

KELANI TYRES PLC

(Reg: No. PQ 123)

INTERIM FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED SEPTEMBER 30, 2016



Corporate Office
203, Union Place
Colombo 02

KELANI TYRES PLC AND ITS GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(all amounts in Sri Lankan Rupees thousands)

	Group		Company	
	30-09-2016 (un-audited)	31-03-2016 (audited)	30-09-2016 (un-audited)	31-03-2016 (audited)
ASSETS				
Non-current assets				
Property, plant and equipment	26,783	29,492	21,645	21,810
Investment Property	352,950	352,950	352,950	352,950
Intangible assets	121	147	81	98
Deferred income tax assets	1,554	1,553	-	-
Investments in subsidiaries	-	-	10	10
Investment in JV	3,091,572	3,022,872	139,607	139,607
Receivable from Subsidiary	-	-	-	1,438
	3,472,979	3,407,014	514,292	515,913
Current assets				
Trade and other receivables	335,645	250,278	335,288	250,257
Cash and cash equivalents	122,509	72,833	120,901	70,705
	458,154	323,111	456,189	320,962
Total assets	3,931,134	3,730,125	970,481	836,875
EQUITY AND LIABILITIES				
Equity attributable to equity holders				
Stated capital	402,000	402,000	402,000	402,000
Revaluation reserves	971	971	971	971
Other reserves	237,815	237,815	-	-
Retained earnings	3,265,632	3,033,892	548,530	385,794
Total equity	3,906,418	3,674,678	951,500	788,765
Non - current liabilities				
Borrowings	3,774	4,718	-	-
Retirement benefit obligations	2,378	2,378	2,378	2,378
	6,153	7,096	2,378	2,378
Current liabilities				
Trade and other payables	4,940	8,315	4,868	7,947
Provision for Taxation	-	939	-	575
Borrowings	1,887	1,887	-	-
Bank Overdraft	11,735	37,210	11,735	37,210
	18,563	48,351	16,603	45,732
Total liabilities	24,716	55,447	18,981	48,110
Total equity and liabilities	3,931,134	3,730,125	970,481	836,875
Net Asset Value Per share	48.59	45.70	11.83	9.81

I certify that these financial statements have been prepared in compliance with requirements of the Companies Act, No. 07 of 2007.

Sgd

P. R. Mann

Finance Officer

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

Sgd

Rohan T. Fernando

Managing Director

31st October 2016

Sgd

(Mrs). S. S Jayatilaka

Director

KELANI TYRES PL AND ITS GROUP**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(all amounts in Sri Lanka Rupees Thousands)

Company

	Stated capital	Revaluation Reserve	Other Reserve	Retained Earnings	Total
Balance at 1 April 2015 (restated)	402,000	-	-	282,973	684,973
Profit for the Period	-	-	-	225,719	225,719
Dividend paid	-	-	-	(120,600)	(120,600)
Balance at 30 Sep. 2015 (un-audited)	402,000	-	-	388,092	790,092
Balance at 1 April 2016 (audited)	402,000	971	-	385,794	788,765
Profit for the Period	-	-	-	363,735	363,735
Dividend paid	-	-	-	(201,000)	(201,000)
Balance at 30 Sep. 2016 (un-audited)	402,000	971	-	548,530	951,500

KELANI TYRES PL AND ITS GROUP**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(all amounts in Sri Lanka Rupees Thousands)

Group

	Stated capital	Revaluation Reserve	Other Reserve	Retained Earnings	Total
Balance at 1 April 2015 (restated)	402,000	-	237,815	2,372,410	3,012,225
Profit for the Period	-	-	-	348,162	348,162
Dividend paid	-	-	-	(120,600)	(120,600)
Balance at 30 Sep. 2015 (un-audited)	402,000	-	237,815	2,599,972	3,239,787
Balance at 1 April 2016 (audited)	402,000	971	237,815	3,033,892	3,674,678
Profit for the Period	-	-	-	432,740	432,740
Dividend paid	-	-	-	(201,000)	(201,000)
Balance at 30 Sep. 2016 (un-audited)	402,000	971	237,815	3,265,632	3,906,418

KELANI TYRES PLC AND ITS GROUP

Cash flow statement

(all amounts in Sri Lankan Rupees thousands)

	Six months ended 30 Sep. 2016		Six months ended 30 Sep. 2015	
	Group	Company	Group	Company
Cash flows from operating activities				
Cash generated from (used in) operations	(87,732)	(90,034)	39,543	35,041
Interest received	2,180	2,180	1,366	1,437
Interest paid	(2,537)	(2,171)	(4,367)	(3,781)
Tax paid	(660)	-	(90)	-
Net cash generated from (used in) operating activities	(88,750)	(90,025)	36,453	32,697
Cash flows from investing activities				
Purchases of property, plant and equipment	(174)	(174)	(90)	(90)
Dividend received	365,425	365,425	251,000	251,000
Proceeds from sale of property, plant and equipment	587	-	3,122	-
Net cash (used in)/generated from investing activities	365,838	365,251	254,032	250,910
Cash flows from financing activities				
Dividend payment	(201,000)	(201,000)	(120,600)	(120,600)
Change in Bank borrowings	(935)	1,446	(126,500)	(121,895)
Net cash (used in)/generated from financing activities	(201,935)	(199,554)	(247,100)	(242,495)
Net (decrease)/increase in cash and cash equivalents	75,152	75,672	43,385	41,113
Movement in cash and cash equivalents				
At the start of period	35,622	33,494	89,483	88,079
(Decrease)/increase	75,152	75,672	43,385	41,113
At the end of period	110,774	109,166	132,868	129,192

KELANI TYRES PLC AND ITS GROUP

NOTES TO THE INTERIM FINANCIAL STATEMENTS:

(all amounts are in Sri Lanka Rupees thousands)

1 General Information

Company

The company is a limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The address of its registered office is P.O.Box 8, Nungamugoda, Kelaniya.

Group

Joint Venture (JV):

The JV's principal activity is the manufacture of tyres and tubs locally and its sale thereof locally and internationally.

Subsidiary company:

The principal business activity is to hire out motor vehicles.

2 Basis of preparation

The Interim Financial Statements have been prepared in compliance with Sri Lanka Accounting Standard (SLAS)/LKAS-34 Interim Financial reporting. These interim financial statements should be read in conjunction with the annual financial statement for the year ended 31 Mar. 2016,

3 Significant Accounting Policies

The Company has adopted consistent accounting policies and method applied for the year ended 31st March 2016 and the presentation and classification of the financial statements of the previous year have been amended where relevant for better presentation and to be comparable with those of the current year.

4 Stated Capital

Stated Capital represented by issued shares is given below:

	9/30/16	3/31/16	3/31/15
Ordinary shares as at	80,400	80,400	80,400

5 There have been no other events subsequent to the Balance Sheet date, which require disclosure in the Interim Financial Statements.

6 No provision is made for taxation except for provision made by joint venture CEAT SRI LANKA .

	Rs.
Profit before Tax JV	999,202
Less: Provision for Tax	(130,953)
Profit after Tax	868,249

7 There were no Contingent Liabilities or Contingent Assets since the Balance Sheet date.

8 There were no Liability towards Management fee or any similar expenditure not provided for in the Interim Financial Statements.

9 Dividend per share

	Group		Company	
	9/30/16	9/30/15	9/30/16	9/30/15
Dividend received from the JV	365,425	251,000	365,425	251,000
Dividend declared & paid to shareholders	201,000	120,600	201,000	120,600
Number of shares in issue (thousands)	80,400	80,400	80,400	80,400
Dividend per share - (Rs.)	2.50	1.50	2.50	1.50

10 The figures have been presented in these financial statements are provisional and subject to audit, and also comparative figures have been reclassified where necessary.

11 Market price per share:

for the Six months ended 30th Sep.

	2016	2015
	Rs.	Rs.
Highest Price (24/08/16 & 05/08/15)	72.80	89.00
Lowest Price (05/07/16 & 09/07/15)	58.00	76.00
Last Traded Price	69.30	77.00

KELANI TYRES PLC
TOP 20 SHARE HOLDERS LIST
AS AT 30-09-2016

No.	Name	No of Shares	%
1	SILVERSTOCK LIMITED	35,120,523	43.682
2	BANCK OF CEYLON A/C CEYBANK UNIT TRUST	8,037,911	9.997
3	MR. GANARAJAH N	6,441,465	8.012
4	MR. UDESHI M M & MR. UDESHI H M	4,182,663	5.202
5	LOMBARD ODIER DARIER HENTSCH AND CIE	3,508,800	4.364
6	EMPLOYEES PROVIDENT FUND	1,553,800	1.933
7	BANK OF CEYLON ACCOUNT CEYBANK - CENTURY GROWTH FUND	1,473,828	1.833
8	MR. PUSPARAJ N. & MRS. PUSPARAJ. K	1,255,279	1.561
9	BANK OF CEYLON NO. 1 ACCOUNT	1,000,410	1.244
10	SAMPATH BANK PLC/ MRS. S. VASUDEVAN	601,907	0.749
11	SAMPATH BANK PLC/ MR. S. VASUDEVAN	537,630	0.669
12	ARUNA ENTERPRISES (PVT) LTD	437,600	0.544
13	HATTON NATIONAL BANK PLC / A. SITHAMPALAM	386,000	0.480
14	MR. POBRAN B.	350,240	0.436
15	MR. DANGAMPOLA G./MRS. DANGAMPOLA N. P.	341,507	0.425
16	HATTON NATIONAL BANK PLC A/C NO. 4 (HNB RETIREMENT PENSION FUND)	328,550	0.409
17	MRS. N. MULJIE	291,694	0.363
18	MR. T. L. M. IMTIAZ	283,390	0.352
19	SEYLAN BANK PLC - RANSIRI ENTERPRISES (PVT) LTD	268,200	0.334
20	RUBBER INVESTMENT TRUST LTD A/C NO. 1	267,316	0.332

PUBLIC HOLDING

The percentage of shares held by the public as at 30th Sep. 2016 is 56.31% comprising of 8,300 shareholders
(30th Sep. 2015 - 56.52% comprising of 8,298 shareholders)

SHARE HOLDINGS BY THE DIRECTORS AS AT 30th Sep. 2016

Names of Directors	No of Shares as at 30th Sep. 2016	%
Mr. Chanaka De Silva	Nil	
Mr. Rohan T. Fernando	Nil	
Mr. Lasantha P. Fernando	Nil	
Mr. T. Bevan Perera	1920	0.002%
Mr. D. S. Kamantha Amarasekera	Nil	
Mrs. S. S. Jayatilaka	240	0.000%
Mr. Eraj T. Fernando (Alternate director to Mr. L. P. Fernando)	Nil	

KELANI TYRES PLC AND ITS GROUP

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont.):

Joint Venture Performance

The assets and liabilities and the income and the expenses of the Joint venture as follows:

Summarised Financial Position

	30-09-2016	30-09-2015
Non-Current Assets	3,894,976	3,424,324
Current Assets	4,766,397	3,737,736
Total Assets	8,661,373	7,162,060
Capital and Reserves	6,183,144	5,173,072
Non-Current Liabilities	547,218	584,660
Current Liabilities	1,931,011	1,404,328
Total Equity & Liabilities	8,661,373	7,162,060

Summarised Income Statement

	2016 Apr. to Sep.	2015 Apr. to Sep.
Production (MT)	7,689	7,106
Total Sales (MT)	7,806	7,183
Domestic Sales	3,816,724	3,574,953
Export Sales	739,975	781,721
Total Sales	4,556,698	4,356,675
Cost of Sales	(2,892,204)	(2,688,080)
Contribution	1,664,494	1,668,595
Distribution/Administrative Cost	(768,393)	(678,538)
Finance Cost less income	90,794	28,483
Other Operating Income	12,307	7,641
Profit Before Tax	999,202	1,026,180
Taxation	(130,953)	(281,598)
Profit for the period	868,249	744,582
Other Comprehensive income/(Expenses)	-	-
Total Comprehensive income	868,249	744,582

KELANI TYRES PLC AND ITS GROUP

Segmenting reporting

1. Segmental Income Statements

Income statement for the period ended 30th Sep 2016

(all amounts in Sri Lankan Rupees thousands)

	Local sales of tyres	Share from Joint Venture	Vehicle Hiring Income	Adjustments	Group
Revenue					
Local Sales	249,129	-	-	-	249,129
Export Sales	-	-	-	-	-
Hiring Income	-	-	3,187	-	3,187
Tax					
Value Added Tax	(24,688)	-	(316)	-	(25,004)
Turnover Tax	-	-	-	-	-
Nation Building Tax	(2,244)	-	(57)	-	(2,301)
Net Turnover	222,196	-	2,814	-	225,011
Direct expenses					
of production	(203,481)	-	-	-	(203,481)
Administrative and Selling expenses	(23,984)	-	(2,549)	-	(26,534)
Dividend received from JV	-	-	-	-	-
Rent Income	-	2,915	-	-	2,915
Other Income	365,952	-	537	(365,425)	1,063
Interest Cost	(2,171)	-	(496)	129	(2,538)
Interest Income	2,309	-	-	(129)	2,180
Tax	-	-	-	-	-
Share of Results of JV	-	434,124	-	-	434,124
Net Profit	360,820	437,039	306	(365,425)	432,740

Income statement for the period ended 30th Sep 2015
(all amounts in Sri Lankan Rupees thousands)

	Local sales of tyres	Investment	Vehicle Hiring Income	Adjustments	Group
Revenue					
Local Sales	141,241	-	-	-	141,241
Export Sales	-	-	-	-	-
Hiring Income	-	-	4,578	(252)	4,326
Tax					
Value Added Tax	(13,997)	-	(454)	25	(14,426)
Turnover Tax	-	-	-	-	-
Nation Building Tax	(1,272)	-	(82)	-	(1,354)
Net Turnover	125,972	-	4,042	(227)	129,787
Direct expenses					
of production	(116,311)	-	-	-	(116,311)
Addministrative and Selling expenses	(34,656)	-	(3,483)	227	(37,912)
Dividend received from JV	-	-	-	-	-
Rent Income	-	1,715	-	-	1,715
Other Income	251,343	-	1,250	(251,000)	1,593
Interest Cost	(3,781)	-	(657)	142	(4,296)
Interest Income	1,437	-	-	(142)	1,295
Tax					
	-	-	-	-	-
Share of Results of JV	-	372,291	-	-	372,291
Net Profit/(Loss)	224,004	374,006	1,152	(251,000)	348,162

KELANI TYRES PLC AND ITS GROUP
Segmenting reporting
1. Segmental financial position
Statement of Financial Position as at 30th Sep. 2016
 (all amounts in Sri Lankan Rupees thousands)

	Local sales of tyres	Investment	Vehicle Hiring Income	Adjustments	Group
ASSETS					
Non-current assets					
Property, plant and equipment	21,645	-	7,703	(2,565)	26,783
Intangible assets	81	-	40	-	121
Deferred income tax asset	-	-	1,554	-	1,554
Investment Property	-	352,950	-	-	352,950
Investments in subsidiaries	-	10	-	(10)	-
Investment in JV	139,607	3,091,572	-	(139,607)	3,091,572
	161,332	3,444,532	9,297	(142,182)	3,472,979
Current assets					
Trade and other receivables	335,288	-	357	-	335,645
Cash and cash equivalents	120,901	-	1,608	-	122,509
	456,189	-	1,965	-	458,154
Total assets	617,521	3,444,532	11,262	(142,182)	3,931,134
EQUITY AND LIABILITIES					
Equity attributable to equity holders					
Stated capital	402,000	-	10	(10)	402,000
Other reserve	-	237,815	-	-	237,815
Revaluation reserve	971	-	-	-	971
Retained earnings	548,530	2,853,757	5,351	(142,004)	3,265,632
Total equity	951,500	3,091,572	5,361	(142,014)	3,906,418
Non - current liabilities					
Borrowings	-	-	3,774	-	3,774
Retirement benefit obligations	2,378	-	-	-	2,378
	2,378	-	3,774	-	6,152
Current liabilities					
Trade and other payables	4,869	-	240	(168)	4,941
Borrowings	-	-	1,887	-	1,887
Bank Overdraft	11,735	-	-	-	11,735
	16,604	-	2,127	(168)	18,563
Total liabilities	18,982	-	5,901	(168)	24,716
Total equity and liabilities	970,482	3,091,572	11,262	(142,182)	3,931,134

Statement of Financial Position as at 30th Sep 2015
 (all amounts in Sri Lankan Rupees thousands)

	Local sales of tyres	Investment	Vehicle Hiring Income	Adjustments	Group
ASSETS					
Non-current assets					
Property, plant and equipment	19,765	-	11,438	(2,565)	28,638
Capital working progress	-	-	-	-	-
Intangible assets	114	-	57	-	171
Deferred income tax asset	-	-	1,582	-	1,582
Investment Property	-	335,284	-	-	335,284
Investments in subsidiaries	-	10	-	(10)	-
Investment in JV	139,607	2,586,536	-	(139,607)	2,586,536
Receivable from Subsidiary	2,296	-	-	(2,296)	-
	161,782	2,921,830	13,077	(144,478)	2,962,211
Current assets					
Inventories	-	-	-	-	-
Trade and other receivables	191,655	-	-	(655)	191,000
Income Tax Refund	56	-	44	-	100
Cash and cash equivalents	143,745	-	3,676	-	147,421
	335,456	-	3,719	(655)	338,520
Total assets	497,238	2,921,830	16,796	(145,133)	3,290,731
EQUITY AND LIABILITIES					
Equity attributable to equity holders					
Stated capital	402,000	-	10	(10)	402,000
Revaluation reserve	141,770	-	-	-	141,770
Other reserve	-	237,815	-	-	237,815
Retained earnings	246,322	2,348,721	5,163	(142,004)	2,458,202
Total equity	790,092	2,586,536	5,173	(142,014)	3,239,787
Minority Interest					
Preference Shares					
Non - current liabilities					
Borrowings	-	-	9,635	(2,296)	7,339
Deferred income tax liabilities	-	-	-	-	-
Retirement benefit obligations	2,572	-	-	-	2,572
	2,572	-	9,635	(2,296)	9,911
Current liabilities					
Trade and other payables	8,085	-	1,466	(823)	8,728
Provision for Taxation	-	-	-	-	-
Preference Shares	-	-	-	-	-
Borrowings	17,231	-	522	-	17,753
Bank Overdraft	14,553	-	-	-	14,553
	39,868	-	1,988	(823)	41,033
Total liabilities	42,440	-	11,623	(3,119)	50,944
Total equity and liabilities	832,532	2,586,536	16,796	(145,133)	3,290,731