



For the Three months period  
ended 30 September 2018

# 1<sup>st</sup> Quarter Report



**Khyber Tobacco Company Limited**



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## 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	Non-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. 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
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### Company Secretary

Mr. Pir Farhan Shah
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### 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

Deloitte Yousaf Adil & Co.  
Chartered Accountants

### Registered Office

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

### 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 2018.

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

	Jul-Sept 2018	Jul-Sept 2017
	Rs in Millions	
Turnover - gross	231.41	530.57
Turnover - net	86.54	285.63
Cost of sales	(83.44)	(140.06)
Gross profit	3.10	145.56
Profit (Loss) before taxation	(36.49)	109.98
Profit (Loss) for the period	(34.06)	74.12
Earnings (Loss) per share - basic and diluted	(28.34)	61.67

During the period under review the Company incurred loss before tax of Rs.36.4 million compared to profit before tax of Rs.109.98 million in the corresponding period of the last financial year. Cigarette sales witnessed huge decline as compared to last year due to unfavorable regulatory changes and lack of demand in the market due to hoarding. During the corresponding period cigarette sales were the main source of profit for the company. However, the negative trend is expected to significantly improve in the later part of the year.

Local tobacco sales have decreased in the current period as compared to the corresponding period and are expected to decline further as the applicable Federal Excise Duty has been increased by 2900% i.e. from Rs.10per kg to Rs300per kg. Imposition of further taxes and stringent measures imposed by the government are expected to adversely affect the cigarette manufacturing industry and the tobacco sector in general.

The loss per share is Rs.28.24 in the period under review compared to earnings per share of Rs.61.67 in the corresponding period of the last financial year. However, this extent of loss is only temporary and the trend is expected to reverse as soon as the hoarded stocks finish in the market.

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.

10 December, 2018

On behalf of the Board



Waseem Ur Rehman  
Chief Executive Officer

ہو جائیں گے۔

ہم اپنے معزز گاہکوں، سپلائرز، بینکوں اور دیگر اسٹیک ہولڈرز کو اپنی کمپنی کے مسلسل وابستگی رکھنے پر شکریہ ادا کرتے ہیں اور کمپنی کی مستقبل کی کامیابی کیلئے اللہ تعالیٰ سے دُعا گوہ ہے۔  
کمپنی ملازمین کی مسلسل کوشش اور اچھا عزم رکھنے پر ان کا شکریہ ادا کرتی ہے۔

10 دسمبر، 2018

بورڈ کی جانب سے:



وسیم الرحمن

چیف ایگزیکٹو آفیسر

معزز ممبران،

کمپنی کے ڈائریکٹر 30 ستمبر 2018 کو ختم ہونے والے تین مہینے کے عرصے تک کمپنی کے کنسر سیڈ انٹرم مالیاتی معلومات (غیر آڈٹ شدہ) پیش کرتے ہیں۔

جائزے کے تحت سہ ماہی کیلئے اہم مالی اشارے درج ذیل ہیں:

جولائی - ستمبر 2017	جولائی - ستمبر 2018	
روپے ملین میں		
530.57	231.41	تبدیلی مجموعی
285.63	86.54	تبدیلی نیٹ
(140.06)	(83.44)	فروخت کی قیمت
145.56	3.10	مجموعی منافع
109.98	(36.49)	ٹیکس سے پہلے منافع (نقصان)
74.12	(34.06)	مدت کیلئے منافع (نقصان)
61.67	(28.34)	آمدنی (نقصان) (نی حصہ - بنیادی اور نی)

گزشتہ مالی سال کی اسی مدت میں جائزہ لینے کے تحت اس مدت کے دوران کمپنی نے 109.47 ملین روپے کے ٹیکس سے پہلے منافع کے مقابلے میں 36.4 ملین روپے ٹیکس سے پہلے نقصان پہنچایا غیر قانونی ریگولیٹری تبدیلیوں اور ذخیرہ اندوزی کی وجہ سے مارکیٹ میں مانگ کی کمی کی وجہ سے گزشتہ سال کے مقابلے میں سگریٹ سیلز نے بڑی کمی کا سامنا کیا، اس مدت کے دوران سگریٹ کی فروخت کمپنی کے منافع کا بنیادی ذریعہ تھا تاہم منفی رجحان نمایاں طور پر اس سال کے بعد میں جزوی بہتر بنانے کی توقع ہے۔

اسی مدت کے مقابلے میں موجودہ تناسب میں مقامی تمباکو کی فروخت میں کمی ہوئی ہے اور اس کے علاوہ مزید کمی کی توقع کی جا رہی ہے کیونکہ فیڈرل ایکسائز ڈیوٹی %2900 اضافہ ہوا ہے، (جو کہ 10 روپے فی کلو سے 300 روپے فی کلو ہوا ہے) مزید ٹیکس اور حکومت کی طرف سے عائد سخت اقدامات کے نفاذ پر منفی سگریٹ مینوفیکچرنگ کی صنعت اور عام طور پر تمباکو کے شعبے کو متاثر کرنے کی توقع کر رہے ہیں۔

گزشتہ سال کے ایسے مدت میں منافع فی حصہ 61.67 روپے کے مقابلے اس سال کے اسی مدت میں فی حصہ نقصان 28.24 روپے ہے۔ تاہم نقصان کی یہ حد صرف عارضی طور پر ہے اور اس رجحان کو جلد ہی ریورس کرنے کی توقع ہوتی ہے جیسے مارکیٹ میں ذخیرہ شدہ اسٹاک ختم

# CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT 30 SEPTEMBER 2018

	Note	Un-audited 30 September 2018 Rupees	Audited 30 June 2018 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 200,000,000 (30 June 2018: 200,000,000)		<b>200,000,000</b>	<b>200,000,000</b>
<b>SHARE CAPITAL AND RESERVES</b>			
Share Capital		48,073,640	48,073,640
Revenue Reserve		943,925,213	969,924,404
Revaluation surplus on property, plant and equipment - net of tax		317,840,897	325,910,651
		<b>1,309,839,750</b>	1,343,908,695
<b>NON CURRENT LIABILITIES</b>			
Employee benefits		28,428,224	28,155,977
Deferred tax liability - net		132,016,614	135,312,711
		<b>160,444,838</b>	163,468,688
<b>CURRENT LIABILITIES</b>			
Trade and other payables		565,233,854	332,072,820
Unclaimed dividend		21,738,855	23,164,922
Provision for taxation - net		78,579,248	75,764,462
		<b>665,551,957</b>	431,002,204
		<b>2,135,836,545</b>	1,938,379,586

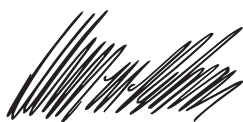
## CONTINGENCIES AND COMMITMENTS

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



	Note	Un-audited 30 September 2018 Rupees	Audited 30 June 2018 Rupees
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	655,210,243	674,436,714
Intangible assets		37,184	262,741
Long term deposits		4,557,411	4,467,411
		<b>659,804,838</b>	679,166,866
<b>CURRENT ASSETS</b>			
Inventories		1,110,973,140	743,022,089
Trade debts		209,977,959	306,089,801
Advances and prepayments		72,390,840	25,589,744
Advance tax - net		28,173,711	-
Advance duty and sales tax		20,640,399	107,468,221
Cash and bank balances		33,875,658	77,042,866
		<b>1,476,031,707</b>	1,259,212,721
		<b>2,135,836,545</b>	1,938,379,587



Chief Executive



Director

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

FOR THE PERIOD ENDED 30 SEPTEMBER 201

	Note	Three months ended 30 September	
		2018 Rupees	2017 Rupees
<b>Turnover - net</b>	<b>6</b>	<b>86,540,375</b>	285,625,160
Cost of sales	7	<b>(83,453,107)</b>	(140,060,626)
<b>Gross profit</b>		<b>3,087,268</b>	145,564,534
Administrative expenses		<b>(38,902,109)</b>	(24,877,646)
Other operating expenses		-	(8,274,813)
Distribution cost		<b>(552,643)</b>	(2,398,260)
Finance cost		<b>(132,153)</b>	(56,412)
Other operating income		-	20,600
<b>Profit (Loss) before taxation</b>		<b>(36,499,637)</b>	109,978,003
Taxation		<b>2,430,692</b>	(35,855,047)
<b>Profit (Loss) for the period</b>		<b>(34,068,944)</b>	74,122,956
Earnings (Loss) per share - basic and diluted		<b>(28.35)</b>	61.67

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 PERIOD ENDED 30 SEPTEMBER 2018

	<b>Three months ended 30 September</b>	
	<b>2018</b>	2017
	<b>Rupees</b>	Rupees
Profit for the period	<b>(34,068,944)</b>	74,122,956
Other comprehensive income for the period		-
<b>Total comprehensive income for the period</b>	<b><u>(34,068,944)</u></b>	<u>74,122,956</u>

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



Chief Executive



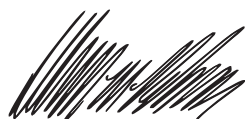
Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Three months ended 30 September	
	2018 Rupees	2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	(36,499,637)	109,978,003
<b>Adjustments for:</b>		
Depreciation	19,683,104	17,336,376
Amortization	225,557	225,557
Provision for staff retirement benefits	272,247	1,521,709
Finance cost	132,153	56,412
	<b>20,313,061</b>	<b>19,140,053</b>
	<b>(16,186,576)</b>	<b>129,118,057</b>
<b>Changes in:</b>		
Long term deposits	(90,000)	-
Stock in trade	(367,951,051)	(358,906,091)
Trade debts - considered good	96,111,842	85,232,583
Advance duty and sales tax	86,827,822	-
Advances to suppliers	(46,801,096)	(6,508,661)
Trade and other payables	233,161,034	168,647,343
	<b>1,258,551</b>	<b>(111,534,826)</b>
<b>Cash generated from operations</b>	<b>(14,928,025)</b>	<b>17,583,231</b>
Income tax paid	(26,224,330)	(19,065,276)
Finance cost paid	(132,153)	(56,412)
Dividend paid	(1,426,067)	-
<b>Net cash generated from operating activities</b>	<b>(42,710,575)</b>	<b>(1,538,457)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(456,633)	(3,487,714)
Addition to Intangible Assets	-	-
<b>Net cash used in investing activities</b>	<b>(456,633)</b>	<b>(3,487,714)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(43,167,208)</b>	<b>(5,026,171)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>77,042,866</b>	<b>82,946,732</b>
<b>Cash and cash equivalents at end of the period</b>	<b>33,875,658</b>	<b>77,920,561</b>

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 PERIOD ENDED 30 SEPTEMBER 2018

	Share capital	Capital Reserve		Revenue reserves		Total
		Revaluation surplus on property, plant and equipment - net of tax	General reserve	Unappropriated profit	Unappropriated profit	
			Rupees			
<b>Balance at 01 July 2017</b>	12,018,410	-	3,312,465	608,991,341	524,322,216	
<i>Changes in equity for the period ended 30 September 2017</i>						
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	63,136,496	63,136,496	63,136,496
Transfer from surplus on revaluation of property, plant and equipment - net of tax	-	-	-	3,814,897	3,814,897	3,814,897
<b>Total comprehensive income for the period</b>	-	-	-	66,951,392	66,951,392	66,951,392
<b>Balance at 30 September 2017</b>	12,018,410	-	3,312,465	675,942,734	691,273,609	
<b>Balance at 01 July 2018</b>	48,073,640	325,910,651	3,312,465	966,611,939	1,343,908,695	
<i>Changes in equity for the period ended 30 September 2018</i>						
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	(34,068,944)	(34,068,944)	(34,068,944)
Transfer from surplus on revaluation of property, plant and equipment - net of tax	-	-	-	8,069,754	8,069,754	8,069,754
<b>Total comprehensive income for the period</b>	-	-	-	(25,999,191)	(25,999,191)	(25,999,191)
<b>Total transactions with owners, recorded directly in equity</b>	-	-	-	-	-	-
<b>Balance at 30 September 2018</b>	48,073,640	325,910,651	3,312,465	940,612,748	1,317,909,504	

*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**

**Balance at 01 July 2018**

*Changes in equity for the period ended 30 September 2018*

**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**

**Total transactions with owners, recorded directly in equity**

**Balance at 30 September 2018**

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 PERIOD ENDED 30 SEPTEMBER 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 three months period ended 30 September 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 2018.

Comparative balance sheet is extracted from the audited annual financial statements as of 30 June 2018, 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 30 September 2017.

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 2018.

**4. CONTINGENCIES AND COMMITMENTS**

Contingencies and commitments are the same as disclosed in the annual financial statements for the year ended 30 June 2018.

**5. PROPERTY, PLANT AND EQUIPMENT**

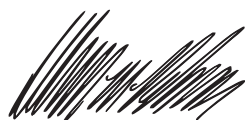
Break up of property, plant and equipment is as follows:

	<b>Un-audited</b>	Audited
	<b>30 September</b>	30 June
	<b>2018</b>	2018
	<b>Rupees</b>	Rupees
Operating fixed assets	<u><b>655,210,243</b></u>	<u>674,436,714</u>
	<u><b>655,210,243</b></u>	<u>674,436,714</u>

**NOTES TO THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

		<b>Three months ended 30 September</b>	
		<b>2018</b>	2017
		<b>Rupees</b>	Rupees
<b>6</b>	<b>TURNOVER - net</b>		
	Gross turnover		
	- Local	<b>231,410,661</b>	525,135,528
	- Export	-	5,434,000
		<b>231,410,661</b>	530,569,528
	Government levies		
	Excise duty	<b>92,839,700</b>	165,226,240
	Sales tax	<b>33,136,586</b>	71,750,178
		<b>125,976,286</b>	236,976,418
	Discounts	<b>(18,894,000)</b>	(7,967,950)
		<b>86,540,375</b>	285,625,160
<b>7.</b>	<b>Cost of sales</b>		
	Raw and packing material consumed	<b>30,274,283</b>	101,292,802
	Salaries, wages and benefits	<b>9,015,399</b>	11,831,337
	Fuel and power	<b>5,813,198</b>	7,803,499
	Stores and spares consumed	<b>9,633,951</b>	3,329,866
	Repair and maintenance	<b>1,069,923</b>	147,800
	Royalty	<b>493,480</b>	1,799,420
	Depreciation	<b>15,943,314</b>	14,188,146
	Amortization	<b>180,445</b>	175,934
	Insurance expense	<b>346,974</b>	346,974
	Cigarette blend test	<b>389,760</b>	-
	Machine hiring charges	-	132,000
		<b>73,160,728</b>	141,047,779
	Work in process at 1 July	-	963,992
	Work in process at 30-Sep	-	(3,622,299)
	<i>Cost of goods manufactured</i>	<b>73,160,728</b>	138,389,472
	Finished stock at 1 July	<b>13,470,844</b>	5,107,511
	Finished stock at 30-Sep	<b>(3,178,465)</b>	(3,436,357)
		<b>83,453,107</b>	140,060,626
<b>8</b>	<b>DATE OF AUTHORIZATION FOR ISSUE</b>		

This unaudited condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on 10 December, 2018.



Chief Executive



Director











# BOOK POST

Printed Matter  
(Under Postal Certificate)



If Undelivered Please Return to:

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