

**Ceylon Tobacco Company PLC**  
**Summary of Performance for the 3 months ended 31 March 2011**

The improving economy and business prospects, especially in the north and east have helped Ceylon Tobacco Company post a strong performance resulting in a growth of 28% in profits after tax over the same period last year. CTC's contribution to government revenues were up by Rs 2.6 billion over same period last year and stood at Rs 14 billion.

This strong performance was supported by the law enforcement agencies which continued to make commendable efforts in minimising the growth of unauthorised/illicit products entering the market. A total of 91 raids were conducted in the first quarter of 2011, resulting in confiscation of 18 million illegal sticks with a market value of Rs 288 million.

The flagship CSR initiative, the Sustainable Agricultural Development Programme (SADP) continues to progress. The total number of families in the program has now grown to 9,764 in 12 districts out of which 3,149 families are from the Eastern Province. The program has to date helped 2,659 families complete the programme which will help them reach a measure of economic self sufficiency

**Dividend for 1<sup>st</sup> Quarter**

The Directors recommend a first interim dividend of Rs.4.20 per share and will be paid on the 20<sup>th</sup> of May 2011.

Ceylon Tobacco Company PLC								
Income Statement								
	Group		Variance	Company		Group	Company	
	Unaudited 3 months to Mar-11 Rs.Mn	Unaudited 3 months to Mar-10 Rs.Mn		Rs.Mn	Unaudited 3 months to Mar-11 Rs.Mn	Unaudited 3 months to Mar-10 Rs.Mn	Audited year ended 31.12.10 Rs.Mn	Audited year ended 31.12.10 Rs.Mn
<b>Gross Revenue</b>	<b>18,062</b>	14,472	3,590	<b>18,062</b>	14,472	63,524	63,524	
Government Levies								
Excise	11,939	9,598	2,342	11,939	9,598	42,102	42,102	
VAT	1,997	1,549	448	1,997	1,549	6,813	6,813	
SRL		144	(144)		144	559	559	
NBL	91	100	(9)	91	100	427	427	
	<b>14,027</b>	11,391	2,636	<b>14,027</b>	11,391	49,902	49,902	
Net Revenue	4,035	3,081	954	4,035	3,081	13,622	13,622	
Other operating income	28	-	28	28	-	36	36	
Raw material used	(564)	(566)	1	(564)	(566)	(2,279)	(2,279)	
Employee benefits expense	(194)	(236)	42	(194)	(236)	(1,030)	(1,030)	
Depreciation & amortisation expenses	(48)	(50)	2	(48)	(50)	(197)	(197)	
Other operating expenses	(1,942)	(1,193)	(749)	(1,942)	(1,193)	(2,214)	(2,214)	
Net interest income	67	45	22	67	45	260	260	
Profit before income tax	<b>1,382</b>	1,081	301	<b>1,382</b>	1,081	8,197	8,197	
Income tax expense	568	444	124	568	444	3,100	3,100	
<b>Profit after tax</b>	<b>814</b>	<b>637</b>	177	<b>814</b>	<b>637</b>	<b>5,097</b>	<b>5,097</b>	
<b>Earnings Per Share</b>	<b>4.34</b>	3.40		<b>4.34</b>	3.40	27.21	27.21	

GROUP	Share Capital	Capital Reserves	Retained Profit	Total
Balance as at 1st January 2010	1,873	15	1,471	3,359
Profit after tax	-	-	637	637
2009 Final dividend			(1068)	(1068)
Balance as at 31st March 2010	1,873	15	1,040	2,928
Balance as at 1st January 2011	1,873	15	1,766	3,654
Profit after tax			814	814
2010 Final dividend			(1352)	(1352)
<b>Balance as at 31st March 2011</b>	<b>1,873</b>	<b>15</b>	<b>1,227</b>	<b>3,115</b>

COMPANY	Share Capital	Capital Reserves	Retained Profit	Total
Balance as at 1st January 2010	1,873	15	1,473	3,361
Profit after tax			637	637
2009 Final dividend			(1068)	(1068)
Balance as at 31st March 2010	1,873	15	1,042	2,930
Balance as at 1st January 2011	1,873	15	1,768	3,656
Profit after tax			814	814
2010 Final dividend			(1352)	(1352)
<b>Balance as at 31st March 2011</b>	<b>1,873</b>	<b>15</b>	<b>1,229</b>	<b>3,117</b>

The information for the three months to 31st March 2011 is presented in the same format used for the year ended 31st December 2010. Information published for the three months to 31st March 2010 has been reclassified to conform with the current presentation where applicable.

Ceylon Tobacco Company PLC						
Balance Sheet						
	Group		Company		Group	Company
	Unaudited as at Mar-11 Rs. Mn	Unaudited as at Mar-10 Rs. Mn	Unaudited as at Mar-11 Rs. Mn	Unaudited as at Mar-10 Rs. Mn	Audited as at 31.12.2010 Rs. Mn	Audited as at 31.12.2010 Rs. Mn
<b>Non-current assets</b>						
Property, Plant and Equipment	1,537	1,486	1,537	1,486	1,565	1,565
Intangible assets	11	18	11	18	12	12
Investments in subsidiaries	-	-	1	1		1
Receivables	166	188	166	188	178	178
<b>Total non-current assets</b>	<b>1,714</b>	<b>1,692</b>	<b>1,714</b>	<b>1,692</b>	<b>1,755</b>	<b>1,756</b>
Inventories	2,467	2,374	2,467	2,374	2,562	2,562
Trade & other receivables	1,176	1,040	1,178	1,042	1,335	1,336
Cash and cash equivalents	9,289	6,390	9,288	6,390	6,633	6,633
<b>Total current assets</b>	<b>12,932</b>	<b>9,804</b>	<b>12,933</b>	<b>9,806</b>	<b>10,530</b>	<b>10,531</b>
<b>Total assets</b>	<b>14,646</b>	<b>11,496</b>	<b>14,647</b>	<b>11,498</b>	<b>12,285</b>	<b>12,287</b>
<b>Equity and liabilities</b>						
<b>Equity</b>						
Stated capital (187.3Mn Ordinary Shares)	1,873	1,873	1,873	1,873	1,873	1,873
Reserves	15	15	15	15	15	15
Retained earnings	1,227	1,040	1,229	1,042	1,766	1,768
<b>Total capital and reserves</b>	<b>3,116</b>	<b>2,928</b>	<b>3,117</b>	<b>2,930</b>	<b>3,654</b>	<b>3,656</b>
<b>Non-current liabilities</b>						
Provision for employee benefits	4	5	4	5	4	4
Deferred taxation	200	130	200	130	200	200
<b>Total non-current liabilities</b>	<b>204</b>	<b>135</b>	<b>204</b>	<b>135</b>	<b>204</b>	<b>204</b>
<b>Current Liabilities</b>						
Trade & other payables	7,468	6,534	7,468	6,534	5,414	5,414
Current taxation	2,030	1,717	2,030	1,717	1,870	1,870
Dividend payable	1,352	-	1,352	-	1,077	1,077
Unclaimed dividends	57	44	57	44	58	58
Bank overdraft	418	138	418	138	8	8
<b>Total current liabilities</b>	<b>11,326</b>	<b>8,433</b>	<b>11,326</b>	<b>8,433</b>	<b>8,427</b>	<b>8,427</b>
<b>Total liabilities</b>	<b>11,530</b>	<b>8,568</b>	<b>11,530</b>	<b>8,568</b>	<b>8,631</b>	<b>8,631</b>
<b>Total equity and liabilities</b>	<b>14,646</b>	<b>11,496</b>	<b>14,647</b>	<b>11,498</b>	<b>12,285</b>	<b>12,287</b>
<b>Net Asset Value Per share -(Rs.)</b>	<b>16.63</b>	<b>15.63</b>	<b>16.64</b>	<b>15.64</b>	<b>19.51</b>	<b>19.52</b>
<b>Market Value of Shares</b>						
<b>Price Movement for the quarter</b>			<b>Mar-11</b>	<b>Mar-10</b>		
- Highest Price - Rs. Cts.			<b>390.00</b>	270.00		
- Lowest Price - Rs. Cts.			<b>340.00</b>	191.00		
- Last traded Price - Rs. Cts.			<b>358.00</b>	250.00		

The Income Statement, Balance Sheet and Cash flow Statement as at 31st March 2011 are drawn up from the unaudited accounts of the Company and its Subsidiaries, in accordance with the accounting policies in the Annual Report for the year ended 31st December 2010. They provide the information required by the Colombo Stock Exchange.

Signed on behalf of the Board,

.....  
**James Yamanaka**  
 Managing Director & CEO

.....  
**Atif Hasan**  
 Finance Director

28th April 2011

**Ceylon Tobacco Company PLC**  
**Cash flow Statement**

	Group		Company		Group	Company
	Unaudited 3 months to Mar-11 Rs. Mn	Unaudited 3 months to Mar-10 Rs. Mn	Unaudited 3 months to Mar-11 Rs. Mn	Unaudited 3 months to Mar-10 Rs. Mn	Audited Year ended 31.12.10 Rs. Mn	Audited Year ended 31.12.10 Rs. Mn
<b>A. Cash Flows from Operating Activities</b>						
Cash Generated from Operations (refer B)	3,682	2,564	3,682	2,564	8,016	8,016
Interest paid	(0)	(3)	(0)	(3)	(4)	(4)
Income taxes paid	(408)	(38)	(408)	(38)	(2,473)	(2,473)
Gratuity paid	-	-	-	-	(1)	(1)
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>3,274</b>	<b>2,524</b>	<b>3,273</b>	<b>2,524</b>	<b>5,538</b>	<b>5,538</b>
<b>Cash Flows from Investing Activities</b>						
Purchase of Property, Plant & Equipment	(19)	(2)	(19)	(2)	(224)	(224)
Proceeds from sale of Property, Plant /Equip	-	-	-	-	3	3
Interest received	67	47	67	47	267	267
<b>Net Cash from Investing Activities</b>	<b>49</b>	<b>45</b>	<b>49</b>	<b>45</b>	<b>45</b>	<b>45</b>
<b>Net Cash Inflow/(Outflow) before Financing</b>	<b>3,322</b>	<b>2,569</b>	<b>3,322</b>	<b>2,569</b>	<b>5,583</b>	<b>5,583</b>
<b>Cash Flows from Financing Activities</b>						
Dividends paid	(1,077)	(2,061)	(1,077)	(2,061)	(4,703)	(4,703)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>	<b>(1,077)</b>	<b>(2,061)</b>	<b>(1,077)</b>	<b>(2,061)</b>	<b>(4,703)</b>	<b>(4,703)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash equivalents</b>	<b>2,245</b>	<b>507</b>	<b>2,245</b>	<b>507</b>	<b>880</b>	<b>880</b>
Cash & Cash Equivalents at the beginning of year	6,626	5,745	6,625	5,745	5,745	5,745
Cash & Cash Equivalents at the end of the period	8,871	6,252	8,870	6,252	6,626	6,625
<b>A. Analysis of Cash &amp; Cash Equivalents at the end of the period</b>						
Cash and cash equivalents	9,289	6,390	9,288	6,390	6,633	6,633
Bank Overdraft	(418)	(138)	(418)	(138)	(8)	(8)
	8,871	6,252	8,870	6,252	6,626	6,625

	Group		Company		Group	Company
	Unaudited 3 months to Mar-11 Rs. Mn	Unaudited 3 months to Mar-10 Rs. Mn	Unaudited 3 months to Mar-11 Rs. Mn	Unaudited 3 months to Mar-10 Rs. Mn	Audited Year ended 31.12.10 Rs. Mn	Audited Year ended 31.12.10 Rs. Mn
<b>B. Cash Generated from Operations</b>						
Profit before tax	1,382	1,080	1,382	1,080	8,197	8,197
Depreciation	48	50	48	50	197	197
Interest income	(67)	(47)	(67)	(47)	(264)	(264)
Interest expense	0	3	0	3	4	4
Property, Plant & Equipment and Intangible assets write off					2	2
Provision for obsolete inventories and doubtful debts					14	14
Profit on disposal of Property, Plant & Equipment					(2)	(2)
<b>Operating Profit before Working Capital changes</b>	<b>1,363</b>	<b>1,086</b>	<b>1,363</b>	<b>1,086</b>	<b>8,148</b>	<b>8,148</b>
(Increase)/Decrease in Inventories	95	(49)	95	(49)	(243)	(243)
(Increase)/Decrease in Debtors	171	(105)	171	(105)	(400)	(400)
Increase/(Decrease) in Creditors	2,054	1,632	2,054	1,632	511	511
	3,682	2,564	3,682	2,564	8,016	8,016

**Ceylon Tobacco Company PLC**  
**Notes to the Financial Statements**

**Note 1**

There has been no material change in the nature of the contingent liabilities since 31st December 2010

**Note 2**

Except for the declaration of the first interim dividend of Rs.4.20 per share amounting to Rs.786 million (less tax of approximately Rs.79 million) declared on the 28th of April 2011 and payable on the 20th of May 2011, there are no other material events occurring after the balance sheet date as at 31st March 2011 that require adjustments or disclosure in the interim financial statements.

**Note 3**

**Computation of % of Public Shareholding**

	31-Mar-11	31-Dec-10
	<i>No of Shares</i>	<i>No of Shares</i>
<b>Parent Company</b>	157,590,931	157,590,931
British American Tobacco Holdings (SL) BV	157,590,931	157,590,931
<b>Directors shareholding (including spouses &amp; children)</b>		
Mr. J D Bandaranayake	178,335	178,335
Mr.V P Malalasekera	7,564	7,564
Mr.S C Ratnayake	644	644
Mr. J H Yamanaka (MD & CEO)	-	-
	<u>186,543</u>	<u>186,543</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)	186,543	186,543
Public Holding	<u>29,546,277</u>	<u>29,546,277</u>
	<u>187,323,751</u>	<u>187,323,751</u>
Public Holding as a % of Issued Share Capital	<u>15.77%</u>	<u>15.77%</u>

**Note 4**

**20 largest shareholders**

	31-Mar-11		31-Dec-10	
Name	No. of Shares	%	No. of Shares	%
British American Tobacco Holdings(Sri Lanka) BV	157,590,931	84.13	157,590,931	84.13
FTR Holdings SA	15,585,910	8.32	15,585,910	8.32
Pershing LLL SA Averbach Grauson & Co.	1,648,900	0.88	1,549,600	0.83
Belmont Agents Limited	900,000	0.48	900,000	0.48
Aviva NDB Insurance PLC A/c No.7	510,400	0.27	402,100	0.21
Pan Asia Banking Corporation/Mr C.N.Rajamoney	405,300	0.22	405,300	0.22
Deutsche Bank AG-National Equity Fund	379,500	0.20	484,500	0.26
Mr Yonmerrannage Simon Hewage Indra Kumar Silva	362,200	0.19	362,200	0.19
Mrs Jasbinderjit Kaur Piara Singh	290,600	0.16	290,600	0.16
RBC Dexia Investor Services Bank S.A.-Vontobel Fund	277,600	0.15	285,800	0.15
Miss Neesha Harnam	272,300	0.15	272,300	0.15
Harnam Holdings SDN BHD	203,900	0.11	203,900	0.11
HSBC INTL NOM Ltd - SSBT	195,600	0.10	195,600	0.10
Mr William Ryan Herbert Perera	180,440	0.10	180,440	0.10
Aviva NDB Insurance PLC A/c No.3	152,900	0.08	152,900	0.08
DFCC Bank A/C NO.1	150,967	0.08	150,967	0.08
Mr. Duleep Fairlie George Dalpethado	150,376	0.08	150,376	0.08
COCO Lanka PLC	150,000	0.08	150,000	0.08
HSBC INTL NOM Ltd - UBS AG - Singapore	150,000	0.08	150,000	0.08
Mr Jayampathi Divale Bandaranayake	144,244	0.08	144,244	0.08
Sub Total	<u>179,702,068</u>	<u>95.93</u>	<u>179,607,668</u>	<u>95.88</u>
Others	7,621,683	4.07	7,716,083	4.12
Total Shares	<u>187,323,751</u>	<u>100.00</u>	<u>187,323,751</u>	<u>100.00</u>