



LOTTE CHEMICAL
PAKISTAN LTD

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Success

QUARTERLY REPORT
JAN - MAR 2021

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Company Information

As at 22 April 2021

Board of Directors

Min Jae Hwang	Chairman
Humair Ijaz	Chief Executive
Sang Hyeon Lee	Non-Executive
Young Dae Kim	Executive
Won Lee	Non-Executive
Pervaiz Akhtar	Independent
Adnan Afridi	Independent
Mohammad Zubair	Independent

Audit Committee

Pervaiz Akhtar	Chairman
Sang Hyeon Lee	Member
Adnan Afridi	Member
Faisal Abid	Secretary

HR & Remuneration Committee

Pervaiz Akhtar	Chairman
Sang Hyeon Lee	Member
Young Dae Kim	Member
Waheed U Khan	Secretary

Shares Sub Committee

Young Dae Kim	Chairman
Min Jae Hwang	Member
Mohammad Zubair	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
Faysal Bank Limited
Habib Bank Limited
Industrial and Commercial Bank of China
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Internal Auditors

EY Ford Rhodes
Chartered Accountants

External Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

Legal Advisor

Naz Toosy

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 2021

The Directors are pleased to present their review report for the first quarter ended 31 March 2021 together with the un-audited condensed interim financial information of the Company as at and for the first quarter ended 31 March 2021.

Business Overview

The Crude Oil (WTI) prices trended higher throughout the quarter, supported by talks of another stimulus package in the US and the 1 million bpd voluntary cut by Saudi Arabia. The bullish sentiment was further fueled by the initiation of the vaccine distribution as well as decrease in US Crude production on account of severe cold weather. This led to Crude prices crossing the US\$ 65 per barrel mark, levels last seen in April 2019. Towards the end of the quarter, market sentiment weakened as multiple EU countries halted the distribution of the vaccine on concerns of possible side effects and renewed lockdowns to control the spread of COVID-19. Crude prices averaged at US\$ 58 per barrel for the quarter a 36% increase from the previous quarter.

PX (Paraxylene) prices remained bullish throughout most of the quarter supported by strong upstream Crude prices and the prompt recovery in downstream demand. The market was able to capitalize on planned and unplanned PX shutdowns as well as startup of a new PTA plant resulting in tightness in the spot market thereby supporting higher PX prices. Nevertheless, PX prices retreated in March as multiple downstream PTA producers initiated their planned turnarounds thereby reducing short-term demand. The average PX price for the quarter was US\$ 766 per tonne while the PX - Naphtha spread averaged at US\$ 208 per tonne.

In line with the upstream market, PTA market remained bullish during most of quarter. Low downstream Polyester inventory levels coupled with healthy operating rates helped maintain stable demand for PTA thereby offsetting oversupply concerns on account of new capacity additions in the region. Nevertheless, PTA prices slightly weakened towards quarter end as Polyester sales declined amid fears of a third wave of the virus and fluctuating feedstock prices further intensifying demand concerns across the petrochemical chain. However, the downward trend was limited as PTA producers commenced scheduled turnarounds hence limiting spot availability in the region. The average PTA price for the quarter was US\$ 601 per tonne vs US\$ 449 in previous quarter. The average PTA margin over PX was US\$ 100 per tonne for the quarter.

The domestic Polymer market demonstrated strong demand in Q1 2021 owing to improved textile operations and higher export demand. However towards the end of the quarter, domestic producers were forced to rationalize operations due to delay in PTA imports owing to logistical constraints.

Operations

Production volume during the quarter at 128,995 tonnes was 22% higher than the corresponding period last year to planned shutdown for the PTA plant overhaul in Feb-March 2020.

Sales volume, comprising of domestic sales only, for Q1 2021 at 128,351 tonnes was 11% higher than the corresponding quarter last year as domestic demand improved.

Financial Performance

Revenue for the quarter was 25% higher than the corresponding period last year due to higher volume sold and higher PTA price. This coupled with higher margin resulted in a gross profit of Rs 2,264 million for the quarter as compared to gross loss of Rs 113 million during the same period last year.

Directors' Review

For the first quarter ended 31 March 2021

Distribution and selling expenses were 6% higher while Administrative expenses were 8% higher than the corresponding period last year due to overall impact of inflation.

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

Earnings per share (EPS) for the quarter stood at Rs 1.08 per share as compared to Rs 0.04 per share for Q1 2020.

Future Outlook

Going forward, the Crude Oil market is expected to trend higher as global markets recover relying on the vaccine to boost global demand. However, renewed lockdowns in Europe amid the third wave of the virus and the expected increase in Crude supply from OPEC Plus may weigh on the market and limit recovery in prices.

PX prices are expected to trend downwards as market players anticipate higher inventory levels owing to reduced demand from downstream PTA amid planned shutdowns. Furthermore, the third wave of the virus may hinder market recovery and see demand continue to decline as multiple countries struggle with the pandemic.

The PTA market is anticipated to come under pressure towards the second quarter as the third wave of the virus fuels fears of reduced demand amid increasing supply owing to a new PTA plant startup in China. Additionally, weakening upstream feedstock prices may lead to a more cautious buying trend from downstream consumers and weigh down on prices.

The domestic Polyester market is expected to continue showing strength owing to high demand and a positive market sentiment driven by the recovery seen in global and domestic markets. However, the increasing trend in the number of COVID-19 cases and the renewed possibility of smart lockdowns may threaten producer operations.



Min Jae Hwang
Chairman



Humair Ijaz
Chief Executive

Date: 22 April 2021
Karachi

Condensed Interim Statement of Financial Position

As at 31 March 2021

Amounts in Rs '000

	Note	31 March 2021 (Un-audited)	31 December 2020 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	4	5,836,580	4,990,862
Intangible assets		15	20
Right-of-use assets		1,390,568	1,448,323
Long-term loans		126,780	125,302
Long-term prepayments		1,060	1,222
Deferred taxation - net	5	752,884	778,519
		8,107,887	7,344,248
Current assets			
Stores and spare parts		1,024,958	965,528
Stock-in-trade		3,989,844	4,298,785
Trade debts		4,018,830	2,998,642
Loans and advances		40,076	42,833
Trade deposits and short-term prepayments		132,538	99,098
Interest accrued		76,432	120,908
Other receivables	6	208,460	12,277
Short-term investments - at amortised cost		16,244,280	14,999,418
Sales tax refunds due from government	7	360,211	362,923
Taxation - net		-	215,885
Cash and bank balances	8	34,002	35,588
		26,129,631	24,151,885
Total assets		34,237,518	31,496,133
Equity and liabilities			
Share capital and reserves			
Issued, subscribed and paid-up capital 1,514,207,208 (31 December 2020: 1,514,207,208) ordinary shares of Rs 10 each		15,142,072	15,142,072
Capital reserves		2,345	2,345
Revenue reserve - Unappropriated profit		4,243,575	2,604,574
Total equity		19,387,992	17,748,991
Liabilities			
Non-current liabilities			
Retirement benefit obligations		129,079	125,787
Provision for Gas Infrastructure and Development Cess (GIDC)		1,617,170	1,723,961
Lease liability		1,472,949	1,582,188
		3,219,198	3,431,936
Current liabilities			
Trade and other payables	9	11,003,769	9,863,361
Lease liability		175,568	177,625
Accrued interest		232,038	242,930
Unclaimed dividend		10,316	10,316
Unpaid dividend		20,177	20,974
Taxation - net		188,460	-
		11,630,328	10,315,206
Total liabilities		14,849,526	13,747,142
Contingencies and commitments	10		
Total equity and liabilities		34,237,518	31,496,133

The annexed notes 1 to 22 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 2021

Amounts in Rs '000

	Note	Quarter ended 31 March	
		2021	2020
Revenue - net	11	14,671,880	11,712,002
Cost of sales	12	(12,408,169)	(11,825,089)
Gross profit / (loss)		2,263,711	(113,087)
Distribution and selling expenses		(28,929)	(24,861)
Administrative expenses		(115,090)	(106,044)
Other expenses	13	(199,928)	(5,211)
Other income	14	277,704	343,375
Finance income / (cost)	15	98,015	(10,585)
Profit before taxation		2,295,483	83,587
Taxation	16	(656,482)	(25,593)
Profit after taxation		1,639,001	57,994
----- Amount in Rupees -----			
Earnings per share - basic and diluted		1.08	0.04

The annexed notes 1 to 22 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 Comprehensive Income (Un-audited)

For the first quarter ended 31 March 2021

Amounts in Rs '000

	Quarter ended 31 March	
	2021	2020
Profit after taxation	1,639,001	57,994
Other comprehensive income	-	-
Total comprehensive income for the period	1,639,001	57,994

The annexed notes 1 to 22 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 2021

Amounts in Rs '000

	Share capital		Reserves		Total equity
	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit / accumulated losses	Sub-total	
Balance as at 1 January 2020	15,142,072	2,345	465,674	468,019	15,610,091
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>523,668</u>	<u>526,013</u>	<u>15,668,085</u>
Balance as at 1 January 2021	15,142,072	2,345	2,604,574	2,606,919	17,748,991
Total comprehensive income for the three months period ended 31 March 2021					
- Profit for the three months period ended 31 March 2021	-	-	1,639,001	1,639,001	1,639,001
- Other comprehensive income for the three months period ended 31 March 2021	-	-	-	-	-
	-	-	1,639,001	1,639,001	1,639,001
Balance as at 31 March 2021	<u>15,142,072</u>	<u>2,345</u>	<u>4,243,575</u>	<u>4,245,920</u>	<u>19,387,992</u>

The annexed notes 1 to 22 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 2021

Amounts in Rs '000

	Note	Quarter ended 31 March	
		2021	2020
Cash flows from operating activities			
Cash generated from operations	17	2,423,832	76,116
Finance cost paid		(9,451)	(11,542)
Payments to retirement benefit obligations		(250)	(308)
Long-term loans and advances - net		(1,478)	(5,336)
Long-term deposits and prepayments - net		162	(773)
Taxes paid		(248,257)	(241,909)
Interest received		317,651	205,953
Net cash generated from operating activities		2,482,209	22,201
Cash flows from investing activities			
Payments for capital expenditure		(1,143,677)	(832,042)
Redemption of short-term investments (net of purchases)		661,119	898,367
Net cash (used in) / generated from investing activities		(482,558)	66,325
Cash flows from financing activities			
Dividend paid		(797)	(1,839)
Payment of lease liability		(94,460)	-
Net cash used in financing activities		(95,257)	(1,839)
Net increase in cash and cash equivalents		1,904,394	86,687
Cash and cash equivalents at 1 January		14,373,888	8,057,563
Cash and cash equivalents at 31 March (Un-audited)	18	16,278,282	8,144,250

The annexed notes 1 to 22 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 2021

1. Status and nature of business

1.1 Lotte Chemical Pakistan Limited ("the Company") was incorporated in Pakistan on 30 May 1998 under Companies Ordinance 1984 (Repealed with enactment of the Companies Act 2017 on 30 May 2017) and is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is to manufacture and sale of Purified 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.

1.4 Impact of Covid-19 on financial statements

The events surrounding the COVID-19 pandemic (the virus) continue to evolve and impact global markets. The spread of the virus has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. Consequently, the worldwide chemical industry has been disrupted, However the Company has activated its response plan prioritizing the health and safety of its employees and dealers while maintaining business continuity with directives issued by the provincial government. Further, the Company believes its current liquidity provides with sufficient financial resources to meet their anticipated working capital requirements and obligations as they come due. Further, based on its assessment along with consideration of revenue forecasts and future plans and business activities, management has determined that events or conditions do not exist that would result in material uncertainty with regards to going concern.

2. Basis of preparation

2.1 Statement of compliance

These condensed interim financial statements of the Company for the three months period ended 31 March 2021 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.

2.1.1 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2020. However, selected explanatory notes are included to explain events and transactions that are significant to understanding of changes in Company's financial position and performance since the last financial statements.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for provision for retirement benefit obligations which have been measured at present value.

2.3 Functional and presentation currency

The condensed interim financial information is presented in Pak Rupee which is also the functional currency of the Company and rounded off to the nearest rupee, unless otherwise stated.

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

For the first quarter ended 31 March 2021

Amounts in Rs '000

3. Accounting policies, estimates, judgements and financial risk management

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended 31 December 2020.

The preparation of these condensed interim financial statements, in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates. During the preparation of these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and assumptions are consistent with those that were applied to the annual audited financial statements of the Company for the year ended 31 December 2020.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 31 December 2020.

These condensed interim financial statements 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 2020.

4. Property, plant and equipment

The following property, plant and equipment have been added / disposed off during the three months period ended 31 March:

	2021		2020	
	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	1,128,699	154,088	697,622	-
Furniture and equipment	2,764	-	2,536	-
Capital work-in-progress - net	166,302		131,099	
			31 March 2021	31 December 2020
			(Un-audited)	(Audited)

5. Deferred taxation - net

Deferred tax comprises of:

Taxable temporary difference arising in respect of property, plant and equipment	(456,759)	(469,850)
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Deductible temporary difference arising in respect of:

- Right-of-use assets (net)	47,460	105,311
- Provisions for:		
- sales tax refundable	42,993	42,993
- retirement benefit obligations	35,317	28,775
- slow moving, obsolete and rejected items of stores and spare parts	1,191	1,191
- salaries and leave encashment	7,180	7,124
- Gas Infrastructure Development Cess and Sindh Infrastructure Development Cess	1,075,502	1,062,975
	1,209,643	1,248,369
	752,884	778,519

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

For the first quarter ended 31 March 2021

Amounts in Rs '000

		31 March 2021	31 December 2020
	Note	(Un-audited)	(Audited)
6. Other receivables - considered good			
Rebates receivable - net	6.1	198,807	-
Insurance claims - net		6,321	8,276
Others		3,332	4,001
		208,460	12,277

6.1 This represented amount receivable from suppliers on account of price and exchange rate differentials in respect of paraxylene and acetic acid settlements.

		31 March 2021	31 December 2020
	Note	(Un-audited)	(Audited)
7. Sales tax refunds due from government			
Sales tax refundable	7.1	516,264	518,976
Provision for impairment		(156,053)	(156,053)
		360,211	362,923

7.1 This includes Rs 27.65 million (31 December 2020: Rs 27.65 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. During the year 2020, the Company had received a refund of Rs 46.04 million from FBR.

		31 March 2021	31 December 2020
	Note	(Un-audited)	(Audited)
8. Cash and bank balances			
Cash in hand		387	387
With banks in:			
Current accounts		31,260	32,204
Saving account	8.1	2,355	2,997
		33,615	35,201
		34,002	35,588

8.1 These carry interest during the first quarter ended 31 March 2021 at 5.5% per annum (31 December 2020: 5.5% to 11.25% per annum).

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

For the first quarter ended 31 March 2021

Amounts in Rs '000

		31 March 2021	31 December 2020
	Note	(Un-audited)	(Audited)
9. Trade and other payables			
Trade creditors including bills payable		5,626,864	4,758,150
Accrued expenses		668,416	771,006
Contract liabilities - advances from customers		17,994	21,114
Withholding tax payable		2,111	2,528
Infrastructure Cess	9.1	2,982,247	2,901,748
Current portion of provision for GIDC	9.2	1,280,777	1,142,213
Workers' Profit Participation Fund		124,250	22,829
Workers' Welfare Fund		132,330	87,939
Retention money		10,962	626
Others	9.3	157,818	155,208
		11,003,769	9,863,361

9.1 There is no change in the status of the appeal filed by the Company at Sindh High Court in respect of Development and Maintenance of Infrastructure Cess as reported in note 24.1 to the annual financial statements of the Company for the year ended 31 December 2020. As a matter of abundant caution, full amount of provision has been made in this condensed financial information in this respect.

9.2 There is no change in the status of Gas Infrastructure Development Cess as disclosed under note 24.2 of the annual financial statements of the Company for the year ended 31 December 2020 except the discounting of GIDC provision.

The movement of balance is as follows:

	31 March 2021	31 December 2020
	(Un-audited)	(Audited)
Balance as at 1 January	2,866,174	2,904,230
Charge for the period	-	209,514
Discounting of GIDC provision	31,773	(247,570)
Balance as at 31 December	2,897,947	2,866,174
Non-current portion of provision for GIDC	1,617,170	1,723,961
Current portion of provision for GIDC	1,280,777	1,142,213
	2,897,947	2,866,174

9.3 This includes stale cheques amounting to Rs 140.53 million (31 December 2020: Rs 142.99 million).

10. Contingencies and commitments

10.1 Contingencies

10.1.1 There is no change in the status of contingencies as disclosed under note 26.1.1 to 26.1.10 of the annual financial statements of the Company for the year ended 31 December 2020.

10.1.2 Outstanding guarantees of the Company as at 31 March 2021 were Rs 3,354.1 million (31 December 2020: Rs 3,232.6 million).

10.2 Commitments

10.2.1 Commitments for capital expenditure as at 31 March 2021 amounted to Rs 196.50 million (31 December 2020: Rs 12.42 million).

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

For the first quarter ended 31 March 2021

Amounts in Rs '000

10.2.2 Commitments for rentals under Ijarah contracts for vehicles are as follows:

	31 March 2021	31 December 2020
	(Un-audited)	(Audited)
Not Later than 1 year	19,782	22,561
Later than 1 year and not later than 5 years	52,476	34,469
	72,258	57,030

10.2.3 Commitments for rentals under service agreements for certain supplies in respect of goods and services are as follows:

	31 March 2021	31 December 2020
	(Un-audited)	(Audited)
Not Later than 1 year	501,948	536,020
Later than 1 year and not later than 5 years	471,028	639,686
	972,976	1,175,706

10.2.4 Commitments for rentals under service agreements in respect of goods and services are priced in foreign currency and payable in Pakistani Rupees, converted at exchange rates applicable on the date of payment.

10.2.5 Letters of credit issued on behalf of the Company as at 31 March 2021 were Rs 5,408.9 million (31 December 2020: Rs 2,191.2 million).

	Quarter ended 31 March	
	2021	2020
11. Revenue - net		
Manufactured goods		
Local sales	16,573,866	14,467,337
Less: Sales tax	(2,408,168)	(2,102,092)
Price settlements and discounts / rebates	(221,373)	(862,090)
	13,944,325	11,503,155
Trading goods		
Local sales	581,274	248,492
Less: Sales tax	(84,458)	(36,106)
Price settlements and discounts / rebates	(4,658)	(3,539)
	492,158	208,847
Sale of electricity		
Local sales	275,415	-
Less: Sales tax	(40,018)	-
	235,397	-
	14,671,880	11,712,002

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

For the first quarter ended 31 March 2021

Amounts in Rs '000

	Quarter ended 31 March	
	2021	2020
12. Cost of sales		
Manufactured goods		
Opening stock of raw and packing materials	3,644,232	2,411,469
Purchases	10,032,004	8,705,987
Closing stock of raw and packing materials	(3,069,538)	(1,727,487)
Raw and packing materials consumed	10,606,698	9,389,969
Manufacturing costs	1,408,344	1,189,694
Cost of goods manufactured	12,015,042	10,579,663
Opening stock of finished goods	506,676	1,912,025
	12,521,718	12,491,688
Closing stock of finished goods (Refer note 12.1)	(745,068)	(847,266)
Cost of goods manufactured sold	11,776,650	11,644,422
Trading goods		
Opening stock	6,461	158,974
Purchases	581,125	71,491
Closing stock	(175,238)	(49,798)
Cost of trading goods sold	412,348	180,667
Cost to produce electricity	219,171	-
	12,408,169	11,825,089
12.1	As at 31 March 2021, no NRV adjustment has been determined as a result of assessment of stock of finished goods and raw material for lower of cost or net realisable value. (31 March 2020: Rs 280 million).	
13. Other expenses		
Auditors' remuneration	614	349
Donations	-	190
Discounting of GIDC provision	31,773	-
Workers' Profit Participation Fund	123,151	4,179
Workers' Welfare Fund	44,390	493
	199,928	5,211
14. Other income		
Income from financial assets		
Interest income	273,175	340,536
	273,175	340,536
Income from non-financial assets		
Indenting commission - net	1,363	1,517
Rental income from tower on leasehold land	896	862
Income from sale of water	2,270	460
	4,529	2,839
	277,704	343,375
15. Finance (income) / cost		
Interest on lease liability	50,121	-
Exchange gain - net	(157,703)	(957)
Bank, LCs and other charges	9,451	11,542
Interest on Workers' Profit Participation Fund	116	-
	(98,015)	10,585

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

For the first quarter ended 31 March 2021

Amounts in Rs '000

16. Taxation

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.

		Quarter ended	
		31 March	
	Note	2021	2020
17. Cash generated from operations			
Profit before taxation		2,295,483	83,587
Adjustments for non-cash charges and other items:			
Depreciation and amortisation		355,719	211,316
Provision for retirement benefit obligations		3,542	6,507
Finance (income) / cost		(18,279)	29,582
Interest income	14	(273,175)	(340,536)
Infrastructure Cess		80,499	58,618
Discounting of GIDC provision		31,773	-
Provision for Gas Infrastructure and Development Cess		-	110,391
		180,079	75,878
		2,475,562	159,465
Effect on cashflows due to working capital changes			
(Increase) / decrease in current assets:			
Stores and spare parts		(59,430)	302,632
Stock-in-trade		308,941	1,857,917
Trade debts		(1,020,188)	72,916
Loans and advances		2,757	(13,702)
Trade deposits and short-term prepayments		(33,440)	(54,090)
Other receivables		(196,183)	(256,852)
Sales tax refunds due from government		2,712	34,588
		(994,831)	1,943,409
Increase / (decrease) in trade and other payables		943,101	(2,026,758)
Cash generated from operations		2,423,832	76,116
		31 March	31 March
		2021	2020
18. Cash and cash equivalents			
Cash and bank balances	8	34,002	185,133
TDRs with banks having maturity less than three months		16,244,280	7,959,117
		16,278,282	8,144,250
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 this condensed interim financial statements are as follows:			
Relationship	Nature of transactions	Quarter ended	
		31 March	
		2021	2020
Key management personnel	Salaries and other short-term benefits	13,183	14,957
	Post employment benefits	1,792	1,644
	Loan repaid	1,050	1,050
Others	Payments to retirement benefit funds	20,569	19,352

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

For the first quarter ended 31 March 2021

Amounts in Rs '000

20. Fair value of financial instruments

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

20.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		31 March 2021 (Un-audited)									
		Carrying amount				Fair value					
Note		Financial assets 'at fair value through other comprehensive income'	Financial assets 'at fair value through profit or loss'	Financial assets 'at amortised cost'	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
Financial assets - not measured at fair value											
	Loans	20.1.1	-	-	166,856	-	166,856	-	-	-	-
	Trade deposits	20.1.1	-	-	52,030	-	52,030	-	-	-	-
	Trade debts	20.1.1	-	-	4,018,830	-	4,018,830	-	-	-	-
	Other receivables	20.1.1	-	-	208,460	-	208,460	-	-	-	-
	Short-term investments										
	- TDRs		-	-	16,244,280	-	16,244,280	-	-	-	-
	- T-Bills		-	-	-	-	-	-	-	-	-
	Interest accrued	20.1.1	-	-	76,432	-	76,432	-	-	-	-
	Cash and bank balances	20.1.1	-	-	34,002	-	34,002	-	-	-	-
			-	-	20,800,890	-	20,800,890				
Financial liabilities - not measured at fair value											
	Trade and other payables	20.1.1	-	-	-	6,464,060	6,464,060	-	-	-	-
	Accrued interest	20.1.1	-	-	-	232,038	232,038	-	-	-	-
	Unclaimed dividend	20.1.1	-	-	-	10,316	10,316	-	-	-	-
	Unpaid dividend	20.1.1	-	-	-	20,177	20,177	-	-	-	-
	Lease liability	20.1.1	-	-	-	1,648,517	1,648,517	-	-	-	-
			-	-	-	8,375,108	8,375,108				

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

For the first quarter ended 31 March 2021

Amounts in Rs '000

31 December 2020 (Audited)										
Note	Carrying amount					Fair value				
	Financial assets 'at fair value through other comprehensive income'	Financial assets 'at fair value through profit or loss'	Financial assets 'at amortised cost'	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
Financial assets - not measured at fair value										
Loans	20.1.1	-	-	167,489	-	167,489	-	-	-	-
Trade deposits	20.1.1	-	-	57,295	-	57,295	-	-	-	-
Trade debts	20.1.1	-	-	2,998,642	-	2,998,642	-	-	-	-
Other receivables	20.1.1	-	-	12,277	-	12,277	-	-	-	-
Short-term investments										
- TDRs		-	-	14,338,300	-	14,338,300	-	-	-	-
- T-Bills		-	-	661,118	-	661,118	-	661,118	-	-
Interest accrued	20.1.1	-	-	120,908	-	120,908	-	-	-	-
Cash and bank balances	20.1.1	-	-	35,588	-	35,588	-	-	-	-
		-	-	18,391,617	-	18,391,617				
Financial liabilities - not measured at fair value										
Trade and other payables	20.1.1	-	-	-	5,684,990	5,684,990	-	-	-	-
Accrued interest	20.1.1	-	-	-	242,930	242,930	-	-	-	-
Unclaimed dividend	20.1.1	-	-	-	10,316	10,316	-	-	-	-
Unpaid dividend	20.1.1	-	-	-	20,974	20,974	-	-	-	-
Lease liability	20.1.1	-	-	-	1,759,813	1,759,813	-	-	-	-
		-	-	-	7,719,023	7,719,023				

20.1.1 The Company has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

21. General

21.1 Figures have been rounded-off to the nearest thousand rupees, unless as stated otherwise.

21.2 Segment reporting

The financial information has been prepared on the basis of a single reportable segment. Geographically, all the sales were carried out in Pakistan. All non-current assets of the Company as at 31 March 2021 are located in Pakistan.

22. Date of authorisation

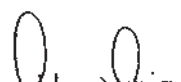
These condensed interim financial statements were authorised for issue in the Board of Directors meeting held on 22 April 2021.



Min Jae Hwang
Chairman



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

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