



Interim Financial Report
for the quarter ended
31 March 2015
(Un-audited)

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Company Information

BOARD OF DIRECTORS

Mr. Wajahat Ahmed Baqai
Chairman
Mr. Asim Imtiaz Basra
Mr. Ahsan Raza Durrani
Mr. Rehmat Ali Hasnie
Mr. Kamran Ali Kazim
Mr. Mohammad Khalid Mir
Chief Executive Officer
Mr. Muhammad Faisal Muzammil
Mr. Masroor Ahmed Qureshi

COMPANY SECRETARY & CFO
Syed Taneem Haider

AUDIT COMMITTEE

Mr. Ahsan Raza Durrani
Chairman
Mr. Kamran Ali Kazim
Mr. Masroor Ahmed Qureshi

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

COMPANY WEBSITE

www.paf1.com.pk

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants, Lahore

BANKERS

JS Bank Limited
Faysal Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
Albaraka Bank Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Summit Bank Limited
Silk Bank Limited
KASB Bank Limited
Allied Bank Limited
Bank Alfalah Limited
The Bank of Punjab
Bank Islami Pakistan Limited
Askari Bank Limited
Pak Libya Holding Company (Pvt.) Limited
Soneri Bank Limited
Meezan Bank Limited formerly HSBC Bank
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' Review

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 Un-Audited Financial Statements for the Quarter ended 31 March 2015.

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 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.

Quarterly Financial Results of Agritech Limited

	March 31, 2015	March 31, 2014
Sales Net	171,047,248	277,962,314
Operating (Loss) / Profit	(604,268,869)	(598,215,276)
Finance Cost	(610,449,567)	(677,939,878)
Loss before Tax	(1,188,718,917)	(1,255,850,234)
Loss after Tax	(782,691,472)	(813,870,707)
Loss per share	(2.09)	(2.18)

The Company faced extended winter load shedding as per the previous years, due to severe natural gas crisis in Pakistan. The Plant remained closed from September 17, 2014 till March 29, 2015. However, Urea Production started in first week of April 2015. SSP sales were low due to 1st quarter demand for the phosphate is historically low due to off season. However, plant continued to operate at full capacity.

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

Future Outlook

Consistent supply of natural gas continues to be the biggest challenge for the fertilizer industry in the near future amid the current gas shortage and pressure on Government of Pakistan from competing industries. Government is committed to increase domestic fertilizer production to save on Foreign Exchange and the cost of subsidizing imported Urea. Consequently, it is expected that gas availability is likely to improve particularly during summer months as witnessed during 2015.

Directors' Review

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.

Acknowledgement

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

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

Lahore
Date : 30 April 2015

On behalf of the Board



Chief Executive Officer

Condensed Interim Balance Sheet (Un-audited)

As at 31 March 2015

		Un-Audited 31 March 2015 Rupees	Audited 31 December 2014 Rupees
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Issued, subscribed and paid up capital		5,517,642,690	5,517,642,690
Reserves		9,000,000	9,000,000
Accumulated profit		<u>(4,893,691,258)</u>	<u>(4,504,448,372)</u>
		632,951,432	1,022,194,318
Surplus on revaluation of fixed assets		8,452,926,888	8,889,592,164
<u>Non-current liabilities</u>			
Redeemable capital - Secured	6	7,417,610,720	7,974,045,542
Long term finances - Secured	7	3,256,392,366	3,669,640,929
Long term payables - Unsecured		31,135,199	31,135,199
Staff retirement benefits		16,544,395	15,169,860
Deferred taxation - net		<u>3,503,376,316</u>	<u>3,911,114,234</u>
		14,225,058,996	15,601,105,764
<u>Current liabilities</u>			
Current maturity of non-current liabilities		8,627,824,014	7,652,195,166
Short term borrowings -secured		3,693,640,866	3,677,177,328
Trade and other payables		3,118,647,953	3,129,544,453
Interest/mark-up accrued on borrowings		9,719,174,782	9,170,644,512
Preference dividend payable		547,233,008	504,016,311
		<u>25,706,520,623</u>	<u>24,133,577,770</u>
Contingencies and commitments	8	<u>49,017,457,939</u>	<u>49,646,470,016</u>
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	9	42,677,975,539	42,967,113,632
Intangible asset		2,583,764,782	2,586,425,782
Long term advances		22,014,323	19,917,797
Long term deposits -unsecured, considered good		53,785,109	44,971,249
		<u>45,337,539,753</u>	<u>45,618,428,460</u>
<u>Current assets</u>			
Stores, spares and loose tools		2,135,141,434	2,068,630,517
Stock-in-trade		369,930,427	348,727,103
Trade debts		3,032,035	19,858,904
Advances, deposits, prepayments and other receivables		918,050,892	985,225,926
Current taxation		188,917,608	176,844,685
Cash and bank balances		64,845,790	428,754,421
		<u>3,679,918,186</u>	<u>4,028,041,556</u>
		<u>49,017,457,939</u>	<u>49,646,470,016</u>

The annexed notes 1 to 16 form an integral part of this condensed interim consolidated financial information.



Lahore

CHIEF EXECUTIVE



DIRECTOR

Condensed Interim Profit and Loss Account (Un-audited)

For the quarter ended 31 March 2015

	Period ended	
	March 31, 2015	March 31, 2014
	Un-Audited Rupees	Un-Audited Rupees
Sales - net	171,047,248	277,962,314
Cost of sales	(586,771,475)	(661,719,870)
Gross loss	(415,724,227)	(383,757,556)
Selling and distribution expenses	(22,424,183)	(23,353,447)
Administrative and general expenses	(166,120,459)	(191,104,274)
Operating loss	(604,268,869)	(598,215,277)
Finance cost	(610,449,567)	(677,939,878)
Net other income	25,999,519	20,304,921
Loss before taxation	(1,188,718,917)	(1,255,850,234)
Taxation	406,027,445	441,979,527
loss after taxation	(782,691,472)	(813,870,707)
Earning / (loss) per share basic and diluted	(2.09)	(2.18)

The annexed notes 1 to 16 form an integral part of this condensed interim consolidated financial information.

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter ended 31 March 2015

	Period ended	
	March 31, 2015	March 31, 2014
	Un-audited	Un-audited
	Rupees	Rupees
loss after taxation	(782,691,472)	(813,870,707)
Total comprehensive income (loss) for the period	(782,691,472)	(813,870,707)

The annexed notes 1 to 16 form an integral part of this condensed interim consolidated financial information.

Condensed Interim Cash flow Statement (Un-audited)

For the quarter ended 31 March 2015

	Note	(Un-audited) March 2015 Rupees	(Un-audited) March 2014 Rupees
<u>Cash flows from operating activities</u>			
Cash generated from operations	11	(308,097,709)	(240,446,820)
Finance cost paid		(53,267,297)	(3,633,747)
Interest income received		4,172,228	-
Taxation paid		(13,705,065)	(31,080,229)
Staff retirement benefits paid		199,337	-
Net cash (used in)/generated from operating activities		(370,698,506)	(275,160,796)
<u>Cash flows from investing activities</u>			
Capital expenditure including purchase of property, plant & equipment		3,349,760	(89,408,906)
Long Term advances		(2,096,526)	322,599
Long term deposits		(8,813,860)	95,000
Proceeds from disposal of property, plant & equipment		593,500	-
Net cash used in investing activities		(6,967,126)	(88,991,307)
<u>Cash flows from financing activities</u>			
Repayment of liabilities against assets subject to finance lease		(2,706,537)	-
Net increase in short term borrowings		(6,234,844)	(15,625,584)
Net cash used in financing activities		(8,941,381)	(15,625,584)
Net increase/(decrease) in cash and cash equivalents		(386,607,013)	(379,777,687)
Cash and cash equivalents at the beginning of period		(2,199,737,107)	(744,751,939)
Cash and cash equivalents at the end of period	13	(2,586,344,120)	(1,124,529,626)

The annexed notes 1 to 16 form an integral part of this condensed interim consolidated financial information.

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

For the quarter ended 31 March 2015

	Share Capital		Reserves		Total equity Rupees
	Ordinary Shares Rupees	Preference Shares Rupees	Revenue reserve Rupees	Accumulated profit Rupees	
Balance as at 31 December 2013 - audited	3,924,300,000	1,593,342,690	9,000,000	(104,496,573)	5,422,146,117
Total comprehensive income for the period	-	-	-	(813,870,707)	(813,870,707)
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	21,060,197	21,060,197
Preference shares dividend for the period	-	-	-	(43,216,693)	(43,216,693)
Balance as at 31 March 2014 - un-audited	3,924,300,000	1,593,342,690	9,000,000	(940,523,776)	4,586,118,914
Balance as at 31 December 2014 - audited	3,924,300,000	1,593,342,690	9,000,000	(4,504,448,372)	1,022,194,318
Total comprehensive income for the period	-	-	-	(782,691,472)	(782,691,472)
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	436,665,278	436,665,278
Preference shares dividend for the period	-	-	-	(43,216,692)	(43,216,692)
Balance as at 31 March 2015 - un-audited	3,924,300,000	1,593,342,690	9,000,000	(4,893,691,258)	632,951,432

The annexed notes 1 to 16 form an integral part of this condensed interim consolidated financial information.

Lahore



CHIEF EXECUTIVE



DIRECTOR

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

For the quarter ended 31 March 2015

1 Status and nature of business

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, Main Boulevard, New Garden Town, Lahore. The principal business of the Company is the production and sale of Urea and Granulated Single Super Phosphate ("GSSP") fertilizer. The Company has two production units with Unit I located at Iskanderabad, District Mianwali and Unit II at Hattar Road, Haripur.

2 Basis of preparation

2.1.1 Basis of accounting

This condensed interim financial information comprises the condensed interim balance sheet of Agritech Limited ("the Company"), as at 31 March 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof.

2.1.2 This condensed interim financial information of the Company for the three months period ended 31 March 2015 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.1.3 This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the twelve months financial statements as at and for the period ended 31 December 2014.

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

2.2 Financial liabilities and continuing operations

The Company continues to face operational issues due to 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. Due to these factors, the Company has incurred a loss before tax of Rs. 782.69 M and reported negative cash flows of Rs. 308.09 million from operations during quarter ended 31 March 2015. As of that date, its current liabilities exceeded current assets by Rs. 22,026.60 million. Its accumulated loss stood at Rs. 4,893.69 million. 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. With the commissioning of LNG terminal and successful import of LNG, by the Government of Pakistan, Gas availability in the country has improved. This is likely to improve gas supply to our Urea plant. 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.

Further, 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 aforesaid conversion and other measures mentioned in the above paragraph, the management of the Company envisages that sufficient financial resources will be available for the continuing operations and it is expected to operate profitably.

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

For the quarter ended 31 March 2015

2.3 Financial liabilities

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

However, the long term debts in the amount of Rs. 10,857.74 million as detailed below have continued to be classified as long term as per the repayment schedules in these financial statements. As mentioned in 2.2, NOCs for the conversion of debt in to the preference shares have been obtained from all the lenders and the matter is pending with SECP for approval. Conversion of the longterm debts into preference shares will address the subject:

<u>Redeemable capital</u>	Principal net of current maturity Rupees
Term Finance Certificates (TFCs) - I	1,016,908,500
Term Finance Certificates (TFCs) - II	4,235,061,891
Term Finance Certificates (TFCs) - III	320,319,850
Privately Placed Term Finance Certificates - V	617,345,871
Sukuk	982,734,286
Term Finance Certificates (TFCs) - VI	382,406,247
	<u>7,554,776,645</u>
	Principal net of current maturity Rupees
<u>Long term finances</u>	
Syndicate Term Finance - I	2,035,714,286
Syndicate Term Finance - III	832,257,128
KASB Bank Limited - Term Finance	184,285,714
National Bank of Pakistan - Term Finance	132,083,735
Dubai Islamic Bank Pakistan Limited - Term Finance	118,625,000
	<u>3,302,965,863</u>
	<u>10,857,742,508</u>

3 Estimates

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

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

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

For the quarter ended 31 March 2015

4 Statement of consistency in accounting policies

4.1 Except as describe below, the accounting policies and the methods of computation adopted in the preparation of this condense interim financial information are the same as those applied in the preparation of the twelve months financial statements for the period ended 31 December 2014.

4.2 Change in accounting policy

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

Under IAS 19, the Company determines the net interest expense (income) for the period on the net defined benefit liability (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) at the beginning of the annual period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. All the changes in the present value of defined benefit obligation are now recognized in statement of comprehensive income and the past service costs are recognized in profit and loss account, immediately in the period they occur. The change in accounting policy has been applied prospectively, being considered immaterial. IAS 1 (amendment) - Presentation of Financial Statements.

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

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

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

		Un-audited	Audited
		31 March	31 December
	<i>Note</i>	2015	2014
		Rupees	Rupees
5 Issued, subscribed and paid up capital			
Class A ordinary shares of Rs. 10 each 383,430,000 (December 2014: 383,430,000) Shares issued fully paid in cash	5.1	3,834,300,000	3,834,300,000
9,000,000 (December 2014: 9,000,000) Shares issued for consideration other than cash		90,000,000	90,000,000
Preference shares of Rs. 10 each 159,334,269 (December 2014: 159,334,269) Shares issued fully paid in cash	5.2	1,593,342,690	1,593,342,690
		<u>5,517,642,690</u>	<u>5,517,642,690</u>

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

For the quarter ended 31 March 2015

- 5.1 "As at 31 March 2015, National Bank of Pakistan, an associated undertaking holds 130,715,224 (December 2014:130,715,224) ordinary shares of the Company."
- 5.2 The preference shares (the shares) have been treated as part of equity on the following basis:
- The shares were issued under the provisions of section 86 of the Companies Ordinance, 1984 (the Ordinance) read with section 90 of the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.
 - The financial capital of the Company and the issue of the shares were duly approved by the shareholders of the Company at the Extraordinary General Meeting held on 29 August 2011.
 - Return of allotment of shares was filed under section 73(1) of the Ordinance.
 - The Company is required to set-up a reserve for the redemption of Preference shares, under section 85 of the Ordinance, in respect of the shares redeemed which effectively makes Redeemable Preference shares a part of equity.
 - The requirements of the Ordinance takes precedence over the requirements of International Accounting Standards.
 - The preference shareholders have the right to convert these shares into Ordinary shares.

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

	Un-audited	Audited
	31 March	31 December
	2015	2014
	Rupees	Rupees
6 Redeemable Capital - Secured		
Term Finance Certificates - I	1,498,602,000	1,498,602,000
Term Finance Certificates - II	6,894,286,800	6,894,286,800
Term Finance Certificates - III	495,460,750	495,460,750
Privately Placed Term Finance Certificates - IV	548,825,000	548,825,000
Privately Placed Term Finance Certificates - V	618,685,000	618,685,000
Privately Placed Term Finance Certificates - VI	509,874,996	509,874,996
Sukkuks	1,599,800,000	1,599,800,000
	12,165,534,546	12,165,534,546
Transaction costs	(137,165,925)	(142,937,925)
	12,028,368,621	12,022,596,621
Current maturity presented under current liabilities	(4,610,757,901)	(4,048,551,078)
	7,417,610,720	7,974,045,543

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

For the quarter ended 31 March 2015

	Un-audited 31 March 2015 Rupees	Audited 31 December 2014 Rupees
7 Long term finances		
Syndicate Term Finance - I	3,000,000,000	3,000,000,000
Syndicate Term Finance - II	475,000,000	475,000,000
Syndicate Term Finance - III	3,009,833,663	3,009,833,663
KASB Bank Limited - Term Finance	300,000,000	300,000,000
National Bank of Pakistan - Term Finance	132,083,735	132,083,735
Dubai Islamic Bank Pakistan Limited - Term Finance	365,000,000	365,000,000
	<u>7,281,917,398</u>	<u>7,281,917,398</u>
Transaction Cost	(46,573,497)	(49,453,497)
	<u>7,235,343,901</u>	<u>7,232,463,901</u>
Current maturity presented under current liabilities	(3,978,951,535)	(3,562,822,972)
	<u><u>3,256,392,366</u></u>	<u><u>3,669,640,929</u></u>
8 Contingencies and commitments		
8.1 Contingencies		
There is no material change in contingencies from the preceding annual publish financial statements of the company for the period ended 31 December 2014.		
8.2 Commitments		
8.2.1 The amount of future ijarah rentals and the period in which these payments will become due are as follow:		
Commitments under irrevocable letters of credit for:		
Not Later than one year	32,066,112	33,789,240
Later than one year but not later than five years	63,327,681	68,012,925
	<u>95,393,793</u>	<u>101,802,165</u>
8.2.2 Commitments under irrevocable letters of credit for:		
- purchase of stores, spares and loose tools	20,151,372	20,151,372
	<u>20,151,372</u>	<u>20,151,372</u>

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

For the quarter ended 31 March 2015

		Un-audited 31 March 2015 Rupees	Audited 31 December 2014 Rupees
9 Property, plant and equipment			
Operating fixed assets	9.1	42,610,182,746	42,895,817,533
Capital work in progress		67,792,793	71,296,099
		<u>42,677,975,539</u>	<u>42,967,113,632</u>
9.1 Operating fixed assets			
Net book value at end of the period		42,895,817,533	35,890,049,631
Add: Additions during the period	9.1.1	2,623,720	10,121,425,900
		2,623,720	10,121,425,900
Less: Disposals during the period / year - net book value		2,969,691	112,293,545
Depreciation for the period		285,288,816	3,003,364,453
		288,258,507	3,115,657,998
Net book value at end of the period		<u>42,610,182,746</u>	<u>42,895,817,533</u>
9.1.1 Additions - cost			
<u>Owned assets</u>			
Freehold land			291,005,950
Buildings on freehold land		-	395,514,838
Plant and machinery		2,623,720	9,352,867,755
Furniture, fixtures and office equipment		-	9,146,326
Vehicles and rail transport		-	6,444
Tools and other equipment		-	65,000
Electrical and other installations		-	2,506,335
Catalyst		-	70,313,252
		<u>2,623,720</u>	<u>10,121,425,900</u>

10 Transactions and balances with related parties

Related parties from the Company's perspective comprise associated undertakings, key management personnel (comprising the chief executive and directors), post employment benefit plans and other related parties. The Company in the normal course of business carries out transactions with various related parties and continues to have a policy whereby all such transactions are carried out at arm's length with the expectations as approved by the Board of Directors.

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

For the quarter ended 31 March 2015

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

	(Un-audited) January to March 2015 Rupees	(Un-audited) January to March 2014 Rupees
10.1 Transactions with related parties		
10.1.1 Associate		
National Bank of Pakistan		
Markup expense	85,027,604	84,304,714
Preference dividend	17,686,421	16,748,293
Advisory Fee	90,000,000	90,000,000
Bank Balances - net	(4,218,092)	(61,752,914)
10.1.2 Other related parties		
Faysal Bank Limited		
Mark up Expense	50,548,784	56,310,209
Preference dividend	8,417,873	8,417,873
Bank Balances - net	1,437	(140,051,501)
Standard Chartered Bank (Pakistan) Limited		
Mark-up expense	44,466,542	45,712,437
Silk Bank limited		
Mark-up expense	17,384,518	18,341,323
Markup paid	8,770,633	-
Short term borrowings - net	(5,271,961)	5,497,615
Summit Bank Limited		
Mark-up expense	31,797,858	32,524,894
Markup paid	28,453,992	-
Short term borrowings - net	(72,123,740)	(53,000,000)
10.1.3 Post employment benefit plans		
Contribution to employees provident fund	5,460,696	4,812,137
Contribution to employees gratuity fund	1,472,289	2,301,480
10.1.4 Key management personnel		
Short term employee benefits	6,146,834	6,238,800
Post employment benefits	184,497	355,857

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

For the quarter ended 31 March 2015

	(Un-audited) 31 March 2015	(Audited) 31 December 2014
	Rupees	Rupees
10.2 Balances with related parties		
10.2.1 Associate		
National Bank of Pakistan		
Long term loans	2,467,083,735	2,467,083,735
Redeemable capital	462,057,100	462,057,100
Bills payable	187,030,000	187,030,000
Preference shares	34,587,560	34,587,560
Mark-up payable	1,653,145,812	1,568,118,208
Preference dividend payable	181,034,973	163,348,552
Bank accounts	920,293	205,274,372
Advisory and other fee	464,200,000	359,600,000
Advance for transaction Cost	23,200,000	23,200,000
10.2.2 Other related parties		
Faysal Bank		
Redeemable capital	1,499,109,500	1,499,109,500
Long term loan	350,000,000	350,000,000
Preference shares	310,355,940	310,355,940
Mark up payable	879,763,318	829,214,534
Preference dividend payable	106,626,397	98,208,523
Bank accounts	1,337,829	1,332,851
Standard Chartered Bank (Pakistan) Limited		
Redeemable capital	146,995,500	146,995,500
Long term finances	1,499,904,160	1,499,904,160
Mark-up payable	743,603,495	699,136,953
Silk Bank Limited		
Long term loans	130,607,546	130,607,546
Short term borrowings	478,998,448	501,103,546
Bills payable	42,207,529	24,796,733
Mark up payable	172,586,044	163,972,159
Summit Bank Limited		
Redeemable capital	603,406,000	603,406,000
Short term borrowings	673,610,281	670,863,965
Bills payable	14,888,617	-
Mark up payable	254,020,928	250,677,062

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

For the quarter ended 31 March 2015

	(Un-audited) 31 March 2015 <u>Rupees</u>	(Audited) 31 December 2014 <u>Rupees</u>
10.2.3 Post employment benefit plans		
Payable to gratuity Trust	16,544,395	15,169,860
11 Cash flow from operating activities		
Profit & (Loss) before tax	(1,188,718,917)	(1,255,850,234)
Adjustment for non-cash and other items:		
Interest / markup expense	601,797,567	659,205,226
Amortization of transaction costs	8,652,000	18,734,652
Depreciation	285,288,816	227,277,070
Amortization of computer software	2,661,000	2,337,108
Staff retirement benefit	1,175,198	2,272,286
Mark-up / Interest Income	(4,172,228)	-
Gain on sale of property, plant and equipment	(93,983)	-
Operating profit before changes in working capital	<u>(293,410,547)</u>	<u>(346,023,892)</u>
Changes in working capital		
(Increase) / decrease in current assets:		
Increase in stores, spares and loose tools	(66,510,917)	(13,248,097)
Decrease in stock in trade	(21,203,325)	15,932,012
Decrease in trade receivables	16,826,868	5,107,102
Increase in advances, deposits, prepayments and other receivables	67,175,034	17,317,529
	(3,712,340)	25,108,546
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	(10,974,822)	80,468,526
Cash generated from operations	<u>(308,097,709)</u>	<u>(240,446,820)</u>

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

For the quarter ended 31 March 2015

12 Segment reporting

12.1 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:

12.2 Segment revenue and results

Following is the information about reportable segments of the Company:

	Urea fertilizers segment		Phosphate fertilizers segment		Total	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
For the three months period ended 31 March 2015	87,693,483	160,239,460	83,353,765	117,722,854	171,047,248	277,962,314
reportable segment (Loss)/	(1,187,074,710)	(1,261,665,542)	(1,644,205)	5,815,307	(1,188,718,915)	(1,255,850,235)
Profit before tax						
	Urea fertilizers segment		Phosphate fertilizers segment		Total	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
As at						
Reportable segment assets	44,946,674,476	45,557,707,568	4,704,540,314	4,797,631,960	49,651,214,790	50,355,339,528
Reportable segment liabilities	39,476,841,389	39,264,444,064	1,088,495,081	1,179,108,989	40,565,336,470	40,443,553,053
12.3 Reconciliation of reportable segment profit and loss						
For the three months ended						
Total loss for reportable segments before tax					(Un-audited)	(Un-audited)
Unallocated corporate expenses					31 March 2015	31 March 2014
Loss after tax					Rupees	Rupees
					(1,188,718,917)	(1,255,850,234)
					406,027,445	441,979,527
					(782,691,472)	(813,870,707)

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

For the quarter ended 31 March 2015

	(Un-audited) 31 March 2015	(Audited) 31 December 2014
	<u>Rupees</u>	<u>Rupees</u>
13 Cash and cash equivalents		
Short term borrowings - secured	(2,651,189,910)	(2,078,295,046)
Cash and bank balances	64,845,790	953,765,420
	<u>(2,586,344,120)</u>	<u>(1,124,529,626)</u>

14 Overdue financial liabilities

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

	<u>Principal Rupees</u>	<u>Interest / mark up Rupees</u>	<u>Total Rupees</u>
Nature of Liability			
Redeemable capital	3,176,959,541	5,004,308,162	8,181,267,703
Long term finances	2,571,846,197	3,483,917,019	6,055,763,216
Short term borrowings	453,429,532	246,900,758	700,330,290
Bills payable	187,031,000	67,257,935	254,288,935
Liabilities against assets subject to finance lease - Secured	38,114,578	-	38,114,578
	<u>6,427,380,848</u>	<u>8,802,383,874</u>	<u>15,229,764,722</u>

15 Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on April 30, 2015

16 General

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



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