

LOTTE PPTA

QUARTERLY REPORT

JAN - MAR 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 |
| Neon Jung Kim | Executive |
| Oh Hun Im | Executive |
| Mohammad Qasim Khan | Non-executive |
| Aliya Yusuf | Non-executive |
| Istaqbal Mehdi | Non-executive |

Audit Committee

| | |
|----------------|----------|
| Istaqbal Mehdi | Chairman |
| Neon Jung Kim | Member |
| Aliya Yusuf | Member |

Senior Remuneration Sub Committee

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

Shares Sub Committee

| | |
|---------------------|----------|
| Neon Jung Kim | Chairman |
| Mohammad Qasim Khan | 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 | 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 first quarter ended 31 March 2011

The Directors are pleased to present their report for the first quarter ended 31 March 2011 together with the un-audited condensed interim financial information of the Company for the first quarter ended 31 March 2011

BUSINESS OVERVIEW

The crude oil price averaged US\$ 95 per barrel during the quarter with a high of US\$ 107 per barrel in March and a low of US\$ 84 per barrel in the month of February. These prices were influenced by geo-political events in the Middle East and the devastating earthquake and tsunami in Japan.

Paraxylene (Px) prices generally followed the bullish trend in crude oil prices during the quarter, with record highs being achieved a number of times. The market was adversely impacted by supply issues from the Middle East and a fire at a Malaysian producer's plant earlier in the quarter. In March, the earthquake in Japan caused substantial damage to Px manufacturing facilities of JX Oil, which has declared force majeure till at least the middle of April. However, this is not expected to have any material impact on the Px market as new capacities are expected to come on-line shortly in China and Korea. The spot Px price averaged US\$ 1,653 per tonne CFR Taiwan for the quarter rising from US\$ 1,395 per tonne in January to a high of US\$ 1,815 per tonne CFR Taiwan in March.

PTA spot prices also remained strong throughout the quarter following the trend in Px prices. PTA supplies continued to remain tight in the region, as manufacturing capacities went off-line at various stages of the quarter either because of the extended Chinese new year holidays or due to plant maintenance shut-downs. The PTA spot price averaged US\$ 1,445 per tonne CFR China, with a low of US\$ 1,263 per tonne in January and a high of US\$ 1,533 per tonne in March.

In the downstream polyester markets in China demand remained high during the quarter. Coupled with the global shortfall in the cotton crop in the major cotton producing countries of the world, the price of raw cotton maintained its inexorable rise in the international markets. This made Polyester Staple Fibre (PSF) an affordable substitute as the price differential between the two commodities crossed US\$ 2 per kg in January. Although the Chinese government introduced various regulatory measures, including a tighter monetary policy, to dampen price pressures, the polyester market remained relatively buoyant. PSF price averaged US\$ 1.8 per kg CFR China during the quarter, while PET averaged US\$ 1,780 per tonne FOB Korea.

Report of the Directors

For the first quarter ended 31 March 2011

In the domestic market, PSF manufacturers other than Dewan Salman Fibres which continued to remain closed, ran their plants at full rates. Cotton prices in the domestic market remained high as well, averaging Rs 11,200 per maund (Rs 350 per kg) which resulted in an average price differential between cotton and PSF of around Rs 150 per kg during the quarter. Demand in the domestic market for PET remained stable in Q1 2011.

OPERATIONS

Sales volume for Q1 2011 at 121,296 tonnes was 12% higher than the corresponding quarter last year and included 94% domestic off-take. Export sales to China, India and Oman during the quarter aggregated 7,788 tonnes.

Production during the quarter at 127,642 tonnes was 10% higher than the corresponding period last year. Conversion efficiencies also remained better than the corresponding period last year.

PROFIT, FINANCE & TAXATION

With higher PTA margin over Px and higher sales volume in Q1 2011 as compared to the same period last year, the Company generated a gross profit of Rs 3.9 billion during the quarter as compared to Rs 1.3 billion in Q1 2010.

Distribution and selling expenses for the quarter 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. Administration expenses were also higher than the corresponding quarter last year mainly due to the overall impact of a high inflation rate and resultant increase in payroll and other costs. Other operating expenses were higher than Q1 2010 mainly due to higher charge for Workers' Profit Participation and Workers' Welfare Funds on the back of higher operating profit. As a result of the above, the Company generated profit before taxation of Rs 3,699 million compared to Rs 1,425 million in Q1 last year.

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.

Report of the Directors

For the first quarter ended 31 March 2011

INVESTMENT / CAPITAL EXPENDITURE

Mr Soo Young Huh, CEO, KP Chemical Corporation (the Company's majority shareholder and member of Lotte Group, Korea) and a Director of Lotte Pakistan PTA Ltd, informed the Board that KP Chemical Corporation is seriously considering the setting up of a new PTA plant at Port Qasim, Karachi, depending on the outcome of discussions being currently held by KP Chemical Corporation and Lotte Group with the Government of Pakistan for incentives to attract this investment into Pakistan. This plant will have an annual capacity of between 800,000 to 1,000,000 tonnes and will require an investment of around US\$ 400 to 500 million. The project could be undertaken either through Lotte Pakistan PTA Ltd or as a separate entity.

The Board has given its approval to set up a wholly owned private limited subsidiary company of Lotte Pakistan PTA Ltd to house its co-generation power project by investing the equivalent in rupees of up to US \$ 50 million in that company, subject to satisfactory completion of all necessary formalities and internal/external approvals required for this purpose.

FUTURE OUTLOOK

Given the uncertain political situation in the Middle East and some positive signs of recovery in the US economy, the price of crude oil is expected to remain above US\$ 100 per barrel.

The Px price is expected to come under pressure, as major capacities in China and Korea come online resulting in an improved supply balance in the region. However, the PTA supply / demand equation is difficult to forecast given the deteriorating situation in the world economy which may exert pressure on Chinese textile exports in the coming months. Due to a bumper cotton crop expected from Brazil and Australia, the record high cotton prices are likely to weaken in international and domestic markets, which may adversely impact PSF demand in Q2 2011.

PET demand, on the other hand, is expected to increase in the domestic market, as more packaging forms get substituted with PET and PET sheet products. The local PET manufacturer is expected to maintain plant operations at a high rate.



Soon Hyo Chung
Chairman

Bangkok: 26 April 2011



M Asif Saad
Chief Executive

Condensed interim balance sheet

As at 31 March 2011

Amounts in Rs '000

| | Note | 31 March 2011 (Un-audited) | 31 December 2010 |
|--|------|----------------------------------|---------------------|
| Assets | | | |
| Non-current assets | | | |
| Fixed assets | 6 | 9,705,033 | 8,890,314 |
| Long-term loans and advances | | 40,126 | 38,660 |
| Long-term deposits and prepayments | | 69,422 | 70,148 |
| | | 9,814,581 | 8,999,122 |
| Current assets | | | |
| Stores and spares | | 537,290 | 494,231 |
| Stock-in-trade | | 4,409,587 | 2,655,203 |
| Trade debts | | 3,748,796 | 2,937,816 |
| Loans and advances | | 38,628 | 32,196 |
| Deposits and short-term prepayments | | 129,742 | 69,846 |
| Accrued profit on bank deposits | | 39,097 | 43,861 |
| Other receivables | | 61,550 | 67,007 |
| Financial assets - investment | 7 | 1,034,562 | 364,644 |
| Tax refunds due from government | | 217,847 | 321,796 |
| Cash and bank balances | 8 | 6,627,719 | 6,910,308 |
| | | 16,844,818 | 13,896,908 |
| Total assets | | 26,659,399 | 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 | | <u>20,000,000</u> | <u>20,000,000</u> |
| Issued, subscribed and paid-up capital 1,514,207,208 (31 December 2010: 1,514,207,208) ordinary shares of Rs 10 each | | <u>15,142,072</u> | <u>15,142,072</u> |
| Capital reserves | | 2,345 | 2,345 |
| Accumulated losses | | (3,810,238) | (5,542,027) |
| | | 11,334,179 | 9,602,390 |
| Surplus on revaluation of fixed assets | | 85,992 | 85,992 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Long-term loans | 9 | 3,419,800 | 3,437,500 |
| Liability against assets subject to finance lease | | 181,279 | 214,445 |
| Deferred tax liability | | 1,442,018 | 1,486,476 |
| Retirement benefit obligation | | 14,749 | 14,749 |
| | | 5,057,846 | 5,153,170 |
| Current liabilities | | | |
| Trade and other payables | | 8,425,365 | 7,652,365 |
| Accrued interest / mark-up on loans | | 149,082 | 136,942 |
| Taxation - provision less payments | | 688,565 | 118,594 |
| Dividend payable | 10 | 757,104 | - |
| Current portion of liability against assets subject to finance lease | | 161,266 | 146,577 |
| | | 10,181,382 | 8,054,478 |
| Contingencies and commitments | 11 | | |
| Total equity and liabilities | | 26,659,399 | 22,896,030 |

The annexed notes 1 to 20 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 first quarter ended 31 March 2011

| | Note | Amounts in Rs '000 | |
|--|------|---------------------------|------------------|
| | | Quarter ended 31 March | |
| | | 2011 | 2010 |
| Revenue | 12 | 15,951,127 | 9,322,900 |
| Cost of sales | 13 | (12,087,538) | (7,972,957) |
| Gross profit | | 3,863,589 | 1,349,943 |
| Distribution and selling expenses | | (31,143) | (23,771) |
| Administrative expenses | | (76,419) | (59,357) |
| Other operating expenses | 14 | (279,275) | (41,624) |
| Other operating income | | 6,487 | 599 |
| | | (380,350) | (124,153) |
| Operating profit | | 3,483,239 | 1,225,790 |
| Finance income | 15 | 271,583 | 257,305 |
| Finance costs | | (55,762) | (58,528) |
| Profit before taxation | | 3,699,060 | 1,424,567 |
| Taxation | 16 | (1,210,167) | (503,880) |
| Profit after taxation | | 2,488,893 | 920,687 |
| | | Amount in Rupees | |
| Earnings per share - basic and diluted | | 1.64 | 0.61 |

Condensed interim statement of comprehensive income (unaudited)

For the first quarter ended 31 March 2011

| | Amounts in Rs '000 | |
|-----------------------------------|--------------------|----------------|
| Profit after taxation | 2,488,893 | 920,687 |
| Other comprehensive income | - | - |
| Total comprehensive income | 2,488,893 | 920,687 |

The annexed notes 1 to 20 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 first quarter ended 31 March 2011

Amounts in Rs '000

| | Note | Quarter ended 31 March | |
|---|------|---------------------------|------------------|
| | | 2011 | 2010 |
| Cash flows from operating activities | | | |
| Cash generated from operations | 17 | 2,022,263 | 2,159,642 |
| Long-term loans and advances - net | | (1,466) | (6,799) |
| Long-term deposits and prepayments - net | | 726 | 110 |
| Finance costs paid | | (39,605) | (34,723) |
| Payments to staff retirement benefit scheme - unfunded | | - | (43) |
| Taxes paid | | (684,654) | (566,323) |
| Profit received on bank deposits | | 246,575 | 148,101 |
| Net cash generated from operating activities | | 1,543,839 | 1,699,965 |
| Cash flows from investing activities | | | |
| Payments for capital expenditure | | (1,140,701) | (53,520) |
| Investment in financial assets | | (650,000) | - |
| Net cash used in investing activities | | (1,790,701) | (53,520) |
| Cash flows from financing activities | | | |
| Payment for liability against assets subject to finance lease | | (35,510) | (30,007) |
| Dividends paid | | (217) | - |
| Net cash used in financing activities | | (35,727) | (30,007) |
| Net (decrease) / increase in cash and cash equivalents | | (282,589) | 1,616,438 |
| Cash and cash equivalents at 1 January | | 6,910,308 | 5,437,940 |
| Cash and cash equivalents at 31 March | | 6,627,719 | 7,054,378 |

The annexed notes 1 to 20 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 first quarter ended 31 March 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 three months ended 31 March 2010 | - | - | 920,687 | 920,687 |
| Balance as on 31 March 2010 | 15,142,072 | 2,345 | (9,149,108) | 5,995,309 |
| Total comprehensive income for the nine month ended 31 December 2010 | - | - | 3,607,081 | 3,607,081 |
| Balance as on 31 December 2010 | 15,142,072 | 2,345 | (5,542,027) | 9,602,390 |
| Dividend @ Rs 0.50 per share relating to 2010 - note 10 | - | - | (757,104) | (757,104) |
| Total comprehensive income for the three months ended 31 March 2011 | - | - | 2,488,893 | 2,488,893 |
| Balance as on 31 March 2011 | <u>15,142,072</u> | <u>2,345</u> | <u>(3,810,238)</u> | <u>11,334,179</u> |

The annexed notes 1 to 20 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 first quarter ended 31 March 2011

1. Status and nature of business

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 quarter ended 31 March 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. Re-statement

During 2010, the Company reviewed its position regarding the recognition of a deferred tax liability on the initial difference between the carrying value and the tax base of property, plant and equipment and concluded that in the light of the requirements of International Accounting Standard 12 - 'Income Taxes', such difference is a taxable temporary difference on which deferred tax liability is required to be accounted for. This liability was not previously recognised as a taxable temporary difference and instead was being accounted for as tax expense over the life of related assets. Accordingly, the Company has re-stated the financial information retrospectively in accordance with International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors' by adjusting the opening balance of deferred tax liability and accumulated loss for the earliest prior period presented.

6. Fixed assets

The following operating property, plant and equipment have been added / disposed of during the quarter ended 31 March 2011:

| | 2011 | | 2010 | |
|----------------------------|-----------|-----------|-----------|-----------|
| | Additions | Disposals | Additions | Disposals |
| Building on leasehold land | - | 372 | - | - |
| Plant and machinery | 113,449 | - | 3,324 | - |
| Furniture and equipment | 1,321 | - | 2,711 | 109 |

Amounts in Rs '000

Notes to the condensed interim financial information (unaudited)

For the first quarter ended 31 March 2011

Amounts in Rs '000

| | 31 March 2011 | 31 December 2010 |
|--|------------------|---------------------|
| 7. Financial assets - at fair value through profit and loss | | |
| Investment in units of money market fund | <u>1,034,562</u> | <u>364,644</u> |

These have been valued by using published net asset value (NAV). As at 31 March 2011, the number of units held by the Company is 99,995,362.1032 units (31 December 2010: 35,362,847.9225 units).

8. Cash and bank balances

| | | |
|--------------------------------|------------------|------------------|
| Short term fixed deposits | 6,588,600 | 6,882,500 |
| With banks in current accounts | 29,186 | 18,086 |
| Cash in hand | 9,933 | 9,722 |
| | <u>6,627,719</u> | <u>6,910,308</u> |

9. Long-term loans - unsecured

| Lender | Installments payable | Interest rate | Repayment period | 31 March 2011 | 31 December 2010 |
|--|--------------------------------|--------------------------------------|------------------|------------------|---------------------|
| Loan from parent company | | | | | |
| KP Chemical Corporation USD 40 million (31 December 2010: USD 40 million) | full payment on maturity | 1% p.a above 6 months LIBOR | 2012 | <u>3,419,800</u> | <u>3,437,500</u> |

10. Dividend payable

Dividend of Rs 0.50 per ordinary share of Rs 10 each of the Company, that is, a dividend of 5% on the nominal value of the shares of the Company was declared and approved in respect of the year ended 31 December 2010.

11. Contingencies and commitments

11.1 Commitments in respect of capital expenditure as at 31 March 2011 amounts to Rs 2.34 billion (31 December 2010: Rs 3.07 billion).

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

| Year | 31 March 2011 | 31 December 2010 |
|------|------------------|---------------------|
| 2011 | 13,535 | 15,357 |
| 2012 | 16,363 | 13,392 |
| 2013 | 10,641 | 7,356 |
| 2014 | 5,572 | 2,046 |
| 2015 | 642 | - |
| | <u>46,753</u> | <u>38,151</u> |

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

| Year | 31 March 2011 | 31 December 2010 |
|------|------------------|---------------------|
| 2011 | 885,085 | 1,165,019 |
| 2012 | 1,009,859 | 1,040,016 |
| 2013 | 7,284 | 7,241 |
| | <u>1,902,228</u> | <u>2,212,276</u> |

Notes to the condensed interim financial information (unaudited)

For the first quarter ended 31 March 2011

Amounts in Rs '000

- 11.3.1 Commitments for rentals under operating lease agreements in respects 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.
- 11.4 ICI Pakistan Limited has issued a guarantee in respect of operational obligations of the Company amounting to Rs 2.19 billion (31 December 2010: Rs 2.19 billion) against which the Company has issued a counter guarantee to ICI Pakistan Limited.
- 11.5 Outstanding bank guarantees and letters of credit issued on behalf of the Company as at 31 March 2011 were Rs 1.42 billion (31 December 2010: Rs 1.26 billion) and Rs 3.13 billion (31 December 2010: Rs 5.43 billion), respectively.
- 11.6 The Income Tax Appellate Tribunal (ITAT) vide order no ITA.No.111/KB/2006 dated 20 April 2006 has set aside the Taxation Officer's assessment order for the assessment year 2002-2003 (income year ending 31 December 2001) whereby the assessing officer has 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 has used volume basis to determine the allocation of cost of goods sold to export sales. The Company has filed an appeal against the assessment. No provision has been made in these financial statements for the potential liability of Rs 848.279 million as the Company is still confident of a favourable outcome from the appeal process and considers that the allocation basis used by the Company is strictly in accordance with Rule 216 of Income Tax Rules 1982.

12. Revenue

| | Quarter ended 31 March 2011 | | | Quarter ended 31 March 2010 | | |
|--|--------------------------------|------------------|-------------------|--------------------------------|------------------|------------------|
| | Manufactured goods | Trading goods | Total | Manufactured goods | Trading goods | Total |
| Local sales | 14,706,576 | 44,857 | 14,751,433 | 9,362,288 | 34,383 | 9,396,671 |
| Export sales | 977,279 | - | 977,279 | 340,734 | - | 340,734 |
| | <u>15,683,855</u> | <u>44,857</u> | <u>15,728,712</u> | <u>9,703,022</u> | <u>34,383</u> | <u>9,737,405</u> |
| Less: Price settlements and discounts | 222,415 | - | 222,415 | (414,505) | - | (414,505) |
| | <u>15,906,270</u> | <u>44,857</u> | <u>15,951,127</u> | <u>9,288,517</u> | <u>34,383</u> | <u>9,322,900</u> |

13. Cost of sales

| | Quarter ended 31 March | |
|--|---------------------------|------------------|
| | 2011 | 2010 |
| Opening stock of raw and packing materials | 2,442,186 | 1,108,875 |
| Purchases | 12,754,211 | 8,952,630 |
| Closing stock of raw and packing materials | (3,515,576) | (2,495,155) |
| Raw and packing materials consumed | 11,680,821 | 7,566,350 |
| Manufacturing costs | 1,076,230 | 955,473 |
| Cost of goods manufactured | 12,757,051 | 8,521,823 |
| Opening stock of finished goods | 176,291 | 132,644 |
| | <u>12,933,342</u> | <u>8,654,467</u> |
| Closing stock of finished goods | (876,916) | (707,413) |
| | <u>12,056,426</u> | <u>7,947,054</u> |
| Trading goods | | |
| Opening stock | 36,726 | 32,403 |
| Purchases | 11,481 | 44,761 |
| Closing stock | (17,095) | (51,261) |
| | <u>31,112</u> | <u>25,903</u> |
| | <u>12,087,538</u> | <u>7,972,957</u> |

Notes to the condensed interim financial information (unaudited)

For the first quarter ended 31 March 2011

Amounts in Rs '000

| | Quarter ended 31 March | |
|--|---------------------------|----------------|
| | 2011 | 2010 |
| 14. Other operating expenses | | |
| Donations | 466 | 9,022 |
| Loss on retirement of property, plant & equipment | 138 | 17 |
| Workers' profit participation fund | 199,043 | 22,165 |
| Workers' welfare fund | 79,628 | 10,420 |
| | <u>279,275</u> | <u>41,624</u> |
| 15. Finance income | | |
| Profit on bank deposits | 241,811 | 177,110 |
| Increase in fair value of financial assets - investments | 19,918 | - |
| Exchange gain - net | 9,854 | 80,195 |
| | <u>271,583</u> | <u>257,305</u> |

16. Taxation

The tax charge for the three months ended 31 March 2011 is based on estimated annual effective tax rate expected for the full financial year, as reduced by the movement in the deferred tax account.

| | Quarter ended 31 March | |
|---|---------------------------|--------------------|
| | 2011 | 2010 |
| 17. Cash generated from operations | | |
| Profit before taxation | 3,699,060 | 1,424,567 |
| Adjustments for non cash charges and other items: | | |
| Depreciation and amortisation | 325,844 | 310,008 |
| Loss on retirement of property, plant and equipment | 138 | 17 |
| Finance costs | 55,762 | 58,528 |
| Exchange gain - net | (4,684) | (34,801) |
| Profit on bank deposits | (241,811) | (177,110) |
| Provision for infrastructure cess | 115,993 | 70,412 |
| Increase in fair value of held for trading investment | (19,918) | - |
| | <u>231,324</u> | <u>227,054</u> |
| | <u>3,930,384</u> | <u>1,651,621</u> |
| Effect on cashflows due to working capital changes | | |
| (Increase) / decrease in current assets | | |
| Stores and spares | (43,059) | (15,120) |
| Stock-in-trade | (1,754,384) | (1,979,907) |
| Trade debts | (810,980) | 190,433 |
| Loans and advances | (6,432) | (341) |
| Deposits and short-term prepayments | (59,896) | (77,895) |
| Other receivables | 109,406 | (324,196) |
| | <u>(2,565,345)</u> | <u>(2,207,026)</u> |
| Increase in trade and other payables | 657,224 | 2,715,047 |
| Cash generated from operations | <u>2,022,263</u> | <u>2,159,642</u> |

Notes to the condensed interim financial information (unaudited)

For the first quarter ended 31 March 2011

Amounts in Rs '000

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 funds. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in this financial information are as follows:

| Relationship | Nature of transaction | Quarter ended 31 March | |
|--------------------------|--|---------------------------|-----------------------------|
| | | 2011 | 2010 |
| Parent company | Interest on loans | <u>12,140</u> | <u>19,751</u> |
| Associates | Purchase of goods | <u>-</u> | <u>161</u> |
| | Purchase of services | <u>-</u> | <u>2,205</u> |
| Key management personnel | Salaries and other short term benefits | <u>20,442</u> | <u>15,568</u> |
| | Post employment benefits | <u>1,444</u> | <u>1,207</u> |
| Others | Payment to staff retirement benefit funds | <u>8,664</u> | <u>7,852</u> |
| Balances | | 31 March 2011 | 31 December 2010 |
| | Payable to parent company | <u>149,082</u> | <u>136,942</u> |
| | Receivable from key management personnel | <u>2,594</u> | <u>2,011</u> |
| | Receivable from staff retirement benefit funds | <u>24,178</u> | <u>24,178</u> |

19. General


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

20. Date of authorisation

This condensed interim financial information was authorised for issue in the Board of Directors meeting held on 26 April 2011.



Soon Hyo Chung
Chairman



M Asif Saad
Chief Executive



Ali Aamir
Chief Financial Officer



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