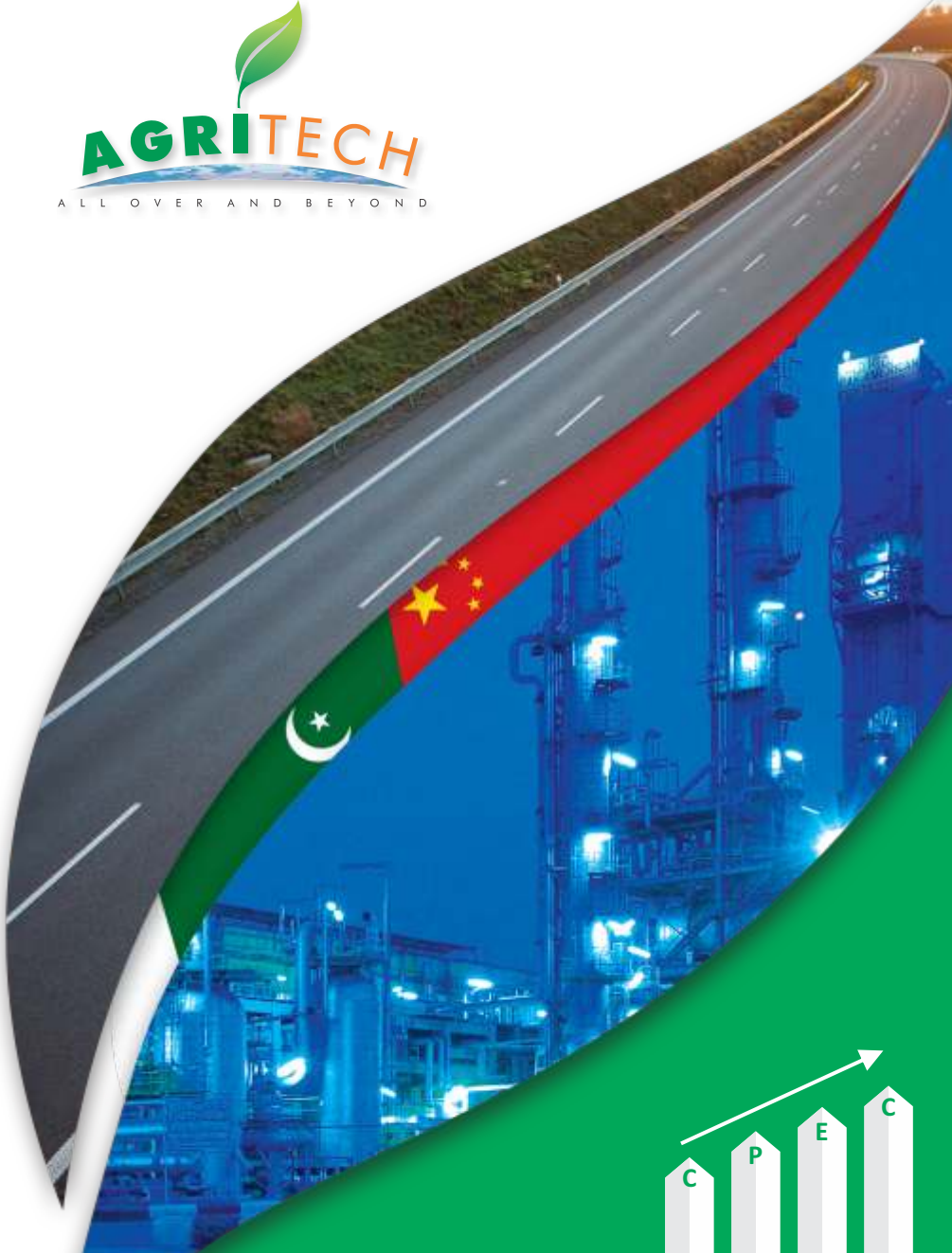




# AGRITECH

ALL OVER AND BEYOND



## ROAD TO GROWTH

Interim Financial Report  
for the nine months ended  
September 30, 2017  
(Un-audited)



## Road to Success & Growth

The Country is going through an exciting time when massive Infrastructure Development programs are being undertaken by the Government of Pakistan. In the vicinity of Agritech Urea Plant; four major such projects are being developed i.e. CPEC (Hakla-Daudkhel-DI Khan Section); New Daudkhel-Jand-Pindi Road; New Mianwali-Daudkhel Road and Indus Waterway Transportation Network. Agritech is proud contributor to these projects particularly to CPEC by offering a total 444 kanals of its prime land for the projects. Agritech Technical Team at Plant is also facilitating the CPEC Project Team by providing additional 50 kanals of land for the camp office and concrete plant for fast pace implementation of the project. This is historical time for Pakistan and completion of CPEC will bring the country on world stage linking it with global trade routes. Agritech is a proud contributor to this history making project.

New Daudkhel-Jand-Pindi road reduces travel time between Daudkhel to Islamabad by atleast 2 hours and Improves the link between southern Punjab with Northern Punjab and KPK. Indus Waterway Transportation, using Indus River, will open a new concept of transportation of goods and people through the Mighty Indus. These infrastructure projects will transform Daudkhel into one of the potential hub for industrial and commercial activities. Agritech land, Having all necessary utility infrastructure in place, augments such potential industrial activities in the area with the completion of these projects.



“China-Pak Economic Corridor projects span across the provinces and areas of Pakistan and the two sides have also made it clear that they will include the Central and Western lines of the Corridor in the long and midterm plans, and I believe this will help the comprehensive balance and steady growth of the corridor building.”

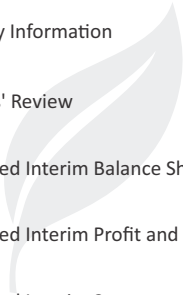
President of the People's Republic of China.

“China-Pak Economic Corridor will equally benefit all provinces and areas of Pakistan, and transform our country into regional hub and pivot for commerce and investment.”

Prime Minister of Islamic Republic of Pakistan



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# Company Information

## BOARD OF DIRECTORS

Mr. Rehmat Ali Hasnie  
*Chairman*

Mr. Muhammad Faisal Muzammil  
*Chief Executive Officer*

Mr. Talha Saeed

Mr. Bilal Asghar

Mr. Asim Murtaza Khan

Mr. Sardar Azmat Babar

Mr. Ahsan Raza Durrani

Ms. Saira Ahmed

## CFO

Syed Taneem Haider

## COMPANY SECRETARY

Mr. Hassan Ul Haq Khan

## AUDIT COMMITTEE

Mr. Asim Murtaza Khan  
*Chairman*

Mr. Ahsan Raza Durrani

Mr. Bilal Asghar

Mr. Talha Saeed

## HR & REMUNERATION COMMITTEE

Mr. Rehmat Ali Hasnie  
*Chairman*

Mr. Bilal Asghar

Mr. Muhammad Faisal Muzammil

## LEGAL ADVISOR

Mr. Barrister Babar S Imran

## SHARES REGISTRAR

Hameed Majeed Associates (Private) Limited

## AUDITORS

KPMG Taseer Hadi & Co.  
Chartered Accountants, Lahore

## BANKERS

JS Bank Limited  
Faysal Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
Albaraka Bank Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Summit Bank Limited  
Silk Bank Limited  
Allied Bank Limited  
Bank Alfalah Limited  
The Bank of Punjab  
Bank Islami Pakistan Limited  
Askari Bank Limited  
Pak Libya Holding Company (Pvt.) Limited  
Soneri Bank Limited  
Citi Bank N.A.  
Meezan Bank Limited  
United Bank Limited  
Habib Bank Limited  
MCB Bank

## Registered Office

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

## Project Locations

### Unit I

### Urea Plant

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

### Unit II

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

# Directors' Review

The Directors of Agritech Limited, henceforth called the Company, along with the management team are pleased to present the Company's Interim Financial Statements for the nine months ended September 30, 2017.

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

## Business Review

### Principal Activities

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

### First Half in Review

#### Financial Results of Agritech Limited

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Sales - Net	3,145,633,401	5,521,280,019
Operating Profit / (Loss)	(1,474,778,552)	272,485,399
Finance cost	1,562,331,490	1,654,420,896
Profit / (Loss) before Tax	(3,037,110,042)	(1,381,935,497)
Profit / (Loss) after Tax	(2,972,881,004)	(1,030,135,374)
Earning / (Loss) per share	(7.91)	(2.93)

The Company faced higher gas curtailment during the nine months of 2017 vs last year mainly due to extended winter gas curtailment. During Summer lower than last year gas supply to the plant owing to diversion of gas to power sector by GOP. Gas supply situation is expected to improve in future owing to addition of 600 mmcf/d gas from new LNG terminal which is expected to be commissioned in November 2017. In order to have continuous gas supply, the Company is working with SNGPL to operate on the domestic gas supply mix, avoiding the costly and uncertain LNG mix.

### Overview of Fertilizer Industry

During the period ending September 30, 2017 Urea Production declined by 5% to 4.28 million tons over 4.49 million tons in 2016 owing to lower gas availability to the fertilizer sector versus same period last year. Urea offtakes for the period under review recorded at 4.17 million tons, an increase of 20% vs 3.47 million tons last year due to better farms economics with the continuity of subsidy scheme by GOP. Industry also embark upon the exports of Urea to minimize the glut like situation and against the ECC approval of 600 KT exports, industry managed to export 411 KT urea till September 30, 2017.

The Company faced higher gas curtailment during the period under review as compared to corresponding period last year and managed to produce 114 KT of urea (201 KT: 2016) against installed capacity of 358 K tons. The Company sold 101 KT Urea during 2017 (177 KT: 2016) including 5KT exports.

Phosphates offtakes during the period under review also registered an increase of 26% (715KT P2O5 Nutrients in 2017 vs 529 KT P2O5 Nutrients in 2016). DAP, being the major phosphates source, recorded an offtakes increase of 29% during the period. Robust increase in phosphates use is attributed to the lower international DAP prices and change of GOP subsidy mechanism to reduction in GST. The Company, being a major SSP player, produced 43KT SSP in 2017 (46 KT : 2016) and sold 32 KT in 2017 (28 KT: 2016).

# Directors' Review

## Capital Restructuring

Gas curtailment to the Company's Urea plant during the past six years was the major cause of non-servicing of the debt of the Company and the accumulation of mark-ups further increased its debt burden. In order to streamline this debt burden, a Capital Restructuring Plan was envisaged with the cooperation of lenders to devise a sustainable capital structure, which included the conversion of its existing long term debt including mark-ups into Preference Shares. The plan also includes sale of excess land to payoff long term lenders after seeking necessary approvals. Infrastructure developments around the Company at both its plants is likely to increase the value of its land. Particularly, the use of the Company land in CPEC project (Hakla-Daudkhel-DI Khan Section) through land acquisition by GOP for the said project looks promising. It is expected that with the completion of CPEC, the surplus land of the Company has potential for commercial and industrial activities for CPEC related trades.

The Rehabilitation Plan was filed through a petition in Lahore High Court in June 2016 for the enforceability of the scheme under section 284-288 of the Companies Ordinance, 1984. The hearings at the LHC are continued and the Company is confident to obtain decision through the court for the Rehabilitation Plan for its implementation.

## Future Outlook

Continuity of subsidy on urea, positive outlook of the farmer economics and improving international fertilizers prices will likely improve fertilizer offtakes during the Rabi Season. Furthermore the completion of export quota of 600 KT Urea, will reduce the higher inventory being carried by the industry.

The Company's sustainable performance is dependent on the continuous gas supply from the domestic gas sources. Increase in LNG imports and likely additional indigenous gas from northern sources will likely to improve the overall gas availability in the SNGPL Network, benefitting the Company to ensure gas availability during balance of the year.

## Acknowledgement

The Board takes this opportunity to thank the company's valued customers and the financial institutions whose faith and support over the years has cultivated a mutually beneficial relationship, playing a key role in the growth of the businesses.

The Board also wishes to place on record its appreciation for the employees of the Company. The sustainability of business in the difficult business environment was possible due to their hard work and commitment.

On behalf of the Board

Lahore  
Date : 26 October, 2017



Chief Executive Officer



## ڈائریکٹرز رپورٹ

ایگری ٹیکس لیٹڈ، کمپنی کے ڈائریکٹرز اور مینجمنٹ ٹیم، 30 ستمبر 2017 کو ختم ہونے والی نو ماہی کے لئے کمپنی کے عبوری مالیاتی حسابات پیش کرتے ہوئے خوش ہے۔ یہ مالیاتی گوشوارے، کارپوریٹ گورننس کے کوڈ کے مطابق چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر کی طرف سے توثیق کیے گئے ہیں جو کہ بورڈ کی آڈٹ کمیٹی کی طرف سے سفارش کردہ ہیں اور بورڈ آف ڈائریکٹرز کی طرف سے منظور شدہ ہیں۔

کاروباری جائزہ

پرنسپل سرگرمیاں

کمپنی کا بنیادی کاروبار کھاد کی پیداوار اور ترسیل ہے۔ کمپنی ملک میں موجود تو اتانی کے لحاظ سے موخر ترین کھاد کا پلانٹ چلاتی ہے جو کہ میانوالی پنجاب میں واقع ہے۔ کمپنی ہری پور ہزارہہ صوبہ پنجبرہتو (کے پی کے) میں جی ایس ایس پی (دانے دار سنگل سپر فاسفیٹ) کی پیداوار کی سہولت بھی چلا رہی ہے۔ کمپنی کھاد کی صنعت میں قابل اعتماد برانڈ "نارار" کے تحت ان پلائس سے کھاد کو مارکیٹ کرتی ہے۔

نو ماہی کا جائزہ

ایگری ٹیکس لیٹڈ کے مالیاتی نتائج:

30 ستمبر 2016ء	30 ستمبر 2017ء	
5,521,280,019	3,145,633,401	خالص فروخت
272,485,399	(1,474,778,552)	آپریٹنگ منافع (نقصان)
1,654,420,896	1,562,331,490	مالیاتی لاگت
(1,381,935,497)	(3,037,110,042)	قبل از ٹیکس منافع (نقصان)
(1,030,135,374)	(2,972,881,004)	بعد از ٹیکس منافع (نقصان)
(2.93)	(7.91)	فی شخص آمدنی (نقصان)

کمپنی نے گزشتہ سال کے مقابلے میں 2017 کی نو ماہی کے دوران سردیوں میں اضافی گیس کی تخفیف کا سامنا کیا ہے۔ گزشتہ سال کے مقابلے میں موسم گرما کے دوران حکومت پاکستان کی طرف سے بجلی کے شعبہ کو گیس کی فراہمی کے باعث پلانٹ کو کم گیس فراہم کی گئی۔ نئے ایل این جی فریٹیل سے 600 mmcfD گیس کے اضافے کی وجہ سے مستقبل میں گیس فراہمی کی حالت بہتر ہونے کی امید ہے، جو نومبر 2017 میں کمیشن ہونے کی توقع کی جاتی ہے۔ مستقل گیس کی فراہمی اور مہنگی اور غیر یقینی ایل این جی کس سے بچنے کے لئے، کمپنی ایل این جی پی ایل کے ساتھ مقامی گیس ذرائع سے پلانٹ چلانے کے لئے کام کر رہی ہے۔

کھاد کی صنعت کا مجموعی جائزہ:

30 ستمبر 2017 کو ختم ہونے والی مدت کے دوران کھاد کے شعبہ کو کم گیس کی دستیابی کی بدولت یوریا کی پیداوار 5 فیصد کمی کے ساتھ 4.28 ملین ٹن رہی، جو کہ گزشتہ سال کی اسی مدت 2016 میں 4.49 ملین ٹن تھی۔ حکومت پاکستان کی طرف سے سبسڈی اسکیم کے تسلسل اور کسانوں کی بہتر مالی حالت کی وجہ سے، زیر جائزہ مدت میں یوریا کی فروخت 4.17 ملین ٹن ریکارڈ کی گئی جو کہ گزشتہ سال کی 3.47 ملین ٹن سے 20 فیصد اضافی ہے۔ بہتات کی صورت حال کو کم کرنے کے لئے صنعت یوریا کی برآمدات پر انحصار کرتی ہے اور 6 لاکھ ٹن برآمدات کی اسی ہی منظوری کے برعکس صنعت نے 30 ستمبر 2017 تک 4 لاکھ گیارہ ہزار ٹن یوریا برآمد کرنے کا انتظام کیا ہے۔

کمپنی کو زیر جائزہ مدت کے دوران گزشتہ سال کی اسی مدت کے مقابلے میں گیس کی تخفیف کا وسیع پیمانے پر سامنا کرنا پڑا اور 3 لاکھ اٹھاون ہزار ٹن کی نصب صلاحیت کے عوض 1 لاکھ چودہ ہزار ٹن یوریا کی پیداوار ہوئی (201 ہزار ٹن: 2016)۔ کمپنی نے 2017 کے دوران 1 لاکھ ایک ہزار ٹن یوریا فروخت کیا (177 ہزار ٹن: 2016) جس میں 5 ہزار ٹن

## ڈائریکٹرز رپورٹ

برآمدات شامل ہے۔

زیر جائزہ مدت کے دوران فائٹیس کی فروخت میں 26 فیصد اضافہ ہوا (2016 میں 5 لاکھ آنتیس ہزار اسی فاسفیت اجزاء کے مقابلے میں 2017 میں 7 لاکھ پندرہ ہزار اسی فاسفیت اجزاء)۔ ڈی اے پی، جو فاسفیت کا اہم ذریعہ ہے، اس عرصہ کے دوران 29 فیصد زیادہ فروخت ہوئی ہے۔ فاسفیت کے استعمال میں اضافہ ڈی اے پی کی کم قیمتوں اور حکومت پاکستان کی طرف سے سبسڈی کے برعکس، جی ایس ٹی کو کم کرنے کی وجہ سے ہے۔ کمپنی نے، ایس ایس پی کے اہم بیوروٹیکسچر ہونے کے ناطے، 2017 میں 43 ہزار اسی ایس پی (46 ہزار اسی: 2016) پیدا کی جبکہ 2017 میں 32 ہزار اسی (28 ہزار اسی: 2016) فروخت کی ہے۔

سرمایہ کی تنظیم نو:

گزشتہ چھ سالوں کے دوران کمپنی کے پورے پلانٹ کو گیس کی تخفیف نہ صرف قرض کی واپسی میں تاخیر کی اہم وجہ ہے بلکہ قرض اور سود میں اضافے کا سبب بھی ہے۔ اس قرض کی تنظیم نو کے لئے قرض دہندہ کے تعاون سے ایک منصوبے کو مرتب کیا گیا ہے۔ جس کا بنیادی مقصد قرض اور اس پر سود کو ترجیحی حصص میں تبدیل کرنا ہے۔ اس منصوبے کا ایک اور مقصد کمپنی کے پاس موجود اضافی اراضی کا فروخت ہے جس کی آمدنی سے طویل مدتی قرض دہندہ کے واجبات کی ادائیگی ممکن ہوگی۔ حکومت کے بنیادی ڈھانچے کی ترقی کے منصوبے سے دونوں پلانٹس کے گرد اراضی کی قیمت میں اضافے کا امکان ہے۔ خاص طور پر سی پیک منصوبے کے پیشین ہاں کا۔ داؤد خیل۔ ڈی آئی خان میں کمپنی کی شرکت، بذریعہ اراضی کی فراہمی، بہت اہم ہے۔ سی پیک کی تکمیل کے بعد کمپنی کی اضافی اراضی مستقبل میں متعلقہ ٹریڈرز کے لئے تجارتی اور صنعتی سرگرمیوں میں اہم کردار ادا کرے گی۔

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

### مستقبل کا نقطہ نظر

یورپا پر سبسڈی کا سلسلہ، کاشتکاروں کی بہتر معاشیات اور کھادوں کی بڑھتی قیمتیں بین الاقوامی قیمتیں بیزنس کے دوران کھادوں کی فروخت میں اضافے کے امکان کو مستحکم کرتی ہیں۔ اس کے علاوہ 6 لاکھ ٹن یوریا کی برآمد کے کوٹ کی تکمیل، صنعت کے پاس موجود اضافی اسٹاک کو کم کرے گی۔

کمپنی کی پائیدار کارکردگی مقامی گیس ذرائع سے مسلسل گیس کی فراہمی پر منحصر ہے۔ ایل این جی کی درآمد میں اضافہ اور شمالی وسائل سے ممکنہ طور پر اضافی مقامی گیس ایس این جی پی ایل نیٹ ورک میں مجموعی گیس کی دستیابی کو بہتر بنانے میں مدد کرے گا، جس سے کمپنی کو اس سال کے باقی عرصہ کے دوران گیس کی یقینی دستیابی کا فائدہ ہوگا۔

### اظہار تشکر

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

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

بورڈ آف ڈائریکٹرز کی جانب سے



چیف ایگزیکٹو

لاہور

تاریخ: 26 اکتوبر 2017ء

# Condensed Interim Balance Sheet (Un-audited)

As at 30<sup>th</sup> September 2017

	Note	30 September 2017 Rupees	31 December 2016 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Authorized share Capital</b>		<b>15,000,000,000</b>	<b>15,000,000,000</b>
<b>Share capital and reserves</b>			
Issued, subscribed and paid-up ordinary share capital	4	3,924,300,000	3,924,300,000
Issued, subscribed and paid-up preference share capital		1,593,342,690	1,593,342,690
Reserves		9,000,000	9,000,000
Accumulated Losses		(13,125,158,547)	(10,200,286,153)
		<b>(7,598,515,857)</b>	<b>(4,673,643,463)</b>
<b>Surplus on revaluation of fixed assets-net</b>		<b>8,906,044,661</b>	<b>9,080,310,370</b>
<b>Non-current liabilities</b>			
Redeemable capital - Secured	6	2,215,954,229	3,997,844,489
Long term finances - Secured	7	891,370,072	1,183,232,758
Long term payables - Unsecured		31,135,199	31,135,199
<i>Deferred Liabilities</i>			
- staff retirement benefits		28,024,160	28,698,815
- deferred taxation-net		3,457,775,981	3,560,429,299
		<b>6,624,259,641</b>	<b>8,801,340,560</b>
<b>Current liabilities</b>			
Current maturity of non-current liabilities		16,241,386,982	14,138,278,307
Short term borrowings - secured		3,887,971,102	3,410,526,346
Trade and other payables		4,575,264,356	3,467,251,716
Interest/mark-up accrued on borrowings		14,093,951,096	12,825,980,154
Preference dividend payable		985,642,346	854,551,711
		<b>39,784,215,882</b>	<b>34,696,588,234</b>
<b>Contingencies and commitments</b>	9	<b>47,716,004,327</b>	<b>47,904,595,701</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	40,026,178,803	40,769,566,767
Intangible asset		2,568,155,594	2,570,071,958
Long term loans and advances - considered good		12,395,449	13,971,976
Long term deposits - unsecured, considered good		56,961,915	61,451,273
		<b>42,663,691,761</b>	<b>43,415,061,974</b>
<b>Current assets</b>			
Stores, spares and loose tools		2,102,004,334	2,049,475,897
Stock-in-trade		610,843,253	337,248,202
Trade debts		7,413,284	51,016,085
Advances, deposits, prepayments and other receivables		1,856,828,226	1,657,045,069
Tax refunds due from Government - net		240,763,113	247,454,816
Cash and bank balances		234,460,356	147,293,658
		<b>5,052,312,566</b>	<b>4,489,533,727</b>
		<b>47,716,004,327</b>	<b>47,904,595,701</b>

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

Lahore   
Chief Executive

  
Director

# Condensed Interim Profit and Loss Account (Un-audited)

For the nine months period ended 30<sup>th</sup> September 2017

	Nine month period ended		Three months period ended	
	30 September 2017	30 September 2016	July to September 2017	July to September 2016
	Rupees	Rupees	Rupees	Rupees
Sales - net	3,145,633,401	5,521,280,019	1,681,822,021	2,615,054,138
Cost of sales	(4,190,463,468)	(4,650,661,916)	(2,172,223,285)	(2,207,881,505)
<b>Gross Profit / (Loss)</b>	<b>(1,044,830,067)</b>	870,618,103	<b>(490,401,264)</b>	407,172,633
Selling and distribution expenses	(225,024,637)	(267,588,399)	(107,073,860)	(111,082,909)
Administrative and general expenses	(214,512,940)	(350,542,255)	(77,557,872)	(60,717,361)
Other Income-net	9,589,092	19,997,950	4,158,803	(1,264,392)
<b>Operating Profit / (Loss)</b>	<b>(1,474,778,552)</b>	272,485,399	<b>(670,874,193)</b>	234,107,971
Finance cost	(1,562,331,490)	(1,654,420,896)	(540,115,750)	(544,882,405)
<b>Profit / (Loss) before taxation</b>	<b>(3,037,110,042)</b>	(1,381,935,497)	<b>(1,210,989,943)</b>	(310,774,434)
Taxation	64,229,038	351,800,123	12,407,327	123,524,806
<b>Profit / (Loss) after taxation</b>	<b>(2,972,881,004)</b>	(1,030,135,374)	<b>(1,198,582,616)</b>	(187,249,628)
<b>Earning/ (Loss) per share - basic and diluted</b>	<b>(7.91)</b>	(2.93)	<b>(3.17)</b>	(0.58)

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

Lahore

  
Chief Executive

  
Director

# Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months period ended 30<sup>th</sup> September 2017

	Nine month period ended	
	30 September 2017	30 September 2016
	Rupees	Rupees
<b>Profit/ (Loss) after taxation</b>	<b>(2,972,881,004)</b>	(1,030,135,374)
<b><u>Other comprehensive income:</u></b>		
Item that will not be reclassified to profit and loss account		
Remeasurement of defined benefit liability	6,905,048	4,578,819
Related Tax	(2,071,513)	(1,373,643)
	4,833,535	3,205,176
<b>Total comprehensive Profit/(Loss) for the period</b>	<b>(2,968,047,469)</b>	(1,026,930,198)

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

Lahore

  
Chief Executive

  
Director

# Condensed Interim Cash flow Statement (Un-audited)

For the nine months period ended 30<sup>th</sup> September 2017

		<b>30 September 2017</b>	<b>30 September 2016</b>
	<i>Note</i>	<b>Rupees</b>	<b>Rupees</b>
<b><u>Cash flows from operating activities</u></b>			
Cash inflow/(outflow) from operations	14	<b>(199,165,646)</b>	(541,780,078)
Finance cost paid		<b>(116,756,801)</b>	(367,885,531)
Interest income received		<b>1,534,216</b>	2,799,877
Income tax paid		<b>(33,443,107)</b>	(38,732,575)
Staff retirement benefits paid		<b>(1,097,811)</b>	43,107,428
<b>Net cash inflow/(Outflow) from operating activities</b>		<b>(348,929,149)</b>	(902,490,880)
<b><u>Cash flows from investing activities</u></b>			
Capital expenditure incurred		<b>(61,477,318)</b>	(6,364,804)
Long term loans and advances received		<b>1,576,527</b>	2,401,483
Long term deposits - net		<b>4,489,358</b>	12,198
Proceeds from disposal of property, plant and equipment		<b>14,741,013</b>	2,906,898
<b>Net cash inflow/(Outflow) from investing activities</b>		<b>(40,670,420)</b>	(1,044,226)
<b><u>Cash flows from financing activities</u></b>			
Long term loans - Repayment		<b>(678,489)</b>	(38,737,297)
Short term borrowings Net		<b>428,711,678</b>	625,026,144
<b>Net cash inflow/(Outflow) from financing activities</b>		<b>428,033,189</b>	586,288,847
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>38,433,620</b>	(317,246,258)
<b>Cash and cash equivalents at the beginning of period</b>		<b>(2,347,518,945)</b>	(2,224,753,524)
<b>Cash and cash equivalents at the end of period</b>	16	<b>(2,309,085,325)</b>	(2,541,999,782)

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

Lahore

  
Chief Executive

  
Director

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

## For the nine months period ended 30<sup>th</sup> September 2017

	Share Capital		Reserves		Total equity Rupees
	Ordinary Shares Rupees	Preference Shares Rupees	Revenue reserve Rupees	Accumulated Losses Rupees	
<b>As at 01 January 2016</b>	3,924,300,000	1,593,342,690	9,000,000	(7,940,977,277)	(2,414,334,587)
Total comprehensive loss for the period ended 30 September, 2016	-	-	-	(1,026,930,199)	(1,026,930,198)
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	249,503,945	249,503,945
<b>Transactions with owners of the Company, Recognized directly in equity</b>					
Preference dividend for the period	-	-	-	(131,211,336)	(131,211,336)
<b>As at September 30, 2016</b>	3,924,300,000	1,593,342,690	9,000,000	(8,849,614,867)	(3,322,972,176)
<b>As at 01 January 2017</b>	3,924,300,000	1,593,342,690	9,000,000	(10,200,286,153)	(4,673,643,463)
Total comprehensive loss for the period ended 30 September, 2017	-	-	-	(2,968,047,469)	(2,968,047,469)
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	172,170,616	172,170,616
- disposal of freehold land	-	-	-	358,824	358,824
- disposal of plant and machinery	-	-	-	1,736,270	1,736,270
<b>Transactions with owners of the Company, Recognized directly in equity</b>					
Preference dividend for the period	-	-	-	(131,090,636)	(131,090,636)
<b>As at September 30, 2017</b>	3,924,300,000	1,593,342,690	9,000,000	(13,125,158,547)	(7,598,515,857)

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

Lahore



Chief Executive



Director

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

For the nine months period ended 30<sup>th</sup> September 2017

## 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 part of privatization process of the Government of Pakistan as stipulated in the Share Purchase Agreement dated 15 July 2006. On 31 October 2012, ANL sold its major shareholding in the Company to a consortium of banks and financial institutions. The shares of the Company are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at 2nd Floor Asia Center, 8 – Babar Block, Main Boulevard, New Garden Town, Lahore. The principal business of the Company is the production and sale of Urea and Granulated Single Super Phosphate ("GSSP") fertilizer. The Company has two production units with Unit I located at Iskanderabad, District Mianwali and Unit II at Hattar Road, Haripur.

## 2 Basis of preparation

### 2.1 Basis of accounting

This condensed interim financial information comprises the condensed interim balance sheet of Agritech Limited ("the Company"), as at 30 September 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof.

**2.1.1** This condensed interim financial information is being submitted to the shareholders as required by Section 237 of the Companies Act, 2017 and is un-audited.

**2.1.2** This condensed interim financial information of the Company for the nine months period ended 30 September 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS-34) Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

On 30 May 2017 the Companies Act, 2017 was enacted which replaced and repealed the Companies Ordinance, 1984 (the "repealed Ordinance"). However, the Securities and Exchange Commission of Pakistan (SECP) vide its circular 23 dated 04 October 2017, has clarified that all the companies whose financial year closes on or before 31 December 2017, can prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

**2.1.3** This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended on 31 December 2016.

### 2.2 Judgments and estimates

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions for the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended 31 December 2016.

### 2.3 Going concern assumption

Gas curtailment to the Company's urea plant has been the most crucial factor for the past few years' operational and liquidity issues of the Company. The fertilizer sector as a whole and the Company in particular faced unprecedented gas curtailment during the last five years. The Company has been financing its assets and operations through high level of borrowings. Due to overall gas shortage in the system, Government of Pakistan ("GOP") diverted gas from fertilizer sector to other sectors particularly power sector during summer and domestic sector during winter. This



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

*For the nine months period ended 30<sup>th</sup> September 2017*

gas curtailment caused low urea production versus available capacity resulting in continuous operational and liquidity issues which further resulted in overdue borrowings and related mark-up as referred to in note 17 to the condensed interim financial information.

Gas supply over the past one and half year has shown improvement with the regular imports of liquefied natural gas ("LNG") by the Government of Pakistan ("GOP"). Consistent LNG imports improved RLNG flow to Sui Northern Gas Pipelines Limited ("SNGPL") benefitting consumers including fertilizer sector. Gas supply to the Company was restored in the last week of April 2017 from domestic gas sources, and thereafter supply remained fairly consistent until it was disconnected on August 31, 2017 mainly due to ATA of some gas fields in the Northern gas sources. Due to lower availability of gas the Company operated its urea plant (primary manufacturing facility) for only 113 days in 2017 (2016: 189 days) which resulted in Urea production of 114,201 tons (2016: 200,728 tons). The Company during the current period was also able to sell 100,875 tons Urea (2016: 177,800 tons) including export of 5,000 tons. The Company has incurred a loss before tax of Rs. 3037.11 million (2016: Rs. 1,381.94 million) during the period and as at the reporting date, its current liabilities have exceeded its current assets by Rs. 34,731.90 million, including Rs. 28,207.27 million relating to overdue principal and interest / mark-up thereon, and accumulated losses of the Company exceeded the shareholder's equity by Rs. 7,598.52 million. The difference between current liabilities and current assets would have been Rs. 37,880.46 million, had the Company classified its long term debts as current for reasons fully explained in note 2.4 to the condensed interim financial information.

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

The expectation of continuous availability of gas for the rest of the year and in future looks promising based on the fact that the GOP has signed a 15 year agreement with Government of Qatar, to import nearly 3.75 million tons of LNG per year. The import of LNG has been streamlined at 600 mmscfd per day and GOP is planning to further increase it to 1,200 mmscfd per day through installation of second LNG terminal in the country which is expected to be operational in couple of months. SNGPL is receiving almost complete flow of LNG imports under swap arrangement. Resultantly gas situation on SNGPL network has significantly improved. Besides this, the exploration activities in the north of the country particularly in Khyber Pakhtunkhwa (KPK) Province are being accelerated which will increase the gas supply into SNGPL system from the northern sources. The increased gas supply will greatly benefit to the Company being the bulk gas consumer in north on the SNGPL network.

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

In addition to above, the Company sees strong potential in selling its spare land after the necessary legal and commercial approvals. In 2016, 216 kanals Companys' land was acquired by National Highway Authority (NHA) for the construction of China Pakistan Economic Corridor (CPEC) that crosses through the land owned by the Company. With the development of CPEC in next two years, the Company foresees significant appreciation of its spare land. The proceeds from the sale of land will also help settle the long term liabilities of the Company.

The management believes that the measures as explained above will generate sufficient financial resources for the continuing operations and that it is expected to operate profitably in the foreseeable future. Accordingly, these financial statements are prepared on a going concern basis and do not include any adjustments relating to the realization of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

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

For the nine months period ended 30<sup>th</sup> September 2017

## 2.4 Financial liabilities

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

However, the long term debts in the amount of Rs. 3,148.55 million as detailed below have continued to be classified as long term as per the repayment schedules in this condensed interim financial information as the management considers that event of default was not declared by the lenders at the reporting date:

	<b>Principal net of current Rupees</b>
<b><u>Redeemable capital</u></b>	
Privately Placed Term Finance Certificates - I	412,115,550
Privately Placed Term Finance Certificates - II	1,263,952,580
Privately Placed Term Finance Certificates - III	113,517,250
Privately Placed Term Finance Certificates	169,958,332
Sukuks	293,296,667
	<u>2,252,840,379</u>
<b><u>Long term finances</u></b>	
Syndicate Term Finance - I	825,000,000
Dubai Islamic Bank Limited - Term Finance	70,714,286
	<u>895,714,286</u>
	<u><u>3,148,554,665</u></u>

## 3 Significant accounting policies

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the financial year ended on 31 December 2016.

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

Following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2017:

Standard or interpretation	Effective date (accounting periods beginning on or after)
IFRS 2 - Share-based Payment	01 January 2018
IAS 40 - Investment Property	01 January 2018
IAS 28 - Investment in Associates and Joint Ventures	01 January 2018
IFRIC 22- Foreign Currency Transactions and advance	01 January 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019

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

For the nine months period ended 30<sup>th</sup> September 2017

- 3.3 The Companies Act, 2017 applicable for financial year beginning on 1 January 2018 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16—Property, plant and equipment. This would have resulted in reclassification of surplus on revaluation of property, plant and equipment - net of tax to equity by restating the corresponding figures which would result in increase in equity by Rs. 9,080.31 million and Rs. 8,906.04 as at 31 December 2016 and 30 September 2017 respectively.

	<b>30 September 2017</b>	31 December 2016
	<b>Un-audited</b>	Audited
	<b>Rupees</b>	Rupees
<b>4 Issued, subscribed and paid up ordinary share capital</b>		
Class A ordinary shares of Rs. 10 each 383,430,000 (December 2016: 383,430,000) Shares issued fully paid in cash	<b>3,834,300,000</b>	3,834,300,000
Ordinary shares of Rs. 10 each 9,000,000 (December 2016: 9,000,000) Shares issued for consideration as Machinery	<b>90,000,000</b>	90,000,000
	<b><u>3,924,300,000</u></b>	<u>3,924,300,000</u>

- 4.1 As at 30 September, National Bank of Pakistan, an associated undertaking holds 104,562,302 (2016: 104,562,302) representing 26.64% (2016: 26.64%) of the ordinary share capital of the Company.

	<b>30 September 2017</b>	31 December 2016
	<b>Un-audited</b>	Audited
	<b>Rupees</b>	Rupees
<b>5 Issued, subscribed and paid up preference share capital</b>		
Preference shares of Rs. 10 each		
159,334,269 (31 December 2016: 159,334,269)		
Shares issued fully paid in cash	<b>1,593,342,690</b>	1,593,342,690
	<b><u>1,593,342,690</u></b>	<u>1,593,342,690</u>

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

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

Each Investor will also have the right to convert the preference shares into ordinary shares of the Company. The conversion price is the average price of the ordinary share quoted in the daily quotation of Pakistan Stock Exchange during the 360 working days prior to the relevant conversion date; adjusted for any corporate action / announcement of the Company, including but not limited to rights issue, cash dividend to ordinary shareholders, bonus shares, stock split, etc., during the last 360 working days prior to the conversion date. The investors shall be entitled to convert up to 100% of their preference shares at the conversion ratio as defined in letters of rights by giving a thirty days notice to the Company prior to any conversion date. For the purpose of this right, a conversion date shall be the last business day of each financial quarter commencing from the fifth anniversary of the Completion date.

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

For the nine months period ended 30<sup>th</sup> September 2017

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

## 5.2 Preference shares of the company held by related / associated undertakings as at year end are as follows:

	<b>30 September 2017</b>	31 December 2016
	<b>Un-audited</b>	Audited
	<b>No. of shares</b>	No. of shares
Faysal Bank Limited	<b>31,035,594</b>	31,035,594
National Bank of Pakistan	<b>3,458,756</b>	3,458,756
	<b><u>34,494,350</u></b>	<u>34,494,350</u>

## 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 shares was filed under section 73(1) of the Ordinance.
- The Company is required to set-up a reserve for the redemption of Preference shares, under section 85 of the Ordinance, in respect of the shares redeemed which effectively makes Redeemable Preference shares a part of equity.
- Requirements of the Ordinance takes precedence over the requirements of International Accounting Standards.
- The preference shareholders have the right to convert these shares into Ordinary shares.

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 ICAP has advised the Securities and Exchange Commission of Pakistan ("SECP") to make necessary amendments to the Ordinance, and / or to issue a clarification in order to remove the inconsistency between the Ordinance and the International Accounting Standards. Pending the decision of the SECP in this matter, the preference share capital has been classified as equity in this condensed interim financial information.

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

For the nine months period ended 30<sup>th</sup> September 2017

	30 September 2017 Un-audited Rupees	31 December 2016 Audited Rupees
<b>6 Redeemable Capital - Secured</b>		
<b><u>Under interest/markup arrangement</u></b>		
Term Finance Certificates - I	1,498,602,000	1,498,602,000
Term Finance Certificates - II	6,894,286,800	6,894,286,800
Term Finance Certificates - III	495,460,750	495,460,750
Privately Placed Term Finance Certificates - IV	548,825,000	548,825,000
Privately Placed Term Finance Certificates - V	618,685,000	618,685,000
Privately Placed Term Finance Certificates - VI	509,874,996	509,874,996
Sukkuks	1,599,800,000	1,599,800,000
	<u>12,165,534,546</u>	<u>12,165,534,546</u>
Transaction costs	<u>(36,886,150)</u>	<u>(60,216,920)</u>
	12,128,648,396	12,105,317,626
Current maturity presented under current liabilities	<u>(9,912,694,167)</u>	<u>(8,107,473,137)</u>
	<u>2,215,954,229</u>	<u>3,997,844,489</u>
<b>7 Long term finances</b>		
Syndicate Term Finance - I	3,000,000,000	3,000,000,000
Syndicate Term Finance - II	472,037,000	472,037,000
Syndicate Term Finance - III	2,955,286,366	2,955,286,366
Bankislami Pakistan - Term Finance	300,000,000	300,000,000
National Bank of Pakistan - Term Finance	132,083,735	132,083,735
Dubai Islamic Bank Limited - Term Finance	365,000,000	365,000,000
AlBaraka Bank (Pakistan) Limited - <i>Diminishing Musharika</i>	2,768,511	3,447,000
	<u>7,227,175,611</u>	<u>7,227,854,101</u>
Transaction Cost	<u>(7,112,724)</u>	<u>(13,816,173)</u>
	7,220,062,887	7,214,037,928
Current maturity presented under current liabilities	<u>(6,328,692,815)</u>	<u>(6,030,805,170)</u>
	<u>891,370,072</u>	<u>1,183,232,758</u>
<b>7.1 Types of long term finances - secured</b>		
Interest / mark-up based financing	6,859,407,101	6,859,407,101
Islamic mode of financing	367,768,510	368,447,000
	<u>7,227,175,611</u>	<u>7,227,854,101</u>
<b>8 Short term borrowings - secured</b>		

These include outstanding balance of running finance facilities (istisna / salam / murabaha) obtained under shariah based arrangements amounting to Rs. 661.73 million (31 December 2016: Rs. 700.78 million) having a limit of Rs. 725.06 million (31 December 2016: Rs. 948.62 million). All terms and conditions applicable on these facilities are same as those disclosed in the annual financial statements for the year ended 31 December 2016.

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

For the nine months period ended 30<sup>th</sup> September 2017

## 9 Contingencies and commitments

### 9.1 Contingencies

There is no material change in the status of contingencies from the preceding published financial statements of the Company for the year ended 31 December 2016.

### 9.2 Commitments

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

	<b>30 September 2017 Un-audited Rupees</b>	<b>31 December 2016 Audited Rupees</b>
Not Later than one year	19,689,297	53,190,752
Later than one year but not later than five year	8,518,985	10,582,955
	<b>28,208,282</b>	<b>63,773,707</b>
<b>9.2.2 Commitments under</b>		
- purchase of stores, spares and loose tools	10,240,821	44,158,553
- purchase of plant and machinery	17,507,421	14,709,743
	<b>27,748,242</b>	<b>58,868,296</b>
<b>10 Property, plant and equipment</b>		
Operating fixed assets	39,963,087,804	40,721,679,325
Capital work in progress	63,091,000	47,887,442
	<b>40,026,178,803</b>	<b>40,769,566,767</b>
<b>10.1 Operating fixed assets</b>		
Net book value at end of the period	40,721,679,325	41,859,633,079
Add: Additions during the period	46,273,760	8,637,284
Less: Disposals during the period - net book value	11,797,298	74,205,909
Depreciation for the period	793,067,983	1,072,385,129
	<b>804,865,281</b>	<b>1,146,591,038</b>
<b>Net book value at end of the period</b>	<b>39,963,087,804</b>	<b>40,721,679,325</b>
<b>10.1.1 Additions - cost</b>		
<b><u>Owned assets</u></b>		
Buildings on freehold land	17,937,934	-
Plant and machinery	-	347,161
Furniture, fixtures and office equipment	3,737,842	4,827,723
Vehicles and rail transport	1,632,042	3,462,400
Tools and other equipment	1,378,420	-
Electrical and other installations	-	-
	<b>46,273,760</b>	<b>8,637,284</b>

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

For the nine months period ended 30<sup>th</sup> September 2017

	Note	30 September 2017 Un-audited Rupees	31 December 2016 Audited Rupees
<b>11 Cash and bank balances</b>			
Cash in hand		901,270	997,634
Cash at banks			
- current accounts		146,866,725	130,216,762
- savings accounts	11.1	86,692,361	16,079,263
		233,559,086	146,296,024
		234,460,356	147,293,658

**11.1** Rate of return on saving accounts ranges from 5% to 6% per annum (31 December 2016: 5% to 6% per annum).

	Note	30 September 2017 Un-audited Rupees	31 December 2016 Audited Rupees
<b>12 Other Income</b>			
<b>Income from financial assets</b>			
Return on bank deposits		1,088,270	2,614,746
Mark-up on advances to employees		445,946	185,131
		1,534,216	2,799,877
<b>Income from non-financial assets</b>			
Income from experimental farm		3,041,207	(210,631)
Miscellaneous	11.1	5,013,669	17,408,704
		8,054,876	17,198,073
		9,589,092	19,997,950

**12.1** This includes sale of dust urea amounting to Rs. Nil (30 September 2016: Rs. 9.84 million).

## **13 Transactions and balances with related parties**

Related parties from the Company's perspective comprise associated undertakings, key management personnel (comprising the Chief Executive and Directors), post employment benefit plans and other related parties. The Company in the normal course of business carries out transactions with various related parties. All transactions with related parties have been carried out on commercial terms and conditions.

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

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

For the nine months period ended 30<sup>th</sup> September 2017

	(Un-audited) January to 30 September 2017 Rupees	(Un-audited) January to 30 September 2016 Rupees
<b>13.1 Transactions with related parties</b>		
<b>13.1.1 Associate</b>		
<b>National Bank of Pakistan</b>		
Markup expense	182,020,436	187,374,909
Preference dividend	2,845,656	2,848,276
Makup paid	-	-
Advisory Fee	-	135,851,027
Fee paid	-	(40,000,000)
Bank Balances - net	(11,761,380)	1,544,991
Short term borrowings - net	-	-
<b>13.1.2 Other related parties</b>		
<b>Faysal Bank Limited</b>		
Mark up Expense	112,416,579	130,490,278
Preference dividend	25,534,216	25,557,727
Trustee Fee	5,034,143	8,034,172
Makup paid	-	(8,999,759)
Bank Balances - net	(5,086)	(3,704,653)
Short term borrowings - net	-	-
<b>Standard Chartered Bank (Pakistan) Limited</b>		
Mark-up expense	92,065,800	104,105,102
Markup paid	-	5,288,865
Loan paid	-	(38,737,297)
Short term borrowings	23,992,193	-
Bills payable	-	-
Bank balances - net	597,358	8,343,293
<b>Silk Bank limited</b>		
Mark-up expense	39,968,370	35,632,802
Markup paid	41,631,237	(34,943,999)
Short term borrowings - net	(55,857,232)	(6,883,080)
Bank balances - net	-	(153,000,000)
Bills payable	1,162,489	3,149,300
<b>Summit Bank Limited</b>		
Mark-up expense	62,383,860	62,165,074
Markup paid	29,749,941	(32,393,619)
Short term borrowings - net	390,287,509	446,861,295
Bills payable	10,240,821	-
Bank Balances - net	-	(125,000,000)
<b>13.1.3 Post employment benefit plans</b>		
Contribution to employees provident fund	14,054,926	13,922,858
Contribution to employees gratuity fund	7,328,201	6,178,452



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

For the nine months period ended 30<sup>th</sup> September 2017

	(Un-audited) January to 30 September 2017 Rupees	(Un-audited) January to 30 September 2016 Rupees
<b>13.1.4 Key management personnel</b>		
Short term employee	12,100,000	10,372,400
Post employment benefits	1,803,885	366,520
	(Un-audited) 30 September 2017 Un-audited Rupees	(Audited) 31 December 2016 Audited Rupees
<b>13.2 Balances with related parties</b>		
<b>13.2.1 Associate</b>		
<b>National Bank of Pakistan</b>		
Long term loans	2,467,083,735	2,467,083,735
Redeemable capital	462,057,100	462,057,100
Bills payable	187,030,000	187,030,000
Preference shares	34,587,560	34,587,560
Mark-up payable	2,326,364,794	2,144,344,358
Preference dividend payable	173,803,472	170,957,816
Bank accounts	2,583,711	14,345,091
Advisory and other fee	738,600,000	738,600,000
Advance for transaction Cost	23,200,000	23,200,000
<b>13.2.2 Other related parties</b>		
<b>Faysal Bank</b>		
Redeemable capital	1,499,109,500	1,499,109,500
Long term loan	350,000,000	350,000,000
Preference shares	310,355,940	310,355,940
Mark up payable	1,275,080,711	1,162,664,131
Preference dividend payable	192,021,046	166,486,830
Bank accounts	153,663	158,749
<b>Standard Chartered Bank (Pakistan) Limited</b>		
Redeemable capital	146,995,500	146,995,500
Long term finances	1,445,302,020	1,445,302,020
Short term borrowings	23,992,193	-
Mark-up payable	1,079,661,816	987,596,016
Bank accounts	77,461,654	76,864,296
<b>Silk Bank</b>		
Long term loans	130,607,546	130,607,546
Short term borrowings	493,904,380	549,761,612
Bills payable	1,162,489	-
Mark up payable	214,238,374	183,886,656

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

For the nine months period ended 30<sup>th</sup> September 2017

	(Un-audited) 30 September 2017 <u>Un-audited</u> Rupees	(Audited) 31 December 2016 <u>Audited</u> Rupees
<b>Summit Bank Limited</b>		
Redeemable capital	603,406,000	603,406,000
Short term borrowings	843,683,086	453,395,577
Bills payable	10,240,821	
Mark up payable	311,988,299	279,354,380
Bank accounts	97,564	97,564
<b>13.2.3 Post employment benefit</b>		
(Receivable) / payable to Provident Fund Trust		
Payable to gratuity Trust	28,024,160	28,698,815
<b>14 Cash flow from operating activities</b>		
<b>Profit &amp; (Loss) before tax</b>	<b>(3,037,110,042)</b>	<b>(1,381,935,497)</b>
<b>Adjustment for non-cash items:</b>		
Interest / markup expense	1,532,297,272	1,609,195,930
Amortization of transaction costs	30,034,218	45,224,966
Depreciation on property, plant and equipment	793,067,984	803,399,185
Amortization of computer software	1,916,364	5,967,000
Provision for staff retirement benefit	7,328,201	6,178,452
Mark-up / Interest Income	(1,534,216)	(2,799,877)
Loss on sale of property, plant and equipment	(2,943,716)	6,004,367
<b>Operating profit before changes in working capital</b>	<b>(676,943,935)</b>	<b>1,091,234,526</b>
<b>Changes in working capital</b>		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(52,528,437)	27,966,442
Stock in trade	(273,595,051)	(612,767,841)
Trade receivables	43,602,801	39,335,555
Advances, deposits, prepayments and other receivables	(199,783,155)	(668,633,607)
	<b>(482,303,842)</b>	<b>(1,214,099,451)</b>
Increase / (decrease) in current liabilities		
Trade and other payables	960,082,131	(418,915,153)
<b>Cash used in operations</b>	<b>(199,165,646)</b>	<b>(541,780,078)</b>

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

For the nine months period ended 30<sup>th</sup> September 2017

## 15 Segment reporting

### 15.1 Reportable segments

The Company's reportable segments are as follows:

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

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

### 15.2 Segment revenue and results

Following is the information about reportable segments of the Company:

	Urea Fertilizer		Phosphates Fertilizer		Total	
	30 September		30 September		30 September	
	30 September 2017 Un-audited Rupees 'mln'	30 September 2016 Un-audited Rupees 'mln'	30 September 2017 Un-audited Rupees 'mln'	30 September 2016 Un-audited Rupees 'mln'	30 September 2017 Un-audited Rupees 'mln'	30 September 2016 Un-audited Rupees 'mln'
For the Nine months period ended 30 September 2017	2,704	5,139	442	382	3,146	5,521
External revenues						
Inter-segment revenue	(3,008)	(1,347)	(29)	(35)	(3,037)	(1,382)
Reportable segment (Loss)/ Reportable segment Profit/(Loss) before tax						
	30 September 2017 Un-audited Rupees 'mln'	31 December 2016 Audited Rupees 'mln'	30 September 2017 Un-audited Rupees 'mln'	31 December 2016 Audited Rupees 'mln'	30 September 2017 Un-audited Rupees 'mln'	31 December 2016 Audited Rupees 'mln'
As at						
Reportable segment assets	43,590	43,808	4,689	4,740	48,279	48,548
Reportable segment liabilities	46,429	43,581	543	560	46,971	44,142

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

For the nine months period ended 30<sup>th</sup> September 2017

	(Un-audited) 30 September Rupees	(Un-audited) 30 September Rupees
<b>15.3 Reconciliation of reportable segment profitable segment profit and loss</b>		
For the Nine months ended		
Total loss for reportable segments before taxation	(3,037,110,042)	(1,381,935,497)
Taxation	64,229,038	351,800,123
Loss after taxation	<u>(2,972,881,004)</u>	<u>(1,030,135,374)</u>

## 16 Cash and cash equivalents

Short term borrowings - running finance - secured	(2,543,545,681)	(2,714,762,582)
Cash and bank balances	234,460,356	172,762,800
	<u>(2,309,085,325)</u>	<u>(2,541,999,782)</u>

## 17 Overdue financial liabilities

Due to the facts disclosed in note 2.3, the Company continues to face a liquidity shortfall due to which it was unable to meet its obligations in respect of various debt finances. The details of overdue financial liabilities as at 30 September 2017 are as follows:

	Principal Rupees	Interest / mark up Rupees	Total Rupees
<b>Nature of Liability</b>			
Redeemable capital	7,904,908,255	7,573,251,412	15,478,159,667
Long term finances	5,734,458,115	5,159,486,178	10,893,944,293
Short term borrowings	890,211,598	944,955,758	1,835,167,356
	<u>14,529,577,968</u>	<u>13,677,693,348</u>	<u>28,207,271,316</u>

## 18 Fair Value of Financial Assets and Liabilities

The carrying amount of redeemable capital and long term finance equal their fair values and are determined using the valuating model that considers the present value of expected further cash flows discounted using a market rate of interest as the input is unabsorbable market data it is classified under level 2.

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

There is no change in the nature and corresponding hierarchies of fair valuation levels of financial instruments for those as disclosed in the audited financial statements of the Company for the year ended 31 December 2016.

## 19 Financial Risk Management

The Company's financial risk management objective and policies are consistent with the disclosed in the financial statement for the financial year ended on 31 December 2016.

## 20 Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on October 26, 2017.

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

*For the nine months period ended 30<sup>th</sup> September 2017*

## 21 General

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

Lahore

  
Chief Executive

  
Director

# Notes

A series of 18 horizontal dotted lines for writing notes.



AGRITECH LIMITED

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