

Summary of performance for the 9 months ended 30 September 2016

Ceylon Tobacco Company's contribution to the Government through its value chain during the nine months ended 30th September 2016, in the form of Excise Tax, Corporate Tax and other levies, increased by 20% over the same period last year to Rs.75 billion, driven primarily by relatively stable volumes during the first 9 months of 2016.

Top line growth for the nine months ended 30th September 2016 was spearheaded by mainstream and premium segments in the company's brand portfolio.

Law enforcement agencies continued to effectively curtail the spread of unauthorized and illicit tobacco products. A total of 1131 raids uncovered 2.5 million illegal cigarettes at a market value of Rs. 89 million during the first 9 months of 2016. However, under regulated and low taxed products such as "Beedi" still remains a key threat to Government revenue from the tobacco industry.

The Company's Profit after Tax stood at Rs. 10.58 billion for the nine months ended 30th September 2016.

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 2016 stood at 18,464, comprising of 71,285 beneficiaries in 16 districts.

Dividends

The Directors recommend a third interim dividend of Rs. 16.00 per share to be paid by the 30th November 2016.

STATEMENT OF FINANCIAL POSITION

(all amounts in Sri Lanka Rupees millions)

	30 September 2016 Un Audited	31 December 2015 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	2,209	2,063
Intangible assets	1	9
Net surplus asset on retirement benefit plan	626	533
Receivables (staff loans)	156	138
Total non-current assets	2,992	2,743
Current assets		
Inventories	1,065	3,532
Trade and other receivables	2,506	1,020
Cash and cash equivalents	23,375	11,378
Total current assets	26,946	15,930
Total assets	29,938	18,673
EQUITY AND LIABILITIES		
Equity		
Stated capital	1,873	1,873
Retained earnings	4,933	1,013
Total equity attributable to equity holders	6,806	2,886
Non-current liabilities		
Deferred tax liabilities	453	408
Unfunded retirement benefit obligation	1	1
Total non-current liabilities	454	409
Current liabilities		
Trade and other payables	17,006	10,374
Current taxation	5,510	3,872
Dividends payable	-	937
Unclaimed dividends	162	195
Total current liabilities	22,678	15,378
Total liabilities	23,132	15,787
Total equity and liabilities	29,938	18,673
Net Asset Per Share	36.33	15.41

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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 Emma Ridley
 Finance Director
 Date : 11 November 2016

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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 Michael Koest
 Managing Director
 Date : 11 November 2016

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 Emma Ridley
 Finance Director
 Date : 11 November 2016

STATEMENT OF COMPREHENSIVE INCOME

(all amounts in Sri Lanka Rupees millions)

	3 months ended 30th September		9 months ended 30th September	
	2016 Un Audited	2015 Un Audited	2016 Un Audited	2015 Un Audited
Gross Revenue	39,481	29,923	99,124	82,791
Government Levies	(30,249)	(22,676)	(74,937)	(62,647)
Net Revenue	9,232	7,247	24,187	20,144
Other operating income	-	10	22	11
Raw material used	(1,103)	(819)	(2,925)	(2,343)
Employee benefit expense	(298)	(381)	(851)	(894)
Depreciation & Amortisation expense	(56)	(48)	(166)	(147)
Other operating expenses	(687)	(661)	(3,061)	(2,372)
Net interest income	271	161	595	401
Profit before income tax	7,359	5,509	17,801	14,800
Income tax expense	(2,887)	(2,217)	(7,223)	(5,999)
Profit for the period	4,472	3,292	10,578	8,801
Other Comprehensive Income				
Remeasurement of defined benefit obligation	87	-	87	(145)
Total comprehensive income for the period	4,559	3,292	10,665	8,656
Earnings Per Share (basic and diluted)	23.87	17.58	56.47	46.99

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 Emma Ridley
 Finance Director
 Date : 11 November 2016

STATEMENT OF CASH FLOWS

(all amounts in Sri Lanka Rupees millions)

	9 months ended 30 September	
	2016 Un Audited	2015 Un Audited
A. Cash Flows from Operating Activities		
Cash generated from Operations	24,941	19,444
Interest received	595	401
Income Tax paid	(5,540)	(4,756)
Net Cash from Operating Activities	19,996	15,089
Cash Flows from Investing Activities		
Purchase of Property, Plant & Equipment	(308)	(115)
Proceeds from sale of Property, Plant & Equipment	22	-
Net Cash used in Investing Activities	(286)	(115)
Cash Flows from Financing Activities		
Dividends paid	(7,680)	(5,956)
Unclaimed dividends paid	(33)	(6)
Net cash used in Financing Activities	(7,713)	(5,962)
Net Increase in Cash & Cash equivalents	11,997	9,012
Cash & Cash Equivalents at the beginning of year	11,378	9,010
Increase/ Decrease in cash	11,997	9,012
Cash & Cash Equivalents at the end of the period	23,375	18,022
B. Analysis of Cash & Cash Equivalents at the end of the period		
Cash in hand & Bank balances	23,375	18,022
Total Cash	23,375	18,022
C. Cash generated from Operations		
Profit before Tax	17,802	14,799
Depreciation & amortisation expense	166	147
Interest income	(595)	(401)
Actuarial loss/(gain) on defined benefit obligation	(7)	(13)
Gain on disposal of property, plant and equipment	(19)	-
Write off on property, plant and equipment	1	-
Provision for obsolete Inventories and Doubtful Debts	13	6
Operating Profit before changes in Working Capital	17,361	14,538
Movement in Working Capital		
(Increase)/ Decrease in Inventories	2,460	189
(Increase)/ Decrease in Trade & Other Receivables	(1,512)	(123)
Increase/ (Decrease) in Trade & Other Payables	6,632	4,840
	24,941	19,444

STATEMENT OF CHANGES IN EQUITY

(all amounts in Sri Lanka Rupees millions)

	Stated Capital	Retained Earnings	Total
Balance at 1st January 2015-Audited	1,873	2,025	3,898
Profit for the period		8,801	8,801
Other comprehensive income		(145)	(145)
Total comprehensive income for the period		8,656	8,656
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends		-	-
Dividends		(5,142)	(5,142)
Total transactions with shareholders		(5,142)	(5,142)
Balance at 30 September 2015-Un Audited	1,873	5,539	7,412
Balance at 1st January 2016-Audited	1,873	1,013	2,886
Profit for the period		10,578	10,578
Other comprehensive income		87	87
Total comprehensive income for the period		10,665	10,665
Transactions with owners of the Company, recognised directly in equity			
Write back of unclaimed dividends		-	-
Dividends		(6,744)	(6,744)
Total transactions with shareholders		(6,744)	(6,744)
Balance at 30 September 2016-Un Audited	1,873	4,934	6,807

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 2016. 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.

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 2015).

5 Contingent Liabilities

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

6 Market Price per Share

For the 9 months ended 30 September

	2016	2015
	Rs.	Rs.
	<hr/>	<hr/>
Highest	1,050.10	990.00
Lowest	850.00	881.00
Last Traded	860.00	965.30

NOTES TO THE INTERIM FINANCIAL STATEMENTS contd

7 20 Largest Shareholders of the Company

Name of the Shareholder	30-Sep-16		30-Jun-16	
	No. of Shares	% Holding	No. of Shares	% Holding
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-BMO Incestments 11 (Ireland)	1,195,019	0.64	727,769	0.39
HSBC INTL NOM LTD-State Street London	1,010,308	0.54	940,517	0.50
RBC Investor Services Bank-COELI SICAV	424,476	0.23	424,476	0.23
Mrs Jasbinderjit Kaur Piara Singh	312,063	0.17	312,063	0.17
HSBC INTL NOM Ltd - SSBT-Wasatch Frontier	299,118	0.16	957,059	0.51
Northen Trust Company S/A - Coupland Cardiff Funds PLC	296,437	0.16	296,437	0.16
Miss Neesha Harnam	230,821	0.12	230,821	0.12
Harnam Holdings SDN BHD	230,043	0.12	230,043	0.12
HSBC INTL NOM LTD-JPMCB-Long Term Economic Investment Fund	222,215	0.12	222,215	0.12
HSBC INTL NOM LTD-SSBT Frank Russel Trust Company	200,124	0.11	200,124	0.11
HSBC INTL NOM Ltd - SSBT-Deutsche Bank	195,600	0.10	195,600	0.10
Bank of Ceylon No 1 Account	190,178	0.10	180,678	0.10
HSBC INTL NOM LTD-JPMCB-New Emeging Markets	174,615	0.09	174,615	0.09
HSBC INTL NOM LTD-SSBT Multipartner SICAV-WMP	150,000	0.08	150,000	0.08
HSBC INTL NOM Ltd - UBS AG - Singapore	150,000	0.08	150,000	0.08
HSBC INTL NOM Ltd-Parametric Emerging Markets	140,993	0.08	140,993	0.08
HSBC INTL NOM LTD-BMO LGM Frontier Markets Equity Fund	135,730	0.07	-	0.00
Sub Total	180,389,281	96.30	180,364,951	96.29
Others	6,934,470	3.70	6,958,800	3.71
Total Shares	187,323,751	100.00	187,323,751	100.00

8 Computation of % of Public Shareholding

	30-Sep-16	30-Jun-15
	Parent Company	
British American Tobacco Holdings (SL) BV	157,590,931	157,590,931
	157,590,931	157,590,931
Directors shareholding (including spouses & children)		
S C Ratnayake	644	644
M Koest	-	-
E Ridley	-	-
S J Iqbal	-	-
D Weerakkody	-	-
Ms M P Perera	-	-
K Allen	-	-
	644	644
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	29,732,176	29,732,176
	187,323,751	187,323,751
Public Holding as a % of Issued Share Capital	15.87	15.87
Number of shareholders holding the Public Holding	3,580	3,526
Market Capitalisation of Public Holding (Rs. Million)	25,570	31,219