Condensed Interim Financial Information

for the nine months ended September 30, 2013











Sustaining Seasons

65 Years and Counting...

Corporate Information

Board of Directors

Mueen Afzal Chairman and Non-Executive Director

Graeme Amey
Managing Director and CEO

Mobasher Raza Deputy Managing Director and Finance Director

Mustanser Muhammad Ali Khan Supply Chain Director

Feroze Ahmed
Strategy and Planning Director

Tajamal Shah Legal Director

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

Syed Asif Shah
Non-Executive Director

Abid Niaz Hasan
Non-Executive Director

Audit Committee

Mueen Afzal Abid Niaz Hasan Lt. Gen. (Retd.) Ali Kuli Khan Khattak Syed Asif Shah

Company Secretary

Imad Rahman (Secretary)

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, Khyber Pakhtunkhwa Telephone: +92 (0923) 630901-11 Fax: +92 (0923) 510792

Jhelum Factory G.T. Road, Kala Gujran

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 Pakistan Tobacco Company Limited (PTC) for the third quarter ended September 30, 2013, PTC has improved its volume and market share vs. SPLY despite the challenging business environment that has impacted the legal cigarette industry.

Key financial indicators of PTC for YTD Q3 2013 are:

	(Rs in million)				
	Jan - Sep, 2013 Jan - Sep, 20				
Gross Turnover	66,413	55,687			
Net Turnover	22,750	19,099			
Cost Of Sales	14,876	13,069			
Gross Profit	7,874	6,029			
Operating Profit	3,947	1,802			
Profit Before Tax – PBT	4,035	1,770			
Profit After Tax – PAT	2,702	1,153			
Earnings Per Share – EPS (Rs)	10.57	4.51			

The industry registered growth in the first half of 2013 primarily due to speculative buying, however in Q3 we have seen correction in the legitimate industry volume post excise & sales tax led significant price increase. The real impact of price increase on volumes will become evident in the next couple of months.

PTC invested in various marketing initiatives including Limited Edition Pack launch for John Players Gold Leaf & Capstan by Pall Mall Original in Premium and Value for Money (VFM) segment respectively and launch of Gold Flake Style, a new variant, in VFM segment to enhance our brand equity. Sales growth and above inflation price increase during June 2013 has resulted in Gross Turnover growth vs. SPLY.

PTC continues to face cost pressures including an increase in cost of sales (up by 13.8% vs. SPLY) attributed to inflation & higher sales volume. Net increase in cost of sales due to inflationary pressures was restricted below reported inflation numbers resulting in gross profit margin increase of 1% vs. SPLY. Lower than inflationary increase is primarily due to multiple cost savings & productivity initiatives aimed at rationalizing our cost base.

Sales volume growth, price increase and cost saving initiatives have improved our profitability but comparison with SPLY is distorted as during 2012, PTC offered generous voluntary separation packages to a part of the workforce as a large number of workers became redundant post small packs ban in Q4 2011.

Our contribution to the National Exchequer grew by 21% vs. SPLY with Rs.45.5bn contributed to Government revenues on account of excise duty, sales tax, corporate tax & customs duties

PTC has always highlighted the revenue loss to the country due to Illicit sector activity, as this sector continues to be a threat to the sustainability of the legitimate cigarette industry & Government Revenues. We strongly urge the Government to take immediate notice and intensify its enforcement drive to reign in the activities of the illicit sector which has become a significant market player with a market share of 21.7% on YTD basis as per independent industry research.

Despite challenges, PTC remains committed to enhance shareholder value through continued productivity initiatives, upgrade of our technology footprint, prudent marketing campaigns, strict cost controls and investments in growth opportunities and people.

Graeme Amey
Managing Director and CEO

Condensed Interim Profit and Loss Account (Unaudited)

for the nine months ended September 30, 2013

				Rs '000
Note	Three mo	nths ended		ths ended
				Sep 30,
	2013	2012	2013	2012
	19,445,910	17,124,383	66,412,843	55,687,340
	(9,991,313)	(8,797,280)	(34,018,355)	(28,630,008)
	(2,930,514)	(2,448,554)	(9,644,741)	(7,958,527)
	6,524,083	5,878,549	22,749,747	19,098,805
4	(4,154,726)	(3,802,967)	(14,876,246)	(13,069,383)
	2,369,357	2,075,582	7,873,501	6,029,422
	(889,697)	(675,333)	(2,464,144)	(2,395,355)
	(476,203)	(326,699)	(1,225,958)	(1,035,391)
5	(100,512)	4,553	(355,261)	(848,335)
	13,299	24,217	118,913	51,266
	(1,453,113)	(973,262)	(3,926,450)	(4,227,815)
	916,244	1,102,320	3,947,051	1,801,607
	22,507	3,036	126,956	62,770
	(15,142)	(43,832)	(38,954)	(94,066)
	7,365	(40,796)	88,002	(31,296)
	923,609	1,061,524	4,035,053	1,770,311
	(317,070)	(391,447)	(1,409,832)	(653,484)
	4,172	21,605	76,355	36,245
	(312,898)	(369,842)	(1,333,477)	(617,239)
	610,711	691,682	2,701,576	1,153,072
	2.39	2.71	10.57	4.51
	4	Sep 30, 2013 19,445,910 (9,991,313) (2,930,514) 6,524,083 4 (4,154,726) 2,369,357 (889,697) (476,203) (100,512) 13,299 (1,453,113) 916,244 22,507 (15,142) 7,365 923,609 (317,070) 4,172 (312,898) 610,711	Sep 30, 2013 Sep 30, 2012 19,445,910 (9,991,313) (2,930,514) (2,448,554) 17,124,383 (8,797,280) 6,524,083 5,878,549 5,878,549 4 (4,154,726) (3,802,967) (2,369,357 2,075,582 (675,333) (326,699) (100,512) (4,553 13,299 24,217 (973,262) 5 (13,459) (10,453,113) (973,262) 916,244 1,102,320 22,507 (15,142) (43,832) 7,365 (40,796) 923,609 1,061,524 (317,070) (312,898) (369,842) (391,447) (21,605 (369,842) 610,711 691,682	Sep 30, 2013 Sep 30, 2012 Sep 30, 2013 19,445,910 (9,991,313) (2,930,514) (2,448,554) (2,448,554) (2,448,554) (9,644,741) (6,524,083 (3,802,967) (14,876,246) 2,369,357 (2,075,582 (3,802,967) (14,876,246) 7,873,501 (889,697) (476,203) (100,512) (13,299 (1,453,113) (973,262) (3,926,450) (3,926,450) 916,244 (1,102,320 (1,516) (43,832) (22,507 (15,142) (43,832) (336,699) (38,954) 126,956 (38,954) 7,365 (40,796) (40,796) (317,070) (317,070) (317,070) (317,070) (312,898) (391,447) (21,605 (13,333,477) (1,409,832) (1,409,832) (1,333,477) 610,711 (691,682 (2,701,576)

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

Graeme Amey Managing Director and CEO

Condensed Interim Statement of Comprehensive Income (Unaudited)

for the nine months ended September 30, 2013

				Rs '000
	Three mo	nths ended	Nine mor	nths ended
	Sep 30, 2013	Sep 30, 2012	Sep 30, 2013	Sep 30, 2012
Profit for the period	610,711	691,682	2,701,576	1,153,072
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	610,711	691,682	2,701,576	1,153,072

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

Graeme Amey
Managing Director and CEO

Mobasher Raza

Finance Director

Condensed Interim Balance Sheet (Unaudited)

as at September 30, 2013

	Note	September 30, 2013	Rs '000 December 31, 2012
Non current assets			
Property, plant and equipment Long term investment in subsidiary company Long term loans Long term deposits and prepayments	6 7	5,891,820 5,000 375 19,414 5,916,609	5,694,961 5,000 457 20,286 5,720,704
Current assets			
Stock-in-trade Stores and spares Trade debts Loans and advances Short term prepayments Other receivables Cash and bank balances	8	9,988,840 507,313 840 102,277 89,575 224,286 143,950 11,057,081	7,225,301 341,855 1,073 68,632 99,509 287,696 139,030 8,163,096
Current liabilities			
Trade and other payables Short term running finance Dividend payable Finance lease obligation Accrued interest / mark-up Current income tax liability	9 10	9,222,963 304,876 510,988 89,072 8,258 625,085	6,991,911 1,237,772 50,009 40,880 268,912
Net current liabilities		10,761,242 295,839	8,589,484 (426,388)
Non current liabilities Deferred income tax liability Finance lease obligation		(1,014,537) (241,266) (1,255,803)	(1,090,892) (96,024) (1,186,916)
Net assets		4,956,645	4,107,400
Share capital and reserves Authorised share capital 300,000,000 ordinary shares of Rs 10 each		3,000,000	3,000,000
lssued, subscribed and paid-up capital 255,493,792 ordinary shares of Rs 10 each		2,554,938	2,554,938
Revenue reserves		2,401,707	1,552,462
Shareholders' equity		4,956,645	4,107,400
Contingencies and commitments	11		

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

Graeme Amey

Managing Director and CEO

Condensed Interim Cash Flow Statement (Unaudited)

for the nine months ended September 30, 2013

_			
D۵	חי	n	r

Cash receipts from customers Cash paid to Government for Federal excise duty, Sales tax and other levies Cash paid to suppliers, employees and others Cash paid to suppliers, employees and others Cash paid as royalty Cash paid as royalty Cash paid as royalty Cash paid as royalty Cash receipts Cash receipts Cash receipts Cash receipts Cash receipts Cash flows from investing activities Cash flows from disposal of property, plant and equipment Cash flows from disposal of property, plant and equipment Cash flows from financing activities Cash and cash equivalents Cash and cash equivalents at January 1 Cash and cash equivalents at September 30	e months ended	Nine m	
Cash receipts from customers Cash paid to Government for Federal excise duty, Sales tax and other levies Cash paid to suppliers, employees and others Cash paid to suppliers, employees and others Cash paid as royalty Cash paid as royalty Cash paid as royalty Cash paid as royalty Cash receipts Cash receipts Cash receipts Cash receipts Cash receipts Cash flows from investing activities Cash flows from disposal of property, plant and equipment Cash flows from disposal of property, plant and equipment Cash flows from financing activities Cash and cash equivalents Cash and cash equivalents at January 1 Cash and cash equivalents at September 30	Sep 30, 2012		
Cash paid to Government for Federal excise duty, Sales tax and other levies Cash paid to suppliers, employees and others Finance cost paid Cash paid as royalty Income tax paid Cash receipts Cash receipts Cash receipts Cash flows from investing activities Additions in property, plant and equipment Proceeds from disposal of property, plant and equipment Finance income received Cash flows from financing activities Cash flows from financing activities Cash flows from disposal of property, plant and equipment Finance income received Cash flows from financing activities Cash and cash equivalents Cash and cash equivalents at January 1 Cash and cash equivalents at September 30 (1,098,742 Cash and cash equivalents at September 30			Cash flows from operating activities
Sales tax and other levies Cash paid to suppliers, employees and others Finance cost paid Cash paid as royalty Cash receipts Cash flows from investing activities Additions in property, plant and equipment Croceeds from disposal of property, plant and equipment Finance income received Cash flows from financing activities Cash flows from financing activities Cash flows from financing activities Cash and cash equivalents Cash and cash equivalents at January 1 Cash and cash equivalents at September 30 (13,825,095) (14,33,895) (160,926)	55,687,015	66,481,215	Cash receipts from customers
Cash paid to suppliers, employees and others Finance cost paid Cash paid as royalty Cash receipts Cash receipts Cash flows from investing activities Additions in property, plant and equipment Cash flows from disposal of property, plant and equipment Finance income received Cash flows from financing activities Cash and cash equivalents Cash and cash equivalents at January 1 Cash and cash equivalents at September 30 (11,825,095) (1707,727)			Cash paid to Government for Federal excise duty,
Finance cost paid Cash paid as royalty ncome tax paid Other cash receipts 90,48 2,907,40 Cash flows from investing activities Additions in property, plant and equipment Proceeds from disposal of property, plant and equipment Finance income received 535,695 Cash flows from financing activities Cash and cash equivalents at January 1 (1,098,742 Cash and cash equivalents at September 30 (1,160,926		(43,385,205)	
Cash paid as royalty ncome tax paid Other cash receipts 90,48 2,907,40 Cash flows from investing activities Additions in property, plant and equipment Proceeds from disposal of property, plant and equipment 126,95 Cash flows from financing activities Cash flows from financing activities Dividends paid 1,340,578 1,340,578 1,332,320 1,433,898 Increase in cash and cash equivalents Cash and cash equivalents at January 1 Cash and cash equivalents at September 30 (1,098,742 (160,926)		(18,825,099)	
Cash flows from investing activities Additions in property, plant and equipment plant proceeds from disposal of property, plant and equipment plant plant proceeds from disposal of property, plant and equipment plant		(71,576)	Finance cost paid
Cash flows from investing activities Additions in property, plant and equipment Proceeds from disposal of property, plant and equipment 126,95 Finance income received 1535,695 Cash flows from financing activities Dividends paid 11,340,578 Finance lease payments 193,320 Increase in cash and cash equivalents 1937,81 Cash and cash equivalents at January 1 (1,098,742) Cash and cash equivalents at September 30 (160,926)		(328,748)	
Cash flows from investing activities Additions in property, plant and equipment (707,727) Proceeds from disposal of property, plant and equipment (126,95) Finance income received (535,695) Cash flows from financing activities Dividends paid (1,340,578) Finance lease payments (93,320) Increase in cash and cash equivalents 937,81 Cash and cash equivalents at January 1 (1,098,742) Cash and cash equivalents at September 30 (160,926)		(1,053,659)	Income tax paid
Cash flows from investing activities Additions in property, plant and equipment Proceeds from disposal of property, plant and equipment 126,95 Cash flows from financing activities Dividends paid 1,340,578 Finance lease payments 1,433,898 Increase in cash and cash equivalents Cash and cash equivalents at January 1 Cash and cash equivalents at September 30 (100,726	12,811	90,481	Other cash receipts
Additions in property, plant and equipment Proceeds from disposal of property, plant and equipment 45,07 126,95 Cash flows from financing activities Dividends paid Finance lease payments (1,340,578 (93,320 (1,433,898 Increase in cash and cash equivalents Cash and cash equivalents at January 1 (1,098,742 Cash and cash equivalents at September 30 (160,926	9 1,552,706	2,907,409	
Proceeds from disposal of property, plant and equipment 126,95 Cash flows from financing activities Dividends paid (1,340,578 (93,320) Finance lease payments (93,320) Increase in cash and cash equivalents 937,81 Cash and cash equivalents at January 1 (1,098,742) Cash and cash equivalents at September 30 (160,926)			Cash flows from investing activities
Proceeds from disposal of property, plant and equipment 126,95 Cash flows from financing activities Dividends paid (1,340,578 (93,320) Finance lease payments (93,320) Increase in cash and cash equivalents 937,81 Cash and cash equivalents at January 1 (1,098,742) Cash and cash equivalents at September 30 (160,926)	(376,192)	(707,727)	Additions in property, plant and equipment
Cash flows from financing activities Dividends paid Finance lease payments Cash and cash equivalents at January 1 (1,098,742 (160,926		45,076	
Cash flows from financing activities Dividends paid Finance lease payments (1,340,578 (93,320 (1,433,898 (1		126,956	Finance income received
Dividends paid Finance lease payments (93,320 (1,433,898 Increase in cash and cash equivalents 937,81 Cash and cash equivalents at January 1 (1,098,742 Cash and cash equivalents at September 30 (160,926	(151,591)	(535,695)	
increase in cash and cash equivalents (1,433,898) (1,433,898) (1,433,898) (1,433,898) (1,098,742) (2ash and cash equivalents at January 1 (1,098,742) (2ash and cash equivalents at September 30 (160,926)			Cash flows from financing activities
increase in cash and cash equivalents (1,433,898) (1,433,898) (1,433,898) (1,433,898) (1,098,742) (2ash and cash equivalents at January 1 (1,098,742) (2ash and cash equivalents at September 30 (160,926)	(573,713)	(1.340.578)	Dividends paid
(1,433,896) Increase in cash and cash equivalents 937,81 Cash and cash equivalents at January 1 (1,098,742) Cash and cash equivalents at September 30 (160,926)		(93,320)	
Cash and cash equivalents at January 1 (1,098,742) Cash and cash equivalents at September 30 (160,926)		(1,433,898)	
Cash and cash equivalents at September 30 (160,926	6 787,188	937,816	Increase in cash and cash equivalents
	(1,673,992)	(1,098,742)	Cash and cash equivalents at January 1
Cash and cash equivalents comprise:	(886,804)	(160,926)	Cash and cash equivalents at September 30
		_	Cash and cash equivalents comprise:
Cash and bank balances 143.95	0 323,842	143,950	Cash and bank balances
·		(304,876)	Short term running finance
		(160,926)	

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

Graeme Amey

Managing Director and CEO

Mobasher Raza

Finance Director

Condensed Interim Statement of Changes in **Equity (Unaudited)**

for the nine months ended September 30, 2013

Tor the fille months ended September	Share capital	Share Revenue	
Balance at January 1, 2012	2,554,938	778,997	3,333,935
Total comprehensive income for the nine months	-	1,153,072	1,153,072
Transactions with owners:			
Final dividend of Rs 1.00 per share relating to the year ended December 31, 2011	-	(255,494)	(255,494)
1st Interim dividend of Rs 1.25 per share relating to year ending December 31, 2012	o the -	(319,367) (574,861)	(319,367) (574,861)
Balance at September 30, 2012	2,554,938	1,357,208	3,912,146
Balance at January 1, 2013	2,554,938	1,552,462	4,107,400
Total comprehensive income for the nine months	-	2,701,576	2,701,576
Transactions with owners:			
Final dividend of Rs 3.25 per share relating to the year ended December 31, 2012	-	(830,355)	(830,355)
1st Interim dividend of Rs 2.00 per share relating to the year ending December 31, 2013	-	(510,988)	(510,988)
2nd Interim dividend of Rs 2.00 per share relating to the year ending December 31, 2013	-	(510,988) (1,852,331)	(510,988) (1,852,331)
Balance at September 30, 2013	2,554,938	2,401,707	4,956,645

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

Graeme Amey Managing Director and CEO

Selected notes to and forming part of the condensed interim financial information (Unaudited)

for the nine months ended September 30, 2013

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, 2013 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, 2012.

D- 1000

4. Cost of sales

				Rs '000
	Three mor	Three months ended		ths ended
	Sep 30, 2013	Sep 30, 2012	Sep 30, 2013	Sep 30, 2012
Raw materials consumed				
Opening stock of raw materials				
and work in process	3,494,396	3,232,457	6,177,047	5,376,669
Raw material purchases				
and expenses	8,716,422	7,068,529	14,036,015	11,426,507
Closing stock of raw materials				
and work in process	(8,982,020)	(7,256,088)	(8,982,020)	(7,256,088)
	3,228,798	3,044,898	11,231,042	9,547,088
Excise duty, Customs duty and				
tobacco development cess	178,666	123,907	517,305	423,593
Royalty	107,890	89,566	337,540	290,074
Noyalty	107,090	69,500	337,540	290,074
Production overheads	900,604	775,046	2,748,925	2,498,567
Cost of goods manufactured	4,415,958	4,033,417	14,834,812	12,759,322
Cost of finished goods:				
Opening stock	745,588	545,150	1,048,254	1,085,661
Closing stock	(1,006,820)	(775,600)	(1,006,820)	(775,600)
	(261,232)	(230,450)	41,434	310,061
	4,154,726	3,802,967	14,876,246	13,069,383

Selected notes to and forming part of the condensed interim financial information (Unaudited)

for the nine months anded Sentember 30, 2013

for	the nine months ended September 30, 20	13			Rs '000	
		Three mor	nths ended	Nine months ended		
	-	Sep 30, 2013	Sep 30, 2012	Sep 30, 2013	Sep 30, 2012	
5.	Other operating expenses					
	Employees' termination benefits Workers' Profit Participation Fund Workers' Welfare Fund Bank charges and fees Interest paid to Workers' Profit	49,612 19,031 7,648	(139,481) 57,046 22,353 7,946	216,824 84,608 29,583	637,397 95,133 37,215 27,181	
	Participation Fund One SAP project expenses Foreign exchange loss Tax refund,rent refund claim & other write off	24,221 -	39,493 7,764 326	25 - 24,221	39,493 11,590 326	
		100,512	(4,553)	355,261	848,335	
6.	Property, plant and equipment			Sep 30, 2013	Rs '000 December 31,2012	
_	Operating assets - note 6.1 Capital work in progress			5,401,073 490,747	5,518,995 175,966	
				5,891,820	5,694,961	
				Nine mo	nths ended	
	6.1 Movement in operating fixed ass	ets		Sep 30, 2013	Sep 30, 2012	
	Net book amount at January 1 Cost of additions Owned Assets Free hold land Building Plant and machinery Vehicles Office and household equipment Furniture and fittings			5,518,995 - 18,439 118,322 3,079 89,140 2,377	5,423,123 23,735 46,970 405,808 40,484 43,982 372	
	Leased Assets					
	Vehicles			254,933	126,276	
_				486,290	687,627	
	Book value of deletions Building Plant and machinery Vehicles Office and household equipment Furniture and fittings			(1,195) (149) (14,819) (2,062) (31)	(383) (32,449) (112,653) (2,317) (233)	
_	Depreciation charge for the nine mont	·hs		(18,256)	(148,035) (587,445)	
	Net book amount at September 30			5,401,073	5,375,270	

7. Long term investment in subsidiary company

This represents 500,001 (December 31, 2012: 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, 2012. 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, 2013

8. Other receivables

These include following balances due from related parties:

			Rs '000
		Sep 30,	December
		2013	31, 2012
	Holding Company	-	4,434
	Associated companies	1,127	30,258
	Subsidiary company	20,021	20,021
	Employees retirement benefit plans	177,636	188,724
9.	Trade and other payables		
	These include following balances due to related parties:		
	Halding Commons	110 400	115 510
	Holding Company	116,460	115,510

10. Short term running finance

Associated companies

Employees retirement benefit plans

Short term running finance facilities available under mark-up arrangements with banks amount to Rs 5,350 million (December 31, 2012: Rs 5,350 million), out of which the amount unavailed at the September end was Rs 5,045 million (December 31, 2012: Rs 4,112 million). These facilities are secured by hypothecation of stock-in-trade and plant & machinery amounting to Rs 5,940 million (December 31, 2012: Rs 5,940 million). The mark-up ranges between 9.22% and 10.46% (December 31, 2012: 9.88% and 13.14%) per annum and is payable quarterly. The facilities are renewable on annual basis.

389,998

114,761

518,543

96,908

			Sep 30, 2013	Rs '000 December 31, 2012
11. Conti	ngen	cies and commitments		
11.1	Con	tingencies		
	Clai	ns and guarantees		
	(i) (ii)	Claims not acknowledged as debt Guarantees issued by banks on	131,800	131,800
	(11)	behalf of the Company	169,447	149,447
11.2	Con	nmitments		
	(i) (ii)	Capital expenditure commitments outstanding Letters of credit outstanding	1,030,060 1,201,524	686,815

Selected notes to and forming part of the condensed interim financial information (Unaudited)

for the nine months ended September 30, 2013

12. Transactions with related parties

				Rs '000
	Three mon	ths ended	Nine moi	nths ended
	Sep 30, 2013	Sep 30, 2012	Sep 30, 2013	Sep 30, 2012
Purchase of goods and services				
Holding company	96,307	79,919	272,038	199,605
Associated companies	434,130	330,036	1,377,968	1,071,722
Sale of goods and services				
Holding company	8,948	3,859	17,195	12,938
Associated companies	2,998	27,282	76,161	158,916
Royalty charge				
Holding company	107,891	89,566	337,540	290,074
Employees retirement benefit plans - Expense				
Staff pension fund	17,333	19,201	52,000	57,603
Staff defined contribution pension				
fund	9,581	6,593	25,444	16,397
Employees' gratuity fund	12,716	10,157	38,147	30,470
Management provident fund	13,503	12,580	38,997	36,094
Employees' provident fund	3,153	3,838	9,461	13,222
Remuneration of key management				
personnel	223,260	156,854	533,549	492,237

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 23, 2013.

Graeme Amey Managing Director and CEO

Consolidated Condensed Interim Profit and Loss Account (Unaudited)

for the nine months ended September 30, 2013

	Note	Three mo	nths ended	Nine mor	Rs '000
		Sep 30,	Sep 30,	Sep 30,	Sep 30,
		2013	2012	2013	2012
Gross turnover		19,445,910	17,124,383	66,412,843	55,687,340
Excise duties		(9,991,313)	(8,797,280)	(34,018,355)	(28,630,008)
Sales tax		(2,930,514)	(2,448,554)	(9,644,741)	(7,958,527)
Net turnover		6,524,083	5,878,549	22,749,747	19,098,805
Cost of sales	4	(4,154,726)	(3,802,967)	(14,876,246)	(13,069,383)
Gross profit		2,369,357	2,075,582	7,873,501	6,029,422
Selling and distribution expenses		(889,697)	(675,333)	(2,464,144)	(2,395,355)
Administrative expenses		(476,203)	(326,699)	(1,225,958)	(1,035,391)
Other operating expenses	5	(100,512)	4,553	(355,261)	(848,335)
Other operating income		13,299	24,217	118,913	51,266
		(1,453,113)	(973,262)	(3,926,450)	(4,227,815)
Operating profit		916,244	1,102,320	3,947,051	1,801,607
Finance income		22,507	3,036	126,956	62,770
Finance cost		(15,142)	(43,832)	(38,954)	(94,066)
Net finance income / (cost)		7,365	(40,796)	88,002	(31,296)
Profit before income tax		923,609	1,061,524	4,035,053	1,770,311
Income tax expense - current		(317,070)	(391,447)	(1,409,832)	(653,484)
- deferred		4,172	21,605	76,355	36,245
		(312,898)	(369,842)	(1,333,477)	(617,239)
Profit for the period		610,711	691,682	2,701,576	1,153,072
Earnings per share - basic and					
diluted (Rupees)		2.39	2.71	10.57	4 . 51
anatoa (napoco)		2.03	2./ 1	10.57	7.51

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

Graeme AmeyManaging Director and CEO

Consolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

for the nine months ended September 30, 2013

				Rs '000
	Three months ended		Nine mor	nths ended
	Sep 30, 2013	Sep 30, 2012	Sep 30, 2013	Sep 30, 2012
Profit for the period	610,711	691,682	2,701,576	1,153,072
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	610,711	691,682	2,701,576	1,153,072

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

Graeme Amey Managing Director and CEO Mobasher Raza

Finance Director

Consolidated Condensed Interim Balance Sheet (Unaudited)

as at September 30, 2013

	Note	September 30,	Rs '000 December 31,
	Note	2013	2012
Non current assets			
Property, plant and equipment	6	5,916,868	5,720,009
Long term loans		375	457
Long term deposits and prepayments		19,414	20,286
		5,936,657	5,740,752
Current assets			
Stock-in-trade		9,988,840	7,225,301
Stores and spares		507,313	341,855
Trade debts		840	1,073
Loans and advances		102,277	68,632
Short term prepayments		89,575	99,509
Other receivables	7	204,265	267,675
Cash and bank balances		143,950	139,030
		11,037,060	8,143,075
Current liabilities		, ,	
Trade and other payables	8	9,222,990	6,991,938
Short term running finance	9	304,876	1,237,772
Dividend payable	9	510,988	1,237,772
Finance lease obligation		89,072	50,009
Accrued interest / mark-up		8,258	40,880
Current income tax liability		625,085	268,912
Current income tax hability		10,761,269	8,589,511
Net current liabilities		275,791	(446,436)
Non current liabilities			
Deferred income tax liability		(1,014,537)	(1,090,892)
Finance lease obligation		(241,266)	(96,024)
		(1,255,803)	(1,186,916)
Net assets		4,956,645	4,107,400
01			
Share capital and reserves			
Authorised share capital		2 000 000	2 000 000
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		2,401,707	1,552,462
Shareholders' equity		4,956,645	4,107,400
Contingencies and commitments	10		

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

Graeme AmeyManaging Director and CEO

Consolidated Condensed Interim Cash Flow Statement (Unaudited)

for the nine months ended September 30, 2013			
	Nine n	nonths ended	
	Sep 30,	Sep 30,	
	2013	2012	
Cash flows from operating activities			
Cash receipts from customers	66,481,215	55,687,015	
Cash paid to Government for Federal excise duty,			
Sales tax and other levies	(43,385,205)	(35,791,757)	
Cash paid to suppliers, employees and others	(18,825,099)	(17,609,586)	
Finance cost paid	(71,576)	(104,156)	
Cash paid as royalty	(328,748)	(286,115)	
Income tax paid	(1,053,659)	(355,506)	
Other cash receipts	90,481	12,811	
	2,907,409	1,552,706	
Cash flows from investing activities			
Additions in property, plant and equipment	(707,727)	(376,192)	
Proceeds from disposal of property, plant and equipment	45,076	161,831	
Finance income received	126,956	62,770	
	(535,695)	(151,591)	
Cash flows from financing activities			
Dividends paid	(1,340,578)	(573,713)	
Finance lease payments	(93,320)	(40,214)	
	(1,433,898)	(613,927)	
Increase in cash and cash equivalents	937,816	787,188	
Cash and cash equivalents at January 1	(1,098,742)	(1,673,992)	
Cash and cash equivalents at September 30	(160,926)	(886,804)	
Cash and cash equivalents comprise:			
Cash and bank balances	143,950	323,842	
Short term running finance	(304,876)	(1,210,646)	
	(160,926)	(886,804)	
	, , . = - ,	1	

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

Graeme Amey Managing Director and CEO

Consolidated Condensed Interim Statement of Changes in Equity (Unaudited)

for the nine months ended September 30, 2013 Rs '000 Total Share Revenue capital reserves 2,554,938 778.997 Balance at January 1, 2012 3,333,935 Total comprehensive income for the nine months 1,153,072 1,153,072 Transactions with owners: Final dividend of Rs 1.00 per share relating to the vear ended December 31, 2011 (255,494)(255,494)1st Interim dividend of Rs 1.25 per share relating to the year ending December 31, 2012 (319, 367)(319, 367)(574,861) (574,861) Balance at September 30, 2012 2.554.938 1,357,208 3,912,146 Balance at January 1, 2013 2.554.938 1,552,462 4,107,400 Total comprehensive income for the nine months 2,701,576 2,701,576 Transactions with owners: Final dividend of Rs 3.25 per share relating to the year ended December 31, 2012 (830, 355)(830, 355)1st Interim dividend of Rs 2.00 per share relating to the year ending December 31, 2013 (510,988)(510,988)

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

2,554,938

Graeme Amey Managing Director and CEO Mobasher Raza

Finance Director

(510,988)

(1,852,331)

2,401,707

(510,988)

(1,852,331)

4,956,645

2nd Interim dividend of Rs 2.00 per share relating to the year ending December 31, 2013

Balance at September 30, 2013

Selected notes to and forming part of the consolidated condensed interim financial information (Unaudited)

for the nine months ended September 30, 2013

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 condensed interim financial information of the Group for the nine months period ended September 30, 2013 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, 2012.

		R			
4.	Cost of sales	Three months ended		Nine months ended	
		Sep 30,	Sep 30,	Sep 30,	Sep 30,
		2013	2012	2013	2012
	Raw materials consumed				_
	Opening stock of raw materials				
	and work in process	3,494,396	3,232,457	6,177,047	5,376,669
	Raw material purchases				
	and expenses	8,716,422	7,068,529	14,036,015	11,426,507
	Closing stock of raw materials				
	and work in process	(8,982,020)	(7,256,088)	(8,982,020)	(7,256,088)
		3,228,798	3,044,898	11,231,042	9,547,088
	Excise duty, Customs duty and				
	tobacco development cess	178,666	123,907	517,305	423,593
	Royalty	107,890	89,566	337,540	290,074
	Production overheads	900,604	775,046	2,748,925	2,498,567
_					
	Cost of goods manufactured	4,415,958	4,033,417	14,834,812	12,759,322
	Cost of finished goods:				
	Opening stock	745,588	545,150	1,048,254	1,085,661
	Closing stock	(1,006,820)	(775,600)	(1,006,820)	(775,600)
		(261,232)	(230,450)	41,434	310,061
_					
		4,154,726	3,802,967	14,876,246	13,069,383

Selected notes to and forming part of the consolidated condensed interim financial information (Unaudited)

for the nine months ended September 30, 2013 Rs '000 Three months ended Nine months ended Sep 30. Sep 30. Sep 30. Sep 30. 2012 2013 2013 2012 Other operating expenses Employees' termination benefits (139.481)637.397 49.612 216.824 Workers' Profit Participation Fund 57,046 95.133 Workers' Welfare Fund 19,031 22,353 84,608 37,215 Bank charges and fees 7,648 7,946 29,583 27,181 Interest paid to Workers' Profit Participation Fund 25 One SAP project expenses 39.493 39.493 Foreign exchange loss 24,221 7,764 24,221 11,590 Tax refund, rent refund claim & other write off 326 326 100.512 (4.553)355.261 848.335 Rs '000 December Sep 30. 2013 31,2012 Property, plant and equipment Operating assets - note 6.1 5.404.437 5.522.359 Capital work in progress 512,431 197,650 5,916,868 5,720,009 Nine months ended Sep 30. Sep 30. 2013 2012 6.1 Movement in operating fixed assets Net book amount at January 1 5.522.359 5.426.487 Cost of additions **Owned Assets** Free hold land 23,735 Building 18,439 46,970 Plant and machinery 118,322 405,808 40,484 Vehicles 3,079 Office and household equipment 43,982 89,140 Furniture and fittings 2,377 372 **Leased Assets** Vehicles 254,933 126,276 486,290 687,627 Book value of deletions Building (1,195)(383)Plant and machinery (149)(32,449)Vehicles (112,653)(14,819)Office and household equipment (2,062)(2,317)Furniture and fittings (233)(31)

(18, 256)

(585,956)

5,404,437

(148,035)

(587,445)

5,378,634

Depreciation charge for the nine months

Net book amount at September 30

Selected notes to and forming part of the consolidated condensed interim financial information (Unaudited)

for the nine months ended September 30, 2013

7. Other receivables

These include following balances due from related parties:

		Sep 30, 2013	Rs '000 December 31, 2012
	Holding Company Associated companies Employees retirement benefit plans	1,127 177,636	4,434 30,258 188,724
8.	Trade and other payables		
	These include following balances due to related parties:		
	Holding Company Associated companies	116,460 389,998	115,510 518,543

9. Short term running finance

Employees retirement benefit plans

Short term running finance facilities available under mark-up arrangements with banks amount to Rs 5,350 million (December 31, 2012: Rs 5,350 million), out of which the amount unavailed at the September end was Rs 5,045 million (December 31, 2012: Rs 4,112 million). These facilities are secured by hypothecation of stock-in-trade and plant & machinery amounting to Rs 5,940 million (December 31, 2012: Rs 5,940 million). The mark-up ranges between 9.22% and 10.46% (December 31, 2012: 9.88% and 13.14%) per annum and is payable quarterly. The facilities are renewable on annual basis.

114,761

96,908

			Sep 30, 2013	Rs '000 December 31, 2012
10. Con	tingen	cies and commitments		
10.1	Con	tingencies		
	Clai	ms and guarantees		
	(i) (ii)	Claims not acknowledged as debt Guarantees issued by banks on	131,800	131,800
		behalf of the Company	169,447	149,447
10.2	Cor	nmitments		
	(i) (ii)	Capital expenditure commitments outstanding Letters of credit outstanding	1,030,060 1,201,524	- 686,815

Selected notes to and forming part of the consolidated condensed interim financial information (Unaudited)

for the nine months ended September 30, 2013

11. Transactions with related parties

				Rs '000
	Three mon	ths ended	Nine mor	nths ended
	Sep 30, 2013	Sep 30, 2012	Sep 30, 2013	Sep 30, 2012
Purchase of goods and services				
Holding company	96,307	79,919	272,038	199,605
Associated companies	434,130	330,036	1,377,968	1,071,722
Sale of goods and services				
Holding company	8,948	3,859	17,195	12,938
Associated companies	2,998	27,282	76,161	158,916
Royalty charge				
Holding company	107,891	89,566	337,540	290,074
Employees retirement benefit plans - Expense				
Staff pension fund	17,333	19,201	52,000	57,603
Staff defined contribution pension				
fund	9,581	6,593	25,444	16,397
Employees' gratuity fund	12,716	10,157	38,147	30,470
Management provident fund	13,503	12,580	38,997	36,094
Employees' provident fund	3,153	3,838	9,461	13,222
Remuneration of key management				
personnel	223,260	156,854	533,549	492,237

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 Company on October 23, 2013.

Graeme Amey Managing Director and CEO

