

QUARTERLY REPORT
JAN - MAR 2020

Lifetime Value Creator



LOTTE CHEMICAL 
PAKISTAN LTD

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Company Information

As at 16 April 2020

Board of Directors

Min Jae Hwang	Chairman
Humair Ijaz	Chief Executive
Sang Hyeon Lee	Executive
In Goo Park	Non-Executive
Won Lee	Non-Executive
M Qasim Khan	Non-Executive
Pervaiz Akhtar	Independent
Istaqbal Mehdi	Non-Executive

Audit Committee

Pervaiz Akhtar	Chairman
Min Jae Hwang	Member
Istaqbal Mehdi	Member
Faisal Abid	Secretary

HR & Remuneration Committee

Pervaiz Akhtar	Chairman
Min Jae Hwang	Member
Sang Hyeon Lee	Member

Shares Sub Committee

Sang Hyeon Lee	Chairman
Min Jae Hwang	Member
M Qasim Khan	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

EY Ford Rhodes
Chartered Accountants

External Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

Legal Advisor

Naz Toosy
148, 18th East Street,
Phase 1, DHA, Karachi

Registered Office

EZ/I/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 2020

The Directors are pleased to present their review report for the first quarter ended 31 March 2020 together with the un-audited condensed interim financial information of the Company as at and for the first quarter ended 31 March 2020.

Business Overview

The first quarter commenced with Crude Oil (WTI) prices starting on a high note supported by the ease in the US-China trade war, sanctions on Iran and Venezuela, production issues in Libya, as well as ongoing geo-political issues in the Middle East. However, Crude Oil prices were soon affected by markets reacting to the emerging COVID-19 virus in China leading to concerns of weaker global demand. Furthermore, the OPEC Plus failed to reach an agreement in March, resulting in Saudi Arabia retaliating by offering significant discounts on its Crude Oil and threatening to increase output to record levels. With the accelerating global spread of COVID-19 virus during March, the Crude Oil market came under tremendous pressure. Prices fell sharply to US\$ 20 per barrel, a level which was last observed in 2002. Crude prices averaged at US\$ 46 per barrel for the quarter, down by approximately 21% from the previous quarter.

PX market largely followed upstream Crude Oil throughout the quarter. At the start of the year, the market was impacted negatively as new PX capacities ramped up operations despite oversupply concerns amid the looming Lunar Holidays in China. Towards February, prices saw a sharp fall owing to the bearishness in upstream prices and the rapid spread of the COVID-19 virus, hindering business activity to resume in China. The quarantine measures imposed by the Chinese government, greatly impacted the supply chain and hindered labour movement, thereby, delaying the recovery in the entire petrochemical chain. Resultantly, multiple PX producers sought to rationalize operations as well as shift to more lucrative products in order to mitigate the losses. Towards the end of the quarter, PX prices had fallen by 44% from the start of the year, bottoming out at US\$ 466 per tonne. The average PX price for the quarter was US\$ 711 per tonne while the PX - Naphtha spread averaged at US\$ 268 per tonne.

The PTA market trended in line with the upstream feedstock market amid little to no support from the downstream sectors. Markets were largely inactive, with Polyester producers slowing down operations or commencing shutdowns owing to the Lunar Holidays. PTA prices remained in a downward trajectory throughout the quarter as the COVID-19 virus compromised the recovery in the Polyester and Textile industries owing to the lock-down enacted by China. Nevertheless, towards the end of the quarter, most of the downstream Polyester industries were brought back online as the virus was successfully contained by the Chinese government. While this brought hope of a possible recovery in PTA, the spread of the virus into the global community wiped out the demand from the global markets as both industrial and retail operations were curbed. Polyester demand remained weak as the COVID-19 virus spread rapidly throughout the world, impacting buying patterns and forcing businesses to shutdown. The PTA price fell to \$405/MT by the end of the quarter while the average PTA price for the quarter was US\$ 557 per tonne. The average PTA margin over PX was US\$ 88 per tonne for the quarter.

Operations

The Board is pleased to report that the planned plant overhaul was successfully completed during February - March 2020, after a 28 month gap from the previous overhaul in September - October 2017. Production volume during the quarter at 106,166 tonnes was 8% lower than the corresponding period last year.

Sales volume, comprising of domestic sales only, for Q1 2020 at 115,316 tonnes was 6% lower than the corresponding quarter last year due to slow down in domestic PSF market.

Directors' Review

For the first quarter ended 31 March 2020

Financial Performance

Revenue for the quarter was 27% lower than the corresponding period last year mainly due to sharp decline of PTA price. This coupled with reduced margin and inventory losses of Rs 280 million resulted in a gross loss of Rs 113 million for the quarter as compared to gross profit of Rs 1,879 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. Other expenses were lower than Q1 2019 mainly due to lower provision for Workers' Profit Participation and Workers' Welfare Funds on the back of lower profit. Other income for the quarter was higher than last year due to higher income earned on bank deposits. Finance costs for the quarter were lower than the corresponding period last year.

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

Earnings per share (EPS) for the quarter decreased to Rs 0.04 per share as compared to Rs 0.85 per share for Q1 2019.

Future Outlook

Moving forward, the Crude Oil market is expected to remain depressed as the COVID-19 virus continues to spread globally, affecting demand and causing a global recession. However, a possible understanding between Saudi Arabia and Russia due to US intervention may help Crude prices to slowly recover.

PX prices are expected to follow the upstream Crude market. While there may be some support from the downstream industry owing to new PTA capacity additions and the ongoing recovery in China, the demand destruction by the COVID-19 virus and oversupply concerns may limit such recovery.

The PTA market is expected to remain under pressure on oversupply concerns and lack of downstream demand. However, as Polyester operations gradually normalize in China, we may see some recovery in demand. The speed of such recovery will be greatly determined by how quickly the spread of COVID-19 is controlled and global retail markets return to business.

The domestic Polyester market is also expected to remain under pressure as Pakistan copes with the growing epidemic. Although with the current lock-down in the country Textile production has come to a halt, whereas the PET sector, being an essential supplier to food industry, continues to remain in operation. The government has committed itself towards providing support to the economy and businesses specially the export sector (including Textiles), therefore recovery of demand is expected to start in the next quarter.

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



Min Jae Hwang
Chairman



Humair Ijaz
Chief Executive

Date: 16 April 2020
Karachi

Condensed Interim Statement of Financial Position

As at 31 March 2020

Amounts in Rs '000

	Note	31 March 2020 (Un-audited)	31 December 2019 (Audited)
Assets			
Non-current assets			
Fixed assets	4	5,328,272	4,699,873
Right-of-use assets		69,057	76,730
Long-term loans and advances		118,418	113,082
Long-term deposits and prepayments		42,131	41,358
Deferred tax assets	5	744,564	589,341
		6,302,442	5,520,384
Current assets			
Stores and spare parts		898,846	1,201,478
Stock-in-trade	6	2,624,551	4,482,468
Trade debts		3,367,342	3,440,258
Loans and advances		72,574	58,872
Trade deposits and short-term prepayments		93,130	39,040
Interest accrued		252,665	118,082
Other receivables	7	772,035	515,183
Short-term investments		2,553,714	3,452,081
Tax refunds due from government - sales tax	8	411,897	446,485
Taxation - payments less provision		237,203	194,299
Cash and bank balances	9	8,144,250	8,057,563
		19,428,207	22,005,809
Total assets		25,730,649	27,526,193
Equity and liabilities			
Share capital and reserves			
Issued, subscribed and paid-up capital 1,514,207,208 (31 December 2019: 1,514,207,208) ordinary shares of Rs 10 each		15,142,072	15,142,072
Capital reserves		2,345	2,345
Revenue reserves		705,628	647,634
		15,850,045	15,792,051
Liabilities			
Non-current liabilities			
Retirement benefit obligations		139,847	133,648
Current liabilities			
Trade and other payables	10	9,454,557	11,330,495
Accrued interest		253,116	235,076
Unclaimed dividend		33,084	34,923
		9,740,757	11,600,494
Total liabilities		9,880,604	11,734,142
Total equity and liabilities		25,730,649	27,526,193
Contingencies and commitments	11		

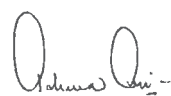
The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Min Jae Hwang
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 2020

Amounts in Rs '000

	Note	Quarter ended 31 March	
		2020	2019
Revenue - net	12	11,712,002	16,123,287
Cost of sales	13	(11,825,089)	(14,243,457)
Gross (loss) /profit		(113,087)	1,879,830
Distribution and selling expenses		(24,861)	(23,694)
Administrative expenses		(106,044)	(93,287)
Other expenses	14	(5,211)	(132,191)
Other income	15	343,375	166,909
Finance costs	16	(10,585)	(49,062)
Profit before taxation		83,587	1,748,505
Taxation	17	(25,593)	(462,154)
Profit after taxation		57,994	1,286,351
----- Amount in Rupees -----			
Earnings per share - basic and diluted		0.04	0.85

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Min Jae Hwang
Chairman



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

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

For the first quarter ended 31 March 2020

Amounts in Rs '000

	Quarter ended 31 March	
	2020	2019
Profit after taxation	57,994	1,286,351
Other comprehensive income	-	-
Total comprehensive income for the period	57,994	1,286,351

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Min Jae Hwang
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 2020

Amounts in Rs '000

	Issued, subscribed and paid-up capital	Reserves			Total equity
		Capital reserves	Revenue reserves - accumulated (losses) / profits	Sub- total	
Balance as at 1 January 2019	15,142,072	2,345	(2,625,192)	(2,622,847)	12,519,225
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
Balance as at 31 March 2019	<u>15,142,072</u>	<u>2,345</u>	<u>(1,338,841)</u>	<u>(1,336,496)</u>	<u>13,805,576</u>
Balance as at 1 January 2020	15,142,072	2,345	647,634	649,979	15,792,051
Total comprehensive income for the three months period ended 31 March 2020					
- Profit for the three months period ended 31 March 2020	-	-	57,994	57,994	57,994
- Other comprehensive income for the three months period ended 31 March 2020	-	-	-	-	-
	-	-	57,994	57,994	57,994
Balance as at 31 March 2020	<u>15,142,072</u>	<u>2,345</u>	<u>705,628</u>	<u>707,973</u>	<u>15,850,045</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Min Jae Hwang
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 2020

Amounts in Rs '000

	Note	Quarter ended 31 March	
		2020	2019
Cash flows from operating activities			
Cash generated from operations	18	76,116	4,201,194
Finance costs paid		(11,542)	(12,052)
Payments to retirement benefit obligations		(308)	(424)
Long-term loans and advances - net		(5,336)	(508)
Long-term deposits and prepayments - net		(773)	209
Taxes paid		(241,909)	(71,176)
Interest received		205,953	140,552
Net cash generated from operating activities		22,201	4,257,795
Cash flows from investing activities			
Payments for capital expenditure		(832,042)	(47,127)
Purchase of short-term investments (net of proceeds)		898,367	-
Net cash from / (used in) investing activities		66,325	(47,127)
Cash flows from financing activities			
Dividend paid		(1,839)	(1,708,764)
Net cash used in financing activities		(1,839)	(1,708,764)
Net increase in cash and cash equivalents		86,687	2,501,904
Cash and cash equivalents at 1 January		8,057,563	4,220,756
Cash and cash equivalents at 31 March		8,144,250	6,722,660

* No non-cash items are included in investing and financing activities.


The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Min Jae Hwang
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 2020

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/I/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. Statement of compliance and Basis of preparation

These condensed interim financial statements of the Company for the first quarter ended 31 March 2020 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 these condensed interim financial statements are consistent with those followed in the preparation of the financial statements for the preceding year ended 31 December 2019.

4. Fixed assets

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

	2020		2019	
	Additions cost	Disposals net book value	Additions cost	Disposals net book value
Property, plant and equipment				
Operating assets - owned				
Buildings on leasehold land	785	-	-	-
Plant and machinery	697,622	-	36,624	-
Furniture and equipment	2,536	-	2,297	-
Capital work-in-progress	131,099		8,206	

5. Deferred tax assets

(Credit) balance arising in respect of property, plant and equipment

(553,298) (531,520)

Debit balances arising in respect of:

- Right-of-use assets (net)
- Provisions for:
 - sales tax refundable
 - retirement benefit obligations
 - slow moving, obsolete and rejected items of stores and spare parts
 - carry forward of turnover tax
 - provision for Gas Infrastructure Development Cess and Sindh Infrastructure Development Cess

2,442	2,713
42,993	42,993
27,461	26,739
1,452	1,452
172,547	-
1,050,967	1,046,964
1,297,862	1,120,861
744,564	589,341

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

For the first quarter ended 31 March 2020

Amounts in Rs '000

6. As at 31 March 2020, stock of finished goods and raw material has been written down by Rs 114.0 million (31 December 2019: Nil) and Rs 166.0 million (31 December 2019: Nil) respectively to arrive at its net realisable value.

		31 March 2020	31 December 2019
	Note	(Un-audited)	(Audited)
7. Other receivables			
Rebates receivable	7.1	708,245	451,573
Insurance claims		60,231	57,894
Others		3,559	5,716
		<u>772,035</u>	<u>515,183</u>

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

		31 March 2020	31 December 2019
	Note	(Un-audited)	(Audited)
8. Tax refunds due from government - sales tax			
Sales tax refundable	8.1	567,950	602,538
Provision for impairment		(156,053)	(156,053)
		<u>411,897</u>	<u>446,485</u>

- 8.1 This includes Rs 73.69 million (31 December 2019: Rs 73.69 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.

		31 March 2020	31 December 2019
	Note	(Un-audited)	(Audited)
9. Cash and bank balances			
Short-term fixed deposits	9.1	7,959,117	8,016,250
With banks in current accounts		184,110	39,008
Cash in hand		1,023	2,305
		<u>8,144,250</u>	<u>8,057,563</u>

- 9.1 During the period ended 31 March 2020, the mark-up rates on term deposits ranged from 12.10% to 14.00% (31 December 2019: 9.0% to 14.20%) per annum and had maturities of less than three months.

		31 March 2020	31 December 2019
		(Un-audited)	(Audited)
10. Trade and other payables			
Trade creditors including bills payable		2,553,599	4,618,261
Accrued expenses		747,565	723,775
Contract liabilities - advances from customers		9,802	6,171
Withholding tax payable		2,408	3,001
Infrastructure Cess		2,767,594	2,708,976
Gas Infrastructure Development Cess		3,014,621	2,904,230
Workers' Profit Participation Fund		4,280	18,290
Workers' Welfare Fund		183,560	183,067
Retention money		20,149	15,821
Others		150,979	148,903
		<u>9,454,557</u>	<u>11,330,495</u>

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

For the first quarter ended 31 March 2020

Amounts in Rs '000

11. Contingencies and commitments

Contingencies

- 11.1** 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 to the Company and the matter was fixed for hearing on 31 January 2019. However, the matter could not proceed further for want of Court's time. The matter is now fixed on 26 November 2019. Accordingly, no provision has been made for the potential liability amounting to Rs 97.37 million (31 December 2019: Rs 97.37 million) in these condensed interim financial statements.

Commitments

- 11.2** Outstanding guarantees of the Company as at 31 March 2020 were Rs 3,162.6 million (31 December 2019: Rs 2,864.8 million).
- 11.3** Commitments in respect of capital expenditure as at 31 March 2020 amounts to Rs 109.22 million (31 December 2019: Rs 117.65 million).
- 11.4** Commitments for rentals under Ijarah contracts in respect of vehicles are as follows:

Year	31 March 2020 (Un-audited)	31 December 2019 (Audited)
2020	21,542	28,640
2021	23,566	23,438
2022	17,025	16,474
2023	10,830	10,116
2024	2,508	1,966
2025	50	-
	75,521	80,634

- 11.5** Commitments for rentals under service agreements for a certain supplies in respect of goods and services are as follows:

Year	31 March 2020 (Un-audited)	31 December 2019 (Audited)
2020	791,532	922,113
2021	1,012,737	940,555
2022	1,032,992	959,366
2023	175,609	163,092
	3,012,870	2,985,126

- 11.6** Letters of credit issued on behalf of the Company as at 31 March 2020 were Rs 2,989.8 million (31 December 2019: Rs 3,036.2 million).

	Quarter ended 31 March	
	2020	2019

12. Revenue - net

Manufactured goods

Local sales
Less: Sales tax and excise duty
Price settlements and discounts / rebates

14,467,337	16,849,180
(2,102,092)	(700,535)
(862,090)	(246,256)
11,503,155	15,902,389

Trading goods

Local sales
Less: Sales tax and excise duty
Price settlements and discounts / rebates

248,492	233,188
(36,106)	(9,022)
(3,539)	(3,268)
208,847	220,898
11,712,002	16,123,287

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

For the first quarter ended 31 March 2020

Amounts in Rs '000

	Quarter ended 31 March	
	2020	2019
13. Cost of sales		
Manufactured goods		
Opening stock of raw and packing materials	2,411,469	2,779,589
Purchases	8,705,987	12,750,369
Closing stock of raw and packing materials	(1,727,487)	(3,394,103)
Raw and packing materials consumed	9,389,969	12,135,855
Manufacturing costs	1,189,694	1,049,567
Cost of goods manufactured	10,579,663	13,185,422
Opening stock of finished goods	1,912,025	2,371,381
	12,491,688	15,556,803
Closing stock of finished goods	(847,266)	(1,502,839)
Cost of goods manufactured sold	11,644,422	14,053,964
Trading goods		
Opening stock	158,974	87,480
Purchases	71,491	243,302
Closing stock	(49,798)	(141,289)
Cost of trading goods sold	180,667	189,493
	11,825,089	14,243,457
14. Other expenses		
Auditors' remuneration	349	105
Donations	190	182
Workers' Profit Participation Fund	4,179	93,968
Workers' Welfare Fund	493	36,890
Others	-	1,046
	5,211	132,191
15. Other income		
Income from financial assets:		
Interest income	340,536	159,620
Income from non-financial assets:		
Scrap sales	-	4,257
Indenting commission	1,517	2,172
Rental income from tower on leasehold land	862	828
Others	460	32
	2,839	7,289
	343,375	166,909
16. Finance costs		
Interest on Workers' Profit Participation Fund	-	43
Exchange (gain) / loss - net	(957)	36,967
Bank, LCs and other charges	11,542	12,052
	10,585	49,062
17. Taxation		
The taxation charge for the quarter is based on the minimum turnover tax 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 2020

Amounts in Rs '000

	Quarter ended 31 March	
	2020	2019
18. Cash generated from operations		
Profit before taxation	83,587	1,748,505
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	211,316	223,105
Provision for retirement benefit obligations	6,507	3,609
Finance costs	29,582	14,922
Interest accrued	(340,536)	(159,620)
Infrastructure Cess	58,618	77,407
Gas Infrastructure Development Cess	110,391	117,821
	75,878	277,244
	159,465	2,025,749
Effect on cashflows due to working capital changes		
Decrease / (increase) in current assets:		
Stores and spare parts	302,632	(56,975)
Stock-in-trade	1,857,917	200,219
Trade debts	72,916	(556,158)
Loans and advances	(13,702)	(6,946)
Trade deposits and short-term prepayments	(54,090)	(12,511)
Other receivables	(256,852)	461,911
Tax refunds due from government - sales tax	34,588	175,379
	1,943,409	204,919
(Decrease) / increase in trade and other payables	(2,026,758)	1,970,526
Cash generated from operations	76,116	4,201,194

19. 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 condensed interim financial statements are as follows:

Relationship	Nature of transactions	Quarter ended 31 March	
		2020	2019
Parent company			
Lotte Chemical Corporation	Dividend paid	-	1,703,790
Key management personnel	Salaries and other short-term benefits	14,957	14,202
	Post employment benefits	1,644	1,554
	Loans received / adjusted	1,050	-
Others	Payments to retirement benefit funds	19,352	17,429

20. 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.

21. Date of authorisation


These condensed interim financial statements were authorised for issue in the Board of Directors meeting held on 16 April 2020.



Min Jae Hwang
Chairman



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

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