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## Company Information

### BOARD OF DIRECTORS

Mr. Ahmed H. Shaikh  
Chairman  
Mr. Ahmed Jaudet Bilal  
Chief Executive Officer  
Mr. Khalid A. H. Al Sagar  
Mr. Imran Maqbool  
Mr. Irfan Nazir Ahmad  
Mr. Muhammad Faisal Muzammil  
Mr. Khaleeqe Ur Rehman

### COMPANY SECRETARY

Mr. Muhammad Ijaz Haider

### AUDIT COMMITTEE

Mr. Khalid A. H. Al Sagar  
Chairman  
Mr. Irfan Nazir Ahmad  
Mr. Ahmed H. Shaikh

### HR & REMUNERATION COMMITTEE

Mr. Imran Maqbool  
Chairman  
Mr. Irfan Nazir Ahmad  
Mr. Ahmed H. Shaikh

### LEGAL ADVISOR

Mr. Babar Shahzad 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

### BANKERS (*Cont'd*)

Albaraka Bank Pakistan Limited  
Summit Bank Limited  
Silk Bank Limited  
KASB Bank Limited  
Allied Bank Limited  
Bank Alfalah Limited  
The Bank of Punjab  
Bank Islami Pakistan Limited  
Askari Bank Limited  
Soneri Bank Limited  
Citi Bank N.A.  
HSBC Bank Middle East Limited  
United Bank Limited  
Habib Bank Limited  
Dubai Islamic Bank Pakistan Limited  
Pak Liyba Holding Company Limited  
Standard Chartered Bank (Pakistan) Limited

### REGISTERED OFFICE

Ismail Aiwan-e-Science  
Off Shahrah-e-Roomi Lahore, 54600  
Ph: +92 (0)42 111-786-645  
Fax: +92 (0)42 3576-1791

### PROJECT LOCATIONS

*Unit I*  
Iskanderabad, District Mianwali.

*Unit II*  
Hattar Road, Haripur.

## Directors' Review

The Board of Directors of Agritech Limited ("the Company") hereby presents the unaudited interim financial statements for the three months ended September 30, 2012.

The Company's principal business is the manufacture and marketing of Fertilizer products. It is now a diversified manufacturer of both nitrogenous and phosphate fertilizers. The Company owns and operates the country's newest and most efficient urea plant at Mianwali. The Company, through its Hazara Phosphate Business Unit (HPFL), is also engaged in the manufacturing and marketing of Phosphate fertilizers and is the largest manufacturer of Single Super Phosphate (SSP) fertilizer in Pakistan.

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.

The gas load shedding continued to affect the business during this period. However, we believe that this situation will improve over a period of time as the critical urea shortage in the country is likely to create a major issue in the upcoming Rabi season.

To increase profitability and improve performance, the company and the industry are in continuous dialogue with the Government of Pakistan to restore the contracted gas supply to the fertilizer industry. In the period under review, the plant could only produce 5,306 tons of urea as compared to 53,086 tons produced in September quarter 2011.

Hazara Phosphate continued to post a solid performance in this quarter on the back of initiatives of cost reduction, increased market price and technology changes.

### Operating Financial Results

	Quarter ended September 30, 2012	Quarter ended September 30, 2011
<b>Sales - Net</b>	364,250,952	1,801,037,997
<b>Operating Profit / (Loss)</b>	(428,305,422)	542,776,617
<b>Finance cost</b>	849,089,236	421,008,637
<b>Profit / (Loss) before taxation</b>	(1,277,394,658)	121,767,980
<b>Profit / (Loss) after taxation</b>	(1,055,050,474)	109,000,893
<b>Profit / (Loss) per share</b>	(2.69)	0.28

## Directors' Review

### Future Outlook

The fertilizer sector continues to enjoy a positive outlook in Pakistan, which is a major consumer of fertilizer with area under cultivation of approximately 23 million HA. The strategic importance of fertilizer usage and its related benefits to the agriculture sector cannot be ignored in the long run. The gas availability issue is a national issue which will be a challenge for the fertilizer industry to manage. However, the strong international Urea prices coupled with devaluation will make fertilizer imports more expensive and unaffordable for the GOP. Consequently, we expect the gas availability to improve over the next few months.

We expect that the prices of Urea are likely to further increase if the current gas curtailment to fertilizer industry continues.

International Phosphate market currently shows a strong trend, supporting the local SSP pricing and margins. Hazara Phosphate is expected to deliver staggering performance in the next period on the back of lowest cost technology, strong pricing and premium brand.

The Company in previous year as well as in current period faced operational issues due to 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. However, the company is fully confident that with the changed shareholding and implementation of fresh business plans, which consists of change of product mix and start of DAP trade, the Company will earn healthy profits in the future and meet its operational and financial obligations on timely basis.

### Acknowledgment

The Board would like to avail this opportunity to thank our valued customers and the financial institutions whose faith and support over the years has fostered strong relationships which have played a pivotal role in the growth of the company.

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



Chief Executive Officer

Lahore  
30 October 2012

# Condensed Interim Balance Sheet (Un-audited)

As at 30 September 2012

	Note	30 September 2012 Rupees (Un-Audited)	30 June 2012 Rupees (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid up capital		5,517,642,690	5,517,642,690
Reserves		9,000,000	9,000,000
Accumulated profit		<u>2,333,026,241</u>	<u>3,392,413,553</u>
		7,859,668,931	8,919,056,243
<b>Surplus on revaluation of fixed assets</b>		<b>3,904,767,639</b>	<b>3,944,247,724</b>
<b>Non-current liabilities</b>			
Subordinated loan		340,000,000	340,000,000
Redeemable capital - Secured	5	12,080,648,395	11,226,126,643
Long term finances - Secured	6	6,857,073,194	7,193,887,786
Liabilities against assets subject to finance lease - Secured		71,700,230	76,194,996
Long term payables - Unsecured		31,135,199	31,135,199
Staff retirement benefits		34,947,856	10,987,413
Deferred taxation - net		<u>2,960,925,563</u>	<u>2,701,490,476</u>
		22,376,430,437	21,579,822,513
<b>Current liabilities</b>			
Current maturity of non current liabilities		155,837,169	655,060,293
Short term borrowings		3,264,093,358	3,338,017,160
Trade and other payables		2,414,742,481	2,395,498,348
Due to related parties - unsecured		-	-
Interest/mark-up accrued on borrowings		3,944,752,040	3,126,619,464
Preference dividend payable		<u>131,450,771</u>	<u>87,633,848</u>
		9,910,875,819	9,602,829,113
<b>Contingencies and commitments</b>	7	<u><u>44,051,742,826</u></u>	<u><u>44,045,955,593</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	36,975,527,411	37,197,945,111
Intangible asset		2,596,219,065	2,598,253,663
Investments	9	-	-
Long term advances		24,080,430	25,297,091
Long term deposits - Unsecured, considered good		41,398,809	41,619,209
Non-current assets held for sale		-	-
		39,637,225,715	39,863,115,074
<b>Current assets</b>			
Stores, spares and loose tools		2,118,465,351	2,106,731,093
Stock-in-trade		570,394,684	667,938,748
Trade receivables		9,294,959	12,739,838
Advances, deposits, prepayments and other receivables		841,336,044	836,411,259
Due from related parties - Unsecured, considered good		278,931,036	286,395,126
Current taxation		516,850,319	55,189,910
Cash and bank balances		79,244,718	217,434,545
		<u>4,414,517,111</u>	<u>4,182,840,519</u>
		<u><u>44,051,742,826</u></u>	<u><u>44,045,955,593</u></u>

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

Lahore

  
CHIEF EXECUTIVE

  
DIRECTOR

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

For the quarter ended 30 September 2012

	01 July 2012 to 30 September 2012 Rupees <i>(Un-audited)</i>	01 July 2011 to 30 September 2011 Rupees <i>(Un-audited)</i>
<b>Sales - net</b>	<b>364,250,952</b>	1,801,037,997
Cost of sales	<b>(720,388,356)</b>	(1,097,286,163)
<b>Gross profit</b>	<b>(356,137,404)</b>	703,751,834
Administrative expenses	<b>(61,946,622)</b>	(118,021,825)
Selling and distribution expenses	<b>(32,059,312)</b>	(72,687,963)
Net other income	<b>21,837,916</b>	29,734,571
<b>Profit from operations</b>	<b>(428,305,422)</b>	542,776,617
Finance cost	<b>(849,089,236)</b>	(421,008,637)
<b>Loss before taxation</b>	<b>(1,277,394,658)</b>	121,767,980
Taxation	<b>222,344,184</b>	(12,767,087)
<b>Profit / (loss) after taxation</b>	<b>(1,055,050,474)</b>	109,000,893
<b>Earning / (loss) per share basic and diluted</b>	<i>Rupees</i> <b>(2.69)</b>	<b>0.20</b>

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial

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DIRECTOR

**Condensed Interim Statement of Comprehensive Income (Un-audited)**  
*For the quarter ended 30 September 2012*

	01 July 2012 to 30 September 2012 <u>Rupees</u> <i>(Un-audited)</i>	01 July 2011 to 30 September 2011 <u>Rupees</u> <i>(Un-audited)</i>
<b>Profit / (loss) after taxation</b>	<b>(1,055,050,474)</b>	109,000,893
<b>Other comprehensive income</b>	<b>39,480,085</b>	37,378,222
<b>Total comprehensive income (loss) for the period</b>	<b><u>(1,015,570,389)</u></b>	<b><u>146,379,115</u></b>

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial

Lahore

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

## Condensed Interim Cash flow Statement (Un-audited)

For the quarter ended 30 September 2012

	Note	01 July 2012 to 30 September 2012 Rupees (Un-audited)	01 July 2011 to 30 September 2011 Rupees (Un-audited)
<b>Cash flows from operating activities</b>			
Cash generated from operations	11	(52,329,971)	1,259,405,654
Finance cost paid		(41,216,626)	(366,244,883)
Tax paid		20,118,859	(8,627,709)
Interest Received		1,800,000	-
Net cash (used in)/generated from operating activities		(71,627,738)	884,533,062
<b>Cash flows from investing activities</b>			
Capital expenditure including purchase of property, plant and equipment		(122,281)	(496,052,309)
Long Term advances		1,216,661	(10,855,173)
Long term deposits		220,400	152,100
Proceeds from disposal of property, plant and equipment		1,275,943	-
Loan to related party		(107,756,566)	15,230,298
Net cash used in investing activities		(105,165,843)	(491,525,084)
<b>Cash flows from financing activities</b>			
Long term finances obtained		-	123,699,279
Loan for associates		117,020,654	-
Redemption of redeemable capital		-	(667,251)
Repayment of liabilities against assets subject to finance lease		(4,493,101)	(21,161,200)
Transaction costs incurred on restructuring process		-	(67,500,000)
Net increase in short term borrowings		68,740	(304,460,562)
Net cash generated from financing activities		112,596,293	(270,089,734)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(64,197,288)</b>	<b>122,918,244</b>
<b>Cash and cash equivalents at the beginning of period</b>		<b>(1,733,238,798)</b>	<b>(1,459,960,528)</b>
<b>Cash and cash equivalents at the end of period</b>	12	<b>(1,797,436,086)</b>	<b>(1,337,042,284)</b>

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

Lahore

  
CHIEF EXECUTIVE

  
DIRECTOR



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

For the quarter ended 30 September 2012

	Share Capital		Reserves			Total equity	
	Ordinary Shares Rupees	Preference Shares Rupees	Revenue reserve Rupees	Available for sale financial assets Rupees	Total reserves Rupees		Accumulated profit Rupees
<b>Balance as at 30 June 2011 - Audited</b>	3,924,300,000	-	9,000,000	-	9,000,000	4,947,083,119	8,880,383,119
Total comprehensive income for the period	-	-	-	-	-	109,000,893	109,000,893
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	-	-	-	37,378,222	37,378,222
<b>Balance as at 30 September 2011 - Unaudited</b>	3,924,300,000	-	9,000,000	-	9,000,000	5,093,462,234	9,026,762,234
<b>Balance as at 30 June 2012 - Audited</b>	3,924,300,000	1,593,342,690	9,000,000	-	9,000,000	3,392,413,553	8,919,056,243
Total comprehensive income for the period	-	-	-	-	-	(1,055,050,474)	(1,055,050,474)
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	-	-	-	39,480,085	39,480,085
Preference shares dividend for the period ended 30 September 2012	-	-	-	-	-	(43,816,923)	(43,816,923)
<b>Balance as at 30 September 2012 - Unaudited</b>	3,924,300,000	1,593,342,690	9,000,000	-	9,000,000	2,333,026,241	7,859,668,931

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

Lahore

  
CHIEF EXECUTIVE

  
DIRECTOR

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

*For the quarter ended 30 September 2012*

### 1 Reporting entity

- 1.1** Agritech Limited was incorporated 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 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. The registered office of the Company is situated at Ismail Aiwan-e-Science, Off Sharah-e-Roomi, Lahore. The principal business of the Company is the production and sale of Urea and Granulated Single Super Phosphate ("GSSP") fertilizer.
- 1.2** Hazara Phosphate Fertilizers (Private) Limited ("HPFL") a wholly owned subsidiary of the Company was merged into the Company under the scheme of amalgamation approved by Honorable Lahore High Court, vide its order dated 23 May 2012. Details of amalgamation are as follows:
- a) Former HPFL was incorporated on 11 June 1985 as a Private Limited Company under the Companies Ordinance, 1984 and was a wholly owned subsidiary of National Fertilizer Corporation of Pakistan (Private) Limited ("NFC"), a Government owned Corporation, until 28 November 2008. Subsequently, 100% shares of HPFL were acquired by the Company as a part of privatization process of the Government of Pakistan as stipulated in the Share Purchase Agreement dated 28 November 2008. HPFL was engaged in the production and sale of Granulated Single Super Phosphate Fertilizer.
  - b) On 30 July 2011, the Board of Directors of the Company and former HPFL in their separate meetings approved a scheme of arrangement ("the Scheme") under section 284 and section 287 of the Companies Ordinance, 1984 for the amalgamation of the former HPFL into the Company.
  - c) The Scheme was approved by the shareholders of the Company and former HPFL at their respective Extra Ordinary General Meetings held on 08 March 2012. The Scheme was also sanctioned by the Honorable Lahore High Court on 23 May 2012.
  - d) The scheme envisages:
    - i) The transfer to and vesting in the Company of the whole undertaking of former HPFL together with all properties, assets, rights, bank accounts, liabilities and obligations of HPFL as subsisting on 23 May 2012 (hereinafter referred to as 'effective date').
    - ii) Since HPFL was the wholly owned subsidiary of the Company therefore no consideration was payable by the Company for the proposed merger / amalgamation. Upon merger / amalgamation of HPFL into the Company in accordance with the Scheme, all the assets and liabilities of HPFL shall be vested into the Company and the share capital of HPFL will be eliminated from the books of account. Likewise, the amount appearing in the books of account of the Company as investment in HPFL shall be eliminated as an adjustment towards the acquisition of assets and liabilities of HPFL by the Company. Ordinary shares of HPFL held legally or beneficially by the Company shall also stand cancelled with out any further act or deed and no shares of the Company shall be issued in lieu thereof.
    - iii) The dissolution, without winding up, of former HPFL.

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

*For the quarter ended 30 September 2012*

- 1.3** Comparatives presented in this interim financial information reflect the effect of merger as if the merger have taken place from the date of acquisition.

### **2 Statement of compliance**

The condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2012.

### **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

### **4 Significant accounting policies**

- 4.1** The accounting policies and methods of computation adopted in the preparation of the interim financial information are generally based on the same policies and methods as applied in preparation of the annual financial statements for the year ended 30 June 2011.

- 4.2** In addition to above, following amendments to the International Financial Reporting Standards/ International Accounting Standards are mandatory for the first time for the financial year beginning on or after 1 January 2012, however, the adoption of these amendments is either not yet effective or the amendments did not have any significant impact on the financial information of the company.

- IAS 19 - Employee Benefits
- IAS 27 - Separate Financial Statements
- IAS 28 - Investments in Associates and Joint Ventures
- IFRS 7 - Financial Instruments: Disclosures
- IAS 1 - Presentation of Financial Statements
- IAS 16 - Property, Plant and Equipment
- IAS 32 - Financial Instruments: Presentation
- IAS 34 - Interim Financial Reporting
- IFRIC - Stripping cost in the production phase of a surface mining

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

For the quarter ended 30 September 2012

### 5 Subordinated loan - unsecured

This represents loan obtained by the Company from JS Infocom Limited ("JS") to finance the acquisition of Hazara Phosphate Fertilizer (Private) Limited. The loan is subordinated to all long term and short term finances obtained. Subsequent to the reporting date, the Company is in the process of negotiating the restructuring and conversion of the subordinate loan facility obtained from JS into a secured Privately Placed Term Finance Certificates issued as Redeemable Capital under Section 120 of the Companies Ordinance (1984) of 8 years tenor (inclusive of 2 years grace period) carrying mark-up rate of 6 month KIBOR plus 1.95% per annum, to be secured by a ranking charge over all present and future total assets whether current or fixed including immovable assets of the Company with a 25% margin.

<b>30 September 2012</b>	<b>30 June 2012</b>
<b>Rupees</b>	<b>Rupees</b>
<b>(Un-Audited)</b>	<b>(Audited)</b>

### 6 Share capital

Ordinary shares of Rs. 10 each

600,000,000 (30 June 2010 : 600,000,000) class A shares

200,000,000 (30 June 2010 : 200,000,000) class B shares

200,000,000 (30 June 2010 : 200,000,000) class C shares

<b>6,000,000,000</b>	6,000,000,000
<b>2,000,000,000</b>	2,000,000,000
<b>2,000,000,000</b>	2,000,000,000
<b>10,000,000,000</b>	10,000,000,000

Preference shares of Rs. 10 each

200,000,000 (30 June 2010 : 200,000,000) shares

<b>2,000,000,000</b>	2,000,000,000
<b>12,000,000,000</b>	12,000,000,000

### 7 Issued, subscribed and paid up capital

Class A ordinary shares of Rs. 10 each

383,430,000 (30 June 2010 : 383,430,000) shares

each fully paid in cash

9,000,000 (30 June 2010 : 9,000,000) shares issued

for consideration other than cash

<b>3,834,300,000</b>	3,834,300,000
<b>90,000,000</b>	90,000,000
<b>3,924,300,000</b>	3,924,300,000

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

For the quarter ended 30 September 2012

		<b>30 September 2012</b>	30 June 2012
	<i>Note</i>	<b>Rupees</b> <b>(Un-Audited)</b>	Rupees <i>(Audited)</i>
<b>8 Redeemable capital - Secured</b>			
Term Finance Certificates - I	6.1	<b>1,498,602,000</b>	1,498,602,000
Term Finance Certificates - II	6.2	<b>6,894,286,800</b>	6,894,286,800
Term Finance Certificates - III	6.3	<b>495,345,100</b>	495,345,100
Privately Placed Term Finance Certificates - IV	6.4	<b>553,825,000</b>	553,825,000
Privately Placed Term Finance Certificates - V	6.5	<b>618,685,000</b>	618,685,000
Sukkuks	6.6	<b>1,599,800,000</b>	1,599,800,000
		<b>11,660,543,900</b>	11,660,543,900
Deferred notional income		<b>(98,007,982)</b>	(104,991,352)
Transaction costs		<b>(228,942,681)</b>	(236,787,449)
		<b>11,333,593,237</b>	11,318,765,099
Current maturity presented under current liabilities		<b>747,055,158</b>	(92,638,456)
		<b>12,080,648,395</b>	11,226,126,643

- 8.1** TFCs - I have been rescheduled during the period by way of second supplemental trust deed entered on 26 August 2011 effective from 31 July 2011. As per terms of the rescheduling agreement the principal redemption of TFCs is structured to be in fifteen unequal installments. First two installments were just token payments due on 31 July 2010 and 31 August 2010 which have been paid, remaining installments are to be paid semi annually starting from 29 November 2013.
- 8.2** FCs - II have been rescheduled during the period by way of second supplemental trust deed entered on 26 August 2011 effective from 31 July 2011. As per terms of the rescheduling agreement the principal redemption of TFCs is structured to be in fifteen unequal installments. First two installments were just token payments due on 31 July 2010 and 31 August 2010 which have been paid, remaining installments are to be paid semi annually starting from 14 July 2013.
- 8.3** TFCs - III have been rescheduled during the period by way of second supplemental trust deed entered on 26 August 2011 effective from 31 July 2011. As per terms of the rescheduling agreement the principal redemption of TFCs is structured to be twenty eight unequal installments. First two installments were just token payments due on 31 October 2010 and 30 November 2010, remaining installments are to be paid quarterly starting from 01 September 2013.
- 8.4** These represents restructuring of outstanding markup amounting to Rs. 553.83 million related to long term debts into the said issue. The restructuring agreement was entered on 28 October 2011 effective from 01 July 2011. These were issued during the period by the way of private placements with a consortium of institutional investors. The total issue comprised of 110,765 TFCs having face value of Rs.5,000.

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

For the quarter ended 30 September 2012

**8.5** These represents restructuring of outstanding markup amounting to Rs. 618.69 million related to long term debts into the said issue. The restructuring agreement was entered on 28 October 2011 effective from 01 July 2011. These were issued during the period by the way of private placements with a consortium of institutional investors. The total issue comprised of 123,737 TFCs having face value of Rs.5,000.

**8.6** Sukkuks have been rescheduled during the period by way of second master addendum to transaction documents entered into dated 26 August 2011 effective from 31 July 2011. As per terms of the rescheduling agreement the principal redemption of these certificates is structured to be in fifteen unequal installments. First two installments were just token payments due on 31 July 2010 and 31 August 2010, remaining installments are to be paid semi annually starting from 06 August 2013.

### 9 Long term finances - Secure

These represent long term finances utilized under markup arrangements from banking companies.

	<i>Note</i>	<b>30 September 2012</b>	30 June 2012
		<b>Rupees</b>	Rupees
		<b>(Un-Audited)</b>	<b>(Audited)</b>
Syndicate Term Finance - I	9.2	<b>3,000,000,000</b>	3,000,000,000
Syndicate Term Finance - II	9.3	<b>475,000,000</b>	475,000,000
Syndicate Term Finance - III	9.4	<b>3,026,389,549</b>	3,026,389,549
KASB Bank Limited - Term Finance	9.5	<b>300,000,000</b>	300,000,000
National Bank of Pakistan - Term Finance	9.6	<b>632,083,735</b>	632,083,735
Dubai Islamic Bank Limited - Term Finance	9.7	<b>365,000,000</b>	365,000,000
		<b>7,798,473,284</b>	7,798,473,284
Transaction Cost	9.1	<b>(106,645,552)</b>	(110,299,784)
		<b>7,691,827,732</b>	7,688,173,500
Current maturity presented under current liabilities		<b>(359,754,539)</b>	(19,285,714)
Reclassification of Syndicate Term Finance - I to short term		<b>(475,000,000)</b>	(475,000,000)
		<b>(834,754,539)</b>	(494,285,714)
		<b>6,857,073,193</b>	7,193,887,786
<b>9.1 Transaction costs</b>			
As at beginning of the period / year		<b>110,299,784</b>	85,330,517
Incurred during the period / year			35,889,583
Amortized during the period / year		<b>(3,654,232)</b>	(10,920,316)
As at end of the period / year		<b>106,645,552</b>	110,299,784

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

*For the quarter ended 30 September 2012*

- 9.2** The finance has been obtained from a consortium of banking companies to finance the revamping of operational efficiencies of the Company's plant and is secured by charge over property, plant and equipment of the Company. This facility has been again rescheduled during the period by way of Second Supplemental Syndicated Term Finance Agreement entered on 26 August 2011 effective from 31 July 2011. As per rescheduling terms principal is payable in thirteen unequal semi annual installments starting from 30 December 2013. The finance carries mark-up at six months KIBOR plus a spread of 2.25% per annum, payable semi-annually.
- 9.3** The finance has been obtained from a consortium of various banking companies to finance the acquisition of HPFL and is secured by charge over property, plant and equipment of the Company. The finance carries mark-up at three months KIBOR plus a spread of 3.25% per annum, payable quarterly. The finance is repayable in equal quarterly installments with the first installment due after fifteen months from the date of disbursement on 28 February 2010. At the reporting date the installments of principal amounting to Rs. 288 million were overdue and accordingly the entire outstanding has been classified as current liability.
- 9.4** The finance represents restructuring of various short term facilities and overdue letters of credit amounting to Rs. 3,026 million in to long term facility. This facility has been rescheduled during the period by way of First Supplemental Syndicated Term Finance Agreement entered on 26 August 2011 effective from 31 July 2011. The finance is secured by charge over property, plant and equipment. The finance carries mark-up at six months KIBOR plus a spread of 2.25% per annum, payable semi-annually. As per rescheduling terms, the loan is repayable in eight unequal semi annual installments starting from 25 September 2013.
- 9.5** This term finance facility has been obtained from KASB Bank Limited to meet working capital requirements and is secured against ranking charge over fixed assets of the Company including Plant, Machinery & equipment (excluding land and building). This facility has been again rescheduled during the period by way of First Supplemental Term Finance Agreement entered on 26 August 2011 effective from 31 July 2011. As per rescheduling terms the principal is repayable in fourteen unequal semi annual installments starting from 30 June 2013. The finance carries mark-up at six months KIBOR plus a spread of 2.50% per annum, payable semi annually.
- 9.6** This facility has been obtained from National Bank of Pakistan to finance cost overrun for successful completion and commissioning of revamp project and is secured against ranking charge over fixed assets of the Company including Plant, Machinery & equipment (excluding land, building). This facility has been rescheduled during the period effective from 20 August 2011. As per financing agreement terms the principal is repayable in eight equal semi annual installments starting from 08 November 2013. The finance carries mark-up at six months KIBOR plus a spread of 2.25% per annum, payable semi-annually.
- 9.7** This Term Finance represents restructuring of short term Istisna facility amounting of Rs. 365 million into long term facility during last year under the restructuring agreement entered on 07 June 2011. The finance is secured by charge over property, plant and equipment. The finance carries mark-up at six months KIBOR plus a spread of 2.25% per annum, payable semi-annually. The loan is repayable in six unequal semi annual installments starting from 01 December 2013.



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

For the quarter ended 30 September 2012

### 10 Contingencies and commitments

#### 10.1 Contingencies

There is no material change in contingencies from the preceding annual published financial statements of the company for the year ended 30 June 2012.

10.2 Commitments	Note	30 September 2012 Rupees (Un-Audited)	30 June 2012 Rupees (Audited)
10.2.1 Commitments under irrevocable letters of credit for:			
- purchase of stores, spares and loose tools		5,000,000	-
- purchase of plant and machinery		-	-
		<u>5,000,000</u>	<u>-</u>

### 11 Fixed assets

Property, plant and equipment	11.1	36,933,851,576	37,156,269,276
Capital work in progress		41,675,835	41,675,835
		<u>36,975,527,411</u>	<u>37,197,945,111</u>

#### 11.1 Property, plant and equipment

Opening book value		37,156,269,281	25,192,412,569
Add: Additions during the period/ year	11.1.1	122,278	12,841,975,789
Revaluation surplus		-	-
Transfer in during the period/ year		-	-
		122,278	12,841,975,789
Less: Disposals during the period/ year - net book value		324,865	66,735,726
Depreciation charged during the period/ year		222,215,118	811,383,356
		222,539,983	878,119,082
Closing book value		<u>36,933,851,576</u>	<u>37,156,269,276</u>



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

For the quarter ended 30 September 2012

	<b>30 September 2012</b>	30 June 2012
	<b>Rupees</b>	Rupees
	<i>(Un-Audited)</i>	<i>(Audited)</i>
<b>11.1.1 Additions during the period/ year</b>		
<i>Owned assets</i>		
Buildings on freehold land	-	96,869,812
Plant and machinery	<b>12,030</b>	12,570,630,300
Residential colony assets	-	4,603
Furniture, fixtures and office equipment	<b>110,248</b>	16,635,142
Vehicles and rail transport	-	2,917,000
Tools and other equipment	-	182,890
Electrical and other installations	-	154,488
Catalyst	-	16,694,624
<i>Leased assets</i>	-	-
Plant and machinery	-	137,816,930
Vehicles	-	70,000
	<b>122,278</b>	12,841,975,789

## 12 Transactions with related parties

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

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

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

For the quarter ended 30 September 2012

	01 July 2012 to 30 September 2012 <u>Rupees</u> <i>(Un-audited)</i>	01 July 2011 to 30 September 2011 <u>Rupees</u> <i>(Un-audited)</i>
<b>12.1 Transactions with related parties</b>		
<b>12.1.1 Holding company</b>		
Markup income	13,819,857	17,442,868
Markup expense	9,184,746	10,429,028
Temporary loan	(9,264,088)	(1,734,126)
<b>12.1.2 Associated company</b>		
Redeemable capital	-	-
Mark-up on subordinated Loan	13,074,723	14,469,003
Mark-up expense on redeemable capital	3,333,525	3,778,187
<b>12.1.3 Post employment benefit plans</b>		
Contribution to employees provident fund	4,355,002	3,870,703
Contribution to employees gratuity fund	2,628,241	2,186,666
<b>12.1.4 Key management personnel</b>		
Short term employee benefits	2,841,510	7,342,500
Post employment benefits	23,220,057	12,773,556
<b>12.2 Balances with related parties</b>		
<b>12.2.1 Holding company</b>		
Temporary loan	277,131,037	286,395,125
Redeemable capital	266,074,508	266,074,508
Markup receivable	76,641,706	68,579,207

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

For the quarter ended 30 September 2012

	01 July 2012 to 30 September 2012 <b>Rupees</b> <i>(Un-audited)</i>	01 July 2011 to 30 September 2011 <b>Rupees</b> <i>(Un-audited)</i>
<b>12.2.2 Associated company</b>		
Subordinated loan	340,000,000	340,000,000
Redeemable capital	110,722,118	110,722,118
Mark-up payable	182,678,087	181,139,325
Accrued liabilities	70,000,000	70,000,000
<b>12.2.3 Post employment benefit plans</b>		
Payable to provident fund	13,668,523	5,253,674
Payable to gratuity trust	38,615,654	10,987,413
<b>13 Cash flow from operating activities</b>		
<b>Profit/(Loss) before tax</b>	<b>(1,277,394,658)</b>	121,780,686
<b>Adjustment for non-cash and other items:</b>		
- Depreciation on property, plant and equipment	222,215,118	150,332,233
- Profit on disposal of property, plant and equipment	(951,078)	-
- Amortization of computer software	2,034,598	-
- Amortization of transaction costs	18,482,370	10,679,526
- Markup income	(9,862,499)	(17,442,868)
- Finance cost	859,349,201	928,275,917
<b>Operating profit before changes in working capital</b>	<b>(186,126,948)</b>	1,193,625,494
<b>Changes in working capital</b>		
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	1,528,736	(36,382,804)
- Stock-in-trade	84,281,070	34,428,745
- Trade debts	3,444,879	4,751,952
- Advances, deposits, prepayments and other receivables	3,137,714	(519,578,699)
- Decrease in due from subsidiary	-	(13,496,172)
- Staff Retirement benefits	27,400,000	(18,238,140)
	<b>119,792,399</b>	(548,515,118)
<b>Increase / (decrease) in current liabilities</b>		
- Trade and other payables	14,004,578	614,295,278
<b>Cash generated from operations</b>	<b>(52,329,971)</b>	1,259,405,654

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

For the quarter ended 30 September 2012

	01 July 2012 to 30 September 2012	01 July 2011 to 30 September 2011
	Rupees (Un-audited)	Rupees (Un-audited)
<b>14 Cash and cash equivalents</b>		
Short term borrowings - secured	(1,876,680,802)	(1,580,823,329)
Cash and bank balances	79,244,718	243,781,045
	<u>(1,797,436,084)</u>	<u>(1,337,042,284)</u>

### 15 Overdue financial liabilities

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

Nature of Liability	Principal Rupees	Interest / mark up Rupees	Total Rupees
Redeemable capital	46,496,747	1,558,550,211	1,605,046,958
Long term finances	318,750,000	1,220,361,053	1,539,111,053
Short term borrowings	941,562,346	223,763,551	1,165,325,897
Bills payable	767,487,687	99,522,450	867,010,137
	<u>2,074,296,780</u>	<u>3,102,197,265</u>	<u>5,176,494,045</u>

### 16 Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on 30 October 2012.

### 17 General

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

17.2 The following re-arrangement has been made for the purpose of better presentation.