

Ceylon Tobacco Company PLC

Interim Financial Statements - 3 months ended 31 December 2020

Ceylon Tobacco Company PLC

Summary of Performance for the 3 months ended 31st December 2020

The last quarter of the financial year saw a depressed economy with curtailed consumption due to restrictions faced by consumers and retailers to access the products as a result of the intermittent curfews imposed to contain the second wave of COVID-19. Total volumes during the quarter reduced by 19% and consequently, the Company's turnover and the Government revenue through Excise and other levies for the quarter reduced by 18% and 15%, respectively in comparison to the same period of last year.

During this period CTC operated its business strictly in conformity with Government guidelines and directives issued from time to time ensuring health and safety of employees as well as the work forces of all extended value chain partners. The Company managed to review the cost base and prioritize the spend to ensure health and safety standards for continuous operation of the manufacturing facilities and field operations while working from home arrangements were maintained for administrative staff.

The Company's profit before income tax for the period recorded LKR 6.0bn, while the Company's profit after tax for the three months ended 31st December 2020 reported as LKR 3.6bn. CTC remained committed to investing in the Company's brands with a predominant focus on infusing value into the main-stream John Player brand, to ensure industry as well as Government revenue sustainability.

Dividends

The Directors recommend a final dividend of LKR 11.35 per share for 2020. The final dividend is subject to the approval of the shareholders at the Annual General Meeting scheduled to be held on 25th May 2021.

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	
	2020 Un-audited	2019 Un-audited	2020 Un-audited	2019 Audited
Turnover	29,146	35,579	132,149	141,342
Government Levies	(21,941)	(25,895)	(100,076)	(105,818)
Revenue	7,205	9,684	32,073	35,524
Other operating income	64	33	101	70
Raw material used	(426)	(693)	(2,170)	(2,213)
Employee benefit expense	(349)	(552)	(1,365)	(1,477)
Depreciation & amortisation expense	(90)	(76)	(340)	(296)
Other operating expenses	(541)	(2,005)	(3,629)	(4,550)
Net finance income	156	357	763	1,633
Profit before income tax	6,019	6,748	25,433	28,691
Income tax expenses	(2,406)	(2,746)	(9,855)	(11,432)
Profit for the period	3,613	4,002	15,578	17,259
Other Comprehensive Income				
Re-measurement of defined benefit obligation	87	(39)	2	(85)
Total comprehensive income for the period	3,700	3,963	15,580	17,174
Earnings Per Share (basic and diluted)	19.29	21.36	83.16	92.13

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



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Umair Luqman
Finance Director
Date : 16th February 2021

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

(all amounts in Sri Lanka Rupees millions)

	31-Dec	31-Dec
	2020	2019
	Un-audited	Audited
Assets		
Non-current assets		
Property, plant and equipment	4,682	3,978
Intangible assets	2	3
Employee benefit asset	181	197
Other receivables	113	116
Total non-current assets	4,978	4,294
Current assets		
Inventories	3,732	2,729
Trade and other receivables	3,230	2,799
Cash and cash equivalents	9,782	16,845
Asset held for sale	-	0
Total current assets	16,744	22,374
Total assets	21,722	26,668
Equity and Liabilities		
Equity		
Stated capital	1,873	1,873
Retained earnings	2,730	2,750
Total equity attributable to equity holders	4,603	4,623
Non-current liabilities		
Unfunded retirement benefit obligation	0	0
Deferred tax liabilities	396	597
Lease liabilities	84	119
Total non-current liabilities	480	716
Current liabilities		
Trade and other payables	7,827	10,681
Lease liabilities	105	100
Current taxation	4,967	6,475
Dividends payable	3,465	3,746
Unclaimed dividends	275	327
Total current liabilities	16,639	21,329
Total liabilities	17,119	22,045
Total equity and liabilities	21,722	26,668
Net Asset Per Share	24.57	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 : 16th February 2021

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 : 16th February 2021



Umair Luqman
Finance Director
Date : 16th February 2021

CEYLON TOBACCO COMPANY PLC

Statement of Cash Flows

(all amounts in Sri Lanka Rupees millions)

	12 months ended 31 December	
	2020 Un-audited	2019 Un-audited
Cash flows from operating activities		
Profit before Tax	25,433	28,691
<i>Adjustments for:</i>		
Depreciation & amortisation expense	340	296
Interest expense	24	32
Interest income	(787)	(1,666)
Write off of property, plant & equipment	-	6
Net interest on retirement benefit obligations	17	(6)
Provision for obsolete inventories and doubtful Debts	43	86
Operating profit before working capital changes	25,070	27,439
<i>Changes in working capital</i>		
Inventories	(1,002)	(426)
Trade & other receivables	(470)	(606)
Trade & other payables	(2,854)	(1,957)
Cash generated from operations	20,744	24,450
Interest received	787	1,666
Interest paid	(24)	(32)
Gratuity paid - unfunded scheme	-	0
Income tax paid	(11,563)	(10,472)
Net cash generated from operating activities	9,944	15,611
Cash flows from investing activities		
Purchase and construction of property, plant & equipment	(952)	(884)
Purchase of intangible assets	-	(3)
Net cash used in investing activities	(952)	(888)
Cash flows from financing activities		
Dividends paid	(15,904)	(17,932)
Unclaimed dividends paid	(30)	(3)
Payment of finance lease liabilities	(121)	(95)
Net cash outflow from financing activities	(16,055)	(18,030)
Net (decrease)/ increase in cash & cash equivalents	(7,063)	(3,307)
Cash & cash equivalents at the beginning of year	16,845	20,152
(Decrease)/ Increase in cash	(7,063)	(3,307)
Cash & cash equivalents at the end of the period	9,782	16,845
Analysis of cash & cash equivalents at the end of the period		
Cash in hand & bank balances	5,782	9,845
Short term investments	4,000	7,000
Total cash & cash equivalents	9,782	16,845

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	-	17,259	17,259
Other comprehensive income	-	(85)	(85)
Total comprehensive income for the period	-	17,174	17,174
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	30	30
Dividends	-	(17,940)	(17,940)
Total transactions with shareholders	-	(17,910)	(17,910)
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	-	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 (Unaudited)	1,873	2,730	4,603

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 twelve months ended 31 December 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 12 months ending 31 December,

	2020	2019
	Rs	Rs
Highest	1,160.00	1,239.00
Lowest	875.00	1,045.00
Last Traded	1,028.90	1,100.30

8 20 Largest Shareholders of the Company

Name of Shareholder	31 December 2020		30 September 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	2,167,374	1.16	1,931,653	1.03
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	698,258	0.37
RBC Investor Services Bank-COELI SICAV1 - Frontier Markets Fund	398,735	0.21	478,735	0.26
J.B.Cocoshell (Pvt) Ltd	354,513	0.19	248,624	0.13
Mrs Singh	306,802	0.16	306,802	0.16
BBH-Matthews Emergine Asia Fund	214,321	0.11	245,624	0.13
Miss Harnam	211,030	0.11	211,030	0.11
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
Malship Ceylon Ltd	123,427	0.07	123,272	0.07
Mr.Ratnayake Susantha Chaminda	100,000	0.05		
Mr. Jayawardena Sanjeeva Praneeth	98,247	0.05		
Seylan Bank Plc/W.D.N.H.Perera			125,522	0.07
Mellon Bank N.A-Eaton Vance Trust Co.Collective Inv.			116,181	0.06
Sub Total	181,480,619	96.88	181,293,613	96.78
Others	5,843,132	3.12	6,030,138	3.22
Total Shares	187,323,751	100.00	187,323,751	100.00

9 Computation of % of Public Shareholding

	31 December 2020	30 September 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	3,908	3,847
Market Capitalisation of Public Holding (Rs. Million)	30,592	28,749

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.