

**Ceylon Tobacco Company PLC**  
**Summary of Performance for the 9 months ended 30th September 2011**

By the third quarter ended 30<sup>th</sup> September 2011, Ceylon Tobacco Company's contribution to government revenues increased by Rs 7.5 billion versus the same period last year, bringing the 9 month total to Rs 44 billion. During the period, the company delivered profit after tax of Rs 4.6 billion, benefiting from the robust overall economy, increasing tourist arrivals and the Government's initiatives to drive growth and investment particularly in the North and East. The company's strong operating performance was driven by improvements in the brand mix and successful efforts to control costs and increase efficiencies across the organisation.

As in previous periods, strong and effective actions by law enforcement agencies to curtail the spread of unauthorised and illicit products supported the company's performance. During the first 9 months of the year, a total of 441 raids were conducted, resulting in the confiscation of 53 million illegal sticks with a market value of Rs 848 million.

The Company's flagship CSR initiative, the Sustainable Agricultural Development Programme (SADP) continues to progress. The total number of families in the programme has now grown to 9,864 in 12 districts across the country. To date, 3,843 families have completed the programme, which will help them reach a measure of economic self-sufficiency.

**Dividends**

The Directors recommend a Third interim dividend of Rs.10.50 per share which will be paid on the 29th of November 2011.

**Ceylon Tobacco Company PLC**  
**Income Statement**

	Group				Variance Rs.Mn	Company				Variance Quarter	Variance 9 months
	Unaudited Quarter End Sep-11 Rs.Mn	Unaudited Quarter End Sep-10 Rs.Mn	Unaudited 9 Months to Sep-11 Rs.Mn	Unaudited 9 months to Sep-10 Rs.Mn		Unaudited Quarter End Sep-11 Rs.Mn	Unaudited Quarter End Sep-10 Rs.Mn	Unaudited 9 Months to Sep-11 Rs.Mn	Unaudited 9 months to Sep-10 Rs.Mn		
<b>Gross Revenue</b>	19,495	15,489	56,638	46,261	10,377	19,495	15,489	56,638	46,261	26%	22%
Government Levies											
Excise	12,906	10,250	37,455	30,703	6,753	12,906	10,250	37,455	30,703	26%	22%
VAT	2,160	1,658	6,271	4,959	1,312	2,160	1,658	6,271	4,959	30%	26%
TT	-	-	-	-	0	-	-	-	-		
SRL	-	152	-	458	(458)	-	152	-	458	-100%	-100%
NBL	99	108	286	322	(36)	99	108	286	322	-9%	-11%
	15,165	12,167	44,013	36,441	7,571	15,165	12,167	44,013	36,441	25%	21%
<b>Net Revenue</b>	4,330	3,321	12,625	9,819	2,806	4,330	3,321	12,625	9,819	30%	29%
<b>Other operating income</b>	3	-	35	-	35	3	-	35	-		
Raw material used	(633)	(492)	(1,801)	(1,657)	(144)	(633)	(492)	(1,801)	(1,657)	29%	9%
Employee benefits expense	(275)	(301)	(767)	(895)	128	(275)	(301)	(767)	(895)	-9%	-14%
Depreciation & amortisation expenses	(49)	(49)	(146)	(149)	3	(49)	(49)	(146)	(149)	0%	-2%
Other operating expenses	(116)	(944)	(2,376)	(2,700)	324	(116)	(944)	(2,376)	(2,700)	-88%	-12%
Net interest income	109	73	260	179	80	109	73	260	179	49%	45%
<b>Profit before income tax</b>	3,368	1,608	7,829	4,597	3,232	3,368	1,608	7,829	4,597	109%	70%
Income tax expense	1,383	660	3,212	1,895	1,317	1,383	660	3,212	1,895	110%	69%
<b>Profit after tax</b>	1,985	948	4,618	2,702	1,915	1,985	948	4,618	2,702	109%	71%
<b>Earnings Per Share</b>	10.60	5.06	24.66	14.43		10.60	5.06	24.66	14.43	109%	71%

GROUP	Share Capital	Capital Reserves	Retained Profit	Total
Balance as at 1st January 2010	1,873	15	1,471	3,359
Profit after tax	-	-	2,702	2,702
2009 Final dividend			(1068)	(1068)
2010 1st interim dividend			(618)	(618)
2010 2nd interim dividend			(1105)	(1105)
Balance as at 30th September 2010	1,873	15	1,382	3,270
Balance as at 1st January 2011	1,873	15	1,766	3,654
Profit after tax			4,618	4,618
Transfer of Capital Reserves		15	15	-
2010 Final dividend			(1352)	(1352)
2011 1st interim dividend			(787)	(787)
2011 2nd interim dividend			(1817)	(1817)
<b>Balance as at 30th September 2011</b>	<b>1,873</b>	<b>-</b>	<b>2,443</b>	<b>4,316</b>

COMPANY	Share Capital	Capital Reserves	Retained Profit	Total
Balance as at 1st January 2010	1,873	15	1,473	3,361
Profit after tax			2,702	2,702
2009 Final dividend			(1068)	(1068)
2010 1st interim dividend			(618)	(618)
2010 2nd interim dividend			(1105)	(1105)
Balance as at 30th September 2010	1,873	15	1,384	3,272
Balance as at 1st January 2011	1,873	15	1,768	3,656
Profit after tax			4,618	4,618
Transfer of Capital Reserves		15	15	-
2010 Final dividend			(1352)	(1352)
2011 1st interim dividend			(787)	(787)
2011 2nd interim dividend			(1817)	(1817)
<b>Balance as at 30th September 2011</b>	<b>1,873</b>	<b>-</b>	<b>2,444</b>	<b>4,317</b>

The information for the nine months to 30th September 2011 is presented in the same format used for the year ended 31st December 2010. Information published for the nine months to 30th September 2010 has been reclassified to conform with the current presentation where applicable.

<b>Ceylon Tobacco Company PLC</b>						
<b>Balance Sheet</b>						
	<b>Group</b>		<b>Company</b>		<b>Group</b>	<b>Company</b>
	<b>Unaudited as at Sep-11 Rs. Mn</b>	<b>Unaudited as at Sep-10 Rs. Mn</b>	<b>Unaudited as at Sep-11 Rs. Mn</b>	<b>Unaudited as at Sep-10 Rs. Mn</b>	<b>Audited as at 31.12.2010 Rs. Mn</b>	<b>Audited as at 31.12.2010 Rs. Mn</b>
<b>Non-current assets</b>						
Property, Plant and Equipment	1,483	1,417	1,483	1,417	1,565	1,565
Intangible assets	8	14	8	14	12	12
Investments in subsidiaries	-	-	1	1	-	1
Receivables	195	179	195	179	178	178
<b>Total non-current assets</b>	<b>1,686</b>	1,611	<b>1,687</b>	1,611	1,755	1,756
Inventories	1,500	1,938	1,500	1,938	2,562	2,562
Trade & other receivables	1,012	1,015	1,014	1,017	1,335	1,336
Cash and cash equivalents	10,160	6,927	10,160	6,926	6,633	6,633
<b>Total current assets</b>	<b>12,671</b>	9,881	<b>12,673</b>	9,882	10,530	10,531
<b>Total assets</b>	<b>14,357</b>	11,491	<b>14,359</b>	11,493	12,285	12,287
<b>Equity and liabilities</b>						
<b>Equity</b>						
Stated capital (187.3Mn Ordinary Shares)	1,873	1,873	1,873	1,873	1,873	1,873
Reserves	-	15	-	15	15	15
Retained earnings	2,443	1,382	2,444	1,384	1,766	1,768
<b>Total capital and reserves</b>	<b>4,316</b>	3,270	<b>4,318</b>	3,272	3,654	3,656
<b>Non-current liabilities</b>						
Provision for employee benefits	4	5	4	5	4	4
Deferred taxation	200	130	200	130	200	200
<b>Total non-current liabilities</b>	<b>204</b>	136	<b>204</b>	136	204	204
<b>Current Liabilities</b>						
Trade & other payables	6,491	6,501	6,491	6,501	5,414	5,414
Current taxation	2,796	1,541	2,796	1,541	1,870	1,870
Dividend payable	0	0	0	0	1,077	1,077
Unclaimed dividends	56	44	56	44	58	58
Bank overdraft	494	-	494	-	8	8
<b>Total current liabilities</b>	<b>9,837</b>	8,086	<b>9,837</b>	8,086	8,427	8,427
<b>Total liabilities</b>	<b>10,042</b>	8,221	<b>10,042</b>	8,221	8,631	8,631
<b>Total equity and liabilities</b>	<b>14,357</b>	11,491	<b>14,359</b>	11,493	12,285	12,287
<b>Net Asset Value Per share -(Rs.)</b>	<b>23.04</b>	17.46	<b>23.05</b>	17.47	19.51	19.52
<b>Market Value of Shares</b>						
<b>Price Movement for the quarter</b>			<b>Sep-11</b>	<b>Sep-10</b>		
- Highest Price - Rs. Cts.			400.00	399.90		
- Lowest Price - Rs. Cts.			359.00	300.00		
- Last traded Price - Rs. Cts.			389.00	361.00		

**Ceylon Tobacco Company PLC**  
**Cash flow Statement**

	Group		Company		Group
	Unaudited 9 months to Sep-11 Rs. Mn	Unaudited 9 months to Sep-10 Rs. Mn	Unaudited 9 months to Sep-11 Rs. Mn	Unaudited 9 months to Sep-10 Rs. Mn	Audited Year ended 31.12.10 Rs. Mn
<b>A. Cash Flows from Operating Activities</b>					
Cash Generated from Operations (refer B)	10,157	6,483	10,157	6,481	8,016
Interest paid	(1)	(3)	(1)	(3)	(4)
Income taxes paid	(2,286)	(1,667)	(2,286)	(1,667)	(2,473)
Gratuity paid	-	-	-	-	(1)
Net Cash Inflow/(Outflow) from Operating Activities	7,870	4,813	7,870	4,811	5,538
<b>Cash Flows from Investing Activities</b>					
Purchase of Property, Plant & Equipment	(61)	(31)	(61)	(31)	(224)
Proceeds from sale of Property, Plant /Equip	4	3	4	3	3
Interest received	260	182	260	182	267
Net Cash from Investing Activities	204	154	204	154	45
Net Cash Inflow/(Outflow) before Financing	8,074	4,967	8,073	4,965	5,583
<b>Cash Flows from Financing Activities</b>					
Dividends paid	(5,033)	(3,784)	(5,033)	(3,784)	(4,703)
Net Cash Inflow/(Outflow) from Financing Activities	(5,033)	(3,784)	(5,033)	(3,784)	(4,703)
Net Increase/(Decrease) in Cash & Cash equivalents	3,040	1,183	3,040	1,181	880
Cash & Cash Equivalents at the beginning of year	6,626	5,745	6,625	5,745	5,745
Cash & Cash Equivalents at the end of the period	9,666	6,928	9,665	6,926	6,626
<b>A. Analysis of Cash &amp; Cash Equivalents at the end of the period</b>					
Cash and cash equivalents	10,160	6,928	10,160	6,926	6,633
Bank Overdrafts	(494)	0	(494)	0	(8)
	9,666	6,928	9,665	6,926	6,626

	Group		Company		Group
	Unaudited 9 months to Sep-11 Rs. Mn	Unaudited 9 months to Sep-10 Rs. Mn	Unaudited 9 months to Sep-11 Rs. Mn	Unaudited 9 months to Sep-10 Rs. Mn	Audited Year ended 31.12.10 Rs. Mn
<b>B. Cash Generated from Operations</b>					
Profit before tax	7,829	4,597	7,829	4,597	8,197
Depreciation	146	149	146	149	197
Interest income	(260)	(182)	(260)	(182)	(264)
Interest expense	1	3	1	3	4
Property, Plant & Equipment and Intangible assets write off	-	-	-	-	2
Provision for obsolete inventories and doubtful debts	-	-	-	-	14
Profit on disposal of Property, Plant & Equipment	(4)	(2)	(4)	(2)	(2)
Operating Profit before Working Capital changes	7,713	4,565	7,713	4,565	8,148
(Increase)/Decrease in Inventories	1,062	387	1,062	386	(243)
(Increase)/Decrease in Debtors	306	(70)	306	(71)	(400)
Increase/(Decrease) in Creditors	1,075	1,600	1,075	1,600	511
	10,157	6,483	10,157	6,481	8,016

**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 2010

**Note 2**

Except for the declaration of the third interim dividend of Rs.10.50 per share amounting to Rs.1,967 million (less tax of approximately Rs.197 million) declared on the 9th of November 2011 and payable on the 29th of November 2011, there are no other material events occurring after the balance sheet date as at 30th September 2011 that require adjustments or disclosure in the interim financial statements.

**Note 3**

**Computation of % of Public Shareholding**

	30-Sep-11	30-Jun-11	31-Dec-10
	<u>No of Shares</u>	<u>No of Shares</u>	<u>No of Shares</u>
<b>Parent Company</b>	157,590,931	157,590,931	157,590,931
British American Tobacco Holdings (SL) BV	<u>157,590,931</u>	<u>157,590,931</u>	<u>157,590,931</u>
<b>Directors shareholding (including spouses &amp; children)</b>			
Mr. J D Bandaranayake	217,435	178,335	178,335
Mr.V P Malalasekera	7,564	7,564	7,564
Mr.S C Ratnayake	644	644	644
Mr. J H Yamanaka (MD & CEO)	-	-	-
	<u>225,643</u>	<u>186,543</u>	<u>186,543</u>
Parent Company	157,590,931	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	186,543	186,543
Public Holding	<u>29,507,177</u>	<u>29,546,277</u>	<u>29,546,277</u>
	<u>187,323,751</u>	<u>187,323,751</u>	<u>187,323,751</u>
Public Holding as a % of Issued Share Capital	<u>15.75%</u>	<u>15.77%</u>	<u>15.77%</u>

**Note 4**

**20 largest shareholders**

	30-Sep-11		30-Jun-11		31-Dec-10	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%
British American Tobacco Holdings(Sri Lanka) BV	157,590,931	84.13	157,590,931	84.13	157,590,931	84.13
FTR Holdings SA	15,585,910	8.32	15,585,910	8.32	15,585,910	8.32
Pershing LLL SA Averbach Grauson & Co.	1,470,100	0.78	1,470,100	0.78	1,549,600	0.83
Belmont Agents Limited	900,000	0.48	900,000	0.48	900,000	0.48
RBC Dexia Investor Services Bank S.A.-Vontobel Fund	639,900	0.34	277,700	0.15	285,800	0.15
Aviva NDB Insurance PLC A/c No.7	616,000	0.33	616,000	0.33	402,100	0.21
Pan Asia Banking Corporation/Mr C.N.Rajamoney	340,300	0.18	340,300	0.18	-	0.00
Mrs Jasbinderjit Kaur Piara Singh	313,600	0.17	290,600	0.16	290,600	0.16
Miss Neesha Harnam	272,300	0.15	272,300	0.15	272,300	0.15
Pemberton Asian Opportunities Fund	250,000	0.13	-	0.00	-	0.00
Harnam Holdings SDN BHD	228,900	0.12	203,900	0.11	203,900	0.11
Mr. Duleep Fairlie George Dalpethado	200,676	0.11	185,976	0.10	150,376	0.08
HSBC INTL NOM Ltd - SSBT	195,600	0.10	195,600	0.10	195,600	0.10
Mr Jayampathi Divale Bandaranayake	183,344	0.10	144,244	0.08	144,244	0.08
DFCC Bank A/C NO.1	150,967	0.08	150,967	0.08	150,967	0.08
COCO Lanka PLC	150,000	0.08	150,000	0.08	150,000	0.08
HSBC INTL NOM Ltd - UBS AG - Singapore	150,000	0.08	150,000	0.08	150,000	0.08
J B Cocoshell (Pvt) Ltd	149,400	0.08	149,400	0.08	-	0.00
Aviva NDB Insurance PLC A/c No.3	142,900	0.08	152,900	0.08	152,900	0.08
Mr K Kandiah Pillai	97,549	0.05	-	0.00	-	0.00
Sub Total	<u>179,628,377</u>	<u>95.89</u>	<u>178,826,828</u>	<u>95.46</u>	<u>178,175,228</u>	<u>95.12</u>
Others	7,695,374	4.11	8,496,923	4.54	9,148,523	4.88
Total Shares	<u>187,323,751</u>	<u>100.00</u>	<u>187,323,751</u>	<u>100.00</u>	<u>187,323,751</u>	<u>100.00</u>