



Lakson Tobacco Company Limited

CONDENSED INTERIM BALANCE SHEET (Un-audited)

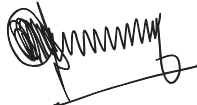
AS AT MARCH 31, 2009

	Note	March 31, 2009 Un-audited	December 31, 2008 Audited
(Rupees in '000)			
NON CURRENT ASSETS			
Property, plant and equipment	4	3,445,229	3,322,278
Investment in subsidiary company		1	1
Long term loans		1,566	1,681
Long term deposits and prepayments		33,677	37,634
		<u>3,480,473</u>	<u>3,361,594</u>
CURRENT ASSETS			
Stores and spares		273,272	245,836
Stock in trade	5	4,403,283	5,327,107
Trade debts		29,811	36,181
Loans and advances		72,180	130,204
Prepayments		168,989	113,834
Profit accrued		1,325	3,959
Other receivables		220,677	23,571
Income tax - net		129,058	150,780
Cash and bank balances		565,136	46,718
		<u>5,863,731</u>	<u>6,078,190</u>
TOTAL ASSETS		<u>9,344,204</u>	<u>9,439,784</u>
SHARE CAPITAL AND RESERVES			
Authorised capital		<u>1,000,000</u>	<u>1,000,000</u>
Share capital (Issued, subscribed and paid-up capital)		615,803	615,803
Reserves		5,221,938	4,671,938
Unappropriated profit		316,921	706,220
Shareholders' equity		<u>6,154,662</u>	<u>5,993,961</u>
NON CURRENT LIABILITIES			
Deferred taxation		393,004	392,904
CURRENT LIABILITIES			
Running finance under mark-up arrangements		—	770,668
Trade and other payables		1,338,474	1,212,032
Mark-up on running finance facilities		13,494	22,465
Sales tax and excise duty payable		1,428,725	996,495
Provisions		15,845	51,259
		<u>2,796,538</u>	<u>3,052,919</u>
TOTAL EQUITY AND LIABILITIES		<u>9,344,204</u>	<u>9,439,784</u>

CONTINGENCIES AND COMMITMENTS 6

The annexed notes from 1 to 14 form an integral part of these financial statements.


SALMAN HAMEED
 Chairman & Chief Executive


MOHAMMAD FAROOQ SHAKOOR
 Director



Lakson Tobacco Company Limited

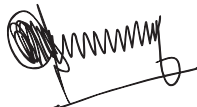
CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2009

	Note	Quarter ended	
		March 31, 2009	March 31, 2008
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	11	1,690,062	1,450,181
Finance cost paid		(24,051)	-
Income taxes paid		(146,278)	(133,782)
Long-term loans		115	(1,914)
Long-term deposits and prepayments - net		3,957	(448)
Net cash inflow from operating activities		1,523,805	1,314,037
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(236,473)	(235,821)
Purchase of short-term investments		-	(1,150,000)
Proceeds from disposal of property, plant and equipment		13,545	3,114
Income received from short-term deposits		5,298	11,874
Net cash used in investing activities		(217,630)	(1,370,833)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(17,089)	(104)
Net cash used in financing activities		(17,089)	(104)
Net increase / (decrease) in cash and cash equivalents		1,289,086	(56,900)
Cash and cash equivalents at January 1		(723,950)	280,868
Cash and cash equivalents at March 31		565,136	223,968

The annexed notes from 1 to 14 form an integral part of these financial statements.


SALMAN HAMEED
 Chairman & Chief Executive


MOHAMMAD FAROOQ SHAKOOR
 Director



COMPANY INFORMATION

BOARD OF DIRECTORS

SALMAN HAMEED (Chairman & Chief Executive)
 MATTEO LORENZO PELLEGRINI
 DOUGLAS WALTER WERTH
 JOSEPH MITCHELL GAULT
 EUNICE HAMILTON
 MOHAMMAD FAROOQ SHAKOOR
 ASMER NAIM

ADVISOR

IQBAL ALI LAKHANI

COMPANY SECRETARY

MOHAMMAD FAROOQ SHAKOOR

AUDIT COMMITTEE

JOSEPH MITCHELL GAULT (Chairman)
 DOUGLAS WALTER WERTH
 EUNICE HAMILTON
 ASMER NAIM

SHARE TRANSFER COMMITTEE

SALMAN HAMEED
 JOSEPH MITCHELL GAULT
 MOHAMMAD FAROOQ SHAKOOR

AUDITORS

A.F. FERGUSON & CO.
 Chartered Accountants

REGISTERED OFFICE

BAHRIA COMPLEX III,
 4TH FLOOR, M.T. KHAN ROAD,
 KARACHI.

FACTORIES

1. PLOT NO 20, SECTOR NO. 17
KORANGI INDUSTRIAL AREA, KARACHI (Closed)
2. PLOT NO. 14-17, EXPORT
PROCESSING ZONE, KARACHI.
3. E/15, S.I.T.E., KOTRI
DIST. DADU (SINDH)
4. QUADIRABAD
DISTT. SAHIWAL
5. VILLAGE: MANDRA
TEH : GUJJAR KHAN
DISTT. RAWALPINDI
6. ISMAILA
DISTT. SWABI

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 Email : info@laksontobacco.com.pk



DIRECTORS' REVIEW

The Directors of your Company are pleased to report on the Company's performance for the first quarter ended March 31, 2009.

Overall, during the first quarter of 2009, the Company's gross turnover increased by 22.1% compared to the same period last year and the Company's gross profit increased by 12.2%. The quarterly net profit declined by 28% versus last year due to increased expenditures on distribution and marketing expenses for new initiatives to expand the depth of our portfolio. The Company's earnings per share (EPS) decreased to Rs. 5.11 as compared to the corresponding period in 2008 (Rs. 7.10).

Your Company's contribution to the national exchequer in the form of excise duty, sales tax and other government levies during the period under review was Rs. 4,424 million, as compared with Rs. 3,701 million during the same period last year.

Lakson Tobacco Company Limited is an affiliate of Philip Morris International Inc. and is utilizing global resources to accelerate superior performance in all areas. Management is focused to bring an overall improvement in all aspects of our operations. This is being achieved through innovative marketing, upgrading of plant and machinery to improve product quality, development of human capital and continued emphasis on cost control.

On behalf of the Board of Directors, I would like to express my gratitude and appreciation to all of our employees, shareholders, business partners and other institutions for their continued trust and support during this past quarter.

On behalf of the Board of Directors

SALMAN HAMEED
Chairman & Chief Executive

Karachi : April 28, 2009

Lakson Tobacco Company Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2009

	Issued, subscribed and paid-up capital	Revenue reserves		Sub-total	Unappro- priated profit	Total
		General reseves	Other reseves			
------(Rupees in '000)-----						
Balance as at January 01, 2008	615,803	4,427,000	-	4,427,000	472,018	5,514,821
Profit after taxation for the quarter ended March 31, 2008	-	-	-	-	437,523	437,523
Balance as at March 31, 2008	<u>615,803</u>	<u>4,427,000</u>	<u>-</u>	<u>4,427,000</u>	<u>909,541</u>	<u>5,952,344</u>
Balance as at January 01, 2009	615,803	4,667,000	4,938	4,671,938	706,220	5,993,961
Profit after taxation for the quarter ended March 31, 2009	-	-	-	-	314,654	314,654
Transfer to general reserve for year ended December 31, 2008	-	550,000	-	550,000	(550,000)	-
Dividend for the year ended December 31, 2008 @ Rs. 2.50 per share	-	-	-	-	(153,953)	(153,953)
Balance as at March 31, 2009	<u>615,803</u>	<u>5,217,000</u>	<u>4,938</u>	<u>5,221,938</u>	<u>316,921</u>	<u>6,154,662</u>

The annexed notes from 1 to 14 form an integral part of these financial statements.


SALMAN HAMEED
Chairman & Chief Executive


MOHAMMAD FAROOQ SHAKOOR
Director


NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2009

1. THE COMPANY AND ITS OPERATIONS

The company was incorporated in Pakistan on February 10, 1969 as a public limited company under the Companies Act, 1913 (now Companies Ordinance, 1984) and its shares are quoted on the Karachi and Lahore Stock Exchanges. The principal activity of the company is manufacturing and sale of cigarettes and tobacco. The address of its registered office is 4th Floor, Bahria Complex III, M.T. Khan Road, Karachi-Pakistan.

2. BASIS OF PREPARATION

2.1 These interim condensed financial statements are un-audited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.

2.2 The Securities and Exchange Commission of Pakistan (SECP) vide letter reference EMD/233/619/2002-1196 dated November 13, 2008 provided exemption to the Company from the preparation of consolidated financial statements in respect of Premier Tobacco Company (Private) Limited, a wholly owned subsidiary of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES CHANGES

The accounting policies adopted for the preparation of these interim condensed financial statements are the same as those applied in the preparation of the published financial statements for the year ended December 31, 2008 of the Company.

	Note	March 31, 2009 (Un-audited)	December 31, 2008 (Audited)
(Rupees in '000)			
4. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment	4.1	3,001,067	2,993,619
Capital work-in-progress	4.2	444,162	328,659
		<u>3,445,229</u>	<u>3,322,278</u>
4.1 Operating property, plant and equipment			
Book value at the beginning of the period / year		2,993,619	2,482,138
Additions during the period / year	4.1.1	120,968	946,642
		<u>3,114,587</u>	<u>3,428,780</u>
Disposals during the period / year	4.1.2	(5,302)	(7,071)
Impairment of Plant and Machinery		-	(29,779)
Depreciation charge during the period		(108,218)	(398,311)
		<u>(113,520)</u>	<u>(435,161)</u>
Book value as at period / year end		<u>3,001,067</u>	<u>2,993,619</u>

Lakson Tobacco Company Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) Continued

		March 31, 2009 (Un-audited)	December 31, 2008 (Audited)
		(Rupees in '000)	
4.1.1	Additions during the period / year		
	Buildings	3,220	113,122
	Plant and machinery	55,554	556,170
	Power and other installations	-	13,325
	Furniture, fixtures and equipment	2,156	52,366
	Vehicles	43,343	169,769
	Computer Equipment	16,695	41,890
		<u>120,968</u>	<u>946,642</u>
4.1.2	Disposals during the period / year		
	Furniture, fixtures and equipment	513	-
	Vehicles	4,789	7,069
	Computer Equipment	-	2
		<u>5,302</u>	<u>7,071</u>
4.2	Capital work-in-progress		
	Balance at the beginning of the period / year	328,659	322,818
	Additions during the period / year		
	Civil works	7,985	126,791
	Plant and machinery	55,774	488,062
	Power and other installations	14,175	16,485
	Furniture, office and computer equipments	66,409	290,110
	Advances to suppliers and contractors	92,128	31,035
		<u>236,471</u>	<u>952,483</u>
	Transferred to operating fixed assets	120,968	946,642
	Balance as at period / year end	<u>444,162</u>	<u>328,659</u>
5.	STOCK-IN-TRADE		
	Raw and packing materials	5.1 4,016,085	5,049,456
	Work-in-process	10,462	12,824
	Finished goods	376,736	264,827
		<u>4,403,283</u>	<u>5,327,107</u>
5.1	This includes raw and packing material in transit aggregating Rs.148.21 million (December 31, 2008: Rs. 213.93 million).		


NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) Continued
6. CONTINGENCIES AND COMMITMENTS
6.1 Contingencies
Guarantees

Contingent liability in respect of indemnities given to banks and insurance companies for guarantees issued by them in the normal course of business aggregated to Rs. 9.98 million (December 31, 2008: Rs. 9.98 million).

	March 31, 2009 (Un-audited)	December 31, 2008 (Audited)
	(Rupees in '000)	
6.2 Commitments		
Capital expenditures contracted for but not incurred	218,306	220,392
Acceptances and letters of credit	178,504	208,077

	Quarter ended	
	March 31, 2009	March 31, 2008
	(Rupees in '000)	
7. COST OF SALES		
Raw and packing material consumed		
Opening Stock	5,049,456	3,408,272
Purchases, redrying and related expenses	1,114,642	1,266,922
Closing stock	6,164,098 (4,016,085)	4,675,194 (3,315,299)
	2,148,013	1,359,895
Government levies	33,789	23,123
Manufacturing expenses	282,618	241,421
	316,407	264,544
Work-in-process		
Opening stock	12,824	12,058
Closing stock	(10,462)	(16,161)
Sale of waste	(11,598)	(4,564)
	(22,060)	(20,725)
	(9,236)	(8,667)
Cost of goods manufactured	2,455,184	1,615,772
Finished goods		
Opening stock	264,827	195,553
Closing stock	(376,736)	(57,579)
	(111,909)	137,974
Cost of sales	2,343,275	1,753,746

Lakson Tobacco Company Limited



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) Continued

	Quarter ended	
	March 31, 2009	March 31, 2008
	(Rupees in '000)	
8. TAXATION		
Current		
- for the quarter	168,000	213,000
- for prior years	-	1,223
	168,000	214,223
Deferred	100	-
	<u>168,100</u>	<u>214,223</u>
9. EARNINGS PER SHARE		
Profit after taxation for the period	<u>314,654</u>	<u>437,523</u>
	(No. of shares in 000)	
Issued ordinary shares	<u>61,580</u>	<u>61,580</u>
	(Rupees)	
Earnings per share - Basic	<u>5.11</u>	<u>7.10</u>

10. RELATED PARTIES DISCLOSURES

The related parties comprise of the subsidiary company, Premier Tobacco Company (Pvt.) Limited, Philip Morris Participations B.V., F.T.R Holding S.A., related Philip Morris International (PMI) Inc. affiliates, staff retirement funds, companies where directors also held directorship, Directors and key management personnel.

Relationship	Nature of transaction	Quarter ended	
		March 31, 2009	March 31, 2008
		(Rupees in '000)	
		Note	
PMI affiliates	Sale of goods and services	225,369	-
	Purchase of goods and services	27,566	22,573
	Due from related parties	195,023	-
	Due to related parties	20,621	17,684
Staff retirement benefit plans	Gratuity fund	4,480	4,502
	Provident fund	8,288	7,195
Key management personnel	Remuneration and benefits	99,606	49,649
Other related parties	Donation	10.1 2,000	2,500
	Royalty	1,397	1,606

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



Lakson Tobacco Company Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

10.1 Donation covers a payment to the Lakson Medical Trust in which a Director, Mr. Farooq Shakoor, has an interest in as a Trustee. None of the other Directors and / or their spouses have an interest in the Lakson Medical Trust.

	Note	Quarter ended	
		March 31, 2009	March 31, 2008
(Rupees in '000)			
11. CASH GENERATED FROM OPERATIONS			
Profit before taxation		482,754	651,746
Adjustments for non cash charges and other items:			
Depreciation		108,218	70,857
Profit on disposal of fixed assets		(8,242)	(1,966)
Profit on short-term deposits		(2,664)	(14,541)
Finance cost		15,080	—
Working capital changes	11.1	1,094,916	744,085
		<u>1,690,062</u>	<u>1,450,181</u>
11.1 Working capital changes			
Decrease/(Increase) in current assets			
Stores and spares		(27,436)	(1,346)
Stock-in-trade		923,824	226,844
Trade debts		6,370	138,537
Loans and advances		58,024	(37,075)
Prepayments		(55,155)	2,233
Other receivables		(197,106)	66,718
		708,521	395,911
Increase / (decrease) in current liabilities			
Trade and other payables		(10,421)	94,517
Sales tax and excise duty payable		432,230	261,092
Provisions		(35,414)	(7,435)
		386,395	348,174
		<u>1,094,916</u>	<u>744,085</u>

12. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 28, 2009 by the Board of Directors of the Company.

13. CORRESPONDING FIGURES

Previous period's figures have been rearranged and reclassified wherever necessary for the purpose of comparison.

14. GENERAL

Figures have been rounded off to the nearest thousand Rupees.


SALMAN HAMEED
 Chairman & Chief Executive


MOHAMMAD FAROOQ SHAKOOR
 Director

Lakson Tobacco Company Limited

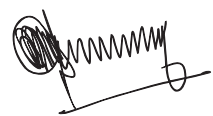
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2009

	Note	Quarter ended	
		March 31, 2009	March 31, 2008
(Rupees in '000)			
Gross turnover		7,772,070	6,364,796
Sales tax		1,083,707	862,005
Excise duty		<u>3,063,848</u>	<u>2,607,641</u>
Turnover - net of sales tax and excise duty		3,624,515	2,895,150
Cost of sales	7	<u>2,343,275</u>	<u>1,753,746</u>
Gross profit		1,281,240	1,141,404
Distribution and marketing expenses		<u>614,235</u>	<u>346,048</u>
Administrative expenses		<u>144,406</u>	<u>111,727</u>
		758,641	457,775
		<u>522,599</u>	<u>683,629</u>
Other operating expenses		<u>35,779</u>	<u>50,305</u>
		486,820	633,324
Other operating income		<u>11,014</u>	<u>20,377</u>
Operating profit		497,834	653,701
Financial charges		<u>15,080</u>	<u>1,955</u>
Profit before taxation		482,754	651,746
Taxation	8	<u>168,100</u>	<u>214,223</u>
Profit after taxation		<u>314,654</u>	<u>437,523</u>
(Rupees)			
Earnings per share (basic)	9	<u>5.11</u>	<u>7.10</u>

The annexed notes from 1 to 14 form an integral part of these financial statements.


SALMAN HAMEED
 Chairman & Chief Executive


MOHAMMAD FAROOQ SHAKOOR
 Director