



For the nine months period
ended 31st March 2018

3rd Quarter Report



Khyber Tobacco Company Limited

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CORPORATE INFORMATION

Board of Directors

Mr. Waseem Ur Rehman
Mr. Pir Waris Shah
Mr. Pir Farhan Shah
Mr. Rahat Ullah
Mr. Shafiq Afzal Khan
Mr. Hazrat Bilal
Mr. Khalil Ur Rehman

Chief Executive/ Executive Director
Non-Executive Director
Non-Executive Director
Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director

Audit Committee

Mr. Pir Farhan Shah
Mr. Rahat Ullah
Mr. Shafiq Afzal Khan

Chairman
Member
Member

Human Resource Committee

Mr. Pir Waris Shah
Mr. Pir Farhan Shah
Mr. Shafiq Afzal Khan

Chairman
Member
Member

Senior Management

Mr. Waseem Ur Rehman

Chief Executive

Company Secretary

Mr. Pir Farhan Shah

Bankers

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

Share Registrar

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

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

Dear Members,

The Directors of the Company are pleased to present the condensed Interim Financial Information (unaudited) of the company for the nine months period ended 31 March 2018. Key financial indicators for the quarter under review are as below:

Financial Highlights	Jul-March 2018	Jul-March 2017	Difference
	Rs. in Millions		
Turnover – gross	2,208	1,508	699
Turnover – net	997	701	296
Cost of sales	542	467	75
Gross profit	455	234	221
Profit (Loss) before taxation	321	161	160
Profit (Loss) for the period	238	112	126
Earnings (Loss) per share - basic and diluted	49	23	26

The above results indicate an overall revenue growth of 146% as compared to the corresponding period of the last year. The gross profit has increased by 194 % i.e. from Rs.234 million to Rs.455 million as compared to last year and profit before taxation has increased by 200% i.e. from Rs.161 million to Rs.321 million as compared to last year, the increase in profitability is mainly due to increase in local cigarette sales as compared to the corresponding period. Local tobacco sales have decreased in the current period as the company has focused mainly on the sales of cigarettes in the local market and the requirement of tobacco for its own consumption has also increased due to the increase in market demand of the products.

The earnings per share has increased by Rs26 per share after incorporating the effect of 300% bonus shares issued by the company during the period. Had there been no issue of bonus shares the earnings per share would have been Rs.198 as compared to Rs. 93 for the corresponding period, as a matter of comparison with the previous period. The earnings per share of the previous period have been restated to incorporate the effect of bonus shares issued.

Future Outlook:

The management is optimistic in maintaining excellent results in the future. Efforts for an increase in exports have been increased and we are confident that we will be able to generate export orders in the future. Local cigarette and tobacco sales can improve further as the company has continuously focused on better relationships with our valued customers.

Acknowledgement

The board would like to thank and appreciate its employees, customers and strategic partners for their dedication, commitment and contribution in challenging times. The board also extends its gratitude to government authorities, suppliers, banks and shareholders for their unwavering support and cooperation.

On behalf of the Board



Waseem Ur Rehman
Chief Executive

28 April 2018

ڈائریکٹرز رپورٹ

عزیز ممبران،

کمپنی کے ڈائریکٹر 31 مارچ 2018 کو ختم ہونے والے نو ماہ کے عرصے کے دوران کمپنی کے انٹرم مالی معلومات (غیر مجاز شدہ) پیش کرتے ہیں:

جائزہ لینے کے تحت سہ ماہی کے لئے اہم مالی اشارے ذیل میں ہیں:-

Jul-Mar 2018	Jul-Mar 2017	فرق	مالیاتی اعداد و شمار
	ملین روپے		
2,208	1,508	699	فروخت - مجموعی
997	701	296	فروخت - نیٹ
542	467	75	فروخت کی قیمت
455	234	221	کل منافع
321	161	160	ٹیکس سے پہلے منافع
238	112	126	مدت کے لئے منافع
49	23	26	فی شیئر کمائی - بنیادی اور پتلی

گزشتہ سال کے مقابلے مندرجہ بالا نتائج 146% مجموعی آمدنی ترقی کی نشاندہی کرتے ہیں۔ مجموعی منافع میں 194 فیصد اضافہ ہوا ہے یعنی گزشتہ سال کی مقابلے میں 234 ملین سے بڑھ کر 455 ملین ہوا ہے۔ اور ٹیکس سے پہلے منافع میں 200 فیصد اضافہ ہوا ہے۔ یعنی گزشتہ سال کی مقابلے میں 161 ملین سے بڑھ کر 321 ملین ہوا ہے۔ منافع میں اضافہ بنیادی طور پر اسی عرصے سے مقامی سگریٹ سلیز میں اضافے کی وجہ سے ہے۔ موجودہ دور میں مقامی تمباکو کی فروخت میں کمی آئی ہے کیونکہ کمپنی نے بنیادی طور پر مقامی مارکیٹ میں سگریٹ فروخت کی ہے۔ مصنوعات (سگریٹ) کی مارکیٹ کی طلب میں اضافے کے باعث اس کی اپنی استعمال کے لئے تمباکو کی ضرورت بھی بڑھ گئی ہے

کمپنی کی 300 فیصد بونس شیرجاری کرنے کے بعد فی حصص آمدنی میں 26 روپے اضافہ ہوا ہے۔ اگر بونس حصوں کا کوئی مسئلہ نہیں تھا تو گزشتہ اسی عرصے کے فی حصص آمدنے 93 کے مقابلے کے فی حصص آمدنی 198 ہوتی۔ پچھلے عرصے کی آمدنی کا حصول جاری کیا گیا ہے تاکہ جاری کردہ بونس حصوں کے اثر کو شامل کیا جا سکے۔


مستقبل آؤٹ لک:

انتظام بہترین نتائج مستقبل میں قائم رکھنے پر امید ہے۔ برآمدات میں اضافہ کے لئے کوششوں میں اضافہ کیا گیا ہے اور ہم کہ ہم مستقبل میں برآمدی آرڈرز پیدا کرنے کے لئے کے قابل ہو جائے گا پر اعتماد ہیں۔ مقامی سگریٹ اور تمباکو فروخت کر سکتے ہیں بہتر مزید جیسا کمپنی مسلسل بہتر تعلقات پر ہمارے قابل قدر گاہکوں کے ساتھ توجہ مرکوز کی ہے۔

شکر گزار

بورڈ کے رکن شکر گزار ہیں اس کے ملازمین، گاہکوں اور اسٹریٹجک پارٹنرز اپنی لگن، عزم اور مشکل اوقات میں شراکت کی تعریف کرنا چاہیں گے۔ بورڈ حکومتی حکام، سپلائرز، بینکوں اور حصص دار متزلزل حمایت اور تعاون کے لئے اسے تشکر۔

28 اپریل بورڈ کی منجانب سے



وسیم الرحمٰن
چیف ایگزیکٹو آفیسر



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CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at 31 March 2018



	Un-audited 31 March 2018	Audited 30 June 2017
Note	Rupees	
SHARE CAPITAL AND RESERVES		
Authorised share capital 20,000,000 (30 June 2017: 2,000,000)	20,000,000	20,000,000
Ordinary shares of Rs. 10 each		
Issued, subscribed and paid up share capital	48,073,640	12,018,410
General reserves	3,312,465	3,312,465
Unappropriated profit	989,712,436	804,353,180
	1,041,098,541	819,684,055
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net	319,741,393	343,404,204
NON CURRENT LIABILITIES		
Deferred liabilities	183,403,345	192,449,850
CURRENT LIABILITIES		
Trade and other payables	436,767,801	313,051,450
Provision for taxation	92,523,294	52,998,555
	529,291,095	366,050,005
	2,073,534,374	1,721,588,114

CONTINGENCIES AND COMMITMENTS 4

The annexed notes 1 to 8 form an integral part of this condensed interim financial information

Chief Executive

Director



	Un-audited 31 March 2018	Audited 30 June 2017
Note	Rupees	
NON CURRENT ASSETS		
Property, plant and equipment	607,445,194	652,719,504
Intangible assets	248,916	925,586
Long term deposits	4,060,411	4,010,411
	611,754,521	657,655,501
CURRENT ASSETS		
Stock in trade	776,647,359	528,336,344
Trade debts	625,626,093	441,194,843
Advances and prepayments	12,329,436	11,454,694
Cash and bank balances	47,176,965	82,946,732
	1,461,779,853	1,063,932,613
	<u>2,073,534,374</u>	<u>1,721,588,114</u>

Chief Executive

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the nine months period ended 31 March 2018

	Note	Three months ended 31 March		Nine months ended 31 March	
		2018	2017	2018	2017
		Rupees			
Turnover - net	6	309,487,569	279,017,410	997,236,001	701,343,600
Cost of sales	7	(195,852,844)	(211,057,326)	(541,761,624)	(466,984,541)
Gross profit		113,634,725	67,960,084	455,474,377	234,359,059
Administrative expenses		(26,883,565)	(18,398,081)	(88,884,877)	(58,553,281)
Other operating expenses		(297,825)	(3,659,188)	(19,932,645)	(12,479,908)
Distribution cost		(40,144,950)	(791,912)	(45,200,425)	(2,265,202)
Finance cost		(199,960)	(135,445)	(622,996)	(368,543)
Other operating income		20,298,400	-	20,298,400	-
Profit (Loss) before taxation		66,406,825	44,975,458	321,131,834	160,692,125
Taxation		4,405,193	(3,156,402)	(83,450,251)	(48,758,698)
Profit (Loss) for the period		70,812,018	41,819,056	237,681,590	111,933,435
Earnings (Loss) per share - basic and diluted		14.73	Restated 34.80	49.44	Restated 93.13

The annexed notes 1 to 8 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 2018

	Nine months ended 31 March	
	2018	2017
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	321,131,834	160,692,125
Adjustments for:		
Depreciation	52,318,153	29,921,423
Amortization	676,670	635,223
Provision for staff retirement benefits	4,565,126	5,213,970
Provision for doubtful debts	11,407,272	-
Finance cost	622,996	368,543
	<u>69,590,217</u>	<u>36,139,159</u>
	390,722,051	196,831,284
Changes in:		
Stock in trade	(248,311,015)	-
Trade debts - considered good	(184,431,250)	-
Advances to suppliers	(874,742)	-
Trade and other payables	111,406,110	(4,214,207)
	<u>(322,210,897)</u>	<u>(4,214,207)</u>
Cash generated from operations	68,511,154	192,617,077
Gratuity paid	-	-
Income tax paid	(71,066,457)	(27,284,594)
Income tax refund	-	-
Finance cost paid	(622,996)	(368,543)
Gratuity paid	-	-
Dividend paid	(25,497,625)	(7,804,199)
	<u>(28,675,924)</u>	<u>157,159,741</u>
Net cash generated from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(7,043,843)	(95,600)
Addition to Intangible Assets	-	(300,782)
Security deposits	(50,000)	-
Proceeds from sale of machinery held for sale	-	-
Net cash used in investing activities	(7,093,843)	(396,382)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term loan-Unsecured	-	255,000,000
Repayment of short term loan	-	(161,000,000)
	<u>-</u>	<u>94,000,000</u>
Net increase (decrease) in cash and cash equivalents	(35,769,767)	250,763,359
Cash and cash equivalents at beginning of the period	82,946,732	43,822,991
Cash and cash equivalents at end of the period	<u>47,176,965</u>	<u>294,586,350</u>

The annexed notes 1 to 8 form an integral part of this condensed interim financial information



Chief Executive



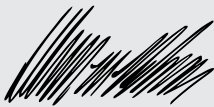
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the nine months period ended 31 March 2018

	Three months ended 31 March		Nine months ended 31 March	
	2018	2017	2018	2017
	Rupees			
Profit / (Loss) for the period	70,812,018	41,819,056	237,681,590	111,933,435
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	70,812,018	41,819,056	237,681,590	111,933,435

The annexed notes 1 to 8 form an integral part of this condensed interim financial information



Chief Executive



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the nine months period ended 31 March 2018

	Share capital	General reserve	Reserve for issuance of bonus shares	Unappropriated profit	Total
	(Rupees)				
Balance at 01 July 2016	12,018,410	3,312,465	-	608,991,341	624,322,216
<i>Changes in equity for the period ended 31 March 2017</i>					
Total comprehensive income/(loss) for the period					
Profit/(loss) for the period	-	-	-	111,933,435	111,933,435
Transfer from surplus on revaluation of property, plant and equipment - net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	111,933,434	111,933,434
<i>Transactions with owners, recorded directly in equity</i>					
Final dividend 2016 @ Rs. 10 per share	-	-	-	(12,018,410)	(12,018,410)
Total transactions with owners, recorded directly in equity	-	-	-	(12,018,410)	(12,018,410)
Balance at 31 March 2017	12,018,410	3,312,465	-	708,906,365	724,237,240
Balance at 01 July 2017	12,018,410	3,312,465	-	804,336,406	819,667,281
<i>Total comprehensive income for the period</i>					
Profit for the period	-	-	-	237,681,590	237,681,590
Transfer from surplus on revaluation of property, plant and equipment - net of tax	-	-	-	23,662,810	23,662,810
Total comprehensive income for the period	-	-	-	261,344,400	261,344,400
<i>Transactions with owners, recorded directly in equity</i>					
Increase in paid up capital			36,055,230	(36,055,230)	-
Final dividend for the year ended 30 June 2017 @ Rs. 33.21 per share	36,055,230	-	(36,055,230)	(39,913,140)	(39,913,140)
Total transactions with owners, recorded directly in equity	36,055,230	-	-	(75,968,370)	(39,913,140)
Balance at 31 March 2018	48,073,640	3,312,465	-	989,712,436	1,041,098,541

The annexed notes 1 to 8 form an integral part of this condensed interim financial information



Chief Executive



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the nine months period ended 31 March 2018

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 2018 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 2017.

Comparative balance sheet is extracted from the audited annual financial statements as of 30 June 2017, 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 2017.

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 2017.

4. CONTINGENCIES AND COMMITMENTS

Contingencies and commitments are the same as disclosed in the financial statements for the six months period ended 31 December 2017.


5. PROPERTY, PLANT AND EQUIPMENT

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

	Un-audited 31 March 2018	Audited 30 June 2017
	Rupees	
Operating fixed assets	607,445,194	342,282,345
Capital work in progress	-	-
	<u>607,445,194</u>	<u>342,282,345</u>

	Three months ended 31 March		Nine months ended 31 March	
	2018	2017	2018	2017
6 TURNOVER - net	Rupees			
Gross turnover				
- Local	864,022,402	564,850,591	2,207,768,235	1,508,294,237
- Export	-	-	5,434,000	-
	864,022,402	564,850,591	2,213,202,235	1,508,294,237
Government levies				
Excise duty	286,383,740	208,951,600	723,111,908	594,520,168
Sales tax	122,453,877	66,231,781	310,338,882	185,126,579
	408,837,617	275,183,381	1,033,450,790	779,646,747
Discounts	(219,333,672)	(10,649,800)	(182,515,444)	(27,303,890)
	235,851,113	279,017,410	997,236,001	701,343,600
7. Cost of sales				
Raw and packing material consumed	141,451,648	168,244,699	387,990,937	358,644,584
Salaries, wages and benefits	16,446,184	12,731,795	43,033,226	37,874,456
Fuel and power	7,900,979	5,840,541	30,820,182	25,828,012
Stores and spares consumed	10,595,539	9,492,547	34,748,373	14,531,913
Repair and maintenance	334,140	986,169	1,797,978	3,276,676
Royalty	1,889,322	945,903	5,414,680	2,108,880
Depreciation	14,413,565	8,132,177	43,160,851	24,399,984
Insurance expense	200,655	345,000	901,378	1,038,864
Machine hiring charges	105,000	-	360,000	1,970,640
	193,337,033	206,718,832	548,227,605	469,674,007
Work in process at 1 Jan	5,353,439	589,061	963,992	-
Work in process at 31 March	(2,268,152)	(2,444,248)	(2,268,152)	(2,532,713)
Cost of goods manufactured	196,422,320	204,863,644	546,923,446	467,141,294
Finished stock at 1 July	22,402,634	22,402,634	5,107,511	17,818,922
Finished stock at 31 March	(10,269,333)	(14,825,374)	(10,269,333)	(14,825,374)
	208,555,622	212,440,905	541,761,624	470,134,842
8 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 28 April 2018.



Chief Executive



Director



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If Undelivered Please Return to:

Khyber Tobacco Company Limited
(Nowshera Road-Mardan, Khyber Pakhtunkhwa, Pakistan)