

## **Ceylon Tobacco Company PLC**

### **Summary of Performance for the 6 months ended 30 June 2015**

Ceylon Tobacco Company contributed LKR 43.7 billion to the Government as excise and other taxes for the six months ended 30th June 2015; this is an increase of 18% in comparison to the same period last year and was primarily driven by an excise led price increase experienced in October 2014 along with higher volumes during the first six months of 2015. The increase in domestic volumes of 10% as at the end of the 2nd quarter could be attributed to a higher level of consumer confidence and an increase in disposable income.

The law enforcement agencies continued to effectively curtail the spread of unauthorized and illicit tobacco products. In the first six months of 2015, a total of 582 raids have yielded 6.3 million illegal cigarettes at a market value of LKR 189 million.

The Company's Profit after Tax stood at LKR 5.5 billion for the six months ended 30th June 2015. The Company complied with 60% Graphical Health Warning in January 2015 and 80% GHW in March with the subsequent amendment to the law. The total cost of implementing GHW for the first 6 months of 2015 is LKR 118 million.

CTC remains committed to invest into our key brands and predominantly to infuse value in our main-stream brand John Player Gold Leaf.

CTC's flagship CSR initiative, the Sustainable Agricultural Development Programme (SADP) continued to focus on alleviating poverty and empowering the livelihoods of families in rural Sri Lanka. The total number of active families supported by the Company as at end June 2015 stood at 17,464, comprising of 67,307 beneficiaries in 16 districts. SADP was also recognized as the winner in the Social Empowerment Category at the Asia Responsible Entrepreneurship Awards 2015 held in Macau, China.

### **Dividend**

The Directors recommend a second interim dividend of Rs. 24.00 per share to be paid by the 18th of August 2015.

# CEYLON TOBACCO COMPANY PLC

## Statement of Financial Position

(all amounts in Sri Lanka Rupees millions)

	30 June	31 December
	2015	2014
	UnAudited	Audited
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,658	1,708
Intangible assets	14	18
Net surplus asset on retirement benefit plan	456	588
Receivables (Staff Loans)	126	134
<b>Total non-current assets</b>	<b>2,254</b>	<b>2,448</b>
<b>Current assets</b>		
Inventories	2,362	3,065
Trade and other receivables	1,957	955
Cash and cash equivalents	14,883	9,010
<b>Total current assets</b>	<b>19,202</b>	<b>13,030</b>
<b>Total assets</b>	<b>21,456</b>	<b>15,478</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Stated capital	1,873	1,873
Retained earnings	6,743	2,025
<b>Total equity attributable to equity holders</b>	<b>8,616</b>	<b>3,898</b>
<b>Non-current liabilities</b>		
Non Current Payables	-	-
Deferred tax liabilities	404	348
<b>Total non-current liabilities</b>	<b>404</b>	<b>348</b>
<b>Current liabilities</b>		
Trade and other payables	8,303	7,124
Current taxation	3,972	3,126
Dividends payable	-	824
Unclaimed dividends	161	157
<b>Total current liabilities</b>	<b>12,436</b>	<b>11,231</b>
<b>Total liabilities</b>	<b>12,840</b>	<b>11,579</b>
<b>Total equity and liabilities</b>	<b>21,456</b>	<b>15,478</b>
Net Asset Per Share	<b>46.00</b>	<b>20.81</b>

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

.....  
 Felicio Ferraz  
**CEO/Managing Director**

Date : 27 July 2015

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  
**CEO/Managing Director**  
 Date : 27 July 2015

.....  
 Ranjan Seneviratne  
**Company Secretary**  
 Date : 27 July 2015

# CEYLON TOBACCO COMPANY PLC

## Statement of Comprehensive Income

(all amounts in Sri Lanka Rupees millions)

Note	3 months ended 30 June		6 months ended 30 June	
	2015	2014	2015	2014
	Un Audited	Un Audited	Un Audited	Un Audited
<b>Gross Revenue</b>	26,952	22,490	52,868	43,690
<b>Government Levies</b>				
Excise special provision tax	(20,408)	(14,327)	(39,971)	(27,857)
Value added tax	-	(2,448)	-	(4,761)
Nation building levy	-	(122)	-	(237)
	(20,408)	(16,897)	(39,971)	(32,854)
<b>Net Revenue</b>	6,544	5,593	12,897	10,836
<b>Other operating income</b>	1	3	1	3
Raw material used	(744)	(680)	(1,524)	(1,277)
Employee benefit expense	(214)	(210)	(513)	(558)
Depreciation & Amortisation expense	(49)	(53)	(99)	(107)
Other operating expenses	(699)	(522)	(1,711)	(1,452)
Net interest income	134	89	240	199
<b>Profit before income tax</b>	4,973	4,219	9,291	7,644
Income tax expense	(1,954)	(1,709)	(3,782)	(3,107)
<b>Profit for the year</b>	3,019	2,511	5,509	4,537
<b>Other Comprehensive Income</b>				
Remeasurement of defined benefit obligation	(91)	-	(145)	-
<b>Total comprehensive income for the period</b>	2,928	2,511	5,364	4,537
<b>Earnings Per Share (basic and diluted)</b>	<b>15.63</b>	<b>13.40</b>	<b>29.41</b>	<b>24.22</b>

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

.....  
 Felicio Ferraz  
**CEO/Managing Director**

Date : 27 July 2015

# CEYLON TOBACCO COMPANY PLC

## Statement of Cash Flows

(all amounts in Sri Lanka Rupees millions)

	30-Jun	
	2015	2014
	Un Audited	Un Audited
<b>A. Cash Flows from Operating Activities</b>		
Cash generated from Operations	10,034	7,572
Interest paid	-	-
Interest received	240	161
Income Tax paid	-2,880	-2,748
<b>Net Cash from Operating Activities</b>	<b>7,394</b>	<b>4,985</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant & Equipment	(45)	(22)
<b>Net Cash used in Investing Activities</b>	<b>(45)</b>	<b>(22)</b>
<b>Cash Flows from Financing Activities</b>		
Dividends paid	(1,470)	(4,580)
Unclaimed dividends paid	(6)	-
<b>Net cash used in Financing Activities</b>	<b>(1,476)</b>	<b>(4,580)</b>
<b>Net Increase in Cash &amp; Cash equivalents</b>	<b>5,873</b>	<b>382</b>
Cash & Cash Equivalents at the beginning of year	9,010	8,251
Increase/ Decrease in cash	5,873	382
<b>Cash &amp; Cash Equivalents at the end of the period</b>	<b>14,883</b>	<b>8,633</b>
<b>B. Analysis of Cash &amp; Cash Equivalents at the end of the period</b>		
<b>Cash in hand &amp; Bank balances</b>	<b>14,883</b>	<b>8,633</b>
<b>Short term investments</b>	<b>-</b>	<b>-</b>
Bank overdraft	-	-
<b>Total Cash</b>	<b>14,883</b>	<b>8,633</b>
<b>C. Cash generated from Operations</b>		
Profit before Tax	9,291	7,644
Depreciation & amortisation expense	99	107
Interest expense	-	-
Interest income	(240)	(199)
Actuarial loss/(gain) on defined benefit obligation	(13)	-
Provision for obsolete Inventories and Doubtful Debts	4	-
<b>Operating Profit before changes in Working Capital</b>	<b>9,141</b>	<b>7,552</b>
<b>Movement in Working Capital</b>		
(Increase)/ Decrease in Inventories	701	836
(Increase)/ Decrease in Trade & Other Receivables	(997)	(2,571)
Increase/ (Decrease) in Trade & Other Payables	1,189	1,754
	<b>10,034</b>	<b>7,572</b>

# CEYLON TOBACCO COMPANY PLC

## Statement of Changes in Equity

(all amounts in Sri Lanka Rupees millions)

	Stated capital	Retained earnings	Total
<b>Balance at 1 January 2014</b>	<b>1,873</b>	<b>2,442</b>	<b>4,315</b>
Profit for the year	-	4,537	4,537
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>4,537</b>	<b>4,537</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>			
Dividends	-	(3,624)	(3,624)
<b>Total transactions with shareholders</b>	<b>-</b>	<b>(3,624)</b>	<b>(3,624)</b>
<b>Balance at 30 June 2014</b>	<b>1,873</b>	<b>3,355</b>	<b>5,228</b>
<b>Balance at 1 January 2015</b>	<b>1,873</b>	<b>2,025</b>	<b>3,898</b>
Profit for the year	-	5,509	5,509
Other comprehensive income	-	(145)	(145)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>5,364</b>	<b>5,364</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>			
Write back of unclaimed dividends	-	-	-
Dividends	-	(646)	(646)
<b>Total transactions with shareholders</b>	<b>-</b>	<b>(646)</b>	<b>(646)</b>
<b>Balance at 30 June 2015</b>	<b>1,873</b>	<b>6,743</b>	<b>8,616</b>

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 three months ended 30 June 2015. 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 Super Gains Tax**

The Government of Sri Lanka by virtue of the interim budget presented on the 29th January 2015 and provision as included in the Bill to amend the Finance Act issued on the 30th March 2015 proposed the imposition of a one-off "Super Gain Tax" on certain persons. In the case of Ceylon Tobacco PLC in terms of provisions of the said Bill, the tax should be computed at 25% of the taxable income for the year of assessment 2013/2014. The estimated Super Gain Tax liability of the Company on this basis is Rs. 3.8 billion. The Bill is however still pending legislative enactment in Parliament & hence no provision for this has been made in the accounts.

**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 2014).

**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 6 months ended 30 June 2015

	<b>2015</b>	<b>2014</b>
	<b>Rs</b>	<b>Rs</b>
Highest	1,050.0	1,130.0
Lowest	896.5	960.0
Last Traded	900.4	1,063.9

8 20 Largest Shareholders of the Company

Name of Shareholder	No. of Shares % Holding		No. of Shares % Holding	
	30 June 2015		31 March 2015	
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	907,607	0.48	1,019,978	0.54
RBC Investor Services Bank-COELI SICAV	338,461	0.18	345,137	0.18
HSBC INTL NOM LTD-State Street London	335,672	0.18	335,672	0.18
Mrs Jasbinderjit Kaur Piara Singh	317,063	0.17	317,063	0.17
HSBC INTL NOM LTD-JPMCB	315,966	0.17	315,966	0.17
CB NY S/A Wasatch Frontier	283,590	0.15	183,590	0.15
Miss Neesha Harnam	271,783	0.15	271,783	0.14
Seylan Bank PLC / Channa Nalin Rajamoney	254,100	0.14	254,100	0.12
Harnam Holdings SDN BHD	232,495	0.12	232,495	0.11
HSBC International Nominees Ltd-Morgan Stanley & Co Intl PLC	210,774	0.11	104,054	0.10
A I A Insurance Lanka PLC	207,125	0.11	207,125	0.10
HSBC INTL NOM Ltd - SSBT-Deutsche Bank	195,600	0.10	195,600	0.09
Wembly Spirit Limited	170,200	0.09	170,200	0.08
HSBC INTL NOM Ltd - SSBT-Julius Baer	150,000	0.08	150,000	0.08
HSBC INTL NOM Ltd - UBS AG - Singapore	150,000	0.08	150,000	0.06
Mellon Bank NA	107,000	0.06	107,000	0.06
<b>Sub Total</b>	<b>180,496,419</b>	<b>96.36</b>	<b>180,408,746</b>	<b>96.31</b>
Others	6,827,332	3.64	6,915,005	3.69
<b>Total Shares</b>	<b>187,323,751</b>	<b>100.00</b>	<b>187,323,751</b>	<b>100.00</b>

9 Computation of % of Public Shareholding

	30 June 2015	31 March 2015
	No of Shares	No of Shares
<b><u>Parent Company</u></b>		
British American Tobacco Holdings (SL) BV	157,590,931	157,590,931
	<hr/>	<hr/>
	157,590,931	157,590,931
<b><u>Directors shareholding (including spouses &amp; children)</u></b>		
Mr. S C Ratnayake	644	644
Mr. Felicio Ferraz	-	-
Mr.S Matthiesen	-	-
Mr. S J Iqbal	-	-
Mr. D Weerakkody	-	-
Ms. M P Perera	-	-
Mr. K Allen	-	-
	<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	<hr/>	<hr/>
	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%
Number of shareholders holding the Public Holding	3,654	3,601