



LOTTE CHEMICAL

PAKISTAN LTD

25 Years of Excellence



QUARTERLY REPORT JAN - MAR 2024

Company Information

As at 18 April 2024

Board of Directors

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

Audit Committee

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

HR & Remuneration Committee

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

Shares Sub Committee

Young Dae Kim	Chairman
Kyung Hoi Yoo	Member
Khurram Rashid	Member

Executive Management Team

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

Chief Financial Officer

Ashiq Ali

Company Secretary

Faisal Abid

Bankers

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

Internal Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

External Auditors

A.F. Ferguson & Co.,
Chartered Accountants

Legal Advisor

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

Registered Office

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

Shares Registrar

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

Directors' Review

For the first quarter ended 31 March 2024

The Directors are pleased to present their review report for the first quarter ended 31 March 2024 together with the un-audited condensed interim financial information of the Company as at and for the first quarter ended 31 March 2024.

BUSINESS OVERVIEW

The Crude Oil (WTI) prices showed strength throughout the quarter as major geo-political events projected towards higher prices eventually resulting in prices crossing the US\$ 83 per barrel mark, levels previously seen in November last year. The bullish sentiment was primarily being driven by potential supply disruptions arising from the conflict in the Middle East. Furthermore, market found support from China's economic recovery post Lunar New Year holidays that exhibited increased oil demand as consumption surpassed pre-Covid levels. Additionally, the decision from OPEC+ to extend the production cuts of 2.2 million barrels per day till the end of Q2 2024 helped prices maintain the upward trend. Towards the end of the quarter, market confidence took a hit on account of the attacks on Russian refineries by Ukraine which forced an export cut on Russian oil, indicating constriction in the Crude Oil market. The average price for the quarter was US\$ 76.46 per barrel, an increase of 0.16% from the previous quarter.

Paraxylene (PX) prices exhibited bullishness over the course of the quarter, moving in-line with the upstream Crude oil markets. Strong demand prior to Lunar New Year holidays as well as ongoing planned outages at a few major assets in the region helped keep price propped. However, as the quarter progressed high inventories in the downstream PTA and Polyester sector kept the PX market subdued whereas the lack of diversion of PX into the Gasoline pool resulted in languid movement in prices; thereby resulting in pressure on PX-Naphtha margins which averaged at US\$ 346 per metric tonne as compared to US\$ 358 per metric tonne for the previous quarter. PX prices averaged at US\$ 1,027.22 per tonne for the quarter.

The PTA prices trended higher in Q1 2024, largely following the direction of the upstream feedstock market. The price movement remained capped due to lower downstream operations around the Lunar New Year holidays in China. This resulted in higher PTA inventories which compelled major producers to rationalize operations. However, moving forward demand recovery was observed on account of revival in downstream operations as well as new capacities coming on-line in the PET sector resulting in improved PTA-PX spreads as compared to the previous quarter. The average PTA price for the quarter was US\$ 768.41 per tonne, whereas the international average PTA margin over PX for the quarter was US\$ 91 per tonne, 11% higher than the previous quarter.

The domestic polyester industry has operated at the rate of 72% during the first quarter of 2024. Overall, an improvement was observed as compared to the previous quarter as the market gained momentum on account of positivity around General Elections in the country, stability in exchange rates and the improved demand generally observed prior to the month of Ramadan which enabled producers to maintain consistent operations. However, actual demand was reported to be lower as compared to previous years on account of ongoing high inflation as well as the ingress of cheaper imports through the EFS scheme.

OPERATIONS

Sales volume, comprising of domestic sales only, for Q1 2024 at 127,624 tonnes was 40% higher than the corresponding quarter last year due to consistent downstream demand.

Production volume during the quarter at 107,581 tonnes was 30% higher than the corresponding period last year.

The Company suspended its Plant operations from 15 January 2024 to 24 January 2024 in order to efficiently manage its inventory.

Directors' Review

For the first quarter ended 31 March 2024

FINANCIAL PERFORMANCE

Revenue for the quarter was 46% higher than the corresponding period last year mainly due to higher volume sold. However, higher cost of sales including significant increase in gas prices resulted in a gross profit of Rs 1,684 million for the quarter as compared to gross profit of Rs 4,439 million during the same period last year.

Distribution and selling expenses were 32% higher while Administrative and general expenses were 20% 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 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 0.59 per share as compared to Rs 1.68 per share for Q1 2023.

POST BALANCE SHEET EVENT

The Board of Directors in its meeting held on 18 April 2024 has approved an interim cash dividend of Rs 0.50 per share for the year ending 31 December 2024.

FUTURE OUTLOOK

Looking ahead, it is anticipated that Crude Oil (WTI) prices will experience a restrained upward movement from their current levels. The ongoing geopolitical tensions in the Middle East, attacks on Russian refineries and the un-waivered stance of OPEC+ on production will result in tighter supply. However, weak economic data coming from China and higher interest rates in the US and Europe may keep the upward price movement in check.

Moving forward, it is expected that Paraxylene (PX) prices will move in parallel to the upstream energy prices in the next quarter. The upward trend will be supported by higher demand for PX, driven by new PTA capacities expected to come online in Q2 as well as the diversion of PX into Gasoline pool ahead of the summer season. Additionally, the market supply is expected to tighten on account of planned outages at PX units in Q2 2024.

The PTA market is expected to move in line with the upstream markets; additionally improved demand is expected ahead of the peak season for the PET and the Textile sector. However, new capacities of 4.5 million tonnes expected to come online within the first half of the year may add pressure on the existing oversupplied market.

The Domestic Polyester industry has started to feel the pressure of the high interest rates as well as the continued hike in energy prices which has resulted in eroding profits. However, expectations of positive developments on long-term Policy matters by the newly elected Government may continue to give domestic producers confidence to maintain strong operations ahead of the higher demand expected ahead of the peak summer season.



Sung Soo Bae
Chairman



Young Dae Kim
Chief Executive

Date: 18 April 2024
Karachi

Condensed Interim Statement of Financial Position

As at 31 March 2024

Amounts in Rs '000

	Note	31 March 2024 (Un-audited)	31 December 2023 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	4	5,539,277	5,744,442
Intangible assets		24,015	27,637
Right-of-use assets		347,848	365,275
Long-term loans		171,179	160,635
Long-term deposits and prepayments		33,462	33,805
Deferred taxation - net		2,226,936	2,170,718
		8,342,717	8,502,512
Current assets			
Stores and spare parts		2,450,803	2,101,184
Stock-in-trade		11,408,335	13,362,175
Trade debts	5	12,117,402	8,486,031
Loans and advances		72,897	51,081
Trade deposits and short-term prepayments		126,355	176,387
Accrued interest		25,173	32,823
Other receivables		8,009	10,335
Short-term investments - at amortised cost	6	7,284,895	4,503,595
Sales tax refunds due from government	7	2,890,662	2,413,440
Taxation - net		2,492,971	2,673,353
Cash and bank balances	8	112,188	1,262,827
		38,989,690	35,073,231
Total assets		47,332,407	43,575,743
Equity and liabilities			
Share capital and reserves			
Issued, subscribed and paid-up capital			
1,514,207,208 (31 December 2023: 1,514,207,208)			
ordinary shares of Rs 10 each		15,142,072	15,142,072
Capital reserve		2,345	2,345
Revenue reserve - Unappropriated profit		7,764,668	6,867,542
Total equity		22,909,085	22,011,959
Liabilities			
Non-current liabilities			
Retirement benefit obligations		252,092	247,835
Lease liability		729,367	855,927
		981,459	1,103,762
Current liabilities			
Trade and other payables	9	17,935,790	13,975,321
Lease liability		467,491	436,403
Accrued interest	10	423,278	431,471
Unclaimed dividend		71,864	73,387
Unpaid dividend	11	4,543,440	4,543,440
Short-term financing	12	-	1,000,000
		23,441,863	20,460,022
Total liabilities		24,423,322	21,563,784
Contingencies and commitments	13		
Total equity and liabilities		47,332,407	43,575,743

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



Sung Soo Bae
Chairman



Young Dae Kim
Chief Executive



Ashiq Ali
Chief Financial Officer

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

For the first quarter ended 31 March 2024

Amounts in Rs '000

	Note	Quarter ended 31 March (Un-audited)	
		2024	2023
Revenue - net	14	32,276,924	22,112,698
Cost of sales	15	(30,592,943)	(17,673,713)
Gross profit		1,683,981	4,438,985
Distribution and selling expenses		(48,693)	(36,867)
Administrative and general expenses		(182,349)	(151,633)
Other operating expenses	16	(111,947)	(297,524)
Operating profit		1,340,992	3,952,961
Other income	17	351,092	585,156
Finance costs	18	(222,775)	(755,507)
Profit before taxation		1,469,309	3,782,610
Taxation	19	(572,183)	(1,240,253)
Profit after taxation		897,126	2,542,357

----- Amount in Rupees -----

Earnings per share - basic and diluted	0.59	1.68
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The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



Sung Soo Bae
Chairman



Young Dae Kim
Chief Executive



Ashiq Ali
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the first quarter ended 31 March 2024

Amounts in Rs '000

	Quarter ended 31 March (Un-audited)	
	2024	2023
Profit after taxation	897,126	2,542,357
Other comprehensive income	-	-
Total comprehensive income for the period	897,126	2,542,357

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



Sung Soo Bae
Chairman



Young Dae Kim
Chief Executive



Ashiq Ali
Chief Financial Officer

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

For the first quarter ended 31 March 2024

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 2023	15,142,072	2,345	7,869,409	7,871,754	23,013,826
Total comprehensive income for the quarter ended 31 March 2023					
- Profit for the first quarter ended 31 March 2023	-	-	2,542,357	2,542,357	2,542,357
- Other comprehensive income for the first quarter ended 31 March 2023	-	-	-	-	-
	-	-	2,542,357	2,542,357	2,542,357
Balance as at 31 March 2023	<u>15,142,072</u>	<u>2,345</u>	<u>10,411,766</u>	<u>10,414,111</u>	<u>25,556,183</u>
Balance as at 1 January 2024	15,142,072	2,345	6,867,542	6,869,887	22,011,959
Total comprehensive income for the first quarter ended 31 March 2024					
- Profit for the first quarter ended 31 March 2024	-	-	897,126	897,126	897,126
- Other comprehensive income for the first quarter ended 31 March 2024	-	-	-	-	-
	-	-	897,126	897,126	897,126
Balance as at 31 March 2024	<u>15,142,072</u>	<u>2,345</u>	<u>7,764,668</u>	<u>7,767,013</u>	<u>22,909,085</u>

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



Sung Soo Bae
Chairman



Young Dae Kim
Chief Executive



Ashiq Ali
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the first quarter ended 31 March 2024

Amounts in Rs '000

	Note	Quarter ended	
		31 March (Un-audited) 2024	2023
Cash flows from operating activities			
Cash generated from / (used in) operations	20	3,039,971	(5,911,127)
Finance costs paid		(35,060)	(11,923)
Payments to retirement benefit obligations		(891)	(906)
Long-term loans and advances - net		(10,544)	8,660
Long-term deposits and prepayments - net		343	(17,924)
Taxes paid		(477,413)	(676,747)
Finance income received - conventional		257,952	168,753
Finance income received - islamic		79,485	362,565
Net cash generated from / (used in) operating activities		2,853,843	(6,078,649)
Cash flows from investing activities			
Payments for capital expenditure		(54,904)	(122,490)
Proceeds from disposal of property, plant and equipment		-	62,626
Redemption of / (placement in) short-term investments -net		-	(89,184)
Net cash used in investing activities		(54,904)	(149,048)
Cash flows from financing activities			
Dividend paid		(1,523)	(1,020)
Payment of short-term financing		(1,000,000)	-
Payment of lease liability		(166,755)	(155,435)
Net cash used in financing activities		(1,168,278)	(156,455)
Net increase / (decrease) in cash and cash equivalents		1,630,661	(6,384,152)
Cash and cash equivalents at 1 January		5,766,422	13,782,547
Cash and cash equivalents at 31 March	8.2	7,397,083	7,398,395

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



Sung Soo Bae
Chairman



Young Dae Kim
Chief Executive



Ashiq Ali
Chief Financial Officer

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

For the first quarter ended 31 March 2024

1. STATUS AND NATURE OF BUSINESS

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

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

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 ("LCC Korea") and its ultimate parent company is South Korean Conglomerate Lotte.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements of the Company for the three months period ended 31 March 2024 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

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

2.2 Basis of measurement

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

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

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

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

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

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

For the first quarter ended 31 March 2024

Amounts in Rs '000

	31 March 2024	31 December 2023
	(Un-audited)	(Audited)
4. PROPERTY, PLANT AND EQUIPMENT		
Operating property, plant and equipment	5,334,387	5,487,083
Capital work-in-progress	204,890	257,359
	<u>5,539,277</u>	<u>5,744,442</u>

4.1 The following property, plant and equipment have been added / disposed off during the three months period ended 31 March:

	2024		2023	
	Additions cost	Disposals net book value	Additions cost	Disposals net book value
Property, plant and equipment				
Operating assets - owned				
Plant and machinery	92,186	-	10,960	2,573
Furniture and equipment	15,187	-	3,490	-
Capital work-in-progress - net	(52,469)		108,040	

5. TRADE DEBTS

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

5.2 This includes receivable from related parties amounting to Rs 4,685.28 million (31 December 2023: Rs 2,943.48 million).

		31 March 2024	31 December 2023
	Note	(Un-audited)	(Audited)
6. SHORT-TERM INVESTMENTS - at amortised cost			
Conventional			
Term deposit receipts	6.1	6,468,795	414,499
Islamic			
Term deposit receipts	6.1	816,100	4,089,096
		<u>7,284,895</u>	<u>4,503,595</u>

6.1 The interest rates on term deposit receipts ranged from 14.38% to 21.80% (31 December 2023: 14.38% to 21.50%) per annum and had original maturities of less than three months.

	31 March 2024	31 December 2023
	(Un-audited)	(Audited)
7. SALES TAX REFUNDS DUE FROM GOVERNMENT		
Sales tax refundable	3,064,000	2,600,033
Provision for impairment	(173,338)	(186,593)
	<u>2,890,662</u>	<u>2,413,440</u>

8. CASH AND BANK BALANCES

Cash in hand - foreign currency **95** 95

Cash at bank - local currency

Conventional

Current accounts 8.1 9,687 621,160

Savings account 38,671 576,317

48,358 1,197,477

Islamic

Current accounts **63,735** 65,255

112,188 1,262,827

8.1 These carry interest at 20.50% per annum (31 December 2023: 20.50% per annum).

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

For the first quarter ended 31 March 2024

Amounts in Rs '000

	31 March 2024	31 March 2023
	(Un-audited)	(Un-audited)
8.2 CASH AND CASH EQUIVALENTS		
Cash and bank balances	112,188	4,184,396
TDRs with banks having maturity less than three months	7,284,895	3,213,999
	7,397,083	7,398,395
	31 March 2024	31 December 2023
	(Un-audited)	(Audited)
9. TRADE AND OTHER PAYABLES		
Trade creditors including bills payable	7,228,655	3,685,360
Infrastructure Cess	5,564,572	5,233,974
Provision for Gas Infrastructure Development Cess (GIDC)	3,113,744	3,113,744
Provision for Captive Gas Tariff rate differential	233,935	214,630
Accrued expenses	1,189,741	1,277,945
Workers' Profit Participation Fund (WPPF)	79,027	29,358
Workers' Welfare Fund (WWF)	259,132	226,249
Contract liabilities - advances from customers	96,132	37,833
Retention money	461	2,111
Withholding tax payable	6,800	5,207
Others	163,591	148,910
	17,935,790	13,975,321
10. ACCRUED INTEREST		
This mainly represents interest payable to Mortar Investments International Limited amounting to USD 1.52 million (31 December 2023: USD 1.52 million) on long-term loans previously repaid by ICI Pakistan Limited. The amount is still unpaid due to certain legal and procedural complexities with respect to foreign remittance.		
11. UNPAID DIVIDEND		
This 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.		
12. SHORT-TERM FINANCING		
The short-term financing was obtained on 28 December 2023 and repaid on 02 January 2024.		
13. CONTINGENCIES AND COMMITMENTS		
13.1 Contingencies		
There is no significant change in the status of contingencies as reported in the annual financial statement for the year ended 31 December 2023.		
13.2 Commitments and Guarantees		
13.2.1 Commitments for capital expenditure as at 31 March 2024 amounted to Rs 66.04 million (31 December 2023: Rs 157.42 million).		

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

For the first quarter ended 31 March 2024

Amounts in Rs '000

13.2.2 Commitments for rentals under ljarah contracts for vehicles as at 31 March 2024 are as follows:

	31 March 2024	31 December 2023
	(Un-audited)	(Audited)
Not later than 1 year	55,274	73,250
Later than 1 year and not later than 5 years	205,260	199,672
	260,534	272,922

13.2.3 Commitments for rentals under agreement in respect of services are priced in foreign currency and converted at the exchange rate as at 31 March are as follows:

	31 March 2024	31 December 2023
	(Un-audited)	(Audited)
Not later than 1 year	760,168	1,027,316
Later than 1 year and not later than 5 years	1,835,807	1,860,725
	2,595,975	2,888,041

13.2.4 Outstanding guarantees of the Company as at 31 March 2024 were Rs 6,144.15 million (31 December 2023: Rs 5,944.15 million).

13.2.5 Letters of credit issued on behalf of the Company as at 31 March 2024 were Rs 8,293.98 million (31 December 2023: Rs 8,153.11 million).

	Quarter ended 31 March (Un-audited)	
	2024	2023
14. REVENUE - net		
Manufactured goods		
Local sales	37,752,959	25,171,003
Less: Sales tax	(5,594,774)	(3,752,336)
Price settlements and discounts / rebates	(583,246)	76,565
	31,574,939	21,495,232
Trading goods		
Local sales	834,535	624,424
Less: Sales tax	(127,302)	(93,831)
Price settlements and discounts	(5,248)	(4,450)
	701,985	526,143
Sale of electricity		
Local sales	-	107,294
Less: Sales tax	-	(15,971)
	-	91,323
	32,276,924	22,112,698

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

For the first quarter ended 31 March 2024

Amounts in Rs '000

	Note	Quarter ended	
		31 March (Un-audited) 2024	2023
15. COST OF SALES			
Manufactured goods			
Opening stock of raw and packing materials		5,852,346	6,237,395
Purchases		25,346,305	9,771,531
Closing stock of raw and packing materials		(8,808,566)	(1,617,622)
Raw and packing materials consumed		22,390,085	14,391,304
Manufacturing costs		2,843,925	1,526,706
Cost of goods manufactured		25,234,010	15,918,010
Opening stock of finished goods		7,176,790	2,123,326
		32,410,800	18,041,336
Closing stock of finished goods		(2,356,413)	(718,899)
Cost of goods manufactured sold		30,054,387	17,322,437
Trading goods			
Opening stock		333,039	168,326
Purchases		448,873	285,974
Closing stock		(243,356)	(190,796)
Cost of trading goods sold		538,556	263,504
Cost to produce electricity		-	87,772
		30,592,943	17,673,713
16. OTHER OPERATING EXPENSES			
Workers' Profit Participation Fund		79,063	204,007
Workers' Welfare Fund		32,884	93,517
		111,947	297,524
17. OTHER INCOME			
Income from financial assets			
Income on term deposit receipts - conventional		199,176	123,131
Income on savings account - conventional		78,567	17,794
Income on term deposit receipts - islamic		52,044	357,859
		329,787	498,784
Income from non-financial assets			
Scrap sales		3,448	-
Gain on disposal of property, plant and equipment		-	60,053
Reversal of provision against receipt of sales tax refunds		13,255	-
Indenting commission - net		2,446	25,350
Others		2,156	969
		21,305	86,372
		351,092	585,156
18. FINANCE COSTS			
Interest / mark-up on:			
- Short-term financing		2,569	-
- Interest on lease liability		47,920	64,877
- Markup on LC discounting		6,343	426
Exchange loss - net		141,952	678,208
Bank, LCs and other charges		23,700	11,497
Interest on Workers' Profit Participation Fund		291	499
		222,775	755,507
19. TAXATION			
Current	19.1	628,401	1,512,120
Deferred		(56,218)	(271,867)
		572,183	1,240,253

19.1 This includes a provision for super tax for tax year 2025 amounting to Rs 161.13 million @10% (31 March 2023: Rs 183.23 million @4%).

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

For the first quarter ended 31 March 2024

Amounts in Rs '000

	Quarter ended	
	31 March (Un-audited)	2023
	2024	2023
20. CASH GENERATED FROM / (USED IN) OPERATIONS		
Profit before taxation	1,469,309	3,782,610
Adjustments for non-cash charges and other items		
Depreciation and amortisation	318,377	309,527
Gain on disposal of property, plant and equipment	-	(60,053)
Provision for retirement benefit obligations	5,148	4,573
Finance cost	60,891	656,337
Income from financial assets	(329,787)	(498,784)
	54,629	411,600
	1,523,938	4,194,210
Effect on cashflows due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spare parts	(349,619)	(152,530)
Stock-in-trade	1,953,840	6,001,730
Trade debts	(3,631,371)	(6,511,872)
Loans and advances	(21,816)	3,157
Trade deposits and short-term prepayments	50,032	(9,607,242)
Other receivables	2,326	(305)
Sales tax refunds due from government	(477,222)	547,221
	(2,473,830)	(9,719,841)
Increase / (decrease) in trade and other payables	3,989,863	(385,496)
Cash generated from / (used in) operations	3,039,971	(5,911,127)

21. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transactions	Quarter ended	
		31 March (Un-audited)	2023
		2024	2023
Associates - Common Directorship	Sale of goods to Navatex Limited - gross sales	11,498,633	-
	Sale of goods to Gatron Industries Limited - gross sales	1,180,266	-
Key management personnel	Salaries and other short-term benefits	18,723	27,025
	Retirement benefits	2,004	1,983
Others	Payments to retirement benefit funds	28,853	24,733

22. EVENTS AFTER REPORTING PERIOD

22.1 The Board of Directors in its meeting held on 18 April 2024 has approved an interim cash dividend of Rs. 0.5 per share for the year ending 31 December 2024. These condensed interim financial statements do not include the effect of the said interim cash dividend.

23. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue in the Board of Directors meeting held on 18 April 2024.



Sung Soo Bae
Chairman



Young Dae Kim
Chief Executive



Ashiq Ali
Chief Financial Officer

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