

Summary of performance for the 6 months ended 30 June 2016

Ceylon Tobacco Company's contribution to the Government through its value chain during the six months ended 30th June 2016, in the form of Excise Tax, Corporate Tax and other levies, increased by 12% over the same period last year to Rs. 49 billion, driven primarily by higher prices as a result of the Excise led price increase experienced in October 2015 and relatively stable volumes during the first 6 months of 2016.

CTC remains committed to investing in the Company's premium brands such as Dunhill and Benson & Hedges with a predominant focus on infusing value into the main-stream brand, John Player Gold Leaf.

Law enforcement agencies continued to effectively curtail the spread of unauthorized and illicit tobacco products. A total of 811 raids uncovered 2.5 million illegal cigarettes at a market value of Rs. 88 million during the first 6 months of 2016. However, under regulated and low taxed products such as "Beedi" still remains a key threat to Government revenue from the tobacco industry.

The Company's Profit after Tax stood at Rs. 6.11 billion for the six months ended 30th June 2016.

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 families supported by the Company as at June 2016 stood at 18,464, comprising of 71,285 beneficiaries in 16 districts.

Dividends

The Directors recommend a second interim dividend of Rs. 16.70 per share to be paid by the 30th August 2016.

STATEMENT OF FINANCIAL POSITION

(all amounts in Sri Lanka Rupees millions)

	30 June 2016 Un Audited	31 December 2015 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	2,148	2,063
Intangible assets	4	9
Net surplus asset on retirement benefit plan	664	533
Receivables (staff loans)	146	138
Total non-current assets	2,962	2,743
Current assets		
Inventories	2,101	3,532
Trade and other receivables	1,518	1,020
Cash and cash equivalents	15,174	11,378
Total current assets	18,793	15,930
Total assets	21,755	18,673
EQUITY AND LIABILITIES		
Equity		
Stated capital	1,873	1,873
Retained earnings	3,632	1,013
Total equity attributable to equity holders	5,505	2,886
Non-current liabilities		
Deferred tax liabilities	474	408
Unfunded retirement benefit obligation	1	1
Total non-current liabilities	475	409
Current liabilities		
Trade and other payables	11,119	10,374
Current taxation	4,492	3,872
Dividends payable	-	937
Unclaimed dividends	164	195
Total current liabilities	15,775	15,378
Total liabilities	16,250	15,787
Total equity and liabilities	21,755	18,673
Net Asset Per Share	29.39	15.41

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

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 Shigeki Endo
 Finance Director
 Date : 10 August 2016

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:

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 Michael Koest
 Managing Director
 Date : 10 August 2016

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 Shigeki Endo
 Finance Director
 Date : 10 August 2016

STATEMENT OF COMPREHENSIVE INCOME

(all amounts in Sri Lanka Rupees millions)

	3 months ended 30th June		6 months ended 30th June	
	2016 Un Audited	2015 Un Audited	2016 Un Audited	2015 Un Audited
Gross Revenue	30,071	26,952	59,643	52,868
Government Levies	(22,511)	(20,408)	(44,688)	(39,971)
Net Revenue	7,560	6,544	14,955	12,897
Other operating income	9	1	22	1
Raw material used	(923)	(744)	(1,822)	(1,524)
Employee benefit expense	(275)	(214)	(553)	(513)
Depreciation & Amortisation expense	(55)	(49)	(110)	(99)
Other operating expenses	(1,368)	(699)	(2,374)	(1,711)
Net interest income	186	134	324	240
Profit before income tax	5,134	4,973	10,442	9,291
Income tax expense	(2,084)	(1,954)	(4,336)	(3,782)
Profit for the period	3,050	3,019	6,106	5,509
Other Comprehensive Income				
Remeasurement of defined benefit obligation	128	(91)	128	(145)
Total comprehensive income for the period	3,178	2,928	6,234	5,364
Earnings Per Share (basic and diluted)	16.28	16.12	32.60	29.41

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Shigeki Endo
Finance Director
Date : 10 August 2016

STATEMENT OF CASH FLOWS

(all amounts in Sri Lanka Rupees millions)

	6 months ended 30 June	
	2016 Un Audited	2015 Un Audited
A. Cash Flows from Operating Activities		
Cash generated from Operations	11,876	10,034
Interest received	324	240
Income Tax paid	(3,650)	(2,880)
Net Cash from Operating Activities	8,550	7,394
Cash Flows from Investing Activities		
Purchase of Property, Plant & Equipment	(193)	(45)
Proceeds from sale of Property, Plant & Equipment	22	-
Net Cash used in Investing Activities	(170)	(45)
Cash Flows from Financing Activities		
Dividends paid	(4,552)	(1,470)
Unclaimed dividends paid	(32)	(6)
Net cash used in Financing Activities	(4,584)	(1,476)
Net Increase in Cash & Cash equivalents	3,796	5,873
Cash & Cash Equivalents at the beginning of year	11,378	9,010
Increase/ Decrease in cash	3,796	5,873
Cash & Cash Equivalents at the end of the period	15,174	14,883
B. Analysis of Cash & Cash Equivalents at the end of the period		
Cash in hand & Bank balances	15,174	14,883
Short term investments	-	-
Bank overdraft	-	-
Total Cash	15,174	14,883
C. Cash generated from Operations		
Profit before Tax	10,442	9,291
Depreciation & amortisation expense	110	99
Interest income	(324)	(240)
Actuarial loss/(gain) on defined benefit obligation	(4)	(13)
Gain on disposal of property, plant and equipment	(19)	-
Provision for obsolete Inventories and Doubtful Debts	3	4
Operating Profit before changes in Working Capital	10,208	9,141
Movement in Working Capital		
(Increase)/ Decrease in Inventories	1,431	701
(Increase)/ Decrease in Trade & Other Receivables	(508)	(997)
Increase/ (Decrease) in Trade & Other Payables	745	1,189
	11,876	10,034

STATEMENT OF CHANGES IN EQUITY

(all amounts in Sri Lanka Rupees millions)

	Stated Capital	Retained Earnings	Total
Balance at 1st January 2015-Audited	1,873	2,025	3,898
Profit for the period		5,509	5,509
Other comprehensive income		(145)	(145)
Total comprehensive income for the period		5,364	5,364
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends		-	-
Dividends		(646)	(646)
Total transactions with shareholders		(646)	(646)
Balance at 30 June 2015-Un Audited	1,873	6,743	8,616
Balance at 1st January 2016-Audited	1,873	1,013	2,886
Profit for the period		6,106	6,106
Other comprehensive income		128	128
Total comprehensive income for the period		6,234	6,234
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends		-	-
Dividends		(3,615)	(3,615)
Total transactions with shareholders		(3,615)	(3,615)
Balance at 30 June 2016-Un Audited	1,873	3,632	5,505

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 2016. 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.

3 Summary of Significant Accounting Policies

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

4 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 2015).

5 Contingent Liabilities

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

6 Market Price per Share

For the 6 months ended 30 June

	2016	2015
	Rs.	Rs.
Highest	1,140.00	1,050.00
Lowest	1,000.00	896.50
Last Traded	1,050.00	900.40

NOTES TO THE INTERIM FINANCIAL STATEMENTS contd

7 20 Largest Shareholders of the Company

Name of the Shareholder	30-Jun-16		31-Mar-16	
	No. of Shares	% Holding	No. of Shares	% Holding
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	957,059	0.51	1,107,059	0.59
HSBC INTL NOM LTD-State Street London	940,517	0.50	844,693	0.45
HSBC INTL NOM LTD - SSBT-BMO Incestments 11 (Ireland)	727,769	0.39	695,159	0.37
RBC Investor Services Bank-COELI SICAV	424,476	0.23	414,236	0.22
Mrs Jasbinderjit Kaur Piara Singh	312,063	0.17	312,063	0.17
HSBC INT NOM LTD - Coupland Cardiff Funds PLC	296,437	0.16	437,070	0.23
CB NY S/A Wasatch Frontier	275,490	0.15	275,490	0.15
Miss Neesha Harnam	230,821	0.12	233,000	0.12
Harnam Holdings SDN BHD	230,043	0.12	230,043	0.12
HSBC INTL NOM LTD-JPMCB-Long Term Economic Fund	222,215	0.12	222,215	0.12
HSBC INTL NOM LTD-SSBT Frank Russel Trust Company	200,124	0.11	-	0.00
HSBC INTL NOM Ltd - SSBT-Deutsche Bank	195,600	0.10	195,600	0.10
Bank of Ceylon No 1 Account	180,678	0.10	180,678	0.10
HSBC INTL NOM LTD-JPMCB-New Emeging Markets	174,615	0.09	212,415	0.11
HSBC INTL NOM Ltd - UBS AG - Singapore	150,000	0.08	150,000	0.08
HSBC INTL NOM LTD-SSBT Multipartner SICAV-WMP	150,000	0.08	-	0.00
HSBC INTL NOM Ltd-Parametric Emerging Markets	140,993	0.08	136,697	0.07
HSBC INTL NOM Ltd - SSBT-Julius Baer	-	0.00	150,000	0.08
HSBC INTL NOM LTS- Morgan Stanley & Co Intl PLC	-	0.00	117,724	0.06
Sub Total	180,640,441	96.43	180,745,683	96.49
Others	6,683,310	3.57	6,578,068	3.51
Total Shares	187,323,751	100.00	187,323,751	100.00

8 Computation of % of Public Shareholding

	30-Jun-16	31-Mar-15
Parent Company		
British American Tobacco Holdings (SL) BV	157,590,931	157,590,931
	157,590,931	157,590,931
Directors shareholding (including spouses & children)		
Mr. S C Ratnayake	644	644
Mr. M Koest	-	-
Mr. S Endo	-	-
Mr. S J Iqbal	-	-
Mr. D Weerakkody	-	-
Ms. M P Perera	-	-
Mr. K Allen	-	-
	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
	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	3,526	3,572
Market Capitalisation of Public Holding (Rs. Million)	31,219	30,086