



Interim Financial Report

Interim Financial Report
*for the quarter ended
September 30, 2011
(Un-audited)*

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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. Irfan Nazir Ahmad
Mr. Muhammad Faisal Muzammil
Mr. Khaleeqe Ur Rehman
Syed Owais Magrabi

COMPANY SECRETARY

Mr. Muhammad Ijaz Haider

CHIEF FINANCIAL OFFICER

Mr. Abid Amin

AUDIT COMMITTEE

Mr. Khalid A. H. Al Sagar
Mr. Irfan Nazir Ahmad
Mr. Muhammad Faisal Muzammil
Syed Owais Magrabi

LEGAL ADVISOR

Mr. Ghulam Muhammad Kundi

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants, Lahore

BANKERS

JS Bank Limited
Faysal Bank Limited
National Bank of Pakistan

BANKERS (*Cont'd*)

Standard Chartered Bank (Pakistan) Limited
Albaraka Bank Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Summit Bank Limited
Silk Bank Limited
KASB Bank Limited
Allied Bank Limited
Bank Alfalah Limited
The Bank of Punjab
Bank Islami Pakistan Limited
Askari Bank Limited
Pak Libya Holding Company (Pvt.) Limited
Soneri Bank Limited

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.
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 Board of Directors of Agritech Limited (“the Company”) hereby presents the unaudited interim financial statements for the three months ended September 30, 2011.

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 100% owned subsidiary Hazara Phosphate Fertilizers (Pvt.) Limited (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.

The gas load shedding continued to effect 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 53,086 tons of urea as compared to 76,754 tons produced in September quarter 2010. Despite this situation, the company was able to sustain the operations on the back of higher prices.

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

The second round of restructuring was completed successfully during the period. Lenders understood the situation, showed confidence in business and management, and approved the restructuring. The terms of these supplemental agreements are effective from July 31, 2011. Moreover, overdue markup is also being converted into preference shares / PPTFCs. In this regard, investors have provided their consents and the company is in process of making final arrangements for issuance of preference shares / PPTFCs. This restructuring will help company to smoothen its operations, resultantly improving financial health allowing company to service its debts on timely basis.

Consolidated Results

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010
Sales – net	1,801,037,997	1,342,602,888
Operating Profit	542,776,617	353,493,902
Finance cost	421,008,637	436,802,291
Profit / (Loss) before taxation	121,767,980	(83,308,389)
Profit after taxation	109,000,893	271,875,725
Profit per share	0.28	0.69

Directors' Review

Operating Financial Results of Agritech Limited (Stand Alone)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010
Sales – net	1,194,548,060	1,012,556,096
Operating Profit	346,099,690	348,337,383
Finance cost	443,251,586	436,054,918
Profit / (Loss) before taxation	(97,151,896)	(87,717,535)
Profit / (Loss) after taxation	(103,854,084)	270,531,599
Profit / (Loss) per share	(0.26)	0.69

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. Agritech's pricing policy was revised in September 2011 to eliminate the timing difference in pricing gain, this is likely to improve the company performance during the next period.

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.

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

**Condensed
Interim
Consolidated
Financial
Information**

Condensed Interim Consolidated Balance Sheet (Un-audited)

As at September 30, 2011

	Note	September 30 2011 Un-Audited Rupees	June 30 2011 Audited Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	5	<u>12,000,000,000</u>	<u>12,000,000,000</u>
Issued, subscribed and paid up capital	6	3,924,300,000	3,924,300,000
Reserves		9,000,000	9,000,000
Accumulated profit		5,093,462,234	4,947,083,119
		9,026,762,234	8,880,383,119
Surplus on revaluation of property, plant and equipment		4,068,292,952	4,105,671,174
Subordinated loan		340,000,000	340,000,000
Non-current liabilities			
Redeemable capital - Secured	7	10,192,383,301	9,640,111,042
Long term finances - Secured	8	7,160,220,913	6,576,509,402
Liabilities against assets subject to finance lease - Secured		111,058,025	140,438,153
Long term payables - Unsecured		31,135,199	31,135,199
Staff retirement benefits		2,134,407	20,372,547
Deferred taxation - net		2,968,413,926	2,973,657,218
		20,465,345,771	19,382,223,561
Current liabilities			
Current maturity of non current liabilities		619,056,053	1,680,609,341
Short term borrowings		2,864,975,440	3,169,436,002
Trade and other payables		3,313,469,573	2,699,174,761
Interest/mark-up accrued on borrowings		4,061,926,950	3,499,895,917
Contingencies and commitments	9	10,859,428,016	11,049,116,021
		<u>44,759,828,973</u>	<u>43,757,393,875</u>
ASSETS			
Non-current assets			
Property, plant and equipment	10	36,661,100,354	36,308,552,271
Intangible asset		2,567,310,828	2,567,310,828
Long term advances		23,840,733	28,663,924
Long term deposits - Unsecured, considered good		31,980,875	16,467,788
Non-current assets held for sale		713,092,558	713,092,558
		39,997,325,348	39,634,087,369
Current assets			
Stores, spares and loose tools		2,122,321,532	2,085,938,729
Stock-in-trade		353,788,647	395,045,393
Trade receivables - unsecured, considered good		64,049,919	68,801,870
Advances, deposits, prepayments and other receivables		1,559,640,237	1,022,618,671
Due from related parties - Unsecured, considered good		315,424,444	317,158,570
Current taxation		103,497,801	112,880,472
Cash and bank balances		243,781,045	120,862,801
		4,762,503,625	4,123,306,506
		<u>44,759,828,973</u>	<u>43,757,393,875</u>

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

Lahore

Date: October 31, 2011


CHIEF EXECUTIVE


DIRECTOR

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

For the quarter ended September 30, 2011

	2011	2010
	July to	July to
	September	September
	Un-Audited	Un-Audited
	Rupees	Rupees
Sales - net	1,801,037,997	1,342,602,888
Cost of sales	(1,097,286,163)	(907,225,656)
Gross profit	703,751,834	435,377,232
Administrative expenses	(118,021,825)	(58,566,833)
Selling and distribution expenses	(72,687,963)	(48,218,751)
Net other income	29,734,571	24,902,254
Profit from operations	542,776,617	353,493,902
Finance cost	(421,008,637)	(436,802,291)
Profit(loss) before taxation	121,767,980	(83,308,389)
Taxation	(12,767,087)	355,184,114
Profit after taxation	109,000,893	271,875,725
Earning / (loss) per share - basic and diluted	0.28	0.69

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

Lahore
Date: October 31, 2011


CHIEF EXECUTIVE


DIRECTOR

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

For the quarter ended September 30, 2011

	<u>2011</u>	<u>2010</u>
	July to September Un-Audited Rupees	July to September Un-Audited Rupees
Profit after taxation	109,000,893	271,875,725
Other comprehensive income		
Incremental depreciation	57,504,957	39,878,231
Related deferred taxation	(20,126,735)	(13,957,380)
Other comprehensive income for the period	37,378,222	25,920,851
Total comprehensive income	146,379,115	297,796,576

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

Condensed Interim Consolidated Cash flow Statement (Un-audited)

For the quarter ended September 30, 2011

		<u>2011</u>	<u>2010</u>
		July to	July to
		September	September
		Un-Audited	Un-Audited
	<i>Note</i>	Rupees	Rupees
Cash flows from operating activities			
Cash generated from operations	12	1,248,702,581	(569,672,383)
Receipts/(Payments) for Interest/Markup		(366,244,883)	224,369,107
Taxes		(8,627,709)	50,248,257
Net cash generated from/(used in) from operating activities		873,829,989	(295,055,019)
Cash flows from investing activities			
Capital expenditure including purchase of property, plant and equipment		(496,052,309)	(303,945,558)
Loan to related party		15,230,298	-
Net cash used in investing activities		(480,822,011)	(303,945,558)
Cash flows from financing activities			
Long term finances obtained		123,699,279	557,177,311
Redemption of term finance certificates		(667,251)	-
Repayment of liabilities against assets subject to finance lease		(21,161,200)	(12,370,636)
Net (decrease)/increase in short term borrowings		(304,460,562)	59,748,884
Transaction costs incurred on restructuring process		(67,500,000)	(500,000)
Net cash generated from financing activities		(270,089,734)	604,055,559
Net increase in cash and cash equivalents		122,918,244	5,054,982
Cash and cash equivalents at the beginning of period		120,862,801	86,497,044
Cash and cash equivalents at the end of period		243,781,045	91,552,026

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

Lahore

Date: October 31, 2011


CHIEF EXECUTIVE


DIRECTOR

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

For the quarter ended September 30, 2011

	Share capital Rupees	Revenue reserve Rupees	Accumulated profit Rupees	Total equity Rupees
Balance as at June 30, 2010 - Audited	3,924,300,000	9,000,000	4,738,565,770	8,671,865,770
Profit for the period	-	-	271,875,725	271,875,725
Incremental depreciation for the period - net of deferred tax	-	-	25,920,851	25,920,851
Balance as at September 30, 2010 - Unaudited	3,924,300,000	9,000,000	5,036,362,346	8,969,662,346
Loss for the period	-	-	(221,278,717)	(221,278,717)
Incremental depreciation for the period - net of deferred tax	-	-	131,999,490	131,999,490
Balance as at June 30, 2011 - Audited	3,924,300,000	9,000,000	4,947,083,119	8,880,383,119
Profit for the period	-	-	109,000,893	109,000,893
Incremental depreciation for the period - net of deferred tax	-	-	37,378,222	37,378,222
Balance as at September 30, 2011 - Unaudited	3,924,300,000	9,000,000	5,093,462,234	9,026,762,234

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial

Lahore

Date: October 31, 2011



CHIEF EXECUTIVE



DIRECTOR

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

For the quarter ended September 30, 2011

1 Status and nature of business

The Group comprises the following Companies:

Agritech Limited was incorporated on December 15, 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 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. On April 12, 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 fertilizer.

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

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

Statement of compliance

The condensed interim financial statements have 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 June 30, 2011

3 Estimates

The preparation of the condensed interim consolidated 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 consolidated 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

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 June 30, 2011.

September 30 2011 Un-audited Rupees	June 30 2011 Audited Rupees
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5 Authorized share capital

Ordinary shares of Rs. 10 each
600,000,000 (June 30, 2011 : 600,000,000) class A shares
200,000,000 (June 30, 2011 : 200,000,000) class B shares
200,000,000 (June 30, 2011 : 200,000,000) class C shares

6,000,000,000	6,000,000,000
2,000,000,000	2,000,000,000
2,000,000,000	2,000,000,000
10,000,000,000	10,000,000,000
2,000,000,000	2,000,000,000
12,000,000,000	12,000,000,000

Preference shares of Rs. 10 each
200,000,000 (June 30, 2011 : 200,000,000) shares

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

For the quarter ended September 30, 2011

		September 30 2011 Un-audited Rupees	June 30 2011 Audited Rupees
6 Issued, subscribed and paid up capital			
Class A ordinary shares of Rs. 10 each			
383,430,000 (June 30, 2011 : 383,430,000) shares			
each fully paid in cash		3,834,300,000	3,834,300,000
9,000,000 (June 30, 2011 : 9,000,000) shares issued			
for consideration other than cash		90,000,000	90,000,000
		3,924,300,000	3,924,300,000
7 Redeemable capital - Secured			
Privately Placed Term Finance Certificates (PPTFCs) - I	7.1	6,894,286,800	6,894,480,000
Privately Placed Term Finance Certificates (PPTFCs) - II	7.2	1,498,602,000	1,498,760,400
Privately Placed Term Finance Certificates (PPTFCs) - III	7.3	495,345,100	495,460,751
Sukuk	7.4	1,599,800,000	1,600,000,000
		10,488,033,900	10,488,701,151
Transaction costs		(295,650,599)	(236,126,979)
		10,192,383,301	10,252,574,172
Current maturity presented under current liabilities		-	(612,463,130)
		10,192,383,301	9,640,111,042
7.1	This facility has been again rescheduled during the period by way of Second Supplemental Trust Deed entered into dated August 26, 2011. As per rescheduling terms, the principal redemption of TFCs is structured to be in thirteen equal semi-annual installments. These installments are to be paid semi annually starting from July 14, 2013. The finance is secured by charge over property, plant and equipment. The finance carries mark-up at six months KIBOR plus a spread of 1.75% per annum, payable semi-annually.		
7.2	This facility has been again rescheduled during the period by way of Second Supplemental Trust Deed entered into dated August 26, 2011. As per rescheduling terms, the principal redemption of TFCs is structured to be in thirteen unequal semi-annual installments. These installments are to be paid semi annually starting from November 29, 2013. The finance is secured by charge over property, plant and equipment. The finance carries mark-up at six months KIBOR plus a spread of 1.75% per annum, payable semi-annually.		
7.3	This facility has been again rescheduled during the period by way of Second Supplemental Trust Deed entered into dated August 26, 2011. As per rescheduling terms, the principal redemption of TFCs is structured to be in twenty six unequal quarterly installments. These installments are to be paid quarterly starting from September 01, 2013. The finance is secured by charge over property, plant and equipment. The finance carries mark-up at three months KIBOR plus a spread of 3.25% per annum, payable quarterly.		
7.4	This facility has been again rescheduled during the period by way of Second Master Addendum to Transaction Documents entered in to dated 26 August 2011. As per rescheduling terms, the principal redemption of these certificates is structured to be in thirteen unequal installments. These installments are to be paid semi annually starting from August 06, 2013. 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% per annum, payable semi-annually.		
8 Long term finances			
Syndicate Term Finance - I	8.1	475,000,000	475,000,000
Syndicate Term Finance - II	8.2	3,000,000,000	3,000,000,000
Syndicate Term Finance - III	8.3	3,026,389,549	3,026,389,549
KASB Bank Limited - Term Finance	8.4	300,000,000	300,000,000
National Bank of Pakistan - Term Finance	8.5	632,083,735	508,384,456
Dubai Islamic Bank Limited - Term Finance	8.6	365,000,000	365,000,000
		7,798,473,284	7,674,774,005
Transaction Cost		(82,627,371)	(85,330,517)
		7,715,845,913	7,589,443,488
Current maturity presented under current liabilities		(80,625,000)	(537,934,086)
Reclassification of Syndicate Term Finance - I to short term		(475,000,000)	(475,000,000)
		(555,625,000)	(1,012,934,086)
		7,160,220,913	6,576,509,402

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

For the quarter ended September 30, 2011

- 8.1 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 sixteen equal quarterly installments with the first installment due after fifteen months from the date of disbursement on February 28, 2010. At the reporting date the installments of principal amounting to Rs. 193.750 million were overdue and accordingly the entire outstanding has been classified as current liability.
- 8.2 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 year by way of Second Supplemental Syndicated Term Finance Agreement entered in to dated August 26, 2011. As per rescheduling terms principal is payable in thirteen unequal semi annually installments starting from December 30, 2013. The finance carries mark-up at six months KIBOR plus a spread of 2.25% per annum, payable semi-annually.
- 8.3 The finance represents restructuring of various short term facilities and overdue letters of credit amounting to Rs.3,026 million into long term facility. This facility has been rescheduled during the year by way of First Supplemental Syndicated Term Finance Agreement entered in to dated August 26, 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 September 25, 2013.
- 8.4 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 restructured during the year by way of First Supplemental Term Finance Agreement entered into dated August 26, 2011. As per restructuring terms the principal is payable in fourteen unequal semi annual installments starting from June 30, 2013. The finance carries mark-up at six months KIBOR plus a spread of 2.50% per annum (2010: three months KIBOR plus a spread of 3.5% per annum), payable semi annually.
- 8.5 This Term Finance 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). 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 eight equal semi annual installments starting from April 08, 2012.
- 8.6 This Term Finance represents restructuring of short term Istisna facility amounting of Rs.365.00 million into long term facility during the period under the restructuring agreement entered into dated June 07, 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 December 01, 2013.
- 9 **Contingencies and commitments**

9.1 Contingencies

- 9.1.1 Counter guarantees given by the Company to its bankers as at the reporting date amount to Rs. 196.3 million (June 30, 2011: Rs. 196.3 million).
- 9.1.2 There is no change in the status of contingencies since June 30, 2011.

9.2 Commitments

- 9.2.1 There are no commitments on the reporting date.

		September 30 2011 Un-audited	June 30 2011 Audited
		Rupees	Rupees
10 Property, plant and equipment			
Operating fixed assets	10.1	24,329,691,185	24,479,320,011
Capital work in progress		12,331,409,169	11,829,232,260
		36,661,100,354	36,308,552,271
10.1 Operating fixed assets			
Opening book value		24,479,320,011	25,790,551,897
Add: Additions during the period	10.1.1	703,407	12,370,251
Transfer in during the period		-	32,189,296
		703,407	44,559,547
Less: Disposals during the period - net book value		-	716,711,652
Depreciation charged during the period		150,332,233	639,079,781
		150,332,233	1,355,791,433
Closing book value		24,329,691,185	24,479,320,011

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

For the quarter ended September 30, 2011

	September 30 2011 Un-audited Rupees	June 30 2011 Audited Rupees
10.1.1 Additions during the period/ year		
<i>Owned assets</i>		
Buildings on freehold land	-	2,358,624
Plant and machinery	154,488	4,006,655
Furniture, fixtures and office equipment	544,316	2,262,411
Vehicles and rail transport	4,603	1,462,000
Tools and other equipment	-	1,109,995
Electrical and other installations	-	375,566
<i>Leased assets</i>		
Vehicles	-	795,000
	703,407	12,370,251

11 Transactions with related parties

Related parties 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.

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

	2011 July to September Un-audited Rupees	2010 July to September Audited Rupees
11.1 Transactions with related parties		
11.1.1 Holding company		
Markup income	17,442,868	24,552,149
Markup expense	1,734,126	21,235,068
11.1.2 Associated company		
Mark-up on long term loan	14,469,003	13,513,397
Mark-up expense on redeemable capital	3,778,187	3,533,735
11.1.3 Post employment benefit plans		
Contribution to employees provident fund	3,870,703	6,850,805
Contribution to employees gratuity fund	2,186,666	2,400,000
11.1.4 Key management personnel		
Short term employee benefits	7,342,500	7,426,875
Post employment benefits	12,773,556	12,689,181
	September 30 2011 Un-audited Rupees	June 30 2011 Audited Rupees
11.2 Balances with related parties		
11.2.1 Holding company		
Temporary loan	315,424,444	317,158,570
Redeemable capital	266,081,964	266,081,964
Markup receivable	142,964,564	125,521,696
11.2.2 Associated company		
Long term loan	340,000,000	340,000,000
Redeemable capital	89,893,305	89,928,000
Markup payable	141,800,300	123,553,110
Accrued Liabilities	70,000,000	70,000,000

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

For the quarter ended September 30, 2011

	September 30 2011 Un-audited Rupees	June 30 2011 Audited Rupees
11.2.3 Post employment benefit plans		
Payable to provident fund	4,979,513	285,089
Payable to gratuity trust	5,032,563	20,372,547
11.2.4 Key management personnel		
Post employment benefits payable	176,000,000	12,000,000

All transactions with related parties have been carried out on commercial terms and conditions.

	2011 July to September Un-Audited Rupees	2010 July to September Un-Audited Rupees
12 Cash flow from operating activities		
Profit/(loss) before tax	121,780,686	(83,308,389)
Adjustment for :		
- Depreciation on property, plant and equipment	150,332,233	161,397,561
- Amortization of transaction costs	10,679,526	7,450,613
- Markup income	(17,442,868)	(24,552,149)
- Finance cost	928,275,917	428,223,729
Profit before working capital changes	1,193,625,494	489,211,365
Effect on cash flow due to working capital changes:		
- Stores, spares and loose tools	(36,382,804)	36,601,906
- Stock-in-trade	34,428,745	72,840,963
- Trade debts	4,751,952	26,774,848
- Advances, deposits, prepayments and other receivables	(519,578,699)	(903,242,965)
- Decrease in due from subsidiary	(13,496,172)	126,114,035
- Long term advances	(10,855,173)	985,724
- Long term deposits	152,100	341,306
- Staff Retirement benefits	(18,238,140)	(2,395,542)
- Trade and other payables	614,295,278	(416,904,023)
	55,077,087	(1,058,883,748)
Cash generated from operations	1,248,702,581	(569,672,383)

13 Overdue debts

As of September 30, 2011, due to operational constraints, the company has overdue debt installment and interest / markup thereon amounting to Rs. 3,737 million. To resolve the overdue situation, AGL requested the lenders to convert the interest / markup on redeemable capital and long term finances into Preference Shares / PPTFCs. In this regard, lenders have provided their consents and AGL is in process of making final arrangements for issuance of Preference Shares / PPTFCs. Further, AGL has settled interest / markup on short term borrowings after the reporting date. As regards to the overdue principal, company is in process of making final arrangements for rescheduling of the said principal and expects to close within next quarter.

14 Date of authorization

This interim financial information was authorized for issue by the Board of Directors of Agritech Limited on October 31, 2011.

15 General

Figures have been rounded off to the nearest of Rupee.

Lahore

Date: October 31, 2011


CHIEF EXECUTIVE


DIRECTOR

**Condensed
Interim
Financial
Information**

Condensed Interim Balance Sheet (Un-audited)

As at September 30, 2011

		September 30 2011 Un-Audited Rupees	June 30 2011 Audited Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	5	12,000,000,000	12,000,000,000
Issued, subscribed and paid up capital	6	3,924,300,000	3,924,300,000
Reserves		3,126,688,038	3,126,688,038
Accumulated profit		3,584,926,208	3,651,402,070
		10,635,914,246	10,702,390,108
Surplus on revaluation of property, plant and equipment		4,068,292,952	4,105,671,174
Subordinated loan		340,000,000	340,000,000
Non-current liabilities			
Redeemable capital - Secured	7	10,192,383,301	9,640,111,042
Long term finances - Secured	8	7,160,220,913	6,576,509,402
Liabilities against assets subject to finance lease - Secured		108,550,288	137,416,284
Long term payables - Unsecured		31,135,199	31,135,199
Staff retirement benefits		2,134,407	20,372,547
Deferred taxation - net		2,735,594,985	2,740,838,277
		20,230,019,093	19,146,382,751
Current liabilities			
Current portion of non-current liabilities		617,125,028	1,678,758,469
Short term borrowings		2,864,975,440	3,169,436,002
Trade and other payables		2,603,531,889	2,070,387,768
Due to related parties - unsecured		424,156,408	437,652,580
Interest/mark-up accrued on borrowings		4,061,926,950	3,499,895,917
Contingencies and commitments	9	10,571,715,715	10,856,130,736
		45,845,942,006	45,150,574,769
ASSETS			
Non-current assets			
Property, plant and equipment	10	34,606,551,953	34,248,163,961
Intangible assets		2,567,310,828	2,567,310,828
Long term investment	11	4,503,252,438	4,503,252,438
Long term advances		23,840,733	28,663,924
Long term deposits - unsecured, considered good		13,678,863	13,830,963
Non-current assets held for sale		713,092,558	713,092,558
		42,427,727,373	42,074,314,672
Current assets			
Stores, spares and loose tools		2,057,586,341	2,019,442,828
Stock in trade		135,584,876	54,540,771
Trade receivables - unsecured, considered good		27,050,764	47,585,257
Advances, deposits, prepayments and other receivables		635,867,116	440,625,710
Due from related party - unsecured, considered good		315,424,444	317,158,570
Current taxation		96,671,538	100,435,464
Cash and bank balances		150,029,554	96,471,497
		3,418,214,633	3,076,260,097
		45,845,942,006	45,150,574,769

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

Lahore

Date: October 31, 2011


CHIEF EXECUTIVE


DIRECTOR

Condensed Interim Profit and Loss Account (Un-audited)

For the quarter ended September 30, 2011

	<u>2011</u>	<u>2010</u>
	July to September Un-Audited Rupees	July to September Un-Audited Rupees
Sales - net	1,194,548,060	1,012,556,096
Cost of sales	(704,418,462)	(593,514,981)
Gross profit	490,129,598	419,041,115
Administrative expenses	(104,616,705)	(48,638,552)
Selling and distribution expenses	(68,764,069)	(46,871,427)
Net other income	29,350,866	24,806,247
Profit from operations	346,099,690	348,337,383
Finance cost	(443,251,586)	(436,054,918)
Loss before taxation	(97,151,896)	(87,717,535)
Taxes	(6,702,188)	358,249,134
Profit/(loss) after taxation	(103,854,084)	270,531,599
Earning / (loss) per share - basic and diluted	(0.26)	0.69

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

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter ended September 30, 2011

	<u>2011</u>	<u>2010</u>
	July to September Un-Audited Rupees	July to September Un-Audited Rupees
(Loss)/profit after taxation	(103,854,084)	270,531,599
Other comprehensive income		
Incremental depreciation	57,504,957	33,211,409
Related deferred taxation	(20,126,735)	(11,623,993)
Other comprehensive income for the period	37,378,222	21,587,416
Total comprehensive (loss)/income	(66,475,862)	292,119,015

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

Condensed Interim Cash flow Statement (Un-audited)

For the quarter ended September 30, 2011

	2011	2010
	July to	July to
	September	September
	Un-Audited	Un-Audited
	Rupees	Rupees
Cash flows from operating activities		
Cash generated from operations	13 1,189,845,950	(579,732,366)
Receipts/(Payments) for Interest/Markup	(366,265,743)	224,577,966
Taxes	(8,181,554)	51,846,663
Net cash generated from/(used in) from operating activities	815,398,653	(303,307,737)
Cash flows from investing activities		
Capital expenditure including purchase of property, plant and equipment	(493,918,967)	(303,435,609)
Loan to related party	1,734,126	-
Net cash used in investing activities	(492,184,841)	(303,435,609)
Cash flows from financing activities		
Long term finances obtained	123,699,279	557,177,311
Redemption of term finance certificates	(667,251)	-
Repayment of liabilities against assets subject to finance lease	(20,727,221)	(11,994,407)
Net (decrease)/increase in short term borrowings	(304,460,562)	59,748,884
Transaction costs incurred on restructuring process	(67,500,000)	(500,000)
Net cash (used in)/generated from financing activities	(269,655,755)	604,431,788
Net increase/(decrease) in cash and cash equivalents	53,558,057	(2,311,558)
Cash and cash equivalents at the beginning of period	96,471,497	76,242,043
Cash and cash equivalents at the end of period	150,029,554	73,930,485

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

Lahore

Date: October 31, 2011


CHIEF EXECUTIVE


DIRECTOR

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

For the quarter ended September 30, 2011

	Share Capital		Reserves		Accumulated profit		Total equity	
	Rupees	Rupees	Available for sale financial assets	Total reserves	Rupees	Rupees	Rupees	Rupees
			Rupees	Rupees	Rupees	Rupees		
Balance as at June 30, 2010 - Audited	3,924,300,000	9,000,000	3,077,504,807	3,086,504,807	3,788,703,321		10,799,508,128	
Profit for the period	-	-	-	-	270,531,599		270,531,599	
Incremental depreciation for the period - net of deferred tax	-	-	-	-	21,587,416		21,587,416	
Balance as at September 30, 2010 - Unaudited	3,924,300,000	9,000,000	3,077,504,807	3,086,504,807	4,080,822,336		11,091,027,143	
Loss for the period	-	-	40,183,231	40,183,231	(565,753,191)		(525,569,960)	
Incremental depreciation for the period - net of deferred tax	-	-	-	-	136,332,925		136,332,925	
Balance as at June 30, 2011 - Audited	3,924,300,000	9,000,000	3,117,688,038	3,126,688,038	3,651,402,070		10,702,390,108	
Loss for the period	-	-	-	-	(103,854,084)		(103,854,084)	
Incremental depreciation for the period - net of deferred tax	-	-	-	-	37,378,222		37,378,222	
Balance as at September 30, 2011 - Unaudited	3,924,300,000	9,000,000	3,117,688,038	3,126,688,038	3,584,926,208		10,635,914,246	

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

Lahore

Date: October 31, 2011



CHIEF EXECUTIVE



DIRECTOR

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

For the quarter ended September 30, 2011

1 Status and nature of business

Agritech Limited was incorporated on December 15, 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 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. On April 12, 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 fertilizer.

2 Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board as notified under the provisions of the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the Companies Ordinance, 1984 prevail.

3 Estimates

The preparation of the condensed interim 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 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

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 June 30, 2011.

5 Authorized share capital

Ordinary shares of Rs. 10 each
 600,000,000 (June 30, 2011 : 600,000,000) class A shares
 200,000,000 (June 30, 2011 : 200,000,000) class B shares
 200,000,000 (June 30, 2011 : 200,000,000) class C shares

Preference shares of Rs. 10 each
 200,000,000 (June 30, 2011 : 200,000,000) shares

September 30 2011 Un-Audited Rupees	June 30 2011 Audited Rupees
6,000,000,000	6,000,000,000
2,000,000,000	2,000,000,000
2,000,000,000	2,000,000,000
10,000,000,000	10,000,000,000
2,000,000,000	2,000,000,000
12,000,000,000	12,000,000,000

6 Issued, subscribed and paid up capital

Class A ordinary shares of Rs. 10 each
 383,430,000 (June 30, 2010 : 383,430,000) shares
 each fully paid in cash
 9,000,000 (June 30, 2010 : 9,000,000) shares issued
 for consideration other than cash

3,834,300,000	3,834,300,000
90,000,000	90,000,000
3,924,300,000	3,924,300,000

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

For the quarter ended September 30, 2011

		September 30	June 30
		2011	2011
		Un-Audited	Audited
		Rupees	Rupees
7 Redeemable capital - Secured			
Privately Placed Term Finance Certificates (PPTFCs) - I	7.1	6,894,286,800	6,894,480,000
Privately Placed Term Finance Certificates (PPTFCs) - II	7.2	1,498,602,000	1,498,760,400
Privately Placed Term Finance Certificates (PPTFCs) - III	7.3	495,345,100	495,460,751
Sukuk	7.4	1,599,800,000	1,600,000,000
		10,488,033,900	10,488,701,151
Transaction costs		(295,650,599)	(236,126,979)
		10,192,383,301	10,252,574,172
Current maturity presented under current liabilities		-	(612,463,130)
		10,192,383,301	9,640,111,042

7.1 This facility has been again rescheduled during the audit by way of Second Supplemental Trust Deed entered into dated August 26, 2011. As per rescheduling terms, the principal redemption of TFCs is structured to be in thirteen equal semi-annual installments. These installments are to be paid semi annually starting from July 14, 2013. The finance is secured by charge over property, plant and equipment. The finance carries mark-up at six months KIBOR plus a spread of 1.75% per annum, payable semi-annually.

7.2 This facility has been again rescheduled during the audit by way of Second Supplemental Trust Deed entered in to dated August 26, 2011. As per rescheduling terms, the principal redemption of TFCs is structured to be in thirteen equal semi-annual installments. These installments are to be paid semi annually starting from November 29, 2013. The finance is secured by charge over property, plant and equipment. The finance carries mark-up at six months KIBOR plus a spread of 1.75% per annum, payable semi-annually.

7.3 This facility has been again rescheduled during the audit by way of Second Supplemental Trust Deed entered in to dated August 26, 2011. As per rescheduling terms, the principal redemption of TFCs is structured to be in twenty six unequal quarterly installments. These installments are to be paid quarterly starting from September 01, 2013. The finance is secured by charge over property, plant and equipment. The finance carries mark-up at three months KIBOR plus a spread of 3.25% per annum, payable quarterly.

7.4 This facility has been again rescheduled during the audit by way of Second Master Addendum to Transaction Documents entered in to dated August 26, 2011. As per rescheduling terms, the principal redemption of these certificates is structured to be in thirteen unequal installments. These installments are to be paid semi annually starting from August 06, 2013. 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% per annum, payable semi-annually.

8 Long term finances - Secured

Syndicate Term Finance - I	8.1	475,000,000	475,000,000
Syndicate Term Finance - II	8.2	3,000,000,000	3,000,000,000
Syndicate Term Finance - III	8.3	3,026,389,549	3,026,389,549
KASB Bank Limited - Term Finance	8.4	300,000,000	300,000,000
National Bank of Pakistan - Term Finance	8.5	632,083,735	508,384,456
Dubai Islamic Bank Limited - Term Finance	8.6	365,000,000	365,000,000
		7,798,473,284	7,674,774,005
Transaction Cost		(82,627,371)	(85,330,517)
		7,715,845,913	7,589,443,488
Current maturity presented under current liabilities		(80,625,000)	(537,934,086)
Reclassification of Syndicate Term Finance - I to short term		(475,000,000)	(475,000,000)
		(555,625,000)	(1,012,934,086)
		7,160,220,913	6,576,509,402

8.1 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 sixteen equal quarterly installments with the first installment due after fifteen months from the date of disbursement on February 28, 2010. At the reporting date the installments of principal amounting to Rs. 193.750 million were overdue and accordingly the entire outstanding has been classified as current liability.

8.2 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 year by way of Second Supplemental Syndicated Term Finance Agreement entered in to dated August 26, 2011. As per rescheduling terms principal is payable in thirteen unequal semi annually installments starting from December 30, 2013. The finance carries mark-up at six months KIBOR plus a spread of 2.25% per annum, payable semi-annually.

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

For the quarter ended September 30, 2011

- 8.3 The finance represents restructuring of various short term facilities and overdue letters of credit amounting to Rs. 3,026 million into long term facility. This facility has been rescheduled during the year by way of First Supplemental Syndicated Term Finance Agreement entered into dated August 26, 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 September 25, 2013.
- 8.4 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 restructured during the year by way of First Supplemental Term Finance Agreement entered into dated August 26, 2011. As per restructuring terms the principal is payable in fourteen unequal semi annual installments starting from June 30, 2013. The finance carries mark-up at six months KIBOR plus a spread of 2.50% per annum (2010: three months KIBOR plus a spread of 3.5% per annum), payable semi annually.
- 8.5 This Term Finance 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). 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 eight equal semi annual installments starting from April 08, 2012.
- 8.6 This Term Finance represents restructuring of short term Istisna facility amounting of Rs.365.00 million into long term facility during the period under the restructuring agreement entered into dated June 07, 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 December 01, 2013.

9 Contingencies and commitments

9.1 Contingencies

- 9.1.1 Counter guarantees given by the Company to its bankers as at the reporting date amount to Rs. 196.3 million (June 30, 2011: Rs. 196.3 million).
- 9.1.2 There is no change in the status of contingencies since June 30, 2011.

9.2 Commitments

- 9.2.1 There are no commitments on the reporting date.

10 Property, plant and equipment

		September 30 2011 Un-Audited Rupees	June 30 2011 Audited Rupees
Operating fixed assets	10.1	22,312,992,492	22,447,995,000
Capital work in progress		12,293,559,461	11,800,168,961
		34,606,551,953	34,248,163,961
10.1 Operating fixed assets			
Opening book value		22,447,995,000	23,740,198,529
Add: Additions during the period/ year	10.1.1	528,469	7,427,704
Transfer in during the period/ year		-	-
		528,469	7,427,704
Less: Disposals during the period/ year - net book value		-	716,610,621
Depreciation charged during the period/ year		135,530,977	583,020,612
		135,530,977	1,299,631,233
Closing book value		22,312,992,492	22,447,995,000
10.1.1 Additions during the period/ year			
<i>Owned assets</i>			
Buildings on freehold land		-	997,898
Plant and machinery		-	764,233
Residential colony assets		-	-
Furniture, fixtures and office equipment		523,866	1,923,012
Vehicles and rail transport		4,603	1,462,000
Tools and other equipment		-	1,109,995
Electrical and other installations		-	375,566
<i>Leased assets</i>			
Vehicles		-	795,000
		528,469	7,427,704

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

For the quarter ended September 30, 2011

	September 30 2011 Un-Audited Rupees	June 30 2011 Audited Rupees
11 Investments		
Cost of investments	1,385,564,400	1,385,564,400
Add: Fair value adjustments	3,117,688,038	3,077,504,807
	<u>4,503,252,438</u>	<u>4,463,069,207</u>

12 Transactions with related parties

Related parties comprise holding company, subsidiary 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.

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

	2011 July to September Un-Audited Rupees	2010 July to September Un-Audited Rupees
12.1 Transactions with related parties		
12.1.1 Holding company		
Markup income	17,442,868	24,552,149
Markup expense	1,734,126	21,235,068
12.1.2 Subsidiary company		
Mark-up income on short term loan	22,234,795	-
Temporary loan	(13,496,172)	126,114,035
12.1.3 Associated company		
Mark-up on long term loan	14,469,003	13,513,397
Mark-up expense on redeemable capital	3,778,187	3,533,735
Transaction Cost	-	-
12.1.4 Post employment benefit plans		
Contribution to employees provident fund	3,870,703	3,988,925
Contribution to employees gratuity fund	2,186,666	2,400,000
12.1.5 Key management personnel		
Short term employee benefits	6,780,000	6,780,000
Post employment benefits	12,386,274	12,386,274
12.2 Balances with related parties		
12.2.1 Holding company		
Temporary loan	315,424,444	317,158,570
Redeemable capital	266,081,964	266,081,964
Markup receivable	142,964,564	125,521,696
12.2.2 Subsidiary company		
Temporary loan	424,156,408	437,652,580
12.2.3 Associated company		
Long term loan	340,000,000	340,000,000
Redeemable capital	89,893,305	89,928,000
Markup payable	141,800,300	123,553,110
Accrued Liabilities	70,000,000	70,000,000

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

For the quarter ended September 30, 2011

	September 30 2011 Un-Audited Rupees	June 30 2011 Audited Rupees
12.2.4 Post employment benefit plans		
Payable to provident fund	4,979,513	-
Payable to gratuity trust	2,134,407	20,372,547
12.2.5 Key management personnel		
Post employment benefits payable	176,000,000	12,000,000
All transactions with related parties have been carried out on commercial terms and conditions.		
	2011 July to September Un-Audited Rupees	2010 July to September Un-Audited Rupees
13 Cash flow from operating activities		
Loss before tax	(97,151,896)	(87,717,535)
Adjustment for :		
- Depreciation on property, plant and equipment	135,530,977	147,402,823
- Amortization of transaction costs	10,679,526	7,450,613
- Markup income	(17,442,868)	(24,552,149)
- Finance cost	928,296,777	428,014,870
Profit before working capital changes	959,912,516	470,598,622
Effect on cash flow due to working capital changes:		
- Stores, spares and loose tools	(38,143,513)	29,925,069
- Stock-in-trade	(81,044,105)	(92,619,065)
- Trade debts	20,534,493	80,808,434
- Advances, deposits, prepayments and other receivables	(177,798,539)	(924,648,056)
- Decrease in due from subsidiary	(13,496,172)	126,114,035
- Long term advances	4,823,191	985,725
- Long term deposits	152,100	(210,600)
- Staff Retirement benefits	(18,238,140)	(2,395,542)
- Trade and other payables	533,144,119	(268,290,988)
	229,933,434	(1,050,330,988)
Cash generated from/(used in) operations	1,189,845,950	(579,732,366)

14 Overdue debts

As of September 30, 2011, due to operational constraints, the company has overdue debt installment and interest / markup thereon amounting to Rs. 3,737 million. To resolve the overdue situation, the company requested the lenders to convert the interest / markup on redeemable capital and long term finances into Preference Shares / PPTFCs. In this regard's, lenders have provided their consents and the company is in process of making final arrangements for issuance of Preference Shares / PPTFCs. Further, company has settled interest / markup on short term borrowings after the reporting date. As regards to the overdue principal, company is in process of making final arrangements for rescheduling of the said principal and expects to close within next quarter.

15 Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on October 31, 2011.

16 General

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

Lahore

Date: October 31, 2011


A. T. Buan
CHIEF EXECUTIVE


DIRECTOR

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