Report for the quarter & six months ended 30 June 2013

LOTTE CHEMICAL PAKISTAN LTD

(Formerly Lotte Pakistan PTA Limited)

contents

company information

Board of Directors

Changgyou Kim	Chairman	
M Asif Saad	Chief Executive	
Sang Hyeon Lee	Non-executive	
Jung Neon Kim	Executive	
Oh Hun Im	Executive	
Mohammad Qasim Khan	Independent	
Aliya Yusuf	Independent	
Istaqbal Mehdi	Non-executive	(appointed w.e.f. 18 June 2013)
Manzoor Ahmed	Non-executive	(resigned w.e.f. 17 June 2013)

Audit Committee

Aliya Yusuf	Chairperson	
Jung Neon Kim	Member	
Istaqbal Mehdi	Member	(appointed w.e.f. 18 June 2013)
Manzoor Ahmed	Member	(resigned w.e.f. 17 June 2013)
Ashiq Ali	Secretary & Head of Internal Audit	

HR & Remuneration Committee

Changgyou Kim	Chairman
Sang Hyeon Lee	Member
Jung Neon Kim	Member

Shares Sub Committee

Jung Neon Kim	Chairman
Mohammad Qasim Khan	Member
Oh Hun Im	Member

Chief Financial Officer and Company Secretary
Adnan W Samdani

Executive Management Team
M Asif Saad
Chief Executive

Adnan W Samdani
Chief Financial Officer & Company Secretary

Qamar Haris Manzoor
General Manager Manufacturing

Mohammad Wasim
General Manager Operations

Humair Ijaz
General Manager Commercial

Waheed U Khan
Corporate Human Resource Manager

Bankers
Askari Bank Limited
Citibank NA
Deutsche Bank AG
Habib Bank Limited
HSBC Bank Middle East Limited
KASB Bank Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited

Internal Auditors
Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

External Auditors
A.F. Ferguson & Co.,
Chartered Accountants

Legal Advisor
Mohammad Mitha
148, 18th East Street,
Phase 1, DHA, Karachi

Registered Office
EZ/1/P-4, Eastern Industrial Zone,
Port Qasim, Karachi

Shares Registrar
Famco Associates (Pvt) Limited
8-F, Next to Hotel Faran, Nursery
Block-6, P.E.C.H.S,
Shahra-e-Faisal
Karachi

directors report

for the second quarter ended 30 june 2013

The Directors are pleased to present their report for the second quarter ended 30 June 2013 together with the un-audited condensed interim financial information of the Company and the Group for the second quarter and six months ended 30 June 2013. The Group results comprises of Lotte Chemical Pakistan Limited (formerly Lotte Pakistan PTA Limited) (Company) and Lotte Powergen (Private) Limited, a wholly owned subsidiary of the Company.

BOARD CHANGES

Mr Manzoor Ahmed resigned as Director of the Company with effect from 17 June 2013 and Mr Istaqbal Mehdi was appointed Director with effect from 18 June 2013 to fill the casual vacancy for the remainder of the term to expire on 22 June 2014. The Board places on record its appreciation for the valuable contributions made by the outgoing Director, Mr Manzoor Ahmed and welcomes Mr Istaqbal Mehdi as new Director of the Company.

BUSINESS OVERVIEW

Crude oil (WTI) prices remained bullish throughout the quarter as the US economy showed signs of improvement. Paraxylene (Px) prices remained in check, as PTA producers were mostly unwilling to venture into the spot market for Px, and kept inventories at minimum levels.

PTA producers throughout the region opted to maintain their reduced operating rates in order to minimize losses due to squeezed margins. This kept PTA prices range bound, despite the massive capacity expansions in China.

PSF and PFY prices in Asia were mostly stable during the quarter, which helped in the reduction of the inventory build ups from Q1. The reduction in feedstock costs from Q1, also helped improve utilization rates during the period. PET sales were healthy throughout the period due to the seasonal demand from Europe and the US.

Domestic PSF and PFY sales and operating rates were impacted by the severe power crisis, especially in the Punjab region. Persistent and severe cutbacks in electricity and gas supplies reduced the overall productivity of the textile sector. The provisional anti-dumping duties on Chinese PSF expired in April, which also impacted domestic PSF sales. Domestic PET operations, during the quarter, remained stable.

National Tariff Commission (NTC) conducted a study on tariff structures in the polyester chain during the quarter in which your Company presented its case for enhancement of tariff on PTA from 3% to 5% based upon the dismal market situation.

OPERATIONS

Your Company continues to uphold the highest safety standards for its own employees as well as contractor's staff which is evidenced by an excellent safety record spread over 13 years without a lost time injury. The Directors are proud to report that up to the end of H1 2013, more than 42 million man-hours have been completed without a Lost Time Case by your Company's employees and contractors. In recognition of this exemplary performance, the Company won 'Environmental Excellence Award' from National Forum for Environment & Health (NFEH) and obtained 2nd position in the Employer's Federation of Pakistan (EFP) best practise award in the category of Occupational Health, Safety & Environment.

Due to the market slow down witnessed in the domestic PSF sector, the plant operating rates were reduced during the quarter. However, production during the quarter at 124,499 tonnes remained 2% higher than the corresponding period last year due to a planned outage for cogeneration power plant tie-ins taken in Q2 2012.

Sales volume for Q2 2013 at 115,402 tonnes was 7% lower than the corresponding quarter last year due to machinery break down at one of the major customer's manufacturing facility and reduced off-take by other domestic customers. Export sales (to India and UAE) during the quarter aggregated 6,072 tonnes.

LOTTE POWERGEN (PRIVATE) LIMITED

During the quarter the co-generation plant operated smoothly. The Financial performance of Lotte Powergen (Private) Limited together with Lotte Chemical Pakistan Limited (formerly Lotte Pakistan PTA Limited) is presented in the consolidated financial results for the quarter and six months ended 30 June 2013.

PROFIT, FINANCE & TAXATION

Revenue for the quarter was 2% lower than the corresponding period last year due to lower sales volume and price. Impact of lower PTA price resulted in a reduction in PTA margin over Px as compared to same period last year. However despite lower revenue and reduction in PTA margin over Px, your Company incurred a lower gross loss of Rs 227 million for the quarter as compared to gross loss of Rs 444 million during the same period last year mainly due to lower conversion costs.

Distribution and selling expenses were lower than the corresponding quarter last year mainly due to lower export sales. Administration expenses for the quarter were also lower than the corresponding quarter last year due to strict internal control and monitoring. Other operating expenses and other income, excluding the impact of reversals made in Q2 2012 (note 12 & note 13), for the quarter were lower than the corresponding quarter last year.

Finance income for the quarter was significantly lower than Q2 2012 mainly due to reduction in average cash surplus levels on the back of trading environment. Finance costs were higher than the corresponding quarter last year mainly due to the adverse impact of Pak rupee against major currencies.

Taxation for the quarter ended 30 June 2013, shows a credit of Rs 84 million. This is based on minimum turnover tax as reduced by the movement in the deferred tax account.

The loss after taxation for the Company for the quarter ended 30 June 2013 amounted to Rs 299 million as compared to loss after taxation of Rs 446 million in Q2 last year. On consolidated basis, the loss after taxation amounted to Rs 84 million for the quarter ended 30 June 2013 on account of Lotte Powergen (Private) Limited financial performance.

FUTURE OUTLOOK

Crude oil prices are expected to remain firm, despite the reduction in growth forecasts of major Asian Economies, including China. Px prices are expected to rationalize, as new capacities come online during the second half of the year. This, coupled with the reduced operating rates of the downstream PTA industry, should keep Px prices in check.

In the domestic market, the dire energy situation is expected to takes its toll on textile productivity. It is estimated that textile production has been reduced by 20% - 30% due to the continuous power shortages in the country. Therefore, domestic polyester manufacturers have adjusted operating rates downwards, and we expect the trend to continue in the coming quarters. As a result, your Company continues to take all remedial measures available to minimise the adverse impact. Your Company also awaits the recommendation of NTC on PTA tariff.

Kimchanggyou

Changgyou Kim
Chairman

M Asif Saad
Chief Executive

Karachi: 27 August 2013

auditors' report to the members on review of interim financial information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Lotte Chemical Pakistan Limited (Formerly Lotte Pakistan PTA Limited) as at 30 June 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the six months period then ended (here-in-after referred to as the “interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended 30 June 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2013.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months period ended 30 June 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.
Chartered Accountants
Karachi

Date: 30 August 2013

Name of the engagement Partner: Farrukh Rehman

condensed interim balance sheet

as at 30 June 2013

Amounts in Rs '000

	Note	30 June 2013 (Un-audited)	(Re-stated) 31 December 2012 (Audited)
Assets			
Non-current assets			
Fixed assets	5	**5,474,945**	6,051,127
Long-term investment-subsidiary		**4,500,000**	4,500,000
Long-term loans and advances		**48,163**	46,957
Long-term deposits and prepayments		**74,533**	79,247
		10,097,641	10,677,331
Current assets			
Stores and spares		**701,747**	728,025
Stock-in-trade		**5,946,238**	4,480,516
Trade debts		**3,310,360**	3,300,360
Loans and advances		**29,350**	32,796
Trade deposits and short-term prepayments		**144,308**	92,404
Mark-up accrued on bank deposits		**1,799**	42
Other receivables		**157,992**	107,697
Tax refunds due from government - sales tax	6	**960,602**	662,145
Taxation - payments less provision		**796,439**	668,177
Cash and bank balances	7	**1,279,943**	225,134
		13,328,778	10,297,296
Total assets		**23,426,419**	20,974,627
Equity			
Share capital and reserves			
Issued, subscribed and paid-up capital 1,514,207,208 (31 December 2012: 1,514,207,208) ordinary shares of Rs 10 each		**15,142,072**	15,142,072
Capital reserves		**2,345**	2,345
Accumulated losses		**(3,445,408)**	(3,022,488)
		11,699,009	12,121,929
Liabilities			
Non-current liabilities			
Long-term loan from subsidiary	8	**400,000**	-
Deferred tax		**344,081**	761,413
Retirement benefit obligation		**49,432**	46,311
		793,513	807,724
Current liabilities			
Trade and other payables		**10,770,943**	7,854,630
Interest accrued		**162,954**	147,685
Current portion of liability against assets subject to finance lease		**-**	42,659
		10,933,897	8,044,974
Total liabilities		**11,727,410**	8,852,698
Contingencies and commitments	9		
Total equity and liabilities		**23,426,419**	20,974,627

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

Kimchanggyou
Changgyou Kim
Chairman

M Asif Saad
Chief Executive

condensed interim profit and loss account (un-audited)

for the quarter and six months ended 30 june 2013

Amounts in Rs '000

	Note	Quarter ended 30 June 2013	Quarter ended 30 June 2012	Six months ended 30 June 2013	Six months ended 30 June 2012
Revenue	10	**12,861,059**	13,133,748	**25,892,911**	26,538,393
Cost of sales	11	**(13,087,847)**	(13,577,969)	**(26,460,420)**	(26,712,323)
Gross loss		**(226,788)**	(444,221)	**(567,509)**	(173,930)
Distribution and selling expenses		**(35,165)**	(45,638)	**(54,202)**	(90,926)
Administrative expenses		**(73,987)**	(76,336)	**(151,524)**	(152,554)
Other operating expenses	12	**(3,283)**	12,630	**(4,065)**	(11,443)
Other income	13	**3,149**	21,591	**278,391**	30,346
		(109,286)	(87,753)	**68,600**	(224,577)
Operating loss		**(336,074)**	(531,974)	**(498,909)**	(398,507)
Finance income	14	**17,739**	68,155	**29,845**	197,728
Finance costs		**(64,277)**	(28,685)	**(107,500)**	(53,921)
Loss before taxation		**(382,612)**	(492,504)	**(576,564)**	(254,700)
Taxation	15	**83,943**	46,981	**153,644**	(39,712)
Loss after taxation		**(298,669)**	(445,523)	**(422,920)**	(294,412)
			Amount in Rupees		
Earnings per share - basic and diluted		**(0.20)**	(0.29)	**(0.28)**	(0.19)

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

Kimchanggyou
Changgyou Kim
Chairman

M Asif Saad
Chief Executive

condensed interim statement of comprehensive income (un-audited)

for the quarter and six months ended 30 june 2013

Amounts in Rs '000

	Quarter ended 30 June		Six months ended 30 June	
	2013	2012	**2013**	2012
Loss after taxation	**(298,669)**	(445,523)	**(422,920)**	(294,412)
Other comprehensive income	**-**	-	**-**	-
Total comprehensive loss	**(298,669)**	(445,523)	**(422,920)**	(294,412)

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

Kimchanggyou
Changgyou Kim
Chairman

M Asif Saad
Chief Executive

condensed interim cash flow statement (un-audited)

for the six months ended 30 june 2013

Amounts in Rs '000

	Note	Six months ended 30 June 2013	2012
Cash flows from operating activities			
Cash generated from operations	16	**1,206,460**	1,546,403
Long-term loans and advances - net		**(1,206)**	883
Long-term deposits and prepayments - net		**4,714**	(481)
Finance costs paid		**(92,231)**	(45,642)
Payments to staff retirement benefit scheme - unfunded		**(118)**	(106)
Profit received on bank deposits		**28,088**	189,053
Taxes paid		**(391,950)**	(617,738)
Net cash generated from operating activities		**753,757**	1,072,372
Cash flows from investing activities			
Payments for capital expenditure		**(98,872)**	(1,580,964)
Long-term investment - payment for shares in subsidiary		**-**	(346,922)
Net cash used in investing activities		**(98,872)**	(1,927,886)
Cash flows from financing activities			
Payments for liability against assets subject to finance lease		**-**	(100,121)
Repayment of long-term loan		**-**	(919,150)
Long-term loan from subsidiary		**400,000**	-
Dividend paid		**(76)**	(753,627)
Net cash generated from / (used in) financing activities		**399,924**	(1,772,898)
Net increase / (decrease) in cash and cash equivalents		**1,054,809**	(2,628,412)
Cash and cash equivalents at 1 January		**225,134**	4,505,251
Cash and cash equivalents at 30 June		**1,279,943**	1,876,839

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

Kimchanggyou

Changgyou Kim
Chairman

M Asif Saad
Chief Executive

condensed interim statement of changes in equity (un-audited)

for the six months ended 30 june 2013

Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Accumulated loss	Total
Balance as at 1 January 2013 - re-stated	15,142,072	2,345	(3,022,488)	12,121,929
Total comprehensive loss for the six months ended 30 June 2013				
- Loss for the six months ended 30 June 2013	-	-	(422,920)	(422,920)
- Other comprehensive loss for the six months ended 30 June 2013	-	-	-	-
	-	-	(422,920)	(422,920)
Balance as at 30 June 2013	**15,142,072**	**2,345**	**(3,445,408)**	**11,699,009**
Balance as at 1 January 2012	15,142,072	2,345	(2,061,717)	13,082,700
Effect of change in accounting policy with respect to accounting for recognition of actuarial losses on defined benefit plan - net of tax (note 3)	-	-	(38,731)	(38,731)
Balance as at 1 January 2012 - re-stated	15,142,072	2,345	(2,100,448)	13,043,969
Total comprehensive loss for the six months ended 30 June 2012				
- Loss for the six months ended 30 June 2012	-	-	(294,412)	(294,412)
- Other comprehensive loss for the six months ended 30 June 2012	-	-	-	-
	-	-	(294,412)	(294,412)
Dividend of Rs 0.50 per share relating to 2011	-	-	(757,104)	(757,104)
Balance as at 30 June 2012 - re-stated	15,142,072	2,345	(3,151,964)	11,992,453

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

Kimchanggyou
Changgyou Kim
Chairman

M Asif Saad
Chief Executive

notes to the condensed interim financial information (un-audited)

for the six months ended 30 june 2013

1. **General Information**

Lotte Chemical Pakistan Limited, formerly Lotte Pakistan PTA Limited, ("the Company") is incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges, and is engaged in the manufacture and sale of Pure Terephthalic Acid (PTA). The Company's registered office is situated at EZ/1/P-4, Eastern Industrial Zone, Port Qasim, Karachi.

The Company is a subsidiary of Lotte Chemical Corporation, formerly KP Chemical Corporation - South Korea. KP Chemical Corporation and Honam Petrochemical Corporation merged effective 27 December 2012 and the identity of the merged entity was changed to Lotte Chemical Corporation. Subsequent to change in the majority shareholder's identity, the name of the Company was changed to Lotte Chemical Pakistan Limited after seeking relevant approvals. The ultimate parent company is South Korean conglomerate Lotte.

The Company owns a wholly owned Subsidiary, Lotte Powergen (Private) Limited, engaged in the generation and sale of electricity and steam to the Company.

2. This condensed interim financial information of the Company for the six months ended 30 June 2013 has been prepared in accordance with the requirements of the 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 or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2012.

3. **Significant accounting policies**

The accounting policies and methods of computation used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended 31 December 2012, except as follows:

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after 01 January 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Following the application of IAS 19 (revised), the Company's policy for Staff Retirement Benefits - Defined Benefit Plans stands amended as follows:

- The amount arising as a result of remeasurements are recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

- The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The Company's condensed interim financial information is affected by the 'remeasurements' relating to prior years. The effects have been summarised below:

Amounts in Rs '000

	31 December 2012	31 December 2011
Impact on Balance Sheet		
Increase in deferred liability	18,768	46,267
Decrease in other receivables	13,196	11,757
Decrease in deferred tax liabilities	12,014	19,293
Increase in accumulated losses	19,950	38,731
Impact on Statement of Changes in Equity		
Increase in accumulated losses		
Cumulative effect from prior years	-	34,088
Impact for the year ended	(18,781)	4,643

The Company follows a consistent practice to conduct actuarial valuations annually at the year end. Hence, the impact on this and comparative condensed interim financial information are not quantifiable and are also considered immaterial.

4. Accounting estimates, judgments and financial risk management

4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 31 December 2012.

4.2 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2012.

5. Fixed assets

5.1 The following fixed assets have been added / disposed of during the six months ended 30 June :

Amounts in Rs '000

	2013		2012	
	Additions cost	**Disposals net book value**	Additions cost	Disposals net book value
Operating assets / property, plant and equipment				
Buildings on leasehold land	**-**	**-**	910	-
Plant and machinery	**40,707**	**-**	71,755	3,431
Furniture and equipment	**2,550**	**106**	44,197	209
Motor vehicles	**432**	**-**	-	-
Capital work-in-progress	**55,183**	**-**	1,462,979	-
Intangible assets	**-**	**-**	1,123	-

notes to the condensed interim financial information (un-audited)

for the six months ended 30 june 2013

6. Tax refunds due from government - sales tax

This includes Rs 277.8 million (31 December 2012: Rs 259 million) on account of input tax arising from sales tax charged to the Company under the Sindh Sales Tax Act, 2011 which is administered by the Sindh Revenue Board with effect from 01 July 2011. This is being deferred due to procedural issues between Federal and Provincial Tax collecting agencies, resulting in lack of verification by the refund issuing authority i.e. the Federal Board of Revenue (FBR). The Company had approached Federal Tax Ombudsman for resolution of the matter. The FTO in its order dated 2 May 2013 have directed FBR, with certain recommendations, to resolve the issue. The balance amount of Rs 682.8 million (31 December 2012: Rs 403.1 million) is on account of other input tax refunds which are being delayed / deferred at FBR's end. The Company is maintaining close focus with the relevant authorities for early resolution for the same.

Amounts in Rs '000

7. Cash and bank balances	**30 June 2013**	31 December 2012
Short-term fixed deposits	**1,256,600**	171,950
Current accounts	**13,777**	44,438
Cash in hand	**9,566**	8,746
	1,279,943	225,134

8. Long-term loan from subsidiary

Lender	Installments payable	Interest rate	Repayment month	30 June 2013	31 December 2012
Loan from subsidiary company					
Lotte Powergen (Private) Limited Rs 400 million (31 December 2012: Rs Nil)	full payment on maturity	3% p.a above 6 months KIBOR	January 2018	**400,000**	-

9. Contingencies and commitments

9.1 Outstanding guarantees and letters of credit issued on behalf of the Company as at 30 June 2013 were Rs 1.96 billion (31 December 2012: Rs 1.41 billion) and Rs 50 million (31 December 2012: Rs 342 million), respectively.

9.2 Commitments in respect of capital expenditure as at 30 June 2013 amount to Rs 58.13 million (31 December 2012: Rs 286 million).

9.3 Commitments for rentals under operating lease agreements / Ijarah contracts in respect of vehicles are as follows:

Amounts in Rs '000

Year	**30 June 2013**	31 December 2012
2013	**10,030**	17,806
2014	**18,808**	14,434
2015	**15,927**	10,172
2016	**9,964**	3,850
2017	**2,613**	-
	57,342	46,262

Amounts in Rs '000

9.4 Commitments for rentals under operating lease agreements for certain supplies in respect of goods and services are as follows:

Year	30 June 2013	31 December 2012
2013	**281,404**	604,199
2014	**550,496**	561,436
2015	**561,506**	572,665
2016	**572,737**	584,118
2017	**535,509**	595,800
	2,501,652	2,918,218

9.5 In relation to the contingency disclosed in note No. 25.5 of the financial statements for the year ended 31 December 2012, the Commissioner Inland Revenue (Appeals-I) [CIR(A)] vide its order dated 29 May 2013 has disagreed with the 'basis of dual allocation' as per taxation officer's assessment order and has directed the officer to accordingly determine the amount of the basis of "sales" and finalise the assessment on such basis. However, the department has filed an appeal against the said order on 15 August 2013. Considering the earlier clear directions in the prior orders of both Appellate Tribunal Inland Revenue and CIR(A), the Company's management is of the view that ultimate decision in the said appeal will likely be in the Company's favour and, therefore, no potential liability exists as of 30 June 2013.

	Quarter ended 30 June		Six months ended 30 June	
	2013	2012	**2013**	2012
10. Revenue				
Manufactured goods				
Local sales	**12,544,336**	12,161,576	**26,028,159**	24,659,518
Export sales	**657,256**	949,811	**657,256**	2,033,562
	13,201,592	13,111,387	**26,685,415**	26,693,080
Less: Sales tax and excise duty	**(368,872)**	-	**(499,325)**	-
Price settlements and discounts	**(320,289)**	(53,359)	**(892,287)**	(306,921)
	12,512,431	13,058,028	**25,293,803**	26,386,159
Trading goods				
Local sales	**382,830**	77,571	**639,176**	156,043
Less: Sales tax and excise duty	**(4,769)**	(1,851)	**(7,437)**	(3,809)
Price settlements and discounts	**(29,433)**	-	**(32,631)**	-
	348,628	75,720	**599,108**	152,234
	12,861,059	13,133,748	**25,892,911**	26,538,393

notes to the condensed interim financial information (un-audited)

for the six months ended 30 june 2013

Amounts in Rs '000

		Quarter ended 30 June		Six months ended 30 June	
		2013	2012	**2013**	2012
11.	**Cost of sales**				
	Manufactured goods				
	Opening stock of raw and packing materials	**4,896,874**	2,495,923	**2,802,171**	3,334,047
	Purchases	**11,663,671**	12,292,314	**24,644,002**	23,304,686
	Closing stock of raw and packing materials	**(4,050,304)**	(2,610,582)	**(4,050,304)**	(2,610,582)
	Raw and packing materials consumed	**12,510,241**	12,177,655	**23,395,869**	24,028,151
	Manufacturing costs	**1,361,244**	1,015,165	**2,784,721**	2,127,736
	Cost of goods manufactured	**13,871,485**	13,192,820	**26,180,590**	26,155,887
	Opening stock of finished goods	**713,393**	1,224,178	**1,538,654**	1,332,340
		14,584,878	14,416,998	**27,719,244**	27,488,227
	Closing stock of finished goods	**(1,839,716)**	(901,640)	**(1,839,716)**	(901,640)
		12,745,162	13,515,358	**25,879,528**	26,586,587
	Trading goods				
	Opening stock	**2,248**	43,864	**139,691**	2,617
	Purchases	**396,655**	28,816	**497,419**	133,188
	Closing stock	**(56,218)**	(10,069)	**(56,218)**	(10,069)
		342,685	62,611	**580,892**	125,736
		13,087,847	13,577,969	**26,460,420**	26,712,323
12.	**Other operating expenses**				
	Workers' profit participation fund	**-**	(13,028)	**-**	-
	Workers' welfare fund	**812**	(6,416)	**1,015**	3,317
	Donations	**497**	2,578	**803**	3,047
	Loss on retirement of operating assets / property, plant and equipment	**106**	3,431	**106**	3,640
	Others	**1,868**	805	**2,141**	1,439
		3,283	(12,630)	**4,065**	11,443
13.	**Other income**				
	Scrap sales	**(1,111)**	4,930	**6,130**	13,041
	Dividend received from subsidiary	**-**	-	**220,500**	-
	Finance lease liability no longer payable	**-**	-	**42,659**	-
	Service income	**4,200**	-	**8,400**	-
	Mark-up on deposit	**-**	1,092	**-**	1,092
	Reversal of provision for sales tax receivable	**-**	15,569	**-**	15,569
	Others	**60**	-	**702**	644
		3,149	21,591	**278,391**	30,346
14.	**Finance income**				
	Interest on bank deposits	**17,739**	75,535	**29,845**	179,372
	Exchange gain - net	**-**	(7,380)	**-**	18,356
		17,739	68,155	**29,845**	197,728

Amounts in Rs '000

15. Taxation

The tax charge for the six months ended 30 June 2013 is based on the minimum tax calculated on turnover as reduced by movement in deferred tax.

16. Cash generated from operations

	Six months ended 30 June	
	2013	2012
Loss before taxation	**(576,564)**	(254,700)
Adjustments for non cash charges and other items:		
Depreciation and amortisation	**674,948**	682,617
Loss on retirement of property, plant and equipment	**106**	3,640
Provision for staff retirement benefit scheme - unfunded	**3,239**	3,634
Finance costs	**107,500**	53,921
Unrealised exchange loss on current maturity of long-term loan and current portion of liability against assets subject to finance lease	**-**	80,567
Interest accrued on bank deposits	**(29,845)**	(179,372)
Provision for infrastructure cess	**92,065**	100,006
	848,013	745,013
	271,449	490,313
Effect on cashflows due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	**26,278**	(49,053)
Stock-in-trade	**(1,465,722)**	1,146,713
Trade debts	**(10,000)**	140,953
Loans and advances	**3,446**	12,435
Deposits and short-term prepayments	**(51,904)**	62,146
Other receivables and refunds from government	**(348,752)**	25,329
	(1,846,654)	1,338,523
Increase / (decrease) in trade and other payables	**2,781,665**	(282,433)
Cash generated from operations	**1,206,460**	1,546,403

notes to the condensed interim financial information (un-audited)

for the six months ended 30 june 2013

Amounts in Rs '000

17. Transactions with related parties

The related parties comprise parent company, related group companies, directors of the Company, companies where directors also hold directorships, key management personnel and staff retirement benefit funds. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in this condensed interim financial information are as follows:

Relationship	Nature of transaction	Quarter ended 30 June		Six months ended 30 June	
		2013	2012	**2013**	2012
Parent company	Repayment of loan	**-**	919,150	**-**	919,150
	Payment of interest on loan	**-**	15,687	**-**	15,687
Subsidiary company	Purchase of shares against transfer of asset	**-**	4,153,078	**-**	4,153,078
	Purchase of shares against cash	**-**	346,922	**-**	346,922
	Interest on loan	**12,296**	-	**21,349**	-
	Purchase of goods	**738,233**	-	**1,279,467**	-
	Sale of spares	**12,082**	-	**35,349**	-
	Fee for providing services to subsidiary company	**4,200**	-	**8,400**	-
	Dividend received	**-**	-	**220,500**	-
Key management personnel	Salaries and other short-term benefits	**19,619**	19,013	**38,171**	38,590
	Post employment benefits	**3,066**	3,735	**5,960**	7,121
Staff retirement benefit funds	Payments to staff retirement benefit funds	**13,366**	15,382	**26,173**	29,136

18. General

Figures have been rounded-off to the nearest thousand rupees except as stated otherwise.

19. Date of authorisation

This condensed interim financial information was authorised for issue in the Board of Directors meeting held on 27 August 2013.

Kimchanggyou

Changgyou Kim
Chairman

M Asif Saad
Chief Executive

Condensed interim consolidated financial information

LOTTE CHEMICAL PAKISTAN LTD

(Formerly Lotte Pakistan PTA Limited)
and its Subsidiary Company

condensed interim consolidated balance sheet

as at 30 june 2013

Amounts in Rs '000

	Note	30 June 2013 (Un-audited)	(Re-stated) 31 December 2012 (Audited)
Assets			
Non-current assets			
Fixed assets	5	**9,351,151**	10,065,769
Long-term loans and advances		**48,163**	46,957
Long-term deposits and prepayments		**74,533**	79,247
		9,473,847	10,191,973
Current assets			
Stores and spares		**734,514**	732,735
Stock-in-trade		**5,912,265**	4,440,877
Trade debts		**3,310,360**	3,300,360
Loans and advances		**29,350**	32,796
Trade deposits and short-term prepayments		**145,703**	92,404
Mark-up accrued on bank deposits		**3,226**	186
Other receivables		**120,679**	94,218
Tax refunds due from government - sales tax	6	**932,075**	625,656
Taxation - payments less provision		**787,466**	670,290
Cash and bank balances	7	**1,903,773**	879,990
		13,879,411	10,869,512
Total assets		**23,353,258**	21,061,485
Equity			
Share capital and reserves			
Issued, subscribed and paid-up capital 1,514,207,208 (31 December 2012: 1,514,207,208) ordinary shares of Rs 10 each		**15,142,072**	15,142,072
Capital reserves		**2,345**	2,345
Accumulated losses		**(3,085,824)**	(2,837,976)
		12,058,593	12,306,441
Liabilities			
Non-current liabilities			
Deferred tax		**344,081**	761,413
Retirement benefit obligation		**49,432**	46,311
		393,513	807,724
Current liabilities			
Trade and other payables		**10,750,494**	7,756,976
Interest accrued		**150,658**	147,685
Current portion of liability against assets subject to finance lease		**-**	42,659
		10,901,152	7,947,320
Total liabilities		**11,294,665**	8,755,044
Contingencies and commitments	8		
Total equity and liabilities		**23,353,258**	21,061,485

The annexed notes 1 to 18 form an integral part of this condensed interim consolidated financial information.

Kimchanggyou

Changgyou Kim
Chairman

M Asif Saad
Chief Executive

condensed interim consolidated profit and loss account (un-audited)

for the quarter and six months ended 30 june 2013

Amounts in Rs '000

	Note	Quarter ended 30 June		Six months ended 30 June	
		2013	2012	**2013**	2012
Revenue	9	**12,861,059**	13,133,748	**25,892,911**	26,538,393
Cost of sales	10	**(12,861,961)**	(13,577,969)	**(26,048,712)**	(26,712,323)
Gross loss		**(902)**	(444,221)	**(155,801)**	(173,930)
Distribution and selling expenses		**(35,165)**	(45,638)	**(54,202)**	(90,926)
Administrative expenses		**(73,993)**	(76,336)	**(151,530)**	(152,554)
Other operating expenses	11	**(21,316)**	12,630	**(33,528)**	(11,443)
Other income	12	**(1,051)**	21,591	**49,491**	30,346
		(131,525)	(87,753)	**(189,769)**	(224,577)
Operating loss		**(132,427)**	(531,974)	**(345,570)**	(398,507)
Finance income	13	**26,533**	68,155	**45,258**	197,728
Finance costs		**(54,511)**	(28,685)	**(88,681)**	(53,921)
Loss before taxation		**(160,405)**	(492,504)	**(388,993)**	(254,700)
Taxation	14	**76,929**	46,981	**141,145**	(39,712)
Loss after taxation		**(83,476)**	(445,523)	**(247,848)**	(294,412)
			Amount in Rupees		
Earnings per share - basic and diluted		**(0.06)**	(0.29)	**(0.16)**	(0.19)

The annexed notes 1 to 18 form an integral part of this condensed interim consolidated financial information.

Kimchanggyou
Changgyou Kim
Chairman

M Asif Saad
Chief Executive

condensed interim consolidated statement of comprehensive income (un-audited)

for the quarter and six months ended 30 june 2013

Amounts in Rs '000

	Quarter ended 30 June		Six months ended 30 June	
	2013	2012	**2013**	2012
Loss after taxation	**(83,476)**	(445,523)	**(247,848)**	(294,412)
Other comprehensive income	**-**	-	**-**	-
Total comprehensive loss	**(83,476)**	(445,523)	**(247,848)**	(294,412)

The annexed notes 1 to 18 form an integral part of this condensed interim consolidated financial information.

Kimchanggyou

Changgyou Kim
Chairman

M Asif Saad
Chief Executive

condensed interim consolidated cash flow statement (un-audited)

for the six months ended 30 june 2013

Amounts in Rs '000

	Note	Six months ended 30 June	
		2013	2012
Cash flows from operating activities			
Cash generated from operations	15	**1,556,194**	1,546,403
Long-term loans and advances - net		**(1,206)**	883
Long-term deposits and prepayments - net		**4,714**	(481)
Finance costs paid		**(85,708)**	(45,642)
Payments to staff retirement benefit scheme - unfunded		**(118)**	(106)
Profit received on bank deposits		**42,218**	189,053
Taxes paid		**(393,363)**	(617,738)
Net cash generated from operating activities		**1,122,731**	1,072,372
Cash flows from investing activities			
Payments for capital expenditure		**(98,872)**	(1,580,964)
Net cash used in investing activities		**(98,872)**	(1,580,964)
Cash flows from financing activities			
Payments for liability against assets subject to finance lease		**-**	(100,121)
Repayment of long-term loan		**-**	(919,150)
Dividend paid		**(76)**	(753,627)
Net cash used in financing activities		**(76)**	(1,772,898)
Net increase / (decrease) in cash and cash equivalents		**1,023,783**	(2,281,490)
Cash and cash equivalents at 1 January		**879,990**	4,505,251
Cash and cash equivalents at 30 June		**1,903,773**	2,223,761

The annexed notes 1 to 18 form an integral part of this condensed interim consolidated financial information.

Kimchanggyou

Changgyou Kim
Chairman

M Asif Saad
Chief Executive

condensed interim consolidated statement of changes in equity (un-audited)

for the six months ended 30 june 2013

Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Accumulated loss	Total
Balance as at 1 January 2013 - re-stated	15,142,072	2,345	(2,837,976)	12,306,441
Total comprehensive loss for the six months ended 30 June 2013				
- Loss for the six months ended 30 June 2013	-	-	(247,848)	(247,848)
- Other comprehensive loss for the six months ended 30 June 2013	-	-	-	-
	-	-	(247,848)	(247,848)
Balance as at 30 June 2013	**15,142,072**	**2,345**	**(3,085,824)**	**12,058,593**
Balance as at 1 January 2012	15,142,072	2,345	(2,061,717)	13,082,700
Effect of change in accounting policy with respect to accounting for recognition of actuarial losses on defined benefit plan - net of tax (note 3)	-	-	(38,731)	(38,731)
Balance as at 1 January 2012 - re-stated	15,142,072	2,345	(2,100,448)	13,043,969
Total comprehensive loss for the six months ended 30 June 2012				
- Loss for the six months ended 30 June 2012	-	-	(294,412)	(294,412)
- Other comprehensive loss for the six months ended 30 June 2012	-	-	-	-
	-	-	(294,412)	(294,412)
Dividend of Rs 0.50 per share relating to 2011	-	-	(757,104)	(757,104)
Balance as at 30 June 2012 - re-stated	15,142,072	2,345	(3,151,964)	11,992,453

The annexed notes 1 to 18 form an integral part of this condensed interim consolidated financial information.

Kimchanggyou

Changgyou Kim
Chairman

M Asif Saad
Chief Executive

notes to the condensed interim consolidated financial information (un-audited)

for the six months ended 30 june 2013

1. General Information

The Group consists of:

i) Lotte Chemical Pakistan Limited (formerly Lotte Pakistan PTA Limited), (the 'Parent Company')

ii) Lotte Powergen (Private) Limited (the 'Subsidiary')

Lotte Chemical Pakistan Limited, formerly Lotte Pakistan PTA Limited, is a limited liability Company incorporated in Pakistan and is listed on the Karachi, Lahore and Islamabad Stock Exchanges, and is engaged in the manufacture and sale of Pure Terephthalic Acid (PTA).

Lotte Powergen (Private) Limited is a wholly owned subsidiary of Lotte Chemical Pakistan Limited (formerly Lotte Pakistan PTA Limited). Lotte Powergen (Private) Limited is engaged in production and selling of electricity and steam to the parent company.

The holding company of the Group is Lotte Chemical Corporation (formerly KP Chemical Corporation) - South Korea. KP Chemical Corporation and HONAM Petrochemical Corporation merged effective 27 December 2012 and the identity of the merged entity was changed to Lotte Chemical Corporation. The ultimate parent company is South Korean conglomerate Lotte.

2. Basis of Consolidation

The consolidated finanacial statements include the financial statements of Lotte Chemical Pakistan Limited and Lotte Powergen (Private) Limited. The financial statements of the subsidiary company have been consolidated on line by line basis.

All intercompany balances and transactions have been eliminated.

This condensed interim consolidated financial information of the Group for the six months ended 30 June 2013 has been prepared in accordance with the requirements of the 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 or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim consolidated financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements of the parent company as at and for the year ended 31 December 2012.

3. Significant accounting policies

The accounting policies and methods of computation used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended 31 December 2012, except as follows:

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after 01 January 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Following the application of IAS 19 (revised), the Group's policy for Staff Retirement Benefits - Defined Benefit Plans stands amended as follows:

- The amount arising as a result of remeasurements are recognised in The Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

- The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

notes to the condensed interim consolidated financial information (un-audited)

for the six months ended 30 june 2013

The Group's condensed interim financial information is affected by the 'remeasurements' relating to prior years. The effects have been summarised below:

Amounts in Rs '000

	31 December 2012	31 December 2011
Impact on Balance Sheet		
Increase in deferred liability	18,768	46,267
Decrease in other receivables	13,196	11,757
Decrease in deferred tax liabilities	12,014	19,293
Increase in accumulated losses	19,950	38,731
Impact on Statement of Changes in Equity		
Increase in accumulated losses		
Cumulative effect from prior years	-	34,088
Impact for the year ended	(18,781)	4,643

The Group follows a consistent practice to conduct actuarial valuations annually at the year end. Hence, the impact on this and comparative condensed interim consolidated financial information are not quantifiable and are also considered immaterial.

4. Accounting estimates, judgments and financial risk management

4.1 The preparation of this condensed interim consolidated financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of this condensed interim consolidated financial information are the same as those that were applied to the financial statements of the parent compnay as at and for the year ended 31 December 2012.

4.2 The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2012.

5. Fixed assets

5.1 The following fixed assets have been added / disposed of during the six months ended 30 June :

Amounts in Rs '000

	2013		2012	
	Additions cost	**Disposals net book value**	Additions cost	Disposals net book value
Operating assets / property, plant and equipment				
Buildings on leasehold land	**-**	**-**	910	-
Plant and machinery	**40,707**	**-**	71,755	3,431
Furniture and equipment	**2,550**	**106**	44,197	209
Motor vehicles	**432**	**-**	-	-
Capital work-in-progress	**55,183**	**-**	1,462,979	-
Intangible assets	**-**	**-**	1,123	-

6. Tax refunds due from government - sales tax

This includes Rs 277.8 million (31 December 2012: Rs 259 million) on account of input tax arising from sales tax charged to the Group under the Sindh Sales Tax Act, 2011 which is administered by the Sindh Revenue Board with effect from 01 July 2011. This is being deferred due to procedural issues between Federal and Provincial Tax collecting agencies, resulting in lack of verification by the refund issuing authority i.e. the Federal Board of Revenue (FBR). The Group had approached Federal Tax Ombudsman for resolution of the matter. The FTO in its order dated 2 May 2013 have directed FBR, with certain recommendations, to resolve the issue. The balance amount of Rs 682.8 million (31 December 2012: Rs 403.1 million) is on account of other input tax refunds which are being delayed / deferred at FBR's end. The Group is maintaining close focus with the relevant authorities for early resolution for the same.

Amounts in Rs '000

7. Cash and bank balances	30 June 2013	31 December 2012
Short-term fixed deposits	**1,880,380**	826,800
Current accounts	**13,827**	44,444
Cash in hand	**9,566**	8,746
	1,903,773	879,990

8. Contingencies and commitments

8.1 Outstanding guarantees and letters of credit issued on behalf of the Group as at 30 June 2013 were Rs 1.96 billion (31 December 2012: Rs 1.41 billion) and Rs 50 million (31 December 2012: Rs 342 million), respectively.

8.2 Commitments in respect of capital expenditure as at 30 June 2013 amount to Rs 58.13 million (31 December 2012: Rs 286 million).

8.3 Commitments for rentals under operating lease agreements / Ijarah contracts in respect of vehicles are as follows:

Amounts in Rs '000

Year	30 June 2013	31 December 2012
2013	**10,030**	17,806
2014	**18,808**	14,434
2015	**15,927**	10,172
2016	**9,964**	3,850
2017	**2,613**	-
	57,342	46,262

8.4 Commitments for rentals under operating lease agreements for certain supplies in respect of goods and services are as follows:

Year	30 June 2013	31 December 2012
2013	**281,404**	604,199
2014	**550,496**	561,436
2015	**561,506**	572,665
2016	**572,737**	584,118
2017	**535,509**	595,800
	2,501,652	2,918,218

notes to the condensed interim consolidated financial information (un-audited)

for the six months ended 30 june 2013

Amounts in Rs '000

8.5 In relation to the contingency disclosed in note No. 24.5 of the financial statements for the year ended 31 December 2012, the Commissioner Inland Revenue (Appeals-I) [CIR(A)] vide its order dated 29 May 2013 has disagreed with the 'basis of dual allocation' as per taxation officer's assessment order and has directed the officer to accordingly determine the amount of the basis of "sales" and finalise the assessment on such basis. However, the department has filed an appeal against the said order on 15 August 2013. Considering the earlier clear directions in the prior orders of both Appellate Tribunal Inland Revenue and CIR(A), the Group's management is of the view that ultimate decision in the said appeal will likely be in the Group's favour and, therefore, no potential liability exists as of 30 June 2013.

	Quarter ended 30 June		Six months ended 30 June	
	2013	2012	**2013**	2012
9. Revenue				
Manufactured goods				
Local sales	**12,544,336**	12,161,576	**26,028,159**	24,659,518
Export sales	**657,256**	949,811	**657,256**	2,033,562
	13,201,592	13,111,387	**26,685,415**	26,693,080
Less: Sales tax and excise duty	**(368,872)**	-	**(499,325)**	-
Price settlements and discounts	**(320,289)**	(53,359)	**(892,287)**	(306,921)
	12,512,431	13,058,028	**25,293,803**	26,386,159
Trading goods				
Local sales	**382,830**	77,571	**639,176**	156,043
Less: Sales tax and excise duty	**(4,769)**	(1,851)	**(7,437)**	(3,809)
Price settlements and discounts	**(29,433)**	-	**(32,631)**	-
	348,628	75,720	**599,108**	152,234
	12,861,059	13,133,748	**25,892,911**	26,538,393
10. Cost of sales				
Manufactured goods				
Opening stock of raw and packing materials	**4,896,874**	2,495,923	**2,802,171**	3,334,047
Purchases	**11,663,671**	12,292,314	**24,644,002**	23,304,686
Closing stock of raw and packing materials	**(4,050,304)**	(2,610,582)	**(4,050,304)**	(2,610,582)
Raw and packing materials consumed	**12,510,241**	12,177,655	**23,395,869**	24,028,151
Manufacturing costs	**1,112,898**	1,015,165	**2,378,679**	2,127,736
Cost of goods manufactured	**13,623,139**	13,192,820	**25,774,548**	26,155,887
Opening stock of finished goods	**701,880**	1,224,178	**1,499,015**	1,332,340
	14,325,019	14,416,998	**27,273,563**	27,488,227
Closing stock of finished goods	**(1,805,743)**	(901,640)	**(1,805,743)**	(901,640)
	12,519,276	13,515,358	**25,467,820**	26,586,587
Trading goods				
Opening stock	**2,248**	43,864	**139,691**	2,617
Purchases	**396,655**	28,816	**497,419**	133,188
Closing stock	**(56,218)**	(10,069)	**(56,218)**	(10,069)
	342,685	62,611	**580,892**	125,736
	12,861,961	13,577,969	**26,048,712**	26,712,323

notes to the condensed interim consolidated financial information (un-audited)

for the six months ended 30 june 2013

Amounts in Rs '000

	Quarter ended 30 June		Six months ended 30 June	
	2013	2012	**2013**	2012
11. Other operating expenses				
Workers' profit participation fund	**13,137**	(13,028)	**21,605**	-
Workers' welfare fund	**5,748**	(6,416)	**9,113**	3,317
Donations	**497**	2,578	**803**	3,047
Loss on retirement of operating assets / property, plant and equipment	**106**	3,431	**106**	3,640
Others	**1,828**	805	**1,901**	1,439
	21,316	(12,630)	**33,528**	11,443
12. Other income				
Scrap sales	**(1,111)**	4,930	**6,130**	13,041
Finance lease liability no longer payable	**-**	-	**42,659**	-
Mark-up on deposit	**-**	1,092	**-**	1,092
Reversal of provision for sales tax receivable	**-**	15,569	**-**	15,569
Others	**60**	-	**702**	644
	(1,051)	21,591	**49,491**	30,346
13. Finance income				
Interest on bank deposits	**26,533**	75,535	**45,258**	179,372
Exchange gain - net	**-**	(7,380)	**-**	18,356
	26,533	68,155	**45,258**	197,728

14. Taxation

The tax charge for the six months ended 30 June 2013 is based on the minimum tax calculated on turnover as reduced by the movement in the deferred tax.

	Six months ended 30 June	
	2013	2012
15. Cash generated from operations		
Loss before taxation	**(388,993)**	(254,700)
Adjustments for non cash charges and other items:		
Depreciation and amortisation	**813,384**	682,617
Loss on retirement of property, plant and equipment	**106**	3,640
Provision for staff retirement benefit scheme - unfunded	**3,239**	3,634
Finance costs	**88,681**	53,921
Unrealised exchange loss on current maturity of long-term loan and current portion of liability against assets subject to finance lease	**-**	80,567
Interest accrued on bank deposits	**(45,258)**	(179,372)
Provision for infrastructure cess	**92,065**	100,006
	952,217	745,013
	563,224	490,313
Effect on cashflows due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	**(1,779)**	(49,053)
Stock-in-trade	**(1,471,388)**	1,146,713
Trade debts	**(10,000)**	140,953
Loans and advances	**3,446**	12,435
Deposits and short-term prepayments	**(53,299)**	62,146
Other receivables and refunds from government	**(332,880)**	25,329
	(1,865,900)	1,338,523
Increase / (decrease) in trade and other payables	**2,858,870**	(282,433)
Cash generated from operations	**1,556,194**	1,546,403

notes to the condensed interim consolidated financial information (un-audited)

for the six months ended 30 june 2013

Amounts in Rs '000

16. Transactions with related parties

The group has related party relationships with group companies, directors of the companies, companies where directors also hold directorships, key management personnel and staff retirement benefit funds. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in this condensed interim consolidated financial information are as follows:

Relationship	Nature of transaction	Quarter ended 30 June		Six months ended 30 June	
		2013	2012	**2013**	2012
Parent company	Repayment of loan	**-**	919,150	**-**	919,150
	Payment of interest on loan	**-**	15,687	**-**	15,687
Key management personnel	Salaries and other short-term benefits	**19,619**	19,013	**38,171**	38,590
	Post employment benefits	**3,066**	3,735	**5,960**	7,121
Staff retirement benefit funds	Payments to staff retirement benefit funds	**13,366**	15,382	**26,173**	29,136

17. General

Figures have been rounded-off to the nearest thousand rupees except as stated otherwise.

18. Date of authorisation

This condensed interim consolidated financial information was authorised for issue in the Board of Directors meeting held on 27 August 2013.

Kimchanggyou
Changgyou Kim
Chairman

M Asif Saad
Chief Executive

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