



PAKISTAN TOBACCO  
COMPANY



## Condensed Interim Financial Statements

For the nine months period ended September 30, 2019



# Corporate Information

## Board of Directors

Zafar Mahmood  
Chairman & Non-Executive Director

Syed Javed Iqbal  
MD / CEO & Executive Director

Usman Zahur  
Deputy Managing Director

William Pegel  
Director Finance/IT

Syed Asad Ali Shah  
Legal & External Affairs Director

Zafar Aslam  
Non-Executive Director

Tajamal Shah  
Non-Executive Director

Mohammad Riaz  
Non-Executive Director

Asif Jooma  
Non-Executive Director

Lt. Gen. (R) M. Masood Aslam  
Non-Executive Director

Belinda Ross  
Non-Executive Director

## Audit Committee

Mohammad Riaz

Lt. Gen. (R) M. Masood Aslam

Belinda Ross

Tajamal Shah

Asif Jooma

Amina Siraj (Secretary)

## Company Secretary

M Idries Ahmed

## 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](http://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

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

## 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

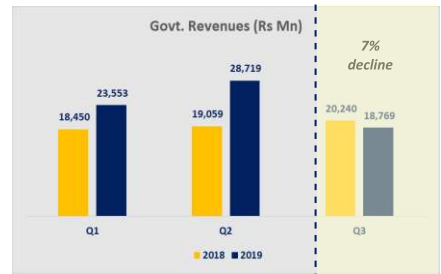
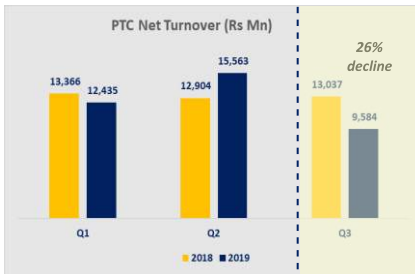
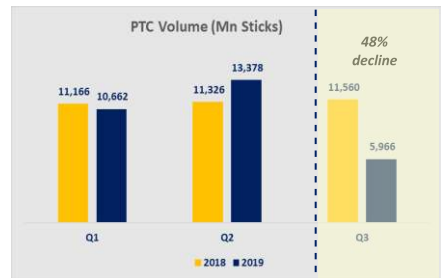
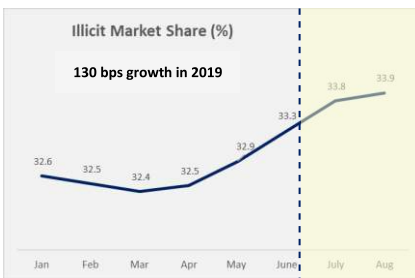
## Share Registrar

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 their performance report of Pakistan Tobacco Company Limited (PTC) for the period ended September 30, 2019.

During third quarter of 2019, Company has witnessed a decline in sales volume by 48% (vs. Q3'18) posting a year to date decline of 12% after two excise led price increases in the last 12 months led to consumer downtrading to non-duty and tax paid cigarettes. This has not only led to a decline in PTC's turnover but also a reduction in the contribution to the Government's exchequer by 7% (vs. Q3'18). The reduction in duties and taxes paid to the Government despite substantial increases in FED rate is around Rs. 10bn compared to Q2'19. The recently imposed statutory condition for wholesalers/retailers to present CNIC for transactions above Rs. 50,000/- has also caused ambiguity on requirement of compliance across the value chain. This has not only contributed to a decline in volumes of the legitimate industry but has also created further undue advantage for the illicit/undocumented sector.



With growing share of illicit cigarettes, Government's focus on enforcement is of utmost importance. Though as per media reports, the Government of Pakistan has recently revived the Inland Revenue Enforcement Network (IREN) and has simultaneously initiated a nationwide anti-smuggling drive, the results of these anti-illicit campaigns are yet to be seen. One of the effective anti-illicit tools being considered by Government is that of a Track and Trace system, the success of this however will be predicated on its across-the-board implementation and enforcement at the point of sale so that the illicit sector is brought into the tax net. PTC being the key stakeholder would like to urge the Government that we are consulted at every stage of the process to agree on timelines and operational implementation mechanics.

In the legitimate industry, PTC continues to maintain its leadership with market share of 73% (Aug 2019 - Nielsen). The Company's efforts to address consumer affordability post excessive excise led price increases included two new offerings that were launched in Q3'19 to target the price sensitive consumers. Both these brands are currently establishing their place in the market with the aim of playing a significant role in the portfolio to curtail consumer downtrading.

Key financial indicators of PTC for the period ended Sep 30, 2019 are given below:

	Rs (million)	
	Jan - Sep, 2019	Jan - Sep, 2018
Gross Turnover	108,624	97,055
Net Turnover	37,582	39,307
Cost of Sales	18,108	19,652
Gross Profit	19,473	19,655
Operating Profit	13,620	13,974
Profit Before Tax – PBT	14,258	14,430
Profit After Tax – PAT	9,985	9,296
Earnings Per Share – EPS (Rs)	39.08	36.38

Gross Turnover increased by 12% vs Same Period Last Year (SPLY) owing to the excise led price increase despite drop in sales volume by 12%. Despite the growth in gross turnover, net turnover witnessed decline of 4%, due to a 23% increase in excise duties and sales tax. Gross Profit decline of 1% is achieved through the Company's continuous focus on effective cost management and productivity gains. However, in the wake of currency devaluation (13% in 2019), increasing inflation and higher regulatory duties on imported material, Company's cost base is expected to remain under pressure in 2019 and beyond.

In September 2019, PTC, in line with Government's vision, launched its exports initiative titled 'Made in Pakistan'. PTC secured the order of exporting cigarettes to GCC Countries at an estimated value of \$50mn in the first phase. With the adequate support by Government of Pakistan, it is aimed that the size of exports will increase in years to come.

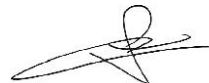
The Company continues to maintain its focus on people and retaining the best talent in the Country. In early 2019, PTC was also awarded the Top Employer Award 2019, making it the only FMCG company in Pakistan to be certified with this laurel. Moreover, for its drive and consistent focus on Diversity and Inclusion, the Company was also awarded the "Global Diversity & Inclusion, Progressive Award 2019".

PTC also takes pride in its Corporate Social Initiatives in the country. The Company runs one of the largest private sector afforestation programmes in the country and has planted more than 80 million trees since 1981. In Q3'19, a new nursery was completed in Jhelum under this programme, and this is in addition to the already established nurseries in Islamabad and Swabi. PTC also continues to successfully operate Mobile Doctor Units (MDU) programme that has dispensed medical advice and medicines to more than 53,000 patients in 2019 free of cost.

The Company remains committed to drive shareholder value by strengthening its business operations and delivering the best product to its consumers, with continued focus on enhancing operational efficiencies and effectiveness in the market. As a responsible corporate citizen, the Company hopes that relevant Government departments will take due cognizance of the issues being faced by the legitimate tobacco industry. This will both safeguard the interests of the consumer and yield higher tax revenues for the Government of Pakistan.



**Syed Javed Iqbal**  
MD & Chief Executive Officer



**William Pegel**  
Chief Financial Officer & Director

پاکستان تمباکو کمپنی لمیٹڈ کے لیے 30 ستمبر 2019 کو ختم ہونے والی مدت کے لیے مالیاتی اشاریے درج ذیل ہیں:

روپے (ملین)		
جنوری سے ستمبر، 2018	جنوری سے ستمبر، 2019	
97,055	108,624	(Gross Turnover) کل وصولیات
39,307	37,582	(Net Turnover) خالص وصولیات
19,652	18,108	(Cost of Sales) لاگت برائے فروخت
19,655	19,473	(Gross Profit) مجموعی منافع
13,974	13,620	(Operating Profit) کاروباری منافع
14,430	14,258	(Profit Before Tax – PBT) قبل از ٹیکس منافع
9,296	9,985	(Profit After Tax – PAT) بعد از ٹیکس منافع
36.38	39.08	Earnings Per Share – EPS (Rs) آمدنی فی حصص (روپے)

اس سال گزشتہ سال کی اسی مدت کے مقابلے میں ایکسائز ڈیوٹی میں اضافے کے نتیجے میں قیمتوں میں اضافے کے بعد فروخت کے حجم میں کمی کے باوجود مجموعی فروخت میں 12 فی صد اضافہ ہوا۔ مجموعی فروخت میں اضافے کے باوجود، ایکسائز ڈیوٹی اور سیلز ٹیکس میں 23 فی صد اضافے کی وجہ سے خالص سیلز میں چارٹی صد کمی دیکھی گئی۔ مجموعی منافع میں کمپنی کی موثر اخراجات پر توجہ اور پیداواری فوائد کی وجہ سے صرف ایک فی صد کمی دیکھی گئی۔ تاہم کرنسی کی قدر میں کمی (13 فی صد 2019)، افراط زر میں اضافے اور درآمد کردہ ادویات پر زیادہ ریگولیشن ڈیوٹی کے تناظر میں کمپنی کے اخراجات متوقع طور پر 2019 اور بعد میں بھی دباؤ میں رہیں گے۔

ستمبر 2019 میں پاکستان تمباکو کمپنی لمیٹڈ نے حکومت کی ووٹن کے مطابق میڈان پاکستان کے زیر عنوان برآمدات کے پروگرام کا آغاز کیا۔ پاکستان تمباکو کمپنی لمیٹڈ نے پہلے مرحلے میں ملحق تعاون کو نسل کے ملکوں کو ایک تخمینے کے مطابق 5 کروڑ ڈالر مالیت کے سنگریٹ برآمد کرنے کا آرڈر حاصل کیا۔ حکومت پاکستان کی موزوں حمایت کے ساتھ کوشش یہ ہے کہ آنے والے برسوں میں برآمدات کے حجم میں اضافہ کیا جائے۔

پاکستان تمباکو کمپنی لمیٹڈ کی طرف سے عوام پر اپنی توجہ مرکوز رکھنے اور ملک میں بہترین ٹیلنٹ کو اپنے ہاں برقرار رکھنے کو شیشیں جاری رکھے ہوئے ہے۔ سال 2019 کے اوائل میں پاکستان تمباکو کمپنی لمیٹڈ کو بہترین ایپلائیڈ ایوارڈ 2019 دیا گیا، یہ پہلی ایف ایم سی جی کمپنی ہے جس کو اس اعزاز سے نوازا گیا۔ مزید یہ کہ تنوع اور شمولیت کی اپنی ہم اور تسلسل کے ساتھ توجہ کے باعث کمپنی کو گلوبل ڈائریورسٹی اینڈ انکلیوژن، پروگریسو ایوارڈ 2019 بھی دیا گیا۔

پاکستان تمباکو کمپنی لمیٹڈ کو ملک میں اپنے کارپوریٹ سماجی اقدامات پر فخر محسوس کرتی ہے۔ کمپنی نجی شعبے میں جنگل لگانے کے ایک پروگرام کی حامل ہے جو ملک کے بڑے ایسے پروگراموں میں سے ایک ہے اور 1981 سے آج تک اس نے 8 کروڑ پودے لگائے ہیں۔ سال 2019 کی تیسری سہ ماہی میں اس پروگرام کے تحت جہلم میں ایک نئی نسری مکمل کی گئی جو اسلام آباد اور صوبائی میں پہلے سے قائم کی گئی نسریوں کے علاوہ ہے۔ پاکستان تمباکو کمپنی لمیٹڈ کامیابی کے ساتھ موبائل ڈاکٹریوٹس بھی چلا رہی ہے جس کے ذریعے سال 2019 میں 53 ہزار مریضوں کو طبی مشورے اور ادویات مفت فراہم کی گئی ہیں۔

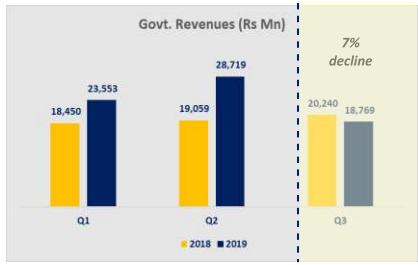
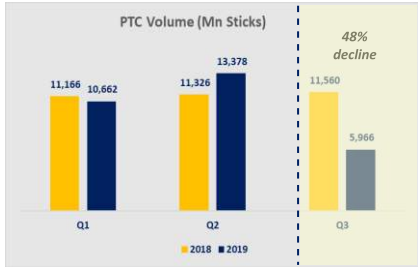
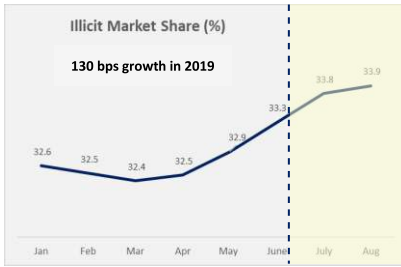
کمپنی مارکیٹ میں اپریٹیشنل استعداد کار اور موثر ترین برحاصلے پر تسلسل کے ساتھ اپنی توجہ مرکوز کر کے اپنے کاروباری اپریٹیشنز کو مستحکم بنانے اور صارفین کے لیے بہترین مصنوعات کی فراہمی سے شیز ہو لڈرز کی قدر میں اضافے کے لیے پرعزم ہے۔ ایک ذمہ دار کاروباری شہری کے طور پر کمپنی پر امید ہے کہ حکومت کے متعلقہ شعبے قانونی طور پر جائز تمباکو کی صنعت کو درپیش مسائل کا مناسب اور اراک کریں گے۔ اس عمل سے دونوں صارفین کے مفادات کا تحفظ اور حکومت پاکستان کے لیے ٹیکس محصولات میں اضافہ ہو گا۔

  
ولیم حیدر گل  
ڈائریکٹر فنانس و آئی ٹی

  
سید جاوید اقبال  
مینیجنگ ڈائریکٹر و چیف ایگزیکٹو

ڈائریکٹرز پاکستان تمباکو کمپنی لمیٹڈ (PTC) کی 30 ستمبر 2019 کو اختتام پذیر ہونے والی مدت کے دوران اپنی کارکردگی کی رپورٹ پیش کرتے ہیں۔

کمپنی کے سال 2019 کی تیسری سہ ماہی کے دوران سال 2018 کی اسی مدت کے مقابلے میں فروخت کے حجم 48 فی صد کی ہوئی جو اس سال آج تک گذشتہ بارہ ماہ کے دوران ایکسائز ڈیوٹی میں دو بار اضافے کی وجہ سے صارفین کی طرف سے غیر ڈیوٹی ادا کردہ اور ٹیکس ادا کردہ سگریٹوں کی تجارت میں کمی کی وجہ سے 12 فی صد کی ریکارڈ کی گئی۔ اس کے نتیجے میں نہ صرف پاکستان تمباکو کمپنی لمیٹڈ کی مجموعی پیداوار میں کمی واقع ہوئی بلکہ 2018 کی تیسری سہ ماہی کے مقابلے میں قومی خزانے میں ادائیگی میں بھی 7 فی صد کمی ہوئی۔ فیڈرل ایکسائز ڈیوٹی کی شرح میں خاطر خواہ اضافے کے باوجود حکومت کو ادا کردہ ڈیوٹیز اور ٹیکسوں کی مالیت 2019 کی دوسری سہ ماہی کے مقابلے میں تقریباً 10 ارب روپے ہے۔ تحوٰک فروشوں / پرچون فروشوں پر پچاس ہزار روپے سے زائد کے لین دین پر عائد قومی شناختی کارڈ پیش کرنے کی قانونی شرط کے نفاذ سے بھی مختلف شعبوں کے ضرورت کے بارے میں ابہام پیدا ہو گیا ہے۔ اس عمل سے نہ صرف قانونی طور پر جائز صنعت کے حجم میں کمی واقع ہوئی ہے بلکہ یہ عمل ناجائز / غیر دستاویزی شعبے کے لیے بے جا فائدے کا باعث بھی بنا ہے۔



ناجائز سگریٹوں کے شیئر میں اضافے کے ساتھ عمل درآمد پر حکومت کی توجہ انتہائی اہمیت کی حامل ہے۔ اگرچہ میڈیا کی رپورٹس کے مطابق حکومت پاکستان نے حال ہی میں اندرون ملک محصولات پر عمل درآمد کے نیٹ ورک کی تنظیم نو کی ہے اور اس کے ساتھ ہی ملک کی سطح پر اسناد سولگنگ مہم شروع کی ہے، ناجائز سگریٹوں کے خلاف ان مہموں کے نتائج ابھی سامنے آنا باقی ہیں۔ حکومت کے زیر غور ناجائز سگریٹوں کی تجارت کے خلاف مؤثر ہتھیاروں میں سے ایک پیچھا کرنے اور پتہ چلانے کا پروگرام ہے، تاہم اس پروگرام کی کامیابی کا انحصار اس کے سب پر یکساں اطلاق اور کٹے فروخت پر عمل درآمد میں ہے تاکہ ناجائز شعبہ کو ٹیکس کے دائرہ کار میں لایا جائے۔ پاکستان تمباکو کمپنی لمیٹڈ ایک اہم فریق ہونے کے ناطے حکومت پر زور دینا چاہیے گی کہ نظام الاوقات پر اتفاق رائے کے عمل اور لائحہ عمل پر عمل درآمد کے ہر مرحلے پر ان سے مشاورت کی جائے۔

قانونی طور پر جائز صنعت میں پاکستان تمباکو کمپنی لمیٹڈ نے مارکیٹ میں 73 فی صد شیئرز کے ساتھ اپنی قیادت برقرار رکھی ہے (اگست 2019 - نیلسن)۔ ایکسائز ڈیوٹی میں حد سے زیادہ اضافے کے نتیجے میں قیمتوں میں اضافے کے بعد صارفین کی قوت خرید کے معاملے کے حل کرنے کے لیے کمپنی کی کوششوں سے دو نئی پیش کشیں کی گئیں جن کا آغاز قیمتوں سے متاثر ہونے والے صارفین کو ہدف بنانے کے لیے 2019 کی تیسری سہ ماہی میں کیا گیا ہے۔ یہ دونوں برانڈ اس وقت مارکیٹ میں اپنی جگہ بنا رہے ہیں جن کا مقصد صارفین کی تجارت میں کمی کو روکنے کے لیے اثاثہ جات (Portfolio) میں اہم کردار ادا کرنا ہے۔

# Condensed Interim Profit or Loss Account (Un-audited)

for the Nine months period ended September 30, 2019

	Note	Three months ended		Nine months ended	
		Sep 30, 2019 Rs '000	Sep 30, 2018 Rs '000	Sep 30, 2019 Rs '000	Sep 30, 2018 Rs '000
<b>Gross turnover</b>		28,353,694	33,276,674	108,623,877	97,055,026
Excise duties		(14,561,649)	(15,176,258)	(54,726,071)	(42,933,069)
Sales tax		(4,207,849)	(5,063,266)	(16,316,044)	(14,815,401)
<b>Net turnover</b>		9,584,196	13,037,150	37,581,762	39,306,556
Cost of sales	7	(4,650,031)	(6,598,020)	(18,108,445)	(19,651,793)
<b>Gross profit</b>		4,934,165	6,439,130	19,473,317	19,654,763
Selling and distribution costs		(756,263)	(1,006,238)	(2,887,801)	(2,885,819)
Administrative expenses		(440,949)	(507,179)	(2,114,105)	(1,736,846)
Other operating expenses	8	(314,145)	(334,924)	(1,532,746)	(1,173,946)
Other income	9	582,133	13,439	680,978	116,149
		(929,224)	(1,834,902)	(5,853,674)	(5,680,462)
<b>Operating profit</b>		4,004,941	4,604,228	13,619,643	13,974,301
Finance income	10	144,758	149,049	761,778	479,076
Finance cost		(44,840)	(7,923)	(123,227)	(22,917)
Net finance income		99,918	141,126	638,551	456,159
<b>Profit before income tax</b>		4,104,859	4,745,354	14,258,194	14,430,460
Income tax expense	11	(1,173,035)	(1,794,239)	(4,273,067)	(5,134,834)
<b>Profit for the period</b>		2,931,824	2,951,115	9,985,127	9,295,626
Earnings per share - basic and diluted (Rupees)		11.48	11.55	39.08	36.38

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.



**Syed Javed Iqbal**  
MD & Chief Executive Officer



**William Pegel**  
Chief Financial Officer & Director

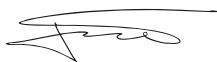


# Condensed Interim Statement of Comprehensive Income (Un-audited)

for the Nine months period ended September 30, 2019

	Three months ended		Nine months ended	
	Sep 30, 2019 Rs '000	Sep 30, 2018 Rs '000	Sep 30, 2019 Rs '000	Sep 30, 2018 Rs '000
<b>Profit for the period</b>	2,931,824	2,951,115	9,985,127	9,295,626
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	2,931,824	2,951,115	9,985,127	9,295,626

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.



**Syed Javed Iqbal**  
MD & Chief Executive Officer



**William Pegel**  
Chief Financial Officer & Director

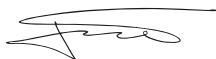
# Condensed Interim Statement of Financial Position (Un-audited)

as at September 30, 2019

	Note	September 30, 2019 (Unaudited) Rs '000	December 31, 2018 (Audited) Rs '000
<b>ASSETS</b>			
Property, plant and equipment	12	11,537,011	9,130,827
Advances for capital expenditure		6,210	959,439
Long term investment in subsidiary company	13	5,000	5,000
Long term deposits and prepayments		28,230	32,112
<b>Non-current assets</b>		<b>11,576,451</b>	<b>10,127,378</b>
Stock-in-trade		19,823,773	18,489,390
Stores and spares		789,117	634,029
Trade debts		2,378	1,553
Loans and advances	14	134,101	97,960
Short term prepayments		36,013	249,935
Other receivables	15	2,907,899	1,859,684
Short term investments		3,200,438	8,699,508
Cash and bank balances	16	1,684,577	293,165
Current assets		28,578,296	30,325,224
<b>Total assets</b>		<b>40,154,747</b>	<b>40,452,602</b>
<b>EQUITY</b>			
Share capital	17	2,554,938	2,554,938
Revenue reserves		16,253,531	15,210,686
<b>Total equity</b>		<b>18,808,469</b>	<b>17,765,624</b>
<b>LIABILITIES</b>			
Finance lease obligation	18	1,206,910	284,845
Deferred tax liabilities		937,031	589,076
<b>Non current liabilities</b>		<b>2,143,941</b>	<b>873,921</b>
Finance lease obligation	18	431,447	148,245
Short term running finance	19	-	75,542
Accrued interest / mark-up		749	5,331
Unpaid dividend		252,758	200,188
Unclaimed dividend		79,010	81,268
Trade and other payables	20	16,069,139	18,621,368
Other liabilities		2,037,440	2,298,698
Current income tax liabilities		331,794	382,417
<b>Current liabilities</b>		<b>19,202,337</b>	<b>21,813,057</b>
<b>Total liabilities</b>		<b>21,346,278</b>	<b>22,686,978</b>
<b>Total equity and liabilities</b>		<b>40,154,747</b>	<b>40,452,602</b>


Contingencies and commitments 21

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.



Syed Javed Iqbal

MD & Chief Executive Officer



William Pegel

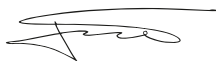
Chief Financial Officer & Director

# Condensed Interim Statement of Changes in Equity (Un-audited)


for the Nine months period ended September 30, 2019

	Share capital Rs '000	Revenue reserves Rs '000	Total Rs '000
<b>Balance at January 1, 2018</b>	2,554,938	14,356,260	16,911,198
<b>Total comprehensive income for the period:</b>			
Profit for the period	-	9,295,626	9,295,626
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	9,295,626	9,295,626
<b>Transactions with owners of the Company:</b>			
Final dividend relating to year ended December 31, 2017 @ Rs 20 per share	-	(5,109,876)	(5,109,876)
Interim dividend relating to year ending December 31, 2018 @ Rs 7 per share	-	(1,788,456)	(1,788,456)
<b>Balance at September 30, 2018</b>	2,554,938	16,753,554	19,308,492
Balance at January 1, 2019	2,554,938	15,210,686	17,765,624
<b>Total comprehensive income for the period:</b>			
Profit for the period	-	9,985,127	9,985,127
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	9,985,127	9,985,127
<b>Transactions with owners of the Company:</b>			
Final dividend relating to year ended December 31, 2018 @ Rs 22 per share	-	(5,620,863)	(5,620,863)
Interim dividend relating to year ending December 31, 2019 @ Rs 13 per share	-	(3,321,419)	(3,321,419)
<b>Balance at September 30, 2019</b>	2,554,938	16,253,531	18,808,469

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.



**Syed Javed Iqbal**  
MD & Chief Executive Officer



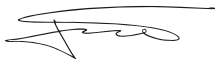
**William Pegel**  
Chief Financial Officer & Director

# Condensed Interim Statement of Cash Flows (Un-audited)

for the Nine months period ended September 30, 2019


	Note	Sep 30, 2019 Rs '000 Nine month ended	Sep 30, 2018 Rs '000
<b>Cash flows from operating activities</b>			
Cash generated from operations	22	9,705,704	13,619,266
Finance cost paid		(127,809)	(22,877)
Income tax paid		(3,975,736)	(3,757,328)
Contribution to retirement benefit funds		(344,710)	(204,553)
Net cash from operating activities		5,257,449	9,634,508
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(820,251)	(638,463)
Proceeds from sale of property, plant and equipment		211,176	120,546
Interest received		761,778	471,709
Net cash from/(used in) investing activities		152,703	(46,208)
<b>Cash flows from financing activities</b>			
Dividends paid		(8,891,970)	(6,946,667)
Finance lease payments		(550,298)	(199,881)
Net cash used in financing activities		(9,442,268)	(7,146,548)
Net (decrease)/increase in cash and cash equivalents		(4,032,116)	2,441,752
Cash and cash equivalents at January 1		8,917,131	7,153,970
Cash and cash equivalents at September 30		4,885,015	9,595,722
<b>Cash and cash equivalents comprise:</b>			
Short-term investments		3,200,438	8,284,960
Cash and bank balances	16	1,684,577	1,310,762
		4,885,015	9,595,722

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.



**Syed Javed Iqbal**

MD & Chief Executive Officer



**William Pegel**

Chief Financial Officer & Director

# Notes to the Condensed Interim Financial Statements (Un-audited)

for the Nine months period ended September 30, 2019

## 1. The Company and its operations

Pakistan Tobacco Company Limited (the Company) is a public listed company incorporated in Pakistan on 18 November 1947 under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange. The Company is a subsidiary of the British American Tobacco (Investments) Limited, United Kingdom, whereas its ultimate parent company is British American Tobacco p.l.c, United Kingdom. The Company is engaged in the manufacture and sale of cigarettes.

The registered office of the Company is situated at Serena Business Complex, Khayaban-e-Suharwardy, Islamabad.

## 2. Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## 3. Basis of preparation

These interim financial statements should be read in conjunction with the Company's latest annual financial statements as at and for the year ended December 31, 2018 ('last annual financial statements'). This interim financial information does not include all of the information required for a complete set of financial statements prepared in accordance with the approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

Comparative figures of condensed interim statement of financial position is extracted from annual financial statements as of December 31, 2018 whereas comparative figures of condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un-audited condensed interim financial statements of the Company for the nine months period ended September 30, 2018.

These condensed interim financial statements are un-audited and is being submitted to the members of the Company as required under Section 237 of the Companies Act 2017, and the listing regulations of the Pakistan Stock Exchange.

## 4. Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including measurement of fair values were the same as those described in the last annual financial statements.

### Measurement of fair values

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

# Notes to the Condensed Interim Financial Statements (Un-audited)

for the Nine months period ended September 30, 2019

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## 5. Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of the financial statements as at and for the year ended December 31, 2018 except for the following.

- The Company has applied IFRIC 23 'Uncertainty over Income Tax Treatments' from 1 January 2019; however the adoption of this standard has no impact on the amounts reported in these interim financial statements.
- The Company has initially adopted IFRS 16 'Leases' from 1 January 2019. IFRS 16 introduced a single, on balance sheet accounting model for leases. As a result the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated -i.e. it is presented as previously reported, under IAS 17 and related interpretations.

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 - "Determining Whether an Arrangement contains a Lease". The Company now assesses whether a contract is, or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company used the following practical expedients when applying IFRS 16, to leases previously classified as operating leases under IAS 17:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

The impact of adoption of IFRS 16 is disclosed in note 18.

## 6. Standards issued but not effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 01, 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards except for IFRS 16 and IFRIC 23 in preparing these condensed interim financial statements.

# Notes to the Condensed Interim Financial Statements (Un-audited)

for the Nine months period ended September 30, 2019

	Three months ended		Nine months ended	
	Sep 30, 2019 Rs '000	Sep 30, 2018 Rs '000	Sep 30, 2019 Rs '000	Sep 30, 2018 Rs '000
<b>7. Cost of sales</b>				
Raw material consumed:				
Opening stock of raw materials and work in process	12,430,303	9,770,739	16,944,127	13,137,236
Raw material purchases and expenses	10,004,178	11,167,679	17,153,938	18,015,436
Duties, taxes and tobacco development cess	484,521	276,160	1,197,941	1,230,627
Closing stock of raw materials and work in process	(18,497,737)	(15,307,803)	(18,497,737)	(15,307,803)
	4,421,265	5,906,775	16,798,269	17,075,496
Royalty	98,811	113,492	(1,398,732)	357,528
Production overheads	630,219	690,291	2,486,527	2,397,936
Cost of goods manufactured	5,150,295	6,710,558	17,886,064	19,830,960
Cost of finished goods				
Opening stock	825,772	1,402,947	1,548,417	1,336,318
Closing stock	(1,326,036)	(1,515,485)	(1,326,036)	(1,515,485)
	(500,264)	(112,538)	222,381	(179,167)
	4,650,031	6,598,020	18,108,445	19,651,793
<b>8. Other operating expenses</b>				
Workers' Profit Participation Fund (WPPF)	220,454	254,836	765,746	774,998
Workers' Welfare Fund (WWF)	121,882	96,520	329,093	294,499
Bank charges and fees	12,393	8,892	28,540	25,124
Foreign exchange loss	(40,584)	(25,324)	409,367	79,325
	314,145	334,924	1,532,746	1,173,946
<b>9. Other income</b>				
Income from services to associated companies:				
- BAT SAA (Private) Limited	-	-	65,900	54,451
- BAT Myanmar/BAT Bangladesh/Ceylon Tobacco	-	-	3,837	3,927
	-	-	69,737	58,378
Gain on disposal of property, plant and equipment	62,389	(2,045)	90,780	19,060
Liabilities written back	519,352	15,114	519,352	37,644
Others	392	370	1,109	1,067
	582,133	13,439	680,978	116,149
<b>10. Finance income</b>				

This includes profit from placement with banks in saving accounts, term deposit and treasury bills earned under interest arrangement. The interest rates range between 4.65% and 13.53% (nine months ended Sep 30, 2018: 3.75% and 7.55%) per annum and is received on maturity.

# Notes to the Condensed Interim Financial Statements (Un-audited)

for the Nine months period ended September 30, 2019

## 11. Income tax expense

Income tax expense includes Super tax amounting to Rs nil ( Sep 30, 2018 Rs 674,929 thousand).

	Note	September 30, 2019 (Unaudited) Rs '000	December 31, 2018 (Audited) Rs '000
<b>12. Property, plant and equipment</b>			
Operating fixed assets	12.1	11,224,853	8,170,276
Capital work in progress	12.2	312,158	960,551
		<b>11,537,011</b>	<b>9,130,827</b>

### 12.1 Operating fixed assets

Carrying amount at January 01		8,170,276	8,171,245
Additions during the nine months/year:			
- <b>Owned assets</b>			
Building		936	-
Plant and machinery		2,120,961	708,020
Office and household equipment		232,510	71,361
Vehicles		16,649	-
Furniture and fittings		43,724	35,337
		2,414,780	814,718
- <b>Right to use assets IFRS16</b>		1,454,727	-
- <b>Leased assets</b>			
Vehicles		307,932	259,320
		4,177,439	1,074,038
Disposals during the nine months/year (net book value):			
- <b>Owned assets</b>			
Building		(11)	(4,285)
Plant and machinery		(31,027)	(29,735)
Office and household equipment		(347)	(440)
Furniture and fittings		(8)	(40)
		(31,393)	(34,500)
- <b>Leased assets</b>			
Vehicles		(89,003)	(98,783)
		(120,396)	(133,283)
Depreciation/impairment charge for the nine months/year:		(1,002,466)	(941,724)
Carrying amount at Sep 30/ December 31		<b>11,224,853</b>	<b>8,170,276</b>

**12.1.1** During the nine months ended September 30, 2019, the Company acquired assets, including transfers from capital work in progress, amounting to Rs 4,177,439 thousand (nine months ended September 30, 2018: Rs 664,892 thousand). Operating fixed assets having net book value of Rs 120,396 thousand were disposed off during nine months ended September 30, 2019 (nine months ended September 30, 2018: Rs 101,486 thousand). Depreciation/impairment charge for nine months ended September 30, 2019 was Rs 1,002,466 thousand (nine months ended September 30, 2018: Rs 682,827 thousand).



# Notes to the Condensed Interim Financial Statements (Un-audited)

for the Nine months period ended September 30, 2019

	September 30, 2019 (Unaudited) Rs '000	December 31, 2018 (Audited) Rs '000
<b>12.2 Capital work in progress</b>		
Balance as at the beginning of the period	960,551	168,450
Additions during the nine months/year	963,482	962,382
	1,924,033	1,130,832
Transferred to operating fixed assets	(1,611,875)	(170,281)
Carrying amount as at end of the period	312,158	960,551

## 13. Long term investment in subsidiary company

This represents 500,001 (December 31, 2018: 500,001) fully paid ordinary shares of Rs10 each in Phoenix (Private) Limited, a wholly owned subsidiary of the Company which has not yet commenced commercial production. The break up value of shares calculated by reference to net assets worked out to be Rs10 per share based on financial statements for the nine months ended September 30, 2019.

## 14. Loans and advances

These include non-interest bearing advances to employees of Rs 46,827 thousand (December 31, 2018: Rs 37,228 thousand).

## 15. Other receivables

These include following balances due from related parties:

	September 30, 2019 (Unaudited) Rs '000	December 31, 2018 (Audited) Rs '000
Holding company / associated companies	153,206	169,006
Subsidiary company	20,021	20,021
Employees retirement benefit plans	927,975	790,782
<b>16. Cash and bank balances</b>		
Cash at banks		
- deposit accounts	9,075	8,863
- current accounts	1,674,576	279,297
	1,683,651	288,160
Cash in hand	926	5,005
	1,684,577	293,165

**16.1** These include balances of Rs 146,151 thousand (December 31, 2018: Rs 122,175 thousand) held in foreign currency accounts.

## 17. Share capital

Authorised share capital of the Company is Rs 3,000,000 thousand (December 31, 2018: Rs 3,000,000 thousand) divided into 300,000,000 ordinary shares of Rs 10 each. Issued, subscribed and paid up capital of the Company is Rs 2,554,938 thousand (December 31, 2018: Rs 2,554,938 thousand) divided into 255,493,792 ordinary shares of Rs 10 each.

# Notes to the Condensed Interim Financial Statements (Un-audited)

for the Nine months period ended September 30, 2019

## 18. Finance lease obligation

This represents finance lease agreements entered into with a leasing company for vehicles. Total lease rentals due under various lease agreements aggregate to Rs 518,659 thousand - short term Rs 229,618 thousand and long term Rs 289,041 thousand (December 31, 2018: Rs 433,090 thousand - short term Rs 148,245 thousand and long term Rs 284,845 thousand) and are payable in equal monthly instalments latest by December 2024. Taxes, repairs, replacement and insurance costs are to be borne by the Company. Financing rates of 12.35% to 15.36% (December 31, 2018: 7.85% to 13.14%) per annum have been used as discounting factor.

As per IFRS 16 all rental facilities of the Company with lease terms greater than one year have been reclassified from operating leases to finance leased assets. When measuring the lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using an estimated incremental borrowing rate at January 01, 2019. The estimated incremental borrowing rate applied is 10%. At the date of initial application right of use of asset amounting to Rs 1,448,717 thousand was recognised in property, plant and equipment (Note 12.1) and lease obligation of Rs 1,243,268 thousand was recognised after adjustment of prepaid rent amounting to Rs 205,449 thousand.

Closing balance includes lease obligation of Rs 1,119,698 thousand - short term Rs 201,831 thousand and long term Rs 917,867 thousand (December 31, 2018: Rs Nil) on account of change in accounting policy IFRS 16.

## 19. Short term running finance-secured

Short term running finance facilities available under mark-up arrangements with banks amount to Rs 6,500 million (December 31, 2018: Rs 6,500 million), out of which the amount un-availed at the reporting date was Rs 6,500 million (December 31, 2018: Rs 6,424 million). These facilities are secured by hypothecation of stock in trade and plant & machinery amounting to Rs 7,222 million (December 31, 2018: Rs 7,222 million). The mark-up ranges between 10.52% and 14.01% (2018: 6.40% and 10.50%) per annum and is payable quarterly. The facilities are renewable on annual basis.

## 20. Trade and other payables

20.1 These include following balances due to related parties:

	September 30, 2019 (Unaudited) Rs '000	December 31, 2018 (Audited) Rs '000
Holding company / associated companies	1,834,531	2,108,134
Employees retirement benefit plans	201,962	210,402

20.2 These also include 'contract liabilities' representing advances from customers amounting to Rs 86,485 thousand (December 31, 2018: Rs 2,013 thousand).

# Notes to the Condensed Interim Financial Statements (Un-audited)

for the Nine months period ended September 30, 2019

	September 30, 2019 (Unaudited) Rs '000	December 31, 2018 (Audited) Rs '000
<b>21. Contingencies and commitments</b>		
<b>21.1 Contingencies</b>		
<b>Claims and guarantees</b>		
Claims against the Company not acknowledged as debt	75,706	75,706
Guarantees issued by banks on behalf of the Company	355,730	323,587
<b>Litigation</b>		
There is no significant change to status of litigations disclosed in annual financial statements for the year ended 31 December 2018.		
	September 30, 2019 (Unaudited) Rs '000	December 31, 2018 (Audited) Rs '000
<b>21.2 Commitments</b>		
Capital expenditure	648,503	-
Letters of credit outstanding	925,071	227,427
Lease rentals	-	760,875
	<u>Nine months ended</u>	
	Sep 30, 2019 Rs '000	Sep 30, 2018 Rs '000
<b>22. Cash generated from operations</b>		
Profit before income tax	14,258,194	14,430,460
Adjustment for non-cash items:		
- Depreciation	1,002,466	682,827
- (Gain)/loss on disposal of property, plant and equipment	(90,780)	(19,060)
- Finance cost	123,227	22,917
- Finance income	(761,778)	(479,076)
- Forex loss	409,367	79,325
- Reversal of provision for slow moving stores and spares	(3,154)	40,602
- Reversal of provision for stock-in-trade	-	(12,664)
- Provision for staff retirement benefit plans	199,201	205,722
	878,549	520,593
Changes in working capital:		
- Stock-in-trade	(1,331,229)	(2,349,734)
- Stores and spares	(155,088)	(59,162)
- Trade debts	(825)	(866)
- Loans and advances	15,612	(198,145)
- Short term prepayments	213,922	71,406
- Other receivables	(962,775)	(663,822)
- Trade and other payables	(2,953,280)	1,974,612
- Other liabilities	(261,258)	(108,202)
	(5,434,921)	(1,333,913)
Changes in long term deposits and prepayments	3,882	2,126
	9,705,704	13,619,266

## Notes to the Condensed Interim Financial Statements (Un-audited) for the Nine months period ended September 30, 2019

### 23. Financial instruments

#### 23.1 Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	September 30, 2019 (Un-audited)		December 31, 2018 (Audited)	
	Fair value through profit or loss	Amortized cost	Total	Fair value through profit or loss
	Rs '000			
<b>Financial assets measured at fair value</b>				
Short-term investment	3,200,438	-	3,200,438	8,699,508
<b>Financial assets not measured at fair value</b>				
Deposits	-	28,230	28,230	28,480
Trade debts	-	2,378	2,378	1,553
Other receivables	-	2,907,899	2,907,899	1,859,684
Cash and bank balances	-	1,684,577	1,684,577	293,165
	3,200,438	4,623,084	7,823,522	10,882,390
<b>Financial liabilities not measured at fair value</b>				
Finance lease obligation	-	(1,638,357)	(1,638,357)	(433,090)
Accrued interest / mark-up	-	(749)	(749)	(5,331)
Short term running finance	-	(14,978,555)	(14,978,555)	(75,542)
Trade and other payables	-	(16,617,661)	(16,617,661)	(11,851,120)
	-	(16,617,661)	(16,617,661)	(12,365,083)

The Company has not disclosed the fair values of financial assets and financial liabilities as these are for short-term or reprice over short-term. Therefore, the carrying amounts are reasonable approximation of their values. There have been no change

#### 23.2 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, 2018.

# Notes to the Condensed Interim Financial Statements (Un-audited)

for the Nine months period ended September 30, 2019

## 24. Related parties

British American Tobacco (Investments) Limited (BAT-IL) holds 94.34% (December 31, 2018: 94.34%) shares of the Company. Therefore, all the subsidiaries and associated undertakings of BAT-IL and the ultimate parent company British American Tobacco, p.l.c (BAT) are related parties of the Company. The related parties also include directors and their relatives, key management personnel and their relatives, entities in which directors have interest or common directorship, subsidiary and associated companies and subsidiaries of holding company, post-employment benefit plans and persons or entities having control or joint control or having significant influence over the Company.

The amounts due from and due to these parties are disclosed in the respective notes. All outstanding balances with related parties are to be settled in the normal course of business. None of the balances are secured. Transactions with related parties were as follows:

	Three months ended		Nine months ended	
	Sep 30, 2019 Rs '000	Sep 30, 2018 Rs '000	Sep 30, 2019 Rs '000	Sep 30, 2018 Rs '000
<b>Purchase of goods and services from</b>				
Holding company	362,742	222,145	849,634	687,542
Associated companies	393,959	658,683	1,402,507	1,153,361
<b>Sale of goods and services to</b>				
Holding company	22,798	22,566	23,473	22,566
Associated companies	574,885	21,715	1,079,596	223,482
<b>Dividend paid to</b>				
Holding company	3,144,094	1,692,974	8,464,870	6,530,042
<b>Royalty charged by</b>				
Holding company	98,811	113,492	(1,398,732)	357,528
<b>Employees retirement benefit plans - expense</b>				
Staff pension fund	-	-	(25,281)	-
Staff defined contribution pension fund	30,512	24,561	85,252	69,449
Employees' gratuity fund	24,808	23,686	80,153	69,470
Management provident fund	19,066	18,657	57,195	54,799
Employees' provident fund	4,432	4,023	13,231	12,004
<b>Remuneration of key management personnel</b>	214,966	180,464	544,397	478,476
<b>Other income:</b>				
Associated company: Recharges written back	519,352	15,114	519,352	37,644

# Notes to the Condensed Interim Financial Statements (Un-audited)

for the Nine months period ended September 30, 2019

## 25. Post balance sheet events

The Board of Directors in its meeting held on October 17, 2019 has declared an interim dividend of Rs 13 (2018: Rs 10.00) per share. This interim dividend of Rs 3,321,419 thousand (2018: Rs 2,554,938 ) will be recorded as liability in the interim financial statements for the next quarter as required by the IAS 10 'Events after the Balance Sheet Date'. These condensed interim financial statements do not reflect this dividend.

## 26. Date of authorisation for issue

These condensed interim financial statements have been authorised for issue by the Board of Directors of the Company on October 17, 2019.



**Syed Javed Iqbal**

MD & Chief Executive Officer



**William Pegel**

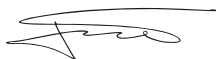
Chief Financial Officer & Director

# Consolidated Condensed Interim Profit or Loss Account (Un-audited)

for the Nine months period ended September 30, 2019

	Note	Three months ended		Nine months ended	
		Sep 30, 2019 Rs '000	Sep 30, 2018 Rs '000	Sep 30, 2019 Rs '000	Sep 30, 2018 Rs '000
<b>Gross turnover</b>		28,353,694	33,276,674	108,623,877	97,055,026
Excise duties		(14,561,649)	(15,176,258)	(54,726,071)	(42,933,069)
Sales tax		(4,207,849)	(5,063,266)	(16,316,044)	(14,815,401)
<b>Net turnover</b>		9,584,196	13,037,150	37,581,762	39,306,556
Cost of sales	7	(4,650,031)	(6,598,020)	(18,108,445)	(19,651,793)
<b>Gross profit</b>		4,934,165	6,439,130	19,473,317	19,654,763
Selling and distribution costs		(756,263)	(1,006,238)	(2,887,801)	(2,885,819)
Administrative expenses		(440,949)	(507,179)	(2,114,105)	(1,736,846)
Other operating expenses	8	(314,145)	(334,924)	(1,532,746)	(1,173,946)
Other income	9	582,133	13,439	680,978	116,149
		(929,224)	(1,834,902)	(5,853,674)	(5,680,462)
<b>Operating profit</b>		4,004,941	4,604,228	13,619,643	13,974,301
Finance income	10	144,758	149,049	761,778	479,076
Finance cost		(44,840)	(7,923)	(123,227)	(22,917)
Net finance income		99,918	141,126	638,551	456,159
<b>Profit before income tax</b>		4,104,859	4,745,354	14,258,194	14,430,460
Income tax expense	11	(1,173,035)	(1,794,239)	(4,273,067)	(5,134,834)
<b>Profit for the period</b>		2,931,824	2,951,115	9,985,127	9,295,626
Earnings per share - basic and diluted (Rupees)		11.48	11.55	39.08	36.38

The annexed notes 1 to 25 form an integral part of these consolidated condensed interim financial statements.



Syed Javed Iqbal

MD & Chief Executive Officer



William Pegel

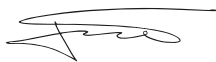
Chief Financial Officer & Director

# Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

for the Nine months period ended September 30, 2019

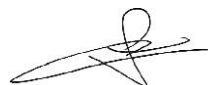
	Three months ended		Nine months ended	
	Sep 30, 2019 Rs '000	Sep 30, 2018 Rs '000	Sep 30, 2019 Rs '000	Sep 30, 2018 Rs '000
<b>Profit for the period</b>	2,931,824	2,951,115	9,985,127	9,295,626
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	2,931,824	2,951,115	9,985,127	9,295,626

The annexed notes 1 to 25 form an integral part of these consolidated condensed interim financial statements.



**Syed Javed Iqbal**

MD & Chief Executive Officer



**William Pegel**

Chief Financial Officer & Director



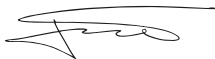
# Consolidated Condensed Interim Statement of Financial Position (Un-audited)

as at September 30, 2019

	Note	September 30, 2019 (Unaudited) Rs '000	December 31, 2018 (Audited) Rs '000
<b>ASSETS</b>			
Property, plant and equipment	12	11,562,059	9,155,875
Advances for capital expenditure		6,210	959,439
Long term deposits and prepayments		28,230	32,112
<b>Non-current assets</b>		<b>11,596,499</b>	<b>10,147,426</b>
Stock-in-trade		19,823,773	18,489,390
Stores and spares		789,117	634,029
Trade debts		2,378	1,553
Loans and advances	13	134,101	97,960
Short term prepayments		36,013	249,935
Other receivables	14	2,887,878	1,839,663
Short term investments		3,200,438	8,699,508
Cash and bank balances	15	1,684,577	293,165
Current assets		28,558,275	30,305,203
<b>Total assets</b>		<b>40,154,774</b>	<b>40,452,629</b>
<b>EQUITY</b>			
Share capital	16	2,554,938	2,554,938
Revenue reserves		16,253,531	15,210,686
<b>Total equity</b>		<b>18,808,469</b>	<b>17,765,624</b>
<b>LIABILITIES</b>			
Finance lease obligation	17	1,206,910	284,845
Deferred tax liabilities		937,031	589,076
<b>Non current liabilities</b>		<b>2,143,941</b>	<b>873,921</b>
Finance lease obligation	17	431,447	148,245
Short term running finance	18	-	75,542
Accrued interest / mark-up		749	5,331
Unpaid dividend		252,758	200,188
Unclaimed dividend		79,010	81,268
Trade and other payables	19	16,069,166	18,621,395
Other liabilities		2,037,440	2,298,698
Current income tax liabilities		331,794	382,417
<b>Current liabilities</b>		<b>19,202,364</b>	<b>21,813,084</b>
<b>Total liabilities</b>		<b>21,346,305</b>	<b>22,687,005</b>
<b>Total equity and liabilities</b>		<b>40,154,774</b>	<b>40,452,629</b>


Contingencies and commitments 20

The annexed notes 1 to 25 form an integral part of these consolidated condensed interim financial statements.



Syed Javed Iqbal

MD & Chief Executive Officer



William Pegel

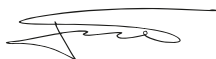
Chief Financial Officer & Director

# Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)

for the Nine months period ended September 30, 2019

	Share capital Rs '000	Revenue reserves Rs '000	Total Rs '000
<b>Balance at January 1, 2018</b>	2,554,938	14,356,260	16,911,198
<b>Total comprehensive income for the period:</b>			
Profit for the period	-	9,295,626	9,295,626
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	9,295,626	9,295,626
<b>Transactions with owners of the Company:</b>			
Final dividend relating to year ended December 31, 2017 @ Rs 20 per share	-	(5,109,876)	(5,109,876)
Interim dividend relating to year ending December 31, 2018 @ Rs 7 per share	-	(1,788,456)	(1,788,456)
<b>Balance at September 30, 2018</b>	2,554,938	16,753,554	19,308,492
Balance at January 1, 2019	2,554,938	15,210,686	17,765,624
<b>Total comprehensive income for the period:</b>			
Profit for the period	-	9,985,127	9,985,127
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	9,985,127	9,985,127
<b>Transactions with owners of the Company:</b>			
Final dividend relating to year ended December 31, 2018 @ Rs 22 per share	-	(5,620,863)	(5,620,863)
Interim dividend relating to year ending December 31, 2019 @ Rs 13 per share	-	(3,321,419)	(3,321,419)
<b>Balance at September 30, 2019</b>	2,554,938	16,253,531	18,808,469

The annexed notes 1 to 25 form an integral part of these consolidated condensed interim financial statements.



**Syed Javed Iqbal**  
MD & Chief Executive Officer



**William Pegel**  
Chief Financial Officer & Director

# Consolidated Condensed Interim Statement of Cash Flows (Un-audited)

for the Nine months period ended September 30, 2019

	Note	Sep 30, 2019 Rs '000 Nine month ended	Sep 30, 2018 Rs '000
<b>Cash flows from operating activities</b>			
Cash generated from operations	21	9,705,704	13,619,266
Finance cost paid		(127,809)	(22,877)
Income tax paid		(3,975,736)	(3,757,328)
Contribution to retirement benefit funds		(344,710)	(204,553)
Net cash from operating activities		5,257,449	9,634,508
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(820,251)	(638,463)
Proceeds from sale of property, plant and equipment		211,176	120,546
Interest received		761,778	471,709
Net cash from/(used in) investing activities		152,703	(46,208)
<b>Cash flows from financing activities</b>			
Dividends paid		(8,891,970)	(6,946,667)
Finance lease payments		(550,298)	(199,881)
Net cash used in financing activities		(9,442,268)	(7,146,548)
Net (decrease)/increase in cash and cash equivalents		(4,032,116)	2,441,752
Cash and cash equivalents at January 1		8,917,131	7,153,970
Cash and cash equivalents at September 30		4,885,015	9,595,722
<b>Cash and cash equivalents comprise:</b>			
Short-term investments		3,200,438	8,284,960
Cash and bank balances	15	1,684,577	1,310,762
		4,885,015	9,595,722

The annexed notes 1 to 25 form an integral part of these consolidated condensed interim financial statements.



**Syed Javed Iqbal**  
MD & Chief Executive Officer



**William Pegel**  
Chief Financial Officer & Director

# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

for the Nine months period ended September 30, 2019

## 1. The Group and its operations

Pakistan Tobacco Company Limited (the Company) is a public listed company incorporated in Pakistan on 18 November 1947 under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange. The Company is a subsidiary of the British American Tobacco (Investments) Limited, United Kingdom, whereas its ultimate parent company is British American Tobacco p.l.c, United Kingdom. The Company is engaged in the manufacture and sale of cigarettes.

The registered office of the Company is situated at Serena Business Complex, Khayaban-e-Suharwardy, Islamabad.

Phoenix (Private) Limited (PPL) is a private limited 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 Jamu and Kashmir. The object for which the PPL has been incorporated is to operate and manage an industrial undertaking in Azad Jammu and Kashmir to deal in Tobacco products. PPL is dormant and has not commenced its commercial operations.

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

## 2. Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## 3. Basis of preparation

These consolidated interim financial statements should be read in conjunction with the Group's latest annual financial statements as at and for the year ended December 31, 2018 ('last annual financial statements'). This interim financial information does not include all of the information required for a complete set of financial statements prepared in accordance with the approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

Comparative figures of consolidated condensed interim statement of financial position is extracted from annual financial statements as of December 31, 2018 whereas comparative figures of consolidated condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un-audited condensed interim financial statements of the Company for the nine months ended september 30, 2018.

These consolidated condensed interim financial statements are un-audited and is being submitted to the members of the Group as required under Section 237 of the Companies Act 2017, and the listing regulations of the Pakistan Stock Exchange.

## 4. Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

for the Nine months period ended September 30, 2019

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including measurement of fair values were the same as those described in the last annual financial statements.

## Measurement of fair values

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## 5. Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of the financial statements as at and for the year ended December 31, 2018 except for the following.

- The Company has applied IFRIC 23 'Uncertainty over Income Tax Treatments' from 1 January 2019; however the adoption of this standard has no impact on the amounts reported in these interim financial statements.
- The Company has initially adopted IFRS 16 'Leases' from 1 January 2019. IFRS 16 introduced a single, on balance sheet accounting model for leases. As a result the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated –i.e. it is presented as previously reported, under IAS 17 and related interpretations.

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 - "Determining Whether an Arrangement contains a Lease". The Company now assesses whether a contract is, or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company used the following practical expedients when applying IFRS 16, to leases previously classified as operating leases under IAS 17:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

The impact of adoption of IFRS 16 is disclosed in note 18.

## 6. Standards issued but not effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 01, 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards except for IFRS 16 and IFRIC 23 in preparing these condensed interim financial statements.

# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

for the Nine months period ended September 30, 2019

	Three months ended		Nine months ended	
	Sep 30, 2019 Rs '000	Sep 30, 2018 Rs '000	Sep 30, 2019 Rs '000	Sep 30, 2018 Rs '000
<b>7. Cost of sales</b>				
Raw material consumed:				
Opening stock of raw materials and work in process	12,430,303	9,770,739	16,944,127	13,137,236
Raw material purchases and expenses	10,004,178	11,167,679	17,153,938	18,015,436
Duties, taxes and tobacco development cess	484,521	276,160	1,197,941	1,230,627
Closing stock of raw materials and work in process	(18,497,737)	(15,307,803)	(18,497,737)	(15,307,803)
	4,421,265	5,906,775	16,798,269	17,075,496
Royalty	98,811	113,492	(1,398,732)	357,528
Production overheads	630,219	690,291	2,486,527	2,397,936
Cost of goods manufactured	5,150,295	6,710,558	17,886,064	19,830,960
Cost of finished goods				
Opening stock	825,772	1,402,947	1,548,417	1,336,318
Closing stock	(1,326,036)	(1,515,485)	(1,326,036)	(1,515,485)
	(500,264)	(112,538)	222,381	(179,167)
	4,650,031	6,598,020	18,108,445	19,651,793
<b>8. Other operating expenses</b>				
Workers' Profit Participation Fund (WPPF)	220,454	254,836	765,746	774,998
Workers' Welfare Fund (WWF)	121,882	96,520	329,093	294,499
Bank charges and fees	12,393	8,892	28,540	25,124
Foreign exchange loss	(40,584)	(25,324)	409,367	79,325
	314,145	334,924	1,532,746	1,173,946
<b>9. Other income</b>				
Income from services to associated companies:				
- BAT SAA (Private) Limited	-	-	65,900	54,451
- BAT Myanmar/BAT Bangladesh/Ceylon Tobacco	-	-	3,837	3,927
	-	-	69,737	58,378
Gain on disposal of property, plant and equipment	62,389	(2,045)	90,780	19,060
Liabilities written back	519,352	15,114	519,352	37,644
Others	392	370	1,109	1,067
	582,133	13,439	680,978	116,149
<b>10. Finance income</b>				

This includes profit from placement with banks in saving accounts, term deposit and treasury bills earned under interest arrangement. The interest rates range between 4.65% and 13.53% (nine months ended Sep 30, 2018: 3.75% and 7.55%) per annum and is received on maturity.

# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

for the Nine months period ended September 30, 2019

## 11. Income tax expense

Income tax expense includes Super tax amounting to Rs nil ( Sep 30, 2018 Rs 674,929 thousand).

	Note	September 30, 2019 (Unaudited) Rs '000	December 31, 2018 (Audited) Rs '000
<b>12. Property, plant and equipment</b>			
Operating fixed assets	12.1	11,228,217	8,173,640
Capital work in progress	12.2	333,842	982,235
		<b>11,562,059</b>	<b>9,155,875</b>

### 12.1 Operating fixed assets

Carrying amount at January 01		8,173,640	8,174,609
Additions during the nine months/year:			
- <b>Owned assets</b>			
Building		936	-
Plant and machinery		2,120,961	708,020
Office and household equipment		232,510	71,361
Vehicles		16,649	-
Furniture and fittings		43,724	35,337
		2,414,780	814,718
- <b>Right to use assets IFRS16</b>		1,454,727	-
- <b>Leased assets</b>			
Vehicles		307,932	259,320
		4,177,439	1,074,038
Disposals during the nine months/year (net book value):			
- <b>Owned assets</b>			
Building		(11)	(4,285)
Plant and machinery		(31,027)	(29,735)
Office and household equipment		(347)	(440)
Furniture and fittings		(8)	(40)
		(31,393)	(34,500)
- <b>Leased assets</b>			
Vehicles		(89,003)	(98,783)
		(120,396)	(133,283)
Depreciation/impairment charge for the nine months/year:		(1,002,466)	(941,724)
Carrying amount at Sep 30/ December 31		<b>11,228,217</b>	<b>8,173,640</b>

**12.1.1** During the nine months ended September 30, 2019, the Company acquired assets, including transfers from capital work in progress, amounting to Rs 4,177,439 thousand (nine months ended September 30, 2018: Rs 664,892 thousand). Operating fixed assets having net book value of Rs 120,396 thousand were disposed off during nine months ended September 30, 2019 (nine months ended September 30, 2018: Rs 101,486 thousand). Depreciation/impairment charge for nine months ended September 30, 2019 was Rs 1,002,466 thousand (nine months ended September 30, 2018: Rs 682,827 thousand).

# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

for the Nine months period ended September 30, 2019

	September 30, 2019 (Unaudited) Rs '000	December 31, 2018 (Audited) Rs '000
<b>12.2 Capital work in progress</b>		
Balance as at the beginning of the period	982,235	190,134
Additions during the nine months/year	963,482	962,382
	1,945,717	1,152,516
Transferred to operating fixed assets	(1,611,875)	(170,281)
Carrying amount as at end of the period	333,842	982,235

## 13. Loans and advances

These include non-interest bearing advances to employees of Rs 46,827 thousand (December 31, 2018: Rs 37,228 thousand).

## 14. Other receivables

These include following balances due from related parties:

	September 30, 2019 (Unaudited) Rs '000	December 31, 2018 (Audited) Rs '000
Holding company / associated companies	153,206	169,006
Employees retirement benefit plans	927,975	790,782
<b>15. Cash and bank balances</b>		
Cash at banks		
- deposit accounts	9,075	8,863
- current accounts	1,674,576	279,297
	1,683,651	288,160
Cash in hand	926	5,005
	1,684,577	293,165

**15.1** These include balances of Rs 146,151 thousand (December 31, 2018: Rs 122,175 thousand) held in foreign currency accounts.

## 16. Share capital

Authorised share capital of the Company is Rs 3,000,000 thousand (December 31, 2018: Rs 3,000,000 thousand) divided into 300,000,000 ordinary shares of Rs 10 each. Issued, subscribed and paid up capital of the Company is Rs 2,554,938 thousand (December 31, 2018: Rs 2,554,938 thousand) divided into 255,493,792 ordinary shares of Rs 10 each.



# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

for the Nine months period ended September 30, 2019

## 17. Finance lease obligation

This represents finance lease agreements entered into with a leasing company for vehicles. Total lease rentals due under various lease agreements aggregate to Rs 518,659 thousand - short term Rs 229,618 thousand and long term Rs 289,041 thousand (December 31, 2018: Rs 433,090 thousand - short term Rs 148,245 thousand and long term Rs 284,845 thousand) and are payable in equal monthly instalments latest by December 2024. Taxes, repairs, replacement and insurance costs are to be borne by the Company. Financing rates of 12.35% to 15.36% (December 31, 2018: 7.85% to 13.14%) per annum have been used as discounting factor.

As per IFRS 16 all rental facilities of the Company with lease terms greater than one year have been reclassified from operating leases to finance leased assets. When measuring the lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using an estimated incremental borrowing rate at January 01, 2019. The estimated incremental borrowing rate applied is 10%. At the date of initial application right of use of asset amounting to Rs 1,448,717 thousand was recognised in property, plant and equipment (Note 12.1) and lease obligation of Rs 1,243,268 thousand was recognised after adjustment of prepaid rent amounting to Rs 205,449 thousand.

Closing balance includes lease obligation of Rs 1,119,698 thousand - short term Rs 201,831 thousand and long term Rs 917,867 thousand (December 31, 2018: Rs Nil) on account of change in accounting policy IFRS 16.

## 18. Short term running finance-secured

Short term running finance facilities available under mark-up arrangements with banks amount to Rs 6,500 million (December 31, 2018: Rs 6,500 million), out of which the amount un-availed at the reporting date was Rs 6,500 million (December 31, 2018: Rs 6,424 million). These facilities are secured by hypothecation of stock in trade and plant & machinery amounting to Rs 7,222 million (December 31, 2018: Rs 7,222 million). The mark-up ranges between 10.52% and 14.01% (2018: 6.40% and 10.50%) per annum and is payable quarterly. The facilities are renewable on annual basis.

## 19. Trade and other payables

19.1 These include following balances due to related parties:

	September 30, 2019 (Unaudited) Rs '000	December 31, 2018 (Audited) Rs '000
Holding company / associated companies	1,834,531	2,108,134
Employees retirement benefit plans	201,962	210,402

19.2 These also include 'contract liabilities' representing advances from customers amounting to Rs 86,485 thousand (December 31, 2018: Rs 2,013 thousand).

# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

for the Nine months period ended September 30, 2019

	September 30, 2019 (Unaudited) Rs '000	December 31, 2018 (Audited) Rs '000
<b>20. Contingencies and commitments</b>		
<b>20.1 Contingencies</b>		
<b>Claims and guarantees</b>		
Claims against the Company not acknowledged as debt	75,706	75,706
Guarantees issued by banks on behalf of the Company	355,730	323,587
<b>Litigation</b>		
There is no significant change to status of litigations disclosed in annual financial statements for the year ended 31 December 2018.		
	September 30, 2019 (Unaudited) Rs '000	December 31, 2018 (Audited) Rs '000
<b>20.2 Commitments</b>		
Capital expenditure	648,503	-
Letters of credit outstanding	925,071	227,427
Lease rentals	-	760,875
	<u>Nine months ended</u>	
	Sep 30, 2019 Rs '000	Sep 30, 2018 Rs '000
<b>21. Cash generated from operations</b>		
Profit before income tax	14,258,194	14,430,460
Adjustment for non-cash items:		
- Depreciation	1,002,466	682,827
- (Gain)/loss on disposal of property, plant and equipment	(90,780)	(19,060)
- Finance cost	123,227	22,917
- Finance income	(761,778)	(479,076)
- Forex loss	409,367	79,325
- Reversal of provision for slow moving stores and spares	(3,154)	40,602
- Reversal of provision for stock-in-trade	-	(12,664)
- Provision for staff retirement benefit plans	199,201	205,722
	878,549	520,593
Changes in working capital:		
- Stock-in-trade	(1,331,229)	(2,349,734)
- Stores and spares	(155,088)	(59,162)
- Trade debts	(825)	(866)
- Loans and advances	15,612	(198,145)
- Short term prepayments	213,922	71,406
- Other receivables	(962,775)	(663,822)
- Trade and other payables	(2,953,280)	1,974,612
- Other liabilities	(261,258)	(108,202)
	(5,434,921)	(1,333,913)
Changes in long term deposits and prepayments	3,882	2,126
	9,705,704	13,619,266

## Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the Nine months period ended September 30, 2019

### 22. Financial instruments

#### 22.1 Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	September 30, 2019 (Un-audited)		December 31, 2018 (Audited)	
	Fair value through profit or loss	Amortized cost	Fair value through profit or loss	Amortized cost
	Rs '000			
<b>Financial assets measured at fair value</b>				
Short-term investment	3,200,438	-	3,200,438	-
<b>Financial assets not measured at fair value</b>				
Deposits	-	28,230	28,230	-
Trade debts	-	2,378	2,378	-
Other receivables	-	2,887,878	2,887,878	-
Cash and bank balances	-	1,684,577	1,684,577	-
	3,200,438	4,603,063	7,803,501	-
<b>Financial liabilities not measured at fair value</b>				
Finance lease obligation	-	(1,638,357)	(1,638,357)	(433,090)
Accrued interest / mark-up	-	(749)	(749)	(5,331)
Short term running finance	-	-	-	(75,542)
Trade and other payables	-	(14,978,582)	(14,978,582)	(11,851,147)
	-	(16,617,688)	(16,617,688)	(12,365,110)

The Company has not disclosed the fair values of financial assets and financial liabilities as these are for short-term or reprice over short-term. Therefore, the carrying amounts are reasonable approximation of their values. There have been no change

#### 22.2 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, 2018.

# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

for the Nine months period ended September 30, 2019

## 23. Related parties

British American Tobacco (Investments) Limited (BAT-IL) holds 94.34% (December 31, 2018: 94.34%) shares of the Company. Therefore, all the subsidiaries and associated undertakings of BAT-IL and the ultimate parent company British American Tobacco, p.l.c (BAT) are related parties of the Company. The related parties also include directors and their relatives, key management personnel and their relatives, entities in which directors have interest or common directorship, subsidiary and associated companies and subsidiaries of holding company, post-employment benefit plans and persons or entities having control or joint control or having significant influence over the Company.

The amounts due from and due to these parties are disclosed in the respective notes. All outstanding balances with related parties are to be settled in the normal course of business. None of the balances are secured. Transactions with related parties were as follows:

	Three months ended		Nine months ended	
	Sep 30, 2019 Rs '000	Sep 30, 2018 Rs '000	Sep 30, 2019 Rs '000	Sep 30, 2018 Rs '000
<b>Purchase of goods and services from</b>				
Holding company	362,742	222,145	849,634	687,542
Associated companies	393,959	658,683	1,402,507	1,153,361
<b>Sale of goods and services to</b>				
Holding company	22,798	22,566	23,473	22,566
Associated companies	574,885	21,715	1,079,596	223,482
<b>Dividend paid to</b>				
Holding company	3,144,094	1,692,974	8,464,870	6,530,042
<b>Royalty charged by</b>				
Holding company	98,811	113,492	(1,398,732)	357,528
<b>Employees retirement benefit plans - expense</b>				
Staff pension fund	-	-	(25,281)	-
Staff defined contribution pension fund	30,512	24,561	85,252	69,449
Employees' gratuity fund	24,808	23,686	80,153	69,470
Management provident fund	19,066	18,657	57,195	54,799
Employees' provident fund	4,432	4,023	13,231	12,004
<b>Remuneration of key management personnel</b>	214,966	180,464	544,397	478,476
<b>Other income:</b>				
Associated company:				
Recharges written back	519,352	15,114	519,352	37,644

# Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

for the Nine months period ended September 30, 2019

## 24. Post balance sheet events

The Board of Directors in its meeting held on October 17, 2019 has declared an interim dividend of Rs 13 (2018: Rs 10.00) per share. This interim dividend of Rs 3,321,419 thousand (2018: Rs 2,554,938 ) will be recorded as liability in the interim financial statements for the next quarter as required by the IAS 10 'Events after the Balance Sheet Date'. These condensed interim financial statements do not reflect this dividend.

## 25. Date of authorisation for issue

These consolidated condensed interim financial statements have been authorised for issue by the Board of Directors of the Group's on October 17, 2019.



**Syed Javed Iqbal**

MD & Chief Executive Officer



**William Pegel**

Chief Financial Officer & Director

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