

ENTERPRISE OF THE
FUTURE

**Condensed Interim
Financial Statements**
for the three months period ended March 31, 2022

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

Nauman Masood Butt

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 the performance of the Company for Quarter 1, 2022

Q1'22 stood testament to PTC's core values of grit and resilience as the Company continues to grow from strength to strength, focusing on leveraging on our strong consumer base. Capstan by Pall Mall (CbPMO) continues to lead the market and a number of initiatives were executed in Q1'22 to grow this momentum and to maintain its prominence with our loyal consumer base.

FY 2021-22 budget decision to maintain status quo vis a vis excise rates on cigarettes has had a positive outcome for Government revenues and consumer price stability in the legitimate tobacco industry. However, DNP brands being retailed at not just lower than the Government mandated minimum price of Rs 62.75/pack, but even lower than the minimum excise and sales tax payable on a pack of 20 cigarettes, i.e., Rs 42.12/pack, are a serious detriment to sustainability and viability of legitimate tobacco sector.

The incidence of counterfeit has been curbed largely on the back of PTC's own technology enabled initiative for on-spot detection of counterfeit products. Consistent enforcement efforts by the Government with dedicated human and financial resources is key to ensure a level playing field in the legitimate tobacco sector which will positively impact revenue collection for the Government.

Key financial indicators of the Company for the period ended March 31, 2022 are as below:

	Rs. (million)	
	Jan - Mar, 2022	Jan - Mar, 2021
Gross Turnover	52,832	49,029
FED & Sales Tax	33,139	30,930
Net Turnover	19,693	18,099
Cost of Sales	10,490	9,359
Gross Profit	9,203	8,740
Operating Profit	6,562	6,151
Profit Before Tax – PBT	6,709	6,262
Profit After Tax – PAT	4,886	4,495
Earnings Per Share – EPS (Rs)	19.12	17.59

Domestic sales increased in Q1'22 vs Q1'21 primarily on account of a stronger base of CbPMO. The Company exported Unmanufactured Tobacco and Finished Goods worth USD 6.4 million in Q1'22 which is 7% higher than the USD 6.1 million export SPLY. PTC continues to explore new opportunities to increase export sales. PTC stays committed to building on its new category of tobacco-free nicotine products (VELO) that has been growing year-on-year.

The cost of sales increase was attributable primarily to the higher volumes sold in Q1'22 versus SPLY. The cost base is expected to remain under pressure in 2022 due to an uncertain economic environment driven by high inflation & interest rates. Hence, PTC remains committed to cost saving and productivity initiatives.

The Company has always maintained a focus on risk management and is committed to undertake all necessary steps to maintain business continuity without compromising health and safety of our staff and our business partners. The Company will continue to drive shareholder value by strengthening its business operations and delivering the best-in-class products to its consumers.



Syed Ali Akbar

MD & Chief Executive Officer



William Pegel

Chief Financial Officer & Director

بنیادی طور پر CbPMO کی مضبوط بنیاد کی وجہ سے سال 2021ء کی پہلی سہ ماہی کے مقابلے میں سال 2022ء کی پہلی سہ ماہی میں مقامی سطح پر فروخت میں اضافہ ہوا۔ سال 2022ء کی پہلی سہ ماہی کے دوران کمپنی نے 6.4 ملین امریکی ڈالر مالیت کا غیر تیار شدہ تمباکو اور تیار شدہ سامان برآمد کیا جو 6.1 ملین امریکی ڈالر مالیت کی برآمدی سپلائی سے 7 فیصد زیادہ ہے۔ پی ٹی سی برآمدی فروخت میں اضافے کے لئے نئے مواقع کی تلاش میں مسلسل کوشاں ہے۔ پی ٹی سی تمباکو سے پاک نکوٹین مصنوعات (VELO) کی اپنی نئی کیسٹگری کی تیاری کے لئے جس میں سال بہ سال اضافہ ہو رہا ہے، پر عزم ہے۔

مصنوعات کی فروخت کی لاگت میں اضافہ بنیادی طور پر سال 2022ء کی پہلی سہ ماہی کے دوران سپلائی کے مقابلے میں زیادہ فروخت سے منسوب رہا۔ افراط زر اور شرح سود میں اضافے کے نتیجے میں پیدا ہونے والے غیر یقینی اقتصادی ماحول کی وجہ سے سال 2022ء کے دوران لاگت پر دباؤ جاری رہنے کی توقع ہے۔ لہذا پی ٹی سی لاگت میں کمی اور پیداوار میں اضافے کے اقدامات اٹھانے کے لئے پر عزم ہے۔

کمپنی نے ہمیشہ خطرات سے نمٹنے پر توجہ مرکوز رکھی ہے اور یہ اپنے عملے اور کاروباری شراکت داروں کی صحت اور حفاظت پر سمجھوتہ کیے بغیر کاروبار میں تسلسل برقرار رکھنے کے لئے تمام ضروری اقدامات اٹھانے کے لئے پر عزم ہے۔ کمپنی اپنی کاروباری سرگرمیوں کو مستحکم بناتے ہوئے اور اپنے صارفین کو بہترین معیار کی مصنوعات کی فراہمی کو یقینی بناتے ہوئے اپنے حصص یافتگان کی قدر میں اضافے کے لئے کوشاں رہے گی۔



ولیم پیگن

سی ایف او اور ڈائریکٹر فنانس



سید علی اکبر

مینیجنگ ڈائریکٹر / چیف ایگزیکٹو آفیسر

ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹرز سال 2022ء کی پہلی سہ ماہی میں کمپنی کی کارکردگی پیش کرتے ہیں

سال 2022ء کی پہلی سہ ماہی پٹی سی کی عزم و استقلال پر مبنی بنیادی اقدامات کی سر بلندی کا ثبوت ہے کیونکہ کمپنی اپنے صارفین کی ٹھوس اساس پر توجہ مرکوز رکھتے ہوئے مضبوط سے مضبوط تر ہو رہی ہے۔ کمپنیشن بانی پال مال (Capstan by Pall Mall - CbPMO) کو مارکیٹ میں بدستور سبقت حاصل ہے اور سال 2022ء کی پہلی سہ ماہی کے دوران ترقی کی اس شرح میں اضافہ کرنے اور اپنے صارفین کی اساس کے ساتھ اپنی شہرت کو برقرار رکھنے کے لئے متعدد اقدامات اٹھائے گئے۔

مالی سال 2022-2021ء کے بجٹ میں سگریٹ پر ایکسائز ڈیوٹی کی شرح برقرار رکھنے کے فیصلے سے حکومت کے محصولات اور تمباکو کی قانونی صنعت میں کنزیومر پرائس کے استحکام کے مثبت نتائج برآمد ہوئے۔ تاہم DNP برانڈز نہ صرف حکومت کی مقرر کردہ کم از کم قیمت یعنی 62.75 روپے فی پیک سے بھی کم قیمت بلکہ 20 سگریٹوں کے پیک پر قابل ادائیگی کم سے کم ایکسائز ڈیوٹی اور سیلز ٹیکس یعنی 42.12 روپے سے بھی کم پرفروخت کیے جا رہے ہیں جو تمباکو کے قانونی شعبے کی بقا اور پائیداری کیلئے شدید نقصان کا باعث ہے۔

پٹی سی کی اپنی ٹیکنالوجی کے ذریعے جعلی مصنوعات کا پتہ چلانے کے اقدام کی وجہ سے جعل سازی کے واقعات کی بڑی حد تک روک تھام ہو گئی ہے۔ مختص انسانی و مالی وسائل کے ساتھ نفاذ کے لئے حکومت کی جانب سے کی جانے والے مسلسل کوششیں تمباکو کے قانونی شعبے میں مسابقت کو یقینی بنانے کے لیے کلیدی حیثیت رکھتی ہیں جن سے حکومت کے لئے محصولات کی وصولی پر مثبت اثر پڑے گا۔

31 مارچ 2022ء کو ختم ہونے والی مدت کے لئے کمپنی کے اہم اشاریے ذیل میں دیئے گئے ہیں:

روپے (ملین)		
جنوری سے مارچ، 2022	جنوری سے مارچ، 2021	
52,832	49,029	مجموعی کاروبار (Gross Turnover)
33,139	30,930	فیڈرل ایکسائز ڈیوٹی اور سیلز ٹیکس (FED & Sales Tax)
19,693	18,099	خالص وصولیات (Net Turnover)
10,490	9,359	لاگت برائے فروخت (Cost of Sales)
9,203	8,740	کل منافع (Gross Profit)
6,562	6,151	کاروباری منافع (Operating Profit)
6,709	6,262	قبل از ٹیکس منافع (Profit Before Tax – PBT)
4,886	4,495	بعد از ٹیکس منافع (Profit After Tax – PAT)
19.12	17.59	آمدنی فی حصص (آر پی ایس) (Earnings Per Share – EPS (Rs))

Condensed Interim Statement of Profit or Loss (Unaudited)

for the three months period ended March 31, 2022

	Note	Jan - March 2022	Rs '000 Jan - March 2021
Domestic turnover		51,687,752	47,954,614
Export turnover		1,144,161	1,074,142
Gross turnover		52,831,913	49,028,756
Excise duties		(25,318,065)	(23,659,507)
Sales tax		(7,821,181)	(7,270,275)
Net turnover		19,692,667	18,098,974
Cost of sales	7	(10,489,777)	(9,358,880)
Gross profit		9,202,890	8,740,094
Selling and distribution costs		(902,515)	(1,098,979)
Administrative expenses		(1,158,905)	(1,090,779)
Other operating expenses	8	(619,150)	(525,323)
Other income	9	39,667	125,983
		(2,640,903)	(2,589,098)
Operating profit		6,561,987	6,150,996
Finance income	10	213,290	177,747
Finance cost		(66,040)	(67,096)
Net finance income		147,250	110,651
Profit before income tax		6,709,237	6,261,647
Income tax expense - current	11	(1,818,027)	(1,731,313)
- deferred		(4,964)	(35,111)
		(1,822,991)	(1,766,424)
Profit for the period		4,886,246	4,495,223
Earnings per share - basic and diluted (Rupees)		19.12	17.59

The annexed notes 1 to 25 are 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 (Unaudited)

for the three months period ended March 31, 2022

	Jan - March 2022	Rs '000 Jan - March 2021
Profit for the three months	4,886,246	4,495,223
Other comprehensive income for the three months	-	-
Total comprehensive income for the three months	4,886,246	4,495,223

The annexed notes 1 to 25 are 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 (Unaudited)

as at March 31, 2022

	Note	March 31, 2022 (Unaudited)	Rs '000 December 31, 2021 (Audited)
Non current assets			
Property, plant and equipment	12	16,134,440	15,813,540
Advance for capital expenditure		778,379	1,115,233
Long term investment in subsidiary company	13	5,000	5,000
Long term deposits and prepayments		28,661	28,661
		16,946,480	16,962,434
Current assets			
Stock-in-trade		20,600,179	22,044,653
Stores and spares		639,309	646,230
Trade debts		2,156	2,142
Loans and advances	14	555,719	88,916
Short term prepayments		119,037	33,346
Other receivables	15	3,081,192	1,933,242
Short term investments		11,203,134	9,402,598
Cash and bank balances	16	1,528,204	1,245,068
		37,728,930	35,396,195
Current liabilities			
Trade and other payables	17	23,114,533	20,586,440
Other liabilities		2,074,045	2,496,927
Lease liability	18	820,021	577,272
Short term running finance / export refinance	19	2,300,000	2,300,000
Unpaid dividend		566,271	4,663,641
Unclaimed dividend		77,006	77,006
Accrued interest / mark-up		3,751	13,141
Current income tax liability		600,833	1,219,431
		29,556,460	31,933,858
Net current assets		8,172,470	3,462,337
Non current liabilities			
Lease liability	18	(1,197,239)	(1,421,913)
Deferred income tax liability		(1,062,153)	(1,029,546)
		(2,259,392)	(2,451,459)
Net assets		22,859,558	17,973,312
Share capital and reserves			
Share capital	20	2,554,938	2,554,938
Revenue reserve - Unappropriated profit		20,304,620	15,418,374
Shareholders' equity		22,859,558	17,973,312
Contingencies and commitments	21		

The annexed notes 1 to 25 are 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 (Unaudited)

as at March 31, 2022

	Share capital	Revenue reserves	Rs '000 Total
Balance at January 1, 2021	2,554,938	16,957,919	19,512,857
Total comprehensive income for the three months period	-	4,495,223	4,495,223
Balance at March 31, 2021	2,554,938	21,453,142	24,008,080
Balance at April 1, 2021	2,554,938	21,453,142	24,008,080
Total comprehensive income for the nine months period	-	14,404,736	14,404,736
Final dividend of Rs 28.00 per share relating to the year ended December 31, 2020	-	(7,153,826)	(7,153,826)
Interim dividend of Rs 26.00 per share relating to the year ended December 31, 2021	-	(6,642,839)	(6,642,839)
Interim dividend of Rs 26.00 per share relating to the year ended December 31, 2021	-	(6,642,839)	(6,642,839)
Balance at December 31, 2021	2,554,938	15,418,374	17,973,312
Balance at January 1, 2022	2,554,938	15,418,374	17,973,312
Total comprehensive income for the three months period	-	4,886,246	4,886,246
Balance at March 31, 2022	2,554,938	20,304,620	22,859,558

The annexed notes 1 to 25 are 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 (Unaudited)

for the three months period ended March 31, 2022

	Note	March 31, 2022	Rs '000 March 31, 2021
Cash flows from operating activities			
Cash generated from operations	22	9,140,603	7,649,373
Income tax paid		(2,436,625)	(1,459,318)
Finance cost paid		(75,430)	(56,713)
Contribution to retirement benefit funds		(261,069)	(91,580)
Net cash generated from operating activities		6,367,479	6,041,762
Cash flows from investing activities			
Purchases of property, plant and equipment		(595,003)	(371,281)
Advances for capital expenditure		336,854	405,004
Proceeds from sale of property, plant and equipment		156,992	87,986
Interest received		213,290	177,747
Net cash generated from investing activities		112,133	299,456
Cash flows from financing activities			
Dividends paid		(4,097,370)	(2,088)
Proceeds from export refinance facility	19	2,300,000	1,793,243
Finance lease payments		(298,570)	(331,846)
Net cash used in financing activities		(4,395,940)	1,459,309
Net increase in cash and cash equivalents		2,083,672	7,800,527
Cash and cash equivalents at January 1		10,647,666	7,243,511
Cash and cash equivalents at March 31		12,731,338	15,044,038
Cash and cash equivalents comprise:			
Cash and bank balances	16	1,528,204	741,299
Short term investments		11,203,134	14,302,739
		12,731,338	15,044,038

The annexed notes 1 to 25 are 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 three months period ended March 31, 2022

1. The Company and its operations

Pakistan Tobacco Company Limited (the Company) is a public listed company incorporated in Pakistan on November 18, 1947 under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange Limited. 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-Suharwady, 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 Standards 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 condensed 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, 2021 ('last annual financial statements'). These condensed interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with the approved 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 are extracted from the annual financial statements as of December 31, 2021 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 three months period ended March 31, 2021.

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

4. Use of judgements and estimates

In preparing these condensed 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 three months period ended March 31, 2022

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 condensed 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, 2021.

6. Standards issued but not effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 01, 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards.

	Jan - March 2022	Rs 000 Jan -March 2021
7. Cost of sales		
Raw materials consumed		
Opening stock of raw materials and work in process	18,261,871	16,977,657
Raw material purchases and expenses	6,851,083	6,610,867
Closing stock of raw materials and work in process	(16,772,206)	(16,227,075)
	8,340,748	7,361,449
Excise duty, Customs duty and tobacco development cess	640,921	998,615
Royalty	170,823	170,501
Production overheads	1,201,514	1,012,162
Cost of goods manufactured	10,354,006	9,542,727
Cost of finished goods:		
Opening stock	3,963,744	2,632,867
Closing stock	(3,827,973)	(2,816,714)
	135,771	(183,847)
	10,489,777	9,358,880
8. Other operating expenses		
Workers' Profit Participation Fund	360,324	336,286
Workers' Welfare Fund	136,923	127,789
Bank charges and fees	14,277	11,893
Interest paid to Workers' Profit Participation Fund	1,082	49,355
Foreign exchange loss	106,544	-
	619,150	525,323

Selected notes to the Condensed Interim Financial Statements (Unaudited) for the three months period ended March 31, 2022

	Jan - March 2022	Rs 000 Jan -March 2021
9. Other income		
Gain on disposal of property, plant and equipment	38,735	56,640
Foreign exchange gain	-	68,438
Others	932	905
	39,667	125,983

10 Finance income

This includes profit from placement with banks in saving account and treasury bills earned under interest arrangement. The interest rates range between 10.10% and 10.40% (three months ended March 31, 2021 : 7.06% and 7.34%) per annum and is received on maturity.

11. Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The applicable income tax rate for the period is 29%.

	March 31, 2022 (Unaudited)	Rs 000 December 31, 2021 (Audited)
12. Property, plant and equipment		
Operating fixed assets - note 12.1	14,936,995	14,879,640
Capital work in progress -note 12.2	1,197,445	933,900
	16,134,440	15,813,540
12.1 Operating fixed assets		
Carrying amount at January 01	14,879,640	12,678,139
Additions during the three months period / year		
Owned Assets		
Buildings on free hold land	1,827	584,971
Plant and machinery	89,009	2,463,531
Office and household equipment	117,126	316,659
Furniture and fittings	123,496	146,694
Right of use assets	198,733	315,591
Leased Assets		
Vehicles	117,912	418,228
	648,103	4,245,674
Disposals during the three months period / year (net book value):		
Buildings on free hold land	-	(2,652)
Plant and machinery	(48)	(193,667)
Office and household equipment	(1,252)	(126)
Furniture and fittings	-	(17)
Vehicles	-	(1,018)
	(1,300)	(197,480)

Selected notes to the Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2022

	March 31, 2022 (Unaudited)	Rs 000 December 31, 2021 (Audited)
Right of use assets	(71,887)	(22,182)
Leased Assets		
Vehicles	(45,070)	(117,656)
Depreciation charge for the three months period / year	(472,491)	(1,706,855)
Net book amount	14,936,995	14,879,640

12.1.1 During the three months period ended March 31, 2022, the Company acquired assets, including transfers from capital work in progress, with a cost of Rs 648,103 thousand (three months period ended March 31, 2021: Rs 234,541 thousand). Operating fixed assets having net book value of Rs 118,257 thousand were disposed off during three months period ended March 31, 2022 (three months ended March 31, 2021: Rs. 31,346 thousand). Depreciation charge for three months period ended March 31, 2022 was Rs. 472,491 thousand (three months period ended March 31, 2021: Rs. 375,258 thousand).

	March 31, 2022 (Unaudited)	Rs '000 December 31, 2021 (Audited)
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12.2 Capital work in progress

Carrying amount as at the beginning of the period / year	933,900	2,423,616
Additions during the three months period / year	576,032	1,054,344
	1,509,932	3,477,960
Transferred to operating fixed assets	(312,487)	(2,544,060)
Carrying amount as at end of the period / year	1,197,445	933,900

13. Long term investment in subsidiary company

This represents 500,001 (2021: 500,001) fully paid ordinary shares of Rs 10 each in Phoenix (Private) Limited. The break up value of shares calculated by reference to net assets worked out to be Rs 10 per share based on audited financial statements for the year ended December 31, 2021. This is a wholly owned subsidiary of the Company which has not yet commenced commercial production.

14. Loans and advances

These include non interest bearing advances to employees of Rs 35,951 thousand (December 31, 2021 : Rs 36,157 thousand)

	March 31, 2022 (Unaudited)	Rs '000 December 31, 2021 (Audited)
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15. Other receivables

These include following balances due from related parties:

Holding company / associated companies	308,065	514,075
Subsidiary company	20,021	20,021
Employees' retirement benefit plans	827,161	576,652

Selected notes to the Condensed Interim Financial Statements (Unaudited) for the three months period ended March 31, 2022

	March 31, 2022 (Unaudited)	Rs 000 December 31, 2021 (Audited)
16. Cash and bank balances		
Cash at banks		
-Deposit accounts	3,734	17,687
-Current accounts - note 16.1	1,524,470	1,227,381
	1,528,204	1,245,068

16.1 These include balances of Rs 913,230 thousand (December 31, 2021 : Rs 785,232 thousand) held in foreign currency accounts.

	March 31, 2022 (Unaudited)	Rs 000 December 31, 2021 (Audited)
17. Trade and other payables		
These include following balances due to related parties:		
Holding company / associated companies	3,031,848	816,919
Employees' retirement benefit plans	49,709	232,836

18. Finance lease obligation

This represents lease agreements entered into with a leasing company for vehicles and IFRS 16 leases. Total lease rentals due under various lease agreements aggregate to Rs 2,017,260 thousand - short term Rs 820,021 thousand and long term Rs 1,197,239 thousand (December 31, 2021: Rs 1,999,185 thousand - short term Rs 577,272 thousand and long term Rs 1,421,913 thousand) and are payable in equal monthly instalments latest by March 2027. Taxes, repairs, replacement and insurance costs are to be borne by the Company. Financing rates of 9% to 13% (December 31, 2021: 9% to 13%) per annum have been used as discounting factor.

As per IFRS 16 all rental facilities of the Company with lease terms greater than one year have been capitalised as leased assets. When measuring the lease liabilities for leases that were capitalised during the period, the Company discounted lease payments using an estimated incremental borrowing rate and recorded lease obligation of Rs 219,181 thousand (December 31, 2021: Rs 373,573 thousand) during the period. Financing rates of 9% to 13% (December 31, 2021: 9% to 13%) per annum have been used as discounting factor.

19. Short term running finance / export refinance

Short term finance facilities available under mark-up arrangements with banks amount to Rs 6,500 million (December 31, 2021: Rs 6,500 million), out of which the amount unavailed at the period end was Rs 6,500 million (December 31, 2021: Rs 6,500 million). These facilities are secured by hypothecation of stock-in-trade and plant and machinery amounting to Rs 7,222 million (December 31, 2021: Rs 7,222 million). The mark-up ranges between 10.39% and 10.64% (December 31, 2021: 7.49% and 9.71%) per annum and is payable quarterly. The facilities are renewable on annual basis.

The Company has obtained / rolled over Rs 2,300 million (December 31, 2021 : Rs 2,300) from different banks under export refinancing scheme. The mark-up rate is 2.20% (December 31, 2021 : 2.20%) per annum.

Selected notes to the Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2022

20. Share capital

Authorised share capital of the Company is Rs 3,000,000 thousand (December 31, 2021 : 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, 2021 : Rs 2,554,938 thousand) divided into 255,493,792 ordinary shares of Rs 10 each.

	March 31, 2022 (Unaudited)	Rs '000 December 31, 2021 (Audited)
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21. Contingencies and commitments

21.1 Contingencies

Claims and guarantees

(i)	Claims against the Company not acknowledged as debt	75,706	75,706
(ii)	Guarantees issued by banks on behalf of the Company	591,991	541,991

21.2 Commitments

(i)	Capital expenditure commitments outstanding	746,635	-
(ii)	Letters of credit outstanding	344,587	295,277

22 Cash generated from operations

	Three months ended	
	March 31, 2022 Rs '000	March 31, 2021 Rs '000
Profit before income tax	6,709,237	6,261,647
Adjustment for non-cash items:		
- Depreciation	472,491	375,258
- (Gain)/loss on disposal of property, plant and equipment	(38,735)	(56,640)
- Finance cost	66,040	67,096
- Finance income	(213,290)	(177,747)
- Forex (gain)/loss	106,544	(68,438)
- Provision for slow moving stores and spares	5,456	1,193
	398,506	140,722
Changes in working capital:		
- Stock-in-trade	1,444,474	438,887
- Stores and spares	1,465	20,867
- Trade debts	(14)	(45)
- Loans and advances	(466,803)	(337,388)
- Short term prepayments	(85,691)	(25,685)
- Other receivables	(1,053,708)	89,311
- Trade and other payables	2,616,019	1,386,777
- Other liabilities	(422,882)	(324,720)
	2,032,860	1,248,004
Changes in long term deposits and prepayments	-	(1,000)
	9,140,603	7,649,373

Selected Notes to the Condensed Interim Financial Statements (Unaudited) for the three months period ended March 31, 2022

23. Financial instruments

23.1 Carrying amounts and fair values

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

	Note	March 31, 2022 (Unaudited)			December 31, 2021 (Audited)		
		Loans and receivables	Other financial liabilities	Total	Loans and receivables	Other financial liabilities	Total
		Rs '000			Rs '000		
Financial assets measured at fair value							
Short term investments		11,203,134	-	11,203,134	9,402,598	-	9,402,598
Financial assets not measured at fair value							
Deposits		28,661	-	28,661	28,661	-	28,661
Trade debts		2,156	-	2,156	2,142	-	2,142
Other receivables	15	2,254,031	-	2,254,031	1,356,590	-	1,356,590
Cash and bank balances	16	1,528,204	-	1,528,204	1,245,068	-	1,245,068
		15,016,186	-	15,016,186	12,035,059	-	12,035,059
Financial liabilities measured at fair value							
Financial liabilities not measured at fair value							
Trade and other payables	17	-	(14,793,816)	(14,793,816)	-	(9,489,714)	(9,489,714)
Finance lease obligation	18	-	(2,017,260)	(2,017,260)	-	(1,999,185)	(1,999,185)
Accrued interest / mark-up		-	(3,751)	(3,751)	-	(13,141)	(13,141)
		-	(16,814,827)	(16,814,827)	-	(11,502,040)	(11,502,040)

The Company has not disclosed the fair values of financial assets and financial liabilities as these are for short-term or reprice over short-term. Therefore, the carrying amounts are reasonable approximation of their values.

23.2 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended December 31, 2021.

Selected notes to the Condensed Interim Financial Statements (Unaudited) for the three months period ended March 31, 2022

24. Transactions with related parties

	March 31, 2022	Rs 000 March 31, 2021
Purchase of goods and services		
Holding company	574,601	432,894
Associated companies	1,206,026	857,703
Sale of goods and services		
Holding company	3,266	3,225
Associated companies	1,150,306	1,080,365
Royalty charge		
Holding company / associated companies	170,823	170,501
Contribution to retirement benefit plans by the Company		
Staff defined contribution pension fund	33,201	31,845
Staff pension fund	-	1,689
Employee gratuity fund	27,091	26,847
Management provident fund	14,204	20,901
Employee provident fund	4,272	4,481

25. Date of authorisation

This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on April 21, 2022.



Syed Ali Akbar
MD & Chief Executive Officer



William Pegel
Chief Financial Officer & Director

Consolidated Condensed Interim Statement of Profit or Loss (Unaudited)

for the three months period ended March 31, 2022

	Note	Jan - March 2022	Rs '000 Jan - March 2021
Domestic turnover		51,687,752	47,954,614
Export turnover		1,144,161	1,074,142
Gross turnover		52,831,913	49,028,756
Excise duties		(25,318,065)	(23,659,507)
Sales tax		(7,821,181)	(7,270,275)
Net turnover		19,692,667	18,098,974
Cost of sales	7	(10,489,777)	(9,358,880)
Gross profit		9,202,890	8,740,094
Selling and distribution costs		(902,515)	(1,098,979)
Administrative expenses		(1,158,905)	(1,090,779)
Other operating expenses	8	(619,150)	(525,323)
Other income	9	39,667	125,983
		(2,640,903)	(2,589,098)
Operating profit		6,561,987	6,150,996
Finance income	10	213,290	177,747
Finance cost		(66,040)	(67,096)
Net finance income		147,250	110,651
Profit before income tax		6,709,237	6,261,647
Income tax expense - current	11	(1,818,027)	(1,731,313)
- deferred		(4,964)	(35,111)
		(1,822,991)	(1,766,424)
Profit for the period		4,886,246	4,495,223
Earnings per share - basic and diluted (Rupees)		19.12	17.59

The annexed notes 1 to 24 are 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 (Unaudited)

for the three months period ended March 31, 2022

	Jan - March 2022	Rs '000 Jan - March 2021
Profit for the three months	4,886,246	4,495,223
Other comprehensive income for the three months	-	-
Total comprehensive income for the three months	4,886,246	4,495,223

The annexed notes 1 to 24 are 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 (Unaudited)

as at March 31, 2022

	Note	March 31, 2022 (Unaudited)	Rs '000 December 31, 2021 (Audited)
Non current assets			
Property, plant and equipment	12	16,159,488	15,838,588
Advance for capital expenditure		778,379	1,115,233
Long term deposits and prepayments		28,661	28,661
		16,966,528	16,982,482
Current assets			
Stock-in-trade		20,600,179	22,044,653
Stores and spares		639,309	646,230
Trade debts		2,156	2,142
Loans and advances	13	555,719	88,916
Short term prepayments		119,037	33,346
Other receivables	14	3,061,171	1,933,221
Short term investments		11,203,134	9,402,598
Cash and bank balances	15	1,528,204	1,245,068
		37,708,909	35,376,174
Current liabilities			
Trade and other payables	16	23,114,560	20,586,467
Other liabilities		2,074,045	2,496,927
Lease liability	17	820,021	577,272
Short term running finance / export refinance	18	2,300,000	2,300,000
Unpaid dividend		566,271	4,663,641
Unclaimed dividend		77,006	77,006
Accrued interest / mark-up		3,751	13,141
Current income tax liability		600,833	1,219,431
		29,556,487	31,933,885
Net current assets		8,152,422	3,442,289
Non current liabilities			
Lease liability	17	(1,197,239)	(1,421,913)
Deferred income tax liability		(1,062,153)	(1,029,546)
		(2,259,392)	(2,451,459)
Net assets		22,859,558	17,973,312
Share capital and reserves			
Share capital	19	2,554,938	2,554,938
Revenue reserve - Unappropriated profit		20,304,620	15,418,374
Shareholders' equity		22,859,558	17,973,312
Contingencies and commitments	20		

The annexed notes 1 to 24 are 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 (Unaudited)

as at March 31, 2022

	Share capital	Revenue reserves	Rs '000 Total
Balance at January 1, 2021	2,554,938	16,957,919	19,512,857
Total comprehensive income for the three months period	-	4,495,223	4,495,223
Balance at March 31, 2021	2,554,938	21,453,142	24,008,080
Balance at April 1, 2021	2,554,938	21,453,142	24,008,080
Total comprehensive income for the nine months period	-	14,404,736	14,404,736
Final dividend of Rs 28.00 per share relating to the year ended December 31, 2020	-	(7,153,826)	(7,153,826)
Interim dividend of Rs 26.00 per share relating to the year ended December 31, 2021	-	(6,642,839)	(6,642,839)
Interim dividend of Rs 26.00 per share relating to the year ended December 31, 2021	-	(6,642,839)	(6,642,839)
Balance at December 31, 2021	2,554,938	15,418,374	17,973,312
Balance at January 1, 2022	2,554,938	15,418,374	17,973,312
Total comprehensive income for the three months period	-	4,886,246	4,886,246
Balance at March 31, 2022	2,554,938	20,304,620	22,859,558

The annexed notes 1 to 24 are 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 (Unaudited)

for the three months period ended March 31, 2022

	Note	March 31, 2022	Rs '000 March 31, 2021
Cash flows from operating activities			
Cash generated from operations	21	9,140,603	7,649,373
Income tax paid		(2,436,625)	(1,459,318)
Finance cost paid		(75,430)	(56,713)
Contribution to retirement benefit funds		(261,069)	(91,580)
Net cash generated from operating activities		6,367,479	6,041,762
Cash flows from investing activities			
Purchases of property, plant and equipment		(595,003)	(371,281)
Advances for capital expenditure		336,854	405,004
Proceeds from sale of property, plant and equipment		156,992	87,986
Interest received		213,290	177,747
Net cash generated from investing activities		112,133	299,456
Cash flows from financing activities			
Dividends paid		(4,097,370)	(2,088)
Proceeds from export refinance facility	18	2,300,000	1,793,243
Finance lease payments		(298,570)	(331,846)
Net cash used in financing activities		(4,395,940)	1,459,309
Net increase in cash and cash equivalents		2,083,672	7,800,527
Cash and cash equivalents at January 1		10,647,666	7,243,511
Cash and cash equivalents at March 31		12,731,338	15,044,038
Cash and cash equivalents comprise:			
Cash and bank balances	15	1,528,204	741,299
Short term investments		11,203,134	14,302,739
		12,731,338	15,044,038

The annexed notes 1 to 24 are 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 three months period ended March 31, 2022

1. The Group and its operations

Pakistan Tobacco Company Limited (the Company) is a public listed company incorporated in Pakistan on November 18, 1947 under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange Limited. 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 Standards 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 condensed 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, 2021 ('last annual financial statements'). These condensed interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with the approved 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 condensed interim statement of financial position are extracted from the annual financial statements as of December 31, 2021 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 three months period ended March 31, 2021.

These condensed interim financial statements are un-audited and are 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.

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

for the three months period ended March 31, 2022

4. Use of judgements and estimates

In preparing these consolidated condensed 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.

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 condensed 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, 2021.

6. Standards issued but not effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 01, 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards.

	Jan - March 2022	Rs 000 Jan -March 2021
7. Cost of sales		
Raw materials consumed		
Opening stock of raw materials and work in process	18,261,871	16,977,657
Raw material purchases and expenses	6,851,083	6,610,867
Closing stock of raw materials and work in process	(16,772,206)	(16,227,075)
	8,340,748	7,361,449
Excise duty, Customs duty and tobacco development cess	640,921	998,615
Royalty	170,823	170,501
Production overheads	1,201,514	1,012,162
Cost of goods manufactured	10,354,006	9,542,727

Selected notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2022

	Jan - March 2022	Rs 000 Jan -March 2021
Cost of finished goods:		
Opening stock	3,963,744	2,632,867
Closing stock	(3,827,973)	(2,816,714)
	135,771	(183,847)
	10,489,777	9,358,880
8. Other operating expenses		
Workers' Profit Participation Fund	360,324	336,286
Workers' Welfare Fund	136,923	127,789
Bank charges and fees	14,277	11,893
Interest paid to Workers' Profit Participation Fund	1,082	49,355
Foreign exchange loss	106,544	-
	619,150	525,323
9. Other income		
Gain on disposal of property, plant and equipment	38,735	56,640
Foreign exchange gain	-	68,438
Others	932	905
	39,667	125,983

10 Finance income

This includes profit from placement with banks in saving account and treasury bills earned under interest arrangement. The interest rates range between 10.10% and 10.40% (three months ended March 31, 2021 : 7.06% and 7.34%) per annum and is received on maturity.

11. Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The applicable income tax rate for the period is 29%.

	March 31, 2022 (Unaudited)	Rs 000 December 31, 2021 (Audited)
12. Property, plant and equipment		
Operating fixed assets - note 12.1	14,940,359	14,883,004
Capital work in progress -note 12.2	1,219,129	955,584
	16,159,488	15,838,588
12.1 Operating fixed assets		
Carrying amount at January 01	14,883,004	12,681,503
Additions during the three months period / year		

Selected notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2022

	March 31, 2022 (Unaudited)	Rs '000 December 31, 2021 (Audited)
Owned Assets		
Buildings on free hold land	1,827	584,971
Plant and machinery	89,009	2,463,531
Office and household equipment	117,126	316,659
Furniture and fittings	123,496	146,694
Right of use assets	198,733	315,591
Leased Assets		
Vehicles	117,912	418,228
	648,103	4,245,674
Disposals during the three months period / year (net book value):		
Buildings on free hold land	-	(2,652)
Plant and machinery	(48)	(193,667)
Office and household equipment	(1,252)	(126)
Furniture and fittings	-	(17)
Vehicles	-	(1,018)
	(1,300)	(197,480)
Right of use assets	(71,887)	(22,182)
Leased Assets		
Vehicles	(45,070)	(117,656)
Depreciation charge for the three months period / year	(472,491)	(1,706,855)
Net book amount	14,940,359	14,883,004

12.1.1 During the three months period ended March 31, 2022, the Company acquired assets, including transfers from capital work in progress, with a cost of Rs 648,103 thousand (three months period ended March 31, 2021: Rs 234,541 thousand). Operating fixed assets having net book value of Rs 118,257 thousand were disposed off during three months period ended March 31, 2022 (three months ended March 31, 2021: Rs. 31,346 thousand). Depreciation charge for three months period ended March 31, 2022 was Rs. 472,491 thousand (three months period ended March 31, 2021: Rs. 375,258 thousand).

	March 31, 2022 (Unaudited)	Rs '000 December 31, 2021 (Audited)
12.2 Capital work in progress		
Carrying amount as at the beginning of the period / year	955,584	2,445,300
Additions during the three months period / year	576,032	1,054,344
	1,531,616	3,499,644
Transferred to operating fixed assets	(312,487)	(2,544,060)
Carrying amount as at end of the period / year	1,219,129	955,584

13. Loans and advances

These include non interest bearing advances to employees of Rs 35,951 thousand (Dec 31, 2021 : Rs 36,157 thousand)

14. Other receivables

These include following balances due from related parties:

Holding company / associated companies	308,065	514,075
Employees' retirement benefit plans	827,161	576,652

Selected notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2022

	March 31, 2022 (Unaudited)	Rs 000 December 31, 2021 (Audited)
15. Cash and bank balances		
Cash at banks		
-Deposit accounts	3,734	17,687
-Current accounts - note 15.1	1,524,470	1,227,381
	1,528,204	1,245,068

15.1 These include balances of Rs 913,230 thousand (December 31, 2021 : Rs 785,232 thousand) held in foreign currency accounts.

	March 31, 2022 (Unaudited)	Rs 000 December 31, 2021 (Audited)
16. Trade and other payables		
These include following balances due to related parties:		
Holding company / associated companies	3,031,848	816,919
Employees' retirement benefit plans	49,709	232,836

17. Finance lease obligation

This represents lease agreements entered into with a leasing company for vehicles and IFRS 16 leases. Total lease rentals due under various lease agreements aggregate to Rs 2,017,260 thousand - short term Rs 820,021 thousand and long term Rs 1,197,239 thousand (December 31, 2021: Rs 1,999,185 thousand - short term Rs 577,272 thousand and long term Rs 1,421,913 thousand) and are payable in equal monthly instalments latest by March 2027. Taxes, repairs, replacement and insurance costs are to be borne by the Company. Financing rates of 9% to 13% (December 31, 2021: 9% to 13%) per annum have been used as discounting factor.

As per IFRS 16 all rental facilities of the Company with lease terms greater than one year have been capitalised as leased assets. When measuring the lease liabilities for leases that were capitalised during the period, the Company discounted lease payments using an estimated incremental borrowing rate and recorded lease obligation of Rs 219,181 thousand (December 31, 2021: Rs 373,573 thousand) during the period. Financing rates of 9% to 13% (December 31, 2021: 9% to 13%) per annum have been used as discounting factor.

18. Short term running finance / export refinance

Short term finance facilities available under mark-up arrangements with banks amount to Rs 6,500 million (December 31, 2021: Rs 6,500 million), out of which the amount unavailed at the period end was Rs 6,500 million (December 31, 2021: Rs 6,500 million). These facilities are secured by hypothecation of stock-in-trade and plant and machinery amounting to Rs 7,222 million (December 31, 2021: Rs 7,222 million). The mark-up ranges between 10.39% and 10.64% (December 31, 2021: 7.49% and 9.71%) per annum and is payable quarterly. The facilities are renewable on annual basis.

The Company has obtained / rolled over Rs 2,300 million (December 31, 2021 : Rs 2,300) from different banks under export refinancing scheme. The mark-up rate is 2.20% (December 31, 2021 : 2.20%) per annum.

Selected notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2022

19. Share capital

Authorised share capital of the Company is Rs 3,000,000 thousand (December 31, 2021 : 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, 2021 : Rs 2,554,938 thousand) divided into 255,493,792 ordinary shares of Rs 10 each.

	March 31, 2022 (Unaudited)	Rs '000 December 31, 2021 (Audited)
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20. Contingencies and commitments

20.1 Contingencies

Claims and guarantees

(i)	Claims against the Company not acknowledged as debt	75,706	75,706
(ii)	Guarantees issued by banks on behalf of the Company	591,991	541,991

20.2 Commitments

(i)	Capital expenditure commitments outstanding	746,635	-
(ii)	Letters of credit outstanding	344,587	295,277

21. Cash generated from operations

	Three months ended	
	March 31, 2022 Rs '000	March 31, 2021 Rs '000
Profit before income tax	6,709,237	6,261,647
Adjustment for non-cash items:		
- Depreciation	472,491	375,258
- (Gain)/loss on disposal of property, plant and equipment	(38,735)	(56,640)
- Finance cost	66,040	67,096
- Finance income	(213,290)	(177,747)
- Forex (gain)/loss	106,544	(68,438)
- Provision for slow moving stores and spares	5,456	1,193
	398,506	140,722
Changes in working capital:		
- Stock-in-trade	1,444,474	438,887
- Stores and spares	1,465	20,867
- Trade debts	(14)	(45)
- Loans and advances	(466,803)	(337,388)
- Short term prepayments	(85,691)	(25,685)
- Other receivables	(1,053,708)	89,311
- Trade and other payables	2,616,019	1,386,777
- Other liabilities	(422,882)	(324,720)
	2,032,860	1,248,004
Changes in long term deposits and prepayments	-	(1,000)
	9,140,603	7,649,373

Selected Notes to the Consolidated Condensed Interim Financial Statements (Unaudited) for the three months period ended March 31, 2022

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.

	Note	March 31, 2022 (Unaudited)			December 31, 2021 (Audited)		
		Loans and receivables	Other financial liabilities	Total	Loans and receivables	Other financial liabilities	Total
		Rs '000			Rs '000		
Financial assets measured at fair value							
Short term investments		11,203,134	-	11,203,134	9,402,598	-	9,402,598
Financial assets not measured at fair value							
Deposits		28,661	-	28,661	28,661	-	28,661
Trade debts		2,156	-	2,156	2,142	-	2,142
Other receivables	14	2,234,010	-	2,234,010	1,336,569	-	1,336,569
Cash and bank balances	15	1,528,204	-	1,528,204	1,245,068	-	1,245,068
		14,996,165	-	14,996,165	12,015,038	-	12,015,038
Financial liabilities measured at fair value							
Financial liabilities not measured at fair value							
Trade and other payables	16	-	(14,793,843)	(14,793,843)	-	(9,489,741)	(9,489,741)
Finance lease obligation	17	-	(2,017,260)	(2,017,260)	-	(1,999,185)	(1,999,185)
Accrued interest / mark-up		-	(3,751)	(3,751)	-	(13,141)	(13,141)
		-	(16,814,854)	(16,814,854)	-	(11,502,067)	(11,502,067)

The Company has not disclosed the fair values of financial assets and financial liabilities as these are for short-term or reprice over short-term. Therefore, the carrying amounts are reasonable approximation of their values.

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, 2021.

Selected notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2022

23. Transactions with related parties

	March 31, 2022	Rs 000 March 31, 2021
Purchase of goods and services		
Holding company	574,601	432,894
Associated companies	1,206,026	857,703
Sale of goods and services		
Holding company	3,266	3,225
Associated companies	1,150,306	1,080,365
Royalty charge		
Holding company / associated companies	170,823	170,501
Contribution to retirement benefit plans by the Company		
Staff defined contribution pension fund	33,201	31,845
Staff pension fund	-	1,689
Employee gratuity fund	27,091	26,847
Management provident fund	14,204	20,901
Employee provident fund	4,272	4,481

24. Date of authorisation

This consolidated condensed interim financial information has been authorised for issue by the Board of Directors of the Group on April 21, 2022.



Syed Ali Akbar
MD & Chief Executive Officer



William Pegel
Chief Financial Officer & Director

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