

THE SPIRIT OF **EXCELLENCE**

CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED MARCH 31, 2016



Corporate Information

As of April 20, 2016

Board of Directors

Mueen Afzal
Chairman and Non-Executive Director

Graeme Amey
Managing Director and CEO

Syed Javed Iqbal
Director Finance & IT

Tajamal Shah
Legal Director

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

Imran Maqbool
Non-Executive Director

Zafar Mahmood
Non-Executive Director

Hae In KIM
Non-Executive Director

Michael Koest
Non-Executive Director

Audit Committee

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

Imran Maqbool

Zafar Mahmood

Hae In KIM

Michael Koest

Ahmad Iqbal (Secretary)

Company Secretary

Ayesha Rafique

Registered Office

Pakistan Tobacco Company Limited
Serena Business Complex, Khayaban-e-
Suhrawardy. P.O. Box 2549, Islamabad-44000
Telephone: +92 (051) 2083200, 2083201
Fax: +92 (051) 2604516
Web: www.ptc.com.pk

Factories

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

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

Bankers

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

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building No. 5
Jinnah Avenue, Blue Area, Islamabad. 44000
Telephone: +92 (051) 2823558
Fax: +92 (051) 2822671

Share Registrar

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

Directors' Review

The Directors present the performance of Pakistan Tobacco Company Limited (PTC) for the first quarter ended March 31, 2016.

The company continues to show notable performance despite multiple external challenges, including consumer down trading to cheap duty evaded cigarettes and the continuing growth of the illicit sector in the market. PTC has improved its Gross Turn Over owing to excise led price increases in June and December 2015, supported by a strong brand portfolio.

Key financial indicators of PTC for YTD Q1 2016 are:

	Rs. (million)	
	Jan - Mar, 2016	Jan - Mar, 2015
Gross Turnover	33,125	32,861
Net Turnover	11,547	11,346
Cost of Sales	5,647	6,622
Gross Profit	5,901	4,724
Operating Profit	4,084	3,100
Profit Before Tax – PBT	4,107	3,126
Profit After Tax – PAT	2,813	2,083
Earnings Per Share – EPS (Rs)	11.01	8.15

The excise led price increases in June and December 2015 resulted in higher Gross Turnover, despite the volume decline. The legitimate industry continues to remain under pressure due to the steep increase in volume of cheap duty evaded cigarettes. PTC remains committed to differentiating itself by investing in its entire brand spectrum.

Cost of sales were lower by 14.7% primarily due to lower volume vs SPLY. In addition to this, PTC continues to implement strict and prudent cost controls and productivity enhancement initiatives to improve Gross & Operative profits. This approach, across the business has resulted in PTC delivering higher profit vs SPLY.

PTC contributed Rs. 23bn to the National Exchequer in the form of excise duty, sales tax, customs duties and income tax and continues to be a significant contributor to Government Revenues. Due to the exponential rise in illicit and tax evaded sector, sustainable growth in Government revenues is a challenge. Therefore, reinforcement by authorities to curtail illicit volume would be critical for the Government revenues sustainability and growth in the long run.

PTC's operating environment poses numerous regulatory challenges that can impact sustainable growth of its business. Despite these challenges, we are committed to enhance shareholder value through investments in our brands and people.



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Director Finance & IT

ڈائریکٹرز کی جائزہ رپورٹ

پاکستان ٹو بیکو کمپنی کے ڈائریکٹرز ۳۱ مارچ ۲۰۱۶ کو ختم ہونے والی پہلی سہ ماہی کی کارکردگی پیش کر رہے ہیں۔

مختلف چیلنجز کے باوجود کمپنی نے اپنی نمایاں کارکردگی جاری رکھی۔ ان چیلنجز میں سب سے اہم چیلنج صارفین کا سستی اور غیر ٹیکس ادا شدہ غیر قانونی سگریٹوں کا بڑھتا ہوا استعمال ہے۔ جون ۱۵ اور دسمبر ۱۵ میں ایکسائز ڈیوٹی بڑھنے کی وجہ سے کمپنی نے اپنی قیمتیں بڑھائیں، جسکی وجہ سے گلوں وصولیات میں اضافہ ہوا۔ کمپنی کے مضبوط برینڈز بھی اس اضافے میں معاون ثابت ہوئے۔

کمپنی کے اہم مالیاتی نتائج درج ذیل ہیں:-

روپے (ملین)		
جنوری سے مارچ، ۲۰۱۵	جنوری سے مارچ، ۲۰۱۶	
۳۲،۸۶۱	۳۳،۱۲۵	گلوں وصولیات (Gross Turnover)
۱۱،۳۳۶	۱۱،۵۴۷	اصل وصولیات (Net Turnover)
۶،۶۲۲	۵،۶۴۷	لاگت فروخت (Cost of Sales)
۲۶،۲۳۹	۲۷،۴۷۸	گلوں منافع (Gross Profit)
۳،۱۰۰	۲،۰۸۳	کاروباری منافع (Operating Profit)
۳،۱۲۶	۲،۱۰۷	منافع قبل از محصول (Profit Before Tax – PBT)
۲،۰۸۳	۲،۰۸۳	منافع بعد از محصول (Profit After Tax – PAT)
۸،۱۵	۱۱،۰۱	آمدن فی حصص (روپے) (Earnings Per Share – EPS (Rs))

کم سگریٹ فروخت کے باوجود کمپنی کی گلوں وصولیات بڑھیں جو جون اور دسمبر میں قیمتوں میں اضافے کی وجہ سے ممکن ہوا، جسکی بنیاد ایکسائز ڈیوٹی میں اضافہ تھا۔ غیر ٹیکس ادا شدہ غیر قانونی سستے سگریٹوں کی فروخت میں اضافے کی وجہ سے قانونی ٹیکس ادا شدہ سگریٹوں کی فروخت انتہائی دباؤ میں رہی۔ مندرجہ بالا وجوہات کے باوجود کمپنی اپنی پراڈکٹ لائن کو صارفین کے لئے بہتر اور معیاری بنانے کے لئے کام کرتی رہی۔ لاگت فروخت پچھلی مرتبہ کی نسبت ۷.۱۳% کم رہی، جس کی بنیادی وجہ سگریٹ کی کم فروخت تھی۔ مزید برآں کمپنی اپنے کل منافع اور کاروباری منافع کو مزید بہتر کرنے کے لئے اپنے اخراجات کو مسلسل کم سے کم کرنے کی کوشش کرتی رہی۔

کمپنی نے ایکسائز ڈیوٹی، سیلز ٹیکس، کسٹم ڈیوٹی اور انکم ٹیکس کی مدد میں حکومتی خزانے میں ۲۳ ارب روپے جمع کرائے، اسی وجہ سے کمپنی حکومتی آمدنی کا ایک اہم حصہ رہی۔ غیر ٹیکس ادا شدہ غیر قانونی سستے سگریٹوں کی فروخت میں تیزی سے ہوتے ہوئے اضافے کی وجہ سے حکومتی آمدنی میں بتدریج اضافہ ایک بہت اہم چیلنج ہے۔ حکومتی آمدنی کی پائیداری اور ترقی کے لئے ضروری ہے کہ سرکاری ادارے غیر ٹیکس ادا شدہ غیر قانونی سگریٹوں کی فروخت کے خلاف مناسب قانونی کارروائی کریں۔

موجودہ ماحول اور اس کے چیلنجز کے باوجود ہم کمپنی کو مسلسل ترقی کی راہ پر گامزن رکھنے کے لئے پرعزم ہیں تاکہ کمپنی کو اس کے حصہ داروں کے لئے زیادہ سے زیادہ منافع بخش بنا سکیں۔



سید جاوید اقبال
ڈائریکٹر فنانس اور آئی ٹی



گریم ایم ای
چیفنگ ڈائریکٹر اور سی ای او

Condensed Interim Profit and Loss Account (Unaudited)

for the three months ended March 31, 2016

	Note	Jan - March 2016	Rs '000 Jan - March 2015
Gross turnover		33,125,148	32,860,780
Excise duties		(16,594,144)	(16,568,762)
Sales tax		(4,983,522)	(4,946,065)
Net turnover		11,547,482	11,345,953
Cost of sales	5	(5,646,739)	(6,622,310)
Gross profit		5,900,743	4,723,643
Selling and distribution expenses		(901,268)	(919,312)
Administrative expenses		(598,678)	(484,657)
Other operating expenses	6	(323,940)	(246,019)
Other operating income		6,868	26,300
		(1,817,018)	(1,623,688)
Operating profit		4,083,725	3,099,955
Finance income		38,173	47,667
Finance cost		(15,390)	(21,300)
Net finance income		22,783	26,367
Profit before income tax		4,106,508	3,126,322
Income tax expense - current		(1,346,693)	(1,049,812)
- deferred		53,463	6,702
		(1,293,230)	(1,043,110)
Profit for the period		2,813,278	2,083,212
Earnings per share - basic and diluted (Rupees)		11.01	8.15

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



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Director Finance & IT

Condensed Interim Statement of Comprehensive Income (Unaudited)

for the three months ended March 31, 2016

	Jan - March 2016	Rs '000 Jan - March 2015
Profit for the three months	2,813,278	2,083,212
Other comprehensive income for the three months	-	-
Total comprehensive income for the three months	2,813,278	2,083,212

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



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Director Finance & IT

Condensed Interim Balance Sheet (Unaudited)

as at March 31, 2016

	Note	March 31, 2016	Rs '000 December 31, 2015
Non current assets			
Property, plant and equipment	7	9,021,054	9,184,971
Long term investment in subsidiary company	8	5,000	5,000
Long term deposits and prepayments		29,023	29,072
		9,055,077	9,219,043
Current assets			
Stock-in-trade		12,866,335	14,007,537
Stores and spares		574,294	675,564
Trade debts		3,538	906
Loans and advances		230,622	181,594
Short term prepayments		182,046	170,298
Other receivables	9	546,345	446,622
Cash and bank balances		6,070,100	53,089
		20,473,280	15,535,610
Current liabilities			
Trade and other payables	10	12,801,593	10,417,040
Short term running finance	11	195,920	1,219,501
Finance lease obligation		153,965	154,365
Accrued interest / mark-up		8,128	11,807
Current income tax liability		1,831,109	1,131,661
		14,990,715	12,934,374
Net current assets		5,482,565	2,601,236
Non current liabilities			
Deferred income tax liability		(985,534)	(1,038,997)
Finance lease obligation		(372,671)	(415,123)
		(1,358,205)	(1,454,120)
Net assets		13,179,437	10,366,159
Share capital and reserves			
Authorised share capital 300,000,000 ordinary shares of Rs 10 each		<u>3,000,000</u>	<u>3,000,000</u>
Issued, subscribed and paid-up capital 255,493,792 ordinary shares of Rs 10 each		2,554,938	2,554,938
Revenue reserves		10,624,499	7,811,221
Shareholders' equity		13,179,437	10,366,159

Contingencies and commitments 12

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



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Director Finance & IT

Condensed Interim Cash Flow Statement (Unaudited)

for the three months ended March 31, 2016

	March 31, 2016	Rs '000 March 31, 2015
Cash flows from operating activities		
Cash receipts from customers	33,122,516	32,861,003
Cash paid to Government for Federal excise duty, Sales tax and other levies	(18,480,556)	(20,883,324)
Cash paid to suppliers, employees and others	(6,789,831)	(6,401,793)
Finance cost paid	(19,069)	(31,807)
Income tax paid	(647,245)	(699,935)
Other cash receipts / (payments)	34,872	(4,752)
	7,220,687	4,839,392
Cash flows from investing activities		
Additions in property, plant and equipment	(166,447)	(94,451)
Proceeds from disposal of property, plant and equipment	4,206	42,340
Finance income received	23,173	36,667
	(139,068)	(15,444)
Cash flows from financing activities		
Dividends paid	(1,310)	(35,112)
Finance lease payments	(39,717)	(31,326)
	(41,027)	(66,438)
Increase in cash and cash equivalents	7,040,592	4,757,510
Cash and cash equivalents at January 1	(1,166,412)	(413,297)
Cash and cash equivalents at March 31	5,874,180	4,344,213
Cash and cash equivalents comprise:		
Cash and bank balances	6,070,100	4,810,346
Short term running finance	(195,920)	(466,133)
	5,874,180	4,344,213

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



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Director Finance & IT

Condensed Interim Statement of Changes in Equity (Unaudited)

as at March 31, 2016

	Share capital	Revenue reserves	Rs '000 Total
Balance at January 1, 2015	2,554,938	5,456,425	8,011,363
Total comprehensive income for the three months	-	2,083,212	2,083,212
Balance at March 31, 2015	2,554,938	7,539,637	10,094,575
Balance at January 1, 2016	2,554,938	7,811,221	10,366,159
Total comprehensive income for the three months	-	2,813,278	2,813,278
Balance at March 31, 2016	2,554,938	10,624,499	13,179,437

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



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Director Finance & IT

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

for the three months ended March 31, 2016

1. Legal status and operations

Pakistan Tobacco Company Limited (the Company) is a public listed company incorporated in Pakistan on November 18, 1947 under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are quoted on the Karachi, Lahore and Islamabad stock exchanges of Pakistan. The Company is a subsidiary of British American Tobacco (Investments) Limited, United Kingdom, whereas its ultimate parent company is British American Tobacco p.l.c, United Kingdom. The registered office of the Company is situated at Serena Business Complex, Khayaban-e-Suharwardy, Islamabad. The Company is engaged in the manufacture and sale of cigarettes.

2. Basis of preparation

This condensed interim financial information of the Company for the three months period ended March 31, 2016 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, 2015.

Amendments and interpretations to published accounting standards effective for the financial year ending December 31, 2016 are not expected to have material impact on the Company's condensed interim financial information.

4. Financial Risk Management

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended December 31, 2015.

5. Cost of sales

	Jan - March 2016	Rs 000 Jan -March 2015
Raw materials consumed		
Opening stock of raw materials and work in process	11,233,495	9,802,963
Raw material purchases and expenses	3,320,515	3,142,437
Closing stock of raw materials and work in process	(8,902,720)	(6,911,695)
	5,651,290	6,033,705
Excise duty, Customs duty and tobacco development cess	190,571	161,465
Royalty	142,981	146,696
Production overheads	851,469	839,220
Cost of goods manufactured	6,836,311	7,181,086
Cost of finished goods:		
Opening stock	2,774,042	2,161,545
Closing stock	(3,963,614)	(2,720,321)
	(1,189,572)	(558,776)
	5,646,739	6,622,310

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

for the three months ended March 31, 2016

	Jan - March 2016	Rs '000 Jan - March 2015
6. Other operating expenses		
Workers' Profit Participation Fund	220,651	167,960
Workers' Welfare Fund	85,867	64,922
Bank charges and fees	12,902	12,245
Interest paid to Workers' Profit Participation Fund	4,520	892
	323,940	246,019
	March 31, 2016	December 31, 2015
7. Property, plant and equipment		
Operating fixed assets - note 6.1	7,890,738	8,066,023
Capital work in progress	1,130,316	1,118,948
	9,021,054	9,184,971
	March 31, 2016	December 31, 2015
7.1 Movement in operating fixed assets		
Net book amount at January 1	8,066,023	7,648,611
Additions to the operating fixed assets		
Owned Assets		
Building	-	74,919
Plant and machinery	40,709	602,250
Vehicles	-	1,388
Office and household equipment	520	383,884
Furniture and fittings	-	13,251
Leased Assets		
Vehicles	55,016	420,049
	96,245	1,495,741
Book value of disposals		
Building	-	(794)
Plant and machinery	-	(409)
Vehicles	(3,700)	(86,771)
Office and household equipment	-	(468)
Furniture and fittings	-	(1,258)
	(3,700)	(89,700)
Depreciation charge for three months/year	(267,830)	(988,629)
Net book amount at March 31	7,890,738	8,066,023

8. Long term investment in subsidiary company

This represents 500,001 (2015: 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, 2015. 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, 2016

	March 31, 2016	Rs '000 December 31, 2015
9. Other receivables		
These include following balances due from related parties:		
Due from holding company / associated companies	6,459	49,477
Due from subsidiary company	20,021	20,021
Due from employees retirement benefit plans	377,723	346,701
10. Trade and other payables		
These include following balances due to related parties:		
Due to holding company / associated companies	1,756,353	1,276,466
Due to employees retirement benefit plans	440,596	415,745

11. Short term running finance

Short term finance facilities available under mark-up arrangements with banks amount to Rs 6,500 million (2015: Rs 6,500 million), out of which the amount unavailed at the period end was Rs 6,304 million (2015: Rs 5,280 million). These facilities are secured by hypothecation of stock-in-trade. The mark-up ranges between 6.67% and 6.77% (2015: 6.71% and 10.34%) per annum and is payable quarterly. The facilities are renewable on annual basis.

	March 31, 2016	Rs '000 December 31, 2015
12. Contingencies and commitments		
12.1 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	243,152	233,152
12.2 Commitments		
(i) Capital expenditure commitments outstanding	189,560	-
(ii) Letters of credit outstanding	311,750	444,070

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

for the three months ended March 31, 2016

13. Transactions with related parties

	March 31, 2016	Rs '000 March 31, 2015
Purchase of goods and services		
Holding company	165,369	165,829
Associated companies	484,309	350,036
Sale of goods and services		
Holding company	-	4,540
Associated companies	35,492	3,800
Royalty charge		
Holding company	142,981	146,696
Contribution to retirement benefit plans by the Company		
Staff pension fund	8,868	7,364
Defined contribution pension fund	15,955	11,865
Employee gratuity fund	34,097	19,932
Management provident fund	16,132	15,023
Employee provident fund	4,781	4,663

14. Date of authorisation

This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on April 20, 2016.



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Director Finance & IT

Consolidated Condensed Interim Profit and Loss Account (Unaudited)

for the three months ended March 31, 2016

	Note	Jan - March 2016	Rs '000 Jan - March 2015
Gross turnover		33,125,148	32,860,780
Excise duties		(16,594,144)	(16,568,762)
Sales tax		(4,983,522)	(4,946,065)
Net turnover		11,547,482	11,345,953
Cost of sales	5	(5,646,739)	(6,622,310)
Gross profit		5,900,743	4,723,643
Selling and distribution expenses		(901,268)	(919,312)
Administrative expenses		(598,678)	(484,657)
Other operating expenses	6	(323,940)	(246,019)
Other operating income		6,868	26,300
		(1,817,018)	(1,623,688)
Operating profit		4,083,725	3,099,955
Finance income		38,173	47,667
Finance cost		(15,390)	(21,300)
Net finance income		22,783	26,367
Profit before income tax		4,106,508	3,126,322
Income tax expense - current		(1,346,693)	(1,049,812)
- deferred		53,463	6,702
		(1,293,230)	(1,043,110)
Profit for the period		2,813,278	2,083,212
Earnings per share - basic and diluted (Rupees)		11.01	8.15

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



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Director Finance & IT

Consolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

for the three months ended March 31, 2016

	Jan - March 2016	Rs '000 Jan - March 2015
Profit for the three months	2,813,278	2,083,212
Other comprehensive income for the three months	-	-
Total comprehensive income for the three months	2,813,278	2,083,212

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



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Director Finance & IT

Consolidated Condensed Interim Balance Sheet (Unaudited)


as at March 31, 2016

	Note	March 31, 2016	Rs '000 December 31, 2015
Non current assets			
Property, plant and equipment	7	9,046,102	9,210,019
Long term deposits and prepayments		29,023	29,072
		9,075,125	9,239,091
Current assets			
Stock-in-trade		12,866,335	14,007,537
Stores and spares		574,294	675,564
Trade debts		3,538	906
Loans and advances		230,622	181,594
Short term prepayments		182,046	170,298
Other receivables	8	526,324	426,601
Cash and bank balances		6,070,100	53,089
		20,453,259	15,515,589
Current liabilities			
Trade and other payables	9	12,801,620	10,417,067
Short term running finance	10	195,920	1,219,501
Finance lease obligation		153,965	154,365
Accrued interest / mark-up		8,128	11,807
Current income tax liability		1,831,109	1,131,661
		14,990,742	12,934,401
Net current assets		5,462,517	2,581,188
Non current liabilities			
Deferred income tax liability		(985,534)	(1,038,997)
Finance lease obligation		(372,671)	(415,123)
		(1,358,205)	(1,454,120)
Net assets		13,179,437	10,366,159
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		10,624,499	7,811,221
Shareholders' equity		13,179,437	10,366,159
Contingencies and commitments			
	11		

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



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Director Finance & IT

Consolidated Condensed Interim Cash Flow Statement (Unaudited)

for the three months ended March 31, 2016

	March 31, 2016	Rs '000 March 31, 2015
Cash flows from operating activities		
Cash receipts from customers	33,122,516	32,861,003
Cash paid to Government for Federal excise duty, Sales tax and other levies	(18,480,556)	(20,883,324)
Cash paid to suppliers, employees and others	(6,789,831)	(6,401,793)
Finance cost paid	(19,069)	(31,807)
Income tax paid	(647,245)	(699,935)
Other cash receipts / (payments)	34,872	(4,752)
	7,220,687	4,839,392
Cash flows from investing activities		
Additions in property, plant and equipment	(166,447)	(94,451)
Proceeds from disposal of property, plant and equipment	4,206	42,340
Finance income received	23,173	36,667
	(139,068)	(15,444)
Cash flows from financing activities		
Dividends paid	(1,310)	(35,112)
Finance lease payments	(39,717)	(31,326)
	(41,027)	(66,438)
Increase in cash and cash equivalents	7,040,592	4,757,510
Cash and cash equivalents at January 1	(1,166,412)	(413,297)
Cash and cash equivalents at March 31	5,874,180	4,344,213
Cash and cash equivalents comprise:		
Cash and bank balances	6,070,100	4,810,346
Short term running finance	(195,920)	(466,133)
	5,874,180	4,344,213

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



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Director Finance & IT

Consolidated Condensed Interim Statement of Changes in Equity (Unaudited)

as at March 31, 2016

	Share capital	Revenue reserves	Rs '000 Total
Balance at January 1, 2015	2,554,938	5,456,425	8,011,363
Total comprehensive income for the three months	-	2,083,212	2,083,212
Balance at March 31, 2015	2,554,938	7,539,637	10,094,575
Balance at January 1, 2016	2,554,938	7,811,221	10,366,159
Total comprehensive income for the three months	-	2,813,278	2,813,278
Balance at March 31, 2016	2,554,938	10,624,499	13,179,437

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



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Director Finance & IT

Selected notes to and forming part of the Consolidated Condensed Interim Financial Information (Unaudited) for the three months ended March 31, 2016

1. Legal status and operations

Pakistan Tobacco Company Limited (the Company) is a public listed company incorporated in Pakistan on November 18, 1947 under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are quoted on the Karachi, Lahore and Islamabad stock exchanges of Pakistan. The Company is a subsidiary of British American Tobacco (Investments) Limited, United Kingdom, whereas its ultimate parent company is British American Tobacco p.l.c, United Kingdom. The registered office of the Company is situated at Serena Business Complex, Khayaban-e-Suharwardy, Islamabad. The Company is engaged in the manufacture and sale of cigarettes.

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

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

2. Basis of preparation

This consolidated condensed interim financial information of the Group for the three months period ended March 31, 2016 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, 2015.

Amendments and interpretations to published accounting standards effective for the financial year ending December 31, 2016 are not expected to have material impact on the Group's condensed interim financial information.

4. Financial Risk Management

The Group's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended December 31, 2015.

5. Cost of sales

	Jan - March 2016	Rs 000 Jan -March 2015
Raw materials consumed		
Opening stock of raw materials and work in process	11,233,495	9,802,963
Raw material purchases and expenses	3,320,515	3,142,437
Closing stock of raw materials and work in process	(8,902,720)	(6,911,695)
	5,651,290	6,033,705
Excise duty, Customs duty and tobacco development cess	190,571	161,465
Royalty	142,981	146,696
Production overheads	851,469	839,220
Cost of goods manufactured	6,836,311	7,181,086
Cost of finished goods:		
Opening stock	2,774,042	2,161,545
Closing stock	(3,963,614)	(2,720,321)
	(1,189,572)	(558,776)
	5,646,739	6,622,310

Selected notes to and forming part of the Consolidated Condensed Interim Financial Information (Unaudited) for the three months ended March 31, 2016

	Jan - March 2016	Rs '000 Jan - March 2015
6. Other operating expenses		
Workers' Profit Participation Fund	220,651	167,960
Workers' Welfare Fund	85,867	64,922
Bank charges and fees	12,902	12,245
Interest paid to Workers' Profit Participation Fund	4,520	892
	323,940	246,019
7. Property, plant and equipment	March 31, 2016	December 31, 2015
Operating fixed assets - note 6.1	7,894,102	8,069,387
Capital work in progress	1,152,000	1,140,632
	9,046,102	9,210,019
7.1 Movement in operating fixed assets	March 31, 2016	December 31, 2015
Net book amount at January 1	8,069,387	7,651,975
Additions to the operating fixed assets		
Owned Assets		
Building	-	74,919
Plant and machinery	40,709	602,250
Vehicles	-	1,388
Office and household equipment	520	383,884
Furniture and fittings	-	13,251
Leased Assets		
Vehicles	55,016	420,049
	96,245	1,495,741
Book value of disposals		
Building	-	(794)
Plant and machinery	-	(409)
Vehicles	(3,700)	(86,771)
Office and household equipment	-	(468)
Furniture and fittings	-	(1,258)
	(3,700)	(89,700)
Depreciation charge for three months/year	(267,830)	(988,629)
Net book amount at March 31	7,894,102	8,069,387

Selected notes to and forming part of the Consolidated Condensed Interim Financial Information (Unaudited) for the three months ended March 31, 2016

	March 31, 2016	Rs '000 December 31, 2015
8. Other receivables		
These include following balances due from related parties:		
Due from holding company / associated companies	6,459	49,477
Due from employees retirement benefit plans	377,723	346,701

9. Trade and other payables

These include following balances due to related parties:

Due to holding company / associated companies	1,756,353	1,276,466
Due to employees retirement benefit plans	440,596	415,745

10. Short term running finance

Short term finance facilities available under mark-up arrangements with banks amount to Rs 6,500 million (2015: Rs 6,500 million), out of which the amount unavailed at the period end was Rs 6,304 million (2015: Rs 5,280 million). These facilities are secured by hypothecation of stock-in-trade. The mark-up ranges between 6.67% and 6.77% (2015: 6.71% and 10.34%) per annum and is payable quarterly. The facilities are renewable on annual basis.

	March 31, 2016	Rs '000 December 31, 2015
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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	243,152	233,152

11.2 Commitments

(i)	Capital expenditure commitments outstanding	189,560	-
(ii)	Letters of credit outstanding	311,750	444,070

Selected notes to and forming part of the Consolidated Condensed Interim Financial Information (Unaudited) for the three months ended March 31, 2016

12. Transactions with related parties

	March 31, 2016	Rs '000 March 31, 2015
Purchase of goods and services		
Holding company	165,369	165,829
Associated companies	484,309	350,036
Sale of goods and services		
Holding company	-	4,540
Associated companies	35,492	3,800
Royalty charge		
Holding company	142,981	146,696
Contribution to retirement benefit plans by the Company		
Staff pension fund	8,868	7,364
Defined contribution pension fund	15,955	11,865
Employee gratuity fund	34,097	19,932
Management provident fund	16,132	15,023
Employee provident fund	4,781	4,663

13. Date of authorisation

This consolidated condensed interim financial information has been authorised for issue by the Board of Directors of the Group on April 20, 2016.



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Director Finance & IT





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