

Ceylon Tobacco Company PLC

Interim Financial Statements - 9 months ended 30 September 2022

Ceylon Tobacco Company PLC

Summary of Performance for the 9 months ended 30th September 2022

The Company's performance in the nine months ended 30th September 2022, showed a recovery from the prolonged impact of COVID-19 pandemic in comparison to the same period last year. Therefore, the Company's turnover and the Government revenue through Excise and other levies for the quarter reported an increase of 31% and 30% respectively in comparison to the same period of last year.

The cost base of the Company is impacted by the increases in other operating expenses driven by higher inflation and devaluation of the local currency. The Company's profit before income tax for the nine months period recorded Rs. 24.2bn, while the Company's profit after tax for the period recorded Rs. 14.1bn.

The Company paid the final installment of the surcharge tax amounting to Rs. 1.7bn on 20th of July 2022 to settle the due charge of Rs. 6.3bn imposed by the Surcharge Tax Act, No.14 of 2022. Accordingly, the surcharge tax is accounted for as an adjustment arising out of regulatory rule and hence adjusted to the opening retained earnings reported as of 1 January 2022, in the Statement of Changes in Equity as recommended by the Institute of Chartered Accountants of Sri Lanka, in August 2022.

Dividends

The Directors recommend a third interim dividend of Rs. 9.00 per share to be paid by the 14th December 2022.

CEYLON TOBACCO COMPANY PLC

Statement of Profit or Loss and Other Comprehensive Income

(all amounts in Sri Lanka Rupees millions)

	03 months ended 30 September		09 months ended 30 September	
	2022	2021	2022	2021
	Un-audited	Un-audited	Un-audited	Un-audited
Turnover	47,125	31,709	126,448	96,484
Government Levies	(34,214)	(23,655)	(94,241)	(72,324)
Revenue	12,911	8,054	32,207	24,160
Other operating income	10	11	32	28
Raw material used	(1,004)	(684)	(2,623)	(1,819)
Employee benefit expense	(615)	(367)	(1,516)	(1,020)
Depreciation & amortisation expense	(92)	(82)	(282)	(249)
Other operating expenses	(631)	(831)	(4,487)	(2,158)
Net finance income	427	115	883	340
Profit before income tax	11,006	6,216	24,214	19,282
Income tax expenses	(4,438)	(2,409)	(10,100)	(7,641)
Profit for the period	6,568	3,807	14,114	11,641
Other Comprehensive Income				
Re-measurement of defined benefit obligation	(201)	66	(72)	114
Total comprehensive income for the period	6,367	3,873	14,042	11,755
Earnings Per Share (basic and diluted)	35.06	20.32	75.35	62.14

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

Syed Muhammad Ali Abrar
Finance Director

Date 14th November 2022

CEYLON TOBACCO COMPANY PLC

Statement of Financial Position

(all amounts in Sri Lanka Rupees millions)

	30-Sep	31-Dec
	2022	2021
	Un-audited	Audited
Assets		
Non-current assets		
Property, plant and equipment	5,261	5,348
Intangible assets	-	1
Employee benefit asset	312	370
Other receivables	169	136
Total non-current assets	5,742	5,854
Current assets		
Inventories	5,819	4,612
Trade and other receivables	6,536	7,409
Cash and cash equivalents	25,640	8,593
Asset held for sale	-	-
Total current assets	37,995	20,614
Total assets	43,737	26,468
Equity and Liabilities		
Equity		
Stated capital	1,873	1,873
Retained earnings	11,104	7,114
Total equity attributable to equity holders	12,977	8,987
Non-current liabilities		
Unfunded retirement benefit obligation	0	0
Deferred tax liabilities	641	377
Lease liabilities	63	100
Long term borrowings	365	-
Total non-current liabilities	1,069	477
Current liabilities		
Trade and other payables	13,993	5,169
Lease liabilities	67	122
Current taxation	7,138	4,219
Dividends payable	8,208	7,220
Unclaimed dividends	285	272
Total current liabilities	29,691	17,004
Total liabilities	30,760	17,481
Total equity and liabilities	43,737	26,468
Net Asset Per Share	69.28	47.98

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.


Syed Muhammad Ali Abrar

Finance Director

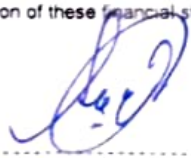
Date: 14th November 2022

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: 14th November 2022


Syed Muhammad Ali Abrar
Finance Director

Date: 14th November 2022

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 2021	1,873	2,729	4,602
	-		-
Profit for the period		11,641	11,641
Other comprehensive income	-	114	114
Total comprehensive income for the period	-	11,755	11,755
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	-	-
Dividends	-	(9,243)	(9,243)
Total transactions with shareholders	-	(9,243)	(9,243)
Balance at 30 Sep 2021 (Un-audited)	1,873	5,241	7,114
	-		-
Profit for the period		4,505	4,505
Other comprehensive income	-	123	123
Total comprehensive income for the period	-	4,628	4,628
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	56	56
Dividends	-	(2,811)	(2,811)
Total transactions with shareholders	-	(2,756)	(2,756)
Balance at 31 December 2021 (Audited)	1,873	7,114	8,987
Balance at 1 January 2022	1,873	7,114	8,987
Adjustment for Surcharge tax levied under Surcharge Act No. 14 of 2022 (Note 05)		(6,306)	(6,306)
Adjusted Balance as at 1 January 2022	1,873	808	2,681
	-		-
Profit for the period		14,114	14,114
Other comprehensive income	-	(72)	(72)
Total comprehensive income for the period	-	14,042	14,042
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	-	-
Dividends	-	(3,746)	(3,746)
Total transactions with shareholders	-	(3,746)	(3,746)
Surcharge Tax adjusted Balance at 30 September 2022 (Un-audited)	1,873	11,104	12,977

CEYLON TOBACCO COMPANY PLC

Statement of Cash Flows

(all amounts in Sri Lanka Rupees millions)

	09 months ended 30 September	
	2022	2021
	Un-audited	Un-audited
Cash flows from operating activities		
Profit before Tax	24,214	19,282
<i>Adjustments for:</i>		
Depreciation & amortisation expense	282	247
Interest expense	16	14
Interest income	(899)	(353)
Write off of property, plant & equipment	-	2
Net interest on retirement benefit obligations	(15)	21
Provision for obsolete inventories and doubtful Debts	154	(2)
Operating profit before working capital changes	23,752	19,211
<i>Changes in working capital</i>		
Inventories	(1,364)	(518)
Trade & other receivables	842	(3,265)
Trade & other payables	8,824	3,323
Cash generated from operations	32,054	18,751
Interest received	899	353
Interest paid	(16)	(14)
Gratuity paid - unfunded scheme	-	-
Income tax paid	(6,917)	(7,248)
Surcharge tax paid	(6,306)	-
Net cash generated from operating activities	19,714	11,842
Cash flows from investing activities		
Purchase and construction of property, plant & equipment	(180)	(398)
Purchase of intangible assets	-	-
Net cash used in investing activities	(180)	(398)
Cash flows from financing activities		
Proceeds from long term borrowings	366	-
Dividends paid	(2,745)	(7,422)
Unclaimed dividends paid	(1)	(48)
Payment of finance lease liabilities	(107)	(88)
Net cash outflow from financing activities	(2,487)	(7,558)
Net increase/ (decrease) in cash & cash equivalents	17,047	3,886
Cash & cash equivalents at the beginning of year	8,593	9,782
Increase/ (Decrease) in cash	17,047	3,886
Cash & cash equivalents at the end of the period	25,640	13,669
Analysis of cash & cash equivalents at the end of the period		
Cash in hand & bank balances	25,640	9,669
Short term investments	-	4,000
Total cash & cash equivalents	25,640	13,669

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 2022. 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 2021. 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 Surcharge Tax

The Surcharge Tax Act, No.14 of 2022 had been passed on 8 April 2022 as a one-off tax on any individual, partnership, or company whose taxable income calculated in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017, exceeds rupees two thousand million, for the year of assessment, that commenced on 1 April 2020 at the rate of twenty-five per centum on the taxable income of such individual, partnership or company.

As per the provisions of Section 2 of the Surcharge Tax Act, the Company was liable for a Surcharge Tax of Rs.6.306 Million, which needed to be paid in two equal installments on or before 20 April 2022 and 20 July 2022. The first installment of Surcharge Tax amounting to Rs. 3,153 Million was paid on 20 April 2022. An advance payment of Rs.1,400 Million from the second installment was paid on 29 June 2022 and balance of the second instalment of Rs.1,753 was paid on 20th July.

According to the said Act, the surcharge tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on 1 April 2020. Accordingly, the surcharge tax is accounted for as an adjustment arising out of regulatory rule and hence adjusted to the opening retained earnings reported as at 1 January 2022, in the Statement of Changes in Equity. The surcharge tax expense is accounted as recommended by the addendum to SoAT on Accounting for Surcharge Tax issued by the Institute of Chartered Accountants of Sri Lanka, in August 2022.

6 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.

7 Market Price Per share

For the 09 months ending 30 September,	2022 Rs	2021 Rs
Highest	939.50	1,150.00
Lowest	520.00	899.25
Last Traded	706.50	900.25

8 20 Largest Shareholders of the Company

Name of Shareholder	No. of Shares	% Holding
	30 September 2022	
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	3,267,374	1.74
Pershing LLC S/A Averbach Grauson & Co	1,588,538	0.85
J B Cocoshell (Pvt) Ltd	503,380	0.27
Mrs Singh	306,802	0.16
Miss Harnam	211,030	0.11
Mr Jayawardena Sanjeeva Praneeth	195,566	0.10
Deutsche Bank AG Singapore A/C 01 (PWM WM CLIENT)	175,600	0.09
Deutsche Bank AG AS Trustee For JB vantage Value Equity Fund	169,831	0.09
UNION ASSURANCE PLC-UNIVERSAL LIFE FUND	161,634	0.09
Harnam Holdings SDN BHD	150,000	0.08
Bank of Ceylon No 1 Account	143,175	0.08
BNYM RE- GHI Holdings Mauritius	129,687	0.07
Deutsche Bank AG as Trustee to Capital Alliance Quantitative Equity Fund	111,476	0.06
MR. A.M. WEERASINGHE	103,500	0.06
MR. J.D. BANDARANAYAKE	103,062	0.06
Mr.Ratnayake Susantha Chaminda	100,000	0.05
MR. J.D. BANDARANAYAKE	97,100	0.05
SSBT-Parametric Tax-Managed Emerging Markets Fund	96,609	0.05
Sub Total	180,791,205	96.51
Others	6,532,546	3.49
Total Shares	187,323,751	100.00

9 Computation of % of Public Shareholding

30 September 2022

	No of Shares
<u>Parent Company</u>	157,590,931
British American Tobacco International (Holdings) BV	157,590,931
<u>Directors shareholding (including spouses & children)</u>	-
Mr. S.K. Shah (W.E.F. 1 February 2021)	-
Mrs. M. Abraham (W.E.F. 1 December 2021)	-
Mr. U. Zahur	-
Mr. K.M.A.T. Tittawella (Demised on 26 February 2022)	-
Mr. K.D'Alwis (W.E.F. on 20 April 2022)	-
Mr. Y. Kanagasabai	-
Mr. S.R. Kidd (W.E.F. 1 February 2021)	-
Mrs. R. Rahman (W.E.F. 1 February 2021)	-
Mr. S.M.A.Abrar (W.E.F. 1 October 2021)	-
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
	187,323,751
Public Holding as a % of Issued Share Capital	15.87%
Number of shareholders holding the Public Holding	4,643
Market Capitalisation of Public Holding (Rs. Million)	21,006

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.