



## **Unaudited Financial Statements**

For the Twelve months ended 31 March 2019

**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 Twelve months ended 31 March			For the Quarter ended 31 March			For the Twelve Months ended 31 March			For the Quarter ended 31 March		
	2019	2018	% INCREASE/ (DECREASE)	2019	2018	% INCREASE/ (DECREASE)	2019	2018	% INCREASE/ (DECREASE)	2019	2018	% INCREASE/ (DECREASE)
	LKR. '000	LKR. '000 (Audited)		LKR. '000	LKR. '000		LKR. '000	LKR. '000 (Audited)		LKR. '000	LKR. '000	
Turnover	1,233,710	1,276,617	(3)	325,944	299,900	9	2,179,256	2,083,446	5	610,392	501,013	22
Cost of Sales	(898,810)	(1,070,269)	(16)	(219,048)	(236,475)	(7)	(1,524,960)	(1,597,816)	(5)	(409,439)	(399,475)	2
Gross Profit	334,900	206,348	62	106,896	63,425	(69)	654,296	485,630	35	200,953	101,537	98
Other Income	23,196	5,788	301	2,618	786	233	12,446	5,978	108	(281)	915	(131)
Distribution Expenses	(185,422)	(182,610)	2	(59,756)	(39,400)	52	(278,539)	(238,231)	17	(102,791)	(34,455)	198
Administrative Expenses	(105,702)	(209,550)	(50)	(4,944)	(38,923)	(87)	(192,289)	(318,107)	(40)	15,164	(33,717)	(145)
Finance Income	36,590	48,547	(25)	8,286	11,403	(27)	36,701	33,232	10	8,336	9,932	(16)
Finance Cost	(63,093)	(21,776)	190	(24,656)	(7,642)	223	(97,943)	(45,876)	113	(45,902)	(17,504)	162
Fair Value gain from Investment Property	257,968	-	100	257,968	-	100	293,029	-	100	293,029	-	100
Profit/(Loss) before Tax	298,436	(153,253)	295	286,413	(10,349)	2868	427,701	(77,373)	653	368,509	26,710	1280
Income ( Tax Expense)/ Reversal	(47,076)	72,254	(165)	(39,772)	75,850	152	(50,781)	80,851	163	(44,090)	83,099	153
Profit/(Loss) for the Period	251,360	(80,999)	410	246,641	65,501	277	376,920	3,478	10737	324,419	109,809	195
Attributable to:												
Equity Holders of the Parent							371,508	3,328	11063	320,667	107,900	197
Non -Controlling Interest							5,412	150	3508	3,752	1,910	96
							376,920	3,478		324,419	109,810	
Basic Earnings/(Losses) per Ordinary Share - LKR	1.55	(0.50)		1.52	0.40		2.29	0.02		1.97	0.66	

Figures in brackets indicate deductions.

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STATEMENT OF COMPREHENSIVE INCOME

Description	For the Twelve months ended 31 March			For the Quarter ended 31 March			For the Twelve months ended 31 March			For the Quarter ended 31 March		
	2019	2018	% INCREASE/ (DECREASE)	2019	2018	% INCREASE/ (DECREASE)	2019	2018	% INCREASE/ (DECREASE)	2019	2018	% INCREASE/ (DECREASE)
	LKR. '000	LKR. '000		LKR. '000	LKR. '000		LKR. '000	LKR. '000		LKR. '000	LKR. '000	
Profit /(Loss) for the period	251,360	(80,999)	410	246,641	65,501	277	376,920	3,478	10,737	324,419	109,810	195
Other comprehensive Income												
Net exchange differences on translation of foreign op	(2)	(40)	94	(2)	(40)	94	(2)	(40)	94	(2)	(40)	94
Actuarial Gain / (Loss)	16,695	(21,199)	179	16,695	(21,199)	179	15,284	(24,668)	(162)	15,284	(24,668)	(162)
Tax impact on Actuarial Gain / (Loss)	(10,610)	5,935	(279)	(10,610)	5,935	(279)	(10,215)	6,546	(256)	(10,215)	5,326	(292)
Revaluation Gain on Land & Building	329,124	368,949	(11)	329,124	368,949	(11)	371,325	415,546	(11)	371,325	415,546	(11)
Tax impact on Revaluation Gain	(85,402)	(150,019)	(43)	(85,402)	(150,019)	(43)	(85,473)	(151,363)	(44)	(85,473)	(149,200)	(43)
Other comprehensive income for the period	249,805	203,626	23	249,805	203,626	23	290,918	246,021	18	290,918	246,964	18
Total comprehensive income for the period	<u>501,165</u>	<u>122,627</u>	309	<u>496,446</u>	<u>269,127</u>	84	<u>667,838</u>	<u>249,499</u>	168	<u>615,337</u>	<u>356,774</u>	72
Attributable to:												
Equity Holders of the Parent							660,654	244,031	171	609,813	356,827	71
Non -Controlling Interest							7,184	5,468	31	5,524	(53)	10,522
							<u>667,838</u>	<u>249,499</u>		<u>615,337</u>	<u>356,774</u>	

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 FINANCIAL POSITION

	COMPANY		GROUP	
	31 MARCH 2019 LKR. 000	31 MARCH 2018 LKR. 000 (Audited)	31 MARCH 2019 LKR. 000	31 MARCH 2018 LKR. 000 (Audited)
<b>ASSETS</b>				
Non-Current Assets				
Property, Plant & Equipment	1,213,623	891,066	1,799,512	1,471,595
Investment Property	468,763	210,795	573,946	280,917
Intangible Assets	38,558	41,215	251,686	254,343
Investment in Subsidiaries	741,701	741,701	-	-
	<u>2,462,645</u>	<u>1,884,777</u>	<u>2,625,143</u>	<u>2,006,856</u>
Current Assets				
Inventories	439,465	327,648	1,017,355	742,573
Trade & Other Receivables	435,455	305,914	624,846	424,717
Income Tax Receivable	12,310	1,423	12,310	1,423
Cash & Cash Equivalents	307,076	416,703	326,514	437,933
	<u>1,194,306</u>	<u>1,051,688</u>	<u>1,981,025</u>	<u>1,606,646</u>
<b>Total Assets</b>	<b><u>3,656,951</u></b>	<b><u>2,936,465</u></b>	<b><u>4,606,168</u></b>	<b><u>3,613,502</u></b>
<b>EQUITY AND LIABILITIES</b>				
Equity				
Stated Capital	1,402,102	1,402,102	1,402,102	1,402,102
Reserves	846,773	603,053	1,135,602	851,568
Retained Earnings	88,935	(155,869)	85,239	(278,740)
Equity attributable to Shareholders of Parent	2,337,811	1,849,287	2,622,943	1,974,930
Non Controlling Interest	-	-	20,872	13,688
<b>Total Equity</b>	<b><u>2,337,811</u></b>	<b><u>1,849,287</u></b>	<b><u>2,643,815</u></b>	<b><u>1,988,618</u></b>
Non-Current Liabilities				
Interest Bearing Loans and Borrowings	-	316,920	135,159	430,868
Retirement Benefit Liability	123,062	145,153	143,292	161,566
Deferred tax liability	214,743	71,419	235,867	88,015
	<u>337,806</u>	<u>533,492</u>	<u>514,318</u>	<u>680,449</u>
Current Liabilities				
Interest Bearing Loans and Borrowings	737,876	229,972	1,119,177	420,077
Trade and Other Payables	243,458	323,714	328,858	520,343
Income tax Liability	-	-	-	4,015
	<u>981,334</u>	<u>553,686</u>	<u>1,448,035</u>	<u>944,435</u>
<b>Total Equity and Liabilities</b>	<b><u>3,656,951</u></b>	<b><u>2,936,465</u></b>	<b><u>4,606,168</u></b>	<b><u>3,613,502</u></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.

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

Sgd.  
Jayamal Wickramatunga  
Chief Financial Officer

Sgd.  
Rajan Asirwatham  
Chairman

Sgd.  
Ajith Devasurendra  
Deputy Chairman

30 May 2019

**STATEMENT OF CHANGES IN EQUITY - COMPANY**

Description	Stated Capital LKR. '000	Revaluation Reserve LKR. '000	Exchange Fluctuation Reserve LKR. '000	Merger Reserve LKR. '000	Accumulated Losses LKR. '000	Total Equity LKR. '000
<b>Balance as at 01 April 2017 ( Audited )</b>	1,402,102	508,218	(693)	-	(59,605)	1,850,021
Profit/(Loss) for the year					(81,000)	(81,000)
Comprehensive Income		218,931	(41)		(15,264)	203,626
Effect of amalgamation				(123,362)		(123,362)
<b>Balance as at 31 March 2018 ( Audited )</b>	1,402,102	727,148	(734)	(123,362)	(155,869)	1,849,287
<b>Balance as at 01 April 2018</b>	<b>1,402,102</b>	<b>727,148</b>	<b>(734)</b>	<b>(123,362)</b>	<b>(155,869)</b>	<b>1,849,287</b>
Prior year Adjustment for first time adaption SLFRS 9					<b>(12,641)</b>	<b>(12,641)</b>
Profit/(Loss) for Twelve months	-	-	-	-	<b>251,360</b>	<b>251,360</b>
Comprehensive Income for Twelve months	-	<b>243,722</b>	<b>(2)</b>	-	<b>6,084</b>	<b>249,805</b>
<b>Balance as at 31 March 2019</b>	<b>1,402,102</b>	<b>970,871</b>	<b>(736)</b>	<b>(123,362)</b>	<b>88,935</b>	<b>2,337,811</b>

*Figures in brackets indicate deductions.*

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**STATEMENT OF CHANGES IN EQUITY - GROUP**

Description	Stated Capital	Revaluation Reserve	Exchange Fluctuation Reserve	Accumulated Losses	Total Equity	Non Controlling Interest	Total Equity
	LKR. '000	LKR. '000	LKR. '000	LKR. '000	LKR. '000	LKR. '000	LKR. '000
<b>Balance as at 01 April 2017 ( Audited)</b>	<b>1,402,102</b>	<b>590,070</b>	<b>(693)</b>	<b>(260,579)</b>	<b>1,730,899</b>	<b>8,220</b>	1,739,119
Profit/(Loss) for the year				3,328	3,328	150	3,478
Other Comprehensive Income /( Loss) for the year		262,232	(41)	(21,489)	240,702	5,318	246,021
<b>Balance as at 31 March 2018 (Audited)</b>	<b>1,402,102</b>	<b>852,302</b>	<b>(733)</b>	<b>(278,740)</b>	<b>1,974,930</b>	<b>13,688</b>	<b>1,988,618</b>
<b>Balance as at 01 April 2018</b>	<b>1,402,102</b>	<b>852,302</b>	<b>(733)</b>	<b>(278,740)</b>	<b>1,974,930</b>	<b>13,688</b>	<b>1,988,618</b>
Prior year Adjustment for first time adaption SLFRS 9				(12,641)	(12,641)		(12,641)
Profit/(Loss) for the Twelve months				371,508	371,508	5,412	376,920
Comprehensive Income for Twelve months	-	284,036	(2)	5,112	289,146	1,772	290,918
<b>Balance as at 31 March 2019</b>	<b>1,402,102</b>	<b>1,136,338</b>	<b>(736)</b>	<b>85,239</b>	<b>2,622,943</b>	<b>20,872</b>	<b>2,643,815</b>

*Figures in brackets indicate deductions.*

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**CASH FLOW STATEMENT**

For the Twelve months ended 31 March	COMPANY		GROUP	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
		<i>(Audited)</i>		<i>(Audited)</i>
<b>Cash Flow from Operating Activities</b>				
Net Profit/(Loss) before Tax	298,436	(153,253)	427,701	(77,373)
<b>Adjustments for</b>				
Depreciation on Property, Plant & Equipments	58,061	37,893	113,743	85,677
(Profit)/loss from disposal of Property Plant and Equipments	(4,927)	(1,200)	(4,927)	(1,212)
Impairment of Leasehold Building	-	569	-	569
Fair Value Gain from Investment Property	(257,968)	-	(293,029)	-
Amortisation of Intangible Assets	5,044	11,036	5,044	11,036
Provision for/ (Reversal of) Retirement Benefit Obligation	21,446	22,978	25,418	26,845
Interest Income	(36,590)	(48,547)	(36,701)	(33,232)
Interest Expense	63,093	21,776	97,089	45,876
Amortization of deferred Income	-	(387)	-	(387)
Provision / (Reversal of) for Bad & Doubtful Debts	371	(5,709)	(2,751)	3,407
Unrealized Foreign Exchange Difference	(1,208)	1,275	(1,211)	(112)
Reversal from Exchange Fluctuation Reserve	(2)	(40)	(2)	(40)
Provision/(Reversal of ) for slow moving inventories	(56,542)	26,128	(43,094)	39,406
	(209,221)	65,772	(140,421)	177,833
Operating Profit /(Loss)before Changes in Working Capital	89,216	(87,481)	287,281	100,459
<b>Increase/Decrease in Working Capital</b>				
(Increase) / Decrease in Inventories	(55,275)	78,773	(230,939)	(94,897)
(Increase) / Decrease in Trade & Other Receivables	(129,912)	29,028	(223,246)	(13,077)
Increase / (Decrease) in Trade & Other Payables	(80,256)	(8,216)	(169,853)	54,730
	(265,443)	99,586	(624,038)	(53,244)
<b>Cash Generated from Operations</b>	(176,227)	12,105	(336,757)	47,215
Gratuity Paid	(26,861)	(13,441)	(28,426)	(19,232)
Income Tax Paid	-	(40,834)	(6,039)	(56,049)
<b>Net Cash Flow from Operating Activities</b>	(203,088)	(42,170)	(371,222)	(28,066)
<b>Cash Flow from Investing Activities</b>				
Sales Proceeds / (Acquisition) of Property, Plant & Equipment	(46,567)	(49,983)	(63,291)	(76,553)
Acquisition of Intangible Assets	(2,386)	(5,223)	(2,386)	(5,223)
<b>Net Cash Used in Investing Activities</b>	(48,953)	(55,206)	(65,677)	(81,776)
<b>Cash Flow from Financing Activities</b>				
Interest Paid	(52,553)	(5,577)	(82,003)	(29,674)
Interest Received	36,590	40,105	36,701	33,232
Dividend paid	-	(65,021)	-	(65,021)
Receipts / (Payments) of Interest Bearing Borrowings	(23,038)	130,606	121,010	150,218
<b>Net Cash Used in Financing Activities</b>	(39,001)	100,113	75,708	88,755
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	(291,042)	2,737	(361,191)	(21,087)
Cash & Cash Equivalents at the beginning of the year (Note A)	323,616	320,880	295,068	316,156
<b>Cash &amp; Cash Equivalents at the end of the period (Note B)</b>	32,575	323,616	(66,123)	295,068

**Note A****Cash & Cash Equivalents at the beginning of the year**

Cash in Hand & at Bank	416,703	327,526	<b>437,933</b>	342,232
Bank Overdraft	<b>(93,087)</b>	(6,646)	<b>(142,865)</b>	(26,076)
	<b>323,616</b>	320,880	<b>295,068</b>	316,156

**Note B****Cash & Cash Equivalents at the end of the period**

Cash in Hand & at Bank	<b>307,076</b>	416,703	<b>326,514</b>	437,933
Bank Overdraft	<b>(274,502)</b>	(93,087)	<b>(392,637)</b>	(142,865)
	<b>32,575</b>	323,616	<b>(66,123)</b>	295,068

*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 2018, for the twelve months ended 31 March 2018.
- These condensed Interim Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standard LKAS 34 – ‘Interim Financial Reporting’.

- Cases pending as at 31 March 2019

Defendants	No. of cases	Court	Reason
Non-Executives	3	Labour Tribunal	Termination
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 31 March 2019 cannot be ascertained as at the balance sheet date.

- The Stated Capital of the Company is LKR 1,402,101,647/- represented by 162,552,920 fully paid ordinary shares.

- Information on Ordinary Shares

Description	Quarter ended 31/03/2019	Quarter ended 31/03/2018	Year ended 2017/2018 (Audited)	Year ended 2016/2017 (Audited)
Net Assets Value – LKR	14.38	11.36	11.46	11.38
Market Value per share;				
Highest – LKR	6.50	8.40	10.40	8.70
Lowest – LKR	5.20	6.90	6.10	5.30
Last Traded - LKR	5.30	6.90	6.90	6.00

- Public shareholding as at 31 March 2019

The Company is listed on the Main Board of the Colombo Stock Exchange. Its float adjusted market capitalization is less than LKR 2.5 Billion (option 5). The Company is required to maintain a minimum public holding of 20%.

Float adjusted market capitalization	-	LKR 188,675,174.24
Number of shares	-	35,592,690
Percentage	-	21.90
Number of Shareholders	-	5,051

As at 31 March 2019, the Company was in compliance with the minimum public holding percentage.

- Direct shareholding of Directors as at 31 March 2019 is as follows;

Mr. R N Asirwatham	-	3,000
Mr. N M Prakash	-	101,000

- Major Shareholders as at 31 March 2019

Name of Shareholder	No. of shares	%
1. Seylan Bank PLC/Ambeon Holdings PLC (Collateral)	125,100,000	76.96
Seylan Bank PLC/Ambeon Holsings PLC (Margin)	888,380	0.55
Ambeon Holdings PLC	850	0.00
<b>TOTAL</b>	<b>125,989,230</b>	<b>77.51</b>
2. Kokyo Tatemono Co. Ltd	6,156,266	3.79
3. People’s Leasing & Finance PLC/Mr. D M P Disanayake	1,740,000	1.07
4. Mr. K H R Thilakarathna	1,500,000	0.92
5. Mr. P G Piyasiri	1,356,882	0.83
6. D O H Investment Lanka (Pvt) Ltd	867,000	0.53
7. Mr. M A De Silva	563,449	0.35
8. Mr. S P Jayakumar	483,574	0.30
9. Mr. F A A Mack	400,000	0.25
10. Mr. D L B C Perera	395,289	0.24
11. Mr. R E Rambukwella	393,002	0.24
12. Mr. S M Masoor	377,035	0.23
13. Seylan Bank PLC/A M Nimesha Anuruddha Abeykoon	345,000	0.21
14. Mr. J P S M B Jayasooriya	329,671	0.20
15. Mr. A K Palliya Guruge Don	298,600	0.18
16. Mr. D H D U P Ubayawansa	293,628	0.18
17. Acuity Partners (Pvt) Ltd/Mr. S N M Semasinghe	289,456	0.18
18. Mr. P A J Kumara	255,000	0.16
19. Mr. M A H Kamil	250,172	0.15
20. Mr. S M Nazeer	248,601	0.15

9. Status of the utilization of funds raised via the Rights Issue as at 31 March 2019

Objectives as per the circular to shareholders	Amount allocated as per the prospectus in LKR	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amount utilized in LKR (B)	% of utilized against allocation (B/A)	Clarification if not fully utilized including where the funds are invested
Retiring part of the borrowings	500,000,000	Immediately upon receipt of proceeds	500,000,000	69%	500,000,000	100%	N/A
To fund the modernization of the factory	222,457,424	Within 15 months from the date of receipt of the proceeds	222,457,424	31%	43,326,518	19%	Proposals have been obtained from suppliers, which are being evaluated. The funds have been invested on Fixed Deposit with Pan Asia Banking Corporation PLC
	<b>722,457,424</b>		<b>722,457,424</b>		<b>543,326,518</b>		

10. Upon the acquisition of Taprobane Capital (Private) Limited and Royal Fernwood Porcelain Limited (the Acquiree), the Company agreed to assume the debt liabilities of Acquiree amounting to Rs. 253,615,255/- towards Browns Investments PLC, S.F.L. Services (Private) Limited and Brown & Company PLC by way of a "Debt Novation Agreement" at an interest rate of 6% per annum. Pursuant to "Debt Novation Agreement", a further Debt Novation Agreement gave the option to the Company to transfer the said debt obligation novated from the acquisition to "Ambeon Holdings PLC" (the immediate Parent Company) at the discretion of Ambeon Holdings PLC.

Accordingly, on 28 December 2018 the Company novated the liability of Rupees Three Hundred and Twenty-Nine Million Five Hundred and Fifty-Seven Thousand Six Hundred and Sixty-Eight (Rs. 329,557,668/-) to Ambeon Holdings PLC, which discharged the Company from the liability recorded towards Browns Investments PLC, S.F.L. Services (Private) Limited and Brown & Company PLC and account the liability towards Ambeon Holdings PLC.

11. 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: +94-31-5500500 Fax: +94-31-5500599 Email: <a href="mailto:info@dankotuwa.com">info@dankotuwa.com</a>
Registered Office	No. 10, 5 <sup>th</sup> Floor, Gothami Road Colombo 8, Sri Lanka Tel: +94-11-5700700 Fax: +94-11-2680225 Email: <a href="mailto:info@dankotuwa.com">info@dankotuwa.com</a>
Board of Directors	Mr. Rajan Asirwatham (Chairman) Mr. Ajith Devasurendra (Deputy Chairman) Mr. Mangala Boyagoda Mr. Sanjeev Gardiner Mr. Priyantha Maddumage Mr. Revantha Devasurendra Mr. Murali Prakash Mr. Dilush Perera
Subsidiaries	Royal Fernwood Porcelain Limited Lanka Decals (Private) Limited Fernwood Lanka (Private) Limited
Showrooms	Kirulapone 194, High Level Road (Opposite Siebel Avenue) Colombo 6, Sri Lanka Tel: +94-11-5665000  Union Place 503, Union Place Colombo 2, Sri Lanka Tel: +94-11-5630000  Cinnamon Garden 47, Guildford Crescent Colombo 7, Sri Lanka Tel: +94-11-5305555  Negombo No. 389 C, Main Street Negombo Tel: +94-31-5205205  Crescat Boulevard Shop No. 20 A Crescat Boulevard Colombo 3 Tel: +94-11-5316800

**EXPORT MARKETS**

Australia, Austria, Belgium, Colombia, Dubai, France, Germany, Greece, Hong Kong, Ice Land, India, Italy, Japan, Jordon, Kuwait, Maldives, Norway, Oman, Peru, Philippines, Poland, Russia, Switzerland, UK, Ukrain, USA.