



PHILIP MORRIS
(PAKISTAN) LIMITED

TRANSFORMING
TOMORROW

Our Journey of Innovation

Annual Report 2025



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FINANCIAL HIGHLIGHTS FOR LAST SIX YEARS

Year ended December 31, 2025

	2025	2024	2023	2022	2021	2020
----- (Rupees in thousand) -----						
Share Capital						
- Ordinary shares	615,803	615,803	615,803	615,803	615,803	615,803
- Preference shares	10,464,000	10,464,000	10,464,000	10,464,000	10,464,000	10,464,000
Transaction cost on issuance of Preference - net of tax	(33,911)	(33,911)	(33,911)	(33,911)	(33,911)	(33,911)
Reserves	428,852	4,891,307	4,548,931	4,188,832	2,325,580	27,607
Share Holders' Equity	11,474,744	15,937,199	15,594,823	15,234,724	13,371,472	11,073,499
Lease liabilities	67,144	184,071	265,035	251,145	134,142	325,422
TOTAL CAPITAL EMPLOYED	11,541,888	16,121,270	15,859,858	15,485,869	13,505,614	11,398,921
Fixed assets - NET	7,940,169	6,971,983	5,577,337	5,746,361	5,578,756	6,031,405
Investment in a subsidiary company	1	1	1	1	1	1
Long-term deposits	73,667	73,570	73,582	91,952	78,520	79,184
Deferred tax assets	1,891,136	347,972	144,269	19,073	651,482	1,069,520
Working capital	1,296,203	8,387,050	10,064,669	9,628,482	7,196,855	4,218,811
TOTAL ASSETS	11,201,176	15,780,576	15,859,858	15,485,869	13,505,614	11,398,921
Turnover	93,894,833	78,642,335	56,603,459	48,483,065	44,110,228	40,642,026
Profit / (Loss) before tax	(5,489,304)	848,860	955,666	4,271,687	3,343,306	2,554,392
Profit / (Loss) after tax	(4,478,598)	254,749	379,801	2,809,746	2,306,663	1,764,848
Dividends declared (Cash)	-	-	-	(1,003,340)	-	(1,348,283)
----- (Rupees) -----						
Break-up value of shares	-	258.80	253.24	247.40	217.14	179.82
Net Earning / (Loss) per Share	-	4.14	6.17	30.33	37.46	16.76

Company Information

BOARD OF DIRECTORS

ALIREZA TAKESH	(Chief Executive Officer/Chairman/Director)
MOHAMMAD SAAD KHALEEL	(Chief Financial Officer)
AAIZAH SYED	
PETER CALON	
SHAFIA NASEER	

COMPANY SECRETARY

AHSAN AKBAR

AUDITOR

A. F. FERGUSON & CO.
Chartered Accountants

BANKS

UNITED BANK LIMITED
STANDARD CHARTERED BANK PAKISTAN LIMITED
MCB BANK LIMITED
HABIB BANK LIMITED
CITI BANK N.A.
DEUTSCHE BANK A.G.
HABIBMETRO BANK
BANK OF CHINA
BANK OF KHYBER

LEGAL ADVISOR

IJAZ AHMED & ASSOCIATES

SHARE REGISTRAR

CDC SHARE REGISTRAR SERVICES LIMITED
CDC HOUSE, 99-B, BLOCK-B, S.M.C.H.S.,
MAIN SHAHRAH-E-FAISAL, KARACHI -74400

REGISTERED OFFICE

OFFICE 04 & 05, 5TH FLOOR,
CORPORATE OFFICE BLOCK,
DOLMEN CITY, PLOT HC-3, BLOCK-4,
CLIFTON, KARACHI-75600

FACTORIES

1. G.T ROAD, QUADIRABAD, DISTRICT:
SAHIWAL (PUNJAB)
2. LEAF DIVISION COMPLEX, 22ND KM,
MARDAN SWABI ROAD, MARDAN (KPK)

Website:

www.philipmorriskakistan.com.pk

Email:

pmpk.info@pmi.com

Directors' Report

FOR THE YEAR ENDED DECEMBER 31, 2025

As per media reports, Pakistan's economy demonstrated gradual improvement in 2025, supported by stricter fiscal management, reduced inflation, and ongoing compliance with the International Monetary Fund ("IMF") program. GDP growth for Financial Year 2025 ("FY25") is estimated at ~2.6%, indicating a moderate recovery largely attributed to increased industrial activity and consistent performance in the services sector¹. Lower average inflation estimated at ~4.5%², allowed the State Bank of Pakistan to initiate monetary easing measures such as reducing interest rate, and lessening pressures on households and businesses. Pakistan's current account deficit also reduced, supported by stable exports, stronger remittances, and improved foreign exchange conditions³. The IMF completed its second review under the Extended Fund Facility in late 2025, which resulted in additional disbursements to Pakistan of approximately US\$1.2 billion, further strengthening external buffers⁴.

The external environment was seen to be unpredictable due to geopolitical tensions in the Middle East. As Pakistan's economy relies significantly on imported oil, the substantial fuel price increase implemented by the Government of Pakistan ("Government") in March 2026 is expected to generate widespread inflationary effects. While ceasefire was announced, if adverse conditions recurred in the Middle East, budgetary and fiscal constraints may emerge, potentially resulting in additional fiscal measures to be announced in the upcoming budget. Additionally, foreign exchange availability will likely face increased pressure to accommodate heightened oil import requirements, which in turn could affect business continuity strategies.

Industry Overview

The tobacco industry continues to play a crucial role in generating revenue for Pakistan's economy, primarily comprising of Federal Excise Duty, Sales Tax, and other taxes⁵.

Despite the Government's enforcement efforts against non-compliant cigarette trade, such trade is estimated to account for more than 50% of the total cigarette market, posing a significant challenge to both the tobacco industry and the broader economy. Annual tax losses from the growing non-compliant cigarettes segment are estimated to be over PKR 300 billion. When factoring in undeclared production, transportation, storage, counterfeit raw materials, and sales, the overall scale of non-compliant commercial activity is likely substantially higher⁶.

Although we acknowledge and appreciate the current steps taken by the Government to curb non-compliant cigarette trade, however there is a dire need for a more enhanced and consistent multi-layered enforcement strategy aimed at eliminating non-duty-paid cigarette production, significant monitoring at retail level, and disrupting non-compliant cigarette supply chain.

Financial Performance

For the year ended December 31, 2025, Philip Morris (Pakistan) Limited (the "Company") reported a total net turnover of PKR 42,597 million, reflecting domestic net turnover of PKR 24,364 million (57.2% of the total net turnover) which grew by 36.44% vs. prior year, reflecting stabilization of cigarette volumes coupled with increased pricing as well as our growing turnover with respect to nicotine pouches which in FY'25 stands at 5% of domestic net turnover. Additionally, the export turnover amounted to PKR 18,232 million (43% of the total net turnover). The Company recorded a loss after tax of PKR 4,480 million for the year ended 31 December 2025, vs. a profit of PKR 255 million in the same period in the previous year due to the investments in the development and category building of nicotine pouches segment. For the year ending 31 December 2025, the Company contributed PKR 53,950 million to the National Exchequer, higher by 12.5% vs. previous year. Furthermore, for the current fiscal year (July'25 to Dec'25), the company contributed PKR27,124 million to the National Exchequer, higher by 11% vs. same period of previous fiscal year. Further, the the earnings / (loss) per share for the year ended 31 December 2025 are (72.73).

Sustainability & Corporate Social Responsibility

The Board of Directors of the Company remain committed to embedding environmental, social, and governance ("ESG") principles into the Company's core operations and long-term strategic direction. We acknowledge that addressing ESG issues is crucial not only for long-term viability of our business but also for generating value for our stakeholders and making a positive impact on society.

1. https://www.finance.gov.pk/economic/economic_outlook_june2025.pdf

2. Inflation rates in Pakistan

3. External Relations Department

4. IMF, Pakistan reaches staff-level agreement over \$1.2 billion loans

5. Tobacco sector: potential & illicit trade challenges

6. IPSOS report highlights alarming issues in Pakistan's tobacco industry - Business & Finance - Business Recorder

The Company is committed to reducing its environmental impact by actively managing its resources, minimizing waste and emissions, and implementing sustainable practices in all aspects of its operations. We actively support initiatives that strengthen environmental stewardship and reinforce our contribution to the global fight against climate change. The Company places high emphasis on climate-related risks and opportunities when formulating its long-term strategies.

The Company promotes an inclusive and fair work environment that embraces diversity and recognizes the importance of inclusion. Our dedication encompasses upholding fair labor standards, protecting human rights, and actively participating in the betterment of the communities where we conduct business. We believe that a socially responsible approach not only enhances our organizational culture but also reinforces our credibility and reputation.

The Company's governance structure prioritizes openness, responsibility, and adherence to ethical standards. By aligning strategic decision-making with sustainability objectives and long-term goals, our governance practices support both operational efficiency and responsible growth. The enterprise risk management process plays a crucial role in identifying and resolving sustainability-related challenges.

Companies Act 2017

The Directors of the Company are committed to their responsibilities as defined under the Companies Act 2017 (“the Act”). The Company ensures that all necessary steps and procedures are in place to demonstrate commitment to good corporate governance and compliance with the Act.

As required under the Act, the Directors are pleased to report that:

- The financial statements prepared by the Company’s Management fairly represent its state of affairs, the results of its operations, cash flows, and changes in its equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been applied consistently in preparing the financial statements. Accounting estimates are based on reasonable and prudent judgment.
- Approved accounting standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.
- The Company's system of internal controls is sound in design and has been effectively implemented and is reviewed periodically.
- There are no doubts about the Company's ability to continue as a going concern.
- A summary of the key financial highlights for the year and of the assets and liabilities of the Company as of December 31st, 2025, and for the last six financial years are set out on page 02.
- Information about taxes and levies is given in the corresponding notes in the financial statements.

Statement of Internal Controls

The Management of the Company is responsible for establishing and maintaining a system of adequate internal controls and procedures. The Management's statement of internal controls forms part of this Directors’ Report.

The Company has developed a sound mechanism for the identification of risks, assigning levels of criticality to key processes followed by devising effective mitigating measures where required while ensuring their implementation by the Management across all business functions.

To address existing and emerging risks with both global and local implications, the Internal Audit department, on an annual basis, prepares annual risk assessments and audit plans for reviews and advisories, in consultation with business functions and senior Management. Based on such plans, regular reviews and advisories are performed to identify the significant operational, compliance and financial reporting risks and the key controls designed to address them. These controls are documented; responsibility is assigned and are monitored for design and operating effectiveness. Controls that are found to be ineffective are remediated.

Holding Company

Philip Morris Investments B.V. (Netherlands) is the holding company having 78.079% share in the Company. Philip Morris Brands SARL (Switzerland) is the associate company with having 20% shares in the Company.

Directors' Remuneration Policy

The Board of Directors ("Board") has approved a Directors' Remuneration Policy, which describes in detail the objectives and a transparent procedure for the determination of the remuneration packages of individual directors for attending meetings of the Board and its committees. Salient features of this Policy are as follows:

- Level of remuneration shall be proportionate with the needs of the business, strategic alignment, and the best interests of the Company and its shareholders while remaining competitive with market practices of comparable companies within the industry;
- No director shall determine their own remuneration;
- While determining remuneration no discrimination shall be made based on gender;
- Remuneration shall not be at a level that could be perceived to compromise the independence of the directors;
- Only independent directors will receive remuneration for attending Board meetings; and
- The Board may engage an independent consultant to recommend an appropriate level of remuneration.

The details of remuneration paid to the directors are available under note 29 of the attached financial statements.

Elections of the Board of Directors

The Board of Directors was elected through the elections held on October 29th, 2023 for a period of 3 years. The term of the current Board expires on October 28th, 2026.

Meeting of the Board of Directors

The Board comprises of four Directors, of which two are Non-Executive Directors and two are Executive Directors(s). As of December 31st, 2025, the Board consists of 3 Male Directors and 1 Female Director.

During 2025, the Board held 4 meetings. The attendance of Directors at those meetings is specified in the table hereinbelow:

Name of Directors	No. of Meetings held in Tenure	No. of Meetings Attended
Mr. Alireza Takesh	4	4
Mr. Mohammad Saad Khaleel	2	2
Mr. Peter Calon	4	4
Ms. Aaizah Syed	3	3
Mr. Sarfaraz Ahmed Rehman	4	4
Mr. Muhammad Zeeshan	4	4
Mr. Mirza Rehan Baig	4	4
Mr. Junaid Iqbal	4	4

NB: The following Directors have resigned from the BOD:

- 1- Mr. Sarfaraz Ahmed Rehman
- 2- Mr. Mirza Rehan Baig
- 3- Mr. Junaid Iqbal
- 4- Mr. Muhammad Zeeshan

Pattern of Shareholding

The details of the pattern of shareholding of the Company as of December 31st, 2025, are set out on page no. 61,62 as per the requirements of the Companies Act.

Auditors

The existing external auditors, A. F. Ferguson & Co., Chartered Accountants (“Auditors”) will retire at the conclusion of the ensuing annual general meeting and being eligible, will offer themselves for re-appointment as external auditors for the year ending December 31st, 2026.

Accounting Policies

The Company has adopted or applied new accounting standards, amendments to approved standards, and new interpretations as applicable during 2025. Details of those are provided in the notes to the Financial Statements section 2.4.1.

Future Outlook

The recent geopolitical tensions in the Middle East were seen to have significant consequences, particularly for developing countries such as Pakistan. With the Country already under the scrutiny of IMF program, the regional disruptions to supply chain exacerbated by higher oil prices were seen to have an impact on the cost of living for the common people. It will be important to see how the Government supports households and businesses to maintain economic stability. In this volatile environment, businesses will require consistent and stable policies to ensure confidence rather than short-term measures from the Government which may seem popular in nature but may not be sustainable in the long-term.

Despite the challenges, the Company's Management continues to improve the financials of the Company with global resources, through its commercial plans and providing continuous improvements in the quality of products, process and operational efficiency. This is supported by the fact that PMI invested in the nicotine pouches production line which went operational in 2025 bringing the global smoke free vision closer to reality in Pakistan.

The Company is committed to support Government policies and measures to address the issue of non-tax paid cigarettes, thereby contributing to increased government revenues and supporting tax-paying industry to recover volumes of cigarettes and for a level-playing field.

Acknowledgments

The Directors wish to take this opportunity to thank all the Company's employees for their efforts, dedication, commitment, and support in 2025.

The Board would also like to extend its appreciation to all its business partners such as distributors, suppliers, shareholders, and other institutions for their trust in the Management of the Company.

On behalf of the Board of Directors.



Alireza Takesh

Chairman Board/ Chief Executive

Karachi

April 3, 2026

INDEPENDENT AUDITOR'S REPORT

To the members of Philip Morris (Pakistan) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Philip Morris (Pakistan) Limited (the Company), which comprise the statement of financial position as at December 31, 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2025 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a. proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b. the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c. investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d. no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Osama Moon.



A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: April 7, 2026

UDIN: AR202510056dcJp1eiPV

Financial Statements

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	Note	2025 (Rupees in thousand)	2024
ASSETS			
NON CURRENT ASSETS			
Fixed assets			
-Property, plant and equipment	3	7,940,169	6,971,983
-Right-of-use assets	4	160,495	255,906
-Intangibles	5	180,217	84,788
		<u>8,280,881</u>	<u>7,312,677</u>
Investment in a subsidiary company	6	1	1
Long term deposits		73,667	73,570
Deferred taxation	7	1,891,136	347,972
		<u>10,245,685</u>	<u>7,734,220</u>
CURRENT ASSETS			
Stores and spares - net	8	464,309	316,377
Stock in trade - net	9	17,270,375	12,743,660
Trade debts - net	10	1,014,524	377,624
Advances	11	247,532	226,197
Prepayments		35,852	85,217
Other receivables	12	1,123,034	1,163,216
Income tax - net		3,490,921	1,699,160
Staff retirement benefits	13	88,478	60,404
Sales tax and excise duty adjustable		7,294,610	2,197,788
Bank balances	14	478,644	4,529,492
TOTAL CURRENT ASSETS		<u>31,508,279</u>	<u>23,399,135</u>
TOTAL ASSETS		<u>41,753,964</u>	<u>31,133,355</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital	15	<u>12,000,000</u>	<u>12,000,000</u>
Issued, subscribed and paid-up capital			
-Ordinary shares	15	615,803	615,803
-Preference shares	15	10,464,000	10,464,000
		<u>11,079,803</u>	<u>11,079,803</u>
Transaction cost on issuance of preference shares - net of tax		(33,911)	(33,911)
		<u>11,045,892</u>	<u>11,045,892</u>
Reserves		428,852	4,891,307
TOTAL EQUITY		<u>11,474,744</u>	<u>15,937,199</u>
NON CURRENT LIABILITIES			
Lease liabilities	17	67,144	184,071
CURRENT LIABILITIES			
Short term borrowings	18	8,135,825	-
Trade and other payables	19	21,686,604	14,800,555
Current maturity of lease liabilities	17	135,089	120,305
Unclaimed dividend		37,008	37,103
Unpaid dividend		31,953	54,122
Accrued mark-up on short term borrowings		185,597	-
TOTAL CURRENT LIABILITIES		<u>30,212,076</u>	<u>15,012,085</u>
TOTAL LIABILITIES		<u>30,279,220</u>	<u>15,196,156</u>
TOTAL EQUITY AND LIABILITIES		<u>41,753,964</u>	<u>31,133,355</u>
CONTINGENCIES AND COMMITMENTS			
	20		

The annexed notes from 1 to 39 form an integral part of these financial statements.



Alireza Takesh

Chairman / Director / Chief Executive Officer



Mohammad Saad Khaleel

Chief Financial Officer

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025 (Rupees in thousand)	2024
Turnover - net	21	42,596,648	32,340,888
Cost of sales	22	36,644,914	29,525,233
Gross profit		5,951,734	2,815,655
Distribution and marketing expenses	23	8,471,667	6,873,453
Administrative expenses	24	2,502,120	2,235,103
Other expenses	25	440,242	192,378
Other income	26	(383,656)	(7,527,037)
		11,030,373	1,773,897
Operating (loss) / profit		(5,078,639)	1,041,758
Finance cost and bank charges	27	410,665	192,898
(Loss) / profit before taxation and levy		(5,489,304)	848,860
Levy	28	532,458	470,576
(Loss) / profit before taxation		(6,021,762)	378,284
Taxation	28	(1,543,164)	123,535
(Loss) / profit after taxation		(4,478,598)	254,749
Other comprehensive (loss) / income for the year - net of tax			
<i>Item that will not be reclassified to profit or loss</i>			
Remeasurement (loss) / gain relating to staff retirement benefits	13	(48,308)	53,828
- Impact of income tax		-	(20,993)
		(48,308)	32,835
Total comprehensive (loss) / income for the year		(4,526,906)	287,584

The annexed notes from 1 to 39 form an integral part of these financial statements.



Alireza Takesh

Chairman / Director / Chief Executive Officer



Mohammad Saad Khaleel

Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

Issued, subscribed and paid-up capital		Transaction cost on issuance of preference shares - net of tax	Reserves							Subtotal - reserves	Total
Ordinary shares	Preference shares		Capital reserves			Revenue reserves					
			Reserve for share based payments	Remeasurement of staff retirement benefits - net of tax	Subtotal capital reserves	General reserve	Unappropriated profit / (loss)	Subtotal revenue reserves			
(Rupees in thousand)											
Balance as at January 1, 2024	615,803	10,464,000	(33,911)	94,153	(292,256)	(198,103)	3,328,327	1,418,707	4,747,034	4,548,931	15,594,823
<i>Transaction with owners</i>											
Share-based payment - expense	-	-	-	138,807	-	138,807	-	-	-	138,807	138,807
- recharge	-	-	-	(84,015)	-	(84,015)	-	-	-	(84,015)	(84,015)
(notes 2.6.18 and 16)	-	-	-	54,792	-	54,792	-	-	-	54,792	54,792
<i>Total comprehensive income</i>											
Profit after taxation for the year ended December 31, 2024	-	-	-	-	-	-	-	254,749	254,749	254,749	254,749
Other comprehensive income for the year	-	-	-	-	32,835	32,835	-	-	-	32,835	32,835
	-	-	-	-	32,835	32,835	-	254,749	254,749	287,584	287,584
Balance as at December 31, 2024	615,803	10,464,000	(33,911)	148,945	(259,421)	(110,476)	3,328,327	1,673,456	5,001,783	4,891,307	15,937,199
<i>Transactions with owners</i>											
Share-based payment - expense	-	-	-	148,138	-	148,138	-	-	-	148,138	148,138
- recharge	-	-	-	(83,687)	-	(83,687)	-	-	-	(83,687)	(83,687)
(notes 2.6.18 and 16)	-	-	-	64,451	-	64,451	-	-	-	64,451	64,451
<i>Total comprehensive loss</i>											
Loss after taxation for the year ended December 31, 2025	-	-	-	-	-	-	-	(4,478,598)	(4,478,598)	(4,478,598)	(4,478,598)
Other comprehensive loss for the year	-	-	-	-	(48,308)	(48,308)	-	-	-	(48,308)	(48,308)
	-	-	-	-	(48,308)	(48,308)	-	(4,478,598)	(4,478,598)	(4,526,906)	(4,526,906)
Balance as at December 31, 2025	615,803	10,464,000	(33,911)	213,396	(307,729)	(94,333)	3,328,327	(2,805,142)	523,185	528,852	11,474,744

The annexed notes from 1 to 39 form an integral part of these financial statements.



Alireza Takesh

Chairman / Director / Chief Executive Officer



Mohammad Saad Khaleel

Chief Financial Officer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025 (Rupees in thousand)	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilised in operations	32	(7,364,028)	(1,115,976)
Contributions to staff retirement benefits fund	13.1.4	(157,643)	(49,245)
Finance cost paid		(106,084)	(49,757)
Interest received on deposit accounts		173,688	840,029
Interest received on term deposit receipts		-	178,519
Taxes and levy paid		(2,324,219)	(1,641,309)
Long term deposits		(97)	12
Net cash utilised in operating activities		(9,778,383)	(1,837,727)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	3	(2,194,968)	(2,811,584)
Acquisition of intangibles	5	(125,367)	(87,232)
Proceeds from disposal of non-current assets held for sale / disposal		-	255,000
Proceeds from disposal of items of property, plant and equipment		61,468	50,583
Net cash used in investing activities		(2,258,867)	(2,593,233)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(22,264)	(25)
Lease payments	17.1	(127,159)	(102,418)
Short term loans obtained - net		1,690,000	-
Net cash generated from / (used in) financing activities		1,540,577	(102,443)
Net decrease in cash and cash equivalents during the year		(10,496,673)	(4,533,403)
Cash and cash equivalents at the beginning of the year		4,510,631	9,044,034
Cash and cash equivalents at the end of the year	33	(5,986,042)	4,510,631

The annexed notes from 1 to 39 form an integral part of these financial statements.



Alireza Takesh

Chairman / Director / Chief Executive Officer



Mohammad Saad Khaleel

Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

1. THE COMPANY AND ITS OPERATIONS

- 1.1** Lakson Tobacco Company Limited was incorporated in Pakistan on February 10, 1969, as a public limited company under the Companies Act, 1913 (now the Companies Act, 2017), and was subsequently acquired by Philip Morris International Inc., through PMI Group entities. On February 25, 2011, the name of the Company was changed to Philip Morris (Pakistan) Limited (the Company). The principal activity of the Company is the manufacturing and sale of cigarettes, tobacco products, and other smoke-free products.

The geographical locations and addresses of the Company's business units, including plant, are as under:

	Business unit	Location / address
a)	Registered office	Office 4 & 5, 5th Floor, Corporate Office Block, Dolmen City, Plot HC-3, Block 4, Clifton Karachi, Sindh
b)	Green Leaf Threshing Plant	Leaf Division Complex, 22 KM, Mardan Swabi Road, Mardan, Khyber Pakhtunkhwa
c)	Sahiwal Factory	G.T. Road, Qadirabad, District Sahiwal, Punjab

- 1.2** The Company is a subsidiary of Philip Morris International Inc., (the ultimate parent) through Philip Morris Investments B.V., (the parent company) and Philip Morris Brands S.à.r.l.

- 1.3** The Shareholders of the Company in its extra-ordinary general meeting held on July 24, 2025 (based on the resolution passed by the Board of Directors in its meeting held on March 25, 2025) have resolved that one of the sponsors and majority shareholder, Philip Morris B.V., of the Company is authorized to buy back 1,444,931 ordinary shares from the general public at price of Rs 1,300 per share as approved by the Voluntary Delisting Committee (VDC) of the Pakistan Stock Exchange (PSX). It was further resolved that the Company shall be delisted from the PSX under the Voluntary Delisting Regulations of the PSX upon fulfilment of all applicable regulatory requirements.

The Company was delisted from PSX on October 6, 2025, upon fulfillment of all applicable requirements relating to the delisting process.

- 1.4** In view of the exemption granted by the Securities & Exchange Commission of Pakistan (the SECP) vide its letter No. CRD/LRD/CA.228/8/2026 dated March 25, 2026 from the requirement of section 228(7) of the Companies Act, 2017 (the Act), the consolidated financial statements of the group comprising the Company and its subsidiary, Laksonpremier Tobacco Company (Private) Limited, have not been prepared. The exemption is, however, subject to the following conditions:

- (i) Material and relevant details of the aforesaid subsidiary shall be prominently disclosed by the Company; and
- (ii) the financial statements of the subsidiary company shall be available for inspection at the Company's registered office to the members on request without any cost.

In accordance with the requirements of the said exemption, financial highlights of the subsidiary are stated in note 6.

- 1.5** These are the separate financial statements of the Company in which investment in subsidiary is stated at cost less impairment loss, if any.

2. BASIS OF PREPARATION

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise specifically stated.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the functional currency of the Company.

2.3 Statement of compliance

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

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Act; and
- Provisions of, directives and notifications issued under the Act.

Where provisions of, directives and notifications issued under the Act differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Act have been followed.

2.4 Change in accounting standards, interpretations and amendments to accounting and reporting standards

2.4.1 Amendments to approved accounting and reporting standards which became effective during the year ended December 31, 2025:

There were certain amendments to the accounting and reporting standards that became applicable for the Company during the year but are not considered to be relevant or did not have any significant effect on the Company's operations and have, therefore, not been disclosed in these financial statements.

2.4.2 New standards and amendments to published accounting and reporting standards that are not yet effective and not early adopted by the Company:

There are certain new standards and amendments that will be applicable to the Company for its annual periods beginning on or after January 1, 2026. The new standards include IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures both with applicability date of January 1, 2027. The overall amendments include those made to IFRS 7 and IFRS 9 which clarify the date of recognition and derecognition of a financial asset or financial liability which are applicable effective January 1, 2026. The Company's management at present is in the process of assessing the full impacts of these new standards and the amendments to IFRS 7 and IFRS 9 and is expecting to complete the assessment in due course.

2.5 Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to these financial statements:

Property, plant and equipment

Estimates with respect to residual values, useful lives and the method of depreciation are based on the recommendation of the Company's technical teams and are reviewed at each reporting date. Further, the Company reviews the external and internal indicators for possible impairment of assets on an annual basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

Stock in trade

Assumptions and estimates used in writing down items of stock in trade to their net realisable value (note 9). Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated costs of completion and the estimated costs necessary to be incurred for its sale.

Income taxes

In making the estimates for income taxes (including the super tax) payable by the Company, management considers current income tax law and the decisions of appellate authorities on certain cases issued in the past. Where the final tax outcome is different from the amounts that were initially recorded, such differences impact the income tax provision in the period of which the final outcome is determined.

Deferred taxes

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised.

Staff retirement benefits

Certain actuarial assumptions as disclosed in note 13 are used for the valuation of present value of defined benefit obligations and fair value of plan assets.

Provisions

Provisions are based on management's best estimate. Any change in the estimates in future years might affect the carrying amounts of the provisions with a corresponding effect in the profit or loss.

Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non occurrence of the uncertain future events not wholly within the control of the Company.

Leases

The process to identify and gather relevant data associated with the leases is complex and the measurement of the right-of-use asset and lease liability is based on assumptions such as discount rates and lease terms, including termination and renewal options.

2.6 Material accounting policy information

2.6.1 Property, plant and equipment

(i) Operating property, plant and equipment

Operating property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except for freehold land which is stated at historical cost.

Assets having cost exceeding the minimum threshold as determined by the management are capitalised. All other assets are charged to income in the year when acquired.

Depreciation is charged to income applying the straight-line method so as to write off the historical cost of the assets over their estimated useful lives at the rates stated in note 3.1 below. Depreciation on additions is charged from the month in which the asset is put to use and on disposals up to the month the asset is no longer in use. Assets' residual values, useful lives and method of depreciation are annually reviewed at each reporting date, and adjusted, if material.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

Residual values are determined by the management as the amount it expects it would receive currently for an item of property, plant and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives.

Useful lives are determined by the management based on the expected usage of assets, physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Maintenance and normal repairs are charged to profit or loss as and when incurred. Major renewals and improvements, if any, are capitalised when it is probable that future economic benefits will flow to the Company.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are charged to profit or loss.

(ii) Capital work-in-progress

All expenditure, connected with specific assets, incurred during installation and construction period are carried under this head. Capital work-in-progress is transferred to specific assets as and when these assets become available for use. Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

2.6.2 Right-of-use assets

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, any estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. Right of-use assets are measured at cost, less accumulated depreciation and accumulated impairment loss, if any. The right-of-use asset is depreciated using the straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company applies recognition exemption towards short-term or low value leases (note 2.6.8).

2.6.3 Investment in a subsidiary company

Investment in a subsidiary company is recognised when the Company has established control over the investee company. Investment in subsidiary company is stated at cost less accumulated impairment, if any.

2.6.4 Stores and spares

Stores and spares are valued at the lower of moving average cost and net realisable value, except for items in transit which are stated at invoice values plus other charges incurred thereon upto the reporting date. Provisions are made for slow moving items where necessary to bring them down to approximate net realisable value and is charged to profit or loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

2.6.5 Stock in trade

Stock in trade is stated at the lower of cost and net realisable value.

Cost of raw and packing materials include procurement expenses are measured at lower of weighted average cost and net realisable value. Raw and packing materials in bonded warehouse and in transit, are stated at invoice values plus other charges incurred thereon upto the reporting date.

Cost of redried tobacco includes procurement expenses and overheads incurred on redrying of the tobacco leaf.

Cost in relation to finished goods and work-in-process includes proportionate production overheads.

Cost in relation to trading goods is valued at the lower of moving average cost and net realisable value, except for items in transit which are stated at invoice values plus other charges incurred thereon upto the reporting date.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and costs necessarily to be incurred to make the sale.

2.6.6 Trade debts and other receivables

Trade debts and other receivables are recognised and carried at original invoice amount less an estimated allowance made for doubtful receivables based on 'Expected Credit Loss' model. Balances considered bad and irrecoverable are written off when identified. Subsequent recoveries of amounts previously written off are credited in profit or loss.

2.6.7 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Non-current assets classified as held for sale are presented separately from the other assets in the statement of financial position.

2.6.8 Lease liability

The Company evaluates at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option, (if any), if the Company is reasonably certain to exercise that option, payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in the determination of the lease term only when the Company is reasonably certain to exercise these options. Variable lease payments that do not depend on an index or rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of right of use of asset has been reduced to zero.

The Company applies the short-term or low value lease recognition exemption towards certain leases (i.e. those lease that have a lease term of 12 months or less from the commencement date and do not contain a purchase option or those having low value). Lease payments on such leases are recognised as expense on straight line basis over the lease term.

2.6.9 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services, whether or not billed to the Company.

2.6.10 Provisions

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.6.11 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

2.6.12 Levy of income tax

As per the IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the ICAP, the Company recognises minimum tax or final tax paid, that is not based on taxable income, as levy within the scope of IFRIC 21 / IAS 37 and recognise it as an operating expense. Any excess over the amount designated as levy is then recognised as current income tax expense falling under the scope of IAS 12.

2.6.13 Taxation

(i) Current

Provision for current taxation is the amount computed on taxable income at the current rates of taxation after taking into account tax credits available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalised during the year.

Current tax assets and tax liabilities are offset where the Company has the legally enforceable right to offset and intends either to settle on net basis or to realise the asset and settle the liability simultaneously.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

(ii) Deferred

Deferred tax is recognised using the liability method on all temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the asset is utilised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to the items recognised in other comprehensive income or directly in equity, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.6.14 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balances, cheques in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, running finance under mark-up arrangements and short term loans which form an integral part of the Company's cash management.

2.6.15 Revenue recognition

Revenue from sale of goods is recognised when the Company satisfies a performance obligation by transferring control of the promised goods to the customer and payment is typically due when the performance obligations are satisfied. Goods are transferred when the customer obtains their control (i.e. either upon shipment or delivery of goods to customers). The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the good or services before transferring them to the customers. Revenue is recognised at transaction price (which excludes estimates of variable consideration), which represents the fair value of the consideration received or receivable excluding discount, rebates and government levies.

2.6.16 Other income

- Profit on bank balances is recognised on a time proportion basis on the principal amount outstanding and at the applicable rate.
- Gains / (losses) arising on disposal of property, plant and equipment are recognised on the date when the transaction takes place.

2.6.17 Staff retirement benefits

The Company operates:

- (a) an approved contributory provident fund for all permanent employees for which contributions are charged to profit or loss for the year; and

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

- (b) an approved funded gratuity scheme covering all permanent employees. Contributions are made to this scheme on the basis of actuarial valuation and recommendations. The actuarial valuation is performed using the Project Unit Credit Method.

Staff gratuity is payable to staff on completion of prescribed qualifying period of service under the scheme. The benefit payments are made from a trustee - administered fund [i.e. Philip Morris (Pakistan) Employees' Gratuity Fund].

All actuarial gains and losses (i.e. 'remeasurements') are recognised in other comprehensive income as they occur. All past service costs are recognised in profit or loss at earlier of when the amendments or curtailment occurs and when the Company has recognised related retirement or termination benefits.

2.6.18 Equity-settled share-based payment plans

The Company recognises as expense the services acquired over the vesting period and the corresponding increase in equity (as contribution from the ultimate parent) at fair value of the ultimate parent's shares at the grant date under 'Time-vested Share Plan'. Under the plan the ultimate parent (i.e. Philip Morris International Inc.) grants rights of its shares to certain employees / executives of the Company that vest over a period of three years from the grant date. In the event the Company is recharged by the ultimate parent and the equity is reduced to the extent of such recharge.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed at each reporting date as part of the Company's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest because service conditions have not been met.

2.6.19 Foreign currency transactions

Foreign currency transactions are translated into Pakistan Rupees (i.e. the functional currency) using the exchange rates prevailing on the date of transaction. All monetary assets and liabilities in foreign currencies are re-translated into Pakistan Rupees using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are charged to profit or loss.

2.6.20 Financial assets

The Company classifies its financial assets in the following categories:

- (i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flow represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

- (ii) Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss, except for the investments in equity instruments as explained in the ensuing paragraphs.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset.

Equity instrument financial assets are measured at fair value and subsequent to initial recognition, changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has retained substantially all of the risks and rewards of the asset or has not transferred control of the asset, the Company continues to recognise the asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Assets that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in profit or loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

2.6.22 Off-setting of financial assets and financial liabilities

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.6.23 Impairment of assets

a) Financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

b) Non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised as an expense in profit or loss. The recoverable amount is the higher of an asset's fair value less cost of sell and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. In determining the fair value less cost of disposal, recent market transactions are taken into account, if no such transactions can be identified, appropriate valuation model is used. For the purpose of assessing impairment, assets are grouped at the lowest levels for which these are separately identifiable cash flows (i.e. cash generating unit).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.6.24 Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due). Contract liabilities are recognised as revenue when the Company transfers control of the related goods to the customer.

2.6.25 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the Company's financial statements in the period in which these are approved.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. PROPERTY, PLANT AND EQUIPMENT

	Note	2025 (Rupees in thousand)	2024
Operating property, plant and equipment	3.1	7,365,952	4,750,588
Capital work-in-progress (CWIP)	3.2	574,217	2,221,395
		<u>7,940,169</u>	<u>6,971,983</u>

3.1 Operating property, plant and equipment

	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Leasehold improvements	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Power and other installations	Computer equipment	Total
Rupees in thousand												
As at December 31, 2023												
Cost	14,818	2,441	1,317,172	66,884	198,439	7,324,576	160,777	134,764	992,765	962,609	621,475	11,796,720
Accumulated depreciation	-	(1,285)	(360,793)	(36,382)	(141,735)	(4,149,349)	(126,121)	(133,298)	(518,664)	(507,567)	(378,740)	(6,353,934)
Accumulated impairment	-	(29)	(14,884)	-	-	(569,265)	(1,652)	(1,466)	-	(146,599)	(508)	(734,403)
Net book value	14,818	1,127	941,495	30,502	56,704	2,605,962	33,004	-	474,101	308,443	242,227	4,708,383
Year ended December 31, 2024												
Transfers from CWIP see note 3.2.1	-	-	191,417	-	-	295,515	81,889	381	363,427	91,365	109,149	1,133,143
Disposals												
Cost	-	-	-	-	-	-	-	-	(84,520)	-	(1,090)	(85,610)
Accumulated depreciation	-	-	-	-	-	-	-	-	65,465	-	1,090	66,555
	-	-	-	-	-	-	-	-	(19,055)	-	-	(19,055)
Write offs - note 25												
Cost	-	-	(3,785)	-	-	(473,541)	(2,919)	-	(3,978)	(20,256)	(12,420)	(516,899)
Accumulated depreciation	-	-	826	-	-	471,538	2,770	-	3,978	5,138	12,354	496,604
	-	-	(2,959)	-	-	(2,003)	(149)	-	-	(15,118)	(66)	(20,295)
Depreciation charge - note 3.1.1	-	-	(46,469)	(803)	(28,810)	(596,759)	(30,402)	(42)	(126,561)	(99,692)	(122,050)	(1,051,588)
Net book value as at December 31, 2024	14,818	1,127	1,083,484	29,699	27,894	2,302,715	84,342	339	691,912	284,998	229,260	4,750,588

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Leasehold improvements	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Power and other installations	Computer equipment	Total
Rupees in thousand												
Net book value as at January 1, 2025	14,818	1,127	1,083,484	29,699	27,894	2,302,715	84,342	339	691,912	284,998	229,260	4,750,588
Year ended December 31, 2025												
Transfers from CWIP see note 3.2.1	-	-	380,544	-	2,634	2,231,758	86,448	28,464	259,712	595,806	256,780	3,842,146
Disposals												
Cost	-	-	-	-	-	-	-	-	(79,929)	-	-	(79,929)
Accumulated depreciation	-	-	-	-	-	-	-	-	58,844	-	-	58,844
	-	-	-	-	-	-	-	-	(21,085)	-	-	(21,085)
Write offs - note 25												
Cost	-	-	-	-	-	(6,198)	(1,052)	-	-	(41,060)	-	(48,310)
Accumulated depreciation	-	-	-	-	-	6,070	1,052	-	-	37,010	-	44,132
	-	-	-	-	-	(128)	-	-	-	(4,050)	-	(4,178)
Depreciation charge - note 3.1.1	-	-	(58,516)	(803)	(28,983)	(659,949)	(33,015)	(4,707)	(158,489)	(119,900)	(137,157)	(1,201,519)
Net book value as at December 31, 2025	14,818	1,127	1,405,512	28,896	1,545	3,874,396	137,775	24,096	772,050	756,854	348,883	7,365,952
At December 31, 2024												
Cost	14,818	2,441	1,504,804	66,884	198,439	7,146,550	239,747	135,145	1,267,694	1,033,718	717,114	12,327,354
Accumulated depreciation	-	(1,285)	(406,436)	(37,185)	(170,545)	(4,274,570)	(153,753)	(133,340)	(575,782)	(602,121)	(487,346)	(6,842,363)
Accumulated impairment	-	(29)	(14,884)	-	-	(569,265)	(1,652)	(1,466)	-	(146,599)	(508)	(734,403)
Net book value	14,818	1,127	1,083,484	29,699	27,894	2,302,715	84,342	339	691,912	284,998	229,260	4,750,588
At December 31, 2025												
Cost	14,818	2,441	1,885,348	66,884	201,073	9,372,110	325,143	163,609	1,447,477	1,588,464	973,894	16,041,261
Accumulated depreciation	-	(1,285)	(464,952)	(37,988)	(199,528)	(4,928,449)	(185,716)	(138,047)	(675,427)	(685,011)	(624,503)	(7,940,906)
Accumulated impairment	-	(29)	(14,884)	-	-	(569,265)	(1,652)	(1,466)	-	(146,599)	(508)	(734,403)
Net book value	14,818	1,127	1,405,512	28,896	1,545	3,874,396	137,775	24,096	772,050	756,854	348,883	7,365,952
Depreciation rate	-	3.33%	2.50%	2.50%	20% to 33.33%	6.67% to 20%	20%	20%	20%	6.67%	20% to 33.33%	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3.1.1 The depreciation charge for the year has been allocated as follows:

	Note	2025 (Rupees in thousand)	2024
Purchases, redrying and related expenses	22.1	81,876	75,677
Manufacturing expenses	22.2	851,952	734,613
Distribution and marketing expenses	23	124,604	102,996
Administrative expenses	24	143,087	138,302
		<u>1,201,519</u>	<u>1,051,588</u>

3.1.2 Details of items of property, plant and equipment disposed of during the year and having net book value of more than Rs 500,000 each are given in note 36.

	2025 (Rupees in thousand)	2024
3.2 Capital work-in-progress		
Civil works	6,712	236,971
Plant and machinery	218,212	1,572,083
Power and other installations	101,805	314,619
Advance to suppliers and contractors	247,488	97,722
	<u>574,217</u>	<u>2,221,395</u>

3.2.1 The movement in capital work-in-progress is as follows:

Balance as at beginning of the year	2,221,395	542,954
Additions during the year		
- Civil works	152,919	416,421
- Plant and machinery	877,887	1,504,027
- Power and other installations	382,992	360,462
- Furniture and fixtures	86,448	74,702
- Computer equipment pending installations	256,780	54,359
- Advance to suppliers and contractors	437,942	401,613
	2,194,968	2,811,584
Transfers to operating property, plant and equipment		
- Buildings on freehold land	380,544	191,417
- Leasehold improvements	2,634	-
- Plant and machinery	2,231,758	295,515
- Furniture and fixtures	86,448	81,889
- Office equipment	28,464	381
- Vehicles	259,712	363,427
- Power and other installations	595,806	91,365
- Computer equipment	256,780	109,149
	<u>3,842,146</u>	<u>1,133,143</u>
Balance at the end of the year	<u>574,217</u>	<u>2,221,395</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025 (Rupees in thousand)	2024
4. RIGHT-OF-USE ASSETS			
At January 1			
Cost		941,133	891,560
Accumulated depreciation		(685,227)	(569,164)
Net book value		255,906	322,396
Year ended December 31			
Additions		9,486	49,573
Impact of termination of lease			
Cost		(1,938)	-
Accumulated depreciation		593	-
		(1,345)	-
Impact of modification of lease		16,875	-
Depreciation for the year	4.1	(120,427)	(116,063)
Net book value as at December 31		160,495	255,906
At December 31			
Cost		965,556	941,133
Accumulated depreciation		(805,061)	(685,227)
Net book value		160,495	255,906
4.1 The depreciation charge for the year has been allocated as follows:			
Purchases, redrying and related expenses	22.1	27,528	24,624
Manufacturing expenses	22.2	7,143	5,296
Distribution and marketing expenses	23	15,840	14,868
Administrative expenses	24	69,916	71,275
		120,427	116,063
5. INTANGIBLES			
Computer software			
At January 1			
Cost		218,251	131,019
Accumulated amortisation		(133,463)	(127,415)
Net book value		84,788	3,604
Year ended December 31			
Additions		125,367	87,232
Amortisation for the year	5.1	(29,938)	(6,048)
Net book value as at December 31		180,217	84,788
At December 31			
Cost		343,618	218,251
Accumulated amortisation		(163,401)	(133,463)
Net book value		180,217	84,788
Amortisation rate		20% to 33.33%	20% to 33.33%
5.1 The amortisation charge for the year has been allocated as follows:			
Purchases, redrying and related expenses	22.1	13,342	1,086
Manufacturing expenses	22.2	12,834	118
Distribution and marketing expenses	23	3,000	3,538
Administrative expenses	24	762	1,306
		29,938	6,048

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

6. INVESTMENT IN A SUBSIDIARY COMPANY

This represents the cost of 103 fully paid ordinary shares of Rs 10 each in Laksonpremier Tobacco Company (Private) Limited. Out of the 103 shares, two shares are in the name of the nominees. The statement of profit or loss and other comprehensive income of the subsidiary company for the year ended December 31, 2025 amounted to Rs Nil resulting in an accumulated loss of Rs 1,030 as at that date. The net assets of the subsidiary company as at December 31, 2024 amounted to Rs Nil, in accordance with the unaudited financial statements for the year then ended. The subsidiary company has filed an application dated August 30, 2019 with the Securities and Exchange Commission of Pakistan (SECP) for obtaining the status of an inactive company under section 424 of the Companies Act, 2017, however, response in this regard from SECP is awaited.

The financial statements of the subsidiary company are available for inspection at the Company's registered office and are available to the members on request without any cost.

7. DEFERRED TAXATION

	2025	2024
	(Rupees in thousand)	
Deferred tax asset on deductible temporary differences:		
Unutilised tax losses	1,626,845	-
Accrual for employees compensated absences	10,474	6,954
Provision for slow moving spares	27,505	19,525
Provision for obsolete stocks	510,426	366,162
Provision for litigation	6,305	6,305
Provision for doubtful debts	1,084	1,084
Other provisions	12,424	12,424
Workers' Welfare Fund	10,759	10,759
Unrealised exchange losses	51,710	115,800
Right-of-use assets - net of lease liabilities	16,278	18,904
	2,273,810	557,917
Deferred tax liability on taxable temporary difference:		
Tax depreciation allowance	(382,674)	(209,945)
Deferred tax asset - net	1,891,136	347,972

7.1 The movement in temporary differences is as follows:

	Balance as at January 1, 2024	Recognised in profit or loss	Balance as at December 31, 2024	Recognised in profit or loss	Balance as at December 31, 2025
----- Rupees in thousand -----					
Deductible temporary differences:					
Unutilised tax losses	-	-	-	1,626,845	1,626,845
Accrual for employees compensated absences	7,600	(646)	6,954	3,520	10,474
Provision for slow moving spares	13,566	5,959	19,525	7,980	27,505
Provision for obsolete stocks	175,717	190,445	366,162	144,264	510,426
Provision for litigation	6,305	-	6,305	-	6,305
Provision for doubtful debts	1,084	-	1,084	-	1,084
Other provisions	20,800	(8,376)	12,424	-	12,424
Workers' Welfare Fund	10,759	-	10,759	-	10,759
Unrealised exchange losses	181,631	(65,831)	115,800	(64,090)	51,710
Right of use assets - net of lease liabilities	13,582	5,322	18,904	(2,626)	16,278
	431,044	126,873	557,917	1,715,893	2,273,890
Taxable temporary difference:					
Tax depreciation allowance	(286,775)	76,830	(209,945)	(172,729)	(382,674)
	144,269	203,703	347,972	1,543,164	1,891,136

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

7.2 The deferred tax amounts shown in the table above are available for deduction as and when they are realised, subject to having sufficient taxable profits. The Company has carried out an assessment of recoverability by estimating future taxable profits of the Company and the expected rate applicable to those profits and determined that the amounts are currently recoverable. However, the estimation of future taxable profits is sensitive to certain key assumptions which can change, such as volume of products, gross margin percentage, product pricing, and inflation rates.

8. STORES AND SPARES - net

	Note	2025 (Rupees in thousand)	2024
Stores		247	261
Spares	8.1	534,587	366,179
		<u>534,834</u>	<u>366,440</u>
Less: Provision for slow moving spares	8.2	(70,525)	(50,063)
		<u>464,309</u>	<u>316,377</u>

8.1 These include spares in transit aggregating Rs Nil (2024: Rs 69.141 million).

	Note	2025 (Rupees in thousand)	2024
Balance as at beginning of the year		50,063	34,785
Provision made during the year		186,412	50,063
Write off against provision		(165,950)	(34,785)
Balance as at end of the year		<u>70,525</u>	<u>50,063</u>

8.2 Movement in provision for slow moving spares is as follows:

9. STOCK IN TRADE - net

Raw and packing materials	9.2, 9.3 & 9.4	15,923,631	11,358,967
Work-in-process		235,314	163,514
Finished goods	9.3	2,420,215	2,160,057
		<u>18,579,160</u>	<u>13,682,538</u>
Less: Provision for obsolete stocks	9.1	(1,308,785)	(938,878)
		<u>17,270,375</u>	<u>12,743,660</u>

9.1 Movement in provision for obsolete stocks is as follows:

Balance as at beginning of the year		938,878	450,557
Provision made during the year	9.3 & 9.4	1,120,558	924,180
Write off against provision		(750,651)	(435,859)
Balance as at end of the year		<u>1,308,785</u>	<u>938,878</u>

9.2 These include raw and packing material in transit aggregating Rs 483.32 million (2024: Rs 820.90 million).

9.3 Finished goods include items of specific products costing Rs 622.278 million (2024: Rs 829.95 million) which are stated at their net realisable value (NRV) aggregating Rs 280.092 million (2024: Rs 248.303 million). The amount charged to the profit or loss in respect of stocks written down to their net realisable values is Rs 342.186 million (2024: Rs 581.647 million). Such losses relating to the imported products were reimbursed to the Company upto December 31, 2024 (Note 26.1). However, effective January 1, 2025, the reimbursement arrangement of certain products has been terminated as the Company commenced local production of such products. In addition to this NRV charge, provision aggregating Rs 467.413 million (2024: 342.53 million) against stock-in-trade has been recorded as a result of specific identification of obsolete items.

9.4 Raw materials include items of specific products costing Rs 587.764 million (2024: Rs Nil) which are stated at their net realisable value (NRV) aggregating Rs 179.923 million (2024: Rs Nil). The amount charged to the profit or loss in respect of stocks written down to their net realisable values is Rs 407.841 million (2024: Rs Nil).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025 (Rupees in thousand)	2024
10. TRADE DEBTS - net			
Considered good - unsecured	10.1	1,014,524	377,624
Considered doubtful		2,780	2,780
		<u>1,017,304</u>	<u>380,404</u>
Less: Provision for doubtful debts		(2,780)	(2,780)
		<u>1,014,524</u>	<u>377,624</u>

10.1 This amount represents outstanding balance due from Philip Morris International Management S.A. (Tolling), Switzerland. The maximum aggregate balance of receivable due at the end of any month during the year was Rs 1,014.524 million (2024: Rs 377.624 million).

10.2 The ageing analysis of trade debts due from related party is as follows:

Amount not past due	Amount past due but not impaired					Total gross amount due
	0-30 days	31-60 days	61-90 days	91-365 days	> 365 days	
(Rupees in thousand)						

As at December 31, 2025

Philip Morris International Management S.A. (Tolling), Switzerland	1,014,524	-	-	-	-	-	1,014,524
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As at December 31, 2024

Philip Morris International Management S.A. (Tolling), Switzerland	-	377,624	-	-	-	-	377,624
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	Note	2025 (Rupees in thousand)	2024
11. ADVANCES			
Unsecured:			
Advances to:			
- Employees	11.1	16,852	18,298
- Suppliers and contractors		135,585	112,804
		<u>152,437</u>	<u>131,102</u>
Secured:			
Advance to a supplier	11.2	111,261	111,261
Less: Provision against advance		(16,166)	(16,166)
		<u>95,095</u>	<u>95,095</u>
		<u>247,532</u>	<u>226,197</u>

11.1 Advances to employees are given to meet business expenses and are settled as and when the expenses are incurred.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

11.2 This represents Rs 111.261 million paid to a private service provider against the purchase of fuelwood. However, in May 2020, the service provider filed a civil action in the Court of Mardan ("Court") against the Company and certain of its employees. The litigation arose in January 2020 out of a contract ("Agreement") between the Company and the service provider for the supply of fuelwood from sustainable forests with mandatory supporting evidence. As security for procuring the fuelwood, the service provider submitted an insurance guarantee amounting to Rs 95.095 million ("the Insurance Guarantee") out of the advance payment of Rs 111.261 million made by the Company ("the Secured Amount"). The Company terminated the Agreement in April 2020 and invoked the Insurance Guarantee on the grounds that the service provider failed to comply with its obligations, including the provision of supporting documents to the Company's satisfaction.

In September 2020, an order was passed by the Senior Civil Judge after hearing both parties on the point of territorial jurisdiction of Mardan where by, the Senior Civil Judge found the matter in favor of the Company and returned the suit, removing the stay order against the encashment of the Insurance Guarantee and the restriction on dealing with other fuelwood vendors ("Order"). The Service Provider filed an appeal against the Order, which was also decided in the Company's favour. The Service Provider filed another appeal before the Peshawar High Court, which was also dismissed on November 14, 2023, on grounds of non-prosecution. The Service Provider applied for restoration of the appeal, which was allowed on September 9, 2024.

Simultaneously, the Company filed a counter claim before the High Court of Sindh (the agreed territorial jurisdiction under the Agreement) on June 17, 2020 for refund of full advance payment of Rs 106.254 million (net of withholding tax) and additional damages. The case is pending adjudication.

Following the Order, the Company requested the insurance company to fulfil its obligations under the Insurance Guarantee and release the Secured Amount. Despite the Order and Company's request, the insurance company did not pay. On October 28, 2020, the Company filed a recovery suit before the High Court of Sindh against the insurance company to recover the Secured Amount on the basis that (i) the Company can prove default on part of the Service Provider and therefore the insurance company is bound to release funds under the Insurance Guarantee; and (ii) the claim was filed in May 2020 before the expiry of the Insurance Guarantee on October 31, 2020. The recovery suit is pending adjudication.

The management is of the view that although the aforementioned cases are pending adjudication, the chances of recovery are fairly sound and there is no likelihood of the Company suffering any financial loss. However, as a matter of prudence, the carrying amount of the advance has been restricted to the level of Insurance Guarantee i.e., Rs 95.095 million, resulting in a provision amounting to Rs 16.166 million.

	Note	2025 (Rupees in thousand)	2024
12. OTHER RECEIVABLES			
Receivable from 'associated undertakings'	12.1, 12.2 & 12.3	110,693	390,225
Cash margins held with banks		996,488	762,371
Accrued profit on deposit accounts		18	3,967
Others		15,835	6,653
		<u>1,123,034</u>	<u>1,163,216</u>

12.1 This amount represents outstanding balances from the following associated undertakings:

	2025 (Rupees in thousand)	2024
Philip Morris Investments B.V., Netherlands	14,025	-
Philip Morris Management Services S.A., Switzerland	4,133	4,741
Philsa Philip Morris Sabanci, Turkey	23	-
Philip Morris Products S.A., Switzerland	92,468	374,335
PMFTC Inc., Philippines	44	7,165
Philip Morris Philippines Manufacturing Inc., Philippines	-	3,984
	<u>110,693</u>	<u>390,225</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

12.2 The maximum aggregate balance of receivable due from related parties at the end of any month during the year was Rs 1,101.472 million (2024: Rs 2,102.907 million).

12.3 The ageing analysis of other receivables due from related parties is as follows:

Amount not past due	Amount past due but not impaired					Total gross amount due
	0-30 days	31-60 days	61-90 days	91-365 days	> 365 days	
(Rupees in thousand)						

As at December 31, 2025

Philip Morris Investments B.V., Netherlands	-	-	-	-	14,025	-	14,025
Philip Morris Management Services S.A., Switzerland	-	4,133	-	-	-	-	4,133
Philsa Philip Morris Sabanci, Turkey	-	23	-	-	-	-	23
Philip Morris Products S.A., Switzerland	-	92,468	-	-	-	-	92,468
PMFTC Inc., Philippines	-	44	-	-	-	-	44
	-	96,668	-	-	14,025	-	110,693

As at December 31, 2024

Philip Morris Management Services S.A., Switzerland	-	4,741	-	-	-	-	4,741
Philip Morris Products S.A., Switzerland	374,335	-	-	-	-	-	374,335
Philip Morris Philippines Manufacturing Inc., Philippines	-	3,984	-	-	-	-	3,984
PMFTC Inc., Philippines	-	-	7,125	-	40	-	7,165
	374,335	8,725	7,125	-	40	-	390,225

13. STAFF RETIREMENT BENEFITS

13.1 Defined benefit plan

As stated in note 2.6.17, the Company operates an approved funded gratuity scheme for all its permanent employees. An actuarial valuation of the scheme is performed every year with the latest actuarial valuation performed as at December 31, 2025.

The gratuity fund is governed under the Sindh Trust Act 2020, Trust Deed and Rules of Fund, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. Responsibility for governance of plan, including investment decisions and contribution schedule lie with Board of Trustees of the Fund.

The fair value of the scheme's assets and the present value of the obligation under the scheme at the reporting date in accordance with the latest actuarial report are as follows:

	Note	2025 (Rupees in thousand)	2024
13.1.1 Net asset			
Fair value of plan assets	13.1.5	1,379,605	1,095,460
Present value of defined benefit obligation	13.1.6	(1,291,127)	(1,035,056)
		<u>88,478</u>	<u>60,404</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025 (Rupees in thousand)	2024
13.1.2	Amounts charged to profit or loss:		
	Current service cost	100,285	88,471
	Net interest income	(19,024)	(11,078)
	13.1.3	<u>81,261</u>	<u>77,393</u>
13.1.3	The charge for the year has been allocated as follows:		
	Purchases, redrying and related expenses	22.1 8,228	(1,197)
	Manufacturing expenses	22.2 20,718	21,721
	Distribution and marketing expenses	23 27,137	29,534
	Administrative expenses	24 25,178	27,335
		<u>81,261</u>	<u>77,393</u>
13.1.4	Movement in the asset recognised in the statement of financial position:		
	Balance as at beginning of the year	60,404	34,724
	Net charge for the year	13.1.3 (81,261)	(77,393)
	Contributions	157,643	49,245
	Net remeasurement (loss) / gain for the year	13.1.7 (48,308)	53,828
	Balance as at end of the year	<u>88,478</u>	<u>60,404</u>
13.1.5	Movement in the fair value of plan assets:		
	Balance as at beginning of the year	1,095,460	862,186
	Interest income	141,859	143,634
	Contributions	157,643	49,245
	Benefits paid	(83,284)	(58,587)
	Remeasurement gain on plan assets	67,927	98,982
	Balance as at end of the year	13.1.8 <u>1,379,605</u>	<u>1,095,460</u>
13.1.6	Movement in the present value of defined benefit obligation:		
	Balance as at the beginning of the year	1,035,056	827,462
	Current service cost	100,285	88,471
	Interest cost	122,835	132,556
	Benefits paid	(83,284)	(58,587)
	Remeasurement loss on obligation	116,235	45,154
	Balance as at end of the year	<u>1,291,127</u>	<u>1,035,056</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
	(Rupees in thousand)	
13.1.7	Total remeasurement loss / (gain) recognised in Other Comprehensive Income	
	32,943	(5,784)
	83,292	50,938
	116,235	45,154
	(67,927)	(98,982)
	48,308	(53,828)
13.1.8	Major categories / composition of plan assets are as follows:	
	1,082,832	588,986
	135,520	77,117
	161,253	429,357
	1,379,605	1,095,460
13.1.9	Significant actuarial assumptions used are as follows:	
	12.00%	12.45%
	12.00%	12.45%
13.1.10	Actual gain on plan assets during the year ended December 31, 2025 was Rs 209.786 million (2024: Rs 242.616 million).	
13.1.11	Expected contribution to the defined benefit plan for the year ending December 31, 2026, is Rs 133.805 million.	
13.1.12	Weighted average duration of the defined benefit obligation is 11.8 years.	
13.1.13	Mortality rates assumed were based on State Life Insurance Corporation 2001-2005 mortality tables.	
13.1.14	As of the reporting date, the sensitivity of the defined benefit obligation to changes in the significant actuarial assumptions is as follows:	

	Impact on present value of defined benefit obligation		
	Change in assumptions	Increase in assumption	Decrease in assumption
	(%)	(Rupees in thousand)	
Valuation discount rate	1%	(139,254)	164,347
Expected rate of increase / decrease in salary level	1%	164,239	(141,712)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the staff retirement gratuity recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

13.1.15 Through its defined benefit gratuity plan, the Fund is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The Fund believes that due to the long-term nature of the plan liabilities and the strength of the Company's support, the current investment strategy manages this risk adequately.

Inflation risk

The majority of the plan's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities. However, the Fund manages plan assets to offset inflationary impacts.

Life expectancy / withdrawal rate

The majority of the plan's obligations are to provide benefits on severance with the Company or on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

	Note	2025 (Rupees in thousand)	2024	
13.2	Defined contribution plan			
	The charge for the year has been allocated as follows:			
	Purchases, redrying and related expenses	22.1	16,916	13,512
	Manufacturing expenses	22.2	39,617	31,573
	Distribution and marketing expenses	23	51,236	41,590
	Administrative expenses	24	54,592	46,229
			<u>162,361</u>	<u>132,904</u>

13.3 The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	Note	2025 (Rupees in thousand)	2024
14. BANK BALANCES			
- Foreign currency in current accounts		935	1,255,428
- Local currency:			
- Current accounts	14.3	427,193	1,094,967
- Deposit accounts	14.1 & 14.2	50,516	2,179,097
		<u>477,709</u>	<u>3,274,064</u>
		<u>478,644</u>	<u>4,529,492</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

14.1 Deposit accounts carry markup at the rate 9.5% (2024: 13.5%) per annum.

14.2 These include an amount of Rs 18.861 million (2024: Rs 18.861 million) held by a commercial bank as security against the guarantees and funded facilities obtained from the bank in the normal course of business.

14.3 This includes pay orders in hand amounting to Rs 160.795 million.

15. SHARE CAPITAL

15.1 Authorised capital

2025 (Number of shares)	2024 (Number of shares)		2025 (Rupees in thousand)	2024 (Rupees in thousand)
<u>1,200,000,000</u>	<u>1,200,000,000</u>	Ordinary shares of Rs 10 each	<u>12,000,000</u>	<u>12,000,000</u>

15.2 Issued, subscribed and paid-up share capital

15.2.1 Ordinary shares

2025 (Number of shares)	2024 (Number of shares)		2025 (Rupees in thousand)	2024 (Rupees in thousand)
5,541,429	5,541,429	Ordinary shares of Rs 10 fully paid in cash	55,414	55,414
47,722,912	47,722,912	Ordinary shares of Rs 10 issued as fully paid bonus shares	477,229	477,229
8,316,000	8,316,000	Ordinary shares of Rs 10 issued for consideration other than cash	83,160	83,160
<u>61,580,341</u>	<u>61,580,341</u>		<u>615,803</u>	<u>615,803</u>

15.2.2 Preference shares

		Preference shares of Rs 10 each fully paid in cash (notes 15.4 to 15.7)	<u>10,464,000</u>	10,464,000
<u>1,046,400,000</u>	<u>1,046,400,000</u>		<u>11,079,803</u>	<u>11,079,803</u>

15.3 As at December 31, 2025 the number of ordinary shares of Rs 10 each held by Philip Morris Investments B.V., (the parent company) and Philip Morris Brands S.a.r.l., both subsidiaries of Philip Morris International Inc., were 48,082,131 and 12,316,060 respectively. All ordinary shares rank equally with regard to the Company's residual assets after the preference shares are paid. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

15.4 On October 28, 2015 after the approval by shareholders at the Extraordinary General Meeting, the Company issued 1,046,400,000 Class A Preference Shares of Rs 10 each to the Parent Company and an associated undertaking. As at December 31, 2025, these preference shares were held by the parent company and Philip Morris Brands S.à.r.l., in the ratio of 79.52% and 20.48% respectively.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

- 15.5 The conversion option is exercisable by the holders at any time after the 10th anniversary of the issue date but not later than the 15th anniversary. At the 15th anniversary all the unconverted preference shares will mandatorily be converted into ordinary shares of the Company. The preference shares shall be converted fully at the conversion ratio defined in the terms of agreement.
- 15.6 The holders are entitled to a non-cumulative dividend subject to available distributable profits, as declared by the Board or the Company from time to time, at a maximum rate of KIBOR + 1% spread on the face value of the shares.
- 15.7 These preference shares have been treated as part of equity on the following basis:
- The shares were issued under the provisions of section 86 of the Companies Ordinance, 1984, read with section 90 of the Companies Ordinance, 1984 and the Companies Share Capital (Variation in Rights and Privileges 1984) Rules, 2000.
 - The issue of the shares was duly approved by the members of the Company at the Extra Ordinary General Meeting held on October 28, 2015.
 - The requirements of the Companies Ordinance, 1984 (now the Companies Act, 2017) take precedence over the requirements of IFRS Accounting Standards.
 - The preference shareholders have the right to convert these shares into ordinary shares.

16. SHARE-BASED PAYMENT PLAN

Details of equity settled share-based payments under 'Time-vested Share Plan' (note 2.6.18) in relation to the Company are as follows:

- 16.1 Share prices and grant dates of the outstanding share-based payments are as follows:

Share price at grant date (February 9, 2023)	Rs 27,597 / share (US \$ 102.03 / share)
Share price at grant date (February 8, 2024)	Rs 24,077 / share (US \$ 89.01 / share)
Share price at grant date (February 8, 2025)	Rs 40,565 / share (US \$ 145.32 / share)

- 16.2 A reconciliation of movement in the number of shares can be summarised as follows:

	Note	2025 (Number of shares)	2024
Outstanding as at the beginning of the year		19,819	16,069
Granted during the year		6,490	7,340
Vested / exercised during the year	16.4	(7,430)	(3,334)
Forfeited during the year		(1,260)	(256)
Outstanding as at the end of the year		<u>17,619</u>	<u>19,819</u>

- 16.3 The charge for the year has been allocated as follows:

		2025 (Rupees in thousand)	2024
Purchase, redrying and related expenses	22.1	4,486	(4,015)
Manufacturing expenses	22.2	63,246	13,093
Distribution and marketing expenses	23	(13,651)	14,896
Administrative expenses	24	94,057	114,833
		<u>148,138</u>	<u>138,807</u>

- 16.4 During the year, shares granted on February 10, 2022, were fully vested.

- 16.5 An amount of Rs 83.687 million (US\$ 297,182) was recharged by Philip Morris International Inc. United States during the year, which was payable as at December 31, 2025 [2024: Rs 84.015 million (US\$ 301,872)].

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

17. LEASE LIABILITIES	2025	2024
	(Rupees in thousand)	
Lease liabilities	202,233	304,376
Less : Current maturity of lease liabilities	(135,089)	(120,305)
	<u>67,144</u>	<u>184,071</u>
Maturity analysis		
Not later than 1 year	135,089	120,305
Later than 1 year and not later than 5 years	67,144	184,071
	<u>202,233</u>	<u>304,376</u>

17.1 Set out below is the carrying amount of lease liabilities and the movement during the year:

	Note	2025	2024
		(Rupees in thousand)	
Balance as at beginning of the year		304,376	357,221
Lease payments made		(127,159)	(102,418)
Additions during the year	4	9,486	49,573
Modification and termination of lease agreements		15,530	-
Other changes:			
Accretion of interest	27	43,540	49,757
Interest payments (presented as operating cash flows)		(43,540)	(49,757)
Balance as at end of the year		<u>202,233</u>	<u>304,376</u>

17.2 The Company leases registered office, sale offices and warehouses.

17.3 Lease payments relating to short-term leases and leases of low-value assets amounting to Rs 41.481 million (2024: Rs 45.043 million) have been recognised as expenses during the year.

18. SHORT TERM BORROWINGS	Note	2025	2024
		(Rupees in thousand)	
Secured:			
Short term loans		1,690,000	-
Running finance under mark-up arrangements		6,445,825	-
	18.1	<u>8,135,825</u>	<u>-</u>

18.1 The Company has entered into short term finance facilities available from commercial banks for working capital requirements amounted to Rs 18,250 million (2024: Rs 1,750 million) out of which Rs 9,655 million (2024: Rs 1,750) remained unutilised at the reporting date. These facilities are secured through hypothecation of stock-in-trade and stand by letters of credit.

These facilities carry markup rate ranging from 10.82% to 12.84% (2024: 13.5% to 20.5%) per annum. These facilities are available for various periods having expiry between May 31, 2026 and June 30, 2026.

18.2 The facilities for opening of letters of credits and letters of guarantees amounted to Rs 6,575 million and Rs 4,294.2 million respectively as at December 31, 2025. Out of the total facility, Rs 3,025 million and Rs 2,525 million are the sublimit of facilities disclosed in note 18.1 above.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

19. TRADE AND OTHER PAYABLES

	Note	2025 (Rupees in thousand)	2024
Creditors		4,637,600	3,196,285
Bills payable	19.1 & 19.2	4,241,899	4,014,408
Royalty payable to a related party	19.1 & 19.2	3,824,954	2,346,187
Accrued expenses		2,902,383	2,289,317
Advance from customers - unsecured	19.1, 19.3 & 19.3.1	5,322,938	2,199,408
Tobacco development cess	19.4	431,904	481,520
Workers' welfare fund	19.5	50,681	50,681
Workers' profits participation fund	19.6	37,459	37,459
Others		236,786	185,290
		<u>21,686,604</u>	<u>14,800,555</u>

19.1 The amount due to group undertakings included in bills payable, advances from customer - unsecured and royalty payable aggregated Rs 11,240.841 million (2024: Rs 6,191.455 million).

19.2 These include outstanding balances to the following associated undertakings:

	2025 (Rupees in thousand)	2024
Philip Morris Products S.A. Manufacturing, Switzerland	3	2
Philip Morris CR A.S., Czech Republic	343	102
Philip Morris Services S.A, Switzerland	136,396	51,198
Philip Morris Products S.A., Switzerland	2,176,264	2,136,333
PMFTC Inc., Philippines	33,987	2,819
Philip Morris International Inc., United States	283,841	228,038
Philip Morris Global Brands Inc., United States	2,552,763	1,707,812
Philip Morris Korea Inc., Korea	43	43
PT Philip Morris, Indonesia	88,873	61,935
Philip Morris Philippines Manufacturing Inc., Philippines	192,475	60,457
Massalin particulares S.R.L., Argentina	2,360	1,969
Profigen Do Brasil LTDA, Brazil	18,233	-
Philip Morris Investments B.V., Jordan	1,346	559
Fertin Pharma A/S, Denmark	547,239	-
Swedish Match North Europe AB, Sweden	30,742	-
PT Hanjaya Mandala Sampoerna TBK., Indonesia	9,422	57,646
	<u>6,074,330</u>	<u>4,308,913</u>

19.3 These include the advances from the following related parties:

Philip Morris Services S.A, Switzerland	<u>5,166,511</u>	<u>1,882,542</u>
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19.3.1 These represent advances received by the Company from associated undertakings and distributors for goods to be delivered. The advances outstanding as at December 31, 2024 amounting to Rs 2,199.408 million have been recognised as revenue.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	2025	2024
	(Rupees in thousand)	
19.4 The movement of tobacco development cess is as follows:		
Balance as at the beginning of the year	481,520	41,625
Charge recognised during the year	930,094	467,645
Payments made during the year	(979,709)	(27,750)
Balance as at the end of the year	<u>431,905</u>	<u>481,520</u>

19.4.1 Effective July 1, 1999, the Tobacco Development Cess was levied on the purchases of tobacco leaf in Khyber Pakhtunkhwa province. The Company had filed a constitutional petition in the Supreme Court of Pakistan against the levy for tobacco purchased in Punjab, which was decided in the Company's favor on September 13, 2022. Accordingly, the Company is paying the said levy and has made the above provision in its books of account.

19.4.2 During the year ended December 31, 2017, the Office of Excise, Taxation & Narcotics, Control Office Mardan (here-in after referred to as 'the Department'), issued an order dated September 21, 2017 demanding the recovery of alleged short paid Tobacco Development Cess (TDC) amounting to Rs 13.875 million in respect of the year ended December 31, 2016 along with a penalty amounting to Rs 3.468 million, because of an amendment in TDC rate introduced during the year 2014.

The management is of the view that the Company has been paying TDC in accordance with the correspondence of the Department, accordingly the TDC liability had been discharged in full and any incremental demand and related penalty are not justified. However, as a matter of prudence, the aforementioned amount of Rs 13.875 million is continued to be recorded as part of trade and other payables.

19.5 Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) has been promulgated under which industrial establishments having a total income exceeding Rs 0.5 million for the accounting period which began on or after December 31, 2013 are required to pay WWF to the Sindh Revenue Board at the rate of two percent of taxable income.

The management is of the view that since the Company is a trans-provincial entity, it is already subject to levy of Federal WWF at the rate of two percent on the income of the Company and as the authority to which the payment of WWF will be made is not yet decided, the management has on prudent basis recorded accrual based on Federal WWF.

19.6 The movement of workers' profit participation fund is as follows:

	Note	2025	2024
		(Rupees in thousand)	
Balance as at beginning of the year		37,459	7,819
Accrual for the year	25	-	46,033
Payments made during the year		-	(16,393)
Balance as at end of the year		<u>37,459</u>	<u>37,459</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

20. CONTINGENCIES AND COMMITMENTS

20.1 Guarantees

Indemnities given to banks for guarantees issued by them in the normal course of business aggregated Rs 78.861 million (2024: Rs 78.861 million).

	2025	2024
	(Rupees in thousand)	
20.2 Commitments		
Capital expenditure contracted for but not incurred	209,212	181,165
Post dated cheques	477,023	44,685
Letters of credit	253,507	119,232
Operating lease commitments	3,156	3,033

20.3 Income tax related contingencies

(i) While reviewing the income tax return of the Company for the tax year 2009, the Deputy Commissioner Inland Revenue (DCIR) through an order dated May 30, 2012 had disallowed certain deductions aggregating Rs 256.444 million having an incremental tax impact of Rs 100.525 million. After rectification and appeal orders, aggregate disallowances amounting to Rs 48.405 million are pending before the DCIR for further consideration.

(ii) While reviewing the income tax return of the Company for the tax year 2011, the DCIR through an order dated May 28, 2013 had disallowed certain deductions aggregating Rs 235.705 million having an incremental tax impact of Rs 100.927 million. After rectification and appeal orders, aggregate disallowances amounting to Rs 105.280 million are pending before the DCIR for further consideration.

(iii) While reviewing the income tax return of the Company for the tax year 2013, the Additional Commissioner Inland Revenue (ADCIR) through an order dated April 28, 2014 had disallowed certain deductions aggregating Rs 455.747 million having an incremental tax impact of Rs 77.829 million. The Company had filed an appeal before the CIR - Appeals. The order of CIR - Appeals was passed dated September 29, 2015 through which disallowances of deductions amounting to Rs 210.620 million were deleted whereas disallowances of Rs 95.685 million were set aside for further consideration.

In 2016, the Company filed an appeal before the next level, i.e., Appellate Tribunal, to get relief on all the matters other than those decided in the Company's favor. On December 14, 2021, the Appellate Tribunal's order was received on the matter whereby disallowances amounting to Rs 97.983 million were deleted, and disallowances amounting to Rs 147.14 million were remanded back to DCIR for reverification based on the evidence presented by the Company, which process has not been completed.

(iv) While reviewing the income tax return of the Company for the tax year 2014, the DCIR, through an order dated June 28, 2016, had disallowed certain deductions aggregating Rs 131.086 million, having an incremental tax impact of Rs 39.326 million. The CIR – Appeals passed an order dated September 20, 2019, against an appeal filed by the Company through which disallowances of deduction amounting to Rs 80.395 million were deleted, disallowances amounting to Rs 47.338 million were remanded back to DCIR, and disallowances amounting to Rs 3.353 million were maintained. The management decided not to file an appeal against the order issued by CIR – Appeals. The tax department has filed an appeal with the Appellate Tribunal against the order passed by CIR-Appeals, the decision of which is pending.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

For remanded back proceedings, the Additional Commissioner Inland Revenue (ACIR) demanded further information from the Company through show cause notices dated October 27, 2017 and May 29, 2020. The Company provided all required information and ACIR issued order dated June 29, 2020 whereby no adverse inference was drawn on any matter.

- (v) While reviewing the income tax return of the Company for the tax year 2018, the DCIR, through an order dated March 30, 2021, disallowed certain deductions aggregating Rs 1,253.665 million, resulting in a tax demand of Rs 26.342 million. The Company filed an appeal before the CIR - Appeals on April 12, 2021, on items amounting to Rs 1,240.635 million. On June 22, 2021, the Company received an order from CIR - Appeals through which disallowances amounting to Rs 1,043.246 million were deleted, and disallowances amounting to Rs 197.389 million were remanded back to DCIR for reconsideration.

The DCIR has filed appeal with Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR - Appeals to the extent of disallowances amounting to Rs 1,043.246 million, which is pending. For the matters remanded back, the DCIR decided the same in favour of Company vide order dated July 14, 2023.

- (vi) While reviewing the Company's income tax return for Tax Year 2023, the DCIR issued an order dated October 16, 2024, raising a tax demand on the grounds of alleged non - payment of Alternate Corporate Tax (ACT) and the disallowance of certain expenses amounting to Rs. 81 million. The Company filed an appeal before ATIR challenging the DCIR's order in which the matter of alleged non-payment of ACT was decided in favour of the Company; however, it upheld the disallowance of expenses amounting to Rs. 81 million, resulting in a tax impact of Rs. 16.5 million. Aggrieved by the Tribunal's decision on the disallowance of expenses, the Company subsequently filed a Reference Application before the High Court of Sindh, which is currently pending adjudication.

- (vii) While reviewing the income tax return for the tax year 2022, the DCIR issued an order dated August 15, 2024 and amended the taxable income of the Company from Rs 1,788 million to Rs 1,886 million on account of disallowance of certain expenses. The Company had discharged its tax liability on Alternate Corporate Tax (payable at 17% of Accounting Profit) as per return which remained higher than the tax liability computed on amended taxable income as per the order. Accordingly, there is no tax payable by the Company against the demand being raised by the DCIR.

Despite, there is no demand, the Company has filed an appeal before CIR-Appeals against the subject disallowances to defend the Alternate Corporate Tax credit being carried forward for the next tax year which is pending adjudication.

- (viii) During the year, the DCIR issued an order, disallowing the adjustment of brought forward minimum tax credits under Section 113(2) pertaining to Tax Years 2014 and 2015 claimed in the return of Tax Year 2019. This resulted in a tax demand of Rs 172.95 million, which the Company paid under protest. An appeal has been filed before the ATIR, which is currently pending for hearing.

The management, based on the assessments of the tax consultants, is of the view that the matters in appeal will eventually be decided in Company's favour and therefore no provision has been recorded in respect of these matters.

20.4 Sales tax and FED related contingencies

- (i) The Additional Collector of Customs, Sales Tax and Central Excise (Adjudication), Rawalpindi had issued two orders to the Company during calendar year 2003 on account of short payment of Central Excise Duty and Sales Tax aggregating Rs 7.466 million and Rs 4.021 million respectively along with additional duty and penalty. After the rejection of the Company's appeals before the Federal Excise & Taxation Appellate Tribunal, Islamabad during July 2007, the Company proceeded to file tax references before Islamabad High Court which are pending adjudication.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

- (ii) During the year ended December 31, 2014, the DCIR had issued an order dated September 29, 2014, and raised demand on account of short paid Federal Excise Duty (FED) and sales tax amounting to Rs 2,320.757 million and Rs 964.591 million, respectively. In addition, penalties amounting to Rs 116.038 million and Rs 48.229 million were imposed on account of short payment of FED and Sales Tax, respectively (referred to as 'Demand'). The Company filed an appeal before the CIR - Appeals who upheld the said Demand through an order dated December 15, 2014.

Subsequently, the Company filed an appeal before the Tribunal against the order of CIR - Appeals on January 13, 2015. The Company, on May 11, 2016, received a ruling in its favor from the Tribunal, which has cancelled and set aside the Demand (i.e. referred to as 'Tribunal Order').

The FBR filed two reference applications before the High Court of Sindh during August 2016 (i.e. referred to as 'Reference Applications') against the Tribunal Order, which are pending adjudications. The Company's management believes that the ultimate order in relation to the Reference Applications shall be in the Company's favour as the Demand had also been earlier set aside by the Tribunal Order. Accordingly, no provision has been recognized in respect of this matter.

- (iii) The FBR issued two orders to the Company dated July 13, 2017 and one order dated October 16, 2017 and demanded an amount of Rs 1,765.008 million for alleged evasion of FED and sales tax along with penalties thereon which the Company believes to be unfounded. The Company filed appeals before the CIR - Appeals who upheld the said demand through an order dated January 30, 2019.

On February 8, 2019, the Company filed appeals against the orders before the Tribunal and also obtained an interim injunction ("Injunction") for six months, to prevent the authorities from taking coercive action by paying 15% of the FED demand and 100% of the sales tax demand amounting to Rs 241.867 million and Rs 152.561 million respectively.

On August 7, 2019, the interim injunction expired and the Appellate Tribunal directed the FBR to provide 15 days' prior notice to the Company before initiating any recovery measures.

The Company received an order from the Tribunal on September 30, 2021, whereby the demand of Rs 1,765.008 million for alleged evasion of federal excise duty and sales tax was set aside in the Company's favour. However, the Appellate Tribunal directed FBR to re-initiate the proceedings afresh after assessing the facts of the case to reach a fair and lawful conclusion.

- (iv) While reviewing the withholding tax statements of Khyber Pakhtunkhwa Revenue Authority (KPRA), the Additional Collector (ADC) issued an order to the Company dated December 8, 2023, whereby demand of Rs 600 million was created on account of alleged short withholding of sales tax on services pertaining to period July 2020 to June 2022. The Company has filed an appeal with Collector (Appeals) KPRA and obtained a stay order against recovery.

The Collector Appeal vide order dated January 28, 2025 decided the case in favour of the Company by deleting the demand for the period July 2019 to June 2021 amounting to Rs 360 million whereas the demand for July 2021 to June 2022 amounting to Rs 240 million has been remanded back to the Officer for reassessment of tax liability.

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- (v) The Collectorate of Customs (Adjudication-II), Karachi ("COC") issued a show cause notice to the Company dated July 4, 2024 on account of short payment of Federal Excise Duty, Sales Tax, Additional Sales Tax and Income Tax aggregating to Rs 580 million on import of Nicotine Pouches made during the period October 2022 to March 2024.

Since COC lacks jurisdiction on excise matters, Company obtained an interim injunction (stay) from the High Court of Sindh by filing a petition to prevent the authority from taking any adverse action against the Company. On February 7, 2025, the petition was disposed of with directions to the Customs department to (a) decide the matter with a reasoned order after giving the Company an opportunity of hearing; and (b) no adverse action shall be taken during the pendency of such adjudication. As a next step, the Company will contest the matter before COC.

The management, based on the assessment of the tax consultants, is of the view that these matters in appeal will eventually be decided in Company's favour and therefore no provision has been recorded in respect of these matters.

21. TURNOVER - net

2025
2024
(Rupees in thousand)

Gross turnover		
- Domestic	75,662,501	64,158,192
- Export	18,232,332	14,484,143
	<u>93,894,833</u>	<u>78,642,335</u>
Less: Trade discount	1,093,428	1,240,498
Sales tax	12,199,939	10,255,180
Federal excise duty	38,004,818	34,805,769
	<u>51,298,185</u>	<u>46,301,447</u>
	<u>42,596,648</u>	<u>32,340,888</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

22. COST OF SALES	Note	2025 (Rupees in thousand)	2024
Raw and packing material consumed			
Opening stock		11,358,967	11,004,979
Purchases, redrying and related expenses	22.1	35,583,449	22,542,047
		46,942,416	33,547,026
Closing stock	9	(15,923,631)	(11,358,967)
		31,018,785	22,188,059
Government levies		80,521	58,034
Manufacturing expenses	22.2	4,127,276	3,183,615
		35,226,582	25,429,708
Work in process			
Opening stock		163,514	208,652
Closing stock	9	(235,314)	(163,514)
Sale of waste		(23,402)	(12,375)
		(95,202)	32,763
Cost of goods manufactured		35,131,380	25,462,471
Finished goods			
Opening stock		2,160,057	1,270,331
Finished goods purchased		1,773,692	4,952,488
Closing stock	9	(2,420,215)	(2,160,057)
		1,513,534	4,062,762
		36,644,914	29,525,233

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025	2024	
		(Rupees in thousand)		
22.1	Purchases, redrying and related expenses			
	Raw and packing material	32,567,347	20,431,147	
	Salaries, wages and other benefits	13 & 16	1,027,641	697,755
	Stores and spares consumed		134,164	127,648
	Fuel and power		275,373	214,694
	Rent, rates and taxes		10,649	19,476
	Freight and stacking		446,824	294,187
	Postage, telephone and stationery		68,763	53,127
	Depreciation on property, plant and equipment	3.1.1	81,876	75,677
	Depreciation on right-of-use assets	4.1	27,528	24,624
	Amortisation on intangibles	5.1	13,342	1,086
	Repair and maintenance		591,717	295,144
	Travelling, vehicle and entertainment expenses		66,527	57,599
	Professional charges		40,734	38,679
	Fumigation and pesticide expenses		46,942	48,986
	Security charges		178,817	151,351
	Other expenses		5,205	10,867
			3,016,102	2,110,900
			35,583,449	22,542,047
22.2	Manufacturing expenses			
	Salaries, wages and other benefits	13 & 16	1,337,019	1,051,287
	Stores and spares consumed		895,851	560,298
	Fuel and power		303,168	235,236
	Cartage		74,810	33,562
	Postage, telephone and stationery		59,019	49,874
	Depreciation on property, plant and equipment	3.1.1	851,952	734,613
	Depreciation on right-of-use assets	4.1	7,143	5,296
	Amortisation on intangibles	5.1	12,834	118
	Travelling, vehicle, and entertainment expenses		114,930	107,191
	Security charges		87,048	64,926
	Other expenses		383,502	341,214
			4,127,276	3,183,615

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025	2024
		(Rupees in thousand)	
23. DISTRIBUTION AND MARKETING EXPENSES			
Salaries, allowances and other benefits	13 & 16	1,950,870	1,664,791
Selling expenses		3,645,890	2,866,283
Freight expense		424,172	273,496
Rent, rates and taxes		29,072	30,986
Postage, telephone and stationery		45,110	61,819
Depreciation on property, plant and equipment	3.1.1	124,604	102,996
Depreciation on right-of-use assets	4.1	15,840	14,868
Amortisation on intangibles	5.1	3,000	3,538
Travelling, vehicle, and entertainment expenses		405,647	246,000
Royalty	23.1	1,258,745	1,036,527
Repair and maintenance		9,716	9,298
Security charges		33,913	31,294
Other expenses	23.2	525,088	531,557
		<u>8,471,667</u>	<u>6,873,453</u>

23.1 Royalty is payable to associated undertakings, namely Philip Morris Global Brands Inc., United States, the registered office of which is located at 677, Washington Boulevard, Stamford, USA, and Philip Morris Products S.A, Switzerland, the registered office of which is located at Quai Jeanrenaud 3, 2000 Neuchatel, Switzerland.

23.2 This includes Rs 159.222 million (2024: Rs 159.026 million) in respect of goods destroyed and Rs 195.422 million (2024: Rs 182.339 million) in respect of sales tax on royalty.

	Note	2025	2024
		(Rupees in thousand)	
24. ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	13 & 16	1,367,288	1,319,137
Rent, rates and taxes		36,424	28,277
Postage, telephone and stationery		46,076	33,502
Travelling, vehicle, and entertainment expenses		253,297	200,919
Repairs and maintenance		93,436	63,854
Legal and professional charges		119,293	164,669
Utilities		24,146	28,047
Fee and subscription		113,403	73,875
Insurance		58,210	48,284
Auditor's remuneration	24.1	17,389	10,983
Depreciation on property, plant and equipment	3.1.1	143,087	138,302
Depreciation on right-of-use assets	4.1	69,916	71,275
Donation		-	14,580
Amortisation on intangibles	5.1	762	1,306
Security charges		55,297	37,326
Other expenses	24.1	104,096	767
		<u>2,502,120</u>	<u>2,235,103</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

24.1 This represents expenses incurred during the year in relation to initiatives and measures against illicit trade prevention in the tobacco sector.

	Note	2025 (Rupees in thousand)	2024
24.2 Auditor's remuneration			
Audit fee		5,024	4,568
Review of half yearly financial statements		1,818	1,653
Taxation and other services		9,283	3,680
		16,125	9,901
Sales tax and out of pocket expenses		1,264	1,082
		17,389	10,983

25. OTHER EXPENSES

Exchange loss - net		228,884	-
Employee separation costs		129,204	16,953
Property, plant and equipment written off	3.1	4,178	20,295
Workers' welfare fund		-	25,760
Workers' profit participation fund	19.6	-	46,033
Others		77,976	83,337
		440,242	192,378

26. OTHER INCOME

Exchange gain - net		-	74,235
Interest on deposit accounts		169,739	773,900
Profit on disposal of property, plant and equipment		40,383	31,528
Reimbursement of expenses	26.1	92,468	6,076,335
Liabilities written back		63,739	118,002
Interest on term deposit receipts		-	178,519
Profit on disposal of non-current assets held for sale / disposal		-	253,400
Others		17,327	21,118
		383,656	7,527,037

26.1 This represents reimbursement of expenses, incurred by the Company on account of import, distribution and marketing activities, trade allowances and taxes and duties relating to recently launched products, agreed to be received from Philip Morris Products S.A., (PMP) in accordance with the agreements entered into between the Company and PMP aggregating Rs 92.468 million (2024: 6,076.335 million). Effective January 1, 2025, the reimbursement arrangement for certain products has been terminated as the Company has initiated the local production of such products.

	Note	2025 (Rupees in thousand)	2024
27. FINANCE COST AND BANK CHARGES			
Mark-up on short term borrowings		248,141	-
Accretion of interest on lease liabilities	17.1	43,540	49,757
Bank commission and other charges		118,984	143,141
		410,665	192,898

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025	2024
		(Rupees in thousand)	
28. LEVY AND TAXATION			
Levy	28.1	532,458	470,576
Taxation	28.2	(1,543,164)	123,535
Levy and tax charged		<u>(1,010,706)</u>	<u>594,111</u>

28.1 This represents minimum taxes paid under the Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21 and IAS 37.

	Note	2025	2024
		(Rupees in thousand)	
28.2 TAXATION			
Current			
- for the year	28.4	-	360,150
- for prior year		-	(32,912)
		-	327,238
Deferred	7.1	(1,543,164)	(203,703)
		<u>(1,543,164)</u>	<u>123,535</u>

28.3 Relationship between tax expense and accounting (loss) / profit

Accounting (loss) / profit before taxation		<u>(6,021,762)</u>	<u>378,284</u>
Applicable tax rate		39%	39%
Tax on accounting (loss) / profit		(2,348,487)	147,531
Tax effect of:			
• levy being separately classified		207,659	183,525
• income on which levy is charged		524,295	(161,006)
• income not subject to tax		-	(73,486)
• permanent differences		952	26,266
• others		52,880	33,617
		<u>(1,543,164)</u>	<u>156,447</u>
Current tax for the prior year		-	(32,912)
Tax expense for the year charged in profit or loss		<u>(1,543,164)</u>	<u>123,535</u>

28.4 Break up of current tax expense recognised in these financial statements is as follows:

	2025	2024
	(Rupees in thousand)	
Current tax charge recognised in:		
Profit or loss	-	360,150
Other comprehensive income	-	20,993
	<u>-</u>	<u>381,143</u>

28.5 In view of the fact that the super tax rate has been specified as 10% through the Finance Act, 2023, the applicable tax rate for the Company is 39%. Accordingly, the Company has recorded deferred tax at 39% in these financial statements, with the exception of business losses, which have been recorded at a rate of 29%.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

29. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

29.1 The aggregate amount charged in these financial statements for the year is as follows:

	Chief Executive		Directors		Executives		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	----- Rupees in thousand -----							
Remuneration	-	-	13,847	13,199	1,325,111	1,749,481	1,338,958	1,762,680
House rent	-	-	6,231	5,940	596,300	504,829	602,531	510,769
Directors' fee	-	-	5,324	5,324	-	-	5,324	5,324
Bonus	-	-	14,734	8,577	384,354	307,786	399,088	316,363
Retirement benefits	-	-	2,188	2,396	187,448	186,045	189,636	188,441
Utilities	-	-	1,385	1,320	132,511	112,184	133,896	113,504
Others	-	11,347	740	1,721	366,146	273,258	366,886	286,326
	-	11,347	44,449	38,477	2,991,870	3,133,583	3,036,319	3,183,407
Number of persons	1	2	7	7	412	433	420	442

In addition, the chief executive and executive directors are provided with free use of the Company maintained cars and accommodation facilities.

29.2 The Company considers its Chief Executive and executive director as members of key management personnel.

29.3 The benefits available to certain executives and an executive director recognised by the Company in the expenses during the year on account of share-based payment plan aggregate Rs 148.138 million (2024: Rs 138.807 million).

29.4 Certain executives are on secondment from a group undertaking and no remuneration is charged to the Company in respect of these executives.

29.5 In accordance with the requirements of the fifth schedule to the Companies Act 2017, employees whose basic salary for the year exceeds Rs 1.2 million have been considered 'Executives' for the purpose of these financial statements.

30. RELATED PARTIES DISCLOSURES

Related parties comprise of Philip Morris Investments B.V. (the parent company) and Philip Morris Brands S.à.r.l., related group undertakings, subsidiary company Laksonpremier Tobacco Company (Private) Limited, staff retirement funds and key management personnel. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment as disclosed in note 29 are as follows:

Nature of transactions		2025	2024
		(Rupees in thousand)	
Associated undertakings	Sale of goods	18,232,332	14,484,143
	Purchase of goods	4,874,572	5,230,158
	Purchase of plant and machinery	31,599	1,175,620
	Reimbursement of expenses	92,468	6,076,335
	Royalty expense	1,258,745	1,036,527
	Share based payment recharge	83,687	84,015
Staff retirement plans	Expense in relation to gratuity scheme	81,261	77,393
	(Loss) / gain in other comprehensive income - gratuity	(48,308)	53,828
	Expense in relation to provident fund	162,361	132,904

The Company carries out transaction with its related parties at mutually agreed terms.

The status of outstanding balances with related parties as at December 31, 2025 is included in notes 10, 12.1, 19.2 and 19.3. These balances are to be settled in the ordinary course of business.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

30.1 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place during the year:

S. No.	Name of related parties	Basis of relationship	Aggregate shareholding % in the Company
1.	Philip Morris Products S.A. Manufacturing, Switzerland	Group Company	Nil
2.	Philip Morris Manufacturing & Technology Bologna spa, Italy	Group Company	Nil
3.	Philip Morris Management Services S.A., Switzerland	Group Company	Nil
4.	Philip Morris CR A.S., Czech Republic	Group Company	Nil
5.	Philip Morris International Management S.A. (Tolling), Switzerland	Group Company	Nil
6.	Philip Morris Products S.A., Switzerland	Group Company	Nil
7.	PMFTC Inc., Philippines	Group Company	Nil
8.	Philip Morris International Inc., United States	Group Company	Nil
9.	Philip Morris Global Brands Inc., United States	Group Company	Nil
10.	Philip Morris Korea Inc., Korea	Group Company	Nil
11.	Philip Morris Malaysia SDN. BHD., Malaysia	Group Company	Nil
12.	PT Philip Morris, Indonesia	Group Company	Nil
13.	Philip Morris Philippines Manufacturing Inc., Philippines	Group Company	Nil
14.	PMI Service Center Europe spolka z ograniczona odpowiedzialnoscia, Poland	Group Company	Nil
15.	Massalin particulares S.R.L., Argentina	Group Company	Nil
16.	Profigen Do Brasil LTDA, Brazil	Group Company	Nil
17.	Philip Morris Investments B.V., Jordan	Group Company	Nil
18.	Philip Morris Tutunski Kombinat Prilep LLC, Macedonia	Group Company	Nil
19.	Fertin Pharma A/S, Denmark	Group Company	Nil
20.	NCP Nextgen A/S Denmark	Group Company	Nil
21.	Swedish Match North Europe AB, Sweden	Group Company	Nil
22.	PT Hanjaya Mandala Sampoerna TBK., Indonesia	Group Company	Nil
23.	Philip Morris Brands Sarl, Switzerland	Group Company	Note 15
24.	Philip Morris Investments B.V., Netherlands	Parent company	Note 15
25.	Laksonpremier Tobacco Company (Private) Limited	Subsidiary	Nil

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

S. No.	Name of related parties	Basis of relationship	Aggregate shareholding % in the Company
26.	Philip Morris (Pakistan) Limited Employees' Gratuity Fund	Retirement benefit trust	Nil
27.	Philip Morris (Pakistan) Limited Employees' Provident Fund	Retirement benefit trust	Nil
28.	Mr. Ali Reza Takesh	Chief Executive	0.000002%
29.	Mr. Sarfaraz Ahmed Rehman	Chairman (upto November 01, 2025)	0.000002%
30.	Mr. Peter Stefan M. Calon	Director	0.000002%
31.	Mr. Mohammad Saad Khaleel	Director (effective August 1, 2025)	0.000002%
32.	Ms. Aaizah Syed	Director (effective March 27, 2025)	0.000002%
33.	Mr. Junaid Iqbal	Director (upto November 01, 2025)	0.000002%
34.	Mr. Mirza Rehan Baig	Director (upto November 01, 2025)	0.000002%
35.	Mr. Muhammad Zeeshan	Director (upto July 31, 2025)	0.000002%

30.2 Following are the registered address and the country of incorporation of the related parties incorporated outside Pakistan:

S. No.	Name of related parties	Registered office and country of incorporation
1.	Philip Morris Products S.A. Manufacturing, Switzerland	Quai Jeanrenaud 3, Neuchatel, Switzerland
2.	Philip Morris Manufacturing & Technology Bologna spa, Italy	Piazza Belgioioso 2 20121, Milano, Italy
3.	Philip Morris Management Services S.A., Switzerland	Avenue De Cour 107, Lausanne, Switzerland
4.	Philip Morris CR A.S., Czech Republic	Vitezna 1, Kutna Hora, Czech Republic
5.	Philip Morris International Management S.A. (Tolling), Switzerland	Avenue De Rhodanie 50, Lausanne, Switzerland
6.	Philip Morris Products S.A., Switzerland	Quai Jeanrenaud 3, Neuchatel, Switzerland
7.	PMFTC Inc., Philippines	Plants C And D, Champaca Street, Marikina, Philippines
8.	Philip Morris International Inc., United States	677 Washington Blvd, Stamford, USA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

S. No.	Name of related parties	Registered office and country of incorporation
9.	Philip Morris Global Brands Inc., United States	677 Washington Blvd, Stamford, USA
10.	Philip Morris Korea Inc., Korea	25th Floor One lfc 10 Gukjegeumyung Yeongdeungpo-Gu, Seoul, Korea
11.	Philip Morris Malaysia SDN. BHD., Malaysia	Level 25, 1 Powerhouse, No 1 Persiaran Bandar Utama, Andar Utama, Selangor Darul Ehsan, Petaling Jaya, Malaysia
12.	PT Philip Morris, Indonesia	One Pacific Place Building Lt.20, Jl.jend.sudirman Kav 52-53 Lot 3, 5 Scbd, Jakarta, Indonesia
13.	Philip Morris Philippines Manufacturing Inc., Philippines	Plants C And D, Champaca Street, Marikina, Philippines
14.	PMI Service Center Europe spolka z ograniczona odpowiedzialnoscia, Poland	Al. Jana Pawla li 196, Krakow, Poland
15.	Massalin particulares S.R.L., Argentina	Av Pte Juan D Peron 26950, Merlo,
16.	Profigen Do Brasil LTDA, Brazil	Est Estrada Do Couto Km 03 Arroio Do Couto, Santa Cruz Do Sul, Brazil
17.	Philip Morris Investments B.V., Jordan	Na Ur Umm Elbasateen - Madaba Trian, Amman, Jordan
18.	Philip Morris Tutunski Kombinat Prilep LLC, Macedonia	Kiril I Metodij No.7, Skopje, Macedonia
19.	Fertin Pharma A/S, Denmark	Dandyvej 19, Vejle, Denmark
20.	NCP Nextgen A/S Denmark	Dandyvej 19, Vejle, Denmark
21.	PT Hanjaya Mandala Sampoerna TBK., Indonesia	Ji Rungkut Industri Raya 18, Surabaya, Indonesia
22.	Philip Morris Brands Sarl, Switzerland	Quai Jeanrenaud 3, Neuchatel, Switzerland
23.	Philip Morris Investments B.V., Netherlands	Marconilaan 20, Bergen Op Zoom, Netherlands

31. CAPACITY AND PRODUCTION

Against an installed manufacturing capacity of 15,708 million (2024: 14,719 million) cigarette sticks, the manned manufacturing capacity is 7,224 million (2024: 6,535 million) cigarette sticks. Actual production was 6,997 million (2024: 6,386 million) cigarette sticks.

Against an installed manufacturing capacity of 500 million pouches (2024: Nil), the manned manufacturing capacity is 463 million (2024: Nil) pouches. Actual production was 259 million pouches.

Actual production was sufficient to meet the demand.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

32. CASH UTILISED IN OPERATIONS

	Note	2025 (Rupees in thousand)	2024
(Loss) / profit before taxation		(6,021,762)	378,284
Adjustment for non-cash and other items:			
Levy	28	532,458	470,576
Depreciation on property, plant and equipment	3.1.1	1,201,519	1,051,588
Depreciation on right-of-use assets	4.1	120,427	116,063
Property, plant and equipment written off	25	4,178	20,295
Amortisation of intangibles	5.1	29,938	6,048
Provision for slow moving spares	8.2	186,412	50,063
Provision for obsolete stocks	9.1	1,120,558	924,180
Expenses arising from equity-settled share-based payment plan	16.3	148,138	138,807
Staff gratuity expense	13.1.3	81,261	77,393
Liabilities written back	26	(63,739)	(118,002)
Unrealised exchange gain - net		(48,148)	(168,797)
Interest on deposit accounts	26	(169,739)	(773,900)
Interest on term deposit receipts	26	-	(178,519)
Profit on disposal of non-current assets held for sale / disposal	26	-	(253,400)
Profit on disposal of property, plant and equipment	26	(40,383)	(31,528)
Accretion of interest on lease liabilities	27	43,540	49,757
Mark-up on short term borrowings	27	248,141	-
		3,394,561	1,380,624
Working capital changes	32.1	(4,736,827)	(2,874,884)
		<u>(7,364,028)</u>	<u>(1,115,976)</u>
32.1 Working capital changes			
(Increase) / decrease in current assets			
Stores and spares		(334,344)	(150,649)
Stock in trade		(5,647,273)	(1,634,435)
Advances		(21,335)	61,740
Prepayments		49,365	(23,078)
Trade debts		(636,900)	(377,624)
Other receivables		36,233	935,091
		(6,554,254)	(1,188,955)
Increase / (decrease) in current liabilities			
Trade and other payables		6,914,249	1,498,914
Sales tax and federal excise duty payable		(5,096,822)	(3,184,843)
		<u>(4,736,827)</u>	<u>(2,874,884)</u>
33. CASH AND CASH EQUIVALENTS			
Bank balances	14	478,644	4,529,492
Less: Amount held as security	14.2	(18,861)	(18,861)
Less: Running finance under markup arrangements	18	(6,445,825)	-
		<u>(5,986,042)</u>	<u>4,510,631</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

34. FINANCIAL RISK MANAGEMENT

34.1 The Company's activities expose it to certain financial risks. Such financial risks emanate from various factors that include, but are not limited to, market risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risks measured and managed by the Company are explained below:

(i) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market prices of instruments due to change in credit rating of the issuer or the instrument, changes in market sentiments, speculative activities, supply and demand of instruments and liquidity in the market. The Company manages the market risk by monitoring exposure on financial instruments and by following internal risk management policies.

Market risk comprise of three types of risks: interest rate risk, currency risk and other price risk.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates.

- Fair value risk - Fair value risk to the Company arises from instruments which are based on fixed interest rates. As at December 31, 2025, the Company did not have any fixed rate instrument.
- Future cash flow risk - Presently, future cash flow risk to the Company arises from deposit accounts short term borrowings which are based on floating interest rates (i.e. KIBOR based). As at December 31, 2025, had there been increase / decrease of 100 basis points in KIBOR with all other variables held constant, loss after taxation for the year then ended would have been higher / lower by Rs 49.320 million (2024: Rs 13.292 million) mainly as a result of profit on deposit accounts.

(b) Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has foreign currency exposures in US Dollars, Euro and UK Pound in the form of trade debts (note 10), other receivables (note 12), bank balances (note 14), trade and other payables (note 19).

As at December 31, 2025, had the Company's functional currency strengthened / weakened by 5% against US Dollar, Euro and UK Pound, with all other variables held constant, loss after taxation for the year then ended would have been higher / lower by Rs 211.699 million (2024: Rs 132.288 million) mainly as a result of foreign exchange gains / losses.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company does not have financial instruments dependent on market prices.

(ii) Credit risk and its concentration

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. The Company enters into financial contracts in accordance with the internal risk management policies which mainly include incurring of sales on an advance payment basis and holding of balances with reputable banks of the country. Further, the Company considers a financial asset to be in default when contractual payments are 365 days past due and internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full and it is subsequently written off, if required. The maximum amount of financial assets that are subject to credit risk aggregated Rs 2,689.869 million as at December 31, 2025 (2024: Rs 6,143.902 million) as set out in note 34.3. The analysis below summarises the credit quality of the Company's financial assets as at December 31, 2025 due to which the Company considers that the credit risk is minimal:

- Long term deposits aggregating Rs 73.667 million (2024: Rs 73.570 million) are held with parties which have long association with the Company and have a good credit history.
- Amounts aggregating Rs 1,124.972 million (2024: Rs 767.849 million) are receivable from group companies whereby credit exposure and the corresponding risk associated with recoverability is considered minimal.
- Other financial assets aggregating Rs 1,364.674 million which mainly represent cash margins held with banks, accrued profit on deposit account and bank balances, are maintained with banks having credit rating of atleast A-1 representing good certainty of timely payment.

Concentration of credit risk exists when changes in economic and industry factors similarly affect the group of counter parties whose aggregated credit exposure is significant in relation to the Company's total credit exposure. A significant portion (i.e. 55%) of the Company's financial assets are held within a single industry i.e. banks. However, the Company considers that all such banks are credit worthy parties and hence risk of default is minimal.

(iii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial liabilities when due. Accordingly, the Company maintains sufficient cash and cash equivalents and also makes availability of funding through credit facilities, representing short term borrowings (note 19). Additionally, the Company has an existing borrowing arrangement of up to USD 25 million from its Parent Company, intended to facilitate payments to the Company's suppliers available upto May 15, 2030. As of December 31, 2025, entire facility amount remains undrawn.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

The analysis below summarises the Company's financial liabilities (based on contractual undiscounted cash flows) into relevant maturity group on the remaining period as at the reporting date:

	2025			
	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 Years
	(Rupees in thousand)			
Trade and other payables	15,843,622	15,843,622	15,843,622	-
Unclaimed dividend	37,008	37,008	37,008	-
Unpaid dividend	31,953	31,953	31,953	-
Lease liabilities	202,233	237,446	158,511	78,935
Short term borrowings	8,135,825	8,135,825	8,135,825	-
	<u>24,250,641</u>	<u>24,285,845</u>	<u>24,206,919</u>	<u>78,935</u>

	2024			
	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 Years
	(Rupees in thousand)			
Trade and other payables	12,031,487	12,031,487	12,031,487	-
Unclaimed dividend	37,103	37,103	37,103	-
Unpaid dividend	54,122	54,122	54,122	-
Lease liabilities	304,376	459,328	147,659	311,669
	<u>12,427,088</u>	<u>12,582,040</u>	<u>12,270,371</u>	<u>311,669</u>

34.2 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between the carrying value and the fair value estimates.

As at December 31, 2025, the carrying values of all financial assets and liabilities except for lease liabilities approximated to their fair values due to the fact that most of the financial assets and liabilities are of short term nature.

34.3 Financial instruments by category

	2025	2024
	(Rupees in thousand)	
FINANCIAL ASSETS		
At amortised cost		
Long term deposits	73,667	73,570
Trade debts	1,014,524	377,624
Other receivables	1,123,034	1,163,216
Bank balances	478,644	4,529,492
	<u>2,689,869</u>	<u>6,143,902</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
	(Rupees in thousand)	
FINANCIAL LIABILITIES		
At amortised cost		
Trade and other payables	15,843,622	12,031,487
Accrued mark-up on short term borrowings	185,597	-
Unclaimed dividend	37,008	37,103
Unpaid dividend	31,953	54,122
Lease liabilities	202,233	304,376
	16,300,413	12,427,088

35. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

36. DETAILS OF DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT

36.1 The following operating property, plant and equipment having net book value of Rs 500,000 or more each were disposed of during the year ended December 31, 2025:

Category	Original cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain	Mode of disposal	Particulars of buyers	Relationship of buyers with Company or director if any
----- Rupees in thousand -----								
Vehicles	2,755	(2,204)	551	964	413	Vehicle buyback	Sheikh Zahid Iqbal	Employee
Vehicles	2,755	(2,204)	551	964	413	Vehicle buyback	Shariq Jamil	Employee
Vehicles	2,755	(2,204)	551	964	413	Vehicle buyback	Muhammad Omar Farooq	Employee
Vehicles	2,755	(2,204)	551	964	413	Vehicle buyback	Manazir Hussain	Employee
Vehicles	2,755	(2,204)	551	964	413	Vehicle buyback	Abdul Latif	Employee
Vehicles	2,755	(2,204)	551	964	413	Vehicle buyback	Muhammad Aman	Employee
Vehicles	2,507	(2,006)	501	877	376	Vehicle buyback	Muhammad Bilal Ahmad	Employee
Vehicles	2,755	(2,204)	551	964	413	Vehicle buyback	Muhammad Ahsan	Employee
Vehicles	2,755	(2,204)	551	964	413	Vehicle buyback	Imran Ul Haque	Employee
Vehicles	2,507	(2,006)	501	877	376	Vehicle buyback	Fahad Ahmed	Employee
Vehicles	2,507	(2,006)	501	877	376	Vehicle buyback	Muhammad Habib Hamid	Employee
	29,561	(23,650)	5,911	10,343	4,432			

37. NUMBER OF EMPLOYEES

The average number of employees during the year and as at December 31, 2025 and 2024 respectively are as follows:

	2025	2024
	No. of employees	
Number of employees	652	625
Average number of employees during the year	649	631

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

38. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 3rd, 2026, by the Board of Directors of the Company.

39. GENERAL

Figures in these financial statements have been rounded off to the nearest thousand of Pakistan Rupees unless otherwise stated.



Alireza Takesh

Chairman / Director / Chief Executive Officer



Mohammad Saad Khaleel

Chief Financial Officer

Pattern of Shareholding

As of December 31, 2025

S.No.	Folio #	Name of shareholder	Number of shares	Per %
Directors, Chief Executive Officer and their spouse(s) and minor children				
1	5448	MR.MOHAMMAD SAAD KHALEEL	1	0.00
2	5455	MS.AAIZAH SYED	1	0.00
3	5472	MR. MIRZA REHAN BAIG	1	0.00
4	5487	MR. JUNAID IQBAL	1	0.00
5	5495	MR. SARFARAZ AHMED REHMAN	1	0.00
6	5503	MR. PETER STEFAN M CALON	1	0.00
7	5504	MR. ALIREZA TAKESH	1	0.00
			7	0.00
Associated companies, undertakings and related parties				
1	5026	M/S PHILIP MORRIS BRANDS SARL, SWITZERLAND	12,316,060	20.00
2	5161	PHILIP MORRIS INVESTMENTS B.V., NETHERLANDS	12,316,056	20.00
3	00547-2415	PHILIP MORRIS INVESTMENTS B.V., NETHERLANDS	35,503,294	57.65
			3	60,135,410
				97.65
NIT and ICP				
1	1634	M/S INVESTMENT CORPN OF PAK	58	0.00
			1	0.00
Banks Development Financial Institutions, Non-Banking Financial Institutions				
1	3073	M/S HABIB BANK LIMITED	132	0.00
2	04127-77	MCB BANK LIMITED - TREASURY	3,228	0.01
			2	3,360
				0.01
Insurance Companies				
1		Nil	-	-
			0	-
Modarabas and Mutual Funds				
1		Nil	-	-
			0	-
General Public Foreign				
1	02626-10291	SYED QAMAR ABBAS	200	0.00
2	02626-11810	SYED MANZER ALI	20	0.00
3	03277-106397	SYED KASHIF RAZA	10	0.00
4	03277-109101	JAWAD SALEEM	30	0.00
5	03277-110031	MUHAMMAD NADEEM	20	0.00
6	03277-112364	KIRAN KUMAR	100	0.00
7	03277-123271	DUR MUHAMMED TUNIO	150	0.00
8	03277-131219	HUZAIFA USMAN	100	0.00
9	06452-159047	GRAHAM TAYLOR PANCER	5,671	0.01
10	06502-19276	MUHAMMED RAZA RAVJANI	330	0.00
11	07450-22202	FARAZ AHMED	1	0.00
			11	6,632
				0.01
Foreign Companies				
1	00521-8174	SWIFTARC FUND LP	623,489	1.01
			1	623,489
				1.01
Others				
1	2155	M/S ADMINISTRATOR	50	0.00
2	3477	M/S SARFRAZ MEHMOOD(PVT) LIMIT	12	0.00
3	4115	LAKSON TOBACCO COMPANY LTD.	46,255	0.08
4	4657	SHERIAR F. IRANI INV.TRUST LTD	220	0.00
5	4705	MR.S.A.SAMAD(MANAGING TRUSTEE)	600	0.00
6	00307-46	IGI FINEX SECURITIES LIMITED	1	0.00
7	03277-14940	ROLLINS INDUSTRIES (PVT) LTD.	240	0.00
8	03277-64371	DEPUTY ADMINISTRATOR ABANDONED PROPERTIES ORGANIZATION	3,547	0.01
9	03277-96529	FIKREE DEVELOPMENTS CORPORATION (PRIVATE) LIMITED	8,168	0.01
10	03277-103742	KHOJA (PIRHAI) SHIA ISNA ASHARI JAMAT	790	0.00

Pattern of Shareholding

As of December 31, 2025

S.No.	Folio #	Name of shareholder	Number of shares	Per %
11	03525-57191	SARFRAZ MAHMOOD (PRIVATE) LTD	27	0.00
12	03525-87235	MAPLE LEAF CAPITAL LIMITED	1	0.00
13	04952-28	SHERMAN SECURITIES (PRIVATE) LIMITED	1,488	0.00
14	05736-15	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	1,312	0.00
15	06684-29	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LIMITED	1,999	0.00
16	07419-11803	TOPLINE ASSOCIATE (PRIVATE.) LIMITED	100	0.00
17	11387-31107	TRUSTEE ABDUL SHAKOOR HAJI HUSSAIN	20	0.00
18	11718-27	ELEVEN STARS SECURITIES (PVT) LTD	1,500	0.00
19	14241-22	FIKREES (PRIVATE) LIMITED	278	0.00
20	14746-21	KTRADE SECURITIES LIMITED	1	0.00
21	15057-24	NINI SECURITIES (PRIVATE) LIMITED	524	0.00
			21	0.11
			67,133	0.11

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their spouse(s) and minor children			
MR. MOHAMMAD SAAD KHALEEL	1	1	0.00
MS. AAIZAH SYED	1	1	0.00
MR. MIRZA REHAN BAIG	1	1	0.00
MR. JUNAID IQBAL	1	1	0.00
MR. SARFARAZ AHMED REHMAN	1	1	
MR. PETER STEFAN M CALON	1	1	
MR. ALIREZA TAKESH	1	1	0.00
Associated Companies, undertakings and related parties	3	60,135,410	97.65
NIT and ICP	1	58	0.00
Banks Development Financial Institutions, Non-Banking Financial Institutions	2	3,360	0.01
Insurance Companies	0	-	0.00
Modarabas and Mutual Funds	0	-	0.00
General Public			
a. Local	1623	744,252	1.21
b. Foreign	11	6,632	0.01
Foreign Companies	1	623,489	1.01
Others	21	67,133	0.11
Totals	1669	61,580,341	100.00

Share holders holding 10% or more	Shares Held	Percentage
PHILIP MORRIS INVESTMENTS B.V.	47,819,350	77.65
M/S PHILIP MORRIS BRANDS SARL	12,316,060	20.00



PHILIP MORRIS (PAKISTAN) LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 57th Annual General Meeting of the shareholders of **Philip Morris (Pakistan) Limited (the “Company”)** will be held at Ballroom A & B, Movenpick, Karachi and through video conferencing on **April 30, 2026, at 12:00 Noon.**, to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 56th Annual General Meeting of the Company held on April 24th, 2025.
2. To receive, consider, and adopt the audited financial statements for the year ended December 31st, 2025, together with the Directors’ and Auditor’s Report thereon.
3. To appoint the External Auditors and fix their remuneration for the year ending December 31st, 2026.

The retiring auditor M/s. A. F. Ferguson & Co. Chartered Accountants has given consent to act as Auditor of the Company for the year ending December 31st, 2026.

SPECIAL BUSINESS

4. To consider and, if deemed fit, to pass the following resolution, with or without modification as a Special Resolution:

“RESOLVED THAT pursuant to section 38 and other applicable provisions of the Companies Act, 2017, the amended Articles of Association of the Company be and are hereby approved to align them with the status of the Company as a public unlisted company following its delisting from the Pakistan Stock Exchange, in the manner set out in the Statement of Material Facts annexed to this Notice.”

ANY OTHER BUSINESS

5. To transact any other business of a routine or procedural nature, if any, with the permission of the Chair, which does not require approval of the members.

BY ORDER OF THE BOARD

Ahsan Akbar

Company Secretary

DATE: April 08, 2026

Notes

1. The share transfer books of the Company will remain closed from April 23, 2026, to April 30, 2026 (both days inclusive) and no transfer will be accepted for registration during this period. Transfers received in order till close of business April 22, 2026, will be accepted for transfer.
2. Only those persons whose names appear in the Register of Members of the Company as of April 22, 2026, will be entitled to attend/participate in/vote at the General Meeting.
3. An instrument of proxy [Proxy form to be attached as provided in article 62 of the Articles of Association] applicable for the Meeting is being provided with the Notice sent to members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours.
4. A member entitled to amend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for him/her. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
5. CDC Account Holders will further have to follow the below mentioned guidelines as laid down in the Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

For Attending the Meeting

- i. In case of individuals, the account holders or sub account holders and/or the person whose securities are in group account and their registration in detail are uploaded as per the applicable regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- ii. In case of a corporate entity, the Board of Directors' resolution/power of attorney in favor of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

[QR Enabled Code to access the Annual Audited Financial Statements for the Year Ended December 31, 2025.](#)



For Appointing Proxies

- i. In case of individuals, the account holders or subaccount holders and/or the person whose securities are in group account and their registration detail is uploaded as per the applicable regulations, shall submit the proxy form as per the above requirements.
- ii. The proxy form shall be witnessed by the person whose name, address and CNIC number shall be mentioned on the form.
- iii. Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or original passport at the time of Meeting.
- v. In case of a corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

CNIC/passport/certified copy of board resolution/power of attorney in case of corporate shareholders with the subject "Registration for AGM" through email "companysecretary.pmpk@pmi.com" on or before 12:00 Noon pm, April 28, 2026.

6. As per the instructions of the Securities and Exchange Commission of Pakistan, the Company has arranged video link facility for online participation of members in the Meeting. The Meeting can be attended using smart phones/tablets/computers. To attend the Meeting through video link, the members are requested to register themselves by providing the following information along with valid copy of CNIC/passport/certified copy of board resolution/power of attorney in case of corporate shareholders with the subject "Registration for AGM" through email "companysecretary.pmpk@pmi.com" on or before 12:00 Noon, April 28, 2026.

- i. Name of member and CNIC No.
- ii. CDC Account No. / Folio No. and Number of shares held in their name
- iii. Cell Number
- iv. Email address

The members who are registered after the necessary verification shall be provided a video link by the Company at the same email address that they email to Company. The login facility will be opened at 12:00 Noon. on April 30, 2026, enabling the shareholders to join the Meeting which will start at 12:00 Noon. [PST] sharp.

The members can also provide their comments and suggestion to the agenda item of the Meeting at the email address: companysecretary.pmpk@pmi.com

7. Procedure for e-voting and postal ballot voting for Special Business

Pursuant to the Companies (Postal Ballot) Regulations, 2018, shareholders of the Company are hereby provided the facility of e-voting and voting through Postal Ballot in the Annual General Meeting to be held on April 30 ,2026 at 12:00 Noon at Ballroom A & B, Movenpick, Karachi.

Procedure for E-Voting:

- i. Details of the e-voting facility will be shared through an e-mail on April 23. 2026 with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on April 22, 2026.
- ii. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).
- iii. Identity of the members intending to cast votes through e-voting shall be authenticated through electronic signature or authentication for login.
- iv. E-voting lines will start from April 27, 2026, at 9 a.m and shall close on April 29, 2026 at 5:00 p.m. Members can cast their votes at any time during this period. Once the vote is cast by a member, he/she shall not be allowed to change it subsequently.

8. Procedure for submission of Ballot Paper

The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC), should reach the Chairman of the meeting through post on the Company's registered address Office 4 & 5, 5th floor, Corporate Office Block, Dolmen City, Plot HC-3, Block 4, Clifton Karachi or email at companysecretary.pmpk@pmi.com one day before the Annual General Meeting on April 29, 2026, during working hours. The signature on the ballot paper shall match the signature on CNIC.

As per section 72 of the Companies Act, 2017 (the "Act"), the Company is required to replace its physical shares with the book entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act.

The members having physical shareholding are encouraged to open account with the Central Depository Company (CDC) to place their physical share into scrip less form.

Members having physical shares are requested to notify change in their address, if any, to the Company's share registrar CDC House, 99-B, Block B, S.M.C.H.S., Main Shakra-e-Faisal, Karachi – 74400. Whereas CDC Account holders are requested to contact their respective CDC Participant/Broker/Investor Account Services.

Statement of Material Facts under Section 134(3)(b) of The Companies Act 2017

Item No. 4 of the Notice

The Board of Directors of the Company in their meeting held on July 24, 2025, approved the proposal for voluntary delisting of the Company from the Pakistan Stock Exchange Limited (“PSX”), and the Company was delisted from PSX with effect from October 06, 2025. Following the delisting, the Company’s Articles of Association (“Articles”) require certain amendments to align them with the Company’s status as a public unlisted company to streamline corporate governance and operational oversight. The significant amendments proposed in the revised Articles are summarized below:

i. Reduction in the Size of the Board of Directors (“Board”)

The Board of Directors reduced from at least seven (7) members to at least three (3) members who may be Executive Officers of the Company.

ii. Revision of Board Meeting Quorum Requirements

The quorum requirement for Board meetings shall be revised to one-third of their number or two, whichever is greater.

iii. Revision to Members’ Voting Thresholds at General Meetings

Under the amended Articles, two (2) members present in person or through video link, or by proxy, representing not less than twenty five percent (25%) of the total voting power, whether through their own shareholding or as proxies, will constitute sufficient representation for voting on matters presented at the Annual General Meeting. Previously, at least ten (10) members were required.

The directors of the Company have no personal interest in the proposed amendments to the Articles except to the extent of their roles as directors and in ensuring compliance with applicable laws following the delisting.

A copy of the complete amended Articles, incorporating the proposed amendments, will be available for inspection by members during business hours at the Company’s registered office. Copies will also be available at the Annual General Meeting.

Therefore, the Board of Directors of the Company in their meeting held on 3 April 2026, approved the proposed amendments to the Company’s Articles.



POSTAL BALLOT PAPER

For voting through post for the Special Business at the Annual General Meeting to be held on April 30, 2026 at 12:00 Noon at Ballroom A & B, Movenpick, Karachi.

Folio/ CDC Account Number	
Name of Shareholder/ Proxy Holder	
Registered Address	
Number of shares held	
CNIC/Passport No. (in case of foreigner) (copy to be attached)	
Additional information and enclosures (in case of representative of body corporate, corporation, and federal Government)	
Name of Authorized Signatory	
CNIC/Passport No. (in case of foreigner) of Authorized Signatory (copy to be attached)	

Special Resolution:

Item No.3:

“RESOLVED THAT pursuant to section 38 and other applicable provisions of the Companies Act, 2017, the amended Articles of Association of the Company be and are hereby approved to align them with the status of the Company as a public unlisted company following its delisting from the Pakistan Stock Exchange, in the manner set out in the Statement of Material Facts annexed to this Notice.”

Instructions for Poll

1. Please indicate your vote by ticking (√) the relevant box.
2. In case if both the boxes are marked as (√), your Ballot Paper shall be treated as **“Rejected”**
I/We hereby exercise my/our vote in respect of the above resolutions through ballot by conveying my/our assent or dissent to the resolution by placing tick (√) mark in the appropriate box below.

Resolution	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)

NOTES:

1. Duly filled ballot paper should be sent to the Chairman at Office 4 & 5, 5th floor, Corporate Office Block, Dolmen City, Plot HC-3, Block 4, Clifton Karachi or email at companysecretary.pmpk@pmi.com .
2. Copy of CNIC/ Passport (in case of foreigner) should be enclosed with the postal ballot form.
3. Ballot paper should reach the Chairman within business hours by or before April 29, 2026. Any postal ballot received after this date, will not be considered for voting.
4. Signature on ballot paper should match with signature on CNIC/ Passport (In case of foreigner).
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, overwritten poll paper will be rejected.
6. In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper Form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution / Power of Attorney / Authorization Letter etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable.

Shareholder/ Proxy Holder Signature/ Authorized Signatory

Dated:

**LAKSONPREMIER TOBACCO
COMPANY (PRIVATE) LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2025**

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

	Note	2025	2024
		------(Rupees)-----	
ASSETS		<u>-</u>	<u>-</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 5,000,000 Ordinary Shares of Rs 10 each	3	<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paid-up capital	3	1,030	1,030
Accumulated loss		<u>(1,030)</u>	<u>(1,030)</u>
		-	-
LIABILITIES		-	-
		<u>-</u>	<u>-</u>
TOTAL EQUITY AND LIABILITIES		<u>-</u>	<u>-</u>

The annexed notes from 1 to 5 form an integral part of these financial statements.



Muhammad Zeeshan
Chief Executive Officer



Sana Enait Hashmi
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
	----- (Rupees) -----	
Turnover	-	
Expenses	-	
Profit before taxation	-	
Taxation	-	
Profit after taxation	-	
Other comprehensive income	-	
Total comprehensive income	-	

The annexed notes from 1 to 5 form an integral part of these financial statements.



Muhammad Zeeshan
Chief Executive Officer



Sana Enait Hashmi
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

	Issued, subscribed and paid-up capital	Accumulated loss	Total
	----- (Rupees) -----		
Balance as at January 1, 2024	1,030	(1,030)	-
Total comprehensive income for the year ended December 31, 2024	-	-	-
Balance as at December 31, 2024	<u>1,030</u>	<u>(1,030)</u>	<u>-</u>
Total comprehensive income for the year ended December 31, 2025	-	-	-
Balance as at December 31, 2025	<u><u>1,030</u></u>	<u><u>(1,030)</u></u>	<u><u>-</u></u>

The annexed notes from 1 to 5 form an integral part of these financial statements.



Muhammad Zeeshan
Chief Executive Officer



Sana Enait Hashmi
Director

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
	------(Rupees)-----	
Cash flow from operating activities	-	-
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Net increase in cash and cash equivalents	----- -	----- -
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	----- ----- -	----- ----- -

The annexed notes from 1 to 5 form an integral part of these financial statements.



Muhammad Zeeshan
 Chief Executive Officer



Sana Enait Hashmi
 Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Laksonpremier Tobacco Company (Private) Limited (the Company) was incorporated in Pakistan on March 14, 1955 as a private limited company under the Companies Act, 1913 (now the Companies Act, 2017). The principal activity of the Company is the manufacturing and sale of cigarettes and tobacco. Its registered office is situated at Office 04 & 05, 5th Floor, Corporate Office Block, Dolmen City, Plot HC-3, Block-4, Clifton Karachi, Sindh, Pakistan.
- 1.2 The Company is a wholly owned subsidiary of Philip Morris (Pakistan) Limited (the Holding Company). Philip Morris International Inc. is the ultimate parent company. Further, the Company's Chief Executive Officer is also a director in the Holding Company.
- 1.3 The purpose of the Company is to provide support to the Holding Company for complying with the tobacco production requirements. At present the Holding Company has sufficient manufacturing facilities to meet the tobacco production requirements, therefore, the Company is not in operation and no significant transactions and events have occurred during the year.
- 1.4 The expenditure of the Company for the year which were restricted to the corporate filing and audit fees have been borne by the Holding Company.
- 1.5 The Holding Company has confirmed to the Company through its letter dated February 14, 2022, that the Holding Company intends to continue to provide financial support to the Company to enable it to continue as a 'going concern' in the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

- 2.1 These financial statements have been prepared under the historical cost convention.
- 2.2 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2025	2024		2025	2024
Number of shares			-----Rupees-----	
		Authorised share capital		
<u>5,000,000</u>	<u>5,000,000</u>	Ordinary shares of Rs 10 each	<u>50,000,000</u>	<u>50,000,000</u>
		Issued, subscribed and paid-up share capital		
		Ordinary shares of Rs 10 each fully paid in cash		
<u>103</u>	<u>103</u>		<u>1,030</u>	<u>1,030</u>

3.1 All the shares are held by the Holding Company and its nominees. Out of 103 shares, two shares are in the name of nominee directors.

4. DATE OF AUTHORISATION

These financial statements were authorised for issue on April 3rd, 2026, by the board of directors of the Company.



Muhammad Zeeshan
Chief Executive Officer



Sana Enait Hashmi
Director

ڈائریکٹرز رپورٹ

میڈیا رپورٹس کے مطابق، پاکستان کی معیشت نے 2025 میں بتدریج بہتری کا مظاہرہ کیا، جس کی بنیاد سخت مالیاتی نظم و ضبط، مہنگائی میں کمی، اور بین الاقوامی مالیاتی فنڈ ("IMF") پروگرام کی مسلسل پابندی پر تھی۔ مالی سال 2025 ("FY25") کے لیے جی ڈی پی کی شرح نمو تقریباً 2.6% رہنے کا اندازہ ہے، جو معتدل بحالی کی نشاندہی کرتی ہے، جس کی بڑی وجہ صنعتی سرگرمیوں میں اضافہ اور خدمات کے شعبے کی مستحکم کارکردگی ہے¹۔ اوسط مہنگائی جو تقریباً 4.5% رہی²، نے اسٹیٹ بینک آف پاکستان کو مالیاتی نرمی کے اقدامات شروع کرنے کی اجازت دی، جیسے کہ شرح سود میں کمی، جس سے گھریلو اور کاروباری سطح پر دباؤ میں کمی آئی۔ پاکستان کا کرنٹ اکاؤنٹ خسارہ بھی کم ہوا، جس کی وجہ مستحکم برآمدات، مضبوط ترسیلات زر، اور بہتر زرمبادلہ کی صورتحال رہی³۔ IMF نے 2025 کے آخر میں ایکسٹینڈڈ فنڈ فیسیلٹی کے تحت اپنا دوسرا جائزہ مکمل کیا، جس کے نتیجے میں پاکستان کو تقریباً 1.2 ارب امریکی ڈالر کی اضافی رقم موصول ہوئی، جس سے بیرونی مالیاتی ذخائر مزید مستحکم ہوئے⁴۔

بیرونی ماحول کو مشرق وسطیٰ میں جغرافیائی سیاسی کشیدگی کی وجہ سے غیر یقینی قرار دیا گیا۔ چونکہ پاکستان کی معیشت بڑی حد تک درآمدی تیل پر انحصار کرتی ہے، اس لیے حکومت پاکستان ("حکومت") کی جانب سے مارچ 2026 میں ایندھن کی قیمتوں میں نمایاں اضافے سے وسیع پیمانے پر مہنگائی کے اثرات متوقع ہیں۔ اگرچہ جنگ بندی کا اعلان کیا گیا، لیکن اگر مشرق وسطیٰ میں منفی حالات دوبارہ پیدا ہوئے تو بجٹ اور مالیاتی دباؤ سامنے آ سکتے ہیں، جس کے نتیجے میں آئندہ بجٹ میں مزید مالیاتی اقدامات متوقع ہو سکتے ہیں۔ مزید برآں، زرمبادلہ کی دستیابی پر بھی دباؤ بڑھنے کا امکان ہے تاکہ تیل کی درآمدات کی بڑھتی ہوئی ضروریات کو پورا کیا جا سکے، جو کاروباری تسلسل کی حکمت عملیوں کو متاثر کر سکتا ہے۔

صنعتی جائزہ

تंबاکو کی صنعت پاکستان کی معیشت کے لیے آمدنی پیدا کرنے میں اہم کردار ادا کرتی ہے، جو بنیادی طور پر فیڈرل ایکسائز ڈیوٹی، سیلز ٹیکس، اور دیگر ٹیکسز پر مشتمل ہے⁵۔

حکومت کی جانب سے غیر رجسٹرڈ/غیر قانونی سگریٹ تجارت کے خلاف اقدامات کے باوجود، اندازہ ہے کہ یہ تجارت سگریٹ کی کل مارکیٹ کے 50% سے زائد پر مشتمل ہے، جو نہ صرف تمباکو صنعت بلکہ مجموعی معیشت کے لیے بھی ایک بڑا چیلنج ہے۔ اس بڑھتی ہوئی غیر قانونی سگریٹ مارکیٹ سے سالانہ ٹیکس نقصان کا تخمینہ 300 ارب روپے سے زائد ہے۔ جب غیر اعلانیہ پیداوار، ترسیل، ذخیرہ، جعلی خام مال، اور فروخت کو بھی شامل کیا جائے تو اس غیر قانونی سرگرمی کا حجم کہیں زیادہ ہو سکتا ہے⁶۔

اگرچہ ہم غیر قانونی سگریٹ تجارت کو روکنے کے لیے حکومت کے موجودہ اقدامات کو تسلیم اور سراہتے ہیں، تاہم ایک زیادہ مؤثر، مستقل اور کثیر سطحی نفاذی حکمت عملی کی اشد ضرورت ہے، جس کا مقصد بغیر ڈیوٹی ادا کیے سگریٹ کی پیداوار کا خاتمہ، ریٹیل سطح پر مؤثر نگرانی، اور غیر قانونی سپلائی چین کو توڑنا ہو۔

مالیاتی کارکردگی

31 دسمبر 2025 کو ختم ہونے والے سال کے لیے، Philip Morris (Pakistan) Limited ("کمپنی") نے مجموعی خالص ٹرن اوور 42,597 ملین روپے رپورٹ کیا، جس میں مقامی خالص ٹرن اوور 24,364 ملین روپے (کل خالص ٹرن اوور کا 57.2%) رہا، جو گزشتہ سال کے مقابلے میں 36.44% اضافہ ظاہر کرتا ہے۔ یہ اضافہ سگریٹ کی فروخت کے استحکام، قیمتوں میں اضافے، اور نکوٹین پاؤچز کی فروخت میں اضافے کی وجہ سے ہوا، جو مالی سال 2025 میں مقامی خالص ٹرن اوور کا تقریباً 5% ہے۔ اس کے علاوہ برآمدی ٹرن اوور 18,232 ملین روپے (کل خالص ٹرن اوور کا 43%) رہا۔ کمپنی نے 31 دسمبر 2025 کو ختم ہونے والے سال کے لیے 4,480 ملین روپے کا بعد از ٹیکس نقصان ریکارڈ کیا، جبکہ گزشتہ سال اسی مدت میں 255 ملین روپے کا منافع حاصل ہوا تھا، جس کی وجہ نکوٹین پاؤچز کے شعبے کی ترقی اور کیٹیگری بلڈنگ میں کی گئی سرمایہ کاری ہے۔ اسی سال کے دوران کمپنی نے قومی خزانے میں 53,950 ملین روپے جمع کروائے، جو گزشتہ سال کے مقابلے میں 12.5% زیادہ ہے۔ مزید برآں، موجودہ مالی سال (جولائی 2025 تا دسمبر 2025) کے دوران کمپنی نے قومی خزانے میں 27,124 ملین روپے جمع کروائے، جو گزشتہ مالی سال کی اسی مدت کے مقابلے میں 11% زیادہ ہے۔ مزید برآں، 31 دسمبر 2025 کو ختم ہونے والے سال کے لیے فی شیئر آمدنی / (نقصان) (72.73) رہا۔

1. https://www.finance.gov.pk/economic/economic_outlook_june2025.pdf

2. Inflation rates in Pakistan

3. External Relations Department

4. IMF, Pakistan reaches staff-level agreement over \$1.2 billion loans

5. Tobacco sector: potential & illicit trade challenges

6. IPSOS report highlights alarming issues in Pakistan's tobacco industry - Business & Finance - Business Recorder

کمپنی کے بورڈ آف ڈائریکٹرز اس بات کے لیے پُرعزم ہیں کہ ماحولیاتی، سماجی اور گورننس ("ESG") اصولوں کو کمپنی کے بنیادی آپریشنز اور طویل مدتی حکمت عملی میں شامل کیا جائے۔ ہم اس بات کو تسلیم کرتے ہیں کہ ESG سے متعلق امور کا حل نہ صرف ہمارے کاروبار کی طویل مدتی پائیداری کے لیے اہم ہے بلکہ ہمارے اسٹیک ہولڈرز کے لیے قدر پیدا کرنے اور معاشرے پر مثبت اثر ڈالنے کے لیے بھی ضروری ہے۔

کمپنی اپنے ماحولیاتی اثرات کو کم کرنے کے لیے وسائل کے مؤثر استعمال، فضلہ اور اخراج میں کمی، اور اپنے تمام آپریشنز میں پائیدار طریقہ کار اپنانے کے لیے پُرعزم ہے۔ ہم ان اقدامات کی بھرپور حمایت کرتے ہیں جو ماحولیاتی تحفظ کو مضبوط بناتے ہیں اور موسمیاتی تبدیلی کے خلاف عالمی کوششوں میں ہمارے کردار کو تقویت دیتے ہیں۔ کمپنی اپنی طویل مدتی حکمت عملی ترتیب دیتے وقت موسمیاتی خطرات اور مواقع کو خاص اہمیت دیتی ہے۔

کمپنی ایک ایسا کام کا ماحول فروغ دیتی ہے جو شمولیت اور انصاف پر مبنی ہو، تنوع کو قبول کرے اور شمولیت کی اہمیت کو تسلیم کرے۔ ہماری وابستگی میں منصفانہ لیبر معیارات کی پاسداری، انسانی حقوق کا تحفظ، اور ان کمیونٹیز کی بہتری میں فعال کردار ادا کرنا شامل ہے جہاں ہم اپنا کاروبار کرتے ہیں۔ ہمارا ماننا ہے کہ سماجی ذمہ داری پر مبنی رویہ نہ صرف ہماری تنظیمی ثقافت کو بہتر بناتا ہے بلکہ ہماری ساکھ اور اعتبار کو بھی مضبوط کرتا ہے۔

کمپنی کا گورننس ڈھانچہ شفافیت، ذمہ داری، اور اخلاقی معیارات کی پابندی کو ترجیح دیتا ہے۔ پائیداری کے مقاصد اور طویل مدتی اہداف کے ساتھ اسٹریٹجک فیصلوں کو ہم آہنگ کر کے، ہماری گورننس پریکٹسز آپریشنل کارکردگی اور ذمہ دارانہ ترقی دونوں کو فروغ دیتی ہیں۔ انٹریپرائز رسک مینجمنٹ کا عمل پائیداری سے متعلق چیلنجز کی نشاندہی اور ان کے حل میں اہم کردار ادا کرتا ہے۔

کمپنیز ایکٹ 2017

کمپنی کے ڈائریکٹرز کمپنیز ایکٹ 2017 ("ایکٹ") کے تحت اپنی ذمہ داریوں کی ادائیگی کے لیے پُرعزم ہیں۔ کمپنی اس بات کو یقینی بناتی ہے کہ اچھی کارپوریٹ گورننس اور ایکٹ کی تعمیل کے لیے تمام ضروری اقدامات اور طریقہ کار موجود ہوں۔

ایکٹ کے مطابق، ڈائریکٹرز خوشی کے ساتھ رپورٹ کرتے ہیں کہ:

- کمپنی کی مینجمنٹ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کی مالی حالت، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کی درست عکاسی کرتے ہیں۔
- کمپنی کے حسابات کی مناسب کتب (Books of Accounts) باقاعدگی سے برقرار رکھی گئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیز کو مستقل بنیادوں پر لاگو کیا گیا ہے اور اکاؤنٹنگ اندازے معقول اور محتاط فیصلے پر مبنی ہیں۔
- پاکستان میں قابل اطلاق منظور شدہ اکاؤنٹنگ معیارات کی پابندی مالیاتی گوشواروں کی تیاری میں کی گئی ہے۔
- کمپنی کا داخلی کنٹرول کا نظام مضبوط ہے، مؤثر طریقے سے نافذ کیا گیا ہے اور وقتاً فوقتاً اس کا جائزہ لیا جاتا ہے۔
- کمپنی کی بطور "گوئنگ کنسنر" جاری رہنے کی صلاحیت کے بارے میں کوئی شبہ نہیں ہے۔
- سال کے اہم مالیاتی نکات اور 31 دسمبر 2025 تک کمپنی کے اثاثہ جات اور واجبات، نیز گزشتہ چھ مالی سالوں کا خلاصہ صفحہ نمبر 02 پر دیا گیا ہے۔
- ٹیکسز اور دیگر محصولات سے متعلق معلومات مالیاتی گوشواروں کے متعلقہ نوٹس میں فراہم کی گئی ہیں۔

اندرونی کنٹرولز کا بیان (Statement of Internal Controls)

کمپنی کی مینجمنٹ مناسب اندرونی کنٹرولز اور طریقہ کار کے نظام کو قائم کرنے اور برقرار رکھنے کی ذمہ دار ہے۔ مینجمنٹ کا اندرونی کنٹرولز سے متعلق بیان اس ڈائریکٹرز رپورٹ کا حصہ ہے۔

کمپنی نے خطرات کی نشاندہی کے لیے ایک مؤثر نظام تیار کیا ہے، جس کے تحت اہم عملوں کی حساسیت کی سطح طے کی جاتی ہے اور جہاں ضرورت ہو وہاں مؤثر حفاظتی اقدامات کیے جاتے ہیں، اور یہ بھی یقینی بنایا جاتا ہے کہ مینجمنٹ انہیں تمام کاروباری شعبوں میں نافذ کرے۔

موجودہ اور ابھرتے ہوئے خطرات، چاہے وہ عالمی ہوں یا مقامی، سے نمٹنے کے لیے انٹرنل آڈٹ ڈیپارٹمنٹ ہر سال کاروباری شعبوں اور سینئر مینجمنٹ کے مشورے سے رسک ایسیسمنٹ اور آڈٹ پلان تیار کرتا ہے۔ ان منصوبوں کی بنیاد پر باقاعدگی سے جائزے اور مشورے دیے جاتے ہیں تاکہ آپریشنل، تعمیلی (Compliance) اور مالیاتی رپورٹنگ سے متعلق اہم خطرات کی نشاندہی کی جا سکے اور ان سے نمٹنے کے لیے کنٹرولز کو مؤثر بنایا جا سکے۔ ان کنٹرولز کو دستاویزی شکل دی جاتی ہے، ذمہ داریاں مقرر کی جاتی ہیں، اور ان کی مؤثریت کا جائزہ لیا جاتا ہے۔ جو کنٹرولز مؤثر نہ ہوں، انہیں بہتر بنایا جاتا ہے۔

فلپ مورس انویسٹمنٹس بی وی (نیدرلینڈز) کمپنی کی بولڈنگ کمپنی ہے جس کے پاس کمپنی کے 78.079% شیئرز ہیں۔ جبکہ فلپ مورس برانڈز SARL (سوئٹزرلینڈ) ایک ایسوسی ایٹ کمپنی ہے جس کے پاس کمپنی کے 20% شیئرز ہیں۔

ڈائریکٹرز کی مراعات (Remuneration) کی پالیسی

بورڈ آف ڈائریکٹرز ("بورڈ") نے ڈائریکٹرز کی مراعات سے متعلق ایک پالیسی منظور کی ہے، جس میں انفرادی ڈائریکٹرز کے لیے بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے عوض دی جانے والی مراعات کے تعین کا طریقہ کار واضح طور پر بیان کیا گیا ہے۔ اس پالیسی کی اہم خصوصیات درج ذیل ہیں:

- مراعات کی سطح کاروباری ضروریات، اسٹریٹجک ہم آہنگی، اور کمپنی و شیئر ہولڈرز کے بہترین مفاد کے مطابق ہوگی، اور ساتھ ہی مارکیٹ میں اسی نوعیت کی کمپنیوں کے برابر ہوگی؛
- کوئی بھی ڈائریکٹر اپنی مراعات خود طے نہیں کرے گا؛
- مراعات کے تعین میں جنس (Gender) کی بنیاد پر کوئی امتیاز نہیں کیا جائے گا؛
- مراعات اس حد تک نہیں ہوں گی کہ ڈائریکٹرز کی خودمختاری متاثر ہو؛
- صرف آزاد (Independent) ڈائریکٹرز کو بورڈ اجلاسوں میں شرکت پر مراعات دی جائیں گی؛
- بورڈ مناسب مراعات کے تعین کے لیے کسی آزاد کنسلٹنٹ کی خدمات حاصل کر سکتا ہے۔

ڈائریکٹرز کو ادا کی جانے والی مراعات کی تفصیلات منسلک مالیاتی گوشواروں کے نوٹ 29 میں دستیاب ہیں۔

بورڈ آف ڈائریکٹرز کے انتخابات

بورڈ آف ڈائریکٹرز کا انتخاب 29 اکتوبر 2023 کو تین سال کی مدت کے لیے ہوا تھا۔ موجودہ بورڈ کی مدت 28 اکتوبر 2026 کو ختم ہوگی۔

بورڈ آف ڈائریکٹرز کے اجلاس

بورڈ چار ڈائریکٹرز پر مشتمل ہے، جن میں سے دو نان ایگزیکٹو ڈائریکٹرز اور دو ایگزیکٹو ڈائریکٹرز ہیں۔ 31 دسمبر 2025 تک بورڈ میں 3 مرد اور 1 خاتون ڈائریکٹر شامل ہیں۔

سال 2025 کے دوران بورڈ کے 4 اجلاس منعقد ہوئے۔ ان اجلاسوں میں ڈائریکٹرز کی حاضری کی تفصیل نیچے دی گئی جدول میں بیان کی گئی ہے:

ڈائریکٹرز کے نام	مدت کے دوران منعقدہ اجلاسوں کی تعداد	شرکت کیے گئے اجلاسوں کی تعداد
مسٹر علی رضا تاکش	4	4
مسٹر محمد سعد خلیل	2	2
مسٹر پیٹر کیلون	4	4
مس عائزہ سید	3	3
مسٹر سرفراز احمد رحمان	4	4
مسٹر محمد ذیشان	4	4
مسٹر مرزا ریحان بیگ	4	4
مسٹر جنید اقبال	4	4

نوٹ: درج ذیل ڈائریکٹرز نے بورڈ آف ڈائریکٹرز سے استعفیٰ دے دیا ہے:

1. مسٹر سرفراز احمد رحمان
2. مسٹر مرزا ریحان بیگ
3. مسٹر پیٹر کیلون
4. مسٹر محمد ذیشان

شیئر ہولڈنگ کا انداز (Pattern of Shareholding)

کمپنی کے شیئر ہولڈنگ کے انداز کی تفصیلات 31 دسمبر 2025 تک، کمپنیز ایکٹ کی ضروریات کے مطابق صفحہ نمبر 62,61 پر درج ہیں۔

آڈیٹرز

موجودہ بیرونی آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس (“آڈیٹرز”) آئندہ سالانہ جنرل میٹنگ کے اختتام پر سبکدوش ہو جائیں گے اور اہل ہونے کی بنا پر 31 دسمبر 2026 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کی پیشکش کریں گے۔

اکاؤنٹنگ پالیسیاں

کمپنی نے سال 2025 کے دوران قابل اطلاق نئے اکاؤنٹنگ معیارات، منظور شدہ معیارات میں ترامیم، اور نئی تشریحات کو اپنایا اور نافذ کیا ہے۔ ان کی تفصیلات مالیاتی گوشواروں کے نوٹس سیکشن 2.4.1 میں فراہم کی گئی ہیں۔

مستقبل کا لائحہ عمل (Future Outlook)

مشرق وسطیٰ میں حالیہ جغرافیائی سیاسی کشیدگی کے نمایاں اثرات دیکھنے میں آئے، خاص طور پر پاکستان جیسے ترقی پذیر ممالک کے لیے۔ چونکہ ملک پہلے ہی IMF پروگرام کے تحت ہے، اس لیے سپلائی چین میں خلل اور تیل کی بڑھتی ہوئی قیمتوں نے عام آدمی کی زندگی کے اخراجات پر اثر ڈالا ہے۔ یہ دیکھنا اہم ہوگا کہ حکومت کس طرح گھریلو صارفین اور کاروبار کو سہارا دے کر معاشی استحکام برقرار رکھتی ہے۔ اس غیر یقینی ماحول میں کاروبار کے لیے ضروری ہے کہ حکومت کی پالیسیاں مستقل اور مستحکم ہوں، نہ کہ قلیل مدتی اقدامات جو وقتی طور پر مقبول تو ہوں لیکن طویل مدت میں پائیدار نہ ہوں۔

ان چیلنجز کے باوجود، کمپنی کی مینجمنٹ عالمی وسائل کے استعمال، تجارتی منصوبہ بندی، اور مصنوعات کے معیار، عمل اور آپریشنل کارکردگی میں مسلسل بہتری کے ذریعے کمپنی کی مالی حالت کو بہتر بنانے کے لیے کوشاں ہے۔ اس کی ایک مثال یہ ہے کہ کمپنی نے نکوٹین پاؤچز کی پیداوار کے لیے سرمایہ کاری کی، جو 2025 میں فعال ہوئی، اور اس طرح پاکستان میں دھوئیں سے پاک مستقبل کے عالمی وژن کو حقیقت کے قریب لایا گیا۔

کمپنی حکومت کی پالیسیوں اور اقدامات کی حمایت کے لیے پُر عزم ہے، خاص طور پر بغیر ٹیکس ادا کیے سگریٹ کے مسئلے کے حل کے لیے، تاکہ حکومتی آمدنی میں اضافہ ہو اور ٹیکس ادا کرنے والی صنعت کو فروغ ملے، نیز مارکیٹ میں منصفانہ مقابلے کا ماحول قائم ہو۔

اظہارِ تشکر (Acknowledgments)

ڈائریکٹرز اس موقع پر کمپنی کے تمام ملازمین کا شکریہ ادا کرنا چاہتے ہیں جنہوں نے 2025 کے دوران اپنی محنت، لگن، عزم اور تعاون کا مظاہرہ کیا۔

بورڈ اپنے تمام کاروباری شراکت داروں، بشمول ڈسٹری بیوٹرز، سپلائرز، شیئر ہولڈرز اور دیگر اداروں کا بھی شکریہ ادا کرتا ہے جنہوں نے کمپنی کی مینجمنٹ پر اعتماد کیا۔

بورڈ آف ڈائریکٹرز کی جانب سے



علیرضا تاکش

چیئرمین بورڈ / چیف ایگزیکٹو

کراچی

اپریل 2026



PHILIP MORRIS
(PAKISTAN) LIMITED

سالانہ جنرل میٹنگ کا نوٹس

یہاں اطلاع دی جاتی ہے کہ **Philip Morris (Pakistan) Limited** ("کمپنی") کے شیئر ہولڈرز کی 57 ویں سالانہ جنرل میٹنگ **30 اپریل 2026** کو **دوپہر 12:00 بجے** بال روم A & B، موون پک، کراچی میں اور ویڈیو کانفرنسنگ کے ذریعے منعقد ہوگی، تاکہ درج ذیل کاروبار انجام دیا جا سکے:

دیگر کاروبار:

1. 24 اپریل 2025 کو منعقد ہونے والی کمپنی کی 56 ویں سالانہ جنرل میٹنگ کے منٹس کی توثیق کرنا۔

2. 31 دسمبر 2025 کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالیاتی گوشوارے وصول کرنا، ان پر غور کرنا اور انہیں منظور کرنا، بشمول ڈائریکٹرز اور آڈیٹرز کی رپورٹس۔

3. 31 دسمبر 2026 کو ختم ہونے والے سال کے لیے بیرونی آڈیٹرز کی تقرری کرنا اور ان کی فیس مقرر کرنا۔

سبکدوش ہونے والے آڈیٹر M/s. A. F. Ferguson & Co. Chartered Accountants نے 31 دسمبر 2026 کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹر کے طور پر خدمات انجام دینے کی رضامندی دے دی ہے۔

خصوصی کاروبار:

4. اس امر پر غور کیا جائے اور اگر مناسب سمجھا جائے تو درج ذیل قرارداد کو، ترمیم کے ساتھ یا بغیر ترمیم کے، بطور خصوصی قرارداد منظور کیا جائے:

قرارداد:

"یہ فیصلہ کیا جاتا ہے کہ کمپنی ایکٹ 2017 کی دفعہ 38 اور دیگر قابل اطلاق دفعات کے تحت، کمپنی کے ترمیم شدہ میمورنڈم آف ایسوسی ایشن کی منظوری دی جاتی ہے تاکہ انہیں پاکستان اسٹاک ایکسچینج سے ڈی لسٹنگ کے بعد کمپنی کی حیثیت بطور پبلک آن لسٹڈ کمپنی کے مطابق ہم آہنگ کیا جا سکے، جیسا کہ اس نوٹس کے ساتھ منسلک بیان حقائق (Statement of Material Facts) میں درج ہے۔"

5. چیئر کی اجازت سے کسی بھی دیگر معمول کے یا طریقہ کار سے متعلق کاروبار کو انجام دینا، اگر کوئی ہو، جس کے لیے اراکین کی منظوری درکار نہ ہو۔

بورڈ کے حکم سے

احسن اکبر

کمپنی سیکریٹری

کراچی: 08 اپریل 2026

نوٹس:

1. کمپنی کی شیئر ٹرانسفر بک 23 اپریل 2026 سے 30 اپریل 2026 تک (دونوں دن شامل) بند رہیں گی اور اس دوران کوئی ٹرانسفر رجسٹریشن کے لیے قبول نہیں کیا جائے گا۔ 22 اپریل 2026 تک وصول ہونے والے ٹرانسفر بروقت سمجھے جائیں گے۔
2. صرف وہ افراد جن کے نام 22 اپریل 2026 تک کمپنی کے رجسٹر آف ممبرز میں درج ہوں، جنرل میٹنگ میں شرکت، حصہ لینا اور ووٹ دینے کے اہل ہوں گے۔
3. AGM کے لیے قابل اطلاق پراکسی فارم [آرٹیکل 62 کے مطابق پراکسی فارم نوٹس کے ساتھ منسلک کیا جائے گا] اراکین کو بھیجے گئے نوٹس کے ساتھ فراہم کیا جا رہا ہے۔ پراکسی فارم کی مزید نقول کمپنی کے رجسٹرڈ دفتر سے دفتری اوقات میں حاصل کی جا سکتی ہیں۔
4. جو رکن AGM میں شرکت اور ووٹ دینے کا اہل ہو، وہ کسی دوسرے رکن کو اپنا پراکسی مقرر کر سکتا ہے تاکہ وہ اس کے لیے اجلاس میں شرکت کرے اور ووٹ دے۔ پراکسی کی مؤثریت کے لیے اسے اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کے پاس موصول ہونا ضروری ہے۔
5. CDC اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ سرکلر نمبر 1 مؤرخہ 26 جنوری 2000 میں درج ہدایات پر بھی عمل کرنا ہوگا۔

میٹنگ میں شرکت کے لیے:

- i. افراد کے معاملے میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ شخص جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں، اور جن کی رجسٹریشن کی تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہوں، اپنی شناخت AGM میں شرکت کے وقت اصل CNIC یا اصل پاسپورٹ دکھا کر مستند کریں۔
- ii. کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی برائے نامزد نمائندہ اجلاس کے وقت پیش کی جائے (اگر پہلے فراہم نہ کی گئی ہو)۔

سالانہ آڈٹ شدہ مالیاتی گوشوارے برائے سال ختم شدہ 31 دسمبر 2025 تک QR کوڈ کے ذریعے حاصل کیے جا سکتے ہیں۔



پراکسی مقرر کرنے کے لیے:

- i. افراد کے معاملے میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ شخص جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور جن کی رجسٹریشن کی تفصیل اپ لوڈ کی گئی ہو، پراکسی فارم درج بالا ہدایات کے مطابق جمع کروائیں۔
- ii. پراکسی فارم کی تصدیق کسی ایسے شخص سے کروائی جائے جس کا نام، پتہ اور CNIC نمبر فارم پر درج ہو۔
- iii. مستفید مالکان اور پراکسی کے CNIC یا پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ساتھ فراہم کی جائیں۔
- iv. پراکسی AGM کے وقت اپنا اصل CNIC یا اصل پاسپورٹ پیش کرے گا۔
- v. کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بمعہ نمونہ دستخط پراکسی فارم کے ساتھ کمپنی کو جمع کروائی جائے۔ کارپوریٹ شیئر ہولڈرز کے CNIC/پاسپورٹ/نوٹری تصدیق شدہ بورڈ قرارداد یا پاور آف اٹارنی ای میل کے ذریعے "Registration for AGM" کے عنوان کے ساتھ companysecretary.pmpk@pmi.com پر 28 اپریل 2026 کو دوپہر 12:00 بجے سے پہلے جمع کروائی جائے۔

6. سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کے مطابق، کمپنی نے میٹنگ میں اراکین کی آن لائن شرکت کے لیے ویڈیو لنک کی سہولت فراہم کی ہے۔ یہ میٹنگ اسمارٹ فونز، ٹیبلیٹس یا کمپیوٹر کے ذریعے دیکھی جا سکتی ہے۔ میٹنگ میں ویڈیو لنک کے ذریعے شرکت کرنے کے لیے، اراکین سے درخواست ہے کہ وہ درج ذیل معلومات کے ساتھ اپنا اندراج کروائیں، نیز کارپوریٹ شیئر ہولڈرز کی صورت میں CNIC/pasport/نوٹری تصدیق شدہ بورڈ قرارداد یا پاور آف اٹارنی کی درست کاپی بھی ای میل کے ذریعے "Registration for AGM" کے عنوان کے ساتھ companysecretary.pmpk@pmi.com پر 28 اپریل 2026 کو دوپہر 12:00 بجے سے پہلے جمع کروائیں۔

i. رکن کا نام اور CNIC نمبر

ii. CDC اکاؤنٹ نمبر / فولیو نمبر اور اپنے نام پر موجود شیئرز کی تعداد

iii. موبائل نمبر

iv. ای میل ایڈریس

ضروری تصدیق کے بعد رجسٹر ہونے والے اراکین کو ویڈیو لنک اسی ای میل پر فراہم کیا جائے گا جس سے انہوں نے کمپنی کو رابطہ کیا۔ لاگ ان کی سہولت 30 اپریل 2026 کو دوپہر 12:00 بجے سے کھولی جائے گی، جس سے شیئر ہولڈرز اجلاس میں شامل ہو سکیں گے جو 12:00 بجے شروع ہوگا [PST]۔

اراکین میٹنگ کے ایجنڈا آئٹمز پر اپنے تبصرے اور تجاویز بھی ای میل کے ذریعے بھیج سکتے ہیں: companysecretary.pmpk@pmi.com

7. خصوصی کاروبار کے لیے ای ووٹنگ اور پوسٹل بیلٹ ووٹنگ کا طریقہ کار:

کمپنی (پوسٹل بیلٹ) ریگولیشنز 2018 کے مطابق، کمپنی کے شیئر ہولڈرز کو 30 اپریل 2026 کو 12:00 بجے بال روم A & B، موون پک، کراچی میں ہونے والی AGM میں ای ووٹنگ اور پوسٹل بیلٹ کے ذریعے ووٹ دینے کی سہولت فراہم کی جاتی ہے۔

ای ووٹنگ کا طریقہ کار:

- i. ای ووٹنگ کی تفصیلات 23 اپریل 2026 کو کمپنی کے ان اراکین کو ای میل کے ذریعے فراہم کی جائیں گی جن کے درست CNIC نمبر، موبائل نمبر اور ای میل ایڈریس 22 اپریل 2026 تک رجسٹر آف ممبرز میں درج ہوں گے۔
- ii. ویب ایڈریس، لاگ ان کی تفصیلات اور پاسورڈ ای میل کے ذریعے اراکین کو فراہم کیے جائیں گے۔ سیکورٹی کوڈز CDC شیئر رجسٹرار سروسز لمیٹڈ کی ویب پورٹل سے SMS کے ذریعے بھیجے جائیں گے (ای ووٹنگ سروس پرووائیڈر)۔
- iii. ای ووٹنگ کے ذریعے ووٹ دینے والے اراکین کی شناخت الیکٹرانک دستخط یا لاگ ان کی تصدیق کے ذریعے کی جائے گی۔
- iv. ای ووٹنگ لائن 27 اپریل 2026 کو صبح 9:00 بجے شروع ہوگی اور 29 اپریل 2026 کو شام 5:00 بجے بند ہوگی۔ اراکین اس دوران کسی بھی وقت اپنا ووٹ کاسٹ کر سکتے ہیں۔ ایک بار ووٹ دینے کے بعد اسے تبدیل نہیں کیا جا سکے گا۔

8. بیلٹ پیپر جمع کروانے کا طریقہ کار:

اراکین کو یقینی بنانا ہوگا کہ مکمل اور دستخط شدہ بیلٹ پیپر، CNIC کی کاپی کے ساتھ، AGM سے ایک دن پہلے یعنی 29 اپریل 2026 کو دفتری اوقات میں کمپنی کے رجسٹرڈ ایڈریس (Office 4 & 5, 5th Floor, Corporate Office Block, Dolmen City, Plot HC-3, Block 4, Clifton Karachi) پر ڈاک کے ذریعے یا ای میل کے ذریعے companysecretary.pmpk@pmi.com پر پہنچ جائے۔ بیلٹ پیپر پر دستخط CNIC پر دستخط سے مماثل ہونے چاہئیں۔

کمپنیز ایکٹ 2017 (دفعات 72) کے مطابق، کمپنی کو اپنی فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنا لازمی ہے، جیسا کہ کمیشن کی طرف سے متعین کردہ تاریخ اور چار سال کی مدت کے اندر عمل درآمد کرنا ہے۔

فزیکل شیئرز رکھنے والے اراکین سے درخواست ہے کہ وہ CDC میں اکاؤنٹ کھولیں تاکہ اپنے فزیکل شیئرز کو سکرپ لیس فارم میں منتقل کیا جا سکے۔

فزیکل شیئرز رکھنے والے اراکین اپنے پتہ میں کسی بھی تبدیلی کی اطلاع کمپنی کے شیئر رجسٹرار، CDC House, 99-B, Block B, S.M.C.H.S., Main Shakra-e-Faisal, Karachi – 74400 کو دیں۔ جبکہ CDC اکاؤنٹ ہولڈرز اپنے متعلقہ CDC Participant/Broker/Investor Account Services سے رابطہ کریں۔

کمپنیز ایکٹ 2017 کے سیکشن 134(3)(b) کے تحت اہم حقائق کا بیان

نوٹس کی آئٹم نمبر 4

کمپنی کے بورڈ آف ڈائریکٹرز نے اپنی میٹنگ جو 24 جولائی 2025 کو منعقد ہوئی، میں پاکستان اسٹاک ایکسچینج لمیٹڈ ("PSX") سے کمپنی کے رضاکارانہ طور پر ڈی لسٹنگ کے لیے تجویز کی منظوری دی، اور کمپنی 6 اکتوبر 2025 سے PSX سے ڈی لسٹ کر دی گئی۔ ڈی لسٹنگ کے بعد، کمپنی کے آرٹیکلز آف ایسوسی ایشن ("Articles") میں کچھ ترامیم کی ضرورت تھی تاکہ کمپنی کی حیثیت کو بطور پبلک ان لسٹڈ کمپنی کے مطابق ڈھالا جا سکے اور کارپوریٹ گورننس اور آپریشنل نگرانی کو مؤثر بنایا جا سکے۔ ترمیم شدہ آرٹیکلز میں پیش کی گئی اہم ترامیم کا خلاصہ درج ذیل ہے:

i. بورڈ آف ڈائریکٹرز کے سائز میں کمی

بورڈ آف ڈائریکٹرز کے ارکان کی تعداد کم سے کم سات (7) سے کم کر کے کم از کم تین (3) رکنی کر دی گئی ہے، جو کمپنی کے ایگزیکٹو افسران ہو سکتے ہیں۔

ii. بورڈ میٹنگ کے کوورم کی ضروریات میں ترمیم

بورڈ میٹنگز کے لیے کوورم کی ضرورت کو ان کی تعداد کا ایک تہائی یا دو (2)، جو بھی زیادہ ہو، مقرر کیا جائے گا۔

iii. جنرل میٹنگز میں ممبران کے ووٹنگ تھریش ہولڈ میں ترمیم

ترمیم شدہ آرٹیکلز کے مطابق، دو (2) ممبران جو ذاتی طور پر، ویڈیو لنک کے ذریعے یا پراکسی کے ذریعے موجود ہوں، اور کل ووٹنگ پاور کا کم از کم پچیس فیصد (25%) نمائندگی کریں، چاہے وہ اپنی شیئر ہولڈنگ کے ذریعے ہوں یا پراکسی کے ذریعے، سالانہ جنرل میٹنگ میں پیش کردہ امور پر ووٹنگ کے لیے کافی نمائندگی ہوں گے۔ پہلے کم از کم دس (10) ممبران کی ضرورت تھی۔

کمپنی کے ڈائریکٹرز کا آرٹیکلز میں تجویز کردہ ترامیم میں کوئی ذاتی مفاد نہیں ہے، سوائے اس حد تک کہ وہ بطور ڈائریکٹر اپنی ذمہ داریوں کو پورا کریں اور ڈی لسٹنگ کے بعد متعلقہ قوانین کی تعمیل کو یقینی بنائیں۔

ترمیم شدہ آرٹیکلز کی مکمل کاپی، جس میں تجویز کردہ ترامیم شامل ہیں، کمپنی کے رجسٹرڈ دفتر میں کاروباری اوقات کے دوران ممبران کے لیے معائنہ کے لیے دستیاب ہوگی۔ کاپیاں سالانہ جنرل میٹنگ میں بھی دستیاب ہوں گی۔

لہذا، کمپنی کے بورڈ آف ڈائریکٹرز نے اپنی میٹنگ جو 3 اپریل 2026 کو منعقد ہوئی، میں کمپنی کے آرٹیکلز میں تجویز کردہ ترامیم کی منظوری دی۔

پوسٹل بیلٹ پیپر

سالانہ جنرل میٹنگ میں خصوصی کاروبار کے لیے پوسٹ کے ذریعے ووٹنگ کے لیے فارم، جو 30 اپریل 2026 کو دوپہر 12:00 بجے بال روم A & B، موون پک، کراچی میں ہوگی:

فولیو / CDC اکاؤنٹ نمبر
رکن / پراکسی ہولڈر کا نام
رجسٹرڈ پتہ
شیئرز کی تعداد جو مالک کے نام ہیں
CNIC / پاسپورٹ نمبر (غیر ملکی ہونے کی صورت میں، کاپی منسلک کریں)
اضافی معلومات اور منسلک دستاویزات (کارپوریٹ ادارہ، کارپوریشن، یا وفاقی حکومت کے نمائندے کی صورت میں)
اختیاری دستخط کنندہ کا نام
اختیاری دستخط کنندہ کا CNIC / پاسپورٹ نمبر (غیر ملکی ہونے کی صورت میں، کاپی منسلک کریں)

خصوصی قرارداد:

آئٹم نمبر 3:

“قرارداد کی جاتی ہے کہ کمپنی ایکٹ 2017 کی شق 38 اور دیگر قابل اطلاق دفعات کے تحت کمپنی کے ترمیم شدہ آرٹیکلز آف ایسوسی ایشن کی منظوری دی جاتی ہے تاکہ کمپنی کی حیثیت کو پاکستان اسٹاک ایکسچینج سے ڈی لسٹنگ کے بعد ایک پبلک ان لسٹڈ کمپنی کے مطابق ڈھالا جا سکے، جیسا کہ اس نوٹس کے ساتھ منسلک مینیجریل فیکٹس کے بیان میں بیان کیا گیا ہے۔”

پول کے لیے ہدایات:

1. براہ کرم اپنے ووٹ کو متعلقہ باکس میں ٹک (v) لگا کر ظاہر کریں۔

2. اگر دونوں باکسز کو v نشان لگا دیا گیا تو آپ کا بیلٹ پیپر "رد شدہ" تصور کیا جائے گا۔

میں/ہم مندرجہ بالا قرارداد کے حوالے سے اپنا/اپنا ووٹ بیلٹ کے ذریعے استعمال کرتے ہیں اور مناسب باکس میں ٹک (v) لگا کر منظوری (FOR) یا مخالفت (AGAINST) کا اظہار کرتے ہیں۔

قرارداد	میں/ہم قرارداد کی منظوری دیتے ہیں (FOR)	میں/ہم قرارداد کی مخالفت کرتے ہیں (AGAINST)

نوٹس:

1. مکمل بھرا ہوا بیلٹ پیپر چیئرمین کے پاس درج ذیل پتہ پر بھیجا جانا چاہیے:

Office 4 & 5, 5th Floor, Corporate Office Block, Dolmen City, Plot HC-3, Block 4, Clifton Karachi

یا ای میل کے ذریعے: companysecretary.pmpk@pmi.com

2. پوسٹل بیلٹ فارم کے ساتھ CNIC / پاسپورٹ کی کاپی (غیر ملکی ہونے کی صورت میں) منسلک ہونی چاہیے۔

3. بیلٹ پیپر چیئرمین تک دفتری اوقات میں 29 اپریل 2026 تک پہنچ جانا چاہیے۔ اس تاریخ کے بعد موصول ہونے والے بیلٹ ووٹ کے لیے قابل قبول نہیں ہوں گے۔

4. بیلٹ پیپر پر دستخط CNIC / پاسپورٹ (غیر ملکی ہونے کی صورت میں) پر دستخط سے مماثل ہونے چاہئیں۔

5. نامکمل، بغیر دستخط کے، غلط، خراب شدہ، پھٹے، مٹائے ہوئے، یا اوور رائٹن بیلٹ پیپر کو مسترد کر دیا جائے گا۔

6. کارپوریٹ ادارہ، کارپوریشن یا وفاقی حکومت کے نمائندے کی صورت میں، بیلٹ پیپر فارم کے ساتھ اختیاری شخص کا CNIC، بورڈ قرارداد / پاور آف اٹارنی / اختیار نامہ وغیرہ کی تصدیق شدہ کاپی منسلک ہونی چاہیے، جیسا کہ کمپنی ایکٹ 2017 کی شق 138 یا 139 کے مطابق لاگو ہو۔

Form of Proxy

I / We _____
of _____
a member of Philip Morris (Pakistan) Limited
hereby appoint _____
of _____
or failing him _____
of _____
or failing him either of them may in writing appoint any other person who is/are also members of Philip Morris (Pakistan) Limited to act as my / our proxy and to vote for me/us and on my / our behalf at the Annual General Meeting of the shareholders of the Company to be held on April 30th, 2026 and at any adjournment thereof.

Signed this _____ day of _____ 2026

Folio No.	CDC Participant ID No.	CDC Account/Sub Account No.	No. of shares held	Signature over Revenue Stamp

Witness 1
Signature _____
Name _____
CNIC No. _____
Address _____

Witness 2
Signature _____
Name _____
CNIC No. _____
Address _____

Notes:

- 1.The proxy must be a member of the Company.
- 2.The signature must tally with the specimen signature/s registered with the Company.
- 3.If a proxy is granted by a member who has deposited his/ her shares in the Central Depository Company of Pakistan, the proxy must be accompanied by the participant's ID number and CDC account/ sub-account along with attested photocopies of Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purposes.
- 4.The instrument of Proxy properly completed should be deposited at the Share Registrar's Office of the Company not less than 48 hours before the time of the meeting.

پراکسی فارم

میں / ہم _____ جس / جن کا _____ سے ہے۔ فلپ مورس (پاکستان) لمیٹڈ کے ایک رکن کی حیثیت سے _____ کو یا ان کی غیر حاضری کی صورت میں _____ یا اس کی عدم موجودگی میں وہ تحریری طور پر کسی بھی دوسرے شخص کو مقرر کر سکتا ہے۔ جو فلپ مورس (پاکستان) لمیٹڈ کا رکن بھی ہے / کے رکن بھی ہیں جو بطور میرے / ہمارے پراکسی کام کریں گے اور 28 اپریل 2026 کو ہونے والے کمپنی کے شیئر ہولڈرز کے سالانہ اجلاس عام میں اور اس کے کسی بھی التوا پر میری / ہماری طرف سے شرکت کریں گے اور ووٹ دیں گے۔

_____ 2026 کے _____ دن اس پر دستخط کیے

فولیو نمبر	سی ڈی سی پارٹیسپنٹ شناختی نمبر	سی ڈی سی اکاؤنٹ / ذیلی اکاؤنٹ نمبر	موجودہ شیئرز کی تعداد
			رسیدی ٹکٹ کے اپر دستخط کریں

گواہ 1

گواہ 2

دستخط _____

دستخط _____

نام _____

نام _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____

ایڈریس _____

ایڈریس _____

نوٹس:

1. پراکسی کمپنی کا رکن ہونا لازمی ہے۔

2. دستخط کمپنی کے پاس رجسٹرڈ نمونہ دستخطوں سے مطابقت رکھنے چاہئیں۔

3. اگر پراکسی کسی ایسے رکن کی جانب سے دی گئی ہو جس نے اپنے شیئرز سینٹرل ڈیپازٹری کمپنی آف پاکستان میں جمع کروا رکھے ہوں تو پراکسی کے ساتھ پارٹیسپنٹ کا آئی ڈی نمبر اور CDC اکاؤنٹ/سب اکاؤنٹ نمبر، نیز مستفید مالک کے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ کی تصدیق شدہ نقول منسلک ہونا ضروری ہیں۔ کارپوریٹ اراکین کے نمائندگان کو اس مقصد کے لیے درکار معمول کے دستاویزات ساتھ لانے چاہئیں۔

4. مکمل طور پر پُر کیا گیا پراکسی فارم اجلاس کے وقت سے کم از کم 48 گھنٹے پہلے کمپنی کے شیئر رجسٹرار کے دفتر میں جمع کروایا جانا چاہیے۔

