



# LOTTE CHEMICAL

PAKISTAN LTD

## 25 Years of Excellence



**REPORT FOR THE  
SIX MONTHS PERIOD ENDED  
30 JUNE 2024**

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# Company Information

As at 21 August 2024

## Board of Directors

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

## Audit Committee

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

## HR & Remuneration Committee

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

## Shares Sub Committee

Young Dae Kim	Chairman
Kyung Hoi Yoo	Member
Khurram Rashid	Member

## Executive Management Team

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

## Chief Financial Officer

Ashiq Ali

## Company Secretary

Faisal Abid

## Bankers

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

## Internal Auditors

KPMG Taseer Hadi & Co.,  
Chartered Accountants

## External Auditors

A.F. Ferguson & Co.,  
Chartered Accountants

## Legal Advisor

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

## Registered Office

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

## Shares Registrar

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

# Directors' Review

For the second quarter ended 30 June 2024

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

## BUSINESS OVERVIEW

Crude Oil (WTI) prices experienced volatility throughout Q2 as key macro-economic and political indicators kept the market wary. Initially a decline in prices was observed against reports of a potential ceasefire in Gaza, easing tensions in the Middle East. Furthermore, additional output from multiple Non-OPEC members as well as weak economic data from China and the US presented a stark picture, dampening sentiment with respect to declining global oil demand, supplementing the pressure on prices. However, persistent global conflicts overshadowed the weak market fundamentals, keeping the declining prices in check. As the quarter progressed, prices found strength ahead of the summer driving season in the Northern Hemisphere, while softer inflation data from the US raised anticipation for an interest rate cut by the Federal Reserve. Additionally, China's sustained efforts of monetary support towards their economy helped strengthen the positive market outlook. The average price of Crude Oil (WTI) was US\$ 80.67 per barrel, an increase of 5.5% from the previous quarter.

Paraxylene (PX) prices tracked the upstream energy markets, exhibiting volatility, however within a limited range during the quarter. Prices initially trended downwards owing to the persistent weakness in the Chinese markets which stifled overall trade in the PX markets. Furthermore the over-supplied PX market overshadowed the turnaround season in the region for PX assets as weak fundamentals in the downstream sector dampened prices. Going forward, PX prices intermittently found strength on account of the upstream energy markets, while limited incentive for diversion of product to the Gasoline pool helped producers fulfill the strong seasonal demand from the PTA sector. The average PX-Naphtha Spread was US\$ 352 per metric tonne, whereas the average PX prices were US\$ 1,040.06 per metric tonne for Q2.

PTA prices moved parallel to the upstream energy and feedstock (PX) markets, however the overall market sentiment remained weak on account of the prevailing headwinds observed against poor downstream performance as compared to the previous year. Nevertheless, planned outages at several PTA facilities in the region had helped restrict the downward movement in prices while the market remained oversupplied with idle PTA units coming back online to service the new Polyester and PET units in China during the peak season. Major PTA buyers were forced to tackle logistical challenges during the quarter by moving towards break-bulk shipments to ensure product availability which kept regional PTA inventories in check. By the end of the quarter, as the peak season demand started to taper off, sluggish movement in prices was observed as compared to the movement in the upstream PX market which resulted in weaker PX-PTA margins which averaged at US\$ 86 per metric tonne as compared to US\$ 90 per metric tonne for the previous quarter. The PTA prices for the quarter, averaged at US\$ 772.14 per metric tonne.

The domestic polyester industry operated at the rate of 76% during Q2 2024, a slight improvement observed as compared to the previous quarter. The uptick in operations was on account of the peak season demand from the textile and the PET sector, however much lower than previous years. Domestic textile manufacturing operations struggled with the existing high energy prices, ingress of low-priced imports and high inflation in the country which has reduced consumer buying power. Despite the peak season, the PET industry continues to struggle with lower demand due to inflation and prevailing boycott of foreign brands.

# Directors' Review

For the second quarter ended 30 June 2024

## OPERATIONS

Production and sales volume at 126,045 tonnes and 127,093 tonnes respectively, during the quarter were significantly higher than the corresponding period last year as the Company had to keep operations suspended from 15 March till 30 April 2023 due to unavailability of raw material on account of economic situation prevalent in the country.

## FINANCIAL PERFORMANCE

Revenue for the quarter was 95% higher than the corresponding period last year mainly due to higher volume sold. However, gross profit for the quarter was only 15% higher than Q2 2023 due to higher cost of sales mainly on account of significant increase in gas prices. Compared to Q1 2024, the gross profit was 37% higher due to consistent plant operations.

Distribution and selling expenses were 15% higher while Administrative and general expenses were 11% higher than the corresponding period last year due to overall impact of high inflation. The taxation charge for the quarter is based on statutory income tax rate, tax under Final Tax Regime (FTR) and super tax as adjusted by the movement in the deferred tax account.

Earnings per share (EPS) for the quarter stood at Rs 0.84 per share as compared to Rs 0.21 per share for Q2 2023.

## FUTURE OUTLOOK

Going forward, Crude Oil (WTI) market is expected to trend upwards as the market faces threats of escalation of conflict in the Middle East, hopes of an interest rate cut in the US and potential supply disruptions on account of the usual hurricane season in the west. However the market may remain oversupplied as OPEC+ is expected to gradually taper of the additional agreed production cuts of 2.2 million barrels while continued weak Chinese economic activity may limit the upward movement in prices.

Moving forward, Paraxylene (PX) prices are expected to follow upstream energy prices in the next quarter. However the market is expected to face pressure on account of lack of diversion of product into the gasoline pool while pessimistic global demand outlook may be one of the key factors influencing prices. There are expectations of higher short-term demand in the PTA market ahead of the holiday season demand from the West; however economic indicators coming out of China will play an important role in determining the market direction going forward.

The Domestic Polyester Industry operations are expected to taper off as the peak season for both, the Textile and PET sector has come to an end. Manufacturers lament the rising energy prices, while additional taxes being imposed may de-incentivize manufacturing operations. Nevertheless, the efforts being made by the government to redefine the regulatory measures and shake up enforcement protocols for imports and lowering of interest rates may help the domestic manufacturing industry.



**Sung Soo Bae**  
Chairman



**Young Dae Kim**  
Chief Executive

Date: 21 August 2024  
Karachi



## INDEPENDENT AUDITOR'S REVIEW REPORT

### TO THE MEMBERS OF LOTTE CHEMICAL PAKISTAN LIMITED

### Report on Review of Interim Financial Statements

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Lotte Chemical Pakistan Limited as at June 30, 2024 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended June 30, 2024 and 2023 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended June 30, 2024.

#### Scope of Review

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

#### Conclusion

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

The engagement partner on the audit resulting in this independent auditor's report is Farrukh Rehman.

Date: 27 August 2024  
Karachi  
UDIN: RR202410059HjQn7N8bl

A.F. Ferguson & Co.  
Chartered Accountants

# Condensed Interim Statement of Financial Position

As at 30 June 2024

Amounts in Rs '000

	Note	30 June 2024 (Un-audited)	31 December 2023 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	5,545,989	5,744,442
Intangible assets		20,394	27,637
Right-of-use assets		302,477	365,275
Long-term loans		180,313	160,635
Long-term deposits and prepayments		33,119	33,805
Deferred taxation - net		2,285,629	2,170,718
		<b>8,367,921</b>	<b>8,502,512</b>
<b>Current assets</b>			
Stores and spare parts		2,769,307	2,101,184
Stock-in-trade		5,674,041	13,362,175
Trade debts	5	10,906,717	8,486,031
Loans and advances		63,839	51,081
Trade deposits and short-term prepayments		201,803	176,387
Accrued interest		11,859	32,823
Other receivables		17,411	10,335
Short-term investments - at amortised cost	6	3,614,499	4,503,595
Sales tax refunds due from government	7	2,750,230	2,413,440
Taxation - net		4,044,017	2,673,353
Cash and bank balances	8	219,876	1,262,827
		<b>30,273,599</b>	<b>35,073,231</b>
<b>Total assets</b>		<b>38,641,520</b>	<b>43,575,743</b>
<b>Equity and liabilities</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid-up capital 1,514,207,208 (31 December 2023: 1,514,207,208) ordinary shares of Rs 10 each		15,142,072	15,142,072
Capital reserve		2,345	2,345
Revenue reserve - Unappropriated profit		6,762,886	6,867,542
<b>Total equity</b>		<b>21,907,303</b>	<b>22,011,959</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Retirement benefit obligations		257,324	247,835
Lease liability		598,301	855,927
		<b>855,625</b>	<b>1,103,762</b>
<b>Current liabilities</b>			
Trade and other payables	9	14,885,219	13,975,321
Lease liability		491,700	436,403
Accrued interest	10	423,885	431,471
Unclaimed dividend		77,788	73,387
Unpaid dividend	11	-	4,543,440
Short-term financing	12	-	1,000,000
		<b>15,878,592</b>	<b>20,460,022</b>
<b>Total liabilities</b>		<b>16,734,217</b>	<b>21,563,784</b>
<b>Contingencies and commitments</b>	13		
<b>Total equity and liabilities</b>		<b>38,641,520</b>	<b>43,575,743</b>


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



**Sung Soo Bae**  
Chairman



**Young Dae Kim**  
Chief Executive



**Ashiq Ali**  
Chief Financial Officer

# Condensed Interim Statement of Profit or Loss (Un-audited)

For the six months period ended 30 June 2024

Amounts in Rs '000

	Note	Six months period ended 30 June (Un-audited)		Quarter ended 30 June (Un-audited)	
		2024	2023	2024	2023
<b>Revenue - net</b>	14	<b>64,378,882</b>	38,542,564	<b>32,101,958</b>	16,429,866
Cost of sales	15	<b>(60,394,558)</b>	(32,103,367)	<b>(29,801,615)</b>	(14,429,654)
<b>Gross profit</b>		<b>3,984,324</b>	6,439,197	<b>2,300,343</b>	2,000,212
Distribution and selling expenses		<b>(97,676)</b>	(79,332)	<b>(48,983)</b>	(42,465)
Administrative and general expenses		<b>(360,964)</b>	(313,066)	<b>(178,615)</b>	(161,433)
Other operating expenses	16	<b>(268,741)</b>	(458,373)	<b>(156,794)</b>	(160,849)
<b>Operating profit</b>		<b>3,256,943</b>	5,588,426	<b>1,915,951</b>	1,635,465
Other income	17	<b>716,302</b>	1,183,510	<b>365,210</b>	598,354
Finance costs	18	<b>(429,091)</b>	(895,121)	<b>(206,316)</b>	(139,614)
<b>Profit before taxation</b>		<b>3,544,154</b>	5,876,815	<b>2,074,845</b>	2,094,205
Taxation	19	<b>(1,377,499)</b>	(3,023,086)	<b>(805,316)</b>	(1,782,833)
<b>Profit after taxation</b>		<b>2,166,655</b>	2,853,729	<b>1,269,529</b>	311,372
----- Amount in Rupees -----					
<b>Earnings per share - basic and diluted</b>		<b>1.43</b>	1.88	<b>0.84</b>	0.21

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



**Sung Soo Bae**  
Chairman



**Young Dae Kim**  
Chief Executive



**Ashiq Ali**  
Chief Financial Officer



# Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months period ended 30 June 2024

Amounts in Rs '000

	Six months period ended 30 June (Un-audited)		Quarter ended 30 June (Un-audited)	
	2024	2023	2024	2023
<b>Profit after taxation</b>	<b>2,166,655</b>	2,853,729	<b>1,269,529</b>	311,372
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>2,166,655</b>	2,853,729	<b>1,269,529</b>	311,372


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



**Sung Soo Bae**  
Chairman



**Young Dae Kim**  
Chief Executive



**Ashiq Ali**  
Chief Financial Officer

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

For the six months period ended 30 June 2024

Amounts in Rs '000

	Share capital	Reserves			Total equity
	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	Sub-total	
<b>Balance as at 1 January 2023</b>	15,142,072	2,345	7,869,409	7,871,754	23,013,826
Total comprehensive income for the six months period ended 30 June 2023					
- Profit for the six months period ended 30 June 2023	-	-	2,853,729	2,853,729	2,853,729
- Other comprehensive income for the six months period ended 30 June 2023	-	-	-	-	-
	-	-	2,853,729	2,853,729	2,853,729
Final dividend for the year ended 31 December 2022 @ Rs 2.00 per share	-	-	(3,028,414)	(3,028,414)	(3,028,414)
Interim dividend for the year ending 31 December 2023 @ Rs 2.00 per share	-	-	(3,028,414)	(3,028,414)	(3,028,414)
<b>Balance as at 30 June 2023</b>	<u>15,142,072</u>	<u>2,345</u>	<u>4,666,310</u>	<u>4,668,655</u>	<u>19,810,727</u>
<b>Balance as at 1 January 2024</b>	<b>15,142,072</b>	<b>2,345</b>	<b>6,867,542</b>	<b>6,869,887</b>	<b>22,011,959</b>
Total comprehensive income for the six months period ended 30 June 2024					
- Profit for the six months period ended 30 June 2024	-	-	2,166,655	2,166,655	2,166,655
- Other comprehensive income for the six months period ended 30 June 2024	-	-	-	-	-
	-	-	2,166,655	2,166,655	2,166,655
Final dividend for the year ended 31 December 2023 @ Rs 1.00 per share	-	-	(1,514,207)	(1,514,207)	(1,514,207)
Interim dividend for the year ending 31 December 2024 @ Rs 0.50 per share	-	-	(757,104)	(757,104)	(757,104)
<b>Balance as at 30 June 2024</b>	<u>15,142,072</u>	<u>2,345</u>	<u>6,762,886</u>	<u>6,765,231</u>	<u>21,907,303</u>

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



**Sung Soo Bae**  
Chairman



**Young Dae Kim**  
Chief Executive



**Ashiq Ali**  
Chief Financial Officer

# Condensed Interim Statement of Cash Flows (Un-audited)

For the six months period ended 30 June 2024

Amounts in Rs '000

	Note	Six months period ended 30 June (Un-audited)	
		2024	2023
<b>Cash flows from operating activities</b>			
Cash generated from / (used in) operations	20	8,806,937	(1,272,523)
Finance costs paid		(66,667)	(115,591)
Payments to retirement benefit obligations		(1,643)	(1,335)
Long-term loans and advances - net		(19,678)	39,409
Long-term deposits and prepayments - net		686	(34,895)
Taxes paid		(2,892,468)	(2,102,947)
Finance income received - conventional		544,289	651,204
Finance income received - islamic		125,384	374,653
Net cash generated from / (used in) operating activities		6,496,840	(2,462,025)
<b>Cash flows from investing activities</b>			
Payments for capital expenditure		(285,686)	(220,666)
Proceeds from disposal of property, plant and equipment		-	62,687
Redemption of short-term investments -net		-	2,567,369
Net cash (used in) / generated from investing activities		(285,686)	2,409,390
<b>Cash flows from financing activities</b>			
Dividend paid		(6,810,350)	(1,494,339)
Payment of short-term financing		(1,000,000)	-
Payment of lease liability		(332,851)	(325,884)
Net cash used in financing activities		(8,143,201)	(1,820,223)
<b>Net decrease in cash and cash equivalents</b>		<b>(1,932,047)</b>	<b>(1,872,858)</b>
Cash and cash equivalents at 1 January		5,766,422	13,782,547
<b>Cash and cash equivalents at 30 June</b>	8.2	<b>3,834,375</b>	<b>11,909,689</b>

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



**Sung Soo Bae**  
Chairman



**Young Dae Kim**  
Chief Executive



**Ashiq Ali**  
Chief Financial Officer

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

For the six months period ended 30 June 2024

## 1. STATUS AND NATURE OF BUSINESS

**1.1** Lotte Chemical Pakistan Limited ("the Company") was incorporated in Pakistan on 30 May 1998 under Companies Ordinance, 1984 (Repealed with enactment of the Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is to manufacture and sale of Purified Terephthalic Acid (PTA).

**1.2** The geographical location and addresses of business units are as under:

<b>Location</b>	<b>Address</b>
Registered Office	EZ/I/P-4, Eastern Industrial Zone, Port Qasim, Karachi.
City Office	Al-Tijarah Centre, 14th Floor, 32/1-A, Main Shahrah-e-Faisal, Block 6, P.E.C.H.S., Karachi.

**1.3** The Company is a subsidiary of Lotte Chemical Corporation, South Korea ("LCC Korea") and its ultimate parent company is South Korean Conglomerate Lotte.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim financial statements of the Company for the six months period ended 30 June 2024 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.1.1** These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2023. However, selected explanatory notes are included to explain events and transactions that are significant to understanding of changes in Company's financial position and performance since the last annual financial statements.

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

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

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

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

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

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

For the six months period ended 30 June 2024

Amounts in Rs '000

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

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

## 3. ACCOUNTING POLICIES, ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended 31 December 2023.

The preparation of these condensed interim financial statements, in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates. During the preparation of these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and assumptions are consistent with those that were applied to the annual audited financial statements of the Company for the year ended 31 December 2023.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 31 December 2023.

	Note	30 June 2024 (Un-audited)	31 December 2023 (Audited)
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating property, plant and equipment	4.1	<b>5,164,047</b>	5,487,083
Capital work-in-progress	4.1	<b>381,942</b>	257,359
		<b>5,545,989</b>	5,744,442

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

	2024		2023	
	Additions cost	Disposals net book value	Additions cost	Disposals net book value
<b>Property, plant and equipment</b>				
<b>Operating assets - owned</b>				
Buildings on leasehold land	<b>5,330</b>	-	-	-
Plant and machinery	<b>131,374</b>	-	23,710	2,573
Furniture and equipment	<b>24,399</b>	-	9,094	48
Motor vehicles	-	-	533	-
<b>Capital work-in-progress - net</b>	<b>124,583</b>		187,329	

## 5. TRADE DEBTS

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

5.2 This includes receivable from related parties amounting to Rs 3,427.85 million (31 December 2023: Rs 2,943.48 million).

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

For the six months period ended 30 June 2024

Amounts in Rs '000

	Note	30 June 2024 (Un-audited)	31 December 2023 (Audited)
<b>6. SHORT-TERM INVESTMENTS - at amortised cost</b>			
<b>Conventional</b>			
Term deposit receipts	6.1	614,499	414,499
<b>Islamic</b>			
Term deposit receipts	6.1	3,000,000	4,089,096
		<b>3,614,499</b>	<b>4,503,595</b>
<b>6.1</b>	The interest rates on term deposit receipts ranged from 14.38% to 20.70% (31 December 2023: 14.38% to 21.50%) per annum and had original maturities of less than three months.		
	Note	30 June 2024 (Un-audited)	31 December 2023 (Audited)
<b>7. SALES TAX REFUNDS DUE FROM GOVERNMENT</b>			
Sales tax refundable		2,923,568	2,600,033
Provision for impairment		(173,338)	(186,593)
		<b>2,750,230</b>	<b>2,413,440</b>
<b>8. CASH AND BANK BALANCES</b>			
<b>Cash in hand - foreign currency</b>		95	95
<b>Cash at bank - local currency</b>			
<b>Conventional</b>			
Current accounts		9,375	621,160
Savings account	8.1	140,719	576,317
		<b>150,094</b>	<b>1,197,477</b>
<b>Islamic</b>			
Current accounts		69,687	65,255
		<b>219,876</b>	<b>1,262,827</b>
<b>8.1</b>	These carry interest at 20.50% per annum (31 December 2023: 20.50% per annum).		
		30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
<b>8.2 CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		219,876	331,998
TDRs with banks having maturity less than three months		3,614,499	11,577,691
		<b>3,834,375</b>	<b>11,909,689</b>
		30 June 2024 (Un-audited)	31 December 2023 (Audited)
<b>9. TRADE AND OTHER PAYABLES</b>			
Trade creditors including bills payable		3,747,844	3,685,360
Sindh Development and maintenance of Infrastructure Cess		5,879,023	5,233,974
Provision for Gas Infrastructure Development Cess (GIDC)		3,113,744	3,113,744
Provision for Captive Gas Tariff rate differential		253,567	214,630
Accrued expenses		1,211,787	1,277,945
Workers' Profit Participation Fund (WPPF)		190,609	29,358
Workers' Welfare Fund (WWF)		304,345	226,249
Contract liabilities - advances from customers		26,748	37,833
Retention money		461	2,111
Withholding tax payable		5,307	5,207
Others		151,784	148,910
		<b>14,885,219</b>	<b>13,975,321</b>

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

For the six months period ended 30 June 2024

Amounts in Rs '000

## 10. ACCRUED INTEREST

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

## 11. UNPAID DIVIDEND

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

## 12. SHORT-TERM FINANCING

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

## 13. CONTINGENCIES AND COMMITMENTS

### 13.1 Contingencies

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

### 13.2 Commitments and Guarantees

**13.2.1** Commitments for capital expenditure as at 30 June 2024 amounted to Rs 882.48 million (31 December 2023: Rs 157.42 million).

**13.2.2** Commitments for rentals under Ijarah contracts for vehicles as at 30 June 2024 are as follows:

	<b>30 June 2024</b>	31 December 2023
	<b>(Un-audited)</b>	(Audited)
Not later than 1 year	<b>41,574</b>	73,250
Later than 1 year and not later than 5 years	<b>247,092</b>	199,672
	<b><u>288,666</u></b>	<u>272,922</u>

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

	<b>30 June 2024</b>	31 December 2023
	<b>(Un-audited)</b>	(Audited)
Not later than 1 year	<b>507,506</b>	1,027,316
Later than 1 year and not later than 5 years	<b>1,838,441</b>	1,860,725
	<b><u>2,345,947</u></b>	<u>2,888,041</u>

**13.2.4** Outstanding guarantees of the Company as at 30 June 2024 were Rs 7,473.44 million (31 December 2023: Rs 5,944.15 million).

**13.2.5** Letters of credit issued on behalf of the Company as at 30 June 2024 were Rs 9,404.39 million (31 December 2023: Rs 8,153.11 million).

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

For the six months period ended 30 June 2024

Amounts in Rs '000

	Note	<b>Six months period ended 30 June (Un-audited)</b>	
		<b>2024</b>	<b>2023</b>
<b>14. REVENUE - net</b>			
<b>Manufactured goods</b>			
Local sales		<b>75,433,488</b>	45,118,735
Less: Sales tax		<b>(11,264,752)</b>	(6,795,211)
Price settlements and discounts / rebates		<b>(1,120,417)</b>	(1,023,372)
		<b>63,048,319</b>	37,300,152
<b>Trading goods</b>			
Local sales		<b>1,583,064</b>	1,365,680
Less: Sales tax		<b>(241,484)</b>	(206,904)
Price settlements and discounts		<b>(11,017)</b>	(10,442)
		<b>1,330,563</b>	1,148,334
<b>Sale of electricity</b>			
Local sales	14.1	-	113,949
Less: Sales tax		-	(19,871)
		-	94,078
		<b>64,378,882</b>	38,542,564

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

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

	<b>Six months period ended 30 June (Un-audited)</b>	
	<b>2024</b>	<b>2023</b>
<b>15. COST OF SALES</b>		
<b>Manufactured goods</b>		
Opening stock of raw and packing materials	<b>5,852,346</b>	6,237,395
Purchases	<b>45,831,035</b>	29,499,160
Closing stock of raw and packing materials	<b>(3,395,937)</b>	(6,658,737)
Raw and packing materials consumed	<b>48,287,444</b>	29,077,818
Manufacturing costs	<b>5,962,855</b>	2,996,638
Cost of goods manufactured	<b>54,250,299</b>	32,074,456
Opening stock of finished goods	<b>7,176,790</b>	2,123,326
	<b>61,427,089</b>	34,197,782
Closing stock of finished goods	<b>(2,096,561)</b>	(2,911,508)
Cost of goods manufactured sold	<b>59,330,528</b>	31,286,274
<b>Trading goods</b>		
Opening stock	<b>333,039</b>	168,326
Purchases	<b>912,534</b>	722,229
Closing stock	<b>(181,543)</b>	(182,623)
Cost of trading goods sold	<b>1,064,030</b>	707,932
<b>Cost to produce electricity</b>		
	-	109,161
	<b>60,394,558</b>	32,103,367



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

For the six months period ended 30 June 2024

Amounts in Rs '000

	Note	Six months period ended 30 June (Un-audited)	
		2024	2023
<b>16. OTHER OPERATING EXPENSES</b>			
Workers' Profit Participation Fund		<b>190,645</b>	316,759
Workers' Welfare Fund		<b>78,096</b>	141,614
		<b>268,741</b>	458,373
<b>17. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Income on term deposit receipts - conventional		<b>454,734</b>	606,168
Income on savings account - conventional		<b>90,689</b>	25,053
Income on term deposit receipts - islamic		<b>103,286</b>	449,431
		<b>648,709</b>	1,080,652
<b>Income from non-financial assets</b>			
Scrap sales		<b>39,320</b>	13,622
Gain on disposal of property, plant and equipment		-	60,066
Reversal of provision against receipt of sales tax refunds		<b>13,255</b>	-
Indenting commission - net		<b>12,812</b>	28,027
Others		<b>2,206</b>	1,143
		<b>67,593</b>	102,858
		<b>716,302</b>	1,183,510
<b>18. FINANCE COSTS</b>			
Interest / mark-up on:			
- Short-term financing		<b>2,569</b>	-
- Interest on lease liability		<b>105,433</b>	136,020
- Markup on LC discounting		<b>16,310</b>	87,164
Exchange loss - net		<b>259,148</b>	643,011
Bank, LCs and other charges		<b>45,340</b>	28,427
Interest on Workers' Profit Participation Fund		<b>291</b>	499
		<b>429,091</b>	895,121
<b>19. TAXATION</b>			
Current	19.1	<b>1,492,410</b>	3,736,672
Deferred		<b>(114,911)</b>	(713,586)
		<b>1,377,499</b>	3,023,086
<b>19.1</b>	This includes a provision for super tax for tax year 2025 amounting to Rs 382.67 million @10% (30 June 2023: Rs 696.10 million @10%).		

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

For the six months period ended 30 June 2024

Amounts in Rs '000

	<b>Six months period ended</b>	
	<b>30 June (Un-audited)</b>	
	<b>2024</b>	<b>2023</b>
<b>20. CASH GENERATED FROM / (USED IN) OPERATIONS</b>		
Profit before taxation	<b>3,544,154</b>	5,876,815
<b>Adjustments for non-cash charges and other items</b>		
Depreciation and amortisation	<b>591,439</b>	619,844
Gain on disposal of property, plant and equipment	<b>-</b>	(60,066)
Provision for retirement benefit obligations	<b>11,132</b>	9,746
Finance cost	<b>152,344</b>	856,918
Income from financial assets	<b>(648,709)</b>	(1,080,652)
	<b>106,206</b>	345,790
	<b>3,650,360</b>	6,222,605
<b>Effect on cashflows due to working capital changes</b>		
Decrease / (increase) in current assets:		
Stores and spare parts	<b>(668,123)</b>	(314,832)
Stock-in-trade	<b>7,688,134</b>	(1,223,821)
Trade debts	<b>(2,420,686)</b>	(114,116)
Loans and advances	<b>(12,758)</b>	(8,511)
Trade deposits and short-term prepayments	<b>(25,416)</b>	(4,248,357)
Other receivables	<b>(7,076)</b>	(4,812)
Sales tax refunds due from government	<b>(336,790)</b>	(1,710,371)
	<b>4,217,285</b>	(7,624,820)
Increase in trade and other payables	<b>939,292</b>	129,692
Cash generated from / (used in) operations	<b>8,806,937</b>	(1,272,523)

## 21. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transactions	<b>Six months period ended</b>	
		<b>30 June (Un-audited)</b>	
		<b>2024</b>	<b>2023</b>
<b>Associates - Group Company</b>	Purchase of goods from Lotte Kolson (Private) Limited	<b>884</b>	-
<b>Associates - Common Directorship</b>	Sale of goods to Novatex Limited - gross sales	<b>25,608,111</b>	1,206,262
	Sale of goods to Gatron Industries Limited - gross sales	<b>2,670,528</b>	-
<b>Key management personnel</b>	Salaries and other short-term benefits	<b>38,445</b>	48,241
	Retirement benefits	<b>5,208</b>	4,273
<b>Others</b>	Payments to retirement benefit funds	<b>62,809</b>	53,241

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

For the six months period ended 30 June 2024

## 22. DATE OF AUTHORISATION

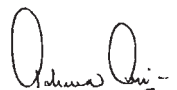
These condensed interim financial statements were authorised for issue in the Board of Directors meeting held on 21 August 2024.



**Sung Soo Bae**  
Chairman



**Young Dae Kim**  
Chief Executive



**Ashiq Ali**  
Chief Financial Officer

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