

Director's Review

I am pleased to present the Half-Yearly Report of Khyber Tobacco Company Limited for the period ending on December 31, 2024. The first half of the financial year has been marked by significant achievements, robust financial performance, and strategic progress, despite the challenging global economic environment.

FINANCIAL RESULTS

| Financial Highlights | Jul-Dec 2024 | Jul-Dec 2023 |
|-------------------------------|-----------------|--------------|
| | Rs. in Millions | |
| Gross turnover | 1,065.27 | 3,337.74 |
| Turnover-net | 4,884.13 | 956.80 |
| Cost of sales | 4,381.32 | 1,550.68 |
| Gross profit/(Loss) | 502.81 | (593.35) |
| Profit (Loss) before taxation | (1,54.69) | (1,064.82) |
| Profit (Loss) for the period | (162.57) | (1,061.46) |

Pakistan's economy, although on a recovery path, continued to face challenges during the period under review. Despite significant easing in headline inflation and a reduction in current account deficit, the economic environment remains tough, with businesses grappling with high input costs and weak consumer demand. Foreign and domestic debt servicing costs remain a key burden in the short to medium term. Looking ahead, while fiscal consolidation efforts and external account improvements offer hope, Pakistan's economy continues to be restrained with real GDP growth estimated at 3.2 percent for FY 2024/25 amid ongoing domestic vulnerabilities and structural challenges.

The Six months under review were marked by very challenging macroeconomic conditions that impacted both consumers and businesses. As the economy moves forward, the ongoing reforms and efforts to stabilize the macroeconomic environment are expected to unlock new avenues for growth, enabling businesses to thrive and contribute to the nation's upward trajectory. The Company continued to focus on enhancing productivity across its value chain by ensuring effective cost management, lean operations, and modernization of machinery infrastructure.

Export sales is evident from an increase in net sales of Rs. 4,884.13 Million during the period under review as compared to net sales of Rs. 956.80 Million in the corresponding period last year. Management is continuously endeavoring to expand its local market by adding new customers to its existing customer base.

Loss before taxation for the period under review stood at Rs. (154.69) million as compared to the corresponding period last year Loss before tax of Rs. (1,064.82). Loss after tax for the period under review stood at Rs. (162.57) million as compared to the corresponding period last year Loss after tax of Rs. (1,061.46).

Loss per share for the period under review stood at Rs. (23.48) as compared to the corresponding period last year's Loss per share of Rs. Rs. (153.33).

FUTURE OUTLOOK

The Company remains cautiously optimistic and is well-positioned to navigate challenges related to technology, operational efficiencies, and low sales and production:

- Continued focus on cost optimization and operational efficiency.
- Strategic investments in technology and infrastructure to drive productivity.
- Exploring new markets and opportunities for growth both nationally and internationally.
- Strengthening relationships with customers, suppliers, and other stakeholders.

Acknowledgments.

On behalf of the Board, I would like to express my gratitude to our shareholders, customers, business partners, and employees for their unwavering support and dedication. It is their collective efforts that have enabled the Company to deliver a resilient performance in these challenging times. We remain committed to creating long-term value for all our stakeholders and look forward to building on this momentum in the coming months.

The composition of the Board is as follows:

| Category | Names |
|------------------------|---|
| Independent Directors | 1) Barrister Shahzad Javed Panni 2) Ms. Sonia Farooq |
| Executive Directors | 1) Ms. Samera Irfan |
| Non-executive Director | 1) Mr. Zia Ur Rehman 2) Mr. Rahat Ullah 3) Barrister Shahzad Javed Panni 4) Mr. Khalil Ur Rehman 5) Mr. Rahat Ullah |
| Female Directors | 1) Ms. Samera Irfan 2) Ms. Sonia Farooq |

Mr. Rahat Ullah

28 February 2025.

On behalf of the Board


Mrs. Samera Irfan
Chief Executive Officer


Pir Farhan Shah
Company Secretary

ڈاٹیکٹرز کا تجزیہ

31 دسمبر 2024ء کو اختتام پذیر ہونے والے دورے میں خیبر ٹوبیکو کمپنی لمیٹڈ کی نصف سالہ رپورٹ ازراہ مسرت پیش کرتے ہوں۔ مالیاتی سال کی پہلی ششماہی مشکل بین عالمی اقتصادی ماحول کے وجود میں کامیابیوں، مستحکم مالیاتی کارکردگی اور اسٹریٹجک ترقی کو ظاہر کرتی ہے۔

مالیاتی مہج

| جولائی - دسمبر 2023 | جولائی - دسمبر 2024 | مالیاتی اشاریے |
|---------------------|---------------------|-------------------------------|
| ملین روپوں میں | | |
| 3,337.74 | 1,0655.27 | مجموعی ٹرانزیکشنز |
| 956.80 | 4,884.13 | ٹرانزیکشنز - خالص |
| 1,550.68 | 4,381.32 | فروخت - خالص |
| (593.35) | 502.81 | کل نفع / (نقصان) |
| (1,064.82) | (154.69) | نفع (نقصان) بمعہ |
| (1,061.46) | (162.57) | مذکورہ مدت کے لئے نفع (نقصان) |

اچھے پاکستان کی معیشت بحالی کے راستے پر گامزن ہے لیکن زریعہ مدت کے دوران پاکستان کو مشکلات کا سامنا کرنا پڑا۔ مہنگائی میں واضح کمی اور کرنسی کا قدر کم ہونے کے وجود معاشی ماحول مشکل بن رہا جس میں کاروبار کی پیداواری لاگت میں اضافہ اور صارفین کی طلب میں کمی جیسے عوامل شامل ہیں۔ ملکی و غیر ملکی قرضوں پر لاگت قلیل و طویل مدت کے لئے بہت بڑا بوجھ رہا۔ آگے بڑھتے ہوئے چو مالیاتی استحکام کی کاوشیں اور بیرونی سطح پر بہتری امید دلاتی ہے لیکن جاری نقص اور اسٹریکچرل چیلنجز کے ساتھ پاکستان کی معیشت مالیاتی سال 2024-2025 کے لئے 3.2 فی صد کی شرح نمو کے ساتھ مستقل رہے گی۔

زریعہ ششماہی میں کئی اقتصادی حالات بھی مشکلات کا سامنا پیش کر رہے ہیں جسے نے صارفین اور کاروبار کو یطرح متاثر کیا ہے۔ معیشت میں بہتری ہونے پر جاری اصلاحات اور استحکام کی کوششوں سے کئی اقتصادی ماحول میں ترقی کی نئی راہیں کھلنے کی امید ہے جس سے کاروبار ماحول بہتر ہوگا اور ملک ترقی کی راہ پر گامزن ہوگا۔ کمپنی اپنی ویلیو چین میں پیداوار بڑھانے پر توجہ دے رہی ہے جس میں لاگت کے مؤثر انتظام، آپریشنز کی روانی اور مشینری اسٹریکچر میں ترقی کو یقینی بنایا۔

ہے۔

گذشتہ س کی اسی مدت میں 956.80 ملین روپے کی نسبت زی جائہ مدت کے دوران خالص سیلز میں 4,881.13 ملین کا اضافہ آمدی سطح بہتر فروغ کی تجمانی کرتے ہے۔ انتظامیہ اپنے موجودہ صارفین میں نئے صارفین کو شامل کر کے لوکل مارکیٹ میں اپنے قدم مضبوط کرنے کی لگاتار کوشش کر رہی ہے۔

گذشتہ س کی اس مدت میں (1,064.82) روپے کی نسبت زی جائہ مدت کے لئے خسارہ بمعہ (154.69) ملین روپے رہا۔ کہ گذشتہ س کی اس مدت میں (1,061.46) روپے کی نسبت زی جائہ مدت کے لئے خسارہ علاوہ (162.57) ملین روپے رہا۔

گذشتہ س کی اسی مدت میں فی حصص خسارہ (153.33) روپے کی نسبت زی جائہ مدت کے دوران (23.48) روپے ر رڈ ہوا۔

مستقبل کا منظر مہ

کمپنی مندرجہ ذیل کاوشوں کے ذریعے ٹیکنالوجی، آپریشنل کارکردگی اور کم سیلز اور پیداوار کی مسائل سے نبرد آزما ہونے کے لئے لکل تیار اور پامید ہے:

- لاکھ میں ردوبال اور آپریشنل کارکردگی پھر پورتوجہ
- پیداوار بڑھانے کے لئے ٹیکنالوجی اور اسٹرکچر میں اسٹریٹجک سرمایہ کاری
- صارفین، سپلائرز اور اسٹیک ہولڈرز کے ساتھ تعلقات کی مضبوطی

اظہار تشکر

بورڈ کی جائے سے میں اپنے شیئر ہولڈرز، صارفین، کاروباری شرا داروں اور زمین کی غیر متزلزل سپورٹ اور بہ کے لئے شکریہ کا اظہار کرتا ہوں۔ ان کی مجموعی کاوشوں سے ہی یہ ممکن ہوا ہے کہ کمپنی اس مشکل ترین وقت میں متاثر کن کارکردگی دکھانے میں کامیاب ہوئی ہے۔ ہم اپنے تمام اسٹیک ہولڈرز کے لئے طویل مدتی منافع بنانے کے لئے پرعزم اور آئندہ مہینوں میں اس رفتار کو بڑھانے کے لئے پامید ہیں۔

بورڈ کی ترکیب . ذیل ہے:

| کیٹگری | م. |
|---------------------|--------------------------|
| خود مختار ڈاکیٹرز | (1) جناب شہزاد جاوید پنی |
| | (2) مس سو فاروق |
| ایگزیکٹو ڈاکیٹرز | (1) مس سمیرا عرفان |
| ان ایگزیکٹو ڈاکیٹرز | (1) جناب ضیا الرحمن |
| | (2) جناب راہ اللہ |
| | (3) جناب شہزاد جاوید پنی |
| | (4) جناب خلیل الرحمن |
| | (5) جناب راہ اللہ |
| خاتون ڈاکیٹرز | (1) محترمہ سمیرا عرفان |
| | (2) مس سو فاروق |

جناب راہ اللہ

28 فروری 2025ء



پیر فرحان شاہ
کمپنی سیکریٹری



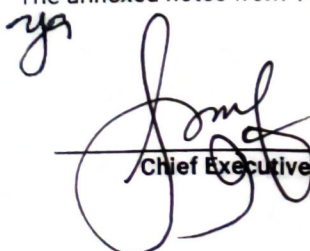
محترمہ سمیرا عرفان
چیف ایگزیکٹو آفیسر


منجانب بورڈ


KHYBER TOBACCO COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2024

| | Note | (Un-audited) December 31, 2024 Rupees | (Audited) June 30, 2024 Rupees |
|--|------|--|---|
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 69,226,040 | 69,226,040 |
| Unappropriated profit | | 2,187,371,410 | 2,342,162,638 |
| Revenue reserves | | 3,312,465 | 3,312,465 |
| Revaluation surplus on property, plant and equipment | | 273,958,080 | 281,742,430 |
| | | 2,533,867,995 | 2,696,443,573 |
| Non-current liabilities | | | |
| Staff retirement benefits | | 131,841,034 | 120,231,933 |
| Lease liability | | 107,459,794 | 133,674,327 |
| Deferred taxation | | 174,135,580 | 179,827,028 |
| | | 413,436,408 | 433,733,288 |
| Current liabilities | | | |
| Current portion of lease liabilities | | 144,308,377 | 99,564,887 |
| Trade and other payables | 4 | 15,151,634,288 | 7,832,548,264 |
| Loan from sponsors and directors - unsecured | 5 | 1,062,835,638 | 901,035,638 |
| Accrued markup on loan from sponsors - unsecured | | 346,507,445 | 233,616,169 |
| Unclaimed dividend | | 16,669,221 | 16,669,221 |
| Provision for levy and taxation | | 60,689,790 | 44,530,446 |
| | | 16,782,644,759 | 9,127,964,625 |
| TOTAL EQUITY AND LIABILITIES | | 19,729,949,162 | 12,258,141,486 |
| CONTINGENCIES AND COMMITMENTS | | | |
| ASSETS | | | |
| Property, plant and equipment | 7 | 2,848,050,393 | 2,824,478,195 |
| Right of use asset | 8 | 122,759,305 | 147,311,167 |
| Long term deposits | | 26,592,760 | 30,980,190 |
| | | 2,997,402,458 | 3,002,769,552 |
| Current assets | | | |
| Stock in trade | 9 | 12,858,407,419 | 6,313,346,604 |
| Stores, spares and loose tools | | 22,265,558 | 26,877,660 |
| Trade debts | 10 | 1,686,310,475 | 1,348,738,777 |
| Advances, prepayments and other receivables | | 453,923,220 | 523,352,898 |
| Prepaid levy | | 37,503,058 | 16,344,998 |
| Advance income tax | | 202,832,710 | 82,025,802 |
| Cash and bank balances | | 1,471,304,264 | 944,685,195 |
| | | 16,732,546,704 | 9,255,371,934 |
| TOTAL ASSETS | | 19,729,949,162 | 12,258,141,486 |

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


 Chief Executive Officer


 Director


 Director

KHYBER TOBACCO COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX-MONTHS PERIOD ENDED DECEMBER 31, 2024

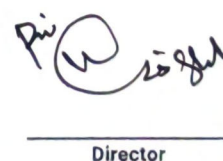
| | | Six months period ended | | Three months period ended | |
|--|------|-------------------------|----------------------|---------------------------|----------------------|
| | | December 31, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| | Note | -----Rupees----- | | | |
| Revenue from contracts with customers | 11 | 4,884,132,011 | 956,809,453 | 3,640,830,903 | 385,405,502 |
| Cost of sales | 12 | (4,381,322,163) | (1,550,161,476) | (2,796,566,306) | (935,889,067) |
| Gross profit / (loss) | | 502,809,848 | (593,352,023) | 844,264,597 | (550,483,565) |
| Selling and distribution expenses | | (189,024,477) | (110,551,149) | (127,438,383) | (49,018,219) |
| Administrative expenses | | (188,307,769) | (158,659,057) | (67,874,975) | (74,225,579) |
| Impairment loss on financial assets | | (35,519,386) | (51,733,120) | (35,519,386) | - |
| * Other expenses | | (30,093,319) | (26,707,315) | (30,093,319) | (26,707,315) |
| Operating profit / (loss) | | 59,864,897 | (941,002,664) | 583,338,534 | (700,434,678) |
| Finance costs | | (167,080,273) | (113,414,412) | (110,323,445) | (84,940,374) |
| (Loss) / profit before levies and income tax | | (107,215,376) | (1,054,417,076) | 473,015,089 | (785,375,052) |
| Minimum tax | | (47,480,283) | (10,402,358) | (47,480,283) | 13,272,642 |
| (Loss) / profit before income tax | | (154,695,659) | (1,064,819,434) | 425,534,806 | (772,102,410) |
| Taxation | | (7,879,919) | 3,357,239 | 224,916,530 | 12,129,647 |
| (Loss) / profit for the period | | (162,575,578) | (1,061,462,196) | 650,451,336 | (759,972,763) |
| Earnings per share - basic and diluted | | (23.48) | (153.33) | 93.96 | (109.78) |

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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Chief Executive Officer


Director


Director

KHYBER TOBACCO COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX-MONTHS PERIOD ENDED DECEMBER 31, 2024

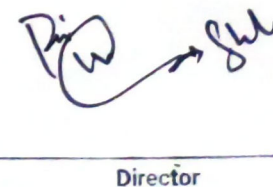
| Issued, subscribed and paid up capital | Reserves | | | Total |
|--|------------------------|--------------------|--------------------------|-----------------|
| | Capital reserves | Revenue reserves | | |
| | Revaluation surplus | General reserve | Unappropriated profit | |
| ----- (Rupees) ----- | | | | |
| 69,226,040 | 368,963,006 | 3,312,465 | 3,352,438,743 | 3,793,940,254 |
| - | - | - | (1,061,462,196) | (1,061,462,196) |
| - | - | - | - | - |
| - | - | - | (1,061,462,196) | (1,061,462,196) |
| - | (9,833,530) | - | 9,833,530 | - |
| - | - | - | (6,922,604) | (6,922,604) |
| 69,226,040 | 359,129,476 | 3,312,465 | 2,293,887,473 | 2,725,555,454 |
| 69,226,040 | 281,742,430 | 3,312,465 | 2,342,162,638 | 2,696,443,573 |
| - | - | - | (162,575,578) | (162,575,578) |
| - | - | - | - | - |
| - | - | - | (162,575,578) | (162,575,578) |
| - | (7,784,350) | - | 7,784,350 | - |
| 69,226,040 | 273,958,080 | 3,312,465 | 2,187,371,410 | 2,533,867,995 |

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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Chief Executive Officer

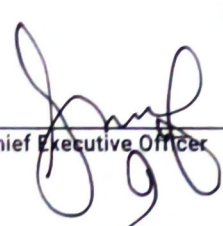

Director


Director

KHYBER TOBACCO COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE SIX-MONTHS PERIOD ENDED DECEMBER 31, 2024

| | Six months period ended | | Three months period ended | |
|---|-------------------------|------------------------|---------------------------|----------------------|
| | December 31, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| | -----Rupess----- | | | |
| (Loss) / profit for the period | (162,575,578) | (1,061,462,196) | 650,451,336 | (759,972,763) |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | <u>(162,575,578)</u> | <u>(1,061,462,196)</u> | <u>650,451,336</u> | <u>(759,972,763)</u> |

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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 Chief Executive Officer


 Director

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 Director

KHYBER TOBACCO COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX-MONTHS PERIOD ENDED DECEMBER 31, 2024

| | Six months period ended | |
|--|-------------------------|----------------------|
| | December 31, 2024 | December 31, 2023 |
| | Rupees | Rupees |
| Cash flows from operating activities | | |
| Loss before taxation | (154,695,659) | (1,064,819,434) |
| Adjustments for: | | |
| Depreciation on property, plant and equipment | 135,566,714 | 134,196,645 |
| Depreciation on right of use asset | 24,551,861 | 18,508,080 |
| Minimum tax differential | 47,480,283 | 10,402,358 |
| Provision for staff retirement benefits | 24,908,276 | 18,838,589 |
| Unrealized exchange loss | 3,606,394 | 5,457,070 |
| Advances written off | 26,486,925 | 21,250,245 |
| Impairment loss on financial assets | 35,519,386 | 51,733,120 |
| Finance costs | 167,080,273 | 113,414,412 |
| | 465,200,112 | 373,800,519 |
| Cash flows from operating activities before working capital changes | 310,504,453 | (691,018,915) |
| Effect on cash flow due to working capital changes | | |
| Decrease/(increase) in stores, spares parts and loose tools | 4,612,102 | (26,587,338) |
| Increase in stock in trade | (6,545,060,815) | (4,798,936,375) |
| (Increase)/decrease in trade debts | (372,104,899) | 794,032,269 |
| Decrease/(increase) in advances and prepayments | 41,956,568 | (267,508,486) |
| Increase in trade and other payables | 7,290,331,133 | 4,476,449,567 |
| | 419,734,089 | 177,449,637 |
| Cash generated from / (used in) operating activities | 730,238,542 | (513,569,278) |
| Income tax paid | (162,741,033) | (52,285,580) |
| Levy's paid | (21,158,060) | - |
| Staff retirement benefits paid | (13,299,175) | (642,985) |
| Workers' Welfare Fund paid | (5,000,000) | - |
| Finance costs paid | (4,863,330) | (13,774,941) |
| Net cash generated from / (used in) operating activities | 523,176,944 | (580,272,784) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (159,138,911) | (28,799,196) |
| Security deposits | 4,387,430 | (907,500) |
| Net cash used in investing activities | (154,751,481) | (29,706,696) |
| Cash flows from financing activities | | |
| Dividend paid | - | (3,775,743) |
| Loans from sponsors and directors | 161,800,000 | 600,000,000 |
| Net cash generated from financing activities | 161,800,000 | 596,224,257 |
| Net increase / (decrease) in cash and cash equivalents | 530,225,463 | (13,755,223) |
| Exchange loss on foreign currency accounts | (3,606,394) | (5,457,070) |
| Cash and cash equivalents at beginning of the period | 944,685,195 | 1,086,478,184 |
| Cash and cash equivalents at end of the period | 1,471,304,264 | 1,067,265,891 |

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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Chief Executive Officer

Director

Director

KHYBER TOBACCO COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE SIX-MONTHS PERIOD ENDED DECEMBER 31, 2024

1 LEGAL STATUS AND 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 STATEMENT OF COMPLIANCE

2.1 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 applicable in Pakistan for interim financial reporting comprise of:

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

Where 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.

- 2.2** These condensed interim financial statements do not include all of the information required for the full financial statements and, therefore, these should be read in conjunction with annual audited financial statements for the year ended June 30, 2024. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2024, whereas comparative condensed statement of profit or loss and other comprehensive income, comparative condensed statement of changes in equity and comparative statement of cash flows are stated from un-audited condensed interim financial statements for the half year ended December 31, 2023.
- 2.3** These condensed interim financial statements are being submitted to the shareholders as required by Section 237 of the Companies Act, 2017.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies and methods of computation adopted in preparation of these condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended June 30, 2024.

3.1 Financial risk management

The Company's financial risk management objective and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2024.

3.2 Fair value of financial assets and liabilities

The carrying value of financial assets and financial liabilities reported in these condensed interim financial statements approximates their fair values.

3.3 Estimates and judgements

Estimates and judgements made by management in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2024.

| | Un-audited December 31, 2024 Rupees | Audited June 30, 2024 Rupees |
|------------------------------------|--|---------------------------------------|
| 4 TRADE AND OTHER PAYABLES | | |
| Trade creditors | 12,664,076,784 | 6,351,371,057 |
| Accrued liabilities | 54,586,038 | 53,278,301 |
| Advance from customers | 1,391,237,791 | 702,575,720 |
| Workers' Profit Participation Fund | 302,972,675 | 272,175,965 |
| Workers' Welfare Fund | 37,672,454 | 42,672,454 |
| Withholding taxes | 39,343,366 | 36,385,185 |
| Sales tax and excise duty | 323,606,579 | 248,751,850 |
| Tobacco development cess | 321,293,143 | 110,937,754 |
| Royalty | 16,845,458 | 14,399,978 |
| | <u>15,151,634,288</u> | <u>7,832,548,264</u> |

5 LOAN FROM SPONSORS AND DIRECTORS

- 5.1 During the period, the Company obtained a loan of Rs. 161.8 million from its sponsors/directors, comprising various tranches at an agreed interest rate of KIBOR plus 2%. The loan is provided for a period of 12 months from the date of receipt, with interest payable within 60 days after the end of each quarter, subject to extension at the Company's option. Repayments are applied first against interest payable and then against the principal amount. The Company has the option to draw down up to a maximum of Rs. 1 billion under this loan facility.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies:

In addition to the contingencies reported in annual audited financial statements for the year ended June 30, 2024 there are no additional contingencies.

| | Note | Un-audited December 31, 2024 Rupees | Audited June 30, 2024 Rupees |
|---|------|--|---------------------------------------|
| 6.2 Commitments: | | | |
| Letter of credit against import of tobacco | | 112,844,487 | 220,386,948 |
| Short term lease rentals | | 6,525,696 | 6,525,696 |
| Letters of guarantee issued by bank / insurance company | | 6,046,900,000 | 6,046,900,000 |
| 7 PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating assets | 7.1 | 2,399,785,642 | 2,514,598,799 |
| Capital work-in-progress | 7.2 | 448,264,751 | 309,879,396 |
| | | <u>2,848,050,393</u> | <u>2,824,478,195</u> |
| 7.1 Operating assets | | 2,514,598,799 | 2,722,351,684 |
| Opening carrying value | | | |
| Additions during the period / year | | | |
| Plant and machinery | | 19,191,981 | 55,594,859 |
| Tools and equipment | | 1,136,676 | 4,903,767 |
| Vehicles | | 397,900 | 162,894 |
| Office equipment | | 27,000 | - |
| | | 20,753,557 | 60,661,520 |
| Depreciation charged during the period / year | | (135,566,714) | (268,414,405) |
| | | <u>2,399,785,642</u> | <u>2,514,598,799</u> |
| 7.2 Capital work-in-progress | | | |
| Opening | | 309,879,396 | - |
| Additions | | 157,577,336 | 309,879,396 |
| Transfer to property plant and equipment | | (19,191,981) | - |
| | | <u>448,264,751</u> | <u>309,879,396</u> |

| | Un-audited December 31, 2024 Rupees | Audited June 30, 2024 Rupees |
|---|--|---------------------------------------|
| 8 RIGHT OF USE ASSET | | |
| Opening carrying value | 147,311,166 | - |
| Additions during the period / year | - | 196,414,888 |
| Depreciation charged during the period / year | (24,551,861) | (49,103,722) |
| Closing carrying value | <u>122,759,305</u> | <u>147,311,166</u> |

- 8.1 The right of use assets comprise GLT plant, HLP cigarette packing machine and land & building, leased from Samsons Redrying and Processing (Private) Limited, Paramount Tobacco Company and Mr. Waseem Ur Rehman, respectively. These assets have a 4 year lease term each, with rentals payable of Rs.50 million per annum, Rs. 0.125 million per month and Rs. 1.25 million in respect GLT, HLP and Land & building respectively.

| | Un-audited December 31, 2024 Rupees | Audited June 30, 2024 Rupees |
|--------------------------|--|---------------------------------------|
| 9 STOCK IN TRADE | | |
| Raw and packing material | 12,252,609,497 | 6,071,638,700 |
| Stock in transit | 252,503,257 | 143,295,000 |
| Work in process | 25,748,694 | - |
| Finished goods | 327,545,971 | 98,412,904 |
| | <u>12,858,407,419</u> | <u>6,313,346,604</u> |

- 9.1 Finsihed goods include items costing Rs. 299.7 million (30 June 2024: 134.9 million) valued at net realisable value of Rs.268.17 million (30 June 2024: 98.4 million), with NRV loss amounting to Rs. 31.57 million (30 June 2024: 36.51 million).

| | Note | Un-audited December 31, 2024 Rupees | Audited June 30, 2024 Rupees |
|--|------|--|---------------------------------------|
| 10 TRADE DEBTS | | | |
| Local - unsecured | | 1,391,424,131 | 1,451,702,927 |
| Foreign - unsecured | | 500,915,457 | 67,545,577 |
| Allowance for expected credit losses | 10.1 | (206,029,113) | (170,509,727) |
| | | <u>1,686,310,475</u> | <u>1,348,738,777</u> |
| 10.1 Allowance for expected credit losses | | | |
| Opening | | 170,509,727 | 92,918,999 |
| For the period / year | | 35,519,386 | 77,590,728 |
| Closing | | <u>206,029,113</u> | <u>170,509,727</u> |

| -----Un-audited----- | | | |
|---|----------------------|---|----------------------|
| Six months period ended December 31, 2024 | December 31, 2023 | Three months period ended December 31, 2024 | December 31, 2023 |
| -----Rupees----- | | | |

11 REVENUE FROM CONTRACTS WITH CUSTOMERS

Gross turnover

- Local
- Export

| | | | |
|----------------|---------------|---------------|---------------|
| 7,309,131,644 | 2,714,641,581 | 2,937,442,170 | 1,264,460,396 |
| 3,343,620,013 | 623,103,973 | 3,053,079,653 | 235,012,067 |
| 10,652,751,657 | 3,337,745,554 | 5,990,521,823 | 1,499,472,463 |

Government levies

- Excise duty
- Sales tax

| | | | |
|-----------------|-----------------|-----------------|-----------------|
| (4,509,320,640) | (1,948,647,561) | (1,814,530,840) | (910,791,486) |
| (1,101,128,004) | (412,427,600) | (442,506,600) | (194,073,255) |
| (5,610,448,644) | (2,361,075,161) | (2,257,037,440) | (1,104,864,741) |

Discounts

| | | | |
|----------------------|--------------------|----------------------|--------------------|
| (158,171,002) | (19,860,940) | (92,653,480) | (9,202,220) |
| <u>4,884,132,011</u> | <u>956,809,453</u> | <u>3,640,830,903</u> | <u>385,405,502</u> |

12 COST OF SALES

| | -----Un-audited----- | | | |
|--|-------------------------|----------------------|---------------------------|----------------------|
| | Six months period ended | | Three months period ended | |
| | December 31, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| | -----Rupees----- | | | |
| Raw and packing material consumed | 4,078,717,772 | 1,280,657,393 | 2,539,517,672 | 335,081,857 |
| Salaries wages and benefits | 164,409,333 | 145,054,783 | 88,541,247 | 77,597,567 |
| Fuel and power | 202,290,200 | 79,550,432 | 141,698,729 | 1,696,071 |
| Stores and spares consumed | 19,261,372 | 19,722,487 | 14,709,386 | 299,852 |
| Repair and maintenance | 816,163 | 1,147,848 | 107,866 | 127,149 |
| Royalty | 2,445,480 | 795,603 | 2,445,480 | 287,823 |
| Short term lease rental | 9,131,973 | 23,294,750 | 5,937,494 | 19,425,064 |
| Depreciation on property plant and equipment | 128,117,574 | 126,640,374 | 64,458,634 | 63,736,464 |
| Depreciation on right of use asset | 24,551,861 | 18,508,080 | 24,551,861 | 18,508,080 |
| Insurance | 6,462,196 | 1,249,987 | 6,462,196 | (1,680,492) |
| | 4,636,203,924 | 1,696,621,737 | 2,887,822,345 | 515,079,435 |
| Work in process : | | | | |
| At beginning of period | - | - | 2,753,688 | 39,074,398 |
| At end of the period | (25,748,694) | (85,242,204) | (25,748,694) | (85,242,204) |
| | (25,748,694) | (85,242,204) | (22,995,006) | (46,167,806) |
| Cost of goods manufactured | 4,610,455,230 | 1,611,379,533 | 2,864,827,339 | 468,911,629 |
| Finished goods : | | | | |
| At beginning of period | 98,412,904 | 85,363,629 | 259,284,937 | 613,559,124 |
| At end of the period | (327,545,971) | (146,581,686) | (327,545,971) | (146,581,686) |
| | (229,133,067) | (61,218,057) | (68,261,034) | 466,977,438 |
| | 4,381,322,163 | 1,550,161,476 | 2,796,566,306 | 935,889,067 |

13 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors and their close family members, companies with common directorship, executives, key management personnel and major shareholders of the Company. Transactions and balances as at reporting date with the related parties are disclosed as follows:

| Name of related party | Nature of relationship | Nature of transaction | -----Un-audited----- | |
|--|-------------------------|--|-------------------------|----------------------|
| | | | Six months period ended | |
| | | | December 31, 2024 | December 31, 2023 |
| | | | Rupees | Rupees |
| Samsons Re-drying and Processing (Private) Limited | Associated Undertaking | Purchases | 706,632,444 | 578,106,000 |
| | | Payable | 1,560,946,502 | 944,317,532 |
| | | Lease of manufacturing facility (note 8) | 92,540,398 | 148,064,637 |
| Samsons Agri Farms | Common Ownership | Purchases | 77,541,600 | - |
| Key management personnel | Management | Remuneration and allowances | 67,119,724 | 62,508,405 |
| Waseem-ur-Rehman | Significant shareholder | Receipt of loan | 158,800,000 | 600,000,000 |
| | | Markup on loan | 112,734,635 | 57,000,000 |
| | | Lease of land (note 8) | 27,762,119 | - |
| Khalil-ur-Rehman | Non-Executive director | Receipt of loan | 3,000,000 | - |
| | | Markup on loan | 156,641 | - |

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within 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).

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred. As at December 31, 2024, the company has no financial instruments that falls into any of above category.

15 RECLASSIFICATION

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. Following reclassifications have been made during the period:

| Reclassified from | Reclassified to | Reason | Rupees |
|-----------------------------|---------------------------|-------------------------|------------|
| Salaries wages and benefits | Raw and Material Consumed | For better presentation | 9,590,417 |
| Taxation | Minimum tax | For better presentation | 10,402,358 |
| Rent - Cost of sales | Administrative expenses | For better presentation | 528,000 |

16 Accounting for minimum taxes and final taxes

The Institute of Chartered Accountants of Pakistan (ICAP) issued 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guide) in May 2024, which requires to classify certain amounts of tax paid under minimum and final tax regime separately as a levies instead of classifying under current tax. The Company applied Guide for the first time in the annual financial statements for the year ended June 30, 2024 and reported the change in accounting policy in note 3.1 of the annual financial statements for the year ended June 30, 2024. Accordingly, in these condensed interim financial statements, the Company has reclassified the levies as final tax from income tax amounts as stated below:

| | Six months period ended | |
|---|-------------------------|-------------------------|
| | December 31, 2024 | December 31, 2023 |
| | Rupees | Rupees |
| | Current Classification | Previous Classification |
| Effect on statement of profit or loss: | | |
| Final tax and minimum tax differential | (10,402,358) | - |
| Provision for taxation | | |
| Current - for the year | - | (10,402,358) |
| Deferred tax | 3,357,239 | 3,357,239 |
| | <u>(7,045,120)</u> | <u>(7,045,120)</u> |

17 DATE OF AUTHORIZATION FOR ISSUE

This un-audited condensed interim financial statements was authorized for issue by the Board of Directors of the Company in their meeting held on 28-2-2025

18 GENERAL

Figures have been rounded off to the nearest rupee unless stated otherwise.

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Chief Executive Officer



Director



Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Khyber Tobacco Company Limited

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Khyber Tobacco Company Limited** (the Company) as at December 31, 2024 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cashflows and notes to the condensed interim 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 interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three-month period ended December 31, 2024 and related comparative information have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2024.

Scope of Review

We conducted our review in accordance with International Standard 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 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Sufyan.


Chartered Accountants

Lahore

Date: February 28, 2025

UDIN: RR202410180WxN8wDF0r