



## **Unaudited Financial Statements**

For the Six months ended 30 September 2016

**The information contained in these Statements have been extracted from the Unaudited Financial Statements of the Company unless indicated as audited.**

**INCOME STATEMENT**

Description	COMPANY						GROUP					
	For the Six months ended 30 September 2016			For the Quarter ended 30 September 2016			For the Six months ended 30 September 2016			For the Quarter ended 30 June 2016		
	LKR. '000	LKR. '000	% INCREASE/ (DECREASE)	LKR. '000	LKR. '000	% INCREASE/ (DECREASE)	LKR. '000	LKR. '000	% INCREASE/ (DECREASE)	LKR. '000	LKR. '000	% INCREASE/ (DECREASE)
Turnover	<b>816,120</b>	809,289	1	<b>433,761</b>	409,633	6	<b>1,194,779</b>	1,175,523	2	<b>628,201</b>	608,054	3
Cost of Sales	<b>(609,101)</b>	(596,846)	2	<b>(321,487)</b>	(302,075)	6	<b>(907,926)</b>	(936,188)	(3)	<b>(466,173)</b>	(465,762)	0
<b>Gross Profit</b>	207,019	212,443	(3)	<b>112,274</b>	107,559	4	<b>286,853</b>	239,335	20	<b>162,028</b>	142,292	14
Other Income	<b>7,541</b>	7,440	1	<b>4,558</b>	5,626	(19)	<b>10,072</b>	12,299	(18)	<b>3,545</b>	8,664	(59)
Distribution Expenses	<b>(103,598)</b>	(107,099)	(3)	<b>(50,016)</b>	(54,490)	(8)	<b>(124,372)</b>	(129,835)	(4)	<b>(60,114)</b>	(59,954)	0
Administrative Expenses	<b>(65,735)</b>	(53,003)	24	<b>(31,320)</b>	(25,411)	23	<b>(99,822)</b>	(97,524)	2	<b>(46,509)</b>	(54,128)	(14)
Finance Income	<b>20,649</b>	13,895	49	<b>11,646</b>	6,983	67	<b>13,125</b>	717	1731	<b>7,797</b>	357	2084
Finance Cost	<b>(15,651)</b>	(28,096)	(44)	<b>(7,982)</b>	(14,446)	(45)	<b>(29,810)</b>	(37,560)	(21)	<b>(15,613)</b>	(20,125)	(22)
<b>Profit/(Loss) before Tax</b>	<b>50,225</b>	45,580	10	<b>39,159</b>	25,821	52	<b>56,046</b>	(12,568)	(546)	<b>51,134</b>	17,105	199
Income ( Tax Expense)/ Reversal	<b>(9,356)</b>	(4,356)	115	<b>(6,000)</b>	(2,529)	137	<b>(9,356)</b>	(4,356)	115	<b>(6,000)</b>	(2,529)	137
<b>Profit/(Loss) for the Period</b>	<b>40,869</b>	41,224	(1)	<b>33,159</b>	23,292	42	<b>46,690</b>	(16,924)	(376)	<b>45,134</b>	14,576	210
<b>Attributable to:</b>												
Equity holders of the parent	<b>40,869</b>	41,224	(1)	<b>33,159</b>	23,292	42	<b>45,111</b>	(3,150)	(1532)	<b>42,167</b>	16,578	154
Non -Controlling Interest	-	-		-	-		<b>1,580</b>	(13,774)	(111)	<b>2,967</b>	(2,002)	(248)
	<b>40,869</b>	41,224		<b>33,159</b>	17,932		<b>46,690</b>	(16,924)		<b>45,134</b>	14,576	
Basic Earnings/(Losses) per Ordinary Share - LKR	<b>0.25</b>	0.55		<b>0.20</b>	0.31		<b>0.28</b>	(0.04)		<b>0.26</b>	0.22	

Figures in brackets indicate deductions.

The information contained in these statements have been extracted from the unaudited financial statements of the Company unless indicated as audited.

**STATEMENT OF COMPREHENSIVE INCOME**

	COMPANY						GROUP					
	For the Six months ended 30 September			For the Quarter ended 30 September			For the Six months ended 30 September			For the Quarter ended 30 September		
	2016 LKR. '000	2015 LKR. '000	% INCREASE/ (DECREASE)	2016 LKR. '000	2015 LKR. '000	% INCREASE/ (DECREASE)	2016 LKR. '000	2015 LKR. '000	% INCREASE/ (DECREASE)	2016 LKR. '000	2015 LKR. '000	% INCREASE/ (DECREASE)
Profit /(Loss) for the period	<b>40,869</b>	41,224	(1)	<b>33,159</b>	23,292	42	<b>46,690</b>	(16,924)	(376)	<b>45,134</b>	14,576	210
<b>Other comprehensive Income</b>												
Net exchange differences on translation of foreign operations	-	(25)	(100)	-	(42)	(100)	-	(25)	(100)	-	(42)	(100)
<b>Other comprehensive income for the period</b>	-	(25)	(100)	-	(42)	(100)	-	(25)	(100)	-	(42)	(100)
<b>Total comprehensive income for the period</b>	<b>40,869</b>	41,199	(1)	<b>33,159</b>	23,250	43	<b>46,690</b>	(16,949)	(375)	<b>45,134</b>	14,534	211
<b>Attributable to:</b>												
Equity holders of the parent	<b>40,869</b>	41,199	(1)	<b>33,159</b>	23,250	43	<b>45,111</b>	(3,175)	(1521)	<b>42,167</b>	16,536	155
Non -Controlling Interest	-	-		-	-		<b>1,580</b>	(13,774)	(111)	<b>2,967</b>	(2,002)	(248)
	<b>40,869</b>	41,199		<b>33,159</b>	23,250		<b>46,690</b>	(16,949)		<b>45,134</b>	14,534	

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**STATEMENT OF FINANCIAL POSITION**

	COMPANY		GROUP	
<i>As at</i>	30 SEPTEMBER 2016 LKR. 000	31 MARCH 2016 LKR. 000 <i>(Audited)</i>	30 SEPTEMBER 2016 LKR. 000	31 MARCH 2016 LKR. 000 <i>(Audited)</i>
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant & Equipment	720,841	734,258	1,271,849	1,315,074
Intangible Assets	52,498	41,628	265,626	254,757
Investment in Subsidiaries	483,215	483,215	-	-
Financial Investments-Loans and Receivables	354,017	285,346	-	-
Derivative Financial Option	247,682	253,682	247,682	253,681
	<b>1,858,253</b>	1,798,129	<b>1,785,157</b>	1,823,512
<b>Current Assets</b>				
Inventories	407,747	382,560	657,316	599,283
Trade & Other Receivables	350,953	341,476	392,088	366,893
Cash & Cash Equivalents	262,785	282,256	270,783	294,429
	<b>1,021,485</b>	1,006,292	<b>1,320,187</b>	1,260,605
<b>Total Assets</b>	<b>2,879,738</b>	2,804,421	<b>3,105,343</b>	3,084,117
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Stated Capital	1,402,101	1,402,101	1,402,101	1,402,101
Reserves	507,702	507,702	507,702	507,702
Other Component of Equity	285,346	285,346	285,346	285,346
Retained Earnings	(80,187)	(80,418)	(307,925)	(312,398)
Equity attributable to Shareholders of Parent	2,114,962	2,114,731	1,887,224	1,882,751
<b>Non Controlling Interest</b>	-	-	4,641	3,061
<b>Total Equity</b>	<b>2,114,962</b>	2,114,731	<b>1,891,864</b>	1,885,812
<b>Non-current Liabilities</b>				
Interest Bearing Loans and Borrowings	295,132	290,348	383,296	481,289
Retirement Benefit Liability	110,413	113,886	132,339	134,812
Deferred Income	599	811	599	811
Deferred tax liability	17,686	17,686	49,209	49,209
	<b>423,830</b>	422,731	<b>565,444</b>	666,121
<b>Current Liabilities</b>				
Interest Bearing Loans and Borrowings	74,623	25,895	162,567	149,154
Trade and Other Payables	248,571	216,761	467,615	357,530
Income tax Liability	17,752	24,303	17,853	25,500
	<b>340,946</b>	266,959	<b>648,035</b>	532,184
<b>Total Equity and Liabilities</b>	<b>2,879,738</b>	2,804,421	<b>3,105,343</b>	3,084,117

*Figures in brackets indicate deductions.*

The information contained in these statements have been extracted from the unaudited financial statements of the Company unless indicated as audited.

I certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

Sgd.  
Prasanna Pinto  
**CHIEF FINANCIAL OFFICER**

Sgd.  
Rajan Asirwatham  
**CHAIRMAN**

Sgd.  
Murali Prakash  
**DIRECTOR**

08 November 2016

## STATEMENT OF CHANGES IN EQUITY

### COMPANY

Description	Stated Capital LKR. '000	Revaluation Reserve LKR. '000	Exchange Fluctuation Reserve LKR. '000	Other Components of Equity LKR. '000	Accumulated Losses LKR. '000	Total Equity LKR. '000
<b>Balance as at 01 April 2015 (Audited)</b>	679,644	249,416	(592)	270,720	(120,110)	1,079,078
Profit/(Loss) for the six months	-	-	-	-	41,224	41,224
Other Comprehensive Income	-	-	(25)	-	-	(25)
<b>Balance as at 30 September 2015</b>	679,644	249,416	(617)	270,720	(78,886)	1,120,277
<b>Balance as at 01 April 2015 (Audited)</b>	679,644	249,416	(592)	270,720	(120,110)	1,079,078
Profit/(Loss) for the year	-	-	-	-	50,309	50,309
Comprehensive Income	-	258,802	76	-	(5,715)	253,163
Adjustment on Subsequent measurement of Derivative Financial Option	-	-	-	14,626	-	14,626
Issuance Of Shares	722,457	-	-	-	-	722,457
Share Issue Cost	-	-	-	-	(4,902)	(4,902)
<b>Balance as at 31 March 2016 ( Audited)</b>	1,402,101	508,218	(516)	285,346	(80,418)	2,114,731
<b>Balance as at 01 April 2016</b>	<b>1,402,101</b>	<b>508,218</b>	<b>(516)</b>	<b>285,346</b>	<b>(80,418)</b>	<b>2,114,731</b>
Profit/(Loss) for the six months	-	-	-	-	40,869	40,869
Dividend Payment	-	-	-	-	(40,638)	(40,638)
<b>Balance as at 30 September 2016</b>	<b>1,402,101</b>	<b>508,218</b>	<b>(516)</b>	<b>285,346</b>	<b>(80,187)</b>	<b>2,114,962</b>

Figures in brackets indicate deductions.

The information contained in these statements have been extracted from the unaudited financial statements of the Company unless indicated as audited.

## STATEMENT OF CHANGES IN EQUITY

GROUP								
Description	Stated Capital	Revaluation Reserve	Exchange Fluctuation Reserve	Other Component Of Equity	Accumulated Losses	Total Equity	Non controlling interest	Total Equity
	LKR. '000	LKR. '000	LKR. '000	LKR. '000	LKR. '000	LKR. '000	LKR. '000	LKR. '000
<b>Balance as at 01 April 2015 (Audited)</b>	<b>679,644</b>	<b>249,416</b>	<b>(592)</b>	<b>270,720</b>	<b>(272,459)</b>	<b>926,729</b>	<b>(11,867)</b>	<b>914,862</b>
Profit/(Loss) for the Six months	-	-	-	-	<b>(13,774)</b>	<b>(13,774)</b>	<b>(3,150)</b>	<b>(16,924)</b>
Other Comprehensive Income	-	-	<b>(25)</b>	-	-	<b>(25)</b>	-	<b>(25)</b>
<b>Balance as at 30 September 2015</b>	<b>679,644</b>	<b>249,416</b>	<b>(617)</b>	<b>270,720</b>	<b>(286,233)</b>	<b>912,930</b>	<b>(15,017)</b>	<b>897,913</b>
<b>Balance as at 01 April 2015 ( Audited)</b>	<b>679,644</b>	<b>249,416</b>	<b>(592)</b>	<b>270,720</b>	<b>(272,459)</b>	<b>926,729</b>	<b>(11,867)</b>	914,863
Profit/(Loss) for the year					(497)	(497)	(15,468)	(15,965)
Other Comprehensive Income /( loss) for the year		258,801	77		(4,522)	254,356	377	254,733
Increase in Derivative Financial Option Value				14,626		14,626		14,626
Changes in Holding					(30,018)	(30,018)	30,018	-
Issuance of Shares	722,457					722,457		722,457
Share Issue Cost					(4,902)	(4,902)		(4,902)
<b>Balance as at 31 March 2016 (Audited)</b>	<b>1,402,101</b>	<b>508,217</b>	<b>(515)</b>	<b>285,346</b>	<b>(312,398)</b>	<b>1,882,751</b>	<b>3,061</b>	<b>1,885,812</b>
Balance as at 01 April 2016	<b>1,402,101</b>	<b>508,217</b>	<b>(515)</b>	<b>285,346</b>	<b>(312,398)</b>	<b>1,882,751</b>	<b>3,061</b>	<b>1,885,812</b>
Profit/(Loss) for the six months					45,111	<b>45,111</b>	1,580	<b>46,690</b>
Dividend Payment					(40,638)	<b>(40,638)</b>		<b>(40,638)</b>
<b>Balance as at 30 September 2016</b>	<b>1,402,101</b>	<b>508,217</b>	<b>(515)</b>	<b>285,346</b>	<b>(307,925)</b>	<b>1,887,224</b>	<b>4,641</b>	<b>1,891,864</b>

Figures in brackets indicate deductions.

The information contained in these statements have been extracted from the unaudited financial statements of the Company unless indicated as audited.

# CASH FLOW STATEMENT

For the six months ended 30 September	COMPANY		GROUP	
	2016 LKR	2015 LKR	2016 LKR	2015 LKR
<b>Cash Flow from Operating Activities</b>				
Net Profit/(Loss) before Tax	50,225	45,580	56,047	(12,568)
<b>Adjustments for</b>				
Depreciation on Property, Plant & Equipment	22,868	20,662	55,734	48,709
(Profit)/loss from disposal of Property Plant and Equipment	(866)	(2,734)	(866)	(2,734)
(Profit)/loss from disposal of investments	-	(3)	-	(3)
Amortisation of Intangible Assets	2,454	-	2,454	-
Provision for/ (Reversal of) Retirement Benefit Obligation	8,402	5,988	9,403	8,759
Interest Income	(20,649)	(13,895)	(13,125)	(718)
Interest Expense	9,651	28,096	23,046	36,607
Amortization of deferred Income	(212)	(211)	553	(211)
Provision / (Reversal of) for Bad & Doubtful Debts	2,643	1,672	2,643	1,672
Reversal from Exchange Fluctuation Reserve	-	(25)	-	(25)
Provision/(Reversal of ) for slow moving inventories	1,942	1,280	1,942	1,280
Provision/(Reversal of) for fall in value of investments	-	-	-	-
	26,234	40,830	81,784	93,336
Operating Profit /(Loss)before Changes in Working Capital	76,459	86,410	137,831	80,768
<b>Increase/Decrease in Working Capital</b>				
(Increase) / Decrease in Inventories	(27,130)	43,253	(59,975)	56,808
(Increase) / Decrease in Trade & Other Receivables	(26,266)	(91,314)	(29,946)	(83,307)
Increase / (Decrease) in Trade & Other Payables	34,454	641	38,693	(3,580)
	(18,942)	(47,420)	(51,227)	(30,079)
<b>Cash Generated from Operations</b>	57,518	38,990	86,604	50,689
Gratuity Paid	(11,875)	(3,517)	(11,875)	(4,577)
Income Tax Paid	(12,551)	-	(12,551)	-
<b>Net Cash Flow from Operating Activities</b>	33,092	35,473	62,178	46,112
<b>Cash Flow from Investing Activities</b>				
Sales Proceeds / (Acquisition) of Property, Plant & Equipment	(8,585)	(1,068)	(11,643)	(16,486)
Acquisition of Intangible Assets	(13,324)	-	(13,324)	-
Loans given to subsidiaries	(47,000)	(12,000)	-	-
Sales Proceeds / (Acquisition) of investments	-	-	-	-
<b>Net Cash Used in Investing Activities</b>	(68,909)	(13,068)	(24,967)	(16,486)
<b>Cash Flow from Financing Activities</b>				
Interest Paid	(2,126)	(3,328)	(23,044)	(8,980)
Interest Received	13,124	642	13,124	719
Dividend paid	(40,638)	-	(40,638)	-
Receipts / (Payments) of Interest Bearing Borrowings	22,413	(14,885)	(34,414)	(15,125)
<b>Net Cash Used in Financing Activities</b>	(7,227)	(17,571)	(84,972)	(23,386)
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	(43,044)	4,834	(47,762)	6,240
Cash & Cash Equivalents at the beginning of the year - Audited (Note A)	274,207	(13,682)	251,396	(16,113)
<b>Cash &amp; Cash Equivalents at the end of the period (Note B)</b>	231,163	(8,848)	203,634	(9,873)
<b>Note A</b>				
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>				
Cash in Hand & at Bank	282,256	39,257	294,428	55,995
Bank Overdraft	(8,049)	(52,939)	(43,032)	(72,108)
	274,207	(13,682)	251,396	(16,113)
<b>Note B</b>				
<b>Cash &amp; Cash Equivalents at the end of the period</b>				
Cash in Hand & at Bank	262,785	37,826	270,783	58,336
Bank Overdraft	(31,623)	(46,674)	(67,150)	(68,209)
	231,162	(8,848)	203,633	(9,873)

Figures in brackets indicate deductions.

The information contained in these statements have been extracted from the unaudited financial statements of the Company unless indicated as audited.

## EXPLANATORY NOTES

- There were no changes in the accounting policies and methods of computation since the publication of Financial Statements in the Annual Report - 2016, for the twelve months ended 31 March 2016.
- These condensed Interim Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standard LKAS 34 - 'Interim Financial Reporting'.

### 3. Cases pending as at 30 September 2016

Defendants	No. of cases	Court	Reason
Non-Executives	4	Labour Tribunal	Termination
Executive	1	Supreme Court	Loan recovery
Executive	1	Magistrate Court	Misappropriation of Cash & shortage of Stocks
Non-Executive	1	Magistrate Court	Vacated post without prior notice and not clearing outstanding debtors

Outcome of the above cases which are pending as at 30 September 2016 cannot be ascertained as at the

- The Stated Capital of the Company is LKR. 1,402,101,643/- represented by 162,552,920 fully paid ordinary shares.
- Supplementary Agreement with BOI  
The Company is in the process of finalizing the supplementary agreement with Board of Investment of Sri Lanka (BOI)
- Public holding percentage as at 30 September 2016 is 21.75%, represented by 35,350,141 shares in the hands of 4,945 shareholders.
- Direct share holding of Directors and Chief Executive Officer as at 30 September 2016 is as follows;

Name	No of Shares
Mr R N Asirwatham - Director	3,000
Mr Wasaba Jayasekara - Chief Executive Officer	11,399

### 8. Top 20 Shareholders

Serial #	Name of Shareholder	No. of Shares as at 30 September 2016	%
1	SEYLAN BANK PLC/LANKA CENTURY INVESTMENTS PLC (MARGIN)	125,988,380	77.51
2	KOKYO TATEMONO CO. LTD	6,156,266	3.79
3	K H R INVESTMENT SERVICES (PRIVATE) LIMITED	2,803,754	1.72
4	PEOPLE'S LEASING & FINANCE PLC/MR.D.M.P.DISANAYAKE	1,667,551	1.03
5	DOH INVESTMENT LANKA PVT LTD	1,200,000	0.74
6	MR. P.G PIYASIRI	939,864	0.58
7	MERCHANT BANK OF SRI LANKA LTD A/C NO 1	630,668	0.39
8	FIRST CAPITAL MARKETS LIMITED/MR.S.P.JAYAKUMAR	483,574	0.30
9	SEYLAN BANK PLC/CARLINES HOLDINGS (PRIVATE) LIMITED	464,546	0.29
10	MR.D.L.B.C PERERA	395,289	0.24
11	PEOPLE'S LEASING & FINANCE PLC / MR.E.THAWAGNASUNDARAM	380,925	0.23
12	MR.S.M MASOOR	377,035	0.23
13	SEYLAN BANK PLC/A.M. NIMESHA ANURUDDHA ABEYKOON	360,000	0.22
14	TKS FINANCE LTD/A.M.N.A.ABEYKOON	346,000	0.21
15	MR. A.K PALLIYA GURUGE DON	298,600	0.18
16	MR. S.N.M SEMASINGHE	289,456	0.18
17	PEOPLE'S LEASING & FINANCE PLC/MR.M.P.P.N.JAYASINGHE	246,900	0.15
18	MR.A.M MANSOOR	238,765	0.15
19	MR.R GAUTAM	237,000	0.15
20	SEYLAN BANK PLC/DR.THIRUGNANASAMBANDAR SENTHILVERL	225,146	0.14
		<b>143,729,719</b>	<b>88.43</b>

- There have been no other events subsequent to the interim period which require disclosure in the Interim Financial Statements.



**CORPORATE INFORMATION**

Name of the Company	Dankotuwa Porcelain PLC
Registration Number	PQ 79
Factory & Office	Kurunegala Road Dankotuwa, Sri Lanka Tel : +94-031-5500500 Fax : +94-031-5500599 E-mail : info@dankotuwa.com
Registered Office & Colombo Office	No.10,5th floor , Gothami Road , Colombo 08, Sri Lanka Tel :+94- 011-5700700 Fax :+94- 011-2680225 E-mail : info@dankotuwa.com
Subsidiaries	Royal Fernwood Porcelain Limited Lanka Decals Private Limited Fernwood Lanka Private limited Taprobane Capital Private Limited
Showrooms	<b>Colombo</b> 298/B R.A. De Mel Mawatha Colombo 03, Sri Lanka Tel : +94- 011-5667000  <b>Kirulapone</b> 194, High Level Road (Opposite Siebel Avenue) Colombo 6, Sri Lanka Tel : +94 - 011-5665000  <b>Union Place</b> No 505,Union Place Colombo 02 , Sri Lanka Tel : +94 - 011-5630000

**EXPORT MARKETS**

Argentina, Belgium,Brazil, Colombia,Czech Republic,  
Dubai, Egypt , France, Germany, Greece , Iceland,  
India, Italy, Japan, Jordan , Kenya , Kingdom of Bahrain , Kuwait,Lebanon  
Malaysia, Maldives, Maldoval,Mexico, Nepal, Nigeria , Norway, Oman, Poland,Pakistan,Qatar  
Russia, Sey Chelles ,Singapore, Soudi Arabia ,South Africa, Spain, Switzerland, Sweden  
Thailand,Turkey, U.K., Ukraine, Usbekistan , USA.

**INFORMATION ON ORDINARY SHARES**

	Quarter ended 30/09/2016	Quarter ended 30/09/2015	Year ended 2015/2016 (Audited)	Year ended 2014/2015 (Audited)
Net Assets value	13.01	15.51	13.01	14.94
Market value per share;				
Highest	8.40	15.10	15.10	18.30
Lowest	6.80	9.90	6.00	11.10
Last traded price recorded	7.90	10.10	6.80	11.20