

23 August 2023

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road Karachi.

Subject: Transmission of Quarterly Report for the Period Ended 30 June 2023.

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the period ended 30 June 2023 have been transmitted through PUCARS and is also available on Company's website.

Further, reference to PSX notice no PSX/N-4403 dated 26 July 2018, we are sending 15 copies of printed quarterly reports.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Faisal Abid'.

Faisal Abid
Company Secretary



LOTTE CHEMICAL
PAKISTAN LTD

People.
Progress.
Profit.



**REPORT FOR THE
SIX MONTHS PERIOD ENDED
30 JUNE 2023**

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Company Information

As at 11 August 2023

Board of Directors

Sang Hyeon Lee	Chairman
Young Dae Kim	Chief Executive
IL Kyu Kim	Non-Executive
Jae Sun Park	Non-Executive
Shabbir Diwan	Non-Executive
Rashid Ibrahim	Independent
Khurram Rashid	Independent
Tariq Nazir Virk	Executive

Audit Committee

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

HR & Remuneration Committee

Rashid Ibrahim	Chairman
Sang Hyeon Lee	Member
Young Dae Kim	Member
Waheed U Khan	Secretary

Shares Sub Committee

Young Dae Kim	Chairman
Sang Hyeon Lee	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 Associates (Pvt) Limited
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 2023

The Directors are pleased to present their review report for the second quarter ended 30 June 2023 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 2023.

Election of Directors

At the Extraordinary General Meeting of the Company held on 22 June 2023, Mr Sang Hyeon Lee, Mr Young Dae Kim, Mr IL Kyu Kim, Ms Jae Sun Park, Mr Tariq Nazir Virk, Mr Shabbir Diwan, Mr Rashid Ibrahim and Mr Khurram Rashid were elected as Directors of the Company for a three-year term commencing from 23 June 2023.

Following the election of Directors, Mr Sang Hyeon Lee was re-appointed as Chairman and Mr Young Dae Kim as Chief Executive of the Company for a term of three years commencing from 23 June 2023.

Business Overview

Crude Oil (WTI) prices exhibited a bearish trend throughout the second quarter as several unfavorable factors plagued the market. The implementation of stringent monetary policies in major economies, stunted global economic growth, debt default concerns in the U.S., and slower-than-anticipated rebound in Chinese economy raised concerns of weaker Oil demand, thereby exerting downward pressure on the prices. During the quarter, Oil prices were briefly aided by the prospect of tighter supplies with supply disruption from Iraq's Kurdish region due to legal disputes as well as from North America on account of wild fires. Furthermore, the decision from OPEC+ to reduce supply by 1.66 million barrels per day from May, and the subsequent intended cut of 1 million barrels per day from July, provided some support to the ailing prices during the quarter. The average price for the quarter was US\$ 73.93 per barrel, down by 3.2% from the previous quarter.

Paraxylene (PX) market largely lost strength over the course of the quarter following the decline in Crude Oil prices. However PX prices were periodically supported as several facilities underwent planned shut downs during the quarter, and some PX producers diverted product to the Gasoline pool which offered lucrative margins, consequently causing the market to tighten. Demand for PX within China remained robust on the back of capacity additions in the downstream PTA sector, however poor economics kept the demand subdued in the rest of Asia despite the peak season. The average PX price for the quarter was US\$ 1,031.29 per tonne while the PX-Naptha spread averaged at US\$ 429 per tonne.

The PTA prices trended downwards following the upstream PX market, as major stakeholders adopted a cautious approach due to the volatility in the upstream energy markets and uncertainty in the macroeconomic environment. PTA production in the region reached unprecedented levels with the start-up of 5.5 million MTs of new capacities in China, however the market failed to gather sufficient support as it was inundated by negative sentiment amid inflationary pressure and lackluster consumerism. Despite the peak season, demand for PTA remained relatively depressed as many polyester producers were forced to rationalize operations due to poor margins, however capacity additions in the downstream PET and polyester sectors kept the PTA inventory build-up in check. The average PTA price for the quarter was US\$ 797.13 per metric tonne, whereas the average PTA margin over PX for the quarter was US\$ 120 per metric tonne.

The domestic polyester industry re-gained stability in Q2-2023 as compared to the previous quarter as producers made alternate arrangements in their supply chains to manage operations and replenish finished goods inventories. However, despite the peak season, downstream sales remained sub-par due to weak demand resulting from challenging economic conditions and inflationary pressure in the country.

Directors' Review

For the second quarter ended 30 June 2023

Operations

The Company had to keep operations suspended till the end of April after taking the plant offline in mid-March due to unavailability of raw material on account of economic situation prevalent in the country. As a result, Production volume during the quarter at 71,538 tonnes was 46% lower than the corresponding period last year while Sales volume, comprising of domestic sales only, at 62,054 tonnes was 53% lower than the corresponding quarter last year.

Financial Performance

Revenue for the quarter was 45% lower than the corresponding period last year mainly due to lower volume sold. This resulted in a lower gross profit of Rs 2,000 million for the quarter as compared to gross profit of Rs 5,996 million during the same period last year.

Distribution and selling expenses were 24% higher than Q2 2022 while Administrative and general expenses were 28% 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. The taxation charge also includes prior year tax charge as a result of retrospective increase in the rate of Super tax from 4% to 10% from Tax year 2023.

Earnings per share (EPS) for the quarter stood at Rs 0.21 per share as compared to Rs 1.84 per share for Q2 2022.

Future Outlook

Moving forward, Crude Oil (WTI) prices are expected to trend upwards in the second half of 2023 as continued production cuts from OPEC+ may result in a substantial supply deficit. However, persistent weakness in the global demand outlook and the resultant potential increase in interest rates by major economies will keep the prices in check.

Paraxylene (PX) prices are likely to trend upwards in the next quarter supported by the upstream Crude Oil prices as well as increased demand against the capacity additions in the downstream PTA sector. However, market is expected to lengthen following the re-start of PX assets post maintenance activities which may limit price movement.

PTA prices are forecasted to trend downwards as market is anticipated to taper following the end of the peak season. Further, poor demand sentiment amid the bleak macroeconomic outlook will continue to influence the prices resulting in pressure on margins.

The domestic Polyester market is expected to continue facing economic challenges, mainly driven by uncertainty in energy costs and its availability in addition to the ongoing cash flow issues. Reduced consumer spending fueled by unprecedented inflation and a precarious global economic recovery, pose a substantial risk to domestic manufacturing operations.



Sang Hyeon Lee
Chairman



Young Dae Kim
Chief Executive

Date: 11 August 2023

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 30 June 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, 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 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 interim 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 30 June 2023 and 30 June 2022 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended 30 June 2023.

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 financial statements of the Company for the year ended 31 December 2022 and half year ended 30 June 2022 were audited and reviewed by another firm of Chartered Accountants who had expressed an unmodified opinion/conclusion on those statements vide their reports dated 27 February 2023 and 10 August 2022 respectively.

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

Date: 11 August 2023
Karachi
UDIN: RR202310059Ff3qJG62a

A.F. Ferguson & Co.
Chartered Accountants

Condensed Interim Statement of Financial Position

As at 30 June 2023

Amounts in Rs '000

	Note	30 June 2023 (Un-audited)	31 December 2022 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	4	5,989,320	6,259,826
Intangible assets		31,701	38,632
Right-of-use assets	5	986,162	1,110,524
Long-term loans		44,522	83,931
Long-term prepayments		101,010	66,115
Deferred taxation - net		2,303,290	1,589,704
		9,456,005	9,148,732
Current assets			
Stores and spare parts		1,731,097	1,416,265
Stock-in-trade		9,752,868	8,529,047
Trade debts	6	7,167,991	7,053,875
Loans and advances		45,682	37,171
Trade deposits and short-term prepayments	7	4,355,578	107,221
Interest accrued		94,791	39,996
Other receivables		10,474	5,662
Short-term investments - at amortised cost	8	11,577,691	11,952,850
Sales tax refunds due from government	9	2,257,592	547,221
Taxation - net		-	97,959
Cash and bank balances	10	331,998	4,397,066
		37,325,762	34,184,333
Total assets		46,781,767	43,333,065
Equity and liabilities			
Share capital and reserves			
Issued, subscribed and paid-up capital			
1,514,207,208 (31 December 2022: 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		4,666,310	7,869,409
Total equity		19,810,727	23,013,826
Liabilities			
Non-current liabilities			
Retirement benefit obligations		207,134	198,723
Lease liability		1,878,291	1,660,096
		2,085,425	1,858,819
Current liabilities			
Trade and other payables	11	13,211,128	13,202,137
Lease liability		420,491	314,484
Accrued interest	12	435,654	344,413
Unclaimed dividend		25,132	25,653
Unpaid dividend	13	9,136,743	4,573,733
Taxation - net		1,656,467	-
		24,885,615	18,460,420
Total liabilities		26,971,040	20,319,239
Contingencies and commitments	14		
Total equity and liabilities		46,781,767	43,333,065

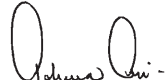
The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



Sang Hyeon Lee
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 2023

Amounts in Rs '000

	Note	Six months period ended 30 June (Un-audited)		Quarter ended 30 June (Un-audited)	
		2023	2022	2023	2022
Revenue - net	15	38,542,564	49,958,303	16,429,866	29,626,704
Cost of sales	16	(32,103,367)	(39,952,417)	(14,429,654)	(23,630,806)
Gross profit		6,439,197	10,005,886	2,000,212	5,995,898
Distribution and selling expenses		(79,332)	(73,124)	(42,465)	(34,336)
Administrative and general expenses		(313,066)	(251,400)	(161,433)	(126,455)
Other operating expenses	17	(458,373)	(668,090)	(160,849)	(392,517)
Operating profit		5,588,426	9,013,272	1,635,465	5,442,590
Other income	18	1,183,510	833,743	598,354	458,061
Finance cost	19	(895,121)	(997,649)	(139,614)	(720,715)
Profit before taxation		5,876,815	8,849,366	2,094,205	5,179,936
Taxation	20	(3,023,086)	(3,447,919)	(1,782,833)	(2,393,448)
Profit after taxation		2,853,729	5,401,447	311,372	2,786,488
----- Amount in Rupees -----					
Earnings per share - basic and diluted		1.88	3.57	0.21	1.84

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


Sang Hyeon Lee
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 2023

Amounts in Rs '000

	Six months period ended 30 June (Un-audited)		Quarter ended 30 June (Un-audited)	
	2023	2022	2023	2022
Profit after taxation	2,853,729	5,401,447	311,372	2,786,488
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	2,853,729	5,401,447	311,372	2,786,488

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



Sang Hyeon Lee
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 2023

Amounts in Rs '000

	Share capital	Reserves			Total equity
	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	Sub-total	
Balance as at 1 January 2022	15,142,072	2,345	3,832,102	3,834,447	18,976,519
Total comprehensive income for the six months period ended 30 June 2022					
- Profit for the six months period ended 30 June 2022	-	-	5,401,447	5,401,447	5,401,447
- Other comprehensive income for the six months period ended 30 June 2022	-	-	-	-	-
	-	-	5,401,447	5,401,447	5,401,447
Balance as at 30 June 2022	15,142,072	2,345	9,233,549	9,235,894	24,377,966
Balance as at 1 January 2023	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)
Balance as at 30 June 2023	15,142,072	2,345	4,666,310	4,668,655	19,810,727

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


Sang Hyeon Lee
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 2023

Amounts in Rs '000

	Note	Six months period ended 30 June (Un-audited)	
		2023	2022
Cash flows from operating activities			
Cash (used in) / generated from operations	21	(1,272,523)	3,406,346
Finance costs paid		(115,591)	(23,800)
Payments to retirement benefit obligations		(1,335)	(1,816)
Long-term loans and advances - net		39,409	(16,647)
Long-term deposits and prepayments - net		(34,895)	162
Taxes paid		(2,102,947)	(1,213,364)
Interest received		1,025,857	806,568
Net cash (used in) / generated from operating activities		(2,462,025)	2,957,449
Cash flows from investing activities			
Payments for capital expenditure		(220,666)	(969,491)
Proceeds from disposal of property, plant and equipment		62,687	3,944
Redemption of short-term investments (net of purchases)		2,567,369	(7,244,402)
Net cash generated from / (used in) investing activities		2,409,390	(8,209,949)
Cash flows from financing activities			
Dividend paid		(1,494,339)	(2,521)
Payment of lease liability		(325,884)	(222,030)
Net cash used in financing activities		(1,820,223)	(224,551)
Net decrease in cash and cash equivalents		(1,872,858)	(5,477,051)
Cash and cash equivalents at 1 January		13,782,547	15,305,673
Cash and cash equivalents at 30 June	22	11,909,689	9,828,622

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



Sang Hyeon Lee
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 2023

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:

Location	Address
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.

1.4 The Company had to shut down its plant operations from mid March till end of April 2023, mainly due to economic conditions prevalent in the Country.

1.5 The Board of Directors of the Lotte Chemical Corporation ("LCC Korea"), the majority shareholder of the Company entered into Share Purchase Agreement dated 26 January 2023 with Lucky Core Industries Limited for the sale of all of the Company's shares held by LCC Korea (i.e.1,135,860,105 constituting approximately 75.01% of the issued and paid-up capital of the Company).

Subsequently, LCC Korea has signed an Assignment and Assumption Agreement with Lucky Core Industries Limited and Lucky Core Ventures (Private) Limited (a wholly owned subsidiary of the Lucky Core Industries Limited), in respect of Share Purchase Agreement.

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 2023 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 2022. 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.

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

For the six months period ended 30 June 2023

Amounts in Rs '000

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 2023. However, these do not have any significant impact on the Company's financial reporting.

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 2024. 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 2022.

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 2022.

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 2022.

	Note	30 June 2023 (Un-audited)	31 December 2022 (Audited)
4. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment	4.1	5,133,268	5,591,103
Capital work-in-progress	4.1 & 4.2	856,052	668,723
		5,989,320	6,259,826

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

	2023		2022	
	Additions cost	Disposals net book value	Additions cost	Disposals net book value
Property, plant and equipment				
Operating assets - owned				
Plant and machinery	23,710	2,573	540,226	-
Furniture and equipment	9,094	48	9,051	-
Motor vehicles	533	-	529	-
Capital work-in-progress - net	187,329		286,596	

4.2 This includes capital expenditure pertaining to civil work & building, plant & machinery and other equipment amounting to Rs. 6.90 million (31 December 2022: Nil), Rs. 827.1 million (31 December 2022: Rs. 648.01 million), and Rs. 22.05 million (31 December 2022: Rs. 20.71 million) respectively.

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

For the six months period ended 30 June 2023

Amounts in Rs '000

		30 June 2023	31 December 2022
	Note	(Un-audited)	(Audited)
5. RIGHT-OF-USE ASSETS			
5.1 Gross carrying value basis			
Cost		1,936,026	1,936,026
Accumulated depreciation		(949,864)	(825,502)
Net book value		986,162	1,110,524
5.2 Net carrying value basis			
Balance as at 1 January		1,110,524	1,217,305
Additions during the period / year		-	133,089
Depreciation charge during the period / year		(124,362)	(239,870)
Balance as at 30 June		986,162	1,110,524
6. TRADE DEBTS			
Trade receivable - PTA and related products	6.1 & 6.2	7,149,895	7,010,116
Trade receivable - electricity		18,096	43,759
		7,167,991	7,053,875
6.1	All of the Company's trade debts for PTA and related products are secured by letters of credit of 30 to 120 days issued by various banks. Receivable from K-Electric on account of sale of electricity is secured against post dated cheques. These balances are neither past due nor impaired and are considered good.		
6.2	This includes receivable from related parties amounting to Rs. 2,819.57 million (31 December 2022: Nil).		
		30 June 2023	31 December 2022
	Note	(Un-audited)	(Audited)
7. TRADE DEPOSITS AND SHORT-TERM PRE-PAYMENTS			
Deposits - unsecured and considered good		32,333	30,867
Margin on import letters of credit		4,226,405	28,934
Short-term prepayments		96,840	29,925
Current portion of amortization of loans to employees		-	17,495
		4,355,578	107,221
8. SHORT-TERM INVESTMENTS - at amortised cost			
Term Deposit Receipts (TDRs)	8.1	11,577,691	9,385,481
Treasury Bills		-	2,567,369
		11,577,691	11,952,850
8.1	The markup rates on TDRs as of reporting date ranges from 18.5% to 20.50% per annum (31 December 2022: 14.3% to 15.0% per annum) having original maturities of less than three months.		
		30 June 2023	31 December 2022
		(Un-audited)	(Audited)
9. SALES TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax refundable		2,444,185	733,814
Provision for impairment		(186,593)	(186,593)
		2,257,592	547,221

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

For the six months period ended 30 June 2023

Amounts in Rs '000

		30 June 2023	31 December 2022
	Note	(Un-audited)	(Audited)
10. CASH AND BANK BALANCES			
Cash in hand		95	65
With banks in local currency:			
Current accounts		277,255	4,387,597
Saving account	10.1	54,648	9,404
		331,903	4,397,001
		331,998	4,397,066

10.1 These carry markup at 14.50% to 19.50% per annum (31 December 2022: 8.25% to 14.50% per annum).

		30 June 2023	31 December 2022
	Note	(Un-audited)	(Audited)
11. TRADE AND OTHER PAYABLES			
Trade creditors including bills payable		3,212,067	4,244,858
Accrued expenses		963,864	627,636
Captive Gas Tariff differential	11.1	204,615	233,501
Contract liabilities - advances from customers		27,606	42,673
Withholding tax payable		5,480	3,300
Infrastructure Cess		4,784,254	4,371,509
Provision for GIDC		3,113,744	3,113,744
Workers' Profit Participation Fund (WPPF)		316,724	45,660
Workers' Welfare Fund (WWF)		430,473	363,864
Retention money		4,152	6,880
Others		148,149	148,512
		13,211,128	13,202,137

11.1 This represents provision which pertains to the following matters:

- The Company along with the industry challenged the increase in gas tariff as notified by OGRA effective 31 August 2015. The case was decided by the Sindh High Court in favor of the consumers in order dated 18 May 2016. The SSGC has filed an appeal in Supreme Court of Pakistan on 13 December 2017, the Company has therefore made full provision amounting to Rs. 114.82 million on a prudent basis; and
- The Company along with the industry challenged the incorrect application of captive gas tariff instead of industrial gas tariff, for own consumption, on Export Oriented Sector. The Sindh High Court (SHC) passed an ad-interim stay order on 04 June 2021 for no coercive/adverse action against the industry and thereafter SSGC started billing on Industrial gas tariff. The case has been decided against the Company in Sindh High Court Order dated 18 February 2023 and SSGC has started billing for the differential amount of captive and industrial gas tariff. The Company along with industry has filed an appeal against the order on 24 March 2023. The Company has carried provision amounting to 89.80 million in this regard.

12. ACCRUED INTEREST

This represents interest payable to Mortar Investments International Limited amounting to USD 1.52 million (31 December 2022: 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.

13. UNPAID DIVIDEND

This includes dividend payable to Lotte Chemical Corporation (the Parent Company). The Company has submitted duly certified application for remittance to authorized dealer for onward approval of regulator which is still awaited.

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

For the six months period ended 30 June 2023

Amounts in Rs '000

14. CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies as reported in the annual audited financial statements for the year ended 31 December 2022.

14.1 Commitments and Guarantees

14.1.1 Commitments for capital expenditure as at 30 June 2023 amounted to Rs 6.38 million (31 December 2022: Rs 221.97 million).

14.1.2 Commitments for rentals under ljarah contracts for vehicles as at 30 June 2023 are as follows:

	30 June 2023	31 December 2022
	(Un-audited)	(Audited)
Not later than 1 year	32,714	52,392
Later than 1 year and not later than 5 years	211,607	150,619
	244,321	203,011

14.1.3 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:

	30 June 2023	31 December 2022
	(Un-audited)	(Audited)
Not later than 1 year	453,563	115,668
Later than 1 year and not later than 5 years	2,932,678	-
	3,386,241	115,668

14.1.4 Outstanding guarantees of the Company as at 30 June 2023 were Rs 5,444.15 million (31 December 2022: Rs 5,144.15 million).

14.1.5 Letters of credit issued on behalf of the Company as at 30 June 2023 were Rs 12,250.83 million (31 December 2022: Rs 2,705.02 million).

	Six months period ended 30 June (Un-audited)	2022
	2023	2022

15. REVENUE - net

Manufactured goods

Local sales	45,118,735	56,923,194
Less: Sales tax and excise duty, price settlements and discounts / rebates	(6,795,211)	(8,270,891)
	(1,023,372)	(542,207)
	37,300,152	48,110,096

Trading goods

Local sales	1,365,680	1,358,596
Less: Sales tax and excise duty, price settlements and discounts / rebates	(206,904)	(197,403)
	(10,442)	(8,297)
	1,148,334	1,152,896

Sale of electricity

Local sales	113,949	813,514
Less: Sales tax	(19,871)	(118,203)
	94,078	695,311
	38,542,564	49,958,303

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

For the six months period ended 30 June 2023

Amounts in Rs '000

	Six months period ended 30 June (Un-audited)	
	2023	2022
16. COST OF SALES		
Manufactured goods		
Opening stock of raw and packing materials	6,237,395	4,489,456
Purchases	29,499,160	38,732,522
Closing stock of raw and packing materials	(6,658,737)	(7,505,357)
Raw and packing materials consumed	29,077,818	35,716,621
Manufacturing costs	2,996,638	2,714,396
Cost of goods manufactured	32,074,456	38,431,017
Opening stock of finished goods	2,123,326	899,009
Closing stock of finished goods	(2,911,508)	(1,024,616)
Cost of goods manufactured sold	31,286,274	38,305,410
Trading goods		
Opening stock	168,326	460,127
Purchases	722,229	685,649
Closing stock	(182,623)	(171,151)
Cost of trading goods sold	707,932	974,625
Cost to produce electricity	109,161	672,382
	32,103,367	39,952,417
17. OTHER OPERATING EXPENSES		
Workers' Profit Participation Fund	316,759	475,873
Workers' Welfare Fund	141,614	192,217
	458,373	668,090
18. OTHER INCOME		
Income from financial assets		
Interest income	1,080,652	808,047
Income from non-financial assets		
Scrap sales	13,622	3,249
Gain on disposal of property, plant and equipment	60,066	3,944
Indenting commission - net	28,027	7,241
Others	1,143	11,262
	102,858	25,696
	1,183,510	833,743
19. FINANCE COSTS		
Interest on lease liability	136,020	105,921
Exchange loss - net	643,011	867,748
Bank, LCs and other charges	28,427	22,220
Markup on LC discounting	87,164	1,580
Others	499	180
	895,121	997,649

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

For the six months period ended 30 June 2023

Amounts in Rs '000

	Note	Six months period ended 30 June (Un-audited)	
		2023	2022
20. TAXATION			
Current	20.1	2,706,178	3,136,889
Prior	20.2	1,030,494	668,905
Deferred		(713,586)	(357,875)
		3,023,086	3,447,919

20.1 This includes super tax at the rate of 10% of taxable profit for the current period (30 June 2022: at the rate of 4%).

20.2 This represents super tax as a result of retrospective increase in the rate from 4% to 10% for TY 2023 vide Finance Act, 2023.

	Note	Six months period ended 30 June (Un-audited)	
		2023	2022
21. CASH (USED IN) / GENERATED FROM OPERATIONS			
Profit before taxation		5,876,815	8,849,366
Adjustments for non-cash charges and other items			
Depreciation and amortisation		619,844	588,732
Gain on disposal of property, plant and equipment		(60,066)	(3,944)
Provision for retirement benefit obligations		9,746	7,936
Finance cost		856,918	445,159
Interest income	18	(1,080,652)	(808,047)
		345,790	229,836
		6,222,605	9,079,202

Effect on cashflows due to working capital changes

(Increase) / decrease in current assets:

Stores and spare parts	(314,832)	55,276
Stock-in-trade	(1,223,821)	(2,852,532)
Trade debts	(114,116)	(5,876,176)
Loans and advances	(8,511)	5,542
Trade deposits and short-term prepayments	(4,248,357)	(77,588)
Other receivables	(4,812)	(248,420)
Sales tax refunds due from government	(1,710,371)	20,517
	(7,624,820)	(8,973,381)

Increase in trade and other payables

Cash (used in) / generated from operations

	129,692	3,300,525
	(1,272,523)	3,406,346
	30 June 2023	30 June 2022
	(Un-audited)	(Un-audited)

22. CASH AND CASH EQUIVALENTS

Cash and bank balances	10	331,998	52,672
TDRs with banks having maturity less than three months	8	11,577,691	9,775,950
		11,909,689	9,828,622

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

For the six months period ended 30 June 2023

Amounts in Rs '000

23. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of parent company, related group companies, associated undertakings, 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)	
		2023	2022
Associated undertakings			
Novatex Limited	Sale of goods	<u>1,206,262</u>	<u>-</u>
Key management personnel			
	Salaries and other short-term benefits	<u>48,241</u>	<u>33,966</u>
	Retirement benefits	<u>4,273</u>	<u>3,748</u>
	Loans repaid	<u>-</u>	<u>9,800</u>
Others	Payments to retirement benefit funds	<u>53,241</u>	<u>49,108</u>

24. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue in the Board of Directors meeting held on 11 August 2023.



Sang Hyeon Lee
Chairman



Young Dae Kim
Chief Executive



Ashiq Ali
Chief Financial Officer

Registered Office

EZ/I/P-4, Eastern Industrial Zone,
Port Qasim Authority, Bin Qasim,
Karachi - 75020, Pakistan
UAN: +92 (0) 21 111 782 111
Fax: +92 (0) 21 3472 6004
URL: www.lottechem.pk

City Office

Al-Tijarah Centre, 14th Floor, 32/1-A,
Main Shahrah-e-Faisal,
Block 6, P.E.C.H.S.,
Karachi-75400, Pakistan
UAN: +92 (0) 21 111 568 782