

Ceylon Tobacco Company PLC
Summary of Performance for the 3 months ended 31 March 2012

During the first quarter of 2012, Ceylon Tobacco Company increased its contribution to government revenues to Rs 15 billion while profit after tax stood at Rs 1,489 million. The major driver of profit during the period was a 37% reduction in Other Operating Expenses compared to Same Period Last Year (SPLY). The reduction in Operating Expenses was primarily driven by one-off factors including: a) timing difference of our CSR expenses related to SADP initiatives, b) no gratuity provision in Q1 2012 since there is a recognised surplus in the defined benefit plan as per the actuarial valuation carried out in January 2012 and c) benefits from our cost saving initiatives. It is however expected that the gap in operating expenses vs SPLY will reduce in the next quarters as the timing variance in expenses will get adjusted.

The Sustainable Agricultural Development Programme (SADP), the flagship CSR Program of CTC, continues to uplift the lives of people in the rural villages who live below the poverty line. The total number of families in this program has now grown to 10,664 or 37,534 persons across 12 districts, out of which 7,296 families or 26,481 persons have successfully completed the project and is enjoying the benefits of reaching economic self-sufficiency in a sustainable manner. In 2012 it is planned to extend the project to 1,800 families, out of which 1,000 families will be selected from the North.

Dividend for 1st Quarter

The Directors recommend a first interim dividend of Rs.7.90 per share and will be paid on the 25th of May 2012.

Ceylon Tobacco Company PLC Income Statement							
	Group		Variance Rs.Mn	Company		Group	Company
	Unaudited 3 Months to Mar-12 Rs.Mn	Unaudited 3 Months to Mar-11 Rs.Mn		Audited 3 Months to Mar-12 Rs.Mn	Audited 3 Months to Mar-11 Rs.Mn	Audited year ended 31.12.11 Rs.Mn	Audited year ended 31.12.11 Rs.Mn
Gross Revenue	19,790	18,062	1,728	19,790	18,062	76,151	76,151
Government Levies							
Excise special provision tax	12,996	11,939	1,056	12,996	11,939	50,300	50,300
Value added tax	2,193	1,997	197	2,193	1,997	8,440	8,440
Nation building levy	102	91	11	102	91	387	387
	15,291	14,027	1,264	15,291	14,027	59,127	59,127
Net Revenue	4,498	4,035	464	4,498	4,035	17,023	17,023
Other operating income	6	28	(22)	6	28	49	49
Raw material used	(622)	(564)	(57)	(622)	(564)	(2,405)	(2,405)
Employee benefits expense	(236)	(229)	(7)	(236)	(229)	(1,187)	(1,187)
Depreciation & amortisation expenses	(47)	(48)	1	(47)	(48)	(196)	(196)
Other operating expenses	(1,192)	(1,907)	715	(1,192)	(1,907)	(2,552)	(2,552)
Net interest income	116	67	49	116	67	380	380
Profit before income tax	2,524	1,382	701	2,524	1,382	11,112	11,112
Income tax expense	1,035	568	467	1,035	568	4,543	4,543
Profit after tax	1,489	814	675	1,489	814	6,569	6,569
Earnings Per Share	7.95	4.34	3.60	7.95	4.34	35.07	35.07

GROUP	Share Capital	Retained Profit	Total
Balance as at 1st January 2011	1,873	1,766	3,654
Profit after tax		814	814
2010 Final dividend		(1,352)	(1,352)
Balance as at 31st March 2011	1,873	1,227	3,115
Balance as at 1st January 2012	1,873	1,691	3,564
Profit after tax		1,489	1,489
2011 Final dividend		(1,067)	(1,067)
Special Dividend		(290)	(290)
Balance as at 31st March 2012	1,873	1,822	3,696
COMPANY	Share Capital	Retained Profit	Total
Balance as at 1st January 2011	1,873	1,768	3,656
Profit after tax		814	814
2010 Final dividend		(1,352)	(1,352)
Balance as at 31st March 2011	1,873	1,229	3,117
Balance as at 1st January 2012	1,873	1,693	3,566
Profit after tax		1,489	1,489
2011 Final dividend		(1,067)	(1,067)
Special Dividend		(290)	(290)
Balance as at 31st March 2012	1,873	1,824	3,697

The information for the three months to 31st March 2012 is presented in the same format used for the year ended 31st December 2011. Information published for the three months to 31st March 2011 has been reclassified to conform with the current presentation where applicable.

Ceylon Tobacco Company PLC

Balance Sheet

	Group		Company		Group	Company
	Unaudited as at Mar-12 Rs. Mn	Unaudited as at Mar-11 Rs. Mn	Unaudited as at Mar-12 Rs. Mn	Unaudited as at Mar-11 Rs. Mn	Audited as at 31.12.2011 Rs. Mn	Audited as at 31.12.2011 Rs. Mn
Non-current assets						
Property, plant and equipment	1,508	1,537	1,508	1,537	1,553	1,553
Intangible assets	5	11	5	11	6	6
Investments in subsidiaries	-	-	1	1	-	1
Net surplus asset on retirement benefit plan	105	-	105	-	105	105
Receivables	157	166	157	166	159	159
Total non-current assets	1,775	1,714	1,776	1,714	1,823	1,824
Inventories	2,400	2,467	2,400	2,467	2,202	2,202
Trade & other receivables	1,356	1,176	1,358	1,178	1,946	1,948
Cash and cash equivalents	10,937	9,289	10,936	9,288	7,790	7,789
Total current assets	14,693	12,932	14,694	12,933	11,938	11,940
Total assets	16,468	14,646	16,470	14,647	13,761	13,763
Equity and liabilities						
Equity						
Stated capital	1,873	1,873	1,873	1,873	1,873	1,873
Capital reserves	-	15	-	15	-	-
Retained earnings	1,822	1,227	1,824	1,229	1,691	1,693
Total equity attributable to equity holders	3,696	3,116	3,697	3,117	3,564	3,566
Non-current liabilities						
Employee benefits	3	4	3	4	3	3
Deferred tax liabilities	255	200	255	200	255	255
Total non-current liabilities	258	204	258	204	258	258
Current Liabilities						
Trade & other payables	7,291	7,468	7,291	7,468	5,710	5,710
Current taxation	3,622	2,030	3,622	2,030	3,334	3,334
Dividends payable	1,067	1,352	1,067	1,352	843	843
Unclaimed dividends	73	57	73	57	53	53
Bank overdraft	461	418	461	418	-	-
Total current liabilities	12,515	11,326	12,515	11,326	9,939	9,939
Total liabilities	12,773	11,530	12,773	11,530	10,197	10,197
Total equity and liabilities	16,468	14,646	16,470	14,647	13,761	13,763
Net assets per share -(Rs.)	19.73	16.63	19.74	16.64	19.03	19.04

Market Value of Shares

Price Movement for the quarter

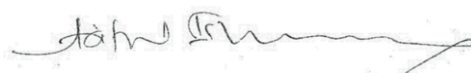
	Mar-12	Mar-11
- Highest Price - Rs. Cts.	520.00	390.00
- Lowest Price - Rs. Cts.	470.00	340.00
- Last traded Price - Rs. Cts.	515.00	358.00

The Income Statement, Balance Sheet and Cash flow Statement as at 31st March 2012 are drawn up from the unaudited accounts of the Company and its Subsidiaries, in accordance with the accounting policies in the Annual Report for the year ended 31st December 2011. They provide the information required by the Colombo Stock Exchange.

Signed on behalf of the Board,



James Yamanaka
Managing Director & CEO



Ariful Islam
Finance Director

Ceylon Tobacco Company PLC
Cash flow Statement

	Group		Company		Group	Company
	Unaudited 3 months to Mar-12 Rs. Mn	Unaudited 3 months to Mar-11 Rs. Mn	Unaudited 3 months to Mar-12 Rs. Mn	Unaudited 3 months to Mar-11 Rs. Mn	Audited Year ended 31.12.11 Rs. Mn	Audited Year ended 31.12.11 Rs. Mn
Cash Flows from Operating Activities						
Cash Generated from Operations (refer B)	4,451	3,682	4,451	3,682	11,025	11,025
Interest paid	(0)	(0)	(0)	(0)	(2)	(2)
Income taxes paid	(747)	(408)	(747)	(408)	(3,025)	(3,025)
Gratuity paid	-	-	-	-	(1)	(1)
Net Cash Inflow/(Outflow) from Operating Activities	3,704	3,274	3,704	3,273	7,996	7,996
Cash flows from investing activities						
Purchase of property, plant & equipment	(1)	(19)	(1)	(19)	(218)	(218)
Purchase of intangible assets	-	-	-	-	0	0
Proceeds from sale of property, plant /equipment	0	-	0	-	4	4
Interest received	116	67	116	67	384	384
Net cash from investing activities	115	49	115	49	171	171
Cash flows from financing activities						
Dividends paid	(1,134)	(1,077)	(1,134)	(1,077)	(7,003)	(7,003)
Net Cash inflow/(outflow) from financing activities	(1,134)	(1,077)	(1,134)	(1,077)	(7,003)	(7,003)
Net increase/(decrease) in cash & cash equivalents	2,686	2,245	2,686	2,245	1,164	1,164
Cash & cash equivalents at the beginning of year	7,790	6,626	7,789	6,625	6,626	6,625
Cash & cash equivalents at the end of the period	10,476	8,871	10,475	8,870	7,790	7,789
A. Analysis of Cash & cash equivalents at the end of the period						
Cash and cash equivalents	10,937	9,289	10,936	9,288	7,790	7,789
Short term investments						
Bank Overdrafts	(461)	(418)	(461)	(418)	-	-
	10,476	8,871	10,475	8,870	7,790	7,789
B. Cash generated from Operations						
Profit before tax	2,524	1,382	2,524	1,382	11,112	11,112
Adjustments for						
Depreciation	47	48	47	48	196	196
Interest income	(116)	(67)	(116)	(67)	(382)	(382)
Interest expense	0	0	0	0	2	2
Property, Plant & Equipment and Intangible assets write off	-	-	-	-	39	39
Provision for obsolete inventories and doubtful debts	(2)	-	(2)	-	22	22
Profit on disposal of Property, Plant & Equipment	(0)	-	(0)	-	(4)	(4)
Operating Profit before Working Capital changes	2,453	1,363	2,453	1,363	10,986	10,986
(Increase)/Decrease in Inventories	(197)	95	(197)	95	349	349
(Increase)/Decrease in Debtors	593	171	593	171	(606)	(606)
Increase/(Decrease) in Creditors	1,602	2,054	1,602	2,054	296	296
	4,451	3,682	4,451	3,682	11,025	11,025

Ceylon Tobacco Company PLC
Notes to the Financial Statements

Note 1

There has been no material change in the nature of the contingent liabilities since 31st December 2011

Note 2

Except for the declaration of the first interim dividend of Rs.7.90 per share amounting to Rs.1,480 million (less tax of approximately Rs.148 million) declared on the 27th of April 2012 and payable on the 21st of May 2012, there are no other material events occurring after the balance sheet date as at 31st March 2012 that require adjustments or disclosure in the interim financial statements.

Note 3

Computation of % of Public Shareholding

	31-Mar-12	31-Dec-11
	<u>No of Shares</u>	<u>No of Shares</u>
Parent Company	157,590,931	157,590,931
British American Tobacco Holdings (SL) BV	<u>157,590,931</u>	<u>157,590,931</u>
Directors shareholding (including spouses & children)		
Mr. J D Bandaranayake	217,435	217,435
Mr.V P Malalasekera	7,564	7,564
Mr.S C Ratnayake	644	644
Mr. J H Yamanaka (MD & CEO)	-	-
	<u>225,643</u>	<u>225,643</u>
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)	225,643	225,643
Public Holding	<u>29,507,177</u>	<u>29,507,177</u>
	<u>187,323,751</u>	<u>187,323,751</u>
Public Holding as a % of Issued Share Capital	<u>15.75%</u>	<u>15.75%</u>

Note 4

20 largest shareholders

	31-Mar-12		31-Dec-11	
Name	No. of Shares	%	No. of Shares	%
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.	1,684,700	0.90	1,687,000	0.90
Belmont Agents Limited	900,000	0.48	900,000	0.48
RBC Dexia Investor Services Bank S.A.-Vontobel Fund	629,600	0.34	638,400	0.34
HSBC INT NOM LTD - Coupland Cardiff Funds PLC	526,622	0.28	-	0.00
Aviva NDB Insurance PLC A/c No.7	386,700	0.21	616,000	0.33
Mrs Jaspinderjit Kaur Piara Singh	313,600	0.17	313,600	0.17
National Development Bank / Channa Nalin Rajamoney	290,000	0.15	-	0.00
Miss Neesha Harnam	272,300	0.15	272,300	0.15
Harnam Holdings SDN BHD	228,900	0.12	228,900	0.12
HSBC INTL NOM Ltd - SSBT	195,600	0.10	195,600	0.10
Mr Jayampathi Divale Bandaranayake	183,344	0.10	183,344	0.10
HSBC INTL NOM LTD-JPMCB	182,971	0.10	-	0.00
Aardwolf Limited	178,800	0.10	118,800	0.06
DFCC Bank A/C NO.1	150,967	0.08	150,967	0.08
COCO Lanka PLC	150,000	0.08	150,000	0.08
HSBC INTL NOM Ltd - UBS AG - Singapore	150,000	0.08	150,000	0.08
HSBC INTL NOM-BP2S Singapore	135,800	0.07	153,300	0.08
DBIL-BI SICAV-New Emerging Markets Equities	115,000	0.06	-	0.00
Sub Total	179,851,745	96.01	178,935,052	95.52
Others	7,472,006	3.99	8,388,699	4.48
Total Shares	<u>187,323,751</u>	<u>100.00</u>	<u>187,323,751</u>	<u>100.00</u>