

Ceylon Tobacco Company PLC

Summary of Performance for the 3 months ended 30th June 2020

The Company's performance in the three months ended 30th June 2020, was significantly impacted due to the lockdown measures and impact to National as well as personal economies of consumers owing to the Covid-19 pandemic. During the period under review, sales volumes declined by 38% with gradual resumption of activities from mid-May onwards. Consequently, the Company's turnover of LKR 24.1bn and Government revenue through Excise and other levies of LKR 18.6bn for the period were reduced by 33% compared to the same period last year.

The Company's profit before income tax for the period recorded LKR 4.2bn with a reduction of LKR 3.4bn due to the collective impacts of revenue reduction by LKR 3.1bn and reduction in net finance income by LKR 0.2bn due to constant rate cuts on deposits. The Company's profit after tax for the three months ended 30th June 2020 reported as LKR 3.1bn, which is a reduction of 34% in comparison to the same period last year driven by covid-19.

The Company's performance during the first two and half months of the year prior to Covid-19 lockdown, was well poised to deliver full year expectations of the Government revenue and shareholder value growth. Post June, the business recovery is reverting to nearly pre COVID-19 levels encouragingly faster than anticipated and the business is cautiously optimistic of the future in anticipation of revival of the economy. Also, the company has robust marketing plans in place during the second half of the year and is constantly reviewing cost base in order to increase profitability and ensure sustainable value to shareholders.

During the period under review, the primary focus of the Company has been to ensure the continuation of business activities subject to the health and safety of employees as well as the work force of all extended value chain partners. CTC continues with Work from Home arrangements for office-based employees utilizing IT capabilities to facilitate seamless remote working conditions, while other critical responsibilities are discharged from respective locations subject to taking all necessary health and safety precautions.

Whilst acknowledging and appreciating the timely and effective measures being taken by the Government to contain the spread of Covid-19 without restricting movements of the general public, the Management is committed to take measures in order to ensure that CTC continues to support the Government with much needed revenue and deliver shareholder value.

Dividends

The Directors recommend a second interim dividend of Rs. 15.00 per share to be paid by the 04th September 2020.

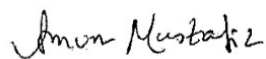
CEYLON TOBACCO COMPANY PLC

Statement of Profit or Loss and Other Comprehensive Income

(all amounts in Sri Lanka Rupees millions)

	3 months ended 30 June		6 months ended 30 June	
	2020 Un-audited	2019 Un-audited	2020 Un-audited	2019 Un-audited
Turnover	24,176	36,216	58,414	70,496
Government Levies	(18,641)	(27,630)	(44,577)	(53,619)
Revenue	5,535	8,586	13,837	16,877
Other operating income	22	15	23	24
Raw material used	(434)	(389)	(1,048)	(973)
Employee benefit expense	(236)	(372)	(546)	(605)
Depreciation & amortisation expense	(86)	(70)	(165)	(146)
Other operating expenses	(782)	(589)	(1,652)	(1,635)
Net finance income	177	409	439	862
Profit before income tax	4,196	7,590	10,888	14,404
Income tax expenses	(1,094)	(2,906)	(3,856)	(5,659)
Profit for the period	3,102	4,684	7,032	8,745
Other Comprehensive Income				
Re-measurement of defined benefit obligation	(90)	(34)	(70)	(45)
Total comprehensive income for the period	3,012	4,650	6,962	8,700
Earnings Per Share (basic and diluted)	16.56	25.00	37.54	46.68

The Notes form an integral part of these Interim Financial Statements.



Amun Mustafiz

Finance Director

Date : 14th August 2020

CEYLON TOBACCO COMPANY PLC

Statement of Financial Position

(all amounts in Sri Lanka Rupees millions)

	30-Jun 2020 Un-audited	31-Dec 2019 Audited
Assets		
Non-current assets		
Property, plant and equipment	3,935	3,978
Intangible assets	2	3
Employee benefit asset	118	197
Other receivables	111	116
Total non-current assets	4,166	4,294
Current assets		
Inventories	3,149	2,729
Trade and other receivables	3,969	2,799
Cash and cash equivalents	6,632	16,845
Asset held for sale	0	0
Total current assets	13,750	22,374
Total assets	17,916	26,668
Equity and Liabilities		
Equity		
Stated capital	1,873	1,873
Retained earnings	3,881	2,750
Total equity attributable to equity holders	5,754	4,623
Non-current liabilities		
Unfunded retirement benefit obligation	0	0
Deferred tax liabilities	434	597
Lease liabilities	95	119
Total non-current liabilities	529	716
Current liabilities		
Trade and other payables	4,707	10,681
Lease liabilities	118	100
Current taxation	4,215	6,475
Dividends payable	2,272	3,746
Unclaimed dividends	321	327
Total current liabilities	11,633	21,329
Total liabilities	12,162	22,045
Total equity and liabilities	17,916	26,668
Net Asset Per Share	30.72	24.68

The Notes form an integral part of these Interim Financial Statements.

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



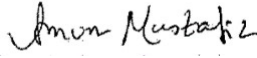
Amun Mustafiz
Finance Director
Date : 14th August 2020

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:



Nedal Salem
Managing Director and CEO
Date : 14th August 2020



Amun Mustafiz
Finance Director
Date : 14th August 2020

CEYLON TOBACCO COMPANY PLC

Statement of Cash Flows

(all amounts in Sri Lanka Rupees millions)

	6 months ended 30 June	
	2020	2019
	Un-audited	Un-audited
Cash flows from operating activities		
Profit before Tax	10,888	14,404
<i>Adjustments for:</i>		
Depreciation & amortisation expense	164	140
Interest expense	13	18
Interest income	(452)	(880)
Write off of property, plant & equipment	-	6
Net interest on retirement benefit obligations	9	(3)
Provision for obsolete inventories and doubtful Debts	61	43
Operating profit before working capital changes	10,683	13,728
<i>Changes in working capital</i>		
Inventories	(418)	160
Trade & other receivables	(1,226)	174
Trade & other payables	(5,974)	(807)
Cash generated from operations	3,065	13,255
Interest received	452	880
Interest paid	(13)	(18)
Income tax paid	(6,278)	(4,976)
Net cash generated from operating activities	(2,774)	9,141
Cash flows from investing activities		
Purchase and construction of property, plant & equipment	(71)	(584)
Net cash used in investing activities	(71)	(584)
Cash flows from financing activities		
Dividends paid	(7,306)	(9,352)
Unclaimed dividends paid	(6)	(2)
Payment of finance lease liabilities	(56)	(46)
Net cash outflow from financing activities	(7,368)	(9,400)
Net (decrease)/ increase in cash & cash equivalents	(10,213)	(843)
Cash & cash equivalents at the beginning of year	16,845	20,153
(Decrease)/ Increase in cash	(10,213)	(843)
Cash & cash equivalents at the end of the period	6,632	19,310
Analysis of cash & cash equivalents at the end of the period		
Cash in hand & bank balances	3,632	9,310
Short term investments	3,000	10,000
Total cash & cash equivalents	6,632	19,310

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 2019	1,873	3,486	5,359
Profit for the period	-	8,745	8,745
Other comprehensive income	-	(45)	(45)
Total comprehensive income for the period	-	8,700	8,700
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	-	-
Dividends	-	(6,513)	(6,513)
Total transactions with shareholders	-	(6,513)	(6,513)
Balance at 30 June 2019 (Unaudited)	1,873	5,673	7,546
Profit for the period	-	8,514	8,514
Other comprehensive income	-	(40)	(40)
Total comprehensive income for the period	-	8,474	8,474
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	30	30
Dividends	-	(11,427)	(11,427)
Total transactions with shareholders	-	(11,397)	(11,397)
Balance at 31 December 2019 (Audited)	1,873	2,750	4,623
Balance at 1 January 2020	1,873	2,750	4,623
Profit for the period	-	7,032	7,032
Other comprehensive income	-	(70)	(70)
Total comprehensive income for the period	-	6,962	6,962
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	-	-
Dividends	-	(5,831)	(5,831)
Total transactions with shareholders	-	(5,831)	(5,831)
Balance at 30 June 2020 (Unaudited)	1,873	3,881	5,754

CEYLON TOBACCO COMPANY PLC

Notes to the interim financial statements

1 General information

Ceylon Tobacco Company PLC is a public limited liability 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 Holdings BV.

2 Basis of preparation

The condensed interim financial statements of Ceylon Tobacco Company PLC are for the six months ended 30 June 2020. 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. Further, new accounting standard SLFRS 16 - Leases has been adopted in the financial statements effective from 1 January 2019.

4 Comparatives

Comparatives are provided for the same period last year and for the statement of financial position at the date 31 December 2019. Where necessary comparative figures have been reclassified to conform with the current year's presentation.

5 Contingent Liabilities

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

6 Events Occurring after the reporting period

There were no material events that occurred after the reporting date that require adjustments or disclosure to the Financial Statements except the impact from COVID-19 pandemic. The Company has made a disclosure to the Colombo Stock Exchange (CSE) setting out the impact of the pandemic on 22 April 2020.

7 Market Price Per share

For the 6 months ending 30 June,

	2020	2019
	Rs	Rs
Highest	1,160.00	1,339.00
Lowest	875.00	1,250.00
Last Traded	950.70	1,280.00

8 20 Largest Shareholders of the Company

Name of Shareholder	30 June 2020		31 March 2020	
	No. of Shares	% Holding	No. of Shares	% Holding
British American Tobacco International Holdings BV	157,590,931	84.13	157,590,931	84.13
Philip Morris Brand SARL	15,585,910	8.32	15,585,910	8.32
CB NY S/A Allan Gray Frontier Markets Equity Fund Limited	1,894,773	1.01	1,288,702	0.69
Pershing LLC S/A Averbach Grauson & Co.	1,605,009	0.86	1,605,009	0.86
Northern Trust Company S/A - Fundsmith Emerging Equities Trust PLC	1,092,645	0.58	1,092,645	0.58
SSBT-AL Mehwar Commercial Investments L L C	518,258	0.28	493,258	0.26
RBC Investor Services Bank-COELI SICAV1 - Frontier Markets Fund	478,735	0.26	633,735	0.34
SSBT-BMO Investments 11 (Ireland) Public Limited Company	313,489	0.17	563,489	0.30
Mrs Singh	306,802	0.16	312,063	0.17
J.B.Cocoshell (Pvt) Ltd	248,624	0.13	248,624	0.13
BBH-Matthews Emergine Asia Fund	245,624	0.13	338,433	0.18
Miss Harnam	215,780	0.12	215,780	0.12
SSBT-Frank Russel Trust Company Comingled Benefit Fund Trust GNA	200,124	0.11	200,124	0.11
Deutsche Bank AG Singapore A/C 01 (PWM WM CLIENT)	175,600	0.09	175,600	0.09
Hamam Holdings SDN BHD	150,000	0.08	150,000	0.08
SSBT-BMO LGM Frontier Markets Equity Fund	147,692	0.08	197,692	0.11
Bank of Ceylon No 1 Account	143,175	0.08	143,175	0.08
Deutsche Bank AG AS Trustee For JB vantage Value Equity Fund	134,831	0.07	134,831	0.07
BNYM RE- GHI Holdings Mauritius	129,687	0.07	129,687	0.07
Mellon Bank N.A-Eaton Vance Trust Co.Collective Inv.	126,600	0.07	126,600	0.07
Sub Total	181,304,289	96.79	181,226,288	96.74
Others	6,019,462	3.21	6,097,463	3.26
Total Shares	187,323,751	100.00	187,323,751	100.00

9 Computation of % of Public Shareholding

	30 June 2020	31 March 2020
	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>		
W Pegel	-	-
N L Salem	-	-
Y Kanagasabai	-	-
A Tittawella	-	-
A Mustafiz	-	-
U Zahur	-	-
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	-	-
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)	-	-
Public Holding	29,732,820	29,732,820
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	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	3,588	3,465
Market Capitalisation of Public Holding (Rs. Million)	28,267	29,733

The Company complies with option 1 of the Listing Rules 7.13.1(a) - Float Adjusted Market Capitalisation of Rs. 10.0Bn which requires no minimum public holding percentage.