

Ceylon Tobacco Company PLC
Summary of Performance for the 6 months ended 30th June 2011

The positive business environment especially in the North and East, significant increase in tourism (arrivals) and productivity measures has contributed to the company posting a half year Profit After Tax of Rs.2.6bn growing by Rs.0.9bn vs. last year. Concurrently CTC's contribution to government revenues was up by Rs.4.6 billion over last year and stood at Rs.28.8bn.

This strong performance was supported by the law enforcement agencies which continued to make commendable efforts in minimising the growth of unauthorised/illicit products entering the market. A total of 235 raids were conducted in the first six months of 2011, resulting in confiscation of 30mn illegal sticks with a market value of Rs480mn.

The flagship CSR initiative, the Sustainable Agricultural Development Programme (SADP) continues to progress. The total number of families in the program has now grown to 9,864 in 12 districts. 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 Second interim dividend of Rs.9.70 per share which will be paid on the 16th of August 2011.

Ceylon Tobacco Company PLC						
Balance Sheet						
	Group		Company		Group	Company
	Unaudited as at Jun-11 Rs. Mn	Unaudited as at Jun-10 Rs. Mn	Unaudited as at Jun-11 Rs. Mn	Unaudited as at Jun-10 Rs. Mn	Audited as at 31.12.2010 Rs. Mn	Audited as at 31.12.2010 Rs. Mn
Non-current assets						
Property, Plant and Equipment	1,507	1,443	1,507	1,443	1,565	1,565
Intangible assets	9	17	9	17	12	12
Investments in subsidiaries	-	-	1	1		1
Receivables	193	192	193	192	178	178
Total non-current assets	1,709	1,652	1,709	1,652	1,755	1,756
Inventories	2,068	1,804	2,068	1,804	2,562	2,562
Trade & other receivables	1,146	962	1,148	964	1,335	1,336
Cash and cash equivalents	9,313	6,975	9,312	6,974	6,633	6,633
Total current assets	12,527	9,740	12,528	9,741	10,530	10,531
Total assets	14,236	11,392	14,238	11,393	12,285	12,287
Equity and liabilities						
Equity						
Stated capital (187.3Mn Ordinary Shares)	1,873	1,873	1,873	1,873	1,873	1,873
Reserves	15	15	15	15	15	15
Retained earnings	2,260	1,539	2,262	1,541	1,766	1,768
Total capital and reserves	4,148	3,427	4,150	3,429	3,654	3,656
Non-current liabilities						
Provision for employee benefits	4	5	4	5	4	4
Deferred taxation	200	130	200	130	200	200
Total non-current liabilities	204	136	204	136	204	204
Current Liabilities						
Trade & other payables	6,880	5,817	6,880	5,817	5,414	5,414
Current taxation	2,644	1,968	2,644	1,968	1,870	1,870
Dividend payable	-	-	-	-	1,077	1,077
Unclaimed dividends	57	45	57	45	58	58
Bank overdraft	303	-	303	-	8	8
Total current liabilities	9,883	7,829	9,883	7,829	8,427	8,427
Total liabilities	10,088	7,965	10,088	7,965	8,631	8,631
Total equity and liabilities	14,236	11,392	14,238	11,393	12,285	12,287
Net Asset Value Per share -(Rs.)	22.15	18.30	22.16	18.31	19.51	19.52
Market Value of Shares						
Price Movement for the quarter			Jun-11	Jun-10		
- Highest Price - Rs. Cts.			389.00	335.00		
- Lowest Price - Rs. Cts.			352.00	249.00		
- Last traded Price - Rs. Cts.			354.00	302.75		

The Income Statement, Balance Sheet and Cash flow Statement as at 30th June 2011 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 2010. They provide the information required by the Colombo Stock Exchange.

Signed on behalf of the Board,



James Yamanaka
Managing Director & CEO



Atif Hasan
Finance Director

Ceylon Tobacco Company PLC Income Statement											
	Group				Variance Rs.Mn	Company				Group	Company
	Unaudited Quarter End Jun-11 Rs.Mn	Unaudited Quarter End Jun-10 Rs.Mn	Unaudited 6 Months to Jun-11 Rs.Mn	Unaudited 6 months to Jun-10 Rs.Mn		Unaudited Quarter End Jun-11 Rs.Mn	Unaudited Quarter End Jun-10 Rs.Mn	Unaudited 6 Months to Jun-11 Rs.Mn	Unaudited 6 months to Jun-10 Rs.Mn	Audited year ended 31.12.10 Rs.Mn	Audited year ended 31.12.10 Rs.Mn
Gross Revenue	19,081	16,300	37,143	30,772	6,371	19,081	16,300	37,143	30,772	63,524	63,524
Government Levies											
Excise	12,610	10,855	24,549	20,453	4,097	12,610	10,855	24,549	20,453	42,102	42,102
VAT	2,114	1,752	4,111	3,301	810	2,114	1,752	4,111	3,301	6,813	6,813
TT	-	-	-	-	0	-	-	-	-	0	0
SRL	-	162	-	306	(306)	-	162	-	306	559	559
NBL	96	113	188	214	(26)	96	113	188	214	427	427
	14,821	12,882	28,848	24,273	4,575	14,821	12,882	28,848	24,273	49,902	49,902
Net Revenue	4,260	3,418	8,295	6,499	1,796	4,260	3,418	8,295	6,499	13,622	13,622
Other operating income	4	-	32	-	32	4	-	32	-	36	36
Raw material used	(603)	(599)	(1,167)	(1,165)	(3)	(603)	(599)	(1,167)	(1,165)	(2,279)	(2,279)
Employee benefits expense	(298)	(358)	(491)	(594)	102	(298)	(358)	(491)	(594)	(1,030)	(1,030)
Depreciation & amortisation expenses	(49)	(50)	(97)	(100)	3	(49)	(50)	(97)	(100)	(197)	(197)
Other operating expenses	(318)	(565)	(2,260)	(1,758)	(502)	(318)	(565)	(2,260)	(1,758)	(2,214)	(2,214)
Net interest income	84	61	151	106	45	84	61	151	106	260	260
Profit before income tax	3,080	1,907	4,462	2,989	1,473	3,080	1,907	4,462	2,989	8,197	8,197
Income tax expense	1,261	791	1,829	1,235	594	1,261	791	1,829	1,235	3,100	3,100
Profit after tax	1,819	1,116	2,633	1,754	879	1,819	1,116	2,633	1,754	5,097	5,097
Earnings Per Share	9.71	5.96	14.06	9.36		9.71	5.96	14.06	9.36	27.21	27.21

GROUP	Share Capital	Capital Reserves	Retained Profit	Total
Balance as at 1st January 2010	1,873	15	1,471	3,359
Profit after tax	-	-	1,754	1,754
2009 Final dividend			(1068)	(1068)
2010 1st interim dividend			(618)	(618)
Balance as at 30th June 2010	1,873	15	-	1,539
Balance as at 1st January 2011	1,873	15	1,766	3,654
Profit after tax			2,633	2,633
2010 Final dividend			(1352)	(1352)
2011 1st interim dividend			(787)	(787)
Balance as at 30th June 2011	1,873	15	-	2,260

COMPANY	Share Capital	Capital Reserves	Retained Profit	Total
Balance as at 1st January 2010	1,873	15	1,473	3,361
Profit after tax			1,754	1,754
2009 Final dividend			(1068)	(1068)
2010 1st interim dividend			(618)	(618)
Balance as at 30th June 2010	1,873	15	-	1,541
Balance as at 1st January 2011	1,873	15	1,768	3,656
Profit after tax			2,633	2,633
2010 Final dividend			(1352)	(1352)
2011 1st interim dividend			(787)	(787)
Balance as at 30th June 2011	1,873	15	2,262	4,150

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

Ceylon Tobacco Company PLC
Cash flow Statement

	Group		Company		Group
	Unaudited 6 months to Jun-11 Rs. Mn	Unaudited 6 months to Jun-10 Rs. Mn	Unaudited 6 months to Jun-11 Rs. Mn	Unaudited 6 months to Jun-10 Rs. Mn	Audited Year ended 31.12.10 Rs. Mn
A. Cash Flows from Operating Activities					
Cash Generated from Operations (refer B)	6,541	4,389	6,541	4,389	8,016
Interest paid	(1)	(3)	(1)	(3)	(4)
Income taxes paid	(1,056)	(579)	(1,056)	(579)	(2,473)
Gratuity paid	-	-	-	-	(1)
Net Cash Inflow/(Outflow) from Operating Activities	5,485	3,807	5,485	3,807	5,538
Cash Flows from Investing Activities					
Purchase of Property, Plant & Equipment	(36)	(8)	(36)	(8)	(224)
Proceeds from sale of Property, Plant /Equip	-	-	-	-	3
Interest received	152	109	152	109	267
Net Cash from Investing Activities	116	101	116	101	45
Net Cash Inflow/(Outflow) before Financing	5,601	3,908	5,601	3,908	5,583
Cash Flows from Financing Activities					
Dividends paid	(3,216)	(2,679)	(3,216)	(2,679)	(4,703)
Net Cash Inflow/(Outflow) from Financing Activities	(3,216)	(2,679)	(3,216)	(2,679)	(4,703)
Net Increase/(Decrease) in Cash & Cash equivalents	2,385	1,229	2,384	1,229	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	9,010	6,975	9,009	6,974	6,626
A. Analysis of Cash & Cash Equivalents at the end of the period					
Cash and cash equivalents	9,313	7,058	9,312	7,057	6,633
Bank Overdrafts	(303)	(83)	(303)	(83)	(8)
	9,010	6,975	9,009	6,974	6,626

	Group		Company		Group
	Unaudited 6 months to Jun-11 Rs. Mn	Unaudited 6 months to Jun-10 Rs. Mn	Unaudited 6 months to Jun-11 Rs. Mn	Unaudited 6 months to Jun-10 Rs. Mn	Audited Year ended 31.12.10 Rs. Mn
B. Cash Generated from Operations					
Profit before tax	4,462	2,989	4,462	2,989	8,197
Depreciation	97	100	97	100	197
Interest income	(152)	(109)	(152)	(109)	(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					(2)
Operating Profit before Working Capital changes	4,408	2,982	4,408	2,982	8,148
(Increase)/Decrease in Inventories	494	521	494	521	(243)
(Increase)/Decrease in Debtors	174	(31)	174	(31)	(400)
Increase/(Decrease) in Creditors	1,466	917	1,466	917	511
	6,541	4,389	6,541	4,389	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 second interim dividend of Rs.9.70 per share amounting to Rs.1,817 million (less tax of approximately Rs.182 million) declared on the 28th of July 2011 and payable on the 6th of August 2011, there are no other material events occurring after the balance sheet date as at 30th June 2011 that require adjustments or disclosure in the interim financial statements.

Note 3

Computation of % of Public Shareholding

	30-Jun-11	31-Mar-11	31-Dec-10
	<u>No of Shares</u>	<u>No of Shares</u>	<u>No of Shares</u>
Parent Company	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>
Directors shareholding (including spouses & children)			
Mr. J D Bandaranayake	178,335	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>186,543</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)	186,543	186,543	186,543
Public Holding	<u>29,546,277</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>15.77%</u>	<u>15.77%</u>	<u>15.77%</u>

Note 4

20 largest shareholders

	30-Jun-11		31-Mar-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	1,648,900	0.88	1,549,600	0.83
Belmont Agents Limited	900,000	0.48	900,000	0.48	900,000	0.48
Aviva NDB Insurance PLC A/c No.7	616,000	0.33	510,400	0.27	402,100	0.21
Sri Lanka Insurance Corporation Ltd- General Fund	500,000	0.27	-	0.00	-	0.00
Mr Yonmerrannage Simon Hewage Indra Kumar Silva	362,200	0.19	362,200	0.19	362,200	0.19
Pan Asia Banking Corporation/Mr C.N.Rajamoney	340,300	0.18	405,300	0.22	405,300	0.22
Mrs Jasbinderjit Kaur Piara Singh	290,600	0.16	290,600	0.16	290,600	0.16
RBC Dexia Investor Services Bank S.A.-Vontobel Fund	277,700	0.15	277,600	0.15	285,800	0.15
Miss Neesha Harnam	272,300	0.15	272,300	0.15	272,300	0.15
Harnam Holdings SDN BHD	203,900	0.11	203,900	0.11	203,900	0.11
HSBC INTL NOM Ltd - SSBT	195,600	0.10	195,600	0.10	195,600	0.10
Mr. Duleep Fairlie George Dalpethado	185,976	0.10	150,376	0.08	150,376	0.08
Aviva NDB Insurance PLC A/c No.3	152,900	0.08	152,900	0.08	152,900	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	-	0.00	-	0.00
Mr Jayampathi Divale Bandaranayake	144,244	0.08	144,244	0.08	144,244	0.08
Sub Total	<u>179,689,028</u>	<u>95.92</u>	<u>179,142,128</u>	<u>95.63</u>	<u>178,942,728</u>	<u>95.53</u>
Others	7,634,723	4.08	8,181,623	4.37	8,381,023	4.47
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>