

Ceylon Tobacco Company PLC

Summary of performance for the 3 months ended 30th September 2019

Ceylon Tobacco Company's total sales volume for the third quarter ended 30th September 2019 reduced by 11.0% in comparison to the same period last year, due to impacts from excise revisions during the year. During the period the contribution to the Government revenue through Excise and other levies increased by LKR 0.8bn in comparison to the same period last year.

The growth in the low taxed products such as Beedi and illegal smuggled cigarettes remains a key threat to the turnover of the legal industry and its contribution to the Government revenue. The smuggled illegal cigarette consumption in Sri Lanka is growing exponentially due to the ever-widening price gap between legal and smuggled cigarettes with regular price hikes targeting legal product.

The Company's profit after tax stood at LKR 4.51bn for the three months ended 30th September 2019, due to the continuous efforts in managing the cost base while focusing on right investments for sustainability.

Dividends

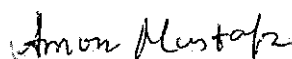
The Directors recommend a second interim dividend of Rs. 21.00 per share to be paid by the 28th of November 2019.

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

(all amounts in Sri Lanka Rupees millions)

	3 months ended 30 September		9 months ended 30 September	
	2019 Un-audited	2018 Un-audited	2019 Un-audited	2018 Un-audited
Turnover	35,267	33,062	105,763	107,486
Government Levies	(26,304)	(25,506)	(79,923)	(83,227)
Revenue	8,963	7,556	25,840	24,259
Other operating income	13	-	37	5
Raw material used	(547)	(601)	(1,520)	(1,947)
Employee benefit expense	(320)	(253)	(925)	(818)
Depreciation & amortisation expense	(74)	(43)	(220)	(129)
Other operating expenses	(910)	(821)	(2,545)	(2,817)
Interest income	414	455	1,276	1,198
Profit before income tax	7,539	6,293	21,943	19,751
Income tax expense	(3,027)	(2,647)	(8,686)	(8,012)
Profit for the period	4,512	3,646	13,257	11,739
Other Comprehensive Income				
Re-measurement of defined benefit obligation	(1)	5	(46)	6
Total comprehensive income for the period	4,511	3,651	13,211	11,745
Earnings Per Share (basic and diluted)	24.09	19.46	70.77	62.67

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



Amun Mustafiz
Finance Director
Date : 7th November 2019

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

	30 September	31 December
	2019	2018
	Un-audited	Audited
Assets		
Non-current assets		
Property, plant and equipment	3,412	3,082
Intangible assets	3	-
Employee benefit asset	234	276
Other receivables	113	122
Total non-current assets	3,762	3,480
Current assets		
Inventories	2,063	2,334
Trade and other receivables	2,477	2,242
Cash and cash equivalents	21,294	20,153
Asset held for sale	0	0
Total current assets	25,834	24,729
Total assets	29,596	28,209
Equity and Liabilities		
Equity		
Stated capital	1,873	1,873
Retained earnings	6,437	3,486
Total equity attributable to equity holders	8,310	5,359
Non-current liabilities		
Unfunded retirement benefit obligation	0	0
Deferred tax liabilities	584	563
Lease liabilities	144	-
Total non-current liabilities	728	563
Current liabilities		
Trade and other payables	12,708	12,638
Lease liabilities	100	-
Current taxation	6,225	5,550
Dividends payable	1,243	3,814
Unclaimed dividends	282	285
Total current liabilities	20,558	22,287
Total liabilities	21,286	22,850
Total equity and liabilities	29,596	28,209
Net Asset Per Share	44.36	28.61

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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Amun Mustafiz
Finance Director
Date : 7th November 2019

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 : 7th November 2019


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Amun Mustafiz
Finance Director
Date : 7th November 2019

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 2018	1,873	2,697	4,570
Profit for the period	-	11,739	11,739
Other comprehensive income	-	6	6
Total comprehensive income for the period	-	11,745	11,745
Transactions with owners of the Company, recognised directly in equity			
Dividends	-	(9,141)	(9,141)
Total transactions with shareholders	-	(9,141)	(9,141)
Balance at 30 September 2018 (Unaudited)	1,873	5,301	7,174
Profit for the period	-	5,265	5,265
Other comprehensive income	-	15	15
Total comprehensive income for the period	-	5,280	5,280
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	23	23
Dividends	-	(7,118)	(7,118)
Total transactions with shareholders	-	(7,095)	(7,095)
Balance at 31 December 2018 (Audited)	1,873	3,486	5,359
Balance at 1 January 2019	1,873	3,486	5,359
Profit for the period	-	13,257	13,257
Other comprehensive income	-	(46)	(46)
Total comprehensive income for the period	-	13,211	13,211
Transactions with owners of the Company, recognised directly in equity			
Dividends	-	(10,260)	(10,260)
Total transactions with shareholders	-	(10,260)	(10,260)
Balance at 30 September 2018 (Unaudited)	1,873	6,437	8,310

CEYLON TOBACCO COMPANY PLC
Statement of Cash Flows
(all amounts in Sri Lanka Rupees millions)

	9 months ended 30 September	
	2019	2018
	Un-audited	Un-audited
A. Cash Flows from Operating Activities		
Cash generated from operations	20,997	23,426
Interest received	1,301	1,198
Interest paid	(25)	-
Surplus paid by Plan Asset	-	450
Gratuity paid - Unfunded scheme	(0)	(0)
Income tax paid	(7,989)	(6,287)
Net Cash from Operating Activities	14,284	18,787
Cash Flows from Investing Activities		
Purchase and construction of Property, Plant & Equipment	(550)	(51)
Purchase of intangible assets	(3)	-
Net Cash used in Investing Activities	(553)	(51)
Cash Flows from Financing Activities		
Dividends paid	(12,831)	(12,418)
Unclaimed dividends paid	(3)	(2)
New finance leases	314	-
Payment of finance lease liabilities	(70)	-
Net cash used in Financing Activities	(12,590)	(12,420)
Net increase in Cash & Cash equivalents	1,141	6,316
Cash & Cash Equivalents at the beginning of year	20,153	17,424
(Decrease)/ Increase in cash	1,141	6,316
Cash & Cash Equivalents at the end of the period	21,294	23,740
B. Analysis of Cash & Cash Equivalents at the end of the period		
Cash in hand & bank balances	11,294	7,740
Short term investments	10,000	16,000
Total cash & cash equivalents	21,294	23,740
C. Cash generated from Operations		
Profit before Tax	21,943	19,751
Depreciation & amortisation expense	214	129
Interest expense	25	-
Interest income	(1,301)	(1,198)
Impairment of property, plant & equipment	6	-
Net interest on retirement benefit obligations	(5)	(23)
Provision for obsolete inventories and doubtful Debts	47	21
Operating Profit before changes in Working Capital	20,929	18,680
Movement in Working Capital		
Inventories	270	836
Trade & Other Receivables	(272)	(92)
Trade & Other Payables	70	4,002
	20,997	23,426

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 nine months ended 30 September 2019. 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 of the last published annual report (31 December 2018). 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 9 months ended 30 September,

	2019	2018
	Rs	Rs
Highest	1,306.00	1,385.00
Lowest	1,100.10	1,100.00
Last Traded	1,109.20	1,358.00

8 20 Largest Shareholders of the Company

Name of Shareholder	30 September 2019		30 June 2019	
	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
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-BMO Investments 11 (Ireland) Public Limited Company	985,742	0.53	1,238,777	0.66
RBC Investor Services Bank-COELI SICAV	878,756	0.47	878,756	0.47
CB NY S/A Allan Gray Frontier Markets Equity Fund Limited	865,834	0.46	667,342	0.36
SSBT-AL Mehwar Commercial Investments L L C	493,258	0.26	493,258	0.26
BBH-Matthews Emergine Asia Fund	361,292	0.19	361,292	0.19
JPMBL SA-Kapitalforeningen Emerging Markets Long Term Economic Investment Fund	324,765	0.17	339,568	0.18
Mrs Jasbinderjit Kaur Piara Singh	312,063	0.17	312,063	0.17
HSBC INTL NOM Ltd - SSBT-BMO-LGM Frontier Markets Equity Fund	244,387	0.13	244,387	0.13
Miss Neesha Harnam	225,780	0.12	225,821	0.12
SSBT-Frank Russel Trust Company Comingled Benefit Fund Trust GNA	200,124	0.11	200,124	0.11
HSBC INTL NOM Ltd - SSBT-Deutsche Bank AG Singapore A/C 01	175,600	0.09	175,600	0.09
PICTET and CIE (Europe) SA S/A Lloyd George Indian Ocean Master Fund	160,000	0.09	160,000	0.09
Hamam Holdings SDN BHD	150,000	0.08	150,000	0.08
Mellon Bank N.A-Eaton Vance Trust Co.Collective Inv.	148,901	0.08	148,901	0.08
Bank of Ceylon No 1 Account	143,176	0.08	143,176	0.08
Deutsche Bank AG AS Trustee For JB vantage Value Equity Fund	134,831	0.07	134,831	0.07
Sub Total	181,679,004	96.99	181,748,391	97.02
Others	5,644,747	3.01	5,575,360	2.98
Total Shares	187,323,751	100.00	187,323,751	100.00

9 Computation of % of Public Shareholding

	30 September 2019	30 June 2019
	No of Shares	No of Shares
Parent Company		
British American Tobacco International (Holdings) BV	157,590,931	157,590,931
	157,590,931	157,590,931
Directors shareholding (including spouses & children)		
S J Iqbal	-	-
N L Salem	-	-
Y Kanagasabai	-	-
A Tittawella	-	-
A Mustafiz	-	-
U Zahur	-	-
	-	-
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
	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	3,308	3,264
Market Capitalisation of Public Holding (Rs. Million)	32,980	38,058

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.