

Ceylon Tobacco Company PLC

Interim Financial Statements - 3 months ended 31 March 2022

Ceylon Tobacco Company PLC

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

The Company's performance in the three months ended 31st March 2022, showed slight recovery from the prolonged impact of COVID-19 pandemic. The sales volumes increased by 5% in comparison to the same period last year. Consequently, the Company's turnover and the Government revenue through Excise and other levies for the quarter grew by 6% each, in comparison to the same period of last year.

The Company's profit before income tax for the period recorded LKR 6.8bn, while the Company's profit after tax for the three months ended 31st March 2022 reported as LKR 4.2bn.

The Surcharge Tax Act, No.14 of 2022 had been passed on 8 April 2022 as a one-off tax and as per Section 2 of the Act, the Company is liable for a Surcharge Tax of LKR. 6.3bn, which needs 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. 3.1bn was paid on 20 April 2022. There is no adjustment from the Surcharge Tax imposed under this Act in the financial statements for the period ending 31st March 2022 as directed by Statement of Alternative Treatment issued by CA Sri Lanka.

Dividends

The Directors recommend a first interim dividend of Rs. 10.00 per share to be paid by the 13 June 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 March

	2022 Un-audited	2021 Un-audited
Turnover	37,002	34,759
Government Levies	(27,845)	(26,360)
Revenue	9,157	8,399
Other operating income	3	7
Raw material used	(742)	(639)
Employee benefit expense	(350)	(329)
Depreciation & amortisation expense	(92)	(86)
Other operating expenses	(1,386)	(775)
Net finance income	177	108
Profit before income tax	6,767	6,685
Income tax expenses	(2,581)	(2,766)
Profit for the period	4,186	3,919
Other Comprehensive Income		
Re-measurement of defined benefit obligation	87	42
Total comprehensive income for the period	4,273	3,961
Earnings Per Share (basic and diluted)	22.35	20.92

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



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Syed Muhammad Ali Abrar

Finance Director

Date : 12th May 2022

CEYLON TOBACCO COMPANY PLC

Statement of Financial Position

(all amounts in Sri Lanka Rupees millions)

	31-Mar 2022 Un-audited	31-Dec 2021 Audited
Assets		
Non-current assets		
Property, plant and equipment	5,283	5,348
Intangible assets	-	1
Employee benefit asset	461	370
Other receivables	143	136
Total non-current assets	5,887	5,854
Current assets		
Inventories	5,678	4,612
Trade and other receivables	6,999	7,409
Cash and cash equivalents	19,239	8,593
Asset held for sale	-	-
Total current assets	31,916	20,614
Total assets	37,803	26,468
Equity and Liabilities		
Equity		
Stated capital	1,873	1,873
Retained earnings	11,387	7,114
Total equity attributable to equity holders	13,260	8,987
Non-current liabilities		
Unfunded retirement benefit obligation	0	0
Deferred tax liabilities	93	377
Lease liabilities	83	100
Total non-current liabilities	176	477
Current liabilities		
Trade and other payables	11,348	5,169
Lease liabilities	104	122
Current taxation	5,966	4,219
Dividends payable	6,663	7,220
Unclaimed dividends	286	272
Total current liabilities	24,367	17,004
Total liabilities	24,543	17,481
Total equity and liabilities	37,803	26,468
Net Asset Per Share	70.79	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 : 12th May 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 : 12th May 2022



Syed Muhammad Ali Abrar

Finance Director

Date : 12th May 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	2,730	4,603
Profit for the period	-	3,919	3,919
Other comprehensive income	-	42	42
Total comprehensive income for the period	-	3,961	3,961
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	-	-
Dividends	-	-	-
Total transactions with shareholders	-	-	-
Balance at 31 March 2021 (Un-audited)	1,873	6,691	8,564
Profit for the period	-	12,227	12,227
Other comprehensive income	-	195	195
Total comprehensive income for the period	-	12,422	12,422
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	-	(11,999)	(11,999)
Balance at 31 December 2021 (Audited)	1,873	7,114	8,987
Balance at 1 January 2022	1,873	7,114	8,987
Profit for the period	-	4,186	4,186
Other comprehensive income	-	87	87
Total comprehensive income for the period	-	4,273	4,273
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	-	-
Dividends	-	-	-
Total transactions with shareholders	-	-	-
Balance at 31 March 2022 (Un-audited)	1,873	11,387	13,260

CEYLON TOBACCO COMPANY PLC

Statement of Cash Flows

(all amounts in Sri Lanka Rupees millions)

	03 months ended 31 March	
	2022 Un-audited	2021 Un-audited
Cash flows from operating activities		
Profit before Tax	6,767	6,685
<i>Adjustments for:</i>		
Depreciation & amortisation expense	92	86
Interest expense	6	5
Interest income	(183)	(113)
Write off of property, plant & equipment	-	-
Net interest on retirement benefit obligations	(5)	7
Provision for obsolete inventories and doubtful Debts	64	7
Operating profit before working capital changes	6,741	6,677
<i>Changes in working capital</i>		
Inventories	(1,131)	150
Trade & other receivables	404	(1,509)
Trade & other payables	6,181	6,406
Cash generated from operations	12,195	11,724
Interest received	183	113
Interest paid	(6)	(5)
Gratuity paid - unfunded scheme	-	-
Income tax paid	(1,118)	(2,642)
Net cash generated from operating activities	11,254	9,190
Cash flows from investing activities		
Purchase and construction of property, plant & equipment	(28)	(29)
Purchase of intangible assets	-	-
Net cash used in investing activities	(28)	(29)
Cash flows from financing activities		
Dividends paid	(544)	(3,458)
Unclaimed dividends paid	-	(47)
Payment of finance lease liabilities	(36)	(34)
Net cash outflow from financing activities	(580)	(3,539)
Net increase/ (decrease) in cash & cash equivalents	10,646	5,622
Cash & cash equivalents at the beginning of year	8,593	9,782
Increase/ (Decrease) in cash	10,646	5,622
Cash & cash equivalents at the end of the period	19,239	15,404
Analysis of cash & cash equivalents at the end of the period		
Cash in hand & bank balances	8,239	11,404
Short term investments	11,000	4,000
Total cash & cash equivalents	19,239	15,404

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

2 Basis of preparation

The condensed interim financial statements of Ceylon Tobacco Company PLC are for the three months ended 31 March 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 Events Occurring after the reporting period

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 is liable for a Surcharge Tax of Rs. 6,306 Million, which needs 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. According to the Act, the Surcharge Tax shall be deemed to be an expenditure in the financial statement relating to the year of assessment commenced on 1 April 2020.

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

6 Market Price Per share

For the 03 months ending 31 March,

	2022	2021
	Rs	Rs
Highest	939.50	1,150.00
Lowest	570.00	975.00
Last Traded	576.25	979.75

7 20 Largest Shareholders of the Company

Name of Shareholder	No. of Shares	% Holding
	31 March 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	2,167,374	1.16
Pershing LLC S/A Averbach Grauson & Co.	1,605,009	0.86
SSBT-AL Mehwar Commercial Investments L L C	668,249	0.36
Northern Trust Company S/A - Fundsmith Emerging Equities Trust PLC	594,485	0.32
J.B.Cocoshell (Pvt) Ltd	468,380	0.25
RBC Investor Services Bank-COELI SICAV1 - Frontier Markets Fund	380,927	0.20
Mrs Singh	306,802	0.16
Miss Harnam	211,030	0.11
Mr. Jayawardena Sanjeeva Praneeth	193,103	0.10
Deutsche Bank AG Singapore A/C 01 (PWM WM CLIENT)	175,600	0.09
SEYLAN BANK PLC/W.D.N.H.PERERA	157,311	0.08
Harnam Holdings SDN BHD	150,000	0.08
SSBT-Frank Russel Trust Company Comingled Benefit Fund Trust GNA	146,660	0.08
Bank of Ceylon No 1 Account	143,175	0.08
Deutsche Bank AG AS Trustee For JB vantage Value Equity Fund	134,831	0.07
BNYM RE- GHI Holdings Mauritius	129,687	0.07
MR. A.M. WEERASINGHE	103,500	0.06
Mr.Ratnayake Susantha Chaminda	100,000	0.05
Sub Total	181,012,964	96.63
Others	6,310,787	3.37
Total Shares	187,323,751	100.00

8 Computation of % of Public Shareholding

	31 March 2022
	No of Shares
<u>Parent Company</u>	
British American Tobacco International (Holdings) BV	157,590,931
	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. 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	4,531
Market Capitalisation of Public Holding (Rs. Million)	17,134

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.