



**PEOPLE
PASSION
PROGRESS**

Report for the quarter
& nine months ended
30 September 2017

LOTTE CHEMICAL  PAKISTAN LTD

Contents

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

Company Information

As at 24 October 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 third quarter ended 30 September 2017

The Directors are pleased to present their report for the third quarter ended 30 September 2017 together with the un-audited condensed interim financial information of the Company as at and for the third quarter and nine months ended 30 September 2017.

Business Overview

The quarter commenced with Crude oil gaining strength, mainly due to improved global demand, decreasing US inventories as well as reports of strong compliance on the OPEC & Non-OPEC agreed production cuts. The sentiment, however, turned volatile with the exchange between the United States and North Korea and also Tropical storms making landfall in the US leading to an increase in inventories of crude and gasoline. This eventually led to a bullwhip effect which was further fueled by supply disruptions from Libya. Towards the end of the quarter, Crude oil prices crossed US\$ 52 per barrel barrier for the first time since June 2015 as demand rose and investor confidence returned.

Paraxylene (PX) market at large followed the trend of the upstream crude oil market, gaining strength throughout the quarter. The bullish sentiment held strong due to robust demand from the downstream PTA sector and unplanned shutdowns at PX plants. The average price of PX during the quarter was US\$ 824 per tonne, while the quarter ended at a price of US\$ 847 per tonne. PX producer's margin over Naphtha trended lower, reaching US\$ 320 per tonne compared to the previous quarter's average of US\$ 369 per tonne.

At the start of the quarter, the PTA market was impacted by unplanned extended outages in China, thereby creating a supply/demand gap. While Chinese manufacturers secured PTA from the spot market to fulfill contractual commitments, robust demand throughout the quarter from the downstream PSF and PET sector due to low inventories and start up of new PET capacities provided support to PTA prices. Consequently, the PTA Industry margin improved and averaged at US\$ 103 per tonne; while spot PTA prices averaged at US\$ 639 for the quarter.

Operations

Production during the quarter at 110,613 tonnes was 15% lower than the corresponding period last year due to outages in July and August for certain maintenance activities.

Sales volume, comprising of domestic sales only, for Q3 2017 at 114,300 tonnes was 6% lower than the corresponding quarter last year due to lower product availability.

Profit, Finance & Taxation

Revenue for the quarter was 4% lower than the corresponding period last year due to lower sales volume. Your Company generated a gross profit of Rs 198 million for the quarter as compared to gross profit of Rs 250 million during the same period last year.

Directors' Report

For the third quarter ended 30 September 2017

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 September 2017 amounted to Rs 51 million as compared to profit after taxation of Rs 118 million in Q3 last year.

Future Outlook

The Global Crude Oil market continues to stay in an over-supply situation, although world energy demand forecasts have been revised upwards by International Energy Agency (IEA). It has been observed that the market is unable to sustain prices above the US\$ 50 per barrel mark due to the booming production in the United States and the consistent increase in rig count. Talks of extension of production cuts beyond 31st March 2018 have already begun between OPEC and Non-Opec members which are vital for re-balancing of the Crude Oil market.

The PX market is expected to follow the trend of the upstream market. Keeping in view, the reports of restart of idle PTA capacities in the region, it is expected that healthy demand from the downstream PTA & PSF industry will enable PX and PTA manufacturers to operate at healthy rates.

In the near term, PSF demand outlook seems to be strong as the recently announced import ban on recycled PET/polyester into China will create more demand for pure polyester. However, as the winter season approaches demand from the PET industry is expected to weaken.

In local downstream sector, PET operations are expected to slow down due to decrease in demand in the winter season. Meanwhile PSF manufacturers are planning to maintain their operations to cater to healthy demand from downstream Textiles. With the recent implementation of Regulatory Duty on PFY, it is expected that an idle capacity of the same will restart operations in Q4, thereby creating additional demand for PTA from this sector.

The Management is closely following up with K Electric, Ministry of Water and Power, and NEPRA for the sale of surplus electricity.



Jung Neon Kim
Chairman

Date: 24 October 2017
Karachi



Humair Ijaz
Chief Executive

Condensed Interim Balance Sheet

As at 30 September 2017

Amounts in Rs '000

| | Note | 30 September 2017 (Un-audited) | 31 December 2016 (Audited) |
|--|------|--------------------------------------|----------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Fixed assets | 4 | 5,559,913 | 5,148,787 |
| Long-term loans and advances | | 76,765 | 70,246 |
| Long-term deposits and prepayments | | 69,212 | 43,863 |
| Deferred tax asset | | 1,722,964 | 1,614,057 |
| | | 7,428,854 | 6,876,953 |
| Current assets | | | |
| Stores and spare parts | | 975,051 | 934,664 |
| Stock-in-trade | | 2,393,948 | 3,143,174 |
| Trade debts | | 2,302,276 | 1,891,825 |
| Loans and advances | | 60,090 | 22,714 |
| Trade deposits and short-term prepayments | | 67,955 | 22,805 |
| Interest accrued on short-term fixed deposits | | 6,712 | 7,280 |
| Other receivables | | 40,958 | 20,429 |
| Tax refunds due from government - sales tax | 5 | 444,980 | 351,421 |
| Taxation - payments less provision | | 674,859 | 947,807 |
| Cash and bank balances | 6 | 3,639,577 | 3,319,250 |
| | | 10,606,406 | 10,661,369 |
| Total assets | | 18,035,260 | 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 | | (4,464,258) | (4,869,335) |
| | | 10,680,159 | 10,275,082 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Retirement benefit obligations | | 81,682 | 75,364 |
| Current liabilities | | | |
| Trade and other payables | 7 | 7,112,830 | 7,028,293 |
| Accrued interest | | 160,589 | 159,583 |
| | | 7,273,419 | 7,187,876 |
| Total liabilities | | 7,355,101 | 7,263,240 |
| Total equity and liabilities | | 18,035,260 | 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



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

Condensed Interim Profit and Loss Account (Un-audited)

For the quarter and nine months period ended 30 September 2017

Amounts in Rs '000

| | Note | Quarter ended 30 September | | Nine months period ended 30 September | |
|---|------|-------------------------------|-------------|--|--------------|
| | | 2017 | 2016 | 2017 | 2016 |
| Revenue | 9 | 8,466,254 | 8,782,623 | 28,413,038 | 26,286,365 |
| Cost of sales | 10 | (8,267,819) | (8,532,411) | (27,542,524) | (25,936,512) |
| Gross profit | | 198,435 | 250,212 | 870,514 | 349,853 |
| Distribution and selling expenses | | (19,930) | (19,393) | (70,184) | (57,864) |
| Administrative expenses | | (85,783) | (68,314) | (254,634) | (243,478) |
| Other expenses | 11 | (9,403) | (14,308) | (37,296) | (14,742) |
| Other income | 12 | 61,310 | 44,046 | 182,933 | 164,433 |
| Finance (costs) / income | 13 | 15,067 | (1,660) | (27,397) | (14,901) |
| Profit before taxation | | 159,696 | 190,583 | 663,936 | 183,301 |
| Taxation | 14 | (108,299) | (72,768) | (258,859) | (75,012) |
| Profit after taxation | | 51,397 | 117,815 | 405,077 | 108,289 |
| ----- Amount in Rupees ----- | | | | | |
| Earnings per share - basic and diluted | | 0.03 | 0.08 | 0.27 | 0.07 |

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



Jung Neon Kim
Chairman



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter and nine months period ended 30 September 2017

Amounts in Rs '000

| | Quarter ended 30 September | | Nine months period ended 30 September | |
|-----------------------------------|-------------------------------|---------|--|---------|
| | 2017 | 2016 | 2017 | 2016 |
| Profit after taxation | 51,397 | 117,815 | 405,077 | 108,289 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | 51,397 | 117,815 | 405,077 | 108,289 |

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



Jung Neon Kim
Chairman



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

Condensed Interim Cash Flow Statement (Un-audited)

For the nine months period ended 30 September 2017

Amounts in Rs '000

| | Note | Nine months period ended 30 September | |
|---|------|--|------------------|
| | | 2017 | 2016 |
| Cash flows from operating activities | | | |
| Cash generated from operations | 15 | 1,167,512 | 1,296,639 |
| Long-term loans and advances - net | | (6,519) | (3,275) |
| Long-term deposits and prepayments - net | | (25,349) | 8 |
| Finance costs paid | | (50,557) | (18,662) |
| Payments to retirement benefit obligations | | (674) | (1,252) |
| Taxes paid | | (94,818) | (46,643) |
| Interest received from short-term fixed deposits | | 179,061 | 91,609 |
| Net cash generated from operating activities | | 1,168,656 | 1,318,424 |
| Cash flows from investing activities | | | |
| Payments for capital expenditure | | (848,319) | (78,978) |
| Proceeds from disposal of property, plant and equipment | | - | 1,300 |
| Net cash used in investing activities | | (848,319) | (77,678) |
| Cash flows from financing activities | | | |
| Dividend paid | | (10) | (13) |
| Net cash used in financing activities | | (10) | (13) |
| Net increase in cash and cash equivalents | | 320,327 | 1,240,733 |
| Cash and cash equivalents at 1 January | | 3,319,250 | 1,789,081 |
| Cash and cash equivalents at 30 September | | 3,639,577 | 3,029,814 |

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



Jung Neon Kim
Chairman



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

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

For the nine months period ended 30 September 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 income for the nine months period ended 30 September 2016 | | | | |
| - Profit for the nine months period ended 30 September 2016 | - | - | 108,289 | 108,289 |
| - Other comprehensive income for the nine months period ended 30 September 2016 | - | - | - | - |
| | - | - | 108,289 | 108,289 |
| Balance as at 30 September 2016 | 15,142,072 | 2,345 | (5,079,323) | 10,065,094 |
| Balance as at 1 January 2017 | 15,142,072 | 2,345 | (4,869,335) | 10,275,082 |
| Total comprehensive income for the nine months period ended 30 September 2017 | | | | |
| - Profit for the nine months period ended 30 September 2017 | - | - | 405,077 | 405,077 |
| - Other comprehensive income for the nine months period ended 30 September 2017 | - | - | - | - |
| | - | - | 405,077 | 405,077 |
| Balance as at 30 September 2017 | 15,142,072 | 2,345 | (4,464,258) | 10,680,159 |

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



Jung Neon Kim
Chairman



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

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

For the nine months period ended 30 September 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 nine months period ended 30 September 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 May 30, 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. 23 of 2017 dated October 04, 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 December 31, 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 December 31, 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 December 31, 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 nine months period ended 30 September:

| | 2017 | | 2016 | |
|--------------------------------------|-------------------|--------------------------------|-------------------|--------------------------------|
| | Additions cost | Disposals net book value | Additions cost | Disposals net book value |
| Property, plant and equipment | | | | |
| Operating assets - owned | | | | |
| Buildings on leasehold land | 140 | - | - | - |
| Plant and machinery | 12,777 | - | 21,471 | - |
| Furniture and equipment | 14,220 | - | 4,882 | - |
| Motor vehicles | - | - | - | 349 |
| Capital work-in-progress | 821,136 | - | 52,625 | - |
| Intangible assets | 46 | - | - | - |

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

For the nine months period ended 30 September 2017

Amounts in Rs '000

5. 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 September 2017 | 31 December 2016 |
|------------------------------|---------------------|
| (Un-audited) | (Audited) |

6. Cash and bank balances

Short-term fixed deposits - note 6.1
With banks in current accounts
Cash in hand

| | |
|------------------|------------------|
| 3,621,450 | 3,300,000 |
| 15,492 | 14,720 |
| 2,635 | 4,530 |
| 3,639,577 | 3,319,250 |

6.1 During the period ended 30 September 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.

| 30 September 2017 | 31 December 2016 |
|------------------------------|---------------------|
| (Un-audited) | (Audited) |

7. Trade and other payables

Trade creditors including bills payable
Accrued expenses
Advances from customer
Unclaimed dividend
Infrastructure cess
Gas infrastructure development cess
Workers' Profit Participation Fund
Workers' Welfare Fund
Others

| | |
|------------------|------------------|
| 2,376,081 | 2,932,583 |
| 752,181 | 644,799 |
| 7,528 | 27 |
| 12,130 | 12,140 |
| 2,099,647 | 1,962,548 |
| 1,788,410 | 1,411,938 |
| 34,880 | 24,376 |
| 23,653 | 23,346 |
| 18,320 | 16,536 |
| 7,112,830 | 7,028,293 |

8. Contingencies and commitments

8.1 Contingencies

The Appellate Tribunal Inland Revenue (ATIR) vide order no ITA.No.111/KB/2006 dated 20 April 2006 had set aside the taxation officer's assessment order for the assessment year 2002-2003 (income year ended 31 December 2001) whereby, the assessing officer had been directed to re-examine the issue of allocation of cost of goods sold to export sales, strictly in accordance with Rule 216 of the Income Tax Rules, 1982. The taxation officer vide order no. DC20/106 dated 29 June 2007 had used volume basis to determine the allocation of cost of goods sold to export sales, against which the Company had filed an appeal. The Commissioner Inland Revenue (Appeals) [CIR(A)] vide order numbers 153 and 391 dated 31 January 2011 (received by the Company on 04 June 2011) has set aside the taxation officer's order with instructions to strictly comply with the directions contained in the ATIR's order of 20 April 2006 in relation to the basis of allocation of cost of goods sold to export sales. The Deputy Commissioner Inland Revenue (DCIR) vide order number 01/171 dated 25 June 2012 (received by the Company in July 2012) has maintained the above basis of allocation to export sales. The Company filed an appeal against the said order in August 2012. The CIR(A) vide its order dated 29 May 2013 has disagreed with 'basis of dual allocation' as per taxation officer's assessment order and has directed the officer to accordingly determine the amount on the basis of "sales" and finalise the assessment on such basis. The department filed an appeal against the said order on 15 August 2013. The ATIR vide order no. ITA No.744/KB-2013 dated 27 August 2015 has rejected the department appeal. The department has filed an appeal in the High Court of Sindh on 04 May 2017 against the order dated 27 August 2015 passed by the ATIR. The High Court of Sindh has issued hearing notice on 31 August 2017 to the Company and the matter was fixed for hearing on 22 September 2017. However, the matter could not proceed further for want of Court's time. Accordingly, no provision has been made for the potential liability amounting to Rs 97.37 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 nine months period ended 30 September 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 September 2017 were Rs 2.26 billion (31 December 2016: Rs 2.13 billion) and Rs 0.84 billion (31 December 2016: Rs 1.31 billion), respectively.

8.2.2 Commitments in respect of capital expenditure as at 30 September 2017 amount to Rs 418.65 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 September 2017 (Un-audited) | 31 December 2016 (Audited) |
|------|--------------------------------------|----------------------------------|
| 2017 | 4,523 | 15,041 |
| 2018 | 15,696 | 11,355 |
| 2019 | 13,650 | 9,312 |
| 2020 | 12,762 | 8,426 |
| 2021 | 7,437 | 3,114 |
| 2022 | 1,285 | - |
| | 55,353 | 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 September 2017 (Un-audited) | 31 December 2016 (Audited) |
|------|--------------------------------------|----------------------------------|
| 2017 | 119,541 | 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 September | | Nine months period ended 30 September | |
|---------------------------------|-------------------------------|-----------|--|-------------|
| | 2017 | 2016 | 2017 | 2016 |
| Manufactured goods | | | | |
| Local sales | 8,968,317 | 9,279,995 | 29,774,529 | 28,072,417 |
| Export sales | - | - | 236,705 | - |
| | 8,968,317 | 9,279,995 | 30,011,234 | 28,072,417 |
| Less: Sales tax and excise duty | (329,221) | (365,852) | (943,076) | (1,397,432) |
| Price settlements and discounts | (290,062) | (201,670) | (987,662) | (581,648) |
| | 8,349,034 | 8,712,473 | 28,080,496 | 26,093,337 |
| Trading goods | | | | |
| Local sales | 120,190 | 73,430 | 347,164 | 206,857 |
| Less: Sales tax and excise duty | (384) | (1,787) | (7,927) | (9,836) |
| Price settlements and discounts | (2,586) | (1,493) | (6,695) | (3,993) |
| | 117,220 | 70,150 | 332,542 | 193,028 |
| | 8,466,254 | 8,782,623 | 28,413,038 | 26,286,365 |

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

For the nine months period ended 30 September 2017

Amounts in Rs '000

| | Quarter ended 30 September | | Nine months period ended 30 September | |
|---|-------------------------------|------------------------|--|-------------------------|
| | 2017 | 2016 | 2017 | 2016 |
| 10. Cost of sales | | | | |
| Manufactured goods | | | | |
| Opening stock of raw and packing materials | 2,013,105 | 1,672,927 | 1,599,579 | 2,460,103 |
| Purchases | 6,867,076 | 7,613,351 | 23,411,734 | 21,246,078 |
| Closing stock of raw and packing materials | (1,975,445) | (1,443,128) | (1,975,445) | (1,443,128) |
| Raw and packing materials consumed | 6,904,736 | 7,843,150 | 23,035,868 | 22,263,053 |
| Manufacturing costs | 1,022,657 | 1,215,210 | 3,055,257 | 3,655,446 |
| Cost of goods manufactured | 7,927,393 | 9,058,360 | 26,091,125 | 25,918,499 |
| Opening stock of finished goods | 568,870 | 253,480 | 1,497,266 | 692,038 |
| Closing stock of finished goods | 8,496,263 (330,310) | 9,311,840 (840,643) | 27,588,391 (330,310) | 26,610,537 (840,643) |
| | 8,165,953 | 8,471,197 | 27,258,081 | 25,769,894 |
| Trading goods | | | | |
| Opening stock | 55,640 | 27,098 | 46,329 | 16,139 |
| Purchases | 134,419 | 51,783 | 326,307 | 168,146 |
| Closing stock | (88,193) | (17,667) | (88,193) | (17,667) |
| | 101,866 | 61,214 | 284,443 | 166,618 |
| | 8,267,819 | 8,532,411 | 27,542,524 | 25,936,512 |
| 11. Other expenses | | | | |
| Donations | 266 | 58 | 747 | 209 |
| Workers' Profit Participation Fund | 8,446 | 10,055 | 34,969 | 10,055 |
| Workers' Welfare Fund | 97 | 3,877 | 469 | 3,975 |
| Obsolete stores and spare parts written off | - | - | - | 86 |
| Other receivables written off | - | - | 70 | - |
| Others | 594 | 318 | 1,041 | 417 |
| | 9,403 | 14,308 | 37,296 | 14,742 |
| 12. Other income | | | | |
| Scrap sales | 492 | - | 1,788 | 75 |
| Gain on disposal of property, plant and equipment | - | - | - | 951 |
| Income from short-term fixed deposits | 60,153 | 44,046 | 178,493 | 93,677 |
| Income from sale of platinum catalyst | - | - | - | 68,312 |
| Liabilities no longer payable written back | - | - | 286 | 1,418 |
| Others | 665 | - | 2,366 | - |
| | 61,310 | 44,046 | 182,933 | 164,433 |
| 13. Finance (income) / costs | | | | |
| Discounting charges on trade debts | 3,019 | 743 | 6,516 | 4,244 |
| Bank and other charges | (802) | 2,652 | 44,041 | 14,206 |
| Exchange (gain) / loss - net | (17,284) | (1,735) | (23,160) | (3,549) |
| | (15,067) | 1,660 | 27,397 | 14,901 |
| 14. Taxation | | | | |

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

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

For the nine months period ended 30 September 2017

Amounts in Rs '000

| | Nine months period ended 30 September | |
|---|--|-----------|
| | 2017 | 2016 |
| 15. Cash generated from operations | | |
| Profit before taxation | 663,936 | 183,301 |
| Adjustments for non-cash charges and other items: | | |
| Depreciation and amortisation | 437,193 | 1,065,162 |
| Obsolete stores and spare parts written off | - | 86 |
| Gain on disposal of property, plant and equipment | - | (951) |
| Provision for retirement benefit obligations | 6,992 | 6,510 |
| Finance costs | 51,563 | 18,450 |
| Interest accrued on short-term fixed deposits | (178,493) | (93,677) |
| Infrastructure cess | 137,099 | 118,745 |
| Gas infrastructure development cess | 376,472 | 396,906 |
| | 830,826 | 1,511,231 |
| | 1,494,762 | 1,694,532 |
| Effect on cashflows due to working capital changes | | |
| Decrease / (increase) in current assets: | | |
| Stores and spare parts | (40,387) | (47,385) |
| Stock-in-trade | 749,226 | 866,842 |
| Trade debts | (410,451) | (176,804) |
| Loans and advances | (37,376) | (1,868) |
| Trade deposits and short-term prepayments | (45,150) | 13,225 |
| Other receivables and tax refunds due from government | (114,088) | (58,725) |
| | 101,774 | 595,285 |
| Decrease in trade and other payables | (429,024) | (993,178) |
| Cash generated from operations | 1,167,512 | 1,296,639 |

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 September | | Nine months period ended 30 September | |
|---------------------------------|--|-------------------------------|--------|--|--------|
| | | 2017 | 2016 | 2017 | 2016 |
| Associate | Purchase of goods | - | - | - | 6,194 |
| | Purchase of services | 151 | - | 151 | - |
| Key management personnel | Salaries and other short-term benefits | 15,282 | 12,552 | 45,434 | 39,207 |
| | Post employment benefits | 2,202 | 1,886 | 6,401 | 5,152 |
| Others | Payments to retirement benefit funds | 15,184 | 13,703 | 44,611 | 40,637 |

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 October 2017.



Jung Neon Kim
Chairman



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

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