

Report for the quarter &  
nine months ended 30 September 2016



**Customer focus**

**Originality**

**Partnership**

**Responsibility**

**Passion**

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# Company Information

As at 25 October 2016

## Board of Directors

Jung Neon Kim	Chairman
Humair Ijaz	Chief Executive
Soo Chan Ko	Non-Executive
Nak Sun Seong	Non-Executive
Sang Hyeon Lee	Executive
Mohammad Qasim Khan	Independent
Pervaiz Akhtar	Independent
Istaqbal Mehdi	Non-Executive

## Audit Committee

Pervaiz Akhtar	Chairman
Jung Neon Kim	Member
Istaqbal Mehdi	Member
Faisal Abid	Secretary

## HR & Remuneration Committee

Jung Neon Kim	Chairman
Sang Hyeon Lee	Member
Nak Sun Seong	Member

## Shares Sub Committee

Sang Hyeon Lee	Chairman
Mohammad Qasim Khan	Member
Jung Neon Kim	Member

## Chief Financial Officer

Ashiq Ali

## Company Secretary

Faisal Abid

## Executive Management Team

Humair Ijaz	Chief Executive
Tariq Nazir Virk	General Manager Manufacturing
Waheed U Khan	General Manager HR & IT

## Bankers

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

## Internal Auditors

KPMG Taseer Hadi & Co.,  
Chartered Accountants

## External Auditors

EY Ford Rhodes  
Chartered Accountants

## Legal Advisor

Nida Salim Rais  
148, 18th East Street,  
Phase 1, DHA, Karachi

## Registered Office

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

## Shares Registrar

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

# Directors' Report

For the third quarter ended 30 September 2016

The Directors are pleased to present their report for the third quarter ended 30 September 2016 together with the un-audited condensed interim financial information of the Company as at and for the third quarter and nine months ended 30 September 2016.

## Business Overview

Crude Oil market exhibited volatility throughout the quarter reacting to mixed sentiments. Initially Crude Oil (WTI) prices declined by over 12%, falling just below the mark of US\$ 40 per tonne, due to the resumption of deliveries from Libya and Nigeria. Later during the quarter bullish trend was observed owing to reduced inventories in the US and on account of sentiments surrounding OPEC and Non-OPEC plans to cut production. The Crude prices increased to US\$ 46 per tonne by the end of the quarter.

Paraxylene (PX) market primarily followed the trend in the upstream Crude Oil market during the first two months of the quarter. The market was impacted by a weaker downstream demand towards the end of the quarter due to the planned shutdown of a number of PTA and Polyester plants in preparation for the upcoming G20 Summit in China. The quarter ended with a Paraxylene price level of US\$ 789 per tonne which was 4.5% lower compared to the beginning of the quarter. PX-Naphtha spread averaged around a healthy level of US\$ 410 per tonne.

PTA market remained bearish during July and prices fell below the US\$ 600 per tonne level mainly due to falling upstream prices as well as easing downstream demand with the end of the peak summer season. PTA prices remained stable during August and September as the downstream industry prepared stock piles for the upcoming G20 Summit. PTA industry margin over PX remained stable during the quarter and averaged at around US\$ 80 per tonne.

Polyester producers in the region adjusted their operating rates to cater to lower downstream demand due to the end of the peak summer season. The domestic Polyester industry also followed a similar trend and operating rates were reduced compared to previous quarter.

The revised PTA import tariff of 5% has been implemented and has provided some support to the domestic PTA prices.

## Operations

Sales volume, comprising of domestic sales only, for Q3 2016 at 121,381 tonnes was 18% higher than the corresponding quarter last year due to increased demand from the downstream industry.

Production during the quarter at 129,945 tonnes was 21% higher than the corresponding period last year mainly due to higher plant operating rate in Q3 to match the sales.

# Directors' Report

For the third quarter ended 30 September 2016

## Profit, Finance & Taxation

Revenue for the quarter was 19% higher than the corresponding period last year mainly due to higher volume sold. This, together with stable PTA margin over PX and lower conversion costs resulted in a gross profit of Rs 250 million for the quarter as compared to gross loss of Rs 249 million during the same period last year.

Other expenses for the quarter were higher than Q3 2015 mainly due to provisions for Workers' Profit Participation and Workers' Welfare Funds on the back of operating profit. Other income for the quarter was higher than Q3 2015 mainly due to higher income earned on bank deposits as a result of increase in average cash surplus levels.

The taxation charge for the quarter consists of tax charged under Final Tax Regime (FTR) and minimum tax calculated on turnover as adjusted by the movement in the deferred tax account.

The profit after taxation for the quarter ended 30 September 2016 amounted to Rs 118 million as compared to loss after taxation of Rs 268 million in Q3 last year.

## Future Outlook

While global Crude oil supply continues to exceed the demand, the informal agreement on cutting production among OPEC members towards the end of the quarter has given the Oil prices some hope. Until the Vienna conference the markets will be assessing the news, and going ahead, a likely increase in Crude prices is expected.

PX prices are expected to follow the upstream energy market. However, with a number of Chinese PTA plants undergoing turnarounds in the month of October, and new PX capacities coming online in Q4, the supply/demand fundamentals will be affected.

The regional PTA demand is expected to be subdued in the upcoming quarter due to low seasonal demand from the downstream PET and PSF industry. There is, however, some optimism in the futures market for the month of October, as many Chinese PTA plants will be undergoing planned shutdowns, thereby, expected to stabilize the PTA spot prices in the region.

Demand from the domestic PET industry is expected to reduce due to lower requirement in the upcoming winter season while PSF manufacturers are expected to maintain their operating rates.



**Jung Neon Kim**  
Chairman

Date: 25 October 2016  
Karachi



**Humair Ijaz**  
Chief Executive

# Condensed Interim Balance Sheet

As at 30 September 2016

Amount in Rs '000

	Note	30 September 2016 (Un-audited)	31 December 2015 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	4	5,140,841	6,127,374
Long-term loans and advances	5	67,158	63,883
Long-term deposits and prepayments	6	44,224	44,232
Deferred tax asset		1,599,011	1,410,238
		<b>6,851,234</b>	<b>7,645,727</b>
<b>Current assets</b>			
Stores and spare parts		1,013,958	966,659
Stock-in-trade		2,301,438	3,168,280
Trade debts		1,954,883	1,778,079
Loans and advances		26,101	24,233
Trade deposits and short-term prepayments		87,951	101,176
Interest accrued on short-term fixed deposits		5,453	3,385
Other receivables		186,580	119,136
Tax refunds due from government - sales tax	7	402,861	411,580
Taxation - payments less provision		1,022,598	1,239,740
Cash and bank balances	8	3,029,814	1,789,081
		<b>10,031,637</b>	<b>9,601,349</b>
<b>Total assets</b>		<b>16,882,871</b>	<b>17,247,076</b>
<b>Equity</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid-up capital 1,514,207,208 (31 December 2015: 1,514,207,208) ordinary shares of Rs 10 each		15,142,072	15,142,072
Capital reserves		2,345	2,345
Accumulated losses		(5,079,323)	(5,187,612)
		<b>10,065,094</b>	<b>9,956,805</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Retirement benefit obligations		66,694	61,436
<b>Current liabilities</b>			
Trade and other payables		6,591,712	7,069,252
Accrued interest	9	159,371	159,583
		<b>6,751,083</b>	<b>7,228,835</b>
<b>Total liabilities</b>		<b>6,817,777</b>	<b>7,290,271</b>
<b>Total equity and liabilities</b>		<b>16,882,871</b>	<b>17,247,076</b>
<b>Contingencies and commitments</b>	10		

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



**Jung Neon Kim**  
Chairman



**Humair Ijaz**  
Chief Executive

# Condensed Interim Profit and Loss Account (Un-audited)

For the quarter and nine months period ended 30 September 2016

Amount in Rs '000

	Note	Quarter ended 30 September		Nine months ended 30 September	
		2016	2015	2016	2015
<b>Revenue</b>	11	<b>8,782,623</b>	7,357,304	<b>26,286,365</b>	25,634,532
Cost of sales	12	<b>(8,532,411)</b>	(7,606,464)	<b>(25,936,512)</b>	(25,839,198)
<b>Gross profit / (loss)</b>		<b>250,212</b>	(249,160)	<b>349,853</b>	(204,666)
Distribution and selling expenses		<b>(19,393)</b>	(18,397)	<b>(57,864)</b>	(63,409)
Administrative expenses		<b>(68,314)</b>	(93,370)	<b>(243,478)</b>	(254,073)
Other expenses	13	<b>(14,308)</b>	(831)	<b>(14,742)</b>	(1,677)
Other income	14	<b>44,046</b>	21,555	<b>164,433</b>	71,030
Finance costs	15	<b>(1,660)</b>	(5,642)	<b>(14,901)</b>	(29,727)
<b>Profit / (loss) before taxation</b>		<b>190,583</b>	(345,845)	<b>183,301</b>	(482,522)
Taxation	16	<b>(72,768)</b>	77,760	<b>(75,012)</b>	(22,111)
<b>Profit / (loss) after taxation</b>		<b>117,815</b>	(268,085)	<b>108,289</b>	(504,633)

Amount in Rupee

<b>Earnings / (loss) per share - basic and diluted</b>	<b>0.08</b>	(0.18)	<b>0.07</b>	(0.33)
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The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



**Jung Neon Kim**  
Chairman



**Humair Ijaz**  
Chief Executive

# Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter and nine months period ended 30 September 2016

Amount in Rs '000

	Quarter ended 30 September		Nine months ended 30 September	
	2016	2015	2016	2015
<b>Profit / (loss) after taxation</b>	<b>117,815</b>	(268,085)	<b>108,289</b>	(504,633)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income / (loss)</b>	<b>117,815</b>	(268,085)	<b>108,289</b>	(504,633)

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



**Jung Neon Kim**  
Chairman



**Humair Ijaz**  
Chief Executive



# Condensed Interim Cash Flow Statement (Un-audited)

For the nine months period ended 30 September 2016

Amount in Rs '000

	Note	Nine months ended 30 September	
		2016	2015
<b>Cash flows from operating activities</b>			
Cash generated from operations	19	1,296,639	302,921
Long-term loans and advances - net		(3,275)	(5,823)
Long-term deposits and prepayments - net		8	3,543
Finance costs paid		(18,662)	(29,419)
Payments to staff retirement benefit obligations		(1,252)	(576)
Taxes paid		(46,643)	(177,340)
Interest received from short-term fixed deposits		91,609	59,730
Net cash generated from operating activities		1,318,424	153,036
<b>Cash flows from investing activities</b>			
Payments for capital expenditure		(78,978)	(137,859)
Proceeds from disposal of property, plant and equipment		1,300	741
Net cash used in investing activities		(77,678)	(137,118)
<b>Cash flows from financing activities</b>			
Dividend paid		(13)	(77)
Net cash used in financing activities		(13)	(77)
<b>Net increase in cash and cash equivalents</b>		<b>1,240,733</b>	15,841
Cash and cash equivalents at 1 January		1,789,081	1,025,890
<b>Cash and cash equivalents at 30 September</b>		<b>3,029,814</b>	1,041,731

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



**Jung Neon Kim**  
Chairman



**Humair Ijaz**  
Chief Executive

# Condensed Interim Statement of Changes in Equity (Un-audited)

For the nine months period ended 30 September 2016

Amount in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Accumulated losses	Total
<b>Balance as at 1 January 2015</b>	15,142,072	2,345	(4,438,899)	10,705,518
Total comprehensive loss for the nine months period ended 30 September 2015				
- Loss for the nine months period ended 30 September 2015	-	-	(504,633)	(504,633)
- Other comprehensive income for the nine months period ended 30 September 2015	-	-	-	-
	-	-	(504,633)	(504,633)
<b>Balance as at 30 September 2015</b>	<u>15,142,072</u>	<u>2,345</u>	<u>(4,943,532)</u>	<u>10,200,885</u>

<b>Balance as at 1 January 2016</b>	<b>15,142,072</b>	<b>2,345</b>	<b>(5,187,612)</b>	<b>9,956,805</b>
Total comprehensive income for the nine months period ended 30 September 2016				
- Profit for the nine months period ended 30 September 2016	-	-	108,289	108,289
- Other comprehensive income for the nine months period ended 30 September 2016	-	-	-	-
	-	-	108,289	108,289
<b>Balance as at 30 September 2016</b>	<u>15,142,072</u>	<u>2,345</u>	<u>(5,079,323)</u>	<u>10,065,094</u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



**Jung Neon Kim**  
Chairman



**Humair Ijaz**  
Chief Executive

# Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended 30 September 2016

## 1. Status and nature of business

Lotte Chemical Pakistan Limited ("the Company") was incorporated in Pakistan on 30 May 1998 and is listed on Pakistan Stock Exchange, and is engaged in the manufacture and sale of Pure Terephthalic Acid (PTA). The Company's registered office is situated at EZ/1/P-4, Eastern Industrial Zone, Port Qasim, Karachi.

The Company is a subsidiary of Lotte Chemical Corporation, South Korea and its ultimate parent company is South Korean Conglomerate Lotte.

## 2. Basis of preparation

This condensed interim financial information of the Company for the nine months period ended 30 September 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the annual audited financial statements of the Company for the year ended 31 December 2015.

## 3. Significant accounting policies

The accounting policies and the methods of computation used in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 31 December 2015 except as disclosed below:

### New / Revised standards, interpretations and amendments

The Company has adopted the following amendment to IFRSs which became effective for the current period:

- IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)
- IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

### Improvements to accounting standards issued by the IASB

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
- IFRS 7 Financial Instruments: Disclosures - Servicing contracts
- IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed Interim financial statements
- IAS 19 Employee Benefits - Discount rate: regional market issue
- IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the condensed interim financial information.

# Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended 30 September 2016

Amount in Rs '000

## 4. Fixed assets

The following fixed assets have been added / disposed of during the nine months period ended 30 September:

	2016		2015	
	Additions cost	Disposals net book value	Additions cost	Disposals net book value
<b>Property, plant and equipment</b>				
<b>Operating assets - owned</b>				
Plant and machinery	21,471	-	88,856	-
Furniture and equipment	4,882	-	2,537	-
Motor vehicles	-	349	-	20
<b>Capital work-in-progress</b>	<b>52,625</b>	<b>-</b>	<b>46,466</b>	<b>-</b>

## 5. Long-term loans and advances

5.1 Loans for purchase of motor cars and house building assistance are repayable between two to ten years. All the loans are interest free and are secured, where applicable, against respective assets granted to the employees of the Company in accordance with their terms of employment.

## 6. Long-term deposits and prepayments

	30 September 2016	31 December 2015
Deposits - unsecured and considered good - note 6.1	40,374	40,374
Prepayments	3,850	3,858
	<b>44,224</b>	<b>44,232</b>

6.1 These include Rs 14.42 million (31 December 2015: Rs 14.42 million) paid to Pakistan Steel Mills Corporation for emergency back-up supply of water and Rs 24.27 million (31 December 2015: Rs 24.27 million) paid to K-Electric Limited.

## 7. Tax refunds due from government - sales tax

This includes Rs 301.3 million (2015: Rs 301.3 million) on account of input tax arising from sales tax charged to the Company under the Sindh Sales Tax on Services Act, 2011 which is administered by the Sindh Revenue Board with effect from 01 July 2011. This is being deferred due to procedural issues between Federal and Provincial Tax collecting agencies, resulting in lack of verification by the refund issuing authority i.e. the Federal Board of Revenue (FBR). The Company had approached Federal Tax Ombudsman (FTO) for resolution of the matter. The FTO in its order dated 02 May 2013 have directed FBR, with certain recommendations, to resolve the issue. The Company has filed a Suit No. 537 of 2014 before the Sindh High Court (SHC) to resolve this issue as per the prevailing Sales Tax Law. The SHC passed an order dated 14 January 2015 directing the FBR to verify exact amount of refund of sales tax to which plaintiff is entitled and submit their report accordingly.

# Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended 30 September 2016

Amount in Rs '000

## 8. Cash and bank balances

	<b>30 September 2016</b>	31 December 2015
Short-term fixed deposits - note 8.1	<b>3,008,800</b>	1,762,100
With banks in current accounts - note 8.2	<b>15,892</b>	20,862
Cash in hand	<b>5,122</b>	6,119
	<b><u>3,029,814</u></b>	<u>1,789,081</u>

**8.1** During the period ended 30 September 2016, the mark-up rates on term deposits ranged from 4.50% to 7.00% (31 December 2015: 5.00% to 9.00%) per annum and had maturities of less than three months.

**8.2** The Company has banking relationship with banks having conventional banking system.

## 9. Accrued interest

	<b>30 September 2016</b>	31 December 2015
Long-term loans - note 9.1	<b>159,371</b>	159,583

**9.1** This represents interest payable to Mortar Investments International Limited amounting to USD 1.52 million (31 December 2015: USD 1.52 million) on long-term loans previously repaid. The amount is still unpaid due to certain legal and procedural complexities with respect to foreign remittance.

## 10. Contingencies and commitments

### 10.1 Contingencies

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-I) [CIR(A)] 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. The Deputy Commissioner Inland Revenue vide number 01/171 dated 25 June 2012 (received by the Company in July 2012) has maintained the above basis of allocation to export sales. The Company filed an appeal against the said order in August 2012. The CIR(A) vide its order dated 29 May 2013 has disagreed with 'basis of dual allocation' as per taxation officer's assessment order and has directed the officer to accordingly determine the amount on the basis of "sales" and finalise the assessment on such basis. The department filed an appeal against the said order on 15 August 2013. The Income Tax Appellate Tribunal (ITAT) vide order no. ITA No.744/KB-2013 dated 27 August 2015 has rejected the department appeal and the matter has now been taken up with the taxation officer for rectification as per the recent order passed. Accordingly, no provision has been made for the potential liability amounting to Rs 149.69 million (31 December 2015: Rs 149.69 million) in this condensed interim financial information.

# Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended 30 September 2016

Amount in Rs '000

## 10.2 Commitments

**10.2.1** Outstanding guarantees and letters of credit issued on behalf of the Company as at 30 September 2016 were Rs 2.09 billion (31 December 2015: Rs 1.98 billion) and Rs 2.26 billion (31 December 2015: Rs 0.61 billion), respectively.

**10.2.2** Commitments in respect of capital expenditure as at 30 September 2016 amount to Rs 144.92 million (31 December 2015: Rs 121.85 million).

**10.2.3** Commitments for rentals under Ijarah contracts in respect of vehicles are as follows:

Year	30 September 2016	31 December 2015
2016	4,342	19,379
2017	14,047	13,827
2018	10,130	6,505
2019	8,089	4,110
2020	7,203	2,837
2021	1,626	-
	<b>45,437</b>	<b>46,658</b>

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

Year	30 September 2016	31 December 2015
2016	127,733	604,310
2017	553,213	585,572
	<b>680,946</b>	<b>1,189,882</b>

**10.2.5** Commitments for rentals under operating lease agreements in respects of goods and services are stated at minimum lease payments. These are 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 September		Nine months ended 30 September	
	2016	2015	2016	2015
<b>Manufactured goods</b>				
Local sales	9,279,995	8,083,009	28,072,417	27,667,179
Less: Sales tax and excise duty	(365,852)	(589,201)	(1,397,432)	(1,720,635)
Price settlements and discounts	(201,670)	(185,261)	(581,648)	(509,397)
	<b>8,712,473</b>	<b>7,308,547</b>	<b>26,093,337</b>	<b>25,437,147</b>
<b>Trading goods</b>				
Local sales	73,430	53,498	206,857	210,874
Less: Sales tax and excise duty	(1,787)	(4,203)	(9,836)	(10,747)
Price settlements and discounts	(1,493)	(538)	(3,993)	(2,742)
	<b>70,150</b>	<b>48,757</b>	<b>193,028</b>	<b>197,385</b>
	<b>8,782,623</b>	<b>7,357,304</b>	<b>26,286,365</b>	<b>25,634,532</b>

# Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended 30 September 2016

Amount in Rs '000

## 12. Cost of sales

	Quarter ended 30 September		Nine months ended 30 September	
	2016	2015	2016	2015
<b>Manufactured goods</b>				
Opening stock of raw and packing materials	1,672,927	3,111,993	2,460,103	1,590,090
Purchases	7,613,351	5,896,662	21,246,078	21,765,798
Closing stock of raw and packing materials	(1,443,128)	(2,179,247)	(1,443,128)	(2,179,247)
Raw and packing materials consumed	7,843,150	6,829,408	22,263,053	21,176,641
Manufacturing costs - note 12.1	1,215,210	1,034,198	3,655,446	3,839,228
Cost of goods manufactured	9,058,360	7,863,606	25,918,499	25,015,869
Opening stock of finished goods	253,480	100,728	692,038	1,031,428
	9,311,840	7,964,334	26,610,537	26,047,297
Closing stock of finished goods	(840,643)	(402,572)	(840,643)	(402,572)
	8,471,197	7,561,762	25,769,894	25,644,725
<b>Trading goods</b>				
Opening stock	27,098	49,375	16,139	162,759
Purchases	51,783	33,646	168,146	70,033
Closing stock	(17,667)	(38,319)	(17,667)	(38,319)
	61,214	44,702	166,618	194,473
	8,532,411	7,606,464	25,936,512	25,839,198

12.1 Included herein are ijarah rentals amounting to Rs 7.7 million (30 September 2015: Rs 8.3 million) in respect of motor vehicles.

## 13. Other expenses

	Quarter ended 30 September		Nine months ended 30 September	
	2016	2015	2016	2015
Donations	58	557	209	706
Workers' Profit Participation Fund	10,055	-	10,055	-
Workers' Welfare Fund	3,877	60	3,975	179
Provision for obsolete stores and spare parts	-	-	86	-
Others	318	214	417	792
	14,308	831	14,742	1,677

## 14. Other income

Scrap sales	-	-	75	2,608
Gain on disposal of property, plant and equipment	-	-	951	721
Income from short-term fixed deposits	44,046	18,966	93,677	60,824
Income from sale of platinum catalyst	-	-	68,312	-
Sales tax refunds	-	-	-	4,005
Reversal against provision for obsolete stores and spare parts	-	838	-	838
Liabilities no longer payable written back	-	1,751	1,418	2,034
	44,046	21,555	164,433	71,030

# Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended 30 September 2016

Amount in Rs '000

## 15. Finance costs

	Quarter ended 30 September		Nine months ended 30 September	
	2016	2015	2016	2015
Discounting charges on trade debts	743	2,229	4,244	17,033
Bank and other charges	2,652	2,739	14,206	18,697
Exchange (gain) / loss - net - note 15.1	(1,735)	674	(3,549)	(6,003)
	<b>1,660</b>	<b>5,642</b>	<b>14,901</b>	<b>29,727</b>

15.1 This represents exchange gain / loss – net arising on revaluation of actual foreign currency financial assets and liabilities.

## 16. Taxation

The current tax charge for the nine months period ended 30 September 2016 consists of tax charged under Final Tax Regime (FTR) and minimum tax calculated on turnover.

## 17. Cash generated from operations

	Nine months ended 30 September	
	2016	2015
Profit / (loss) before taxation	183,301	(482,522)
<b>Adjustments for non cash charges and other items:</b>		
Depreciation and amortisation	1,065,162	1,054,841
Provision for obsolete stores and spare parts	86	-
Gain on disposal of property, plant and equipment	(951)	(721)
Provision for staff retirement benefit obligations	6,510	5,537
Finance costs	18,450	35,730
Income from short-term fixed deposits	(93,677)	(60,824)
Infrastructure Cess	118,745	105,975
Gas Infrastructure Development Cess	396,906	285,418
	<b>1,511,231</b>	<b>1,425,956</b>
<b>Effect on cashflows due to working capital changes</b>	<b>1,694,532</b>	<b>943,434</b>
Decrease / (increase) in current assets:		
Stores and spare parts	(47,385)	67,066
Stock-in-trade	866,842	164,139
Trade debts	(176,804)	(116,883)
Loans and advances	(1,868)	3,471
Trade deposits and short-term prepayments	13,225	(93,137)
Other receivables and tax refunds due from government	(58,725)	(9,401)
	<b>595,285</b>	<b>15,255</b>
Decrease in trade and other payables	(993,178)	(655,768)
Cash generated from operations	<b>1,296,639</b>	<b>302,921</b>



# Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended 30 September 2016

Amount 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 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 September		Nine months ended 30 September	
		2016	2015	2016	2015
<b>Associate</b>	Purchase of goods	-	-	<b>6,194</b>	-
<b>Key management personnel</b>	Salaries and other short-term benefits	<b>12,552</b>	16,151	<b>39,207</b>	48,956
	Post employment benefits	<b>1,886</b>	1,764	<b>5,152</b>	4,714
<b>Others</b>	Payments to staff retirement benefit funds	<b>13,703</b>	13,925	<b>40,637</b>	41,180

## 19. General

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

## 20. Date of authorisation

This condensed interim financial information has been authorised for issue in the Board of Directors meeting held on 25 October 2016.



**Jung Neon Kim**  
Chairman



**Humair Ijaz**  
Chief Executive

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