



75
Celebrating
Years

A JOURNEY OF
**GROWTH &
TRANSFORMATION**

**Condensed Interim
Financial Statements**
for the nine months period ended September 30, 2023

Corporate Information

Board of Directors

Zafar Mahmood
Chairman & Independent Director

Syed Ali Akbar
MD / CEO & Executive Director

Kelly Burtenshaw
Director Finance/IT

Syed Asad Ali Shah
Legal & External Affairs Director

Wael Sabra
Non-Executive Director

Usman Zahur
Non-Executive Director

Asif Jooma
Independent Director

Mohammad Riaz
Independent Director

Faisal Saif
Non-Executive Director

Gary Tarrant
Non-Executive Director

Lt. Gen. (R) Najib Ullah Khan
Independent Director

Belinda Ross
Non-Executive Director

Audit Committee

Mohammad Riaz (Chairman)

Lt. Gen. (R) Najib Ullah Khan

Belinda Ross

Wael Sabra

Asif Jooma

Sughra Sadaf (Secretary)

Company Secretary

Madeeha Arshad 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
Web: www.ptc.com.pk

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) Limited
Deutsche Bank AG
Bank Alfalah Limited
Habib Metropolitan Bank Limited
Soneri Bank Limited
United Bank Limited

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 nine months under review were marked by very challenging macro-economic conditions that impacted both consumers and businesses. With inflation at record levels, over 30% devaluation of local currency, rising international oil and commodity prices, reduced foreign exchange reserves and fiscal interventions by Government to generate additional tax revenue from existing taxpayers led to shrinkage in the manufacturing sector by 3.91% (fiscal year 2022/23). Similarly, Pakistan Tobacco Company was also impacted by the deteriorating business landscape.

The Finance (Supplementary) Act 2023 enacted by the Government of Pakistan in February substantially enhanced the FED on locally manufactured cigarettes. This in turn resulted in a significant disparity between the prices of duty-paid cigarette brands and duty-not-paid (DNP) as well as smuggled cigarettes. The gap in prices between duty paid and duty not paid led to a sizeable shift of cigarette volumes from duty-paid brands to DNP manufacturers who have been selling various cigarettes brands below minimum legal price with impunity. As a result, legitimate industry players are experiencing lower product demand whereby the Company's monthly cigarette sales have declined by over 47% from January 2023 to September 2023. The lack of enforcement of tobacco related laws, including minimum legal price laws as well as tobacco control laws regulating consumer advertisements and prescribing mandatory health warnings, has become prejudicial to the duty paid segment, and is also consequently resulting in significant losses to the National Exchequer in the form of lower tax collection. The legitimate tobacco sector contributes over 95% of total Government revenues with less than 50% of market share, which implies that Government is generating less than 50% of revenue, when compared with full revenue potential of additional Rs. 300 billion by the tobacco industry. The Government must take steps to rationalize excise rates for the tobacco industry and focus on enforcement measures through dedicated financial and human resources to ensure the sustainability of legitimate duty-paying industry and the associated tax revenue it generates, as well as protect the foreign direct investments and export proceeds that it generates for the country.

The Company remains committed to drive its tobacco harm reduction agenda and has made considerable investments in its scientifically substantiated reduced-risk-products. The Company's tobacco-free nicotine pouches continued their growth momentum during the 9-month period ended September 30, 2023, with a 34% increase in sales volume vs same period last year (SPLY). This growth was pursuant to BAT's agenda for A Better Tomorrow™. The Company also launched BAT Group's global vaping brand Vuse™ in Pakistan which demonstrates the Company's commitment to the country while providing reduced risk choices to its valued consumers.

Key financial indicators of the Company for 9-month period ended September 30, 2023 are summarized below:

	Rs (million)	
	Jan - Sep, 2023	Jan - Sep, 2022
Gross Turnover	221,352	173,660
FED & Sales Tax	(147,073)	(103,140)
Net Turnover	74,279	70,519
Cost of Sales	(30,355)	(34,874)
Gross Profit	43,924	35,645
Operating Profit	32,201	26,550
Profit Before Tax – PBT	37,102	27,811
Profit After Tax – PAT	20,937	16,783
Earnings Per Share – EPS (Rs)	81.95	65.69

The duty-paid tobacco sector has witnessed a significant decline in cigarette volumes since February 2023 excise-led price increase. During the period under review, domestic volumes shrunk by 36% vs SPLY whereas exports of unmanufactured tobacco and finished goods amounted to \$16 million. Cost of sales has decreased by 13% vs SPLY despite lower volumes following increase in excise duty coupled with inflationary pressure on domestic purchases and significant rupee devaluation impacting imports. Operating profit of the company increased by 21% vs SPLY cost optimization interventions and productivity initiatives. The deployment of robust investment strategies by the Company resulted in an impressive growth of 33% in PBT vs SPLY; however, EPS growth was at 25% due to imposition of Super Tax by Government. These results are testament to the Company's effective overall commercial execution.

The Company remains focused on delivering its commercial results with a strong Governance and Control environment. The Company is committed to generate value for its shareholders by leveraging its strong brand portfolio and offering exciting new choices to its consumers. The Company will continue to invest in its people-centric programs that aim to further strengthen its capability spectrum while prioritizing the health and safety of its employees and business partners.



Syed Ali Akbar
MD & Chief Executive Officer



Kelly Burtenshaw
Chief Financial Officer & Director

30 ستمبر 2023ء کو ختم ہونے والی 9 ماہ کی مدت کے لئے کمپنی کے اہم مالی اعشاریوں کا خلاصہ ذیل میں دیا گیا ہے:

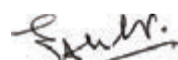
جنوری - ستمبر 2022	جنوری - ستمبر 2023	
ملین روپے	ملین روپے	
173,660	221,352	مجموعی کاروبار
(103,140)	(147,073)	ایکسائزڈیوٹی اور سیلز ٹیکس
70,519	74,279	خالص کاروبار
(34,874)	(30,355)	لاگت فروختگی
35,645	43,924	مجموعی منافع
26,550	32,201	خالص منافع
27,811	37,102	قبل از ٹیکس منافع (Profit before tax - PBT)
16,783	20,937	بعد از ٹیکس منافع (Profit after tax - PAT)
65.69	81.95	آمدن فی حصص (Earnings per share - EPS) (روپے)

ایکسائزڈیوٹی میں اضافہ کے بعد تمباکو کے ڈیوٹی پیڈ شعبہ میں سگریٹوں کے حجم میں 36 فی صد کی آئی۔ جائزہ مدت کے دوران 2023 فروری ملین ڈالر رہیں۔ 16 فی صد تک کی آئی جبکہ غیر تیار شدہ تمباکو اور تیار شدہ سامان کی برآمدات 36 کے مقابلے میں مقامی حجم میں SPLY ایکسائزڈیوٹی میں اضافے کے علاوہ مہنگائی کی وجہ سے مقامی مال کی خریداری پر پڑنے والے دباؤ اور روپے کی قدر میں نمایاں کمی کے درآمدات پر لاگت SPLY فی صد کی ہوئی۔ 13 کے مقابلے میں فروخت کی لاگت SPLY پڑنے والے اثرات کے نتیجے میں حجم میں کمی کے باوجود فیصد اضافہ ہوا۔ کمپنی کی طرف سے مستحکم سرمایہ 21 میں بہتری لانے اور پیداوار سے متعلق اقدامات اٹھانے سے کمپنی کے خالص منافع میں فی صد کی متاثر کن نمو ہوئی۔ تاہم حکومت کی 33 میں PBT کے مقابلے میں SPLY کاری پر مبنی حکمت عملیاں اختیار کرنے کے نتیجے میں فی صد رہی۔ یہ نتائج کمپنی کے مجموعی طور پر کاروباری اعتبار سے موثر اقدامات کا 25 کی شرح نمو EPS طرف سے سپر ٹیکس کے نفاذ کے بعد ثبوت ہیں۔

مستحکم گورننس اور کنٹرول پر مبنی ماحول کے ساتھ کمپنی اپنے تجارتی اہداف کے حصول پر توجہ مرکوز رکھے ہوئے ہے۔ اپنے مضبوط برانڈ پورٹ فولیو کو بروئے کار لاتے ہوئے اور اپنے صارفین کو نئے پرکشش برانڈ کی پیش کش کرتے ہوئے، کمپنی اپنے حصص یافتگان کو فائدہ پہنچانے کے لئے پرعزم ہے۔ کمپنی خالصتا عوام کے لئے وقف اپنے پروگراموں میں سرمایہ کاری جاری رکھے گی جس کا مقصد اپنے ملازمین اور کاروباری شراکت داروں کی صحت و حفاظت کو ترجیح دیتے ہوئے کمپنی کی استعداد میں اضافہ کرنا ہے۔



سیلی برٹنشا
سی ایف او اور ڈائریکٹر



سید علی اکبر
مینیجنگ ڈائریکٹر / سی ای او

ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹرز کی طرف سے 30 ستمبر 2023ء کو ختم ہونے والی نو ماہ کی مدت کے دوران کمپنی کی کارکردگی پیش خدمت ہے

نو ماہ کی زیر جائزہ مدت کے دوران میکرو اکنامک حالات میں بڑے چیلنج درپیش رہے جن کا اثر لا محالہ صارفین اور کاروبار دونوں پر پڑا۔ افراط زر کی ریکارڈ سطح کے ساتھ ساتھ مقامی کرنسی کی قدر میں 30 فی صد سے زیادہ کمی، تیل اور اجناس کی قیمتوں میں بین الاقوامی سطح پر اضافے، غیر ملکی زرمبادلہ کے ذخائر میں کمی نیز موجودہ ٹیکس دہندگان سے اضافی ٹیکس کے حصول کیلئے حکومت کی طرف سے اٹھائے جانے والے (مالی سال 22-23) اقدامات کی وجہ سے مینوفیکچرنگ سیکٹر میں 3.91 فی صد کی کمی دیکھنے میں آئی۔ اسی طرح روپہ زوال کاروباری منظر نامے سے پاکستان ٹو بیکو کمپنی بھی متاثر ہوئی۔

رواں سال فروری کے مہینے میں حکومت پاکستان کی طرف سے نافذ کیے جانے والے مالیاتی (ضمنی) ایکٹ مجریہ 2023 میں مقامی طور پر تیار کیے جانے والے سگریٹوں پر عائد فیڈرل ایکسائز ڈیوٹی میں بے تحاشا اضافہ کیا گیا۔ اس کے نتیجے میں سگریٹ کے ڈیوٹی پیڈ (duty paid) برانڈز اور ڈیوٹی ٹاٹ پیڈ (DNP) برانڈز نیز سب سے زیادہ سگریٹوں کی قیمتوں میں نمایاں فرق پیدا ہوا۔ ڈیوٹی پیڈ اور ڈیوٹی ٹاٹ پیڈ برانڈز کی قیمتوں میں تفاوت کی وجہ سے سگریٹ کی تیاری ڈیوٹی پیڈ برانڈز سے DNP کی طرف بڑے پیمانے پر منتقل ہو گئی جو استثناعات کے ساتھ سگریٹ کی کم سے کم قانونی قیمت سے بھی کم قیمت پر فروخت ہوتے رہے ہیں۔ اس کے نتیجے کے طور پر انڈسٹری کے جائز ارکان سگریٹ کی طلب میں گراؤ کا سامنا کر رہے ہیں۔ چنانچہ جنوری 2023 سے ستمبر 2023 کی درمیانی مدت کے دوران پاکستان ٹو بیکو کمپنی کے سگریٹوں کی ماہانہ فروخت میں 47 فی صد سے زیادہ کمی واقع ہوئی۔ تمباکو سے متعلق قوانین جن میں کم سے کم قانونی قیمت سے متعلق قوانین نیز تمباکو پر کنٹرول سے متعلق قوانین جن میں صارفین کے لئے اشتہارات کو ریگولیٹ کرنا اور صحت سے متعلق لازمی انتباہ شامل ہیں، پر عمل درآمد میں کمی ڈیوٹی پیڈ مصنوعات کے تقاضوں کے منافی ہے اور نتیجتاً ٹیکس کی وصولی میں کمی سے قومی خزانے کو نقصان پہنچ رہا ہے۔ تمباکو کا قانونی شعبہ جس کا کارکیٹ 50 فی صد سے بھی کم حصہ ہے، حکومت کے مجموعی محصولات کا 95 فی صد سے بھی زیادہ فراہم کرتا ہے جس کا مطلب ہے کہ حکومت تمباکو کی صنعت کی طرف سے 300 ارب روپے کے متوقع اضافی محصولات کے مقابلے میں 50 فی صد سے کم محصولات اکٹھے کر رہی ہے۔ حکومت کے لئے ضروری ہے کہ وہ تمباکو کی صنعت سے متعلق ایکسائز کی شرح کو معقول بنانے کے لئے اقدامات اٹھائے اور مالیاتی و انسانی وسائل کو بروئے کار لاتے ہوئے اس پر عمل درآمد کے لئے اقدامات پر اپنی توجہ مرکوز کرے تاکہ ڈیوٹی ادا کرنے والی قانونی انڈسٹری اور اس سے حاصل ہونے والی ٹیکس محصولات کی برقراری کو یقینی بنایا جاسکے نیز ملک کے لئے حاصل کی جانے والی براہ راست غیر ملکی سرمایہ کاری اور برآمدات سے حاصل ہونے والی آمدنی کو تحفظ مل سکے۔

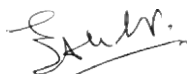
کمپنی تمباکو کے نقصانات میں کمی لانے کے اپنے ایجنڈے کو آگے بڑھانے کے لئے پرعزم ہے اور اس نے سائنسی طور پر ثابت شدہ کم ضرر رساں مصنوعات میں کافی سرمایہ کاری کر رکھی ہے۔ 30 ستمبر 2023 کو ختم ہونے والی 9 ماہ کی مدت کے دوران کمپنی کے تمباکو کے پاک کوئٹین پاور چر کی نموجاری رہی اور اس کی فروخت کے حجم میں گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 34 فی صد اضافہ ہوا۔ یہ نموجاری BAT کے A Better Tomorrow™ ایجنڈے کے عین مطابق تھی۔ کمپنی نے BAT گروپ کا بخارات سے متعلق عالمی برانڈ™ Vuse بھی پاکستان میں متعارف کرایا جو اپنے قابل قدر صارفین کو کم ضرر رساں مصنوعات کی فراہمی کے ذریعے ملک کے ساتھ کمپنی کی وفاداری کا اظہار ہے۔

Condensed Interim Profit or Loss (Un-audited)

for the Nine months period ended September 30, 2023

	Note	Three months ended		Nine months ended	
		Sep 30, 2023 Rs '000	Sep 30, 2022 Rs '000	Sep 30, 2023 Rs '000	Sep 30, 2022 Rs '000
Domestic turnover		85,934,823	58,506,968	217,048,421	169,326,959
Export turnover		1,951,589	1,705,482	4,303,095	4,332,575
Gross turnover		87,886,412	60,212,450	221,351,516	173,659,534
Excise duties		(46,228,799)	(25,838,730)	(113,167,359)	(77,498,809)
Sales tax		(13,477,000)	(8,859,360)	(33,905,461)	(25,641,325)
Net turnover		28,180,613	25,514,360	74,278,696	70,519,400
Cost of sales	7	(10,890,442)	(11,049,016)	(30,354,795)	(34,874,233)
Gross profit		17,290,171	14,465,344	43,923,901	35,645,167
Selling and distribution costs		(1,688,618)	(857,289)	(4,988,957)	(3,360,469)
Administrative expenses		(751,183)	(1,209,863)	(3,226,687)	(3,600,286)
Other expenses	8	(862,214)	(942,621)	(3,616,948)	(2,493,545)
Other income	9	7,080	8,590	109,277	359,016
		(3,294,935)	(3,001,183)	(11,723,315)	(9,095,284)
Operating profit		13,995,236	11,464,161	32,200,586	26,549,883
Finance income	10	2,257,801	709,744	5,362,807	1,466,743
Finance cost		(159,156)	(73,758)	(461,350)	(206,059)
Net finance income		2,098,645	635,986	4,901,457	1,260,684
Profit before income tax		16,093,881	12,100,147	37,102,043	27,810,567
Income tax expense		(6,198,747)	(3,829,046)	(16,165,125)	(11,027,517)
Profit for the period		9,895,134	8,271,101	20,936,918	16,783,050
Earnings per share - basic and diluted (Rupees)		38.73	32.37	81.95	65.69

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



Syed Ali Akbar
MD & Chief Executive Officer



Kelly Burtenshaw
Chief Financial Officer & Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

for the Nine months period ended September 30, 2023

	Three months ended		Nine months ended	
	Sep 30, 2023 Rs '000	Sep 30, 2022 Rs '000	Sep 30, 2023 Rs '000	Sep 30, 2022 Rs '000
Profit for the period	9,895,134	8,271,101	20,936,918	16,783,050
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	9,895,134	8,271,101	20,936,918	16,783,050

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



Syed Ali Akbar
MD & Chief Executive Officer



Kelly Burtenshaw
Chief Financial Officer & Director

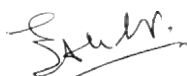
Condensed Interim Statement of Financial Position (Un-audited)

as at September 30, 2023

	Note	Sep 30, 2023 (Unaudited) Rs '000	Dec 31, 2022 (Audited) Rs '000
Non current assets			
Property, plant and equipment	11	20,184,588	16,801,940
Advances for capital expenditure		230,389	532,106
Long term investment in subsidiary company	12	5,000	5,000
Long term deposits and prepayments		24,247	23,604
		20,444,224	17,362,650
Current assets			
Stock-in-trade		55,296,944	24,905,320
Stores and spares		665,863	561,046
Trade debts		1,565	2,876
Loans and advances	13	673,857	832,795
Short term prepayments		78,309	139,961
Other receivables	14	1,266,657	3,852,686
Short term investments		33,063,248	21,522,111
Cash and bank balances	15	3,922,938	1,878,796
		94,969,381	53,695,591
Current liabilities			
Trade and other payables	16	47,309,314	27,197,561
Other liabilities		4,157,118	4,092,981
Short term running finance/export refinance	17	803	2,354,312
Lease liability	18	647,790	802,531
Unpaid dividend		5,388,679	5,391,129
Unclaimed dividend		105,843	106,330
Current income tax liabilities		6,253,557	2,683,837
		(63,863,104)	(42,628,681)
Net current assets		31,106,277	11,066,910
Non current liabilities			
Lease liability	18	(2,571,058)	(935,335)
Deferred tax liabilities		(1,418,198)	(869,898)
		(3,989,256)	(1,805,233)
Net assets		47,561,245	26,624,327
Share capital and reserves			
Share capital	19	2,554,938	2,554,938
Revenue reserve - Unappropriated profit		45,006,307	24,069,389
		47,561,245	26,624,327

Contingencies and commitments 20

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



Syed Ali Akbar
MD & Chief Executive Officer



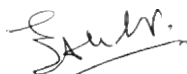
Kelly Burtenshaw
Chief Financial Officer & Director

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

for the Nine months period ended September 30, 2023

	Share capital Rs '000	Revenue reserves Rs '000	Total Rs '000
Balance at January 1, 2022	2,554,938	15,418,374	17,973,312
Total comprehensive income for the period:			
Profit for the period	-	16,783,050	16,783,050
Other comprehensive income	-	-	-
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 ended			
December 31, 2022 @ Rs. 10 per share	-	(2,554,938)	(2,554,938)
	-	9,708,764	9,708,764
Balance at September 30, 2022	2,554,938	22,492,660	25,047,598
Balance at January 1, 2023	2,554,938	24,069,389	26,624,327
Total comprehensive income for the period:			
Profit for the period	-	20,936,918	20,936,918
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	20,936,918	20,936,918
Balance at September 30, 2023	2,554,938	45,006,307	47,561,245

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



Syed Ali Akbar
MD & Chief Executive Officer



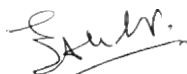
Kelly Burtenshaw
Chief Financial Officer & Director

Condensed Interim Statement of Cash Flows (Un-audited)

for the Nine months period ended September 30, 2023

		Nine months ended	
	Note	Sep 30, 2023 Rs '000	Sep 30, 2022 Rs '000
Cash flows from operating activities			
Cash generated from operations	21	26,640,867	29,472,869
Finance cost paid		(204,585)	(215,248)
Income tax paid		(12,047,105)	(9,701,154)
Contribution to retirement benefit funds		(468,562)	(146,167)
Net cash from operating activities		13,920,615	19,410,300
Cash flows from investing activities			
Purchases of property, plant and equipment		(2,628,966)	(1,939,939)
Advances for capital expenditure		301,717	793,118
Proceeds from sale of property, plant and equipment		233,950	332,164
Interest received		5,362,807	1,466,743
Net cash from investing activities		3,269,508	652,086
Cash flows from financing activities			
Dividends paid		(2,937)	(11,373,407)
Lease payments		(1,302,710)	(568,514)
Proceeds from export refinance facility		(2,300,000)	-
Net cash used in financing activities		(3,605,647)	(11,941,921)
Net increase in cash and cash equivalents		13,584,476	8,120,465
Cash and cash equivalents at January 1		23,400,907	10,647,666
Cash and cash equivalents at Sep 30		36,985,383	18,768,131
Cash and cash equivalents comprise:			
Short-term investments		33,063,248	16,836,859
Cash and bank balances	15	3,922,938	1,931,272
Short term running finance	17	(803)	-
		36,985,383	18,768,131

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



Syed Ali Akbar
MD & Chief Executive Officer



Kelly Burtenshaw
Chief Financial Officer & Director

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

for the Nine months period ended September 30, 2023

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, 2022 ('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, 2022 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, 2022.

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.

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

for the Nine months period ended September 30, 2023

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).

Level3: 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, 2022.

6. Standards issued but not effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 01, 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended standards.

	Three months ended		Nine months ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
	Rs '000	Rs '000	Rs '000	Rs '000

7. Cost of sales

Raw material consumed:				
Opening stock of raw materials and work in process	21,163,335	14,743,081	21,904,030	18,261,871
Raw material purchases and expenses	37,538,762	15,244,924	55,302,493	31,091,728
Excise duty, customs duty, regulatory duty and tobacco development cess etc.	171,734	491,617	1,435,896	1,763,280
Closing stock of raw materials and work in process	(52,424,427)	(23,138,729)	(52,424,427)	(23,138,729)
	6,449,404	7,340,893	26,217,992	27,978,150
Royalty	(310,112)	217,640	-	626,532
Production overheads	1,867,429	1,686,079	3,878,732	4,093,231
	8,006,721	9,244,612	30,096,724	32,697,913
Cost of finished goods				
Opening stock	5,756,238	3,591,828	3,130,588	3,963,744
Closing stock	(2,872,517)	(1,787,424)	(2,872,517)	(1,787,424)
	2,883,721	1,804,404	258,071	2,176,320
	10,890,442	11,049,016	30,354,795	34,874,233

8. Other expenses

Workers' Profit Participation Fund (WPPF)	864,333	649,847	1,992,591	1,493,586
Workers' Welfare Fund (WWF)	301,349	196,802	730,087	517,422
Bank charges and fees	10,872	13,179	45,405	40,313
Interest to Workers' Profit Participation Fund (WPPF)	-	-	-	1,082
Foreign exchange loss/(gain)	(314,340)	82,793	848,865	441,142
	862,214	942,621	3,616,948	2,493,545

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

for the Nine months period ended September 30, 2023

	Three months ended		Nine months ended	
	Sep 30,	Sep 30,	Sep 30,	Sep 30,
	2023	2022	2023	2022
	Rs '000	Rs '000	Rs '000	Rs '000
9. Other income				
Income from services to associated companies:				
- BAT M.E DMCC- UAE	-	-	-	286,041
Gain on disposal of property, plant and equipment	5,787	7,725	105,372	70,326
Others	1,293	865	3,905	2,649
	7,080	8,590	109,277	359,016

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 14.50% and 22.80% (nine months ended Sep 30, 2022 : 10.00% and 15.08%) per annum and is received on maturity.

	Note	Sep 30, 2023 (Unaudited) Rs '000	Dec 31, 2022 (Audited) Rs '000
11. Property, plant and equipment			
Operating assets	11.1	18,840,607	15,756,223
Capital work in progress	11.2	1,343,981	1,045,717
		20,184,588	16,801,940

11.1 Operating assets

Carrying amount at January 01	15,756,223	14,879,640
Additions during the period/year:		
- Owned assets		
Building	98,169	65,307
Plant and machinery	2,003,778	1,991,593
Office and household equipment	191,968	204,875
Furniture and fittings	27,655	147,747
Vehicles	9,132	313
	2,330,702	2,409,835
- Right of use assets IFRS16	1,778,608	322,031
- Leased assets		
Vehicles	696,733	591,181
	4,806,043	3,323,047

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

for the Nine months period ended September 30, 2023

Note	Sep 30, 2023 (Unaudited) Rs '000	Dec 31, 2022 (Audited) Rs '000
Disposals during the period/year (net book value):		
- Owned assets		
Building	-	(365)
Plant and machinery	(969)	(13,082)
Office and household equipment	-	(34,947)
Furniture and fittings	(372)	(626)
Vehicles	-	(138)
	(1,341)	(49,158)
- Right of use assets IFRS16	-	(106,207)
- Leased assets		
Vehicles	(127,237)	(142,970)
	(128,578)	(298,335)
Depreciation/impairment charge for the period/year:	(1,593,081)	(2,148,129)
Carrying amount as at September 30/ December 31	18,840,607	15,756,223

11.1.1 During the nine months ended September 30, 2023, the Company acquired assets, including transfers from capital work in progress, amounting to Rs. 4,806,043 thousand (nine months ended September 30, 2022: Rs. 1,466,056 thousand). Operating fixed assets having net book value of Rs. 128,578 thousand were disposed off during nine months ended September 30, 2023 (nine months ended September 30, 2022: Rs. 261,838 thousand). Depreciation / impairment charge for nine months ended September 30, 2023 was Rs. 1,593,081 thousand (nine months ended September 30, 2022: Rs. 1,438,186 thousand).

	Sep 30, 2023 (Unaudited) Rs '000	Dec31, 2022 (Audited) Rs '000
11.2 Capital work in progress		
Carrying value as at the beginning of the period	1,045,717	933,900
Additions during the period/year	1,225,942	1,442,530
	2,271,659	2,376,430
Transferred to operating fixed assets	(927,678)	(1,330,713)
Carrying value as at end of the period	1,343,981	1,045,717

12. Long term investment in subsidiary company

This represents 500,001 (December 31, 2022: 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, 2023.

13. Loans and advances

These include non-interest bearing advances to employees of Rs. 32,426 thousand (December 31, 2022: Rs. 33,839 thousand).

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

for the Nine months period ended September 30, 2023

14. Other receivables

These include following balances due from related parties:

Note	Sep 30, 2023 (Unaudited) Rs '000	Dec 31, 2022 (Audited) Rs '000
Holding company / associated companies	194,102	555,280
Subsidiary company	20,021	20,021
Employees retirement benefit plans	76,202	165,523

15. Cash and bank balances

Cash at banks		
- saving accounts	4,334	7,513
- current accounts	3,918,604	1,871,283
	3,922,938	1,878,796

15.1 These include balances of Rs. 1,486,375 thousand (December 31, 2022: Rs. 1,444,033 thousand) held in foreign currency accounts.

16. Trade and other payables

16.1 These include following balances due to related parties:

	Sep 30, 2023 (Unaudited) Rs '000	Dec 31, 2022 (Audited) Rs '000
Holding company / associated companies	5,886,032	4,859,598
Employees retirement benefit plans	194,662	394,381

16.2 These also include 'contract liabilities' representing advances from customers amounting to Rs 179,357 thousand (December 31, 2022: Rs 715,884 thousand).

17. Short term running finance / export refinance - secured

Short term running finance facilities available under mark-up arrangements with banks amount to Rs. 6,499 million (December 31, 2022: 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, 2022: Rs.7,222 million). The mark-up ranges between 16.53% and 22.97% (December 31, 2022: 10.39% and 16.81%) per annum and is payable quarterly. The facilities are renewable on annual basis.

The Company has availed no financing as at September 30, 2023 (December 31, 2022 : Rs 2,300 @ 9.20% from any bank under export refinancing scheme.

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

for the Nine months period ended September 30, 2023

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 3,218,848 thousand - short term Rs 647,790 thousand and long term Rs 2,571,058 thousand (December 31, 2022: Rs 1,737,866 thousand - short term Rs 802,531 thousand and long term Rs 935,335 thousand).

Financing rates of 9% to 24% (December 31, 2022: 9% to 17%) per annum have been used as discounting factor.

19. Share capital

Authorised share capital of the Company is Rs. 3,000,000 thousand (December 31, 2022: 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, 2022: Rs. 2,554,938 thousand) divided into 255,493,792 ordinary shares of Rs. 10 each.

	Sep 30, 2023 (Unaudited) Rs '000	Dec 31, 2022 (Audited) Rs '000
20. Contingencies and commitments		
20.1 Contingencies		
Claims and guarantees		
Claims against the Company not acknowledged as debt	3,024	3,024
Guarantees issued by banks on behalf of the Company	920,274	769,944
Litigation		
There is no significant change to status of litigations disclosed in annual financial statements for the year ended 31 December 2022.		
	Sep 30, 2023 (Unaudited) Rs '000	Dec 31, 2022 (Audited) Rs '000
20.2 Commitments		
Capital expenditure	2,966,462	-
Letters of credit outstanding	10,083,284	1,511,561

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

for the Nine months period ended September 30, 2023

	Nine months ended	
	Sep 30, 2023 Rs '000	Sep 30, 2022 Rs '000
21. Cash generated from operations		
Profit before income tax	37,102,043	27,810,567
Adjustment for non-cash items:		
- Depreciation	1,593,081	1,438,186
- (Gain)/loss on disposal of property, plant and equipment	(105,372)	(70,326)
- Finance cost	461,350	206,059
- Finance income	(5,362,807)	(1,466,743)
- Exchange loss	848,865	441,142
- (Reversal) / Charge of provision for slow moving stores and spares	-	29,738
- (Reversal) / provision for damaged stock	-	(180,962)
- Provision for staff retirement benefit plans	358,164	144,677
	(2,206,719)	541,771
Changes in working capital:		
- Stock-in-trade	(30,391,624)	(2,881,500)
- Stores and spares	(104,817)	24,164
- Trade debts	1,311	(2,766)
- Loans and advances	158,938	(27,305)
- Short term prepayments	61,652	(29,022)
- Other receivables	2,496,708	(2,878,123)
- Trade and other payables	19,459,881	6,401,931
- Other liabilities	64,137	511,359
	(8,253,814)	1,118,738
Changes in long term deposits and prepayments	(643)	1,793
	26,640,867	29,472,869

Notes to the Condensed Interim Financial Statements (Un-audited) for the Nine months period ended September 30, 2023

22. Financial instruments

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.

	September 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Fair value through profit or loss	Amortized cost	Total	Fair value through profit or loss	Amortized cost	Total
	Rs '000			Rs '000		
Financial assets measured at fair value						
Short-term investment	33,063,248	-	33,063,248	21,522,111	-	21,522,111
Financial assets not measured at fair value						
Deposits	-	24,247	24,247	-	23,604	23,604
Trade debts	-	1,565	1,565	-	2,876	2,876
Other receivables	-	1,190,455	1,190,455	-	3,532,555	3,532,555
Cash and bank balances	-	3,922,938	3,922,938	-	1,878,796	1,878,796
Financial liabilities not measured at fair value						
Trade and other payables	33,063,248	5,139,205	38,202,453	21,522,111	5,437,831	26,959,942
Other liabilities	-	(27,071,005)	(27,071,005)	-	(18,158,538)	(18,158,538)
Short term running finance/export refinance	-	(4,157,118)	(4,157,118)	-	(4,092,981)	(4,092,981)
Finance lease obligation	-	(803)	(803)	-	(2,354,312)	(2,354,312)
Unpaid dividend	-	(3,218,848)	(3,218,848)	-	(1,737,866)	(1,737,866)
Unclaimed dividend	-	(5,388,679)	(5,388,679)	-	(5,391,129)	(5,391,129)
	-	(105,843)	(105,843)	-	(106,330)	(106,330)
	-	(39,942,296)	(39,942,296)	-	(31,841,156)	(31,841,156)

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, 2022.

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

for the Nine months period ended September 30, 2023

23. Related parties

British American Tobacco (Investments) Limited (BAT-IL) holds 94.34% (December 31, 2022: 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 months ended		Nine months ended	
	Sep 30, 2023 Rs '000	Sep 30, 2022 Rs '000	Sep 30, 2023 Rs '000	Sep 30, 2022 Rs '000
Purchase of goods and services from				
Holding company	(1,599,622)	651,287	49,453	1,812,690
Associated companies	334,416	996,778	1,633,161	3,021,713
Sale of goods and services to				
Holding company	-	-	-	3,266
Associated companies	2,175,582	1,880,914	4,551,645	4,872,434
Dividend				
Holding company	-	2,418,534	-	9,190,430
Royalty charged by				
Associate companies	(310,113)	217,640	-	626,532
Employees retirement benefit plans - expense / (income)				
Staff pension fund	6,225	-	20,671	(11,977)
Staff defined contribution pension fund	50,357	35,554	140,507	105,611
Employees' gratuity fund	38,433	35,565	113,072	85,880
Management provident fund	23,387	22,712	67,232	67,635
Employees' provident fund	5,155	6,706	16,682	14,078

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

for the Nine months period ended September 30, 2023

24. Events after the reporting date

The Board of Directors in its meeting held on 25th October 2023 has declared interim dividend of Rs 10.00 (2022: Rs 10.00) per share. This interim dividend of Rs 2,554,938 thousand (2022: Rs 2,554,938) will be recorded as liability in the annual financial statements for the year ending December 31, 2023 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 25, 2023.



Syed Ali Akbar

MD & Chief Executive Officer



Kelly Burtenshaw

Chief Financial Officer & Director

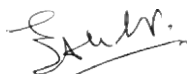
**Consolidated Condensed Interim
Financial Statements**
for the Nine months period ended September 30, 2023

Consolidated Condensed Interim Profit or Loss (Un-audited)

for the Nine months period ended September 30, 2023

	Note	Three months ended		Nine months ended	
		Sep 30, 2023 Rs '000	Sep 30, 2022 Rs '000	Sep 30, 2023 Rs '000	Sep 30, 2022 Rs '000
Domestic turnover		85,934,823	58,506,968	217,048,421	169,326,959
Export turnover		1,951,589	1,705,482	4,303,095	4,332,575
Gross turnover		87,886,412	60,212,450	221,351,516	173,659,534
Excise duties		(46,228,799)	(25,838,730)	(113,167,359)	(77,498,809)
Sales tax		(13,477,000)	(8,859,360)	(33,905,461)	(25,641,325)
Net turnover		28,180,613	25,514,360	74,278,696	70,519,400
Cost of sales	7	(10,890,442)	(11,049,016)	(30,354,795)	(34,874,233)
Gross profit		17,290,171	14,465,344	43,923,901	35,645,167
Selling and distribution costs		(1,688,618)	(857,289)	(4,988,957)	(3,360,469)
Administrative expenses		(751,183)	(1,209,863)	(3,226,687)	(3,600,286)
Other expenses	8	(862,214)	(942,621)	(3,616,948)	(2,493,545)
Other income	9	7,080	8,590	109,277	359,016
		(3,294,935)	(3,001,183)	(11,723,315)	(9,095,284)
Operating profit		13,995,236	11,464,161	32,200,586	26,549,883
Finance income	10	2,257,801	709,744	5,362,807	1,466,743
Finance cost		(159,156)	(73,758)	(461,350)	(206,059)
Net finance income		2,098,645	635,986	4,901,457	1,260,684
Profit before income tax		16,093,881	12,100,147	37,102,043	27,810,567
Income tax expense		(6,198,747)	(3,829,046)	(16,165,125)	(11,027,517)
Profit for the period		9,895,134	8,271,101	20,936,918	16,783,050
Earnings per share - basic and diluted (Rupees)		38.73	32.37	81.95	65.69

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



Syed Ali Akbar
MD & Chief Executive Officer



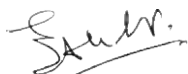
Kelly Burtenshaw
Chief Financial Officer & Director

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

for the Nine months period ended September 30, 2023

	Three months ended		Nine months ended	
	Sep 30, 2023 Rs '000	Sep 30, 2022 Rs '000	Sep 30, 2023 Rs '000	Sep 30, 2022 Rs '000
Profit for the period	9,895,134	8,271,101	20,936,918	16,783,050
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	9,895,134	8,271,101	20,936,918	16,783,050

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



Syed Ali Akbar
MD & Chief Executive Officer



Kelly Burtenshaw
Chief Financial Officer & Director

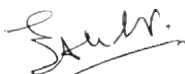
Consolidated Condensed Interim Statement of Financial Position (Un-audited)

as at September 30, 2023

	Note	Sep 30, 2023 (Unaudited) Rs '000	Dec 31, 2022 (Audited) Rs '000
Non current assets			
Property, plant and equipment	11	20,209,636	16,826,988
Advances for capital expenditure		230,389	532,106
Long term deposits and prepayments		24,247	23,604
		20,464,272	17,382,698
Current assets			
Stock-in-trade		55,296,944	24,905,320
Stores and spares		665,863	561,046
Trade debts		1,565	2,876
Loans and advances	12	673,857	832,795
Short term prepayments		78,309	139,961
Other receivables	13	1,246,636	3,832,665
Short term investments		33,063,248	21,522,111
Cash and bank balances	14	3,922,938	1,878,796
		94,949,360	53,675,570
Current liabilities			
Trade and other payables	15	47,309,341	27,197,588
Other liabilities		4,157,118	4,092,981
Short term running finance/export refinance	16	803	2,354,312
Lease liability	17	647,790	802,531
Unpaid dividend		5,388,679	5,391,129
Unclaimed dividend		105,843	106,330
Current income tax liabilities		6,253,557	2,683,837
		(63,863,131)	(42,628,708)
Net current assets			
		31,086,229	11,046,862
Non current liabilities			
Lease liability	17	(2,571,058)	(935,335)
Deferred tax liabilities		(1,418,198)	(869,898)
		(3,989,256)	(1,805,233)
Net assets			
		47,561,245	26,624,327
Share capital and reserves			
Share capital	18	2,554,938	2,554,938
Revenue reserve - Unappropriated profit		45,006,307	24,069,389
		47,561,245	26,624,327

Contingencies and commitments 19

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



Syed Ali Akbar
MD & Chief Executive Officer



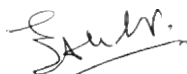
Kelly Burtenshaw
Chief Financial Officer & Director

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

for the Nine months period ended September 30, 2023

	Share capital Rs '000	Revenue reserves Rs '000	Total Rs '000
Balance at January 1, 2022	2,554,938	15,418,374	17,973,312
Total comprehensive income for the period:			
Profit for the period	-	16,783,050	16,783,050
Other comprehensive income	-	-	-
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 ended			
December 31, 2022 @ Rs. 10 per share	-	(2,554,938)	(2,554,938)
	-	9,708,764	9,708,764
Balance at September 30, 2022	2,554,938	22,492,660	25,047,598
Balance at January 1, 2023	2,554,938	24,069,389	26,624,327
Total comprehensive income for the period:			
Profit for the period	-	20,936,918	20,936,918
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	20,936,918	20,936,918
Balance at September 30, 2023	2,554,938	45,006,307	47,561,245

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



Syed Ali Akbar
MD & Chief Executive Officer



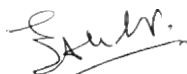
Kelly Burtenshaw
Chief Financial Officer & Director

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

for the Nine months period ended September 30, 2023

	Note	Nine months ended	
		Sep 30,	Sep 30,
		2023	2022
		Rs '000	Rs '000
Cash flows from operating activities			
Cash generated from operations	20	26,640,867	29,472,869
Finance cost paid		(204,585)	(215,248)
Income tax paid		(12,047,105)	(9,701,154)
Contribution to retirement benefit funds		(468,562)	(146,167)
Net cash from operating activities		13,920,615	19,410,300
Cash flows from investing activities			
Purchases of property, plant and equipment		(2,628,966)	(1,939,939)
Advances for capital expenditure		301,717	793,118
Proceeds from sale of property, plant and equipment		233,950	332,164
Interest received		5,362,807	1,466,743
Net cash from investing activities		3,269,508	652,086
Cash flows from financing activities			
Dividends paid		(2,937)	(11,373,407)
Lease payments		(1,302,710)	(568,514)
Proceeds from export refinance facility		(2,300,000)	-
Net cash used in financing activities		(3,605,647)	(11,941,921)
Net increase in cash and cash equivalents		13,584,476	8,120,465
Cash and cash equivalents at January 1		23,400,907	10,647,666
Cash and cash equivalents at Sep 30		36,985,383	18,768,131
Cash and cash equivalents comprise:			
Short-term investments		33,063,248	16,836,859
Cash and bank balances	14	3,922,938	1,931,272
Short term running finance	16	(803)	-
		36,985,383	18,768,131

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



Syed Ali Akbar
MD & Chief Executive Officer



Kelly Burtenshaw
Chief Financial Officer & Director

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

for the Nine months period ended September 30, 2023

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 Jammu 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, 2022 ('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 consolidated condensed interim statement of financial position is extracted from annual financial statements as of December 31, 2022 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, 2022.

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.

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

for the Nine months period ended September 30, 2023

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: 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, 2022.

6. Standards issued but not effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 01, 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended standards.

	Three months ended		Nine months ended	
	Sep 30, 2023 Rs '000	Sep 30, 2022 Rs '000	Sep 30, 2023 Rs '000	Sep 30, 2022 Rs '000
7. Cost of sales				
Raw material consumed:				
Opening stock of raw materials and work in process	21,163,335	14,743,081	21,904,030	18,261,871
Raw material purchases and expenses	37,538,762	15,244,924	55,302,493	31,091,728
Excise duty, customs duty, regulatory duty and tobacco development cess etc.	171,734	491,617	1,435,896	1,763,280
Closing stock of raw materials and work in process	(52,424,427)	(23,138,729)	(52,424,427)	(23,138,729)
	6,449,404	7,340,893	26,217,992	27,978,150
Royalty	(310,112)	217,640	-	626,532
Production overheads	1,867,429	1,686,079	3,878,732	4,093,231
	8,006,721	9,244,612	30,096,724	32,697,913
Cost of finished goods				
Opening stock	5,756,238	3,591,828	3,130,588	3,963,744
Closing stock	(2,872,517)	(1,787,424)	(2,872,517)	(1,787,424)
	2,883,721	1,804,404	258,071	2,176,320
	10,890,442	11,049,016	30,354,795	34,874,233
8. Other expenses				
Workers' Profit Participation Fund (WPPF)	864,333	649,847	1,992,591	1,493,586
Workers' Welfare Fund (WWF)	301,349	196,802	730,087	517,422
Bank charges and fees	10,872	13,179	45,405	40,313
Interest to Workers' Profit Participation Fund (WPPF)	-	-	-	1,082
Foreign exchange loss/(gain)	(314,340)	82,793	848,865	441,142
	862,214	942,621	3,616,948	2,493,545

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the Nine months period ended September 30, 2023

	Three months ended		Nine months ended	
	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
	Rs '000	Rs '000	Rs '000	Rs '000
9. Other income				
Income from services to associated companies:				
- BAT M.E DMCC- UAE	-	-	-	286,041
Gain on disposal of property, plant and equipment	5,787	7,725	105,372	70,326
Others	1,293	865	3,905	2,649
	7,080	8,590	109,277	359,016

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 14.50% and 22.80% (nine months ended Sep 30, 2022 : 10.00% and 15.08%) per annum and is received on maturity.

	Note	Sep 30, 2023 (Unaudited) Rs '000	Dec 31, 2022 (Audited) Rs '000
11. Property, plant and equipment			
Operating assets	11.1	18,843,971	15,759,587
Capital work in progress	11.2	1,365,665	1,067,401
		20,209,636	16,826,988

11.1 Operating assets

Carrying amount at January 01	15,759,587	14,883,304
Additions during the period/year:		
- Owned assets		
Building	98,169	65,307
Plant and machinery	2,003,778	1,991,593
Office and household equipment	191,968	204,875
Furniture and fittings	27,655	147,747
Vehicles	9,132	313
	2,330,702	2,409,835
- Right of use assets IFRS16	1,778,608	322,031
- Leased assets		
Vehicles	696,733	591,181
	4,806,043	3,323,047

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

for the Nine months period ended September 30, 2023

Note	Sep 30, 2023 (Unaudited) Rs '000	Dec 31, 2022 (Audited) Rs '000
Disposals during the period/year (net book value):		
- Owned assets		
Building	-	(365)
Plant and machinery	(969)	(13,082)
Office and household equipment	-	(34,947)
Furniture and fittings	(372)	(626)
Vehicles	-	(138)
	(1,341)	(49,158)
- Right of use assets IFRS16	-	(106,207)
- Leased assets		
Vehicles	(127,237)	(142,970)
	(128,578)	(298,335)
Depreciation/impairment charge for the period/year:	(1,593,081)	(2,148,129)
Carrying amount as at September 30/ December 31	18,843,971	15,759,587

11.1.1 During the nine months ended September 30, 2023, the Company acquired assets, including transfers from capital work in progress, amounting to Rs. 4,806,043 thousand (nine months ended September 30, 2022: Rs. 1,466,056 thousand). Operating fixed assets having net book value of Rs. 128,578 thousand were disposed off during nine months ended September 30, 2023 (nine months ended September 30, 2022: Rs. 261,838 thousand). Depreciation / impairment charge for nine months ended September 30, 2023 was Rs. 1,593,081 thousand (nine months ended September 30, 2022: Rs. 1,438,186 thousand).

	Sep 30, 2023 (Unaudited) Rs '000	Dec31, 2022 (Audited) Rs '000
11.2 Capital work in progress		
Carrying value as at the beginning of the period	1,067,401	955,584
Additions during the period/year	1,225,942	1,442,530
	2,293,343	2,398,114
Transferred to operating fixed assets	(927,678)	(1,330,713)
Carrying value as at end of the period	1,365,665	1,067,401

12. Loans and advances

These include non-interest bearing advances to employees of Rs. 32,426 thousand (December 31, 2022: Rs. 33,839 thousand).

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

for the Nine months period ended September 30, 2023

13. Other receivables

These include following balances due from related parties:

	Note	Sep 30, 2023 (Unaudited) Rs '000	Dec 31, 2022 (Audited) Rs '000
Holding company / associated companies		194,102	555,280
Employees retirement benefit plans		76,202	165,523

14. Cash and bank balances

Cash at banks			
- saving accounts		4,334	7,513
- current accounts	14.1	3,918,604	1,871,283
		3,922,938	1,878,796

14.1 These include balances of Rs. 1,486,375 thousand (December 31, 2022: Rs. 1,444,033 thousand) held in foreign currency accounts.

15. Trade and other payables

15.1 These include following balances due to related parties:

		Sep 30, 2023 (Unaudited) Rs '000	Dec 31, 2022 (Audited) Rs '000
Holding company / associated companies		5,886,032	4,859,598
Employees retirement benefit plans		194,662	394,381

15.2 These also include 'contract liabilities' representing advances from customers amounting to Rs 179,357 thousand (December 31, 2022: Rs 715,884 thousand).

16. Short term running finance / export refinance - secured

Short term running finance facilities available under mark-up arrangements with banks amount to Rs. 6,499 million (December 31, 2022: 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, 2022: Rs.7,222 million). The mark-up ranges between 16.53% and 22.97% (December 31, 2022: 10.39% and 16.81%) per annum and is payable quarterly. The facilities are renewable on annual basis.

The Company has availed no financing as at September 30, 2023 (December 31, 2022 : Rs 2,300 @ 9.20% from any bank under export refinancing scheme.

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

for the Nine months period ended September 30, 2023

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 3,218,848 thousand - short term Rs 647,790 thousand and long term Rs 2,571,058 thousand (December 31, 2022: Rs 1,737,866 thousand - short term Rs 802,531 thousand and long term Rs 935,335 thousand).

Financing rates of 9% to 24% (December 31, 2022: 9% to 17%) per annum have been used as discounting factor.

18. Share capital

Authorised share capital of the Company is Rs. 3,000,000 thousand (December 31, 2022: 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, 2022: Rs. 2,554,938 thousand) divided into 255,493,792 ordinary shares of Rs. 10 each.

	Sep 30, 2023 (Unaudited) Rs '000	Dec 31, 2022 (Audited) Rs '000
19. Contingencies and commitments		
19.1 Contingencies		
Claims and guarantees		
Claims against the Company not acknowledged as debt	3,024	3,024
Guarantees issued by banks on behalf of the Company	920,274	769,944
Litigation		
There is no significant change to status of litigations disclosed in annual financial statements for the year ended 31 December 2022.		
	Sep 30, 2023 (Unaudited) Rs '000	Dec 31, 2022 (Audited) Rs '000
19.2 Commitments		
Capital expenditure	2,966,462	-
Letters of credit outstanding	10,083,284	1,511,561

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

for the Nine months period ended September 30, 2023

	Nine months ended	
	Sep 30, 2023 Rs '000	Sep 30, 2022 Rs '000
20. Cash generated from operations		
Profit before income tax	37,102,043	27,810,567
Adjustment for non-cash items:		
- Depreciation	1,593,081	1,438,186
- (Gain)/loss on disposal of property, plant and equipment	(105,372)	(70,326)
- Finance cost	461,350	206,059
- Finance income	(5,362,807)	(1,466,743)
- Exchange loss	848,865	441,142
- (Reversal) / Charge of provision for slow moving stores and spares	-	29,738
- (Reversal) / provision for damaged stock	-	(180,962)
- Provision for staff retirement benefit plans	358,164	144,677
	(2,206,719)	541,771
Changes in working capital:		
- Stock-in-trade	(30,391,624)	(2,881,500)
- Stores and spares	(104,817)	24,164
- Trade debts	1,311	(2,766)
- Loans and advances	158,938	(27,305)
- Short term prepayments	61,652	(29,022)
- Other receivables	2,496,708	(2,878,123)
- Trade and other payables	19,459,881	6,401,931
- Other liabilities	64,137	511,359
	(8,253,814)	1,118,738
Changes in long term deposits and prepayments	(643)	1,793
	26,640,867	29,472,869

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the Nine months period ended September 30, 2023

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.

	September 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Fair value through profit or loss	Amortized cost	Total	Fair value through profit or loss	Amortized cost	Total
	Rs '000			Rs '000		
Financial assets measured at fair value						
Short-term investment	33,063,248	-	33,063,248	21,522,111	-	21,522,111
Financial assets not measured at fair value						
Deposits	-	24,247	24,247	-	23,604	23,604
Trade debts	-	1,565	1,565	-	2,876	2,876
Other receivables	-	1,170,434	1,170,434	-	3,512,534	3,512,534
Cash and bank balances	-	3,922,938	3,922,938	-	1,878,796	1,878,796
Financial liabilities not measured at fair value						
Trade and other payables	33,063,248	5,119,184	38,182,432	21,522,111	5,417,810	26,939,921
Other liabilities	-	(27,071,032)	(27,071,032)	-	(18,158,565)	(18,158,565)
Short term running finance/export refinance	-	(4,157,118)	(4,157,118)	-	(4,092,981)	(4,092,981)
Finance lease obligation	-	(803)	(803)	-	(2,354,312)	(2,354,312)
Unpaid dividend	-	(3,218,848)	(3,218,848)	-	(1,737,866)	(1,737,866)
Unclaimed dividend	-	(5,388,679)	(5,388,679)	-	(5,391,129)	(5,391,129)
	-	(105,843)	(105,843)	-	(106,330)	(106,330)
	-	(39,942,323)	(39,942,323)	-	(31,841,183)	(31,841,183)

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, 2022.

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

for the Nine months period ended September 30, 2023

22. Related parties

British American Tobacco (Investments) Limited (BAT-IL) holds 94.34% (December 31, 2022: 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 months ended		Nine months ended	
	Sep 30, 2023 Rs '000	Sep 30, 2022 Rs '000	Sep 30, 2023 Rs '000	Sep 30, 2022 Rs '000
Purchase of goods and services from				
Holding company	(1,599,622)	651,287	49,453	1,812,690
Associated companies	334,416	996,778	1,633,161	3,021,713
Sale of goods and services to				
Holding company	-	-	-	3,266
Associated companies	2,175,582	1,880,914	4,551,645	4,872,434
Dividend				
Holding company	-	2,418,534	-	9,190,430
Royalty charged by				
Associate companies	(310,113)	217,640	-	626,532
Employees retirement benefit plans - expense / (income)				
Staff pension fund	6,225	-	20,671	(11,977)
Staff defined contribution pension fund	50,357	35,554	140,507	105,611
Employees' gratuity fund	38,433	35,565	113,072	85,880
Management provident fund	23,387	22,712	67,232	67,635
Employees' provident fund	5,155	6,706	16,682	14,078

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the Nine months period ended September 30, 2023

23. Events after the reporting date

The Board of Directors in its meeting held on 25th October 2023 has declared interim dividend of Rs 10.00 (2022: Rs 10.00) per share. This interim dividend of Rs 2,554,938 thousand (2022: Rs 2,554,938) will be recorded as liability in the annual financial statements for the year ending December 31, 2023 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

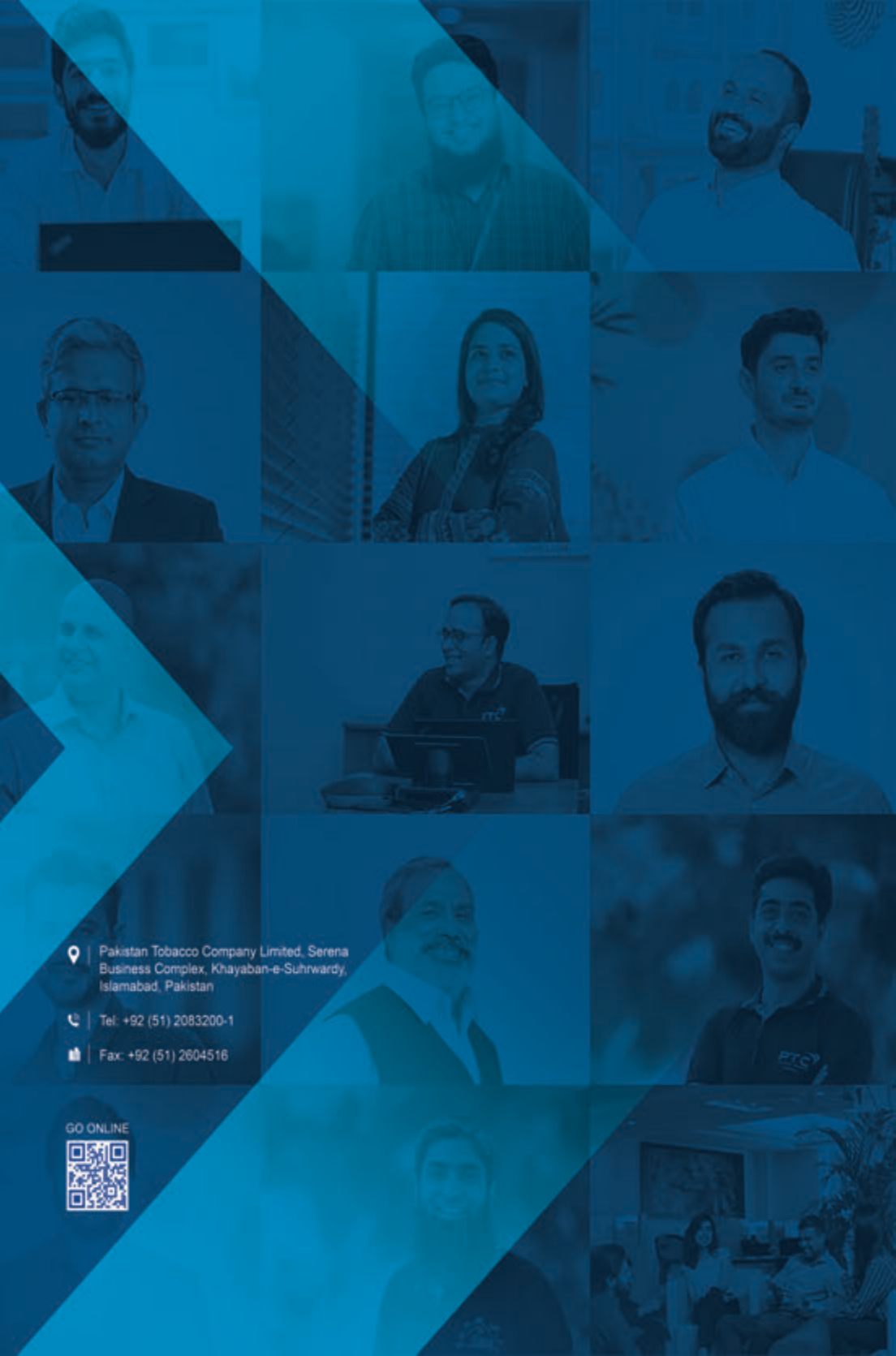
These consolidated condensed interim financial statements have been authorised for issue by the Board of Directors of the Group on October 25, 2023.



Syed Ali Akbar
MD & Chief Executive Officer



Kelly Burtenshaw
Chief Financial Officer & Director



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