

LOTTE PPTA
REPORT FOR THE QUARTER &
SIX MONTHS ENDED 30 JUNE 2011



Lotte Pakistan PTA Ltd

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Company information

Board of Directors

Soon Hyo Chung	Chairman-Non executive
M Asif Saad	Chief Executive
Soo Young Huh	Non-executive
Jung Neon Kim	Executive
Oh Hun Im	Executive
Mohammad Qasim Khan	Non-executive
Aliya Yusuf	Non-executive
Istaqbal Mehdi	Non-executive

Audit Committee

Istaqbal Mehdi	Chairman
Jung Neon Kim	Member
Aliya Yusuf	Member

Senior Remuneration Sub Committee

Soon Hyo Chung	Chairman
Soo Young Huh	Member
Jung Neon Kim	Member
Oh Hun Im	Member

Chief Financial Officer and Company Secretary

Ali Aamir

Executive Management Team

M Asif Saad	Chief Executive
Ali Aamir	Chief Financial Officer & Company Secretary
Qamar Haris Manzoor	General Manager Manufacturing
Mohammad Wasim	General Manager Projects
Humair Ijaz	General Manager Commercial
Waheed U Khan	Corporate Human Resource Manager
Adnan W Samdani	Corporate Strategy Manager

Bankers

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

Internal Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

External Auditors

A.F. Ferguson & Co.,
Chartered Accountants

Legal Advisor

Djaleh Akber
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
State Life Building No. 1-A, 1st Floor,
I.I. Chundrigar Road, Karachi - 74000

Report of the Directors

For the second quarter ended 30 June 2011

The Directors are pleased to present their report for the second quarter ended 30 June 2011 together with the un-audited condensed interim financial information of the Company for the second quarter and six months ended 30 June 2011

BUSINESS OVERVIEW

The price of crude oil gained significant momentum after the earthquake and tsunami in Japan in March rising to a high of US\$ 114 per barrel in April, but lost strength in subsequent months with news of a slowdown in the global economy, reaching a low of US\$ 91 per barrel in June. Furthermore, continuing political turmoil in the Middle East and North Africa regions and the resultant decrease in oil output led to OPEC members announcing a compensatory increase in production which exerted further downward pressure on the price of crude oil.

Paraxylene (Px) prices remained bearish during the quarter, with market experts viewing this as a correction to the sharp increase witnessed in the first quarter, when the Px price reached an all-time high of over US\$ 1,800 per tonne CFR Taiwan. Barring one Japanese Px manufacturer adversely impacted by the tsunami in March, all other suppliers ran their plants at high operating rates which resulted in a fairly well supplied market during most of Q2 2011. The spot Px price averaged US\$ 1,518 per tonne CFR Taiwan during the quarter, rising to a high of US\$ 1,651 per tonne CFR Taiwan in April and going down to a low of US\$ 1,376 per tonne CFR Taiwan in June.

PTA prices followed a similar pattern and weakened throughout the quarter, impacted mainly by lacklustre demand from the downstream sector in China and more than adequate supply of molecule in the market. Moreover, start-ups of some major new PTA plants in China during Q2 2011 has put further downward pressure on spot prices which averaged US\$ 1,273 per tonne CFR China during the quarter, hitting a high of US\$ 1,455 per tonne CFR China in April and a low of US\$ 1,153 per tonne CFR China in June.

The downstream markets in China remained sluggish during Q2 2011 mainly due to the continued credit squeeze by the Chinese government to curb inflationary trends and reduced plant operating rates on the back of mandatory power outages. Sharp falls in global cotton prices also adversely affected yarn sales leading to reduced operating rates by polyester staple fibre (PSF) manufacturers. The PSF price averaged US\$ 1.7 per kg CFR China in the Q2, while PET averaged US\$ 1,709 per tonne FOB Korea.

Report of the Directors

For the second quarter ended 30 June 2011

The domestic PSF market was also affected by falling cotton prices which came down from a high of over Rs 11,550 per maund (Rs 309 per kg) in April to Rs 8,544 per maund (Rs 228 per kg) in June. The local PSF market was also affected by ambiguities/anomalies arising from the removal of exemptions for levy of Reformed General Sales Tax (RGST) on certain downstream textile sectors in the national Budget for the fiscal year 2010-11. The domestic PSF price averaged around Rs 176 per kg during Q2 with a high of Rs 194 per kg in April and a low of Rs 165 per kg in May. Operations of the domestic PET manufacturer, however, remained relatively stable throughout Q2 2011.

OPERATIONS

Sales volume for Q2 2011 at 121,795 tonnes was 11% lower than the corresponding quarter last year as falling cotton prices and imposition of RGST adversely affected PSF demand. Export sales to China, India and Oman during the quarter aggregated 17,204 tonnes.

Production during Q2 2011 at 131,844 tonnes was the best for any quarter to-date and was 2% higher than the corresponding period last year.

PROFIT, FINANCE & TAXATION

Despite lower sales volume and lower PTA tariff (3% vs 7.5%), revenue for Q2 2011 was higher than the corresponding quarter last year mainly due to higher PTA prices. However, despite higher PTA/Px margin, gross profit for the quarter was lower than the same period last year due to lower PTA tariff and higher cost of electricity.

Distribution and selling expenses for Q2 2011 were higher than the corresponding quarter last year mainly due to higher export sales on which outward freight and handling charges are borne by the Company. Administrative expenses were also higher than the corresponding quarter last year mainly due to higher marketing costs and overall impact of a high inflation rate and resultant increase in payroll and other costs. Finance income was higher than Q2 2010 mainly due to higher interest and other income earned on surplus cash generated from operations. Finance costs were lower than Q2 2010 mainly due to partial prepayment of the parent company loan and consequent reduction in interest charges. As a result of the above, the Company generated profit before taxation of Rs 1,686 million compared to Rs 1,805 million in Q2 last year.

Report of the Directors

For the second quarter ended 30 June 2011

The taxation charge for the quarter is based on the estimated annual tax rate expected for the full financial year 2011, as reduced by the movement in the deferred tax account.

FUTURE OUTLOOK

The price of crude oil in Q3 2011 will be largely dependent on the outcome of the US & EU debt crises and continuing political turmoil in certain oil producing countries in the Middle East and North Africa regions.

As major new PTA capacities are expected to come online in China during the current calendar year, Px demand is also expected to rise in unison. With new Px operating capacities not expected to come on stream until late next year, the PTA/Px margin will remain under pressure through most of H2 2011.

PSF demand and operating rates are also expected to remain subdued in the foreseeable future due to the reduction in cotton prices and global economic uncertainty. The local PET producer is, however, expected to maintain steady production levels during Q3 2011.



Soon Hyo Chung
Chairman



M Asif Saad
Chief Executive

Karachi: 24 August 2011

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Lotte Pakistan PTA Limited as at June 30, 2011 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 June 30, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended June 30, 2011.

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 June 30, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Date: 24 August 2011
Karachi



A. F. Ferguson & Co.
Chartered Accountants
Name of the engagement
partner: Farrukh Rehman

Condensed interim balance sheet

As at 30 June 2011

Amounts in Rs '000

	Note	30 June 2011 (Un-audited)	31 December 2010 (Audited)
Assets			
Non-current assets			
Fixed assets	5	9,538,062	8,890,314
Long-term loans and advances		37,812	38,660
Long-term deposits and prepayments		73,024	70,148
		9,648,898	8,999,122
Current assets			
Stores and spares		608,873	494,231
Stock-in-trade		4,356,353	2,655,203
Trade debts		4,897,087	2,937,816
Loans and advances		32,961	32,196
Deposits and short-term prepayments		100,111	69,846
Accrued profit on bank deposits		34,002	43,861
Other receivables		229,884	67,007
Financial assets - investment	6	1,065,555	364,644
Tax refunds due from government - sales tax		269,468	321,796
Taxation - payments less provision	7	10,981	-
Cash and bank balances	8	5,982,823	6,910,308
		17,588,098	13,896,908
Total assets		27,236,996	22,896,030
Equity			
Share capital and reserves			
Authorised capital 2,000,000,000 (31 December 2010: 2,000,000,000) ordinary shares of Rs 10 each		20,000,000	20,000,000
Issued, subscribed and paid-up capital 1,514,207,208 (31 December 2010: 1,514,207,208) ordinary shares of Rs 10 each		15,142,072	15,142,072
Capital reserves		2,345	2,345
Accumulated losses		(2,600,501)	(5,542,027)
		12,543,916	9,602,390
Surplus on revaluation of fixed assets		85,992	85,992
Liabilities			
Non-current liabilities			
Long-term loans	9	2,581,875	3,437,500
Liability against assets subject to finance lease		138,292	214,445
Deferred tax		1,375,010	1,486,476
Retirement benefit obligation		14,703	14,749
		4,109,880	5,153,170
Current liabilities			
Trade and other payables		10,188,233	7,652,365
Accrued interest / mark-up on loans		136,332	136,942
Current portion of liability against assets subject to finance lease		172,643	146,577
Taxation - provision less payments		-	118,594
		10,497,208	8,054,478
Contingencies and commitments	10		
Total equity and liabilities		27,236,996	22,896,030

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



Soon Hyo Chung
Chairman



M Asif Saad
Chief Executive



Ali Aamir
Chief Financial Officer

Condensed interim profit and loss account (unaudited)

For the quarter and six months ended 30 June 2011

Amounts in Rs '000					
	Note	Quarter ended 30 June		Six months ended 30 June	
		2011	2010	2011	2010
Revenue	11	14,709,911	11,473,268	30,661,038	20,796,168
Cost of sales	12	(12,916,518)	(9,538,350)	(25,004,056)	(17,511,307)
Gross profit		1,793,393	1,934,918	5,656,982	3,284,861
Distribution and selling expenses		(62,468)	(31,660)	(93,611)	(55,431)
Administrative expenses		(89,663)	(65,532)	(166,082)	(124,889)
Other operating expenses	13	(131,218)	(118,578)	(410,493)	(160,202)
Other operating income	14	10,343	5,215	16,830	5,814
		(273,006)	(210,555)	(653,356)	(334,708)
Operating profit		1,520,387	1,724,363	5,003,626	2,950,153
Finance income	15	241,857	188,680	503,586	409,008
Finance costs		(76,138)	(107,661)	(122,046)	(129,212)
Profit before taxation		1,686,106	1,805,382	5,385,166	3,229,949
Taxation	16	(476,369)	(549,990)	(1,686,536)	(1,053,870)
Profit after taxation		1,209,737	1,255,392	3,698,630	2,176,079
Amount in Rupees					
Earnings per share - basic and diluted		0.80	0.83	2.44	1.44

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



Soon Hyo Chung
Chairman



M Asif Saad
Chief Executive



Ali Aamir
Chief Financial Officer

Condensed interim statement of comprehensive income (unaudited)

For the quarter and six months ended 30 June 2011

	Amounts in Rs '000			
	Quarter ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010
Profit after taxation	1,209,737	1,255,392	3,698,630	2,176,079
Other comprehensive income	-	-	-	-
Total comprehensive income	1,209,737	1,255,392	3,698,630	2,176,079

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



Soon Hyo Chung
Chairman



M Asif Saad
Chief Executive



Ali Aamir
Chief Financial Officer

Condensed interim cash flow statement (unaudited)

For the six months ended 30 June 2011

Amounts in Rs '000

	Note	Six months ended 30 June	
		2011	2010
Cash flows from operating activities			
Cash generated from operations	17	4,293,200	4,149,791
Long-term loans and advances		848	(6,094)
Long-term deposits and prepayments		(2,876)	(5,524)
Finance costs paid		(112,768)	(112,293)
Payments to staff retirement benefit scheme - unfunded		(46)	(43)
Profit received on bank deposits		462,534	328,287
Taxes paid		(1,927,577)	(765,265)
Net cash generated from operating activities		2,713,315	3,588,859
Cash flows from investing activities			
Payments for capital expenditure		(1,302,596)	(151,493)
Investment in financial assets		(650,000)	-
Net cash used in investing activities		(1,952,596)	(151,493)
Cash flows from financing activities			
Payments for liability against assets subject to finance lease		(75,073)	(57,291)
Repayment of long-term loans		(859,600)	-
Dividends paid		(753,531)	(747,981)
Net cash used in financing activities		(1,688,204)	(805,272)
Net (decrease) / increase in cash and cash equivalents		(927,485)	2,632,094
Cash and cash equivalents at 1 January		6,910,308	5,437,940
Cash and cash equivalents at 30 June		5,982,823	8,070,034

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



Soon Hyo Chung
Chairman



M Asif Saad
Chief Executive



Ali Aamir
Chief Financial Officer

Condensed interim statement of changes in equity (unaudited)

For the six months ended 30 June 2011

	Amounts in Rs '000			
	Issued, subscribed and paid-up capital	Capital reserves	Accumulated loss	Total
Balance as on 1 January 2010	15,142,072	2,345	(9,312,691)	5,831,726
Dividend @ Rs 0.50 per share relating to 2009	-	-	(757,104)	(757,104)
Total comprehensive income for the six months ended 30 June 2010	-	-	2,176,079	2,176,079
Balance as on 30 June 2010	<u>15,142,072</u>	<u>2,345</u>	<u>(7,893,716)</u>	<u>7,250,701</u>
Balance as on 1 January 2011	15,142,072	2,345	(5,542,027)	9,602,390
Dividend @ Rs 0.50 per share relating to 2010	-	-	(757,104)	(757,104)
Total comprehensive income for the six months ended 30 June 2011	-	-	3,698,630	3,698,630
Balance as on 30 June 2011	<u>15,142,072</u>	<u>2,345</u>	<u>(2,600,501)</u>	<u>12,543,916</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



Soon Hyo Chung
Chairman



M Asif Saad
Chief Executive



Ali Aamir
Chief Financial Officer

Notes to the condensed interim financial information (unaudited)

For the six months ended 30 June 2011

1. 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 KP Chemical Corporation - Korea and its ultimate parent company is South Korean conglomerate Lotte.

2. This condensed interim financial information of the Company for the six months ended 30 June 2011 has been prepared in accordance with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of 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 2010.

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 2010.

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 2010.

- 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 2010.

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

	2011		2010	
	Additions cost	Disposals net book value	Additions cost	Disposals net book value
Operating assets / property, plant and equipment				
Buildings on leasehold land	1,100	138	-	-
Plant and machinery	134,645	-	72,739	9,511
Furniture and equipment	4,088	-	6,803	18
Motor vehicles	155	-	3,663	-
Capital work-in progress	1,162,608	-	68,288	-

- 5.2 Included in capital work-in-progress as at 30 June 2011 are plant and machinery and advances to suppliers of Rs 1.56 billion (31 December 2010: Rs 57.76 million) and Rs 98.54 million (31 December 2010: Rs 359.93 million) respectively in relation to the co-generation power plant project which is being set up by the Company.

Notes to the condensed interim financial information (unaudited)

For the six months ended 30 June 2011

Amounts in Rs '000

	30 June 2011	31 December 2010
6. Financial assets - investment		
At fair value through profit and loss		
Investment in units of money market fund	<u>1,065,555</u>	<u>364,644</u>

These have been valued by using published net asset value (NAV). Number of units held by the Company as at 30 June 2011 is 102,858,794.8939 units (31 December 2010: 35,362,847.9225 units).

7. Taxation - payments less provision

The taxation officer has amended the assessment orders for the tax years 2005 to 2010 and has disallowed unrealised exchange losses on foreign currency loans obtained by the Company in previous years and certain other expenses claimed in the income tax returns. This has resulted in an aggregate tax demand of Rs 857.54 million of which the Company has paid Rs 635.92 million (after claiming certain deductions relating to prior years) and subsequently filed appeals with the Commissioner Inland Revenue (Appeals). The Company is confident of a favorable action from the appeal process and maintains that the expenses claimed are in accordance with the income tax laws. Therefore, payments made in this regard have been accounted for as recoverable and no provision for this amount has been made in the condensed interim financial information.

	30 June 2011	31 December 2010
8. Cash and bank balances		
Short-term fixed deposits	5,843,100	6,882,500
Current accounts	130,060	18,086
Cash in hand	9,663	9,722
	<u>5,982,823</u>	<u>6,910,308</u>

9. Long-term loans (unsecured)

Lender	Installments payable	Interest rate	Repayment period	30 June 2011	31 December 2010
Loan from parent company					
KP Chemical Corporation	full	1% p.a above	2012	<u>2,581,875</u>	<u>3,437,500</u>
USD 30 million	payment on	6 months			
(31 December 2010:	maturity	LIBOR			
USD 40 million)					

The Company has prepaid USD 10 million (equivalent to Rs 859.60 million) on 27 June 2011.

10. Contingencies and commitments

10.1 The Income Tax Appellate Tribunal (ITAT) vide order no ITA.No.111/KB/2006 dated 20 April 2006 had set aside the taxation officer's assessment order for the assessment year 2002-2003 (income year ending 31 December 2001) whereby the assessing officer had been directed to re-examine the issue of allocation of cost of goods sold to export sales, strictly in accordance with Rule 216 of the Income Tax Rules, 1982. The taxation officer vide order no. DC20/106 dated 29 June 2007 had used volume basis to determine the allocation of cost of goods sold to export sales, against which the Company had filed an appeal. The Commissioner Inland Revenue (Appeals) vide order numbers 153 and 391 dated 31 January 2011 (received by the Company on 4 June 2011) has set aside the taxation officer's order with instructions to strictly comply with the directions contained in the ITAT's order of 20 April 2006 in relation to the basis of allocation of cost of goods sold to export sales.

10.2 ICI Pakistan Limited has issued a guarantee in respect of operational obligations of the Company amounting to Rs 2.10 billion (31 December 2010: Rs 2.19 billion) against which the Company has issued a counter guarantee to ICI Pakistan Limited.

10.3 Outstanding bank guarantees and letters of credit issued on behalf of the Company as at 30 June 2011 were Rs 1.88 billion (31 December 2010: Rs 1.26 billion) and Rs 3.11 billion (31 December 2010: Rs 5.43 billion), respectively.

Notes to the condensed interim financial information (unaudited)

For the six months ended 30 June 2011

Amounts in Rs '000

10.4 Commitments in respect of capital expenditure as at 30 June 2011 amount to Rs 1.97 billion (31 December 2010: Rs 3.07 billion).

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

Year	30 June 2011	31 December 2010
2011	8,617	15,357
2012	15,957	13,392
2013	10,438	7,356
2014	5,572	2,046
2015	642	-
	<u>41,226</u>	<u>38,151</u>

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

Year	30 June 2011	31 December 2010
2011	629,082	1,165,019
2012	1,018,748	1,040,016
2013	44,168	7,241
	<u>1,691,998</u>	<u>2,212,276</u>

10.7 Commitments for rentals under operating lease agreements in respect of goods and services are stated at minimum lease payments. Some of these are linked to consumer price index (CPI) of UK / Pakistan, priced in foreign currency and payable in Pakistan rupees, converted at the exchange rates applicable on the date of payment.

11. Revenue

	Quarter ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010
Manufactured goods				
Local sales	12,821,437	11,486,721	27,528,013	20,849,009
Export sales	1,908,679	416,906	2,885,958	757,640
	<u>14,730,116</u>	<u>11,903,627</u>	<u>30,413,971</u>	<u>21,606,649</u>
Less: Sales tax and excise duty	(52,254)	-	(52,254)	-
Price settlements and discounts	(8,719)	(478,443)	213,696	(892,948)
	<u>14,669,143</u>	<u>11,425,184</u>	<u>30,575,413</u>	<u>20,713,701</u>
Trading goods				
Local sales	44,281	48,084	89,138	82,467
Less: Sales tax and excise duty	(3,513)	-	(3,513)	-
	<u>40,768</u>	<u>48,084</u>	<u>85,625</u>	<u>82,467</u>
	<u>14,709,911</u>	<u>11,473,268</u>	<u>30,661,038</u>	<u>20,796,168</u>

Notes to the condensed interim financial information (unaudited)

For the six months ended 30 June 2011

Amounts in Rs '000

	Quarter ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010
12. Cost of sales				
Manufactured goods				
Opening stock of raw and packing materials	3,515,576	2,495,155	2,442,186	1,108,875
Purchases	11,595,524	7,605,899	24,349,735	16,558,529
Closing stock of raw and packing materials	(2,427,988)	(2,123,814)	(2,427,988)	(2,123,814)
Raw and packing materials consumed	12,683,112	7,977,240	24,363,933	15,543,590
Manufacturing costs	1,223,585	1,005,699	2,299,815	1,961,172
Cost of goods manufactured	13,906,697	8,982,939	26,663,748	17,504,762
Opening stock of finished goods	876,916	707,413	176,291	132,644
Closing stock of finished goods	(1,895,586)	(188,601)	(1,895,586)	(188,601)
	12,888,027	9,501,751	24,944,453	17,448,805
Trading goods				
Opening stock	17,095	51,261	36,726	32,403
Purchases	44,175	48,195	55,656	92,956
Closing stock	(32,779)	(62,857)	(32,779)	(62,857)
	28,491	36,599	59,603	62,502
	12,916,518	9,538,350	25,004,056	17,511,307
13. Other operating expenses				
Workers' profit participation fund	90,689	67,401	289,732	89,566
Workers' welfare fund	36,986	39,973	116,614	50,393
Donations	3,543	1,692	4,009	10,714
Loss on retirement of operating assets / property, plant and equipment	-	9,512	138	9,529
	131,218	118,578	410,493	160,202
14. Other operating income				
Scrap sales	8,565	3,436	15,052	4,035
Mark-up on deposit	1,214	1,214	1,214	1,214
Others	564	565	564	565
	10,343	5,215	16,830	5,814
15. Finance income				
Profit on bank deposits	210,864	188,680	452,675	365,790
Increase in fair value of financial assets - investments	30,993	-	50,911	-
Exchange gain - net	-	-	-	43,218
	241,857	188,680	503,586	409,008
16. Taxation				

The tax charge for the six months ended 30 June 2011 is based on the estimated annual income tax rate expected for the full financial year adjusted by the movement in the deferred tax account.

Notes to the condensed interim financial information (unaudited)

For the six months ended 30 June 2011

Amounts in Rs '000

	Six months ended 30 June	
	2011	2010
17. Cash generated from operations		
Profit before taxation	5,385,166	3,229,949
Adjustments for non cash charges and other items:		
Depreciation and amortisation	654,710	622,456
Loss on retirement of operating assets / property, plant and equipment	138	9,529
Finance costs	122,046	129,212
Exchange loss	19,073	47,608
Profit on bank deposits	(452,675)	(365,790)
Provision for infrastructure cess	227,490	143,255
Increase in fair value of investment	(50,911)	-
	<u>519,871</u>	<u>586,270</u>
	5,905,037	3,816,219
Effect on cashflows due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	(114,642)	(78,149)
Stock-in-trade	(1,701,150)	(1,101,349)
Trade debts	(1,959,271)	(675,136)
Loans and advances	(765)	(4,304)
Deposits and short-term prepayments	(30,265)	(67,161)
Other receivables and refunds from government	(110,549)	(91,005)
	<u>(3,916,642)</u>	<u>(2,017,104)</u>
Increase in trade and other payables	<u>2,304,805</u>	<u>2,350,676</u>
Cash generated from operations	<u>4,293,200</u>	<u>4,149,791</u>

18. 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	
		2011	2010	2011	2010
Parent company	Repayment of loan	<u>859,600</u>	<u>-</u>	<u>859,600</u>	<u>-</u>
	Payment of Interest on loan	<u>25,982</u>	<u>40,468</u>	<u>25,982</u>	<u>40,468</u>
Associates	Purchase of goods	<u>-</u>	<u>-</u>	<u>-</u>	<u>161</u>
	Purchase of services	<u>-</u>	<u>2,812</u>	<u>-</u>	<u>5,017</u>
Key management personnel	Salaries and other short-term benefits	<u>21,487</u>	<u>17,801</u>	<u>41,929</u>	<u>33,369</u>
	Post employment benefits	<u>1,569</u>	<u>1,496</u>	<u>3,013</u>	<u>2,703</u>
Staff retirement benefit funds	Payment to staff retirement benefit funds	<u>9,587</u>	<u>9,021</u>	<u>18,251</u>	<u>16,873</u>
Balances				30 June 2011	31 December 2010
	Accrued Interest / mark-up on loans - payable to parent company			<u>136,332</u>	<u>136,942</u>
	Loans and advances - receivable from key management personnel			<u>1,698</u>	<u>2,011</u>
	Other receivables - receivable from staff retirement benefit funds			<u>24,365</u>	<u>24,178</u>

Notes to the condensed interim financial information (unaudited)

For the six months ended 30 June 2011

Amounts in Rs '000

19. Corresponding figures

Corresponding figures have been reclassified / rearranged for purposes of comparison, better presentation and to bring in line with annual financial statement as follows:

Reclassification from component	Reclassification to component	Quarter ended 30 June 2010	Six months ended 30 June 2010
Other operating income - Profit on bank deposits	Finance income - Profit on bank deposits	188,680	365,790
Other operating expenses - Exchange loss	Finance costs - Exchange loss	36,977	-
Other operating income - Exchange gain	Finance income - Exchange gain	-	80,195
Other operating expenses - Exchange loss	Finance income - Exchange loss	-	36,977

20. General

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

21. Date of authorisation

This condensed interim financial information was authorised for issue in the Board of Directors meeting held on 24 August 2011.



Soon Hyo Chung
Chairman



M Asif Saad
Chief Executive



Ali Aamir
Chief Financial Officer



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