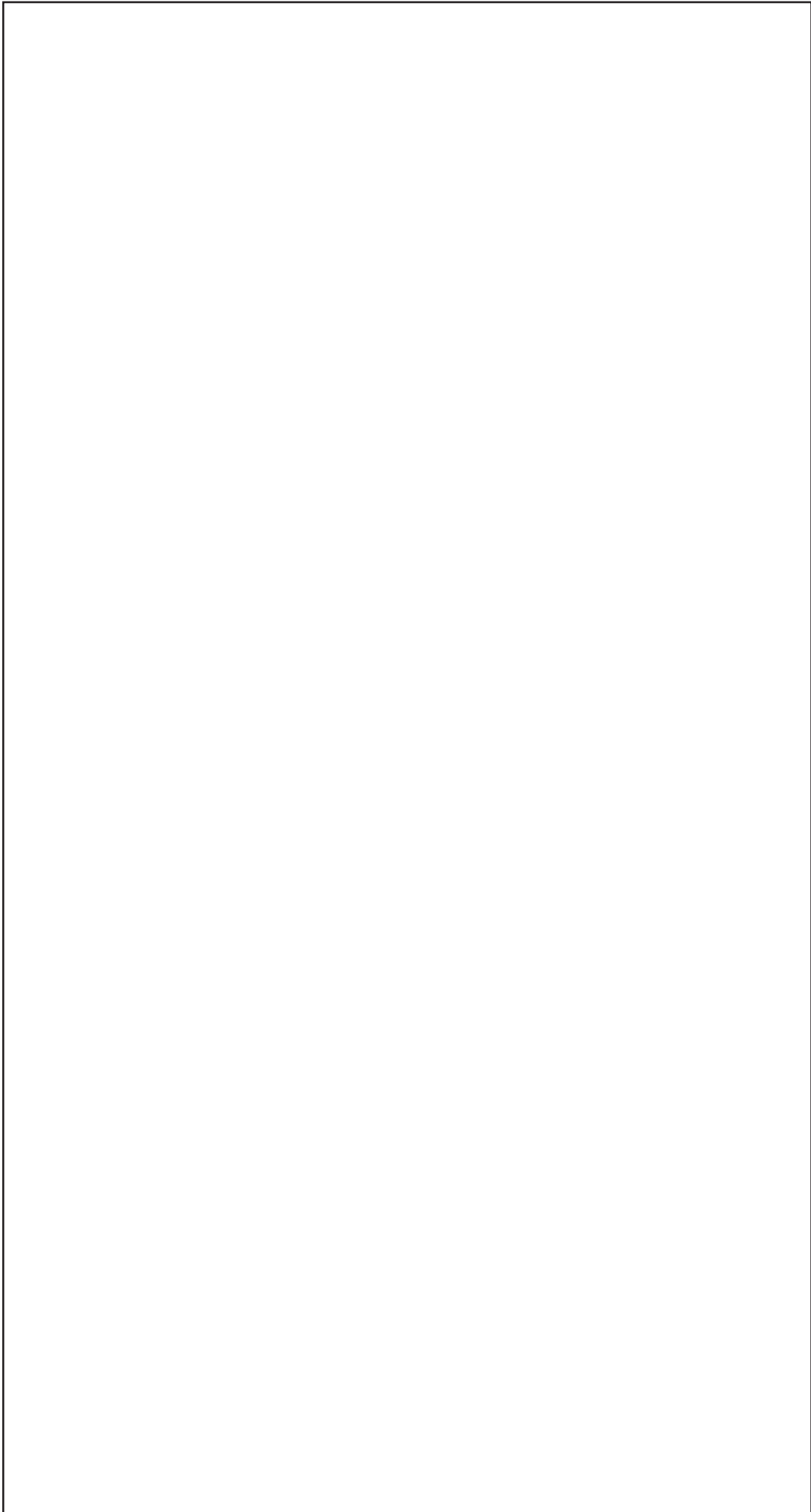




**PEOPLE
PASSION
PROGRESS**

Report for the quarter
& six months ended
30 June 2017



Contents

Company Information	02
Directors' Report	03
Auditors' Report to the Members on Review of Interim Financial Information	05
Condensed Interim Balance Sheet	06
Condensed Interim Profit and Loss Account	07
Condensed Interim Statement of Comprehensive Income	08
Condensed Interim Cash Flow Statement	09
Condensed Interim Statement of Changes in Equity	10
Notes to the Condensed Interim Financial Information	11

Company Information

As at 24 August 2017

Board of Directors

Jung Neon Kim	Chairman
Humair Ijaz	Chief Executive
Sang Hyeon Lee	Executive
In Goo Park	Non-Executive
Hye Sil Jang	Non-Executive
M 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
Hye Sil Jang	Member

Shares Sub Committee

Sang Hyeon Lee	Chairman
M 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

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

Registered Office

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

Shares Registrar

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

Directors' Report

For the second quarter ended 30 June 2017

The Directors are pleased to present their report for the second quarter ended 30 June 2017 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 2017.

Election of Directors

At the Extraordinary General Meeting of the Company held on 20 June 2017, Mr Jung Neon Kim, Mr Humair Ijaz, Mr In Goo Park, Ms Hye Sil Jang, Mr Sang Hyeon Lee, Mr Mohammad Qasim Khan, Mr Istaqbal Mehdi and Mr Pervaiz Akhtar were elected as Directors of the Company for a three-year term commencing from 23 June 2017.

Following the election of Directors, Mr Jung Neon Kim was re-appointed Chairman and Mr Humair Ijaz as Chief Executive of the Company for a term of three years commencing from 23 June 2017.

Business Overview

The quarter commenced with Crude oil gaining strength based on supply disruptions in the Middle East, and increase in US gasoline demand. The momentum, however, was short-lived since rampant US crude oil production and increasing output from Libya and Nigeria outstripped the demand thereby exerting downward pressure on the entire crude market. Despite the announcement of the extension of the OPEC and Non-OPEC production cut agreement for another nine months (till 31st March 2018), prices weakened overall as investor confidence was on the lows who were anticipating greater cuts.

Paraxylene (PX) market at large followed the trend of the upstream crude oil market and continuously lost strength over the course of the quarter. The average price of PX during the quarter was US\$ 817 per tonne, while the quarter ended at a price of US\$ 792 per tonne. Despite the observance of planned PX plant turnarounds, the market remained fairly balanced due to addition of new capacity in the region. PX producer's margin over Naphtha averaged at US\$ 369 per tonne for the quarter.

PTA market started slow as a result of a buildup of polyester inventories in the region, following which PTA producers in China rationalized their production rate in an attempt to shave off the surplus stocks from the market. A streak of planned PTA plant turnarounds later in the quarter helped support the demand, alongside robust polyester sales due to addition of new PET and PSF capacities. Consequently, the Supply/Demand fundamentals favored the market, and resulted in moderately improved margins for PTA producers. The PTA price averaged at US\$ 628 per tonne during the quarter and the industry margin over PX averaged at US\$ 89 per tonne for the quarter.

Overall, the activity of the Polyester industry in the region showed signs of continued strength, and operated at plant rates averaging 77% to cater to downstream demand.

Operations

Production and Sales volume for Q2 2017 at 128,053 tonnes and 127,508 tonnes respectively, remained 3% lower than the corresponding quarter last year. No export sales were made to during the quarter.

Profit, Finance & Taxation

Your Company generated a gross profit of Rs 192 million for the quarter as compared to gross profit of Rs 270 million during the same period last year due to higher PX prices and consequent reduction in PTA margin over PX.

Directors' Report

For the second quarter ended 30 June 2017

Other expenses for the quarter were higher than Q2 2016 mainly due to provisions for Workers' Profit Participation and Workers' Welfare Funds. Other income for the quarter was lower mainly due to one-off income generated from the sale of platinum catalyst in Q2 2016.

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 2017 amounted to Rs 41 million as compared to profit after taxation of Rs 172 million in Q2 last year.

Future Outlook

The Global Crude Oil supply still continues to exceed the demand despite the efforts made by OPEC and Non-OPEC members to curtail the oil production; the news of the extension of the OPEC production cut has not given speculators any renewed hopes who were foreseeing greater production cuts. The US crude stockpile and rig count increases continue to suggest rampant momentum of US shale gas expansion, while Libya and Nigeria continue to produce at record levels too, thereby threatening the rebalancing of the oil market. In lieu of the supply glut situation, crude oil prices are unlikely to rebound and cross the once-anticipated US\$ 60 per barrel price mark by the end of the year 2017.

In the absence of any major change in the supply/demand fundamentals, PX prices will likely continue to follow at large the trend of the upstream Energy markets. Meanwhile, the robust demand from the downstream PTA and Polyester industry is expected to support the PX market in the near term. Later, however, as we approach second half of 2017, market demand could taper off in accordance with changes in seasonal demand.

In the near term, PSF demand outlook is strong with producers in the region having to replenish inventories quickly. Furthermore, a spat of annual turnarounds for major PTA producers in China and addition of new PET/PSF capacities is expected to support the market, however, the demand is expected to ease off by Q3 2017 as turnarounds approach completion and fundamentals are somewhat restored. PTA-PX margin is expected to stay modest in the near term.

In local downstream sector, PET operations have operated at high rates despite the month of Ramadan and is projected to maintain similar operations in the next quarter. Meanwhile PSF manufacturers have reduced their plant rates slightly as peak demand season is approaching its end. PSF demand is expected to remain modest in the near future.

The management is closely following up with K-Electric and NEPRA regarding the sale of surplus electricity. The approval of tariff from NEPRA is expected within Q3.



Jung Neon Kim
Chairman

Date: 24 August 2017
Karachi



Humair Ijaz
Chief Executive



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

Tel: + 9221 3565 0007-11
Fax: + 9221 3568 1965
e.y.khi@pk.ey.com
ey.com/pk

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 2017**, 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 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2017.

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: 24 August 2017

Karachi

Condensed Interim Balance Sheet

As at 30 June 2017

Amounts in Rs '000

	Note	30 June 2017 (Un-audited)	31 December 2016 (Audited)
Assets			
Non-current assets			
Fixed assets	4	4,926,158	5,148,787
Long-term loans and advances		75,785	70,246
Long-term deposits and prepayments		75,577	43,863
Deferred tax asset		1,715,043	1,614,057
		6,792,563	6,876,953
Current assets			
Stores and spare parts		965,788	934,664
Stock-in-trade		2,637,615	3,143,174
Trade debts		2,526,371	1,891,825
Loans and advances		224,044	22,714
Trade deposits and short-term prepayments		73,933	22,805
Interest accrued on short-term fixed deposits		18,176	7,280
Other receivables	5	168,627	20,429
Tax refunds due from government - sales tax	6	517,896	351,421
Taxation - payments less provision		744,359	947,807
Cash and bank balances	7	4,342,110	3,319,250
		12,218,919	10,661,369
Total assets		19,011,482	17,538,322
Equity			
Share capital and reserves			
Issued, subscribed and paid-up capital 1,514,207,208 (31 December 2016: 1,514,207,208) ordinary shares of Rs 10 each		15,142,072	15,142,072
Capital reserves		2,345	2,345
Accumulated losses		(4,515,655)	(4,869,335)
		10,628,762	10,275,082
Liabilities			
Non-current liabilities			
Retirement benefit obligations		79,440	75,364
Current liabilities			
Trade and other payables		8,143,564	7,028,293
Accrued interest		159,716	159,583
		8,303,280	7,187,876
Total liabilities		8,382,720	7,263,240
Total equity and liabilities		19,011,482	17,538,322
Contingencies and commitments			
	8		

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Jung Neon Kim
Chairman



Ashiq Ali
Chief Financial Officer



Humair Ijaz
Chief Executive

Condensed Interim Profit and Loss Account (Un-audited)

For the quarter and six months period ended 30 June 2017

Amounts in Rs '000

	Note	Quarter ended 30 June		Six months period ended 30 June	
		2017	2016	2017	2016
Revenue	9	9,339,647	9,392,422	19,946,784	17,503,742
Cost of sales	10	(9,147,535)	(9,122,862)	(19,274,705)	(17,404,101)
Gross profit		192,112	269,560	672,079	99,641
Distribution and selling expenses		(22,076)	(16,388)	(50,254)	(38,471)
Administrative expenses		(84,837)	(97,421)	(168,851)	(175,164)
Other expenses	11	(11,495)	(254)	(27,893)	(434)
Other income	12	63,690	102,690	121,623	120,387
Finance costs	13	(33,419)	(10,426)	(42,464)	(13,241)
Profit / (loss) before taxation		103,975	247,761	504,240	(7,282)
Taxation	14	(63,072)	(75,273)	(150,560)	(2,244)
Profit / (loss) after taxation		40,903	172,488	353,680	(9,526)
----- Amount in Rupees -----					
Earnings / (loss) per share - basic and diluted		0.03	0.11	0.23	(0.01)

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Jung Neon Kim
Chairman



Ashiq Ali
Chief Financial Officer



Humair Ijaz
Chief Executive

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter and six months period ended 30 June 2017

Amounts in Rs '000

	Quarter ended 30 June		Six months period ended 30 June	
	2017	2016	2017	2016
Profit / (loss) after taxation	40,903	172,488	353,680	(9,526)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss)	40,903	172,488	353,680	(9,526)

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Jung Neon Kim
Chairman



Ashiq Ali
Chief Financial Officer



Humair Ijaz
Chief Executive

Condensed Interim Cash Flow Statement (Un-audited)

For the six months period ended 30 June 2017

Amounts in Rs '000

	Note	Six months period ended 30 June	
		2017	2016
Cash flows from operating activities			
Cash generated from operations	15	1,120,188	1,200,126
Long-term loans and advances - net		(5,539)	(5,114)
Long-term deposits and prepayments - net		(31,714)	954
Finance costs paid		(48,340)	(15,127)
Payments to retirement benefit obligations		(543)	(611)
Taxes paid		(48,098)	(35,978)
Interest received from short-term fixed deposits		107,444	45,371
Net cash generated from operating activities		1,093,398	1,189,621
Cash flows from investing activities			
Payments for capital expenditure		(70,536)	(54,886)
Proceeds from disposal of property, plant and equipment		-	1,300
Net cash used in investing activities		(70,536)	(53,586)
Cash flows from financing activities			
Dividend paid		(2)	(1)
Net cash used in financing activities		(2)	(1)
Net increase in cash and cash equivalents		1,022,860	1,136,034
Cash and cash equivalents at 1 January		3,319,250	1,789,081
Cash and cash equivalents at 30 June		4,342,110	2,925,115

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Jung Neon Kim
Chairman



Ashiq Ali
Chief Financial Officer



Humair Ijaz
Chief Executive

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

For the six months period ended 30 June 2017

Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Accumulated losses	Total
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	15,142,072	2,345	(5,197,138)	9,947,279

Balance as at 1 January 2017	15,142,072	2,345	(4,869,335)	10,275,082
Total comprehensive income for the six months period ended 30 June 2017				
- Profit for the six months period ended 30 June 2017	-	-	353,680	353,680
- Other comprehensive income for the six months period ended 30 June 2017	-	-	-	-
	-	-	353,680	353,680
Balance as at 30 June 2017	15,142,072	2,345	(4,515,655)	10,628,762

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Jung Neon Kim
Chairman



Ashiq Ali
Chief Financial Officer



Humair Ijaz
Chief Executive

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

For the six months period ended 30 June 2017

Amounts in Rs '000

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 2017 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 repealed Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.

During the year, the Companies Act, 2017 (the Act) has been promulgated effective 30 May 2017 which has repealed old law i.e. the Ordinance. The Act through its promulgation has introduced many changes including changes in presentation and disclosure in the financial statements. Securities and Exchange Commission of Pakistan (SECP) through its circular No. 17 of 2017 dated 20 July 2017 and press release dated 20 July 2017 has deferred the application of the Act in relation to preparation of the financial statements for Companies whose financial year, including quarterly and other interim period closes on or before 30 June 2017. Hence, this condensed interim financial information is prepared under the Ordinance.

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 2016.

3. Significant accounting policies

The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those followed in the preparation of the annual audited financial statements for the year ended 31 December 2016 except as disclosed below:

New / revised standards, interpretations and amendments

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

IFRS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any material effect on the condensed interim financial information of the Company.

4. Fixed assets

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

	2017		2016	
	Additions cost	Disposals net book value	Additions cost	Disposals net book value
Property, plant and equipment				
Operating assets - owned				
Plant and machinery	260	-	11,827	-
Furniture and equipment	2,449	-	1,876	-
Motor vehicles	-	-	-	349
Capital work-in-progress	67,781	-	41,183	-
Intangible assets	46	-	-	-

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

For the six months period ended 30 June 2017

Amounts in Rs '000

	30 June 2017	31 December 2016
	(Un-audited)	(Audited)
5. Other receivables		
Rebates receivable - note 5.1	165,980	20,259
Insurance claim receivable	2,538	-
Others	109	170
	168,627	20,429

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

6. Tax refunds due from government - sales tax

This includes Rs 198.2 million (31 December 2016: Rs 198.2 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 2017	31 December 2016
	(Un-audited)	(Audited)
7. Cash and bank balances		
Short-term fixed deposits - note 7.1	4,314,900	3,300,000
With banks in current accounts	23,086	14,720
Cash in hand	4,124	4,530
	4,342,110	3,319,250

7.1 During the period ended 30 June 2017, the mark-up rates on term deposits ranged from 5.0% to 6.5% (31 December 2016: 4.5% to 7.0%) per annum and had maturities of less than three months.

8. Contingencies and commitments

8.1 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 ended 31 December 2001) whereby, the assessing officer had been directed to re-examine the issue of allocation of cost of goods sold to export sales, strictly in accordance with Rule 216 of the Income Tax Rules, 1982. The taxation officer vide order no. DC20/106 dated 29 June 2007 had used volume basis to determine the allocation of cost of goods sold to export sales, against which the Company had filed an appeal. The Commissioner Inland Revenue (Appeals) [CIR(A)] vide order numbers 153 and 391 dated 31 January 2011 (received by the Company on 4 June 2011) has set aside the taxation officer's order with instructions to strictly comply with the directions contained in the 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 (DCIR) vide order number 01/171 dated 25 June 2012 (received by the Company in July 2012) has maintained the above basis of allocation to export sales. The Company filed an appeal against the said order in August 2012. The CIR(A) vide its order dated 29 May 2013 has disagreed with 'basis of dual allocation' as per taxation officer's assessment order and has directed the officer to accordingly determine the amount on the basis of "sales" and finalise the assessment on such basis. The department filed an appeal against the said order on 15 August 2013. The 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 last order passed. Accordingly, no provision has been made for the potential liability amounting to Rs 149.69 million (31 December 2016: Rs 149.69 million) in this condensed interim financial information.

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

For the six months period ended 30 June 2017

Amounts in Rs '000

8.2 Commitments

8.2.1 Outstanding guarantees and letters of credit issued on behalf of the Company as at 30 June 2017 were Rs 2.22 billion (31 December 2016: Rs 2.13 billion) and Rs 0.96 billion (31 December 2016: Rs 1.31 billion), respectively.

8.2.2 Commitments in respect of capital expenditure as at 30 June 2017 amount to Rs 504.9 million (31 December 2016: Rs 26.88 million).

8.2.3 Commitments for rentals under operating lease arrangements / Ijarah contracts in respect of vehicles are as follows:

Year	30 June 2017 (Un-audited)	31 December 2016 (Audited)
2017	8,703	15,041
2018	14,787	11,355
2019	12,741	9,312
2020	11,853	8,426
2021	6,531	3,114
2022	623	-
	55,238	47,248

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

Year	30 June 2017 (Un-audited)	31 December 2016 (Audited)
2017	262,958	553,950

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

9. Revenue

	Quarter ended 30 June		Six months period ended 30 June	
	2017	2016	2017	2016
Manufactured goods				
Local sales	9,867,068	10,058,462	20,806,212	18,792,422
Export sales	-	-	236,705	-
	9,867,068	10,058,462	21,042,917	18,792,422
Less: Sales tax and excise duty	(270,335)	(586,703)	(613,855)	(1,031,580)
Price settlements and discounts	(356,652)	(162,959)	(697,600)	(379,978)
	9,240,081	9,308,800	19,731,462	17,380,864
Trading goods				
Local sales	105,642	90,913	226,974	133,427
Less: Sales tax and excise duty	(4,494)	(5,600)	(7,543)	(8,049)
Price settlements and discounts	(1,582)	(1,691)	(4,109)	(2,500)
	99,566	83,622	215,322	122,878
	9,339,647	9,392,422	19,946,784	17,503,742

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

For the six months period ended 30 June 2017

Amounts in Rs '000

	Quarter ended 30 June		Six months period ended 30 June	
	2017	2016	2017	2016
10. Cost of sales				
Manufactured goods				
Opening stock of raw and packing materials	3,027,575	1,967,863	1,599,579	2,460,103
Purchases	7,016,022	7,585,279	16,544,658	13,632,727
Closing stock of raw and packing materials	(2,013,105)	(1,672,927)	(2,013,105)	(1,672,927)
Raw and packing materials consumed	8,030,492	7,880,215	16,131,132	14,419,903
Manufacturing costs	1,019,265	1,191,605	2,032,600	2,440,236
Cost of goods manufactured	9,049,757	9,071,820	18,163,732	16,860,139
Opening stock of finished goods	580,164	235,113	1,497,266	692,038
	9,629,921	9,306,933	19,660,998	17,552,177
Closing stock of finished goods	(568,870)	(253,480)	(568,870)	(253,480)
	9,061,051	9,053,453	19,092,128	17,298,697
Trading goods				
Opening stock	12,962	784	46,329	16,139
Purchases	129,162	95,723	191,888	116,363
Closing stock	(55,640)	(27,098)	(55,640)	(27,098)
	86,484	69,409	182,577	105,404
	9,147,535	9,122,862	19,274,705	17,404,101
11. Other expenses				
Donations	316	73	481	151
Workers' Profit Participation Fund	10,990	-	26,523	-
Workers' Welfare Fund	85	67	372	98
Obsolete stores and spare parts written off	-	86	-	86
Other receivables written off	70	-	70	-
Others	34	28	447	99
	11,495	254	27,893	434
12. Other income				
Scrap sales	122	75	1,296	75
Gain on disposal of property, plant and equipment	-	-	-	951
Income from short-term fixed deposits	62,388	32,885	118,340	49,631
Income from sale of platinum catalyst	-	68,312	-	68,312
Liabilities no longer payable written back	286	1,418	286	1,418
Others	894	-	1,701	-
	63,690	102,690	121,623	120,387

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

For the six months period ended 30 June 2017

Amounts in Rs '000

	Quarter ended 30 June		Six months period ended 30 June	
	2017	2016	2017	2016
13. Finance costs				
Discounting charges on trade debts	1,086	751	3,497	3,501
Bank and other charges	38,836	4,297	44,843	11,554
Exchange (gain) / loss - net	(6,503)	5,378	(5,876)	(1,814)
	33,419	10,426	42,464	13,241

14. Taxation

The current tax charge for the six months period ended 30 June 2017 consists of tax charged under Final Tax Regime (FTR) and minimum tax charged under Section 113 of the Income Tax Ordinance, 2001.

	Six months period ended 30 June	
	2017	2016
15. Cash generated from operations		
Profit / (loss) before taxation	504,240	(7,282)
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	293,165	710,536
Obsolete stores and spare parts written off	-	86
Gain on disposal of property, plant and equipment	-	(951)
Provision for retirement benefit obligations	4,619	4,292
Finance costs	48,473	15,055
Interest accrued on short-term fixed deposits	(118,340)	(49,631)
Infrastructure cess	93,914	75,166
Gas infrastructure development cess	245,539	261,625
	567,370	1,016,178
	1,071,610	1,008,896
Effect on cashflows due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spare parts	(31,124)	(30,112)
Stock-in-trade	505,559	1,214,775
Trade debts	(634,546)	(752,880)
Loans and advances	(201,330)	1,551
Trade deposits and short-term prepayments	(51,128)	(4,943)
Other receivables and tax refunds due from government	(314,673)	13,268
	(727,242)	441,659
Increase / (decrease) in trade and other payables	775,820	(250,429)
Cash generated from operations	1,120,188	1,200,126

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

For the six months period ended 30 June 2017

Amounts in Rs '000

16. 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 transactions	Quarter ended 30 June		Six months period ended 30 June	
		2017	2016	2017	2016
Associate	Purchase of goods	-	6,194	-	6,194
Key management personnel	Salaries and other short-term benefits	15,753	15,836	30,152	26,655
	Post employment benefits	2,202	1,904	4,199	3,266
Others	Payments to retirement benefit funds	15,333	13,875	29,427	26,934

17. General

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

18. Date of authorisation

This condensed interim financial information has been authorised for issue in the Board of Directors meeting held on 24 August 2017.



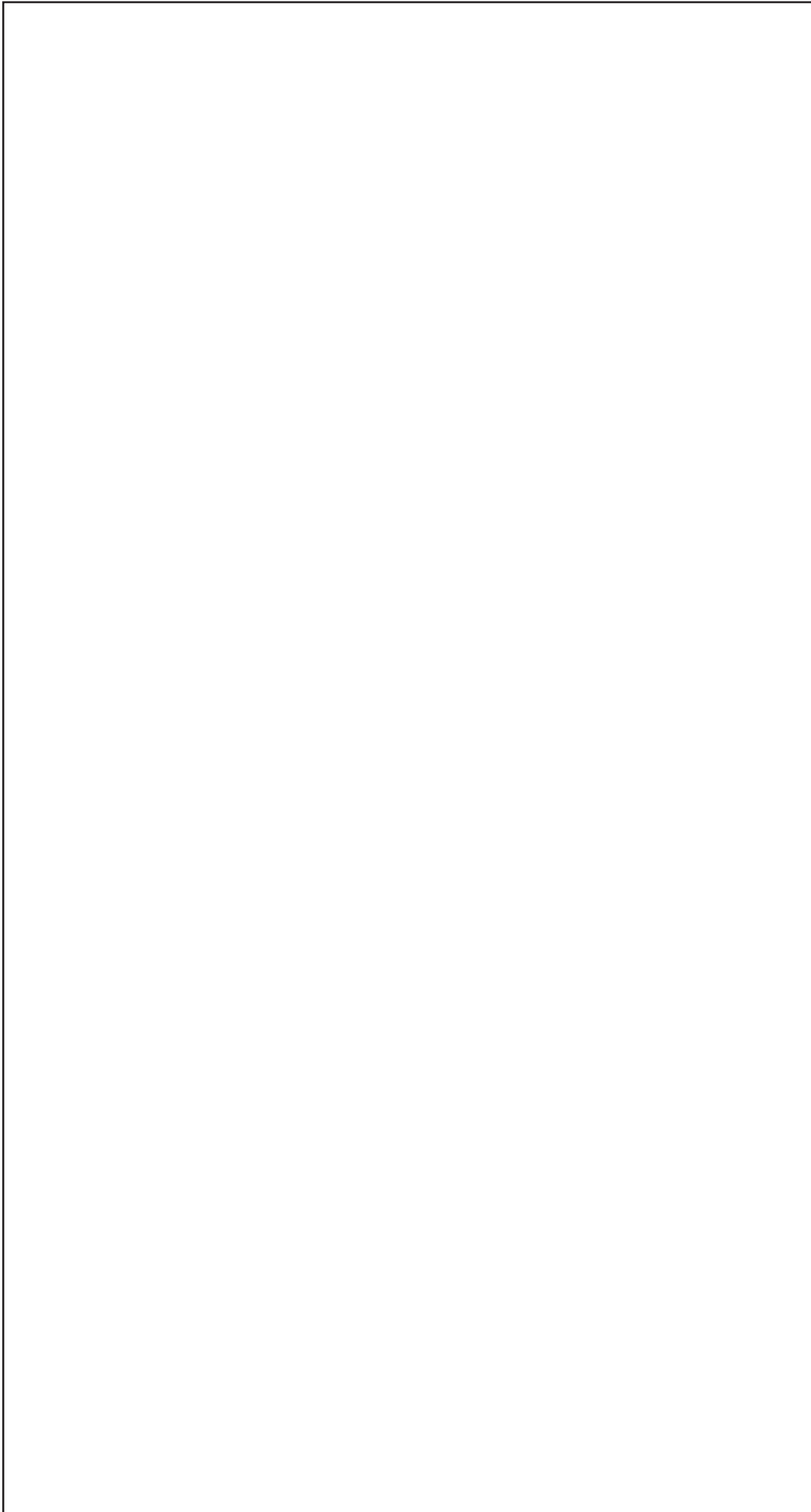
Jung Neon Kim
Chairman



Ashiq Ali
Chief Financial Officer



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) 21 111 568 782
Fax: +92 (0) 21 3416 9119