

Condensed Interim Financial Information
for the three months ended March 31, 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 first quarter ended March 31, 2013.

Despite a challenging external environment including a volatile security situation, high inflation, currency depreciation & continuing power crisis, the cigarette industry has shown recovery in Q1'13 according to an independent research agency while PTC has continued to improve its market share in Q1'13 vs. SPLY. During the first couple of months, leading newspapers carried stories that Federal Board of Revenue (FBR) is increasing excise incidence on cigarettes. These stories fuelled speculative buying by the entire trade chain and consequently our Q1'13 sales were higher vs. SPLY primarily due to this phenomenon. The current sales trend is expected to normalize post federal budget in June 2013 and we should see market corrections during the second half of the year.

Key financial indicators of PTC for Q1 2013 are:

	Rs (million)	
	Jan - Mar, 2013	Jan - Mar, 2012
Gross Turnover	22,424	17,705
Net Turnover	7,746	6,057
Cost Of Sales	5,027	4,197
Gross Profit	2,719	1,860
Operating Profit	1,675	591
Profit Before Tax – PBT	1,673	552
Profit After Tax – PAT	1,088	360
Earnings Per Share – EPS (Rs)	4.26	1.40

During the first quarter of 2013, PTC's market share growth is the result of marketing initiatives aimed at strengthening our brand portfolio and improving product availability across the country. Initiatives in the premium segment helped improve the market share of this segment vs. SPLY driven primarily by John Players Gold Leaf. PTC has continued to support Capstan by Pall Mall Original & Gold Flake during Q1'13 as key Value for Money (VFM) offers in the market. Gold Flake Style, a new variant, was also launched to enhance the brand equity & to stabilise its volume decline.

Increase in cost of sales (up by 19.8% vs. SPLY) is primarily due to higher sales volume (up by 14.2% vs SPLY). Despite inflationary pressures and currency depreciation, multiple cost savings & productivity initiatives have allowed us to curtail the increase in cost below inflation resulting in a growth in gross profit during Q1'13 vs. SPLY.


PTC contributed Rs.15.5bn to the National Exchequer during Q1'13 (up 28.1% vs. SPLY) in the form of excise duty, sales tax, customs duties and corporate tax. The illicit sector continues to be a threat to the sustainability of the legitimate cigarette industry. Inflationary pressures and declining disposable incomes promote consumer down trading from VFM legitimate brands to the ultra-low priced duty evaded brands. In addition, weak

enforcement resulting in free availability of smuggled brands that do not comply with the mandated pictorial health warning is also driving consumer switching to these brands resulting in overall illicit sector growth of 9.9% vs. SPLY. The Government must take immediate notice of this alarming situation and intensify its enforcement drive to reign in the activities of the illicit sector.

PTC's business continues to face multiple external challenges like deteriorating security situation, continuing energy crisis, rising inflation & declining purchasing power which in turn puts pressure on our business model & sustainable growth. Despite these challenges, PTC remains committed to enhance shareholder value through continued productivity initiatives, 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)

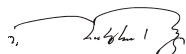
for the three months ended March 31, 2013

	Note	Jan - March 2013	Rs '000 Jan - March 2012
Gross turnover		22,423,592	17,705,137
Excise duties		(11,471,006)	(9,118,820)
Sales tax		(3,206,279)	(2,529,173)
Net turnover		7,746,307	6,057,144
Cost of sales	4	(5,026,968)	(4,196,791)
Gross profit		2,719,339	1,860,353
Selling and distribution expenses		(597,493)	(897,000)
Administrative expenses		(331,722)	(329,749)
Other operating expenses	5	(136,537)	(50,816)
Other operating income		20,985	8,585
		(1,044,767)	(1,268,980)
Operating profit		1,674,572	591,373
Finance income		13,155	1,085
Finance cost		(14,816)	(40,872)
Net finance cost		(1,661)	(39,787)
Profit before income tax		1,672,911	551,586
Income tax expense - current		(614,219)	(236,030)
- deferred		28,946	44,087
		(585,273)	(191,943)
Profit for the period		1,087,638	359,643
Earnings per share - basic and diluted (Rupees)		4.26	1.40

The annexed notes 1 to 15 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)

for the three months ended March 31, 2013

	Jan - March 2013	Rs '000 Jan - March 2012
Profit for the three months	1,087,638	359,643
Other comprehensive income for the three months	-	-
Total comprehensive income for the three months	1,087,638	359,643

The annexed notes 1 to 15 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)

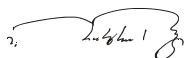
as at March 31, 2013

	Note	March 31, 2013	Rs '000 December 31, 2012
Non current assets			
Property, plant and equipment	6	5,541,165	5,694,961
Long term investment in subsidiary company	7	5,000	5,000
Long term loans		212	457
Long term deposits and prepayments		19,962	20,286
		5,566,339	5,720,704
Current assets			
Stock-in-trade		6,182,937	7,225,301
Stores and spares		415,670	341,855
Trade debts		1,193	1,073
Loans and advances		105,273	68,632
Short term prepayments		118,384	99,509
Other receivables	8	268,990	287,696
Cash and bank balances		1,228,717	139,030
		8,321,164	8,163,096
Current liabilities			
Trade and other payables	9	7,053,127	6,991,911
Short term running finance	10	-	1,237,772
Finance lease obligation		52,698	50,009
Accrued interest / mark-up		10,377	40,880
Current income tax liability		414,302	268,912
		7,530,504	8,589,484
Net current assets / (liabilities)		790,660	(426,388)
Non current liabilities			
Deferred income tax liability		(1,061,947)	(1,090,892)
Finance lease obligation		(100,014)	(96,024)
		(1,161,961)	(1,186,916)
Net assets		5,195,038	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		2,640,100	1,552,462
Shareholders' equity		5,195,038	4,107,400
Contingencies and commitments	11		

The annexed notes 1 to 15 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)

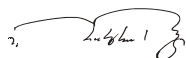
for the three months ended March 31, 2013

	March 31, 2013	Rs '000 March 31, 2012
Cash flows from operating activities		
Cash receipts from customers	22,423,472	17,704,953
Cash paid to Government for Federal excise duty, Sales tax and other levies	(14,584,272)	(10,748,116)
Cash paid to suppliers, employees and others	(4,859,523)	(4,681,727)
Finance cost paid	(45,319)	(49,850)
Cash paid as royalty	(104,730)	(90,198)
Income tax paid	(468,829)	(70,904)
Other cash receipts / payments	7,341	(720)
	2,368,140	2,063,438
Cash flows from investing activities		
Additions in property, plant and equipment	(45,057)	(14,080)
Proceeds from disposal of property, plant and equipment	8,820	28,425
Finance income received	13,155	1,086
	(23,082)	15,431
Cash flows from financing activities		
Dividends paid	(2,136)	(71)
Finance lease payments	(15,463)	-
	(17,599)	(71)
Increase in cash and cash equivalents	2,327,459	2,078,798
Cash and cash equivalents at January 1	(1,098,742)	(1,673,992)
Cash and cash equivalents at March 31	1,228,717	404,806
Cash and cash equivalents comprise:		
Cash and bank balances	1,228,717	404,806
	1,228,717	404,806

The annexed notes 1 to 15 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)

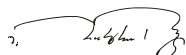
as at March 31, 2013

	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 three months	-	359,643	359,643
Balance at March 31, 2012	2,554,938	1,138,640	3,693,578
Balance at January 1, 2013	2,554,938	1,552,462	4,107,400
Total comprehensive income for the three months	-	1,087,638	1,087,638
Balance at March 31, 2013	2,554,938	2,640,100	5,195,038

The annexed notes 1 to 15 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 three months ended March 31, 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 three months period ended March 31, 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

	Jan - March 2013	Rs '000 Jan - March 2012
Raw materials consumed		
Opening stock of raw materials and work in process	6,177,047	5,376,669
Raw material purchases and expenses	2,869,785	2,457,945
Closing stock of raw materials and work in process	(4,892,516)	(4,093,201)
	4,154,316	3,741,413
Excise duty, Customs duty and tobacco development cess	194,725	176,673
Royalty	108,475	93,607
Production overheads	811,618	689,970
Cost of goods manufactured	5,269,134	4,701,663
Cost of finished goods:		
Opening stock	1,048,254	1,085,661
Closing stock	(1,290,420)	(1,590,533)
	(242,166)	(504,872)
	5,026,968	4,196,791

Selected notes to and forming part of the Condensed Interim Financial Information (Unaudited)

for the three months ended March 31, 2013

	Jan- March 2013	Rs '000 Jan-March 2012
5. Other operating expenses		
Workers' Profit Participation Fund	89,933	29,735
Workers' Welfare Fund	35,810	13,386
Bank charges and fees	10,649	6,604
Provision for doubtful debts	120	-
Interest paid to Workers' Profit Participation Fund	25	-
Foreign exchange loss	-	1,091
	136,537	50,816
	March 31, 2013	December 31, 2012
6. Property, plant and equipment		
Operating fixed assets - note 6.1	5,361,736	5,518,995
Capital work in progress	179,429	175,966
	5,541,165	5,694,961
	Three months ended March 31, 2013	March 31, 2012
6.1 Movement in operating fixed assets		
Net book amount at January 1	5,518,995	5,423,123
Additions to the operating fixed assets		
Owned Assets		
Building	804	-
Plant and machinery	1,393	385
Vehicles	2,509	24,382
Office and household equipment	10,529	3,973
Furniture and fittings	283	-
Leased Assets		
Vehicles	26,076	-
	41,594	28,740
Book value of disposals of operating fixed assets		
Plant and machinery	-	(23,000)
Vehicles	(4,699)	(576)
Office and household equipment	(581)	(1,178)
	(5,280)	(24,754)
Depreciation charge for three months	(193,573)	(196,889)
Net book amount at March 31	5,361,736	5,230,220

7. Long term investment in subsidiary company

This represents 500,001 (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 three months ended March 31, 2013

8. Other receivables

These include following balances due from related parties:

	March 31, 2013	Rs '000 December 31, 2012
Due from holding company / associated companies	39,601	34,692
Due from subsidiary company	20,021	20,021
Due from employees retirement benefit plans	187,546	188,724

9. Trade and other payables

These include following balances due to related parties:

Due to holding company / associated companies	663,602	634,053
Due to employees retirement benefit plans	119,707	96,908

10. Short term running finance

Short term finance facilities available under mark-up arrangements with banks amount to Rs 5,350 million (2012: Rs 5,350 million), out of which the amount unavailed at the period end was Rs 5,350 million (2012: Rs 4,112 million). These facilities are secured by hypothecation of stock-in-trade. The mark-up ranges between 9.52% and 10.11% (2012: 9.88% and 13.14%) per annum and is payable quarterly. The facilities are renewable on an annual basis.

	March 31, 2013	Rs '000 December 31, 2012
11. Contingencies and commitments		
11.1 Contingencies		
Claims and guarantees		
(i) Claims against the Company not acknowledged as debt	131,800	131,800
(ii) Guarantees issued by banks on behalf of the Company	159,447	149,447
11.2 Commitments		
(i) Capital expenditure commitments outstanding	16,727	-
(ii) Letters of credit outstanding	883,705	686,815

12. Post balance sheet event

The Board of Directors in its meeting held on April 19, 2013 has declared the first interim dividend of Rs 2.00 per share (2012 : Rs 1.25 per share). This interim dividend of Rs 510,988 thousand (2012 : Rs 319,367 thousand) and the final dividend for the year ended December 31, 2012 of Rs 830,355 thousand (2011 : Rs 255,494 thousand) as proposed by the Board of Directors in their meeting on February 20, 2013 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".

Selected notes to and forming part of the Condensed Interim Financial Information (Unaudited)

for the three months ended March 31, 2013

13. Transactions with related parties

	March 31, 2013	Rs '000 March 31, 2012
Purchase of goods and services		
Holding company	88,859	57,926
Associated companies	349,987	383,779
Sale of goods and services		
Holding company	3,361	-
Associated companies	22,762	86,834
Royalty charge		
Holding company	108,475	93,607
Expenses reimbursed by		
Associated companies	-	122
Contribution to retirement benefit plans by the Company		
Staff pension fund	17,333	19,201
Defined contribution pension fund	7,043	4,444
Employee gratuity fund	12,718	10,157
Management provident fund	11,997	11,086
Employee provident fund	3,151	3,726

14. Basis for presentation of interim financial information

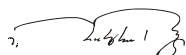
This condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi, Lahore and Islamabad stock exchanges.

15. Date of authorisation

This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on April 19, 2013.



Graeme Amey
Managing Director and CEO



Mobasher Raza
Finance Director

Consolidated Condensed Interim Profit and Loss Account (Unaudited)

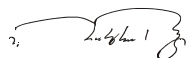
for the three months ended March 31, 2013

	Note	Jan - March 2013	Rs '000 Jan - March 2012
Gross turnover		22,423,592	17,705,137
Excise duties		(11,471,006)	(9,118,820)
Sales tax		(3,206,279)	(2,529,173)
Net turnover		7,746,307	6,057,144
Cost of sales	4	(5,026,968)	(4,196,791)
Gross profit		2,719,339	1,860,353
Selling and distribution expenses		(597,493)	(897,000)
Administrative expenses		(331,722)	(329,749)
Other operating expenses	5	(136,537)	(50,816)
Other operating income		20,985	8,585
		(1,044,767)	(1,268,980)
Operating profit		1,674,572	591,373
Finance income		13,155	1,085
Finance cost		(14,816)	(40,872)
Net finance cost		(1,661)	(39,787)
Profit before income tax		1,672,911	551,586
Income tax expense - current		(614,219)	(236,030)
- deferred		28,946	44,087
		(585,273)	(191,943)
Profit for the period		1,087,638	359,643
Earnings per share - basic and diluted (Rupees)		4.26	1.40

The annexed notes 1 to 14 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 Comprehensive Income (Unaudited)

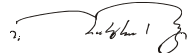
for the three months ended March 31, 2013

	Jan - March 2013	Rs '000 Jan - March 2012
Profit for the three months	1,087,638	359,643
Other comprehensive income for the three months	-	-
Total comprehensive income for the three months	1,087,638	359,643

The annexed notes 1 to 14 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)

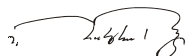
as at March 31, 2013

	Note	March 31, 2013	Rs '000 December 31, 2012
Non current assets			
Property, plant and equipment	6	5,566,213	5,720,009
Long term loans		212	457
Long term deposits and prepayments		19,962	20,286
		5,586,387	5,740,752
Current assets			
Stock-in-trade		6,182,937	7,225,301
Stores and spares		415,670	341,855
Trade debts		1,193	1,073
Loans and advances		105,273	68,632
Short term prepayments		118,384	99,509
Other receivables	7	248,969	267,675
Cash and bank balances		1,228,717	139,030
		8,301,143	8,143,075
Current liabilities			
Trade and other payables	8	7,053,154	6,991,938
Short term running finance	9	-	1,237,772
Finance lease obligation		52,698	50,009
Accrued interest / mark-up		10,377	40,880
Current income tax liability		414,302	268,912
		7,530,531	8,589,511
Net current assets / (liabilities)		770,612	(446,436)
Non current liabilities			
Deferred income tax liability		(1,061,947)	(1,090,892)
Finance lease obligation		(100,014)	(96,024)
		(1,161,961)	(1,186,916)
Net assets		5,195,038	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		2,640,100	1,552,462
Shareholders' equity		5,195,038	4,107,400
Contingencies and commitments	10		

The annexed notes 1 to 14 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)

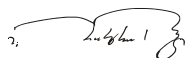
for the three months ended March 31, 2013

	March 31, 2013	Rs '000 March 31, 2012
Cash flows from operating activities		
Cash receipts from customers	22,423,472	17,704,953
Cash paid to Government for Federal excise duty, Sales tax and other levies	(14,584,272)	(10,748,116)
Cash paid to suppliers, employees and others	(4,859,523)	(4,681,727)
Finance cost paid	(45,319)	(49,850)
Cash paid as royalty	(104,730)	(90,198)
Income tax paid	(468,829)	(70,904)
Other cash receipts / payments	7,341	(720)
	2,368,140	2,063,438
Cash flows from investing activities		
Additions in property, plant and equipment	(45,057)	(14,080)
Proceeds from disposal of property, plant and equipment	8,820	28,425
Finance income received	13,155	1,086
	(23,082)	15,431
Cash flows from financing activities		
Dividends paid	(2,136)	(71)
Finance lease payments	(15,463)	-
	(17,599)	(71)
Increase in cash and cash equivalents	2,327,459	2,078,798
Cash and cash equivalents at January 1	(1,098,742)	(1,673,992)
Cash and cash equivalents at March 31	1,228,717	404,806
Cash and cash equivalents comprise:		
Cash and bank balances	1,228,717	404,806
	1,228,717	404,806

The annexed notes 1 to 14 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)

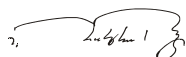
as at March 31, 2013

	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 three months	-	359,643	359,643
Balance at March 31, 2012	2,554,938	1,138,640	3,693,578
Balance at January 1, 2013	2,554,938	1,552,462	4,107,400
Total comprehensive income for the three months	-	1,087,638	1,087,638
Balance at March 31, 2013	2,554,938	2,640,100	5,195,038

The annexed notes 1 to 14 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 three months ended March 31, 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 consolidated condensed interim financial information of the Group for the three months period ended March 31, 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

	Jan - March 2013	Rs '000 Jan - March 2012
Raw materials consumed		
Opening stock of raw materials and work in process	6,177,047	5,376,669
Raw material purchases and expenses	2,869,785	2,457,945
Closing stock of raw materials and work in process	(4,892,516)	(4,093,201)
	4,154,316	3,741,413
Excise duty, Customs duty and tobacco development cess	194,725	176,673
Royalty	108,475	93,607
Production overheads	811,618	689,970
Cost of goods manufactured	5,269,134	4,701,663
Cost of finished goods:		
Opening stock	1,048,254	1,085,661
Closing stock	(1,290,420)	(1,590,533)
	(242,166)	(504,872)
	5,026,968	4,196,791

Selected notes to and forming part of the Consolidated Condensed Interim Financial Information (Unaudited) for the three months ended March 31, 2013

	Jan- March 2013	Rs '000 Jan-March 2012
5. Other operating expenses		
Workers' Profit Participation Fund	89,933	29,735
Workers' Welfare Fund	35,810	13,386
Bank charges and fees	10,649	6,604
Provision for doubtful debts	120	-
Interest paid to Workers' Profit Participation Fund	25	-
Foreign exchange loss	-	1,091
	136,537	50,816
	March 31, 2013	December 31, 2012
6. Property, plant and equipment		
Operating fixed assets - note 6.1	5,365,100	5,522,359
Capital work in progress	201,113	197,650
	5,566,213	5,720,009
	Three months ended March 31, 2013	March 31, 2012
6.1 Movement in operating fixed assets		
Net book amount at January 1	5,522,359	5,426,487
Additions to the operating fixed assets		
Owned Assets		
Building	804	-
Plant and machinery	1,393	385
Vehicles	2,509	24,382
Office and household equipment	10,529	3,973
Furniture and fittings	283	-
Leased Assets		
Vehicles	26,076	-
	41,594	28,740
Book value of disposals of operating fixed assets		
Plant and machinery	-	(23,000)
Vehicles	(4,699)	(576)
Office and household equipment	(581)	(1,178)
	(5,280)	(24,754)
Depreciation charge for three months	(193,573)	(196,889)
Net book amount at March 31	5,365,100	5,233,584

Selected notes to and forming part of the Consolidated Condensed Interim Financial Information (Unaudited) for the three months ended March 31, 2013

7. Other receivables

These include following balances due from related parties:

	March 31, 2013	Rs '000 December 31, 2012
Due from holding company / associated companies	39,601	34,692
Due from employees retirement benefit plans	187,546	188,724

8. Trade and other payables

These include following balances due to related parties:

Due to holding company / associated companies	663,602	634,053
Due to employees retirement benefit plans	119,707	96,908

9. Short term running finance

Short term finance facilities available under mark-up arrangements with banks amount to Rs 5,350 million (2012: Rs 5,350 million), out of which the amount unavailed at the period end was Rs 5,350 million (2012: Rs 4,112 million). These facilities are secured by hypothecation of stock-in-trade. The mark-up ranges between 9.52% and 10.11% (2012: 9.88% and 13.14%) per annum and is payable quarterly. The facilities are renewable on an annual basis.

	March 31, 2013	Rs '000 December 31, 2012
10. Contingencies and commitments		
10.1 Contingencies		
Claims and guarantees		
(i) Claims against the Company not acknowledged as debt	131,800	131,800
(ii) Guarantees issued by banks on behalf of the Company	159,447	149,447
10.2 Commitments		
(i) Capital expenditure commitments outstanding	16,727	-
(ii) Letters of credit outstanding	883,705	686,815

11. Post balance sheet event

The Board of Directors in its meeting held on April 19, 2013 has declared the first interim dividend of Rs 2.00 per share (2012 : Rs 1.25 per share). This interim dividend of Rs 510,988 thousand (2012 : Rs 319,367 thousand) and the final dividend for the year ended December 31, 2012 of Rs 830,355 thousand (2011 : Rs 255,494 thousand) as proposed by the Board of Directors in their meeting on February 20, 2013 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".

Selected notes to and forming part of the Consolidated Condensed Interim Financial Information (Unaudited) for the three months ended March 31, 2013

12. Transactions with related parties

	March 31, 2013	Rs '000 March 31, 2012
Purchase of goods and services		
Holding company	88,859	57,926
Associated companies	349,987	383,779
Sale of goods and services		
Holding company	3,361	-
Associated companies	22,762	86,834
Royalty charge		
Holding company	108,475	93,607
Expenses reimbursed by		
Associated companies	-	122
Contribution to retirement benefit plans by the Company		
Staff pension fund	17,333	19,201
Defined contribution pension fund	7,043	4,444
Employee gratuity fund	12,718	10,157
Management provident fund	11,997	11,086
Employee provident fund	3,151	3,726

13. Basis for presentation of interim financial information

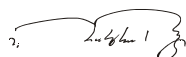
This consolidated condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi, Lahore and Islamabad stock exchanges.

14. Date of authorisation

This consolidated condensed interim financial information has been authorised for issue by the Board of Directors of the Group on April 19, 2013.



Graeme Amey
Managing Director and CEO



Mobasher Raza
Finance Director

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