

TRANSFORMING  
**TOMORROW**

*Our Journey of Innovation*



Philip Morris  
(Pakistan) Limited

Financial Report 2024



# Company Information

## BOARD OF DIRECTORS

SARFARAZ AHMED REHMAN		(Chairman)
ROMAN YAZBECK	(Until July 31, 2024)	(Chief Executive)
ALIREZA TAKESH	(From August 1, 2024)	(Chief Executive)
MUHAMMAD ZEESHAN		(Chief Executive Officer)
PATTARAPORN AUTTAPHON		
NADIA WARIS	(Until March 7, 2024)	
PETER CALON	(From April 8, 2024)	
MIRZA REHAN BAIG		
JUNAID IQBAL		

## COMPANY SECRETARY

SANA ENAIT HASHMI	(Until November 30, 2024)
MOHAMMAD SAAD KHALEEL	(From December 1 <sup>st</sup> , 2024)

## AUDIT COMMITTEE

MIRZA REHAN BAIG		(Chairman)
PATTARAPORN AUTTAPHON		
NADIA WARIS	(Until March 7, 2024)	
PETER CALON	(From April 8, 2024)	
MOHAMMAD SAAD KHALEEL		(Secretary)

## HUMAN RESOURCE & REMUNERATION COMMITTEE

SARFARZ AHMED REHMAN	(Until July 31, 2024)	(Chairman)
ROMAN YAZBECK	(From August 1, 2024)	
ALIREZA TAKESH		
JAY RAMOS		(Secretary)
NADIA WARIS	(Until March 7, 2024)	
PETER CALON	(From April 8, 2024)	

## 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.  
HABIBMETRO BANK  
BANK OF CHINA  
BANK OF KHYBER

## 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

- G.T ROAD, QUADIRABAD, DISTRICT: SAHIWAL (PUNJAB)
- 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://philipmorriskpakistan.com.pk>  
Email : [pmpk.info@pmi.com](mailto:pmpk.info@pmi.com) Email : [pmpk.info@pmi](mailto:pmpk.info@pmi)

## Message from the CEO & the Chairman of the Board

On behalf of the Board of Directors, we are pleased to present the Annual Report of Philip Morris (Pakistan) Limited ("**PMPKL**") for the year ended December 31, 2024. This past year has been a complex interplay of short-term stabilization coupled with long-term uncertainties. To fully utilise the country's economic potential, effective structural reforms, political stability, and a robust approach to human capital are essential.

In 2024, Pakistan's economy experienced improvements in some key indicators such as lower interest and inflation rates, management of current account deficit and stability of exchange rates<sup>1</sup>. However, it continues to remain under constant scrutiny of the International Monetary Fund (IMF) due to Extended Fund Facility arrangement. It is anticipated that next year will continue to be a challenging one, as the nation strives for macroeconomic stability while adhering to strict monetary and fiscal policies. Looking ahead, it is critical that new avenues for generation of resources are sought which can only be done through stable policies. Additionally, tapping the existing potential for revenue generation through relevant enforcements and enabling ease of doing business is paramount to achieving long term stability for Pakistan.

Pakistan's tobacco industry is afflicted with the prevalence of low-priced, non-tax paid cigarettes which continue to be sold at prices below the minimum tax payable on a pack, which not only causes losses to the national exchequer, but also creates a non-level playing field for tax paying cigarette manufacturers and jeopardizes government's public health objective through widespread availability of non-tax paid cigarettes which blatantly violate health regulations. The Track & Trace System (the "**TTS**") 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. The implementation of TTS was intended to be an important achievement to improve fiscal income, reduce tax evasion, and curtail smuggling of non-tax paid products. However, benefits of TTS are not fully actualized due to insufficient implementation and staggered enforcement. This puts a burden on the tax paying compliant tobacco manufacturers and creates a non-level playing field for them.

Despite economic and industry-specific challenges, PMPKL continued to contribute to the national exchequer, demonstrating resilience and responsible corporate citizenship.

Our commitment to sustainability extends beyond efficiency; it focuses on innovation, value creation, and positive impact. Initiatives like adolescent skill training, water efficiency promotion, and women empowerment through programs like Make Your Come Back highlight our commitment to sustainable practices and social progress.

We regard our employees as our most valuable asset and prioritise their well-being, growth, and development to enhance the company's performance. This year, we implemented a global DNA framework that shapes our employees' mindset by encouraging ownership, overcoming boundaries, and making a significant impact on their growth and development. It connects us across functions and geographies, ensuring that every decision and action contributes to a bold, innovative, and sustainable future for the company.

Our smoke-free products' portfolio is in line with PMI's vision of offering alternative smoke free products for adult smokers who would otherwise continue to smoke.

As we look towards the future, we reaffirm our commitment to our stakeholders to continue to conduct business with the right values

Finally, we would like to extend our sincere gratitude to our adult consumers for their confidence in our brands. We are grateful to our shareholders, employees and other stakeholders for their continuous support.

1. [Thefinancialdaily.com/2024-a-year-of-positive-economic-indicators-for-pakistan](https://thefinancialdaily.com/2024-a-year-of-positive-economic-indicators-for-pakistan)



**Statement of Compliance with  
Listed Companies (Code of Corporate Governance) Regulations, 2019**

**Philip Morris (Pakistan) Limited  
For The Year ended December 31, 2024**

This Statement is being presented to share the status of compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") by Philip Morris (Pakistan) Limited ("the Company") during the year ended December 31, 2024. The Company has complied with the requirements of the Regulations in the following manner: -

1. The total number of Directors as at December 31, 2024, were seven (7) as per the following:
  - (a) Male: Six (6)
  - (b) Female: One (1)

2. The composition of the Board as at December 31, 2024 was as follows:

Category	Name
Independent Directors	Mr. Sarfaraz Ahmed Rehman Mr. Mirza Rehan Baig Mr. Junaid Iqbal
Non-Executive Directors	Ms. Pattaraporn Auttaphon (Female Director) Mr. Peter Calon
Executive Directors	Mr. Alireza Takesh Mr. Muhammad Zeeshan

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. The Company has a code of conduct (*duly adopted by the Board*) and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed and adopted vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the "Act") and these Regulations.
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency and recording minutes of meeting of the Board.

**Philip Morris (Pakistan) Limited**

Office 4 & 5, 5<sup>th</sup> floor, Corporate Office Block, Dolmen City, Plot HC-3, Block 4, Clifton Karachi | Tel: +92 21- 3520 9600 - 01  
Fax: +92 21- 3529 4350 | <http://philipmorriskarachi.com.pk>



8. The Board has a formal policy and transparent procedures for the remuneration of Directors in accordance with the Act and the Regulations.
9. As on December 31, 2024, out of seven (7) directors on the Board, two (2) directors have acquired the Directors Training Program ("DTP) certification.
10. As on December 31, 2024, out of seven (7) directors on the Board, all the directors attended the orientation session arranged by the Company.
11. During the year, the Board of Directors approved the appointments of the Chief Executive Officer (CEO) and the Company Secretary (CS). Revisions in the remuneration of the CFO, Head of Internal Audit, and the CS for the year ended December 31, 2024, were made as per the Company policy in line with their terms of appointment.
12. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
13. The Board has formed the following committees, the composition of which as of December 31, 2024, was as follows:

(a) Audit Committee

Name	Designation
Mr. Mirza Rehan Baig	Chairman
Mr. Peter Calon	Member
Ms. Pattaraporn Auttaphon	Member

(b) Human Resource and Remuneration Committee

Name	Designation
Mr. Sarfaraz Ahmed Rehman	Chairman
Mr. Alireza Takesh	Member
Mr. Peter Calon	Member

14. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
15. The frequency of meetings of the committee were as per following:
  - (a) Audit Committee - Four (4)
  - (b) Human Resource and Remuneration Committee - One (1)
16. The Board has set up an effective internal audit function.
17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics

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as adopted by the Institute of Chartered Accountants of Pakistan and that they and partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non- dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.

18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed applicable IFAC guidelines in this regard.
19. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
20. Information regarding requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations is mentioned below:
  - (a) The minutes of meeting of the Board were circulated to the Board after approximately fourteen days of respective Board meetings but before the ensuing Board minutes following the completion of the minute's review and finalization.
  - (b) Two directors of the Company have obtained DTP certificate, and for the remaining directors, the Company believes that they are qualified and experienced, which is the spirit of DTP.
  - (c) The functions typically performed by a nomination committee are being performed by the Board Human Resource and Remuneration Committee, and therefore, a separate nomination committee is not constituted.
  - (d) Risk management areas are discussed and deliberated upon in the Board Audit Committee and subsequent findings are presented to the Board, which is why a separate risk management committee has not been constituted.
  - (e) Certain policies and terms of reference of the Board's committees are not placed on the Company's official website since there is no mandatory requirement to do so under the Regulations.
  - (f) Subsequent to the reporting date, the Board Audit Committee has been assigned the mandate to provide governance and oversight in relation to the Company's initiatives on Environmental, Social and Governance (ESG) matters.

The Board has been guided by the fact that the above requirements are not mandatory and the necessary information under the Regulations has been included above.

**Sarfaraz Ahmed Rehman**  
Chairman  
Date: 25-March-2025

**Philip Morris (Pakistan) Limited**

Office 4 & 5, 5<sup>th</sup> floor, Corporate Office Block, Dolmen City, Plot HC-3, Block 4, Clifton Karachi | Tel: +92 21- 3520 9600-01  
Fax: +92 21- 3529 4350 | <http://philipmorriskakistan.com.pk>

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of Philip Morris (Pakistan) Limited**

### **Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Philip Morris (Pakistan) Limited (the Company) for the year ended December 31, 2024 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2024.

**A. F. Ferguson & Co.  
Chartered Accountants  
Karachi**

**Date: March 27, 2025**

**UDIN: CR202410056EuzKN9Yw8**



## **PHILIP MORRIS (PAKISTAN) LIMITED**

### **REVIEW REPORT BY THE CHAIRMAN ON BOARD'S OVERALL PERFORMANCE U/S 192 OF THE COMPANIES ACT, 2017 FOR THE YEAR ENDED DECEMBER 31, 2024.**

It gives me great pleasure to present the Annual Report for the year ended December 31, 2024, to the shareholders of Philip Morris (Pakistan) Limited (“the Company”) and to comment on the overall performance and effectiveness of the Board of Directors (“the Board”).

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019, an annual evaluation mechanism was put into place for the evaluation of the Board, individual Directors, and its committees. This process was carried out internally as permitted under Section 6 (ii) of the Listed Companies (Code of Corporate Governance) Regulation, 2019. The purpose of this evaluation is to assess the Board’s overall performance and effectiveness, which is measured and benchmarked against expectations in the context of objectives set for the Company. Areas of improvement are duly considered, and action plans are accordingly framed.

As Chairman of the Board, I can affirm that the Directors are encouraged to contribute to strategic issues so as to improve the performance of the Company.

#### **1. Vision, mission and values:**

Board members are familiar with the current vision, mission and values. The Board revisits the mission and vision statement from time to time.

#### **2. Engagement in strategic planning:**

The Board has a clear understanding of the stakeholders (shareholders, customers, employees, vendors and the society at large) to whom the Company serves. The Board has a strategic vision of how the Organization should be evolving.

#### **3. Diligence and Monitoring of Business Activities:**

The Board members diligently performed their duties, having reviewed, discussed, and approved business strategies, corporate objectives, plans, Budgets, Financial Statements, and other reports. It received clear/concise agendas and supporting written material in sufficient time prior to Board and Committee meetings. The Board met at least once per quarter to adequately discharge its responsibilities. The Board was periodically updated on various aspects of the Company by the Management and other independent consultants (when engaged) to ensure direction and oversight from the Board on a timely basis.

#### **4. Diversity and Mix:**


The Board members are sufficiently diverse, and each member brings experience in various fields. The constitution is a mix of Independent and non-executive Directors including female directors. The non-executive and Independent Directors are equally involved in important board decisions.

#### **5. Governance and Control Environment:**

The Board has effectively put in place a transparent, proactive, and robust system of governance. Further, the Board has ensured the implementation of an effective control environment, compliance with local as well as global best practices, and promoting ethical/fair behavior across the Company.

#### **Acknowledgment:**

I would like to express my appreciation for the continued support of all stakeholders and especially acknowledge the dedication demonstrated by the employees. I also take this opportunity to sincerely thank the Board members for their valuable contributions which helped the Company in managing its affairs in a pragmatic manner.



**Sarfaraz Ahmed Rehman**  
Chairman

Karachi, March 25, 2025

## Directors' Report

In 2024, Pakistan's economy showed signs of short-term recovery from the economic crisis, but the long-term vulnerability still persists. Implementing effective structural reforms, ensuring political stability, and adopting a robust approach to human capital development are essential to unlock the country's economic potential.

Pakistan's short-term economic recovery in 2024 was marked by a reduction in interest and inflation rates which helped alleviate some pressure on both consumers and businesses. Effective management of the current account deficit also contributed to a more favorable economic outlook, while maintaining exchange rate stability bolstered confidence among investors and international partners.

However, the International Monetary Fund (IMF) continues to closely monitor Pakistan's adherence to the conditions of Extended Fund Facility arrangement. This program, designed to support countries with balance of payment problems, comes with stringent policy measures that Pakistan must implement to continue receiving financial assistance.

The upcoming year presents considerable challenges for the country as it strives to sustain macroeconomic stability. Policymakers will need to navigate a complex landscape, balancing necessary austerity measures with the need to stimulate growth. Key areas of focus include identifying new sources of revenue, ensuring implementation of stable and predictable economic policies, and creating an environment conducive to business operations.

By improving the ease of doing business and fostering a more suitable investment climate, Pakistan can work towards sustainable economic growth. Initiatives aimed at simplifying regulatory frameworks, enhancing infrastructure, and providing incentives for local and foreign investors are essential components of this strategy. Long-term stability hinges on the successful execution of these plans, which will require coordinated efforts across various sectors of the economy<sup>1</sup>.

### Industry Overview

The prevalence of illicit trade across various sectors, specifically the tobacco industry, is concerning for the tax paying, compliant businesses. According to media reports, illicit cigarettes hold a staggering > 50% market share, causing an estimated annual loss of ~PKR 300 billion to the National Exchequer. We acknowledge the enforcement measures taken by the Government during the last quarters against non-tax paid brands, however, sustained efforts are needed. We believe that the policymakers recognize the severity of the problem and the impact of non-tax paying brands on the Government revenues. It is important that instead of implementing short-term revenue measures with adverse long-term consequences, the Government undertakes effective and sustainable enforcement measures and across the board enforcement of measures already taken (such as Track & Trace ("TTS") to help curb non-tax paying cigarette trade in the country which can result in building long term revenue base for the Government<sup>2</sup>.

We believe that effective enforcement of the TTS will help to improve tax revenue, reduce tax evasion and sale of non-compliant products. However, due to insufficient enforcement of TTS, the benefits are not fully reaped.

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1. [www.thenews.com.pk/tns/detail/1266354-the-economic-paradox](http://www.thenews.com.pk/tns/detail/1266354-the-economic-paradox)  
2. [www.dawn.com/news/1893534/illicit-cigarettes-costing-govt-rs300bn-a-year](http://www.dawn.com/news/1893534/illicit-cigarettes-costing-govt-rs300bn-a-year)

## **Financial Performance**

For the year ended December 31, 2024, Philip Morris Pakistan Limited (the “Company”) reported a total net turnover of PKR 32.3 billion, reflecting an increase of 77.5% vs. the last year. The total net turnover reflects a domestic net turnover of PKR 17.8 billion (55% of the total net turnover) growth by 24.1% vs. previous year, whereas the export turnover of PKR 14.4 billion (45 % of the total net turnover) growth by >100% vs. previous year. Domestic cigarette volumes grew by 5.3% vs. prior year reflecting some level of business recovery post February 2023 excise hike. Furthermore, as the Company entered multi-category business through launch of smoke free products, nicotine pouches now represent 2.5% of the domestic net turnover. The Company recorded a profit after tax of PKR 254.7 million for the year ended December 31, 2024, vs. PKR 379.8 million for the prior year. For the year ended December 31, 2024, the Company contributed PKR 47.9 billion to the National Exchequer, which is higher by 25.8% vs. prior year.

## **Sustainability & Corporate Social Responsibility**

The board of directors is dedicated to incorporating environmental, social, and governance (ESG) principles into our fundamental operations and strategic decision-making processes. We acknowledge that addressing ESG issues is crucial not only for long-term viability of our business but also for generating value for our stakeholders and making a positive impact on society. The Company is committed to reducing its environmental impact by actively managing its resources, minimizing waste and emissions, and implementing sustainable practices in all aspects of its operations. Our goal is to encourage and promote advancements and projects that prioritize environmental conservation and contribute to the global fight against climate change. The Company places a high emphasis on climate-related risks and opportunities when formulating its long-term strategies. The Company promotes an inclusive and fair work environment that embraces diversity and recognizes the importance of inclusion. Our dedication encompasses upholding fair labor standards, protecting human rights, and actively participating in the betterment of the communities where we conduct business. We firmly believe that adopting a socially responsible approach not only enhances our organizational culture but also strengthens our reputation. The Company's governance structure prioritizes openness, responsibility, and adherence to ethical standards. By incorporating sustainability into its decision-making processes and aligning strategic initiatives with long-term growth objectives, the Company ensures that its governance practices not only enhance operational efficiency but also promote environmental responsibility. The enterprise risk management process plays a crucial role in identifying and resolving sustainability-related challenges.

## **We Care**

The Company has been organizing annual Skills Training Program (“Program”) across tobacco growing areas in Mardan and Swabi for adolescents of the contracted farming community for past seven years. The Program, organized during summer break , is aimed at imparting lifelong skills to enable financial empowerment and eradicate child labor. In 2024, a total of 896 adolescent children of contracted tobacco farmers, aged 15 to 17, were enrolled across thirty-two training centers. Electric works and horticulture training were arranged for boys, while tailoring, food preparation, and preservation training were arranged for girls.

We continuously work to improve our processes, invest in novel technologies, and raise awareness among our employees and in the communities where we operate. In 2024, the Company spearheaded impactful cleanup drives across Mardan, Sahiwal, and Karachi. This initiative saw an enthusiastic participation by over 263 individuals, including senior management, employees, volunteers, and representatives from the Environmental Protection Agency. Together,

they successfully collected 1,067 kilograms of waste and prevented over 1,330 kilograms of carbon emissions.

The Company believes in empowering women and providing unique opportunities for them. In 2021, the Company launched the Make Your Come Back (MYCB) program with the aim to provide a platform to women who took a career break and wished to transition back into their careers. The goal through MYCB is to create an opportunity for such women by involving them in inspiring and meaningful projects, while refining and building their skills to enhance their future employability. Over three years, the Company successfully trained 28 women under this program. Out of these, 8 women are working at the Company, and the remaining are pursuing their careers outside of the Company. The impact of this initiative has been profound. It has not only helped women regain their confidence and skills but also contributed to a more diverse and inclusive workforce.

In line with the human rights commitment by Philip Morris International (“PMI”), an independent Human Rights Impact Assessment was carried out in Pakistan by a specialized strategy and management consultancy firm ‘Article One’ of the Company’s entire value chain and operations. The Company is committed to further improve the human rights landscape across its operations and value chain.

### **We are better together**

The Company prioritizes the well-being of its employees. Throughout the years, we have continued to invest in programs and initiatives aimed at supporting the physical and mental well-being of our employees. In line with this commitment, we have implemented flexible work arrangements, and comprehensive healthcare benefits covering physical as well as mental health. In line with the well-being initiative, we also continue to provide professional development opportunities for our employees.

### **We are game changers**

In line with the PMI's commitment to deliver a smoke -free future, the Company launched tobacco free nicotine pouches brand SHIRO in December 2022. In September 2023, the SHIRO was morphed into ZYN, and launched in top 5 cities of Pakistan. This significant milestone marked the introduction of the next generation of oral smoke-free products from Europe. Today, ZYN is available in five flavors and three levels of nicotine strength, across major cities of Pakistan. Excitement about the future remains high, with a dedication to delivering innovative products to adult consumers.

In 2023, the Company also introduced heat-not-burn products in Karachi, Lahore and Islamabad. The Company is committed to its shareholders, employees and stakeholders by creating an opportunity in the local landscapes and providing alternative smoke-free products for adult smokers who would otherwise continue to smoke.

### **Awards & Recognition**

We are delighted to announce that the Company received runner up award for Environment Nature Savior at the 2nd ESG American Business Council Awards 2024.

## **Code of Corporate Governance**

The Directors of the Company are committed to their responsibilities as defined under the Listed Companies (Code of Corporate Governance) Regulations 2019 ("Code") issued by the Securities & Exchange Commission of Pakistan ("SECP"). The Company ensures that all necessary steps and procedures are in place to demonstrate commitment to good corporate governance and compliance with the Code.

As required under the Code, the Directors are pleased to report that:

- The financial statements prepared by the Management of the Company fairly represent its state of affairs, the results of its operations, cash flows, and changes in its equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been applied consistently in preparing the financial statements. Accounting estimates are based on reasonable and prudent judgment.
- Approved accounting standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.
- The Company's system of internal controls is sound in design and has been effectively implemented and is continuously reviewed.
- There are no doubts about the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Code.
- A summary of the key financial highlights for the year and of the assets and liabilities of the Company as of December 31, 2024, and for the last six financial years are set out on page 53.
- Information about taxes and levies is given in the corresponding notes in the financial statements.
- The Earning Per Share of the Company for year Ended December 31, 2024, is Rs. 4.14/-.

## **Statement of Internal Controls**

The management of the Company is responsible for establishing and maintaining a system of adequate internal controls and procedures. The Management's statement of internal controls forms part of this Annual Report.

The Company has developed a sound mechanism for the identification of risks, assigning levels of criticality to key processes followed by devising effective mitigating measures where required while ensuring their implementation by the management across all functions. The progress on existing /evolving risks and mitigation plans are presented to the audit committee for information and review regularly by an independent internal audit function.

To address existing and emerging risks with both global & local implications, the Internal Audit department, on an annual basis, prepares annual risk assessments and audit plans for reviews and advisories, in consultation with the business and senior management. Based on such plans, regular reviews and advisories are performed to identify the significant operational, compliance and financial reporting risks and the key controls designed to address them. These controls are documented, responsibility is assigned and are monitored for design and operating effectiveness. Controls that are found ineffective are remediated.

The audit committee is presented with the annual risk and audit plan with subsequent updates on reviews and advisories. Additionally, the internal audit function also assists the management to achieve reasonable assurance in terms of:

- Reliability and integrity of the Company's financial and operational information.
- Effectiveness in the Company's operation to achieve desired results.
- Safeguarding of Company's assets and;
- Compliance of the Company's actions with the relevant laws and regulations.

### **Statement of Compliance**

The Company is responsible for publishing a Statement of Compliance which forms part of this Annual Report.

#### **Investment in Retirement Funds**

The value of investments made by the employees' retirement funds operated by the Company as per their financial statements is as follows:

	PKR in Million	
Provident Fund	916	(Financial statements as of December 31, 2023)
Gratuity Fund	936	(Financial statements as of December 31, 2023)

### **Holding Company**

Philip Morris Investments B.V. is the holding Company (Based in Netherlands) having 77.65% shares in the Company. Philip Morris Brands SARL (Based in US) is the associate company with having 20% shares in the Company.

### **Evaluation of the Board of Directors**

The Board of Directors ("Board") has put in place a process for conducting an annual performance evaluation of the Board, individual directors, and its committees. The purpose of the evaluation is to ensure that the Board's performance is measured in terms of overall corporate objectives, the governance structure of the Company, statutory and regulatory compliance, effectiveness, collaboration, and value addition. As per the results of the evaluation of the Board's performance for 2024, the performance of the Board remained satisfactory.

### **Directors' Remuneration Policy**

The Board has approved a directors' remuneration policy, which describes in detail the objectives and a transparent procedure for the determination of the remuneration packages of individual directors for attending meetings of the Board and its committees. Salient features of this policy are as follows:

- Level of remuneration shall be commensurate with the needs of the business, strategic alignment, and the best interests of the Company and its shareholders.
- No director shall determine their own remuneration.
- Level of remuneration shall be as per the market practice of comparable companies/industry.
- While determining remuneration no discrimination shall be made based on gender.

- Remuneration shall not be at a level that could be perceived to compromise the independence of the directors.
- Only independent directors will receive remuneration for attending Board meetings and;
- The Board may engage an independent consultant to recommend an appropriate level of remuneration.

The details of remuneration paid to the directors is available under note 32 of the attached financial statements.

### **Elections of the Board of Directors**

The existing Board of Directors was appointed on October 29, 2023, and they will continue to hold office till October 28, 2026.

### **Meeting of the Board of Directors**

The Board comprises of seven Directors, of which three are independent Directors, two are Non-Executive Directors and two are Executive Directors(s). As of December 31, 2024, the Board consists of 6 Male Directors and 1 Female Director.

During 2024, the Board held 4 meetings. The attendance of Directors in those meetings is documented and provided here under:

<b>Name of Directors</b>	<b>No. of Meetings held in Tenure</b>	<b>No. of Meetings Attended</b>
Mr. Sarfaraz Ahmed Rehman	4	4
Mr. Roman Yazbeck*	2	2
Mr. Alireza Takesh **	2	2
Mr. Muhammad Zeeshan	4	4
Mr. Mirza Rehan Baig	4	4
Ms. Pattaraporn Auttaphon	4	3
Mr. Peter Calon***	3	3
Mr. Junaid Iqbal	4	4
Ms. Nadia Waris****	0	0

\* Till July 31st, 2024

\*\*Effective August 1st, 2024

\*\*\* Effective from April 8th, 2024

\*\*\*\*Till March 7th, 2024

Leaves of absence were granted to the Directors who could not attend the Board meetings.

### **Board Audit Committee**

The Board Audit Committee performs according to the terms of reference determined by the Board of the Company, and which conforms to the requirements of the Code issued by the SECP.

The Audit Committee comprises of three members, of which one is an Independent Director and two are Non-Executive Directors.

As at the year ended December 31, 2024, the composition of the Audit Committee was as follows;

Mr. Rehan Baig

Chairman



Ms. Pattaraporn Auttaphon      Member  
Mr. Peter Calon                      Member

A total of four meetings were held during the year. The attendance of Directors in those meetings is documented and provided here under:

Name of Directors	No. of Meetings Attended
Mr. Rehan Baig	4
Ms. Pattaraporn Auttaphon	3
Mr. Peter Calon*	3
Ms. Nadia Waris**	0

\* Till April 8th, 2024

\*\*Effective March 7th, 2024

Leave of absence was granted to the Director who could not attend the Audit Committee meeting.

### **Board Human Resource and Remuneration Committee**

The Board Human Resource and Remuneration Committee (“**BHRRC**”) consists of three members, comprising of non-executive, independent, and executive directors.

As at the year-end December 31, 2024, the composition of the BHRRC was as follows:

Mr. Sarfaraz Ahmed Rehman              Chairman  
Mr. Roman Yazbeck\*                          Member  
Ms. Nadia Waris\*\*                              Member  
Mr. Peter Calon\*\*\*                              Member

\* Till July 31<sup>st</sup>, 2024

\*\* Till March 7<sup>th</sup>, 2024

\*\*\* Effective from April 8<sup>th</sup>, 2024

During 2024, one meeting of the committee was held as required by the Code.

### **Training of Directors**

Two out of seven Directors of the Company are already certified of director’s training program. The Company arranged the Directors Training Program for all of its directors in 2024.

### **Pattern of Shareholding**

The details of the pattern of shareholding of the Company as of December 31, 2024, are included in this Annual Report as per the requirements of the Code.

## **Auditors**

The existing external auditors, A. F. Ferguson & Co., Chartered Accountants (“Auditors”) will retire at the conclusion of the ensuing annual general meeting and being eligible, offered themselves for re-appointment as external auditors for the year ending December 31, 2024. As per the recommendation by the Audit Committee, the Auditors are recommended to be re-appointed in the upcoming annual general meeting.

## **Accounting Policies**

The Company has adopted or applied new accounting standards, amendments to approved standards, and new interpretations as applicable during 2024. Details of those are provided in the notes to the Financial Statements section 2.4.1.

## **Future Outlook**

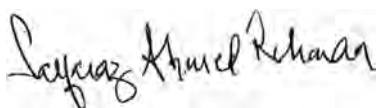
The Company is an integrated affiliate of Philip Morris International Inc. and, as such, will continue to benefit from global resources and experience to help improve its operational effectiveness, sustainability and long-term profitability. However, the turbulent economic situation together with the devaluation of the rupee and increase in the cost of businesses have negatively impacted investors. In addition, the unprecedented increase in the federal excise duty (FED) in 2023 and the lack of a level playing field due to the prevalence of non-tax-paid cigarette brands create a challenging environment for the compliant manufacturers of the tobacco industry. This also leads to a shortfall in government revenues as more adult smokers are likely to switch to non-tax paid cigarette brands due to lower prices.

Despite the challenges, the Company's management continues to improve the financials of the Company with global resources, through its commercial plans and providing continuous improvements in the quality of products, process and operational efficiencies. The Company will continue to support government policies and measures to address the menace of non-tax paid cigarettes.

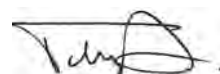
## **Acknowledgments**

The Directors wish to take this opportunity to thank all the Company's employees for their efforts, dedication, commitment, and support in 2024.

The Board of Directors would also like to extend its appreciation to all its business partners such as distributors, suppliers, shareholders, and other institutions for their trust in the management of the Company.



On behalf of the Board of Directors.  
**SARFARAZ AHMED REHMAN**  
Chairman Board



**Alireza Takesh**  
Chief Executive

Karachi  
March 25<sup>th</sup>, 2025

## **INDEPENDENT AUDITOR'S REPORT**

**To the members of Philip Morris (Pakistan) Limited**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the annexed financial statements of Philip Morris (Pakistan) Limited (the Company), which comprise the statement of financial position as at December 31, 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

<b>S. No.</b>	<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
(i)	<b>Revenue Recognition</b>  (Refer notes 2.6.15 and 22 to the annexed financial statements)  The principal activity of the Company is the manufacturing and sale of cigarettes, tobacco products and other smoke free products. Revenue from sale of goods is recognised when the Company satisfies a performance obligation by transferring promised goods to the customer.  We considered revenue recognition as a key audit matter due to revenue being one of the areas of presumed significant audit risk as part of the audit process.	Our audit procedures, amongst others, included the following: <ul style="list-style-type: none"><li>• Understood and evaluated the accounting policy with respect to revenue recognition.</li><li>• Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices.</li><li>• Tested on a 'sample basis', specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the correct period.</li><li>• Assessed the related disclosures made in the annexed financial statements in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan.</li></ul>

### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Osama Moon.

**A. F. Ferguson & Co**  
**Chartered Accountants**  
**Karachi**

**Date: March 27, 2025**

**UDIN: AR202410056zqv8sYJkx**

**PHILIP MORRIS (PAKISTAN) LIMITED**

**FINANCIAL STATEMENTS FOR THE  
YEAR ENDED DECEMBER 31, 2024**

**PHILIP MORRIS (PAKISTAN) LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2024**

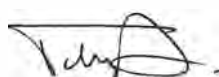
	Note	2024 (Rupees in thousand)	2023
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
<b>Fixed assets</b>			
- Property, plant and equipment	3	6,971,983	5,251,337
- Right-of-use assets	4	255,906	322,396
- Intangibles	5	<u>84,788</u>	<u>3,604</u>
		7,312,677	5,577,337
Investment in a subsidiary company	6	1	1
Long term deposits		73,570	73,582
Deferred taxation	7	<u>347,972</u>	<u>144,269</u>
		7,734,220	5,795,189
<b>CURRENT ASSETS</b>			
Stores and spares - net	8	316,377	215,791
Stock in trade - net	9	12,743,660	12,033,405
Trade debts - net	10	377,624	-
Advances	11	226,197	287,937
Prepayments		85,217	62,139
Other receivables	12	1,163,216	2,164,436
Income tax - net		1,699,160	876,658
Staff retirement benefits	13	60,404	34,724
Sales tax and excise duty adjustable		2,197,788	-
Cash and bank balances	14	<u>4,529,492</u>	<u>9,062,895</u>
		23,399,135	24,737,985
Non-current assets held for sale / disposal	15	-	1,600
<b>TOTAL CURRENT ASSETS</b>		<u>23,399,135</u>	<u>24,739,585</u>
<b>TOTAL ASSETS</b>		<u>31,133,355</u>	<u>30,534,774</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital	16	<u>12,000,000</u>	<u>12,000,000</u>
Issued, subscribed and paid-up capital			
- Ordinary shares	16	615,803	615,803
- Preference shares	16	<u>10,464,000</u>	<u>10,464,000</u>
		11,079,803	11,079,803
Transaction cost on issuance of preference shares - net of tax		<u>(33,911)</u>	<u>(33,911)</u>
		11,045,892	11,045,892
Reserves		<u>4,891,307</u>	<u>4,548,931</u>
<b>TOTAL EQUITY</b>		<u>15,937,199</u>	<u>15,594,823</u>
<b>NON CURRENT LIABILITIES</b>			
Lease liabilities	18	184,071	265,035
<b>CURRENT LIABILITIES</b>			
Short term borrowings	19	-	-
Trade and other payables	20	14,800,555	13,504,425
Current maturity of lease liabilities	18	120,305	92,186
Unclaimed dividend		37,103	37,128
Unpaid dividend		54,122	54,122
Sales tax and excise duty payable		-	987,055
<b>TOTAL CURRENT LIABILITIES</b>		<u>15,012,085</u>	<u>14,674,916</u>
<b>TOTAL LIABILITIES</b>		<u>15,196,156</u>	<u>14,939,951</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>31,133,355</u>	<u>30,534,774</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	21		

The annexed notes from 1 to 42 form an integral part of these financial statements.

ATB



Chairman / Director



Chief Executive Officer



Chief Financial Officer



**PHILIP MORRIS (PAKISTAN) LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

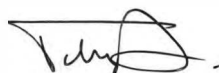
	Note	2024	2023 (Restated)
(Rupees in thousand)			
Turnover - net	22	32,340,888	18,219,709
Cost of sales	23	29,525,233	12,082,355
Gross profit		2,815,655	6,137,354
Distribution and marketing expenses	24	6,873,453	5,578,496
Administrative expenses	25	2,235,103	1,838,038
Other expenses	26	192,378	1,084,733
Other income	27	(7,527,037)	(3,409,915)
		1,773,897	5,091,352
Operating profit		1,041,758	1,046,002
Finance cost and bank charges	28	192,898	90,336
Profit before taxation and levy		848,860	955,666
Levy	2.4.1 & 29	470,576	130,242
Profit before taxation		378,284	825,424
Taxation	29.2	123,535	445,623
Profit after taxation		254,749	379,801
<b>Other comprehensive income / (loss) for the year - net of tax</b>			
<i>Item that will not be reclassified to profit or loss</i>			
Remeasurement gain / (loss) relating to staff retirement benefits - Impact of current tax	13	53,828 (20,993)	(92,029) 35,891
		32,835	(56,138)
<b>Total comprehensive income for the year</b>		<b>287,584</b>	<b>323,663</b>
<b>Rupees</b>			
Earnings per share - basic	30	4.14	6.17
Earnings per share - diluted	30	3.39	4.72

The annexed notes from 1 to 42 form an integral part of these financial statements.

AKB



**Chairman / Director**



**Chief Executive Officer**

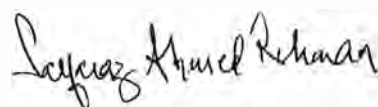


**Chief Financial Officer**

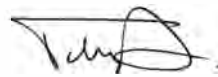
PHILIP MORRIS (PAKISTAN) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Issued, subscribed and paid-up capital		Transaction cost on issuance of preference shares - net of tax	Reserves						Subtotal - reserves	Total
	Ordinary shares	Preference shares		Capital reserves			Revenue reserves				
				Reserve for share based payments	Remeasurement of staff retirement benefits - net of tax	Subtotal capital reserves	General reserve	Unappropriated 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
<i>Transaction with owners</i>											
Share-based payment											
- expense	-	-	-	99,531	-	99,531	-	-	-	99,531	99,531
- recharge	-	-	-	(63,095)	-	(63,095)	-	-	-	(63,095)	(63,095)
(notes 2.6.18 and 17)	-	-	-	36,436	-	36,436	-	-	-	36,436	36,436
<i>Total comprehensive income</i>											
Profit after taxation for the year ended December 31, 2023	-	-	-	-	-	-	-	379,801	379,801	379,801	379,801
Other comprehensive loss for the year	-	-	-	-	(56,138)	(56,138)	-	-	-	(56,138)	(56,138)
	-	-	-	-	(56,138)	(56,138)	-	379,801	379,801	323,663	323,663
Balance as at December 31, 2023	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
<i>Transactions with owners</i>											
Share-based payment											
- expense	-	-	-	138,807	-	138,807	-	-	-	138,807	138,807
- recharge	-	-	-	(84,015)	-	(84,015)	-	-	-	(84,015)	(84,015)
(notes 2.6.18 and 17)	-	-	-	54,792	-	54,792	-	-	-	54,792	54,792
<i>Total comprehensive income</i>											
Profit after taxation for the year ended December 31, 2024	-	-	-	-	-	-	-	254,749	254,749	254,749	254,749
Other comprehensive income for the year	-	-	-	-	32,835	32,835	-	-	-	32,835	32,835
	-	-	-	-	32,835	32,835	-	254,749	254,749	287,584	287,584
Balance as at December 31, 2024	615,803	10,464,000	(33,911)	148,945	(259,421)	(110,476)	3,328,327	1,673,456	5,001,783	4,891,307	15,937,199

The annexed notes from 1 to 42 form an integral part of these financial statements.



Chairman / Director



Chief Executive Officer



Chief Financial Officer

**PHILIP MORRIS (PAKISTAN) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

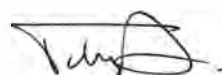
	Note	2024	2023 (Restated)
(Rupees in thousand)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (utilised in) / generated from operations	34	(1,115,976)	1,152,759
Contributions to staff retirement benefits fund	13.1.4	(49,245)	(39,548)
Finance cost paid	18.1	(49,757)	(42,935)
Interest received on deposit accounts		840,029	896,775
Interest received on term deposit receipts		178,519	51,387
Taxes and levy paid		(1,641,309)	(916,075)
Long term deposits		12	18,370
Net cash (utilised in) / generated from operating activities		<u>(1,837,727)</u>	<u>1,120,733</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure	3	(2,811,584)	(1,138,307)
Acquisition of intangibles	5	(87,232)	-
Proceeds from disposal of non-current assets held for sale / disposal	15	255,000	583,953
Proceeds from disposal of items of property, plant and equipment		50,583	143,193
Net cash used in investing activities		<u>(2,593,233)</u>	<u>(411,161)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(25)	(848,236)
Lease payments	18.1	(102,418)	(100,806)
Net cash used in financing activities		<u>(102,443)</u>	<u>(949,042)</u>
Net decrease in cash and cash equivalents during the year		<u>(4,533,403)</u>	<u>(239,470)</u>
Cash and cash equivalents at the beginning of the year		9,044,034	9,283,504
Cash and cash equivalents at the end of the year	35	<u><u>4,510,631</u></u>	<u><u>9,044,034</u></u>

The annexed notes from 1 to 42 form an integral part of these financial statements.

AJK



**Chairman / Director**



**Chief Executive Officer**



**Chief Financial Officer**

**PHILIP MORRIS (PAKISTAN) LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 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. The geographical locations and addresses of the Company's business units, including plant, are as under:

	<b><u>Business unit</u></b>	<b><u>Location / address</u></b>
a)	Registered office	Office 04 & 05, 5th Floor, Corporate Office Block, Dolmen City, Plot HC-3, Block 4, Clifton Karachi, Sindh
b)	Green Leaf Threshing Plant	Leaf Division Complex, 22 KM, Mardan Swabi Road, Mardan, Khyber Pakhtunkhwa
c)	Sahiwal Factory	G.T Road, Qadirabad, District Sahiwal, Punjab

**1.2** The Company is a subsidiary of Philip Morris International Inc., (the ultimate parent) through Philip Morris Investments B.V., (the parent company) and Philip Morris Brands S.à.r.l.

**1.3** In view of the exemption granted by the Securities & Exchange Commission of Pakistan (the SECP) vide its letter No. SMD/PRDD/Comp/(23)/2022/9 dated January 30, 2025 from the requirement of section 228(7) of the Companies Act, 2017 (the Act), the consolidated financial statements of the group comprising the Company and its subsidiary, Laksonpremier Tobacco Company (Private) Limited, have not been prepared. The exemption is, however, subject to the following conditions:

- (i) Material and relevant details of the aforesaid subsidiary shall be prominently disclosed by the Company; and
- (ii) the financial statements of the subsidiary company shall be available for inspection at the Company's registered office to the members on request without any cost.

In accordance with the requirements of the said exemption, financial highlights of the subsidiary are stated in note 6.

**1.4** These are the separate financial statements of the Company in which investment in subsidiary is stated at cost less impairment loss, if any.

**1.5** The Board of Directors in its meeting held on March 25, 2025 resolved to delist the Company from the Pakistan Stock Exchange (PSX) under rule 5.14 of Voluntary Delisting rules of the PSX Rule Book for which the Company shall submit a formal application to the PSX and for which Philip Morris Investments B.V., the majority shareholder and one of the sponsors of the Company has been authorised to buyback ordinary shares held by the minority shareholders of the Company other than Philip Morris Brands SARL (the other sponsor, who will continue to hold securities and shares in the de-listed entity) to an extent and at a price to be determined in accordance with the PSX Rule Book or as may be determined by the Exchange or the Securities and Exchange Commission of Pakistan for the purpose of voluntary delisting of the Company from the PSX.

**2. BASIS OF PREPARATION**

**2.1 Basis of measurement**

These financial statements have been prepared under the historical cost convention except as otherwise specifically stated.

**2.2 Functional and presentation currency**

These financial statements are presented in Pakistan Rupees, which is the functional currency of the Company.

### 2.3 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Act; and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRS, the provisions of and directives issued under the Act have been followed.

### 2.4 Change in accounting standards, interpretations and amendments to accounting and reporting standards

#### 2.4.1 Amendments to approved accounting and reporting standards which became effective during the year ended December 31, 2024:

There were certain amendments to accounting and reporting standards which became effective for the Company during the current year. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these financial statements except that during the year, the Institute of Chartered Accountant of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). In accordance with the Guidance, the Company has changed its accounting policy to recognise minimum or final taxes, that is not based on taxable income, as levy within the scope of IFRIC 21 / IAS 37 and recognise it as an operating expense. Any excess over the amount designated as levy is then recognised as current income tax expense falling under the scope of IAS 12.

The Company has accounted for the effects of these changes in accounting policy retrospectively under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the corresponding figures have been restated in these financial statements. The effects of restatements are as follows:

	<b>Had there been no change in accounting policy</b>	<b>Impact of change in accounting policy</b>	<b>After incorporating effects of change in accounting policy</b>
	------(Rupees in thousand)-----		
Effect on the statement of profit or loss and other comprehensive income			
<b>For the year ended December 31, 2024</b>			
Levy	-	470,576	470,576
Profit before taxation	848,860	(470,576)	378,284
Taxation	(594,111)	470,576	(123,535)
Profit after taxation	254,749	-	254,749
<b>For the year ended December 31, 2023</b>			
Levy	-	130,242	130,242
Profit before taxation	955,666	(130,242)	825,424
Taxation	(575,865)	130,242	(445,623)
Profit after taxation	379,801	-	379,801

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The related changes to the statement of cash flows with respect to the amount of profit before taxation have been made as well. There is no impact on profit after taxation, earnings per share, basic and diluted, the statement of financial position and the statement of changes in equity.

**2.4.2 New standards and amendments to published accounting and reporting standards that are not yet effective and not early adopted by the Company:**

There are certain new standards and amendments that will be applicable to the Company for its annual periods beginning on or after January 1, 2025. The new standards include IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures both with applicability date of January 1, 2027 as per IASB. These standards will become part of the Company's financial reporting framework upon adoption by the SECP. The overall amendments include those made to IFRS 7 and IFRS 9 which clarify the date of recognition and derecognition of a financial asset or financial liability which are applicable effective January 1, 2026. The Company's management at present is in the process of assessing the full impacts of these new standards and the amendments to IFRS 7 and IFRS 9 and is expecting to complete the assessment in due course.

**2.5 Significant accounting judgments and estimates**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. 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. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to these financial statements:

Property, plant and equipment

Estimates with respect to residual values, useful lives and the method of depreciation are based on the recommendation of the Company's technical teams and are reviewed at each reporting date. Further, the Company reviews the external and internal indicators for possible impairment of assets on an annual basis.

Stock in trade

Assumptions and estimates used in writing down items of stock in trade to their net realisable value (note 9). Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated costs of completion and the estimated costs necessary to be incurred for its sale.

Income taxes

In making the estimates for income taxes (including the super tax) payable by the Company, management considers current income tax law and the decisions of appellate authorities on certain cases issued in the past. Where the final tax outcome is different from the amounts that were initially recorded, such differences impact the income tax provision in the period of which the final outcome is determined.

Deferred taxes

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised.

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## Staff retirement benefits

Certain actuarial assumptions as disclosed in note 13 are used for the valuation of present value of defined benefit obligations and fair value of plan assets.

## Provisions

Provisions are based on management's best estimate. Any change in the estimates in future years might affect the carrying amounts of the provisions with a corresponding effect in the profit or loss.

## Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non occurrence of the uncertain future events not wholly within the control of the Company.

## Leases

The process to identify and gather relevant data associated with the leases is complex and the measurement of the right-of-use asset and lease liability is based on assumptions such as discount rates and lease terms, including termination and renewal options.

## **2.6 Material accounting policy information**

### **2.6.1 Property, plant and equipment**

#### (i) Operating property, plant and equipment

Operating property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except for freehold land which is stated at historical cost.

Assets having cost exceeding the minimum threshold as determined by the management are capitalised. All other assets are charged to income in the year when acquired.

Depreciation is charged to income applying the straight-line method so as to write off the historical cost of the assets over their estimated useful lives at the rates stated in note 3.1 below. Depreciation on additions is charged from the month in which the asset is put to use and on disposals up to the month the asset is no longer in use. Assets' residual values, useful lives and method of depreciation are annually reviewed at each reporting date, and adjusted, if material.

Residual values are determined by the management as the amount it expects it would receive currently for an item of property, plant and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives.

Useful lives are determined by the management based on the expected usage of assets, physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount [note 2.6.23(b)].

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Maintenance and normal repairs are charged to profit or loss as and when incurred. Major renewals and improvements, if any, are capitalised when it is probable that future economic benefits will flow to the Company.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are charged to profit or loss.

(ii) Capital work-in-progress

All expenditure, connected with specific assets, incurred during installation and construction period are carried under this head. Capital work-in-progress is transferred to specific assets as and when these assets become available for use. Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

**2.6.2** Right-of-use assets

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, any estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. Right of-use assets are measured at cost, less accumulated depreciation and accumulated impairment loss, if any. The right-of-use asset is depreciated using the straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company applies recognition exemption towards short-term or low value leases (note 2.6.8).

**2.6.3** Investment in a subsidiary company

Investment in a subsidiary company is recognised when the Company has established control over the investee company. Investment in subsidiary company is stated at cost less accumulated impairment, if any.

**2.6.4** Stores and spares

Stores and spares are valued at the lower of moving average cost and net realisable value, except for items in transit which are stated at invoice values plus other charges incurred thereon upto the reporting date. Provisions are made for slow moving items where necessary to bring them down to approximate net realisable value and is charged to profit or loss.

**2.6.5** Stock in trade

Stock in trade is stated at the lower of cost and net realisable value.

Cost of raw and packing materials include procurement expenses are measured at lower of weighted average cost and net realisable value. Raw and packing materials in bonded warehouse and in transit, are stated at invoice values plus other charges incurred thereon upto the reporting date.

Cost of redried tobacco includes procurement expenses and overheads incurred on redrying of the tobacco leaf.

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Cost in relation to finished goods and work-in-process includes proportionate production overheads.

Cost in relation to trading goods is valued at the lower of moving average cost and net realisable value, except for items in transit which are stated at invoice values plus other charges incurred thereon upto the reporting date.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and costs necessarily to be incurred to make the sale.

#### **2.6.6 Trade debts and other receivables**

Trade debts and other receivables are recognised and carried at original invoice amount less an estimated allowance made for doubtful receivables based on 'Expected Credit Loss' model. Balances considered bad and irrecoverable are written off when identified. Subsequent recoveries of amounts previously written off are credited in profit or loss.

#### **2.6.7 Non-current assets (or disposal groups) held for sale**

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Non-current assets classified as held for sale are presented separately from the other assets in the statement of financial position.

#### **2.6.8 Lease liability**

The Company evaluates at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option, (if any), if the Company is reasonably certain to exercise that option, payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in the determination of the lease term only when the Company is reasonably certain to exercise these options. Variable lease payments that do not depend on an index or rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of right of use of asset has been reduced to zero.

The Company applies the short-term or low value lease recognition exemption towards certain leases (i.e. those lease that have a lease term of 12 months or less from the commencement date and do not contain a purchase option or those having low value). Lease payments on such leases are recognised as expense on straight line basis over the lease term.

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### 2.6.9 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services, whether or not billed to the Company.

### 2.6.10 Provisions

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

### 2.6.11 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

### 2.6.12 Levy of income tax

As per the IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the ICAP, the Company recognises minimum tax or final tax paid, that is not based on taxable income, as levy within the scope of IFRIC 21 / IAS 37 and recognise it as an operating expense. Any excess over the amount designated as levy is then recognised as current income tax expense falling under the scope of IAS 12.

### 2.6.13 Taxation

#### (i) Current

Provision for current taxation is the amount computed on taxable income at the current rates of taxation after taking into account tax credits available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalised during the year.

Current tax assets and tax liabilities are offset where the Company has the legally enforceable right to offset and intends either to settle on net basis or to realise the asset and settle the liability simultaneously.

#### (ii) Deferred

Deferred tax is recognised using the liability method on all temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

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Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the asset is utilised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to the items recognised in other comprehensive income or directly in equity, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### 2.6.14 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balances, cheques in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, running finance under mark-up arrangements and short term loans which form an integral part of the Company's cash management.

#### 2.6.15 Revenue recognition

Revenue from sale of goods is recognised when the Company satisfies a performance obligation by transferring control of the promised goods to the customer and payment is typically due when the performance obligations are satisfied. Goods are transferred when the customer obtains their control (i.e. either upon shipment or delivery of goods to customers). The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the good or services before transferring them to the customers. Revenue is recognised at transaction price (which excludes estimates of variable consideration), which represents the fair value of the consideration received or receivable excluding discount, rebates and government levies.

#### 2.6.16 Other income

- Profit on bank balances is recognised on a time proportion basis on the principal amount outstanding and at the applicable rate.
- Gains / (losses) arising on disposal of property, plant and equipment are recognised on the date when the transaction takes place.

#### 2.6.17 Staff retirement benefits

The Company operates:

- (a) an approved contributory provident fund for all permanent employees for which contributions are charged to profit or loss for the year; and
- (b) an approved funded gratuity scheme covering all permanent employees. Contributions are made to this scheme on the basis of actuarial valuation and recommendations. The actuarial valuation is performed using the Project Unit Credit Method.

Staff gratuity is payable to staff on completion of prescribed qualifying period of service under the scheme. The benefit payments are made from a trustee - administered fund [i.e. Philip Morris (Pakistan) Employees' Gratuity Fund].

All actuarial gains and losses (i.e. 'remeasurements') are recognised in other comprehensive income as they occur. All past service costs are recognised in profit or loss at earlier of when the amendments or curtailment occurs and when the Company has recognised related retirement or termination benefits.

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### 2.6.18 Equity-settled share-based payment plans

The Company recognises as expense the services acquired over the vesting period and the corresponding increase in equity (as contribution from the ultimate parent) at fair value of the ultimate parent's shares at the grant date under 'Time-vested Share Plan'. Under the plan the ultimate parent (i.e. Philip Morris International Inc.) grants rights of its shares to certain employees / executives of the Company that vest over a period of three years from the grant date. In the event the Company is recharged by the ultimate parent and the equity is reduced to the extent of such recharge.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest because service conditions have not been met.

### 2.6.19 Foreign currency transactions

Foreign currency transactions are translated into Pakistan Rupees (i.e. the functional currency) using the exchange rates prevailing on the date of transaction. All monetary assets and liabilities in foreign currencies are re-translated into Pakistan Rupees using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are charged to profit or loss.

### 2.6.20 Financial assets

The Company classifies its financial assets in the following categories:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flow represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

(ii) Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss, except for the investments in equity instruments as explained in the ensuing paragraphs.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

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Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset.

Equity instrument financial assets are measured at fair value and subsequent to initial recognition, changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has retained substantially all of the risks and rewards of the asset or has not transferred control of the asset, the Company continues to recognise the asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Assets that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

#### 2.6.21 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in profit or loss.

#### 2.6.22 Off-setting of financial assets and financial liabilities

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 2.6.23 Impairment of assets

##### a) Financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts.

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Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

b) Non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised as an expense in profit or loss. The recoverable amount is the higher of an asset's fair value less cost of sell and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. In determining the fair value less cost of disposal, recent market transactions are taken into account, if no such transactions can be identified, appropriate valuation model is used. For the purpose of assessing impairment, assets are grouped at the lowest levels for which these are separately identifiable cash flows (i.e. cash generating unit).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**2.6.24** Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due). Contract liabilities are recognised as revenue when the Company transfers control of the related goods to the customer.

**2.6.25** Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the Company's financial statements in the period in which these are approved.

**2.6.26** Segment reporting

The Company operates predominantly in Pakistan and in one main industry. The activities comprise the manufacture, distribution and sale of cigarettes, tobacco products and other smoke free products. Accordingly, the figures reported in these financial statements are related to the Company's only reportable segment.

**2.6.27** Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

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3. PROPERTY, PLANT AND EQUIPMENT	Note	2024	2023
		(Rupees in thousand)	
Operating property, plant and equipment	3.1	4,750,588	4,708,383
Capital work-in-progress (CWIP)	3.2	2,221,395	542,954
		<u>6,971,983</u>	<u>5,251,337</u>

## 3.1 Operating property, plant and equipment

	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Leasehold improvements	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Power and other installations	Computer equipment	Total
Rupees in thousand												
<b>As at December 31, 2022</b>												
Cost	81,938	2,441	2,145,555	66,884	148,996	7,809,143	163,405	137,010	718,439	1,597,717	412,725	13,284,253
Accumulated depreciation	-	(1,285)	(481,617)	(35,579)	(113,443)	(4,241,964)	(146,664)	(129,658)	(540,672)	(640,869)	(312,626)	(6,644,377)
Accumulated impairment	-	(29)	(545,065)	-	-	(569,265)	(1,652)	(1,466)	-	(585,062)	(508)	(1,703,047)
Net book value	81,938	1,127	1,118,873	31,305	35,553	2,997,914	15,089	5,886	177,767	371,786	99,591	4,936,829
<b>Year ended</b>												
<b>December 31, 2023</b>												
Transfers from CWIP see note 3.2.1	-	-	115,566	-	49,553	173,277	28,055	654	429,013	64,797	240,679	1,101,594
Assets transferred to held for disposal - note 15												
Cost	(67,120)	-	(943,949)	-	(110)	(17,824)	(7,868)	(354)	-	(694,908)	-	(1,732,133)
Accumulated depreciation	-	-	161,062	-	107	17,824	7,868	354	-	223,442	-	410,657
Accumulated impairment	-	-	530,181	-	-	-	-	-	-	438,463	-	968,644
	(67,120)	-	(252,706)	-	(3)	-	-	-	-	(33,003)	-	(352,832)
Disposals												
Cost	-	-	-	-	-	(70,631)	(1,589)	-	(150,572)	(705)	(7,158)	(230,655)
Accumulated depreciation	-	-	-	-	-	70,583	1,589	-	118,961	705	7,158	198,996
	-	-	-	-	-	(48)	-	-	(31,611)	-	-	(31,659)
Write offs - note 26												
Cost	-	-	-	-	-	(569,389)	(21,226)	(2,546)	(4,115)	(4,292)	(24,771)	(626,339)
Accumulated depreciation	-	-	-	-	-	536,303	21,226	2,546	3,589	3,415	24,451	591,530
	-	-	-	-	-	(33,086)	-	-	(526)	(877)	(320)	(34,809)
Depreciation charge - note 3.1.1	-	-	(40,238)	(803)	(28,399)	(532,095)	(10,140)	(6,540)	(100,542)	(94,260)	(97,723)	(910,740)
<b>Net book value as at</b>												
<b>December 31, 2023</b>	14,818	1,127	941,495	30,502	56,704	2,605,962	33,004	-	474,101	308,443	242,227	4,708,383

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	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Leasehold improvements	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Power and other installations	Computer equipment	Total
Rupees in thousand												
Net book value as at January 1, 2024	14,818	1,127	941,495	30,502	56,704	2,605,962	33,004	-	474,101	308,443	242,227	4,708,383
Year ended December 31, 2024												
Transfers from CWIP see note 3.2.1	-	-	191,417	-	-	295,515	81,889	381	363,427	91,365	109,149	1,133,143
Disposals												
Cost	-	-	-	-	-	-	-	-	(84,520)	-	(1,090)	(85,610)
Accumulated depreciation	-	-	-	-	-	-	-	-	65,465	-	1,090	66,555
	-	-	-	-	-	-	-	-	(19,055)	-	-	(19,055)
Write offs - note 26												
Cost	-	-	(3,785)	-	-	(473,541)	(2,919)	-	(3,978)	(20,256)	(12,420)	(516,899)
Accumulated depreciation	-	-	826	-	-	471,538	2,770	-	3,978	5,138	12,354	496,604
	-	-	(2,959)	-	-	(2,003)	(149)	-	-	(15,118)	(66)	(20,295)
Depreciation charge - note 3.1.1	-	-	(46,469)	(803)	(28,810)	(596,759)	(30,402)	(42)	(126,561)	(99,692)	(122,050)	(1,051,588)
Net book value as at December 31, 2024	14,818	1,127	1,083,484	29,699	27,894	2,302,715	84,342	339	691,912	284,998	229,260	4,750,588
<b>At December 31, 2023</b>												
Cost	14,818	2,441	1,317,172	66,884	198,439	7,324,576	160,777	134,764	992,765	962,609	621,475	11,796,720
Accumulated depreciation	-	(1,285)	(360,793)	(36,382)	(141,735)	(4,149,349)	(126,121)	(133,298)	(518,664)	(507,567)	(378,740)	(6,353,934)
Accumulated impairment	-	(29)	(14,884)	-	-	(569,265)	(1,652)	(1,466)	-	(146,599)	(508)	(734,403)
Net book value	14,818	1,127	941,495	30,502	56,704	2,605,962	33,004	-	474,101	308,443	242,227	4,708,383
<b>At December 31, 2024</b>												
Cost	14,818	2,441	1,504,804	66,884	198,439	7,146,550	239,747	135,145	1,267,694	1,033,718	717,114	12,327,354
Accumulated depreciation	-	(1,285)	(406,436)	(37,185)	(170,545)	(4,274,570)	(153,753)	(133,340)	(575,782)	(602,121)	(487,346)	(6,842,363)
Accumulated impairment	-	(29)	(14,884)	-	-	(569,265)	(1,652)	(1,466)	-	(146,599)	(508)	(734,403)
Net book value	14,818	1,127	1,083,484	29,699	27,894	2,302,715	84,342	339	691,912	284,998	229,260	4,750,588
Depreciation rate	-	3.33%	2.50%	2.50%	20% to 33.33%	6.67% to 20%	20%	20%	20%	6.67%	20% to 33.33%	

ATB



3.1.1 The depreciation charge for the year has been allocated as follows:

	Note	2024 (Rupees in thousand)	2023
Purchases, redrying and related expenses	23.1	75,677	62,666
Manufacturing expenses	23.2	734,613	650,764
Distribution and marketing expenses	24	102,996	70,571
Administrative expenses	25	138,302	126,739
		<u>1,051,588</u>	<u>910,740</u>

3.1.2 Details of items of property, plant and equipment disposed of during the year and having net book value of more than Rs 500,000 each are given in note 38.

3.1.3 Following are the particulars of the Company's immovable fixed assets:

	Business unit type	Location	Total area (Square yards)
a)	Sahiwal factory	Sahiwal	85,488
b)	Land in Mardan	Mardan	90,844
c)	Land in Mandra	Mandra	50,789
d)	Land in Swabi	Swabi	37,355
e)	Land in Naushera	Naushera	67,679

3.1.4 The Company has 22 sales offices / warehouses located across the country. Considering the quantum, the geographical locations and addresses are not presented in these financial statements.

	2024 (Rupees in thousand)	2023
3.2 Capital work-in-progress		
Civil works	236,971	11,967
Plant and machinery	1,572,083	363,571
Power and other installations	314,619	45,522
Furniture and fixtures	-	7,187
Computer equipment pending installations	-	54,790
Advance to suppliers and contractors	97,722	59,917
	<u>2,221,395</u>	<u>542,954</u>

Atg

	Note	2024 (Rupees in thousand)	2023
3.2.1 The movement in capital work-in-progress is as follows:			
Balance as at beginning of the year		542,954	506,241
Additions during the year			
- Civil works		416,421	118,520
- Plant and machinery		1,504,027	287,962
- Power and other installations		360,462	99,905
- Furniture and fixtures		74,702	-
- Computer equipment pending installations		54,359	295,469
- Advance to suppliers and contractors		401,613	336,451
		2,811,584	1,138,307
Transfers to operating property, plant and equipment			
- Buildings on freehold land		191,417	115,566
- Leasehold improvements		-	49,553
- Plant and machinery		295,515	173,277
- Furniture and fixtures		81,889	28,055
- Office equipment		381	654
- Vehicles		363,427	429,013
- Power and other installations		91,365	64,797
- Computer equipment		109,149	240,679
		1,133,143	1,101,594
Balance at the end of the year		<u>2,221,395</u>	<u>542,954</u>
<b>4. RIGHT-OF-USE ASSETS</b>			
<b>At January 1</b>			
Cost		891,560	745,954
Accumulated depreciation		(569,164)	(466,776)
Net book value		<u>322,396</u>	<u>279,178</u>
<b>Year ended December 31</b>			
Additions		49,573	160,515
Reassessment of leases		-	(14,909)
Depreciation for the year	4.1	(116,063)	(102,388)
Net book value as at December 31		<u>255,906</u>	<u>322,396</u>
<b>At December 31</b>			
Cost		941,133	891,560
Accumulated depreciation		(685,227)	(569,164)
Net book value		<u>255,906</u>	<u>322,396</u>

AB

4.1 The depreciation charge for the year has been allocated as follows:

	Note	2024 (Rupees in thousand)	2023
Purchases, redrying and related expenses	23.1	24,624	12,422
Manufacturing expenses	23.2	5,296	3,456
Distribution and marketing expenses	24	14,868	14,797
Administrative expenses	25	71,275	71,713
		<u>116,063</u>	<u>102,388</u>

## 5. INTANGIBLES

### Computer software

#### At January 1

Cost		131,019	132,579
Accumulated amortisation		(127,415)	(108,466)
Net book value		<u>3,604</u>	<u>24,113</u>

#### Year ended December 31

Additions		87,232	-
Write offs			
Cost		-	(1,560)
Accumulated amortisation		-	1,560
		-	-
Amortisation for the year	5.1	(6,048)	(20,509)
Net book value as at December 31		<u>84,788</u>	<u>3,604</u>

#### At December 31

Cost		218,251	131,019
Accumulated amortisation		(133,463)	(127,415)
Net book value		<u>84,788</u>	<u>3,604</u>
Amortisation rate		<u>20% to 33.33%</u>	<u>20% to 33.33%</u>

5.1 The amortisation charge for the year has been allocated as follows:

Purchases, redrying and related expenses	23.1	1,086	-
Manufacturing expenses	23.2	118	-
Distribution and marketing expenses	24	3,538	18,849
Administrative expenses	25	1,306	1,660
		<u>6,048</u>	<u>20,509</u>

AB

## 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. Out of the 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 year ended December 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 December 31, 2024 amounted to Rs Nil, in accordance with the unaudited financial statements for the year 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.

## 7. DEFERRED TAXATION

	2024	2023
	(Rupees in thousand)	
<b>Deferred tax asset on deductible temporary differences:</b>		
Accrual for employees compensated absences	6,954	7,600
Provision for slow moving spares	19,525	13,566
Provision for obsolete stocks	366,162	175,717
Provision for litigation	6,305	6,305
Provision for doubtful debts	1,084	1,084
Other provisions	12,424	20,800
Workers' Welfare Fund	10,759	10,759
Unrealised exchange losses	115,800	181,631
Right-of-use assets - net of lease liabilities	18,904	13,582
	557,917	431,044
<b>Deferred tax liability on taxable temporary difference:</b>		
Tax depreciation allowance	(209,945)	(286,775)
	347,972	144,269

7.1 The movement in temporary differences is as follows:

	Balance as at January 1, 2023	Recognised in profit or loss	Balance as at December 31, 2023	Recognised in profit or loss	Balance as at December 31, 2024
----- Rupees in thousand -----					
<b>Deductible temporary differences:</b>					
Accrual for employees compensated absences	9,672	(2,072)	7,600	(646)	6,954
Provision for slow moving spares	7,524	6,042	13,566	5,959	19,525
Provision for obsolete stocks	15,686	160,031	175,717	190,445	366,162
Provision for litigation	5,335	970	6,305	-	6,305
Provision for doubtful debts	917	167	1,084	-	1,084
Other provisions	30,918	(10,118)	20,800	(8,376)	12,424
Workers' Welfare Fund	9,103	1,656	10,759	-	10,759
Unrealised exchange losses	89,194	92,437	181,631	(65,831)	115,800
Right of use assets - net of lease liabilities	9,835	3,747	13,582	5,322	18,904
	178,184	252,860	431,044	126,873	557,917
<b>Taxable temporary difference:</b>					
Tax depreciation allowance	(159,111)	(127,664)	(286,775)	76,830	(209,945)
	19,073	125,196	144,269	203,703	347,972

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7.2 The deferred tax amounts shown in the table above are available for deduction as and when they are realised, subject to having sufficient taxable profits. The Company has carried out an assessment of recoverability by estimating future taxable profits of the Company and the expected rate applicable to those profits and determined that the amounts are currently recoverable. However, the estimation of future taxable profits is sensitive to certain key assumptions which can change such as volume of cigarette, gross margin percentage, product pricing and inflation rates.

#### 8. STORES AND SPARES - net

	Note	2024 (Rupees in thousand)	2023 (Rupees in thousand)
Stores		261	275
Spares	8.1	<u>366,179</u>	<u>250,301</u>
		366,440	250,576
Less: Provision for slow moving spares	8.2	<u>(50,063)</u>	<u>(34,785)</u>
		<u><u>316,377</u></u>	<u><u>215,791</u></u>

8.1 These include spares in transit aggregating Rs 69.141 million (2023: Rs Nil).

	Note	2024 (Rupees in thousand)	2023 (Rupees in thousand)
8.2 Provision for slow moving spares			
Opening balance		34,785	22,800
Provision made during the year		50,063	11,985
Write off against provision		<u>(34,785)</u>	-
Closing balance		<u><u>50,063</u></u>	<u><u>34,785</u></u>

#### 9. STOCK IN TRADE - net

Raw and packing materials	9.2 & 9.3	11,358,967	11,004,979
Work-in-process		163,514	208,652
Finished goods	9.3	<u>2,160,057</u>	<u>1,270,331</u>
		13,682,538	12,483,962
Less: Provision for obsolete stocks	9.1	<u>(938,878)</u>	<u>(450,557)</u>
		<u><u>12,743,660</u></u>	<u><u>12,033,405</u></u>

9.1 Provision for obsolete stocks

Opening balance		450,557	47,533
Provision made during the year	9.3	924,180	430,725
Write off against provision		<u>(435,859)</u>	<u>(27,701)</u>
Closing balance		<u><u>938,878</u></u>	<u><u>450,557</u></u>

9.2 These include raw and packing material in transit aggregating Rs 820.901 million (2023: Rs 236.314 million).

9.3 Finished goods include items of specific products costing Rs 829.95 million (2023: Rs 306.067 million) which are stated at their net realisable value (NRV) aggregating Rs 248.303 million (2023: Rs 22.918 million). The amount charged to the profit or loss in respect of stocks written down to their net realisable values is Rs 581.647 million (2023: Rs 283.149 million), which shall be reimbursed to the Company (note 27.1). In addition to this NRV charge, provision aggregating Rs 342.53 million against stock-in-trade has been recorded as a result of specific identification of obsolete items.

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	Note	2024 (Rupees in thousand)	2023 (Rupees in thousand)
<b>10. TRADE DEBTS - net</b>			
Considered good - unsecured	10.1	377,624	-
Considered doubtful		2,780	2,780
		<u>380,404</u>	<u>2,780</u>
Less: Provision for doubtful debts		(2,780)	(2,780)
		<u><u>377,624</u></u>	<u><u>-</u></u>

10.1 This amount represents outstanding balance due from Philip Morris International Management S.A. (Tolling), Switzerland amounting to Rs 377.624 million (2023: Nil). The maximum aggregate balance of receivable due at the end of any month during the year was Rs 377.624 million (2023: Rs Nil).

10.2 The ageing analysis of trade debts due from related party is as follows:

2024						
Amount not past due	Amount past due but not impaired					Total gross amount due
	0-30 days	31-60 days	61-90 days	91-365 days	> 365 days	
(Rupees in thousand)						

Philip Morris International Management S.A. (Tolling), Switzerland

-	377,624	-	-	-	-	377,624
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	Note	2024 (Rupees in thousand)	2023 (Rupees in thousand)
<b>11. ADVANCES</b>			
Unsecured:			
Advances to:			
- Employees	11.1	18,298	32,863
- Suppliers and contractors		112,804	159,979
		<u>131,102</u>	<u>192,842</u>
Secured			
Advance to a supplier	11.2	111,261	111,261
Less: Provision against advance		(16,166)	(16,166)
		<u>95,095</u>	<u>95,095</u>
		<u><u>226,197</u></u>	<u><u>287,937</u></u>

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

11.2 This represents Rs 111.261 million paid to a private service provider against purchase of fuelwood. However, in May 2020, the service provider, filed a civil action in the Court of Mardan ("Court") against the Company and certain of its employees. The litigation arose in January 2020 out of a contract ("Agreement") between the Company and the service provider for the supply of fuelwood from sustainable forests with mandatory supporting evidence. As a security for procuring the fuelwood, the service provider submitted an insurance guarantee amounting to Rs 95.095 million ("the Insurance Guarantee") out of the advance payment of Rs 111.261 million made by the Company ("the Secured Amount"). The Company terminated the Agreement in April 2020 and invoked the Insurance Guarantee on the grounds that the service provider failed to comply with its obligations, including the provision of supporting documents to the Company's satisfaction.

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In September 2020, an order was passed by the Senior Civil Judge after hearing both parties on the point of territorial jurisdiction of Mardan where by, the Senior Civil Judge found the matter in favour of the Company and returned the suit, removing the stay order against the encashment of the Insurance Guarantee and the restriction on dealing with other fuelwood vendors ("Order"). The Service Provider filed an appeal against the Order, which was also decided in the Company's favour. The Service Provider filed another appeal before the Peshawar High Court, which was also dismissed on November 14, 2023 on grounds of non-prosecution. The Service Provider applied for restoration of the appeal, which was allowed on September 9, 2024.

Simultaneously, the Company filed a counter claim before the High Court of Sindh (the agreed territorial jurisdiction under the Agreement) on June 17, 2020 for refund of full advance payment of Rs 106.254 million (net of withholding tax) and additional damages. The case is pending adjudication.

Following the Order, the Company requested the insurance company to fulfil its obligations under the Insurance Guarantee and release the Secured Amount. Despite the Order and Company's request, the insurance company did not pay. On October 28, 2020, the Company filed a recovery suit before the High Court of Sindh against the insurance company to recover the Secured Amount on the basis that (i) the Company can prove default on part of the Service Provider and therefore the insurance company is bound to release funds under the Insurance Guarantee; and (ii) the claim was filed in May 2020 before the expiry of the Insurance Guarantee on October 31, 2020. The recovery suit is pending adjudication.

The management is of the view that the aforementioned cases though are pending adjudication, however the chances of recovery are fairly sound and there is no likelihood of the Company suffering any financial loss. However, as a matter of prudence the carrying amount of the advance has been restricted to the level of Insurance Guarantee i.e. Rs 95.095 million resulting in provision amounting to Rs 16.166 million.

	Note	2024 (Rupees in thousand)	2023 (Rupees in thousand)
<b>12. OTHER RECEIVABLES</b>			
Receivable from 'associated undertakings'	12.1, 12.2 & 12.3	390,225	1,887,174
Cash margins held with banks		762,371	195,602
Accrued profit on deposit accounts		3,967	70,096
Others		6,653	11,564
		<u>1,163,216</u>	<u>2,164,436</u>

12.1 This amount represents outstanding balances from the following associated undertakings:

	2024 (Rupees in thousand)	2023 (Rupees in thousand)
Philip Morris Management Services S.A., Switzerland	4,741	4,915
Philip Morris Products S.A., Switzerland	374,335	1,882,231
PMFTC Inc., Philippines	7,165	28
Philip Morris Philippines Manufacturing Inc., Philippines	3,984	-
	<u>390,225</u>	<u>1,887,174</u>

12.2 The maximum aggregate balance of receivable due from related parties at the end of any month during the year was Rs 2,102.907 million (2023: Rs 1,887.174 million).

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12.3 The ageing analysis of other receivables due from related parties is as follows:

-----2024-----						
Amount not past due	Amount past due but not impaired					Total gross amount due
	0-30 days	31-60 days	61-90 days	91-365 days	> 365 days	
(Rupees in thousand)						
Philip Morris Management Services S.A., Switzerland	-	4,741	-	-	-	4,741
Philip Morris Products S.A., Switzerland	374,335	-	-	-	-	374,335
Philip Morris Philippines Manufacturing Inc., Philippines	-	3,984	-	-	-	3,984
PMFTC Inc., Philippines	-	-	7,125	-	40	7,165
	374,335	8,725	7,125	-	40	390,225

-----2023-----						
Amount not past due	Amount past due but not impaired					Total gross amount due
	0-30 days	31-60 days	61-90 days	91-365 days	> 365 days	
(Rupees in thousand)						
Philip Morris Management Services S.A., Switzerland	-	-	4,915	-	-	4,915
Philip Morris Products S.A., Switzerland	1,882,231	-	-	-	-	1,882,231
PMFTC Inc., Philippines	-	-	-	-	28	28
	1,882,231	-	4,915	-	28	1,887,174

### 13. STAFF RETIREMENT BENEFITS

#### 13.1 Defined benefit plan

As stated in note 2.6.17, the Company operates an approved funded gratuity scheme for all its permanent employees. An actuarial valuation of the scheme is performed every year with the latest actuarial valuation performed as at December 31, 2024.

The gratuity fund is governed under the Sindh Trust Act 2020, Trust Deed and Rules of Fund, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. Responsibility for governance of plan, including investment decisions and contribution schedule lie with Board of Trustees of the Fund.

The fair value of the scheme's assets and the present value of the obligation under the scheme at the reporting date in accordance with the latest actuarial report are as follows:

	Note	2024 (Rupees in thousand)	2023 (Rupees in thousand)
13.1.1 Net asset			
Fair value of plan assets	13.1.5	1,095,460	862,186
Present value of defined benefit obligation	13.1.6	(1,035,056)	(827,462)
		<u>60,404</u>	<u>34,724</u>

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	Note	2024 (Rupees in thousand)	2023
13.1.2			
Amounts charged to profit or loss:			
Current service cost		88,471	79,474
Net interest income		(11,078)	(22,506)
	13.1.3	<u>77,393</u>	<u>56,968</u>
13.1.3			
The charge for the year has been allocated as follows:			
Purchases, redrying and related expenses	23.1	(1,197)	1,449
Manufacturing expenses	23.2	21,721	15,928
Distribution and marketing expenses	24	29,534	19,097
Administrative expenses	25	27,335	20,494
		<u>77,393</u>	<u>56,968</u>
13.1.4			
Movement in the asset recognised in the statement of financial position:			
Balance as at the beginning of the year		34,724	144,173
Net charge for the year	13.1.3	(77,393)	(56,968)
Contributions		49,245	39,548
Net remeasurement gain / (loss) for the year		53,828	(92,029)
Balance as at the end of the year		<u>60,404</u>	<u>34,724</u>
13.1.5			
Movement in the fair value of plan assets:			
Balance as at the beginning of the year		862,186	880,968
Interest income		143,634	119,302
Contributions		49,245	39,548
Benefits paid		(58,587)	(55,338)
Remeasurement gain / (loss) on plan assets		98,982	(122,294)
Balance as at the end of the year		<u>1,095,460</u>	<u>862,186</u>
13.1.6			
Movement in the present value of defined benefit obligation:			
Balance as at the beginning of the year		827,462	736,795
Current service cost		88,471	79,474
Interest cost		132,556	96,796
Benefits paid		(58,587)	(55,338)
Remeasurement loss / (gain) on obligation		45,154	(30,265)
Balance as at the end of the year		<u>1,035,056</u>	<u>827,462</u>

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		2024	2023
		(Rupees in thousand)	
13.1.7	Total remeasurement (gain) / loss recognised in Other Comprehensive Income		
	Actuarial gain from changes in financial assumptions	(5,784)	(9,068)
	Experience adjustments	50,938	(21,197)
		<u>45,154</u>	<u>(30,265)</u>
	(Gain) / loss on plan assets, excluding interest income	(98,982)	122,294
		<u>(53,828)</u>	<u>92,029</u>
13.1.8	Major categories / composition of plan assets are as follows:		
	Debt instruments	588,986	623,187
	Equity instruments	77,117	98,564
	Balances with banks	429,357	140,435
		<u>1,095,460</u>	<u>862,186</u>
13.1.9	Significant actuarial assumptions used are as follows:		
	Expected rate of increase in salary level	<u>12.45%</u>	<u>16.75%</u>
	Valuation discount rate	<u>12.45%</u>	<u>16.75%</u>
13.1.10	Actual gain on plan assets during the year ended December 31, 2024 was Rs 242.616 million (2023: loss of Rs 2.992 million).		
13.1.11	Expected contribution to defined benefit plan for the year ending December 31, 2025 is Rs 73.312 million.		
13.1.12	Weighted average duration of the defined benefit obligation is 11.9 years.		
13.1.13	Mortality rates assumed were based on State Life Insurance Corporation 2001-2005 mortality tables.		
13.1.14	As of the reporting date, the sensitivity of the defined benefit obligation to changes in the significant actuarial assumptions is as follows:		

	Impact on present value of defined benefit obligation		
	Change in assumptions	Increase in assumption	Decrease in assumption
	(%)	(Rupees in thousand)	
Valuation discount rate	1%	(111,475)	131,550
Expected rate of increase / decrease in salary level	1%	131,748	(113,663)

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The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the staff retirement gratuity recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

- 13.1.15 Through its defined benefit gratuity plan, the Fund is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The Fund believes that due to the long-term nature of the plan liabilities and the strength of the Company's support, the current investment strategy manages this risk adequately.

Inflation risk

The majority of the plan's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities. However, the Fund manages plan assets to offset inflationary impacts.

Life expectancy / withdrawal rate

The majority of the plan's obligations are to provide benefits on severance with the Company or on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

	Note	2024 (Rupees in thousand)	2023
13.2	Defined contribution plan		
	The charge for the year has been allocated as follows:		
	Purchases, redrying and related expenses	23.1	13,512
	Manufacturing expenses	23.2	31,573
	Distribution and marketing expenses	24	41,590
	Administrative expenses	25	46,229
			<u>132,904</u>
			<u>116,228</u>

- 13.3 The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	Note	2024 (Rupees in thousand)	2023
14.	<b>CASH AND BANK BALANCES</b>		
	With banks in:		
	- Foreign currency		1,255,428
	- Local currency		1,105,204
	- Current accounts	14.1 & 14.2	1,094,967
	- Deposit accounts		2,179,097
			<u>3,274,064</u>
			<u>7,957,691</u>
			<u>4,529,492</u>
			<u>9,062,895</u>

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- 14.1 Deposit accounts carry markup at the rate 13.5% (2023: 20.5%) per annum.
- 14.2 These include an amount of Rs 18.861 million (2023: Rs 18.861 million) held by a commercial bank as security against the guarantees and funded facilities obtained from the bank in the normal course of business.

<b>15. NON-CURRENT ASSETS HELD FOR SALE / DISPOSAL</b>		<b>2024</b>	<b>2023</b>
		<b>(Rupees in thousand)</b>	
Cost		-	1,600
Less: Accumulated depreciation		-	-
Less: Accumulated impairment		-	-
		<u>-</u>	<u>1,600</u>

- 15.1 Details of assets transferred to non-current assets held for sale / disposal from operating property, plant and equipment during the year are as follows:

		<b>Note</b>	<b>2024</b>	<b>2023</b>
			<b>(Rupees in thousand)</b>	
Cost			-	1,732,133
Less: Accumulated depreciation			-	(410,657)
Less: Accumulated impairment			-	(968,644)
		3	<u>-</u>	<u>352,832</u>

- 15.2 Details of assets sold / disposed of during the year are as follows:

Cost		-	1,924,059
Less: Accumulated depreciation		-	(467,181)
Less: Accumulated impairment		-	(1,105,646)
		<u>-</u>	<u>351,232</u>

- 15.3 During the year ended December 31, 2023 the Company entered into agreements to sell (Agreements) both dated April 12, 2023 with respect to its properties i.e., E-15 and A-1 located at Kotri, Sindh. The consideration agreed for the above properties was Rs 583.953 million and Rs 320 million respectively. The Company classified the above properties along with structural improvements and certain equipment as held for sale in accordance with 'IFRS 5 - Non-current assets held for sale and discontinued operations'.

Subsequent to the classification as held for sale E-15 property along with related assets were sold for above consideration resulting in gain aggregating Rs 232.721 million (note 27). In respect of A-1 property, despite multiple notifications and extensions provided by the Company, the counterparty failed to fulfill its obligation to make the remaining payment within the agreed-upon timeline. Consequently, the advance payment amounting to Rs 32 million was forfeited by the counterparty in accordance with the related agreement.

Following the termination of the initial agreement, the Company entered into a new agreement dated November 29, 2023 with a different buyer for the sale of the A-1 property for a consideration of Rs 255 million which was sold during the current year resulting in a gain of Rs 253.4 million (note 27).

## 16. SHARE CAPITAL

- 16.1 Authorised capital

		<b>2024</b>	<b>2023</b>	<b>2024</b>		<b>2023</b>
		<b>(Number of shares)</b>		<b>(Rupees in thousand)</b>		
	Ordinary shares of Rs 10 each	<u>1,200,000,000</u>	<u>1,200,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>	

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16.2 Issued, subscribed and paid-up share capital

16.2.1 Ordinary shares

2024 (Number of shares)	2023		2024 (Rupees in thousand)	2023
5,541,429	5,541,429	Ordinary shares of Rs 10 fully paid in cash	55,414	55,414
47,722,912	47,722,912	Ordinary shares of Rs 10 issued as fully paid bonus shares	477,229	477,229
8,316,000	8,316,000	Ordinary shares of Rs 10 issued for consideration other than cash	83,160	83,160
<u>61,580,341</u>	<u>61,580,341</u>		<u>615,803</u>	<u>615,803</u>
16.2.2 Preference shares		Preference shares of Rs 10 each fully paid in cash (notes 16.4 to 16.7)	10,464,000	10,464,000
<u>1,046,400,000</u>	<u>1,046,400,000</u>		<u>11,079,803</u>	<u>11,079,803</u>

16.3 As at December 31, 2024 the number of ordinary shares of Rs 10 each held by Philip Morris Investments B.V., (the parent company) and Philip Morris Brands S.a.r.l., both subsidiaries of Philip Morris International Inc., were 47,819,356 and 12,316,061 respectively. All ordinary shares rank equally with regard to the Company's residual assets after the preference shares are paid. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

16.4 On October 28, 2015 after the approval by shareholders at the Extraordinary General Meeting, the Company issued 1,046,400,000 Class A Preference Shares of Rs 10 each to the Parent Company and an associated undertaking. As at December 31, 2024, these preference shares were held by the parent company and Philip Morris Brands S.à.r.l., in the ratio of 79.52% and 20.48% respectively.

16.5 The conversion option is exercisable by the holders at any time after the 10th anniversary of the issue date but not later than the 15th anniversary. At the 15th anniversary all the unconverted preference shares will mandatorily be converted into ordinary shares of the Company. The preference shares shall be converted fully at the conversion ratio defined in the terms of agreement.

16.6 The holders are entitled to a non-cumulative dividend subject to available distributable profits, as declared by the Board or the Company from time to time, at a maximum rate of KIBOR + 1% spread on the face value of the shares.

16.7 These preference shares have been treated as part of equity on the following basis:

- The shares were issued under the provisions of section 86 of the Companies Ordinance, 1984, read with section 90 of the Companies Ordinance, 1984 and the Companies Share Capital (Variation in Rights and Privileges 1984) Rules, 2000.
- The issue of the shares was duly approved by the members of the Company at the Extra Ordinary General Meeting held on October 28, 2015.
- The requirements of the Companies Ordinance, 1984 (now the Companies Act, 2017) take precedence over the requirements of IFRS.
- The preference shareholders have the right to convert these shares into ordinary shares.

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## 17. SHARE-BASED PAYMENT PLAN

Details of equity settled share-based payments under 'Time-vested Share Plan' (note 2.6.18) in relation to the Company are as follows:

### 17.1 Share prices and grant dates

Share price at grant date (February 4, 2021)	Rs 13,405 / share (US \$ 83.63 / share)
Share price at grant date (February 10, 2022)	Rs 18,404 / share (US \$ 105.07 / share)
Share price at grant date (February 9, 2023)	Rs 27,597 / share (US \$ 102.03 / share)
Share price at grant date (February 8, 2024)	Rs 24,077 / share (US \$ 89.01 / share)

Number of shares outstanding at the end of the year	19,819
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### 17.2 A reconciliation of movement in the number of shares can be summarised as follows:

	Note	2024 (Number of shares)	2023 (Number of shares)
Outstanding as at the beginning of the year		16,069	16,579
Granted during the year		7,340	4,660
Vested / exercised during the year	17.4	(3,334)	(4,620)
Forfeited during the year		(256)	(550)
Outstanding as at the end of the year		<u>19,819</u>	<u>16,069</u>

### 17.3 The charge for the year has been allocated as follows:

Purchase, redrying and related expenses	23.1	(4,015)	4,825
Manufacturing expenses	23.2	13,093	4,878
Distribution and marketing expenses	24	14,896	13,329
Administrative expenses	25	114,833	76,499
		<u>138,807</u>	<u>99,531</u>

### 17.4 During the year shares granted on February 6, 2021 were fully vested.

### 17.5 An amount of Rs 84.015 million (US\$ 301,872) was recharged by Philip Morris International Inc. United States during the year, which was payable as at December 31, 2024 [2023: Rs 63.095 million (US\$ 221,154)].

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18. LEASE LIABILITIES	2024 (Rupees in thousand)	2023
Lease liabilities	304,376	357,221
Less : Current maturity of lease liabilities	(120,305)	(92,186)
	<u>184,071</u>	<u>265,035</u>
<b>Maturity analysis</b>		
Not later than 1 year	120,305	92,186
Later than 1 year and not later than 5 years	184,071	265,035
	<u>304,376</u>	<u>357,221</u>

18.1 Set out below is the carrying amount of lease liabilities and the movement during the year:

	Note	2024 (Rupees in thousand)	2023
As at January 1		357,221	312,421
Lease payments made		(102,418)	(100,806)
Additions during the year		49,573	160,515
Modification / termination / reassessment of lease		-	(14,909)
Other changes			
Accretion of interest	28	49,757	42,935
Interest payments (presented as operating cash flows)		(49,757)	(42,935)
As at December 31		<u>304,376</u>	<u>357,221</u>

18.2 The Company leases registered office, sale offices and warehouses.

18.3 Lease payments on short-term leases and leases of low-value assets amounting to Rs 45.043 million (2023: Rs 33.974 million) have been recognised as expense during the year.

## 19. SHORT TERM BORROWINGS

19.1 The Company has arranged for running finance to the extent of Rs 3,025 million (2023: Rs 3,275 million) from commercial banks. These facilities are available for various periods expiring between May 31, 2025, and June 30, 2025. The facilities are secured by way of hypothecation of stock in trade of the Company and are carrying markup rates ranging from 13.5% to 20.5% (2023: 20.5% to 22.05%) per annum.

The facilities for opening of letters of credits and letters of guarantees included in the aforementioned facilities of 3,025 million as of December 31, 2024, aggregated Rs 1,900 million and Rs 1,000 million respectively of which the cumulative unutilised amount as of December 31, 2024, was Rs 2,728 million. . There is no balance of running finance outstanding as of December 31, 2024.

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## 20. TRADE AND OTHER PAYABLES

	Note	2024 (Rupees in thousand)	2023 (Rupees in thousand)
Creditors		3,196,285	2,946,438
Bills payable	20.1 & 20.2	4,014,408	2,976,250
Royalty payable to a related party	20.1 & 20.2	2,346,187	1,361,202
Accrued expenses		2,289,317	1,731,399
Tobacco development cess	20.6	481,520	41,625
Contractors' retention money		-	2,063
Advance from customers - unsecured	20.1, 20.3 & 20.7	2,199,408	4,047,072
Workers' welfare fund	20.4	50,681	46,210
Workers' profits participation fund	20.5	37,459	7,819
Others		185,290	344,347
		<u>14,800,555</u>	<u>13,504,425</u>

20.1 The amount due to group undertakings included in bills payable, advances from customer - unsecured and royalty payable aggregated Rs 6,191.455 million (2023: Rs 7,734.714 million).

20.2 These include outstanding balances to the following associated undertakings:

	2024 (Rupees in thousand)	2023 (Rupees in thousand)
Philip Morris Products S.A. Manufacturing, Switzerland	2	3
Philip Morris Manufacturing & Technology Bologna spa, Italy	-	713
Philip Morris CR A.S., Czech Republic	102	145
Philip Morris International Management S.A. (Tolling), Switzerland	51,198	133,631
Philip Morris Products S.A., Switzerland	2,136,333	2,403,584
PMFTC Inc., Philippines	2,819	2,851
Philip Morris International Inc., United States	228,038	174,651
Philip Morris Global Brands Inc., United States	1,707,812	1,350,777
Philip Morris Korea Inc., Korea	43	43
PT Philip Morris, Indonesia	61,935	2,044
Philip Morris Philippines Manufacturing Inc., Philippines	60,457	120,485
Massalin particulares S.R.L., Argentina	1,969	2,116
Profigen Do Brasil LTDA, Brazil	-	28,737
Philip Morris Investments B.V., Jordan	559	565
PMI Global Studio Ltd, United Kingdom	-	1,306
PT Hanjaya Mandala Sampoerna TBK., Indonesia	57,646	8,821
	<u>4,308,913</u>	<u>4,230,472</u>

20.3 These include the advances from the following related parties:

Philip Morris International Management S.A. (Tolling), Switzerland	1,882,542	3,504,187
PT Hanjaya Mandala Sampoerna TBK., Indonesia	-	55
	<u>1,882,542</u>	<u>3,504,242</u>

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- 20.4 Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) has been promulgated under which industrial establishments having a total income exceeding Rs 0.5 million for the accounting period which began on or after December 31, 2013 are required to pay WWF to the Sindh Revenue Board at the rate of two percent of taxable income.

The management is of the view that since the Company is a trans-provincial entity, it is already subject to levy of Federal WWF at the rate of two percent on the income of the Company and as the authority to which the payment of WWF will be made is not yet decided, the management has on prudent basis recorded accrual based on Federal WWF.

- 20.5 The movement of workers' profit participation fund is as follows:

	Note	2024 (Rupees in thousand)	2023
Balance as at the beginning of the year		7,819	(3,855)
Accrual for the year	26	46,033	51,426
Less: Payments made during the year		<u>(16,393)</u>	<u>(39,752)</u>
Balance at the end of the year		<u><u>37,459</u></u>	<u><u>7,819</u></u>

- 20.6 The movement of tobacco development cess is as follows:

Balance as at the beginning of the year	41,625	67,275
Provision for the year	467,645	55,500
Less: Payments made during the year	<u>(27,750)</u>	<u>(81,150)</u>
Balance at the end of the year	<u><u>481,520</u></u>	<u><u>41,625</u></u>

- 20.6.1 Effective July 1, 1999, the Tobacco Development Cess was levied on the purchases of tobacco leaf in Khyber Pakhtunkhwa province. The Company had filed a constitutional petition in the Supreme Court of Pakistan against the levy for tobacco purchased in Punjab, which was decided in the Company's favor on September 13, 2022. Accordingly, the Company is paying the said levy and has made the above provision in its books of account.

- 20.6.2 During the year ended December 31, 2017, the Office of Excise, Taxation & Narcotics, Control Office Mardan (here-in after referred to as 'the Department'), issued an order dated September 21, 2017 demanding the recovery of alleged short paid Tobacco Development Cess (TDC) amounting to Rs 13.875 million in respect of the year ended December 31, 2016 along with a penalty amounting to Rs 3.468 million, because of an amendment in TDC rate introduced during the year 2014.

The management is of the view that the Company has been paying TDC in accordance with the correspondence of the Department, accordingly the TDC liability had been discharged in full and any incremental demand and related penalty are not justified. However, as a matter of prudence, the aforementioned amount of Rs 13.875 million is continued to be recorded as part of trade and other payables.

- 20.7 These represent advances received by the Company from associated undertakings and distributors for goods to be delivered. The advances outstanding as at December 31, 2023 amounting to Rs 3,966.394 million have been recognised as revenue.

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## 21. CONTINGENCIES AND COMMITMENTS

### 21.1 Guarantees

Indemnities given to banks for guarantees issued by them in the normal course of business aggregated Rs 78.861 million (2023: Rs 48.861 million).

### 21.2 Commitments

Capital expenditure contracted for but not incurred

Post dated cheques

Letters of credit

Operating lease commitments

**2024**                      **2023**  
**(Rupees in thousand)**

	2024	2023
Capital expenditure contracted for but not incurred	181,165	101,567
Post dated cheques	44,685	147,407
Letters of credit	119,232	51,356
Operating lease commitments	3,033	11,063

### 21.3 Income tax related contingencies

- (i) While reviewing the income tax return of the Company for the tax year 2009, the Deputy Commissioner Inland Revenue (DCIR) through an order dated May 30, 2012 had disallowed certain deductions aggregating Rs 256.444 million having an incremental tax impact of Rs 100.525 million. After rectification and appeal orders, aggregate disallowances amounting to Rs 48.405 million are pending before the DCIR for further consideration.
- (ii) While reviewing the income tax return of the Company for the tax year 2011, the DCIR through an order dated May 28, 2013 had disallowed certain deductions aggregating Rs 235.705 million having an incremental tax impact of Rs 100.927 million. After rectification and appeal orders, aggregate disallowances amounting to Rs 105.280 million are pending before the DCIR for further consideration.
- (iii) While reviewing the income tax return of the Company for the tax year 2013, the Additional Commissioner Inland Revenue (ADCIR) through an order dated April 28, 2014 had disallowed certain deductions aggregating Rs 455.747 million having an incremental tax impact of Rs 77.829 million. The Company had filed an appeal before the CIR - Appeals. The order of CIR - Appeals was passed on September 29, 2015 through which disallowances of deductions amounting to Rs 210.620 million were deleted whereas disallowances of Rs 95.685 million were set aside for further consideration.

In 2016, the Company filed an appeal before the next level i.e. Appellate Tribunal to get relief on all the matters other than those decided in the Company's favour. On December 14, 2021, Appellate Tribunal's order was received on the matter whereby disallowances amounting to Rs 97.983 million were deleted and disallowances amounting to Rs 147.14 million were remanded back to DCIR for reverification based on the evidences presented by the Company, which process has not been completed.

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- (iv) While reviewing the income tax return of the Company for the tax year 2014, the DCIR through an order dated June 28, 2016 had disallowed certain deductions aggregating Rs 131.086 million having an incremental tax impact of Rs 39.326 million. The CIR – Appeals passed an order dated September 20, 2019 against appeal filed by the Company through which disallowances of deduction amounting to Rs 80.395 million were deleted, disallowances of Rs 47.338 million were remanded back to DCIR and disallowances amounting to Rs 3.353 million were maintained. The management decided not to file an appeal against the order issued by CIR – Appeals. LTU has filed appeal with Appellate Tribunal against the order passed by CIR-Appeals, the decision of which is pending.

For remanded back proceedings, the Additional Commissioner Inland Revenue (ACIR) demanded further information from the Company through show cause notices dated October 27, 2017 and May 29, 2020. The Company provided all required information and ACIR issued order dated June 29, 2020 whereby no adverse inference was drawn on any matter.

- (v) While reviewing the income tax return of the Company for the tax year 2018, the DCIR through an order dated March 30, 2021 disallowed certain deductions aggregating Rs 1,253.665 million, resulting in a tax demand of Rs 26.342 million. The Company filed an appeal before the CIR - Appeals on April 12, 2021 on items amounting to Rs 1,240.635 million. On June 22, 2021 the Company received an order from CIR - Appeals through which disallowances amounting to Rs 1,043.246 million were deleted and disallowances amounting to Rs 197.389 million were remanded back to DCIR for reconsideration.

The DCIR has filed appeal with Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR - Appeals to the extent of disallowances amounting to Rs 1,043.246 million, which is pending. For the matters remanded back, the DCIR decided the same in favour of Company vide order dated July 14, 2023.

- (vi) While reviewing the income tax return for the tax year 2023, the DCIR issued an order dated October 16, 2024 to raise a demand on account of Non-payment of Alternate Corporate Tax (ACT) and disallowance of certain expenses amounting to Rs 81 million. The Company has filed an appeal before ATIR to defend its position which is pending adjudication.
- (vii) While reviewing the income tax return for the tax year 2022, the DCIR issued an order dated August 15, 2024 and amended the taxable income of the Company from Rs 1,788 million to Rs 1,886 million on account of disallowance of certain expenses. The Company had discharged its tax liability on Alternate Corporate Tax (payable at 17% of Accounting Profit) as per return which remained higher than the tax liability computed on amended taxable income as per the order. Accordingly, there is no tax payable by the Company against the demand being raised by the DCIR.

Despite, there is no demand, the Company has filed an appeal before CIR-Appeals against the subject disallowances to defend the Alternate Corporate Tax credit being carried forward for the next tax year which is pending adjudication.

The management, based on the assessment of the tax consultants, is of the view that these matters in appeal will eventually be decided in Company's favour and therefore no provision has been recorded in respect of these matters.

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#### 21.4 Sales tax and FED related contingencies

- (i) The Additional Collector of Customs, Sales Tax and Central Excise (Adjudication), Rawalpindi had issued two orders to the Company during calendar year 2003 on account of short payment of Central Excise Duty and Sales Tax aggregating Rs 7.466 million and Rs 4.021 million respectively along with additional duty and penalty. After the rejection of the Company's appeals before the Federal Excise & Taxation Appellate Tribunal, Islamabad during July 2007, the Company proceeded to file tax references before Islamabad High Court which are pending adjudication.
- (ii) During the year ended December 31, 2014, the DCIR had issued an order dated September 29, 2014 and raised demand on account of short paid Federal Excise Duty and sales tax amounting to Rs 2,320.757 million and Rs 964.591 million respectively. In addition, penalties amounting to Rs 116.038 million and Rs 48.229 million were imposed on account of short payment of FED and Sales Tax respectively (referred to as 'Demand'). The Company filed an appeal before the CIR - Appeals who upheld the said Demand through an order dated December 15, 2014.

Subsequently, the Company filed an appeal before the Tribunal against the order of CIR - Appeals on January 13, 2015. The Company, on May 11, 2016, received a ruling in its favor from the Tribunal, which has cancelled and set aside the Demand (i.e. referred to as 'Tribunal Order').

The FBR filed two reference applications before the High Court of Sindh during August 2016 (i.e. referred to as 'Reference Applications') against the Tribunal Order, which are pending adjudications. The Company's management believes that the ultimate order in relation to the Reference Applications shall be in the Company's favour as the Demand had also been earlier set aside by the Tribunal Order. Accordingly, no provision has been recognized in respect of this matter.

- (iii) The FBR issued two orders to the Company dated July 13, 2017 and one order dated October 16, 2017 and demanded an amount of Rs 1,765.008 million for alleged evasion of FED and sales tax along with penalties thereon which the Company believes to be unfounded. The Company filed appeals before the CIR - Appeals who upheld the said demand through an order dated January 30, 2019.

On February 8, 2019, the Company filed appeals against the orders before the Tribunal and also obtained an interim injunction ("Injunction") for six months, to prevent the authorities from taking coercive action by paying 15% of the FED demand and 100% of the sales tax demand amounting to Rs 241.867 million and Rs 152.561 million respectively.

On August 7, 2019, the interim injunction expired and the Appellate Tribunal directed the FBR to provide 15 days' prior notice to the Company before initiating any recovery measures.

The Company received an order from the Tribunal on September 30, 2021, whereby the demand of Rs 1,765.008 million for alleged evasion of federal excise duty and sales tax was set aside in the Company's favour. However, the Appellate Tribunal directed FBR to re-initiate the proceedings afresh after assessing the facts of the case to reach a fair and lawful conclusion.

On the basis the demands were set aside and the Company, after informing the FBR in writing, adjusted the amount paid on February 8, 2019 for the Injunction against excise and sales tax payment for the month of October 2021.

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Further, the Company has filed a Reference Application in the High Court of Sindh against the Tribunal's order to the extent of its direction to FBR to re-initiate proceedings. The Reference Application is currently pending adjudication.

- (iv) While reviewing the withholding tax statements of KPRA, the Additional Collector (ADC) issued an order to the Company dated December 08, 2023, whereby demand of Rs. 600 million was created on account of alleged short withholding of sales tax on services pertaining to period July 2020 to June 2022. The Company has filed an appeal with Collector (Appeals) KPRA and obtained a stay order against recovery.

The Collector Appeal vide order dated January 28, 2025 decided the case in favour of the Company by deleting the demand for the period July 2019 to June 2021 amounting to Rs. 360 million whereas the demand for July 2021 to June 2022 amounting to Rs. 240 million has been remanded back to the Officer for reassessment of tax liability.

Based on the assessment of tax consultants, the Company's management believes that the matter shall be ultimately decided in Company's favour and therefore no provision has been recorded.

- (v) The Khyber Pakhtunkhwa Government introduced the Provincial Excise Duty (Unmanufactured Tobacco) Act, 2024 (the KPK Act) effective July 1, 2024. Excise duty at the rate of Rs 50 per kg on unmanufactured tobacco for both domestic consumption and exports were imposed through the KPK Act. The Company already pays Federal Excise Duty on the point of sale. On July 11, 2024, the Company challenged the KPK Act as unconstitutional by filing petition before the Peshawar High Court. On July 29, 2024, the court granted a stay against adverse action by the Khyber Pakhtunkhwa Government, which is valid till date, and the adjudgment is awaited.
- (vi) The Collectorate of Customs (Adjudication-II), Karachi ("COC") issued a show cause notice to the Company dated July 4, 2024 on account of short payment of Federal Excise Duty, Sales Tax, Additional Sales Tax and Income Tax aggregating to Rs 580 million on import of Nicotine Pouches made during the period October 2022 to March 2024.

Since COC lacks jurisdiction on excise matters, Company obtained an interim injunction (stay) from the High Court of Sindh by filing a petition to prevent the authority from taking any adverse action against the Company. On February 7, 2025, the petition was disposed of with directions to the Customs department to (a) decide the matter with a reasoned order after giving the Company an opportunity of hearing; and (b) no adverse action shall be taken during the pendency of such adjudication. As a next step, the Company will contest the matter before COC.

The management, based on the assessment of the tax consultants, is of the view that these matters in appeal will eventually be decided in Company's favour and therefore no provision has been recorded in respect of these matters.

22. TURNOVER - net	Note	2024 (Rupees in thousand)	2023
Gross turnover			
- Domestic		64,158,192	52,770,761
- Export		14,484,143	3,832,698
		<u>78,642,335</u>	<u>56,603,459</u>
Less: Trade discount		1,240,498	1,307,692
Sales tax		10,255,180	8,337,691
Federal excise duty		34,805,769	28,738,367
		<u>46,301,447</u>	<u>38,383,750</u>
		<u>32,340,888</u>	<u>18,219,709</u>
<b>23. COST OF SALES</b>			
Raw and packing material consumed			
Opening stock		11,004,979	7,518,621
Purchases, redrying and related expenses	23.1	<u>22,542,047</u>	<u>12,295,794</u>
		33,547,026	19,814,415
Closing stock	9	<u>(11,358,967)</u>	<u>(11,004,979)</u>
		22,188,059	8,809,436
Government levies		58,034	38,426
Manufacturing expenses	23.2	<u>3,183,615</u>	<u>2,438,232</u>
		25,429,708	11,286,094
Work in process			
Opening stock		208,652	366,817
Closing stock	9	(163,514)	(208,652)
Sale of waste		(12,375)	(13,550)
		<u>32,763</u>	<u>144,615</u>
Cost of goods manufactured		25,462,471	11,430,709
Finished goods			
Opening stock		1,270,331	851,861
Finished goods purchased		4,952,488	1,070,116
Closing stock	9	(2,160,057)	(1,270,331)
		<u>4,062,762</u>	<u>651,646</u>
		<u>29,525,233</u>	<u>12,082,355</u>

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	Note	2024 (Rupees in thousand)	2023
23.1 Purchases, redrying and related expenses			
Raw and packing material		20,431,147	10,842,257
Salaries, wages and other benefits	13 & 17	697,755	496,380
Stores and spares consumed		127,648	96,920
Fuel and power		214,694	119,456
Rent, rates and taxes		19,476	30,748
Freight and stacking		294,187	154,254
Postage, telephone and stationery		53,127	36,534
Depreciation on property, plant and equipment	3.1.1	75,677	62,666
Depreciation on right-of-use assets	4.1	24,624	12,422
Amortisation on intangibles	5.1	1,086	-
Repair and maintenance		295,144	164,411
Travelling and vehicle expenses		57,599	43,719
Professional charges		38,679	25,309
Fumigation and pesticide expenses		48,986	49,005
Security charges		151,351	157,429
Other expenses		10,867	4,284
		<u>2,110,900</u>	<u>1,453,537</u>
		<u>22,542,047</u>	<u>12,295,794</u>
23.2 Manufacturing expenses			
Salaries, wages and other benefits	13 & 17	1,051,287	839,605
Stores and spares consumed		560,298	470,821
Fuel and power		235,236	216,312
Cartage		33,562	37,221
Postage, telephone and stationery		49,874	28,241
Depreciation on property, plant and equipment	3.1.1	734,613	650,764
Depreciation on right-of-use assets	4.1	5,296	3,456
Amortisation on intangibles	5.1	118	-
Travelling and vehicle expenses		107,191	79,265
Security charges		64,926	92,407
Other expenses	23.2.1	341,214	20,140
		<u>3,183,615</u>	<u>2,438,232</u>

23.2.1 This includes Rs. 253.313 million on account of trial production costs for new machinery purchased during the year.

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	Note	2024 (Rupees in thousand)	2023
<b>24. DISTRIBUTION AND MARKETING EXPENSES</b>			
Salaries, allowances and other benefits	13 & 17	1,664,791	1,423,366
Selling expenses		2,866,283	2,259,341
Freight expense		273,496	262,238
Rent, rates and taxes		30,986	30,190
Postage, telephone and stationery		61,819	83,031
Depreciation on property, plant and equipment	3.1.1	102,996	70,571
Depreciation on right-of-use assets	4.1	14,868	14,797
Amortisation on intangibles	5.1	3,538	18,849
Travelling and vehicle expenses		246,000	221,646
Royalty	24.1 & 24.2	1,036,527	716,393
Repair and maintenance		9,298	20,638
Security charges		31,294	26,079
Other expenses	24.3	531,557	431,357
		<u>6,873,453</u>	<u>5,578,496</u>

24.1 Royalty is payable to associated undertaking Philip Morris Global Brands Inc., United States, the registered office of which is located at 677, Washington Boulevard, Stamford, USA and Philip Morris Products S.A, Switzerland, the registered office of which is located at Quai Jeanrenaud 3, 2000 Neuchatel, Switzerland.

24.2 This includes an adjustment of Rs 113.256 million due to change in the basis of royalty calculation.

24.3 This includes Rs 159.026 million (2023: Rs 207.458 million) in respect of goods destroyed.

	Note	2024 (Rupees in thousand)	2023
<b>25. ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances and other benefits	13 & 17	1,319,137	974,965
Rent, rates and taxes		28,277	16,230
Postage, telephone and stationery		33,502	26,741
Travelling and vehicle expenses		200,919	195,105
Repairs and maintenance		63,854	97,475
Legal and professional charges		164,669	155,296
Utilities		28,047	23,061
Fee and subscription		73,875	45,726
Insurance		48,284	45,988
Auditor's remuneration	25.1	10,983	8,299
Depreciation on property, plant and equipment	3.1.1	138,302	126,739
Depreciation on right-of-use assets	4.1	71,275	71,713
Donation	25.2	14,580	-
Amortisation on intangibles	5.1	1,306	1,660
Security charges		37,326	30,323
Other expenses		767	18,717
		<u>2,235,103</u>	<u>1,838,038</u>

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		2024	2023
		(Rupees in thousand)	
25.1	Auditor's remuneration		
	Audit fee	4,568	3,972
	Review of half yearly financial statements	1,653	1,438
	Taxation and other services	3,680	1,769
		<u>9,901</u>	<u>7,179</u>
	Sales tax and out of pocket expenses	1,082	1,120
		<u>10,983</u>	<u>8,299</u>
25.2	Represents donation to Entrepreneurship Youth Development Society. There were no donations in which the directors or their spouses had interest.		
		<b>Note</b>	
		<b>2024</b>	<b>2023</b>
		<b>(Rupees in thousand)</b>	
<b>26.</b>	<b>OTHER EXPENSES</b>		
	Exchange loss - net	-	780,422
	Employee separation costs	16,953	141,476
	Property, plant and equipment written off	3.1	20,295
	Workers' welfare fund		25,760
	Workers' profit participation fund	20.5	46,033
	Others		83,337
			<u>55,086</u>
			<u>192,378</u>
			<u>1,084,733</u>
<b>27.</b>	<b>OTHER INCOME</b>		
	Exchange gain - net	74,235	-
	Interest on deposit accounts	773,900	966,871
	Interest on term deposit receipts	178,519	36,010
	Profit on disposal of non-current assets held for sale / disposal	15.3	253,400
	Profit on disposal of items of property, plant and equipment		31,528
	Reimbursement of expenses	27.1	6,076,335
	Liabilities written back		118,002
	Others		21,118
			<u>41,445</u>
			<u>7,527,037</u>
			<u>3,409,915</u>
27.1	This represents reimbursement of expenses, incurred by the Company on account of import, distribution and marketing activities, trade allowances and taxes and duties relating to recently launched products, agreed to be received from Philip Morris Products S.A., (PMP) in accordance with the agreements entered into between the Company and PMP.		

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	Note	2024	2023
<b>(Rupees in thousand)</b>			
<b>28. FINANCE COST AND BANK CHARGES</b>			
Accretion of interest on lease liabilities	18.1	49,757	42,935
Bank commission and other charges		143,141	47,401
		<u>192,898</u>	<u>90,336</u>
	Note	2024	2023
			<b>(Restated)</b>
<b>(Rupees in thousand)</b>			
<b>29. LEVY AND TAXATION</b>			
Levy	29.1	470,576	130,242
Taxation	29.2	123,535	445,623
Levy and tax charged		<u>594,111</u>	<u>575,865</u>
29.1	This represents minimum taxes paid under section 148 and 154 of Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21 and IAS 37.		
	Note	2024	2023
			<b>(Restated)</b>
<b>(Rupees in thousand)</b>			
<b>29.2 TAXATION</b>			
Current			
- for the year	29.4	360,150	327,222
- for prior year		(32,912)	243,597
		<u>327,238</u>	<u>570,819</u>
Deferred	7.1	(203,703)	(125,196)
		<u>123,535</u>	<u>445,623</u>
29.3	Relationship between tax expense and accounting profit		
Accounting profit before taxation		<u>378,284</u>	<u>825,424</u>
Applicable tax rate		39%	39%
Tax on accounting profit		147,531	321,915
Tax effect of:			
• levy being separately classified		183,525	50,794
• income on which levy is charged		(161,006)	(131,063)
• income not subject to tax		(73,486)	(32,537)
• permanent differences		26,266	14,506
• others		33,617	(21,589)
		<u>156,447</u>	<u>202,026</u>
Current tax for the prior year		(32,912)	243,597
Tax expense for the year charged in profit or loss		<u>123,535</u>	<u>445,623</u>

29.4 Break up of current tax expense recognised in these financial statements is as follows:

	<b>2024</b>	<b>2023</b> <b>(Restated)</b>
	<b>(Rupees in thousand)</b>	
Current tax charge / (reversal) recognised in:		
Profit or loss	360,150	327,222
Other comprehensive income	20,993	(35,891)
	<u>381,143</u>	<u>291,331</u>

29.5 In view of the fact that the super tax rate has been specified as 10% through the Finance Act, 2023, the applicable tax rate for the Company is 39%. Accordingly, the Company has recorded deferred tax at 39% in these financial statements.

	<b>Note</b>	<b>2024</b>	<b>2023</b>
		<b>(Rupees in thousand)</b>	
<b>30. EARNINGS PER SHARE - BASIC AND DILUTED</b>			
30.1 Basic and diluted earnings per share			
Profit attributable to ordinary shareholders		<u>254,749</u>	<u>379,801</u>
		<b>(No. of shares)</b>	
Weighted average number of ordinary shares - for basic EPS	16.2	<u>61,580,341</u>	<u>61,580,341</u>
Weighted average number of ordinary shares - for diluted EPS	30.2	<u>75,229,583</u>	<u>80,452,165</u>
		<b>(Rupees)</b>	
Earnings per share - basic		<u>4.14</u>	<u>6.17</u>
Earnings per share - diluted		<u>3.39</u>	<u>4.72</u>
30.2 Weighted average number of ordinary shares	16.2	61,580,341	61,580,341
Effect of convertible preference shares	30.3	<u>13,649,242</u>	<u>18,871,824</u>
Weighted average number of ordinary shares - diluted		<u>75,229,583</u>	<u>80,452,165</u>
30.3 1,046,400,000 preference shares are included in the calculation of diluted earnings per share. These preference shares could potentially dilute basic earnings per share in the future.			

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**31. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

31.1 The aggregate amount charged in these financial statements for the year is as follows:

	Chief Executive		Directors		Executives		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	----- Rupees in thousand -----							
Remuneration	-	-	13,199	11,194	1,749,481	831,371	1,762,680	842,565
House rent	-	-	5,940	5,037	504,829	374,117	510,769	379,154
Directors' fee	-	-	5,324	5,324	-	-	5,324	5,324
Bonus	-	-	8,577	7,614	307,786	250,992	316,363	258,606
Retirement benefits	-	-	2,396	2,080	186,045	153,990	188,441	156,070
Utilities	-	-	1,320	1,119	112,184	83,137	113,504	84,256
Others	11,347	17,696	1,721	1,315	273,258	244,462	286,326	263,473
	<u>11,347</u>	<u>17,696</u>	<u>38,477</u>	<u>33,683</u>	<u>3,133,583</u>	<u>1,938,069</u>	<u>3,183,407</u>	<u>1,989,448</u>
Number of persons	<u>2</u>	<u>1</u>	<u>7</u>	<u>8</u>	<u>433</u>	<u>290</u>	<u>442</u>	<u>299</u>

In addition, the chief executive and executive directors are provided with free use of the Company maintained cars and accommodation facilities.

31.2 The Company considers its Chief Executive and executive director as members of key management personnel.

31.3 The benefits available to certain executives and an executive director recognised by the Company in the expenses during the year on account of share-based payment plan aggregate Rs 138.807 million (2023: Rs 99.531 million).

31.4 Certain executives are on secondment from a group undertaking and no remuneration is charged to the Company in respect of these executives.

31.5 In accordance with the requirements of the fourth schedule to the Companies Act 2017, employees whose basic salary for the year exceed Rs 1.2 million have been considered 'Executives' for the purpose of these financial statements.

**32. RELATED PARTIES DISCLOSURES**

Related parties comprise of Philip Morris Investments B.V. (the parent company) and Philip Morris Brands S.à.r.l., related group undertakings, subsidiary company Laksonpremier Tobacco Company (Private) Limited, staff retirement funds and key management personnel. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment as disclosed in note 31 and 38 are as follows:

Nature of transactions		2024	2023
		(Rupees in thousand)	
Associated undertakings	Sale of goods	14,484,143	3,832,698
	Sale of plant and machinery	-	66,069
	Purchase of goods	5,230,158	2,723,475
	Purchase of plant and machinery	1,175,620	465
	Reimbursement of expenses	6,076,335	1,953,875
	Royalty expense	1,036,527	716,393
	Share based payment recharge	84,015	63,095
Staff retirement plans	Expense in relation to gratuity scheme	77,393	56,968
	Gain / (loss) in other comprehensive income - gratuity	53,828	(92,029)
	Expense in relation to provident fund	132,904	116,228

The Company carries out transaction with its related parties at mutually agreed terms.

The status of outstanding balances with related parties as at December 31, 2024 is included in notes 10, 12.1, 13, 20.2 and 20.3. These balances are to be settled in the ordinary course of business.

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32.1 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place during the year:

S. No.	Name of related parties	Basis of relationship	Aggregate shareholding % in the Company
1.	Philip Morris Products S.A. Manufacturing, Switzerland	Group Company	Nil
2.	Philip Morris Management Services S.A., Switzerland	Group Company	Nil
3.	Philip Morris CR A.S., Czech Republic	Group Company	Nil
4.	Philip Morris Operations A.D., Serbia	Group Company	Nil
5.	Philip Morris International Management S.A. (Tolling), Switzerland	Group Company	Nil
6.	Philip Morris Products S.A., Switzerland	Group Company	Nil
7.	PMFTC Inc., Philippines	Group Company	Nil
8.	Philip Morris International Inc., United States	Group Company	Nil
9.	Philip Morris Global Brands Inc., United States	Group Company	Nil
10.	Philip Morris Korea Inc., Korea	Group Company	Nil
11.	Philip Morris Malaysia SDN. BHD., Malaysia	Group Company	Nil
12.	PT Philip Morris, Indonesia	Group Company	Nil
13.	Philip Morris Philippines Manufacturing Inc., Philippines	Group Company	Nil
14.	PMI Service Center Europe spolka z ograniczona odpowiedzialnoscia, Poland	Group Company	Nil
15.	Massalin particulares S.R.L., Argentina	Group Company	Nil
16.	Philip Morris Mexico Productos, Mexico	Group Company	Nil
17.	Philip Morris Brasil Industria Ecomercio LTDA, Brazil	Group Company	Nil
18.	Profigen Do Brasil LTDA, Brazil	Group Company	Nil
19.	Philip Morris Investments B.V., Jordan	Group Company	Nil
20.	PT Hanjaya Mandala Sampoerna TBK., Indonesia	Group Company	Nil

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S. No.	Name of related parties	Basis of relationship	Aggregate shareholding % in the Company
21.	Philip Morris Manufacturing & Technology Bologna spa, Italy	Group Company	Nil
22.	PMI Global Studio Ltd, United Kingdom	Group Company	Nil
23.	Philip Morris Brands Sarl, Switzerland	Group Company	Note 16
24.	Philip Morris Investments B.V., Netherlands	Parent company	Note 16
25.	Laksonpremier Tobacco Company (Private) Limited	Subsidiary	Nil
26.	Philip Morris (Pakistan) Limited Employees' Gratuity Fund	Retirement benefit trust	Nil
27.	Philip Morris (Pakistan) Limited Employees' Provident Fund	Retirement benefit trust	Nil
28.	Mr. Sarfaraz Ahmed Rehman	Chairman	0.000002%
29.	Mr. Ali Reza Takesh	Chief Executive (effective August 1, 2024)	0.000002%
30.	Mr. Roman Yazbeck	Chief Executive (upto July 31, 2024)	0.000002%
31.	Mr. Peter Stefan M. Calon	Director (effective April 8, 2024)	0.000002%
32.	Mr. Junaid Iqbal	Director	0.000002%
33.	Ms. Pattaraporn Auttaphon	Director	0.000002%
34.	Mr. Mirza Rehan Baig	Director	0.000002%
35.	Mr. Muhammad Zeeshan	Director	0.000002%
36.	Ms. Nadia Waris	Director (upto March 7, 2024)	0.000002%

### 33. CAPACITY AND PRODUCTION

Against an installed manufacturing capacity of 14,719 million (2023: 20,045 million) cigarette sticks, the manned manufacturing capacity is 6,535 million cigarette sticks (2023: 7,539 million sticks). Actual production was 6,386 million (2023: 5,953 million) cigarette sticks. Actual production was sufficient to meet the demand.

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## 34. CASH GENERATED FROM OPERATIONS

	Note	2024 (Rupees in thousand)	2023 (Restated)
Profit before taxation		378,284	825,424
Adjustment for non-cash and other items:			
Levy	29	470,576	130,242
Depreciation on property, plant and equipment	3.1.1	1,051,588	910,740
Depreciation on right-of-use assets	4.1	116,063	102,388
Property, plant and equipment written off	26	20,295	34,809
Amortisation of intangibles	5.1	6,048	20,509
Provision for slow moving spares	8.2	50,063	11,985
Provision for obsolete stocks	9.1	924,180	430,725
Expenses arising from equity-settled share-based payment plan	17.3	138,807	99,531
Staff gratuity expense	13.1.3	77,393	56,968
Liabilities written back	27	(118,002)	(67,459)
Exchange gain / (loss) - net		(168,797)	122,314
Interest on deposit accounts	27	(773,900)	(966,871)
Interest on term deposit receipts	27	(178,519)	(36,010)
Profit on disposal of non-current assets held for sale / disposal	27	(253,400)	(232,721)
Profit on disposal of items of property, plant and equipment	27	(31,528)	(111,534)
Other current assets written off		-	20,961
Accretion of interest on lease liabilities	28	49,757	42,935
		1,380,624	569,512
Working capital changes	34.1	(2,874,884)	(242,177)
		<u>(1,115,976)</u>	<u>1,152,759</u>
34.1 Working capital changes			
(Increase) / decrease in current assets			
Stores and spares		(150,649)	(170,273)
Stock in trade		(1,634,435)	(3,774,364)
Advances		61,740	(153,926)
Prepayments		(23,078)	10,402
Trade debts		(377,624)	-
Other receivables		935,091	(338,502)
		<u>(1,188,955)</u>	<u>(4,426,663)</u>
Increase / (decrease) in current liabilities			
Trade and other payables		1,498,914	4,585,999
Sales tax and federal excise duty payable		(3,184,843)	(401,513)
		<u>(2,874,884)</u>	<u>(242,177)</u>
35. CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	4,529,492	9,062,895
Less: Amount held as security	14.2	(18,861)	(18,861)
		<u>4,510,631</u>	<u>9,044,034</u>

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## 36. FINANCIAL RISK MANAGEMENT

36.1 The Company's activities expose it to certain financial risks. Such financial risks emanate from various factors that include, but are not limited to, market risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risks measured and managed by the Company are explained below:

### (i) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market prices of instruments due to change in credit rating of the issuer or the instrument, changes in market sentiments, speculative activities, supply and demand of instruments and liquidity in the market. The Company manages the market risk by monitoring exposure on financial instruments and by following internal risk management policies.

Market risk comprise of three types of risks: interest rate risk, currency risk and other price risk.

#### (a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates.

- Fair value risk - Fair value risk to the Company arises from instruments which are based on fixed interest rates. As at December 31, 2024, the Company did not have any fixed rate instrument.
- Future cash flow risk - Presently, future cash flow risk to the Company arises from deposit accounts with banks which are based on floating interest rates (i.e. KIBOR based). As at December 31, 2024, had there been increase / decrease of 100 basis points in KIBOR with all other variables held constant, profit after taxation for the year then ended would have been higher / lower by Rs 13.292 million (2023: Rs 35.127 million) mainly as a result of profit on deposit accounts.

#### (b) Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has foreign currency exposures in US Dollars, Euro and UK Pound in the form of trade debts (note 10), other receivables (note 12), bank balances (note 14), trade and other payables (note 20).

As at December 31, 2024, had the Company's functional currency strengthened / weakened by 5% against US Dollar, Euro and UK Pound, with all other variables held constant, profit after taxation for the year then ended would have been higher / lower by Rs 132.288 million (2023: Rs 41.025 million) mainly as a result of foreign exchange gains / losses.

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## (c) Other price risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company does not have financial instruments dependent on market prices.

## (ii) Credit risk and its concentration

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. The Company enters into financial contracts in accordance with the internal risk management policies which mainly include incurring of sales on an advance payment basis and holding of balances with reputable banks of the country. Further, the Company considers a financial asset to be in default when contractual payments are 365 days past due and internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full and it is subsequently written off, if required. The maximum amount of financial assets that are subject to credit risk aggregated Rs 6,143.902 million as at December 31, 2024 (2023: Rs 11,300.913 million) as set out in note 36.3. The analysis below summarises the credit quality of the Company's financial assets as at December 31, 2024 due to which the Company considers that the credit risk is minimal:

- Long term deposits aggregating Rs 73.570 million (2023: Rs 73.582 million) are held with parties which have long association with the Company and have a good credit history.
- Amounts aggregating Rs 767.849 million (2023: Rs 1,887.174 million) are receivable from group companies whereby credit exposure and the corresponding risk associated with recoverability is considered minimal.
- Other financial assets aggregating Rs 4,905.454 million which mainly represent cash margins held with banks, accrued profit on deposit account and bank balances, are maintained with banks having credit rating of at least A-1 representing good certainty of timely payment.

Concentration of credit risk exists when changes in economic and industry factors similarly affect the group of counter parties whose aggregated credit exposure is significant in relation to the Company's total credit exposure. A significant portion (i.e. 92%) of the Company's financial assets are held within a single industry i.e. banks. However, the Company considers that all such banks are credit worthy parties and hence risk of default is minimal.

## (iii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial liabilities when due. Accordingly, the Company maintains sufficient cash and cash equivalents and also makes availability of funding through credit facilities, representing short term borrowings (note 19). Additionally, the Company has an existing intercompany borrowing arrangement of up to USD 2.5 million, intended to facilitate payments to the Company's suppliers available upto February 2026. Should this facility be utilised, the principal amount, along with applicable interest, would be repaid after a three-year period. As of December 31, 2024, entire facility amount remains undrawn.

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The analysis below summarises the Company's financial liabilities (based on contractual undiscounted cash flows) into relevant maturity group on the remaining period as at the reporting date:

	2024			
	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 Years
	(Rupees in thousand)			
Trade and other payables	12,031,487	12,031,487	12,031,487	-
Unclaimed dividend	37,103	37,103	37,103	-
Unpaid dividend	54,122	54,122	54,122	-
Lease liabilities	304,376	459,328	147,659	311,669
	<u>12,427,088</u>	<u>12,582,040</u>	<u>12,270,371</u>	<u>311,669</u>
	2023			
	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 Years
	(Rupees in thousand)			
Trade and other payables	9,361,699	9,361,699	9,361,699	-
Unclaimed dividend	37,128	37,128	37,128	-
Unpaid dividend	54,122	54,122	54,122	-
Lease liabilities	357,221	459,328	147,659	311,669
	<u>9,810,170</u>	<u>9,912,277</u>	<u>9,600,608</u>	<u>311,669</u>

### 36.2 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between the carrying value and the fair value estimates.

As at December 31, 2024, the carrying values of all financial assets and liabilities except for lease liabilities approximated to their fair values due to the fact that most of the financial assets and liabilities are of short term nature.

### 36.3 Financial instruments by category

	2024	2023
	(Rupees in thousand)	
<b>FINANCIAL ASSETS</b>		
<b>At amortised cost</b>		
Long term deposits	73,570	73,582
Trade debts	377,624	-
Other receivables	1,163,216	2,164,436
Cash and bank balances	4,529,492	9,062,895
	<u>6,143,902</u>	<u>11,300,913</u>

AB

	2024 (Rupees in thousand)	2023
<b>FINANCIAL LIABILITIES</b>		
<b>At amortised cost</b>		
Trade and other payables	12,031,487	9,361,699
Unclaimed dividend	37,103	37,128
Unpaid dividend	54,122	54,122
Lease liabilities	304,376	357,221
	<u>12,427,088</u>	<u>9,810,170</u>

### 37. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

### 38. DETAILS OF DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT

38.1 The following operating property, plant and equipment having net book value of Rs 500,000 or more each were disposed of during the year ended December 31, 2024:

Category	Original cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers	Relationship of buyers with Company or director if any
----- Rupees in thousand -----								
Vehicles	9,239	(7,391)	1,848	3,234	1,386	Company policy	Soban Farooq	Employee
	9,239	(7,391)	1,848	3,234	1,386	Company policy	Muhammad Zeeshan	Director
	4,277	(1,597)	2,680	3,422	742	Company policy	Syed Imran Mehdi Haqvi	Employee
	3,767	(2,712)	1,055	1,884	829	Company policy	Hassan Fawad Khan	Employee
	3,555	(2,844)	711	750	39	Negotiated	Business Solutions Engineering	Third party sale
	3,500	(2,800)	700	669	(31)	Negotiated	Business Solutions Engineering	Third party sale
	<u>33,577</u>	<u>(24,735)</u>	<u>8,842</u>	<u>13,193</u>	<u>4,351</u>			

### 39. NUMBER OF EMPLOYEES

The average number of employees during the year and as at December 31, 2024 and 2023 respectively are as follows:

	2024	2023
	No. of employees	
Number of employees as at December 31	<u>625</u>	<u>644</u>
Average number of employees during the year	<u>631</u>	<u>641</u>

ABO

**40. ENTITY WIDE INFORMATION**

The Company has one reportable segment, the principal class of products are cigarettes, other tobacco products, and other smoke free products.

**40.1 Information about geographical areas**

The Company does not hold non-current assets in any foreign country. The breakup of the Company's revenue into domestic and export revenue is provided in note 22. Export revenue was billed mainly to the Company's group affiliates located in Switzerland and Indonesia.

**40.2 Information about major customers**

Revenue from major customers of the Company represents an aggregate amount of Rs 14,478.262 million (2023: Rs 2,965.112 million) of total Company revenue of Rs 32,340.888 million (2023: Rs 18,219.709 million).

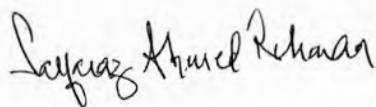
**41. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on 25-March-2025 by the Board of Directors of the Company.

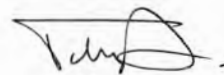
**42. GENERAL**

Figures in these financial statements have been rounded off to the nearest thousand of Pakistan Rupees unless otherwise stated.

ATB



**Chairman / Director**



**Chief Executive Officer**



**Chief Financial Officer**



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 56<sup>th</sup> Annual General Meeting (“AGM”) of **PHILIP MORRIS (PAKISTAN) LIMITED** (“the Company”) will be held on **Thursday, April 24, 2025, at 11:00 a.m.** at the Pakistan Stock Exchange Auditorium, Stock Exchange Building, Pakistan Stock Exchange Road, Karachi. To ensure maximum participation by the shareholders a video link for attending the meeting online will also be provided.

The shareholders can download the application /software through <https://zoom.us/download> and login via video-link by giving their email ID and password to participate in the AGM proceedings to transact the following business: (for details please see the notes below).

## ORDINARY BUSINESS

1. To receive, consider, and adopt the audited financial statements for the year ended December 31, 2024, together with the Directors’ and Auditor’s Report thereon.
2. To appoint the External Auditors and fix their remuneration for the year ending December 31, 2025.

The retiring auditor M/s. A. F. Ferguson & Co. Chartered Accountants has given consent to act as Auditor of the Company for the year ending December 31, 2025.

## OTHER BUSINESS

3. To discuss any other matter with the permission of the Chair.

By Order of the Board

**Mohammad Saad Khaleel**  
Company Secretary

Karachi: March 28, 2025,

## NOTES:

### 1. Participation in the Annual General Meeting in person or online via video link.

To ensure maximum participation from the members, online arrangements are also being made.

The shareholders interested in attending the AGM in person or online via video link are requested to register themselves by providing the following information via email at Companysecretary.pmpk@pmi.com at least 48 hours before the AGM.

Name of Shareholders	CNIC Number	Folio Number/CDC Account No	Cell Number	Email Address

The Company reserves the right to refuse entry to any shareholder who has not pre-registered for physical attendance.

The shareholders can also provide their comments/suggestions along with attendance for the proposed agenda items of the AGM on the email Companysecretary.pmpk@pmi.com 24 hours before the meeting.

## **2. Weblink and QR Enabled Code to access the Annual Audited Financial Statements for the Year Ended December 31, 2024.**

The Securities and Exchange Commission of Pakistan (SECP) through its S.R.O. 389(1)/2023 dated March 21, 2023, has allowed the listed companies to circulate the annual balance sheet and profit and loss account, auditor's report, and directors' report, etc. ("annual audited financial statements") to its members through QR enabled code and weblink. The Company in its Extra Ordinary General Meeting held on October 26, 2023, sought approval from the shareholders to circulate the annual audited financial statements through QR-enabled code and weblink. The weblink and the QR code to download the annual audited financial statements for the year ended December 31, 2024, is as follows: <http://philipmorriskakistan.com.pk>



## **3. Closure of Shares Transfer Books.**

The share transfer books of the Company will remain closed from April 17, 2025, to April 24, 2025 (both days inclusive). Transfer received in order at the Office of the Company's share Registrar, CDC Share Registrar Services Limited., CDC House, 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi - 74400 up to April 16, 2025, will be considered in time to be eligible to attend the meeting.

## **4. Participation in the AGM.**

The members whose names appear in the Register of Members as of April 16, 2025, are entitled to attend and vote at the AGM. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend, speak, and vote for him/her. A proxy must be a Member of the Company.

An instrument of proxy applicable for the Meeting is being provided with the Notice sent to Members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours. Proxy form may also be downloaded from the Company's website: <http://philipmorriskakistan.com.pk> An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must, to be valid, be deposited through email on [Companysecretary.pmpk@pmi.com](mailto:Companysecretary.pmpk@pmi.com) not less than 48 hours before the time of AGM.

Members are requested to submit a copy of their Computerized National Identity Card/Smart National Identity Card (CNIC/SNIC), if not already provided and notify immediately changes, if any, in their registered address to our Shares Registrar on the above-mentioned address.

## **5. Guidelines for Central Depository Company of Pakistan (CDC) Accounts Holders.**

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan (SECP).

## **A. For Attending the AGM:**

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in a group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by sharing a copy of his/her CNIC/SNIC or passport through email (as mentioned in the notes) at least 48 hours before the AGM.
- ii. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be shared through email (as mentioned in the notes) (unless it has been provided earlier) at least 48 hours before the AGM.

## **B. For Appointing Proxies:**

- i. In the case of individuals, the account holder or sub-account holder and/or the person whose securities are in a group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC/SNIC numbers shall be mentioned on the form.
- iii. Copies of CNIC/SNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form through email (as mentioned in the notes)
- iv. The proxy shall produce his original CNIC/SNIC or original passport at the time of the AGM.
- v. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company through email (as mentioned in the notes).

## **6. Placement of Financial Statements on Company's Website.**

The Financial Statements of the Company for the year ended December 31, 2024 have been placed on the website of the Company <http://philipmorriskakistan.com.pk>.

## **7. Unclaimed Dividend.**

As per the provision of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed / unpaid for a period of three years from the date on which it was due and payable are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the Shareholders. The details of the shares issued, and dividend declared by the Company which have remained due for more than three years was sent to Shareholders. The Shareholders are requested to ensure that claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged with the Company, the Company shall, after giving notice in the newspaper, proceed to deposit the unclaimed / unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of the Act.

## **8. Conversion of Physical Shares into CDC Account.**

The Securities and Exchange Commission of Pakistan (SECP), through its letter No. CSD/ED/Misc/2016-639-640 dated March 26, 2021, has advised all listed companies to adhere to the provisions of Section 72 of the Companies Act, 2017 (the "Act"), which requires all companies to replace shares issued in physical form to book-entry form within four years of the promulgation of the Act. Accordingly, all Shareholders of the Company having physical folios/share certificates are requested to convert their shares from physical form into book-entry form at the earliest.



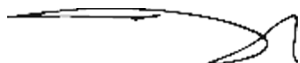
**LAKSONPREMIER TOBACCO  
COMPANY (PRIVATE) LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED  
DECEMBER 31, 2024**

**LAKSONPREMIER TOBACCO COMPANY (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2024**

	Note	2024	2023
		------(Rupees)-----	
<b>ASSETS</b>		-	-
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 5,000,000 Ordinary Shares of Rs 10 each	3	<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paid-up capital	3	1,030	1,030
Accumulated loss		<u>(1,030)</u>	<u>(1,030)</u>
		-	-
<b>LIABILITIES</b>		-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>-</u>	<u>-</u>

The annexed notes from 1 to 4 form an integral part of these financial statements.



**Chief Executive Officer**



**Director**

**LAKSONPREMIER TOBACCO COMPANY (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	2024	2023
	----- (Rupees) -----	
Turnover	-	-
Expenses	-	-
Profit before taxation	----- -	----- -
Taxation	-	-
Profit after taxation	----- -	----- -
Other comprehensive income	-	-
Total comprehensive income	----- ----- -	----- ----- -

The annexed notes from 1 to 4 form an integral part of these financial statements.



**Chief Executive Officer**

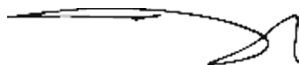


**Director**

**LAKSONPREMIER TOBACCO COMPANY (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Issued, subscribed and paid-up capital	Accumulated loss	Total
	------(Rupees)-----		
Balance as at January 1, 2023	1,030	(1,030)	-
Total comprehensive income for the year ended December 31, 2023	-	-	-
Balance as at December 31, 2023	<u>1,030</u>	<u>(1,030)</u>	<u>-</u>
Total comprehensive income for the year ended December 31, 2024	-	-	-
Balance as at December 31, 2024	<u><u>1,030</u></u>	<u><u>(1,030)</u></u>	<u><u>-</u></u>

The annexed notes from 1 to 4 form an integral part of these financial statements.



**Chief Executive Officer**

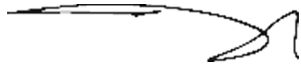


**Director**

**LAKSONPREMIER TOBACCO COMPANY (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	2024	2023
	----- (Rupees) -----	
Cash flow from operating activities	-	-
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Net increase in cash and cash equivalents	----- -	----- -
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	----- ----- -	----- ----- -

The annexed notes from 1 to 4 form an integral part of these financial statements.



**Chief Executive Officer**



**Director**

**LAKSONPREMIER TOBACCO COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 Laksonpremier Tobacco Company (Private) Limited (the Company) was incorporated in Pakistan on March 14, 1955 as a private limited company under the Companies Act, 1913 (now the Companies Act, 2017). The principal activity of the Company is the manufacturing and sale of cigarettes and tobacco. Its registered office is situated at Office 04 & 05, 5th Floor, Corporate Office Block, Dolmen City, Plot HC-3, Block-4, Clifton Karachi, Sindh, Pakistan.
- 1.2 The Company is a wholly owned subsidiary of Philip Morris (Pakistan) Limited (the Holding Company). Philip Morris International Inc. is the ultimate parent company. Further, the Company's Chief Executive Officer is also a director in the Holding Company.
- 1.3 The purpose of the Company is to provide support to the Holding Company for complying with the tobacco production requirements. At present the Holding Company has sufficient manufacturing facilities to meet the tobacco production requirements, therefore, the Company is not in operation and no significant transactions and events have occurred during the year.
- 1.4 The expenditure of the Company for the year which were restricted to the corporate filing and audit fees have been borne by the Holding Company.
- 1.5 The Holding Company has confirmed to the Company through its letter dated February 14, 2022, that the Holding Company intends to continue to provide financial support to the Company to enable it to continue as a 'going concern' in the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

**2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

- 2.1 These financial statements have been prepared under the historical cost convention.
- 2.2 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
- International Financial Reporting Standards (IFRSs) 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 from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2024	2023		2024	2023
Number of shares			-----Rupees-----	
		<b>Authorised share capital</b>		
<u>5,000,000</u>	<u>5,000,000</u>	Ordinary shares of Rs 10 each	<u>50,000,000</u>	<u>50,000,000</u>
		<b>Issued, subscribed and paid-up share capital</b>		
		Ordinary shares of Rs 10 each fully		
<u>103</u>	<u>103</u>	paid in cash	<u>1,030</u>	<u>1,030</u>

3.1 All the shares are held by the Holding Company and its nominees. Out of 103 shares, two shares are in the name of nominee directors.

### 4. DATE OF AUTHORISATION

These financial statements were authorised for issue on 25-march-2025 by the board of directors of the Company.



**Chief Executive Officer**



**Director**



PHILIP MORRIS  
(PAKISTAN) LIMITED

## سالانہ عمومی اجلاس کا نوٹس

اطلاع دی جاتی ہے کہ قلب مورس (پاکستان) لمیٹڈ ('کمپنی') کا 56 واں سالانہ اجلاس عام ("AGM") جمعرات 24 اپریل 2025 کو صبح 11:00 بجے پاکستان اسٹاک ایکسچینج آڈیو ریم، اسٹاک ایکسچینج بلڈنگ، پاکستان اسٹاک ایکسچینج روڈ، کراچی میں منعقد ہوگا۔ شیئر ہولڈرز کی زیادہ سے زیادہ شرکت کو یقینی بنانے کے لیے آن لائن میٹنگ میں شرکت کے لیے ایک ویڈیولنک بھی فراہم کیا جائے گا۔

شیئر ہولڈرز <https://zoom.us/download> کے ذریعے اپنی ایکسیشن/سافٹ ویئر کو ڈاؤن لوڈ کر سکتے ہیں اور ویڈیولنک کے ذریعے اپنا ای میل آئی ڈی اور پاس ورڈ دے کر مندرجہ ذیل کاروباری لین دین کے لیے سالانہ اجلاس عام کی کارروائی میں حصہ لے سکتے ہیں: (تفصیلات کے لیے براہ کرم نیچے نوٹس دیکھیں)۔

### عمومی امور:

- 1- ڈائریکٹرز اور آڈیٹرز کی رپورٹ کے ساتھ 31 دسمبر 2024 کو ختم ہونے والے سال کے آڈٹ شدہ مالیاتی گوشواروں کو وصول کرنا، غور کرنا اور اپنانا۔
- 2- بیرونی آڈیٹرز کی تقرری اور 31 دسمبر 2025 کو ختم ہونے والے سال کے لیے ان کے معاوضے کا تعین کرنا۔ ریٹائر ہونے والے آڈیٹر میسرز ڈی ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے 31 دسمبر 2025 کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹر کے طور پر کام کرنے کی رضامندی ظاہر کی ہے۔

### دیگر امور

- 3- چیئر کی اجازت سے کسی دیگر معاملے پر غور کرنا۔

بورڈ کے حکم سے

محمد سعد خلیل

کمپنی سیکریٹری

کراچی: مارچ-28-2025

### نوٹس:

- 1- ویڈیولنک کے ذریعے ذاتی طور پر یا آن لائن سالانہ اجلاس عام میں شرکت۔

ممبران کی زیادہ سے زیادہ شرکت کو یقینی بنانے کے لیے آن لائن انتظامات بھی کیے جا رہے ہیں۔ ویڈیولنک کے ذریعے ذاتی طور پر یا آن لائن سالانہ اجلاس عام میں شرکت کرنے میں دلچسپی رکھنے والے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ سالانہ اجلاس عام سے کم از کم 48 گھنٹے پہلے [Companysecretary.pmpk@pmi.com](mailto:Companysecretary.pmpk@pmi.com) پر ای میل کے ذریعے درج ذیل معلومات فراہم کر کے خود کو رجسٹر کریں۔

شیئر ہولڈر کا نام	کمپیوٹر ذاتی شناختی کارڈ نمبر	فولیو نمبر اسی ڈی سی اکاؤنٹ نمبر	سیل نمبر	ای میل ایڈریس

کمپنی کسی بھی شیئر ہولڈر کو داخلے سے انکار کرنے کا حق محفوظ رکھتی ہے جس نے پہلے سے ذاتی طور پر حاضری کے لیے اندراج نہیں کروایا ہو۔

شیئر ہولڈرز میٹنگ سے 24 گھنٹے پہلے ای میل [Companysecretary.pmpk@pmi.com](mailto:Companysecretary.pmpk@pmi.com) پر سالانہ اجلاس عام کے مجوزہ ایجنڈا آئٹمز کے لیے حاضری کے ساتھ اپنے تبصرے/مشورے بھی فراہم کر سکتے ہیں۔



## 2- 31 دسمبر 2024 کو ختم ہونے والے سال کے سالانہ آڈٹ شدہ مالیاتی بیانات تک رسائی کے لیے Weblink اور QR نکل کوڈ۔

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے S.R.O 389 (1)/2023 مورخہ 21 مارچ 2023ء کے ذریعے لسٹڈ کمپنیوں کو سالانہ بیننس شیٹ اور منافع اور نقصان کے اکاؤنٹ، آڈیٹر کی رپورٹ، اور ڈائریکٹرز کی رپورٹ وغیرہ ("سالانہ آڈٹ شدہ مالیاتی بیانات") اپنے اراکین کو QR فعال کوڈ اور ویب لنک کے ذریعے ترسیل کرنے کی اجازت دی ہے۔ کمپنی نے 26 اکتوبر 2023 کو منعقدہ اپنے غیر معمولی اجلاس عام میں QR-فعال کوڈ اور ویب لنک کے ذریعے سالانہ آڈٹ شدہ مالیاتی گوشواروں کو ترسیل کرنے کے لیے شیئر ہولڈرز سے منظوری طلب کی تھی۔ 31 دسمبر 2024 کو ختم ہونے والے سال کے سالانہ آڈٹ شدہ مالیاتی گوشواروں کو ڈاؤن لوڈ کرنے کے لیے ویب لنک اور QR کوڈ درج ذیل ہے:

<http://philipmorrispakistan.com.pk> :



## 3- حصص کی منتقلی کے کھاتوں کی بندش۔

کمپنی کی حصص کی منتقلی کے کھاتے 17 اپریل 2025 سے 24 اپریل 2025 تک (دونوں دن سمیت) بند رہیں گے۔ وہ مکمل کھاتے جو کمپنی کے شیئر رجسٹرار، میسرز سی ڈی سی شیئر رجسٹرار سرورس لمیٹڈ، سی ڈی سی ہاؤس، 99-بی، بلاک 'بی'، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی-74400 کو 18 اپریل 2024 کو کاروبار کے اختتام دن کے اختتام سے قبل موصول ہوں گے وہی سالانہ اجلاس عام میں شرکت کیلئے بروقت تصور کئے جائیں گے۔

سرورس لمیٹڈ، سی ڈی سی ہاؤس، 99-بی، بلاک 'بی'، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی-74400 کو 16 اپریل 2025 کو کاروبار کے اختتام دن کے اختتام سے قبل موصول ہوں گے وہی سالانہ اجلاس عام میں شرکت کیلئے بروقت تصور کئے جائیں گے۔

## 4- سالانہ اجلاس عام میں شرکت۔

جن ممبران کے نام 16 اپریل 2025 تک ممبران کے رجسٹر میں موجود ہوں گے، وہ سالانہ اجلاس عام میں شرکت اور ووٹ دینے کے حقدار ہیں۔ میٹنگ میں شرکت کرنے کے اور ووٹ دینے کے حقدار رکن کو شرکت کرنے، بولنے اور ووٹ دینے کے لیے پراکسی مقرر کرنے کا حق حاصل ہے۔ پراکسی کے لئے کمپنی کا ممبر ہونا ضروری ہے۔

اراکین کو بھیجے گئے نوٹس کے ساتھ میٹنگ کے لیے قابل اطلاق پراکسی فارم فراہم کیا جا رہا ہے۔ پراکسی کے فارم کی مزید کاپیاں عام دفتری اوقات میں کمپنی کے رجسٹرار آفس سے حاصل کی جاسکتی ہیں۔ پراکسی فارم کمپنی کی ویب سائٹ <http://philipmorrispakistan.com.pk> سے بھی ڈاؤن لوڈ کیا جاسکتا ہے۔ پراکسی کا فارم اور پاور آف اٹارنی یا دیگر اتھارٹی (اگر کوئی ہے) جس کے تحت اس پر دستخط کیے گئے ہیں، یا ایسی پاور یا اتھارٹی کی ایک نوٹری سے تصدیق شدہ کاپی، درستی کے لیے، سالانہ اجلاس عام کے وقت سے کم از کم 48 گھنٹے قبل [Companysecretary.pmpk@pmi.com](mailto:Companysecretary.pmpk@pmi.com) پر ای میل کے ذریعے جمع کی جانی چاہیے۔

ممبران سے درخواست کی جاتی ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ/سارٹ قومی شناختی کارڈ (SNIC/CNIC) کی ایک کاپی جمع کرائیں، اگر پہلے سے فراہم نہیں کیا گیا ہے اور اگر کوئی تبدیلیاں ہو تو فوری طور پر اپنے رجسٹرار کے ذریعے ہمارے شیئر رجسٹرار کو مدکورہ پتے پر مطلع کریں۔

## 5- سینٹرل ڈپازٹری کمپنی آف پاکستان (CDC) اکاؤنٹس ہولڈرز کے لیے خصوصی ہدایات۔

سی ڈی سی اکاؤنٹس ہولڈرز کو مزید مندرجہ ذیل خصوصی ہدایات پر عمل کرنا ہوگا جیسا کہ سرکلر 1 مورخہ 26 جنوری 2000 میں بیان کیا گیا ہے، جو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے ذریعے جاری کیا گیا ہے۔

## الف۔ سالانہ اجلاس عام میں شرکت کے لیے:

(i) انفرادی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور یا/جن کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ کی گئی ہوں، سالانہ اجلاس عام سے کم از کم 48 گھنٹے قبل، اپنا کمپیوٹرائزڈ قومی شناختی کارڈ/سارٹ قومی شناختی کارڈ (SNIC/CNIC) یا پاسپورٹ بذریعہ ای میل (جیسا کہ نوٹ میں بتایا گیا ہے) فراہم کر کے اپنی شناخت کی تصدیق کرے گا۔

(ii) کسی کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی نامزد شخص کے نمونے کے دستخط کے ساتھ ای میل کے ذریعے سالانہ اجلاس عام سے کم از کم 48 گھنٹے قبل شیئر کی جائے گی (جیسا کہ نوٹ میں بتایا گیا ہے) (اگر یہ پہلے فراہم نہ کی گئی ہو)

## ب۔ پراکسیوں کی تقرری کے لیے:

(i) افراد کے معاملے میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا وہ شخص جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہیں، مندرجہ بالا ضرورت کے مطابق پراکسی فارم جمع کرانیں گے۔

(ii) پراکسی فارم پر دو افراد گواہ ہوں گے جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ/سارٹ قومی شناختی کارڈ (SNIC/CNIC) فارم پر درج ہوں گے۔

(iii) اصل ماکان اور پراکسی کی کمپیوٹرائزڈ قومی شناختی کارڈ/سارٹ قومی شناختی کارڈ (SNIC/CNIC) یا پاسپورٹ کی کاپیاں ای میل کے ذریعے پراکسی فارم کے ساتھ پیش کی جائیں گی (جیسا کہ نوٹ میں ذکر کیا گیا ہے)

(iv) پراکسی سالانہ اجلاس عام کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ/سارٹ قومی شناختی کارڈ (SNIC/CNIC) یا اصل پاسپورٹ پیش کرے گا۔

(v) کسی کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی کو نمونہ کے دستخط کے ساتھ ای میل کے ذریعے کمپنی میں پراکسی فارم کے ساتھ (جیسا کہ نوٹ میں ذکر کیا گیا ہے) جمع کرائی جائے گی (اگر یہ پہلے فراہم نہ کیا گیا ہو)

## 6۔ کمپنی کی ویب سائٹ پر مالی بیانات کی آویزگی (پلیسمنٹ)۔

31 دسمبر 2024 کو ختم ہونے والے سال کے لیے کمپنی کے مالی بیانات کمپنی کی ویب سائٹ <http://philipmorrispakistan.com.pk> پر آویزاں کر دیے گئے ہیں۔

## 7۔ غیر دعویٰ دار ڈیویڈنڈ۔

کمپنی ایکٹ 2017 کے سیکشن 244 کے پروویژن کے مطابق، کمپنی کی طرف سے جاری کردہ یا ڈیویڈنڈ کا اعلان کردہ کوئی بھی حصص جو اس تاریخ سے تین سال کی مدت تک غیر دعویٰ دار/غیر ادا شدہ رہ گیا ہے جس تاریخ کو یہ واجب الادا تھا اور اسے جمع کرنا ضروری ہے۔ شیئر ہولڈرز کو نوٹس جاری کرنے کے بعد وفاقی حکومت کے کریڈٹ کے لیے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ساتھ۔ کمپنی کے جاری کردہ شیئر ز اور ڈیویڈنڈ کی تفصیلات جو تین سال سے زائد عرصے سے بقایا ہیں شیئر ہولڈرز کو بھیج دی گئیں۔ شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اس بات کو یقینی بنائیں کہ غیر دعویٰ دار ڈیویڈنڈ اور شیئر ز کے دعوے فوری طور پر درج کیے جائیں۔ اگر کمپنی کے پاس کوئی دعویٰ درج نہیں کیا جاتا ہے، تو کمپنی، اخبار میں نوٹس دینے کے بعد، ایکٹ کے سیکشن 244 (2) کے تحت وفاقی حکومت کے ساتھ غیر دعویٰ شدہ/غیر ادا شدہ رقم اور حصص جمع کرنے کے لیے آگے بڑھے گی۔

## 8۔ فزیکل حصص کو CDC اکاؤنٹ میں تبدیل کرنا۔

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے خط نمبر CSD/ED/Misc 2016-639-640 مورخہ 26 مارچ 2021 کے ذریعے تمام لسٹڈ کمپنیوں کو مشورہ دیا ہے کہ وہ کمپنی ایکٹ کے سیکشن 72 کی دفعات پر عمل کریں۔ 2017 ("ایکٹ")، جس کے تحت تمام کمپنیوں کو ایکٹ کے نفاذ کے چار سالوں کے اندر فزیکل فارم میں جاری کردہ شیئر ز کو بک انٹری فارم میں تبدیل کرنا ضروری ہے۔ اس کے مطابق، فزیکل فولیو/شیئر شٹیکٹ رکھنے والے کمپنی کے تمام شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے شیئر ز کو فزیکل فارم سے جلد از جلد بک انٹری فارم میں تبدیل کرالیں۔

# Form of Proxy

I / We \_\_\_\_\_  
of \_\_\_\_\_  
a member of Philip Morris (Pakistan) Limited  
hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him \_\_\_\_\_  
of \_\_\_\_\_  
who is/are also members of Philip Morris (Pakistan) Limited to act as my / our proxy and to vote for me/us and on my / our behalf at the Annual General Meeting of the shareholders of the Company to be held on April 24, 2025 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2025.

Folio No.	CDC Participant ID No.	CDC Account / Sub Account No.	No. of shares held	Signature over Revenue Stamp

Witness 1 \_\_\_\_\_  
Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Address \_\_\_\_\_

Witness 2 \_\_\_\_\_  
Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Address \_\_\_\_\_

**Notes:**

1. The proxy must be a member of the Company.
2. The signature must tally with the specimen signature/s registered with the Company.
3. If a proxy is granted by a member who has deposited his / her shares in the Central Depository Company of Pakistan, the proxy must be accompanied by the participant's ID number and CDC account / sub-account along with attested photocopies of Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purposes.
4. The instrument of Proxy properly completed should be deposited at the Share Registrar's Office of the Company not less than 48 hours before the time of the meeting.



