

Ceylon Tobacco Company PLC

Summary of Performance for the quarter ending 31st March 2020

The Company's sales volume for the quarter ending 31st March 2020, declined by 13% compared to same period last year due to the impact of the excise led cigarette price increases during 2019, particularly the increase of 72mm category prices. During the said period, sales have been further impacted due to product access restrictions faced by consumers and retailers as a result of the island wide curfew intermittently imposed to contain the COVID-19 pandemic.

The Company's turnover and the contribution to the Government revenue through excise, other levies and taxes were reduced marginally in comparison to the same period last year. The Company's profit after tax for the quarter ended 31st March 2020 reported as LKR 3.93bn, which is a reduction of 3% in comparison to the same period last year largely due to the reduction of volumes as explained earlier.

From 20th March 2020 onwards, CTC has been operating its business strictly in conformity with Government guidelines and directives issued from time to time with regard to the implementation of curfew, work from home arrangements and health and safety measures.

During this period the primary focus of the company has been to ensure the continuation of business activities subject to the health and safety of employees as well as the work force of all extended value chain partners. As such CTC has implemented Work from Home Policy for all office-based employees utilizing IT capabilities to facilitate seamless remote working conditions. All other employees have on a need-only basis been engaged to carry out limited critical responsibilities subject to taking all necessary health and safety precautions.

Whilst acknowledging and appreciating the timely and effective measures being taken by the Government to contain the COVID-19 pandemic in Sri Lanka, the Management is committed to take decisions and measures in order to ensure that CTC continues to support the Government with much needed revenue and deliver shareholder value.

Dividends

The Directors recommend a first interim dividend of Rs. 19.00 per share to be paid by the 04th of June 2020.

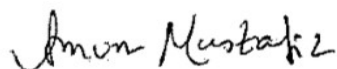
CEYLON TOBACCO COMPANY PLC

Statement of Profit or Loss and Other Comprehensive Income

(all amounts in Sri Lanka Rupees millions)

	3 months ended 31 March	
	2020 Un-audited	2019 Un-audited
Turnover	34,238	34,280
Government Levies	(25,936)	(25,989)
Revenue	8,302	8,291
Other operating income	1	9
Raw material used	(548)	(584)
Employee benefit expense	(310)	(233)
Depreciation & amortisation expense	(79)	(76)
Other operating expenses	(936)	(1,046)
Net finance income	262	453
Profit before income tax	6,692	6,814
Income tax expenses	(2,762)	(2,753)
Profit for the period	3,930	4,061
Other Comprehensive Income		
Re-measurement of defined benefit obligation	20	(11)
Total comprehensive income for the period	3,950	4,050
Earnings Per Share (basic and diluted)	20.98	21.68

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



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Amun Mustafiz
Finance Director
Date : 14th May 2020

CEYLON TOBACCO COMPANY PLC


Statement of Financial Position

(all amounts in Sri Lanka Rupees millions)

	31 March	31 December
	2020	2019
	Un-audited	Audited
Assets		
Non-current assets		
Property, plant and equipment	3,912	3,978
Intangible assets	3	3
Employee benefit asset	213	197
Other receivables	111	116
Total non-current assets	4,239	4,294
Current assets		
Inventories	2,733	2,729
Trade and other receivables	6,290	2,799
Cash and cash equivalents	13,962	16,845
Asset held for sale	0	0
Total current assets	22,985	22,374
Total assets	27,224	26,668
Equity and Liabilities		
Equity		
Stated capital	1,873	1,873
Retained earnings	6,700	2,750
Total equity attributable to equity holders	8,573	4,623
Non-current liabilities		
Unfunded retirement benefit obligation	0	0
Deferred tax liabilities	723	597
Lease liabilities	95	119
Total non-current liabilities	818	716
Current liabilities		
Trade and other payables	11,293	10,681
Lease liabilities	100	100
Current taxation	6,119	6,475
Dividends payable	-	3,746
Unclaimed dividends	321	327
Total current liabilities	17,833	21,329
Total liabilities	18,651	22,045
Total equity and liabilities	27,224	26,668
Net Asset Per Share	45.77	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.



Amun Mustafiz

Finance Director

Date : 14th May 2020

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

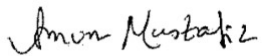
Approved and signed for and on behalf of the Board of Directors:



Nedal Salem

Managing Director and CEO

Date : 14th May 2020



Amun Mustafiz

Finance Director

Date : 14th May 2020

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	-	4,061	4,061
Other comprehensive income	-	(11)	(11)
Total comprehensive income for the period	-	4,050	4,050
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	-	-
Dividends	-	-	-
Total transactions with shareholders	-	-	-
Balance at 31 March 2019 (Unaudited)	1,873	7,536	9,409
Profit for the period	-	13,198	13,198
Other comprehensive income	-	(74)	(74)
Total comprehensive income for the period	-	13,124	13,124
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	-	3,930	3,930
Other comprehensive income	-	20	20
Total comprehensive income for the period	-	3,950	3,950
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends	-	-	-
Dividends	-	-	-
Total transactions with shareholders	-	-	-
Balance at 31 March 2020 (Unaudited)	1,873	6,700	8,573

CEYLON TOBACCO COMPANY PLC

Statement of Cash Flows

(all amounts in Sri Lanka Rupees millions)

	3 months ended 31 March	
	2020 Un-audited	2019 Un-audited
Cash flows from operating activities		
Profit before Tax	6,692	6,814
<i>Adjustments for:</i>		
Depreciation & amortisation expense	78	70
Interest expense	6	9
Interest income	(268)	(462)
Write off of property, plant & equipment	-	6
Net interest on retirement benefit obligations	4	(2)
Provision for obsolete inventories and doubtful Debts	4	43
Operating profit before working capital changes	6,516	6,478
<i>Changes in working capital</i>		
Inventories	(5)	117
Trade & other receivables	(3,488)	190
Trade & other payables	613	(1,019)
Cash generated from operations	3,636	5,766
Interest received	268	462
Interest paid	(6)	(9)
Gratuity paid - unfunded scheme	(0)	(0)
Income tax paid	(2,992)	(2,186)
Net cash generated from operating activities	906	4,033
Cash flows from investing activities		
Purchase and construction of property, plant & equipment	(13)	(6)
Net cash used in investing activities	(13)	(6)
Cash flows from financing activities		
Dividends paid	(3,746)	(3,305)
Unclaimed dividends paid	(6)	(2)
Payment of finance lease liabilities	(24)	(22)
Net cash outflow from financing activities	(3,776)	(3,329)
Net (decrease)/ increase in cash & cash equivalents	(2,883)	698
Cash & cash equivalents at the beginning of year	16,845	20,153
(Decrease)/ Increase in cash	(2,883)	698
Cash & cash equivalents at the end of the period	13,962	20,851
Analysis of cash & cash equivalents at the end of the period		
Cash in hand & bank balances	10,962	4,851
Short term investments	3,000	16,000
Total cash & cash equivalents	13,962	20,851

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 three months ended 31 March 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. The Company has made a disclosure to the Colombo Stock Exchange (CSE) setting out the impact of the pandemic on 22 April 2020.

7 Market Price Per share

For the 3 months ending 31 March,

	2020	2019
	Rs	Rs
Highest	1,160.00	1,499.00
Lowest	990.10	1,325.00
Last Traded	1,000.00	1,339.90

8 20 Largest Shareholders of the Company

Name of Shareholder	31 March 2020		31 December 2019	
	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
Pershing LLC S/A Averbach Grauson & Co.	1,605,009	0.86	1,605,009	0.86
CB NY S/A Allan Gray Frontier Markets Equity Fund Limited	1,288,702	0.69	1,065,834	0.57
Northern Trust Company S/A - Fundsmith Emerging Equities Trust PLC	1,092,645	0.58	1,092,645	0.58
RBC Investor Services Bank-COELI SICAV	633,735	0.34	794,813	0.42
SSBT-BMO Investments 11 (Ireland) Public Limited Company	563,489	0.30	710,489	0.38
SSBT-AL Mehwar Commercial Investments L L C	493,258	0.26	493,258	0.26
BBH-Matthews Emergine Asia Fund	338,433	0.18	361,292	0.19
Mrs Jasbinderjit Kaur Piara Singh	312,063	0.17	312,063	0.17
J.B.Cocoshell (Pvt) Ltd	248,624	0.13	246,724	0.13
Miss Neesha Harnam	215,780	0.12	225,780	0.12
SSBT-Frank Russel Trust Company Comingled Benefit Fund Trust GNA	200,124	0.11	200,124	0.11
SSBT-BMO LGM Frontier Markets Equity Fund	197,692	0.11	197,692	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
Mellon Bank N.A-Eaton Vance Trust Co.Collective Inv.	126,600	0.07	126,600	0.07
Sub Total	181,226,288	96.74	181,342,457	96.81
Others	6,097,463	3.26	5,981,294	3.19
Total Shares	187,323,751	100.00	187,323,751	100.00

9 Computation of % of Public Shareholding

	31 March 2020	31 December 2019
	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	3,465	3,471
Market Capitalisation of Public Holding (Rs. Million)	29,733	32,751

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.