



Condensed Interim
Financial Statements
for the six months period ended June 30, 2021

Corporate Information

Board of Directors

Zafar Mahmood
Chairman & Non-Executive Director

Syed Ali Akbar
MD / CEO & Executive Director

William Pegel
Director Finance / IT

Syed Asad Ali Shah
Legal & External Affairs Director

Syed Javed Iqbal
Non-Executive Director

Wael Sabra
Non-Executive Director

Shannon Luke McInnes
Non-Executive Director

Huseyin Ozsan Ozbas
Non-Executive Director

Muhammad Riaz
Non-Executive Director

Asif Jooma
Non-Executive Director

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

Belinda Ross
Non-Executive Director

Audit Committee

Muhammad Riaz

Lt. Gen. (R) Masood Aslam

Belinda Ross

Wael Sabra

Asif Jooma

Usman Javed (Secretary)

Company Secretary

Sami Zaman

Registered Office

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

Factories

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

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

Bankers

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 performance of the Company for H1, 2021.

While businesses across Pakistan are still adjusting to the new way of working post COVID-19 outbreak, the economy is gradually undergoing a turn-around. The State Bank's monetary policy to maintain interest rates at 7%¹ enabled a controlled inflation environment and a positive GDP growth outlook of 2.0%² this year vs -0.4%² in 2020.

During H1'21, price indexation between legitimate and duty not paid (DNP) brands remained at 204% (Legitimate price/pack – Rs 77.50 vs DNP price/pack Rs 38)³ and the DNP brands continued to retain a market share of 37.6% at the end of May by selling well below the Government mandated minimum price of Rs 62.75/pack. An independent research institution⁴ – IPOR Consulting – recently conducted a survey in 13 districts within Sindh, KPK and Punjab provinces and estimated that there were more than sixty different DNP brands retailing at below Rs. 42.12/pack of 20 cigarettes which is the minimum tax per pack. In the Federal Budget FY 2021-22, no change in excise rates was announced on tobacco cigarettes which will to some extent manage the price indexation challenge faced by the legitimate tobacco sector.

A global leader⁵ in market and social research – IPSOS – recently estimated that tax evasion in the tobacco sector amounts to Rs 80 Billion per annum – a sizeable amount which could have been used for funding various Government sponsored socioeconomic programs. Administrative reforms such as the recently announced amendment in the Federal Excise Act 2005 on brand licensing was a much-needed intervention by the Government that will support law enforcement agencies in targeting DNP brands. In Jun'21, PTC upgraded its existing technology enabled solution for identifying counterfeit products at point of sale which is expected to further reduce Illicit growth and enhance valuable tax revenues for the Government.

In line with BAT vision for a better tomorrow, PTC remained committed to drive the tobacco harm reduction agenda with continued focus on Reduced Risk Products,⁶ expanding VELO distribution across 50 cities in Pakistan. Continuous brand investment and on-ground trade plans resulted in 78.5 Million VELO pouches being sold in H1'21, higher than the full year volume of 2020. The Company also localized VELO production towards the end of the first quarter which resulted in significant cost efficiencies for the Company's cost base and enhanced product freshness.

During H1'21, the Company continued to invest in existing and new solar energy projects with the aim of producing a cumulative energy output of 3.4 MWh under its ESG agenda. PTC's Velo Factory has the unique distinction of being the first plant fully powered by renewable energy globally in the Group. To further optimize its carbon footprint, PTC embarked on a mission to plant and distribute over 55 million saplings this year with 8 million seed balls translating to 32 million seeds dispersed in H1'21

Domestic sales increased in H1'21 vs H1'20 primarily due to carry-over impact of higher sales phasing in Q4'19 that led to a decline in H1'20 sales. This led to a 16% growth in Gross Turnover and an 18% increase in Net Turnover. The Company exported Unmanufactured Tobacco and Finished Goods worth \$ 16 Million in H1'21 with continued focus on supporting the export agenda of the Government of Pakistan.

¹ State Bank of Pakistan

² Asian Development Bank

³ Retail Audit 2021

⁴ IPOR

⁵ IPSOS

⁶ Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive

Company's cost of sales rose 21% during H1'21 vs. SPly primarily driven by volume growth and inflationary pressures. Despite a challenging external environment, PTC posted a 26% growth in operating profit.

This was done at the back of sales growth and focused management efforts on instilling a cost-conscious culture across the organization and driving saving initiatives to reduce overall cost base.

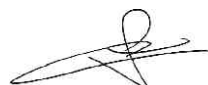
Key financial indicators of the Company for the period ended June 30, 2021 are given below:

	Rs (million)	
	Jan - Jun, 2021	Jan - Jun, 2020
Gross Turnover	99,850	85,884
FED & Sales Tax	62,715	54,521
Net Turnover	37,135	31,363
Cost of Sales	19,282	15,982
Gross Profit	17,853	15,381
Operating Profit	12,770	10,086
Profit Before Tax – PBT	13,124	10,439
Profit After Tax – PAT	9,448	7,614
Earnings Per Share – EPS (Rs)	36.98	29.80

The Management of the Company is committed to deliver value to all its stakeholders despite the unprecedented challenges as a consequence of the ongoing COVID-19 pandemic, whilst ensuring safety of its employees and valued business partners. Production facilities and all offices continue uninterrupted operations whilst fully complying with the SOPs mandated by the Government.



Syed Ali Akbar
MD & Chief Executive Officer



William Pegel
Chief Financial Officer & Director

ڈائرکٹرز کا جائزہ

سال 2021 کی پہلی ششماہی کے لیے کمپنی کے ڈائرکٹرز موجودہ کارکردگی کا جائزہ پیش کرتے ہیں۔

کوئڈ - 19 کی وبا کے پھوٹنے کے بعد اگرچہ پاکستان میں کاروبار ابھی تک کام کے نئے طور طریقوں کے ساتھ مطابقت پیدا کرنے کی کوششوں میں ہیں، معیشت رفتہ رفتہ اپنے آپ کو سنبھالنے کی جانب بڑھ رہی ہے۔ سیٹ بینک کی شرح سود کو 1% 7 تک محدود کرنے کی مالیاتی پالیسی نے ایک محدود کردہ افراط زر کے ماحول اور رواں سال جی ڈی پی کی 2.0% کی ایک متوقع مثبت شرح نمو کی جانب بڑھنا ممکن بنایا ہے۔ 2020 میں یہ شرح نمو 0.4% - تھی۔

2021 کی پہلی ششماہی کے دوران قانونی اور ڈیوٹی ادا نہ کرنے والے (ڈی این پی) برانڈز کے درمیان قیمتوں کا اشاریہ 204% رہا (فی بینک قانونی قیمت - 77 روپے بمقابلہ عدم ادا شدہ ڈیوٹی (ڈی این پی)، فی بینک قیمت 38 روپے) ³ اور سرکاری سطح پر مقررہ قیمت 62.75 روپے فی بینک سے اچھی خاصی کم قیمت پر اپنا مال فروخت کرتے ہوئے مئی کے آخر تک ڈی این پی برانڈز کا کل مارکیٹ میں حصہ داری کا تناسب 37.6% پر برقرار رہا۔ ایک غیر جانب دار تحقیقاتی ادارے ⁴ آئی پی او آر (IPOR) نے حال ہی میں سندھ، کے پی کے، اور پنجاب کے 13 اضلاع میں ایک سروے منعقد کیا اور یہ تخمینہ لگایا کہ اس وقت ساٹھ سے زائد ڈی این پی برانڈز پرچون میں 20 سگریٹ کا پیکیٹ 42.12 سے کم قیمت پر فروخت کر رہے ہیں جو کہ فی بینک کم از کم ٹیکس کی مقدار ہے۔ مالی سال 2021-2022 کے سالانہ بجٹ میں تمباکو والے سگریٹوں پر ایکسائز کی شرح میں کسی بھی تبدیلی کا اعلان نہیں کیا گیا، جس سے تمباکو کے قانونی شعبے کو کسی حد تک قیمتوں کے انڈیکسیشن کے چیلنج کا مقابلہ کرنے میں مدد ملے گی۔

مارکیٹ میں ایک عالمی قائد ⁵ اور سماجی تحقیق کے ادارے - آئی پی ایس او ایس (IPSOS) کے تازہ ترین تخمینے میں یہ بتایا گیا ہے کہ تمباکو کے شعبے میں ٹیکس نادر ہندگی کا حجم 80 ارب روپے تک ہے۔ یہ ایک اچھی خاصی مضخم رقم ہے جو کہ مختلف

1 سیٹ بینک آف پاکستان

2 ایشیائی ترقیاتی بینک

3 پرچون آڈٹ 2021

4 آئی پی او آر

5 آئی پی ایس او ایس (IPSOS)

سرکاری سماجی اور معاشی پروگراموں کی مالی مدد کے لیے استعمال کی جاسکتی ہے۔ نظم و نسق چلانے کی اصلاحات، مثلاً وفاقی ایکسائز ایکٹ 2005 میں برانڈ لائسنسنگ کے بارے میں حالیہ اعلان کردہ ترمیم حکومت کی جانب سے پیش کردہ ایک بہت ضروری قدم تھا۔ اس سے قانون نافذ کرنے والے اداروں کو ڈی این پی کو نشانہ بنانے میں مدد ملے گی۔ جنوری 2021 میں پی ٹی سی (PTC) نے فروخت کے مقامات پر جعلی مصنوعات کی شناخت کے ٹیکنالوجی پر مبنی اپنے موجودہ نظام کو بہتر بنایا۔ توقع کی جاتی ہے کہ اس سے غیر قانونی فروخت میں کمی واقع ہوگی اور حکومت کے لیے قیمتی ٹیکس کی حصول میں اضافہ ہوگا۔

بہتر کل کے بیٹ (BAT) ویشن کی مطابقت میں پی ٹی سی اس عزم پر کاربند ہے کہ کم کردہ خطرات والی مصنوعات اور⁶ ویلو (VELO) تقسیم کاری کے نظام کو پاکستان میں 50 شہروں تک توسیع دینے پر جاری توجہ کو ساتھ لیے تمباکو کے مضر صحت اثرات میں کمی کے ایجنڈے کو آگے بڑھایا جائے۔ برانڈ میں سرمایہ کاری کے تسلسل اور عملی تجارتی منصوبوں کے نتیجے میں 2021 کی پہلی ششماہی میں 78.5 ملین ویلو پاؤچ کی فروخت ہوئی۔ یہ تعداد 2020 کے پورے سال کی فروخت سے زیادہ ہے۔ پہلی سہ ماہی کے اختتام تک کمپنی نے ویلو کی تیاری کو مقامی سطح پر بھی منتقل کیا۔ اس کے نتیجے میں کمپنی کے کل اخراجات کی سطح میں نمایاں بہتری آئی اور مصنوعات کی تازگی میں اضافہ ہوا۔

2021 کی پہلی ششماہی میں کمپنی نے اپنے ای ایس جی (ESG) ایجنڈا کے تحت بجلی کی 3.4 میگا واٹ کی مجموعی پیداوار حاصل کرنے کی غرض سے شمسی توانائی کے موجودہ اور نئے پراجیکٹس میں سرمایہ کاری جاری رکھی۔ پی ٹی سی کی ویلو فیکٹری کو یہ انوکھا اعزاز حاصل ہے کہ وہ گروپ کا عالمی سطح پر پہلا پلانٹ ہے جو کہ مکمل طور پر قابل تجدید توانائی پر چلتا ہے۔ کاربن ڈائی آکسائیڈ کی مقدار کم کرنے کے لیے پی ٹی سی نے درخت لگانے کے ایک مشن کا آغاز کیا، جس کے تحت اس سال کے دوران 55 ملین پودے اور 8 ملین سیڈ بالز تقسیم کیے جائیں گے۔ 2021 کی پہلی ششماہی کے دوران 32 ملین پتھر بونے گئے۔

2021 کی پہلی ششماہی کے دوران 2020 کی پہلی ششماہی کے مقابلے میں مقامی فروخت میں اضافہ ہوا۔ اس کی وجہ یہ تھی کہ 2019 کی چوتھی سہ ماہی میں فروخت میں کمی آنا شروع ہوئی تھی جس سے 2020 کی پہلی ششماہی کی فروخت کم ہوئی۔ اسالیہ اضافے کے نتیجے میں مجموعی خام فروخت میں 16% اور مجموعی خالص فروخت میں 18% فی صد کا اضافہ

⁶ ٹھوس شواہد کی بنیاد پر اور یہ فرض کرتے ہوئے کہ سگریٹ نوشی کو مکمل ترک کیا جائے۔ یہ مصنوعات خطرات سے خالی نہیں اور لت لگاتی ہیں

ہوا۔ کمپنی نے حکومت پاکستان کی برآمدات کے ایجنڈے کا مکمل ساتھ دیتے ہوئے 2021 کی پہلی ششماہی میں غیر تیار شدہ تمباکو اور تیار شدہ اشیاء کی 16 ملین ڈالر کی برآمدات کیں۔

2021 کی پہلی ششماہی کے دوران ایس پی ایل وائی (SPLY) کے مقابلے میں کمپنی کی فروخت کے اخراجات میں 21% اضافہ ہوا۔ اس کی بنیادی وجہ فروخت کے حجم میں اضافہ اور افراط زر کا دباؤ رہا۔ ایک چیلینجنگ بیرونی ماحول کے باوجود پی ٹی سی نے اپنے آپریٹنگ منافع میں 26% اضافہ کیا۔ یہ کارکردگی فروخت کے حجم میں اضافے اور ادارے بھر میں اخراجات میں احتیاط کی ثقافت کو پروان چڑھانے پر توجہ، اور مجموعی اخراجات میں کمی لانے کے لیے بچت کے اقدامات کی وجہ سے حاصل ہوئی۔

30 جون 2021 کو ختم ہونے والی مدت کے دوران کمپنی کے بنیادی مالیاتی اشاریے درج ذیل ہیں:

روپے (ملین)		
جنوری سے جون، 2021	جنوری سے جون، 2020	
99,850	85,884	مجموعی آمدنی (Gross Turnover)
62,715	54,521	فیڈرل ایکسائز ڈیوٹی اور سیلز ٹیکس (FED & Sales Tax)
37,135	31,363	خالص آمدنی (Net Turnover)
19,282	15,982	لاگت فروخت (Cost of Sales)
17,853	15,381	مجموعی منافع (Gross Profit)
12,770	10,086	خالص منافع (Operating Profit)
13,124	10,439	قبل از ٹیکس منافع (PBT) (Profit Before Tax – PBT)
9,448	7,614	بعد از ٹیکس منافع (PAT) (Profit After Tax – PAT)
36.98	29.80	فی حصص منافع (EPS) (روپے) (Earnings Per Share – EPS (Rs))

کمپنی کی انتظامیہ پر عزم ہے کہ باوجود کوویڈ-19 کے نتیجے میں پیدا ہونے والے ناقابل یقین مشکلات کے، اپنے تمام سٹیک ہولڈرز کو ویلیو فراہم کرے جبکہ اس کے ساتھ ساتھ اپنے ملازمین اور قابل قدر کاروباری شراکت داروں کا تحفظ بھی یقینی بنائے۔ پروڈکشن کے مقامات اور دفاتر اپنا کام بلا تعطل جاری رکھیں گے، جب کہ اس دوران حکومت کی جانب سے نافذ کردہ تمام ایس اوپیز کی مکمل پابندی کی جائے گی۔


ولیم پیگل
سی ایف او اور ڈائریکٹر فنانس


علی اکبر
چیف ڈائریکٹر / سی ای او

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakistan Tobacco Company Limited Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pakistan Tobacco Company Limited as at June 30, 2021 and the related 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, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended 30 June 2021 and 30 June 2020 have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditors' review report is Riaz Pesnani.



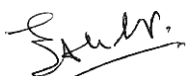
KPMG Taseer Hadi & Co.
Chartered Accountants

Date: August 24, 2021
Islamabad

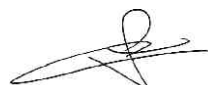
Condensed Interim Profit or Loss Account (Un-audited) for the six months period ended June 30, 2021

	Note	Quarter ended		Half year ended	
		June 30, 2021 Rs '000	June 30, 2020 Rs '000	June 30, 2021 Rs '000	June 30, 2020 Rs '000
Domestic turnover		49,427,712	46,052,493	97,382,326	83,471,340
Export turnover		1,393,903	1,225,218	2,468,045	2,413,109
Gross turnover		50,821,615	47,277,711	99,850,371	85,884,449
Excise duties		(24,300,288)	(22,885,900)	(47,959,795)	(41,924,532)
Sales tax		(7,485,251)	(6,942,365)	(14,755,526)	(12,596,914)
Net turnover		19,036,076	17,449,446	37,135,050	31,363,003
Cost of sales	7	(9,922,680)	(8,219,307)	(19,281,560)	(15,981,625)
Gross profit		9,113,396	9,230,139	17,853,490	15,381,378
Selling and distribution costs		(1,321,190)	(1,793,565)	(2,420,169)	(2,805,638)
Administrative expenses		(803,780)	(625,886)	(1,894,559)	(1,529,451)
Other expenses	8	(633,332)	(554,709)	(1,090,217)	(967,263)
Other income	9	263,493	7,078	321,038	6,991
		(2,494,809)	(2,967,082)	(5,083,907)	(5,295,361)
Operating profit		6,618,587	6,263,057	12,769,583	10,086,017
Finance income	10	315,983	347,482	493,730	463,420
Finance cost		(71,745)	(50,114)	(138,841)	(109,483)
Net finance income		244,238	297,368	354,889	353,937
Profit before income tax		6,862,825	6,560,425	13,124,472	10,439,954
Income tax expense		(1,910,518)	(1,766,674)	(3,676,942)	(2,825,525)
Profit for the period		4,952,307	4,793,751	9,447,530	7,614,429
Earnings per share - basic and diluted (Rupees)		19.38	18.76	36.98	29.80

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



Syed Ali Akbar
MD & Chief Executive Officer



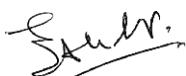
William Pegel
Chief Financial Officer & Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

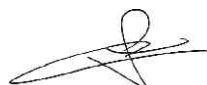
for the six months period ended June 30, 2021

	Quarter ended		Half year ended	
	June 30, 2021 Rs '000	June 30, 2020 Rs '000	June 30, 2021 Rs '000	June 30, 2020 Rs '000
Profit for the period	4,952,307	4,793,751	9,447,530	7,614,429
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	4,952,307	4,793,751	9,447,530	7,614,429

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



Syed Ali Akbar
MD & Chief Executive Officer



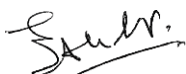
William Pegel
Chief Financial Officer & Director

Condensed Interim Statement of Financial Position (Un-audited)

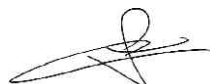
as at June 30, 2021

	Note	June 30, 2021 (Un-audited) Rs '000	December 31, 2020 (Audited) Rs '000
Non current assets			
Property, plant and equipment	11	15,480,724	15,101,755
Advances for capital expenditure		141,597	716,864
Long term investment in subsidiary company	12	5,000	5,000
Long term deposits and prepayments		28,754	27,720
		15,656,075	15,851,339
Current assets			
Stock-in-trade		15,643,925	19,482,676
Stores and spares		677,197	678,900
Trade debts		1,848	1,392
Loans and advances	13	1,010,118	335,205
Short term prepayments		69,580	76,415
Other receivables	14	1,990,983	1,336,336
Short term investments		8,416,648	6,401,215
Cash and bank balances	15	726,872	842,296
		28,537,171	29,154,435
Current liabilities			
Trade and other payables	16	13,835,841	19,202,867
Other liabilities		2,379,823	2,073,866
Short term running finance/export refinance	17	1,793,243	-
Lease liability	18	661,554	678,730
Unpaid dividend		94,028	84,856
Unclaimed dividend		77,061	77,381
Accrued interest / mark-up		3,274	583
Current income tax liabilities		943,489	912,236
		(19,788,313)	(23,030,519)
Net current assets		8,748,858	6,123,916
Non current liabilities			
Lease liability	18	(1,540,544)	(1,573,892)
Deferred tax liabilities		(1,057,828)	(888,506)
		(2,598,372)	(2,462,398)
Net assets		21,806,561	19,512,857
Share capital and reserves			
Share capital	19	2,554,938	2,554,938
Revenue reserve - Unappropriated profit		19,251,623	16,957,919
		21,806,561	19,512,857
Contingencies and commitments	20		

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



Syed Ali Akbar
MD & Chief Executive Officer



William Pegel
Chief Financial Officer & Director

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

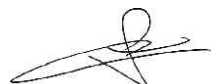
for the six months period ended June 30, 2021

	Share capital Rs '000	Revenue reserves Rs '000	Total Rs '000
Balance at January 1, 2020	2,554,938	15,735,917	18,290,855
Total comprehensive income for the period:			
Profit for the period	-	7,614,429	7,614,429
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	7,614,429	7,614,429
Transactions with owners of the Company:			
Final dividend for the year ended December 31, 2019 @ Rs. 23 per share	-	(5,876,357)	(5,876,357)
Balance at June 30, 2020	2,554,938	17,473,989	20,028,927
Balance at January 1, 2021	2,554,938	16,957,919	19,512,857
Total comprehensive income for the period:			
Profit for the period	-	9,447,530	9,447,530
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	9,447,530	9,447,530
Transactions with owners of the Company:			
Final dividend for the year ended December 31, 2020 @ Rs. 28 per share	-	(7,153,826)	(7,153,826)
Balance at June 30, 2021	2,554,938	19,251,623	21,806,561

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



Syed Ali Akbar
MD & Chief Executive Officer



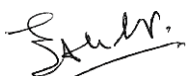
William Pegel
Chief Financial Officer & Director

Condensed Interim Statement of Cash Flows (Un-audited)

for the six months period ended June 30, 2021

	Note	June 30, 2021 Rs '000	June 30, 2020 Rs '000
Cash flows from operating activities			
Cash generated from operations	21	11,293,860	13,381,371
Finance cost paid		(136,150)	(125,995)
Income tax paid		(3,476,367)	(2,433,750)
Contribution to retirement benefit funds		(297,479)	(494,379)
Net cash from operating activities		7,383,864	10,327,247
Cash flows from investing activities			
Purchases of property, plant and equipment		(329,977)	(218,374)
Proceeds from sale of property, plant and equipment		167,695	69,580
Interest received		493,730	463,420
Net cash from investing activities		331,448	314,626
Cash flows from financing activities			
Dividends paid		(7,144,974)	(299,140)
Lease payments		(463,572)	(174,174)
Proceeds from export refinance facility		1,793,243	-
Net cash used in financing activities		(5,815,303)	(473,314)
Net increase in cash and cash equivalents		1,900,009	10,168,559
Cash and cash equivalents at January 1		7,243,511	3,536,963
Cash and cash equivalents at June 30		9,143,520	13,705,522
Cash and cash equivalents comprise:			
Short-term investments		8,416,648	13,322,521
Cash and bank balances	15	726,872	383,001
		9,143,520	13,705,522

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



Syed Ali Akbar

MD & Chief Executive Officer



William Pegel

Chief Financial Officer & Director

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

for the six months period ended June 30, 2021

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/tobacco.

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, 2020 ('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 accounting and reporting 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, 2020 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 half year ended June 30, 2020.

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. These condensed interim financial statements have been reviewed, not audited and also include the statement of profit or loss for the quarter ended June 30, 2021 which was not subject to review.

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.

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

for the six months period ended June 30, 2021

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, 2020.

6. Standards issued but not effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 01, 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards.

	Quarter ended		Half year ended	
	June 30, 2021 Rs '000	June 30, 2020 Rs '000	June 30, 2021 Rs '000	June 30, 2020 Rs '000
7. Cost of sales				
Raw material consumed:				
Opening stock of raw materials and work in process	16,227,075	17,710,010	16,977,657	19,573,174
Raw material purchases and expenses	4,824,913	3,401,624	11,435,780	8,274,711
Excise duty, customs duty, regulatory duty and tobacco development cess etc.	393,498	100,657	1,392,113	524,657
Closing stock of raw materials and work in process	(14,217,129)	(14,544,894)	(14,217,129)	(14,544,894)
	7,228,357	6,667,397	15,588,421	13,827,648
Royalty	246,197	128,486	416,698	248,594
Production overheads	1,058,208	1,024,800	2,070,370	1,927,759
	8,532,762	7,820,683	18,075,489	16,004,001
Cost of finished goods				
Opening stock	2,816,714	2,280,725	2,632,867	1,859,725
Closing stock	(1,426,796)	(1,882,101)	(1,426,796)	(1,882,101)
	1,389,918	398,624	1,206,071	(22,376)
	9,922,680	8,219,307	19,281,560	15,981,625
8. Other expenses				
Workers' Profit Participation Fund (WPPF)	368,573	352,332	704,859	560,685
Workers' Welfare Fund (WWF)	140,057	133,886	267,847	213,060
Bank charges and fees	9,799	9,092	21,692	17,434
Interest to Workers' Profit Participation Fund (WPPF)	(12,654)	-	36,700	1,263
Foreign exchange loss	127,557	59,399	59,119	174,821
	633,332	554,709	1,090,217	967,263

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

for the six months period ended June 30, 2021

	Quarter ended		Half year ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	Rs '000	Rs '000	Rs '000	Rs '000
9. Other income				
Income from services to associated companies:				
- BAT M.E DMCC- UAE	230,685	-	230,685	-
	230,685	-	230,685	-
Recharges payable to associated companies written back:				
- BAT Aspac Service Center Sdn Bhd - Malaysia	53,331	-	53,331	-
(Loss) / Gain on disposal of property, plant and equipment	(21,435)	6,641	35,205	6,126
Others	912	437	1,817	865
	263,493	7,078	321,038	6,991

10. Finance income

This includes profit from placement with banks in saving accounts, term deposit and treasury bills earned under interest arrangement. The interest rates range between 5.50% and 7.80% (half year ended June 30, 2020 : 6.50% and 13.24%) per annum and is received on maturity.

	Note	June 30, 2021 (Un-audited) Rs '000	December 31, 2020 (Audited) Rs '000
11. Property, plant and equipment			
Operating assets	11.1	14,438,798	12,678,139
Capital work in progress	11.2	1,041,926	2,423,616
		15,480,724	15,101,755

11.1 Operating assets

Carrying amount at January 01	12,678,139	11,590,196
Additions during the half year/year:		
- Owned assets		
Building	514,184	69,738
Plant and machinery	1,630,398	1,474,838
Office and household equipment	109,904	342,436
Vehicles	-	178
Furniture and fittings	32,448	81,764
	2,286,934	1,968,954
- Right of use assets		
Land and building	226,676	257,592
Factory vehicles - Folk lifter trucks	-	352,768
- Leased assets		
Vehicles	186,372	433,597
	2,699,982	3,012,911

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

for the six months period ended June 30, 2021

	June 30, 2021 (Un-audited) Rs '000	December 31, 2020 (Audited) Rs '000
Disposals during the half year/year (net book value):		
- Owned assets		
Building	(2,652)	(187)
Plant and machinery	(38,791)	(294,469)
Office and household equipment	-	(613)
Furniture and fittings	(115)	(535)
Vehicles	-	(4,795)
	(41,558)	(300,599)
- Right of use assets	(14,190)	(31,285)
- Leased vehicles		
Vehicles	(76,742)	(93,025)
	(132,490)	(424,909)
Depreciation charge for the half year/year:	(806,833)	(1,500,059)
Carrying amount as at June 30/ December 31	14,438,798	12,678,139

- 11.1.1** During the half year ended 30 June 2021, the Company acquired assets, including transfers from capital work in progress, amounting to Rs. 2,699,982 thousand (half year ended 30 June 2020: Rs. 675,096 thousand). Operating fixed assets having net book value of Rs. 132,490 thousand were disposed off during half year ended 30 June 2021 (half year ended 30 June 2020: Rs. 63,454 thousand). Depreciation charge for half year ended 30 June 2021 was Rs. 806,833 thousand (half year ended 30 June 2020: Rs. 755,407 thousand).

	June 30, 2021 (Un-audited) Rs '000	December 31, 2020 (Audited) Rs '000
11.2 Capital work in progress		
Carrying value as at the beginning of the period	2,423,616	732,634
Additions during the half year/year	647,329	2,343,498
	3,070,945	3,076,132
Transferred to operating fixed assets	(2,029,019)	(652,516)
Carrying value as at end of the period	1,041,926	2,423,616

12. Long term investment in subsidiary company

This represents 500,001 (December 31, 2020: 500,001) fully paid ordinary shares of Rs.10 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 Rs.10 per share based on financial statements for the half year ended June 30, 2021.

13. Loans and advances

These include non-interest bearing advances to employees of Rs. 32,748 thousand (December 31, 2020: Rs. 26,946 thousand).

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

for the six months period ended June 30, 2021

14. Other receivables

These include following balances due from related parties:

	June 30, 2021 (Un-audited) Rs '000	December 31,2020 (Audited) Rs '000
Holding company / associated companies	965,831	899,794
Subsidiary company	20,021	20,021
Employees retirement benefit plans	425,063	333,113

15. Cash and bank balances

Cash at banks		
- deposit accounts	30,335	29,705
- current accounts	695,977	810,645
	726,312	840,350
Cash in hand	560	1,946
	726,872	842,296

15.1 These include balances of Rs. 503,917 thousand (December 31, 2020: Rs. 317,885 thousand) held in foreign currency accounts.

16. Trade and other payables

16.1 These include following balances due to related parties:

	June 30, 2021 (Un-audited) Rs '000	December 31,2020 (Audited) Rs '000
Holding company / associated companies	1,284,372	1,301,159
Employees retirement benefit plans	275,517	388,104

16.2 These also include 'contract liabilities' representing advances from customers amounting to Rs 40,867 thousand (December 31, 2020: Rs 12,034 thousand).

17. Short term running finance / export refinance - secured

Short term running finance facilities available under mark-up arrangements with banks amount to Rs. 6,500 million (December 31, 2020: Rs.6,500 million), which remained unavailed at the period end. These facilities are secured by hypothecation of stock in trade and plant & machinery amounting to Rs.7,222 million (December 31, 2020: Rs.7,222 million). The mark-up ranges between 7.49% and 7.78% (December 31, 2020: 7.37% and 13.88%) per annum and is payable quarterly. The facilities are renewable on annual basis.

Effective January 2021, the Company has obtained Rs 1,793 million (December 31, 2020 : Nil) from different banks under export refinancing scheme. The mark-up ranges between 2.20% and 2.75% per annum.

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

for the six months period ended June 30, 2021

18. Lease liability

This represents lease agreements entered into with various lessors on account of vehicle and property leases. Total gross lease rentals due under various lease agreements aggregate to Rs 2,727,403 thousand - short term Rs 835,904 thousand and long term Rs 1,891,499 thousand (December 31, 2020: Rs 2,834,089 thousand - short term Rs 872,824 thousand and long term Rs 1,961,265 thousand).

The net lease liability amounts to Rs 2,202,098 thousand - short term Rs 661,554 thousand and long term Rs 1,540,544 thousand (December 31, 2020: Rs 2,252,622 thousand-short term Rs 678,730 thousand and long term Rs 1,573,892 thousand).

Financing rates of 7.75% to 14.61% (December 31, 2020: 7.75% to 14.61%) per annum have been used as discounting factor.

19. Share capital

Authorised share capital of the Company is Rs. 3,000,000 thousand (December 31, 2020: 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, 2020: Rs. 2,554,938 thousand) divided into 255,493,792 ordinary shares of Rs. 10 each.

20. Contingencies and commitments

20.1 Contingencies

	June 30, 2021 (Un-audited) Rs '000	December 31,2020 (Audited) Rs '000
<i>Claims and guarantees</i>		
Claims against the Company not acknowledged as debt	75,706	75,706
Guarantees issued by banks on behalf of the Company	487,430	447,376

Litigation

There is no significant change to status of litigations disclosed in annual financial statements for the year ended 31 December 2020.

	June 30, 2021 (Un-audited) Rs '000	December 31,2020 (Audited) Rs '000
20.2 Commitments		
Capital expenditure	847,770	-
Letters of credit outstanding	125,401	1,018,701

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

for the six months period ended June 30, 2021

	June 30, 2021 (Un-audited) Rs '000	December 31,2020 (Audited) Rs '000
21. Cash generated from operations		
Profit before income tax	13,124,472	10,439,954
Adjustment for non-cash items:		
- Depreciation	806,833	755,407
- (Gain) on disposal of property, plant and equipment	(35,205)	(6,126)
- Finance cost	138,841	109,483
- Finance income	(493,730)	(463,420)
- Exchange loss	59,119	174,821
- (Reversal) / Charge of provision for slow moving stores and spares	(70,407)	233
- Provision for staff retirement benefit plans	188,442	141,672
	593,893	712,070
Changes in working capital:		
- Stock-in-trade	3,838,751	4,995,547
- Stores and spares	72,110	(2,990)
- Trade debts	(456)	2,698
- Loans and advances	(674,913)	(1,037,376)
- Short term prepayments	6,835	(23,569)
- Other receivables	(545,610)	672,357
- Trade and other payables	(5,426,145)	(2,656,656)
- Other liabilities	305,957	280,035
	(2,423,471)	2,230,046
Changes in long term deposits and prepayments	(1,034)	(699)
	11,293,860	13,381,371

Notes to the Condensed Interim Financial Statements (Un-audited) for the six months period ended June 30, 2021

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.

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Fair value through profit or loss	Amortized cost	Total	Fair value through profit or loss	Amortized cost	Total
		Rs '000			Rs '000	
Financial assets measured at fair value						
Short-term investment	8,416,648	-	8,416,648	6,401,215	-	6,401,215
Financial assets not measured at fair value						
Deposits	-	28,754	28,754	-	27,720	27,720
Trade debts	-	1,848	1,848	-	1,392	1,392
Other receivables	-	1,990,983	1,990,983	-	1,336,336	1,336,336
Cash and bank balances	-	726,872	726,872	-	842,296	842,296
	8,416,648	2,748,457	11,165,105	6,401,215	2,207,744	8,608,959
Financial liabilities not measured at fair value						
Finance lease obligation	-	(2,202,098)	(2,202,098)	-	(2,252,622)	(2,252,622)
Accrued interest / mark-up	-	(3,274)	(3,274)	-	(583)	(583)
Short term running finance/export refinance	-	(1,793,243)	(1,793,243)	-	-	-
Trade and other payables	-	(7,626,405)	(7,626,405)	-	(8,375,451)	(8,375,451)
	-	(11,625,020)	(11,625,020)	-	(10,628,656)	(10,628,656)

The short term investments are classified under Level 2 fair value hierarchy.

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 fair values.

22.2 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, 2020.

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

for the six months period ended June 30, 2021

23. Related parties

British American Tobacco (Investments) Limited (BAT-IL) holds 94.34% (December 31, 2020: 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:

	Quarter ended		Half year ended	
	June 30, 2021 Rs '000	June 30, 2020 Rs '000	June 30, 2021 Rs '000	June 30, 2020 Rs '000
Purchase of goods and services from				
Holding company	395,448	354,789	827,908	708,018
Associated companies	1,392,283	1,163,504	2,249,986	1,609,076
Sale of goods and services to				
Associated companies	1,461,774	1,355,806	2,535,915	2,632,322
Dividend				
Holding company	6,771,896	5,562,629	6,771,896	5,562,629
Royalty charged by				
Associated companies	246,197	128,486	416,698	248,594
Expenses reimbursed to				
Holding company	-	3,699	434	16,701
Associated companies	372	11,103	372	11,103
Expenses reimbursed by				
Holding company	-	9,321	3,225	29,000
Associated companies	26,098	88,343	32,322	139,690
Employees retirement benefit plans - expense / (income)				
Staff pension fund	8,979	(29,172)	10,668	(29,172)
Staff defined contribution pension fund	34,792	30,191	66,637	56,601
Employees' gratuity fund	31,629	32,761	58,476	63,995
Management provident fund	22,787	21,377	43,688	40,710
Employees' provident fund	4,491	5,152	8,972	9,538
Remuneration of key management personnel	182,647	144,785	359,842	227,651

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

for the six months period ended June 30, 2021

24. Events after the reporting date

The Board of Directors in its meeting held on 27th July 2021 has declared the first interim dividend of Rs 26.00 (2020: Rs 15.00) per share. This interim dividend of Rs 6,642,839 thousand (2020: Rs 3,832,407) will be recorded as liability in the interim financial statements for the next quarter as required by the IAS 10 'Events after the Reporting Period'. These condensed interim financial statements do not reflect this dividend.

25. Date of authorisation for issue

These condensed interim financial statements have been authorised for issue by the Board of Directors of the Company on 27th July, 2021.



Syed Ali Akbar
MD & Chief Executive Officer



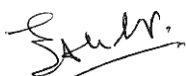
William Pegel
Chief Financial Officer & Director

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

for the six months period ended June 30, 2021

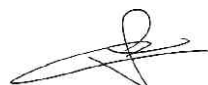
	Note	Quarter ended		Half year ended	
		June 30, 2021 Rs '000	June 30, 2020 Rs '000	June 30, 2021 Rs '000	June 30, 2020 Rs '000
Domestic turnover		49,427,712	46,052,493	97,382,326	83,471,340
Export turnover		1,393,903	1,225,218	2,468,045	2,413,109
Gross turnover		50,821,615	47,277,711	99,850,371	85,884,449
Excise duties		(24,300,288)	(22,885,900)	(47,959,795)	(41,924,532)
Sales tax		(7,485,251)	(6,942,365)	(14,755,526)	(12,596,914)
Net turnover		19,036,076	17,449,446	37,135,050	31,363,003
Cost of sales	7	(9,922,680)	(8,219,307)	(19,281,560)	(15,981,625)
Gross profit		9,113,396	9,230,139	17,853,490	15,381,378
Selling and distribution costs		(1,321,190)	(1,793,565)	(2,420,169)	(2,805,638)
Administrative expenses		(803,780)	(625,886)	(1,894,559)	(1,529,451)
Other expenses	8	(633,332)	(554,709)	(1,090,217)	(967,263)
Other income	9	263,493	7,078	321,038	6,991
		(2,494,809)	(2,967,082)	(5,083,907)	(5,295,361)
Operating profit		6,618,587	6,263,057	12,769,583	10,086,017
Finance income	10	315,983	347,482	493,730	463,420
Finance cost		(71,745)	(50,114)	(138,841)	(109,483)
Net finance income		244,238	297,368	354,889	353,937
Profit before income tax		6,862,825	6,560,425	13,124,472	10,439,954
Income tax expense		(1,910,518)	(1,766,674)	(3,676,942)	(2,825,525)
Profit for the period		4,952,307	4,793,751	9,447,530	7,614,429
Earnings per share - basic and diluted (Rupees)		19.38	18.76	36.98	29.80

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.



Syed Ali Akbar

MD & Chief Executive Officer



William Pegel

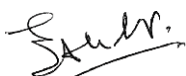
Chief Financial Officer & Director

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

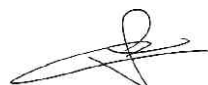
for the six months period ended June 30, 2021

	Quarter ended		Half year ended	
	June 30, 2021 Rs '000	June 30, 2020 Rs '000	June 30, 2021 Rs '000	June 30, 2020 Rs '000
Profit for the period	4,952,307	4,793,751	9,447,530	7,614,429
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	4,952,307	4,793,751	9,447,530	7,614,429

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.



Syed Ali Akbar
MD & Chief Executive Officer



William Pegel
Chief Financial Officer & Director

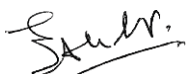
Consolidated Condensed Interim Statement of Financial Position (Un-audited)

as at June 30, 2021

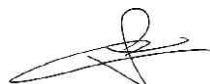
	Note	June 30, 2021 (Un-audited) Rs '000	December 31, 2020 (Audited) Rs '000
Non current assets			
Property, plant and equipment	11	15,505,772	15,126,803
Advances for capital expenditure		141,597	716,864
Long term deposits and prepayments		28,754	27,720
		15,676,123	15,871,387
Current assets			
Stock-in-trade		15,643,925	19,482,676
Stores and spares		677,197	678,900
Trade debts		1,848	1,392
Loans and advances	12	1,010,118	335,205
Short term prepayments		69,580	76,415
Other receivables	13	1,970,962	1,316,315
Short term investments		8,416,648	6,401,215
Cash and bank balances	14	726,872	842,296
		28,517,150	29,134,414
Current liabilities			
Trade and other payables	15	13,835,868	19,202,894
Other liabilities		2,379,823	2,073,866
Short term running finance/export refinance	16	1,793,243	-
Lease liability	17	661,554	678,730
Unpaid dividend		94,028	84,856
Unclaimed dividend		77,061	77,381
Accrued interest / mark-up		3,274	583
Current income tax liabilities		943,489	912,236
		(19,788,340)	(23,030,546)
Net current assets		8,728,810	6,103,868
Non current liabilities			
Lease liability	17	(1,540,544)	(1,573,892)
Deferred tax liabilities		(1,057,828)	(888,506)
		(2,598,372)	(2,462,398)
Net assets		21,806,561	19,512,857
Share capital and reserves			
Share capital	18	2,554,938	2,554,938
Revenue reserve - Unappropriated profit		19,251,623	16,957,919
		21,806,561	19,512,857

Contingencies and commitments 19

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.



Syed Ali Akbar
MD & Chief Executive Officer



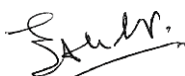
William Pegel
Chief Financial Officer & Director

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

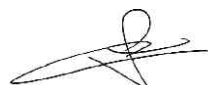
for the six months period ended June 30, 2021

	Share capital Rs '000	Revenue reserves Rs '000	Total Rs '000
Balance at January 1, 2020	2,554,938	15,735,917	18,290,855
Total comprehensive income for the period:			
Profit for the period	-	7,614,429	7,614,429
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	7,614,429	7,614,429
Transactions with owners of the Company:			
Final dividend for the year ended December 31, 2019 @ Rs. 23 per share	-	(5,876,357)	(5,876,357)
Balance at June 30, 2020	2,554,938	17,473,989	20,028,927
Balance at January 1, 2021	2,554,938	16,957,919	19,512,857
Total comprehensive income for the period:			
Profit for the period	-	9,447,530	9,447,530
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	9,447,530	9,447,530
Transactions with owners of the Company:			
Final dividend for the year ended December 31, 2020 @ Rs. 28 per share	-	(7,153,826)	(7,153,826)
Balance at June 30, 2021	2,554,938	19,251,623	21,806,561

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.



Syed Ali Akbar
MD & Chief Executive Officer



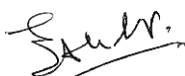
William Pegel
Chief Financial Officer & Director

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

for the six months period ended June 30, 2021

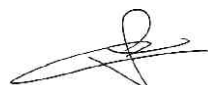
	Note	June 30, 2021 Rs '000	June 30, 2020 Rs '000
Cash flows from operating activities			
Cash generated from operations	20	11,293,860	13,381,371
Finance cost paid		(136,150)	(125,995)
Income tax paid		(3,476,367)	(2,433,750)
Contribution to retirement benefit funds		(297,479)	(494,379)
Net cash from operating activities		7,383,864	10,327,247
Cash flows from investing activities			
Purchases of property, plant and equipment		(329,977)	(218,374)
Proceeds from sale of property, plant and equipment		167,695	69,580
Interest received		493,730	463,420
Net cash from investing activities		331,448	314,626
Cash flows from financing activities			
Dividends paid		(7,144,974)	(299,140)
Lease payments		(463,572)	(174,174)
Proceeds from export refinance facility		1,793,243	-
Net cash used in financing activities		(5,815,303)	(473,314)
Net increase in cash and cash equivalents		1,900,009	10,168,559
Cash and cash equivalents at January 1		7,243,511	3,536,963
Cash and cash equivalents at June 30		9,143,520	13,705,522
Cash and cash equivalents comprise:			
Short-term investments		8,416,648	13,322,521
Cash and bank balances	14	726,872	383,001
		9,143,520	13,705,522

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.



Syed Ali Akbar

MD & Chief Executive Officer



William Pegel

Chief Financial Officer & Director

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

for the six months period ended June 30, 2021

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/tobacco.

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 Jammu 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, 2020 ('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 accounting and reporting 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, 2020 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 Group for the half year ended June 30, 2020.

These consolidated 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. These condensed interim financial statements have been reviewed, not audited and also include the statement of profit or loss for the quarter ended June 30, 2021 which was not subject to review.

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 Group'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.

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

for the six months period ended June 30, 2021

Measurement of fair values

When measuring the fair value of an asset or a liability, the Group 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 consolidated interim financial statements are the same as those applied in the preparation of the consolidated financial statements as at and for the year ended December 31, 2020.

6. Standards issued but not effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 01, 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards.

	Quarter ended		Half year ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	Rs '000	Rs '000	Rs '000	Rs '000
7. Cost of sales				
Raw material consumed:				
Opening stock of raw materials and work in process	16,227,075	17,710,010	16,977,657	19,573,174
Raw material purchases and expenses	4,824,913	3,401,624	11,435,780	8,274,711
Excise duty, customs duty, regulatory duty and tobacco development cess etc.	393,498	100,657	1,392,113	524,657
Closing stock of raw materials and work in process	(14,217,129)	(14,544,894)	(14,217,129)	(14,544,894)
	7,228,357	6,667,397	15,588,421	13,827,648
Royalty	246,197	128,486	416,698	248,594
Production overheads	1,058,208	1,024,800	2,070,370	1,927,759
	8,532,762	7,820,683	18,075,489	16,004,001
Cost of finished goods				
Opening stock	2,816,714	2,280,725	2,632,867	1,859,725
Closing stock	(1,426,796)	(1,882,101)	(1,426,796)	(1,882,101)
	1,389,918	398,624	1,206,071	(22,376)
	9,922,680	8,219,307	19,281,560	15,981,625
8. Other expenses				
Workers' Profit Participation Fund (WPPF)	368,573	352,332	704,859	560,685
Workers' Welfare Fund (WWF)	140,057	133,886	267,847	213,060
Bank charges and fees	9,799	9,092	21,692	17,434
Interest to Workers' Profit Participation Fund (WPPF)	(12,654)	-	36,700	1,263
Foreign exchange loss	127,557	59,399	59,119	174,821
	633,332	554,709	1,090,217	967,263

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

for the six months period ended June 30, 2021

	Quarter ended		Half year ended	
	June 30, 2021 Rs '000	June 30, 2020 Rs '000	June 30, 2021 Rs '000	June 30, 2020 Rs '000
9. Other income				
Income from services to associated companies:				
- BAT M.E DMCC- UAE	230,685	-	230,685	-
	230,685	-	230,685	-
Recharges payable to associated companies written back:				
- BAT Aspac Service Center Sdn Bhd - Malaysia	53,331	-	53,331	-
(Loss) / Gain on disposal of property, plant and equipment	(21,435)	6,641	35,205	6,126
Others	912	437	1,817	865
	263,493	7,078	321,038	6,991

10. Finance income

This includes profit from placement with banks in saving accounts, term deposit and treasury bills earned under interest arrangement. The interest rates range between 5.50% and 7.80% (half year ended June 30, 2020 : 6.50% and 13.24%) per annum and is received on maturity.

	Note	June 30, 2021 (Un-audited) Rs '000	December 31, 2020 (Audited) Rs '000
11. Property, plant and equipment			
Operating assets	11.1	14,442,162	12,681,503
Capital work in progress	11.2	1,063,610	2,445,300
		15,505,772	15,126,803

11.1 Operating assets

Carrying amount at January 01	12,681,503	11,593,560
Additions during the half year/year:		
- Owned assets		
Building	514,184	69,738
Plant and machinery	1,630,398	1,474,838
Office and household equipment	109,904	342,436
Vehicles	-	178
Furniture and fittings	32,448	81,764
	2,286,934	1,968,954
- Right of use assets		
Land and building	226,676	257,592
Factory vehicles - Folk lifter trucks	-	352,768
- Leased assets		
Vehicles	186,372	433,597
	2,699,982	3,012,911

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

for the six months period ended June 30, 2021

	June 30, 2021 (Un-audited) Rs '000	December 31, 2020 (Audited) Rs '000
Disposals during the half year/year (net book value):		
- Owned assets		
Building	(2,652)	(187)
Plant and machinery	(38,791)	(294,469)
Office and household equipment	-	(613)
Furniture and fittings	(115)	(535)
Vehicles	-	(4,795)
	(41,558)	(300,599)
- Right of use assets	(14,190)	(31,285)
- Leased vehicles		
Vehicles	(76,742)	(93,025)
	(132,490)	(424,909)
Depreciation charge for the half year/year:	(806,833)	(1,500,059)
Carrying amount as at June 30/ December 31	14,442,162	12,681,503

- 11.1.1** During the half year ended 30 June 2021, the Company acquired assets, including transfers from capital work in progress, amounting to Rs. 2,699,982 thousand (half year ended 30 June 2020: Rs. 675,096 thousand). Operating fixed assets having net book value of Rs. 132,490 thousand were disposed off during half year ended 30 June 2021 (half year ended 30 June 2020: Rs. 63,454 thousand). Depreciation charge for half year ended 30 June 2021 was Rs. 806,833 thousand (half year ended 30 June 2020: Rs. 755,407 thousand).

	June 30, 2021 (Un-audited) Rs '000	December 31, 2020 (Audited) Rs '000
11.2 Capital work in progress		
Carrying value as at the beginning of the period	2,445,300	754,318
Additions during the half year/year	647,329	2,343,498
	3,092,629	3,097,816
Transferred to operating fixed assets	(2,029,019)	(652,516)
Carrying value as at end of the period	1,063,610	2,445,300

12. Loans and advances

These include non-interest bearing advances to employees of Rs. 32,748 thousand (December 31, 2020: Rs. 26,946 thousand).

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

for the six months period ended June 30, 2021

13. Other receivables

These include following balances due from related parties:

	June 30, 2021 (Un-audited) Rs '000	December 31,2020 (Audited) Rs '000
Holding company / associated companies	965,831	899,794
Employees retirement benefit plans	425,063	333,113

14. Cash and bank balances

Cash at banks		
- deposit accounts	30,335	29,705
- current accounts	695,977	810,645
	726,312	840,350
Cash in hand	560	1,946
	726,872	842,296

14.1 These include balances of Rs. 503,917 thousand (December 31, 2020: Rs. 317,885 thousand) held in foreign currency accounts.

15. Trade and other payables

15.1 These include following balances due to related parties:

	June 30, 2021 (Un-audited) Rs '000	December 31,2020 (Audited) Rs '000
Holding company / associated companies	1,284,372	1,301,159
Employees retirement benefit plans	275,517	388,104

15.2 These also include 'contract liabilities' representing advances from customers amounting to Rs 40,867 thousand (December 31, 2020: Rs 12,034 thousand).

16. Short term running finance / export refinance - secured

Short term running finance facilities available under mark-up arrangements with banks amount to Rs. 6,500 million (December 31, 2020: Rs.6,500 million), which remained unavailed at the period end. These facilities are secured by hypothecation of stock in trade and plant & machinery amounting to Rs.7,222 million (December 31, 2020: Rs.7,222 million). The mark-up ranges between 7.49% and 7.78% (December 31, 2020: 7.37% and 13.88%) per annum and is payable quarterly. The facilities are renewable on annual basis.

Effective January 2021, the Company has obtained Rs 1,793 million (December 31, 2020 : Nil) from different banks under export refinancing scheme. The mark-up ranges between 2.20% and 2.75% per annum.

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

for the six months period ended June 30, 2021

17. Lease liability

This represents lease agreements entered into with various lessors on account of vehicle and property leases. Total gross lease rentals due under various lease agreements aggregate to Rs 2,727,403 thousand - short term Rs 835,904 thousand and long term Rs 1,891,499 thousand (December 31, 2020: Rs 2,834,089 thousand - short term Rs 872,824 thousand and long term Rs 1,961,265 thousand).

The net lease liability amounts to Rs 2,202,098 thousand - short term Rs 661,554 thousand and long term Rs 1,540,544 thousand (December 31, 2020: Rs 2,252,622 thousand-short term Rs 678,730 thousand and long term Rs 1,573,892 thousand).

Financing rates of 7.75% to 14.61% (December 31, 2020: 7.75% to 14.61%) per annum have been used as discounting factor.

18. Share capital

Authorised share capital of the Company is Rs. 3,000,000 thousand (December 31, 2020: 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, 2020: Rs. 2,554,938 thousand) divided into 255,493,792 ordinary shares of Rs. 10 each.

19. Contingencies and commitments

19.1 Contingencies

	June 30, 2021 (Un-audited) Rs '000	December 31,2020 (Audited) Rs '000
<i>Claims and guarantees</i>		
Claims against the Company not acknowledged as debt	75,706	75,706
Guarantees issued by banks on behalf of the Company	487,430	447,376

Litigation

There is no significant change to status of litigations disclosed in annual financial statements for the year ended 31 December 2020.

	June 30, 2021 (Un-audited) Rs '000	December 31,2020 (Audited) Rs '000
19.2 Commitments		
Capital expenditure	847,770	-
Letters of credit outstanding	125,401	1,018,701

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

for the six months period ended June 30, 2021

	June 30, 2021 (Un-audited) Rs '000	December 31,2020 (Audited) Rs '000
20. Cash generated from operations		
Profit before income tax	13,124,472	10,439,954
Adjustment for non-cash items:		
- Depreciation	806,833	755,407
- (Gain) on disposal of property, plant and equipment	(35,205)	(6,126)
- Finance cost	138,841	109,483
- Finance income	(493,730)	(463,420)
- Exchange loss	59,119	174,821
- (Reversal) / Charge of provision for slow moving stores and spares	(70,407)	233
- Provision for staff retirement benefit plans	188,442	141,672
	593,893	712,070
Changes in working capital:		
- Stock-in-trade	3,838,751	4,995,547
- Stores and spares	72,110	(2,990)
- Trade debts	(456)	2,698
- Loans and advances	(674,913)	(1,037,376)
- Short term prepayments	6,835	(23,569)
- Other receivables	(545,610)	672,357
- Trade and other payables	(5,426,145)	(2,656,656)
- Other liabilities	305,957	280,035
	(2,423,471)	2,230,046
Changes in long term deposits and prepayments	(1,034)	(699)
	11,293,860	13,381,371

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

for the six months period ended June 30, 2021

21. Financial instruments

21.1 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.

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Fair value through profit or loss	Amortized cost	Total	Fair value through profit or loss	Amortized cost	Total
	Rs '000			Rs '000		
Financial assets measured at fair value						
Short-term investment	8,416,648	-	8,416,648	6,401,215	-	6,401,215
Financial assets not measured at fair value						
Deposits	-	28,754	28,754	-	27,720	27,720
Trade debts	-	1,848	1,848	-	1,392	1,392
Other receivables	-	1,990,983	1,990,983	-	1,336,336	1,336,336
Cash and bank balances	-	726,872	726,872	-	842,296	842,296
	8,416,648	2,748,457	11,165,105	6,401,215	2,207,744	8,608,959
Financial liabilities not measured at fair value						
Finance lease obligation	-	(2,202,098)	(2,202,098)	-	(2,252,622)	(2,252,622)
Accrued interest / mark-up	-	(3,274)	(3,274)	-	(583)	(583)
Short term running finance/export refinance	-	(1,793,243)	(1,793,243)	-	-	-
Trade and other payables	-	(7,626,432)	(7,626,432)	-	(8,375,478)	(8,375,478)
	-	(11,625,047)	(11,625,047)	-	(10,628,683)	(10,628,683)

The short term investments are classified under Level 2 fair value hierarchy.

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 fair values.

21.2 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, 2020.

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

for the six months period ended June 30, 2021

22. Related parties

British American Tobacco (Investments) Limited (BAT-IL) holds 94.34% (December 31, 2020: 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:

	Quarter ended		Half year ended	
	June 30, 2021 Rs '000	June 30, 2020 Rs '000	June 30, 2021 Rs '000	June 30, 2020 Rs '000
Purchase of goods and services from				
Holding company	395,448	354,789	827,908	708,018
Associated companies	1,392,283	1,163,504	2,249,986	1,609,076
Sale of goods and services to				
Associated companies	1,461,774	1,355,806	2,535,915	2,632,322
Dividend				
Holding company	6,771,896	5,562,629	6,771,896	5,562,629
Royalty charged by				
Associated companies	246,197	128,486	416,698	248,594
Expenses reimbursed to				
Holding company	-	3,699	434	16,701
Associated companies	372	11,103	372	11,103
Expenses reimbursed by				
Holding company	-	9,321	3,225	29,000
Associated companies	26,098	88,343	32,322	139,690
Employees retirement benefit plans - expense / (income)				
Staff pension fund	8,979	(29,172)	10,668	(29,172)
Staff defined contribution pension fund	34,792	30,191	66,637	56,601
Employees' gratuity fund	31,629	32,761	58,476	63,995
Management provident fund	22,787	21,377	43,688	40,710
Employees' provident fund	4,491	5,152	8,972	9,538
Remuneration of key management personnel	182,647	144,785	359,842	227,651

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

for the six months period ended June 30, 2021

23. Events after the reporting date

The Board of Directors in its meeting held on 27th July 2021 has declared the first interim dividend of Rs 26.00 (2020: Rs 15.00) per share. This interim dividend of Rs 6,642,839 thousand (2020: Rs 3,832,407) will be recorded as liability in the interim financial statements for the next quarter as required by the IAS 10 'Events after the Reporting Period'. These condensed interim financial statements do not reflect this dividend.

24. Date of authorisation for issue

These consolidated condensed interim financial statements have been authorised for issue by the Board of Directors of the Group on 27th July, 2021.



Syed Ali Akbar

MD & Chief Executive Officer



William Pegel

Chief Financial Officer & Director



📍 | Pakistan Tobacco Company Limited
Serena Business Complex,
Khayaban-e-Suhrwady, Islamabad, Pakistan

☎ | Tel: +92 (51) 2083200-1

📠 | Fax: +92 (51) 2604516

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