

**Interim Financial Statements for  
the Period - Ended**

**25<sup>th</sup> Sept, 2016**



**UNION CHEMICALS LANKA PLC.**  
*Converting Science to Technology*

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**STATEMENT OF COMPREHENSIVE INCOME**

For The Period Ended 25Th Sept.,	Quarter Ended	Quarter Ended	Nine Months Ended	Nine Months Ended	Year Ended
	2016	2015	2016	2015	25/12/15
					Audited
Continuing Operations	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	183,834	178,121	564,167	571,080	773,939
Cost of Sales	(137,582)	(131,786)	(416,451)	(426,628)	(576,167)
<b>Gross profit/(loss)</b>	<b>46,252</b>	<b>46,336</b>	<b>147,717</b>	<b>144,453</b>	<b>197,772</b>
Other operating income	1,874	371	8,972	1,413	4,022
Selling expenses	(6,035)	(4,223)	(17,456)	(9,478)	(16,342)
Administrative expenses	(12,454)	(12,544)	(43,645)	(34,714)	(52,362)
<b>Results from Operating Activities</b>	<b>29,636</b>	<b>29,939</b>	<b>95,588</b>	<b>101,673</b>	<b>133,090</b>
Exchange gain /(loss)	291	(12)	(242)	6	(75)
Financing cost	(250)	(735)	(591)	(2,335)	(2,943)
<b>Net financing cost</b>	<b>41</b>	<b>(747)</b>	<b>(833)</b>	<b>(2,329)</b>	<b>(3,018)</b>
<b>Profit before tax</b>	<b>29,677</b>	<b>29,192</b>	<b>94,755</b>	<b>99,344</b>	<b>130,072</b>
Income tax expense	(5,935)	(8,174)	(19,723)	(30,899)	(38,778)
<b>Profit for the period</b>	<b>23,742</b>	<b>21,018</b>	<b>75,031</b>	<b>68,445</b>	<b>91,294</b>
Actuarial gain/(loss) employee benefits	-	-	-	-	(673)
<b>Total comprehensive income for the period</b>	<b>23,742</b>	<b>21,018</b>	<b>75,031</b>	<b>68,445</b>	<b>90,621</b>
<b>Earnings per Share (Rs.)</b>	<b>15.83</b>	<b>14.01</b>	<b>50.02</b>	<b>45.63</b>	<b>60.86</b>

**STATEMENT OF FINANCIAL POSITION**

<b>As at 25<sup>th</sup> Sept.,</b>	<b>As at 2016</b>	<b>As at 2015</b>	<b>As at 25/12/15 Audited</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
<b>Assets</b>			
Property, plant & equipment	178,642	140,126	138,491
Intangible assets	8	13	12
Retirement benefit assets	6,315	5,583	6,315
Receivables	327	114	306
<b>Total non-current assets</b>	<b>185,291</b>	<b>145,836</b>	<b>145,124</b>
<b>Current assets</b>			
Inventories	154,970	180,916	173,639
Trade and other receivables	191,639	181,992	213,521
Cash and cash equivalents	69,153	3,021	3,228
<b>Total current assets</b>	<b>415,762</b>	<b>365,929</b>	<b>390,388</b>
<b>Total assets</b>	<b>601,054</b>	<b>511,765</b>	<b>535,512</b>
<b>Equity &amp; liabilities</b>			
<b>Equity</b>			
Stated capital (1,500,000 ordinary shares)	15,000	15,000	15,000
Retained earnings	457,089	385,382	395,558
<b>Equity attributable to owners of the Company</b>	<b>472,089</b>	<b>400,382</b>	<b>410,558</b>
<b>Non-current liabilities</b>			
Retirement benefit Obligations	12,802	11,957	15,302
Deferred tax liability	5,318	3,955	5,318
<b>Total non-current liabilities</b>	<b>18,120</b>	<b>15,911</b>	<b>20,620</b>
<b>Current liabilities</b>			
Bank overdrafts	-	1,320	269
Loans and borrowings	13,246	29,464	19,652
Trade & other payables	66,405	24,458	53,010
Income tax payable	24,027	34,753	25,098
Dividend payable	7,166	5,476	6,305
<b>Total current liabilities</b>	<b>110,844</b>	<b>95,471</b>	<b>104,334</b>
<b>Total equity &amp; liabilities</b>	<b>601,054</b>	<b>511,765</b>	<b>535,512</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
<b>Net Assets per Share</b>	<b>314.73</b>	<b>266.92</b>	<b>273.71</b>

I certify that these financial statements comply with the requirement of Companies Act No 07 of 2007.

(Sgd.) UL Pushpakumara  
Finance Manager

24<sup>th</sup> Oct 2016

2016 figures are provisional & subject to audit.

(Sgd.) H.A.D.U G Gunasekera  
Managing Director

(Sgd.) K. M Dissanayaka  
Director

## STATEMENT OF CHANGES IN EQUITY

As at 25th Sept.,	Stated Capital Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
Balance as at 26th December, 2014	15,000	327,437	342,437
Profit for the period ended 25th December , 2015		91,294	91,294
Acturial gain/(loss) employee benefits		(673)	(673)
Final dividend - 2014 (Rs. 7.00)		(10,500)	(10,500)
Interim dividend - 2015 (Rs. 8.00)		(12,000)	(12,000)
Balance as at 25th December 2015	<b>15,000</b>	<b>395,558</b>	<b>410,559</b>
Balance as at 26th December, 2014	15,000	327,437	342,437
Profit for the nine months ended 25th Sept. , 2015	-	68,445	68,445
Final dividend - 2014 (Rs. 7.00)		(10,500)	(10,500)
Balance as at 25th Sept., 2015	<b>15,000</b>	<b>385,382</b>	<b>400,383</b>
Balance as at 26th December, 2015	15,000	395,558	410,559
Profit for the nine months ended 25th Sept. , 2016	-	75,031	75,031
Final dividend - 2015 (Rs. 9.00)		(13,500)	(13,500)
Balance as at 25th Sept., 2016	<b>15,000</b>	<b>457,089</b>	<b>472,090</b>

**STATEMENT OF CASH FLOW**

For The Period Ended 25Th Sept.,

	2016 RS.'000	2015 RS.'000
<b>Cash flows from operating activities</b>		
<b>Profit before Tax</b>	94,755	99,344
<b>Adjustment for:</b>		
Depreciation on property, plant and equipment	10,488	7,031
Amortisation on intangible assets	-	3
Provision for retirement gratuity	2,133	318
(Gain)/Loss on disposal of property, plant and equipment	(2,671)	83
Interest expense	511	2,329
<b>Operating profit before working capital changes</b>	<b>105,215</b>	<b>109,109</b>
(Increase)/Decrease in inventories	18,669	(26,382)
(Increase)/Decrease in trade and other receivables	20,384	(7,987)
Increase/(Decrease) in trade and other payables	13,519	(7,845)
<b>Cash flows from operating activities</b>	<b>157,787</b>	<b>66,895</b>
Retiring gratuity paid	(4,633)	(458)
Income tax paid	(20,794)	(15,507)
Interest paid	(635)	(2,379)
<b>Net cash flows from operating activities</b>	<b>131,725</b>	<b>48,550</b>
<b>Cash flows from investing activities</b>		
Purchase & construction of property, plant and equipment	(50,964)	(18,659)
Purchase of intangible asset	-	-
Proceeds from disposal of property, plant and equipment	2,893	15
Interest income received	1,498	
<b>Net cash flows from investing activities</b>	<b>(46,574)</b>	<b>(18,644)</b>
<b>Cash flows from financing activities</b>		
loans obtained during the year	561,124	609,742
Repayment of loans	(567,532)	(627,091)
Dividend paid	(12,639)	(9,874)
<b>Net cash inflows from financing activities</b>	<b>(19,046)</b>	<b>(27,223)</b>
Net increase/(decrease) in-cash & cash equivalents	66,105	2,683
Cash & cash equivalents at the beginning of the year	3,048	(982)
Cash & cash equivalents at the end of the period	<b>69,153</b>	<b>1,701</b>
<b>Analysis of cash and cash equivalents</b>		
Cash in hand and at bank	69,153	3,021
Bank overdrafts		(1,320)
	<b>69,153</b>	<b>1,701</b>

## Notes to the Financial Statements

### 1.1 Accounting Policies and Methods

The Interim Financial Statements of the Company have been prepared on the basis of the same accounting policies and methods applied for the period ended 25<sup>th</sup> December 2015, and are in compliance with Sri Lanka Accounting Standards 34- Interim Financial Reporting.

### 1.2 Application of Sri Lanka Accounting Standards (SLFRS/LKRS)

The Financial Statements for the period ended 25<sup>th</sup> December 2012 were the first Financial Statements prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRS/LKRS) effective from 1<sup>st</sup> January 2012.

### 1.3 Segmental Information

	2016			2015		
	Chemicals and plastics	Latex	Total	Chemicals and plastics	Latex	Total
<b>For The Period Ended 25Th Sept.,</b>						
<b>Reportable segmental analysis</b>						
Segment revenue	164,229	399,938	564,167	168,811	402,269	571,080
Segment result from operating activities	18,103	77,485	95,588	20,560	81,114	101,673
Net finance cost	(158)	(675)	(833)	(471)	(1,858)	(2,329)
<b>Segment profit before tax</b>	<b>17,945</b>	<b>76,810</b>	<b>94,756</b>	<b>20,088</b>	<b>79,256</b>	<b>99,344</b>
<b>As at 25th Sept.,</b>						
Property, plant and equipment	33,833	144,816	178,649	28,338	111,801	140,139
Inventories	29,349	125,621	154,970	36,583	144,333	180,916
Trade and other receivables	55,786	135,853	191,639	53,797	128,195	181,992
<b>Segment assets</b>	<b>118,968</b>	<b>406,290</b>	<b>525,259</b>	<b>118,718</b>	<b>384,329</b>	<b>503,047</b>
Loans and borrowings	2,509	10,737	13,246	5,958	23,506	29,464
Trade and other payables	12,577	53,829	66,405	4,946	19,513	24,458
<b>Segment liabilities</b>	<b>15,085</b>	<b>64,566</b>	<b>79,651</b>	<b>10,904</b>	<b>43,018</b>	<b>53,923</b>

### 1.4 Related Party Transactions

There have not been any significant changes in the nature of the related party transactions which were disclosed in the Annual Report as at 25<sup>th</sup> December 2015.

### 1.5 Events Occurring after the Balance Sheet Date

Subsequent to the date of the balance sheet no events have arisen which require adjustment and/or disclose in the Financial Statements.

### 1.6 Contingencies

There were no changes in the nature of contingent liabilities, which were disclosed in the Annual Report for the year ended 25<sup>th</sup> December, 2015.

### 1.7 Other Significant Event and Transactions

First Interim Dividend of Rs. 8/- per share for the financial period ended 25th December 2016 will be paid on or before 25<sup>th</sup> Oct 2016.

### 1.8 Market Value per Share during the quarter

	<b>25th Sept. 2016 Rs.</b>	<b>25th Sept. 2015 Rs.</b>
- Highest Price	624.90	690.00
- Lowest Price	510.00	450.00
Market Value per Share - Closing Price as at Sept.	515.00	562.20

### 1.9 Directors Shareholding

	<b>25th Sept. 2016</b>	<b>25th Sept. 2015</b>
Dr. A M Mubarak	-	-
H.A.D.U.G. Gunasekara (Managing Director)	638,623	638,823
People's Leasing & Finance PLC /Mr. H.A.D.U.G Gunasekara	151,187	151,187
G.R. Pathmaraj	9,687	9,687
T. N. Jayasinghe	-	-
R. D Zilwa	-	-
UL Pushpakumara	-	-
K. M Dissanayaka	-	-

### 1.10 Public Holding

Public holding as at 25<sup>th</sup> Sept., 2016 is 25.65 % (As at 25th Sept. 2015 was 25.9 %) and number of public shareholders as at 25<sup>th</sup> Sept., 2016 is 709.

### 1.11 Top 20 Shareholders as at 25th Sept. 2016

<b><u>Names</u></b>	<b><u>No. of Shares</u></b>	<b><u>%</u></b>
Mr. H.A.D.U.G. Gunasekara	638,623	42.57
Sampath Bank PLC/Mr.Shabbir Husain Abbas Gulamhussain	223,250	14.88
People's Leasing & Finance PLC/Mr. H.A.D.U.G. GUnasekara	151,187	10.08
K. G. Investment Limited	88,180	5.88
Commercial Bank of Ceylon PLC/S.A. Gulamhusein	74,899	4.99
Mrs. K Gunaratnam	55,615	3.71
Mr.K. Gunaratnam (Decd)	29,548	1.97
Mrs. L.A.M. Gunasekara	17,633	1.18
Mr. K.C. Vignarajah	13,566	0.90
Mr.U.I. Suriyabandara	12,012	0.80
Mrs. S. Mahendran	10,380	0.69
Mrs. V. Wijayawardena	9,687	0.65
Mr. G.R. Pathmaraj	9,687	0.65
Ms. S. Gunaratnam	9,687	0.65
Mrs. P.G. King	9,687	0.65
Dr. A.C. Visvalingam	9,506	0.63
Colombo Investment Trust PLC	6,400	0.43
Colombo Fort Investments PLC	5,500	0.37
Mr. S.K. Hathramani	5,000	0.33
Mrs.Rathnakumari Someswaran Asministratrix of the Estate of Mr. Somasundaram	4,840	0.32