

ROYAL CERAMICS LANKA PLC
INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST DECEMBER 2013

ROYAL CERAMICS LANKA PLC

STATEMENT OF FINANCIAL POSITION

AS AT	COMPANY		GROUP	
	31.12.2013 Rs. 000's	31.03.2013 Rs.000's	31.12.2013 Rs. 000's	31.03.2013 Rs.000's
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	2,504,766	2,237,933	15,263,295	5,502,353
Investment Properties	-	-	269,294	-
Investments in Subsidiaries	4,568,281	1,500,400	-	-
Investments in Associate	3,162,937	3,116,400	3,540,600	3,426,480
Intangible Assets	146,441	111,053	1,356,844	182,920
Deferred Tax Assets	-	-	22,369	19,058
Other Financial Assets	197,075	196,470	197,075	196,470
	<u>10,579,500</u>	<u>7,162,256</u>	<u>20,649,477</u>	<u>9,327,281</u>
Current Assets				
Inventories	978,349	620,791	6,922,422	2,179,679
Trade and Other Receivables	744,422	774,014	3,544,133	1,175,226
Other Non Financial Assets	82,569	177,672	516,092	393,158
Other Financial Assets	185,481	291,786	130,139	291,786
Income Tax Recoverable	9,728	7,497	46,839	9,581
Cash and Cash Equivalents	218,605	178,037	551,272	240,538
	<u>2,219,154</u>	<u>2,049,797</u>	<u>11,710,897</u>	<u>4,289,968</u>
Total Assets	<u>12,798,654</u>	<u>9,212,053</u>	<u>32,360,374</u>	<u>13,617,249</u>
EQUITY AND LIABILITIES				
Equity				
Stated Capital	1,368,673	1,368,673	1,368,673	1,368,673
Reserves	213,634	213,634	523,257	514,566
Retained Earnings	5,046,399	4,354,879	6,762,376	6,518,231
	<u>6,628,706</u>	<u>5,937,186</u>	<u>8,654,306</u>	<u>8,401,470</u>
Minority Interest	-	-	5,493,044	-
Total Equity	<u>6,628,706</u>	<u>5,937,186</u>	<u>14,147,350</u>	<u>8,401,470</u>
Non-Current Liabilities				
Interest Bearing Loans & Borrowings	3,736,448	1,079,737	7,073,610	1,586,229
Deferred Tax Liabilities	37,573	22,269	508,777	40,828
Retirement Benefit Liability	142,422	124,132	768,001	157,272
Capital Grants	-	-	117,402	-
	<u>3,916,443</u>	<u>1,226,138</u>	<u>8,467,790</u>	<u>1,784,329</u>
Current Liabilities				
Trade and Other Payables	471,720	877,986	1,786,917	546,099
Other Non Financial Liabilities	606,507	90,113	711,501	259,449
Dividend Payable	26,709	31,182	26,709	31,182
Income Tax Liabilities	-	-	60,349	16,499
Interest Bearing Loans & Borrowings	1,148,569	1,049,447	7,159,758	2,578,221
	<u>2,253,505</u>	<u>2,048,729</u>	<u>9,745,234</u>	<u>3,431,450</u>
Total Equity and Liabilities	<u>12,798,654</u>	<u>9,212,053</u>	<u>32,360,374</u>	<u>13,617,249</u>

Net Assets Per Share (Rs.) 59.83 53.59 78.11 75.83

These financial statements are in compliance with the requirements of the Companies Act No 7 of 2007

Sgd.

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Head of Finance & Treasury

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

Signed for and on behalf of the board by

Sgd.

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Director

Sgd.

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Director

February 12, 2014

ROYAL CERAMICS LANKA PLC

STATEMENT OF INCOME

For the Period ended 31st December	COMPANY				variance %	GROUP				variance %
	2013	2012	2013	2012		2013	2012	2013	2012	
	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	
Gross Revenue	727,935	725,910	1,703,580	1,889,329	(10)	6,367,540	2,639,844	15,109,989	6,503,409	132
Net Revenue	660,845	652,867	1,545,530	1,701,854	(9)	5,750,393	2,376,352	13,562,461	5,855,809	132
Cost of Sales	(332,597)	(358,066)	(851,095)	(957,084)	(11)	(3,837,628)	(1,285,083)	(9,375,554)	(3,115,136)	201
Gross Profit	328,248	294,801	694,435	744,770	(7)	1,912,765	1,091,269	4,186,907	2,740,673	53
Other Operating Income	532,697	536,288	1,398,871	1,195,156	17	31,980	2,148	125,589	10,286	1121
Distribution Expenses	(280,335)	(250,476)	(720,578)	(700,957)	3	(587,650)	(303,355)	(1,461,308)	(846,628)	73
Administrative Expenses	(93,988)	(83,847)	(266,514)	(250,890)	6	(339,499)	(179,062)	(906,987)	(515,728)	76
Finance Expenses	(139,877)	(139,845)	(421,582)	(281,048)	50	(380,375)	(224,405)	(1,081,322)	(533,583)	103
Finance Income	(2,348)	8,149	22,191	24,773	(10)	1,382	39,042	26,109	104,594	(75)
Profit / (Loss) Before Tax	344,396	365,069	706,822	731,803	(3)	638,604	425,637	888,988	959,614	(7)
Share of Associate Company's Profit	-	-	-	-		93,027	138,666	251,044	406,305	(38)
Net Profit Before Tax	344,396	365,069	706,822	731,803	(3)	731,631	564,303	1,140,032	1,365,919	(17)
Taxation	-	(1,456)	(15,303)	(3,195)	379	(155,335)	(67,767)	(323,207)	(189,427)	71
Net Profit for the Period	344,396	363,613	691,519	728,608	(5)	576,295	496,535	816,824	1,176,492	(31)
Attributable to										
Equity holders of the Parent	344,396	363,613	691,519	728,608	(5)	333,332	484,909	366,010	1,148,655	(68)
Non Controlling Interest	-	-	-	-		242,964	11,626	450,815	27,837	1519
Net Profit for the Period	344,396	363,613	691,519	728,608	(5)	576,295	496,535	816,824	1,176,492	(31)
Basic Earnings / (Loss) Per Share (Rs.)	3.11	3.28	6.24	6.58		3.01	4.38	3.30	10.37	

ROYAL CERAMICS LANKA PLC

STATEMENT OF COMPREHENSIVE INCOME

For the Period ended 31st December	COMPANY					variance %	GROUP					variance %
	2013	2012	2013	2012			2013	2012	2013	2012		
	QUARTER	QUARTER	CUMULATIVE	CUMULATIVE			QUARTER	QUARTER	CUMULATIVE	CUMULATIVE		
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's			Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's		
Net Profit / (Loss) for the period	344,396	363,613	691,519	728,608	(5)	576,295	496,535	816,824	1,176,492	(31)		
Other Comprehensive Income												
Revaluation of Lands and Buildings	-	-	-	239,627	(100)	(0)	-	488	494,503	(100)		
Income Tax effect	-	-	-	(25,534)	(100)	-	-	-	(25,534)	(100)		
Share of Other Comprehensive Income of Associates	-	-	-	-	-	13,409	-	11,393	(3,304)	(445)		
Share of Tax effect	-	-	-	-	-	(3,190)	-	(3,190)	-	(100)		
Other Comprehensive Income net of Tax	-	-	-	214,093	100	10,219	-	8,691	465,665	100		
Total Comprehensive Income net of Tax	344,396	363,613	691,519	942,701	(27)	586,514	496,535	825,516	1,642,157	(50)		
Attributable to												
Equity holders of the Parent	344,396	363,613	691,519	942,701	(27)	343,550	484,909	374,701	1,614,320	(77)		
Non Controlling Interest	-	-	-	-		242,964	11,626	450,815	27,837	100		
Net Profit / (Loss) for the Period	344,396	363,613	691,519	942,701	(27)	586,514	496,535	825,516	1,642,157	(50)		

ROYAL CERAMICS LANKA PLC

CASH FLOW STATEMENT

For the Period ended 31st December	COMPANY		GROUP	
	2013 Rs.000's	2012 Rs.000's	2013 Rs.000's	2012 Rs.000's
Cash Flows From / (Used in) Operating Activities				
Profit / (Loss) from Operating Activities before tax	706,822	731,803	1,140,032	1,365,919
<i>Adjustment for:</i>				
Depreciation	122,873	86,157	671,542	339,543
Deferred income/ capital grants amortization	-	-	(3,173)	-
Finance Costs	397,295	215,481	1,057,035	468,016
Provision for Defined Benefit Plans - Gratuity	20,558	17,126	98,803	34,335
Impairment of Receivables	-	-	5,200	-
(Profit)/Loss on Sale of Property,Plant & Equipments	-	(851)	(50,617)	(951)
Dividend Income	(1,385,482)	(1,087,914)	(1,836)	(7,475)
Provision for stock write off	-	-	13,100	-
Exchange Loss	-	-	30,192	-
Profit Share of Investment in associate	-	-	(251,044)	(406,305)
(Gain)/Loss from sale of Investment at Fair Value through Profit or Loss	24,287	(16,658)	24,287	(16,658)
Provision/(Reversal) for change in Market Value of the Investments	(19,252)	65,567	(22,820)	64,440
Interest income	(1,103)	(639)	(1,167)	(80,460)
Operating profit / (Loss) before working capital changes	(134,002)	10,072	2,709,534	1,760,405
(Increase)/ Decrease in Inventories	(357,558)	(167,001)	(896,338)	(339,234)
(Increase)/ Decrease in Trade and Other Receivables	(170,401)	(176,142)	(268,799)	(210,873)
(Increase)/ Decrease in Other Non Financial Assets	95,103	-	(122,934)	-
Increase/ (Decrease) in Trade and Other Payables	871,245	893,870	(615,637)	(276,999)
Increase/ (Decrease) in Non Financial Liabilities	516,394	-	452,052	-
Cash generated from operations	820,781	560,799	1,257,879	933,299
Finance Costs Paid	(397,295)	(215,481)	(1,057,035)	(468,016)
Defined Benefit Plan Costs Paid	(2,268)	(2,113)	(29,600)	(8,069)
Income Tax Paid	(2,231)	(5,128)	(151,605)	(22,610)
Net cash flow from operating activities	418,986	338,078	19,639	434,603
Cash Flows from / (Used in) Investing Activities				
Acquisition of Investments	(605)	(93,987)	(605)	(93,987)
Proceeds from Sale of Short Term investments	170,459	539,460	170,459	539,460
Acquisition of Property, Plant & Equipment	(389,705)	(578,883)	(1,051,670)	(837,749)
Expenditure incurred on immature plantation	-	-	(232,095)	-
Acquisition of Intangible Assets	(35,388)	-	(35,388)	-
Acquisition of Investments in Associate	(46,538)	(14,247)	(46,538)	(14,247)
Acquisition of Investments in subsidiary (Note 11)	(2,860,568)	(337,620)	(3,597,150)	(326,698)
Acquisition of Non Controlling Interest	(76,508)	-	(957,756)	-
Proceeds from Sale of Property,Plant & Equipments	-	878	134,070	978
Interest Received	1,103	639	1,167	80,460
Dividends Received	107,971	87,914	107,112	88,040
Net cash flow from investing activities	(3,129,778)	(395,847)	(5,508,394)	(563,744)
Cash Flows from / (Used in) Financing Activities				
Dividend paid	(4,473)	(2,809)	(70,400)	(2,809)
Principal Payments under Finance Lease Liabilities	(4,247)	(2,263)	(10,834)	(7,888)
Proceeds From Interest Bearing Loans & Borrowings	4,883,192	1,114,069	10,168,025	2,682,374
Repayment of Interest Bearing Loans & Borrowings	(2,189,670)	(711,423)	(5,955,775)	(1,969,812)
Capital grants received	-	-	8,029	-
	2,684,801	397,574	4,139,045	701,865
Net Increase/(Decrease) in Cash and Cash Equivalents	(25,991)	339,805	(1,349,711)	572,724
Cash and Cash Equivalents at the beginning of the period	(70,503)	(387,544)	(750,315)	(1,220,125)
Cash and Cash Equivalents at the end of the period	(96,493)	(47,739)	(2,100,026)	(647,401)

ROYAL CERAMICS LANKA PLC

STATEMENT OF CHANGES IN EQUITY - COMPANY

For the period ended 31st December	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 2012	1,368,673	-	3,558,585	4,927,259
Net Profit for the Period	-	-	728,608	728,608
Other comprehensive income	-	214,093	-	214,093
Total Comprehensive income	-	214,093	728,608	942,701
Balance as at 31st December 2012	1,368,673	214,093	4,287,193	5,869,960
Balance as at 1st April 2013	1,368,673	213,634	4,354,879	5,937,187
Net Profit / (Loss) for the Period	-	-	691,519	691,519
Other comprehensive income	-	-	-	-
Total Comprehensive income	-	-	691,519	691,519
Balance as at 31st December 2013	1,368,673	213,634	5,046,398	6,628,706

STATEMENT OF CHANGES IN EQUITY - GROUP

	Attributable to owners of the parent				Non-Controlling Inteest Rs.	Total Rs.
	Stated Capital Rs.	Revaluation Reserve Rs.	Available for sale Reserve Rs.	Retained Earnings Rs.		
Balance as at 1st April 2012	1,368,673	100,735	-	5,069,424	-	6,538,832
Net Profit for the Period	-	-	-	1,148,655	27,837	1,176,492
Other comprehensive income	-	468,969	(3,304)	-	-	465,665
Total Comprehensive income	-	468,969	(3,304)	1,148,655	27,837	1,642,157
Acquisition of Subsidiary	-	-	-	-	231,641	231,641
Balance as at 31st December 2012	1,368,673	569,704	(3,304)	6,218,079	259,478	8,412,631
Balance as at 1st April 2013	1,368,673	513,494	1,072	6,518,231	-	8,401,470
Net Profit / (Loss) for the Period	-	-	-	366,010	450,815	816,824
Other comprehensive income	-	488	8,203	-	-	8,691
Total Comprehensive income	-	488	8,203	366,010	450,815	825,515
Acquisition of Subsidiary	-	-	-	-	5,944,048	5,944,048
Effect on Change in Group Holdings	-	-	-	(121,865)	(835,891)	(957,756)
Dividends paid	-	-	-	-	(65,927)	(65,927)
Balance as at 31st December 2013	1,368,673	513,982	9,275	6,762,376	5,493,044	14,147,350

ROYAL CERAMICS LANKA PLC

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

Royal Ceramics Lanka PLC ("the Company") is a public limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company is located at No.10, R.A. De Mel Mawatha, Colombo 03.

The Consolidated Financial Statements of the company for the period ended 31 December 2013 comprise the Royal Ceramics Lanka PLC (Parent Company) and its subsidiaries (together referred as the "Group"), namely Royal Ceramics Distributors (Private) Limited, Royal Porcelain (Private) Limited and Rocell Bathware Limited and Ever Paint and Chemical Industries (Private) Limited and Lanka Ceramic PLC.

2. Figures for the period ended 31st December 2013 are provisional and subject to audit.

3. Number of fully paid ordinary shares as at 31st December 2013 is 110,789,384 (31st March 2013 - 110,789,384)

4. Finance income includes gain on fair value adjustment of investments at fair value through profit or loss amounting to Rs. 19,251,808/- for the period ended 31st December 2013.

5. 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 2013

6. There have been no material events occurring after the balance sheet date that requires adjustment or disclosure in these financial statements.

7. Details of the Subsidiaries of the Company as at 31st December 2013, is as follows.

<u>Company Name</u>	<u>Year of Incorporation</u>	<u>Ownership (%)</u>
Royal Porcelain (Pvt) Ltd	2000/2001	100%
Rocell Bathware Ltd	2005/2006	100%
Royal Ceramics Distributors (Pvt) Ltd	1993/1994	100%
Ever Paint and Chemical Industries (Pvt) Ltd	2002/2003	100%
Lanka Ceramic PLC	1991/1992	76%

8. Basis of Preparation

The Consolidated and separate Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter "SLFRS") as issued by the Institute of Chartered Accountants of Sri Lanka.

Subject to certain transitional elections and exceptions, the Group has consistently applied the accounting policies used in the preparation of its opening SLFRS statement of financial position as at 1 April 2011 through all periods presented, as if these policies had always been in effect.

The Financial Statements of the Company and the Group have been prepared on a historical cost basis, except for land and building, Fair value through profit or loss financial assets that have been valued at fair value.

9. Significant Accounting Policies

The changes to accounting policies which have been disclosed in the company's Annual Report 2012/13, have been applied consistently to all periods presented in these condensed Financial Statements and in preparing the opening SLFRS/LKAS statement of financial position as at 1st April 2011 for the purpose of the transition to SLFRS/LKAS, unless otherwise indicated.

The presentation and classification of the financial statements of the previous period have been amended, where relevant, for better presentation and to be comparable with those of the current period.

10. First Time Adoption of SLFRS/LKAS

The Group adopted Sri Lanka Accounting Standards comprising LKAS and SLFRS ("SLFRS") which were effective from 01 January 2012. Prior to the adoption of SLFRS, the Group prepared its Consolidated Financial Statements in accordance with previous Sri Lanka Accounting Standards. The Group prepared its opening SLFRS Consolidated Financial Statements as at 01 April 2011, the date of transition to SLFRS which forms the starting point for the Group's financial reporting under SLFRS. In preparing these Consolidated Financial Statements, the Group has applied the requirements of SLFRS1 - First-time adoption of Sri Lanka Accounting Standards, including retrospective application of SLFRS effective for the Group on adoption, unless otherwise indicated"

In preparing SLFRS/LKAS statement of financial position for previously reported financial period, required adjustments have been made in accordance with the respective SLFRS/LKASs. The effect of the transition from SLASs to SLFRS/LKASs, has been presented in the reconciliation statements and accompanying notes to the material reconciliation items.

ROYAL CERAMICS LANKA PLC

10.1 Application of SLFRS to the Comparative Statement of Financial Position

	Note	Company			Group		
		SLAS*		SLFRS**	SLAS*		SLFRS**
		As at 31 Dec 2012 Rs. 000's	Remeasurement/ Reclassification Rs. 000's	As at 31 Dec 2012 Rs. 000's	As at 31 Dec 2012 Rs. 000's	Remeasurement Reclassification Rs. 000's	As at 31 Dec 2012 Rs. 000's
ASSETS							
Non-Current Assets							
Property, Plant & Equipment	A	2,070,477	(100,569)	1,969,908	5,726,403	(100,569)	5,625,834
Investments in Subsidiaries		1,838,020		1,838,020	-	-	-
Investments in Associate		3,116,400		3,116,400	3,349,231	(29,513)	3,319,718
Intangible assets	A	-	100,569	100,569	169,405	100,569	269,974
Other Financial Assets	D	-	195,965	195,965	-	195,965	195,965
Other Receivables	D	195,965	(195,965)	-	195,965	(195,965)	-
		<u>7,220,861</u>	<u>-</u>	<u>7,220,861</u>	<u>9,441,004</u>	<u>(29,513)</u>	<u>9,411,491</u>
Current Assets							
Inventories		705,082	-	705,082	2,258,928	-	2,258,928
Trade and Other Receivables	B	833,388	(259,272)	574,116	1,860,366	(977,039)	883,327
Other Non Financial assets	B,C	-	229,020	229,020	-	946,787	946,787
Other Financial assets		306,721	-	306,721	315,730	-	315,730
Income Tax Recoverable		12,130	-	12,130	14,213	-	14,213
Cash and Cash Equivalents		172,767	-	172,767	312,320	-	312,320
		<u>2,030,088</u>	<u>(30,252)</u>	<u>1,999,836</u>	<u>4,761,557</u>	<u>(30,252)</u>	<u>4,731,305</u>
Total Assets		<u>9,250,950</u>	<u>(30,252)</u>	<u>9,220,698</u>	<u>14,202,561</u>	<u>(59,765)</u>	<u>14,142,796</u>
EQUITY AND LIABILITIES							
Capital and Reserves							
Stated Capital		1,368,673	-	1,368,673	1,368,673	-	1,368,673
Reserves		214,093	-	214,093	569,704	(3,304)	566,400
Retained Earnings	F	4,317,446	(30,252)	4,287,194	6,274,541	(56,461)	6,218,080
		<u>5,900,212</u>	<u>(30,252)</u>	<u>5,869,960</u>	<u>8,212,918</u>	<u>(59,765)</u>	<u>8,153,153</u>
Non Controlling Interest		-	-	-	259,478	-	259,478
Total Equity		<u>5,900,212</u>	<u>(30,252)</u>	<u>5,869,960</u>	<u>8,472,396</u>	<u>(59,765)</u>	<u>8,412,631</u>
Non-Current Liabilities							
Interest Bearing Loans & Borrowings		1,286,154	-	1,286,154	1,838,670	-	1,838,670
Deferred Tax Liabilities		97,364	-	97,364	112,681	-	112,681
Retirement Benefit Liability		119,930	-	119,930	195,773	-	195,773
		<u>1,503,446</u>	<u>-</u>	<u>1,503,446</u>	<u>2,147,124</u>	<u>-</u>	<u>2,147,124</u>
Current Liabilities							
Trade and Other Payables	B	945,540	(65,384)	880,156	677,053	(169,397)	507,656
Other non Financial Liabilities	B	-	65,384	65,384	-	169,397	169,397
Dividend Payable		23,865	-	23,865	23,865	-	23,865
Income Tax Liabilities		-	-	-	12,376	-	12,376
Interest Bearing Loans and Borrowings		877,885	-	877,885	2,869,747	-	2,869,747
		<u>1,847,290</u>	<u>-</u>	<u>1,847,290</u>	<u>3,583,041</u>	<u>-</u>	<u>3,583,041</u>
		<u>9,250,949</u>	<u>(30,252)</u>	<u>9,220,697</u>	<u>14,202,562</u>	<u>(59,765)</u>	<u>14,142,797</u>

*Based on Sri Lanka Accounting Standards ("SLAS") as at 31 December 2012.

**Based on Sri Lanka Accounting Standards comprising LKAS and SLFRS ("SLFRS") as at 31 December 2012.

ROYAL CERAMICS LANKA PLC

10.2 Application of SLFRS to the Comparative Statement of Income

	Note	Company			Group		
		LKAS*		SLFRS**	LKAS*		SLFRS**
		Quarter ended 31st December 2012 Rs. 000's	Remeasurement/Re classification Rs. 000's	Quarter ended 31st December 2012 Rs. 000's	Quarter ended 31st December 2012 Rs. 000's	Remeasurement/Re classification Rs. 000's	Quarter ended 31st December 2012 Rs. 000's
Revenue		652,867	-	652,867	2,376,352	-	2,376,352
Cost of Sales		(358,066)	-	(358,066)	(1,285,083)	-	(1,285,083)
Gross Profit		294,801	-	294,801	1,091,269	-	1,091,269
Other Income and Gains	D	530,162	6,126	536,288	(3,978)	6,126	2,148
Distribution Expenses	C	(249,321)	(1,155)	(250,476)	(302,200)	(1,155)	(303,355)
Administrative Expenses		(83,847)	-	(83,847)	(179,062)	-	(179,062)
Provision for fall in value of Investments	D	(51,632)	51,632	-	(51,632)	51,632	-
Finance Cost	D	(74,278)	(65,567)	(139,845)	(158,838)	(65,567)	(224,405)
Finance Income		341	7,808	8,149	31,234	7,808	39,042
Share of Associate Company's Profit	E	-	-	-	144,386	(5,720)	138,666
Net Profit Before Tax		366,225	(1,155)	365,069	571,178	(6,876)	564,304
Income Tax Expense	E	(1,456)	-	(1,456)	(62,362)	(5,405)	(67,767)
Net Profit for the Year		<u>364,769</u>	<u>(1,155)</u>	<u>363,613</u>	<u>508,816</u>	<u>(12,281)</u>	<u>496,536</u>

Notes to the reconciliation of equity as at 31 December 2012 and total comprehensive income for the period ended 31 December 2012

The Group adopted Sri Lanka Accounting Standards comprising LKAS and SLFRS ("SLFRS") which were effective from 01 January 2012. Prior to the adoption of SLFRS, the Group prepared its Consolidated Financial Statements in accordance with previous Sri Lanka Accounting Standards.

A Intangible Assets

On adoption of SLFRS, Company has corrected the classification of intangible assets work in progress previously accounted under property plant and equipment

B Non Financial assets/ Non Financial Liabilities

On adoption of IFRS, the non financial assets/liabilities which have been recorded under trade and other receivables/payables have been categorised under other non financial assets/liabilities

C Other Assets

SLFRS requires total lease payments under operating leases be recognized as an expense on a straight line basis over the lease term.

D Other financial assets

On adoption of SLFRS, The trading investments portfolio is classified as investments fair valued through profit or loss and measured at fairvalue. The resultant change in fair value, dividend income and profit from trading of investment is recognised in the statement of income as finance income or finance cost. Also Other financial assets recorded under other receivables have been reclassified under other financial assets.

E Share of Associate Company's Profit

Associate Company's Profit has been revised to be in line with SLFRSs. The revised impact on profit share is adjusted in the comparative figures.

F Retained Earnings

The net effect of adoption of SLFRS as of 31 December 2012 is recorded through "Retained Earnings"

*Based on Sri Lanka Accounting Standards ("SLAS") as at 31 December 2012.

**Based on Sri Lanka Accounting Standards comprising LKAS and SLFRS ("SLFRS") as at 31 December 2012.

ROYAL CERAMICS LANKA PLC

10.3 Application of SLFRS to the Comparative Statement of Income

	Note	Company			Group		
		LKAS*		SLFRS**	LKAS*		SLFRS**
		Period ended 31st December 2012 Rs. 000's	Remeasurement/Re classification Rs. 000's	Period ended 31st December 2012 Rs. 000's	Period ended 31st December 2012 Rs. 000's	Remeasurement/Re classification Rs. 000's	Period ended 31st December 2012 Rs. 000's
Revenue		1,701,854	-	1,701,854	5,855,809	-	5,855,809
Cost of Sales		(957,084)	-	(957,084)	(3,115,136)	-	(3,115,136)
Gross Profit		744,770	-	744,770	2,740,673	-	2,740,673
Other Income and Gains	D	1,219,290	(24,134)	1,195,156	34,420	(24,134)	10,286
Distribution Expenses	C	(697,492)	(3,465)	(700,957)	(843,163)	(3,465)	(846,628)
Administrative Expenses		(250,890)	-	(250,890)	(515,728)	-	(515,728)
Provision for fall in value of Investments	D	(65,567)	65,567	-	(65,567)	65,567	-
Finance Cost	D	(215,481)	(65,567)	(281,048)	(468,016)	(65,567)	(533,583)
Finance Income		639	24,134	24,773	80,460	24,134	104,594
Share of Associate Company's Profit	E	-	-	-	434,793	(28,488)	406,305
Net Profit Before Tax		735,268	(3,465)	731,803	1,397,871	(31,953)	1,365,919
Income Tax Expense	E	(3,195)	-	(3,195)	(191,706)	2,279	(189,427)
Net Profit for the Year		<u>732,073</u>	<u>(3,465)</u>	<u>728,608</u>	<u>1,206,165</u>	<u>(29,674)</u>	<u>1,176,492</u>

Notes to the reconciliation of equity as at 31 December 2012 and total comprehensive income for the period ended 31 December 2012

The Group adopted Sri Lanka Accounting Standards comprising LKAS and SLFRS ("SLFRS") which were effective from 01 January 2012. Prior to the adoption of SLFRS, the Group prepared its Consolidated Financial Statements in accordance with previous Sri Lanka Accounting Standards.

A Intangible Assets

On adoption of SLFRS, Company has corrected the classification of intangible assets work in progress previously accounted under property plant and equipment

B Non Financial assets/ Non Financial Liabilities

On adoption of IFRS, the non financial assets/liabilities which have been recorded under trade and other receivables/payables have been categorised under other non financial assets/liabilities

C Other Assets

SLFRS requires total lease payments under operating leases be recognized as an expense on a straight line basis over the lease term.

D Other financial assets

On adoption of SLFRS, The trading investments portfolio is classified as investments fair valued through profit or loss and measured at fairvalue. The resultant change in fair value, dividend income and profit from trading of investment is recognised in the statement of income as finance income or finance cost. Also Other financial assets recorded under other receivables have been reclassified under other financial assets.

E Share of Associate Company's Profit

Associate Company's Profit has been revised to be in line with SLFRSs. The revised impact on profit share is adjusted in the comparative figures.

F Retained Earnings

The net effect of adoption of SLFRS as of 31 December 2012 is recorded through "Retained Earnings"

*Based on Sri Lanka Accounting Standards ("SLAS") as at 31 December 2012.

**Based on Sri Lanka Accounting Standards comprising LKAS and SLFRS ("SLFRS") as at 31 December 2012.

ROYAL CERAMICS LANKA PLC

11. BUSINESS COMBINATIONS

On 6th May 2013, the company has acquired 76.54% of the voting shares of Lanka Ceramic PLC incorporated and domiciled in Sri Lanka engages in the business of mining and processing, manufacturing, retail and wholesale trading of ceramic tiles and allied products.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Lanka Ceramic PLC together with its subsidiary as at the date of acquisition were:

	Fair Value as at 01.05. 2013 Rs.000's
Assets	
Property, Plant & Equipment	9,148,263
Leasehold right over land	2,479
Investment Properties	349,294
Intangible Assets	14,534
Deferred Tax Assets	22,369
Inventories	3,846,405
Debtors and Other Receivables	2,100,109
Income tax receivable	24,490
Short Term Deposits with Banks	14,412
Cash in hand and at bank	129,203
	15,651,558
Liabilities	
Interest Bearing Loans & Borrowings	(4,088,400)
Retirement Benefit Liability	(541,525)
Deferred Tax Liability	(480,427)
Capital Grants	(112,545)
Trade and Other Payables	(1,856,454)
Income Tax Liabilities	(11,396)
Bank Overdraft	(880,197)
	(7,970,944)
Non Controlling Interest	(5,067,267)
Total identifiable net assets at fair value	2,613,347
Net Assets Acquired (76.54% stake)	(2,000,257)
Goodwill arising on acquisition	(1,124,003)
Goodwill attributable to Non-Controlling Interest	(263,691)
Goodwill attributable to the Parent	(860,312)
	(2,860,568)
Purchase consideration paid	(736,582)
Cash and cash equivalents of subsidiary acquired	(736,582)
Net Cash Out flow on Acquisition of subsidiary	(3,597,150)

12. DISCONTINUED OPERATION

The company has disposed its 51% stake of Asia Siyaka Commodities PLC. on 28th of March 2013 at Rs. 369,005,910. The Financial Position and Performance of Asia Siyaka Commodities for the period ended 31 December 2012 are presented below;

	Rs000's
For the period ended 31 December 2012	
Revenue	244,018
Results	
Gross Profit	237,718
Other Income	3,287
Distribution Expenses	(13,349)
Administrative Expenses	(183,998)
Finance Costs	(43,800)
Finance Income	79,412
Net Profit before Income Tax	79,269
Income Tax Expense	(22,460)
Net Profit for the Period	56,809
As at 31 December 2012	
Total assets	1,065,315
Total Liabilities	(535,768)
Equity	529,546

ROYAL CERAMICS LANKA PLC

13. Segment Information

For the Period ended 31st December	Tiles		Sanitaryware		Paints and Allied Products		Plantation	
	2013 Rs. 000's	2012 Rs. 000's	2013 Rs. 000's	2012 Rs. 000's	2013 Rs. 000's	2012 Rs. 000's	2013 Rs. 000's	2012 Rs. 000's
Revenue								
Sales to external customers	9,684,011	4,778,039	690,486	794,147	82,807	39,605	1,561,794	-
Inter-Segment Sales	-	-	-	-	-	-	-	-
Total Revenue	9,684,011	4,778,039	690,486	794,147	82,807	39,605	1,561,794	-
Results								
Gross Profit	3,514,653	2,203,741	232,003	293,071	8,733	6,143	205,185	-
Other Income	(3,213)	6,558	(2,509)	315	336	126	867	-
Distribution Expenses	(1,334,229)	(778,398)	(27,307)	(36,563)	(38,719)	(18,318)	(13,628)	-
Administrative Expenses	(745,799)	(307,269)	(9,078)	(16,255)	(11,869)	(8,206)	(65,806)	-
Finance Costs	(907,073)	(456,762)	(37,600)	(31,564)	(15,918)	(1,457)	(38,818)	-
Finance Income	26,109	25,162	-	-	-	20	-	-
Loss On Disposal of Subsidiary	-	-	-	-	-	-	-	-
Share of Associate Company's Profit	-	-	-	-	-	-	-	-
Net Profit before Income Tax	550,448	693,032	155,509	209,004	(57,437)	(21,692)	87,800	-
Income Tax Expense	(206,722)	(3,195)	(12,589)	-	10,206	-	(16,375)	-
Net Profit for the Period	343,726	689,836	142,920	209,004	(47,231)	(21,692)	71,425	-
As at 31st December								
Assets and Liabilities								
Segment Assets	23,354,734	10,351,728	2,952,083	2,373,986	386,222	352,782	2,802,112	-
Total assets	23,354,734	10,351,728	2,952,083	2,373,986	386,222	352,782	2,802,112	-
Segment liabilities	14,270,700	4,441,573	738,040	377,690	292,453	375,133	1,565,564	-
Total Liabilities	14,270,700	4,441,573	738,040	377,690	292,453	375,133	1,565,564	-
Other Segment Information								
Total cost incurred during the period to acquire								
Property, Plant & Equipment	617,670	759,734	121,703	4,517	28,448	71,756	270,104	-
Depreciation	473,064	242,316	72,495	73,537	11,064	4,150	71,320	-
Provisions for retirement benefit liability	38,727	25,141	2,419	2,957	2,419	762	51,160	-

YAL CERAMICS LANKA F

13. Segment Information

For the Period ended 31st December	Paking Material		Brokering		Finance		Other		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
Revenue										
Sales to external customers	1,474,568	-	-	244,018	-	-	121,059	-	13,614,724	5,855,809
Inter-Segment Sales	(22,647)	-	-	-	-	-	(29,617)	-	(52,264)	-
Total Revenue	1,451,921	-	-	244,018	-	-	91,442	-	13,562,461	5,855,809
Results										
Gross Profit	183,150	-	-	237,718	-	-	43,183	-	4,186,907	2,740,673
Other Income	38,544	-	-	3,287	-	-	91,564	-	125,589	10,286
Distribution Expenses	(47,425)	-	-	(13,349)	-	-	-	-	(1,461,308)	(846,628)
Administrative Expenses	(43,920)	-	-	(183,998)	-	-	(30,515)	-	(906,987)	(515,728)
Finance Costs	(35,628)	-	-	(43,800)	-	-	(46,285)	-	(1,081,322)	(533,583)
Finance Income	-	-	-	79,412	-	-	-	-	26,109	104,594
Loss On Disposal of Subsidiary	-	-	-	-	-	-	-	-	-	-
Share of Associate Company's Profit	-	-	-	-	293,426	452,404	(42,383)	(46,099)	251,044	406,305
Net Profit before Income Tax	94,721	-	-	79,270	293,426	452,404	15,564	(46,099)	1,140,032	1,365,920
Income Tax Expense	(11,338)	-	-	(22,460)	(86,389)	(156,355)	0	(7,417)	(323,207)	(189,427)
Net Profit for the Period	83,383	-	-	56,810	207,037	296,049	15,564	(53,516)	816,825	1,176,493
As at 31st December										
Assets and Liabilities										
Segment Assets	1,765,691	-	-	1,064,300	-	-	1,099,532	-	32,360,374	14,142,796
Total assets	1,765,691	-	-	1,064,300	-	-	1,099,532	-	32,360,374	14,142,796
Segment liabilities	871,196	-	-	535,769	-	-	475,070	-	18,213,023	5,730,165
Total Liabilities	871,196	-	-	535,769	-	-	475,070	-	18,213,023	5,730,165
Other Segment Information										
Total cost incurred during the period to acquire										
Property, Plant & Equipment	13,496	-	-	1,742	-	-	249	-	1,051,670	837,749
Depreciation	25,481	-	-	19,540	-	-	18,118	-	671,542	339,543
Provisions for retirement benefit liability	3,382	-	-	5,475	-	-	697	-	98,803	34,335

ROYAL CERAMICS LANKA PLC

SHARE INFORMATION

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

	2013	2012
	Rs. Cts.	Rs. Cts.
Highest	97.90	109.80
Lowest	80.20	88.00
Closing	84.60	99.00

2. Twenty Major Share Holders

Name of Shareholder	Number of Shares as at 31.12.2013	% of issued capital
VALLIBEL ONE PLC.	56,502,600	51.00
EMPLOYEES PROVIDENT FUND	10,858,250	9.80
MR. AMARAKONE MUDIYANSELAGE WEERASINGHE	7,142,614	6.45
BANK OF CEYLON A/C CEYBANK UNIT TRUST	3,062,509	2.76
SRILANKA INSURANCE CORPORATION - GENERAL FUND	2,730,000	2.46
SRI LANKA INSURANCE CORPORATION - LIFE FUND	2,183,279	1.97
AIA INSURANCE LANKA PLC A/C NO.07	1,169,782	1.06
BANK OF CEYLON A/C CEYBANK CENTURY GROWTH FUND	802,520	0.72
NATIONAL SAVINGS BANK	747,700	0.68
Mr D L B C PERERA & MRS I V KARIYAKARAWANA	736,649	0.67
BANK OF CEYLON NO 1 ACCOUNT	711,339	0.64
COMMERCIAL BANK OF SRI LANKA PLC/ CAPITAL TRUST HOLDING (PRIVATE) LIMITED	603,053	0.54
PAN ASIA BANKING CORPORATION PLC/Mr R.P.L. EHELIYAGODA	565,000	0.51
MERCANTILE INVESTMENT AND FINANCE PLC	550,000	0.50
AMANA BANK LIMITED	538,338	0.49
AMAYA LEISURE PLC	521,600	0.47
BANK OF CEYLON - NO.02 A/C	443,100	0.40
MAS CAPITAL (PRIVATE) LIMITED	442,900	0.40
HSBC INTL NOMINEES LTD - CREDIT SUISSE AG ZURICH	410,000	0.37
Mr.M.T.L.FERNNADO	405,954	0.37

3. The percentage of shares held by the public as at 31st December 2013 - 42.21%

4. Directors' shareholding

	No of shares As at 31 December 2013	No of shares As at 31 December 2012
	Mr. A M Weerasinghe	7,142,614
Mr. K D D Perera	200,772	200,772
Mr. W D N H Perera	-	87,900
Mr. T G Thoradeniya	176,390	140,500
Mr. R B Thambiyah	1,584	-
Mr. L T Samarawickrama	2,000	2,000
Mr. G A R D Prasanna	-	-
Mr. M.D.S Goonatileke	2,500	2,500
Mr. R.N. Asirwatham	-	-
Mr A A Page (Resigned w.e.f. 03/10/2013)	-	-

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 Thambiyah Mr. L T Samarawickrema Mr. R N Asirwatham Mr. G A R D Prasanna Mr. M D S Goonatilleke Mr A A Page (Resigned w.e.f. 03/10/2013)
SUBSIDIARY COMPANIES	Royal Porcelain (Pvt) Ltd Rocell Bathware Ltd Royal Ceramics Distributors (Pvt) Ltd Ever Paint and Chemical Industries (Pvt) Ltd Lanka Ceramic PLC
ASSOCIATED COMPANIES	Delmege Limited 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 DFCC Bank PLC HSBC Ltd MCB Bank Ltd