

Ceylon Tobacco Company PLC

Summary of performance for the 3 months ended 31st March 2018

The Company's sales volume for the first quarter ended 31st March 2018 increased by 11% in comparison to the same period last year. Correspondingly, the net turnover for the period also increased by 14.2% and the Ceylon Tobacco Company's contribution to the Government revenue through Excise and other levies increased by 15.5% in comparison to the same period last year. Stable prices contributed to arrest the decline of legal market volumes created by the persistent pressure on the disposable income of consumers following the 43% price hike in the fourth quarter of 2016.

CTC remains committed to investing in the Company's brands with a predominant focus on infusing value into the main-stream brand, John Player Gold Leaf to address consumer affordability, as well as to safeguard both industry and government revenue.

Smuggled illicit cigarettes continued to be a threat to the Government revenue with over 700 raids being carried out by the law enforcement agencies during the first quarter, resulting in the detection and seizure of over 1 million smuggled illicit cigarettes. The smuggled illicit cigarette market is estimated to be over 450 million illicit cigarettes per annum. The trend is expected to grow due to widened gap between the prices of legal and illicit cigarettes available in the market as well as current macroeconomic factors that are impacting consumer spending power.

The Company's Profit after Tax stood at LKR 3.73 billion for the quarter ended 31st March 2018, which is a LKR 0.54 billion higher in comparison to the same period last year.

CTC's flagship Corporate Social Responsibility 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 31st March 2018 stood at 19,664, comprising of 76,299 beneficiaries in 16 districts.

Dividends

The Directors recommend a first interim dividend of LKR 18.00 per share to be paid on 5th June 2018.

CEYLON TOBACCO COMPANY PLC

Statement of Profit or Loss and Other Comprehensive Income

(all amounts in Sri Lanka Rupees millions)

	31 March	31 March
	2018	2017
	Un-audited	Un-audited
Gross Revenue	35,571	30,868
Government Levies	(27,542)	(23,836)
Net Revenue	8,029	7,032
Other operating income	2	4
Raw material used	(675)	(666)
Employee benefit expense	(318)	(276)
Depreciation & amortisation expense	(41)	(53)
Other operating expenses	(1,139)	(804)
Interest income	370	265
Profit before income tax	6,228	5,502
Income tax expense	(2,491)	(2,305)
Profit for the period	3,737	3,197
Other Comprehensive Income		
Re-measurement of defined benefit obligation	10	40
Total comprehensive income for the period	3,747	3,237
Earnings Per Share (basic and diluted)	19.95	17.07

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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Emma Ridley

Finance Director

Date : 14 May 2018

CEYLON TOBACCO COMPANY PLC
Statement of Financial Position
(all amounts in Sri Lanka Rupees millions)

	31 March 2018 Un-audited	31 December 2017 Audited
Assets		
Non-current assets		
Property, plant and equipment	2,258	2,258
Intangible assets	-	-
Employee benefit asset	644	673
Other receivables	127	126
Total non-current assets	3,029	3,057
Current assets		
Inventories	2,204	2,589
Trade and other receivables	2,917	1,747
Cash and cash equivalents	20,938	17,424
Asset held for sale	0	0
Total current assets	26,059	21,760
Total assets	29,088	24,817
Equity and Liabilities		
Equity		
Stated capital	1,873	1,873
Retained earnings	6,444	2,697
Total equity attributable to equity holders	8,317	4,570
Non-current liabilities		
Unfunded retirement benefit obligation	(0)	1
Deferred tax liabilities	507	507
Total non-current liabilities	507	508
Current liabilities		
Trade and other payables	15,244	12,355
Current taxation	4,811	3,896
Dividends payable	-	3,278
Unclaimed dividends	209	210
Total current liabilities	20,264	19,739
Total liabilities	20,771	20,247
Total equity and liabilities	29,088	24,817
Net Asset Per Share	44.40	24.40

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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Emma Ridley
Finance Director
Date : 14 May 2018

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 : 14 May 2018

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Emma Ridley
Finance Director
Date : 14 May 2018

CEYLON TOBACCO COMPANY PLC
Statement of Changes in Equity
(all amounts in Sri Lanka Rupees millions)

	Stated capital	Retained earnings	Total
Balance at 1 January 2017	1,873	1,612	3,485
Profit for the period	-	3,197	3,197
Other comprehensive income	-	40	40
Total comprehensive income for the period		3,237	3,237
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	-	-
Dividends	-	-	-
Total transactions with shareholders		-	-
Balance at 31 March 2017	1,873	4,849	6,722
Balance at 1 January 2018	1,873	2,697	4,570
Profit for the period	-	3,737	3,737
Other comprehensive income	-	10	10
Total comprehensive income for the period	-	3,747	3,747
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	-	-
Dividends	-	-	-
Total transactions with shareholders	-	-	-
Balance at 31 March 2018	1,873	6,444	8,317

CEYLON TOBACCO COMPANY PLC

Statement of Cash Flows

(all amounts in Sri Lanka Rupees millions)

	31 March	
	2018 Un-audited	2017 Un-audited
A. Cash Flows from Operating Activities		
Cash generated from Operations	8,041	9,598
Interest paid	-	-
Interest received	370	265
Gratuity Paid	-	(1)
Income Tax paid	(1,577)	(1,692)
Net Cash from Operating Activities	6,834	8,170
Cash Flows from Investing Activities		
Purchase of Property, Plant & Equipment	(40)	(8)
Proceeds from sale of Property, Plant & Equipment	-	-
Net Cash used in Investing Activities	(40)	(8)
Cash Flows from Financing Activities		
Dividends paid	(3,278)	(2,342)
Unclaimed dividends paid	(2)	(3)
Net cash used in Financing Activities	(3,280)	(2,345)
Net Increase in Cash & Cash equivalents	3,514	5,817
Cash & Cash Equivalents at the beginning of year	17,424	15,050
Increase in cash	3,514	5,817
Cash & Cash Equivalents at the end of the period	20,938	20,867
B. Analysis of Cash & Cash Equivalents at the end of the period		
Cash in hand & Bank balances	2,934	13,750
Short term investments	18,004	7,117
Total cash & cash equivalents	20,938	20,867
C. Cash generated from Operations		
Profit before Tax	6,228	5,502
Depreciation & amortisation expense	41	53
Interest income	(370)	(265)
Actuarial gain on defined benefit obligation	39	(12)
Gain on disposal of property, plant and equipment	-	-
Write off on property, plant and equipment	-	-
Provision for obsolete Inventories and Doubtful Debts	14	10
Operating Profit before changes in Working Capital	5,952	5,288
Movement in Working Capital		
Inventories	381	(894)
Trade & Other Receivables	(1,182)	1,107
Trade & Other Payables	2,890	4,097
	8,041	9,598

CEYLON TOBACCO COMPANY PLC

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 International (Holding) BV.

2 Basis of preparation

The condensed interim financial statements of Ceylon Tobacco Company PLC are for the three months ended 31 March 2018. 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 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 2017).

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 03 months ended 31 March 2018

	2018	2017
	Rs	Rs
Highest	1,095.0	880.0
Lowest	992.0	800.0
Last Traded	1,040.0	870.9

7 20 Largest Shareholders of the Company

Name of Shareholder	No. of Shares % Holding		No. of Shares % Holding	
	31 March 2018		31 December 2017	
British American Tobacco International (Holdings) 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 LLC S/A Averbach Grauson & Co.	1,936,731	1.03	1,987,794	1.06
HSBC INTL NOM LTD - SSBT-BMO Incestments 11 (Ireland)	1,311,450	0.70	1,206,504	0.64
Northern Trust Company S/A - Fundsmith Emerging Equities Trust PLC	1,092,645	0.58		
RBC Investor Services Bank-COELI SICAV	727,037	0.39	529,098	0.28
HSBC INTL NOM LTD-BBH-Matthews Emerging Asia Fund	379,231	0.20	359,928	0.19
HSBC INTL NOM LTD-JPMCB-Long Term Economic Investment Fund	339,568	0.18	339,568	0.18
Mrs Jasbinderjit Kaur Piara Singh	312,063	0.17	312,063	0.17
Northern Trust Company S/A - Coupland Cardiff Funds PLC	296,285	0.16	296,285	0.16
HSBC INTL NOM Ltd - SSBT-BMO-LGM Frontier Markets Equity Fund	244,387	0.13	160,730	0.09
Miss Neesha Harnam	225,821	0.12	225,821	0.12
HSBC INTL NOM LTD-JPMCB-Coronation Global Frontiers Master Fund	203,352	0.11	203,352	0.11
HSBC INTL NOM LTD-SSBT Frank Russel Trust Company	200,124	0.11	200,124	0.11
Harnam Holdings SDN BHD	198,732	0.11	210,102	0.11
HSBC INTL NOM Ltd - SSBT-Deutsche Bank AG Singapore A/C 01	195,600	0.10	195,600	0.10
PICTET and CIE (Europe) SA S/A Lloyd George Indian Ocean Master Fund	160,000	0.09	187,500	0.10
Mellon Bank N.A-Eaton Vance Trust Co.Collective Inv.	148,901	0.08	148,901	0.08
Bank of Ceylon No 1 Account	143,178	0.08	143,178	0.08
HSBC INTL NOM LTD-SSBT Parametric Emerging Markets Fund	140,993	0.08	1,092,645	0.58
	181,432,939	96.86	180,976,034	96.61
Others	5,890,812	3.14	6,347,717	3.39
Total Shares	187,323,751	100.00	187,323,751	100.00

8 Computation of % of Public Shareholding

	31 March 2018	31 December 2017
	No of Shares	No of Shares
<u>Parent Company</u>		
British American Tobacco International (Holdings) BV	157,590,931	157,590,931
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	157,590,931	157,590,931
<u>Directors shareholding (including spouses & children)</u>		
Mr. S C Ratnayake	644	644
Mr. M Koest	-	-
Ms. E Ridley	-	-
Mr. S J Iqbal	-	-
Mr. D Weerakkody	-	-
Mr. K Allen	-	-
Mr. Y Kanagasabai	-	-
Mr. A Tittawella	-	-
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	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
	<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	3,356	3,418
Market Capitalisation of Public Holding (Rs. Million)	29,732	28,869