

## **Ceylon Tobacco Company PLC**

### **Summary of Performance for the 9 months ended 30 Sep 2015**

Ceylon Tobacco Company contributed LKR 68.6 billion to the Government, in the form of taxes and levies, during the nine months ended 30th September 2015. It represents an increase of 27% in comparison to the same period last year. This performance is primarily driven by the increased levels of disposable income and consumer confidence experienced this year.

The growth in the under regulated and low taxed products such as “Beedi” remains a key threat to Government revenue contribution from the tobacco industry.

The Law enforcement agencies continued to effectively curtail the spread of unauthorized and illicit tobacco products. In the first nine months of 2015, a total of 1,169 raids have uncovered 10.4 million illegal cigarettes at a market value of LKR 343 million.

The Company’s Profit after Tax stood at LKR 8.8 billion for the nine months ended 30th September 2015.

CTC remains committed to investing in the Company’s key brands with a predominant focus on infusing value into the main-stream brand, John Player Gold Leaf.

CTC’s flagship CSR initiative, the Sustainable Agricultural Development Programme (SADP) continued to focus on alleviating poverty and empowering the livelihoods of families in rural Sri Lanka. The total number of families supported by the Company as at September 2015 stood at 18,064, comprising of 69,707 beneficiaries in 16 districts.

#### Dividend

The Directors recommend a third interim dividend of LKR 9.00 per share to be paid by the 27th of November 2015.

# CEYLON TOBACCO COMPANY PLC

## Statement of Financial Position

(all amounts in Sri Lanka Rupees millions)

	30th September 2015	31 December 2014
	Un Audited	Audited
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,683	1,708
Intangible assets	11	18
Net surplus asset on retirement benefit plan	456	588
Receivables (Staff Loans)	132	134
<b>Total non-current assets</b>	<b>2,282</b>	<b>2,448</b>
<b>Current assets</b>		
Inventories	2,872	3,065
Trade and other receivables	1,078	955
Cash and cash equivalents	18,022	9,010
<b>Total current assets</b>	<b>21,972</b>	<b>13,030</b>
<b>Total assets</b>	<b>24,254</b>	<b>15,478</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Stated capital	1,873	1,873
Retained earnings	5,539	2,025
<b>Total equity attributable to equity holders</b>	<b>7,412</b>	<b>3,898</b>
<b>Non-current liabilities</b>		
Non Current Payables	-	-
Deferred tax liabilities	386	348
<b>Total non-current liabilities</b>	<b>386</b>	<b>348</b>
<b>Current liabilities</b>		
Trade and other payables	11,964	7,124
Current taxation	4,331	3,126
Dividends payable	-	824
Unclaimed dividends	161	157
<b>Total current liabilities</b>	<b>16,456</b>	<b>11,231</b>
<b>Total liabilities</b>	<b>16,842</b>	<b>11,579</b>
<b>Total equity and liabilities</b>	<b>24,254</b>	<b>15,478</b>
Net Asset Per Share	<b>39.57</b>	<b>20.81</b>

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.

.....  
Ahmed Aslam

**Financial Controller**

Date : 06 November 2015

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:

.....  
Felicio Ferraz

**Managing Director**

Date : 06 November 2015

.....  
Ranjan Seneviratne

**Company Secretary**

Date : 06 November 2015

# CEYLON TOBACCO COMPANY PLC

## Statement of Comprehensive Income

(all amounts in Sri Lanka Rupees millions)

Note	3 months ended 30 September		9 months ended 30 September	
	2015	2014	2015	2014
	Un Audited	Un Audited	Un Audited	Un Audited
<b>Gross Revenue</b>	29,923	20,473	82,791	64,162
<b>Government Levies</b>				
Excise special provision tax	(22,676)	(13,050)	(62,647)	(40,907)
Value added tax	-	(2,230)	-	(6,991)
Nation building levy	-	(111)	-	(347)
	(22,676)	(15,391)	(62,647)	(48,244)
<b>Net Revenue</b>	7,247	5,082	20,144	15,918
<b>Other operating income</b>	10	(2)	11	1
Raw material used	(819)	(597)	(2,343)	(1,874)
Employee benefit expense	(381)	(324)	(894)	(882)
Depreciation & Amortisation expense	(48)	(53)	(147)	(160)
Other operating expenses	(661)	(721)	(2,372)	(2,173)
Net interest income	161	100	401	299
<b>Profit before income tax</b>	5,509	3,484	14,800	11,129
Income tax expense	(2,217)	(1,390)	(5,999)	(4,498)
<b>Profit for the period</b>	3,292	2,095	8,801	6,631
<b>Other Comprehensive Income</b>				
Remeasurement of defined benefit obligation	-	-	(145)	-
<b>Total comprehensive income for the period</b>	3,292	2,094	8,656	6,631
<b>Earnings Per Share (basic and diluted)</b>	<b>17.58</b>	<b>11.18</b>	<b>46.99</b>	<b>35.40</b>

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.

.....  
 Ahmed Aslam  
**Financial Controller**  
 Date : 06 November 2015

.....  
 Felicio Ferraz  
**Managing Director**  
 Date : 06 November 2015

.....  
 Ranjan Seneviratne  
**Company Secretary**  
 Date : 06 November 2015

# CEYLON TOBACCO COMPANY PLC

## Statement of Cash Flows

(all amounts in Sri Lanka Rupees millions)

	30 September	
	2015	2014
	Un Audited	Un Audited
<b>A. Cash Flows from Operating Activities</b>		
Cash generated from Operations	19,444	12,925
Interest paid	-	-
Interest received	401	298
Gratuity Paid	-	(34)
Income Tax paid	(4,756)	(4,559)
<b>Net Cash from Operating Activities</b>	<b>15,089</b>	<b>8,630</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant & Equipment	(115)	(116)
<b>Net Cash used in Investing Activities</b>	<b>(115)</b>	<b>(116)</b>
<b>Cash Flows from Financing Activities</b>		
Dividends paid	(5,956)	(7,053)
Unclaimed dividends paid	(6)	-
<b>Net cash used in Financing Activities</b>	<b>(5,962)</b>	<b>(7,053)</b>
<b>Net Increase in Cash &amp; Cash equivalents</b>	<b>9,012</b>	<b>1,460</b>
Cash & Cash Equivalents at the beginning of year	9,010	8,251
Increase/ Decrease in cash	9,012	1,462
<b>Cash &amp; Cash Equivalents at the end of the period</b>	<b>18,022</b>	<b>9,712</b>
<b>B. Analysis of Cash &amp; Cash Equivalents at the end of the period</b>		
<b>Cash in hand &amp; Bank balances</b>	<b>18,022</b>	<b>9,712</b>
<b>Short term investments</b>	<b>-</b>	<b>-</b>
Bank overdraft	-	-
<b>Total Cash</b>	<b>18,022</b>	<b>9,712</b>
<b>C. Cash generated from Operations</b>		
Profit before Tax	14,799	11,128
Depreciation & amortisation expense	147	160
Provision for doubtful debt	-	3
Interest expense	-	-
Interest income	(401)	(299)
Actuarial loss/(gain) on defined benefit obligation	(13)	(17)
Provision for obsolete Inventories and Doubtful Debts	6	-
<b>Operating Profit before changes in Working Capital</b>	<b>14,538</b>	<b>10,975</b>
<b>Movement in Working Capital</b>		
(Increase)/ Decrease in Inventories	189	283
(Increase)/ Decrease in Trade & Other Receivables	(123)	(1,012)
Increase/ (Decrease) in Trade & Other Payables	4,840	2,679
	<b>19,444</b>	<b>12,926</b>

# CEYLON TOBACCO COMPANY PLC

## Statement of Changes in Equity

(all amounts in Sri Lanka Rupees millions)

	Stated capital	Retained earnings	Total
<b>Balance at 1 January 2014</b>	<b>1,873</b>	<b>2,442</b>	<b>4,315</b>
Profit for the period	-	6,631	6,631
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>6,631</b>	<b>6,631</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>			
Dividends	-	(6,097)	(6,097)
<b>Total transactions with shareholders</b>		<b>(6,097)</b>	<b>(6,097)</b>
<b>Balance at 30 September 2014</b>	<b>1,873</b>	<b>2,976</b>	<b>4,849</b>
<b>Balance at 1 January 2015</b>	<b>1,873</b>	<b>2,025</b>	<b>3,898</b>
Profit for the period	-	8,801	8,801
Other comprehensive income	-	(145)	(145)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>8,656</b>	<b>8,656</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>			
Write back of unclaimed dividends	-	-	-
Dividends	-	(5,142)	(5,142)
<b>Total transactions with shareholders</b>	<b>-</b>	<b>(5,142)</b>	<b>(5,142)</b>
<b>Balance at 30 Sep 2015</b>	<b>1,873</b>	<b>5,539</b>	<b>7,412</b>

## CEYLON TOBACCO COMPANY PLC

### Notes to the interim financial statements

#### 1 General information

Ceylon Tobacco Company PLC is a Public Limited 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 Holding (Sri Lanka) BV.

#### 2 Basis of preparation

The condensed interim financial statements of Ceylon Tobacco Company PLC are for the three months ended 30 September 2015. 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.

#### 4 Comparatives

Comparatives are provided for the same period last year and for the statement of financial position at the date of the last published annual report (31 December 2014).

#### 5 Super Gain Tax

The Finance Act no 10 of 2015 was signed into law on the 30th of October 2015 & provides for the imposition of the Super Gain Tax (SGT). Since enactment of legislation was post reporting date, the Company has not provided for the liability to this tax determined at Rs 3.8 Bn in its Financial Statements as at 30th September 2015. The Act requires the tax to be an expenditure in the financial statements relating to the year of assessment 2013/2014. The SGT is payable in three equal instalments. The first installment was paid on 30/10/15, the second is due by 30/11/15 and the final is payable by 31/12/15.

#### 6 Contingent Liabilities

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

#### 7 Market Price Per share

For the 9 months ended 30 September 2015

	2015 Rs	2014 Rs
Highest	990.0	1,250.0
Lowest	881.0	1,006.0
Last Traded	965.3	1,155.0

8 20 Largest Shareholders of the Company

Name of Shareholder	No. of Shares % Holding		No. of Shares % Holding	
	30 September 2015		30 June 2015	
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.	1,654,700	0.88	1,654,700	0.88
HSBC INTL NOM Ltd - SSBT-Wasatch Frontier	1,257,442	0.67	1,217,442	0.65
HSBC INTL NOM LTD-State Street London	628,927	0.34	335,672	0.18
HSBC INT NOM LTD - Coupland Cardiff Funds PLC	437,070	0.23	907,607	0.48
HSBC INTL NOM LTD-JPMCB	338,461	0.18	338,461	0.18
Mrs Jasbinderjit Kaur Piara Singh	312,063	0.17	317,063	0.17
CB NY S/A Wasatch Frontier	283,590	0.2	283,590	0.15
Bank of Ceylon No 1 Account	257,778	0.14	-	0.00
Goldman Sachs and Company S/A TIMF LP	250,000	0.13	-	0.00
HSBC International Nominees Ltd-Morgan Stanley & Co Intl PLC	241,374	0.13	210,774	0.11
Miss Neesha Harnam	240,000	0.13	271,783	0.15
Harnam Holdings SDN BHD	230,043	0.12	232,495	0.12
A I A Insurance Lanka PLC	202,125	0.1	207,125	0.11
HSBC INTL NOM Ltd - SSBT-Deutsche Bank	195,600	0.10	195,600	0.10
Seylan Bank PLC / Channa Nalin Rajamoney	160,845	0.09	254,100	0.14
HSBC INTL NOM Ltd - UBS AG - Singapore	150,000	0.08	150,000	0.08
HSBC INTL NOM Ltd - SSBT-Julius Baer	150,000	0.08	150,000	0.08
<b>Sub Total</b>	<b>180,166,859</b>	<b>96.18</b>	<b>179,903,253</b>	<b>96.04</b>
Others	7,156,892	3.82	7,420,498	3.96
<b>Total Shares</b>	<b>187,323,751</b>	<b>100.00</b>	<b>187,323,751</b>	<b>100.00</b>

9 Computation of % of Public Shareholding

	30 September 2015	30 June 2015
	No of Shares	No of Shares
<b><u>Parent Company</u></b>		
British American Tobacco Holdings (SL) BV	157,590,931	157,590,931
	<u>157,590,931</u>	<u>157,590,931</u>
<b><u>Directors shareholding (including spouses &amp; children)</u></b>		
Mr. S C Ratnayake	644	644
Mr. F Ferraz	-	-
Mr. S Endo	-	-
Mr. S J Iqbal	-	-
Mr. D Weerakkody	-	-
Ms. M P Perera	-	-
Mr. K Allen	-	-
	<u>644</u>	<u>644</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)	644	644
Public Holding	<u>29,732,176</u>	<u>29,732,176</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	3,648	3,654
Market Capitalisation of Public Holding (Rs. Million)	28,700	26,770