

DIRECTORS' REVIEW

The Directors of the Company are pleased to present the condensed Interim Financial Information (un-audited) of the company for the First Quarter ended 30 September 2023.

Key financial indicators for the period under review are as below:

Financial Highlights	Jul-Sept 2023	Jul-Sept 2022	%
	Rs. in Millions		
TURNOVER -Gross	1,837.31	2,537.52	-28%
Turnover-net	570.44	1,791.50	-68%
Cost of sales	618.75	1,157.95	-47%
Gross profit	(48.31)	633.55	-108%
Profit (Loss) before taxation	(217.31)	423.30	-151%
Profit (Loss) for the period	(249.76)	405.54	-117%
Earnings (Loss) per share - basic/diluted	(36.08)	84.36	-143%

The company remains affected by the easy availability of counterfeit cigarettes in the market. The partial implementation of the Track and Trace System is one of the core reasons that the illicit and counterfeit cigarette market has flourished recently. In order to curtail illicit trade and provide a level playing field, the implementation of Track & Trace in true letter and spirit is the need of the hour. The Company continues to face a challenging macro-environment due to pressure on foreign currency reserves, high inflation, and the sudden increase in tobacco prices.

Sales revenue net stood at Rs 570.44 Million as compared to Rs 1791.5 Million in the corresponding period of last year. Cost of sales decreased due to low Export sales of tobacco and the company has suffered a gross Loss of Rs. (48.31) Million as compared to a Profit of 633.55 Million in the corresponding period of last year.

Moreover, KTC's initiatives for on-spot detection of counterfeit products include sensitizing Law Enforcement Agencies, Retailers, and Consumers to identify genuine products in the market. Consistent enforcement efforts by the Government with dedicated human and financial resources are key to ensuring a level playing field in the legitimate tobacco sector which will positively impact revenue collection.

The EPS of the Company both basic and diluted for the period under review comes to Rs. (36.08) as compared to Rs. 84.36 for the corresponding period of last year.

Future Outlook:

The management is certain that the situation will turn around in the near future. Local cigarette and tobacco sales have improved slightly prior to period end and I am confident that the results of the next quarter will show visible improvements in cigarette sales. However, if the export trend is not restored, the liquidity position of the company may suffer.

Acknowledgment:

The board would like to thank and appreciate its employees, customers, and strategic partners for their dedication, commitment, and contribution in these challenging times. The board also extends its gratitude to our suppliers, banks, and shareholders for their unwavering support and cooperation.

The composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Shahzad Javed Panni Mrs. Sonia Farooq
Executive Directors	Ms. Samera Irfan
Non-executive Director	Mr. Shahzad Javed Panni Mr. Zia Ur Rehman Mr. Rahat Ullah Mr. Pir Wairs Shah Mr. Khalil Ur Rehman Mrs. Sonia Farooq
Female Directors	Mrs. Samera Irfan Mrs. Sonia Farooq

ON BEHALF OF THE BOARD

Pir Farhan Shah
Company Secretary

Sameera Irfan
Chief Executive Officer

31 October 2023

KHYBER TOBACCO COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Un-audited Sept 30, 2023	Audited 30 June 2023		Un-audited Sept 30, 2023	Audited 30 June 2023
Note	Rupees	Rupees	Note	Rupees	Rupees
SHARE CAPITAL AND RESERVES			NON CURRENT ASSETS		
Issued, subscribed and paid up share capital (ordi)nary shares of	69,226,040	69,226,040	Property, plant and equipment	2,683,806,907	2,744,656,198
Unappropriated Profit	3,183,448,909	3,352,438,743	Long term deposits	7,044,411	6,237,411
Revenue reserves	3,312,465	3,312,465		2,690,851,318	2,750,893,609
surplus on revaluation of property	288,196,528	368,963,006			
Plant and Equipment-net of tax	3,544,183,942	3,793,940,254			
NON CURRENT LIABILITIES			CURRENT ASSETS		
Employee benefits	94,490,576	87,810,788	Stock in trade	5,840,893,708	1,706,636,284
Deferred tax liabilities-net	132,217,504	105,942,415	Trade debts	951,619,902	1,407,685,764
	226,708,081	193,753,203	Advances and Prepayments	282,344,961	746,341,728
CURRENT LIABILITIES			Advance duty and sales tax	87,584,142	2,424,234
Trade and other payables	7,097,163,260	3,614,916,768	Advance income tax	124,592,566	-
Unclaimed dividend	16,171,291	16,171,291	Non-current assets classified as held for sale	-	-
Loan From Director	401,035,639	101,035,638	Stores, Spare Parts and Loose Tools	45,449,285	19,357,351
Provision for Taxation	-	-	Cash and bank balances	1,261,926,330	1,086,478,184
	7,514,370,190	3,732,123,697		8,594,410,894	4,968,923,545
	<u>11,285,262,212</u>	<u>7,719,817,154</u>		<u>11,285,262,212</u>	<u>7,719,817,154</u>

CONTINGENCIES AND COMMITMENTS

The annexed notes 1 to 7 form an integral part of these financial information

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

KHYBER TOBACCO COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Three month ended	
	September-23	
	2023	2022
Turnover-net	571,403,951	1,791,503,889
Cost of sales	(618,754,750)	(1,157,951,264)
Gross profit	(47,350,799)	633,552,625
Administrative expenses	(79,951,137)	(69,832,791)
Selling and Distribution cost	(61,532,930)	(56,350,053)
Impairment loss on financial assets	-	-
Other expenses	-	(7,064,668)
Finance cost	(28,474,038)	(89,005,577)
Other operating income	-	12,010,000
Profit (Loss) before taxation	(217,308,903)	423,309,536
Taxation	(32,447,409)	(17,762,684)
Profit (Loss) for the period	(249,756,312)	405,546,852
Earnings (Loss) per share - basic and diluted	(36.08)	84.36

CHIEF EXECUTIVE

DIRECTOR

KHYBER TOBACCO COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Three month ended	
	2023	2022
	Rupees	Rupees
Profit / (Loss) for the period	(249,756,312)	405,546,852
Items that will not be reclassified to profit or loss:		
Surplus on revaluation of property, plant and equipment	-	-
Remeasurement gain/(loss) on post retirement benefits liability	-	-
Related deffered tax	-	-
	-	-
Total comprehensive income for the period	(249,756,312)	405,546,852

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

KHYBER TOBACCO COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Capital Reserves					Total
	Share capital	General reserve	Revaluation surplus	Reserves for issuance of bonus shares	Unappropriated profit	
	Rupees					
Balance at 01 July 2022	48,073,640	3,312,465	360,188,752	-	1,352,674,467	1,764,249,324
Total comprehensive income/(loss) for the period						
Profit/(loss) for the period	-	-	-	-	405,546,852	405,546,852
Other comprehensive income for the period	-	-	-	-	-	-
Surplus on revaluation of property, plant and equipment	-	-	-	-	-	-
- on account of incremental depreciation	-	-	-	-	-	-
- on account of disposal	-	-	-	-	-	-
Other comprehensive loss for the year	-	-	(3,906,541)	-	3,906,541	-
	-	-	(3,906,541)	-	409,453,393	405,546,852
Balance at 30 September 2022	48,073,640	3,312,465	356,282,211	-	1,762,127,860	2,169,796,176
Balance at 01 July 2023	69,226,040	3,312,465	368,963,006		3,352,438,743	3,793,940,254
Total comprehensive income/(loss) for the period						
Profit/(loss) for the period	-	-	-	-	(249,756,312)	(249,756,312)
Audit Adjustment	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment - net of tax	-	-	-	-	-	-
- on account of incremental depreciation	-	-	(80,766,478)	-	80,766,478	-
- on account of disposal	-	-	-	-	-	-
Transactions with owners						
Shares issued as fully paid bonus shares	-	-	-	-	-	-
	-	-	(80,766,478)	-	(168,989,834)	(249,756,312)
Balance at 30 September 2023	69,226,040	3,312,465	288,196,528	-	3,183,448,909	3,544,183,942

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

KHYBER TOBACCO COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Three month ended	
	September-23	
	2023	2022
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	(217,308,903)	423,309,536
Adjustments for:		
Depreciation	66,811,509	37,141,261
Provision for staff retirement benefits	6,915,573	3,799,516
Provision for WPPF written back	-	
Trade creditors written back	-	
Advance to supplier written off	-	
Impairment loss on financial assets	-	
Exchange loss / (gain) on foreign transaction	-	
Finance cost	22,736,275	2,832,383
	96,463,357	43,773,160
	(120,845,546)	467,082,696
Working capital changes <i>(Increase) / decrease in current assets</i>		
Stock in trade	(4,134,257,424)	(397,985,908)
Stores, Spare Parts and Loose Tools	(26,091,934)	
Trade debts - considered good	456,065,862	(267,094,839)
Advances and Prepayments	463,996,767	19,469,398
Advance duty and Taxes	(85,159,908)	
Advance income tax	(124,592,566)	(101,354,118)
Trade and other payables	3,482,246,492	538,909,852
	32,207,289	(208,055,615)
Cash generated from operations	(88,638,258)	259,027,081
Gratuity paid	(235,785)	(8,617,508)
Income tax paid	(5,635,744)	(47,247,890)
Finance cost paid	(1,775,336)	(2,832,383)
WWF/WPPF	-	-
Dividend paid	-	(1,708,831)
	(7,646,865)	(60,406,612)
Net cash generated from operating activities	(96,285,122)	198,620,469
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(28,266,733)	(24,804,760)
Additions to Intangible Assets	-	
Security deposits	-	-
Proceeds from sale of Fixed Asset	-	40,700,002
Net cash used in investing activities	(28,266,733)	15,895,242
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term loan-Unsecured	300,000,001	106,169,483
Repayment of short term loan	-	-
	300,000,001	106,169,483
Net increase (decrease) in cash and cash equivalents	175,448,146	320,685,193
Effects of exchange rates on cash and cash equivalents	-	
Cash and cash equivalents at beginning of the period	1,086,478,184	679,358,847
Cash and cash equivalents at end of the period	1,261,926,330	1,000,044,040

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

KHYBER TOBACCO COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

1. THE COMPANY AND ITS OPERATIONS

Khyber Tobacco Company Limited ("the Company") is a public limited company incorporated in Pakistan on October 15, 1954 under the Companies Act, 1913 (now the Companies Act, 2017) and is listed on the Pakistan Stock Exchange Limited. The Company is engaged in the manufacture and sale of cigarettes and tobacco. The Company's registered office and production plant is situated at Nowshera Road, Mardan.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These Financial Statements of the Company for the period ended 30 September 2023 has been prepared in accordance with approved accounting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprises of: International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB) as notified under the companies Act 2017 and Provisions and directives issued under the companies Act 2017. Where provisions of and directives issued under the companies Act 2017 differ from the IFRS Standards, the provision of and directives issued under the Companies Act 2017 have been followed. Details on company's accounting policies are included in note 3.

The Financial Statements have been prepared under historical cost convention except for the Property, Plant and Equipment which measured at revalued cost. These Financial Statements are presented in Pak Rupees, which is the Company's functional currency. All amounts have been rounded to the nearest rupee, unless otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, significant judgements, estimates and assumptions used by the management in preparation of these financial information are the same as those applied in preparation of audited annual financial statements for the year ended 30 June 2023.

4. CONTINGENCIES AND COMMITMENTS

Contingencies and Commitments are the same as disclosed in the annual financial statements for the year ended June 30, 2023

5. PROPERTY, PLANT AND EQUIPMENT

Break up of Property, Plant and Equipment is as follows:

	Un-audited Sept 30, 2023	Audited 30 Jun 2023
	Rupees	Rupees
Operating Fixed Assets	2,683,396,987	2,744,656,198
Long term deposits	7,844,411	6,237,411
Intangible Assets	<u>2,698,811,218</u>	<u>2,750,893,609</u>

KHYBER TOBACCO COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

		Three month ended September-23	
		2023	2022
		Rupees	Rupees
6	TURNOVER - net		
	Gross turnover		
	- Local	1,450,181,185	1,055,006,156
	- Export	388,091,906	1,482,515,585
		<u>1,838,273,091</u>	<u>2,537,521,741</u>
	Government levies		
	- Excise duty	1,037,856,075	573,057,000
	- Sales tax	218,354,345	156,708,352
		<u>1,256,210,420</u>	<u>729,765,352</u>
	Discounts	10,658,720	16,252,500
		<u>571,403,951</u>	<u>1,791,503,889</u>
7	COST OF SALES		
	Raw and packing material consumed	935,985,119	1,146,506,687
	Salaries, wages and benefits	77,047,633	40,446,659
	Fuel and power	80,913,196	53,995,646
	Stores and spares consumed	19,422,635	13,032,505
	Repair and maintenance	1,916,204	1,085,903
	Royalty	507,780	584,182
	Rent	4,397,687	5,252,020
	Depreciation	62,903,910	33,679,196
	Insurance	2,930,479	441,096
		<u>1,186,024,643</u>	<u>1,295,023,894</u>
	Opening work in process	-	
	Closing work in process	(39,074,398)	(19,291,315)
	Cost of goods manufactured	<u>1,146,950,245</u>	<u>1,275,732,579</u>
	Opening finished stock	85,363,629	5,064,967
	Closing finished stock	(613,559,124)	(122,846,283)
		<u>618,754,750</u>	<u>1,157,951,264</u>

KHYBER TOBACCO COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

**KHYBER TOBACCO COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

Chief Executive

Director

Director