

LANKA IOC PLC

FINANCIAL STATEMENTS - 31 DEC 2018



LANKA IOC PLC

INTERIM FINANCIAL STATEMENTS - 31 DEC 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	31 Dec 2018	31 March 2018
Assets		
Non-current assets		
Property, plant and equipment	4,391,424	4,268,729
Long term Investment -CPSTL	4,394,000	4,394,000
Intangible assets	675,554	675,966
Other Receivables	134,258	106,450
	9,595,236	9,445,145
Current assets		
Inventories	10,517,249	10,110,006
Trade and other receivables	3,778,921	4,551,221
IncomeTax Receivable	347,453	445,475
Short term investments	109,915	7,962,438
Cash and Bank Balances	933,545	444,871
	15,687,083	23,514,011
Total assets	25,282,319	32,959,156
Equity and liabilities		
Capital & Reserves		
Stated capital	7,576,574	7,576,574
Retained earnings	10,912,735	11,792,546
Total equity	18,489,309	19,369,120
Liabilities		
Non-current liabilities		
Defined benefit obligations (Net)	433	19,902
	433	19,902
Current liabilities		
Trade and other payables	3,983,220	8,552,305
Interest Bearing Borrowings	2,809,357	5,017,829
	6,792,577	13,570,134
Total liabilities	6,793,010	13,590,036
Total equity and liabilities	25,282,319	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 25.01.2019


Shyam Bohra
Managing Director
Date : 25.01.2019


Prof. Lakshman R Watawala
Director
Date : 25.01.2019

Lanka IOC PLC

Statement of Comprehensive Income (all amounts in Sri Lanka Rupees 000's)

	Three Months ended 31st Dec		Nine months ended 31st Dec	
	Oct- Dec 2018-19	Oct- Dec 2017-18	Apr- Dec 2018-19	Apr- Dec 2017-18
- Revenue	23,126,216	22,028,623	67,797,328	67,532,356
- Cost of sales	(23,058,705)	(21,750,816)	(65,071,283)	(65,784,373)
Gross profit	67,511	277,807	2,726,045	1,747,983
Other operating income	13,041	31,459	76,943	208,619
- Selling and Distribution Expenses	(519,560)	(503,938)	(1,560,120)	(1,902,143)
- Administrative expenses	(355,243)	(296,868)	(1,057,378)	(1,140,183)
Operating profit/(Loss)	(794,251)	(491,540)	185,490	(1,085,724)
- Finance income	79,429	218,833	360,224	661,552
- Finance costs	(249,509)	(51,961)	(980,176)	(154,694)
Profit /(Loss) before income tax	(964,331)	(324,668)	(434,462)	(578,866)
- Income tax expense	(22,551)	(15,395)	(99,246)	(73,335)
Profit/(Loss) for the period	(986,882)	(340,063)	(533,708)	(652,201)
Other Comprehensive income / (Loss)				
-Actuarial Gain/ (Loss) for the period	-	-	-	-
Tax credit/(charge) on Actuarial loss/gain	-	-	-	-
Total comprehensive Income /(Loss) for the period	(986,882)	(340,063)	(533,708)	(652,201)
Earnings per share attributable to the equity holders of the company during the period (expressed in LKR per share)				
Basic earnings per share	(1.85)	(0.64)	(1.00)	(1.22)

(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	-	(652,201)	(652,201)
Balance at 31st Dec 2017	7,576,574	11,895,909	19,472,483
Balance at 1 April 2018	7,576,574	11,792,546	19,369,120
Dividend		(346,103)	(346,103)
Profit / (Loss) for the period		(533,708)	(533,708)
Balance at 31st Dec 2018	7,576,574	10,912,735	18,489,309

(The above figures are unaudited)



LANKA IOC PLC

CASH FLOW STATEMENT

(all amounts in Sri Lanka Rupees 000's)

For the period	Apr - Dec 2018-19	Apr - Dec 2017-18
Cash Flows From/(Used in) Operating Activities		
Profit/(Loss) before Income Tax Expense	(434,462)	(578,866)
Adjustments For,		
Finance Income	(360,224)	(661,552)
Finance Expense	980,176	154,694
Provision/(Reversal) for ESC and Others	-	223,266
Dividend Income	-	(135,000)
Loss/(Gain) on Sale of Property, Plant & Equipment	(2,447)	(14,455)
Defined Benefit Plan Cost	(1,413)	(453)
Depreciation & Amortisation	299,160	260,950
Operating Profit/(Loss) before Working Capital Changes	480,790	(751,416)
Changes In Working Capital		
- (Increase)/ Decrease in Inventories	(407,243)	(2,733,692)
- (Increase)/ Decrease in Trade and Other Receivables	744,492	(404,752)
- Increase/ (Decrease) in Trade and Other Payables	(4,569,085)	5,529,814
Cash Generated From/(Used In) Operations	(3,751,046)	1,639,954
Income Tax paid	(1,224)	(332,618)
Gratuity Paid	(3,864)	(2,648)
Finance expenses Paid	(980,176)	(154,694)
Net Cash Generated From/(Used in) Operating Activities	(4,736,310)	1,149,994
Investing activities		
Finance Income	360,224	661,552
Dividend received -CPSTL	-	135,000
Acquisition of Property, Plant & Equipment	(422,301)	(428,606)
Proceeds on disposal of property, plant and equipment	3,305	22,779
Net Investment in Gratuity Fund	(14,193)	(62,557)
Net Cash Used In Investing Activities	(72,965)	328,168
Financing Activities		
Proceed from Interest bearing borrowings	29,644,424	19,343,229
Repayments of Interest bearing borrowings	(31,852,895)	(18,884,269)
Dividend Paid	(346,103)	(665,583)
Net Cash Generated From/ (Used In) Financing Activities	(2,554,574)	(206,623)
Net Increase/ (Decrease) In Cash and Cash Equivalents	(7,363,849)	1,271,538
Cash and cash equivalents at the beginning	8,407,309	6,975,012
Cash and cash equivalents at the end of the period	1,043,460	8,246,550

ANALYSIS OF CASH AND CASH EQUIVALENTS

Short term investments	109,915	7,824,000
Cash in hand and at bank	933,545	422,550
Total cash and cash equivalents	1,043,460	8,246,550

(The above figures are unaudited)

LANKA IOC PLC

Notes to the Financial Statement for the quarter ended 31 Dec 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 25 Jan 2019

2- Basis of preparation

These condensed interim financial statements of Lanka IOC PLC are for the period ended 31 Dec 2018. They 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 31 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 31 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 31 Dec 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 31 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 June 2015 amounting to LKR 713.07 million. For the assessment periods Sep 2015 to Dec 2015 amounting to LKR 127.73 million, appeals have been filed before the Commissioner General of Inland Revenue. The estimated liability for the assessment period Mar-2016 to Dec -2018 is LKR 716.44 million for which assessment orders have not yet been issued by Inland Revenue Department. Therefore total Contingent liability as on 31 Dec-2018 is 1,557.24. million.

- 7- The short term loans LKR 2,809 Mn are unsecured except for the loans from State Bank of India - Colombo branch amounting to LKR 998 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 above since the Balance Sheet date, which would require adjustments to or disclosure in the Financial Statements of 31.12.2018.

9- Share price movement

Oct -Dec

The market prices during	2018-19	2017-18
Highest prices LKR	29.50	32.00
Lowest prices LKR	24.00	25.80
Last trade price LKR	24.60	28.00

- 10- Net Asset Value per share (31 Dec 2018) - LKR 34.72
- Net Asset Value per share (31 Dec 2017) - LKR 36.57

- 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 31 Dec 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	6,079,477	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	2,027,884	0.38
14 Timex Garments [Pvt] Ltd	1,712,503	0.32
16 Mr R. S. A. Silva	1,626,195	0.31
15 Mr K. A .S. R. Nissanka	1,500,000	0.28
17 HSBC intl Nom Ltd-SSBT-Parametric Emerging Markets Fund	1,348,769	0.25
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	468,319,109	87.95

- 13- Public Holding as a % of issued Share Capital 24.88%
- Number of Public Shareholders 10,077
- Compliant under option 4 - Float adjusted market capitalization (LKR Mn) 3,259

14- Directors' Shareholding as on 31 Dec 2018

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