



Interim Financial Report | for the half year ended
June 30, 2016 (Un-audited)

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Company Information

BOARD OF DIRECTORS

Mr. Wajahat A. Baqai
Chairman

Mr. Muhammad Faisal Muzammil
Acting Chief Executive Officer

Mr. Asim Imtiaz Basra

Mr. Bilal Asghar

Mr. Asim Murtaza Khan

Mr. Rehmat Ali Hasnie

Mr. Ahsan Raza Durrani

Mr. Masroor A. Qureshi

COMPANY SECRETARY & CFO

Mr. Syed Taneem Haider

AUDIT COMMITTEE

Mr. Asim Murtaza Khan
Chairman

Mr. Ahsan Raza Durrani

Mr. Masroor A. Qureshi

Mr. Bilal Asghar

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

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

Company Website

www.pafli.com.pk

Directors' Review

The directors of Agritech Limited, henceforth called the Company, along with the management team are pleased to present the Company's Interim Report accompanied by the Reviewed Financial Statements for the Six months ended June 30, 2016.

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

Business Review

Principal Activities

The main business of the Company is the manufacturing and marketing of fertilizers. The Company owns and operates the country's one of the newest and most efficient urea manufacturing plant at Mianwali Punjab Province as well as a facility for the manufacture of SSP (Single Super Phosphate) at Haripur Hazara, Khyber Pakhtunkhwa (KPK) Province.

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

First Half in Review

Financial Results of Agritech Limited

	Six Months ended June 30, 2016	Six Months ended June 30, 2015
Sales - Net	2,906,225,879	792,584,471
Operating Profit / (Loss)	11,046,065	(879,073,526)
Finance cost	1,109,538,493	1,224,724,135
Loss before Tax	1,071,161,064	2,071,967,299
Loss after Tax	842,885,747	1,287,616,290
Loss per share	2.37	3.48

Urea Business:

The Company managed to produce 137,175 tons of Urea (2015: 25,903 tons) vs installed capacity of 215,000 tons during the first half. The improvement in production vs last year is attributed to the gas supply restoration to the company's Urea plant. Gas supply to the Company was restored in the last week of February 2016 and urea plant operated continuous for four months since then without any shutdown. The Company sold 86,944 tons of Urea (2015: 8,915 tons).

Improved gas supply to the fertilizer sector in 2016 increased the production of Urea during 1H 2016 by 19% (2947KT in 2016 vs 2475KT in 2015). Offtakes of Urea saw a decline of 36% during the 1H 2016 (1830KT in 2016 vs 2867KT in 2015). Poor farm economics due to decline in commodity prices was the main reason of the decline in Urea industry offtakes in 2016.

Higher urea production eliminated any urea imports requirements vs last year imports of 443KT in 1h 2015. However, lower offtakes of Urea in 1H 2016 has resulted in increase in the urea inventory in the country and a Urea stock of 1670KT is available at the end of June 2016.

Phosphates Business:

Company produced 31,730 tons (2015: 21,714) of SSP. This production was 78% of the rated capacity and 46% higher than last year. Company sold 13,791 tons in 1H 2016 vs 18,995 tons; a decrease of 27% vs last year. Though Company had some 10KT of pending orders but these were not shifted to the market due to subsidy rumors in the finance bill of 2016-17. SSP business of the company is also being affected by the non-implementation of the Peshawar High Court and Supreme Court orders by the government to include the SSP of the company, manufactured from local rock, in the subsidy scheme announced.

Directors' Review

DAP production increased by 6% in 1H 2015 (371KT vs 351KT) due to better gas supply to the only DAP plant on SSGC. DAP offtakes increased by 9% to 520Kt in 1H 2016 vs 470Kt last year. Decrease in international DAP prices lowered the domestic DAP prices that contributed to better offtakes. Imports of DAP also increased by 28% (263KT vs 206KT) during 1H 2016 vs last year.

Capital Restructuring:

Major cause of delay, in debt servicing of the Company and accumulation of mark ups further increasing debt burden, over the years is due to the severe gas curtailment to the Company's urea plant. Lower than capacity production of Urea versus the available capacity contributed to restrained cash flows. Due to the serious gas curtailment issues in the past, a capital restructuring plan was envisaged with the cooperation of lenders to enable company to devise a sustainable capital structure, that includes the conversion of its existing long term debt including mark-up into preference shares and also seek approval of sale of excess land to payoff long term lenders.

Rehabilitation Plan of the Company was approved by the Board on November 5, 2013 and was also subsequently approved by Shareholders in an EOGM held on December 10, 2013. Subsequently, company filed a petition in Lahore High Court on June 05, 2016 for the enforceability of the scheme under section 284-288 of the Companies Ordinance, 1984. In this regard meetings of the shareholders (99.99% approval) and creditors (98% approval), under the supervision and orders of high court; have already been held on July 21, 2016 and July 25, 2016 respectively, to approve the scheme Rehabilitation Plan. By implementing this scheme before the end of 2016, the Company will achieve a suitable and sustainable capital structure and further improve its financial performance.

Future Outlook

The regular import of LNG in the country under the Government to Government agreement between Pakistan and Qatar has significantly improved the gas supply demand situation in the country. Fertilizer sector, being on the transmission network of the Sui Companies, is greatly benefited by this improved gas supply situation. The Company is too getting benefit of this improved gas supply scenario in the country whereby its plant, located in the north of the country on SNGPL system, is better positioned to utilize the surplus gas from the northern gas fields.

In order to improve the economics of the farmers, the Federal Government in collaboration with the Provinces announced Subsidy on Urea for the farmers in the Finance Bill of 2016-17 that lowered the urea prices by Rs. 400 per bag in the form of direct subsidy and reduction of output sales tax from existing 17% to 5%. This measure will increase the Urea offtakes in the later part of the year.

Similarly the subsidy on phosphates fertilizer was also continued for the financial year 2016-17 with subsidy on DAP of Rs. 300 per bag announced in the Finance Bill 2016-17. However, the SSP, particularly the SSP production from the local rock, was discriminated on the account of subsidy. The Company is in Supreme Court against the discriminatory treatment meted out to its SSP manufacturing.

Modification in the Auditors report

Qualification

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

The lenders have continued to show their confidence in diversified business and experienced management to gradually improve the financial performance of the company in this improved gas supply situation.. Moreover, the lenders have also signed the debt swap agreement, by virtue of which they have become sponsors of the Company. The management expects to deliver better performance with revitalized shareholding strength.

Emphasis

Auditors also raised concern about Company ability to operate as going concern. The fact of the matter is that the Company was unable to meet the covenants imposed by the lenders due to operational issues faced by the continued gas curtailments in the past and repeated gas load shedding. Auditors' assumption that the Company will operate as going concern is based on steps taken by the management during the year to mitigate the gas curtailment issue with continuous gas supply being secured since last week of February 2016.

Directors' Review

Further, the Company is also in the process of implementing its comprehensive Rehabilitation plan through LHC whereby a sustainable capital structure (conversion of long term debt including markup into preference shares) and sale of excess land, to settle long term liabilities of the company, will be realized.

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

Acknowledgement

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

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

On behalf of the Board

Lahore
Date : 30 August, 2016


Acting Chief Executive Officer

Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Agritech Limited ("the Company") as at 30 June 2016 and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in note 2.4 and 18 to the condensed interim financial information, the Company could not make timely repayments of principal and interest / mark-up related to long term debts and as at the reporting date certain financial and other covenants imposed by the lenders could not be 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, in this condensed interim financial information the long term debts have continued to be classified as long term according to the individual loan repayment schedules. Had these liabilities been classified as per the requirements of IAS-1, current liabilities of the Company would have increased by Rs. 6,554.81 million as at the reporting date.

Qualified Conclusion

Based on our review, with the exception of matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to the following matters:

- i) Note 5 to the accompanying condensed interim financial information, whereby Redeemable Preference shares have been treated by the Company as part of equity, in view of the requirements of the Companies Ordinance, 1984. The matter of its classification will be dealt in accordance with the clarification from the Securities and Exchange Commission of Pakistan, as fully explained in note 5 to the condensed interim financial information; and
- ii) The Company has incurred a loss before tax of Rs. 1,071.16 million and reported negative cash flows of Rs. 1,604.65 million from operations during the six months period ended 30 June 2016 and, as of that date; its current liabilities exceeded its current assets by Rs. 28,721.30 million, including Rs. 21,519.12 million relating to overdue principal and interest / mark-up thereon, and accumulated losses of the Company exceeded the shareholder's equity by Rs. 3,172.95 million. The difference between current liabilities and current assets would be Rs. 35,276.11 million, had the Company classified its long term debts as current for reasons more fully explained in note 2.4 to the condensed interim financial information. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. This condensed interim financial information has however been prepared on a going concern basis for the reasons more fully explained in note 2.3 to the condensed interim financial information.

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

Other matters

The figures for the quarters ended 30 June 2016 and 30 June 2015 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Date:
Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

Condensed Interim Balance Sheet (Un-audited)

As at 30th June 2016

		30 June 2016	31 December 2015
	<i>Note</i>	Rupees	Rupees
EQUITY AND LIABILITIES			
<u>Authorized share capital</u>		<u>15,000,000,000</u>	<u>15,000,000,000</u>
<u>Share capital and reserves</u>			
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	5	1,593,342,690	1,593,342,690
Reserves		9,000,000	9,000,000
Accumulated losses		(8,699,596,630)	(7,940,977,277)
		<u>(3,172,953,940)</u>	<u>(2,414,334,587)</u>
Surplus on revaluation of fixed assets		9,146,057,687	9,314,273,887
<u>Non-current liabilities</u>			
Redeemable capital - <i>secured</i>	6	4,982,571,004	6,583,561,201
Long term finances - <i>secured</i>	7	1,472,667,325	2,259,740,740
Long term payables - <i>unsecured</i>		31,135,199	31,135,199
<i>Deferred liabilities:</i>			
- staff retirement benefits		22,377,871	22,891,426
- deferred taxation		2,808,599,159	3,063,713,959
		<u>9,317,350,558</u>	<u>11,961,042,525</u>
<u>Current liabilities</u>			
Current maturity of non-current liabilities		12,861,835,506	10,460,164,858
Short term borrowings - <i>secured</i>	8	4,853,673,792	3,674,801,309
Trade and other payables		3,827,093,995	4,105,651,488
Interest / mark-up accrued on borrowings		12,030,941,928	11,203,349,154
Preference dividend payable		766,438,989	679,284,007
		<u>34,339,984,210</u>	<u>30,123,250,816</u>
Contingencies and commitments	9	<u>49,630,438,515</u>	<u>48,984,232,641</u>
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	10	41,357,764,453	41,896,367,476
Intangible assets		2,570,468,782	2,575,781,782
Long term loans and advances - considered good		15,238,571	16,977,706
Long term deposits - unsecured, considered good		68,283,723	68,295,921
		<u>44,011,755,529</u>	<u>44,557,422,885</u>
<u>Current assets</u>			
Stores, spares and loose tools		2,030,843,794	2,050,290,642
Stock-in-trade	11	1,708,724,163	630,947,812
Trade debts		207,588,499	61,149,299
Advances, deposits, prepayments and other receivables		1,339,579,827	918,899,967
Advance tax - <i>net of provision</i>		290,465,823	282,234,570
Cash and bank balances	12	41,480,880	483,287,466
		<u>5,618,682,986</u>	<u>4,426,809,756</u>
		<u>49,630,438,515</u>	<u>48,984,232,641</u>

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

Lahore


Acting Chief Executive


Director

Condensed Interim Profit and Loss Account (Un-audited)

For the six months period and quarter ended 30th June 2016

	Six months period ended		Three months period ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
Note	Rupees	Rupees	Rupees	Rupees
Sales - net	2,906,225,879	792,584,471	1,714,665,706	621,537,223
Cost of sales	(2,442,780,406)	(1,296,102,508)	(1,191,532,328)	(643,305,859)
Gross Profit/ (loss)	463,445,473	(503,518,037)	523,133,378	(21,768,636)
Selling and distribution expenses	(156,505,489)	(50,260,235)	(101,077,507)	(27,836,052)
Administrative and general expenses	(289,824,895)	(324,673,072)	(126,785,278)	(158,552,613)
Other Expenses	(6,069,024)	(622,182)	(9,298,649)	(4,102,820)
Operating Profit/ (loss)	11,046,065	(879,073,526)	285,971,944	(212,260,121)
Finance cost	(1,109,538,493)	(1,224,724,135)	(542,357,571)	(598,329,620)
Other income	27,331,364	31,830,362	22,779,265	10,113,325
Loss before taxation	(1,071,161,064)	(2,071,967,299)	(233,606,362)	(800,476,416)
Taxation	228,275,317	784,351,009	(101,154,050)	265,439,720
Loss after taxation	(842,885,747)	(1,287,616,290)	(334,760,412)	(535,036,696)
Loss per share - basic and diluted	(2.37)	(3.48)	(0.95)	(1.47)

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months period and quarter ended 30th June 2016

	Six months period ended		Three months period ended	
	30 June 2016 Rupees	30 June 2015 Rupees	30 June 2016 Rupees	30 June 2015 Rupees
Loss after taxation	(842,885,747)	(1,287,616,290)	(334,760,412)	(535,036,696)
<u>Other comprehensive income</u>	-	-	-	-
<i>Items that will not be reclassified to profit and loss account:</i>				
Remeasurement of defined benefit liability	4,578,819	5,189,427	-	-
Related Tax	(1,373,645)	(1,556,828)	-	-
	3,205,174	3,632,599	-	-
Total comprehensive loss for the period	(839,680,573)	(1,283,983,691)	(334,760,412)	(535,036,696)

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

Condensed Interim Cash flow Statement (Un-audited)

For the six months period ended 30th June 2016

		30 June 2016	30 June 2015
	Note	Rupees	Rupees
<u>Cash flows from operating activities</u>			
Cash used in operations	15	(1,319,534,603)	(315,992,731)
Finance cost paid		(253,343,753)	(88,114,841)
Interest income received		2,170,299	3,670,888
Staff retirement benefits paid		(1,859,745)	(1,433,218)
Long term advances received		1,739,135	1,730,097
Long term deposits received /(paid)		12,198	(10,722,672)
Taxes paid		(33,832,468)	(48,316,806)
Net cash used in operating activities		(1,604,648,937)	(459,179,283)
<u>Cash flows from investing activities</u>			
Acquisition of property, plant and equipment		(3,554,653)	(6,936,347)
Proceeds from disposal of property, plant and equipment		2,518,907	4,620,164
Net cash used in investing activities		(1,035,746)	(2,316,183)
<u>Cash flows from financing activities</u>			
Repayment of liabilities against assets subject to finance lease		-	(40,821,115)
Long term loans - Repayment		(14,994,930)	-
Short term borrowings - net		1,208,172,149	28,649,197
Net cash generated from / (used in) financing activities		1,193,177,219	(12,171,918)
Net decrease in cash and cash equivalents		(412,507,464)	(473,667,384)
Cash and cash equivalents at beginning of the period		(2,025,853,035)	(2,199,737,107)
Cash and cash equivalents at end of the period	17	(2,438,360,499)	(2,673,404,491)

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

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

For the six months period ended 30th June 2016

	Share capital		Reserves		Total equity
	Ordinary shares	Preference shares	Revenue reserve	Accumulated losses	
	Rupees	Rupees	Rupees	Rupees	
Balance as at 01 January 2015 - audited	3,924,300,000	1,593,342,690	9,000,000	(4,504,448,372)	1,022,194,318
Total comprehensive loss for the period ended 30 June 2015	-	-	-	(1,283,983,691)	(1,283,983,691)
Surplus transferred to accumulated losses on account of incremental depreciation on revaluation of property, plant and equipment - net of tax	-	-	-	90,769,797	90,769,797
Transaction with shareholders of the Company					
Preference dividend for the period	-	-	-	(86,913,575)	(86,913,575)
As at 30 June 2015 - unaudited	3,924,300,000	1,593,342,690	9,000,000	(5,784,575,841)	(257,933,151)
Total comprehensive loss for the period ended 31 December 2015	-	-	-	(2,207,845,861)	(2,207,845,861)
Surplus transferred to accumulated losses on account of incremental depreciation on revaluation of property, plant and equipment - net of tax	-	-	-	139,798,546	139,798,546
Transaction with shareholders of the Company					
Preference dividend for the period	-	-	-	(88,354,121)	(88,354,121)
As at 31 December 2015 - audited	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 June 2016	-	-	-	(839,680,573)	(839,680,573)
Surplus transferred to accumulated losses on account of:					
- disposal of property, plant and equipment	-	-	-	4,568,763	4,568,763
- incremental depreciation on revaluation of property, plant and equipment - net of tax	-	-	-	163,647,439	163,647,439
Transaction with shareholders of the Company					
Preference dividend for the period	-	-	-	(87,154,982)	(87,154,982)
As at 30 June 2016 - un-audited	3,924,300,000	1,593,342,690	9,000,000	(8,699,596,630)	(3,172,953,940)

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

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

For the six months period ended 30th June 2016

1 Reporting Entity

Agritech Limited was incorporated in Pakistan on 15 December 1959 as an unlisted Public Limited Company under the Companies Act, 1913 (now Companies Ordinance, 1984) and was a wholly owned subsidiary of National Fertilizer Corporation of Pakistan (Private) Limited ("NFC"), a Government owned corporation, until 15 July 2006. Subsequently, 100% shares of the Company were acquired by Azgard Nine Limited ("ANL") as a part of privatization process of Government of Pakistan as stipulated in the Share Purchase Agreement dated 15 July 2006. On 12 April 2010, the Company was listed on Pakistan Stock Exchange ("PSX") vide PSX Notification No. PSX/N-1940. On 31 October 2012, ANL sold majority of its shareholding in the Company to a consortium of banks and financial institutions. The registered office of the Company is situated at 2nd Floor, Asia Centre, 8-Babar Block, New Garden Town, Lahore. The principal business of the Company is production and sale of Urea and Granulated Single Super Phosphate ("GSSP") fertilizer. The Company has two production units with Unit I located at Iskanderabad, District Mianwali and Unit II at Hattar Road, Haripur.

2 Basis of preparation

2.1 Basis of accounting

2.1.1 This condensed interim financial information comprises the condensed interim balance sheet of Agritech Limited ("the Company"), as at 30 June 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof.

2.1.2 This condensed interim financial information of the Company for the six months period ended 30 June 2016 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.1.3 This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended on 31 December 2015.

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

2.2 Judgments and estimates

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 2015.

2.3 Going concern assumption

The gas curtailment to the Company's urea plant has been the most crucial factor for the past years' operational and liquidity issues of the Company. The fertilizer sector as a whole and the Company in particular faced unprecedented gas curtailment during 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 gas curtailment caused low urea production at the Company versus available capacity causing continuous operational and liquidity issues which resulted in over due borrowings and related mark-up as referred to in note 18 to the condensed interim financial information.

The beginning of 2016 saw significant improvement of gas supply in the country with the regular imports of liquefied natural gas ("LNG") by the Government of Pakistan ("GOP") from Qatar under the government to government agreement for 400 mmcf. The regular imports improved the RLNG supply particularly to the SNGPL benefiting consumers including fertilizer sector. The supply of gas was restored to the Company in the last week of February 2016 and on the basis of continuous gas supply from SNGPL system, the Company

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

For the six months period ended 30th June 2016

operated the urea plant without any shutdown and consequently produced 137,175 M.Ton urea (30 June 2015: 18,555 M.Ton). The Company during the said period also sold 86,944 tons Urea (30 June 2015: 9,012 tons) significantly improving the financial position of the company. The Company has incurred a loss before tax of Rs. 1,071.16 million (30 June 2015: Rs. 2,071.98 million) during this interim period and as at the reporting date, its current liabilities have exceeded its current assets by Rs. 28,721.30 million, including Rs. 21,519.12 million relating to overdue principal and interest / mark-up thereon, and accumulated losses of the Company exceeded the shareholder's equity by Rs. 3,172.95 million. The difference between current liabilities and current assets would have been Rs. 35,276.11 million, had the Company classified its long term debts as current for reasons fully explained in note 2.4 to the condensed financial information.

These conditions still cast 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 conversion of its over-due long-term debts and related mark-up into preference shares.

The expectation of continuous availability of gas is 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. Last year GOP successfully managed to install first ever LNG Terminal at Port Qasim having a capacity of 600 mmcsfd. Sui Northern Gas Pipeline Limited ("SNGPL") is receiving almost complete flow of LNG imports under swap arrangement. Resultantly post winter gas situation in Pakistan has been significantly improved. Besides this, the surplus gas from Khyber Pakhtunkhwa ("KPK") post winter is also available in the SNGPL north system. Both these factors have contributed in restoration of supply of gas to the Company on 25 February 2016 and the Company was able to operate for a continuous period of 126 days after a gap of six years. Moreover, the outlook of supply to the Company in subsequent months of 2016 looks further promising due to the fact that fresh discoveries are announced in Hangu Block with first well at Mardan Khel with a potential of 40 mmcsfd of additional gas (overall potential of Hangu Block is 200-250 mmcsfd). The Company being the biggest gas consumer in north, will be beneficiary of this additional flow. At present the Company has the option of both; keep on getting domestic gas from SNGPL system or switch to RLNG under swap arrangement.

The expectation of continuous availability of gas for the rest of the year and in future looks further promising as the LNG imports continued and GOP is planning to increase the LNG import volumes to the tune of 1.2 BCF. 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, greatly benefitting the Company in terms of its gas supply from these sources.

Additionally, the Company plans to start the development and sale of its spare land after the necessary legal and commercial approvals. The proceeds from the sale of land will help settle the long term liabilities of the company.

With the support of its lenders, the Company has planned to convert its existing long term debt including mark-up into preference shares and necessary steps have been initiated in this regard. Consequent to the approval by the Board of directors of the proposed scheme of arrangement ("the scheme") for the conversion of debts into preference shares, the said scheme has been filed with Honorable Lahore High Court under the provisions of Companies Ordinance, 1984 for necessary approval and order. The order of the Lahore High Court is awaited.

With the aforesaid conversion and other measures as explained in the above paragraphs, the management of the Company envisages that sufficient financial resources will be available for the continuing operations and it is expected to operate profitably. Accordingly, this condensed financial information is 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.

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.

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However, the long term debts in the amount of Rs. 6,554.81 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:

	Principal net of current maturity
	Rupees
<u>Redeemable capital</u>	
Term Finance Certificates - I	686,859,250
Term Finance Certificates - II	3,159,881,453
Term Finance Certificates - III	227,034,500
Privately Placed Term Finance Certificates	254,937,498
Sukkuks	733,241,667
	<u>5,061,954,368</u>
<u>Long term finances</u>	
Syndicate Term Finance - I	1,375,000,000
Bank Islami Pakistan Limited -Term Finance	117,857,143
	<u>1,492,857,143</u>
	<u>6,554,811,511</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 2015.
- 3.2 There were certain other new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed.

Following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016:

Standard or interpretation	Effective date (accounting periods beginning on or after)
IAS 38 - Intangible Assets	01 January 2016
IAS 16 - Property, Plant and Equipment	01 January 2016
IAS 27 - Separate Financial Statements	01 January 2016
IAS 41 - Agriculture	01 January 2016
IAS 12 - Income taxes	01 January 2017
IAS 7 - Statement of Cash Flows	01 January 2017
IFRS 10 - Investment entities	01 January 2016
IFRS 11 - Accounting for acquisitions of Interests in Joint Operations	01 January 2016
IFRS 2 - Share-based Payment	01 January 2018
Annual Improvements 2012-2014 Cycles	01 January 2016

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

For the six months period ended 30th June 2016

		(Un-audited) 30 June 2016 Rupees	(Audited) 31 December 2015 Rupees
4 Issued, subscribed and paid-up ordinary share capital			
Class A ordinary shares of Rs. 10 each 383,430,000 (31 December 2015: 383,430,000)			
Shares issued fully paid in cash	4.1	3,834,300,000	3,834,300,000
Ordinary shares of Rs. 10 each 9,000,000 (31 December 2015: 9,000,000)			
Shares issued for consideration as machinery		90,000,000	90,000,000
		<u>3,924,300,000</u>	<u>3,924,300,000</u>

4.1 As at 30 June 2016, National Bank of Pakistan, an associated undertaking holds 108,805,022 (31 December 2015: 130,715,224) ordinary shares of the Company.

		(Un-audited) 30 June 2016 Rupees	(Audited) 31 December 2015 Rupees
5 Issued, subscribed and paid-up preference share capital			
Preference shares of Rs. 10 each 159,334,269 (31 December 2015: 159,334,269)			
Shares issued fully paid in cash	5.1	1,593,342,690	1,593,342,690
		<u>1,593,342,690</u>	<u>1,593,342,690</u>

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

The Company shall have the option to redeem the preference shares plus any accumulated unpaid dividends in full or in part, within ninety days after the expiry of each anniversary of the 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.

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

5.2 The Preference shares ("the Shares") have been treated as part of equity on the following basis:

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

For the six months period ended 30th June 2016

- 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 issue of the Shares were duly approved by shareholders of the Company at 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 the 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 take precedence over the requirements of International Accounting Standards.
- The preference shareholders have the right to convert these shares into Ordinary shares.

Further, the matter regarding the classification of Redeemable Preference share capital as either debt or equity instrument has been examined by the Institute of Chartered Accountants of Pakistan ("ICAP") as a result of which 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.

	(Un-audited)	(Audited)
	30 June	31 December
	2016	2015
	Rupees	Rupees
6 Redeemable capital - secured		
<u><i>Under interest / markup arrangements</i></u>		
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	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	(79,383,361)	(99,733,750)
	12,086,151,185	12,065,800,796
Current maturity presented under current liabilities	(7,103,580,181)	(5,482,239,595)
	4,982,571,004	6,583,561,201

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

For the six months period ended 30th June 2016

	(Un-audited) 30 June 2016	(Audited) 31 December 2015
Note	Rupees	Rupees
7 Long term finances - secured		
Syndicate Term Finance -I	3,000,000,000	3,000,000,000
Syndicate Term Finance -II	475,000,000	475,000,000
Syndicate Term Finance -III	2,979,028,733	2,994,023,663
Bankislami Pakistan Limited -Term Finance	300,000,000	300,000,000
National Bank of Pakistan -Term Finance	132,083,735	132,083,735
Dubai Islamic Bank Limited -Term Finance	365,000,000	365,000,000
7.1	<u>7,251,112,468</u>	<u>7,266,107,398</u>
Transaction costs	<u>(20,189,818)</u>	<u>(28,441,395)</u>
	<u>7,230,922,650</u>	<u>7,237,666,003</u>
Current maturity presented under current liabilities	<u>(5,758,255,325)</u>	<u>(4,977,925,263)</u>
	<u><u>1,472,667,325</u></u>	<u><u>2,259,740,740</u></u>
7.1 Types of long term finances - secured		
Interest / mark-up based financing	6,886,112,468	6,901,107,398
Islamic mode of financing	365,000,000	365,000,000
	<u>7,251,112,468</u>	<u>7,266,107,398</u>
8 Short term borrowings - secured		
These include outstanding balance of running finance facilities (istisna / salam / murabaha) obtained under shariah based arrangements amounting to Rs. 1,001.86 million (31 December 2015: Rs. 751.86 million) having a limit of Rs. 1,237.19 million (31 December 2015: Rs. 987.19 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 2015.		
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 2015.		
9.2 Commitments		
	(Un-audited)	(Audited)
	30 June	31 December
	2016	2015
	Rupees	Rupees
9.2.1 Commitments under irrevocable letters of credit for:		
- purchase of raw material	<u>8,880,483</u>	<u>-</u>

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

For the six months period ended 30th June 2016

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

		(Un-audited) 30 June 2016	(Audited) 31 December 2015
	<i>Note</i>	Rupees	Rupees
Not later than one year		59,550,259	56,085,118
Later than one year but not later than five year		32,510,394	66,030,391
		<u>92,060,653</u>	<u>122,115,509</u>

10 Property, plant and equipment

Operating fixed assets	<i>10.1</i>	41,319,148,968	41,859,633,079
Capital work in progress		38,615,485	36,734,397
		<u>41,357,764,453</u>	<u>41,896,367,476</u>

10.1 Operating fixed assets

Net book value at beginning of the period		41,859,633,079	42,895,817,528
Add: Additions during the period	<i>10.1.1</i>	1,673,035	42,889,688
Less: Disposals during the period - net book value		8,587,931	2,768,108
Depreciation for the period		533,569,215	1,076,306,029
		542,157,146	1,079,074,137
Net book value at end of the period		<u>41,319,148,968</u>	<u>41,859,633,079</u>

10.1.1 Additions - cost

Owned assets

Residential colony assets	-	335,847
Plant and machinery	-	31,924,544
Furniture, fixtures and office equipment	1,605,535	9,903,834
Vehicles and rail transport	67,500	-
Tools and other equipment	-	60,000
Electrical and other installations	-	665,463
	<u>1,673,035</u>	<u>42,889,688</u>

11 Stock-in-trade

Aggregate stocks with a cost of Rs. Nil (31 December 2015: Rs. 18.88 million) are being valued at net realizable value of Rs. Nil (31 December 2015: Rs. 18.79 million).

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

For the six months period ended 30th June 2016

		(Un-audited) 30 June 2016 Rupees	(Audited) 31 December 2015 Rupees
12 Cash and bank balances	<i>Note</i>		
Cash in hand		589,782	477,861
Cash at banks			
- current accounts	12.1	37,486,144	148,651,180
- savings accounts	12.2	3,404,954	7,158,425
- term deposit receipts	12.3	-	327,000,000
		40,891,098	482,809,605
		41,480,880	483,287,466

12.1 These include Rs. 4.97 million (31 December 2015 : Rs 25.78 million) placed under an arrangement permissible under Shariah with Islamic Bank.

12.2 Rate of return on saving accounts ranges from 4.00% to 5.85% per annum (31 December 2015: 4.00% to 7.00% per annum).

12.3 These represent fixed deposits with commercial banks with maturity of less than three months and carry nil return (31 December 2015: 5.00% to 6.00%) per annum.

		(Un-audited) 30 June 2016 Rupees	(Un-audited) 30 June 2015 Rupees
13 Other Income	<i>Note</i>		

Income from financial assets

Return on bank deposits	1,985,168	4,392,450
Mark-up on advances to employees	185,131	80,278
	2,170,299	4,472,728

Income from non-financial assets

Sale of scrap	6,919,645	9,674,624
Gain on disposal of property, plant and equipment	-	618,067
Sale of fine/ dust urea	9,837,843	-
Liabilities no longer payable written back - net	5,142,508	9,109,871
Income from experimental farm	1,980,488	-
Miscellaneous	1,280,581	7,955,072
	25,161,065	27,357,634
	27,331,364	31,830,362

13.1 This includes compensation received from SNGPL for use of Company's land for installation of gas pipeline amounting to Nil (30 June 2015: Rs. 7.66 million).

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

For the six months period ended 30th June 2016

14 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.

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

	(Un-audited) January to June 2016	(Un-audited) January to June 2015
	Rupees	Rupees
14.1 Transactions with related parties		
14.1.1 Associate		
National Bank of Pakistan		
Mark-up expense	126,252,600	169,655,096
Preference dividend	1,891,921	1,902,316
Advisory fees	60,000,000	180,000,000
Bank balances - net	(809,100)	(4,403,332)
14.1.2 Other related parties		
Faysal Bank Limited		
Mark-up expense	78,084,740	99,014,507
Preference dividend	16,976,300	16,929,279
Fee for advisory services	8,034,172	5,259,640
Bank balances - net	(1,764)	(164)
Short term borrowings -net	-	86,798,148
Standard Chartered Bank (Pakistan) Limited		
Mark-up expense	70,307,078	86,748,559
Long term loan repaid	15,049,773	-
Bills payable - net	459,997,051	-
Bank balances - net	(11,446,873)	-
Silk Bank Limited		
Mark-up expense	23,089,974	33,875,421
Mark-up paid	26,604,136	12,604,483
Short term borrowings -net	39,882,669	5,336,680
Bank balances - net	(153,000,000)	-
Bills payable - net	38,401,453	-
Summit Bank Limited		
Mark-up expense	41,147,711	61,044,467
Mark-up paid	21,485,236	41,153,991
Short term borrowings -net	446,694,952	(45,389,404)
Bank Balances - net	(125,000,030)	-

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

For the six months period ended 30th June 2016

	(Un-audited) January to June 2016 Rupees	(Un-audited) January to June 2015 Rupees
14.1.3 Post employment benefit plans		
Provident Fund Trust	8,685,420	7,278,048
Gratuity Trust	4,551,361	372,949
14.1.4 Key management personnel		
Short term employee benefits	7,972,400	14,513,748
Post employment benefits	274,890	283,314
	(Un-audited) 30 June 2016 Rupees	Audited 31 December 2015 Rupees
14.2 Balances with related parties		
14.2.1 Associate		
National Bank of Pakistan		
Long term finances	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	2,022,459,642	1,896,207,042
Preference dividend payable	169,045,105	167,153,184
Bank accounts	782,314	1,591,414
Advisory fee	780,280,000	782,200,000
Advance for advisory fee	23,200,000	23,200,000
14.2.2 Other related parties		
Faysal Bank Limited		
Redeemable capital	1,499,109,500	1,499,109,500
Long term finances	350,000,000	350,000,000
Preference shares	310,355,940	310,355,940
Mark-up payable	1,095,490,436	1,017,405,696
Preference dividend payable	149,323,977	132,347,677
Bank accounts	1,338,093	1,339,857

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

For the six months period ended 30th June 2016

	(Un-audited) 30 June 2016 <hr/> Rupees	Audited 31 December 2015 <hr/> Rupees
Standard Chartered Bank (Pakistan) Limited		
Redeemable capital	146,995,500	146,995,500
Long term finances	1,469,044,387	1,484,094,160
Short term borrowings	459,997,051	-
Mark-up payable	926,971,658	856,818,420
Bills payable	-	5,220,000
Margins against letter of credits	15,464,770	-
Bank accounts	1,791,936	13,238,809
Silk Bank Limited		
Long term finances	130,607,546	130,607,546
Short term borrowings	512,933,484	552,816,153
Bills payable	38,401,453	-
Mark-up payable	177,127,957	180,642,119
Bank accounts	-	153,000,000
Summit Bank Limited		
Redeemable capital	603,406,000	603,406,000
Short term borrowings	1,117,463,145	670,768,193
Bills payable	-	-
Mark-up payable	260,728,982	241,066,507
Bank accounts	97,534	125,097,564
14.2.3 Post employment benefit plans		
(Receivable) / Payable to provident fund trust	(7,172)	-
Payable to Gratuity Trust	22,377,871	22,891,426

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

For the six months period ended 30th June 2016

	(Un-audited) January to June 2016 <u>Rupees</u>	(Un-audited) January to June 2015 <u>Rupees</u>
15 Cash flow from operating activities		
Loss before taxation	(1,071,161,064)	(2,071,967,299)
<i>Adjustment for non-cash items:</i>		
Interest / mark-up expense	1,080,936,527	1,191,475,185
Amortization of transaction costs	28,601,966	33,248,950
Depreciation on property, plant and equipment	533,569,206	570,769,437
Amortization of computer software	5,313,000	5,322,000
Provision for staff retirement benefit	4,551,361	372,949
Mark-up / interest income	(2,170,299)	(3,670,888)
Loss on sale of property, plant and equipment	6,069,024	618,067
	1,656,870,785	1,798,135,700
Operating loss before changes in working capital	585,709,721	(273,831,599)
Changes in working capital		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	19,446,848	(41,725,096)
Stock-in-trade	(1,077,776,350)	(666,103,962)
Trade receivables	(146,439,200)	(97,672)
Advances, deposits, prepayments and other receivables	(420,679,860)	(71,641,134)
	(1,625,448,562)	(779,567,864)
<i>(Decrease) / increase in current liabilities:</i>		
Trade and other payables	(279,795,762)	737,406,732
Cash used in operations	(1,319,534,603)	(315,992,731)

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

For the six months period ended 30th June 2016

16 Segment reporting

16.1 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:

16.2 Segment revenue and results

Following is the information about reportable segments of the Company:

	Urea fertilizer segment		Phosphate fertilizer segment		Total	
	(Un-audited) 30 June 2016 Rupees	(Un-audited) 30 June 2015 Rupees	(Un-audited) 30 June 2016 Rupees	(Un-audited) 30 June 2015 Rupees	(Un-audited) 30 June 2016 Rupees	(Un-audited) 30 June 2015 Rupees
For the six months period ended						
External revenues	2,688,353,752	499,870,496	217,872,127	292,713,975	2,906,225,879	792,584,471
Inter-segment revenue	-	-	-	-	-	-
Reportable segment loss before tax	(1,055,174,391)	(2,063,617,374)	(15,986,673)	(8,349,924)	(1,071,161,064)	(2,071,967,298)
	Urea fertilizer segment		Phosphate fertilizer segment		Total	
	(Un-audited) 30 June 2016 Rupees	Audited 31 December 2015 Rupees	(Un-audited) 30 June 2016 Rupees	Audited 31 December 2015 Rupees	(Un-audited) 30 June 2016 Rupees	Audited 31 December 2015 Rupees
As at						
Reportable segment assets	45,278,744,434	45,017,008,202	4,351,694,081	3,967,224,439	49,630,438,515	48,984,232,641
Reportable segment liabilities	42,340,704,561	40,977,000,975	1,316,630,207	1,107,292,366	43,657,334,768	42,084,293,341

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

For the six months period ended 30th June 2016

	(Un-audited) January to June 2016 2016 Rupees	(Un-audited) January to June 2015 2015 Rupees
16.3 Reconciliation of reportable segment profit or loss		
For the six months period ended		
Total loss for reportable segments before taxation	(1,071,161,064)	(2,071,967,298)
Taxation	228,275,317	784,351,009
Loss after taxation	<u>(842,885,747)</u>	<u>(1,287,616,289)</u>
	(Un-audited) 30 June 2016 Rupees	(Un-audited) 30 June 2015 Rupees

17 Cash and cash equivalents

Short term borrowings -running finance - secured	(2,479,841,379)	(2,711,614,426)
Cash and bank balances	41,480,880	38,209,935
	<u>(2,438,360,499)</u>	<u>(2,673,404,491)</u>

18 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 June 2016 are as follows:

Nature of liability	Principal Rupees	Interest / markup Rupees	Total Rupees
Redeemable capital - secured	4,765,395,338	6,270,520,705	11,035,916,043
Long term finances - secured	4,278,859,621	4,490,066,914	8,768,926,535
Short term borrowings - secured	931,069,108	783,213,271	1,714,282,379
	<u>9,975,324,067</u>	<u>11,543,800,890</u>	<u>21,519,124,957</u>

19 Fair value of financial assets and liabilities

The carrying amounts of redeemable capital and long term finances equal their fair values and are determined using the valuation model that considers the present value of expected future cash flows, discounted using a market rate of interest. As the input is unobservable market data, it is classified under level 2.

In case of other financial assets and financial liabilities that are expected to be settled within one year, carrying amounts 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 2015.

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

For the six months period ended 30th June 2016

20 Financial risk management

The Company's financial risk management objective and policies are consistent with the disclosed in the financial statements for the financial year ended on 31 December 2015.

21 Date of authorization

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

22 General

22.1 Figures have been rounded off to the nearest rupee.



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