



PHILIP MORRIS  
(PAKISTAN) LIMITED

## QUARTERLY REPORT

For the Quarter ended March 31, 2015  
(Un-audited)

# QUARTERLY REPORT

For the Quarter ended March 31, 2015  
(Un-audited)



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## COMPANY INFORMATION

### BOARD OF DIRECTORS

KAMRAN Y. MIRZA  
ALEJANDRO PASCHALIDES  
NICOLAS FLOROS  
DANIEL FAHRNY  
JOSEPH ZIOMEK  
CHARLES BENDOTTI  
ATHAR ABBAS

(Chairman)  
(Chief Executive)

### COMPANY SECRETARY

MUJTABA HUSSAIN

### AUDIT COMMITTEE

ATHAR ABBAS  
DANIEL FAHRNY  
NICOLAS FLOROS

(Chairman)

### HUMAN RESOURCE & REMUNERATION COMMITTEE

CHARLES BENDOTTI  
ALEJANDRO PASCHALIDES  
DANIEL FAHRNY  
DION LESWARA

(Chairman)

(Secretary)

### AUDITORS

A. F. FERGUSON & CO.  
Chartered Accountants

### BANKERS

UNITED BANK LIMITED  
BARCLAYS BANK PLC, PAKISTAN  
STANDARD CHARTERED BANK PAKISTAN LIMITED  
MCB BANK LIMITED  
HABIB BANK LIMITED  
CITIBANK N.A.  
DEUTSCHE BANK A.G.  
NATIONAL BANK OF PAKISTAN  
FAYSAL BANK LIMITED

### REGISTERED OFFICE

19TH FLOOR, THE HARBOUR FRONT, DOLMEN CITY,  
HC-3, BLOCK-4, CLIFTON, KARACHI-75600

### FACTORIES

1. PLOT NO. 14-17, EXPORT PROCESSING ZONE, KARACHI
2. E/15, S.I.T.E., KOTRI  
DISTRICT: DADU (SINDH)
3. QUADIRABAD  
DISTRICT: SAHIWAL
4. VILLAGE: MANDRA  
TEHSIL: GUJJAR KHAN  
DISTRICT: RAWALPINDI
5. ISMAILA  
DISTRICT: SWABI

Website : [www.philipmorriskpakistan.com.pk](http://www.philipmorriskpakistan.com.pk)  
Email : [pmkp.info@pmi.com](mailto:pmkp.info@pmi.com)



## DIRECTORS' REVIEW

The Directors are pleased to report on the Company's performance for the three month period ended March 31, 2015.

During the period, the Company's gross turnover increased by 20.9% compared to the same period in 2014. This increase is primarily attributable to higher selling prices to the trade. Increase in other expenses is mainly due to reorganizing costs including that of Mandra factory.

The Company recorded a loss before taxation of Rs. 44.7 million for the quarter compared to loss before taxation of Rs. 246.6 million in the same period last year. The non-tax paid tobacco industry continues to adversely impact the Company's profitability. The non-tax paid tobacco brands are damaging the Company, and the legitimate industry as a whole, as excise tax-driven price increases in 2014 provided the non-tax paid products with an incentive to flourish. We actively support all efforts by the government to enforce regulation to stop illicit trade and establish a level playing field for the legitimate tobacco industry.

During the period, the Company's contribution to the National Exchequer, in the form of excise tax, sales tax and other government levies, was Rs.7,188 million, as compared to Rs. 6,177 million in 2014.

The Federal Ministry for National Health Services, Regulations and Coordination ("MNHSRC") has recently issued a Statutory Regulation Order ("SRO") increasing the size of graphical health warning ("GHW") on front and back of cigarette packs from 40% to 85%. The Company supports health warning requirements designed to inform consumers of the risks of smoking. We defer to governments on the content of warnings except for content that vilifies tobacco companies or does not fairly represent the actual effects of smoking. However, the Company opposes excessively large health warnings. Evidence suggests that disproportionately increasing the size of health warnings does not effectively reduce tobacco consumption. Yet, such health warnings impede our ability to compete in the market by leaving insufficient space for our distinctive trademarks and pack designs.

This development if implemented will adversely impact the Company's legal rights, including unjustifiably emasculating our intellectual property rights and is expected to put pressure on the Company's sales volume by further fuelling the smuggled cigarette trade. Following concerns raised by various stakeholders including the Company, the Minister of Finance has directed the constitution of a committee for reviewing the SRO. Pending review of the SRO, MNHSRC has extended the implementation date of the new GHW from March 30, 2015 to May 30, 2015 through an official notification to the tobacco industry.

The management team continues to be committed to improving the overall performance of the Company by utilizing global resources, pursuing initiatives such as new strategic marketing activities, improvements in product quality, technological advances by investment in operational capabilities, improving process and operational efficiency, developing and improving resource utilization and allocation. Growing volume and controlling the cost base remain key objectives for improving the Company's profitability.

On behalf of the Board of Directors, I would like to express my gratitude and appreciation to all our employees, shareholders, business partners and other institutions for their continued trust and support.

On behalf of the Board of Directors,

**KAMRAN Y. MIRZA**  
Chairman

Karachi: April 28, 2015



## CONDENSED INTERIM BALANCE SHEET (Un-audited)

**AS AT MARCH 31, 2015**

	Note	March 31, 2015 (Un-audited) (Rupees in thousand)	December 31, 2014 (Audited)
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
<b>FIXED ASSETS</b>			
Property, plant and equipment	4	7,642,899	7,393,065
Intangible		<u>29,627</u>	<u>23,447</u>
		<b>7,672,526</b>	<b>7,416,512</b>
Investment in a subsidiary company	5	1	1
Long term deposits and prepayments		<b>36,866</b>	36,760
Deferred taxation		<u>612,654</u>	<u>527,615</u>
		<b>8,322,047</b>	<b>7,980,888</b>
<b>CURRENT ASSETS</b>			
Stores and spares - net		<b>570,409</b>	593,690
Stock in trade - net	6	<b>7,334,519</b>	7,960,101
Trade debts - net		<b>85,349</b>	225,182
Loans and advances		<b>42,914</b>	49,280
Prepayments		<b>332,236</b>	315,792
Other receivables		<b>39,096</b>	598,446
Income tax - net		<b>738,525</b>	747,423
Cash and bank balances		<b>14,101</b>	36,763
		<u>9,157,149</u>	<u>10,526,677</u>
<b>TOTAL ASSETS</b>		<b><u>17,479,196</u></b>	<b><u>18,507,565</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital		<b>1,000,000</b>	1,000,000
Issued, subscribed and paid-up capital		<u>615,803</u>	615,803
Reserves		<b>6,220,777</b>	6,226,367
Unappropriated loss		<u>(2,870,822)</u>	<u>(2,853,320)</u>
<b>TOTAL EQUITY</b>		<b>3,965,758</b>	3,988,850
<b>CURRENT LIABILITIES</b>			
Short term borrowings		<b>9,701,311</b>	11,090,651
Trade and other payables		<b>2,120,102</b>	2,388,492
Accrued mark-up on short term borrowings		<b>83,741</b>	65,760
Sales tax and excise duty payable		<b>1,608,284</b>	973,812
<b>TOTAL LIABILITIES</b>		<b>13,513,438</b>	14,518,715
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>17,479,196</u></b>	<b><u>18,507,565</u></b>

### CONTINGENCIES AND COMMITMENTS 7

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

**ALEJANDRO PASCHALIDES**  
Chief Executive

**JOSEPH ZIOMEK**  
Director

Karachi: April 28, 2015



## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)

### FOR THE QUARTER ENDED MARCH 31, 2015

	Note	Quarter Ended	
		March 31, 2015	March 31, 2014
		(Rupees in thousand)	
Gross turnover		11,136,467	9,210,590
Less: Sales tax		1,687,273	1,407,813
Excise duty		5,333,435	4,510,036
		7,020,708	5,917,849
Turnover - net of sales tax and excise duty		4,115,759	3,292,741
Cost of sales	8	2,500,748	2,274,985
Gross profit		1,615,011	1,017,756
Distribution and marketing expenses		662,654	837,675
Administrative expenses		319,366	282,829
		982,020	1,120,504
Operating profit / (loss)		632,991	(102,748)
Other expenses	9	490,033	17,239
		142,958	(119,987)
Other income		50,167	88,161
		193,125	(31,826)
Finance cost		237,866	214,732
Loss before taxation		(44,741)	(246,558)
Taxation	10	(27,239)	23,235
Loss after taxation		(17,502)	(269,793)
Loss per share - basic	11	(0.28)	(4.38)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

**ALEJANDRO PASCHALIDES**  
Chief Executive

**JOSEPH ZIOMEK**  
Director

Karachi: April 28, 2015



## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)

### FOR THE QUARTER ENDED MARCH 31, 2015

	Issued, subscribed and paid-up capital	General reserve	Reserve for share based payments	Re-measure- ment of staff retirement gratuity plan	Sub-total	Unappropriated (Loss)	Total
	----- (Rupees in thousand) -----						
<b>Balance as at January 1, 2014</b>	615,803	6,347,000	13,230	(111,589)	6,248,641	(1,370,865)	5,493,579
Total comprehensive loss							
Loss after taxation for the three months period ended March 31, 2014	-	-	-	-	-	(269,793)	(269,793)
	-	-	-	-	-	(269,793)	(269,793)
<b>Balance as at March 31, 2014</b>	615,803	6,347,000	13,230	(111,589)	6,248,641	(1,640,658)	5,223,786
<b>Balance as at January 1, 2015</b>	615,803	6,347,000	16,025	(136,658)	6,226,367	(2,853,320)	3,988,850
Transactions with owners							
Share based payments							
- expense	-	-	-	-	-	-	-
- recharge by the ultimate parent	-	-	(5,590)	-	(5,590)	-	(5,590)
	-	-	(5,590)	-	(5,590)	-	(5,590)
Total comprehensive loss							
Loss after taxation for the three months period ended March 31, 2015	-	-	-	-	-	(17,502)	(17,502)
	-	-	-	-	-	(17,502)	(17,502)
<b>Balance as at March 31, 2015</b>	615,803	6,347,000	10,435	(136,658)	6,220,777	(2,870,822)	3,965,758

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

**ALEJANDRO PASCHALIDES**  
Chief Executive

**JOSEPH ZIOMEK**  
Director

Karachi: April 28, 2015





## CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2015

		Quarter Ended	
	Note	March 31, 2015	March 31, 2014
		(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	13	2,175,292	868,941
Finance cost paid		(219,885)	(221,442)
Income taxes paid		(48,902)	(45,856)
Long term deposits and prepayments		(106)	(1,677)
Net cash provided by operating activities		1,906,399	599,966
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(497,245)	(338,365)
Acquisition of intangible		(8,899)	-
Proceeds from disposal of items of property, plant and equipment		33,858	13,599
Net cash used in investing activities		(472,286)	(324,766)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(235)	-
Proceeds of loan from associated undertaking		2,526,800	2,579,300
Repayment of loan from associated undertaking		(2,492,000)	(1,573,500)
Net cash provided by financing activities		34,565	1,005,800
Net increase in cash and cash equivalent during the period		1,468,678	1,281,000
Cash and cash equivalents at the beginning of the period		(2,494,388)	(2,944,881)
Cash and cash equivalents at the end of the period	14	(1,025,710)	(1,663,881)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

**ALEJANDRO PASCHALIDES**  
Chief Executive

**JOSEPH ZIOMEK**  
Director

Karachi: April 28, 2015



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

### FOR THE QUARTER ENDED MARCH 31, 2015

#### 1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on February 10, 1969 as a public limited company under the Companies Act, 1913 (now Companies Ordinance, 1984) and its shares are quoted on the Karachi and Lahore Stock Exchanges. The principal activity of the Company is manufacturing and sale of cigarettes and tobacco. Its registered office is situated at 19th Floor, The Harbour Front, Dolmen City, HC - 3, Block 4, Clifton, Karachi, Pakistan.

#### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

- 2.1 These condensed interim financial statements of the Company for the three month period ended March 31, 2015 have been prepared in accordance with the requirements of the International Accounting Standard 34, 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the "Ordinance"). In cases where requirements differ, the provisions of or directives issued under the Ordinance have been followed. These interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2014 as they provide an update of previously reported information.

- 2.2 The consolidated financial statements of the group comprising the Company and its subsidiary, LaksonPremier Tobacco Company (Private) Limited, have not been prepared due to the exemption granted by the Securities & Exchange Commission of Pakistan (the "SECP") vide its letter No. EMD/233/619/02-749 dated November 27, 2014 from the requirement of Section 237 of the Ordinance. The exemption is, however, subject to the condition that any material and relevant details of the aforesaid subsidiary shall be prominently disclosed by the Company.

In accordance with the requirements of the said exemption, financial highlights of the subsidiary are stated in note 5.

- 2.3 The comparative balance sheet presented in these condensed interim financial statements as at December 31, 2014 has been extracted from the audited financial statements of the Company for the year then ended (December 2014 financial statements). The comparative profit and loss account, statement of changes in equity and cash flow statement for the three month period ended March 31, 2014 have been extracted from the condensed interim financial statements of the Company for the three month period then ended.
- 2.4 The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the December 2014 financial statements.



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) Continued

### 3. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 3.1 The preparation of these condensed interim financial statements 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.
- 3.2 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 Company's December 2014 financial statements.
- 3.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended December 31, 2014.

	Note	March 31, 2015 (Un-audited)	December 31, 2014 (Audited)
(Rupees in thousand)			
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating property, plant and equipment	4.1 to 4.4	<b>6,156,229</b>	5,383,968
Capital work-in-progress	4.5	<b>1,476,026</b>	1,990,821
Major capital spares and stand-by equipment		<b>10,644</b>	18,276
		<b>7,642,899</b>	7,393,065
<b>4.1 Operating property, plant and equipment</b>			
Book value at the beginning of the period / year		<b>5,383,968</b>	4,286,803
Additions during the period / year	4.2	<b>1,019,672</b>	1,878,206
		<b>6,403,640</b>	6,165,009
Disposals during the period / year - net book value		<b>(11,530)</b>	(35,446)
Write offs during the period / year - net book value		-	(22,710)
Impairment during the period / year - net book value		-	(91,451)
Depreciation charge during the period / year		<b>(235,881)</b>	(631,434)
		<b>(247,411)</b>	(781,041)
Book value at the end of the period / year		<b>6,156,229</b>	5,383,968



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) Continued

	Quarter Ended	
	March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)
	(Rupees in thousand)	
4.2 Additions during the period		
Buildings on freehold land	10,203	22,816
Plant and machinery	842,371	6,193
Furniture and fixtures	15,024	18,030
Vehicles	48,786	91,461
Leasehold improvements	-	340
Power and other installations	89,765	82,435
Computer equipment	13,523	26,622
	<u>1,019,672</u>	<u>247,897</u>
4.3 Disposals during the period - net book value		
Vehicles	11,530	5,664
Office equipments	-	327
	<u>11,530</u>	<u>5,991</u>
4.4 Depreciation charge during the period	<u>235,881</u>	<u>145,976</u>
	March 31, 2015 (Un-audited)	December 31, 2014 (Audited)
	(Rupees in thousand)	
4.5 Capital work-in-progress		
Civil works	75,174	73,460
Plant and machinery	876,667	1,191,597
Power and other installations	378,082	424,526
Furniture and fixtures	50,366	77,241
Computer equipment pending installation	71,646	128,197
Advance to suppliers and contractors	24,091	95,800
	<u>1,476,026</u>	<u>1,990,821</u>

### 5. 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 such 103 shares, two shares are in the name of the nominees. During the three months period ended March 31, 2015, the subsidiary company has incurred loss after taxation amounting 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 March 31, 2015 amounted to Rs nil, in accordance with its unaudited condensed interim financial statements for the three months period then ended.



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) Continued

	Note	March 31, 2015 (Un-audited)	December 31, 2014 (Audited)
<b>6. STOCK IN TRADE - net</b>		<b>(Rupees in thousand)</b>	
Raw and packing materials	6.1 and 6.2	<b>6,400,123</b>	7,287,025
Work-in-process		<b>43,639</b>	82,817
Finished goods	6.2	<b>894,926</b>	646,492
		<u><b>7,338,688</b></u>	<u>8,016,334</u>
Less: Provision for obsolete stocks		<u><b>(4,169)</b></u>	<u>(56,233)</u>
		<u><b>7,334,519</b></u>	<u>7,960,101</u>

6.1 These includes raw & packing material in transit aggregating Rs. 37.992 million (December 31, 2014: Rs. 25.252 million) and finished goods in transit aggregating Rs. Nil (December 31, 2014: Rs. Nil).

6.2 During the period, the Company has written off inventory aggregating Rs. 51.791 million (December 31, 2014: Rs. 128.888 million)

### 7. CONTINGENCIES AND COMMITMENTS

#### 7.1 Guarantees

Indemnities given to a bank for guarantees issued by it in the normal course of business aggregated Rs 98.193 million (December 31, 2014: Rs 98.193 million).

#### 7.2 Commitments

	March 31, 2015 (Un-audited)	December 31, 2014 (Audited)
	<b>(Rupees in thousand)</b>	
Capital expenditure contracted for but not incurred	<u><b>149,578</b></u>	<u>423,374</u>
Letters of credit	<u><b>43,607</b></u>	<u>103,667</u>
Operating lease commitments		

The Company leases various offices and warehouses under non-cancellable operating lease arrangements. The lease terms are between 1 to 5 years, and majority of these lease agreements are renewable at the end of the lease period. Commitments in respect of such operating lease are as follows:

Not later than 1 year	<b>97,250</b>	84,941
Later than 1 year and not later than 5 years	<b>150,734</b>	92,107
	<u><b>247,984</b></u>	<u>177,048</u>



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) Continued

### 7.3 Contingencies

7.3.1 Post dated cheques have been issued to custom authorities as a security against duties and taxes amounting to Rs 19.454 million (December 31, 2014: Rs 18.579 million) in respect of goods imported for re-export. In the event the goods are not re-exported within the stipulated time period, cheques issued as a security shall be encashable.

7.3.2 There is no significant change in the status of the cases set out in note 19.3.2 to 19.3.7 to the December 2014 financial statements.

### 8. COST OF SALES

	Quarter Ended	
	March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)
	(Rupees in thousand)	
<b>Raw and packing material consumed</b>		
Opening stock	7,287,025	6,314,446
Purchases, redrying and related expenses	1,137,857	971,637
	8,424,882	7,286,083
Closing stock	(6,400,123)	(5,404,042)
	2,024,759	1,882,041
Government levies	9,515	7,935
Manufacturing expenses	620,727	480,379
	2,655,001	2,370,355
<b>Work-in-process</b>		
Opening stock	82,817	49,849
Closing stock	(43,639)	(55,087)
Sale of waste	(5,532)	(5,099)
	33,646	(10,337)
Cost of goods manufactured	2,688,647	2,360,018
<b>Finished goods</b>		
Opening stock	646,492	1,120,668
Finished goods purchased	60,535	90,641
Closing stock	(894,926)	(1,296,342)
	(187,899)	(85,033)
	2,500,748	2,274,985
<b>9. OTHER EXPENSES</b>		
Loss on disposal of plant and machinery	111	303
Employee separation costs	483,159	10,309
Miscellaneous expenses	6,763	6,627
	490,033	17,239
<b>10. TAXATION</b>		
Current	57,800	55,141
Deferred	(85,039)	(31,906)
	(27,239)	23,235



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) Continued

### 11. LOSS PER SHARE – BASIC

	Quarter Ended	
	March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)
	(Rupees in thousand)	
Loss for the period after taxation	<u>(17,502)</u>	<u>(269,793)</u>
Number of ordinary shares	<u>61,580,341</u>	<u>61,580,341</u>
Loss per share – basic	<u>(0.28)</u>	<u>(4.38)</u>

There were no convertible dilutive potential ordinary shares outstanding as at March 31, 2015 or 2014.

### 12. RELATED PARTIES DISCLOSURES

12.1 Related parties comprise of Philip Morris Investments B.V., and Philip Morris Brands Sarl, related group undertakings, subsidiary company i.e. LaksonPremier Tobacco Company (Private) Limited, staff retirement benefits plan and members of the key management personnel. Transactions with related parties are as follows:

Relationship	Nature of transaction	Quarter Ended	
		March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)
		(Rupees in thousand)	
Group companies	Sale of goods and service	30,615	20,348
	Purchase of goods and service	180,439	111,022
	Loans received / roll forward	2,526,800	2,579,300
	Loans repaid / adjusted	2,492,000	1,573,500
	Mark-up on loan	22,100	20,718
	Royalty charges	10,907	11,259
	Share based payment recharge	5,590	-
Staff retirement benefit plans	Contribution to gratuity fund	22,940	20,667
	Contribution to provident fund	19,141	22,201
Key management personnel	Remuneration and benefits - note 12.1.1 and 12.1.4	5,246	30,181

The company enters into transactions with related parties on the basis of mutually agreed terms.



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) Continued

12.1.1 The Company considers its chief executive and directors as key management personnel.

12.1.2 The chief executive and executive directors are provided with free use of the company maintained cars.

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

12.1.4 The two independent directors were paid remuneration of Rs. 0.800 million during the quarter (March 31, 2014: Rs. Nil)

	March 31, 2015 (Un-audited)	December 31, 2014 (Audited)
	(Rupees in thousand)	
12.2 The amount due from related parties comprises:		
Group undertakings	<u>37,565</u>	<u>593,078</u>
12.3 The amount due to related parties comprises:		
<b>Trade and other payable</b>		
Group undertakings	501,318	408,602
Staff retirement plans	<u>16,406</u>	<u>-</u>
	<u>517,724</u>	<u>408,602</u>
<b>Short term borrowings</b>		
Loans from an associated undertaking	8,661,500	8,559,500
	<u>8,661,500</u>	<u>8,559,500</u>

### 13. CASH GENERATED FROM OPERATIONS

		Quarter Ended	
		March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)
	Note	(Rupees in thousand)	
Loss before taxation		(44,741)	(246,558)
Adjustments for non cash changes and other items:			
Depreciation		235,881	145,976
Amortisation		2,719	2,149
Provision for slow moving stores and spares		25,845	-
Provision for obsolete stocks		4,169	18,683
Unrealised exchange loss / (gain) on loan from an associated undertaking		67,200	(447,000)
Profit on disposal of property, plant and equipment		(22,328)	(7,608)
Property, plant and equipment written off		-	20,365
Finance cost		237,866	215,916
Working capital changes	13.1	<u>1,668,681</u>	<u>1,167,018</u>
		<u>2,175,292</u>	<u>868,941</u>





## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

	Quarter Ended	
	March 31, 2015 (Un-audited)	March 31, 2014 (Un-audited)
	(Rupees in thousand)	
13.1 Working capital changes		
Decrease / (increase) in current assets		
Stores and spares	(2,564)	(30,049)
Stock in trade	621,413	675,762
Trade debts	139,833	(924)
Loans and advances	6,366	25,754
Prepayments	(16,444)	(10,755)
Other receivables	559,350	187,254
	<u>1,307,954</u>	<u>847,042</u>
Increase / (decrease) in current liabilities		
Trade and other payables	(273,745)	336,188
Sales tax and excise payable	634,472	(16,212)
	<u>360,727</u>	<u>319,976</u>
	<u>1,668,681</u>	<u>1,167,018</u>

### 14. CASH AND CASH EQUIVALENT

	March 31, 2015 (Un-audited)	December 31, 2014 (Audited)
	(Rupees in thousand)	
Cash and bank balances	14,101	36,763
Short term borrowings	(1,039,811)	(2,531,151)
	<u>(1,025,710)</u>	<u>(2,494,388)</u>

### 15. DATE OF AUTHORISATION FOR ISSUE

- 15.1 These condensed interim financial statements were authorised for issue on April 28, 2015 by the Board of Directors of the Company.
- 15.2 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 15.3 For better presentation, prior period / year numbers have been restated where required.

**ALEJANDRO PASCHALIDES**  
Chief Executive

**JOSEPH ZIOMEK**  
Director

Karachi: April 28, 2015



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**Philip Morris (Pakistan) Limited**  
19Th Floor, The Harbour Front, Dolmen City  
HC-3, Block-4, Clifton Karachi-75600

[www.philipmorrispakistan.com.pk](http://www.philipmorrispakistan.com.pk)