



Quarterly Report Jan - Mar 2009

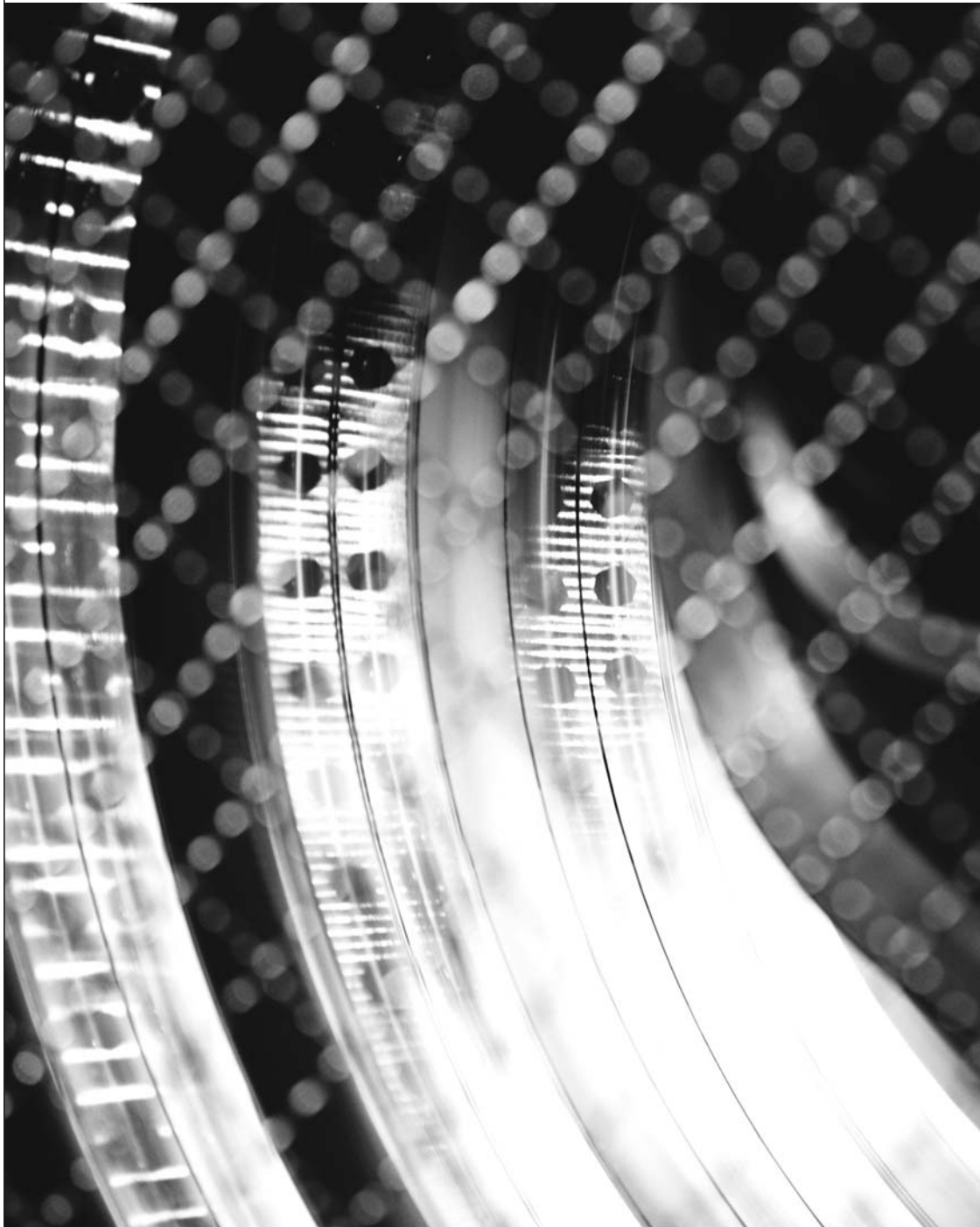
Pakistan PTA Limited



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Pakistan PTA Limited is now part of the AkzoNobel Group



What's inside

- 03** Company information
- 04** Report of the Directors
- 07** Condensed interim balance sheet
- 08** Condensed interim profit and loss account
- 09** Condensed interim cash flow statement
- 10** Condensed interim statement of changes in equity
- 11** Notes to the condensed interim financial statements

Company information

Board of Directors

Waqar A Malik	Chairman-Non executive
M Asif Saad	Chief Operating Officer-Executive
James R Rees	Non-executive
Bart Kaster	Non-executive
Rafiq Akhund	Non-executive
Khalid Rafi	Non-executive
Tajammal Hussain Bokharee	Non-executive
Ali A Aga	Non-executive

Audit committee

Khalid Rafi	Chairman
Waqar A Malik	
Bart Kaster	

Remuneration sub committee

Waqar A Malik	Chairman
James R Rees	
Bart Kaster	

Shares sub committee

Waqar A Malik	Chairman
Rafiq Akhund	

Chief Financial Officer and Company Secretary

Ali Aamir

Executive management team

M Asif Saad	Chief Operating Officer
Ali Aamir	Chief Financial Officer & Company Secretary
Qamar Haris Manzoor	Works Manager
Humair Ijaz	Commercial Manager
Waheed U Khan	Human Resource, Administration and Public Affairs Manager

Bankers

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

Internal auditors

Ford Rhodes Sidat Hyder & Co.,
 Chartered Accountants

External auditors

KPMG Taseer Hadi & 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 (formerly Ferguson Associates (Pvt) Ltd)
 State Life Building No. 2-A, 4th Floor,
 I.I. Chundrigar Road, Karachi

Report of the Directors

For the first quarter ended 31 March 2009

The directors are pleased to present their report for the first quarter ended 31 March 2009 together with the un-audited condensed interim financial statements of the company for the first quarter ended 31 March 2009

Overview

During the quarter crude oil price rose from US\$ 30 per barrel in January to US\$ 50 per barrel by the end of March. This increase came despite OPEC's decision of not opting for any more production cuts in the wake of an already weak world economy and positive sentiments originating from the various economic stimulus packages announced in many countries.

A significant increase in the price of Paraxylene (Px) was observed due to tight naphtha supplies throughout the Asia-Pacific region. Spot average during the quarter increased from US\$ 812 per tonne CFR China in January to US\$ 895 per tonne CFR China in March.

PTA followed the Px trend throughout the quarter. Px supply limitations and some positive downstream demand led to the average spot PTA price increasing from US\$ 653 per tonne CFR China in January to US\$ 723 per tonne CFR China in March.

Polyester Staple Fibre (PSF) prices in China also improved over the quarter starting at US\$ 0.83 per kg at the beginning of the year to a high of US\$ 1.04 per kg by the end of March. Diminished inventory levels from Q4 2008 and rising feedstock prices supported the increase in PSF prices and traded volumes.

PET prices in the region increased during Q1 2009 from around US\$ 800 per tonne CFR China levels in January to just over US\$ 900 per tonne CFR China in March, primarily due to rising feedstock cost. However, overall demand for PET in Europe was stagnant because of the economic downturn.

In the domestic market, PSF price increased from Rs 90 per kg to Rs 100 per kg. By the end of the quarter the PSF market maintained a balanced outlook with supply meeting the domestic demand. The domestic PET sector performed well during the quarter, lifting over 26% of the company's sales volume.

Report of the Directors

For the first quarter ended 31 March 2009

Operations

Domestic sales volume for Q1 2009 at 120,487 tonnes was 11% lower than the corresponding period last year mainly due to the complete shutdown of a large PSF producer since the start of the year due to ongoing financial problems. This was, however, mitigated to a certain extent by export sales of 4,004 tonnes to China on favourable terms.

Production during the quarter at 127,346 tonnes was marginally lower than the corresponding period last year. March production of 45,503 tonnes was the best ever to date for a 31 days calendar month. Conversion efficiencies also remained better than the corresponding period last year.

Profit, finance & taxation

Despite lower volumes sold and lower PTA prices compared to the corresponding quarter last year, gross profit for the quarter was higher than Q1 2008 mainly due to improved PTA/Px margin and lower conversion costs.

The improved performance compared to the corresponding quarter last year enabled your company to generate positive cash flows from its operations. Despite higher interest rates, financial charges were 53% lower than Q1 last year mainly due to improved cash flows. As a result of the above, your company generated profit before taxation of Rs 479 million compared to Rs 222 million in Q1 last year.

The taxation credit for the quarter of Rs 44 million represents recognition of deferred tax asset relating to certain temporary timing differences and is net of a tax charge of Rs 2.6 million on export sales under the presumptive tax regime. Based on the tax loss generated in the previous year, no tax liability is expected to arise on taxable income from domestic sales during the current year.

Due to strong cash flows from operations generated during the quarter, the current ratio exceeded the minimum of 1.0 required under the Prudential Regulations.

Report of the Directors

For the first quarter ended 31 March 2009

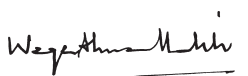
Future outlook

Crude oil prices are currently trading around the US\$ 50 per barrel level and may remain range bound in the foreseeable future.

New Px capacities planned to come online in China in Q2 2009 are expected to exert downward pressure on Px prices in the near term. On the other hand, with the current low PTA inventory levels in China, PTA prices are likely to remain firm. The PET sector is expected to respond positively to higher seasonal demand in the European and US markets.

Regional and domestic PSF prices are expected to increase on the back of higher feedstock prices while PTA off-take in Q2 is expected to remain steady at around Q1 levels. However, the domestic textile sector performance will depend on several factors such as the socio-political situation in the country and demand restoration in the western markets. Demand from the PET sector is expected to remain steady at current levels.

Your company would like to reiterate its contention that the PTA industry is highly capital intensive and continuation of the existing tariff package (customs duty on PTA at 7.5%, Px at 0% and acetic acid at 0%) is critical for its long-term sustainability and development and also to mitigate the impact of high infrastructure and other costs of doing business in Pakistan. In the event the existing tariff package is changed to the detriment of the PTA industry, future profitability of your company could be significantly impaired.



Waqar A Malik
Chairman



M Asif Saad
Chief Operating Officer


Karachi: 28 April 2009

Condensed interim balance sheet (unaudited)

As at 31 March 2009

Amounts in Rs '000			
	Note	31 March 2009	31 December 2008
Non-current assets			
Property, plant and equipment	5	9,656,509	9,952,791
Long-term loans and advances		47,095	44,723
Long-term deposits and prepayments		41,671	41,721
Deferred tax asset - net		80,992	34,307
Total non-current assets		9,826,267	10,073,542
Current assets			
Stores and spares		549,627	548,868
Stock-in-trade		844,730	1,244,313
Trade debts		2,200,846	1,089,614
Loans and advances		31,261	27,020
Deposits and short-term prepayments		54,890	74,891
Other receivables		945,236	1,802,787
Taxation recoverable		443,527	345,429
Cash and bank balances		105,231	16,446
Total current assets		5,175,348	5,149,368
Total assets		15,001,615	15,222,910
Share capital and reserves			
Authorised capital 2,000,000,000 (31 December 2008: 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 2008: 1,514,207,208) ordinary shares of Rs 10 each		15,142,072	15,142,072
Capital reserves		2,345	2,345
Accumulated loss		(10,553,733)	(11,077,282)
Total equity		4,590,684	4,067,135
Surplus on revaluation of property, plant and equipment		85,992	85,992
Non-current liabilities			
Long-term loans	6	5,079,375	4,996,687
Liability against assets subject to finance lease		366,228	400,188
Deferred liability		6,050	6,073
Total non-current liabilities		5,451,653	5,402,948
Current liabilities			
Trade and other payables		4,489,280	3,901,133
Accrued interest / mark-up on loans		296,351	425,079
Unclaimed dividend		2,380	2,384
Short-term financing	7	-	1,254,624
Current portion of: liability against assets subject to finance lease		85,275	83,615
Total current liabilities		4,873,286	5,666,835
Contingencies and commitments	8		
Total equity and liabilities		15,001,615	15,222,910

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Waqar A Malik
Chairman



M Asif Saad
Chief Operating Officer

Condensed interim profit and loss account (unaudited)

For the first quarter ended 31 March 2009

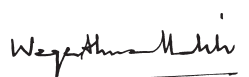
	Note	Amounts in Rs '000	
		Quarter ended 31 March	
		2009	2008
Turnover	9	8,200,388	9,402,060
Price settlements and discounts		(1,084,660)	(771,146)
Net sales		7,115,728	8,630,914
Cost of sales	10	(6,361,797)	(8,002,482)
Gross profit		753,931	628,432
Distribution and selling expenses		(16,851)	(17,197)
Administration expenses		(53,898)	(44,096)
Other operating income		5,713	1,225
Other operating expenses	11	(101,391)	(117,072)
		(166,427)	(177,140)
		587,504	451,292
Financial charges		(108,068)	(229,254)
Profit before taxation		479,436	222,038
Taxation	12	44,113	(133,719)
Profit after taxation		523,549	88,319

	Amount in rupees	
Earnings per share - basic and diluted	0.35	0.06

Statement of comprehensive income (unaudited)
For the first quarter ended 31 March 2009

	Amounts in Rs '000	
Profit after taxation	523,549	88,319
Other comprehensive income	-	-
Total comprehensive income	523,549	88,319

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Waqar A Malik
Chairman




M Asif Saad
Chief Operating Officer

Condensed interim cash flow statement (unaudited)

For the first quarter ended 31 March 2009

	Amounts in Rs '000	
	Quarter ended 31 March	
	2009	2008
Cash flows from operating activities		
Profit before taxation	479,436	222,038
Adjustments for:		
Depreciation	304,137	297,543
Financial charges	108,068	229,254
Unrealised exchange loss	85,754	97,604
	977,395	846,439
Movement in:		
Working capital	749,050	(109,451)
Long-term loans and advances	(2,372)	(140)
Long-term deposits and prepayments	50	-
	746,728	(109,591)
Cash generated from operations	1,724,123	736,848
Payments for:		
Financial charges	(253,094)	(232,956)
Staff retirement benefit scheme - unfunded	(23)	-
Taxation	(100,670)	(155,344)
	(353,787)	(388,300)
Net cash generated from operating activities	1,370,336	348,548
Cash flows from investing activities		
Payments for capital expenditure	(7,854)	(44,237)
Proceeds from sale of property, plant and equipment	-	616
Net cash used in investing activities	(7,854)	(43,621)
Cash flows from financing activities		
Long-term loan repayments (net of borrowings)	-	(695,389)
Payment for liability against assets subject to finance lease	(19,069)	(16,854)
Dividend paid	(4)	(28)
Net cash used in financing activities	(19,073)	(712,271)
Net increase / (decrease) in cash and cash equivalents	1,343,409	(407,344)
Cash and cash equivalents at 1 January	(1,238,178)	(730,504)
Cash and cash equivalents at 31 March	105,231	(1,137,848)
Movement in working capital		
(Increase) / decrease in current assets:		
Stores and spares	(759)	(37,709)
Stock-in-trade	399,583	(699,784)
Trade debts	(1,111,232)	292,125
Loans and advances	(4,241)	2,231
Deposits and short-term prepayments	20,001	76,061
Other receivables	857,551	(183,058)
	160,903	(550,134)
Increase in current liabilities:		
Trade and other payables	588,147	440,683
	749,050	(109,451)

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Waqar A Malik
Chairman




M Asif Saad
Chief Operating Officer

Condensed interim statement of changes in equity (unaudited)

For the first quarter ended 31 March 2009

	Amounts in Rs '000			
	Issued, subscribed and paid-up capital	Capital reserves	Accumulated loss	Total
Balance as on 1 January 2008	15,142,072	2,345	(9,316,817)	5,827,600
Profit after taxation for the three months ended 31 March 2008	-	-	88,319	88,319
Balance as on 31 March 2008	15,142,072	2,345	(9,228,498)	5,915,919
Loss after taxation for the nine month ended 31 December 2008	-	-	(1,848,784)	(1,848,784)
Balance as on 31 December 2008	15,142,072	2,345	(11,077,282)	4,067,135
Total comprehensive income for the three months ended 31 March 2009	-	-	523,549	523,549
Balance as on 31 March 2009	<u>15,142,072</u>	<u>2,345</u>	<u>(10,553,733)</u>	<u>4,590,684</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Waqar A Malik
Chairman



M Asif Saad
Chief Operating Officer

Notes to the condensed interim financial statements (unaudited)

For the first quarter ended 31 March 2009

1. 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. These interim financial statements are presented in condensed form in accordance with approved accounting standards applicable for Interim financial reporting and are being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements do 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 2008.

3. Significant accounting policies

The accounting policies and methods of computation which have been used in the preparation of these condensed interim financial statements are the same as those applied in preparation of the financial statements for the preceding year ended 31 December 2008.

4. Accounting estimates, judgements and financial risk management

- 4.1 The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements 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.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended 31 December 2008.

- 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 2008.

Amounts in Rs '000

5. Property, plant and equipment

The following property, plant and equipment have been added / disposed of:

	Quarter ended 31 March			
	2009		2008	
	Additions	Disposals	Additions	Disposals
Building on leasehold land	2,001	-	-	-
Plant and machinery	71,854	-	25,619	-
Furniture and equipment	3,097	-	573	769
Motor vehicles	-	-	1,258	-

Notes to the condensed interim financial statements (unaudited)

For the first quarter ended 31 March 2009

Amounts in Rs '000

6. Long-term loans - unsecured

Lender	Installments payable	Interest rate	Repayment period	31 March 2009	31 December 2008
Loans from associated company					
Mortar Investments International Limited	at maturity	1% per annum above 6 months LIBOR	2012	5,079,375	4,996,687
USD 63 million (31 December 2008: USD 63 million)					
Less: Current portion shown under current liabilities				-	-
				<u>5,079,375</u>	<u>4,996,687</u>

7. Short-term financing

Running finance under mark-up arrangements	-	1,254,624
	<u>-</u>	<u>1,254,624</u>

7.1 The facilities for running finance available from various banks as at 31 March 2009 amounted to Rs 1,695 million (2008: Rs 1,695 million). These facilities carry mark-up rates ranging from 1 month KIBOR plus 1.50 percent per annum to 3 months KIBOR plus 1.5 percent per annum and are secured by joint pari-passu hypothecation charge over all the present and future stocks and book debts of the company.

7.2 Foreign currency import finance facilities available from various banks as at 31 March 2009 amounted to USD 20 million (2008: USD 20 million). These facilities are available at mark-up rates prevailing on the draw-down dates, above matching tenor LIBOR and are secured against trust receipts and/or joint pari-passu hypothecation charge over all the present and future stocks and book debts of the company. The total amount utilised under these facilities as at 31 March 2009 amounted to USD Nil (2008: USD Nil).

7.3 Foreign currency export finance facility available from a local bank as at 31 March 2009 amounted to USD 5.0 million (2008: USD 5.0 million) at a mark-up rate at 1.0 percent per annum above matching tenor LIBOR. This facility was secured by joint pari-passu hypothecation charge over all the present and future stocks and book debts of the company. The amount utilised under this facility as at 31 March 2009 amounted to USD Nil (2008: USD Nil).

8. Contingencies and commitments

8.1 Commitments in respect of capital expenditure as at 31 March 2009 - Rs 22.309 million (31 December 2008: Rs 65.073 million).

8.2 Commitments for rentals under operating lease agreements in respect of vehicles are as follows:

Year	31 March 2009	31 December 2008
2009	9,608	14,040
2010	12,027	12,968
2011	9,957	10,515
2012	5,813	5,307
2013	375	-
	<u>37,780</u>	<u>42,830</u>

Notes to the condensed interim financial statements (unaudited)

For the first quarter ended 31 March 2009

Amounts in Rs '000

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

Year	31 March 2009	31 December 2008
2009	747,855	1,017,719
2010	1,020,766	1,042,025
2011	1,044,997	1,066,959
2012	922,853	946,556
2013	5,384	6,208
	<u>3,741,855</u>	<u>4,079,467</u>

- 8.3.1** 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.

- 8.4** ICI Pakistan Limited has issued a guarantee in respect of operational obligations of the company amounting to Rs 2,370 million (31 December 2008: Rs 2,370 million) against which the company has issued a counter guarantee to ICI Pakistan Limited.

- 8.5** Outstanding guarantees and letters of credit as at 31 March 2009 were Rs 857.494 million (31 December 2008: Rs 857.494 million) and Rs 900 million (31 December 2008: Rs 621.80 million), respectively.

- 8.6** 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 760.812 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.

9. Turnover

Turnover includes export sales amounting to Rs 266.11 million (31 March 2008: Rs Nil).

	Quarter ended 31 March	
	2009	2008
10. Cost of sales		
Opening stock of raw and packing materials	1,189,050	977,437
Purchases	5,050,735	7,879,774
Closing stock of raw and packing materials	(661,498)	(2,018,967)
Raw and packing materials consumed	<u>5,578,287</u>	6,838,244
Manufacturing costs	911,478	822,492
Cost of goods manufactured	6,489,765	7,660,736
Opening stock of finished goods	55,263	1,367,200
	<u>6,545,028</u>	9,027,936
Closing stock of finished goods	(183,231)	(1,025,454)
	<u>6,361,797</u>	<u>8,002,482</u>

Notes to the condensed interim financial statements (unaudited)

For the first quarter ended 31 March 2009

Amounts in Rs '000

	Quarter ended 31 March	
	2009	2008
11. Other operating expenses		
Donations	503	346
Exchange loss	90,017	96,624
Provision for obsolete, slow moving & rejected items	10,871	-
Workers' profit participation fund	-	12,107
Workers' welfare fund	-	7,995
	101,391	117,072

12. Taxation

The taxation credit for the quarter of Rs 44 million represents deferred tax asset recognised on certain temporary timing differences and is net of a tax charge of Rs 2.6 million on export sales under the presumptive tax regime.

13. Transactions with related parties

The related parties comprise parent company, related group companies, local associated company, directors of the company, companies where directors also hold directorships, key management personnel and staff retirement funds. The prices of these transactions are determined on a commercial basis, where applicable. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Transactions	Quarter ended 31 March	
	2009	2008
Associates		
Sale of goods, materials and services	1,812,260	2,061,430
Purchase of goods	-	4,225
Financial charges to group companies	51,592	61,021
Purchase of services	6,122	3,044
Others		
Payments to staff retirement benefit funds	8,597	5,572
Balances	31 March 2009	31 December 2008
Receivable from and advances to associates	112,803	342,989
Payable to associates	581,109	557,774
Receivable from staff retirement benefit funds	39,723	39,947
Payable to staff retirement benefit funds	-	-

Notes to the condensed interim financial statements (unaudited)

For the first quarter ended 31 March 2009

13.1 Transactions with key management personnel

Loans to key management personnel as at 31 March 2009 amounted to Rs 5.377 million (31 December 2008: Rs 6.400 million) and are included in "loans and advances". No interest is payable on these loans in accordance with their terms of employment.

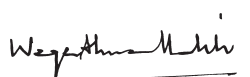
Key management personnel received compensation in the form of remuneration and short-term benefits of Rs 10.049 million (31 March 2008: Rs 10.510 million), expenses on company maintained cars of Rs 3.176 million (31 March 2008: Rs 1.185 million) and post-employment benefits of Rs 0.866 million (31 March 2008: Rs 0.693 million).

14. General

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

15. Date of authorisation

These condensed interim financial statements were authorised for issue in the Board of Directors meeting held on 28 April 2009.



Waqar A Malik
Chairman



M Asif Saad
Chief Operating Officer

Pakistan PTA Limited

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AkzoNobel

Tomorrow's Answers Today

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We're the largest global paints and coatings company and a major producer of specialty chemicals. We supply industries worldwide with quality ingredients for life's essentials. We think about the future, but act in the present. We're passionate about developing sustainable answers for our customers. Based in Amsterdam, the Netherlands, we have 60,000 employees working in more than 80 countries – all committed to excellence and delivering Tomorrow's Answers Today.

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