

LOTTE CHEMICAL TITAN HOLDING BERHAD  
199101012045 (222357-P)

**Unaudited condensed consolidated  
interim financial statements**

For the quarter and year-to-date ended 31 December 2022

**Lotte Chemical Titan Holding Berhad  
(Incorporated in Malaysia)**

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**Lotte Chemical Titan Holding Berhad**  
(Incorporated in Malaysia)

**Unaudited condensed consolidated interim financial statements**  
For the quarter and year-to-date ended 31 December 2022

The Board of Directors of Lotte Chemical Titan Holding Berhad ("LCT" or "the Company") is pleased to announce the following unaudited condensed consolidated financial statements of LCT and its subsidiaries ("the Group") for the quarter and year-to-date ended 31 December 2022, which should be read in conjunction with the accompanying explanatory notes on page 8 to 32.

**Unaudited condensed consolidated statement of comprehensive income**

	Note	Individual	Individual	Changes		Financial	Financial	Changes	
		Quarter ended 31.12.2022 RM'000	Quarter ended 31.12.2021 RM'000	RM'000	%	Year ended 31.12.2022 RM'000	Year ended 31.12.2021 RM'000	RM'000	%
<b>Revenue</b>	A8	2,068,043	2,684,589	(616,546)	-23%	10,019,083	9,830,885	188,198	2%
Cost of goods sold		(2,410,222)	(2,586,742)	176,520	7%	(10,815,826)	(8,541,568)	(2,274,258)	-27%
<b>Gross (loss)/profit</b>		(342,179)	97,847	(440,026)	-450%	(796,743)	1,289,317	(2,086,060)	-162%
Other income		(7,164)	16,749	(23,913)	-143%	12,219	32,943	(20,724)	-63%
Distribution expenses		1,792	(42,254)	44,046	104%	(91,287)	(143,015)	51,728	36%
Administrative expenses		(39,611)	(30,203)	(9,408)	-31%	(132,177)	(104,570)	(27,607)	-26%
Foreign exchange differences		(34,871)	(2,146)	(32,725)	-1525%	(19,546)	31,244	(50,790)	-163%
Fair value changes on derivatives		(14,309)	(377)	(13,932)	-3695%	(7,104)	(372)	(6,732)	-1810%
Other expenses		(1,807)	(4,063)	2,256	56%	(6,813)	(14,572)	7,759	53%
<b>(Loss)/Profit from operations</b>		(438,149)	35,553	(473,702)	-1332%	(1,041,451)	1,090,975	(2,132,426)	-195%
Finance income		15,549	13,731	1,818	13%	50,120	52,539	(2,419)	-5%
Finance costs	B6	(5,177)	(3,491)	(1,686)	-48%	(17,858)	(13,811)	(4,047)	-29%
<b>Net finance income</b>		10,372	10,240	132	1%	32,262	38,728	(6,466)	-17%
Share of results of associates		(6,401)	83,248	(89,649)	-108%	24,061	203,138	(179,077)	-88%
<b>(Loss)/Profit before tax</b>	B5	(434,178)	129,041	(563,219)	-436%	(985,128)	1,332,841	(2,317,969)	-174%
Income tax	B7	108,136	38,947	69,189	178%	256,490	(291,976)	548,466	188%
<b>Net (loss)/profit for the period</b>		(326,042)	167,988	(494,030)	-294%	(728,638)	1,040,865	(1,769,503)	-170%

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**Unaudited condensed consolidated statement of comprehensive income (cont'd)**

	Individual Quarter ended 31.12.2022 RM'000	Individual Quarter ended 31.12.2021 RM'000	Financial Year ended 31.12.2022 RM'000	Financial Year ended 31.12.2021 RM'000
<b>Other comprehensive income, net of tax</b>				
<b>Item that will not be reclassified subsequently to profit or loss:</b>				
Remeasurement of defined benefit obligation	(71)	(394)	(71)	(394)
<b>Item that may be reclassified subsequently to profit or loss:</b>				
Foreign currency translation differences	(693,287)	(44,445)	652,846	358,159
Cash flow hedge	(6,548)	-	(58,248)	-
	<u>(699,906)</u>	<u>(44,839)</u>	<u>594,527</u>	<u>357,765</u>
<b>Total comprehensive (loss)/income for the period</b>	<u>(1,025,948)</u>	<u>123,149</u>	<u>(134,111)</u>	<u>1,398,630</u>
<b>Net (loss)/profit for the period attributable to:</b>				
Owner of the Company	(317,218)	168,891	(714,643)	1,040,029
Non-controlling interests	(8,824)	(903)	(13,995)	836
	<u>(326,042)</u>	<u>167,988</u>	<u>(728,638)</u>	<u>1,040,865</u>
<b>Total comprehensive (loss)/income for the period attributable to:</b>				
Owner of the Company	(878,082)	125,823	(134,881)	1,380,190
Non-controlling interests	(147,866)	(2,674)	770	18,440
	<u>(1,025,948)</u>	<u>123,149</u>	<u>(134,111)</u>	<u>1,398,630</u>
<b>Basic and diluted earnings per ordinary share (sen)</b>	B21 (13.93)	7.42	(31.38)	45.70

The unaudited condensed consolidated statement of other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

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**Unaudited condensed consolidated statement of financial position**

	Note	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	B13	9,598,844	5,254,255
Right-of-use assets		699,134	531,731
Investments in associates		2,530,237	2,362,905
Non-current tax assets		47,983	15,202
Deferred tax assets		14	-
		<u>12,876,212</u>	<u>8,164,093</u>
<b>Current assets</b>			
Inventories		1,461,912	1,674,270
Trade and other receivables	B14	919,586	975,283
Current tax assets		121,697	33,064
Prepayments		88,824	29,924
Other investments	B15	314,748	2,756,116
Cash and bank balances	B16	1,004,956	1,842,009
		<u>3,911,723</u>	<u>7,310,666</u>
<b>Total assets</b>		<u><u>16,787,935</u></u>	<u><u>15,474,759</u></u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital		5,827,149	5,827,149
Other reserves		1,964,928	1,385,095
Retained earnings		4,208,192	5,719,595
Treasury shares, at cost		(226,252)	(226,252)
Total equity attributable to owners of the Company		<u>11,774,017</u>	<u>12,705,587</u>
Non-controlling interests		<u>2,765,746</u>	<u>622,608</u>
<b>Total equity</b>		<u><u>14,539,763</u></u>	<u><u>13,328,195</u></u>

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**Unaudited condensed consolidated statement of financial position (cont'd)**

	Note	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
<b>Non-current liabilities</b>			
Provision		362,431	407,492
Trade and other payables	B17	74,077	-
Deferred tax liabilities		464,742	703,035
Defined benefit obligation		18,143	21,317
Lease liabilities		24,595	29,390
Derivative financial instruments		114,212	-
		<u>1,058,200</u>	<u>1,161,234</u>
<b>Current liabilities</b>			
Trade and other payables		1,165,961	974,704
Current tax liabilities		6,374	-
Lease liabilities		11,031	10,249
Derivative financial instruments		6,606	377
		<u>1,189,972</u>	<u>985,330</u>
<b>Total liabilities</b>		<u>2,248,172</u>	<u>2,146,564</u>
<b>Total equity and liabilities</b>		<u>16,787,935</u>	<u>15,474,759</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)		<u>5.17</u>	<u>5.58</u>

The unaudited condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

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**Unaudited condensed consolidated statement of changes in equity**

Note	Attributable to owners of the Company							Total equity attributable to owners of the Company RM'000	Non-controlling interest RM'000	Total RM'000
	Share capital RM'000	Treasury Shares RM'000	Equity transaction reserves RM'000	Foreign currency translation reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000	Distributable			
<b>At 1 January 2021</b>	5,816,813	(226,252)	26,539	1,018,031	-	5,164,217		11,799,348	468,793	12,268,141
Net profit for the year	-	-	-	-	-	1,040,029		1,040,029	836	1,040,865
Other comprehensive income/(loss)	-	-	-	340,525	-	(364)		340,161	17,604	357,765
Total comprehensive income for the year	-	-	-	340,525	-	1,039,665		1,380,190	18,440	1,398,630
Proceeds from issuance of ordinary share by a subsidiary to Lotte Chemical Corporation, the ultimate holding company	-	-	-	-	-	-		-	135,375	135,375
Share issued pursuant to Dividend Reinvestment Scheme	A6, A7 10,336	-	-	-	-	-		10,336	-	10,336
Dividends	A7, B20 -	-	-	-	-	(484,287)		(484,287)	-	(484,287)
<b>At 31 December 2021</b>	<b>5,827,149</b>	<b>(226,252)</b>	<b>26,539</b>	<b>1,358,556</b>	<b>-</b>	<b>5,719,595</b>		<b>12,705,587</b>	<b>622,608</b>	<b>13,328,195</b>
<b>At 1 January 2022</b>	<b>5,827,149</b>	<b>(226,252)</b>	<b>26,539</b>	<b>1,358,556</b>	<b>-</b>	<b>5,719,595</b>		<b>12,705,587</b>	<b>622,608</b>	<b>13,328,195</b>
Net loss for the year	-	-	-	-	-	(714,643)		(714,643)	(13,995)	(728,638)
Other comprehensive income/(loss)	-	-	-	638,081	(58,248)	(71)		579,762	14,765	594,527
Total comprehensive income/(loss) for the year	-	-	-	638,081	(58,248)	(714,714)		(134,881)	770	(134,111)
Proceeds from issuance of ordinary share by a subsidiary to Lotte Chemical Corporation, the ultimate holding company	-	-	-	-	-	-		-	2,142,368	2,142,368
Dividends	A7, B20 -	-	-	-	-	(796,689)		(796,689)	-	(796,689)
<b>At 31 December 2022</b>	<b>5,827,149</b>	<b>(226,252)</b>	<b>26,539</b>	<b>1,996,637</b>	<b>(58,248)</b>	<b>4,208,192</b>		<b>11,774,017</b>	<b>2,765,746</b>	<b>14,539,763</b>

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

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**Unaudited condensed consolidated interim financial statements  
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**Unaudited condensed consolidated statement of cash flows**

	<b>Financial Year ended 31.12.2022 RM'000</b>	<b>Financial Year ended 31.12.2021 RM'000</b>
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	(985,128)	1,332,841
Adjustments for:-		
Depreciation of property, plant and equipment and right-of-use assets	584,304	556,376
Finance costs	17,858	13,811
Property, plant and equipment written off	1,876	238
Write-down of inventories to net realisable value	135,823	17,280
Expenses recognised in respect of defined benefit plan	(931)	3,315
Inventories written off	508	97
Allowance on trade receivables	5,884	-
Share of results of associates	(24,061)	(203,138)
(Gain)/Loss on disposal of property, plant and equipment	(197)	89
Finance income	(50,120)	(52,539)
Fair value changes in derivatives	7,104	372
Net effect on winding up of subsidiaries	-	(10,192)
Unrealised loss on foreign exchange	55,123	25,730
Operating (loss)/profit before working capital changes	(251,957)	1,684,280
Change in inventories	163,730	(353,021)
Change in trade and other receivables	57,394	(240,207)
Change in trade and other payables	(137,353)	151,489
Cash (used in)/generated from operations	(168,186)	1,242,541
Payments under defined benefit plan	(1,247)	(2,309)
Finance costs paid	(5,796)	(6,801)
Income tax paid	(102,271)	(65,720)
Net cash (used in)/generated from operating activities	(277,500)	1,167,711

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**Unaudited condensed consolidated statement of cash flows (cont'd)**

	<b>Financial Year ended 31.12.2022 RM'000</b>	<b>Financial Year ended 31.12.2021 RM'000</b>
<b>Cash flows from investing activities</b>		
Finance income received	50,120	52,539
Proceeds from disposal of property, plant and equipment	241	44
Acquisition of property, plant and equipment	(4,409,021)	(449,112)
Payment for right-of-use asset	(15,837)	(23,079)
Proceeds from disposal of investment in associate	-	15,782
Fund redemption from other investment	2,441,368	133,574
Net cash used in investing activities	<u>(1,933,129)</u>	<u>(270,252)</u>
<b>Cash flows from financing activities</b>		
Dividend paid	(796,689)	(473,951)
Proceeds from issuance of ordinary share by a subsidiary to Lotte Chemical Corporation, the ultimate holding company	2,142,368	135,375
Payment of lease liabilities	(26,566)	(12,085)
Net cash generated from/(used in) financing activities	<u>1,319,113</u>	<u>(350,661)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(891,516)	546,798
<b>Effect of exchange rate changes on the balance of cash held in foreign currencies</b>	54,463	26,898
<b>Cash and cash equivalents at beginning of year</b>	<u>1,842,009</u>	<u>1,268,313</u>
<b>Cash and cash equivalents at end of year (Note B16)</b>	<u><u>1,004,956</u></u>	<u><u>1,842,009</u></u>

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

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**Part A - Explanatory notes pursuant to MFRS 134**

**A1. Basis of preparation**

The condensed financial statements are unaudited and have been prepared in accordance with IAS 34, MFRS 134 Interim Financial Reporting and paragraph 9.22 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements. They should also be read in conjunction with the financial statements of the Group for the year ended 31 December 2021 and the accompanying notes attached to the unaudited condensed consolidated interim financial statements.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on 31 January 2023.

**A2. Significant accounting policies**

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited consolidated financial statements of the Group for the financial year ended 31 December 2021, except for the adoption of the following amendments to MFRSs during the financial year:

Amendment to MFRS 16, Leases – Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards

(Annual Improvements to MFRS Standards 2018–2020)

Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework

Amendments to MFRS 9, Financial Instruments

(Annual Improvements to MFRS Standards 2018–2020)

Amendments to Illustrative Examples accompanying MFRS 16, Leases

(Annual Improvements to MFRS Standards 2018–2020)

Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets

– Onerous Contracts – Cost of Fulfilling a Contract

Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018–2020)

The adoption of the above amendments had no significant impact to the financial statements of the Group.

**A3. Seasonality or cyclicity of operations**

The petrochemical industry and the operating margins in this industry have historically been cyclical. Changes in supply and demand, both domestically and internationally (including in Southeast Asia, China and other markets the Group sells to), and resulting utilisation rates are key factors that influence the cycle and profitability of the petrochemical industry.

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**Part A - Explanatory notes pursuant to MFRS 134 (cont'd)**

**A3. Seasonality or cyclical nature of operations (cont'd)**

Supply is affected by significant capacity additions in the market, and if such additions are not matched by corresponding growth in demand, average industry utilisation rates and margins will face downward pressures. Conversely, if capacity additions are not able to keep up with increased demand, average industry utilisation rates and margins face upward pressure. As a result, the petrochemical industry is cyclical and characterised by periods of tight supply, leading to high utilisation rates and margins, followed by periods of oversupply primarily resulting from significant capacity additions, leading to reduced utilisation rates and margins. The demand and supply balance may favour one position or the other for an extended period of time and may not rebalance quickly.

As the petrochemical industry is cyclical, new investments usually occur at the same time, following periods of sustained higher profitability. Cyclical changes in supply and demand are usually closely linked to economic growth patterns.

It is not possible to predict accurately the supply and demand balances, market conditions and other factors that may affect industry capacity utilisation rates and margins in the future.

**A4. Exceptional items**

There was no exceptional item during the year under review.

**A5. Material changes in estimates**

The Group regularly reviews the significant assumptions used in measuring its provision for dismantling cost to ensure that the assumptions are in line with economic measurements. In Q4 2022, based on an analysis performed by the management, the Group has revised the discount rate from 3.86% to 4.01%. This change has resulted in a net decrease by approximately RM25,352,000 in the provision for dismantling cost.

**A6. Debt and equity securities**

During the financial year ended 31 December 2021, 4,573,040 new ordinary shares of LCT were issued in relation to the Dividend Reinvestment Scheme exercise undertaken by the Company. The said shares were listed and quoted on the Main Market of Bursa Malaysia Securities Bhd on 2 June 2021. There were no other material issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the year under review.

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**Part A - Explanatory notes pursuant to MFRS 134 (cont'd)**

**A7. Dividend paid**

During the financial year ended 31 December 2022, the Company paid a final single tier dividend in respect of the financial year ended 31 December 2021, of 21.00 sen per share on 2,277,556,540 ordinary shares, amounting to a dividend of RM 478,286,873.

The Company also paid a special single tier dividend of 13.98 sen per share on 2,277,556,540 ordinary shares, amounting to a dividend of RM318,402,389 on 29 December 2022 for the financial year ended 31 December 2022.

During the financial year ended 31 December 2021, the Company paid a special single tier dividend of 18 sen per share on 2,277,556,540 ordinary shares, amounting to a dividend of RM409,960,177 on 26 November, 2021 for the financial year ended 31 December 2021.

The Company also paid a final single tier dividend in respect of the financial year ended 31 December 2020, of 3.27 sen per share on 2,272,983,500 ordinary shares, amounting to a dividend of RM 74,326,559. Out of the total cash distribution, a total of RM 10.34 mil was converted into 4,573,040 new ordinary shares of the Company at the conversion price of RM2.26 per ordinary share under the Dividend Reinvestment Scheme.

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**Part A - Explanatory notes pursuant to MFRS 134 (cont'd)**

**A8. Revenue**

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	<b>Olefins and derivative products RM'000</b>	<b>Polyolefin products RM'000</b>	<b>Total RM'000</b>	<b>Percentage %</b>
<b>For the financial year ended 31 December 2022</b>				
<b>Geographical markets</b>				
Malaysia	235,027	2,811,313	3,046,340	30
Indonesia	240,712	3,081,102	3,321,814	33
China	249,307	558,061	807,368	8
Southeast Asia	772,935	918,761	1,691,696	17
Northeast Asia	377,041	185,323	562,364	6
Indian Sub-Continent	195,794	310,032	505,826	5
Others	-	83,675	83,675	1
<b>Total revenue from contracts with customers</b>	<b>2,070,816</b>	<b>7,948,267</b>	<b>10,019,083</b>	<b>100</b>
<b>For the financial year ended 31 December 2021</b>				
<b>Geographical markets</b>				
Malaysia	457,762	2,886,723	3,344,485	34
Indonesia	309,515	2,580,124	2,889,639	29
China	187,794	519,140	706,934	7
Southeast Asia	498,673	949,629	1,448,302	15
Northeast Asia	265,930	222,578	488,508	5
Indian Sub-Continent	209,545	488,134	697,679	7
Others	-	255,338	255,338	3
<b>Total revenue from contracts with customers</b>	<b>1,929,219</b>	<b>7,901,666</b>	<b>9,830,885</b>	<b>100</b>

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**Part A - Explanatory notes pursuant to MFRS 134 (cont'd)**

**A9. Operating segments**

For management purposes, the Group is organised into business units based on its products and has 2 reportable segments, as follows:

- (i) Olefins and derivative products - Manufacture and sale of olefins and derivative products
- (ii) Polyolefin products - Manufacture and sale of polyolefin products

The following table provides an analysis of the Group's revenue and results by business segment:

	<b>Olefins and derivative products RM'000</b>	<b>Polyolefin products RM'000</b>	<b>Eliminations and unallocated results RM'000</b>	<b>Total RM'000</b>
<b>For the financial year ended 31 December 2022</b>				
<b>Revenue</b>				
External customers	2,070,816	7,948,267	-	10,019,083
Inter-segment	5,483,816	-	(5,483,816)	-
Total revenue	<u>7,554,632</u>	<u>7,948,267</u>	<u>(5,483,816)</u>	<u>10,019,083</u>
<b>Expenses</b>				
Depreciation of property, plant and equipment and right-of-use assets	387,969	194,923	1,412	584,304
Property, plant and equipment written off	169	1,641	66	1,876
Write-down of inventories to net realisable value	53,340	82,483	-	135,823
<b>Segment results</b>	<u>(331,955)</u>	<u>(703,644)</u>	<u>50,471</u>	<u>(985,128)</u>

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**Part A - Explanatory notes pursuant to MFRS 134 (cont'd)**

**A9. Operating segments (cont'd)**

	<b>Olefins and derivative products RM'000</b>	<b>Polyolefin products RM'000</b>	<b>Eliminations and unallocated results RM'000</b>	<b>Total RM'000</b>
<b>For the financial year ended 31 December 2021</b>				
<b>Revenue</b>				
External customers	1,929,219	7,901,666	-	9,830,885
Inter-segment	4,587,042	-	(4,587,042)	-
Total revenue	<u>6,516,261</u>	<u>7,901,666</u>	<u>(4,587,042)</u>	<u>9,830,885</u>
<b>Expenses</b>				
Depreciation of property, plant and equipment and right-of-use assets	365,557	189,573	1,246	556,376
Property, plant and equipment written off	198	40	-	238
Write-down of inventories to net realisable value	8,649	8,631	-	17,280
<b>Segment results</b>	<u>118,201</u>	<u>923,446</u>	<u>291,194</u>	<u>1,332,841</u>

**Adjustments and eliminations**

Finance income are allocated to individual segments other than finance income derived from the Company's proceeds from its initial public offering amounting to approximately RM21.0 million for the financial year ended 31 December 2022 which are managed on a group basis.

Foreign exchange gain/loss are allocated to individual segments other than foreign exchange gain arising from the conversion of the unutilised proceeds of the Company's initial public offering to USD amounting to approximately RM31.2 million for the financial year ended 31 December 2022 which are managed on a group basis.

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**Part A - Explanatory notes pursuant to MFRS 134 (cont'd)**

**A9. Operating segments (cont'd)**

**Reconciliation of profit**

	<b>Financial Year ended 31.12.2022 RM'000</b>	<b>Financial Year ended 31.12.2021 RM'000</b>
Segment (loss)/profit of:		
- Olefins and derivative products	(331,955)	118,201
- Polyolefin products	(703,644)	923,446
Total segment (loss)/profit	(1,035,599)	1,041,647
Inter-segment sales (elimination)	(1,006)	1,632
Share of results of associates	24,061	203,138
Finance income derived from IPO proceeds	20,993	27,656
Foreign exchange gain arise as a result of converting a portion of IPO proceed to USD	31,200	51,104
Other unallocated cost/income	(24,777)	7,664
Eliminations and unallocated results	50,471	291,194
<b>(Loss)/Profit before tax</b>	<b>(985,128)</b>	<b>1,332,841</b>

**A10. Valuation of property, plant and equipment**

There were no revaluations of property, plant and equipment for the year under review. As at 31 December 2022, all property, plant and equipment were stated at cost less accumulated depreciation.

**A11. Material subsequent event**

There were no material events subsequent to the end of the current financial year.

**A12. Contingencies**

There were no material contingent liabilities or contingent assets since the last consolidated statement of financial position as at 31 December 2021.

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**Part A - Explanatory notes pursuant to MFRS 134 (cont'd)**

**A13. Changes in composition of the Group**

There were no material changes in the composition of the Group during the year except for the followings:

- (a) On 11 February 2022, the associate of the Group, Lotte Chemical USA Corporation ("LC USA") had entered into a securities purchase agreement with Eagle US 2 LLC ("Eagle US") to transfer a further 3.23% equity interest in LACC LLC ("LACC") to Eagle US ("Transfer"). The Transfer is arising from Eagle US exercising its call option which allows Eagle US to increase its equity interest in LACC to 50%.

The Transfer was closed on 15 March 2022 for a purchase price of USD89,129,517 (further to adjustments based on the date of Closing). Upon completion of the Transfer, Eagle US' shareholding in LACC is now increased to 50% with LC USA holding the remaining shareholding of 50%. As such, LC USA has generated a one-off gain on disposal after tax of approximately USD 27 million from the Transfer. The Group's 40% share of this gain is approximately USD 11 million for the financial year ended 31 December 2022. The Transfer has reduced LC USA's interest in LACC's future financial performance and consequently, the Group's share of profit and loss in LC USA.

- (b) In 2022, the following subsidiaries of the Company have been dissolved under Members' Voluntary Winding-Up ("winding-up") in accordance with Section 439(1)(b) of the Companies Act, 2016 in Malaysia and Section 137 to 140 of the Insolvency Act 2009 in Mauritius.

No.	Company	Date of dissolution
1	Lotte Chemical Titan Capital (L) Limited	20 March 2022
2	Titan (L) Limited	20 March 2022
3	Titan Chemicals International (L) Limited	20 March 2022
4	Chemical Brothers Limited	24 June 2022
5	Titan Petrochemicals (M) Sdn. Bhd.	31 October 2022

**A14. Capital commitments**

Capital expenditure as at the reporting date is as follows:

	<b>As at 31.12.2022 RM'000</b>	<b>As at 31.12.2021 RM'000</b>
Contracted but not provided for	<u>7,499,743</u>	<u>546,192</u>

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**Part A - Explanatory notes pursuant to MFRS 134 (cont'd)**

**A15. Fair value information**

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximations of fair values.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair values:

- (i) Trade and other receivables
- (ii) Trade and other payables
- (iii) Cash and bank balances
- (iv) Short term deposits with licensed financial institutions with maturity more than 3 months

The carrying amounts of these financial assets and liabilities are reasonable approximations of fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Derivatives

Fair values of forward currency contracts are calculated by reference to forward rates quoted at the reporting date for contracts with similar maturity profiles.

The Group has entered into a number of forward foreign exchange contracts to hedge the cash flow risk in relation to the variations of cash flows arising from future forecasted transactions.

The forward foreign exchange contracts are stated at fair value using observable market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate.

As at 31 December 2022, the contract amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

	<b>Contract Amount RM'000</b>	<b>Fair Value Liabilities RM'000</b>
2 - 5 years	<u>2,491,214</u>	<u>114,212</u>

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**Part A - Explanatory notes pursuant to MFRS 134 (cont'd)**

**A15. Fair value information (cont'd)**

Fund placement with licensed financial institutions

The fair value of the fund placements with licensed financial institutions is calculated by reference to the quoted net asset values of the fund.

Fair value hierarchy

The following table is the fair value measurement hierarchy of the Group's assets and liabilities.

	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
<b>As at 31 December 2022</b>				
<b>Financial assets</b>				
Fund placements with licensed financial institutions	314,748	-	314,748	-
<b>Financial liabilities</b>				
Derivatives				
- Forward foreign exchange contracts	(114,212)	-	(114,212)	-
- Forward currency contracts	(6,606)	-	(6,606)	-
<b>As at 31 December 2021</b>				
<b>Financial assets</b>				
Fund placements with licensed financial institutions	1,523,342	-	1,523,342	-
<b>Financial liabilities</b>				
Derivatives				
- Forward currency contracts	(377)	-	(377)	-

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**Part A - Explanatory notes pursuant to MFRS 134 (cont'd)**

**A16. Related parties**

For the purposes of these interim financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The significant related party transactions of the Group are as follows:

	<b>Financial Year ended 31.12.2022 RM'000</b>	<b>Financial Year ended 31.12.2021 RM'000</b>
<b>Ultimate holding company</b>		
Sales of goods	4,997	77,225
Catalyst trial fee received/receivable	9,337	7,904
Management and consulting fees incurred	1,976	1,265
Reimbursement of payroll for secondment of expatriates	15,894	13,041
Purchase of materials	3,909	438
Commission expense	1,218	1,537
Royalty expense	272	47,162
Commission income	46	22
Capital expenditure incurred	69,261	24,972
IT support services fee paid/payable	450	639
Other administrative expenses	997	-
	<hr/> <hr/>	<hr/> <hr/>
<b>Related companies</b>		
Sales of goods	123,831	106,215
Sales of utilities	3,251	-
Capital expenditure incurred	3,170,162	105,371
IT support services fee paid/payable	4,094	3,508
Commission expense	1,053	933
Warehouse and logistics services incurred	27,189	24,012
Other administrative expenses	249	118
Office space sublease	158	82
Interest income	1,498	13
Lease rental income	1,526	186
Income from shared services	103	-
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**Part A - Explanatory notes pursuant to MFRS 134 (cont'd)**

**A16. Related parties (cont'd)**

	<b>Financial Year ended 31.12.2022 RM'000</b>	<b>Financial Year ended 31.12.2021 RM'000</b>
<b>Associate company</b>		
Sales of goods	-	260,323
Sales of utilities	-	13,037
Income from shared services	-	55
Financial guarantee income	-	76
Interest income	-	150
Lease rental income	-	2,725
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**Part B - Other explanatory notes**

**B1. Review of group performance**

**(a) Performance of the current quarter against the corresponding quarter**

	Individual quarter ended 31 December					
	2022	2021	2022	2021	2022	2021
	Group RM'000	RM'000	Olefins and derivative products RM'000	RM'000	Polyolefin products RM'000	RM'000
Revenue	2,068,043	2,684,589	388,461	582,041	1,679,582	2,102,548
(Loss)/Profit before tax	(434,178)	129,041	(100,851)	(23,469)	(285,450)	61,388
EBITDA*	<u>(284,130)</u>	<u>175,190</u>	<u>1,464</u>	<u>66,588</u>	<u>(235,366)</u>	<u>108,094</u>

\* EBITDA refers to earnings before interest, taxation, depreciation and amortisation and is computed based on profit from operations plus depreciation of property, plant and equipment and right-of-use assets.

The Group's revenue decreased by 23% or RM 616.5 million from RM 2,684.6 million to RM 2,068.0 million mainly due to the decrease in average product selling price and sales volume.

Average plant utilization recorded at 73% comparing to 88% in the corresponding quarter attributable to business optimization as demand was weaker amid subdued global sentiment.

The Group recorded RM 434.2 million of loss before tax compared to profit before tax of RM 129.0 million in the corresponding quarter, mainly due to decline in margin spread, increase in loss from foreign exchange by RM 32.7 million and share of loss from associated company, Lotte Chemical USA Corp. ("LC USA"). The share of profit of LC USA in 2021 was mainly derived from a one-off gain of RM 101 million on disposal of equity interest in a joint venture operation.

Other factors which have partially offsetted the loss before tax in Q4 2022 includes a reversal of royalty expense charged in first half year due to net loss for the year and a reversal of write down of inventories to net realisable value of RM 15.2 million.

As a result of the above, the Group registered a net loss of RM 326.0 million as compared to net profit of RM 168.0 million in the corresponding quarter.

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**Part B - Other explanatory notes (cont'd)**

**B1. Review of group performance (cont'd)**

**(a) Performance of the current quarter against the corresponding quarter (cont'd)**

**Olefins and derivative products**

Revenue decreased from RM 582.0 million in Q4 2021 to RM 388.5 million in Q4 2022. This was due to the decrease of average product selling price and sales volume in Q4 2022 as compared to the corresponding quarter.

The segment recorded a loss before tax of RM 100.8 million mainly due to margin squeeze resulting from lower average product selling price.

**Polyolefin products**

Revenue decreased from RM 2,102.5 million in Q4 2021 to RM 1,679.6 million in Q4 2022 due to the decrease in average product selling price and sales volume.

The segment recorded a loss before tax at RM 285.4 million compared to profit before tax of RM 61.4 million in corresponding quarter mainly due to margin squeeze.

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**Part B - Other explanatory notes (cont'd)**

**B1. Review of group performance (cont'd)**

**(b) Performance of the current year against the corresponding year**

	Financial year ended 31 December					
	2022	2021	2022	2021	2022	2021
	Group		Olefins and derivative products		Polyolefin products	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	10,019,083	9,830,885	2,070,816	1,929,219	7,948,267	7,901,666
(Loss)/Profit before tax	(985,128)	1,332,841	(331,955)	118,201	(703,644)	923,446
EBITDA*	<u>(457,147)</u>	<u>1,647,351</u>	<u>55,470</u>	<u>483,954</u>	<u>(509,620)</u>	<u>1,105,241</u>

\* EBITDA refers to earnings before interest, taxation, depreciation and amortisation and is computed based on profit from operations plus depreciation of property, plant and equipment and right-of-use assets.

The Group's revenue increased marginally by 2% following the increase in average product selling price arising from higher feedstock cost.

As part of business optimization measure, overall plant utilization recorded at 77% comparing to 84% in the corresponding year.

The Group recorded a loss before tax of RM 985.1 million in 2022 comparing to profit before tax of RM 1,332.8 million in the corresponding year. The decrease was mainly due to decline in margin spread, increase in write down of inventories to net realisable value by RM 118.5 million, loss from foreign exchange differences and decreased in the share of profit from LC USA amounting to RM 24.0 million compared to RM 203.1 million in the corresponding year. Higher profit in LC USA in 2021 is mainly due to higher profit margin and one off gain on disposal of equity interest in joint venture operation.

As a result of the above, the Group recorded a loss after tax of RM 728.6 million compared to profit after tax of RM 1,040.9 million in the corresponding year.

**Olefins and derivative products**

Revenue increased by 7% from RM 1,929.2 million in 2021 to RM 2,070.8 million in 2022. This was due to the increase in average product selling price.

The segment recorded a loss before tax of RM 331.9 million compared to profit before tax of RM 118.2 million in the corresponding year mainly due to margin squeeze resulting from higher feedstock cost.

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**Part B - Other explanatory notes (cont'd)**

**B1. Review of group performance (cont'd)**

**(b) Performance of the current year against the corresponding year (cont'd)**

**Polyolefin products**

Revenue increased marginally by 1% from RM 7,901.7 million in 2021 to RM 7,948.3 million in 2022.

The segment recorded loss before tax of RM 703.6 million compared to profit before tax of RM 923.4 million in the corresponding year mainly due to margin squeeze resulting from higher feedstock cost and lower average product selling price comparing to 2021.

**B2. Variation of results against the preceding quarter**

	<b>Individual Quarter ended 31 December 2022 RM'000</b>	<b>Individual Quarter ended 30 September 2022 RM'000</b>
Revenue	2,068,043	2,374,691
Loss before tax	(434,178)	(463,489)
EBITDA	<u>(284,130)</u>	<u>(281,758)</u>

The Group's revenue decreased by 13% to RM 2,068.0 million from RM 2,374.7 million in the preceding quarter resulting from lower average product selling price and sales volume.

The plant utilisation rate was 73% in Q4 2022 as compared to 69% in the preceding quarter with ongoing business optimization plan in place.

The Group's loss before tax has decreased from RM 463.5 million in Q3 2022 to RM 434.2 million in Q4 2022 mainly contributed by reversal of royalty expenses, reversal of write down of inventories to net realisable value, lower share of loss from associate company but partially offsetted by loss from foreign exchanges differences and fair value changes on derivatives.

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**Part B - Other explanatory notes (cont'd)**

**B3. Commentary on prospects**

The results of our operations for the financial period ending 31 December 2023 are expected to be primarily influenced by the following factors:

- a) Volatility of crude oil prices which are highly correlated with our feedstock prices;
- b) The demand and supply balance of petrochemical products in the region;
- c) Our ability to optimise production outputs and economic efficiencies; and
- d) Petrochemical product demand moves in tandem with overall global GDP growth driven by consumption and population growth

The outlook of the Company is expected to remain challenging in the near future in view of the volatile external environment. According to a recent report from the World Bank, the global economic growth in 2023 has been revised downward from 3% to 1.7% amid elevated inflation, higher interest rates as well as the protracted Russia-Ukraine crisis. The prospect of China's recent borders reopening may improve economic activities within the region.

Amidst current market uncertainties, the Company will monitor closely the global economic conditions and the aggregate supply and consumption patterns that correspond to the prospect of the petrochemical industry. The Company will stay the course to optimise its production outputs and economic efficiencies. Notwithstanding the external developments, the Company remains steadfast in fostering its financial resilience and implementing its rigorous management of its costs and financial liquidity. The Company will also carry on its long term strategies to deliver sustainable values to its stakeholders.

Barring unforeseen circumstances and taking into consideration business optimisation, the Company is guiding an operating rate of 80% to 85% for FY2023. This guidance may change from time to time to reflect the operating environment.

**B4. Profit forecast or profit guarantee**

Not applicable as there was no profit forecast or profit guarantee issued.

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**Part B - Other explanatory notes (cont'd)**

**B5. (Loss)/Profit before tax**

(Loss)/Profit before tax is arrived at after charging/(crediting):

	Individual quarter ended 31 December		Financial year ended 31 December	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Depreciation of property, plant and equipment and right-of-use assets	154,019	139,637	584,304	556,376
(Gain)/Loss on foreign exchange:				
- Realised	7,555	(10,987)	(35,578)	(56,974)
- Unrealised	27,315	13,133	55,123	25,730
Inventories written off	23	95	508	96
Property, plant and equipment written off	1,464	-	1,876	238
(Gain)/Loss on disposal of property, plant and equipment	(196)	15	(197)	90
Gain on disposal of investment in associate	-	(10,192)	-	(10,192)
Allowance on trade receivables	5,884	-	5,884	-
(Reversal of)/Write-down of inventories to net realisable value	(15,241)	14,193	135,823	17,280
Bad debts recovered	-	-	(25)	-
Fair value changes on derivatives	14,309	377	7,104	372

**B6. Finance costs**

	Individual quarter ended 31 December		Financial year ended 31 December	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expenses on short term borrowings	19	-	63	-
Interest expenses on lease liabilities	491	581	2,059	2,489
Bank charges	573	724	2,552	3,054
Letter of credit charges	226	336	1,122	1,258
Unwinding of discount on provision	3,868	1,850	12,062	7,010
	<u>5,177</u>	<u>3,491</u>	<u>17,858</u>	<u>13,811</u>

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**Part B - Other explanatory notes (cont'd)**

**B7. Income tax**

	Individual quarter ended 31 December		Financial year ended 31 December	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Current tax</b>				
Current year	9,400	(24,928)	25,654	40,611
Overprovision in prior year	(1,075)	(758)	(487)	(758)
	<u>8,325</u>	<u>(25,686)</u>	<u>25,167</u>	<u>39,853</u>
<b>Deferred tax</b>				
Origination and reversal of temporary differences	(116,461)	31,178	(270,788)	230,708
(Over)/Underprovision in prior year	-	(44,439)	(10,869)	21,415
	<u>(116,461)</u>	<u>(13,261)</u>	<u>(281,657)</u>	<u>252,123</u>
<b>Total income tax recognised in profit or loss</b>	<u>(108,136)</u>	<u>(38,947)</u>	<u>(256,490)</u>	<u>291,976</u>

By excluding the share of results of associates, the Group effective tax rate for the year ended 31 December 2022 is closed to statutory tax rate of 24%.

**B8. Sales of unquoted investments/properties**

There were no material disposals of unquoted investments or properties by the Group for the year under review.

**B9. Quoted securities**

There were no material dealings in quoted securities during the year under review.

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**Part B - Other explanatory notes (cont'd)**

**B10. Status of corporate proposals**

Based on the IPO price of RM 6.50 per share, gross proceeds of RM 3,770 million was raised from the Public Issue on 11 July 2017 in the Main Market of Bursa Malaysia Securities Berhad. RM 226.3 million of the proceeds were utilised for purchase of treasury shares. As at 31 December 2022, the Company has fully utilised the IPO proceeds based on the following allocation:

Details of use of proceeds	Intended timeframe for utilisation	Proposed utilisation RM'000	Actual utilisation as at 31 December 2022 RM'000	Percentage utilised %
Funding of following projects:				
(i) LINE Project (Note 1)	By 2023	2,634,213	2,634,213	100%
(ii) TE3 Project	Fully utilised	220,000	220,000	100%
(iii) PP3 Project (Note 2)	Fully utilised	606,805	606,805	100%
Listing expenses (Note 3)	Fully utilised	82,730	82,730	100%
		3,543,748	3,543,748	100%

**Note 1:** The funding for LINE Project has been revised from RM 2,588,044,000 to RM 2,634,213,000 due to the excess fund from PP3 project and listing expenses.

**Note 2:** The PP3 project has been revised from RM 620,000,000 to RM 606,805,000. The excess fund of RM 13,195,000 from PP3 project would be invested in the LINE Project.

**Note 3:** The listing expenses has been revised from RM 115,704,000 to RM 82,730,000. The excess fund of RM 32,974,000 from listing expenses would be invested in the LINE Project.

The utilisation of the proceeds as disclosed above should be read in conjunction with the prospectus of the Company dated 16 June 2017 ("Prospectus"). In accordance to the Prospectus, the balance of the unutilised funds are kept as deposits, short-term money-market instruments or money-market unit trust funds in Malaysia. As at 31 December 2022, there are unutilized finance income derived from IPO proceeds of RM 245.5 million being reserved for payment to suppliers of LINE Project.

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**Part B - Other explanatory notes (cont'd)**

**B10. Status of corporate proposals (cont'd)**

The Company has placed the unutilised IPO proceeds with licensed bank and financial institution in Malaysia and has met the Shariah compliance ratio requirement.

The status and progress of each of the projects as at the reporting date are as follows:

- (i) LINE Project  
We commenced the construction of the Lotte Chemical Indonesia New Ethylene (LINE) Project in Indonesia in January 2022 and the Project is expected to be completed in 2025.
- (ii) TE3 Project  
The project has started commercial operation since 16th December 2017.
- (iii) PP3 Project  
The project has started commercial operation since 1st September 2018.

Please refer to Section 4.7.1 of the Prospectus for further details of the projects.

**B11. Derivative financial instruments**

The Group's derivative financial instruments are as disclosed in Note A15.

**B12. Fair value changes of financial liabilities**

Other than derivatives which are measured at fair value and are classified as liabilities only when they are at a loss position as at the end of the reporting period, the Group does not remeasure its financial liabilities at fair value after initial recognition.

**B13. Property, plant and equipment**

Included in construction-in-progress of RM5,447 million (2021: RM1,006 million) of which RM639 million (2021: RM Nil) relates to prepayment to related companies pursuant to the terms and conditions of the construction contracts. The prepayment is made after receipt of advance payment bonds and performance bond.

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**Part B - Other explanatory notes (cont'd)**

**B14. Trade and other receivables**

	<b>As at 31 December 2022 RM'000</b>	<b>As at 31 December 2021 RM'000</b>
<b>Trade receivables</b>		
Third parties	546,125	730,733
Amount due from ultimate holding company	2,116	9,548
Amounts due from related companies	52,881	134,550
Other receivables	324,872	101,048
	<u>925,994</u>	<u>975,879</u>
Less: Allowance for impairment	(6,408)	(596)
	<u><u>919,586</u></u>	<u><u>975,283</u></u>

The ageing analysis of the Group's trade receivables is as follows:

Neither past due nor impaired	475,981	809,269
1 to 30 days past due not impaired	47,246	50,533
31 to 90 days past due not impaired	977	14,433
More than 90 days past due not impaired	70,510	-
	<u>594,714</u>	<u>874,235</u>
Credit impaired	6,408	596
	<u><u>601,122</u></u>	<u><u>874,831</u></u>

With respect to the Group's trade receivables, there are no indications as of the reporting date that the trade receivable will not meet their payment obligations except for the following.

There was a fire incident occurred at the plant of the Group's related party, Lotte Ube Synthetic Rubber Sdn Bhd ("LUSR") at Tanjung Langsat on 24th February 2022. The management of LUSR has requested for deferment of outstanding balance of RM 70.6 million by instalment with late payment interest. Based on preliminary impairment assessment, the management is confident on LUSR's debt recovery with the support from LUSR's shareholders. The impairment assessment is an on going process and any update to the outcome of the impairment assessment will be reflected in the financial statement in accordance to MFRS.

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**Part B - Other explanatory notes (cont'd)**

**B15. Other investments**

	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
<u>Fund placements with licensed financial institutions</u>		
Unutilised proceeds from initial public offering and its related finance income	4	972,166
Proceeds from internally generated funds	314,744	551,176
	<u>314,748</u>	<u>1,523,342</u>
<u>Short term deposits with licensed financial institutions with maturity more than 3 months</u>		
Unutilised proceeds from initial public offering and its related finance income	-	952,926
Proceeds from internally generated funds	-	279,848
	<u>-</u>	<u>1,232,774</u>
Total other investments	<u>314,748</u>	<u>2,756,116</u>

**B16. Cash and bank balances**

	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
<u>Unutilised proceeds from initial public offering and its related finance income</u>		
Cash at banks	13,289	11,274
Short term deposits with licensed financial institutions	232,204	477,677
	<u>245,493</u>	<u>488,951</u>
<u>Others</u>		
Cash at banks and on hand	692,682	1,233,700
Short term deposits with licensed financial institutions	66,781	119,358
Cash and cash equivalents	<u>1,004,956</u>	<u>1,842,009</u>

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**Part B - Other explanatory notes (cont'd)**

**B17. Trade and other payables**

Included in trade and other payables are RM52,110,276 in relation to retention sum payable to related companies for the construction of plant.

**B18. Off balance sheet financial instruments**

There were no off balance sheet financial instruments for the year ended 31 December 2022.

**B19. Material litigation**

Lotte Chemical Titan International Limited (“LCTIL”), an indirect subsidiary of the Company, which is under liquidation process has filed a Judicial Review Application to the High Court, to appeal against Minister of Finance Malaysia’s decision on rejecting LCTIL’s application for a determination of the term “chargeable profit” for a Labuan entity carrying on a Labuan non-trading activity under the Labuan Business Activity Tax Act 1990 (“Decision”). The said Decision may give rise to a tax liability amounting to USD 8.5 million (equivalent to RM 37.57 million) to LCTIL. The hearing and case management took place on 21 June 2021, 6 September 2021, 18 November 2021, 21 December 2021, 17 March 2022, 1 June 2022 and 7 December 2022. The High Court instructed the parties involved to attend decision on Inland Revenue Board’s application to become an intervenor in the judicial review proceedings on 16 February 2023. Interim stay granted until the disposal of leave hearing as instructed by Court previously remains valid and effective.

Upon consulting its tax consultant and solicitors, LCTIL is of the view that there are reasonable grounds to contest the Decision and LCTIL intends to take all steps necessary to contest the Decision.

The additional tax liability is not expected to have a material impact on the net assets or gearing of the Group for the financial year ended 31 December 2022.

**B20. Dividends**

Other than disclosed in Note A7, no dividend has been paid or declared by the Company for the year ended 31 December 2022.

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**Part B - Other explanatory notes (cont'd)**

**B21. Earnings per share ("EPS")**

Basic and diluted EPS are calculated by dividing net profit/(loss) for the period attributable to the owner of the Company by the weighted average number of ordinary shares outstanding during the period. The Company did not issue any instruments that will give effect to dilutive potential ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	Individual quarter ended 31 December		Financial year ended 31 December	
	2022	2021	2022	2021
Net (loss)/profit attributable to the owner of the Company (RM'000)	<u>(317,218)</u>	<u>168,891</u>	<u>(714,643)</u>	<u>1,040,029</u>
Weighted average number of ordinary shares at the end of the period ('000)	<u>2,277,557</u>	<u>2,277,557</u>	<u>2,277,557</u>	<u>2,275,652</u>
Basic and diluted earning per share (sen)	<u>(13.93)</u>	<u>7.42</u>	<u>(31.38)</u>	<u>45.70</u>

**B22. Audit report of preceding annual financial statements**

The auditors have expressed an unqualified opinion on the audited consolidated financial statements of the Group and the Company for the financial year ended 31 December 2021.