



Corporate Information

Board of Directors

Mueen Afzal
Chairman and Non-Executive Director

Graeme Amey
Managing Director and CEO

Syed Javed Iqbal
Finance Director

Tajamal Shah
Legal Director

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

Syed Asif Shah
Non-Executive Director

Abid Niaz Hasan
Non-Executive Director

Brendan Brady
Non-Executive Director

Felicio Ferraz
Non-Executive Director

Audit Committee

Abid Niaz Hasan

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

Syed Asif Shah

Umar Mansoor (Secretary)

Company Secretary

Ayesha Rafique

Registered Office

Serena Business Complex
Khayaban-e-Suharwardy, P.O. Box 2549
Islamabad 44000
Telephone: +92 (0) 304 1112083,
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

Citibank N.A.
Deutsche Bank
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Ltd.

Auditors

A.F. Ferguson & Co.
Chartered Accountants
3rd Floor, PIA Building
49 Blue Area, P.O. Box 3021
Islamabad-44000
Telephone: +92 (051) 2273457-60
Fax: +92 (051) 2277924

Share Registrar

FAMCO Associates (Pvt.) Ltd.
8-F, Near Hotel Faran, Block 6,
P.E.C.H.S, Shahrah-e-Faisal
Karachi
Ph: +92 (021) 34380101-2

Directors' Review

The Directors present the performance of Pakistan Tobacco Company Limited (PTC) for the first half ended June 30, 2014.

Amidst unstable security environment, inflationary pressures & continued energy crisis, the cigarette industry has marginally grown while the share of legitimate players has declined. PTC has shown steady growth in volume and market share in H1 2014 vs SPLY mainly attributed to strong brand portfolio supported by effective marketing investments. Key marketing initiatives in H1'14 included limited edition pack for CbPMO and equity reinforcement campaign for Gold Flake Style. In June'14 PTC has taken portfolio wide price increase driven by excise rate change. Impact of price increase on volumes will be more prominent in the coming months.

Key financial indicators of PTC for H1 2014 are:

	Rs. (million)	
	Jan - Jun, 2014	Jan - Jun, 2013
Gross Turnover	58,475	46,967
Net Turnover	19,940	16,226
Cost Of Sales	12,843	10,722
Gross Profit	7,098	5,504
Operating Profit	4,097	3,031
Profit Before Tax – PBT	4,209	3,111
Profit After Tax – PAT	2,848	2,091
Earnings Per Share – EPS (Rs)	11.14	8.18

The growth in Gross Turnover vs. SPLY is driven by volume growth and excise led price increase taken during last year. Growth in H1 can be attributed to buying in lieu of Excise led price increase in June.

Cost of sales are 20% higher vs. SPLY mainly due to inflationary impact on raw material costs and higher volumes. Focus on productivity initiatives ensured that necessary measures are taken to deliver sustainable Gross Profit growth. Continuous focus on process efficiency and optimization has resulted in flow through of turnover growth to operating profit.


PTC continues to be a significant contributor to the National Exchequer with our contributions amounting to Rs.41.8 bn during H1'14 (up 31%vs. SPLY) in the form of excise duty, sales tax, customs duties and income tax. Sustainable growth in Government revenues is a challenge given the growth of illicit and tax evading sector.

Economic downturn and lower disposable income continue to encourage down trading to low value brands of duty evaded segment. Reinforcement by law enforcement authorities to curtail illicit volume would be beneficial for the Government revenue in the long run.

PTC remains committed to enhance shareholder value through continued productivity initiatives, upgrade of machinery footprint, cost base review and prudent investments behind our brands and people.



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance Director

Auditor's Report to the Members on Review of Interim Financial Information

Introduction

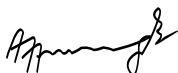
We have reviewed the accompanying condensed interim balance sheet of Pakistan Tobacco Company Limited as at June 30, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the interim financial information for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for quarters ended June 30, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year then ended June 30, 2014.

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 information 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 information as of and for the half year then ended June 30, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



Chartered Accountants
Islamabad:

Engagement partner: S. Haider Abbas

Condensed Interim Profit and Loss Account (Unaudited)

for the half year ended June 30, 2014

	Note	Quarter ended		Half year ended	
		June 30, 2014 Rs '000	June 30, 2013 Rs '000	June 30, 2014 Rs '000	June 30, 2013 Rs '000
Gross turnover		31,591,939	24,543,341	58,475,049	46,966,933
Excise duties		(16,082,906)	(12,556,036)	(29,725,849)	(24,027,042)
Sales tax		(4,758,850)	(3,507,948)	(8,809,012)	(6,714,227)
Net turnover		10,750,183	8,479,357	19,940,188	16,225,664
Cost of sales	4	(6,797,931)	(5,694,552)	(12,842,599)	(10,721,520)
Gross profit		3,952,252	2,784,805	7,097,589	5,504,144
Selling and distribution expenses		(801,759)	(976,954)	(1,487,673)	(1,574,447)
Administrative expenses		(320,276)	(418,033)	(769,067)	(749,755)
Other operating expenses	5	(695,705)	(118,212)	(846,151)	(254,749)
Other operating income		64,930	84,629	101,819	105,614
		(1,752,810)	(1,428,570)	(3,001,072)	(2,473,337)
Operating profit		2,199,442	1,356,235	4,096,517	3,030,807
Finance income		140,029	91,294	157,562	104,449
Finance cost		(13,578)	(8,996)	(44,598)	(23,812)
Net finance income		126,451	82,298	112,964	80,637
Profit before income tax		2,325,893	1,438,533	4,209,481	3,111,444
Income tax expense - current		(761,479)	(478,543)	(1,404,761)	(1,092,762)
- deferred		39,723	43,237	42,867	72,183
		(721,756)	(435,306)	(1,361,894)	(1,020,579)
Profit for the period		1,604,137	1,003,227	2,847,587	2,090,865
Earnings per share - basic and diluted (Rupees)		6.28	3.93	11.14	8.18

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance Director

Condensed Interim Statement of Comprehensive Income (Unaudited)

for the half year ended June 30, 2014

	Quarter ended		Half year ended	
	June 30, 2014 Rs '000	June 30, 2013 Rs '000	June 30, 2014 Rs '000	June 30, 2013 Rs '000
Profit for the half year	1,604,137	1,003,227	2,847,587	2,090,865
Other comprehensive income for the half year	-	-	-	-
Total comprehensive income for the half year	1,604,137	1,003,227	2,847,587	2,090,865

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance Director

Condensed Interim Balance Sheet


(Unaudited)

as at June 30, 2014

	Note	June 30, 2014 (Unaudited) Rs '000	December 31,2013 (Audited) Rs '000
Non current assets			
Property, plant and equipment	6	7,649,420	7,084,521
Long term investment in subsidiary company	7	5,000	5,000
Long term loans		44	75
Long term deposits and prepayments		33,551	21,478
		7,688,015	7,111,074
Current assets			
Stock-in-trade		5,220,765	9,166,367
Stores and spares		581,038	488,213
Trade debts		1,021	764
Loans and advances		75,633	89,579
Short term prepayments		123,574	78,889
Other receivables	8	597,995	435,055
Cash and bank balances		52,568	60,128
		6,652,594	10,318,995
Current liabilities			
Trade and other payables	9	4,090,606	7,724,746
Short term running finance	10	1,166,558	2,436,445
Finance lease obligation		89,367	92,559
Accrued interest / mark-up		6,484	27,048
Current income tax liability		1,016,393	429,901
		6,369,408	10,710,699
Net current assets/(liabilities)		283,186	(391,704)
Non current liabilities			
Deferred income tax liability		(971,252)	(1,014,118)
Finance lease obligation		(273,117)	(293,044)
		(1,244,369)	(1,307,162)
Net assets		6,726,832	5,412,208
Share capital and reserves			
Authorised share capital			
300,000,000 ordinary shares of Rs 10 each		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
Retained earnings		4,171,894	2,857,270
Shareholders' equity		6,726,832	5,412,208
Contingencies and commitments	11		

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.


Graeme Amey
 Managing Director and CEO


Syed Javed Iqbal
 Finance Director

Condensed Interim Cash Flow Statement (Unaudited)

for the half year ended June 30, 2014

	Half year ended	
	June30, 2014 Rs '000	June30, 2013 Rs '000
Cash flows from operating activities		
Cash receipts from customers	58,533,896	47,042,117
Cash paid to Government for federal excise duty, sales tax and other levies	(43,338,600)	(33,429,813)
Cash paid to suppliers, employees and others	(10,452,487)	(9,328,899)
Finance cost paid	(65,162)	(58,939)
Cash paid as royalty	(240,162)	(211,020)
Income tax paid	(818,269)	(570,208)
Finance income received	157,562	104,449
	3,776,778	3,547,687
Cash flows from investing activities		
Additions in property, plant and equipment	(940,044)	(257,378)
Proceeds from disposal of property, plant and equipment	20,017	40,489
	(920,027)	(216,889)
Cash flows from financing activities		
Dividends paid	(1,529,229)	(1,339,614)
Finance lease payments	(65,195)	(48,038)
	(1,594,424)	(1,387,652)
Net increase in cash and cash equivalents	1,262,327	1,943,146
Cash and cash equivalents at January 1	(2,376,317)	(1,098,742)
Cash and cash equivalents at June 30	(1,113,990)	844,404
Cash and cash equivalents comprise:		
Short term investment	-	776,001
Cash and bank balances	52,568	152,146
Short term running finance	(1,166,558)	(83,743)
	(1,113,990)	844,404

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance Director

Condensed Interim Statement of Changes in Equity (Unaudited)

for the half year ended June 30, 2014

	Share capital Rs '000	Revenue reserves Rs '000	Total Rs '000
Balance at January 1, 2013	2,554,938	1,552,462	4,107,400
Total comprehensive income for the half year	-	2,090,865	2,090,865
Transactions with owners:			
Final dividend of Rs 3.25 per share relating to the year ended December 31, 2012	-	(830,355)	(830,355)
1st Interim dividend of Rs 2.00 per share relating to the year ending December 31, 2013	-	(510,988)	(510,988)
		(1,341,343)	(1,341,343)
Balance at June 30, 2013	2,554,938	2,301,984	4,856,922
Balance at July 1, 2013	2,554,938	2,301,984	4,856,922
Total comprehensive income for the half year	-	1,066,274	1,066,274
Transactions with owners:			
2nd Interim dividend of Rs 2.00 per share relating to the year ending December 31, 2013	-	(510,988)	(510,988)
Balance at December 31, 2013	2,554,938	2,857,270	5,412,208
Balance at January 1, 2014	2,554,938	2,857,270	5,412,208
Total comprehensive income for the half year	-	2,847,587	2,847,587
Transactions with owners:			
Final dividend of Rs 6.00 per share relating to the year ended December 31, 2013	-	(1,532,963)	(1,532,963)
Balance at June 30, 2014	2,554,938	4,171,894	6,726,832

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance Director

Selected notes to and forming part of the condensed interim financial information (Unaudited)

for the half year ended June 30, 2014

1. Legal Status And Operations

Pakistan Tobacco Company Limited (the Company) is a public listed company incorporated in Pakistan on November 18, 1947 under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are quoted on the Karachi, Lahore and Islamabad stock exchanges of Pakistan. The Company is a subsidiary of British American Tobacco (Investments) Limited, United Kingdom, whereas its ultimate parent company is British American Tobacco p.l.c, United Kingdom. The registered office of the Company is situated at Serena Business Complex, Khayaban-e-Suherwardy, Islamabad. The Company is engaged in the manufacture and sale of cigarettes.

2. Basis of Operations

This condensed interim financial information of the Company for the half year ended June 30, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. Accounting Policies, Critical Accounting Estimates And Judgments

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2013.

4. Cost of sales

	Quarter ended		Half year ended	
	June 30, 2014 Rs '000	June 30, 2013 Rs '000	June 30, 2014 Rs '000	June 30, 2013 Rs '000
Raw materials consumed				
Opening stock of raw materials and work in process	6,275,323	4,892,516	7,558,214	6,177,047
Raw material purchases and expenses	3,037,468	2,450,397	6,496,107	5,319,592
Closing stock of raw materials and work in process	(4,442,460)	(3,494,396)	(4,442,460)	(3,494,396)
	4,870,331	3,848,517	9,611,861	8,002,243
Excise duty, customs duty and tobacco development cess	158,886	143,914	391,478	338,639
Royalty	155,790	120,585	278,635	229,650
Production overheads	773,503	1,036,704	1,730,777	1,848,322
Cost of goods manufactured	5,958,510	5,149,720	12,012,751	10,418,854
Cost of finished goods:				
Opening stock	1,617,726	1,290,420	1,608,153	1,048,254
Closing stock	(778,305)	(745,588)	(778,305)	(745,588)
	839,421	544,832	829,848	302,666
	6,797,931	5,694,552	12,842,599	10,721,520

Selected notes to and forming part of the condensed interim financial information (Unaudited)

for the half year ended June 30, 2014

	Quarter ended		Half year ended	
	June 30, 2014 Rs '000	June 30, 2013 Rs '000	June 30, 2014 Rs '000	June 30, 2013 Rs '000

5. Other Operating Expenses

Workers' Profit Participation Fund	122,554	77,279	223,722	167,212
Workers' Welfare Fund	47,344	29,767	85,956	65,577
Software license fee	389,342	-	389,342	-
Bank charges and fees	11,758	11,286	21,907	21,935
Interest paid to Workers' Profit Participation Fund	-	-	517	25
Foreign exchange loss	124,707	-	124,707	-
Miscellaneous expenses	-	(120)	-	-
	695,705	118,212	846,151	254,749

	June 30, 2014 Rs '000	December 31, 2013 Rs '000
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6. Property, Plant And Equipment

Operating fixed assets - note 6.1	6,045,556	6,070,353
Capital work in progress	1,603,864	1,014,168
	7,649,420	7,084,521

6.1 Operating fixed assets

Opening net book amount	6,070,353	5,518,995
Additions during the half year / year at cost		
Owned assets		
Building	39,493	85,505
Plant and machinery	244,056	812,968
Vehicles	12,192	3,079
Office and household equipment	28,096	155,167
Furniture and fittings	2,959	4,697
	326,796	1,061,416
Leased assets		
Vehicles	65,630	361,278
	392,426	1,422,694

Disposals during the half year / year - at net book amount

Owned assets		
Building	-	(18,110)
Plant and machinery	-	(8,169)
Vehicles	(14,224)	(29,601)
Office and household equipment	(46)	(2,780)
Furniture and Fittings	-	(528)
	(14,270)	(59,188)
Depreciation charge for the half year / year	(402,953)	(812,148)
Net book amount	6,045,556	6,070,353

7. Long Term Investment In Subsidiary

This represents 500,001 (December 31, 2013: 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, 2013. This is a wholly owned subsidiary of the Company which has not yet commenced commercial production.

Selected notes to and forming part of the condensed interim financial information (Unaudited)

for the half year ended June 30, 2014

8. Other Receivables

These include following balances due from related parties:

	June 30, 2014 Rs '000	December 31, 2013 Rs '000
Holding Company	7,796	2,015
Associated companies	54,857	52,042
Subsidiary company	20,021	20,021
Employees retirement benefit plans	353,901	346,737

9. Trade And Other Payables

These include following balances due to related parties:

Holding Company	197,824	152,075
Associated companies	635,443	476,230
Employees retirement benefit plans	266,518	266,291

10. Short Term Running Finance

Short term running finance facilities available under mark-up arrangements with banks amount to Rs 4,950 million (December 31, 2013: Rs 5,350 million), out of which the amount unavailed at the half year end was Rs 3,784 million (December 31, 2013: Rs 2,914 million). These facilities are secured by hypothecation of stock-in-trade and plant & machinery amounting to Rs 5,940 million (December 31, 2013: Rs 5,940 million). The mark-up ranges between 10.24% and 10.69% (December 31, 2013: 9.22% and 10.46%) per annum and is payable quarterly. The facilities are renewable on annual basis.

	June 30, 2014 Rs '000	December 31, 2013 Rs '000
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11. Contingencies And Commitments

11.1 Contingencies

Claims and guarantees

(i) Claims against the Company not acknowledged as debt	131,800	131,800
(ii) Guarantees issued by banks on behalf of the Company	199,447	179,447

11.2 Commitments

(i) Capital expenditure	468,463	-
(ii) Letters of credit outstanding	653,304	1,536,509

Selected notes to and forming part of the condensed interim financial information (Unaudited)

for the half year ended June 30, 2014

12. Transactions With Related Parties

	Quarter ended		Half year ended	
	June 30, 2014 Rs '000	June 30, 2013 Rs '000	June 30, 2014 Rs '000	June 30, 2013 Rs '000
Purchase of goods and services				
Holding company	101,605	86,377	200,296	175,236
Associated companies	339,551	588,610	605,155	937,630
Sale of goods and services				
Associated companies	26,070	33,204	27,938	24,897
Royalty charge				
Holding company	155,790	120,585	278,635	229,650
Expenses reimbursed to				
Holding company	7,733	495	10,093	495
Associated companies	535	5,241	535	6,208
Expenses reimbursed by				
Holding company	7,796	4,886	7,796	8,247
Associated companies	4,464	17,197	4,464	48,266
Employees retirement benefit plans - Expense				
Staff pension fund	7,884	17,334	15,228	34,667
Staff defined contribution pension fund	12,564	8,821	23,316	15,864
Employees' gratuity fund	21,203	12,713	39,116	25,431
Management provident fund	15,671	13,496	29,673	25,493
Employees' provident fund	4,922	3,157	8,231	6,308
Remuneration of key management personnel	228,338	167,525	402,368	310,290

13. Date Of Authorisation

This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on August 19, 2014.



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance Director

Consolidated Condensed Interim Profit and Loss Account (Unaudited)

for the half year ended June 30, 2014

	Note	Quarter ended		Half year ended	
		June 30,	June 30,	June 30,	June 30,
		2014	2013	2014	2013
		Rs '000	Rs '000	Rs '000	Rs '000
Gross turnover		31,591,939	24,543,341	58,475,049	46,966,933
Excise duties		(16,082,906)	(12,556,036)	(29,725,849)	(24,027,042)
Sales tax		(4,758,850)	(3,507,948)	(8,809,012)	(6,714,227)
Net turnover		10,750,183	8,479,357	19,940,188	16,225,664
Cost of sales	4	(6,797,931)	(5,694,552)	(12,842,599)	(10,721,520)
Gross profit		3,952,252	2,784,805	7,097,589	5,504,144
Selling and distribution expenses		(801,759)	(976,954)	(1,487,673)	(1,574,447)
Administrative expenses		(320,276)	(418,033)	(769,067)	(749,755)
Other operating expenses	5	(695,705)	(118,212)	(846,151)	(254,749)
Other operating income		64,930	84,629	101,819	105,614
		(1,752,810)	(1,428,570)	(3,001,072)	(2,473,337)
Operating profit		2,199,442	1,356,235	4,096,517	3,030,807
Finance income		140,029	91,294	157,562	104,449
Finance cost		(13,578)	(8,996)	(44,598)	(23,812)
Net finance income		126,451	82,298	112,964	80,637
Profit before income tax		2,325,893	1,438,533	4,209,481	3,111,444
Income tax expense - current		(761,479)	(478,543)	(1,404,761)	(1,092,762)
- deferred		39,723	43,237	42,867	72,183
		(721,756)	(435,306)	(1,361,894)	(1,020,579)
Profit for the period		1,604,137	1,003,227	2,847,587	2,090,865
Earnings per share - basic and diluted (Rupees)		6.28	3.93	11.14	8.18

The annexed notes 1 to 12 form an integral part of this consolidated condensed interim financial information.



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance Director

Consolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

for the half year ended June 30, 2014

	Quarter ended		Half year ended	
	June 30, 2014 Rs '000	June 30, 2013 Rs '000	June 30, 2014 Rs '000	June 30, 2013 Rs '000
Profit for the half year	1,604,137	1,003,227	2,847,587	2,090,865
Other comprehensive income for the half year	-	-	-	-
Total comprehensive income for the half year	1,604,137	1,003,227	2,847,587	2,090,865

The annexed notes 1 to 12 form an integral part of this consolidated condensed interim financial information.



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance Director

Consolidated Condensed Interim Balance Sheet

(Unaudited)

as at June 30, 2014

	Note	June 30, 2014 (Unaudited) Rs '000	December 31, 2013 (Audited) Rs '000
Non current assets			
Property, plant and equipment	6	7,674,468	7,109,569
Long term loans		44	75
Long term deposits and prepayments		33,551	21,478
		7,708,063	7,131,122
Current assets			
Stock-in-trade		5,220,765	9,166,367
Stores and spares		581,038	488,213
Trade debts		1,021	764
Loans and advances		75,633	89,579
Short term prepayments		123,574	78,889
Other receivables	7	577,974	415,034
Cash and bank balances		52,568	60,128
		6,632,573	10,298,974
Current liabilities			
Trade and other payables	8	4,090,633	7,724,773
Short term running finance	9	1,166,558	2,436,445
Finance lease obligation		89,367	92,559
Accrued interest / mark-up		6,484	27,048
Current income tax liability		1,016,393	429,901
		6,369,435	10,710,726
Net current assets/(liabilities)		263,138	(411,752)
Non current liabilities			
Deferred income tax liability		(971,252)	(1,014,118)
Finance lease obligation		(273,117)	(293,044)
		(1,244,369)	(1,307,162)
Net assets		6,726,832	5,412,208
Share capital and reserves			
Authorised share capital			
300,000,000 ordinary shares of Rs 10 each		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
Retained earnings		4,171,894	2,857,270
Shareholders' equity		6,726,832	5,412,208
Contingencies and commitments	10		

The annexed notes 1 to 12 form an integral part of this consolidated condensed interim financial information.



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance Director

Consolidated Condensed Interim Cash Flow Statement (Unaudited)

for the half year ended June 30, 2014

	June 30, 2014 Rs '000	June 30, 2013 Rs '000
Cash flows from operating activities		
Cash receipts from customers	58,533,896	47,042,117
Cash paid to Government for federal excise duty, sales tax and other levies	(43,338,600)	(33,429,813)
Cash paid to suppliers, employees and others	(10,452,487)	(9,328,899)
Finance cost paid	(65,162)	(58,939)
Cash paid as royalty	(240,162)	(211,020)
Income tax paid	(818,269)	(570,208)
Finance income received	157,562	104,449
	3,776,778	3,547,687
Cash flows from investing activities		
Additions in property, plant and equipment	(940,044)	(257,378)
Proceeds from disposal of property, plant and equipment	20,017	40,489
	(920,027)	(216,889)
Cash flows from financing activities		
Dividends paid	(1,529,229)	(1,339,614)
Finance lease payments	(65,195)	(48,038)
	(1,594,424)	(1,387,652)
Net increase in cash and cash equivalents	1,262,327	1,943,146
Cash and cash equivalents at January 1	(2,376,317)	(1,098,742)
Cash and cash equivalents at June 30	(1,113,990)	844,404
Cash and cash equivalents comprise:		
Short term investment	-	776,001
Cash and bank balances	52,568	152,146
Short term running finance	(1,166,558)	(83,743)
	(1,113,990)	844,404

The annexed notes 1 to 12 form an integral part of this consolidated condensed interim financial information.



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance Director

Consolidated Condensed Interim Statement of Changes in Equity (Unaudited) for the half year ended June 30, 2014

	Share capital Rs '000	Revenue reserves Rs '000	Total Rs '000
Balance at January 1, 2013	2,554,938	1,552,462	4,107,400
Total comprehensive income for the half year	-	2,090,865	2,090,865
Transactions with owners:			
Final dividend of Rs 3.25 per share relating to the year ended December 31, 2012	-	(830,355)	(830,355)
1st Interim dividend of Rs 2.00 per share relating to the year ending December 31, 2013	-	(510,988)	(510,988)
		(1,341,343)	(1,341,343)
Balance at June 30, 2013	2,554,938	2,301,984	4,856,922
Balance at July 1, 2013	2,554,938	2,301,984	4,856,922
Total comprehensive income for the half year	-	1,066,274	1,066,274
Transactions with owners:			
2nd Interim dividend of Rs 2.00 per share relating to the year ending December 31, 2013	-	(510,988)	(510,988)
Balance at December 31, 2013	2,554,938	2,857,270	5,412,208
Balance at January 1, 2014	2,554,938	2,857,270	5,412,208
Total comprehensive income for the half year	-	2,847,587	2,847,587
Transactions with owners:			
Final dividend of Rs 6.00 per share relating to the year ended December 31, 2013	-	(1,532,963)	(1,532,963)
Balance at June 30, 2014	2,554,938	4,171,894	6,726,832

The annexed notes 1 to 12 form an integral part of this consolidated condensed interim financial information.



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance Director

Selected notes to and forming part of the consolidated condensed interim financial information (Unaudited)

for the half year ended June 30, 2014

1. Legal Status And Operations

Pakistan Tobacco Company Limited (the Company) is a public listed company incorporated in Pakistan on November 18, 1947 under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are quoted on the Karachi, Lahore and Islamabad stock exchanges of Pakistan. The Company is a subsidiary of British American Tobacco (Investments) Limited, United Kingdom, whereas its ultimate parent company is British American Tobacco p.l.c, United Kingdom. The registered office of the Company is situated at Serena Business Complex, Khayaban-e-Suherwardy, Islamabad. The Company is engaged in the manufacture and sale of cigarettes.

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

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

2. Basis of Operations

This condensed interim financial information of the Group for the half year ended June 30, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34-Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. Accounting Policies, Critical Accounting Estimates And Judgments

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2013.

4. Cost of sales

	Quarter ended		Half year ended	
	June 30, 2014 Rs '000	June 30, 2013 Rs '000	June 30, 2014 Rs '000	June 30, 2013 Rs '000
Raw materials consumed				
Opening stock of raw materials and work in process	6,275,323	4,892,516	7,558,214	6,177,047
Raw material purchases and expenses	3,037,468	2,450,397	6,496,107	5,319,592
Closing stock of raw materials and work in process	(4,442,460)	(3,494,396)	(4,442,460)	(3,494,396)
	4,870,331	3,848,517	9,611,861	8,002,243
Excise duty, customs duty and tobacco development cess	158,886	143,914	391,478	338,639
Royalty	155,790	120,585	278,635	229,650
Production overheads	773,503	1,036,704	1,730,777	1,848,322
Cost of goods manufactured	5,958,510	5,149,720	12,012,751	10,418,854
Cost of finished goods:				
Opening stock	1,617,726	1,290,420	1,608,153	1,048,254
Closing stock	(778,305)	(745,588)	(778,305)	(745,588)
	839,421	544,832	829,848	302,666
	6,797,931	5,694,552	12,842,599	10,721,520

Selected notes to and forming part of the consolidated condensed interim financial information (Unaudited)

for the half year ended June 30, 2014

	Quarter ended		Half year ended	
	June 30,	June 30,	June 30,	June 30,
	2014	2013	2014	2013
	Rs '000	Rs '000	Rs '000	Rs '000
5. Other Operating Expenses				
Workers' Profit Participation Fund	122,554	77,279	223,722	167,212
Workers' Welfare Fund	47,344	29,767	85,956	65,577
Software license fee	389,342	-	389,342	-
Bank charges and fees	11,758	11,286	21,907	21,935
Interest paid to Workers' Profit Participation Fund	-	-	517	25
Foreign exchange loss	124,707	-	124,707	-
Miscellaneous expenses	-	(120)	-	-
	695,705	118,212	846,151	254,749

	Rs '000	
	June 30, 2014	December 31, 2013
6. Property, Plant And Equipment		
Operating fixed assets - note 6.1	6,048,920	6,073,717
Capital work in progress	1,625,548	1,035,852
	7,674,468	7,109,569

6.1 Operating fixed assets		
Opening net book amount	6,073,717	5,522,359
Additions during the half year / year at cost		
Owned assets		
Building	39,493	85,505
Plant and machinery	244,056	812,968
Vehicles	12,192	3,079
Office and household equipment	28,096	155,167
Furniture and fittings	2,959	4,697
	326,796	1,061,416
Leased assets		
Vehicles	65,630	361,278
	392,426	1,422,694
Disposals during the half year / year - at net book amount		
Owned assets		
Building	-	(18,110)
Plant and machinery	-	(8,169)
Vehicles	(14,224)	(29,601)
Office and household equipment	(46)	(2,780)
Furniture and Fittings	-	(528)
	(14,270)	(59,188)
Depreciation charge for the half year / year	(402,953)	(812,148)
Net book amount	6,048,920	6,073,717

Selected notes to and forming part of the consolidated condensed interim financial information (Unaudited)

for the half year ended June 30, 2014

7. Other Receivables

These include following balances due from related parties:

	June 30, 2014 Rs '000	December 31, 2013 Rs '000
Holding Company	7,796	2,015
Associated companies	54,857	52,042
Employees retirement benefit plans	353,901	346,737

8. Trade And Other Payables

These include following balances due to related parties:

Holding Company	197,824	152,075
Associated companies	635,443	476,230
Employees retirement benefit plans	266,518	266,291

9. Short Term Running Finance

Short term running finance facilities available under mark-up arrangements with banks amount to Rs 4,950 million (December 31, 2013: Rs 5,350 million), out of which the amount unavailed at the half year end was Rs 3,784 million (December 31, 2013: Rs 2,914 million). These facilities are secured by hypothecation of stock-in-trade and plant & machinery amounting to Rs 5,940 million (December 31, 2013: Rs 5,940 million). The mark-up ranges between 10.24% and 10.69% (December 31, 2013: 9.22% and 10.46%) per annum and is payable quarterly. The facilities are renewable on annual basis.

	June 30, 2014 Rs '000	December 31, 2013 Rs '000
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10. Contingencies And Commitments

10.1 Contingencies

Claims and guarantees

(i) Claims against the Company not acknowledged as debt	131,800	131,800
(ii) Guarantees issued by banks on behalf of the Company	199,447	179,447

10.2 Commitments

(i) Capital expenditure	468,463	-
(ii) Letters of credit outstanding	653,304	1,536,509

Selected notes to and forming part of the consolidated condensed interim financial information (Unaudited)

for the half year ended June 30, 2014

11. Transactions With Related Parties

	Quarter ended		Half year ended	
	June 30, 2014 Rs '000	June 30, 2013 Rs '000	June 30, 2014 Rs '000	June 30, 2013 Rs '000
Purchase of goods and services				
Holding company	101,605	86,377	200,296	175,236
Associated companies	339,551	588,610	605,155	937,630
Sale of goods and services				
Associated companies	26,070	33,204	27,938	24,897
Royalty charge				
Holding company	155,790	120,585	278,635	229,650
Expenses reimbursed to				
Holding company	7,733	495	10,093	495
Associated companies	535	5,241	535	6,208
Expenses reimbursed by				
Holding company	7,796	4,886	7,796	8,247
Associated companies	4,464	17,197	4,464	48,266
Employees retirement benefit plans - Expense				
Staff pension fund	7,884	17,334	15,228	34,667
Staff defined contribution pension fund	12,564	8,821	23,316	15,864
Employees' gratuity fund	21,203	12,713	39,116	25,431
Management provident fund	15,671	13,496	29,673	25,493
Employees' provident fund	4,922	3,157	8,231	6,308
Remuneration of key management personnel	228,338	167,525	402,368	310,290

12. Date Of Authorisation

This consolidated condensed interim financial information has been authorised for issue by the Board of Directors of the Company on August 19, 2014.



Graeme Amey
Managing Director and CEO



Syed Javed Iqbal
Finance Director

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