

Ceylon Tobacco Company PLC

Interim Financial Statements - 3 months ended 31 December 2021

Ceylon Tobacco Company PLC

Summary of Performance for the 3 months ended 31st December 2021

The Company's performance in the three months ended 31st December 2021 was marginally impacted due to the excise driven price increase in November in line with the Government's budget proposals for 2022. However, the Company's overall sales volume, turnover and Government revenue through Excise and other levies registered a better performance compared to last year. This is mainly due to the economic activities returning to normalcy compared to last year which was highly impacted by Covid.

Effective cost control enabled the Company to optimize its profit delivery in line with the shareholder expectations. The Company's profit before income tax for the period in review recorded LKR 7.4Bn, while the Company's profit after tax for the three months ended 31st December 2021 reported as LKR 4.5Bn.

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 and is cautiously optimistic of the future in anticipation of effective management of the Covid-19 pandemic and gradual revival of the economy.

CEYLON TOBACCO COMPANY PLC

Statement of Profit or Loss and Other Comprehensive Income

(all amounts in Sri Lanka Rupees millions)

	3 months ended 31 December		12 months ended 31 December	
	2021 Un-audited	2020 Un-audited	2021 Un-audited	2020 Audited
Turnover	37,885	29,146	134,369	132,149
Government Levies	(28,429)	(21,941)	(100,753)	(100,076)
Revenue	9,456	7,205	33,616	32,073
Other operating income	5	64	33	101
Raw material used	(826)	(426)	(2,645)	(2,170)
Employee benefit expense	(499)	(349)	(1,519)	(1,365)
Depreciation & amortisation expense	(87)	(90)	(336)	(340)
Other operating expenses	(863)	(541)	(3,021)	(3,629)
Net finance income	179	156	519	763
Profit before income tax	7,365	6,019	26,647	25,433
Income tax expenses	(2,859)	(2,406)	(10,500)	(9,855)
Profit for the period	4,506	3,613	16,147	15,578
Other Comprehensive Income				
Re-measurement of defined benefit obligation	123	87	237	2
Total comprehensive income for the period	4,629	3,700	16,384	15,580
Earnings Per Share (basic and diluted)	24.05	19.29	86.20	83.16

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

Syed Muhammad Ali Abrar
Finance Director

Date : 18th February 2022

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

(all amounts in Sri Lanka Rupees millions)

	31-Dec	31-Dec
	2021	2020
	Un-audited	Audited
Assets		
Non-current assets		
Property, plant and equipment	5,348	4,682
Intangible assets	1	2
Employee benefit asset	370	181
Other receivables	136	112
Total non-current assets	5,855	4,977
Current assets		
Inventories	4,612	3,732
Trade and other receivables	7,410	3,230
Cash and cash equivalents	8,593	9,782
Asset held for sale	-	-
Total current assets	20,615	16,745
Total assets	26,470	21,721
Equity and Liabilities		
Equity		
Stated capital	1,873	1,873
Retained earnings	7,116	2,729
Total equity attributable to equity holders	8,989	4,602
Non-current liabilities		
Unfunded retirement benefit obligation	0	0
Deferred tax liabilities	377	396
Lease liabilities	100	84
Total non-current liabilities	477	480
Current liabilities		
Trade and other payables	5,171	7,827
Lease liabilities	122	105
Current taxation	4,219	4,967
Dividends payable	7,220	3,465
Unclaimed dividends	272	275
Total current liabilities	17,004	16,639
Total liabilities	17,481	17,119
Total equity and liabilities	26,470	21,721
Net Asset Per Share	47.99	24.57

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 : 18th February 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 : 18th February 2022

Syed Muhammad Ali Abrar

Finance Director

Date : 18th February 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 2020	1,873	2,750	4,623
Profit for the period	-	15,578	15,578
Other comprehensive income	-	2	2
Total comprehensive income for the period	-	15,580	15,580
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	66	66
Dividends	-	(15,666)	(15,666)
Total transactions with shareholders	-	(15,600)	(15,600)
Balance at 31 December 2020 (Audited)	1,873	2,730	4,603
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 December 2021 (Un-audited)	1,873	7,116	8,989

CEYLON TOBACCO COMPANY PLC

Statement of Cash Flows

(all amounts in Sri Lanka Rupees millions)

	12 months ended 31 December	
	2021 Un-audited	2020 Audited
Cash flows from operating activities		
Profit before Tax	26,647	25,433
<i>Adjustments for:</i>		
Depreciation & amortisation expense	334	340
Interest expense	20	24
Interest income	(539)	(787)
Write off of property, plant & equipment	2	0
Net interest on retirement benefit obligations	48	17
Provision for obsolete inventories and doubtful Debts	(23)	43
Operating profit before working capital changes	26,489	25,071
<i>Changes in working capital</i>		
Inventories	(853)	(1,002)
Trade & other receivables	(4,207)	(470)
Trade & other payables	(2,656)	(2,854)
Cash generated from operations	18,773	20,745
Interest received	539	787
Interest paid	(20)	(24)
Gratuity paid - unfunded scheme	-	(0)
Income tax paid	(11,266)	(11,564)
Net cash generated from operating activities	8,026	9,944
Cash flows from investing activities		
Purchase and construction of property, plant & equipment	(848)	(952)
Purchase of intangible assets	-	-
Net cash used in investing activities	(848)	(952)
Cash flows from financing activities		
Dividends paid	(8,198)	(15,904)
Unclaimed dividends paid	(48)	(30)
Payment of finance lease liabilities	(122)	(121)
Net cash outflow from financing activities	(8,368)	(16,055)
Net increase/ (decrease) in cash & cash equivalents	(1,190)	(7,063)
Cash & cash equivalents at the beginning of year	9,782	16,845
Increase/ (Decrease) in cash	(1,190)	(7,063)
Cash & cash equivalents at the end of the period	8,593	9,782
Analysis of cash & cash equivalents at the end of the period		
Cash in hand & bank balances	6,593	5,755
Short term investments	2,000	4,027
Total cash & cash equivalents	8,593	9,782

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 twelve months ended 31 December 2021. 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 2020. 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

There were no material events that occurred after the reporting date that require adjustments or disclosure to the Financial Statements except for the following;

A bill for Surcharge Tax had been published on 7th February 2022 as an 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 April 1, 2020 at the rate of twenty five per centum on the taxable income of such individual, partnership or company.

Since the Surcharge Tax is yet to be enacted and in the absence of guidance on how this tax has to be accounted for, the management has not made any estimate of the liability nor made any adjustments to the Financial Statements.

6 Market Price Per share

For the 12 months ending 31 December,

	2021	2020
	Rs	Rs
Highest	1,150.00	1,160.00
Lowest	850.00	875.00
Last Traded	878.00	950.70

7 20 Largest Shareholders of the Company

Name of Shareholder	No. of Shares	% Holding
	31 December 2021	
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	698,258	0.37
Northern Trust Company S/A - Fundsmith Emerging Equities Trust PLC	637,085	0.34
J.B.Cocoshell (Pvt) Ltd	468,380	0.25
RBC Investor Services Bank-COELI SICAV1 - Frontier Markets Fund	398,735	0.21
Mrs Singh	306,802	0.16
Miss Harnam	211,030	0.11
Deutsche Bank AG Singapore A/C 01 (PWM WM CLIENT)	175,600	0.09
Mr. Jayawardena Sanjeeva Praneeth	173,103	0.09
Harnam Holdings SDN BHD	150,000	0.08
SSBT-Frank Russel Trust Company Comingled Benefit Fund Trust GNA	146,660	0.08
SEYLAN BANK PLC/W.D.N.H.PERERA	143,859	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.Ratnayake Susantha Chaminda	100,000	0.05
SSBT-PARAMETRIC TAX-MANAGED EMERGING MARKETS FUND	96,609	0.05
Sub Total	181,063,038	96.66
Others	6,260,713	3.34
Total Shares	187,323,751	100.00

8 Computation of % of Public Shareholding

	31 December 2021
	No of Shares
<u>Parent Company</u>	
British American Tobacco International (Holdings) BV	157,590,931
	<hr/>
	157,590,931
<u>Directors shareholding (including spouses & children)</u>	
Mr. S.K. Shah (W.E.F. 1 February 2021)	-
MS. M. Abraham (W.E.F. 1 December 2021)	-
Mr. U. Zahur	-
Mr. K.M.A.T. Tittawella	-
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)	-
	<hr/>
	-
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
	<hr/>
	187,323,751
Public Holding as a % of Issued Share Capital	15.87%
Number of shareholders holding the Public Holding	4,439
Market Capitalisation of Public Holding (Rs. Million)	26,105

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.