

**Lanka CERAMIC PLC**  
Provisional Financial Statements  
For the six months ended 30th September 2016

**Lanka Ceramic PLC**  
**Provisional Financial Statements**  
For the six months ended 30th September 2016

**Statement of Financial Position**

As at	GROUP		COMPANY	
	30.09.2016 (Unaudited)	31.03.2016 (Audited)	30.09.2016 (Unaudited)	31.03.2016 (Audited)
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant & equipment	12,706,821	12,446,242	107,885	107,059
Leasehold rights over mining lands	16,080	8,080	16,080	8,080
Investment property	238,369	238,714	238,369	238,714
Intangible assets - goodwill	10,849	10,849	-	-
Investments in subsidiaries	-	-	673,371	673,371
Long term receivables	27,285	27,285	-	-
Deferred tax assets	12,527	12,527	-	-
Total non-current Assets	13,011,931	12,743,697	1,035,705	1,027,224
<b>Current assets</b>				
Inventories	3,754,341	3,142,351	8,246	5,150
Trade and other receivables	2,473,808	2,251,089	109,924	72,008
Cash and cash equivalents	1,621,763	1,967,654	21,582	175,540
Total current assets	7,849,912	7,361,094	139,752	252,698
<b>Total assets</b>	<b>20,861,843</b>	<b>20,104,791</b>	<b>1,175,457</b>	<b>1,279,922</b>
<b>EQUITY AND LIABILITIES</b>				
Stated capital (No. of shares 30.0 million)	300,000	300,000	300,000	300,000
Reserves	2,043,484	2,043,484	303,292	303,292
Retained earnings	3,507,830	3,164,975	195,895	164,676
<b>Share holders' funds</b>	<b>5,851,314</b>	<b>5,508,459</b>	<b>799,187</b>	<b>767,968</b>
<b>Non controlling interest</b>	<b>6,876,993</b>	<b>6,541,274</b>	<b>-</b>	<b>-</b>
Total equity	12,728,307	12,049,733	799,187	767,968
<b>Non-current liabilities</b>				
Interest bearing liabilities	2,079,178	1,976,973	250,499	251,510
Deferred tax liabilities	964,512	972,988	-	-
Retirement benefit liability	719,284	708,801	9,112	8,850
Deferred income & Capital grants	134,652	134,299	-	-
Total non-current liabilities	3,897,626	3,793,061	259,611	260,360
<b>Current liabilities</b>				
Trade and other payables	1,490,738	1,728,661	47,630	181,580
Income tax liabilities	112,202	345,630	5,064	6,290
Current portion of interest bearing liabilities	2,632,970	2,187,706	63,965	63,724
Total current liabilities	4,235,910	4,261,997	116,659	251,594
<b>Total equity and liabilities</b>	<b>20,861,843</b>	<b>20,104,791</b>	<b>1,175,457</b>	<b>1,279,922</b>
<b>Net Assets Value Per Share ( Rs.)</b>	<b>195.04</b>	<b>183.62</b>	<b>26.64</b>	<b>25.60</b>

W D N H Perera  
Chairman  
October 27, 2016

N A Abeysekera  
Director

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**Statement of Profit or Loss and Other Comprehensive Income**

Period ended	GROUP					COMPANY				
	Six Months			Quarter		Six Months			Quarter	
	30.09.2016	30.09.2015	Variance	30.09.2016	30.09.2015	30.09.2016	30.09.2015	Variance	30.09.2016	30.09.2015
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000
<b>Revenue</b>	<b>7,049,587</b>	6,995,380	0.8	<b>3,847,073</b>	3,765,992	<b>125,889</b>	127,154	(1.0)	<b>68,152</b>	62,729
Cost of sales	<b>(4,894,873)</b>	(4,989,410)	1.9	<b>(2,541,019)</b>	(2,592,503)	<b>(57,294)</b>	(78,793)	27.3	<b>(27,812)</b>	(39,332)
<b>Gross profit</b>	<b>2,154,714</b>	2,005,970	7.4	<b>1,306,054</b>	1,173,489	<b>68,595</b>	48,361	41.8	<b>40,340</b>	23,397
Other income	<b>46,678</b>	58,124	(19.7)	<b>29,424</b>	26,946	<b>18,651</b>	102,826	(81.9)	<b>9,380</b>	93,938
Distribution cost	<b>(647,022)</b>	(514,916)	(25.7)	<b>(359,356)</b>	(275,000)	<b>(11,870)</b>	(2,536)	(368.1)	<b>(6,843)</b>	(1,672)
Administrative expenses	<b>(497,327)</b>	(497,728)	0.1	<b>(253,423)</b>	(275,583)	<b>(23,785)</b>	(17,614)	(35.0)	<b>(13,351)</b>	(8,536)
Finance income	<b>77,580</b>	46,841	65.6	<b>43,094</b>	35,950	<b>1,611</b>	200	707.5	<b>330</b>	200
Finance cost	<b>(203,904)</b>	(181,846)	(12.1)	<b>(108,633)</b>	(109,234)	<b>(17,572)</b>	(15,180)	(15.8)	<b>(9,502)</b>	(7,356)
<b>Profit before tax</b>	<b>930,719</b>	916,444	(1.6)	<b>657,160</b>	576,567	<b>35,631</b>	116,056	69.3	<b>20,355</b>	99,970
Income tax expense	<b>(238,349)</b>	(244,727)	(2.6)	<b>(164,097)</b>	(152,029)	<b>(4,412)</b>	-	-	<b>(2,591)</b>	-
<b>Profit for the period</b>	<b>692,370</b>	671,717	(3.1)	<b>493,063</b>	424,538	<b>31,219</b>	116,056	73.1	<b>17,764</b>	99,970
<b>Other comprehensive income</b>										
Actuarial loss on retirement benefit liability	-	(10,728)	100.0	-	(5,364)	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>692,370</b>	660,989	4.7	<b>493,063</b>	419,174	<b>31,219</b>	116,056	73.1	<b>17,764</b>	99,970
<b>Profit attributable to:</b>										
<b>Equity holders of Lanka Ceramic PLC</b>	<b>342,855</b>	332,922	(3.0)	<b>250,405</b>	204,892	<b>31,219</b>	116,056	73.1	<b>17,764</b>	99,970
Non controlling interest	<b>349,515</b>	338,795	3.2	<b>242,658</b>	219,646	-	-	-	-	-
<b>Profit for the period</b>	<b>692,370</b>	671,717	(3.1)	<b>493,063</b>	424,538	<b>31,219</b>	116,056	73.1	<b>17,764</b>	99,970
<b>Total comprehensive income attributable to:</b>										
<b>Equity holders of Lanka Ceramic PLC</b>	<b>342,855</b>	330,812	(3.6)	<b>250,405</b>	204,484	<b>31,219</b>	116,056	73.1	<b>17,764</b>	99,970
Non controlling interest	<b>349,515</b>	330,177	5.9	<b>242,658</b>	214,690	-	-	-	-	-
<b>Total comprehensive income</b>	<b>692,370</b>	660,989	(4.7)	<b>493,063</b>	419,174	<b>31,219</b>	116,056	73.1	<b>17,764</b>	99,970
<b>Earnings Per Share - Basic (Rs.)</b>	<b>11.43</b>	<b>11.10</b>		<b>8.35</b>	<b>6.83</b>	<b>1.04</b>	<b>3.87</b>		<b>0.59</b>	<b>3.33</b>

**Segmental Information**

Period ended	GROUP			COMPANY		
	30.09.2016	30.09.2015	Variance	30.09.2016	30.09.2015	Variance
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
<b>Revenue</b>						
Tiles & associated items	<b>3,565,859</b>	3,987,161	(10.6)	<b>125,889</b>	127,154	(1.0)
Plantation products	<b>837,806</b>	870,889	(3.8)	-	-	
Packing materials	<b>1,188,802</b>	1,218,504	(2.4)	-	-	
Aluminum Products	<b>1,457,120</b>	918,826	58.6	-	-	
<b>Consolidated revenue</b>	<b>7,049,587</b>	6,995,380	0.8	<b>125,889</b>	127,154	(1.0)
<b>Profit before tax</b>						
Tiles & associated items	<b>827,850</b>	841,307	(1.6)	<b>35,631</b>	116,056	(69.3)
Plantation products	<b>(163,133)</b>	(99,784)	(63.5)	-	-	
Packing materials	<b>74,407</b>	105,020	(29.1)	-	-	
Aluminum Products	<b>191,595</b>	69,901	174.1	-	-	
<b>Consolidated profit before tax</b>	<b>930,719</b>	<b>916,444</b>	(1.6)	<b>35,631</b>	116,056	(69.3)

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**Statement of Changes in Equity**

	Attributable to equity holders of the parent							
	Stated capital	Capital reserve	Revaluation reserve	General reserve	Retained profit	Total	Minority Interest	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>GROUP</b>								
<b>Balance as at 1st April 2015</b>	300,000	139,659	1,041,764	32,166	2,611,150	4,124,739	5,139,369	9,264,108
Profit for the period	-	-	-	-	332,922	332,922	338,795	671,717
Other comprehensive income	-	-	-	-	(2,110)	(2,110)	(8,618)	(10,728)
Total comprehensive income	-	-	-	-	330,812	330,812	330,177	660,989
Dividends paid	-	-	-	-	(45,000)	(45,000)	-	(45,000)
Subsidiary dividend to minority shareholders	-	-	-	-	-	-	(130,750)	(130,750)
<b>Balance as at 30th September 2015</b>	300,000	139,659	1,041,764	32,166	2,896,962	4,410,551	5,338,796	9,749,347
<b>Balance as at 01st April 2016</b>	300,000	139,659	1,871,659	32,166	3,164,975	5,508,459	6,541,274	12,049,733
Profit for the period	-	-	-	-	342,855	342,855	349,515	692,370
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	342,855	342,855	349,515	692,370
Dividends paid	-	-	-	-	-	-	-	-
Subsidiary dividend to minority shareholders	-	-	-	-	-	-	(13,796)	(13,796)
<b>Balance as at 30th September 2016</b>	<b>300,000</b>	<b>139,659</b>	<b>1,871,659</b>	<b>32,166</b>	<b>3,507,830</b>	<b>5,851,314</b>	<b>6,876,993</b>	<b>12,728,307</b>
<b>COMPANY</b>								
<b>Balance as at 1st April 2015</b>	300,000	-	283,320	-	145,116	728,436	-	728,436
Profit for the period	-	-	-	-	116,056	116,056	-	116,056
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	116,056	116,056	-	116,056
Dividends paid	-	-	-	-	(45,000)	(45,000)	-	(45,000)
<b>Balance as at 30th September 2015</b>	300,000	-	283,320	-	216,172	799,492	-	799,492
<b>Balance as at 01st April 2016</b>	300,000	-	303,292	-	164,676	767,968	-	767,968
Profit for the period	-	-	-	-	31,219	31,219	-	31,219
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	31,219	31,219	-	31,219
Dividends paid	-	-	-	-	-	-	-	-
<b>Balance as at 30th September 2016</b>	<b>300,000</b>	<b>-</b>	<b>303,292</b>	<b>-</b>	<b>195,895</b>	<b>799,187</b>	<b>-</b>	<b>799,187</b>

**Share Price**

Quarter ended	30.09.2016	30.09.2015	Variance
	Rs.	Rs.	%
Highest market price	<b>144.00</b>	137.90	4.4
Lowest market price	<b>120.00</b>	120.60	-0.5
Closing market price	<b>125.10</b>	125.10	0.0

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**Cash Flow Statement**

Period ended	GROUP		COMPANY	
	30.09.2016 Rs.'000	30.09.2015 Rs.'000	30.09.2016 Rs.'000	30.09.2015 Rs.'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax	930,719	916,444	35,631	116,056
Adjustments for;				
Depreciation & amortisation	327,533	310,947	5,932	6,307
Amortisation of leasehold right over land	-	258	-	258
Loss on sale of property, plant & equipment	(4,810)	2,474	(8)	269
Finance costs	203,904	135,005	17,572	14,980
Investment Income	(74,099)	(140)	(1,611)	(84,893)
Provision for retirement benefit obligations	60,660	47,302	555	356
Allowance for bad debts	1,132	3,989	-	-
Deferred income/ capital grants amortisation	(2,348)	(2,547)	-	-
Foreign exchange loss	(3,481)	3,876	-	-
<b>Operating profit before working capital changes</b>	<b>1,439,210</b>	<b>1,417,609</b>	<b>58,071</b>	<b>53,333</b>
(Increase)/ decrease in inventories	(611,990)	(4,652)	(3,096)	(74)
(Increase)/ decrease in trade and other receivables	(224,548)	16,500	(37,915)	47,273
Increase/ (decrease) in trade and other payables	(87,533)	(198,693)	16,049	6,093
Increase/ (decrease) in investments	-	(60)	-	-
<b>Cash generated from operations</b>	<b>515,139</b>	<b>1,230,704</b>	<b>33,109</b>	<b>106,625</b>
Finance costs paid	(203,904)	(125,225)	(17,572)	(14,956)
Retirement benefit costs paid	(50,567)	(34,327)	(292)	-
Income tax paid	(479,556)	(237,543)	(5,638)	-
<b>Net cash from/ (used in) operating activities</b>	<b>(218,888)</b>	<b>833,608</b>	<b>9,607</b>	<b>91,669</b>
<b>CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES</b>				
Acquisition of property, plant & equipment	(483,089)	(189,166)	(7,053)	(681)
Acquisition of plantation assets	(105,913)	(107,058)	-	-
Acquisition of leased hold right over mining land	(8,000)	-	(8,000)	-
Proceeds on sale of property, plant & equipment	6,044	5,496	647	377
Income from investments	74,099	140	1,611	84,893
<b>Net cash flows from / (used in) investing activities</b>	<b>(516,859)</b>	<b>(290,588)</b>	<b>(12,795)</b>	<b>84,589</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Interest bearing borrowings obtained	1,182,969	911,470	-	-
Repayment of interest bearing borrowings	(908,709)	(859,355)	(770)	(286)
Dividend paid - on ordinary shares	(150,000)	(45,000)	(150,000)	(45,000)
Dividend paid to non controlling interest	(13,796)	(136,875)	-	-
Capital grants received	2,701	5,465	-	-
<b>Net cash flows from financing activities</b>	<b>113,165</b>	<b>(124,295)</b>	<b>(150,770)</b>	<b>(45,286)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(622,582)</b>	<b>418,725</b>	<b>(153,958)</b>	<b>130,972</b>
<b>MOVEMENT IN CASH &amp; CASH EQUIVALENTS</b>				
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,306,285</b>	<b>82,856</b>	<b>175,540</b>	<b>6,569</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>683,703</b>	<b>501,581</b>	<b>21,582</b>	<b>137,541</b>

## Notes

- 1.) The above figures are provisional & subject to audit.
- 2.) The accounting policies followed in the preparation of interim financial statements are consistent with those followed in the preparation of financial statements for the year ended 31st March 2016 and are in compliance with LKAS 34 - Interim Financial Reporting.
- 3.) The ultimate parent of the Company is Vallibel One PLC.
- 4.) Directors Holding in Shares as at 30th September 2016

Shareholder	No. of shares	%
Mr. J.A.P.M. Jayasekara	100	0.0003

- 5.) 20 Major shareholders as at 30th September 2016

Shareholder	No. of shares	%
1. Royal Ceramics Lanka PLC	24,090,086	80.300
2. Mr. A. A. Page	3,750,000	12.500
3. National Savings Bank	445,955	1.487
4. Waddock Mackenzie Limited / Mr. P S R Casie Chitty	162,287	0.541
5. Dee Investments (Private) Limited	121,100	0.404
6. Vyjayanthi & Company Limited	100,000	0.333
7. Mr. R Maheswaran	93,667	0.312
8. Miss M P Radhakrishnan	75,667	0.252
9. Miss A Radhakrishnan	75,666	0.252
10. Arunodhaya Industries (Private) Limited	75,000	0.250
11. Arunodhaya (Private) Limited	75,000	0.250
12. Arunodhaya Investments (Private) Limited	75,000	0.250
13. Mrs. A Kailasapillai	60,000	0.200
14. Mr. V Kailasapillai	60,000	0.200
15. Mrs. A Selliah	50,000	0.167
16. Miss. S. Subramaniam	34,996	0.117
17. Dee Sanda Holdings (Private) Limited	14,811	0.049
18. Mr. H Beruwalage	14,500	0.048
19. Dr. D L N Wickramaratne	13,351	0.045
20. Mr. M Nandakumar and Mr. M Pathmanaban	12,700	0.042
Sub Total	29,399,786	97.999
Other Shareholders	600,214	2.001
Grand Total	30,000,000	100.000

- 6.) Percentage of public holding as at 30th September 2016 was 19.533 % comprising of 1,494 shareholders.
- 7.) During the 6 months period Group incurred Rs. 109.2 Mn (Company - Nil) for the services rendered in improving the manufacturing processes. This service has been provided by related company, Royal Ceramics Lanka PLC.
- 8.) There have been no other material events occurring after the Balance Sheet date that require adjustments or disclosure to these financial statements.
- 9.) There have been no changes in contingent assets and contingent liabilities since 31st March 2016.