

Ceylon Tobacco Company PLC

Summary of performance for the 3 months ended 31st March 2019

The Government increased the Excise duty on cigarettes in August 2018 and March 2019 leading to a price increase of legal cigarettes around 30% within past nine months period. As a result, the Ceylon Tobacco Company's domestic sales volume for the first quarter ended 31st March 2019 reduced by 14.9% in comparison to the same period last year. Company's contribution to the Government revenue through Excise and other levies for the first quarter was LKR 26bn.

The Company's profit after tax stood at LKR 4.06bn for the quarter ended 31st March 2019. The Company's continuous efforts in managing cost base while focusing on right investments contributed positively to Profit for the period.

CTC remains committed to create value for the local economy and Government revenue and has launched new products to arrest the leakage of regulated tobacco industry value into duty not paid products owing to macroeconomic factors impacting consumer spending power. However, the growth in low taxed products such as Beedi and smuggled illicit cigarettes remains as a key threat to Government revenue contribution from the regulated tobacco industry.

CTC's flagship Corporate Social Responsibility initiative, the Sustainable Agricultural Development Programme (SADP) continued to focus on alleviating poverty and empowering the livelihoods of families in rural Sri Lanka. The total number of families supported by the Company as at 31st March 2019 stood at 19,664, comprising of 76,396 beneficiaries in 16 districts.

Dividends

The Directors recommend a first interim dividend of LKR 19.00 per share to be paid on 4th June 2019.

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

	3 months ended 31 March	
	2019	2018
	Un-audited	Un-audited
Turnover	34,280	35,571
Government Levies	(25,989)	(27,542)
Revenue	8,291	8,029
Other operating income	9	2
Raw material used	(584)	(675)
Employee benefit expense	(233)	(271)
Depreciation & amortisation expense	(76)	(41)
Other operating expenses	(1,046)	(1,186)
Interest income	453	370
Profit before income tax	6,814	6,228
Income tax expense	(2,753)	(2,491)
Profit for the period	4,061	3,737
Other Comprehensive Income		
Re-measurement of defined benefit obligation	(11)	10
Total comprehensive income for the period	4,050	3,747
Earnings Per Share (basic and diluted)	21.68	19.95

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 : 14 May 2019

CEYLON TOBACCO COMPANY PLC

Statement of Financial Position

(all amounts in Sri Lanka Rupees millions)

	31 March	31 December
	2019	2018
	Un-audited	Audited
Assets		
Non-current assets		
Property, plant and equipment	3,326	3,082
Intangible assets	-	-
Employee benefit asset	267	276
Other receivables	110	122
Total non-current assets	3,703	3,480
Current assets		
Inventories	2,215	2,334
Trade and other receivables	2,022	2,242
Cash and cash equivalents	20,851	20,153
Asset held for sale	0	0
Total current assets	25,088	24,729
Total assets	28,791	28,209
Equity and Liabilities		
Equity		
Stated capital	1,873	1,873
Retained earnings	7,536	3,486
Total equity attributable to equity holders	9,409	5,359
Non-current liabilities		
Unfunded retirement benefit obligation	0	0
Deferred tax liabilities	687	563
Lease liabilities	195	-
Total non-current liabilities	882	563
Current liabilities		
Trade and other payables	11,619	12,638
Lease liabilities	97	-
Current taxation	5,992	5,550
Dividends payable	509	3,814
Unclaimed dividends	283	285
Total current liabilities	18,500	22,287
Total liabilities	19,382	22,850
Total equity and liabilities	28,791	28,209
Net Asset Per Share	50.23	28.61

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 : 14 May 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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 Michael Koest
Managing Director
 Date : 14 May 2019

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 Amun Mustafiz
Finance Director
 Date : 14 May 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	-	3,737	3,737
Other comprehensive income	-	10	10
Total comprehensive income for the period		3,747	3,747
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	-	-
Dividends	-	-	-
Total transactions with shareholders		-	-
Balance at 31 March 2018 (Unaudited)	1,873	6,444	8,317
Profit for the period	-	13,268	13,268
Other comprehensive income	-	11	11
Total comprehensive income for the period		13,279	13,279
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	23	23
Dividends	-	(16,260)	(16,260)
Total transactions with shareholders		(16,237)	(16,237)
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	-	4,061	4,061
Other comprehensive income	-	(11)	(11)
Total comprehensive income for the period	-	4,050	4,050
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	-	-
Dividends	-	-	-
Total transactions with shareholders	-	-	-
Balance at 31 March 2019 (Unaudited)	1,873	7,536	9,409

CEYLON TOBACCO COMPANY PLC

Statement of Cash Flows

(all amounts in Sri Lanka Rupees millions)

	3 months ended 31 March	
	2019 Un-audited	2018 Un-audited
A. Cash Flows from Operating Activities		
Cash generated from operations	5,766	8,041
Interest received	462	370
Interest paid	(9)	-
Gratuity Paid - Unfunded scheme	(0)	-
Income Tax paid	(2,186)	(1,577)
Net Cash from Operating Activities	4,033	6,834
Cash Flows from Investing Activities		
Purchase of Property, Plant & Equipment	(320)	(40)
Net Cash used in Investing Activities	(320)	(40)
Cash Flows from Financing Activities		
Dividends paid	(3,305)	(3,278)
Unclaimed dividends paid	(2)	(2)
New finance leases	314	-
Payment of finance lease liabilities	(22)	-
Net cash used in Financing Activities	(3,015)	(3,280)
Net Increase in Cash & Cash equivalents	698	3,514
Cash & Cash Equivalents at the beginning of year	20,153	17,424
Increase in cash	698	3,514
Cash & Cash Equivalents at the end of the period	20,851	20,938
B. Analysis of Cash & Cash Equivalents at the end of the period		
Cash in hand & Bank balances	4,851	2,934
Short term investments	16,000	18,004
Total cash & cash equivalents	20,851	20,938
C. Cash generated from Operations		
Profit before Tax	6,814	6,228
Depreciation & amortisation expense	70	41
Interest expense	9	-
Interest income	(462)	(370)
Impairment of property, plant & equipment	6	-
Net interest on retirement benefit obligations	(2)	39
Provision for obsolete Inventories and Doubtful Debts	43	14
Operating Profit before changes in Working Capital	6,478	5,952
Movement in Working Capital		
Inventories	117	381
Trade & Other Receivables	190	(1,182)
Trade & Other Payables	(1,019)	2,890
	5,766	8,041

CEYLON TOBACCO COMPANY PLC

Notes to the interim financial statements

1 General information

Ceylon Tobacco Company PLC is a Public Limited 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 three months ended 31 March 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).

5 Contingent Liabilities

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

6 Market Price Per share

For the 3 months ended 31 March

	2019	2018
	Rs	Rs
Highest	1,499.00	1,095.00
Lowest	1,325.00	992.00
Last Traded	1,339.90	1,040.00

7 20 Largest Shareholders of the Company

Name of Shareholder	31 March 2019		31 December 2018	
	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.	1,603,009	0.86	1,936,731	1.03
SSBT-BMO Investments 11 (Ireland) Public Limited Company	1,295,275	0.69	1,295,275	0.69
Northern Trust Company S/A - Fundsmith Emerging Equities Trust PLC	1,092,645	0.58	1,092,645	0.58
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	586,342	0.31	-	-
SSBT-AL Mehwar Commercial Investments L L C	493,258	0.26	405,258	0.22
HSBC INTL NOM LTD-BBH-Matthews Emerging Asia Fund	361,292	0.19	361,292	0.19
JPMBL SA-Kapitalforeningen Emerging Markets Long Term Economic Investment Fund	339,568	0.18	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	225,821	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
Harnam 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	143,177	0.08
Deutsche Bank AG AS Trustee For JB vantage Value Equity Fund	134,831	0.07	-	-
Mr Prabhask Subasinghe	-	-	171,038	0.09
Ayenka Holdings Private Limited	-	-	164,367	0.09
Sub Total	181,721,889	97.01	181,581,844	96.93
Others	5,601,862	2.99	5,741,907	3.07
Total Shares	187,323,751	100.00	187,323,751	100.00

8 Computation of % of Public Shareholding

	31 March 2019	31 December 2018
	No of Shares	No of Shares
<u>Parent Company</u>		
British American Tobacco International (Holdings) BV	157,590,931	157,590,931
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	157,590,931	157,590,931
<u>Directors shareholding (including spouses & children)</u>		
M Koest	-	-
S J Iqbal	-	-
Y Kanagasabai	-	-
A Tittawella	-	-
A mustafiz	-	-
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	-	-
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	29,732,176
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	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	3,253	3,269
Market Capitalisation of Public Holding (Rs. Million)	39,839	42,072