

For the period ended  
31<sup>st</sup> March 2017



**KHYBER TOBACCO**  
COMPANY LIMITED

**3<sup>rd</sup> Quarter Report**  
January to March 2017



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# CORPORATE INFORMATION

## Board of Directors

Mr. Waseem Ur Rehman	Chief Executive / Executive Director
Mr. Pir Farhan Shah	Non-Executive Director
Mr. Pir Waris Shah	Executive Director
Mr. Hazrat Bilal	Non-Executive Director
Mr. Fazli Rabi	Non-Executive Director
Mr. Shafiq Afzal Khan	Non-Executive Director
Mr. Khalil Ur Rehman	Non-Executive Director

## Audit Committee

Mr. Pir Farhan Shah	Chairman
Mr. Fazli Rabi	Member
Mr. Shafiq Afzal Khan	Member

## Human Resource Committee

Mr. Pir Waris Shah	Chairman
Mr. Pir Farhan Shah	Member

## Senior Management

Mr. Waseem Ur Rehman	Chief Executive
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## Company Secretary

Mr. Pir Farhan Shah

## Share Registrar

Central Depository Company  
of Pakistan Limited  
CDC House, 99-B, Block B  
S.M.C.H.S., Main Shahrah e Faisal  
Karachi

## Bankers

National Bank of Pakistan  
MCB Bank Limited  
Askari Bank Limited  
Habib Bank Limited

## External Auditors

KPMG Taseer Hadi & CO.  
Chartered Accountants

## Internal Auditors

Shahid Ahmad & Co  
Chartered Accountants

## Registered Office

Khyber Tobacco Company Limited  
Nowshera Road, Mardan  
Telephone: +92-937-844668,844639  
Fax: +92-937-843329

## DIRECTORS' REVIEW

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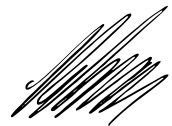
The Directors of the Company are pleased to present the condensed Interim financial Information of the company For the nine months period ended 31 March 2017.

During the period under review the Company earned profit before tax of Rs.160.6 million compared to profit before tax of Rs.31.5 million in the corresponding period of the last financial year. During the period under review the company was unable to make any export sales as compared to the corresponding period, which earned handsome revenues in the last financial year; however export sales are expected to take place in the last quarter of the current financial period. Local sales however witnessed huge increase as compared to last year thereby bringing profit for the company in the period under review. Local tobacco sales have increased due to upward revision of selling prices of all brands during the first quarter of the financial year and the increase in market demand of the products.

The earnings per share has increased to Rs.93.13 in the period under review compared to earnings per share of Rs. 22.56 in the corresponding period of the last financial year.

We extend our heartiest thanks to our esteemed customers, suppliers, bankers and other stakeholders for their continued commitment to the Company and pray Almighty Allah for the future success of the Company.

On behalf of the Board



Waseem Ur Rehman  
Chief Executive Officer

28 April 2017

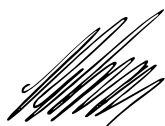
# CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at 31 March 2017

	Un-audited 31 March 2017	Audited 30 June 2016
Note	Rupees	
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised share capital 2,000,000 (30 June 2016: 2,000,000)	20,000,000	20,000,000
Ordinary shares of Rs. 10 each Issued, subscribed and paid up share capital	12,018,410	12,018,410
General reserves	3,312,465	3,312,465
Unappropriated profit	717,685,019	608,991,341
	733,015,894	624,322,216
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net</b>	<b>118,638,372</b>	<b>127,417,025</b>
<b>NON CURRENT LIABILITIES</b>		
Deferred liabilities	72,987,476	71,717,539
<b>CURRENT LIABILITIES</b>		
Trade and other payables	300,502,666	315,092,780
Provision for taxation	12,527,357	
Short term loan-Unsecured	94,000,000	-
	407,030,024	315,092,780
	<b>1,331,671,765</b>	<b>1,138,549,560</b>

## CONTINGENCIES AND COMMITMENTS 4

The annexed notes 1 to 7 form an integral part of this condensed interim financial information.



Chief Executive



Director

		Un-audited 31 March 2017	Audited 30 June 2016
	Note	Rupees	
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	312,456,524	342,282,345
Intangible assets		1,153,358	1,527,031
Long term deposits		4,010,411	4,010,411
		<u>317,620,293</u>	<u>347,819,787</u>
<b>CURRENT ASSETS</b>			
Stock in trade		637,085,707	546,317,189
Trade debts		316,571,457	184,027,433
Advances to suppliers		16,571,317	29,829,170
Other Receivable		-	-
Advance tax		-	12,890,779
Cash and bank balances		43,822,991	17,665,202
		<u>1,014,051,472</u>	<u>790,729,773</u>
		<u>1,331,671,765</u>	<u>1,138,549,560</u>



Chief Executive



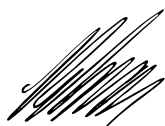
Director

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the nine months period ended 31 March 2017

	Note	Three months ended 31 March		Nine months ended 31 March	
		2017	2016	2017	2016
Rupees					
Turnover - net	6	279,017,410	167,714,085	701,343,600	399,178,844
Cost of sales		(211,057,326)	(103,319,216)	(466,984,541)	(298,132,087)
Gross profit		67,960,084	64,394,869	234,359,059	101,046,757
Administrative expenses		(18,398,081)	(14,562,038)	(58,553,281)	(55,524,680)
Other operating expenses		(3,659,188)	(2,363,824)	(12,479,908)	(2,363,824)
Distribution cost		(791,912)	(8,333,927)	(2,265,202)	(11,311,358)
Finance cost		(135,445)	(52,646)	(368,543)	(441,810)
Other operating income		-	20,979	-	92,245
Profit (Loss) before taxation		44,975,458	39,103,413	160,692,125	31,497,330
Taxation		(3,156,402)	(3,156,402)	(48,758,698)	(4,382,921)
Profit (Loss) for the period		41,819,056	35,947,011	111,933,435	27,114,417
Earnings (Loss) per share - basic and diluted		34.80	29.91	93.13	22.56

The annexed notes 1 to 7 form an integral part of this condensed interim financial information.



Chief Executive



Director

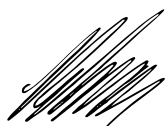


# STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the nine months period ended 31 March 2017

Note	Three months ended 31 March		Nine months ended 31 March	
	2017	2016	2017	2016
	Rupees			
Profit / (Loss) for the period	41,819,056	35,947,011	111,933,435	27,114,417
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>41,819,056</u>	<u>35,947,011</u>	<u>111,933,435</u>	<u>27,114,417</u>

The annexed notes 1 to 7 form an integral part of this condensed interim financial information



Chief Executive



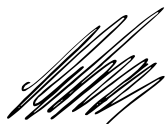
Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the nine months period ended 31 March 2017

	Nine months ended 31 March	
	2017	2016
Rupees		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	160,692,125	31,497,330
<b>Adjustments for:</b>		
Depreciation	29,921,423	23,352,549
Amortization	635,223	760,015
Provision for staff retirement benefits	5,213,970	1,945,000
Finance cost	368,543	441,810
	36,139,159	26,499,375
	196,831,284	57,996,705
<b>Changes in:</b>		
Stock in trade	(90,768,518)	(319,102,510)
Trade debts - considered good	(132,544,024)	(25,930,095)
Advances to suppliers	13,257,853	29,763
Other receivable	-	(2,026,300)
Trade and other payables	(18,804,321)	133,790,796
	(228,859,010)	(213,238,346)
<b>Cash generated from operations</b>	(32,027,725)	(155,241,640)
Gratuity paid	-	-
Income tax paid	(27,284,594)	(18,493,208)
Income tax refund	-	19,640
Finance cost paid	(368,543)	(441,810)
Dividend paid	(7,804,199)	(2,129,001)
<b>Net cash generated from operating activities</b>	(67,485,061)	(176,286,019)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(95,600)	(2,171,981)
Addition to Intangible Assets	(300,782)	(847,274)
Security deposits	-	(957,260)
Proceeds from sale of machinery held for sale	-	-
<b>Net cash used in investing activities</b>	(396,382)	(3,976,515)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term loan-Unsecured	255,000,000	150,300,000
Repayment of short term loan	(161,000,000)	-
	94,000,000	150,300,000
<b>Net increase (decrease) in cash and cash equivalents</b>	26,118,557	(29,962,534)
Cash and cash equivalents at beginning of the period	17,665,202	51,194,701
<b>Cash and cash equivalents at end of the period</b>	43,783,759	21,232,167

The annexed notes 1 to 7 form an integral part of this condensed interim financial information.



Chief Executive



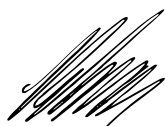
Director

# STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the nine months period ended 31 March 2017

	Share capital	Revenue reserves		Total
		General reserve	Unappropriated profit	
Rupees				
Balance at 01 July 2015	12,018,410	3,312,465	531,803,587	547,134,462
Changes in equity for the period ended 31 March 2016				
<b>Total comprehensive income/(loss) for the period</b>				
Profit/(loss) for the period	-	-	27,114,417	27,114,417
Transfer from surplus on revaluation of property, plant and equipment - net of tax	-	-	9,717,677	9,717,677
<b>Total comprehensive income for the period</b>	-	-	36,832,093	36,832,093
Transactions with owners, recorded directly in equity				
Final dividend 2015 @ Rs. 6 per share	-	-	(7,211,046)	(7,211,046)
<b>Total transactions with owners, recorded directly in equity</b>	-	-	(7,211,046)	(7,211,046)
<b>Balance at 31 March 2016</b>	<b>12,018,410</b>	<b>3,312,465</b>	<b>561,424,634</b>	<b>576,755,509</b>
Balance at 01 July 2016				
Balance at 01 July 2016	12,018,410	3,312,465	608,991,341	624,322,216
Changes in equity for the period ended 31 March 2016				
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	111,933,435	111,933,435
Transfer from surplus on revaluation of property, plant and equipment - net of tax	-	-	8,778,653	8,778,653
<b>Total comprehensive income for the period</b>	-	-	120,712,088	120,712,088
Transactions with owners, recorded directly in equity				
Final dividend 2016 @ Rs. 10 per share	-	-	(12,018,410)	(12,018,410)
<b>Total transactions with owners, recorded directly in equity</b>	-	-	(12,018,410)	(12,018,410)
<b>Balance at 31 March 2017</b>	<b>12,018,410</b>	<b>3,312,465</b>	<b>717,685,019</b>	<b>733,015,894</b>

The annexed notes 1 to 7 form an integral part of this condensed interim financial information



Chief Executive



Director

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION-(UN-AUDITED)

For the nine months period ended 31 March 2017

## 1. THE COMPANY AND ITS OPERATIONS

Khyber Tobacco Company Limited (“the Company”) is a public limited company incorporated in Pakistan on October 15, 1954 under the Companies Act, 1913 since repealed and replaced by the Companies Ordinance, 1984 and is listed on the Pakistan Stock Exchange formerly the Karachi and Lahore stock exchanges. The Company is engaged in the manufacture and sale of cigarettes and redrying of tobacco. The Company’s registered office is situated at Nowshera Road, Mardan.

## 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company For the nine months period ended 31 March 2017 has been prepared in accordance with approved accounting standards as applicable in Pakistan. The disclosures in this condensed interim financial information do not include those reported for full audited annual financial statements and should therefore be read in conjunction with the audited annual financial statements for the year ended 30 June 2016.

Comparative balance sheet is extracted from the audited annual financial statements as of 30 June 2016, whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information for the nine months period ended 31 March 2016.

This condensed interim financial information is unaudited and is being submitted to the members as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Pakistan Stock Exchange formerly Karachi Stock Exchange Limited and Lahore Stock Exchange Limited.

## 3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, significant judgements, estimates and assumptions used by the management in preparation of this condensed interim financial information are the same as those applied in preparation of audited annual financial statements for the year ended 30 June 2016.

## 4. CONTINGENCIES AND COMMITMENTS

Contingencies and commitments are the same as disclosed in the financial statements for the six months period ended 31 December 2016.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION-(UN-AUDITED)

For the nine months period ended 31 March 2017

## 5 PROPERTY, PLANT AND EQUIPMENT

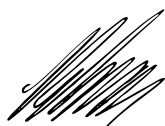
Break up of property, plant and equipment is as follows:

	Note	Un-audited 31 March 2017	Audited 30 June 2016
		Rupees	
Operating fixed assets		312,456,524	342,282,345
Capital work in progress		-	-
		<u>312,456,524</u>	<u>342,282,345</u>

	Note	Three months ended 31 March		Nine months ended 31 March	
		2017	2016	2017	2016
		Rupees			
<b>6 TURNOVER - net</b>					
Gross turnover					
- Local		564,850,591	356,605,837	1,508,294,237	901,992,114
- Export		-	40,849,975	-	42,652,458
		<u>564,850,591</u>	<u>397,455,812</u>	<u>1,508,294,237</u>	<u>944,644,572</u>
Government levies					
Excise duty		208,951,600	173,592,285	594,520,168	411,036,145
Sales tax		66,231,781	49,508,742	185,126,579	115,087,793
		<u>275,183,381</u>	<u>223,101,027</u>	<u>779,646,747</u>	<u>526,123,938</u>
Discounts		(10,649,800)	(6,640,700)	(27,303,890)	(19,341,790)
		<u>279,017,410</u>	<u>167,714,085</u>	<u>701,343,600</u>	<u>399,178,844</u>

## 7 DATE OF AUTHORIZATION FOR ISSUE

This unaudited condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on April 28, 2017.



Chief Executive



Director





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**(Mardan, Khyber Pakhtunkhwa, Pakistan)**