



LOTTE CHEMICAL
PAKISTAN LTD

Our
Customers
are our
Success

**REPORT FOR THE SIX MONTHS
PERIOD ENDED 30 JUNE 2021**

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Company Information

As at 20 August 2021

Board of Directors

Min Jae Hwang	Chairman
Humair Ijaz	Chief Executive
Sang Hyeon Lee	Non-Executive
Young Dae Kim	Executive
Won Lee	Non-Executive
Pervaiz Akhtar	Independent
Adnan Afridi	Independent
Mohammad Zubair	Independent

Audit Committee

Pervaiz Akhtar	Chairman
Sang Hyeon Lee	Member
Adnan Afridi	Member
Faisal Abid	Secretary

HR & Remuneration Committee

Pervaiz Akhtar	Chairman
Sang Hyeon Lee	Member
Young Dae Kim	Member
Waheed U Khan	Secretary

Shares Sub Committee

Young Dae Kim	Chairman
Min Jae Hwang	Member
Mohammad Zubair	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
Faysal Bank Limited
Habib Bank Limited
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

EY Ford Rhodes
Chartered Accountants

External Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

Legal Advisor

Naz Toosy

Registered Office

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

Shares Registrar

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

Directors' Review

For the second quarter ended 30 June 2021

The Directors are pleased to present their review report for the second quarter ended 30 June 2021 together with the un-audited condensed interim financial information of the Company as at and for the second quarter and six months period ended 30 June 2021.

Business Overview

The Crude Oil (WTI) market witnessed a bullish trend throughout the quarter as major economies namely US, China and Europe eased lockdowns amid improved vaccine availability resulting in a demand boost. Additionally, the inconclusive US-Iran negotiations on the nuclear deal further bolstered the sentiment allowing prices to reach US\$ 74 per barrel, the highest in two years. However, the rising cases of Covid-19 in Southeast Asia and the Indian Subcontinent limited the upward movement. The average price for the quarter was \$65.93 per barrel, up by almost 14% from the previous quarter.

Paraxylene (PX) prices followed an upward trend throughout the quarter on the back of firm Crude prices. However, the pace of the upward trend remained sluggish as actual demand in the region was yet to recover amid the resurgence of Covid-19 cases in Southeast Asia and the Indian Subcontinent. Several major producers in the region rationalized operations and planned shutdowns in order to maintain feasible margins. Towards the end of the quarter, the PX market gained momentum due to delay in the start-up of a new PX plant and an earlier-than-expected PTA capacity start-up in China. PX-Naphtha margins for the quarter averaged at US\$ 252 per metric tonne, whereas, the average PX price for the quarter was US\$ 855 per metric tonne.

The PTA market largely followed the rising trend observed in the upstream markets, however, the rampant spread of the pandemic in the region kept the upward price movement in check. Despite the peak season demand, several PTA producers were forced to reduce operating rates and initiated shutdowns to maintain the supply-demand balance and positive margins. Furthermore, the new PTA capacity addition of 3.3 million tonnes in China raised concerns of surplus supply in the region. The regional operating rate improved marginally in Q2-2021 to 74% from 73% in the previous quarter. The average PTA price for the quarter rose by 11% compared to previous quarter to US\$ 665 per metric tonne while the average PTA margin over PX for the quarter remained stable at US\$ 100 per metric tonne.

The domestic polymer operations improved from 79% to 96% compared to the previous quarter due to improved local demand as well as consistent exports in the textile sector. The on-going vaccination process and consistent industrial operations resulted in stable PTA demand during the quarter.

Operations

Production and Sales volume during the quarter at 133,270 and 131,737 tonnes, respectively, were significantly higher than the corresponding period last year due to suspension of Plant operations for almost 54 days during Q2 2020 as a result of lockdowns to contain outbreak of COVID-19 pandemic.

Financial Performance

Revenue for the quarter was higher than the corresponding period last year due to higher volume sold and higher PTA price. This coupled with higher margin resulted in a gross profit of Rs 1,649 million for the quarter as compared to gross loss of Rs 49 million during the same period last year.

Distribution and selling expenses were 6% higher while Administrative expenses were 11% higher than the corresponding period last year due to overall impact of inflation.

The taxation charge for the quarter is based on statutory income tax rate and tax under Final Tax Regime (FTR) as adjusted by the movement in the deferred tax account.

Earnings per share (EPS) for the quarter stood at Rs 0.64 per share as compared to Rs 0.01 per share for Q2 2020.

Future Outlook

In the second half of 2021, Crude (WTI) prices are expected to ease from current high levels as additional barrels are expected to enter the market while OPEC+ plans to gradually increase production. Moreover, the successful US-Iran negotiations shall further supplement supply and help ease prices. However, this downward price movement may inverse should the above factors fail to materialize.

Going forward, PX market is expected to lengthen as a new capacity of 2.2 million tonnes in China is expected to start up by the end of July. With excess supply available in the region and the pervasive spread of virus variants affecting demand, the upstream Crude market will play a crucial role in influencing the price trend.

The PTA market is anticipated to follow a cautious approach as downstream demand struggles to return to the pre-pandemic levels. Additionally, a new capacity start-up in China amid limited planned shutdowns in the region may add pressure to the fragile industry margins.

The domestic polymer market is most likely to operate consistently backed by stable demand, improving economic activity as well as pro-investment and pro-business policies presented in Finance Act 2021.



Min Jae Hwang
Chairman



Humair Ijaz
Chief Executive

Date: 20 August 2021
Karachi



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
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Report on Review of Interim Financial Statements

Independent Auditors' Review Report

To the members of Lotte Chemical Pakistan Limited

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Lotte Chemical Pakistan Limited ("the Company") as at 30 June 2021 and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, the condensed interim statement of cash flows, and notes to the financial statements for the six months period then ended (here-in-after-referred to as "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 interim financial statements based on our review.

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 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the three months period ended 30 June 2021, have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' review report is Amyn Malik.

Date: 20 August 2021

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

Condensed Interim Statement of Financial Position

As at 30 June 2021

Amounts in Rs '000

	Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	4	5,749,842	4,990,862
Intangible assets		10	20
Right-of-use assets		1,332,813	1,448,323
Long-term loans		122,897	125,302
Long-term prepayments		897	1,222
Deferred taxation - net		813,421	778,519
		8,019,880	7,344,248
Current assets			
Stores and spare parts		1,188,259	965,528
Stock-in-trade		4,370,374	4,298,785
Trade debts	5	4,793,489	2,998,642
Loans and advances		41,537	42,833
Trade deposits and short-term prepayments		121,035	99,098
Interest accrued		114,830	120,908
Sales tax refunds due from government	6	551,367	362,923
Taxation - net		-	215,885
Other receivables	7	346,696	12,277
Short-term investments - at amortised cost	8	17,567,700	14,999,418
Cash and bank balances	9	59,569	35,588
		29,154,856	24,151,885
Total assets		37,174,736	31,496,133
Equity and liabilities			
Share capital and reserves			
Issued, subscribed and paid-up capital 1,514,207,208 (31 December 2020: 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		4,070,783	2,604,574
Total equity		19,215,200	17,748,991
Liabilities			
Non-current liabilities			
Retirement benefit obligations		132,062	125,787
Provision for Gas Infrastructure and Development Cess (GIDC)	10.2	1,508,500	1,723,961
Lease liability		1,470,392	1,582,188
		3,110,954	3,431,936
Current liabilities			
Trade and other payables	10	14,093,797	9,863,361
Lease liability		186,132	177,625
Accrued interest		239,361	242,930
Unclaimed dividend		11,184	10,316
Unpaid dividend		24,188	20,974
Taxation - net		293,920	-
		14,848,582	10,315,206
Total liabilities		17,959,536	13,747,142
Contingencies and commitments	11		
Total equity and liabilities		37,174,736	31,496,133

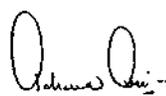
The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



Min Jae Hwang
Chairman



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

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

For the six months period ended 30 June 2021

Amounts in Rs '000

	Note	Six months period ended 30 June		Quarter ended 30 June	
		2021	2020 Restated	2021	2020 Restated
Revenue - net	12	30,922,244	16,122,328	16,250,364	4,410,326
Cost of sales	13	(27,009,923)	(16,241,215)	(14,601,754)	(4,459,459)
Gross profit / (loss)		3,912,321	(118,887)	1,648,610	(49,133)
Distribution and selling expenses		(58,032)	(52,264)	(29,103)	(27,403)
Administrative expenses		(227,780)	(207,863)	(112,690)	(101,819)
Other expenses	14	(338,459)	(142,554)	(138,531)	(137,343)
Other income	15	586,713	620,770	309,009	277,395
Finance (cost) / income	16	(201,441)	(136,598)	(299,456)	78,912
Profit / (loss) before taxation		3,673,322	(37,396)	1,377,839	40,609
Taxation	17	(1,071,458)	(45,983)	(414,976)	(20,390)
Profit / (loss) after taxation		2,601,864	(83,379)	962,863	20,219
----- Amount in Rupees -----					
			Restated		Restated
Earnings per share - basic and diluted		1.72	(0.06)	0.64	0.01

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



Min Jae Hwang
Chairman



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months period ended 30 June 2021

Amounts in Rs '000

	Six months period ended 30 June		Quarter ended 30 June	
	2021	2020 Restated	2021	2020 Restated
Profit / (loss) after taxation	2,601,864	(83,379)	962,863	20,219
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	2,601,864	(83,379)	962,863	20,219

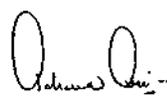
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Min Jae Hwang
Chairman



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

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

For the six months period ended 30 June 2021

Amounts in Rs '000

	Note	Share capital	Reserves		Total equity
		Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	
Balance as at 1 January 2020 - Restated		15,142,072	2,345	465,674	15,610,091
Total comprehensive income for the six months period ended 30 June 2020 - Restated					
- Loss for the six months period ended 30 June 2020	22	-	-	(83,379)	(83,379)
- Other comprehensive income for the six months period ended 30 June 2020		-	-	-	-
		-	-	(83,379)	(83,379)
Balance as at 30 June 2020 - Restated		<u>15,142,072</u>	<u>2,345</u>	<u>382,295</u>	<u>15,526,712</u>
Balance as at 1 January 2021		15,142,072	2,345	2,604,574	17,748,991
Total comprehensive income for the six months period ended 30 June 2021					
- Profit for the six months period ended 30 June 2021		-	-	2,601,864	2,601,864
- Other comprehensive income for the six months period ended 30 June 2021		-	-	-	-
		-	-	2,601,864	2,601,864
Final dividend for the year ended 31 December 2020 @ Rs 0.75 per share		-	-	(1,135,655)	(1,135,655)
Balance as at 30 June 2021		<u>15,142,072</u>	<u>2,345</u>	<u>4,070,783</u>	<u>19,215,200</u>

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



Min Jae Hwang
Chairman



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the six months period ended 30 June 2021

Amounts in Rs '000

	Note	Six months period ended 30 June	
		2021	2020 Restated
Cash flows from operating activities			
Cash generated from operations	18	5,326,231	683,061
Finance cost paid		(21,036)	(21,563)
Payments to retirement benefit obligations		(1,148)	(537)
Long-term loans and advances - net		2,405	(10,206)
Long-term deposits and prepayments - net		325	(546)
Taxes paid		(618,311)	(353,013)
Interest received		577,112	625,157
Net cash generated from operating activities		5,265,578	922,353
Cash flows from investing activities			
Payments for capital expenditure		(1,355,322)	(1,003,266)
Redemption of short-term investments (net of purchases)		661,118	765,868
Net cash used in investing activities		(694,204)	(237,398)
Cash flows from financing activities			
Dividend paid		(1,131,573)	(2,554)
Payment of lease liability		(186,420)	(190,400)
Net cash used in financing activities		(1,317,993)	(192,954)
Net increase in cash and cash equivalents		3,253,381	492,001
Cash and cash equivalents at 1 January		14,373,888	8,057,022
Cash and cash equivalents at 30 June (Un-audited)	19	17,627,269	8,549,023

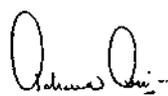
The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



Min Jae Hwang
Chairman



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

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

For the six months period ended 30 June 2021

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 on 30 May 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:

Location	Address
Registered Office	EZ/1/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 and its ultimate parent company is South Korean Conglomerate Lotte.

1.4 Impact of Covid-19 on financial statements

The events surrounding the COVID-19 pandemic (the virus) continue to evolve and impact global markets. The spread of the virus has resulted in authorities implementing numerous measures to try to contain the virus, such as vaccination campaigns, travel bans and restrictions, quarantines, shelter-in-place orders. During the current period, the Company has improved from COVID-19 financial effects of the prior period which is evident from the positive operating results of the Company i.e. the Company earned revenue of Rs. 30.9 billion and generated operating cash flows of Rs. 5.27 billion as compared to Rs. 16.1 billion and Rs. 0.9 billion respectively in the prior period ended 30 June 2020. Furthermore, the Company has a strong position, having accumulated profits amounting to Rs. 4.07 billion and available cash and cash equivalents amounting to Rs. 17.63 billion as at 30 June 2021. The Company has sufficient financial resources to meet its anticipated working capital requirements and obligations as they come due. Subsequent to the reporting date, the provincial government imposed complete lockdown in Karachi amid increasing Covid cases. This would result in disruption in business activities due to uncertainties created by the fourth wave of COVID-19 which could affect the overall operations and the business in future requiring close monitoring by the management as it is an alarming situation for overall economy of Pakistan. The Company will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of the employees, customers, and shareholders. However, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period.

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 2021 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; and
- 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 2020. 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 provision for retirement benefit obligations, provision for Gas Infrastructure and Development Cess (GI DC) and lease liability which have been measured at present value.

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

For the six months period ended 30 June 2021

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

There are certain amendments and interpretations listed below, to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after 1 July 2021:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to the other terms and conditions of the lease.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarify what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Annual improvements to IFRS Standards 2018-2020

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

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

For the six months period ended 30 June 2021

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

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

For the six months period ended 30 June 2021

Amounts in Rs '000

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments are effective from annual period beginning on or after 1 July 2021 and are not likely to have an impact on the Company's 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 2020.

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 2020.

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 2020.

	30 June 2021	31 December 2020
Note	(Un-audited)	(Audited)
4 PROPERTY, PLANT AND EQUIPMENT		
Operating property, plant and equipment	5,050,929	4,562,599
Capital work-in-progress	698,913	428,263
4.1	<u>5,749,842</u>	<u>4,990,862</u>

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

	2021 (Un-audited)		2020 (Un-audited)	
	Additions cost	Disposals net book value	Additions cost	Disposals net book value
Property, plant and equipment				
Operating assets - owned				
Buildings on leasehold land	-	-	5,230	-
Plant and machinery - note 4.1.1	1,190,244	154,088	746,611	-
Furniture and equipment	48,516	-	3,418	-
Capital work-in-progress - net	<u>270,650</u>		<u>248,007</u>	

4.1.1 This includes purchase of refurbished gas turbine generator amounting to Rs. 1,166 million in exchange for old gas turbine generator.

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

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	Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
5 TRADE DEBTS			
Trade debts - <i>considered good</i>	5.1	<u>4,793,489</u>	<u>2,998,642</u>
5.1			
All of the Company's trade debts are secured by letters of credit of 30 to 90 days issued by various banks except for receivable from K-Electric against the sale of electricity. These balances are neither past due nor impaired and are considered good.			
	Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
6 SALES TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax refundable	6.1	707,420	518,976
Provision for impairment		(156,053)	(156,053)
		<u>551,367</u>	<u>362,923</u>
6.1			
This includes Rs 27.65 million (31 December 2020: Rs 27.65 million) on account of input tax arising from sales tax charged to the Company under the Sindh Sales Tax on Services Act, 2011 which is administered by the Sindh Revenue Board with effect from 01 July 2011. This is being deferred due to procedural issues between Federal and Provincial Tax collecting agencies, resulting in lack of verification by the refund issuing authority i.e. the Federal Board of Revenue (FBR). The Company had approached Federal Tax Ombudsman (FTO) for resolution of the matter. The FTO in its order dated 02 May 2013 have directed FBR, with certain recommendations, to resolve the issue. The Company has filed a Suit No. 537 of 2014 before the Sindh High Court (SHC) to resolve this issue as per the prevailing Sales Tax Law. The SHC passed an order dated 14 January 2015 directing the FBR to verify exact amount of refund of sales tax to which plaintiff is entitled and submit their report accordingly. In the prior year, the Company had received a refund of Rs 46.04 million from FBR, hence no provision has been recognised in the current period.			
	Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
7 OTHER RECEIVABLES - <i>considered good</i>			
Rebates receivable - net	7.1	325,169	-
Insurance claims - net		17,872	8,276
Others		3,655	4,001
		<u>346,696</u>	<u>12,277</u>
7.1			
This represents amount receivable from suppliers on account of price and exchange rate differentials in respect of paraxylene and acetic acid settlements.			
	Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
8 SHORT-TERM INVESTMENTS - at amortised cost			
Term deposit receipts (TDRs)	8.1	17,567,700	14,338,300
Treasury Bills		-	661,118
		<u>17,567,700</u>	<u>14,999,418</u>
8.1			
These carry interest ranging from 6% to 8% per annum (31 December 2020: 6% to 14% per annum) and has original maturities of less than three months.			
	Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
9 CASH AND BANK BALANCES			
Cash in hand		107	387
With banks in:			
Current accounts		35,918	32,204
Saving account	9.1	23,544	2,997
		<u>59,462</u>	<u>35,201</u>
		<u>59,569</u>	<u>35,588</u>
9.1			
These carry interest at 5.5% per annum (31 December 2020: 5.5% to 11.25% per annum).			

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	Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
10 TRADE AND OTHER PAYABLES			
Trade creditors including bills payable		8,321,995	4,758,150
Accrued expenses		729,617	771,006
Contract liabilities - advances from customers		14,600	21,114
Withholding tax payable		-	2,528
Infrastructure Cess	10.1	3,069,299	2,901,748
Current portion of provision for GIDC	10.2	1,419,199	1,142,213
Workers' Profit Participation Fund (WPPF)		198,529	22,829
Workers' Welfare Fund (WWF)		165,800	87,939
Retention money		17,758	626
Others	10.3	157,000	155,208
		14,093,797	9,863,361

10.1 In the current period, the appeal filed by the Company at Sindh High Court in respect of Development and Maintenance of Infrastructure Cess (as reported in note 24.1 to the annual financial statements of the Company for the year ended 31 December 2020) was dismissed in favour of the Government of Sindh. The Company (along with a number of other parties) is in process of filing an appeal in the Honourable Supreme Court of Pakistan. As a matter of abundant caution, full amount of provision has been made in these condensed interim financial statements in this respect.

10.2 There is no change in the status of Gas Infrastructure Development Cess as disclosed in note 24.2 to the annual financial statements of the Company for the year ended 31 December 2020.

	30 June 2021 (Un-audited)	31 December 2020 (Audited)
The movement of balance is as follows:		
Opening	2,866,174	2,904,230
Charge for the period / year	-	209,514
Unwinding of GIDC provision	61,525	-
Discounting of GIDC provision	-	(247,570)
Closing	2,927,699	2,866,174
Non-current portion of provision for GIDC	1,508,500	1,723,961
Current portion of provision for GIDC	1,419,199	1,142,213
	2,927,699	2,866,174

10.3 This includes stale cheques amounting to Rs 140.42 million (31 December 2020: Rs 142.99 million).

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no significant change in the status of contingencies as reported in the annual audited financial statements for the year ended 31 December 2020, except for the following:

	Name of the court, agency or authority	Description of the factual basis of the proceedings and relief sought	Principal parties	Date instituted
11.1.1	Federal Board of Revenue	Tax Year 2014 In respect of tax year 2014, an Assessment Order was passed whereby an amount of Rs. 31.4 million pertaining to unrealized losses was disallowed. The Company has filed an appeal which was decided in favour of the Company by Commissioner Inland Revenue (Appeals) [CIR(A)] vide its Order dated 10 November 2015. However, the tax department has filed an appeal against the Appellate Order before the Tribunal who vide its Order dated 15 February 2021 has remanded back the matter to the CIR(A) for readjudication of the proceedings which are pending.	Federal Board of Revenue and the Company	November 10, 2015

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

For the six months period ended 30 June 2021

Name of the court, agency or authority	Description of the factual basis of the proceedings and relief sought	Principal parties	Date instituted
11.1.2 Federal Board of Revenue	<p>Tax Years 2016 to 2020</p> <p>On 29 April 2021, Assessment Orders were passed in respect of Tax years 2016 to 2020 which created additional tax liability of Rs. 1.71 billion and consequently tax refundable of Rs. 0.75 billion was converted to a tax liability of Rs. 0.96 billion. Details of the demand raised and major issues are as follows:</p> <p>Tax year 2016: Tax refundable of Rs. 369 million was reduced to Rs. 204.7 million as the amount of Rs. 164 million has been adjusted by the tax department. However, Tax Order was raised mainly on account of consequential effect of disallowance of unabsorbed tax depreciation related to the amalgamated entity Lotte Powergen (Pvt) Limited and apportionment of expenditures.</p> <p>Tax year 2017: Tax refundable of Rs. 15 million has been substituted by a tax liability of Rs. 23.6 million mainly on account of levy of super tax.</p> <p>Tax Year 2018: Tax refundable of Rs. 241 million was substituted by a tax liability of Rs. 516 million mainly by disallowing unabsorbed tax depreciation Rs. 420 million related to the amalgamated entity Lotte Powergen (Pvt) Limited, WPPF/WWF Rs. 24 million and levy of Super tax Rs. 95 million.</p> <p>Tax Year 2019: Tax refundable of Rs. 113 million was substituted by a tax liability of Rs. 634 million mainly on account of short adjustment of minimum turnover tax non-filing of Rs. 467 million, disallowance of WPPF/WWF expense Rs. 107.7 million and a levy of super tax charge amounting to Rs. 138.8 million.</p> <p>Tax Year 2020: Tax refundable of Rs. 14 million was substituted by a tax liability of Rs. 150 million mainly by disallowing expenses on account of WPPF/WWF and apportionment of expenses.</p> <p>The Company has filed appeals before the Commissioner Inland Revenue (Appeals) [CIR(A)] in respect of the aforementioned Orders which are pending adjudication. The Company along with its tax advisor, is confident that decisions will be in favour of the Company, therefore no provision has been recognised in the condensed interim financial statements.</p>	Federal Board of Revenue and the Company	April 29, 2021
11.1.3 Federal Board of Revenue	<p>Sales tax - Tax periods from January to December 2019</p> <p>The Deputy Commissioner Inland Revenue (DCIR) passed an Order, whereby sales tax demand of Rs. 153.7 million along with penalty of Rs. 7.7 million has been raised on account of certain discrepancies in the sales tax return filed. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] which is pending. Management along with its tax advisor are confident that the outcome of the case will be in their favour, therefore, no provision has been recognised in the condensed interim financial statements.</p>	Deputy Commissioner Inland Revenue and the Company	December 31, 2020

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

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11.1.4 Outstanding guarantees of the Company as at 30 June 2021 were Rs 3,534.1 million (31 December 2020: Rs 3,232.6 million).

11.2 COMMITMENTS

11.2.1 Commitments for capital expenditure as at 30 June 2021 amounted to Rs 119.50 million (31 December 2020: Rs 12.42 million).

11.2.2 Commitments for rentals under ljarah contracts for vehicles are as follows:

	30 June 2021	31 December 2020
	(Un-audited)	(Audited)
Not later than 1 year	14,254	22,561
Later than 1 year and not later than 5 years	57,146	34,469
	71,400	57,030

11.2.3 Commitments for rentals under service agreements for certain supplies in respect of goods and services are as follows:

	30 June 2021	31 December 2020
	(Un-audited)	(Audited)
Not later than 1 year	528,146	536,020
Later than 1 year and not later than 5 years	359,139	639,686
	887,285	1,175,706

11.2.4 Commitments for rentals under service agreements in respect of goods and services are priced in foreign currency and payable in Pakistani Rupees, converted at exchange rates applicable on the date of payment.

11.2.5 Letters of credit issued on behalf of the Company as at 30 June 2021 were Rs 4,683.5 million (31 December 2020: Rs 2,191.2 million).

	Six months period ended		Quarter ended	
	30 June (Un-audited)		30 June (Un-audited)	
	2021	2020	2021	2020
12 REVENUE - net				
Manufactured goods				
Local sales	34,508,268	19,687,752	17,934,402	5,220,415
Less: sales tax and excise duty	(5,014,022)	(2,860,614)	(2,605,854)	(758,522)
price settlements and discounts / rebates	(194,064)	(1,025,365)	27,309	(163,275)
	29,300,182	15,801,773	15,355,857	4,298,618
Trading goods				
Local sales	1,218,822	381,669	637,548	133,177
Less: sales tax and excise duty	(177,094)	(55,456)	(92,636)	(19,350)
price settlements and discounts / rebates	(9,452)	(5,658)	(4,794)	(2,119)
	1,032,276	320,555	540,118	111,708
Sale of electricity				
Local sales	690,050	-	414,635	-
Less: sales tax	(100,264)	-	(60,246)	-
	589,786	-	354,389	-
	30,922,244	16,122,328	16,250,364	4,410,326

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

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13	COST OF SALES	Six months period ended 30 June (Un-audited)		Quarter ended 30 June (Un-audited)	
		2021	2020 Restated	2021	2020 Restated
	Manufactured goods				
	Opening stock of raw and packing materials	3,644,232	2,411,469	3,069,538	1,727,487
	Purchases	23,043,818	11,709,296	13,011,814	3,096,724
	Closing stock of raw and packing materials	(3,334,804)	(1,940,332)	(3,334,804)	(1,940,332)
	Raw and packing materials consumed	23,353,246	12,180,433	12,746,548	2,883,879
	Manufacturing costs	2,691,812	2,206,347	1,283,468	966,571
	Cost of goods manufactured	26,045,058	14,386,780	14,030,016	3,850,450
	Opening stock of finished goods	506,676	1,912,025	745,068	847,266
		26,551,734	16,298,805	14,775,084	4,697,716
	Closing stock of finished goods	(950,413)	(334,306)	(950,413)	(334,306)
	Cost of goods manufactured sold	25,601,321	15,964,499	13,824,671	4,363,410
	Trading goods				
	Opening stock	6,461	158,974	175,238	49,798
	Purchases	940,712	161,420	359,587	89,929
	Closing stock	(85,157)	(43,678)	(85,157)	(43,678)
	Cost of trading goods sold	862,016	276,716	449,668	96,049
	Cost to produce electricity	546,586	-	327,415	-
		27,009,923	16,241,215	14,601,754	4,459,459
		Six months period ended 30 June (Un-audited)		Quarter ended 30 June (Un-audited)	
		2021	2020	2021	2020
14	OTHER EXPENSES				
	Auditors' remuneration	1,642	1,599	1,028	1,250
	Donations - note 14.1	-	126,616	-	126,426
	Unwinding of GIDC provision	61,525	-	29,752	-
	Workers' Profit Participation Fund	197,430	8,671	74,279	4,492
	Workers' Welfare Fund	77,860	5,668	33,470	5,175
	Others	2	-	2	-
		338,459	142,554	138,531	137,343
14.1	This includes payment made to Lotte Pakistan Foundation (Head Office, Karachi) amounted to Rs. 100 million in the prior period. The Chief Executive, Executive Director and two employees of the Company are amongst the Trustees of the Foundation.				
		Six months period ended 30 June (Un-audited)		Quarter ended 30 June (Un-audited)	
		2021	2020	2021	2020
15	OTHER INCOME				
	Income from financial assets				
	Mark-up income	571,034	614,140	297,859	273,604
	Income from non-financial assets				
	Scrap sales	6,116	-	6,116	-
	Indenting commission - net	1,717	5,151	354	3,634
	Rental income from tower on leasehold land	896	862	-	-
	Income from sale of water	6,898	617	4,628	157
	Others	52	-	52	-
		15,679	6,630	11,150	3,791
		586,713	620,770	309,009	277,395

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

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	Six months period ended 30 June (Un-audited)		Quarter ended 30 June (Un-audited)	
	2021	2020 Restated	2021	2020 Restated
16 FINANCE COST / (INCOME)				
Interest on lease liability	98,917	110,182	48,796	56,124
Exchange loss / (gain) - net	81,372	4,853	239,075	(145,057)
Bank, LCs and other charges	21,036	21,563	11,585	10,021
Interest on Workers' Profit Participation Fund	116	-	-	-
	201,441	136,598	299,456	(78,912)
17 TAXATION				
The taxation charge for the six months is based on the statutory income tax rate and tax under Final Tax Regime (FTR) as adjusted by the movement in the deferred tax account				
18 CASH GENERATED FROM OPERATIONS	Note		Six months period ended 30 June (Un-audited)	
			2021	2020 Restated
Profit / (loss) before taxation			3,673,322	(37,396)
Adjustments for non-cash charges and other items:				
Depreciation and amortisation			711,862	561,284
Provision for retirement benefit obligations			7,423	6,183
Finance cost			100,598	328,859
Mark-up income	15		(571,034)	(614,140)
Infrastructure Cess			167,551	85,050
Unwinding of GIDC provision			61,525	-
Provision for Gas Infrastructure and Development Cess			-	166,353
			477,925	533,589
			4,151,247	496,193
Effect on cashflows due to working capital changes				
(Increase) / decrease in current assets:				
Stores and spare parts			(222,731)	250,177
Stock-in-trade			(71,589)	2,164,152
Trade debts			(1,794,847)	2,023,773
Loans and advances			1,296	21,352
Trade deposits and short-term prepayments			(21,937)	(10,856)
Other receivables			(334,419)	297,995
Sales tax refunds due from government			(188,444)	(166,165)
			(2,632,671)	4,580,428
Increase / (decrease) in trade and other payables			3,807,655	(4,393,560)
Cash generated from operations			5,326,231	683,061
			30 June 2021	30 June 2020
			(Un-audited)	(Un-audited)
19 CASH AND CASH EQUIVALENTS				
Cash and bank balances	9		59,569	34,523
TDRs with banks having maturity less than three months	8		17,567,700	8,514,500
			17,627,269	8,549,023

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20 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 this condensed interim financial statements are as follows:

Relationship	Nature of transactions	Six months period ended 30 June (Un-audited)		Quarter ended 30 June (Un-audited)	
		2021	2020	2021	2020
Parent / Associate / Related parties					
Lotte Chemical Corporation	Legal and professional charges	<u>1,920</u>	-	<u>1,920</u>	-
	Dividend paid	<u>851,895</u>	-	<u>851,895</u>	-
Lotte Academy	Purchase of services	<u>50</u>	-	<u>50</u>	-
Lotte Kolson Private Limited	Purchase of goods	<u>161</u>	-	<u>161</u>	-
Key management personnel					
	Salaries and other short-term benefits	<u>30,181</u>	30,761	<u>16,998</u>	15,804
	Post employment benefits	<u>3,772</u>	3,452	<u>1,980</u>	1,808
	Loan repaid	<u>2,100</u>	2,100	<u>1,050</u>	1,050
Others					
	Payments to retirement benefit funds	<u>43,504</u>	40,877	<u>22,935</u>	21,525
	Donation paid to Lotte Pakistan Foundation	<u>-</u>	100,000	<u>-</u>	100,000

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market date (i.e., unobservable inputs).

21.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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		30 June 2021 (Un-audited)				Fair value			
Note	Carrying amount				Level 1	Level 2	Level 3	Total	
	Financial assets 'at fair value through other comprehensive income'	Financial assets 'at fair value through profit or loss'	Financial assets 'at fair value through amortised cost'	Other financial liabilities					Total
Financial assets - not measured at fair value									
Loans	21.1.1	-	-	164,434	-	-	-	164,434	
Trade deposits	21.1.1	-	-	58,008	-	-	-	58,008	
Trade debts	21.1.1	-	-	4,793,489	-	-	-	4,793,489	
Other receivables	21.1.1	-	-	346,696	-	-	-	346,696	
Short-term investments									
- TDRs	21.1.1	-	-	17,567,700	-	-	-	17,567,700	
- T-Bills	21.1.2	-	-	-	-	-	-	-	
Interest accrued	21.1.1	-	-	114,830	-	-	-	114,830	
Cash and bank	21.1.1	-	-	59,569	-	-	-	59,569	
		-	-	23,104,726	-	-	-	23,104,726	
Financial liabilities - not measured at fair value									
Trade and other payables	21.1.1	-	-	-	9,226,370	-	-	9,226,370	
Accrued interest	21.1.1	-	-	-	239,361	-	-	239,361	
Unclaimed dividend	21.1.1	-	-	-	11,184	-	-	11,184	
Unpaid dividend	21.1.1	-	-	-	24,188	-	-	24,188	
Lease liability	21.1.1	-	-	-	1,656,524	-	-	1,656,524	
		-	-	-	11,157,627	-	-	11,157,627	

		31 December 2020 (Audited)				Fair value			
Note	Carrying amount				Level 1	Level 2	Level 3	Total	
	Financial assets 'at fair value through other comprehensive income'	Financial assets 'at fair value through profit or loss'	Financial assets 'at fair value through amortised cost'	Other financial liabilities					Total
Financial assets - not measured at fair value									
Loans	21.1.1	-	-	167,489	-	-	-	167,489	
Trade deposits	21.1.1	-	-	57,295	-	-	-	57,295	
Trade debts	21.1.1	-	-	2,998,642	-	-	-	2,998,642	
Other receivables	21.1.1	-	-	12,277	-	-	-	12,277	
Short-term investments									
- TDRs	21.1.1	-	-	14,338,300	-	-	-	14,338,300	
- T-Bills	21.1.2	-	-	661,118	-	661,118	-	661,118	
Interest accrued	21.1.1	-	-	120,908	-	-	-	120,908	
Cash and bank	21.1.1	-	-	35,588	-	-	-	35,588	
		-	-	18,391,617	-	-	-	18,391,617	
Financial liabilities - not measured at fair value									
Trade and other payables	21.1.1	-	-	-	5,684,990	-	-	5,684,990	
Accrued interest	21.1.1	-	-	-	242,930	-	-	242,930	
Unclaimed dividend	21.1.1	-	-	-	10,316	-	-	10,316	
Unpaid dividend	21.1.1	-	-	-	20,974	-	-	20,974	
Lease liability	21.1.1	-	-	-	1,759,813	-	-	1,759,813	
		-	-	-	7,719,023	-	-	7,719,023	

21.1.1 The Company has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

21.1.2 Valuation techniques used in determination of fair values within level 2:

Investments in Market Treasury Bills are valued on the basis of the PKRVs announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

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

For the six months period ended 30 June 2021

Amounts in Rs '000

22 LEASES AS LESSEE - RESTATEMENT

The Company restated its annual audited financial statements for the year ended 31 December 2020 as disclosed in note 48 to the said financial statements. Accordingly, the comparative figures of these condensed interim financial statements (i.e. 30 June 2020) have also been restated. The following tables summarise the effects of reassessment and their impact on prior period condensed interim financial statements:

	Six months period ended 30 June 2020		
	Impact of restatement		
	As previously reported	Adjustments	As restated
Impact on statement of profit or loss*			
For the period ended 30 June 2020			
Finance (income) / cost	(150,133)	286,731	136,598
Cost of sales			
- Depreciation and amortisation	445,774	100,163	545,937
- Purchases	11,899,696	(190,400)	11,709,296
Impact on statement of comprehensive income	113,115	(196,494)	(83,379)
Impact on statement of cash flows			
For the period ended 30 June 2020			
Changes in operating cashflows	731,953	190,400	922,353
Changes in financing cashflows	(2,554)	(190,400)	(192,954)
Effect on earnings per share	Amount in Rupees		
Earnings per share - basic and diluted	0.07	(0.13)	(0.06)

22.1 The Company had not incorporated the effects of restatement in its published quarterly financial statements for the period ended 31 March 2021. This has been corrected to arrive at the figures of the quarter ended 30 June 2020. The effects of reassessment and their impact on quarterly financial statements are detailed below:

	Quarter ended 31 March 2020		
	Impact of restatement		
	As previously reported	Adjustments	As restated
Impact on statement of profit or loss*			
For the quarter ended 31 March 2020			
Finance cost	10,585	204,925	215,510
Cost of sales			
- Depreciation and amortisation	211,316	50,082	261,398
- Purchases	8,705,987	(93,415)	8,612,572
Impact on statement of comprehensive income	57,994	(161,592)	(103,598)
Effect on earnings per share	Amount in Rupees		
Earnings per share - basic and diluted	0.04	(0.11)	(0.07)

* Impact of taxation has been incorporated in the annual audited financial statement for the year ended 31 December 2020

22.2 The effects on statement of financial position has been incorporated and disclosed in note 48 to the annual financial statements.

23 GENERAL

23.1 Segment reporting

The financial information has been prepared on the basis of a single reportable segment. Geographically, all the sales were carried out in Pakistan. All non-current assets of the Company as at 30 June 2021 are located in Pakistan.

24 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue in the Board of Directors meeting held on 20 August 2021.



Min Jae Hwang
Chairman



Humair Ijaz
Chief Executive



Ashiq Ali
Chief Financial Officer

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