

LANKA IOC PLC

FINANCIAL STATEMENTS - 30 SEP 2018



LANKA IOC PLC

INTERIM FINANCIAL STATEMENTS - 30TH SEP 2018

CONTENTS

STATEMENT OF FINANCIAL POSITION

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF CHANGES IN EQUITY

CASH FLOW STATEMENT

NOTES TO THE FINANCIAL STATEMENTS



Lanka IOC PLC

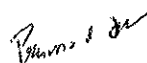
Statement of Financial Position

(all amounts in Sri Lanka Rupees 000's)

	Note	30 Sep 2018	31 March 2018
Assets			
Non-current assets			
Property, plant and equipment		4,321,751	4,268,729
Long term Investment -CPSTL		4,394,000	4,394,000
Intangible assets		675,691	675,966
Other Receivables		119,939	106,450
		9,511,381	9,445,145
Current assets			
Inventories		18,832,897	10,110,006
Trade and other receivables		4,552,700	4,551,221
IncomeTax Receivable		369,697	445,475
Short term investments		6,732,513	7,962,438
Cash and Bank Balances		321,748	444,871
		30,809,555	23,514,011
Total assets		40,320,936	32,959,156
Equity and liabilities			
Capital & Reserves			
Stated capital		7,576,574	7,576,574
Retained earnings		11,899,617	11,792,546
		19,476,191	19,369,120
Liabilities			
Non-current liabilities			
Defined benefit obligations (Net)		962	19,902
		962	19,902
Current liabilities			
Trade and other payables		13,713,229	8,552,305
Interest Bearing Borrowings	7	7,130,554	5,017,829
		20,843,783	13,570,134
Total liabilities		20,844,745	13,590,036
Total equity and liabilities		40,320,936	32,959,156

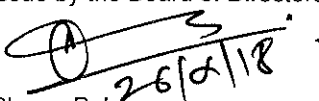
(The above figures are unaudited)


I certify that these financial statements have been prepared in compliance with the requirement of the Companies Act, No. 7 of 2007.


Pramod Jain

Senior Vice President (Finance)

The Board of Directors is responsible for these financial statements. The Financial Statements were authorised for issue by the Board of Directors on 26.10.2018


Shyam Bohra
Managing Director
Date : 26.10.2018


Prof. Lakshman R Watawala
Director
Date : 26.10.2018



Lanka IOC PLC

Statement of Comprehensive Income

(all amounts in Sri Lanka Rupees 000's)

	Three Months ended 30th Sep		Six Months ended 30th Sep	
	July-Sep 2018-19	July-Sep 2017-18	Apr-Sep 2018-19	Apr-Sep 2017-18
- Revenue	25,556,250	25,024,988	44,671,112	45,503,733
- Cost of sales	(24,022,639)	(24,226,202)	(42,012,578)	(44,033,557)
Gross profit	1,533,611	798,786	2,658,534	1,470,176
Other operating income	50,567	151,533	63,902	177,160
- Selling and Distribution Expenses	(580,170)	(751,632)	(1,040,560)	(1,398,205)
- Administrative expenses	(364,207)	(515,420)	(702,135)	(843,315)
Operating profit/(Loss)	639,801	(316,733)	979,741	(594,184)
- Finance income	155,792	235,169	280,795	442,719
- Finance costs	(546,235)	(47,998)	(730,667)	(102,733)
Profit /(Loss) before income tax	249,358	(129,562)	529,869	(254,198)
- Income tax expense	(42,046)	(47,338)	(76,695)	(57,940)
Profit/(Loss) for the period	207,312	(176,900)	453,174	(312,138)
Other Comprehensive income / (Loss)				
-Actuarial Gain/ (Loss) for the period	-	-	-	-
Tax credit/(charge) on Actuarial loss/gain	-	-	-	-
Total comprehensive Income /(Loss) for the period	207,312	(176,900)	453,174	(312,138)
Earnings per share attributable to the equity holders of the company during the period				
(expressed in LKR per share)				
Basic earnings per share	0.39	(0.33)	0.85	(0.59)
(The above figures are unaudited)				



LANKA IOC PLC

Statement of changes in equity

(all amounts in Sri Lanka Rupees in '000's)

	Stated capital	Retained earnings	Total
Balance at 1 April 2017	7,576,574	13,213,693	20,790,267
Dividend		(665,583)	(665,583)
Profit / (Loss) for the period	-	(312,138)	(312,138)
Balance at 30th Sep 2017	7,576,574	12,235,972	19,812,546
Balance at 1 April 2018	7,576,574	11,792,546	19,369,120
Dividend		(346,103)	(346,103)
Profit / (Loss) for the period		453,174	453,174
Balance at 30th Sep 2018	7,576,574	11,899,617	19,476,191

(The above figures are unaudited)



LANKA IOC PLC

CASH FLOW STATEMENT

(all amounts in Sri Lanka Rupees 000's)

FOR THE PERIOD	Apr-Sep 2018-19	Apr-Sep 2017-18
Cash Flows From/(Used in) Operating Activities		
Profit /(Loss) before Income Tax Expense	529,869	(254,198)
Adjustments For:		
Finance Income	(280,795)	(442,719)
Finance Expense	730,667	79,219
Provision/(Reversal) for Economic Service Charge	-	215,005
Dividend Income	-	(135,000)
Loss/(Gain) on Sale of Property, Plant & Equipment	(2,371)	(14,085)
Depreciation & Amortisation	195,935	171,125
Operating Profit/(Loss) before Working Capital Changes	1,173,305	(380,653)
Changes in Working Capital		
- (Increase)/ Decrease in Inventories	(8,722,891)	(5,482,645)
- (Increase)/ Decrease in Trade and Other Receivables	(14,968)	342,731
- Increase/ (Decrease) in Trade and Other Payables	5,160,924	5,283,379
Cash Generated From/(Used In) Operations	(2,403,630)	(237,188)
Income Tax paid	(915)	(315,477)
Gratuity Paid	-	(372)
Finance expenses Paid	(730,667)	(79,219)
Net Cash Generated From/(Used in) Operating Activities	(3,135,212)	(632,256)
Investing activities		
Finance Income	280,795	442,719
Dividend received -CPSTL	-	135,000
Acquisition of Property, Plant & Equipment	(249,540)	(317,460)
Proceeds on disposal of property, plant and equipment	3,227	22,408
Net Investment in Gratuity Fund	(18,940)	(65,285)
Net Cash Used In Investing Activities	15,542	217,382
Financing Activities		
Proceed from Interest bearing borrowings	23,881,391	15,284,297
Repayments of Interest bearing borrowings	(21,768,666)	(12,569,396)
Dividend Paid	(346,103)	(665,583)
Net Cash Generated From/ (Used In) Financing Activities	1,766,622	2,049,318
Net Increase/ (Decrease) In Cash and Cash Equivalents	(1,353,048)	1,634,444
Cash and cash equivalents at the beginning	8,407,309	6,975,012
Cash and cash equivalents at the end of the period	7,054,261	8,609,456
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term investments	6,732,513	8,456,655
Cash in hand and at bank	321,748	152,801
Total cash and cash equivalents	7,054,261	8,609,456

(The above figures are unaudited)



LANKA IOC PLC

Notes to the Financial Statement for the quarter ended 30th Sep 2018

1 - General Information

The Company commenced commercial operations of importing, selling and distribution of Petroleum products on 14th February 2003. The Company is a public limited liability company incorporated and domiciled in Sri Lanka. The address of its registered office is Level 20, West Tower, World Trade Centre, Colombo.

The Company has its primary listing on the Colombo Stock Exchange.

These financial statements have been approved for issue by the Board of Directors on 26th October 2018.

2 - Basis of preparation

These condensed interim financial statements of Lanka IOC PLC are for the period ended 30th Sep 2018. They have been prepared in accordance LKAS 34, Interim Financial Reporting. These interim financial statements have been prepared in accordance with those SLFRS standards and IFRIC interpretation issued and effective as at the time of preparing these statements. The condensed interim financial statements do not include all of the information required for full annual financial statements. The condensed Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31st March 2018.

3 - Accounting Policies

The Accounting policies adopted are consistent with those of the previous financial year as reported in the annual financial statements for the year ended 31st March 2018.

3.1- New standards, interpretations and amendments issued have been adopted by the Company

Following new accounting standards were issued by the Institute of Chartered Accountants of Sri Lanka which are effective w.e.f. 1st Jan, 2018 have been considered in the interim financial statement ending 30th Sep 2018.

SLFRS 15 Revenue from Contracts with Customers:

Point of Revenue Recognition:

The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Under existing practice, revenue from sale of goods is recognized generally on dispatch of goods, however, in many cases, LIOC has continuing involvement up to delivery of goods to the customer, and legal ownership is transferred only upon delivery of goods to the customer. In all such cases, the revenue is recognized by the Company when the goods are delivered and accepted by the dealer(s)/customer(s). Accordingly The Company has not identified any significant change to the revenue recognition pattern.

SLFRS 9 Financial Instruments:

The Institute of Chartered Accountant of Sri Lanka issued SLFRS 9 Financial Instruments which reflects financial instruments and replaces LKRS 39 Financial Instruments, Recognition and Measurement. The standard introduces new requirements for classification and measurement of impairment and hedge accounting. The Company has performed an assessment of all the aspects of SLFRS 9. Overall, the Company expects no significant impact on its financial position and equity.

Impairment of financial asset:

It requires the provisioning to be done using an expected credit loss model using life time expected credit losses. For the same, a provisioning matrix is used wherein the provisioning norms are being defined by the management based on the past trends of trade receivables and other financial assets becoming doubtful. Further, the Company reviews individually significant trade receivables also at each date of statement of financial position to assess whether an impairment loss should be recorded in the income statement. Accordingly, trade receivables that have been assessed individually and found not to be impaired.

4- Net assets per share have been computed based on number of shares in issues as at 31st March 2018.

5- The presentation and classification of the Financial Statements of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current year.

6- There is a disagreement on interpretation of NBT Act between Company and Inland Revenue Department. The case is pending before the Tax Appeal Commission for the assessment period Mar-2012 to December-2013 amounting to LKR 388.94 million. For the assessment period Jan-2014 to Dec-2015 amounting to LKR 451.87 million, appeals have been filed before the Commissioner General of Inland Revenue. The estimated liability for the assessment period Mar-2016 to Sept -2018 is LKR 663.37 million for which assessment orders have not yet been issued by Inland Revenue Department. Therefore total Contingent liability as on 30th Sept-2018 is LKR 1,504.18 million."



- 7- The short term loans USD 26.06 Mn (LKR 4,408 Mn) are unsecured except for the loans from State Bank of India -Colombo branch amounting to USD 2.2Mn (LKR 380 Mn) . These loans are secured against hypothecation over trading stock held at Kolonnawa, Trincomalee and Muthurajawala terminals.
- 8- No Circumstances have been arisen other than disclosed since the Balance Sheet date, which would require adjustments to or disclosure in the Financial Statements of 30.09.2018.

9- Share price movement

July -Sep

The market prices during	2018-19	2017-18
Highest prices LKR	34.90	34.80
Lowest prices LKR	27.50	29.00
Last trade price LKR	28.00	30.00

- 10- Net Asset Value per share (30th Sep 2018) - LKR 36.57
- Net Asset Value per share (30th Sep 2017) - LKR 37.20

- 11- Stated Capital is represented by 532,465,705 ordinary Shares.

12- Names and the Number of Shares held by the largest 20 shareholders as at 30th Sep 2018

	Name	No.of Shares	Percentage
1	Indian Oil Corporation Limited, India	400,000,005	75.12
2	J B Cocoshell [Pvt] Ltd	12,468,619	2.34
3	JPMCB NA-Fidelity Asian Values PLC	9,434,050	1.77
4	Assetline Leasing Co.Ltd/British American Technologies (Pvt)Ltd	6,084,883	1.14
5	Bank of Ceylon A/c Ceybank Unit Trust	6,075,877	1.14
6	Deutsche Bank AG-AS Trustee for JB Vantage Value Equity Fund	5,533,553	1.04
7	Deutsche Bank AG - National Equity Fund	3,975,000	0.75
8	Deutsche Bank AG - AS Trustee for Namal Acuity Value Fund	3,100,000	0.58
9	E W Balasuriya & Co (Pvt) Ltd	2,526,800	0.47
10	GF Capital Global Limited	2,426,980	0.46
11	Employees Trust Fund Board	2,346,851	0.44
12	Employees Provident Fund	2,346,558	0.44
13	Bank of Ceylon A/C Ceybank Century Growth Fund	2,027,384	0.38
14	Timex Garments [Pvt] Ltd	1,712,503	0.32
15	Mr K. A. S. R. Nissanka	1,510,230	0.28
16	Mr R. S. A. Silva	1,500,000	0.28
17	HSBC Intl Nom Ltd-SSBT-Parametric Emerging Markets Fund	1,479,571	0.28
18	Hallsville Trading Group inc.	1,280,865	0.24
19	Commercial Bank of Ceylon PLC/S .A .Gulamhusein	1,260,867	0.24
20	Deutsche Bank AG-Namal growth fund	1,239,250	0.23
	Total	468,329,846	87.95

- 13- Public Holding as a % of issued Share Capital 24.88%
- Number of Public Shareholders 10,019
- Compliant under option 4 - Float adjusted market capitalization (LKR Mn) 3,709

14- Directors' Shareholding as on 30th Sep 2018

Mr.Ranjan Kumar Mohapatra		Nil
Mr Shyam Bolra		Nil
Prof.Lakshman R Watawala		500
Mr Amitha Gooneratne		4,800
Mr N V N Ramsai		Nil
Mr Sanjeev K Jain		Nil



CORPORATE INFORMATION

Name of Company

Lanka IOC PLC

Company Registration Number

PQ 179

Legal Form

A Public Quoted Company with Limited Liability, incorporated in Sri Lanka on 29th August 2002 under the provisions of the Companies Act No.17 of 1982 and re-registered under the Companies Act No.07 of 2007.

Registered Office

Level 20, West Tower, World Trade Center Echelon Square, Colombo 01, Sri Lanka Telephone: + 94 11 2475720 Facsimile: + 94 11 2391490

Website

www.lankaiooc.com

Board of Directors

Mr. Ranjan K. Mohapatra (Chairman)

Mr. Shyam Bohra (Managing Director)

Prof. Lakshman R. Watawala

Mr. Amitha Gooneratne

Mr. N. V. N. Ramsai

Mr. Sanjeev K. Jain

Company Secretary

Ms. Mihiri S Senaratne, ACIS [UK], MPA [Aust]

Registrars

Accounting Systems Secretarial Services (Private) Limited Level 03, No. 11, Castle Lane, Colombo 04

Auditors - External

Ernst & Young Chartered Accountants No. 201, De Saram Place, Colombo 10

Auditors - Internal

KPMG Chartered Accountants No. 32/A Sir Mohamed Marcan Mw, Colombo 03

Lawyers

F J & G de Saram, Attorneys-at-Law No. 216, de Saram Place, Colombo 10

Bankers

Standard Chartered Bank

Bank of Ceylon

People's Bank

Commercial Bank of Ceylon

Hatton National Bank PLC

Citibank N. A

Deutsche Bank

State Bank of India, Colombo

ICICI Bank

Axis Bank

