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Quarterly Report

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AGRITECH Limited (formerly Pak American Fertilizers Limited)

Ismail Aiwan-e-Science, Shahrah-e-Roomi,
Lahore-54600, Tel: +92 (0) 42 111-786-645

Condensed Interim
Financial Information

*for the quarter ended
September 30, 2010
(Un-audited)*

Contents

Company Information	2
Directors' Review	4
<i>Condensed Interim Financial Information</i>	
Balance sheet	6
Profit and Loss Account	7
Statement of Other Comprehensive Income	8
Cash Flow Statement	9
Statement of Changes in Equity	10
Notes to the Interim Financial Information	11
<i>Condensed Consolidated Interim Financial Information</i>	
Consolidated Balance sheet	16
Consolidated Profit and Loss Account	17
Consolidated Statement of Other Comprehensive Income	18
Consolidated Cash Flow Statement	19
Consolidated Statement of Changes in Equity	20
Notes to the Consolidated Interim Financial Information	21

Company Information

BOARD OF DIRECTORS

Mr. Humayun N. Shaikh
Chairman
Mr. Ahmed Jaudet Bilal
Chief Executive Officer
Mr. Ahmed H. Shaikh
Mr. Khalid A. H. Al Sagar
Mr. Mueen Afzal
Mr. Irfan Nazir Ahmad
Mr. Muhammad Faisal Muzammil
Mr. Khaleeque Ur Rehman

COMPANY SECRETARY

Mr. Muhammad Ijaz Haider

CHIEF FINANCIAL OFFICER

Mr. Abid Amin

AUDIT COMMITTEE

Mr. Mueen Afzal
Mr. Ahmed H. Shaikh
Mr. Khalid A. H. Al Sagar
Mr. Irfan Nazir Ahmad
Mr. Muhammad Faisal Muzammil

LEGAL ADVISORS

Mr. Ghulam Muhammad Kundi

AUDITORS

Faruq Ali & Company
Chartered Accountants

BANKERS

Js Bank Limited
Faysal Bank Limited
National Bank of Pakistan

BANKERS (Cont'd)

Standard Chartered Bank (Pakistan) Limited
Emirates Global Islamic Bank
Dubai Islamic Bank Pakistan Limited
Summit Bank
Silk Bank Limited
KASB Bank Limited
My Bank Limited
Allied Bank Limited
HSBC Bank Middle East Limited
Bank Alfalah Limited
The Bank of Punjab
Bank Islami Pakistan Limited
Askari Bank Limited
Pak Libya Holding Company (Pvt) Limited
Soneri Bank 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
Agritech Limited.
(formerly Pak American Fertilizers Ltd.)
Iskanderabad,
District Mainwali.
Ph: +92 (0)459 392346-49

Unit II

Hazara Phosphate Fertilizers (Pvt.) Ltd.
Hattar Road,
Haripur.
Ph: +92 (0)995 616124-5

Directors' Review

The Directors of Agritech Limited ("the Company") are pleased to present the quarterly management review along with the un-audited interim financial statements for the period ended September 30, 2010.

Principle Activities

The Company's principal business is the manufacture and marketing of Fertilizer products. The company holds 7% market share in Urea.

Agritech, through its subsidiaries Hazara Phosphate Fertilizers (Pvt.) Limited (HPFL), is also engaged in the manufacturing and marketing of Phosphate fertilizers. The company is now a diversified fertilizer producer manufacturing both nitrogenous and phosphate fertilizers. The outlook for the sector is expected to remain stable.

The company operates the newest and most efficient urea plant in the country. AGL through its 100% owned subsidiary Hazara Phosphate Fertilizers (Pvt.) Limited is the largest manufacturer of Single Super Phosphate (SSP) fertilizer in Pakistan. The first quarter is unexpectedly a low season for fertilizer sales due to flood calamity in Pakistan. Company's major selling Districts were seriously affected by flood. The Company's production was effected due to gas load management program operated by GOP to enhance the Electricity production in Pakistan.

However, now the conditions are gradually improving and we believe that in the second quarter the earnings are likely to benefits as impact of the flood subsidies and fertilizer demand sets in.

Operating Financial Results of Agritech Limited (Stand Alone)

	Quarter ended September 30, 2010	Quarter ended September 30, 2009
Sales - net	1,012,556,096	3,141,750,946
Operating profit	348,337,383	804,246,678
Finance cost	436,054,918	513,030,105
(Loss)/profit before tax	(87,717,535)	291,216,573
Profit after tax	270,531,599	267,408,032
Earnings per share	0.69	0.68

Consolidated Results

	Quarter ended September 30, 2010	Quarter ended September 30, 2009
Sales - net	1,342,602,888	3,473,834,005
Operating profit	353,493,902	810,716,449
Finance cost	436,802,291	517,414,006
(Loss)/profit before tax	(83,308,389)	293,302,443
Profit after tax	271,875,725	271,306,771
Earnings per share	0.69	0.69

Directors' Review

Future Outlook

The outlook for the Fertilizer business is expected to be positive. Agricultural demand and production is expected to be strong in the second quarter with good support prices anticipated for the major crops. Fertilizer market continues to be deficit in Urea and phosphates which should lead to maintaining a strong demand for fertilizers in the foreseeable future.

The present debt amortization profile, higher interest costs and associated liquidity problems have forced the company to consider the re-profiling of its debt obligations to ensure continued timely discharge of its commitments to its lenders. The Company initiated the debt re-profiling process with help of the key lending banks.

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

Lahore: October 30, 2010

Condensed Interim Financial Information

Condensed Interim Balance Sheet as at September 30, 2010

	Note	September 30, 2010 Rupees	June 30, 2010 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital		3,924,300,000	3,924,300,000
Reserves		3,086,504,807	3,086,504,807
Accumulated profit		4,080,822,336	3,788,703,321
		11,091,627,143	10,799,508,128
Surplus on revaluation of property, plant and equipment		4,242,004,099	4,263,591,515
Loan from associates - Unsecured, Subordinate	4	340,000,000	340,000,000
Non-current liabilities			
Redeemable capital - Secured	5	8,032,960,546	8,186,009,933
Long term finances - Secured	6	2,901,162,793	2,643,985,482
Liabilities against assets subject to finance lease - Secured	7	160,120,534	171,786,793
Long term payables		31,135,199	31,135,199
Deferred taxation		3,303,851,982	3,670,264,056
		14,429,231,054	14,703,181,463
Current liabilities			
Current portion of non-current liabilities		3,271,389,592	2,811,717,740
Short term borrowings		4,847,467,534	4,787,718,650
Trade and other payables		2,974,736,667	3,245,423,197
Interest/mark-up accrued on borrowings		1,918,825,963	1,266,233,127
		13,012,419,756	12,111,092,714
Contingencies and commitments	8	-	-
		<u>43,115,282,052</u>	<u>42,217,373,820</u>
ASSETS			
Non-current assets			
Property, plant and equipment		31,933,622,108	31,777,589,323
Intangible assets		2,567,310,828	2,567,310,828
Long term investments		4,463,069,207	4,463,069,207
Long term advances		29,896,192	30,881,917
Long term deposits - Unsecured, considered good		15,259,117	15,048,517
		39,009,157,452	38,853,899,792
Current assets			
Stores, spares and loose tools		1,186,340,681	1,216,265,750
Stock in trade		116,191,814	23,572,749
Trade receivables		148,651,793	229,460,227
Advances, deposits, prepayments and other receivables		2,089,750,505	1,140,550,299
Due from related parties		399,751,591	525,865,626
Current taxation		91,507,731	151,517,334
Cash and bank balances		73,930,485	76,242,043
		4,106,124,600	3,363,474,028
		<u>43,115,282,052</u>	<u>42,217,373,820</u>

The annexed notes 1 to 11 form an integral part of this interim financial information.

Lahore


CHIEF EXECUTIVE


DIRECTOR

Condensed Interim Profit and loss account for quarter ended September 30, 2010

	September 30, 2010 Rupees	September 30, 2009 Rupees
Sales - Net	1,012,556,096	3,141,750,946
Cost of sales	(593,514,981)	(2,139,436,926)
Gross profit	<u>419,041,115</u>	<u>1,002,314,020</u>
Selling and distribution expenses	(46,871,427)	(94,833,297)
Administrative and general expenses	(48,638,552)	(43,266,559)
Net other income/(expense)	24,806,247	(59,967,486)
Operating profit	<u>348,337,383</u>	<u>804,246,678</u>
Finance cost	(436,054,918)	(513,030,105)
Profit before taxation	<u>(87,717,535)</u>	<u>291,216,573</u>
Taxation	358,249,134	(23,808,541)
Profit after taxation	<u>270,531,599</u>	<u>267,408,032</u>
Earnings per share - Basic and diluted	<u>0.69</u>	<u>0.68</u>

The annexed notes 1 to 11 form an integral part of this interim financial information.

Lahore


CHIEF EXECUTIVE


DIRECTOR

Condensed Interim Statement of other comprehensive income for quarter ended September 30, 2010

	September 30, 2010	September 30, 2009
	<i>Rupees</i>	<i>Rupees</i>
Incremental depreciation	33,211,409	-
Other comprehensive income before taxation	33,211,409	-
Taxation	(11,623,993)	-
Other comprehensive income after taxation	21,587,416	-
Profit after taxation	270,531,599	267,408,032
Total comprehensive income	292,119,015	267,408,032

The annexed notes 1 to 11 form an integral part of this interim financial information.

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Lahore

A. T. Bua
CHIEF EXECUTIVE

[Signature]
DIRECTOR

Condensed Interim Cash flow statement for quarter ended September 30, 2010

	September 30, 2010	September 30, 2009
	<i>Rupees</i>	<i>Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(87,717,535)	291,216,573
Adjustments for non-cash and other items	558,316,156	591,817,439
Operating profit before changes in working capital	470,598,621	883,034,012
Changes in working capital	(1,050,330,988)	(499,995,706)
	(579,732,367)	383,038,306
Receipts/(payments) for		
Interest/markup	224,577,966	(357,144,997)
Taxes	51,846,663	(34,418,018)
Net cash flow used in operating activities	(303,307,738)	(8,524,709)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(303,435,608)	(284,857,824)
Net cash used in investing activities	(303,435,608)	(284,857,824)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finances	557,177,311	(1,380,000)
Liabilities against assets subject to finance lease	(11,994,407)	(6,901,624)
Transaction costs on issue of term finance certificates	(500,000)	-
Short term borrowings	59,748,884	225,699,001
Net cash flow from financing activities	604,431,788	217,417,377
Net decrease in cash and cash equivalents	(2,311,558)	(75,965,156)
Cash and cash equivalents as at beginning of the period	76,242,043	277,592,136
Cash and cash equivalents as at end of the period	73,930,485	201,626,980

The annexed notes 1 to 11 form an integral part of this interim financial information.

Lahore

A. T. Bua
CHIEF EXECUTIVE

[Signature]
DIRECTOR

**Condensed Interim Statement of changes in equity
for quarter ended September 30, 2010**

	Reserves				Total equity Rupees
	Issued, subscribed and paid-up capital Rupees	Revenue reserve Rupees	Available for sale financial assets Rupees	Total Rupees	
As at July 01, 2009	3,924,300,000	9,000,000	290,221,269	299,221,269	7,130,192,805
Profit for the quarter ended September 30, 2009	-	-	-	-	267,408,032
Other comprehensive income for the quarter ended September 30, 2009	-	-	-	-	-
As at September 30, 2009	<u>3,924,300,000</u>	<u>9,000,000</u>	<u>290,221,269</u>	<u>299,221,269</u>	<u>7,397,600,837</u>
As at July 01, 2010	3,924,300,000	9,000,000	3,077,504,807	3,086,504,807	10,799,508,128
Profit for the quarter ended September 30, 2010	-	-	-	-	270,531,599
Other comprehensive income for the quarter ended September 30, 2010	-	-	-	-	21,587,416
As at September 30, 2010	<u>3,924,300,000</u>	<u>9,000,000</u>	<u>3,077,504,807</u>	<u>3,086,504,807</u>	<u>11,091,627,143</u>

The annexed notes 1 to 11 form an integral part of this interim financial information.

Lahore


 CHIEF EXECUTIVE


 DIRECTOR

**Notes to the condensed interim financial information
for quarter ended September 30, 2010**

1 REPORTING ENTITY

Agritech Limited (formerly Pak American Fertilizers Limited) was incorporated on June 11, 1985 as an unlisted Public 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 July 15, 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 July 15, 2006. The Company obtained listing on Karachi Stock Exchange on April 12, 2010. The registered office of the company is situated Ismail Aiwana-e-Science, Off Sharah -e-Roomi, Lahore. The principal business of the Company is the production and sale of urea fertilizer.

2 BASIS OF PREPARATION**2.1 Statement of compliance**

This condensed interim financial report of the Company for the quarter ended September 30, 2010 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

This interim financial report is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of audited financial statements. This condensed interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2010.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for certain financial instruments at fair value or amortized cost, obligations under defined benefits plans and present value and certain items of property, plant and equipment at revalued amounts. In this financial information, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.3 Judgements, estimates and assumptions

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Notes to the condensed interim financial information for quarter ended September 30, 2010

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.4 Functional currency

This financial information is prepared in Pak Rupees which is the Company's functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are consistent with those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2010.

4 LOAN FROM ASSOCIATES - UNSECURED, SUBORDINATE

This represents loan obtained by the Company from an associated company to the finance the acquisition of Hazara Phosphate Fertilizers (Private) Limited, a wholly owned subsidiary of the Company. The tenor of loan is six years and carries mark-up at six months KIBOR plus a spread of 3.25% per annum (June 30, 2010: six months KIBOR plus a spread of 3.25% per annum). The loan is subordinate to all long term finances obtained by the Company.

	September 30, 2010	June 30, 2010
	<i>Rupees</i>	<i>Rupees</i>
5 REDEEMABLE CAPITAL - SECURED		
Term Finance Certificates	8,889,445,250	8,889,445,250
Sukuks	1,600,000,000	1,600,000,000
Transaction costs	(120,598,704)	(127,549,317)
	<u>10,368,846,546</u>	<u>10,361,895,933</u>
Current maturity presented under current liabilities	<u>(2,335,886,000)</u>	<u>(2,175,886,000)</u>
	<u>8,032,960,546</u>	<u>8,186,009,933</u>
6 LONG TERM FINANCES - SECURED		
From banking companies and financial institutions.	3,769,912,793	3,212,735,482
Current maturity presented under current liabilities	<u>(868,750,000)</u>	<u>(568,750,000)</u>
	<u>2,901,162,793</u>	<u>2,643,985,482</u>
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED		
Present value of minimum lease payments	226,874,126	238,868,533
Current maturity presented under current liabilities	<u>(66,753,592)</u>	<u>(67,081,740)</u>
	<u>160,120,534</u>	<u>171,786,793</u>

Notes to the condensed interim financial information for quarter ended September 30, 2010

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 Counter guarantees given by the Company to its bankers as at the reporting date amount to Rs. 196.3 million (June 30, 2010: Rs. 196.3 million).

8.1.2 There is no change in the status of other contingencies since June 30, 2010.

	September 30, 2010	June 30, 2010
	<i>Rupees</i>	<i>Rupees</i>
8.2 Commitments		
8.2.1 Commitments under irrevocable letters of credit for:		
- purchase of stores, spare and loose tools	17,567,001	17,567,001
- purchase of raw material	77,679,222	77,679,222
	<u>95,246,223</u>	<u>95,246,223</u>
8.2.2 Commitments for capital expenditure	<u>-</u>	<u>1,577,746,692</u>

9 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties from the Company's perspective comprise holding company, subsidiary, 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.

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

	September 30, 2010	September 30, 2009
	<i>Rupees</i>	<i>Rupees</i>
9.1 Transactions with related parties		
9.1.1 Holding company		
Markup income	24,552,149	18,560,226
Markup expense	21,235,068	23,991,057
Temporary loan	-	38,013,575
9.1.2 Associated company		
Mark-up on long term loan	13,513,397	14,577,337

Notes to the condensed interim financial information
for quarter ended September 30, 2010

	September 30, 2010	September 30, 2009
	<i>Rupees</i>	<i>Rupees</i>
9.1.3 Post employment benefit plans		
Contribution to employees provident fund	3,988,925	3,104,464
Contribution to employees gratuity fund	2,400,000	877,366
9.1.4 Key management personnel		
Short term employee benefits	6,780,000	3,390,000
Post employee benefits	386,274	192,099
	September 30, 2010	June 30, 2010
	<i>Rupees</i>	<i>Rupees</i>
9.2 Balances with related parties		
9.2.1 Holding company		
Temporary loan	451,007,466	451,007,466
Redeemable capital	599,520,000	599,520,000
Markup receivable	15,365,263	204,485,615
Markup payable	-	127,148,170
9.2.2 Associated company		
Long term loan	340,000,000	340,000,000
Markup payable	73,896,158	68,717,258
9.2.3 Post employment benefit plans		
Payable to provident fund	90,390,322	84,210,584
Payable to gratuity trust	16,468,956	14,073,414

10 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 30, 2010 by the Board of Directors of the Company.

11 GENERAL

Figures have been rounded off to the nearest rupee.

Comparative figures have been rearranged and reclassified, where necessary for the purpose of comparison.

Condensed Interim Consolidated Financial Information

Condensed interim consolidated balance sheet as at September 30, 2010

	Note	September 30, 2010	June 30, 2010
		Rupees	Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital		3,924,300,000	3,924,300,000
Revenue reserve		9,000,000	9,000,000
Accumulated profit		5,036,362,346	4,738,565,770
		8,969,662,346	8,671,865,770
Surplus on revaluation of property, plant and equipment		4,242,004,099	4,263,591,515
Loan from associates - Unsecured, Subordinate	4	340,000,000	340,000,000
Non-current liabilities			
Redeemable capital - Secured	5	8,032,960,546	8,186,009,933
Long term finances - Secured	6	2,901,162,793	2,643,985,482
Liabilities against assets subject to finance lease - Secured	7	164,553,117	176,659,033
Long term payables		31,135,199	31,135,199
Deferred taxation		3,709,649,212	4,080,394,717
		14,839,460,867	15,118,184,364
Current liabilities			
Current portion of non-current liabilities		3,273,047,822	2,813,312,542
Short term borrowings		4,847,467,534	4,787,718,650
Trade and other payables		3,389,552,976	3,682,738,510
Interest/mark-up accrued on borrowings		1,918,825,963	1,266,233,127
		13,428,894,295	12,550,002,829
Contingencies and commitments	8	-	-
		41,820,021,607	40,943,644,478
ASSETS			
Non-current assets			
Property, plant and equipment		34,021,134,037	33,878,586,040
Intangible assets		2,567,310,828	2,567,310,828
Long term advances		29,896,192	30,881,917
Long term deposits - Unsecured, considered good		17,895,942	18,237,248
		36,636,236,999	36,495,016,033
Current assets			
Stores, spares and loose tools		1,236,656,584	1,273,258,490
Stock in trade		340,767,358	413,608,321
Trade receivables		284,571,581	311,346,429
Advances, deposits, prepayments and other receivables		2,681,067,648	1,753,272,532
Due from related parties		451,007,466	451,007,466
Current taxation		98,161,945	159,638,163
Cash and bank balances		91,552,026	86,497,044
		5,183,784,608	4,448,628,445
		41,820,021,607	40,943,644,478

The annexed notes 1 to 11 form an integral part of this interim financial information.

A. T. Bua

CHIEF EXECUTIVE

Lahore



DIRECTOR

Condensed interim consolidated profit and loss account for quarter ended September 30, 2010

	September 30, 2010	September 30, 2009
	Rupees	Rupees
Sales - Net	1,342,602,888	3,473,834,005
Cost of sales	(907,225,656)	(2,431,331,657)
Gross profit	435,377,232	1,042,502,348
Selling and distribution expenses	(48,218,751)	(114,976,243)
Administrative and general expenses	(58,566,833)	(56,969,450)
Net other income/(expense)	24,902,254	(59,840,206)
Operating profit	353,493,902	810,716,449
Finance cost	(436,802,291)	(517,414,006)
Profit before taxation	(83,308,389)	293,302,443
Taxation	355,184,114	(21,995,672)
Profit after taxation	271,875,725	271,306,771
Earnings per share - Basic and diluted	0.69	0.69

The annexed notes 1 to 11 form an integral part of this interim financial information.

A. T. Bua

CHIEF EXECUTIVE

Lahore



DIRECTOR

Condensed interim consolidated statement of other comprehensive income
for quarter ended September 30, 2010

	September 30, 2010	September 30, 2009
	<i>Rupees</i>	<i>Rupees</i>
Incremental depreciation	39,878,231	32,191,185
Other comprehensive income before taxation	39,878,231	32,191,185
Taxation	(13,957,380)	11,555,811
Other comprehensive income after taxation	25,920,851	43,746,996
Profit after taxation	271,875,725	271,306,771
Total comprehensive income	297,796,576	315,053,767

The annexed notes 1 to 11 form an integral part of this interim financial information.

Lahore

A. T. Bugar
CHIEF EXECUTIVE

[Signature]
DIRECTOR

Condensed interim consolidated cash flow statement
for quarter ended September 30, 2010

	September 30, 2010	September 30, 2009
	<i>Rupees</i>	<i>Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(83,308,389)	293,302,443
Adjustments for non-cash and other items	572,519,754	644,546,650
Operating profit before changes in working capital	489,211,365	937,849,093
Changes in working capital	(1,058,883,748)	(430,689,944)
	(569,672,383)	507,159,149
Receipt/(payments) for		
Interest/markup	224,369,107	(358,393,562)
Taxes	50,248,257	(37,081,277)
Net cash flow from operating activities	(295,055,019)	111,684,310
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(303,945,558)	(407,585,411)
Net cash used in investing activities	(303,945,558)	(407,585,411)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finances	557,177,311	(1,380,000)
Liabilities against assets subject to finance lease	(12,370,636)	(10,021,411)
Transaction costs on issue of term finance certificates	(500,000)	-
Short term borrowings	59,748,884	225,699,001
Net cash flow from financing activities	604,055,559	214,297,590
Net decrease in cash and cash equivalents	5,054,982	(81,603,511)
Cash and cash equivalents as at beginning of the period	86,497,044	293,485,492
Cash and cash equivalents as at end of the period	91,552,026	211,881,981

The annexed notes 1 to 11 form an integral part of this interim financial information.

Lahore

A. T. Bugar
CHIEF EXECUTIVE

[Signature]
DIRECTOR

Condensed interim consolidated statement of changes in equity
for nine months ended September 30, 2010

	Issued, subscribed and paid- up capital <i>Rupees</i>	Revenue reserve <i>Rupees</i>	Accumulated profit <i>Rupees</i>	Total equity <i>Rupees</i>
As at July 01, 2009	3,924,300,000	9,000,000	3,824,131,963	7,757,431,963
Profit for the quarter ended September 30, 2009	-	-	271,306,771	271,306,771
Other comprehensive income for the quarter ended September 30, 2009	-	-	-	-
As at September 30, 2009	<u>3,924,300,000</u>	<u>9,000,000</u>	<u>4,095,438,734</u>	<u>8,028,738,734</u>
As at July 01, 2010	3,924,300,000	9,000,000	4,738,565,770	8,671,865,770
Profit for the quarter ended September 30, 2010	-	-	271,875,725	271,875,725
Other comprehensive income for the quarter ended September 30, 2010	-	-	25,920,851	25,920,851
As at September 30, 2010	<u>3,924,300,000</u>	<u>9,000,000</u>	<u>5,036,362,346</u>	<u>8,969,662,346</u>

Lahore



CHIEF EXECUTIVE



DIRECTOR

Notes to the condensed consolidated interim financial information
for quarter ended September 30, 2010

1 REPORTING ENTITY

The Group comprises the following companies:

Agritech Limited ('AGL')- Parent Company

Agritech Limited (formerly Pak American Fertilizers Limited) was incorporated on June 11, 1985 as an unlisted Public 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 July 15, 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 July 15, 2006. The Company obtained listing on Karachi Stock Exchange on April 12, 2010. The registered office of the company is situated Ismail Aiwan-e-Science, Off Sharah -e-Roomi, Lahore. The principal business of the Company is the production and sale of urea fertilizer.

Hazara Phosphate Fertilizers (Private) limited ('HPFL') - Subsidiary

HPFL was incorporated on June 11, 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, a Government owned Corporation, until November 28, 2008. Subsequently, 100% shares of HPFL were acquired by AGL as a part of privatization process of the Government of Pakistan as stipulated in the Share Purchase Agreement dated November 28, 2008. The registered office of HPFL is situated at Haripur. The principal business of HPFL is the production and sale of Granulated Single Super Phosphate fertilizer.

2 BASIS OF PREPARATION**2.1 Statement of compliance**

This condensed interim consolidated financial report of the Group for the quarter ended September 30, 2010 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial report is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of audited financial statements. This condensed interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended June 30, 2010.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for certain financial instruments at fair value or amortized cost, obligations under defined benefits plans and present value and certain items of property, plant and equipment at revalued amounts. In this financial information, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

Notes to the condensed consolidated interim financial information for quarter ended September 30, 2010

2.3 Judgements, estimates and assumptions

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.4 Functional currency

This financial information is prepared in Pak Rupees which is the Group's functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are consistent with those applied in the preparation of the preceding annual published financial statements of the Group for the year ended June 30, 2010.

4 LOAN FROM ASSOCIATES - UNSECURED, SUBORDINATE

This represents loan obtained by AGL from an associated company to the finance the acquisition of HPFL. The tenor of loan is six years and carries mark-up at six months KIBOR plus a spread of 3.25% per annum (June 30, 2010: six months KIBOR plus a spread of 3.25% per annum). The loan is subordinate to all long term finances obtained by AGL.

	September 30, 2010	June 30, 2010
	<i>Rupees</i>	<i>Rupees</i>
5 REDEEMABLE CAPITAL - SECURED		
Term Finance Certificates	8,889,445,250	8,889,445,250
Sukuks	1,600,000,000	1,600,000,000
Transaction costs	(120,598,704)	(127,549,317)
	<u>10,368,846,546</u>	<u>10,361,895,933</u>
Current maturity presented under current liabilities	(2,335,886,000)	(2,175,886,000)
	<u>8,032,960,546</u>	<u>8,186,009,933</u>

Notes to the condensed consolidated interim financial information for quarter ended September 30, 2010

	September 30, 2010	June 30, 2010
	<i>Rupees</i>	<i>Rupees</i>
6 LONG TERM FINANCES - SECURED		
From banking companies and financial institutions.	3,402,240,321	3,212,735,482
Current maturity presented under current liabilities	(868,750,000)	(568,750,000)
	<u>2,533,490,321</u>	<u>2,643,985,482</u>
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE -SECURED		
Present value of minimum lease payments	232,964,939	245,335,575
Current maturity presented under current liabilities	(68,411,822)	(68,676,542)
	<u>164,553,117</u>	<u>176,659,033</u>
8 CONTINGENCIES AND COMMITMENTS		
8.1 Contingencies		
8.1.1 Counter guarantees given by the Company to its bankers as at the reporting date amount to Rs. 196.3 million (June 30, 2010: Rs. 196.3 million).		
8.1.2 There is no change in the status of other contingencies since June 30, 2010.		

	September 30, 2010	June 30, 2010
	<i>Rupees</i>	<i>Rupees</i>
8.2 Commitments		
8.2.1 Commitments under irrevocable letters of credit for:		
- purchase of stores, spare and loose tools	17,567,001	17,567,001
- purchase of raw material	77,679,222	77,679,222
	<u>95,246,223</u>	<u>95,246,223</u>
8.2.2 Commitments for capital expenditure	-	1,577,746,692

9 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties from the Company's perspective comprise holding company, 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.

Notes to the condensed consolidated interim financial information
for quarter ended September 30, 2010

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

	September 30, 2010	September 30, 2009
	<i>Rupees</i>	<i>Rupees</i>
9.1 Transactions with related parties		
9.1.1 Holding company		
Markup income	24,552,149	18,560,226
Markup expense	21,235,068	23,991,057
Temporary loan	-	38,013,575
9.1.2 Associated company		
Mark-up on long term loan	13,513,397	14,577,337
9.1.3 Post employment benefit plans		
Contribution to employees provident fund	6,850,805	5,292,900
Contribution to employees gratuity fund	2,400,000	877,366
9.1.4 Key management personnel		
Short term employee benefits	7,426,875	3,903,441
Post employee benefits	689,181	438,780
	September 30, 2010	June 30, 2010
	<i>Rupees</i>	<i>Rupees</i>
9.2 Balances with related parties		
9.2.1 Holding company		
Temporary loan	451,007,466	451,007,466
Redeemable capital	599,520,000	599,520,000
Markup receivable	15,365,263	204,485,615
Markup payable	-	127,148,170
9.2.2 Associated company		
Long term loan	340,000,000	340,000,000
Markup payable	73,896,158	68,717,258
9.2.3 Post employment benefit plans		
Payable to provident fund	91,124,172	84,551,940
Payable to gratuity trust	16,468,956	14,073,414

Notes to the condensed consolidated interim financial information
for quarter ended September 30, 2010

10 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 30, 2010 by the Board of Directors of the Company.

11 GENERAL

Figures have been rounded off to the nearest rupee.

Comparative figures have been rearranged and reclassified, where necessary for the purpose of comparison.

Lahore


CHIEF EXECUTIVE


DIRECTOR