

# **Ceylon Tobacco Company PLC**

**Interim Financial Statements - 6 months ended 30 June 2021**

## **Ceylon Tobacco Company PLC**

### **Summary of Performance for the 3 months ended 30th June 2021**

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The Company's performance in the three months ended 30th June 2021 was impacted by the movement restrictions imposed on account of the Covid-19 pandemic third wave, which saw sales volumes decline by 16% in comparison to the first quarter of the year. However, the period under review showed improvement in comparison to the same period last year which was significantly impacted by the Covid-19 pandemic first wave lockdown. Consequently, the Company's turnover and Government revenue through Excise and other levies increased in comparison to the same period last year.

Robust sales plans to mitigate impacts of the pandemic disruptions and continuous review of the cost base for optimization facilitated the delivery of profitability and ensured the Company's ability to deliver sustainable value to shareholders. The Company's profit before income tax for the period in review recorded LKR 6.4Bn, while the Company's profit after tax for the three months ended 30th June 2021 reported as LKR 3.9Bn.

The Company is committed towards the continuation of business activities subject to strict compliance with employee health and safety guidelines and other directions of the Government and is cautiously optimistic of the future in anticipation of effective management of the Covid-19 pandemic and gradual revival of the economy.

#### **Dividends**

The Directors recommend a second interim dividend of Rs. 19.00 per share to be paid by the 10th September 2021.

## 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	
	2021 Un-audited	2020 Un-audited	2021 Un-audited	2020 Un-audited
Turnover	30,016	24,176	64,775	58,414
Government Levies	(22,309)	(18,641)	(48,669)	(44,577)
<b>Revenue</b>	<b>7,707</b>	<b>5,535</b>	<b>16,106</b>	<b>13,837</b>
Other operating income	10	22	17	23
Raw material used	(496)	(434)	(1,135)	(1,048)
Employee benefit expense	(324)	(236)	(653)	(546)
Depreciation & amortisation expense	(81)	(86)	(167)	(165)
Other operating expenses	(552)	(782)	(1,327)	(1,652)
Net finance income	117	177	225	439
<b>Profit before income tax</b>	<b>6,381</b>	<b>4,196</b>	<b>13,066</b>	<b>10,888</b>
Income tax expenses	(2,466)	(1,094)	(5,232)	(3,856)
<b>Profit for the period</b>	<b>3,915</b>	<b>3,102</b>	<b>7,834</b>	<b>7,032</b>
<b>Other Comprehensive Income</b>				
Re-measurement of defined benefit obligation	6	(90)	48	(70)
<b>Total comprehensive income for the period</b>	<b>3,921</b>	<b>3,012</b>	<b>7,882</b>	<b>6,962</b>
<b>Earnings Per Share (basic and diluted)</b>	<b>20.90</b>	<b>16.56</b>	<b>41.82</b>	<b>37.54</b>

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



Umair Luqman  
Finance Director

Date : 12th August 2021


**CEYLON TOBACCO COMPANY PLC****Statement of Financial Position**

(all amounts in Sri Lanka Rupees millions)

	30-Jun	31-Dec
	2021	2020
	Un-audited	Audited
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,948	4,682
Intangible assets	1	2
Employee benefit asset	215	181
Other receivables	108	112
<b>Total non-current assets</b>	<b>5,272</b>	<b>4,977</b>
<b>Current assets</b>		
Inventories	3,836	3,732
Trade and other receivables	5,634	3,230
Cash and cash equivalents	6,490	9,782
Asset held for sale	-	-
<b>Total current assets</b>	<b>15,960</b>	<b>16,745</b>
<b>Total assets</b>	<b>21,232</b>	<b>21,721</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Stated capital	1,873	1,873
Retained earnings	4,927	2,729
<b>Total equity attributable to equity holders</b>	<b>6,800</b>	<b>4,602</b>
<b>Non-current liabilities</b>		
Unfunded retirement benefit obligation	0	0
Deferred tax liabilities	492	396
Lease liabilities	41	84
<b>Total non-current liabilities</b>	<b>533</b>	<b>480</b>
<b>Current liabilities</b>		
Trade and other payables	4,398	7,827
Lease liabilities	88	105
Current taxation	5,423	4,967
Dividends payable	3,733	3,465
Unclaimed dividends	257	275
<b>Total current liabilities</b>	<b>13,899</b>	<b>16,639</b>
<b>Total liabilities</b>	<b>14,432</b>	<b>17,119</b>
<b>Total equity and liabilities</b>	<b>21,232</b>	<b>21,721</b>
Net Asset Per Share	<b>36.30</b>	<b>24.57</b>


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

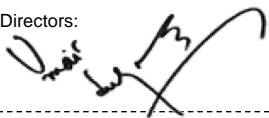
I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.

  
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 Umair Luqman  
**Finance Director**  
 Date : 12th August 2021

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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 Nedal Salem  
**Managing Director and CEO**  
 Date : 12th August 2021

  
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 Umair Luqman  
**Finance Director**  
 Date : 12th August 2021

## 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 2020</b>	<b>1,873</b>	<b>2,750</b>	<b>4,623</b>
Profit for the period	-	7,032	7,032
Other comprehensive income	-	(70)	(70)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>6,962</b>	<b>6,962</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>			
Write back of unclaimed dividends	-	-	-
Dividends	-	(5,831)	(5,831)
<b>Total transactions with shareholders</b>	<b>-</b>	<b>(5,831)</b>	<b>(5,831)</b>
<b>Balance at 30 June 2020 (Un-audited)</b>	<b>1,873</b>	<b>3,881</b>	<b>5,754</b>
Profit for the period	-	8,546	8,546
Other comprehensive income	-	72	72
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>8,618</b>	<b>8,618</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>			
Write back of unclaimed dividends	-	66	66
Dividends	-	(9,835)	(9,835)
<b>Total transactions with shareholders</b>	<b>-</b>	<b>(9,769)</b>	<b>(9,769)</b>
<b>Balance at 31 December 2020 (Audited)</b>	<b>1,873</b>	<b>2,729</b>	<b>4,602</b>
<b>Balance at 1 January 2021</b>	<b>1,873</b>	<b>2,729</b>	<b>4,602</b>
Profit for the period	-	7,834	7,834
Other comprehensive income	-	48	48
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>7,882</b>	<b>7,882</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>			
Write back of unclaimed dividends	-	-	-
Dividends	-	(5,684)	(5,684)
<b>Total transactions with shareholders</b>	<b>-</b>	<b>(5,684)</b>	<b>(5,684)</b>
<b>Balance at 30 June 2021 (Un-audited)</b>	<b>1,873</b>	<b>4,927</b>	<b>6,800</b>

# CEYLON TOBACCO COMPANY PLC

## Statement of Cash Flows

(all amounts in Sri Lanka Rupees millions)

	06 months ended 30 June	
	2021	2020
	Un-audited	Un-audited
<b>Cash flows from operating activities</b>		
Profit before Tax	13,066	10,888
<i>Adjustments for:</i>		
Depreciation & amortisation expense	166	164
Interest expense	9	13
Interest income	(234)	(452)
Write off of property, plant & equipment	2	-
Net interest on retirement benefit obligations	14	9
Provision for obsolete inventories and doubtful Debts	2	61
<b>Operating profit before working capital changes</b>	<b>13,025</b>	<b>10,683</b>
<i>Changes in working capital</i>		
Inventories	(87)	(418)
Trade & other receivables	(2,418)	(1,226)
Trade & other payables	(3,429)	(5,974)
<b>Cash generated from operations</b>	<b>7,091</b>	<b>3,065</b>
Interest received	234	452
Interest paid	(9)	(13)
Gratuity paid - unfunded scheme	-	(0)
Income tax paid	(4,680)	(6,278)
<b>Net cash generated from operating activities</b>	<b>2,636</b>	<b>(2,774)</b>
<b>Cash flows from investing activities</b>		
Purchase and construction of property, plant & equipment	(433)	(71)
Purchase of intangible assets	-	-
<b>Net cash used in investing activities</b>	<b>(433)</b>	<b>(71)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(5,387)	(7,306)
Unclaimed dividends paid	(48)	(6)
Payment of finance lease liabilities	(60)	(56)
<b>Net cash outflow from financing activities</b>	<b>(5,495)</b>	<b>(7,368)</b>
		<b>1,150</b>
<b>Net increase/ (decrease) in cash &amp; cash equivalents</b>	<b>(3,292)</b>	<b>(10,213)</b>
Cash & cash equivalents at the beginning of year	9,782	16,845
Increase/ (Decrease) in cash	(3,292)	(10,213)
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>6,490</b>	<b>6,632</b>
<b>Analysis of cash &amp; cash equivalents at the end of the period</b>		
Cash in hand & bank balances	4,490	3,632
Short term investments	2,000	3,000
<b>Total cash &amp; cash equivalents</b>	<b>6,490</b>	<b>6,632</b>

# 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

### 2 Basis of preparation

The condensed interim financial statements of Ceylon Tobacco Company PLC are for the six months ended 30 June 2021. They have been prepared in accordance with LKAS 34 - Interim Financial Reporting. These interim financial statements have been prepared in accordance with the SLFRS

### 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 2020. 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.

### 7 Market Price Per share

For the 06 months ending 30 June,

	2021 Rs	2020 Rs
Highest	1,150.00	1,160.00
Lowest	950.00	875.00
Last Traded	954.74	950.70

## 8 20 Largest Shareholders of the Company

Name of Shareholder	No. of Shares	% Holding
	30 June 2021	
British American Tobacco International Holdings BV	157,590,931	84.13
Philip Morris Brand SARL	15,585,910	8.32
CB NY S/A Allan Gray Frontier Markets Equity Fund Limited	2,167,374	1.16
Pershing LLC S/A Averbach Grauson & Co.	1,605,009	0.86
Northern Trust Company S/A - Fundsmith Emerging Equities Trust PLC	918,396	0.49
SSBT-AL Mehwar Commercial Investments L L C	698,258	0.37
J.B.Cocoshell (Pvt) Ltd	468,380	0.25
RBC Investor Services Bank-COELI SICAV1 - Frontier Markets Fund	398,735	0.21
Mrs Singh	306,802	0.16
Miss Harnam	211,030	0.11
Deutsche Bank AG Singapore A/C 01 (PWM WM CLIENT)	175,600	0.09
Harnam Holdings SDN BHD	150,000	0.08
SSBT-Frank Russel Trust Company Comingled Benefit Fund Trust GNA	146,660	0.08
Malship Ceylon Ltd	145,000	0.08
Bank of Ceylon No 1 Account	143,175	0.08
Deutsche Bank AG AS Trustee For JB vantage Value Equity Fund	134,831	0.07
BNYM RE- GHI Holdings Mauritius	129,687	0.07
Mr. Jayawardena Sanjeeva Praneeth	117,747	0.06
Mr.Ratnayake Susantha Chaminda	100,000	0.05
SSBT- Parametric Tax-Managed Emerging Market Fund	96,609	0.05
<b>Sub Total</b>	<b>181,290,134</b>	<b>96.78</b>
Others	6,033,617	3.22
<b>Total Shares</b>	<b>187,323,751</b>	<b>100.00</b>

## 9 Computation of % of Public Shareholding

	30 June 2021
	No of Shares
<b><u>Parent Company</u></b>	
British American Tobacco International (Holdings) BV	157,590,931
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	157,590,931
<b><u>Directors shareholding (including spouses &amp; children)</u></b>	
Mr. S.K. Shah (W.E.F. 1 February 2021)	-
Mr. N.L. Salem	-
Mr. U. Luqman	-
Mr. U. Zahur	-
Mr. K.M.A.T. Tittawella	-
Mr. Y. Kanagasabai	-
Mr. S.R. Kidd (W.E.F. 1 February 2021)	-
Mrs. R. Rahman (W.E.F. 1 February 2021)	-
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	-
Parent Company	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
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	187,323,751
Public Holding as a % of Issued Share Capital	15.87%
Number of shareholders holding the Public Holding	4,235
Market Capitalisation of Public Holding (Rs. Million)	28,387

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.



