



PHILIP MORRIS
(PAKISTAN) LIMITED

QUARTERLY REPORT

For the third quarter ended September 30, 2019
(Un-audited)

QUARTERLY REPORT

For the third quarter ended September 30, 2019
(Un-audited)



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COMPANY INFORMATION

BOARD OF DIRECTORS

KAMRAN Y. MIRZA	(Chairman)
JOAO MANUEL	(Chief Executive)
MICHAEL SCHARER	
SHARMEN KARTHIGASU	(until June 15, 2019)
LIM KHANG WEI	(from June 18, 2019)
MUHAMMAD ZEESHAN	
EE WON CHEN	(until June 15, 2019)
PATTARAPORN AUTTAPHON	(from June 18, 2019)
LT. GEN. (R) TARIQ KHAN	

COMPANY SECRETARY

MUSTAFA KAMAL ZUBERI

AUDIT COMMITTEE

LT. GEN. (R) TARIQ KHAN	(Chairman)
SHARMEN KARTHIGASU	(until June 15, 2019)
LIM KHANG WEI	(from June 18, 2019)
EE WON CHEN	(until June 15, 2019)
PATTARAPORN AUTTAPHON	(from June 18, 2019)
MUSTAFA KAMAL ZUBERI	(Secretary)

HUMAN RESOURCE & REMUNERATION COMMITTEE

KAMRAN Y. MIRZA	(Chairman)
JOAO MANUEL	
MICHAEL SCHARER	

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. G.T ROAD, QUADIRABAD, DISTRICT: SAHIWAL (PUNJAB)
2. LEAF DIVISION COMPLEX, 22ND KM, MARDAN SWABI ROAD, MARDAN (KPK)
3. PLOT NO. 14-17, EXPORT PROCESSING ZONE, WEST SITE TOWN, KARACHI (NON-OPERATIONAL)
4. E/15, S.I.T.E., KOTRI, DISTRICT: DADU (SINDH) (NON-OPERATIONAL)

SHARE REGISTRAR

THK ASSOCIATES (PVT.) LTD.
FIRST FLOOR, 40-C, BLOCK-6,
P.E.C.H.S, KARACHI - 75400

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



DIRECTORS' REVIEW

The Directors of the Company would like to report on the Company's performance for the nine months period ended September 30, 2019.

For the nine months period ended September 30, 2019, company's volume stood at 9.8 bio sticks compared to 10.1 bio during the same period in 2018, decrease of 2.4%. This decline is mainly attributable to higher price elasticity due to annualized impact of excise driven price increase in mini budget in Sep'18 coupled with price increase in Jun'19 post Federal Budget 2019/20.

During the period, tax paid industry faced challenges from the illicit sector, currently at 33.9% of the total tobacco market (August 2019 - Retail Audit). This is mainly attributable to the two excise tax increases (56% aggregate) in 2018, stretching the price gap between illicit and tax paid segment. Moreover, Federal Budget 2019/20 abolished the mid excise tier while imposing a further 32% increase in the excise rates of the value tier, which further widened the price gap. These excessive excise tax increases poses serious threats on the sustainability of the tax paid industry volume base and are detrimental for the Government revenues in the long run. Therefore, strict implementation of enforcement measures is necessary to restrict illicit sector while ensuring sustainability of tax paid industry and Government revenue growth through predictable moderate excise tax increases.

Despite the challenges of the fiscal environment and increasing illicit, the Company's contribution to the National Exchequer, in the form of excise tax, sales tax and other government levies, was PKR 19,576 million, as compared to PKR 13,648 million for the same period in 2018, an increase of 43%. Whereas, the government revenues are stable at this point in time but the increasing illicit volume may further negatively impact the volumes of the tax paid industry resulting in a decline in government revenue in the longer run.

The Company's gross turnover increased by 21% compared to the same period of 2018, attributable to excise driven price increases in September, 2018 and June, 2019 partially off-set by lower volumes for the period.

The Company recorded an Operating Loss before tax of PKR 1,728 million for the nine months period ended September 30th, 2019 compared to an Operating Profit before tax of PKR 1,194 million for the same period of 2018. The Operating loss before tax was mainly due to the management decision to reorganize its operational footprint by closing its factory in Kotri, which was essential to ensure long term sustainability of the business in Pakistan considering the unpredictable fiscal environment.

Excluding the one off impairment and employee separation costs which was the result of the closure of the Kotri factory, the Company would have recorded an Operating Profit before tax of PKR 836 million for the nine months period ended September 30th, 2019, instead of the nine month Operating loss before tax as mentioned above.

The management team continues to be committed to improving the overall performance of the Company by utilizing global resources, pursuing strategic marketing activities, continuous improvements in product quality, process and operational efficiency, as well as resource utilization and allocation. Growing our gross margin and controlling the cost base remain key objectives for improving the Company's profitability in a continuously challenging environment.

On behalf of the Board of Directors, we would like to express our 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

JOAO MANUEL
Chief Executive

Karachi, October 18, 2019



ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز، 30 ستمبر، 2019ء کو ختم ہونے والے 9 ماہ کے عرصے کے لیے کمپنی کی کارکردگی کے بارے میں رپورٹ پیش کر رہے ہیں۔ سنہ 2019ء کے پہلے 9 ماہ کے عرصے میں کمپنی کے کاروبار کا حجم 9.8 بلین سگریٹس رہا جو کہ پچھلے سال 2018ء کے اسی عرصے میں 10.1 بلین سگریٹس تھا۔ کاروباری حجم میں 2.4 فیصد کمی واقع ہوئی۔ اس کی بنیادی وجہ 2018ء میں پیش کیے گئے نئی بجٹ میں ایکسائز ٹیکس میں اضافہ ہے جس سے سگریٹ کے پیکٹ کی قیمت میں اضافہ ہوا۔

اسی عرصے کے دوران، ٹیکس ادا کرنے والی کمپنیوں کو غیر ٹیکس ادا شدہ سگریٹ فروخت کرنے والی کمپنیوں، جن کا مارکیٹ شیئر، تباہی کو کل مارکیٹ کا 33.9 فیصد ہے (اگست 2019ء - ریلیٹ آڈٹ)۔ اس کی بنیادی وجہ سنہ 2018ء کے دوران دوسرے ٹیکس کی شرح میں اضافہ ہے (56 فیصد مجموعی)، جس کی وجہ سے غیر قانونی سگریٹ فروخت کرنے والی اور ٹیکس ادا کرنے والی کمپنی کے سگریٹ کے پیکٹ کی قیمت کے درمیان بڑھتا ہوا فاصلہ ہے۔ سنہ 2019-20ء کے وفاقی بجٹ میں حکومت نے ٹیکس کا درمیانی درجہ ختم کر کے ٹیکس میں مزید 32 فیصد اضافہ کر دیا جس سے قیمتوں کے درمیان فرق میں مزید اضافہ ہوا۔ ایکسائز ٹیکس کے اس حد سے زیادہ بڑھتے ہوئے رجحان کی وجہ سے ٹیکس ادا کرنے والی کمپنیوں کے کاروباری حجم کو سنگین خطرات لاحق ہیں اور اس کا ڈور عرض نقصان حکومتی آمدنی کی صورت میں ہوگا۔ لہذا قانون کی عملداری کو سختی کے ساتھ لاگو کیا جائے تاکہ غیر قانونی کاروبار کو روکا جاسکے اور اعتدال پسند ایکسائز ٹیکس کا اضافہ، ٹیکس ادا کرنے والی صنعت کے استحکام اور حکومتی آمدنی میں اضافے کے لیے ضروری ہے۔

مالی حالات میں درپیش ان چیلنجوں کے باوجود، ایکسائز ٹیکس، سگریٹس اور دیگر سرکاری محصولات کی صورت میں قومی خزانے میں کمپنی کا حصہ 19,576 ملین روپے تھا جو سنہ 2018ء میں، اسی عرصے کے دوران 13,648 ملین روپے تھا، اس طرح اس سال اس میں 43 فیصد اضافہ ہوا ہے۔ اگرچہ، اس وقت، سرکاری محصولات مستحکم ہیں لیکن غیر قانونی سگریٹوں کے حجم میں اضافہ ٹیکس ادا کرنے والی انڈسٹری کے حجم پر مزید منفی اثر ڈال سکتا ہے جس کے نتیجے میں آنے والے وقت میں سرکاری محصولات میں کمی واقع ہو سکتی ہے۔


کمپنی کے مجموعی محصولات میں، ستمبر، 2018ء میں اسی عرصے کے مقابلے میں، 21 فیصد اضافہ ہوا جس کی وجہ ستمبر، 2018ء میں، اور پھر جون 2019ء میں ایکسائز ٹیکس کے بڑھنے کی وجہ سے قیمت میں اضافہ تھا جس کی تلافی، زیر جائز عرصے کے دوران، تجارتی حجم میں کمی سے ہوئی۔


مؤرخہ 30 ستمبر، 2019ء کو ختم ہونے والے 9 ماہ کے عرصے میں کمپنی کو 1,728 ملین روپے کا قبل از ٹیکس آپریٹنگ خسارہ ہوا جبکہ سنہ 2018ء میں، اسی عرصے کے دوران 1,194 ملین روپے کا قبل از ٹیکس آپریٹنگ منافع ہوا تھا۔ قبل از ٹیکس آپریٹنگ نقصان کی وجہ سے پرنٹ کی تنظیم نو کے لیے کوٹری میں واقع اپنی فیکٹری بند کرنے کا فیصلہ تھا جو پاکستان میں غیر متوقع مالی ماحول کے پیش نظر طویل المیعاد پائیداری کے لیے لازمی تھا۔

اگر کوٹری میں فیکٹری کی بندش کے نتیجے میں ملازمتیں کی علیحدگی پر ہونے والے اخراجات اور ایک مرتبہ واقع ہونے والا نقصان الگ کر دیا جائے تو ایسی صورت میں، کمپنی نے 30 ستمبر، 2019ء کو ختم ہونے والے 9 ماہ کے دوران مذکورہ بالا قبل از ٹیکس آپریٹنگ نقصان کی بجائے 836 ملین روپے کا قبل از وقت منافع حاصل کیا ہوتا۔ مالی ڈھانچے، عالمی وسائل سے استفادہ، مارکیٹنگ کی سرگرمیوں کے لیے حکمت عملی پر عمل درآمد مصنوعات کے معیار میں مسلسل بہتری، عملی اور طریقہ کار میں بہتری اور وسائل کی فراہمی اور استعمال کے ذریعے انتظامیہ مجموعی کارکردگی میں بہتری لانے کے لیے پرعزم ہے۔ دشوار ماحول میں ہمارا بڑھتا ہوا مجموعی منافع اور اخراجات پر کنٹرول کمپنی کے منافع کو بہتر بنانے کے اہداف میں شامل ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے ہم اپنے تمام ملازمین، حصص یافتگان، کاروباری پارٹنرز اور دیگر اداروں، ان کے مسلسل اعتماد اور اورادعا کے لیے، شکریہ ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے


جواو مینون
سی ای او


کامران یوسف مرزا
چیئرمین

کراچی، 18 اکتوبر، 2019ء



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited)


AS AT SEPTEMBER 30, 2019

	Note	September 30, 2019 (Un-audited)	December 31, 2018 (Audited)
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
- Property, plant and equipment	5	5,356,048	7,323,760
- Intangibles		7,116	24,270
		<u>5,363,164</u>	<u>7,348,030</u>
Investment in a subsidiary company	6	1	1
Long term deposits and prepayments		57,361	50,545
Deferred taxation		<u>1,249,607</u>	<u>659,761</u>
		<u>6,670,133</u>	<u>8,058,337</u>
CURRENT ASSETS			
Stores and spares - net		176,516	226,899
Stock in trade - net	7	5,917,371	5,800,812
Advances		25,076	22,288
Prepayments		479,782	140,689
Other receivables		20,264	12,503
Income tax - net		951,612	878,983
Staff retirement benefits		64,088	52,412
Cash and bank balances		1,049,318	2,965,229
Non-current assets held for sale	8	5,669	-
TOTAL CURRENT ASSETS		<u>8,689,696</u>	<u>10,099,815</u>
TOTAL ASSETS		<u>15,359,829</u>	<u>18,158,152</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		<u>12,000,000</u>	<u>12,000,000</u>
Issued, subscribed and paid-up capital			
- Ordinary shares		615,803	615,803
- Preference shares		<u>10,464,000</u>	<u>10,464,000</u>
		11,079,803	11,079,803
Transaction cost on issuance of preference shares - net of tax		<u>(33,911)</u>	<u>(33,911)</u>
		<u>11,045,892</u>	<u>11,045,892</u>
Reserves		183,323	1,564,754
TOTAL EQUITY		<u>11,229,215</u>	<u>12,610,646</u>
NON CURRENT LIABILITIES			
Lease liabilities		87,879	-
CURRENT LIABILITIES			
Trade and other payables	9	3,305,382	4,917,251
Current maturity of lease liabilities		137,248	-
Unclaimed dividend		33,978	34,608
Accrued mark-up on short borrowing		286	113
Sales tax and excise duty payable		565,841	595,534
TOTAL CURRENT LIABILITIES		<u>4,042,735</u>	<u>5,547,506</u>
TOTAL LIABILITIES		<u>4,130,614</u>	<u>5,547,506</u>
TOTAL EQUITY AND LIABILITIES		<u>15,359,829</u>	<u>18,158,152</u>
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

Karachi: October 18, 2019


KAMRAN Y. MIRZA
Chairman


JOAO MANUEL
Chief Executive


MUHAMMAD ZEESHAN
Chief Financial Officer



CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited) AND OTHER COMPREHENSIVE INCOME

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

		Quarter ended		Nine months period ended	
	Note	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
----- (Rupees in thousand)-----					
Turnover - net	11	1,520,176	3,502,849	11,039,713	11,157,186
Cost of sales	12	1,454,486	2,131,881	7,232,880	6,295,689
Gross profit		65,690	1,370,968	3,806,833	4,861,497
Distribution and marketing expenses		752,480	758,519	1,989,263	2,440,898
Administrative expenses		418,749	333,566	1,101,958	992,166
Other expenses	13	226,480	138,924	2,825,153	390,178
Other income		(121,453)	(44,523)	(381,716)	(156,044)
		1,276,256	1,186,486	5,534,658	3,667,198
Operating (loss) / profit		(1,210,566)	184,482	(1,727,825)	1,194,299
Finance cost and bank charges		8,153	6,683	40,735	15,982
(Loss) / Profit before taxation		(1,218,719)	177,799	(1,768,560)	1,178,317
Taxation	14	(436,682)	20,516	(394,930)	296,894
(Loss) / Profit after taxation		(782,037)	157,283	(1,373,630)	881,423
----- (Rupees) -----					
(Loss) / earnings per share					
- Basic and diluted	15	(12.70)	2.55	(22.31)	7.18

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

Karachi: October 18, 2019

KAMRAN Y. MIRZA
Chairman

JOAO MANUEL
Chief Executive

MUHAMMAD ZEESHAN
Chief Financial Officer



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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	Issued, subscribed and paid-up capital		Transaction cost on issuance of preference shares -net of tax	Capital Reserves		Subtotal Capital Reserves	Reserves			Subtotal - Reserves	Total
	Ordinary shares	Preference shares		Reserve for share based payments	Remeasurement of staff retirement gratuity plan -net of tax		General reserve	Unappropriated loss	Subtotal Revenue Reserves		
----- (Rupees in thousand) -----											
Balance as at January 1, 2018	615,803	10,464,000	(33,911)	4,954	(198,624)	(193,670)	5,424,000	(3,374,946)	2,049,054	1,855,384	12,901,276
Transactions with owners											
- Final preference cash dividend for the year ended December 31, 2017	-	-	-	-	-	-	(747,390)	-	(747,390)	(747,390)	(747,390)
Share based payments											
- expense	-	-	-	8,938	-	8,938	-	-	-	8,938	8,938
- recharge	-	-	-	(18,086)	-	(18,086)	-	-	-	(18,086)	(18,086)
	-	-	-	(9,148)	-	(9,148)	-	-	-	(9,148)	(9,148)
Total comprehensive income											
Profit after taxation for the nine months period ended September 30, 2018	-	-	-	-	-	-	-	881,423	881,423	881,423	881,423
	-	-	-	-	-	-	-	881,423	881,423	881,423	881,423
Balance as at September 30, 2018	615,803	10,464,000	(33,911)	(4,194)	(198,624)	(202,818)	4,676,610	(2,493,523)	2,183,087	1,980,269	13,026,161
Balance as at January 1, 2019	615,803	10,464,000	(33,911)	5,271	(258,115)	(252,844)	4,676,610	(2,859,012)	1,817,598	1,564,754	12,610,646
Share based payments											
- expense	-	-	-	12,221	-	12,221	-	-	-	12,221	12,221
- recharge	-	-	-	(20,022)	-	(20,022)	-	-	-	(20,022)	(20,022)
	-	-	-	(7,801)	-	(7,801)	-	-	-	(7,801)	(7,801)
Total comprehensive loss											
Loss after taxation for the nine months period ended September 30, 2019	-	-	-	-	-	-	-	(1,373,630)	(1,373,630)	(1,373,630)	(1,373,630)
	-	-	-	-	-	-	-	(1,373,630)	(1,373,630)	(1,373,630)	(1,373,630)
Balance as at September 30, 2019	615,803	10,464,000	(33,911)	(2,530)	(258,115)	(260,645)	4,676,610	(4,232,642)	443,968	183,323	11,229,215

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

Karachi: October 18, 2019


KAMRAN Y. MIRZA
Chairman


JOAO MANUEL
Chief Executive


MUHAMMAD ZEESHAN
Chief Financial Officer



CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

Note Nine months period ended
September 30, September 30,
2019 2018
(Rupees in thousand)

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations	17	(911,246)	3,680,767
Staff retirement gratuity paid		(50,460)	(42,450)
Finance cost paid		(40,562)	(15,905)
Income taxes paid		(267,545)	(180,801)
Long term deposits and prepayments		(6,816)	(6,252)
Net cash (used in) / generated from operating activities		(1,276,629)	3,435,359

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure	(851,995)	(410,909)
Acquisition of intangibles	(2,916)	(12,601)
Proceeds from disposal of items of property, plant and equipment	83,404	85,776
Profit received on savings accounts	229,974	67,922
Net cash used in investing activities	(541,533)	(269,812)

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid	(630)	(750,866)
Principal element of lease payments	(97,119)	-
Net cash paid for financing activities	(97,749)	(750,866)

Net (decrease) / increase in cash and cash equivalents during the period	(1,915,911)	2,414,681
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Cash and cash equivalents at the beginning of the period	2,946,368	237,239
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Cash and cash equivalents at the end of the period	1,030,457	2,651,920
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The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

Karachi: October 18, 2019


KAMRAN Y. MIRZA
Chairman


JOAO MANUEL
Chief Executive


MUHAMMAD ZEESHAN
Chief Financial Officer



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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

1. THE COMPANY AND ITS OPERATIONS

- 1.1 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 the Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange. The principal activity of the Company is the manufacturing and sale of cigarettes and tobacco products. Its registered office is situated at 19th Floor, The Harbour Front, Dolmen City, HC - 3, Block 4, Clifton, Karachi, Pakistan.
- 1.2 In view of the exemption granted by the Securities & Exchange Commission of Pakistan (the SECP) vide its letter No. EMD/233/619/2002/361 dated January 17, 2019 from the requirement of section 228(7) of the Companies Act, 2017 (the Act), the consolidated financial statements of the group comprising the Company and its subsidiary, Laksonpremier Tobacco Company (Private) Limited, have not been prepared. The exemption is, however, subject to the 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 6.

2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

- 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 as 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 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.
- 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 December 2018 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 New standards, amendments and an interpretation to accounting and reporting standards which became effective during the period:



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

The following amendments and an interpretation to accounting and reporting standards became effective during the current period:

- (i) IFRS 9 – Prepayment Features with Negative Compensation – (Amendments)
- (ii) IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)
- (iii) IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)
- (iv) IFRIC 23 - Uncertainty over Income Tax Treatments

However, these do not have any significant impact on the Company's financial reporting.

In addition to the above, IFRS 16 'Leases' has become applicable to the Company effective January 1, 2019. IFRS 16 replaces guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a lease', SIC 15 'Operating leases - Incentive' and SIC 27 'Evaluating the substance of transactions involving the legal form of a lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right of use of the underlying asset and a lease liability representing its obligations to make lease payments.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of January 1, 2019.

The right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at December 31, 2018.

On application of IFRS 16, the comparatives have not been restated, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on January 1, 2019, the summary of which is as follows:

	2019 (Rupees in thousand)
Right-of-use assets – increased by	<u>314,576</u>
Prepayments – decreased by	<u>26,057</u>
Lease liabilities – increased by - current portion	<u>149,307</u>
- non-current portion	<u>139,212</u>
	<u>288,519</u>



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

The net impact on unappropriated profit as at January 1, 2019 was Nil.

- 2.5 New standards, amendments and an interpretation to accounting and reporting standards which are not yet effective and have not been early adopted by the Company:

The following new standard and amendments to the accounting standards as applicable in Pakistan would be effective from the dates mentioned below:

Standard or amendments	Effective date (annual periods beginning on or after)
- IAS 1 – Presentation of Financial Statements (Amendments)	January 1, 2020
- IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020
- IFRS 17 - Insurance Contracts	January 1, 2021

The above standard and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

3. BASIS OF PREPARATION

- 3.1 These condensed interim financial statements include the condensed interim statement of financial position as at September 30, 2019, 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, 2019 which was not audited.
- 3.2 The comparative statement of financial position presented in these condensed interim financial statements as at December 31, 2018 has been extracted from the audited financial statements of the Company for the year then ended (December 2018 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, 2018 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 financial statements for the year ended December 31, 2018 as they provide an update of previously reported information.



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

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 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 Company's December 2018 financial statements.
- 4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the December 2018 financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	September 30, 2019 (Un-audited) (Rupees in thousand)	December 31, 2018 (Audited)
Operating property, plant and equipment	5.1 to 5.4	4,035,296	6,222,136
Capital work-in-progress (CWIP)	5.5	1,176,005	1,100,341
Right-of-use assets		142,215	-
Major capital spares and stand-by equipment		2,532	1,283
		<u>5,356,048</u>	<u>7,323,760</u>

5.1 Operating property, plant and equipment

Book value at the beginning of the period / year		6,222,136	7,260,775
Transfers from CWIP during the period / year	5.2	768,725	714,823
		<u>6,990,861</u>	<u>7,975,598</u>

Disposals during the period / year - net book value	5.3	(31,952)	(47,431)
Write offs during the period / year - net book value		(152)	(14,071)
Impairment during the period / year - net book value	13	(1,057,977)	(131,624)
Transfer to held for sale	8	(1,142,973)	-
Depreciation charge during the period / year	5.4	(722,511)	(1,560,336)
		<u>(2,955,565)</u>	<u>(1,753,462)</u>

Book value at the end of the period / year		<u>4,035,296</u>	<u>6,222,136</u>
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NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) Continued

		<u>Nine months period ended</u>	
		<u>September 30, 2019</u>	<u>September 30, 2018</u>
		<u>(Un-audited)</u>	<u>(Un-audited)</u>
		<u>(Rupees in thousand)</u>	
5.2	Transfers from CWIP during the period:		
	Buildings on freehold land	98,639	22,532
	Leasehold improvements	5,302	-
	Plant and machinery	429,502	244,830
	Furniture and fixtures	7,026	6,375
	Office equipments	6,686	-
	Vehicles	132,229	131,200
	Power and other installations	18,541	24,135
	Computer equipment	70,800	43,960
		<u>768,725</u>	<u>473,032</u>

		<u>Nine months period ended</u>	
		<u>September 30, 2019</u>	<u>September 30, 2018</u>
		<u>(Un-audited)</u>	<u>(Un-audited)</u>
		<u>(Rupees in thousand)</u>	
5.3	Disposals during the period - net book value		
	Freehold land	46	15,164
	Buildings on freehold land	-	12,221
	Furniture and fixtures	-	334
	Vehicles	31,906	14,845
	Power and other installations	-	1,477
		<u>31,952</u>	<u>44,041</u>

		<u>Nine months period ended</u>	
		<u>September 30, 2019</u>	<u>September 30, 2018</u>
		<u>(Un-audited)</u>	<u>(Un-audited)</u>
		<u>(Rupees in thousand)</u>	
5.4	Depreciation charge during the period on property, plant and equipment	<u>722,511</u>	<u>898,908</u>
	Depreciation charge during the period on right-of-use assets	<u>206,088</u>	<u>-</u>



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

	September 30, 2019 (Un-audited) (Rupees in thousand)	December 31, 2018 (Audited)
5.5 Capital work-in-progress		
Civil works	67,616	81,015
Plant and machinery	700,154	568,971
Power and other installations	361,736	192,625
Furniture and fixtures	13,927	70,929
Computer equipment pending installations	5,849	8,092
Advance to suppliers and contractors	26,723	178,709
	<u>1,176,005</u>	<u>1,100,341</u>

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 (LPTCL). 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, 2019 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, 2019 amounted to Rs Nil, in accordance with its unaudited condensed interim financial statements for the nine months period then ended September 30, 2019.

The auditors of the subsidiary company have expressed an unmodified audit opinion on the financial statements of the subsidiary company for the year ended December 31, 2018.

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.

On September 2019 LPTCL has filed an application with the SECP to be classified as an "Inactive company" under section 424 of the Companies Act, 2019, confirmation of which is pending from the SECP.

7. STOCK IN TRADE - net

	Note	September 30, 2019 (Un-audited) (Rupees in thousand)	December 31, 2018 (Audited)
Raw and packing materials	7.1 to 7.3	4,894,329	4,610,723
Work-in-process		159,776	143,281
Finished goods	7.3	900,159	1,047,815
		<u>5,954,264</u>	<u>5,801,819</u>
Provision for obsolete stocks	7.3	(36,893)	(1,007)
		<u>5,917,371</u>	<u>5,800,812</u>



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

- 7.1 Includes impact of seasonal purchases on account of harvest of tobacco crop during the months of July to September.
- 7.2 Include raw & packing materials in transit aggregating Rs 188.832 million (December 31, 2018: Rs 264.292 million).
- 7.3 During the current period, the Company has written off a provision against raw & packing material aggregating Rs 0.998 (December 31, 2018: Rs 6.789 million) and finished goods aggregating Rs Nil (December 31, 2018: Rs 36.914 million).

8. NON-CURRENT ASSETS HELD FOR SALE

	Note	September 30, 2019 (Un-audited) (Rupees in thousand)	December 31, 2018 (Audited)
Transferred from property, plant and equipment	5.1,8.1&8.2	1,142,973	-
Less: impairment charge during the period	8.1 & 13	(1,137,304)	-
		<u>5,669</u>	<u>-</u>

- 8.1 As part of a strategic review to optimize process efficiencies and operational effectiveness and to best position the Company for a strong and viable future growth, management of the Company has decided to reorganise its operational footprint by closing its factory in Kotri. The management believes that this decision will not impact the Company's ability to supply products to the market. The Company has closed the Kotri factory and retrenched its workers employed at the factory. The Company is committed to complying with all applicable laws and, in this instance, has taken every possible measure to fulfil its legal obligations.

In view of the above, the related items of plant and machinery having a net book value of Rs. 1,137.304 million have been transferred to non-current assets held for sale. In accordance with the Company's policy, these items can not be disposed of except as scrap material, the proceeds of which are not expected to be material in the overall context of these condensed interim financial statements. Accordingly, the total net book value of assets has been recorded as an impairment charge during the period.

- 8.2 This includes carrying value of four idle properties (Land & Building), which the company intends to sell (PKR 5.669 million).



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

9. TRADE AND OTHER PAYABLES

	September 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	(Rupees in thousand)	
Creditors	1,471,527	2,140,855
Bills Payable	831,958	844,122
Royalty payable to related party	64,816	118,742
Accrued expenses	671,276	879,568
Tobacco Development cess	-	33,550
Contractors' retention money	5,979	5,979
Advance from customers	36,634	524,675
Workers' welfare fund	44,881	41,726
Others	178,311	328,034
	<u>3,305,382</u>	<u>4,917,251</u>

10. CONTINGENCIES AND COMMITMENTS

10.1 Guarantees

Indemnities given to banks for guarantees issued by them in the normal course of business totaling Rs 69.565 million (2018: Rs 69.565 million).

10.2 Commitments

	September 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	(Rupees in thousand)	
Capital expenditure contracted for but not incurred	603,683	572,399
Post dated cheques	58,508	31,876
Letters of credit	7,727	121,445

10.3 Contingencies

There is no significant change in the status of the cases set out in notes 20.3 (except 20.3 (iv)) to 20.5 to the December 2018 financial statements.

- 10.3.1 While reviewing the income tax return of the Company for the tax year 2014, the Deputy Commissioner Inland Revenue (DCIR) through an order dated June 28, 2016 had disallowed certain deductions aggregating Rs 131.086 million having an incremental tax impact of Rs 39.326 million. The Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR – Appeals) against the order passed by the DCIR. On October 3, 2019 the Company received an order dated September 20, 2019 passed by the CIR – Appeals through which deductions aggregating Rs 3.353 million were disallowed and deductions aggregating Rs 47.338 million were remanded to the DCIR for reconsideration. The remaining deductions amounting to Rs 80.394 million were allowed. As the order has recently been received



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

by the Company, the management will decide on the way forward within the limitation period of 60 days allowed under the law.

1032 The FBR issued two orders to the Company dated July 13, 2017 and one order dated October 16, 2017 and demanded an amount of Rs 1,765.008 million for alleged evasion of FED and sales tax along with penalties thereon which the Company believes to be unfounded. The Company filed appeals before the CIR – Appeals who upheld the said demand through an order dated January 30, 2019.

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

On August 7, 2019, the interim injunction expired. To stop FBR from initiating recovery proceedings, the Company applied to the Appellate Tribunal on August 2, 2019 for an extension of the interim injunction which was rejected on grounds that no recovery action is undertaken by the FBR. The Appellate Tribunal directed the FBR to provide the Company 15 days' prior notice before initiating any recovery measures.

On September 5, 2019, the Tribunal directed FBR to submit written arguments to rebut the arguments submitted by the Company. Additionally, the Appellate Tribunal directed the FBR to produce the officer who prepared the report on the basis of which the demands were issued along with the report. This hearing was adjourned on the request of FBR officer. On September 24, 2019, the hearing was adjourned due to unavailability of the officer and FBR's request for additional time of 30 days to prepare the written arguments. Next date of hearing is yet to be fixed.

The management continues to assess that the Company has sufficient documentary evidence to prove that it has discharged payment of all due duties and taxes in a timely manner and as such, ultimate decision in the appeal process will be in its favour. Accordingly, a provision has not been recognised in these financial statements.

1033 The FBR issued three orders to the Company dated December 8, 2017 alleging non-payment of duty on sale of cigarettes by over declaring closing stock reported in the sales tax returns for the months of June 2016, December 2016 and June 2017. Through these orders, demand of Rs 1,698.154 million was raised for alleged evasion of excise duty. These orders were rectified on December 29, 2017 and the aggregate demand was revised to Rs 19.205 million. On January 12, 2018, the Company filed appeals against the orders before CIR – Appeals and has also obtained an interim stay to prevent the authorities from taking coercive action by paying 15% of the FED demand and 100% of the sales tax demand amounting to Rs 2.881 million. On October 3, 2019 the Company received an order dated September 20, 2019 passed by the CIR – Appeals whereby the demand of Rs 5.859 million was upheld and the remaining demand amounting to Rs. 13.345 million was remanded to the DCIR for reconsideration. As the order has recently been received by the Company, the management will decide on the way forward within the limitation period of 60 days allowed under the law.

11. TURNOVER - net

12. COST OF SALES

Opening stock	2,984,703	4,443,344	4,610,723	5,747,841
Purchases, redrying and related expenses	<u>3,289,662</u>	<u>3,098,806</u>	<u>5,606,472</u>	<u>5,160,897</u>
	6,274,365	7,542,150	10,217,195	10,908,738
Closing stock	<u>(4,894,329)</u>	<u>(6,324,266)</u>	<u>(4,894,329)</u>	<u>(6,324,266)</u>
	1,380,036	1,217,884	5,322,866	4,584,472
Government levies	4,012	5,754	26,846	25,055
Manufacturing expenses	<u>569,795</u>	<u>504,269</u>	<u>1,753,513</u>	<u>1,626,963</u>
	1,953,843	1,727,907	7,103,225	6,236,490

Opening stock	191,745	108,376	143,281	107,962
Closing stock	(159,776)	(92,759)	(159,776)	(92,759)
Sale of waste	(328)	(4,465)	(1,506)	(7,625)
	31,641	11,152	(18,001)	7,578

Opening stock	369,161	727,980	1,047,815	386,779
Closing stock	(900,159)	(335,158)	(900,159)	(335,158)
	(530,998)	392,822	147,656	51,621
	<u>1,454,486</u>	<u>2,131,881</u>	<u>7,232,880</u>	<u>6,295,689</u>



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

13. OTHER EXPENSES

Note	Quarter ended		Nine months period ended	
	September 30, 2019 (Un-audited)	September 30, 2018 (Un-audited)	September 30, 2019 (Un-audited)	September 30, 2018 (Un-audited)
	(Rupees in thousand)			
Employee separation cost	9,503	-	376,757	-
Voluntary separation scheme temporary workers	13.1 213,608	-	213,608	-
Impairment charge on items of property, plant and equipment	13.2 -	73,020	1,057,977	131,625
Impairment charge on asset held for sale	8.2 -	-	1,137,304	-
Property, plant and equipment written off	-	91	152	14,072
Intangibles written off	12,766	-	12,766	-
Loss on disposal of Property, plant and equipment	-	930	-	2,563
Capital work-in-progress written off	501	2,215	6,357	7,953
Workers' Profit Participation Fund	-	9,617	-	63,351
Workers' Welfare Fund	(13,824)	4,922	3,157	25,340
Exchange loss - net	-	40,545	-	122,889
Miscellaneous expenses	3,926	7,584	17,075	22,385
	<u>226,480</u>	<u>138,924</u>	<u>2,825,153</u>	<u>390,178</u>

13.1 The management offered a voluntary settlement scheme to all 651 temporary workers at Green Leaf Threshing facility (GLT) who work for a limited period of 2-3 months during threshing season and no longer wish to continue providing the services during the current and subsequent green leaf threshing season.

13.2 As part of the Company's strategic review relating to closure of factory in Kotri (note 8.1), the related building and building equipment having a net book value of Rs 1,351.106 million as at March 1, 2019 have been written down to their recoverable amount, resulting in an impairment charge of Rs 1,057.977 million. The recoverable amount has been determined on the basis of fair value less cost of disposal by engaging external valuers as mentioned in note 13.1 to the Company's March 2019 and June 2019 condensed interim financial statements.



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

14. TAXATION	Quarter ended September 30, 2019 (Un-audited)		Nine months period ended September 30, 2018 (Un-audited)	
	(Rupees in thousand)		(Rupees in thousand)	
Current				
- for the period	22,737	58,034	164,066	153,035
- for the prior period	(1,630)	-	30,845	-
	<u>21,107</u>	<u>58,034</u>	<u>194,911</u>	<u>153,035</u>
Deferred	(457,789)	(37,518)	(589,841)	143,859
	<u>(436,682)</u>	<u>20,516</u>	<u>(394,930)</u>	<u>296,894</u>

15. (LOSS) / EARNINGS PER SHARE – BASIC AND DILUTED

15.1 Basic (loss) / earnings per share	Quarter ended September 30, 2019 (Un-audited)		Nine months period ended September 30, 2018 (Un-audited)	
	(Rupees in thousand)		(Rupees in thousand)	
(Loss) / Profit for the period after taxation	(782,037)	157,283	(1,373,630)	881,423
Less: dividend on non-cumulative preference shares paid during the period	-	-	-	(439,488)
(Loss) / profit attributable to ordinary shareholders	<u>(782,037)</u>	<u>157,283</u>	<u>(1,373,630)</u>	<u>441,935</u>
	<u>(Number of Shares)</u>			
Weighted average number of ordinary shares	<u>61,580,341</u>	<u>61,580,341</u>	<u>61,580,341</u>	<u>61,580,341</u>
	<u>(Rupees)</u>			
(Loss) / earnings per share – basic	<u>(12.70)</u>	<u>2.55</u>	<u>(22.31)</u>	<u>7.18</u>

15.2 The 1,046,400,000 preference shares are not included in the calculation of diluted earnings per share because these are antidilutive for both the periods ended September 30, 2019 and September 30, 2018. These preference shares could potentially dilute basic earnings per share in the future.

16. RELATED PARTIES DISCLOSURES

16.1 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



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

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, 2019 (Un-audited) (Rupees in thousand)	September 30, 2018 (Un-audited) (Rupees in thousand)
Associated undertakings	Sale of goods and services	276,817	27,323
	Purchase of goods and services	648,227	214,044
	Royalty charges	62,489	71,435
	Share based payment expense	12,221	8,938
	Share based payment recharge	20,022	18,086
Staff retirement benefit plans	Contribution to gratuity fund	50,460	42,450
	Contribution to provident fund	54,385	55,428
Key management personnel	Remuneration and benefits - note 16.1.1 to 16.1.4	28,780	4,868

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

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

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

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

16.1.4 The independent directors were paid director's fee of Rs 2.64 million during the period (September 30, 2018: 2.64 million).

16.1.5 Balance outstanding with related parties are as follows:

	September 30, 2019 (Un-audited) (Rupees in thousand)	December 31, 2018 (Audited) (Rupees in thousand)
Current assets		
Associated undertakings - Other receivables	7,795	-
Staff retirement benefits	64,088	52,412
	<u>71,883</u>	<u>52,412</u>
Current Liabilities		
Group payables	230,048	495,242
Provident fund payable	15,455	128
Advance from customers - unsecured	15,085	33,174
	<u>260,588</u>	<u>528,544</u>

16.2 Investment in a subsidiary company

See note 6



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

17. CASH GENERATED FROM OPERATIONS

	Note	Nine months period ended	
		September 30, 2019 (Un-audited) (Rupees in thousand)	September 30, 2018 (Un-audited)
(Loss) / Profit before taxation		(1,768,560)	1,178,317
Adjustments for:			
- Depreciation on property plant and equipment		722,511	898,908
- Depreciation on property right of use asset		206,088	-
- Amortisation		7,304	7,058
Staff retirement gratuity expense		38,784	69,349
Expenses arising from equity-settled share-based payment plan		12,221	8,938
Liabilities written back		(21,152)	(11,017)
Stock in trade written down to net realisable value		998	12,808
Stores and spares written down to net realisable value		60,881	-
Impairment charge on items of property, plant and equipment		1,057,977	131,625
Impairment charge on non-current assets held for sale		1,142,973	-
Profit on savings accounts		(235,643)	(67,922)
Unrealised exchange gain - others		-	69,453
Profit on disposal of items of property, plant and equipment - net		(51,452)	(41,735)
Property, plant and equipment written off		152	14,072
Capital work-in-progress written off		6,357	7,953
Intangibles written off		12,766	-
Finance cost other than exchange loss on loans from an associated undertaking		40,735	15,982
Working capital changes	17.1	(2,144,186)	1,386,978
		<u>(911,246)</u>	<u>3,680,767</u>
17.1 Working capital changes			
(Increase) / Decrease in current assets			
Stores and spares - net		(10,498)	328
Stock in trade - net		(117,557)	(556,617)
Trade debts - net		-	15,860
Advances		(2,788)	(4,275)
Prepayments		(365,150)	(24,718)
Other receivables		(7,761)	94,261
		<u>(503,754)</u>	<u>(475,161)</u>
(Decrease) / Increase in current liabilities			
Trade and other payables		(1,610,739)	1,002,215
Sales tax and excise payable		(29,693)	859,924
		<u>(1,640,432)</u>	<u>1,862,139</u>
		<u>(2,144,186)</u>	<u>1,386,978</u>



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

18. CASH AND CASH EQUIVALENTS

	<u>Nine months period ended</u>	
	<u>September 30, 2019</u>	<u>September 30, 2018</u>
	<u>(Un-audited)</u>	<u>(Un-audited)</u>
	<u>(Rupees in thousand)</u>	
Cash and bank balances	1,049,318	2,691,012
Short term running finance	-	(20,231)
Less: Amount held as security	(18,861)	(18,861)
	<u>1,030,457</u>	<u>2,651,920</u>

19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 18, 2019 by the Board of Directors of the Company.

20. GENERAL

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

Karachi: October 18, 2019

KAMRAN Y. MIRZA
Chairman

JOAO MANUEL
Chief Executive

MUHAMMAD ZEESHAN
Chief Financial Officer



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