

ENTERPRISE OF THE
FUTURE

**Condensed Interim
Financial Statements**
for the nine months period ended September 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

Ali Mirza (Secretary)

Company Secretary

Madeeha Chaudhry

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 FY 2022-23 budget brought two unexpected excise increases for the tobacco industry, on the back of a record high fiscal deficit. This will further increase the price gap between duty paid and duty not paid (DNP) products and create more opportunities for illicit trade to gain share from duty paid segment resulting in a decline in Government revenues.

In compliance with the local regulation, PTC and Phillip Morris (PMI) have fully implemented Track & Trace system and have rolled out cigarette packs with affixed tax stamps in the market, while KTC Group has achieved partial compliance with the same. All other manufacturers remain noncompliant to the Track & Trace requirement and have challenged its implementation before Courts. 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 VELO which is a reduced risk product compared to conventional tobacco products continues to make major gains in the market.

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

	Rs (million)	
	Jan - Sep, 2022	Jan - Sep, 2021
Gross Turnover	173,660	148,050
FED & Sales Tax	103,140	92,593
Net Turnover	70,519	55,457
Cost of Sales	34,874	28,311
Gross Profit	35,645	27,146
Operating Profit	26,550	19,453
Profit Before Tax – PBT	27,811	19,999
Profit After Tax – PAT	16,783	14,202
Earnings Per Share – EPS (Rs)	65.69	55.59

Domestic volume increased 3.9% YTD Q3'22 vs SPLY primarily due to effective commercial execution. In line with the export agenda of the Government of Pakistan, the Company exported unmanufactured tobacco and finished goods worth USD 18.8 Million for the period under review (10% growth vs. SPLY). PTC also exported human resource services worth USD 1.5 Million.

The Company continues to face a challenging macro-environment due to pressure on foreign currency reserves, high inflation, and devastating effects of the flood. This has contributed to a 23% increase in cost vs SPLY. Despite the cost pressures the operating profit growth of 36% was achieved through a combination of efficiency and productivity improvements. The robust growth in operating profit was adversely impacted due to the imposition of super-tax curtailing the profit after tax growth to 18% vs. SPLY.

The Company continues to maintain a focus on risk management, reduction in cost of goods and is committed to undertake all necessary steps to maintain business continuity without compromising health and safety for its staff and distribution network. As a responsible member of society, the Company took all available measures to help not only the employees affected by floods, but also the community at large. The Company aims to continue driving shareholder value by strengthening its business operations and delivering best in class products to its consumers.



Syed Ali Akbar
MD & Chief Executive Officer



Kelly Burtenshaw
Chief Financial Officer & Director

سال 2022 کی تیسری سہ ماہی میں سپلائی کے اعتبار سے مقامی حجم میں اب تک ہونے والا 3.9 فیصد اضافہ موثر کاروباری حکمت عملی کی بدولت ممکن ہو۔ حکومت پاکستان کے برآمدی ایجنٹ کے مطابق کمپنی نے جائزے کی مدت کے دوران 18.8 ملین امریکی ڈالر مالیت کا غیر تیار شدہ تہا کو اور تیار شدہ سامان (10 فیصد اضافہ بمقابلہ سپلائی) برآمد کیا۔ پی ٹی سی 1.5 ملین امریکی ڈالر کے بقدر انسانی وسائل خدمات بھی برآمد کیں۔

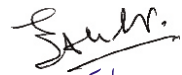
غیر ملکی زر مبادلہ کے ذخائر پر دباؤ، افراط زر میں اضافے اور سیلاب کے تباہ کن اثرات کی وجہ سے کمپنی کو شدید چیلنج کے ماحول کا مسلسل سامنا کرنا پڑ رہا ہے۔ اس سے سپلائی کے مقابلے میں لاگت میں 2.3 فیصد اضافہ ہوا ہے۔ لاگت پر آنے والے دباؤ کے باوجود کارکردگی اور پیداوار میں بہتری کے استراحت کے ذریعے خالص منافع میں 3.6 فیصد اضافہ کیا گیا۔ سپر ٹیکس کے نفاذ جس سے ٹیکس میں اضافہ ہوا اور سپلائی کے مقابلے میں منافع میں 1.8 فیصد کمی آئی، کی وجہ سے خالص منافع کی وسیع ضو پر منفی اثرات مرتب ہوئے۔

کمپنی ریسک مینجمنٹ اور ایشیا کی لاگت میں کمی پر مسلسل توجہ مرکوز رکھے ہوئے ہے اور اپنے عملے اور ڈسٹری بیوشن نیٹ ورک کی صحت اور تحفظ پر کوئی سمجھوتہ کیے بغیر کاروبار کے تسلسل کو برقرار رکھنے کے لئے تمام ضروری اقدامات بروئے کار لانے کے لئے پرعزم ہے۔ معاشرے کے ایک ذمہ دار رکن کی حیثیت سے کمپنی نے سیلاب سے ہونے والے نہ صرف ملازمین بلکہ بڑے پیمانے پر کمیونٹی کی مدد کے کیلئے تمام تر ممکن اقدامات اٹھائے۔ کمپنی اپنے کاروباری آپریشنز کو مستحکم بناتے ہوئے اور اپنے صارفین کو بہترین مصنوعات کی فراہمی کے ذریعے اپنے شہر ہولڈرز کی قدر میں اضافے کے مقصد کے حصول کے لئے بدستور پرعزم ہے۔



سیلی برٹنشا

سی ایف او اور ڈائریکٹر فنانس



سید علی اکبر

مینیجنگ ڈائریکٹر / سی ای او

ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹرز کی طرف سے سال 2022ء کی تیسری سہ ماہی کے دوران کمپنی کی کارکردگی کے بارے میں رپورٹ پیش خدمت ہے

ریکارڈ مالی خسارے کے پس منظر میں مالی سال 2022-23 کے بجٹ میں تمباکو کی صنعت پر ایکسائز ڈیوٹی میں غیر متوقع طور پر دو اضافے سامنے آئے۔ اس سے ڈیوٹی پیڈ (duty paid) اور ڈیوٹی ناٹ پیڈ (duty not paid - DNP) مصنوعات کی قیمتوں کے فرق میں مزید اضافہ ہو گا اور ڈیوٹی ادا کرنے والے طبقے سے حصہ لینے کی غرض سے کی جانے والی غیر قانونی تجارت کیلئے مزید مواقع پیدا ہوں گے اور اس کے نتیجے میں حکومتی محصولات میں کمی آئے گی۔

مقامی قوانین کی تعمیل میں پی ٹی سی (PTC) اور فلپ مورس (Phillip Morris - PMI) نے ٹریک اینڈ ٹریس سسٹم (Track & Trace System) پر پوری طرح عمل درآمد کیا اور مارکیٹ میں سگریٹ کے ایسے پیکیٹ متعارف کرائے جن پر ٹیکس سٹیپ گلی ہوئی تھی جبکہ پی ٹی سی (KTC) گروپ نے اس کی جزوی تعمیل کی۔ دیگر تمام ہیٹو ٹینچرز ٹریک اینڈ ٹریس کے تقاضوں پر عمل کرنے میں ناکام رہے اور انہوں نے اس کے نفاذ کو عہدالتوں میں چیلنج کر دیا۔ غیر قانونی تجارت کے انسداد اور یکساں مواقع فراہم کرنے کے لئے ٹریک اینڈ ٹریس کا وسیع پیمانے پر نفاذ وقت کا تقاضا ہے۔ اس کے نفاذ کے لئے مخلصانہ انسانی اور مالی وسائل کے ساتھ حکومت کی طرف سے کی طرف جانے والی مسلسل کوششیں تمباکو کے جائز شعبے کے لئے یکساں سوچ کو بھی بنانے میں کلیدی اہمیت رکھتی ہیں۔ اس سے حکومت کی طرف سے محصولات کی وصولی پر مثبت اثرات بھی مرتب ہوں گے۔

پی ٹی سی آنے والے سال میں صحت پر اپنے کاروبار کے اثرات کو کم کرنے کے اپنے عزم پر کاربند ہے کیوں کہ VELO جو تمباکو کی روایتی مصنوعات کے مقابلے میں ایک کم ضرر رساں پروڈکٹ ہے، مارکیٹ میں بڑے پیمانے پر اپنی جگہ بن رہی ہے۔

30 ستمبر 2022 کو ختم ہونے والی مدت کے لئے کمپنی کے اہم مالی اعداد و ارقام ذیل میں دیئے گئے ہیں:

روپے (ملین)		
جنوری سے ستمبر، 2022	جنوری سے ستمبر، 2021	
148,050	173,660	مجموعی فروخت
92,593	103,140	ایف ای ڈی اور سبژ ٹیکس
55,457	70,519	خالص مجموعی فروخت
28,311	34,874	فروخت کی لاگت
27,146	35,645	مجموعی منافع
19,453	26,550	آپریٹنگ منافع
19,999	27,811	قبل از ٹیکس منافع - پی ٹی سی (PBT)
14,202	16,783	بعد از ٹیکس منافع - پی ٹی سی (PAT)
55.59	65.69	فی حصص آمدنی سی پی ایس (EPS) (روپے)

Condensed Interim Profit or Loss (Un-audited)

for the Nine months period ended September 30, 2022

	Note	Three months ended		Nine months ended	
		Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000
Domestic turnover		58,506,968	46,733,562	169,326,959	144,115,888
Export turnover		1,705,482	1,466,399	4,332,575	3,934,444
Gross turnover		60,212,450	48,199,961	173,659,534	148,050,332
Excise duties		(25,838,730)	(22,841,816)	(77,498,809)	(70,801,611)
Sales tax		(8,859,360)	(7,036,175)	(25,641,325)	(21,791,701)
Net turnover		25,514,360	18,321,970	70,519,400	55,457,020
Cost of sales	7	(11,049,016)	(9,029,108)	(34,874,233)	(28,310,668)
Gross profit		14,465,344	9,292,862	35,645,167	27,146,352
Selling and distribution costs		(857,289)	(1,081,913)	(3,360,469)	(3,502,082)
Administrative expenses		(1,209,863)	(1,105,834)	(3,600,286)	(3,000,393)
Other expenses	8	(942,621)	(588,664)	(2,493,545)	(1,678,881)
Other income	9	8,590	167,011	359,016	488,049
		(3,001,183)	(2,609,400)	(9,095,284)	(7,693,307)
Operating profit		11,464,161	6,683,462	26,549,883	19,453,045
Finance income	10	709,744	250,584	1,466,743	744,314
Finance cost		(73,758)	(59,696)	(206,059)	(198,537)
Net finance income		635,986	190,888	1,260,684	545,777
Profit before income tax		12,100,147	6,874,350	27,810,567	19,998,822
Income tax expense		(3,829,046)	(2,119,789)	(11,027,517)	(5,796,731)
Profit for the period		8,271,101	4,754,561	16,783,050	14,202,091
Earnings per share - basic and diluted (Rupees)		32.37	18.61	65.69	55.59

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 Comprehensive Income (Un-audited)

for the Nine months period ended September 30, 2022

	Three months ended		Nine months ended	
	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000
Profit for the period	8,271,101	4,754,561	16,783,050	14,202,091
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	8,271,101	4,754,561	16,783,050	14,202,091

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 Financial Position (Un-audited)

as at September 30, 2022

	Note	Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
Non current assets			
Property, plant and equipment	11	16,727,536	15,813,540
Advances for capital expenditure		322,115	1,115,233
Long term investment in subsidiary company	12	5,000	5,000
Long term deposits and prepayments		26,868	28,661
		17,081,519	16,962,434
Current assets			
Stock-in-trade		24,926,153	22,044,653
Stores and spares		622,066	646,230
Trade debts		4,908	2,142
Loans and advances	13	116,221	88,916
Short term prepayments		62,368	33,346
Other receivables	14	4,821,607	1,933,242
Short term investments		16,836,859	9,402,598
Cash and bank balances	15	1,931,272	1,245,068
		49,321,454	35,396,195
Current liabilities			
Trade and other payables	16	27,526,575	20,586,440
Other liabilities		3,008,286	2,496,927
Short term running finance/export refinance	17	2,300,000	2,300,000
Lease liability	18	813,859	577,272
Unpaid dividend		2,967,970	4,663,641
Unclaimed dividend		108,034	77,006
Accrued interest / mark-up		3,952	13,141
Current income tax liabilities		2,545,794	1,219,431
		(39,274,470)	(31,933,858)
Net current assets		10,046,984	3,462,337
Non current liabilities			
Lease liability	18	(1,075,053)	(1,421,913)
Deferred tax liabilities		(1,005,852)	(1,029,546)
		(2,080,905)	(2,451,459)
Net assets		25,047,598	17,973,312
Share capital and reserves			
Share capital	19	2,554,938	2,554,938
Revenue reserve - Unappropriated profit		22,492,660	15,418,374
		25,047,598	17,973,312

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 Nine months period ended September 30, 2022

	Share capital Rs '000	Revenue reserves Rs '000	Total 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	-	14,202,091	14,202,091
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	14,202,091	14,202,091
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)
Interim dividend for the year ended December 31, 2021 @ Rs. 26 per share	-	(6,642,839)	(6,642,839)
Balance at September 30, 2021	2,554,938	17,363,345	19,918,283
Balance at January 1, 2022	2,554,938	15,418,374	17,973,312
Total comprehensive income for the period:			
Profit for the period	-	16,783,050	16,783,050
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	16,783,050	16,783,050
Transactions with owners of the Company:			
Final dividend for the year ended December 31, 2021 @ Rs. 28 per share	-	(7,153,826)	(7,153,826)
Interim dividend for the year ending December 31, 2022 @ Rs. 10 per share	-	(2,554,938)	(2,554,938)
Balance at September 30, 2022	2,554,938	22,492,660	25,047,598

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 Cash Flows (Un-audited)

for the Nine months period ended September 30, 2022

		Nine months ended	
	Note	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000
Cash flows from operating activities			
Cash generated from operations	21	29,472,869	19,193,151
Finance cost paid		(215,248)	(196,156)
Income tax paid		(9,701,154)	(4,519,492)
Contribution to retirement benefit funds		(146,167)	(338,714)
Net cash from operating activities		19,410,300	14,138,789
Cash flows from investing activities			
Purchases of property, plant and equipment		(1,939,939)	(1,489,869)
Advances for capital expenditure		793,118	632,393
Proceeds from sale of property, plant and equipment		332,164	389,861
Interest received		1,466,743	744,314
Net cash from investing activities		652,086	276,699
Cash flows from financing activities			
Dividends paid		(11,373,407)	(11,102,019)
Lease payments		(568,514)	(671,959)
Proceeds from export refinance facility		-	2,300,000
Net cash used in financing activities		(11,941,921)	(9,473,978)
Net increase in cash and cash equivalents		8,120,465	4,941,510
Cash and cash equivalents at January 1		10,647,666	7,243,511
Cash and cash equivalents at Sep 30		18,768,131	12,185,021
Cash and cash equivalents comprise:			
Short-term investments		16,836,859	11,132,191
Cash and bank balances	15	1,931,272	1,052,830
		18,768,131	12,185,021

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

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

for the Nine months period ended September 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 and nicotine products.

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 nine months period ended September 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.

4. Use of judgements and estimates

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

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

Measurement of fair values

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

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

for the Nine months period ended September 30, 2022

- 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.

Three months ended		Nine months ended	
Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 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	14,743,081	14,217,129	18,261,871	16,977,657
Raw material purchases and expenses	15,244,924	13,520,564	31,091,728	24,956,344
Excise duty, customs duty, regulatory duty and tobacco development cess etc.	491,617	394,745	1,763,280	1,786,858
Closing stock of raw materials and work in process	(23,138,729)	(19,338,415)	(23,138,729)	(19,338,415)
	7,340,893	8,794,023	27,978,150	24,382,444
Royalty	217,640	86,154	626,532	502,852
Production overheads	1,686,079	1,113,953	4,093,231	3,184,323
	9,244,612	9,994,130	32,697,913	28,069,619
Cost of finished goods				
Opening stock	3,591,828	1,426,796	3,963,744	2,632,867
Closing stock	(1,787,424)	(2,391,818)	(1,787,424)	(2,391,818)
	1,804,404	(965,022)	2,176,320	241,049
	11,049,016	9,029,108	34,874,233	28,310,668

8. Other expenses

Workers' Profit Participation Fund (WPPF)	649,847	369,192	1,493,586	1,074,050
Workers' Welfare Fund (WWF)	196,802	91,111	517,422	358,958
Bank charges and fees	13,179	8,595	40,313	30,288
Interest to Workers' Profit Participation Fund (WPPF)	-	-	1,082	36,700
Foreign exchange loss	82,793	119,766	441,142	178,885
	942,621	588,664	2,493,545	1,678,881

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

for the Nine months period ended September 30, 2022

	Three months ended		Nine months ended	
	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000
9. Other income				
Income from services to associated companies:				
- BAT M.E DMCC- UAE	-	124,540	286,041	355,225
Recharges payable to associated companies written back:				
- BAT Aspac Service Center Sdn Bhd - Malaysia	-	-	-	53,331
Gain/(loss) on disposal of property, plant and equipment	7,725	41,521	70,326	76,726
Others	865	950	2,649	2,767
	8,590	167,011	359,016	488,049

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 10.00% and 15.08% (nine months ended Sep 30, 2021 : 5.50% and 7.80%) per annum and is received on maturity.

	Note	Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
11. Property, plant and equipment			
Operating assets	11.1	14,645,672	14,879,640
Capital work in progress	11.2	2,081,864	933,900
		16,727,536	15,813,540

11.1 Operating assets

Carrying amount at January 01	14,879,640	12,678,139
Additions during the period/year:		
- Owned assets		
Building	7,175	584,971
Plant and machinery	490,028	2,463,531
Office and household equipment	160,947	316,659
Furniture and fittings	133,825	146,694
	791,975	3,511,855
- Right of use assets IFRS16	322,031	315,591
- Leased assets		
Vehicles	352,050	418,228
	1,466,056	4,245,674

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

for the Nine months period ended September 30, 2022

	Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
Disposals during the period/year (net book value):		
- Owned assets		
Building	(367)	(2,652)
Plant and machinery	(13,080)	(193,667)
Office and household equipment	(31,925)	(126)
Furniture and fittings	(626)	(17)
Vehicles	-	(1,018)
	(45,998)	(197,480)
- Right of use assets IFRS16	(106,207)	(22,182)
- Leased vehicles		
Vehicles	(109,633)	(117,656)
	(261,838)	(337,318)
Depreciation/impairment charge for the period/year:	(1,438,186)	(1,706,855)
Carrying amount as at Sep 30/ December 31	14,645,672	14,879,640

11.1.1 During the nine months ended September 30, 2022, the Company acquired assets, including transfers from capital work in progress, amounting to Rs. 1,466,056 thousand (nine months ended September 30, 2021: Rs. 3,343,994 thousand). Operating fixed assets having net book value of Rs. 261,838 thousand were disposed off during nine months ended September 30, 2022 (nine months ended September 30, 2021: Rs. 313,135 thousand). Depreciation /impairment charge for nine months ended September 30, 2022 was Rs. 1,438,186 thousand (nine months ended September 30, 2021: Rs. 1,239,797 thousand).

	Sep 30, 2022 (Unaudited) Rs '000	Dec31, 2021 (Audited) Rs '000
11.2 Capital work in progress		
Carrying value as at the beginning of the period	933,900	2,423,616
Additions during the period/year	1,825,667	1,054,344
	2,759,567	3,477,960
Transferred to operating fixed assets	(677,703)	(2,544,060)
Carrying value as at end of the period	2,081,864	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 nine months period ended September 30, 2022.

13. Loans and advances

These include non-interest bearing advances to employees of Rs. 31,568 thousand (December 31, 2021: Rs. 36,157 thousand).

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

for the Nine months period ended September 30, 2022

14. Other receivables

These include following balances due from related parties:

Note	Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
Holding company / associated companies	424,396	514,075
Subsidiary company	20,021	20,021
Employees retirement benefit plans	679,790	576,652

15. Cash and bank balances

Cash at banks		
- deposit accounts	3,734	17,687
- current accounts	1,927,538	1,227,381
	1,931,272	1,245,068

15.1 These include balances of Rs. 1,435,287 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:

	Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
Holding company / associated companies	3,781,723	816,919
Employees retirement benefit plans	340,067	232,836

16.2 These also include 'contract liabilities' representing advances from customers amounting to Rs 798,864 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 15.80% (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 9.20% (December 31, 2021 : 2.20%) per annum.

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

for the Nine months period ended September 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 1,888,912 thousand - short term Rs 813,859 thousand and long term Rs 1,075,053 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 annum 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.

	Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
20. Contingencies and commitments		
20.1 Contingencies		
Claims and guarantees		
Claims against the Company not acknowledged as debt	75,706	75,706
Guarantees issued by banks on behalf of the Company	720,758	541,991
Litigation		
There is no significant change to status of litigations disclosed in annual financial statements for the year ended 31 December 2021.		
	Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
20.2 Commitments		
Capital expenditure	1,472,547	-
Letters of credit outstanding	1,349,981	295,277

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

for the Nine months period ended September 30, 2022

	Nine months ended	
	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000
21. Cash generated from operations		
Profit before income tax	27,810,567	19,998,822
Adjustment for non-cash items:		
- Depreciation	1,438,186	1,239,797
- (Gain)/loss on disposal of property, plant and equipment	(70,326)	(76,726)
- Finance cost	206,059	198,537
- Finance income	(1,466,743)	(744,314)
- Exchange loss	441,142	178,885
- (Reversal) / Charge of provision for slow moving stores and spares	29,738	71,297
- (Reversal) / provision for damaged stock	(180,962)	-
- Provision for staff retirement benefit plans	144,677	289,727
	541,771	1,157,203
Changes in working capital:		
- Stock-in-trade	(2,881,500)	(2,247,558)
- Stores and spares	24,164	18,972
- Trade debts	(2,766)	(628)
- Loans and advances	(27,305)	143,988
- Short term prepayments	(29,022)	25,824
- Other receivables	(2,878,123)	(222,462)
- Trade and other payables	6,401,931	(106,890)
- Other liabilities	511,359	426,821
	1,118,738	(1,961,933)
Changes in long term deposits and prepayments	1,793	(941)
	29,472,869	19,193,151

Notes to the Condensed Interim Financial Statements (Un-audited) for the Nine months period ended September 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.

	September 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
	Fair value through profit or loss	Amortized cost	Fair value through profit or loss	Amortized cost
	Rs '000		Rs '000	
Financial assets measured at fair value				
Short-term investment	16,836,859	-	16,836,859	-
Financial assets not measured at fair value				
Deposits	-	26,868	-	28,661
Trade debts	-	4,908	-	2,142
Other receivables	-	4,141,817	-	1,356,590
Cash and bank balances	-	1,931,272	-	1,245,068
	16,836,859	6,104,865	9,402,598	2,632,461
		22,941,724		12,035,059
Financial liabilities not measured at fair value				
Finance lease obligation	-	(1,888,912)	-	(1,999,185)
Accrued interest / mark-up	-	(3,952)	-	(13,141)
Trade and other payables	-	(14,162,916)	-	(9,489,714)
	-	(16,055,780)	-	(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 31, 2021.

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

for the Nine months period ended September 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:

	Three months ended		Nine months ended	
	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000
Purchase of goods and services from				
Holding company	651,287	457,942	1,812,690	1,286,284
Associated companies	996,778	1,175,220	3,021,713	3,425,578
Sale of goods and services to				
Holding company	-	3,325	3,266	6,550
Associated companies	1,880,914	1,913,911	4,872,434	4,482,148
Dividend				
Holding company	2,418,534	6,288,189	9,190,430	13,060,085
Royalty charged by				
Associate companies	217,640	86,154	626,532	502,852
Employees retirement benefit plans - expense / (income)				
Staff pension fund	-	8,327	(11,977)	18,995
Staff defined contribution pension fund	35,554	35,612	105,611	102,249
Employees' gratuity fund	35,565	29,141	85,880	87,617
Management provident fund	22,712	23,721	67,635	67,409
Employees' provident fund	6,706	4,485	14,078	13,457
Other income:				
Associated company:				
Recharges written back	-	-	-	53,331

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

for the Nine months period ended September 30, 2022

24. Events after the reporting date

The Board of Directors in its meeting held on 20th October 2022 has declared 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) 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 October 20, 2022.



Syed Ali Akbar

MD & Chief Executive Officer



Kelly Burtenshaw

Chief Financial Officer & Director

**Consolidated Condensed Interim
Financial Statements**
for the Nine months period ended September 30, 2022

Consolidated Condensed Interim Profit or Loss (Un-audited)

for the Nine months period ended September 30, 2022

	Note	Three months ended		Nine months ended	
		Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000
Domestic turnover		58,506,968	46,733,562	169,326,959	144,115,888
Export turnover		1,705,482	1,466,399	4,332,575	3,934,444
Gross turnover		60,212,450	48,199,961	173,659,534	148,050,332
Excise duties		(25,838,730)	(22,841,816)	(77,498,809)	(70,801,611)
Sales tax		(8,859,360)	(7,036,175)	(25,641,325)	(21,791,701)
Net turnover		25,514,360	18,321,970	70,519,400	55,457,020
Cost of sales	7	(11,049,016)	(9,029,108)	(34,874,233)	(28,310,668)
Gross profit		14,465,344	9,292,862	35,645,167	27,146,352
Selling and distribution costs		(857,289)	(1,081,913)	(3,360,469)	(3,502,082)
Administrative expenses		(1,209,863)	(1,105,834)	(3,600,286)	(3,000,393)
Other expenses	8	(942,621)	(588,664)	(2,493,545)	(1,678,881)
Other income	9	8,590	167,011	359,016	488,049
		(3,001,183)	(2,609,400)	(9,095,284)	(7,693,307)
Operating profit		11,464,161	6,683,462	26,549,883	19,453,045
Finance income	10	709,744	250,584	1,466,743	744,314
Finance cost		(73,758)	(59,696)	(206,059)	(198,537)
Net finance income		635,986	190,888	1,260,684	545,777
Profit before income tax		12,100,147	6,874,350	27,810,567	19,998,822
Income tax expense		(3,829,046)	(2,119,789)	(11,027,517)	(5,796,731)
Profit for the period		8,271,101	4,754,561	16,783,050	14,202,091
Earnings per share - basic and diluted (Rupees)		32.37	18.61	65.69	55.59

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 Comprehensive Income (Un-audited)

for the Nine months period ended September 30, 2022

	Three months ended		Nine months ended	
	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000
Profit for the period	8,271,101	4,754,561	16,783,050	14,202,091
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	8,271,101	4,754,561	16,783,050	14,202,091

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

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

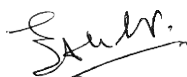
as at September 30, 2022

	Note	Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
Non current assets			
Property, plant and equipment	11	16,752,584	15,838,588
Advances for capital expenditure		322,115	1,115,233
Long term deposits and prepayments		26,868	28,661
		17,101,567	16,982,482
Current assets			
Stock-in-trade		24,926,153	22,044,653
Stores and spares		622,066	646,230
Trade debts		4,908	2,142
Loans and advances	12	116,221	88,916
Short term prepayments		62,368	33,346
Other receivables	13	4,801,586	1,913,221
Short term investments		16,836,859	9,402,598
Cash and bank balances	14	1,931,272	1,245,068
		49,301,433	35,376,174
Current liabilities			
Trade and other payables	15	27,526,602	20,586,467
Other liabilities		3,008,286	2,496,927
Short term running finance/export refinance	16	2,300,000	2,300,000
Lease liability	17	813,859	577,272
Unpaid dividend		2,967,970	4,663,641
Unclaimed dividend		108,034	77,006
Accrued interest / mark-up		3,952	13,141
Current income tax liabilities		2,545,794	1,219,431
		(39,274,497)	(31,933,885)
Net current assets		10,026,936	3,442,289
Non current liabilities			
Lease liability	17	(1,075,053)	(1,421,913)
Deferred tax liabilities		(1,005,852)	(1,029,546)
		(2,080,905)	(2,451,459)
Net assets		25,047,598	17,973,312
Share capital and reserves			
Share capital	18	2,554,938	2,554,938
Revenue reserve - Unappropriated profit		22,492,660	15,418,374
		25,047,598	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 Nine months period ended September 30, 2022

	Share capital Rs '000	Revenue reserves Rs '000	Total 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	-	14,202,091	14,202,091
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	14,202,091	14,202,091
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)
Interim dividend for the year ended December 31, 2021 @ Rs. 26 per share	-	(6,642,839)	(6,642,839)
Balance at September 30, 2021	2,554,938	17,363,345	19,918,283
Balance at January 1, 2022	2,554,938	15,418,374	17,973,312
Total comprehensive income for the period:			
Profit for the period	-	16,783,050	16,783,050
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	16,783,050	16,783,050
Transactions with owners of the Company:			
Final dividend for the year ended December 31, 2021 @ Rs. 28 per share	-	(7,153,826)	(7,153,826)
Interim dividend for the year ending December 31, 2022 @ Rs. 10 per share	-	(2,554,938)	(2,554,938)
Balance at September 30, 2022	2,554,938	22,492,660	25,047,598

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 Cash Flows (Un-audited)

for the Nine months period ended September 30, 2022

		Nine months ended	
	Note	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000
Cash flows from operating activities			
Cash generated from operations	20	29,472,869	19,193,151
Finance cost paid		(215,248)	(196,156)
Income tax paid		(9,701,154)	(4,519,492)
Contribution to retirement benefit funds		(146,167)	(338,714)
Net cash from operating activities		19,410,300	14,138,789
Cash flows from investing activities			
Purchases of property, plant and equipment		(1,939,939)	(1,489,869)
Advances for capital expenditure		793,118	632,393
Proceeds from sale of property, plant and equipment		332,164	389,861
Interest received		1,466,743	744,314
Net cash from investing activities		652,086	276,699
Cash flows from financing activities			
Dividends paid		(11,373,407)	(11,102,019)
Lease payments		(568,514)	(671,959)
Proceeds from export refinance facility		-	2,300,000
Net cash used in financing activities		(11,941,921)	(9,473,978)
Net increase in cash and cash equivalents		8,120,465	4,941,510
Cash and cash equivalents at January 1		10,647,666	7,243,511
Cash and cash equivalents at Sep 30		18,768,131	12,185,021
Cash and cash equivalents comprise:			
Short-term investments		16,836,859	11,132,191
Cash and bank balances	14	1,931,272	1,052,830
		18,768,131	12,185,021

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

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

for the Nine months period ended September 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 and nicotine products.

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

Phoenix (Private) Limited (PPL) is a private limited company incorporated on March 9, 1992 in Azad Jammu and Kashmir under the Companies Ordinance, 1984. The registered office of PPL is situated at Bun Khurma, Chichian Road, Mirpur, Azad Jammu and Kashmir. The object for which the PPL has been incorporated is to operate and manage an industrial undertaking in Azad Jammu and Kashmir to deal in Tobacco products. PPL is dormant and has not commenced its commercial operations.

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

2. Statement of compliance

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

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

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

3. Basis of preparation

These 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 Company's financial position and performance since the last annual financial statements.

Comparative figures of consolidated condensed interim statement of financial position is extracted from annual financial statements as of December 31, 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 nine months period ended September 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.

4. Use of judgements and estimates

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

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

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

for the Nine months period ended September 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.

	Three months ended		Nine months ended	
	Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 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	14,743,081	14,217,129	18,261,871	16,977,657
Raw material purchases and expenses	15,244,924	13,520,564	31,091,728	24,956,344
Excise duty, customs duty, regulatory duty and tobacco development cess etc.	491,617	394,745	1,763,280	1,786,858
Closing stock of raw materials and work in process	(23,138,729)	(19,338,415)	(23,138,729)	(19,338,415)
	7,340,893	8,794,023	27,978,150	24,382,444
Royalty	217,640	86,154	626,532	502,852
Production overheads	1,686,079	1,113,953	4,093,231	3,184,323
	9,244,612	9,994,130	32,697,913	28,069,619
Cost of finished goods				
Opening stock	3,591,828	1,426,796	3,963,744	2,632,867
Closing stock	(1,787,424)	(2,391,818)	(1,787,424)	(2,391,818)
	1,804,404	(965,022)	2,176,320	241,049
	11,049,016	9,029,108	34,874,233	28,310,668
8. Other expenses				
Workers' Profit Participation Fund (WPPF)	649,847	369,192	1,493,586	1,074,050
Workers' Welfare Fund (WWF)	196,802	91,111	517,422	358,958
Bank charges and fees	13,179	8,595	40,313	30,288
Interest to Workers' Profit Participation Fund (WPPF)	-	-	1,082	36,700
Foreign exchange loss	82,793	119,766	441,142	178,885
	942,621	588,664	2,493,545	1,678,881

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

for the Nine months period ended September 30, 2022

	Three months ended		Nine months ended	
	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000
9. Other income				
Income from services to associated companies:				
- BAT M.E DMCC- UAE	-	124,540	286,041	355,225
Recharges payable to associated companies written back:				
- BAT Aspac Service Center Sdn Bhd - Malaysia	-	-	-	53,331
Gain/(loss) on disposal of property, plant and equipment	7,725	41,521	70,326	76,726
Others	865	950	2,649	2,767
	8,590	167,011	359,016	488,049

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 10.00% and 15.08% (nine months ended Sep 30, 2021 : 5.50% and 7.80%) per annum and is received on maturity.

	Note	Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
11. Property, plant and equipment			
Operating assets	11.1	14,649,036	14,883,004
Capital work in progress	11.2	2,103,548	955,584
		16,752,584	15,838,588

11.1 Operating assets

Carrying amount at January 01	14,883,004	12,681,503
Additions during the period/year:		
- Owned assets		
Building	7,175	584,971
Plant and machinery	490,028	2,463,531
Office and household equipment	160,947	316,659
Furniture and fittings	133,825	146,694
	791,975	3,511,855
- Right of use assets IFRS16	322,031	315,591
- Leased assets		
Vehicles	352,050	418,228
	1,466,056	4,245,674

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

for the Nine months period ended September 30, 2022

	Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
Disposals during the period/year (net book value):		
- Owned assets		
Building	(367)	(2,652)
Plant and machinery	(13,080)	(193,667)
Office and household equipment	(31,925)	(126)
Furniture and fittings	(626)	(17)
Vehicles	-	(1,018)
	(45,998)	(197,480)
- Right of use assets IFRS16	(106,207)	(22,182)
- Leased vehicles		
Vehicles	(109,633)	(117,656)
	(261,838)	(337,318)
Depreciation/impairment charge for the period/year:	(1,438,186)	(1,706,855)
Carrying amount as at Sep 30/ December 31	14,649,036	14,883,004

11.1.1 During the nine months ended September 30, 2022, the Company acquired assets, including transfers from capital work in progress, amounting to Rs. 1,466,056 thousand (nine months ended September 30, 2021: Rs. 3,343,994 thousand). Operating fixed assets having net book value of Rs. 261,838 thousand were disposed off during nine months ended September 30, 2022 (nine months ended September 30, 2021: Rs. 313,135 thousand). Depreciation /impairment charge for nine months ended September 30, 2022 was Rs. 1,438,186 thousand (nine months ended September 30, 2021: Rs. 1,239,797 thousand).

	Sep 30, 2022 (Unaudited) Rs '000	Dec31, 2021 (Audited) Rs '000
11.2 Capital work in progress		
Carrying value as at the beginning of the period	955,584	2,445,300
Additions during the period/year	1,825,667	1,054,344
	2,781,251	3,499,644
Transferred to operating fixed assets	(677,703)	(2,544,060)
Carrying value as at end of the period	2,103,548	955,584

12. Loans and advances

These include non-interest bearing advances to employees of Rs. 31,568 thousand (December 31, 2021: Rs. 36,157 thousand).

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

for the Nine months period ended September 30, 2022

13. Other receivables

These include following balances due from related parties:

	Note	Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
Holding company / associated companies		424,396	514,075
Employees retirement benefit plans		679,790	576,652

14. Cash and bank balances

Cash at banks			
- deposit accounts		3,734	17,687
- current accounts	14.1	1,927,538	1,227,381
		1,931,272	1,245,068

14.1 These include balances of Rs. 1,435,287 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:

		Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
Holding company / associated companies		3,781,723	816,919
Employees retirement benefit plans		340,067	232,836

15.2 These also include 'contract liabilities' representing advances from customers amounting to Rs 798,864 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 15.80% (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 9.20% (December 31, 2021 : 2.20%) per annum.

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

for the Nine months period ended September 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 1,888,912 thousand - short term Rs 813,859 thousand and long term Rs 1,075,053 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 annum 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.

	Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
19. Contingencies and commitments		
19.1 Contingencies		
Claims and guarantees		
Claims against the Company not acknowledged as debt	75,706	75,706
Guarantees issued by banks on behalf of the Company	720,758	541,991
Litigation		
There is no significant change to status of litigations disclosed in annual financial statements for the year ended 31 December 2021.		
	Sep 30, 2022 (Unaudited) Rs '000	Dec 31, 2021 (Audited) Rs '000
19.2 Commitments		
Capital expenditure	1,472,547	-
Letters of credit outstanding	1,349,981	295,277

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the Nine months period ended September 30, 2022

	Nine months ended	
	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000
20. Cash generated from operations		
Profit before income tax	27,810,567	19,998,822
Adjustment for non-cash items:		
- Depreciation	1,438,186	1,239,797
- (Gain)/loss on disposal of property, plant and equipment	(70,326)	(76,726)
- Finance cost	206,059	198,537
- Finance income	(1,466,743)	(744,314)
- Exchange loss	441,142	178,885
- (Reversal) / Charge of provision for slow moving stores and spares	29,738	71,297
- (Reversal) / provision for damaged stock	(180,962)	-
- Provision for staff retirement benefit plans	144,677	289,727
	541,771	1,157,203
Changes in working capital:		
- Stock-in-trade	(2,881,500)	(2,247,558)
- Stores and spares	24,164	18,972
- Trade debts	(2,766)	(628)
- Loans and advances	(27,305)	143,988
- Short term prepayments	(29,022)	25,824
- Other receivables	(2,878,123)	(222,462)
- Trade and other payables	6,401,931	(106,890)
- Other liabilities	511,359	426,821
	1,118,738	(1,961,933)
Changes in long term deposits and prepayments	1,793	(941)
	29,472,869	19,193,151

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the Nine months period ended September 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.

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Fair value through profit or loss	Amortized cost	Total	Fair value through profit or loss	Amortized cost	Total
	Rs '000			Rs '000		
Financial assets measured at fair value						
Short-term investment	16,836,859	-	16,836,859	9,402,598	-	9,402,598
Financial assets not measured at fair value						
Deposits	-	26,868	26,868	-	28,661	28,661
Trade debts	-	4,908	4,908	-	2,142	2,142
Other receivables	-	4,121,796	4,121,796	-	1,336,569	1,336,569
Cash and bank balances	-	1,931,272	1,931,272	-	1,245,068	1,245,068
	16,836,859	6,084,844	22,921,703	9,402,598	2,612,440	12,015,038
Financial liabilities not measured at fair value						
Finance lease obligation	-	(1,888,912)	(1,888,912)	-	(1,999,185)	(1,999,185)
Accrued interest / mark-up	-	(3,952)	(3,952)	-	(13,141)	(13,141)
Trade and other payables	-	(14,162,943)	(14,162,943)	-	(9,489,741)	(9,489,741)
	-	(16,055,807)	(16,055,807)	-	(11,502,067)	(11,502,067)

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

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

21.2 Financial risk management

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

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

for the Nine months period ended September 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:

	Three months ended		Nine months ended	
	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000	Sep 30, 2022 Rs '000	Sep 30, 2021 Rs '000
Purchase of goods and services from				
Holding company	651,287	457,942	1,812,690	1,286,284
Associated companies	996,778	1,175,220	3,021,713	3,425,578
Sale of goods and services to				
Holding company	-	3,325	3,266	6,550
Associated companies	1,880,914	1,913,911	4,872,434	4,482,148
Dividend				
Holding company	2,418,534	6,288,189	9,190,430	13,060,085
Royalty charged by				
Associate companies	217,640	86,154	626,532	502,852
Employees retirement benefit plans - expense / (income)				
Staff pension fund	-	8,327	(11,977)	18,995
Staff defined contribution pension fund	35,554	35,612	105,611	102,249
Employees' gratuity fund	35,565	29,141	85,880	87,617
Management provident fund	22,712	23,721	67,635	67,409
Employees' provident fund	6,706	4,485	14,078	13,457
Other income:				
Associated company:				
Recharges written back	-	-	-	53,331

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited) for the Nine months period ended September 30, 2022

23. Events after the reporting date

The Board of Directors in its meeting held on 20th October 2022 has declared 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) 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 October 20, 2022.



Syed Ali Akbar

MD & Chief Executive Officer



Kelly Burtenshaw

Chief Financial Officer & Director

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