



PHILIP MORRIS
(PAKISTAN) LIMITED

QUARTERLY REPORT

For the third quarter ended September 30, 2020
(Un-audited)

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For the third quarter ended September 30, 2020
(Un-audited)



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COMPANY INFORMATION

BOARD OF DIRECTORS

KAMRAN Y. MIRZA	(Chairman)
ROMAN YAZBECK	(Chief Executive)
MICHAEL SCHARER	
LIM KHANG WEI	
MUHAMMAD ZEESHAN	
PATTARAPORN AUTTAPHON	
LT. GEN. (R) TARIQ KHAN	

COMPANY SECRETARY

MUSTAFA KAMAL ZUBERI	(until August 10, 2020)
FAIZA KAPADIA RAFFAY	(from August 11, 2020)

AUDIT COMMITTEE

LT. GEN. (R) TARIQ KHAN	(Chairman)	
LIM KHANG WEI		
PATTARAPORN AUTTAPHON		
MUSTAFA KAMAL ZUBERI	(until August 10, 2020)	(Secretary)
FAIZA KAPADIA RAFFAY	(from August 11, 2020)	(Secretary)

HUMAN RESOURCE & REMUNERATION COMMITTEE

KAMRAN Y. MIRZA	(Chairman)
ROMAN YAZBECK	
MICHAEL SCHARER	
SARAH HASSAN	(Secretary)

AUDITORS

A. F. FERGUSON & CO.
Chartered Accountants

BANKERS

UNITED BANK LIMITED
STANDARD CHARTERED BANK PAKISTAN LIMITED
MCB BANK LIMITED
HABIB BANK LIMITED
CITI BANK N.A.
DEUTSCHE BANK A.G.
FAYSAL BANK LIMITED

REGISTERED OFFICE

19TH FLOOR, THE HARBOUR FRONT,
DOLMEN CITY, HC-3, BLOCK-4,
CLIFTON, KARACHI-75600

FACTORIES

1. G.T ROAD, QUADIRABAD, DISTRICT: SAHIWAL (PUNJAB)
2. LEAF DIVISION COMPLEX, 22ND KM, MARDAN SWABI ROAD, MARDAN (KPK)

SHARE REGISTRAR

CENTRAL DEPOSITORY COMPANY OF
PAKISTAN (CDC)
CDC HOUSE, 99-B, BLOCK-B, S.M.C.H.S.,
MAIN SHAHRAH-E-FAISAL, KARACHI -74400

Website : www.philipmorrispakistan.com.pk

Email : pmpk.info@pmi



DIRECTORS' REVIEW

During the period as the COVID-19 curve flattened, the Company's offices across the country transitioned back to work with all relevant SOPs in place ranging from smart work approach, remote working tools to rigorous and continuous screening and testing of all individuals visiting our premises in order to continue ensuring safety of employees. The Company prioritizes business continuity and with the support of the management team, all efforts are being made to minimize adverse impact on company's day to day business activities.

The legally compliant tax paying cigarette industry, during this period, continued to face challenges from the excessive illicit cigarette sector. This is mainly attributable to the excessive excise duty increases of 93% (Value Tier) during Federal Budgets of September 2018 and June 2019 that stretched the price gap between duty evaded and duty paid cigarettes that are selling at prices lower than the legally permissible minimum price of PKR 63/pack resulting in a growing downtrading. In March 2020, the government issued a Statutory Regulatory Order No. 72(I)/2020 further restricting advertising, of tobacco and tobacco products. As a law abiding corporate, the Company ensures voluntary compliance to these directives, however, many brands by local manufacturers continue to violate these restrictions. The lack of a level playing field is one of the key challenges for the Company for future growth which also negatively impacts Government revenues. According to an estimate based on 5-year average, the illicit cigarette trade causes an annual negative impact of approximately PKR 44 billion on Government revenues.

Due to challenges mentioned above, during nine months ended September 30, 2020, the Company witnessed the volume decline of 26% (versus 2019), whereas the Company's contribution to the National Exchequer, in the form of excise duty, sales tax and other government levies, stood at PKR 17,420 million, decrease of 11% compared to the same period last year. In the interest of all stakeholders, it is requested that the Government undertakes sustainable measures through strict enforcement against illicit tobacco sector including the implementation of tax stamps on cigarettes packs. In order to protect its consumer base and have differentiation against non-duty paid cigarettes while also keeping in line with our commitment to deliver quality and innovative products, the Company is exploring and implementing various commercial solutions by introducing packaging innovation.

During the nine months period ended September 30, 2020 the Company's net turnover stood at PKR 11.9 billion resulting in an increase of 8%. This was supported by the excise led price increase in Jun'19 coupled with price increase on value brands in Feb'20 both were essential to offset the impact of severe volume decline and ensuring shareholders return. During the same period, Company's exports turnover stood at PKR 1,305 million (US\$ 8.1 million) showing a significant increase as compared to same period last year. The export of approximately 3.5 million kilos of tobacco is part of the Company's commitment to support Pakistan both from increasing export perspective as well as foreign exchange reserves.

Despite the declining volume, the Company recorded Profit Before Tax of PKR 2,457 million for the nine months period ended September 30th, 2020 compared to Loss Before Tax of PKR 1,769 million for the same period of 2019. Overall increase in Operating Profit before Tax from last year is mainly due to significant decrease in Other Expenses by PKR 2,463 million. This is largely due to one off impairment and employee separation cost charged on account of closure of our factory in Kotri last year, coupled with decrease in distribution and marketing expenses. Further, administrative expenses remained under control driven by cost optimization initiatives despite the ongoing inflationary pressures and devaluation of rupee against dollar.

The Company continued to support livelihoods of individuals impacted during the pandemic. We partnered with Shewa Educated Social Workers Association (SESWA) to provide food rations to vulnerable families. This initiative was in line with Philip Morris International's global relief efforts against the pandemic since its outbreak, with relief efforts through various initiatives in more than 70 countries. This period also marked the beginning of the Company's journey towards creating awareness against littering. The Company is supporting Network of Organizations Working with Persons with Disabilities (NOWPDP) in establishing a recycling facility that will employ persons with disabilities. As part of Company's anti-littering efforts, the company also supported NOWPDP's beach cleanup activity on World Cleanup Day 2020.



DIRECTORS' REVIEW

The Company is continuing to seek ways to improve its employee experience and is fully committed to a culture that actively promotes employee well-being, inclusion and diversity. The Company's internal pulse survey showed high level of employee engagement particularly for the empathy and support exemplified by the Company amidst the challenging COVID times. Further, during the period, the Company was awarded the regional HRD Award for being an employer of choice in Pakistan. The Company was evaluated for its contribution in a number of areas including; employee learning & professional development, rewards & recognition initiatives and a number of other programs encompassing employee health & well-being, work-life balance, leadership and inclusion & diversity. Further, during the period, for the third year running, the Company participated in the Global Equal Salary Certification which aims to ensure equity in treatment for all employees regardless of gender. This year, the representatives of Equal Salary Foundation, PwC, conducted a virtual monitoring audit and awarded the certification to Pakistan. This is a source of great pride for the Company as it retained its standing as the first globally equal salary certified multinational which also helps raise awareness for the gender pay gap.

While the company is mindful of the recent surge in COVID-19 cases, the management team continues to remain committed towards improving the overall performance of the Company by utilizing global resources, pursuing strategic commercial activities, continuous improvements in product quality, process and operational efficiency, as well as resource utilization and allocation. Further, growing our gross margin and controlling the cost remains our priority for improving profitability in a challenging environment.

On behalf of the Board of Directors, we would like to express our gratitude and appreciation to all our employees, shareholders, business partners and other institutions for their continued trust and support.

On behalf of the Board of Directors,

KAMRAN Y. MIRZA
Chairman

ROMAN YAZBECK
Chief Executive



ڈائریکٹر رپورٹ

(SESWA) کے شرکت قائم کی تاکہ معاشی اعتبار سے کمزور خاندانوں میں خوراک تقسیم کی جاسکے۔ یہ اقدام، عالمی سطح پر، فلپ مورس انیشیٹو کی ان امدادی کوششوں کی مطابقت میں تھا جو اس ادارے کی جانب سے وبا کے چھوٹنے کے بعد سے، دنیائے 70 سے زائد ممالک میں، جاری تھیں۔

اسی عرصے کے دوران، کمپنی نے کچرے (littering) کے خلاف آگاہی پیدا کرنے کی جانب سفر کا آغاز کیا۔ اس سلسلے میں کمپنی نیٹ ورک آف آرگنائزیشنز ورلڈ گنگ دھ پر سنز دھ ڈس ایبلٹی (NOWPDP) کے ساتھ تعاون کر رہی ہے اور ری سائیکلنگ کی سہولت قائم کر رہی ہے جس میں معذور افراد کو روزگار فراہم کیا جائے گا۔ کچرے کے خلاف کمپنی کی کوششوں کے جزو اور عالمی یوم صفائی (World Cleanup Day) 2020 کے موقع پر ساعلی علاقے کی صفائی میں بھی NOWPDP کر رہی ہے۔

کمپنی مسلسل ایسے ذرائع تلاش کرتی رہتی ہے جن سے ملازمین کے تجربے کو بہتر بنایا جاسکے اور ایک ایسے ماحول کے لیے پر عزم ہے جس میں ملازمین کی بہتری، شمولیت اور تنوع کو سرگرمی سے فروغ دیا جاسکے۔ کمپنی کی جانب سے کیے گئے ایک اندرونی پلس سروے (pulse survey) سے ملازمین کی مصروفیت کی بلند سطح ظاہر ہوئی، اور بالخصوص ہمدردی اور تعاون کے حوالے سے جس کی مثال کمپنی نے، کووڈ-19 (COVID-19) کے دشوار حالات میں قائم کی تھی۔


اسی عرصے کے دوران، کمپنی نے فیصل فورم فار انوائرنمنٹ اینڈ ہیلتھ فار کیوٹی ڈیولپمنٹ اینڈ سروسز سے ”ایمپلائر آف چوائس (Employer of Choice)“ ہونے کی بنا پر علاقائی HRD ایوارڈ حاصل کیا۔ کمپنی کو یہ ایوارڈ مختلف شعبوں میں اس کی کارکردگی کی بنا پر دیا گیا جن میں ملازمین کی تعلیم و پیشہ ورانہ ترقی، اعزازات و اعترافات کے اقدامات، صحت اور بہتری، کام۔ و۔ زندگی میں توازن، قیادت، شمولیت اور تنوع کے اقدامات شامل تھے۔


اسی عرصے کے دوران، کمپنی نے مسلسل تیسری مرتبہ گلوبل ایکوئل سیری سرٹیفیکیشن (Global Equal Salary Certification) میں شرکت کی جس کا مقصد مصنف سے قطع نظر تمام ملازمین کے ساتھ منصفانہ روپیہ بنانا ہے۔ اس سال، ایکوئل سیری فاؤنڈیشن (Equal Salary Foundation) کے نمائندے، پرائس وائر ہاؤس کوپر (PwC) نے ایک ورچوئل مانیٹرنگ آڈٹ منعقد کیا اور یہ سرٹیفیکیشن پاکستان کو جاری کی۔ کمپنی کے لیے یہ نہایت فخر کی بات ہے کہ اُس نے پہلے گلوبل ایکوئل سیری سرٹیفیکیشن (global equal salary certified) بین الاقوامی کمپنی کا مقام و اعزاز برقرار رکھا جس سے صفائی بنیادوں پر معاوضے میں فرق کے حوالے سے آگاہی میں اضافہ کرنے میں مدد فراہم کی۔

کووڈ-19 میں ہونے والے حالیہ اضافے کوڈ میں ہیں مگر کچھ ہوئے کمپنی عالمی وسائل سے استفادے، حکمت عملی پر مبنی مارکیٹنگ کی سرگرمیوں پر عمل درآمد، مصنوعات کے معیار میں مسلسل بہتری، عمل اور طریقہ کار میں بہتری اور وسائل کی فراہمی اور استعمال کے ذریعے انتظامیہ کمپنی کی مجموعی کارکردگی میں بہتری لانے کے لیے پر عزم ہے۔ دشوار ماحول میں ہمارا بڑھتا ہوا مجموعی منافع اور اخراجات پر کنٹرول کمپنی کے منافع کو بہتر بنانے کے اہداف میں شامل ہیں۔

ہم بورڈ آف ڈائریکٹرز کی جانب سے اپنے تمام ملازمین، متعلق فریقین، کاروباری شرکت داروں اور دیگر اداروں کو شکریہ ادا کرتے ہیں اور ان کے مسلسل اعتماد اور تعاون کو سراہتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے


رومن یاز بیک
چیف ایگزیکٹو


کامران یوسف مرزا
چیئر مین

بتاریخ: کراچی، 26 اکتوبر، 2020ء



ڈائریکٹرز رپورٹ

زیر جائزہ عرصے کے دوران جب کووڈ-19 (COVID-19) کی صورت حال کسی حد تک بہتر ہوئی تو ملک بھر میں کمپنی کے تمام دفاتر نے، نافذ کردہ معیاری ضوابط کار (SOPs) کے مطابق، دوبارہ کام کرنا شروع کر دیا۔ ان معیاری ضوابط کار میں اسارٹ ورک کا طریقہ کار، ریوٹ ورکنگ ٹولز کا سختی سے استعمال کرنے کے ساتھ ان مقامات پر آنے والے تمام افراد کی مسلسل اسکریننگ بھی کی جاتی رہی تاکہ ملازمین کا تحفظ یقینی بنایا جاسکے۔ کمپنی کاروبار کے تسلسل کو ترجیح دیتی ہے اور وزمرہ کی کاروباری سرگرمیوں کو فنی اثرات سے بچانے کے لیے، انتظامی ٹیم کے تعاون سے تمام کمائو شین کر رہی ہے۔

اس عرصے کے دوران، قانون کی پاسداری کرنے اور ٹیکس ادا کرنے والی سرگرمی کی صنعت کو حد سے زیادہ بڑے اور غیر قانونی طور پر سرگرمیت تیار کرنے والے شعبے کی جانب سے مشکلات کا سامنا جاری رہا۔ اس کی بنیادی وجہ ستمبر 2018ء اور پھر جون 2019ء میں پیش کیے گئے وفاقی بجٹ میں ایکسائز ڈیوٹی میں غیر معمولی اضافہ تھا جو قدر کی سطح (value tier) 93 پر فیصد تک بڑھ گیا اور اس طرح ڈیوٹی کی مد میں چوری کرنے والی اور ڈیوٹی ادا کرنے والی سگریٹوں کی قیمتوں میں فرق بہت بڑھ گیا کیوں کہ غیر قانونی سگریٹوں کی فروخت، قانونی طور پر مقرر کردہ قیمت -63 روپے فی پیک سے بھی کم قیمت پر فروخت ہوتی رہیں۔ مارچ 2020ء میں، حکومت نے ایک قانونی انضباطی حکم (SRO) نمبر 72(1)/2020 جاری کیا اور اس حکم کے ذریعے ٹیکس کو بے بنیاد بنانے کے لیے مصنوعی قیمتیں پر مزید پابندیاں لگا دیں۔ قانون کی پاسداری کرنے والے ادارے کی حیثیت سے کمپنی نے رضا کارانہ طور پر ان ہدایات کی تعمیل یقینی بنائی تاہم، متعدد مقامی تیار کنندگان کے برائڈر ان پابندیوں کی خلاف ورزی کرتے رہے۔ مساوی مواقع کے عدم موجودگی، مستقبل میں کمپنی کی ترقی کو روک پیش چیلنجوں میں سے، ایک اہم چیلنج ہے جو سرکاری محصولات پر بھی منفی اثر ڈال رہا ہے۔ پانچ سالہ اوسط کی بنیاد پر کیے گئے ایک سروے کے مطابق، غیر قانونی سگریٹوں کی تجارت سے سرکاری محصولات کو، ہر سال تقریباً 44 ارب روپے کا نقصان ہوتا ہے۔

مذکورہ بالا دشواریوں کے باعث، مورخہ 30 ستمبر 2020ء کو ختم ہونے والے نو (9) ماہ کے دوران کمپنی کے حجم میں 26 فیصد (2019ء کے مقابلے میں) کی واقع ہوئی جبکہ سرکاری خزانے میں، ایکسائز ڈیوٹی، بیلن ٹیکس اور دیگر محصولات کی صورت میں کمپنی کا حصہ 17,420 ملین روپے پر ہا جو گزشتہ سال کے اسی عرصے کے مقابلے میں 11 فیصد کم ہے۔ تمام فریقین کے مفادات میں، یہ درخواست کی جاتی ہے کہ سگریٹوں کے پیک پر ٹیکس اسٹیپ سمیت غیر قانونی سگریٹوں کے شعبے کے خلاف سخت اور پائیدار اقدامات کیے جائیں۔ صارفین کے مفادات کے تحفظ اور ڈیوٹی ادا کرنے والی سگریٹوں کے خلاف فرق برقرار رکھنے کے ساتھ، جدید اور معیاری مصنوعات کی فراہمی کے اپنے عزم کے مطابق، کمپنی، پیکیٹنگ میں جدت متعارف کرانے سمیت، متعدد تجارتی سولوشنز کا جائزہ لے رہی ہے اور ان پر عمل درآمد کر رہی ہے۔

مورخہ 30 ستمبر 2020ء کو ختم ہونے والے نو (9) ماہ کے عرصے کے دوران، کمپنی کا خاص کاروباری حجم 11.9 ارب روپے جو، گزشتہ برس کے دوران، اسی عرصے کے مقابلے میں 8 فیصد زیادہ ہے۔ اس کی وجہ جون 2019ء میں، ایکسائز ڈیوٹی کے زیر اثر، جس کے ساتھ فروری 2020ء میں، ویلیو برائڈز کی قیمتوں میں اضافہ بھی شامل تھا۔ قیمتوں میں یہ اضافہ حجم پر پڑنے والے غیر معمولی منفی اثرات اور حصص یافتگان کو منافع منقسم کی ادائیگی کے لیے انتہائی ضروری تھا۔ اسی عرصے کے دوران، کمپنی کا برآمدی حجم 1,305 ملین (1.1 ملین امریکی ڈالرز) کا جس سے، گزشتہ سال کے اسی عرصے کے مقابلے میں، نمایاں اضافہ ظاہر ہوتا ہے۔ تباہی کی تقریباً 3.5 ملین ٹون گرام برآمدات، پاکستان کو برآمدات اور ساتھ ہی غیر ملکی زرمبادلہ میں اضافے کے ذریعے اخراجات فراہم کرنے کے لیے کمپنی کے عزم کا جزو ہے۔

حجم میں کمی کے باوجود، مورخہ 30 ستمبر 2020ء کو ختم ہونے والے نو (9) ماہ کے عرصے میں کمپنی نے 2,457 ملین روپے کا قبل از ٹیکس منافع حاصل کیا جبکہ گزشتہ برس، 2019ء میں 1,769 ملین روپے کا قبل از ٹیکس نقصان اٹھانا پڑا تھا۔ گزشتہ برس کے مقابلے میں قبل از ٹیکس آپریٹنگ منافع میں اس مجموعی اضافے کی بنیادی وجہ دیگر اخراجات میں نمایاں کمی تھی جن کی مالیت 2,463 ملین روپے رہی۔ اس کی بڑی وجہ کٹوتی میں واقع فیکٹری کی بندش کے باعث ملازمین کی علیحدگی اور ایک مرتبہ ہونے والے نقصان کے خاتمے کے ساتھ تقسیم اور مارکیٹنگ پر ہونے والے اخراجات میں کمی تھی۔ مزید برآں، اخراجات سے زیادہ سے زیادہ فائدہ اٹھانے کے اقدامات کے باعث انتظامی اخراجات بھی قابو میں رہے اور ان پر افراط زر میں اضافے اور ادراہم کی ڈالرز کے مقابلے میں روپے کی قدر میں کمی کے باعث پیدا ہونے والے دباؤ کا اثر نہیں ہوا۔

کمپنی نے، کووڈ-19 کے باعث عائد کی گئی پابندیوں سے متاثر ہونے والے افرادی گزراوقات کے لیے اعانت جاری رکھی۔ ہم نے شیوہ ایجوکیٹڈ سوشل ورکرز ایسوسی ایشن



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

	Note	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
- Property, plant and equipment	5	5,423,087	5,632,379
- Right-of-use asset		360,627	471,194
- Intangibles		2,760	5,975
		<u>5,786,474</u>	<u>6,109,548</u>
Investment in a subsidiary company	6	1	1
Long term deposits		57,381	57,361
Deferred taxation		<u>1,157,096</u>	<u>1,399,704</u>
		<u>7,000,952</u>	<u>7,566,614</u>
CURRENT ASSETS			
Stores and spares - net		118,489	158,875
Stock in trade - net	7	6,414,731	6,141,376
Advances	8	128,031	22,078
Prepayments		61,981	63,799
Other receivables		792,955	972,668
Income tax - net		654,467	992,250
Staff retirement benefits		109,129	109,878
Cash and bank balances		3,542,922	330,283
Non-current assets held for disposal	9	-	-
TOTAL CURRENT ASSETS		<u>11,822,705</u>	<u>8,791,207</u>
TOTAL ASSETS		<u>18,823,657</u>	<u>16,357,821</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		<u>12,000,000</u>	<u>12,000,000</u>
Issued, subscribed and paid-up capital			
- Ordinary shares		615,803	615,803
- Preference shares		<u>10,464,000</u>	<u>10,464,000</u>
		<u>11,079,803</u>	<u>11,079,803</u>
Transaction cost on issuance of preference shares - net of tax		<u>(33,911)</u>	<u>(33,911)</u>
		<u>11,045,892</u>	<u>11,045,892</u>
Reserves		<u>1,419,681</u>	<u>(395,009)</u>
TOTAL EQUITY		<u>12,465,573</u>	<u>10,650,883</u>
NON-CURRENT LIABILITIES			
Lease liabilities		343,174	416,752
CURRENT LIABILITIES			
Short term borrowings		-	846,475
Trade and other payables	10	4,349,962	4,296,586
Current maturity of lease liabilities		101,921	93,955
Unclaimed dividend		33,840	33,935
Accrued mark-up on short borrowing		124	1,275
Sales tax and excise duty payable		<u>1,529,063</u>	<u>17,960</u>
TOTAL CURRENT LIABILITIES		<u>6,014,910</u>	<u>5,290,186</u>
TOTAL LIABILITIES		<u>6,358,084</u>	<u>5,706,938</u>
TOTAL EQUITY AND LIABILITIES		<u>18,823,657</u>	<u>16,357,821</u>
CONTINGENCIES AND COMMITMENTS			

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The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

KAMRAN Y. MIRZA
Chairman

ROMAN YAZBECK
Chief Executive

MUHAMMAD ZEESHAN
Chief Financial Officer

Karachi: October 26, 2020



CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Un-audited)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

		Quarter ended		Nine months period ended	
	Note	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
----- (Rupees in thousand)-----					
Turnover - net	12	3,092,488	1,520,176	11,898,758	11,039,713
Cost of sales	13	1,510,376	1,454,486	6,688,032	7,232,880
Gross profit		1,582,112	65,690	5,210,726	3,806,833
Distribution and marketing expenses		527,422	752,480	1,480,909	1,989,263
Administrative expenses		353,509	418,749	1,125,855	1,101,958
Other expenses		113,027	226,480	362,230	2,825,153
Other income		(85,801)	(121,453)	(282,734)	(381,716)
		908,157	1,276,256	2,686,260	5,534,658
Operating profit / (loss)		673,955	(1,210,566)	2,524,466	(1,727,825)
Finance cost and bank charges		17,934	8,153	67,416	40,735
Profit / (loss) before taxation		656,021	(1,218,719)	2,457,050	(1,768,560)
Taxation charge	14	80,457	(436,682)	628,970	(394,930)
Profit / (loss) after taxation		575,564	(782,037)	1,828,080	(1,373,630)
Other comprehensive income		-	-	-	-
Total comprehensive income / (loss) for the year		575,564	(782,037)	1,828,080	(1,373,630)
----- (Rupees) -----					
Earnings / (loss) per share					
- Basic	15.1	9.35	(12.70)	29.69	(22.31)
- Diluted	15.2	8.51	Anti-dilutive	27.03	Anti-dilutive

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

KAMRAN Y. MIRZA
Chairman

ROMAN YAZBECK
Chief Executive

MUHAMMAD ZEESHAN
Chief Financial Officer



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	Issued, subscribed and paid-up capital			Transaction cost on issuance of preference shares -net of tax	Reserves			Subtotal - Reserves	Total		
	Ordinary shares	Preference shares	Capital Reserves		Revenue Reserves						
			Reserve for share based payments		Remeasurement of staff retirement gratuity plan -net of tax	Subtotal Capital Reserves	General reserve			Unappropriated loss	Subtotal Revenue Reserves
(Rupees in thousand)											
Balance as at January 1, 2019	615,803	10,464,000	(33,911)	5,271	(258,115)	(252,844)	4,676,610	(2,859,012)	1,817,598	1,564,754	12,610,646
Share based payments											
- expense	-	-	-	12,221	-	12,221	-	-	-	12,221	12,221
- recharge	-	-	-	(20,022)	-	(20,022)	-	-	-	(20,022)	(20,022)
	-	-	-	(7,801)	-	(7,801)	-	-	-	(7,801)	(7,801)
Total comprehensive loss											
Loss after taxation for the nine months period ended September 30, 2019	-	-	-	-	-	-	-	(1,373,630)	(1,373,630)	(1,373,630)	(1,373,630)
	-	-	-	-	-	-	-	(1,373,630)	(1,373,630)	(1,373,630)	(1,373,630)
Balance as at September 30, 2019	615,803	10,464,000	(33,911)	(2,530)	(258,115)	(260,645)	4,676,610	(4,232,642)	443,968	183,323	11,229,215
Balance as at January 1, 2020	615,803	10,464,000	(33,911)	11,148	(243,756)	(232,608)	4,676,610	(4,839,011)	(162,401)	(395,009)	10,650,883
Share based payments											
- expense	-	-	-	13,846	-	13,846	-	-	-	13,846	13,846
- recharge	-	-	-	(27,236)	-	(27,236)	-	-	-	(27,236)	(27,236)
	-	-	-	(13,390)	-	(13,390)	-	-	-	(13,390)	(13,390)
Total comprehensive income											
Profit after taxation for the nine month period ended September 30, 2020	-	-	-	-	-	-	-	1,828,080	1,828,080	1,828,080	1,828,080
	-	-	-	-	-	-	-	1,828,080	1,828,080	1,828,080	1,828,080
Balance as at September 30, 2020	615,803	10,464,000	(33,911)	(2,242)	(243,756)	(245,998)	4,676,610	(3,010,931)	1,665,679	1,419,681	12,465,573

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

KAMRAN Y. MIRZA
Chairman

ROMAN YAZBECK
Chief Executive

MUHAMMAD ZEESHAN
Chief Financial Officer

Karachi: October 26, 2020



CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	Note	Nine months period ended	
		September 30, 2020	September 30, 2019
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	17	4,468,860	(911,246)
Staff retirement gratuity paid		(50,159)	(50,460)
Finance cost paid		(68,567)	(40,562)
Profit received on savings accounts		144,539	229,974
Income taxes paid		(48,581)	(267,545)
Long term deposits and prepayments		(20)	(6,816)
Net cash generated from operating activities		4,446,072	(1,046,655)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(410,511)	(851,995)
Acquisition of intangibles		-	(2,916)
Proceeds from disposal of items of property, plant and equipment		69,344	83,404
Net cash used in investing activities		(341,167)	(771,507)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(95)	(630)
Principal element of lease payments		(45,696)	(97,119)
Net cash paid for financing activities		(45,791)	(97,749)
Net increase / (decrease) in cash and cash equivalents during the period		4,059,114	(1,915,911)
Cash and cash equivalents at the beginning of the period		(535,053)	2,946,368
Cash and cash equivalents at the end of the period	18	3,524,061	1,030,457

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

KAMRAN Y. MIRZA
Chairman

ROMAN YAZBECK
Chief Executive

MUHAMMAD ZEESHAN
Chief Financial Officer



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

1. THE COMPANY AND ITS OPERATIONS

1.1 Philip Morris (Pakistan) Limited (the Company) was incorporated in Pakistan on February 10, 1969 as a public limited company under the Companies Act, 1913 (now the Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange. The principal activity of the Company is the manufacturing and sale of cigarettes and tobacco products. Its registered office is situated at 19th Floor, The Harbour Front, Dolmen City, HC - 3, Block 4, Clifton, Karachi, Pakistan.

1.2 In view of the exemption granted by the Securities & Exchange Commission of Pakistan (the SECP) vide its letter No. EMD/233/619/2002/634 dated April 9, 2020 from the requirement of section 228(7) of the Companies Act, 2017 (the Act), the consolidated financial statements of the group comprising the Company and its subsidiary, Laksonpremier Tobacco Company (Private) Limited, have not been prepared. The exemption is, however, subject to the condition that any material and relevant details of the aforesaid subsidiary shall be prominently disclosed by the Company.

In accordance with the requirements of the said exemption, financial highlights of the subsidiary are stated in note 6.

1.3 During the period, the World Health Organization (WHO) declared COVID-19 (the Virus) a pandemic. While this has impacted the global economy, the factory of the Company was intermittently closed for a period of around 28 days due to lockdown imposed by the Government in an attempt to contain the spread of the Virus and intimation was duly made to Pakistan Stock Exchange. However, the Company's operations, financial position and results have not been materially impacted.

2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

2.1 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:

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

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

2.2 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

the preparation of the Company's audited financial statements for the year ended December 31, 2019 (December 2019 financial statements), except relating to the matter stated in note 2.3 below.

- 2.3 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.
- 2.4 New standards, amendments and interpretation to published accounting and reporting standards which became effective during the period ended September 30, 2020:

There were certain amendments and interpretations to accounting and reporting standards which became mandatory for the Company's accounting during the current period. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

- 2.5 New standards and amendments to published accounting and reporting standards that are not yet effective:

The following new standard and amendments with respect to the accounting and reporting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard and amendment:

Standard or amendments	Effective date (annual periods beginning on or after)
- Amendments to IAS 1, 'Presentation of Financial Statements'	January 1, 2022
- Amendments to IFRS 16, 'Leases'	June 1, 2020
- IFRS 17, 'Insurance Contracts'	January 1, 2023
- Amendments to IAS 16, 'Property, Plant & Equipment'	January 1, 2022
- Amendments to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets'	January 1, 2022

The above standard and amendments are not expected to have any material impact on the Company's financial reporting.



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

3. BASIS OF PREPARATION

- 3.1 These condensed interim financial statements include the condensed interim statement of financial position as at September 30, 2020, the condensed interim statement of profit or loss and other comprehensive income, the condensed interim statement of changes in equity, the condensed interim statement of cash flows and notes thereto for the nine months period then ended which have not been audited. These condensed interim financial statements also include the condensed interim statement of profit or loss and other comprehensive income and notes thereto for the quarter ended September 30, 2020, which have not been audited.
- 3.2 The comparative statement of financial position presented in these condensed interim financial statements as at December 31, 2019 has been extracted from the December 2019 financial statements. The comparative statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the nine months period ended September 30, 2019 have been extracted from the condensed interim financial statements of the Company for the nine months period then ended, which were not audited.
- 3.3 These interim financial statements should be read in conjunction with the December 2019 financial statements as these provide an update of previously reported information.

4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of these condensed interim financial statements in conformity with approved accounting and reporting standards for interim reporting requires the use of certain accounting estimates. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 4.2 During the preparation of these condensed interim financial statements, significant judgments made by management in applying the Company's accounting policies and key sources of estimation were the same as those applied in the December 2019 financial statements.
- 4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the December 2019 financial statements.



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

5. PROPERTY, PLANT AND EQUIPMENT

	Note	September 30, 2020 (Un-audited) (Rupees in thousand)	December 31, 2019 (Audited) (Rupees in thousand)
Operating property, plant and equipment	5.1 to 5.4	4,560,455	4,344,780
Capital work-in-progress (CWIP)	5.5	861,383	1,285,067
Major capital spares and stand-by equipment		1,249	2,532
		<u>5,423,087</u>	<u>5,632,379</u>
5.1 Operating property, plant and equipment			
Book value at the beginning of the period / year		4,344,780	6,222,136
Transfers from CWIP during the period / year	5.2	<u>835,478</u>	<u>1,375,794</u>
		5,180,258	7,597,930
Disposals during the period / year			
- net book value	5.3	(29,879)	(64,370)
Write offs during the period / year			
- net book value		(30,823)	(2,547)
Depreciation charge during the period / year	5.4	(559,101)	(921,547)
Impairment during the period / year			
- other assets		-	(1,127,382)
Impairment on assets transferred to held for disposal	9	-	(1,137,304)
		<u>(619,803)</u>	<u>(3,253,150)</u>
Book value at the end of the period / year		<u>4,560,455</u>	<u>4,344,780</u>

Nine months period ended

September 30, 2020 (Un-audited) (Rupees in thousand)	September 30, 2019
---	-----------------------

5.2 Transfers from CWIP during the period:

Buildings on freehold land	79,780	98,639
Leasehold improvements	26,435	5,302
Plant and machinery	381,630	429,502
Furniture and fixtures	1,022	7,026
Office equipments	11,451	6,686
Vehicles	130,796	132,229
Power and other installations	180,371	18,541
Computer equipment	23,993	70,800
	<u>835,478</u>	<u>768,725</u>



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

		Nine months period ended	
		September 30, 2020	September 30, 2019
		(Un-audited)	
		(Rupees in thousand)	
5.3	Disposals during the period - net book value		
	Freehold land	1,504	46
	Buildings on freehold land	2,963	-
	Vehicles	25,412	31,906
		<u>29,879</u>	<u>31,952</u>
5.4	Depreciation charge during the period on property, plant and equipment	559,101	722,511
		<u>559,101</u>	<u>722,511</u>
		September 30, 2020	December 31, 2019
		(Un-audited)	(Audited)
		(Rupees in thousand)	
5.5	Capital work-in-progress		
	Civil works	6,583	95,587
	Plant and machinery	552,123	653,169
	Power and other installations	218,138	316,143
	Furniture and fixtures	409	63,157
	Computer equipment pending installations	54,524	3,762
	Advance to suppliers and contractors	29,606	153,249
		<u>861,383</u>	<u>1,285,067</u>

6. INVESTMENT IN A SUBSIDIARY COMPANY

This represents the cost of 103 fully paid ordinary shares of Rs 10 each in Laksonpremier Tobacco Company (Private) Limited (the Subsidiary Company). Out of such 103 shares, two shares are in the name of the nominees. The statement of profit or loss and other comprehensive income of the Subsidiary Company for the nine months period ended September 30, 2020 amounted to Rs Nil resulting in an accumulated loss of Rs 1,030 as at that date. The net assets of the Subsidiary Company as at September 30, 2020 amounted to Rs Nil, in accordance with the un-audited condensed interim financial statements for the nine months period then ended.

The auditors of the Subsidiary Company have expressed an unmodified audit opinion on the financial statements of the Subsidiary Company for the year ended December 31, 2019.

The audited financial statements of the Subsidiary Company are available for inspection at the Company's registered office and are available to the members on request without any cost.

Investment in the Subsidiary Company has been made in accordance with the requirements of the Companies Act, 2017.



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

7. STOCK IN TRADE - net

	Note	September 30, 2019 (Un-audited) (Rupees in thousand)	December 31, 2018 (Audited)
Raw and packing materials	7.1 to 7.2	5,301,293	5,082,504
Work-in-process		172,587	177,687
Finished goods		1,009,747	937,805
		<u>6,483,627</u>	<u>6,197,996</u>
Provision for obsolete stocks	7.2	(68,896)	(56,620)
		<u>6,414,731</u>	<u>6,141,376</u>

7.1 Include raw and packing materials in transit aggregating Rs 90.132 million (December 31, 2019: Rs 188.895 million).

7.2 During the current period, the Company has written off provision against raw and packing materials aggregating Rs 14.517 million (December 31, 2019: Rs 0.998 million).

8. ADVANCES

	Note	September 30, 2020 (Un-audited) (Rupees in thousand)	December 31, 2019 (Audited)
Unsecured			
Advances to:			
- Employees		7,165	8,034
- Suppliers and contractors		9,605	14,044
		<u>16,770</u>	<u>22,078</u>
Secured			
Advance to a supplier	8.1	111,261	-
		<u>128,031</u>	<u>22,078</u>

8.1 This represents Rs 111.261 million paid to a private service provider against purchase of fuelwood. However, In May 2020, the service provider, filed a civil action in the Court of Mardan ("Court") against the Company and certain of its employees. The litigation arises out of a contract ("Agreement") between the Company and the service provider for the supply of fuelwood from sustainable forests with mandatory supporting evidence in January 2020. As a security for procuring the fuelwood, the service provider submitted an insurance guarantee amounting to Rs 95.095 million ("the Insurance Guarantee") out of the advance payment of Rs 111.261 million made by the Company ("the Secured Amount"). The company terminated the Agreement in April 2020 and invoked the Insurance Guarantee on the grounds that the service provider failed to comply with its obligations, including the provision of supporting documents to the Company's satisfaction.

In September 2020, an order was passed by the Senior Civil Judge after hearing both parties on the point of territorial jurisdiction of Mardan where by, the Senior Civil Judge found in favor of the Company and returned the suit, removing the stay order against the encashment of the insurance guarantee and the restriction on dealing with other fuelwood vendors.



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

9. NON-CURRENT ASSETS HELD FOR DISPOSAL

	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	(Rupees in thousand)	
Transferred from operating property, plant and equipment		
Cost	1,383,615	1,984,775
Less: Accumulated depreciation	(613,466)	(847,471)
Less: Accumulated impairment	(770,149)	(1,137,304)
	<u>-</u>	<u>-</u>

- 9.1 Items of plant and machinery relating to Kotri factory have been transferred from operating property, plant and equipment. As these items cannot be disposed of except as scrap material in accordance with the Company's policy, accordingly these are being carried at Nil value.

10. TRADE AND OTHER PAYABLES

	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	(Rupees in thousand)	
Creditors	2,374,009	1,570,580
Bills Payable	806,979	1,115,782
Royalty payable to related party	105,142	25,033
Accrued expenses	621,252	836,492
Tobacco Development cess	13,875	34,875
Contractors' retention money	7,489	7,513
Advance from customers - unsecured	39,177	354,073
Workers' profits participation fund	132,143	-
Workers' welfare fund	80,918	27,586
Others	168,978	324,652
	<u>4,349,962</u>	<u>4,296,586</u>

11. CONTINGENCIES AND COMMITMENTS

11.1 Guarantees

Indemnities given to banks for guarantees issued by them in the normal course of business aggregated Rs 69.565 million (December 31, 2019: Rs 69.565 million).

11.2 Commitments

	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	(Rupees in thousand)	
Capital expenditure contracted for but not incurred	167,310	202,333
Post dated cheques	57,442	31,143
Letters of credit	72,196	16,411



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

11.3 Contingencies

There are no significant changes in the status of the cases set out in notes 21.3 to 21.5 and 21.7 to the December 2019 Financial Statements and in note 11.3.2 and 11.3.3 to the June 2020 Financial Statements.

12. TURNOVER - net

	Quarter ended September 30, 2020		Nine months period ended September 30, 2020	
	2019		2019	
	(Un-audited)		(Un-audited)	
	(Rupees in thousand)		(Rupees in thousand)	
Gross turnover	8,194,461	5,363,018	30,047,405	30,317,768
Less: Trade discount	214,897	256,760	754,263	788,189
Sales tax	1,225,871	820,453	4,297,273	4,552,721
Excise duty	3,661,205	2,765,629	13,097,111	13,937,145
	5,101,973	3,842,842	18,148,647	19,278,055
	<u>3,092,488</u>	<u>1,520,176</u>	<u>11,898,758</u>	<u>11,039,713</u>

13. COST OF SALES

Raw and packing materials consumed

Opening stock	3,305,629	2,984,703	5,082,504	4,610,723
Purchases, redrying and related expenses	3,618,887	3,289,662	5,478,499	5,606,472
	<u>6,924,516</u>	<u>6,274,365</u>	<u>10,561,003</u>	<u>10,217,195</u>
Closing stock	(5,301,293)	(4,894,329)	(5,301,293)	(4,894,329)
	<u>1,623,223</u>	<u>1,380,036</u>	<u>5,259,710</u>	<u>5,322,866</u>
Government levies	5,419	4,012	16,856	26,846
Manufacturing expenses	507,351	569,795	1,479,671	1,753,513
	<u>2,135,993</u>	<u>1,953,843</u>	<u>6,756,237</u>	<u>7,103,225</u>

Work-in-process

Opening stock	150,769	191,745	177,687	143,281
Closing stock	(172,587)	(159,776)	(172,587)	(159,776)
Sale of waste	-	(328)	(1,363)	(1,506)
	<u>(21,818)</u>	<u>31,641</u>	<u>3,737</u>	<u>(18,001)</u>

Cost of goods manufactured	<u>2,114,175</u>	<u>1,985,484</u>	<u>6,759,974</u>	<u>7,085,224</u>
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Finished goods

Opening stock	405,948	369,161	937,805	1,047,815
Closing stock	(1,009,747)	(900,159)	(1,009,747)	(900,159)
	<u>(603,799)</u>	<u>(530,998)</u>	<u>(71,942)</u>	<u>147,656</u>
	<u>1,510,376</u>	<u>1,454,486</u>	<u>6,688,032</u>	<u>7,232,880</u>

14. TAXATION

Current				
- for the period	91,599	22,737	386,364	164,066
- for the prior period	-	(1,630)	-	30,845
	<u>91,599</u>	<u>21,107</u>	<u>386,364</u>	<u>194,911</u>
Deferred	(11,142)	(457,789)	242,606	(589,841)
	<u>80,457</u>	<u>(436,682)</u>	<u>628,970</u>	<u>(394,930)</u>



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

15. EARNINGS / (LOSS) PER SHARE

	Quarter ended September 30, 2020	September 30, 2019	Nine months period ended September 30, 2020	September 30, 2019
	(Un-audited)			
	(Rupees in thousand)			
15.1 Basic earnings / (loss) per share				
Profit / (loss) for the period after taxation	575,564	(782,037)	1,828,080	(1,373,630)
	(Number of Shares)			
Weighted average number of ordinary shares	61,580,341	61,580,341	61,580,341	61,580,341
	(Rupees)			
Earnings / (loss) per share – basic	9.35	(12.70)	29.69	(22.31)
15.2 Diluted earnings per share				
Profit / (loss) for the period after taxation	575,564	(782,037)	1,828,080	(1,373,630)
	(Number of Shares)			
Weighted average number of potential ordinary shares	67,635,858	61,580,341	67,635,858	61,580,341
	(Rupees)			
Earnings per share – diluted	8.51	Anti-dilutive	27.03	Anti-dilutive

16. RELATED PARTIES TRANSACTIONS

- 16.1 Related parties comprise of Philip Morris Investments B.V., (the parent company) and Philip Morris Brands S.a.r.l, related group undertakings, subsidiary company - Laksonpremier Tobacco Company (Private) Limited, staff retirement benefit funds and members of the key management personnel. The Company enters into transactions with related parties on the basis of mutually agreed terms. The transactions with related parties can be summarised as follows:

Relationship	Nature of transaction	Nine months period ended September 30, 2020, September 30, 2019 (Un-audited) (Rupees in thousand)	
Associated undertakings	Sale of goods and services	1,314,718	276,817
	Purchase of goods and services	628,278	648,227
	Royalty charges	75,829	62,489
	Share based payment expense	13,846	12,221
	Share based payment recharge	27,236	20,022
Staff retirement benefit plans	Contribution to gratuity fund	50,159	50,460
	Contribution to provident fund	64,758	54,385
Key management personnel	Remuneration and benefits - notes 16.1.1 to 16.1.3	32,244	28,780



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

- 16.1.1 The Company considers its chief executive and directors as key management personnel.
- 16.1.2 The chief executive, executive directors and certain executives are provided with free use of the Company maintained cars.
- 16.1.3 Certain executives are on secondment from the group undertakings and no remuneration is charged to the Company in respect of those executives.

17. CASH GENERATED FROM OPERATIONS

Note	Nine months period ended	
	September 30, 2020	September 30, 2019
	(Un-audited) (Rupees in thousand)	
Profit/ (loss) before taxation	2,457,050	(1,768,560)
Adjustments for:		
- Depreciation on operating property, plant and equipment	559,101	722,511
- Depreciation on right-of-use asset	90,653	206,088
- Amortisation	3,215	7,304
Staff retirement gratuity expense	50,908	38,784
Provision for slow moving spares	16,908	60,881
Expenses arising from equity-settled share-based payment plan	13,846	12,221
Liabilities written back	(85,752)	(21,152)
Stock in trade written down to net realisable value	12,276	998
Impairment charge on items of property, plant and equipment	-	1,057,977
Impairment charge on non-current assets held for sale	-	1,142,973
Profit on savings accounts	(144,539)	(235,643)
Unrealised exchange (gain) / loss	85,437	-
Profit on disposal of items of property, plant and equipment - net	(39,465)	(51,452)
Property, plant and equipment written off	30,823	152
Capital work-in-progress written off	-	6,357
Intangibles written off	-	12,766
Finance cost	67,416	40,735
Working capital changes	17.1 1,350,983	(2,144,186)
	<u>4,468,860</u>	<u>(911,246)</u>



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

17.1 Working capital changes

	Nine months period ended	
	September 30, 2020	September 30, 2019
	(Un-audited)	
	(Rupees in thousand)	
Decrease / (increase) in current assets		
Stores and spares - net	23,478	(10,498)
Stock in trade - net	(285,631)	(117,557)
Advances	(105,953)	(2,788)
Prepayments	1,818	(365,150)
Other receivables	179,713	(7,761)
	<u>(186,575)</u>	<u>(503,754)</u>
Decrease in current liabilities		
Trade and other payables	26,455	(1,610,739)
Sales tax and excise payable	1,511,103	(29,693)
	<u>1,537,558</u>	<u>(1,640,432)</u>
	<u>1,350,983</u>	<u>(2,144,186)</u>

18. CASH AND CASH EQUIVALENTS

	Nine months period ended	
	September 30, 2020	September 30, 2019
	(Un-audited)	
	(Rupees in thousand)	
Cash and bank balances	3,542,922	1,049,318
Less: Amount held as security	(18,861)	(18,861)
	<u>3,524,061</u>	<u>1,030,457</u>

19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 26, 2020 by the Board of Directors of the Company.

20. GENERAL

20.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

20.2 Wherever considered necessary, corresponding figures have been reclassified for the purpose of comparison and improved presentation.

KAMRAN Y. MIRZA
Chairman

ROMAN YAZBECK
Chief Executive

MUHAMMAD ZEESHAN
Chief Financial Officer



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