

**LANKA WALLTILES PLC**

Provisional Financial Statements

For the six months ended 30th September 2016

**LANKA WALLTILES PLC**  
**Provisional Financial Statements**  
For the six months ended 30th September 2016

Statement of Financial Position

As at	GROUP		COMPANY	
	30.09.2016 (Unaudited) Rs.'000	31.03.2016 (Audited) Rs.'000	30.09.2016 (Unaudited) Rs.'000	31.03.2016 (Audited) Rs.'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant & equipment	12,598,937	12,339,188	3,340,734	3,321,977
Intangible assets - goodwill	24,519	24,519	-	-
Intangible assets	-	-	-	-
Investments in subsidiaries	-	-	1,276,096	1,276,096
Long term receivables	27,285	27,285	-	-
Deferred tax assets	12,527	12,527	-	-
<b>Total non-current Assets</b>	<b>12,663,268</b>	<b>12,403,519</b>	<b>4,616,829</b>	<b>4,598,073</b>
<b>Current assets</b>				
Inventories	3,693,138	3,137,055	1,166,144	1,196,576
Trade and other receivables	2,454,457	2,198,681	588,274	517,726
Amounts due from related parties	6,472	4,784	18,216	15,374
Short term investments	3,181	3,078	3,181	3,078
Cash and cash equivalents	1,577,081	1,784,641	29,814	41,223
<b>Total current assets</b>	<b>7,734,329</b>	<b>7,128,239</b>	<b>1,805,628</b>	<b>1,773,977</b>
<b>Total assets</b>	<b>20,397,597</b>	<b>19,531,758</b>	<b>6,422,458</b>	<b>6,372,050</b>
<b>EQUITY AND LIABILITIES</b>				
Stated capital (No. of shares 54.6 million)	787,766	787,765	787,766	787,765
Reserves	2,306,644	2,306,645	1,237,011	1,237,011
Retained earnings	6,061,402	5,564,485	2,318,448	2,118,262
<b>Share holders' funds</b>	<b>9,155,812</b>	<b>8,658,895</b>	<b>4,343,225</b>	<b>4,143,038</b>
<b>Non controlling interest</b>	<b>3,485,167</b>	<b>3,334,730</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>12,640,979</b>	<b>11,993,625</b>	<b>4,343,225</b>	<b>4,143,038</b>
<b>Non-current liabilities</b>				
Interest bearing liabilities	1,757,279	1,725,466	426,890	584,245
Deferred tax liabilities	963,881	972,358	338,863	338,863
Retirement benefit liability	710,171	699,951	88,517	82,569
Deferred income & Capital grants	134,652	134,301	-	-
<b>Total non-current liabilities</b>	<b>3,565,983</b>	<b>3,532,075</b>	<b>854,270</b>	<b>1,005,676</b>
<b>Current liabilities</b>				
Trade and other payables	1,382,594	1,524,474	335,730	373,246
Income tax liabilities	102,469	339,337	41,745	39,476
Amounts due to related parties	108,698	22,723	175,326	93,856
Current portion of interest bearing liabilities	2,596,873	2,119,524	672,162	716,759
<b>Total current liabilities</b>	<b>4,190,635</b>	<b>4,006,058</b>	<b>1,224,963</b>	<b>1,223,337</b>
<b>Total equity and liabilities</b>	<b>20,397,597</b>	<b>19,531,758</b>	<b>6,422,458</b>	<b>6,372,050</b>
<b>Net Assets Value Per Share (Rs.)</b>	<b>167.69</b>	<b>158.59</b>	<b>79.55</b>	<b>75.88</b>

Sgd  
**W D N H Perera**  
Chairman

Sgd  
**J A P M Jayasekera**  
Managing Director

October 27, 2016

# LANKA WALLTILES PLC

## Provisional Financial Statements

For the six months ended 30th September 2016

### Statement of Comprehensive Income

Period ended	GROUP					COMPANY				
	Six Months			Quarter		Six Months			Quarter	
	30.09.2016 Rs.'000	30.09.2015 Rs.'000	Variance %	30.09.2016 Rs.'000	30.09.2015 Rs.'000	30.09.2016 Rs.'000	30.09.2015 Rs.'000	Variance %	30.09.2016 Rs.'000	30.09.2015 Rs.'000
<b>Revenue</b>	<b>6,989,019</b>	6,946,959	0.6	<b>3,812,050</b>	3,740,211	<b>1,534,178</b>	1,433,973	7.0	<b>868,120</b>	796,723
Cost of sales	<b>(4,917,799)</b>	(4,989,350)	1.4	<b>(2,561,624)</b>	(2,590,119)	<b>(980,080)</b>	(952,186)	(2.9)	<b>(480,637)</b>	(496,581)
<b>Gross profit</b>	<b>2,071,221</b>	1,957,609	5.8	<b>1,250,426</b>	1,150,092	<b>554,097</b>	481,787	15.0	<b>387,483</b>	300,142
Other income	<b>42,860</b>	40,191	6.6	<b>34,233</b>	17,901	<b>16,815</b>	146,264	(88.5)	<b>6,969</b>	139,377
Distribution cost	<b>(635,650)</b>	(512,380)	(24.1)	<b>(335,764)</b>	(273,328)	<b>(167,517)</b>	(152,756)	(9.7)	<b>(92,995)</b>	(85,218)
Administrative expenses	<b>(470,719)</b>	(480,114)	2.0	<b>(250,755)</b>	(267,047)	<b>(85,720)</b>	(104,097)	17.7	<b>(44,136)</b>	(55,946)
Finance income	<b>102,100</b>	46,641	118.9	<b>54,730</b>	35,750	<b>223</b>	230		<b>121</b>	120
Finance cost	<b>(214,724)</b>	(166,666)	(28.8)	<b>(116,064)</b>	(101,878)	<b>(56,716)</b>	(61,127)	7.2	<b>(28,788)</b>	(28,624)
<b>Profit before tax</b>	<b>895,088</b>	885,281	1.1	<b>636,806</b>	561,490	<b>261,182</b>	310,301	(15.8)	<b>228,654</b>	269,851
Income tax expense	<b>(233,938)</b>	(244,727)	4.4	<b>(161,506)</b>	(152,029)	<b>(60,996)</b>	(35,649)	-	<b>(53,913)</b>	(27,559)
<b>Profit for the period</b>	<b>661,151</b>	640,554	3.2	<b>475,299</b>	409,461	<b>200,187</b>	274,652	(27.1)	<b>174,741</b>	242,292
<b>Other comprehensive income</b>										
Actuarial loss on retirement benefit liability	-	(10,728)	-	-	(5,364)	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>661,151</b>	629,826	5.0	<b>475,299</b>	404,097	<b>200,187</b>	274,652	(27.1)	<b>174,741</b>	242,292
<b>Profit attributable to:</b>										
<b>Equityholders of Lanka Walltiles PLC</b>	<b>496,917</b>	485,656	2.3	<b>374,062</b>	305,654	<b>200,187</b>	274,652	(27.1)	<b>174,741</b>	242,292
Non controlling interest	<b>164,234</b>	154,897	6.0	<b>101,237</b>	103,807	-	-	-	-	-
<b>Profit for the year</b>	<b>661,151</b>	640,554	3.2	<b>475,299</b>	409,461	<b>200,187</b>	274,652	(27.1)	<b>174,741</b>	242,292
<b>Total comprehensive income attributable to:</b>										
<b>Equityholders of Lanka Walltiles PLC</b>	<b>496,917</b>	481,828	3.1	<b>374,062</b>	304,562	<b>200,187</b>	274,652	(27.1)	<b>174,741</b>	242,292
Non controlling interest	<b>164,234</b>	147,998	11.0	<b>101,237</b>	99,535	-	-	-	-	-
<b>Total comprehensive income</b>	<b>661,151</b>	629,826	5.0	<b>475,299</b>	404,097	<b>200,187</b>	274,652	(27.1)	<b>174,741</b>	242,292
<b>Earnings Per Share - Basic (Rs.)</b>	<b>9.10</b>	<b>8.89</b>		<b>6.85</b>	<b>5.60</b>	<b>3.67</b>	<b>5.03</b>		<b>3.20</b>	<b>4.44</b>

### Segmental Information

Period ended	GROUP			COMPANY		
	30.09.2016 Rs.'000	30.09.2015 Rs.'000	Variance %	30.09.2016 Rs.'000	30.09.2015 Rs.'000	Variance %
	<b>Revenue</b>					
Tiles & associated items	<b>3,809,854</b>	3,938,740	(3.3)	<b>1,534,178</b>	1,433,973	7.0
Plantation products	<b>837,806</b>	870,889	(3.8)	-	-	
Packing materials	<b>1,182,298</b>	1,218,504	(3.0)	-	-	
Alluminium products	<b>1,159,062</b>	918,826	26.1			
<b>Consolidated revenue</b>	<b>6,989,019</b>	6,946,959	0.6	<b>1,534,178</b>	1,433,973	7.0
<b>Profit before tax</b>						
Tiles & associated items	<b>852,170</b>	810,144	5.2	<b>261,182</b>	310,301	(15.8)
Plantation products	<b>(163,133)</b>	(99,784)	(63.5)	-	-	
Packing materials	<b>74,407</b>	105,020	(29.1)	-	-	
Alluminium products	<b>131,645</b>	69,901	88.3			
<b>Consolidated profit before tax</b>	<b>895,088</b>	885,281	1.1	<b>261,182</b>	310,301	(15.8)

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**Statement of Changes in Equity**

	Attributable to equity holders of the parent					Total Equity Rs.'000
	Stated capital Rs.'000	Revaluation reserve Rs.'000	Retained profit Rs.'000	Total Rs.'000	Non controlling Interest Rs.'000	
	<b>GROUP</b>					
<b>Balance as at 1st April 2015</b>	787,765	1,004,516	4,705,024	6,497,305	2,750,143	9,247,448
Profit for the year	-	-	485,656	485,656	154,897	640,553
Other comprehensive income	-	-	(3,828)	(3,828)	(6,900)	(10,728)
Subsidiary dividend to non controlling interest	-	-	-	-	(79,143)	(79,143)
Dividend - interim 2015/16 (Rs. 2.50 per share)	-	-	(136,500)	(136,500)	-	(136,500)
<b>Balance as at 30th September 2015</b>	787,765	1,004,516	5,050,352	6,842,633	2,818,998	9,661,631
<b>Balance as at 1st April 2016</b>	787,765	2,306,644	5,564,485	8,658,895	3,334,730	11,993,624
Profit for the year	-	-	496,917	496,917	164,234	661,151
Other comprehensive income	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-
Dividend to non controlling interest	-	-	-	-	(13,796)	(13,796)
<b>Balance as at 30th September 2016</b>	<b>787,765</b>	<b>2,306,644</b>	<b>6,061,402</b>	<b>9,155,812</b>	<b>3,485,167</b>	<b>12,640,979</b>
<b>COMPANY</b>						
<b>Balance as at 1st April 2015</b>	787,765	296,294	1,886,370	2,970,429	-	2,970,429
Profit for the year	-	-	274,652	274,652	-	274,652
Other comprehensive income	-	-	-	-	-	-
Dividend - interim 2015/16 (Rs. 2.50 per share)	-	-	(136,500)	(136,500)	-	(136,500)
<b>Balance as at 30th September 2015</b>	787,765	296,294	2,024,522	3,108,581	-	3,108,581
<b>Balance as at 1st April 2016</b>	787,765	1,237,011	2,118,262	4,143,038	-	4,143,038
Profit for the year	-	-	200,187	200,187	-	200,187
Other comprehensive income	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-
<b>Balance as at 30th September 2016</b>	<b>787,765</b>	<b>1,237,011</b>	<b>2,318,448</b>	<b>4,343,225</b>	<b>-</b>	<b>4,343,225</b>

**Share Price**

Quarter ended	30.09.2016	30.09.2015	Variance
	Rs.	Rs.	%
Highest market price	119.50	129.50	-8
Lowest market price	104.00	112.00	-7
Closing market price	106.00	113.50	-7

# LANKA WALLTILES PLC

## Provisional Financial Statements

For the six months ended 30th September 2016

### 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	895,088	885,281	261,182	310,301
Adjustments for;				
Depreciation & amortisation	321,601	304,640	73,785	68,947
Income from investments	-	(140)	-	(132,057)
Profit/(loss) on sale of property, plant & equipment	(4,802)	2,205	(132)	724
Interest Income	(102,100)	(46,641)	-	-
Finance costs	214,724	166,666	56,716	61,127
Provision for retirement benefit obligations	60,496	46,946	6,750	6,659
Allowance for bad debts	1,132	3,989	-	-
Deferred income/ capital grants amortisation	(2,348)	(2,547)	-	-
Foreign exchange (gain)/ loss	(3,481)	3,876	(9,476)	3,876
<b>Operating profit before working capital changes</b>	<b>1,380,311</b>	<b>1,364,276</b>	<b>388,826</b>	<b>319,577</b>
(Increase)/ decrease in inventories	(556,083)	(10,766)	30,433	145,670
(Increase)/ decrease in trade and other receivables	(256,908)	22,407	(72,549)	19,335
(Increase)/ decrease in dues from related parties	(1,688)	(3,052)	(840)	(61)
Increase in dues to related parties	85,974	73,063	77,817	108,874
Increase/ (decrease) in trade and other payables	(141,880)	(310,252)	(33,863)	(60,700)
<b>Cash generated from operations</b>	<b>509,726</b>	<b>1,135,676</b>	<b>389,823</b>	<b>532,694</b>
Interest received	102,100	46,641	-	-
Finance costs paid	(214,724)	(156,886)	(56,716)	(61,127)
Retirement benefit costs paid	(50,276)	(34,327)	(802)	(694)
Income tax paid	(479,281)	(237,953)	(58,727)	(3,751)
<b>Net cash from/ (used in) operating activities</b>	<b>(132,456)</b>	<b>753,152</b>	<b>273,578</b>	<b>467,122</b>
<b>CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES</b>				
Acquisition of property, plant & equipment	(475,987)	(188,485)	(92,693)	(36,514)
Acquisition of plantation assets	(105,913)	(107,058)	-	-
proceeds from sale of property, plant & equipment	5,352	5,119	282	270
Income from investments	(103)	140	(103)	132,057
(Acquisition)/ disposal of investment	-	(60)	-	(60)
<b>Net cash flows from / (used in) investing activities</b>	<b>(576,651)</b>	<b>(290,344)</b>	<b>(92,513)</b>	<b>95,753</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Interest bearing borrowings obtained	925,619	911,470	-	100,000
Repayment of interest bearing borrowings	(674,207)	(859,668)	(147,878)	(250,483)
Dividend paid - on ordinary shares	-	(136,500)	-	(136,500)
Dividend paid to non controlling interest	(13,796)	(79,143)	-	-
Capital grants received	2,699	5,465	-	-
<b>Net cash flows from financing activities</b>	<b>240,315</b>	<b>(158,376)</b>	<b>(147,878)</b>	<b>(286,983)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(468,792)</b>	<b>304,432</b>	<b>33,186</b>	<b>275,892</b>
<b>MOVEMENT IN CASH &amp; CASH EQUIVALENTS</b>				
Cash and cash equivalents at the beginning of the period	1,127,731	59,608	(274,057)	(401,384)
Cash and cash equivalents at the end of the period	658,940	364,040	(240,869)	(125,492)

## 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.) During the 6 month period, Group incurred Rs. 109.2Mn (Company Rs. 14.69 Mn.) for the services rendered in improving the manufacturing processes. This service has been provided by related company, Royal Ceramics Lanka PLC.
- 4.) An interim dividend of Rs.2.00 per share for the financial year 2016/2017 has been approved on 24th October 2016. There have been no other material events occurring after the Statement of Financial Position date that require adjustment or disclosure in the interim financial statements.
- 5.) There have been no changes in contingent assets and contingent liabilities since 31st March 2016.

### 6.) Directors Holding in Shares as at 30th September 2016

Shareholder	No. of shares	%
Mr. J.A.P.M. Jayasekara	86	0.0001
Mr. M W R N Somaratne	6,000	0.0109

### 7.) 20 Major shareholders as at 30th September 2016

Shareholder	No. of shares	%
1. Lanka Ceramics PLC	33,957,014	62.192
2. CT Holdings PLC	1,499,628	2.747
3. Arunodhaya Industries (Pvt) Ltd	1,176,000	2.154
4. Arunodhaya (Pvt) Ltd	1,176,000	2.154
5. Arunodhaya Investments (Pvt) Ltd	1,176,000	2.154
6. Mr. A. A. Page	915,356	1.676
7. Sri Lanka Insurance Corporation Ltd - Life Fund	807,600	1.479
8. Mrs. A Selliah	689,000	1.262
9. Mrs. A Kailasapillai	628,000	1.150
10. Mr. D. F. G. Dalpethado & Mrs. H.F. A. K. D. Fonseka	620,347	1.136
11. Royal Ceramics Lanka PLC	580,170	1.063
12. Deutsche Bank AG as trustee to Astrue Alpha Fund	459,492	0.842
13. Andysel Private Ltd	420,000	0.769
14. First Capital Limited	398,816	0.730
15. Mellon Bank N.A.- Commonwealth of Massachusetts	337,315	0.618
16. Mr. K Aravinthan	336,000	0.615
17. Mr.M.M.Fuad	323,386	0.592
18. Bank Of Ceylon A/C Ceybank Century Growth Fund	236,421	0.433
19. Pinnacle Trust (Pvt) Ltd	183,226	0.336
20. Ames tile & Stone Ltd	177,450	0.325
Sub Total	46,097,221	84.427
Other Shareholders	8,502,779	15.573
Grand Total	54,600,000	100.000

- 8.) Percentage of public holding as at 30th September 2016 was 29.225 % comprising of 10,980 shareholders.