

Ceylon Tobacco Company PLC

Interim Financial Statements - 3 months ended 30th September 2020

Ceylon Tobacco Company PLC

Summary of Performance for the 3 months ended 30th September 2020

The Company's performance in the three months ended 30th September 2020, show a healthy recovery reverting to nearly early 2020 pre-COVID-19 levels and posted a growth in sales volumes in comparison to the previous quarter of the year due to countrywide resumption of economic activities from mid-May onwards. Consequently, the Company's turnover and the Government revenue through Excise and other levies for the quarter grew by 26% and 28%, respectively in comparison to the same period of last year.

The Company's profit before income tax for the period recorded LKR 8.5bn, while the Company's profit after tax for the three months ended 30th September reported as LKR 4.9bn. The business recovery for the quarter is encouraging and the Company is cautiously optimistic of the future in anticipation of the gradual revival of the economy and robust plans in place to drive productivity and efficiency improvements for the balance period of the year.

Effective management nationally of the global pandemic will be crucial and the Company is committed towards the continuation of business activities subject to strict compliance with employee health and safety guidelines and other directions of the Government.

Dividends

The Directors recommend a third interim dividend of Rs. 19.00 per share to be paid by the 9th December 2020.

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

| | 3 months ended 30 September | | 9 months ended 30 September | |
|--|-----------------------------|--------------------|-----------------------------|--------------------|
| | 2020 Un-audited | 2019 Un-audited | 2020 Un-audited | 2019 Un-audited |
| Turnover | 44,589 | 35,267 | 103,003 | 105,763 |
| Government Levies | (33,558) | (26,304) | (78,135) | (79,923) |
| Revenue | 11,031 | 8,963 | 24,868 | 25,840 |
| Other operating income | 14 | 13 | 37 | 37 |
| Raw material used | (696) | (547) | (1,744) | (1,520) |
| Employee benefit expense | (470) | (320) | (1,016) | (925) |
| Depreciation & amortisation expense | (85) | (74) | (250) | (220) |
| Other operating expenses | (1,436) | (910) | (3,088) | (2,545) |
| Net finance income | 168 | 414 | 607 | 1,276 |
| Profit before income tax | 8,526 | 7,539 | 19,414 | 21,943 |
| Income tax expenses | (3,593) | (3,027) | (7,449) | (8,686) |
| Profit for the period | 4,933 | 4,512 | 11,965 | 13,257 |
| Other Comprehensive Income | | | | |
| Re-measurement of defined benefit obligation | (15) | (1) | (85) | (46) |
| Total comprehensive income for the period | 4,918 | 4,511 | 11,880 | 13,211 |
| Earnings Per Share (basic and diluted) | 26.33 | 24.09 | 63.87 | 70.77 |

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



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Umair Luqman
Finance Director
Date : 10th November 2020


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

(all amounts in Sri Lanka Rupees millions)

| | 30-Sep | 31-Dec |
|--|-------------------|----------------|
| | 2020 | 2019 |
| | Un-audited | Audited |
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 3,912 | 3,978 |
| Intangible assets | 2 | 3 |
| Employee benefit asset | 99 | 197 |
| Other receivables | 111 | 116 |
| Total non-current assets | 4,124 | 4,294 |
| Current assets | | |
| Inventories | 3,178 | 2,729 |
| Trade and other receivables | 3,623 | 2,799 |
| Cash and cash equivalents | 21,570 | 16,845 |
| Asset held for sale | 0 | 0 |
| Total current assets | 28,371 | 22,374 |
| Total assets | 32,495 | 26,668 |
| Equity and Liabilities | | |
| Equity | | |
| Stated capital | 1,873 | 1,873 |
| Retained earnings | 5,989 | 2,750 |
| Total equity attributable to equity holders | 7,862 | 4,623 |
| Non-current liabilities | | |
| Unfunded retirement benefit obligation | 0 | 0 |
| Deferred tax liabilities | 466 | 597 |
| Lease liabilities | 74 | 119 |
| Total non-current liabilities | 540 | 716 |
| Current liabilities | | |
| Trade and other payables | 18,539 | 10,681 |
| Lease liabilities | 108 | 100 |
| Current taxation | 5,133 | 6,475 |
| Dividends payable | - | 3,746 |
| Unclaimed dividends | 313 | 327 |
| Total current liabilities | 24,093 | 21,329 |
| Total liabilities | 24,633 | 22,045 |
| Total equity and liabilities | 32,495 | 26,668 |
| Net Asset Per Share | 41.97 | 24.68 |

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.



 Umair Luqman
Finance Director

Date : 10th November 2020


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:



 Nedal Salem
Managing Director and CEO

Date : 10th November 2020



 Umair Luqman
Finance Director

Date : 10th November 2020

CEYLON TOBACCO COMPANY PLC

Statement of Cash Flows

(all amounts in Sri Lanka Rupees millions)

| | 9 months ended 30 September | |
|---|-----------------------------|-----------------|
| | 2020 | 2019 |
| | Un-audited | Un-audited |
| Cash flows from operating activities | | |
| Profit before Tax | 19,414 | 21,943 |
| <i>Adjustments for:</i> | | |
| Depreciation & amortisation expense | 251 | 214 |
| Interest expense | 18 | 25 |
| Interest income | (626) | (1,301) |
| Write off of property, plant & equipment | - | 6 |
| Net interest on retirement benefit obligations | 13 | (5) |
| Provision for obsolete inventories and doubtful Debts | 42 | 47 |
| Operating profit before working capital changes | 19,112 | 20,929 |
| <i>Changes in working capital</i> | | |
| Inventories | (448) | 270 |
| Trade & other receivables | (861) | (272) |
| Trade & other payables | 7,858 | 70 |
| Cash generated from operations | 25,661 | 20,997 |
| Interest received | 626 | 1,301 |
| Interest paid | (18) | (25) |
| Income tax paid | (8,921) | (7,989) |
| Net cash generated from operating activities | 17,348 | 14,284 |
| Cash flows from investing activities | | |
| Purchase and construction of property, plant & equipment | (134) | (236) |
| Purchase of intangible assets | - | (3) |
| Net cash used in investing activities | (134) | (239) |
| Cash flows from financing activities | | |
| Dividends paid | (12,375) | (12,831) |
| Unclaimed dividends paid | (27) | (3) |
| Payment of finance lease liabilities | (87) | (70) |
| Net cash outflow from financing activities | (12,489) | (12,904) |
| Net (decrease)/ increase in cash & cash equivalents | 4,725 | 1,141 |
| Cash & cash equivalents at the beginning of year | 16,845 | 20,153 |
| (Decrease)/ Increase in cash | 4,725 | 1,141 |
| Cash & cash equivalents at the end of the period | 21,570 | 21,294 |
| Analysis of cash & cash equivalents at the end of the period | | |
| Cash in hand & bank balances | 21,570 | 11,294 |
| Short term investments | 0 | 10,000 |
| Total cash & cash equivalents | 21,570 | 21,294 |

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 2019 | 1,873 | 3,486 | 5,359 |
| Profit for the period | - | 13,257 | 13,257 |
| Other comprehensive income | - | (46) | (46) |
| Total comprehensive income for the period | - | 13,211 | 13,211 |
| Transactions with owners of the Company, recognised directly in equity | | | |
| Write back of unclaimed dividends | - | - | - |
| Dividends | - | (10,260) | (10,260) |
| Total transactions with shareholders | - | (10,260) | (10,260) |
| Balance at 30 September 2019 (Unaudited) | 1,873 | 6,437 | 8,310 |
| Profit for the period | - | 4,002 | 4,002 |
| Other comprehensive income | - | (39) | (39) |
| Total comprehensive income for the period | - | 3,963 | 3,963 |
| Transactions with owners of the Company, recognised directly in equity | | | |
| Write back of unclaimed dividends | - | 30 | 30 |
| Dividends | - | (7,680) | (7,680) |
| Total transactions with shareholders | - | (7,650) | (7,650) |
| Balance at 31 December 2019 (Audited) | 1,873 | 2,750 | 4,623 |
| Balance at 1 January 2020 | 1,873 | 2,750 | 4,623 |
| Profit for the period | - | 11,965 | 11,965 |
| Other comprehensive income | - | (85) | (85) |
| Total comprehensive income for the period | - | 11,880 | 11,880 |
| Transactions with owners of the Company, recognised directly in equity | | | |
| Write back of unclaimed dividends | - | - | - |
| Dividends | - | (8,641) | (8,641) |
| Total transactions with shareholders | - | (8,641) | (8,641) |
| Balance at 30 September 2020 (Unaudited) | 1,873 | 5,989 | 7,862 |

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 2020. 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 31 December 2019. Where necessary comparative figures have been reclassified to conform with the current year's presentation.

5 Contingent Liabilities

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

6 Events Occurring after the reporting period

There were no material events that occurred after the reporting date that require adjustments or disclosure to the Financial Statements except the impact from COVID-19 pandemic, where a disclosure was made to Colombo Stock exchange (CSE) on 22nd April 2020.

7 Market Price Per share

For the 9 months ending 30 September,

| | 2020 | 2019 |
|-------------|----------|----------|
| | Rs | Rs |
| Highest | 1,160.00 | 1,306.00 |
| Lowest | 875.00 | 1,100.10 |
| Last Traded | 966.90 | 1,109.20 |

8 20 Largest Shareholders of the Company

| Name of Shareholder | 30 September 2020 | | 30 June 2020 | |
|--|--------------------|---------------|--------------------|---------------|
| | 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 |
| CB NY S/A Allan Gray Frontier Markets Equity Fund Limited | 1,931,653 | 1.03 | 1,894,773 | 1.01 |
| Pershing LLC S/A Averbach Grauson & Co. | 1,605,009 | 0.86 | 1,605,009 | 0.86 |
| Northern Trust Company S/A - Fundsmith Emerging Equities Trust PLC | 1,092,645 | 0.58 | 1,092,645 | 0.58 |
| SSBT-AL Mehwar Commercial Investments L L C | 698,258 | 0.37 | 518,258 | 0.28 |
| RBC Investor Services Bank-COELI SICAV1 - Frontier Markets Fund | 478,735 | 0.26 | 478,735 | 0.26 |
| Mrs Singh | 306,802 | 0.16 | 306,802 | 0.16 |
| J.B.Cocoshell (Pvt) Ltd | 248,624 | 0.13 | 248,624 | 0.13 |
| BBH-Matthews Emergine Asia Fund | 245,624 | 0.13 | 245,624 | 0.13 |
| Miss Harnam | 211,030 | 0.11 | 215,780 | 0.12 |
| SSBT-Frank Russel Trust Company Comingled Benefit Fund Trust GNA | 200,124 | 0.11 | 200,124 | 0.11 |
| Deutsche Bank AG Singapore A/C 01 (PWM WM CLIENT) | 175,600 | 0.09 | 175,600 | 0.09 |
| Harnam Holdings SDN BHD | 150,000 | 0.08 | 150,000 | 0.08 |
| Bank of Ceylon No 1 Account | 143,175 | 0.08 | 143,175 | 0.08 |
| Deutsche Bank AG AS Trustee For JB vantage Value Equity Fund | 134,831 | 0.07 | 134,831 | 0.07 |
| BNYM RE- GHI Holdings Mauritius | 129,687 | 0.07 | 129,687 | 0.07 |
| SEYLAN BANK PLC/W.D.N.H.PERERA | 125,522 | 0.07 | | |
| MALSHIP CEYLON LTD | 123,272 | 0.07 | | |
| Mellon Bank N.A-Eaton Vance Trust Co.Collective Inv. | 116,181 | 0.06 | 126,600 | 0.07 |
| SSBT-BMO Investments 11 (Ireland) Public Limited Company | | | 313,489 | 0.17 |
| SSBT-BMO LGM Frontier Markets Equity Fund | | | 147,692 | 0.08 |
| Sub Total | 181,293,613 | 96.78 | 181,304,289 | 96.79 |
| Others | 6,030,138 | 3.22 | 6,019,462 | 3.21 |
| Total Shares | 187,323,751 | 100.00 | 187,323,751 | 100.00 |

9 Computation of % of Public Shareholding

| | 30 September 2020 | 30 June 2020 |
|---|-------------------|--------------|
| | No of Shares | No of Shares |
| <u>Parent Company</u> | | |
| British American Tobacco International (Holdings) BV | 157,590,931 | 157,590,931 |
| | <hr/> | <hr/> |
| | 157,590,931 | 157,590,931 |
| <u>Directors shareholding (including spouses & children)</u> | | |
| W Pegel | - | - |
| N L Salem | - | - |
| Y Kanagasabai | - | - |
| A Tittawella | - | - |
| A Mustafiz | - | - |
| U Zahur | - | - |
| | <hr/> | <hr/> |
| | - | - |
| 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 | 29,732,820 |
| | <hr/> | <hr/> |
| | 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 | 3,847 | 3,588 |
| Market Capitalisation of Public Holding (Rs. Million) | 28,749 | 28,267 |

The Company complies with option 1 of the Listing Rules 7.13.1(a) - Float Adjusted Market Capitalisation of Rs. 10.0Bn which requires no minimum public holding percentage.