
Expected rates of salary increase in future	10.25%	12.00%
Expected mortality rate	SLIC 2001-2005 Setback 1 Year	EFU 61-66
Retirement assumption	60 years	60 years

12.1.13 The Plan exposes the Company to the actuarial risks such as:

Salary risks

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experiences is different. The effect depends upon beneficiaries' service / age distribution and the benefit.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating an investment policy and guidelines based on which investments are made after obtaining approval of trustees of funds.

12.1.14 In this funded plan, it is ensured that the long-term investments are in line with the obligation under the retirement benefit plan. Duration and the expected yield of the investments are matched with the expected cash outflows arising from the retirement benefit plan obligations. The process used to manage its risks has not been changed from previous periods. Investments are well diversified and large portion plans' assets in 2014 consist of cash and / or deposits.

12.1.15 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected return on equity investments reflect long-term real rates of return experienced in the market.

12.1.16 Gratuity scheme entitles the members to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service rules. Gratuity is based on the last month basic salary for each year of service.

12.1.17 Sensitivity analysis

If the significant actuarial assumptions used to estimate the define benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 31 December 2014 would have been as follows:

	Gratuity	
	Impact on present value of defined benefit obligation	
	Increase	Decrease
Discount rate + 100 bps	73,448,829	91,418,940
Future salary increase + 100 bps	91,554,031	73,188,973

12.1.18 The average duration of the defined benefit obligation is 11 years.

	Note	2014 Rupees	2013 Rupees
13 Deferred taxation - *net*			
The liability for deferred taxation comprises temporary differences relating to:			
Deferred tax liability arising on			
Accelerated tax depreciation		5,246,060,920	5,579,567,331
Revaluation of fixed assets		6,718,569,198	4,249,459,767
Finance lease transactions - net		161,001,054	100,272,421
Deferred tax asset arising on			
Trade debtors		(17,048,807)	(16,038,096)
Provision for gratuity		(5,309,451)	(4,815,299)
Unabsorbed tax credits	*13.1*	(8,192,158,680)	(7,691,407,930)
Net liability recognized in balance sheet		3,911,114,234	2,217,038,194

13.1 Tax loss on account of unabsorbed depreciation amounting to Rs. 19,023.22 million (2013: Rs 18,077.67) is available to the Company's credit. Deferred tax asset in respect thereof has been recognized as availability of sufficient taxable profits in future tax years to absorb such loss is expected.

Business losses available for carry forward amounting to Rs. 8,259.86 million (2013: Rs. nil) and those representing minimum tax paid available for carry forward u/s 113 of the Income Tax Ordinance,2001 amounting to Rs. 141.18 million (2013: Rs. 112.76 million) are also available to the Company. However, out of these losses, deferred tax asset has only been recognised on the losses amounting to Rs. 4,382.95 million as availability of sufficient taxable profits in future tax year to absorb such losses is expected and no deferred tax asset on remaining losses of Rs. 3,876.91 million has been recognised as sufficient tax profits may not be available to set these off in foreseeable future. The recognition of deferred tax asset shall be re-assessed on 31 December 2015.

	2014 Rupees	2013 Rupees
13.2 Movement in deferred tax balances is as follows:		
As at beginning of the year / period	2,217,038,194	2,701,490,476
Recognized in profit and loss account:		
- Accelerated tax depreciation	(333,506,411)	775,512,138
- Revaluation of fixed assets	(102,367,749)	(153,688,327)
- Finance lease transactions - net	12,622,488	8,234,750
- Trade debtors	(1,010,711)	(731,416)
- Provision for gratuity	2,171,524	(397,744)
- Minimum taxation	-	112,755,037
- Unabsorbed tax losses	(500,750,750)	(1,226,136,720)
	(922,841,609)	(484,452,282)
Recognized in other comprehensive income:		
- Employees' retirement benefits	(2,665,676)	-
Recognized in surplus on revaluation of fixed assets		
- Surplus on revaluation of fixed assets	2,619,583,325	-
As at end of the year / period	3,911,114,234	2,217,038,194

	Note	2014 Rupees	2013 Rupees
14 Current maturity of non-current liabilities			
Redeemable capital	*8*	4,048,551,079	2,430,159,943
Long term finances	*9*	3,562,822,972	2,231,377,371
Liabilities against assets subject to finance lease	*10*	40,821,115	86,665,063
		7,652,195,166	4,748,202,377

15 Short term borrowings

These represent short term finances utilized under mark-up arrangements from banking companies.

	Note	2014 Rupees	2013 Rupees
Secured			
Running finance	*15.1 & 15.3*	2,628,491,528	2,179,578,027
Finance against trust receipt	*15.1 & 15.3*	85,876,809	495,019,884
Istisna / Salam	*15.1 & 15.3*	613,027,916	874,500,001
Demand finance	*15.1 & 15.3*	91,683,224	91,683,224
Bills payable	*15.2 & 15.3*	258,097,851	348,892,297
		3,677,177,328	3,989,673,433

15.1 These facilities have been obtained from various banking companies for working capital requirements having aggregate sanctioned limits and are secured by charge over current assets of the Company.

These finances carry mark-up at rates ranging from one to six months KIBOR plus a spread of 1.00% to 2.75% per annum (2013: one to six month KIBOR plus a spread of 1.25% to 3.0% per annum), payable quarterly and semi-annualy.

The aggregate available short term funded facilities amount to Rs. 3,433.09 million (2013: Rs. 4,284.68 million) out of which Rs. 13.93 million (2013: Rs. 633.81 million) remained unavailed as at the reporting date.

At the reporting date principal and interest amounting to Rs. 394.82 (2013: Rs. 403.38 million) and Rs. 187.33 million (2013: Rs. 102.11 million) respectively were overdue. Refer note 43.2.2 for details.

15.2 Limits available for opening letters of credit / guarantee amount to Rs. 475.40 million (2013: Rs. 605.85 million) out of which the limits remaining unutilized as at the reporting date amount to Rs. 268.09 million (2013: Rs. 260.00 million). Letters of credit / guarantee carry commission at rates ranging from 0.10% to 0.25% per quarter (2013: 0.15% to 0.25% per quarter). These letters of credit are secured by charge over current assets of the Company.

At the reporting date bills and markup / interest amounting to Rs. 187.09 million (2013: Rs. 187.03 million) and Rs. 93.37 million (2013: Rs. 70.13 million) respectively were overdue. Refer to note 43.2.2 for details.

15.3 For restrictions on title of assets pledged as security, refer to note 45 to the financial statements.

		Note	2014 Rupees	2013 Rupees
16	Trade and other payables			
	Trade and other creditors		2,658,362,954	1,843,936,735
	Accrued liabilities		182,305,889	183,322,666
	Security deposits and retention money		34,163,050	35,074,814
	Advances from customers		131,189,869	308,004,375
	Tax deducted at source		39,813,201	39,851,218
	Provincial Excise Duty		1,529	129,154
	Payable to Provident Fund Trust	16.1	-	23,017,241
	Workers' Profit Participation Fund	16.2	-	-
	Workers' Welfare Fund	16.3	5,721,662	4,848,866
	Voluntary separation scheme	16.4	23,387,712	-
	Other payables	16.5	54,598,587	51,452,005
			3,129,544,453	2,489,637,074
16.1	Payable to Provident Fund Trust			
	As at the beginning of the year / period		23,017,241	5,253,674
	Addition during the year / period		43,338,890	43,700,131
	Interest on funds utilized by the Company	16.1.1	-	8,812,494
	Paid to provident fund trust during the year / period		(66,356,131)	(34,749,058)
	As at end of the year / period		-	23,017,241

16.1.1 Interest on outstanding liability towards fund is charged at nil % per annum (2013: 15.70% per annum).

		2014 Rupees	2013 Rupees
16.2	Workers' Profit Participation Fund ("WPPF")		
	As at the beginning of the year / period	-	16,667,660
	Reversed during the year / period	-	(16,667,660)
	As at end of the year / period	-	-
16.3	Workers Welfare Fund ("WWF")		
	As at the beginning of the year / period	4,848,866	4,510,573
	Interest for the year / period	872,796	338,293
	As at end of the year / period	5,721,662	4,848,866

16.4 This scheme was introduced by the Company on 22 December 2014, for its executive employees of Urea business, head office and marketing division. All applications of employees who opted for this scheme were accepted by the Company.

16.5 This mainly includes an amount of Rs. 21.16 million (2013: Rs. 19.88 million) relating to housing colony payable.

	2014 Rupees	2013 Rupees
17 Interest / mark-up accrued on borrowings		
Redeemable capital - *secured*	4,966,488,979	3,582,014,369
Long term finances - *secured*	3,476,034,141	2,573,622,195
Short term borrowings - *secured*	728,121,392	538,766,092
	9,170,644,512	6,694,402,656

The overdue amounts of mark-up / interest are disclosed under their respective financing notes.

18 Contingencies and commitments

18.1 Contingencies

18.1.1 A contractor's claim amounting to Rs. 839.51 million (2013: Rs. 839.51 million) against the Company has not been acknowledged as debt since the Company also has a counter claim amounting to Rs. 2,556.02 million (2013: Rs. 2,556.02 million) against the contractor. The claim is under settlement with arbitrator. The management expects a favourable decision.

18.1.2 Certain cases against the Company are pending before labour courts, where the claim cannot be quantified and ascertained at this stage. The Company's legal advisors are confident that the ultimate outcomes of above mentioned cases will be in favour of the Company.

18.1.3 The Company has filed a Civil Suit number 2341 before the Islamabad High Court impugning the decision of Government of Pakistan (Ministry of Industries, Production & Special Initiatives) dated 02 March 2007 wherein it was communicated that since the Company commenced its operations with effect from 13 September 1998 therefore the ten years period for the subsidized rate of feedstock gas under the 1989 Fertilizer Policy shall end on 12 September 2008. The Company has contended that the Government granted subsidy to other fertilizer companies from the date of their "commercial operations" and is therefore bound under constitutional law to equal treatment and non-discrimination against the Company. The commercial operations of the Company commenced on 29 November 1999 therefore the subsidized period of ten years shall end on 28 November 2009. Through an order dated 09 September 2008 (passed in C. M. No. 697 of 2008) the Islamabad High Court has restrained the Oil & Gas Regulatory Authority from notifying an increase in the (subsidized) feedstock gas price subject to Company depositing cash of Rs. 36 million and bank guarantee of Rs. 108 million with Islamabad High Court which has been deposited by the Company. The Company has a very strong arguable case and there is every likelihood of success, therefore no provision has been made against this demand.

18.1.4 C. R. No. 66/2008 titled WAPDA versus Agritech Limited is pending before the honourable high court, wherein, WAPDA has assailed the order dated 12 January 2005 passed by the Additional District and Sessions Judge, Mianwali, in favour of the Company. Through the order dated 12 January 2005, it was held that the Company was not liable to pay an amount Rs. 2.24 million as demanded by WAPDA. The claim is under settlement with arbitrator. The management expects a favourable decision.

18.1.5 Guarantees given by banks on behalf of the Company as at the reporting date amount to Rs. 86.50 million (2013: Rs. 196.50 million).

	2014 Rupees	2013 Rupees
18.2 Commitments		
18.2.1 Commitments under irrevocable letters of credit for		
purchase of raw material	20,151,372	-
	20,151,372	-

18.2.2 The amount of future rentals for Ijarah financing and the period in which these payments will become due are as follows:

	2014 Rupees	2013 Rupees
Not later than one year	33,789,240	23,768,100
Later than one year but not later than five year	68,012,925	67,837,686
	101,802,165	91,605,786

These represent vehicles hired under the Ijarah financing and are secured by depositing amount equal to 20 percent of the total cost of Ijarah asset. Under terms of agreements, rentals are payable monthly in arrears. Moreover, operational repair and maintenance costs in respect of assets subject to Ijarah financing are borne by the Company and the title of vehicles remain in the name of lessors .The Company does not have the option to acquire these assets at the end of the respective lease term.

		Note	2014 Rupees	2013 Rupees
19	Property, plant and equipment			
	Operating fixed assets	*19.1*	42,895,817,528	35,890,049,631
	Capital work in progress - *at cost*	*19.2*	71,296,104	63,578,165
			42,967,113,632	35,953,627,796

19.1 Operating fixed assets

	31 December 2014												
	Cost / revalued amount							Depreciation					Net book value
	As at 01 January 2014 Rupees	Revaluation surplus Rupees	Additions Rupees	Transfers Rupees	Disposals / write off Rupees	As at 31 December 2014 Rupees	Useful lives in years	As at 01 January 2014 Rupees	Revaluation surplus Rupees	For the year Rupees	(Disposals) / transfers / (write off) Rupees	As at 31 December 2014 Rupees	as at 31 December 2014 Rupees
Owned assets													
Freehold land	2,405,154,050	291,005,950	-	-	-	2,696,160,000		-	-	-	-	-	2,696,160,000
Buildings on freehold land	2,569,139,542	88,207,110	488,041	-	-	2,657,834,693	40-50	622,686,659	34,287,396	51,735,909	-	708,709,964	1,949,124,729
Plant and machinery	37,534,386,264	9,004,249,752	53,698,382	-	-	46,592,334,398	4-50	7,258,023,236	1,967,710,147	763,534,154	-	9,989,267,537	36,603,066,861
Residential colony assets	240,697,505	306,819,687	-	-	-	547,517,192	50	34,365,407	50,201,349	5,017,136	-	89,583,892	457,933,300
Road, bridges and culverts	88,857,450	-	-	-	-	88,857,450	50	13,598,740	-	1,752,281	-	15,351,021	73,506,429
Furniture, fixtures and office equipment	87,478,809	-	9,146,326	-	(2,821)	96,622,314	3-10	66,358,500	-	6,079,080	(2,811)	72,434,769	24,187,545
Vehicles and rail transport	108,810,710	-	6,444	3,319,900	-	112,137,054	5	102,105,651	-	1,626,298	2,803,557	106,535,506	5,601,548
Tools and other equipment	192,933,243	-	65,000	-	-	192,998,243	3-10	186,300,987	-	942,662	-	187,243,649	5,754,594
Electrical and other installations	1,343,564,806	-	2,506,335	-	-	1,346,071,141	10-50	818,397,439	-	30,478,514	-	848,875,953	497,195,188
Plantation	296,476	-	-	-	-	296,476		296,476	-	-	-	296,476	-
Books and literature	926,479	-	-	-	-	926,479	10	793,025	-	31,817	-	824,842	101,637
Catalyst	168,816,994	-	70,313,252	-	-	239,130,246	3-6	121,244,272	-	35,524,402	-	156,768,674	82,361,572
	44,741,062,328	9,690,282,499	136,223,780	3,319,900	(2,821)	54,570,885,686		9,224,170,392	2,052,198,892	896,722,253	2,800,746	12,175,892,283	42,394,993,403
Assets subject to finance lease													
Plant and machinery	412,585,522	156,383,618	138,536,003	-	(137,816,930)	569,688,213	4-50	41,942,233	18,937,490	34,267,153	(26,159,695)	68,987,181	500,701,032
Vehicles	19,392,750	-	-	(3,319,900)	(6,111,000)	9,961,850	5	16,878,344	-	1,238,670	(8,278,257)	9,838,757	123,093
	431,978,272	156,383,618	138,536,003	(3,319,900)	(143,927,930)	579,650,063		58,820,577	18,937,490	35,505,823	(34,437,952)	78,825,938	500,824,125
31 December 2014	45,173,040,600	9,846,666,117	274,759,783	-	(143,930,751)	55,150,535,749		9,282,990,969	2,071,136,382	932,228,076	(31,637,206)	12,254,718,221	42,895,817,528

19.1.1 Ownership of residential colony assets included in the operating fixed assets is shared by the Company jointly with Maple Leaf Cement Factory Limited in ratio of 245:101 since the time when both the companies were managed by Pakistan Industrial Development Corporation. These assets are in possession of residential colony establishment for mutual benefits.

19.1.2 Following are the carrying values of freehold land, buildings on freehold land, residential colony assets, owned and leased plant and machinery that would have been included in the financial statements had the assets being carried under the cost model:

Revalued Assets	Carrying values
Freehold land	2,324,818,700
Buildings on freehold land	1,552,153,755
Residential colony assets	55,955,365
Plant and machinery - *owned*	24,434,460,569
Plant and machinery - *leased*	363,254,904
	28,730,643,293

19.1.3 Operating fixed assets

	31 December 2013											
	Cost / revalued amount						Depreciation					Net book value as at 31 December 2013 Rupees
	As at 01 July 2012 Rupees	Revaluation surplus Rupees	Additions Rupees	Disposals Rupees	As at 31 December 2013 Rupees	Useful lives in years	As at 01 July 2012 Rupees	Revaluation surplus Rupees	For the period Rupees	Disposals Rupees	As at 31 December 2013 Rupees	
Owned assets												
Freehold land	2,405,154,050	-	-	-	2,405,154,050		-		-	-	-	2,405,154,050
Buildings on freehold land	2,569,139,542	-	-	-	2,569,139,542	40-50	545,147,440		77,539,219	-	622,686,659	1,946,452,883
Plant and machinery	37,512,697,724	-	21,688,540	-	37,534,386,264	4-50	6,113,867,798		1,144,155,438	-	7,258,023,236	30,276,363,028
Residential colony assets	240,697,505	-	-	-	240,697,505	50	26,787,066		7,578,341	-	34,365,407	206,332,098
Road, bridges and culverts	88,857,450	-	-	-	88,857,450	50	10,970,318	-	2,628,422	-	13,598,740	75,258,710
Furniture, fixtures and office equipment	85,256,541	-	2,222,268	-	87,478,809	3-10	57,950,134	-	8,408,366	-	66,358,500	21,120,309
Vehicles and rail transport	107,850,210	-	960,500	-	108,810,710	5	100,689,278	-	1,416,373	-	102,105,651	6,705,059
Tools and other equipment	192,020,243	-	913,000	-	192,933,243	3-10	184,775,218	-	1,525,769	-	186,300,987	6,632,256
Electrical and other installations	1,341,647,458	-	1,917,348	-	1,343,564,806	10-50	772,985,010	-	45,412,429	-	818,397,439	525,167,367
Plantation	296,476	-	-	-	296,476		296,476	-	-	-	296,476	-
Books and literature	926,479	-	-	-	926,479	10	692,824	-	100,201	-	793,025	133,454
Catalyst	127,838,892	-	40,978,102	-	168,816,994	3-6	112,071,748	-	9,172,524	-	121,244,272	47,572,722
	44,672,382,570	-	68,679,758	-	44,741,062,328		7,926,233,310	-	1,297,937,082	-	9,224,170,392	35,516,891,936
Assets subject to finance lease												
Plant and machinery	412,585,522		-	-	412,585,522	4-50	27,956,803		13,985,430	-	41,942,233	370,643,289
Vehicles	68,470,954		-	(49,078,204)	19,392,750	5	42,979,657		13,653,978	(39,755,291)	16,878,344	2,514,406
	481,056,476	-	-	(49,078,204)	431,978,272		70,936,460	-	27,639,408	(39,755,291)	58,820,577	373,157,695
31 December 2013	45,153,439,046	-	68,679,758	(49,078,204)	45,173,040,600		7,997,169,770	-	1,325,576,490	(39,755,291)	9,282,990,969	35,890,049,631

Following are the carrying values of freehold land, buildings on freehold land, residential colony assets and plant and machinery that would have been included in the financial statements had the assets being carried under the cost model:

Revalued Assets	Carrying values
Freehold land	2,324,818,700
Buildings on freehold land	1,637,769,399
Residential colony assets	56,794,637
Plant and machinery - *owned*	24,984,505,216
	29,003,887,952

19.1.4 Disposal of property, plant and equipment

	2014						
	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees	Disposal proceeds Rupees	Gain / (loss) on disposal / write off Rupees	Mode of disposal	Particulars of buyer
Leased assets							
Furniture							
2 Single Beds	2,821	2,811	10	2,800	2,790	Negotiation	Employee
Vehicles							
1 Toyota Corolla	1,299,000	1,147,450	151,550	327,800	176,250	Company Policy	Employee
1 Toyota Corolla	1,299,000	1,147,450	151,550	327,800	176,250	Company Policy	Employee
1 Toyota Corolla	1,299,000	1,147,450	151,550	327,800	176,250	Company Policy	Employee
1 Toyota Corolla	1,419,000	1,277,100	141,900	370,800	228,900	Company Policy	Employee
1 Suzuki Cultus	795,000	755,250	39,750	159,000	119,250	Company Policy	Employee
	6,111,000	5,474,700	636,300	1,513,200	876,900		
Plant & machinery							
Turbomach gas turbine	137,816,930	26,159,695	111,657,235	-	(111,657,235)	Asset written off as a result of break down	
2014	143,930,751	31,637,206	112,293,545	1,516,000	(110,777,545)		
2013	49,078,204	39,755,291	9,322,913	12,374,092	3,051,179		

	Note	01 January 2014 to 31 December 2014 Rupees	01 July 2012 to 31 December 2013 Rupees
19.1.5 The depreciation charge for the year / period has been allocated as follows:			
Cost of sales	*30*	926,768,126	1,315,245,556
Administrative and general expenses	*32*	5,199,227	10,072,152
Loss from experimental farms	*33.2*	260,723	258,782
		932,228,076	1,325,576,490

19.2 Capital work in progress

	31 December 2014			
	As at 01 January 2014 Rupees	Additions Rupees	Transfers / written off Rupees	As at 31 December 2014 Rupees
Building	4,397,050	-	(4,397,050)	-
Plant and machinery	59,181,115	22,242,622	(46,740,518)	34,683,219
Advances	-	36,612,885	-	36,612,885
	63,578,165	58,855,507	(51,137,568)	71,296,104

	31 December 2013			
	As at 01 July 2012 Rupees	Additions Rupees	Transfers Rupees	As at 31 December 2013 Rupees
Building	166,985	4,230,065	-	4,397,050
Plant and machinery	41,508,850	23,992,625	(6,320,360)	59,181,115
Advances	-	-	-	-
	41,675,835	28,222,690	(6,320,360)	63,578,165

The closing balance of plant and machinery mainly relates to installation of storage tank for reservation of sulphuric acid, shed for grinding mill and urea reactor for urea production.

Advances mainly includes advance given to Descon Engineering for fabrication and erection of refrigerator condenser at Unit I.

	Note	2014 Rupees	2013 Rupees
20 Intangible assets			
Oracle computer software and implementation	*20.1*	19,114,954	18,801,593
Work in progress		-	5,913,932
Goodwill acquired in business combination	*20.2*	2,567,310,828	2,567,310,828
		2,586,425,782	2,592,026,353

		2014 Rupees	2013 Rupees
20.1	Oracle computer software and implementation		
	Cost		
	Opening	32,288,176	32,288,176
	Acquired during the year	4,365,466	-
	Transferred from work in progress	5,913,932	-
		42,567,574	32,288,176
	Accumulated amortization		
	Opening	(13,486,583)	(1,345,341)
	Amortization for the year	(9,966,037)	(12,141,242)
		(23,452,620)	(13,486,583)
	As at 31 December	19,114,954	18,801,593
	Rate of amortization	25%	25%

20.1.1 The software represents financial accounting software which has been capitalized by the Company. The amortization of the software represents the total accumulated amortization charged till the reporting date.

20.2 Azgard Nine Limited ("ANL") acquired 100% shares in the Company on 15 July 2006, inclusive of shares offered to the employees of the Company, which were divested by the employees in favour of ANL. As permitted by the terms and conditions of privatization for the purpose of raising finance ANL formed a wholly owned subsidiary; Dominion Fertilizers (Private) Limited ("DFL"). By virtue of agreement ANL transferred 69.19% shares in the Company to DFL, which were later reverted back to ANL on merger of DFL into the Company under the court order dated 07 December 2006.

This goodwill represents the excess of purchase consideration paid by ANL to the Privatization Commission of Pakistan for acquisition of the Company over DFL interest in the fair value of identifiable net assets of the Company. The amount of goodwill was transferred to the Company on merger of DFL into the Company.

The recoverable amount of goodwill was tested for impairment as at 31 December 2014, by allocating the amount of goodwill to respective assets on which it arose, based on value in use in accordance with IAS 36 "Impairment of Assets". The recoverable amount was calculated on the basis of five years business plan approved by the Board which includes a comprehensive analysis of existing operational deployments of the Company along with strategic business plans and business growth. The aforesaid plans are stated in detail in note 2.2. The value in use calculations are based on cash flow projections derived from aforesaid business plan, which have been extrapolated beyond five years, by using a steady 4.00% growth rate which is consistent with the long term average growth rate for the country. The cash flows are discounted using a discount rate of 10.9% for its use in calculation of value in use which is sensitive to discount rate and local inflation rates. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill.

	Note	2014 Rupees	2013 Rupees
21 Long term advances - *considered good*			
Advances to employees - *unsecured*	*21.1 & 21.3*	21,942,339	24,149,715
Advances to employees - *secured*	*21.2*	3,714,474	3,714,474
		25,656,813	27,864,189
Less: Current maturity presented under current assets	*26*	(5,739,016)	(6,128,059)
		19,917,797	21,736,130

21.1 These represent interest free soft loans provided to employees of the Company in accordance with the Company policy.

21.2 These represent loans provided to employees of the Company against future salaries and retirement benefits and carry mark-up at one half of six month KIBOR per annum (2013: one half of six month KIBOR per annum).

21.3 These include advances to executives amounting to Rs. 1,808,957 (2013: Rs. 2,908,678). The movement is as follows:

	2014 Rupees	2013 Rupees
Balance as at beginning of the year / period	2,908,678	5,929,079
Recoveries during the year / period	(1,099,721)	(3,020,401)
Balance as at closing of the year / period	1,808,957	2,908,678

The maximum aggregate amount outstanding during the year is 2.91 million (2013: 5.93 million).

	Note	2014 Rupees	2013 Rupees
22 Long term deposits - *unsecured, considered good*			
Deposits against Ijarah	*22.1*	8,444,700	8,444,700
Security deposits with utility companies		36,526,549	38,684,049
		44,971,249	47,128,749

22.1 These have been deposited with various banking companies and financial institutions against assets subject to Ijarah.

		2014 Rupees	2013 Rupees
23	Stores, spare parts and loose tools		
	Stores	152,504,249	148,432,384
	Spare parts	1,914,960,215	1,888,191,398
	Loose tools	1,166,053	1,214,867
		2,068,630,517	2,037,838,649

23.1 Stores and spare parts include items which may result in fixed capital expenditure but are not distinguishable.

		Note	2014 Rupees	2013 Rupees
24	Stock-in-trade			
	Raw material		45,857,745	208,133,760
	Packing material		17,334,708	31,007,697
	Work in process		112,983,290	103,460,465
	Finished goods - *own manufactured*		210,178,298	196,718,325
	Net realizable value adjustment	*24.1*	(37,626,938)	-
			172,551,360	196,718,325
			348,727,103	539,320,247

24.1 Aggregate stocks with a cost of Rs. 110.59 million (2013: Rs. nil) are being valued at net realizable value of Rs. 72.96 million (2013 : Rs. nil).

		Note	2014 Rupees	2013 Rupees
25	Trade debts			
	Considered good - *unsecured*		19,858,904	14,415,382
	Considered doubtful - *unsecured*		48,710,878	45,647,184
			68,569,782	60,062,566
	Less: provision for doubtful trade debts	*25.1*	(48,710,878)	(45,647,184)
			19,858,904	14,415,382

		2014 Rupees	2013 Rupees
25.1	Movement in provision for doubtful trade debts		
	As at the beginning of the year / period	45,647,184	43,733,372
	Provision for the year / period	3,063,694	1,913,812
	As at end of the year / period	48,710,878	45,647,184

	Note	2014 Rupees	2013 Rupees
26 Advances, deposits, prepayments and other receivables			
Advances to suppliers - *unsecured, considered good*		167,099,173	534,360,904
Advances to employees - *unsecured, considered good*			
- against salaries and post employment benefits	*21*	5,739,016	6,128,059
- against purchases and expenses		9,363,865	11,145,562
Deposit with High Court	*18.1.3*	36,000,000	36,000,000
Prepayments		10,544,496	19,831,391
Sales tax receivable		108,322,745	217,302,783
Subsidy receivable	*26.1*	550,823,960	550,823,960
Other receivables	*26.2*	97,332,671	56,763,637
		985,225,926	1,432,356,296

26.1 This represents receivable from Government of Pakistan against subsidy granted by Ministry of Food, Agriculture, and Livestock ("MINFAL") through letter No. F-4-13/2000-Fert dated 05 September 2008, on Phosphatic and Potassic Fertilizer ("PPF") at the rate of Rs. 19,120 per metric ton. The Company being a producer of PPF, was entitled to the same subsidy for the period commencing on 05 September 2008 and ending on 14 April 2009. However, on 14 April 2009 subsidy regime was withdrawn by MINFAL with retrospective effect from 31 December 2008 which was contended by the Company by filling a legal suit for recovery of subsidy relating to the period from 01 January 2009 to 14 April 2009, on the grounds that the Company had priced and sold its product in said period based on bonafide belief and legitimate expectation that subsidy regime was available and therefore the Company is entitled to the payment of aforesaid amount being the sum of the subsidy claim for said period along with markup. As per legal advisor, there is a good likelihood of the Company's success in above stated suit.

26.2 This mainly includes insurance claims lodged by the Company in respect of break down of Turbomach gas turbine ("the Turbine Claim") and the consequential losses sustained by the Company from the interruption of its business (" Business interruption claim"). Provision of Rs. 343.28 million (2013: Rs nil) against claims of Rs. 393.53 million (2013: Rs. nil) representing consequential losses has been made on account of claims not accepted by the insurance company.

	2014 Rupees	2013 Rupees
27 Advance tax - *net of provision*		
As at beginning of the year / period	165,907,478	55,189,910
Paid / deducted at source during the year / period	84,593,220	153,995,583
Provision for the year / period		
- current	(28,428,208)	-
- prior	(45,227,805)	-
	(73,656,013)	-
Adjustments and refunds during the year / period	-	(43,278,015)
As at end of the year / period	176,844,685	165,907,478

27.1 Income Tax Return for the tax year ended 30 June 2008 was filed under the self-assessment scheme whereby taxable loss and carried forward losses amounting to Rs. 142.22 million and Rs. 4,206.80 million respectively were declared. However, the Additional Commissioner Inland Revenue ("ACIR") amended the assessment under section 122(5A) of the Ordinance vide his order dated 30 December 2013 and assessed taxable income and carried forward losses amounting to Rs. 264.04 million and Rs. 1,106.38 million respectively for the tax year 2008.

The Company being aggrieved preferred an appeal before CIR (A) on 17 June 2014 against the aforementioned order. The appeal was heard on 23 July 2014 by the CIR (A) and was partially decided in favor of the Company. Resultantly, AGL preferred an appeal before Appellate Tribunal Inland Revenue which is pending fixation. The Company is confident that it has a good case and there are reasonable chances of favorable decision.

		Note	2014 Rupees	2013 Rupees
28	Cash and bank balances			
	Cash in hand		589,705	492,620
	Cash at banks			
	- current accounts		53,217,853	323,489,225
	- savings accounts	*28.1*	64,946,863	95,844,241
	- term deposit receipts	*28.2*	310,000,000	1,015,000,000
			428,164,716	1,434,333,466
			428,754,421	1,434,826,086

28.1 Rate of return on saving accounts ranges from 6% to 8.20% per annum (2013: 6% to 8.50% per annum).

28.2 These represents fixed deposits with commercial banks with maturity of less than three months and carry return ranging from 8.00% to 9.20% (2013: 8.00% to 9.20%) per annum.

		01 January 2014 to 31 December 2014 Rupees	01 July 2012 to 31 December 2013 Rupees
29	Sales - *net*		
	Sale of fertilizers		
	- *own manufactured*	3,064,974,868	9,959,219,607
	- *trading stock*	1,014,461	-
	Other products - *own manufactured*	276,382,477	222,345,562
	Gross sales for the year / period	3,342,371,806	10,181,565,169
	Sales tax	(499,550,986)	(1,464,800,348)
	Trade discounts	(48,193,145)	(89,095,865)
	Net sales for the year / period	2,794,627,675	8,627,668,956

		Note	01 January 2014 to 31 December 2014 Rupees	01 July 2012 to 31 December 2013 Rupees
30	Cost of sales			
	Raw and packing material consumed		1,462,599,400	3,188,729,127
	Salaries, wages and other benefits	*30.1*	523,946,409	818,559,726
	Fuel and power		585,758,004	727,293,408
	Stores, spare part and loose tools consumed		163,806,377	219,336,043
	Travelling, conveyance and entertainment		6,332,531	49,786,052
	Rent, rates and taxes		408,728	1,376,136
	Insurance expenses		51,322,476	105,059,571
	Repair and maintenance		28,922,265	32,051,203
	Research and development		65,000	125,030
	Depreciation		926,768,126	1,315,245,556
	Printing and stationery		1,569,688	2,353,961
	Communication		5,317,391	7,420,168
	Loading and handling charges		9,354,797	25,011,138
	Ijarah rentals		14,627,093	3,416,499
	Contract services		17,717,391	16,526,996
	Others	*30.2*	68,189,081	32,342,435
			3,866,704,757	6,544,633,049
	Opening work-in-process		103,460,465	231,499,635
	Closing work-in-process		(112,983,290)	(103,460,465)
			(9,522,825)	128,039,170
	Cost of goods manufactured		3,857,181,932	6,672,672,219
	Finished goods			
	As at beginning of the year / period		196,718,325	323,518,619
	As at end of the year/ period		(172,551,360)	(196,718,325)
			24,166,965	126,800,294
	Cost of goods sold - own manufactured		3,881,348,897	6,799,472,513
	Cost of goods sold - trading stock			
	- cost of purchase including ancillary costs		1,544,086	-
			3,882,892,983	6,799,472,513

30.1 These include charges in respect of employees retirement benefits amounting to Rs. 6.30 million (2013: Rs. 8.05 million) and Rs 15.14 million (2013: Rs. 19.71 million) on account of gratuity and provident fund respectively and VSS amounting to Rs. 10.04 million (2013: Rs. nil).

30.2 Other expenses include housing colony expenses aggregating to Rs. 28.69 million (2013: Rs. 23.71 million).

	Note	01 January 2014 to 31 December 2014 Rupees	01 July 2012 to 31 December 2013 Rupees
31 Selling and distribution expenses			
Salaries and other benefits	*31.1*	51,509,033	79,036,820
Freight and other expenses		53,023,001	172,873,543
Communication		843,624	1,281,281
Travelling		442,545	8,838,067
Advertisement and marketing		2,227,072	52,624,524
Rent, rates and taxes		36,468	553,736
Vehicle running and maintenance		410,944	983,715
Printing and stationery		297,775	333,589
Security services		3,983,800	3,640,000
Ijarah rentals		4,227,553	127,903
Miscellaneous		15,502,406	10,323,875
		132,504,221	330,617,053

31.1 These include charges in respect of employees retirement benefits amounting to Rs. 0.73 million (2013: Rs. 1.15 million) and Rs. 2.06 million (2013: Rs. 2.95 million) on account of gratuity and provident fund respectively and VSS amounting to Rs. 7.74 million (2013: Rs. nil).

	Note	01 January 2014 to 31 December 2014 Rupees	01 July 2012 to 31 December 2013 Rupees
32 Administrative and general expenses			
Salaries and other benefits	*32.1*	169,529,978	240,437,435
Travelling, conveyance and entertainment		8,311,516	18,214,325
Rent, rates and taxes		2,136,514	1,558,330
Printing and stationery		2,541,718	4,294,563
Communication		3,915,333	5,681,927
Legal and professional charges	*32.2 & 32.3*	419,673,602	393,121,619
Depreciation		5,199,227	10,072,152
Amortization of computer software		9,966,037	12,141,242
Guest house expenses		170,668	920,817
Head office expenses		-	3,853,150
Utilities		6,401,448	8,288,410
Repair and maintenance		1,060,431	1,547,638
Insurance expenses		592,290	874,654
Security services		23,378,878	24,193,417
Ijarah rentals		9,573,475	127,903
Others		29,592,633	42,437,895
		692,043,748	767,765,477

32.1 These include charges in respect of employees' retirement benefits amounting to Rs. 1.12 million (2013: Rs. 2.27 million) and Rs. 3.97 million (2013: Rs. 4.97 million) on account of gratuity and provident fund respectively and VSS amounting to Rs. 5.61 million (2013: Rs. nil).

	01 January 2014 to 31 December 2014 Rupees	01 July 2012 to 31 December 2013 Rupees
32.2 These include following in respect of auditors' remuneration:		
Statutory audit fee for the year / period	3,703,000	3,500,000
Review report under Code of Corporate Governance	54,224	60,000
Interim review and other assignments	2,340,000	1,600,000
Taxation and other services	1,642,538	1,817,500
Out of pocket expenses	604,000	500,000
	8,343,762	7,477,500

32.3 These also include an amount of Rs 360 million (2013: Rs. 300 million), accrued by the Company in relation with services provided by the National Bank Limited ("associated company") under Master Advisory Services Agreement.

	Note	01 January 2014 to 31 December 2014 Rupees	01 July 2012 to 31 December 2013 Rupees
33 Other expenses			
Provision for doubtful trade debts	*25.1*	3,063,694	1,913,812
Donations	*33.1*	-	130,000
Loss from experimental farm	*33.2*	931,125	2,663,662
Loss / (gain) on disposal / written off of property, plant and equipment	*19.1.4 & 19.2*	115,174,595	(3,051,179)
		119,169,414	1,656,295

33.1 None of the directors or their spouses had any interest in respect of these donations.

33.2 This includes depreciation amounting to Rs. 0.26 million (2013: Rs. 0.25 million).

	Note	01 January 2014 to 31 December 2014 Rupees	01 July 2012 to 31 December 2013 Rupees
34 Other income			
Income from financial assets			
Return on bank deposits		33,490,146	17,971,635
Mark-up income on loan to ANL	*34.1*	-	19,240,742
Insurance claim - *net of provision*	*26.2*	50,250,000	-
Mark-up on advances to employees		164,219	104,101
		83,904,365	37,316,478
Income from non-financial assets			
Workers' Profit Participation Fund		-	16,667,660
Miscellaneous		9,259,553	10,601,580
		9,259,553	27,269,240
		93,163,918	64,585,718

34.1 This represents mark-up on short term loan given to Azgard Nine Limited ("ANL").

	Note	01 January 2014 to 31 December 2014 Rupees	01 July 2012 to 31 December 2013 Rupees
35 Finance cost			
Interest / mark-up on:			
- Redeemable capital		1,384,474,609	2,100,598,230
- Long term finances		902,411,946	1,457,048,602
- Liabilities against assets subject to finance lease		8,825,160	16,509,482
- Short term borrowings		799,955,797	912,919,077
- Provident fund		-	8,812,494
- Workers' Welfare Fund ("WWF")		872,796	338,293
		3,096,540,308	4,496,226,178
Amortization of transaction costs and deferred notional income	*8 & 9*	106,968,246	152,718,917
Bank charges and commission		10,832,619	10,407,064
		3,214,341,173	4,659,352,159
36 Taxation			
Income tax			
- *current year*	*36.1*	28,428,208	-
- *prior year*		45,227,805	-
Deferred tax	*13.2*	(922,841,609)	(484,452,282)
		(849,185,596)	(484,452,282)

36.1 Provision for current tax has been made in accordance with section 113 'Minimum tax on income of certain persons' of the Income Tax Ordinance, 2001. There is no relationship between tax expense and accounting profit as the provision for current taxation is based on turnover tax therefore no numerical reconciliation has been presented.

		Note	01 January 2014 to 31 December 2014 Rupees	01 July 2012 to 31 December 2013 Rupees
37	Loss per share - *basic and diluted*			
	Loss attributable to ordinary shareholders		(4,303,974,350)	(3,382,156,541)
	Adjustment for cumulative preference share dividend		(175,267,696)	(241,114,767)
	Loss after taxation for calculation of basic earnings per share		(4,479,242,046)	(3,623,271,308)
			Number of shares	Number of shares
	Weighted average number of ordinary shares outstanding during the year / period		392,430,000	392,430,000
	Loss per share - *basic and diluted*	*(Rupees)*	(11.41)	(9.23)

The effect of conversion of preference shares into ordinary shares is anti-dilutive, accordingly the diluted LPS is restricted to basic LPS.

		Note	01 January 2014 to 31 December 2014 Rupees	01 July 2012 to 31 December 2013 Rupees
38	Cash generated from operations			
	Loss after taxation		(4,303,974,350)	(3,382,156,541)
	Adjustments for non-cash and other items			
	Interest / mark-up expense		3,107,372,927	4,506,633,242
	Amortization of transaction costs		106,968,246	152,718,917
	Taxation		(849,185,596)	(484,452,282)
	Depreciation		932,228,076	1,325,576,490
	Amortization of computer software		9,966,037	12,141,242
	Staff retirement benefits		51,487,878	39,100,977
	Workers' Profit Participation Fund		-	(16,667,660)
	Net realisable value adjustment		37,626,938	-
	Provision for doubtful trade debts		3,063,694	1,913,812
	Mark-up / interest income		(33,654,365)	(19,240,742)
	Loss / (gain) on disposal / written off of property, plant and equipment	33	115,174,595	(3,051,179)
			3,481,048,430	5,514,672,817
	Operating (loss) / profit before changes in working capital		(822,925,920)	2,132,516,276
	Changes in working capital			
	Decrease / (increase) in current assets:			
	Stores, spare parts and loose tools		(30,791,868)	68,892,444
	Stock-in-trade		152,966,206	128,618,501
	Trade debts		(8,507,216)	(3,589,356)
	Advances, deposits, prepayments and other receivables		371,139,777	(664,524,243)
			484,806,899	(470,602,654)
	Increase in current liabilities:			
	Trade and other payables		662,962,637	452,781,819
	Cash generated from operations		324,843,616	2,114,695,441
39	Cash and cash equivalents			
	Short term borrowings	15	(2,628,491,528)	(2,179,578,027)
	Cash and bank balances	28	428,754,421	1,434,826,086
			(2,199,737,107)	(744,751,941)

40 Transactions and balances with related parties

Related parties from the Company's perspective comprise associated undertakings, key management personnel (including 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 exceptions as approved by the Board of Directors.

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

		Note	01 January 2014 to 31 December 2014 Rupees	01 July 2012 to 31 December 2013 Rupees
40.1	Transactions with related parties			
40.1.1	*Associate*			
	National Bank of Pakistan			
	Long term finances repaid	*9.5*	-	500,000,000
	Mark-up expense	*35*	388,707,796	621,634,858
	Preference dividend		36,127,634	102,164,586
	Mark-up paid		-	50,788,024
	Advisory Fees	*32*	360,000,000	300,000,000
	Advisory paid		34,800,000	
	Bank balances - *net*		142,841,249	18,798,153
	Short term borrowings - *net*		-	42,000,000
40.1.2	*Other related parties*			
	Faysal Bank Limited			
	Mark-up expense	*35*	226,693,806	339,489,906
	Preference dividend		34,139,153	51,349,028
	Trustee fee	*32*	5,034,172	12,839,280
	Bank balances - *net*		(738,102,754)	737,861,772
	Short term borrowings - *net*		(63,186,326)	76,025,606
	KASB Bank Limited			
	Mark-up expense	*35*	67,855,475	103,900,708
	Mark-up paid		12,000,000	-
	Bank balances - *net*		93	684,695
	Standard Chartered Bank (Pakistan) Limited			
	Mark-up expense	*35*	185,068,280	280,878,219
	Silk Bank			
	Long term finances repaid	*9.3*	-	16,555,886
	Mark-up expense	*35*	77,882,738	114,193,633
	Mark-up paid		46,594,020	106,414,675
	Short term borrowings - *net*		(24,259,873)	50,079,618

		Note	01 January 2014 to 31 December 2014 Rupees	01 July 2012 to 31 December 2013 Rupees
	Summit Bank Limited			
	Mark-up expense	35	135,891,692	131,277,450
	Mark-up paid		44,101,997	43,027,721
	Short term borrowings - *net*		137,070,238	247,696,404
	Bank balances - *net*		131,112,678	-
40.1.3	Post employment benefit plans			
	- Provident Fund Trust	16.1	43,338,890	43,700,131
	- Gratuity Trust	12.1.8	8,148,988	11,473,216

40.1.4 *Key management personnel*

The remuneration paid to chief executive, directors, executive and key management personnel in terms of their employment is disclosed in note 41 to the financial statements.

		Note	2014 Rupees	2013 Rupees
40.2	Balances with related parties			
40.2.1	*Associate*			
	National Bank of Pakistan			
	Long term finances	9.1, 9.3 & 9.5	2,467,083,735	2,467,083,735
	Short term borrowings	15	-	-
	Redeemable capital	8.2	462,057,100	335,976,581
	Bills payable	16	187,030,000	187,030,000
	Preference shares	5	34,587,560	617,487,560
	Mark-up payable	17	1,568,118,208	1,109,160,558
	Preference dividend payable		163,348,552	127,220,918
	Bank accounts	28	205,274,372	62,472,859
	Advisory fee	16	359,600,000	-
	Advance for transaction Cost	26	23,200,000	23,200,000
40.2.2	*Other related parties*			
	Faysal Bank			
	Redeemable capital	8.2 & 8.7	1,499,109,500	1,499,109,500
	Long term finances	9.2 & 9.3	350,000,000	350,000,000
	Short term borrowings	15	-	63,186,326
	Preference shares	5	310,355,940	310,355,940
	Mark-up payable	17	829,214,534	602,520,728
	Preference dividend payable		98,208,523	64,069,370
	Bank accounts	28	1,332,851	739,435,604

	Note	2014 Rupees	2013 Rupees
KASB Bank Limited			
Redeemable capital	8.1 & 8.4	242,005,200	242,005,200
Long term finances	9.4	300,000,000	300,000,000
Short term borrowings	15	99,999,290	99,999,290
Mark-up payable	17	236,769,508	180,914,033
Bank accounts	28	1,636	1,543
Standard Chartered Bank (Pakistan) Limited			
Redeemable capital	8.4	146,995,500	146,995,500
Long term finances	9.1 & 9.3	1,499,904,160	1,499,904,160
Mark-up payable	17	699,136,953	514,068,673
Silk Bank			
Long term finances	9.3	130,607,546	130,607,546
Short term borrowings	15	501,103,546	525,363,419
Bills payable	16	24,796,733	-
Mark-up payable	17	163,972,159	132,683,441
Summit Bank Limited			
Redeemable capital	8.2 & 8.4	603,406,000	603,406,000
Short term borrowings	15	670,863,965	533,793,727
Bills payable	16	-	111,810,000
Mark-up payable	17	250,677,062	158,887,367
Bank accounts	16 & 26	131,000,839	-
40.2.3 Post employment benefit plans			
Payable to Provident Fund Trust	16.1	-	23,017,241
Payable to Gratuity Trust	12	15,169,860	13,757,997

41 Remuneration of chief executive, directors and executives

The aggregate amount in respect of chief executive, directors and executives on account of managerial remuneration, perquisites and benefits, post employment benefits and the number of such directors and executives are as follows:

	01 January 2014 to 31 December 2014			
		Directors		
	Chief Executive Rupees	Executive Rupees	Non-executive Rupees	Executives Rupees
Managerial remuneration	12,428,568	4,745,148	-	120,362,447
House rent allowance	3,728,568	1,423,548	-	45,409,228
Utility allowance	1,242,864	474,504	-	5,018,856
Hard area allowance	-	-	-	18,171,384
Other	600,000	312,000	-	6,106,200
Post employment benefits	1,035,300	395,268	-	10,163,308
Bonus	-	-	-	-
Termination benefits	-	-	-	23,387,712
	19,035,300	7,350,468	-	228,619,135
Number of persons	1	1	6	121

	01 July 2012 to 31 December 2013			
	Directors			
	Chief Executive Rupees	Executive Rupees	Non-executive Rupees	Executives Rupees
Managerial remuneration	12,651,428	6,737,331	-	134,746,357
House rent allowance	3,795,429	1,935,322	-	44,390,045
Utility allowance	1,265,143	611,756	-	3,597,192
Hard area allowance	-	-	-	21,251,115
Other	540,000	468,000	-	6,666,300
Post employment benefits	771,120	592,902	-	11,930,895
Bonus	8,228,568	3,163,432	-	50,318,352
Termination benefits	-	-	-	-
	27,251,688	13,508,743	-	272,900,256
Number of persons	1	1	6	128

One director and certain executives are provided with free use of Company maintained car. Other terms and conditions are as per the terms of reference of the respective employment contracts.

Aggregate amount charged in these financial statements in respect of meeting fee for non-executive directors aggregate to Rs. 3.15 million (2013: Rs. nil).

42 Financial instruments

42.1 Financial assets by class and category

	Note	2014 Loans and receivables Rupees	2014 Total Rupees
Long term advances	21	19,917,797	19,917,797
Long term deposits	22	44,971,249	44,971,249
Trade receivables	25	19,858,904	19,858,904
Advances and other receivables	26	99,962,965	99,962,965
Cash and bank balances	28	428,754,421	428,754,421
		613,465,336	613,465,336

	Note	2013 Loans and receivables Rupees	2013 Total Rupees
Long term advances	21	21,736,130	21,736,130
Long term deposits	22	47,128,749	47,128,749
Trade debts	25	14,415,382	14,415,382
Advances and other receivables	26	103,909,199	103,909,199
Cash and bank balances	28	1,434,826,086	1,434,826,086
		1,622,015,546	1,622,015,546

	Note	Financial liabilities at amortized cost 2014 Rupees	2013 Rupees
42.2 Financial liabilities by class and category			
Redeemable capital	8	12,165,534,546	12,165,534,546
Long term finances	9	7,281,917,398	7,281,917,398
Liabilities against assets subject to finance leases	10	40,821,115	86,665,063
Long term payable - unsecured	11	31,135,199	31,135,199
Short term borrowings	15	3,677,177,328	3,989,673,433
Trade and other creditors	16	2,658,362,954	1,843,936,735
Accrued liabilities	16	182,305,889	183,322,666
Security deposits and retention money	16	34,163,050	35,074,814
Other payables	16	54,598,587	51,452,005
Mark-up accrued on borrowings	17	9,170,644,512	6,694,402,656
Preference dividend payable		504,016,311	328,748,615
Voluntary separation scheme	16	23,387,712	-
		35,824,064,601	32,691,863,130

42.3 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their book values.

42.3.1 Methods of determining fair values

Fair values of financial instruments for which prices are available from the active market are measured by reference to those market prices. Fair values of financial assets and liabilities with no active market are determined by discounting estimated future cash flows at effective interest rate, the rate that exactly discounts estimated future receipts / payments through expected life of the financial assets / liabilities or, when appropriate, a shorter period, to the net carrying amount of the financial assets / liabilities, using prices from observable current market transactions.

42.3.2 Discount / interest rates used for determining fair values

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve as at the reporting date plus an adequate credit spread.

43 Financial risk exposure and management

The Company's activities expose it to a variety of financial risks which affect its revenues, expenses, assets and liabilities. These risks are as follows:

- Credit risk
- Liquidity risk; and
- Market risk (including currency risk, interest rate risk and price risk)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk Management Framework

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

43.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk from its operating activities primarily for trade debts, advances, deposit and other receivables, bank balances and other financial assets. Out of total financial assets of Rs. 607.78 million (2013: Rs. 1,622.02 million), the financial assets that are subject to credit risk amount to Rs. 587.22 million (2013: Rs. 1,593.66 million).

43.1.1 Exposure to credit risk

Credit risk of the Company arises principally from the investments, trade debts, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

The maximum exposure to credit risk at the reporting date is as follows:

	2014 Rupees	2013 Rupees
Loans and receivables		
Long term deposits - *unsecured, considered good*	44,971,249	47,128,749
Trade debts - *considered good*	19,858,904	14,415,382
Advances and other receivables	94,223,949	97,781,140
Bank balances	428,164,716	1,434,333,466
	587,218,818	1,593,658,737

43.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2014 Rupees	2013 Rupees
Customers	19,858,904	14,415,382
Banking companies and financial institutions	436,609,416	1,442,778,166
Others	130,750,498	136,465,189
	587,218,818	1,593,658,737

43.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or historical information about the counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies and other regulatory authorities. Credit quality of customer is assessed by reference to historical default rates and present ages.

43.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to cash deposits, bank guarantees, security deposits and margin deposits. These are neither past due nor impaired. Credit risk is considered minimal since the counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

Banks and financial institutions

	Rating		Rating	2014	2013
Bank balances	Long term	Short term	Agency	Rupees	Rupees
Allied Bank Limited	AA+	A1+	PACRA	31,295,198	85,777,657
AL Baraka Bank (Pakistan) Limited	A	A1	PACRA	8,912,931	164,036
Askari Bank Limited	AA	A1+	PACRA	6,266,382	55,490,155
Barclays Bank Pakistan	A	A-1	Standard & Poor's	2,989,748	2,989,748
Bank Alfalah Limited	AA	A1+	PACRA	115,349	115,349
Bank Islami Pakistan Limited	A	A1	PACRA	2,494,491	3,214,014
Dubai Islamic Bank Pakistan Limited	A+	A-1	JCR-VIS	1,548,199	1,549,899
Faysal Bank Limited	AA	A1+	PACRA	1,357,424	739,460,177
Habib Bank Limited	AAA	A-1+	JCR-VIS	15,403,172	68,018,195
KASB Bank Limited	B	C	PACRA	1,692	1,543
MCB Bank Limited	AAA	A1+	PACRA	84,011	313,415
Meezan Bank Limited	AA	A-1+	JCR-VIS	-	239,307,752
National Bank Limited	AAA	A-1+	JCR-VIS	207,031,053	65,290,689
NIB Bank Limited	AA-	A1+	PACRA	392,852	12,909
Soneri Bank Limited	AA-	A1+	PACRA	3,273,099	10,075,637
Summit Bank Limited	A	A-1	JCR-VIS	131,004,539	-
The Bank Of Punjab	AA-	A1+	PACRA	-	1,835
United Bank Limited	AA+	A-1+	JCR-VIS	15,994,576	162,550,456
				428,164,716	1,434,333,466
Security Deposits					
Bank Islami Pakistan Limited	A	A1	PACRA	4,140,000	4,140,000
Al baraka Bank (Pakistan) Limited	A	A1	PACRA	4,304,700	4,304,700
				8,444,700	8,444,700
				436,609,416	1,442,778,166

43.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to trade debts. Major sales of the Company are on advance basis, however for few customers the Company is exposed to credit risk in respect of trade debts. The analysis of age of trade debts at the reporting date is as follows:

	2014		2013	
	Gross carrying amount Rupees	Accumulated impairment Rupees	Gross carrying amount Rupees	Accumulated impairment Rupees
Neither past due nor impaired	5,973,834	-	7,390,707	-
Past due by 3 to 6 months	5,869,178	-	4,439,955	-
Past due by 6 to 12 months	4,385,004	-	5,221	-
Past due by more than one year	52,341,766	48,710,878	48,226,683	45,647,184
	68,569,782	48,710,878	60,062,566	45,647,184

The Board has formulated a policy to create provision allowance for trade debts on a time based criteria. Provision allowance for closing trade debts has adequately been created in accordance with the approved policy. Based on past experience the management believes that no further impairment allowance is necessary in respect of trade debts and there are reasonable grounds to believe that the amounts will be recovered in normal course.

43.1.4 Credit risk management:

Company's financial assets do not carry significant credit risk with the exception of trade debts, which is also very limited. In this respect, Company manages its risk by selling on advance payments or bank guarantees. Moreover, the Company avoids any significant exposure to a single customer.

43.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

43.2.1 Exposure to liquidity risk

43.2.1(a) Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, and include estimated interest payments.

	2014				
	Carrying amount Rupees	Contractual cash flow Rupees	Less than one year Rupees	One to three years Rupees	More than three years Rupees
Non-derivative financial liabilities					
Redeemable capital - *secured*	12,165,534,546	15,350,742,691	5,095,550,867	5,613,405,854	4,641,785,970
Long term finances - *secured*	7,281,917,398	8,684,177,468	4,155,803,147	3,156,539,876	1,371,834,445
Liability against assets subject to finance lease	40,821,115	46,180,927	46,180,927	-	-
Long term payable	31,135,199	31,135,199	-	-	31,135,199
Short term borrowings - *secured*	3,677,177,328	3,972,509,002	3,972,509,002	-	-
Trade and other creditors	2,658,362,954	2,658,362,954	2,658,362,954	-	-
Accrued liabilities	182,305,889	182,305,889	182,305,889	-	-
Security deposits and retention money	34,163,050	34,163,050	34,163,050	-	-
Other payables	54,598,587	54,598,587	54,598,587	-	-
Mark-up accrued on borrowings	9,170,644,512	9,170,644,512	9,170,644,512	-	-
Preference dividend payable	504,016,311	504,016,311	504,016,311	-	-
Voluntary separation scheme	23,387,712	23,387,712	23,387,712	-	-
	35,824,064,601	40,712,224,302	25,897,522,958	8,769,945,730	6,044,755,614

	2013				
	Carrying amount Rupees	Contractual cash flow Rupees	Less than one year Rupees	One to three years Rupees	More than three years Rupees
Non-derivative financial liabilities					
Redeemable capital - *secured*	12,165,534,546	16,259,751,572	3,202,762,476	5,065,831,466	7,991,157,630
Long term finances - *secured*	7,281,917,398	9,426,174,133	2,912,065,215	3,806,174,844	2,707,934,074
Liability against assets subject to finance lease	86,665,063	95,461,568	95,461,568	-	-
Long term payable	31,135,199	31,135,199	-	-	31,135,199
Short term borrowings - *secured*	3,989,673,433	4,230,862,347	4,230,862,347	-	-
Trade and other creditors	1,843,936,735	1,843,936,735	1,843,936,735	-	-
Accrued liabilities	183,322,666	183,322,666	183,322,666	-	-
Security deposits and retention money	35,074,814	35,074,814	35,074,814	-	-
Other payables	51,452,005	51,452,005	51,452,005	-	-
Mark-up accrued on borrowings	6,694,402,656	6,694,402,656	6,694,402,656	-	-
Preference dividend payable	328,748,615	328,748,615	328,748,615	-	-
	32,691,863,130	39,180,322,310	19,578,089,097	8,872,006,310	10,730,226,903

43.2.2 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Due to the facts disclosed in note 2.2, 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 are as follows:

		2014		
	Note	Principal Rupees	Interest / mark up Rupees	Total Rupees
Nature of liability				
Redeemable capital	*8*	2,387,786,010	4,419,803,214	6,807,589,224
Long term finances	*9*	2,231,377,371	3,363,972,614	5,595,349,985
Short term borrowings	*15*	581,906,209	279,671,483	861,577,692
Liabilities against assets subject to finance lease	*10*	40,821,115	-	40,821,115
		5,241,890,705	8,063,447,311	13,305,338,016

		2013		
	Note	Principal Rupees	Interest / mark up Rupees	Total Rupees
Nature of Liability				
Redeemable capital	*8*	854,431,408	3,080,012,030	3,934,443,438
Long term finances	*9*	1,062,279,009	2,466,678,767	3,528,957,776
Short term borrowings	*15*	590,409,000	172,241,196	762,650,196
Liabilities against assets subject to finance lease	*10*	86,665,063	-	86,665,063
		2,593,784,480	5,718,931,993	8,312,716,473

In lieu of prevailing situation, the Company appointed National Bank of Pakistan ("NBP") as Financial Advisor ("FA") to review its capital structure and propose financial rehabilitation plan. The Company was unable to meet its financial obligations due to liquidity constraints as a result of gas curtailment, and its debt burden ballooned in the form of principal and overdue mark up. It was in this backdrop that FA was mandated to propose the most suitable capital structure based on a realistic view of gas availability. After analyzing the situation, complete debt plus mark-up conversion into Preference Shares was proposed. The Board as part of the rehabilitation plan approved to offer settlement of entire accrued mark up till 31 December 2013. This scheme has been approved in BOD meeting and subsequently approved by shareholders in an Extra Ordinary General Meeting. The Company has obtained necessary NOCs from the lenders and expecting to complete remaining procedure within 2015. By implementing this scheme, company will achieve suitable capital structure, reduce servicing burden to a sustainable level eventually leading to improved financial position.

43.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

43.3.1 Currency risk

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

43.3.1(a) Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	2014	2013
	USD Rupees	Total Rupees
Off balance sheet items		
- Outstanding letters of credit	16,943,053	-
Net balance sheet exposure	16,943,053	-

43.3.1(b) Exchange rates applied during the year / period

The following significant exchange rates have been applied during the year:

	USD	
	2014 Rupees	2013 Rupees
Reporting date spot rate:		
- buying	100.18	105.15
- selling	100.92	106.82
Average rate for the year	101.08	106.39

43.3.1(c) *Sensitivity analysis*

A reasonably possible strengthening / (weakening) of 1% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected profit and loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit	
	2014 Rupees	2013 Rupees
USD	169,431	-
	169,431	-

43.3.1(d) *Currency risk management*

Since the maximum amount exposed to currency risk is only 0.03% (2013: nil%) of the Company's total assets, any adverse / favorable movement in functional currency with respect to US dollar will not have any material impact on the operational results.

43.3.2 *Interest rate risk*

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

43.3.2(a) *Fixed rate financial instruments*

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

		2014		2013	
	Note	Financial asset Rupees	Financial liability Rupees	Financial asset Rupees	Financial liability Rupees
<u>*Non-derivative financial instruments*</u>					
Redeemable capital	*8*	-	618,685,000	-	618,685,000
Long term advance to employees	*21*	5,563,371	-	-	-
Bank balances at saving accounts	*28*	374,946,863	-	1,110,844,241	-
		380,510,234	618,685,000	1,110,844,241	618,685,000

<u>*Fair value sensitivity analysis for fixed rate instruments*</u>

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss account. Therefore, a change in profit / mark-up / interest rates at the reporting date would not affect profit and loss account.

43.3.2(b) *Variable rate financial instruments*

	Note	2014 Financial asset Rupees	2014 Financial liability Rupees	2013 Financial asset Rupees	2013 Financial liability Rupees
Non-derivative financial instruments					
Redeemable capital - *secured*	8	-	10,998,024,546	-	10,998,024,546
Long term finances - *secured*	9	-	7,281,917,398	-	7,281,917,398
Liability against assets subject to finance lease	10	-	40,821,115	-	86,665,063
Short term borrowings - *secured*	15	-	3,677,177,328	-	3,989,673,433
		-	21,997,940,387	-	22,356,280,440

43.3.2(c) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates as at the reporting date would have increased / (decreased) loss by amounts presented below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	2014 Rupees	2013 Rupees
Increase of 100 basis points		
Variable rate instruments	(219,979,404)	(223,562,804)
Decrease of 100 basis points		
Variable rate instruments	219,979,404	223,562,804

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and the outstanding liabilities of the Company at the year end.

43.3.2(d) *Interest rate risk management*

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing and loans and advances by the Company has variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

43.3.3 *Price risk*

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is not exposed to price risk since the fair values of the Company's financial instruments are not based on market prices.

44 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders. The Company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises redeemable capital, long term finances and liabilities against assets subject to finance lease, including current maturity. Total capital employed includes total equity as shown in the balance sheet, including surplus on revaluation of property, plant and equipment. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

	2014 Rupees	2013 Rupees
Total debt	19,488,273,059	19,534,117,007
Total equity	9,911,786,482	9,240,032,659
Total capital employed	29,400,059,541	28,774,149,666
Gearing	66%	68%

There were no changes in the Company's approach to capital management during the year. Further the Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance which the Company could not comply as at the reporting date. The consequences of non-compliance are narrated in note 2.3.

	2014 Rupees	2013 Rupees
45 Restriction on title, and assets pledged as security		
Mortgages and charges		
Hypothecation of stocks and movables	23,861,430,000	23,861,430,000
Hypothecation of book debts and receivables	26,144,763,333	26,144,763,333
Mortgage over land and building	29,005,040,872	29,005,040,872
Hypothecation of plant and machinery	34,705,373,872	35,119,373,872

46 Segment reporting

46.1 The Company has two reportable segments, as described below, which are the Company's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. Information reported to the Company's chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on type of goods supplied. The following summary describes the operations in each of the Company's reportable segments:

Reportable Segments	*Operation of reportable segments*
Urea fertilizer segment	production of Urea fertilizer & ammonia from natural gas
Phosphate fertilizer segment	production of Phosphate fertilizer from rock phosphate

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

46.2 Segment revenue and results

Following is the information about reportable segments of the Company:

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

	Urea fertilizer segment		Phosphate fertilizer segment		Total	
	01 January 2014 to 31 December 2014 Rupees	01 July 2012 to 31 December 2013 Rupees	01 January 2014 to 31 December 2014 Rupees	01 July 2012 to 31 December 2013 Rupees	01 January 2014 to 31 December 2014 Rupees	01 July 2012 to 31 December 2013 Rupees
External revenues	1,674,608,715	7,166,194,273	1,120,018,960	1,461,474,683	2,794,627,675	8,627,668,956
Inter-segment revenue	-	-	-	4,909,366	-	4,909,366
Reportable segment revenue	1,674,608,715	7,166,194,273	1,120,018,960	1,466,384,049	2,794,627,675	8,632,578,322
Reportable segment loss before tax	(5,111,179,974)	(3,742,699,439)	(41,979,972)	(123,909,384)	(5,153,159,946)	(3,866,608,823)

46.3 Other segment information

	Urea fertilizer segment 2014	Urea fertilizer segment 2013	Phosphate fertilizer segment 2014	Phosphate fertilizer segment 2013	Total 2014	Total 2013
Interest revenue	31,636,643	36,657,216	2,017,722	659,262	33,654,365	37,316,478
Interest expense	3,214,212,352	4,659,014,892	128,821	337,267	3,214,341,173	4,659,352,159
Depreciation	873,172,027	1,237,439,303	59,056,049	88,137,187	932,228,076	1,325,576,490
Amortization	9,966,037	12,141,242	-	-	9,966,037	12,141,242
Capital expenditure	270,656,581	95,172,040	20,583,657	7,237,912	291,240,238	102,409,952

46.4 Segment assets and liabilities

	Urea fertilizer segment		Phosphate fertilizer segment		Total	
	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
Reportable segment assets	45,557,707,570	41,060,788,423	4,797,631,960	3,773,733,745	50,355,339,530	44,834,522,168
Reportable segment liabilities	39,264,444,059	34,366,253,168	1,179,108,989	1,228,236,341	40,443,553,048	35,594,489,509

46.5 Reconciliations of reportable segment revenues, loss, assets, liabilities and other material items.

		01 January 2014 to 31 December 2014 Rupees	01 July 2012 to 31 December 2013 Rupees
46.5.1	**Revenues**		
	Total revenue for reportable segments	2,794,627,675	8,632,578,322
	Elimination of inter-segment revenue	-	(4,909,366)
	Consolidated revenue	2,794,627,675	8,627,668,956
46.5.2	**Profit and loss**		
	Total loss for reportable segments	(5,153,159,946)	(3,866,608,823)
	Elimination of inter-segment profits	-	-
	Unallocated corporate expenses	849,185,596	484,452,282
	Consolidated loss after tax	(4,303,974,350)	(3,382,156,541)

		2014 Rupees	2013 Rupees
46.5.3	Assets		
	Total assets for reportable segments	50,355,339,530	44,834,522,168
	Elimination of inter-segment assets	(708,869,514)	(595,339,002)
	Consolidated assets	49,646,470,016	44,239,183,166
46.5.4	Liabilities		
	Total liabilities for reportable segments	40,443,553,048	35,594,489,509
	Elimination of inter-segment liabilities	(708,869,514)	(595,339,002)
	Consolidated liabilities	39,734,683,534	34,999,150,507

46.5.5 Other material items

The inter-segment transactions related to other material items are insignificant.

46.6 Geographical information

The urea and phosphate fertilizer segments are managed and operated locally, therefore, no geographical information is presented in these financial statements.

46.7 100% (2013: 100%) of the gross sales of the Company are made to customers located in Pakistan.

46.8 All non-current assets of the Company as at 31 December 2014 are located in Pakistan.

47 Plant capacity and actual production

	Unit	01 January 2014 to 31 December 2014	01 July 2012 to 31 December 2013
Urea fertilizer			
Rated capacity	Metric tons	433,125	649,688
Actual production for the year / period	Metric tons	42,323	241,826
Production efficiency	%age	10%	37%
The low production is due to shortage of natural gas.			
Phosphate fertilizer			
Rated capacity	Metric tons	81,000	121,500
Actual production for the year / period	Metric tons	80,030	81,654
Production efficiency	%age	99%	67%

48 Provident Fund Trust

The following information is based on latest audited financial statements of the Provident Fund Trust.

		30 June 2014	30 June 2013
Size of fund - total assets	*Rupees*	157,989,072	132,615,968
Cost of investments made	*Rupees*	135,557,085	114,005,568
Percentage of investments made	*Percentage*	85.80%	85.97%
Fair value of investments	*Rupees*	146,616,972	122,663,704

The breakup of fair value of investments is as follows:

	30 June 2014		30 June 2013	
	Rupees	Percentage	Rupees	Percentage
Shares of listed companies	40,488	0.03%	22,775	0.02%
Debt securities	5,000,000	3.41%	5,000,000	4.08%
Mutual funds	17,164,594	11.71%	14,780,556	12.05%
Saving certificates	16,000,000	10.91%	14,000,000	11.41%
Cash at bank	108,411,890	73.94%	88,860,373	72.44%
	146,616,972	100.00%	122,663,704	100.00%

The investments out of the Provident Fund Trust are in compliance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

49 Number of employees

The average and total number of employees are as follows:

	2014	2013
Average number of employees during the year / period	775	766
Total number of employees as at	731	781

50 Corresponding figures

Corresponding figures have been re-arranged, where necessary, for the purpose of comparison. Significant reclassification for better presentation includes bills payable amounting to Rs. 348.89 million previously included in trade and other payables now presented in short term borrowings.

51 Date of authorization for issue

These financial statements were authorized for issue on 07 April 2015 by the Board of Directors of the Company.

52 General

Figures have been rounded off to the nearest rupee.

Lahore | Chief Executive | Director

ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to all the members of Agritech Limited (the "Company") that an Annual General Meeting of the Company is scheduled to be held on 30 April 2015 at 12:00 PM at Park Plaza Hotel, 107-B3, MM Alam Road, Gulberg III, Lahore to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Annual General Meeting held on 28 April 2014;
2. To receive, consider and adopt the financial statements for the year ended on 31 December 2014 together with Director's and Auditor's reports thereon;
3. To consider re-appointment of M/S KPMG Taseer Hadi & Co. as external auditors for the financial year ending 31 December 2015 and to fix their remuneration, as per the recommendation of the Board;
4. Any other business with the permission of the Chair.

By Order of the Board

09 April 2014
Lahore

Syed Taneem Haider
Company Secretary

NOTES:

1. Share transfer books of the Company will remain closed from 24 April 2015 to 30 April 2015 (both days inclusive).
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote in his/her place. Proxies completed in all respect, in order to be effective, must be received at the Registered Office of the Company not less than forty eight (48) hours before the time of meeting.
3. Members who have not yet submitted photocopies of Computerized National Identity Card (CNIC) are requested to send the same at the earliest.
4. All the account holders whose registration details are uploaded as per CDC Regulations shall authenticate their identity by showing original CNIC at the time of attending the meeting. In case of corporate entity, a certified copy of resolution of the Board of Directors / valid Power of Attorney having the name and specimen signature of the nominee should be produced at the time of meeting.

Form of Proxy

Agritech Limited

AGRITECH
ALL OVER AND BEYOND
Formerly PAK AMERICAN FERTILIZERS LIMITED

I/We ____

son/daughter of ____

a member of Agritech Limited and holder of ______________________________ shares as

per Registered Folio No. ______________ do hereby appoint Mr./Ms. ______________

son/daughter of ______________________________ or failing him/her

Mr. Ms. ____

son/daughter of ____

who is also member of the Company vide Registered Folio No. ______________

as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 30 April 2015 at 12:00 pm at Park Plaza Hotel, 107-B3, MM Alam Road, Gulberg III, Lahore. and at any adjournment thereof.

In witness whereof on this ______________ day of ______________ 2015.

WITNESSES:

1. Signature: ______________

   Name ______________

   Address ______________

   ____

   CNIC: ______________

Affix Revenue Stamp

2. Signature: ______________

   Name ______________

   Address ______________

   ____

   CNIC: ______________

____
Member's Signature

NOTE:

1. The Forma of Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.
2. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their national Identity Cards/Passport in original to provide his/her identity, and in case of Proxy, must enclosed an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents for such purpose.

AFFIX
CORRECT
POSTAGE

The Company Secretary
AGRITECH LIMITED
2nd Floor Asia Centre,
8-Babar Block,
New Garden Town, Lahore