Philip Morris
(Pakistan) Limited

Leading Transformation

Annual Report 2023

"The best way to predict the future is to create it."

Peter Drucker

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Who We Are

A Story of Philip Morris International

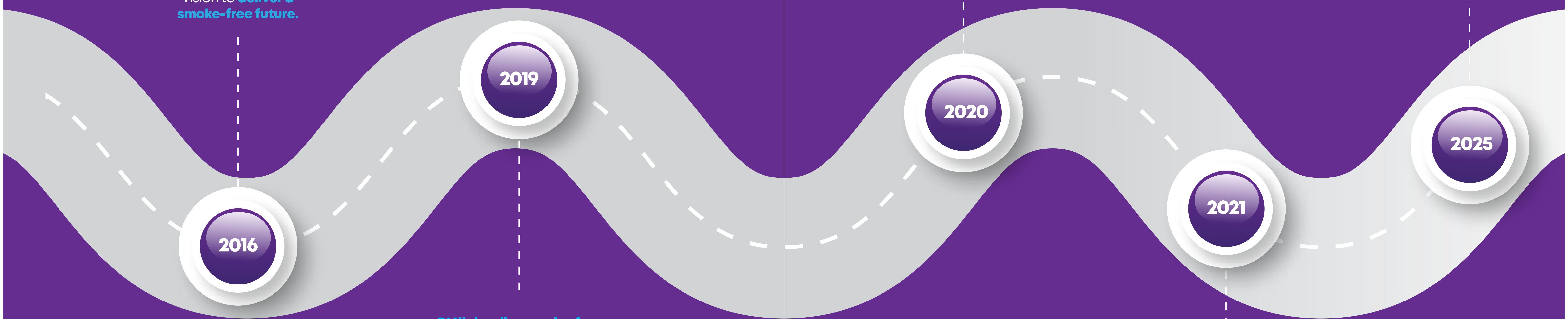
Philip Morris International (PMI) is a leading international tobacco company working to deliver a smoke-free future and evolving its portfolio for the long term to include the products outside of the tobacco and nicotine sector.

PMI's current product portfolio primarily consists of cigarettes and smoke-free products. Since 2008, PMI has invested more than USD 10.5 billion to develop, scientifically substantiate, and commercialize innovative smoke-free products for adults who would otherwise continue to smoke, with the goal of completely ending the sale of cigarettes. In November 2022, PMI acquired Swedish Match – a leader in oral nicotine delivery – creating a global smoke-free champion led by the companies' IQOS and ZYN brands.

As of December 31, 2022, PMI's smoke-free products were available for sale in 73 markets, and PMI estimates that approximately 17.8 million adults around the world had already switched to IQOS and stopped smoking.

With a strong foundation and significant expertise in life sciences, PMI announced in February 2021 its ambition to expand into wellness and healthcare areas, and, through its Vectura Fertin Pharma subsidiary, PMI aims to enhance life through the delivery of seamless health experiences. PMI is carving the path for a smoke-free future with sustainability at the core of its transformation. The company is committed to serving as an agent of change and an advocate of positive values.

Key Milestones



2016 — PMI announces its vision to **deliver a smoke-free future.**

2019 — **PMI's leading smoke-free** alternative is authorized for launch in the U.S.

2020 — U.S FDA authorises PMI's leading smoke-free product as a **modified risk tobacco** product.

2021 — The number of adults who have stopped smoking and switched to smoke-free products reaches **15.3 million across 71 markets.**

2025 — We aim for smoke-free products to account for over **50 percent** of our total net revenues.

10 facts about Philip Morris International

Unless otherwise stated, the figures are as of December 31, 2022

79,800
employees around the world
(Figure includes Vectura Fertin Pharma, and Swedish Match)

Two smoke-free product research facilities in **Switzerland** and **Singapore**

Over **1,516**
research and development scientists, engineers, and technicians working on smoke-free products

180
markets where our products are sold.

84
markets where our smoke-free products are sold. (as of December 31, 2023).

39
production facilities worldwide

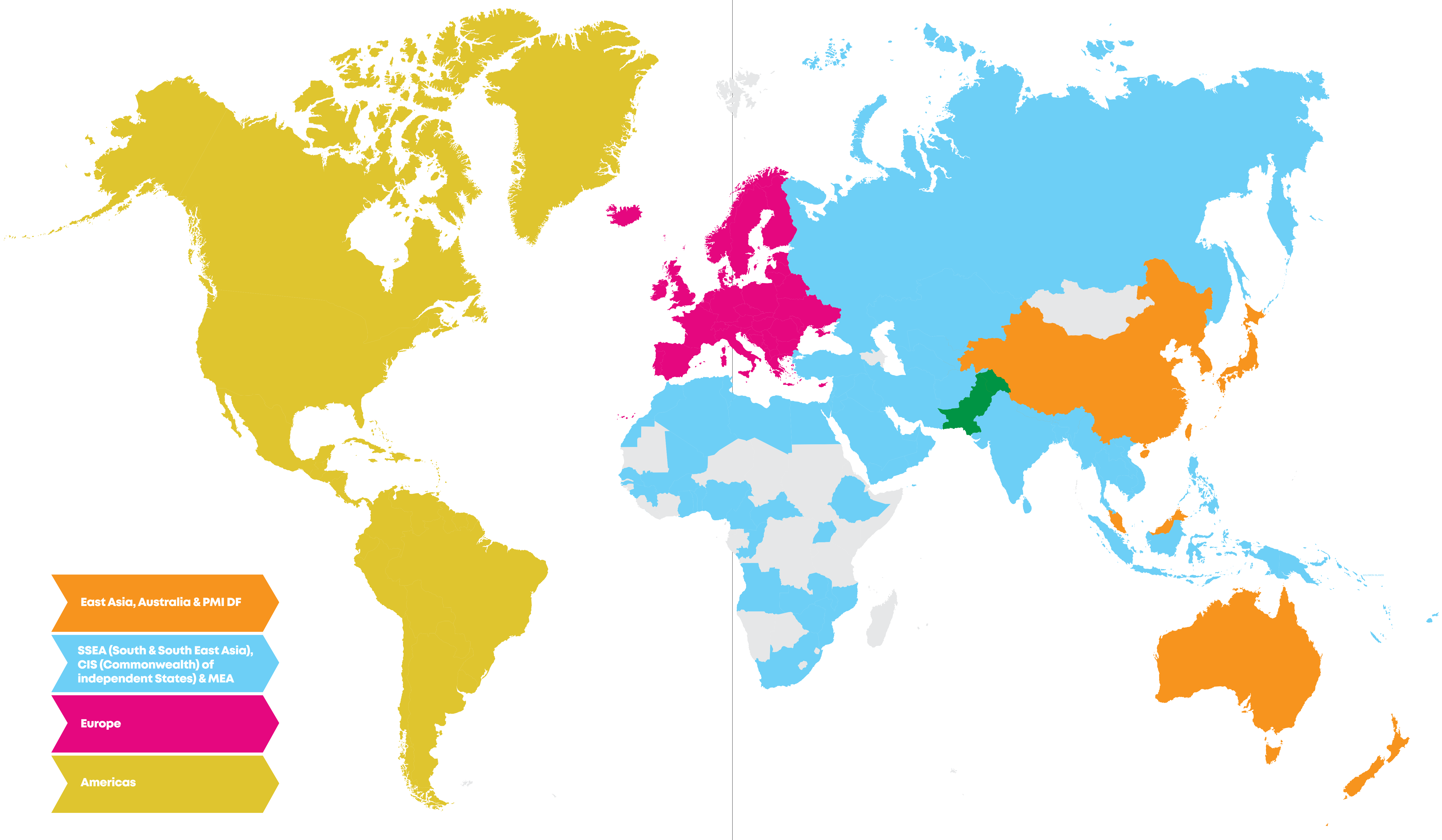
150
million consumers worldwide.

5
of the world's top 15 cigarette brands, including Marlboro

USD **35.1**
billion net revenue.

738.2
billion units total shipment volume.

Geographical Footprint of PMI International



About Philip Morris (Pakistan) Limited

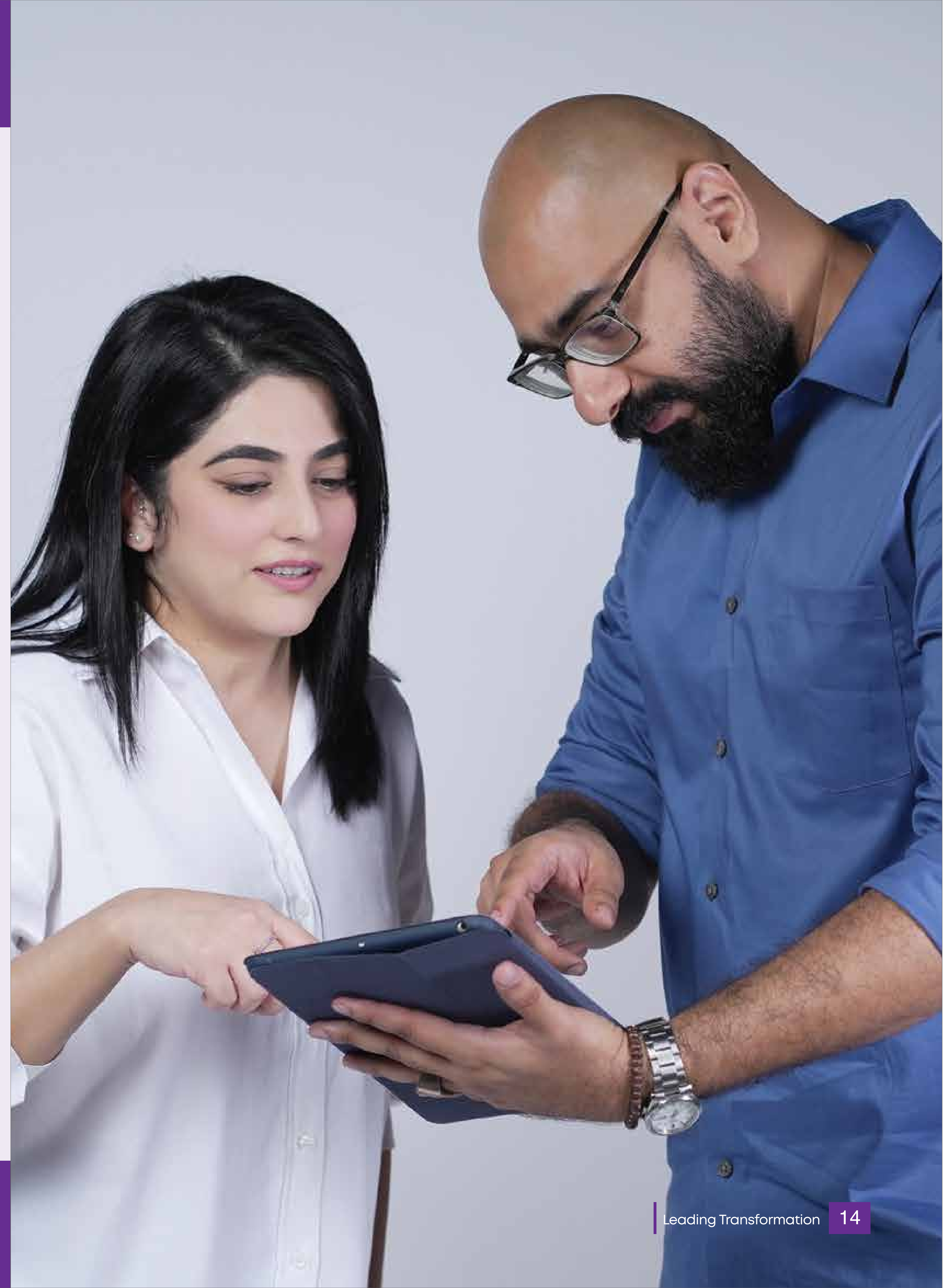
Philip Morris (Pakistan) Limited (PMPKL/ "The Company"), listed on the Pakistan Stock Exchange, is an affiliate of Philip Morris International (PMI), a leading international tobacco company. PMI acquired Lakson Tobacco Company Limited as a majority shareholder. Lakson Tobacco Company was incorporated in Pakistan on February 10, 1969, as a public limited company under the Companies Act 1913 (now the Companies Act, 2017). The name of Lakson Tobacco was subsequently changed to Philip Morris (Pakistan) Limited on February 25, 2011. The principal activity of PMPKL is the manufacturing and sale of cigarettes, tobacco products, and other smoke-free products. The Company has one green leaf threshing plant in Mardan and one cigarette manufacturing factory in Sahiwal. PMPKL is one of the leading tobacco companies in Pakistan and holds a fair percentage of the tax-paid market share.

PMI is leading the transformation in the tobacco industry to create a smoke-free future and ultimately replace cigarettes with smoke-free products to the benefit of adult smokers who would otherwise continue to smoke. Sustainability is at the core of our transformation, which is based on a deep sense of purpose to create value for the shareholders and other stakeholders.

In 2016, PMI announced its vision of a smoke-free future and the ambition to accelerate the end of smoking. To achieve this, PMI is working to replace cigarettes with less harmful alternatives for the benefit of adults who would otherwise continue to smoke. PMI's smoke-free products which are addictive and not risk-free, do not involve burning, which is the main cause of smoking-related diseases, but have the nicotine and taste that can satisfy adult smokers. In line with PMI's smoke-free vision, the Company also entered the multi-category product portfolio with the introduction of SHIRO nicotine pouches in December 2022 which was morphed into ZYN in September 2023 and is available across key cities in Pakistan. In addition, the Company also introduced heated tobacco products and PMI's flagship heat-not-burn technology device IQOS, in Karachi, Lahore, and Islamabad in October 2023.

PMI understands that its business must become a provider of effective solutions. Innovation and inclusiveness are key to solving challenges, whether related to environmental sustainability, or equity. To accelerate the progress, it must position itself at the forefront of consumer-centricity, technology, science, and innovation. Aligned with PMI's sustainability vision, the Company has taken initiatives for the well-being of its employees and has also made investments in infrastructural improvements with a view to conserve the environment for future generations. In 2023, PMPKL exported 7.1 million kgs of tobacco which helped create employment and at the same time contributed towards the economic growth of the country.

We are committed to continue working towards a sustainable future for the greater good of society and our planet in general and to creating long-term value not only for our shareholders but for all of our stakeholders.



Our Vision

- Meet the expectations of adult smokers by offering innovative tobacco products of the highest quality available in their preferred price category.
- Generate superior returns to our stockholders.
- Be a responsible corporate citizen and to conduct our business with the highest degree of integrity.

Our Mission

We are committed towards the continuous betterment of our employees by providing professional training emphasizing teamwork, a clean and safe working environment and leadership imbued with humility.

The PMI DNA is who we are at our best.
We care.
We are better together.
We are game changers.

The PMI DNA reflects who we are today and who we are determined to be, showcasing our strengths and aspirations. The PMI DNA reflects our passion to deliver innovative and iconic products and develop new solutions in the healthcare and wellness space. To continue our work creating positive change for our customers and our society, we recognize that our people are the driving force behind our success. How we work together reflects who we are:

The ambition for our culture is clear: to bring the best from PMI. When everyone within PMI embraces their full potential, we reach our full potential as a business.

By putting our DNA into action day-to-day, we will show each other, and the world, our true nature and potential.

Philip Morris (Pakistan) Limited - Key Facts

644 Employees

12 Regional Offices

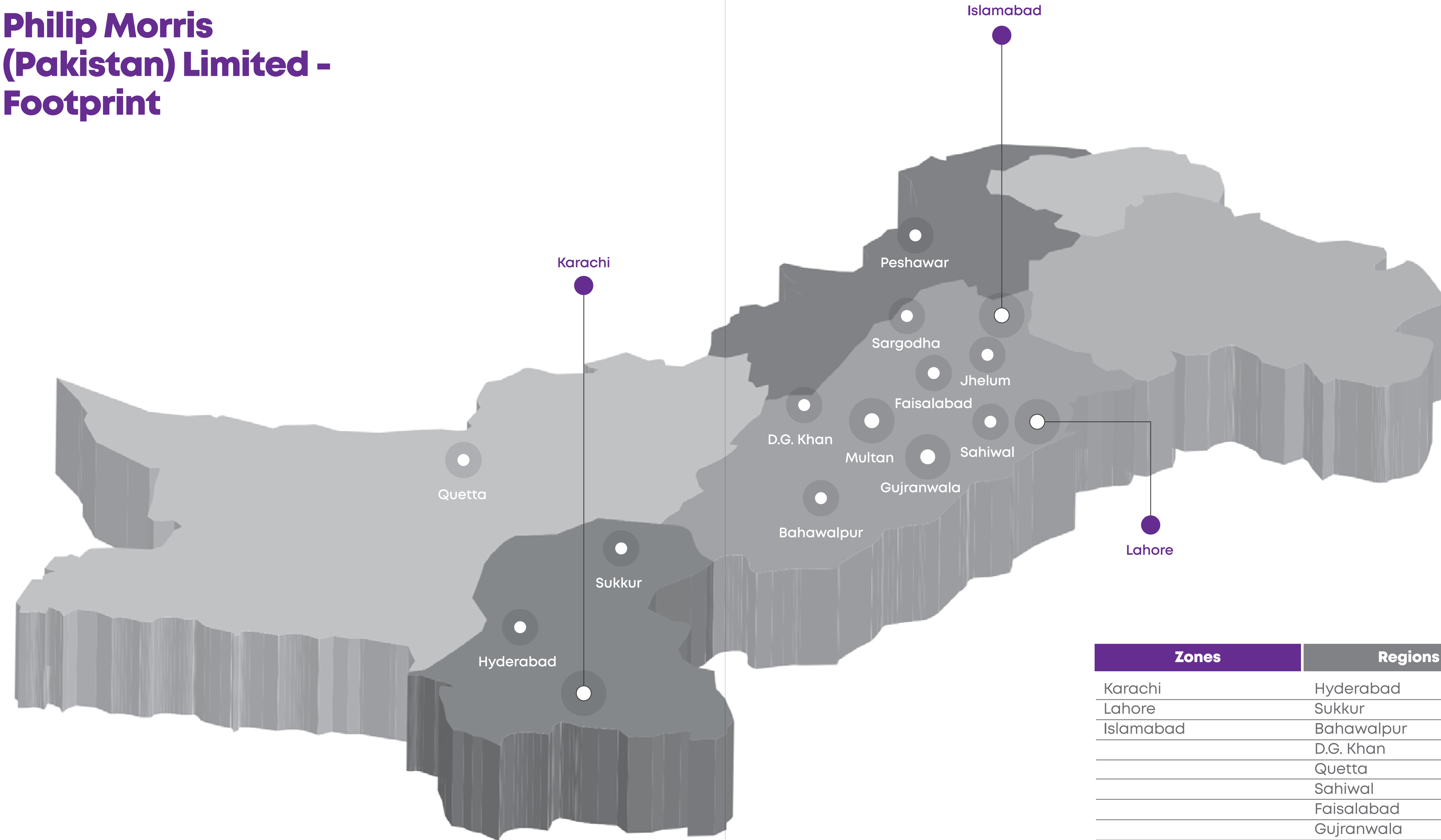
03 Zonal offices

01 Tobacco manufacturing Factory in Sahiwal

01 Leaf threshing Plant in Mardan

Head Office in Karachi

Philip Morris (Pakistan) Limited - Footprint



Zones	Regions
Karachi	Hyderabad
Lahore	Sukkur
Islamabad	Bahawalpur
	D.G. Khan
	Quetta
	Sahiwal
	Faisalabad
	Gujranwala
	Sargodha
	Jhelum
	Peshawar
	Multan

Our Portfolio (Combustible)

01 Marlboro Gold

02 Marlboro Red

03 Marlboro Advance

04 Parliament Night Blue

05 Parliament Red

06 Morven by Chesterfield

07 Morven Classic

08 Red and White Special

09 Red & White Firm Filter

10 Diplomat

11 K2

12 Royals

13 Crafted by Marlboro

We Care

We do the right thing – for today and for the future. We are determined to create a positive impact for those around us just as we do for our consumers in our mission to deliver a smoke-free future. Aware of our impact on others, we manage our emotions, we listen, and we are intentional and inclusive in our actions. We use our collective power to shape an environment where we all thrive.

Behaviors:

- **Self-Aware:** Know ourselves, aware of the impact we have on others, we manage our emotions and behaviors so everyone can thrive
- **Inclusive:** Intentionally seek, listen, and learn from diverse perspectives to reach the best outcome
- **Empathetic:** Act with care, understand others, and are sensitive to their needs

Sustainability at PMPKL.

Sustainability is at the heart of our corporate strategy, and it is a guiding principle for us. We are committed towards building a brighter and inclusive future for all of our stakeholders and communities. Throughout our history in Pakistan, our efforts and initiatives have succeeded in reaching people from all corners of the country, to leave a positive and sustainable impact on their lives.

Skills Training Program for Adolescent Children Aged 15-17 Years. PMPKL has been consistently organizing Skills Training Programs for adolescent children of the farmer community for the past many years. During 2023 a total of 756 adolescent children between the ages of 15 to 17 years were enrolled across 30 training centers for skills training programs to impart lifelong skills enabling them to be financially empowered. Electrician and horticulture training was arranged for boys whereas tailoring, food preparation, and preservation training were arranged across the centers in the tobacco-growing areas of Mardan and Swabi.

Skills Training – Boys

Mechanization. In Pakistan, tobacco growing is a labor-intensive activity, particularly for Flue Cured Virginia (FCV) type of tobacco. The FC harvesting and curing process requires skilled labor that is short at peak times and farmers tend to engage young children in some stages of this process, particularly during leaf tying on wooden sticks. The involvement of children carries a harmful impact on the well-being and health of children due to their limited immunity at a young age. PMPKL has been providing farmers with a semi-mechanized leaf-tying solution through a tobacco leaf tying stringing machine. Continuing on the project, PMPKL provided another set of 199 stringing machines during 2023 to farmers who were relying on their family help for leaf tying activity. The stringing machine has been instrumental in eliminating the need of children thus child labor during stick tying process and at the same time saves a handsome amount of PKR 24,385 per hectare.

Women Workers Training on Stringing Machine

With the contribution of initiatives together with a robust communication, and farm-by-farm monitoring strategy, PMPKL was finally able to significantly reduce child labor vs. previous years

Workers Grievance Resolution Platform. The Agricultural Labor Practices – ALP code of PMI expects that its tobacco-supplying farmers fairly treat their workers and at the same time workers should have access to an anonymous grievance redressal mechanism. With hired services of a third-party service provider, PMPKL has been offering an anonymous and neutral platform to allow workers to seek additional support from this platform to address their concerns with their employers (tobacco farmers).

The ALP Grievance Resolution mechanism also offers a Toll-Free Telephone line that is open to all PMPKL contracted farmers and their workers to report their concerns and issues. A local grievance resolution committee has also been formed consisting of volunteer farmers and workers with an intent to resolve the issue between the farmer and worker that may have arisen during tobacco production. The platform also guides the caller to contact other avenues including Government Public Service departments and Citizen's portals for requests related to other needs of farmers and workers. During 2023, the grievance mechanism helped to address 17 payment-related issues of workers apart from 229 information requests reported through the Toll-Free Line.

Awareness Sessions on Farm Safety, Health & Hygiene. Tobacco farming in tobacco fields is looked after by male farmers, however a considerable number of farmers engage their family members, mostly women who work in parallel with male farmers inside their homes for tobacco leaf tying and curing process. Women play a key role in the overall farmer's family health and well-being therefore PMPKL has been working to raise awareness on farm safety, health & hygiene, clean drinking water, and sanitation. Through a third-party service provider, a team of 10 Social Women Mobilizers went farm by farm across all PMPKL contracted tobacco farms during 2023 and delivered awareness sessions on Agricultural labor Practices, Health & Hygiene along with awareness on water use. From the information provided through the Social Mobilizers team, it was found that 100% of PMPKL-contracted farmers had access to basic drinking water and WASH facilities.

WASH Session with Farmers' Families

Water Stewardship initiative (Laser Land Leveler). PMPKL introduced Laser Land Levelers for its contracted tobacco farmers. Leveled land can enhance farmers' productivity and save water at the same time. PMPKL provided 05 Laser land leveler machines free of cost to its contracted farmers which were used to level 309 hectares during crop year 2023 enabling water saving of 155,000 m3.

Laser Land Leveler Internal Audit Team Visit, Irrigation Data Collection and Consultation Meeting

Fast Growing Tree Species Research Trial. PMPKL introduced imported tree species for those contracted farmers who have extra land for tree growing. These trees will later be used in tobacco curing at maturity. These imported tree species include Hybrid eucalyptus which is growing well at both the trial locations (Swabi and Charsadda). Survival rate is 100%. Similarly, the other imported species namely Acacia Mangium and Acacia erubescence also have good survival rates.

Trial - Plantation Sites

Saplings provision to contracted tobacco farmers. Apart from trials on imported tree species, PMPKL distributes free tree saplings to its contracted farmers who have lands available for afforestation. During the 2023 crop year, a total of 170,000 saplings were distributed to contracted tobacco farmers for growing their own woodlots.

Saplings Provision to Contracted Farmers

Fuelwood Sustainability. To reduce the farmer cost on fuelwood consumption, PMPKL ensured fuel-efficient furnaces with 86% of its farmers base during 2023 which reduced fuelwood consumption by 10%. During 2023, PMPKL Leaf continued to ensure the fuelwood used by our contracted farmers in tobacco curing is coming from 100% sustainable sources. The 100% fuelwood sustainability target is being achieved every crop year since crop year 2020. 100% of the PMPKL contracted farmers used sustainable and traceable fuelwood during 2023 as certified by PwC in a formal audit.

Prior to the tobacco curing season, PMPKL conducted 07 divisional level sustainability studies through third-party experts to identify sustainable forest divisions for sourcing fuelwood for its contracted farmers. Once sustainable divisions are identified, PMPKL ensures that all its contracted farmers are delivered with fuelwood only from those divisions. A successful Barn Automation Trial also completed in the crop year 2023 with 43 contracted farmers which saved up to 19% fuelwood per curing barn. This project contributes to the global target to achieve 50% CO_2 Reduction for Leaf by 2030 (35% in 2025).

Delivery of Sustainable Fuelwood to Farmers

Waste Bank Project 2023. PMPKL believes in protecting the environment from hazardous and nonhazardous wastes. During crop 2023, 100% of its contracted farmers were covered in a waste collection project run by our 3rd party partners to ensure clean premises. The waste collected was safely disposed off. A total of 3.01 tons of hazardous and non-hazardous waste was collected during crop year 2023.

Waste Bank Collection Units

Steel furnace installation and barn improvement with venturi furnaces. Apart from ensuring sustainable and traceable firewood usage by all its contracted farmers, PMPKL introduces barn and furnace improvements to reduce firewood consumption in tobacco curing thereby reducing CO_2 emissions and farmers' cost of production. PMPKL improved 86% furnaces of its contracted barns. Similarly, 05 metallic furnaces were installed successfully at 05 locations during the crop year 2023 on a trial basis. Fuel saving from metallic furnaces was about 11.54% vs commonly used venturi furnaces.

Modified/Improved Furnace

Boiler Fuel Conversion from Furnace Oil to LPG. Among other initiatives to conserve the environment PMPKL successfully converted the boiler fuel for its Green Leaf Threshing Plant's operation from furnace oil to Liquified Petroleum Gas (LPG) which is a relatively cleaner fuel in 2021. Due to this conversion, during 2023, a total of 300,882 Kgs of Co_2 emission is reduced which corresponds to a 15.7% CO_2 footprint reduction vs the 2019 baseline. Further, due to the use of Govt. grid power (instead of self-power generation from diesel oil) resulted in a reduction of 115, 067 kgs of CO_2 emissions vs the 2019 baseline. Through these two initiatives, in total PMPKL Mardan factory managed to reduce carbon emissions by 21.7% vs the 2019 baseline.

Green Energy Generation. In line with Phillip Morris International's (PMI) vision to achieve carbon neutrality for direct operations by 2025, Philip Morris (Pakistan) Limited (PMPKL) manufacturing team has undertaken multiple projects in the past 4 years to improve energy efficiency and increasing reliance on renewable energy sources.

Under the initiative, PMPKL reduced energy consumption by approximately 46% in terms of energy consumed per Million of Cigarettes (Mio/Cig) produced from 2018 as a baseline. In 2023, PMPKL consumed 364,640 kWh less electricity after offsetting the impact of a 40% volume reduction compared to 2022 by eliminating transformation, transportation & consumption losses on utility equipment, auxiliaries, and production machines. In 2023, PMPKL's Sahiwal factory generated 15% of its total yearly energy demand from renewable energy.

Water Stewardship. PMPKL conducted a detailed water-risk assessment by using various sets of publicly available data to identify the main water-related challenges that the factory is subjected to, as well as those shared by local stakeholders.

PMPKL at its Sahiwal Factory, reduced the water consumption by 47% in terms of water consumption per Million Cigarettes (Mio/Cig) produced from 2018 as a baseline. PMPKL Sahiwal is now operating with ZERO effluent discharge and utilizing treated water in different routine activities.

PMPKL Sahiwal factory embarked on its AWS journey in 2022 following a successful initial audit which led to the acquisition of AWS Certification in 2023.

AWS Certification Celebrations
AWS Team-PMPKL Sahiwal

Installation of washroom and drainage system rehabilitation. As part of the water risk assessment and AWS certification, PMPKL Sahiwal team installed 6 toilets/ washrooms in local community schools. To promote hygiene, the team also installed 4 wash stations/ abulation in the local area. The drainage system in local community public schools were also repaired to promote hygiene.

Washrooms Installation in Community Schools

Art Competition in local Community School. To promote the interest in water conservation an art competition was also organized by the PMPKL Sahiwal Team in the local girls community schools. Portable water bottles were distributed among participants of water conservation themed art competition. A total of 40 students participated in the competition and 10 faculty members were engaged.

Awareness Session on Water Scarcity and Conservation. Under the Water Scarcity and Conservation Program, PMPKL Sahiwal factory carried out an awareness session in the local community at the Girls High school. The participants were briefed about the Importance of hygiene and clean water for drinking. More than 50 participants took part in the session.

Drip Irrigation Promotion and Awareness Session with Farmers. PMPKL Sahiwal team conducted a detailed session on the drip irrigation system under the drip irrigation promotion project with local farmers of the nearby community. The existing system on the farmland is not functional due to missing technology or malfunctioning of the system. Under the project, assistance will be provided in terms of vendor selection, technology refurbishment, and administrative or engineering control to restore the drip irrigation system in a functioning condition.

Boiler Improvement Efficiency Project. In line with our commitment to protect the environment, PMPKL at its Sahiwal Factory, reduced 72,873 kgs of carbon emissions by improving boiler efficiency by 4% through eliminating steam losses, boiler operation setpoint reduction by 0.4 bars and upgradation of boiler air fuel control system adjusted through O2 trim.

PROMOTING SUSTAINABILITY
WITHIN THE OFFICE

1

PMPKL arranged an awareness session at the Head office where along with the internal speakers, the external guest was also invited to talk about sustainable practices and promote sustainable living by making conscious choices.

2

Created a dedicated email domain "PMPKL Sustainability" to focus mainly on creating awareness among employees regarding sustainability topics and rolled out frequent awareness messages throughout the year to promote the importance of sustainable living.

3

Aligned with our sustainability agenda, PMPKL shifted the operations of its Gujranwala office to renewable energy. More offices will be shifted to renewable energy in the future.

4

Energy conservation campaign where we distributed and placed awareness messages across all locations to create awareness about energy conservation.

5

Continued the cautious use of energy by maximum utilization of daylight by switching off unnecessary bulbs/lights and replacement of Bulb/lights with LED lights.

6

Continued the phase-wise installation of sensor taps at our new office to control water consumption.

7

Daily announcements/ reminder messages on a pilot basis at Head Office to remind colleagues about the importance of energy conservation.

8

Rolled out "I Pledge" movement to motivate and encourage employees to take oaths to switch to sustainable options in their personal lives.

9

Sustainable bags (cloth bags) were distributed to employees during the year.

10

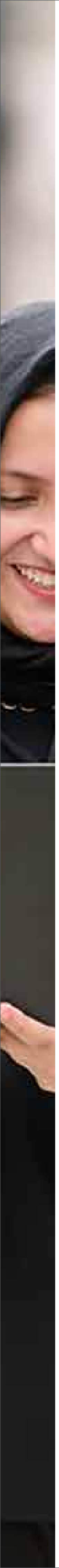
PMPKL at its Sahiwal factory conducted internal awareness campaigns on water conservation and employees were engaged and educated on conscious water conservation through the use of video clips, awareness emails, posters, and dedicated workshops.

We Are Better Together

Our heritage is built on relationships, trust, and collaboration. To continue delivering on our bold ambitions, we have the discipline to set aside egos, break down silos, and unite as One PMI. We are curious. Aware that our strengths may differ, we seek diverse perspectives, and we recognize and celebrate each other's contributions. Our competition is outside, not within – we learn as a team, and we win as a team.

Behaviors:

- **Trust:** Earn and maintain trust through our actions, transparency, honesty, and open communication
- **Collaborate:** Have the discipline to set aside egos, break down silos, choose long term over short term, and come together for a shared purpose
- **Celebrate:** Timely acknowledge successes (big and small), recognizing and valuing everyone's contributions



Women Inspiration Network – WIN, is an Employee Resource Group established to support, inspire, and empower the women of PMI to succeed and reach their full potential. WIN helps female employees to network, improve skills, be inspired and share insights with other women and male allies.

During 2023, at PMPKL the WIN sessions were run by our female WIN Champions from the business. They took the lead and ran the sessions with P&C. We aspire to further leverage on this network to engage with women of PMPKL.

WIN Pakistan & India Culture Meets Courage. The P&C team at PMPKL collaborated with Indian counterparts to build an intercultural and intergenerational community of women at PMI who support and encourage each other. The women leaders from both markets shared their success stories to inspire others. This session was hosted by the Managing Directors of both markets to show their support for women empowerment.

Wellbeing. 2023 was a year focused on holistic employee wellbeing with our initiatives designed to support physical & psychological needs along with the need for self-fulfillment so that employees can bring their best selves to work.

We started with our wellness month by creating awareness about all our offerings. We also made the self-help learning tools available on our platforms. Along with available resources. We arranged sessions with experts on health matters, nutrition, and diseases. During the year, we also started a conversation on mental health for the first time with a renowned psychologist /psychiatrist to create awareness among our employees on the importance of mental well-being. To promote the importance of physical health the employee's Staff Club was also introduced to facilitate sports and other engaging activities.

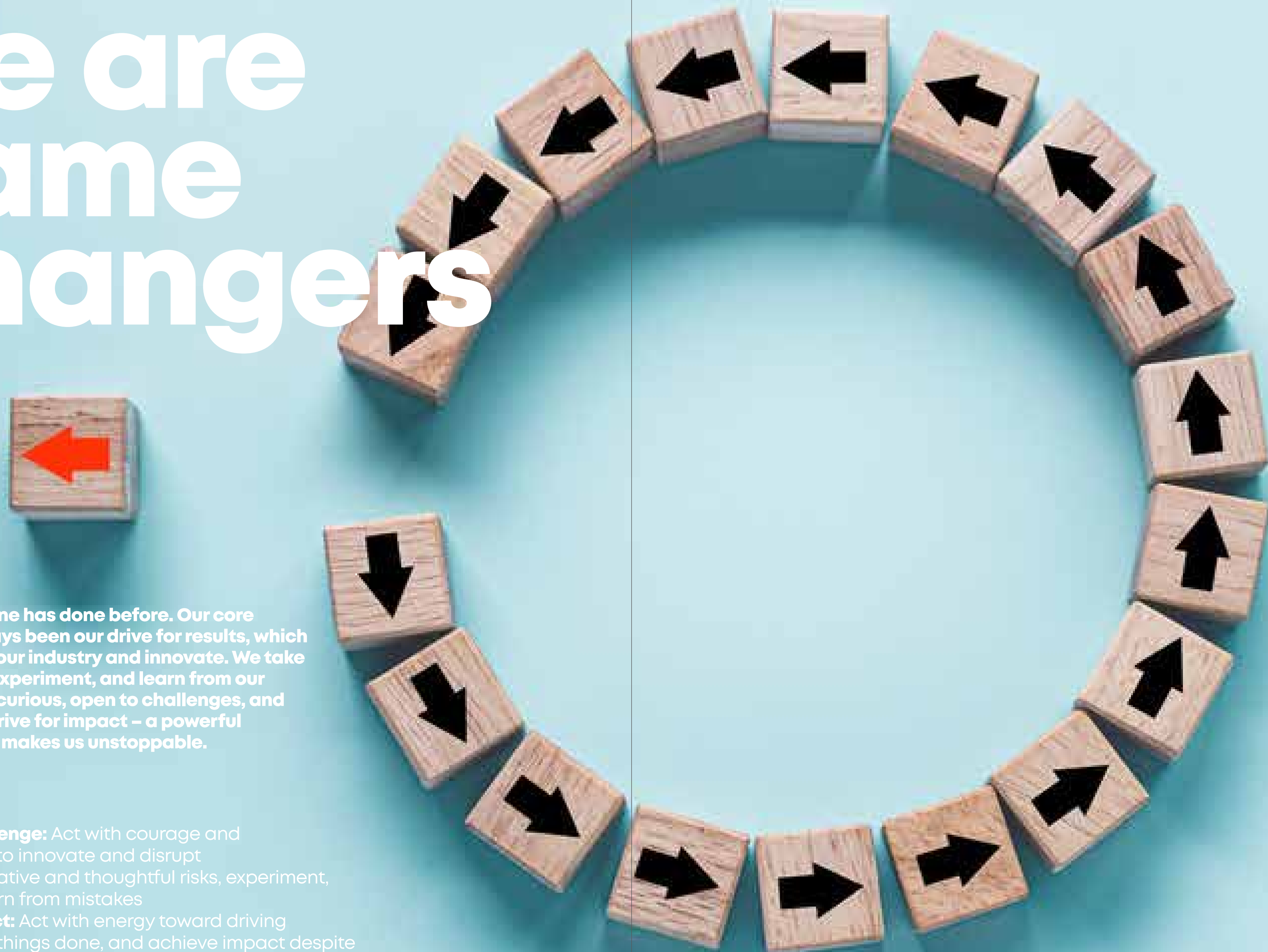
Learning. PMPKL is continually fueling a dialogue on diversity, equity, and inclusion to create and maintain a work environment where everyone is seen, heard, and recognized. With focus on upskilling our employees, sessions were conducted on unconscious bias & inclusive leadership. To equip our line managers & leaders with critical skills we had sessions on interviewing skills and high performing teams. During the year a learning competition was also arranged to promote crucial business skills for all "Learning Pathways" under the umbrella of Own Your Career.

We believe in empowering women and providing unique opportunities for them. PMPKL launched Make Your Come Back (MYCB) in 2021 with the aim to provide a platform to women who have taken a break and wish to transition back into their careers. The goal through MYCB is to create an opportunity for such women by involving them in inspiring and meaningful projects, while refining & building their skills to enhance their future employability.

In 2023, we ran our third round of the Make Your Come Back Program and encouraged more women to join the workforce to contribute to the overall business community. Our focus was to showcase that regardless of your career break you can still follow your passion and be successful. The program also builds a strong brand presence for PMPKL in the industry as an inclusive and diverse organization. The program has been recognized on global platforms as one of the best practices.

MAKE YOUR COME BACK

We are Game Changers



We do things no one has done before. Our core strength has always been our drive for results, which we use to disrupt our industry and innovate. We take thoughtful risks, experiment, and learn from our mistakes. We are curious, open to challenges, and confident in our drive for impact – a powerful combination that makes us unstoppable.

Behaviors:

- **Embrace Challenge:** Act with courage and determination to innovate and disrupt
- **Agile:** Take initiative and thoughtful risks, experiment, adapt, and learn from mistakes
- **Drive for Impact:** Act with energy toward driving outcomes, get things done, and achieve impact despite challenges and adversity

NEW

ZYN

PMPKL launched ZYN, the next generation of oral smoke-free products from Europe, in 2023.

ZYN has a unique blend of flavors that have been perfected over five generations. ZYN nicotine pouches bring together heritage and expertise to create a harmonious nicotine experience.

ZYN nicotine pouches are completely tobacco-free and offer a balanced and convenient nicotine experience for all legal-age nicotine users.

ZYN nicotine pouches are available in three exciting flavors and two levels of nicotine strengths in Pakistan.

THIS PRODUCT IS NOT SAFE AND CONTAINS NICOTINE, WHICH IS ADDICTIVE. FOR ADULT USE ONLY.

IQOS ILUMA PRIME

In September 2023, PMPKL introduced IQOS ILUMA Prime in Karachi, Lahore and Islamabad

The product is not risk free. Only for use by adults

Security & Market Safety

CAPEX Project Fire Spotter. Installed fire alarm system at 17 market sites across PMPKL. Fire alarms are one of the most important measures to proactively manage the fire risk. They save lives, mitigate property damage, and help ensure the safety of our employees and contractors.

World Day for Safety and Health at Work. On "World Day for Safety and Health at Work" a campaign was launched, with an aim to embed risk ownership into business, namely Risk Hunter activity, which enabled the employees to identify OHS hazards at a workplace. It is instrumental in promoting OHS culture across the company.

Branding & Visualization Project. Deployed EHS visuals, signages and safety equipment (anti-slip tapes, wet boards) across all our market sites to promote occupational safety awareness and overall safety of our employees.

Emergency Preparedness & Response. Provided ERP training across the market to equip the employees to deal man-made and natural emergencies. Revamped all ERP templates for each site which highlights the essentials required to deal with an emergency including site plan, emergency contacts, emergency equipment and key responsibilities.

Defensive & Commentary Drive Training. Provided defensive & commentary drive trainings to 100% working tool vehicles drivers. Defensive driving is a set of skills and techniques that enable drivers to anticipate and avoid potential hazards on the road which is very valuable to ensure the safety of the employees and contractors while driving.

Fleet Safety Recognition Campaigns. To recognize the safe driving efforts and promote safe driving behaviors, a fleet safety championship campaign was conducted throughout the year. Other than that, a "Fleet Safety Year-end campaign (New Year Heroes – Behind the Wheel)" was also launched for all working tool drivers to prevent fleet accidents towards year end 2023.

Fleet Safety Infographics. Developed 17 high quality fleet safety infographics which are being utilized to promote defensive driving behaviors through frequent email blast. The infographics include Learnings from Incidents and other key safe driving techniques.

Upgradation of National Command & Control Centre. Given the high-risk conditions in Pakistan, it is crucial to adopt a proactive security approach. This entails constant monitoring, staying informed about security developments, and being prepared for emergencies. To address these challenges, Pakistan's Security & Market Safety team enhanced the National Command & Control Centre (NCCC) in 2023. This upgraded setup now serves as the central hub for security and safety operations. It offers improved capabilities for real-time electronic surveillance of critical infrastructure, monitoring security updates, sharing vital information with employees, responding to incidents, tracking employees in high-risk areas, adhering to the S&MS communications calendar, and providing emergency response as necessary

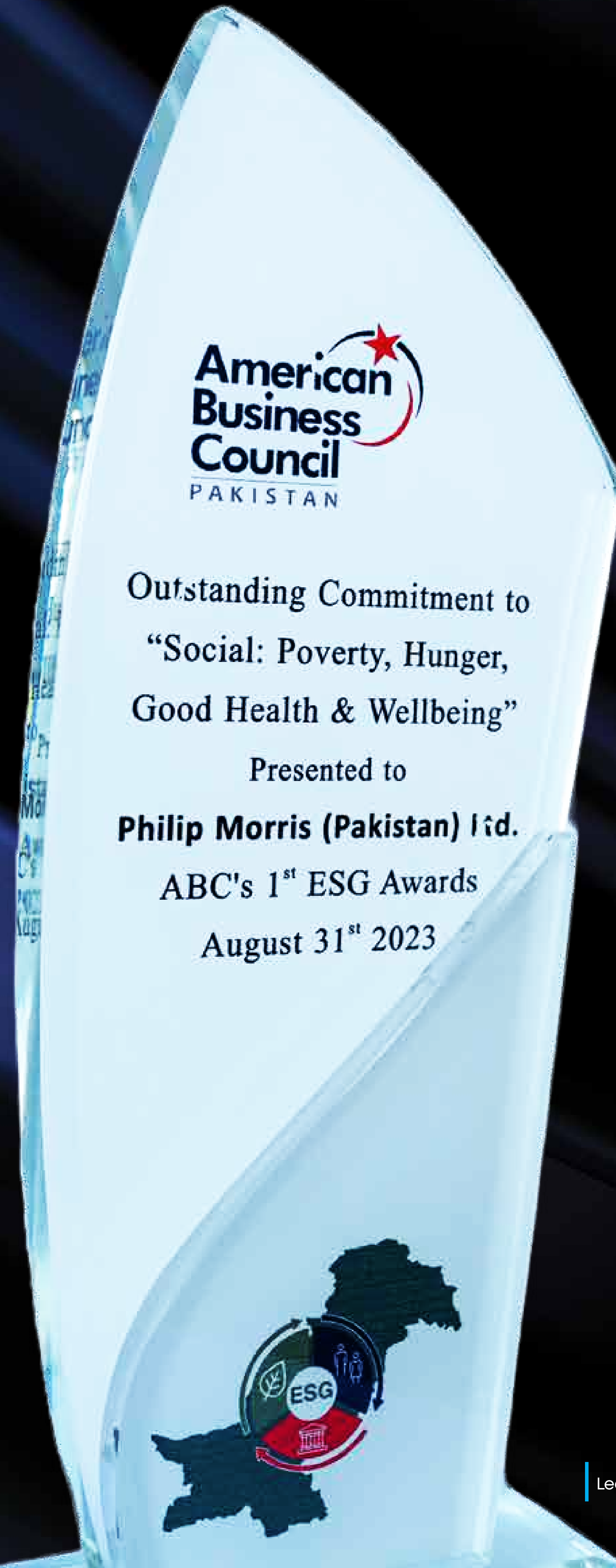
Project Make Strides. This project focused on implementing technical security upgrades for Leaf (Pakistan). We successfully completed the CCTV installation work at five buying stations/leaf sites.

Project Make Peace. As part of our Road Map 2023, we initiated "Project - Make Peace" to create a weapon-free environment. This project was gradually implemented in low-security risk areas. By July 1st, 2023, we had successfully disarmed 19 out of 32 sites.

Acquiring of Satellite Communication Capability. Pakistan is prone to different natural calamities such as earthquakes, floods, and landslides. These disasters frequently cause disruptions in the regular communication infrastructure. Recognizing the significance of satellite communication, S&MS PK has recently obtained the Thuraya communication system (Thuraya XT Lite). This acquisition is a major milestone in safeguarding the well-being and security of our employees and business. After conducting training sessions on proper usage and handling, selected employees have been provided with these handsets.

CAPEX Project Falcon Eye. The project aims at attaining a technically securer and sustainable future for PMPKL. This initiative spans across 9 sites in Pakistan, reinforcing security and ensuring a sustainable future for the business. Despite challenges, we are dedicated to safeguarding our people and business interests.

AWARDS AND ACHIEVEMENTS



Financial Highlights for Last Six Years

Year ended December 31, 2023

	2023	2022	2021	2020	2019	2018
	(Rupees in thousand)					
Share Capital						
- Ordinary shares	615,803	615,803	615,803	615,803	615,803	615,803
- Preference shares	10,464,000	10,464,000	10,464,000	10,464,000	10,464,000	10,464,000
Transaction cost on issuance of Preference - net of tax	(33,911)	(33,911)	(33,911)	(33,911)	(33,911)	(33,911)
Reserves	4,548,931	4,188,832	2,325,580	27,607	(395,009)	1,564,754
Share Holders' Equity	**15,594,823**	**15,234,724**	**13,371,472**	**11,073,499**	**10,650,883**	**12,610,646**
Lease liabilities	265,035	251,145	134,142	325,422	416,752	-
TOTAL CAPITAL EMPLOYED	**15,859,858**	**15,485,869**	**13,505,614**	**11,398,921**	**11,067,635**	**12,610,646**
Fixed assets - NET	5,577,337	5,746,361	5,578,756	6,031,405	6,109,548	7,348,030
Investment in a subsidiary company	1	1	1	1	1	1
Long-term deposits	73,582	91,952	78,520	79,184	57,361	50,545
Deferred tax assets	144,269	19,073	651,482	1,069,520	1,399,704	659,761
Working capital	10,064,669	9,628,482	7,196,855	4,218,811	3,501,021	4,552,309
TOTAL ASSETS	**15,859,858**	**15,485,869**	**13,505,614**	**11,398,921**	**11,067,635**	**12,610,646**
Turnover	56,603,459	48,483,065	44,110,228	40,642,026	37,986,339	36,102,925
Profit / (Loss) before tax	955,666	4,271,687	3,343,306	2,554,392	(2,492,990)	616,908
Profit / (Loss) after tax	379,801	2,809,746	2,306,663	1,764,848	(1,979,999)	543,151
Dividends declared (Cash)	-	(1,003,340)	-	(1,348,283)	-	(747,390)
	(Rupees)					
Break-up value of shares	253.24	247.40	217.14	179.82	172.96	204.78
Net Earning / (Loss) per Share	6.17	30.33	37.46	16.76	(32.15)	1.68

Corporate information

BOARD OF DIRECTORS

KAMRAN Y. MIRZA	(Until October 28, 2023)	(Chairman)
SARFARAZ AHMED REHMAN	(From October 29, 2023)	(Chairman)
ROMAN YAZBECK		(Chief Executive)
MUHAMMAD ZEESHAN		
PATTARAPORN AUTTAPHON		
NADIA WARIS*	(From October 29, 2023 until March 7, 2024)	
PETER CALON	(Until October 28, 2023)	
MIRZA REHAN BAIG		
JUNAID IQBAL		

*Ms. Nadia Waris resigned from the board dated March 7, 2024

COMPANY SECRETARY

SANA ENAIT HASHMI

AUDIT COMMITTEE

MIRZA REHAN BAIG		(Chairman)
NADIA WARIS	(From October 29, 2023 until March 7, 2024)	
PATTARAPORN AUTTAPHON		
SANA ENAIT HASHMI		(Secretary)

HUMAN RESOURCE & REMUNERATION COMMITTEE

SARFARAZ AHMED REHMAN	(From October 29, 2023)	(Chairman)
ROMAN YAZBECK		
NADIA WARIS	(From October 29, 2023 until March 7, 2024)	
JAY RAMOS	(From September 1, 2023)	(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
HABIBMETRO BANK
BANK OF CHINA

LEGAL ADVISOR

IJAZ AHMED & ASSOCIATES

REGISTERED OFFICE

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

FACTORIES

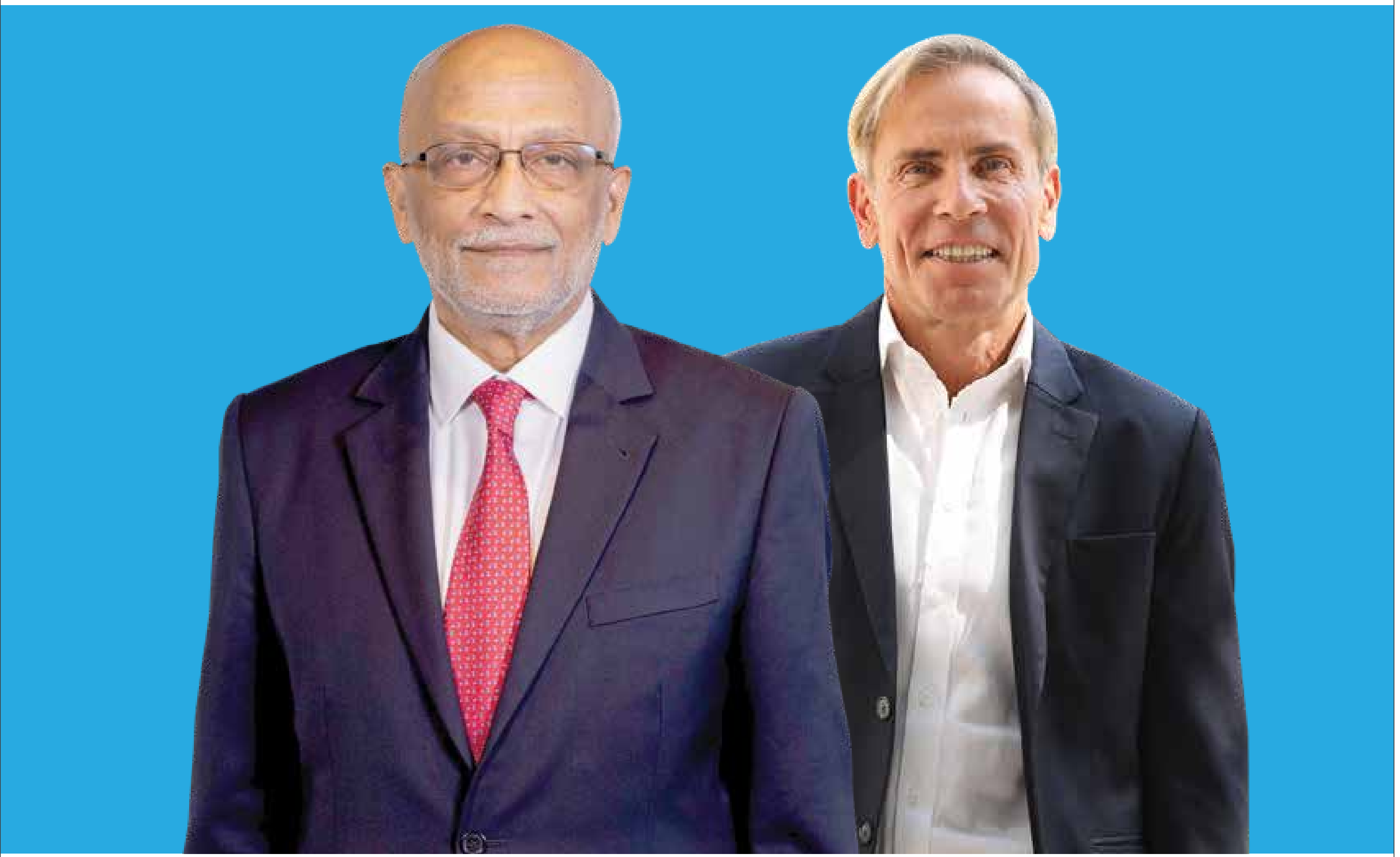
1. G.T ROAD, QUADIRABAD, DISTRICT: SAHIWAL (PUNJAB)
2. LEAF DIVISION COMPLEX, 22ND KM, MARDAN SWABI ROAD, MARDAN (KPK)

SHARE REGISTRAR

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

Website : **http://philipmorrispakistan.com.pk**
Email : **pmpk.info@pmi.com Email : pmpk.info@pmi.**

Message from the CEO & the Chairman of the Board



On behalf of the Board of Directors, we are pleased to present to you the Annual Report of Philip Morris (Pakistan) Limited ("PMPKL") for the year ended December 31, 2023. This year has been a testament to resilience and adaptability in the face of formidable economic challenges and shifting political dynamics.

In 2023, Pakistan faced a tough economic ride with high inflation, political uncertainties, and the impact of the previous year's floods. Yet, despite the tough local economic conditions coupled with global trade tensions and geopolitical intricacies, new signs of progress continued to emerge. The country ensured the implementation of smart strategies like managing imports and working with the IMF which helped stabilize the economy, although the currency continued to remain volatile. Going forward, it is crucial for Pakistan to address fundamental economic concerns to secure a path to long-term economic stability.

The implementation of Track & Trace System ("TTS") i.e., electronic monitoring and tracking of specified taxable goods (including tobacco) marks a significant milestone in enhancing tax revenues, curtailing counterfeiting and tax evasion, and preventing smuggling of illicit goods. While progress has been made for the implementation of the TTS, enforcement challenges still persist, especially with the non-tax-paid sector posing substantial tobacco revenue losses to the National Exchequer. Addressal of these challenges demands a collaborative effort and effective and sustained enforcement measures.

Despite economic headwinds and significant excise hikes, PMPKL continued its contribution to the National Exchequer, reflecting resilience and responsible corporate citizenship.

Our commitment to sustainability goes beyond operational efficiency; it is about driving innovation, creating value, and fostering positive impact. Initiatives such as skill training programs for adolescents, promoting water efficiency, and empowering women through programs like Make Your Come Back demonstrate our dedication to sustainable practices and social progress.

Our employees are our greatest asset, and we prioritize their well-being through flexible work arrangements, professional development opportunities, and comprehensive healthcare benefits. Our new multi category product portfolio represents our ongoing journey towards providing better alternatives for adult smokers who do not quit and would otherwise continue to smoke.

Looking ahead, our vision remains steadfast in creating value for all stakeholders and conducting business with integrity.

In closing, we extend our heartfelt gratitude to our shareholders, employees, and stakeholders for their unwavering support and dedication. Together, we navigate challenges, embrace opportunities, and strive for excellence.

Sarfaraz Ahmed Rehman
Chairman

Roman Yazbeck
Chief Executive Officer

Profiles of Board of Directors

Sarfaraz Ahmed Rehman
Chairman Board

A start-up and turnaround specialist, involved with iconic projects for most of his career.

Commenced with Unilever; moved to SB (GSK), during their merger years. Joined Jardine Matheson/Olayan JV in the Middle East, where he setup the first logistics service provider in the region. Moved to PepsiCo and was Country Manager for Pakistan and Afghanistan. In 2005 started Engro Foods as CEO. It became a leading FMCG company. Engro Foods won the G20 Global Top 15 Companies award. The only Pakistani company to get this award.

Took a sabbatical and moved into the social responsibility sector with Dawood Foundation for the KSBL education project in 2012. Rejoined Engro Foods as CEO in 2013 and successfully turned around the Company by 2015. EFL (a billion-dollar FMCG) in 2015. Sold 51% shares to Royal Friesland Campina. At the time the largest private foreign investment in Pakistan's history.

For a period provided advisory consultancy and coaching to create an impact. Also was an Executive Coach for Grant Thornton for two years. Used his spare time for mentoring and coaching of young executives/college leavers and give motivational speeches at events. Was the Chairman of the Broadcasters and Advertisers Council 2015-18, Chairman of the first Effie Awards (Oscar of Advertising) in Pakistan 2018.

In 2020 joined FFBL as CEO, with a specific purpose of streamlining group and rescue operations. The group revived dramatically and in 2021 posted very good results, including resolving its liquidity issues. In 2021 moved across to FFC as CEO, with the purpose to set the footprint and direction of the Company for the next decade or so. In the meantime, the two group food companies Fauji Food and Fauji Freeze have both come out of a long troubled period and are now posting good results.

Roman Yazbeck
Chief Executive Officer

Mr. Roman has built an impressive career in Philip Morris International (PMI) since joining in 1996, defined by progress and passion across functions and continents.

He has served in a wide range of positions within PMI including Controller, Director Finance and Director Corporate Affairs in Italy to Managing Director Romania and Bulgaria to Vice President Africa and the Levant. His previous assignment at PMI was Vice President External Affairs & Business Development for South & South East Asia.

Prior to joining PMI, Roman has also worked with other leading organizations in Italy and the United Kingdom.

He holds a master's degree in Economics from the London School of Economics and Political Sciences and an MBA from INSEAD.

Muhammad Zeeshan
Chief Financial Officer

Mr. Zeeshan qualified as a Chartered Accountant in 2006 from The Institute of Chartered Accountants of Pakistan.

He started his career in Philip Morris (Pakistan) Limited as Manager Marketing Finance in 2008. Since then, he has assumed various roles across the functions including an assignment in Regional Head Quarter (HQ) in Hong Kong. He has gained experienced in Budgeting & Reporting, Risk & Controls (including Internal Audit), Business Development & Planning, cross functional role in Commercial as Zone Manager Sindh and long term assignment to Switzerland (PMI's HQ) in global Finance team. Effective February 2019 he took the current role of Chief Financial Officer of Philip Morris (Pakistan) Limited.

Nadia Waris
Board Member

Nadia started her journey with Philip Morris (Pakistan) Limited in 2007 as General Manager Internal Controls, Compliance and Chief Internal Audit Pakistan. Due to her hard work and passion, within a short span of two years, she assumed the position of Manager Accounting and Budgeting Middle East.

Nadia built an impressive career within Philip Morris International by working across various regions at senior level positions. Currently she is working as Regional Head Risk & Controls, SSEA, CIS and MEA.

Prior to joining PMI, Nadia has also worked with other leading organizations in Pakistan. Nadia has extensive experience in C-level & senior management positions with a demonstrated history of 20 plus years. Nadia is a qualified Chartered Accountant from the Institute of Chartered Accountants of Pakistan and from Institute of Chartered Accountants of England and Wales.

Pattaraporn Auttaphon
Non-Executive Director

Ms. Pattaraporn Auttaphon started her career with Philip Morris Thailand in 2001 as Accounting Supervisor, followed by several positions of increasing responsibilities within Finance including Procurement, Treasury, Planning and Business Development. Presently she holds the position of Regional Controller SSEA, CIS and MEA.

She holds a Bachelor and Master's degrees of Business Administration from Thammasat University, Thailand.

Mirza Rehan Baig
Independent Director

Mirza Rehan Baig has extensive FMCG experience in C-level & senior management positions, building brands and businesses in strategic and emerging growth markets. He has a proven track record in driving growth, leading teams, growing and mentoring talent, building relationships and collaborating across all seniority levels for a FTSE 10 company and a strong track record of managing P&Ls and delivering results in international growth markets and complex environments in APAC and ME.

Rehan has held various management and marketing roles in Africa, Middle East and Asia Pacific in locations such as Hong Kong (HK), Indonesia, Lebanon, Dubai and Pakistan. He has represented various firms on listed company boards and continue to do so.

Rehan is partner of Rizwan Beyg Design, a leading fashion house in Pakistan, Co-Founder Pomegranate Kitchen, a catering and private dining business in Hong Kong that has won several awards.

Rehan is currently serving as Chief Corporate Affairs and Sustainability Officer at ACWA Power - a developer, investor and operator of power generation and desalinated water plants with 64 assets in operation, construction or advanced development across 13 countries. An Advisor for Sprint Milestone - an automation, analytics, and AI software company in Asia Pacific that helps clients through digital transformation. He is also an advisor to Digitact UK - specialists in RFID and software applications.

He has graduated from McGill University with a BA Economics and Political Science and has been trained in General Management, Finance, Leadership, Strategic Marketing with IMD Business School. Rehan also has a Postgraduate Diploma in Digital Marketing from Institute of Digital Marketing London. He is also a qualified PICG director.

Junaid Iqbal
Independent Director

Junaid is the founder and CEO of Salt Ventures, a MENAP focused early stage venture investing and advisory firm with stakes in foremost startups, that are disrupting retail, logistics, fintech, agri, health and construction industries.

He has a strong record of accomplisments in leading turnaround and growth strategies. As the founding CEO of Careem, he led the introudction of this new concept to Pakistan, making it a household name within a few years.

Previously, he served as the CEO of Elixir Securities and BMA Financial Services.

He holds a B.Sc in Economics from the University of Michigan, Ann Arbor.

Senior Management

Roman Yazbeck
Chief Executive Officer

Muhammad Zeeshan
Chief Financial Officer

Muneeza Kazi
Assistant General Counsel (Head of Legal)

Muhammad Khurrum Qamar
Director External Affairs

Peter Piroch
Director Commercial Operations

Jay Ramos
Director People & Culture

Muhammad Saadi Mansuri
Head of Marketing

Soban Farooq
Director Smoke Free Portfolio

Faisal Mushtaq
Director Manufacturing

Andleeb (Uroos) Ahmed
Head of Communications

Salman Anwer Ali Khan
Head of Operations Customer Service

Nida Shamim
Manager IT

Faizan Elahi
Director Strategy & Program Delivery

Irshad Khan
Head of Leaf

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

For the Year Ended December 31, 2023

This Statement is being presented to share the status of compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the "Regulations") by Philip Morris (Pakistan) Limited ("the Company") during the year ended December 31, 2023. The Company has complied with the requirements of the Regulations in the following manner:-

1. The total number of Directors as at December 31, 2023 were seven (7) as per the following:
   (a) Male: Five (5)
   (b) Female: Two (2)

2. The composition of the Board as at December 31, 2023 was as follows:

Category	Name
Independent Directors	Mr. Sarfaraz Ahmed Rehman Mr. Mirza Rehan Baig Mr. Junaid Iqbal
Non-Executive Directors / Female Directors	Ms. Pattaraporn Auttaphon Ms. Nadia Waris
Executive Directors	Mr. Roman Yazbeck Mr. Muhammad Zeeshan

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Company;

4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("Act") and these Regulations;

7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency and recording minutes of meeting of the Board;

8. The Board has a formal policy and transparent procedures for the remuneration of Directors in accordance with the Act and the Regulations;

9. As on December 31, 2023, out of seven (7) directors on the Board, two (2) directors have acquired the Directors Training Program (DTP) certification.

10. During the year, there was no fresh appointment of the Chief Financial Officer (CFO), Company Secretary (CS). However, the Head of Internal Audit (HoIA) was appointed effective August 1, 2023 directly by the Board of Directors. Revisions in the remuneration of the CFO, HoIA, and the CS for the year ended December 31, 2023 were made as per the Company policy in line with their terms of appointment.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed the following committees, the composition of which as at December 31, 2023 was as follows:

    (a) Audit Committee

Name	Designation
Mr. Mirza Rehan Baig	Chairman
Ms. Nadia Waris	Member
Ms. Pattaraporn Auttaphon	Member

    (b) Human Resource and Remuneration Committee

Name	Designation
Mr. Sarfaraz Ahmed Rehman	Chairman
Mr. Roman Yazbeck	Member
Ms. Nadia Waris	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings of the committee were as per following:

    (a) Audit Committee - Four (4)
    (b) Human Resource and Remuneration Committee - One (1)

15. The Board has set up an effective internal audit function;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed applicable IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with.

19. Explanation for non-compliance with the requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

(a) The minutes of meeting of the Board were circulated to the Board after lapse of fourteen days of respective Board meetings but before ensuing the Board meeting following the completion of the minutes preparation.

(b) Although five of the directors of the Company have not obtained DTP certificate, the Company believes that all its directors are highly qualified and experienced. The Company also believes that the training requirements for its head of departments and executives, including female executives, are completed through in-house trainings.

(c) In view of the fact that the change of head of internal audit with effect from August 1, 2023 was as a result of internal human resource reorganization, the matter was not formally placed before the Board Audit Committee but directly taken up by the Board of Directors on the recommendation of the Board Human Resource and Remuneration Committee.

(d) The Board has not constituted a separate nomination committee and the functions are being performed by the Board Human Resource and Remuneration Committee.

(e) The risk management committee has not been constituted and the risk management areas are discussed and deliberated upon in the Board Audit Committee and subsequent findings are presented to the Board.

(f) The Company has not placed certain policies and terms of reference of the Board's committees on its official website as these have only been recommended by the Regulations.

The Board has been guided by the fact that the above requirements are not mandatory and the necessary explanation under the Regulations have been included above.

Sarfaraz Ahmed Rehman

Sarfaraz Ahmed Rehman
Chairman
Date: March 22nd, 2024

Independent Auditor's Review Report

To the members of Philip Morris (Pakistan) Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Philip Morris (Pakistan) Limited for the year ended December 31, 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2023.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: April 4, 2024
UDIN: CR20231005676GQ2RhDr

Review Report by the Chairman on Board's Overall Performance u/s 192 of the Companies Act, 2017

For the Year Ended December 31, 2023

It gives me great pleasure to present the Annual Report for the year ended December 31, 2023 to the shareholders of Philip Morris (Pakistan) Limited ("the Company") and to comment on the overall performance and effectiveness of the Board of Directors ("the Board").

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 an annual evaluation mechanism was put into place for the evaluation of the Board, individual Directors, and its committees. This process has been carried out by A/F Ferguson as permitted under Section 6 (ii) of the Listed Companies (Code of Corporate Governance) Regulation, 2019. The purpose of this evaluation is to assess the Board's overall performance and effectiveness which is measured and benchmarked against expectations in the context of objectives set for the Company. Areas of improvement are duly considered, and action plans are accordingly framed.

As Chairman of the Board, I can affirm that the Directors are encouraged to contribute to strategic issues so as to improve the performance of the Company.

1. Vision, mission and values:

Board members are familiar with the current vision, mission and values. The Board revisits the mission and vision statement from time to time.

2. Engagement in strategic planning:

The Board has a clear understanding of the stakeholders (shareholders, customers, employees, vendors and the society at large) to whom the Company serves. The Board has a strategic vision of how the organization should be evolving.

3. Diligence and Monitoring of Business Activities:

The Board members diligently performed their duties, having reviewed, discussed, and approved business strategies, corporate objectives, plans, budgets, financial statements, and other reports. It received clear/concise agendas and supporting written material in sufficient time prior to Board and Committee meetings. The Board met at least once per quarter to adequately discharge its responsibilities. The Board was periodically updated on various aspects of the Company by the Management and other independent consultants (when engaged) to ensure direction and oversight from the Board on a timely basis.

4. Diversity and Mix:

The Board members are sufficiently diverse, and each member brings experience in various fields. The constitution is a mix of Independent and non-executive Directors including female directors. The non-executive and Independent Directors are equally involved in important board decisions.

5. Governance and Control Environment:

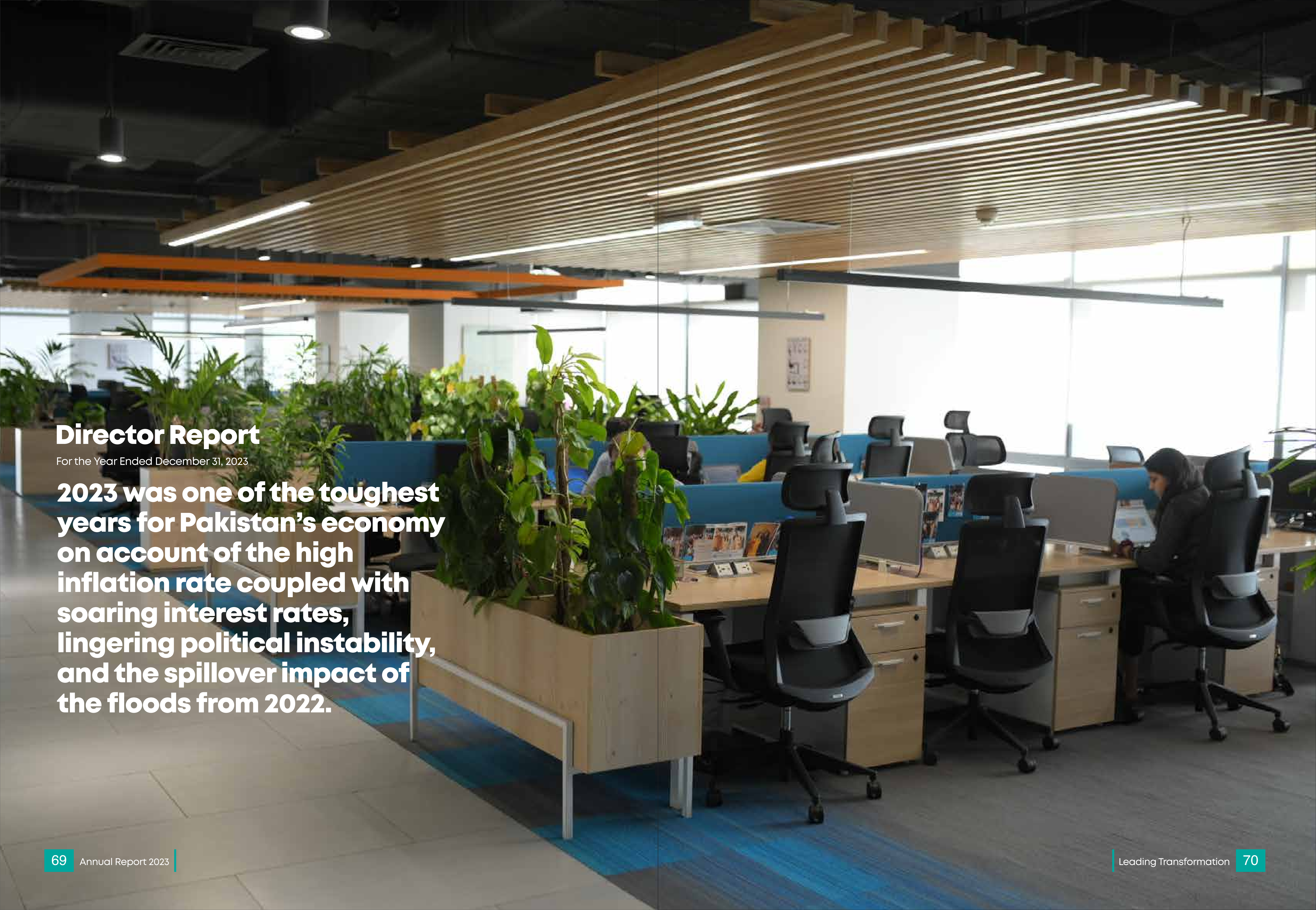
The Board has effectively put in place a transparent, proactive, and robust system of governance. Further, the Board has ensured the implementation of an effective control environment, compliance with local as well as global best practices, and promoting ethical/fair behavior across the Company.

Acknowledgment:

I would like to express my appreciation for the continued support of all stakeholders & especially acknowledge the dedication demonstrated by the employees. I will take this opportunity to also sincerely thank the Board members for their valuable contributions which helped the Company in managing its affairs in a pragmatic manner.

Sarfaraz Ahmed Rehman
Chairman

Karachi, March 22nd, 2024



Director Report

For the Year Ended December 31, 2023

2023 was one of the toughest years for Pakistan's economy on account of the high inflation rate coupled with soaring interest rates, lingering political instability, and the spillover impact of the floods from 2022.

In addition, the evolving global landscape, characterized by trade tensions, fluctuating commodity prices, and geopolitical situations added to the country's economic challenges. However, in the later part of the year, the economy witnessed some developments on the back of import rationalization, interest rate management, and inflows from the International Monetary Fund ("IMF") under the Stand-by Agreement. These developments helped stabilize the economy and manage the free fall of the Pakistan Rupee against the US Dollar, which is still at a historically high rate. The positive impact of these efforts is likely to be diluted by sizeable adjustments in energy prices, unequal and exorbitant increases in taxes on the existing taxpayers, and a growing presence of the non-tax-paid/informal sector across different industries. Thus, continued efforts are needed to address the underlying issues to pave the way for an enabling environment that will increase investors' confidence and help to attain long-term economic stability.

Industry Overview

The Track & Trace System (the "System") for the tobacco industry was implemented effective July 01, 2022 with an aim to enhance tax revenues, curtail counterfeiting and tax evasion, and prevent smuggling of illicit goods. As of January 2024, the System has been implemented in all registered cigarette factories in Pakistan. However, despite the System's implementation, noticeable enforcement is yet to be witnessed. As per market observation, a vast number of locally manufactured and smuggled cigarette brands are still sold without the mandated tax stamps. Furthermore, a significant quantity of cigarettes produced in the non-tariff area, especially Azad Jammu and Kashmir (AJ&K) are entering into the tariff area of Pakistan without paying taxes and affixation of tax stamps. In this regard, an effective and collaborative effort is needed to ensure implementation of the System and sustained enforcement against tax evasion, which will i) help address the loss of tobacco revenue to the National Exchequer, and ii) create a level playing field for the tobacco industry.

The cumulative increase of >200% in cigarette excise during the fiscal year 2022/2023, including the unprecedented excise hike of 150% in Feb'23, has resulted in the massive decline of ~35% in tax paid volumes for the period Jan-Dec'23 vs. the last year. The minimum price prescribed under the tax laws for the levy and collection of FED and Sales Tax is PKR 127.4 per pack. Based on the market observation, it is noted that non-tax-paid cigarettes are being sold at an average price of PKR 100 per pack (price gap of ~200% vs. most sold tax-paid brands) below the minimum tax price as mentioned above. The latest read on non-tax paid incidence as per market observation is estimated to be >50% (in 2022, it was ~38%), causing an estimated annual loss of more than ~PKR 240 billion to the National Exchequer and is expected to increase further without any corrective action and enforcement by the Government.

Financial Performance

Given the unprecedented excise hike during the year ended Dec 31, 2023, Philip Morris Pakistan Limited's (the "Company") volume witnessed a decline of ~40%. During the year ended Dec 31, 2023, the Company reported a Total Net Turnover of PKR 18,220 million reflecting a decrease of 8.2% vs. the same period last year. The Company's domestic Net Turnover of PKR 14,387 million reflects a significant decrease of 21.6% vs. the prior year reflecting a decline in volumes as abovementioned partially offset by excise-driven pricing. The total net turnover was supported by tobacco exports of PKR 3,833 million, (USD 14.8 million) reflecting an increase of more than 100% playing a critical role in generating FX for the country. The Company recorded a profit after tax of PKR 380 million for the year ended Dec 31, 2023, vs a profit after tax of PKR 2,810 million in 2022, reflecting a significant decrease vs. the prior year driven by the impact of the Feb'23 excise.

Contribution to the National Exchequer

For the year ended Dec 31, 2023, the Company contributed PKR 38,114 million to the National Exchequer reflecting an increase of 31% vs. the prior period even after an increase of >200% increase in excise rates. In our estimates it represents an unfortunate shift of volumes from tax-paid to the non-tax-paid sector and the resultant decline in the Company's volumes.

Sustainability & Corporate Social Responsibility

For PMI, sustainability is more than just a means to minimize negative externalities and mitigate risks while maximizing operational efficiency and resource optimization. We see it as a fundamental opportunity for innovation, growth, and purpose-led, impact-driven, long-term value creation, as well as a way to respond to the concerns of shareholders and other stakeholders. From the manufacturing of our products to their distribution and marketing, we are taking sustainable initiatives for the protection of the environment, and the development of the people and communities where we operate.

We Care

The Company has been consistently organizing Skill Training Programs for adolescent children of farmer communities for the past many years. During 2023, a total of 756 adolescent children between the ages of 15 to 17 years were enrolled across 30 training centers for skills training programs with the aim to impart lifelong skills enabling them to be financially empowered.

Farmers tend to involve children in some production activities which carries a harmful impact on the mental well-being and physical health of children due to low immunity. To eliminate children's involvement in the leaf production process, during 2023 the Company equipped its contracted farmers with a total of 199 stringing machines to carry out their operations and continues to provide them with technical support and training.

We continuously work to improve our processes, invest in novel technologies, and raise awareness among our employees. Over the years, we have implemented many initiatives to improve water efficiency and reduce water losses in our operations. The Company at its Sahiwal Factory, reduced the water consumption by 47% per Million Cigarettes (Mio/Cig) produced from 2018 as a baseline. The Company's Sahiwal factory embarked on its Alliance for Water Stewardship (AWS) journey in 2022 following a successful initial audit which led to the acquisition of AWS Certification in 2023.

The Company launched Make Your Come Back (MYCB) in 2021 to provide a platform to women who have taken a break and wish to transition back into their careers. The goal of MYCB was to create an opportunity for such women by involving them in inspiring and meaningful projects that match their experiences and aspirations while refining & building their skills to enhance their future employability. In 2023, we ran our third round of Make Your Come Back Program and encouraged more women to join the workforce to contribute to the overall business community. Our focus is to showcase that regardless of career break one can still find their passion and be successful.

In line with the human rights commitment by Philip Morris International ("PMI"), an independent Human Rights Impact Assessment was carried out in Pakistan of the entire value chain and operations of the Company by a specialized strategy and management consultancy firm Article One. The Company is committed to continue working to further improve the human rights landscape of its operations and entire value chain.

We are better together

The Company puts the well-being of all its employees as a top priority. Throughout the years, we have continued to invest in programs and initiatives aimed at supporting the physical and mental well-being of our employees. In line with this commitment, we have implemented flexible work arrangements, and comprehensive healthcare benefits covering physical as well as mental well-being. In line with the well-being initiative, we also continue to provide professional development opportunities to our employees.

We are game-changers

In line with the PMIs' commitment to delivering a smoke-free future, the Company launched nicotine pouches in Dec 22. Today our product is available in key cities of Pakistan such as Lahore, Islamabad, Peshawar and Karachi.

In September 2023, the Company also introduced heated tobacco products available in Karachi, Lahore, and Islamabad. The Company is committed to its shareholders, employees, and stakeholders by creating an opportunity in the local landscape and providing alternative smoke-free products to adult smokers who would otherwise continue to smoke.

Awards & Recognition

We feel delighted to announce that the Company received the first American Business Council Award in 2023 for its CSR and community development initiatives.

Code of Corporate Governance

The Directors of the Company are committed to their responsibilities as defined under the Listed Companies (Code of Corporate Governance) Regulations 2019 ("Code") issued by the Securities & Exchange Commission of Pakistan ("SECP"). The Company ensures that all necessary steps and procedures are in place to demonstrate its commitment to good corporate governance and compliance with the Code.

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

- The financial statements prepared by the Management of the Company represent fairly its state of affairs, the results of its operations, cash flows, and changes in its equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been applied consistently in preparing the financial statements. Accounting estimates are based on reasonable and prudent judgment.
- Approved accounting standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.
- The Company's system of internal controls is sound in design and has been effectively implemented and is continuously reviewed.
- There are no doubts about the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- A summary of the key financial highlights for the year and of the assets and liabilities of the Company as of December 31, 2023, and for the last six financial years are set out on page 53.
- Information about taxes and levies is given in the corresponding notes in the financial statements.
- The Management of the Company is committed to good corporate governance and has taken all necessary steps to ensure compliance with the Code.

Statement of Internal Controls

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

The Company has developed a sound mechanism for the identification of risks, assigning levels of criticality to key processes followed by devising effective mitigating measures where required while ensuring their implementation by the management across all functions. The progress on existing /evolving risks and mitigation plans are presented to the audit committee for information and review regularly by an independent internal audit function.

To address existing and emerging risks with both global & local implications, the Internal Audit department on an annual basis prepares annual risk assessments & audit plans for reviews and advisories, in consultation with the business and senior management. Based on such plans, regular reviews and advisories are performed to identify the significant operational, compliance & financial reporting risks and the key controls designed to address them. These controls are documented, responsibility is assigned, and are monitored for design and operating effectiveness. Controls that are found to not be effective are remediated.

The audit committee is presented with the annual risk & audit plan with subsequent updates on reviews and advisories. Additionally, the internal audit function also assists the management to achieve reasonable assurance in terms of:

- Reliability and integrity of the Company's financial and operational information.
- Effectiveness in the Company's operation to achieve desired results.
- Safeguarding of Company's assets and;
- Compliance of the Company's actions with the relevant laws and regulations.

Statement of Compliance

The Company is responsible for publishing a Statement of Compliance which forms part of this Annual Report.

Investment in Retirement Funds

The value of investments made by the employees' retirement funds operated by the Company as per their financial statements is as follows:

	PKR in Million	
Provident Fund	647	(Financial statements as of December 31, 2022)
Gratuity Fund	761	(Financial statements as of December 31, 2022)

Holding Company

Philip Morris Investments B.V. is the holding Company having 77.65% shares in the Company. Philip Morris Brands SARL is the associate Company having 20% shares in the Company.

Evaluation of the Board of Directors

The Board of Directors ("Board") has put in place a process for conducting an annual performance evaluation of the Board, individual directors, and its committees. The purpose of the evaluation is to ensure that the Board's performance is measured in terms of overall corporate objectives, the governance structure of the Company, statutory and regulatory compliance, effectiveness, collaboration, and value addition. As per the results of the evaluation of the Board's performance for 2023, the performance of the Board remained satisfactory.

Director's Remuneration Policy

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

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

The details of remuneration paid to the directors is available under note 32 of the attached financial statements.

Elections of the Board of Directors

The term of the Board expired on October 28, 2023, and the new Board of Directors was appointed through the election of Directors for a period of 3 years effective October 29, 2023.

Meeting of the Board of Directors

The Board comprises of seven Directors, of which three are independent Directors, two are Non-Executive Directors and two are Executive Directors(s). As of December 31, 2023, the Board consists of 5 Male Directors and 2 Female Directors.

During 2023, the Board held 5 meetings. The attendance of Directors in those meetings is documented and provided here under:

Name of Directors	No. of meetings held in tenure	No. of meetings attended
Mr. Kamran Y. Mirza*	5	5
Mr. Roman Yazbeck	5	5
Mr. Muhammad Zeeshan	5	5
Mr. Mirza Rehan Baig	5	4
Ms. Pattaraporn Auttaphon	5	3
Mr. Peter Calon*	5	5
Mr. Junaid Iqbal	5	2
Mr. Sarfaraz Ahmed Rehman**	-	-
Ms. Nadia Waris**	-	-

** Till October 28, 2023*
***Effective October 29, 2023.*

Leaves of absence were granted to the Directors who could not attend the Board meetings.

Board Audit Committee

The Board Audit Committee performs according to the terms of reference determined by the Board of the Company, and which conforms to the requirements of the Code issued by the SECP.

The Audit Committee comprises of three members, of which one is an Independent Director and two are Non-Executive Directors.

As at the year ended December 31, 2023, the composition of the Audit Committee was as follows;

Mr. Rehan Baig	Chairman
Ms. Pattaraporn Auttaphon	Member
Ms. Nadia Waris	Member

A total of four meetings were held during the year. The attendance of Directors in those meetings is documented and provided here under:

Name of Directors	No. of meetings attended
Mr. Rehan Baig	3
Ms. Pattaraporn Auttaphon	2
Mr. Peter Calon*	4
Ms. Nadia Waris**	-

* Till October 28, 2023
**Effective October 29, 2023.

Leave of absence was granted to the Director who could not attend the Audit Committee meeting.

Board Human Resource and Remuneration Committee (BHRRC)

The Board Human Resource and Remuneration Committee consists of three members, comprising of non-executive, independent, and executive directors.

As at the year end December 31, 2023, the composition of the BHRRC was as follows.

Mr. Sarfaraz Ahmed Rehman*	Chairman
Mr. Roman Yazbeck	Member
Ms. Nadia Waris*	Member

*Effective October 29, 2023.

During 2023, one meeting of the committee was held as required by the Code.

Training of Directors

Two out of seven Directors of the Company are already certified. The Company intends to arrange the Directors Training Program for a few of its directors in 2024.

Pattern of Shareholding

The details of the pattern of shareholding of the Company as of December 31, 2023, are included in this Annual Report as per the requirements of the Code.

Auditors

The existing external auditors, A. F. Ferguson & Co., Chartered Accountants ("Auditors") will retire at the conclusion of the ensuing annual general meeting and being eligible, offered themselves for re-appointment as external auditors for the year ending December 31, 2024. As per the recommendation by the Audit Committee, the Auditors are recommended to be re-appointed in the upcoming annual general meeting.

Accounting Policies

The Company has adopted or applied new accounting standards, amendments to approved standards, and new interpretations as applicable during 2023. Details of those are provided in the notes to the Financial Statements section 2.4.1.

Future Outlook

The Company is a fully integrated affiliate of Philip Morris International Inc. and as such will continue to benefit from global resources and expertise to help further improve its effectiveness and long-term sustainability and profitability. However, the turbulent economic situation coupled with the supply chain disruptions, rupee devaluation, and rising cost of business has negatively impacted the investors' confidence. Further, the unprecedented increase in FED and the resultant widening price gap between the non-tax paid and tax-paid cigarettes creates a challenging environment for the tax-paid tobacco industry. Without effective enforcement and regularization efforts to curb the non-tax-paid tobacco sector, the tax-paid tobacco industry may be further burdened. The unexpected and unprecedented tax hike for the tax-paid tobacco companies will effectively favor the already expanding non-tax-paid tobacco manufacturers in Pakistan. This is expected to lead to shortfalls in Government revenue as more adult smokers will shift from the tax-paid sector to the non-tax-paid sector.

Despite the challenges, the management of the Company continues to be committed to improving the overall financial performance of the Company by utilizing global resources, pursuing strategic commercial activities, and bringing continuous improvements in product quality, process, and operational efficiency. The Company will also continue to support Government policies and measures to address the menace of non-tax-paid tobacco industry including enhanced enforcement through the Inland Revenue Force of the Federal Board of Revenue ("FBR").

Acknowledgments

The Directors wish to take this opportunity to thank all the Company's employees for their efforts, dedication, commitment, and support in 2023.

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

On behalf of the Board of Directors.

SARFARAZ AHMED REHMAN Chairman Board	**ROMAN YAZBECK** Chief Executive

Karachi, March 22nd, 2024

Independent Auditor’s Report

To the members of Philip Morris (Pakistan) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Philip Morris (Pakistan) Limited (the Company), which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2023 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	**Revenue Recognition**	
	(Refer notes 2.6.14 and 23 to the annexed financial statements) The principal activity of the Company is the manufacturing and sale of cigarettes, tobacco products and other smoke free products. Revenue from sale of goods is recognised when the Company satisfies a performance obligation by transferring promised goods to the customer.	Our audit procedures amongst others, included the following: • Understood and evaluated the accounting policy with respect to revenue recognition. • Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices.

S. No.	Key audit matters	How the matter was addressed in our audit
	We considered revenue recognition as a key audit matter due to revenue being one of the areas of presumed significant audit risk as part of the audit process.	• Tested on a 'sample basis', specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the correct period. • Assessed the related disclosures made in the annexed financial statements in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan.
(ii)	**Disposal of non-current assets held for sale** (Refer notes 2.6.7, 16 and 39.2 to the annexed financial statements) During the year, the Company entered into 'Agreement to Sell' dated April 12, 2023 with respect to its property (i.e. E-15) located at Kotri, Sindh along with related structural improvements and equipment resulting in classification of the property as held for sale in accordance with 'IFRS 5 - Non-current assets held for sale and discontinued operations'. Subsequent to the classification as held for sale, E-15 property along with related structural improvements and equipment having cost aggregating Rs 1,924.059 million and net book value aggregating Rs 351.232 million was sold for consideration amounting to Rs 583.953 (exclusive of sales tax) resulting in gain aggregating Rs 232.721 million which has been recorded in the annexed financial statements. The transaction being significant event that occurred during the year has been considered as a key audit matter.	Our audit procedures amongst others, included the following: • Obtained minutes of meetings of the board of directors and reviewed approval of the sale of property. • Traced the cost and net book value of property from accounting records. • Checked recognition, measurement and classification of property in accordance with 'IFRS 5 - Non-current assets held for sale and discontinued operations'. • Obtained bank statement and traced consideration relating to the sale of property. • Assessed the related disclosures made in the annexed financial statements in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: April 4, 2024

UDIN: AR202310056HD12pMkiB

Financial Statements

Statement of Financial Position

As at December 31, 2023

	Note	2023	2022
		(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Fixed assets			
- Property, plant and equipment	3	5,251,337	5,443,070
- Right-of-use assets	4	322,396	279,178
- Intangibles	5	3,604	24,113
		5,577,337	5,746,361
Investment in a subsidiary company	6	1	1
Long term deposits		73,582	91,952
Deferred taxation	7	144,269	19,073
		5,795,189	5,857,387
CURRENT ASSETS			
Stores and spares - net	8	215,791	57,503
Stock in trade - net	9	12,033,405	8,689,766
Trade debts - net	10	-	-
Advances	11	287,937	134,011
Prepayments		62,139	72,541
Other receivables	12	2,164,436	1,755,838
Income tax - net		876,658	646,714
Staff retirement benefits	13	34,724	144,173
Short term investment	14	-	2,015,377
Cash and bank balances	15	9,062,895	7,302,365
		24,737,985	20,818,288
Non-current assets held for sale / disposal	16	1,600	-
TOTAL CURRENT ASSETS		24,739,585	20,818,288
TOTAL ASSETS		30,534,774	26,675,675
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital	17	12,000,000	12,000,000
Issued, subscribed and paid-up capital			
- Ordinary shares	17	615,803	615,803
- Preference shares	17	10,464,000	10,464,000
		11,079,803	11,079,803
Transaction cost on issuance of preference shares - net of tax		(33,911)	(33,911)
		11,045,892	11,045,892
Reserves		4,548,931	4,188,832
TOTAL EQUITY		15,594,823	15,234,724
NON CURRENT LIABILITIES			
Lease liabilities	19	265,035	251,145
CURRENT LIABILITIES			
Short term borrowings	20	-	-
Trade and other payables	21	13,504,425	8,800,476
Current maturity of lease liabilities	19	92,186	61,276
Unclaimed dividend		37,128	37,780
Unpaid dividend		54,122	901,706
Sales tax and federal excise duty payable		987,055	1,388,568
TOTAL CURRENT LIABILITIES		14,674,916	11,189,806
TOTAL LIABILITIES		14,939,951	11,440,951
TOTAL EQUITY AND LIABILITIES		30,534,774	26,675,675
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes from 1 to 43 form an integral part of these financial statements.

Sarfaraz Ahmed Rehman
Chairman / Director

Roman Yazbeck
Chief Executive Officer

Muhammad Zeeshan
Chief Financial Officer

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2023

	Note	2023	2022
		(Rupees in thousand)	
Turnover - net	23	18,219,709	19,838,541
Cost of sales	24	12,082,355	10,943,558
Gross profit		6,137,354	8,894,983
Distribution and marketing expenses	25	5,578,496	3,329,049
Administrative expenses	26	1,838,038	1,645,663
Other expenses	27	1,084,733	1,039,056
Other income	28	(3,409,915)	(1,457,171)
		5,091,352	4,556,597
Operating profit		1,046,002	4,338,386
Finance cost and bank charges	29	90,336	66,699
Profit before taxation		955,666	4,271,687
Taxation	30	575,865	1,461,941
Profit after taxation		379,801	2,809,746
Other comprehensive (loss) / income for the year - net of tax			
Item that will not be reclassified to profit or loss			
Remeasurement (loss) / gain relating to staff retirement benefits	13	(92,029)	33,300
- Impact of current tax		35,891	(10,989)
		(56,138)	22,311
Total comprehensive income for the year		323,663	2,832,057
		Rupees	
Earnings per share - basic	31	6.17	30.33
Earnings per share - diluted	31	4.72	Note 31.4

The annexed notes from 1 to 43 form an integral part of these financial statements.

Sarfaraz Ahmed Rehman
Chairman / Director

Roman Yazbeck
Chief Executive Officer

Muhammad Zeeshan
Chief Financial Officer

Statement of Changes in Equity

For the year ended December 31, 2023

	Issued, subscribed and paid-up capital		Transaction cost on issuance of preference shares - net of tax	Reserves							Total
				Capital reserves			Revenue reserves			Subtotal - reserves	
	Ordinary shares	Preference shares		Reserve for share-based payments	Remeasurement of staff retirement benefits - net of tax	Subtotal capital reserves	General reserve	Unappropriated (loss) / profit	Subtotal revenue reserves		
	(Rupees in thousand)										
Balance as at January 1, 2022	**615,803**	**10,464,000**	**(33,911)**	**23,182**	**(258,429)**	**(235,247)**	**3,328,327**	**(767,500)**	**2,560,827**	**2,325,580**	**13,371,472**
Transaction with owners											
- Interim cash dividend for the year ended December 31, 2022	-	-	-	-	-	-	-	(1,003,340)	(1,003,340)	(1,003,340)	(1,003,340)
Share-based payment											
- expense	-	-	-	84,506	-	84,506	-	-	-	84,506	84,506
- recharge	-	-	-	(49,971)	-	(49,971)	-	-	-	(49,971)	(49,971)
(notes 2.6.17 and 18)	-	-	-	34,535	-	34,535	-	(1,003,340)	(1,003,340)	(968,805)	(968,805)
Total comprehensive income											
Profit after taxation for the year ended December 31, 2022	-	-	-	-	-	-	-	2,809,746	2,809,746	2,809,746	2,809,746
Other comprehensive income for the year	-	-	-	-	22,311	22,311	-	-	-	22,311	22,311
	-	-	-	-	22,311	22,311	-	2,809,746	2,809,746	2,832,057	2,832,057
Balance as at December 31, 2022	**615,803**	**10,464,000**	**(33,911)**	**57,717**	**(236,118)**	**(178,401)**	**3,328,327**	**1,038,906**	**4,367,233**	**4,188,832**	**15,234,724**
Transactions with owners											
Share-based payment											
- expense	-	-	-	99,531	-	99,531	-	-	-	99,531	99,531
- recharge	-	-	-	(63,095)	-	(63,095)	-	-	-	(63,095)	(63,095)
(notes 2.6.17 and 18)	-	-	-	36,436	-	36,436	-	-	-	36,436	36,436
Total comprehensive income											
Profit after taxation for the year ended December 31, 2023	-	-	-	-	-	-	-	379,801	379,801	379,801	379,801
Other comprehensive loss for the year	-	-	-	-	(56,138)	(56,138)	-	-	-	(56,138)	(56,138)
	-	-	-	-	(56,138)	(56,138)	-	379,801	379,801	323,663	323,663
Balance as at December 31, 2023	**615,803**	**10,464,000**	**(33,911)**	**94,153**	**(292,256)**	**(198,103)**	**3,328,327**	**1,418,707**	**4,747,034**	**4,548,931**	**15,594,823**

The annexed notes from 1 to 43 form an integral part of these financial statements.

Sarfaraz Ahmed Rehman
Chairman / Director

Roman Yazbeck
Chief Executive Officer

Muhammad Zeeshan
Chief Financial Officer

Statement of Cash Flows

For the year ended December 31, 2023

	Note	2023	2022
		(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	35	**1,152,759**	2,324,870
Staff retirement benefits paid	13.1.4	**(39,548)**	(77,631)
Finance cost paid		**(42,935)**	(40,445)
Profit received on deposit accounts		**896,775**	957,239
Profit received on term deposit receipts		**51,387**	129,549
Income taxes paid		**(916,075)**	(936,576)
Long term deposits		**18,370**	(13,432)
Net cash generated from operating activities		**1,120,733**	2,343,574
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure	3	**(1,138,307)**	(945,520)
Acquisition of intangibles	5	**-**	(1,152)
Proceeds from disposal of non-current assets held for sale / disposal	39.2	**583,953**	-
Proceeds from disposal of items of property, plant and equipment		**143,193**	95,105
Net cash used in investing activities		**(411,161)**	(851,567)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		**(848,236)**	(100,883)
Lease payments	19.1	**(100,806)**	(80,602)
Net cash used in financing activities		**(949,042)**	(181,485)
Net (decrease) / increase in cash and cash equivalents during the year		**(239,470)**	1,310,522
Cash and cash equivalents at the beginning of the year		**9,283,504**	7,972,982
Cash and cash equivalents at the end of the year	36	**9,044,034**	9,283,504

The annexed notes from 1 to 43 form an integral part of these financial statements.

Sarfaraz Ahmed Rehman
Chairman / Director

Roman Yazbeck
Chief Executive Officer

Muhammad Zeeshan
Chief Financial Officer

1. THE COMPANY AND ITS OPERATIONS

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

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

Business unit	Location / address
a) Registered office	Office 04 & 05, 5th Floor, Corporate Office Block, Dolmen City, Plot HC-3, Block 4, Clifton Karachi, Sindh
b) Green Leaf Threshing Plant	Leaf Division Complex, 22 KM, Mardan Swabi Road, Mardan, KPK
c) Sahiwal Factory	G.T Road, Qadirabad, District Sahiwal, Punjab

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

1.3 In view of the exemption granted by the Securities & Exchange Commission of Pakistan (the SECP) vide its letter No. SMD/PRDD/Comp/(23)/2022/22 dated February 22, 2024 from the requirement of section 228 (1) and (7) of the Companies Act, 2017 (the Act), the consolidated financial statements of the group comprising the Company and its subsidiary, Laksonpremier Tobacco Company (Private) Limited, have not been prepared. The exemption is, however, subject to the following conditions:

(i) Material and relevant details of the aforesaid subsidiary shall be prominently disclosed by the Company; and

(ii) the financial statements of the subsidiary company shall be available for inspection at the Company's registered office to the members on request without any cost.

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

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

2. BASIS OF PREPARATION

2.1 Basis of measurement

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

2.2 Functional and presentation currency

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

2.3 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

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

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

2.4.1 Amendments to accounting and reporting standards which became effective during the year ended December 31, 2023:

There were certain amendments that became applicable for the Company during the year but are not considered to be relevant or did not have any significant effect on the Company's operations and have, therefore, not been disclosed in these financial statements except that during the year certain amendments to IAS 1 Presentation of Financial Statements have become applicable to the Company which require entities to disclosed their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies (note 2.6).

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

There are certain new standards and certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after January 1, 2024. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

2.5 Significant accounting judgments and estimates

The preparation of financial statements in conformity with accounting and reporting standards requires the use of certain significant accounting estimates. It also requires management to exercise its judgment 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. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to these financial statements:

Property, plant and equipment

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

Stock in trade

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

Income taxes

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

Deferred taxes

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

Staff retirement benefits

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

Provisions

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

Contingencies

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

Leases

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

2.6 Material accounting policy information

2.6.1 Property, plant and equipment

(i) Operating property, plant and equipment

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

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount [note 2.6.22(b)].

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

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

(ii) Capital work-in-progress

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

2.6.2 Right-of-use assets

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

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

2.6.3 Investment in a subsidiary company

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

2.6.4 Stores and spares

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

2.6.5 Stock in trade

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

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

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

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

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

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

2.6.6 Trade debts and other receivables

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

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

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

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

2.6.8 Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in the determination of the lease term only when the Company is reasonably certain to exercise these options.

Notes to and forming part of the financial statements
For the year ended December 31, 2023

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

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

2.6.9 Trade and other payables

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

2.6.10 Provisions

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

2.6.11 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

2.6.12 Taxation

(i) Current

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credits available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalised during the year.

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

(ii) Deferred

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

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

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

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

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

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

2.6.13 Cash and cash equivalents

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

2.6.14 Revenue recognition

Revenue from sale of goods is recognised when the Company satisfies a performance obligation by transferring promised goods to the customer and payment is typically due when the performance obligations are satisfied. Goods are transferred when the customer obtains their control (i.e. either upon shipment or delivery of goods to customers). Revenue is recognised at transaction price (which excludes estimates of variable consideration), which represents the fair value of the consideration received or receivable excluding discount, rebates and government levies.

2.6.15 Other income

- Profit on bank balances is recognised on a time proportion basis on the principal amount outstanding and at the applicable rate.

- Gains / (losses) arising on disposal of property, plant and equipment are recognised on the date when the transaction takes place.

2.6.16 Staff retirement benefits

The Company operates:

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

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

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

All actuarial gains and losses (i.e. 'remeasurements') are recognised in 'Other comprehensive income' as they occur.

2.6.17 Equity-settled share-based payment plans

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

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

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

2.6.18 Foreign currency transactions

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

2.6.19 Financial assets

The Company classifies its financial assets in the following categories:

(i) Amortised cost

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

(ii) Fair value through other comprehensive income

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

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

(iii) Fair value through profit or loss

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

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

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

Financial assets are initially measured at cost, which is the fair value of the consideration given respectively. These financial assets are subsequently remeasured to fair value or amortised cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets is included in profit or loss for the period in which it arises.

Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial asset. Assets that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

2.6.20 Financial liabilities

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

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

Notes to and forming part of the financial statements
For the year ended December 31, 2023

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

2.6.21 Off-setting of financial assets and financial liabilities

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

2.6.22 Impairment of assets

a) Financial assets

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

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

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

b) Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised as an expense in profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which these are separately identifiable cash flows (i.e. cash generating unit).

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

2.6.23 Contract liabilities

A contract liability is recognised if a payment is received from a customer before the Company transfers the related goods. Contract liabilities are recognised as revenue when the Company transfers control of the related goods to the customer.

2.6.24 Dividend and appropriation to reserves

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

2.6.25 Segment reporting

The Company operates predominantly in Pakistan and in one main industry. The activities comprise the manufacture, distribution and sale of cigarettes, tobacco products and other smoke free products. Accordingly, the figures reported in these financial statements are related to the Company's only reportable segment.

2.6.26 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3. PROPERTY, PLANT AND EQUIPMENT

	Note	2023	2022
		(Rupees in thousand)	
Operating property, plant and equipment	3.1	4,708,383	4,936,829
Capital work-in-progress (CWIP)	3.2	542,954	506,241
		5,251,337	5,443,070

Notes to and forming part of the financial statements

For the year ended December 31, 2023

3.1 Operating property, plant and equipment

	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Leasehold improve- ments	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Power and other installations	Computer equipment	Total
	---- Rupees in thousand ----											
As at December 31, 2021												
Cost	81,938	2,441	1,942,247	66,884	115,965	8,047,082	159,684	137,082	751,794	1,593,913	482,884	13,381,914
Accumulated depreciation	-	(1,285)	(450,280)	(34,776)	(111,325)	(4,575,054)	(136,188)	(129,774)	(520,321)	(621,574)	(412,440)	(6,993,017)
Accumulated impairment	-	(29)	(545,065)	-	-	(569,265)	(1,652)	(1,466)	-	(585,062)	(508)	(1,703,047)
Net book value	81,938	1,127	946,902	32,108	4,640	2,902,763	21,844	5,842	231,473	387,277	69,936	4,685,850
Year ended December 31, 2022												
Transfers from CWIP see note 3.2.1	-	-	203,308	-	69,934	623,379	4,570	8,810	40,650	70,346	82,946	1,103,943
Disposals												
Cost	-	-	-	-	-	-	(18)	-	(72,995)	(66,542)	(29,229)	(168,784)
Accumulated depreciation	-	-	-	-	-	-	18	-	51,979	66,542	29,229	147,768
	-	-	-	-	-	-	-	-	(21,016)	-	-	(21,016)
Write offs - note 27												
Cost	-	-	-	-	(36,903)	(861,318)	(831)	(8,882)	(1,010)	-	(123,876)	(1,032,820)
Accumulated depreciation	-	-	-	-	17,126	860,660	634	8,369	1,010	-	123,734	1,011,533
	-	-	-	-	(19,777)	(658)	(197)	(513)	-	-	(142)	(21,287)
Depreciation charge - note 3.1.1	-	-	(31,337)	(803)	(19,244)	(527,570)	(11,128)	(8,253)	(73,340)	(85,837)	(53,149)	(810,661)
Net book value as at December 31, 2022	81,938	1,127	1,118,873	31,305	35,553	2,997,914	15,089	5,886	177,767	371,786	99,591	4,936,829
Net book value as at January 1, 2023	81,938	1,127	1,118,873	31,305	35,553	2,997,914	15,089	5,886	177,767	371,786	99,591	4,936,829
Year ended December 31, 2023												
Transfers from CWIP see note 3.2.1	-	-	115,566	-	49,553	173,277	28,055	654	429,013	64,797	240,679	1,101,594
Assets transferred to held for sale / disposal - note 16												
Cost	(67,120)	-	(943,949)	-	(110)	(17,824)	(7,868)	(354)	-	(694,908)	-	(1,732,133)
Accumulated depreciation	-	-	161,062	-	107	17,824	7,868	354	-	223,442	-	410,657
Accumulated impairment	-	-	530,181	-	-	-	-	-	-	438,463	-	968,644
	(67,120)	-	(252,706)	-	(3)	-	-	-	-	(33,003)	-	(352,832)
Disposals												
Cost	-	-	-	-	-	(70,631)	(1,589)	-	(150,572)	(705)	(7,158)	(230,655)
Accumulated depreciation	-	-	-	-	-	70,583	1,589	-	118,961	705	7,158	198,996
	-	-	-	-	-	(48)	-	-	(31,611)	-	-	(31,659)
Write-offs - note 27												
Cost	-	-	-	-	-	(569,389)	(21,226)	(2,546)	(4,115)	(4,292)	(24,771)	(626,339)
Accumulated depreciation	-	-	-	-	-	536,303	21,226	2,546	3,589	3,415	24,451	591,530
	-	-	-	-	-	(33,086)	-	-	(526)	(877)	(320)	(34,809)
Depreciation charge - note 3.1.1	-	-	(40,238)	(803)	(28,399)	(532,095)	(10,140)	(6,540)	(100,542)	(94,260)	(97,723)	(910,740)
Net book value as at December 31, 2023	14,818	1,127	941,495	30,502	56,704	2,605,962	33,004	-	474,101	308,443	242,227	4,708,383
At December 31, 2022												
Cost	81,938	2,441	2,145,555	66,884	148,996	7,809,143	163,405	137,010	718,439	1,597,717	412,725	13,284,253
Accumulated depreciation	-	(1,285)	(481,617)	(35,579)	(113,443)	(4,241,964)	(146,664)	(129,658)	(540,672)	(640,869)	(312,626)	(6,644,377)
Accumulated impairment	-	(29)	(545,065)	-	-	(569,265)	(1,652)	(1,466)	-	(585,062)	(508)	(1,703,047)
Net book value	81,938	1,127	1,118,873	31,305	35,553	2,997,914	15,089	5,886	177,767	371,786	99,591	4,936,829
At December 31, 2023												
Cost	14,818	2,441	1,317,172	66,884	198,439	7,324,576	160,777	134,764	992,765	962,609	621,475	11,796,720
Accumulated depreciation	-	(1,285)	(360,793)	(36,382)	(141,735)	(4,149,349)	(126,121)	(133,298)	(518,664)	(507,567)	(378,740)	(6,353,934)
Accumulated impairment	-	(29)	(14,884)	-	-	(569,265)	(1,652)	(1,466)	-	(146,599)	(508)	(734,403)
Net book value	14,818	1,127	941,495	30,502	56,704	2,605,962	33,004	-	474,101	308,443	242,227	4,708,383
Depreciation rate	-	3.33%	2.50%	2.50%	20%	6.67% to 20%	20%	20%	20%	6.67%	20% to 33.33%	

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

	Note	2023	2022
		(Rupees in thousand)	
Purchases, redrying and related expenses	24.1	**62,666**	56,577
Manufacturing expenses	24.2	**650,764**	620,650
Distribution and marketing expenses	25	**70,571**	54,960
Administrative expenses	26	**126,739**	78,474
		910,740	810,661

3.1.2 Details of items of property, plant and equipment disposed of during the year and having net book value of more than Rs 500,000 each are given in note 39.

3.1.3 Following are the particulars of the Company's immovable fixed assets:

	Business unit type	Location	Total area (Square yards)
a)	Sahiwal factory	Sahiwal	85,488
b)	Land in Kotri	Kotri	24,200
c)	Land in Mardan	Mardan	90,844
d)	Land in Mandra	Mandra	50,789
e)	Land in Swabi	Swabi	37,355
f)	Land in Naushera	Naushera	67,679

3.1.4 The Company has 25 sales offices / warehouses located across the country. Considering the quantum, the geographical locations and addresses are not presented in these financial statements.

3.2 Capital work-in-progress

	2023	2022
	(Rupees in thousand)	
Civil works	**11,967**	58,566
Plant and machinery	**363,571**	248,886
Power and other installations	**45,522**	10,414
Furniture and fixtures	**7,187**	35,242
Computer equipment pending installations	**54,790**	-
Advance to suppliers and contractors	**59,917**	153,133
	542,954	506,241

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

	Note	2023	2022
		(Rupees in thousand)	
Balance as at beginning of the year		**506,241**	664,664
Additions during the year			
- Civil works		**118,520**	331,807
- Plant and machinery		**287,962**	340,548
- Power and other installations		**99,905**	71,507
- Computer equipment pending installations		**295,469**	24,284
- Advance to suppliers and contractors		**336,451**	177,374
		1,138,307	945,520
Transfers to operating property, plant and equipment			
- Buildings on freehold land		**115,566**	203,308
- Leasehold improvements		**49,553**	69,934
- Plant and machinery		**173,277**	623,379
- Furniture and fixtures		**28,055**	4,570
- Office equipment		**654**	8,810
- Vehicles		**429,013**	40,650
- Power and other installations		**64,797**	70,346
- Computer equipment		**240,679**	82,946
		1,101,594	1,103,943
Balance at the end of the year		**542,954**	506,241

4. RIGHT-OF-USE ASSETS

	Note	2023	2022
At January 1			
Cost		**745,954**	570,895
Accumulated depreciation		**(466,776)**	(389,588)
Net book value		**279,178**	181,307
Year ended December 31			
Additions		**160,515**	294,347
Impact of termination of lease			
Cost		**-**	(131,676)
Accumulated depreciation		**-**	16,882
		-	(114,794)
Reassessment of leases		**(14,909)**	-
Impact of modification of lease		**-**	12,388
Depreciation for the year	4.1	**(102,388)**	(94,070)
Net book value as at December 31		**322,396**	279,178
At December 31			
Cost		**891,560**	745,954
Accumulated depreciation		**(569,164)**	(466,776)
Net book value		**322,396**	279,178

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

	Note	2023	2022
		(Rupees in thousand)	
Purchases, redrying and related expenses	24.1	12,422	2,514
Manufacturing expenses	24.2	3,456	3,456
Distribution and marketing expenses	25	14,797	14,086
Administrative expenses	26	71,713	74,014
		102,388	94,070

5. INTANGIBLES

Computer software

	Note	2023	2022
At January 1			
Cost		132,579	131,427
Accumulated amortisation		(108,466)	(84,492)
Net book value		24,113	46,935
Year ended December 31			
Additions		-	1,152
Write offs			
Cost		(1,560)	-
Acumulated amortisation		1,560	-
		-	-
Amortisation for the year	5.1	(20,509)	(23,974)
Net book value as at December 31		3,604	24,113
At December 31			
Cost		131,019	132,579
Accumulated amortisation		(127,415)	(108,466)
Net book value		3,604	24,113
Amortisation rate		20% to 33.33%	20% to 33.33%

5.1 The amortisation charge for the year has been allocated as follows:

	Note	2023	2022
Purchases, redrying and related expenses	24.1	-	20
Distribution and marketing expenses	25	18,849	22,060
Administrative expenses	26	1,660	1,894
		20,509	23,974

6. INVESTMENT IN A SUBSIDIARY COMPANY

This represents the cost of 103 fully paid ordinary shares of Rs 10 each in Laksonpremier Tobacco Company (Private) Limited. Out of the 103 shares, two shares are in the name of the nominees. The statement of profit or loss and other comprehensive income of the subsidiary company for the year ended December 31, 2023 amounted to Rs Nil resulting in an accumulated loss of Rs 1,030 as at that date. The net assets of the subsidiary company as at December 31, 2023 amounted to Rs Nil, in accordance with the unaudited financial statements for the year then ended. The subsidiary company has filed an application dated August 30, 2019 with the Securities and Exchange Commission of Pakistan (SECP) for obtaining the status of an inactive company under section 424 of the Companies Act, 2017, however, response in this regard from SECP is awaited.

Notes to and forming part of the financial statements
For the year ended December 31, 2023

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

7. DEFERRED TAXATION

	2023	2022
	(Rupees in thousand)	
Deferred tax asset on deductible temporary differences:		
Accrual for employees compensated absences	7,600	9,672
Provision for slow moving spares	13,566	7,524
Provision for obsolete stocks	175,717	15,686
Provision for litigation	6,305	5,335
Provision for doubtful debts	1,084	917
Other provisions	20,800	30,918
Workers' Welfare Fund	10,759	9,103
Unrealised exchange loss	181,631	89,194
Right-of-use assets - net of lease liabilities	13,582	9,835
	431,044	178,184
Deferred tax liability on taxable temporary differences:		
Tax depreciation allowance	(286,775)	(159,111)
Deferred tax asset	144,269	19,073

7.1 The movement in temporary differences is as follows:

	Balance as at January 1, 2022	Recognised in profit or loss	Balance as at December	Recognised in profit or loss	Balance as at December 31, 2023
	Rupees in thousand				
Deductible temporary differences:					
Accrual for employees compensated absences	7,916	1,756	9,672	(2,072)	7,600
Unutilised tax losses	408,867	(408,867)	-	-	-
Alternate Corporate Tax	227,790	(227,790)	-	-	-
Provision for slow moving spares	16,553	(9,029)	7,524	6,042	13,566
Provision for obsolete stocks	6,123	9,563	15,686	160,031	175,717
Provision for litigation	4,688	647	5,335	970	6,305
Provision for doubtful debts	806	111	917	167	1,084
Other provisions	45,899	(14,981)	30,918	(10,118)	20,800
Workers' Welfare Fund	8,000	1,103	9,103	1,656	10,759
Unrealised exchange loss	-	89,194	89,194	92,437	181,631
Right-of-use assets - net of lease liabilities	21,663	(11,828)	9,835	3,747	13,582
	748,305	(570,121)	178,184	252,860	431,044
Taxable temporary differences:					
Tax depreciation allowance	(96,823)	(62,288)	(159,111)	(127,664)	(286,775)
	651,482	(632,409)	19,073	125,196	144,269

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

8. STORES AND SPARES - net

	Note	2023	2022
		(Rupees in thousand)	
Stores		275	116
Spares		250,301	80,187
		250,576	80,303
Less: Provision for slow moving spares	8.1	(34,785)	(22,800)
		215,791	57,503

8.1 Provision for slow moving spares

		2023	2022
Opening balance		22,800	20,406
Provision made during the year		11,985	5,378
Write off against provision		-	(2,984)
Closing balance		34,785	22,800

9. STOCK IN TRADE - net

	Note	2023	2022
Raw and packing materials	9.2 & 9.3	11,004,979	7,518,621
Work-in-process		208,652	366,817
Finished goods	9.3	1,270,331	851,861
		12,483,962	8,737,299
Less: Provision for obsolete stocks	9.1	(450,557)	(47,533)
		12,033,405	8,689,766

9.1 Provision for obsolete stocks

	Note	2023	2022
Opening balance		47,533	57,786
Provision made during the year	9.3	430,725	32,913
Write off against provision		(27,701)	(43,166)
Closing balance		450,557	47,533

9.2 These include raw and packing material in transit aggregating Rs 236.314 million (2022: Rs 348.533 million).

9.3 Finished goods include items of specific products costing Rs 306.067 million (2022: Rs 16.004 million) which are stated at their net realisable value (NRV) aggregating Rs 22.918 million (2022: Rs 4.355 million). The amount charged to the profit or loss in respect of stocks written down to their net realisable values is Rs 283.149 million (2022: Rs 11.649 million), which shall be reimbursed to the Company (note 28.1). In addition to this NRV charge, provision aggregating Rs 147.576 million against stock-in-trade has been recorded as a result of specific identification of obsolete items.

Notes to and forming part of the financial statements
For the year ended December 31, 2023

10. TRADE DEBTS - net

	Note	2023	2022
		(Rupees in thousand)	
Considered good - unsecured		-	-
Considered doubtful		2,780	2,780
		2,780	2,780
Less: Provision for doubtful debts		(2,780)	(2,780)
		-	-

11. ADVANCES

	Note	2023	2022
Unsecured:			
Advances to:			
- Employees	11.1	32,863	29,360
- Suppliers and contractors		159,979	9,556
		192,842	38,916
Secured			
Advance to a supplier	11.2	111,261	111,261
Less: Provision against advance		(16,166)	(16,166)
		95,095	95,095
		287,937	134,011

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

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

In September 2020, an order was passed by the Senior Civil Judge after hearing both parties on the point of territorial jurisdiction of Mardan where by, the Senior Civil Judge found the matter in favour of the Company and returned the suit, removing the stay order against the encashment of the Insurance Guarantee and the restriction on dealing with other fuelwood vendors ("Order"). On September 18, 2021 the appeal was also decided in the Company's favour. The Service Provider subsequently filed another appeal before the Peshawar High Court. The appeal was dismissed by Peshawar High Court, through an order dated November 14, 2023, on grounds of non-prosecution.

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

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

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

12. OTHER RECEIVABLES

	Note	2023	2022
		(Rupees in thousand)	
Receivable from 'associated undertakings'	12.1, 12.2 & 12.3	1,887,174	126,077
Cash margins held with banks		195,602	1,625,056
Accrued profit on deposit account		70,096	-
Others		11,564	4,705
		2,164,436	1,755,838

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

	2023	2022
	(Rupees in thousand)	
Philip Morris Management Services S.A., Switzerland	4,915	27,334
Philip Morris Products S.A., Switzerland	1,882,231	98,743
PMFTC Inc., Philippines	28	-
	1,887,174	126,077

12.2 The maximum aggregate balance of receivable due from related parties at the end of any month during the year was Rs 1,887.174 million (2022: Rs 126.077 million).

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

	2023						
	Amount not past due	Amount past due but not impaired					Total gross amount due
		0-30 days	31-60 days	61-90 days	91-365 days	> 365 days	
	(Rupees in thousand)						
Philip Morris Management Services S.A., Switzerland	-	-	4,915	-	-	-	4,915
Philip Morris Products S.A., Switzerland	1,882,231	-	-	-	-	-	1,882,231
PMFTC Inc., Philippines	-	-			28	-	28
	1,882,231	-	4,915	-	28	-	1,887,174

	2022						
	Amount not past due	Amount past due but not impaired					Total gross amount due
		0-30 days	31-60 days	61-90 days	91-365 days	> 365 days	
	(Rupees in thousand)						
Philip Morris Management Services S.A., Switzerland	-	14,781	12,553	-	-	-	27,334
Philip Morris Products S.A., Switzerland	98,743	-	-	-	-	-	98,743
	98,743	14,781	12,553	-	-	-	126,077

13. STAFF RETIREMENT BENEFITS

13.1 Defined benefit plan

As stated in note 2.6.16, the Company operates an approved funded gratuity scheme for all its permanent employees. An actuarial valuation of the scheme is performed every year with the latest actuarial valuation performed as at December 31, 2023.

Notes to and forming part of the financial statements
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The gratuity fund is governed under the Sindh Trust Act 2020, Trust Deed and Rules of Fund, Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. Responsibility for governance of plan, including investment decisions and contribution schedule lie with Board of Trustees of the Fund.

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

	Note	2023	2022
		(Rupees in thousand)	
13.1.1 Net asset			
Fair value of plan assets	13.1.5	862,186	880,968
Present value of defined benefit obligation	13.1.6	(827,462)	(736,795)
		34,724	144,173
13.1.2 Amounts charged to profit or loss:			
Current service cost		79,474	77,701
Net interest (income) / expense		(22,506)	520
	13.1.3	56,968	78,221
13.1.3 The charge for the year has been allocated as follows:			
Purchases, redrying and related expenses	24.1	1,449	8,118
Manufacturing expenses	24.2	15,928	18,976
Distribution and marketing expenses	25	19,097	27,246
Administrative expenses	26	20,494	23,881
		56,968	78,221
13.1.4 Movement in the asset recognised in the statement of financial position:			
Balance as at the beginning of the year		144,173	111,463
Net charge for the year	13.1.3	(56,968)	(78,221)
Contributions		39,548	77,631
Net remeasurement (loss) / gain for the year		(92,029)	33,300
Balance as at the end of the year		34,724	144,173
13.1.5 Movement in the fair value of plan assets:			
Balance as at the beginning of the year		880,968	758,528
Interest income		119,302	66,361
Contributions		39,548	77,631
Benefits paid		(55,338)	(38,145)
Remeasurement (loss) / gain on plan assets		(122,294)	16,593
Balance as at the end of the year		862,186	880,968

	Note	2023	2022
		(Rupees in thousand)	
13.1.6 Movement in the present value of defined benefit obligation:			
Balance as at the beginning of the year		736,795	647,065
Current service cost		79,474	77,701
Interest cost		96,796	66,881
Benefits paid		(55,338)	(38,145)
Remeasurement gain on obligation		(30,265)	(16,707)
Balance as at the end of the year		827,462	736,795
13.1.7 Total remeasurement loss / (gain) recognised in Other Comprehensive Income			
Actuarial gain from changes in demographic assumptions		-	(38,651)
Actuarial (gain) / loss from changes in financial assumptions		(9,068)	29,835
Experience adjustments		(21,197)	(7,891)
		(30,265)	(16,707)
Loss / (gain) on plan assets, excluding interest income		122,294	(16,593)
		92,029	(33,300)
13.1.8 Major categories / composition of plan assets are as follows:			
Debt instruments		623,187	590,323
Equity instruments		98,564	57,818
Balances with banks		140,435	232,827
		862,186	880,968
13.1.9 Significant actuarial assumptions used are as follows:			
Expected rate of increase in salary level		16.75%	13.65%
Valuation discount rate		16.75%	13.65%

13.1.10 Actual loss on plan assets during the year ended December 31, 2023 was Rs 2.992 million (2022: gain of Rs 82.954 million).

13.1.11 Expected contribution to defined benefit plan for the year ending December 31, 2024 is Rs 27.674 million.

13.1.12 Weighted average duration of the defined benefit obligation is 11.4 years.

13.1.13 Mortality rates assumed were based on State Life Insurance Corporation 2001-2005 mortality tables.

13.1.14 As of the reporting date, the sensitivity of the defined benefit obligation to changes in the significant actuarial assumptions is as follows:

Notes to and forming part of the financial statements
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	Change in assumptions	Impact on present value of defined benefit obligation: Increase in assumption	Decrease in assumption
	(%)	(Rupees in thousand)	
Valuation discount rate	1%	(86,569)	101,590
Expected rate of increase / decrease in salary level	1%	102,373	(88,359)

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

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

Asset volatility

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

Inflation risk

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

Life expectancy / withdrawal rate

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

	Note	2023	2022
		(Rupees in thousand)	
13.2 Defined contribution plan			
The charge for the year has been allocated as follows:			
Purchases, redrying and related expenses	24.1	11,697	10,042
Manufacturing expenses	24.2	26,187	24,900
Distribution and marketing expenses	25	36,277	31,495
Administrative expenses	26	42,067	35,195
		116,228	101,632

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

	Note	2023	2022
		(Rupees in thousand)	
14. SHORT TERM INVESTMENT			
Term Deposit Receipt	14.1	-	2,000,000
Accrued interest		-	15,377
		-	2,015,377

14.1 The balance as of December 31, 2022, represents Term Deposit Receipt which matured on January 13, 2023 and carried interest at the rate of 14.63% per annum.

	Note	2023	2022
		(Rupees in thousand)	
15. CASH AND BANK BALANCES			
With banks in:			
- Foreign currency		1,105,204	538,122
- Local currency			
- Current accounts		2,199,183	99,261
- Deposit accounts	15.1 & 15.2	5,758,508	6,664,982
		7,957,691	6,764,243
		9,062,895	7,302,365

15.1 Deposit accounts carry markup at the rate 20.5% (2022: 14.5%) per annum.

15.2 These include an amount of Rs 18.861 million (2022: Rs 18.861 million) held by a commercial bank as security against the guarantees and funded facilities obtained from the bank in the normal course of business.

	2023	2022
	(Rupees in thousand)	
16. NON-CURRENT ASSETS HELD FOR SALE / DISPOSAL		
Cost	1,600	193,526
Less: Accumulated depreciation	-	(56,524)
Less: Accumulated impairment	-	(137,002)
	1,600	-

16.1 Details of assets transferred to assets classified as held for sale / disposal from operating property, plant and equipment during the year are as follows:

	Note	2023	2022
		(Rupees in thousand)	
Cost		1,732,133	-
Less: Accumulated depreciation		(410,657)	-
Less: Accumulated impairment		(968,644)	-
	3	352,832	-

16.2 Details of assets sold of during the year are as follows:

	2023	2022
Cost	1,924,059	-
Less: Accumulated depreciation	(467,181)	-
Less: Accumulated impairment	(1,105,646)	-
	351,232	-

16.3 During the year, the Company entered into agreements to sell (Agreements) both dated April 12, 2023 with respect to its properties i.e., E-15 and A-1 located at Kotri, Sindh. The consideration agreed for above properties was Rs 583.953 million (excluding sales tax amounting to Rs 2.747 million) and Rs 320 million respectively. Advances amounting to Rs 58.67 million and Rs 32 million were received towards the consideration for the properties, resulting in classification of properties along with structural improvements and certain equipment as held for sale in accordance with 'IFRS 5 - Non-current assets held for sale and discontinued operations'.

Subsequent to the classification as held for sale E-15 property along with related assets were sold for above consideration resulting in gain aggregating Rs 232.721 million (note 28). In respect of A-1 property, despite multiple notifications and extensions provided by the Company, the counterparty failed to fulfill its obligation to make the remaining payment within the agreed-upon timeline. Consequently, the advance payment amounting to Rs 32 million was forfeited by the counterparty and the same was recorded as other income (note 28.2), in accordance with the related agreement, by the Company.

Following the termination of the initial agreement, the Company entered into a new agreement dated November 29, 2023 with a different buyer for the sale of the A-1 property. The property continued to be classified as held for sale in accordance with the requirements of IFRS 5 as of the end of the reporting period, as the Company remains committed to its plan to sell the property in its present form and condition.

17. SHARE CAPITAL

17.1 Authorised capital

2023	2022		2023	2022
(Number of shares)			(Rupees in thousand)	
1,200,000,000	1,200,000,000	Ordinary shares of Rs 10 each	12,000,000	12,000,000

17.2 Issued, subscribed and paid-up share capital

17.2.1 Ordinary shares

2023	2022		2023	2022
(Number of shares)			(Rupees in thousand)	
5,541,429	5,541,429	Ordinary shares of Rs 10 each fully paid in cash	55,414	55,414
47,722,912	47,722,912	Ordinary shares of Rs 10 each issued as fully paid bonus shares	477,229	477,229
8,316,000	8,316,000	Ordinary shares of Rs 10 each issued for consideration other than cash	83,160	83,160
61,580,341	61,580,341		615,803	615,803

17.2.2 Preference shares

2023	2022		2023	2022
1,046,400,000	1,046,400,000	Preference shares of Rs 10 each fully paid in cash (notes 17.4 to 17.7)	10,464,000	10,464,000
			11,079,803	11,079,803

17.3 As at December 31, 2023 the number of ordinary shares of Rs 10 each held by Philip Morris Investments B.V., (the parent company) and Philip Morris Brands S.a.r.l., both subsidiaries of Philip Morris International Inc., were 47,819,356 and 12,316,061 respectively. All ordinary shares rank equally with regard to the Company's residual assets after the preference shares are paid. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

17.4 On October 28, 2015 after the approval by shareholders at the Extraordinary General Meeting, the Company issued 1,046,400,000 Class A Preference Shares of Rs 10 each to the Parent Company and an associated undertaking. As at December 31, 2023, these preference shares were held by the parent company and Philip Morris Brands S.a.r.l., in the ratio of 79.52% and 20.48% respectively.

17.5 The conversion option is exercisable by the holders at any time after the 10th anniversary of the issue date but not later than the 15th anniversary. At the 15th anniversary all the unconverted preference shares will mandatorily be converted into ordinary shares of the Company. The preference shares shall be converted fully at the conversion ratio defined in the terms of agreement.

17.6 The holders are entitled to a non-cumulative dividend subject to available distributable profits, as declared by the Board or the Company from time to time, at a maximum rate of KIBOR + 1% spread on the face value of the shares.

17.7 These preference shares have been treated as part of equity on the following basis:

- The shares were issued under the provisions of section 86 of the Companies Ordinance, 1984, read with section 90 of the Companies Ordinance, 1984 and the Companies Share Capital (Variation in Rights and Privileges 1984) Rules, 2000.

- The issue of the shares was duly approved by the members of the Company at the Extra Ordinary General Meeting held on October 28, 2015.
- The requirements of the Companies Ordinance, 1984 (now the Companies Act, 2017) take precedence over the requirements of IFRS.
- The preference shareholders have the right to convert these shares into ordinary shares.

17.8 The Board of Directors of the Company, in its meeting held on October 26, 2022, declared an interim dividend on preference shares at Re 0.9 per share i.e. aggregating Rs 941.760 million and on ordinary shares at Re 1 per share i.e. aggregating Rs 61.580 million for the year ended December 31, 2022.

18. SHARE-BASED PAYMENT PLAN

Details of equity settled share-based payments under 'Time-vested Share Plan' (note 2.6.17) in relation to the Company are as follows:

18.1 Share prices and grant dates

Share price at grant date (February 6, 2020)	Rs 13,298 / share (US $ 86.18 / share)
Share price at grant date (February 4, 2021)	Rs 13,405 / share (US $ 83.63 / share)
Share price at grant date (February 10, 2022)	Rs 18,404 / share (US $ 105.07 / share)
Share price at grant date (February 9, 2023)	Rs 27,597 / share (US $ 102.03 / share)
Number of shares outstanding at the end of the year	16,069

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

	Note	2023	2022
		(Number of shares)	
Outstanding as at the beginning of the year		16,579	11,859
Granted during the year		4,660	8,560
Vested / exercised during the year	18.4	(4,620)	(2,090)
Forfeited during the year		(550)	(1,750)
Outstanding as at the end of the year		16,069	16,579

18.3 The charge for the year has been allocated as follows:

	Note	2023	2022
Purchase, redrying and related expenses	24.1	4,825	5,854
Manufacturing expenses	24.2	4,878	2,848
Distribution and marketing expenses	25	13,329	33,622
Administrative expenses	26	76,499	42,182
		99,531	84,506

18.4 During the year shares granted on February 6, 2020 were fully vested.

18.5 An amount of Rs 63.095 million (US$ 221,154) was recharged by Philip Morris International Inc. United States during the year, which was payable as at December 31, 2023 [2022: Rs 49.971 million (US$ 271,285)].

19. LEASE LIABILITIES

	2023	2022
	(Rupees in thousand)	
Lease liabilities	357,221	312,421
Less : Current maturity of lease liabilities	(92,186)	(61,276)
	265,035	251,145
Maturity analysis		
Not later than 1 year	92,186	61,276
Later than 1 year and not later than 5 years	265,035	251,145
	357,221	312,421

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

	Note	2023	2022
		(Rupees in thousand)	
As at January 1		312,421	256,008
Lease payments made		(100,806)	(80,602)
Additions during the year		160,515	294,347
Modification / termination / reassessment of lease		(14,909)	(157,332)
Other changes			
Accretion of interest	29	42,935	40,378
Interest payments (presented as operating cash flows)		(42,935)	(40,378)
As at December 31		357,221	312,421

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

19.3 Lease payments on short-term leases and leases of low-value assets amounting to Rs 33.974 million (2022: Rs 36.208 million) have been recognised as expense during the year.

20. SHORT TERM BORROWINGS

20.1 The Company has arranged for running finance to the extent of Rs 3,275 million (2022: Rs 3,275 million) from commercial banks. These facilities are available for various periods expiring between May 31, 2024 and June 30, 2024. The facilities are secured by way of hypothecation of stock in trade of the Company and are carrying markup rates ranging from 20.5% to 22.05% (2022: 16.40 to 16.83%) per annum.

The facilities for opening of letters of credits and letters of guarantees included in the aforementioned facilities of Rs 3,275 million as at December 31, 2023 aggregated Rs 1,700 million and Rs 519 million respectively of which the cumulative unutilised amount as at December 31, 2023 was Rs 2,170 million. In addition to above, during the year, a facility for opening letters of credit amounting to Rs 3,500 million was obtained from a commercial bank, available upto September 2024, which remains untilised as at December 31, 2023. There is no balance of running finance outstanding as at December 31, 2023.

21. TRADE AND OTHER PAYABLES

	Note	2023	2022
		(Rupees in thousand)	
Creditors		2,946,438	2,915,705
Bills payable	21.1 & 21.2	2,976,250	2,097,541
Royalty payable to a related party	21.1 & 21.2	1,361,202	509,168
Accrued expenses		1,731,399	1,404,092
Tobacco development cess	21.6	41,625	67,275
Contractors' retention money		2,063	4,129
Advance from customers - unsecured	21.1, 21.3 & 21.7	4,047,072	1,350,939
Workers' welfare fund	21.4	46,210	82,466
Workers' profits participation fund	21.5	7,819	-
Others		344,347	369,161
		13,504,425	8,800,476

21.1 The amount due to group undertakings included in bills payable, advances from customer - unsecured and royalty payable aggregated Rs 7,734.714 (2022: Rs 2,167.603 million).

21.2 These include outstanding balances to the following associated undertakings:

	2023	2022
	(Rupees in thousand)	
Philip Morris Products S.A. Manufacturing, Switzerland	3	2
Philip Morris Manufacturing &Technology Bologna spa, Italy	713	-
Philip Morris CR A.S., Czech Republic	145	-
Philip Morris International Management S.A. (Tolling), Switzerland	133,631	2,010
Philip Morris Products S.A., Switzerland	2,403,584	-
PMFTC Inc., Philippines	2,851	2,296
Philip Morris International Inc., United States	174,651	107,666
Philip Morris Global Brands Inc., United States	1,350,777	509,168
Philip Morris Korea Inc., Korea	43	4,078
PT Philip Morris, Indonesia	2,044	1,646
Philip Morris Philippines Manufacturing Inc., Philippines	120,485	254,397
PMI Service Center Europe spolka z orgraniczona odpoweidzialnoscia, Poland	-	4,068
Massalin particulares S.R.L., Argentina	2,116	1,632
Profigen Do Brasil LTDA, Brazil	28,737	-
Philip Morris Investments B.V., Jordan	565	454
PMI Global Studio Ltd, United Kingdom	1,306	-
PT Hanjaya Mandala Sampoerna TBK., Indonesia	8,821	7,104
	4,230,472	894,521

21.3 These include the advances from the following related parties:

	2023	2022
Philip Morris Operations A.D., Serbia	-	1,247
Philip Morris International Management S.A. (Tolling), Switzerland	3,504,187	898,311
PMFTC Inc., Philippines	-	43
PT Hanjaya Mandala Sampoerna TBK., Indonesia	55	373,481
	3,504,242	1,273,082

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

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

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

	Note	2023	2022
		(Rupees in thousand)	
Balance as at the beginning of the year		(3,855)	(854)
Accrual for the year	27	51,426	227,836
Less: Payments made during the year		(39,752)	(230,837)
Balance at the end of the year		7,819	(3,855)

21.6 The movement of tobacco development cess is as follows:

	2023	2022
Balance as at the beginning of the year	67,275	53,685
Provision for the year	55,500	106,800
Less: Payments made during the year	(81,150)	(93,210)
Balance at the end of the year	41,625	67,275

21.6.1 Effective July 1, 1999, the Tobacco Development Cess was levied on the purchases of tobacco leaf. The Company had filed a constitutional petition in the Supreme Court of Pakistan against the levy which was dismissed against the Company on September 13, 2022. Accordingly, the Company is paying the said levy and has made the above provision in its books of account.

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

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

21.7 These represent advances received by the Company from associated undertakings and distributors for goods to be delivered. The advances outstanding as at December 31, 2022 amounting to Rs 1,350.939 million have been fully recognised as revenue during the current year.

22. CONTINGENCIES AND COMMITMENTS

22.1 Guarantees

Indemnities given to banks for guarantees issued by them in the normal course of business aggregated Rs 48.861 million (2022: Rs 69.565 million).

22.2 Commitments

	2023	2022
	(Rupees in thousand)	
Capital expenditure contracted for but not incurred	101,567	100,293
Post dated cheques	147,407	111,365
Letters of credit	51,356	-
Operating lease commitments	11,063	30,174

22.3 Income tax related contingencies

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

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

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

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

(iv) While reviewing the income tax return of the Company for the tax year 2014, the DCIR through an order dated June 28, 2016 had disallowed certain deductions aggregating Rs 131.086 million having an incremental tax impact of Rs 39.326 million. The CIR – Appeals passed an order dated September 20, 2019 on the appeal filed by the Company through which disallowances of deductions amounting to Rs 80.394 million were deleted, disallowances of Rs 47.339 million were remanded back to DCIR and disallowances amounting to Rs 3.353 million were maintained. The management decided not to file an appeal against the order issued by CIR – Appeals. LTU has filed appeal with Appellate Tribunal against the order passed by CIR-Appeals, the decision of which is pending.

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

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

The DCIR has filed appeal with Appellate Tribunal Inland Revenue against the order passed by CIR - Appeals to the extent of disallowances amounting to Rs 1,043.246 million, which is pending. For the matters remanded back, during the year, the DCIR has closed proceedings without drawing any adverse inference.

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

22.4 Sales tax and FED related contingencies

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

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

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

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

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

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

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

The Company received an order from the Tribunal on September 30, 2021, whereby the demand of Rs 1,765.008 million for alleged evasion of FED and sales tax was set aside in the Company's favour. However, the Appellate Tribunal directed FBR to re-initiate the proceedings afresh after assessing the facts of the case to reach a fair and lawful conclusion. To date no additional demand has been received by the Company in this respect.

On the basis that demands were set aside, the Company, after informing the FBR in writing, adjusted the amounts paid on February 8, 2019 for the Injunction, against its excise and sales tax payment for the month of October 2021.

Further, the Company has filed a Reference Application in the High Court of Sindh against the Tribunal's order to the extent of its direction to FBR to re-initiate proceedings. The Reference Application is currently pending adjudication.

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

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

23. TURNOVER - net

	2023	2022
	(Rupees in thousand)	
Gross turnover		
- Domestic	52,770,761	46,994,968
- Export	3,832,698	1,488,097
	56,603,459	48,483,065
Less: Trade discount	1,307,692	1,191,275
Sales tax	8,337,691	7,100,348
Federal excise duty	28,738,367	20,352,901
	38,383,750	28,644,524
	18,219,709	19,838,541

	Note	2023	2022
		(Rupees in thousand)	
24. COST OF SALES			
Raw and packing material consumed			
Opening stock		7,518,621	5,047,334
Purchases, redrying and related expenses	24.1	12,295,794	11,295,545
		19,814,415	16,342,879
Closing stock	9	(11,004,979)	(7,518,621)
		8,809,436	8,824,258
Government levies		38,426	34,449
Manufacturing expenses	24.2	2,438,232	2,383,681
		11,286,094	11,242,388
Work in process			
Opening stock		366,817	260,725
Closing stock	9	(208,652)	(366,817)
Sale of waste		(13,550)	(8,462)
		144,615	(114,554)
Cost of goods manufactured		11,430,709	11,127,834
Finished goods			
Opening stock		851,861	619,328
Finished goods purchased		1,070,116	48,257
Closing stock	9	(1,270,331)	(851,861)
		651,646	(184,276)
		12,082,355	10,943,558

24.1 Purchases, redrying and related expenses

	Note	2023	2022
Raw and packing material		10,842,257	10,112,040
Salaries, wages and other benefits	13 & 18	496,380	424,107
Stores and spares consumed		96,920	40,614
Fuel and power		119,456	180,278
Rent, rates and taxes		30,748	13,637
Freight and stacking		154,254	178,865
Postage, telephone and stationery		36,534	27,708
Depreciation on property, plant and equipment	3.1.1	62,666	56,577
Depreciation on right-of-use asset	4.1	12,422	2,514
Amortisation on intangibles	5.1	-	20
Repair and maintenance		164,411	99,107
Travelling and vehicle expenses		43,719	29,269
Professional charges		25,309	18,686
Fumigation and pesticide expenses		49,005	36,129
Security charges		157,429	74,839
Other expenses		4,284	1,155
		1,453,537	1,183,505
		12,295,794	11,295,545

Notes to and forming part of the financial statements
For the year ended December 31, 2023

	Note	2023	2022
		(Rupees in thousand)	
24.2 Manufacturing expenses			
Salaries, wages and other benefits	13 & 18	839,605	817,608
Stores and spares consumed		470,821	469,194
Fuel and power		216,312	267,957
Cartage		37,221	22,081
Postage, telephone and stationery		28,241	13,114
Depreciation on property, plant and equipment	3.1.1	650,764	620,650
Depreciation on right-of-use assets	4.1	3,456	3,456
Travelling and vehicle expenses		79,265	64,255
Security charges		92,407	68,502
Other expenses		20,140	36,864
		2,438,232	2,383,681

25. DISTRIBUTION AND MARKETING EXPENSES

	Note	2023	2022
Salaries, allowances and other benefits	13 & 18	1,423,366	1,199,266
Selling expenses		2,259,341	1,228,886
Freight expense		262,238	237,301
Rent, rates and taxes		30,190	27,848
Postage, telephone and stationery		83,031	12,627
Depreciation on property, plant and equipment	3.1.1	70,571	54,960
Depreciation on right-of-use assets	4.1	14,797	14,086
Amortisation on intangibles	5.1	18,849	22,060
Travelling and vehicle expenses		221,646	149,720
Royalty	25.1	716,393	151,497
Repair and maintenance		20,638	20,116
Security charges		26,079	18,984
Other expenses		431,357	191,698
		5,578,496	3,329,049

25.1 Royalty is payable to associated undertaking Philip Morris Global Brands Inc., United States, the registered office of which is located at 120 Park Ave., 6th Floor, 10017, New York, USA.

	Note	2023	2022
		(Rupees in thousand)	
26. ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	13 & 18	974,965	871,366
Rent, rates and taxes		16,230	31,434
Postage, telephone and stationery		26,741	25,327
Travelling and vehicle expenses		195,105	136,328
Repairs and maintenance		97,475	63,705
Legal and professional charges		155,296	101,390
Utilities		23,061	15,626
Fee and subscription		45,726	51,294
Insurance		45,988	34,966
Auditor's remuneration	26.1	8,299	11,184
Depreciation on property, plant and equipment	3.1.1	126,739	78,474
Depreciation on right-of-use assets	4.1	71,713	74,014
Donation	26.2 & 26.3	-	86,846
Amortisation on intangibles	5.1	1,660	1,894
Security charges		30,323	23,131
Other expenses		18,717	38,684
		1,838,038	1,645,663

		2023	2022
		(Rupees in thousand)	
26.1	Auditor's remuneration		
	Audit fee	3,972	3,450
	Review of half yearly financial statements	1,438	1,250
	Taxation and other services	1,769	6,149
		7,179	10,849
	Sales tax and out of pocket expenses	1,120	335
		8,299	11,184
26.2	Details of donations are given below:		
	Entrepreneurship Youth Development Society	-	1,800
	Pak Mission Society	-	18,642
	Rural Support Programmes Network	-	66,404
		-	86,846

26.3 There were no donations in prior year in which the directors of the Company or their spouses had interest.

27. OTHER EXPENSES

	Note	2023	2022
		(Rupees in thousand)	
Exchange loss - net	27.1	780,422	425,699
Employee separation costs		141,476	234,836
Property, plant and equipment written off	3.1	34,809	21,287
Workers' welfare fund		21,514	57,206
Workers' profit participation fund	21.5	51,426	227,836
Others		55,086	72,192
		1,084,733	1,039,056

27.1 This includes net unrealised exchange loss amounting to Rs 122.314 million (2022: Rs 270.284 million) arising on 'trade and other payables'.

28. OTHER INCOME

	Note	2023	2022
		(Rupees in thousand)	
Profit on deposit accounts		966,871	957,239
Profit on term deposit receipts		36,010	144,926
Profit on disposal of non-current assets held for sale / disposal	16.3	232,721	-
Profit on disposal of items of property, plant and equipment		111,534	74,089
Reimbursement of expenses	28.1	1,953,875	111,100
Liabilities no longer payable written back		67,459	73,052
Gain on termination of lease liability		-	57,380
Others	28.2	41,445	39,385
		3,409,915	1,457,171

28.1 This represents reimbursement of expenses, incurred by the Company on account of import, distribution and marketing activities, trade allowances and taxes and duties relating to recently launched products, agreed to be received from Philip Morris Products S.A., (PMP) in accordance with the agreements entered into between the Company and PMP.

28.2 These mainly include sale of scrap material and income on account of advance forfeited in accordance with the Agreement (note 16.3).

Notes to and forming part of the financial statements
For the year ended December 31, 2023

		Note	2023	2022
			(Rupees in thousand)	
29.	**FINANCE COST AND BANK CHARGES**			
	Accretion of interest on lease liabilities	19.1	42,935	40,378
	Bank commission and other charges		47,401	26,321
			90,336	66,699
30.	**TAXATION**			
	Current - for the year	30.2	457,464	485,048
	- for prior year	30.3	243,597	344,484
			701,601	829,532
	Deferred	7.1	(125,196)	632,409
			575,865	1,461,941
30.1	Relationship between tax expens and accounting profit			
	Accounting profit before taxation		955,666	4,271,687
	Applicable tax rate	30.4	39%	33%
	Tax on accounting profit		372,710	1,409,657
	Tax effect of:			
	• income assessed under Final Tax Regime		(54,001)	12,456
	• income assessed under Minimum Tax Regime		53,179	22,446
	• income not subject to tax		(32,537)	-
	• minimum tax adjusted		-	(340,756)
	• others		(7,083)	13,654
			332,268	1,117,457
	Current tax for the prior year		243,597	344,484
	Tax expense for the year charged in profit or loss		575,865	1,461,941

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

	2023	2022
	(Rupees in thousand)	
Current tax charge / (reversal) recognised in:		
Profit or loss	457,464	485,048
Other comprehensive income	(35,891)	10,989
	421,573	496,037

30.3 The Federal Government, through the Finance Act, 2023, introduced new slab rates for super tax as a result of which rate of 10% is applicable on all sectors having income in excess of Rs 500 million. Accordingly, the incremental super tax at the rate of 6% pertaining to financial year 2022 (4% being already introduced through the Finance Act, 2022) has been recorded as a prior year charge in these financial statements.

30.4 In view of the fact that the super tax rate has been specified as 10% through the Finance Act, 2023, the applicable tax rate for the Company has increased from 33% to 39%. Accordingly, the Company has recorded deferred tax as at December 31, 2023 at 39% in these financial statements.

31. EARNINGS PER SHARE - BASIC AND DILUTED

	Note	2023	2022
		(Rupees in thousand)	
31.1 Basic and diluted earnings per share			
Profit for the year after taxation		379,801	2,809,746
Less: dividend on non-cumulative preference shares	17.8	-	(941,760)
Profit attributable to ordinary shareholders		379,801	1,867,986
		(No. of shares)	
Weighted average number of ordinary shares - for basic EPS	17.2	61,580,341	61,580,341
Weighted average number of ordinary shares - for diluted EPS	31.2	80,452,165	Note 31.4
		(Rupees)	
Earnings per share - basic		6.17	30.33
Earnings per share - diluted		4.72	Note 31.4
31.2 Weighted average number of ordinary shares	17.2	61,580,341	61,580,341
Effect of convertible preference shares	31.3	18,871,824	Note 31.4
Weighted average number of ordinary shares - diluted		80,452,165	Note 31.4

31.3 1,046,400,000 preference shares are included in the calculation of diluted earnings per share for the year ended December 31, 2023. These preference shares could potentially dilute basic earnings per share in the future.

31.4 1,046,400,000 preference shares were not included in the calculation of diluted earnings per share because these were antidilutive for the year ended December 31, 2022.

32. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees in thousand							
Remuneration	-	-	11,194	9,747	831,371	633,853	842,565	643,600
House rent	-	-	5,037	4,386	374,117	285,234	379,154	289,620
Directors' fee	-	-	5,324	4,961	-	-	5,324	4,961
Bonus	-	-	7,614	7,211	250,992	208,720	258,606	215,931
Retirement benefits	-	-	2,080	1,770	153,990	113,094	156,070	114,864
Utilities	-	-	1,119	975	83,137	63,385	84,256	64,360
Others	17,696	13,200	1,315	1,629	244,462	162,917	263,473	177,746
	17,696	13,200	33,683	30,679	1,938,069	1,467,203	1,989,448	1,511,082
Number of persons	1	1	8	6	290	247	299	254

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

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

32.3 The benefits available to certain executives and an exective director recognised by the Company in the expenses during the year on account of share-based payment plan aggregate Rs 99.531 million (2022: Rs 84.506 million).

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

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

33. RELATED PARTIES DISCLOSURES

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 funds and key management personnel. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment as disclosed in note 32, are as follows:

	Nature of transactions	2023	2022
		(Rupees in thousand)	
Associated undertakings	Sale of goods	3,832,698	1,307,281
	Sale of plant and machinery	66,069	39,670
	Purchase of goods	2,723,475	584,727
	Purchase of plant and machinery	465	1,089
	Appropriation of preference dividend	-	941,760
	Appropriation of ordinary dividend	-	60,135
	Reimbursement of expenses	1,953,875	111,100
	Royalty expense	716,393	151,497
	Share based payment recharge	63,095	49,971
Staff retirement plans	Expense in relation to gratuity scheme	56,968	78,221
	(Loss) / gain in other comprehensive income - gratuity	(92,029)	33,300
	Expense in relation to provident fund	116,228	101,632

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

The status of outstanding balances with related parties as at December 31, 2023 is included in notes 12.1, 13.1, 21.2 and 21.3. These balances are to be settled in the ordinary course of business.

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

S. No.	Name of related parties	Basis of relationship	Aggregate shareholding % in the Company
1.	Philip Morris Products S.A. Manufacturing, Switzerland	Group Company	Nil
2.	Philip Morris Management Services S.A., Switzerland	Group Company	Nil
3.	Philip Morris CR A.S., Czech Republic	Group Company	Nil
4.	Philip Morris Operations A.D., Serbia	Group Company	Nil
5.	Philip Morris International Management S.A. (Tolling), Switzerland	Group Company	Nil
6.	Philip Morris Products S.A., Switzerland	Group Company	Nil
7.	PMFTC Inc., Philippines	Group Company	Nil
8.	Philip Morris International Inc., United States	Group Company	Nil
9.	Philip Morris Global Brands Inc., United States	Group Company	Nil
10.	Philip Morris Korea Inc., Korea	Group Company	Nil
11.	Philip Morris Malaysia SDN. BHD., Malaysia	Group Company	Nil
12.	PT Philip Morris, Indonesia	Group Company	Nil
13.	Philip Morris Philippines Manufacturing Inc., Philippines	Group Company	Nil
14.	PMI Service Center Europe spolka z organiczona odpowiedzialnoscia, Poland	Group Company	Nil
15.	Massalin particulares S.R.L., Argentina	Group Company	Nil
16.	Philip Morris Mexico Productos, Mexico	Group Company	Nil
17.	Philip Morris Brasil Industria Ecomercio LTDA, Brazil	Group Company	Nil
18.	Profigen Do Brasil LTDA, Brazil	Group Company	Nil
19.	Philip Morris Investments B.V., Jordan	Group Company	Nil
20.	PT Hanjaya Mandala Sampoerna TBK., Indonesia	Group Company	Nil
21.	Philip Morris Manufacturing & Technology Bologna spa, Italy	Group Company	Nil
22.	PMI Global Studio Ltd, United Kingdom	Group Company	Nil
23.	Philip Morris Brands Sarl, Switzerland	Group Company	Note 17
24.	Philip Morris Investments B.V., Netherlands	Parent company	Note 17
25.	Laksonpremier Tobacco Company (Private) Limited	Subsidiary	Nil
26.	Philip Morris (Pakistan) Limited Employees' Gratuity Fund	Retirement benefit trust	Nil
27.	Philip Morris (Pakistan) Limited Employees' Provident Fund	Retirement benefit trust	Nil
28.	Mr. Kamran Y. Mirza	Chairman (upto October 29, 2023)	0.000081%
29.	Mr. Sarfaraz Ahmed Rehman	Chairman (effective October 29, 2023)	0.000002%
30.	Mr. Roman Yazbeck	Chief Executive	0.000002%
31.	Mr. Peter Stefan M. Calon	Director	0.000002%
32.	Ms. Nadia Waris	Director	0.000002%
33.	Mr. Junaid Iqbal	Director	0.000002%
34.	Ms. Pattaraporn Auttaphon	Director	0.000002%
35.	Mr. Mirza Rehan Baig	Director	0.000002%
36.	Mr. Muhammad Zeeshan	Director	0.000003%

34. CAPACITY AND PRODUCTION

Against an installed manufacturing capacity of 20,045 million (2022: 21,297 million) cigarette sticks, the manned manufacturing capacity is 7,539 million cigarette sticks (2022: 11,877 million sticks). Actual production was 5,953 million (2022: 10,200 million) cigarette sticks. Actual production was sufficient to meet the demand.

35. CASH GENERATED FROM OPERATIONS

	Note	2023	2022
		(Rupees in thousand)	
Profit before taxation		955,666	4,271,687
Adjustment for non-cash and other items:			
Depreciation on property, plant and equipment	3.1.1	910,740	810,661
Depreciation on right-of-use assets	4.1	102,388	94,070
Property, plant and equipment written off	27	34,809	21,287
Amortisation of intangibles	5.1	20,509	23,974
Provision for slow moving spares	8.1	11,985	5,378
Provision for obsolete stocks	9.1	430,725	32,913
Expenses arising from equity-settled share-based payment plan	18.3	99,531	84,506
Staff gratuity expense	13.1	56,968	78,221
Liabilities written back	28	(67,459)	(73,052)
Exchange loss - net	27.1	122,314	270,284
Profit on deposit accounts	28	(966,871)	(957,239)
Profit on term deposit receipts	28	(36,010)	(144,926)
Profit on disposal of non-current assets held for sale / disposal	28	(232,721)	-
Profit on disposal of items of property, plant and equipment	28	(111,534)	(74,089)
Gain on termination of lease liability	28	-	(57,380)
Other current assets written off		20,961	38,663
Finance cost	29	42,935	40,378
		439,270	193,649
Working capital changes	35.1	(242,177)	(2,140,466)
		1,152,759	2,324,870

35.1 Working capital changes

	2023	2022
(Increase) / decrease in current assets		
Stores and spares	(170,273)	2,940
Stock in trade	(3,774,364)	(2,853,078)
Advances	(153,926)	2,961
Prepayments	10,402	(12,785)
Other receivables	(338,502)	(1,463,099)
	(4,426,663)	(4,323,061)
Increase / (decrease) in current liabilities		
Trade and other payables	4,585,999	2,245,488
Sales tax and federal excise duty payable	(401,513)	(62,893)
	(242,177)	(2,140,466)

36. CASH AND CASH EQUIVALENTS

	Note	2023	2022
Cash and bank balances	15	9,062,895	7,302,365
Short term investment	14	-	2,000,000
Less: Amount held as security	15.2	(18,861)	(18,861)
		9,044,034	9,283,504

Notes to and forming part of the financial statements
For the year ended December 31, 2023

37. FINANCIAL RISK MANAGEMENT

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

(i) Market risk

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

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

(a) Interest rate risk

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

- Fair value risk - Fair value risk to the Company arises from instruments which are based on fixed interest rates. As at December 31, 2023, the Company did not have any fixed rate instrument.

- Future cash flow risk - Presently, future cash flow risk to the Company arises from deposit accounts with banks which are based on floating interest rates (i.e. KIBOR based). As at December 31, 2023, had there been increase / decrease of 100 basis points in KIBOR with all other variables held constant, profit after taxation for the year then ended would have been higher / lower by Rs 35.127 million (2022: Rs 44.656 million) mainly as a result of profit on deposit accounts.

(b) Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has foreign currency exposures in US Dollars, Euro and UK Pound in the form of other receivables (note 12), bank balances (note 15), trade and other payables (note 21).

As at December 31, 2023, had the Company's functional currency strengthened / weakened by 5% against US Dollar, Euro and UK Pound, with all other variables held constant, proft after taxation for the year then ended would have been higher / lower by Rs 41.025 million (2022: Rs 77.983 million) mainly as a result of foreign exchange gains / losses.

(c) Other price risk

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

(ii) Credit risk and its concentration

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. The Company enters into financial contracts in accordance with the internal risk management policies which mainly include incurring of sales on an advance payment basis and holding of balances with reputable banks of the country. Further, the Company considers a financial asset to be in default when contractual payments are 365 days past due and internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full and it is subsequently written off, if required. The maximum amount of financial assets that are subject to credit risk aggregated Rs 11,300.913 million as at December 31, 2023 (2022: Rs 11,165.532 million) as set out in note 37.3. The analysis below summarises the credit quality of the Company's financial assets as at December 31, 2023 due to which the Company considers that the credit risk is minimal:

- Long term deposits aggregating Rs 73.582 million (2022: Rs 91.952 million) are held with parties which have long association with the Company and have a good credit history.

- Amounts aggregating Rs 1,887.174 million (2022: Rs 126.077 million) are receivable from group companies whereby credit exposure and the corresponding risk associated with recoverability is considered minimal.

- Other financial assets aggregating Rs 9,340.157 million which mainly represent cash margins held with banks, accrued profit on deposit account and bank balances, are maintained with banks having credit rating of atleast A-2 representing good certainty of timely payment.

Concentration of credit risk exists when changes in economic and industry factors similarly affect the group of counter parties whose aggregated credit exposure is significant in relation to the Company's total credit exposure. A significant portion (i.e. 83%) of the Company's financial assets are held within a single industry i.e. banks. However, the Company considers that all such banks are credit worthy parties and hence risk of default is minimal.

(iii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial liabilities when due. Accordingly, the Company maintains sufficient cash and cash equivalents and also makes availability of funding through credit facilities, representing short term borrowings (note 20). Additionally, the Company has an existing intercompany borrowing arrangement of up to USD 2.5 million, intended to facilitate payments to the Company's suppliers available upto February 2026. Should this facility be utilised, the principal amount, along with applicable interest, would be repaid after a three-year period. As of December 31, 2023, entire facility amount remains undrawn.

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

	2023			
	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 Years
	(Rupees in thousand)			
Trade and other payables	9,361,699	9,361,699	9,361,699	-
Unclaimed dividend	37,128	37,128	37,128	-
Unpaid dividend	54,122	54,122	54,122	-
Lease liabilities	357,221	459,328	147,659	311,669
	9,810,170	9,912,277	9,600,608	311,669

	2022			
	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 Years
	(Rupees in thousand)			
Trade and other payables	7,299,796	7,299,796	7,299,796	-
Unclaimed dividend	37,780	37,780	37,780	-
Unpaid dividend	901,706	901,706	901,706	-
Lease liabilities	312,421	389,989	87,432	302,557
	8,551,703	8,629,271	8,326,714	302,557

37.2 Fair values of financial assets and liabilities

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

As at December 31, 2023, the carrying values of all financial assets and liabilities except for lease liabilities approximated to their fair values due to the fact that most of the financial assets and liabilities are of short term nature.

37.3 Financial instruments by category

	2023	2022
	(Rupees in thousand)	
FINANCIAL ASSETS		
At amortised cost		
Long term deposits	73,582	91,952
Other receivables	2,164,436	1,755,838
Cash and bank balances	9,062,895	7,302,365
Short term investment	-	2,015,377
	11,300,913	11,165,532
FINANCIAL LIABILITIES		
At amortised cost		
Trade and other payables	9,361,699	7,299,796
Unclaimed dividend	37,128	37,780
Unpaid dividend	54,122	901,706
Lease liabilities	357,221	312,421
	9,810,170	8,551,703

38. CAPITAL RISK MANAGEMENT

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

39. DETAILS OF DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT

39.1 The following operating property, plant and equipment having net book value of Rs 500,000 or more each were disposed of during the year ended December 31, 2023:

Category	Original cost	Accumulated depreciation	Book value	Disposal proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers	Relationship of buyers with company or director if any
Vehicles	9,239	(7,391)	1,848	3,234	1,386	Company policy	Khurram Mohammad Qamar	Employee
	9,239	(7,391)	1,848	3,234	1,386	Company policy	Muneeza Kazi	Employee
	3,964	(3,171)	793	2,607	1,814	Company policy	Azhar Iqbal	Employee
	3,964	(3,171)	793	2,580	1,787	Company policy	Sarmad Iqbal	Employee
	3,787	(3,030)	757	2,750	1,993	Company policy	Syed Mairaj Uddin	Employee
	3,787	(3,030)	757	2,733	1,976	Company policy	Manazir Hussain	Employee
	1,855	(1,138)	717	1,216	499	Company policy	Kulsum Khan	Employee
	2,638	(2,005)	633	1,258	625	Company policy	Mahar Behzad Qadir	Employee
	2,293	(1,712)	581	2,501	1,920	Company policy	Muhammad Husnan	Employee
	2,663	(2,095)	568	932	364	Company policy	Zia Ullah	Employee
	2,663	(2,095)	568	932	364	Company policy	Muhammad Irshad Khan	Employee
	2,799	(2,239)	560	2,315	1,755	Company policy	Haseeb Ur Rehman	Employee
	2,799	(2,239)	560	2,301	1,741	Company policy	Jamshaid Ali	Employee
	2,663	(2,130)	533	932	399	Company policy	Moien Ahmed Khan	Employee
	2,663	(2,130)	533	932	399	Company policy	Saad Khaleel	Employee
	2,663	(2,130)	533	932	399	Company policy	Syed Imran Mehdi Haqvi	Employee
	2,663	(2,130)	533	932	399	Company policy	Muhammad Shahid	Employee
	2,663	(2,130)	533	932	399	Company policy	Hadi Hassan Ali	Employee
	2,663	(2,130)	533	932	399	Company policy	Ehsan Talat	Employee
	2,663	(2,130)	533	932	399	Company policy	Faisal Mushtaq	Employee
	2,663	(2,130)	533	932	399	Company policy	Maaz Iqbal	Employee
	2,638	(2,110)	528	897	369	Company policy	Salman Anwer Ali Khan	Employee
	75,632	(59,857)	15,775	36,946	21,171			

39.2 During the year, property E-15 located at Kotri, Sindh was sold along with structural improvements and certain equipment having cost aggregating Rs 1,924.059 million and net book value aggregating Rs 351.232 million, respectively (note 16). Sales proceeds for the above transaction was Rs 583.953 (exclusive of sales tax) million resulting in gain aggregating Rs 232.721 million. These assets were disposed of in a single transaction to a third party i.e. Super Traders by way of bidding process. Considering the quantum of assets disposed of, the cost, net book value, sales proceeds and gain / (loss) of individuals assets have not been presented in these financial statements.

Notes to and forming part of the financial statements
For the year ended December 31, 2023

40. NUMBER OF EMPLOYEES

The average number of employees during the year and as at December 31, 2023 and 2022 respectively are as follows:

	2023	2022
	No. of employees	
Number of employees as at December 31	644	652
Average number of employees during the year	641	682

41. ENTITY WIDE INFORMATION

The Company has one reportable segment, the principal class of products are cigarettes and other tobacco products, and other smoke free products.

41.1 Information about geographical areas

The Company does not hold non-current assets in any foreign country. The breakup of the Company's revenue into domestic and export revenue is provided in note 23. Export revenue was billed mainly to the Company's group affiliates located in Switzerland and Indonesia.

41.2 Information about major customers

The Company does not have transactions with any external customer which amount to 10% or more of its revenues.

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 22, 2024 by the Board of Directors of the Company.

43. GENERAL

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

Sarfaraz Ahmed Rehman
Chairman / Director

Roman Yazbeck
Chief Executive Officer

Muhammad Zeeshan
Chief Financial Officer

Pattern of Shareholding

As At December 31, 2023

# Of Shareholders	Shareholdings'Slab			Total Shares Held
938	1	to	100	22,204
345	101	to	500	88,021
118	501	to	1000	85,088
174	1001	to	5000	336,946
19	5001	to	10000	128,717
3	10001	to	15000	32,907
2	15001	to	20000	31,506
1	20001	to	25000	20,883
1	25001	to	30000	28,915
1	45001	to	50000	46,255
1	620001	to	625000	623,489
2	12315001	to	12320000	24,632,116
1	35500001	to	35505000	35,503,294
1581				**61,580,341**

Pattern of Shareholding

As At December 31, 2023

Categories of Shareholders (Ordinary Shareholders)	Shares Held	Percentage
Directors, Chief Executive Officer and their spouse(s) and minor children		
MS.PATTARAPORN AUTTAPHON	1	0.000002
MR.MUHAMMAD ZEESHAN	2	0.000003
MR. ROMAN YAZBECK	1	0.000002
MIRZA REHAN BAIG	1	0.000002
MR. JUNAID IQBAL	1	0.000002
Ms. NADIA WARIS	1	0.000002
Mr. SARFARAZ AHMED REHMAN	1	0.000002
Associated companies, undertakings and related parties	60,135,410	97.65
NIT and ICP	58	0.00009
Banks Development Financial Institutions, Non-Banking Financial Institutions	3,360	0.005
Insurance Companies	10,580	0.02
General Public Foreign		
a. Local	743,747	1.2078
b. Foreign	161	0.0003
Foreign Companies	623,489	1.0125
Others	63,530	0.1032
Total	**61,580,341**	**100.00**

Ordinary Shareholders holding 10% or more	Shares Held	Percentage
PHILIP MORRIS INVESTMENTS B.V.	47,819,350	77.65
PHILIP MORRIS BRANDS SARL	12,316,060	20.00

Details of pattern of shareholding as per requirements of code of corporate governance

As At December 31, 2023

categories of shareholders (Ordinary shareholders)

S.No.	Name of shareholder	Number of shares
Associated companies, undertakings and related parties		
1	M/S PHILIP MORRIS BRANDS SARL	12,316,060
2	PHILIP MORRIS INVESTMENTS B.V.	12,316,056
3	PHILIP MORRIS INVESTMENTS B.V.	35,503,294
		60,135,410
Directors, Chief Executive Officer and their spouse(s) and minor children		
1	MS.PATTARAPORN AUTTAPHON	1
2	MR.MUHAMMAD ZEESHAN	2
3	MR. ROMAN YAZBECK	1
4	MIRZA REHAN BAIG	1
5	MR. JUNAID IQBAL	1
6	Ms. NADIA WARIS	1
7	Mr. SARFARAZ AHMED REHMAN	1
		8
NIT and ICP		
1	M/S INVESTMENT CORPN OF PAK	58
		58
Banks Development Financial Institutions, Non-Banking Financial Institutions		
1	M/S HABIB BANK LIMITED	132
2	MCB BANK LIMITED - TREASURY	3,228
		3,360
Insurance Companies		
1	PAKISTAN REINSURANCE COMPANY LIMITED	10,580
		10,580

Pattern of Shareholding - Preference shareholders

As At December 31, 2023

CATEGORIES OF PREFERENCE	SHAREHOLDERS PREFERENCE	SHARES HELD PERCENTAGE
Holding and Associated Companies	1,046,400,000	100.00%

DETAILS OF PATTERN OF PREFERENCE SHAREHOLDING AS PER REQUIREMENTS OF THE CODE OF CORPORATE GOVERNANCE

CATEGORIES OF PREFERENCE SHAREHOLDERS

ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES

PHILIP MORRIS INVESTMENTS B.V.	832,097,280
PHILIP MORRIS BRANDS SARL	214,302,720
	1,046,400,000

PATTERN OF HOLDING OF PREFERENCE SHARES AS AT DECEMBER 31, 2023

INCORPORATION NUMBER - 0002832

PREFERENCE SHAREHOLDING PREFERENCE	PREFERENCE SHAREHOLDING		PREFERENCE SHAREHOLDING
	FROM	TO	
1	1	250,000,000	214,302,720
1	250,000,001	850,000,000	832,097,280

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 55th Annual General Meeting ("AGM") of **PHILIP MORRIS (PAKISTAN) LIMITED** ('the Company") will be held on **Friday, April 26, 2024 at 11:00 a.m.** at the Pakistan Stock Exchange Auditorium, Stock Exchange Building, Pakistan Stock Exchange Road, Karachi. To ensure maximum participation by the shareholders a video link for attending the meeting online will also be provided.

The shareholders can download the application /software through https://zoom.us/download and login via video-link by giving their email ID and password to participate in the AGM proceedings to transact the following business: (for details please see the notes below).

ORDINARY BUSINESS

1. To receive, consider, and adopt the audited financial statements for the year ended December 31, 2023 together with the Directors' and Auditor's Report thereon.
2. To appoint the External Auditors and fix their remuneration for the year ending December 31, 2024.

The retiring auditor M/s. A. F. Ferguson & Co. Chartered Accountants has given consent to act as Auditor of the Company for the year ending December 31, 2024

OTHER BUSINESS

3. To discuss any other matter with the permission of the Chair.

By Order of the Board

SANA ENAIT HASHMI
Company Secretary

Karachi: April 3, 2024

NOTES:

1. Participation in the Annual General Meeting in person or online via video link.

To ensure maximum participation from the members, online arrangements are also being made.

The shareholders interested in attending the AGM in person or online via video link are requested to register themselves by providing the following information via email at Companysecretary.pmpk@pmi.com at least 48 hours before the AGM.

Name of Shareholder	CNIC Number	Folio Number/ CDC Account No	Cell Number	Email Address

The Company reserves the right to refuse entry to any shareholder who has not pre-registered for physical attendance.

The shareholders can also provide their comments/suggestions along with attendance for the proposed agenda items of the AGM on the email Companysecretary.pmpk@pmi.com 24 hours before the meeting.

2. Weblink and QR Enabled Code to access the Annual Audited Financial Statements for the Year Ended December 31, 2023.

The Securities and Exchange Commission of Pakistan (SECP) through its S.R.O. 389(1)/2023 dated March 21, 2023, has allowed the listed companies to circulate the annual balance sheet and profit and loss account, auditor's report, and directors' report, etc. ("annual audited financial statements") to its members through QR enabled code and weblink. The Company in its Extra Ordinary General Meeting held on October 26, 2023 sought approval from the shareholders to circulate the annual audited financial statements through QR-enabled code and weblink. The web link and the QR code to download the annual audited financial statements for the year ended December 31, 2023 is as follows: **http://philipmorrispakistan.com.pk**

3. Closure of Shares Transfer Books.

The share transfer books of the Company will remain closed from April 19, 2024 to April 26, 2024 (both days inclusive). Transfer received in order at the Office of the Company's share Registrar, CDC Share Registrar Services Limited., CDC House, 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi – 74400 up to April 18, 2024 will be considered in time to be eligible to attend the meeting.

4. Participation in the AGM.

The members whose names appear in the Register of Members as of April 18, 2024, are entitled to attend and vote at the AGM. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend, speak, and vote for him/her. A proxy must be a Member of the Company.

An instrument of proxy applicable for the Meeting is being provided with the Notice sent to Members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours. Proxy form may also be downloaded from the Company's website: http://philipmorrispakistan.com.pk An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must, to be valid, be deposited through email on Companysecretary.pmpk@pmi.com not less than 48 hours before the time of AGM.

Members are requested to submit a copy of their Computerized National Identity Card/Smart National Identity Card (CNIC/SNIC), if not already provided and notify immediately changes, if any, in their registered address to our Shares Registrar on the above-mentioned address.

5. Guidelines for Central Depository Company of Pakistan (CDC) Accounts Holders.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan (SECP).

A. For Attending the AGM:

(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in a group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by sharing a copy of his/her CNIC/SNIC or passport through email (as mentioned in the notes) at least 48 hours before the AGM.

(ii) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be shared through email (as mentioned in the notes) (unless it has been provided earlier) at least 48 hours before the AGM.

B. For Appointing Proxies:

(i) In the case of individuals, the account holder or sub-account holder and/or the person whose securities are in a group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

(ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC/SNIC numbers shall be mentioned on the form.

(iii) Copies of CNIC/SNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form through email (as mentioned in the notes)

(iv) The proxy shall produce his original CNIC/SNIC or original passport at the time of the AGM.

(v) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company through email (as mentioned in the notes).

6. Placement of Financial Statements on Company's Website.

The Financial Statements of the Company for the year ended December 31, 2023 have been placed on the website of the Company http://philipmorrispakistan.com.pk.

7. Unclaimed Dividend.

As per the provision of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed / unpaid for a period of three years from the date on which it was due and payable are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the Shareholders. The details of the shares issued, and dividend declared by the Company which have remained due for more than three years was sent to Shareholders. The Shareholders are requested to ensure that claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged with the Company, the Company shall, after giving notice in the newspaper, proceed to deposit the unclaimed / unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of the Act.

8. Conversion of Physical Shares into CDC Account.

The Securities and Exchange Commission of Pakistan (SECP), through its letter No. CSD/ED/Misc/2016-639-640 dated March 26, 2021, has advised all listed companies to adhere to the provisions of Section 72 of the Companies Act, 2017 (the "Act"), which requires all companies to replace shares issued in physical form to book-entry form within four years of the promulgation of the Act. Accordingly, all Shareholders of the Company having physical folios/share certificates are requested to convert their shares from physical form into book-entry form at the earliest.

Subsidiary Company's Accounts:

Laksonpremier Tobacco Company (Private) Limited

Statement of Financial Position

As at December 31, 2023

	Note	2023 (Un-audited)	2022 (Un-audited)
		(Rupees)	
ASSETS		-	-
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 5,000,000 Ordinary Shares of Rs 10 each	3	50,000,000	50,000,000
Issued, subscribed and paid-up capital	3	1,030	1,030
Accumulated loss		(1,030)	(1,030)
		-	-
LIABILITIES		-	-
TOTAL EQUITY AND LIABILITIES		-	-

The annexed notes from 1 to 4 form an integral part of these financial statements.

Muhammad Zeeshan
Chief Financial Officer

Sana Enait Hashmi
Director

Statement of Profit or Loss and other Comprehensive Income

For the Year Ended December 31, 2023

	2023 (Un-audited)	2022 (Un-audited)
	(Rupees)	
Turnover	-	-
Expenses	-	-
Profit before taxation	-	-
Taxation	-	-
Profit after taxation	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-

The annexed notes from 1 to 4 form an integral part of these financial statements.

Muhammad Zeeshan
Chief Financial Officer

Sana Enait Hashmi
Director

Statement of Changes in Equity

For the Year Ended December 31, 2023

	Issued, subscribed and paid-up capital	Accumulated loss	Total
	----------	(Rupees)	----------
Balance as at January 1, 2022	1,030	(1,030)	-
Total comprehensive income for the year ended December 31, 2022	-	-	-
Balance as at December 31, 2022	1,030	(1,030)	-
Total comprehensive income for the year ended December 31, 2023	-	-	-
Balance as at December 31, 2023	1,030	(1,030)	-

The annexed notes from 1 to 4 form an integral part of these financial statements.

Muhammad Zeeshan
Chief Financial Officer

Sana Enait Hashmi
Director

Statement of Cash Flows

For the Year Ended December 31, 2023

	2023 (Un-audited)	2022 (Un-audited)
	(Rupees)	
Cash flow from operating activities	-	-
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	-	-

The annexed notes from 1 to 4 form an integral part of these financial statements.

Muhammad Zeeshan
Chief Financial Officer

Sana Enait Hashmi
Director

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Laksonpremier Tobacco Company (Private) Limited (the Company) was incorporated in Pakistan on March 14, 1955 as a private limited company under the Companies Act, 1913 (now the Companies Act, 2017). The principal activity of the Company is the manufacturing and sale of cigarettes and tobacco. Its registered office is situated at Office 04 & 05, 5th Floor, Corporate Office Block, Dolmen City, Plot HC-3, Block-4, Clifton Karachi, Sindh, Pakistan.

1.2 The Company is a wholly owned subsidiary of Philip Morris (Pakistan) Limited (the Holding Company). Philip Morris International Inc. is the ultimate parent company. Further, the Company's Chief Executive Officer is also a director in the Holding Company.

1.3 The purpose of the Company is to provide support to the Holding Company for complying with the tobacco production requirements. At present the Holding Company has sufficient manufacturing facilities to meet the tobacco production requirements, therefore, the Company is not in operation and no significant transactions and events have occured during the year.

1.4 The expenditure of the Company for the year which were restricted to the corporate filing and audit fees have been borne by the Holding Company.

1.5 The Holding Company has confirmed to the Company through its letter dated February 14, 2021, that the Holding Company intends to continue to provide financial support to the Company to enable it to continue as a 'going concern' in the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared under the historical cost convention.

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

Notes to and Forming Part of the Financial Statements
For the Year Ended December 31, 2023

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2023	2022		2023	2022
(Number of shares)			(Rupees)	
		Authorised share capital		
5,000,000	5,000,000	Ordinary shares of Rs 10 each	50,000,000	50,000,000
		Issued, subscribed and paid-up share capital		
103	103	Ordinary shares of Rs 10 each fully paid in cash	1,030	1,030

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

4. DATE OF AUTHORISATION

These financial statements were authorised for issue on February 20, 2024 by the board of directors of the Company.

Muhammad Zeeshan
Chief Financial Officer

Sana Enait Hashmi
Director

2۔ 31 دسمبر 2023 کو ختم ہونے والے سال کے سالانہ آڈٹ شدہ مالیاتی بیانات تک رسائی کے لیے Weblink اور QR فعال کوڈ۔

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے S.R.O 389 (1)/2023 مورخہ 21 مارچ 2023، کے ذریعے لسٹیڈ کمپنیوں کو سالانہ بیلنس شیٹ اور منافع اور نقصان کے اکاؤنٹ، آڈیٹر کی رپورٹ، اور ڈائریکٹرز کی رپورٹ وغیرہ ("سالانہ آڈٹ شدہ مالیاتی بیانات") اپنے اراکین کو QR فعال کوڈ اور ویب لنک کے ذریعے ترسیل کرنے کی اجازت دی ہے۔ کمپنی نے 26 اکتوبر 2023 کو منعقدہ اپنے غیر معمولی اجلاس عام میں QR- فعال کوڈ اور ویب لنک کے ذریعے سالانہ آڈٹ شدہ مالیاتی گوشواروں کو ترسیل کرنے کے لیے شیئر ہولڈرز سے منظوری طلب کی تھی۔ 31 دسمبر 2023 کو ختم ہونے والے سال کے سالانہ آڈٹ شدہ مالیاتی گوشواروں کو ڈاؤن لوڈ کرنے کے لیے ویب لنک اور QR کوڈ درج ذیل ہے : **http://philipmorrispakistan.com.pk**

3۔ حصص کی منتقلی کے کھاتوں کی بندش ۔

کمپنی کی حصص کی منتقلی کے کھاتے 19 اپریل 2024 سے 26 اپریل 2024 تک (دونوں دن سمیت) بند رہیں گے۔ وہ مکمل کھاتے جو کمپنی کے شیئر رجسٹرار، میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، 99 –بی، بلاک 'بی'، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی- 74400 کو 18 اپریل 2024 کو کاروبار کے اختتام دن کے اختتام سے قبل موصول ہوں گے وہی سالانہ اجلاس عام میں شرکت کیلیئے بروقت تصور کئے جائیں گے۔

4۔ سالانہ اجلاس عام میں شرکت۔

جن ممبران کے نام 18 اپریل 2024 تک ممبران کے رجسٹر میں موجود ہونگے، وہ سالانہ اجلاس عام میں شرکت اور ووٹ دینے کے حقدار ہیں۔ میٹنگ میں شرکت کرنے کے اور ووٹ دینے کے حقدار رکن کو شرکت کرنے، بولنے اور ووٹ دینے کے لیے پراکسی مقرر کرنے کا حق حاصل ہے۔ پراکسی کے لئے کمپنی کا ممبر ہونا ضروری ہے۔

اراکین کو بھیجے گئے نوٹس کے ساتھ میٹنگ کے لیے قابل اطلاق پراکسی کا ایک فارم فراہم کیا جا رہا ہے۔ پراکسی کے فارم کی مزید کاپیاں عام دفتری اوقات میں کمپنی کے رجسٹرڈ آفس سے حاصل کی جاسکتی ہیں۔ پراکسی فارم کمپنی کی ویب سائٹ http://philipmorrispakistan.com.pk سے بھی ڈاؤن لوڈ کیا جاسکتا ہے۔ پراکسی کا فارم اور پاور آف اٹارنی یا دیگر اتھارٹی (اگر کوئی ہے) جس کے تحت اس پر دستخط کیے گئے ہیں، یا ایسی پاور یا اتھارٹی کی ایک نوٹری سے تصدیق شدہ کاپی، درستگی کے لیے، سالانہ اجلاس عام کے وقت سے کم از کم 48 گھنٹے قبل *Companysecretary.pmpk@pmi.com* پر ای میل کے ذریعے جمع کی جانی چاہیے۔

ممبران سے درخواست کی جاتی ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ/ سمارٹ قومی شناختی کارڈ (SNIC / CNIC) کی ایک کاپی جمع کرائیں، اگر پہلے سے فراہم نہیں کیا گیا ہے اور اگر کوئی تبدیلیاں ہو تو فوری طور پر اپنے رجسٹرڈ پتے میں ہمارے شیئرز رجسٹرار کو مذکورہ پتے پر مطلع کریں۔

5۔ سینٹرل ڈپازٹری کمپنی آف پاکستان (CDC) اکاؤنٹس ہولڈرز کے لیے خصوصی ہدایات۔

سی ڈی سی اکاؤنٹ ہولڈرز کو مزید مندرجہ ذیل خصوصی ہدایات پر عمل کرنا ہوگا جیسا کہ سرکلر 1 مورخہ 26 جنوری 2000 میں بیان کیا گیا ہے، جو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے ذریعے جاری کیا گیا ہے۔

الف۔ سالانہ اجلاس عام میں شرکت کے لیے:

(i) انفرادی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور یا/ جن کی سیکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد وضوابط کے مطابق اپ لوڈ کی گئی ہوں، سالانہ اجلاس عام سے کم از کم 48 گھنٹے قبل، اپنا کمپیوٹرائزڈ قومی شناختی کارڈ/ سمارٹ قومی شناختی کارڈ (SNIC / CNIC) یا پاسپورٹ بذریعہ ای میل (جیسا کہ نوٹ میں بتایا گیا ہے) فراہم کر کے اپنی شناخت کی تصدیق کرے گا۔

(ii) کسی کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی نامزد شخص کے نمونے کے دستخط کے ساتھ ای میل کے ذریعے سالانہ اجلاس عام سے کم از کم 48 گھنٹے قبل شیئر کی جائے گی (جیسا کہ نوٹ میں بتایا گیا ہے) (اگر یہ پہلے فراہم نہ کی گئی ہو)

ب۔ پراکسیوں کی تقرری کے لیے:

(i) افراد کے معاملے میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/ یا وہ شخص جس کی سیکیورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہیں، مندرجہ بالا ضرورت کے مطابق پراکسی فارم جمع کرائیں گے۔

(ii) پراکسی فارم پر دو افراد گواہ ہوں گے جن کے نام، پتے او کمپیوٹرائزڈ قومی شناختی کارڈ/ سمارٹ قومی شناختی کارڈ (SNIC / CNIC) فارم پر درج ہوں گے۔

(iii) اصل مالکان اور پراکسی کی کمپیوٹرائزڈ قومی شناختی کارڈ/ سمارٹ قومی شناختی کارڈ (SNIC / CNIC) یا پاسپورٹ کی کاپیاں ای میل کے ذریعے پراکسی فارم کے ساتھ پیش کی جائیں گی (جیسا کہ نوٹ میں ذکر کیا گیا ہے)

(iv) پراکسی سالانہ اجلاس عام کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ/ سمارٹ قومی شناختی کارڈ (SNIC / CNIC) یا اصل پاسپورٹ پیش کرے گا۔

(v) کسی کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی کو نمونہ کے دستخط کے ساتھ ای میل کے ذریعے کمپنی میں پراکسی فارم کے ساتھ (جیسا کہ نوٹ میں ذکر کیا گیا ہے) جمع کرائی جائے گی (اگر یہ پہلے فراہم نہ کیا گیا ہو)

6۔ کمپنی کی ویب سائٹ پر مالی بیانات کی آویزگی (پلیسمنٹ)۔

31 دسمبر 2023 کو ختم ہونے والے سال کے لیے کمپنی کے مالی بیانات کمپنی کی ویب سائٹ http://philipmorrispakistan.com.pk پر آویزاں کر دیے گئے ہیں۔

7۔ غیر دعویدار ڈیویڈنڈ۔

کمپنیز ایکٹ 2017 کے سیکشن 244 کے پروویژن کے مطابق، کمپنی کی طرف سے جاری کردہ یا ڈیویڈنڈ کا اعلان کردہ کوئی بھی حصص جو اس تاریخ سے تین سال کی مدت تک غیر دعویدار/ غیر ادا شدہ رہ گیا ہے جس تاریخ کو یہ واجب الادا تھا اور اسے جمع کرنا ضروری ہے۔ شیئر ہولڈرز کو نوٹس جاری کرنے کے بعد وفاقی حکومت کے کریڈٹ کے لیے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ساتھ۔ کمپنی کے جاری کردہ شیئرز اور ڈیویڈنڈ کی تفصیلات جو تین سال سے زائد عرصے سے بقایا ہیں شیئر ہولڈرز کو بھیج دی گئیں۔ شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اس بات کو یقینی بنائیں کہ غیر دعویدار ڈیویڈنڈ اور شیئرز کے دعوے فوری طور پر درج کیے جائیں۔ اگر کمپنی کے پاس کوئی دعویٰ درج نہیں کیا جاتا ہے، تو کمپنی، اخبار میں نوٹس دینے کے بعد، ایکٹ کے سیکشن 244 (2) کے تحت وفاقی حکومت کے ساتھ غیر دعوی شدہ/ غیر ادا شدہ رقم اور حصص جمع کرنے کے لیے آگے بڑھے گی۔

8۔ فزیکل حصص کو CDC اکاؤنٹ میں تبدیل کرنا۔

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے خط نمبر CSD / ED / Misc 2016-639-640 مورخہ 26 مارچ 2021 کے ذریعے تمام لسٹڈ کمپنیوں کو مشورہ دیا ہے کہ وہ کمپنیز ایکٹ کے سیکشن 72 کی دفعات پر عمل کریں۔، 2017 ("ایکٹ")، جس کے تحت تمام کمپنیوں کو ایکٹ کے نفاذ کے چار سالوں کے اندر فزیکل فارم میں جاری کردہ شیئرز کو بک انٹری فارم میں تبدیل کرانا ضروری ہے۔ اس کے مطابق، فزیکل فولیو/ شیئر سرٹیفکیٹ رکھنے والے کمپنی کے تمام شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے شیئرز کو فزیکل فارم سے جلد از جلد بک انٹری فارم میں تبدیل کرا لیں۔

اظہار تشکر

ڈائریکٹرز 2023 میں کمپنی کے تمام ملازمین کی کوششوں، لگن، عزم اور تعاون کے لیے ان کا شکریہ ادا کرنے کے لیے اس موقع سے فائدہ اٹھانا چاہتے ہیں۔

بورڈ آف ڈائریکٹرز اپنے تمام کاروباری شراکت داروں جیسے ڈسٹری بیوٹرز، سپلائیرز، شیئر ہولڈرز اور دیگر اداروں کو کمپنی کے انتظام پر اعتماد کے لیے ان کی تعریف کرنا چاہیں گے۔

بورڈ آف ڈائریکٹرز کی جانب سے۔

Sarfaraz Ahmed Rehman

سرفراز احمد رحمان
چیئرمین بورڈ

رومان یاز بیک
چیف ایگزیکٹو

کراچی، 22 مارچ، 2024

سالانہ عام اجلاس کا نوٹس

اطلاع دی جاتی ہے کہ فلپ مورس (پاکستان) لمیٹڈ ('کمپنی') کا 55 واں سالانہ اجلاس عام ("AGM") جمعہ 26 اپریل 2024 کو صبح 11:00 بجے پاکستان اسٹاک ایکسچینج آڈیٹوریم، اسٹاک ایکسچینج بلڈنگ، پاکستان اسٹاک ایکسچینج روڈ، کراچی میں منعقد ہوگا۔ شیئر ہولڈرز کی زیادہ سے زیادہ شرکت کو یقینی بنانے کے لیے آن لائن میٹنگ میں شرکت کے لیے ایک ویڈیو لنک بھی فراہم کیا جائے گا۔

شیئر ہولڈرز https://zoom.us/download کے ذریعے ایپلیکیشن/سافٹ ویئر کو ڈاؤن لوڈ کر سکتے ہیں اور ویڈیو لنک کے ذریعے اپنا ای میل آئی ڈی اور پاس ورڈ دے کر مندرجہ ذیل کاروباری لین دین کے لیے سالانہ اجلاس عام کی کارروائی میں حصہ لے سکتے ہیں: (تفصیلات کے لیے براہ کرم نیچے نوٹس دیکھیں)۔

عمومی امور:

1۔ ڈائریکٹرز اور آڈیٹر کی رپورٹ کے ساتھ 31 دسمبر 2023 کو ختم ہونے والے سال کے آڈٹ شدہ مالیاتی گوشواروں کو وصول کرنا، غور کرنا اور اپنانا۔

2۔ بیرونی آڈیٹرز کی تقرری اور 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے ان کے معاوضے کا تعین کرنا۔ ریٹائر ہونے والے آڈیٹر میسیرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹر کے طور پر کام کرنے کی رضامندی ظاہر کی ہے۔

دیگر امور

3۔ چیئر کی اجازت سے کسی دیگر معاملے پر غور کرنا۔

بورڈ کے حکم سے

ثناء عنائت ہاشمی۔
کمپنی سیکریٹری

کراچی: 3 اپریل 2024

نوٹس:

1۔ ویڈیو لنک کے ذریعے ذاتی طور پر یا آن لائن سالانہ اجلاس عام میں شرکت۔

ممبران کی زیادہ سے زیادہ شرکت کو یقینی بنانے کے لیے آن لائن انتظامات بھی کیے جا رہے ہیں۔ ویڈیو لنک کے ذریعے ذاتی طور پر یا آن لائن سالانہ اجلاس عام میں شرکت کرنے میں دلچسپی رکھنے والے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ سالانہ اجلاس عام سے کم از کم 48 گھنٹے پہلے Companysecretary.pmpk@pmi.com پر ای میل کے ذریعے درج ذیل معلومات فراہم کر کے خود کو رجسٹر کریں۔

شیئر ہولڈر کا نام	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر	سیل نمبر	ای میل ایڈریس

کمپنی کسی بھی شیئر ہولڈر کو داخلے سے انکار کرنے کا حق محفوظ رکھتی ہے جس نے پہلے سے ذاتی طور پر حاضری کے لیے اندراج نہیں کروایا ہو۔

شیئر ہولڈرز میٹنگ سے 24 گھنٹے پہلے ای میل Companysecretary.pmpk@pmi.com پر سالانہ اجلاس عام کے مجوزہ ایجنڈا آئٹمز کے لیے حاضری کے ساتھ اپنے تبصرے/مشورے بھی فراہم کر سکتے ہیں۔

بورڈ کے اجلاسوں میں شرکت نہ کرنے والے ڈائریکٹرز کو غیر حاضری کی چھٹیاں دی گئیں۔

بورڈ آڈٹ کمیٹی

بورڈ آڈٹ کمیٹی، کمپنی کے بورڈ کی طرف سے مقرر کردہ شرائط کے مطابق کارکردگی کا مظاہرہ کرتی ہے، اور جو ایس ای سی پی کے جاری کردہ کوڈ کے تقاضوں کے مطابق ہے۔
آڈٹ کمیٹی تین ممبران پر مشتمل ہوتی ہے جن میں سے ایک آزاد ڈائریکٹر اور دو نان ایگزیکٹو ڈائریکٹرز ہوتے ہیں۔

31 دسمبر 2023 کو ختم ہونے والے سال میں، آڈٹ کمیٹی کی تشکیل حسب ذیل تھی؛

جناب ریحان بیگ	چیئرمین
محترمہ پٹاراپورن اوٹافون	ممبر
محترمہ نادیہ وارث*	ممبر

سال کے دوران کل چار اجلاس ہوئے۔ ان میٹنگوں میں ڈائریکٹرز کی حاضری کو دستاویزی شکل دی گئی ہے اور ذیل میں فراہم کی گئی ہے:

ڈائریکٹرز کے نام	میٹنگز کی تعداد
جناب ریحان بیگ	3
محترمہ پٹاراپورن آٹافون	2
مسٹر پیٹر کالون*	4
محترمہ نادیہ وارث**	-

*28 اکتوبر 2023 تک

**29 اکتوبر 2023 سے موثر۔

آڈٹ کمیٹی کے اجلاس میں شرکت نہ کرنے والے ڈائریکٹر کو غیر حاضری کی چھٹی دے دی گئی۔

بورڈ انسانی وسائل اور معاوضاتی کمیٹی (BHRRC)

بورڈ انسانی وسائل اور معاوضاتی کمیٹی تین اراکین پر مشتمل ہوتی ہے، جس میں نان ایگزیکٹیو، انڈیپینڈنٹ اور ایگزیکٹو ڈائریکٹرز شامل ہوتے ہیں۔

سال 31 دسمبر 2023 کے اختتام پر، کمیٹی کی تشکیل حسب ذیل تھی۔

جناب سرفراز احمد رحمن*	چیئرمین
مسٹر رومن یزبیک	ممبر
محترمہ نادیہ وارث*	ممبر

* 29 اکتوبر 2023 سے موثر۔

2023 کے دوران، ضابطہ کی ضرورت کے مطابق کمیٹی کا ایک اجلاس منعقد ہوا۔

ڈائریکٹرز کی تربیت

کمپنی کے سات میں سے دو ڈائریکٹر پہلے ہی تصدیق شدہ ہیں۔ کمپنی 2024 میں اپنے چند ڈائریکٹرز کے لیے ڈائریکٹرز ٹریننگ پروگرام کا اہتمام کرنا چاہتی ہے۔

شیئر ہولڈنگ کا نمونہ

31 دسمبر 2023 تک کمپنی کے شیئر ہولڈنگ کے پیٹرن کی تفصیلات کوڈ کی ضروریات کے مطابق اس سالانہ رپورٹ میں شامل کی گئی ہیں۔

آڈیٹرز

موجودہ ایکسٹرنل آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ("آڈیٹرز") آئندہ سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے اور اہل ہونے کے بعد، 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے ایکسٹرنل آڈیٹرز کے طور پر دوبارہ تقرری کے لیے خود کو پیش کر دیں گے۔ سفارش کے مطابق آڈٹ کمیٹی کے ذریعہ، آڈیٹرز کو آئندہ سالانہ جنرل میٹنگ میں دوبارہ تعینات کرنے کی سفارش کی جاتی ہے۔

اکاؤنٹنگ پالیسیاں

کمپنی نے 2023 کے دوران اکاؤنٹنگ کے نئے معیارات، منظور شدہ معیارات میں ترامیم، اور نئی تشریحات کو اپنایا یا لاگو کیا ہے۔ ان کی تفصیلات مالیاتی بیانات کے سیکشن 2.4.1 کے نوٹس میں فراہم کی گئی ہیں۔

مستقبل کا منظر نامہ

کمپنی فلپ موریس انٹرنیشنل انکارپوریشن کا مکمل طور پر مربوط الحاق ہے اور اسی طرح اپنی تاثیر اور طویل مدتی پائیداری اور منافع کو مزید بہتر بنانے میں مدد کے لیے عالمی وسائل اور مہارت سے مستفید ہوتی رہے گی۔ تاہم، سپلائی چین میں رکاوٹوں، روپے کی قدر میں کمی، اور کاروبار کی بڑھتی ہوئی لاگت کے ساتھ مل کر ہنگامہ خیز معاشی صورتحال نے سرمایہ کاروں کے اعتماد کو منفی طور پر متاثر کیا ہے۔ مزید، FED میں غیر معمولی اضافہ اور اس کے نتیجے میں غیر ادا شدہ ٹیکس اور ادا شدہ ٹیکس سگریٹ کے درمیان قیمتوں کا فرق ٹیکس ادا کرنے والی تمباکو کی صنعت کے لیے ایک چیلنجنگ ماحول پیدا کرتا ہے۔ بغیر ٹیکس ادا کیے جانے والے تمباکو کے شعبے کو روکنے کے لیے موثر نفاذ اور ریگولرائزیشن کی کوششوں کے بغیر، ٹیکس ادا کرنے والی تمباکو کی صنعت مزید بوجھ کا شکار ہو سکتی ہے۔ ٹیکس ادا کرنے والی تمباکو کمپنیوں کے لیے غیر متوقع اور غیر معمولی ٹیکس میں اضافہ پاکستان میں پہلے سے ہی ٹیکس ادا نہ کرنے والے تمباکو مینوفیکچررز کی حمایت کرے گا۔ سگریٹ نوشی کرنے والے بالغ افراد کی ٹیکس ادا کرنے والے شعبے سے ٹیکس ادا نہ کرنے والے شعبے میں منتقلی کی وجہ سے حکومت کی آمدنی میں کمی کی توقع ہے۔

چیلنجوں کے باوجود، کمپنی کی انتظامیہ عالمی وسائل کو بروئے کار لاتے ہوئے، اسٹریٹجک تجارتی سرگرمیوں کو آگے بڑھاتے ہوئے، اور مصنوعات کے معیار، عمل اور آپریشنل کارکردگی میں مسلسل بہتری لاتے ہوئے کمپنی کی مجموعی مالی کارکردگی کو بہتر بنانے کے لیے پرعزم ہے۔ کمپنی فیڈرل بورڈ آف ریونیو ("FBR") کی ان لینڈ ریونیو فورس کے ذریعے بہتر نفاذ سمیت ٹیکس ادا نہ کرنے والی تمباکو کی صنعت کے خطرے سے نمٹنے کے لیے حکومتی پالیسیوں اور اقدامات کی حمایت جاری رکھے گی۔

عالمی اور مقامی دونوں مضمرات کے ساتھ موجودہ اور ابھرتے ہوئے خطرات سے نمٹنے کے لیے، انٹرنل آڈٹ ڈیپارٹمنٹ سالانہ بنیادوں پر کاروبار اور سینئر مینجمنٹ کے ساتھ مشاورت اور جائزوں اور مشورے کے لیے سالانہ خطرے کی تشخیص اور آڈٹ کے منصوبے تیار کرتا ہے۔ اس طرح کی منصوبہ بندی کی بنیاد پر، اہم آپریشنل، تعمیل اور مالیاتی رپورٹنگ کے خطرات اور ان سے نمٹنے کے لیے بنائے گئے کلیدی کنٹرولز کی نشاندہی کرنے کے لیے باقاعدہ جائزے اور مشورے کیے جاتے ہیں۔ یہ کنٹرولز دستاویزی ہیں، ذمہ داری تفویض کی گئی ہے، اور ڈیزائن اور آپریٹنگ تاثیر کے لیے نگرانی کی جاتی ہے۔ جو کنٹرول موثر نہیں پائے جاتے ہیں ان کا تدارک کیا جاتا ہے۔

آڈٹ کمیٹی کو سالانہ رسک اینڈ آڈٹ پلان پیش کیا جاتا ہے جس کے بعد تجزیوں اور ایڈوائزریز کی تازہ کاری ہوتی ہے۔ مزید برآں، اندرونی آڈٹ کا فنکشن مینجمنٹ کو ان شرائط میں معقول یقین دہانی حاصل کرنے میں مدد کرتا ہے:

- کمپنی کی مالیاتی اور آپریشنل معلومات کی سچائی اور درستگی۔
- مطلوبہ نتائج حاصل کرنے کے لیے کمپنی کے آپریشن میں افادیت۔
- کمپنی کے اثاثوں کی حفاظت اور
- متعلقہ قوانین اور ضوابط کے ساتھ کمپنی کے اقدامات کی تعمیل۔

تعمیل کا بیان

کمپنی تعمیل کا بیان شائع کرنے کی ذمہ دار ہے جو اس سالانہ رپورٹ کا حصہ ہے۔

ریٹائرمنٹ فنڈز میں سرمایہ کاری

کمپنی کے مالیاتی بیانات کے مطابق، زیر انتظام ملازمین کے ریٹائرمنٹ فنڈز کے ذریعے کی گئی سرمایہ کاری کی قدر درج ذیل ہیں:

	ملین روپے میں	
پراویڈنٹ فنڈ	647	(31 دسمبر 2022 تک مالی بیانات)
گریجویٹی فنڈ	761	(31 دسمبر 2022 تک مالی بیانات)

ہولڈنگ کمپنی

فلپ موریس انویسٹمینٹ بی۔ وی۔ (.Philip Morris Investments B.V) ایک ہولڈنگ کمپنی ہے جس کے پاس کمپنی میں %77.65 حصص ہیں۔ فلپ موریس برانڈز ایس اے آر ایل (Philip Morris Brands SARL) ایک ایسوسی ایٹ کمپنی ہے جس کے کمپنی میں %20 شیئرز ہیں۔

بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ

بورڈ آف ڈائریکٹر ("بورڈ") نے بورڈ، انفرادی ڈائریکٹرز اور اس کی کمیٹیوں کی سالانہ کارکردگی کا جائزہ لینے کے لیے ایک عمل شروع کیا ہے۔ تشخیص کا مقصد اس بات کو یقینی بنانا ہے کہ بورڈ کی کارکردگی کو مجموعی کارپوریٹ مقاصد، کمپنی کے انتظامی ڈھانچے، قانونی اور ضابطہ کی تعمیل، افادیت، تعاون، اور قدر میں اضافے کے حوالے سے جانچا جائے۔ بورڈ کی 2023 کی کارکردگی کے جائزے کے نتائج کے مطابق بورڈ کی کارکردگی تسلی بخش رہی ہے۔

ڈائریکٹر کے معاوضے کی پالیسی

بورڈ نے ڈائریکٹرز کے معاوضے کی پالیسی کی منظوری دی ہے، جس میں بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے انفرادی ڈائریکٹرز کے معاوضے کے پیکج کے تعین کے لیے مقاصد اور ایک شفاف طریقہ کار کو تفصیل سے بیان کیا گیا ہے۔ اس پالیسی کی نمایاں خصوصیات حسب ذیل ہیں:

- معاوضے کی سطح کاروبار کی ضروریات، اسٹریٹجک صف بندی، اور کمپنی اور اس کے شیئر ہولڈرز کے بہترین مفادات کے مطابق ہوگی۔
- کوئی بھی ڈائریکٹر اپنے معاوضے کا خود تعین نہیں کرے گا۔
- معاوضے کی سطح تقابلی کمپنیوں/صنعتوں کی مارکیٹ پریکٹس کے مطابق ہوگی۔
- معاوضے کا تعین کرتے وقت جنس کی بنیاد پر کوئی امتیاز نہیں برتا جائے گا۔
- معاوضہ اس سطح پر نہیں ہونا چاہیے جس سے ڈائریکٹرز کی آزادی پر سمجھوتہ کیا جا سکے۔
- صرف آزاد ڈائریکٹرز کو بورڈ کے اجلاسوں میں شرکت کے لیے معاوضہ ملے گا اور؛
- بورڈ مناسب سطح کے معاوضے کی سفارش کرنے کے لیے ایک آزاد مشیر کو شامل کر سکتا ہے۔

ڈائریکٹرز کو ادا کیے گئے معاوضے کی تفصیلات منسلک مالی بیانات کے نوٹ 32 کے تحت دستیاب ہیں۔

بورڈ آف ڈائریکٹرز کے انتخابات

بورڈ کی میعاد 28 اکتوبر 2023 کو ختم ہو گئی تھی اور نئے بورڈ آف ڈائریکٹرز کا تقرر 29 اکتوبر 2023 سے 3 سال کی مدت کے لیے ڈائریکٹرز کے انتخاب کے ذریعے کیا گیا۔

بورڈ آف ڈائریکٹرز کا اجلاس

بورڈ سات ڈائریکٹرز پر مشتمل ہے، جن میں سے تین آزاد ڈائریکٹرز، دو نان ایگزیکٹو ڈائریکٹرز اور دو ایگزیکٹو ڈائریکٹرز ہیں۔ 31 دسمبر 2023 تک، بورڈ پانچ مرد ڈائریکٹرز اور دو خاتون ڈائریکٹرز پر مشتمل ہے۔

2023 کے دوران، بورڈ نے پانچ اجلاس کیے۔ ان اجلاسوں میں ڈائریکٹرز کی حاضری کو دستاویزی شکل دی گئی ہے اور یہاں ذیل میں فراہم کی گئی ہے:

ڈائریکٹرز کے نام	اجلاسوں کی تعداد	اجلاسوں کی تعداد جن میں شرکت کی گئی۔
جناب کامران وائی مرزا*	5	5
جناب رومن یزبیک	5	5
جناب محمد ذیشان	5	5
جناب مرزا ریحان بیگ	5	4
محترمہ پٹاراپورن آٹافون	5	3
جناب پیٹر کالون*	5	5
جناب جنید اقبال	5	2
جناب سرفراز احمد رحمٰن**	–	–
محترمہ نادیہ وارث**	–	–

*28 اکتوبر 2023 تک

**29 اکتوبر 2023 سے موثر۔

قومی خزانے میں حصہ داری

کمپنی نے قومی خزانے میں 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے، 38,114 ملین روپے دیئے جو ایکسائز کی شرحوں میں 31% کا اضافہ سابقہ مدت کے مقابلے میں 200% اضافے کے بعد بھی ظاہر کرتا ہے۔ ہمارے تخمینوں میں یہ ٹیکس کی ادائیگی سے غیر ادا شدہ ٹیکس کے شعبے میں حجم کی بدقسمت تبدیلی اور کمپنی کے حجم میں اس کے نتیجے میں کمی کی نمائندگی کرتا ہے۔

پائیداری اور کارپوریٹ سماجی ذمہ داری

پی ایم آئی کے لیے، پائیداری صرف آپریشنل کارکردگی کی اضافیت اور وسائل کا صحیح استعمال کے ساتھ ساتھ منفی خارجیت کو کم کرنے اور خطرات کو ٹالنے کا ہی ذریعہ نہیں ہے۔ ہم اس کو جدت، ترقی، با مقصد، پر اثر، طویل مدتی قدر کی تخلیق کا بنیادی موقع سمجھنے کے ساتھ ساتھ حصص یافتگان اور دیگر اسٹیک ہولڈرز کے خدشات کا جواب دینے کے ایک طریقے کے طور پر دیکھتے ہیں۔ ہم اپنی مصنوعات کی مینوفیکچرنگ سے لے کر ان کی تقسیم اور مارکیٹنگ تک، ماحول کے تحفظ، اور جہاں ہم کام کرتے ہیں لوگوں اور کمیونٹیز کی ترقی کے لیے پائیدار اقدامات کر رہے ہیں۔

ہم خیال رکھتے ہیں

کمپنی گزشتہ کئی سالوں سے کسان برادریوں کے نوعمر بچوں کے لیے ہنرمندی کے تربیتی پروگراموں کا مسلسل انعقاد کر رہی ہے۔ 2023 کے دوران 15 سے 17 سال کی عمر کے کل 756 نوعمر بچوں کو 30 تربیتی مراکز میں ہنرمندی کے تربیتی پروگراموں کے لیے اندراج کیا گیا جس کا مقصد زندگی بھر کی مہارتیں فراہم کرنا ہے تاکہ انہیں مالی طور پر با اختیار بنایا جا سکے۔

کاشتکار کچھ پیداواری سرگرمیوں میں بچوں کو شامل کرنے کا رجحان رکھتے ہیں جو ان کی کم قوت مدافعت کی وجہ سے بچوں کی ذہنی تندرستی اور جسمانی صحت پر مضر اثر ڈالتے ہیں۔ پتے کی پیداوار کے عمل میں بچوں کی شمولیت کو ختم کرنے کے لیے، 2023 کے دوران، کمپنی نے اپنے کنٹریکٹ یافتہ کسانوں کو مجموعی طور پر 199 سٹرنگنگ مشینوں سے لیس کیا تاکہ وہ اپنے کام کو انجام دے سکیں اور انہیں تکنیکی مدد اور تربیت فراہم کرنا جاری رکھی۔

ہم اپنے عمل کو بہتر بنانے، نئی ٹیکنالوجیز میں سرمایہ کاری کرنے، اور اپنے ملازمین میں بیداری پیدا کرنے کے لیے مسلسل کام کرتے ہیں۔ سالوں کے دوران، ہم نے اپنے امور میں پانی کی کارکردگی کو بہتر بنانے اور پانی کے نقصانات کو کم کرنے کے لیے بہت سے اقدامات کیے ہیں۔ کمپنی نے اپنی ساہیوال فیکٹری میں 2018 سے بیس لائن کے طور پر تیار کیے گئے فی ملین سگریٹ (Cig/Mio) کے حساب سے 47 فیصد کم کیا۔ PMPKL ساہیوال فیکٹری نے کامیاب ابتدائی آڈٹ کے بعد 2022 میں اپنے الائنس فار واٹر اسٹیورڈ شپ (AWS) کا سفر شروع کیا جس کی وجہ سے 2023 میں AWS سرٹیفیکیشن کا حصول ہوا۔

کمپنی نے 2021 میں ان خواتین کو ایک پلیٹ فارم فراہم کرنے کے لئے جنہوں نے وقفہ لیا ہے اور وہ اپنے کیریئر میں واپس جانا چاہتی ہیں میک یور کم بیک (MYCB) کا آغاز کیا۔ MYCB کا مقصد ایسی خواتین کو متاثر کن اور بامعنی پروجیکٹس میں شامل کر کے ان کے لیے ایک موقع پیدا کرنا تھا جو ان کے تجربات اور خواہشات سے مماثل ہوں جبکہ ان کی صلاحیتوں کو نکھارتے ہوئے ان کی مستقبل میں ملازمت کی صلاحیت کو بڑھا سکیں۔ 2023 میں، ہم نے اپنا میک یور کم بیک پروگرام کا تیسرا دور چلایا اور مزید خواتین کی حوصلہ افزائی کی کہ وہ مجموعی کاروباری برادری میں حصہ ڈالنے کے لیے افرادی قوت میں شامل ہوں۔ ہماری توجہ یہ ظاہر کرتی ہے کہ کیریئر کے وقفے سے قطع نظر کوئی اب بھی اپنے جذبے کو پا سکتا ہے اور کامیاب ہو سکتا ہے۔

فلپ مورس انٹرنیشنل ("PMI") کے انسانی حقوق کے عزم کے مطابق، ایک خصوصی حکمت عملی اور انتظامی کنسلٹنسی فرم آرٹیکل ون کے ذریعے، کمپنی کی پوری ویلیو چین اور آپریشنز کا جائزہ پاکستان میں آزاد انسانی حقوق کے اثرات کے طور پر کیا گیا۔ کمپنی اپنے آپریشنز اور پوری ویلیو چین کو انسانی حقوق کیلئے مزید بہتر بنانے کے لیے کام جاری رکھنے کے لیے پرعزم ہے۔

ہم ایک ساتھ زیادہ بہتر ہیں۔

کمپنی اپنے تمام ملازمین کی فلاح و بہبود کو اولین ترجیح دیتی ہے۔ سالوں کے دوران، ہم نے اپنے ملازمین کی جسمانی اور ذہنی تندرستی کو سپورٹ کرنے کے لیے پروگرامات اور اقدامات میں سرمایہ کاری جاری رکھی ہے۔ اس عزم کے مطابق، ہم نے کام کے لچکدار انتظامات، اور صحت کی دیکھ بھال کے جامع فوائد کو نافذ کیا ہے جس میں جسمانی اور ذہنی تندرستی کا احاطہ کیا گیا ہے۔ بہبود کے اقدام کے مطابق، ہم اپنے ملازمین کو پیشہ ورانہ ترقی کے مواقع فراہم کرتے رہتے ہیں۔

ہم گیم چینجر ہیں۔

دھوئیں سے پاک مستقبل فراہم کرنے کے PMIs کے عزم کے مطابق، کمپنی نے 22 دسمبر کو نیکوٹین پاؤچز کا آغاز کیا۔ آج ہماری مصنوعات پاکستان کے اہم شہروں جیسے لاہور، اسلام آباد، پشاور اور کراچی میں دستیاب ہیں۔ 2023 میں، کمپنی نے کراچی، لاہور اور اسلام آباد میں دستیاب گرم تمباکو (ہیٹیڈ ٹوبیکو) کی مصنوعات بھی متعارف کروانا۔ کمپنی اپنے حصص یافتگان، ملازمین اور اسٹیک ہولڈرز کے لیے مقامی زمین کی تزئین میں ایک موقع پیدا کر کے اور بالغ تمباکو نوشی کرنے والے، جو بصورت دیگر تمباکو نوشی جاری رکھیں گے، کو متبادل دھوئیں سے پاک مصنوعات فراہم کرنے کے ذریعے مہیا کرتی ہے۔

انعامات اور اعترافات

ہمیں یہ اعلان کرتے ہوئے خوشی محسوس ہو رہی ہے کہ کمپنی کو اس کے CSR اور کمیونٹی ڈویلپمنٹ اقدامات کے لیے 2023 میں پہلا امریکن بزنس کونسل ایوارڈ ملا۔

کارپوریٹ گورننس کا ضابطہ اخلاق

کمپنی کے ڈائریکٹرز اپنی ذمہ داریوں کے لیے پرعزم ہیں جیسا کہ پاکستان کے سیکیورٹیز اینڈ ایکسچینج کمیشن (ایس ای سی پی) کی طرف سے جاری کردہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 ("ضابطہ") کے تحت بیان کیا گیا ہے۔ کمپنی اس بات کو یقینی بناتی ہے کہ تمام ضروری اقدامات اور طریقہ کار موجود ہوں جو اچھی کارپوریٹ گورننس اور ضابطہ کی تعمیل سے اپنی وابستگی کو ظاہر کرے۔

جیسا کہ ضابطہ کے تحت مطلوب ہے، ڈائریکٹرز کو یہ اطلاع دیتے ہوئے خوشی ہو رہی ہے کہ:

1. کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات اس کی حالت، اس کے کاموں کے نتائج، کیش فلو، اور ایکویٹی میں ہونے والی تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔
2. کمپنی کے اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں۔
3. مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
4. منظور شدہ اکاؤنٹنگ معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالی بیانات کی تیاری میں انکے تقاضوں پر عمل کیا گیا ہے۔
5. کمپنی کا اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے نافذ کیا گیا ہے اور اس کا مسلسل جائزہ لیا جاتا ہے۔
6. کمپنی کے کاروبار کو رواں دواں رکھنے کی صلاحیت شکوک و شبہات سے بالاتر ہے۔
7. کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی اخراج نہیں ہوا ہے، جیسا کہ لسٹنگ ریگولیشن کے ضوابط میں تفصیل سے بتایا گیا ہے۔
8. اہم مالیاتی جھلکیاں اور کمپنی کے اثاثوں اور واجبات کا خلاصہ 31 دسمبر 2023 تک کے سال کے لیے اور پچھلے چھ مالی سالوں کے لیے، صفحہ نمبر 53 پر بیان کر دیا گیا ہے۔
9. ٹیکسوں اور محصولات کے بارے میں معلومات مالیاتی گوشوارے کے متعلقہ نوٹس میں دی گئی ہیں۔
10. کمپنی کی انتظامیہ اچھی کارپوریٹ گورننس کے لیے پرعزم ہے اور اس نے ضابطہ کی تعمیل کو یقینی بنانے کے لیے تمام ضروری اقدامات کیے ہیں۔

اندرونی انضباط کا بیان

کمپنی کی انتظامیہ مناسب اندرونی کنٹرول اور طریقہ کار کے نظام کو قائم اور برقرار رکھنے کی ذمہ دار ہے۔ انتظامیہ کا اندرونی کنٹرول کا بیان اس سالانہ رپورٹ کا حصہ ہے۔

کمپنی نے خطرات کی شناخت کے لیے ایک ٹھوس طریقہ کار تیار کیا ہے، اہم عملوں کو تنقیدی سطحیں تفویض کرنے کے بعد جہاں ضرورت ہو مؤثر تخفیف کے اقدامات وضع کیے ہیں جبکہ انتظامیہ کی جانب سے تمام افعال میں ان کے نفاذ کو یقینی بنایا گیا ہے۔ موجودہ/ بڑھتے ہوئے خطرات اور تخفیف کے منصوبوں پر پیشرفت آڈٹ کمیٹی کو معلومات اور باقائدگی سے جائزہ کے لیے ایک آزاد اندرونی آڈٹ فنکشن کے ذریعے پیش کی جاتی ہے۔

مزید برآں کاروباری مشکلات سے مزید عالمی بدلتی ہوئی صورتحال ، اجناس کی بدلتی ہوئی قیمتوں اور جغرافیائی سیاسی حالات نے ملک کے معاشی چیلنجوں میں اضافہ کیا۔ تاہم، سال کے آخر میں، اسٹینڈ بائی ایگریمنٹ کے تحت درآمدات کی معقولیت، شرح سود کے انتظام، اور بین الاقوامی مالیاتی فنڈ ("IMF") سے رقوم کی سپورٹ کی وجہ سے معیشت میں کچھ ترقی ہوئی۔ ان پیش رفتوں نے معیشت کو مستحکم کرنے اور امریکی ڈالر جواب بھی تاریخی طور پر بلند سطح پر ہیکے مقابلے میں پاکستانی روپے کی آزادانہ گراوٹ پر قابو پانے میں مدد کی۔ ان کوششوں کے مثبت اثرات توانائی کی قیمتوں میں قابل قدر ایڈجسٹمنٹ، موجودہ ٹیکس دہندگان پر ٹیکسوں میں غیر مساوی اور حد سے زیادہ اضافے، اور مختلف صنعتوں میں غیر ادا شدہ ٹیکس/غیر رسمی شعبے کی بڑھتی ہوئی موجودگی سے زائل ہو سکتے ہیں۔ اس طرح، بنیادی مسائل کو دور کرنے کے لیے مسلسل کوششوں کی ضرورت ہے تاکہ ایک قابل عمل ماحول کی راہ ہموار کی جا سکے جس سے سرمایہ کاروں کا اعتماد بڑھے اور طویل مدتی اقتصادی استحکام حاصل کرنے میں مدد ملے۔

صنعت کا جائزہ

تمباکو کی صنعت کے لیے ٹریک اینڈ ٹریس سسٹم ("دی سسٹم") کو 01 جولائی 2022 سے لاگو کیا گیا تھا جس کا مقصد ٹیکس محصولات میں اضافہ، جعلسازی اور ٹیکس چوری کو روکنا اور غیر قانونی سامان کی اسمگلنگ کو روکنا ہے۔ جنوری 2024 تک، یہ نظام پاکستان میں سگریٹ کی تمام رجسٹرڈ فیکٹریوں میں لاگو ہو چکا ہے۔ تاہم، سسٹم کے نفاذ کے باوجود، قابل عمل نفاذ کا مشاہدہ ہونا باقی ہے۔ مارکیٹ کے مشاہدے کے مطابق، مقامی طور پر تیار کردہ اور اسمگل شدہ سگریٹ برانڈز کی ایک بڑی تعداد اب بھی لازمی ٹیکس سٹیمپ کے بغیر فروخت کی جا رہی ہے۔ مزید برآں، نان ٹیرف ایریا میں بنائے جانے والے سگریٹس کی ایک قابل ذکر مقدار، خاص طور پر آزاد جموں و کشمیر (AJ&K) ٹیکس ادا کیے بغیر اور ٹیکس سٹیمپ لگائے بغیر پاکستان کے ٹیرف ایریا میں لائے جا رہے ہیں۔ اس سلسلے میں، سسٹم کے نفاذ اور ٹیکس چوری کے خلاف پائیدار نفاذ کو یقینی بنانے کے لیے ایک موثر اور باہمی تعاون کی کوشش کی ضرورت ہے، جو i) قومی خزانےمیں تمباکو کی آمدنی میں کمی کو دور کرنے میں مدد کرے گی، اور ii) تمباکو کی صنعت کو ایک لیول پلیئنگ فیلڈ مہیا کرے گی۔

مالی سال 2022/2023 کے دوران سگریٹ ایکسائز میں >200% کا مجموعی اضافہ، جس میں فروری 23 میں 150% کا غیر معمولی ایکسائز ٹیکس کا اضافہ بھی شامل ہے، جس کے نتیجے میں جنوری - دسمبر 23 کی مدت کے لیے ادا شدہ ٹیکس حجم میں پچھلے سال کے مقابلے میں 35% کی زبردست کمی واقع ہوئی ہے۔ FED اور سیلز ٹیکس کی وصولی اور وصولی کے لیے ٹیکس قوانین کے تحت تجویز کردہ کم از کم قیمت 127.4 روپے فی پیکٹ ہے۔ مارکیٹ کے مشاہدے کی بنیاد پر، یہ نوٹ کیا گیا ہے کہ غیر ادا شدہ ٹیکس سگریٹ کم از کم قیمت سے کم 100 روپیفی پیکٹ کی اوسط قیمت جیسا کہ اوپر درج ہے پر فروخت کیے جا رہے ہیں (قیمت کا فرق 200% بمقابلہ سب سے زیادہ فروخت ہونے والے ٹیکس ادا کرنے والے برانڈز) مارکیٹ کے مشاہدے کے مطابق غیر قانونی غیر ادا شدہ ٹیکس کا تازہ ترین تخمینہ 50% سے زیادہ ہے (2022 میں، یہ 38% تھا)، جس سے قومی خزانے کو 240 بلین روپے 1 سے زائد کا تخمینہ سالانہ نقصان ہوا اور یہ حکومت کی طرف سے کسی اصلاحی کارروائی اور نفاذ کے نہ ہونے کی وجہ سے مزید بڑھنے کی توقع ہے۔

مالیاتی کارکردگی

31 دسمبر 2023 کو ختم ہونے والے سال کے دوران ایکسائز میں غیر معمولی اضافے کو دیکھتے ہوئے، فلپ مورس پاکستان لمیٹڈ (دی کمپنی) کے حجم میں 40% کی کمی دیکھی گئی۔ کمپنی نے 31 دسمبر 2023 کو ختم ہونے والے سال کے دوران، 18,220 ملین روپے کا کل نیٹ ٹرن اوور ظاہر کیا جو پچھلے سال کی اسی مدت کے مقابلے میں 8.2% کی کمی کو ظاہر کرتا ہے۔ کمپنی کا 14,387 ملین روپے کا ڈومیسٹک نیٹ ٹرن اوور پچھلے سال کے مقابلے میں 21.6% کی نمایاں کمی کو ظاہر کرتا ہے جو کہ حجم میں کمی کو ظاہر کرتا ہے جیسا کہ اوپر بیان کیا گیا ہے جس میں جزوی طور پر ایکسائز پر مبنی قیمتوں کا تعین کیا گیا ہے۔ کل نیٹ ٹرن اوور میں 3,833 ملین روپے (14.8 ملین ڈالر) تمباکو کی برآمدات ہیں جو ملک کے لیے غیر ملکی زرمبادلہ (FX) پیدا کرنے میں اہم کردار ادا کرتے ہوئے 100% سے زیادہ کی عکاسی کرتی ہیں۔ کمپنی نے 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے 380 ملین روپے کا بعد از ٹیکس منافع ریکارڈ کیا، بمقابلہ، 2022 میں 2,810 ملین روپے کا بعد از ٹیکس منافع، جو کہ فروری 2023 کے ایکسائز کے اثرات کے باعث پچھلے سال کے مقابلے میں نمایاں کمی کو ظاہر کرتا ہے۔

ڈائریکٹرز کی رپورٹ

برائے سال مختتم 31 دسمبر 2023ء

2023 پاکستان کی معیشت کے لیے افراط زر کی بلند شرح بشمول شرح سود میں اضافہ، سیاسی عدم استحکام اور 2022 سے آنے والے سیلاب کے اثرات کی وجہ سے مشکل ترین سالوں میں سے ایک تھا۔

Form of Proxy

I / We ______________________________
of ______________________________
a member of Philip Morris (Pakistan) Limited
hereby appoint ______________________________
of ______________________________
or failing him ______________________________
of ______________________________
who is/are also members of Philip Morris (Pakistan) Limited to act as my / our proxy and to vote for me/us and on my / our behalf at the Annual General Meeting of the shareholders of the Company to be held on April 26, 2024 and at any adjournment thereof.

Signed this ____________ day of ________ 2024.

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

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

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

Notes:

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

پراکسی فارم

میں / ہم---جس / جن کا

تعلق -- سے ہے۔فلپ مورس (پاکستان) لمیٹڈ کے ایک رکن کی حیثیت

سے--- کو یا ان کی غیر حاضری کی صورت میں --- - جو فلپ مورس

(پاکستان) لمیٹڈ کا رکن بھی ہے / کے رکن بھی ہیں جو بطور میرے / ہمارے پراکسی کام کریں گے اور 26 اپریل 2024 کو ہونے والے کمپنی کے شیئر ہولڈرز کے سالانہ اجلاسِ عام میں اور اس کے کسی بھی التو

پر میری / ہماری طرف سے شرکت کریں گے اور ووٹ دیں گے۔

--------- 2024 کے -------دن اس پر دستخط کیے

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

گواہ 1

دستخط ---

نام---

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر-----------------------------------

ایڈریس ---

گواہ 2

دستخط ---

نام---

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر-----------------------------------

ایڈریس ---

نوٹس:

1. پراکسی کے لیے کمپنی کا رکن ہونا ضروری ہے۔
2. دستخط کو کمپنی کے پاس رجسٹرڈ نمونے کے دستخط / دستخطوں کے ساتھ ملانا چاہیے۔
3. اگر کسی رکن کی جانب سے پراکسی دی جاتی ہے جس نے اپنے شیئرز سینٹرل ڈپازٹری کمپنی آف پاکستان میں جمع کرائے ہیں، تو پراکسی کو شرکت کنندہ کے شناختی نمبر اور سی ڈی سی اکاؤنٹ / ذیلی اکاؤنٹ کے ساتھ کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی تصدیق شدہ نقول یا فائدہ اٹھانے والے مالک کا پاسپورٹ اپنے ہمراہ لانا چاہیے۔ کارپوریٹ ارکان کے نمائندے کو اس مقصد کے لیے درکار معمول کی دستاویزات اپنے ساتھ لانا چاہیے۔
4. پراکسی کی صحیح طریقے سے مکمل ہونے والی دستاویز اجلاس کے وقت سے کم از کم 48 گھنٹے پہلے کمپنی کے شیئر رجسٹرار آفس میں جمع کرائی جانا چاہیے۔

http://philipmorrispakistan.com.pk