



Shaping the Future...

Condensed Interim Financial Information
for the half year ended June 30, 2012

Corporate Information

Board of Directors

Mr. Mueen Afzal
Chairman and Non-Executive Director

Mr. Graeme Amey
Managing Director and CEO

Mr. Mobasher Raza
Deputy Managing Director and Finance Director

Mr. Mustanser Muhammad Ali Khan
Supply Chain Director

Mr. Feroze Ahmed
Strategy and Planning Director

Mr. Tajamal Shah
Legal Director

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

Mr. Syed Asif Shah
Non-Executive Director

Mr. Abid Niaz Hasan
Non-Executive Director

Audit Committee

Mr. Mueen Afzal

Mr. Abid Niaz Hasan

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

Mr. Syed Asif Shah

Mr. Imad Rahman (Secretary)

Company Secretary

Ms. Ayesha Rafique

Registered Office

Pakistan Tobacco Company Limited
Silver Square, Plot No. 15, F-11 Markaz,
Islamabad-44000.
Telephone: +92 (051) 2083200, 2083201
Fax: +92 (051) 2224216
Web: www.ptc.com.pk

Factories

Akora Khattak Factory
P.O. Akora Khattak
Tehsil and District Nowshera,
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 half of 2012. Despite numerous challenges in the shape of declining cigarette industry (down 7.4% vs. SPLY), growing illicit sector, high government levies, falling disposable incomes, power crisis and rising inflation, PTC has managed to increase market share and grow sales volume during first half of 2012.

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

	(Rs in million)		
	Jan-Jun, 2012	Jan-Jun, 2011	Change
Gross Turnover	38,563	33,838	+ 13.96%
Net Turnover	13,220	11,292	+ 17.08%
Cost of Sales	9,266	8,421	+ 10.03%
Gross Profit	3,954	2,871	+37.72%
Operating Profit	699	909	-23.05%
Profit before Tax - PBT	709	879	-19.37%
Profit after Tax - PAT	461	578	-20.21%
Earnings per Share - EPS (Rs)	1.81	2.26	-20.21%

In order to further strengthen our brands and support volume and share growth, PTC invested in various marketing initiatives including pack change for Capstan by Pall Mall Original (CbPMO) and Gold Flake, our major volume contributors. CbPMO continues to be our key growth driver achieving 17.2% market share during Jan-Jun 2012 while initiatives on Gold Flake have helped sustain its volume base. Furthermore, we continue to build consumer loyalty behind our premium offering by investing in Dunhill which resulted in the brand posting positive growth in shipment volumes vs. SPLY with a corresponding increase in its market share. Growth in sales volume and market share coupled with excise led price increase resulted in increased turnover for PTC with 17.08% growth in Net Turnover vs. SPLY.

Focusing on long-term growth and sustainability of its volumes, PTC invested heavily in its marketing initiatives during the first half of 2012. These marketing initiatives, though continuing to provide tangible volume and share growth results, have pushed our selling and administration expenses up by 42% vs. SPLY. Furthermore, our continued focus on modernization and productivity enhancement together with Government's decision to ban below 20's pack has resulted in machinery footprint modification and workforce rationalization. PTC offered a Voluntary Separation Scheme to the factory workforce with generous packages to ensure that we part with our members in a humane way, resulting in once-off costs related to headcount rationalization. Higher selling and administration expenses and workforce rationalization costs have decreased our operating profit by 23% vs. SPLY.

Our cost of sales has increased by 10.0% vs. SPLY driven mainly by increase in sales volume. We have absorbed inflationary effects on cost of sales through a number of cost saving and productivity improvement initiatives leading to enhanced gross profit: up by 37.72% vs SPLY.

PTC's contribution to the National Exchequer, comprising of Federal Excise Duty, Sales Tax, Custom Duty and Income Tax stood at Rs. 25.9 bn up 11.6% vs. SPLY. This increase is primarily attributed to higher sales volume and excise led price increase.

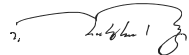
PTC is committed to contribute positively towards the society at large through investments in Corporate Social Responsibility initiatives. These initiatives include our flagship Afforestation Program and Mobile Dispensary Units, which were recognized through the award of 6th Corporate Social Responsibility National Excellence Award to PTC.

The growing scale of illicit trade and its rise in recent years continues to be a threat to the national exchequer. Illicit sector, if unchecked, will not only hamper government revenue growth but also jeopardize the viability of legitimate tobacco sector. We therefore, urge the Government to take necessary steps to ensure strict enforcement of the existing anti-illicit trade laws and curb this menace.

We continue to foresee numerous challenges such as continuing power crisis, rising inflation, volatile security situation, growing illicit trade, declining legitimate market and reducing disposable incomes. However, PTC focuses on enhancing shareholder value over the long-term through investments in sustainable growth and productivity initiatives while managing our competitive advantage, ensuring cost and business process controls.



Graeme Amey
Managing Director and CEO



Mobasher Raza
Finance Director

Auditor's Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Pakistan Tobacco Company Limited as at June 30, 2012 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the interim financial information for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for quarters ended June 30, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended June 30, 2012.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months period ended June 30, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants
Islamabad
Date: August 17, 2012

Engagement partner: Sohail M Khan

Condensed Interim Profit and Loss Account (Unaudited)

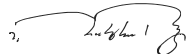
for the half year ended June 30, 2012

	Note	Rs '000			
		Quarter ended		Half year ended	
		June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Gross turnover		20,857,820	17,383,562	38,562,957	33,838,201
Excise duties		(10,713,908)	(9,013,073)	(19,832,728)	(17,499,618)
Sales tax		(2,980,799)	(2,589,565)	(5,509,972)	(5,046,637)
Net turnover		7,163,113	5,780,924	13,220,257	11,291,946
Cost of sales	4	(5,069,626)	(4,329,348)	(9,266,417)	(8,421,055)
Gross profit		2,093,487	1,451,576	3,953,840	2,870,891
Selling and distribution expenses		(823,023)	(706,543)	(1,720,023)	(1,211,283)
Administrative expenses		(378,943)	(381,420)	(708,692)	(685,384)
Other operating expenses	5	(805,429)	(37,838)	(856,245)	(83,514)
Other operating income		21,822	16,838	30,407	18,022
		(1,985,573)	(1,108,963)	(3,254,553)	(1,962,159)
Operating profit		107,914	342,613	699,287	908,732
Finance income		58,649	29,780	59,734	32,010
Finance cost		(9,362)	(17,056)	(50,234)	(61,686)
Net finance income / (cost)		49,287	12,724	9,500	(29,676)
Profit before income tax		157,201	355,337	708,787	879,056
Income tax expense - current		(26,007)	(149,019)	(262,037)	(365,990)
- deferred		(29,447)	28,433	14,640	65,216
		(55,454)	(120,586)	(247,397)	(300,774)
Profit for the period		101,747	234,751	461,390	578,282
Earnings per share - basic and diluted (Rupees)		0.40	0.92	1.81	2.26

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)

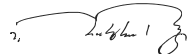
for the half year ended June 30, 2012

	Quarter ended		Half year ended	
	June 30,	June 30,	June 30,	June 30,
	2012	2011	2012	2011
				Rs '000
Profit for the half year	101,747	234,751	461,390	578,282
Other comprehensive income for the half year	-	-	-	-
Total comprehensive income for the half year	101,747	234,751	461,390	578,282

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



Graeme Amey
Managing Director and CEO



Mobasher Raza
Finance Director

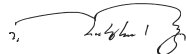
Condensed Interim Balance Sheet (Unaudited) as at June 30, 2012

	Note	June 30, 2012	Rs '000 December 31, 2011
Non current assets			
Property, plant and equipment	6	5,809,892	6,092,284
Long term investment in subsidiary company	7	5,000	5,000
Long term loans		903	1,260
Long term deposits and prepayments		23,421	22,640
		5,839,216	6,121,184
Current assets			
Stock-in-trade		3,777,607	6,462,330
Stores and spares		280,557	190,110
Trade debts		1,169	1,202
Loans and advances		84,371	64,310
Short term prepayments		80,455	94,052
Other receivables	8	335,123	196,249
Income tax paid in advance		78,181	79,419
Cash and bank balances		144,587	109,631
		4,782,050	7,197,303
Current liabilities			
Trade and other payables	9	4,788,651	7,067,704
Accrued interest / mark-up		9,613	51,187
Liability against assets subject to finance lease		27,274	-
Short term running finance	10	1,441,455	1,783,623
		6,266,993	8,902,514
Net current liabilities			
		(1,484,943)	(1,705,211)
Non current liabilities			
Deferred income tax liability		(1,067,398)	(1,082,038)
Liability against assets subject to finance lease		(66,411)	-
		(1,133,809)	(1,082,038)
Net assets			
		3,220,464	3,333,935
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		665,526	778,997
Shareholders' equity		3,220,464	3,333,935
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)

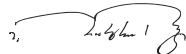
for the half year ended June 30, 2012

	Half year ended	
	June 30, 2012	June 30, 2011
Rs '000		
Cash flows from operating activities		
Cash receipts from customers	38,563,639	33,828,878
Cash paid to Government for Federal excise duty, Sales tax and other levies	(27,014,916)	(24,759,295)
Cash paid to suppliers, employees and others	(10,049,880)	(7,519,145)
Finance cost paid	(91,808)	(91,603)
Cash paid as royalty	(181,778)	(172,415)
Income tax paid	(260,799)	(140,899)
Other cash receipts	22,733	18,007
	987,191	1,163,528
Cash flows from investing activities		
Additions in property, plant and equipment	(232,809)	(160,084)
Proceeds from disposal of property, plant and equipment	135,568	5,886
Finance income received	59,734	32,010
	(37,507)	(122,188)
Cash flows from financing activities		
Dividends paid	(572,560)	(535,373)
	(572,560)	(535,373)
Increase in cash and cash equivalents	377,124	505,967
Cash and cash equivalents at January 1	(1,673,992)	(2,200,273)
Cash and cash equivalents at June 30	(1,296,868)	(1,694,306)
Cash and cash equivalents comprise:		
Cash and bank balances	144,587	73,496
Short term running finance	(1,441,455)	(1,767,802)
	(1,296,868)	(1,694,306)

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)

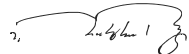
as at June 30, 2012

	Share capital	Revenue reserves	Rs '000 Total
Balance at January 1, 2011	2,554,938	1,047,149	3,602,087
Total comprehensive income for the half year	-	578,282	578,282
Transactions with owners:			
Final dividend of Rs 2.10 per share relating to the year ended December 31, 2010	-	(536,537)	(536,537)
Balance at June 30, 2011	2,554,938	1,088,894	3,643,832
Balance at January 1, 2012	2,554,938	778,997	3,333,935
Total comprehensive income for the half year	-	461,390	461,390
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 June 30, 2012	2,554,938	665,526	3,220,464

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 half year ended June 30, 2012

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 six months period ended June 30, 2012 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, 2011.

4. Cost of sales

	Quarter ended		Half year ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	Rs '000			
Raw materials consumed				
Opening stock of raw materials and work in process	4,093,201	4,276,412	5,376,669	5,318,558
Raw material purchases and expenses	1,900,034	2,373,202	4,357,979	4,555,533
Closing stock of raw materials and work in process	(3,232,457)	(3,045,583)	(3,232,457)	(3,045,583)
	2,760,778	3,604,031	6,502,191	6,828,508
Excise duty, Customs duty and tobacco development cess	123,013	141,948	299,686	268,638
Royalty	106,901	92,026	200,508	177,337
Production overheads	1,033,551	725,197	1,723,521	1,423,235
Cost of goods manufactured	4,024,243	4,563,202	8,725,906	8,697,718
Cost of finished goods:				
Opening stock	1,590,533	727,074	1,085,661	684,265
Closing stock	(545,150)	(960,928)	(545,150)	(960,928)
	1,045,383	(233,854)	540,511	(276,663)
	5,069,626	4,329,348	9,266,417	8,421,055

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

for the half year ended June 30, 2012

	Quarter ended		Half year ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	Rs '000			
5. Other operating expenses				
Employees' termination benefits	776,877	-	776,877	-
Workers' Profit Participation Fund	8,352	19,145	38,087	47,356
Workers' Welfare Fund	1,476	8,423	14,862	20,708
Bank charges and fees	12,630	8,186	19,234	13,327
Foreign exchange loss	2,736	2,084	3,827	2,123
Miscellaneous expenses	3,358	-	3,358	-
	805,429	37,838	856,245	83,514

	Half year ended	
	June 30, 2012	Dec 31, 2011
Rs '000		
6. Property, plant and equipment		
Operating assets - note 6.1	5,483,912	5,423,123
Capital work in progress	325,980	669,161
	5,809,892	6,092,284

	Half year ended	
	June 30, 2012	June 30, 2011
6.1 Movement in operating fixed assets		
Net book amount at January 1	5,423,123	5,621,915
Cost of additions		
Owned Assets		
Building	44,498	611
Plant and machinery	373,526	40,671
Vehicles	33,197	32,111
Office and household equipment	14,405	3,758
Furniture and fittings	147	2,054
Leased Assets		
Vehicles	110,217	-
	575,990	79,205
Book value of deletions		
Owned Assets		
Plant and machinery	(23,010)	-
Vehicles	(98,214)	(2,628)
Office and household equipment	(1,435)	(266)
	(122,659)	(2,894)
Depreciation charge for the half year	(392,542)	(388,617)
Net book amount at June 30	5,483,912	5,309,609

7. Long term investment in subsidiary company

This represents 500,001 (December 31, 2011: 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, 2011. 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 half year ended June 30, 2012

8. Other receivables

These include following balances due from related parties:

	June 30, 2012	Rs '000 December 31, 2011
Holding Company	9,078	5,055
Associated companies	28,444	129,371
Subsidiary company	20,021	20,021
Employees' retirement benefit plans	238,795	1,354

9. Trade and other payables

These include following balances due to related parties:

Holding Company	122,352	149,671
Associated companies	351,655	302,234
Employees' retirement benefit plans	52,190	205,704

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, 2011: Rs 5,350 million), out of which the amount unavailed at the half year end was Rs 3,909 million (December 31, 2011: Rs 3,566 million). These facilities are secured by hypothecation of stock-in-trade and plant & machinery amounting to Rs 5,940 million (December 31, 2011: Rs 5,940 million). The mark-up ranges between 12.33% and 13.14% (December 31, 2011: 12.42% and 14.79%) per annum and is payable quarterly. The facilities are renewable on annual basis.

11. Contingencies and commitments

11.1 Contingencies

Claims and guarantees

	June 30, 2012	Rs '000 December 31, 2011
(i) Claims not acknowledged as debt	131,800	131,800
(ii) Guarantees issued by banks on behalf of the Company	122,447	108,747

11.2 Commitments

(i) Capital expenditure commitments outstanding	167,113	-
(ii) Letters of credit outstanding	580,798	587,861

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

for the half year ended June 30, 2012

12. Transactions with related parties

	Quarter ended		Half year ended		Rs '000
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	
Purchase of goods and services					
Holding company	61,760	63,719	119,686	124,729	
Associated companies	357,907	337,109	741,686	661,590	
Sale of goods and services					
Holding company	8,490	3,961	8,490	3,961	
Associated companies	44,556	166,767	131,390	341,582	
Royalty charge					
Holding company	106,901	92,026	200,508	177,337	
Expenses charged by					
Holding company	589	627	589	627	
Associated companies	122	276	244	784	
Employees' retirement benefit plans - Expense					
Staff pension fund	19,201	17,636	38,402	35,272	
Staff defined contribution pension fund	5,360	3,638	9,804	6,822	
Employees' gratuity fund	10,157	8,434	20,314	16,871	
Management provident fund	12,428	11,696	23,514	21,977	
Employees' provident fund	5,658	3,748	9,384	7,480	
Remuneration of key management personnel	193,848	190,352	335,384	365,858	

13. Basis for presentation of interim financial information

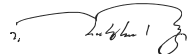
This condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi, Lahore and Islamabad stock exchanges. The figures for the half year ended June 30, 2012 have been reviewed by external auditors as required by the Code of Corporate Governance.

14. Date of authorisation

This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on August 17, 2012.



Graeme Amey
Managing Director and CEO



Mobasher Raza
Finance Director

Consolidated condensed Interim Profit and Loss Account (Unaudited)

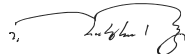
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Other operating expenses	5	(805,429)	(37,838)	(856,245)	(83,514)
Other operating income		21,822	16,838	30,407	18,022
		(1,985,573)	(1,108,963)	(3,254,553)	(1,962,159)
Operating profit		107,914	342,613	699,287	908,732
Finance income		58,649	29,780	59,734	32,010
Finance cost		(9,362)	(17,056)	(50,234)	(61,686)
Net finance income / (cost)		49,287	12,724	9,500	(29,676)
Profit before income tax		157,201	355,337	708,787	879,056
Income tax expense - current		(26,007)	(149,019)	(262,037)	(365,990)
- deferred		(29,447)	28,433	14,640	65,216
		(55,454)	(120,586)	(247,397)	(300,774)
Profit for the period		101,747	234,751	461,390	578,282
Earnings per share - basic and diluted (Rupees)		0.40	0.92	1.81	2.26

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 Comprehensive Income (Unaudited)

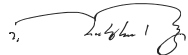
for the half year ended June 30, 2012

	Rs '000			
	Quarter ended		Half year ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Profit for the half year	101,747	234,751	461,390	578,282
Other comprehensive income for the half year	-	-	-	-
Total comprehensive income for the half year	101,747	234,751	461,390	578,282

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



Graeme Amey
Managing Director and CEO



Mobasher Raza
Finance Director

Consolidated condensed Interim Balance Sheet (Unaudited)

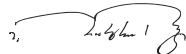
as at June 30, 2012

	Note	June 30, 2012	Rs '000 December 31, 2011
Non current assets			
Property, plant and equipment	6	5,834,940	6,117,332
Long term loans		903	1,260
Long term deposits and prepayments		23,421	22,640
		5,859,264	6,141,232
Current assets			
Stock-in-trade		3,777,607	6,462,330
Stores and spares		280,557	190,110
Trade debts		1,169	1,202
Loans and advances		84,371	64,310
Short term prepayments		80,455	94,052
Other receivables	7	315,102	176,228
Income tax paid in advance		78,181	79,419
Cash and bank balances		144,587	109,631
		4,762,029	7,177,282
Current liabilities			
Trade and other payables	8	4,788,678	7,067,731
Accrued interest / mark-up		9,613	51,187
Liability against assets subject to finance lease		27,274	-
Short term running finance	9	1,441,455	1,783,623
		6,267,020	8,902,541
Net current liabilities			
		(1,504,991)	(1,725,259)
Non current liabilities			
Deferred income tax liability		(1,067,398)	(1,082,038)
Liability against assets subject to finance lease		(66,411)	-
		(1,133,809)	(1,082,038)
Net assets			
		3,220,464	3,333,935
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			
		665,526	778,997
Shareholders' equity			
		3,220,464	3,333,935
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 half year ended June 30, 2012

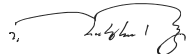
Rs '000

	Half year ended	
	June 30, 2012	June 30, 2011
Cash flows from operating activities		
Cash receipts from customers	38,563,639	33,828,878
Cash paid to Government for Federal excise duty, Sales tax and other levies	(27,014,916)	(24,759,295)
Cash paid to suppliers, employees and others	(10,049,880)	(7,519,145)
Finance cost paid	(91,808)	(91,603)
Cash paid as royalty	(181,778)	(172,415)
Income tax paid	(260,799)	(140,899)
Other cash receipts	22,733	18,007
	987,191	1,163,528
Cash flows from investing activities		
Additions in property, plant and equipment	(232,809)	(160,084)
Proceeds from disposal of property, plant and equipment	135,568	5,886
Finance income received	59,734	32,010
	(37,507)	(122,188)
Cash flows from financing activities		
Dividends paid	(572,560)	(535,373)
	(572,560)	(535,373)
Increase in cash and cash equivalents	377,124	505,967
Cash and cash equivalents at January 1	(1,673,992)	(2,200,273)
Cash and cash equivalents at June 30	(1,296,868)	(1,694,306)
Cash and cash equivalents comprise:		
Cash and bank balances	144,587	73,496
Short term running finance	(1,441,455)	(1,767,802)
	(1,296,868)	(1,694,306)

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)

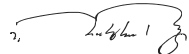
as at June 30, 2012

	Share capital	Revenue reserves	Rs '000 Total
Balance at January 1, 2011	2,554,938	1,047,149	3,602,087
Total comprehensive income for the half year	-	578,282	578,282
Transactions with owners:			
Final dividend of Rs 2.10 per share relating to the year ended December 31, 2010	-	(536,537)	(536,537)
Balance at June 30, 2011	2,554,938	1,088,894	3,643,832
Balance at January 1, 2012	2,554,938	778,997	3,333,935
Total comprehensive income for the half year	-	461,390	461,390
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 June 30, 2012	2,554,938	665,526	3,220,464

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 half year ended June 30, 2012

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 six months period ended June 30, 2012 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, 2011.

4. Cost of sales

	Quarter ended		Half year ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Raw materials consumed				
Opening stock of raw materials and work in process	4,093,201	4,276,412	5,376,669	5,318,558
Raw material purchases and expenses	1,900,034	2,373,202	4,357,979	4,555,533
Closing stock of raw materials and work in process	(3,232,457)	(3,045,583)	(3,232,457)	(3,045,583)
	2,760,778	3,604,031	6,502,191	6,828,508
Excise duty, Customs duty and tobacco development cess	123,013	141,948	299,686	268,638
Royalty	106,901	92,026	200,508	177,337
Production overheads	1,033,551	725,197	1,723,521	1,423,235
Cost of goods manufactured	4,024,243	4,563,202	8,725,906	8,697,718
Cost of finished goods:				
Opening stock	1,590,533	727,074	1,085,661	684,265
Closing stock	(545,150)	(960,928)	(545,150)	(960,928)
	1,045,383	(233,854)	540,511	(276,663)
	5,069,626	4,329,348	9,266,417	8,421,055

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

for the half year ended June 30, 2012

	Quarter ended		Half year ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	Rs '000			
5. Other operating expenses				
Employees' termination benefits	776,877	-	776,877	-
Workers' Profit Participation Fund	8,352	19,145	38,087	47,356
Workers' Welfare Fund	1,476	8,423	14,862	20,708
Bank charges and fees	12,630	8,186	19,234	13,327
Foreign exchange loss	2,736	2,084	3,827	2,123
Miscellaneous expenses	3,358	-	3,358	-
	805,429	37,838	856,245	83,514

	Rs '000	
	June 30, 2012	Dec 31, 2011
6. Property, plant and equipment		
Operating assets - note 6.1	5,487,276	5,426,487
Capital work in progress	347,664	690,845
	5,834,940	6,117,332

	Half year ended	
	June 30, 2012	June 30, 2011
6.1 Movement in operating fixed assets		
Net book amount at January 1	5,426,487	5,625,279
Cost of additions		
Owned Assets		
Building	44,498	611
Plant and machinery	373,526	40,671
Vehicles	33,197	32,111
Office and household equipment	14,405	3,758
Furniture and fittings	147	2,054
Leased Assets		
Vehicles	110,217	-
	575,990	79,205
Book value of deletions		
Owned Assets		
Plant and machinery	(23,010)	-
Vehicles	(98,214)	(2,628)
Office and household equipment	(1,435)	(266)
	(122,659)	(2,894)
Depreciation charge for the half year	(392,542)	(388,617)
Net book amount at June 30	5,487,276	5,312,973

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

for the half year ended June 30, 2012

7. Other receivables

These include following balances due from related parties:

	June 30, 2012	Rs '000 December 31, 2011
Holding Company	9,078	5,055
Associated companies	28,444	129,371
Employees' retirement benefit plans	238,795	1,354

8. Trade and other payables

These include following balances due to related parties:

Holding Company	122,352	149,671
Associated companies	351,655	302,234
Employees' retirement benefit plans	52,190	205,704

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, 2011: Rs 5,350 million), out of which the amount unavailed at the half year end was Rs 3,909 million (December 31, 2011: Rs 3,566 million). These facilities are secured by hypothecation of stock-in-trade and plant & machinery amounting to Rs 5,940 million (December 31, 2011: Rs 5,940 million). The mark-up ranges between 12.33% and 13.14% (December 31, 2011: 12.42% and 14.79%) per annum and is payable quarterly. The facilities are renewable on annual basis.

10. Contingencies and commitments

10.1 Contingencies

Claims and guarantees

	June 30, 2012	Rs '000 December 31, 2011
(i) Claims not acknowledged as debt	131,800	131,800
(ii) Guarantees issued by banks on behalf of the Company	122,447	108,747
10.2 Commitments		
(i) Capital expenditure commitments outstanding	167,113	-
(ii) Letters of credit outstanding	580,798	587,861

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

for the half year ended June 30, 2012

11. Transactions with related parties

	Quarter ended		Half year ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	Rs '000			
Purchase of goods and services				
Holding company	61,760	63,719	119,686	124,729
Associated companies	357,907	337,109	741,686	661,590
Sale of goods and services				
Holding company	8,490	3,961	8,490	3,961
Associated companies	44,556	166,767	131,390	341,582
Royalty charge				
Holding company	106,901	92,026	200,508	177,337
Expenses charged by				
Holding company	589	627	589	627
Associated companies	122	276	244	784
Employees' retirement benefit plans - Expense				
Staff pension fund	19,201	17,636	38,402	35,272
Staff defined contribution pension fund	5,360	3,638	9,804	6,822
Employees' gratuity fund	10,157	8,434	20,314	16,871
Management provident fund	12,428	11,696	23,514	21,977
Employees' provident fund	5,658	3,748	9,384	7,480
Remuneration of key management personnel	193,848	190,352	335,384	365,858

12. Basis for presentation of interim financial information

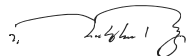
This consolidated condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi, Lahore and Islamabad stock exchanges.

13. Date of authorisation

This consolidated condensed interim financial information has been authorised for issue by the Board of Directors of the Group on August 17, 2012.



Graeme Amey
Managing Director and CEO



Mobasher Raza
Finance Director

www.ptc.com.pk

Pakistan Tobacco Company Limited

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