

Condensed Interim Financial Information
for the nine months ended September 30, 2010



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Corporate Information

Board of Directors

Mr. Mueen Afzal
Chairman and Non-Executive Director

Mr. Nicholas Stewart Hales
Managing Director and CEO

Mr. Mobasher Raza
*Deputy Managing Director and
Finance Director*

Mr. Ahmed Zeb
Supply Chain Director

Mr. Feroze Ahmed
Strategy and Planning Director

Mr. Tajamal Shah
Legal Director

Lt. Gen. (Retd.) Ali Kuli Khan Khattak
(Non-Executive Director)

Mr. Abid Niaz Hasan
(Non-Executive Director)

Mr. Syed Asif Ali Shah
(Non-Executive Director)

Audit Committee

Mr. Abid Niaz Hasan

Mr. Mueen Afzal

Lt. Gen. (Retd.) Ali Kuli Khan Khattak

Mr. Syed Asif Ali Shah

Mr. Imad Rahman (Secretary)

Company Secretary

Ms. Ayesha Rafique

Registered Office

Pakistan Tobacco Company Limited
Silver Square, Plot No. 15,
F-11 Markaz, P.O. Box 2549
Islamabad-44000
Telephone: (051) 2083200, 2083201
Fax: (051) 2224216
Web: www.ptc.com.pk

Factories

Akora Khattak Factory
P.O. Akora Khattak
Tehsil and District Nowshera
N.W.F.P.
Telephone: (0923) 630901-11
Fax: (0923) 510792

Jhelum Factory
G.T. Road, Kala Gujran
Jhelum
Telephone: (0544) 646500-7
Fax: (0544) 646524

Bankers

Barclays Bank PLC
Citibank N.A.
Deutsche Bank
Habib Bank Limited
HSBC Bank Middle East Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Ltd.
United Bank Limited

Auditors

A.F. Ferguson & Co.
Chartered Accountants
3rd Floor, PIA Building
49 Blue Area, P.O. Box 3021
Islamabad-44000
Telephone: (051) 2273457-60
Fax: (051) 2277924

Share Registrar

FAMCO Associates (Pvt.) Ltd.
State Life Building No.2-A, 4th Floor
Wallace Road, Off I.I. Chundrigar Road
Karachi
Ph: (021) 2420755, 2427012

Directors' Review

The Directors present performance of the Company for the nine months ended September 30, 2010.

Sales, at 27.2 bn for the nine months, are down 12% vs. SPLY. Excise led price increases and erosion of consumers' purchasing power due to adverse macro economic conditions has led to contraction of the total cigarette market. Meanwhile, our cost base remained under pressure due to inflation, higher marketing investment and increase in energy and security expenses. Profits are therefore down 55% vs. SPLY.

Key financial indicators of the Company for the period under review are:

	Rs (million)		Variance
	Jan-Sep, 2010	Jan-Sep, 2009	%
Gross turnover	44,458	42,203	+ 5.3
Net turnover	15,696	16,082	- 2.4
Gross profit	4,907	6,313	- 22.3
Operating profit	1,823	3,797	- 52.0
Profit before tax - PBT	1,756	3,880	- 54.7
Profit after tax- PAT	1,142	2,526	- 54.8
Earnings per share - EPS (Rs)	4.47	9.89	- 54.8

PTC remains committed to protecting the long term strategic interests of its stakeholders and remains steadfast in its resolve to retain its market leadership. To respond to the new market realities, the Company recently took some bold portfolio initiatives. We are glad to report that these moves were well received by the market. Our new Value for Money brand "Capstan by Pall Mall Original" is meeting expectations, with sales growing consistently since its launch in Jun 2010.

The strain on Company's finances continues to mount due to rising costs combined with the fact that the recent price increases were inadequate to cover increases in Excise duties as well as inflation. The Company therefore has posted a loss during the three months period of Jul - Sep 2010.

Operating in a weak economy which is challenged further by the widespread devastation of the recent floods, the Company aims to defend its market share through the low medium segment brands while enhancing its equity through focused marketing and trade activities throughout the year. To effectively leverage the opportunities in this area, the Company has amplified its efforts supported by a 45% higher sales and distribution expenses vs. SPLY.

Placing high importance on its human capital the Company invests heavily in its people by offering them competitive remuneration schemes, world-class work environment and training opportunities. This along with the prevalent inflationary pressures increased our admin expenses by 14% vs. SPLY.

Despite tough times, our contribution to the National Exchequer has increased considerably. The Company contributed Rs. 29.7 billion during first nine months in the form of Excise Duties, Sales tax, Income tax and Custom Duties etc, an increase of 6.5% over SPLY. Despite the significant increase in Excise incidence, this increase is substantially lower than the past growth this industry has delivered. Excise increases

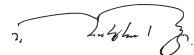
cannot deliver the desired results in the presence of a large unchecked illicit sector, which remains a growing threat to the legitimate industry as well as Government Revenues. Graphical Health Warning implementation in the presence of freely available non compliant smuggled brands, adds to our worries in this area. We urge the Government to ensure strict enforcement measures to curb this menace, to protect its revenues and provide a level playing field for legitimate industry.

As part of its Corporate Social Responsibility, despite these tough times the Company made significant contributions to the communities where it operates. PTC, its staff members and its valued business partners, made generous contributions to the flood relief activities through the provision of relief goods, water purification tablets, typhoid vaccinations and free healthcare facilities. The Company is also actively involved in efforts to help the affectees re-build their lives in the post floods scenario.

Fragile economy, rising cost pressures and a shrinking tobacco market pose significant challenges to our business. Large scale economic impacts of floods also are a significant risk to our sales with a large consumer base having lost their livelihoods and sources of income. The Company however, remains committed and strives to focus on innovation, productivity and prudent spending so as to provide sustainable growth to its shareholders.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Condensed Interim Profit and Loss Account (Unaudited)

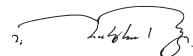
for the nine months ended September 30, 2010

	Note	Three months ended		Nine months ended	
		Sep 30, 2010	Sep 30, 2009	Sep 30, 2010	Sep 30, 2009
Rs '000					
Gross turnover		12,873,282	11,540,070	44,458,074	42,202,759
Excise duties		(6,702,362)	(5,785,626)	(22,347,073)	(20,092,102)
Sales tax		(1,927,240)	(1,650,142)	(6,414,894)	(6,028,439)
Net turnover		4,243,680	4,104,302	15,696,107	16,082,218
Cost of sales	4	(3,155,922)	(2,550,188)	(10,789,048)	(9,769,461)
Gross profit		1,087,758	1,554,114	4,907,059	6,312,757
Selling and distribution expenses		(778,968)	(439,857)	(2,007,158)	(1,385,700)
Administrative expenses		(327,931)	(325,173)	(943,256)	(830,775)
Other operating expenses	5	(3,169)	(66,600)	(158,253)	(358,799)
Other operating income		1,619	20,990	24,193	59,980
		(1,108,449)	(810,640)	(3,084,474)	(2,515,294)
Operating profit / (loss)		(20,691)	743,474	1,822,585	3,797,463
Finance income		1,084	20,266	34,669	98,134
Finance cost		(54,621)	(7,745)	(101,415)	(15,995)
Net finance (cost) / income		(53,537)	12,521	(66,746)	82,139
Profit / (loss) before income tax		(74,228)	755,995	1,755,839	3,879,602
Income tax expense- current		5,871	(272,693)	(610,232)	(1,389,304)
- deferred		13,434	8,310	(3,986)	35,551
		19,305	(264,383)	(614,218)	(1,353,753)
Profit / (loss) for the period		(54,923)	491,612	1,141,621	2,525,849
Earnings / (loss) per share - basic and diluted (Rupees)		(0.21)	1.92	4.47	9.89

The annexed notes 1 to 15 are an integral part of this condensed interim financial information.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Condensed Interim Statement of Comprehensive Income (Unaudited)

for the nine months ended September 30, 2010

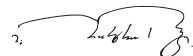
	Three months ended		Nine months ended	
	Sep 30, 2010	Sep 30, 2009	Sep 30, 2010	Sep 30, 2009
Profit / (loss) for the nine months	(54,923)	491,612	1,141,621	2,525,849
Other comprehensive income for the nine months	-	-	-	-
Total comprehensive income / (loss) for the nine months	(54,923)	491,612	1,141,621	2,525,849

Rs '000

The annexed notes 1 to 15 are an integral part of this condensed interim financial information.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Condensed Interim Balance Sheet (Unaudited)

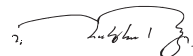
as at September 30, 2010

	Note	September 30, 2010	Rs '000 December 31, 2009
Non current assets			
Property, plant and equipment	6	5,680,296	5,952,108
Long term investment in subsidiary company	7	5,000	5,000
Long term loans		4,170	7,310
Long term deposits and prepayments		29,721	19,915
		5,719,187	5,984,333
Current assets			
Stock-in-trade		7,255,007	5,765,367
Stores and spares		249,632	218,375
Trade debts		1,554	1,684
Loans and advances		68,559	48,598
Short term prepayments		135,267	72,483
Other receivables	8	124,896	88,147
Cash and bank balances		58,910	47,874
		7,893,825	6,242,528
Current liabilities			
Trade and other payables	9	5,815,867	5,037,469
Accrued interest / mark-up		53,648	27,659
Short term running finance	10	2,561,362	1,300,837
Current income tax liability		199,409	490,815
		8,630,286	6,856,780
Net current liabilities		(736,461)	(614,252)
Non current liabilities			
Deferred income tax liability		(1,113,833)	(1,109,847)
Net assets		3,868,893	4,260,234
Share capital and reserves			
Authorised share capital			
300,000,000 ordinary shares of Rs 10 each		3,000,000	3,000,000
Issued, subscribed and paid-up capital			
255,493,792 ordinary shares of Rs 10 each		2,554,938	2,554,938
Revenue reserves		1,313,955	1,705,296
Shareholders' equity		3,868,893	4,260,234
Contingencies and commitments	11		

The annexed notes 1 to 15 are an integral part of this condensed interim financial information.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Condensed Interim Cash Flow Statement (Unaudited)

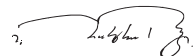
for the nine months ended September 30, 2010

	Rs '000	
	Nine months ended	
	Sep 30, 2010	Sep 30, 2009
Cash flows from operating activities		
Cash receipts from customers	44,458,204	42,203,370
Cash paid to Government for Federal excise duty, Sales tax and other levies	(29,238,238)	(26,602,752)
Cash paid to suppliers, employees and others	(13,533,159)	(12,953,758)
Finance cost paid	(75,426)	(18,486)
Cash paid as royalty	(172,850)	(259,735)
Income tax paid	(901,638)	(874,098)
Other cash (payments) / receipts	(20,310)	100,580
	516,583	1,595,121
Cash flows from investing activities		
Additions in property, plant and equipment	(294,571)	(553,345)
Proceeds from disposal of property, plant and equipment	24,918	56,020
Finance income received	34,669	98,134
	(234,984)	(399,191)
Cash flows from financing activities		
Dividends paid	(1,531,088)	(1,035,319)
	(1,531,088)	(1,035,319)
(Decrease) / increase in cash and cash equivalents	(1,249,489)	160,611
Cash and cash equivalents at January 1	(1,252,963)	(503,225)
Cash and cash equivalents at September 30	(2,502,452)	(342,614)
Cash and cash equivalents comprise:		
Cash and bank balances	58,910	386,215
Short term running finance	(2,561,362)	(728,829)
	(2,502,452)	(342,614)

The annexed notes 1 to 15 are an integral part of this condensed interim financial information.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Condensed Interim Statement of Changes in Equity (Unaudited)

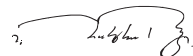
for the nine months ended September 30, 2010

	Share capital	Revenue reserves	Rs '000 Total
Balance at January 1, 2009	2,554,938	1,053,393	3,608,331
Total comprehensive income for the nine months		2,525,849	2,525,849
Transactions with owners:			
Final dividend of Rs 2.30 per share relating to the year ended December 31, 2008		(587,635)	(587,635)
1st Interim dividend of Rs 1.75 per share relating to the year ended December 31, 2009		(447,114)	(447,114)
2nd Interim dividend of Rs 2.75 per share relating to the year ended December 31, 2009		(702,608)	(702,608)
		(1,737,357)	(1,737,357)
Balance at September 30, 2009	2,554,938	1,841,885	4,396,823
Balance at January 1, 2010	2,554,938	1,705,296	4,260,234
Total comprehensive income for the nine months		1,141,621	1,141,621
Transactions with owners:			
Final dividend of Rs 4.75 per share relating to the year ended December 31, 2009		(1,213,596)	(1,213,596)
1st Interim dividend of Rs 1.25 per share relating to the year ending December 31, 2010		(319,366)	(319,366)
		(1,532,962)	(1,532,962)
Balance at September 30, 2010	2,554,938	1,313,955	3,868,893

The annexed notes 1 to 15 are an integral part of this condensed interim financial information.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Selected Notes to and forming part of the Condensed Interim Financial Information (Unaudited) for the nine months ended September 30, 2010

1. Legal status and operations

Pakistan Tobacco Company Limited (the Company) is a public listed company incorporated in Pakistan on November 18, 1947 under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are quoted on the Karachi, Lahore and Islamabad stock exchanges of Pakistan. The Company is a subsidiary of British American Tobacco (Investments) Limited, United Kingdom, whereas its ultimate parent company is British American Tobacco p.l.c, United Kingdom. The registered office of the Company is situated at Silver Square, Plot No. 15, F-11 Markaz, Islamabad. The Company is engaged in the manufacture and sale of cigarettes.

2. Basis of preparation

This condensed interim financial information of the Company for the nine months period ended September 30, 2010 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. Accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2009.

	Three months ended		Nine months ended	
	Sep 30, 2010	Sep 30, 2009	Sep 30, 2010	Sep 30, 2009
				Rs '000
4. Cost of sales				
Raw materials consumed				
Opening stock of raw materials and work in process	3,005,329	2,119,223	4,915,788	3,574,582
Raw material purchases and expenses	5,910,933	5,714,020	9,714,915	9,854,619
Closing stock of raw materials and work in process	(6,449,217)	(5,575,384)	(6,449,217)	(5,575,384)
	2,467,045	2,257,859	8,181,486	7,853,817
Excise duty, Customs duty and tobacco cess	86,812	119,529	327,512	386,969
Royalty	78,073	68,456	258,193	247,820
Production overheads	610,822	535,614	1,978,068	1,748,962
Cost of goods manufactured	3,242,752	2,981,458	10,745,259	10,237,568
Cost of finished goods:				
Opening stock	718,960	521,318	849,579	484,481
Closing stock	(805,790)	(952,588)	(805,790)	(952,588)
	(86,830)	(431,270)	43,789	(468,107)
	3,155,922	2,550,188	10,789,048	9,769,461

Selected Notes to and forming part of the Condensed Interim Financial Information (Unaudited) for the nine months ended September 30, 2010

	Rs '000			
	Three months ended		Nine months ended	
	Sep 30, 2010	Sep 30, 2009	Sep 30, 2010	Sep 30, 2009
5. Other operating expenses				
Workers' Profit Participation Fund	(4,159)	40,626	94,261	208,451
Workers' Welfare Fund	(2,283)	15,896	35,117	80,964
Bank charges and fees	8,607	7,290	27,727	24,647
Interest on Workers' Profit Participation Fund	-	-	144	162
Head office relocation expenses - net	-	-	-	36,577
Miscellaneous expenses	1,004	2,788	1,004	7,998
	3,169	66,600	158,253	358,799

	Rs '000	
	September 30, 2010	December 31, 2009
6. Property, plant and equipment		
Operating fixed assets - note 6.1	5,518,073	5,483,038
Capital work in progress	162,223	469,070
	5,680,296	5,952,108

	Nine months ended	
	Sep 30, 2010	Sep 30, 2009
6.1 Movement in operating fixed assets		
Net book amount at January 1	5,483,038	5,412,917
Additions to the operating fixed assets		
Building	3,342	-
Plant and machinery	406,276	103,195
Vehicles	122,743	111,961
Office and household equipment	65,295	71,984
Furniture and fittings	3,762	33,177
	601,418	320,317
Book value of disposals of operating fixed assets		
Plant and machinery	(614)	(3,506)
Vehicles	(10,548)	(14,165)
Office and household equipment	(3,790)	(2,895)
Furniture and fittings	-	(25)
	(14,952)	(20,591)
Depreciation charge for the nine months	(551,431)	(486,779)
Net book amount at September 30	5,518,073	5,225,864

7. Long term investment in subsidiary company

This represents 500,001 (2009: 500,001) fully paid ordinary shares of Rs 10 each in Phoenix (Private) Limited. The break up value of shares calculated by reference to net assets worked out to be Rs 10 per share based on audited financial statements for the year ended December 31, 2009. This is a wholly owned subsidiary of the Company which has not yet commenced commercial production.

Selected Notes to and forming part of the Condensed Interim Financial Information (Unaudited) for the nine months ended September 30, 2010

	September 30, 2010	Rs'000 December 31, 2009
8. Other receivables		
These include following balances due from related parties:		
Associated companies	58,828	21,336
Subsidiary company	20,021	20,021
Employees' retirement benefit plans	-	3,241
9. Trade and other payables		
These include following balances due to related parties:		
Associated companies	275,125	221,814
Employees' retirement benefit plans	33,141	59,877
10. Short term running finance		
Short term finance facilities available under mark-up arrangements with banks amount to Rs 4,500 million (2009: Rs 3,700 million), out of which the amount unavailed at September end was Rs 1,939 million (2009: Rs 2,399 million). These facilities are secured by hypothecation of stock-in-trade and plant & machinery. The mark-up ranges between 12.78% and 13.86% (2009: 11.89% and 17.50%) per annum and is payable quarterly. The facilities are renewable on annual basis.		
	September 30, 2010	Rs'000 December 31, 2009
11. Contingencies and commitments		
11.1 Contingencies		
Claims and guarantees		
(i) Claims not acknowledged as debt	171,750	113,436
(ii) Guarantees issued by banks on behalf of the Company	189,608	181,637
11.2 Commitments		
(i) Capital expenditure commitments outstanding	36,373	-
(ii) Letters of credit outstanding	696,512	971,528

**Selected Notes to and forming part of the
Condensed Interim Financial Information (Unaudited)
for the nine months ended September 30, 2010**

	Three months ended		Nine months ended	
	Sep 30, 2010	Sep 30, 2009	Sep 30, 2010	Sep 30, 2009
12. Transactions with related parties				
Purchase of goods and services				
Holding company	46,711	47,523	139,235	114,363
Associated companies	252,990	564,593	1,004,751	1,353,902
Sale of goods and services				
Holding company	-	530	2,144	2,969
Associated companies	69,846	15,128	288,947	112,381
Royalty charge				
Holding company	78,073	68,456	258,193	247,820
Expenses reimbursed to				
Associated companies	553	-	553	218
Expenses reimbursed by				
Holding company	-	-	134	-
Associated companies	747	128	1,334	1,086
Contribution to retirement benefit plans by the Company				
Staff pension fund	15,029	46,282	43,013	138,846
Employee gratuity fund	8,414	15,949	24,080	47,848
Management provident fund	10,342	9,288	30,718	27,259
Employee provident fund	2,757	6,589	8,299	10,009

13. Basis for presentation of interim financial information

This condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi, Lahore and Islamabad stock exchanges.

14. Corresponding figures

Following changes have been made in corresponding figures for the nine months ended September 30, 2009 to conform to current period's presentation.

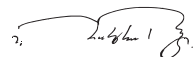
- (i) Federal excise duty on royalty amounting to Rs 22,688 thousand has been shown as cost of sales. Previously this was shown as reduction from gross turnover.
- (ii) Reclassification of bank charges amounting to Rs 24,647 thousand from finance cost to other operating expenses.

15. Date of authorisation

This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on October 18, 2010.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Consolidated Condensed Interim Profit and Loss Account (Unaudited)

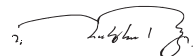
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		19,305	(264,383)	(614,218)	(1,353,753)
Profit / (loss) for the period		(54,923)	491,612	1,141,621	2,525,849
Earnings / (loss) per share - basic and diluted (Rupees)		(0.21)	1.92	4.47	9.89

The annexed notes 1 to 14 are an integral part of this consolidated condensed interim financial information.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Consolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

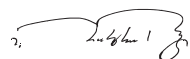
for the nine months ended September 30, 2010

	Rs '000			
	Three months ended		Nine months ended	
	Sep 30, 2010	Sep 30, 2009	Sep 30, 2010	Sep 30, 2009
Profit / (loss) for the nine months	(54,923)	491,612	1,141,621	2,525,849
Other comprehensive income for the nine months	-	-	-	-
Total comprehensive income / (loss) for the nine months	(54,923)	491,612	1,141,621	2,525,849

The annexed notes 1 to 14 are an integral part of this consolidated condensed interim financial information.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Consolidated Condensed Interim Balance Sheet (Unaudited)

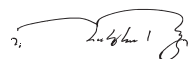
as at September 30, 2010

	Note	September 30, 2010	Rs '000 December 31, 2009
Non current assets			
Property, plant and equipment	6	5,705,344	5,977,156
Long term loans		4,170	7,310
Long term deposits and prepayments		29,721	19,915
		5,739,235	6,004,381
Current assets			
Stock-in-trade		7,255,007	5,765,367
Stores and spares		249,632	218,375
Trade		1,554	1,684
Loans and		68,559	48,598
Short term prepayment		135,267	72,483
Other receivables	7	104,875	68,126
Cash and bank balances		58,910	47,874
		7,873,804	6,222,507
Current liabilities			
Trade and other payables	8	5,815,894	5,037,496
Accrued interest / mark-up		53,648	27,659
Short term running finance	9	2,561,362	1,300,837
Current income tax liability		199,409	490,815
		8,630,313	6,856,807
Net current liabilities		(756,509)	(634,300)
Non current liabilities			
Deferred income tax liability		(1,113,833)	(1,109,847)
Net assets		3,868,893	4,260,234
Share capital and reserves			
Authorised share capital			
300,000,000 ordinary shares of Rs 10 each		3,000,000	3,000,000
Issued, subscribed and paid-up capital			
255,493,792 ordinary shares of Rs 10 each		2,554,938	2,554,938
Revenue reserves		1,313,955	1,705,296
Shareholders' equity		3,868,893	4,260,234
Contingencies and commitments	10		

The annexed notes 1 to 14 are an integral part of this consolidated condensed interim financial information.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Consolidated Condensed Interim Cash Flow Statement (Unaudited)

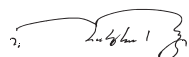
for the nine months ended September 30, 2010

	Rs '000	
	Nine months ended	
	Sep 30, 2010	Sep 30, 2009
Cash flows from operating activities		
Cash receipts from customers	44,458,204	42,203,370
Cash paid to Government for Federal excise duty, Sales tax and other levies	(29,238,238)	(26,602,752)
Cash paid to suppliers, employees and others	(13,533,159)	(12,953,493)
Finance cost paid	(75,426)	(18,486)
Cash paid as royalty	(172,850)	(259,735)
Income tax paid	(901,638)	(874,098)
Other cash (payments) / receipts	(20,310)	100,580
	516,583	1,595,386
Cash flows from investing activities		
Additions in property, plant and equipment	(294,571)	(553,610)
Proceeds from disposal of property, plant and equipment	24,918	56,020
Finance income received	34,669	98,134
	(234,984)	(399,456)
Cash flows from financing activities		
Dividends paid	(1,531,088)	(1,035,319)
	(1,531,088)	(1,035,319)
(Decrease) / increase in cash and cash equivalents	(1,249,489)	160,611
Cash and cash equivalents at January 1	(1,252,963)	(503,221)
Cash and cash equivalents at September 30	(2,502,452)	(342,610)
Cash and cash equivalents comprise:		
Cash and bank balances	58,910	386,219
Short term running finance	(2,561,362)	(728,829)
	(2,502,452)	(342,610)

The annexed notes 1 to 14 are an integral part of this consolidated condensed interim financial information.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Consolidated Condensed Interim Statement of Changes in Equity (Unaudited)

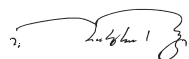
for the nine months ended September 30, 2010

	Share capital	Revenue reserves	Rs '000 Total
Balance at January 1, 2009	2,554,938	1,053,393	3,608,331
Total comprehensive income for the nine months		2,525,849	2,525,849
Transactions with owners:			
Final dividend of Rs 2.30 per share relating to the year ended December 31, 2008		(587,635)	(587,635)
1st Interim dividend of Rs 1.75 per share relating to the year ended December 31, 2009		(447,114)	(447,114)
2nd Interim dividend of Rs 2.75 per share relating to the year ended December 31, 2009		(702,608)	(702,608)
		(1,737,357)	(1,737,357)
Balance at September 30, 2009	2,554,938	1,841,885	4,396,823
Balance at January 1, 2010	2,554,938	1,705,296	4,260,234
Total comprehensive income for the nine months		1,141,621	1,141,621
Transactions with owners:			
Final dividend of Rs 4.75 per share relating to the year ended December 31, 2009		(1,213,596)	(1,213,596)
1st Interim dividend of Rs 1.25 per share relating to the year ending December 31, 2010		(319,366)	(319,366)
		(1,532,962)	(1,532,962)
Balance at September 30, 2010	2,554,938	1,313,955	3,868,893

The annexed notes 1 to 14 are an integral part of this consolidated condensed interim financial information.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Selected Notes to and forming part of the Consolidated Condensed Interim Financial Information (Unaudited)

for the nine months ended September 30, 2010

1. Legal status and operations

Pakistan Tobacco Company Limited (the Company) is a public listed company incorporated in Pakistan on November 18, 1947 under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are quoted on the Karachi, Lahore and Islamabad stock exchanges of Pakistan. The Company is a subsidiary of British American Tobacco (Investments) Limited, United Kingdom, whereas its ultimate parent company is British American Tobacco p.l.c, United Kingdom. The registered office of the Company is situated at Silver Square, Plot No. 15, F-11 Markaz, Islamabad. The Company is engaged in the manufacture and sale of cigarettes.

Phoenix (Private) Limited (PPL) is a private company incorporated on March 9, 1992 in Azad Jammu and Kashmir under the Companies Ordinance 1984. The registered office of the PPL is situated at Bun Khuma, Chichian Road, Mirpur, Azad Jammu and Kashmir. The objective for which PPL has been incorporated is to operate and manage an industrial undertaking in Azad Jammu and Kashmir to deal in tobacco products. PPL has not yet commenced its commercial operations.

For the purpose of this consolidated condensed interim financial information, the Company and its wholly owned subsidiary PPL is referred to as the Group.

2. Basis of preparation

This consolidated condensed interim financial information of the Group for the nine months period ended September 30, 2010 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. Accounting policies

The accounting policies and the methods of computation adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2009.

	Three months ended		Nine months ended	
	Sep 30, 2010	Sep 30, 2009	Sep 30, 2010	Sep 30, 2009
				Rs '000
4. Cost of sales				
Raw materials consumed				
Opening stock of raw materials and work in process	3,005,329	2,119,223	4,915,788	3,574,582
Raw material purchases and expenses	5,910,933	5,714,020	9,714,915	9,854,619
Closing stock of raw materials and work in process	(6,449,217)	(5,575,384)	(6,449,217)	(5,575,384)
	2,467,045	2,257,859	8,181,486	7,853,817
Excise duty, Customs duty and tobacco cess	86,812	119,529	327,512	386,969
Royalty	78,073	68,456	258,193	247,820
Production overheads	610,822	535,614	1,978,068	1,748,962
Cost of goods manufactured	3,242,752	2,981,458	10,745,259	10,237,568
Cost of finished goods:				
Opening stock	718,960	521,318	849,579	484,481
Closing stock	(805,790)	(952,588)	(805,790)	(952,588)
	(86,830)	(431,270)	43,789	(468,107)
	3,155,922	2,550,188	10,789,048	9,769,461

Selected Notes to and forming part of the Consolidated Condensed Interim Financial Information (Unaudited)

for the nine months ended September 30, 2010

	Rs '000			
	Three months ended		Nine months ended	
	Sep 30, 2010	Sep 30, 2009	Sep 30, 2010	Sep 30, 2009
5. Other operating expenses				
Workers' Profit Participation Fund	(4,159)	40,626	94,261	208,451
Workers' Welfare Fund	(2,283)	15,896	35,117	80,964
Bank charges and fees	8,607	7,290	27,727	24,647
Interest on Workers' Profit Participation Fund	-	-	144	162
Head office relocation expenses - net	-	-	-	36,577
Miscellaneous expenses	1,004	2,788	1,004	7,998
	3,169	66,600	158,253	358,799

	Rs '000	
	September 30, 2010	December 31, 2009
6. Property, plant and equipment		
Operating fixed assets - note 6.1	5,521,437	5,486,402
Capital work in	183,907	490,754
	5,705,344	5,977,156

	Nine months ended	
	Sep 30, 2010	Sep 30, 2009
6.1 Movement in operating fixed assets		
Net book amount at January 1	5,486,402	5,416,281
Additions to the operating fixed assets		
Building	3,342	-
Plant and machinery	406,276	103,195
Vehicles	122,743	111,961
Office and household equipment	65,295	71,984
Furniture and fittings	3,762	33,177
	601,418	320,317
Book value of disposals of operating fixed assets		
Plant and machinery	(614)	(3,506)
Vehicles	(10,548)	(14,165)
Office and household equipment	(3,790)	(2,895)
Furniture and fittings	-	(25)
	(14,952)	(20,591)
Depreciation charge for the nine months	(551,431)	(486,779)
Net book amount at September 30	5,521,437	5,229,228

Selected Notes to and forming part of the Consolidated Condensed Interim Financial Information (Unaudited) for the nine months ended September 30, 2010

	September 30, 2010	Rs '000 December 31, 2009
7. Other receivables		
These include following balances due from related parties:		
Associated companies	58,828	21,336
Employees' retirement benefit plans	-	3,241

8. Trade and other payables

These include following balances due to related parties:

Associated companies	275,125	221,814
Employees' retirement benefit plans	33,141	59,877

9. Short term running finance

Short term finance facilities available under mark-up arrangements with banks amount to Rs 4,500 million (2009: Rs 3,700 million), out of which the amount unavailed at September end was Rs 1,939 million (2009: Rs 2,399 million). These facilities are secured by hypothecation of stock-in-trade and plant & machinery. The mark-up ranges between 12.78% and 13.86% (2009: 11.89% and 17.50%) per annum and is payable quarterly. The facilities are renewable on annual basis.

	September 30, 2010	Rs '000 December 31, 2009
10. Contingencies and commitments		
10.1 Contingencies		
Claims and guarantees		
(i) Claims not acknowledged as debt	171,750	113,436
(ii) Guarantees issued by banks on behalf of the Company	189,608	181,637
10.2 Commitments		
(i) Capital expenditure commitments outstanding	36,373	-
(ii) Letters of credit outstanding	696,512	971,528

Selected Notes to and forming part of the Consolidated Condensed Interim Financial Information (Unaudited)

for the nine months ended September 30, 2010

	Three months ended		Nine months ended	
	Sep 30,	Sep 30,	Sep 30,	Sep 30,
	2010	2009	2010	2009
Rs '000				
11. Transactions with related parties				
Purchase of goods and services				
Holding company	46,711	47,523	139,235	114,363
Associated companies	252,990	564,593	1,004,751	1,353,902
Sale of goods and services				
Holding company	-	530	2,144	2,969
Associated companies	69,846	15,128	288,947	112,381
Royalty charge				
Holding company	78,073	68,456	258,193	247,820
Expenses reimbursed to				
Associated companies	553	-	553	218
Expenses reimbursed by				
Holding company	-	-	134	-
Associated companies	747	128	1,334	1,086
Contribution to retirement benefit plans by the Company				
Staff pension fund	15,029	46,282	43,013	138,846
Employee gratuity fund	8,414	15,949	24,080	47,848
Management provident fund	10,342	9,288	30,718	27,259
Employee provident fund	2,757	6,589	8,299	10,009

12. Basis for presentation of interim financial information

This consolidated condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi, Lahore and Islamabad stock exchanges.

13. Corresponding figures

Following changes have been made in corresponding figures for the nine months ended September 30, 2009 to conform to current period's presentation.

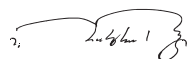
- (i) Federal excise duty on royalty amounting to Rs 22,688 thousand has been shown as cost of sales. Previously this was shown as reduction from gross turnover.
- (ii) Reclassification of bank charges amounting to Rs 24,647 thousand from finance cost to other operating expenses.

14. Date of authorisation

This consolidated condensed interim financial information has been authorised for issue by the Board of Directors of the Group on October 18, 2010.



Nicholas Stewart Hales
Managing Director and CEO



Mobasher Raza
Finance Director

Pakistan Tobacco Company Limited

Silver Square, Plot No. 15,
F-11 Markaz, P.O. Box 2549
Islamabad-44000