

Ceylon Tobacco Company PLC

Interim Financial Statements - 3 months ended 31 December 2022

Ceylon Tobacco Company PLC

Summary of Performance for the 3 months ended 31st December 2022

The Company's sales in the three months ended 31st December 2022 were marginally lower in comparison to the same period last year. This was mainly due to the tax driven price increases in line with the Government's budget proposals.

The Company's profit before income tax for the three months ended 31st December 2022 stood at Rs. 10.2bn, while the Company's profit after tax for the same period was Rs. 6.4bn.

The Company settled the full charge of Rs. 6.3bn imposed by the Surcharge Tax Act, No.14 of 2022 within the stipulated dates. 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.

CEYLON TOBACCO COMPANY PLC

Statement of Profit or Loss and Other Comprehensive Income (all amounts in Sri Lanka Rupees millions)

	03 months ended 31 December		12 months ended 31 December	
	2022 Un-audited	2021 Un-audited	2022 Un-audited	2021 Un-audited
Turnover	40,746	37,885	167,194	134,369
Government Levies	(28,681)	(28,429)	(122,922)	(100,753)
Revenue	12,065	9,456	44,272	33,616
Other operating income	4	5	36	33
Raw material used	(816)	(826)	(3,439)	(2,645)
Employee benefit expense	(504)	(499)	(2,020)	(1,519)
Depreciation & amortisation expense	(83)	(87)	(365)	(336)
Other operating expenses	(801)	(863)	(5,288)	(3,021)
Net finance income	319	179	1,202	519
Profit before income tax	10,184	7,365	34,398	26,647
Income tax expenses	(3,824)	(2,859)	(13,924)	(10,500)
Profit for the period	6,360	4,506	20,474	16,147
Other Comprehensive Income				
Re-measurement of defined benefit obligation	(158)	123	(230)	237
Debit investment at FVOCI- net change in fair value	(5)		(5)	
Total comprehensive income for the period	6,197	4,629	20,239	16,384
Earnings Per Share (basic and diluted)	33.95	24.05	109.30	86.20

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

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Syed Muhammad Ali Abrar
Finance Director
Date : 01st March 2023

CEYLON TOBACCO COMPANY PLC

Statement of Financial Position

(all amounts in Sri Lanka Rupees millions)

	31-Dec	31-Dec
	2022	2021
	Un-audited	Audited
Assets		
Non-current assets		
Property, plant and equipment	5,552	5,348
Intangible assets	-	1
Employee benefit asset	158	370
Other receivables	181	136
Total non-current assets	5,891	5,855
Current assets		
Inventories	6,303	4,612
Trade and other receivables	5,151	7,410
Cash and cash equivalents	24,217	8,593
Asset held for sale	-	-
Total current assets	35,671	20,615
Total assets	41,562	26,470
Equity and Liabilities		
Equity		
Stated capital	1,873	1,873
Retained earnings	15,624	7,116
Total equity attributable to equity holders	17,497	8,989
Non-current liabilities		
Unfunded retirement benefit obligation	0	0
Deferred tax liabilities	375	377
Lease liabilities	58	100
Long term borrowings	367	-
Total non-current liabilities	801	477
Current liabilities		
Trade and other payables	9,025	5,171
Lease liabilities	63	122
Current taxation	6,754	4,219
Dividends payable	7,108	7,220
Unclaimed dividends	315	272
Total current liabilities	23,265	17,004
Total liabilities	24,066	17,481
Total equity and liabilities	41,562	26,470
Net Asset Per Share	93.40	47.99

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 : 01st March 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 : 01st March 2023

 Syed Muhammad Ali Abrar

Finance Director

Date : 01st March 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 2021	1,873	2,730	4,603
Profit for the period	-	16,147	16,147
Other comprehensive income	-	237	237
Total comprehensive income for the period	-	16,384	16,384
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	56	56
Dividends	-	(12,054)	(12,054)
Total transactions with shareholders	-	(11,998)	(11,998)
Balance at 31 Dec 2021 (Audited)	1,873	7,116	8,989
Balance at 1 January 2022	1,873	7,116	8,989
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	810	2,683
Profit for the period	-	20,474	20,474
Other comprehensive income	-	(235)	(235)
Total comprehensive income for the period	-	20,239	20,239
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	7	7
Dividends	-	(5,432)	(5,432)
Total transactions with shareholders	-	(5,425)	(5,425)
Surcharge Tax adjusted Balance at 31 December 2022 (Un-audited)	1,873	15,624	17,497

CEYLON TOBACCO COMPANY PLC

Statement of Cash Flows

(all amounts in Sri Lanka Rupees millions)

	12 months ended 31 December	
	2022 Un-audited	2021 Audited
Cash flows from operating activities		
Profit before Tax	34,398	26,647
<i>Adjustments for:</i>		
Depreciation & amortisation expense	365	334
Interest expense	19	20
Interest income	(1,221)	(539)
Write off of property, plant & equipment	0	2
Net interest on retirement benefit obligations	(19)	48
Provision for obsolete inventories and doubtful Debts	38	(23)
Operating profit before working capital changes	33,580	26,489
<i>Changes in working capital</i>		
Inventories	(1,771)	(853)
Trade & other receivables	2,255	(4,207)
Trade & other payables	3,854	(2,656)
Cash generated from operations	37,919	18,773
Interest received	1,221	539
Interest paid	(19)	(20)
Gratuity paid - unfunded scheme	-	(0)
Income tax paid	(11,392)	(11,266)
Surcharge tax paid	(6,306)	-
Net cash generated from operating activities	21,422	8,026
Cash flows from investing activities		
Purchase and construction of property, plant & equipment	(541)	(848)
Purchase of intangible assets	-	-
Net cash used in investing activities	(541)	(848)
Cash flows from financing activities		
Proceeds from long term borrowings	367	-
Dividends paid	(5,489)	(8,198)
Unclaimed dividends paid	(6)	(48)
Payment of finance lease liabilities	(129)	(122)
Net cash outflow from financing activities	(5,257)	(8,368)
Net increase/ (decrease) in cash & cash equivalents	15,624	(1,190)
Cash & cash equivalents at the beginning of year	8,593	9,782
Increase/ (Decrease) in cash	15,624	(1,190)
Cash & cash equivalents at the end of the period	24,217	8,593
Analysis of cash & cash equivalents at the end of the period		
Cash in hand & bank balances	24,217	6,593
Short term investments	(0)	2,000
Total cash & cash equivalents	24,217	8,593

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 twelve months ended 31 December 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 installment 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 12 months ending 31 December,

	2022	2021
	Rs	Rs
Highest	939.50	1,150.00
Lowest	520.00	850.00
Last Traded	625.00	878.00

8 20 Largest Shareholders of the Company

Name of Shareholder	No. of Shares	% Holding
31 December 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 Harnani	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	117,476	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	95,609	0.05
Sub Total	180,797,205	96.52
Others	6,526,546	3.48
Total Shares	187,323,751	100.00

9 Computation of % of Public Shareholding

	31 December 2022
	No of Shares
<u>Parent Company</u>	
British American Tobacco International (Holdings) BV	157,590,931
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	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)	-
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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	4,638
Market Capitalisation of Public Holding (Rs. Million)	18,583

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.