

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
Imad Rahman (Secretary)

Company 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
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 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, 2012
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.

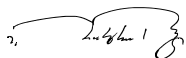
Our contribution to the National Exchequer grew by 21% vs. SPLY with Rs.45.5bn contributed to Government revenues on account of excise duty, sales tax, corporate tax & customs duties.

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



Mobasher Raza
Finance Director

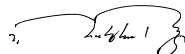
Condensed Interim Profit and Loss Account (Unaudited) for the nine months ended September 30, 2013

		Rs '000			
	Note	Three months ended		Nine months ended	
		Sep 30, 2013	Sep 30, 2012	Sep 30, 2013	Sep 30, 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

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 Comprehensive Income (Unaudited)

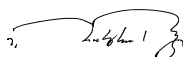
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	Three months ended		Nine months ended	
	Sep 30, 2013	Sep 30, 2012	Sep 30, 2013	Sep 30, 2012
Profit for the period	610,711	691,682	2,701,576	1,153,072
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	610,711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

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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	6	5,891,820	5,694,961
Long term investment in subsidiary company	7	5,000	5,000
Long term loans		375	457
Long term deposits and prepayments		19,414	20,286
		5,916,609	5,720,704
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	8	224,286	287,696
Cash and bank balances		143,950	139,030
		11,057,081	8,163,096
Current liabilities			
Trade and other payables	9	9,222,963	6,991,911
Short term running finance	10	304,876	1,237,772
Dividend payable		510,988	-
Finance lease obligation		89,072	50,009
Accrued interest / mark-up		8,258	40,880
Current income tax liability		625,085	268,912
		10,761,242	8,589,484
Net current liabilities		295,839	(426,388)
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
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		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

Mobasher Raza
Finance Director

Condensed Interim Cash Flow Statement (Unaudited)

for the nine months ended September 30, 2013

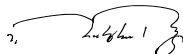
Rs '000

	Nine months ended	
	Sep 30, 2013	Sep 30, 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)

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)

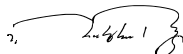
for the nine months ended September 30, 2013

	Share capital	Revenue reserves	Rs '000 Total
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 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)
2nd Interim dividend of Rs 2.00 per share relating to the year ending December 31, 2013	-	(510,988)	(510,988)
		(1,852,331)	(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



Mobasher Raza
Finance Director

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.

4. Cost of sales

	Three months ended		Nine months 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
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 ended September 30, 2013

	Three months ended		Rs '000 Nine months ended	
	Sep 30, 2013	Sep 30, 2012	Sep 30, 2013	Sep 30, 2012
5. Other operating expenses				
Employees' termination benefits	-	(139,481)	-	637,397
Workers' Profit Participation Fund	49,612	57,046	216,824	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	
	Sep 30, 2013	December 31, 2012
6. Property, plant and equipment		
Operating assets - note 6.1	5,401,073	5,518,995
Capital work in progress	490,747	175,966
	5,891,820	5,694,961

	Nine months ended	
	Sep 30, 2013	Sep 30, 2012
6.1 Movement in operating fixed assets		
Net book amount at January 1	5,518,995	5,423,123
Cost of additions		
Owned Assets		
Free hold land	-	23,735
Building	18,439	46,970
Plant and machinery	118,322	405,808
Vehicles	3,079	40,484
Office and household equipment	89,140	43,982
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	(14,819)	(112,653)
Office and household equipment	(2,062)	(2,317)
Furniture and fittings	(31)	(233)
	(18,256)	(148,035)
Depreciation charge for the nine months	(585,956)	(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:

	Sep 30, 2013	Rs '000 December 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:

Holding Company	116,460	115,510
Associated companies	389,998	518,543
Employees retirement benefit plans	114,761	96,908

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, 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.

	Sep 30, 2013	Rs '000 December 31, 2012
11. Contingencies and commitments		
11.1 Contingencies		
Claims and guarantees		
(i) Claims not acknowledged as debt	131,800	131,800
(ii) Guarantees issued by banks on behalf of the Company	169,447	149,447
11.2 Commitments		
(i) Capital expenditure commitments outstanding	1,030,060	-
(ii) Letters of credit outstanding	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

	Three months ended		Nine months 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

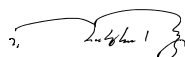
This condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi, Lahore and Islamabad stock exchanges.

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



Mobasher Raza
Finance Director

Consolidated Condensed Interim Profit and Loss Account (Unaudited)

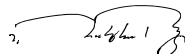
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Managing Director and CEO



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Finance Director

Consolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

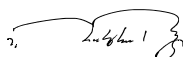
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Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	610,711	691,682	2,701,576	1,153,072

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Managing Director and CEO



Mobasher Raza
Finance Director

Consolidated Condensed Interim Balance Sheet (Unaudited)

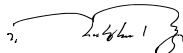
as at September 30, 2013

			Rs '000
	Note	September 30, 2013	December 31, 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		510,988	-
Finance lease obligation		89,072	50,009
Accrued interest / mark-up		8,258	40,880
Current income tax liability		625,085	268,912
		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
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		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 Amey
Managing Director and CEO



Mobasher Raza
Finance Director

Consolidated Condensed Interim Cash Flow Statement (Unaudited)

for the nine months ended September 30, 2013

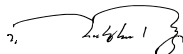
Rs '000

	Nine months ended	
	Sep 30, 2013	Sep 30, 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)

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 Statement of Changes in Equity (Unaudited)

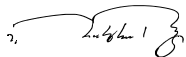
for the nine months ended September 30, 2013

	Share capital	Revenue reserves	Rs '000 Total
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 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)
2nd Interim dividend of Rs 2.00 per share relating to the year ending December 31, 2013	-	(510,988)	(510,988)
		(1,852,331)	(1,852,331)
Balance at September 30, 2013	2,554,938	2,401,707	4,956,645

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

Selected notes to and forming part of the consolidated 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.

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.

4. Cost of sales

	Three months ended		Nine months 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
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

	Three months ended		Rs '000 Nine months ended	
	Sep 30, 2013	Sep 30, 2012	Sep 30, 2013	Sep 30, 2012
5. Other operating expenses				
Employees' termination benefits	-	(139,481)	-	637,397
Workers' Profit Participation Fund	49,612	57,046	216,824	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
			Sep 30, 2013	December 31, 2012
6. 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, 2013	Sep 30, 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
Vehicles			3,079	40,484
Office and household equipment			89,140	43,982
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			(14,819)	(112,653)
Office and household equipment			(2,062)	(2,317)
Furniture and fittings			(31)	(233)
			(18,256)	(148,035)
Depreciation charge for the nine months			(585,956)	(587,445)
Net book amount at September 30			5,404,437	5,378,634

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	-	4,434
Associated companies	1,127	30,258
Employees retirement benefit plans	177,636	188,724

8. Trade and other payables

These include following balances due to related parties:

Holding Company	116,460	115,510
Associated companies	389,998	518,543
Employees retirement benefit plans	114,761	96,908

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, 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.

	Sep 30, 2013	Rs '000 December 31, 2012
10. Contingencies and commitments		
10.1 Contingencies		
Claims and guarantees		
(i) Claims not acknowledged as debt	131,800	131,800
(ii) Guarantees issued by banks on behalf of the Company	169,447	149,447
10.2 Commitments		
(i) Capital expenditure commitments outstanding	1,030,060	-
(ii) Letters of credit outstanding	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

	Three months ended		Nine months 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

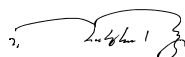
This consolidated condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi, Lahore and Islamabad stock exchanges.

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



Mobasher Raza
Finance Director

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