



PAKISTAN TOBACCO
COMPANY



Condensed Interim Financial Statements

For the three months period ended March 31, 2019

Corporate Information

Board of Directors

Mueen Afzal
Chairman & Non-Executive Director

Syed Javed Iqbal
MD / CEO & Executive Director

Wael Sabra
Director - Finance & IT, & Executive Director

Tajamal Shah
Executive Director

Lt. Gen. (Retd.) Ali Kuli Khan Khattak
Non-Executive Director

Imran Maqbool
Non-Executive Director

Zafar Mahmood
Non-Executive Director

Hae In KIM
Non-Executive Director

Michael Koest
Non-Executive Director

Audit Committee

Zafar Mahmood

Lt. Gen. (Retd.) Ali Kuli Khan Khattak

Imran Maqbool

Michael Koest

Hae In KIM

Amina Siraj (Secretary)

Company Secretary

M Idries Ahmed

Registered Office

Pakistan Tobacco Company Limited
Serena Business Complex, Khayaban-e-
Suhrwardy. P.O. Box 2549, Islamabad-44000
Telephone: +92 (051) 2083200, 2083201
Fax: +92 (051) 2604516
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

In the first quarter of 2019, the legitimate tobacco industry continued to face challenges due to the large duty not paid sector, currently at 32.6% of the total tobacco market (Feb 2019 – Retail Audit). The tobacco industry experienced two excise rate increases in 2018, which led to portfolio wide price increase of legitimate sector brands and further widened the price differential with duty not paid cigarettes. As a result, the Government is deprived of valuable tax revenues and the legitimate industry experiences serious sustainability challenges. Furthermore, the duty not paid sector openly violates the tobacco advertising and promotion regulations, creating a non-level playing field and compromising the effectiveness of the Government's tobacco control initiatives. Therefore, it is imperative for the relevant authorities to drive a balanced fiscal agenda and ensure strict implementation of enforcement measures.

Despite being faced by a large duty not paid sector, PTC remains the tobacco industry's biggest contributor to the national exchequer, contributing around 80% of the industry's total revenues. During the first three months of 2019, the Company contributed a total of Rs 23.55 billion (up by 27.6% vs Q1'18) in tax revenues in the form of Federal Excise Duty and Sales Tax.

In the first quarter, PTC recorded a decline of around 5% in its sales volumes (vs. Q1'18), indicating the adverse impact of aggressive excise driven price increase in September 2018. Despite the challenges, the Company continued its investments across its brand spectrum to enhance equity and build a strong differentiated portfolio. Major marketing activities carried out during the first quarter include equity campaign for John Player's Gold Leaf, activations for John Player and pack upgrade of Gold Flake.

Key financial indicators of the Company for the period ended March 31, 2019 are given below:

	Rs. (million)	
	Jan - Mar, 2019	Jan - Mar, 2018
Gross Turnover	35,988	31,816
FED & Sales Tax	23,553	18,450
Net Turnover	12,435	13,366
Cost of Sales	6,702	6,335
Gross Profit	5,732	7,031
Operating Profit	3,680	5,060
Profit Before Tax – PBT	3,867	5,208
Profit After Tax – PAT	2,792	3,650
Earnings Per Share – EPS (Rs)	10.93	14.29

Gross Turnover increased by 13% vs Same Period Last Year (SPLY) owing to the excise duty led price increase taken in September 2018. Net Turnover however declined by 7% due to lower volumes and increase in Federal Excise Duty rates.

The cost of sales increase was attributable primarily to the rapid devaluation of Rupee and the increase in import and regulatory duties. The cost base will remain under pressure during 2019 due to further currency devaluation and rising inflation projections. In order to curtail the adverse impact, the Company is undertaking several cost-saving initiatives with a focus on embedding cost-conscious culture across its operations. This is being further supplemented by a continuous focus on increasing operating efficiencies and maintaining standards of achieving high Equipment Efficiency at the factories.

In the first quarter of 2019, the Company continued with its Corporate Social Responsibility agenda by supporting several initiatives including its flagship afforestation program, Mobile Doctor Units and introduction of water conservation techniques among tobacco farmers. Furthermore, the Company provided interest free crop input credit to support its contracted farmers with the aim of reducing their cost of production.

The Company remains committed to drive shareholder value by strengthening its business operations and delivering the best product to its consumers, with continued focus on enhancing operational efficiencies and effectiveness in the market.



Syed Javed Iqbal

MD & Chief Executive Officer

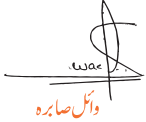


Wael Sabra

Chief Financial Officer & Director

سال 2019 کی پہلی سہ ماہی میں کمپنی نے کارپوریٹ سماجی ذمہ داری کے ایجنڈے پر عمل درآمد جاری رکھا جس میں بے شمار اقدامات بشمول مایہ ناز شجرکاری پروگرام، گشتی ڈاکٹر یونٹ اور تمباکو کے کسانوں میں پانی کی پخت کی ترکیب کو متعارف کرنے جیسے اقدامات شامل ہیں مزید برآں کمپنی نے اپنے سے وابستہ کسانوں کی پیداواری لاگت کو کم کرنے کے لئے انکو بلا سود زرعی قرضے بھی فراہم کیے۔

کمپنی اپنے کاروباری حوال کو مضبوط بنا کر اور اپنے صارفین کو اعلیٰ پیداوار دے کر مارکیٹ میں ادارہ جاتی صلاحیتوں میں پُر اثر اضافے کو یقینی بنا کر اپنے تمام تر حصہ داروں کی قدر کو بڑھانے کیلئے پُر عزم ہے۔



واقل صابرہ

چیف فنانشیل آفیسر / ڈائریکٹر



سید جاوید اقبال

ایم ڈی / چیف ایگزیکٹو آفیسر

کمپنی کے ڈائریکٹر جنرل پہلی سہ ماہی 2019 کی کارکردگی پیش کرتے ہیں۔

سال 2019 کی پہلی سہ ماہی میں قانونی تمباکو کی صنعت کو ایک بڑے غیر ڈیوٹی ادا شدہ طبقے کی طرف سے مشکلات کا سامنا کرنا پڑا جو کہ اس وقت کل تمباکو مارکیٹ کے 32.6% (فروری 2019-ریٹیل آؤٹ) پر مشتمل ہے تمباکو کی صنعت کو سال 2018 میں دوسرے ایکسائز شرح کے اضافے کا سامنا کرنا پڑا جس کی بدولت قانونی طبقے کے برائڈز کو پورے پورٹ فولیو پر قیمتوں میں اضافہ کرنا پڑا جسکی بدولت غیر ڈیوٹی ادا شدہ سگریٹ کے ساتھ قیمتوں کے تفاوت میں مزید اضافہ ہوا۔ مزید برآں غیر ڈیوٹی ادا شدہ طبقہ کھل عام تمباکو کے اشتہاری اور ترویج ضوابط کا رکی خلاف ورزی کرتا رہا جس نے نامور مسابقتی میدان پیدا کیا اور کھوتی تمباکو کنٹرول اقدامات کے موثر ہونے پر سمجھوتے کی فضا پیدا کی۔ اس لیے متعلقہ اداروں کے لیے ضروری ہے کہ ایک متوازن مالیاتی ایجنڈا پر عمل کیا جائے اور قوانین کے عملی اقدامات پر صحیح معنوں میں عمل درآمد کو یقینی بنایا جائے۔

ایک بڑے غیر ڈیوٹی ادا شدہ طبقے کا سامنا کرنے کے باوجود پاکستان نو بیوکیمپنی قومی خزانے میں تمباکو کی صنعت میں سے سب سے بڑی حصہ دار ہے جو کہ اس صنعت کے کل واجبات کا تقریباً 80% ادا کرتی ہے۔ سال 2019 کی پہلی سہ ماہی میں کمپنی کل 23.55 ارب روپے فیڈرل ایکسائز ڈیوٹی اور سٹیٹ ٹیکس کی مدد میں ٹیکس آمدنی کے طور پر ادا کیے جو کہ سال 2018 کی پہلی سہ ماہی کے مقابلے میں 27.6% زائد ہے۔

پہلی سہ ماہی میں پاکستان نو بیوکیمپنی کے فروخت کے حجم میں پہلی سہ ماہی 2018 کے مقابلے میں 5% کی کمی واقع ہوئی جو کہ ستمبر 2018 میں جارحانہ ایکسائز اضافے کی بدولت قیمتوں کے اضافے کے منفی اثرات کو ظاہر کرتی ہے۔ مشکلات کے باوجود کمپنی نے اپنے تمام برائڈز کی وقعت کو بڑھانے اور ایک مطلوبہ اور منفرد پورٹ فولیو کے بنانے کے لیے سرمایہ کاری کو جاری رکھا۔

پہلی سہ ماہی میں مخصوص مارکیٹنگ سرگرمیاں کی ٹیکنیکس جس میں جان پلیر گولڈ لیف کی وقعت مہم، جان پلیر کی وسیع پھیلاؤ مہم اور گولڈ فلیک کی بیسٹ میں بہتری جیسی سرگرمیاں شامل ہیں۔

کمپنی کے خاص مالیاتی اعشاریہ اختتام 31 مارچ 2019 درج ذیل ہیں۔

روپے (ملین)		
جنوری سے مارچ، 2019	جنوری سے مارچ، 2018	
35,988	31,816	کل وصولیات (Gross Turnover)
23,553	18,450	فیڈرل ایکسائز ڈیوٹی اور سٹیٹ ٹیکس (FED & Sales Tax)
12,435	13,366	خالص وصولیات (Net Turnover)
6,702	6,335	لاگت برائے فروخت (Cost of Sales)
5,732	7,031	کل منافع (Gross Profit)
3,680	5,060	کاروباری منافع (Operating Profit)
3,867	5,208	قبل از ٹیکس منافع (Profit Before Tax – PBT)
2,792	3,650	بعد از ٹیکس منافع (Profit After Tax – PAT)
10.93	14.29	آمدنی فی شخص (روپے) (Earnings Per Share – EPS (Rs)

کل وصولیات پہلے سال کے اسی عرصے کے مقابلے میں 13% زائد رہیں جسکی بنیادی وجہ ستمبر 2018 میں ایکسائز ڈیوٹی کی وجہ سے قیمتوں میں ہونے والا اضافہ ہے۔ لاگت برائے فروخت میں اضافہ بنیادی طور پر روپے کی تیزی سے گرتی ہوئی قدر کی بدولت ہوا۔ جس سے درآمدی ڈیوٹیز میں بھی اضافہ ہوا۔ سال 2019 میں بھی روپے کی قدر میں مزید کمی اور اضافی افراط زر کے تخمینہ جات کی وجہ سے سٹچ لاگت دباؤ میں رہے گی۔ اس منفی اثر کو دور کرنے کے لیے کمپنی اپنے تمام ادارہ جات میں محتاط لاگت کے اقدامات پر عمل کرتے ہوئے بے شمار لاگت بچاؤ اقدامات پر توجہ دے رہی ہے۔ مزید ادارہ جاتی صلاحیتوں اور ٹیکنیز میں اضافی صلاحیتوں کے معیارات کو حاصل کر کے ان اقدامات کو مزید تقویت ملتی ہے۔

Condensed Interim Statement of Profit or Loss (Unaudited)

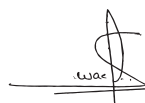
for the three months period ended March 31, 2019

	Note	Jan - March 2019	Rs '000 Jan - March 2018
Gross turnover		35,987,837	31,816,098
Excise duties		(18,124,962)	(13,594,472)
Sales tax		(5,428,197)	(4,855,733)
Net turnover		12,434,678	13,365,893
Cost of sales	6	(6,702,280)	(6,335,370)
Gross profit		5,732,398	7,030,523
Selling and distribution costs		(1,048,506)	(876,761)
Administrative expenses		(698,060)	(646,172)
Other operating expenses	7	(336,461)	(472,007)
Other income	8	30,147	24,376
		(2,052,880)	(1,970,564)
Operating profit		3,679,518	5,059,959
Finance income	9	210,281	156,150
Finance cost		(22,387)	(7,765)
Net finance income		187,894	148,385
Profit before income tax		3,867,412	5,208,344
Income tax expens - current	10	(1,076,275)	(1,567,433)
- deferred		1,094	9,216
		(1,075,181)	(1,558,217)
Profit for the period		2,792,231	3,650,127
Earnings per share - basic and diluted (Rupees)		10.93	14.29

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



Syed Javed Iqbal
Chief Executive Officer



Wael Sabra
Chief Financial Officer / Director

Condensed Interim Statement of Comprehensive Income (Unaudited)

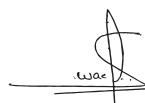
for the three months period ended March 31, 2019

	Jan - March 2019	Rs '000 Jan - March 2018
Profit for the three months	2,792,231	3,650,127
Other comprehensive income for the three months	-	-
Total comprehensive income for the three months	2,792,231	3,650,127

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



Syed Javed Iqbal
Chief Executive Officer



Wael Sabra
Chief Financial Officer / Director

Condensed Interim Statements of Financial Position (Unaudited)

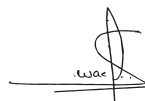
as at March 31, 2019

	Note	March 31, 2019 (Unaudited)	Rs '000 December 31, 2018 (Audited)
Non current assets			
Property, plant and equipment	11	11,334,646	9,130,827
Advance for capital expenditure		296,214	959,439
Long term investment in subsidiary company	12	5,000	5,000
Long term deposits and prepayments		28,480	32,112
		11,664,340	10,127,378
Current assets			
Stock-in-trade		17,680,417	18,489,390
Stores and spares		724,641	634,029
Trade debts		1,769	1,553
Loans and advances	13	476,644	97,960
Short term prepayments		50,183	249,935
Other receivables	14	2,066,309	1,859,684
Short term investment		6,155,149	8,699,508
Cash and bank balances	15	1,243,446	293,165
		28,398,558	30,325,224
Current liabilities			
Trade and other payables	16	15,038,934	18,621,368
Other liabilities		1,684,095	2,298,698
Finance lease obligation	17	139,602	148,245
Short term running finance	18	-	75,542
Unpaid dividend		47,877	200,188
Unclaimed dividend		80,787	81,268
Accrued interest / mark-up		4,711	5,331
Current income tax liability		391,031	382,417
		17,387,037	21,813,057
Net current assets		11,011,521	8,512,167
Non current liabilities			
Finance lease obligation	17	(1,530,024)	(284,845)
Deferred income tax liability		(587,982)	(589,076)
		(2,118,006)	(873,921)
Net assets		20,557,855	17,765,624
Share capital and reserves			
Authorised share capital			
300,000,000 ordinary shares of Rs 10 each	19	3,000,000	3,000,000
Issued, subscribed and paid-up capital			
255,493,792 ordinary shares of Rs 10 each		2,554,938	2,554,938
Revenue reserves		18,002,917	15,210,686
Shareholders' equity		20,557,855	17,765,624
Contingencies and commitments	20		

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



Syed Javed Iqbal
Chief Executive Officer



Wael Sabra
Chief Financial Officer / Director

Condensed Interim Statement of Changes in Equity (Unaudited)

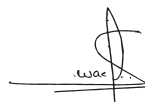
as at March 31, 2019

	Share capital	Revenue reserves	Rs '000 Total
Balance at January 1, 2018	2,554,938	14,356,260	16,911,198
Total comprehensive income for the three months	-	3,650,127	3,650,127
Balance at March 31, 2018	2,554,938	18,006,387	20,561,325
Balance at April 1, 2018	2,554,938	18,006,387	20,561,325
Total comprehensive income for the nine months	-	6,657,569	6,657,569
Final dividend of Rs 20.00 per share relating to the year ended December 31, 2017	-	(5,109,876)	(5,109,876)
Interim dividend of Rs 7.00 per share relating to the year ended December 31, 2018	-	(1,788,456)	(1,788,456)
Interim dividend of Rs 10.00 per share relating to the year ended December 31, 2018	-	(2,554,938)	(2,554,938)
Balance at December 31, 2018	2,554,938	15,210,686	17,765,624
Balance at January 1, 2019	2,554,938	15,210,686	17,765,624
Total comprehensive income for the three months	-	2,792,231	2,792,231
Balance at March 31, 2019	2,554,938	18,002,917	20,557,855

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



Syed Javed Iqbal
Chief Executive Officer



Wael Sabra
Chief Financial Officer / Director

Condensed Interim Statement of Cash Flows (Unaudited)

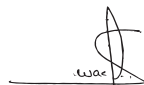
for the three months period ended March 31, 2019

	Note	March 31, 2019	Rs '000 March 31, 2018
Cash flows from operating activities			
Cash generated from operations		(73,899)	5,731,760
Income tax paid		(1,067,661)	(848,313)
Finance cost paid		(23,007)	(8,008)
Contribution to retirement benefit funds		(27,385)	74,322
Net cash generated from operating activities		(1,191,952)	4,949,761
Cash flows from investing activities			
Purchases of property, plant and equipment		(337,620)	(139,769)
Proceeds from sale of property, plant and equipment		58,576	53,743
Interest received		210,281	156,150
Net cash used in investing activities		(68,763)	70,124
Cash flows from financing activities			
Dividends paid		(152,792)	(12,447)
Finance lease payments		(105,029)	(46,469)
Net cash used in financing activities		(257,821)	(58,916)
Net increase in cash and cash equivalents		(1,518,536)	4,960,969
Cash and cash equivalents at January 1		8,917,131	7,153,970
Cash and cash equivalents at March 31		7,398,595	12,114,939
Cash and cash equivalents comprise:			
Cash and bank balances	15	1,243,446	920,727
Short term investment		6,155,149	11,194,212
		7,398,595	12,114,939

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



Syed Javed Iqbal
Chief Executive Officer



Wael Sabra
Chief Financial Officer / Director

Selected notes to the Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2019

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.

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, 2018 ('last annual financial statements'). These interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

Comparative figures of condensed interim statement of financial position are extracted from the annual financial statements as of December 31, 2018 whereas comparative figures of condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un-audited condensed interim financial statements of the Company for the three months period ended March 31, 2018. Due to a change in the financial reporting framework consequent to the applicability of the Companies Act, 2017, certain changes in presentation and disclosures have been made in the comparative figures, however, there was no change in the reported amounts of profit or loss or the amounts presented in the statement of financial position.

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

4. Use of judgements and estimates

In preparing these 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.

Selected notes to the Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2019

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 categorized 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, 2018 except for the following.

- The Company has adopted IFRS 16 'Leases' effective for annual period beginning 1 January 2019. IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'

	Jan - March 2019	Rs 000 Jan - March 2018
6. Cost of sales		
Raw materials consumed		
Opening stock of raw materials and work in process	16,944,127	13,137,236
Raw material purchases and expenses	4,579,899	4,339,348
Closing stock of raw materials and work in process	(14,752,207)	(12,050,893)
	6,771,819	5,425,691
Excise duty, Customs duty and tobacco development cess	402,119	370,392
Royalty	105,188	128,944
Production overheads	802,947	848,383
Cost of goods manufactured	8,082,073	6,773,410
Cost of finished goods:		
Opening stock	1,548,417	1,336,318
Closing stock	(2,928,210)	(1,774,358)
	(1,379,793)	(438,040)
	6,702,280	6,335,370
7. Other operating expenses		
Workers' Profit Participation Fund	207,702	279,735
Workers' Welfare Fund	78,927	106,619
Bank charges and fees	11,387	7,845
Foreign exchange loss	38,445	77,808
	336,461	472,007

Selected notes to the Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2019

	Jan - March 2019	Rs 000 Jan - March 2018
8. Other income		
Income from services to associated companies:		
-BAT Bangladesh Co. Ltd.	-	3,928
-Internal liabilities written back	-	11,478
Gain on disposal of property, plant and equipment	29,822	8,625
Others	325	345
	30,147	24,376

9. Finance income

This includes profit from placement with banks in saving account and treasury bills earned under interest arrangement. The interest rates range between 4.65% and 10.29% (three months ended March 31, 2018 : 3.75% and 6.00%) per annum and is received on maturity.

10. Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The applicable income tax rate for the period is 28%.

	March 31, 2019 (Unaudited)	Rs 000 December 31, 2018 (Audited)
11. Property, plant and equipment		
Operating fixed assets - note 11.1	9,671,714	8,170,276
Capital work in progress -note 11.2	1,662,932	960,551
	11,334,646	9,130,827
11.1 Operating fixed assets		
Carrying amount at January 01	8,170,276	8,171,245
Additions during the three months / year		
Owned Assets		
Plant and machinery	259,022	708,020
Office and household equipment	38,312	71,361
Furniture and fittings	1,132	35,337
Right to use assets	1,504,435	-
Leased Assets		
Vehicles	48,111	259,320
	1,851,012	1,074,038
Disposals during the three months / year (net book value):		
Building	-	(4,285)
Plant and machinery	-	(29,735)
Vehicles	(28,733)	(98,783)
Office and household equipment	(22)	(440)
Furniture and fittings	-	(40)
	(28,755)	(133,283)
Depreciation / impairment charge for the three months / year	(320,819)	(941,724)
Net book amount	9,671,714	8,170,276

Selected notes to the Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2019

- 11.1.1** During the three months ended March 31, 2019, the Company acquired assets, including transfers from capital work in progress, with a cost of Rs 1,851,012 thousand (three months ended March 31, 2018: Rs 59,907 thousand). Operating fixed assets having net book value of Rs 28,755 thousand were disposed off during three months ended March 31, 2019 (three months ended March 31, 2018: Rs. 45,118 thousand). Depreciation charge for three months ended March 31, 2019 was Rs. 320,819 thousand (three months ended March 31, 2018: Rs. 204,512 thousand).

	Jan - March 2019 (Unaudited)	Rs 000 Jan - March 2018 (Audited)
11.2 Capital work in progress		
Carrying amount as at the beginning of the period	960,551	168,450
Additions during the three months/year	986,933	962,382
	1,947,484	1,130,832
Transferred to operating fixed assets	(284,552)	(170,281)
Carrying amount as at end of the period	1,662,932	960,551

12. Long term investment in subsidiary company

This represents 500,001 (2018: 500,001) fully paid ordinary shares of Rs 10 each in Phoenix (Private) Limited. The break up value of shares calculated by reference to net assets worked out to be Rs 10 per share based on audited financial statements for the year ended December 31, 2018. This is a wholly owned subsidiary of the Company which has not yet commenced commercial production.

13. Loans and advances

These include non interest bearing advances to employees of Rs 45,610 thousand (December 31, 2018 : Rs 37,228 thousand)

14. Other receivables

These include following balances due from related parties:

	March 31, 2019 (Unaudited)	Rs 000 December 31, 2018 (Audited)
Holding company / associated companies	67,588	169,006
Subsidiary company	20,021	20,021
Employees' retirement benefit plans	818,167	790,782
15. Cash and bank balances		
Cash at banks		
-Deposit accounts	8,863	8,863
-Current accounts - note 15.1	1,231,980	279,297
	1,240,843	288,160
Cash in hand	2,603	5,005
	1,243,446	293,165

- 15.1** These include balances of Rs 127,187 thousand (December 31, 2018 : Rs 122,175 thousand) held in foreign currency accounts.

Selected notes to the Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2019

	Jan - March 2019 (Unaudited)	Rs 000 Jan - March 2018 (Audited)
16. Trade and other payables		
These include following balances due to related parties:		
Holding company / associated companies	1,863,966	2,108,134
Employees' retirement benefit plans	210,278	210,402

17. Finance lease obligation

This represents finance lease agreements entered into with a leasing company for vehicles. Total lease rentals due under various lease agreements aggregate to Rs 422,053 thousand - short term Rs 139,602 thousand and long term Rs 282,451 thousand (December 31, 2018: Rs 433,090 thousand - short term Rs 148,245 thousand and long term Rs 284,845 thousand) and are payable in equal monthly instalments latest by December 2023. Taxes, repairs, replacement and insurance costs are to be borne by the Company. Financing rates of 11.44% to 12.35% (December 31, 2018: 7.85% to 13.14%) per annum have been used as discounting factor.

Long term Finance Lease liability additionally includes obligation of Rs 1,247,573 thousand (December 31, 2018: Rs Nil) on account of change in accounting policy IFRS16. As per IFRS16 all rental facilities of the company have been reclassified from operating leases to finance leased assets.

18. Short term running finance secured

Short term finance facilities available under mark-up arrangements with banks amount to Rs 6,500 million (2018: Rs 6,500 million), out of which the amount unavailed at the period end was Rs 6,500 million (2018: Rs 6,424 million). These facilities are secured by hypothecation of stock-in-trade. The mark-up ranges between 10.52% and 10.89% (2018: 6.40% and 10.50%) per annum and is payable quarterly. The facilities are renewable on annual basis.

19. Share capital

Authorised share capital of the Company is Rs 3,000,000 thousand (December 31, 2018 : 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, 2018 : Rs 2,554,938 thousand) divided into 255,493,792 ordinary shares of Rs 10 each.

	March 31, 2019	Rs 000 December 31, 2018
20. Contingencies and commitments		
20.1 Contingencies		
Claims and guarantees		
(i) Claims against the Company not acknowledged as debt	75,706	75,706
(ii) Guarantees issued by banks on behalf of the Company	333,612	323,587
20.2 Commitments		
(i) Capital expenditure commitments outstanding	612,093	-
(ii) Letters of credit outstanding	445,707	227,427

Notes to the Condensed Interim Financial Statements (Unaudited) for the three months period ended March 31, 2019

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.

	Note	March 31, 2019 (Unaudited)			December 31, 2018 (Audited)		
		Loans and receivables	Other financial liabilities	Total	Loans and receivables	Other financial liabilities	Total
		Rs '000			Rs '000		
Financial assets measured at fair value							
Financial assets not measured at fair value							
Deposits		-	-	-	-	-	-
Trade debts		28,480	-	28,480	28,480	-	28,480
Other receivables	14	1,769	-	1,769	1,553	-	1,553
Short-term investment		2,066,309	-	2,066,309	1,859,684	-	1,859,684
Cash and bank balances	15	6,155,149	-	6,155,149	8,699,508	-	8,699,508
		1,243,446	-	1,243,446	293,165	-	293,165
		9,495,153	-	9,495,153	10,882,390	-	10,882,390
Financial liabilities measured at fair value							
Financial liabilities not measured at fair value							
Trade and other payables	16	-	(9,664,096)	(9,664,096)	-	(11,851,120)	(11,851,120)
Finance lease obligation	17	-	(1,669,626)	(1,669,626)	-	(433,090)	(433,090)
Short-term running finance	18	-	-	-	-	(75,542)	(75,542)
Accrued interest / mark-up		-	(4,711)	(4,711)	-	(5,331)	(5,331)
		-	(11,338,433)	(11,338,433)	-	(12,365,083)	(12,365,083)

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

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, 2018.

Selected notes to the Condensed Interim Financial Statements (Unaudited)

for the three months period ended March 31, 2019

22. Transactions with related parties

	March 31, 2019	Rs 000 March 31, 2018
Purchase of goods and services		
Holding company	198,088	235,227
Associated companies	147,042	359,760
Sale of goods and services		
Holding company	675	-
Associated companies	113,119	118,177
Royalty charge		
Holding company	105,188	128,944
Contribution to retirement benefit plans by the Company		
Defined contribution pension fund	26,252	21,009
Employee gratuity fund	23,837	21,947
Management provident fund	18,519	17,468
Employee provident fund	4,147	3,965
Remuneration of key management personnel	147,351	143,164

23. Corresponding figures

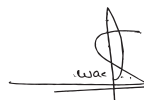
Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions.

24. Date of authorisation

This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on April 22, 2019.



Syed Javed Iqbal
Chief Executive Officer



Wael Sabra
Chief Financial Officer / Director

Consolidated Condensed Interim Statement of Profit or Loss (Unaudited)

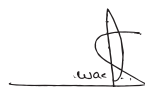
for the three months period ended March 31, 2019

	Note	Jan - March 2019	Rs '000 Jan - March 2018
Gross turnover		35,987,837	31,816,098
Excise duties		(18,124,962)	(13,594,472)
Sales tax		(5,428,197)	(4,855,733)
Net turnover		12,434,678	13,365,893
Cost of sales	6	(6,702,280)	(6,335,370)
Gross profit		5,732,398	7,030,523
Selling and distribution costs		(1,048,506)	(876,761)
Administrative expenses		(698,060)	(646,172)
Other operating expenses	7	(336,461)	(472,007)
Other income	8	30,147	24,376
		(2,052,880)	(1,970,564)
Operating profit		3,679,518	5,059,959
Finance income	9	210,281	156,150
Finance cost		(22,387)	(7,765)
Net finance income		187,894	148,385
Profit before income tax		3,867,412	5,208,344
Income tax expens - current	10	(1,076,275)	(1,567,433)
- deferred		1,094	9,216
		(1,075,181)	(1,558,217)
Profit for the period		2,792,231	3,650,127
Earnings per share - basic and diluted (Rupees)		10.93	14.29

The annexed notes 1 to 23 are an integral part of these consolidated condensed interim financial statements.



Syed Javed Iqbal
Chief Executive Officer



Wael Sabra
Chief Financial Officer / Director

Consolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

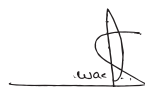
for the three months period ended March 31, 2019

	Jan - March 2019	Rs '000 Jan - March 2018
Profit for the three months	2,792,231	3,650,127
Other comprehensive income for the three months	-	-
Total comprehensive income for the three months	2,792,231	3,650,127

The annexed notes 1 to 23 are an integral part of these consolidated condensed interim financial statements.



Syed Javed Iqbal
Chief Executive Officer



Wael Sabra
Chief Financial Officer / Director

Consolidated Condensed Interim Statements of Financial Position (Unaudited)

as at March 31, 2019


	Note	March 31, 2019 (Unaudited)	Rs '000 December 31, 2018 (Audited)
Non current assets			
Property, plant and equipment	11	11,359,694	9,155,875
Advance for capital expenditure		296,214	959,439
Long term deposits and prepayments		28,480	32,112
		11,684,388	10,147,426
Current assets			
Stock-in-trade		17,680,417	18,489,390
Stores and spares		724,641	634,029
Trade debts		1,769	1,553
Loans and advances	12	476,644	97,960
Short term prepayments		50,183	249,935
Other receivables	13	2,046,149	1,839,663
Short term investment		6,155,149	8,699,508
Cash and bank balances	14	1,243,446	293,165
		28,378,537	30,305,203
Current liabilities			
Trade and other payables	15	15,038,961	18,621,395
Other liabilities		1,684,095	2,298,698
Finance lease obligation	16	139,602	148,245
Short term running finance	17	-	75,542
Unpaid dividend		47,877	200,188
Unclaimed dividend		80,787	81,268
Accrued interest / mark-up		4,711	5,331
Current income tax liability		391,031	382,417
		17,387,064	21,813,084
Net current assets		10,991,473	8,492,119
Non current liabilities			
Finance lease obligation	16	(1,530,024)	(284,845)
Deferred income tax liability		(587,982)	(589,076)
		(2,118,006)	(873,921)
Net assets		20,557,855	17,765,624
Share capital and reserves			
Authorised share capital			
300,000,000 ordinary shares of Rs 10 each	18	3,000,000	3,000,000
Issued, subscribed and paid-up capital			
255,493,792 ordinary shares of Rs 10 each		2,554,938	2,554,938
Revenue reserves		18,002,917	15,210,686
Shareholders' equity		20,557,855	17,765,624

Contingencies and commitments 19

The annexed notes 1 to 23 are an integral part of these consolidated condensed interim financial statements.



Syed Javed Iqbal
Chief Executive Officer



Wael Sabra
Chief Financial Officer / Director

Consolidated Condensed Interim Statement of Changes in Equity (Unaudited)

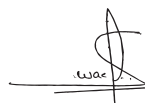
as at March 31, 2019

	Share capital	Revenue reserves	Rs '000 Total
Balance at January 1, 2018	2,554,938	14,356,260	16,911,198
Total comprehensive income for the three months	-	3,650,127	3,650,127
Balance at March 31, 2018	2,554,938	18,006,387	20,561,325
Balance at April 1, 2018	2,554,938	18,006,387	20,561,325
Total comprehensive income for the nine months	-	6,657,569	6,657,569
Final dividend of Rs 20.00 per share relating to the year ended December 31, 2017	-	(5,109,876)	(5,109,876)
Interim dividend of Rs 7.00 per share relating to the year ended December 31, 2018	-	(1,788,456)	(1,788,456)
Interim dividend of Rs 10.00 per share relating to the year ended December 31, 2018	-	(2,554,938)	(2,554,938)
Balance at December 31, 2018	2,554,938	15,210,686	17,765,624
Balance at January 1, 2019	2,554,938	15,210,686	17,765,624
Total comprehensive income for the three months	-	2,792,231	2,792,231
Balance at March 31, 2019	2,554,938	18,002,917	20,557,855

The annexed notes 1 to 23 are an integral part of these consolidated condensed interim financial statements.



Syed Javed Iqbal
Chief Executive Officer



Wael Sabra
Chief Financial Officer / Director

Consolidated Condensed Interim Statement of Cash Flows (Unaudited)

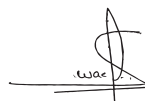
for the three months period ended March 31, 2019

	Note	March 31, 2019	Rs '000 March 31, 2018
Cash flows from operating activities			
Cash generated from operations		(73,899)	5,731,760
Income tax paid		(1,067,661)	(848,313)
Finance cost paid		(23,007)	(8,008)
Contribution to retirement benefit funds		(27,385)	74,322
Net cash generated from operating activities		(1,191,952)	4,949,761
Cash flows from investing activities			
Purchases of property, plant and equipment		(337,620)	(139,769)
Proceeds from sale of property, plant and equipment		58,576	53,743
Interest received		210,281	156,150
Net cash used in investing activities		(68,763)	70,124
Cash flows from financing activities			
Dividends paid		(152,792)	(12,447)
Finance lease payments		(105,029)	(46,469)
Net cash used in financing activities		(257,821)	(58,916)
Net increase in cash and cash equivalents		(1,518,536)	4,960,969
Cash and cash equivalents at January 1		8,917,131	7,153,970
Cash and cash equivalents at March 31		7,398,595	12,114,939
Cash and cash equivalents comprise:			
Cash and bank balances	15	1,243,446	920,727
Short term investment		6,155,149	11,194,212
		7,398,595	12,114,939

The annexed notes 1 to 23 are an integral part of these consolidated condensed interim financial statements.



Syed Javed Iqbal
Chief Executive Officer



Wael Sabra
Chief Financial Officer / Director

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

for the three months period ended March 31, 2019

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.

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 Company's latest annual financial statements as at and for the year ended December 31, 2018 ('last annual financial statements'). These interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

Comparative figures of condensed interim statement of financial position are extracted from the annual financial statements as of December 31, 2018 whereas comparative figures of condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un-audited condensed interim financial statements of the Company for the three months period ended March 31, 2018. Due to a change in the financial reporting framework consequent to the applicability of the Companies Act, 2017, certain changes in presentation and disclosures have been made in the comparative figures, however, there was no change in the reported amounts of profit or loss or the amounts presented in the statement of financial position.

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

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

for the three months period ended March 31, 2019

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.

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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, 2018 except for the following.

- The Company has adopted IFRS 16 'Leases' effective for annual period beginning 1 January 2019. IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'

	Jan - March 2019	Rs 000 Jan -March 2018
6. Cost of sales		
Raw materials consumed		
Opening stock of raw materials and work in process	16,944,127	13,137,236
Raw material purchases and expenses	4,579,899	4,339,348
Closing stock of raw materials and work in process	(14,752,207)	(12,050,893)
	6,771,819	5,425,691
Excise duty, Customs duty and tobacco development cess	402,119	370,392
Royalty	105,188	128,944
Production overheads	802,947	848,383
Cost of goods manufactured	8,082,073	6,773,410
Cost of finished goods:		
Opening stock	1,548,417	1,336,318
Closing stock	(2,928,210)	(1,774,358)
	(1,379,793)	(438,040)
	6,702,280	6,335,370

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

for the three months period ended March 31, 2019

	Jan - March 2019	Rs 000 Jan - March 2018
7. Other operating expenses		
Workers' Profit Participation Fund	207,702	279,735
Workers' Welfare Fund	78,927	106,619
Bank charges and fees	11,387	7,845
Foreign exchange loss	38,445	77,808
	336,461	472,007
8. Other income		
Income from services to associated companies:		
-BAT Bangladesh Co. Ltd.	-	3,928
-Internal liabilities written back	-	11,478
Gain on disposal of property, plant and equipment	29,822	8,625
Others	325	345
	30,147	24,376

9. Finance income

This includes profit from placement with banks in saving account and treasury bills earned under interest arrangement. The interest rates range between 4.65% and 10.29% (three months ended March 31, 2018 : 3.75% and 6.00%) per annum and is received on maturity.

10. Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The applicable income tax rate for the period is 28%.

	March 31, 2019 (Unaudited)	Rs 000 December 31, 2018 (Audited)
11. Property, plant and equipment		
Operating fixed assets - note 11.1	9,675,078	8,173,640
Capital work in progress -note 11.2	1,684,616	982,235
	11,359,694	9,155,875
11.1 Operating fixed assets		
Carrying amount at January 01	8,173,640	8,174,609
Additions during the three months / year		
Owned Assets		
Plant and machinery	259,022	708,020
Office and household equipment	38,312	71,361
Furniture and fittings	1,132	35,337
Right to use assets	1,504,435	-
Leased Assets		
Vehicles	48,111	259,320
	1,851,012	1,074,038
Disposals during the three months / year (net book value):		
Building	-	(4,285)
Plant and machinery	-	(29,735)
Vehicles	(28,733)	(98,783)
Office and household equipment	(22)	(440)
Furniture and fittings	-	(40)
	(28,755)	(133,283)
Depreciation / impairment charge for the three months / year	(320,819)	(941,724)
Net book amount	9,675,078	8,173,640

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

for the three months period ended March 31, 2019

11.1.1 During the three months ended March 31, 2019, the Company acquired assets, including transfers from capital work in progress, with a cost of Rs 1,851,012 thousand (three months ended March 31, 2018: Rs 59,907 thousand). Operating fixed assets having net book value of Rs 28,755 thousand were disposed off during three months ended March 31, 2019 (three months ended March 31, 2018: Rs. 45,118 thousand). Depreciation charge for three months ended March 31, 2019 was Rs. 320,819 thousand (three months ended March 31, 2018: Rs. 204,512 thousand).

	Jan - March 2019 (Unaudited)	Rs 000 Jan - March 2018 (Audited)
11.2 Capital work in progress		
Carrying amount as at the beginning of the period	982,235	190,134
Additions during the three months/year	986,933	962,382
	1,969,168	1,152,516
Transferred to operating fixed assets	(284,552)	(170,281)
Carrying amount as at end of the period	1,684,616	982,235

12. Loans and advances

These include non interest bearing advances to employees of Rs 45,610 thousand (December 31, 2018 : Rs 37,228 thousand)

13. Other receivables

These include following balances due from related parties:

	March 31, 2019 (Unaudited)	Rs 000 December 31, 2018 (Audited)
Holding company / associated companies	67,588	169,006
Employees' retirement benefit plans	818,167	790,782
14. Cash and bank balances		
Cash at banks		
-Deposit accounts	8,863	8,863
-Current accounts - note 14.1	1,231,980	279,297
	1,240,843	288,160
Cash in hand	2,603	5,005
	1,243,446	293,165

14.1 These include balances of Rs 127,187 thousand (December 31, 2018 : Rs 122,175 thousand) held in foreign currency accounts.

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

for the three months period ended March 31, 2019

	Jan - March 2019 (Unaudited)	Rs 000 Jan - March 2018 (Audited)
15. Trade and other payables		
These include following balances due to related parties:		
Holding company / associated companies	1,863,966	2,108,134
Employees' retirement benefit plans	210,278	210,402

16. Finance lease obligation

This represents finance lease agreements entered into with a leasing company for vehicles. Total lease rentals due under various lease agreements aggregate to Rs 422,053 thousand - short term Rs 139,602 thousand and long term Rs 282,451 thousand (December 31, 2018: Rs 433,090 thousand - short term Rs 148,245 thousand and long term Rs 284,845 thousand) and are payable in equal monthly instalments latest by December 2023. Taxes, repairs, replacement and insurance costs are to be borne by the Company. Financing rates of 11.44% to 12.35% (December 31, 2018: 7.85% to 13.14%) per annum have been used as discounting factor.

Long term Finance Lease liability additionally includes obligation of Rs 1,247,573 thousand (December 31, 2018: Rs Nil) on account of change in accounting policy IFRS16. As per IFRS16 all rental facilities of the company have been reclassified from operating leases to finance leased assets.

17. Short term running finance secured

Short term finance facilities available under mark-up arrangements with banks amount to Rs 6,500 million (2018: Rs 6,500 million), out of which the amount unavailed at the period end was Rs 6,500 million (2018: Rs 6,424 million). These facilities are secured by hypothecation of stock-in-trade. The mark-up ranges between 10.52% and 10.89% (2018: 6.40% and 10.50%) per annum and is payable quarterly. The facilities are renewable on annual basis.

18. Share capital

Authorised share capital of the Company is Rs 3,000,000 thousand (December 31, 2018 : 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, 2018 : Rs 2,554,938 thousand) divided into 255,493,792 ordinary shares of Rs 10 each.

	March 31, 2019	Rs 000 December 31, 2018
19. Contingencies and commitments		
19.1 Contingencies		
Claims and guarantees		
(i) Claims against the Company not acknowledged as debt	75,706	75,706
(ii) Guarantees issued by banks on behalf of the Company	333,612	323,587
19.2 Commitments		
(i) Capital expenditure commitments outstanding	612,093	-
(ii) Letters of credit outstanding	445,707	227,427

Notes to the Consolidated Condensed Interim Financial Statements (Unaudited) for the three months period ended March 31, 2019

20. Financial instruments

20.1 Carrying amounts and fair values

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

	Note	March 31, 2019 (Unaudited)			December 31, 2018 (Audited)		
		Loans and receivables	Other financial liabilities	Total	Loans and receivables	Other financial liabilities	Total
		Rs '000			Rs '000		
Financial assets measured at fair value							
Financial assets not measured at fair value							
Deposits		-	-	-	-	-	
Trade debts		28,480	-	28,480	28,480	-	28,480
Other receivables		1,769	-	1,769	1,553	-	1,553
Short-term investment	13	2,046,288	-	2,046,288	1,839,663	-	1,839,663
Cash and bank balances	14	6,155,149	-	6,155,149	8,699,508	-	8,699,508
		1,243,446	-	1,243,446	293,165	-	293,165
		9,475,132	-	9,475,132	10,862,369	-	10,862,369
Financial liabilities measured at fair value							
Financial liabilities not measured at fair value							
Trade and other payables	15	-	(9,664,123)	(9,664,123)	-	(11,851,147)	(11,851,147)
Finance lease obligation	16	-	(1,669,626)	(1,669,626)	-	(433,090)	(433,090)
Short-term running finance	17	-	-	-	-	(75,542)	(75,542)
Accrued interest / mark-up		-	(4,711)	(4,711)	-	(5,331)	(5,331)
		-	(11,338,460)	(11,338,460)	-	(12,365,110)	(12,365,110)

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

20.2 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, 2018.

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

for the three months period ended March 31, 2019

21. Transactions with related parties

	March 31, 2019	Rs 000 March 31, 2018
Purchase of goods and services		
Holding company	198,088	235,227
Associated companies	147,042	359,760
Sale of goods and services		
Holding company	675	-
Associated companies	113,119	118,177
Royalty charge		
Holding company	105,188	128,944
Contribution to retirement benefit plans by the Company		
Defined contribution pension fund	26,252	21,009
Employee gratuity fund	23,837	21,947
Management provident fund	18,519	17,468
Employee provident fund	4,147	3,965
Remuneration of key management personnel	147,351	143,164

22. Corresponding figures


Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions.

23. Date of authorisation

This consolidated condensed interim financial information has been authorised for issue by the Board of Directors of the Group on April 22, 2019.



Syed Javed Iqbal
Chief Executive Officer



Wael Sabra
Chief Financial Officer / Director

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