

**ROYAL CERAMICS LANKA PLC**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31st MARCH 2012**



# ROYAL CERAMICS LANKA PLC

## INCOME STATEMENT

For the year ended 31st March	COMPANY				variance %	GROUP				variance %
	2012	2011	2012	2011		2012	2011	2012	2011	
	QUARTER Rs. 000's	QUARTER Rs. 000's	CUMULATIVE Rs. 000's	CUMULATIVE Rs. 000's		QUARTER Rs. 000's	QUARTER Rs. 000's	CUMULATIVE Rs. 000's	CUMULATIVE Rs. 000's	
<b>Gross Revenue</b>	623,743	660,681	2,420,914	2,423,611	(0.1)	1,947,946	1,702,019	7,756,697	6,413,304	21
<b>Net Revenue</b>	563,187	595,170	2,178,913	2,180,608	(0.1)	1,749,277	1,527,254	6,956,110	5,751,383	21
Cost of Sales	(300,833)	(297,522)	(1,153,064)	(1,142,049)	1	(914,857)	(815,653)	(3,663,129)	(3,096,818)	18
<b>Gross Profit</b>	262,354	297,648	1,025,849	1,038,558	(1)	834,420	711,601	3,292,982	2,654,566	24
Other Operating Income	1,374,188	800,145	2,233,703	1,431,648	56	141,860	21,821	303,854	214,315	42
Distribution Expenses	(208,830)	(108,961)	(752,517)	(626,775)	20	(241,525)	(91,670)	(859,037)	(706,466)	22
Administrative Expenses	(78,673)	(115,787)	(292,886)	(303,647)	(4)	(108,183)	(153,190)	(399,056)	(423,971)	(6)
Other Operating Expenses	(80,764)	-	(80,764)	-	100	(80,764)	-	(80,764)	-	-
Finance Expenses	(53,815)	(15,128)	(148,385)	(72,735)	104	(107,880)	(43,739)	(328,120)	(204,251)	61
Finance Income	76	101	273	438	(38)	359	80	859	673	28
<b>Profit Before Tax</b>	1,214,535	858,018	1,985,272	1,467,487	35	438,286	444,903	1,930,717	1,534,865	26
<b>Share of Associate Company's Profit</b>	-	-	-	-	-	72,351	-	81,119	-	100
<b>Net Profit Before Tax</b>	1,214,535	858,018	1,985,272	1,467,487	35	510,637	444,903	2,011,836	1,534,865	31
Taxation	2,423	(23,093)	(15,716)	(93,663)	(83)	(35,266)	(23,093)	(53,405)	(93,663)	(43)
<b>Net Profit for the Period attributable to Equity holders of the Parent</b>	1,216,958	834,925	1,969,556	1,373,825	43	475,370	421,810	1,958,431	1,441,203	36
<b>Basic Earnings Per Share (Rs.)</b>	<b>10.98</b>	<b>7.54</b>	<b>17.78</b>	<b>12.40</b>		<b>4.29</b>	<b>3.81</b>	<b>17.68</b>	<b>13.01</b>	

# ROYAL CERAMICS LANKA PLC

## CASH FLOW STATEMENT

For the year ended 31st March	COMPANY		GROUP	
	2012 Rs.000's	2011 Rs.000's	2012 Rs.000's	2011 Rs.000's
<b>Cash Flows From / (Used in) Operating Activities</b>				
Profit from Operating Activities before tax	1,985,272	1,467,487	1,930,717	1,534,865
<i>Adjustment for;</i>				
Depreciation	97,708	80,348	387,056	344,385
Finance Costs	148,385	72,735	328,120	204,251
Provision for Defined Benefit Plans - Gratuity	27,770	21,249	34,880	26,520
(Profit)/Loss on Sale of short term investments	(269,066)	(199,451)	(269,066)	(199,451)
(Profit)/Loss on Sale of Property,Plant & Equipments	(4,031)	14,222	(4,031)	35,745
Dividend Income	(1,826,733)	(1,116,629)	(26,733)	(16,629)
Dividend written back	-	(3,167)	-	(3,167)
Provision/(Reversal) for change in market value of the investment	80,764	-	80,764	-
Interest income	(273)	(438)	(859)	(673)
Operating profit before working capital changes	239,796	336,356	2,460,847	1,925,847
(Increase)/ Decrease in Inventories	(94,411)	149,141	(540,772)	135,244
(Increase)/ Decrease in Trade and Other Receivables	(71,395)	(68,504)	(177,499)	(80,845)
Increase/ (Decrease) in Trade and Other Payables	(134,874)	334,809	12,393	49,588
Cash generated from operations	(60,884)	751,803	1,754,971	2,029,835
Finance Costs Paid	(148,385)	(72,735)	(328,120)	(204,251)
Defined Benefit Plan Costs Paid	(3,066)	(2,297)	(4,096)	(2,643)
Income Tax Paid	(50,892)	(99,156)	(51,979)	(99,156)
Net cash flow from operating activities	(263,227)	577,615	1,370,776	1,723,785
<b>Cash Flows from / (Used in) Investing Activities</b>				
Acquisition of Investments	(1,545,976)	(1,664,782)	(1,545,976)	(1,664,782)
Proceeds from Sale of Short Term investments	2,604,825	483,084	2,604,825	483,084
Acquisition of Property, Plant & Equipment	(199,201)	(275,008)	(424,564)	(758,164)
Acquisition of Investments in Associate	(3,102,153)	-	(3,102,153)	-
Acquisition of Investments in subsidiary (Note No 09)	(70,400)	-	(68,929)	-
Proceeds from Sale of Property,Plant & Equipments	9,865	1,231	9,865	3,066
Interest Received	273	438	859	673
Dividends Received	1,826,733	1,116,629	26,733	16,629
Net cash flow from investing activities	(476,034)	(338,409)	(2,499,339)	(1,919,495)
<b>Cash Flows from / (Used in) Financing Activities</b>				
Dividend paid	(432,309)	(403,800)	(432,309)	(403,800)
Principal Payments under Finance Lease Liabilities	(2,925)	(2,225)	(11,189)	(8,603)
Proceeds From Interest Bearing Loans & Borrowings	1,532,008	702,974	2,635,773	1,884,177
	(600,886)	(600,629)	(1,770,048)	(1,483,245)
	495,887	(303,680)	422,226	(11,471)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(243,373)</b>	<b>(64,474)</b>	<b>(706,337)</b>	<b>(207,181)</b>
<b>Cash and Cash Equivalents at the beginning of the period</b>	<b>(144,170)</b>	<b>(79,696)</b>	<b>(513,787)</b>	<b>(306,606)</b>
<b>Cash and Cash Equivalents at the end of the period</b>	<b>(387,543)</b>	<b>(144,170)</b>	<b>(1,220,125)</b>	<b>(513,787)</b>

# ROYAL CERAMICS LANKA PLC

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March	<b>STATED CAPITAL</b> Rs. 000's	<b>REVALUATION RESERVES</b> Rs. 000's	<b>RETAINED EARNINGS</b> Rs. 000's	<b>TOTAL</b> Rs. 000's
<b>COMPANY</b>				
Balance as at 1st April 2010	814,726	365,714	1,150,357	2,330,797
Capitalisation of Reserves	553,947	(350,424)	(203,523)	-
Realised Surplus on Disposal of PPE Transferred to Retaining Earnings		(15,290)	15,290	-
Net profit for the year	-	-	1,373,825	1,373,825
Dividend - 2009/10 - Final	-	-	(138,487)	(138,487)
Dividend - 2010/11 - 1st Interim	-	-	(138,487)	(138,487)
Balance as at 31st March 2011	<u>1,368,673</u>	<u>-</u>	<u>2,058,975</u>	<u>3,427,648</u>
Balance as at 1st April 2011	1,368,673	-	2,058,975	3,427,648
Net profit for the year	-	-	1,969,556	1,969,556
Dividend - 2010/11 - 2nd Interim	-	-	(110,789)	(110,789)
Dividend - 2010/11 - Final	-	-	(110,789)	(110,789)
Dividend - 2011/12 - Interim	-	-	(221,579)	(221,579)
Balance as at 31st March 2012	<u>1,368,673</u>	<u>-</u>	<u>3,585,373</u>	<u>4,954,047</u>
<b>GROUP</b>				
Balance as at 1st April 2010	814,726	466,449	2,605,150	3,886,325
Capitalisation of Reserves	553,947	(350,424)	(203,523)	-
Realised Surplus on Disposal of PPE Transferred to Retaining Earnings		(15,290)	15,290	-
Net profit for the year	-	-	1,441,203	1,441,203
Dividend - 2009/10 - Final	-	-	(138,487)	(138,487)
Dividend - 2010/11 - 1st Interim	-	-	(138,487)	(138,487)
Balance as at 31st March 2011	<u>1,368,673</u>	<u>100,735</u>	<u>3,581,146</u>	<u>5,050,554</u>
Balance as at 1st April 2011	1,368,673	100,735	3,581,146	5,050,554
Net profit for the year	-	-	1,958,431	1,958,431
Dividend - 2010/11 - 2nd Interim	-	-	(110,789)	(110,789)
Dividend - 2010/11 - Final	-	-	(110,789)	(110,789)
Dividend - 2011/12 - Interim	-	-	(221,579)	(221,579)
Balance as at 31st March 2012	<u>1,368,673</u>	<u>100,735</u>	<u>5,096,420</u>	<u>6,565,828</u>

## ROYAL CERAMICS LANKA PLC

### NOTES

1. Financial year of the company ends on 31st March. Quarterly figures are for 3 months ended 31st March 2012.
2. Figures for the year ended 31st March 2012 are provisional and subject to audit.
3. Number of fully paid ordinary shares as at 31st March 2012 is 110,789,384 (31st March 2011- 110,789,384)
4. The Balance Sheet of the Company as at 31st March 2012 and Statements of Income, Changes in Equity and Cash Flow for the year then ended have been prepared in accordance with Sri Lanka Accounting Standards and are in agreement with the books of accounts maintained by the Company and have provided the information required by the Colombo Stock Exchange.
5. The Company has adopted consistent accounting policies and method of computation as disclosed in the Annual Report for the year ended 31st March 2011.
6. Other operating income includes profit on sale of shares amounting to Rs.269,066,111. for the year ended 31st March 2012 .
7. There has not been a significant change in the nature of the contingent liabilities which were disclosed in the Annual Report for the year ended 31st March 2011.
8. The Company has acquired 20% stake of Delmege (Pvt) Ltd at a cost of Rs.624,535,345 on 16th of June 2011.
9. The company has acquired 100% stake of Ever paint and Chemical Industries (Pvt) Limited on 1st of April 2011 at a Cost .of Rs. 70,400,000 The fair value of assets acquired and liabilities assumed as follows

Cash in hand and at bank	3,948,269
Trade and Other receivables	31,453,487
Inventories	13,004,931
Property, Plant and equipment	9,697,160
Interest bearing Borrowing - Short Term	(2,477,731)
Trade and Other payables	(27,585,905)
Retirement benefit Obligation	(1,255,082)
Interest bearing Borrowing - Long Term	<u>(53,344,230)</u>
 Net Assets	 (26,559,101)
Goodwill	<u>96,959,101</u>
 Total Purchase Consideration	 70,400,000
 Cash and cash equivalents of subsidiary acquired	 1,470,538
 Net Cash Out flow	 <u><u>68,929,462</u></u>

The assets and liabilities as at the acquisition date are stated at their provisional fair values and may be amended in accordance with SLAS 25 (Revised - 2004) Business Combination.

10. The company has increased its stake in LB Finance PLC up to 25.85% at a total cost of Rs 2,477,617,177 in March 2012
11. Royal Ceramics Group consist of Royal Porcelain (Pvt) Limited, Rocell Bathware Limited, & Ever Paint and Chemical Industries (Pvt) Limited which are fully owned subsidiaries of Royal Ceramics Lanka PLC
12. There have been no material events occurring after the balance sheet date that require adjustment or disclosure in the Financial Statements other than the acquisition of 51% of the issued shares of Asia Siyaka Commodities (Pvt) Ltd at a total consideration of Rs. 336,600,000 on 5th April 2012

**ROYAL CERAMICS LANKA PLC**

**12. Segment Information**

For the year ended 31st March	Tiles		Sanitaryware		Paints and Allied Products		Finance		Other		Total	
	2012 Rs. 000's	2011 Rs. 000's	2012 Rs. 000's	2011 Rs. 000's	2012 Rs. 000's	2011 Rs. 000's	2012	2011	2012	2011	2012 Rs. 000's	2011 Rs. 000's
<b>Revenue</b>												
Sales to external customers	5,934,644	5,159,694	897,368	595,872	143,681	-					6,975,694	5,755,566
Inter-Segment Sales	(19,583)	(4,182)									(19,583)	(4,182)
<b>Total Revenue</b>	<b>5,915,061</b>	<b>5,155,512</b>	<b>897,368</b>	<b>595,872</b>	<b>143,681</b>	<b>-</b>					<b>6,956,110</b>	<b>5,751,384</b>
<b>Results</b>												
Gross Profit	2,969,887	2,539,843	287,628	114,723	35,466	-					3,292,982	2,654,566
Other Income	302,712	214,154	508	161	633	-					303,854	214,315
Distribution Expenses	(812,948)	(680,449)	(20,287)	(26,017)	(25,803)	-					(859,037)	(706,466)
Administrative Expenses	(374,216)	(405,770)	(18,441)	(18,201)	(6,399)	-					(399,056)	(423,971)
Other Operating Expenses	(80,764)	-	-	-	-	-					(80,764)	-
	2,004,672	1,667,779	249,408	70,666	3,898	-					2,257,978	1,738,444
	(290,935)	(164,825)	(35,404)	(39,426)	(1,780)	-					(328,120)	(204,251)
<b>As at 31st March</b>	<b>736</b>	<b>673</b>	<b>-</b>	<b>-</b>	<b>123</b>	<b>-</b>					<b>859</b>	<b>673</b>
Profit before Income Tax	1,714,472	1,503,627	214,004	31,240	2,240	-					1,930,717	1,534,865
Share of Associate Company's Profit	-	-	-	-	-	-	69,016	-	12,103		81,119	-
Net Profit before Income Tax	1,714,472	1,503,627	214,004	31,240	2,240	-	69,016	-	12,103		2,011,836	1,534,865
Income Tax Expense	(15,716)	(93,663)	-	-	(1,187)	-	(22,245)	-	(14,257)		(53,405)	(93,663)
<b>Net Profit for the year</b>	<b>1,698,756</b>	<b>1,409,964</b>	<b>214,004</b>	<b>31,240</b>	<b>1,053</b>	<b>-</b>	<b>46,772</b>	<b>-</b>	<b>(2,154)</b>		<b>1,958,431</b>	<b>1,441,203</b>
<b>As at 31st March</b>												
<b>Assets and Liabilities</b>												
Segment Assets	9,132,487	6,336,520	2,183,166	2,123,552	154,882	-					11,470,534	8,460,072
Unallocated assets	-	-	-	-	-	-					-	-
<b>Total assets</b>	<b>9,132,487</b>	<b>6,336,520</b>	<b>2,183,166</b>	<b>2,123,552</b>	<b>154,882</b>	<b>-</b>					<b>11,470,534</b>	<b>8,460,072</b>
Segment liabilities	4,238,713	2,769,521	485,606	639,997	180,387	-					4,904,706	3,409,518
Unallocated liabilities	-	-	-	-	-	-					-	-
<b>Total Liabilities</b>	<b>4,238,713</b>	<b>2,769,521</b>	<b>485,606</b>	<b>639,997</b>	<b>180,387</b>	<b>-</b>					<b>4,904,706</b>	<b>3,409,518</b>
<b>Other Segment Information</b>												
Total cost incurred during the period to acquire												
Property, Plant & Equipment	385,129	751,240	20,005	6,924	19,431	-					424,564	758,164
Depreciation	289,726	249,815	94,978	94,570	2,352	-					387,056	344,385
Provisions for retirement benefit liability	33,716	25,738	1,396	782	(232)	-					34,880	26,520

## ROYAL CERAMICS LANKA PLC

### SHARE INFORMATION

#### 1. Market prices of the share for the quarter ended 31st March

	2012	2011
	Rs. Cts.	Rs. Cts.
Highest	144.00	335.00
Lowest	103.00	145.10
Closing	115.00	157.00

#### 2. Twenty Major Share Holders

Name of Shareholder	Number of Shares as at 31.03.2012	% of issued capital
VALLIBEL ONE PLC.	56,502,600	51.00
MR. AMARAKONE MUDIYANSELAGE WEERASINGHE	8,584,024	7.75
EMPLOYEES PROVIDENT FUND	6,514,100	5.88
BANK OF CEYLON A/C CEYBANK UNIT TRUST	2,865,694	2.59
SRILANKA INSURANCE CORPORATION - GENERAL FUND	2,730,000	2.46
SRI LANKA INSURANCE CORPORATION - LIFE FUND	2,513,800	2.27
MRS. PUSHPA NARHARI BHATT	1,158,380	1.05
AVIVA NDB INSURANCE PLC A/C NO.07	867,408	0.78
BANK OF CEYLON A/C CEYBANK CENTURY GROWTH FUND	815,640	0.74
DEHIWALAGE LUXSHMAN BERNARD CHANDRASIRI PERERA	800,000	0.72
NATIONAL SAVINGS BANK	747,700	0.67
HSBC INTERNATIONAL NOMINEES LIMITED - SSBT - RUSSEL INSTITUTIONAL FUNDS PUBLIC LIMITED	716,230	0.65
DFCC VARDHANA BANK / R.P.L & S.U.R. EHELIYAGODA	600,000	0.54
MERCANTILE INVESTMENT PLC	550,000	0.50
AMAYA LEISURE PLC	521,600	0.47
MAS CAPITAL (PRIVATE) LIMITED	482,400	0.44
SWISS LLOYD LIMITED	450,000	0.41
BANK OF CEYLON - NO.02 A/C	443,100	0.40
KALPITIYA BEACH RESORT LTD	430,800	0.39
HSBC INTL NOM LTD - SSBT -RUSSEL TRUST COMPANY COMMINGLED EMPLOYEE BENEFIT FUNDS TRUST RUSSELL FRONTIER MARKET EQUITY FUND A/C 01	411,500	0.37

#### 3. The percentage of shares held by the public as at 31st March 2012 - 40.85%

#### 4. Directors' shareholding

	No of shares As at 31st March 2012	No of shares As at 31st March 2011
	Mr. A.M. Weerasinghe	8,584,024
Mr. K D D Perera	200,772	200,772
Mr. W D N H Perera	67,400	-
Mr. T G Thoradeniya	169,400	40,600
Mr. R.B. Thambiyah	1,584	1,584
Mr. L T Samarawickrama	2,000	2,000
Mr. R.D.P. Godawatta Arachchige	-	-
Mr. M.D.S Goonatileke	2,500	-
Mr. R.N. Asirwatham	-	-

# ROYAL CERAMICS LANKA PLC

## CORPORATE INFORMATION

NAME OF THE COMPANY	ROYAL CERAMICS LANKA PLC
COMPANY REGISTRATION NO	PQ 125
LEGAL FORM	A Public Quated Company with limited liability incorporated under the provisions of Companies Act No.7 of 2007.
DATE OF INCORPORATION	29th August 1990
NATURE OF BUSINESS	Manufacture and Sale of Porcelain & Ceramic Tiles
HEAD OFFICE AND REGISTERED OFFICE	10, R A De Mel Mawatha, Colombo 3
	Telephone 114799400
	Fax 114720077
	E- Mail ho.gen@rcl.lk
	Website www.rocell.com
BOARD OF DIRECTORS	Mr. A M Weerasinghe - Chairman Mr. K D D Perera - Deputy Chairman Mr. W D N H Perera - Managing Director Mr. T G Thoradeniya - Director Marketing & Business Development Mr. R B Thambiayah Mr. L T Samarawickrema Mr. R N Asirwatham Mr. G A R D Prasanna Mr. M D S Goonatileke
SUBSIDIARY COMPANIES	Royal Porcelain (Pvt) Ltd Rocell Bathware Ltd Royal Ceramics Distributors (Pvt) Ltd Ever Paint and Chemical Industries (Pvt) Ltd
ASSOCIATE COMPANIES	Delmege (Pvt) Ltd LB Finance PLC.
SECRETARIES	PW Corporate Secretarial (pvt) Ltd. No. 3/17 ,Kynsey Road, Colombo - 08 Telephone (94-11) 4640360-3 Fax (94-11) 4740588
AUDITORS	Ernst & Young, Chartered Accountants 201, De Saram Place, P.O. Box 101, Colombo 10.
BANKERS	Commercial Bank of Ceylon PLC Hatton National Bank PLC Seylan Bank PLC Bank of Ceylon Standard Chartered Bank Ltd Sampath Bank PLC PABC Bank PLC NDB Bank PLC DFCC Bank PLC HSBC Ltd MCB Bank Ltd