



KHYBER TOBACCO
COMPANY LIMITED

FOSTERING GROWTH THROUGH INNOVATION

UN-AUDITED ACCOUNTS
DECEMBER 31, 2023



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Board of Directors

Mrs. Samera Irfan	Chief Executive/ Executive Director
Mr. Rahat Ullah	Chairman/Non-Executive Director
Mr. Pir Waris Shah	Non-Executive Director
Mr. Shahzad Javed Panni	Independent Director
Mr. Zia Ur Rehman	Non-Executive Director
Mrs. Sonia Farooq	Independent Director
Mr. Khalil Ur Rehman	Non-Executive Director

Audit Committee

Mr. Shahzad Javed Panni	Chairman
Mr. Khalil Ur Rehman	Member
Mr. Rahat Ullah	Member
Mr. Zia Ur Rehman	Secretary

Human Resource Committee

Mrs. Sonia Farooq	Chairman
Mr. Pir Waris Shah	Member
Mr. Zia Ur Rehman	Secretary

Senior Management

Mrs. Samera Irfan	Chief Executive
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Company Secretary

Mr. Pir Farhan Shah

Bankers

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

Share Registrar

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

External Auditors

Yousaf Adil & Co.
Chartered Accountants

Registered Office

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

Internal Auditors

Shahid Ahmad & Co.
Chartered Accountants

The Board of Directors present you the brief report together with the financial information of the Company reviewed by the statutory auditors, for the half year ended December 31, 2023.

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

Financial Highlights	Jul-Dec 2023	Jul-Dec 2022
	Rs. in Millions	
Gross turnover	3,337.74	4,693.5
Turnover-net	956.80	3,053.11
Cost of sales	(1,550.68)	1,915.92
Gross profit	(593.88)	1,137.19
Profit (Loss) before taxation	(1,054.41)	723.34
Profit (Loss) for the period	(1,061.46)	639.00

The half-year under review were marked by very challenging macro-economic conditions that impacted both consumers and businesses. With inflation at record levels, rising international oil and commodity prices, reduced foreign exchange reserves and fiscal interventions by Government to generate additional tax revenue from existing taxpayers led to shrinkage in the manufacturing sector. The Company continued to focus on enhancing productivity across its value chain by ensuring effective cost management, lean operations, and modernization of machinery infrastructure.

Decrease in the Export sale is evident from a decrease in net sales of Rs. 956.80 Million during the period under review as compared to net sales of Rs. 3,053.11 Million of the corresponding period last year. Management is continuously endeavouring to expand its local market by adding new customers to its existing customer base.

Loss before taxation for the period under review stood at Rs. (1,054.41) million as compared to the corresponding period last year Profit before tax of Rs. 723.34. Loss after tax for the period under review stood at Rs. (1,061.46) million as compared to the corresponding period last year Profit after tax of Rs. 639.00.

Loss per share for the period under review stood at Rs. (153.33) as compared to the corresponding period last year Profit per share of Rs. 110.77.

FUTURE OUTLOOK

As part of the strategy, the Company is looking at both local and foreign market to increase the future revenue. The Company is very hopeful to revive good revenue from local sales and export of tobacco. The Company is confident that we can take these markets to the next level with experience. As the technology is continuously evolving, the Company is also continuously upgrading their skills and is aligned with the technological enhancements and rapid changes in the industry.

Company is investing heavily to acquire modern and state of the art making and packing machines to improve the quality of its products and has therefore acquired low cost financing from its directors.

ACKNOWLEDGEMENT

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

The composition of the Board is as follows:

Category	Names
Independent Directors	1) Barrister Shahzad Javed Panni 2) Ms. Sonia Farooq
Executive Directors	1) Ms. Samera Irfan 2) Mr. Khalil Ur Rehman
Non-executive Director	1) Mr. Zia Ur Rehman 2) Mr. Rahat Ullah 3) Barrister Shahzad Javed Panni
Female Directors	1) Mrs. Samera Irfan 2) Ms. Sonia Farooq

On behalf of the Board



Mrs. Samera Irfan
Chief Executive Officer

29 February 2024.



Rahat Ullah
Chairman

31 دسمبر 2023ء کو اختتام پزیر نصف سال کے لئے بورڈ آف ڈائریکٹرز آپ کو تازہ آڈیٹرز کی نظر ثانی شدہ کھیتی کی مالیاتی معلومات کے سہرا مختصر رپورٹ ازراہ دست چیش کرتے ہیں۔
مالیاتی نتائج

مالیاتی اشارے	جولائی-دسمبر 2023ء	جولائی-دسمبر 2022ء
ملین روپوں میں		
کل ٹران اوور	3,337.74	4,693.5
خاص ٹران اوور	956.80	3,053.11
کل پر لاگت	(1,550.68)	1,915.92
کل منافع	(593.88)	1,137.19
نفع (نقصان) مجموعی پیشین	(1,054.41)	723.34
نفع (نقصان) برائے مذکورہ مدت	(1,061.46)	639.00

زیر جائزہ مدت کے دوران خسرہ اور کاروباری افراد دونوں کو متاثر کیا ہے۔ ریکارڈڈ سٹیج پر پہنچنے، بین الاقوامی سطح پر تیل اور ایشیائی خورد و نوش کی قیمتوں میں اضافے، گرتے ہوئے غیر ملکی زرمبادلہ کے ذخائر اور موجودہ گیس و ہنگام سے اضافی محصولات آمدنی حاصل کرنے کے لئے حکومت کی جانب سے مالیاتی مداخلتوں سے صنعتی شعبے کو شدید رکھ دیا ہے۔ کھیتی اور بیلیو چین میں پیداوار میں اضافے پر توجہ دے رہی ہے تاکہ لاگت کو نوٹرا امانز میں کنٹرول کیا جاسکے اور آپریشن کی روانی اور مشینری بنیادی ڈھانچے کی تجدید کو یقینی بنایا جاسکے۔

برآمدی فروخت میں کمی گذشتہ برس کی اسی مدت میں 3,053.11 ملین روپے کے مقابلے میں مذکورہ مدت کے دوران 956.80 ملین روپے کی کمی سے عیاں ہے۔ انتظامیہ اپنے صارفین کی تعداد میں مزید صارفین شامل کر کے اپنی اوکل مارکیٹ کی توسیع کے لئے کوشاں ہے۔

زیر جائزہ مدت کے دوران خسرہ مجموعی پیشین (1,054.41) ملین روپے پر باجوب گذشتہ برس کی اسی مدت کے دوران 723.34 ملین روپے کا نفع مجموعی دیکھا گیا تھا۔ زیر جائزہ مدت کے لئے خسرہ علاوہ گیس (1,061.46) ملین روپے پر باجوب گذشتہ برس کی اسی مدت میں 639.00 ملین روپے کا نفع علاوہ گیس درج ہوا۔

زیر جائزہ مدت کے لئے فی شخص خسرہ (153.33) روپے پر باجوب گذشتہ برس کی اسی مدت کے دوران 110.77 روپے کا نفع فی شخص ریکارڈ ہوا تھا۔

مستقبل کا منظر نامہ

حکمت عمل کے طور پر کھیتی مقامی و غیر ملکی منڈی کی طرف دیکھ رہی ہے تاکہ مستقبل کی آمدنی میں اضافہ کیا جاسکے۔ کھیتی مقامی سٹور اور تباہی کو برآمد سے اجنبی آمدنی حاصل کرنے کے لئے پرامید ہے۔ کھیتی پرامید ہے کہ ہم اپنے تجربے کی مدد سے ان منڈیوں کو اگلی سطح پر لے جائیں گے۔ چونکہ نیکیا ناوجی سلسل جت کی طرف کامزمن ہے لہذا کھیتی اپنی مہارتوں مسلسل اپ گریڈ کر رہی ہے جو جدید تکنیکی ترقی اور صنعت میں تیز تبدیلیوں کے عین مطابق ہے۔

کھیتی جدید ترین اور بین الاقوامی معیار اور پیکنگ مشینیں حاصل کرنے کے لئے بھاری سرمایہ کاری کر رہی ہے تاکہ اپنی مصنوعات کے معیار کو بہتر کیا جاسکے لہذا کھیتی نے اپنے ڈائریکٹرز سے ہم آہنگی و تعاون حاصل کیا ہے۔

اعلمہ تشکر

اس موقع پر بورڈ آف ڈائریکٹرز کھیتی کے معزز صارفین، بینکرز اور دیگر اسٹیک ہولڈرز کے تعاون اور سپورٹ کا شکر ادا کرتا چاہتے ہیں۔ بورڈ کھیتی کے تمام ملازمین کی ان تھک محنت اور جذبے کو بھی تہہ دل سے سراہتی ہے۔

بورڈ کی ترکیب حسب ذیل ہے:

کھیتی	نام	تعداد
خود چلنے والا ڈائریکٹرز	بیر شہزاد جاوید چینی	(1)
	مس سونیا فاروق	(2)
ایگزیکٹو ڈائریکٹرز	مس سعید عرفان	(1)
	مسر عقیل الرحمن	(2)
نان ایگزیکٹو ڈائریکٹرز	مسر ضیاء الرحمن	(1)
	مسر راحت اللہ	(2)
	بیر شہزاد جاوید چینی	(3)
خانوں ڈائریکٹرز	مسر سعید عرفان	(1)
	مس سونیا فاروق	(2)

Per Jahan Shah

بیر فرمان شاہ
کھیتی نیکری

Imran Khan

مسز سعید عرفان
چیف ایگزیکٹو آفیسر

مسر راحت اللہ
29 فروری 2024ء
مخارج بورڈ



INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Khyber Tobacco Company Limited

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Khyber Tobacco Company Limited** (the Company) as at December 31, 2023 and the related condensed interim statement of profit or loss and condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cashflows and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income along with related notes for quarter ended December 31, 2023 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2023.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Sufyan.


Chartered Accountants

Lahore

Date: February 29, 2024

UDIN: RR202310180jhDpM3q1

FINANCIAL STATEMENTS

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT DECEMBER 31, 2023

	(Un-audited) December 31, 2023 Rupees	(Audited) June 30, 2023 Rupees
EQUITY AND LIABILITIES		
EQUITY		
Share capital	69,226,040	69,226,040
Unappropriated profit	2,293,887,473	3,352,438,743
Revenue reserves	3,312,465	3,312,465
Revaluation surplus on property, plant and equipment	359,129,476	368,963,006
	2,725,555,454	3,793,940,254
NON-CURRENT LIABILITIES		
Staff retirement benefits	106,006,391	87,810,788
Lease liability	116,093,223	-
Deferred taxation	102,585,177	105,942,415
	324,684,791	193,753,203
CURRENT LIABILITIES		
Trade and other payables	8,168,933,690	3,614,916,768
Unclaimed dividend	19,318,152	16,171,291
Lease liability	48,257,572	-
Loan from sponsors and directors - unsecured	701,035,638	101,035,638
	8,937,545,052	3,732,123,697
TOTAL EQUITY AND LIABILITIES	11,987,785,297	7,719,817,154
CONTINGENCIES AND COMMITMENTS	6	

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

		(Un-audited) December 31, 2023 Rupees	(Audited) June 30, 2023 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,639,258,749	2,744,656,198
Right of use asset	8	129,556,557	-
Long term deposits		7,144,911	6,237,411
		2,775,960,217	2,750,893,609
CURRENT ASSETS			
Stock in trade	9	6,505,572,659	1,706,636,284
Stores, spares and loose tools		45,944,689	19,357,351
Trade debts	10	540,670,130	1,407,685,764
Advances and prepayments		1,013,850,214	746,341,728
Advance income tax - net		38,521,497	2,424,234
Cash and bank balances		1,067,265,891	1,086,478,184
		9,211,825,080	4,968,923,545
TOTAL ASSETS		11,987,785,297	7,719,817,154



Chief Executive



Director



Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Note	Quarter ended		Half year ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		Rupees			
Revenue from contracts with customers	11	385,405,502	1,261,609,382	956,809,453	3,053,113,271
Cost of sales	12	(935,889,067)	(757,965,862)	(1,550,689,476)	(1,915,917,126)
Gross (loss) / profit		(550,483,565)	503,643,520	(593,880,023)	1,137,196,145
Selling and distribution expenses		(49,018,219)	(78,171,413)	(110,551,149)	(134,521,466)
Administrative expenses		(74,225,579)	(46,496,783)	(158,131,057)	(116,329,574)
Impairment loss on financial assets		-	-	(51,733,120)	(40,130,616)
Other expenses		(26,707,315)	(48,020,392)	(26,707,315)	(55,085,060)
Other income		-	68,421,509	-	80,431,509
Operating (loss) / profit		(700,434,678)	399,376,441	(941,002,664)	871,560,938
Finance costs		(84,940,374)	(59,212,258)	(113,414,412)	(148,217,835)
(Loss) / profit before taxation		(785,375,053)	340,164,183	(1,054,417,076)	723,343,103
Taxation		25,402,289	(66,577,884)	(7,045,120)	(84,340,568)
(Loss) / profit for the period		(759,972,764)	273,586,299	(1,061,462,196)	639,002,535
Earnings per share - basic and diluted		(109.78)	47.43	(153.33)	110.77

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Quarter ended		Half year ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Rupees			
(Loss) / profit for the period	(759,972,764)	273,586,299	(1,061,462,196)	639,002,535
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	(759,972,764)	273,586,299	(1,061,462,196)	639,002,535

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Capital reserves		Reserves		Total
			General reserve	Revenue reserves	
	Revaluation surplus	General reserve		Unappropriated profit	
Balance at July 01, 2022 (Audited)	48,073,640	360,188,752	3,312,465	1,352,674,467	1,764,249,324
Total comprehensive income for the half year ended December 31, 2022	-	-	-	(639,002,535)	(639,002,535)
Loss for the half year ended December 31, 2022	-	-	-	-	-
Other comprehensive income for the half year ended December 31, 2022	-	-	-	(639,002,535)	(639,002,535)
Transfer from surplus on revaluation of property, plant and equipment	-	(15,207,231)	-	15,207,231	-
- on account of incremental depreciation - net of tax	-	(8,394,550)	-	8,394,550	-
- on account of disposal - net of tax	-	-	-	-	-
Transactions with owners	9,614,730	-	-	(9,614,730)	-
Shares issued as fully paid bonus shares	9,614,730	-	-	(9,614,730)	-
Balance at December 31, 2022 (Un-audited)	57,688,370	336,586,971	3,312,465	727,658,983	1,125,246,789
Balance at July 01, 2023 (Audited)	69,226,040	368,963,006	3,312,465	3,352,438,743	3,793,940,254
Total comprehensive income for the half year ended December 31, 2023	-	-	-	(1,061,462,196)	(1,061,462,196)
Profit for the half year ended December 31, 2023	-	-	-	-	-
Other comprehensive income for the half year ended December 31, 2023	-	-	-	(1,061,462,196)	(1,061,462,196)
Transfer from surplus on revaluation of property, plant and equipment	-	(9,833,530)	-	9,833,530	-
- on account of incremental depreciation - net of tax	-	-	-	-	-
Transactions with owners	-	-	-	(6,922,604)	(6,922,604)
Final dividend at Re 1 per share	-	-	-	(6,922,604)	(6,922,604)
Balance at December 31, 2023 (Un-audited)	69,226,040	359,129,476	3,312,465	2,293,887,473	2,725,555,454

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Half year ended	
	December 31, 2023	December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(1,054,417,076)	723,343,103
Adjustments for:		
Depreciation on property, plant and equipment	134,196,645	80,503,359
Depreciation on right of use asset	18,508,080	-
Provision for staff retirement benefits	18,838,589	7,649,379
Trade creditors written back	-	(6,925,352)
Gain on disposal of property, plant and equipment	-	(1,671,651)
Unrealized exchange (gain)/loss	26,707,315	(10,850,361)
Impairment loss on financial assets	51,733,120	40,130,616
Finance costs	113,414,412	148,217,835
	363,398,161	257,053,825
Cash flows from operating activities before working capital changes	(691,018,915)	980,396,928
Effect on cash flow due to working capital changes		
(Increase)/decrease in stores, spares parts and loose tools		
(Increase)/decrease in stores, spares parts and loose tools	(26,587,338)	(5,723,427)
(Increase)/decrease in stock in trade	(4,798,936,375)	(974,619,819)
(Increase)/decrease in trade debts	788,575,199	(448,199,866)
(Increase)/ decrease in advances and prepayments	(267,508,486)	(273,049,295)
Increase in trade and other payables	4,476,449,567	1,226,459,221
	171,992,567	(475,133,186)
Cash generated from / (used in) operating activities	(519,026,348)	505,263,742
Income tax paid	(52,285,580)	(45,496,904)
Staff retirement benefits paid	(642,985)	(9,195,308)
Finance costs paid	(13,774,941)	(201,972,768)
	(66,703,506)	(256,664,980)
Net cash generated from / (used in) operating activities	(585,729,854)	248,598,762
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(28,799,196)	(856,642,035)
Proceeds from disposal of property, plant and equipment	-	61,670,700
Security deposits	(907,500)	-
Net cash used in investing activities	(29,706,696)	(794,971,335)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(3,775,743)	-
Loans from sponsors and directors	600,000,000	33,000,000
Net cash generated from financing activities	596,224,257	33,000,000
Net decrease in cash and cash equivalents	(19,212,293)	(513,372,573)
Cash and cash equivalents at beginning of the period	1,086,478,184	679,358,847
Cash and cash equivalents at end of the period	1,067,265,891	165,986,274

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Director

1 LEGAL STATUS AND OPERATIONS

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

2 STATEMENT OF COMPLIANCE

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

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, Securities and Exchange Commission of Pakistan has notified through Circular No. 23 dated October 04, 2017 that companies whose financial year closes on or before December 31, 2017 shall prepare their interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, the Company has considered the requirements of the Companies Act, 2017 in the preparation of these condensed interim financial statements.

2.2 These condensed interim financial statements do not include all of the information required for the full financial statements and, therefore, these should be read in conjunction with annual audited financial statements for the year ended June 30, 2023. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2023, whereas comparative condensed statement of profit or loss and other comprehensive income, comparative condensed statement of changes in equity and comparative statement of cash flows are stated from un-audited condensed interim financial statements for the half year ended December 31, 2022.

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

3 Material Accounting Policy Information

The material accounting policies and methods of computation adopted in preparation of these condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended June 30, 2023.

3.1 Financial risk management

The Company's financial risk management objective and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2023.

3.2 Fair value of financial assets and liabilities

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UN-AUDITED] FOR THE HALF YEAR ENDED DECEMBER 31, 2023

3.3 Estimates and judgements

Estimates and judgements made by management in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2023.

3.4 Material accounting policy information

During the period, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1) from January 01, 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, these impacted the accounting policy information disclosed in the condensed interim financial statements.

	Un-audited December 31, 2023 Rupees	Audited June 30, 2023 Rupees
4 TRADE AND OTHER PAYABLES		
Trade Creditors	6,640,595,196	2,223,004,977
Accrued liabilities	58,413,751	37,274,559
Accrued markup on loan from sponsors and directors	189,753,586	175,252,785
Advance from customers	706,447,971	402,916,335
Workers' Profit Participation Fund	242,816,001	216,838,722
Workers' Welfare Fund	42,672,454	42,672,454
Withholding taxes	43,848,778	49,634,736
Federal excise duty	30,425,126	304,683,922
Tobacco development cess	71,252,544	65,705,879
Royalty	14,146,772	13,358,630
Other payables	128,561,510	83,573,769
	8,168,933,689	3,614,916,768
5 Loan from sponsors and directors	701,035,638	101,035,638
	701,035,638	101,035,638

5.1 During the period Loan of Rs. 600 million is obtained consisted of various tranches from our sponsor at an agreed rate of interest which is KIBOR plus 2%. The loan is provided for the period of 12 months from the date of receipt. The interest shall be paid within 60 days after the end of each quarter which is extendable at the option of the company. The payments made shall first be adjusted against interest payable and then remaining shall be considered as payment of principal amount. Company can obtain maximum amount of Rs 1 billion of loan from sponsor.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies:

In addition to the contingencies reported on the year ended June 30, 2023 the following are the new contingencies;

a) Deputy Commissioner Inland Revenue ('DCIR') Passed an assessment order under section 11 of Sales tax act 1990 and assessed Rs. 130,405,973 as recoverable from Khyber tobacco Company Limited ('The Company'). The company claimed Rs. 399,514 on account of courier charges and banking services which were disallowed by DCIR on the plea that such services are not related to taxable supplies of the company. Additionally, DCIR demanded sales tax of Rs. 2,478,751 and default surcharge and penalty of Rs. 123,938 against advance from customer on the basis of chargeability of sales tax at earlier of delivery of goods or receipt of payment against which the company agitated that such sales tax was charged and deposited in subsequent months when sales were made in the subsequent months against such advances. Furthermore, DCIR alleged that the company submitted FED on the basis of Annexure - E instead of Annexure-J and thereby charged a penalty of Rs. 50,000. Lastly, DCIR disallowed company's claim of classifying unmanufactured tobacco as an agricultural produce in accordance with Chapter 24, of Custom's Act and demanded Rs. 127,477,708 along penalty and default surcharge of Rs.6,373,885. No Appeal has been filed by the Company till Year end.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UN-AUDITED] FOR THE HALF YEAR ENDED DECEMBER 31, 2023

- b) Deputy Commissioner Inland Revenue ('DCIR') passed an assessment order under section 11 of Sales tax act 1990 and assessed Rs. 4,785,000 as recoverable from Khyber tobacco Company Limited ('The Company') on the Non-Payment of Federal Excise Duty along with the penalty of Rs. 23,925,000 along with the default Surcharge that will be calculated at the time of payment under section 19(l) of the Federal Excise Act 2005 and Penalty amounting to Rs 1,322,400 along with the default surcharge that will be calculated at the time of payment under section 33 of the Sales Tax Act 1990. The preamble of the case was that the authorized officers of the Directorate Intelligence and Investigation, Inland Revenue searched the business premises and alleged that there are Cartons of Cigarettes on which Federal Excise Duty has not been paid by the Company. The Company has filed an appeal against the assessment order before the Commissioner Appeals Inland Revenue Islamabad and the management is confident of a favorable outcome of the case
- c) Assistant Collector of KPK Revenue Authority passed an assessment order under section 27 of the KPRA Sales tax on service act and assessed Rs. 587,191 as recoverable from Khyber Tobacco Company Limited ('The Company') that includes principal amount of Rs. 559,230 and penalty amount of Rs. 27,961 on the Non-withholding of Services received from Un-Registered Suppliers.
- No Appeal has been filed by the company

	Note	Un-audited December 31, 2023 Rupees	Audited June 30, 2023 Rupees
6.2 Commitments:			
Short term lease rentals		6,525,696	6,525,696
Letters of guarantee issued by bank on behalf of the Company		6,046,900,000	46,900,000
7 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	7.1	2,639,258,749	2,722,351,683
Capital stores		-	22,304,515
		2,639,258,749	2,744,656,198
7.1 Operating assets			
Opening carrying value		2,722,351,683	1,578,526,686
Additions during the period / year			
Buildings on leasehold land		2,773,314	4,125,087
Plant and machinery		44,794,859	1,305,822,993
Tools and equipment		3,377,638	4,057,623
Furniture and fixtures		-	39,200
Vehicles		157,900	36,312,215
Office equipment's		-	162,000
		51,103,711	1,350,519,118
Carrying value of assets disposed off during the period / year			
Plant and machinery		-	(38,860,349)
Depreciation charged during the period / year		(134,196,645)	(167,833,772)
		2,639,258,749	2,722,351,683

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UN-AUDITED] FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Un-audited December 31, 2023 Rupees	Audited June 30, 2023 Rupees
8 RIGHT OF USE ASSET		
Opening carrying value	-	-
Additions during the period / year	148,064,637	-
Depreciation charged during the period / year	(18,508,080)	-
Closing carrying value	129,556,557	-
8.1	Right of use asset comprise of GLT plant with necessary machinery installed obtained from Samson Redrying and Processing (Private) Limited, related party, on four years lease term at annual rental of Rs. 50 million with 10% annual increment. The rentals will be paid in equal monthly installments.	
	Un-audited December 31, 2023 Rupees	Audited June 30, 2023 Rupees
9 STOCK IN TRADE		
Raw and packing material	6,264,865,407	1,358,636,376
Stock in transit	8,883,362	262,636,279
Work in process	85,242,204	-
Finished goods	146,581,686	85,363,629
	6,505,572,659	1,706,636,284
10 TRADE DEBTS		
Local - unsecured	424,697,002	670,099,972
Foreign - unsecured	260,625,247	830,504,791
Allowance for expected credit losses	(144,652,119)	(92,918,999)
	540,670,130	1,407,685,764
10.1 Allowance for expected credit losses		
Opening	92,918,999	30,964,482
For the period / year	51,733,120	61,954,517
Closing	144,652,119	92,918,999

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2023

		-----Un-audited-----			
		Quarter ended		Half year ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		Rupees			
11	REVENUE FROM CONTRACTS WITH CUSTOMERS				
	Gross turnover				
	- Local	1,264,460,396	1,223,108,664	2,714,641,581	2,278,114,820
	- Export	235,012,067	932,878,881	623,103,973	2,415,394,466
		1,499,472,463	2,155,987,545	3,337,745,554	4,693,509,286
	Government levies				
	- Excise duty	(910,791,486)	(707,608,185)	(1,948,647,561)	(1,280,665,185)
	- Sales tax	(194,073,255)	(168,673,328)	(412,427,600)	(325,381,680)
		(1,104,864,741)	(876,281,513)	(2,361,075,161)	(1,606,046,865)
	Discounts	(9,202,220)	(18,096,650)	(19,860,940)	(34,349,150)
		385,405,502	1,261,609,382	956,809,453	3,053,113,271
12	COST OF SALES				
	Raw and Packing Material Consumed	335,081,857	563,467,889	1,271,066,976	1,709,974,576
	Salaries wages and benefits	77,597,567	54,587,270	154,645,200	95,033,929
	Fuel and Power	1,696,071	40,777,273	79,550,432	94,772,919
	Stores and spares consumed	299,852	16,520,306	19,722,487	29,552,811
	Repair and maintenance	127,149	709,803	1,147,848	1,795,706
	Royalty	287,823	2,433,206	795,603	3,017,388
	Rent	19,425,064	4,279,334	23,822,750	9,531,354
	Tobacco Loading and unloading	-	6,095,668	-	6,095,668
	Depreciation on property plant and equipment	63,736,464	41,264,762	126,640,374	74,943,958
	Depreciation on right of use asset	18,508,080	-	18,508,080	-
	Insurance expense	(1,680,492)	503,879	1,249,987	944,975
		515,079,435	730,639,389	1,697,149,737	2,025,663,284
	Work in Process :				
	At beginning of period	39,074,398	19,291,315	-	-
	At end of the period	(85,242,204)	(12,708,493)	(85,242,204)	(12,708,493)
		(46,167,806)	6,582,822	(85,242,204)	(12,708,493)
	Cost of goods manufactured	468,911,629	737,222,211	1,611,907,533	2,012,954,791
	Finished goods :				
	At beginning of period	613,559,124	122,846,282	85,363,629	5,064,967
	At end of the period	(146,581,686)	(102,102,632)	(146,581,686)	(102,102,632)
		466,977,438	20,743,650	(61,218,057)	(97,037,665)
		935,889,067	757,965,861	1,550,689,476	1,915,917,126

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UN-AUDITED] FOR THE HALF YEAR ENDED DECEMBER 31, 2023

13 TRANSACTIONS WITH RELATED PARTIES

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

Name of related party	Nature of relationship	Nature of transaction	-----Un-Audited----- Half year ended	
			December 31, 2023	December 31, 2022
			Rupees	Rupees
Samson Redrying and Processing (Private) Limited	Associated Undertaking	Purchases	578,106,000	-
		Payable	944,317,532	-
		Lease of manufacturing facility (note 8)	148,064,637	-
Key management personnel	Management	Remuneration and allowances	62,508,405	47,417,450
Waseem-ur-Rehman	Ex-Chief Executive Officer	Receipt of loan	600,000,000	-
Sami-ur-Rehman	Associate	Receipt of loan	-	33,000,000
Waseem-ur-Rehman	Ex-Chief Executive Officer	Markup on loan	57,000,000	60,008,931
Sami-ur-Rehman	Associate	Markup on loan	-	72,316,444

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred. As at December 31, 2023, the company has no financial instruments that falls into any of above category.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UN-AUDITED] FOR THE HALF YEAR ENDED DECEMBER 31, 2023

15 DATE OF AUTHORIZATION FOR ISSUE

This un-audited condensed interim financial statements was authorized for issue by the Board of Directors of the Company in their meeting held on February 29, 2024.

16 GENERAL

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



Chief Executive



Director



Director



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