

# **LANKEM CEYLON PLC**

**Company No. PQ 128**

## ***INTERIM FINANCIAL STATEMENTS***

***For the Period Ended 30th June 2022***

# LANKEM CEYLON PLC

Company No. PQ 128

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - CONSOLIDATED								
	Consolidated			Company				
	Quarter Ended 30.06.2022 Rs.'000	Quarter Ended 30.06.2021 Rs.'000	Variance %	Quarter Ended 30.06.2022 Rs.'000	Quarter Ended 30.06.2021 Rs.'000	Variance %		
<b>Revenue</b>	7,577,874	4,442,543	+	71	1,357,557	763,583	+	78
Cost of Sales	(5,161,696)	(3,594,232)	-	44	(736,414)	(562,747)	-	31
<b>Gross Profit</b>	2,416,178	848,311	+	185	621,143	200,836	+	209
Other Income	76,357	63,822	+	20	5,774	13,042	-	56
Distribution Expenses	(460,628)	(272,549)	-	69	(152,339)	(89,763)	-	70
Administration Expenses	(627,588)	(438,849)	-	43	(106,042)	(76,011)	-	40
Share of Profit /(Loss) from Joint Venture	(50,203)	(20,688)	-	143	-	-	-	-
Share of Profit /(Loss) from Associates	198	(759)	+	126	-	-	-	-
Net Finance Costs	(653,738)	(211,165)	-	210	(222,398)	(102,796)	-	116
<b>Profit / (Loss) before Tax</b>	700,576	(31,877)	+	2,298	146,138	(54,692)	+	367
Tax Expense	(146,682)	(39,934)	-	267	-	-	-	-
<b>Profit / (Loss) for the period</b>	553,894	(71,811)	+	871	146,138	(54,692)	+	367
<b>Other Comprehensive Income/ (Expense)</b>								
Gain on Financial Assets designated at Fair Value through Other Comprehensive Income	83	1,909	-	96	1,240	1,736	-	29
Actuarial Gain on Defined Benefit Obligations	-	77	-	100	-	-	-	-
<b>Other Comprehensive Income for the Period, net of Tax</b>	83	1,986			1,240	1,736		
<b>Total Comprehensive Income/ (Expense)</b>	553,977	(69,825)	+	893	147,378	(52,956)	+	378
<b>Profit/ (Loss) Attributable to</b>								
Owners of the Company	566,732	(55,329)	+	1,124	146,138	(54,692)	+	367
Non-Controlling Interests	(12,838)	(16,482)	+	22	-	-	+	-
	553,894	(71,811)	+	871	146,138	(54,692)	+	367
<b>Total Comprehensive Income/ (Expense) Attributable to</b>								
Owners of the Company	566,921	(53,346)	+	1,163	147,378	(52,956)	+	378
Non-Controlling Interests	(12,944)	(16,479)	+	21	-	-	-	-
	553,977	(69,825)	+	893	147,378	(52,956)	+	378
<b>Earnings/ (Loss) per Share (Rs.)</b>	11.01	(1.46)	+	854	2.84	(1.44)	+	297

# LANKEM CEYLON PLC

Company No. PQ 128

STATEMENT OF FINANCIAL POSITION	Consolidated		Company	
	As at	As at	As at	As at
	30.06.2022	31.03.2022	30.06.2022	31.03.2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	Un Audited		Un Audited	
<b>ASSETS</b>				
Property, Plant & Equipment	9,657,445	9,725,405	814,881	821,992
Investment Properties	942,357	947,547	-	-
Right of Use Assets	214,325	224,534	35,782	39,102
Intangible Assets	1,142,878	1,142,878	-	-
Investments in Subsidiaries	-	-	3,750,359	3,750,359
Investments in Associates	106,674	106,476	102,000	102,000
Investments in Joint Venture	113,344	163,547	-	-
Financial Assets Measured at Fair Value Through OCI	24,640	24,554	21,942	20,700
Deferred Tax Assets	-	-	282,924	282,924
<b>Total Non - Current Assets</b>	<b>12,201,663</b>	<b>12,334,941</b>	<b>5,007,888</b>	<b>5,017,077</b>
Inventories	5,128,759	3,710,372	1,251,036	909,598
Trade and Other Receivables	4,651,763	4,905,619	595,671	820,277
Amounts Due from Related Parties - Trade	6,265	15,120	60,931	6,910
Amounts Due from Related Parties - Non Trade	481,975	366,714	816,575	779,136
Loans Due from Related Parties	155,043	155,043	208,053	208,053
Income Tax Recoverable	67,203	69,057	24,465	24,465
Investments Classified as Fair Value Through Profit or Loss	19,164	49,066	19,164	29,479
Bank & Cash Balances	578,138	687,192	76,427	81,717
Asset Held For Sale	30,000	30,000	30,000	30,000
<b>Total Current Assets</b>	<b>11,118,310</b>	<b>9,988,183</b>	<b>3,082,322</b>	<b>2,889,635</b>
<b>Total Assets</b>	<b>23,319,973</b>	<b>22,323,124</b>	<b>8,090,210</b>	<b>7,906,712</b>
<b>EQUITY</b>				
Stated Capital	1,282,697	1,282,697	1,282,697	1,282,697
Other Capital Reserves	4,833	4,833	-	-
Revaluation Reserve	2,306,274	2,306,274	469,079	469,079
FVTOCI Reserve	(13,173)	(13,363)	(7,302)	(8,542)
Retained Earnings/(Accumulated Losses)	(1,185,692)	(1,752,424)	(334,576)	(480,714)
<b>Equity attributable to Owners of the Company</b>	<b>2,394,939</b>	<b>1,828,017</b>	<b>1,409,898</b>	<b>1,262,520</b>
Non-Controlling Interests	3,051,602	3,064,547	-	-
<b>Total Equity</b>	<b>5,446,541</b>	<b>4,892,564</b>	<b>1,409,898</b>	<b>1,262,520</b>
<b>LIABILITIES</b>				
Interest Bearing Borrowings	3,763,226	3,833,522	1,585,321	1,480,974
Lease Liabilities	109,883	114,280	13,871	15,525
Deferred Income	621	706	-	-
Deferred Tax Liabilities	514,675	539,886	-	-
Retirement Benefit Obligations	277,224	284,604	108,082	105,960
<b>Total Non - Current Liabilities</b>	<b>4,665,629</b>	<b>4,772,998</b>	<b>1,707,274</b>	<b>1,602,459</b>
Interest Bearing Borrowings	7,609,759	7,030,577	2,585,788	2,366,081
Lease Liabilities	68,086	61,929	10,701	11,200
Loans Payable to Related Parties	222,295	210,745	514,164	514,164
Trade and Other Payables	3,448,645	3,779,204	850,325	1,173,838
Amounts Due to Related Parties - Trade	-	-	1,220	2,087
Amounts Due to Related Parties Non - Trade	610,571	402,791	644,534	636,391
Income Tax Payable	271,810	204,439	-	-
Bank Overdraft	976,637	967,877	366,306	337,972
<b>Total Current Liabilities</b>	<b>13,207,803</b>	<b>12,657,562</b>	<b>4,973,038</b>	<b>5,041,733</b>
<b>Total Liabilities</b>	<b>17,873,432</b>	<b>17,430,560</b>	<b>6,680,312</b>	<b>6,644,192</b>
<b>Total Equity and Liabilities</b>	<b>23,319,973</b>	<b>22,323,124</b>	<b>8,090,210</b>	<b>7,906,712</b>
<b>Net Assets per Share (Rs.)</b>	<b>46.53</b>	<b>35.52</b>	<b>27.39</b>	<b>24.53</b>

I certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act. No. 07 of 2007.

Sgd.

**S.A.S. Asiri**  
Assistant General Manager- Finance

The Directors are responsible for the preparation and presentation of these Financial Statements.  
Approved and signed for and on behalf of the Board of Directors of Lankem Ceylon PLC.

Sgd.

**Mr. Suren Goonewardene**  
Managing Director  
Colombo  
12th August 2022

Sgd.

**Mr. S.D.R.Arudpragasam**  
Chairman

**LANKEM CEYLON PLC**

*Company No. PQ 128*

<b>STATEMENT OF CHANGES IN EQUITY</b>									
<b>Equity Attributable to Equity Holders of the Parent</b>									
<i>Consolidated</i>	Stated Capital Rs. '000	Other Capital Reserves Rs. '000	FVTOCI Reserves Rs. '000	Revaluation Reserves Rs. '000	Retained Profit/(Loss) Rs. '000	Total Rs. '000	Non-controlling Interest Rs. '000	Total Rs. '000	
Balance as at 1st April 2022	1,282,697	4,833	(13,363)	2,306,274	(1,752,424)	1,828,017	3,064,547	4,892,564	
Profit / (Loss) for the Period	-	-	-	-	566,732	566,732	(12,838)	553,894	
Other Comprehensive Income for the Period	-	-	190	-	-	190	(107)	83	
<b>Balance as at 30th June 2022</b>	<b>1,282,697</b>	<b>4,833</b>	<b>(13,173)</b>	<b>2,306,274</b>	<b>(1,185,692)</b>	<b>2,394,939</b>	<b>3,051,602</b>	<b>5,446,541</b>	
Balance as at 1st April 2021	930,346	4,833	(18,584)	2,341,192	(2,254,731)	1,003,056	2,898,540	3,901,596	
Issue of Shares	352,351	-	-	-	-	352,351	-	352,351	
Loss for the Period	-	-	-	-	(55,329)	(55,329)	(16,482)	(71,811)	
Other Comprehensive Income/( Expenses) for the Period	-	-	1,907	-	77	1,984	2	1,986	
<b>Balance as at 30th June 2021</b>	<b>1,282,697</b>	<b>4,833</b>	<b>(16,677)</b>	<b>2,341,192</b>	<b>(2,309,983)</b>	<b>1,302,062</b>	<b>2,882,060</b>	<b>4,184,122</b>	
<hr/>									
<b>Company</b>									
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Balance as at 1st April 2022				1,282,697	(8,542)	469,079	(480,714)	1,262,520	
Profit for the Period				-	-	-	146,138	146,138	
Other Comprehensive Income for the Period				-	1,240	-	-	1,240	
<b>Balance as at 30th June 2022</b>				<b>1,282,697</b>	<b>(7,302)</b>	<b>469,079</b>	<b>(334,576)</b>	<b>1,409,898</b>	
Balance as at 1st April 2021				930,346	(12,854)	867,303	(1,073,659)	711,136	
Issue of Shares				352,351	-	-	-	352,351	
Loss for the Period				-	-	-	(54,692)	(54,692)	
Other Comprehensive Income for the Period				-	1,736	-	-	1,736	
<b>Balance as at 30th June 2021</b>				<b>1,282,697</b>	<b>(11,118)</b>	<b>867,303</b>	<b>(1,128,351)</b>	<b>1,010,531</b>	

<b>STATEMENT OF CASH FLOWS</b>				
	Consolidated		Company	
	2022	2021	2022	2021
<b>For the Period Ended 30th June</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
<b>Cash Flows from Operating Activities</b>				
Profit / (Loss) before Tax	700,576	(31,877)	146,138	(54,692)
<b>Adjustments for :</b>				
Depreciation / Amortization on Property, Plant & Equipment	103,446	104,964	12,331	14,017
Amortization of Right of Use Assets	3,320	2,865	3,320	2,572
Dividend Income	-	(1,658)	-	(1,658)
Loss/(Gain) on Disposals of FVTPL Investments	-	(192)	-	(27)
Interest Expense	461,431	224,596	190,744	130,768
Amortization of Deferred Income	(85)	(93)	-	-
(Gain) / Loss on Disposal of Property, Plant & Equipment	(12,156)	(3,884)	(56)	(3,975)
Exchange Loss/(Gain)	207,024	588	63,460	1,489
Interest Income	(14,718)	(14,018)	(42,106)	(24,783)
Provision for Retirement Benefit Obligation	14,891	13,739	5,100	4,655
Fair value (Gain) / Loss on Financial Assets Measured at FVTPL	10,315	(4,677)	10,315	(4,677)
Share of Loss/ (Profit) of Associates	(198)	759	-	-
Share of Loss/ (Profit) of Joint Venture	50,203	20,688	-	-
Provision for Impairment of Trade Receivable	23,541	12,204	5,826	3,798
Provision for Obsolete Inventories	16,575	16,117	14,043	5,845
<b>Operating Profit/ (Loss) before Working Capital Changes</b>	<b>1,564,165</b>	<b>340,122</b>	<b>409,115</b>	<b>73,332</b>
(Increase) / Decrease in Inventories	(1,434,962)	238,264	(355,481)	(202,418)
(Increase) / Decrease in Trade and Other Receivables	230,315	268,608	218,780	284,853
(Increase) / Decrease in Amounts due from Related Parties	(106,406)	(55,529)	(58,299)	(9,240)
Increase / (Decrease) in Trade and Other Payables	(330,559)	(267,134)	(387,742)	(29,068)
Increase / (Decrease) in Amounts due to Related Parties	207,780	(409,417)	(13,105)	(27,434)
<b>Cash generated from Operations</b>	<b>130,333</b>	<b>114,914</b>	<b>(186,733)</b>	<b>90,025</b>
Income Tax Paid	(77,457)	(41,332)	-	-
Interest Paid	(363,195)	(196,538)	(173,269)	(113,978)
Gratuity Paid	(10,248)	(5,313)	(2,978)	(4,481)
<b>Net Cash used in Operating Activities</b>	<b>(320,567)</b>	<b>(128,270)</b>	<b>(362,980)</b>	<b>(28,434)</b>
<b>Cash Flows from Investing Activities</b>				
Purchase & Construction of Property, Plant & Equipment	(26,651)	(58,775)	(5,307)	(8,955)
Proceeds from Disposal of Financial Assets measured at FVOCI	-	190	-	-
Interest Received	14,718	6,476	32	1
Dividends Received	-	1,658	-	1,658
Proceeds on Disposal of Property, Plant & Equipment	-	4,959	30	4,959
Proceeds on Disposal of Financial Assets measured at FVTPL	19,585	8,083	-	8,110
Investment in Financial Assets measured at FVOCI	-	(232)	(164)	-
Net Proceeds from Disposal of Investments classified as FVOCI	5,190	-	-	-
<b>Net Cash generated from / (used in) Investing Activities</b>	<b>12,842</b>	<b>(37,641)</b>	<b>(5,409)</b>	<b>5,773</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from Rights Issue of Shares	-	352,351	-	352,351
Proceeds from Long Term Loans	265,668	425,036	201,000	316,906
Repayment of Long Term Loans and Lease Liabilities	(143,573)	(211,654)	(54,453)	(137,044)
Net Lease Payment	(2,898)	(3,060)	(2,898)	(3,060)
Net Movement in Short Term Borrowings	59,164	(81,885)	191,115	(77,467)
Loans Obtained from Related Parties	11,550	-	-	-
Settlement of Loans Obtained from Related Parties	-	-	-	(26,926)
<b>Net Cash generated from / (used in) Financing Activities</b>	<b>189,911</b>	<b>480,788</b>	<b>334,764</b>	<b>424,760</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(117,814)</b>	<b>314,877</b>	<b>(33,624)</b>	<b>402,099</b>
Cash & Cash Equivalents at the beginning of the Year	(280,685)	(415,903)	(256,255)	(244,970)
<b>Cash &amp; Cash Equivalents at the end of the Period</b>	<b>(398,499)</b>	<b>(101,026)</b>	<b>(289,879)</b>	<b>157,129</b>
<b>Analysis of Cash &amp; Cash Equivalents at the end of the Period</b>				
Cash in Hand & Bank	578,138	932,588	76,427	497,253
Bank & Other Borrowings	(976,637)	(1,033,614)	(366,306)	(340,124)
	<b>(398,499)</b>	<b>(101,026)</b>	<b>(289,879)</b>	<b>157,129</b>

# LANKEM CEYLON PLC

*Company No. PQ 128*

## OPERATING SEGMENT INFORMATION

Information based on the Group's Operating Segments

### Segment Revenue - Consolidated

<i>For the Period Ended 30th June</i>	Segment Revenue	
	2022	2021
	Rs.'000	Rs.'000
Consumer	1,774,749	1,018,234
Industrial	5,706,733	3,343,285
Leisure	195,172	127,798
Less-Inter Segment Revenue	(98,780)	(46,774)
	<b>7,577,874</b>	<b>4,442,543</b>

### Segment Results - Consolidated

<i>For the Period Ended 30th June</i>	Operating Profit/( Loss)		Net Finance Cost		Profit /(Loss) before Tax	
	2022	2021	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Consumer	652,436	49,800	(38,723)	(9,456)	613,713	40,344
Industrial	805,315	179,441	(371,814)	(160,647)	433,501	18,794
Leisure	(100,343)	(49,022)	(211,801)	(28,460)	(362,347)	(98,170)
Others	46,911	20,517	(31,400)	(12,603)	15,709	7,155
	<b>1,404,319</b>	<b>200,736</b>	<b>(653,738)</b>	<b>(211,166)</b>	<b>700,576</b>	<b>(31,877)</b>

**LANKEM CEYLON PLC**  
*Company No. PQ 128*

*Notes to the Financial Statements*

- 1 The Interim Financial Statements have been prepared in accordance with the accounting policies set out in the audited Financial Statements for the year ended 31st March 2021.
- 2 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.
- 3 Subsequent to the reporting period, no circumstances have arisen that would require adjustments to or disclosures in the financial statements other than those disclosed below.  
ACME Printing and Packaging PLC, a subsidiary of the Company made a Rights Issue, for which the Company did not subscribe. Accordingly, the Company's equity stake in ACME Printing and Packaging PLC was reduced to 25.1% subsequent to the Rights Issue of Shares. However, acting in concert with E.B. Creasy & Company PLC, the holding in ACME Printing and Packaging PLC stands at 82.72% after the Rights Issue.
- 4 There has been no significant change in the nature of the contingent liabilities which were disclosed in the audited financial statements for the year ended 31st March 2021 other than disclosed below:  
The Company executed corporate guarantees for Rs.682 Mn on behalf of related Companies for its banking facilities and the previously issued corporate guarantees for a value of Rs.981.9 Mn was revoked.
- 5 The figures in the Financial Statements are provisional and subject to audit.

**LANKEM CEYLON PLC***Company No. PQ 128**Notes to the Financial Statements*

## 6 Share Information

<b>As at 30th June</b>	<b>2022</b>	<b>2021</b>
Stated Capital (Rs.'000)	1,282,697	1,282,697
Number of Ordinary Shares (Voting) Issued	51,470,757	51,470,757

## 7 Market Price recorded during the quarter

	<b>30.06.2022</b>	<b>30.06.2021</b>
	<b>Rs.</b>	<b>Rs.</b>
Highest	33.80	33.10
Lowest	19.50	20.10
Last traded price	20.50	21.50

## 8 Directors direct shareholdings as at 30.06.2022

<b><u>Name of Director</u></b>	<b><u>No. of Shares</u></b>
Mr. Anushman Rajaratnam	109,987

# LANKEM CEYLON PLC

Company No. PQ 128

## Notes to the Financial Statements

9 The Percentage of Shares held by the Public as at 30.06.2022 was 13.38%.

10 The applicable option under Colombo Stock Exchange Rule 7.14.1 on Minimum Public Holding is Option 2 and the Float Adjusted Market Capitalization as at 30.06.2022 was Rs.144.6 Mn.

11 The number of Public Shareholders as at 30.06.2022 were 2,018.

12. The Twenty Major Shareholders as at 30.06.2022 were as follows:

<i>Name of Shareholders</i>	<b><u>No. of Shares</u></b>	<b><u>%</u></b>
The Colombo Fort Land and Building PLC	30,980,000	60.19
Amana Bank PLC/E.B. Creasy & Company PLC	9,011,079	17.51
Associated Electrical Corporation Ltd	1,507,877	2.93
Colombo Fort Investments PLC	990,673	1.92
E.B. Creasy & Company PLC	713,556	1.39
Hatton National Bank PLC/Subramaniam Vasudevan	614,107	1.19
Darley Butler & Company Ltd	536,614	1.04
Acuity Partners (Pvt) Limited/Colombo Investment Trust PLC	450,000	0.87
Guardian Asset Management Ltd	400,300	0.78
Seylan Bank PLC/Senthilverl Holdings (Pvt) Ltd	354,433	0.69
Sri Lanka Insurance Corporation Ltd-General Fund	306,169	0.59
Acuity Partners (Pvt) Limited/Colombo Fort Investments PLC	300,000	0.58
Capital Investments Limited	274,000	0.53
Hatton National Bank PLC/Sri Dhaman Rajendram Arudpragasam	250,000	0.49
Union Investments (Private) Ltd	222,800	0.43
Seylan Bank PLC/Mohamed Mushtaq Fuad	163,632	0.32
C M Holdings PLC	160,000	0.31
People's Leasing & Finance PLC/Hi Line Trading (Pvt) Ltd	151,767	0.29
A E C Properties ( Pvt ) Ltd.	150,000	0.29
Amana Bank PLC/Hi-Line Trading Pvt Ltd	139,327	0.27
	<b><u>47,676,334</u></b>	<b><u>92.61</u></b>