

LANKEM CEYLON PLC

Company No. PQ 128

INTERIM FINANCIAL STATEMENTS

For The Period Ended 31st December 2021

LANKEM CEYLON PLC
Company No. PQ 128

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - CONSOLIDATED							
	Quarter Ended 31.12.2021 Rs.'000	Quarter Ended 31.12.2020 Rs.'000	Variance %	Nine Months Ended 31.12.2021 Rs.'000	Nine Months Ended 31.12.2020 Rs.'000	Variance %	
Revenue	5,318,315	4,395,859	+ 21	15,013,310	12,163,379	+ 23	
Cost of Sales	(4,175,584)	(3,503,034)	- 19	(12,140,058)	(9,951,262)	- 22	
Gross Profit	<u>1,142,731</u>	<u>892,825</u>	+ 28	<u>2,873,252</u>	<u>2,212,117</u>	+ 30	
Other Income	67,227	47,311	+ 42	202,557	140,069	+ 45	
Distribution Expenses	(348,716)	(289,307)	- 21	(890,175)	(787,778)	- 13	
Administration Expenses	(511,848)	(400,379)	- 28	(1,384,941)	(1,225,002)	- 13	
Share of Profit/(Loss) from Joint Venture	15,499	(1,347)	+ (1,251)	(21,661)	(48,345)	+ 55	
Share of Profit/(Loss) from Associates	1,535	1,157	+ 33	1,535	1,735	- 12	
Net Finance Costs	(199,964)	(219,654)	+ 9	(618,234)	(747,445)	+ 17	
Profit / (Loss) before Tax	<u>166,464</u>	<u>30,606</u>	+ 444	<u>162,333</u>	<u>(454,649)</u>	+ 136	
Tax Expense	(57,605)	(44,573)	- 29	(144,182)	(98,787)	- 46	
Profit / (Loss) for the period	<u>108,859</u>	<u>(13,967)</u>	+ 879	<u>18,151</u>	<u>(553,436)</u>	+ 103	
Other Comprehensive Income/ (Expense)							
Gain/(Loss) on Financial Assets designated at Fair Value through							
Other Comprehensive Income	31,241	2,780	+ (1,024)	35,365	17,013	+ 108	
Actuarial Gain/ (Loss) on Defined Benefit Obligations	-	(248)	+ 100	(659)	326	- 302	
Revaluation Surplus	-	-	- 100	-	859,164	- 100	
Tax Effect on Components of OCI	-	-	-	-	(168,414)	+ 100	
Other Comprehensive Income/ (Expense) for the Period, net of Tax	<u>31,241</u>	<u>2,532</u>		<u>34,706</u>	<u>708,089</u>		
Total Comprehensive Income/ (Expense)	<u>140,100</u>	<u>(11,435)</u>	+ 1,325	<u>52,857</u>	<u>154,653</u>	- 66	
Profit/ (Loss) Attributable to							
Owners of the Company	88,661	(7,777)	+ 1,240	(3,084)	(424,599)	+ 99	
Non-Controlling Interests	<u>20,198</u>	<u>(6,190)</u>	+ 426	<u>21,235</u>	<u>(128,837)</u>	- 116	
	<u>108,859</u>	<u>(13,967)</u>	+ 879	<u>18,151</u>	<u>(553,436)</u>	+ 103	
Total Comprehensive Income/ (Expense) Attributable to							
Owners of the Company	119,766	(5,245)	+ 2,383	31,480	31,683	- 1	
Non-Controlling Interests	<u>20,334</u>	<u>(6,190)</u>	+ 428	<u>21,377</u>	<u>122,970</u>	- 83	
	<u>140,100</u>	<u>(11,435)</u>	+ 1,325	<u>52,857</u>	<u>154,653</u>	- 66	
Earnings/ (Loss) per Share (Rs.)	1.89	(0.23)	+ 922	(0.07)	(12.54)	+ 99	

LANKEM CEYLON PLC

Company No. PQ 128

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - COMPANY						
	Quarter Ended 31.12.2021 Rs.'000	Quarter Ended 31.12.2020 Rs.'000	Variance %	Nine Months Ended 31.12.2021 Rs.'000	Nine Months Ended 31.12.2020 Rs.'000	Variance %
Revenue	1,430,804	904,474	+ 58	3,118,171	2,356,578	+ 32
Cost of Sales	(990,774)	(678,074)	- 46	(2,227,042)	(1,789,980)	- 24
Gross Profit	440,030	226,400	+ 94	891,129	566,598	+ 57
Other Income	59,026	9,387	+ 529	235,904	48,819	+ 383
Distribution Expenses	(158,825)	(90,144)	- 76	(364,463)	(258,472)	- 41
Administration Expenses	(107,682)	(63,433)	- 70	(252,310)	(194,759)	- 30
Other Expenses	(31,789)	-	- 100	(31,789)	-	- 100
Net Finance Cost	(61,742)	(102,858)	+ 40	(262,545)	(355,504)	+ 26
Profit / (Loss) before Tax	139,018	(20,648)	+ 773	215,926	(193,318)	+ 212
Tax Expense	-	-	- 100	-	-	- 100
Profit / (Loss) for the Period	139,018	(20,648)	+ 773	215,926	(193,318)	+ 212
Other Comprehensive Income/ (Expenses)						
Gain/(Loss) on Financial Assets designated at Fair Value through Other Comprehensive Income	30,755	2,612	+ 1,077	34,724	16,275	+ 113
Revaluation Surplus	-	-	-	-	176,069	- 100
Tax Effect on Components of OCI	-	-	-	-	(49,299)	+ 100
Other Comprehensive Income for the Period, Net of Tax	30,755	2,612	+ 1,077	34,724	143,045	- 76
Total Comprehensive Income/ (Expense)	169,773	(18,036)	+ 1,041	250,650	(50,273)	+ 599
Profit Attributable to						
Owners of the Company	139,018	(20,648)	+ 773	215,926	(193,318)	+ 212
Non-Controlling Interests	-	-	-	-	-	-
	139,018	(20,648)	+ 773	215,926	(193,318)	+ 212
Total Comprehensive Income Attributable to						
Owners of the Company	169,773	(18,036)	+ 1,041	250,650	(50,273)	+ 599
Non-Controlling Interests	-	-	-	-	-	-
	169,773	(18,036)	+ 1,041	250,650	(50,273)	+ 599
Earnings / (Loss) per Share (Rs.)	2.96	(0.61)	+ 585	4.60	(5.71)	+ 181

LANKEM CEYLON PLC
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STATEMENT OF FINANCIAL POSITION				
	Consolidated		Company	
	As at 31.12.2021	As at 31.03.2021	As at 31.12.2021	As at 31.03.2021
	Rs.'000	Rs.'000 Audited	Rs.'000	Rs.'000 Audited
ASSETS				
Property, Plant & Equipment	8,005,580	9,143,753	824,767	1,277,360
Investment Properties	951,528	520,813	-	182,304
Right of Use Assets	211,484	243,813	42,333	44,754
Intangible Assets	841,154	841,154	-	-
Investments in Subsidiaries	-	-	3,465,407	3,497,196
Investments in Associates	103,542	102,007	102,000	102,000
Investments in Joint Venture	269,485	291,146	-	-
Financial Assets Measured at Fair Value Through OCI	100,611	18,845	97,284	16,390
Deferred Tax Assets	-	-	287,679	287,679
Total Non - Current Assets	10,483,384	11,161,531	4,819,470	5,407,683
Inventories	3,045,741	3,405,296	804,020	730,800
Trade and Other Receivables	3,936,632	4,273,737	860,340	890,278
Amounts Due from Related Parties - Trade	17,146	17,274	4,646	6,501
Amounts Due from Related Parties - Non Trade	452,250	344,896	832,536	692,845
Loans Due from Related Parties	155,043	261,706	208,053	314,716
Income Tax Recoverable	62,229	66,875	24,465	24,465
Investments Classified as Fair Value Through Profit or Loss	53,935	40,376	53,936	40,376
Bank & Cash Balances	838,537	536,899	115,327	123,503
Asset Held For Sale	60,000	60,000	60,000	60,000
Total Current Assets	8,621,513	9,007,059	2,963,323	2,883,484
Total Assets	19,104,897	20,168,590	7,782,793	8,291,167
EQUITY				
Stated Capital	1,282,697	930,346	1,282,697	930,346
Other Capital Reserves	4,833	4,833	-	-
Revaluation Reserve	1,931,838	2,341,192	464,315	867,303
FVTOCI Reserve	16,639	(18,584)	21,870	(12,854)
Retained Earnings/(Accumulated Losses)	(1,849,120)	(2,254,731)	(454,745)	(1,073,659)
Equity attributable to Owners of the Company	1,386,887	1,003,056	1,314,137	711,136
Non-Controlling Interests	2,807,639	2,898,540	-	-
Total Equity	4,194,526	3,901,596	1,314,137	711,136
LIABILITIES				
Interest Bearing Borrowings	3,540,230	4,127,341	1,585,854	2,428,020
Lease Liabilities	158,308	193,576	19,644	21,126
Deferred Income	1,624	1,755	-	-
Deferred Tax Liabilities	327,242	329,157	-	-
Retirement Benefit Obligations	383,998	371,330	145,466	143,493
Total Non - Current Liabilities	4,411,402	5,023,159	1,750,964	2,592,639
Interest Bearing Borrowings	5,792,072	5,296,446	2,148,958	2,569,798
Lease Liabilities	66,677	50,770	11,615	10,161
Loans Payable to Related Parties	205,245	240,039	575,164	317,490
Trade and Other Payables	2,915,859	3,782,311	1,019,278	1,085,754
Amounts Due to Related Parties - Trade	-	-	2,019	1,084
Amounts Due to Related Parties Non - Trade	480,580	821,514	648,847	636,533
Income Tax Payable	144,987	101,853	-	-
Bank Overdraft	893,549	950,902	311,811	366,572
Total Current Liabilities	10,498,969	11,243,835	4,717,692	4,987,392
Total Liabilities	14,910,371	16,266,994	6,468,656	7,580,031
Total Equity and Liabilities	19,104,897	20,168,590	7,782,793	8,291,167
Net Assets per Share (Rs.)	26.95	29.63	25.53	21.01

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

Sgd.
Sashi Jayakody
Financial Controller

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
09th February 2022

Sgd.
Mr. S. D. R. Arudpragasam
Director

LANKEM CEYLON PLC

Company No. PQ 128

CASH FLOW STATEMENT	Consolidated		Company	
	2021	2020	2021	2020
For the Nine Months ended 31st December	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash Flows from Operating Activities				
Profit / (Loss) before Tax	162,333	(454,649)	215,926	(193,318)
Adjustments for :				
Depreciation / Amortization on Property, Plant & Equipment	337,369	332,568	50,682	56,449
Dividend Income	(1,520)	(377)	(191,242)	(377)
Loss/(Gain) on Disposals of FVTPL Investments	(1,063)	(21,458)	(882)	(21,458)
Loss/(Gain) on Disposal of FVOCI Investments	-	-	-	(19,796)
Interest Expense	677,305	822,014	368,571	484,433
Amortization of Grant	(131)	(2,192)	-	-
(Gain) / Loss on Disposal of Property, Plant & Equipment	19,085	(16,891)	(23,966)	(5,180)
Exchange Loss/(Gain)	6,204	(20,979)	-	-
Interest Income	(65,275)	(53,590)	(75,089)	(20,979)
Provision for Retirement Benefit Obligation	42,628	30,433	14,838	13,697
Write back of Creditors	(41)	-	-	-
Share of Loss/ (Profit) of Associates	(1,535)	(1,735)	-	(86,464)
Share of Loss/ (Profit) of Joint Venture	21,661	48,345	-	-
Provision for Impairment of Investments Subsidiaries	-	-	31,789	-
Provision for Impairment of Trade Receivable	47,162	48,386	11,394	10,230
Provision/ (Reversals) for Obsolete Inventories	34,776	(7,661)	17,835	15,187
Provision for Impairment of ESC /NBT Recoverable	14,430	-	14,430	-
Fair value (Gain) / Loss on investments classified as FVTPL	(21,642)	-	(21,642)	-
Operating Profit/ (Loss) before Working Capital Changes	1,271,746	702,214	412,644	232,424
(Increase) / Decrease in Inventories	324,779	(40,958)	(91,055)	(11,159)
(Increase) / Decrease in Trade and Other Receivables	408,362	145,061	136,967	(53,602)
(Increase) / Decrease in Amounts due from Related Parties	(107,226)	119,152	(86,131)	33,604
Increase / (Decrease) in Trade and Other Payables	(866,411)	963,813	(67,981)	224,331
Increase / (Decrease) in Amounts due to Related Parties	(458,934)	(178,805)	(8,101)	20,389
Cash generated from Operations	572,316	1,710,477	296,343	445,987
Income Tax Paid	(133,376)	(120,604)	-	-
Interest Paid	(565,509)	(737,665)	(320,158)	(345,521)
Gratuity Paid	(17,081)	(61,922)	(12,865)	(45,273)
Net Cash used in Operating Activities	(143,650)	790,286	(36,680)	55,193
Cash Flows from Investing Activities				
Purchase & Construction of Property, Plant & Equipment	(244,456)	(223,447)	(18,907)	(6,449)
Proceeds on Disposal of Subsidiaries	-	65,831	-	65,831
Proceeds from Disposal of Financial Assets measured at FVOCI	-	38,350	-	16,374
Interest Received	19,129	21,909	1,640	13
Dividends Received	1,520	377	191,242	377
Proceeds on Disposal of Property, Plant & Equipment	642,524	19,507	635,851	7,684
Investment in Subsidiaries	-	(268)	-	(268)
Proceeds on Disposal of Financial Assets measured at FVTPL	11,310	-	11,310	-
Investment in Financial Assets measured at FVOCI	(48,486)	-	(48,486)	(11)
Cash paid for Mandatory Offer	(132,849)	-	(132,849)	-
Acquisition of Intangible Assets	-	(1,366)	-	-
Net Cash generated from / (used in) Investing Activities	248,692	(79,107)	639,801	83,551
Cash Flows from Financing Activities				
Proceeds from Rights Issue of Shares	352,351	-	352,351	-
Dividend Paid	(112,278)	-	-	-
Proceeds from Long Term Loans	1,184,924	664,105	570,752	52,038
Repayment of Long Term Loans and Lease Liabilities	(1,768,322)	(431,781)	(1,600,302)	(103,951)
Net Movement in Short Term Borrowings	471,012	(543,992)	(243,673)	161,357
Loans Obtained from Related Parties	19,600	19,001	426,000	15,000
Settlement of Loans Obtained from Related Parties	-	(72,631)	(168,326)	(72,631)
Settlement of Loans Granted to Related Parties	106,662	-	106,662	-
Net Cash generated from / (used in) Financing Activities	253,949	(365,298)	(556,536)	51,813
Net Increase/ (Decrease) in Cash & Cash Equivalents	358,991	345,880	46,585	190,557
Cash & Cash Equivalents at the beginning of the Period	(414,003)	(677,016)	(243,069)	(368,155)
Cash & Cash Equivalents at the end of the Period	(55,012)	(331,136)	(196,484)	(177,598)
Analysis of Cash & Cash Equivalents at the end of the Period				
Cash in Hand & Bank	838,537	435,279	115,327	83,036
Bank & Other Borrowings	(893,549)	(766,415)	(311,811)	(260,634)
	(55,012)	(331,136)	(196,484)	(177,598)

LANKEM CEYLON PLC

Company No. PQ 128

OPERATING SEGMENT INFORMATION

Information based on the Group's Operating Segments

Segment Revenue - Consolidated

	Segment Revenue	
	2021	2020
<i>For the Period Ended 31st December</i>	Rs.'000	Rs.'000
Consumer	7,856,029	6,567,246
Industrial	6,871,505	5,474,474
Leisure	407,359	223,703
Less-Inter Segment Revenue	(121,583)	(102,044)
	15,013,310	12,163,379

Segment Results - Consolidated

	Operating Profit		Finance Cost		Profit/(Loss) before Tax	
	2021	2020	2021	2020	2021	2020
<i>For the Period Ended 31st December</i>	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Consumer	433,179	235,529	(84,237)	(89,412)	348,942	146,118
Industrial	546,972	385,917	(405,486)	(541,307)	121,360	(251,082)
Leisure	(142,060)	(278,958)	(78,238)	(69,212)	(241,959)	(348,170)
Others	(37,398)	(3,082)	(50,273)	(47,514)	(66,010)	(1,515)
	800,693	339,406	(618,234)	(747,445)	162,333	(454,649)

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.

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.492.4 Mn on behalf of related Companies for its banking facilities and the previously issued corporate guarantees for a value of Rs.827 Mn was revoked.

5 Mandatory Offer by the Company to Purchase the Remaining Ordinary Voting Shares of ACME Printing and Packaging PLC

Lankem Ceylon PLC acquired 3,235,795 shares constituting 7.86% of the total number of Ordinary Voting shares in issue of ACME Printing & Packaging PLC (ACME) as at 16th September 2021.

Subsequent to the purchase of 8,000,000 Ordinary Voting shares of ACME by E B Creasy & Company PLC on the 7th September 2021, Lankem Ceylon PLC and Parties Acting in Concert namely E B Creasy & Company PLC, Mr. S.D.R. Arudpragasam, Union Commodities (Pvt) Ltd, Colombo Fort Investments PLC, The Colombo Fort Land & Building PLC and Colombo Investment Trust PLC together held more than 30% of the shareholding in ACME. As at 16th September 2021 Lankem Ceylon PLC and parties Acting in Concert held 13,240,084 Ordinary Voting shares in ACME constituting 32.17% of the shares in issue.

Accordingly, Lankem Ceylon PLC made a Mandatory Offer to purchase 27,921,829 Ordinary voting shares constituting 67.83% of shares in issue of ACME at an offer price of Rs. 12.20 per share. The Offer opened on 28.10.2021 and closed on 24th of November 2021.

In terms of Rule 24 of the Takeover and Mergers Code an Announcement dated 25.11.2021 was made to the Colombo Stock Exchange on the level of acceptances received.

Of the total for which acceptances of the Offer which had been received (as notified in the aforesaid Announcement), payments have been made by the Company as at 31.12.2021 in respect of 10,894,377 shares representing 26.45% of the Issued Shares of ACME (for which complete and valid acceptances were received) and the said shares are pending Registration in favour of the Company.

As at the end of the quarter the Company's owned a 10.37% equity stake (i.e. registered shareholding percentage) in ACME and same was recorded as Financial Assets Measured at fair value Through Other Comprehensive Income.

6 The figures in the Financial Statements are provisional and subject to audit.

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

7 Share Information

As at 31st December	2021	2020
Stated Capital (Rs.'000)	1,282,697	930,346
Number of Ordinary Shares (Voting) Issued	51,470,757	33,853,200

8 Market Price recorded during the quarter

	31.12.2021	31.12.2020
	Rs.	Rs.
Highest	54.00	44.50
Lowest	23.10	27.50
Last traded price	47.80	33.00

9 Directors direct shareholdings as at 31.12.2021

<u>Name of Director</u>	<u>No. of Shares</u>
Mr. S. D. R. Arudpragasam	250,000
Mr. Anushman Rajaratnam	109,987

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Notes to the Financial Statements

- 10 The Percentage of Shares held by the Public as at 31.12.2021 was 13.47%.
- 11 The applicable option under Colombo Stock Exchange Rule 7.13.1 on Minimum Public Holding is Option 2 and the Float Adjusted Market Capitalization as at 31.12.2021 was Rs.331.4 Mn.
- 12 The number of Public Shareholders as at 31.12.2021 were 1,993.

<i>Name of Shareholders</i>	<u>No. of Shares</u>	<u>%</u>
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	966,300	1.88
E.B. Creasy & Company PLC	713,556	1.39
Hatton National Bank PLC/Subramaniam Vasudevan	615,107	1.20
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
Mr. Sri Dhaman Rajendram Arudpragasam	250,000	0.49
Seylan Bank PLC/Mohamed Mushtaq Fuad	207,147	0.40
Union Investments Private Ltd	195,625	0.38
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
	<u>47,669,301</u>	<u>92.61</u>