

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

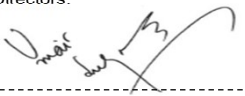
The Board of Directors is responsible for the preparation and presentation of these financial statements.

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
	<u>157,590,931</u>	<u>157,590,931</u>
<u>Directors shareholding (including spouses & children)</u>		
W Pegel	-	-
N L Salem	-	-
Y Kanagasabai	-	-
A Tittawella	-	-
A Mustafiz	-	-
U Zahur	-	-
	<u>-</u>	<u>-</u>
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	<u>29,732,820</u>	<u>29,732,820</u>
	<u>187,323,751</u>	<u>187,323,751</u>
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.