

FUTURE

Condensed Interim
Financial Statements
for the six months period ended June 30, 2022

Corporate Information

Board of Directors

Zafar Mahmood Chairman & Non-Executive Director

Syed Ali Akbar MD / CEO & Executive Director

Kelly Burtenshaw Director Finance / IT

Syed Asad Ali Shah Legal & External Affairs Director

Usman Zahur Non-Executive Director

Wael Sabra Non-Executive Director

Shannon Luke McInnes
Non-Executive Director

Huseyin Ozsan Ozbas Non-Executive Director

Mohammad Riaz Non-Executive Director

Asif Jooma Non-Executive Director

Lt. Gen. (R) Najib Ullah Khan Non-Executive Director

Belinda Ross Non-Executive Director

Audit Committee

Mohammad Riaz

Lt. Gen. (R) Najib Ullah Khan

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-Suhrwardy. P.O. Box 2549, Islamabad-44000 Telephone: +92 (051) 2083200, 2083201 Fax: +92 (051) 2604516

Fax: +92 (051) 2604510 Web: <u>www.ptc.com.pk</u>

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, 2022.

The recently announced Federal Budget for the FY 2022-23 included an increase in excise duty on the tobacco industry which will further increase the price gap between duty paid and duty not paid (DNP) products. This change in FED will create an opportunity for illicit trade to gain share from duty paid segment resulting in a decline in Government revenues.

With respect to the Track & Trace implementation to both curtail and eliminate illicit trade, PTC and Phillip Morris have fully implemented the same with KTC Group achieving partial compliance of the same. All other manufacturers remain noncompliant to the Track & Trace requirement. In order to curtail illicit trade and provide a level playing field, across the board implementation of Track & Trace is the need of the hour. Consistent enforcement efforts by the Government with dedicated human and financial resources is key to ensure uniformity of approach for the legitimate tobacco sector. This will also positively impact revenue collection for the Government.

In the year to go, PTC's commitment to reduce the health impact of its business remains steadfast as it continues to drive national expansion of VELO which is a reduced risk product compared to conventional tobacco products.

Key financial indicators of the Company for the period ended June 30, 2022 are given below:

	Rs (million)			
	Jan - Jun, 2022	Jan - Jun, 2021		
Gross Turnover	113,447	99,850		
FED & Sales Tax	68,442	62,715		
Net Turnover	45,005	37,135		
Cost of Sales	23,825	19,282		
Gross Profit	21,180	17,853		
Operating Profit	15,086	12,770		
Profit Before Tax – PBT	15,710	13,124		
Profit After Tax – PAT	8,512	9,448		
Earnings Per Share – EPS (Rs)	33.32	36.98		

Domestic sales increased in H1'22 vs H1'21 primarily due to the sustained customer base. The Company exported Unmanufactured Tobacco and Finished Goods worth USD 12.8 Million in H1'22 (6% growth vs. SPLY) and exported human resource services worth USD 1.4 Million with continued focus on supporting the export agenda of the Government of Pakistan.

The volume growth coupled with inflationary pressures increased the Company's cost of sales by 24% during H1'22 vs. SPLY. Despite a challenging external environment, PTC posted an 18% growth in operating profit. This was achieved on the back of higher sales and focused management efforts on optimization whilst driving saving initiatives to mitigate cost pressures. The healthy bottom-line growth was negatively impacted following the imposition of super-tax leading to a 10% decline in profitability vs. SPLY.

The Company continues to maintain a focus on risk management and is committed to undertake all necessary steps to maintain business continuity without compromising health and safety for staff and also distribution network. The Company aims to continue to drive shareholder value by strengthening its business operations delivering best in class products to its consumers.

Syed Ali Akbar MD & Chief Executive Officer Kelly Burtenshaw
Chief Financial Officer & Director

Pakistan Tobacco Company Limited | 03

ڈ ائر کیلٹر ز کی جائز ہ ر بچ رٹ ڈائر کیٹر ز سال 2022ء کی پہلی ششاہی کے دوران کمپنی کی کار کر دگی کے بارے میں رپورٹ پیش کرتے ہیں

مالی سال 23-2022ء کے وفاقی بجٹ میں جس کا حال ہی میں اعلان کیا گیا ہے، تمباکو کی صنعت پر لا گو ایکسائز ڈیوٹی میں بھی اضافہ کیا گیا ہے، تمباکو کی صنعت پر لا گو ایکسائز ڈیوٹی میں بھی اضافہ کیا گیا ہے جس کے نتیج میں ڈیوٹی پیڈ (duty non paid) اور ڈیوٹی نان پیڈ – DNP مصنوعات کی قیتوں میں موجو د فرق میں مزید اضافہ ہوگا۔ فیڈرل ایکسائز ڈیوٹی میں اس ردوبدل کے بعد ڈیوٹی پیڈ اشیاء سے شیئر حاصل کرنے کی غرض سے غیر قانونی تجارت کا ایک موقع پید اہوگا جس کے نتیج میں صحولات میں کمی واقع ہوگی۔

غیر قانونی تجارت میں کی لانے اور اس کے خاتیے کے لئے ٹریک اینڈٹریس (Track and Trace) پر عمل درآمد کے حوالے سے پی ٹی می (PTC) اور فلپ مورس (Phillip Morris) نے KTC گروپ کے ساتھ مل کر اس کی جزوی تغییل کرتے ہوئے اس پر مکمل عمل درآمد کیا ہے۔ دیگر تمام مینوفینچر رزٹریک اینڈٹریس کے مقاضوں کی پیمیل نہیں کرتے۔ غیر قانونی تجارت میں کی لانے اور مساوی مواقع فراہم کرنے کے لئے ٹریک اینڈ ٹریک اینڈ ٹریس پر وسیع پیمانے پر عمل درآمد وقت کا تقاضا ہے۔ حکومت کی جانب سے انسانی اور مالی وسائل کے ذریعے کی جانب سے انسانی اور مالی وسائل کے ذریعے کی جانے والی مسلسل کاوشیں تمباکو کے قانونی شعبے کے لئے کیساں سوچ کو یقینی بنانے میں کلیدی حیثیت رکھتی ہیں۔ اس سے حکومت کے لئے مصولات کی وصولی پر بھی مثبت اثرات م سے ہوں گے۔

روال سال کے دوران PTC اپنے بزنس پر پڑنے والے مصر انرات میں کمی لانے کے اپنے عزم پر ثابت قدم رہے گئی کو خاری رکھے ہوئے ہے جو تمباکو کی روایتی مصنوعات کے مقالم میں کم ضررر سال مصنوعات ہیں۔

30 جون 2022ء کو ختم ہونے والی مدت کے لئے شمپنی کے اہم مالی اعشاریے ذیل میں دیئے گئے ہیں:

رویے(ملین)		
جنوری سے جون،2021	روپ جنوری سے جون، 2022	
99,850	113,447	(Gross Turnover) کجو عی آمدنی
62,715	68,442	فیڈرل ایکسائز ڈیوٹی اور سیلز ٹیکس (FED & Sales Tax)
37,135	45,005	نالص آمدنی (Net Turnover)
19,282	23,825	لاگت فروخت (Cost of Sales)
17,853	21,180	(Gross Profit) مجموعی منافع
12,770	15,086	(Operating Profit) خالص منافع
13,124	15,710	(Profit Before Tax – PBT) قبل از ٹیکس منافع
9,448	8,512	(Profit After Tax – PAT) بعد از نیکس منافع
36.98	33.32	نی خصص منافع ((دوپ) (Rs) (جا (Earnings Per Share – EPS)

2021ء کی پہلی ششاہی کے مقابلے میں 2022ء کی پہلی ششاہی میں مقامی سطح مر فروخت میں اضافیہ بنیادی طور پر متقل کسٹم بیں (sustained customer base) کی وجہ سے ممکن ہوا۔ حکومت باکتان کے برآمدی ا پینڈے میں تعاون پر مسلسل توجہ مر کوز کرتے ہوئے سمپنی نے 2022ء کی پہلی ششاہی کے دوران 12.8 ملین ام کی ڈالرمالت کاغیر تیارشدہ تمپاکواور تیارشدہ سامان(SPLYسے 6 فیصد زیادہ) ہر آمد کیااور 1.4 ملین ام کی ڈالرمالت کی انسانی وسائل پر مبنی خدمات پر آ مد کیں۔

جم میں اضافے کے ساتھ ساتھ افراط زر کے دماؤ کی وجہ سے 2022ء کی پہلی ششاہی کے دوران SPLY کے مقالمے میں سمپنی کی سیلز پر آنے والی لاگت میں 24 فیصد اضافہ ہوا۔ بیر ونی ماحول کے چیلنج کے باوجود PTC کے آپر ٹینگ منافع میں 18 فیصد اضافہ ہوا۔ یہ کامانی سیلز میں اضافے اور انتظامیہ کی طرف سے اصلاح پر م کوز کاوشوں کی بدولت حاصل ہوئی جن کا مقصد لاگت کے دباؤ کو کم کرنے کے لئے بچت کے اقدامات کو آگے بڑھانا تھا۔ سیر نیکس کے نفاذ سے نچلی سطح کی صحت مند نمویر منفی اثرات مرتب ہوئے جن کے نتیج میں SPLY کے مقاللے میں منافع میں 10 فیصد کمی واقع ہو گی۔

کمپنی نقصانات سے خمٹنے (risk management) پر اپنی توجہ جاری رکھے ہوئے ہے اور عملے اور تقسیم کنندگان کے نیٹ ورک کی صحت و حفاظت پر کوئی سمجھونہ کیے بغیر بزنس کے تسلسل کو ہر قرار رکھنے کے لئے تمام ضروری اقد امات کرنے کے لئے پر عزم ہے۔ کمپنی کا مقصد اپنے صارفین کو بہترین معیار کی مصنوعات کی فراہمی کے ذریعے اپنے بزنس آپریشنز کو مضبوط بناکر اپنے شیئر ہولڈرزکی قدر وقیت میں اضافہ جاری رکھنا ہے۔

کیلی بر ٹنشا کی ایف اواور ڈائز کیکٹر فنانس على اكبر على اكبر نيجنگ دائر يكثر / ى اى 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, 2022 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 quarter ended June 30, 2022 and June 30, 2021 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income 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 Akbar Ali Pesnani.

KPMG Taseer Hadi & Co.

Chartered Accountants
Islamabad

Date: 25 August 2022

UDIN: RR202210115E4Zaw3Bo2

KAME Taseer Hadi lo

Condensed Interim Statement of Profit or Loss (Un-audited)

for the six months period ended June 30, 2022

	Quarter ended		er ended	Half year ended	
N	ote	June 30,	June 30,	June 30,	June 30,
		2022	2021	2022	2021
		Rs '000	Rs '000	Rs '000	Rs '000
Domestic turnover		59,132,239	49,427,712	110,819,991	97,382,326
Export turnover		1,482,932	1,393,903	2,627,093	2,468,045
Gross turnover		60,615,171	50,821,615	113,447,084	99,850,371
Excise duties		(26,342,014)	(24,300,288)	(51,660,079)	(47,959,795)
Sales tax		(8,960,784)	(7,485,251)	(16,781,965)	(14,755,526)
Net turnover		25,312,373	19,036,076	45,005,040	37,135,050
	7	(13,335,440)	(9,922,680)	(23,825,217)	(19,281,560)
Gross profit		11,976,933	9,113,396	21,179,823	17,853,490
Selling and distribution costs		(1,600,665)	(1,321,190)	(2,503,180)	(2,420,169)
Administrative expenses		(1,231,518)	(803,780)	(2,390,423)	(1,894,559)
	8	(931,774)	(633,332)	(1,550,924)	(1,090,217)
Other income	9	310,759	263,493	350,426	321,038
		(3,453,198)	(2,494,809)	(6,094,101)	(5,083,907)
Operating profit		8,523,735	6,618,587	15,085,722	12,769,583
			0.15.000	750.000	100 700
	10	543,709	315,983	756,999	493,730
Finance cost		(66,261)	(71,745)	(132,301)	(138,841)
Net finance income	_	477,448	244,238	624,698	354,889
Profit before income tax		9,001,183	6,862,825	15,710,420	13,124,472
		(F. 07F. 400)	(4.040.540)	(7.400.474)	(0.070.040)
Income tax expense		(5,375,480)	(1,910,518)	(7,198,471)	(3,676,942)
Profit for the period		3,625,703	4,952,307	8,511,949	9,447,530
	_				
Earnings per share - basic and					
diluted (Rupees)		14.20	19.38	33.32	36.98

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

Syed Ali Akbar MD & Chief Executive Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

for the six months period ended June 30, 2022

	Quarter ended		Half yea	ar ended
_	June 30, 2022 Rs '000	June 30, 2021 Rs '000	June 30, 2022 Rs '000	June 30, 2021 Rs '000
Profit for the period	3,625,703	4,952,307	8,511,949	9,447,530
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	3,625,703	4,952,307	8,511,949	9,447,530

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

Syed Ali Akbar MD & Chief Executive Officer

Condensed Interim Statement of Financial Position (Un-audited)

as at June 30, 2022

Non current assets		Note	June 30, 2022 (Un-audited) Rs '000	December 31, 2021 (Audited) Rs '000
Advances for capital expenditure Long term investment in subsidiary company Long term deposits and prepayments Total deposits and prepayments Long term deposits Long term deposits	Non current assets			
Current assets	Advances for capital expenditure		273,861	1,115,233
Current assets Stock-in-trade 18,334,909 22,044,653 Stores and spares 654,959 646,230 Trade debts 1,972 2,142 Loans and advances 13 1,076,961 88,916 Short term prepayments 86,718 33,346 Other receivables 14 3,564,643 1,933,242 Short term investments 15,595,648 9,402,598 Cash and bank balances 15 1,338,346 1,245,068 Trade and other payables 16 24,155,728 20,586,440 Other liabilities 2,835,161 2,496,927 Short term running finance/export refinance 17 2,300,000 2,300,000 Lease liability 18 826,608 577,272 Unpaid dividend 110,801 77,006 Accrued interest / mark-up 13,089 13,141 Current income tax liabilities 4,904,712 1,219,431 Net current assets 4,578,483 3,462,337 Non current liabilities (2,167,604) (2,451,459) <		12	32,868	28,661
Stores and spares 654,959 644,230			, ,	
Loans and advances	Stores and spares		654,959	646,230
Short term investments	Loans and advances	13	1,076,961	88,916
Current liabilities Trade and other payables Other liabilities Short term running finance/export refinance Lease liability Unclaimed dividend Unclaimed dividend Accrued interest / mark-up Current income tax liabilities Net current assets Net current liabilities Lease liability 18 18 24,155,728 20,586,440 2,496,927 2,300,000 2,300,000 2,300,000 1,289,577 4,663,641 110,801 77,006 Accrued interest / mark-up 13,089 13,141 Current income tax liabilities 4,904,712 1,219,431 (36,435,673) (31,933,858) Net current assets Non current liabilities Lease liability 18 1(1,195,569) 1(1,421,913) Deferred tax liabilities (972,035) (1,029,546) (2,167,604) (2,451,459) Net assets 19,331,435 17,973,312 Share capital and reserves Share capital Revenue reserve - Unappropriated profit 16,776,497 15,418,374		14		
Trade and other payables 16 24,155,728 20,586,440 Other liabilities 2,835,161 2,496,927 Short term running finance/export refinance 17 2,300,000 2,300,000 Lease liability 18 826,608 577,272 Unpaid dividend 1,289,574 4,663,641 Unclaimed dividend 110,801 77,006 Accrued interest / mark-up 13,089 13,141 Current income tax liabilities 4,904,712 1,219,431 Net current assets 4,578,483 3,462,337 Non current liabilities 4,578,483 3,462,337 Non current liabilities (972,035) (1,029,546) Lease liability 18 (1,195,569) (1,421,913) Deferred tax liabilities (2,167,604) (2,451,459) Net assets 19,331,435 17,973,312 Share capital and reserves Share capital 19 2,554,938 2,554,938 Revenue reserve - Unappropriated profit 16,776,497 15,418,374		15		
Lease liability 18 826,608 577,272 Unpaid dividend 1,289,574 4,663,641 Unclaimed dividend 110,801 77,006 Accrued interest / mark-up 13,089 13,141 Current income tax liabilities 4,904,712 1,219,431 Net current assets 4,578,483 3,462,337 Non current liabilities 4,578,483 3,462,337 Non current liabilities (972,035) (1,029,546) Lease liability 18 (1,195,569) (1,421,913) Deferred tax liabilities (972,035) (1,029,546) Net assets 19,331,435 17,973,312 Share capital and reserves 19,331,435 17,973,312 Share capital 19 2,554,938 2,554,938 Revenue reserve - Unappropriated profit 16,776,497 15,418,374	Trade and other payables	16		
Unclaimed dividend Accrued interest / mark-up Current income tax liabilities Net current assets Non current liabilities Lease liability Deferred tax liabilities 18 (1,195,569) (1,421,913) (2,167,604) (2,451,459) Net assets Share capital and reserves Share capital Revenue reserve - Unappropriated profit 110,801 77,006 13,089 13,141 1,219,431 (36,435,673) (31,933,858) (31,933,858) (1,129,569) (1,421,913) (1,029,546) (2,167,604) (2,451,459) (2,451,459) (3,1029,546) (4,251,459) (4,251,459) (5,254,938) (6,776,497) (7,006) (1,219,141) (1,2	Lease liability		2,300,000 826,608	2,300,000 577,272
Current income tax liabilities 4,904,712 (36,435,673) 1,219,431 (31,933,858) Net current assets 4,578,483 3,462,337 Non current liabilities 18 (1,195,569) (1,421,913) Lease liability 18 (972,035) (1,029,546) Lease liabilities (2,167,604) (2,451,459) Net assets 19,331,435 17,973,312 Share capital and reserves Share capital 19 2,554,938 2,554,938 Revenue reserve - Unappropriated profit 16,776,497 15,418,374	Unclaimed dividend		110,801	77,006
Net current assets 4,578,483 3,462,337 Non current liabilities Lease liability 18 (1,195,569) (1,421,913) Deferred tax liabilities (972,035) (1,029,546) (2,167,604) (2,451,459) Net assets 19,331,435 17,973,312 Share capital and reserves Share capital 19 2,554,938 2,554,938 Revenue reserve - Unappropriated profit 16,776,497 15,418,374			4,904,712	1,219,431
Lease liability 18 (1,195,569) (1,421,913) Deferred tax liabilities (972,035) (1,029,546) (2,167,604) (2,451,459) Net assets 19,331,435 17,973,312 Share capital and reserves Share capital 19 2,554,938 2,554,938 Revenue reserve - Unappropriated profit 16,776,497 15,418,374	Net current assets			
Deferred tax liabilities (972,035) (1,029,546) Net assets (2,167,604) (2,451,459) Net assets 19,331,435 17,973,312 Share capital and reserves Share capital 19 2,554,938 Revenue reserve - Unappropriated profit 16,776,497 15,418,374		10	(1 105 560)	(1 /21 913)
Net assets 19,331,435 17,973,312 Share capital and reserves Share capital 19 2,554,938 2,554,938 Revenue reserve - Unappropriated profit 16,776,497 15,418,374			(972,035)	(1,029,546)
Share capital 19 2,554,938 2,554,938 Revenue reserve - Unappropriated profit 16,776,497 15,418,374	Net assets			
Revenue reserve - Unappropriated profit 16,776,497 15,418,374		10	2 554 029	2 554 029
19.331.435 17.973.312		10		

Contingencies and commitments

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

Syed Ali Akbar MD & Chief Executive Officer Kelly Burtenshaw

Chief Financial Officer & Director

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

for the six months period ended June 30, 2022

	Share	Revenue	Total
	capital Rs '000	reserves Rs '000	Rs '000
Balance at January 1, 2021	2,554,938	16,957,919	19,512,857
Total comprehensive income for the period:			
Profit for the period Other comprehensive income	-	9,447,530	9,447,530
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
Balance at January 1, 2022	2,554,938	15,418,374	17,973,312
Total comprehensive income for the period:			
Profit for the period	-	8,511,949	8,511,949
Other comprehensive income	-		-
Total comprehensive income for the period	-	8,511,949	8,511,949
Transactions with owners of the Company: Final dividend relating to year ended			
December 31, 2021 @ Rs. 28 per share	-	(7,153,826)	(7,153,826)
Balance at June 30, 2022	2,554,938	16,776,497	19,331,435

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

Syed Ali Akbar MD & Chief Executive Officer

Condensed Interim Statement of Cash Flows (Un-audited)

for the six months period ended June 30, 2022

	Note	June 30, 2022 Rs '000	June 30, 2021 Rs '000
Cash flows from operating activities			
Cash generated from operations Finance cost paid Income tax paid Contribution to retirement benefit funds	21	20,901,640 (132,353) (3,570,701) 12,323	11,293,860 (136,150) (3,476,367) (297,479)
Net cash from operating activities		17,210,909	7,383,864
Cash flows from investing activities			
Purchases of property, plant and equipment Advances for capital expenditure Proceeds from sale of property, plant and equipmen Interest received	t	(1,429,046) 841,372 273,947 756,999	(905,244) 575,267 167,695 493,730
Net cash from investing activities		443,272	331,448
Cash flows from financing activities			
Dividends paid Lease payments Proceeds from export refinance facility		(10,494,098) (513,755)	(7,144,974) (463,572) 1,793,243
Net cash used in financing activities		(11,007,853)	(5,815,303)
Net increase in cash and cash equivalents		6,646,328	1,900,009
Cash and cash equivalents at January 1		10,647,666	7,243,511
Cash and cash equivalents at June 30		17,293,994	9,143,520
Cash and cash equivalents comprise:			
Short-term investments Cash and bank balances	15	15,955,648 1,338,346	8,416,648 726,872
		17,293,994	9,143,520

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

Syed Ali Akbar MD & Chief Executive Officer

for the six months period ended June 30, 2022

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, 2021 ('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, 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 half year ended June 30, 2021.

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, 2022 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.

Measurement of fair values

When measuring the fair value of an asset or a liability, the Company uses market observable

for the six months period ended June 30, 2022

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, 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.

Quarter ended

Half year ended

		Quarte	er ended	Half year ended	
		June 30,	June 30,	June 30,	June 30,
		2022	2021	2022	2021
		Rs '000	Rs '000	Rs '000	Rs '000
7.	Cost of sales				
7.	Cost of sales				
	Raw material consumed:				
	Opening stock of raw materials	3			
	and work in process	16,772,206	16,227,075	18,261,871	16,977,657
	Raw material purchases			, ,	
	and expenses	8,995,716	4,824,913	15,846,798	11,435,780
	Excise duty, customs duty,	0,000,7.10	.,02 .,0 .0	.0,0 .0,7 00	11,100,700
	regulatory duty and tobacco				
	development cess etc.	630,746	393,498	1,271,668	1,392,113
	Closing stock of raw materials	030,740	333,430	1,271,000	1,392,113
		(4.4.740.004)	// / 0/7 /00\	(4.4.740.004)	(4.4.047.400)
	and work in process	(14,743,081)	(14,217,129)	(14,743,081)	(14,217,129)
		11,655,587	7,228,357	20,637,256	15,588,421
	Royalty	238,069	246,197	408,892	416,698
	Production overheads	1,205,639	1,058,208	2,407,153	2,070,370
		13,099,295	8,532,762	23,453,301	18,075,489
	Cost of finished goods	.0,000,200	0,002,702	20, 100,00 1	10,070,100
	Opening stock	3,827,973	2,816,714	3,963,744	2,632,867
	Closing stock	(3,591,828)	(1,426,796)	(3,591,828)	(1,426,796)
	Closing Stock				
		236,145	1,389,918	371,916	1,206,071
		13,335,440	9,922,680	23,825,217	19,281,560
8.	Other expenses				
	Workers' Profit Participation				
	Fund (WPPF)	483,415	368,573	843,739	704,859
	Workers' Welfare Fund (WWF)	183,698	140,057	320,621	267,847
	Bank charges and fees	12,855	9,799	27,133	21,692
	Interest to Workers' Profit	,	,		,
	Participation Fund (WPPF)	_	(12,654)	1,082	36,700
	Foreign exchange loss	251,806	127,557	358,349	59,119
_	. c. c.gii oxonungo iooo				
		931,774	633,332	1,550,924	1,090,217

for the six months period ended June 30, 2022

		Quarte	r ended	Half yea	r ended
		June 30, 2022 Rs '000	June 30, 2021 Rs '000	June 30, 2022 Rs '000	June 30, 2021 Rs '000
9.	Other income				
	Income from services to associated companies:				
	- BAT M.E DMCC- UAE	286,041	230,685	286,041	230,685
		286,041	230,685	286,041	230,685
	Recharges payable to associated companies written back: - BAT Aspac Service Center				
	Sdn Bhd - Malaysia - Gain /(loss) on disposal of	-	53,331	-	53,331
	property, plant and equipment	23,866	(21,435)	62,601	35,205
	Others	852	912	1,784	1,817
		310,759	263,493	350,426	321,038

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 10% and 13.82% (half year ended June 30, 2021: 5.50% and 7.80%) per annum and is received on maturity.

			June 30, 2022 (Un-audited) Rs '000	December 31, 2021 (Audited) Rs '000
11.	Property, plant and equipment			
	Operating assets Capital work in progress	11.1 11.2	14,671,597 1,937,230	14,879,640 933,900
			16,608,827	15,813,540
11.1	Operating assets			
	Carrying amount at January 01 Additions during the half year/year: - Owned assets Building Plant and machinery Office and household equipment Vehicles Furniture and fittings - Right of use assets Land and building - Leased assets Vehicles		14,879,640 6,025 147,138 141,071 - 131,482 425,716 302,189 234,558 962,463	12,678,139 584,971 2,463,531 316,659 146,694 - 3,511,855 315,591 418,228 4,245,674

for the six months period ended June 30, 2022

	June 30, 2022 (Un-audited) Rs '000	December 31, 2021 (Audited) Rs '000
Disposals during the half year/year (net book value): - Owned assets Building Plant and machinery Office and household equipment Furniture and fittings Vehicles	(367) (13,080) (31,925) (626) - (45,998)	(2,652) (193,667) (126) (17) (1,018) (197,480)
- Right of use assets	(106,207)	(22,182)
- Leased vehicles Vehicles	(59,141) (211,346)	(117,656)
Depreciation/impairment charge for the half year/year:	(959,160)	(1,706,855)
Carrying amount as at June 30/ December 31	14,671,597	14,879,640

11.1.1 During the half year ended 30 June 2022, the Company acquired assets, including transfers from capital work in progress, amounting to Rs. 958,983 thousand (half year ended 30 June 2021: Rs. 2,699,982 thousand). Operating fixed assets having net book value of Rs. 211,346 thousand were disposed off during half year ended 30 June 2022 (half year ended 30 June 2021: Rs. 132,490 thousand). Depreciation charge for half year ended 30 June 2022 was Rs. 959,160 thousand (half year ended 30 June 2021: Rs. 806.833 thousand).

	June 30, 2022 (Un-audited) Rs '000	December 31, 2021 (Audited) Rs '000
11.2 Capital work in progress		
Carrying value as at the beginning of the period Additions during the half year/year	933,900 1,387,626	2,423,616 1,054,344
Transferred to operating fixed assets	2,321,526 (384,296)	3,477,960 (2,544,060)
Carrying value as at end of the period	1,937,230	933,900

12. Long term investment in subsidiary company

This represents 500,001 (December 31, 2021: 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, 2022.

13. Loans and advances

These include non-interest bearing advances to employees of Rs. 30,809 thousand (December 31, 2021: Rs. 36,157 thousand).

for the six months period ended June 30, 2022

14. Other receivables

These include following balances due from related parties:

		(1	June 30, 2022 Jn-audited) Rs '000	December 31,2021 (Audited) Rs '000
15.	Holding company / associated companies Subsidiary company Employees retirement benefit plans Cash and bank balances		596,056 20,021 686,818	514,075 20,021 576,652
15.	Cash at banks - deposit accounts - current accounts	15.1	4,114 1,334,232 1,338,346	17,687 1,227,381 1,245,068

15.1 These include balances of Rs. 1,114,345 thousand (December 31, 2021: Rs. 785,232 thousand) held in foreign currency accounts.

16. Trade and other payables

16.1 These include following balances due to related parties:

	June 30, 2022 (Un-audited) Rs '000	December 31,2021 (Audited) Rs '000
Holding company / associated companies	3,615,531	816,919
Employees retirement benefit plans	343,516	232,836

16.2 These also include 'contract liabilities' representing advances from customers amounting to Rs 77,653 thousand (December 31, 2021: Rs 246,718 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, 2021: 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, 2021: Rs.7,222 million). The mark-up ranges between 10.39% and 14.51% (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 Rs 2,300 million (December 31, 2021: Rs 2,300 million) from different banks under export refinancing scheme. The mark-up is 2.20% per annum.

for the six months period ended June 30, 2022

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 2,022,177 thousand - short term Rs 826,608 thousand and long term Rs 1,195,569 thousand (December 31, 2021: Rs 1,999,185 thousand - short term Rs 577,272 thousand and long term Rs 1,421,913 thousand).

Financing rates of 9% to 17% (December 31, 2021: 9% to 13%) per annuum have been used as discounting factor.

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.

20. Contingencies and commitments

20.1 Contingencies

	(1	June 30, 2022 Un-audited) Rs '000	December 31,2021 (Audited) Rs '000
Claims and guarantees Claims against the Company not acknowledged as deb Guarantees issued by banks on behalf of the Company	t	75,706 615,997	75,706 541,991

Litigation

There is no significant change to status of litigations disclosed in annual financial statements for the year ended 31 December 2021.

	June 30, Dece 2022 31, (Un-audited) (Aud Rs '000 Rs	
20.2 Commitments		
Capital expenditure Letters of credit outstanding	725,757 438,095	- 295,277

for the six months period ended June 30, 2022

	June	December
	30, 2022	31,2021
	(Un-audited)	(Audited)
	Rs '000	Rs '000
21. Cash generated from operations		
Profit before income tax	15,710,420	13,124,472
Adjustment for non-cash items:		
- Depreciation	959,160	806,833
- (Gain) on disposal of property, plant and equipment	(62,601)	(35,205)
- Finance cost	132,301	138,841
- Finance income	(756,999)	(493,730)
- Exchange loss	358,349	59,119
 Charge / (reversal) of provision for slow moving stores 	s	
and spares	29,738	(70,407)
 (Reversal) / charge of provision for damaged stock 		
	(180,962)	-
- Provision for staff retirement benefit plans	-	188,442
	478,986	593,893
Changes in working capital:		
- Stock-in-trade	3,890,706	3,838,751
- Stores and spares	(38,467)	72,110
- Trade debts	170	(456)
- Loans and advances	(988,045)	(674,913)
- Short term prepayments	(53,372)	6,835
- Other receivables	(1,565,120)	(545,610)
- Trade and other payables	3,132,335	(5,426,145)
- Other liabilities	338,234	305,957
	4,716,441	(2,423,471)
Changes in long term deposits and prepayments	(4,207)	(1,034)
	20,901,640	11,293,860

for the six months period ended June 30, 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.

	Т	June 30, 2022 (Un-audited)	n-audited)	Decem	December 31, 2021 (Audited)	udited)
	Fair value	Amortized	Total	Fair value	Amortized	Total
	through profit or loss	cost		through profit or loss	cost	
	***************************************	Rs '000	***************************************		Rs '000	
Financial assets measured at fair value Short-term investment	15,955,648	•	15,955,648	9,402,598	•	9,402,598
Financial assets not measured at fair value Deposits		32,868	32,868		28,661	28,661
Trade debts		1,972	1,972		2,142	2,142
Other recievables		2,877,825	2,877,825		1,356,590	1,356,590
Cash and bank balances	•	1,338,346	1,338,346	•	1,245,068	1,245,068
	15,955,648	4,251,011	20,206,659	9,402,598	2,632,461	12,035,059
Financial liabilities not measured at fair value						
Finance lease obligation		(2,022,177)	(2,022,177)		(1,999,185)	(1,999,185)
Accrued interest / mark-up	•	(13,089)	(13,089)		(13,141)	(13,141)
Trade and other payables	•	(12,505,586)	(12,505,586)	•	(9,489,714)	(9,489,714)
	•	(14,540,852)	(14,540,852)		(11,502,040)	(11,502,040)

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

for the six months period ended June 30, 2022

23. Related parties

British American Tobacco (Investments) Limited (BAT-IL) holds 94.34% (December 31, 2021: 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:

	Qua	arter ended	Half y	Half year ended	
	June 30		June 30,	June 30,	
	202		2022	2021	
	Rs '00	0 Rs '000	Rs '000	Rs '000	
Purchase of goods and services from					
Holding company	586,802	395,448	1,161,403	827,908	
Associated companies	818,909	1,392,283	2,018,502	2,249,986	
Sale of goods and services to					
Associated companies	1,802,964	1,461,774	2,947,125	2,535,915	
Dividend					
Holding company	6,771,896	6,771,896	6,771,896	6,771,896	
Royalty charged by					
Associate companies	238,069	246,197	408,892	416,698	
Expenses reimbursed to					
Holding company	-	-	-	434	
Associated companies	-	372	6,433	372	
Expenses reimbursed by					
Holding company	-	-	3,266	3,225	
Associated companies	38,250	26,098	44,395	32,322	
Employees retirement benefit					
plans - expense / (income)					
Staff pension fund	(11,977)	8,979	(11,977)	10,668	
Staff defined contribution					
pension fund	36,856	34,792	70,057	66,637	
Employees' gratuity fund	23,224	31,629	50,315	58,476	
Management provident fund	30,719	22,787	44,923	43,688	
Employees' provident fund	3,100	4,491	7,372	8,972	
Remuneration of key management					
personnel	211,933	182,647	458,159	359,842	

for the six months period ended June 30, 2022

24. Events after the reporting date

The Board of Directors in its meeting held on 28th July 2022 has declared the first interim dividend of Rs 10.00 (2021: Rs 26.00) per share. This interim dividend of Rs 2,554,938 thousand (2021: Rs 6,642,839 thousand) 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 28th July, 2022.

Syed Ali Akbar
MD & Chief Executive Officer

Consolidated Condensed Interim Statement of Profit or Loss (Un-audited)

for the six months period ended June 30, 2022

				ear ended
Note	e June 30,	June 30,	June 30,	June 30,
	2022	2021	2022	2021
	Rs '000	Rs '000	Rs '000	Rs '000
Domestic turnover	59,132,239	49,427,712	110,819,991	97,382,326
Export turnover	1,482,932	1,393,903	2,627,093	2,468,045
Gross turnover	60,615,171	50,821,615	113,447,084	99,850,371
Excise duties	(26,342,014)	(24,300,288)	(51,660,079)	(47,959,795)
Sales tax	(8,960,784)	(7,485,251)	(16,781,965)	(14,755,526)
Net turnover	25,312,373	19,036,076	45,005,040	37,135,050
Cost of sales 7	(13,335,440)	(9,922,680)	(23,825,217)	(19,281,560)
Gross profit	11,976,933	9,113,396	21,179,823	17,853,490
Selling and distribution costs	(1,600,665)	(1,321,190)	(2,503,180)	(2,420,169)
Administrative expenses	(1,231,518)	(803,780)	(2,390,423)	(1,894,559)
Other expenses 8	(931,774)	(633,332)	(1,550,924)	(1,090,217)
Other income 9	310,759	263,493	350,426	321,038
	(3,453,198)	(2,494,809)	(6,094,101)	(5,083,907)
Operating profit	8,523,735	6,618,587	15,085,722	12,769,583
Finance income 10		315,983	756,999	493,730
Finance cost	(66,261)	(71,745)	(132,301)	(138,841)
Net finance income	477,448	244,238	624,698	354,889
Profit before income tax	9,001,183	6,862,825	15,710,420	13,124,472
Income tax expense	(5,375,480)	(1,910,518)	(7,198,471)	(3,676,942)
Profit for the period	3,625,703	4,952,307	8,511,949	9,447,530
Tront for the period	0,020,700	7,552,507	0,011,949	3,777,330
Earnings per share - basic and				
diluted (Rupees)	14.20	19.38	33.32	36.98
a	14.20	10.00	00.02	00.00

The annexed notes 1 to $24\,\mathrm{form}$ an integral part of these consolidated condensed interim financial statements.

Syed Ali Akbar MD & Chief Executive Officer

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

for the six months period ended June 30, 2022

	Quarter e	nded	Half year ended		
	June 30, 2022 Rs '000	June 30, 2021 Rs '000	June 30, 2022 Rs '000	June 30, 2021 Rs '000	
Profit for the period	3,625,703	4,952,307	8,511,949	9,447,530	
Other comprehensive income for the period	-	-	-	-	
Total comprehensive income for the period	3,625,703	4,952,307	8,511,949	9,447,530	

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

Syed Ali Akbar MD & Chief Executive Officer

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

as at June 30, 2022

	Note	June 30, 2022 (Un-audited) Rs '000	December 31, 2021 (Audited) Rs '000
Non current assets			
Property, plant and equipment Advances for capital expenditure Long term deposits and prepayments	11	16,633,875 273,861 32,868 16,940,604	15,838,588 1,115,233 28,661 16,982,482
Current assets Stock-in-trade Stores and spares Trade debts		18,334,909 654,959 1,972	22,044,653 646,230 2,142
Loans and advances Short term prepayments Other receivables Short term investments Cash and bank balances	12 13 14	1,076,961 86,718 3,544,622 15,955,648 1,338,346	88,916 33,346 1,913,221 9,402,598 1,245,068
Current liabilities		40,994,135	35,376,174
Trade and other payables Other liabilities Short term running finance/export refinance	15 16	24,155,755 2,835,161 2,300,000	20,586,467 2,496,927 2,300,000
Lease liability Unpaid dividend Unclaimed dividend	17	826,608 1,289,574 110,801	577,272 4,663,641 77,006
Accrued interest / mark-up Current income tax liabilities		13,089 4,904,712 (36,435,700)	13,141 1,219,431 (31,933,885)
Net current assets		4,558,435	3,442,289
Non current liabilities Lease liability Deferred tax liabilities	17	(1,195,569) (972,035)	(1,421,913) (1,029,546)
Net assets		(2,167,604) 19,331,435	(2,451,459) 17,973,312
Share capital and reserves Share capital Revenue reserve - Unappropriated profit	18	2,554,938 16,776,497	2,554,938 15,418,374
		19,331,435	17,973,312

Contingencies and commitments

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

Syed Ali Akbar MD & Chief Executive Officer Kelly Burtenshaw

Chief Financial Officer & Director

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

for the six months period ended June 30, 2022

	Share capital	Revenue reserves	Total
	Rs '000	Rs '000	Rs '000
Balance at January 1, 2021	2,554,938	16,957,919	19,512,857
Total comprehensive income for the period: Profit for the period Other comprehensive income Total comprehensive income for the period		9,447,530 - 9,447,530	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
Balance at January 1, 2022	2,554,938	15,418,374	17,973,312
Total comprehensive income for the period: Profit for the period Other comprehensive income Total comprehensive income for the period Transactions with owners of the Company: Final dividend relating to year ended	-	8,511,949 - 8,511,949	8,511,949 - 8,511,949
December 31, 2021 @ Rs. 28 per share	-	(7,153,826)	(7,153,826)
Balance at June 30, 2022	2,554,938	16,776,497	19,331,435

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

Syed Ali Akbar MD & Chief Executive Officer

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

for the six months period ended June 30, 2022

	Note	June 30, 2022 Rs '000	June 30, 2021 Rs '000
Cash flows from operating activities			
Cash generated from operations Finance cost paid Income tax paid Contribution to retirement benefit funds	20	20,901,640 (132,353) (3,570,701) 12,323	11,293,860 (136,150) (3,476,367) (297,479)
Net cash from operating activities		17,210,909	7,383,864
Cash flows from investing activities			
Purchases of property, plant and equipment Advances for capital expenditure Proceeds from sale of property, plant and equipmer Interest received	nt	(1,429,046) 841,372 273,947 756,999	(905,244) 575,267 167,695 493,730
Net cash from investing activities		443,272	331,448
Cash flows from financing activities			
Dividends paid Lease payments Proceeds from export refinance facility		(10,494,098) (513,755)	(7,144,974) (463,572) 1,793,243
Net cash used in financing activities		(11,007,853)	(5,815,303)
Net increase in cash and cash equivalents		6,646,328	1,900,009
Cash and cash equivalents at January 1		10,647,666	7,243,511
Cash and cash equivalents at June 30		17,293,994	9,143,520
Cash and cash equivalents comprise:			
Short-term investments Cash and bank balances	14	15,955,648 1,338,346	8,416,648 726,872
		17,293,994	9,143,520

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

Syed Ali Akbar MD & Chief Executive Officer

for the six months period ended June 30, 2022

1. The Group and its operations

Pakistan Tobacco Company Limited (the Company) is a public listed company incorporated in Pakistan on 18 November 1947 under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange. The Company is a subsidiary of the British American Tobacco (Investments) Limited, United Kingdom, whereas its ultimate parent company is British American Tobacco p.l.c, United Kingdom. The Company is engaged in the manufacture and sale of cigarettes/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 Jamu and Kashmir. The object for which the PPL has been incorporated is to operate and manage an industrial undertaking in Azad Jammu and Kashmir to deal in Tobacco products. PPL is dormant and has not commenced its commercial operations.

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

2. Statement of compliance

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

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

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

3. Basis of preparation

These 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'). 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 condensed interim statement of financial position is extracted from 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 half year ended June 30, 2021.

These consolidated condensed interim financial statements are un-audited and is being submitted to the members of the Group as required under Section 237 of the Companies Act 2017, and the listing regulations of the Pakistan Stock Exchange. These condensed interim financial statements have been reviewed, not audited and also include the statement of profit or loss for the guarter ended June 30, 2022 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.

for the six months period ended June 30, 2022

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 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.

		Quarte	er ended	Half yea	ar ended
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
		Rs '000	Rs '000	Rs '000	Rs '000
7.	Cost of sales				
	Raw material consumed: Opening stock of raw materials				
	and work in process Raw material purchases	16,772,206	16,227,075	18,261,871	16,977,657
	and expenses Excise duty, customs duty, regulatory duty and tobacco	8,995,716	4,824,913	15,846,798	11,435,780
	development cess etc. Closing stock of raw materials	630,746	393,498	1,271,668	1,392,113
	and work in process	(14,743,081)	(14,217,129)	(14,743,081)	(14,217,129)
	Royalty Production overheads	11,655,587 238,069 1,205,639	7,228,357 246,197	20,637,256 408,892	15,588,421 416,698 2,070,370
_	Froduction overneads		1,058,208	2,407,153	
	Cost of finished goods	13,099,295	8,532,762	23,453,301	18,075,489
	Opening stock Closing stock	3,827,973 (3,591,828)	2,816,714 (1,426,796)	3,963,744 (3,591,828)	2,632,867 (1,426,796)
		236,145	1,389,918	371,916	1,206,071
		13,335,440	9,922,680	23,825,217	19,281,560
8.	Other expenses				
	Workers' Profit Participation Fund (WPPF) Workers' Welfare Fund (WWF) Bank charges and fees Interest to Workers' Profit	483,415 183,698 12,855	368,573 140,057 9,799	843,739 320,621 27,133	704,859 267,847 21,692
	Participation Fund (WPPF) Foreign exchange loss	- 251,806	(12,654) 127,557	1,082 358,349	36,700 59,119
		931,774	633,332	1,550,924	1,090,217

for the six months period ended June 30, 2022

		Quarte	r ended	Half yea	ır ended
		June 30, 2022 Rs '000	June 30, 2021 Rs '000	June 30, 2022 Rs '000	June 30, 2021 Rs '000
9.	Other income				
	Income from services to associated companies:				
	- BAT M.E DMCC- UAE	286,041	230,685	286,041	230,685
		286,041	230,685	286,041	230,685
	Recharges payable to associated companies written back: - BAT Aspac Service Center				
	Sdn Bhd - Malaysia - Gain /(loss) on disposal of	-	53,331	-	53,331
	property, plant and equipment	23,866	(21,435)	62,601	35,205
	Others	852	912	1,784	1,817
		310,759	263,493	350,426	321,038

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 10% and 13.82% (half year ended June 30, 2021: 5.50% and 7.80%) per annum and is received on maturity.

			June 30, 2022 (Un-audited) Rs '000	December 31, 2021 (Audited) Rs '000
11.	Property, plant and equipment			
	Operating assets Capital work in progress	11.1 11.2	14,674,961 1,958,914	14,883,004 955,584
11.1	Operating assets		16,633,875	15,838,588
	Carrying amount at January 01 Additions during the half year/year: - Owned assets Building Plant and machinery Office and household equipment Vehicles Furniture and fittings - Right of use assets Land and building - Leased assets Vehicles		14,883,004 6,025 147,138 141,071 131,482 425,716 302,189 234,558 962,463	12,681,503 584,971 2,463,531 316,659 146,694 - 3,511,855 315,591 418,228 4,245,674

for the six months period ended June 30, 2022

	June 30, 2022 (Un-audited) Rs '000	December 31, 2021 (Audited) Rs '000
Disposals during the half year/year (net book value): - Owned assets Building Plant and machinery Office and household equipment Furniture and fittings Vehicles	(367) (13,080) (31,925) (626) - (45,998)	(2,652) (193,667) (126) (17) (1,018) (197,480)
- Right of use assets	(106,207)	(22,182)
- Leased vehicles Vehicles	(59,141) (211,346)	(117,656)
Depreciation/impairment charge for the half year/year:	(959,160)	(1,706,855)
Carrying amount as at June 30/ December 31	14,674,961	14,883,004

11.1.1 During the half year ended 30 June 2022, the Company acquired assets, including transfers from capital work in progress, amounting to Rs. 958,983 thousand (half year ended 30 June 2021: Rs. 2,699,982 thousand). Operating fixed assets having net book value of Rs. 211,346 thousand were disposed off during half year ended 30 June 2022 (half year ended 30 June 2021: Rs. 132,490 thousand). Depreciation charge for half year ended 30 June 2022 was Rs. 959,160 thousand (half year ended 30 June 2021: Rs. 806.833 thousand).

	June 30, 2022 (Un-audited) Rs '000	December 31, 2021 (Audited) Rs '000
11.2 Capital work in progress		
Carrying value as at the beginning of the period Additions during the half year/year	955,584 1,387,626	2,445,300 1,054,344
Transferred to operating fixed assets	2,343,210 (384,296)	3,499,644 (2,544,060)
Carrying value as at end of the period	1,958,914	955,584

12. Loans and advances

These include non-interest bearing advances to employees of Rs. 30,809 thousand (December 31, 2021: Rs. 36,157 thousand).

for the six months period ended June 30, 2022

13. Other receivables

These include following balances due from related parties:

			June 30, 2022 (Un-audited) Rs '000	December 31,2021 (Audited) Rs '000
	Holding company / associated companies Employees retirement benefit plans		596,056 686,818	514,075 576,652
14.	Cash and bank balances			
	Cash at banks - deposit accounts - current accounts	14.1	4,114 1,334,232 1,338,346	17,687 1,227,381 1,245,068

14.1 These include balances of Rs. 1,114,345 thousand (December 31, 2021: Rs. 785,232 thousand) held in foreign currency accounts.

15. Trade and other payables

15.1 These include following balances due to related parties:

	June 30,	December
	2022	31,2021
	(Un-audited)	(Audited)
	Rs '000	Rs '000
Holding company / associated companies	3,615,531	816,919
Employees retirement benefit plans	343,516	232,836

15.2 These also include 'contract liabilities' representing advances from customers amounting to Rs 77,653 thousand (December 31, 2021: Rs 246,718 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, 2021: 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, 2021: Rs.7,222 million). The mark-up ranges between 10.39% and 14.51% (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 Rs 2,300 million (December 31, 2021: Rs 2,300 million) from different banks under export refinancing scheme. The mark-up is 2.20% per annum.

for the six months period ended June 30, 2022

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 2,022,177 thousand - short term Rs 826,608 thousand and long term Rs 1,195,569 thousand (December 31, 2021: Rs 1,999,185 thousand - short term Rs 577,272 thousand and long term Rs 1,421,913 thousand).

Financing rates of 9% to 17% (December 31, 2021: 9% to 13%) per annuum have been used as discounting factor.

18. 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.

19. Contingencies and commitments

19.1 Contingencies

13.1 Contingencies	June 30, 2022 (Un-audited) Rs '000	December 31,2021 (Audited) Rs '000
Claims and guarantees Claims against the Company not acknowledged as debt Guarantees issued by banks on behalf of the Company	75,706 615,997	75,706 541,991

Litigation

There is no significant change to status of litigations disclosed in annual financial statements for the year ended 31 December 2021.

(1	June 30, 2022 Jn-audited) Rs '000	December 31,2021 (Audited) Rs '000
19.2 Commitments		
Capital expenditure Letters of credit outstanding	725,757 438,095	- 295,277

for the six months period ended June 30, 2022

	June	December
	30, 2022	31,2021
	(Un-audited)	(Audited)
	Rs '000	Rs '000
20. Cash generated from operations		
Profit before income tax	15,710,420	13,124,472
Adjustment for non-cash items:		
- Depreciation	959,160	806,833
- (Gain) on disposal of property, plant and equipment	(62,601)	(35,205)
- Finance cost	132,301	138,841
- Finance income	(756,999)	(493,730)
- Exchange loss	358,349	59,119
 Charge / (reversal) of provision for slow moving stores 		
and spares	29,738	(70,407)
 (Reversal) / charge of provision for damaged stock 		
	(180,962)	-
- Provision for staff retirement benefit plans	-	188,442
	478,986	593,893
Changes in working capital:		
- Stock-in-trade	3,890,706	3,838,751
- Stores and spares	(38,467)	72,110
- Trade debts	170	(456)
- Loans and advances	(988,045)	(674,913)
- Short term prepayments	(53,372)	6,835
- Other receivables	(1,565,120)	(545,610)
- Trade and other payables	3,132,335	(5,426,145)
- Other liabilities	338,234	305,957
	4,716,441	(2,423,471)
Changes in long term deposits and prepayments	(4,207)	(1,034)
	20,901,640	11,293,860

for the six months period ended June 30, 2022

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.

	Ī	June 30, 2022 (Un-audited)	n-audited)	Decem	December 31, 2021 (Audited)	udited)
	Fair value	Amortized	Total	Fair value	Amortized	Total
	through profit or loss	cost		through profit or loss	cost	
		Rs '000			Rs '000	
Financial assets measured at fair value Short-term investment	15,955,648	,	15,955,648	9,402,598	•	9,402,598
Financial assets not measured at fair value Deposits		32,868	32,868		28,661	28,661
Trade debts		1,972	1,972	•	2,142	2,142
Other recievables	•	2,857,804	2,857,804	•	1,336,569	1,336,569
Cash and bank balances	•	1,338,346	1,338,346		1,245,068	1,245,068
	15,955,648	4,230,990	20,186,638	9,402,598	2,612,440	12,015,038
Financial liabilities not measured at fair value						
Finance lease obligation	•	(2,022,177)	(2,022,177)		(1,999,185)	(1,999,185)
Accrued interest / mark-up		(13,089)	(13,089)		(13,141)	(13,141)
Trade and other payables	•	(12,505,586)	(12,505,586)	•	(9,489,714)	(9,489,714)
	٠	(14,540,852)	(14,540,852)		(11,502,040)	(11,502,040)

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

for the six months period ended June 30, 2022

22. Related parties

British American Tobacco (Investments) Limited (BAT-IL) holds 94.34% (December 31, 2021: 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:

	Qua	rter ended	Half y	ear ended
	June 30	, June 30,	June 30,	June 30,
	202		2022	2021
	Rs '000	0 Rs '000	Rs '000	Rs '000
Purchase of goods and services from				
Holding company	586,802	395,448	1,161,403	827,908
Associated companies	818,909	1,392,283	2,018,502	2,249,986
Sale of goods and services to				
Associated companies	1,802,964	1,461,774	2,947,125	2,535,915
Dividend				
Holding company	6,771,896	6,771,896	6,771,896	6,771,896
Royalty charged by				
Associate companies	238,069	246,197	408,892	416,698
Expenses reimbursed to				
Holding company	-	-	-	434
Associated companies	-	372	6,433	372
Expenses reimbursed by				
Holding company	_	_	3,266	3,225
Associated companies	38,250	26.098	44,395	32,322
Employees retirement benefit	·	,	·	,
plans - expense / (income)				
Staff pension fund	(11,977)	8,979	(11,977)	10,668
Staff defined contribution	(11,577)	0,575	(11,577)	10,000
pension fund	36,856	34,792	70,057	66,637
Employees' gratuity fund	23,224	31,629	50,315	58,476
Management provident fund	30,719	22,787	44,923	43,688
Employees' provident fund	3,100	4,491	7,372	8,972
Remuneration of key management				
personnel	211,933	182,647	458,159	359,842

for the six months period ended June 30, 2022

23. Events after the reporting date

The Board of Directors in its meeting held on 28th July 2022 has declared the first interim dividend of Rs 10.00 (2021: Rs 26.00) per share. This interim dividend of Rs 2,554,938 thousand (2021: Rs 6,642,839 thousand) 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 28th July, 2022.

Syed Ali Akbar
MD & Chief Executive Officer

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