



LOTTE CHEMICAL
PAKISTAN LTD

25 Years of Excellence



**REPORT FOR THE
NINE MONTHS PERIOD ENDED
30 SEPTEMBER 2024**

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Company Information

As at 25 October 2024

Board of Directors

Sung Soo Bae	Chairman
Young Dae Kim	Chief Executive
IL Kyu Kim	Non-Executive
Jae Sun Park	Non-Executive
Kyung Hoi Yoo	Non-Executive
Shabbir Diwan	Non-Executive
Rashid Ibrahim	Independent
Khurram Rashid	Independent

Audit Committee

Rashid Ibrahim	Chairman
IL Kyu Kim	Member
Khurram Rashid	Member
Faisal Abid	Secretary

HR & Remuneration Committee

Rashid Ibrahim	Chairman
Sung Soo Bae	Member
Young Dae Kim	Member
Waheed U Khan	Secretary

Shares Sub Committee

Young Dae Kim	Chairman
Kyung Hoi Yoo	Member
Khurram Rashid	Member

Executive Management Team

Young Dae Kim	Chief Executive
Tariq Nazir Virk	Director Manufacturing
Waheed U Khan	Director Admin, HR & IT
Ashiq Ali	Chief Financial Officer
Muhammed Talha Khan	General Manager Commercial

Chief Financial Officer

Ashiq Ali

Company Secretary

Faisal Abid

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Citibank NA
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Ltd
Industrial and Commercial Bank of China
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Internal Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

External Auditors

A.F. Ferguson & 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 Share Registration Services (Pvt) Ltd.
8-F, Near Hotel Faran, Nursery,
Block 6, P.E.C.H.S.,
Shahrah-e-Faisal, Karachi

Directors' Review

For the third quarter ended 30 September 2024

The Directors are pleased to present their review report for the third quarter ended 30 September 2024 together with the un-audited condensed interim financial information of the Company as at and for the third quarter ended 30 September 2024.

BUSINESS OVERVIEW

Crude Oil (WTI) prices remained bearish throughout Q3, driven by continued weak macroeconomic data from the US and China coupled with consistent reports of rising crude inventories in the US. However, Crude Oil prices found intermittent support against supply disruptions from Libya as well as the impact on production facilities in the West amidst the Hurricane season around the Gulf of Mexico. Additionally, towards the end of the quarter, the US Federal Reserve initiated a 0.5% cut in interest rates and China's efforts to revive their economy coupled with a two month delay in OPEC+ production increase turned the market sentiment positive. The average price of Crude Oil (WTI) was US\$ 75.09 per barrel, a decrease of 7% from the previous quarter.

In Q3, Paraxylene (PX) prices followed the bearish trend of the upstream Crude Oil market while an absence of underlying supply-demand fundamentals failed to support prices. The return of several PX facilities from turnarounds and lower-than-expected diversion of product to the Gasoline pool resulted in additional molecule availability in the market. Despite consistent demand of PX against record high PTA production, prices remained under pressure resulting in PX-Naphtha margins going below the US\$ 170 per metric tonne mark, levels last seen in Q1-2022. The average price of PX was US\$ 945 per metric tonne for Q3, whereas the average PX-Naphtha spread was US\$ 271 per metric tonne.

Throughout Q3, PTA prices followed a bearish trajectory, aligning with movements of the upstream markets. With the peak season demand coming to an end along-side high PTA production, elevated inventory levels were seen across the chain thereby keeping prices under pressure. Despite capacity additions reported in the PET sector, PTA prices failed to recover as businesses were impacted due to weather related challenges in the region in addition to lower operations planned around the mid-autumn festival in China. PX-PTA margin averaged at US\$ 87 per metric tonne while the average PTA price for the quarter was US\$ 712 per metric tonne.

The domestic polyester industry operated at a rate of 70% during Q3 2024 whereas operations remained low mainly driven by the end of peak season demand in the textile and PET sector. Continued high energy costs and the availability of cheaper imports and the ongoing boycott of foreign brands hampered local manufacturing operations.

OPERATIONS

Sales volume for Q3 2024 at 104,484 tonnes was 27% higher than the corresponding quarter last year due to lower downstream demand in Q3 2023. Export sales of 3,024 tonnes were made to Oman during the quarter.

Production volume during the quarter at 119,965 tonnes was 14% higher than the corresponding period last year to match sales.

Directors' Review

For the third quarter ended 30 September 2024

FINANCIAL PERFORMANCE

Revenue for the quarter was 4% higher than the corresponding period last year mainly due to higher volume sold. However, gross profit for the quarter was 69% lower than Q3 2023 due to higher cost of sales mainly on account of significant increase in gas prices.

Distribution and selling expenses were higher than the corresponding quarter last year mainly due to export sales on which handling charges are borne by the Company. Administrative and general expenses were higher than the corresponding period last year due to overall impact of high inflation. The taxation charge for the quarter is based on statutory income tax rate, tax under Final Tax Regime (FTR) and super tax as adjusted by the movement in the deferred tax account.

Earnings per share (EPS) for the quarter stood at Rs 0.33 per share as compared to Rs 1.31 per share for Q3 2023.

FUTURE OUTLOOK

The Crude Oil (WTI) market is expected to face challenges ahead as weak global demand along with potential oversupply against the anticipated end of OPEC+ production cuts by year-end are likely to weigh on prices. However, further interest rate cuts by the US Federal Reserve and the potential positive impact of fiscal stimuli measures by the Chinese government should boost demand for crude oil, thereby supporting prices.

In the coming months, Paraxylene (PX) and PTA prices are expected to largely track upstream energy markets; however, fundamentally oversupplied markets may keep prices subdued. Demand for PTA is expected to remain stable against capacity additions especially in the downstream PET sector while the industry remains hopeful against the Chinese government's monetary stimulus introduced to revive their economy.

Domestic Polyester operations are expected to recover going forward, with inflation trending lower and the continued reduction in borrowing costs by the State Bank of Pakistan, businesses remain hopeful for a recuperating economy. Additionally, the efforts being made by the Government to reduce energy costs as well as the establishment of enforcement protocols against imports should result in improved domestic operations.



Sung Soo Bae
Chairman



Young Dae Kim
Chief Executive

Date: 25 October 2024
Karachi


Condensed Interim Statement of Financial Position

As at 30 September 2024

Amounts in Rs '000

	Note	30 September 2024 (Un-audited)	31 December 2023 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	4	5,513,335	5,744,442
Intangible assets		16,772	27,637
Right-of-use assets		257,105	365,275
Long-term loans		172,345	160,635
Long-term deposits and prepayments		32,775	33,805
Deferred taxation - net		2,215,612	2,170,718
		8,207,944	8,502,512
Current assets			
Stores and spare parts		2,683,831	2,101,184
Stock-in-trade		11,672,625	13,362,175
Trade debts	5	3,629,118	8,486,031
Loans and advances		63,593	51,081
Trade deposits and short-term prepayments		149,661	176,387
Accrued interest		37,442	32,823
Other receivables		26,010	10,335
Short-term investments - at amortised cost	6	714,498	4,503,595
Sales tax refunds due from government	7	4,139,775	2,413,440
Taxation - net		5,186,208	2,673,353
Cash and bank balances	8	183,595	1,262,827
		28,486,356	35,073,231
Total assets		36,694,300	43,575,743
Equity and liabilities			
Share capital and reserves			
Issued, subscribed and paid-up capital			
1,514,207,208 (31 December 2023: 1,514,207,208)			
ordinary shares of Rs 10 each		15,142,072	15,142,072
Capital reserve		2,345	2,345
Revenue reserve - Unappropriated profit		7,257,828	6,867,542
Total equity		22,402,245	22,011,959
Liabilities			
Non-current liabilities			
Retirement benefit obligations		262,177	247,835
Lease liability		458,503	855,927
		720,680	1,103,762
Current liabilities			
Trade and other payables	9	12,556,442	13,975,321
Lease liability		515,251	436,403
Accrued interest	10	422,923	431,471
Unclaimed dividend		76,759	73,387
Unpaid dividend	11	-	4,543,440
Short-term financing	12	-	1,000,000
		13,571,375	20,460,022
Total liabilities		14,292,055	21,563,784
Contingencies and commitments	13		
Total equity and liabilities		36,694,300	43,575,743

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Sung Soo Bae
Chairman



Young Dae Kim
Chief Executive



Ashiq Ali
Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Un-audited)
For the nine months period ended 30 September 2024

Amounts in Rs '000

	Note	Nine months period ended 30 September (Un-audited)		Quarter ended 30 September (Un-audited)	
		2024	2023	2024	2023
Revenue - net	14	88,976,736	62,135,321	24,597,854	23,592,757
Cost of sales	15	(83,947,387)	(52,279,191)	(23,552,829)	(20,175,824)
Gross profit		5,029,349	9,856,130	1,045,025	3,416,933
Distribution and selling expenses		(164,206)	(125,590)	(66,530)	(46,258)
Administrative and general expenses		(551,606)	(469,265)	(190,642)	(156,199)
Other operating expenses	16	(325,476)	(691,400)	(56,735)	(233,027)
Operating profit		3,988,061	8,569,875	731,118	2,981,449
Other income	17	990,998	1,883,980	274,696	700,470
Finance costs	18	(615,893)	(1,362,098)	(186,802)	(466,977)
Profit before taxation		4,363,166	9,091,757	819,012	3,214,942
Taxation	19	(1,701,569)	(4,251,479)	(324,070)	(1,228,393)
Profit after taxation		2,661,597	4,840,278	494,942	1,986,549

----- Amount in Rupees -----

Earnings per share - basic and diluted	1.76	3.20	0.33	1.31
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The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.


Sung Soo Bae
Chairman


Young Dae Kim
Chief Executive


Ashiq Ali
Chief Financial Officer

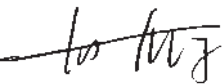
Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months period ended 30 September 2024

Amounts in Rs '000

	Nine months period ended 30 September (Un-audited)		Quarter ended 30 September (Un-audited)	
	2024	2023	2024	2023
Profit after taxation	2,661,597	4,840,278	494,942	1,986,549
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	2,661,597	4,840,278	494,942	1,986,549

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Sung Soo Bae
Chairman



Young Dae Kim
Chief Executive



Ashiq Ali
Chief Financial Officer


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

For the nine months period ended 30 September 2024

Amounts in Rs '000

	Share capital	Reserves			
	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	Sub- total	Total equity
Balance as at 1 January 2023	15,142,072	2,345	7,869,409	7,871,754	23,013,826
Total comprehensive income for the nine months period ended 30 September 2023					
- Profit for the nine months period ended 30 September 2023	-	-	4,840,278	4,840,278	4,840,278
- Other comprehensive income for the nine months period ended 30 September 2023	-	-	-	-	-
	-	-	4,840,278	4,840,278	4,840,278
Final dividend for the year ended 31 December 2022 @ Rs 2.00 per share	-	-	(3,028,414)	(3,028,414)	(3,028,414)
Interim dividend for the year ending 31 December 2023 @ Rs 2.00 per share	-	-	(3,028,414)	(3,028,414)	(3,028,414)
Balance as at 30 September 2023	<u>15,142,072</u>	<u>2,345</u>	<u>6,652,859</u>	<u>6,655,204</u>	<u>21,797,276</u>
Balance as at 1 January 2024	15,142,072	2,345	6,867,542	6,869,887	22,011,959
Total comprehensive income for the nine months period ended 30 September 2024					
- Profit for the nine months period ended 30 September 2024	-	-	2,661,597	2,661,597	2,661,597
- Other comprehensive income for the nine months period ended 30 September 2024	-	-	-	-	-
	-	-	2,661,597	2,661,597	2,661,597
Final dividend for the year ended 31 December 2023 @ Rs 1.00 per share	-	-	(1,514,207)	(1,514,207)	(1,514,207)
Interim dividend for the year ending 31 December 2024 @ Rs 0.50 per share	-	-	(757,104)	(757,104)	(757,104)
Balance as at 30 September 2024	<u>15,142,072</u>	<u>2,345</u>	<u>7,257,828</u>	<u>7,260,173</u>	<u>22,402,245</u>

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Sung Soo Bae
Chairman



Young Dae Kim
Chief Executive



Ashiq Ali
Chief Financial Officer


Condensed Interim Statement of Cash Flows (Un-audited)

For the nine months period ended 30 September 2024

Amounts in Rs '000

		<div> <div>Nine months period ended</div> <div>30 September (Un-audited)</div> </div>	
	Note	2024	2023
Cash flows from operating activities			
Cash generated from / (used in) operations	20	7,614,304	(1,339,070)
Finance costs paid		(83,051)	(179,190)
Payments to retirement benefit obligations		(2,733)	(2,199)
Long-term loans and advances - net		(11,710)	31,801
Long-term deposits and prepayments - net		1,030	(47,764)
Taxes paid		(4,502,122)	(4,960,727)
Finance income received - conventional		727,871	757,669
Finance income received - islamic		178,127	935,033
Net cash generated from / (used in) operating activities		3,921,716	(4,804,447)
Cash flows from investing activities			
Payments for capital expenditure		(479,691)	(332,962)
Proceeds from disposal of property, plant and equipment		-	62,782
Redemption of short-term investments -net		-	2,567,369
Net cash (used in) / generated from investing activities		(479,691)	2,297,189
Cash flows from financing activities			
Dividend paid		(6,811,379)	(1,495,019)
Payment of short-term financing		(1,000,000)	-
Payment of lease liability		(498,975)	(499,467)
Net cash used in financing activities		(8,310,354)	(1,994,486)
Net decrease in cash and cash equivalents		(4,868,329)	(4,501,744)
Cash and cash equivalents at 1 January		5,766,422	13,782,547
Cash and cash equivalents at 30 September	8.2	898,093	9,280,803

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Sung Soo Bae
Chairman



Young Dae Kim
Chief Executive



Ashiq Ali
Chief Financial Officer

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

For the nine months period ended 30 September 2024

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) 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/II/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 ("LCC Korea") and its ultimate parent company is South Korean Conglomerate Lotte.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements of the Company for the nine months period ended 30 September 2024 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;
- 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 2023. 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 annual financial statements.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention (except for retirement benefit obligations and lease liability, which have been measured at present value).

2.3 Functional and presentation currency

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

2.4 Changes in accounting standards, interpretations and amendments to published accounting and reporting standards

2.4.1 Standards and amendments to approved accounting and reporting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on 1 January 2024. However, these do not have any significant impact on the Company's financial reporting.

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

For the nine months period ended 30 September 2024

Amounts in Rs '000

2.4.2 Standards and amendments to approved accounting and reporting standards that are not yet effective

There are standards and certain other amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after 1 January 2025. However, these are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these condensed interim financial statements.

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 2023.

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 2023.

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 2023.

	Note	30 September 2024 (Un-audited)	31 December 2023 (Audited)
4. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment	4.1	5,044,378	5,487,083
Capital work-in-progress	4.1	468,957	257,359
		5,513,335	5,744,442

4.1 The following property, plant and equipment have been added / disposed off during the nine months period ended 30 September:

	2024		2023	
	Additions cost	Disposals net book value	Additions cost	Disposals net book value
Property, plant and equipment				
Operating assets - owned				
Buildings on leasehold land	5,330	-	5,322	-
Plant and machinery	222,943	-	771,564	2,573
Furniture and equipment	39,820	-	29,476	84
Motor vehicles	-	-	533	-
Capital work-in-progress - net	211,598		(477,051)	

5. TRADE DEBTS

5.1 All of the Company's trade debts are secured by letters of credit of 30 to 90 days issued by various banks. These balances are neither past due nor impaired and are considered good.

5.2 This includes receivable from related parties amounting to Rs 992.76 million (31 December 2023: Rs 2,943.48 million).

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

For the nine months period ended 30 September 2024

Amounts in Rs '000

	Note	30 September 2024 (Un-audited)	31 December 2023 (Audited)
6. SHORT-TERM INVESTMENTS - at amortised cost			
Conventional			
Term deposit receipts	6.1	714,498	414,499
Islamic			
Term deposit receipts	6.1	-	4,089,096
		<u>714,498</u>	<u>4,503,595</u>
6.1	The interest rates on term deposit receipts ranged from 14.38% to 18.00% (31 December 2023: 14.38% to 21.50%) per annum and had original maturities of less than three months.		
	Note	30 September 2024 (Un-audited)	31 December 2023 (Audited)
7. SALES TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax refundable		4,313,113	2,600,033
Provision for impairment		(173,338)	(186,593)
		<u>4,139,775</u>	<u>2,413,440</u>
8. CASH AND BANK BALANCES			
Cash in hand		211	95
Cash at bank			
Conventional			
Current accounts	8.1	12,918	621,160
Savings account		101,833	576,317
		<u>114,751</u>	<u>1,197,477</u>
Islamic			
Current accounts		68,633	65,255
		<u>183,595</u>	<u>1,262,827</u>
8.1	These carry interest at 18.00% to 18.25% per annum (31 December 2023: 20.50% per annum).		
		30 September 2024 (Un-audited)	30 September 2023 (Un-audited)
8.2 CASH AND CASH EQUIVALENTS			
Cash and bank balances		183,595	688,112
TDRs with banks having maturity less than three months		714,498	8,592,691
		<u>898,093</u>	<u>9,280,803</u>
		30 September 2024 (Un-audited)	31 December 2023 (Audited)
9. TRADE AND OTHER PAYABLES			
Trade creditors including bills payable		1,318,851	3,685,360
Sindh Development and maintenance of Infrastructure Cess		6,064,289	5,233,974
Provision for Gas Infrastructure Development Cess (GIDC)		3,113,744	3,113,744
Provision for Captive Gas Tariff rate differential		253,567	214,630
Accrued expenses		1,234,092	1,277,945
Workers' Profit Participation Fund (WPPF)		234,396	29,358
Workers' Welfare Fund (WWF)		107,795	226,249
Contract liabilities - advances from customers		54,154	37,833
Retention money		461	2,111
Withholding tax payable		7,653	5,207
Others		167,440	148,910
		<u>12,556,442</u>	<u>13,975,321</u>

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

For the nine months period ended 30 September 2024

Amounts in Rs '000

10. ACCRUED INTEREST

This mainly represents interest payable to Mortar Investments International Limited amounting to USD 1.52 million (31 December 2023: USD 1.52 million) on long-term loans previously repaid by ICI Pakistan Limited. The amount is still unpaid due to certain legal and procedural complexities with respect to foreign remittance.

11. UNPAID DIVIDEND

This dividend payable to Lotte Chemical Corporation (the Parent Company) was paid in May 2024 after getting the remittance approval by authorized dealer from the regulator.

12. SHORT-TERM FINANCING

The short-term financing was obtained on 28 December 2023 and repaid on 02 January 2024.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There is no significant change in the status of contingencies as reported in the annual financial statement for the year ended 31 December 2023.

13.2 Commitments and Guarantees

13.2.1 Commitments for capital expenditure as at 30 September 2024 amounted to Rs 1,068.07 million (31 December 2023: Rs 157.42 million).

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

	30 September 2024 (Un-audited)	31 December 2023 (Audited)
Not later than 1 year	21,455	73,250
Later than 1 year and not later than 5 years	266,334	199,672
	<u>287,789</u>	<u>272,922</u>

13.2.3 Commitments for rentals under agreement in respect of services are priced in foreign currency and converted at the exchange rate as at 30 September are as follows:

	30 September 2024 (Un-audited)	31 December 2023 (Audited)
Not later than 1 year	253,177	1,027,316
Later than 1 year and not later than 5 years	1,834,270	1,860,725
	<u>2,087,447</u>	<u>2,888,041</u>

13.2.4 Outstanding guarantees of the Company as at 30 September 2024 were Rs 7,958.44 million (31 December 2023: Rs 5,944.15 million).

13.2.5 Letters of credit issued on behalf of the Company as at 30 September 2024 were Rs 2,307.84 million (31 December 2023: Rs 8,153.11 million).

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

For the nine months period ended 30 September 2024

Amounts in Rs '000

	Note	Nine months period ended 30 September (Un-audited)	
		2024	2023
14. REVENUE - net			
Manufactured goods			
Local sales		104,435,372	72,263,595
Export sales		711,901	-
Less: Sales tax		(15,688,768)	(10,935,952)
Price settlements and discounts / rebates		(2,405,529)	(1,308,062)
		87,052,976	60,019,581
Trading goods			
Local sales		2,289,427	2,264,783
Less: Sales tax		(349,235)	(344,056)
Price settlements and discounts		(16,432)	(16,147)
		1,923,760	1,904,580
Sale of electricity			
Local sales	14.1	-	252,464
Less: Sales tax		-	(41,304)
		-	211,160
		88,976,736	62,135,321

14.1 In 2023, No Objection Certificate (NOC) for Regassified Liquified Natural Gas (RLNG) supply to Company was revoked by SSGC as per the directives of the Federal Ministry of Energy in its letter dated 30 May 2023, as a result of which Company ceased the sale of electricity to K-Electric from August 2023.

14.2 The Company closed its plant from January 15, 2024, to January 24, 2024, for effective inventory management. In contrast, last year the plant was shut down from March 15, 2023, to April 30, 2023, due to anticipated challenges in raw material procurement and a decline in product demand.

	Nine months period ended 30 September (Un-audited)	
	2024	2023
15. COST OF SALES		
Manufactured goods		
Opening stock of raw and packing materials	5,852,346	6,237,395
Purchases	71,658,256	51,514,096
Closing stock of raw and packing materials	(6,241,884)	(5,729,458)
Raw and packing materials consumed	71,268,718	52,022,033
Manufacturing costs	9,092,073	5,434,313
Cost of goods manufactured	80,360,791	57,456,346
Opening stock of finished goods	7,176,790	2,123,326
	87,537,581	59,579,672
Closing stock of finished goods	(5,155,625)	(8,846,721)
Cost of goods manufactured sold	82,381,956	50,732,951
Trading goods		
Opening stock	333,039	168,326
Purchases	1,507,508	1,368,858
Closing stock	(275,116)	(214,682)
Cost of trading goods sold	1,565,431	1,322,502
Cost to produce electricity	-	223,738
	83,947,387	52,279,191

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

For the nine months period ended 30 September 2024

Amounts in Rs '000

	Note	Nine months period ended 30 September (Un-audited)	
		2024	2023
16. OTHER OPERATING EXPENSES			
Workers' Profit Participation Fund		234,432	489,158
Workers' Welfare Fund		91,044	202,242
		325,476	691,400
17. OTHER INCOME			
Income from financial assets			
Income on term deposit receipts - conventional		629,178	691,724
Income on savings account - conventional		132,216	43,658
Income on term deposit receipts - islamic		149,223	980,011
		910,617	1,715,393
Income from non-financial assets			
Scrap sales		39,320	13,522
Gain on disposal of property, plant and equipment		-	60,125
Reversal of provision against receipt of sales tax refunds		13,255	-
Indenting commission - net		25,600	93,662
Others		2,206	1,278
		80,381	168,587
		990,998	1,883,980
18. FINANCE COSTS			
Interest / mark-up on:			
- Short-term financing		2,569	-
- Interest on lease liability		157,497	208,472
- Markup on LC discounting		19,669	140,759
Exchange loss - net		377,502	973,937
Bank, LCs and other charges		58,365	38,431
Interest on Workers' Profit Participation Fund		291	499
		615,893	1,362,098
19. TAXATION			
Current	19.1	1,746,463	4,895,265
Deferred		(44,894)	(643,786)
		1,701,569	4,251,479

19.1 This includes a provision for super tax for tax year 2025 amounting to Rs 446.50 million @10% (30 September 2023: Rs 992.61 million @10%).

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

For the nine months period ended 30 September 2024

Amounts in Rs '000

	Nine months period ended 30 September (Un-audited)	
	2024	2023
20. CASH GENERATED FROM / (USED IN) OPERATIONS		
Profit before taxation	4,363,166	9,091,757
Adjustments for non-cash charges and other items		
Depreciation and amortisation	867,092	943,475
Gain on disposal of property, plant and equipment	-	(60,125)
Provision for retirement benefit obligations	17,075	14,711
Finance cost	217,643	1,011,062
Income from financial assets	(910,617)	(1,715,393)
	191,193	193,730
	4,554,359	9,285,487
Effect on cashflows due to working capital changes		
Decrease / (increase) in current assets:		
Stores and spare parts	(582,647)	(491,901)
Stock-in-trade	1,689,550	(6,261,814)
Trade debts	4,856,913	2,234,634
Loans and advances	(12,512)	(47,976)
Trade deposits and short-term prepayments	26,726	(115,167)
Other receivables	(15,675)	(66,517)
Sales tax refunds due from government	(1,726,335)	(2,474,689)
	4,236,020	(7,223,430)
Decrease in trade and other payables	(1,176,075)	(3,401,127)
Cash generated from / (used in) operations	7,614,304	(1,339,070)

21. 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	Nine months period ended 30 September (Un-audited)	
		2024	2023
Associates - Group Company	Purchase of goods from Lotte Kolson (Private) Limited	884	-
Associates - Common Directorship	Sale of goods to Novatex Limited - gross sales	34,813,535	10,458,846
	Sale of goods to Gatron Industries Limited - gross sales	3,978,879	-
Key management personnel	Salaries and other short-term benefits	39,690	69,280
	Retirement benefits	4,247	6,563
Others	Payments to retirement benefit funds	96,332	80,864

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

For the nine months period ended 30 September 2024

22. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue in the Board of Directors meeting held on 25 October 2024.



Sung Soo Bae
Chairman



Young Dae Kim
Chief Executive



Ashiq Ali
Chief Financial Officer

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