

## FUTURE

Condensed Interim
Financial Statements
for the nine months period ended September 30, 2022

#### **Corporate Information**

#### **Board of Directors**

Zafar Mahmood Chairman & Non-Executive Director

Syed Ali Akbar MD / CEO & Executive Director

Kelly Burtenshaw Director Finance / IT

Syed Asad Ali Shah Legal & External Affairs Director

Usman Zahur Non-Executive Director

Wael Sabra Non-Executive Director

Shannon Luke McInnes
Non-Executive Director

Huseyin Ozsan Ozbas Non-Executive Director

Mohammad Riaz Non-Executive Director

Asif Jooma Non-Executive Director

Lt. Gen. (R) Najib Ullah Khan Non-Executive Director

Belinda Ross Non-Executive Director

#### **Audit Committee**

Mohammad Riaz

Lt. Gen. (R) Najib Ullah Khan

Belinda Ross

Wael Sabra

Asif Jooma

Ali Mirza (Secretary)

#### Company Secretary

Madeeha Chaudhry

#### Registered Office

Pakistan Tobacco Company Limited Serena Business Complex, Khayaban-e-Suhrwardy. P.O. Box 2549, Islamabad-44000 Telephone: +92 (051) 2083200, 2083201 Fax: +92 (051) 2604516

Fax: +92 (051) 2604510 Web: <u>www.ptc.com.pk</u>

#### **Factories**

Akora Khattak Factory P.O. Akora Khattak Tehsil and District Nowshera, Khyber Pakhtunkhwa Telephone: +92 (0923) 561561-72 Fax: +92 (0923) 561502

Jhelum Factory G.T. Road, Kala Gujran Jhelum Telephone: +92 (0544) 646500-7 Fax: +92 (0544) 646524

#### **Bankers**

MCB Bank Limited
MCB Islamic Bank Limited
Habib Bank Limited
National Bank of Pakistan
Citibank N.A.
Standard Chartered Bank (Pakistan) Ltd.
Deutsche Bank AG

#### **Auditors**

KPMG Taseer Hadi & Co. Chartered Accountants Sixth Floor, State Life Building No. 5 Jinnah Avenue, Blue Area, Islamabad. 44000 Telephone: +92 (051) 2823558 Fax: +92 (051) 2822671

#### Share Registrar

FAMCO Associates (Pvt.) Ltd. 8-F, Near Hotel Faran, Nursery, Block 6, P.E.C.H.S, Shahrah-e-Faisal, Karachi Ph: +92 (021) 34380101-2

#### Directors' Review

The FY 2022-23 budget brought two unexpected excise increases for the tobacco industry, on the back of a record high fiscal deficit. This will further increase the price gap between duty paid and duty not paid (DNP) products and create more opportunities for illicit trade to gain share from duty paid segment resulting in a decline in Government revenues.

In compliance with the local regulation, PTC and Phillip Morris (PMI) have fully implemented Track & Trace system and have rolled out cigarette packs with affixed tax stamps in the market, while KTC Group has achieved partial compliance with the same. All other manufacturers remain noncompliant to the Track & Trace requirement and have challenged its implementation before Courts. In order to curtail illicit trade and provide a level playing field, across the board implementation of Track & Trace is the need of the hour. Consistent enforcement efforts by the Government with dedicated human and financial resources is key to ensure uniformity of approach for the legitimate tobacco sector. This will also positively impact revenue collection for the Government.

In the year to go, PTC's commitment to reduce the health impact of its business remains steadfast as VELO which is a reduced risk product compared to conventional tobacco products continues to make major gains in the market.

Key financial indicators of the Company for the period ended September 30, 2022 are given below:

	Rs (m	nillion)
	Jan - Sep, 2022	Jan - Sep, 2021
Gross Turnover	173,660	148,050
FED & Sales Tax	103,140	92,593
Net Turnover	70,519	55,457
Cost of Sales	34,874	28,311
Gross Profit	35,645	27,146
Operating Profit	26,550	19,453
Profit Before Tax – PBT	27,811	19,999
Profit After Tax – PAT	16,783	14,202
Earnings Per Share – EPS (Rs)	65.69	55.59

Domestic volume increased 3.9% YTD Q3′22 vs SPLY primarily due to effective commercial execution. In line with the export agenda of the Government of Pakistan, the Company exported unmanufactured tobacco and finished goods worth USD 18.8 Million for the period under review (10% growth vs. SPLY). PTC also exported human resource services worth USD 1.5 Million.

The Company continues to face a challenging macro-environment due to pressure on foreign currency reserves, high inflation, and devastating effects of the flood. This has contributed to a 23% increase in cost vs SPLY. Despite the cost pressures the operating profit growth of 36% was achieved through a combination of efficiency and productivity improvements. The robust growth in operating profit was adversely impacted due to the imposition of super-tax curtailing the profit after tax growth to 18% vs. SPLY.

The Company continues to maintain a focus on risk management, reduction in cost of goods and is committed to undertake all necessary steps to maintain business continuity without compromising health and safety for its staff and distribution network. As a responsible member of society, the Company took all available measures to help not only the employees affected by floods, but also the community at large. The Company aims to continue driving shareholder value by strengthening its business operations and delivering best in class products to its consumers.

Sved Ali Akbar

MD & Chief Executive Officer

سال 2022 کی تیسری سہ مائی میں سپلائی کے اعتبار سے مقامی جم میں اب تک ہونے والا 3.9 فیصد اضافہ موڑ کارباری تحکیت عملی کی بدولت ممکن ہو۔ حکومت پاکستان کے ہر آمدی ایجنڈے کے مطابق سمپنی نے جائزے کی مدت کے دوران 18.8 ملین امریکی ڈالر مالیت کا غیر تیار شدہ تمبا کو اور تیار شدہ سامان (10 فیصد اضافہ بمقابلہ سپلائی) ہر آمد کیا۔ ٹی ٹی بی 1.5 ملین امریکی ڈالر کے بقدر انسائی وسائل خدمات بھی ہر آمد کیں۔

غیر مکی زرمبادلہ کے ذخائر پر دیا کو افراط زر میں اضافے اور سیلاب کے تباہ کن اثرات کی وجہ سے کمپنی کو شدید چینئ کے ماحول کا مسلسل سامنا کرنا پڑ رہاہے۔ اس سے سپائی کے مقابلج میں لاگت میں 23 فیصد اضافہ ہوا ہے۔ لاگت پر آنے والے دیاؤک یاوجو دکار کر دگی اور پیداوار میں بہتری کے امتواج کے ذریعے خالص منافع میں 36 فیصد اضافہ کیا گیا۔ پر کیکس کے نفاذ جس سے کیکس میں اضافہ ہوا اور سپلائی کے مقابلے میں منافع میں 18 فیصد کی آئی، کی وجہ سے خالص منافع کی وسیع ضور منتی اثرات مرتب ہوئے۔

سمپنی رسک مینجنٹ اور اشیا کی لاگت میں کی پر مسلسل توجہ مر کوزر کھے ہوئے ہے اور اپنے عملے اور ڈسٹری بیوشنیٹ ورک کی صحت اور تنحفظ پر کوئی سمجھو تہ کے بغیر کاروبارے تسلسل کو بر قرار رکھنے کے لئے تمام ضروری اقدامات بروئے کارلانے کے لئے پرعزم ہے۔معاشرے کے ایک فیمہ دار کن کی حیثیت سے مکھنی نے سیال ہے ہوئے والے نہ صرف ملازمین بلکہ بڑے پہلے ٹی کی مدد کے کیلئے تمام تر ممکن اقدامات اٹھائے۔ سمینی اپنے کاروباری آپریشنز کو مستملم بناتے ہوئے اور اپنے صار قبین کو بہر میں مصنوعات کی فراہمی کے فراہمی کے ذرامعے اپنے شیئر ہولڈرز کی قدر میں اضافے کے مقصد کے حصول کے لئے بدستور پر عزم ہے۔

کیلی بر ٹنشا کی ایف او اور ڈائر یکٹر فنانس

مرابع المرابع المرابع

#### ڈائر کیمٹسرز کی حبائز<sup>،</sup> ہ رپورٹ

#### ڈائر پکٹ رز کی طب رنے سے سال 2022ء کی تیب ری سے ماہی کے دوران تمپنی کی اکار کرد گی کے بارے میں رپورٹ پیش خدمت ہے

ر رکارڈ مالی خیارے کے لیں منظر میں مالی سال 2-2022 کے بجٹ میں تمہا کو کی صنعت پر ایکسائز ڈیوٹی میں غیر متوقع طور پر دواضا نے سامنے آئے۔اس سے ڈیوٹی پیڈ (duty paid) اور ڈیوٹی نائے پیڈ (duty not paid - DNP) مصنوعات کی قبیتوں کے فرق میں مزید اضافہ ہو گااورڈیوٹی ادا کرنے دالے طقے ہے حصہ لینے کی غرض ہے کی جانے والی غیر قانونی تجارت کیلئے مزید مواقع پیداہوں گے اور اس کے نتیجے میں حکومتی محصولات میں کمی آئے گی۔

مقامی قوانین کی تغییل میں بی ٹی می (PTC) اور فلب مورس (Phillip Morris - PMI) نے ٹریک اینڈٹر لیں سسٹم (Track & Trace System) یر یوری طرح عمل درآ مد کیا اور مارکیٹ میں سگریٹ کے ایسے پیک متعارف کرائے جن پر ٹیکن سٹیمپ گلی ہو ئی تھی جبکہ کے ٹی سی (KTC) گروپ نے اس کی جزوی تعمیل کی۔ ویگر تمام مینوفیکچر رز ٹریک اینڈٹریس کے نقاضوں پر عمل کرنے میں ناکام رے اور انہوں نے اس کے نفاذ کو عدالتوں میں چیلنج کر دیا۔ غیر قانونی تجارت کے انبداداور یکیاں مواقع فراہم کرنے کے لئے ٹریک اینڈٹریس کاوسیتے پہانے پر نفاذ وقت کا نقاضا ہے۔اس کے نفاذ کے لئے خلصانہ انسانی اور مالی وسائل کے ساتھ حکومت کی طرف ہے کی طرف جانے والی مسلسل کوششیں تمہاکو کے جائز شعبے کے لئے یکسال سوچ کو یقینی بنانے میں کلیدی اہمیت رکھتی ہیں۔اس سے حکومت کی طرف سے محصولات کی وصولی پر مثبت اثرات بھی مرتب ہوں گے۔

لی ٹی سی آنے والے سال میں صحت پر اپنے کاروبار کے اٹرات کو کم کرنے کے اپنے عزم پر کاربند ہے کیوں کہ VELO جو تمہا کو کی روایتی مصنوعات کے مقابلے میں ایک کم ضر ررساں پروڈ کٹ ہے،مار کیٹ میں بڑے پہانے پر اپنی جگہ بنار ہی ہے۔

30 ستبر 2022 کوختم ہونے والی مدت کے لئے سمپنی کے اہم مالی اعشار بے ذیل میں دیئے گئے ہیں:

ملین)	روپے(	
جنوری ہے تتمبر، 2021	جنوری ہے تتمبر، 2022	
173,660	148,050	مجموعی فروخت
103,140	92,593	ایف ای ڈی اور سیلز خیکس
70,519	55,457	خالص مجموعی فروخت
34,874	28,311	فروخت کی لاگت
35,645	27,146	مجموعی منافع
26,550	19,453	آ پر ٹینگ منافع
27,811	19,999	قبل از ئیکس منافع – پی بی ٹی (PBT)
16,783	14,202	بعداز کیکس منافع - پی اے ٹی (PAT)
65.69	55.59	فی خصص آمدنی-ای پی ایس (EPS) (روپے)

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

for the Nine months period ended September 30, 2022

	Note		Sep 30, 2021 Rs '000	Nine mo Sep 30, 2022 Rs '000	nths ended Sep 30, 2021 Rs '000
Domestic turnover Export turnover		58,506,968 1,705,482	46,733,562 1,466,399	169,326,959 4,332,575	144,115,888 3,934,444
Gross turnover		60,212,450	48,199,961	173,659,534	148,050,332
Excise duties Sales tax		(25,838,730) (8,859,360)	(22,841,816) (7,036,175)	(77,498,809) (25,641,325)	(70,801,611) (21,791,701)
Net turnover		25,514,360	18,321,970	70,519,400	55,457,020
Cost of sales	7	(11,049,016)	(9,029,108)	(34,874,233)	(28,310,668)
Gross profit		14,465,344	9,292,862	35,645,167	27,146,352
Selling and distribution costs Administrative expenses Other expenses Other income	8	(857,289) (1,209,863) (942,621) 8,590	(1,081,913) (1,105,834) (588,664) 167,011	(3,360,469) (3,600,286) (2,493,545) 359,016	(3,502,082) (3,000,393) (1,678,881) 488,049
		(3,001,183)	(2,609,400)	(9,095,284)	(7,693,307)
Operating profit		11,464,161	6,683,462	26,549,883	19,453,045
Finance income Finance cost	10	709,744 (73,758)	250,584 (59,696)	1,466,743 (206,059)	744,314 (198,537)
Net finance income		635,986	190,888	1,260,684	545,777
Profit before income tax		12,100,147	6,874,350	27,810,567	19,998,822
Income tax expense		(3,829,046)	(2,119,789)	(11,027,517)	(5,796,731)
Profit for the period		8,271,101	4,754,561	16,783,050	14,202,091
Earnings per share - basic and diluted (Rupees)	d	32.37	18.61	65.69	55.59

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.

Syed Ali Akbar MD & Chief Executive Officer

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

for the Nine months period ended September 30, 2022

	Three mon	ths ended	Nine months ended		
	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000	
Profit for the period	8,271,101	4,754,561	16,783,050	14,202,091	
Other comprehensive income for the period	-	-	-	-	
Total comprehensive income for the period	8,271,101	4,754,561	16,783,050	14,202,091	

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.

Syed Ali Akbar MD & Chief Executive Officer

#### Condensed Interim Statement of Financial Position (Un-audited)

as at September 30, 2022

	Note	Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
Non current assets			
Property, plant and equipment Advances for capital expenditure Long term investment in subsidiary company Long term deposits and prepayments	11 12	16,727,536 322,115 5,000 26,868	15,813,540 1,115,233 5,000 28,661
		17,081,519	16,962,434
Current assets Stock-in-trade Stores and spares Trade debts Loans and advances Short term prepayments Other receivables Short term investments Cash and bank balances	13 14 15	24,926,153 622,066 4,908 116,221 62,368 4,821,607 16,836,859 1,931,272 49,321,454	22,044,653 646,230 2,142 88,916 33,346 1,933,242 9,402,598 1,245,068 35,396,195
Current liabilities			
Trade and other payables Other liabilities Short term running finance/export refinance Lease liability Unpaid dividend Unclaimed dividend Accrued interest / mark-up Current income tax liabilities	16 17 18	27,526,575 3,008,286 2,300,000 813,859 2,967,970 108,034 3,952 2,545,794 (39,274,470)	20,586,440 2,496,927 2,300,000 577,272 4,663,641 77,006 13,141 1,219,431 (31,933,858)
Net current assets		10,046,984	3,462,337
Non current liabilities Lease liability Deferred tax liabilities	18	(1,075,053) (1,005,852) (2,080,905)	(1,421,913) (1,029,546) (2,451,459)
Net assets		25,047,598	17,973,312
Share capital and reserves Share capital Revenue reserve - Unappropriated profit	19	2,554,938 22,492,660 25,047,598	2,554,938 15,418,374 17,973,312

Contingencies and commitments

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The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.

Syed Ali Akbar MD & Chief Executive Officer

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

for the Nine months period ended September 30, 2022

	Share capital Rs '000	Revenue reserves Rs '000	Total Rs '000
Balance at January 1, 2021	2,554,938	16,957,919	19,512,857
Total comprehensive income for the period: Profit for the period Other comprehensive income Total comprehensive income for the period		14,202,091	14,202,091
Transactions with owners of the Company: Final dividend for the year ended December 31, 2020 @ Rs. 28 per share Interim dividend for the year ended December 31, 2021 @ Rs. 26 per share	-	(7,153,826) (6,642,839)	(7,153,826) (6,642,839)
Balance at September 30, 2021	2,554,938	17,363,345	19,918,283
Balance at January 1, 2022	2,554,938	15,418,374	17,973,312
Total comprehensive income for the period: Profit for the period Other comprehensive income	-	16,783,050	16,783,050
Total comprehensive income for the period	-	16,783,050	16,783,050
Transactions with owners of the Company: Final dividend for the year ended December 31, 2021 @ Rs. 28 per share Interim dividend for the year ending December 31, 2022 @ Rs. 10 per share	-	(7,153,826) (2,554,938)	(7,153,826) (2,554,938)
Balance at September 30, 2022	2,554,938	22,492,660	25,047,598

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.

Syed Ali Akbar MD & Chief Executive Officer

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

for the Nine months period ended September 30, 2022

	Nine months ended		
	Note	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000
Cash flows from operating activities			
Cash generated from operations Finance cost paid Income tax paid Contribution to retirement benefit funds	21	29,472,869 (215,248) (9,701,154) (146,167)	19,193,151 (196,156) (4,519,492) (338,714)
Net cash from operating activities		19,410,300	14,138,789
Cash flows from investing activities			
Purchases of property, plant and equipment Advances for capital expenditure Proceeds from sale of property, plant and equipmer Interest received	nt	(1,939,939) 793,118 332,164 1,466,743	(1,489,869) 632,393 389,861 744,314
Net cash from investing activities		652,086	276,699
Cash flows from financing activities			
Dividends paid Lease payments Proceeds from export refinance facility		(11,373,407) (568,514)	(11,102,019) (671,959) 2,300,000
Net cash used in financing activities		(11,941,921)	(9,473,978)
Net increase in cash and cash equivalents Cash and cash equivalents at January 1		8,120,465 10,647,666	4,941,510 7,243,511
Cash and cash equivalents at Sep 30		18,768,131	12,185,021
Cash and cash equivalents comprise:			
Short-term investments Cash and bank balances	15	16,836,859 1,931,272	11,132,191 1,052,830
		18,768,131	12,185,021

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.

Syed Ali Akbar MD & Chief Executive Officer

for the Nine months period ended September 30, 2022

#### 1. The Company and its operations

Pakistan Tobacco Company Limited (the Company) is a public listed company incorporated in Pakistan on 18 November 1947 under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange. The Company is a subsidiary of the British American Tobacco (Investments) Limited, United Kingdom, whereas its ultimate parent company is British American Tobacco p.l.c, United Kingdom. The Company is engaged in the manufacture and sale of cigarettes/tobacco and nicotine products.

The registered office of the Company is situated at Serena Business Complex, Khayaban-e-Suharwardy, Islamabad.

#### 2. Statement of compliance

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

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

#### 3. Basis of preparation

These interim financial statements should be read in conjunction with the Company's latest annual financial statements as at and for the year ended December 31, 2021 ('last annual financial statements'). This interim financial information does not include all of the information required for a complete set of financial statements prepared in accordance with accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

Comparative figures of condensed interim statement of financial position is extracted from annual financial statements as of December 31, 2021 whereas comparative figures of condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un-audited condensed interim financial statements of the Company for the nine months period ended September 30, 2021.

These condensed interim financial statements are un-audited and is being submitted to the members of the Company as required under Section 237 of the Companies Act 2017, and the listing regulations of the Pakistan Stock Exchange.

#### 4. Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including measurement of fair values were the same as those described in the last annual financial statements.

#### Measurement of fair values

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

for the Nine months period ended September 30, 2022

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset
- or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### 5. Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of the financial statements as at and for the year ended December 31, 2021.

#### 6. Standards issued but not effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 01, 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards.

Three months ended

Sep 30,

Sep 30.

Nine months ended

Sep 30,

Sep 30,

		2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000
7.	Cost of sales				
	Raw material consumed:				
	Opening stock of raw materials and work in process	14,743,081	14,217,129	18,261,871	16,977,657
	Raw material purchases and expenses Excise duty, customs duty,	15,244,924	13,520,564	31,091,728	24,956,344
	regulatory duty and tobacco development cess etc.	491,617	394,745	1,763,280	1,786,858
	Closing stock of raw materials and work in process	(23,138,729)	(19,338,415)	(23,138,729)	(19,338,415)
	Royalty Production overheads	7,340,893 217,640 1,686,079	8,794,023 86,154 1,113,953	27,978,150 626,532 4,093,231	24,382,444 502,852 3,184,323
	0 . ("	9,244,612	9,994,130	32,697,913	28,069,619
	Cost of finished goods Opening stock Closing stock	3,591,828 (1,787,424)	1,426,796 (2,391,818)	3,963,744 (1,787,424)	2,632,867 (2,391,818)
		1,804,404	(965,022)	2,176,320	241,049
		11,049,016	9,029,108	34,874,233	28,310,668
8.	Other expenses				
	Workers' Profit Participation Fund (WPPF) Workers' Welfare Fund (WWF) Bank charges and fees Interest to Workers' Profit	649,847 196,802 13,179	369,192 91,111 8,595	1,493,586 517,422 40,313	1,074,050 358,958 30,288
	Participation Fund (WPPF) Foreign exchange loss	- 82,793	- 119,766	1,082 441,142	36,700 178,885
		942,621	588,664	2,493,545	1,678,881

for the Nine months period ended September 30, 2022

		Three mo	nths ended	Nine mor	Nine months ended		
		Sep 30,	Sep 30,	Sep 30,	Sep 30,		
		2022	2021	2022	2021		
		Rs '000	Rs '000	Rs '000	Rs '000		
9.	Other income						
	Income from services to associated companies: - BAT M.E DMCC- UAE	-	124.540	286.041	355,225		
	Recharges payable to associated companies written back:		,		,		
	- BAT Aspac Service Center						
	Sdn Bhd - Malaysia	-	-	-	53,331		
	Gain/(loss) on disposal of						
	property, plant and equipment	•	41,521	70,326	76,726		
	Others	865	950	2,649	2,767		
		8,590	167,011	359,016	488,049		

#### 10. Finance income

This includes profit from placement with banks in saving accounts, term deposit and treasury bills earned under interest arrangement. The interest rates range between 10.00% and 15.08% (nine months ended Sep 30, 2021: 5.50% and 7.80%) per annum and is received on maturity.

		Note	Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
11.	Property, plant and equipment			
	Operating assets Capital work in progress	11.1 11.2	14,645,672 2,081,864 16,727,536	14,879,640 933,900 15,813,540
11.1	Operating assets			
	Carrying amount at January 01 Additions during the period/year: - Owned assets Building Plant and machinery Office and household equipment Furniture and fittings		7,175 490,028 160,947 133,825 791,975	12,678,139 584,971 2,463,531 316,659 146,694 3,511,855
	- Right of use assets IFRS16 - Leased assets Vehicles		322,031 352,050 1,466,056	315,591 418,228 4,245,674

for the Nine months period ended September 30, 2022

	2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
Disposals during the period/year (net book value):  - Owned assets Building Plant and machinery Office and household equipment Furniture and fittings Vehicles  - Right of use assets IFRS16	(367) (13,080) (31,925) (626) - (45,998) (106,207)	(2,652) (193,667) (126) (17) (1,018) (197,480) (22,182)
- Leased vehicles Vehicles  Depreciation/impairment charge for the period/year:	(109,633) (261,838) (1,438,186)	(117,656) (337,318) (1,706,855)
Carrying amount as at Sep 30/ December 31	14,645,672	14,879,640

11.1.1 During the nine months ended September 30, 2022, the Company acquired assets, including transfers from capital work in progress, amounting to Rs. 1,466,056 thousand (nine months ended September 30. 2021: Rs. 3,343,994 thousand). Operating fixed assets having net book value of Rs. 261,838 thousand were disposed off during nine months ended September 30, 2022 (nine months ended September 30, 2021: Rs. 313,135 thousand). Depreciation /impairment charge for nine months ended September 30, 2022 was Rs. 1,438,186 thousand (nine months ended September 30, 2021: Rs. 1,239,797 thousand).

	Sep 30, 2022 (Unaudited) Rs '000	Dec31, 2021 (Audited) Rs '000
11.2 Capital work in progress		
Carrying value as at the beginning of the period Additions during the period/year	933,900 1,825,667	2,423,616 1,054,344
Transferred to operating fixed assets	2,759,567 (677,703)	3,477,960 (2,544,060)
Carrying value as at end of the period	2,081,864	933,900

#### 12. Long term investment in subsidiary company

This represents 500,001 (December 31, 2021: 500,001) fully paid ordinary shares of Rs.10 each in Phoenix (Private) Limited, a wholly owned subsidiary of the Company which has not yet commenced commercial production. The break up value of shares calculated by reference to net assets worked out to be Rs.10 per share based on financial statements for the nine months period ended September 30, 2022.

#### 13. Loans and advances

These include non-interest bearing advances to employees of Rs. 31,568 thousand (December 31, 2021: Rs. 36,157 thousand).

for the Nine months period ended September 30, 2022

#### 14. Other receivables

These include following balances due from related parties:

		Note	(	Sep 30, 2022 Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
15.	Holding company / associated companies Subsidiary company Employees retirement benefit plans			424,396 20,021 679,790	514,075 20,021 576,652
10.	Cash at banks - deposit accounts - current accounts	15.1		3,734 1,927,538 1,931,272	17,687 1,227,381 1,245,068

15.1 These include balances of Rs. 1,435,287 thousand (December 31, 2021: Rs. 785,232 thousand) held in foreign currency accounts.

#### 16. Trade and other payables

16.1 These include following balances due to related parties:

(	Sep 30, 2022 Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
Holding company / associated companies	3,781,723	816,919
Employees retirement benefit plans	340,067	232,836

16.2 These also include 'contract liabilities' representing advances from customers amounting to Rs 798,864 thousand (December 31, 2021: Rs 246,718 thousand).

#### 17. Short term running finance / export refinance - secured

Short term running finance facilities available under mark-up arrangements with banks amount to Rs. 6,500 million (December 31, 2021: Rs.6,500 million), which remained unavailed at the period end. These facilities are secured by hypothecation of stock in trade and plant & machinery amounting to Rs.7,222 million (December 31, 2021: Rs.7,222 million). The mark-up ranges between 10.39% and 15.80% (December 31, 2021: 7.49% and 9.71%) per annum and is payable quarterly. The facilities are renewable on annual basis.

The Company has obtained Rs 2,300 million (December 31, 2021: Rs 2,300 million ) from different banks under export refinancing scheme. The mark-up is 9.20% (December 31, 2021: 2.20%) per annum.

for the Nine months period ended September 30, 2022

#### 18. Lease liability

This represents lease agreements entered into with various lessors on account of vehicle and property leases. Total gross lease rentals due under various lease agreements aggregate to Rs 1,888,912 thousand - short term Rs 813,859 thousand and long term Rs 1,075,053 thousand (December 31, 2021: Rs 1,999,185 thousand - short term Rs 577,272 thousand and long term Rs 1,421,913 thousand).

Financing rates of 9% to 17% (December 31, 2021: 9% to 13%) per annuum have been used as discounting factor.

#### 19. Share capital

Authorised share capital of the Company is Rs. 3,000,000 thousand (December 31, 2021: Rs. 3,000,000 thousand) divided into 300,000,000 ordinary shares of Rs. 10 each. Issued, subscribed and paid up capital of the Company is Rs. 2,554,938 thousand (December 31, 2021: Rs. 2,554,938 thousand) divided into 255,493,792 ordinary shares of Rs. 10 each.

Sen 30

Dec 31

		2022 (Unaudited) Rs '000	2021 (Audited) Rs '000
20.	Contingencies and commitments		
	20.1 Contingencies		
	Claims and guarantees Claims against the Company not acknowledged as debt Guarantees issued by banks on behalf of the Company	75,706 720,758	75,706 541,991
	Litigation There is no significant change to status of litigations disclose for the year ended 31 December 2021.	d in annual fina	ancial statements
		Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
	20.2 Commitments		
	Capital expenditure Letters of credit outstanding	1,472,547 1,349,981	- 295,277

for the Nine months period ended September 30, 2022

		Nine months ended		
		Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000	
21.	Cash generated from operations			
	Profit before income tax	27,810,567	19,998,822	
	Adjustment for non-cash items:			
	- Depreciation	1,438,186	1,239,797	
	- (Gain)/loss on disposal of property, plant and equipment	(70,326)	(76,726)	
	- Finance cost	206,059	198,537	
	- Finance income	(1,466,743)	(744,314)	
	- Exchange loss	441,142	178,885	
	<ul> <li>(Reversal) / Charge of provision for slow moving stores and spares</li> </ul>	29,738	71,297	
	- (Reversal) / provision for damaged stock	(180,962)	71,297	
	- Provision for staff retirement benefit plans	144,677	289,727	
		541,771	1,157,203	
	Changes in working capital:			
	- Stock-in-trade	(2,881,500)	(2,247,558)	
	- Stores and spares	24,164	18,972	
	- Trade debts	(2,766)	(628)	
	- Loans and advances	(27,305)	143,988	
	- Short term prepayments	(29,022)	25,824	
	- Other receivables	(2,878,123)	(222,462)	
	- Trade and other payables	6,401,931	(106,890)	
	- Other liabilities	511,359	426,821	
		1,118,738	(1,961,933)	
Cha	nges in long term deposits and prepayments	1,793	(941)	
		29,472,869	19,193,151	

# Notes to the Condensed Interim Financial Statements (Un-audited) for the Nine months period ended September 30, 2022

### Financial instruments 22.

# 22.1 Carrying amounts and fair values

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

	Septe	September 30, 2022 (Un-audited)	Jn-audited)	Decem	December 31, 2021 (Audited)	udited)
	Fair value	Amortized	Total	Fair value	Amortized	Total
	through profit or loss	cost		through profit or loss	cost	
Financial assets measured at fair value Short-term investment	16,836,859	1	16,836,859	9,402,598	1	9,402,598
Financial assets not measured at fair value Deposits	٠	26,868	26,868		28,661	28,661
Trade debts		4,908	4,908	•	2,142	
Other recievables		4,141,817	4,141,817	•	1,356,590	_
Cash and bank balances		1,931,272	1,931,272	•	1,245,068	_
	16,836,859	6,104,865	22,941,724	9,402,598	2,632,461	12,035,059
Financial liabilities not measured at fair value						
Finance lease obligation	•	(1,888,912)	(1,888,912)	•	(1,999,185)	(1,999,185)
Accrued interest / mark-up		(3,952)	(3,952)	•	(13,141)	(13,141)
Trade and other payables	1	(14, 162, 916)	(14,162,916)	•	(9,489,714)	(9,489,714)
		(16,055,780) (16,055,780)	(16,055,780)	1	(11,502,040) (11,502,040)	(11,502,040)

The short term investments are classified under Level 2 fair value hierarchy.

The Company has not disclosed the fair values of financial assets and financial liabilities as these are for short-term or reprice over short-term. Therefore, the carrying amounts are reasonable approximation of their fair values.

## 22.2 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended December 31, 2021.

for the Nine months period ended September 30, 2022

#### 23. Related parties

British American Tobacco (Investments) Limited (BAT-IL) holds 94.34% (December 31, 2021: 94.34%) shares of the Company. Therefore, all the subsidiaries and associated undertakings of BAT-IL and the ultimate parent company British American Tobacco, p.l.c (BAT) are related parties of the Company. The related parties also include directors and their relatives, key management personnel and their relatives, entities in which directors have interest or common directorship, subsidiary and associated companies and subsidiaries of holding company, post-employment benefit plans and persons or entities having control or joint control or having significant influence over the Company.

The amounts due from and due to these parties are disclosed in the respective notes. All outstanding balances with related parties are to be settled in the normal course of business. None of the balances are secured. Transactions with related parties were as follows:

	Three mo	nths ended_	Nine mo	onths ended
	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000
Purchase of goods and				
services from				
Holding company	651,287	457,942	1,812,690	1,286,284
Associated companies	996,778	1,175,220	3,021,713	3,425,578
Sale of goods and services to				
Holding company	-	3,325	3,266	6,550
Associated companies	1,880,914	1,913,911	4,872,434	4,482,148
Dividend				
Holding company	2,418,534	6,288,189	9,190,430	13,060,085
Royalty charged by				
Associate companies	217,640	86,154	626,532	502,852
Employees retirement benefit				
plans - expense / (income)				
Staff pension fund	_	8,327	(11,977)	18,995
Staff defined contribution		0,02.	(,0,,,	.0,000
pension fund	35,554	35,612	105,611	102,249
Employees' gratuity fund	35,565	29,141	85,880	87,617
Management provident fund	22,712	23,721	67,635	67,409
Employees' provident fund	6,706	4,485	14,078	13,457
Other income:				
Associated company:				
Recharges written back	-	-	-	53,331

for the Nine months period ended September 30, 2022

#### 24. Events after the reporting date

The Board of Directors in its meeting held on 20th October 2022 has declared interim dividend of Rs 10.00 (2021: Rs 26.00) per share. This interim dividend of Rs 2,554,938 thousand (2021: Rs 6,642,839) will be recorded as liability in the interim financial statements for the next quarter as required by the IAS 10 'Events after the Reporting Period'. These condensed interim financial statements do not reflect this dividend.

#### 25. Date of authorisation for issue

These condensed interim financial statements have been authorised for issue by the Board of Directors of the Company on October 20, 2022.

Syed Ali Akbar MD & Chief Executive Officer

#### Consolidated Condensed Interim Financial Statements

for the Nine months period ended September 30, 2022

#### Consolidated Condensed Interim Profit or Loss (Un-audited)

for the Nine months period ended September 30, 2022

		Three mo	onths ended	Nine mo	nths ended
	Note	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000
Domestic turnover Export turnover		58,506,968 1,705,482	46,733,562 1,466,399	169,326,959 4,332,575	144,115,888 3,934,444
Gross turnover		60,212,450	48,199,961	173,659,534	148,050,332
Excise duties Sales tax		(25,838,730) (8,859,360)	(22,841,816) (7,036,175)	(77,498,809) (25,641,325)	(70,801,611) (21,791,701)
Net turnover		25,514,360	18,321,970	70,519,400	55,457,020
Cost of sales	7	(11,049,016)	(9,029,108)	(34,874,233)	(28,310,668)
Gross profit		14,465,344	9,292,862	35,645,167	27,146,352
Selling and distribution costs Administrative expenses Other expenses Other income	8 9	(857,289) (1,209,863) (942,621) 8,590	(1,081,913) (1,105,834) (588,664) 167,011	(3,360,469) (3,600,286) (2,493,545) 359,016	(3,502,082) (3,000,393) (1,678,881) 488,049
		(3,001,183)	(2,609,400)	(9,095,284)	(7,693,307)
Operating profit		11,464,161	6,683,462	26,549,883	19,453,045
Finance income Finance cost	10	709,744 (73,758)	250,584 (59,696)	1,466,743 (206,059)	744,314 (198,537)
Net finance income		635,986	190,888	1,260,684	545,777
Profit before income tax		12,100,147	6,874,350	27,810,567	19,998,822
Income tax expense		(3,829,046)	(2,119,789)	(11,027,517)	(5,796,731)
Profit for the period		8,271,101	4,754,561	16,783,050	14,202,091
Earnings per share - basic ar diluted (Rupees)	nd	32.37	18.61	65.69	55.59

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

Syed Ali Akbar MD & Chief Executive Officer

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

for the Nine months period ended September 30, 2022

_	Three mon	ths ended	Nine months ended		
	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000	
Profit for the period	8,271,101	4,754,561	16,783,050	14,202,091	
Other comprehensive income for the period	-	-	-	-	
Total comprehensive income for the period	8,271,101	4,754,561	16,783,050	14,202,091	

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.

Syed Ali Akbar MD & Chief Executive Officer

#### Consolidated Condensed Interim Statement of Financial Position (Un-audited)

as at September 30, 2022

	Note	Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
Non current assets			
Property, plant and equipment Advances for capital expenditure Long term deposits and prepayments	11	16,752,584 322,115 26,868	15,838,588 1,115,233 28,661
		17,101,567	16,982,482
Current assets			
Stock-in-trade Stores and spares Trade debts Loans and advances	12	24,926,153 622,066 4,908 116,221	22,044,653 646,230 2,142 88,916
Short term prepayments Other receivables Short term investments	13	62,368 4,801,586 16,836,859	33,346 1,913,221 9,402,598
Cash and bank balances	14	1,931,272	1,245,068
		49,301,433	35,376,174
Current liabilities			
Trade and other payables Other liabilities Short term running finance/export refinance Lease liability Unpaid dividend Unclaimed dividend Accrued interest / mark-up Current income tax liabilities	15 16 17	27,526,602 3,008,286 2,300,000 813,859 2,967,970 108,034 3,952 2,545,794 (39,274,497)	20,586,467 2,496,927 2,300,000 577,272 4,663,641 77,006 13,141 1,219,431 (31,933,885)
Net current assets		10,026,936	3,442,289
Non current liabilities Lease liability Deferred tax liabilities	17	(1,075,053) (1,005,852)	(1,421,913) (1,029,546)
Net assets		(2,080,905) 25,047,598	(2,451,459) 17,973,312
Share capital and reserves Share capital Revenue reserve - Unappropriated profit	18	2,554,938 22,492,660	2,554,938 15,418,374
		25,047,598	17,973,312

Contingencies and commitments

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

Syed Ali Akbar MD & Chief Executive Officer

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

for the Nine months period ended September 30, 2022

	Share capital Rs '000	Revenue reserves Rs '000	Total Rs '000
	113 000	113 000	113 000
Balance at January 1, 2021	2,554,938	16,957,919	19,512,857
Total comprehensive income for the period: Profit for the period Other comprehensive income Total comprehensive income for the period		14,202,091	14,202,091
Transactions with owners of the Company: Final dividend for the year ended December 31, 2020 @ Rs. 28 per share Interim dividend for the year ended	-	(7,153,826)	(7,153,826)
December 31, 2021 @ Rs. 26 per share	-	(6,642,839)	(6,642,839)
Balance at September 30, 2021	2,554,938	17,363,345	19,918,283
Balance at January 1, 2022	2,554,938	15,418,374	17,973,312
Total comprehensive income for the period: Profit for the period Other comprehensive income		16,783,050	16,783,050
Total comprehensive income for the period	-	16,783,050	16,783,050
Transactions with owners of the Company: Final dividend for the year ended			
December 31, 2021 @ Rs. 28 per share	-	(7,153,826)	(7,153,826)
Interim dividend for the year ending December 31, 2022 @ Rs. 10 per share	-	(2,554,938)	(2,554,938)
Balance at September 30, 2022	2,554,938	22,492,660	25,047,598

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

Syed Ali Akbar MD & Chief Executive Officer

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

for the Nine months period ended September 30, 2022

		Nine	months ended
	Note	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000
		ns 000	NS 000
Cash flows from operating activities			
Cash generated from operations Finance cost paid Income tax paid Contribution to retirement benefit funds	20	29,472,869 (215,248) (9,701,154) (146,167)	19,193,151 (196,156) (4,519,492) (338,714)
Net cash from operating activities		19,410,300	14,138,789
Cash flows from investing activities			
Purchases of property, plant and equipment Advances for capital expenditure Proceeds from sale of property, plant and equipme Interest received	ent	(1,939,939) 793,118 332,164 1,466,743	(1,489,869) 632,393 389,861 744,314
Net cash from investing activities		652,086	276,699
Cash flows from financing activities			
Dividends paid Lease payments Proceeds from export refinance facility		(11,373,407) (568,514)	(11,102,019) (671,959) 2,300,000
Net cash used in financing activities		(11,941,921)	(9,473,978)
Net increase in cash and cash equivalents Cash and cash equivalents at January 1		8,120,465 10,647,666	4,941,510 7,243,511
Cash and cash equivalents at Sep 30		18,768,131	12,185,021
Cash and cash equivalents comprise:			
Short-term investments Cash and bank balances	14	16,836,859 1,931,272	11,132,191 1,052,830
		18,768,131	12,185,021

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

Syed Ali Akbar MD & Chief Executive Officer

for the Nine months period ended September 30, 2022

#### 1. The Group and its operations

Pakistan Tobacco Company Limited (the Company) is a public listed company incorporated in Pakistan on 18 November 1947 under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange. The Company is a subsidiary of the British American Tobacco (Investments) Limited, United Kingdom, whereas its ultimate parent company is British American Tobacco p.l.c, United Kingdom. The Company is engaged in the manufacture and sale of cigarettes/tobacco and nicotine products.

The registered office of the Company is situated at Serena Business Complex, Khayaban-e-Suharwardy, Islamabad.

Phoenix (Private) Limited (PPL) is a private limited company incorporated on March 9, 1992 in Azad Jammu and Kashmir under the Companies Ordinance, 1984. The registered office of PPL is situated at Bun Khurma, Chichian Road, Mirpur, Azad Jamu and Kashmir. The object for which the PPL has been incorporated is to operate and manage an industrial undertaking in Azad Jammu and Kashmir to deal in Tobacco products. PPL is dormant and has not commenced its commercial operations.

For the purpose of these consolidated financial statements, the Company and its wholly owned subsidiary PPL is referred to as the Group.

#### 2. Statement of compliance

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

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

#### 3. Basis of preparation

These interim financial statements should be read in conjunction with the Group's latest annual financial statements as at and for the year ended December 31, 2021 ('last annual financial statements'). This interim financial information does not include all of the information required for a complete set of financial statements prepared in accordance with accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial

Comparative figures of consolidated condensed interim statement of financial position is extracted from annual financial statements as of December 31, 2021 whereas comparative figures of condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un-audited condensed interim financial statements of the Company for the nine months period ended September 30, 2021.

These condensed interim financial statements are un-audited and is being submitted to the members of the Company as required under Section 237 of the Companies Act 2017, and the listing regulations of the Pakistan Stock Exchange.

#### 4. Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including measurement of fair values were the same as those described in the last annual financial statements.

for the Nine months period ended September 30, 2022

#### Measurement of fair values

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

Level 1: guoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### 5. Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of the financial statements as at and for the year ended December 31, 2021.

#### 6. Standards issued but not effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 01, 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards.

Three mon	ths ended	Nine mon	Nine months ended			
Sep 30, Sep 30,		Sep 30,	Sep 30,			
2022	2021	2022	2021			
Rs '000	Rs '000	Rs '000	Rs '000			

#### Cost of sales

	Raw material consumed: Opening stock of raw materials				
	and work in process	14,743,081	14,217,129	18,261,871	16,977,657
	Raw material purchases and expenses	15,244,924	13,520,564	31,091,728	24.956.344
	Excise duty, customs duty,	10,244,324	10,020,004	01,001,720	24,000,044
	regulatory duty and tobacco	491,617	394,745	1 762 200	1 700 050
	development cess etc. Closing stock of raw materials	491,017	394,745	1,763,280	1,786,858
	and work in process	(23,138,729)	(19,338,415)	(23,138,729)	(19,338,415)
	B 1:	7,340,893	8,794,023	27,978,150	24,382,444
	Royalty Production overheads	217,640 1,686,079	86,154 1,113,953	626,532 4,093,231	502,852 3,184,323
	- Todadion oromodae	9,244,612	9,994,130	32,697,913	28,069,619
	Cost of finished goods	0,244,012	0,004,100	02,007,010	20,000,010
	Opening stock	3,591,828	1,426,796	3,963,744	2,632,867
	Closing stock	(1,787,424)	(2,391,818)	(1,787,424)	(2,391,818)
		1,804,404	(965,022)	2,176,320	241,049
		11,049,016	9,029,108	34,874,233	28,310,668
8.	Other expenses				
	Workers' Profit Participation				
	Fund (WPPF)	649,847	369,192	1,493,586	1,074,050
	Workers' Welfare Fund (WWF)	196,802	91,111	517,422	358,958
	Bank charges and fees Interest to Workers' Profit	13,179	8,595	40,313	30,288
	Participation Fund (WPPF)	_	_	1,082	36,700
	Foreign exchange loss	82,793	119,766	441,142	178,885
		942,621	588,664	2,493,545	1,678,881

for the Nine months period ended September 30, 2022

		Three mo	Three months ended		Nine months ended	
		Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021	
		Rs '000	Rs '000	Rs '000	Rs '000	
9.	Other income					
	Income from services to associated companies: - BAT M.E DMCC- UAE Recharges payable to associated companies written back: - BAT Aspac Service Center	-	124,540	286,041	355,225	
	Sdn Bhd - Malaysia Gain/(loss) on disposal of	-	-	-	53,331	
	property, plant and equipment	7,725	41,521	70,326	76,726	
	Others	865	950	2,649	2,767	
		8,590	167,011	359,016	488,049	

#### 10. Finance income

This includes profit from placement with banks in saving accounts, term deposit and treasury bills earned under interest arrangement. The interest rates range between 10.00% and 15.08% (nine months ended Sep 30, 2021: 5.50% and 7.80%) per annum and is received on maturity.

		Note	Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
11.	Property, plant and equipment			
	Operating assets Capital work in progress	11.1 11.2	14,649,036 2,103,548	14,883,004 955,584
			16,752,584	15,838,588
11.1	Operating assets			
	Carrying amount at January 01 Additions during the period/year: - Owned assets Building Plant and machinery Office and household equipment Furniture and fittings		7,175 490,028 160,947 133,825 791,975	12,681,503 584,971 2,463,531 316,659 146,694 3,511,855
	<ul> <li>Right of use assets IFRS16</li> <li>Leased assets</li> <li>Vehicles</li> </ul>		322,031 352,050	315,591 418,228
			1,466,056	4,245,674

for the Nine months period ended September 30, 2022

	Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
Disposals during the period/year (net book value): - Owned assets		
Building Plant and machinery Office and household equipment Furniture and fittings	(367) (13,080) (31,925) (626)	(2,652) (193,667) (126) (17)
Vehicles	(45,998)	(1,018)
<ul> <li>Right of use assets IFRS16</li> <li>Leased vehicles</li> <li>Vehicles</li> </ul>	(106,207)	(22,182)
Depreciation/impairment charge for the period/year:	(261,838)	(337,318)
Carrying amount as at Sep 30/ December 31	14,649,036	14,883,004

11.1.1 During the nine months ended September 30, 2022, the Company acquired assets, including transfers from capital work in progress, amounting to Rs. 1,466,056 thousand (nine months ended September 30. 2021: Rs. 3,343,994 thousand). Operating fixed assets having net book value of Rs. 261,838 thousand were disposed off during nine months ended September 30, 2022 (nine months ended September 30, 2021: Rs. 313,135 thousand). Depreciation /impairment charge for nine months ended September 30, 2022 was Rs. 1,438,186 thousand (nine months ended September 30, 2021: Rs. 1,239,797 thousand).

	Sep 30, 2022 (Unaudited) Rs '000	Dec31, 2021 (Audited) Rs '000
11.2 Capital work in progress		
Carrying value as at the beginning of the period Additions during the period/year	955,584 1,825,667	2,445,300 1,054,344
Transferred to operating fixed assets	2,781,251 (677,703)	3,499,644 (2,544,060)
Carrying value as at end of the period	2,103,548	955,584

#### 12. Loans and advances

These include non-interest bearing advances to employees of Rs. 31,568 thousand (December 31, 2021: Rs. 36, 157 thousand).

for the Nine months period ended September 30, 2022

#### 13. Other receivables

These include following balances due from related parties:

		Note	Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
14.	Holding company / associated companies Employees retirement benefit plans Cash and bank balances		424,396 679,790	514,075 576,652
	Cash at banks - deposit accounts - current accounts	14.1	3,734 1,927,538 1,931,272	17,687 1,227,381 1,245,068

14.1 These include balances of Rs. 1,435,287 thousand (December 31, 2021: Rs. 785,232 thousand) held in foreign currency accounts.

#### 15. Trade and other payables

15.1 These include following balances due to related parties:

	Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
Holding company / associated companies	3,781,723	816,919
Employees retirement benefit plans	340,067	232,836

15.2 These also include 'contract liabilities' representing advances from customers amounting to Rs 798,864 thousand (December 31, 2021: Rs 246,718 thousand).

#### 16. Short term running finance / export refinance - secured

Short term running finance facilities available under mark-up arrangements with banks amount to Rs. 6,500 million (December 31, 2021: Rs.6,500 million), which remained unavailed at the period end. These facilities are secured by hypothecation of stock in trade and plant & machinery amounting to Rs.7,222 million (December 31, 2021: Rs.7,222 million). The mark-up ranges between 10.39% and 15.80% (December 31, 2021: 7.49% and 9.71%) per annum and is payable quarterly. The facilities are renewable on annual basis.

The Company has obtained Rs 2,300 million (December 31, 2021: Rs 2,300 million) from different banks under export refinancing scheme. The mark-up is 9.20% (December 31, 2021: 2.20%) per annum.

for the Nine months period ended September 30, 2022

#### 17. Lease liability

This represents lease agreements entered into with various lessors on account of vehicle and property leases. Total gross lease rentals due under various lease agreements aggregate to Rs 1,888,912 thousand - short term Rs 813,859 thousand and long term Rs 1,075,053 thousand (December 31, 2021: Rs 1,999,185 thousand - short term Rs 577,272 thousand and long term Rs 1,421,913 thousand).

Financing rates of 9% to 17% (December 31, 2021: 9% to 13%) per annuum have been used as discounting factor.

#### 18. Share capital

Authorised share capital of the Company is Rs. 3.000,000 thousand (December 31, 2021: Rs. 3,000,000 thousand) divided into 300,000,000 ordinary shares of Rs. 10 each. Issued, subscribed and paid up capital of the Company is Rs. 2,554,938 thousand (December 31, 2021: Rs. 2,554,938 thousand) divided into 255,493,792 ordinary shares of Rs. 10 each.

, , , , , , , , , , , , , , , , , , , ,	
Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
ebt 75,706 ny 720,758 sclosed in annual fin	75,706 541,991 ancial statements
Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
1,472,547 1,349,981	- 295,277
1	2022 (Unaudited) Rs '000  ebt 75,706 720,758 sclosed in annual fin Sep 30, 2022 (Unaudited) Rs '000

for the Nine months period ended September 30, 2022

		Nine r	months ended
		Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000
20.	Cook accounted from an avations	110 000	110 000
20.	Cash generated from operations		
	Profit before income tax	27,810,567	19,998,822
	Adjustment for non-cash items:		
	- Depreciation	1,438,186	1,239,797
	- (Gain)/loss on disposal of property, plant and equipment	(70,326)	(76,726)
	- Finance cost	206,059	198,537
	- Finance income	(1,466,743)	(744,314)
	- Exchange loss	441,142	178,885
	- (Reversal) / Charge of provision for slow moving		
	stores and spares	29,738	71,297
	- (Reversal) / provision for damaged stock	(180,962)	
	- Provision for staff retirement benefit plans	144,677	289,727
		541,771	1,157,203
	Changes in working capital:		
	- Stock-in-trade	(2,881,500)	(2,247,558)
	- Stores and spares	24,164	18,972
	- Trade debts	(2,766)	(628)
	- Loans and advances	(27,305)	143,988
	- Short term prepayments	(29,022)	25,824
	- Other receivables	(2,878,123)	(222,462)
	- Trade and other payables	6,401,931	(106,890)
	- Other liabilities	511,359	426,821
		1,118,738	(1,961,933)
Cha	nges in long term deposits and prepayments	1,793	(941)
		29,472,869	19,193,151

for the Nine months period ended September 30, 2022

## 21. Financial instruments

# 21.1 Carrying amounts and fair values

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

	Septe	September 30, 2022 (Un-audited)	Un-audited)	Decem	December 31, 2021 (Audited)	idited)
	Fair value	Amortized	Total	Fair value	Amortized	Total
	through profit or loss	cost		through profit or loss	cost	
	_			-	— Rs '000 —	
Financial assets measured at fair value Short-term investment	16,836,859	,	16,836,859	9,402,598	٠	9,402,598
Financial assets not measured at fair value Deposits		26,868	26,868	•	28,661	28,661
Trade debts Other recievables		4,908 4 121 796	4,908 4 121 796		2,142	2,142
Cash and bank balances	•	1,931,272	1,931,272	•	1,245,068	1,245,068
	16,836,859	6,084,844	22,921,703	9,402,598	2,612,440	12,015,038
Financial liabilities not measured at fair value						
Finance lease obligation Accrued interest / mark-up		(1,888,912) (3,952)	(1,888,912)		(1,999,185)	(1,999,185)
Trade and other payables	•	(14,162,943)	(14,162,943)		(9,489,741)	(9,489,741)
	٠	(16,055,807) (16,055,807)	(16,055,807)		(11,502,067) (11,502,067)	(11,502,067)

The short term investments are classified under Level 2 fair value hierarchy.

The Company has not disclosed the fair values of financial assets and financial liabilities as these are for short-term or reprice over short-term. Therefore, the carrying amounts are reasonable approximation of their fair values.

## 21.2 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended December 31, 2021.

for the Nine months period ended September 30, 2022

#### 22. Related parties

British American Tobacco (Investments) Limited (BAT-IL) holds 94.34% (December 31, 2021: 94.34%) shares of the Company. Therefore, all the subsidiaries and associated undertakings of BAT-IL and the ultimate parent company British American Tobacco, p.l.c (BAT) are related parties of the Company. The related parties also include directors and their relatives, key management personnel and their relatives, entities in which directors have interest or common directorship, subsidiary and associated companies and subsidiaries of holding company, post-employment benefit plans and persons or entities having control or joint control or having significant influence over the Company.

The amounts due from and due to these parties are disclosed in the respective notes. All outstanding balances with related parties are to be settled in the normal course of business. None of the balances are secured. Transactions with related parties were as follows:

	Three mo Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000	Nine mo Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000
Purchase of goods and services from	054.007	457.040	1.010.000	1 200 204
Holding company Associated companies	651,287 996,778	457,942 1,175,220	1,812,690 3,021,713	1,286,284 3,425,578
Sale of goods and services to Holding company Associated companies	1,880,914	3,325 1,913,911	3,266 4,872,434	6,550 4,482,148
Dividend Holding company	2,418,534	6,288,189	9,190,430	13,060,085
Royalty charged by Associate companies	217,640	86,154	626,532	502,852
Employees retirement benefit plans - expense / (income)				
Staff pension fund Staff defined contribution	-	8,327	(11,977)	18,995
pension fund Employees' gratuity fund Management provident fund Employees' provident fund	35,554 35,565 22,712 6,706	35,612 29,141 23,721 4,485	105,611 85,880 67,635 14,078	102,249 87,617 67,409 13,457
Other income: Associated company: Recharges written back	-	-	-	53,331

for the Nine months period ended September 30, 2022

#### 23. Events after the reporting date

The Board of Directors in its meeting held on 20th October 2022 has declared interim dividend of Rs 10.00 (2021: Rs 26.00) per share. This interim dividend of Rs 2,554,938 thousand (2021: Rs 6,642,839) will be recorded as liability in the interim financial statements for the next quarter as required by the IAS 10 'Events after the Reporting Period'. These condensed interim financial statements do not reflect this dividend.

#### 24. Date of authorisation for issue

These consolidated condensed interim financial statements have been authorised for issue by the Board of Directors of the Group on October 20, 2022.

Syed Ali Akbar MD & Chief Executive Officer

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