

Flexible & Resilient



Condensed Interim Financial Information
for the nine months ended September 30, 2011

Corporate Information

Board of Directors

Mr. Mueen Afzal
Chairman and Non-Executive Director

Mr. Nicholas Stewart Hales
Managing Director and CEO

Mr. Mobasher Raza
Deputy Managing Director and Finance Director

Mr. Mustanser Muhammad Ali Khan
Supply Chain Director

Mr. Feroze Ahmed
Strategy and Planning Director

Mr. Tajamal Shah
Legal Director

Lt. Gen. (Retd.) Ali Kuli Khan Khattak
(Non-Executive Director)

Mr. Syed Asif Shah
(Non-Executive Director)

Mr. Abid Niaz Hasan
(Non-Executive Director)

Audit Committee

Mr. Mueen Afzal

Mr. Abid Niaz Hasan

Lt. Gen. (Retd.) Ali Kuli Khan Khattak

Mr. Syed Asif Shah

Mr. Imad Rahman (Secretary)

Company Secretary

Ms. Ayesha Rafique

Registered Office

Pakistan Tobacco Company Limited
Silver Square, Plot No. 15, F-11 Markaz,
Islamabad-44000.

Telephone: +92(051)2083200,2083201

Fax: +92(051) 2224216

Web: www.ptc.com.pk

Factories

Akora Khattak Factory
P.O. Akora Khattak
Tehsil and District Nowshera
N.W.F.P.

Telephone: +92(0923) 630901-11

Fax: +92(0923) 510792

Jhelum Factory
G.T. Road, Kala Gujran
Jhelum

Telephone: +92(0544) 646500-7

Fax: +92(0544) 646524

Bankers

Barclays Bank PLC
Citibank N.A.
Deutsche Bank
Habib Bank Limited
HSBC Bank Middle East Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Ltd.
United Bank Limited

Auditors

A.F. Ferguson & Co.
Chartered Accountants
3rd Floor, PIA Building
49 Blue Area, P.O. Box 3021
Islamabad-44000
Telephone: +92(051) 2273457-60
Fax: +92(051) 2277924

Share Registrar

FAMCO Associates (Pvt.) Ltd.
State Life Building No.1-A, 1st Floor,
I.I. Chundrigar Road
Karachi
Ph: +92(021) 32420755, 32427012

Directors' Review

The Directors present the performance of the Company for the nine months ended September 30, 2011.

The Company continued to deliver healthy growth in sales and further consolidated its market leadership. Profitability however remained constrained due to tough economic environment, high Government taxes and illicit trade.

Key financial indicators of the Company for the period under review are:

	Rs (million)		Variance
	Jan - Sep, 2011	Jan - Sep, 2010	
Gross Turnover	49,945	44,458	+12.3%
Net Turnover	16,840	15,696	+7.3%
Gross Profit	4,544	4,907	-7.4%
Operating Profit	1,591	1,823	-12.7%
Profit Before Tax - PBT	1,538	1,756	-12.4%
Profit After Tax - PAT	1,011	1,142	-11.5%
Earning Per Share - EPS (Rs)	3.96	4.47	-11.5%

Sales, at 29.8 billion sticks, are up vs. SPLY by 9.6% and market share, at 48.5% for the period, is up vs. SPLY by 0.8 ppt. This has mainly been on account of the strong performance of Capstan by Pall Mall Original (CbPMO). Launched in June 2010, CbPMO has captured a market share of 14.0% (for the period Jan - Sep '11). JPGL, the Company's key value driving brand, has not grown in line with PTC's overall volumes because of the heavy price increases and the challenging economic and market conditions.

The Excise led price increases and the impacts on consumers' purchasing power due to the prevalent economic situation during 2008 - 2010 fueled consumers' down-trading to low priced, illicit sector brands. With legitimate sector volumes in a continuous declining trend PTC, during the second half of 2010, launched a new brand CbPMO in the Low segment. Success of this brand is key to the Company being able to grow its share and sales volume in an overall declining legitimate market. This however, did cause PTC's sales mix to deteriorate impacting the revenues. Higher sales however helped recuperate the revenues and the Company's Net Turnover at Rs 16.8 bn, is up 7.3% vs. SPLY.

Cost of sales was 14% higher vs. SPLY mainly due to higher sales. Rising energy costs (due to extensive power outages), security related expenses and high inflation kept the cost base under pressure. The Company however managed to restrict its non-volume driven cost increase to well below inflation through stringent cost controls and productivity enhancement initiatives. Restricted revenue growth in times of rising costs trimmed the profitability with the Company's Gross Profit down vs SPLY by 7.4%.

Despite tough financial circumstances the Company remained committed to recruiting and retaining high calibre talent and continued to invest in its human capital. In pursuance of this policy PTC provided highly competitive remuneration packages, career advancement opportunities and top of the line training and development opportunities to its people. This along with the prevalent inflationary pressures increased the admin expenses by 5.8% vs. SPLY.

Limited revenue growth and high cost pressures resulted in Operating Profit being lower vs. SPLY by 12.7%. Similarly, Profit After Tax is also lower by 11.5% vs. SPLY.

The Company continues to be one of the largest contributors to the National Exchequer. Its contributions in lieu of Federal Excise Duty, Sales Tax, Custom Duties and Income Tax stood at Rs 34.1 bn, up 14.8% vs SPLY. This growth has been achieved despite the presence of a largely unchecked illicit sector as well as the deterioration in sales mix due to consumers' down-trading.

The illicit sector continues to be the biggest threat to the long term sustainability and viability of the legitimate sector. Illicit brands continue to flourish as the consumers down-trade to cheaper brands of the tax evaded sector, freely available in the market. The presence of a largely unchecked illicit sector not only deprives the legitimate players of the right to a level playing field but also causes a huge loss to the Government revenues. We urge the Government to take immediate steps for effective enforcement measures to curb the industry of this menace.

As part of the Company's efforts to contribute to the communities it operates in, the Company continued to invest in Corporate Social Responsibility initiatives. These included its flagship Afforestation program, provision of clean water through installation of water filtration plants, and Mobile Dispensary Units.

Despite a healthy sales growth, profitability has been under pressure due to unavoidable cost increases. The Company however, remains steadfast in its resolve to enhance shareholder value and grow its share and profitability by further strengthening its product portfolio, better productivity and spend efficacy.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Condensed Interim Profit and Loss Account (Unaudited) for the nine months ended September 30, 2011

	Note	Three months ended		Nine months ended		Rs '000
		Sep 30, 2011	Sep 30, 2010	Sep 30, 2011	Sep 30, 2010	
Gross turnover		16,106,551	12,873,282	49,944,752	44,458,074	
Excise duties		(8,269,567)	(6,702,362)	(25,769,185)	(22,347,073)	
Sales tax		(2,289,385)	(1,927,240)	(7,336,022)	(6,414,894)	
Net turnover		5,547,599	4,243,680	16,839,545	15,696,107	
Cost of sales	4	(3,874,296)	(3,155,922)	(12,295,351)	(10,789,048)	
Gross profit		1,673,303	1,087,758	4,544,194	4,907,059	
Selling and distribution expenses		(612,106)	(778,968)	(1,823,388)	(2,007,158)	
Administrative expenses		(312,158)	(327,931)	(997,543)	(943,256)	
Other operating expenses	5	(69,458)	(3,169)	(152,972)	(158,253)	
Other operating income		2,756	1,619	20,778	24,193	
		(990,966)	(1,108,449)	(2,953,125)	(3,084,474)	
Operating profit / (loss)		682,337	(20,691)	1,591,069	1,822,585	
Finance income		5,274	1,084	37,284	34,669	
Finance cost		(28,700)	(54,621)	(90,386)	(101,415)	
Net finance cost		(23,426)	(53,537)	(53,102)	(66,746)	
Profit / (loss) before income tax		658,911	(74,228)	1,537,967	1,755,839	
Income tax expense - current		(255,581)	5,871	(621,572)	(610,232)	
- deferred		29,019	13,434	94,236	(3,986)	
		(226,562)	19,305	(527,336)	(614,218)	
Profit / (loss) for the period		432,349	(54,923)	1,010,631	1,141,621	
Earnings / (loss) per share - basic and diluted (Rs)		1.69	(0.21)	3.96	4.47	

The annexed notes 1 to 14 are an integral part of this condensed interim financial information.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Condensed Interim Statement of Comprehensive Income (Unaudited) for the nine months ended September 30, 2011

	Three months ended		Nine months ended	
	Sept 30, 2011	Sep 30, 2010	Sept 30, 2011	Sept 30, 2010
Profit / (loss) for the period	432,349	(54,923)	1,010,631	1,141,621
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	432,349	(54,923)	1,010,631	1,141,621

Rs '000

The annexed notes 1 to 14 are an integral part of this condensed interim financial information.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Condensed Interim Balance Sheet (Unaudited) as at September 30, 2011

	Note	Sep 30, 2011	Rs '000 Dec 31, 2010
Non current assets			
Property, plant and equipment	6	5,615,684	5,823,688
Long term investment in subsidiary company	7	5,000	5,000
Long term loans, deposits and prepayments		20,849	18,792
		5,641,533	5,847,480
Current assets			
Stock-in-trade		7,385,203	6,002,823
Stores and spares		240,830	199,207
Trade debts		1,960	1,597
Loans and advances		63,465	48,267
Short term prepayments		81,810	118,329
Other receivables	8	70,408	93,546
Income tax paid in advance		-	15,206
Cash and bank balances		111,909	51,945
		7,955,585	6,530,920
Current liabilities			
Trade and other payables	9	6,535,973	5,339,725
Accrued interest / mark-up		28,552	46,789
Short term running finance	10	1,526,145	2,252,218
Current income tax liability		386,922	-
		8,477,592	7,638,732
Net current liabilities		(522,007)	(1,107,812)
Non current liabilities			
Deferred income tax liability		(1,043,345)	(1,137,581)
Net assets		4,076,181	3,602,087
Share capital and reserves			
Authorised share capital 300,000,000 ordinary shares of Rs 10 each		3,000,000	3,000,000
Issued, subscribed and paid-up capital 255,493,792 ordinary shares of Rs 10 each		2,554,938	2,554,938
Revenue reserves		1,521,243	1,047,149
Shareholders' equity		4,076,181	3,602,087
Contingencies and commitments	11		

The annexed notes 1 to 14 are an integral part of this condensed interim financial information.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Condensed Interim Cash Flow Statement (Unaudited) for the nine months ended September 30, 2011

	Rs '000	
	Nine months ended	
	Sep 30, 2011	Sep 30, 2010
Cash flows from operating activities		
Cash receipts from customers	49,944,389	44,458,204
Cash paid to Government for Federal excise duty, Sales tax and other levies	(33,086,678)	(29,238,238)
Cash paid to suppliers, employees and others	(14,629,635)	(13,533,159)
Finance cost paid	(108,623)	(75,426)
Cash paid as royalty	(262,595)	(172,850)
Income tax paid	(219,444)	(901,638)
Other cash receipts / (payments)	15,142	(20,310)
	1,652,556	516,583
Cash flows from investing activities		
Additions in property, plant and equipment	(376,368)	(294,571)
Proceeds from disposal of property, plant and equipment	7,951	24,918
Finance income received	37,284	34,669
	(331,133)	(234,984)
Cash flows from financing activities		
Dividends paid	(535,386)	(1,531,088)
	(535,386)	(1,531,088)
Increase / (Decrease) in cash and cash equivalents	786,037	(1,249,489)
Cash and cash equivalents at January 1	(2,200,273)	(1,252,963)
Cash and cash equivalents at September 30	(1,414,236)	(2,502,452)
Cash and cash equivalents comprise:		
Cash and bank balances	111,909	58,910
Short term running finance	(1,526,145)	(2,561,362)
	(1,414,236)	(2,502,452)

The annexed notes 1 to 14 are an integral part of this condensed interim financial information.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Condensed Interim Statement of Changes in Equity (Unaudited) for the nine months ended September 30, 2011

	Share capital	Revenue reserves	Rs '000 Total
Balance at January 1, 2010	2,554,938	1,705,296	4,260,234
Total comprehensive income for the nine months		1,141,621	1,141,621
Transactions with owners:			
Final dividend of Rs 4.75 per share relating to the year ended December 31, 2009		(1,213,596)	(1,213,596)
1st Interim dividend of Rs 1.25 per share relating to the year ended December 31, 2010		(319,367)	(319,367)
		(1,532,963)	(1,532,963)
Balance at September 30, 2010	2,554,938	1,313,954	3,868,892
Balance at January 1, 2011	2,554,938	1,047,149	3,602,087
Total comprehensive income for the nine months		1,010,631	1,010,631
Transactions with owners:			
Final dividend of Rs 2.10 per share relating to the year ended December 31, 2010		(536,537)	(536,537)
Balance at September 30, 2011	2,554,938	1,521,243	4,076,181

The annexed notes 1 to 14 are an integral part of this condensed interim financial information.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Selected notes to and forming part of the condensed interim financial information (Unaudited) for the nine months ended September 30, 2011

1. Legal status and operations

Pakistan Tobacco Company Limited (the Company) is a public listed company incorporated in Pakistan on November 18, 1947 under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are quoted on the Karachi, Lahore and Islamabad stock exchanges of Pakistan. The Company is a subsidiary of British American Tobacco (Investments) Limited, United Kingdom, whereas its ultimate parent company is British American Tobacco p.l.c, United Kingdom. The registered office of the Company is situated at Silver Square, Plot No. 15, F-11 Markaz, Islamabad. The Company is engaged in the manufacture and sale of cigarettes.

2. Basis of preparation

This condensed interim financial information of the Company for the nine months period ended September 30, 2011 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. Accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2010.

	Three months ended		Nine months ended	
	Sep 30, 2011	Sep 30, 2010	Sep 30, 2011	Sep 30, 2010
				Rs '000
4. Cost of sales				
Raw materials consumed				
Opening stock of raw materials and work in process	3,045,583	3,005,329	5,318,558	4,915,788
Raw material purchases and expenses	6,357,815	5,910,933	10,913,348	9,714,915
Closing stock of raw materials and work in process	(6,052,296)	(6,449,217)	(6,052,296)	(6,449,217)
	3,351,102	2,467,045	10,179,610	8,181,486
Excise duty, Customs duty and tobacco development cess	123,164	86,812	391,802	327,512
Royalty	90,307	78,073	267,644	258,193
Production overheads	681,702	610,822	2,104,937	1,978,068
Cost of goods manufactured	4,246,275	3,242,752	12,943,993	10,745,259
Cost of finished goods:				
Opening stock	960,928	718,960	684,265	849,579
Closing stock	(1,332,907)	(805,790)	(1,332,907)	(805,790)
	(371,979)	(86,830)	(648,642)	43,789
	3,874,296	3,155,922	12,295,351	10,789,048

Selected notes to and forming part of the condensed interim financial information (Unaudited) for the nine months ended September 30, 2011

	Three months ended		Nine months ended	
	Sep 30, 2011	Sep 30, 2010	Sep 30, 2011	Sep 30, 2010
				Rs '000
5. Other operating expenses				
Workers' Profit Participation Fund	35,445	(4,159)	82,801	94,261
Workers' Welfare Fund	14,542	(2,283)	35,250	35,117
Bank charges and fees	7,562	8,607	20,889	27,727
Interest on Workers' Profit Participation Fund	-	-	-	144
Staff separation cost	5,797	-	5,797	-
Tax refund and rent refund claim write off	8,235	-	8,235	-
Foreign exchange loss	(2,123)	1,004	-	1,004
	69,458	3,169	152,972	158,253

	Rs '000	
	Sep 30, 2011	Dec 31, 2010
6. Property, plant and equipment		
Operating fixed assets - note 6.1	5,162,054	5,621,915
Capital work in progress	453,630	201,773
	5,615,684	5,823,688

	Nine month ended	
	Sep 30, 2011	Dec 31, 2010
6.1 Movement in operating fixed assets		
Net book amount at January 1	5,621,915	5,483,038
Additions to the operating fixed assets		
Building	724	3,342
Plant and machinery	65,786	406,276
Vehicles	44,204	122,743
Office and household equipment	11,468	65,295
Furniture and fittings	2,330	3,762
	124,512	601,418
Book value of disposals of operating fixed assets		
Plant and machinery	-	(614)
Vehicles	(3,487)	(10,548)
Office and household equipment	(886)	(3,790)
	(4,373)	(14,952)
Depreciation charge for the period	(580,000)	(551,431)
Net book amount at September 30	5,162,054	5,518,073

7. Long term investment in subsidiary company

This represents 500,001 (December 31, 2010: 500,001) fully paid ordinary shares of Rs 10 each in Phoenix (Private) Limited. The break up value of shares calculated by reference to net assets worked out to be Rs 10 per share based on audited financial statements for the year ended December 31, 2010. This is a wholly owned subsidiary of the Company which has not yet commenced commercial production.

Selected notes to and forming part of the condensed interim financial information (Unaudited) for the nine months ended September 30, 2011

	Sep 30, 2011	Rs '000 Dec 31, 2010
8. Other receivables		
These include following balances due from related parties:		
Associated companies	12,990	39,221
Subsidiary company	20,021	20,021
Employees' retirement benefit plans	-	9,419

9. Trade and other payables

These include following balances due to related parties:

Associated companies	340,001	198,914
Employees' retirement benefit plans	80,189	86,510

10. Short term running finance

Short term running finance facilities available under mark-up arrangements with banks amount to Rs 5,350 million (December 31, 2010: Rs 5,350 million), out of which the amount unavailed at the period end was Rs 3,824 million (December 31, 2010: Rs 3,098 million). These facilities are secured by hypothecation of stock-in-trade and plant & machinery amounting to Rs 5,940 million (December 31, 2010: Rs 5,940 million). The mark-up ranges between 13.28% and 14.79% (December 31, 2010: 12.72% and 14.39%) per annum and is payable quarterly. The facilities are renewable on annual basis.

	Sep 30, 2011	Rs '000 Dec 31, 2010
11. Contingencies and commitments		
11.1 Contingencies		
Claims and guarantees		
(i) Claims not acknowledged as debt	131,800	127,050
(ii) Guarantees issued by banks on behalf of the Company	98,747	199,608
11.2 Commitments		
(i) Capital expenditure commitments outstanding	117,287	-
(ii) Letters of credit outstanding	663,359	748,185

Selected notes to and forming part of the condensed interim financial information (Unaudited) for the nine months ended September 30, 2011

	Three months ended		Nine months ended	
	Sep 30, 2011	Sep 30, 2010	Sep 30, 2011	Sep 30, 2010
Rs '000				
12. Transactions with related parties				
Purchase of goods and services				
Holding company	56,419	46,711	181,148	139,235
Associated companies	420,435	252,990	1,082,025	1,004,751
Sale of goods and services				
Holding company	-	-	3,961	2,144
Associated companies	101,444	69,846	443,026	288,947
Royalty charge				
Holding company	90,307	78,073	267,644	258,193
Expenses reimbursed to				
Associated companies	854	553	854	553
Expenses reimbursed by				
Holding company	-	-	627	134
Associated companies	1,344	747	2,128	1,334
Employees' retirement benefit plans - Expense				
Staff pension fund	16,795	15,029	52,067	43,013
Staff defined contribution pension fund	3,889	2,269	10,711	6,008
Employees' gratuity fund	8,247	8,414	25,118	24,080
Management provident fund	11,403	10,342	33,380	30,718
Employees' provident fund	3,696	2,757	11,176	8,299
Remuneration of key management personnel	144,278	119,926	510,136	404,557

13. Basis for presentation of interim financial information

This condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi, Lahore and Islamabad stock exchanges.

14. Date of authorisation

This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on October 20, 2011.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Consolidated Condensed Interim Profit and Loss Account (Unaudited) for the nine months ended September 30, 2011

	Note	Three months ended		Nine months ended	
		Sep 30, 2011	Sep 30, 2010	Sep 30, 2011	Sep 30, 2010
					Rs '000
Gross turnover		16,106,551	12,873,282	49,944,752	44,458,074
Excise duties		(8,269,567)	(6,702,362)	(25,769,185)	(22,347,073)
Sales tax		(2,289,385)	(1,927,240)	(7,336,022)	(6,414,894)
Net turnover		5,547,599	4,243,680	16,839,545	15,696,107
Cost of sales	4	(3,874,296)	(3,155,922)	(12,295,351)	(10,789,048)
Gross profit		1,673,303	1,087,758	4,544,194	4,907,059
Selling and distribution expenses		(612,106)	(778,968)	(1,823,388)	(2,007,158)
Administrative expenses		(312,158)	(327,931)	(997,543)	(943,256)
Other operating expenses	5	(69,458)	(3,169)	(152,972)	(158,253)
Other operating income		2,756	1,619	20,778	24,193
		(990,966)	(1,108,449)	(2,953,125)	(3,084,474)
Operating profit / (loss)		682,337	(20,691)	1,591,069	1,822,585
Finance income		5,274	1,084	37,284	34,669
Finance cost		(28,700)	(54,621)	(90,386)	(101,415)
Net finance cost		(23,426)	(53,537)	(53,102)	(66,746)
Profit / (loss) before income tax		658,911	(74,228)	1,537,967	1,755,839
Income tax expense - current		(255,581)	5,871	(621,572)	(610,232)
- deferred		29,019	13,434	94,236	(3,986)
		(226,562)	19,305	(527,336)	(614,218)
Profit / (loss) for the period		432,349	(54,923)	1,010,631	1,141,621
Earnings / (loss) per share - basic and diluted (Rs)		1.69	(0.21)	3.96	4.47

The annexed notes 1 to 13 are an integral part of this consolidated condensed interim financial information.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Consolidated Condensed Interim Statement of Comprehensive Income (Unaudited) for the nine months ended September 30, 2011

	Three months ended		Nine months ended	
	Sept 30, 2011	Sep 30, 2010	Sept 30, 2011	Sept 30, 2010
Profit / (loss) for the period	432,349	(54,923)	1,010,631	1,141,621
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	432,349	(54,923)	1,010,631	1,141,621

Rs '000

The annexed notes 1 to 13 are an integral part of this consolidated condensed interim financial information.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Consolidated Condensed Interim Balance Sheet (Unaudited) as at September 30, 2011

	Note	Sep 30, 2011	Rs '000 Dec 31, 2010
Non current assets			
Property, plant and equipment	6	5,640,732	5,848,736
Long term loans, deposits and prepayments		20,849	18,792
		5,661,581	5,867,528
Current assets			
Stock-in-trade		7,385,203	6,002,823
Stores and spares		240,830	199,207
Trade debts		1,960	1,597
Loans and advances		63,465	48,267
Short term prepayments		81,810	118,329
Other receivables	7	50,387	73,525
Income tax paid in advance		-	15,206
Cash and bank balances		111,909	51,945
		7,935,564	6,510,899
Current liabilities			
Trade and other payables	8	6,536,000	5,339,752
Accrued interest / mark-up		28,552	46,789
Short term running finance	9	1,526,145	2,252,218
Current income tax liability		386,922	-
		8,477,619	7,638,759
Net current liabilities		(542,055)	(1,127,860)
Non current liabilities			
Deferred income tax liability		(1,043,345)	(1,137,581)
Net assets		4,076,181	3,602,087
Share capital and reserves			
Authorised share capital 300,000,000 ordinary shares of Rs 10 each		<u>3,000,000</u>	<u>3,000,000</u>
Issued, subscribed and paid-up capital 255,493,792 ordinary shares of Rs 10 each		2,554,938	2,554,938
Revenue reserves		1,521,243	1,047,149
Shareholders' equity		4,076,181	3,602,087
Contingencies and commitments	10		

The annexed notes 1 to 13 are an integral part of this consolidated condensed interim financial information.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Consolidated Condensed Interim Cash Flow Statement (Unaudited) for the nine months ended September 30, 2011

	Rs '000	
	Nine months ended	
	Sep 30, 2011	Sep 30, 2010
Cash flows from operating activities		
Cash receipts from customers	49,944,389	44,458,204
Cash paid to Government for Federal excise duty, Sales tax and other levies	(33,086,678)	(29,238,238)
Cash paid to suppliers, employees and others	(14,629,635)	(13,533,159)
Finance cost paid	(108,623)	(75,426)
Cash paid as royalty	(262,595)	(172,850)
Income tax paid	(219,444)	(901,638)
Other cash receipts / (payments)	15,142	(20,310)
	1,652,556	516,583
Cash flows from investing activities		
Additions in property, plant and equipment	(376,368)	(294,571)
Proceeds from disposal of property, plant and equipment	7,951	24,918
Finance income received	37,284	34,669
	(331,133)	(234,984)
Cash flows from financing activities		
Dividends paid	(535,386)	(1,531,088)
	(535,386)	(1,531,088)
Increase / (Decrease) in cash and cash equivalents	786,037	(1,249,489)
Cash and cash equivalents at January 1	(2,200,273)	(1,252,963)
Cash and cash equivalents at September 30	(1,414,236)	(2,502,452)
Cash and cash equivalents comprise:		
Cash and bank balances	111,909	58,910
Short term running finance	(1,526,145)	(2,561,362)
	(1,414,236)	(2,502,452)

The annexed notes 1 to 13 are an integral part of this consolidated condensed interim financial information.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Consolidated Condensed Interim Statement of Changes in Equity (Unaudited) for the nine months ended September 30, 2011

	Share capital	Revenue reserves	Rs '000 Total
Balance at January 1, 2010	2,554,938	1,705,296	4,260,234
Total comprehensive income for the nine months		1,141,621	1,141,621
Transactions with owners:			
Final dividend of Rs 4.75 per share relating to the year ended December 31, 2009		(1,213,596)	(1,213,596)
1st Interim dividend of Rs 1.25 per share relating to the year ended December 31, 2010		(319,367)	(319,367)
		(1,532,963)	(1,532,963)
Balance at September 30, 2010	2,554,938	1,313,954	3,868,892
Balance at January 1, 2011	2,554,938	1,047,149	3,602,087
Total comprehensive income for the nine months		1,010,631	1,010,631
Transactions with owners:			
Final dividend of Rs 2.10 per share relating to the year ended December 31, 2010		(536,537)	(536,537)
Balance at September 30, 2011	2,554,938	1,521,243	4,076,181

The annexed notes 1 to 13 are an integral part of this consolidated condensed interim financial information.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Selected notes to and forming part of the consolidated condensed interim financial information (Unaudited) for the nine months ended September 30, 2011

1. Legal status and operations

Pakistan Tobacco Company Limited (the Company) is a public listed company incorporated in Pakistan on November 18, 1947 under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are quoted on the Karachi, Lahore and Islamabad stock exchanges of Pakistan. The Company is a subsidiary of British American Tobacco (Investments) Limited, United Kingdom, whereas its ultimate parent company is British American Tobacco p.l.c, United Kingdom. The registered office of the Company is situated at Silver Square, Plot No. 15, F-11 Markaz, Islamabad. The Company is engaged in the manufacture and sale of cigarettes.

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

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

2. Basis of preparation

This consolidated condensed interim financial information of the Group for the nine months period ended September 30, 2011 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. Accounting policies

The accounting policies and the methods of computation adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2010.

	Three months ended		Nine months ended	
	Sep 30, 2011	Sep 30, 2010	Sep 30, 2011	Sep 30, 2010
				Rs '000
4. Cost of sales				
Raw materials consumed				
Opening stock of raw materials and work in process	3,045,583	3,005,329	5,318,558	4,915,788
Raw material purchases and expenses	6,357,815	5,910,933	10,913,348	9,714,915
Closing stock of raw materials and work in process	(6,052,296)	(6,449,217)	(6,052,296)	(6,449,217)
	3,351,102	2,467,045	10,179,610	8,181,486
Excise duty, Customs duty and tobacco development cess	123,164	86,812	391,802	327,512
Royalty	90,307	78,073	267,644	258,193
Production overheads	681,702	610,822	2,104,937	1,978,068
Cost of goods manufactured	4,246,275	3,242,752	12,943,993	10,745,259
Cost of finished goods:				
Opening stock	960,928	718,960	684,265	849,579
Closing stock	(1,332,907)	(805,790)	(1,332,907)	(805,790)
	(371,979)	(86,830)	(648,642)	43,789
	3,874,296	3,155,922	12,295,351	10,789,048

Selected notes to and forming part of the consolidated condensed interim financial information (Unaudited) for the nine months ended September 30, 2011

	Three months ended		Nine months ended	
	Sep 30, 2011	Sep 30, 2010	Sep 30, 2011	Sep 30, 2010
				Rs '000
5. Other operating expenses				
Workers' Profit Participation Fund	35,445	(4,159)	82,801	94,261
Workers' Welfare Fund	14,542	(2,283)	35,250	35,117
Bank charges and fees	7,562	8,607	20,889	27,727
Interest on Workers' Profit Participation Fund	-	-	-	144
Staff separation cost	5,797	-	5,797	-
Tax refund and rent refund claim write off	8,235	-	8,235	-
Foreign exchange loss	(2,123)	1,004	-	1,004
	69,458	3,169	152,972	158,253
				Rs '000
6. Property, plant and equipment			Sep 30, 2011	Dec 31, 2010
Operating fixed assets - note 6.1			5,165,418	5,625,279
Capital work in progress			475,314	223,457
			5,640,732	5,848,736
			Nine month ended	
			Sep 30, 2011	Sep 30, 2010
6.1 Movement in operating fixed assets				
Net book amount at January 1			5,625,279	5,486,402
Additions to the operating fixed assets				
Building			724	3,342
Plant and machinery			65,786	406,276
Vehicles			44,204	122,743
Office and household equipment			11,468	65,295
Furniture and fittings			2,330	3,762
			124,512	601,418
Book value of disposals of operating fixed assets				
Plant and machinery			-	(614)
Vehicles			(3,487)	(10,548)
Office and household equipment			(886)	(3,790)
			(4,373)	(14,952)
Depreciation charge for the period			(580,000)	(551,431)
Net book amount at September 30			5,165,418	5,521,437

Selected notes to and forming part of the consolidated condensed interim financial information (Unaudited) for the nine months ended September 30, 2011

	Sep 30, 2011	Rs '000 Dec 31, 2010
7. Other receivables		
These include following balances due from related parties:		
Associated companies	12,990	39,221
Employees' retirement benefit plans	-	9,419
8. Trade and other payables		
These include following balances due to related parties:		
Associated companies	340,001	198,914
Employees' retirement benefit plans	80,189	86,510
9. Short term running finance		
Short term running finance facilities available under mark-up arrangements with banks amount to Rs 5,350 million (December 31, 2010: Rs 5,350 million), out of which the amount unavailed at the period end was Rs 3,824 million (December 31, 2010: Rs 3,098 million). These facilities are secured by hypothecation of stock-in-trade and plant & machinery amounting to Rs 5,940 million (December 31, 2010: Rs 5,940 million). The mark-up ranges between 13.28% and 14.79% (December 31, 2010: 12.72% and 14.39%) per annum and is payable quarterly. The facilities are renewable on annual basis.		
	Sep 30, 2011	Rs '000 Dec 31, 2010
10. Contingencies and commitments		
10.1 Contingencies		
Claims and guarantees		
(i) Claims not acknowledged as debt	131,800	127,050
(ii) Guarantees issued by banks on behalf of the Group	98,747	199,608
10.2 Commitments		
(i) Capital expenditure commitments outstanding	117,287	-
(ii) Letters of credit outstanding	663,359	748,185

Selected notes to and forming part of the consolidated condensed interim financial information (Unaudited) for the nine months ended September 30, 2011

	Three months ended		Nine months ended	
	Sep 30, 2011	Sep 30, 2010	Sep 30, 2011	Sep 30, 2010
				Rs '000
11. Transactions with related parties				
Purchase of goods and services				
Holding company	56,419	46,711	181,148	139,235
Associated companies	420,435	252,990	1,082,025	1,004,751
Sale of goods and services				
Holding company	-	-	3,961	2,144
Associated companies	101,444	69,846	443,026	288,947
Royalty charge				
Holding company	90,307	78,073	267,644	258,193
Expenses reimbursed to				
Associated companies	854	553	854	553
Expenses reimbursed by				
Holding company	-	-	627	134
Associated companies	1,344	747	2,128	1,334
Employees' retirement benefit plans - Expense				
Staff pension fund	16,795	15,029	52,067	43,013
Staff defined contribution pension fund	3,889	2,269	10,711	6,008
Employees' gratuity fund	8,247	8,414	25,118	24,080
Management provident fund	11,403	10,342	33,380	30,718
Employees' provident fund	3,696	2,757	11,176	8,299
Remuneration of key management personnel	144,278	119,926	510,136	404,557

12. Basis for presentation of interim financial information

This consolidated condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi, Lahore and Islamabad stock exchanges.

13. Date of authorisation

This consolidated condensed interim financial information has been authorised for issue by the Board of Directors of the Group on October 20, 2011.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

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