

**LOTTE PPTA
REPORT FOR THE QUARTER &
NINE MONTHS ENDED 30 SEPTEMBER 2010**

A NEW
IDENTITY
BEGINNING



Lotte Pakistan PTA Ltd

Formerly Pakistan PTA Limited

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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
Tajammal Hussain Bokharee	Non-executive

Audit Committee

Tajammal Hussain Bokharee	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 & Co.,
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 third quarter ended 30 September 2010

The Directors are pleased to present their report for the third quarter ended 30 September 2010 together with the un-audited condensed interim financial information of the Company for the third quarter and nine months ended 30 September 2010

BUSINESS OVERVIEW

Crude oil prices averaged US\$ 76 per barrel for the quarter with a high of US\$ 83 per barrel and a low of US\$ 72 per barrel in the month of August. The prices were primarily influenced by demand and supply fundamentals in the US where the economy continues to struggle even after two years of the 2008 financial crisis. However, positive news for crude oil has come from China, which surpassed Japan as the second largest economy in the world, with a GDP growth rate of over 10% in the quarter.

Paraxylene (Px) prices remained under pressure throughout the quarter, with the market continuing to remain well supplied in the region, thus leading to a reduction in margins over Naptha for Px producers. Some Px producers opted to cut operating rates, which helped prices to recover at the end of the quarter. The spot price averaged US\$ 934 per tonne CFR China for the quarter with a high of US\$ 1,060 per tonne CFR China in September and a low of US\$ 833 per tonne CFR China in July.

PTA spot prices maintained an increasing trend during the quarter, aided by high operating rates in the downstream polyester sector in China and several



Report of the Directors

For the third quarter ended 30 September 2010

planned and unplanned outages at major PTA plants in the region. The PTA spot price averaged US\$ 890 per tonne CFR China, with a low of US\$ 843 per tonne in July and a high of US\$ 955 per tonne in September. Anti-dumping duties imposed by the Chinese government in Q1 2010 on PTA from Thailand and Korea averaged 11.93% and 3.90% respectively, during the quarter. As a consequence, the premium on price for Taiwanese over Korean PTA has now been reduced to around US\$ 11 per tonne, from the previous US\$ 20-25 per tonne.

In the downstream polyester markets in China demand remained high. Polyester Staple Fibre (PSF) and Polyester Filament Yarn (PFY) producers capitalised on the healthy margins over raw material with high production rates. PSF price averaged around US\$ 1,200 per tonne CFR China during the quarter.

In the domestic market, PSF manufacturers other than Dewan Salman Fibres Ltd which remained shut due to continuing financial problems, operated at full rates on the back of strong downstream demand due to high cotton prices and resultant favourable PSF/cotton blend economics. The PSF price averaged around Rs 130 per kg during Q3 2010 which was approximately Rs 90 per kg less than the price of cotton.

The European Union reduced the 'countervailing duties' on export of PET from Pakistan from the previously announced Euros 84 per tonne to Euros 44 per tonne. These countervailing duties are still being contested by the Government of Pakistan (GoP) and the local PET producer. PET prices averaged US\$ 1,100 per tonne FOB China for the quarter.

Report of the Directors

For the third quarter ended 30 September 2010

OPERATIONS

Sales volume for Q3 at 122,766 tonnes was 2% higher than the corresponding quarter last year and included 93% domestic off-take. Export sales to China, India and Oman during the quarter aggregated 8,074 tonnes.

Production during the quarter at 126,367 tonnes was 2% lower than the corresponding period last year. This was mainly due to a planned plant outage of 3 days for certain maintenance activities.

PROFIT, FINANCE & TAXATION

Despite favourable trading conditions and improved PTA margin over Px, gross profit for the quarter was Rs 194 million lower than Q3 2009 mainly due to lower PTA tariff (3.0% vs. 7.5%).

Distribution and selling expenses for the quarter were higher than the corresponding quarter last year mainly due to higher outward freight and handling charges borne by the Company. Administration charges 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 income for the quarter which comprises of profit earned on placement of surplus funds, was lower than the corresponding period last year mainly due to an insurance claim of Rs 178 million received



Report of the Directors

For the third quarter ended 30 September 2010

in Q3 2009. As a result of the above, the Company generated profit before taxation of Rs 1,231 million compared to Rs 1,457 million in Q3 last year.

The taxation charge for the quarter is based on the estimated annual tax rate expected for the full financial year 2010, as reduced by the movement in the deferred tax account.

FUTURE OUTLOOK

The price of crude oil is expected to remain range bound at current levels, given the continued sluggishness in the US economy. However, robust demand dynamics in the Chinese and other emerging markets are expected to offset the depressed trading conditions in the western markets during Q4 2010.

Px prices are expected to regain momentum during Q4 2010, as producers are likely to continue operating at reduced rates. However, on the back of strong downstream textile industry demand, Chinese polyester producers are expected to continue operating their plants at high rates which can allow PTA industry to pass through the Px increases.

The recent floods in Pakistan are expected to adversely affect the current cotton crop in Pakistan with a likely loss of around 2 million bales. Spinners will most likely substitute cotton with PSF, given the reduced supply of the

Report of the Directors

For the third quarter ended 30 September 2010

crop and the consequent higher price. The temporary preferred access recently announced by the European Union to Pakistani exporters is expected to help the local textile industry further.

As stated in previous reports to the shareholders, the reduction in import duty on PTA from 7.5% to 3% by the GoP has adversely impacted the profitability of the Company. This rate of duty is the lowest in the region with much larger and more developed countries maintaining substantially higher rates (China: 6.5% and India: 5%). This will not only negatively impact the Company's future profitability but, more importantly, will send a strong negative signal for future investment in Pakistan for expansion and modernisation of the PTA industry in particular and the petrochemical industry in general. The Board strongly reiterates its stand that the GoP should reconsider its decision to reduce the import duty on PTA and to at least bring it at par with other countries in the region.



Soon Hyo Chung
Chairman

Karachi: 26 October 2010



M Asif Saad
Chief Executive



Condensed interim balance sheet

As at 30 September 2010

		Amounts in Rs '000	
	Note	30 September 2010 (Unaudited)	31 December 2009 (Re-stated)
Non-current assets			
Property, plant and equipment	6	9,199,534	9,335,514
Long-term loans and advances		41,580	34,497
Long-term deposits and prepayments		67,795	62,586
Total non-current assets		9,308,909	9,432,597
Current assets			
Stores and spares		533,591	400,715
Stock-in-trade		2,068,808	1,273,922
Trade debts		2,156,338	1,800,772
Loans and advances		64,816	26,233
Deposits and short-term prepayments		82,064	49,150
Other receivables		502,413	555,031
Short-term investment	7	204,725	-
Cash and bank balances	8	7,485,413	5,437,940
Total current assets		13,098,168	9,543,763
Total assets		22,407,077	18,976,360
Share capital and reserves			
Authorised capital 2,000,000,000 (31 December 2009: 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 2009: 1,514,207,208) ordinary shares of Rs 10 each		15,142,072	15,142,072
Capital reserves		2,345	2,345
Accumulated loss		(6,883,281)	(9,312,691)
Total equity		8,261,136	5,831,726
Surplus on revaluation of property, plant and equipment		85,992	85,992
Non-current liabilities			
Long-term loans	9	5,447,767	5,322,397
Deferred tax liability		1,296,306	1,623,823
Liability against assets subject to finance lease		258,893	351,796
Deferred liability		9,956	9,999
Total non-current liabilities		7,012,922	7,308,015
Current liabilities			
Trade and other payables		5,825,398	4,972,671
Accrued interest / mark-up on loans		164,488	137,175
Unclaimed dividend		9,795	2,374
Taxation payable		904,276	519,114
Current portion of liability against assets subject to finance lease		143,070	119,293
Total current liabilities		7,047,027	5,750,627
Contingencies and commitments	10		
Total equity and liabilities		22,407,077	18,976,360

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



Soon Hyo Chung
Chairman



M Asif Saad
Chief Executive

Condensed interim profit and loss account (unaudited)

For the quarter and nine months ended 30 September 2010

Amounts in Rs '000

	Note	Quarter ended 30 September		Nine months ended 30 September	
		2010	2009 (Re-stated)	2010	2009 (Re-stated)
Turnover	11	9,829,552	9,784,648	31,518,668	27,427,247
Price settlements and discounts		(13,403)	146,719	(906,351)	(1,361,545)
Net sales		9,816,149	9,931,367	30,612,317	26,065,702
Cost of sales	12	(8,389,521)	(8,310,992)	(25,900,828)	(22,437,614)
Gross profit		1,426,628	1,620,375	4,711,489	3,628,088
Distribution and selling expenses		(33,016)	(24,685)	(88,447)	(61,335)
Administration expenses		(65,106)	(48,240)	(189,995)	(150,865)
Other operating income	13	234,522	282,546	606,126	334,716
Other operating expenses	14	(283,029)	(305,699)	(400,013)	(642,948)
		(146,629)	(96,078)	(72,329)	(520,432)
		1,279,999	1,524,297	4,639,160	3,107,656
Financial charges		(48,735)	(67,466)	(177,947)	(246,866)
Profit before taxation		1,231,264	1,456,831	4,461,213	2,860,790
Taxation	15	(220,829)	(501,000)	(1,274,699)	(696,375)
Profit after taxation		1,010,435	955,831	3,186,514	2,164,415

Amount in Rupees

Earnings per share - basic and diluted	0.67	0.63	2.10	1.43
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Amounts in Rs '000

Condensed interim statement of comprehensive income (unaudited)

For the quarter and nine months ended 30 September 2010

Profit after taxation	1,010,435	955,831	3,186,514	2,164,415
Other comprehensive income	-	-	-	-
Total comprehensive income	1,010,435	955,831	3,186,514	2,164,415

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


Soon Hyo Chung
Chairman


M Asif Saad
Chief Executive

Condensed interim cash flow statement (unaudited)

For the nine months ended 30 September 2010

Amounts in Rs '000

	Nine months ended 30 September	
	2010	2009
Cash flows from operating activities		
Profit before taxation	4,461,213	2,860,790
Adjustments for:		
Depreciation	935,517	903,901
Loss on sale/retirement of property, plant & equipment	9,529	-
Financial charges	177,947	246,866
Unrealised exchange loss	129,576	332,630
Profit on bank deposits / income on short-term investment	(599,994)	(133,308)
	5,113,788	4,210,879
Movement in:		
Working capital	(411,405)	1,672,587
Long-term loans and advances	(7,083)	(7,494)
Long-term deposits and prepayments	(5,209)	(1,030)
	(423,697)	1,664,063
Cash generated from operations	4,690,091	5,874,942
Payments for:		
Financial charges	(136,280)	(511,794)
Staff retirement benefit scheme - unfunded	(43)	(48)
Taxation	(1,217,054)	(267,044)
	(1,353,377)	(778,886)
Profit received on bank deposits	557,194	120,179
Net cash generated from operating activities	3,893,908	5,216,235
Cash flows from investing activities		
Payments for capital expenditure	(809,066)	(74,563)
Short-term investment	(200,000)	-
Net cash used in investing activities	(1,009,066)	(74,563)
Cash flows from financing activities		
Payment for liability against assets subject to finance lease	(87,686)	(66,189)
Dividend paid	(749,683)	(9)
Net cash used in financing activities	(837,369)	(66,198)
Net increase in cash and cash equivalents	2,047,473	5,075,474
Cash and cash equivalents at 1 January	5,437,940	(1,238,178)
Cash and cash equivalents at 30 September	7,485,413	3,837,296
Movement in working capital (Increase) / decrease in current assets:		
Stores and spares	(132,876)	(24,951)
Stock-in-trade	(794,886)	(756,358)
Trade debts	(355,566)	(759,141)
Loans and advances	(38,583)	(7,915)
Deposits and short-term prepayments	(32,914)	(19,753)
Other receivables	90,693	1,248,114
	(1,264,132)	(320,004)
Increase in current liabilities:		
Trade and other payables	852,727	1,992,591
	(411,405)	1,672,587

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



Soon Hyo Chung
Chairman



M Asif Saad
Chief Executive

Condensed interim statement of changes in equity (unaudited)

For the nine months ended 30 September 2010

	Amounts in Rs '000			
	Issued, subscribed and paid-up capital	Capital reserves	Accumulated loss	Total
Balance as on 1 January 2009 - as previously reported	15,142,072	2,345	(11,077,282)	4,067,135
Impact of re-statement - note - 5	-	-	(1,809,115)	(1,809,115)
Balance as on 1 January 2009 - as re-stated	15,142,072	2,345	(12,886,397)	2,258,020
Total comprehensive income for the nine months ended 30 September 2009	-	-	2,164,415	2,164,415
Balance as on 30 September 2009	<u>15,142,072</u>	<u>2,345</u>	<u>(10,721,982)</u>	<u>4,422,435</u>
Balance as on 31 December 2009 - as previously reported	15,142,072	2,345	(7,694,009)	7,450,408
Impact of re-statement - note - 5	-	-	(1,618,682)	(1,618,682)
Balance as on 1 January 2010 - as re-stated	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 nine months ended 30 September 2010	-	-	3,186,514	3,186,514
Balance as on 30 September 2010	<u><u>15,142,072</u></u>	<u><u>2,345</u></u>	<u><u>(6,883,281)</u></u>	<u><u>8,261,136</u></u>

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



Soon Hyo Chung
Chairman



M Asif Saad
Chief Executive



Notes to the condensed interim financial information (unaudited)

For the nine months ended 30 September 2010

1. Lotte Pakistan PTA Limited, formerly Pakistan PTA Limited, ("the company") is incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. The company 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.
2. This condensed interim financial information of the company for the nine months ended 30 September 2010 has been prepared in accordance with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of 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 2009.

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 2009.

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 2009, except as stated in note 5 below.

- 4.2 The company's financial risk management objective and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2009.

5. Re-statement

During the period, 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.

Notes to the condensed interim financial information (unaudited)

For the nine months ended 30 September 2010

Amounts in Rs '000

Effects of the re-statement are as follows:

	As at 1 January 2009			As at 31 December 2009		
	As previously stated	As re-stated	Re-statement	As previously stated	As re-stated	Re-statement
Effect on balance sheet						
Deferred tax asset / (liability)	34,307	(1,774,808)	(1,809,115)	(5,141)	(1,623,823)	(1,618,682)
Accumulated loss	11,077,282	12,886,397	1,809,115	7,694,009	9,312,691	1,618,682
Decrease in equity			1,809,115			1,618,682

	For the quarter ended 30 September 2009			For the nine months ended 30 September 2009		
	As previously stated	As re-stated	Re-statement increase / (decrease)	As previously stated	As re-stated	Re-statement increase / (decrease)
Effect on profit and loss account						
Taxation	548,608	501,000	(47,608)	839,200	696,375	(142,825)
Profit after taxation			47,608			142,825

Effect on earnings per share

Amount in Rupees

Earnings per share - basic and diluted	0.60	0.63	0.03	1.34	1.43	0.09
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There was no cash flow impact as a result of the re-statement.

Amounts in Rs '000

6. Property, plant and equipment

The following property, plant and equipment have been added / disposed of during the nine months ended 30 September 2010:

	2010		2009	
	Additions cost	Disposals net book value	Additions cost	Disposals net book value
Buildings on leasehold land	-	-	2,001	-
Plant and machinery	74,512	9,511	116,002	-
Furniture and equipment	12,266	18	4,887	-
Motor vehicles	12,357	-	2,058	-

Notes to the condensed interim financial information (unaudited)

For the nine months ended 30 September 2010

Amounts in Rs '000

7. Short-term investment

This represents investment in a money market fund which is valued at its net asset value as at 30 September 2010 (31 December 2009: Rs Nil).

8. Cash and bank balances

	30 September 2010	31 December 2009
Short-term fixed deposits	7,298,500	5,324,300
Current accounts	177,382	106,697
Cash in hand	9,531	6,943
	<u>7,485,413</u>	<u>5,437,940</u>

9. Long-term loans - unsecured

Lender	Installments payable	Interest rate	Repayment period	30 September 2010	31 December 2009
Loans from parent company					
KP Chemical Corporation	at maturity	1% per annum above 6 months LIBOR	2012	5,447,767	5,322,397
USD 63 million (31 December 2009: USD 63 million)				<u>5,447,767</u>	<u>5,322,397</u>

10. Contingencies and commitments

10.1 Commitments in respect of capital expenditure as at 30 September 2010 - Rs 1,488.474 million (31 December 2009: Rs 48.443 million).

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

Year	30 September 2010	31 December 2009
2010	3,750	14,236
2011	14,425	13,563
2012	12,459	10,838
2013	6,220	4,358
2014	817	-
	<u>37,671</u>	<u>42,995</u>

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

Year	30 September 2010	31 December 2009
2010	283,699	1,114,832
2011	1,168,077	1,147,107
2012	1,044,288	1,023,364
2013	7,502	6,932
	<u>2,503,566</u>	<u>3,292,235</u>

Notes to the condensed interim financial information (unaudited)

For the nine months ended 30 September 2010

Amounts in Rs '000

- 10.3.1** 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.
- 10.4** ICI Pakistan Limited has issued a guarantee in respect of operational obligations of the company amounting to Rs 2,190 million (31 December 2009: Rs 2,280 million) against which the company has issued a counter guarantee to ICI Pakistan Limited.
- 10.5** Outstanding guarantees and letters of credit issued on behalf of the company as at 30 September 2010 were Rs 1,257.712 million (31 December 2009: Rs 1,057.494 million) and Rs 2,244 million (31 December 2009: Rs 2,151 million), respectively.
- 10.6** 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 this condensed interim financial information for the potential liability of Rs 836.492 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.

11. Turnover

Turnover includes export sales amounting to Rs 1,364.1 million (30 September 2009: Rs 1,257.0 million).

	Quarter ended 30 September		Nine months ended 30 September	
	2010	2009	2010	2009
12. Cost of sales				
Opening stock of raw and packing materials	2,186,671	1,480,650	1,141,278	1,189,050
Purchases	7,029,056	7,640,730	23,680,541	20,487,478
Closing stock of raw and packing materials	(1,637,546)	(1,133,755)	(1,637,546)	(1,133,755)
Raw and packing materials consumed	7,578,181	7,987,625	23,184,273	20,542,773
Manufacturing costs	1,057,428	918,115	3,018,600	2,726,494
Cost of goods manufactured	8,635,609	8,905,740	26,202,873	23,269,267
Opening stock of finished goods	188,601	292,168	132,644	55,263
	8,824,210	9,197,908	26,335,517	23,324,530
Closing stock of finished goods	(434,689)	(886,916)	(434,689)	(886,916)
	8,389,521	8,310,992	25,900,828	22,437,614
13. Other operating income				
Scrap sales	219	492	4,254	8,396
Insurance claim	-	178,178	-	178,178
Profit on bank deposits / income on short-term investment	234,203	97,597	599,993	133,308
Others	100	6,279	1,879	14,834
	234,522	282,546	606,126	334,716
14. Other operating expenses				
Donations	11,786	2	22,500	1,351
Exchange loss	103,045	117,704	59,827	391,028
Workers' profit participation fund	148,530	136,357	238,096	173,433
Workers' welfare fund	19,663	50,373	70,056	65,002
Loss on sale / retirement of property, plant & equipment	-	-	9,529	-
Provision for obsolete, slow moving & rejected items	-	-	-	10,871
Others	5	1,263	5	1,263
	283,029	305,699	400,013	642,948



Notes to the condensed interim financial information (unaudited)

For the nine months ended 30 September 2010

Amounts in Rs '000

15. Taxation

The tax charge for the nine months ended 30 September 2010 is based on estimated annual effective tax rate expected for the full financial year, as reduced by the movement in the deferred tax account.

16. Transactions with related parties

The related parties comprise parent company, related group companies, local associated company (up to 17 September 2009), 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 condensed interim financial information are as follows:

Transactions	Quarter ended 30 September		Nine months ended 30 September	
	2010	2009	2010	2009
Associates				
Sale of goods, materials and services	-	1,871,287	-	5,721,940
Purchase of goods	-	4,776	161	5,121
Financial charges to group companies	24,774	32,478	67,781	123,672
Purchase of services	-	2,749	5,017	13,748
Others				
Payments to staff retirement benefit funds	8,963	7,624	25,836	23,829
Balances			30 September 2010	31 December 2009
Payable to associates			164,488	137,175
Receivable from staff retirement benefit funds			31,415	30,826

16.1 Transactions with key management personnel

Loans to key management personnel as at 30 September 2010 amounted to Rs 3.494 million (31 December 2009: Rs 4.796 million) and are included in "loans and advances". No interest is payable on these loans in accordance with their terms of employment.

Key management personnel received compensation in the form of remuneration and short-term benefits of Rs 43.614 million (30 September 2009: Rs 32.688 million), expenses on company maintained cars of Rs 7.914 million (30 September 2009: Rs 6.668 million) and post-employment benefits of Rs 4.234 million (30 September 2009: Rs 2.908 million).

17. General

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

18. Date of authorisation

This condensed interim financial information was authorised for issue in the Board of Directors meeting held on 26 October 2010.



Soon Hyo Chung
Chairman



M Asif Saad
Chief Executive



Lotte Pakistan PTA Ltd

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