



Philip Morris  
(Pakistan) Limited

# Leading Transformation

FOR THE QUARTER ENDED  
MARCH 31, 2024 (Un-audited)







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# Company Information

## **BOARD OF DIRECTORS**

SARFARAZ AHMED REHMAN (Chairman)  
ROMAN YAZBECK (Chief Executive)  
MUHAMMAD ZEESHAN  
PATTARAPORN AUTTAPHON  
PETER CALON  
MIRZA REHAN BAIG  
JUNAID IQBAL

## **COMPANY SECRETARY**

SANA ENAIT HASHMI

## **AUDIT COMMITTEE**

MIRZA REHAN BAIG (Chairman)  
PATTARAPORN AUTTAPHON  
SANA ENAIT HASHMI (Secretary)

## **HUMAN RESOURCE & REMUNERATION COMMITTEE**

SARFARAZ AHMED REHMAN (Chairman)  
ROMAN YAZBECK  
JAY RAMOS (Secretary)

## **AUDITORS**

A. F. FERGUSON & CO.  
Chartered Accountants

## **BANKERS**

UNITED BANK LIMITED  
STANDARD CHARTERED BANK PAKISTAN LIMITED  
MCB BANK LIMITED  
HABIB BANK LIMITED  
CITI BANK N.A.  
DEUTSCHE BANK A.G.  
FAYSAL BANK LIMITED  
HABIBMETRO BANK  
BANK OF CHINA

## **LEGAL ADVISOR**

IJAZ AHMED & ASSOCIATES

## **REGISTERED OFFICE**

OFFICE 04 & 05, 5TH FLOOR,  
CORPORATE OFFICE BLOCK,  
DOLMEN CITY, PLOT HC-3, BLOCK-4,  
CLIFTON, KARACHI-75600

## **FACTORIES**

1. G.T ROAD, QUADIRABAD, DISTRICT: SAHIWAL (PUNJAB)  
2. LEAF DIVISION COMPLEX, 22ND KM, MARDAN SWABI ROAD, MARDAN (KPK)

## **SHARE REGISTRAR**

CDC SHARE REGISTRAR SERVICES LIMITED  
CDC HOUSE, 99-B, BLOCK-B, S.M.C.H.S.,  
MAIN SHAHRAH-E-FAISAL, KARACHI -74400

Website : <http://philipmorriskakistan.com.pk>  
Email : [pmpk.info@pmi.com](mailto:pmpk.info@pmi.com) Email : [pmpk.info@pmi](mailto:pmpk.info@pmi).

# Director's Report

For the Quarter Ended March 31, 2024

As per the International Monetary Fund (IMF) World Economic Outlook update of January 2024, inflation is falling faster than expected in most regions, in the midst of unwinding supply-side issues and restrictive monetary policy. The IMF projected global growth at 3.1% and 3.2% for 2024 & 2025 respectively, though the forecast for 2024-25 is still below the historical average (2000-19) of 3.8%. However, Pakistan's economy continues to face challenges on account of high inflation, soaring energy prices, deteriorating Pakistan rupee value, rising current account deficit, and eroding investors' confidence. According to the World Bank's latest Pakistan Development Update, Pakistan's economy is expected to grow only by 1.8% in the current fiscal year ending in June 2024. Aside from the economic and inflationary pressure, the unprecedented and exorbitant increases in taxes on the existing taxpayers, and a growing presence of the non-tax-paid/informal sector across different industries have not been conducive for investment.

The Track & Trace System (the "System") for the tobacco industry was implemented effective July 01, 2022, with an aim to ensure that all the cigarettes sold in Pakistan are tax-paid, which will boost tax revenue and create a level playing field for the compliant tax-paying sector. However, despite the System's implementation, noticeable enforcement is yet to be witnessed. Expansion of the illicit market share from 40% to 63% was observed post unprecedented excise hike of ~150% in Feb'23 which also resulted in an annual loss of approximately PKR 310 billion to the National Exchequer (according to an estimate). These measures not only cause a dent in the tax revenue targets for the Government but also erode investor confidence, undermine public health initiatives aimed at reducing tobacco consumption, and promote a culture of impunity for the non-tax-paid sector. We urge the Government to ensure immediate, effective, and substantive action to ensure enforcement of the System which will help address the loss of tobacco revenue to the National Exchequer and will also help restore the investors' confidence.

During the three months ended March 31, 2024, Philip Morris Pakistan Limited ( the "Company") reported a Total Net Turnover of PKR 8,628 million reflecting an increase of 48% vs. the same period last year primarily reflecting the export turnover of PKR 4,830 million, an increase of >100% vs the same period last year while the domestic Net Turnover of PKR 3,798 million reflects an increase of 10% vs. prior year. During the three months ended March 31, 2024, the Company's cigarette volume declined by 10.2% reflecting the continuing impact of the Feb'23 excise hike. The Company recorded a profit after tax of PKR 438 million for the three months ended March 31, 2024, vs. PKR 379 million in prior year. For the first three months of the current fiscal year (Jan-Mar'24), the company contributed PKR 10,713 million to the National Exchequer which was higher by 79% vs. the prior period. Further, for the ongoing fiscal year July'23-Mar'24, the Company contributed PKR 34,280 million to the National Exchequer, an increase of 65% vs. the prior period.

The tax-paying tobacco industry is facing the repercussions of deteriorating economic conditions, including heightened interest costs, inflated business expenses, and escalated energy tariffs. Coupled with the unprecedented excise hike, the environment for tax-paid tobacco entities to operate has become increasingly challenging. The Company remains committed to vigilantly monitoring market dynamics and striving to effectively manage operations amidst these challenging circumstances.

On behalf of the Board of Directors.



**SARFARAZ AHMED REHMAN**

Chairman Board



**ROMAN YAZBECK**

Chief Executive

Karachi, April 29, 2024

# ڈائریکٹرز رپورٹ

برائے سہ ماہی ختم 31 مارچ 2024ء

بین الاقوامی مالیاتی فنڈ (IMF) کے جنوری 2024 کے تازہ ترین ورلڈ اکنامک منظر نامہ کے مطابق، سلائی سائڈ کے مسائل اور محدود مانیٹری پالیسی کے درمیان زیادہ تر ممالک میں افراط زر تو قلع سے زیادہ تیزی سے گرا رہا ہے۔ IMF نے 3.1% اور 3.2% بالترتیب 2024 اور 2025 کے لیے عالمی ترقی کا تخمینہ لگایا ہے، حالانکہ 2024-25 کے لیے تخمینہ اب بھی 3.8% کی تاریخی اوسط (19-2000) سے کم ہے۔ تاہم، پاکستان کی معیشت کو بلند افراط زر، توانائی کی بڑھتی ہوئی قیمتوں، پاکستانی روپے کی قدر میں گراؤ، بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے، اور سرمایہ کاروں کے اعتماد میں کمی کی وجہ سے چیلنجز کا سامنا ہے۔ ورلڈ بینک کی تازہ ترین پاکستان ڈولپمنٹ اپڈیٹ کے مطابق، جون 2024 میں ختم ہونے والے رواں مالی سال میں پاکستان کی معیشت میں صرف 1.8 فیصد کی شرح نمو متوقع ہے اور مختلف صنعتوں میں غیر ادا شدہ ٹیکس/غیر رسمی شعبے کی بڑھتی ہوئی موجودگی سرمایہ کاری کے لیے سازگار نہیں ہے۔

تباہی کو صنعت کے لیے ٹریڈ اینڈریس سسٹم ("دی سسٹم") کو 01 جولائی 2022 سے لاگو کیا گیا تھا، جس کا مقصد اس بات کو یقینی بنانا ہے کہ پاکستان میں فروخت ہونے والی تمام سگریٹ ٹیکس ادا کئے جائیں، جس سے ٹیکس کی آمدنی میں اضافہ ہوگا اور باقاعدہ ٹیکس ادا کرنے والے شعبے کے لیے ایک لیول پلیئنگ فیئلمہیا کرے گا۔ تاہم، سسٹم کے نفاذ کے باوجود، قابل عمل نفاذ کا مشاہدہ ہوتا باقی ہے۔ فروری 23 میں ایکسائز میں 150% کے بے مثال اضافے کے بعد غیر قانونی مارکیٹ شیئر میں 40% سے 63% تک توسیع دیکھی گئی جس کے نتیجے میں (ایک اندازے کے مطابق) قومی خزانے کو تقریباً 310 بلین روپے کا سالانہ نقصان ہوا۔ یہ اقدامات نہ صرف حکومت کے ٹیکس ریونیو کے اہداف میں کمی کا باعث بنتے ہیں بلکہ سرمایہ کاروں کے اعتماد کو بھی ختم کرتے ہیں، صحت عامہ کے ان اقدامات کو نقصان پہنچاتے ہیں جن کا مقصد تباہی کو کھیت کو کم کرنا ہے، اور ٹیکس ادا نہ کرنے والے شعبے کے لیے اسٹیٹی کے کلچر کو فروغ ملتا ہے۔ ہم حکومت پر زور دیتے ہیں کہ وہ نظام کے نفاذ کو یقینی بنانے کے لیے فوری، موثر اور ٹھوس کارروائی کو یقینی بنائے جس سے قومی خزانے کو تباہی کو کرنی کی آمدنی کو نقصان کو دور کرنے میں مدد ملے گی اور سرمایہ کاروں کا اعتماد بحال کرنے میں بھی مدد ملے گی۔

31 مارچ 2024 کو ختم ہونے والے تین ماہ کے دوران، فلپ مورس پاکستان لمیٹڈ ("کمپنی") نے 8,628 بلین روپے کا کل نیٹ ٹرن اوور رپورٹ کیا جو گزشتہ سال کی اسی مدت کے مقابلے میں 48% کا اضافہ ظاہر کرتا ہے جو بنیادی طور پر 4,830 بلین روپے کے برآمدی کاروبار کی عکاسی کرتا ہے، پچھلے سال کی اسی مدت کے مقابلے میں 100% > کا اضافہ جبکہ 3,798 بلین روپے کا ڈومیسٹک نیٹ ٹرن اوور پچھلے سال کے مقابلے میں 10% کے اضافے کو ظاہر کرتا ہے۔ 31 مارچ 2024 کو ختم ہونے والے تین ماہ کے دوران، کمپنی کے سگریٹ کے حجم میں 10.2 فیصد کمی واقع ہوئی جو فروری 23 کے ایکسائز میں اضافے کے مسلسل اثرات کو ظاہر کرتی ہے۔ کمپنی نے 31 مارچ 2024 کو ختم ہونے والے تین ماہ کے لیے 438 بلین روپے بہتابلہ گزشتہ سال 379 بلین روپے کا بعد از ٹیکس منافع ریکارڈ کیا۔ رواں مالی سال کے پہلے تین ماہ (جنوری تا مارچ 24) کے لیے، کمپنی نے قومی خزانے میں 10,713 بلین روپے کا حصہ ڈالا جو گزشتہ مدت کے مقابلے میں 79% زیادہ تھا۔ مزید برآں، رواں مالی سال جولائی 23-مارچ 24 کے لیے، کمپنی نے قومی خزانے میں 34,280 بلین روپے کا حصہ ڈالا، جو کہ سابقہ مدت کے مقابلے میں 65% زیادہ ہے۔

ٹیکس ادا کرنے والی تمباکو کی صنعت کو بگاڑتے ہوئے معاشی حالات کے اثرات کا سامنا ہے، جس میں سود کے بڑھتے ہوئے اخراجات، بڑھے ہوئے کاروباری اخراجات اور توانائی کے بڑھتے ہوئے ٹیرف شامل ہیں۔ ایکسائز میں غیر معمولی اضافے کے ساتھ، ٹیکس ادا کرنے والے تمباکو کے اداروں کے کام کرنے کا ماحول تیزی سے چیلنجنگ بن گیا ہے۔ کمپنی مارکیٹ کیتھڈیلیر کا چوکھی سے نگرانی کرنے اور ان مشکل حالات کے درمیان آپریشنز کو مؤثر طریقے سے منظم کرنے کی کوشش کرنے کے لیے پرعزم ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

  
روشن یاز بیک  
چیف ایگزیکٹو

  
سرفراز احمد رحمان  
چیئرمین بورڈ

کراچی، 29 اپریل، 2024

# FINANCIAL STATEMENTS

**PHILIP MORRIS (PAKISTAN) LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

AS AT MARCH 31, 2024

<b>ASSETS</b>		March 31, 2023 (Un-audited)	December 31, 2023 (Audited)
<b>NON CURRENT ASSETS</b>	Note	(Rupees in thousand)	
<b>FIXED ASSETS</b>			
- Property, plant and equipment	5	5,058,551	5,251,337
- Right-of-use assets		319,794	322,396
- Intangibles		2,859	3,604
		<u>5,381,204</u>	<u>5,577,337</u>
Investment in a subsidiary company	6	1	1
Long term deposits		73,582	73,582
Deferred taxation		208,757	144,269
		<u>5,663,544</u>	<u>5,795,189</u>
<b>CURRENT ASSETS</b>			
Stores and spares - net		255,943	215,791
Stock in trade - net	7	7,641,779	12,033,405
Advances	8	172,484	287,937
Prepayments		51,294	62,139
Other receivables		2,422,402	2,164,436
Income tax - net		717,736	876,658
Staff retirement benefits		34,724	34,724
Short term investment		3,122,428	-
Cash and bank balances		6,455,153	9,062,895
		<u>20,873,943</u>	<u>24,737,985</u>
Non-current assets held for sale / disposal	9	1,600	1,600
<b>TOTAL CURRENT ASSETS</b>		<u>20,875,543</u>	<u>24,739,585</u>
<b>TOTAL ASSETS</b>		<u>26,539,087</u>	<u>30,534,774</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital		12,000,000	12,000,000
Issued, subscribed and paid-up capital			
- Ordinary shares		615,803	615,803
- Preference shares		10,464,000	10,464,000
		<u>11,079,803</u>	<u>11,079,803</u>
Transaction cost on issuance of preference shares - net of tax		(33,911)	(33,911)
		<u>11,045,892</u>	<u>11,045,892</u>
Reserves		4,986,978	4,548,931
<b>TOTAL EQUITY</b>		<u>16,032,870</u>	<u>15,594,823</u>
<b>NON CURRENT LIABILITIES</b>			
Lease liabilities		273,353	265,035
<b>CURRENT LIABILITIES</b>			
Short term borrowings		-	-
Trade and other payables	10	10,039,347	13,504,425
Current maturity of lease liabilities		102,267	92,186
Unclaimed dividend		37,128	37,128
Unpaid dividend		54,122	54,122
Sales tax and excise duty payable		-	987,055
		<u>10,232,864</u>	<u>14,674,916</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>10,232,864</u>	<u>14,674,916</u>
<b>TOTAL LIABILITIES</b>		<u>10,506,217</u>	<u>14,939,951</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>26,539,087</u>	<u>30,534,774</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Sarfaraz Ahmed Rehman  
Chairman / Director



Roman Yazbeck  
Chief Executive Officer



Muhammad Zeeshan  
Chief Financial Officer

**PHILIP MORRIS (PAKISTAN) LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**

FOR THE QUARTER ENDED MARCH 31, 2024

	Note	Quarter Ended	
		March 31, 2023	December 31, 2023
		(Un-audited)	
		(Rupees in thousand)	
Turnover - net	12	8,628,077	5,821,875
Cost of sales	3	7,455,876	3,505,364
Gross profit		1,172,201	2,316,511
Distribution and marketing expenses		1,505,366	873,037
Administrative expenses		455,737	377,068
Other expenses		57,096	900,179
Other income		(1,544,608)	(446,601)
		473,591	1,703,683
Operating profit		698,610	612,828
Finance cost and bank charges		33,343	14,145
Profit before taxation		665,267	598,683
Taxation	14	227,220	219,341
Profit after taxation		438,047	379,342
Other comprehensive income		-	-
Total comprehensive income /(loss) for the period		438,047	379,342
		----- (Rupees) -----	
Earnings per share			
- Basic	15.1	7.11	6.16
- Diluted	15.2	5.76	4.59

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Sarfaraz Ahmed Rehman  
Chairman / Director



Roman Yazbeck  
Chief Executive Officer



Muhammad Zeeshan  
Chief Financial Officer

**PHILIP MORRIS (PAKISTAN) LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
 FOR THE QUARTER ENDED MARCH 31, 2024

Issued, subscribed and paid-up capital		Transaction cost on issuance of preference shares - net of tax	Capital Reserves			Reserves				Subtotal Reserves	Total
Ordinary shares	Preference shares		Reserve for share based payments	Remeasurement of staff retirement gratuity plan - net of tax	Subtotal Capital Reserves	General reserves	Revenue Reserves	Unappropriated (loss) / profit	Subtotal Revenue Reserves		

(Rupees in thousand)

Balance as at January 1, 2023 615,803 10,464,000 (33,911) 57,717 (236,118) (178,401) 3,328,327 1,038,906 4,367,233 4,188,832 15,234,724

Total comprehensive income  
 Profit after taxation for the three months period ended March 31, 2023

-	-	-	-	-	-	-	-	379,342	379,342	379,342	379,342
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Balance as at March 31, 2023 615,803 10,464,000 (33,911) 57,717 (236,118) (178,401) 3,328,327 1,418,248 4,746,575 4,568,174 15,614,066

Balance as at January 1, 2024 615,803 10,464,000 (33,911) 94,153 (292,256) (198,103) 3,328,327 1,418,707 4,747,034 4,548,931 15,594,823

Total comprehensive income

Profit after taxation for the three months period ended March 31, 2023

-	-	-	-	-	-	-	-	438,047	438,047	438,047	438,047
-	-	-	-	-	-	-	-	438,047	438,047	438,047	438,047

Balance as at March 31, 2023 615,803 10,464,000 (33,911) 94,153 (292,256) (198,103) 3,328,327 1,856,754 5,185,081 4,986,978 16,032,870

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Sarfaraz Ahmed Rehman  
 Chairman / Director



Roman Yazbeck  
 Chief Executive Officer



Muhammad Zeeshan  
 Chief Financial Officer

**PHILIP MORRIS (PAKISTAN) LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
 FOR THE QUARTER ENDED MARCH 31, 2024

Note	Quarter Ended		
	March 31, 2023	December 31, 2023	
	(Un-audited) (Rupees in thousand)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	17	356,214	718,395
Finance cost paid		(20,051)	(5,668)
Income taxes paid		(132,788)	(260,917)
Profit received on savings accounts		384,947	368,796
Long term deposits		-	(39)
Net cash generated from operating activities		588,322	820,567
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(67,613)	(133,433)
Proceeds from disposal of items of property, plant and equipment		3,764	6,552
Net cash used in investing activities		(63,849)	(126,881)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		-	(586)
Lease payments		(9,787)	(23,808)
Net cash used in financing activities		(9,787)	(24,394)
Net increase in cash and cash equivalents during the period		514,686	669,292
Cash and cash equivalents at the beginning of the period		9,044,034	9,298,881
Cash and cash equivalents at the end of the period	18	9,558,720	9,968,173

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

  
 Sarfaraz Ahmed Rehman  
 Chairman / Director

  
 Roman Yazbeck  
 Chief Executive Officer

  
 Muhammad Zeeshan  
 Chief Financial Officer

**PHILIP MORRIS (PAKISTAN) LIMITED**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL**  
FOR THE QUARTER ENDED MARCH 31, 2024

**1. THE COMPANY AND ITS OPERATIONS**

1.1 Lakson Tobacco Company Limited was incorporated in Pakistan on February 10, 1969 as a public limited company under the Companies Act, 1913 (now the Companies Act, 2017) and was subsequently acquired by the Philip Morris International Inc., through PMI Group entities. On February 25, 2011, the name of the Company was changed to Philip Morris (Pakistan) Limited (the Company). The Company is listed on the Pakistan Stock Exchange and the principal activity of the Company is the manufacturing and sale of cigarettes, tobacco products and other smoke free products.

**2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES**

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:

- (a) International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Act; and
- (b) Provisions of and directives issued under the Act.

Where the provisions of, and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

2.2 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the Company's audited financial statements for the year ended December 31, 2023 (December 2023 financial statements), except relating to the matter stated in note 2.3 below.

2.3 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

2.4 New standards, amendments and an interpretation to published accounting and reporting standards which became effective during the period ended March 31, 2024:

There were certain amendments to accounting and reporting standards which became effective for the Company's accounting during the current period. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

**3. BASIS OF PREPARATION**

3.1 These condensed interim financial statements include the condensed interim statement of financial position as at March 31, 2024, the condensed interim statement of profit or loss and other comprehensive income, the condensed interim statement of changes in equity, the condensed interim statement of cash flows and notes thereto for the three months period then ended which were not audited.

3.2 The comparative statement of financial position presented in these condensed interim financial statements as at December 31, 2023 has been extracted from the December 2023 financial statements. The comparative statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the three months period ended March 31, 2023 have been extracted from the condensed interim financial statements of the Company for the three months period then ended, which were not audited.

3.3 These interim financial statements should be read in conjunction with the December 2023 financial statements as these provide an update of previously reported information.

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**4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

4.1 The preparation of these condensed interim financial statements in conformity with approved accounting and reporting standards for interim reporting requires the use of certain accounting estimates. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

4.2 During the preparation of these condensed interim financial statements, significant judgments made by management in applying the Company's accounting policies and key sources of estimation were the same as those applied in the December 2023 financial statements.

4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the December 2023 financial statements.

**5. PROPERTY, PLANT AND EQUIPMENT**

		March 31, 2024 (Un-audited) (Rupees in thousand)	December 31, 2023 (Audited) (Rupees in thousand)
Operating property, plant and equipment	5.1	4,741,985	4,708,383
Capital work-in-progress (CWIP)	5.5	316,566	542,954
		<u>5,058,551</u>	<u>5,251,337</u>
<b>5.1 Operating property, plant and equipment</b>			
Book value at the beginning of the period / year		4,708,383	4,936,829
Additions / transfers from CWIP during the period / year	5.2	281,299	1,101,594
		4,989,682	6,038,423
Disposals during the period / year - net book value	5.3	(2,151)	(31,659)
Assets transferred to held for sale / disposal		-	(352,832)
Write offs during the period / year - net book value		-	(34,809)
Depreciation charge during the period / year	5.4	(245,546)	(910,740)
		<u>(247,697)</u>	<u>(1,330,040)</u>
Book value at the end of the period / year		<u>4,741,985</u>	<u>4,708,383</u>

		Quarter Ended	
		March 31, 2024 (Un-audited) (Rupees in thousand)	December 31, 2023
<b>5.2 Additions / transfers from CWIP during the period</b>			
Buildings on freehold land		11,570	3,839
Plant and machinery		78,604	61,408
Furniture and fixtures		54,134	582
Office equipments		-	654
Vehicles		90,000	131,699
Power and other installations		44,595	7,862
Computer Equipment		2,396	61,173
		<u>281,299</u>	<u>267,217</u>

**5.3 Disposals during the period - net book value**

Vehicles		<u>2,151</u>	<u>24,413</u>
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	Quarter Ended	
	March 31, 2024	December 31, 2023
	(Un-audited) (Rupees in thousand)	
5.4 Depreciation charge during the period on property, plant and equipment	245,546	215,193
Depreciation charge during the period on Right-of-use assets	30,200	24,413
	March 31, 2024	December 31, 2023
	(Un-audited)	(Audited)
	(Rupees in thousand)	
5.5 Capital work-in-progress		
Civil works	28,800	11,967
Plant and machinery	218,393	363,571
Power and other installations	12,523	45,522
Furniture and fixtures	-	7,187
Computer equipment pending installations	52,976	54,790
Advance to suppliers and contractors	3,874	59,917
	316,566	542,954

**6. INVESTMENT IN A SUBSIDIARY COMPANY**

This represents the cost of 103 fully paid ordinary shares of Rs 10 each in Laksonpremier Tobacco Company (Private) Limited (the Subsidiary Company). Out of such 103 shares, two shares are in the name of the nominees. The statement of profit or loss and other comprehensive income of the Subsidiary Company for the three months period ended March 31, 2024 amounted to Rs Nil resulting in an accumulated loss of Rs 1,030 as at that date. The net assets of the Subsidiary Company as at March 31, 2024 amounted to Rs Nil, in accordance with the un-audited condensed interim financial statements for the three months period then ended. The subsidiary company has filed an application dated August 30, 2019 with the Securities and Exchange Commission of Pakistan (SECP) for obtaining the status of an inactive company under section 424 of the Companies Act, 2017, however, response in this regard from SECP is awaited.

The financial statements of the subsidiary company are available for inspection at the Company's registered office and are available to the members on request without any cost.

The investment in the subsidiary Company has been made in accordance with the requirements of the Companies Act, 2017.

	Note	March 31,	December 31,
		2024	2023
		(Un-audited)	(Audited)
		(Rupees in thousand)	
7. STOCK IN TRADE - net			
Raw and packing materials	7.1	6,302,070	11,004,979
Work-in-process		228,323	208,652
Finished goods		1,700,617	1,270,331
		8,231,010	12,483,962
Provision for obsolete stocks	7.2	(589,231)	(450,557)
		7,641,779	12,033,405

7.1 Includes raw & packing material in transit aggregating Rs 108.076 million (December 31, 2023: Rs 236.314 million)

7.2 During the current period, the Company has written off provision against raw and packing materials aggregating Rs 230.413 million (December 31, 2023: Rs 27.701 million)

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	Note	March 31, 2024 (Un-audited) (Rupees in thousand)	December 31, 2023 (Audited)
<b>8. ADVANCES</b>			
Unsecured			
Advances to:			
- Employees	8.1	26,709	32,863
- Suppliers and contractors		50,680	159,979
		<u>77,389</u>	<u>192,842</u>
Secured			
Advance to a supplier	8.2	111,261	111,261
Less: Provision against advance		(16,166)	(16,166)
		<u>95,095</u>	<u>95,095</u>
		<u>172,484</u>	<u>287,937</u>

**8.1** Advances to employees are given to meet business expenses and are settled as and when the expenses are incurred.

**8.2** There is no signification change in the status of the case as set out in note 11.2 to the December 2023 financial statements.

	March 31, 2024 (Un-audited) (Rupees in thousand)	December 31, 2023 (Audited)
<b>9. NON-CURRENT ASSETS HELD FOR SALE / DISPOSAL</b>		
Transferred from property, plant and equipment		
- Cost	1,600	1,600
- Less: Accumulated depreciation	-	-
- Less: Accumulated impairment	-	-
	<u>1,600</u>	<u>1,600</u>

**10. TRADE AND OTHER PAYABLES**

Creditors	2,606,285	2,946,438
Bills payable	3,937,074	2,976,250
Royalty payable to a related party	1,615,765	1,361,202
Accrued expenses	1,313,092	1,731,399
Tobacco development cess	41,625	41,625
Contractors' retention money	2,091	2,063
Advance from customers - unsecured	178,868	4,047,072
Workers' welfare fund	57,908	46,210
Workers' profits participation fund	42,033	7,819
Others	244,606	344,347
	<u>10,039,347</u>	<u>13,504,425</u>

**11. CONTINGENCIES AND COMMITMENTS**

**11.1 Guarantees**

Indemnities given to banks for guarantees issued by them in the normal course of business aggregated Rs 48.861 million (December 31, 2023: Rs 48.861 million).

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	March 31, 2024 (Un-audited) (Rupees in thousand)	December 31, 2023 (Audited)
<b>11.2 Commitments</b>		
Capital expenditure contracted for but not incurred	133,173	101,567
Post dated cheques	61,237	147,407
Letters of credit	-	51,356
Operating lease commitments	14,003	11,063

**11.3 Contingencies**

There is no change in the status of the cases set out in notes 22.3 to 22.4 to the December 2023 financial statements.

**12. TURNOVER - net**

	Quarter Ended	
	March 31, 2024 (Un-audited) (Rupees in thousand)	December 31, 2023
Gross turnover		
- Domestic	14,658,035	9,834,572
- Export	4,830,156	2,365,336
	19,488,191	12,199,908
Less: Trade discount	300,684	320,080
Sales tax	2,327,511	1,509,847
Excise duty	8,231,919	4,548,106
	10,860,114	6,378,033
	8,628,077	5,821,875

**13. COST OF SALES**

<b>Raw and packing materials consumed</b>		
Opening stock	11,004,979	7,518,621
Purchases, redrying and related expenses	1,498,713	1,384,097
	12,503,692	8,902,718
Closing stock	(6,302,070)	(5,162,342)
	6,201,622	3,740,376
Government levies	7,093	7,934
Manufacturing expenses	579,637	547,618
	6,788,352	4,295,928
<b>Work-in-process</b>		
Opening stock	208,652	366,817
Closing stock	(228,323)	(300,525)
Sale of waste	(1,625)	(5,519)
	(21,296)	60,773
<b>Cost of goods manufactured</b>	6,767,056	4,356,701
<b>Finished goods</b>		
Opening stock	1,270,331	851,861
Finished goods purchased	1,119,106	33,103
Closing stock	(1,700,617)	(1,736,301)
	688,820	(851,337)
	7,455,876	3,505,364

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	March 31, 2024 (Un-audited) (Rupees in thousand)	December 31, 2023 (Audited)
<b>14. TAXATION</b>		
Current	291,710	439,320
Deferred	(64,490)	(219,979)
	<u>227,220</u>	<u>219,341</u>
<b>15. EARNINGS PER SHARE – BASIC AND DILUTED</b>		
<b>15.1 Basic earnings per share</b>		
Profit for the period after taxation	<u>438,047</u>	<u>379,342</u>
	(No. of shares)	
Weighted average number of ordinary shares	<u>61,580,341</u>	<u>61,580,341</u>
	(Rupees)	
Basic earnings per share	<u>7.11</u>	<u>6.16</u>
	(Rupees in thousand)	
<b>15.2 Diluted earnings per share</b>		
Profit for the period after taxation	<u>438,047</u>	<u>379,342</u>
	(No. of shares)	
Weighted average number of ordinary shares	<u>61,580,341</u>	<u>61,580,341</u>
Adjustment for convertible preference shares	<u>14,414,160</u>	<u>21,116,352</u>
	<u>75,994,501</u>	<u>82,696,693</u>
	(Rupees)	
Diluted earnings per share	<u>5.76</u>	<u>4.59</u>
<b>16. RELATED PARTIES DISCLOSURES</b>		
<b>16.1</b> Related parties comprise of Philip Morris Investments B.V., (the parent company) and Philip Morris Brands S.a.r.l, related group undertakings, subsidiary company - Laksonpremier Tobacco Company (Private) Limited, staff retirement benefit funds and members of the key management personnel. The Company enters into transactions with related parties on the basis of mutually agreed terms. The transactions with related parties can be summarised as follows:		

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Relationship	Nature of transaction	Quarter Ended	
		March 31, 2024	December 31, 2023
		(Un-audited) (Rupees in thousand)	
Associated undertakings	Sale of goods and services	4,482,751	2,366,906
	Purchase of goods and services	1,073,862	140,014
	Reimbursement of expenses	1,051,223	56,876
	Royalty charges	288,438	32,595
Staff retirement benefit plans	Contribution to gratuity fund	36,972	19,583
	Contribution to provident fund	30,020	25,837
Key management personnel	Remuneration and benefits - note 16.1.1 to 16.1.3	13,555	11,105

The company enters into transactions with related parties on the basis of mutually agreed terms.

- 16.1.1** The Company considers its chief executive and board of directors as members of key management personnel.
- 16.1.2** The chief executive, executive directors and certain executives are provided with free use of the company maintained cars.
- 16.1.3** Certain executives are on secondment from the group undertakings and no remuneration is charged to the Company in respect of those executives.

17. CASH GENERATED FROM OPERATIONS	Note	Quarter Ended	
		March 31, 2024	December 31, 2023
		(Un-audited) (Rupees in thousand)	
Profit before taxation		665,267	598,683
Adjustments for non cash changes and other items:			
Depreciation		275,746	239,606
Amortisation of intangibles		745	5,534
Provision for slow moving stores and spares		30,121	23,797
Provision for obsolete stocks		589,231	81,518
Profit on short term deposits		(384,947)	(368,796)
Profit on disposal of property, plant and equipment		(1,613)	(3,604)
Finance cost		33,343	14,145
Working capital changes	17.1	(851,679)	127,512
		<u>356,214</u>	<u>718,395</u>
<b>17.1 Working capital changes</b>			
Decrease / (increase) in current assets			
Stores and spares		(70,273)	(34,417)
Stock in trade		3,802,395	1,490,598
Trade debts		-	(8,896)
Advances		115,453	(135)
Prepayments		10,845	15,984
Other receivables		(257,966)	243,266
		<u>3,600,454</u>	<u>1,706,400</u>
Increase / (decrease) in current liabilities			
Trade and other payables		(3,465,078)	(695,909)
Sales tax and excise duty payable		(987,055)	(882,979)
		<u>(4,452,133)</u>	<u>(1,578,888)</u>
		<u>(851,679)</u>	<u>127,512</u>

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Quarter Ended  
**March 31,**                      **December 31,**  
**2024**                              **2023**  
(Un-audited)  
(Rupees in thousand)

**18. CASH AND CASH EQUIVALENTS**

Cash and bank balances	<b>6,455,153</b>	6,980,372
Less: Amount held as security	<b>(18,861)</b>	(18,861)
Short term borrowings	<b>3,122,428</b>	3,006,662
	<b><u>9,558,720</u></b>	<u>9,968,173</u>

**19. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on 29 April 2024 by the Board of Directors of the Company.

**20. GENERAL**

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.



Sarfaraz Ahmed Rehman  
Chairman / Director



Roman Yazbeck  
Chief Executive Officer



Muhammad Zeeshan  
Chief Financial Officer

<http://philipmorriskakistan.com.pk>