

Ceylon Tobacco Company PLC

Summary of Performance for the 9 months ended 30 Sep 2014

In the first nine months of 2014, Ceylon Tobacco Company contributed LKR 54 billion to government revenue, a 12% increase over same period last year. This was achieved despite a 10% volume drop in the domestic sales, driven pre-dominantly by challenging market conditions.

Sri Lanka Customs statistics indicate that Beedi volumes have grown by almost 200% over the past six years. This growing preference can be attributed to Beedi remaining a cheap substitute to the cigarette smokers in Sri Lanka. The growth in Beedi together with the prevalent drought conditions in some parts of the country and its impact on disposable income significantly contributed to the decline in cigarette volumes.

The law enforcement agencies continue to effectively curtail the spread of unauthorized and illicit tobacco products. In the first nine months of 2014, a total of 843 raids have yielded 28 million illegal cigarettes being seized thus protecting a market value of LKR 840 million.

The Company's Profit after Tax stood at LKR 6.6 Bn for the first 9 months ended 30th September 2014.

Although volumes in totality were lower than the same period last year, investments continued to infuse value in our mainstream brand John Player Gold Leaf with the successful implementation of the pack upgrade. Export sales revenue increased by LKR 145 Mn. The Company will continue its endeavor to improve export performance into the future.

CTC's flagship CSR initiative, SADP (Sustainable Agricultural Development Programme) continues its voyage of alleviating poverty in Sri Lanka, having supported total number of 16,964 families totaling to 65,002 beneficiaries in 16 districts in Sri Lanka to date

CTC is in the process of implementing pictorial health warnings in compliance with the deadlines set down by the Supreme Court ruling on 11 June 2014. All cigarette packets manufactured by CTC from 1 January 2015 will carry pictorial warnings covering 60% of the front and back surfaces of the packs. All cigarette packets manufactured and issued before 1 January 2015 should be sold before 1 February 2015.

Dividend

The Directors recommend a third interim dividend of Rs.11.10 per share to be paid by the 26th of November 2014.

CEYLON TOBACCO COMPANY PLC

Statement of Financial Position

(all amounts in Sri Lanka Rupees millions)

Assets	
Non-current assets	
Property, plant and equipment	
Intangible assets	
Net surplus asset on retirement benefit plan	
Receivables	
Total non-current assets	
Current assets	
Inventories	
Trade and other receivables	
Cash and cash equivalents	
Total current assets	
Total assets	
Equity and liabilities	
Equity	
Stated capital	
Retained earnings	
Total equity attributable to equity holders	
Non-current liabilities	
Deferred tax liabilities	
Total non-current liabilities	
Current liabilities	
Trade and other payables	
Current taxation	
Dividends payable	
Unclaimed dividends	
Total current liabilities	
Total liabilities	
Total equity and liabilities	
Net Asset Per Share	

30 September	31 December
2014	2013
Un Audited	Audited
1,565	1,599
20	28
611	594
134	97
2,329	2,318
2,679	2,962
2,611	1,636
9,712	8,251
15,003	12,849
17,332	15,167
1,873	1,873
2,975	2,442
4,848	4,315
280	295
280	295
8,904	6,224
3,179	3,254
-	955
121	123
12,203	10,556
12,483	10,851
17,332	15,167
25.88	23.03

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.

.....
Stephan Matthiesen
Finance Director

Date : 7 November 2014

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Board of Directors:

.....
Felicio Ferraz
Managing Director
Date : 7 November 2014

.....
Stephan Matthiesen
Finance Director
Date : 7 November 2014

CEYLON TOBACCO COMPANY PLC

Statement of Comprehensive Income

(all amounts in Sri Lanka Rupees millions)

Note	3 months ended 30 September		9 months ended 30 September	
	2014	2013	2014	2013
	Un Audited	Un Audited	Un Audited	Un Audited
Gross Revenue	20,473	21,034	64,162	63,858
Government Levies				
Excise special provision tax	(13,050)	(13,389)	(40,907)	(41,228)
Value added tax	(2,230)	(2,295)	(6,991)	(6,977)
Nation building levy	(111)	(119)	(347)	(343)
	(15,392)	(15,803)	(48,245)	(48,549)
Net Revenue	5,081	5,231	15,917	15,310
Other operating income	(2)	18	1	39
Raw material used	(597)	(651)	(1,874)	(1,955)
Employee benefit expense	(324)	(179)	(882)	(757)
Depreciation & Amortisation expense	(53)	(48)	(160)	(147)
Other operating expenses	(721)	(607)	(2,173)	(1,980)
Net interest income	100	163	299	582
Profit before income tax	3,484	3,926	11,128	11,091
Income tax expense	(1,390)	(1,593)	(4,498)	(4,472)
			-	
Profit for the year	2,094	2,333	6,631	6,619
Other Comprehensive Income				
Remeasurement of defined benefit obligation				
Notional income on IFRS adjustment				
Total comprehensive income for the period	2,094	2,333	6,631	6,619
Earnings Per Share (basic and diluted)	11.18	12.46	35.40	35.34

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.

.....
Stephan Matthiesen
Finance Director

Date : 7 November 2014

CEYLON TOBACCO COMPANY PLC

Statement of Cash Flows

(all amounts in Sri Lanka Rupees millions)

	30 September	30 September
	2014	2013
A. Cash Flows from Operating Activities		
Cash generated from Operations	12,925	10,378
Interest paid	(0)	(3)
Interest received	298	585
Gratuity paid	(34)	-
Income Tax paid	(4,559)	(4,763)
Net Cash from Operating Activities	8,630	6,197
Cash Flows from Investing Activities		
Purchase of Property, Plant & Equipment	(116)	(91)
Proceeds from sale of Property, Plant & Equipment	-	14
Return on Investment in subsidiary	-	-
Net Cash used in Investing Activities	(116)	(77)
Cash Flows from Financing Activities		
Dividends paid	(7,053)	(6,275)
Unclaimed dividends paid	-	-
Net cash used in Financing Activities	(7,053)	(6,275)
Net Increase in Cash & Cash equivalents	1,462	(156)
Cash & Cash Equivalents at the beginning of year	8,251	7,939
Increase/ Decrease in cash	1,462	(156)
Cash & Cash Equivalents at the end of the period	9,712	7,783
B. Analysis of Cash & Cash Equivalents at the end of the period		
Cash in hand & Bank balances	9,712	4,783
Short term investments	0	3,000
Total Cash	9,712	7,783
C. Cash generated from Operations		
Profit before Tax	11,128	11,091
Depreciation & amortisation expense	160	147
Provision for doubtful debts	3	-
Write off of fixed assets	-	9
Interest expense	0	3
Interest income	(299)	(585)
Notional interest income	-	(1)
Amortisation of employee benefit expenses	-	2
Actuarial Gain on defined benefit obligation	(17)	-
Provision for obsolete Inventories/ Farmer Advances	(0)	52
Gain on disposal of property, plant and equipment	-	2
Operating Profit before changes in Working Capital	10,975	10,720
Movement in Working Capital		
(Increase)/ Decrease in Inventories	283	298
(Increase)/ Decrease in Trade & Other Receivables	(1,012)	(51)
Increase/ (Decrease) in Trade & Other Payables	2,679	(588)
	12,925	10,378

CEYLON TOBACCO COMPANY PLC

Statement of Changes in Equity

(all amounts in Sri Lanka Rupees millions)

	Stated capital	Retained earnings	Total
Balance at 1 January 2013	1,873	1,542	3,415
Profit for the year		6,619	6,619
Other comprehensive income		-	-
Total comprehensive income for the year	-	6,619	10,034
Transactions with owners of the Company, recognised directly in equity			
Dividends		(2,660)	(2,660)
Total transactions with shareholders	-	(2,660)	(2,660)
Balance at 30 September 2013	1,873	5,501	10,789
Balance at 1 January 2014	1,873	2,442	4,315
Profit for the year		6,630	6,630
Other comprehensive income		-	-
Total comprehensive income for the year	-	6,630	6,630
Transactions with owners of the Company, recognised directly in equity			
Dividends		(6,097)	(6,097)
Total transactions with shareholders	-	(6,097)	(6,097)
Balance at 30 September 2014	1,873	2,975	4,848

CEYLON TOBACCO COMPANY PLC

Notes to the interim financial statements

(In the notes all amounts are shown in Sri Lanka Rupees millions unless otherwise stated)

1 General information

Ceylon Tobacco Company PLC is a Public Limited Company domiciled in Sri Lanka. The principal operations of the Company are manufacturing, marketing and selling cigarettes. The registered office of business is 178, Srimath Ramanathan Mawatha, Colombo 15. The ultimate holding company of Ceylon Tobacco Company PLC is British American Tobacco PLC through British American Tobacco Holding (Sri Lanka) BV.

2 Basis of preparation

The condensed interim financial statements of Ceylon Tobacco Company PLC are for the nine months ended 30 September 2014. They have been prepared in accordance with LKAS 34, Interim Financial Reporting. These interim financial statements have been prepared in accordance with the SLFRS standards and IFRIC interpretations issued and effective as at the time of preparing these statements. The condensed interim financial statements do not include all of the information required for full annual financial statements and have not been audited.

3 Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

4 Events after the Reporting Period

No material events have occurred since the end of the Interim reporting date which would require adjustment to, or disclosure in the financial statements.

5 Comparatives

Comparatives are provided for the same period last year and for the statement of financial position at the date of the last published annual report (31 December 2013).

6 Contingent Liabilities

There have been no material changes to the contingent assets or contingent liabilities since the last annual reporting period.

7 Market Price Per share

For the 9 months ended 30 September	2014	2013
	Rs	Rs
Highest	1,250.00	1,400.50
Lowest	1,006.00	950.00
Last Traded	1,155.00	1,050.00

8 20 Largest Shareholders of the Company

Name of Shareholder	No. of Shares % Holding		No. of Shares % Holding	
	30 September 2014		30 June 2014	
British American Tobacco Holdings(Sri Lanka) BV	157,590,931	84.13	157,590,931	84.13
FTR Holdings SA	15,585,910	8.32	15,585,910	8.32
Pershing LLL SA Averbach Grauson & Co.	1,654,700	0.88	1,654,700	0.88
HSBC INTL NOM Ltd - SSBT-Wasatch Frontier	1,217,442	0.65	1,217,442	0.65
HSBC INT NOM LTD - Coupland Cardiff Funds PLC	1,099,978	0.59	1,299,978	0.69
HSBC INTL NOM LTD-JPMCB	388,866	0.21	388,866	0.21
HSBC INTL NOM LTD-State Street London	335,672	0.18	-	0.00
Mrs Jasbinderjit Kaur Piara Singh	317,063	0.17	309,740	0.17
Miss Neesha Harnam	271,783	0.15	271,783	0.15
RBC Investor Services Bank-BI SICAV	265,137	0.14	121,615	0.06
Seylan Bank PLC / Channa Nalin Rajamoney	254,100	0.14	-	0.00
Harnam Holdings SDN BHD	231,651	0.12	231,651	0.12
A I A Insurance Lanka PLC	207,125	0.11	247,125	0.13
HSBC INTL NOM Ltd - SSBT-Deutsche Bank	195,600	0.10	195,600	0.10
Wembly Spirit Limited	170,200	0.09	170,200	0.09
CB NY S/A Wasatch Frontier	154,220	0.08	154,220	0.08
HSBC INTL NOM Ltd - UBS AG - Singapore	150,000	0.08	150,000	0.08
HSBC INTL NOM Ltd - ssbt-Julius Baer	150,000	0.08	-	0.00
HSBC INTL NOM Ltd -BPMCB - J P Morgan Clearing	108,309	0.06	123,584	0.07
Mellon Bank NA	107,000	0.06	-	0.00
Sub Total	180,455,687	96.33	179,713,345	95.94
Others	6,868,064	3.67	7,610,406	4.06
Total Shares	187,323,751	100.00	187,323,751	100.00

9 Computation of % of Public Shareholding

	30 September 2014	30 June 2014
	No of Shares	No of Shares
<u>Parent Company</u>		
British American Tobacco Holdings (SL) BV	157,590,931	157,590,931
	<hr/>	<hr/>
	157,590,931	157,590,931
<u>Directors shareholding (including spouses & children)</u>		
Mr. S C Ratnayake	644	644
Mr. Felicio Ferraz	-	-
Mr.S Matthiesen	-	-
Mr. S J Iqbal	-	-
Mr D Weerakkody	-	-
Ms. M P Perera	-	-
	<hr/>	<hr/>
	644	644
Parent Company	157,590,931	157,590,931
Subsidiaries or Associate Companies of Parent	-	-
Subsidiaries or Associate Companies	-	-
10% or more holding	-	-
Directors shareholding (including spouses & children)	644	644
Public Holding	29,732,176	29,732,176
	<hr/>	<hr/>
	187,323,751	187,323,751
Public Holding as a % of Issued Share Capital	15.87%	15.87%