

HALF YEARLY REPORT

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019 (UN-AUDITED)

KHYBER TOBACCO
COMPANY LIMITED



Pursuance of Belief

Contents

02	Corporate Information
03	Directors' Review
05	Directors' Review in Urdu
06	Independent Auditor's Review Report
08	Condensed Interim Balance Sheet (Un-Audited)
10	Condensed Interim Profit and Loss Account (Un-Audited)
11	Condensed Interim Statement of Comprehensive Income (Un-Audited)
12	Condensed Interim Cash Flow Statement (Un-Audited)
13	Condensed Interim Changes in Equity (Un-Audited)
14	Notes to the Condensed Interim Financial Information

CORPORATE INFORMATION

Board of Directors

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

Audit Committee

Mr. Shafiq Afzal Khan	Chairman
Mr. Rahat Ullah	Member
Mr. Khalil Ur Rehman	Member

Human Resource Committee

Mr. Pir Waris Shah	Chairman
Mr. Pir Farhan Shah	Member
Mr. Shafiq Afzal Khan	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
Samba Bank Limited

Share Registrar

CDC Share
Registrar Services Limited
CDC House, 99-B, Block B
S.M.C.H.S., Main Shahreh e Faisal
Karachi

External Auditors

Deloitte Yousaf Adil & Co.
Chartered Accountants
Telephone: +92-937-844668,844639

Registered Office

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

Internal Auditors

Shahid Ahmad & Co.
Chartered Accountants

DIRECTORS' REVIEW

Director's Review

On behalf of the Board of Directors we are pleased to present the condensed Interim Financial Statements (unaudited) for the six months period ended 31 December 2019.

FINANCIAL RESULTS

Financial Highlights	Jul-Dec 2019	Jul-Dec 2018	Percentage (%)
	Rs. in Millions		
Turnover – gross	1,644	636.82	158%
Turnover – net	817.24	294.28	178%
Cost of sales	590.46	313.21	89%
Gross profit/(loss)	226.77	(18.93)	1,298%
Profit/(loss) before taxation	89.43	(114.85)	178%
Profit/(loss) for the period	61.77	(79.36)	178%
Earnings per share - basic and diluted	12.85	(16.51)	178%

The above results indicate an overall increase in revenue of 158% as compared to the corresponding period of the last year. The gross profit has increased by 1298% i.e. from Rs.(18.93) million loss to a profit of Rs.226.77 million as compared to last year and profit before taxation has increased by 178% i.e. from Rs.(114.85) million loss to profit before taxation of Rs. 89.43 million as compared to last year. The improvement in profitability is mainly attributable export sale of tobacco and increase in cigarette sale. The situation has improved the EPS and the Profit per share is Rs. 12.85 as compared to loss per share of Rs.(16.51) as reported in the corresponding period.

FUTURE OUTLOOK

The Company's budget for 2020 aimed to achieve good top line growth but have a more accelerated growth in net profit. As part of the strategy, the Company is looking at both local and foreign markets to increase the future revenue. The Company is confident that we can take growth in revenue to the next level with experience. As the technology is continuously evolving, the Company is also continuously upgrading their skills and is aligned with the technological enhancements and rapid changes in the industry.

In first half of the year, company has stayed true to its goal and has delivered the results accordingly. With about 25% of its revenues being in export, the company has become more competitive with the recent devaluation and expects to further strengthen its engagement in the international markets. The Company has developed accelerated assets, products and solutions that will improve the sales pipeline and bring more sale closures for future.

ACKNOWLEDGEMENT

The Board takes this opportunity to thank the Company's valued customers, bankers and other stakeholders for their corporation and support. The Board greatly appreciates hard work and dedication of all employees of the.

28 February 2020

On behalf of the Board



Chief Executive



Director

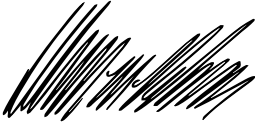
سال کے پہلے نصف حصہ میں کمپنی اپنے ہدف حاصل کرنے میں ثابت قدم ہے اور مثبت نتائج حاصل کر رہی ہے۔ برآمدات پر آمدنی کا 25 فی صد صرف کر کے کمپنی روپے کی قدر میں حالیہ کمی کی باوجود مزید مسابقت قائم کر چکی ہے اور بین الاقوامی منڈیوں میں اپنے قدم جمانے کے لئے پرامید ہے۔ کمپنی نے اثاثہ جات، مصنوعات اور حل میں بہتری لائی ہے جو سیلز میں اضافہ کا باعث بنے گی۔

اعتراف

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے کمپنی کے معزز صارفین، بینکرز اور دیگر اسٹیک ہولڈرز کے تعاون اور حمایت پر شکریہ ادا کرتی ہے۔ بورڈ تمام ملازمین کی ان تھک محنت اور جذبہ کو بھی قدر کی نگاہ سے دیکھتا ہے۔

28 فروری 2020ء

منجانب بورڈ آف ڈائریکٹرز



Chief Executive



Director

31 دسمبر 2019ء کو اختتام پذیر نصف سال کے لئے ہم بصد مسرت بورڈ آف ڈائریکٹرز کی جانب سے منجند عبوری مالیاتی اسٹیٹمنٹس (غیر پڑتال شدہ) پیش کرتے ہیں۔

مالیاتی نتائج

(ملین روپوں میں)

مالیاتی خلاصہ	جولائی تا دسمبر 2019ء	جولائی تا دسمبر 2018ء	اوسط (%)
ٹرن اوور۔ مجموعی	1,644	636.82	158%
ٹرن اوور۔ خالص	817.24	294.28	178%
سیلز پر لاگت	590.46	313.21	89%
مجموعی نفع / (نقصان)	226.77	(18.93)	1298%
مجموعی نفع / (نقصان) بمعہ ٹیکسیشن	89.43	(114.85)	178%
دوری مجموعی منافع / (نقصان)	61.77	(79.36)	178%
فی حصص آمدنی - بنیادی اور Diluted	12.85	(16.51)	178%

مذکورہ بالا نتائج گزشتہ برس کی اسی مدت کے مقابلہ میں ریونیو میں 158 فی صد اضافہ ظاہر کرتے ہیں۔ مجموعی منافع 1298 فی صد یعنی (18.93) ملین روپے سے 226.77 ملین روپے بڑھ گیا۔ جبکہ نفع بمعہ ٹیکسیشن میں بھی 178 فی صد یعنی (114.85) ملین روپے سے 89.43 ملین روپے اضافہ ریکارڈ کیا گیا۔ اس صورت حال کی وجہ سے فی حصص آمدنی میں بھی اضافہ ہوا جو گزشتہ برس کی اسی مدت میں (16.51) روپے سے 12.85 روپے فی حصص بڑھ گئی۔

مستقبل کا نقطہ نظر

سال 2020ء کے لئے کمپنی کا بجٹ بہتر نمو برقرار رکھنے کے کوشاں ہے لیکن کمپنی نے خالص منافع میں تیز رفتار نمو ریکارڈ کی ہے۔ حکمت عملی طور پر کمپنی قومی اور بین الاقوامی سطح پر نیا مارکیٹ قائم کرنے کے لئے پرعزم ہے۔ کمپنی پر امید ہے کہ ہم اپنے تجربہ کو بروئے کار لا کر ان نمو میں بہتری لاسکتے ہیں۔ چونکہ ٹیکنالوجی مسلسل ارتقا کے مراحل طے کر رہی ہے لہذا کمپنی بھی اپنی مہارت میں لگا تار بہتری لارہی ہے اور مکمل طور پر جدید ٹیکنالوجی سے لیس ہے اور انڈسٹری اور بڑے سرمایہ کاری میں تیز رفتار تبدیلی لارہی ہے۔

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Khyber Tobacco Company Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Khyber Tobacco Company Limited** ("the Company") as at December 31, 2019 and the related condensed interim statement of profit or loss, and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes to the interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income along with related notes for the three-month period ended December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as of and for the six-month period ended December 31, 2019 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Rana M. Usman Khan.



Deloitte Yousaf Adil
Chartered Accountants

Lahore
Date: 27 February, 2020

FINANCIAL STATEMENTS


CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT DECEMBER 31, 2019

		Un-Audited December 31, 2019	Audited June 30, 2019
	Note	Rupees	
SHARE CAPITAL AND RESERVES			
Share capital	4	48,073,640	48,073,640
Unappropriated profit		1,012,047,188	927,091,669
Revenue reserves		3,312,465	3,312,465
Revaluation surplus on property, plant and equipment - net of tax		261,334,128	284,514,803
Total equity		1,324,767,421	1,262,992,577
NON-CURRENT LIABILITIES			
Employee benefits		24,809,656	23,434,868
Deferred tax liability		115,662,106	107,875,977
Non-current liabilities		140,471,762	131,310,845
CURRENT LIABILITIES			
Trade and other payables	5	907,652,648	440,373,858
Unclaimed dividend		17,234,311	31,888,217
Current liabilities		924,886,959	472,262,075
Total equity and liabilities		2,390,126,142	1,866,565,497

		Un-Audited	Audited
		December 31,	June 30,
		2019	2019
	Note	Rupees	
CONTINGENCIES AND COMMITMENTS	6		
NON-CURRENT ASSETS			
Property, plant and equipment	7	582,753,928	610,790,354
Intangible assets	8	7,901,568	6,212,042
Long term deposits		4,647,411	4,647,411
Non-current assets		595,302,907	621,649,807
CURRENT ASSETS			
Stock in trade	9	1,099,472,881	604,935,796
Trade debts	10	96,623,452	244,380,881
Advances and prepayments		27,564,050	10,034,396
Advance income tax		71,602,317	69,385,879
Advance duty and sales tax		38,375,904	38,257,453
Cash and bank balances		461,184,631	277,921,285
Current assets		1,794,823,235	1,244,915,690
Total assets		2,390,126,142	1,866,565,497

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



Chief Executive



Director

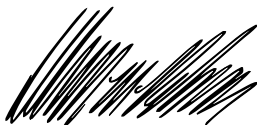


Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	Note	Six months ended		Three months ended	
		31 December		31 December	
		2019	2018	2019	2018
		Rupees			
Turnover - net	11	817,239,119	294,279,100	436,830,918	207,738,725
Cost of sales	12	(590,464,570)	(313,207,245)	(333,998,986)	(229,754,138)
Gross profit / (loss)		226,774,549	(18,928,145)	102,831,932	(22,015,413)
Selling and distribution expenses		(48,142,804)	(17,860,436)	(27,287,651)	(17,307,793)
Administrative expenses		(71,995,799)	(66,119,168)	(37,063,308)	(27,217,059)
Other expenses		(3,716,242)	(22,663,662)	(753,873)	(22,663,662)
Other income		648,310	11,138,522	648,310	11,138,522
Operating profit / (loss)		103,568,014	(114,432,889)	38,375,410	(78,065,405)
Finance cost		(14,133,303)	(419,832)	(10,853,348)	(287,679)
Profit / (loss) before tax		89,434,711	(114,852,721)	27,522,062	(78,353,084)
Taxation		(27,659,867)	35,487,785	(16,446,696)	33,057,093
Profit / (loss) for the period		61,774,844	(79,364,936)	11,075,366	(45,295,991)
Earnings per share - basic and diluted (Rupees)	14	12.85	(16.51)	2.30	(9.42)

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



Chief Executive



Director




Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	Six month ended		Three month ended	
	31 December		31 December	
	2019	2018	2019	2018
	Rupees			
Profit / (loss) for the period	61,774,844	(79,364,936)	11,075,366	(45,295,991)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	61,774,844	(79,364,936)	11,075,366	(45,295,991)

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



Chief Executive



Director



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	Share Capital	Capital reserve		Revenue reserves			Total equity
		Revaluation surplus on property, plant and equipment - net of tax	General reserve	Reserve for issuance of bonus shares	Unappropriated profit		
Balance at 01 July 2018	48,073,640	325,910,651	3,312,465	-	966,611,939	1,343,908,695	
Total comprehensive income for the period							
Loss for the period	-	-	-	-	(79,364,936)	(79,364,936)	
Other comprehensive income	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	(79,364,936)	(79,364,936)	
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	(16,143,561)	-	-	16,143,561	-	
Transactions with owners of the Company							
Distributions							
Final dividend for the year ended 30 June 2018 @ Rs. 33.21 per share	-	-	-	-	(39,949,195)	(39,949,195)	
Balance at 31 December 2018	48,073,640	309,767,090	3,312,465	-	863,441,369	1,224,594,564	
Balance at 01 July 2019	48,073,640	284,514,803	3,312,465	-	927,091,669	1,262,992,577	
Total comprehensive income for the period							
Profit for the period	-	-	-	-	61,774,844	61,774,844	
Other comprehensive income	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	61,774,844	61,774,844	
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	(23,180,675)	-	-	23,180,675	-	
Balance at 31 December 2019	48,073,640	261,334,128	3,312,465	-	1,012,047,188	1,324,767,421	

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



Chief Executive



Director



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	Six month ended 31 December	
	2019	2018
	Rupees	
Cash flows from operating activities		
Profit / (loss) before taxation	89,434,711	(114,852,721)
Adjustments for:		
- Depreciation	40,106,362	37,034,647
- Amortization	-	262,741
- Reversal of provision for doubtful debts	-	(10,989,571)
- Provision for staff retirement benefits	3,534,752	2,840,963
- Exchange gain	(154,786)	(6,951)
- Finance and other costs	14,133,303	23,083,494
	57,619,631	52,225,323
Operating cash flows before working capital changes	147,054,342	(62,627,398)
Effect on cash flow due to working capital changes		
(Increase)/decrease in current assets:		
- Stock in trade	(494,537,085)	(263,636,340)
- Trade debts	147,914,139	214,180,741
- Advances and prepayments	(17,529,654)	(52,638,365)
- Advance income tax	(2,216,438)	
- Advance duty and sales tax	(118,451)	76,645,144
Increase in current liabilities:		
- Trade and other payables	467,278,790	231,378,759
	100,791,301	205,929,939
Cash generated from operating activities	247,845,643	143,302,541
Income tax paid	(19,873,738)	(24,529,508)
Gratuity paid	(2,159,964)	(4,310,607)
Finance cost paid	(14,133,303)	(419,832)
Net cash flows from operating activities	211,678,638	114,042,594
Cash flows from investing activities		
Acquisition of property, plant and equipment	(12,069,935)	(39,332,689)
Acquisition of intangibles	(1,689,526)	-
Increase in long term deposits	-	(388,916)
Net cash used in investing activities	(13,759,461)	(39,721,605)
Cash flows from financing activities		
Dividend paid	(14,653,906)	(26,087,156)
Net cash used in financing activities	(14,653,906)	(26,087,156)
Net increase in cash and cash equivalents	183,265,270	48,233,833
Effects of exchange rates on cash and cash equivalents	(1,924)	6,951
Cash and cash equivalents at beginning of the period	277,921,285	77,042,866
Cash and cash equivalents at end of the period	461,184,631	125,283,650

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



Chief Executive



Director



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

1. LEGAL STATUS AND OPERATIONS

Khyber Tobacco Company Limited ("the Company") is a public limited company incorporated in Pakistan on 15 October 1954 under the Companies Act, 1913 was repealed and replaced by the Companies Act, 2017 and its shares are quoted on Pakistan Stock Exchange. The Company is engaged in the manufacture and sale of cigarettes, cut tobacco and redried of tobacco. The Company's registered office and production plant is situated at Nowshera Road, Mardan.

2. STATEMENT OF COMPLIANCE

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

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34), 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 with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all of the information required for the full financial statements and, therefore, these should be read in conjunction with annual audited financial statements for the year ended June 30, 2019. Comparative condensed statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2019, whereas comparative condensed statement of profit or loss and other comprehensive income, comparative condensed statement of changes in equity and comparative of statement of cash flows are stated from un-audited condensed interim financial statements for the half year ended December 31, 2018.

2.3 These condensed interim financial statements are being submitted to the shareholders as required by Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES AND ESTIMATES

The significant accounting policies and methods of computation adopted in preparation of these condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended June 30, 2019.

3.1 Financial risk management

The Company's financial risk management objective and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2019.

3.2 Fair value of financial assets and liabilities

The carrying value of financial assets and financial liabilities reported in these condensed interim financial statements approximates their fair values.

3.3 Estimates and judgements

Estimates and judgements made by management in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2019.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

4 SHARE CAPITAL

4.1 Authorised share capital

Un-Audited	Audited		Un-Audited	Audited
31 December	30 June		31 December	30 June
2019	2019		2019	2019
Number of shares			Rupees	
20,000,000	20,000,000	Ordinary shares of Rs. 10 each	200,000,000	200,000,000

4.2 Issued, subscribed and paid up capital

Un-Audited	Audited		Un-Audited	Audited
31 December	30 June		31 December	30 June
2019	2019		2019	2019
Number of shares			Rupees	
		Ordinary shares of Rs. 10 each,		
1,201,841	1,201,841	- allocated for consideration paid in cash	12,018,410	12,018,410
3,605,523	3,605,523	- allocated as bonus shares	36,055,230	36,055,230
4,807,364	4,807,364		48,073,640	48,073,640

5 TRADE AND OTHER PAYABLES

	Un-Audited	Audited
	31 December	30 June
	2019	2019
	Rupees	
Creditors	308,520,705	67,699,027
Accrued liabilities	74,874,080	59,074,079
Contract liabilities	375,032,625	178,808,723
Workers' profit participation fund	75,639,979	72,727,356
Workers' welfare fund	5,098,355	4,296,660
Withholding tax payable	20,089,159	20,290,774
Sales tax and excise duty payable	27,590,959	23,916,263
Tobacco cess payable	9,972,596	4,646,222
Other payable	10,834,190	8,914,754
	907,652,648	440,373,858

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies:

a) Litigation

In September 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No.VI of 2014 to circumvent earlier decision of the Honorable Supreme Court on the subject, where it was upheld that the earlier introduction of GIDC Act of 2011 was unconstitutional and ultra vires on the ground that GIDC was a 'fee' and not a 'tax'. The Government of Pakistan has enacted GIDC Act, 2015 during May 2015, including retrospective treatment of the provision of the GIDC Act. The Company has not made provision of GIDC amounting to Rs. 2.7 million (December 31, 2019: Rs. 2.7 million) in the financial statements as the management, based on legal opinion, is confident that the Company has the favorable prospect to get decision in its favor.

		Un-Audited 31 December 2019	Audited 30 June 2019
	Note	Rupees	
b) Guarantees			
Letters of guarantee issued by bank on behalf of the Company		900,000	900,000
c) Commitments:			
Letters of credit against import of machinery		199,436,834	-
7 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	7.1	582,753,928	610,790,354
Capital work in progress	7.2	-	-
		582,753,928	610,790,354
7.1 Operating assets			
Opening carrying value		610,790,354	598,975,776
Additions during the period / year			
Plant and machinery		7,506,755	131,882,057
Tools and equipment		3,207,975	1,453,268
Furniture and fixtures		38,700	-
Office equipments		340,500	37,300
		11,093,930	133,372,625
Carrying value of assets disposed off during the period / year		-	(30,720,000)
Depreciation charged during the period / year		(39,130,356)	(90,838,047)
		582,753,928	610,790,354

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

		Un-Audited 31 December 2019	Audited 30 June 2019
	Note	Rupees	
7.2	Capital work in progress		
	Opening carrying value	-	75,460,938
	Additions during the period / year		
	Plant and machinery	-	54,593,467
	Capitalized during the period / year		
	Plant and machinery	-	(130,054,405)
	Closing carrying value	-	-
8	INTANGIBLE ASSETS		
	Capital work in progress	7,901,568	6,212,042
		7,901,568	6,212,042
8.1	Balance as at 01 July	6,212,042	-
	Additions	1,689,526	6,212,042
	Balance as at 31 December	7,901,568	6,212,042
9	STOCK IN TRADE		
	Raw and packing material	1,075,562,087	595,951,863
	Work in process	6,697,623	310,361
	Finished goods	17,213,171	8,673,572
		1,099,472,881	604,935,796
10	TRADE DEBTS		
	Trade debts - considered good	107,390,050	255,147,479
	Allowance for expected credit losses	(10,766,598)	(10,766,598)
		96,623,452	244,380,881

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

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	Six month ended 31 December		Three month ended 31 December	
	2019	2018	2019	2018
11	TURNOVER - NET			
	Rupees			
Gross turnover				
- Local	1,235,992,141	636,823,080	684,768,095	405,412,419
- Export	407,786,771	-	202,371,950	-
	1,643,778,912	636,823,080	887,140,045	405,412,419
Government levies				
- Excise duty	(631,482,180)	(228,801,430)	(344,174,110)	(135,961,730)
- Sales tax	(173,923,313)	(71,161,350)	(94,945,217)	(38,024,764)
	(805,405,493)	(299,962,780)	(439,119,327)	(173,986,494)
Discounts	(21,134,300)	(42,581,200)	(11,189,800)	(23,687,200)
	817,239,119	294,279,100	436,830,918	207,738,725
12	COST OF SALES			
Raw and packing material consumed	481,460,389	187,804,341	283,475,889	157,530,058
Federal excise duty	-	20,319,600	-	20,319,600
Salaries, wages and benefits	49,923,084	20,907,337	30,995,898	11,891,938
Fuel and power	26,702,090	20,965,451	14,722,915	15,152,253
Stores and spares consumed	12,351,837	24,769,797	1,674,773	15,135,846
Repair and maintenance	867,194	1,691,321	261,763	621,398
Royalty	1,935,840	1,171,480	1,157,940	678,000
Depreciation	31,304,285	30,334,362	13,370,108	14,391,048
Amortization	-	210,193	-	29,748
Insurance expense	846,712	693,948	423,355	346,973
Cigarette blend test	-	389,760	-	-
	605,391,431	309,257,590	346,082,641	236,096,862
Work in process at beginning of period	310,361	8,648,674	9,524,051	9,524,051
Work in process at end of the period	(6,697,623)	(3,503,387)	(6,697,623)	(3,503,387)
Cost of goods manufactured	599,004,169	314,402,877	348,909,069	242,117,526
Finished stock at beginning of period	8,673,572	13,470,844	2,303,088	2,303,088
Finished stock at end of the period	(17,213,171)	(14,666,476)	(17,213,171)	(14,666,476)
	590,464,570	313,207,245	333,998,986	229,754,138

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

13 FAIR VALUE OF FINANCIAL INSTRUMENTS

13.1 Classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

On-balance sheet financial instruments	Note	Carrying value			Fair value		
		Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
(Rupees)							
31 December 2019							
Financial assets not measured at fair value							
Long term deposits	13.2	4,647,411	-	4,647,411	-	-	-
Trade debts	10	96,623,452	-	96,623,452	-	-	-
Cash and bank balances		461,184,631	-	461,184,631	-	-	-
		562,455,494	-	562,455,494	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	5 & 11.3	-	421,819,934	421,819,934	-	-	-
30 June 2019							
On-balance sheet financial instruments							
Financial assets not measured at fair value							
Long term deposits	13.2	4,647,411	-	4,647,411	-	-	-
Trade debts	10	244,380,881	-	244,380,881	-	-	-
Cash and bank balances		277,921,285	-	277,921,285	-	-	-
		526,949,577	-	526,949,577	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	5 & 11.3	-	155,978,634	155,978,634	-	-	-

13.2 The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

13.3 It excludes advances from customers, tobacco cess payable, workers' profit participation fund, workers' welfare fund and income tax deducted at source.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

14 EARNINGS PER SHARE - basic and diluted

	Six month ended 31 December		Three month ended 31 December	
	2019	2018	2019	2018
14.1 Basis earnings per share	Rupees			
(Loss) / Profit for the period	61,774,844	(79,364,936)	11,075,366	(45,295,991)
Number of shares	4,807,364	4,807,364	4,807,364	4,807,364
Earnings per share - basic	12.85	(16.51)	2.30	(9.42)

14.2 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the Company.

15 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors and their close family members, companies with common directorship, executives, key management personnel and major shareholders of the Company. Transactions and balances as at reporting date with the related parties are disclosed as follows:

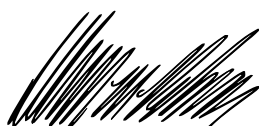
	Un-audited Six months ended 31 December		Un-audited Three months ended 31 December	
	2019	2018	2019	2018
Transaction with key management personnel	Rupees			
Remuneration and allowances	13,710,000	13,710,000	6,855,000	6,855,000
Dividend paid	25,867,104	25,867,104	25,867,104	25,867,104

16 DATE OF AUTHORIZATION FOR ISSUE

This un-audited condensed interim financial statements was authorized for issue by the Board of Directors of the Company in their meeting held on 28 February, 2020.

17 GENERAL

Figures have been rounded off to the nearest rupee unless stated otherwise.



Chief Executive



Director



Director

Khyber Tobacco Company Limited

Nowshera Road, Mardan

Tel: +92-937-844668, 844639

Fax: +92-937-843329