



PHILIP MORRIS
(PAKISTAN) LIMITED

QUARTERLY REPORT

For the first quarter ended March 31, 2016
(Un-audited)

QUARTERLY REPORT

For the first quarter ended March 31, 2016
(Un-audited)



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COMPANY INFORMATION

BOARD OF DIRECTORS

KAMRAN Y. MIRZA	(Chairman)
ALEXANDER REISCH (From April 19, 2016)	(Chief Executive)
ALEJANDRO PASCHALIDES (Until April 19, 2016)	(Chief Executive)
NICOLAS FLOROS	
DANIEL FAHRNY	
JOSEPH ZIOMEK (Until January 31, 2016)	
ANTON STANKOV (From February 1, 2016)	
CHARLES BENDOTTI	
LT. GEN. (R) TARIQ KHAN (From March 2, 2016)	

COMPANY SECRETARY

ASIF KHAN

AUDIT COMMITTEE

LT. GEN. (R) TARIQ KHAN (From March 2, 2016)	(Chairman)
DANIEL FAHRNY	
NICOLAS FLOROS	

HUMAN RESOURCE & REMUNERATION COMMITTEE

CHARLES BENDOTTI	(Chairman)
ALEXANDER REISCH (From April 19, 2016)	
ALEJANDRO PASCHALIDES (Until April 19, 2016)	
DANIEL FAHRNY	
C. DAVID ESCARDA	(Secretary)

AUDITORS

A. F. FERGUSON & CO.
Chartered Accountants

BANKERS

UNITED BANK LIMITED
STANDARD CHARTERED BANK PAKISTAN LIMITED
MCB BANK LIMITED
HABIB BANK LIMITED
CITI BANK N.A.
DEUTSCHE BANK A.G.
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. ISMAILA
DISTRICT: SWABI

SHARE REGISTRAR

THK ASSOCIATES (PVT.) LTD.
SECOND FLOOR, STATE LIFE BUILDING - 3
DR. ZIAUDDIN AHMED ROAD, KARACHI - 75530

Website : www.philipmorrispakistan.com.pk
Email : pmpk.info@pmi.com



DIRECTORS' REVIEW

The Directors are pleased to report on the Company's performance for the three months period ended March 31, 2016.

During the period, the Company's gross turnover increased by 11.9% compared to the same period in 2015, primarily attributable to higher selling price. At the same time, other expenses decreased, mainly due to one-off costs charged in 2015. The Company recorded a Profit before tax of PKR 1,048 million for the quarter, compared to a loss before tax of PKR 44.7 million for the same period in 2015.

The non-tax paid tobacco brands continue to adversely impact the legitimate industry's volume. Excise-driven price increases further drive the price differential between the tax-paid and tax-evaded products creating unfair competition for the legal products.

During the period, the Company's contribution to the National Exchequer, in the form of excise tax, sales tax and other government levies, was PKR 7,642 million, as compared to PKR. 7,188 million in the same period in 2015, an increase of 6.3%.

Over the last 4 years, the Company took initiatives for modernizing our manufacturing facilities and equipment for productivity and even better product quality and invested PKR 7,234 million. In order to retire our liabilities to various lenders related to these initiatives and for the purpose of ensuring availability of sufficient working capital in Q1, 2016, the Company initiated process of issuance of 750 million irredeemable, non-voting, non-cumulative and convertible Class A Preference Shares of PKR 10 each. Receipt of PKR 7,500 million against the issuance of Preference Shares is shown in attached Balance Sheet.

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, continuous improvements in product quality, process and operational efficiency, and resource utilization and allocation. Growing our gross margin 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



ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 31 مارچ 2016 کو اختتام پذیر ہونے والی سہ ماہی میں کمپنی کی کارکردگی کی رپورٹ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔ اس سہ ماہی کے مجموعی کاروباری حجم میں گزشتہ سال 2015 کے اسی عرصہ کے مقابلے میں 11.9 فیصد کا اضافہ ہوا ہے۔ اس کی بنیادی وجہ قیمت فروخت میں اضافہ ہے۔ دوسری جانب پچھلے سال کے مقابلے میں دیگر اخراجات میں کمی واقع ہوئی ہے۔ کمپنی نے اس سہ ماہی میں ٹیکس سے قبل 1,048 ملین روپے کا منافع حاصل کیا ہے جس کا موازنہ گزشتہ سال کی اسی سہ ماہی سے کیا جائے تو معلوم ہوتا ہے کہ اُس دوران ٹیکس سے قبل 44.7 ملین روپے کا نقصان ہوا تھا۔

غیر ٹیکس ادا شدہ سگریٹ برانڈز قانونی سگریٹ انڈسٹری کے کاروباری حجم کو اتارنے سے نقصان پہنچا رہے ہیں۔ اضافی ایکسائز کی وجہ سے بڑھتی ہوئی قیمتیں بھی ٹیکس ادا شدہ اور غیر ٹیکس ادا شدہ سگریٹ کی قیمتوں کے مابین فرق کو مزید طویل کر رہی ہیں جس سے قانونی سگریٹ برانڈز کو انتہائی غیر منصفانہ مقابلہ کا سامنا ہے۔

اس سہ ماہی کے دوران کمپنی نے حکومتی خزانہ میں ایکسائز ٹیکس، سیلز ٹیکس اور دیگر سرکاری لیویز کی مدد میں گزشتہ سال کی اسی سہ ماہی کے دوران جمع کرائے جانے والے 7,188 ملین روپے کے مقابلے میں 6.3 فیصد اضافے کے ساتھ 7,642 ملین روپے جمع کرائے ہیں۔

گزشتہ چار سالوں کے دوران کمپنی نے اپنے پیداواری یونٹس کو جدید تقاضوں سے ہم آہنگ کرنے اور نہ صرف اضافی بلکہ مزید بہتر کوالٹی کی پیداوار کے حصول کیلئے 7,234 ملین روپے کی سرمایہ کاری کی۔ اسی ضمن میں متعدد قرض خواہوں کو ہماری واجب الادا رقم کی ادائیگی اور 2016 کی پہلی سہ ماہی میں ضرورت کے مطابق سرمائے کی دستیابی کیلئے کمپنی نے 10 روپے فی شیئر کے حساب سے 750 ملین نا قابل انفکاک، غیر تصویب شدہ، غیر مجموعی اور قابل تبدیل کلاس اے ترجیحی شیئرز جاری کرنے کے کام کا آغاز کیا۔ ان ترجیحی شیئرز کے جاری کرنے سے حاصل ہونے والے 7,500 ملین روپے کی تفصیلات منسلک بیلنس شیٹ میں ظاہر کر دی گئی ہے۔

دستیاب عالمی وسائل کو بروئے کار لاتے ہوئے مینجمنٹ ٹیم کمپنی کی مجموعی کارکردگی کو مزید بہتر بنانے، مارکیٹنگ کی جدید حکمت عملی سمیت مزید مواقعوں کی تلاش، مصنوعات کی بہتر کوالٹی کے حصول، مستحکم طریقہ کار اور آپریشنل کارکردگی کے ساتھ وسائل کے بہتر استعمال اور موثر تقرری کیلئے پُر عزم ہے۔ اپنے مجموعی منافع کو بڑھانا اور اخراجات پر قابو رکھنا کمپنی کے منافع میں اضافہ کے بنیادی عوامل رہیں گے۔

بورڈ آف ڈائریکٹرز کی جانب سے میں اپنے تمام ملازمین، شیئرز، ہولڈرز، کاروباری شراکت داروں اور دیگر اداروں کا ان کے اعتماد اور حمایت پر تھلے دل سے مشکور ہوں۔

بورڈ آف ڈائریکٹرز کی جانب سے

کامران یوسف مرزا

چیئرمین

بتاریخ: 19 اپریل 2016



CONDENSED INTERIM BALANCE SHEET (Un-audited)

AS AT MARCH 31, 2016

	Note	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
(Rupees in thousand)			
ASSETS			
NON CURRENT ASSETS			
FIXED ASSETS			
Property, plant and equipment	4	8,184,703	8,025,683
Intangibles		<u>19,867</u>	<u>22,708</u>
		8,204,570	8,048,391
Investment in a subsidiary company	5	1	1
Long term deposits and prepayments		36,585	37,452
Deferred taxation		<u>909,645</u>	<u>937,354</u>
		9,150,801	9,023,198
CURRENT ASSETS			
Stores and spares - net		488,897	491,672
Stock in trade - net	6	7,743,726	8,468,495
Trade debts - net		155,019	95,928
Advances		43,220	52,960
Prepayments		131,313	215,757
Other receivables		15,838	26,253
Income tax - net		748,901	798,593
Staff retirement benefits		66,323	60,155
Cash and bank balances		<u>732,223</u>	<u>74,610</u>
		10,125,460	10,284,423
TOTAL ASSETS		<u>19,276,261</u>	<u>19,307,621</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		<u>12,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up capital		615,803	615,803
Advance against issuance of preference share		7,500,000	-
Reserves		6,201,852	6,201,852
Unappropriated loss		<u>(3,203,867)</u>	<u>(4,168,328)</u>
TOTAL EQUITY		<u>11,113,788</u>	<u>2,649,327</u>
CURRENT LIABILITIES			
Short term borrowings		4,192,000	13,538,365
Trade and other payables		2,379,151	3,053,270
Accrued mark-up on short term borrowings		83,147	66,659
Sales tax and excise duty payable		<u>1,508,175</u>	<u>-</u>
TOTAL LIABILITIES		<u>8,162,473</u>	<u>16,658,294</u>
TOTAL EQUITY AND LIABILITIES		<u>19,276,261</u>	<u>19,307,621</u>
CONTINGENCIES AND COMMITMENTS			
	7		

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


ALEXANDER REISCH
 Chief Executive


ANTON STANKOV
 Director

Karachi: April 19, 2016



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2016

	Note	Quarter Ended	
		March 31, 2016 (Un-audited)	March 31, 2015 (Un-audited)
		(Rupees in thousand)	
Turnover - net	8	4,665,842	4,115,759
Cost of sales	9	<u>2,231,650</u>	<u>2,523,445</u>
Gross profit		<u>2,434,192</u>	<u>1,592,314</u>
Distribution and marketing expenses		<u>839,327</u>	<u>665,488</u>
Administrative expenses		<u>339,266</u>	<u>319,366</u>
Other expenses	10	<u>46,101</u>	<u>464,502</u>
Other income		<u>(76,732)</u>	<u>(50,167)</u>
Operating profit / (loss)		<u>1,147,962</u>	<u>1,399,189</u>
Finance cost		<u>238,711</u>	<u>237,866</u>
Profit / (Loss) before taxation		<u>1,047,519</u>	<u>(44,741)</u>
Taxation	11	<u>83,058</u>	<u>(27,239)</u>
Profit / (Loss) after taxation		<u>964,461</u>	<u>(17,502)</u>
		------(Rupees)-----	
Earnings / (Loss) per share - basic	12	<u>15.66</u>	<u>(0.28)</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


ALEXANDER REISCH
 Chief Executive


ANTON STANKOV
 Director

Karachi: April 19, 2016



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

FOR THE QUARTER ENDED MARCH 31, 2016

	Issued, subscribed and paid-up capital	Advance against issuance of preference share	General reserve	Reserve for share based payments	Re-measurement of staff retirement gratuity plan	Sub-total	Unappropriated (Loss)	Total
----- (Rupees in thousand) -----								
Balance as at January 1, 2015	615,803	-	6,347,000	16,025	(136,658)	6,226,367	(2,853,320)	3,988,850
<i>Transactions with owners</i>								
<i>Share based payments</i>								
- 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)
Balance as at March 31, 2015	615,803	-	6,347,000	10,435	(136,658)	6,220,777	(2,870,822)	3,965,758
Balance as at January 1, 2016	615,803	-	6,347,000	6,392	(151,540)	6,201,852	(4,168,328)	2,649,327
<i>Transactions with owners</i>								
<i>Advance against issuance of preference share</i>	-	7,500,000	-	-	-	7,500,000	-	7,500,000
Total comprehensive loss								
Profit after taxation for the three months period ended March 31, 2016	-	-	-	-	-	-	964,461	964,461
	-	-	-	-	-	-	964,461	964,461
Balance as at March 31, 2016	615,803	7,500,000	6,347,000	6,392	(151,540)	13,701,852	(3,203,867)	11,113,788

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

Karachi: April 19, 2016


ALEXANDER REISCH
 Chief Executive


ANTON STANKOV
 Director



CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2016

	Note	Quarter Ended	
		March 31, 2016 (Un-audited)	March 31, 2015 (Un-audited)
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	14	3,132,794	2,175,292
Finance cost paid		(222,223)	(219,885)
Income taxes paid		(5,657)	(48,902)
Long term deposits and prepayments		867	(106)
Net cash provided by operating activities		<u>2,905,781</u>	<u>1,906,399</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(398,097)	(497,245)
Acquisition of intangible		-	(8,899)
Proceeds from disposal of items of property, plant and equipment		11,610	33,858
Net cash used in investing activities		<u>(386,487)</u>	<u>(472,286)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(235)
Receipt of advance against equity from holding/ associate company		7,500,000	-
Proceeds of loan from associated undertaking		12,580,400	2,526,800
Repayment of loan from associated undertaking		(15,746,716)	(2,492,000)
Net cash provided by financing activities		<u>4,333,684</u>	<u>34,565</u>
Net increase in cash and cash equivalent during the period		<u>6,852,978</u>	<u>1,468,678</u>
Cash and cash equivalents at the beginning of the period		(6,120,755)	(2,494,388)
Cash and cash equivalents at the end of the period	15	<u>732,223</u>	<u>(1,025,710)</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


ALEXANDER REISCH
 Chief Executive


ANTON STANKOV
 Director

Karachi: April 19, 2016



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

FOR THE QUARTER ENDED MARCH 31, 2016

1. THE COMPANY AND ITS OPERATIONS

Philip Morris (Pakistan) Limited (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 Pakistan Stock Exchange. 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, 2016 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, 2015 as they provide an update of previously reported information.
- 2.2 The comparative balance sheet presented in these condensed interim financial statements as at December 31, 2015 has been extracted from the audited financial statements of the Company for the year then ended (December 2015 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, 2015 have been extracted from the condensed interim financial statements of the Company for the three month period then ended.
- 2.3 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 2015 financial statements.

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.



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

- 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 2015 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, 2015.

	Note	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
(Rupees in thousand)			
4. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment	4.1 to 4.4	6,329,585	6,368,729
Capital work-in-progress	4.5	1,844,980	1,650,223
Major capital spares and stand-by equipment		10,138	6,731
		8,184,703	<u>8,025,683</u>

4.1 Operating property, plant and equipment

Book value at the beginning of the period / year		6,368,729	5,383,968
Additions during the period / year	4.2	199,933	2,277,553
		6,568,662	7,661,521
Disposals during the period / year			
- net book value		(1,253)	(216,567)
Write offs during the period / year			
- net book value		-	(164)
Impairment during the period / year			
- net book value		-	(209,666)
Depreciation charge during the period / year		(237,824)	(866,395)
		(239,077)	(1,292,792)
Book value at the end of the period / year		6,329,585	<u>6,368,729</u>



(Un-audited)
Continued

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

	Quarter Ended	
	March 31, 2016 (Un-audited)	March 31, 2015 (Un-audited)
	(Rupees in thousand)	
4.2 Additions during the period		
Buildings on freehold land	60,649	10,203
Plant and machinery	58,880	842,371
Furniture and fixtures	6,804	4,875
Office equipments	7,768	10,149
Vehicles	8,769	48,786
Power and other installations	24,038	89,765
Computer equipment	33,025	13,523
	199,933	1,019,672
4.3 Disposals during the period - net book value		
Vehicles	1,253	11,530
4.4 Depreciation charge during the period	237,824	235,881
	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
	(Rupees in thousand)	
4.5 Capital work-in-progress		
Civil works	58,112	110,077
Plant and machinery	1,276,642	1,101,133
Power and other installations	290,429	286,657
Furniture and fixtures	88,743	54,039
Computer equipment pending installation	98,596	61,321
Advance to suppliers and contractors	32,458	36,996
	1,844,980	1,650,223

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. The profit and loss account of the subsidiary company for the three months period ended March 31, 2016 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 March 31, 2016 amounted to Rs Nil, in accordance with the 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, 2016 (Un-audited)	December 31, 2015 (Audited)
6. STOCK IN TRADE - net			
(Rupees in thousand)			
Raw and packing materials	6.1 and 6.2	6,419,771	7,934,418
Work-in-process		130,542	74,011
Finished goods	6.2	<u>1,237,330</u>	<u>503,983</u>
		<u>7,787,643</u>	<u>8,512,412</u>
Less: Provision for obsolete stocks		<u>(43,917)</u>	<u>(43,917)</u>
		<u>7,743,726</u>	<u>8,468,495</u>

6.1 These includes raw & packing material in transit aggregating Rs. 3.156 million (December 31, 2015: Rs. 111.636 million)

6.2 During the period, the Company has written off inventory aggregating Rs. Nil (December 31, 2015: Rs. 62.461 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 133.193 million (December 31, 2015: Rs 133.193 million).

7.2 Commitments

	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
(Rupees in thousand)		
Capital expenditure contracted for but not incurred	<u>644,484</u>	<u>581,294</u>
Letters of credit	<u>248,623</u>	<u>251,287</u>

7.3 Contingencies

7.3.1 There is no significant change in the status of the cases set out in note 19.3.1 to 19.3.5 to the December 2015 financial statements.



(Un-audited)
Continued

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

8. TURNOVER - net

	Quarter Ended	
	March 31, 2016 (Un-audited)	March 31, 2015 (Un-audited)
	(Rupees in thousand)	
Gross turnover	12,263,708	11,136,467
Less: Sales tax	1,854,824	1,687,273
Excise duty	5,743,042	5,333,435
	7,597,866	7,020,708
	4,665,842	4,115,759

9. COST OF SALES

Raw and packing material consumed

Opening stock	7,934,418	7,287,025
Purchases, redrying and related expenses	977,931	1,160,554
	8,912,349	8,447,579
Closing stock	(6,419,771)	(6,400,123)
	2,492,578	2,047,456

Government levies	11,320	9,515
Manufacturing expenses	523,402	620,727
	3,027,300	2,677,698

Work-in-process

Opening stock	74,011	82,817
Closing stock	(130,542)	(43,639)
Sale of waste	(15,459)	(5,532)
	(71,990)	33,646
Cost of goods manufactured	2,955,310	2,711,344

Finished goods

Opening stock	503,983	646,492
Finished goods purchased	9,687	60,535
Closing stock	(1,237,330)	(894,926)
	(723,660)	(187,899)
	2,231,650	2,523,445

10. OTHER EXPENSES

Employee separation costs	40,258	457,628
Loss on disposal of plant and machinery	-	111
Miscellaneous expenses	5,843	6,763
	46,101	464,502

11. TAXATION

Current	55,349	57,800
Deferred	27,709	(85,039)
	83,058	(27,239)



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

12. EARNINGS / (LOSS) PER SHARE – BASIC

	Quarter Ended	
	March 31, 2016 (Un-audited)	March 31, 2015 (Un-audited)
Profit / (loss) for the period after taxation	<u>964,461</u>	<u>(17,502)</u>
Number of ordinary shares	<u>61,580,341</u>	<u>61,580,341</u>
Earnings/ (loss) per share – basic	<u>15.66</u>	<u>(0.28)</u>

There were no convertible dilutive potential ordinary shares outstanding as at March 31, 2016 or 2015.

13. RELATED PARTIES DISCLOSURES

- 13.1 All related parties (RP) transactions are at arms length, these RPs 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.

Relationship	Nature of transaction	Quarter Ended	
		March 31, 2016 (Un-audited)	March 31, 2015 (Un-audited)
Group companies	Sale of goods and service	222,324	30,615
	Purchase of goods and service	99,534	180,439
	Loans received / roll forward	12,580,400	2,526,800
	Loans repaid / adjusted	15,725,400	2,492,000
	Mark-up on loan	23,983	22,100
	Royalty charges	17,184	10,907
	Share based payment recharge	-	5,590
	Advance against issuance of preference share - note 13.1.1	7,500,000	-
Staff retirement benefit plans	Contribution to gratuity fund	18,325	22,940
	Contribution to provident fund	17,251	19,141
Key management personnel	Remuneration and benefits - note 13.1.2 and 13.1.5	2,818	5,246

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

- 13.1.1 Advance of PKR 5,964 million received from Philip Morris Investments B.V. (holding company) and PKR 1,536 million received from Philip Morris Brands Sarl (associated undertaking) against issuance of irredeemable, non-voting, non-cumulative, convertible Preference Shares.



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

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

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

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

13.1.5 The two independent directors were paid remuneration of Rs. 0.800 million during the quarter (March 31, 2015: Rs. 0.800 million)

	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
	(Rupees in thousand)	
13.2 The amount due from related parties comprises:		
Group undertakings	<u>55,139</u>	<u>10,138</u>
13.3 The amount due to related parties comprises:		
Trade and other payable		
Group undertakings	278,580	288,232
Staff retirement plans	<u>14,965</u>	-
	<u>293,545</u>	<u>288,232</u>
Short term borrowings		
Loans from an associated undertaking	<u>4,192,000</u>	<u>7,343,000</u>
	<u>4,485,545</u>	<u>7,631,232</u>

14. CASH GENERATED FROM OPERATIONS

	Quarter Ended	
Note	March 31, 2016 (Un-audited)	March 31, 2015 (Un-audited)
	(Rupees in thousand)	
Profit / (loss) before taxation	1,047,519	(44,741)
Adjustments for non cash changes and other items:		
Depreciation	237,824	235,881
Amortisation	2,841	2,719
Provision for slow moving stores and spares	-	25,845
Provision for obsolete stocks	-	4,169
Unrealised exchange loss / (gain) on loan from an associated undertaking	15,316	67,200
Profit on disposal of property, plant and equipment	(10,357)	(22,328)
Property, plant and equipment written off	-	-
Finance cost	238,711	237,866
Income arising on staff retirement benefits	(6,168)	-
Working capital changes	14.1 <u>1,607,108</u>	<u>1,668,681</u>
	<u>3,132,794</u>	<u>2,175,292</u>



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

	Quarter Ended	
	March 31, 2016 (Un-audited)	March 31, 2015 (Un-audited)
	(Rupees in thousand)	
14.1 Working capital changes		
Decrease / (increase) in current assets		
Stores and spares	2,775	(2,564)
Stock in trade	724,769	621,413
Trade debts	(59,091)	139,833
Advances	9,740	6,366
Prepayments	84,444	(16,444)
Other receivables	10,415	559,350
	<u>773,052</u>	<u>1,307,954</u>
Increase / (decrease) in current liabilities		
Trade and other payables	<u>(674,119)</u>	<u>(273,745)</u>
Sales tax and excise payable	1,508,175	634,472
	<u>834,056</u>	<u>360,727</u>
	<u>1,607,108</u>	<u>1,668,681</u>

15. CASH AND CASH EQUIVALENT

	March 31, 2016 (Un-audited)	March 31, 2015 (Un-audited)
	(Rupees in thousand)	
Cash and bank balances	732,223	14,101
Short term borrowings	-	(1,039,811)
	<u>732,223</u>	<u>(1,025,710)</u>

16. DATE OF AUTHORISATION FOR ISSUE

16.1 These condensed interim financial statements were authorised for issuance on April 19, 2016 by the Board of Directors of the Company.

17. GENERAL

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

17.2 For better presentation, prior period / year numbers have been restated where required.

Karachi: April 19, 2016


ALEXANDER REISCH
 Chief Executive


ANTON STANKOV
 Director



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

www.philipmorriskarachi.com.pk