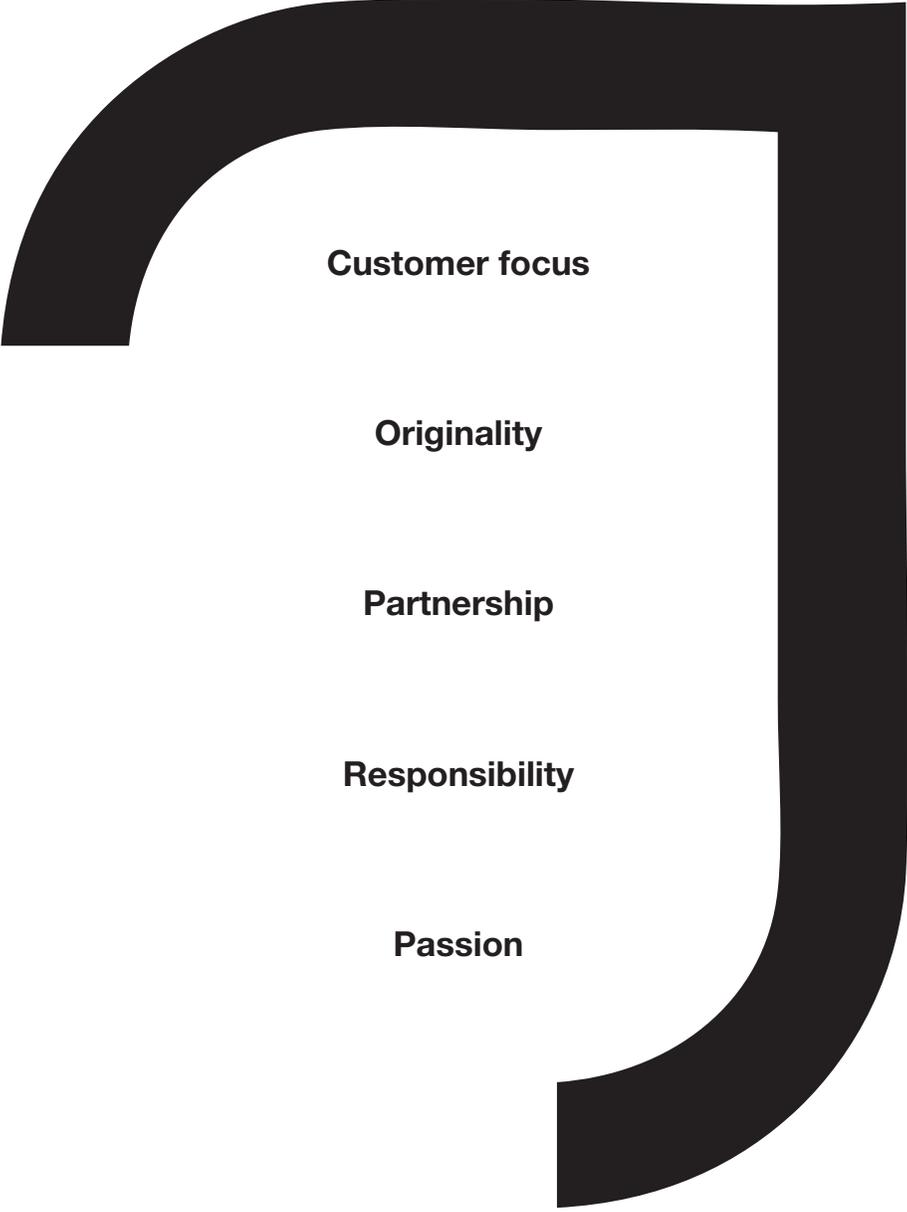


Report for the quarter &
six months ended 30 June 2016



Customer focus

Originality

Partnership

Responsibility

Passion

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Company Information

As at 23 August 2016

Board of Directors

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

Audit Committee

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

HR & Remuneration Committee

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

Shares Sub Committee

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

Chief Financial Officer

Ashiq Ali

Company Secretary

Faisal Abid

Executive Management Team

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

Bankers

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

Internal Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

External Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisor

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

Registered Office

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

Shares Registrar

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

Directors' Report

For the second quarter ended 30 June 2016

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

Business Overview

Crude Oil (WTi) prices held strong and continued to move up during the quarter. The surge in the oil prices was supported by the political instability in Middle-East and unexpected supply outages in major oil producing countries; oil workers strike in Kuwait, economic decay in Venezuela, militant attacks on oil infrastructure in Nigeria and wildfires in Canada's oil sands. Furthermore, the temporary decline in the active number of oil rigs in U.S also played an important role in reducing the supply glut and helped prices cross the US\$ 50 per barrel mark for a brief period near the end of the quarter.

Paraxylene (PX) prices remained buoyant during the quarter, supported by the bullish trend in the upstream crude oil prices. The planned PX maintenance shutdowns along with the healthy demand from the downstream PTA industry kept the PX market balanced. PX-Naphtha spreads hovered around a healthy level of US\$ 400 per tonne.

PTA prices reflected a steady posture and moved in a tight range. Producers in China maintained a production discipline and rationalized their output levels to avoid an oversupply situation. Demand from the downstream Polyester industry continued to surpass expectations and remained healthy throughout the quarter.

Polyester producers in the region were able to replenish inventories and operate in high gear amid robust demand from the downstream industry. The overall sentiment in the domestic Polyester industry also remained bullish; increased seasonal demand, coupled with the reduction in the import quantities of PSF enabled the domestic producers to operate at optimum rates.

Operations

Your Company continues to uphold the highest safety standards for its own employees as well as contractor's staff which is evident by an excellent safety record spread over 18 years without a lost time injury. The Directors are proud to report that your Company has achieved a major landmark by completing 50 million man-hours on 25th May 2016, without any injury to own or to contractors' employees.

Production during the quarter at 131,907 tonnes was 22% higher than the corresponding period last year due to 19 days planned shutdown for the PTA plant overhaul in March-April 2015. Production volume during Q2 2016 was the best for any quarter since commencement of plant operations. Conversion efficiencies also remained better than the corresponding period last year.

Sales volume, comprising of domestic sales only, for Q2 2016 at 131,667 tonnes was 2% higher than the corresponding quarter last year.

Profit, Finance & Taxation

Revenue for the quarter was 10% lower than the corresponding period last year mainly due to lower PTA prices. Impact of lower PTA price resulted in a reduction in PTA margin over PX for the quarter as compared

Directors' Report

For the second quarter ended 30 June 2016

to same period last year. However, lower variable conversion costs together with lower spent on plant maintenance resulted in a gross profit of Rs 270 million for the quarter as compared to gross profit of Rs 231 million during the same period last year.

Other income for the quarter was also higher than Q2 2015 mainly due to one-off income generated from the sale of platinum catalyst.

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

The profit after taxation for the quarter ended 30 June 2016 amounted to Rs 172 million as compared to profit after taxation of Rs 69 million in Q2 last year.

Future Outlook

The Crude oil market is most likely to remain oversupplied in the near future. The expected increase in the production levels of Saudi Arabia, Iran and Russia amid competition for market share will further increase the supply glut and limit any substantial upside for oil prices.

In the absence of any major change in the supply/demand fundamentals, PX prices are expected to follow the trend in the upstream Energy markets.

PTA demand is expected to remain subdued as the peak summer season has come to an end. However, the overall operating rate of the PTA industry, especially in China, will determine the price direction for this commodity.

The GoP has increased the PTA import tariff from 4% to 5% in the Federal Budget 2016-17. The increase in the tariff structure is applicable from 25th June 2016. However, the impact of tariff enhancement on the business will be limited due to disallowance of Input Sales Tax on Services and Packing materials.



Jung Neon Kim
Chairman

Date: 23 August 2016
Karachi



Humair Ijaz
Chief Executive

Auditors' Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Lotte Chemical Pakistan Limited** (the Company) as at **30 June 2016**, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, and condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended 30 June 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2016.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



EY Ford Rhodes

Chartered Accountants

Review Engagement Partner: Shariq Ali Zaidi

Date: 23 August 2016

Karachi

Condensed Interim Balance Sheet

As at 30 June 2016

Amount in Rs '000

	Note	30 June 2016 (Un-audited)	31 December 2015 (Audited)
Assets			
Non-current assets			
Fixed assets	4	5,471,375	6,127,374
Long-term loans and advances	5	68,997	63,883
Long-term deposits and prepayments	6	43,278	44,232
Deferred tax asset		1,583,762	1,410,238
		7,167,412	7,645,727
Current assets			
Stores and spare parts		996,685	966,659
Stock-in-trade		1,953,505	3,168,280
Trade debts		2,530,959	1,778,079
Loans and advances		22,682	24,233
Trade deposits and short-term prepayments		106,119	101,176
Interest accrued on short-term fixed deposits		7,645	3,385
Other receivables		59,733	119,136
Tax refunds due from government - sales tax	7	457,715	411,580
Taxation - payments less provision		1,099,950	1,239,740
Cash and bank balances	8	2,925,115	1,789,081
		10,160,108	9,601,349
Total assets		17,327,520	17,247,076
Equity			
Share capital and reserves			
Issued, subscribed and paid-up capital			
1,514,207,208 (31 December 2015: 1,514,207,208)			
ordinary shares of Rs 10 each		15,142,072	15,142,072
Capital reserves		2,345	2,345
Accumulated losses		(5,197,138)	(5,187,612)
		9,947,279	9,956,805
Liabilities			
Non-current liabilities			
Retirement benefit obligations		65,117	61,436
Current liabilities			
Trade and other payables		7,155,613	7,069,252
Accrued interest	9	159,511	159,583
		7,315,124	7,228,835
Total liabilities		7,380,241	7,290,271
Total equity and liabilities		17,327,520	17,247,076
Contingencies and commitments	10		

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



Jung Neon Kim
Chairman



Humair Ijaz
Chief Executive

Condensed Interim Profit and Loss Account (Un-audited)

For the quarter and six months period ended 30 June 2016

Amount in Rs '000

	Note	Quarter ended 30 June		Six months ended 30 June	
		2016	2015	2016	2015
Revenue	11	9,392,422	10,386,897	17,503,742	18,277,228
Cost of sales	12	(9,122,862)	(10,155,509)	(17,404,101)	(18,232,734)
Gross profit		269,560	231,388	99,641	44,494
Distribution and selling expenses		(16,388)	(21,549)	(38,471)	(45,012)
Administrative expenses		(97,421)	(80,195)	(175,164)	(160,703)
Other expenses	13	(254)	(541)	(434)	(846)
Other income	14	102,690	34,101	120,387	49,475
Finance costs	15	(10,426)	(203)	(13,241)	(24,085)
Profit / (loss) before taxation		247,761	163,001	(7,282)	(136,677)
Taxation	16	(75,273)	(93,982)	(2,244)	(99,871)
Profit / (loss) after taxation		172,488	69,019	(9,526)	(236,548)

Amount in Rupee

Earnings / (loss) per share - basic and diluted	0.11	0.05	(0.01)	(0.16)
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The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



Jung Neon Kim
Chairman



Humair Ijaz
Chief Executive

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter and six months period ended 30 June 2016

Amount in Rs '000

	Quarter ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
Profit / (loss) after taxation	172,488	69,019	(9,526)	(236,548)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss)	172,488	69,019	(9,526)	(236,548)

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



Jung Neon Kim
Chairman



Humair Ijaz
Chief Executive

Condensed Interim Cash Flow Statement (Un-audited)

For the six months period ended 30 June 2016

Amount in Rs '000

	Note	Six months ended 30 June	
		2016	2015
Cash flows from operating activities			
Cash generated from operations	19	1,200,126	517,501
Long-term loans and advances - net		(5,114)	(6,522)
Long-term deposits and prepayments - net		954	2,718
Finance costs paid		(15,127)	(28,619)
Payments to staff retirement benefit obligations		(611)	(290)
Taxes paid		(35,978)	(137,694)
Interest received from short-term fixed deposits		45,371	42,319
Net cash generated from operating activities		1,189,621	389,413
Cash flows from investing activities			
Payments for capital expenditure		(54,886)	(34,758)
Proceeds from disposal of property, plant and equipment		1,300	741
Net cash used in investing activities		(53,586)	(34,017)
Cash flows from financing activities			
Dividend paid		(1)	(61)
Net cash used in financing activities		(1)	(61)
Net increase in cash and cash equivalents		1,136,034	355,335
Cash and cash equivalents at 1 January		1,789,081	1,025,890
Cash and cash equivalents at 30 June		2,925,115	1,381,225

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



Jung Neon Kim
Chairman



Humair Ijaz
Chief Executive

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

For the six months period ended 30 June 2016

Amount in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Accumulated losses	Total
Balance as at 1 January 2015	15,142,072	2,345	(4,438,899)	10,705,518
Total comprehensive loss for the six months period ended 30 June 2015				
- Loss for the six months period ended 30 June 2015	-	-	(236,548)	(236,548)
- Other comprehensive income for the six months period ended 30 June 2015	-	-	-	-
	-	-	(236,548)	(236,548)
Balance as at 30 June 2015	<u>15,142,072</u>	<u>2,345</u>	<u>(4,675,447)</u>	<u>10,468,970</u>

Balance as at 1 January 2016	15,142,072	2,345	(5,187,612)	9,956,805
Total comprehensive loss for the six months period ended 30 June 2016				
- Loss for the six months period ended 30 June 2016	-	-	(9,526)	(9,526)
- Other comprehensive income for the six months period ended 30 June 2016	-	-	-	-
	-	-	(9,526)	(9,526)
Balance as at 30 June 2016	<u>15,142,072</u>	<u>2,345</u>	<u>(5,197,138)</u>	<u>9,947,279</u>

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



Jung Neon Kim
Chairman



Humair Ijaz
Chief Executive

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

For the six months period ended 30 June 2016

1. Status and nature of business

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

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

2. Basis of preparation

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

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

3. Significant accounting policies

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

New / Revised standards, interpretations and amendments

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

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

Improvements to accounting standards issued by the IASB

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

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

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

For the six months period ended 30 June 2016

Amount in Rs '000

4. Fixed assets

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

	2016		2015	
	Additions cost	Disposals net book value	Additions cost	Disposals net book value
Property, plant and equipment				
Operating assets - owned				
Plant and machinery	11,827	-	-	-
Furniture and equipment	1,876	-	1,216	-
Motor vehicles	-	349	-	20
Capital work-in-progress	41,183	-	33,542	-

5. Long-term loans and advances

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

6. Long-term deposits and prepayments

	30 June 2016	31 December 2015
Deposits - unsecured and considered good - note 6.1	40,374	40,374
Prepayments	2,904	3,858
	43,278	44,232

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

7. Tax refunds due from government - sales tax

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

	30 June 2016	31 December 2015
8. Cash and bank balances		
Short-term fixed deposits - note 8.1	2,902,900	1,762,100
With banks in current accounts - note 8.2	14,930	20,862
Cash in hand	7,285	6,119
	2,925,115	1,789,081

8.1 During the period ended 30 June 2016, the mark-up rates on term deposits ranged from 4.50% to 6.50% (31 December 2015: 5.00% to 9.00%) per annum and had maturities of less than three months.

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

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

For the six months period ended 30 June 2016

Amount in Rs '000

	30 June 2016	31 December 2015
9. Accrued interest		
Long-term loans - note 9.1	159,511	159,583

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

10. Contingencies and commitments

10.1 Contingencies

The Income Tax Appellate Tribunal (ITAT) vide order no ITA.No.111/KB/2006 dated 20 April 2006 had set aside the taxation officer's assessment order for the assessment year 2002-2003 (income year ending 31 December 2001) whereby the assessing officer had been directed to re-examine the issue of allocation of cost of goods sold to export sales, strictly in accordance with Rule 216 of the Income Tax Rules, 1982. The taxation officer vide order no. DC20/106 dated 29 June 2007 had used volume basis to determine the allocation of cost of goods sold to export sales, against which the Company had filed an appeal. The Commissioner Inland Revenue (Appeals-I) [CIR(A)] vide order numbers 153 and 391 dated 31 January 2011 (received by the Company on 4 June 2011) has set aside the taxation officer's order with instructions to strictly comply with the directions contained in the ITAT's order of 20 April 2006 in relation to the basis of allocation of cost of goods sold to export sales. The Deputy Commissioner Inland Revenue vide number 01/171 dated 25 June 2012 (received by the Company in July 2012) has maintained the above basis of allocation to export sales. The Company filed an appeal against the said order in August 2012. The CIR(A) vide its order dated 29 May 2013 has disagreed with 'basis of dual allocation' as per taxation officer's assessment order and has directed the officer to accordingly determine the amount on the basis of "sales" and finalise the assessment on such basis. The department filed an appeal against the said order on 15 August 2013. The Income Tax Appellate Tribunal (ITAT) vide order no. ITA No.744/KB-2013 dated 27 August 2015 has rejected the department appeal and the matter has now been taken up with the taxation officer for rectification as per the recent order passed. Accordingly, no provision has been made for the potential liability amounting to Rs 149.69 million (31 December 2015: Rs 149.69 million) in this condensed interim financial information.

10.2 Commitments

10.2.1 Outstanding guarantees and letters of credit issued on behalf of the Company as at 30 June 2016 were Rs 2.05 billion (31 December 2015: Rs 1.98 billion) and Rs 2.46 billion (31 December 2015: Rs 0.61 billion), respectively.

10.2.2 Commitments in respect of capital expenditure as at 30 June 2016 amount to Rs 95.13 million (31 December 2015: Rs 121.85 million).

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

Year	30 June 2016	31 December 2015
2016	8,625	19,379
2017	12,937	13,827
2018	8,956	6,505
2019	6,906	4,110
2020	6,015	2,837
2021	705	-
	44,144	46,658

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

Year	30 June 2016	31 December 2015
2016	278,878	604,310
2017	553,700	585,572
	832,578	1,189,882

10.2.5 Commitments for rentals under operating lease agreements in respects of goods and services are stated at minimum lease payments. These are priced in foreign currency and payable in Pakistan Rupees, converted at the exchange rates applicable on the date of payment.

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

For the six months period ended 30 June 2016

Amount in Rs '000

11. Revenue

	Quarter ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
Manufactured goods				
Local sales	10,058,462	11,089,947	18,792,422	19,584,170
Less: Sales tax and excise duty	(586,703)	(638,459)	(1,031,580)	(1,131,434)
Price settlements and discounts	(162,959)	(103,277)	(379,978)	(324,136)
	9,308,800	10,348,211	17,380,864	18,128,600
Trading goods				
Local sales	90,913	40,285	133,427	157,376
Less: Sales tax and excise duty	(5,600)	(1,049)	(8,049)	(6,544)
Price settlements and discounts	(1,691)	(550)	(2,500)	(2,204)
	83,622	38,686	122,878	148,628
	9,392,422	10,386,897	17,503,742	18,277,228

12. Cost of sales

Manufactured goods

Opening stock of raw and packing materials	1,967,863	1,284,311	2,460,103	1,590,090
Purchases	7,585,279	9,066,920	13,632,727	15,869,136
Closing stock of raw and packing materials	(1,672,927)	(3,111,993)	(1,672,927)	(3,111,993)
Raw and packing materials consumed	7,880,215	7,239,238	14,419,903	14,347,233
Manufacturing costs - note 12.1	1,191,605	1,328,310	2,440,236	2,805,030
Cost of goods manufactured	9,071,820	8,567,548	16,860,139	17,152,263
Opening stock of finished goods	235,113	1,650,881	692,038	1,031,428
	9,306,933	10,218,429	17,552,177	18,183,691
Closing stock of finished goods	(253,480)	(100,728)	(253,480)	(100,728)
	9,053,453	10,117,701	17,298,697	18,082,963
Trading goods				
Opening stock	784	63,219	16,139	162,759
Purchases	95,723	23,964	116,363	36,387
Closing stock	(27,098)	(49,375)	(27,098)	(49,375)
	69,409	37,808	105,404	149,771
	9,122,862	10,155,509	17,404,101	18,232,734

12.1 Included herein are ijarah rentals amounting to Rs 5.4 million (30 June 2015: Rs 5.6 million) in respect of motor vehicles.

	Quarter ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
13. Other expenses				
Donations	73	-	151	149
Workers' Welfare Fund	67	119	98	119
Provision for obsolete stores and spare parts	86	-	86	-
Others	28	422	99	578
	254	541	434	846

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

For the six months period ended 30 June 2016

Amount in Rs '000

	Quarter ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
14. Other income				
Scrap sales	75	2,608	75	2,608
Gain on disposal of property, plant and equipment	-	-	951	721
Income from short-term fixed deposits	32,885	27,488	49,631	41,858
Income from sale of platinum catalyst	68,312	-	68,312	-
Sales tax refunds	-	4,005	-	4,005
Liabilities no longer payable written back	1,418	-	1,418	283
	102,690	34,101	120,387	49,475
15. Finance costs				
Discounting charges on trade debts	751	1,099	3,501	14,804
Bank and other charges	4,297	10,892	11,554	15,958
Exchange loss / (gain) - net - note 15.1	5,378	(11,788)	(1,814)	(6,677)
	10,426	203	13,241	24,085

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

16. Taxation

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

	Six months ended 30 June	
	2016	2015
17. Cash generated from operations		
Loss before taxation	(7,282)	(136,677)
Adjustments for non cash charges and other items:		
Depreciation and amortisation	710,536	692,607
Provision for obsolete stores and spare parts	86	-
Gain on disposal of property, plant and equipment	(951)	(721)
Provision for staff retirement benefit obligations	4,292	3,652
Finance costs	15,055	30,762
Income from short-term fixed deposits	(49,631)	(41,858)
Infrastructure Cess	75,166	69,765
Gas Infrastructure Development Cess	261,625	244,659
	1,016,178	998,866
	1,008,896	862,189
Effect on cashflows due to working capital changes		
Decrease / (increase) in current assets:		
Stores and spare parts	(30,112)	100,829
Stock-in-trade	1,214,775	(477,819)
Trade debts	(752,880)	(1,257,069)
Loans and advances	1,551	(43,059)
Trade deposits and short-term prepayments	(4,943)	(147,020)
Other receivables and tax refunds due from government	13,268	(5,287)
	441,659	(1,829,425)
(Decrease) / increase in trade and other payables	(250,429)	1,484,737
Cash generated from operations	1,200,126	517,501

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

For the six months period ended 30 June 2016

Amount in Rs '000

18. Transactions with related parties

The related parties comprise parent company, related group companies, directors of the Company, companies where directors also hold directorships, key management personnel and staff retirement benefit funds. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in this condensed interim financial information are as follows:

Relationship	Nature of transaction	Quarter ended 30 June		Six months ended 30 June	
		2016	2015	2016	2015
Associate	Purchase of goods	6,194	-	6,194	-
Key management personnel	Salaries and other short-term benefits	15,836	16,298	26,655	32,805
	Post employment benefits	1,904	1,460	3,266	2,950
Others	Payments to staff retirement benefit funds	13,875	13,994	26,934	27,255

19. General

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

20. Date of authorisation

This condensed interim financial information has been authorised for issue in the Board of Directors meeting held on 23 August 2016.



Jung Neon Kim
Chairman



Humair Ijaz
Chief Executive

Registered Office

EZ/1/P-4, Eastern Industrial Zone, Port Qasim,
P.O. Box 723, Karachi-74200, Pakistan
UAN: +92 (0) 21 111 782 111
Fax: +92 (0) 21 3472 6004
URL: www.lottechem.pk

City Office

Al-Tijarah Centre, 14th Floor, 32/1-A, Main Shahrah-e-Faisal,
Block 6, P.E.C.H.S., Karachi-75400, Pakistan
UAN: +92 (0) 111 568 782
Fax: +92 (0) 21 3416 9119

