



# 20 Years of Excellence

QUARTERLY REPORT JAN - MAR 2019

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# Company Information

As at 19 April 2019

## Board of Directors

Kwang Sik Huh	Chairman
Humair Ijaz	Chief Executive
Sang Hyeon Lee	Executive
In Goo Park	Non-Executive
Jae Sun Park	Non-Executive
M Qasim Khan	Non-Executive
Pervaiz Akhtar	Independent
Istaqbal Mehdi	Non-Executive

## Audit Committee

Pervaiz Akhtar	Chairman
Kwang Sik Huh	Member
Istaqbal Mehdi	Member
Faisal Abid	Secretary

## HR & Remuneration Committee

Pervaiz Akhtar	Chairman
Kwang Sik Huh	Member
Sang Hyeon Lee	Member

## Shares Sub Committee

Sang Hyeon Lee	Chairman
M Qasim Khan	Member
Kwang Sik Huh	Member

## Executive Management Team

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

## Chief Financial Officer

Ashiq Ali

## Company Secretary

Faisal Abid

## 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

Naz Toosy  
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' Review

For the first quarter ended 31 March 2019

The Directors are pleased to present their review report for the first quarter ended 31 March 2019 together with the un-audited condensed interim financial statements of the Company as at and for the first quarter ended 31 March 2019.

## Business Overview

The year commenced with crude prices rebounding owing to the promised cuts of almost 1.2 million barrels per day by the OPEC Plus and the reduction in supply from Iran. Prices continued to show bullishness throughout the quarter as supply tightened further due to the sanctions imposed on Venezuela by the US in February and resilience shown towards the output cuts by the OPEC Plus. Towards the end of the quarter, crude prices maintained its upward trend due to higher than expected US inventory drawdown and the extension of the Vienna Alliance till June 2019. Crude oil (WTI) prices climbed to US\$ 60 per barrel by the end of the quarter and averaged at US\$ 54.35 per barrel for Q1 2019.

At the start of the quarter, the Paraxylene (PX) market remained bullish following the upstream crude market with prices crossing US\$ 1,100 in February. However, towards the end of the quarter PX prices turned bearish following weak PTA futures and slow recovery in downstream Polyester sales post Lunar Holidays in China. The PX market gained further length due to the restart of an idled capacity and upcoming early startup of a large 2.2 million MT PX plant in China and prices started to decline towards the end of the quarter. The PX price averaged at US\$ 1,064 per tonne during the quarter.

PTA market started the year on a low note due to the buildup of high downstream inventories at the end of last year. Industry margins declined in January as PTA prices were unable to keep pace with rising PX prices due to slowing down of the economy in China over lingering trade talks between US and China. Post Lunar Holidays the market started to recover slowly supported by the higher upstream feedstock prices and seasonal demand from PET and PSF sectors. The regional operating rate of PTA Industry averaged around 83% for the quarter. The average PTA price and margin was US\$ 837 and US\$ 135 per tonne respectively for the quarter.

## Operations

Sales volume, comprising of domestic sales only, for Q1 2019 at 123,191 tonnes was 7% lower than the corresponding quarter last year due to slow down in domestic PSF market.

Production volume during the quarter at 115,109 tonnes was 16% lower than the corresponding period last year. The plant operations were curtailed during January to match sales so as to avoid PTA inventory buildup.

## Financial Performance

Revenue for the quarter was 30% higher than the corresponding period last year due to higher average PTA price per tonne. This, together with lower conversion cost resulted in a gross profit of Rs 1,880 million for the quarter as compared to gross profit of Rs 1,121 million during the same period last year.

Distribution and selling expenses and administrative expenses were higher than the corresponding period last year due to overall impact of inflation. Finance costs for the quarter were lower than the corresponding period last year mainly due to relatively stable rupee dollar parity during the quarter.

## Directors' Review

For the first quarter ended 31 March 2019

The taxation charge for the quarter is based on the statutory income tax rate and tax under Final Tax Regime (FTR) as adjusted by the movement in the deferred tax account.

Profit after taxation for the quarter ended 31 March 2019 amounted to Rs 1,286 million as compared to profit after taxation of Rs 355 million in Q1 last year.

### Future Outlook

Moving forward, we can expect the Crude Oil market to trend upwards as the OPEC Plus production cuts help rebalance supply/demand fundamentals in the global market. However, the economic concerns will weigh on the demand outlook as the US-China trade talks continue to linger. While the sanctions on Iran and Venezuela may help support firmer crude prices, the continued increase in US crude production will limit the upside.

The overall PX market in the region is projected to gain length on the prospects of early start of major PX unit in China and restarts of some idled PX units in 2019. It is expected that the PX market will remain bearish towards the second half of the year.

PTA demand is expected to improve as the seasonal peak for the downstream entire Polymer chain approaches. Prices may trend higher as the supply/demand balance improves owing to upcoming turnarounds of multiple PTA units as well as improved downstream demand. The US-China trade talks will continue to play a crucial role in determining the market direction as an indicator of global economic growth thereby directly affecting the buying decision of downstream Polymer consumers.

The domestic Polyester market, especially PET, is expected to improve as demand increases due to the peak season. However, economic uncertainty and rising costs of production continue to plague downstream industry specially textiles over and domestic producers will continue to struggle to improve operating rates.

The management has been making efforts to initiate the sale of surplus electricity to K-Electric. In this regard discussions are on-going with FBR and SSGC.



**Kwang Sik Huh**  
Chairman



**Humair Ijaz**  
Chief Executive

Date: 19 April 2019  
Karachi

# Condensed Interim Statement of Financial Position

As at 31 March 2019

Amounts in Rs '000

	Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	4	4,966,957	5,142,935
Long-term loans and advances		83,420	82,912
Long-term deposits and prepayments		41,940	42,149
Deferred tax assets		465,966	435,938
		<b>5,558,283</b>	<b>5,703,934</b>
<b>Current assets</b>			
Stores and spare parts		923,613	866,638
Stock-in-trade		5,038,231	5,238,450
Trade debts		3,957,205	3,401,047
Loans and advances		34,096	27,150
Trade deposits and short-term prepayments		71,999	59,488
Interest accrued on short-term fixed deposits		26,129	7,061
Other receivables	5	294,778	756,689
Tax refunds due from government - sales tax	6	14,571	189,950
Taxation - payments less provision		339,589	802,967
Cash and bank balances	7	6,722,660	4,220,756
		<b>17,422,871</b>	<b>15,570,196</b>
<b>Total assets</b>		<b>22,981,154</b>	<b>21,274,130</b>
<b>Equity and liabilities</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid-up capital 1,514,207,208 (31 December 2018: 1,514,207,208) ordinary shares of Rs 10 each		15,142,072	15,142,072
Capital reserves		2,345	2,345
Accumulated losses		(1,338,841)	(2,625,192)
		<b>13,805,576</b>	<b>12,519,225</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Retirement benefit obligations		128,667	125,482
<b>Current liabilities</b>			
Trade and other payables	8	8,806,012	6,682,630
Accrued interest		213,888	211,018
Unpaid dividend		-	1,703,790
Unclaimed dividend		27,011	31,985
		<b>9,046,911</b>	<b>8,629,423</b>
<b>Total liabilities</b>		<b>9,175,578</b>	<b>8,754,905</b>
<b>Total equity and liabilities</b>		<b>22,981,154</b>	<b>21,274,130</b>
<b>Contingencies and commitments</b>	9		


The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



**Kwang Sik Huh**  
Chairman



**Humair Ijaz**  
Chief Executive



**Ashiq Ali**  
Chief Financial Officer

# Condensed Interim Statement of Profit or Loss (Un-audited)

## For the first quarter ended 31 March 2019

Amounts in Rs '000

	Note	Quarter ended 31 March	
		2019	2018
<b>Revenue - net</b>	10	<b>16,123,287</b>	12,376,493
Cost of sales	11	<b>(14,243,457)</b>	(11,255,178)
<b>Gross profit</b>		<b>1,879,830</b>	1,121,315
Distribution and selling expenses		<b>(23,694)</b>	(20,480)
Administrative expenses		<b>(93,287)</b>	(88,994)
Other expenses	12	<b>(132,191)</b>	(92,173)
Other income	13	<b>166,909</b>	90,520
Finance costs	14	<b>(49,062)</b>	(176,078)
<b>Profit before taxation</b>		<b>1,748,505</b>	834,110
Taxation	15	<b>(462,154)</b>	(478,662)
<b>Profit after taxation</b>		<b>1,286,351</b>	355,448
<b>----- Amount in Rupees -----</b>			
<b>Earnings per share - basic and diluted</b>		<b>0.85</b>	0.23

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**Kwang Sik Huh**  
Chairman



**Humair Ijaz**  
Chief Executive



**Ashiq Ali**  
Chief Financial Officer

# Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Un-audited)

For the first quarter ended 31 March 2019

Amounts in Rs '000

	Quarter ended 31 March	
	2019	2018
<b>Profit after taxation</b>	<b>1,286,351</b>	355,448
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>1,286,351</b>	<b>355,448</b>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



**Kwang Sik Huh**  
Chairman



**Humair Ijaz**  
Chief Executive



**Ashiq Ali**  
Chief Financial Officer



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

For the first quarter ended 31 March 2019

Amounts in Rs '000

	Issued, subscribed and paid-up capital	Reserves			Total equity
		Capital reserves	Accumulated losses	Sub- Total	
Balance as at 1 January 2018	15,142,072	2,345	(4,467,337)	(4,464,992)	10,677,080
Total comprehensive income for the three months period ended 31 March 2018					
- Profit for the three months period ended 31 March 2018	-	-	355,448	355,448	355,448
- Other comprehensive income for the three months period ended 31 March 2018	-	-	-	-	-
	-	-	355,448	355,448	355,448
Balance as at 31 March 2018	<u>15,142,072</u>	<u>2,345</u>	<u>(4,111,889)</u>	<u>(4,109,544)</u>	<u>11,032,528</u>
<b>Balance as at 1 January 2019</b>	<b>15,142,072</b>	<b>2,345</b>	<b>(2,625,192)</b>	<b>(2,622,847)</b>	<b>12,519,225</b>
Total comprehensive income for the three months period ended 31 March 2019					
- Profit for the three months period ended 31 March 2019	-	-	1,286,351	1,286,351	1,286,351
- Other comprehensive income for the three months period ended 31 March 2019	-	-	-	-	-
	-	-	1,286,351	1,286,351	1,286,351
<b>Balance as at 31 March 2019</b>	<u><b>15,142,072</b></u>	<u><b>2,345</b></u>	<u><b>(1,338,841)</b></u>	<u><b>(1,336,496)</b></u>	<u><b>13,805,576</b></u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



**Kwang Sik Huh**  
Chairman



**Humair Ijaz**  
Chief Executive



**Ashiq Ali**  
Chief Financial Officer

# Condensed Interim Statement of Cash Flows (Un-audited)

## For the first quarter ended 31 March 2019

Amounts in Rs '000

	Note	Quarter ended 31 March	
		2019	2018
<b>Cash flows from operating activities</b>			
Cash generated from operations	16	4,201,194	1,314,769
Long-term loans and advances - net		(508)	(22,635)
Long-term deposits and prepayments - net		209	6,722
Finance costs paid		(12,052)	(12,159)
Payments to retirement benefit obligations		(424)	(237)
Taxes paid		(71,176)	(262,007)
Interest received from short-term fixed deposits		140,552	85,610
Net cash generated from operating activities		4,257,795	1,110,063
<b>Cash flows from investing activities</b>			
Payments for capital expenditure		(47,127)	(2,575)
Net cash used in investing activities		(47,127)	(2,575)
<b>Cash flows from financing activities</b>			
Dividend paid		(1,708,764)	(987)
Net cash used in financing activities		(1,708,764)	(987)
<b>Net increase in cash and cash equivalents</b>		<b>2,501,904</b>	<b>1,106,501</b>
Cash and cash equivalents at 1 January		4,220,756	5,043,188
<b>Cash and cash equivalents at 31 March</b>		<b>6,722,660</b>	<b>6,149,689</b>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



**Kwang Sik Huh**  
Chairman



**Humair Ijaz**  
Chief Executive



**Ashiq Ali**  
Chief Financial Officer

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

For the first quarter ended 31 March 2019

Amounts in Rs '000

## 1. Status and nature of business

- 1.1** Lotte Chemical Pakistan Limited ("the Company") was incorporated in Pakistan on 30 May 1998 and is listed on Pakistan Stock Exchange Limited, and is engaged in the manufacture and sale of Pure Terephthalic Acid (PTA).
- 1.2** The geographical location and addresses of business units are as under:

Location	Address
Registered Office	EZ/1/P-4, Eastern Industrial Zone, Port Qasim, Karachi.
City Office	Al-Tijarah Centre, 14th Floor, 32/1-A, Main Shahrah-e-Faisal, Block 6, P.E.C.H.S., Karachi.

- 1.3** 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

These condensed interim financial statements of the Company for the first quarter ended 31 March 2019 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## 3. Significant accounting policies

The accounting policies and the methods of computation used in the preparation of this condensed interim financial statements are consistent with those followed in the preparation of the financial statements for the preceding year ended 31 December 2018.

## 4. Fixed assets

The following fixed assets have been added / disposed of during the three months period ended 31 March:

	2019		2018	
	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	<u>36,624</u>	-	-	-
Furniture and equipment	<u>2,297</u>	-	1,059	-
<b>Capital work-in-progress</b>	<u>8,206</u>		<u>1,516</u>	
			<b>31 March 2019</b>	31 December 2018
			<b>(Un-audited)</b>	(Audited)
<b>5. Other receivables</b>				
Rebates receivable		5.1	<b>272,544</b>	735,247
Insurance claims			<b>22,124</b>	20,842
Others			<b>110</b>	600
			<u><b>294,778</b></u>	<u>756,689</u>

- 5.1** This represents amounts receivable on account of price and exchange rate differentials in respect of paraxylene and acetic acid settlements.

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

For the first quarter ended 31 March 2019

Amounts in Rs '000

	Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
<b>6. Tax refunds due from government - sales tax</b>			
Sales tax (payable) / receivable		<b>(134,116)</b>	41,263
Deferred input sales tax	6.1	<b>278,777</b>	278,777
Provision for doubtful receivables		<b>(130,090)</b>	(130,090)
		<b>14,571</b>	189,950

**6.1** This includes Rs 114.09 million (31 December 2018: Rs 114.09 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.

	Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
<b>7. Cash and bank balances</b>			
Short-term fixed deposits	7.1	<b>6,691,450</b>	2,652,300
With banks in current accounts		<b>29,472</b>	1,566,900
Cash in hand		<b>1,738</b>	1,556
		<b>6,722,660</b>	4,220,756

**7.1** During the period ended 31 March 2019, the mark-up rates on term deposits ranged from 9.0% to 10.75% (31 December 2018: 5.5% to 10.75%) per annum and had maturities of less than three months.

		31 March 2019 (Un-audited)	31 December 2018 (Audited)
<b>8. Trade and other payables</b>			
Trade creditors including bills payable		<b>2,832,135</b>	876,202
Accrued expenses		<b>529,242</b>	670,360
Advances from customer		<b>3,222</b>	7,102
Infrastructure cess		<b>2,495,437</b>	2,418,030
Gas infrastructure development cess		<b>2,528,684</b>	2,410,863
Workers' Profit Participation Fund		<b>93,968</b>	42,372
Workers' Welfare Fund		<b>186,473</b>	149,583
Others		<b>136,851</b>	108,118
		<b>8,806,012</b>	6,682,630

## 9. Contingencies and commitments

### Contingencies

**9.1** The Appellate Tribunal Inland Revenue (ATIR) 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 ended 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) [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 ATIR'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 (DCIR) vide order 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 ATIR vide order no. ITA No.744/KB-2013 dated 27 August 2015 has rejected the department appeal. The department has filed an appeal in the High Court of Sindh on 04 May 2017 against the order dated 27 August 2015 passed by the ATIR. The High Court of Sindh has issued hearing notice on 31 August 2017 to the Company and the matter was fixed for hearing on 22 September 2017. However, the matter could not proceed further for want of Court's time. Accordingly, no provision has been made for the potential liability amounting to Rs 97.37 million (31 December 2018: Rs 97.37 million) in this condensed interim financial statements.

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

For the first quarter ended 31 March 2019

Amounts in Rs '000

**9.2** The Deputy Commissioner Inland Revenue passed an orders on 06 December 2018 for non-furnishing of monthly statements for the period of July, August and September 2018 u/s 165(2) of the Income Tax Ordinance, 2001 involving penalty amount Rs 0.03 million. The Company has applied for rectification of the Order on the grounds that the documentary evidence for timely submission of statements was not considered at the time of issue of said order. The Company is confident that the order will be rectified by the department, hence no provision was made in these financial statements.

**9.3** Outstanding guarantees of the Company as at 31 March 2019 were Rs 2,659.8 million (31 December 2018: Rs 2,594.8 million).

## Commitments

**9.4** Commitments in respect of capital expenditure as at 31 March 2019 amounts to Rs 46.25 million (31 December 2018: Rs 19.94 million).

**9.5** Commitments for rentals under operating lease arrangements/ ljarah contracts in respect of vehicles are as follows:

Year	<b>31 March 2019</b> <b>(Un-audited)</b>	31 December 2018 (Audited)
2019	<b>18,744</b>	22,695
2020	<b>24,461</b>	21,967
2021	<b>19,500</b>	16,835
2022	<b>12,922</b>	10,304
2023	<b>6,646</b>	4,598
2024	<b>295</b>	-
	<b>82,568</b>	76,399

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

Year	<b>31 March 2019</b> <b>(Un-audited)</b>	31 December 2018 (Audited)
2019	<b>629,250</b>	827,742
2020	<b>855,781</b>	844,297
2021	<b>872,896</b>	861,183
2022	<b>890,354</b>	878,407
2023	<b>151,360</b>	149,329
	<b>3,399,641</b>	3,560,958

**9.7** Letters of credit issued on behalf of the Company as at 31 March 2019 were Rs 70 million (31 December 2018: Rs 20 million).

<b>Quarter ended 31 March</b>	
2019	2018

## 10. Revenue - net

### Manufactured goods

Local sales	<b>16,849,180</b>	13,018,973
Less: Sales tax and excise duty	<b>(700,535)</b>	(458,867)
Price settlements and discounts	<b>(246,256)</b>	(476,762)
	<b>15,902,389</b>	12,083,344

### Trading goods

Local sales	<b>233,188</b>	306,279
Less: Sales tax and excise duty	<b>(9,022)</b>	(8,633)
Price settlements and discounts	<b>(3,268)</b>	(4,497)
	<b>220,898</b>	293,149
	<b>16,123,287</b>	12,376,493

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

For the first quarter ended 31 March 2019

Amounts in Rs '000

	<b>Quarter ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
<b>11. Cost of sales</b>		
<b>Manufactured goods</b>		
Opening stock of raw and packing materials	<b>2,779,589</b>	2,843,041
Purchases	<b>12,750,369</b>	9,741,813
Closing stock of raw and packing materials	<b>(3,394,103)</b>	(2,327,521)
Raw and packing materials consumed	<b>12,135,855</b>	10,257,333
Manufacturing costs	<b>1,049,567</b>	1,078,427
Cost of goods manufactured	<b>13,185,422</b>	11,335,760
Opening stock of finished goods	<b>2,371,381</b>	322,157
	<b>15,556,803</b>	11,657,917
Closing stock of finished goods	<b>(1,502,839)</b>	(641,828)
	<b>14,053,964</b>	11,016,089
<b>Trading goods</b>		
Opening stock	<b>87,480</b>	196,776
Purchases	<b>243,302</b>	188,623
Closing stock	<b>(141,289)</b>	(146,310)
	<b>189,493</b>	239,089
	<b>14,243,457</b>	11,255,178
<b>12. Other expenses</b>		
Auditors' remuneration	<b>105</b>	399
Donations	<b>182</b>	948
Provision against sales tax refundable	<b>-</b>	42,000
Workers' Profit Participation Fund	<b>93,968</b>	44,147
Workers' Welfare Fund	<b>36,890</b>	4,679
Others - note 12.1	<b>1,046</b>	-
	<b>132,191</b>	92,173
<b>12.1</b> This represents payment of penalty imposed through order-in-original against input sales tax claimed for the month of November 2015.		
	<b>Quarter ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
<b>13 Other income</b>		
Scrap sales	<b>4,257</b>	-
Income from short-term fixed deposits	<b>159,620</b>	86,257
Sales tax refunds	<b>-</b>	1,914
Indenting commission	<b>2,172</b>	1,590
Cellular tower rental income	<b>828</b>	759
Others	<b>32</b>	-
	<b>166,909</b>	90,520
<b>14. Finance costs</b>		
Discounting charges on trade debts	<b>3,160</b>	2,570
Interest on WPPF	<b>43</b>	23
Exchange loss - net	<b>36,967</b>	163,896
Bank and other charges	<b>8,892</b>	9,589
	<b>49,062</b>	176,078
<b>15. Taxation</b>		
The taxation charge for the quarter is based on the statutory income tax rate and tax under Final Tax Regime (FTR) as adjusted by the movement in the deferred tax account.		

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

For the first quarter ended 31 March 2019

Amounts in Rs '000

	<b>Quarter ended 31 March</b>	
	<b>2019</b>	2018
<b>16. Cash generated from operations</b>		
Profit before taxation	<b>1,748,505</b>	834,110
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation and amortisation	<b>223,105</b>	213,557
Provision against sales tax refundable	-	42,000
Provision for retirement benefit obligations	<b>3,609</b>	2,347
Finance costs	<b>14,922</b>	19,604
Interest accrued on short-term fixed deposits	<b>(159,620)</b>	(86,257)
Infrastructure cess	<b>77,407</b>	55,179
Gas infrastructure development cess	<b>117,821</b>	127,687
	<b>277,244</b>	374,117
	<b>2,025,749</b>	1,208,227
<b>Effect on cashflows due to working capital changes</b>		
Decrease / (increase) in current assets:		
Stores and spare parts	<b>(56,975)</b>	(66,138)
Stock-in-trade	<b>200,219</b>	246,315
Trade debts	<b>(556,158)</b>	(113,016)
Loans and advances	<b>(6,946)</b>	(5,734)
Trade deposits and short-term prepayments	<b>(12,511)</b>	(12,671)
Other receivables	<b>461,911</b>	(250,772)
Tax refunds due from government - sales tax	<b>175,379</b>	106,523
	<b>204,919</b>	(95,493)
Increase in trade and other payables	<b>1,970,526</b>	202,035
Cash generated from operations	<b>4,201,194</b>	1,314,769

## 17. Transactions with related parties

The related parties comprise of parent company, related group companies, directors of the Company, companies where directors also hold directorships, key management personnel and staff retirement funds. All transactions with related parties are entered into at agreed terms. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Relationship	Nature of transactions	<b>Quarter ended 31 March</b>	
		<b>2019</b>	2018
<b>Key management personnel</b>	Salaries and other short-term benefits	<b>14,202</b>	12,381
	Post employment benefits	<b>1,554</b>	1,249
	Loans		
	- given	-	21,346
	- received	-	711
<b>Others</b>	Payments to retirement benefit funds	<b>17,429</b>	15,253

## 18. General

Figures have been rounded-off to the nearest thousand rupees except as stated otherwise. Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison and to reflect the substance of the transactions.

## 19. Date of authorisation

These condensed interim financial statements were authorised for issue in the Board of Directors meeting held on 19 April 2019.



**Kwang Sik Huh**  
Chairman



**Humair Ijaz**  
Chief Executive



**Ashiq Ali**  
Chief Financial Officer

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