

Ceylon Tobacco Company PLC

Interim Financial Statements - 3 months ended 30 June 2023

Ceylon Tobacco Company PLC

Summary of Performance for the 3 months ended 30th June 2023

The Company's sales volume during the three months ended 30th June 2023 was lower in comparison to the same period last year, mainly due to the tax led price increases in line with the Government's revenue proposals.

The growth in products like Beedi and smuggled cigarettes remains a key threat to the turnover of the legal industry and its contribution to the Government revenue. These products are well poised to grow exponentially due to the widening price gap in comparison to the legal cigarettes, which have been subjected to frequent, sharp tax increases. It is anticipated that the Government's tax led price increase, especially in the context of the diminishing consumer spending power owing to the macro-economic factors, will continue to impact legal industry volumes for the remainder of the year. Despite this volume erosion, the Company is committed to further strengthen the value proposition of CTC's brands to deliver sustainable results for both the Government and its shareholders.

The cost base of the Company is impacted by the increases in other operating expenses driven by inflation. The Company's profit before income tax for the three months ended 30th June 2023 stood at Rs. 10.3bn, while the Company's profit after tax for the same period was Rs. 6.2bn.

Dividends

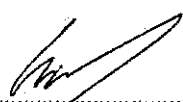
The Directors recommend a second interim dividend of Rs. 33.00 per share to be paid by the 11th September 2023.

CEYLON TOBACCO COMPANY PLC**Statement of Profit or Loss and Other Comprehensive Income**

(all amounts in Sri Lanka Rupees millions)

	03 months ended 30 June		06 months ended 30 June	
	2023 Un-audited	2022 Un-audited	2023 Un-audited	2022 Un-audited
Turnover	54,767	42,321	101,702	79,323
Government Levies	(40,582)	(32,182)	(74,808)	(60,027)
Revenue	14,185	10,139	26,894	19,296
Other operating income	25	19	25	22
Raw material used	(939)	(877)	(1,832)	(1,619)
Employee benefit expense	(637)	(551)	(1,219)	(901)
Depreciation & amortisation expense	(118)	(98)	(221)	(190)
Other operating expenses	(2,551)	(2,452)	(4,056)	(3,856)
Net finance income	359	261	851	456
Profit before income tax	10,324	6,441	20,442	13,208
Income tax expenses	(4,078)	(3,081)	(8,197)	(5,662)
Profit for the period	6,246	3,360	12,245	7,546
Other Comprehensive Income				
Re-measurement of defined benefit obligation	(5)	42	(11)	129
Total comprehensive income for the period	6,241	3,402	12,234	7,675
Earnings Per Share (basic and diluted)	33.34	17.94	65.37	40.28

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


Towhid Akbar
Finance Director
Date: 10th August 2023

CEYLON TOBACCO COMPANY PLC

Statement of Financial Position

(all amounts in Sri Lanka Rupees millions)

	30-Jun	31-Dec
	2023	2022
	Un-audited	Audited
Assets		
Non-current assets		
Property, plant and equipment	5,698	5,552
Intangible assets	-	-
Employee benefit asset	136	158
Other receivables	223	181
Total non-current assets	6,057	5,891
Current assets		
Inventories	6,197	6,303
Trade and other receivables	7,177	5,151
Cash and cash equivalents	17,365	24,217
Total current assets	30,739	35,670
Total assets	36,796	41,561
Equity and Liabilities		
Equity		
Stated capital	1,873	1,873
Retained earnings	7,417	15,620
Total equity attributable to equity holders	9,291	17,493
Non-current liabilities		
Unfunded retirement benefit obligation	0	0
Deferred tax liabilities	468	375
Lease liabilities	66	57
Long term borrowings	308	367
Total non-current liabilities	842	800
Current liabilities		
Trade and other payables	17,935	9,027
Lease liabilities	190	63
Current taxation	8,224	6,754
Dividends payable	-	7,108
Unclaimed dividends	315	315
Total current liabilities	26,663	23,267
Total liabilities	27,505	24,067
Total equity and liabilities	36,796	41,561
Net Asset Per Share	49.60	93.38

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.




 Towhid Akbar
 Finance Director
 Date : 10th August 2023

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:



 Monisha Abraham
 Managing Director and CEO
 Date : 10th August 2023



 Towhid Akbar
 Finance Director
 Date : 10th August 2023

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 2022	1,873	7,114	8,987
Adjustment for Surcharge tax levied under Surcharge Act No.14 of 2022		(6,306)	(6,306)
Adjusted Balance at 1 January 2022	1,873	807	2,680
Profit for the period		7,546	7,546
Other comprehensive income	-	129	129
Total comprehensive income for the period	-	7,675	7,675
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	-	-
Dividends	-	(1,873)	(1,873)
Total transactions with shareholders	-	(1,873)	(1,873)
Surcharge Tax adjusted balance at 30th June 2022 (Un-audited)	1,873	6,608	8,482
Profit for the period	-	12,923	12,923
Other comprehensive income	-	(359)	(359)
Total comprehensive income for the period	-	12,563	12,563
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	7	7
Dividends	-	(3,559)	(3,559)
Total transactions with shareholders	-	(3,552)	(3,552)
Balance at 31 December 2022 (Audited)	1,873	15,620	17,493
Balance at 1 January 2023	1,873	15,620	17,493
Profit for the period	-	12,245	12,245
Other comprehensive income	-	(11)	(11)
Total comprehensive income for the period	-	12,234	12,234
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	-	-
Dividends	-	(20,437)	(20,437)
Total transactions with shareholders	-	(20,437)	(20,437)
Balance at 30 June 2023 (Un-audited)	1,873	7,417	9,291

CEYLON TOBACCO COMPANY PLC

Statement of Cash Flows

(all amounts in Sri Lanka Rupees millions)

	06 months ended 30 June	
	2023	2022
	Un-audited	Un-audited
Cash flows from operating activities		
Profit before Tax	20,442	13,208
<i>Adjustments for:</i>		
Depreciation & amortisation expense	221	190
Interest expense	15	11
Interest income	(806)	(467)
Write off of property, plant & equipment	0	0
Net interest on retirement benefit obligations	11	(10)
Provision for obsolete inventories and doubtful Debts	61	48
Exchange gain from long term borrowings	(60)	-
Operating profit before working capital changes	19,884	12,980
<i>Changes in working capital</i>		
Inventories	46	(1,104)
Trade & other receivables	(2,077)	1,058
Trade & other payables	8,908	(6)
Cash generated from operations	26,760	12,928
Interest received	806	467
Interest paid	(15)	(11)
Gratuity paid - unfunded scheme	-	-
Income tax paid	(6,625)	(4,043)
Surcharge tax paid	-	(4,553)
WHT paid	(2,924)	-
Net cash generated from operating activities	18,002	4,789
Cash flows from investing activities		
Purchase and construction of property, plant & equipment	(150)	(101)
Purchase of intangible assets	-	-
Net cash used in investing activities	(150)	(101)
Cash flows from financing activities		
Proceeds from long term borrowings	-	-
Dividends paid	(24,622)	(1,747)
Unclaimed dividends paid	-	-
Payment of finance lease liabilities	(82)	(74)
Net cash outflow from financing activities	(24,704)	(1,821)
Net increase/ (decrease) in cash & cash equivalents	(6,852)	2,867
Cash & cash equivalents at the beginning of year	24,217	8,593
Increase/ (Decrease) in cash	(6,852)	2,867
Cash & cash equivalents at the end of the period	17,365	11,460
Analysis of cash & cash equivalents at the end of the period		
Cash in hand & bank balances	15,365	5,849
Short term investments	2,000	5,610
Total cash & cash equivalents	17,365	11,459

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 2023. 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 Comparatives

Comparatives are provided for the same period last year and for the statement of financial position at the date 31 December 2022. Where necessary comparative figures have been reclassified to conform with the current year's presentation.

4 Contingent Liabilities

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

5 Events occurring after the reporting period

No material events have occurred since the end of the reporting date which would require adjustments to, or disclosure in the financial statements.

The directors recommend a second interim dividend of Rs.33.00 per share for 2023 and will be payable on 11th September 2023

6 Market Price Per share

For the 6 months ending 30 June,

	2023 Rs	2022 Rs
Highest	848.75	1,000.00
Lowest	680.00	520.00
Last Traded	820.25	583.00

7 20 Largest Shareholders of the Company

Name of Shareholder	No. of Shares	% Holding
30 June 2023		
British American Tobacco International Holdings B.V.	157,590,931	84.13
Philip Morris Brand SARL	15,585,910	8.32
CB NY S/A Allian Gray Frontier Markets Equity Fund Limited	3,267,374	1.74
J.B.Cocoshell (Pvt) Ltd	867,252	0.46
Rubber Investment Trust Ltd A/C 01	367,698	0.20
Mrs Singh	306,802	0.16
Hatton National Bank PLC - Capital Alliance Quantitative Equity Fund	297,047	0.16
Deutsche Bank AG AS Trustee For JB vantage Value Equity Fund	219,831	0.12
Miss N. Harnam	211,030	0.11
Mr.Jayawardena Sanjeeva Praneeth	195,566	0.10
Invenco Capital Private Limited	191,755	0.10
Deutsche Bank AG Singapore A/C2(DCS CLT ACC FOR DEUTSCHE BANK AG SINGAPORE- PWM WM CLIENT)	175,600	0.09
Harnam Holdings SDN BHD	145,000	0.08
Bank of Ceylon No.1 Account	143,175	0.08
Union Assurance PLC - Universal Life Fund	133,642	0.07
BNYM RE- GHI Holdings Mauritius	129,687	0.07
Galle Face Capital Partners PLC	125,000	0.07
Mr.A.M.Weerasinghe	103,500	0.06
Mr. J.D. Bandaranayake	103,062	0.06
Askold (Private) Limited	101,468	0.05
Sub Total	180,261,330	96.23
Others	7,062,421	3.77
Total Shares	187,323,751	100.00

9 Computation of % of Public Shareholding

	30 June 2023
	No of Shares
Parent Company	
British American Tobacco International (Holdings) BV	157,590,931
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	157,590,931
Directors shareholding (including spouses & children)	
Mr. S.K. Shah	-
Mrs. M. Abraham	-
Mr. K.D'Alwis	-
Mr. Y. Kanagasabai	-
Mr. U. Zahur	-
Mrs. R. Rahman	-
Mr. S.R. Kidd	-
Mr. Towhid Akbar	-
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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	4,630
Market Capitalisation of Public Holding (Rs. Million)	24,388

The Company complies with option 1 of the Listing Rules 7.14.1(a) - Float Adjusted Market Capitalisation of Rs. 10.0Bn which requires no minimum public holding percentage.