

LANKA TILES PLC

Provisional Financial Statements
For the Nine months ended 31st December 2017

LANKA TILES PLC
PROVISIONAL FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31ST DECEMBER 2017

STATEMENT OF FINANCIAL POSITION

As at	Group		Company	
	31.12.2017 Unaudited Rs.'000	31.03.2017 Audited Rs.'000	31.12.2017 Unaudited Rs.'000	31.03.2017 Audited Rs.'000
ASSETS				
Non-current assets				
Property, plant and equipment	3,471,272	3,577,881	3,471,272	3,577,881
Investment Properties	223,800	223,800	-	-
Capital work-in-progress	58,922	30,909	58,922	30,909
Investment in subsidiary	-	-	6,242	-
Investment in associate	994,252	881,052	994,252	881,052
Loans given to related companies	12,248	20,422	12,248	20,422
	4,760,494	4,734,064	4,542,936	4,510,264
Current assets				
Inventories	1,735,116	1,434,412	1,735,116	1,434,412
Receivables & prepayments	930,411	591,611	930,157	618,695
Amounts due from related companies	521,851	421,897	695,389	569,092
Cash & cash equivalents	851,143	1,227,119	840,088	1,227,119
	4,038,521	3,675,039	4,200,750	3,849,318
Total assets	8,799,015	8,409,103	8,743,686	8,359,582
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital (Note 3)	900,968	900,968	900,968	900,968
Reserves	6,360,400	5,742,660	6,310,964	5,693,558
Shareholders' funds	7,261,368	6,643,628	7,211,932	6,594,526
Non controlling interest	5,524	-	-	-
Total Equity	7,266,892	6,643,628	7,211,932	6,594,526
Non-current liabilities				
Interest bearing liabilities	17,712	56,224	17,712	56,224
Deferred tax liabilities	443,787	443,787	443,787	443,787
Retirement benefit obligations	135,713	124,394	135,713	124,394
	597,211	624,405	597,211	624,405
Current liabilities				
Trade & other payables	553,454	492,464	553,219	492,264
Amounts due to related companies	151,023	91,327	151,023	91,276
Current tax liabilities	64,159	68,726	64,025	68,558
Interest bearing liabilities	56,349	111,416	56,349	111,416
Bank overdrafts	109,928	377,137	109,928	377,137
	934,913	1,141,070	934,544	1,140,651
Total liabilities	1,532,123	1,765,475	1,531,754	1,765,056
Total equity and liabilities	8,799,015	8,409,103	8,743,686	8,359,582
<i>Net asset value per share (Rs.)</i>	<i>136.98</i>	<i>125.23</i>	<i>135.94</i>	<i>124.31</i>

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Dhammika Perera
Chairman

05th February 2018

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J.A.P.M. Jayasekera
Managing Director

LANKA TILES PLC
PROVISIONAL FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31ST DECEMBER 2017

STATEMENT OF COMPREHENSIVE INCOME

Period ended	Group					Company				
	31.12.2017		31.12.2016		Variance %	31.12.2017		31.12.2016		Variance %
	Quarter	Nine Months	Quarter	Nine Months		Quarter	Nine Months	Quarter	Nine Months	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000		Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Export sales	82,772	205,709	53,035	154,773	33	82,772	205,709	53,035	154,773	33
Local sales	2,188,227	4,953,420	1,982,999	4,255,380	16	2,188,227	4,953,420	1,982,999	4,255,380	16
Gross sales (inclusive of tax)	2,270,999	5,159,129	2,036,034	4,410,153	17	2,270,999	5,159,129	2,036,034	4,410,153	17
Sales (net of tax)	1,986,215	4,515,356	1,791,873	3,921,736	15	1,986,215	4,515,356	1,791,873	3,921,736	15
Cost of sales	(1,246,944)	(2,706,884)	(1,004,876)	(2,165,311)	25	(1,246,944)	(2,706,884)	(1,004,876)	(2,165,311)	25
Gross profit	739,271	1,808,472	786,997	1,756,425	3	739,271	1,808,472	786,997	1,756,425	3
Other operating income	4,386	11,386	8,255	13,401	(15)	3,929	10,367	7,955	13,101	(21)
Distribution costs	(237,564)	(594,972)	(214,746)	(520,376)	14	(237,564)	(594,972)	(214,746)	(520,376)	14
Administrative expenses	(109,638)	(294,735)	(121,433)	(309,165)	(5)	(108,779)	(293,876)	(121,297)	(309,029)	(5)
Operating profit	396,455	930,151	459,073	940,285	(1)	396,857	929,991	458,909	940,121	(1)
Net finance income	14,461	57,415	26,573	87,958	(35)	14,461	57,415	26,573	87,958	(35)
Share of results of associate	50,948	113,201	49,434	126,943	(11)	50,948	113,201	49,434	126,943	(11)
Profit before taxation	461,864	1,100,767	535,080	1,155,186	(5)	462,266	1,100,607	534,916	1,155,022	(5)
Taxation	(113,098)	(271,000)	(130,971)	(277,701)	(2)	(113,098)	(271,000)	(130,971)	(277,701)	(2)
Profit after tax	348,766	829,767	404,109	877,485	(5)	349,168	829,607	403,945	877,321	(5)
Other comprehensive income										
Exchange loss arising on translation of foreign operations	(303)	(303)	-	-	100	-	-	-	-	-
Total comprehensive income for the year	348,463	829,464	404,109	877,485	(5)	349,168	829,607	403,945	877,321	(5)
Profit attributable to:										
Equity holders of the parent	349,090	830,091	404,109	877,485	(5)	349,168	829,607	403,945	877,321	(5)
Non Controlling Interest	(324)	(324)	-	-		-	-	-	-	
Profit for the year	348,766	829,767	404,109	877,485	(5)	349,168	829,607	403,945	877,321	(5)
Total comprehensive income attributable to:										
Equity holders of the parent	348,936	829,937	404,109	877,485	(5)	349,168	829,607	403,945	877,321	(5)
Non Controlling Interest	(472)	(472)	-	-		-	-	-	-	
Total comprehensive income	348,463	829,464	404,109	877,485	(5)	349,168	829,607	403,945	877,321	(5)
<i>Earnings per ordinary share-basic (Rs)</i>	<i>6.57</i>	<i>15.64</i>	<i>7.62</i>	<i>16.54</i>	(5)	<i>6.58</i>	<i>15.64</i>	<i>7.61</i>	<i>16.54</i>	(5)

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CASH FLOW STATEMENT

Period ended

CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES

Profit before income tax
Adjustments for:
Depreciation
(Gain)/Loss on disposal of fixed assets
Net Finance income
Provision for retirement benefit obligations
Share of results before tax of associate
Operating profit (loss) before working capital changes

Changes in working capital

(Increase)/Decrease in inventories
(Increase)/Decrease in trade and other receivables
(Increase)/Decrease in due from related parties
Increase/(Decrease) in trade & other payables
Increase/(Decrease) in due to related parties

Cash generated from operations

Net Finance income
Retirement benefit costs paid
Income tax paid
Net cash flows from/(used in) operating activities

CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES

Acquisition of property, plant, equipment
Investment in subsidiary
Proceeds from disposal of fixed assets
Net cash flows from/(used in) investing activities

CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES

Dividend paid
Proceeds from borrowings
Repayment of borrowings
Proceeds on issue of shares to minority shareholders
Net cash flows from/(used in) financing activities
Net Increase/(Decrease) in cash and cash equivalents

Movement in cash and cash equivalents

Net foreign exchange difference arising on translation of foreign operations
Cash cash equivalents at the beginning of the period
Cash cash equivalents at the end of the period

	Group		Company	
	31.12.2017 Unaudited Rs.'000	31.12.2016 Unaudited Rs.'000	31.12.2017 Unaudited Rs.'000	31.12.2016 Unaudited Rs.'000
Profit before income tax	1,100,767	1,155,186	1,100,607	1,155,022
Adjustments for:				
Depreciation	176,995	165,536	176,995	165,536
(Gain)/Loss on disposal of fixed assets	1,667	-	1,667	-
Net Finance income	(53,996)	(77,813)	(53,996)	(77,813)
Provision for retirement benefit obligations	15,955	15,517	15,955	15,517
Share of results before tax of associate	(113,201)	(126,943)	(113,201)	(126,943)
Operating profit (loss) before working capital changes	1,128,187	1,131,483	1,128,028	1,131,319
Changes in working capital				
(Increase)/Decrease in inventories	(300,705)	(55,329)	(300,705)	(55,329)
(Increase)/Decrease in trade and other receivables	(311,715)	(179,109)	(311,461)	(178,809)
(Increase)/Decrease in due from related parties	(119,024)	(101,272)	(118,124)	(101,408)
Increase/(Decrease) in trade & other payables	60,989	91,755	60,954	91,755
Increase/(Decrease) in due to related parties	59,821	41,621	59,747	41,621
Cash generated from operations	517,553	929,149	518,439	929,149
Net Finance income	53,996	77,813	53,996	77,813
Retirement benefit costs paid	(4,635)	(5,993)	(4,635)	(5,993)
Income tax paid	(275,533)	(469,114)	(275,533)	(469,114)
Net cash flows from/(used in) operating activities	291,381	531,855	292,267	531,855
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Acquisition of property, plant, equipment	(100,115)	(370,035)	(100,115)	(370,035)
Investment in subsidiary	-	-	(6,242)	-
Proceeds from disposal of fixed assets	50	420	50	420
Net cash flows from/(used in) investing activities	(100,065)	(369,615)	(106,307)	(369,615)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Dividend paid	(212,202)	(132,626)	(212,202)	(132,626)
Proceeds from borrowings	50,000		50,000	
Repayment of borrowings	(143,575)	(171,679)	(143,579)	(171,679)
Proceeds on issue of shares to minority shareholders	5,997	-	-	-
Net cash flows from/(used in) financing activities	(299,780)	(304,305)	(305,781)	(304,305)
Net Increase/(Decrease) in cash and cash equivalents	(108,464)	(142,065)	(119,821)	(142,065)
Movement in cash and cash equivalents				
Net foreign exchange difference arising on translation of foreign operations	(303)			
Cash cash equivalents at the beginning of the period	849,982	1,529,777	849,982	1,529,777
Cash cash equivalents at the end of the period	741,215	1,387,712	730,161	1,387,712

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FOR THE NINE MONTHS ENDED 31ST DECEMBER 2017

STATEMENT OF CHANGES IN EQUITY

Group

	Stated Capital	Amalgamation Reserve	Revaluation Reserve	Exchange Reserve	Retained Earnings	Total Reserves	Non Controlling Interest	Shareholders' funds
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at 1st April 2016	900,968	460,151	838,856	-	3,581,074	4,880,081	-	5,781,049
Net profit for the period	-	-	-	-	877,485	877,485	-	877,485
Other comprehensive income	-	-	-	-	-	-	-	-
Dividend for 2016/2017 (Interim)	-	-	-	-	(132,626)	(132,626)	-	(132,626)
Balance as at 31st December 2016	900,968	460,151	838,856	-	4,325,933	5,624,940	-	6,525,908
Balance at 1st April 2017	900,968	460,151	838,856	-	4,443,653	5,742,665	-	6,643,633
Net profit for the period	-	-	-	-	830,091	830,091	(324)	829,767
Other comprehensive income	-	-	-	(155)	-	(155)	(149)	(303)
Dividend for 2017/2018 (Interim)	-	-	-	-	(212,202)	(212,202)	-	(212,202)
Shares issued to minority shareholders	-	-	-	-	-	-	5,997	5,997
Balance as at 31st December 2017	900,968	460,151	838,856	(155)	5,061,542	6,360,400	5,524	7,266,892

Company

	Stated Capital	Amalgamation Reserve	Revaluation Reserve	Exchange Reserve	Retained Earnings	Total Reserves	Non Controlling Interest	Shareholders' funds
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at 1st April 2016	900,968	460,151	838,856	-	3,584,487	4,883,494	-	5,784,462
Net profit for the period	-	-	-	-	877,321	877,321	-	877,321
Other comprehensive income	-	-	-	-	-	-	-	-
Dividend for 2016/2017 (Interim)	-	-	-	-	(132,626)	(132,626)	-	(132,626)
Balance as at 31st December 2016	900,968	460,151	838,856	-	4,329,182	5,628,189	-	6,529,157
Balance at 1st April 2017	900,968	460,151	838,856	-	4,394,551	5,693,558	-	6,594,526
Net profit for the period	-	-	-	-	829,607	829,607	-	829,607
Other comprehensive income	-	-	-	-	-	-	-	-
Dividend for 2017/2018 (Interim)	-	-	-	-	(212,202)	(212,202)	-	(212,202)
Balance as at 31st December 2017	900,968	460,151	838,856	-	5,011,956	6,310,963	-	7,211,932

Notes

- 1 The above figures are provisional and 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 2017 and are in compliance with LKAS 34 - Interim Financial Reporting.
- 3 Total number of shares in issue of the company as at 31st March 2017 is 53,050,410.
- 4 There have been no changes in contingent assets and contingent liabilities since 31 st March 2017.
- 5 The presentation and classification of figures for corresponding period of the previous year have been amended, where relevant, to be comparable with those for the current year.
- 6 Company incurred Rs.70.37 Mn during the quarter for the services rendered in improving the manufacturing processes. This service has been provided by related Companies of Royal Ceramics Lanka PLC and Vallibal One PLC.
- 7 An Interim dividend of Rs.4.00 per share for the financial year 2017/18 was paid on 13th September 2017.
- 8 During July 2017, Company invested for 51% shareholding in the subsidiary, Lankatiles Private Limited which is incorporated in Bengaluru,India. Company intends to distribute locally manufactured tiles in the Indian market through this company.
- 9 No events have occurred since the date of the financial position which would require adjustment to or disclosure in the interim financial statements.

10 Market prices recorded during the quarter ended

31st December	2017	2016	Variance	
	Rs.cts	Rs.cts	Rs.cts	%
Highest market price per share	116.70	112.00	4.70	4.20
Lowest market price per share	101.50	95.00	6.50	6.84
Closing market price per share	115.00	95.90	19.10	19.92

11 Director's holding in shares as at 31st December 2017

Director's name	Shareholding	
	Number	%
Mr. A M Weerasinghe	472	0.0008
Ms. A M L Page	2,500	0.0047

12 20 Major Shareholders as at 31st December 2017

Shareholder's name	Shareholding	
	Number	%
1 Lanka Walltiles PLC	36,189,195	68.217
2 Employees Provident Fund	4,968,313	9.365
3 BNYM SA/NV-Frontaura Global Frontier Fund Llc	3,505,980	6.609
4 Royal Ceramics Lanka PLC	1,388,481	2.617
5 Caceis Bank Luxemburg S/A Barca Global Master Func	1,329,762	2.507
6 Bank of Ceylon No. 1 Account	973,200	1.834
7 Mr. K R Kamon	537,628	1.013
8 Mr. A A Page	433,939	0.818
9 Aruna Enterprises (Pvt) Limited	128,500	0.242
10 Mr.S.M.Fernando	126,446	0.238
11 Mrs. A A Merchant	125,000	0.236
12 Deutsche Bank AG-Comtrust equity fund	113,000	0.213
14 Dr A C Visvalingam	108,143	0.204
13 Mr.Y.H Abdulhussein	98,833	0.186
15 Pinnacle trust (Pvt) Ltd	92,038	0.173
16 Sampath Bank Plc /Dr Semthilverl	90,600	0.171
17 Seylan Bank Plc /China Nalin Rajahmone	72,104	0.136
18 Mrs B C Sansoni	62,495	0.118
19 Mr.M S Fernando	49,105	0.093
20 Saboor Chatoor (Pvt) Ltd	42,200	0.080
Sub Total	50,434,962	95.070
Others	2,615,448	4.930
Grand Total	53,050,410	100.000

- 13 Percentage of public holding as at 31st December 2017 was 28.341% comprising of 1,713 shareholders.