PHILIP MORRIS
(PAKISTAN) LIMITED

TRANSFORMING TOMORROW

Our Journey of Innovation

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2025

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Company Information

BOARD OF DIRECTORS

SARFARAZ AHMED REHMAN		(Chairman/Director)
ALIREZA TAKESH		(Chief Executive Officer)
MUHAMMAD ZEESHAN	(Till July 31st, 2025)	(Chief Financial Officer)
MOHAMMAD SAAD KHALEEL	(From August 1st, 2025)	(Chief Financial Officer)
AAIZAH SYED		
PETER CALON		
MIRZA REHAN BAIG		
JUNAID IQBAL		

COMPANY SECRETARY

MOHAMMAD SAAD KHALEEL	(Till July 31st, 2025)
AHSAN AKBAR	(From August 1st, 2025)

AUDIT COMMITTEE

MIRZA REHAN BAIG		(Chairman)
AAIZAH SYED		
PETER CALON		
MOHAMMAD SAAD KHALEEL	(Till July 31st, 2025)	(Secretary)
AHSAN AKBAR	(From August 1st, 2025)	(Secretary)

HUMAN RESOURCE & REMUNERATION COMMITTEE

SARFARAZ AHMED REHMAN	(Chairman)
ALIREZA TAKESH	
PETER CALON	
JAY RAMOS	(Secretary)

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)

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www.philipmorrispakistan.com.pk

Email:
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DIRECTORS' REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2025

Pakistan's economy has shown some signs of stabilization and growth in the first two months of FY2026, with lower inflation rates, strengthening large-scale manufacturing, and contained fiscal imbalances. However, the floods in July 2025 caused widespread damage to infrastructure, crop and livestock, adversely impacting the agricultural sector[1]. Furthermore, the economic outlook is exposed to various other risks with the potential negative influence on growth and macroeconomic stability, such as climate change and policy slippage. which, we believe can be catered to with faster pace of reforms' implementation.

The tobacco sector continues to face significant challenges due to the widespread availability of low-cost, non-tax paid cigarettes. The non-compliant segment has risen to 54% (Domestic non-compliant 42%, genuine non-domestic 12%)[2] post excise hike in Feb'23. This situation not only results in significant losses to the national exchequer but also creates an uneven playing field for tax-compliant cigarette manufacturers and undermines the government's public health objectives by making unregulated products widely available[3]. We believe that the effective and sustained enforcement of the Track & Trace System (TTS), introduced on July 1, 2022, with the aim of ensuring that all cigarettes sold in Pakistan are tax-paid, is critical to curbing the illicit trade of non-tax paid cigarettes.

For the nine months ended Sept 30, 2025, the Company reported a total net turnover of PKR 25,207 million, reflecting domestic net turnover of PKR 17,788 million (71% of the total net turnover) which grew by 40% vs. prior year, reflecting stabilization of total volumes coupled with improved pricing, further fueled by almost 100% volumetric growth vs. prior year in nicotine pouches segment. Additionally, the export turnover amounted to PKR 7,417 million (29% of the total net turnover). The Company recorded a loss after tax of PKR 2,271 million for the nine months ended September 30, 2025, vs. a profit of PKR 421 million in the same period prior year due on-going investment in our new product lines. For the nine months period (Jan – Sep 2025), the Company contributed PKR 39,736 million to the National Exchequer, higher by 7% vs. prior year.

While the compliant tobacco industry is dealing with the impact of the recent economic slowdown in the form of exaggerated business costs, higher energy tariffs, along with the prevalence of non-compliant tobacco trade, the management of the Company is committed to improve financial results through utilization of global resources, execution of commercial strategies, and enhancing product quality, processes, and operational efficiencies. The Company continues to remain resolute in monitoring market conditions closely and working to effectively manage operations in light of the challenging conditions.

Sarfaraz Ahmed Rehman

Sarfaraz Ahmed Rehman
Chairman / Director

Alireza Takesh
Chief Executive Officer

1-ADB says sustained reforms, disaster resilience key to Pakistan's continued economic growth - Business - DAWN.COM
2-Asian Development Outlook September 2025—South Asia
3-Pakistan faces huge financial loss as tobacco sector evades tax obligation

ڈائریکٹرز رپورٹ

برائے سہ ماہی اختتام 30 ستمبر 2025

پاکستان کی معیشت نے مالی سال 2025 کے ابتدائی دو مہینوں میں استحکام اور ترقی کے کچھ آثار ظاہر کیے ہیں، جس میں افراطِ زر کی شرح میں کمی، بڑے پیمانے کی صنعتوں میں بہتری، اور مالی خسارے میں قابو پایا جانا شامل ہے۔ تاہم، جولائی 2025 میں آنے والے سیلابوں نے بنیادی ڈھانچے، فصلوں اور مویشیوں کو وسیع پیمانے پر نقصان پہنچایا، جس کے نتیجے میں زرعی شعبہ بری طرح متاثر ہوا[1]۔ مزید یہ کہ، معاشی منظرنامہ اب بھی کئی ایسے خطرات سے دوچار ہے جو معاشی ترقی اور مجموعی استحکام پر منفی اثر ڈال سکتے ہیں، جیسے کہ موسمیاتی تبدیلی اور پالیسی کے نفاذ میں سستی۔ تاہم، ہمارا ماننا ہے کہ اصلاحات کے عمل کو تیز رفتار سے نافذ کر کے ان چیلنجز پر قابو پایا جا سکتا ہے۔

تمباکو کا شعبہ اب بھی کم قیمت اور غیر ٹیکس شدہ سگریٹوں کی وسیع دستیابی کے باعث نمایاں مشکلات کا سامنا کر رہا ہے۔ فروری 2023 میں ایکسائز ڈیوٹی میں اضافے کے بعد، نان کمپلائنٹ سگریٹوں کا حصہ بڑھ کر 54% تک پہنچ گیا ہے، جس میں 42% ملکی نان کمپلائنٹ اور 12% حقیقی غیر ملکی برانڈز شامل ہیں[2]۔ یہ صورتحال نہ صرف قومی خزانے کو نمایاں نقصان پہنچاتی ہے بلکہ ٹیکس کی ادائیگی کرنے والے سگریٹ ساز اداروں کے لیے غیر مساوی مسابقتی ماحول پیدا کرتی ہے اور غیر منظم مصنوعات کی وسیع دستیابی کے باعث حکومت کے عوامی صحت سے متعلق مقاصد کو بھی متاثر کرتی ہے[3]۔ ہم یقین رکھتے ہیں کہ ٹریک اینڈ ٹریس سسٹم (TTS)، جو یکم جولائی 2022 کو اس مقصد کے تحت متعارف کرایا گیا کہ پاکستان میں فروخت ہونے والی تمام سگریٹیں ٹیکس ادا شدہ ہوں، اس کی مؤثر اور مسلسل عملداری غیر قانونی اور غیر ٹیکس شدہ سگریٹوں کی تجارت پر قابو پانے کے لیے انتہائی ضروری ہے۔

30 ستمبر 2025 کو ختم ہونے والے نو ماہ کے عرصے کے لیے، کمپنی نے کل خالص ٹرن اوور 25,207 ملین روپے رپورٹ کیا، جس میں ملکی خالص ٹرن اوور 17,788 ملین روپے (کل خالص ٹرن اوور کا 71%) شامل ہے، جو گزشتہ سال کے مقابلے میں 40% اضافہ ظاہر کرتا ہے۔ یہ اضافہ مجموعی فروخت میں استحکام اور بہتر قیمتوں کے امتزاج کی عکاسی کرتا ہے۔ ساتھ ہی، نکوٹین پاؤچز کے سیگمنٹ میں پچھلے سال کے مقابلے میں تقریباً 100 فیصد اضافہ دیکھا گیا، جس نے گروتھ کو مزید مضبوط بنایا۔ اس کے علاوہ، ایکسپورٹ ٹرن اوور 7,417 ملین روپے رہا، جو کمپنی کے ٹوٹل نیٹ ٹرن اوور کا 29 فیصد ہے۔ کمپنی نے 30 ستمبر 2025 کو ختم ہونے والے نو ماہ کے عرصے کے دوران 2,271 ملین روپے کا بعد از ٹیکس نقصان ریکارڈ کیا، جبکہ گزشتہ سال اسی مدت میں 421 ملین روپے کا منافع حاصل ہوا تھا۔ یہ کمی کمپنی کی نئی پراڈکٹ لائنز میں جاری سرمایہ کاری کے باعث ہوئی۔ جنوری سے ستمبر 2025 کے نو ماہ کے عرصے کے دوران کمپنی نے قومی خزانے میں 39,736 ملین روپے کا حصہ ڈالا، جو گزشتہ سال کے مقابلے میں 7 فیصد زیادہ ہے۔

جبکہ کمپلائنٹ تمباکو صنعت حالیہ معاشی سست روی کے اثرات — جن میں بڑھتے ہوئے کاروباری اخراجات، بلند توانائی نرخ اور نان کمپلائنٹ تمباکو تجارت کی موجودگی شامل ہے — کا سامنا کر رہی ہے، کمپنی کی انتظامیہ مالی نتائج میں بہتری لانے کے لیے پرعزم ہے۔ کمپنی اس مقصد کے حصول کے لیے عالمی وسائل کے مؤثر استعمال، مؤثر کاروباری حکمتِ عملیوں کے نفاذ، اور مصنوعات کے معیار، نظامِ کار اور آپریشنل استعداد کو بہتر بنانے پر توجہ مرکوز کیے ہوئے ہے۔ کمپنی مسلسل اس عزم پر قائم ہے کہ وہ مارکیٹ کی صورتحال کا بغور جائزہ لیتی رہے گی اور موجودہ چیلنجنگ حالات کے تناظر میں اپنی کاروباری سرگرمیوں کو مؤثر طور پر منظم کرے گی۔

Sarfaraz Ahmed Rehman

سرفراز احمد رحمان
چیئرمین / ڈائریکٹر

علی ریزہ تاکیش
چیف ایگزیکٹو افسر

1-ADB says sustained reforms, disaster resilience key to Pakistan's continued economic growth - Business - DAWN.COM
2-Asian Development Outlook September 2025—South Asia
3-Pakistan faces huge financial loss as tobacco sector evades tax obligation

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2025

	Note	September 30, 2025 (Un-audited)	December 31, 2024 (Audited)
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
- Property, plant and equipment	5	7,582,204	6,971,983
- Right-of-use assets		191,242	255,906
- Intangibles		82,177	84,788
		7,855,623	7,312,677
Investment in a subsidiary company	6	1	1
Long term deposits		73,667	73,570
Deferred taxation		2,426,420	347,972
		10,355,711	7,734,220
CURRENT ASSETS			
Stores and spares - net		438,486	316,377
Stock in trade - net	7	32,069,331	12,743,660
Trade debts - net	8	492,415	377,624
Advances	9	298,507	226,197
Prepayments		33,694	85,217
Other receivables	10	1,191,813	1,163,216
Income tax - net		2,718,756	1,699,160
Staff retirement benefits		60,404	60,404
Sales tax and excise duty adjustable		3,605,128	2,197,788
Cash and bank balances		2,817,665	4,529,492
TOTAL CURRENT ASSETS		43,726,199	23,399,135
TOTAL ASSETS		54,081,910	31,133,355
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		12,000,000	12,000,000
Issued, subscribed and paid-up capital			
- Ordinary shares		615,803	615,803
- Preference shares		10,464,000	10,464,000
		11,079,803	11,079,803
Transaction cost on issuance of preference shares - net of tax		(33,911)	(33,911)
		11,045,892	11,045,892
Reserves		2,589,598	4,891,307
TOTAL EQUITY		13,635,490	15,937,199
NON-CURRENT LIABILITIES			
Lease liabilities		105,848	184,071
CURRENT LIABILITIES			
Short term borrowings	11	2,938,593	-
Trade and other payables	12	37,158,509	14,800,555
Current maturity of lease liabilities		132,924	120,305
Unclaimed dividend		37,008	37,103
Unpaid dividend		31,953	54,122
Accrued mark-up		41,585	-
TOTAL CURRENT LIABILITIES		40,340,572	15,012,085
TOTAL LIABILITIES		40,446,420	15,196,156
TOTAL EQUITY AND LIABILITIES		54,081,910	31,133,355
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The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

Sarfaraz Ahmed Rehman
Chairman / Director

Alireza Takesh
Chief Executive Officer

Mohammad Saad Khaleel
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2025

	Note	Quarter ended		Nine months period ended	
		September 30, 2025	September 30, 2024	**September 30, 2025**	September 30, 2024
		-----------------------(Rupees in thousand)----------------------			
Turnover - net	14	**8,184,493**	7,552,968	**25,207,103**	20,489,068
Cost of sales	15	**7,082,389**	6,765,981	**21,176,427**	18,106,485
Gross profit		**1,102,104**	786,987	**4,030,676**	2,382,583
Distribution and marketing expenses		**2,048,754**	1,669,330	**5,593,098**	4,741,565
Administrative expenses		**629,873**	542,827	**1,829,689**	1,507,882
Other expenses	16	**40,776**	12,378	**491,162**	164,665
Other income	17	**(49,356)**	(1,653,804)	**(312,246)**	(5,391,417)
		2,670,047	570,731	**7,601,703**	1,022,695
Operating profit		**(1,567,943)**	216,256	**(3,571,027)**	1,359,888
Finance cost and bank charges		**91,117**	71,869	**156,264**	156,108
Profit before taxation and levy		**(1,659,060)**	144,387	**(3,727,291)**	1,203,780
Levy	2.4 to 18	**409,770**	221,123	**622,553**	389,371
Profit before taxation		**(2,068,830)**	(76,736)	**(4,349,844)**	814,409
Taxation	2.4 to 18	**(1,495,971)**	36,392	**(2,078,450)**	393,237
(Loss) / profit after taxation		**(572,859)**	(113,128)	**(2,271,394)**	421,172
Other comprehensive income		**-**	-	**-**	-
Total comprehensive (loss) / income for the period		**(572,859)**	(113,128)	**(2,271,394)**	421,172
		--------------------------------(Rupees)------------------------------			
Earnings / (loss) per share					
-Basic	19	**(9.30)**	(1.84)	**(36.89)**	6.84
-Diluted	19	**Note 19.3**	Note 20.3	**Note 19.3**	5.03

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

Sarfaraz Ahmed Rehman	Alireza Takesh	Mohammad Saad Khaleel
Chairman / Director	Chief Executive Officer	Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2025

	Issued, subscribed and paid-up capital		Transaction cost on issuance of preference shares - net of tax	Reserves							Total
				Capital reserves			Revenue Reserves			Subtotal reserves	
	Ordinary shares	Preference shares		Reserve for share based payments	Remeasurement of staff retirement gratuity plan - net of tax	Subtotal capital reserves	General reserve	Unappropriated profit	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
Share based payments											
- expense	-	-	-	80,752	-	80,752	-	-	-	80,752	80,752
- recharge	-	-	-	(84,015)	-	(84,015)	-	-	-	(84,015)	(84,015)
	-	-	-	(3,263)	-	(3,263)	-	-	-	(3,263)	(3,263)
Total comprehensive income											
Profit after taxation for the nine months period ended September 30, 2024	-	-	-	-	-	-	-	421,172	421,172	421,172	421,172
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	421,172	421,172	421,172	421,172
Balance as at September 30, 2024	615,803	10,464,000	(33,911)	90,890	(292,256)	(201,366)	3,328,327	1,839,879	5,168,206	4,966,840	16,012,732
Balance as at January 1, 2025	**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**
Share based payments											
- expense	**-**	**-**	**-**	**53,372**	**-**	**53,372**	**-**	**-**	**-**	**53,372**	**53,372**
- recharge	**-**	**-**	**-**	**(83,687)**	**-**	**(83,687)**	**-**	**-**	**-**	**(83,687)**	**(83,687)**
	-	**-**	**-**	**(30,315)**	**-**	**(30,315)**	**-**	**-**	**-**	**(30,315)**	**(30,315)**
Total comprehensive loss											
Loss after taxation for the nine months period ended September 30, 2025	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,271,394)**	**(2,271,394)**	**(2,271,394)**	**(2,271,394)**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**(2,271,394)**	**(2,271,394)**	**(2,271,394)**	**(2,271,394)**
Balance as at September 30, 2025	**615,803**	**10,464,000**	**(33,911)**	**118,630**	**(259,421)**	**(140,791)**	**3,328,327**	**(597,938)**	**2,730,389**	**2,589,598**	**13,635,490**

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

Sarfaraz Ahmed Rehman
Chairman / Director

Alireza Takesh
Chief Executive Officer

Mohammad Saad Khaleel
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2025

	Note	Nine months period ended	
		September 30, 2025	September 30, 2024
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	21	**(1,404,389)**	(3,420,632)
Staff retirement gratuity paid		**(71,791)**	(59,736)
Finance cost paid		**(114,679)**	(156,108)
Interest received on savings accounts		**172,331**	898,230
Taxes and levy paid		**(1,642,147)**	(953,875)
Long term deposits		**(97)**	(88)
Net cash generated from operating activities		**(3,060,772)**	(3,692,209)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(1,511,244)**	(1,909,606)
Acquisition of intangibles		**(12,842)**	(15,001)
Proceeds from disposal of items of :		**-**	
property plant and equipment		**47,043**	22,890
non-current assets held for disposal		**-**	255,000
Net cash used in investing activities		**(1,477,043)**	(1,646,717)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(22,264)**	(19)
Principal element of lease payments		**(90,341)**	(72,267)
Net cash paid for financing activities		**(112,605)**	(72,286)
Net increase in cash and cash equivalents during the period		**(4,650,420)**	(5,411,212)
Cash and cash equivalents at the beginning of the period		**4,510,631**	9,044,034
Cash and cash equivalents at the end of the period	22	**(139,789)**	3,632,822

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

Sarfaraz Ahmed Rehman	**Alireza Takesh**	**Mohammad Saad Khaleel**
Chairman / Director	Chief Executive Officer	Chief Financial Officer

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). As at September 30, 2025 the Company has been listed on the Pakistan Stock Exchange (PSX) and the principal activity of the Company is the manufacturing and sale of cigarettes, tobacco products and other smoke free products. The registered office of the Company is situated at Office 4 & 5, 5th Floor, Corporate Office Block, Dolmen City, Plot HC-3, Block 4, Clifton Karachi, Sindh, Pakistan.

1.2 The Company has been delisted from Pakistan Stock Exchange (PSX) with effect from October 06, 2025, through letter no. PSX/N-1056 dated October 03, 2025.

2. STATEMENT OF COMPLIANCE AND MATERIAL ACCOUNTING POLICY INFORMATION

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

(a) International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and

(b) Provisions of and directives issued under the Act.

Where the provisions of, and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the Company's audited financial statements for the year ended December 31, 2024 (December 2024 financial statements), except relating to the matters stated in notes 2.3 and 2.4 below.

2.2 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the Company's audited financial statements for the year ended December 31, 2024 (December 2024 financial statements), except relating to the matters stated in notes 2.3 and 2.4 below.

2.3 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

2.4 Amendments to published accounting and reporting standards which became effective during the period ended September 30, 2025:

There were certain amendments to accounting and reporting standards which became effective for the Company during the current period. However, these do not have any significant impact on the Company's financial reporting and, therefore have not been detailed in these condensed interim financial statements.

2.5 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 as per IASB. These standards will become part of the Company's financial reporting framework upon adoption by the Securities and Exchange Commission of Pakistan (SECP). The amendments include update 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 and is expecting to complete the assessment in due course.

3. BASIS OF PREPARATION

3.1 These condensed interim financial statements include the condensed interim statement of financial position as at September 30, 2025, the condensed interim statement of profit or loss and other comprehensive income, the condensed interim statement of changes in equity, the condensed interim statement of cash flows and notes thereto for the nine months period then ended which have not been audited. These condensed interim financial statements also include the condensed interim statement of profit or loss and other comprehensive income and notes thereto for the quarter ended September 30, 2025 which were not subjected to auditor's review.

3.2 The comparative statement of financial position presented in these condensed interim financial statements as at December 31, 2024 has been extracted from the December 2024 financial statements. The comparative statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the nine months period ended September 30, 2024 have been extracted from the condensed interim financial statements of the Company for the nine months period then ended, which were not audited.

3.3 These interim financial statements should be read in conjunction with the December 2024 financial statements as these provide an update of previously reported information.

4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of these condensed interim financial statements in conformity with approved accounting and reporting standards for interim reporting requires the use of certain accounting estimates. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. 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. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

4.2 During the preparation of these condensed interim financial statements, significant judgments made by management in applying the Company's accounting policies and key sources of estimation were the same as those applied in the December 2024 financial statements.

4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the December 2024 financial statements.

	Note	September 30, 2025 (Un-audited)	December 31, 2024 (Audited)
		(Rupees in thousand)	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment	5.1 to 5.4	**6,811,803**	4,750,588
Capital work-in-progress (CWIP)	5.5	**770,401**	2,221,395
		7,582,204	6,971,983

	Note	September 30, 2025 (Un-audited)	December 31, 2024 (Audited)
		(Rupees in thousand)	
5.1 Operating property, plant and equipment			
Book value at the beginning of the period / year		**4,750,588**	4,708,383
Transfers from CWIP during the period / year	5.2	**2,962,238**	1,133,143
		7,712,826	5,841,526
Disposals during the period / year - net book value	5.3	**(12,809)**	(19,055)
Write offs during the period / year - net book value		**(4,179)**	(20,295)
Depreciation charge during the period / year	5.4	**(884,035)**	(1,051,588)
		(901,023)	(1,090,938)
Book value at the end of the period / year		**6,811,803**	4,750,588

	Nine months period ended September 30, 2025	September 30, 2024
	(Un-audited) (Rupees in thousand)	
5.2 Transfers from CWIP during the period:		
Buildings on freehold land	**373,741**	115,159
Leasehold improvements	**2,634**	-
Plant and machinery	**1,750,229**	291,660
Furniture and fixtures	**34,440**	75,157
Office equipment	**21,944**	381
Vehicles	**150,733**	148,827
Power and other installations	**527,099**	60,473
Computer equipment	**101,418**	28,266
	2,962,238	719,923

	Nine months period ended September 30, 2025	September 30, 2024
	(Un-audited) (Rupees in thousand)	
5.3 Disposals during the period - net book value		
Vehicles	**12,809**	14,529
5.4 Depreciation charge during the period on:		
- property, plant and equipment	**884,035**	795,937

	September 30, 2025 (Un-audited)	December 31, 2024 (Audited)
	(Rupees in thousand)	
5.5 Capital work-in-progress		
Civil works	**29,883**	236,971
Plant and machinery	**512,848**	1,572,083
Power and other installations	**59,880**	314,619
Furniture and fixtures	**3,209**	-
Advance to suppliers and contractors	**164,581**	97,722
	770,401	2,221,395

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 (the Subsidiary Company). Out of such 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 nine months period ended September 30, 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 September 30, 2025 amounted to Rs Nil, in accordance with the un-audited condensed interim financial statements for the nine months period then ended. The subsidiary company has filed an application dated January 20, 2025 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 audited 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. STOCK IN TRADE - net

	Note	September 30, 2025 (Un-audited)	December 31, 2024 (Audited)
		(Rupees in thousand)	
Raw and packing materials	7.1 & 7.3	**30,160,659**	11,358,967
Work-in-process		**255,600**	163,514
Finished goods		**2,497,888**	2,160,057
		32,914,147	13,682,538
Less: Provision for obsolete stocks	7.1 & 7.2	**(844,816)**	(938,878)
		32,069,331	12,743,660

7.1 These include raw and packing material in transit aggregating Rs 463.184 million (December 31, 2024: Rs 820.901 million).

7.2 During the current period, the Company has written off inventories aggregating Rs 6.243 million (December 31, 2024: Rs 435.859 million) against provision.

7.3 Finished goods include items of specific locally manufactured and imported products costing Rs 817.162 million (December 31, 2024: Rs 829.95 million) which are stated at their net realisable value (NRV) aggregating Rs 323.995 million (December 31, 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 493.167 million (December 31, 2024: Rs 581.647 million). Such losses relating to the imported products were reimbursed to the Company upto December 31, 2024 (note 17), however effective January 1, 2025 the reimbursement arrangement of certain products has been terminated as the Company commenced local production of such products.

8. TRADE DEBTS - net

	Note	September 30, 2025 (Un-audited)	December 31, 2024 (Audited)
		(Rupees in thousand)	
Considered good - unsecured	8.1	**492,415**	377,624
Considered doubtful		**2,780**	2,780
		495,195	380,404
Less: Provision for doubtful debts		**(2,780)**	(2,780)
		492,415	377,624

8.1 This represents amount receivable from group undertaking against export sales.

9. ADVANCES

	Note	September 30, 2025 (Un-audited)	December 31, 2024 (Audited)
		(Rupees in thousand)	
Unsecured			
Advances to:			
- Employees	9.1	**34,395**	18,298
- Suppliers and contractors		**169,017**	112,804
		203,412	131,102
Secured			
Advance to a supplier	9.2	**111,261**	111,261
Less: provision against advance		**(16,166)**	(16,166)
		95,095	95,095
		298,507	226,197

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

9.2 There is no signification change in the status of the case as set out in note 11.2 to the December 2024 financial statements.

10. OTHER RECEIVABLES

	Note	September 30, 2025 (Un-audited)	December 31, 2024 (Audited)
		(Rupees in thousand)	
Receivable from associated undertakings	17.1	**67,560**	390,225
Cash margins held with banks		**1,115,085**	762,371
Accrued interest on deposit accounts		**257**	3,967
Others		**8,911**	6,653
		1,191,813	1,163,216

11. SHORT TERM BORROWINGS

	September 30, 2025 (Un-audited)	December 31, 2024 (Audited)
	(Rupees in thousand)	
Secured		
Running finance under mark-up arrangements	**2,938,593**	-

11.1 The Company has arranged running finance facilities totaling Rs 7,650 million (2024: Rs 3,025 million) from commercial banks. These facilities are secured through hypothecation of stock-in-trade and Stand By Letter of Credit (SBLC). These facilities carry markup rates between 11.52% and 12.76% per annum (2024: 13.5% to 20.5%).

12. TRADE AND OTHER PAYABLES

	September 30, 2025 (Un-audited)	December 31, 2024 (Audited)
	(Rupees in thousand)	
Creditors	**9,228,157**	3,196,285
Bills payable	**6,618,225**	4,014,408
Royalty payable	**2,813,672**	2,346,187
Accrued expenses	**2,928,461**	2,289,317
Tobacco development cess	**13,875**	481,520
Advance from customers - unsecured	**15,482,345**	2,199,408
Workers' welfare fund	**50,681**	50,681
Workers' profits participation fund	**21,065**	37,459
Others	**2,028**	185,290
	37,158,509	14,800,555

13. CONTINGENCIES AND COMMITMENTS

13.1 Guarantees

Indemnities given to banks for guarantees issued by them in the normal course of business aggregated Rs 78.861 million (December 31, 2024: Rs 78.861 million).

	September 30, 2025 (Un-audited)	December 31, 2024 (Audited)
	(Rupees in thousand)	
13.2 Commitments		
Capital expenditure contracted for but not incurred	395,836	181,165
Post dated cheques	414,945	44,685
Letters of credit	221,184	119,232
Operating lease commitments	9,730	3,033

13.3 Contingencies

13.3.1 There is no significant change in the status of the cases set out in notes 11.2, 20.6.1, 20.6.2, 21.3 and 21.4 to the financial statements of the Company for the year ended December 31, 2024 except for the following:

During the period, the Deputy Commissioner Inland Revenue (DCIR) issued an order, disallowing the adjustment of brought forward minimum tax credits under Section 113(2) of the Income Tax Ordinance, 2001 pertaining to tax years 2014 and 2015 claimed while filing the return of income for the tax year 2019. DCIR raised a tax demand of Rs 172.95 million, which the Company paid under protest. An appeal has been filed before the Appellate Tribunal Inland Revenue, which is currently pending for hearing. The Company, based on the opinion of its tax advisor, is of the view that the matter will be decided in favor of the Company and therefore no provision has been recorded in these condensed interim financial statements.

	Quarter ended		Nine months period ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	(Un-audited)			
	(Rupees in thousand)			
14. TURNOVER - net				
Gross turnover	20,509,583	18,483,426	63,438,160	54,649,248
Less: Trade discount	265,539	292,985	832,665	897,021
Sales tax	2,954,309	2,461,290	9,065,382	7,494,673
Federal excise duty	9,105,242	8,176,183	28,333,010	25,768,486
	12,325,090	10,930,458	38,231,057	34,160,180
	8,184,493	7,552,968	25,207,103	20,489,068

14.1 This includes export sales for the nine months period ended September 30, 2024 amounting to Rs 7,419 million (September 30, 2024: Rs 7,748 million).

15. COST OF SALES

	Quarter ended September 30, 2025	Quarter ended September 30, 2024	Nine months period ended September 30, 2025	Nine months period ended September 30, 2024
	(Un-audited) (Rupees in thousand)			
Raw and packing materials consumed				
Opening stock	8,134,802	6,217,913	11,358,967	11,004,979
Purchases, redrying and related expenses	27,856,433	18,788,415	35,743,437	21,809,322
	35,991,235	25,006,328	47,102,404	32,814,301
Closing stock	(30,160,659)	(20,579,537)	(30,160,659)	(20,579,537)
	5,830,576	4,426,791	16,941,745	12,234,764
Government levies	21,549	8,884	59,128	35,786
Manufacturing expenses	1,081,823	721,227	2,982,275	2,090,936
	6,933,948	5,156,902	19,983,148	14,361,486
Work-in-process				
Opening stock	238,852	135,304	163,514	208,652
Closing stock	(255,600)	(83,500)	(255,600)	(83,500)
Sale of waste	(6,352)	(2,246)	(16,152)	(7,229)
	(23,100)	49,558	(108,238)	117,923
Cost of goods manufactured	6,910,848	5,206,460	19,874,910	14,479,409
Finished goods				
Opening stock	2,040,481	1,568,351	2,160,057	1,270,331
Finished goods purchased	628,948	1,500,090	1,639,348	3,865,665
Closing stock	(2,497,888)	(1,508,920)	(2,497,888)	(1,508,920)
	171,541	1,559,521	1,301,517	3,627,076
	7,082,389	6,765,981	21,176,427	18,106,485

16. OTHER EXPENSES

	Quarter ended September 30, 2025	Quarter ended September 30, 2024	Nine months period ended September 30, 2025	Nine months period ended September 30, 2024
	(Un-audited) (Rupees in thousand)			
Employee separation cost	-	12,158	18,446	19,814
Property, plant and equipment written off	4,179	2,958	4,179	20,146
Workers' welfare fund	-	(6,275)	-	17,740
Workers' profit participation fund	-	(18,328)	-	38,739
Exchange loss - net	21,840	-	432,115	-
Miscellaneous expenses	14,757	21,865	36,422	68,226
	40,776	12,378	491,162	164,665

17. The Company received reimbursement of Rs 58.610 million from Philip Morris Products S.A. (PMP) for expenses related to import, distribution, marketing, trade allowances, and taxes on recently launched products, as per the executed agreements between the Company and PMP. The aggregate amount of such reimbursement was Rs 58.610 million. Effective January 1, 2025, the reimbursement arrangement for certain products has been terminated.

18. LEVY AND TAXATION

	Quarter ended		Nine months period ended	
	September 30, 2025	September 30, 2024	**September 30, 2025**	September 30, 2024
	(Un-audited) (Rupees in thousand)			
Levy	**409,770**	221,123	**622,553**	389,371
Taxation	**(1,495,971)**	36,392	**(2,078,450)**	393,237
Levy and tax charged	**(1,086,201)**	257,515	**(1,455,897)**	782,608

18.1 TAXATION

	Quarter ended		Nine months period ended	
	September 30, 2025	September 30, 2024	**September 30, 2025**	September 30, 2024
	(Un-audited) (Rupees in thousand)			
Current				
- for the period	**-**	123,303	**-**	605,405
- for the prior period	**-**	-	**-**	-
	-	123,303	**-**	605,405
Deferred	**(1,495,971)**	(86,911)	**(2,078,450)**	(212,168)
	(1,495,971)	36,392	**(2,078,450)**	393,237

19. EARNINGS PER SHARE - BASIC AND DILUTED

19.1 Basic earnings per share

	Quarter ended		Nine months period ended	
	September 30, 2025	September 30, 2024	**September 30, 2025**	September 30, 2024
	(Un-audited) (Rupees in thousand)			
(Loss) / profit for the period after taxation	**(572,859)**	(113,128)	**(2,271,394)**	421,172
	(Number of shares)			
Weighted average number of ordinary shares	**61,580,341**	61,580,341	**61,580,341**	61,580,341
	(Rupees)			
(Loss) / earnings per share – basic	**(9.30)**	(1.84)	**(36.89)**	6.84

		Quarter ended		Nine months period ended	
		September 30, 2025	September 30, 2024	**September 30, 2025**	September 30, 2024
		(Un-audited) (Rupees in thousand)			
19.2	Diluted earnings per share				
	(Loss) / profit for the period after taxation	**(572,859)**	(113,128)	**(2,271,394)**	421,172
		(Number of shares)			
	Weighted average number of potential ordinary shares	**Note 19.3**	Note 20.3	**Note 19.3**	83,671,938
		(Rupees)			
	Earnings per share – diluted	**Note 19.3**	Note 20.3	**Note 19.3**	5.03

19.3 1,046,400,000 preference shares are not included inthe calculation of diluted earnings / (loss) per share because these were antidilutive for the quarter ended September 30, 2025.

20. RELATED PARTIES TRANSACTIONS

20.1 Related parties comprise of Philip Morris Investments B.V., (the parent company) and Philip Morris Brands S.a.r.l, related group undertakings, subsidiary company - Laksonpremier Tobacco Company (Private) Limited, staff retirement benefit funds and members of the key management personnel. The Company enters into transactions with related parties on the basis of mutually agreed terms. The transactions with related parties can be summarised as follows:

Relationship	**Nature of transaction**	**Nine months period ended**	
		September 30, 2025	September 30, 2024
		(Un-audited) (Rupees in thousand)	
Associated undertakings	Sale of goods and services	**7,418,959**	7,820,982
	Purchase of goods and services	**3,371,721**	5,271,299
	Purchase of equipment	**827**	1,060,974
	Royalty charges	**1,063,312**	936,350
	Share based payment expense	**53,372**	80,752
	Share based payment recharge	**83,687**	84,015
	Reimbursement of expenses	**47,368**	4,010,280
Staff retirement benefit plans	Contribution to gratuity fund	**71,791**	59,736
	Contribution to provident fund	**117,205**	98,644
Key management personnel	Remuneration and benefits - notes 20.1.1 to 20.1.3	**38,297**	39,253

20.1.1 The Company considers its chief executive and board of directors as members of key management personnel.

20.1.2 The chief executive, executive directors and certain executives are provided with free use of the Company maintained cars.

20.1.3 Certain executives are on secondment from the group undertakings and no remuneration is charged to the Company in respect of those executives.

	Note	Nine months period ended	
		September 30, 2025	September 30, 2024 (Restated)
		(Un-audited) (Rupees in thousand)	
21. CASH GENERATED FROM OPERATIONS			
Profit before taxation		**(4,349,844)**	814,409
Adjustments for non cash changes and other items:			
Levy		**622,553**	389,371
Depreciation on operating property, plant and equipment		**884,035**	795,937
Depreciation on right-of-use assets		**89,401**	92,337
Amortisation of intangibles		**15,453**	3,487
Profit on disposal of items of :			
- property, plant and equipment - net		**(34,234)**	(8,361)
- Non-current Assets held for Disposal - net		**-**	(253,400)
Property, plant and equipment written off		**4,179**	20,146
Staff retirement gratuity expense		**71,791**	59,735
Expenses arising from equity-settled share-based payment plan		**53,372**	80,752
Liabilities written back		**(44,336)**	(105,592)
Provision / (Reversal) for obsolete stocks		**(94,063)**	407,853
Interest on savings accounts		**(168,621)**	(898,230)
Net unrealised exchange loss / (gain)		**303,951**	(148,258)
Finance cost		**156,264**	156,108
Working capital changes	21.1	**1,085,710**	(4,826,926)
		(1,404,389)	(3,420,632)

21.1 Working capital changes

(Increase) / decrease in current assets		
Stores and spares - net	**(122,109)**	(55,055)
Stock in trade - net	**(19,231,608)**	(10,192,196)
Trade debts - net	**(114,791)**	(376,773)
Advances	**(72,310)**	121,060
Prepayments	**51,523**	38,576
Other receivables	**(32,307)**	(423,440)
Sales tax and excise duty adjustable	**(1,407,340)**	(138,801)
	(20,928,942)	(11,026,629)
Increase / (decrease) in current liabilities		
Trade and other payables	**22,014,652**	7,186,758
Sales tax and excise payable	**-**	(987,055)
	22,014,652	6,199,703
	1,085,710	(4,826,926)

22. CASH AND CASH EQUIVALENTS

	Nine months period ended	
	September 30, 2025	September 30, 2024
	(Un-audited) (Rupees in thousand)	
Cash and bank balances	**2,817,665**	3,601,683
Short term investments	**-**	50,000
Less: Running finance under markup arrangements	**(2,938,593)**	-
Less: Amount held as security	**(18,861)**	(18,861)
	(139,789)	3,632,822

23. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 30, 2025 by the Board of Directors of the Company.

24. GENERAL

24.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

Sarfaraz Ahmed Rehman
Chairman / Director

Alireza Takesh
Chief Executive Officer

Mohammad Saad Khaleel
Chief Financial Officer