



LOTTE CHEMICAL
PAKISTAN LTD

More than Chemistry



Annual Report 2017

Table of Contents

About Us	02
Our Vision	05
Key Strategic Objectives	06
Code of Conduct	06
Management Principles	08
Core Values	09
About LOTTE	10
About LOTTE Chemical Corporation	11

Stakeholders Information

Company Information	14
Chief Executive's Message	15
2017 Highlights	16
SWOT Analysis	17
Awards & Accreditations	18
Financial Calendar	20
Share Price Analysis	21
Pattern of Shareholding	22

Corporate Governance

Board of Directors	28
Board Committees	30
Report of the Board Audit Committee	32
Executive Management Team	35
Management Committees	36
Organisational Structure	38
Corporate Governance & Compliance	39
Business Risks & Challenges	47

Business Review

2017 Performance against Key Objectives	50
Directors' Report	51
Statement of Compliance	57
Review Report to the Members	59

Functional & Operational Excellence

Human Resources	62
Information Technology	66
Manufacturing Excellence	68
Technical Training Centre	72
Total Productive Management	74



Sustainability

Health, Safety and Environment	78
Energy Conservation	82
Environmental Protection	83
Societal Responsibility	85
Labour Relations	87
Product Stewardship	88
Economic Contribution	89

Financial Summary

Statement of Value Addition	92
Statement of Charity Account	92
Key Operational and Financial Data	93
Vertical Analysis	94
Horizontal Analysis	95
Graphical Presentation	96
DuPont Analysis	98
Variation Analysis in Quarterly Results	99

Financial Statements

Auditors' Report to the Members	103
Balance Sheet	104
Profit and Loss Account	106
Statement of Comprehensive Income	107
Cash Flow Statement	108
Statement of Changes in Equity	109
Notes to and Forming Part of the Financial Statements	110

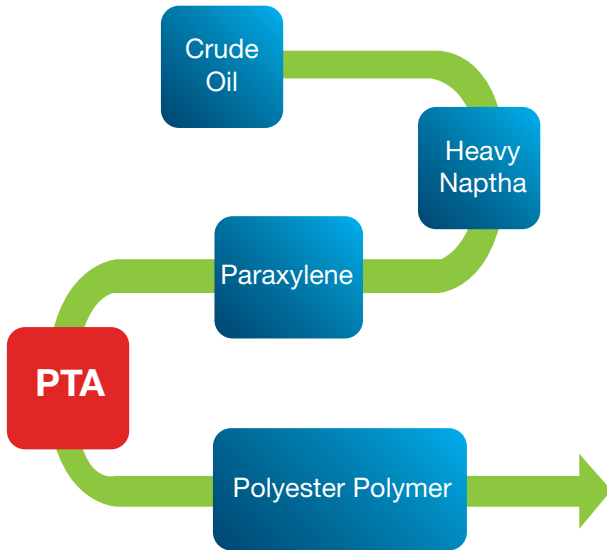
Others

Glossary	148
Notice of Meeting	149
ڈائریکٹرز کا جائزہ	156
Electronic Credit Bank Mandate Form	157
Form of Proxy (پراکسی فارم)	

About Us

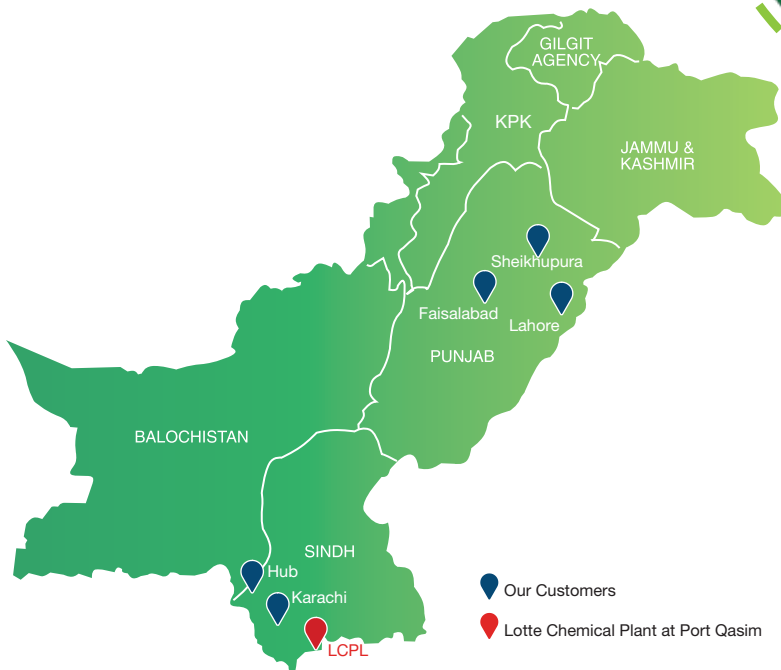
Lotte Chemical Pakistan Limited (LCPL) is the only world-class manufacturer and supplier of Purified Terephthalic Acid (PTA) in Pakistan. The Company has the capacity to produce 500,000 tonnes of PTA per year through its state-of-the-art plant located at Port Qasim, Karachi.

Purified Terephthalic Acid (PTA)



LCPL holds the foundation of the polyester chain in Pakistan and retains its edge by being a local PTA manufacturer and major supplier for the domestic Polyester and PET industries. We maintain major share of the domestic market, and remain the supplier of choice based on our short delivery time, consistent quality and excellent customer service.

For producing PTA we import our feedstock (Paraxylene) from reputable suppliers based in Asia and Middle-East region. Our plant operates under a technology license with IPT (Invista Performance Technologies) which is currently the leading global supplier of PTA technology.



Our Customers

Since its inception, the Company has focused on meeting Pakistan's PTA demand. However, if domestic demand slows down, the Company is well placed to export to other countries. Our product meets all international quality standards and is well accepted by Customers in Asia and Middle-East region. Our domestic Customers are located across Pakistan.

Our Mission

To be supplier of choice to PTA customers in Pakistan and to maximize long-term business value.



Our Vision

The Spirit to Make a Difference through Value, Quality and Excellence

At Lotte Chemical Pakistan Limited, our customer's satisfaction is the driving force behind our spirit to meet challenges and achieve excellence in everything we do. We maximise operating efficiencies and demonstrate best practices in Safety, Health and Environment that add value to our quality product and make a difference in letter and in spirit.



Our Key Strategic Objectives

- Maintain a high standard of HSE performance.
- Develop and retain talent and improve employee engagement.
- Deliver business improvement plan targets.
- Achieve more than 95% availability of PTA plant and Cogeneration plant.
- Maximize domestic sales and market share.
- Optimize raw material procurement.
- Continue efforts for the sale of surplus power.

Our Code of Conduct

From the inception of the Company it has been and continues to be a policy that the Company and all its employees maintain the highest ethical standards in the conduct of the Company's business. Our Code of Conduct constitutes a set of standards and rules which form an integral part of our corporate culture and is a statement of ***who we are and how we work***. They highlight business principles, the ***Company's responsibilities*** towards its employees, and ***employee responsibilities*** towards your Company. All standards ensure both management and staff work in cohesion towards the smooth functioning of the organisation.



Business Principles

These define our management principles, core values and other specific policy areas which help in creating long-term value with all stakeholders. Specific policy areas include supporting the principles of free enterprise, ethics, integrity and fairness in all aspects of operations, supporting community activities as a socially responsible corporate citizen, communications in an open, factual and timely manner, compliance with the laws in which we operate and protecting the environment with the commitment to contribute to sustainable development. It is the responsibility of the Board through the Chief Executive to ensure that the business principles are communicated to all employees and to oversee implementation thereof.

Company Responsibilities

These define specific policy areas which include adopting a spirit of open communication, providing equal opportunities, a healthy, safe and secure environment, ensuring employee rights are exercised such as freedom to join unions and associations, protecting employees' personal data and engaging in an active performance management system.

Employee Responsibilities

The Code provides guidance to employees on their responsibilities towards media relations, disclosures, inside information, protecting intellectual property, information technology, code of conduct, compliance with business policies which ensure highest ethical standards in the conduct of the Company's business.

Our Management Principles

Lotte Management Policy is a collection of principles and business insights which forms the basis of our business strategy to determine “what, why and how to do.”

Following are our management principles:

We believe in transparent and honest management which fulfills its social duties and responsibilities. We establish systems that our stakeholders can understand clearly and disclose information of the company correctly and transparently.

Transparent Management



We aim to strengthen our core competencies in the main business and expand its scope to related businesses in order to create synergy. It is our passion to be the best in the industry by enhancing our core competencies through continuous learning.

Strengthening Core Competencies



Management Policy

We believe in accurate evaluation and quick decision making. We evaluate the business progress through direct communication in the field with customers, executives and partner companies, and include their ideas and suggestions in our strategy.

On-site Management



Value Based Management

Our talented team delivers quality products to our customers which creates higher value and sustains profitability.



Our Core Values

Core Values are the standards that all Lotte staff should aspire towards so that Lotte can fulfill its mission and vision.



Beyond Customer Expectation

We do not aim to just satisfy customers' needs, but to create value beyond their expectations.



Challenge

We focus on the nature of our task and continue to challenge ourselves to accomplish higher goals.



Respect

We respect different opinions, communicate with others and observe general rules to build a bond of trust with our community.



Originality

We quickly respond to changes, cooperate with other fields without boundaries, and implement innovation to develop originality inimitable by anyone.

About LOTTE

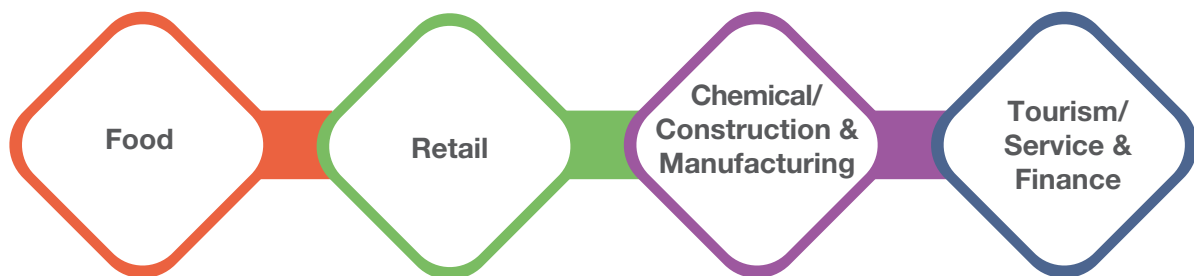
LOTTE started its business in 1967 with confectionary. Since then LOTTE has grown into one of Korea's largest conglomerate and is trusted by customers all over the world. Currently, LOTTE with a turnover in excess of \$92 billion is engaged in over 20 businesses in 30 countries worldwide.

Mission

We enrich people's lives by providing superior products and services that our customers love and trust.



Global Businesses of LOTTE



About LOTTE Chemical Corporation

Since its foundation in 1976, LOTTE Chemical, as a general petrochemical Company, has localized cutting-edge petrochemical technologies and has led Korea's heavy and chemical industry technology development. LOTTE Chemical is endeavouring to become a Company that ensures stable growth and contributes to human society.

Production Capacity for Major Products including Overseas Subsidiaries

With the production of the following chemical products, LOTTE Chemical has established a strong foundation overseas in the petrochemical industry.



Usage of Major Products

PE	Household item, toy, wire clothing, vessel for chemicals, car's fuel tank	PP	Auto material, home appliances, disposable syringe, transparent vessel, hygienic non-woven fabric, film for packing	PET	Container for beverages, cosmetics and food items	PC	Optic disc (CD, DVD), sunglasses, lens, car lamp, home appliances
Performance material	Auto interior material, bumper, electronic part, building material	EG	Polyester fibre, antifreeze	GE	Cleansing agent, machine lubricating oil, break oil, antifreeze	EOA	Detergent, shampoo, concrete compound
PIA	PET resin, special paint, unsaturated resin	PTA	Polyester fibre, PET, PET film, paint	MMA	Adhesive for medical use, acryl film, artificial marvel	BD	ABS, raw material for synthetic rubber (SBR, BR)
SM	PS, ABS, raw material for synthetic rubber	BZ	Agricultural chemicals, photo chemicals, explosives, insect repellent, SM raw material	TL	Medical supplies, paint, ink material, dye, aromatics, gunpowder	XL	Organic pigment, paint, aromatics, agricultural chemicals, general solvent





Transparent Management

We believe in transparent and honest management which fulfills its social duties and responsibilities. We establish systems that our stakeholders can understand clearly and disclose information of the company correctly and transparently.

The background of the page features a warm, golden sunset sky with soft, wispy clouds. In the foreground, the silhouettes of several hands are reaching upwards, creating a sense of aspiration and growth. The hands are positioned at various heights and angles, with some appearing more prominent than others. The overall color palette is dominated by warm tones of orange, yellow, and brown.

Stakeholders Information

Company Information	14
Chief Executive's Message	15
2017 Highlights	16
SWOT Analysis	17
Awards & Accreditations	18
Financial Calendar	20
Share Price Analysis	21
Pattern of Shareholding	22



Company Information

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	Non-Executive
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

Executive Management Team

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

Chief Financial Officer

Ashiq Ali

Company Secretary

Faisal Abid

Bankers

Askari Bank Limited
Citibank NA
Deutsche Bank AG
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

Chief Executive's Message to the Stakeholders

I am pleased to share that despite many operational challenges during 2017, we have been able to deliver improvement in profitability through persistence and diligent efforts.

The Asian PTA market witnessed an improvement in demand due to capacity additions in the downstream PSF and PET industry and environmental controls imposed in China. Consequently, operating rates of regional PTA producers improved to an average rate of 80% compared to 77% last year. This improved demand coupled with rising prices of Crude Oil and Paraxylene during H2 of the year provided support to PTA prices. More excitement was seen in the domestic market as PTA demand grew by 9% over last year primarily due to improved power availability and antidumping/regulatory duties on downstream sectors. The operating rates of our esteemed customers remained high and one PFY plant resumed operations after being shut for four years. In 2017 the total demand of PTA in Pakistan crossed the 700KT mark for the first time ever and is estimated at 735KT.

Operationally 2017 was a challenging year for us due to the deteriorating condition of a key equipment (CTA Dryer). Despite this constraint, the Company's Management remained focused and continued to manage the operations in a sustainable and safe manner. Our commitment to Health, Safety, Environment and Security (HSE&S) remained our top priority and I am proud to report that we have completed 54 million man-hours without any reportable injury. Another key achievement of the year was the safe and successful completion of the planned Overhaul during which the CTA Dryer and other equipments were replaced. This investment has effectively improved our plant's reliability which will help maintain consistent operations in the future. We were also able to deliver additional value to the business through enhanced sales of Acetic Acid.

Moving into 2018, I remain optimistic about our business. Domestic demand is expected to remain strong and with improved plant reliability we look forward to increasing our sales and profitability. Our strategy remains the same, to maintain operational excellence, reduce costs and continue to provide reliable, high quality product and services to our customers. We will remain in constant discussions with SSGC, K-Electric and NEPRA and will continue our efforts to capitalize on the true potential of our Co-Gen Power Plant by pursuing the sale of excess power.

I take this opportunity to express my commitment and gratitude to all employees and their families, our customers, suppliers, business partners and stakeholders for their kind support and trust.

I look forward to your continued collaboration with the Company as we charge forward to an exciting year ahead.

Sincerely yours,


Humair Ijaz



2017 Highlights

Quarter 1

- CE Communication Session held with all employees focusing on 2017 targets.
- Achieved 100% compliance in the external audit conducted by Pakistan Nuclear Regulatory Authority (PNRA).
- HR & Remuneration Committee, Audit Committee and Board meetings were held.

Quarter 2

- Won 3rd position for Best OSH&E Practices Award organised by the Employer Federation of Pakistan(EFP).
- Team Building in Kashmir organized.
- Fresh batch of Trainee Engineers recruited from all over Pakistan.
- Celebrated 'Earth Day' with tree plantation at Port Qasim.
- Free Eye Screening camp was organized at Sindh Police Headquarter, Karachi.
- 19th Annual General Meeting was held.

Quarter 3

- CE Communication Session was held with all employees to review progress on 2017 targets.
- Won 14th Annual Environmental Excellence Award from National Forum for Environment and Health.
- LCPL's 2016 Annual Report was awarded fifth position by the Committee of ICAP-ICMAP.
- Free Eye Screening camp was organized at Achar Salar Goth.
- LCPL was awarded the "Best Tree Plantation Award 2017" by National Forum for Environment & Health.
- Fresh batch of Apprentices recruited from all over Pakistan.

Quarter 4

- Overhaul 2017 was completed successfully and safely with 'zero injury'.
- Completed 54 million man-hours without LTC(Lost Time Case) for both employees and contractors staff.
- Won 2nd prize in 'Employer of the Year Award 2016' organized by Employers' Federation of Pakistan.
- Won 1st prize in HR Best Practices organized by Employers' Federation of Pakistan.
- Organized a comprehensive 'Learning Week' with focus on Employee Engagement.
- Free Eye Screening camp was organized at Mahmood Goth and Soomar Goth Karachi.

SWOT Analysis



Strengths

- Sole PTA producer in the Country.
- Highly skilled and professional team.
- Competitive raw material sourcing.
- Ability to provide better services to customers opposite imports.
- Strong maintenance and HSE systems.

Weaknesses

- Dependence on international raw material.
- Single product business.
- Over capacity in Asian market leading to depressed margins.
- Using older technology of PTA manufacturing.
- Aging plant machinery and equipment.



Opportunities

- Improving power and economic situation of the country.
- Trends in packaging, directly affecting downstream demand.
- Strategic alliance with LOTTE global affiliates for further business development, diversification.

Threats

- Volatility in crude oil and raw material pricing.
- Reduction in import tariff.
- Increased price competition with imports due to regional oversupply.



Awards & Accreditations

ISO 9001 – 2008 Certification

We are an ISO 9001 – 2008 certified Company. Accreditation to this system has provided the foundation for better customer satisfaction, staff motivation and for the continual improvement of our processes. There was no major Non-Conformity reported in the surveillance audit conducted in 2017.

OSHAS 18001 - 2007 and ISO 14001 - 2004 Certifications

Our Company is OSHAS 18001 - 2007 and ISO 14001 - 2004 certified since 2012. We got this accreditation in the shortest time period as our pre-certification HSE systems were very detailed and comprehensive. This is also demonstrated in our various surveillance audits that have never captured any major non-conformity. We continuously strive to improve our systems based on internal and external audits.

EFP Best Practice Award for OSH& E (2016)

The Company was ranked 3rd in the multinational category for Best OSH&E Practices organized by the Employer Federation of Pakistan. The award is an acknowledgement of our implementation of the best HSE &S practices.



Best HRM Practices Award 2017

The Employees' Federation of Pakistan (EFP) announced recognition awards for Best HRM Practicing Companies in its Annual HRM International Conference 2017. With 15 other nominated companies in contention for the award, we secured 1st position. This exhibits the high standards of HRM practices implemented in the Company.

14th Annual Environment Excellence Award 2017

Health, Safety & Environment (HSE) management forms an integral part of our core values. Protecting the environment and preserving natural resources has always been a top priority for us. The Company in a ceremony organised by the National Forum for Environment & Health (NFEH) won the 14th Annual Environment Excellence Award. The Company had also won this award in 2014, 2015 & 2016.

Best Tree Plantation Award 2017

The organization has received “Best Tree Plantation Award - 2017” in a ceremony organized by the National Forum for Environment & Health (NFEH). It was a great achievement for the Company to be amongst the top 10 award-winning companies.



Best Corporate Report Award 2016

The Company secured fifth position in the Best Corporate Report Awards - Chemicals and Pharmaceuticals category, for its 2016 Annual Report by the Joint Evaluation Committee of ICAP – ICMAP. LCPL has been winning the Best Corporate & Sustainability Report Award since the last couple of years for providing comprehensive explanation of its business performance and transparency in its financial statements, directors’ report and corporate governance. With its effective and transparent reporting, the Company has been able to maintain accountability to its shareholders, and instill a sense of continuous improvement in its employees.

Financial Calendar

7 February 2017 Announcement of results for the Year ended 31 December 2016	25 April 2017 19th Annual General Meeting was held	25 April 2017 Announcement of results for the 1st Quarter ended 31 March 2017
24 August 2017 Announcement of results for the 2nd Quarter ended 30 June 2017	24 October 2017 Announcement of results for the 3rd Quarter ended 30 September 2017	2 February 2018 Announcement of results for the Year ended 31 December 2017

Tentative dates for the announcement of 2018 financial results:

20 April 2018 20th Annual General Meeting will be held	23 April 2018 Announcement of results for the 1st Quarter ended 31 March 2018	7 August 2018 Announcement of results for the 2nd Quarter ended 30 June 2018
24 October 2018 Announcement of results for the 3rd Quarter ended 30 September 2018	February 2019 Announcement of results for the Year ended 31 December 2018	

The Company reserves the right to change any of the above dates.

All annual / quarterly reports are regularly posted at the Company's website: www.lottechem.pk

Annual General Meeting

The 20th annual shareholders meeting will be held at 11:00 am on 20 April 2018 at the Institute of Chartered Accountants of Pakistan (ICAP) Auditorium, Chartered Accountants Avenue, Clifton, Karachi.

Any shareholder may appoint a proxy to vote on his or her behalf. Proxies should be filed with the Company at least 48 hours before the meeting date.

CDC shareholders or their proxies are requested to bring with them copies of their Computerized National Identity Card along with Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.

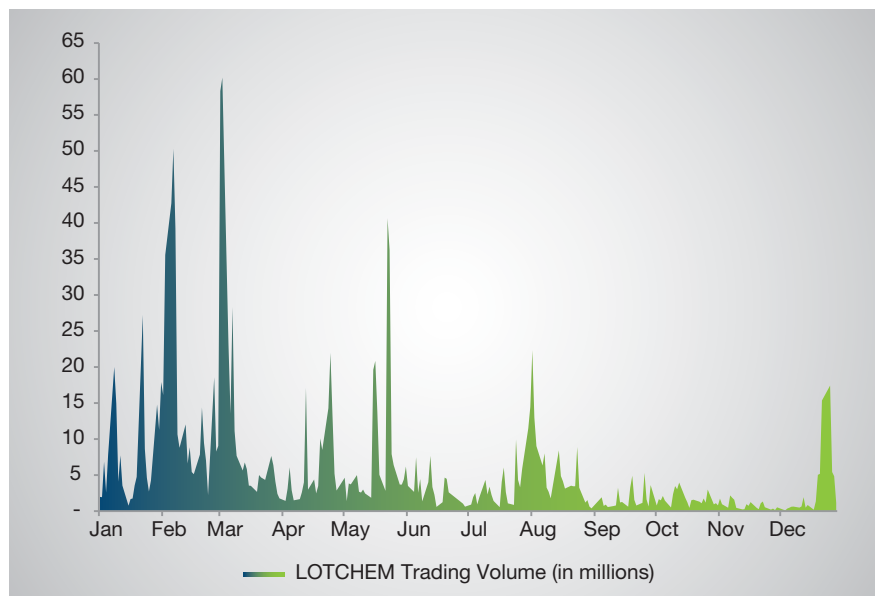
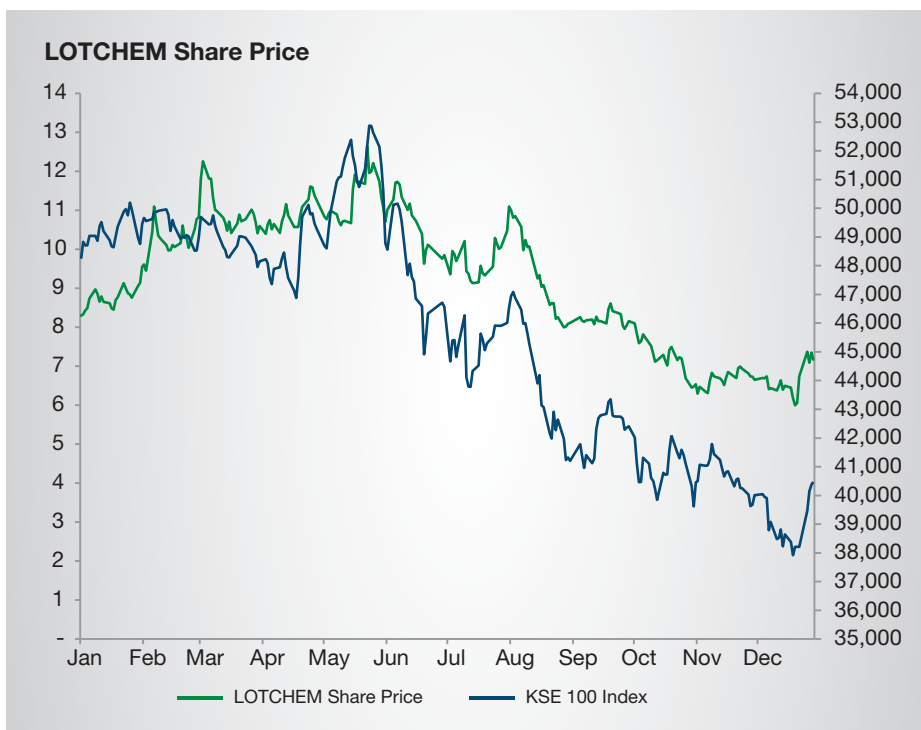


Share Price Analysis

On 31 December 2017 there were 17,530 members on the record of the Company's ordinary shares. Market capitalization of the Company's stock as at 31 December 2017 was recorded at Rs 10.86 billion (2016: Rs 12.60 billion) with the price per share fluctuating from a high of Rs 12.89 to a low of Rs 5.77 and closing the year at Rs 7.17.

Trading volumes for the Company's shares remained consistently high during the year and 1.5 billion shares were traded at the Karachi Stock Exchange. The stock posted a loss of 13.8% during the year as against 15.3% loss of PSX 100 index.

Closely held shares (i.e. those held by the sponsors, investment companies, financial institutions, foreign investors and other corporate bodies) amounted to 84.06% of the total share capital including 75.01% held by the foreign shareholders.



Investor Relation Contact

Mr Waseem Ahmed Siddiqui (Manager Shares & Secretarial)
 Email: waseem.siddiqui@lottechem.pk
 UAN: +92(0)21 111-568-782
 Fax: +92(0)21 34169126

Enquiries concerning cost of share certificate, dividend payments, change of address, verification of transfer deeds and shares transfers should be directed to the Shares Registrar at the following address:

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

Pattern of Shareholding

As at 31 December 2017

No. of Shareholders	Size of Holding		No. of Shares held
	From	To	
2,893	1	100	93,624
4,269	101	500	1,274,360
2,545	501	1,000	2,155,854
4,179	1,001	5,000	11,563,780
1,298	5,001	10,000	10,533,165
486	10,001	15,000	6,420,139
367	15,001	20,000	6,881,532
242	20,001	25,000	5,771,516
160	25,001	30,000	4,607,541
82	30,001	35,000	2,762,238
95	35,001	40,000	3,674,492
61	40,001	45,000	2,649,704
185	45,001	50,000	9,189,554
39	50,001	55,000	2,069,780
31	55,001	60,000	1,821,434
23	60,001	65,000	1,468,800
28	65,001	70,000	1,933,828
36	70,001	75,000	2,669,000
13	75,001	80,000	1,023,332
9	80,001	85,000	749,911
9	85,001	90,000	805,341
9	90,001	95,000	832,412
79	95,001	100,000	7,888,480
11	100,001	105,000	1,131,381
13	105,001	110,000	1,419,396
11	110,001	115,000	1,254,203
11	115,001	120,000	1,310,590
9	120,001	125,000	1,114,380
6	125,001	130,000	767,000
5	130,001	135,000	670,176
7	135,001	140,000	969,816
6	140,001	145,000	857,000
22	145,001	150,000	3,298,000
4	150,001	155,000	606,024
6	155,001	160,000	955,575
6	160,001	165,000	988,000
4	165,001	170,000	676,861
1	170,001	175,000	174,032
2	175,001	180,000	358,000
2	180,001	185,000	369,000
5	185,001	190,000	945,500
2	190,001	195,000	388,500
31	195,001	200,000	6,196,950
6	200,001	205,000	1,219,802
4	205,001	210,000	831,500
2	210,001	215,000	426,000
5	215,001	220,000	1,085,500
4	225,000	230,000	905,000
4	240,000	245,000	968,000
14	245,001	250,000	3,494,500
4	250,001	255,000	1,013,500
4	255,001	260,000	1,037,100
3	260,001	265,000	791,500
2	265,001	270,000	537,000
2	270,001	275,000	548,064
2	275,001	280,000	555,532
1	280,001	285,000	282,000
2	285,001	290,000	573,900
16	300,000	305,000	4,804,000
2	315,001	320,000	639,500
2	330,000	335,000	660,000
3	350,000	355,000	1,051,000
3	370,000	375,000	1,120,000
3	375,001	380,000	1,132,000
6	395,000	400,000	2,395,000
1	400,001	405,000	400,138
2	405,001	410,000	816,500
4	415,001	420,000	1,671,500
4	425,000	430,000	1,702,436
5	445,001	450,000	2,246,000
1	465,000	470,000	465,000
1	475,000	480,000	475,000
2	485,000	490,000	972,000
1	490,001	495,000	490,565
12	500,000	505,000	6,000,000

No. of Shareholders	Size of Holding		No. of Shares held
	From	To	
1	510,001	515,000	513,254
1	520,001	525,000	522,500
2	545,001	550,000	1,096,000
2	550,001	555,000	1,103,716
2	555,001	560,000	1,118,000
2	565,001	570,000	1,135,500
1	590,001	595,000	590,500
5	600,000	605,000	3,010,100
1	605,001	610,000	605,514
2	650,000	655,000	1,300,000
1	660,001	665,000	661,500
1	670,001	675,000	673,000
1	675,001	680,000	679,500
3	700,000	705,000	2,100,000
1	725,001	730,000	725,375
1	730,001	735,000	734,500
1	785,001	790,000	787,500
3	800,000	805,000	2,400,000
2	835,001	840,000	1,677,500
1	840,001	845,000	841,500
1	855,001	860,000	858,572
1	880,000	885,000	880,000
1	900,000	905,000	900,000
2	915,000	920,000	1,833,500
1	970,001	975,000	970,711
7	995,001	1,000,000	6,999,116
2	1,050,000	1,055,000	2,101,500
1	1,055,001	1,060,000	1,058,203
1	1,100,000	1,105,000	1,100,000
1	1,125,001	1,130,000	1,126,500
2	1,140,000	1,145,000	2,281,500
1	1,150,000	1,155,000	1,150,000
2	1,200,000	1,205,000	2,405,000
1	1,205,001	1,210,000	1,206,602
1	1,225,000	1,230,000	1,225,000
1	1,245,001	1,250,000	1,249,000
1	1,310,001	1,315,000	1,313,500
1	1,370,000	1,375,000	1,370,000
1	1,420,001	1,425,000	1,424,000
1	1,440,000	1,445,000	1,440,000
1	1,450,001	1,455,000	1,454,778
2	1,500,000	1,505,000	3,001,000
1	1,505,001	1,510,000	1,509,500
1	1,550,000	1,555,000	1,550,000
1	1,700,000	1,705,000	1,700,000
2	1,750,000	1,755,000	3,502,200
1	1,765,000	1,770,000	1,765,000
1	1,810,001	1,815,000	1,814,893
1	1,850,000	1,855,000	1,850,000
1	1,900,000	1,905,000	1,900,000
3	2,000,000	2,005,000	6,000,000
1	2,035,001	2,040,000	2,035,500
1	2,100,000	2,105,000	2,100,000
1	2,125,001	2,130,000	2,127,500
1	2,250,000	2,255,000	2,250,000
1	2,285,001	2,290,000	2,286,000
1	2,350,000	2,355,000	2,350,000
1	2,420,000	2,425,000	2,420,000
1	2,500,000	2,505,000	2,500,000
1	2,600,000	2,605,000	2,600,000
1	2,915,001	2,920,000	2,918,904
1	3,000,000	3,005,000	3,000,000
1	3,900,001	3,905,000	3,904,000
2	4,880,001	4,885,000	9,764,726
1	5,680,001	5,685,000	5,684,901
1	7,200,000	7,205,000	7,200,000
1	10,000,000	10,005,000	10,000,000
1	11,985,001	11,990,000	11,987,500
1	16,040,001	16,045,000	16,041,500
1	25,000,000	25,005,000	25,000,000
1	26,360,001	26,365,000	26,361,300
1	1,135,860,001	1,135,865,000	1,135,860,105
17,530			1,514,207,208

Pattern of Shareholding

As at 31 December 2017

Information required under code of corporate governance

S.No	Shareholders Category	No. of Shareholders	No. of Shares held
1	Associated Companies, Undertakings and Related Parties: Lotte Chemical Corporation	1	1,135,860,105
2	NIT and ICP CDC - Trustee National Investment (Unit) Trust CDC - Trustee NIT-Equity Market Opportunity Fund Investment Corporation of Pakistan	1 1 1	858,572 78,157 813
3	Mutual Funds CDC - TRUSTEE AKD OPPORTUNITY FUND CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND CDC - TRUSTEE ATLAS STOCK MARKET FUND CDC - TRUSTEE DAWOOD ISLAMIC FUND CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND DOMINION STOCK FUND LIMITED GOLDEN ARROW SELECTED STOCKS FUND SAFEWAY MUTUAL FUND LIMITED SECURITY STOCK FUND LIMITED TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED AGGRESSIVE FUND TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED BALANCE FUND (BF)	1 1 1 1 1 1 1 1 1 1 1 1	3,904,000 2,000,000 3,000,000 75,000 75,000 690 30 1,050 150 800,000 800,000
4	Directors, CEO and their spouse and minor children Jung Neon Kim Humair Ijaz Sang Hyeon Lee In Goo Park Hye Sil Jang Mohammad Qasim Khan Pervaiz Akhtar Istaqbal Mehdi	1 1 1 1 1 1 1 1	1 1 1 1 1 1 1 1
5	Executives	1	9
6	Public Sector Companies and Corporations	3	2,266,845
7	Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	43	12,417,092
8	Others	197	110,718,737
9	Individuals	17,263	241,350,950
		17,530	1,514,207,208

Shareholders holding five percent or more voting rights

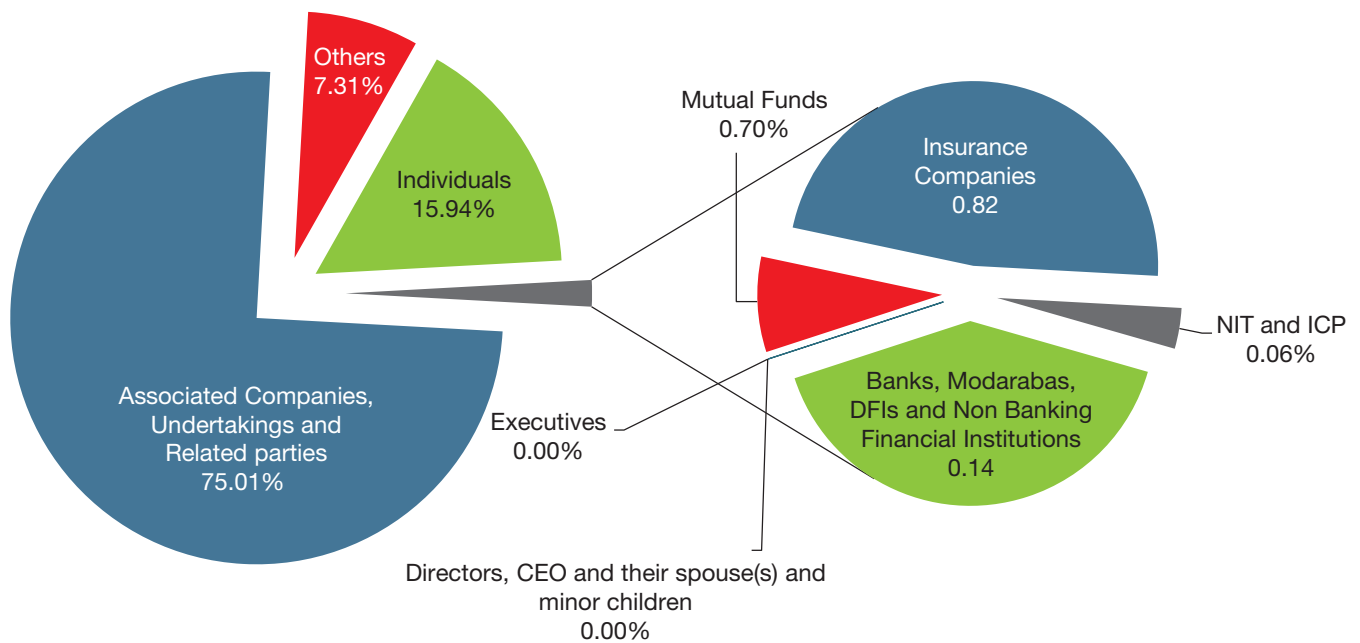
Lotte Chemical Corporation	1	1,135,860,105
----------------------------	---	---------------

Categories of Shareholding

As at 31 December 2017

S.No	Shareholders Category	No. of Shareholders	No. of Shares	Percentage (%)
1	Associated Companies, Undertakings and Related parties	1	1,135,860,105	75.01
2	NIT and ICP	3	937,542	0.06
3	Mutual Funds	10	10,655,920	0.70
4	Directors, CEO and their spouse(s) and minor children	8	8	0.00
5	Executives	1	9	0.00
6	Banks, Modarabas, Development Financial Institutions and Non Banking Financial Institutions	34	2,191,736	0.14
7	Insurance Companies	13	12,492,201	0.82
8	Others	197	110,718,737	7.31
9	Individuals	17,263	241,350,950	15.94
Total		17,530	1,514,207,208	100.00

Shareholders Categorisation 2017



Core Competency Management

We aim to strengthen our core competencies in the main business and expand its scope to related businesses in order to create synergy. It is our passion to be the best in the industry by enhancing our core competencies through continuous learning.

The background of the page features a silhouette of four people standing on a hill, looking out over a landscape at sunset. The sky is a mix of orange, yellow, and blue, with some clouds. The silhouettes are dark against the bright sky.

Corporate Governance

Board of Directors	28
Board Committees	30
Report of the Board Audit Committee	32
Executive Management Team	35
Management Committees	36
Organisational Structure	38
Corporate Governance & Compliance	39
Business Risks & Challenges	47

Board of Directors

As at 02 February 2018



Jung Neon Kim
Chairman

Tenure

Appointed to the Board on 23 June 2017 for the term to expire on 22 June 2020.

Board and Committee Activities

- Chairman
- Chairman HR & Remuneration Committee
- Member Audit Committee
- Member Shares Sub Committee

Outside Interests

- Director, Lotte Chemical UK Limited
- Director, KP Chemtech Corporation

Career

Mr Kim has been with the Company since the acquisition by LOTTE Chemical Corporation, South Korea in 2009. He was appointed as Executive Director on the Board in 2009 and was re-elected in June 2011. In 2014, he was appointed Chief Executive of the Company. Mr Kim holds a Bachelor's Degree in Economics from Pusan National University in Korea and has also completed a short MBA programme at Seoul National University. Mr Kim has been working with LOTTE Chemical Corporation, South Korea since 1991. He stayed in the Singapore Branch from 1996 to 2000. He's been in the PET business since 2001 and in PTA sales for more than ten years with LOTTE Chemical Corporation, South Korea. He is a certified Director of Corporate Governance from Pakistan Institute of Corporate Governance (PICG).



Humair Ijaz
Chief Executive

Tenure

Appointed to the Board on 23 June 2017 for the term to expire on 22 June 2020.

Outside Interests

- Director, Lotte Kolson (Pvt) Limited

Career

Mr Humair Ijaz has over 24 years of experience. After working for Siemens for a year, he joined ICI in 1993 as Management Trainee and worked in various businesses including Paints, Soda Ash and Pharmaceuticals. He was transferred to the PTA Business in 1998 as Logistics Manager and was promoted as IT Manager in the same year. He made significant contribution in setting up the business processes and systems of the PTA Plant. In 2004, he was promoted as Supply Chain Manager and then Commercial Manager in 2008. He has played an instrumental role in reshaping the Company's Commercial activities and based on his continued commitment, he was promoted as Director Commercial in 2013 and was appointed as the CE in June 2015.

He did his Bachelor's in Electrical Engineering and MBA (Finance) from Virginia Tech, USA and possesses a wide range of experience in the areas of Supply Chain, Sales and Information Technology.

He is a certified Director of Corporate Governance from Pakistan Institute of Corporate Governance (PICG).



In Goo Park
Non-Executive Director

Tenure

Appointed to the Board on 23 June 2017 for the term to expire on 22 June 2020.

Outside interests

- Director of LOTTE Chemical USA Ltd

Career

Mr Park has been working with LOTTE Chemical Corporation, South Korea since 1996. He had worked at Planning Department of Lotte Chemical Corporation from 2000 to 2008. He was involved in Mergers & Acquisition, Strategy and New Business Planning of LOTTE Group Headquarters from 2009 to 2016. Mr Park is currently working as Vice President of Value Management Team at LOTTE Chemical Corporation, South Korea. Mr Park holds a Bachelor's Degree in Economics from Seoul National University South Korea.



Hye Sil Jang
Non-Executive Director

Tenure

Appointed to the Board on 23 June 2017 for the term to expire on 22 June 2020.

Board and Committee Activities

- Member HR & Remuneration Committee

Outside Interests

- Director LOTTE Chemical UK Limited
- Director Kor-Uz Gas Chemical Investment Ltd

Career

Ms Jang is currently working as General Manager of Global Management Team at Lotte Chemical Corporation, South Korea. She has been with the company since 2013. Prior to Lotte Chemical, Ms Jang worked for PWC consulting based in Korea where she was responsible for external auditing and consulting. Ms Jang did her MBA from Korea University, South Korea.



Sang Hyeon Lee

Executive Director

Tenure

Appointed to the Board on 23 June 2017 for the term to expire on 22 June 2020.

Board and Committee Activities

- Chairman Shares Sub Committee
- Member HR & Remuneration Committee

Outside Interests

None.

Career

Mr Lee has been working with LOTTE Chemical Corporation, South Korea since 1992, spending his first twelve years in the Production Control Team in the Ulsan Plant, where he was in charge of Planning, Budgeting, Cost Accounting, and Decision Making Support. He graduated from Hanyang University, majoring in Business Administration in 1989.

Mr Lee has previously served as a Non-Executive Director on the Company's Board from April 2013 to June 2014.

He is certified Director of Corporate Governance from Pakistan Institute of Corporate Governance (PICG).



Mohammad Qasim Khan

Non-Executive Director

Tenure

Appointed to the Board on 23 June 2017 for the term to expire on 22 June 2020.

Board and Committee Activities

- Member Shares Sub Committee

Outside Interests

- Director Pepsi-Cola Products Philippines, Inc
- Director Pepsi-Cola Korea Co. Limited
- Director Pepsi-Cola Far East Trade Development Co. Inc

Career

Mr Khan is currently Business Unit President for PepsiCo International in Bangkok. He is responsible for PepsiCo's beverage and food businesses in Japan, Korea, Philippines and Pakistan. He has been with the Company since 1986, serving diverse roles in Australia, New Zealand, Vietnam, Malaysia, Singapore, Thailand and the Pacific Islands.

Prior to PepsiCo, Mr Khan worked for Procter & Gamble based in Geneva, Switzerland, where he was responsible for the Arabian Gulf markets. Mr Khan has an MBA in Marketing from the USA.

Mr Khan is the longest serving Board member of the Company. He was first appointed as Director in 2009 and was re-elected in 2011.



Pervaiz Akhtar

Independent Director

Tenure

Appointed to the Board on 23 June 2017 for the term to expire on 22 June 2020.

Board and Committee Activities

- Chairman Audit Committee

Outside interests

- Director METRO- Habib Cash & Carry Pakistan (Pvt) Ltd
- Director German Chamber of Commerce & Industry Ltd
- Director Star Farm Pakistan (Pvt) Limited

Career

Mr Akhtar graduated in 1976 from University of Punjab with majors in Economics. He later attended an MBA programme at School of Business and Commerce Islamabad and secured distinction in Business Policy & Strategy and Human Resource Management. He completed his professional training with Klynveld Peat Marwick Goerdeler (KPMG) and passed Institute of Chartered Accountants of Pakistan (Inter) examination in 1981.

In 1989, Mr Akhtar was awarded a USAID scholarship and he completed Petroleum Management Program at Arthur D. Little Inc Boston, U.S.A.

He is responsible for METRO's Corporate Affairs since 2007. Being part of the senior management team, he has contributed towards successfully establishing the METRO Cash & Carry's business in Pakistan.

Mr Akhtar has a versatile experience of more than 31 years of working with local and multinational companies in Pakistan. During this period, he served in senior management positions in the fields of Finance, Human Resources, Procurement and Corporate Affairs.

He is a certified Director of Corporate Governance from Pakistan Institute of Corporate Governance (PICG).



Istaqbal Mehdi

Non-Executive Director

Tenure

Appointed to the Board on 23 June 2017 for the term to expire on 22 June 2020.

Board and Committee Activities

- Member Audit Committee

Outside Interests

- Chairman / Chief Executive of Al-Aman Holding (Private) Limited

Career

He has held several roles throughout his professional career. From 2009 onwards, he served as Chairman and Chief Executive of Al-Aman Holding (Pvt) Ltd. Prior to that, he was a Managing Director at Pakistan Kuwait Investment Company (Private) Limited. Some of his other roles include: serving as President and Chief Executive Officer at Zarai Taraqati Bank Limited, Chairman and Chief Executive Officer at Agriculture Development Bank of Pakistan and Managing Director at Investment Corporation of Pakistan. He began his career in 1967 as a Research Assistant at USAID Lahore. He holds a Master of Philosophy in Financial Economics from the University of Leeds, UK. He also holds Bachelor and Master of Arts degrees in Economics from Government College, Lahore. In 1982, Mr Mehdi completed a course in Public Enterprise Policy in Developing Countries from Harvard University.

Mr Mehdi has previously served as a Director on the Company's Board from January 2011 to April 2012 and was re-appointed in June 2013.

He is a certified Director of Corporate Governance from Pakistan Institute of Corporate Governance (PICG).

Board Committees

with brief terms of reference

Audit Committee



Mr Istaqbal Mehdi, Member

Mr Pervaiz Akhtar, Chairman

Mr Jung Neon Kim, Member

The Audit Committee assists the Board in effectively discharging its responsibilities with regard to corporate governance, financial reporting and corporate control. The Board draws up the terms of reference of the Audit Committee, which comply with relevant legislations.

The Board acts in accordance with the Committee's recommendations on matters forming its responsibilities. The Audit Committee reviews the system of internal controls, risk management and the financial audit process, as well as assists the Board in reviewing financial statements and announcements to shareholders. In carrying out its duties, the Audit Committee has the authority to discuss any issues within its remit with management, internal auditors or external auditors. If it deems necessary, it may also obtain legal advice on it. The Committee controls and monitors the scope of the internal audit function, including powers and responsibilities encompassing its charter.

The Chairman of the Audit Committee is an Independent Non-Executive Director, while its members include Non-Executive Directors. The Company Secretary acts as the Secretary of the Committee.

The Audit Committee meets at least once every quarter of the financial year. Its members meet at least once a year with external auditors, without the CFO and the Head of Internal Audit being present. In addition, Committee members also meet head of internal audit and internal auditors at least once a year, without the CFO and external auditors being present.

HR and Remuneration Committee

The HR and Remuneration Committee assists the Company's Board of Directors to administer and develop a fair and transparent procedure for establishing human resource management policies. The Committee is responsible for reviewing the remuneration and benefits of the Chief Executive, Executive Directors and senior managers. Consisting of two Non-Executives and one Executive Director, the Committee is also responsible for reviewing the remuneration budget.

Members:

Mr Jung Neon Kim– Chairmam

Mr, Sang Hyeon Lee

Ms Hye Sil Jang

The General Manager HR & IT acts as the Secretary and the Committee meets at least once a year.

Shares Sub Committee



Mr Mohammad Qasim Khan, Member

Mr Jung Neon Kim, Member

Mr Sang Hyeon Lee, Chairman

The Shares Sub Committee consists of one Executive and two Non-Executive Directors. This Committee approves registrations, transfers and transmission of the Company's shares. Resolutions passed by this Committee are subsequently placed at Board meetings for ratification.

Report of the Audit Committee

On adherence to the Code of Corporate Governance

The Board Audit Committee has concluded its annual review of the conduct and operations of the Company for the year ended 31 December 2017 and reports that:

- The Company has adhered in full without any material departure, with the mandatory and voluntary provisions of the listing regulations of Pakistan Stock Exchange, Code of Corporate Governance, Company's Code of Conduct and Values throughout of the year.
- The Financial Statements, Directors Report and other information in the Annual Report have been reviewed by the Chief Executive and the Chief Financial Officer. They acknowledge their responsibility for true and fair presentation of the financial statements, accuracy of reporting, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Appropriate accounting policies have been consistently applied. Applicable accounting standards were followed in preparation of the financial statements of the Company on a going concern basis, for the financial year ended 31 December 2017, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company for the year under review.
- Accounting estimates are based on reasonable and prudent judgment. Estimates and judgments were continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Proper, accurate and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984.
- The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984, and applicable International Accounting Standards and International Financial Reporting Standards.
- The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed and certified by the auditors of the Company.
- The Board Audit Committee reviews all Related Party Transactions, including the terms of the transactions, and recommends the same to the Board for review and approval.
- All direct and indirect trading and holdings of the Company's shares by Directors and Executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction. All such holdings have been disclosed.
- 'Closed periods' during which the Directors, the Chief Executive, CFO, Company Secretary and other executives of the Company including their spouses and minor children were precluded from dealing in Company shares were duly determined and announced by the Company prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of the Company, along with maintenance of confidentiality of all business information.

Internal Audit Function

- The internal control framework has been effectively implemented through outsourcing the internal audit function to KPMG Taseer Hadi & Co., Chartered Accountants. The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and control.
- The Board Audit Committee has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholders wealth through financial, operational and compliance controls and risk management at all levels within the Company.

- The Company has also appointed a Head of Internal Audit in compliance of the Code of Corporate Governance. The Head of Internal Audit coordinates with the internal auditors KPMG Taseer Hadi & Co., Chartered Accountants, and reports directly to the Chairman of the Board Audit Committee.
- During the year four Board Audit Committee meetings were held.
- Coordination between the external and internal auditors was facilitated to ensure efficiency and contributions to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.
- The Board Audit Committee recommends reinstating internal audit function to KPMG Taseer Hadi & Co., Chartered Accountants, for the financial year ending 31 December 2018 on term of remuneration to be negotiated by the Chief Executive.

External Auditors

- The statutory auditors of the Company, EY Ford Rhodes, Chartered Accountants, have completed their audit assignment of the "Company's Financial Statement and the "Statements of Compliance with the Code of Corporate Governance" for the financial year ended 31 December 2017 and shall retire on the conclusion of the 20th Annual General Meeting.
- The Board Audit Committee has reviewed and discussed audit observations and significant matters highlighted by the external auditors.
- The audit firm has been given a satisfactory rating under the Quality Control Review Programme of the institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP.
- The auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the auditors has thereby been ensured. The auditors attended the Annual General Meeting of the Company during the year.
- The Board Audit Committee recommends appointment of EY Ford Rhodes, Chartered Accountants, as the statutory auditors of the Company for the financial year ending 31 December 2018 on term of remuneration to be negotiated by the Chief Executive.



Pervaiz Akhtar

Chairman - Board Audit Committee

01 February 2018
Karachi

Board and Committee Attendance in 2017

During the year, 4 (four) Board of Directors, 4 (four) Audit Committees and 1 (one) HR & Remuneration Committee meetings were held:

Board		Eligible to Attend	Attended
Non-Executive Directors			
Mr Jung Neon Kim		4	4
Mr Istaqbal Mehdi		4	4
Mr Pervaiz Akhtar		4	4
Mr Mohammad Qasim Khan		4	3
Mr Soo Chan Ko	resigned w.e.f 6 April 2017	1	-
Mr. Nak Sun Seong	resigned w.e.f 6 April 2017	1	1
Mr. In Goo Park	appointed w.e.f 6 April 2017	3	3
Ms. Hye Sil Jang	appointed w.e.f 6 April 2017	3	3
Executive Directors			
Mr Humair Ijaz		4	4
Mr Sang Hyeon Lee		4	4

Audit Committee		Eligible to Attend	Attended
Non-Executive Directors			
Mr Jung Neon Kim		4	2
Mr Istaqbal Mehdi		4	4
Mr Pervaiz Akhtar		4	4

HR & Remuneration Committee		Eligible to Attend	Attended
Non-Executive Directors			
Mr Jung Neon Kim		1	1
Mr. Nak Sun Seong	resigned w.e.f 6 April 2017	1	1
Ms. Hye Sil Jang	appointed w.e.f 6 April 2017	-	-
Executive Directors			
Mr Sang Hyeon Lee		1	1

Leave of absence was granted to directors who could not attend some of the board meeting.

Executive Management Team

The Executive Management Team consists of functional heads, operating under the Board and the Chief Executive, to ensure smooth operations and achieve strategic objectives.

The Team conducts its business under the chairmanship of the Chief Executive with other senior managers. The Team is responsible for strategic business planning, decision-making, establishing adequacy of the Company's operational, administrative and control policies adopted by the Board and monitoring compliance thereof.



Tariq Nazir Virk
General Manager
Manufacturing

Waheed U Khan
General Manager
HR & IT

Humair Ijaz
Chief Executive
Profile on page 28.

Tariq Nazir Virk possesses over 27 years of professional experience and he has been associated with the Company for over 21 years. He was appointed Engineering Manager in 2010 and was promoted to General Manager Manufacturing in 2016.

He completed his Bachelor's in Mechanical Engineering from University of Engineering and Technology, Lahore in 1990. In addition to that, he has a wide range of experience in Projects, Engineering and Operations of chemical plants. Prior to joining the Company, Tariq Nazir Virk had worked with Dawood Hercules Chemicals.

Waheed U Khan has over 21 years of experience. He joined the Company in 1997 after working in DH Fertilizer Complex for several years. Since then, he has been progressing in various departments of the organisation including Production, Technical, HSE & Technical Training before becoming Administration & Public Affairs Manager in 2008. Based on his continued commitment and experience, he was appointed as General Manager HR & IT in 2016.

He completed his Master's in Chemical Engineering from University of Punjab and was included on the Roll of Honour after achieving gold medal and first position in his Bachelor's Degree. He also holds an Executive MBA from Lahore University of Management Sciences (LUMS).

Management Committees

with brief terms of reference

Executive Committee



Back L to R: Mr Tariq Nazir Virk, Mr Ashiq Ali, Mr Sang Hyeon Lee, Mr Adnan UI Haque, Mr Waheed U Khan, Mr Kee Seo Park,
Front L to R: Mr Kyoungmo Cho, Mr Syed Qamar Alam, Mr Humair Ijaz, Mr Syed Masood UI Hasan, Mr Muhammed Talha Khan

The Executive Committee, chaired by the CE, supports the Executive Management Team in achieving its objectives and is responsible for smooth operations on an ongoing basis. It comprises of the various heads of departments including the Executive Management Team. The Executive Committee meetings are conducted on a monthly basis or more frequently if needed. The Committee reviews all operational and financial aspects, advises improvements to operational policies / procedures and monitors implementation of the same.

The Committee met on a monthly basis during 2017 and reviewed all operational and financial aspects of the business, including improvements to operational policies / procedures.

HSE&S Management Committee



Back L to R: Mr Tariq Nazir Virk, Mr Humair Ijaz, Mr Waheed U Khan, Mr Ashiq Ali,
Front L to R: Mr Mohammed Talha Khan, Mr Syed Masood UI Hasan, Mr Kyoungmo Cho, Mr Adnan UI Haque, Mr Syed Qamar Alam

The HSE&S Committee, chaired by the CE, periodically reviews and monitors Company-wide practices. It oversees the Health, Safety, Environment and Security functions of the Company and is responsible for ensuring that all operations are safe, environment-friendly and compliant with regulatory framework.

The Committee received regular reports from the HS&E function, including quarterly reports prepared for Executive Committee on Company's Health, Safety and Environmental performance and operational integrity. These included quarter-by-quarter measures of personal and process safety, environmental and regulatory compliance and audit findings. Operational risk and performance forms a large part of the Committee's agenda.

BCP Committee

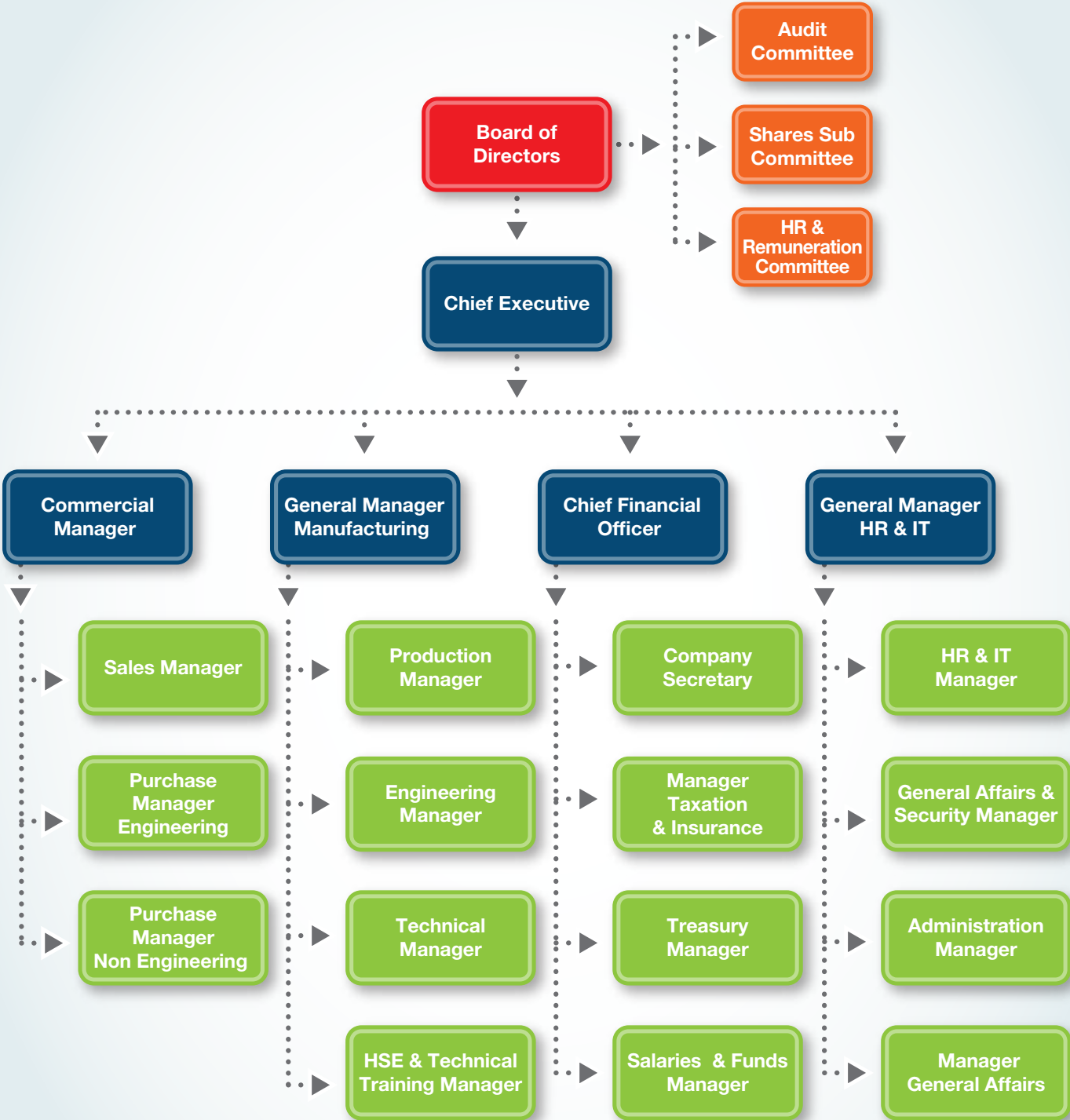


Back L to R: Mr Syed Arif Hussain, Mr Muhammad Tabish Ashfaq,
Front L to R: Mr Asad Ullah Chughtai, Mr Syed Masood Ul Hasan, Mr Tariq Nazir Virk, Mr Ashiq Ali, Mr Adnan Ul Haque, Mr Syed Qamar Alam

The BCP Committee's objective is to steer the Business Continuity Plan (BCP) by establishing a fit-for-purpose strategic and operational framework to respond to major business interruption situations.

The CE as Business Continuity Manager (BCM) leads the BCP process along with General Manager Manufacturing and Chief Financial Officer. A working level BCP Committee, headed by General Manager Manufacturing is responsible for stewarding the BCP Programme and comprises of representatives of all functions / departments. Each functional head is responsible for current and comprehensive Business Continuity Planning in his respective sphere of operations.

Organisational Structure



Corporate Governance and Compliance

Board Governance

The Company's Corporate Governance Structure is based on the requirements of the Companies Ordinance, 1984, along with other circulars and guidelines issued by the Securities and Exchange Commission of Pakistan (SECP), listing regulations of the Pakistan Stock Exchange, the Code of Corporate Governance and the Company's Articles of Association. This is further strengthened by several internal procedures, which include a risk management assessment and control system, as well as a system of assurances of compliance with the applicable laws, regulations and the Company's Code of Conduct.

The Company is a public limited company established under the laws of Pakistan. The shares of the Company are listed on the Pakistan Stock Exchange (G) Limited.

Role of the Board

The Board of Directors provides oversight in the governance, management and control of the Company and is responsible for setting the goals, objectives and strategies of the Company and for formulating the policies and guidelines towards achieving those goals and objectives. The Board is accountable to the shareholders for the discharge of its fiduciary function. The Management is responsible for the implementation of the aforesaid goals and strategies in accordance with the policies and guidelines laid down by the Board of Directors. In order to facilitate the smooth running of the day-to-day affairs of the Company, the Board entrusts the Chief Executive with necessary powers and responsibilities who in turn is assisted by an Executive Management Team. The Board is also assisted by a number of Sub Committees comprising mainly Non-Executive / Independent Directors. Specific tasks are delegated to the board sub committees and the Board seeks to set the 'tone from the top' by working with the management to agree on the values of the Company.

The activities of the Board are based on the requirements and duties laid down under relevant laws and the Company's Memorandum and Articles of Association. This compliance assists the Board in safeguarding the interests of all the stakeholders.

Board Composition, Size and Tenure

The structure of the Board reflects an optimum combination of Executive, Non-Executive and Independent Directors. The current Board comprises eight directors which include two Executive Directors (including the Chief Executive), five Non-Executive Directors and one Independent Director. The Chairman of the Board is a Non-Executive Director. The positions of Chairman and Chief Executive are held by separate individuals with clearly defined roles and responsibilities.

All the Directors are appointed for a term of three years on completion of which they are eligible for re-election under the Company's Articles of Association through a formal election process.

Consent to act as director is obtained from each candidate prior to election. The Company has had an Audit Committee and a HR & Remuneration Committee of the Board much before the introduction of the Code of Corporate Governance.

Roles and Responsibilities of the Chairman and Chief Executive

There is a clear segregation of roles between the Chairman of the Board and the Chief Executive for smooth running of the business. The Company's Articles of Association, relevant laws and the duties assigned by the Board outline the responsibilities and the power of the Chairman of the Board.

The key role and responsibilities of the Chairman includes;

- Provides leadership of the Board
- Acts as main point of contact between the Board and management.
- Speaks on Board matters to shareholders and other parties.
- Is responsible for the integrity and effectiveness of the Board's system of governance.
- Ensures that systems are in place to provide directors with accurate, timely and clear information to enable the Board to operate effectively.

The Chief Executive functions in accordance with the powers vested in him by law, the Company's Articles of Association and the authorities delegated to him by the Board. The Chief Executive is responsible for framing strategic proposals and formulating business plans for the Board approval. Moreover, the Chief Executive is also responsible for ensuring smooth functioning of the business with optimum utilisation of the Company's resources and effective implementation of internal controls.

Board Meetings

The Board determines the key items for its consideration for the coming financial year. The agenda is set by the Chairman in consultation with the Chief Executive and with support of the Company Secretary. A similar process is used for meetings of Board Committees.

Meetings of the Board of Directors and Sub Committees are held in accordance with an annual schedule circulated before each year end to ensure maximum participation of the directors.

Discussions at Board meetings are open and constructive. All discussions of the Board and their records are maintained in confidence unless there is a specific decision or legal requirement to make disclosure.

When participating in Board discussion, Executive Directors are expected to discharge their responsibilities as directors of the Company and not to act solely as the representatives of that activity for which they bear executive responsibility.

Independence and Conflict of Interest

The Non-Executive and Independent directors are expected to be independent in character and judgment and free from any business or other relationship which would materially interfere with the exercise of that judgment.

The Board is satisfied that there is no compromise to the independence of, and nothing to give rise to conflicts of interest for, those directors who serve together as directors on the boards of outside entities or who have other appointments in outside entities.

Board Induction and Education

All Directors, including foreign resident Directors, as part of their induction package, are provided with sufficient information of their duties and responsibilities under respective laws and the Company's Memorandum and Articles of Association. Directors, being senior professionals and possessing experience of managing various responsibilities, have adequate exposure to corporate matters.

On joining Company's Board, Non-Executive and Independent Directors are given a tailored induction programme. This includes meetings with the management and site visit. Moreover, the Board received briefings on Company's Code of Conduct, Company's values and key business developments including legal updates, the economic outlook and the necessary information under respective laws and the Company's Memorandum and Articles of Association.

At present, one independent director, two Executive Directors and two Non-Executive Director have completed all parts of the certification "The Board Development Series" offered by the Pakistan Institute of Corporate Governance (PICG). Certification for remaining directors will be obtained in accordance with the Code of Corporate Governance.

Board Evaluation

A comprehensive Board evaluation with respect to the effectiveness of the Board was carried out in 2017 using an external facilitator, PICG. The Board evaluation assessment covered specific areas of Board performance including Board Composition, Board & CEO Compensation, Strategic Planning, Board Procedures, Board Interaction, Board Information, Board Committees and Board & CE Effectiveness. The findings of the evaluation were discussed in detail with the Board of Directors.

The Board also regularly reviews the developments in Corporate Governance to ensure that the Company always remains aligned with the best practices.

CE Performance Review

The Board of Directors of Lotte Chemical Pakistan Limited regularly evaluates performance of the CE based on agreed financial and non-financial KPIs.

The Board has reviewed the performance of the CE for the current financial year and is satisfied with the achievements for the year. The Board has full confidence in his abilities to manage the affairs of the Company in the most professional and competent manner. The CE is also responsible for setting the objectives for his management team and regularly updates the Board about the performance of the management in achieving the desired goals.

Material Interests of Board Members

Directors are required to disclose, at the time of appointment and on an annual basis, the directorships or memberships they hold in other corporations. This is in pursuance with Section 205 of the Companies Act 2017, which also requires them to disclose all material interests.

This information is used to help maintain an updated list of related parties. In case any conflict of interest arises, the matter is referred to the Board's Audit Committee.

None of the directors are either members of any stock exchanges in Pakistan or engaged in the business of stock brokerage. Moreover, they are not involved in external audit and have had no relationship with the Company's external auditors during the preceding two years. Remuneration and benefits of the Board, including the Chief Executive and Executive Directors, are disclosed in note 32 to the financial statements as determined under provisions of the Articles of Association of the Company.

Board & Management Committee

The Board may at any time establish Committees of the Board to assist in carrying out its responsibilities. Any Committee will be subject to the Board Principles and will speak or act for the Board only when and to the extent so authorised.

The permanent Committees of the Board include the Audit Committee, the HR & Remuneration Committee and Shares Sub Committee.

Each permanent Committee is comprised of those directors the Board considers best suited to serve on that Committee and in accordance with the Code of Corporate Governance.

The Board and Management Committees brief details are covered elsewhere in the Report.

Disclosure and Transparency

Financial Statements

Periodic financial statements of the Company are circulated to the directors duly endorsed by the Chief Executive and the Chief Financial Officer for approval by the Board before publication, in compliance with the Listing Regulations of the Pakistan Stock Exchange. After consideration and approval, the Board authorizes the signing of financial statements for issuance and circulation. The half-yearly and annual financial statements are initialed by the external auditors before presentation to the Audit Committee and the Board for their respective approvals.

The publication and circulation to the shareholders, stock exchange and regulators of quarterly unaudited financial statements along with Directors' Review is done within one month and half-yearly financial statements reviewed by the external auditors within two months, of the respective period end dates.

Annual financial statements together with the Directors' Report, Auditors' Reports and other Statutory Statements / Information are circulated for consideration and approval by the shareholders, within four months from the end of the financial year. These statements are also made available on the Company's website. All other important information considered sensitive for share price determination is transmitted to stakeholders and regulators on a timely basis.

Adequate Disclosure

We believe in best practices in corporate governance by adopting transparency and disclosure as a policy with our stakeholders. This is achieved through disclosure of communications to our shareholders and other stakeholders, including our financial statements. All critical accounting estimates, rules and procedures governing extraordinary transactions, or any changes in accounting policies along with their financial impact, are disclosed in the notes to the financial statements. We follow the repealed Companies Ordinance 1984, and applicable IAS and IFRS (International Accounting Standards and International Financial Reporting Standards). In addition, we endeavour to provide as much relevant supplementary information in the financial statements as possible.

Annual General Meeting

The Company holds its Annual General Meeting of the shareholders in light of the repealed Companies Ordinance 1984, Listing Regulations, Code of Corporate Governance and our Articles of Association. We request all our shareholders to participate. We also ensure that a copy of the Annual Report containing the agenda and notice of AGM is dispatched to every shareholder at his/her registered address.

Issues raised in last AGM: During the 19th AGM of the Company held on 25 April 2017, general clarifications were sought by the shareholders on the financial statements and the market. No significant issues were raised.

Investor Relations

The Company seeks to keep all stakeholders informed on a regular basis. This is done by means of publication on Company's website containing complete financial reports on a quarterly basis and the publication of the annual and interim reports. In addition, the Company communicates with all its shareholders / investors and analysts through organizing or attending meetings such as AGMs. Also, on need basis, meetings are held with stakeholders to ensure that the investment community receives a balanced and complete view of the Company's performance and the issues faced by the business, while always observing applicable rules concerning selective disclosure, equal treatment of shareholders and insider trading.

Pattern of Shareholding

Disclosure of Company's shareholding structure is given in the pattern pursuant to the Companies Ordinance and the Code of Corporate Governance in the printed accounts of the Company. Our share capital is comprised of ordinary shares. No other class of shares is issued by the Company. LOTTE Chemical Corporation, Korea holds 75.01% shares, while the balance 24.99% shares are held by individuals and domestic and foreign institutions. The Pattern of Shareholding in the Company, as at 31 December 2017, is given on page 22 of the Annual Report.

Best Corporate Practices

Code of Conduct

Even before the introduction of the requirement in the Code of Corporate Governance, the Company had a comprehensive Code of Conduct. In order to apprise the employees of the Code of Conduct, the Company organizes training sessions and induction programmes on a regular basis to ensure compliance at all levels. Besides this, every employee and director of the Company is required to sign, on an annual basis, a statement to the effect that he or she understands the Code of Conduct and that he or she abides by it at all times while doing business for the Company. Salient features of the Code of Conduct are covered earlier in the Report.

Speak Up

A separate 'Speak Up' policy has been formulated in order to facilitate strict adherence to the Code of Conduct, whereby any Company employee can raise concerns, expose irregularities and help management of the Company in identifying financial malpractices and potential frauds without any fear of reprisal or adverse consequences on a confidential basis through various modes of communication. Complete anonymity of the person using this facility is assured and all complaints are thoroughly investigated either by the Company internally or by assigning it to the Internal Auditors.

Employees of the Company are encouraged to use the guidance provided by the Speak Up Policy for reporting wrongdoing/improper conduct. A separate Speak Up Committee has been formed with a direct reporting line to the Board Audit Committee.

Insider Trading

The Company has a stringent policy on insider trading and securities transactions. The policy paper which is circulated to all the employees of the Company from time to time prohibits all employees of the Company from making use of inside information for direct or indirect transactions in Company shares. No trading in Company shares is allowed during the closed periods. Trading is only allowed in the open period, preferably in the two weeks period following announcement of quarterly/half-yearly/annual results. Prior notification in writing is required to be given to Company Secretary before carrying out any transaction and once the transaction is executed, it is to be reported back to the Company Secretary within two days of execution of the transactions with relevant details of purchase/sale of shares. No opposite transaction is allowed within six months i.e. if anyone buys any shares of the Company, he or she is not allowed to sell those shares within six months to make a gain.

Related Party Transactions

We maintain a complete and updated list of related parties. All transactions with related parties are carried out on an arm's length basis as per formulas approved by the Board of Directors. A complete list of all related party transactions is compiled and submitted to the Audit Committee every quarter. After review by the Audit Committee, the transactions are placed before the Board for their consideration and approval.

Internal Control

The Company has a sound system of internal control and risk management. The internal audit function, mainly responsible for internal controls, has been outsourced to M/s KPMG Taseer Hadi & Co., Chartered Accountants, and reports directly to the Chairman of the Audit Committee. As a consequence of regular review over several years, the Company now has an extremely robust system of internal controls which was further strengthened in 2005 when the Company had to go through a comprehensive implementation of the Sarbanes-Oxley Act (SOX) due to listing of its previous parent company's shares on the New York Stock Exchange. Although this requirement is no longer applicable to the Company, the Company continued with the control framework then adopted.

Internal and External Audit

Internal Audit function plays a key role in providing the management and the Board an objective view and reassurance of the effectiveness of the risk management and related control systems throughout the entity. Internal Audits are carried out across all functions by the appointed Internal Audit firm and all findings are reported to the Management and the Audit Committee of the Board.

Action plans are followed up rigorously to ensure that timely corrective action is implemented for the effective functioning of controls. The Board, through the Audit Committee, reviews the assessment of risks, internal and disclosure controls and procedures and suggests remedial actions where applicable. The role of the Audit Committee is to assist the Board in fulfilling their oversight responsibilities regarding the integrity of Company's financial statements, risk management and internal control, compliance with legal and regulatory requirements, the external auditors' performance, qualifications and independence, the performance of the internal audit function, and compliance with the Code of Conduct.

The external auditors are appointed by the shareholders on a yearly basis at the Annual General Meeting on the recommendation of the Board of Directors and shareholders. The partner in charge of our audit or the audit firm is rotated every five years as per the regulations.

HR Policy & Succession Planning

A comprehensive HR policy is part of terms of employment and is applicable to all the permanent employees. The key objective of the HR policy is to develop a high performance culture providing a critical link between an employee's performance and Company's goals. The policy also supports in maintaining the desired organisational culture. In order to ensure continued business performance, the Company has developed a robust Succession Plan for the positions of Chief Executive, his direct reports in Executive Management Team and business critical roles.

Quality Policy Statement

Lotte Chemical Pakistan Limited operates in an environment which is influenced by global trends. To remain competitive and retain its status as a preferred PTA supplier, it has to produce a world-class product that always meets the expectations of its customers, both local and overseas, in terms of price, product, quality and service.

The Company achieves the above mentioned objectives by delivering a quality service on the principle of "right first time every time".

To support the Quality Policy, the Company ensures ownership at all levels to continually improve the Quality System consistent with the latest standards and provides necessary training & resource to deliver added value to the business.

Risk Management

The Board has an overall responsibility for the risk management process and internal control procedures. The Audit Committee monitors the Company's risk management process quarterly or more frequently if required and reviews the adequacy of the risk management framework. The Company's documented and regularly reviewed procedures are designed to safeguard our assets, address risks facing the business, and ensure timely reporting to the Board and senior management. A clear organizational structure with defined delegation of authorities is maintained and the senior management takes the day-to-day responsibility for implementation of procedures, ongoing risk monitoring, and effectiveness of controls.

The risk and control procedure is supported through a Business Continuity Plan and Crisis Management Plan.

Business Continuity Plan/ Crisis Management Plan

The Company recognizes the importance of a comprehensive Business Continuity Planning Programme that allows it to plan for and manage major business disruptions. All significant risks, possibilities for control and reduction are identified. The plan is periodically tested in a simulated environment to ensure that it can be implemented in emergency situations and that the management and employees are aware of their respective roles. The range of events considered includes natural disasters, failure of equipment, terrorist action, government/political/legal actions, and changes in the financial and business climate. The controls identified are tested by internal auditors and action plans are followed rigorously to ensure timely corrective action is implemented for the effective functioning of controls. In addition, a Crisis Management Plan is also developed and is regularly reviewed and updated. This focuses on helping management to handle the immediate effects of a major incident and includes instructions on communications both within and outside the Company.

During the year, the Board through its Audit Committee regularly reviewed the processes whereby risks are identified, evaluated and managed.



Business Risks & Challenges

The following risks are considered to be relevant in evaluating the overall outlook and business strategy of the Company.

	Risk	Mitigating Factors
STRATEGIC	Changing Economic Conditions & Government Policies	The Board and the Management strive to follow a defined strategy to overcome strategic risks and continuously seek dialogue with the policy makers through various business forums in the overall interest of the domestic industries.
	Non Compliance with Laws & Regulations	Changes in regulatory environment are monitored closely and all significant changes are adapted in a timely manner. We advertise and encourage use of 'Speak Up' policy to all our employees to report irregularities, if any, in relation to our Code of Conduct. We remain committed to compliance with all legal and regulatory requirements with special emphasis on our Code of Conduct.
OPERATIONAL	Critical Equipment Failure	Stringent control measures for all critical equipment are in place which includes, but is not limited to, exhaustive preventive maintenance regimes, availability of all adequate spares, upgrade of technologies and necessary training of related manpower.
	Power Failure	Being the sole producer of PTA in the country, it remains imperative that the PTA plant remains in operation on continuous basis throughout the year and as a result, alternate sources for all its key utility needs are in place. The Company in 1998/1999 invested heavily in the K-Electric network to ensure uninterrupted power supply to the Company and the Company entered into an evergreen power supply agreement with K-Electric based on its investment in the necessary infrastructure. All critical equipment remains connected to standby generators. In addition, the Company invested in a captive co-generation power facility, which became operational in July 2012, to improve the energy economics of the business and to ensure alternate uninterrupted power supply for continuous PTA operations.
	Risk to Health, Safety and Environment	We continue to uphold the highest safety standards, in line with OHSAS 18001 & internal HSE policies, for both Company and contractor employees which is evident by an excellent safety record spread over 19 years without a Lost Time Injury – more than 54 million man-hours have been completed without a Lost Time Case.
	Inability to attract and retain talent	The Board and the Management put great emphasis on attracting, educating, motivating and retaining staff and the Company continues to support the development of a winning culture through its human resources management policies. Engagement of all our employees remains our key priority.
COMMERCIAL	Key Supplier Failure	The Company aims to use its purchasing power and long-term relationships with the suppliers to ensure continuous availability of raw materials. Maintenance of optimum buffer inventory levels and ensuring alternative sources for key raw materials assists in partially mitigating the risk of abrupt supply interruptions.
	Key Customer Failure	The Company takes pride in the dependable relations developed with its customers over the years and aims to enter into long-term relationships to ensure continuous sale of its product. The Company has demonstrated its ability to export larger volumes, if required. Availability of locally produced PTA and excellent technical support present a strong incentive for local customers to retain the relationship with the Company on a long-term basis.
FINANCIAL	Liquidity Risk	The Company's sales strategy enables maximum volumes to be sold against sight letters of credit and purchasing strategy ensures optimum level of credit days. Adequate modes of financing are available in the form of committed bank facilities. This risk is also mitigated by continuous monitoring of cash flow needs and careful selection of financially strong banks with good credit ratings.
	Fluctuations in Foreign Currency Rates	The Company incurs foreign currency risk on sales, purchases and borrowings that are in a currency other than Pak Rupees. The Company's foreign currency risk arising on sales is minimised through a natural hedge resulting from the pricing mechanism of PTA whereby the price invoiced for PTA domestically is recalculated every month to derive a Rupee price from the international commodity price of PTA in US dollars. To hedge against its foreign currency risk arising on purchase transactions, the Company may enter into forward exchange contracts when considered appropriate. Also, the natural hedge on PTA sales minimises the impact of risk arising on purchase transactions.
	Credit Risk	The Company's exposure to credit risk is influenced by the individual characteristics of each customer. All sales are made against letters of credit and the Board has established a credit policy under which each new customer is analysed individually for credit worthiness. All customers have been transacting with the Company for over five years.

Value Based Management

Our talented team delivers quality products to our customers which creates higher value and sustains profitability.

Business Review

2017 Performance against Key Objectives	50
Directors' Report	51
Statement of Compliance	57
Review Report to the Members	59



2017 Performance against Key Objectives

In 2017, the Company was able to achieve most of its strategic objectives with the exception of those which were linked to the performance of the PTA industry as a whole. 2017 continued to be a tough year for the PTA industry globally in all aspects of its operations.

Key Objectives	Performance
Maintain high standards of HSE performance	Completed 54.4 million man-hours without Lost Time Case (LTU) for our own and contractor employee and remained fully compliant with various audits including OHSAS-18001 and ISO 14001.
Maintain 95% PTA plant availability (excluding planned Overhaul)	The PTA plant production was well managed and despite operational issues related to CTA Dryer, the Plant availability of 96% (excluding planned Overhaul) was delivered.
Maintain 95% Cogeneration plant availability (excluding planned Overhaul)	The Cogeneration plant availability was 94% (excluding planned Overhaul).
Deliver business improvement plan and savings target	The management maintained sharp focus on key controllables and various initiatives were taken which reduced operational costs and countered the impact of inflationary pressures.
Sale of surplus electricity	Sale of excess electricity could not be materialised as despite strong follow-up, the required Tariff determination (to sell electricity) from NEPRA was issued after significant delays. The Power Acquisition Contract is still pending approval from NEPRA.
Maximize domestic PTA sales in the market	Despite strong competition by foreign PTA producers, 99.4% of our sales were made to the domestic market.

Directors' Report

For the Year Ended 31 December 2017

The Directors are pleased to present their report and the audited financial statements of the Company for the year ended 31 December 2017.

Election of Directors

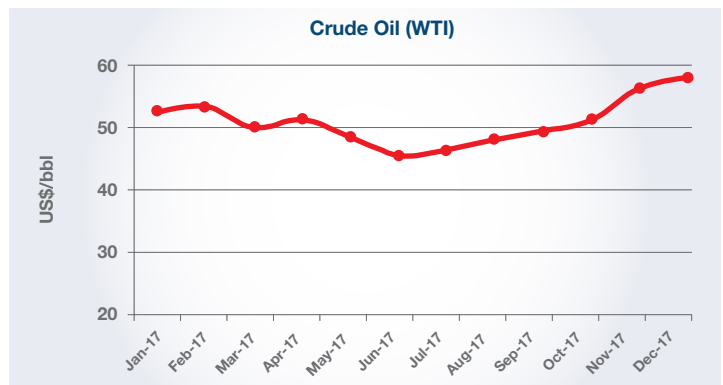
At the Extraordinary General Meeting of the Company held on 20 June 2017, Mr Jung Neon Kim, Mr Humair Ijaz, Mr In Goo Park, Ms Hye Sil Jang, Mr Sang Hyeon Lee, Mr Mohammad Qasim Khan, Mr Istaqbal Mehdi and Mr Pervaiz Akhtar were elected as Directors of the Company for a three-year term commencing from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

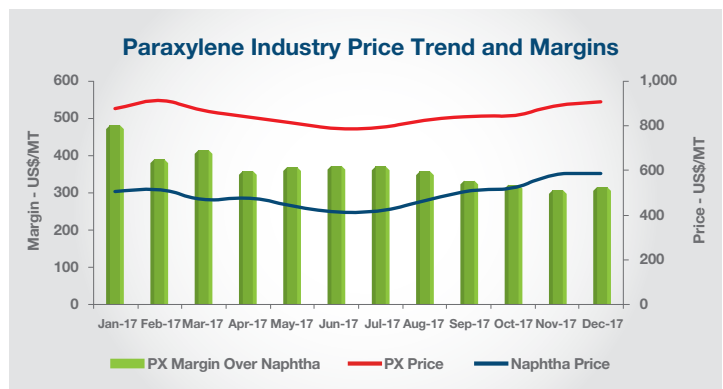
Crude Oil

The Crude Oil (WTI) market remained under pressure during the first half of the year. This was primarily due to the increased production and rig count from the US. Even supply disruptions from the Middle East were not enough to restrain the declining prices as Libya, Nigeria and the US continued to increase their output. In the month of June, Crude Oil prices touched US\$ 42 per barrel, the lowest point of 2017. During second half of the year, the market sentiment was reversed as all market indicators and global events favored the bulls. Higher global demand forecasts, increased compliance by OPEC and Non-OPEC countries on the production cut deal led to a surge in prices. Tropical storms in the US, major geopolitical issues in the Middle East and the purge in Saudi Arabia were other contributing factors which further propelled the prices, and by the end of the year Crude oil crossed the benchmark of US\$ 60 per barrel. The average price for 2017 was US\$ 51 per barrel.



Paraxylene (PX) Industry

PX prices predominantly followed the trend of the upstream Crude Oil market throughout the year. During the first half of the year, some resilience was observed prior to the Lunar New year period as producers demonstrated sustained demand, however prices weakened as upstream energy markets lost strength and a major PX capacity addition in India supported the downward trend. A bullish trend, driven by the upstream Crude Oil market was observed during the second half of the year which was further fueled by improved demand from the downstream PTA industry on account of capacity additions as well as restart of long-idled PTA



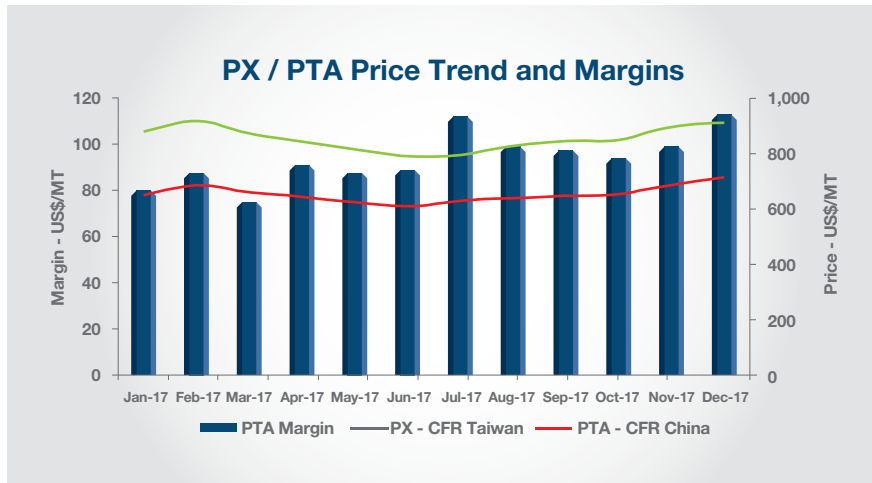
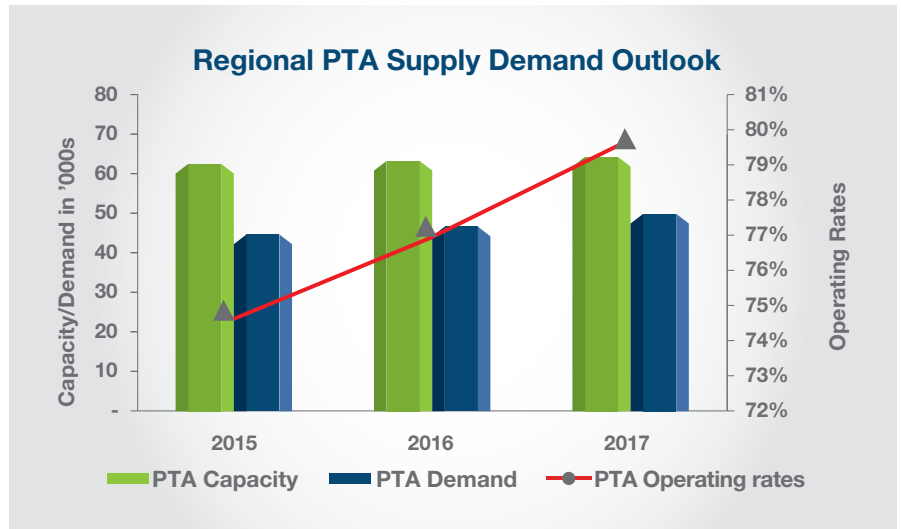
plants in China.

Overall, the PX market remained balanced during the year as regional producers operated at an average rate of 86%. The average margin over Naptha was US\$ 368 per tonne for the year.

PTA Industry

PTA market experienced a decline in prices during the first half of the year due to weakening upstream prices and higher PTA inventory levels in the region. Additionally, downstream Polyester operations failed to support the sentiment on account of an inventory build-up post Lunar New Year Holidays. The PTA market took a positive turn in the third quarter due to increasing demand from the downstream industry. This shift in the market situation was led by capacity additions in the downstream PSF and PET industry, multiple breakdowns and planned maintenance shutdowns in

Chinese megaton PTA plants as well as the environmental controls (Chinese government imposed a ban on import of waste plastics) implemented in China. Resultantly the overall operating rate of the PTA Industry in 2017 improved to 80% from 77% last year.



The above market conditions provided much needed relief to the PTA Industry and the price crossed the US\$ 700/MT mark in November after almost 2.5 years. The average price of PTA in the spot market was US\$ 655/MT compared to last year's average of US\$ 599/MT. Whereas the average industry spot margin (over Paraxylene) in 2017 improved to US\$ 94/MT from US\$ 82/MT last year.

Domestic Polymer Industry

The positive momentum created by improved power availability in the country and anti-dumping duties on PSF continued into 2017 and a healthy growth of 9% was observed in the domestic polymer industry. This was mainly driven by the PET sector as domestic industries aligned themselves with global trends by replacing traditional packaging, while urbanization has led to higher consumptions of fast moving consumer goods. Furthermore, the demand from PFY industry has improved due to the implementation of regulatory duty on imports, which has enabled the restart of an idled PFY plant.

The domestic Polymer industry operated at an average rate of 81% during the year compared to 77% in the previous year. The total annual demand of PTA in Pakistan has crossed the 700KT mark for the first time and is estimated at 735KT.

Operations

The Board is pleased to report that the planned plant overhaul was successfully completed during September-October 2017, after a 29 month gap from the previous overhaul in March-April 2015. The major jobs undertaken during the overhaul included replacement of CTA dryer of the PTA plant and replacement of hot section and combustion exchange of the Co-generation plant.

Production during the year at 467,014 tonnes was 7% lower than the corresponding period last year due to planned overhaul during H2 2017 for plant maintenance.

Sales volume during the year at 484,543 tonnes was 2% lower than last year. This was mainly due to lower product availability. Export sales of 2,992 tonnes were made to UAE during the year. As a result, the domestic and export sales mix for the year remained at 99.4%.

The Company continued to make investments in its production facility, aimed at sustaining continuous reliable operations and to improve plant efficiencies.

Health, Safety and Environment (HSE)

Lotte Chemical continues to uphold the highest safety standards for its own employees as well as the contractor's staff. It ensures that HSE is embedded as a core value and continuously strives for a safe and secure workplace. This is evident by an outstanding safety record stretching over 19 years without a lost-time injury. The Directors are proud to report that your Company has achieved a major milestone by completing 54 million man-hours as of 31st December 2017, without any injury to own or to contractors' employees. This is an impeccable record by any global standards.

Your Company actively fosters a culture of training and capacity-building of its employees and invests in state-of-the-art equipments and techniques to ensure safety at all times. During the year, both internal and external audits were carried out to verify compliance with regulations and standards. No major concerns were reported in these audits. In addition to this, the Company's liquid effluent met national environmental quality standards and gaseous emissions also remained within regulatory limits.

In recognition of this exemplary performance, LCPL won the Environmental Excellence Award from the National Forum for Environment & Health (NFEH), alongside Best Practice Award for OSH& E from the Employers Federation of Pakistan (EFP), and the Best Tree Plantation Award also from NFEH.

A detailed report on HSE performance and development in 2017 is available on page 78 of the Annual Report.

Profit, Finance & Taxation

(Rs million)	2017	2016
Revenue	37,034	34,785
Gross profit	1,198	705
Profit before taxation	895	470
Profit after taxation	412	324
Earnings per share (in Rupees)	0.27	0.21

Revenue of Rs 37,034 million for the year was higher by 6% compared to Rs 34,785 million of previous year mainly due to higher average PTA price per tonne. This, together with stable PTA margin over PX resulted in a gross profit of Rs 1,198 million for the year as compared to gross profit of Rs 705 million during the same period last year.

Distribution and selling expenses were higher than last year mainly due to export sales on which outward freight and handling charges are borne by the Company. Administration expenses were 6% higher than last year due to overall impact of inflation. Other expenses were higher than last year mainly due to provision for Workers' Profit Participation Fund on the back of higher operating profit. Other income for the year was higher than last year due to higher income earned on bank deposits as a result of increase in average cash surplus levels.

As a result, your Company generated a profit before taxation of Rs 895 million for the year ended 31 December 2017 as compared to profit before taxation of Rs 470 million last year.

The taxation charge for the year ended 31 December 2017 consists of minimum tax charged under Section 113 of the Income Tax Ordinance, 2001 and tax under Final Tax Regime (FTR) as adjusted by the movement in the deferred tax account.

Profit after taxation for the Company for the year amounted to Rs 412 million as compared to profit after taxation of Rs 324 million last year.

Human Resources

Your Company remains passionate about promoting and maintaining a culture of employee engagement and inclusiveness where work is meaningful, employees are valued and collaboration is celebrated. Lotte Chemical Pakistan Ltd strongly believes that employees who are engaged are more productive, content, emotionally connected and ready to go the extra mile to achieve company success.

Lotte Chemical understands that in order to maintain the Company's market position, attracting, retaining and developing talent across all functions is a crucial and incessant process. As part of its human capital strategy, the Company advocates equal opportunity employment. While we ensure compliance with the prevailing labor laws, we follow best practices in industrial relations and ensure a productive and positive work environment for all. Throughout 2017, HR standards were held high and untiring efforts were made to increase efficiency and accountability, while improving services to our customers and streamlining our administration.

The Employers Federation of Pakistan honored the Company with prestigious awards for one of the Best Organizations in Working Conditions in the category of multinational companies. In addition, the Company received two more awards for maintaining best practices in Human Resources and Industrial Relations.

A detailed report on human resource performance and development in 2017 is available on page 62 of the Annual Report.

Future Outlook

Crude Oil prices have continued to climb since July 2017 and it is expected that the market should stabilize in the coming months. Political unrest in the Middle East, increased global consumption, higher production in the United States, the ominous threat of increase in shale gas rigs and the consistent discussion of countries opting out of the OPEC and Non-OPEC production cut deal are the key factors which will continue to influence the Crude oil market in 2018.

The PX supply in the region is forecasted to remain balanced to tight in the coming year and the operating rates are expected to climb to 90%. Although 2.8 million tonnes of PX capacity will be added in 2018, strong demand from the

downstream PTA industry is expected to provide support to the PX market. Addition of over 5 million tonnes of PTA capacity in China during last quarter of 2017 and an upcoming addition in India (1.2 million tes) in 2018 will increase the supply of PTA in the region. The market players will strive to balance the demand and supply equation by rationalizing operating rates and shutting down older plants. Furthermore, the implementation and severity of environmental controls imposed in China will play a crucial role in determining the demand of polyester and the health of the PTA Industry.

The demand from the domestic market is expected to remain strong and with maintenance overhaul behind us we are forecasting higher production and sales for next year. The Business will also continue its efforts towards sale of surplus electricity to K-Electric, which is expected to start in the first quarter of 2018.

Compliance with the Code of Corporate Governance

As required under the Code of Corporate Governance, the Directors are pleased to state as follows:

- The financial statements of the Company, prepared by the management, present fairly its state of affairs, the results of its operations, cash flows and the changes in equity.
- Proper books of account have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgments.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and departures there from, if any, have been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts on the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the Pakistan Stock Exchange Regulations.

Key Operational and Financial Data

A statement summarizing key operating and financial data for the last six years of the Company is given on page 93 of the Annual Report.

Investment in Retirement Benefits

The value of investments made by the staff retirement funds as per their respective audited financial statements for the year ended 31 December 2016 is as follows:

	Value (Rs '000)
Lotte Chemical Pakistan Management Staff Provident Fund	403,977
Lotte Chemical Pakistan Management Staff Gratuity Fund	213,018
Lotte Chemical Pakistan Management Staff Defined Contribution Superannuation Fund	306,655
Lotte Chemical Pakistan Non-Management Staff Provident Fund	7,780
Lotte Chemical Pakistan Non-Management Staff Gratuity Fund	5,072

Pattern of Shareholding

The statement of Pattern of Shareholding in the Company as at 31 December 2017 is given on page 22 of the Annual Report.

Trading in Company Shares

The Directors, Chief Executive, Chief Financial Officer, Company Secretary and Head of Internal Audit and their spouses and minor children did not carry out any transaction in the shares of the Company during the year.

Holding Company

Lotte Chemical Corporation, South Korea continues to hold 75.01% shares in Lotte Chemical Pakistan Limited.

Post Balance Sheet Events

The Board has announced a final cash dividend of Rs 0.20 per share for 2017 (2016: Nil), subject to the approval of the shareholders in the annual general meeting scheduled to be held on 20 April 2018.

External Auditors

The present auditors M/s EY Ford Rhodes, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board has recommended the re-appointment of the retiring auditors for the year ending 31 December 2018, for approval of the shareholders in the forthcoming Annual General Meeting.

Acknowledgement

We acknowledge and are thankful for the continued support of our shareholders, customers, suppliers and employees.



Jung Neon Kim
Chairman

Date: 02 February 2018
Karachi



Humair Ijaz
Chief Executive

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the “Code”) contained in Clause No. 5.19 of Chapter 5 of the Rule Book of Pakistan Stock Exchange Limited, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent Non-Executive Directors and Directors representing minority interests on its Board of Directors (the Board). At 31 December 2017, the Board was constituted as follows:

Category	Names
Independent Directors	Pervaiz Akhtar
Executive Directors	Humair Ijaz Sang Hyeon Lee
Non-Executive Directors	Jung Neon Kim In Goo Park Hye Sil Jang Mohammad Qasim Khan Istaqbal Mehdi

The independent directors meet the criteria of independence under clause 5.19.1 (b) of the Code.

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Two casual vacancies occurring on the Board on 6 April 2017 were filled up by the induction of new Directors on same day.
5. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive, other Executive and Non-Executive Directors, have been taken by the Board.
8. All the meetings of the Board were presided over by the Chairman, who is a Non-Executive Director and the Board has met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. No new appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit were made during the year.
10. The Directors have been provided with copies of the Rule Book of Pakistan Stock Exchange Limited; the Company’s Memorandum and Articles of Association and the Code of Corporate Governance and are well conversant with their duties and responsibilities.
11. During the year, one Executive Director has completed Director’s Training course from Pakistan Institute of Governance (PIGG). As at 31 December 2017, one Independent Director, two Executive Director and two Non-Executives Director have the required certification of Directors Training Course from PIGG. Certification of the remaining directors will be obtained in accordance with the requirements of the Code.

12. The Directors' report for the year ended 31 December 2017 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by the Chief Executive and the CFO, before approval of the Board.
14. The Directors, Chief Executive and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding. The Board has reviewed and approved the threshold for Executives for the purpose of disclosing trades in the shares of the Company.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed an Audit Committee. It comprises three members, including one Independent Director and two Non-Executive Directors. The Chairman of the Committee is an Independent Director.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The Terms of Reference of the Committee have been formed and advised to the Committee for compliance.
18. The Board has formed a Human Resource and Remuneration Committee comprising of one Executive and two Non-Executive Directors. The Chairman of the committee is a Non-Executive Director.
19. The Board has outsourced the internal audit function to KPMG Taseer Hadi & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period' prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, employees and stock exchanges.
23. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
24. The related party transactions with details of pricing methods have been placed before the Audit Committee and approved by the Board of Directors.
25. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
26. We confirm that all other material principles contained in the Code have been complied with.



Jung Neon Kim
Chairman



Humair Ijaz
Chief Executive

Date: 02 February 2018
Karachi



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

UAN: + 9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Lotte Chemical Pakistan Limited (the Company) for the year ended 31 December 2017 to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.23 (b) of the Code of Corporate Governance, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2017.

EY Ford Rhodes
Chartered Accountants

Date: 21 February 2018
Karachi

On-site Management

We believe in accurate evaluation and quick decision making. We evaluate the business progress through direct communication in the field with customers, executives and partner companies, and include their ideas and suggestions in our strategy.



Functional & Operational Excellence

Human Resources	62
Information Technology	66
Manufacturing Excellence	68
Technical Training Centre	72
Total Productive Management	74

Human Resources

Our employees are our greatest assets and the key strength of our business. We attract, develop and retain talented people who possess all the characteristics necessary to drive the Company forward - helping it to achieve its current and future objectives. Our winning organisational culture is reflective of our flexible and innovative human resource policies. We treat all employees and contractors fairly, compensate them according to industry standards and provide them with a safe working environment. We also offer continuous development opportunities to our staff members so they develop personally as well as professionally.

Award Winning Year

The Employers' Federation of Pakistan honored the Company with a prestigious award for Best Organisation in Working Conditions in the category of multinational companies. In addition, the Company received two more awards as mentioned below:

- Environmental Excellence Award 2017
- Best Tree Plantation Award 2017

These awards recognized the Company's human resource processes and their implementation across the organisation.

In 2017, Human Resources department maintained focus on the key HR areas and undertook various initiatives to make further improvements and to enhance employee engagement.

Training and Development

Training and development remain fundamental to how we function. Though we expect our people to surpass expectations and work hard, we believe the quality of training they receive significantly impacts their performance. Our thorough and timely training and development programmes ensure that our employees possess all the skills necessary to perform optimally.

Through a structured process, we provide management and leadership development opportunities to our employees. The development needs of our employees are identified within the framework of our performance evaluation system. During the performance evaluation period, development areas are determined by comparing employees' existing qualifications and competencies to those targeted, which, in turn, provides input for the Training Need Analysis. This process aligns employees' development in line with the Company's strategies.

"Learning & Team Building" was the key focus area for 2017 because a learning organisation provides its employees the means and opportunities to grow. Accordingly, to encourage a learning culture within the organisation, various learning events were organised throughout the year including "Learning Week". Learning Week was actually a journey through thematically varied experiences that engaged employees of all levels. From "Emotional Intelligence at work" to "Ready to Win", each session was knowledge packed. A total of 435 man-days of external training were completed during 2017. Employees who participated in external trainings were also encouraged to organise training sessions to share their learning with others. This enhances interaction among employees so they form a cohesive unit in line with the Company's corporate culture.

Inspiring internal facilitators from various functions also conducted sessions on topics ranging from MS Excel to Management Skills among various others.

Talent Acquisition

The Company is eager to hire fresh graduates from a range of professional and academic disciplines. We seek talented individuals, who we can nurture within our organisation. We provide training and development opportunities so they become future business and industry leaders. In particular, we are one of the leading companies when it comes to providing training platforms for emerging engineers in Pakistan.

In 2017, Graduate Trainee Engineers Recruitment Drives were initiated multiple times. These drives were aimed to attract young and talented individuals of top engineering universities of Pakistan who undergo rigorous selection criteria. Approximately 311 graduates were tested out of which 15 were selected as “Trainee Engineers” at the Company. A Progressive career path and temporary housing facilities at plant site were also offered to up country individuals to facilitate their stay at the Company.

We provide opportunities to our trainees to network with leaders and decision makers in their fields. Such networking opportunities serve as an excellent means to gain insight and practical knowledge from experienced industry practitioners. Furthermore, our personnel development plans ensure we offer the appropriate support, training and coaching so our employees succeed at all levels. Our trainees progress to hold key positions in other Pakistani and overseas companies.

Furthermore, our structured Apprenticeship Programme, under the guidelines of Government of Pakistan rules and regulations, is also one of the talent acquisition sources. Under this program, apprentices are provided with an opportunity to gain 24 months of training in different areas and functions of the plant. In this process, they not only gain a thorough understanding about the technical know-how of the plant, but also a comprehensive understanding of processes related to occupational health and safety. In 2017, 19 candidates were hired for apprenticeship training.

The Company also extends internship opportunities to students from various universities offering technical and business management programmes. The internship programme provides aspiring and future leaders opportunities to learn the corporate culture and business practices of the Company, while working alongside highly professional and supportive staff. A total of 38 internships were offered during the year.

Employee Engagement

We realise that our employees, through their dedication and commitment to the Company, drive our business results. We are eager to engage with our employees, willing to hear their voice and help ease their concerns.

Dialogue Sessions

Regular 'Timeout' sessions were conducted. These sessions were moderated by senior managers in a focused group set-up, opinions and feedbacks were expressed by employees and, at times, were considered and incorporated when developing policies and programmes designed to attract, engage and retain talent. In addition to Timeout sessions, Chief Executive's Communication sessions and interdepartmental synergy meetings



were also held periodically. These provided a platform for employees to interact with senior management which improved communication and engagement.

Recreational Activities

In 2017, we organized a number of recreational activities for our employees to provide them an opportunity for teambuilding and enjoyment. Some of these initiatives included an Iftar Dinner, Eid Milan Party and breakfast. Different contests were also organised to challenge hidden talents. Many employees enthusiastically participated in this event and winners were awarded in recognition of their work.



Team Building, a tradition of Lotte Chemical Pakistan, is a highly anticipated event where a group of employees from different departments get a chance to visit the scenic places in Pakistan. This year a Team Building event was organised in Kashmir, with the aim to increase team spirit and increase the positive element of collaboration across the organisation. At the end of the Team Building activity participants not only grew closer as a team by engaging in adventurous activities, but also had useful conversations on how to collectively evolve and improve their work and life.

Sports Activities

In order to improve engagement and increase interaction amongst employees the Company arranges regular sporting events. During the year Cricket matches, Table Tennis Championship and Football Competitions were held. In addition, the Company maintains a gymnasium at the plant site to encourage a healthy lifestyle in our employees.

Newsletter

We publish a quarterly Newsletter “**Connect**”, in which important events are shared with employees and other stakeholders. This newsletter serves as a medium for communication, allowing employees to connect with each other. Topics such as HR development, social events, business performance, CSR interventions, HSE performance, and continual improvement initiatives are some of the regular features in the newsletter.

Employee Satisfaction

We believe that employee satisfaction plays an important role in engagement with the Company. We carried out food and transport related surveys to obtain valuable feedback on these services from our employees. Actions for improvement were subsequently implemented.

With time, we have established an online system where employees can log in and raise their concerns, which are immediately addressed and feedback is provided. This fast track service helps us to take quick corrective actions and in turn increases their engagement with the Company.

Diversity and Inclusion

Our success is dependent on the diversity of candidates we attract. We welcome diversity in terms of gender, ethnicity, thought, skill and life experiences, as we believe this mix drives us forward. Multiple perspectives and experiences in the workplace allow us to understand the mindset of our customers, suppliers and communities -

helping us develop innovative solutions and enhance our corporate social responsibility efforts.

One of our key challenges is to balance gender diversification in our organization. With females under-represented in the petrochemical industry, we encourage and fully support them to join our team. Women represent an average of 13% of our workforce in the City Office; however the representation of women at our plant is much lower, probably due to the nature of the petrochemical industry.



Our selection process is unbiased, and our goal is to hire creative thinkers and innovators who display out-of-the-box thinking. Multi-taskers, flexible and passionate people - who retain a global perspective and continuously improve and inspire themselves, remain our key strengths and ultimately our business drivers.

A number of measures including strategic workforce planning, as well as programme and policy development, are used to address issues of diversity and equal opportunity. Recognizing the benefits of diverse workforce, the Company instills a culture of respect and tolerance within its employees.

Talent Localisation

The Company cultivates constructive and mutually beneficial relationships with its employees, customers, suppliers and communities. Our vision is to be the preferred supplier and employer in Pakistan, as well as in the markets we operate in.

Our talent management efforts integrate a variety of components to develop local workforce and to utilize talent in Pakistan. In 2017, most of our workforce comprised of local talent.

We work towards employing the right people to deliver the services and operational excellence our customers require, when and where they need them, as well as build and strengthen local talent pools. We offer cutting-edge training and competency development programmes.

From numerous applicants, the Company hired 07 people in the workforce during the year.

Transparency and Ethics

We expect our employees to adhere to the highest standards of integrity, discipline and ethics, which are fundamental to our daily operations. Our Code of Conduct stipulates our exceptions, guiding employees to carry out ethical business practices. A separate 'Speak Up' policy has been formulated in order to facilitate strict adherence to the Code of Conduct. We follow set procedures for transparent business and free enterprise, which comply with competition laws and regulations.

Career Portal

The Company continuously improves its recruitment system by leveraging technology. By making use of a web-based resume system, The Career Portal, the Company's HR personnel are able to post job vacancies online and electronically sift through eligible candidate resumes. The system not only saves costs and time, but also allows the HR department to generate statistics and reports pertaining to job applications, conduct analyses and respond to applicant queries. Additionally, this portal provides line managers access to resumes, in turn increasing their participation in the recruitment process.

Information Technology (IT)

In today's fast-paced competitive business environment where efficient business processes are crucial for success, the role of IT has become more important than ever. It remains fundamental for us to leverage technology to integrate all business processes - supporting business goals, and driving business innovation.

Information Systems Strategic Planning

IT has become a major resource for fueling business innovation and has more responsibilities than ever to lead the Company forward. The Company's IT function focuses on strategic IT issues - how to make IT work for the business, improve Company performance, examine ways to exploit the maximum potential of information systems from existing and new IT products, and provide innovative and cost-effective IT solutions.

The Company's Business Processes

We continuously map and document our business processes to reduce process complexity, streamline operations, and improve controls by transforming processes into automated functions. To enhance efficiency and productivity, we also develop plans and conduct trainings to introduce automated workflow systems.

Teamwork

Our "one team" attitude helps us to engage effectively from the c-suite to the front line. Our collaborative working methodology emphasizes teamwork, trust, and tolerance for varying thoughts. We are a team of multi-skilled and talented people who engage with each other to find solutions to problems - and are keen on tackling challenges with perseverance.

Major Projects / Improvements

During 2017, IT function continued adding value to the business by identifying and implementing cost savings, strengthening internal controls, reducing paper use, and enhancing productivity. Leveraging on real-time database platforms such as ORACLE, Maximo and InfoPlus.21, we have over time, managed to run our business on latest systems derived from industry's best practices. The key remains to deliver value, efficiency and control. As a part of this strategy, we have successfully delivered the improvements in 2017 in the area of Desktop and Server Virtualization, Web and Mobile Technology.

The installation of High Speed Network Switches and software upgrade of security devices has increased the speed of data flow and enhanced the network's security respectively. This enables users to collaborate more effectively with tools for video conferencing and web meetings among other advantages.

Besides this, a number of developments have taken place to save time, reduce manual work and increase user productivity.

Business Intelligence Tools

We have already started working on business intelligence tools which will provide insights and help simplify information within our Company. Such tools will result in faster and easier decision making by providing key information to decision makers in a timely and efficient manner by way of dashboards - displaying possibilities for targeted planning and forecasting based on existing data.

Information Security

Currently, information security is crucial to the entire organisation to protect their information and conduct business. Information security is defined as the protection of information and system, and hardware that use, store and transmit that information. It is important that these systems are used, operated and managed efficiently and effectively to ensure business continuity and to enable the organisation to meet its requirements.

Keeping in view the importance of Information Security, LCPL documented policies and procedures which enable to manage business risks through defined controls that provide appropriate measures to ensure confidentiality, integrity and security of data, and continued availability of business-critical systems and information. The policies and procedures are audited by internal and external auditors annually.

Value Addition and Future Investment

Our Company is committed to continuously improving its IT infrastructure, technologies, processes and procedures. This results in improved controls, enhanced reporting, optimized procedures and best overall performance.

We foster collaboration, innovation and creativity, trying our best to play a vital role in ensuring efficient and effective business processes, while thinking of innovative ways to help the business benefit from technological advances. We continue to demonstrate "out-of-the-box" thinking and our goal remains to be a model IT function, which plays a critical role for our business.



Manufacturing Excellence

We believe that our manufacturing excellence is the result of our experienced personnel, processes and procedures that have been refined over a long period of 20 years.

We are of the opinion that our prime asset is our well-experienced and motivated employees, who are the backbone of our manufacturing excellence. Our focus on safety, detailed technical knowledge, high performance culture, state-of-the-art facilities and high standards of maintenance and process controls has played a pivotal role in achieving the absolute excellence throughout our manufacturing journey.

Operational excellence and sustainability is the focus of our Manufacturing Excellence Program, which aims to boost efficiency across the business. We aim to provide the best quality products, accepted in both the domestic and international markets, to our customers beyond their expectations. We make every effort for achieving the absolute and preserve originality in all the work that we do, and our culture contains these important ingredients.

2017 was a challenging year in terms of plant operations. Although PTA market was very favorable for the business but the plant operational issues related to CTA Dryer created many challenges for continuous smooth operation. Despite all the odds, the plant operations remained satisfactory and the credit goes to our employees who displayed outstanding teamwork.





The biggest milestone achieved in year 2017 was the successful execution of Overhaul-2017. Excellent support was provided to the job executors by the Production team during the shutdown days and the same diligence was shown during start up activities as well. Safe completion of Overhaul is truly a great achievement and was only possible through dedicated and well-coordinated efforts of each and every individual.

The key areas of Manufacturing Excellence including various initiatives are highlighted as follows:

Plant Availability - Plant availability is a very important index to gauge the effectiveness of maintenance strategies that are in place in any manufacturing setup. This year operations were very challenging due to the deteriorating condition of the CTA dryer. Plant availability remained 96% (excluding planned Overhaul) and Co-gen availability remained 94% (excluding planned Overhaul), which is still good by any global standards and in any petrochemical complex. It is yet another evidence of the technical and managerial capacity of the manufacturing team and its ability to deliver world class performance even under challenging conditions.

ETP High Load Operation – After OH 2017, ETP was operated at maximum load keeping the Filtered COD below 150 rpm. This successful operation was made possible after the introduction of frozen bacteria as seed.

Plant Improvement:

In order to comply with the requirements of a system, it is necessary to carry out need-based changes in it. One of the most recurring issues at Co-Gen was the problem of Seal Air Fan's Motor Operated Valve. Though it seemed to be a small issue, it had serious consequences even leading to its replacement. An idea for the manual changeover was proposed to cater the issue. Multiple benefits were achieved like the burden of maintaining inventory was reduced, the system had become smoother and a long persisting problem was put to an end.

Optimizing Variable Cost:

In order to maximize the profitability, optimization of the variable cost has always been our priority and the point of focus. In this challenging era, reducing variable cost without spending capital is the utmost requirement.

Focus was maintained throughout the year on efficiencies and cost control. Several challenging cost saving initiatives were undertaken by the manufacturing team. These initiatives have resulted in reduction in the usage of Acetic Acid, Caustic and CRU chemicals and therefore, will provide savings to the business in terms of lower variable costs.

Co-Gen has its own potable water pump and is in service since its commissioning. In 2017, a suggestion to switch-off that pump and fulfill the requirements of potable water from existing system was presented. Serious efforts were made to realize the proposed idea and after a successful trial, it has been taken offline permanently. The transformation of this idea into reality helped in optimizing variable cost for the Company.

Overhaul 2017 – Milestone Achieved

A stable plant should remain in operation for 365 days of the year. The system of pipes, reactors, boilers and tanks is so complicated that you cannot simply shut them down and hand over to carry out maintenance work. That is why there are scheduled major shutdowns, called “Overhauls,” for inspections, repairs and ultimate reliability of equipments for safe operation. In order to enhance reliability of the plant, overhaul-2017 was planned from 28th September, 2017 to 18th October, 2017 including CTA dryer project timeline, after two and half years. Plant decontamination and its boundary slip plating activities were completed efficiently in 42 hours rather than target time of 48 hours and handed over to the maintenance team. Production team made conscious efforts to achieve another target by saving acetic acid, caustic and raw water.



As always safety was kept as top priority and the Overhaul was completed without any injury or incident. During OH-2017, major jobs namely Commissioning of new CTA Dryer, annual overhauling of NGBC-A and GTG Hot Section Replacement was done.

New CTA Dryer Project (Commissioning) –

CTA Drier venture is now a success story and the commissioning team which endeavored its part for this success deserves appreciation along with the rest of the Project team. It was due to the strong planning, dedication and commitment that the CTA Drier de-commissioning was achieved 19 hours ahead of plan during plant decontamination. Pre-commissioning tasks were also managed in parallel, which resulted in an overall saving of 36 hours. Another difficult task coupled with CTA Drier project was Off Gas Driers loading and off-loading activities, that task was also completed excellently. It is the result of leadership, planning, team work and execution skills that Oxidation Team altogether saved more than 55 hours during de-commissioning and commissioning activities. The team commitment, efforts, and hard work for the project are admirable.



Annual Overhauling of NGBC-A – Annual overhauling of NGBC-A was done through efficient and active support from the Co-Gen team to mechanical; this target was achieved a day earlier than planned. However, this called for an unprecedented new challenge of NGBC-A start-up against unavailability of cooling towers in OH-2017. The Co-Gen team, under a vigilant leadership, carved out a new procedure and decided to use fire water instead. This obstacle not only showcased the diligence of the Co-Gen team but also saved the vendor cost and Co-Gen plant outage hours which could have increased if we had waited for cooling water availability.

GTG Hot Section Replacement – The Hot Section Replacement was one the most critical job in OH-2017. The Co-Gen team provided excellent support including timely handing-over of GTG to the mechanical team for its maintenance. After completion of all the jobs, new challenge of GTG test run with the replaced combustor and High Pressure Turbine Section was faced. The Co-Gen team successfully started the turbine without any difficulty and maintained its tradition of successful start-ups.

Technical Training Centre (TTC)

Since 2009, our Technical Training Centre (TTC) has provided a systematic method of training to all plant personnel working in various departments. TTC serves as a training resource to enhance professional skills and competencies of all our manufacturing staff and those of neighboring industries, providing direction to incoming apprentices and graduates, in turn helping businesses achieve their objectives.

Our training centre is equipped with a variety of state-of-the-art facilities. There are number of training rooms of varied sizes, to cater to the requirement of individual training/trainer. The display area contains models of plant equipment to facilitate the trainers. Also a number of training manuals, modules, APIs and other forms of technical and safety literature such as videos are regularly updated by staff members at the TTC.

Training KPIs

In 2017, continued focus was maintained on TTC activities. A total of 105 Technical & HSE trainings were conducted at the Company. Similarly, training man-days (for both management and non-management staff as well as contractor staff) increased from 13.9 in 2016 to 20.15 in 2017.

External Training

In 2017, we also offered a range of external courses which helped our employees build their skills. Some of 2017's external courses included:

- Pakistan Edible Oil Conference – 2017
- Waste Water's Hidden Potential & Its Recycling Seminar
- Training Workshop on Industrial Boiler Operation
- Maintenance and Safety
- John Crane Mechanical Seals
- Seminar on Powers & Functions of Sindh Environmental Protection Agency (SEPA)
- Lifting Equipment Inspection
- Responsible Care Workshop-2
- Industrial Safety & Security of Sealed Radioactive Sources (SRS)
- Lead Auditor of OHSAS 18001:2007
- Inventory Management and Warehousing
- EHY101 - Aspen HYSYS: Process Modeling
- EHY202 - Aspen HYSYS: Advanced Process Modeling Topics
- Corrosion and Corrosion control
- Vibration Level 1
- Seminar on Energy Management ISO 50001
- Bearing Failure Analysis



Training by External Bodies at TTC

In 2017, a number of external organisations conducted training programmes at the TTC.

Orientation and Basic Training Plan for Trainee Engineers

A four-week orientation programme has been formulated for fresh graduates who join the Company. The aim of the programme is to give graduates an overview of the basic operational and safety procedures of our plant before they start their

formal training in their respective sections. In 2017, a batch of 15 Trainee Engineers (TEs) completed their orientation training at TTC, which was conducted by our Company staff.

Orientation and Basic Training Plan for Apprentices

An 8-week orientation program has been devised for apprentices, which provides basic training on different areas of the plant. In 2017, a new batch of 19 apprentices completed their classroom training at TTC.

HSE Awareness Sessions for Neighbouring Industries

TTC also organizes HSE awareness sessions for other industries and organisations. In 2017 we organized HSE Awareness sessions for KE (Karachi Electric).

Internal Faculty Recognition Programme

In line with our strategy of talent localization, we developed a talented pool of in-house trainers through the Internal Faculty Recognition Programme (IFRP). Launched in August 2013 by the Sustainability department, the IFRP is driven by the TTC.

The pool of internal trainers conducts various learning and development programmes within the Company, which saves training costs and helps improve a learning-culture based on knowledge sharing.

Some of 2017's trainings conducted under IFRP programme include:

- Introduction to Aspen Process Explorer (IP-21)
- Management of Contractors
- Introduction to Distributed Control System (DCS)
- Training on HMI of AMA Filter
- HSE Awareness Course
- Computer Literacy Course - Level II (For Non Management Staff)



Job Qualifying Programme (JQP)

Job Qualifying Programme is a structured training programme to enhance competency and skills of the manufacturing staff. JQP is a self-study programme that is followed by a written and practical examination - providing a great avenue for employees who want to sharpen and diversify their skills while working. Candidates are equipped with thorough knowledge throughout their training, be it in the form of quality reading material or regular guidance from line managers. JQP examinations are held twice a year - in April and September.

Core Development Plan for Engineers (CDPE)

The CDPE was designed to enhance the technical skills and knowledge of engineers, and bring them in line with the Company's Standards and Practices. CDPE is geared for graduate engineers of all disciplines-ranging from chemical, mechanical and electrical - who have started their careers or have up to 5 years' work experience in the Company.

Total Productive Management (TPM)

With the goal to achieve global competitiveness through operational excellence, Total Productive Management (TPM) was launched in October 2013.

TPM is a plant improvement methodology which enables continuous and rapid improvement through use of employee involvement, employee empowerment, and closed-loop measurement of results. It involves individuals working in small organised teams to create the most efficient working environment and mechanisms, while conforming to the highest safety parameters.

5S Activities

The 5S process is one of the most fundamental and widely-applied methodologies around the world. It is the foundation of TPM. The guiding principles underlining the 5S system include: organization, cleanliness, and standardization.

The concept behind 5S is simple: minimize waste and improve efficiency by ensuring that workers spend time on productive tasks rather than looking for misplaced tools and sort through waste material. 5S implementation ultimately improves workplace environment and creates a self-sustaining culture within the organization.

TPM Autonomous Maintenance

The first pillar of TPM, Autonomous Maintenance (AM) is about maintaining one's equipment by oneself through collaborative cross functional team efforts. This pillar was started in mid-2015, and is a collaborative team activity involving Production, Technical, and Engineering teams working together to maintain basic conditions on shop floor, and optimal performance of machines. The intent is to keep plant operation effective and stable to achieve production targets.

This year the winners of first block were rewarded in March. The second Block of Autonomous Maintenance was completed and its audit was carried out in September 2017. The Autonomous Maintenance third block was started in November 2017, which will continue through 2018.





TPM Quality Maintenance

The second pillar of TPM, Quality Maintenance (QM), was started in September 2016. This pillar is aimed towards customer satisfaction by maintaining highest quality through defect free manufacturing, and on eliminating non-conformances in a systematic manner.

In 2017, lab team completed the first 3 steps of Quality Maintenance, and are now focusing on streamlining the analysis procedures of laboratory equipment in step 4. The completion of QM is targeted for the last quarter of 2018.



Suggestion & Reward System (SRS)

To improve manufacturing functions at the Company's plant site, a suggestion and Reward System (SRS) was initiated in December, 2013. With the help of the IT department, an SRS database was developed, allowing employees to input their suggestions related to plant or process improvement.

Since its launch, around 900 suggestions have been logged in the SRS Database. This year a total of 55 suggestions were implemented, resulting in a significant cost saving for the business.

Beyond Customer Expectation

We do not aim to just satisfy customers' needs, but to create value beyond their expectations.





Sustainability

Health, Safety and Environment	78
Energy Conservation	82
Environmental Protection	83
Societal Responsibility	85
Labour Relations	87
Product Stewardship	88
Economic Contribution	89

Health, Safety and Environment

Our performance of 54.38 million man-hours without LTC is a landmark achievement by global standards. It places LCPL amongst the best Petrochemical companies and is a testament to our commitment towards world class safe systems & practices, commitment of management and active participation of our employees & contractors staff.

Health, Safety and Environment (HSE) management forms an integral part of our core values and we remain committed to instill these values among our employees and contractors. To achieve world class standards, the Company has developed HSE management systems which comply with international guidelines and local legislative requirements.



Through the years, we have maintained exceptional safety records. Currently, among the petrochemical industry, the Company is a leader in terms of retaining the highest standards in Health, Safety and Environmental performance in all aspects of its operations. In its twenty years of operation, our Company has sustained an excellent safety record. The Company crossed a milestone of 54 million man-hours without Lost Time Case (LTC) in 2017. Our long-term objective of “zero accidents” remains unchanged because we believe that every occupational accident is one too many.

The continued success of our system and its implementation is indicative of the management's dedication, together with the support and commitment of team members at all levels, who work to ensure high safety standards are maintained. The management's focus on Health, Safety and Environment defines our standards and success criteria for the future.

We continue to instill the importance of safety within our staff members by conducting capacity building workshops and demonstrations to ensure staff members carry out tasks safely, correctly and promptly use first aid kits for emergencies, and follow proactive steps to receive medical care, if necessary. Additionally, we prepare health and hygiene monitoring plans at the beginning of the year, conduct regular medical examinations and focus on field monitoring so our workers remain free from occupational illnesses.

2017 HSE Highlights

- Completed 54.38 Million Man-Hours without Lost Time Case (LTC) for our employees and all contractor staff.
- Fully compliant with IMS (OHSAS-18001, ISO-14001 & ISO-9001) surveillance audits.
- Fully compliant in external audit of sealed radiation sources conducted by Pakistan Nuclear Regulatory Authority (PNRA).
- Fully compliant in external audit of “Fire Safety Insurance” conducted by external agency.
- Received 14th Environment Excellence Award from NFEH.
- Received “Best Tree Plantation Award” from NFEH.
- Achieved 3rd Position in EFP Best Practice Award for OSH& E (2016) from Employer Federation of Pakistan.

- Successfully completed the Overhaul -2017 with achievement of “Zero Injury” Target.
- Completed 2017 with “No Workplace Injury”.
- Conducted various emergency drills in coordination with external agencies.

Occupational Health and Safety Management System

In 2012, we embarked on aligning our comprehensive Responsible Care Management System (RCMS) with the International OHSAS-18001 Health & Safety Management System and ISO-14001 Environment Management System. Since March 2012, we are an OHSAS-18001 and ISO-14001 certified Company. Independent auditors from our internal HSE department monitor our compliance with the systems.

OHSAS 18001 systems provide the Company regular updates and benchmarking to Industry’s best practices. The OHSAS 18001 Occupational Health and Safety Management System reduces harm to employees and other personnel, while reducing overall liability.

The Company's OHSAS 18001 Safety Management System focuses on the following best practices in safety management:

Incident Prevention - Work-related incidents are prevented through several layers of protection, including safe design, work practices, use of personal protective equipment, safe behavior and by using appropriate engineering, operating and administrative controls.

Management Leadership and Accountability - Management establishes clear safety expectations and goals, providing resources, establishing processes and monitoring overall progress.

Employee Involvement - Employees are involved in all aspects of the safety programme, and remain committed to working safely and protecting the safety of others.

Regulatory Compliance - Complying with applicable laws and regulations is an integral part of the Company's safety programme.

Inclusive Scope - Our safety objective is to prevent workplace incidents, injuries and illnesses for employees, contractors, visitors, suppliers and customers. Our ultimate goal is to provide our employees with the skills and attitude to ensure safety remains the number one priority even in their personal lives.

Safety Education - Employees are provided with the knowledge and skills necessary to work safely.

Assessment - Assessment and benchmarking against the world’s safety leaders drives continual improvement through adopting best practices.

Emergency Preparedness - Emergency response plans and capabilities are maintained and tested to manage emergencies related to the Company's facilities and operations.

Hazard Control - Hazard studies are a vital component of Company's engineering procedures which are carried out for new plants, processes, buildings, services and operations. We identify, assess, control and monitor various hazards in the workplace. In 2017, we carried out multiple hazard studies, including modifications related to process improvement, variable cost reduction, system upgrade and new initiatives. We included suggestions and preventive measures to comply with HSE policies, national and local legislations.

Accident Prevention

Industrial accidents not only cause suffering and distress among workers and their families, but also represent a significant material loss to society. Slips, trips and falls are leading causes of accidents within the workplace. Other hazards which can lead to accidents include falling objects, thermal and chemical burns, fires and explosions, dangerous substances and stress. To prevent accidents from occurring, your Company has a comprehensive HSE system that incorporates training, risk assessment and monitoring. We identify and prioritize key risks, strengthen control of contractors working on our sites, as well as extend our safety programme beyond our manufacturing sites - and into our sales and distribution networks.

Internal Audits

We have a thorough internal audit system which monitors possible wrongdoings during the day and identifies corrective measures. Safety officers conduct daily field audits ensuring workers are practicing in safe working conditions. The safety officers work towards identifying and eliminating immediate safety concerns that could otherwise lead to incidents, or eventually to much graver accidents.

The safe-unsafe act (SUSA) audit system on the other hand, is a more action-driven audit, involving a team of managers who visit the plant every week, and identify both safe and unsafe acts that employees may engage in, while performing their duties. We commend safe acts which are highlighted in weekly communication meetings. Acts which are deemed unsafe are corrected on the spot by counseling the concerned individual. Unsafe acts are also brought forward in weekly meetings so they serve as learning opportunities for others, in turn avoiding future wrongdoings within the plant vicinity.

Process Safety

Our commitment to protect the environment and our communities begins with operational safety. The Company has extensive processes and procedures to prevent incidents from occurring and, if they do occur, to reduce their impact.

Assessing risks and finding ways to reduce them is our prime responsibility towards the environment, our employees and communities. We engage in risk assessment and management – right from design and construction to start-up and operation, to maintenance and training. We measure performance, conduct audits, and improve conditions. This is an ongoing process, requiring advanced management systems and highly skilled manpower to continuously monitor and test equipment.

The Company maintains process safety programmes based on the principle that our facility is safe, designed and built according to effective engineering practices, and operated and maintained in accordance with the highest safety standards. Our comprehensive process safety programme includes the following:

Management of change: A documented process used at each chemical handling site to evaluate any potential hazards associated with process-related changes and incorporate controls in the design.

Root cause analysis: A structured approach to incident investigation allows us to learn from past incidents and prevent future incidents.

Chemical safety testing: A laboratory analysis of chemicals before use to identify potential hazardous properties.

Engineering standards: Using recognized engineering practices in designing and constructing facilities and equipment in accordance with global and local standards.

Management leadership and commitment: There is a Committee responsible for process safety which evaluates and controls hazards associated with reactive, flammable and toxic materials at the site.

Leading indicators: We collect data to ensure safety management systems are consistently updated so that they are effective.

Employee Training

Health and Safety training plays a pivotal role in ensuring our staff is equipped with the skills and knowledge to conduct daily tasks in a safe manner so the workplace environment is conducive to safety. Our entire workforce is trained, supported and regularly assessed.

Training needs of employees and contractors are identified in consultation with relevant departments. Training schedules and programmes are then developed including ongoing mandatory and refresher trainings. The objective of these trainings is to enhance the knowledge and skills of individuals - enabling them to perform their jobs with minimum risk. Daily, weekly and monthly audit cycles, continuous trainings, effective communications of HSE incidents (learning events), daily tool box talks, which encompass talks from supervisors to their staff on any safety topics or learning events from the previous week, all help improve behavior-based safety and system compliance.

Training involves external as well as internal training. We have developed our internal faculty who are experts in delivering HSE trainings. When required, external faculty members are invited to impart employee training.

HSE Induction Program

The Company has a system to provide HSE induction to employees, contractors and new visitors to the site. HSE induction involves awareness pertaining to Company policy, systems and procedures, relevant hazards present on site, emergency handling, risk assessment, control, as well as behavior-based safety.

Behavior Based Safety Training

Successfully implementing our sustainability strategy and HSE standards reflects our leadership behavior at the local level. This is why we are particularly concerned about training site managers to detect hazards early and avoid potential accidents.

The programme content ranges from risk assessment and warehousing procedures to emergency management and management systems. Additionally, we conduct training sessions for contractors' staff working at our sites. During 2017, we conducted various trainings for field staff and management staff.

Computerised HSE System

We have invested in a computerized HSE database system to report personal as well as process safety near misses, accidents, injuries, occupational diseases and environmental accidents. The system also helps us analyze data and determine the root cause of incidents facilitating taking necessary preventative measures. The statistics compiled with the help of this advanced system are analyzed and reported to senior management on pre-defined frequency.

Energy Conservation

We live in a Country which is suffering from an energy crisis, affecting the lives of millions of people. To conserve energy, we are actively trying to reduce our energy and resource consumption.

Our integrated manufacturing process results in highly-efficient operations, allowing waste heat from one chemical process to be used in a different process. Compared to other facilities which lack comprehensive integration of processes and energy systems, our integrated production process provides:

- Greater opportunities to beneficially use materials
- Better use of thermal energy which would otherwise be lost into the environment
- Significantly smaller emissions across the supply chain

Our Cogeneration power plant has reduced our carbon footprint by 40%. We also believe in continuously innovating - developing new manufacturing processes that reduce energy intensity and ensure our energy related emissions are clean.

We observe and monitor energy consumption on a daily basis and report results to higher management at an agreed frequency. We have also launched a company-wide energy saving plan by creating awareness among employees on switching off their office lights and electronic gadgets when out of office and give up the habit of keeping electronic items on standby mode when they go home.



Environmental Protection

Protection of the environment remains a critical component of our sustainability vision. Our ongoing efforts to minimize our impact on the environment, whether it be through operational excellence or innovative plant optimization, remains crucial in minimizing environmental risks. Energy, water, waste and resource conservation; biodiversity enhancement; emissions management and regulatory compliance; are all essential areas of focus for us.

We are committed to ensuring that our operations remain environment friendly - taking an avid interest in reducing our carbon footprint. In line with this belief, we have invested in a state-of-the-art deep shaft technology Effluent Treatment Plant to treat liquid emissions. Additionally, we continue to invest in its operation, believing that it will yield long-term economic and environmental benefits.

Being an ISO 14001 certified organization, and believing that long-term economic sustainability depends on ecological sustainability, we comply with the 3Rs of environment (reduce, recycle and reuse). Our focus remains on reducing waste generation, reusing generated waste within the processes, and lastly recycling so that waste output of our operation is minimized.

We have also made great strides in lowering our impact on the environment by reducing greenhouse and acid gases through various modification and process optimization which includes installing a co-generation plant, shutting down steam boiler, diesel generators, and an incinerator and installing a project for recovering metals.

Waste Handling

All types of wastes, be it liquid or solid are reported, controlled and monitored according to site procedures and are reported internally and to local authorities as per legal requirements. Organic waste produced in effluent treatment plant is passed to cement plants as a partial fuel replacement. Clinical waste, on the other hand, is incinerated in line with legal environmental standards.



Water Consumption

Due to a change in global climatic conditions, it is estimated that Pakistan will experience water scarcity in the coming years, making it imperative that water use be minimized, and water recycling initiatives implemented. Our water management practices are based on principles including, efficient usage, pollution prevention, and maximizing reusing and recycling.

We continuously monitor our water intake and control its use. We optimize water consumption through modern process optimization by recycling part of the waste water within the plant, as well as using it for horticultural purposes and landscaping - which substantially minimizes water intake.

The industrial process we have in place helps minimize our water usage by treating it to meet specific purposes within the manufacturing cycle, and recycling water where ever possible.

Our wastewater treatment plants at our manufacturing facilities are designed and operated to meet and exceed environmental standards, securing the health of our employees, communities and the local ecosystems in which we operate.

Our water efficiency related best practices help reduce:

- Cost of water and waste water treatment
- Capital equipment costs
- Handling and use of potentially hazardous chemicals
- Carbon footprint - by reducing energy consumption associated with water treatment and distribution

Biodiversity

We have systems and procedures in place for conserving biodiversity. To maintain a sustainable environment at our plant site and demonstrate best practices in environment management, we try to provide a conducive environment for fauna and flora in surrounding areas.

In the past, we were involved in a tree plantation plan within the site which was aimed at improving the number of flora and fauna in the area. Based on recommendations provided by WWF, we planted around 2,500 trees around the premises and within the vicinity to provide nesting grounds to local birds and enhance greenery. Our plantation was also carried out on a three-kilometer portion passing through the Eastern Industrial Zone in Port Qasim, where more than three hundred saplings were planted. Additionally, we have been involved in initiatives to establish organic farming by using waste water from our reverse osmosis plant.

Emissions Management

Our operational strategy, post power generation, has reduced thousands of tons of carbon, NO₂ and SO₂, resulting in a substantial reduction in greenhouse gases. We invested US\$ 4 million for a capital project which helped shutdown a unit that used furnace oil as fuel. Additionally, we spent US\$ 50 million in the co-generation power project, resulting in the shutdown of diesel generators and boilers. When it comes to discharge: our effluent quality meets NEQS limits which reflect our dedication to conform to the highest environmental standards.

Regulatory Compliance

We report our liquid and gaseous emissions to local authorities at SEPA defined frequency. Since commissioning the plant in 1998, we continue to comply with all regulatory requirements related to the environment.

Societal Responsibility

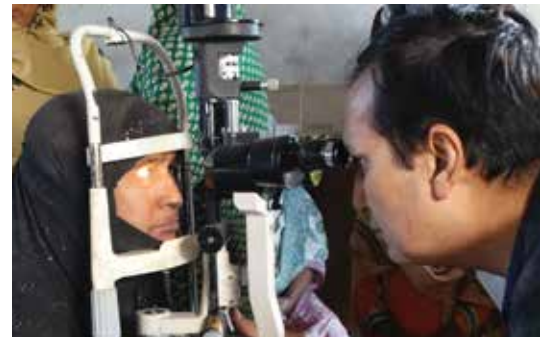
Taking care of the needs of our people is a vital aspect of our societal initiatives. We contribute towards healthcare, education and disaster relief - helping empower underprivileged individuals and paving the way for a more promising future for the most deserving sectors of society.

We strive to strengthen ties between industry and communities by promoting a favourable environment for business growth. We support projects and initiatives pertaining to education, health, disaster relief, youth engagement, environmental awareness, and other community programmes. We remain supportive towards promoting organisations and programmes, as well as collaborating with them to further augment and impact lives.

Our employees remain committed to establishing relationships with communities by volunteering to serve their time and effort so we can change lives and impact the society positively. Funding for our social impact activities stems from the Company's mission to serve others in need. Our volunteer activities include charity giving and other programs that enhance employee-giving.

Health

During 2017 LCPL organized free medical eye camps with the support of LRBT on quarterly basis. These camps were held at Ghaghar Phattak, Mehmood Goth, Soomar Goth, and AcharSalar Goth. For the first time, LCPL joint hands with Sindh Police & CPLC to arrange Eye camp at Police Hospital, Garden South, Karachi. People from all age groups visited the medical camps for consultation and medicines. The aim was to serve people regardless of their caste, creed, color, religion or ability to pay. It was a Patients' Welfare Program to support the needy. LCPL also bore the cost of eye surgery at LRBT including transportation.



LCPL volunteers also visited Dar-UI-Sukun, a philanthropic organization for mentally and physically challenged children. The LCPL team spent some time at the center, interacting and playing games with the children there. The children enjoyed the day and were very happy to receive gift hampers distributed by the our team.



Environment

We remain active in promoting initiatives that benefit the environment and enhance the importance of sustainability within our employees.

More than a billion people worldwide participated in the 47th anniversary of Earth Day on 22 April 2017, by voicing their concerns about the planet and taking action to protect it. Over a hundred enthusiastic Company employees celebrated Earth Day by planting over 100 saplings at our plant site and City Office.

The Company pioneered to team up with PQA and some other neighboring industries and involved them in planting new trees on their sites. A project was also done with PQA on beautifying the PQA vicinity.



Labour Relations, Freedom of Association and Collective Bargaining

Lotte Chemical Pakistan Limited's culture promotes that each of us is responsible for knowing and complying with all applicable statutory laws. Through the years, our practices have earned us a well-deserved reputation for honesty, integrity and fair dealing with our employees and concerned government bodies. Our company is committed to maintain a harmonious atmosphere with all employees to avoid misunderstandings and confusion.

The management always strives to maintain a good business relationship with non-management to break boundaries. Wage settlement 2017-18 was concluded after intensive discussions and negotiations among CBA and the management teams while maintaining an overall productive and peaceful environment.

This settlement has been a great example of how organization and employees can co-exist in harmony and emerge from the negotiating table with a win-win situation.

We give value to our outsourcing service providers as our business partners, and take care of their manpower as per company policy to avoid any conflict or discrimination because our vision is to create value over a life time.



Product Stewardship

Like our overall safety processes, we go above and beyond to ensure that we manufacture PTA that is safe for our employees to handle and for our customers to use. We believe Product Stewardship forms an integral part of our sustainability strategy. While maintaining our efforts to offer our customers more value and better performance, we aim to reduce the environmental burden throughout the life cycle of our product including manufacturing, packaging, distribution, usage and eventual disposal.

In order to fulfill our Product Stewardship responsibilities we ensure that appropriate training and information is provided to all our staff, contractors, hauliers and customers for handling of our products in a safe and responsible manner. Furthermore we ensure compliance with applicable laws, regulations and standards.

Product Safety

Our product is safe when used as intended. All raw materials and finished product are subject to numerous assessments and tests to ensure that safety is maintained during manufacturing, packaging distribution, usage and eventual disposal.

All customers and hauliers are provided with MSDS (Material Safety Data Sheet) which consists of comprehensive information on the physical and chemical properties of the product, handling instructions, hazards, risks and precautionary measures in case of any mishaps during distribution and usage. This product literature is reviewed periodically and new information on adverse effects, types of use and circumstances of misuse are taken into account.

Customer Satisfaction and Complaint Management

Customer focus is one of our core values and our business sales team conducts regular meetings to maintain business relationships and gauge customer satisfaction. Any concerns and issues are addressed on a priority basis, and systems are in place to ensure that occurrences are not repeated. Moreover, a comprehensive system is in place to handle all complaints within a defined time frame. Information and status of all complaints are circulated at the highest levels of the organisation.



Economic Contribution

A sustainable business plays a pivotal role in delivering economic and social progress. A business which generates substantial revenue to sustain people's quality of life and safeguard the planet is important, but one that ensures that its employees, owners and members of the community remain financially secure, is also critically important.

We contribute economically in a number of ways: we provide employment, buy from local, regional and global suppliers, distribute our products, and contribute to the National exchequer via direct and indirect taxes.

Amounts in Rs '000

Suppliers Cost of material, services and facilities	34,306,185
Employees Cost of employees' salaries and benefits	717,836
Government Tax paid, including remittance taxes and excise taxes	2,376,951
Shareholders Dividend	302,841
Community Voluntary contributions and investment of funds in the broader community	1,608
Retained within the Company Depreciation, amortisation and retained earnings	759,144
Total Economic Contribution	38,464,565

Transparent Approach to Taxation

We recognise the growing interest in the level of taxes paid by multinational companies. We remain transparent in our dealings and pay appropriate amount of taxes according to country-specific laws and regulations.

In the year, total taxes borne and collected by the Company amounted to Rs 2.4 billion. This figure includes excise taxes, transactional taxes and taxes incurred by employees. We consider the wider tax footprint to be an appropriate indication of tax contribution from our operations. Our presence in Pakistan is beneficial to the Country as it provides employment to people - affecting income levels and subsequently tax revenues.

Understanding our Role and Responsibilities in our Value Chain

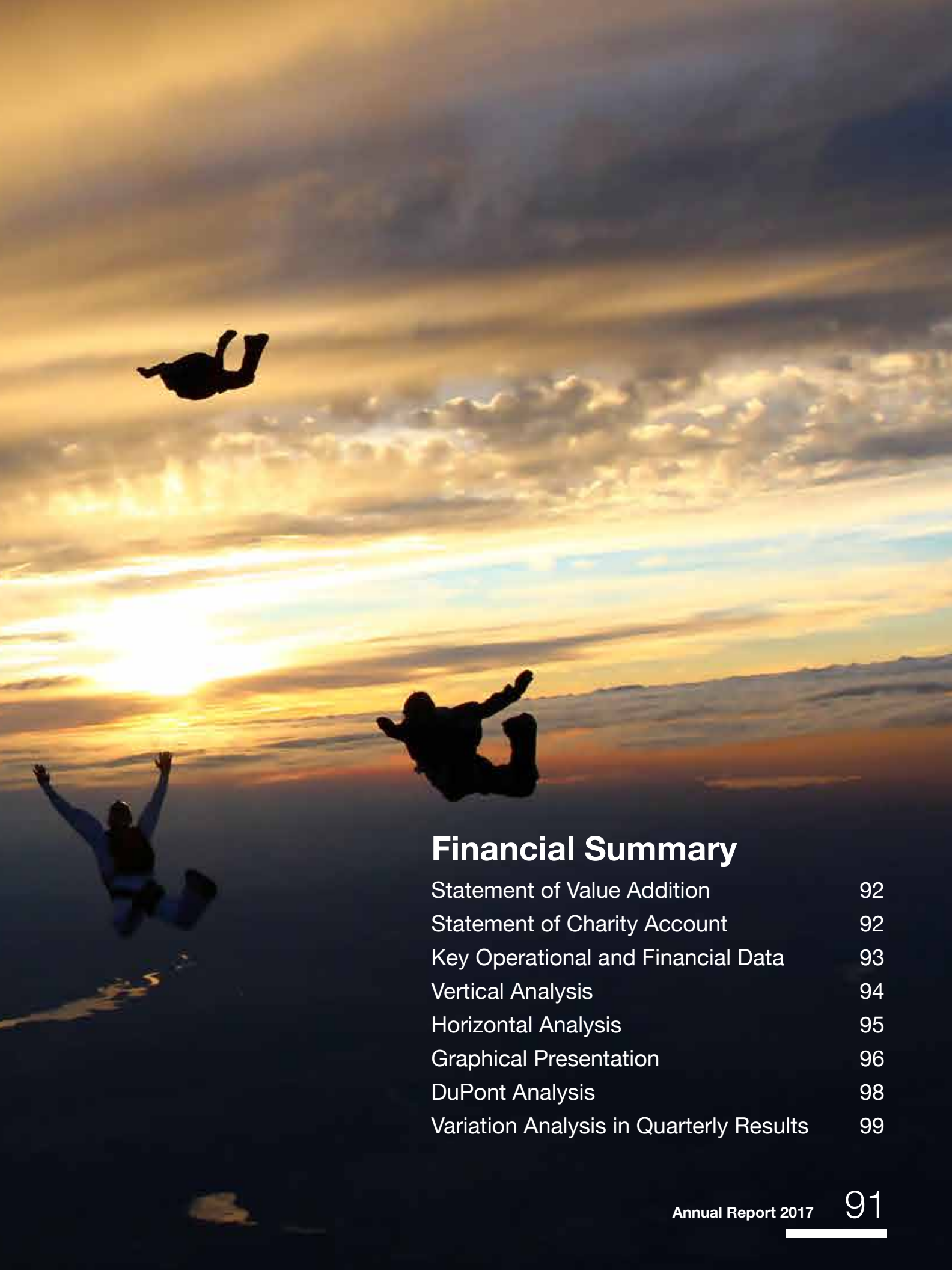
The reach and scale of our business result in us playing a pivotal role in the economic development of the Country.

We remain aware of our influence on our suppliers and the importance of developing long-term relationships with them. Our goal remains to pay fairly for their products, materials and services. In addition, we often work in collaboration with them, to help improve their working practices and conditions, as well as their overall efficiency, which in turn, impacts their income levels.

Challenge

We focus on the nature of our task and continue to challenge ourselves to accomplish higher goals.





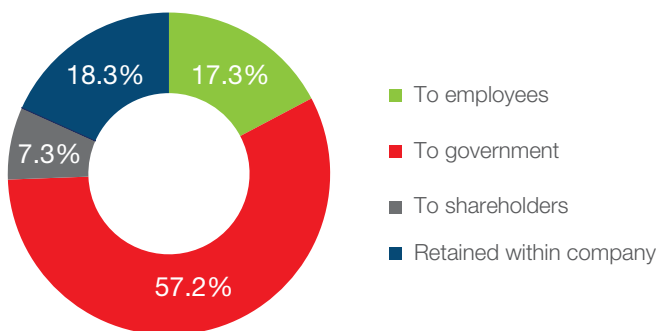
Financial Summary

Statement of Value Addition	92
Statement of Charity Account	92
Key Operational and Financial Data	93
Vertical Analysis	94
Horizontal Analysis	95
Graphical Presentation	96
DuPont Analysis	98
Variation Analysis in Quarterly Results	99

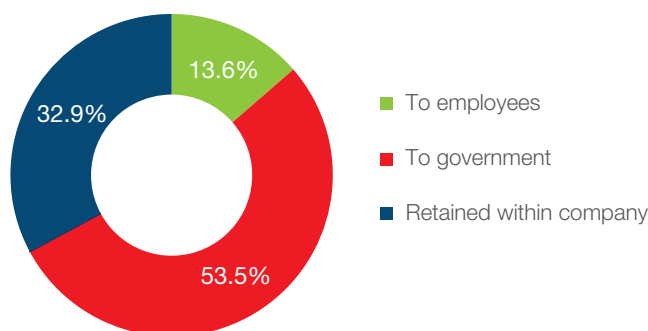
Statement of Value Addition and Its Distribution

	2017		2016	
	Rs ('000)	%	Rs ('000)	%
Wealth generated				
Total revenue (including other income)	38,464,565		36,653,182	
Bought-in material and services	(34,306,185)		(31,968,822)	
	4,158,380	100.0%	4,684,360	100.0%
Wealth distribution				
To employees				
Salaries, wages and other benefits	717,836	17.3%	637,996	13.6%
To government				
Income tax, sales tax, excise duty, WWF and WPPF	2,376,951	57.2%	2,506,593	53.5%
To shareholders				
Dividend	302,841	7.3%	-	0.0%
To providers of finance				
Finance costs	-	0.0%	-	0.0%
To society as donations				
Donations towards education, health and environment	1,608	0.0%	413	0.0%
Retained within company				
Depreciation, amortisation and retained earnings	759,144	18.3%	1,539,358	32.9%
	4,158,380	100.0%	4,684,360	100.0%

Wealth Distribution 2017



Wealth Distribution 2016



Statement of Charity Account

Description	Amount in Rs '000	
	2017	
Education	384	
Community Projects	1,116	
Environment	108	
Total	1,608	

Key Operational and Financial Data

Six Years at a Glance

		2017	2016	2015	2014	2013	2012
BALANCE SHEET SUMMARY							
Issued, subscribed & paid-up capital	Rs m	15,142	15,142	15,142	15,142	15,142	15,142
Capital reserves	Rs m	2	2	2	2	2	2
Accumulated loss	Rs m	(4,467)	(4,869)	(5,188)	(4,439)	(3,335)	(2,839)
Current liabilities	Rs m	9,766	7,188	7,229	6,133	7,652	7,947
Fixed assets	Rs m	5,652	5,149	6,127	7,380	8,714	10,066
Current assets	Rs m	13,152	10,661	9,601	8,470	11,078	10,867
PROFIT AND LOSS ACCOUNT SUMMARY							
Revenue	Rs m	37,034	34,785	33,863	47,800	57,070	52,823
Cost of sales	Rs m	(35,837)	(34,080)	(34,119)	(49,769)	(56,921)	(52,614)
Gross profit / (loss)	Rs m	1,198	705	(257)	(1,969)	149	209
Distribution and selling expenses	Rs m	(93)	(78)	(81)	(180)	(120)	(132)
Administration expenses	Rs m	(351)	(332)	(343)	(398)	(332)	(304)
Other expenses	Rs m	(55)	(28)	(20)	(14)	(94)	(47)
Other income	Rs m	249	214	99	118	180	362
Finance (costs)/income	Rs m	(52)	(10)	(26)	79	(84)	(146)
Profit / (loss) before taxation	Rs m	895	470	(628)	(2,364)	(300)	(58)
Taxation	Rs m	(483)	(147)	(119)	1,263	(198)	61
Profit / (loss) after taxation	Rs m	412	324	(748)	(1,100)	(498)	4
EBITDA	Rs m	1,597	1,695	807	(1,052)	1,174	1,591
CASH FLOW SUMMARY							
Net cash generated from operating activities	Rs m	2,858	1,726	918	(1,987)	2,339	946
Net cash used in investing activities	Rs m	(1,154)	(234)	(155)	(56)	(150)	(1,721)
Net cash used in financing activities	Rs m	(0)	(0)	(0)	(1)	(0)	(2,851)
Cash and cash equivalents at year end	Rs m	5,043	3,319	1,789	1,026	3,069	880
KEY RATIOS							
Gross profit ratio	%	3.23	2.03	(0.76)	(4.12)	0.26	0.40
EBITDA margin to sales	%	4.31	4.87	2.38	(2.20)	2.25	3.01
Net profit margin	%	1.11	0.93	(2.21)	(2.30)	(0.87)	0.01
ROE	%	3.86	3.15	(7.51)	(10.28)	(4.22)	0.03
ROCE	%	3.86	3.15	(7.51)	(10.28)	(4.22)	0.03
Inventory turnover	times	11.02	10.69	11.46	17.33	15.38	11.55
Inventory turnover in days	days	33.13	34.16	31.84	21.07	23.73	31.60
Debtors turnover	times	15.73	18.96	21.88	23.33	18.77	16.40
Average collection period	days	23.21	19.25	16.68	15.64	19.45	22.26
Creditors turnover	times	9.30	10.61	11.06	13.10	11.10	10.22
Payable turnover in days	days	39.25	34.39	33.00	27.87	32.87	35.72
Operating cycle	days	17.08	19.02	15.52	8.84	10.31	18.14
Total asset turnover	times	1.95	2.00	1.98	2.60	2.79	2.35
Fixed asset turnover	times	6.86	6.17	5.01	5.94	6.08	5.30
Current ratio	times	1.35	1.48	1.33	1.38	1.45	1.37
Quick ratio	times	0.92	0.92	0.76	0.75	0.95	0.72
Cash to current liabilities	times	0.52	0.46	0.25	0.17	0.40	0.11
Cash flow from operation to sales	times	0.08	0.05	0.03	(0.04)	0.04	0.02
Interest cover	times	16.88	22.81	(15.44)	(28.83)	(4.75)	0.24
Debt equity ratio	times	1.00	1.00	1.00	1.00	1.00	1.00
Price earnings ratio	times	26.33	38.90	(13.16)	(9.44)	(22.32)	3,101.85
EPS	Rs	0.27	0.21	(0.49)	(0.73)	(0.33)	0.00
Cash dividend per share	Rs	0.20	-	-	-	-	-
Dividend yield ratio	%	2.79	-	-	-	-	-
Dividend payout ratio	%	73.45	-	-	-	-	-
Dividend cover ratio	times	1.36	-	-	-	-	-
Breakup value per share	Rs	7.05	6.79	6.58	7.07	7.80	8.13
Market value per share - 31 December	Rs	7.17	8.32	6.50	6.86	7.34	7.35
Market value per share - High	Rs	12.89	9.49	9.43	8.40	9.13	10.78
Market value per share - Low	Rs	5.77	5.00	5.10	6.15	6.20	6.70
Market capitalization	Rs m	10,856.87	12,598.20	9,842.35	10,387.46	11,114.28	11,129.42

Vertical Analysis

	2017	2016	2015	2014	2013	2012
	-----%					
Balance Sheet						
Fixed assets	27.5	29.4	35.5	43.7	43.8	47.8
Other non-current assets	8.5	9.9	8.8	6.2	0.5	0.6
Current assets	64.0	60.8	55.7	50.1	55.7	51.6
Total Assets	100.0	100.0	100.0	100.0	100.0	100.0
Shareholders equity	52.0	58.6	57.7	63.4	59.4	58.4
Non-current liabilities	0.5	0.4	0.4	0.3	2.2	3.8
Current liabilities	47.5	41.0	41.9	36.3	38.5	37.7
Total Equity and Liabilities	100.0	100.0	100.0	100.0	100.0	100.0
Profit and Loss Account						
Revenue	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	(96.8)	(98.0)	(100.8)	(104.1)	(99.7)	(99.6)
Gross profit / (loss)	3.2	2.0	(0.8)	(4.1)	0.3	0.4
Distribution and selling expenses	(0.3)	(0.2)	(0.2)	(0.4)	(0.2)	(0.3)
Administration expenses	(0.9)	(1.0)	(1.0)	(0.8)	(0.6)	(0.6)
Other expenses	(0.1)	(0.1)	(0.1)	(0.0)	(0.2)	(0.1)
Other income	0.7	0.6	0.3	0.2	0.3	0.7
Finance (costs) / income	(0.1)	(0.0)	(0.1)	0.2	(0.1)	(0.3)
Profit / (loss) before taxation	2.4	1.4	(1.9)	(4.9)	(0.5)	(0.1)
Taxation	(1.3)	(0.4)	(0.4)	2.6	(0.3)	0.1
Profit / (loss) after taxation	1.1	0.9	(2.2)	(2.3)	(0.9)	0.0

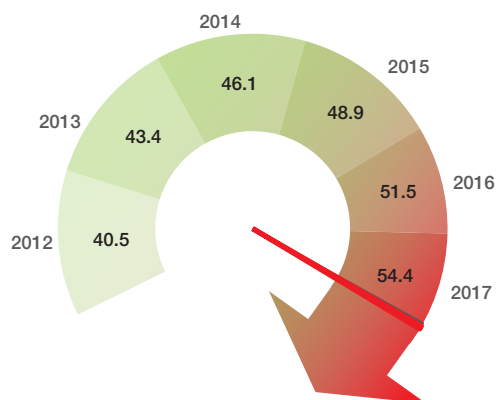
Horizontal Analysis

Year on Year

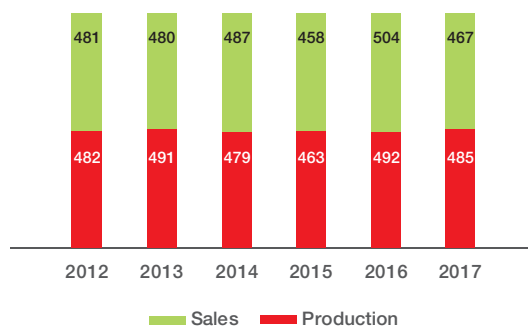
	2017 over 2016	2016 over 2015	2015 over 2014	2014 over 2013	2013 over 2012	2012 over 2011
-----%						
Balance Sheet Analysis (%)						
Fixed assets	9.8	(16.0)	(17.0)	(15.3)	(13.4)	2.2
Other non-current assets	0.5	13.8	45.4	891.7	(16.6)	(14.2)
Current assets	23.4	11.0	13.4	(23.5)	1.9	(21.8)
Total Assets	17.1	1.7	2.1	(15.1)	(5.5)	(11.9)
Shareholders equity	3.9	3.2	(7.0)	(9.4)	(4.0)	(5.9)
Non-current liabilities	30.4	22.7	12.6	(87.5)	(46.1)	(32.9)
Current liabilities	35.9	(0.6)	17.9	(19.8)	(3.7)	(17.4)
Total Equity and Liabilities	17.1	1.7	2.1	(15.1)	(5.5)	(11.9)
Profit and Loss Account (%)						
Revenue	6.5	2.7	(29.2)	(16.2)	8.0	(8.3)
Cost of sales	5.2	(0.1)	(31.4)	(12.6)	8.2	3.3
Gross profit / (loss)	69.9	(374.5)	(87.0)	(1,420.5)	(28.6)	(96.9)
Distribution and selling expenses	19.8	(4.0)	(54.9)	50.1	(9.1)	(33.0)
Administration expenses	5.7	(3.3)	(13.7)	19.8	9.3	(8.1)
Other expenses	92.0	40.7	49.3	(85.6)	101.8	(90.7)
Other income	16.4	115.3	(16.0)	(34.5)	(50.2)	(55.2)
Finance costs	449.3	(63.1)	(132.8)	(194.3)	(42.7)	(37.2)
Profit / (loss) before taxation	90.2	(174.9)	(73.4)	687.8	421.8	(100.9)
Taxation	229.2	22.9	(109.4)	(738.2)	(424.0)	(103.0)
Profit / (loss) after taxation	27.3	(143.3)	(32.1)	121.0	(13,979.2)	(99.9)

Graphical Presentation

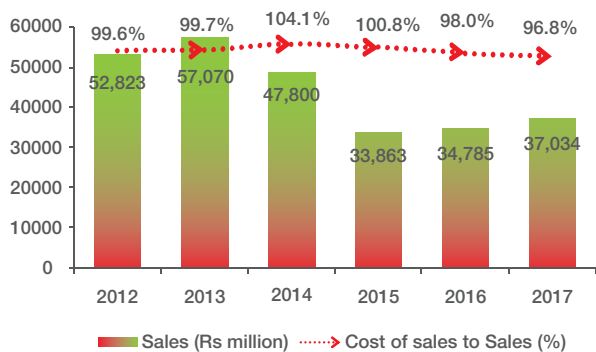
Million man-hours without Lost Time Case (employees + contractors)



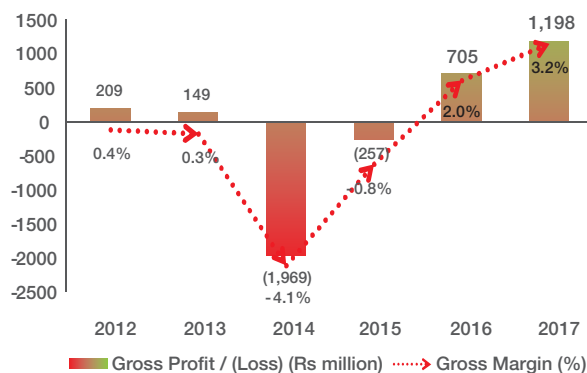
Production & Sales (000 tes)



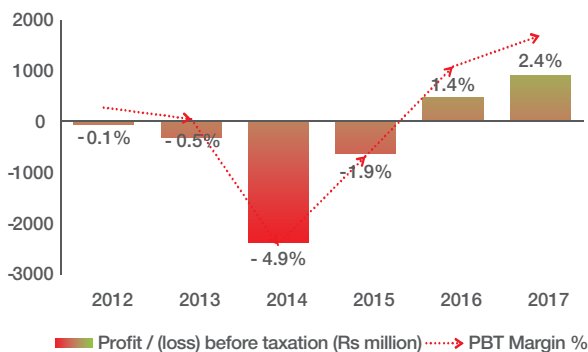
Sales (Rs million) & Cost of sales to Sales (%)



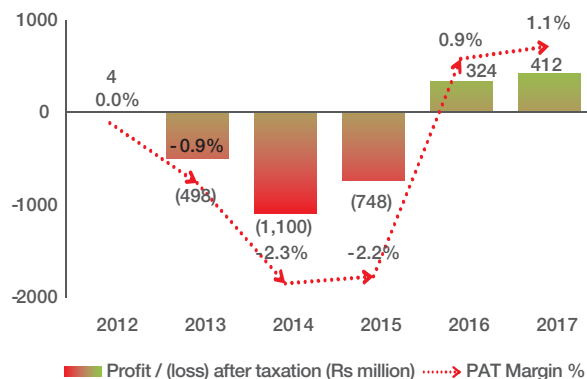
Gross Profit / (Loss) (Rs million) & Gross Margin (%)



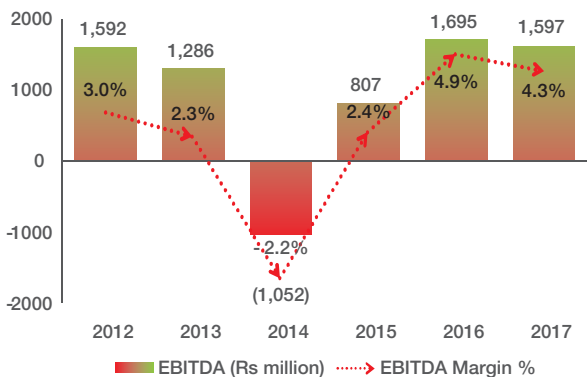
PBT (Rs million) & PBT Margin (%)



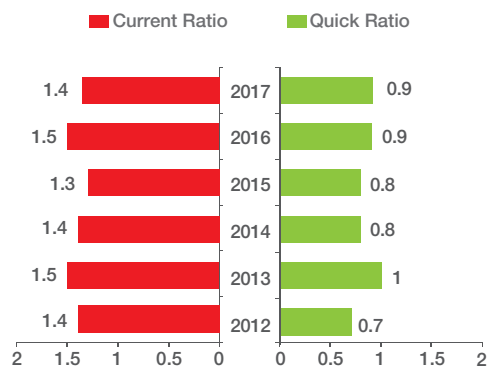
PAT (Rs million) & PAT Margin (%)



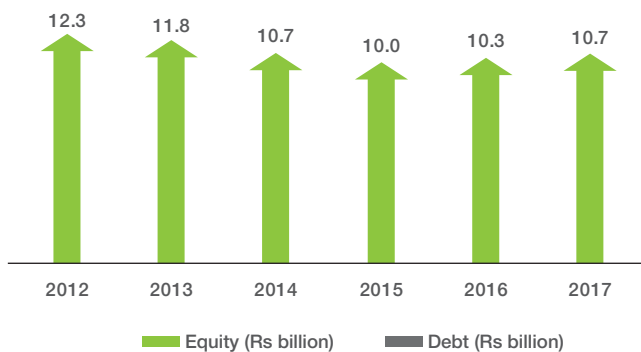
EBITDA (Rs million) & EBITDA Margin (%)



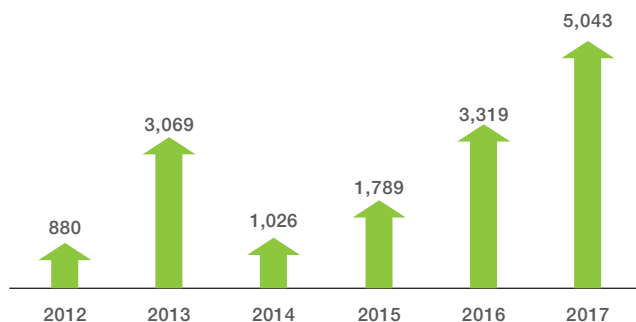
Liquidity Ratios



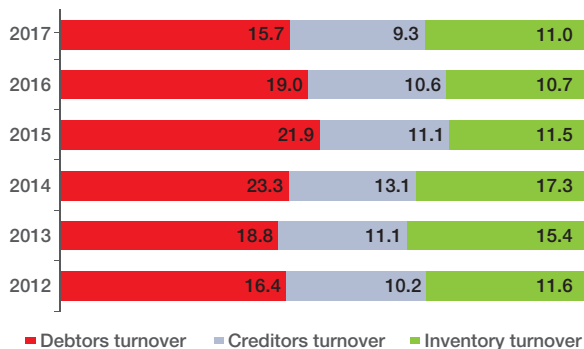
Debt Equity (Rs billion)



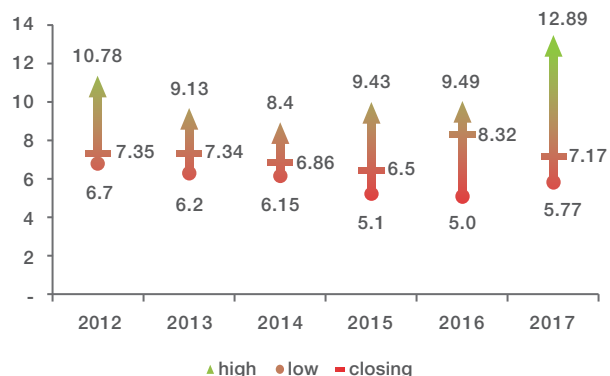
Cash & Cash Equivalents at Year End (Rs million)



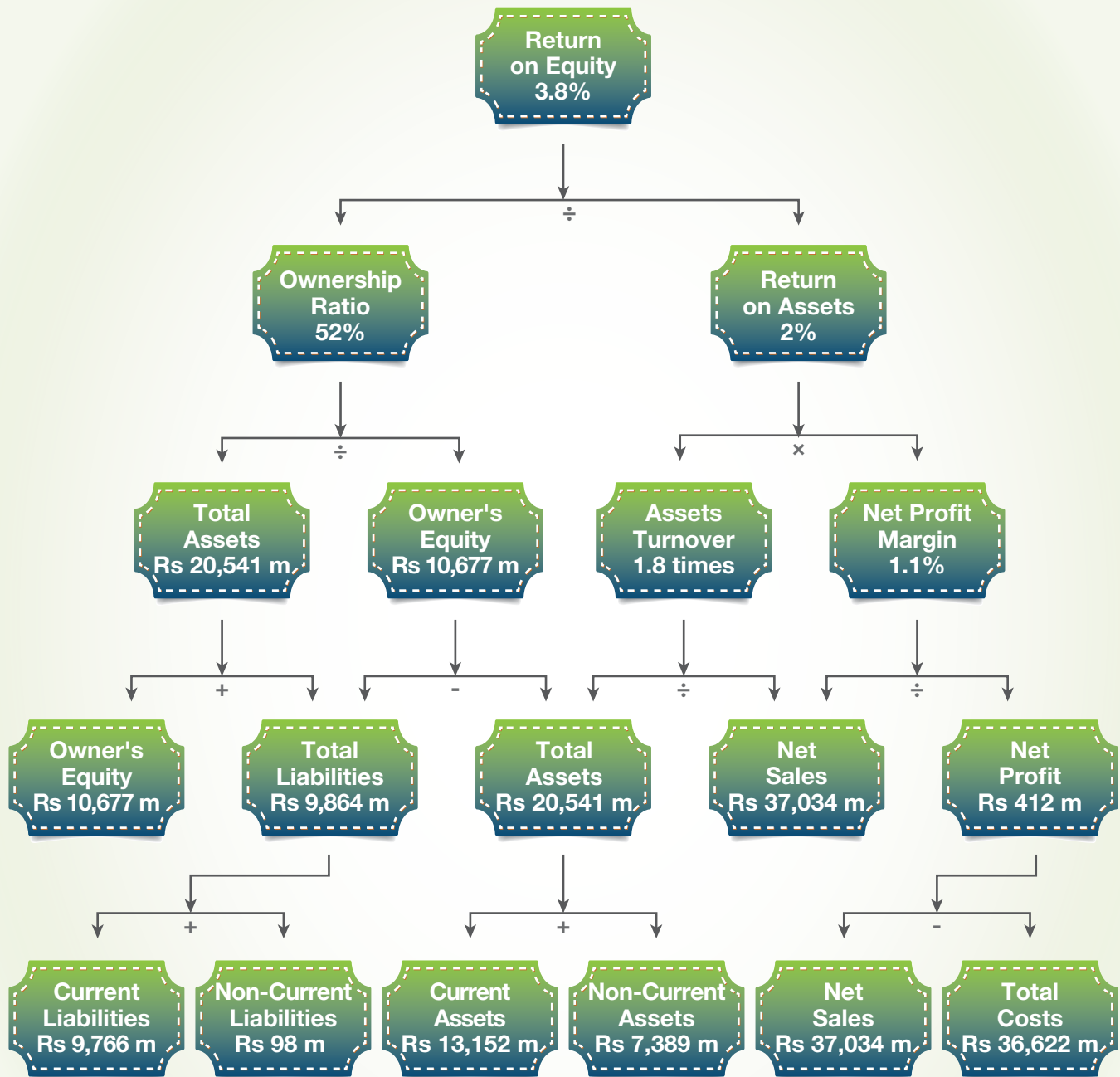
Debtors, Creditors & Inventory Turnover (times)



Market Value per Share (Rs)



DuPont Analysis 2017



Analysis:

Net Sales increased by 6% due to higher average PTA price per tonne as well as the stable PTA margin over PX, which consequently increased the net margin from 0.9% to 1.1%. Total assets increased by 17% due to higher trade debts and Cash and bank balances at year end, which consequently increased the return on assets to 2% from 1.8%. This resulted in 3.8% return on equity as compared to 3.2% in 2016.

Variation Analysis in Quarterly Results

Amounts in Rs '000

	Q1	Q2	Q3	Q4	2017
Revenue	10,607,137	9,339,647	8,466,254	8,621,286	37,034,324
Gross profit	479,967	192,112	198,435	327,146	1,197,660
Profit before taxation	400,265	103,975	159,696	230,949	894,885
Profit after taxation	312,777	40,903	51,397	7,219	412,296

Q1

- Paraxylene market tracked largely, the movement in the upstream Crude Oil market, and further fueled by strong downstream demand prior to Lunar New Year holidays, but eventually weakened as the Crude Oil market weighed heavy on market sentiment.
- PTA market, followed the upstream trend and was further supported by strong seasonal demand from downstream PET and Polyester market. However, dwindling upstream prices towards the end of the quarter and high PTA and PSF inventories forced prices into a downward trajectory leading to depressed margins.
- Domestic Polyester industry maintained healthy operating rates due to strong seasonal demand.
- Production during the quarter was 6% higher than corresponding period last year.
- The overall sales volume, on the back of stronger downstream demand, and constituting of domestic sales alone, was 9.4% higher than the corresponding quarter last year.
- Revenue for the quarter was higher than the corresponding last year due to higher sales volume and price; this together with rising prices and stable PTA margin over PX resulted in gross profit of Rs 480 million.

Q2

- The Paraxylene market lost strength throughout the quarter, despite sustained seasonal demand from the downstream PTA industry. The pressure from the upstream Crude Oil market and a huge capacity addition in the PX market were the main contributing factors for the weakness in prices.
- The PTA market held strong for the second quarter, although the prices moved in a downward trajectory following the trend in the upstream Crude Oil and PX market. Strong seasonal demand and capacity additions in the PSF and PET industry helped sustain strong PX-PTA margins.
- Domestic Polyester industry operations retreated slightly due to high inventory levels and decreased demand/business activity due to religious festivals observed in the country.
- Production during the quarter was lower by 2.92% than the corresponding quarter last year.
- Sales volume, for Q2 2017 was also lower than the corresponding quarter last year by 3.16%.
- Higher PX prices and reduction in PTA margin over PX for the quarter resulted in lower gross profit for the quarter as compare to Q1 2017.

Q3

- Paraxylene (PX) market at large followed the trend of the upstream crude oil market, gaining strength throughout the quarter. The bullish sentiment held firm due to robust demand from the downstream PTA sector and unplanned shutdowns at PX plants.
- At the start of the quarter, the PTA market was largely influenced by extended unplanned outages in China, thereby creating a supply/demand gap. This, coupled with strong downstream demand, provided extended support to PTA prices, thereby resulting in strong margins.
- Domestic Polyester industry saw an increase in operating rates due to depleted PSF inventory levels from an increase in local Polyester demand.
- Production during the quarter was 14.88% lower than the corresponding period last year due to technical issues faced as well as start of a planned plant Overhaul towards the end of the quarter.
- Sales volume, for Q3 2017 was 5.83% lower than the corresponding quarter last year.
- Despite lower sales volume, the Company generated a gross profit of 198 million for Q3 due to stable PTA/PX margin.

Q4

- A steep rise was observed in Paraxylene prices on the back of higher upstream values, the rise was further supported by sustained demand from the downstream PTA industry which geared up for restart of long-idled as well as new PTA units.
- The PTA industry similarly experienced an upward thrust, despite multiple restarts and new capacity additions; unplanned PTA shutdowns helped sustain strong margins as prompt availability of PTA remained tight.
- Domestic Polyester industry improved operating rates as a decrease in import of PSF was observed after introduction of China's policy on environmental control thereby causing an increase in demand for domestic product.
- Production during the quarter was 16.45% lower than the corresponding period last year by, mainly in lieu of the plant Overhaul which commenced at the end of Q3.
- Sales volume for Q4 2017 was 9.34% lower than the corresponding period last year.
- Higher PTA prices resulted in gross profit of Rs 327 million for the quarter.

Respect

We respect different opinions,
communicate with others and
observe general rules to build a
bond of trust with our community.



Financial Statements

Auditors' Report to the Members	103
Balance Sheet	104
Profit and Loss Account	106
Statement of Comprehensive Income	107
Cash Flow Statement	108
Statement of Changes in Equity	109
Notes to and Forming Part of the Financial Statements	110

This page is left blank intentionally



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

UAN: + 9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

Auditors' Report to the Members

We have audited the annexed balance sheet of **Lotte Chemical Pakistan Limited** (the Company) as at **31 December 2017** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 2.2 to the accompanying financial statements with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **31 December 2017** and of the profit, its total comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

EY Ford Rhodes
Chartered Accountants
Audit Engagement Partner: Shariq Ali Zaidi
Date: 21 February 2018
Karachi

Balance Sheet

As at 31 December 2017

Amounts in Rs '000

	Note	2017	2016
Assets			
Non-current assets			
Fixed assets	4	5,652,212	5,148,787
Long-term loans and advances	5	74,539	70,246
Long-term deposits and prepayments	6	62,545	43,863
Deferred tax assets	7	1,599,561	1,614,057
		7,388,857	6,876,953
Current assets			
Stores and spare parts	8	848,828	934,664
Stock-in-trade	9	3,361,974	3,143,174
Trade debts	10	2,817,600	1,891,825
Loans and advances	11	27,292	22,714
Trade deposits and short-term prepayments	12	47,234	22,805
Interest accrued on short-term fixed deposits		15,236	7,280
Other receivables	13	20,054	20,429
Tax refunds due from government - sales tax	14	373,653	351,421
Taxation - payments less provision		597,121	947,807
Cash and bank balances	15	5,043,188	3,319,250
		13,152,180	10,661,369
Total assets		20,541,037	17,538,322

		Amounts in Rs '000	
	Note	2017	2016
Equity and liabilities			
Share capital and reserves			
Share capital	16	15,142,072	15,142,072
Capital reserves	17	2,345	2,345
Accumulated losses		(4,467,337)	(4,869,335)
		10,677,080	10,275,082
Liabilities			
Non-current liabilities			
Retirement benefit obligations	18	98,280	75,364
Current liabilities			
Trade and other payables	19	9,597,518	7,028,293
Accrued interest	20	168,159	159,583
		9,765,677	7,187,876
Total liabilities		9,863,957	7,263,240
Total equity and liabilities		20,541,037	17,538,322
Contingencies and commitments	21		


The annexed notes 1 to 42 form an integral part of these financial statements.



Jung Neon Kim
Chairman



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

Profit and Loss Account

For the year ended 31 December 2017

		Amounts in Rs '000	
	Note	2017	2016
Revenue - net	22	37,034,324	34,785,035
Cost of sales	23	(35,836,664)	(34,080,207)
Gross profit		1,197,660	704,828
Distribution and selling expenses	24	(93,462)	(78,004)
Administrative expenses	25	(350,938)	(332,013)
Other expenses	26	(54,587)	(28,435)
Other income	27	248,610	213,573
Finance costs	28	(52,398)	(9,539)
Profit before taxation		894,885	470,410
Taxation	29	(482,589)	(146,579)
Profit after taxation		412,296	323,831
		Rupees	
Earnings per share - basic and diluted	31	0.27	0.21


The annexed notes 1 to 42 form an integral part of these financial statements.



Jung Neon Kim
Chairman



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

Statement of Comprehensive Income

For the year ended 31 December 2017

Amounts in Rs '000

	Note	2017	2016
Profit after taxation		412,296	323,831
Other comprehensive loss:			
Other comprehensive loss not to be reclassified to profit and loss account in the subsequent periods			
Remeasurement loss on defined benefit plans	18	(14,712)	(7,935)
Impact of deferred tax		4,414	2,381
Net comprehensive loss not to be reclassified to profit and loss account in the subsequent periods		(10,298)	(5,554)
Total comprehensive income for the year		401,998	318,277


The annexed notes 1 to 42 form an integral part of these financial statements.



Jung Neon Kim
Chairman



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

Cash Flow Statement

For the year ended 31 December 2017

Amounts in Rs '000

	Note	2017	2016
Cash flows from operating activities			
Cash generated from operations	30	2,857,909	1,726,257
Long-term loans and advances - net		(4,293)	(6,363)
Long-term deposits and prepayments - net		(18,682)	369
Finance costs paid		(56,091)	(21,566)
Payments to retirement benefit obligations		(16,076)	(15,035)
Taxes paid		(112,993)	(56,084)
Interest received from short-term fixed deposits		227,727	136,618
Net cash generated from operating activities		2,877,501	1,764,196
Cash flows from investing activities			
Payments for capital expenditure		(1,153,569)	(237,298)
Proceeds from disposal of property, plant and equipment		-	3,293
Net cash used in investing activities		(1,153,569)	(234,005)
Cash flows from financing activities			
Dividend paid		6	(22)
Net cash generated from / (used in) financing activities		6	(22)
Net increase in cash and cash equivalents		1,723,938	1,530,169
Cash and cash equivalents at the beginning of the year		3,319,250	1,789,081
Cash and cash equivalents at the end of the year		5,043,188	3,319,250


The annexed notes 1 to 42 form an integral part of these financial statements.



Jung Neon Kim
Chairman



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

Statement of Changes in Equity

For the year ended 31 December 2017

Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Accumulated losses	Total equity
Balance at 01 January 2016	15,142,072	2,345	(5,187,612)	9,956,805
Total comprehensive income for the year ended 31 December 2016				
- Profit for the year ended 31 December 2016	-	-	323,831	323,831
- Other comprehensive loss for the year ended 31 December 2016	-	-	(5,554)	(5,554)
	-	-	318,277	318,277
Balance as at 01 January 2017	15,142,072	2,345	(4,869,335)	10,275,082
Total comprehensive income for the year ended 31 December 2017				
- Profit for the year ended 31 December 2017	-	-	412,296	412,296
- Other comprehensive loss for the year ended 31 December 2017	-	-	(10,298)	(10,298)
	-	-	401,998	401,998
Balance as at 31 December 2017	15,142,072	2,345	(4,467,337)	10,677,080


The annexed notes 1 to 42 form an integral part of these financial statements.



Jung Neon Kim
Chairman



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

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 Limited, 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 and summary of significant accounting policies

2.1 Basis of preparation

2.1.1 Statement of compliance

During the year, the Companies Act, 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 23 of 2017 dated October 04, 2017 communicated its decision that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance). Accordingly, the Company's financial statements for the year ended December 31, 2017 have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Ordinance, provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of or directives issued under the Ordinance shall prevail.

2.1.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for retirement benefit obligations, which have been measured at the present value.

2.2 Changes in accounting standards, interpretations and pronouncements

Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows:

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amended standards

IAS 7 Statement of Cash Flows - Disclosure Initiative (Amendment)

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

Annual improvements to IFRSs 2014-2016 Cycle

IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements - Amendments

The adoption of the above revised standards, amendments and improvements does not have any material effect on these financial statements.

2.3 Fixed assets

2.3.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation charge is based on the straight-line method whereby the cost of an asset is written off to profit and loss account over its estimated useful life, from the date the asset is available for use. Full month's depreciation is charged in the month of acquisition and no depreciation is charged in the month of disposal. The rates of depreciation are disclosed in note 4.1 to these financial statements. The cost of leasehold land is amortised in equal installments over the lease period.

Renewals and improvements are included in an asset's carrying amount and are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other expenses are charged to profit and loss account during the financial period in which they are incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposal of assets are taken to the profit and loss account.

2.3.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any, and consists of expenditure incurred and advances made in respect of operating fixed assets and intangible assets in the course of their acquisition, erection, construction and installation. The assets are transferred to relevant category of operating fixed assets or intangible assets when they are available for use.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

2.3.3 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Major computer software licences are capitalised on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of five years using the straight-line method. Full month's amortisation is charged in the month of acquisition and no amortisation is charged in the month of disposal.

Costs associated with maintaining computer software programmes are recognised as an expense as and when incurred.

2.4 Stores and spare parts

Stores and spare parts are valued at lower of weighted average cost and net realisable value. Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale and is also adjusted through systematic provision for damaged, obsolete and slow moving items.

2.5 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value. Cost is determined using the weighted average method, except for in transit which comprises invoice value and the direct charges in respect thereof. Manufactured finished goods include prime cost and an appropriate portion of production overheads.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale and is also adjusted through systematic provision for damaged, obsolete and slow moving items.

2.6 Trade debts and other receivables

Trade debts are recognised initially at original invoice amount and subsequently measured at amortised cost less provision for impairment, if any.

Other receivables are stated at amortised cost less provision for impairment.

2.7 Cash and cash equivalents

Cash and cash equivalents are stated at cost and comprise of cash in hand, short-term fixed deposits having maturity upto three months and current accounts held with commercial banks. Running finance and short-term finance facilities availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

2.8 Impairment

2.8.1 Financial assets

A financial asset or a group of financial assets is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset or a group of financial assets is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

The Company considers evidence of impairment for receivables and other financial assets at specific asset levels. Losses are recognised as an expense in the profit and loss account. When a subsequent event causes the amount of impairment loss to decrease, this reduction is reversed through the profit and loss account.

2.8.2 Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, then an asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. An impairment loss is recognised as an expense in the profit and loss account for the amount by which the asset's carrying amount exceeds its recoverable amount. Value in use is ascertained through discounting of the estimated future cash flows using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the assets. The fair value less costs to sell calculation is based on the available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs to sell of the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.9 Trade and other payables

Trade and other payables, excluding provisions are carried at the fair value of the consideration to be paid for goods and services received, whether or not billed to the Company.

2.10 Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of that can be made. Provisions are reviewed at each balance sheet date and accordingly adjusted to reflect current best estimate.

2.11 Offsetting

Monetary assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

2.12 Lease payments

Payments made under operating leases / Ijarah contracts are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

At the inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

2.13 Staff retirement benefits

2.13.1 Defined benefit plans

The Company operates an approved funded defined benefit gratuity scheme for all permanent employees. Minimum qualifying period for entitlement to gratuity is five years continuous service with the Company.

The Company also has an unfunded medical scheme to provide post retirement medical benefits for all of its full-time management staff, who joined the Company on or before 01 October 2012 and are also the members of defined contribution superannuation fund.

Contributions to all schemes are made periodically on the basis of recommendations of the actuary and in line with the provisions of the Income Tax Ordinance, 2001.

The liability recognised in the balance sheet in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise and are not reclassified to profit and loss account in the subsequent periods.

Past-service costs are recognised immediately in profit and loss account.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

2.13.2 Defined contribution plans

The Company operates a provident fund scheme for all its permanent employees. Equal monthly contributions are made to the fund, both by the Company and the employees at the rate of 10 percent of basic salary and cost of living allowance wherever applicable. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Company also operates a defined contribution superannuation fund for its management staff who joined the Company on or before 01 October 2012. Contributions are made at the rate of 10.6 percent of basic salary of the members of the fund.

2.14 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividend is approved. However, if these are approved after the reporting period but before the financial statements are authorised for issue, they are disclosed in the notes to the financial statements.

2.15 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

2.15.1 Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any, in accordance with the Income Tax Ordinance, 2001. The charge for current tax includes adjustments to charge for prior years, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

2.15.2 Deferred

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit at the time of the transaction. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted as of the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences, while deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.16 Foreign currency transactions

Transactions denominated in foreign currencies are translated to Pakistani Rupees using the exchange rate prevailing at the dates of transactions.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Monetary assets and liabilities in foreign currencies at balance sheet date are translated into Pakistani Rupees at the exchange rates prevailing on that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates, and sales tax or duty. The following are the specific recognition criteria that must be met before revenue is recognised:

- a) Revenue from the sale of goods is recognised on despatch of goods i.e. when the significant risks and rewards of ownership are transferred to the customer.
- b) Income on funds invested is recognised as it accrues in the profit and loss account, using the effective interest method.

2.18 Borrowings and their cost

Borrowings are recognised initially at fair value, net of transaction cost incurred. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

2.19 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the functional currency of the Company and figures are rounded off to the nearest thousands of Rupees.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

2.21 Standards, amendments and improvements to approved accounting standards that are not yet effective

The following revised standards, amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Standards	Effective date (annual periods beginning on or after)
IFRS 2 Classification and Measurement of Share Based Payment Transactions (Amendment)	01 January 2018
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Yet not finalised
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019
Annual improvements to IFRSs 2014-2016 Cycle	01 January 2018

The Company expects that the adoption of the above standards, amendments and improvements will not have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019
IFRS 17 – Insurance Contracts	01 January 2021

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

3. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

3.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3.1.1 Property, plant and equipment and intangible assets

The Company reviews the useful lives, method of depreciation / amortisation and residual values of property, plant and equipment on the balance sheet date. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation / amortisation charge and impairment.

3.1.2 Impairment reviews

Assets that are subject to depreciation / amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Changes in the assumptions used by management, in particular the PTA-Px margins, discount rate and expected capacity utilizations may affect the Company's impairment evaluation and accordingly the amounts recognised in the financial statements.

3.1.3 Income taxes

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

3.1.4 Defined benefit plans

The Company has adopted certain actuarial assumptions as disclosed in note 18 to these financial statements for valuation of present value of defined benefit obligations and fair value of plan assets, based on actuarial advice.

3.2 No critical judgment has been used in applying the accounting policies.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

	Note	2017	2016
4. Fixed assets			
Property, plant and equipment			
Operating fixed assets	4.1	5,277,381	4,903,048
Capital work-in-progress	4.2	373,677	244,173
		5,651,058	5,147,221
Intangible assets - note 4.3		1,154	1,566
		5,652,212	5,148,787

4.1 Operating fixed assets

The following is a statement of operating fixed assets:

	Leasehold land	Buildings on leasehold land	Plant and machinery		Motor vehicles	Furniture and equipment	Total
			Owned	Held under finance lease			
Net carrying value basis							
Year ended 31 December 2017							
Opening net book value (NBV)	44,806	76,769	4,736,897	-	354	44,222	4,903,048
Additions (at cost)	-	140	1,006,919	-	-	16,960	1,024,019
Written off (at NBV)	-	-	(455)	-	-	-	(455)
Depreciation charge	(1,422)	(15,276)	(617,787)	-	(177)	(14,569)	(649,231)
Closing net book value (NBV)	43,384	61,633	5,125,574	-	177	46,613	5,277,381
Gross carrying value basis							
at 31 December 2017							
Cost	90,278	998,507	32,216,630	395,543	57,808	225,237	33,984,003
Accumulated depreciation	(46,894)	(735,163)	(25,832,942)	(395,543)	(57,631)	(178,624)	(27,246,797)
Accumulated impairment losses	-	(201,711)	(1,258,114)	-	-	-	(1,459,825)
Net book value (NBV)	43,384	61,633	5,125,574	-	177	46,613	5,277,381
Net carrying value basis -							
Year ended 31 December 2016							
Opening net book value (NBV)	46,228	97,313	5,864,358	-	1,031	52,647	6,061,577
Additions (at cost)	-	2,881	47,501	-	-	6,252	56,634
Disposals (at NBV)	-	-	-	-	(358)	-	(358)
Depreciation charge	(1,422)	(23,425)	(1,174,962)	-	(319)	(14,677)	(1,214,805)
Closing net book value (NBV)	44,806	76,769	4,736,897	-	354	44,222	4,903,048
Gross carrying value basis							
at 31 December 2016							
Cost	90,278	998,367	31,209,711	395,543	57,808	208,277	32,959,984
Accumulated depreciation	(45,472)	(719,887)	(25,214,700)	(395,543)	(57,454)	(164,055)	(26,597,111)
Accumulated impairment losses	-	(201,711)	(1,258,114)	-	-	-	(1,459,825)
Net book value (NBV)	44,806	76,769	4,736,897	-	354	44,222	4,903,048
Depreciation % per annum	2	5	5 - 20	6.67	25	10 - 33	

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

	2017	2016
4.2 Capital work-in-progress		
Civil works and buildings	5,700	5,796
Plant and machinery	354,667	238,377
Advances to suppliers	13,310	-
	373,677	244,173
4.2.1 Capital work-in-progress - movement		
Opening balance	244,173	63,562
Capital expenditure	1,146,819	231,788
Transferred to operating fixed assets	(1,017,315)	(51,177)
Closing balance - note 4.2.2	373,677	244,173
4.2.2 These include capital stores as at 31 December amounting to Rs 152.3 million (2016: Rs 148.4 million).		
	2017	2016
4.3 Intangible assets		
4.3.1 Net carrying value basis		
Opening net book value	1,566	2,235
Additions during the year	46	53
Amortisation charge	(458)	(722)
Closing net book value	1,154	1,566
4.3.2 Gross carrying value basis		
Cost	216,049	216,003
Accumulated amortisation	(214,895)	(214,437)
Net book value	1,154	1,566
Amortisation % per annum	20	20

4.4 The details of operating fixed assets written off during the year are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sales proceeds	Particulars of buyers / others
Plant and machinery					
H.P Liquid Chromatograph	6,787	6,369	418	-	Discarded
Items having book value upto Rs. 50,000	1,315	1,278	37	-	Discarded
2017	8,102	7,647	455	-	
2016	1,590	1,232	358	3,293	

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

5. Long-term loans and advances - considered good

	2017				2016
	Motor car	House building assistance	Others	Total	Total
Due from executives - note 5.1	60,765	15,208	61	76,034	63,961
Less: receivable within one year - note 11	(9,014)	(5,883)	(33)	(14,930)	(11,990)
	51,751	9,325	28	61,104	51,971
Due from employees	12,702	573	3,011	16,286	21,700
Less: receivable within one year - note 11	(1,959)	(163)	(729)	(2,851)	(3,425)
	10,743	410	2,282	13,435	18,275
	62,494	9,735	2,310	74,539	70,246

	2017	2016
5.1 Reconciliation of carrying amount of loans and advances		
Balance at 1 January	63,961	51,686
Disbursement	27,221	25,922
Repayments	(15,148)	(13,647)
Balance at 31 December	76,034	63,961

5.2 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.

5.3 The maximum aggregate amount of loans and advances due from Executives at the end of any month during the year was Rs 76.66 million (2016: Rs 63.96 million).

	2017	2016
6. Long-term deposits and prepayments		
Deposits - unsecured and considered good - note 6.1	40,374	40,374
Prepayments	22,171	3,489
	62,545	43,863

6.1 These include Rs 14.42 million (2016: Rs 14.42 million) paid to Pakistan Steel Mills Corporation for emergency back-up supply of water and Rs 24.27 million (2016: Rs 24.27 million) paid to K-Electric Limited.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

7. Deferred tax assets	2017	2016
(Credit) balance arising in respect of property, plant and equipment	(738,186)	(718,452)
Debit balances arising in respect of:		
- provisions for:		
- sales tax refundable	25,651	25,651
- retirement benefit obligations	32,536	29,400
- slow moving, obsolete and rejected items of stores and spare parts	3,432	5,615
- unpaid liabilities	414,339	414,339
- carry forward of minimum tax - notes 7.2 and 7.3	1,631,635	1,410,002
- taxable losses - notes 7.1 and 7.2	230,154	447,502
	<u>1,599,561</u>	<u>1,614,057</u>

7.1 This represents the impact of carried forward tax losses of Lotte Powergen (Private) Limited as a result of its amalgamation with and into the Company in the year 2014. The carried forward losses in respect of Lotte Powergen (Private) Limited have been accounted for tax purpose in line with the provisions of Section 97A of the Income Tax Ordinance, 2001.

7.2 The management carries periodic assessment to assess the benefit of the unavailed tax credits in respect of minimum tax and taxable losses as the Company would be able to set off the taxable profit earned in future years against them. Based on such assessment, the management has recognised a deferred tax debit balance amounting to Rs 1,632 million (2016: Rs 1,410 million) on account of unavailed tax credits in respect of minimum tax and Rs 230 million (2016: Rs 448 million) in respect of taxable losses, which are determined on the basis of projected taxable profits of the Company for future years. The determination of future taxable profits is most sensitive to certain key assumptions such as capacity utilisation, PTA-Px margins, etc. Accordingly, any significant change in the key assumptions may have an effect on the realisability of deferred tax asset.

7.3 The Honourable High Court of Sindh, in respect of another company, has overturned the interpretation of the Appellate Tribunal on Section 113 (2) (c) of the Income Tax Ordinance, 2001 and has decided that the minimum turnover tax cannot be carried forward where there is no tax paid on account of taxable loss for the year or carried forward losses. The Company's management based on the view of its tax advisor believes that there are reasonable basis to argue the Company's case as the above order would not be maintainable by the Honourable Supreme Court of Pakistan (SCP), which the Company intends to approach, if required. Accordingly, the Company has accounted for the deferred tax on minimum tax for tax year 2018 amounted to Rs 380 million (tax year 2017: Rs 340 million) in these financial statements.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

8. Stores and spare parts	2017	2016
Stores	30,436	30,328
Spare parts	830,433	924,037
	<u>860,869</u>	<u>954,365</u>
Provision for slow moving, obsolete, and rejected items - note 8.1	(12,041)	(19,701)
	<u>848,828</u>	<u>934,664</u>
8.1 Provision for slow moving, obsolete and rejected items		
Provision at 1 January	19,701	34,822
Charge for the year	1,910	-
	<u>21,611</u>	<u>34,822</u>
Write-offs	(9,570)	(15,121)
Provision at 31 December	<u>12,041</u>	<u>19,701</u>
9. Stock-in-trade		
Raw and packing materials [including in-transit Rs 111.9 million (2016: Rs 606.6 million)]	2,843,041	1,599,579
Finished goods		
- Manufactured goods	322,157	1,497,266
- Trading goods [including in-transit Rs 133.0 million (2016: Rs 37.5 million)]	196,776	46,329
	<u>518,933</u>	<u>1,543,595</u>
	<u>3,361,974</u>	<u>3,143,174</u>
9.1 Cost of stock-in-trade held with the third parties include the following:		
Paraxylene and Acetic acid held for consumption		
- Engro Vopak Terminal Limited	1,849,057	547,211
Acetic acid held for trading		
- Chempro Pakistan (Private) Limited	2,420	1,881
- Engro Vopak Terminal Limited	61,385	6,900
	<u>63,805</u>	<u>8,781</u>
	<u>1,912,862</u>	<u>555,992</u>
10. Trade debts		
10.1 All of the Company's trade debts are secured by letters of credit of 30 to 90 days issued by various banks.		
10.2 These balances are neither past due nor impaired and are considered good.		

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

	2017	2016
11. Loans and advances - considered good		
Loans due from:		
- Executives - note 5	14,930	11,990
- Employees - note 5	2,851	3,425
	17,781	15,415
Advances to:		
- Executives	5,647	5,336
- Employees	1,843	1,215
- Contractors and suppliers	2,021	748
	9,511	7,299
	27,292	22,714

11.1 The maximum aggregate amount of loans and advances due from executives at the end of any month during the year was Rs 6.15 million (2016: Rs 5.58 million).

11.2 All of the above loans and advances are secured except for advances to contractors and suppliers.

	2017	2016
12. Trade deposits and short-term prepayments		
Deposits - secured and considered good	1,764	1,634
Short-term prepayments	45,470	21,171
	47,234	22,805
13. Other receivables		
Rebates receivable - note 13.1	19,969	20,259
Others	85	170
	20,054	20,429

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

	2017	2016
14. Tax refunds due from government - sales tax		
Sales tax refundable	463,657	441,425
Provision for doubtful receivables	(90,004)	(90,004)
	373,653	351,421

14.1 This includes Rs 198.2 million (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

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

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.

	2017	2016
15. Cash and bank balances		
Short-term fixed deposits - note 15.1	5,026,900	3,300,000
With banks in current accounts	14,519	14,720
Cash in hand	1,769	4,530
	<u>5,043,188</u>	<u>3,319,250</u>

15.1 During the year ended 31 December 2017, the mark-up rates on term deposits ranged from 5.00% to 6.80% (2016: 4.50% to 7.00%) per annum and had maturities of less than three months.

	2017	2016
16. Share capital		
16.1 Authorised capital 2,000,000,000 ordinary shares of Rs 10 each	<u>20,000,000</u>	<u>20,000,000</u>
16.2 504,735,636 ordinary shares of Rs 10 each fully paid-up issued pursuant to the Scheme for consideration other than cash - note 16.3	5,047,356	5,047,356
1,009,471,572 ordinary shares of Rs 10 each fully paid-up in cash	10,094,716	10,094,716
	<u>15,142,072</u>	<u>15,142,072</u>

16.3 With effect from 1 October 2000, the PTA Business of ICI Pakistan Limited was demerged under a Scheme of Arrangement (Scheme), dated 12 December 2000, approved by the shareholders and sanctioned by the Honourable High Court of Sindh.

16.4 At 31 December 2017 and 2016, Lotte Chemical Corporation, South Korea held 1,135,860,105 ordinary shares of Rs 10 each representing 75.01% shareholding of the Company.

17. Capital reserves

Capital reserves represent the amount received from various overseas companies of AkzoNobel Group (then group companies), for purchase of fixed assets. The remitting companies have no claim to their repayments.

18. Retirement benefit obligations

18.1 Staff retirement benefits

18.1.1 As stated in note 2.13.1, the Company operates two retirement benefit plans (the Plans) namely approved funded gratuity scheme for all its permanent employees and unfunded medical scheme to provide post retirement medical benefits to all full-time management staff employees who are also the members of defined contribution superannuation fund. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at 31 December 2017.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

18.1.2 Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882, repealed Companies Ordinance, 1984, Income Tax Rules, 2002 and Rules under the Trust deed of the Plans. Responsibility for governance of the Plans, including investment decisions and contribution schedules, lies with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

18.1.3 The latest actuarial valuations of the Fund as at 31 December 2017 was carried out using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

	2017			2016		
	Funded Gratuity	Unfunded Medical	Total	Funded Gratuity	Unfunded Medical	Total
18.1.4 Balance sheet reconciliation						
Present value of defined benefit obligation at 31 December - note 18.1.5	(248,758)	(76,275)	(325,033)	(229,016)	(65,830)	(294,846)
Fair value of plan assets at 31 December note 18.1.6	226,753	-	226,753	219,482	-	219,482
	(22,005)	(76,275)	(98,280)	(9,534)	(65,830)	(75,364)
18.1.5 Movement in the present value of defined benefit obligations						
Balances as at 1 January	229,016	65,830	294,846	199,926	59,107	259,033
Benefits paid by the plan	(16,513)	(979)	(17,492)	(24,224)	(1,566)	(25,790)
Current service costs	15,252	2,800	18,052	13,144	2,627	15,771
Interest cost	20,420	6,044	26,464	18,312	5,687	23,999
Remeasurement loss / (gain)	583	2,580	3,163	21,858	(25)	21,833
Balance as at 31 December	248,758	76,275	325,033	229,016	65,830	294,846
18.1.6 Movement in the fair value of plan assets						
Fair value of plan assets at 1 January	219,482	-	219,482	197,597	-	197,597
Contributions paid into the plan	15,097	-	15,097	13,469	-	13,469
Benefits paid by the plan	(16,513)	-	(16,513)	(24,224)	-	(24,224)
Interest income	20,236	-	20,236	18,742	-	18,742
Remeasurement (loss) / gain	(11,549)	-	(11,549)	13,898	-	13,898
Fair value of plan assets at 31 December	226,753	-	226,753	219,482	-	219,482
18.1.7 Expense recognised in profit and loss account						
Current service costs	15,252	2,800	18,052	13,144	2,627	15,771
Net interest cost	184	6,044	6,228	(430)	5,687	5,257
Expense recognised in profit and loss account	15,436	8,844	24,280	12,714	8,314	21,028
18.1.8 Remeasurement loss / (gain) recognised in other comprehensive income						
Experience losses / (gains)	583	2,580	3,163	21,858	(25)	21,833
Remeasurement of fair value of plan assets	11,549	-	11,549	(13,898)	-	(13,898)
Remeasurement loss / (gain)	12,132	2,580	14,712	7,960	(25)	7,935

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

	2017			2016		
	Funded Gratuity	Unfunded Medical	Total	Funded Gratuity	Unfunded Medical	Total
18.1.9 Net recognised liability / (asset)						
Net liability at beginning of the year	9,534	65,830	75,364	2,329	59,107	61,436
Charge for the year	15,436	8,844	24,280	12,714	8,314	21,028
Contribution made during the year to the fund	(15,097)	(979)	(16,076)	(13,469)	(1,566)	(15,035)
Remeasurement loss recognised in other comprehensive income	12,132	2,580	14,712	7,960	(25)	7,935
Recognised liability / (asset) as at 31 December	22,005	76,275	98,280	9,534	65,830	75,364

18.1.10 Actuarial assumptions

Discount rate at 31 December	9.00%	9.00%	9.25%	9.25%
Future salary increases	7.00%	-	7.75%	-
Medical cost trend rate	-	3.75%	-	4.00%

18.1.11 Plan assets comprise of following

	2017	2016
Unaudited		
Government bonds	95,796	82,605
Other bonds (TFCs)	87,136	84,649
Shares	41,097	46,223
Term deposits	2,724	6,005
Total as at 31 December	226,753	219,482

18.1.12 Mortality was assumed to be 70% of the EFU (61-66) Table.

18.1.13 In case of the funded plans, the Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the retirement benefit plan. Within this framework, the Company's ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2017 consist of government bonds and national savings deposits. The Company believes that government bond offer the best returns over the long term with an acceptable level of risk.

18.1.14 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

The Company's contribution to the gratuity funds in 2018 is expected to amount to Rs 18.69 million.

The actuary conducts valuations for calculating contribution rate and the Company contributes to the gratuity fund according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.

Figures reported in this note are based on the latest actuarial valuation carried out as at 31 December 2017.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

18.2 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on retirement benefit obligations		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
Discount rate at 31 December	1%	(31,203)	36,560
Future salary increases	1%	23,164	(20,827)
Medical cost trend	1%	14,243	(11,507)

If longevity increases by 1 year, obligation increases by Rs 261.45 thousands.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position.

A sensitivity analysis was conducted to determine the impact of a 1% change in the medical cost trend, which was not material.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

18.3 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the Fund, at the beginning of the period, for returns over the entire life of related obligation.

18.4 The Company's contributions towards the provident fund and defined contribution superannuation fund for the year ended 31 December 2017 amounted to Rs 23.36 million (2016: Rs 21.89 million) and Rs 19.83 million (2016: Rs 18.93 million).

18.5 The weighted average duration of the defined benefit obligations is 11.6 years.

Expected maturity analysis of undiscounted retirement benefit plans.

<u>At 31 December 2017</u>	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Retirement benefit plans	11,643	6,559	42,000	263,292	323,494

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

	2017	2016
19. Trade and other payables		
Trade creditors including bills payable	4,775,613	2,932,583
Accrued expenses	683,429	644,799
Advances from customer	3,413	27
Unclaimed dividend	12,146	12,140
Infrastructure cess - note 19.1	2,144,434	1,962,548
Gas infrastructure development cess - note 19.2	1,895,783	1,411,938
Workers' Profit Participation Fund - note 19.3	46,359	24,376
Workers' Welfare Fund	23,713	23,346
Others	12,628	16,536
	9,597,518	7,028,293

- 19.1** The Company (along with a number of other parties) had challenged the levy of infrastructure cess on cost and freight value of goods entering the province of Sindh. According to a decision of the Honourable Sindh High Court (SHC), levy of the fee / cess upto December 2006 was declared to be illegal while amounts charged after that date were decreed to be within the law. Appeals were filed in the Honourable Supreme Court of Pakistan (SCP) both by the companies and the Government of Sindh in respect of the aforesaid judgement of the SHC. During the year 2011, the SCP referred the case back to the SHC.

The SHC vide its order dated 02 June 2011 provided for an interim arrangement reached through a joint statement filed with the SHC by the counsels of the petitioners and respondent of the case. As per the said order, bank guarantees / securities furnished in respect of consignments cleared after 27 December 2006 would be encashed to the extent of 50% and guarantees for the remaining balance would be kept till final disposal of the petitions. Consequently, bank guarantees relating to the period upto 27 December 2006 have been cancelled and returned to the Company.

During the year, the Company (along with a number of other parties) had challenged the Sindh Development and Maintenance of Infrastructure Cess Act, 2017. The cases were taken up for hearing at SHC on 17 October 2017 and the matter adjourned to 24 October 2017. The Honourable SHC grant interim arrangement in line with its order dated 02 June 2011 in this case as well.

As per legal advice sought by the Company in respect of the aforementioned case, the SHC may uphold the validity of the law against the Company upon its re-filing since the matter has been referred back to the SHC by the SCP, thereby making the Company liable to pay the levy for all consignments cleared till date. As a matter of abundant caution, full amount of provision has been made in these financial statements in this respect.

	2017	2016
Balance as at 1 January	1,962,548	1,802,330
Charge for the year	181,886	160,218
Balance as at 31 December	2,144,434	1,962,548

- 19.2** In accordance with the Gas Infrastructure Development Cess Act, 2011 (GIDC Act, 2011), the Company was required to pay GIDC to applicable supplier of Gas, as specified in the First Schedule and at rates specified in the Second Schedule to the GIDC Act, 2011. The provisions of the GIDC Act 2011 were amended through subsequent notifications. The Honourable Sindh High Court (SHC) restrained Sui Southern Gas Company Limited (SSGCL) from charging GIDC above Rs 13 per MMBTU and accordingly the Company paid GIDC at

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

the reduced rate. On 22 August 2014, the Honorable Supreme Court of Pakistan (SCP) struck down the GIDC Act, 2011 on the grounds of it being unconstitutional. In response, the President of Pakistan promulgated the GIDC Ordinance, 2014 on 25 September 2014 with retrospective effect. On 29 September 2014, the SHC issued an interim order restraining the defendants such as SSGCL from raising demand or issuing gas bills in pursuance of the GIDC Ordinance, 2014. Accordingly, SSGCL has not levied GIDC since August 2014. The approval of the GIDC Ordinance, 2014 was awaited from the National Assembly and on 22 May 2015, the Gas Infrastructure Development Cess Act, 2015 (GIDC Act 2015) was promulgated and was made applicable with immediate effect superseding GIDC Act, 2011. The Company, on 23 July 2015 obtained a stay order against GIDC Act, 2015 from SHC.

Later in the year 2016, SHC vide its order dated 26 October 2016, has decided the case in the favor of plaintiffs. Accordingly, GIDC Act 2015 declared ultra vires to constitution along with GIDC Act 2011 and GIDC Ordinance 2014. As a matter of prudence, the Company has recorded provision in these financial statements due to inherent uncertainties involved in such matters.

	2017	2016
19.3 Reconciliation of Workers' Profit Participation Fund		
Balance as at 1 January	24,376	-
Allocation for the year - note 26	46,359	24,376
Interest on funds utilised - note 28	250	-
Amount paid to the fund	(24,626)	-
Balance as at 31 December	<u>46,359</u>	<u>24,376</u>
20. Accrued interest		
Long-term loans - note 20.1	<u>168,159</u>	<u>159,583</u>

20.1 This represents interest payable to Mortar Investments International Limited amounting to USD 1.52 million (2016: 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.

21. Contingencies and commitments

21.1 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 4 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

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

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 (2016: Rs 149.69 million) in these financial statements.

21.2 Commitments in respect of capital expenditure as at 31 December 2017 amounts to Rs 47.31 million (2016: Rs 26.88 million).

21.3 Commitments for rentals under operating lease agreements / Ijarah contracts in respect of vehicles as at 31 December are as follows:

Year	2017	2016
2017	-	15,041
2018	16,294	11,355
2019	14,247	9,312
2020	13,495	8,426
2021	8,359	3,114
2022	2,013	-
	54,408	47,248

21.4 Commitments for rentals under operating lease agreements for certain supplies in respect of goods and services as at 31 December are as follows:

Year	2017	2016
2017	-	553,950
2018	-	-
	-	553,950

21.4.1 Commitments for rentals under operating lease agreements in respect 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 exchange rates applicable on the date of payment.

21.5 Outstanding guarantees and letters of credit issued on behalf of the Company as at 31 December 2017 were Rs 2.29 billion (2016: Rs 2.13 billion) and Rs 0.64 billion (2016: Rs 1.31 billion), respectively.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

22. Revenue - net

	2017			2016		
	Manufactured goods	Trading goods	Total	Manufactured goods	Trading goods	Total
Local sales	38,577,176	561,347	39,138,523	36,842,987	340,930	37,183,917
Export sales	236,705	-	236,705	-	-	-
Less: Sales tax and excise duty	(1,171,673)	(9,958)	(1,181,631)	(1,641,811)	(12,763)	(1,654,574)
Price settlements and discounts	(1,149,107)	(10,166)	(1,159,273)	(738,198)	(6,110)	(744,308)
	36,493,101	541,223	37,034,324	34,462,978	322,057	34,785,035

22.1 Four (2016: four) of the Company's customers contributed towards 91% (2016: 93%) of the revenue during the year amounting to Rs 34.3 billion (2016: Rs 32.7 billion) and each customer individually exceeded 10% of the revenue.

23. Cost of sales

Raw and packing materials consumed:

	2017	2016
Opening stock - note 9	1,599,579	2,526,951
Purchases	31,307,803	28,975,560
Closing stock - note 9	(2,843,041)	(1,599,579)
	30,064,341	29,902,932

Salaries, wages and benefits - note 23.1

Stores and spares consumed	485,999	435,300
Lease rentals / Ijarah arrangements	179,059	178,293
Insurance	11,531	9,790
Oil, gas and electricity	49,631	55,607
Travelling	2,392,122	2,435,798
Depreciation and amortisation	52,820	58,065
Repairs and maintenance	649,689	1,215,527
Others	280,030	269,495
	51,525	53,390

Cost of goods manufactured	34,216,747	34,614,197
Opening stock of manufactured goods - note 9	1,497,266	692,038

	35,714,013	35,306,235
Closing stock of manufactured goods - note 9	(322,157)	(1,497,266)

	35,391,856	33,808,969
--	-------------------	-------------------

Trading goods

Opening stock - note 9	46,329	16,139
Purchases	595,255	301,428
Closing stock - note 9	(196,776)	(46,329)

	444,808	271,238
--	----------------	----------------

	35,836,664	34,080,207
--	-------------------	-------------------

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

- 23.1** Salaries, wages and benefits include Rs 15.82 million (2016: Rs 13.16 million) and Rs 28.45 million (2016: Rs 27.01 million) in respect of defined benefit and defined contribution plans respectively.

	2017	2016
24. Distribution and selling expenses		
Salaries and benefits - note 24.1	57,857	48,879
Outward freight and handling	18,367	10,770
Lease rentals / Ijarah arrangements	878	1,055
Repairs and maintenance	3,101	3,518
Travelling	3,068	3,732
Postage and telephone	1,287	1,278
Advertising and sales promotion	1,004	302
Others	7,900	8,470
	93,462	78,004

- 24.1** Salaries and benefits include Rs 2.92 million (2016: Rs 2.29 million) and Rs 4.33 million (2016: Rs 4.16 million) in respect of defined benefit plans and defined contribution plans respectively.

	2017	2016
25. Administrative expenses		
Salaries and benefits - note 25.1	173,980	153,817
Legal, professional and consultancy	8,544	6,878
Lease rentals / Ijarah arrangements	4,998	5,350
Travelling	9,357	14,076
Repairs and maintenance	24,220	24,884
Expenses on information technology	14,714	13,519
Security	19,121	17,700
Rent, rates and taxes	35,789	30,389
Publication and subscriptions	3,025	2,363
Postage and telephone	7,515	7,498
Printing and stationary	2,646	7,414
Others	47,029	48,125
	350,938	332,013

- 25.1** Salaries and benefits include Rs 7.19 million (2016: Rs 5.58 million) and Rs 10.41 million (2016: Rs 9.66 million) in respect of defined benefit plans and defined contribution plans respectively.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

	2017	2016
26. Other expenses		
Auditors' remuneration - note 26.1	3,544	2,864
Donations - note 26.2	1,608	413
Property, plant and equipment written off	455	-
Obsolete stores and spare parts		
- provision	1,910	-
- write off	-	86
Receivables written off	70	423
Workers' Profit Participation Fund	46,359	24,376
Workers' Welfare Fund	641	273
	54,587	28,435
26.1 Auditors' remuneration		
Audit fee	2,000	2,000
Limited reviews, group reporting package, and various certifications	1,307	587
Out of pocket expenses	237	277
	3,544	2,864
26.2 Donations include payments in respect of the following:		
Community services	1,224	354
Education	384	-
26.2.1 None of the directors or their spouse had any interest in the donee.		
27. Other income		
Scrap sales	9,335	75
Gain on disposal of property, plant and equipment	-	2,935
Income from short-term fixed deposits	235,683	140,513
Income from sale of platinum catalyst	-	68,312
Liabilities no longer payable written back	409	1,738
Indenting commission	2,498	-
Others	685	-
	248,610	213,573
28. Finance costs		
Discounting charges on trade debts	7,963	6,033
Interest on Workers' Profit Participation Fund	250	-
Exchange (gain) / loss - net	(3,943)	(12,027)
Bank and other charges	48,128	15,533
	52,398	9,539

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

	2017	2016
29. Taxation		
Current - for the year - note 29.1	395,457	348,017
- for prior year - note 29.3	68,222	-
Deferred	463,679	348,017
	18,910	(201,438)
	482,589	146,579

29.1 Current taxation expense consist of minimum tax charged under Section 113 of the Income Tax Ordinance, 2001 and tax under Final Tax Regime (FTR).

	2017	2016
29.2 Reconciliation of income tax expense for the year		
Profit before taxation	894,885	470,410
Applicable tax rate	30%	31%
Tax calculated at the applicable tax rate	268,466	145,827
Tax effect of :		
- permanent differences	479	41
- income chargeable to tax under FTR basis	15,580	7,617
- prior year tax charge	68,222	-
- reversal of deferred tax on minimum tax	157,966	-
- change in tax rate	-	(4,625)
- others	(28,124)	(2,281)
	482,589	146,579

29.3 Included herein super tax of Rs 36.6 million imposed for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 through Finance Act, 2017.

29.4 Through Finance Act, 2017, Section 5A of the Income Tax Ordinance, 2001 (the Ordinance) has been amended, and accordingly the Company is now obligated to pay tax at the rate of 7.5 percent on its accounting profit before tax if it derives profit for a tax year but does not distribute at least 40 percent of its after tax profits within six months of the end of the tax year, through cash or bonus shares. In this regard, the Company has obtained stay order against levy of tax on undistributed profit for the year 2016.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

	2017	2016
30. Cash generated from operations		
Profit before taxation	894,885	470,410
Adjustments for non cash charges and other items:		
Depreciation and amortisation	649,689	1,215,527
Obsolete stores and spare parts		
- provision	1,910	-
- write off	-	86
Other receivables written off	70	423
Property, plant and equipment written off	455	(2,935)
Provision for retirement benefit obligations	24,280	21,028
Finance costs	64,667	21,566
Interest accrued on short-term fixed deposits	(235,683)	(140,513)
Infrastructure cess	181,886	160,218
Gas infrastructure development cess	483,845	520,573
	1,171,119	1,795,973
	2,066,004	2,266,383
Effect on cashflows due to working capital changes		
(Increase) / decrease in current assets		
Stores and spare parts	83,926	31,909
Stock-in-trade	(218,800)	91,954
Trade debts	(925,775)	(113,746)
Loans and advances	(4,578)	1,519
Trade deposits and short-term prepayments	(24,429)	11,523
Other receivables and tax refunds due from government	(21,927)	158,443
	(1,111,583)	181,602
Increase / (decrease) in trade and other payables	1,903,488	(721,728)
Cash generated from operations	2,857,909	1,726,257
31. Earnings per share - basic and diluted		
Profit after taxation	412,296	323,831
	Number of shares	
Weighted average ordinary shares in issue during the year	1,514,207,208	1,514,207,208
	Rupees	
Earnings / (loss) per share	0.27	0.21

There is no dilutive effect on the basic earnings per share of the Company.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

32. Remuneration of chief executive, directors and executives

The aggregate amounts charged in these financial statements for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company were as follows:

	Chief Executive		Executive Director		Executives	
	2017	2016	2017	2016	2017	2016
Managerial remuneration	15,656	14,121	9,817	10,521	237,531	216,078
Retirement benefits	3,048	2,506	-	-	62,478	51,484
Group insurance	65	58	7	7	1,438	1,272
Rent and house maintenance	11	10	2,253	2,042	82,780	72,699
Utilities	-	-	-	-	18,042	15,487
Medical expenses	160	132	-	3	19,523	17,512
	18,940	16,827	12,077	12,573	421,792	374,532
Number of persons	1	1	1	1	153	151

32.1 In addition to the above, amount charged in these financial statements for remuneration and fee to the non-executive directors, were Rs Nil (2016: Rs Nil) and Rs 0.015 million (2016: Rs 0.060 million) respectively.

32.2 An amount of Rs 89.40 million (2016: Rs 71.86 million) on account of variable pay has been recognised in these financial statements. This amount is payable in 2018 after verification of target achievements.

Out of variable pay recognised for 2016 and 2015, following payments were made:

	Paid in 2017 relating to 2016	Paid in 2016 relating to 2015
Chief Executive	3,862	2,418
Executives	69,287	42,303
Other employees	5,360	4,105
	78,509	48,826

32.3 The Chief Executive, Executive Director and certain Executives are provided with free use of Company maintained cars in accordance with their entitlements.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

33. Transactions with related parties

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

Relationship	Nature of Transactions	2017	2016
Parent company	Purchase of services	2,813	-
	Amount payable	2,813	-
Associates	Purchase of goods	-	6,194
	Purchase of services	151	387
	Amount payable	-	387
Key management personnel	Salaries and other short term benefits	51,076	53,470
	Post employment benefit	10,229	7,862
Others	Payment to retirement benefit funds	71,534	61,073

34. Capacity and production / generation

	Annual name plate capacity		Actual production / generation	
	2017	2016	2017	2016
Pure Terephthalic Acid - in metric tonnes - note 34.1	506,750	506,750	467,014	503,986
Electricity - in thousands of Kw - note 34.2	421,356	421,356	210,215	229,925

34.1 The current production is based on 90% plant availability.

34.2 Actual generation of electricity is as per the requirement of the Company.

35. Financial instruments and related disclosures

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency, interest rate and other price risks). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

35.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Financial assets and liabilities by category and their respective maturities

	Interest bearing			Non-Interest bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
Financial assets							
Loans and receivables							
Loans and advances	-	-	-	27,292	74,539	101,831	101,831
Deposits	-	24,272	24,272	1,764	16,102	17,866	42,138
Trade debts	-	-	-	2,817,600	-	2,817,600	2,817,600
Interest accrued on short-term fixed deposits	-	-	-	15,236	-	15,236	15,236
Other receivables	-	-	-	20,054	-	20,054	20,054
Cash and bank balances	5,026,900	-	5,026,900	16,288	-	16,288	5,043,188
December 31, 2017	5,026,900	24,272	5,051,172	2,898,234	90,641	2,988,875	8,040,047
December 31, 2016	3,300,000	24,272	3,324,272	1,963,132	86,348	2,049,480	5,373,752
Financial liabilities							
At amortised cost							
Trade and other payables	-	-	-	9,527,446	-	9,527,446	9,527,446
Accrued interest	-	-	-	168,159	-	168,159	168,159
December 31, 2017	-	-	-	9,695,605	-	9,695,605	9,695,605
December 31, 2016	-	-	-	7,140,154	-	7,140,154	7,140,154
On balance sheet date gap							
December 31, 2017	5,026,900	24,272	5,051,172	(6,797,371)	90,641	(6,706,730)	(1,655,558)
December 31, 2016	3,300,000	24,272	3,324,272	(5,177,022)	86,348	(5,090,674)	(1,766,402)
OFF BALANCE SHEET ITEMS							
						2017	2016
Letter of credits / guarantees						1,247,685	1,912,278
Operating lease and ijarah contracts liability						54,408	601,198

The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

35.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and deposits with banks.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To reduce exposure to credit risk, substantially all the sales are made against letters of credit. Approximately 36 percent (2016: 40 percent) of the Company's revenue is attributable to sales transactions with a single customer. However, geographically there is no concentration of credit risk.

The Board has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available. The customers associated with the Company for four years have contributed more than 90% of the revenue and losses have occurred infrequently.

The maximum exposure to credit risk as at 31 December was:

	2017	2016
Financial assets		
Loans and advances - notes 5 and 11	101,831	92,960
Deposits - notes 6 and 12	42,138	42,008
Trade debts	2,817,600	1,891,825
Interest accrued on short-term fixed deposits	15,236	7,280
Other receivables - note 13	20,054	20,429
Bank balances - note 15	5,041,419	3,314,720
	8,038,278	5,369,222
Secured	2,817,600	1,891,825
Unsecured	5,220,678	3,477,397
	8,038,278	5,369,222
Not past due	8,038,278	5,369,222

The maximum exposure to credit risk for trade debts as at 31 December by geographic region was:

Domestic	2,817,600	1,891,825
----------	-----------	-----------

The Company has placed its funds with banks which are rated AA or above by PACRA / JCR VIS.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

35.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the maturity date.

	31 December					
	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-3 years	3-5 years
Financial liabilities						
Trade and other payables	9,527,446	9,527,446	9,527,446	-	-	-
Accrued interest	168,159	168,159	168,159	-	-	-
Off balance sheet						
Operating lease and Ijarah contracts liability	-	54,408	16,294	14,247	13,495	10,372
2017	9,695,605	9,750,013	9,711,899	14,247	13,495	10,372
2016	7,140,154	7,741,352	7,709,145	11,355	9,312	11,540

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The Company manages liquidity risk by maintaining sufficient cash in bank accounts. At 31 December 2017, the Company had financial assets of Rs 8.04 billion (2016: Rs 5.37 billion), which include Rs 5.04 billion (2016: Rs 3.31 billion) of cash placed in bank accounts.

As at balance sheet date, the facilities amounting to Rs 2.28 billion (2016: Rs 2.18 billion) for running finance available from various banks remain unutilised. These facilities carry mark-up at rates ranging from 1 month KIBOR plus 1.0 percent per annum to 3 months KIBOR plus 1.75 percent per annum and are secured by joint pari-passu hypothecation charge over all the present and future stock and book debts of the Company.

As at balance sheet date, the foreign currency import and export finance facilities available from a local bank amounting to USD 27.1 million (2016: USD 28.6 million) remain unutilised. These facilities are available at interest rates to be negotiated at the time of booking and are secured against trust receipts and / or joint pari-passu hypothecation charge over all the present and future stock and book debts of the Company.

35.4 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market price. Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

35.4.1 Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions based on currencies other than Pakistani Rupees. The Company is exposed to currency risk on receivables, payables and borrowings that are in a currency other than Pakistani Rupees.

The currency exposure in Pakistani Rupees at the year end was as follows:

	2017			2016		
	GBP	Euro	US\$	GBP	Euro	US\$
	----- Equivalent Rs '000 -----					
Financial liabilities						
Trade payables	(3,013)	(684)	(4,340,682)	(839)	(7,946)	(2,710,105)
Operating lease liability (off balance sheet)	-	-	-	-	-	(553,950)

Significant exchange rates applied during the year were as follows:

	Average rate for the year		Spot rate as at 31 December	
	2017	2016	2017	2016
	Rupees		Rupees	
US Dollar	105.9	105.0	110.7	105.1
Great Britain Pound Sterling	137.4	141.4	149.0	129.1
Euro	120.3	115.9	132.3	110.7

Sensitivity analysis

Every 1% increase or decrease in exchange rate, with all other variables held constant, will decrease or increase loss before tax for the year by Rs 43.44 million (2016: Rs 27.19 million).

35.4.2 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at the balance sheet date, the Company is not exposed to change in floating interest rate on any of its assets and liabilities.

35.4.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investments securities. As at balance sheet date, the Company is not exposed to other price risk.

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

36. Capital risk management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal structure to reduce the cost of capital. The Company has no debt as at 31 December 2017.

37. Information about operating segment

For management purposes, the activities of the Company are organised into one operating segment i.e. manufacture and sale of chemicals. The Company operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure and internal financial reporting systems. The operating interests of the Company are confined to Pakistan in terms of production / generation capacity. Accordingly, the information and figures reported in these financial statements are related to the Company's only reportable segment in Pakistan.

The geographical breakup of the Company's gross turnover is disclosed in note 22 to these financial statements.

The revenue information is based on the location of the customer. The details of customers with whom the revenue from sales transactions amount to 10% or more of the Company's overall revenue related to manufactured and sale of chemicals are disclosed in note 22 to these financial statements.

Non-current assets of the Company are confined within Pakistan and consist of property, plant and equipment, intangible asset, long-term loans, advances and deposits.

38. Subsequent events

The Board of Directors of the Company in their meeting held on 02 February 2018 have recommended cash dividend @ 2 percent amounting to Rs. 302.84 million on the existing paid-up value of the ordinary share capital for approval of the shareholders in the annual general meeting to be held on 20 April 2018.

39. Provident fund related disclosures

The following information is based on the financial statements of the Fund:

	2017 (Un-audited)	2016 (Audited)
Size of the fund - total assets	404,466	404,407
Cost of investments made	314,163	324,690
Percentage of investments made	99.8%	93.8%
Fair value of investments	403,513	378,729

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2017

Amounts in Rs '000

The break-up of fair value of investments is as follows:

	2017 (Un-audited) Percentage	2016 (Audited) Percentage	2017 (Un-audited) Rupees ' 000	2016 (Audited) Rupees ' 000
Shares in listed companies	18.3%	20.8%	73,861	78,891
Bank deposits	9.8%	2.3%	39,619	8,616
Government securities	71.9%	76.9%	290,033	291,222
	<u>100%</u>	<u>100%</u>	<u>403,513</u>	<u>378,729</u>

The investments out of provident fund have been made in accordance with the provisions of Section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for this purpose.

	2017	2016
40. Number of employees		
Number of employees at 31 December	231	240
Average number of employees during the year	235	238

41. General

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

42. Date of authorisation

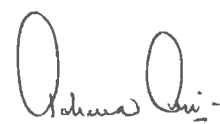
These financial statements were authorised for issue in the Board of Directors meeting held on 02 February 2018.



Jung Neon Kim
Chairman



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

This page is left blank intentionally

Originality

We quickly respond to changes, cooperate with other fields without boundaries, and implement innovation to develop originality inimitable by anyone.

Others

Glossary	148
Notice of Meeting	149
ڈائریکٹرز کا جائزہ	156
Electronic Credit Bank Mandate Form	157
Form of Proxy (پراکسی فارم)	



Glossary / List of Abbreviations

AGM	Annual General Meeting
ATIR	Appellate Tribunal Inland Revenue
ATL	Active Tax Payer List
BAC	Board Audit Committee
BCM	Business Continuity Manager
BCP	Business Continuity Planning
Board	Board of Directors
CCG	Code of Corporate Governance
CDC	Central Depository Company of Pakistan
CE	Chief Executive
CFO	Chief Financial Officer
CIR	Commissioner Inland Revenue
The Company	Lotte Chemical Pakistan Limited
CBA	Collective Bargaining Agent
CSR	Corporate Social Responsibility
DCIR	Deputy Commissioner Inland Revenue
EFP	Employees' Federation of Pakistan
EPS	Earning Per Share
FBR	Federal Board of Revenue
FPAP	Fire Protection Association of Pakistan
FTO	Federal Tax Ombudsman
FTR	Final Tax Regime
GIDC	Gas Infrastructure Development Cess
HR	Human Resource
HSE	Health, Safety and Environment
IAS	International Accounting Standards
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFAC	International Federation of Accountants
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IPT	Invista Performance Technologies
ISO	International Organisation for Standardization
ITAT	Income Tax Appellate Tribunal
IT	Information Technology
KIBOR	Karachi Interbank Offer Rate
KT	Kilo Ton
LTC	Lost Time Case
MT	Metric Ton
NBV	Net Book Value
NEPRA	National Electric Power Regulatory Authority
NFEH	National Forum for Environment and Health
OHSAS	Occupational Health and Safety Assessment System
OPEC	Organisation of the Petroleum Exporting Countries
PACRA	Pakistan Credit Rating Agency
PET	Polyethylene Terephthalate
PFY	Polyester Filament Yarn
PICG	Pakistan Institute of Corporate Governance
PSF	Polyester Staple Fibre
PSX	Pakistan Stock Exchange
PTA	Pure Terephthalic Acid
PX	Paraxylene
Rs.	Rupees
SECP	Securities and Exchange Commission of Pakistan
SOX	Sarbanes-Oxley Act
SSGC	Sui Southern Gas Company Limited
US\$	United States Dollar
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund
WTI	West Texas Intermediate, also known as Texas light sweet, is a grade of crude oil used as a benchmark in oil pricing

Notice of Meeting

Notice is hereby given that the 20th Annual General Meeting of Lotte Chemical Pakistan Limited will be held on Friday, 20 April 2018 at 11:00 a.m. at the Institute of Chartered Accountants of Pakistan (ICAP) auditorium, Chartered Accountants Avenue, Clifton, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Company's audited financial statements together with the Directors' and Auditors' reports for the year ended 31 December 2017.
2. To consider and approve, a final cash dividend @ 2% i.e Rs 0.20 per ordinary share of Rs 10 each of the Company for the year ended 31 December 2017, as recommended by the Directors of the Company.
3. To appoint the Auditors of the Company for the year ending 31 December 2018 and to fix their remuneration.

By Order of the Board

29 March 2018
Karachi

Faisal Abid
Company Secretary

Notes:

1. The Share Transfer books of the Company will be closed from Wednesday, 11 April 2018 to Friday, 20 April 2018 (both days inclusive). Transfers received in order at the office of Company's Share Registrar, Famco Associates (Pvt) Ltd, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi, by the close of business on 10 April 2018, will be treated in time for the purpose of attending the Annual General Meeting and entitlement of dividend.
2. A member of the Company entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of the holding of the Meeting. Proxy Form may also be downloaded from the Company's website: www.lottechem.pk

CDC Account Holders will have to follow further undermentioned guidelines as laid down in Circular 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.

- a) For Attending the Meeting:
 - i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulation, shall authenticate his / her identity by showing his / her original Computerised National Identity Card (CNIC) or original passport at the time of attending the Meeting.
 - ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
- b) For Appointing Proxies:
 - i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv. The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
 - v. In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy to the Company.

3. **Payment of Cash Dividend through electronic mode.** In accordance with the provisions of section 242 of the Companies Act, 2017 and Companies (Distribution of Dividend) Regulations, 2017, it is **mandatory** for a listed company to pay cash dividend to its shareholder only through electronic mode directly into the bank account designated by the entitled shareholder. Accordingly, shareholders are requested to fill in "Electronic Credit Mandate Form" available on Company's website and send it duly signed along with a copy of valid CNIC/NTN to their respective CDC participant / CDC Investor account services (in case of shareholding in Book Entry Form) or to the Company's Share Registrar M/s. Famco Associates (Pvt) Ltd (in case of shareholding in Physical Form).

In case of non-receipt of valid CNIC/NTN and complete and valid details of designated bank account of entitled shareholder, the Company will be constrained to withhold payment of dividend under the Companies (Distribution of Dividends) Regulations, 2017.

4. **Zakat Declaration (CZ-50).** Zakat will be deducted from the dividend at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority. To claim exemption, shareholders are requested to submit notarized copy of Zakat Declarations on duly filled in 'CZ-50 Form' to their respective brokers or CDC Pakistan Limited (in case the shares are held in CDS-Sub Account or CDC Investor Account) or to Company's Share Registrar, M/s. Famco Associates (Pvt) Ltd.
5. **Withholding Tax on Dividend.** Pursuant to the Finance Act, 2017, effective July 01, 2017, the rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from payment of dividend have been revised as 15% for Filer and 20% for Non-filer of income tax returns.

To enable the Company to make tax deduction on the amount of cash dividend @15% instead of 20% all the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of the Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

Further, according to clarification received from FBR, withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal Shareholder as well as Joint-holder(s) based on their shareholding proportions in case of joint accounts. In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to Company's Share Registrar, in writing as follows.

Folio/CDC Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding proportion (No. of Shares)

Shareholders are advised to ensure that they have provided their CNIC/NTN to their respective Participant/CDC Investor Account Services (if shareholding in Book Entry Form) or Company Share Registrar (if shareholding in Physical Form) for checking the tax status as per the ATL issued by FBR from time to time.

6. **Transmission of Annual Financial Statements through email.** Pursuant to notification vide SRO. 787(I)/2014 dated 8 September 2014, the SECP has allowed the circulation of Audited Financial Statements and notice of AGM to the shareholders via email. Members who wish to avail this facility can communicate their email addresses to the Company Secretary and/or Share Registrar on the Standard Request form available on the company's website.
7. **Video Conference Facility.** If the Company receives consent from the members holding at least 10% shareholding residing in a city, to participate in the meeting through video-link at least 7 days prior to date of the meeting, the Company shall arrange facility of video-link in the city subject to availability of such facility in that city. In this regard, members are requested to submit duly filled in "Video Conference Facility Consent Form" available on Company's website to the registered address of the Company.
8. Audited accounts of the Company for the year ended 31 December 2017 have been provided on the Company website.

پوسٹ بیلنس شیٹ واقعات

بورڈ نے سال 2017 کے لیے 0.20 روپے فی شیئر کے حساب سے حتمی نقد منافع منقسمہ دینے کا اعلان کیا ہے (2016: کوئی نہیں) ادا یگی 20 اپریل 2018 کو ہونے والے سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔

بیرونی آڈیٹرز

کمپنی کے موجودہ آڈیٹرز میسرز EY فورڈر ہوڈز، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو رہے ہیں اور قابلیت کی بنیاد پر خود کو دوبارہ انتخاب کے لئے پیش کیا ہے۔ بورڈ نے ریٹائر ہونے والے آڈیٹرز کو 31 دسمبر 2018 کو ختم ہونے والے سال کے لئے دوبارہ منتخب کرنے کی تجویز دی ہے، جس کی منظوری آنے والے سالانہ اجلاس عام میں شیئر ہولڈرز سے لی جائے گی۔

اظہار تشکر

ہم اپنے شیئر ہولڈرز، کسٹمرز، سپلائرز اور ملازمین کا ان کے مستقل تعاون اور اعتماد پر اظہار تشکر کے طور پر شکریہ ادا کرتے ہیں۔



حمیرا جاز
چیف ایگزیکٹو



جنگ نیون کم
چیرمین

بتاریخ: 2 فروری 2018

کراچی

☆ مالیاتی گوشواروں کی تیاری پاکستان میں لاگو انٹرنیشنل فنانشل رپورٹنگ کے معیار کے مطابق کی گئی ہے اور اس سے کسی طرح کے انحراف کو باقاعدہ واضح کیا گیا ہے۔

☆ انٹرنل کنٹرول کا سسٹم بہترین ہے اور اس پر بہترین انداز میں عمل درآمد اور نگرانی کی جاتی ہے۔

☆ کمپنی کے استحکام اور آگے بڑھنے کی صلاحیت پر کسی بھی شک و شبہ کی کوئی گنجائش نہیں۔

☆ پاکستان اسٹاک ایکسچینج کے ریگولیشنز میں مفصل کارپوریٹ گورننس پر بہترین انداز میں عمل درآمد سے کسی طرح کا بھی انحراف دیکھنے میں نہیں آیا۔

اہم اختتامی و مالیاتی ڈیٹا

انتظام اور مالیات کی تفصیل سے متعلق کمپنی کی گزشتہ 6 سال کی اہم معلومات سالانہ رپورٹ کے صفحہ نمبر 93 پر درج کی گئی ہے۔

ریٹائرمنٹ فونڈ میں سرمایہ کاری

ملازمین کے ریٹائرمنٹ فونڈ سے متعلق سرمایہ کاریوں کے آڈٹ شدہ مالیاتی گوشوارے 31 دسمبر 2016 کو ختم شدہ سال کی تفصیل درج ذیل ہے:

قدر (000 روپے)	
403,977	Lotte کیمیکل پاکستان منجمنٹ اسٹاف پراویڈنٹ فنڈ
213,018	Lotte کیمیکل پاکستان منجمنٹ اسٹاف گریجویٹ فنڈ
306,655	Lotte کیمیکل پاکستان منجمنٹ اسٹاف ڈیفائنڈڈ کنٹری بیوشن سپرائیویشن فنڈ
7,780	Lotte کیمیکل پاکستان نان منجمنٹ اسٹاف پراویڈنٹ فنڈ
5,072	Lotte کیمیکل پاکستان نان منجمنٹ اسٹاف گریجویٹ فنڈ

پیٹرن آف شیئر ہولڈنگ

کمپنی میں پیٹرن آف شیئر ہولڈنگ سے متعلق اسٹیٹمنٹ برائے 31 دسمبر 2017، سالانہ رپورٹ کے صفحہ نمبر 22 پر دیا گیا ہے۔

کمپنی کے شیئرز میں کاروبار

کمپنی کے شیئرز میں ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ہیڈ آف انٹرنل آڈٹ اور ان کے شریک حیات اور بچوں نے کوئی لین دین نہیں کی۔

ہولڈنگ کمپنی

Lotte کیمیکل کارپوریشن، ساؤتھ کوریا، Lotte کیمیکل پاکستان لمیٹڈ میں 75.01 فیصد شیئرز کی مالک ہے۔

آپ کی کمپنی ملازمین کی قدر کو پہچانتی ہے اور ٹیم ورک، جدت، تبادلہ خیال کی آزادی، ہمت افزائی اور اعتماد کے ماحول کو فروغ دے کر ان کے کاموں کی حوصلہ افزائی کرتی ہے۔ Lotte کیمیکل پاکستان لمیٹڈ اس بات پر مضبوط یقین رکھتی ہے کہ مصروف عمل ملازمین زیادہ فائدہ مند، قناعت پسند اور جذباتی طور پر امور میں جڑے ہوتے ہیں اور کمپنی کی کامیابی میں مزید آگے بڑھنے کی کوشش میں لگن رکھتے ہیں۔

Lotte کیمیکل کو اس بات کا بھرپور ادراک ہے کہ کمپنی کی مارکیٹ پوزیشن کو برقرار رکھنے کے لیے تمام امور میں صلاحیت یافتہ افراد کو برقرار رکھتے ہوئے ان کی صلاحیتوں میں نکھار لانے کے اقدامات ناگزیر ہیں۔ اپنی ہیومن کیپٹل اسٹریٹیجی کے تحت کمپنی ملازمت کے یکساں مواقع فراہم کرتی ہے۔ جبکہ ہم موجودہ لیبر قوانین پر عمل درآمد کرتے ہیں، ہم انڈسٹریل ریلیشن میں بہترین تجربات کی پیروی کرتے ہیں اور صلاحیتوں کی بہتری اور احتسابی عمل پر توجہ دینے کے ساتھ اپنے کسٹمرز کو خدمات کی بہتر فراہمی اور انتظامی امور میں مستقل ترقی کو جاری رکھا ہے۔

دی ایسیلائیز فیڈریشن آف پاکستان نے ملٹی نیشنل کمپنیز کی کیلگری میں بہترین ماحول کے قیام کو سراہتے ہوئے کمپنی کو بیسٹ آرگنائزیشن کے ممتاز ایوارڈ سے نوازا۔ مزید برآں کمپنی نے ہیومن ریسورسز اور انڈسٹریل ریلیشن میں بہترین تجربات کی پیروی کرنے پر مزید 2 ایوارڈ حاصل کئے۔

ہیومن ریسورسز کی کارکردگی اور بہتری سے متعلق تفصیلی رپورٹ برائے سال 2017 کے لئے سالانہ رپورٹ کا صفحہ نمبر 62 ملاحظہ کریں۔

مستقبل پر نظر

جولائی 2017 سے خام تیل کی قیمتوں میں تیزی دیکھنے میں آرہی ہے اور امکان ہے کہ آنے والے کچھ مہینوں میں مارکیٹ میں استحکام آئے گا۔ مشرق وسطیٰ میں سیاسی عدم استحکام، عالمی طور پر طلب میں اضافہ، امریکہ میں پیداواری اضافہ، شیل گیس گس میں اضافے کا شدید خطرہ اور ادویک اور نان ادویک ملکوں کے درمیان پیداواری کمی کے معاہدے سے نکل جانے والوں مستقل ایسے خطرات ہیں جن کے باعث 2018 میں خام تیل میں مداخلت جاری رہے گی۔

آنے والے سال میں علاقے میں PX کی سپلائی کا توازن متوقع طور پر متوازن رہے گا اور آپریٹنگ ریٹس 90 فیصد تک بڑھ جانے کا امکان ہے۔ حالانکہ 2018 میں 2.8 بلین ٹن کی صلاحیت کا اضافہ ہوگا، اس کے باوجود PTA انڈسٹری کی بھرپور طلب کی بدولت PX مارکیٹ کو سہارا دے گی۔ 2017 کی آخری سہ ماہی کے دوران چین میں PTA کی پیداواری صلاحیت میں 5 بلین ٹن سے زائد کا اضافہ اور بھارت میں 2018 میں ہونے والے اضافے (1.2 بلین ٹن) سے علاقے میں PTA کی سپلائی بڑھ جائے گی۔ ایسی صورتحال میں مارکیٹ کے سرکردہ آپریٹنگ ریٹس اور گنجانٹس میں مناسب اقدامات سے طلب اور رسد کے توازن کو برقرار رکھنے کی کوشش کریں گے اور پرانے پلانٹس کی بندش کی بھی کوشش کی جائے گی۔ مزید برآں چین میں ماحولیاتی ضوابط پر عمل درآمد میں سختی سے PTA انڈسٹری کی بہبود اور پولیمر کی طلب میں اہم کردار ادا کریں گے۔

مقامی مارکیٹ سے طلب کے بڑھ جانے کا امکان ہے اور اپنی اور ہالنگ کے پیش نظر آئندہ سال پیداوار میں اضافہ کی پیش گوئی کرتے ہیں۔ کمپنی کے الیکٹرک کوڈ انڈیکس کی فروخت کی کوششوں کو جاری رکھے ہوئے ہے اور 2018 کی پہلی سہ ماہی میں فراہمی کی امید ہے۔

کوڈ آف کارپوریٹ گورننس پر عمل درآمد

کوڈ آف کارپوریٹ گورننس پر عمل درآمد کے تحت مطلوب، ڈائریکٹرز درج ذیل امور بیان کرتے ہوئے ہمسرت ہیں:

☆ انتظامیہ کی جانب سے تیار کردہ کمپنی کے مالیاتی گوشوارے، کمپنی کے معاملات، آپریشن کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کی شفاف صورتحال پیش کر رہے ہیں۔

☆ کمپنی کی جانب سے باقاعدہ طور پر اکاؤنٹس کی بکس برقرار رکھی گئی ہیں۔

☆ مالیاتی گوشواروں اور اکاؤنٹنگ تخمینے کی تیاری مناسب اور محتاط انداز کی بنیاد پر متعلقہ اکاؤنٹنگ پالیسیوں کے تحت کی گئی ہے۔

کمپنی نے پلانٹ کی صلاحیت میں اضافے اور مستقل و پائیدار آپریشن کو یقینی بنانے کے لئے اپنی پروڈکشن صلاحیت میں سرمایہ کاریاں جاری رکھیں۔

ہیلتھ، سیفٹی اینڈ انوائرنمنٹ (HSE)

کمپنی اپنے اور کنٹریکٹرز اسٹاف کی حفاظت سے متعلق تحفظ کی اعلیٰ اقدار پر عمل درآمد جاری رکھے ہوئے ہے۔ کمپنی اس بات کو بھی یقینی بناتی ہے کہ اپنے نظریہ کے تحت تحفظ بھرے کام کا ماحول فراہم کرتی رہے۔ یہی وجہ ہے کہ گزشتہ 19 برسوں پر محیط کمپنی آپریشنز میں کوئی بھی حادثہ پیش نہیں آیا۔ ڈائریکٹرز یہ بتاتے ہوئے فخر محسوس کر رہے ہیں کہ آپ کی کمپنی نے 31 دسمبر 2017 کو 54 ملین مین آؤرز کی تکمیل کا سنگ میل عبور کیا ہے کہ اس دوران کمپنی کا اپنا ملازم یا کنٹریکٹر اسٹاف کسی طرح کے حادثے کا شکار نہیں ہوا۔ یہ بے مثال ریکارڈ کسی بھی عالمی معیار پر پورا اترنے کا واضح ثبوت ہے۔

آپ کی کمپنی اپنے ملازمین کی تربیت اور صلاحیتوں میں نکھار لانے کے لیے مناسب ماحول فراہم کرنے پر یقین رکھتی ہے اور ہر وقت تحفظ کو یقینی بنانے کے لیے جدید ساز و سامان اور ٹیکنیک پر بھرپور سرمایہ کاری جاری رکھتی ہے۔ دوران سال قوانین اور معیار پر عمل درآمد کی تصدیق کے لئے کئی طرح کے اندرونی اور بیرونی آڈٹ ہوئے، جن میں کسی طرح کی بھی قابل ذکر خلاف ورزی سامنے نہیں آئی۔ مزید برآں کمپنی نے گندے پانی کے اخراج کے حوالے سے نیشنل انوائرنمنٹ کوالٹی اسٹینڈرڈز پر عمل جاری رکھا اور کیسوں کا اخراج بھی قوانین کی حدود کے اندر تھا۔

HSE میں ایسی مثالی کارکردگی کی ستائش کے طور پر نیشنل فورم فار انوائرنمنٹ اینڈ ہیلتھ (NFEH) نے کمپنی کو انوائرنمنٹل ایکسی لینس ایوارڈ سے نوازا اور ایمپلائئی فیڈریشن آف پاکستان (EFP) نے کمپنی کو بیسٹ ٹری پلانٹیشن ایوارڈ بخشا۔

2017 میں HSE کارکردگی اور ڈیولپمنٹ سے متعلق تفصیلی رپورٹ سالانہ رپورٹ کے صفحہ نمبر 78 پر ملاحظہ کریں۔

پرافٹ، فنانس اور ٹیکسیشن

2016	2017	(روپے ملین میں)
34,785	37,034	آمدنی
705	1,198	مجموعی منافع
470	895	منافع/قبل از ٹیکس
324	412	منافع/بعد از ٹیکس
0.21	0.27	ہر ایک شیئر پر منافع (روپے میں)

سال کی آمدنی 37,034 ملین روپے رہی جو گزشتہ سال کے 34,785 ملین روپے کے مقابلے میں 6 فیصد زائد ہے کیونکہ اس سال فی ٹن PTA کی قیمت زائد رہی۔ زائد قیمت کے ساتھ PTA کے PX پر بہتر منافع کی بدولت اس سال کا مجموعی منافع 1,198 ملین روپے رہا جو گزشتہ سال کے اسی عرصہ کے دوران 705 ملین روپے تھا۔

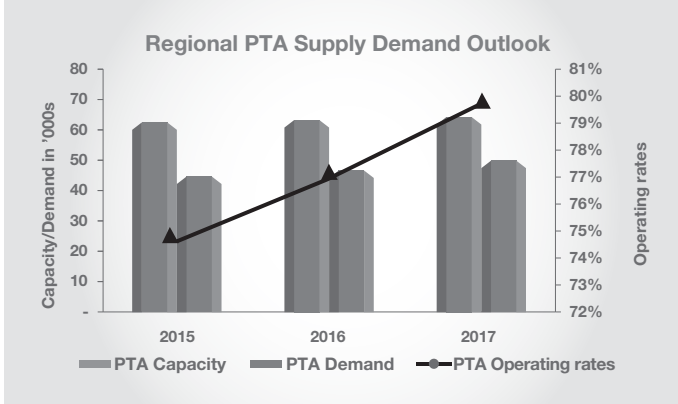
ڈسٹری بیوٹن اور فروخت کے اخراجات گزشتہ سال کے مقابلے میں زائد رہے جس میں خاص طور پر ایکسپورٹ سیلز پر آؤٹ ورڈ فریٹ اور ہینڈلنگ چارجز کمپنی نے برداشت کئے۔ مجموعی طور پر مہنگائی کے سبب انتظامی اخراجات گزشتہ سال کے مقابلے میں 6 فیصد زائد رہے۔ کمپنی کے دیگر اخراجات میں آپریٹنگ پرافٹ سے ورکرز پرافٹ پارٹنشیپ فونڈ کے اجراء کی بدولت گزشتہ سال کے مقابلے میں اضافہ ہوا۔ دوران سال دیگر آمدنی بھی گزشتہ سال کے مقابلے میں زائد رہی کیونکہ اوسط کیش سرپلس کی سطح بڑھنے سے بینک ڈپازٹ پر آمدنی زائد ہوئی۔

نتیجتاً، آپ کی کمپنی نے 31 دسمبر 2017 کو ختم شدہ سال کے لئے قبل از ٹیکس 895 ملین روپے کا منافع کمایا جو گزشتہ سال 470 ملین روپے قبل از ٹیکس منافع تھا۔

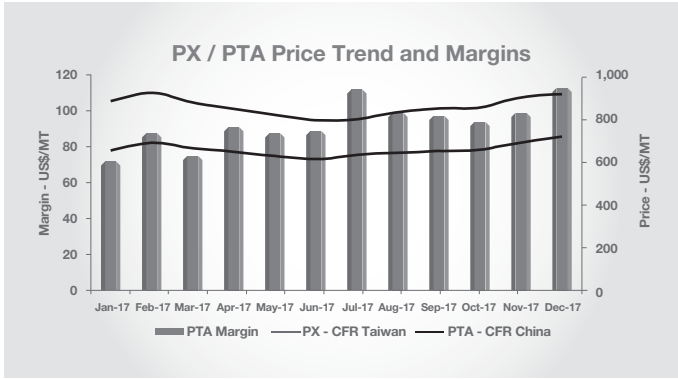
31 دسمبر 2017 کو ختم شدہ سال کے لئے ٹیکسیشن چارج، آگم ٹیکس آرڈیننس 2001 کے سیکشن 113 اور فائل ٹیکس رجیم (FTR) کے تحت کم از کم ٹیکس پر مشتمل ہے کیونکہ زیر التوا ٹیکس اکاؤنٹ میں ایڈجسٹ کیا گیا ہے۔

اس سال کمپنی کا بعد از ٹیکس منافع گزشتہ سال کے اسی عرصہ کے 324 ملین روپے کے منافع کے مقابلے میں 412 ملین روپے رہا۔

PTA انڈسٹری



سال کی پہلی ششماہی کے دوران PTA مارکیٹ کی قیمتوں میں کمی کا رجحان رہا، اہم مچاپ اسٹریم قیمتوں کی کمی اور علاقائی طور پر PTA کی ہائی انویسٹری لیول تھا۔ اس کے ساتھ نئے قمری سال کی چھٹیوں سے پہلے تک ڈاؤن اسٹریم پولیمر آپریشن بھی بڑھتی ہوئی رسد کے حوالے سے سہارا بننے میں ناکام رہے۔ تیسری سد ماہی کے دوران PTA کی مارکیٹ میں ڈاؤن اسٹریم انڈسٹری سے طلب بڑھنے کے سبب مثبت رجحان دیکھنے میں آیا۔ ڈاؤن اسٹریم IPSF اور PET انڈسٹری میں پیداواری اضافہ مختلف بریک ڈاؤن اور چین کے میگا ٹن PTA پلانٹس کی مرمتی حوالے سے بندش کے ساتھ چین میں ماحولیاتی ضوابط (چینی حکومت نے خراب پلاسٹک کی امپورٹ پر پابندی لگائی) پر عمل درآمد سے مارکیٹ میں تبدیلی کی یہ صورتحال سامنے آئی۔ نتیجتاً 2017 کے دوران PTA صنعت کا مجموعی آپریٹنگ ریٹ گزشتہ سال 77 فیصد سے بڑھ کر 80 فیصد رہا۔



اوپر مذکورہ مارکیٹ صورتحال نے PTA کی صنعت کو شدت سے مطلوب بحالی کا کام کیا اور قیمتیں تقریباً ڈھائی سال کے عرصہ کے بعد نومبر میں 700 امریکی ڈالر فی میٹرک ٹن کی حد عبور کرنے میں کامیاب ہوئیں۔ اسپاٹ مارکیٹ میں PTA کی اوسط قیمت گزشتہ سال کی اوسط قیمت 599 امریکی ڈالر فی میٹرک ٹن کے مقابلے میں 655 امریکی ڈالر فی میٹرک ٹن رہی۔ جبکہ 2017 میں صنعت کا اوسط اسپاٹ منافع (پیرازائلین کے مقابلے میں) گزشتہ سال کے 82 امریکی ڈالر فی میٹرک ٹن سے بڑھ کر 94 امریکی ڈالر فی میٹرک ٹن رہا۔

پولیمیر کی مقامی صنعت

پاکستانی صنعت کو بجلی کی فراہمی میں اضافے اور PSF پر 2017 میں بھی اینٹی ڈمپنگ ڈیوٹی کے نفاذ کی بدولت مقامی پولیمر انڈسٹری میں مثبت رجحان دیکھنے میں آیا اور مقامی پولیمر صنعت میں 9 فیصد ترقی ہوئی۔ اس بہتری میں PET سیلر کی مقامی صنعتوں کی جانب سے عالمی طریقوں سے خود کو ہم آہنگ کرنے، روایتی پیکیجنگ کی تبدیلی نے بھی اہم کردار ادا کیا جبکہ شہری طور طریقوں میں اضافے نے ایشیا صرف کی کھپت میں اضافہ کر دیا ہے۔ مزید برآں، امپورٹس پر ریگولیٹری ڈیوٹی کے نفاذ سے IPFY انڈسٹری کی طلب بڑھ گئی ہے اور بند پڑے PFY پلانٹ دوبارہ شروع ہو چکے ہیں۔

مقامی پولیمر انڈسٹری گزشتہ سال کے 77 فیصد کے مقابلے میں 81 فیصد کی اوسط شرح حاصل کرنے میں کامیاب رہی۔ پاکستان میں PTA کی مجموعی سالانہ طلب نے پہلی بار 700KT کی حد عبور کر لی ہے جبکہ 735KT کا تخمینہ لگایا جا رہا ہے۔

آپریٹنگ

بورڈر اطلاع دیتے ہوئے خوش محسوس کرتا ہے کہ ستمبر، اکتوبر 2017 کے دوران پلانٹ کی طے شدہ اور ہالنگ کامیابی کے ساتھ مکمل کی گئی۔ اس سے قبل 29 ماہ پہلے مارچ، اپریل 2015 میں پلانٹ کی اور ہالنگ کی گئی تھی۔ اور ہال کے دوران قابل ذکر امور میں PTA پلانٹ کے CTA ڈرائیور کی تبدیلی اور ہالٹ سیکشن کی تبدیلی اور کوجزیشن پلانٹ کے کمبیشن ایجنسٹری کی تبدیلی شامل ہیں۔

پلانٹ کی مرمت کے لیے دوسری ششماہی کے دوران طے شدہ اور ہال کے سبب گزشتہ سال کے مقابلے میں اس سال کی پیداوار 7 فیصد کمی کے ساتھ 467,014 ٹن تک محدود رہی۔

دوران سال سیلز کی مقدار گزشتہ سال کے مقابلے میں 2 فیصد کمی کے ساتھ 484,543 ٹن رہی، کیونکہ پروڈکٹ کی پیداوار کم تھی۔ دوران سال متحدہ عرب امارات کو 2,992 ٹن ایکسپورٹ سیلز کی گئی۔ نتیجے میں دوران سال مقامی اور ایکسپورٹ سیلز کا تناسب 99.4 فیصد رہا۔

ڈائریکٹرز کا جائزہ

برائے ختم شدہ سال 31 دسمبر 2017

کمپنی کے ڈائریکٹرز 31 دسمبر 2017 کو ختم شدہ سال کے لئے کمپنی کے آڈٹ شدہ مالیاتی گوشوارے بشمول اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

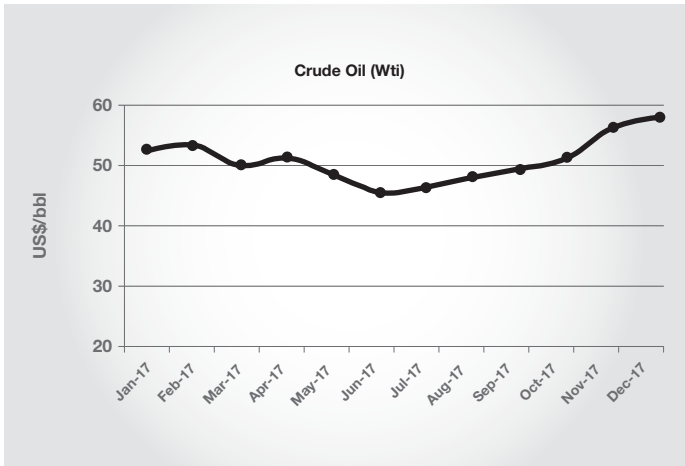
ڈائریکٹرز کا انتخاب

20 جون 2017 کو کمپنی کا غیر معمولی اجلاس عام منعقد ہوا، جس میں جناب جنگ نیون کم، جناب حمیر اعجاز، جناب ان گو پارک، مس ہائی سل جاگ، جناب سائگ ہون لی، جناب محمد قاسم خان، جناب استقبال مہدی اور جناب پرویز اختر کو 23 جون 2017 سے شروع ہونے والی مدت کے لیے کمپنی کا ڈائریکٹر منتخب کیا گیا۔

ڈائریکٹرز کے انتخاب کے بعد 23 جون 2017 سے شروع ہونے والے تین سالہ مدت کے لیے جناب جنگ نیون کم کو ایک بار پھر چیئر مین اور جناب حمیر اعجاز کو چیف ایگزیکٹو آفیسر منتخب کیا گیا۔

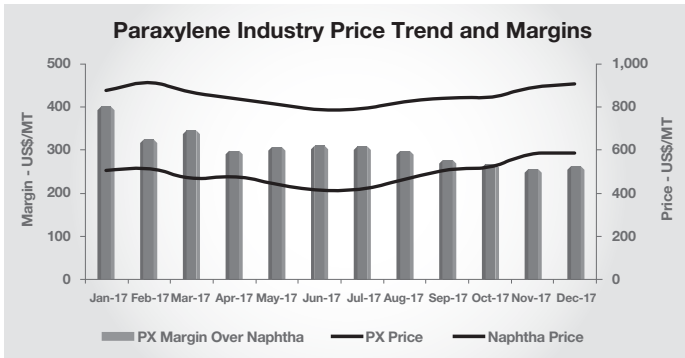
کاروباری جائزہ

خام تیل



پہلی ششماہی کے دوران خام تیل کی مارکیٹ دباؤ کا شکار رہی۔ کیونکہ امریکہ کی جانب سے رگ کی تعداد اور پروڈکشن میں اضافہ جاری رہا۔ یہاں تک کہ مشرق وسطیٰ سے سپلائی میں رکاوٹ کے باوجود گرتی ہوئی قیمتوں میں بحالی نہیں آ رہی تھی کیونکہ لیبیا، نائجیریا اور امریکہ نے اپنی پیداوار کو بڑھایا ہوا تھا۔ جون کے مہینے میں خام تیل کی قیمتیں اپنی کم ترین سطح پر یعنی 42 امریکی ڈالر فی بیرل پر پہنچ گئیں۔ سال کی دوسری ششماہی کے دوران قیمتوں میں توازن آنا شروع ہوا، مارکیٹ کی صورتحال اور عالمی واقعات نے اس کو سہارا دیا۔ عالمی طور پر طلب میں اضافہ، اوپیک اور نان اوپیک ملکوں کی جانب سے پیداوار میں کمی پر عمل درآمد سے قیمتوں میں بہتری آنا شروع ہوئی۔ امریکہ میں آنے والوں بڑے طوفانوں، مشرق وسطیٰ کے سیاسی مسائل اور سعودی عرب میں اصلاحات ایسے عوامل تھے کہ جن کے سبب قیمتوں میں بہتری آئی اور سال کے آخر تک خام تیل کی قیمتوں نے 60 ڈالر فی بیرل کی سطح بھی عبور کر لی۔ 2017 کے لیے اوسط قیمت 51 ڈالر فی بیرل رہی۔

پیرازائلین (PX) انڈسٹری



PX کی قیمتوں میں سال بھر مجموعی طور پر خام تیل کی قیمتوں کی مماثلت کا رجحان برقرار رہا۔ سال کی پہلی ششماہی کے دوران نئے قمری سال کے شروع ہونے سے پہلے کچھ بہتری واقع ہوئی کیونکہ پروڈیوسرز کی جانب سے طلب میں استحکام دیکھنے میں آیا۔ حالانکہ اپ سٹریٹجی مارکیٹس کی قوت میں کمی سے قیمتیں کمزور ہوئیں اور بھارت میں PX کی بڑی صلاحیت کے اضافے سے قیمتوں میں کمی کا رجحان دیکھا گیا۔ سال کی دوسری سہ ماہی کے دوران اپ سٹریٹجی خام تیل مارکیٹ میں تیزی دیکھنے میں آئی جس میں ڈاؤن اسٹریٹجی PTA انڈسٹری کی طلب میں بہتری آئی کیونکہ چین میں طویل عرصہ سے بند پلانٹ بھی شروع کئے گئے۔

دوران سال PX کی مجموعی مارکیٹ متوازن رہی کیونکہ علاقائی پروڈیوسرز نے 86 فیصد کی اوسط شرح برقرار رکھی۔ دوران سال Naptha پر اوسط منافع 368 امریکی ڈالر فی ٹن رہا۔

Electronic Credit Bank Mandate Form (Mandatory)

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

I / We _____ of _____ hereby authorize **Lotte Chemical Pakistan Limited** ("the Company") to directly credit cash dividend declared by it, in my Bank Account as detailed below:

Folio No. / CDC Account No.	
CNIC No. (attach copy)	
Passport No. (for foreign shareholders – attach copy)	
NTN No/Registration No. (for corporate shareholders – attach copy)	
Mobile number of shareholder	
Email address of shareholder	
Title of Bank Account (Must match with name of shareholder)	
International Bank Account Number (IBAN) – (24 digits)	
Name of Bank	
Bank branch name & mailing address	

It is stated that the above particulars given by me are correct and to the best of my knowledge and I shall keep the Company and Share Registrar informed in case of any changes in said particulars.

Signature of the Shareholder

Notes:

1. Please provide complete International Bank Account Number (IBAN) having 24 digits, after checking with your concerned branch to enable electronic credit directly into your bank account.
2. Please note that the dividend will be withheld till a valid CNIC/NTN No. and IBAN has been provided.
3. The payment of cash dividend will be processed based on the Bank Account number alone. The Company is entitled to rely on the Account number as per your instructions. The Company shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and /or due to any event beyond the control of the Company.
4. To claim exemption from deduction of Zakat, shareholders are requested to submit notarized copy of Zakat Declarations on duly filled in 'CZ-50 Form'.
5. CDC shareholders are requested to submit their Dividend Mandate and CNIC directly to their broker (participant)/CDC.

پراکسی فارم

20واں سالانہ اجلاس عام

میں / ہم _____ ساکن _____

بحیثیت ممبر Lotte کیمیکل پاکستان لمیٹڈ کے عمومی شیئرز رکھتا ہوں / رکھتی ہوں، لہذا

بذریعہ ہذا _____ ساکن _____ یا ان کی عدم موجودگی کی صورت میں

_____ ساکن _____ جو کہ Lotte کیمیکل پاکستان لمیٹڈ کے

ممبر ہیں، کو بطور پراکسی مقرر کرتا ہوں / کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے 20 ویں سالانہ اجلاس عام جو کہ 20 اپریل 2018 بروز جمعہ منعقد ہو رہا ہے میں اور اس کے کسی ملٹوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

میں / ہم بروز _____ بتاریخ _____ کو اپنے دستخط / امہر کے ساتھ اس امر کی تصدیق کرتا / کرتی ہوں / کرتے ہیں۔

مذکورہ بالا کے دستخط:

ان گواہان کی موجودگی میں: 1.

2.

مناسب قدر کی ریوینیو ممبر پر دستخط

فولیو / CDC اکاؤنٹ نمبر:

یہ دستخط کمپنی کے پاس رجسٹرڈ نمونہ دستخط کے مطابق ہونے چاہئیں۔

اہم نکات:

1. باضابطہ مکمل شدہ اور دستخط کردہ یہ پراکسی فارم کمپنی کے رجسٹرڈ آفس بمقام EZ/1/P-4، البٹرن انڈسٹریل زون، پورٹ قاسم کراچی میں اجلاس کے وقت سے 48 گھنٹے قبل پہنچ جانا چاہئے۔
2. کمپنی کا ممبر نہ ہونے کی صورت میں کسی فرد کو بطور پراکسی مقرر نہیں کیا جاسکتا، ماسوائے کارپوریشن جو ممبر کے علاوہ دوسرے فرد کو پراکسی نامزد کر سکتی ہے۔
3. کسی ممبر کی جانب سے ایک سے زیادہ پراکسی مقرر کئے جانے اور ممبر اگر کمپنی کو ایک سے زائد پراکسی انسٹرومنٹس داخل کرانے، تو وہ سب غیر موثر تصور کئے جائیں گے۔

برائے CDC اکاؤنٹ ہولڈرز / کارپوریٹ ادارے:

درج بالا کے علاوہ درج ذیل تقاضے بھی لازمی ہیں:-

- الف۔ پراکسی فارم دو افراد کی جانب سے گواہی کے ہمراہ ہونا چاہئے جن کے نام، پتے اور سی این آئی سی نمبر فارم پر درج ہوں۔
- ب۔ تینفیشل ماکان اور پراکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ساتھ پیش کرنا ہوں گی۔
- ج۔ پراکسی کو اجلاس کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ پیش کرنا ہوگا۔
- د۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع نمونہ دستخط، پراکسی فارم کے ساتھ کمپنی کو پیش کئے جائیں (اگر وہ پہلے پیش نہ کئے گئے ہوں)۔

Form of Proxy

20th Annual General Meeting

I / We _____
of _____
being member(s) of Lotte Chemical Pakistan Limited holding _____
ordinary shares hereby appoint _____
of _____ or failing him / her _____
of _____ who is / are also member (s) of Lotte Chemical Pakistan Limited
as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 20th Annual
General Meeting of the Company to be held on Friday, 20 April 2018 and at any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2018

Signed by the said _____

in the presence of 1. _____

2. _____

Folio / CDC Account No.

Signature on
Revenue Stamp of
Appropriate Value

This Signature should agree with the specimen registered with the Company

Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company at EZ/1/P-4, Eastern Industrial Zone, Port Qasim, Karachi, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he / she himself / herself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoint more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities:

In addition to the above, the following requirements have to be met:








- i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his / her original CNIC or original passport at the time of the Meeting.
- iv) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.










Be aware, Be alert, Be safe

Learn about investing at
www.jamapunji.pk

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



Jama Punji is an investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices



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