



Corporate Information

Board of Directors

Mueen Afzal
Chairman and Non-Executive Director

Graeme Amey
Managing Director and CEO

Syed Javed Iqbal
Finance & IT 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

Brendan Brady
Non-Executive Director

Felicio Ferraz
Non-Executive Director

Audit Committee

Abid Niaz Hasan

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

Syed Asif Shah

Umar Mansoor (Secretary)

Company Secretary

Ayesha Rafique

Registered Office

Serena Business Complex
Khayaban-e-Suharwardy, P.O. Box 2549
Islamabad 44000
Telephone: +92 (0) 304 1112083,
Fax: +92 (051) 2604516
Web: www.ptc.com.pk

Factories

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

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

Bankers

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

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

Directors' Review

The Directors present the performance of Pakistan Tobacco Company Limited (PTC) for the third quarter ended September 30, 2014. PTC has improved volume and market share vs. SPLY despite external challenges including a polarised political environment, volatile security, continued energy crisis and inflationary pressures further aggravated by one of the worst floods in Pakistan's history.

Key financial indicators of PTC for YTD Q3 2014 are:

	(Rs in million)	
	Jan - Sep, 2014	Jan - Sep, 2013
Gross Turnover	80,902	66,413
Net Turnover	27,663	22,750
Cost Of Sales	17,397	14,876
Gross Profit	10,266	7,874
Operating Profit	5,965	3,947
Profit Before Tax – PBT	6,065	4,035
Profit After Tax – PAT	4,096	2,702
Earnings Per Share – EPS (Rs)	16.03	10.57

The legitimate industry remained stable vs. SPLY despite pressures posed by the growth of duty evaded segment and its increasing price gap with the products offered by legitimate industry. Economic pressures and lower disposable income continue to stretch the purchasing power of consumers thus encouraging down trading to freely available low priced brands.

However, PTC was able to sustain market share growth vs. SPLY due to strong brand portfolio supported by effective marketing investments. These focused on innovations in the premium segment through introduction of JPGL Click, reinforcements in the Value for Money (VFM) segment through launch of a limited edition pack for CbPMO and equity building campaign for Gold Flake Style.

Improvement in sales and excise led price increases has resulted in Gross Turnover growth vs. SPLY. The real impact of portfolio wide price increase taken in June'14 on volumes will be more prominent in the coming months. Cost of sales are 17% higher vs. SPLY mainly due to inflationary increase in raw material costs, investment in product improvements and higher volumes. PTC continues to focus on cost optimisation and process efficiencies to support business sustainability.

Our contribution to the National Exchequer grew significantly by 23% vs. SPLY with Rs. 55.8 bn contributed to Government revenues. PTC has always highlighted the revenue loss to the country due to non-duty paid sector, as this sector continues to be a threat to the sustainability of the legitimate cigarette industry & Government Revenues. We urge the Government to intensify its enforcement drive to reign in the activities of the duty evaded sector.

PTC remains committed to driving the business forward amidst numerous challenges. We are confident that through continued productivity initiatives, state of the art technology, strong brand portfolio and dedication of our employees we will continue to mitigate the impact of these challenges and deliver shareholder value.



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance & IT Director

Condensed Interim Profit and Loss Account (Unaudited) for the nine months ended September 30, 2014

		Rs '000			
	Note	Three months ended		Nine months ended	
		Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
Gross turnover		22,426,729	19,445,910	80,901,778	66,412,843
Excise duties		(11,331,299)	(9,991,313)	(41,057,148)	(34,018,355)
Sales tax		(3,372,449)	(2,930,514)	(12,181,461)	(9,644,741)
Net turnover		7,722,981	6,524,083	27,663,169	22,749,747
Cost of sales	4	(4,554,206)	(4,154,726)	(17,396,805)	(14,876,246)
Gross profit		3,168,775	2,369,357	10,266,364	7,873,501
Selling and distribution expenses		(698,871)	(889,697)	(2,186,544)	(2,464,144)
Administrative expenses		(358,862)	(476,203)	(1,012,697)	(1,225,958)
Other operating expenses	5	(244,757)	(100,512)	(1,206,140)	(355,261)
Other operating income		1,880	13,299	103,699	118,913
		(1,300,610)	(1,453,113)	(4,301,682)	(3,926,450)
Operating profit		1,868,165	916,244	5,964,682	3,947,051
Finance income		22,513	22,507	180,075	126,956
Finance cost		(35,294)	(15,142)	(79,892)	(38,954)
Net finance (cost) / income		(12,781)	7,365	100,183	88,002
Profit before income tax		1,855,384	923,609	6,064,865	4,035,053
Income tax expense - current		(634,017)	(317,070)	(2,038,778)	(1,409,832)
- deferred		27,201	4,172	70,068	76,355
		(606,816)	(312,898)	(1,968,710)	(1,333,477)
Profit for the period		1,248,568	610,711	4,096,155	2,701,576
Earnings per share - basic and diluted (Rupees)		4.89	2.39	16.03	10.57

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



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance & IT Director

Condensed Interim Statement of Comprehensive Income (Unaudited)

for the nine months ended September 30, 2014

	Three months ended		Nine months ended	
	Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
Profit for the period	1,248,568	610,711	4,096,155	2,701,576
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1,248,568	610,711	4,096,155	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



Syed Javed Iqbal
Finance & IT Director

Condensed Interim Balance Sheet (Unaudited)

as at September 30, 2014

			Rs '000
	Note	September 30, 2014	December 31, 2013
Non current assets			
Property, plant and equipment	6	7,678,150	7,084,521
Long term investment in subsidiary company	7	5,000	5,000
Long term loans		29	75
Long term deposits and prepayments		25,670	21,478
		7,708,849	7,111,074
Current assets			
Stock-in-trade		11,642,527	9,166,367
Stores and spares		578,043	488,213
Trade debts		4,750	764
Loans and advances		107,080	89,579
Short term prepayments		98,246	78,889
Other receivables	8	864,064	435,055
Cash and bank balances		1,791,045	60,128
		15,085,755	10,318,995
Current liabilities			
Trade and other payables	9	12,345,615	7,724,746
Short term running finance	10	-	2,436,445
Finance lease obligation		94,205	92,559
Accrued interest / mark-up		25,507	27,048
Current income tax liability		1,155,056	429,901
		13,620,383	10,710,699
Net current assets / liabilities		1,465,372	(391,704)
Non current liabilities			
Deferred income tax liability		(944,050)	(1,014,118)
Liability against assets subject to finance lease		(254,771)	(293,044)
		(1,198,821)	(1,307,162)
Net assets		7,975,400	5,412,208
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
Retained earnings		5,420,462	2,857,270
Shareholders' equity		7,975,400	5,412,208
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



Syed Javed Iqbal
Finance & IT Director

Condensed Interim Cash Flow Statement (Unaudited)

for the nine months ended September 30, 2014

Rs '000

	Nine months ended	
	Sep 30, 2014	Sep 30, 2013
Cash flows from operating activities		
Cash receipts from customers	80,897,792	66,481,215
Cash paid to Government for federal excise duty, sales tax and other levies	(51,918,532)	(43,385,205)
Cash paid to suppliers, employees and others	(20,553,871)	(18,734,618)
Finance cost paid	(81,433)	(71,576)
Cash paid as royalty	(240,162)	(328,748)
Income tax paid	(1,313,623)	(1,053,659)
Finance income received	180,075	126,956
	6,970,246	3,034,365
Cash flows from investing activities		
Additions in property, plant and equipment	(1,223,728)	(707,727)
Proceeds from disposal of property, plant and equipment	30,560	45,076
	(1,193,168)	(662,651)
Cash flows from financing activities		
Dividends paid	(1,530,016)	(1,340,578)
Finance lease payments	(79,700)	(93,320)
	(1,609,716)	(1,433,898)
Increase in cash and cash equivalents	4,167,362	937,816
Cash and cash equivalents at January 1	(2,376,317)	(1,098,742)
Cash and cash equivalents at September 30	1,791,045	(160,926)
Cash and cash equivalents comprise:		
Cash and bank balances	1,791,045	143,950
Short term running finance	-	(304,876)
	1,791,045	(160,926)

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



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance & IT Director

Condensed Interim Statement of Changes in Equity (Unaudited)

for the nine months ended September 30, 2014

	Share capital	Revenue reserves	Rs '000 Total
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
Balance at January 1, 2014	2,554,938	2,857,270	5,412,208
Total comprehensive income for the nine months	-	4,096,155	4,096,155
Transactions with owners:			
Final dividend of Rs 6.00 per share relating to the year ended December 31, 2013	-	(1,532,963)	(1,532,963)
Balance at September 30, 2014	2,554,938	5,420,462	7,975,400

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



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance & IT Director

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

for the nine months ended September 30, 2014

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 Serena Business Complex, Khayaban-e-Suharwardy, 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, 2014 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, Critical Accounting Estimates And Judgments

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, 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, 2013.

4. Cost of sales

	Three months ended		Nine months ended	
	Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
Raw materials consumed				
Opening stock of raw materials and work in process	4,442,460	3,494,396	7,558,214	6,177,047
Raw material purchases and expenses	9,891,211	8,716,422	16,387,319	14,036,015
Closing stock of raw materials and work in process	(9,991,614)	(8,982,020)	(9,991,614)	(8,982,020)
	4,342,057	3,228,798	13,953,919	11,231,042
Excise duty, Customs duty and tobacco development cess	145,913	178,666	537,390	517,305
Royalty	97,079	107,890	375,714	337,540
Production overheads	841,766	900,604	2,572,543	2,748,925
Cost of goods manufactured	5,426,815	4,415,958	17,439,566	14,834,812
Cost of finished goods:				
Opening stock	778,305	745,588	1,608,153	1,048,254
Closing stock	(1,650,914)	(1,006,820)	(1,650,914)	(1,006,820)
	(872,609)	(261,232)	(42,761)	41,434
	4,554,206	4,154,726	17,396,805	14,876,246

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

for the nine months ended September 30, 2014

	Three months ended		Nine months ended	
	Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
5. Other operating expenses				
Workers' Profit Participation Fund	102,116	49,612	325,839	216,824
Workers' Welfare Fund	40,113	19,031	126,068	84,608
Software license fee / FSS recharge	100,304	-	604,877	-
Bank charges and fees	8,757	7,648	30,664	29,583
Interest paid to Workers' Profit Participation Fund	-	-	517	25
Foreign exchange loss	(6,533)	24,221	118,175	24,221
	244,757	100,512	1,206,140	355,261

	Sep 30, 2014	Rs '000 December 31, 2013
6. Property, plant and equipment		
Operating assets - note 6.1	5,850,664	6,070,353
Capital work in progress	1,827,486	1,014,168
	7,678,150	7,084,521

6.1 Operating fixed assets

Opening Net book amount	6,070,353	5,518,995
Additions during nine months / year at Cost		
Owned Assets		
Building	39,493	85,505
Plant and machinery	250,429	812,968
Vehicles	12,842	3,079
Office and household equipment	38,521	155,167
Furniture and fittings	3,494	4,697
	344,779	1,061,416
Leased Assets		
Vehicles	65,630	361,278
	410,409	1,422,694
Disposals during nine months / year - at net book amount		
Owned Assets		
Building	-	(18,110)
Plant and machinery	-	(8,169)
Vehicles	(23,848)	(29,601)
Office and household equipment	(261)	(2,780)
Furniture and fittings	-	(528)
	(24,109)	(59,188)
Depreciation charge for the nine months / year	(605,989)	(812,148)
Net book amount	5,850,664	6,070,353

7. Long term investment in subsidiary company

This represents 500,001 (December 31, 2013: 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, 2013. 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, 2014

8. Other receivables

These include following balances due from related parties:

	Sep 30, 2014	Rs '000 December 31, 2013
Holding Company	-	2,015
Associated companies	36,662	52,042
Subsidiary company	20,021	20,021
Employees retirement benefit plans	176,004	346,737

9. Trade and other payables

These include following balances due to related parties:

Holding Company	310,999	152,075
Associated companies	890,890	476,230
Employees retirement benefit plans	242,187	266,291

10. Short term running finance

Short term running finance facilities available under mark-up arrangements with banks amount to Rs 4,950 million (December 31, 2013: Rs 5,350 million), out of which the amount unavailed at the period end was Rs 4,950 million (December 31, 2013: Rs 2,914 million). These facilities are secured by hypothecation of stock-in-trade and plant & machinery amounting to Rs 5,940 million (December 31, 2013: Rs 5,940 million). The mark-up ranges between 10.24% and 10.69% (December 31, 2013: 9.22% and 10.46%) per annum and is payable quarterly. The facilities are renewable on annual basis.

	Sep 30, 2014	Rs '000 December 31, 2013
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	202,455	179,447
11.2 Commitments		
(i) Capital expenditure commitments outstanding	544,693	-
(ii) Letters of credit outstanding	1,204,179	1,536,509

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

for the nine months ended September 30, 2014

12. Post balance sheet event

The Board of Directors in their meeting held on October 22, 2014 has declared the first interim dividend of Rs 3.00 per share (2013: Rs nil). This interim dividend of Rs 766,481 thousand (2013: Rs nil) will be recorded as liability in the financial statements for the next quarter as required by the International Accounting Standard 10" Events after the Balance Sheet Date".

13. Transactions with related parties

	Three months ended		Nine months ended	
	Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
Purchase of goods and services				
Holding company	365,873	96,307	576,262	272,038
Associated companies	457,627	434,130	1,063,317	1,377,968
Sale of goods and services				
Holding company	-	8,948	7,796	17,195
Associated companies	25,181	2,998	57,583	76,161
Royalty charge				
Holding company	97,079	107,891	375,714	337,540
Employees retirement benefit plans - Expense				
Staff pension fund	7,614	17,333	22,841	52,000
Staff defined contribution pension fund	12,939	9,581	36,256	25,444
Employees' gratuity fund	19,556	12,716	58,671	38,147
Management provident fund	15,220	13,503	44,893	38,997
Employees' provident fund	3,862	3,153	12,093	9,461
Remuneration of key management personnel	152,472	223,260	554,840	533,549

14. Date of authorisation

This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on October 22, 2014.



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance & IT Director

Consolidated Condensed Interim Profit and Loss Account (Unaudited)

for the nine months ended September 30, 2014

		Rs '000			
	Note	Three months ended		Nine months ended	
		Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
Gross turnover		22,426,729	19,445,910	80,901,778	66,412,843
Excise duties		(11,331,299)	(9,991,313)	(41,057,148)	(34,018,355)
Sales tax		(3,372,449)	(2,930,514)	(12,181,461)	(9,644,741)
Net turnover		7,722,981	6,524,083	27,663,169	22,749,747
Cost of sales	4	(4,554,206)	(4,154,726)	(17,396,805)	(14,876,246)
Gross profit		3,168,775	2,369,357	10,266,364	7,873,501
Selling and distribution expenses		(698,871)	(889,697)	(2,186,544)	(2,464,144)
Administrative expenses		(358,862)	(476,203)	(1,012,697)	(1,225,958)
Other operating expenses	5	(244,757)	(100,512)	(1,206,140)	(355,261)
Other operating income		1,880	13,299	103,699	118,913
		(1,300,610)	(1,453,113)	(4,301,682)	(3,926,450)
Operating profit		1,868,165	916,244	5,964,682	3,947,051
Finance income		22,513	22,507	180,075	126,956
Finance cost		(35,294)	(15,142)	(79,892)	(38,954)
Net finance (cost) / income		(12,781)	7,365	100,183	88,002
Profit before income tax		1,855,384	923,609	6,064,865	4,035,053
Income tax expense - current		(634,017)	(317,070)	(2,038,778)	(1,409,832)
- deferred		27,201	4,172	70,068	76,355
		(606,816)	(312,898)	(1,968,710)	(1,333,477)
Profit for the period		1,248,568	610,711	4,096,155	2,701,576
Earnings per share - basic and diluted (Rupees)		4.89	2.39	16.03	10.57

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



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance & IT Director

Consolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

for the nine months ended September 30, 2014

	Three months ended		Nine months ended	
	Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
Profit for the period	1,248,568	610,711	4,096,155	2,701,576
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1,248,568	610,711	4,096,155	2,701,576

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



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance & IT Director

Consolidated Condensed Interim Balance Sheet

(Unaudited)

as at September 30, 2014

	Note	September 30, 2014	Rs '000 December 31, 2013
Non current assets			
Property, plant and equipment	6	7,703,198	7,109,569
Long term loans		29	75
Long term deposits and prepayments		25,670	21,478
		7,728,897	7,131,122
Current assets			
Stock-in-trade		11,642,527	9,166,367
Stores and spares		578,043	488,213
Trade debts		4,750	764
Loans and advances		107,080	89,579
Short term prepayments		98,246	78,889
Other receivables	7	844,043	415,034
Cash and bank balances		1,791,045	60,128
		15,065,734	10,298,974
Current liabilities			
Trade and other payables	8	12,345,642	7,724,773
Short term running finance	9	-	2,436,445
Finance lease obligation		94,205	92,559
Accrued interest / mark-up		25,507	27,048
Current income tax liability		1,155,056	429,901
		13,620,410	10,710,726
Net current assets / liabilities		1,445,324	(411,752)
Non current liabilities			
Deferred income tax liability		(944,050)	(1,014,118)
Liability against assets subject to finance lease		(254,771)	(293,044)
		(1,198,821)	(1,307,162)
Net assets		7,975,400	5,412,208
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
Retained earnings		5,420,462	2,857,270
Shareholders' equity		7,975,400	5,412,208
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



Syed Javed Iqbal
Finance & IT Director

Consolidated Condensed Interim Cash Flow Statement (Unaudited)

for the nine months ended September 30, 2014

Rs '000

	Nine months ended	
	Sep 30, 2014	Sep 30, 2013
Cash flows from operating activities		
Cash receipts from customers	80,897,792	66,481,215
Cash paid to Government for federal excise duty, sales tax and other levies	(51,918,532)	(43,385,205)
Cash paid to suppliers, employees and others	(20,553,871)	(18,734,618)
Finance cost paid	(81,433)	(71,576)
Cash paid as royalty	(240,162)	(328,748)
Income tax paid	(1,313,623)	(1,053,659)
Finance income received	180,075	126,956
	6,970,246	3,034,365
Cash flows from investing activities		
Additions in property, plant and equipment	(1,223,728)	(707,727)
Proceeds from disposal of property, plant and equipment	30,560	45,076
	(1,193,168)	(662,651)
Cash flows from financing activities		
Dividends paid	(1,530,016)	(1,340,578)
Finance lease payments	(79,700)	(93,320)
	(1,609,716)	(1,433,898)
Increase in cash and cash equivalents	4,167,362	937,816
Cash and cash equivalents at January 1	(2,376,317)	(1,098,742)
Cash and cash equivalents at September 30	1,791,045	(160,926)
Cash and cash equivalents comprise:		
Cash and bank balances	1,791,045	143,950
Short term running finance	-	(304,876)
	1,791,045	(160,926)

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



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance & IT Director

Consolidated Condensed Interim Statement of Changes in Equity (Unaudited)

for the nine months ended September 30, 2014

	Share capital	Revenue reserves	Rs '000 Total
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
Balance at January 1, 2014	2,554,938	2,857,270	5,412,208
Total comprehensive income for the nine months	-	4,096,155	4,096,155
Transactions with owners:			
Final dividend of Rs 6.00 per share relating to the year ended December 31, 2013	-	(1,532,963)	(1,532,963)
Balance at September 30, 2014	2,554,938	5,420,462	7,975,400

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



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance & IT Director

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

for the nine months ended September 30, 2014

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 Serena Business Complex, Khayaban-e-Suharwardy, 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 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, 2014 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, Critical Accounting Estimates And Judgments

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, 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, 2013.

4. Cost of sales

	Three months ended		Nine months ended	
	Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
Raw materials consumed				
Opening stock of raw materials and work in process	4,442,460	3,494,396	7,558,214	6,177,047
Raw material purchases and expenses	9,891,211	8,716,422	16,387,319	14,036,015
Closing stock of raw materials and work in process	(9,991,614)	(8,982,020)	(9,991,614)	(8,982,020)
	4,342,057	3,228,798	13,953,919	11,231,042
Excise duty, Customs duty and tobacco development cess	145,913	178,666	537,390	517,305
Royalty	97,079	107,890	375,714	337,540
Production overheads	841,766	900,604	2,572,543	2,748,925
Cost of goods manufactured	5,426,815	4,415,958	17,439,566	14,834,812
Cost of finished goods:				
Opening stock	778,305	745,588	1,608,153	1,048,254
Closing stock	(1,650,914)	(1,006,820)	(1,650,914)	(1,006,820)
	(872,609)	(261,232)	(42,761)	41,434
	4,554,206	4,154,726	17,396,805	14,876,246

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

for the nine months ended September 30, 2014

	Three months ended		Nine months ended	
	Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013

Rs '000

5. Other operating expenses

Workers' Profit Participation Fund	102,116	49,612	325,839	216,824
Workers' Welfare Fund	40,113	19,031	126,068	84,608
Software license fee / FSS recharge	100,304	-	604,877	-
Bank charges and fees	8,757	7,648	30,664	29,583
Interest paid to Workers' Profit Participation Fund	-	-	517	25
Foreign exchange loss	(6,533)	24,221	118,175	24,221
	244,757	100,512	1,206,140	355,261

	Sep 30, 2014	December 31, 2013
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Rs '000

6. Property, plant and equipment

Operating assets - note 6.1	5,854,028	6,073,717
Capital work in progress	1,849,170	1,035,852
	7,703,198	7,109,569

6.1 Operating fixed assets

Opening Net book amount	6,073,717	5,522,359
Additions during nine months / year at Cost		
Owned Assets		
Building	39,493	85,505
Plant and machinery	250,429	812,968
Vehicles	12,842	3,079
Office and household equipment	38,521	155,167
Furniture and fittings	3,494	4,697
	344,779	1,061,416
Leased Assets		
Vehicles	65,630	361,278
	410,409	1,422,694
Disposals during nine months / year - at net book amount		
Owned Assets		
Building	-	(18,110)
Plant and machinery	-	(8,169)
Vehicles	(23,848)	(29,601)
Office and household equipment	(261)	(2,780)
Furniture and fittings	-	(528)
	(24,109)	(59,188)
Depreciation charge for the nine months / year	(605,989)	(812,148)
Net book amount	5,854,028	6,073,717

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

for the nine months ended September 30, 2014

7. Other receivables

These include following balances due from related parties:

	Sep 30, 2014	Rs '000 December 31, 2013
Holding Company	-	2,015
Associated companies	36,662	52,042
Employees retirement benefit plans	176,004	346,737

8. Trade and other payables

These include following balances due to related parties:

Holding Company	310,999	152,075
Associated companies	890,890	476,230
Employees retirement benefit plans	242,187	266,291

9. Short term running finance

Short term running finance facilities available under mark-up arrangements with banks amount to Rs 4,950 million (December 31, 2013: Rs 5,350 million), out of which the amount unavailed at the period end was Rs 4,950 million (December 31, 2013: Rs 2,914 million). These facilities are secured by hypothecation of stock-in-trade and plant & machinery amounting to Rs 5,940 million (December 31, 2013: Rs 5,940 million). The mark-up ranges between 10.24% and 10.69% (December 31, 2013: 9.22% and 10.46%) per annum and is payable quarterly. The facilities are renewable on annual basis.

	Sep 30, 2014	Rs '000 December 31, 2013
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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	202,455	179,447

10.2 Commitments

(i) Capital expenditure commitments outstanding	544,693	-
(ii) Letters of credit outstanding	1,204,179	1,536,509

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

for the nine months ended September 30, 2014

11. Post balance sheet event

The Board of Directors in their meeting held on October 22, 2014 has declared the first interim dividend of Rs 3.00 per share (2013: Rs nil). This interim dividend of Rs 766,481 thousand (2013: Rs nil) will be recorded as liability in the financial statements for the next quarter as required by the International Accounting Standard 10" Events after the Balance Sheet Date".

12. Transactions with related parties

	Three months ended		Nine months ended	
	Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
Purchase of goods and services				
Holding company	365,873	96,307	576,262	272,038
Associated companies	457,627	434,130	1,063,317	1,377,968
Sale of goods and services				
Holding company	-	8,948	7,796	17,195
Associated companies	25,181	2,998	57,583	76,161
Royalty charge				
Holding company	97,079	107,891	375,714	337,540
Employees retirement benefit plans - Expense				
Staff pension fund	7,614	17,333	22,841	52,000
Staff defined contribution pension fund	12,939	9,581	36,256	25,444
Employees' gratuity fund	19,556	12,716	58,671	38,147
Management provident fund	15,220	13,503	44,893	38,997
Employees' provident fund	3,862	3,153	12,093	9,461
Remuneration of key management personnel	152,472	223,260	554,840	533,549

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 22, 2014.



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance & IT Director

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