

Condensed Interim Financial Information
for the half year ended June 30, 2013



Sustaining Seasons

65 Years and Counting...

Corporate Information

Board of Directors

Mueen Afzal
Chairman and Non-Executive Director

Graeme Amey
Managing Director and CEO

Mobasher Raza
Deputy Managing Director and Finance Director

Mustanser Muhammad Ali Khan
Supply Chain Director

Feroze Ahmed
Strategy and Planning Director

Tajamal Shah
Legal Director

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

Syed Asif Shah
Non-Executive Director

Abid Niaz Hasan
Non-Executive Director

Audit Committee

Mueen Afzal

Abid Niaz Hasan

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

Syed Asif Shah

Imad Rahman (Secretary)

Company Secretary

Ayesha Rafique

Registered Office

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

Factories

Akora Khattak Factory
P.O. Akora Khattak
Tehsil and District Nowshera,
Khyber Pakhtunkhwa
Telephone: +92 (0923) 630901-11
Fax: +92 (0923) 510792

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

Bankers

Barclays Bank PLC
Citibank N.A.
Deutsche Bank
Habib Bank Limited
HSBC Bank Middle East Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Ltd.
United Bank Limited

Auditors

A.F. Ferguson & Co.
Chartered Accountants
3rd Floor, PIA Building
49 Blue Area, P.O. Box 3021
Islamabad-44000
Telephone: +92 (051) 2273457-60
Fax: +92 (051) 2277924

Share Registrar

FAMCO Associates (Pvt.) Ltd.
State Life Building No.1-A, 1st Floor,
I.I. Chundrigar Road
Karachi
Ph: +92 (021) 32420755, 32427012

Directors' Review

The Directors present the performance of Pakistan Tobacco Company Limited (PTC) for the half year ended June 30, 2013.

In difficult times of unstable security environment, inflationary & fiscal pressures, currency depreciation & unabated power crisis, the cigarette industry has shown resilience with PTC improving its market share in H1'13 vs. SPLY.

Key financial indicators of PTC for 1st Half 2013 are:

	(Rs in million)	
	Jan-Jun, 2013	Jan-Jun, 2012
Gross Turnover	46,967	38,563
Net Turnover	16,226	13,220
Cost Of Sales	10,722	9,266
Gross Profit	5,504	3,954
Operating Profit	3,031	699
Profit Before Tax – PBT	3,111	709
Profit After Tax – PAT	2,091	461
Earnings Per Share – EPS (Rs)	8.18	1.81

In line with sales trends for Q1'13, speculative buying in the wake of excise increase continued in Q2 resulting in an overall H1'13 sales volume growth vs. SPLY. The sales trend is expected to normalize post federal budget announcement & excise increase. During June 2013, Government introduced new excise structure with absolute weighted average excise increase of 15% for the Tobacco Industry. This excise increase led PTC to take an unprecedented weighted average price increase of 15% across our portfolio. Impact of above inflation price increase will only be visible to us in the coming months.

Marketing initiatives during the H1 included Limited Edition Pack launch for John Player Gold Leaf in Premium segment and Gold Flake Style, a new variant, launch in Value for Money (VFM) segment to enhance our brand equity & to strengthen PTC's foothold in these segments. Moreover, PTC has continued to support Capstan by Pall Mall Original as the key Value for Money (VFM) offer in the market.

Increase in cost of sales (up by 15.7% vs. SPLY) is primarily due to higher sales volume and inflation. Net increase in cost of sales due to inflationary pressures was restricted below reported inflation numbers resulting in gross profit margin increase of 1.5% vs. SPLY. Lower than inflationary increase is attributed to multiple cost savings & productivity initiatives aimed at rationalizing our cost base.

PTC continues to be a significant contributor to the National Exchequer with our contributions amounting to Rs.32bn during H1'13 (up 23.1% vs. SPLY), primarily driven by excise duty, sales tax, corporate tax & custom duties.

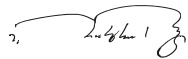
PTC has always highlighted the revenue loss to the country due to Illicit sector, as this sector continues to be a threat to the sustainability of the legitimate cigarette industry &

Government revenues. Inflationary pressures in our economy have resulted in declining disposable incomes which in turn has led to consumer down trading from VFM and Low legitimate brands to the ultra-low priced tax evaded brands. Furthermore, weak enforcement and non-compliance to the mandated pictorial health warning has also fuelled the overall illicit sector growth to 9.1% vs. SPLY. We strongly urge the Government to take immediate notice and intensify its enforcement drive to reign in the activities of the illicit sector.

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



Graeme Amey
Managing Director and CEO



Mobasher Raza
Finance Director

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, 2013 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, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended June 30, 2013.

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, 2013 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 15, 2013

Engagement partner: Sohail M Khan

Condensed Interim Profit and Loss Account (Unaudited)

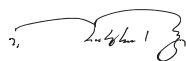
for the half year ended June 30, 2013

	Note	Rs '000			
		Quarter ended		Half year ended	
		June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Gross turnover		24,543,341	20,857,820	46,966,933	38,562,957
Excise duties		(12,556,036)	(10,713,908)	(24,027,042)	(19,832,728)
Sales tax		(3,507,948)	(2,980,799)	(6,714,227)	(5,509,972)
Net turnover		8,479,357	7,163,113	16,225,664	13,220,257
Cost of sales	4	(5,694,552)	(5,069,626)	(10,721,520)	(9,266,417)
Gross profit		2,784,805	2,093,487	5,504,144	3,953,840
Selling and distribution expenses		(976,954)	(823,023)	(1,574,447)	(1,720,023)
Administrative expenses		(418,033)	(378,943)	(749,755)	(708,692)
Other operating expenses	5	(118,212)	(805,429)	(254,749)	(856,245)
Other operating income		84,629	21,822	105,614	30,407
		(1,428,570)	(1,985,573)	(2,473,337)	(3,254,553)
Operating profit		1,356,235	107,914	3,030,807	699,287
Finance income		91,294	58,649	104,449	59,734
Finance cost		(8,996)	(9,362)	(23,812)	(50,234)
Net finance income		82,298	49,287	80,637	9,500
Profit before income tax		1,438,533	157,201	3,111,444	708,787
Income tax expense - current		(478,543)	(26,007)	(1,092,762)	(262,037)
- deferred		43,237	(29,447)	72,183	14,640
		(435,306)	(55,454)	(1,020,579)	(247,397)
Profit for the period		1,003,227	101,747	2,090,865	461,390
Earnings per share - basic and diluted (Rupees)		3.93	0.40	8.18	1.81

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)

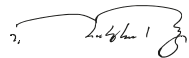
for the half year ended June 30, 2013

	Rs '000			
	Quarter ended		Half year ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Profit for the period	1,003,227	101,747	2,090,865	461,390
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1,003,227	101,747	2,090,865	461,390

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)

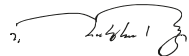
as at June 30, 2013

	Note	June 30, 2013	Rs '000 December 31, 2012
Non current assets			
Property, plant and equipment	6	5,666,118	5,694,961
Long term investment in subsidiary company	7	5,000	5,000
Long term loans		130	457
Long term deposits and prepayments		20,184	20,286
		5,691,432	5,720,704
Current assets			
Stock-in-trade		4,239,984	7,225,301
Stores and spares		498,295	341,855
Trade debts		1,134	1,073
Loans and advances		84,921	68,632
Short term prepayments		78,138	99,509
Other receivables	8	280,841	287,696
Short term investment		776,001	-
Cash and bank balances		152,146	139,030
		6,111,460	8,163,096
Current liabilities			
Trade and other payables	9	4,833,875	6,991,911
Short term running finance	10	83,743	1,237,772
Finance lease obligation		62,070	50,009
Accrued interest / mark-up		5,753	40,880
Current income tax liability		791,466	268,912
		5,776,907	8,589,484
Net current assets/(liabilities)		334,553	(426,388)
Non current liabilities			
Deferred income tax liability		(1,018,710)	(1,090,892)
Finance lease obligation		(150,353)	(96,024)
		(1,169,063)	(1,186,916)
Net assets		4,856,922	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		2,301,984	1,552,462
Shareholders' equity		4,856,922	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 half year ended June 30, 2013

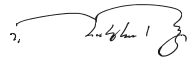
Rs '000

	Half year ended	
	June 30, 2013	June 30, 2012
Cash flows from operating activities		
Cash receipts from customers	47,042,117	38,563,639
Cash paid to Government for Federal excise duty, Sales tax and other levies	(33,429,813)	(27,014,916)
Cash paid to suppliers, employees and others	(9,407,077)	(10,143,564)
Finance cost paid	(58,939)	(91,808)
Cash paid as royalty	(211,020)	(181,778)
Income tax paid	(570,208)	(260,799)
Other cash receipts	78,178	22,733
	3,443,238	893,507
Cash flows from investing activities		
Additions in property, plant and equipment	(257,378)	(122,592)
Proceeds from disposal of property, plant and equipment	40,489	135,568
Finance income received	104,449	59,734
	(112,440)	72,710
Cash flows from financing activities		
Dividends paid	(1,339,614)	(572,560)
Finance lease payments	(48,038)	(16,533)
	(1,387,652)	(589,093)
Increase in cash and cash equivalents	1,943,146	377,124
Cash and cash equivalents at January 1	(1,098,742)	(1,673,992)
Cash and cash equivalents at June 30	844,404	(1,296,868)
Cash and cash equivalents comprise:		
Short term investment	776,001	-
Cash and bank balances	152,146	144,587
Short term running finance	(83,743)	(1,441,455)
	844,404	(1,296,868)

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)

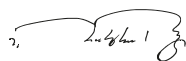
for the half year ended June 30, 2013

	Share capital	Revenue reserves	Rs '000 Total
Balance at January 1, 2012	2,554,938	778,997	3,333,935
Total comprehensive income for the 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
Balance at January 1, 2013	2,554,938	1,552,462	4,107,400
Total comprehensive income for the half year	-	2,090,865	2,090,865
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)
		(1,341,343)	(1,341,343)
Balance at June 30, 2013	2,554,938	2,301,984	4,856,922

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 half year ended June 30, 2013

1. Legal status and operations

Pakistan Tobacco Company Limited (the Company) is a public listed company incorporated in Pakistan on November 18, 1947 under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are quoted on the Karachi, Lahore and Islamabad stock exchanges of Pakistan. The Company is a subsidiary of British American Tobacco (Investments) Limited, United Kingdom, whereas its ultimate parent company is British American Tobacco p.l.c, United Kingdom. The registered office of the Company is situated at Silver Square, Plot No. 15, F-11 Markaz, Islamabad. The Company is engaged in the manufacture and sale of cigarettes.

2. Basis of preparation

This condensed interim financial information of the Company for the six months period ended June 30, 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. Accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2012.

4. Cost of sales

	Quarter ended		Half year ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Raw materials consumed				
Opening stock of raw materials and work in process	4,892,516	4,093,201	6,177,047	5,376,669
Raw material purchases and expenses	2,450,397	1,900,034	5,319,592	4,357,979
Closing stock of raw materials and work in process	(3,494,396)	(3,232,457)	(3,494,396)	(3,232,457)
	3,848,517	2,760,778	8,002,243	6,502,191
Excise duty, Customs duty and tobacco development cess	143,914	123,013	338,639	299,686
Royalty	120,585	106,901	229,650	200,508
Production overheads	1,036,704	1,033,551	1,848,322	1,723,521
Cost of goods manufactured	5,149,720	4,024,243	10,418,854	8,725,906
Cost of finished goods:				
Opening stock	1,290,420	1,590,533	1,048,254	1,085,661
Closing stock	(745,588)	(545,150)	(745,588)	(545,150)
	544,832	1,045,383	302,666	540,511
	5,694,552	5,069,626	10,721,520	9,266,417

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

for the half year ended June 30, 2013

	Rs '000			
	Quarter ended		Half year ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
5. Other operating expenses				
Employees' termination benefits	-	776,877	-	776,877
Workers' Profit Participation Fund	77,279	8,352	167,212	38,087
Workers' Welfare Fund	29,767	1,476	65,577	14,862
Bank charges and fees	11,286	12,630	21,935	19,234
Interest paid to Workers' Profit Participation Fund	-	-	25	-
Foreign exchange loss	-	2,736	-	3,827
Miscellaneous expenses	(120)	3,358	-	3,358
	118,212	805,429	254,749	856,245
			June 30, 2013	December 31,2012
6. Property, plant and equipment				
Operating fixed assets - note 6.1			5,324,683	5,518,995
Capital work in progress			341,435	175,966
			5,666,118	5,694,961
			June 30, 2013	June 30, 2012
6.1 Movement in operating fixed assets				
Net book amount at January 1			5,518,995	5,423,123
Cost of additions				
Owned Assets				
Building			5,473	44,498
Plant and machinery			47,101	373,526
Vehicles			3,079	33,197
Office and household equipment			39,985	14,405
Furniture and fittings			1,172	147
Leased Assets				
Vehicles			109,526	110,217
			206,336	575,990
Book value of deletions				
Owned Assets				
Building			(1,195)	-
Plant and machinery			(60)	(23,010)
Vehicles			(13,296)	(98,214)
Office and household equipment			(641)	(1,435)
			(15,192)	(122,659)
Depreciation charge for the half year			(385,456)	(392,542)
Net book amount at June 30			5,324,683	5,483,912

7. Long term investment in subsidiary company

This represents 500,001 (December 31, 2012: 500,001) fully paid ordinary shares of Rs 10 each in Phoenix (Private) Limited. The break up value of shares calculated by reference to net assets worked out to be Rs 10 per share based on audited financial statements for the year ended December 31, 2012. This is a wholly owned subsidiary of the Company which has not yet commenced commercial production.

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

for the half year ended June 30, 2013

8. Other receivables

These include following balances due from related parties:

	June 30, 2013	Rs '000 December 31, 2012
Holding Company	4,959	4,434
Associated companies	46,146	30,258
Subsidiary company	20,021	20,021
Employees retirement benefit plans	180,110	188,724

9. Trade and other payables

These include following balances due to related parties:

Holding Company	128,273	115,510
Associated companies	640,267	518,543
Employees retirement benefit plans	110,915	96,908

10. Short term running finance

Short term running finance facilities available under mark-up arrangements with banks amount to Rs 5,350 million (December 31, 2012: Rs 5,350 million), out of which the amount unavailed at the half year end was Rs 5,266 million (December 31, 2012: Rs 4,112 million). These facilities are secured by hypothecation of stock-in-trade and plant & machinery amounting to Rs 5,940 million (December 31, 2012: Rs 5,940 million). The mark-up ranges between 9.52% and 10.46% (December 31, 2012: 9.88% and 13.14%) per annum and is payable quarterly. The facilities are renewable on annual basis.

	June 30, 2013	Rs '000 December 31, 2012
11. Contingencies and commitments		
11.1 Contingencies		
Claims and guarantees		
(i) Claims not acknowledged as debt	131,800	131,800
(ii) Guarantees issued by banks on behalf of the Company	159,447	149,447
11.2 Commitments		
(i) Capital expenditure commitments outstanding	271,611	-
(ii) Letters of credit outstanding	758,239	686,815

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

for the half year ended June 30, 2013

12. Post balance sheet event

The Board of Directors in their meeting held on August 15, 2013 has declared the second interim dividend of Rs 2.00 per share (2012: Rs nil). This interim dividend of Rs 510,988 thousand (2012: 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

	Quarter ended		Half year ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	Rs '000			
Purchase of goods and services				
Holding company	86,872	62,349	175,731	120,275
Associated companies	593,851	358,029	943,838	741,930
Sale of goods and services				
Holding company	4,886	8,490	8,247	8,490
Associated companies	50,401	44,556	73,163	131,390
Royalty charge				
Holding company	121,175	106,901	229,650	200,508
Employees retirement benefit plans - Expense				
Staff pension fund	17,334	19,201	34,667	38,402
Staff defined contribution pension fund	8,821	5,360	15,864	9,804
Employees' gratuity fund	12,713	10,157	25,431	20,314
Management provident fund	13,496	12,428	25,493	23,514
Employees' provident fund	3,157	5,658	6,308	9,384
Remuneration of key management personnel	167,525	193,848	310,290	335,384

14. Basis for presentation of interim financial information

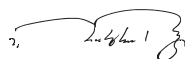
This condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi, Lahore and Islamabad stock exchanges. The figures for the half year ended June 30, 2013 have been reviewed by external auditors as required by the Code of Corporate Governance.

15. Date of authorisation

This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on August 15, 2013.



Graeme Amey
Managing Director and CEO



Mobasher Raza
Finance Director

Consolidated Condensed Interim Profit and Loss Account (Unaudited)

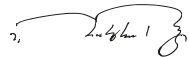
for the half year ended June 30, 2013

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Other operating expenses	5	(118,212)	(805,429)	(254,749)	(856,245)
Other operating income		84,629	21,822	105,614	30,407
		(1,428,570)	(1,985,573)	(2,473,337)	(3,254,553)
Operating profit		1,356,235	107,914	3,030,807	699,287
Finance income		91,294	58,649	104,449	59,734
Finance cost		(8,996)	(9,362)	(23,812)	(50,234)
Net finance income		82,298	49,287	80,637	9,500
Profit before income tax		1,438,533	157,201	3,111,444	708,787
Income tax expense - current		(478,543)	(26,007)	(1,092,762)	(262,037)
- deferred		43,237	(29,447)	72,183	14,640
		(435,306)	(55,454)	(1,020,579)	(247,397)
Profit for the period		1,003,227	101,747	2,090,865	461,390
Earnings per share - basic and diluted (Rupees)		3.93	0.40	8.18	1.81

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)

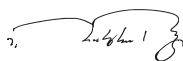
for the half year ended June 30, 2013

	Rs '000			
	Quarter ended		Half year ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Profit for the period	1,003,227	101,747	2,090,865	461,390
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1,003,227	101,747	2,090,865	461,390

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

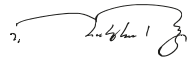
Consolidated Condensed Interim Balance Sheet (Unaudited) as at June 30, 2013

	Note	June 30, 2013	Rs '000 December 31, 2012
Non current assets			
Property, plant and equipment	6	5,691,166	5,720,009
Long term loans		130	457
Long term deposits and prepayments		20,184	20,286
		5,711,480	5,740,752
Current assets			
Stock-in-trade		4,239,984	7,225,301
Stores and spares		498,295	341,855
Trade debts		1,134	1,073
Loans and advances		84,921	68,632
Short term prepayments		78,138	99,509
Other receivables	7	260,820	267,675
Short term investment		776,001	-
Cash and bank balances		152,146	139,030
		6,091,439	8,143,075
Current liabilities			
Trade and other payables	8	4,833,902	6,991,938
Short term running finance	9	83,743	1,237,772
Finance lease obligation		62,070	50,009
Accrued interest / mark-up		5,753	40,880
Current income tax liability		791,466	268,912
		5,776,934	8,589,511
Net current assets/(liabilities)		314,505	(446,436)
Non current liabilities			
Deferred income tax liability		(1,018,710)	(1,090,892)
Finance lease obligation		(150,353)	(96,024)
		(1,169,063)	(1,186,916)
Net assets		4,856,922	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		2,301,984	1,552,462
Shareholders' equity		4,856,922	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 half year ended June 30, 2013

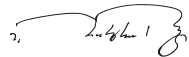
Rs '000

	Half year ended	
	June 30, 2013	June 30, 2012
Cash flows from operating activities		
Cash receipts from customers	47,042,117	38,563,639
Cash paid to Government for Federal excise duty, Sales tax and other levies	(33,429,813)	(27,014,916)
Cash paid to suppliers, employees and others	(9,407,077)	(10,143,564)
Finance cost paid	(58,939)	(91,808)
Cash paid as royalty	(211,020)	(181,778)
Income tax paid	(570,208)	(260,799)
Other cash receipts	78,178	22,733
	3,443,238	893,507
Cash flows from investing activities		
Additions in property, plant and equipment	(257,378)	(122,592)
Proceeds from disposal of property, plant and equipment	40,489	135,568
Finance income received	104,449	59,734
	(112,440)	72,710
Cash flows from financing activities		
Dividends paid	(1,339,614)	(572,560)
Finance lease payments	(48,038)	(16,533)
	(1,387,652)	(589,093)
Increase in cash and cash equivalents	1,943,146	377,124
Cash and cash equivalents at January 1	(1,098,742)	(1,673,992)
Cash and cash equivalents at June 30	844,404	(1,296,868)
Cash and cash equivalents comprise:		
Short term investment	776,001	-
Cash and bank balances	152,146	144,587
Short term running finance	(83,743)	(1,441,455)
	844,404	(1,296,868)

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)

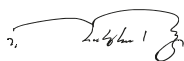
for the half year ended June 30, 2013

	Share capital	Revenue reserves	Rs '000 Total
Balance at January 1, 2012	2,554,938	778,997	3,333,935
Total comprehensive income for the 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
Balance at January 1, 2013	2,554,938	1,552,462	4,107,400
Total comprehensive income for the half year	-	2,090,865	2,090,865
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)
		(1,341,343)	(1,341,343)
Balance at June 30, 2013	2,554,938	2,301,984	4,856,922

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 half year ended June 30, 2013

1. Legal status and operations

Pakistan Tobacco Company Limited (the Company) is a public listed company incorporated in Pakistan on November 18, 1947 under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are quoted on the Karachi, Lahore and Islamabad stock exchanges of Pakistan. The Company is a subsidiary of British American Tobacco (Investments) Limited, United Kingdom, whereas its ultimate parent company is British American Tobacco p.l.c, United Kingdom. The registered office of the Company is situated at Silver Square, Plot No. 15, F-11 Markaz, Islamabad. The Company is engaged in the manufacture and sale of cigarettes.

Phoenix (Private) Limited (PPL) is a private company incorporated on March 9, 1992 in Azad Jammu and Kashmir under the Companies Ordinance 1984. The registered office of the PPL is situated at Bun Khurma, Chichian Road, Mirpur, Azad Jammu and Kashmir. The objective for which PPL has been incorporated is to operate and manage an industrial undertaking in Azad Jammu and Kashmir to deal in tobacco products. PPL has not yet commenced its commercial operations.

For the purpose of this consolidated condensed financial information, the Company and its wholly owned subsidiary PPL is referred to as the Group.

2. Basis of preparation

This condensed interim financial information of the Group for the six months period ended June 30, 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. Accounting policies

The accounting policies and the methods of computation adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2012.

4. Cost of sales

	Rs '000			
	Quarter ended		Half year ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Raw materials consumed				
Opening stock of raw materials and work in process	4,892,516	4,093,201	6,177,047	5,376,669
Raw material purchases and expenses	2,450,397	1,900,034	5,319,592	4,357,979
Closing stock of raw materials and work in process	(3,494,396)	(3,232,457)	(3,494,396)	(3,232,457)
	3,848,517	2,760,778	8,002,243	6,502,191
Excise duty, Customs duty and tobacco development cess	143,914	123,013	338,639	299,686
Royalty	120,585	106,901	229,650	200,508
Production overheads	1,036,704	1,033,551	1,848,322	1,723,521
Cost of goods manufactured	5,149,720	4,024,243	10,418,854	8,725,906
Cost of finished goods:				
Opening stock	1,290,420	1,590,533	1,048,254	1,085,661
Closing stock	(745,588)	(545,150)	(745,588)	(545,150)
	544,832	1,045,383	302,666	540,511
	5,694,552	5,069,626	10,721,520	9,266,417

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

for the half year ended June 30, 2013

	Rs '000			
	Quarter ended		Half year ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
5. Other operating expenses				
Employees' termination benefits	-	776,877	-	776,877
Workers' Profit Participation Fund	77,279	8,352	167,212	38,087
Workers' Welfare Fund	29,767	1,476	65,577	14,862
Bank charges and fees	11,286	12,630	21,935	19,234
Interest paid to Workers' Profit Participation Fund	-	-	25	-
Foreign exchange loss	-	2,736	-	3,827
Miscellaneous expenses	(120)	3,358	-	3,358
	118,212	805,429	254,749	856,245

	Rs '000	
	June 30, 2013	December 31,2012
6. Property, plant and equipment		
Operating fixed assets - note 6.1	5,328,047	5,522,359
Capital work in progress	363,119	197,650
	5,691,166	5,720,009

	Half year ended	
	June 30, 2013	June 30, 2012
6.1 Movement in operating fixed assets		
Net book amount at January 1	5,522,359	5,426,487
Cost of additions		
Owned Assets		
Building	5,473	44,498
Plant and machinery	47,101	373,526
Vehicles	3,079	33,197
Office and household equipment	39,985	14,405
Furniture and fittings	1,172	147
Leased Assets		
Vehicles	109,526	110,217
	206,336	575,990
Book value of deletions		
Owned Assets		
Building	(1,195)	-
Plant and machinery	(60)	(23,010)
Vehicles	(13,296)	(98,214)
Office and household equipment	(641)	(1,435)
	(15,192)	(122,659)
Depreciation charge for the half year	(385,456)	(392,542)
Net book amount at June 30	5,328,047	5,487,275

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

for the half year ended June 30, 2013

7. Other receivables

These include following balances due from related parties:

	June 30, 2013	Rs '000 December 31, 2012
Holding Company	4,959	4,434
Associated companies	46,146	30,258
Employees retirement benefit plans	180,110	188,724

8. Trade and other payables

These include following balances due to related parties:

Holding Company	128,273	115,510
Associated companies	640,267	518,543
Employees retirement benefit plans	110,915	96,908

9. Short term running finance

Short term running finance facilities available under mark-up arrangements with banks amount to Rs 5,350 million (December 31, 2012: Rs 5,350 million), out of which the amount unavailed at the half year end was Rs 5,266 million (December 31, 2012: Rs 4,112 million). These facilities are secured by hypothecation of stock-in-trade and plant & machinery amounting to Rs 5,940 million (December 31, 2012: Rs 5,940 million). The mark-up ranges between 9.52% and 10.46% (December 31, 2012: 9.88% and 13.14%) per annum and is payable quarterly. The facilities are renewable on annual basis.

10. Contingencies and commitments

	June 30, 2013	Rs '000 December 31, 2012
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	159,447	149,447
10.2 Commitments		
(i) Capital expenditure commitments outstanding	271,611	-
(ii) Letters of credit outstanding	758,239	686,815

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

for the half year ended June 30, 2013

11. Post balance sheet event

The Board of Directors in their meeting held on August 15, 2013 has declared the second interim dividend of Rs 2.00 per share (2012: Rs nil). This interim dividend of Rs 510,988 thousand (2012: 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

	Quarter ended		Half year ended	
	June 30,	June 30,	June 30,	June 30,
	2013	2012	2013	2012
				Rs '000
Purchase of goods and services				
Holding company	86,872	62,349	175,731	120,275
Associated companies	593,851	358,029	943,838	741,930
Sale of goods and services				
Holding company	4,886	8,490	8,247	8,490
Associated companies	50,401	44,556	73,163	131,390
Royalty charge				
Holding company	121,175	106,901	229,650	200,508
Employees retirement benefit plans - Expense				
Staff pension fund	17,334	19,201	34,667	38,402
Staff defined contribution pension fund	8,821	5,360	15,864	9,804
Employees' gratuity fund	12,713	10,157	25,431	20,314
Management provident fund	13,496	12,428	25,493	23,514
Employees' provident fund	3,157	5,658	6,308	9,384
Remuneration of key management personnel	167,525	193,848	310,290	335,384

13. Basis for presentation of interim financial information

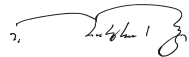
This consolidated condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi, Lahore and Islamabad stock exchanges.

14. Date of authorisation

This consolidated condensed interim financial information has been authorised for issue by the Board of Directors of the Company on August 15, 2013.



Graeme Amey
Managing Director and CEO



Mobasher Raza
Finance Director

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