



For the period ended
30th September 2017

1st Quarter Report

July to September 2017



Khyber Tobacco Company Limited

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CORPORATE INFORMATION

Board of Directors

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

Audit Committee

Mr. Pir Farhan Shah	Chairman
Mr. Fazle Rabbi	Member
Mr. Shafiq Afzal Khan	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
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Company Secretary

Mr. Pir Farhan Shah

Bankers

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

Registered Office

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

External Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrar

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

Internal Auditors

Shahid Ahmad & Co.
Chartered Accountants

DIRECTORS' REVIEW

The Directors of the Company are pleased to present the condensed Interim financial Information (un-audited) of the company for the three months period ended 30 September 2017.

Key financial indicators for the quarter under review are as below:

	Jul-Sept 2017	Jul-Sept 2016
	Rs. in Millions	
Turnover - gross	530.57	400.62
Turnover - net	285.63	180.69
Cost of sales	140.06	93.67
Gross profit	145.56	87.02
Profit (Loss) before taxation	109.98	64.65
Profit (Loss) for the period	74.12	63.14
Earnings (Loss) per share - basic and diluted	61.67	52.53

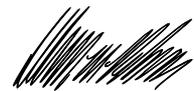
During the period under review the Company earned profit before tax of Rs.110 million compared to profit before tax of Rs.64.6 million in the corresponding period of the last financial year. During the period under review export sales have remained low but, if compared to the corresponding period no exports were made last year; however we remain hopeful and expect export sales will improve or remain consistent throughout the current financial period. Local sales however witnessed huge increase as compared to last year and were the main source of profit for the company in the period under review. 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 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 to Rs.61.67 in the period under review compared to earnings per share of Rs.52.53 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.

The Company is also immensely proud of and thankful to employees for their continued and passionate efforts, loyalty and dedication.

On behalf of the Board



Waseem Ur Rehman
Chief Executive

30 October, 2017

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

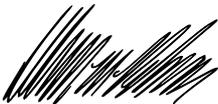
AS AT 30 SEPTEMBER 2017

	Un-audited 30 September, 2017	Audited 30 June, 2017
Note	Rupees	
SHARE CAPITAL AND RESERVES		
Authorised share capital 2,000,000 (30 June 2017: 2,000,000)	20,000,000	20,000,000
Share Capital	12,018,410	12,018,410
General reserves	3,312,465	3,312,465
Unappropriated profit	883,418,113	804,353,180
	898,748,988	819,684,055
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net		
	336,320,274	343,404,204
NON CURRENT LIABILITIES		
Deferred liabilities	196,096,738	192,449,850
CURRENT LIABILITIES		
Trade and other payables	481,698,795	313,051,450
Provision for taxation	69,788,326	52,998,555
	551,487,121	366,050,005
	1,982,653,120	1,721,588,114

CONTINGENCIES AND COMMITMENTS

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

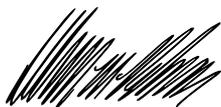


Chief Executive



Director

		Un-audited 30 September, 2017	Audited 30 June, 2017
	Note	Rupees	
NON CURRENT ASSETS			
Property, plant and equipment	5	638,854,070	652,719,504
Intangible assets		700,029	925,586
Long term deposits		4,010,411	4,010,411
		643,564,510	657,655,501
CURRENT ASSETS			
Stock in trade		887,242,435	528,336,344
Trade debts		355,962,260	441,194,843
Advances to suppliers		17,963,355	11,454,694
Cash and bank balances		77,920,561	82,946,732
		1,339,088,610	1,063,932,613
		1,982,653,120	1,721,588,114



Chief Executive



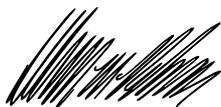
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2017

	Note	Three months ended	
		30 September, 2017	30 September, 2016
		Rupees	
Turnover - net	6	285,625,160	180,688,485
Cost of sales	7	(140,060,626)	(93,670,835)
Gross profit		145,564,534	87,017,650
Administrative expenses		(24,877,646)	(16,895,396)
Other operating expenses		(8,274,813)	(4,861,527)
Distribution cost		(2,398,260)	(584,408)
Finance cost		(56,412)	(22,122)
Other operating income		20,600	-
Profit (Loss) before taxation		109,978,003	64,654,197
Taxation		(35,855,047)	(1,517,701)
Profit (Loss) for the period		74,122,956	63,136,496
Earnings (Loss) per share - basic and diluted		61.67	52.53

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



Chief Executive



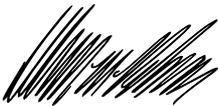
Director

STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2017

	Three months ended	
	30 September, 2017	30 September, 2016
	Rupees	
Profit for the period	74,122,956	63,136,496
Other comprehensive income for the period	-	-
Total comprehensive income for the period	74,122,956	63,136,496

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 THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2017

Share capital	Revenue reserves		Total
	General Reserve	Unappropriated profit	
Rupees			
12,018,410	3,312,465	608,991,341	524,322,216
-	-	63,136,496	63,136,496
-	-	3,814,897	3,814,897
-	-	66,951,392	66,951,392
12,018,410	3,312,465	675,942,734	691,273,609
12,018,410	3,312,465	804,336,406	819,667,281
-	-	74,122,956	74,122,956
-	-	4,958,751	4,958,751
-	-	79,081,707	79,081,707
12,018,410	3,312,465	883,418,113	898,748,988

Balance at 01 July 2016

Changes in equity for the period ended 30 September 2016

Total comprehensive income for the period

Profit for the period

Transfer from surplus on revaluation of property, plant and equipment - net of tax

Total comprehensive income for the period

Balance at 30 September 2016

Balance at 01 July 2017

Changes in equity for the period ended 30 September 2017

Total comprehensive income for the period

Profit for the period

Transfer from surplus on revaluation of property, plant and equipment - net of tax

Total comprehensive income for the period

Balance at 30 September 2017

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 THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2017

	Three months ended	
	30 September, 2017	30 September, 2016
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	109,978,003	64,654,197
Adjustments for:		
Depreciation	17,336,376	10,114,687
Amortization	225,557	211,741
Provision for staff retirement benefits	1,521,709	1,512,990
Finance cost	56,412	22,122
	19,140,053	11,861,540
	129,118,057	76,515,737
Changes in:		
Stock in trade	(358,906,091)	(313,782,233)
Trade debts - considered good	85,232,583	1,918,879
Advances to suppliers	(6,508,661)	18,560,625
Trade and other payables	168,647,343	(2,256,460)
	(111,534,826)	(295,559,189)
Cash generated from operations	17,583,231	(219,043,452)
Income tax paid	(19,065,276)	(7,358,461)
Finance cost paid	(56,412)	(22,122)
Dividend paid	-	(65,343)
Net cash generated from operating activities	(1,538,457)	(226,489,378)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(3,487,714)	(12,652)
Addition to Intangible Assets	-	(261,552)
Net cash used in investing activities	(3,487,714)	(274,202)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term loan-Unsecured	-	250,000,000
	-	250,000,000
Net increase (decrease) in cash and cash equivalents	(5,026,171)	23,236,420
Cash and cash equivalents at beginning of the period	82,946,732	17,665,202
Cash and cash equivalents at end of the period	77,920,561	40,901,622

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 INFORMATION (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 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 three months period ended 30 September 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 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 three months period ended 30 September 2016."

This condensed interim financial information is unaudited and is being submitted to the members as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange.

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 annual financial statements for the year ended 30 June 2017.

5. PROPERTY, PLANT AND EQUIPMENT

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

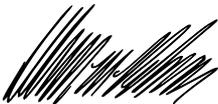
	Un-audited 30 September, 2017	Audited 30 June, 2017
		Rupees
Operating fixed assets	638,854,070	652,719,504
	638,854,070	652,719,504

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

FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2017

	Three months ended	
	30 September, 2017	30 September, 2016
	Rupees	
6 TURNOVER - net		
Gross turnover		
- Local	525,135,528	400,618,786
- Export	5,434,000	-
	530,569,528	400,618,786
Government levies		
Excise duty	165,226,240	162,887,918
Sales tax	71,750,178	49,817,863
	236,976,418	212,705,781
Discounts	(7,967,950)	7,224,520
	285,625,160	180,688,485
7. Cost of sales		
Raw and packing material consumed	101,292,802	51,812,067
Salaries, wages and benefits	11,831,337	12,687,928
Fuel and power	7,803,499	8,229,240
Stores and spares consumed	3,329,866	1,782,068
Repair and maintenance	147,800	97,750
Royalty	1,799,420	632,160
Depreciation	14,188,146	8,134,070
Amortization	175,934	158,806
Insurance expense	346,974	346,932
Processing Cost	-	1,751,640
Machine hiring charges	132,000	367,000
	141,047,779	85,999,661
Work in process at 1 July	963,992	-
Work in process at 30-Sep	(3,622,299)	(589,061)
Cost of goods manufactured	138,389,472	85,410,600
Finished stock at 1 July	5,107,511	17,818,922
Finished stock at 30-Sep	(3,436,357)	(9,558,668)
	140,060,626	93,670,853
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 30 October, 2017.



Chief Executive



Director

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(Nowshera Road-Mardan, Khyber Pakhtunkhwa, Pakistan)