

Ceylon Tobacco Company PLC

Interim Financial Statements - 3 months ended 30 June 2022

Ceylon Tobacco Company PLC

Summary of Performance for the 3 months ended 30th June 2022

The Company's performance in the three months ended 30th June 2022, showed slight recovery from the prolonged impact of COVID-19 pandemic in comparison to the same period last year. The Company's turnover and the Government revenue through Excise and other levies for the quarter grew by 41% and 44% respectively in comparison to the same period of last year.

The Company's profit before income tax for the period recorded LKR 6.4bn, while the Company's profit after tax for the three months ended 30th June 2022 reported as LKR 3.4bn.

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. The first installment of Surcharge Tax amounting to Rs. 3.1bn was paid on 20 April 2022 and a partial advance payment of LKR 1.4bn from second installment was made on 29th June 2022.

Dividends

The Directors recommend a first interim dividend of Rs. 10.00 per share to be paid by the 12 September 2022.

CEYLON TOBACCO COMPANY PLC

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

	3 months ended 30 June		06 months ended 30 June	
	2022 Un-audited	2021 Un-audited	2022 Un-audited	2021 Un-audited
Turnover	42,321	30,016	79,323	64,775
Government Levies	(32,182)	(22,309)	(60,027)	(48,669)
Revenue	10,139	7,707	19,296	16,106
Other operating income	19	10	22	17
Raw material used	(877)	(496)	(1,619)	(1,135)
Employee benefit expense	(551)	(324)	(901)	(653)
Depreciation & amortisation expense	(98)	(81)	(190)	(167)
Other operating expenses	(2,321)	(552)	(3,707)	(1,327)
Net finance income	130	117	307	225
Profit before income tax	6,441	6,381	13,208	13,066
Income tax expenses	(3,081)	(2,466)	(5,662)	(5,232)
Profit for the period	3,360	3,915	7,546	7,834
Other Comprehensive Income				
Re-measurement of defined benefit obligation	42	6	129	48
Total comprehensive income for the period	3,402	3,921	7,675	7,882
Earnings Per Share (basic and diluted)	17.94	20.90	40.28	41.82

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



Syed Muhammad Ali Abrar

Finance Director

Date : 12th August 2022

CEYLON TOBACCO COMPANY PLC**Statement of Financial Position**

(all amounts in Sri Lanka Rupees millions)

	30-Jun	31-Dec
	2022	2021
	Un-audited	Audited
Assets		
Non-current assets		
Property, plant and equipment	5,274	5,348
Intangible assets	-	1
Employee benefit asset	508	370
Other receivables	66	136
Total non-current assets	5,848	5,854
Current assets		
Inventories	5,667	4,612
Trade and other receivables	6,422	7,409
Cash and cash equivalents	11,459	8,593
Asset held for sale	-	-
Total current assets	23,548	20,614
Total assets	29,396	26,468
Equity and Liabilities		
Equity		
Stated capital	1,873	1,873
Retained earnings	6,608	7,114
Total equity attributable to equity holders	8,481	8,987
Non-current liabilities		
Unfunded retirement benefit obligation	0	0
Deferred tax liabilities	391	377
Lease liabilities	76	100
Total non-current liabilities	467	477
Current liabilities		
Trade and other payables	5,163	5,169
Lease liabilities	87	122
Current taxation	5,825	4,219
Surcharge tax payable	1,753	
Dividends payable	7,333	7,220
Unclaimed dividends	286	272
Total current liabilities	20,447	17,004
Total liabilities	20,915	17,481
Total equity and liabilities	29,396	26,468
Net Asset Per Share	45.28	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.



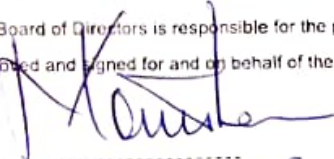
Syed Muhammad Ali Abrar

Finance Director

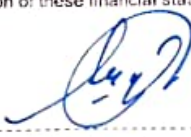
Date : 12th August 2022

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:



Manisha Abraham
Managing Director and CEO
Date : 12th August 2022



Syed Muhammad Ali Abrar
Finance Director
Date : 12th August 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	-	7,834	7,834
Other comprehensive income	-	48	48
Total comprehensive income for the period	-	7,882	7,882
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	-	-
Dividends	-	(5,684)	(5,684)
Total transactions with shareholders	-	(5,684)	(5,684)
Balance at 30 June 2021 (Un-audited)	1,873	4,927	6,800
Profit for the period	-	8,312	8,312
Other comprehensive income	-	189	189
Total comprehensive income for the period	-	8,501	8,501
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	56	56
Dividends	-	(6,370)	(6,370)
Total transactions with shareholders	-	(6,315)	(6,315)
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	807	2,680
Profit for the period	-	7,546	7,546
Other comprehensive income	-	129	129
Total comprehensive income for the period	-	7,675	7,675
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	-	-
Dividends	-	(1,873)	(1,873)
Total transactions with shareholders	-	(1,873)	(1,873)
Surcharge Tax adjusted Balance at 30 June 2022 (Un-audited)	1,873	6,608	8,482

CEYLON TOBACCO COMPANY PLC

Statement of Cash Flows

(all amounts in Sri Lanka Rupees millions)

	06 months ended 30 June	
	2022	2021
	Un-audited	Un-audited
Cash flows from operating activities		
Profit before Tax	13,208	13,066
<i>Adjustments for:</i>		
Depreciation & amortisation expense	190	166
Interest expense	11	9
Interest income	(318)	(234)
Write off of property, plant & equipment	-	2
Net interest on retirement benefit obligations	(10)	14
Provision for obsolete inventories and doubtful Debts	48	2
Operating profit before working capital changes	13,129	13,025
<i>Changes in working capital</i>		
Inventories	(1,104)	(87)
Trade & other receivables	1,058	(2,418)
Trade & other payables	(6)	(3,429)
Cash generated from operations	13,077	7,091
Interest received	318	234
Interest paid	(11)	(9)
Gratuity paid - unfunded scheme	-	-
Income tax paid	(4,043)	(4,680)
Surcharge tax paid	(4,553)	-
Net cash generated from operating activities	4,789	2,636
Cash flows from investing activities		
Purchase and construction of property, plant & equipment	(101)	(433)
Purchase of intangible assets	-	-
Net cash used in investing activities	(101)	(433)
Cash flows from financing activities		
Dividends paid	(1,747)	(5,387)
Unclaimed dividends paid	-	(48)
Payment of finance lease liabilities	(74)	(60)
Net cash outflow from financing activities	(1,821)	(5,495)
Net increase/ (decrease) in cash & cash equivalents	2,867	(3,292)
Cash & cash equivalents at the beginning of year	8,593	9,782
Increase/ (Decrease) in cash	2,867	(3,292)
Cash & cash equivalents at the end of the period	11,460	6,490
Analysis of cash & cash equivalents at the end of the period		
Cash in hand & bank balances	5,849	4,490
Short term investments	5,610	2,000
Total cash & cash equivalents	11,459	6,490

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 six months ended 30 June 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 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. An advance payment of Rs.1,400 Million from the second installment is paid on 29 June 2022.

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 06 months ending 30 June,

	2022 Rs	2021 Rs
Highest	1,000.00	1,150.00
Lowest	520.00	950.00
Last Traded	583.00	954.74

8 20 Largest Shareholders of the Company

Name of Shareholder	No. of Shares	% Holding
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.	1,576,048	0.84
J.B.Cocoshell (Pvt) Ltd	468,380	0.25
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
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
MRS M.A.R. Church	89,806	0.05
Sub Total	180,722,045	96.48
Others	6,601,706	3.52
Total Shares	187,323,751	100.00

9 Computation of % of Public Shareholding

30 June 2022

No of Shares

Parent Company

British American Tobacco International (Holdings) BV

157,590,931

157,590,931

Directors shareholding (including spouses & children)

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)

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
Number of shareholders holding the Public Holding
Market Capitalisation of Public Holding (Rs. Million)

15.87%

4,636

17,334

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.