

**Ceylon Tobacco Company PLC**

**Interim Financial Statements - 9 months ended 30 September 2023**

## **Ceylon Tobacco Company PLC**

### **Summary of Performance for the 3 months ended 30th September 2023**

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The Company's sales volume during the three months ended 30th September 2023 was lower in comparison to the same period last year, mainly due to the tax led price increases in line with the Government's revenue proposals.

The growth in products like Beedi and smuggled cigarettes remains a key threat to the turnover of the legal industry and its contribution to the Government revenue. These products are well poised to grow exponentially due to the widening price gap in comparison to the legal cigarettes, which have been subjected to frequent, sharp tax increases. It is anticipated that the Government's tax led price increase, especially in the context of the diminishing consumer spending power owing to the macro-economic factors, will continue to impact legal industry volumes for the remainder of the year. Despite this volume erosion, the Company is committed to further strengthen the value proposition of CTC's brands to deliver sustainable results for both the Government and its shareholders.

The cost base of the Company is impacted by the increases in other operating expenses driven by inflation. The Company's profit before income tax for the three months ended 30th September 2023 stood at Rs. 11.4bn, while the Company's profit after tax for the same period was Rs. 6.9bn.


#### **Dividends**

The Directors recommend a third interim dividend of Rs. 36.00 per share to be paid by the 8th December 2023.

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

|  | 03 months ended 30 September |                    | 09 months ended 30 September |                    |
|--|------------------------------|--------------------|------------------------------|--------------------|
|  | 2023<br>Un-audited           | 2022<br>Un-audited | 2023<br>Un-audited           | 2022<br>Un-audited |
| Turnover   | 44,764                       | 47,125             | 146,466                      | 126,448            |
| Government Levies                                | (31,541)                     | (34,214)           | (106,349)                    | (94,241)           |
| <b>Revenue</b>                                   | <b>13,223</b>                | <b>12,911</b>      | <b>40,117</b>                | <b>32,207</b>      |
| Other operating income                           | 56                           | 10                 | 81                           | 32                 |
| Raw material used                                | (655)                        | (1,004)            | (2,487)                      | (2,623)            |
| Employee benefit expense                         | (542)                        | (615)              | (1,761)                      | (1,516)            |
| Depreciation & amortisation expense              | (124)                        | (92)               | (345)                        | (282)              |
| Other operating expenses                         | (906)                        | (631)              | (4,962)                      | (4,487)            |
| Net finance income                               | 311                          | 427                | 1,162                        | 883                |
| <b>Profit before income tax</b>                  | <b>11,364</b>                | <b>11,006</b>      | <b>31,806</b>                | <b>24,214</b>      |
| Income tax expenses                              | (4,492)                      | (4,438)            | (12,689)                     | (10,100)           |
| <b>Profit for the period</b>                     | <b>6,872</b>                 | <b>6,568</b>       | <b>19,117</b>                | <b>14,114</b>      |
| <b>Other Comprehensive Income</b>                |                              |                    |                              |                    |
| Re-measurement of defined benefit obligation     | (4)                          | (201)              | (15)                         | (72)               |
| <b>Total comprehensive income for the period</b> | <b>6,868</b>                 | <b>6,367</b>       | <b>19,102</b>                | <b>14,042</b>      |
| <b>Earnings Per Share (basic and diluted)</b>    | <b>36.69</b>                 | <b>35.06</b>       | <b>102.05</b>                | <b>75.35</b>       |

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

  
Towhid Akbar  
Finance Director  
Date : 9th November 2023

**CEYLON TOBACCO COMPANY PLC**  
**Statement of Financial Position**  
(all amounts in Sri Lanka Rupees millions)

|  | 30-Sep        | 31-Dec        |
|--|---------------|---------------|
|  | 2023          | 2022          |
|  | Un-audited    | Audited       |
| <b>Assets</b>                                      |               |               |
| <b>Non-current assets</b>                          |               |               |
| Property, plant and equipment                      | 5,656         | 5,552         |
| Intangible assets                                  | -             | -             |
| Employee benefit asset                             | 126           | 158           |
| Other receivables                                  | 209           | 181           |
| <b>Total non-current assets</b>                    | <b>5,991</b>  | <b>5,891</b>  |
| <b>Current assets</b>                              |               |               |
| Inventories  | 6,147         | 6,303         |
| Trade and other receivables                        | 5,677         | 5,151         |
| Cash and cash equivalents                          | 20,195        | 24,217        |
| <b>Total current assets</b>                        | <b>32,019</b> | <b>35,670</b> |
| <b>Total assets</b>                                | <b>38,010</b> | <b>41,561</b> |
| <b>Equity and Liabilities</b>                      |               |               |
| <b>Equity</b>                                      |               |               |
| Stated capital                                     | 1,873         | 1,873         |
| Retained earnings                                  | 8,103         | 15,620        |
| <b>Total equity attributable to equity holders</b> | <b>9,976</b>  | <b>17,493</b> |
| <b>Non-current liabilities</b>                     |               |               |
| Unfunded retirement benefit obligation             | 0             | 0             |
| Deferred tax liabilities                           | 460           | 375           |
| Lease liabilities                                  | 52            | 57            |
| Long term borrowings                               | 324           | 367           |
| <b>Total non-current liabilities</b>               | <b>835</b>    | <b>800</b>    |
| <b>Current liabilities</b>                         |               |               |
| Trade and other payables                           | 17,903        | 9,027         |
| Lease liabilities                                  | 246           | 63            |
| Current taxation                                   | 8,726         | 6,754         |
| Dividends payable                                  | -             | 7,108         |
| Unclaimed dividends                                | 324           | 315           |
| <b>Total current liabilities</b>                   | <b>27,199</b> | <b>23,267</b> |
| <b>Total liabilities</b>                           | <b>28,034</b> | <b>24,067</b> |
| <b>Total equity and liabilities</b>                | <b>38,010</b> | <b>41,561</b> |
| Net Asset Per Share                                | 53.26         | 93.38         |

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.

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Towhid Akbar  
Finance Director  
Date : 9th November 2023

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:

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Monisha Abraham  
Managing Director and CEO  
Date : 9th November 2023

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Towhid Akbar  
Finance Director  
Date : 9th November 2023

# 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 2022   | 1,873          | 7,114             | 8,987    |
| Adjustment for Surcharge tax levied under Surcharge Act No.14 of 2022         |                | (6,306)           | (6,306)  |
| Adjusted Balance at 1 January 2022  | 1,873          | 807               | 2,680    |
| Profit for the period   |                | 14,114            | 14,114   |
| Other comprehensive income  | -              | (72)              | (72)     |
| Total comprehensive income for the period                                     | -              | 14,042            | 14,042   |
| <b>Transactions with owners of the Company, recognised directly in equity</b> |                |                   |          |
| Write back of unclaimed dividends   | -              | -                 | -        |
| Dividends   | -              | (3,746)           | (3,746)  |
| Total transactions with shareholders  | -              | (3,746)           | (3,746)  |
| Surcharge Tax adjusted balance at 30th September 2022 (Un-audited)            | 1,873          | 11,104            | 12,977   |
| Profit for the period   | -              | 6,355             | 6,355    |
| Other comprehensive income  | -              | (158)             | (158)    |
| Total comprehensive income for the period                                     | -              | 6,196             | 6,196    |
| <b>Transactions with owners of the Company, recognised directly in equity</b> |                |                   |          |
| Write back of unclaimed dividends   | -              | 7                 | 7        |
| Dividends   | -              | (1,686)           | (1,686)  |
| Total transactions with shareholders  | -              | (1,679)           | (1,679)  |
| Balance at 31 December 2022 (Audited)   | 1,873          | 15,620            | 17,493   |
| Balance at 1 January 2023   | 1,873          | 15,620            | 17,493   |
| Profit for the period   | -              | 19,117            | 19,117   |
| Other comprehensive income  | -              | (15)              | (15)     |
| Total comprehensive income for the period                                     | -              | 19,102            | 19,102   |
| <b>Transactions with owners of the Company, recognised directly in equity</b> |                |                   |          |
| Write back of unclaimed dividends   | -              | -                 | -        |
| Dividends   | -              | (26,619)          | (26,619) |
| Total transactions with shareholders  | -              | (26,619)          | (26,619) |
| Balance at 30 September 2023 (Un-audited)                                     | 1,873          | 8,103             | 9,976    |

# CEYLON TOBACCO COMPANY PLC

## Statement of Cash Flows

(all amounts in Sri Lanka Rupees millions)

|   | 09 months ended 30 September |                |
|---|------------------------------|----------------|
|   | 2023                         | 2022           |
|   | Un-audited                   | Un-audited     |
| <b>Cash flows from operating activities</b>                             |                              |                |
| Profit before Tax   | 31,806                       | 24,214         |
| <i>Adjustments for:</i>   |                              |                |
| Depreciation & amortisation expense                                     | 345                          | 282            |
| Interest expense  | 23                           | 16             |
| Interest income   | (1,141)                      | (899)          |
| Write off of property, plant & equipment                                | 0                            | 0              |
| Net interest on retirement benefit obligations                          | 17                           | (15)           |
| Provision for obsolete inventories and doubtful Debts                   | 47                           | 154            |
| Exchange gain from long term borrowings                                 | (43)                         |                |
| <b>Operating profit before working capital changes</b>                  | <b>31,053</b>                | <b>23,752</b>  |
| <i>Changes in working capital</i>                                       |                              |                |
| Inventories   | 113                          | (1,364)        |
| Trade & other receivables   | (559)                        | 842            |
| Trade & other payables  | 8,876                        | 8,824          |
| <b>Cash generated from operations</b>                                   | <b>39,482</b>                | <b>32,054</b>  |
| Interest received   | 1,141                        | 899            |
| Interest paid   | (23)                         | (16)           |
| Gratuity paid - unfunded scheme   | -                            | -              |
| Income tax paid   | (10,613)                     | (6,917)        |
| Surcharge tax paid  | -                            | (6,306)        |
| WHT paid  | (3,610)                      | -              |
| <b>Net cash generated from operating activities</b>                     | <b>26,378</b>                | <b>19,714</b>  |
| <b>Cash flows from investing activities</b>                             |                              |                |
| Purchase and construction of property, plant & equipment                | (142)                        | (180)          |
| Purchase of intangible assets   | -                            | -              |
| <b>Net cash used in investing activities</b>                            | <b>(142)</b>                 | <b>(180)</b>   |
| <b>Cash flows from financing activities</b>                             |                              |                |
| Proceeds from long term borrowings                                      | -                            | 366            |
| Dividends paid  | (30,126)                     | (2,745)        |
| Unclaimed dividends paid  | (1)                          | (1)            |
| Payment of finance lease liabilities                                    | (131)                        | (107)          |
| <b>Net cash outflow from financing activities</b>                       | <b>(30,258)</b>              | <b>(2,487)</b> |
| <b>Net increase/ (decrease) in cash &amp; cash equivalents</b>          | <b>(4,022)</b>               | <b>17,047</b>  |
| Cash & cash equivalents at the beginning of year                        | 24,217                       | 8,593          |
| Increase/ (Decrease) in cash  | (4,022)                      | 17,047         |
| <b>Cash &amp; cash equivalents at the end of the period</b>             | <b>20,195</b>                | <b>25,640</b>  |
| <b>Analysis of cash &amp; cash equivalents at the end of the period</b> |                              |                |
| Cash in hand & bank balances  | 10,652                       | 25,640         |
| Short term investments  | 9,542                        | 0              |
| <b>Total cash &amp; cash equivalents</b>                                | <b>20,195</b>                | <b>25,640</b>  |

# 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 2023. 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 2022. 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

No material events have occurred since the end of the reporting date which would require adjustments to, or disclosure in the financial statements.

The directors recommend a third interim dividend of Rs.36 per share for 2023 and will be payable on xxth November 2023

### 6 Market Price Per share

For the 9 months ending 30 September,

|             | 2023     | 2022   |
|-------------|----------|--------|
|             | Rs       | Rs     |
| Highest     | 1,060.00 | 939.50 |
| Lowest      | 835.00   | 520.00 |
| Last Traded | 1,010.25 | 706.50 |

### 7 20 Largest Shareholders of the Company

| Name of Shareholder | No. of Shares     | % Holding |
|---------------------|-------------------|-----------|
|                     | 30 September 2023 |           |

|  |                    |               |
|--|--------------------|---------------|
| British American Tobacco International Holdings B.V.                                       | 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                                  | 3,267,374          | 1.74          |
| J.B.Cocoshell (Pvt) Ltd  | 901,103            | 0.48          |
| Hatton National Bank PLC - Capital Alliance Quantitative Equity Fund                       | 407,171            | 0.22          |
| Rubber Investment Trust Ltd A/C 01   | 327,698            | 0.17          |
| Mrs. Singh   | 300,256            | 0.16          |
| Invenco Capital Private Limited  | 227,838            | 0.12          |
| Miss N. Harnam   | 211,030            | 0.11          |
| Mr. Jayawardena Sanjeeva Praneeth  | 209,611            | 0.11          |
| Deutsche Bank AG AS Trustee For JB vantage Value Equity Fund                               | 192,496            | 0.10          |
| Deutsche Bank AG Singapore A/C2(DCS CLT ACC FOR DEUTSCHE BANK AG SINGAPORE- PWM WM CLIENT) | 175,600            | 0.09          |
| Harnam Holdings SDN BHD  | 145,000            | 0.08          |
| Bank of Ceylon No.1 Account  | 141,887            | 0.08          |
| BNYM RE- GHI Holdings Mauritius  | 129,687            | 0.07          |
| Mr. J.D. Bandaranayake   | 118,412            | 0.06          |
| Mr. J.D. Bandaranayake   | 112,450            | 0.06          |
| Mr. A.M. Weerasinghe   | 103,500            | 0.06          |
| Odyssey Capital Partners (Private) Limited   | 101,468            | 0.05          |
| Mr. O. Senanayake  | 100,000            | 0.05          |
| <b>Sub Total</b>   | <b>180,349,422</b> | <b>96.28</b>  |
| Others   | 6,974,329          | 3.72          |
| <b>Total Shares</b>  | <b>187,323,751</b> | <b>100.00</b> |

#### 9 Computation of % of Public Shareholding

|   | 30 September 2023 |
|---|-------------------|
|   | No of Shares      |
| <b><u>Parent Company</u></b>  |                   |
| British American Tobacco International (Holdings) BV                    | 157,590,931       |
|   | <hr/>             |
|   | 157,590,931       |
| <b><u>Directors shareholding (including spouses &amp; children)</u></b> |                   |
| Mr. S.K. Shah   | -                 |
| Mrs. M. Abraham   | -                 |
| Mr. K.D'Alwis   | -                 |
| Mr. Y. Kanagasabai  | -                 |
| Mrs. R. Rahman  | -                 |
| Mr. S.R. Kidd   | -                 |
| Mr. G. Tarrant  | -                 |
| Mr. Towhid Akbar  | -                 |
|   | <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  | <hr/>             |
|   | 29,732,820        |
|   | <hr/>             |
|   | 187,323,751       |
| Public Holding as a % of Issued Share Capital                           | 15.87%            |
| Number of shareholders holding the Public Holding                       | 4,530             |
| Market Capitalisation of Public Holding (Rs. Million)                   | 30,038            |

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.